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“...a unique insight into RABQSA International”

The following is an extract from a recent interview with Mike Carmody President and Chief Executive Officer RABQSA International.

Over the past 18 months RABQSA has prompted significant debate within the personnel certification and conformity assessment industry on the issue of competency-based personnel and training certification.

The interview provides a unique insight into RABQSA's business structure, operations, international expansion, and Carmody's sometimes controversial view of where the conformity assessment industry is moving or, in his terms, not moving!

“Interview Extract”: Milwaukee USA, July 20th

Q. NT. It is now 18 months since RAB and QSA International merged. How is the merger performing?

A. MC. The merger is performing to the Board's expectation. Though to be frank, I am a little disappointed with our market penetration and the growth of our new competency-based certification schemes.

Q. NT. Disappointed?

A. MC. Yes, perhaps our expectations were a little over-optimistic. However, no one in our camp foresaw the initial push-back from within our industry. At the same time, we were dealing with some very unique merger issues that impacted on our communication profile and customer service standards.

2005, being our first year in operation as a new company, was a challenging year. As you would appreciate, any change to a small business is tough going in the early stages.

On the surface the businesses were very similar, with RAB and QSA both providing personnel certification. In reality nothing could be further from the truth. The need to harmonize operations, establish common policies and procedures, work from a common data management platform and, most critical, establishing the ability to work across two different cultures separated by 12000 miles of ocean ... yes, you could say we had had our challenges.

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Q. NT. You mention RAB. RAB was an accreditation body?

A. MC. Unfortunately, there remains some confusion in the marketplace as to the players involved in the merger.

Merger talks began early in 2004 with QSA opening informal discussions with RAB regarding the potential to cooperate on various initiatives of mutual benefit to both organizations. Though we were competitors, there was general agreement that closer cooperation would offer increased value and benefit to our respective customers.

As you may be aware, in those days, RAB was both an accreditation body (AB) and a personnel certification body (PCB). QSA was in discussion only with the PCB, not the AB.

Eventually, our initial discussion on cooperation led to the development of a business case for merger. That is, the merger of QSA with the PCB which was at that time a division within RAB.

At the same time RAB was planning to split the AB and PCB divisions in order to conform to ISO 17011 and IAF requirements. The merger provided the opportunity for RAB to separate and strengthen the PCB.

On midnight 31 December 2004 the merger was realized.

Essentially, RAB as an entity disappeared with the AB division forming a relationship with ASQ and ANSI to form ANAB, and the PCB division merging with QSA to form RABQSA International.

Although ANAB and the RABQSA Milwaukee Office are located in the ASQ building there is no governance, organizational, financial relationship, or IT systems/data interface, between ANAB and RABQSA International and, as such, no conflict of interest, either from a conformity assessment requirement or our respective business operations.

The new entity, RABQSA International, Inc, is a not-for-profit organization registered in the USA and Australia. Being a not-for-profit organization we are required to have a membership in order to satisfy our legal and taxation requirements. We have one sole member and that is ASQ. ASQ does not govern, nor has structural or financial governance over RABQSA.

RABQSA has no shareholders or owners. Our Articles and Bylaws define our modus operandi.

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RABQSA is accredited to ISO/IEC17024:2003 by JAS-ANZ. We are also represented on the International Personnel Certification Association (IPC) Board of Directors, the Australasia Association of Certification Bodies (AACB) Board of Directors, and the IAF Working Groups for; 17024 and GD24, 19011 and 17021 Part 2. We are currently seeking membership of the Independent Association of Accredited Registrars (IAAR).

I hope that clears up your understanding of the merger?

Q. NT. Then why is there still confusion in the market?

A. MC. To be frank I am not sure. Yes, our communication to the market, late 2004 and into 2005, could have been more effective. We underestimated the potential for confusion, not just with the merger but also with the introduction of our competency-based certification products.

Our current communication profile is open, transparent and proactive, and is gradually working its way into the marketplace. Interestingly, internationally, there has been little to no confusion regarding the merger or the new products. However, in North America, we still have work to do.

I also believe, as with any change, there is a degree of hesitation in actually wanting to understand the new organization. A sort of "if I ignore it, it may go away" attitude. Regardless, we need to be more proactive in our communication profile, and selective in terms of getting the right information to the right people.

Q. NT. Competency-based certification ... why and for what purpose? You appear to have upset a lot people in the industry, particularly the certification body community. Why?

A. MC. Well, let me answer you as simply as I can as the question begs a long technical response ... something I would leave to my better-qualified managers and staff.

Firstly, I would replace 'upset' with 'challenged'!

I entered the conformity assessment industry from the corporate sector approx. 6 years ago as the CEO of the Quality Society of Australasia.

Once I began to understand our industry my first observation was that we were struggling to define our value and relevance to our customers who, in those days, were management

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systems auditors and training providers (TP). One lesson I had learned from the corporate sector was, "no value, no future!"

The 'hey-days' of the quality movement were drawing to a close and for the first time our certified auditors had to address the issue of their value and relevance to the marketplace and, in turn, were seeking the same from their certification with QSA. New and challenging ground for both parties!

My second observation was the issue of competence. Firstly, what were we actually certifying and, secondly, how did we define and evaluate competence? Two tough questions, with [at that time] very vague answers.

Hence the need to rethink; who we are, what is our value, and where are we going?

Over the next 4 years QSA embarked on a change process whereby the traditional method of evaluating competence; the review of audit logs, counting audit days, attendance at a training course, continuing professional development logs and assessing 'experience', was replaced with a program where competence was to be determined with the end user; Industry, then defined, measured and examined. A radical approach in our industry, however, accepted practice in other critical labor services.

This journey of innovation and development continues with RABQSA.

Q. NT. Ok', sounds logical, then why is your approach meeting with so much resistance?

A. MC. One word; "change". I do not believe that there is a serious player in our industry who does not believe that, as an industry, we must continually strive to improve our performance, and our value and relevance to the market. The performance of the auditor is fundamental to the value of conformity assessment.

The issue is not one of degrading our current auditors, simply that we must benchmark, (define and measure) our performance to international best practice and market requirements.

Similar to the merger issue, information concerning our competency-based personnel and training certification products is readily available in the marketplace, is transparent and easy to understand. We have tables on our web site comparing the qualification-based schemes, the certification you would be most familiar with, and the new competency-based schemes.

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I understand our customers declining to move towards the competency products and we have maintained the qualification-based certification schemes for just that purpose. Mid 2005 we suspended our transition plan to allow the market and our auditors to determine which product offered the best value to achieve their service requirements.

However, what is disappointing is to see our customers declining certification based on hearsay and third party comment. All I ask is for our customers to access and read the information, look at the compared value of both products, seek clarification from RABQSA if necessary, then make an informed decision. It's that simple.

Q. NT. Is the new competency-based certification more expensive?

A. MC. Yes, there is a small increase of approx. \$100 pa. However, to off-set the increase the certification period has been extended from 3 to 4 years, and there is no longer the requirement for the applicant to maintain the various auditing logs, attend CPD etc.

Competency demands objective and impartial examination of the knowledge, skills and personnel attributes, specific to the requirements of the market sector. The additional costs are associated with the on-site skill examination and the personal attribute examination.

The unfortunate fact, at this time, is that the only way to examine the application of knowledge [skill] is to observe the auditor's performance under specific auditing conditions, i.e. on-site. As a side note RABQSA is researching a virtual reality simulation model. However, the program is some years off being an effective and efficient examination tool.

Q. NT. Why do you focus on the requirements of the market?

A. MC. Because the market, not RABQSA, ISO, IAF or the conformity assessment view of what is required, is what is important. The market [industry] as the primary end-user needs to be involved in the design of the auditor's competency profile. In this manner there is a good chance that the certified person may actually meet industry's performance requirements.

RABQSA's accredited scheme design and development process starts and finishes with industry's sign-on and sign-off. We currently have seven industry-based scheme committees in operation, tackling a range of industry sectors; from frozen food inspectors in Japan and security inspectors for Qantas Airways, to auditors of disability employment services for the Australian Government.

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We also try and build the requirements of the accredited CBs and, as appropriate, our certified TPs into scheme committee stakeholder groups. Their input is highly valued, as inevitably they will be working with the client industry in providing management system or product certification.

Q. NT. What are your competitors saying?

A. MC. We have only one major competitor in the international market and that is IRCA. Initially, IRCA was highly critical of our new products and were not hesitant in saying so. We copped a lot of flack in the media.

However, as time moved forward and we saw the introduction of ISO17024 and its focus on competency-based certification, need for industry engagement, and the emphasis on measurement and examination of competence, the recent transition of IPC (previously IATCA) to competency-based certification schemes, and the movement of many PCBs to 17024 accreditation, IRCA is now confronted with similar challenges.

With Simon Feary being a New Zealander and myself Australian, we will always find something to disagree on. However, this competition is good in terms of providing the market with choice of PCB and product, and keeping both organizations on their toes.

Where appropriate RABQSA and IRCA will work together on common matters affecting our industry. The recent bi-lateral agreement between both organizations on the mutual recognition of select training certifications is a step in the right direction in terms of creating value for our respective, and often common, stakeholder groups.

Q. NT. I note from your recent news release that you have opened an international office in Mexico?

A. MC. Yes, this is an exciting development. We are continuing to expand our international presence and marketing profile. Mexico brings us to a total of two principal offices and 9 international offices worldwide.

Q. NT. I do not understand, what is the difference between a principal office and an international office?

A. MC. RABQSA has established two RABQSA principal offices; Sydney and Milwaukee, supported by international offices located in; Auckland, Kuala Lumpur, Bangkok, Hanoi, Taipei, Tokyo, Seoul, Mexico, and Istanbul.

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We seek partners who share a belief in conformity assessment and RABQSA's approach to competency-based personnel and training certification. Normally we prefer to work with accredited CBs or RABQSA certified TPs.

The partnership is based on a simple agreement following extensive due diligence and the signing of strict confidentiality agreements.

The international office is essentially a local marketing platform and a lodgment office for customers who wish to lodge a hard copy application for personnel or training certification. The international office will receive the application, accept payment of fees in local currency and provide a translation service if required. The application is then either mailed or scanned, then emailed to one of our principal offices for evaluation and decision on certification.

In the majority of cases the applicant is advised by the international office to simply enter the application through the RABQSA web site. Saves time and administrative handling.

It is important to note that no information management or evaluation takes place in the international office.

Q. NT. Do you see the potential for conflict of interest in working with CBs and TPs?

A. MC. Generally no, but we do understand and appreciate there is always a risk of one occurring. However, we have undertaken a detailed due diligence and risk analysis to mitigate any such risk. There is no provision for any exclusivity in terms of RABQSA certification, and the international office does not manage data or evaluate the application. Working with accredited CBs and our certified TPs, just makes sense. We know them, they know us, and we are both working towards similar goals!

Should any individual, CB or TP have any perceptions or concerns concerning any conflict of interest they are encouraged to submit their data direct to any of our principal offices.

Note that we have representatives from two CBs and two TPs serving on our Board of Directors.

Q. NT. Do you deliver training services from these offices?

A. MC. No, RABQSA is not a training organization. The rule; is that you cannot provide what you certify. Hence we do not deliver training; we certify training courses to international

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best practice.

Q. NT. So you intend to push forward?

A. MC. Yes without question. At RABQSA we remain passionate and committed to the challenge. Why?, because our markets are demanding change and improvement. We have a good team on board and we are delivering new and innovative products.

Q. NT. ...and the future?

A. MC. A tough question. In my travels internationally and attendance at many forums and working groups within ISO, IAF etc, I cannot help but draw the conclusion that in many ways we, as an industry, have stalled. There are a lot of well-meaning, capable people around the various tables, but in terms of outcomes relevant to industry, I am not sure we are hitting the target in an effective and timely manner.

As mentioned previously, if we do not provide tangible, measurable value to industry, we do not have a job. It is a simple as that. In many regions around the world conformity assessment has been reduced to a simple compliance commodity. Industry is compensating accordingly in its drive for value including and, in some sectors, walking away from the third party process. However, industry is not blameless and it too has a share in the cause of creating a commodity market that is not delivering value expectations.

Being at the end of this food chain, and despite our best endeavors, RABQSA has little to no impact on the strategic considerations within ISO and IAF. What we do know is that the conformity assessment model must change and flex to meet industry's ever demanding requirements. Not the least is the continuing improvement in the specialized competency and performance of the management system auditor.

The tired practices involved in evaluating auditor competence through evidence of logs, education and work experience, must change.

Our momentum will not stop.

Q. NT. Thank you for the open and frank comments

A. MC. My pleasure. If our discussion has helped to clarify RABQSA's direction, then I am happy to oblige. *End extract.*

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