

## CWC 2009

### Keep watch ... or The best is the Enemy of the Good (The Private Stock Company “Shoro” as an example)

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*”Goods return, buyers do not.”*  
Robert U. Peach

*There was an inventor who created shoes that would last forever. He walked all the countries and continents of the world with these shoes, seeking a buyer: everywhere, people stared in wonder at the new shoes, pinched them, wagged their tongues, but no one bought them – the price was too high. Finally, an American billionaire purchased the shoes. And promptly destroyed them to deny them to any competitors and to keep the market from being upset. The moral of this parable, in spite of its narrow-minded legend, is this – the best quality is not always favorable for the entrepreneur. The government stood firmly in defense of his interests. As has been said since ancient times, “on the lookout”...*

There were a lot of people at the airport that day. Mirbek and Bakyt were waiting for friends who were flying in from Russia. The dispatcher announced that the flight from Moscow would be arriving 45 minutes late. The 45 minutes flew by as the economists discussed the country’s financial situation and economic venues at length. Here come the passengers, clutching their passports and lugging huge suitcases, as if trying to exit the terminal as soon as possible. Not hard to understand why: the long flight, the time difference, acclimatization, all this take their toll on a person, and of course they want to put all of that behind them, get settled and relax.



Amongst all these people, two girls stood out. The first girl, with her charming smile, was in a wonderful mood, while the second appeared to be dissatisfied with something, perhaps the landing was rough or the food had been poor. These wonderful young ladies are our friends from Russia – Vera and Oksana. Our meeting was emotional, as you can imagine a meeting of old friends might be. After completing institutions of higher learning, Mirbek and Bakyt conducted their on-the-job training at one of Moscow’s firms. By happy coincidence, Vera and Oksana were interning at the very same firm. New people, a different country, cultural differences – all of this was made easier by having acquaintances, who became as if they were life-long friends...

On the road back from the airport, bygone days were revisited, and everyone laughed out loud as Bakyt, as always, amused everyone with his humorous stories. Bakyt stood out from the others with his happy attitude and great sense of humor. Nonetheless, Oksana continued to sulk, having found the customs agents to be most unprofessional. Why, they didn’t even check her baggage

This was not the first time Vera and Oksana had visited Kyrgyzstan. They were already acquainted with our traditions and ethnic foods. The girls were especially happy with our national beverages!

Shortly thereafter, the friends were seated for a celebratory meal. Bakyt suggested drinking cold “Maksym – Shoro”, noting that it was a wonderful cure for fatigue and flagging spirits. Opening

the bottle, he noted that “Maksym – Shoro” didn’t “fizz up” like it normally would. Having each taken a single swallow, it was obvious to all that the drink’s taste was different. This definitely was not the old “Shoro”! The friends began to examine the bottle, checking the expiration date. It was not out-of-date, but the taste differed sharply from that of the actual drink. The friends discussed the issue and all came to the same conclusion, that the company, unable to sell a batch of product before the expiration date and unwilling to suffer the loss in profits, “extended” the shelf life of the drink. Was it even possible that this was an imitation?!

In order to test their hypothesis, the friends dialed the “Shoro” company hotline...

... Raziya was off to a bad start today. Her work phone had been ringing off the hook. Dissatisfied traders, students, homeowners had been calling. They all had the same question:...

*“Hello, is this the “Shoro” company?”*

*“Yes, I’m listening. This is the quality manager, Raziya.*

*My name is Mirbek, and I have a complaint concerning the quality of one of your products.*



*What exactly is your complaint about?*

*Some friends and I purchased a bottle of “Maksym-Shoro”, but it doesn’t fizz or pop, and the flavor differs sharply from that of the real drink. The expiration date is good, nonetheless something has happened to the quality. Can you explain this?-*

*Yes, certainly. You are not the first to call in about this. Thank you for your call. The thing is, our company has fielded a new version of our product, “Pasteurized Maksym – Shoro”, but didn’t manage to warn the public about this change. There is nothing wrong with the drink, it’s fine, in fact it is even healthier and better for you than the previous version of “Maksym-Shoro”. The lack of fermentation and bubbling is unique to the recipe and the new technology in processing – pasteurization. If you have the time, come on by and we will give you a tour of our facility and tell you about our new drink.*

*Okay, now I understand. I’ll pass that on to my friends. Thank you. Good bye.-*

*Thank you for your call. Goodbye.*

Quality-Assurance Expert Raziya, between 30 July 08 and 11 August 08, registered 31 complaints from consumers concerning the 1.5, 1.0 and .5 liter bottles of “Maksym-Shoro”.

Raziya stared glumly out the window, all her thoughts turning to work: “Do I have the strength to plow through all these complaints, and why don’t consumers like the better-quality drink?”

*“Hello, this is the “Shoro” company.”*

*“Tell me please, when will the old recipe “Maksym-Shoro” go on sale?”*

*”Hello, “Shoro” company here.”*

*Return the previous tasting “Maksym-Shoro” drink. ”*

*-“Hello, you’ve reached the “Shoro” company.”*

*“Replace this new “Maksym-Shoro” with a drink that has the old taste”.*

*- “Hello, this is the “Shoro” company”.*

*“Return to the old recipe for making this drink.”*

... This nonsense went on all day long...

Pasteurization – is the process of treating a product by exposure to a temperature slightly below the boiling point. Its purpose is to destroy micro-organisms and bacteria. The process is based on the research of Louis Pasteur, and was originally conceived as a way of preventing wine and beer from souring. The process is named after this scientist.

There are different types of pasteurization, one of which exposes the product to temperatures of 63-65 Centigrade for a period of 30 minutes; another type heats the product to a higher temperature of 72-76 Centigrade for 15-20 minutes; and another mode of pasteurization which brings the product to a temperature of 85 Centigrade for a fraction of a second. The primary criterion for assessing the effectiveness of the pasteurization process is the complete destruction of tuberculosis-causing bacteria, which is one of the hardier pathogenic non-spore bacteria.

Meanwhile, Raziya had gathered and analyzed all the complaints lodged against the new product. These are the results:

- 1) insufficiently fermented
- 2) flat
- 3) not sour enough
- 4) tasteless
- 5) no foam
- 6) doesn't help hangovers
- 7) the suspicion that the product is fake
- 8) no odor, no flavor

List of consumers who made complaints:

- 1) merchants – stores, pavilions, cafes (lodged by sales personnel and administrative staff);
- 2) private consumers – students, housewives, employees of various organizations, companies and sporting organizations
- 3) some consumers returned the bottles to the same business where they had purchased them, which were then delivered by “Shoro” company agents to the company’s SMK department

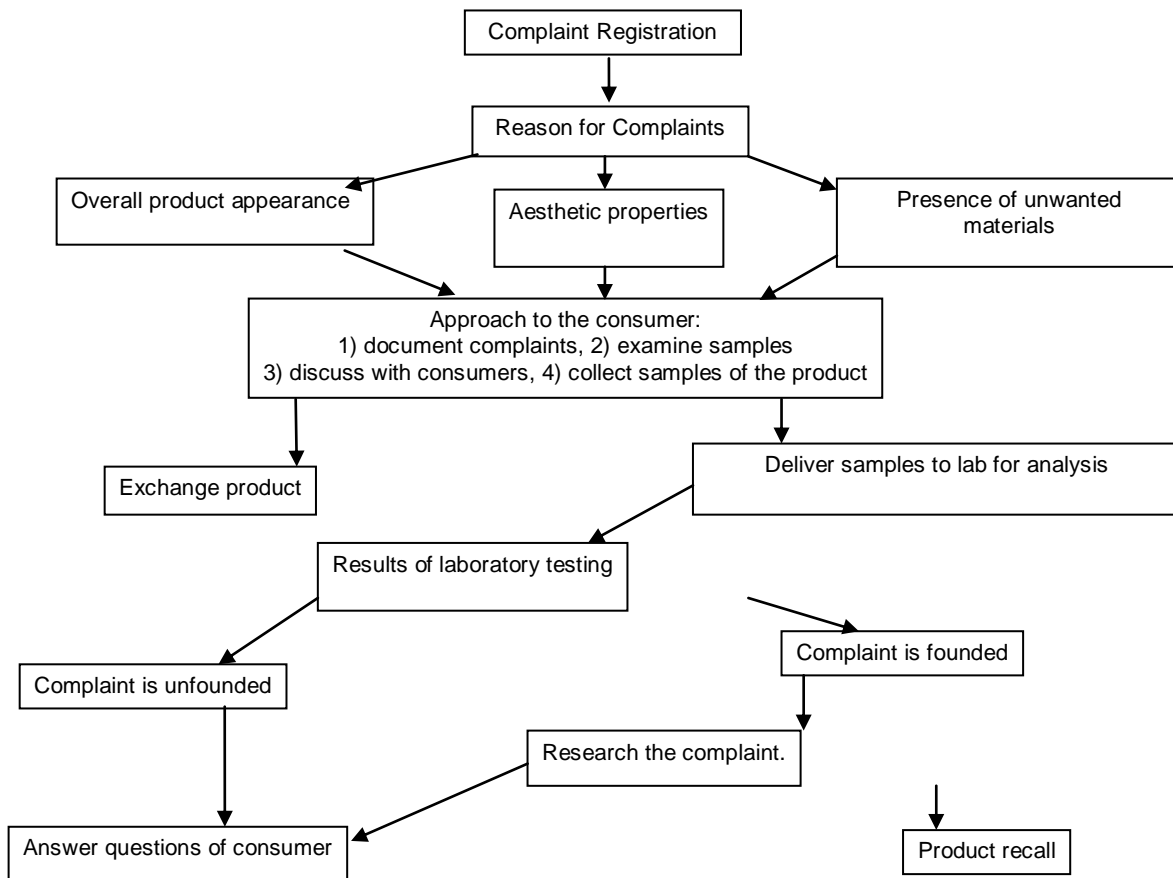
Having completed a detailed report, Raziya then turned to Larisa Aleksandrovna – a representative of the Quality Control leadership.

-Larisa Aleksandrovna, I have written a report and compiled suggestions I received from consumers during product registration and complaint issuance.

- Raziya, we're going to have to gather and send documentation to involved departments with a report about the complaints we're getting about the pasteurized “Maksym-Shoro” drink.

- Okay, Larisa.

-Then, if upper management can make a decision, we'll have to organize working groups to discuss the developing situation and come up with a protocol for the next working group session.

**Graphic for dealing with consumer complaints directed at the “Shoro” company:****Overall analysis of Kyrgyz Republic institutions holding certified quality control systems****The status of introduction of Quality Management Systems (QMS) in the Kyrgyz Republic Food Industry**

All tasks related to introduction of QMS are carried out with the direct participation of Kyrgyz Standards Quality Management experts.

To effectively implement the highest quality and competitive viability of the product and ensure production stability, the Kyrgyz Standards department carries all consulting services relating to development and introduction of Quality Management practices in strict accordance with the demands of the ISO 9000 international standards series.

Eleven Kyrgyz Republic businesses have implemented the ISO 9000 series QMS as of January 12, 2008. The others certificate are old. These include: Table 1

Table 1

<b>№</b>	<b>Business name</b>	<b>Certifying organization</b>
1.	Avtomash Radiator, LTD	NISM (Kyrgyzstandart)
2.	“Majlyy-Suujskij lightbulb factory, stock company	Kema”, Netherlands
3	“Alex Stuart” Assejres Kyrgyztan LTD	“Veritas Bureau, Great Britain
4	Kyrgyz Petroleum Company, LTD	“TUV”, Germany

5	Avtomash-Ehkol, LTD KT SP	Kyrgyz Standards board certification expired October 25, 2005
6	“Intera DC” LTD	Kyrgyzstandart
7	Coca-Cola Bishkek Bottlers LTD	SGS International Certification Services EESV, Belgium
8	KG Academy of Standardization and Certification, Gosstandart of Russia	NISM (Kyrgyzstandart)
9	The Kyrgyz Republic national institute of standards “Kyrgyzstandart”	Organization for Quality Management Systems certification and personnel (Center for certification of QMS and Personnel, LTD)
10	Center for Higher Qualifications and Professional Develop for Cadre NISM	Organization for Quality Management Systems certification and personnel (Center for certification of QMS and Personnel, LTD)
11	Analytical laboratory of the Kyrgyz ore production combine (KGRK)	“YuKAS”, Great Britain
12	Certification Center (Air Force), LTD	1. Moody International Certification Ltd. 2. Organization for QMS certification and personnel, LTD (рсонала»)
13	Analytical laboratory of the Kyrgyz ore production combine (KGRK)	«YuKAS», Great Britain
14	“Aktel: LTD (trade sign “Phoenix”	Organization for Quality Management Systems certification and personnel (Center for certification of QMS and Personnel, LTD)
15	«International and Financial Solutions» LTD	«DQS» Certification Organization, Germany
16	Joint Stock Company “Shoro”	Kyrgyzstandart SIRIM (Malaysia)
17	“BiMoKom” LTD	Organization for system certification “Euro-Registr” “Center for Legal Documentation Preparation”, Russia

The program, based entirely on the requirements of ISO 9001:200 (please see addendum 5), was developed by the Institute for Standardization and industrial research of Malaysia’s SIRIM with the goal of helping small and medium businesses in Malaysia achieve a simplified system of Quality Management, improve work practices and increase competitive viability and progressive thinking in the marketplace.

The task of implementing Quality Management systems in the workplace is carried out directly by quality management experts from Kyrgyzstandart. However, every business conducts a large part of its own preparation based on the principle of “self-grading productivity”. Kyrgyzstandart trained and licensed experts in the field of Quality Management Systems certification in accordance with the ISO 9000 (14 people in all).

The implementation of risk-assessment systems and critical point control (HACCP), utilized in accordance with the laws of European Union (EU) countries and other developed nations in the

world, has resulted in increased safety of food products and increased export possibilities for food and agricultural organizations

Kyrgyzstandart has implemented international standards, which lay out the requirements of the given system and plan for accepting guiding documents for implementation of said systems. However, the question of quality system implementation for critical point control in businesses of the Republic currently remains open.

In the Kyrgyz Republic the number of businesses that have adopted QMS is extremely small, and it is these businesses that the Private Stock Company “Shoro” is concerned with. Quality Management Systems are practices at “Shoro” in accordance with the Kyrgyz-Malaysian “Quality Improvement Practices” program.

### **About the “Shoro” Company**

Official Name: Private stock company “Shoro”

Address: Kyrgyz Republic, 720045, Bishkek, Okonkula Street, 344-A

Telephone: (+996 312) 66-19-95, 66-19-96

Type of business: Private

The “Shoro” company was formed in 1992. The idea for mass production of the traditional Kyrgyz drink “Maksym” belongs to “Shoro” president Taabaldy Ehgemberdievich Ehgemberdiev. The history of the “Shoro” firm is a history of continuous innovation and hard work, mistakes and problems, patience and steadfastness of the Ehgemberdiev brothers, as well as those who were with them during the founding of the company.

Regulatory fund: 1,440,000 Som.

Number of basic stock options – 14,400, with a nominal value of 100 Som.

Production capability – 70 tons of national beverage in a 24-hour period.

Number of employees – 1,200. 132 of these are administrative and management personnel, 1,068 are production and marketing personnel.

Our Mission: The “Shoro” company strives to be the leader in production and distribution of traditional high-quality and extremely healthful food product and is a proponent of a healthy life-style.

Our Personnel: “Shoro” company employees are the most progressive and experienced workers in the Commonwealth of Independent States. They form a solid, tight-knit collective, striving together for a common goal. “Shoro” company employees have access to an array of special social and cultural services, just for them.

Our Locations: The “Shoro” company has a network of branches and factories in Kazakhstan, Uzbekistan, Russia, and China, with the head office in Bishkek, Kyrgyzstan.

Our Production: The “Shoro” company is equipped with uniquely innovative, automated production facilities. The company uses and sells production technology, and sets the bar for the manufacture of natural, ecologically-friendly products.

Access to Our Products: Anyone desiring to do so may sample any “Shoro” product at any hour of the day or night and in any area of our company’s distribution within 10 to 30 minutes.

The Goal of the “Shoro” Company: Producing the highest possible quality goods and ensuring strict compliance with all quality-control requirements. The “Shoro” company accomplishes this goal by constant analysis of our business processes, and everything that takes place during and after each and every production cycle. We are constantly studying the demands of our customers, and spare nothing in ensuring their satisfaction.

Our company specializes in making our national beverages, with a wide assortment of product choices. We have “Maksym-Shoro”, “Chalap-Shoro”, “Zharma-Shoro”, “Kumys”, two types of “Bozo-Shoro”, “Ysyk-Ata” and “Bishkek” mineral water, “Baytik” and “Ala-Archa” carbonated

spring water, and uncarbonated spring water “Legenda”, all of which represent the highest standard of quality.

Today the “Shoro” company is actively growing, rapidly upping the scale of its production. Our Quality Management Department is constantly working to improve the quality of the goods that we produce, to implement the latest technology in our production facilities, to modernize and automate production techniques, and to explore new venues by which we can improve quality. Based on producing the best of our traditional national drinks, we at the private stock company “Shoro”, and utilizing “brain storm” methodology together with our young scientist colleagues from the I. Razzakova State Technical University, are creating new, original products out of raw materials every day.

## Quality Control at the “Shoro” Company

Implementation of QMS at the “Shoro” company was carried out over the course of 4 years in several stages:

- The first attempt to introduce a system for quality control (ISO 9000:2001) for the production of mineral water was offered to the company by Kyrgyzstandart in accordance with the Malaysian SIRIM Institute “Quality Improvement Practices” (QIP) programs in 2003. The partnership agreement with the Malaysian SIRIM Institute allowed them to help the Kyrgyz National Standards institute meet all necessary requirements for quality control. The “Shoro” quality control manager was given the responsibility for, and authority to, maintain and guarantee the effectiveness of QMS. All company personnel shoulder the responsibility of meeting the requirements of quality control practices. As a direct result, a laboratory was established to check the quality of the mineral water the company was producing in accordance with internal company standards, and we received QMS Certificate No. 1. Thus, thanks to the Malaysian project, mineral water quality began to be closely monitored on the premises of the factory. This QMS initiative was terminated at the end of this project.
- The next stage was an attempt to implement a quality control department for the production of “Maksym-Shoro”, however the lack of experience and the education level of the managers in this particular instance did not allow this project to be implemented.
- In 2006, General Director T. Ehgemberdiev visited Japan with the goal of studying quality management practices in Japanese businesses. On his own initiative, in November of 2006 he invited a Japanese lecturer to come and give monthly training courses. All company managers who were involved in establishing a QMS implementation department were required to pass these training courses. After the department was formed, they began working on documentation necessary for quality management, unfortunately, the training courses that the managers had attended proved inadequate for establishing a practical basis for actual implementation of QMS. Therefore, in March of 2007, the quality control managers attended a course, set up by a local consulting firm, on practical applications of QMS. Knowledge gained in this training session allowed the establishment of an adequate Quality System which adhered to the precepts of ISO2000 standards (HACCP).

When producing food items, meeting safety requirements for the consumer is the first consideration. Over the last few years, the number of countries that rely on HACCP for guidance on safe food production have grown.

The HACCP program is a document based on risk assessment and critical control points and describes procedures, which must be followed to ensure control over practical safety procedures and processes.

The HACCP system was developed in the USA. It was first used in the space industry to ensure the safety and quality of food products for the astronauts. In the mid-80s, the American Academy of Sciences suggested using this system for “earthly” consumers, as well. The finalized variant of the system was not developed until 1996. Today the adoption of this system is being actively realized in food production facilities in all developed nations of the world.

The heart of the HACCP system is the recognition and control of parameters which affect production safety. Implementation of this system is generally broken down into 7 phases:

- 1 – analysis of dangerous factors
- 2 – recognition of critical control points
- 3 – establishment of critical limits
- 4 – establishment of monitoring procedures
- 5 – development of corrective measures
- 6 – storage and actualization of documentation
- 7 – effectiveness assessment

### HACCP and QMS

Using HACCP with QMS makes ensuring product safety more efficient. The “Shoro” company’s QMS is founded on 7 basic principles, which rely on HACCP system principles: Principle 1 – Identifying potentially dangerous factors at any stage of production, from beginning to end product. Identifying conditions which could lead to dangerous factors and establishing ways to control them.

Principle 2 – Identifying Critical Control Points, which must be controlled to remove dangerous factors or minimize the possibility of their occurrence. This relates to any and all stages of production, including agricultural manufacture, delivery of raw materials, adding ingredients, processing, storage and transport.

Principle 3 – Establishing critical limits, which must be observed to ensure that Critical Control Points are always regulated.

Principle 4 – Development of monitoring systems which will allow control of CCP based on planned experimentation and observation.

Principle 5 – Development of corrective measures which must be taken, if monitoring demonstrates that certain CCP are not being regulated.

Principle 6 – Development of checking procedures, including supplementary measures that confirm the functional effectiveness of QMS.

Principle 7 – Documentation of all system procedures, forms and methods of information registration that relate to implementation of QMS principles IAW/HACCP.

HACCP principles may be applied to programs and policies in quality control, new production and technology development, control of raw materials and ingredients, production procedures, supply, checks, training and other processes if they have anything to do with food production safety. The ISO 2000 standard dynamically unites the principles and practices of HACCP with the preliminary programs, using risk analysis for determination of a strategy that ensures risk control and coordination with HACCP plans and programs.

The ISO 22000 standard is applicable to any organization’s food production procedures. It establishes QMS requirements for safety for food production.

### Breakdown of department implementation of QMS

\*\*\*please refer to graphic on page 8 of Russian version

Basic advantages, which the “Shoro” company has received upon implementation of QMS IAW/HACCP:

- Ability to control of phases of the food production chain
- High degree of assurance of food safety for consumers
- Rational control of dangerous factors which might crop up at any stage of production
- Shift from corrective actions to preemptive safety measures
- Utilizing a united front solving safety problems
- Establishing conditions favorable for trade with European and international markets
- Maintaining proper documentation of proof of control of all processes
- Confirmation of observation of all applicable regulations, codes or orders
- Recognizing food production safety issues which might reflect negatively on the company’s reputation and business.

Quality Management Systems have been successfully implemented in our company, starting with acquiring raw materials, all stages of processing, right up to storage on the store shelves, thanks to our company’s modern, well-equipped laboratories.

### **Development, analysis and realization of policies and strategies of the “Shoro” company in terms of quality**

There is currently no set policy regarding quality in the “Shoro” company, but this is being accomplished as quickly as possible. Right now our quality priorities are outlined in the company’s general policy statement: “The rebirth of the tradition of a healthy life style of the people, which creates and distributes ecologically sound and clean products that satisfy the expectations of our customers and meet all requirements, by means of the adoption and improving of Quality Management Systems.”

The chairman of the board of the “Shoro” company confirms our goals in quality control. Quality goals are examined to ensure effectiveness, and when necessary no less than once a year, after any other organizational changes. All managers are informed of our priorities and are fully aware of them and abide by them. All new employees are fully informed of our quality goals during their training. These goals are constantly under management control and are the responsibility of all employees at all levels of the company.

Our policy is aimed at supporting “Shoro” company’s reputation: we create a comfortable, safe and disciplined production environment, thanks to which we can realize the best imaginable product, which people of any nationality can enjoy.

Once personnel are informed of our policies, they are required to meet policy requirements at all levels.

Proper documentation is very important to the functional effectiveness of QMS. This includes documentation of quality goals, quality controls, procedures, planning documents, and process creation and control.

Keeping in mind the size of the organization, the complexity of mutual interaction of processes in quality management, and existing resources, the “Shoro” company maintains systematic documentation as a guarantee to the consumer that all that we do meets his requirements. “Shoro” documents only those activities, for which a lack of procedures might negatively affect production quality. Documentation procedures accentuate activities which require coordination and control.

The QMS department also rates Key Performance Indicators (KPI) to maximize work efficiency.

KPI – Key Performance Indicator – is the degree of achievement of the company’s strategic goals, the effectiveness of the business processes and the work of the company as a whole, of every section and every employee. KPI is closely intertwined with employee motivation systems. There are hundreds of indicators that can be graded:

- Company, section and employee effectiveness in realizing the company’s goals
- Effectiveness of business processes
- Effectiveness of project realization

For example, selection of our suppliers used to be awarded on a contract basis. Selection criteria were quality of supplies, professionalism of the supplier, etc. The quality of the raw materials, unfortunately, was not always satisfactory, so as a result, the “Shoro” company started renting land from an Issyk-Kul area farmer to ensure that we would always have a good and sufficient supply of raw materials for our production.

#### Our Expertise on National Beverages

##### Making Sure our Drinks are the Highest Quality at the “Shoro” Company

Our certificate for national drinks and mineral water ensures our compliance with state standards and other technical requirements, in order to provide a safe product in accordance with the laws of the Kyrgyz Republic.

Our Compliance Activity in the Kyrgyz Republic is legally regulated and ensured by:

- The “Basic Technical Regulation” law in the Kyrgyz Republic law concerning “Defense of Consumer Rights”;
- Legal acts covering social-economic acts not covered by other compliance law;
- Presidential order and acts passed by the Kyrgyz Republic government

The required certification for national beverages and mineral water is established according to documents from the Certification System and the rules of product certification with a declaration of product safety. The “Shoro” company recertifies every year.

##### National Beverage Quality Requirements

Our national drinks are produced in accordance with the requirements of the KMS 980:2005 Standard (effective from 1 Dec 2005 through 1 Dec 2010), compliance with established sanitary practices and norms, and subject to verification by the Kyrgyz Republic health department.

Name of indicator	Maksym		Zharma	
	Traditional	Light	Fermented	Non-fermented
Outward Appearance	Opaque liquid with tiny particles visible; light film can form, disappears when shaken	Opaque liquid, leaves a fine dark precipitate	Opaque liquid with tiny particles; light film can form, disappears when shaken	
Color	Beige-yellowish to light brown	Yellow	Light yellow to milky-yellow	White to light yellow
Taste and smell	Slightly salty, somewhat tart with a characteristic taste and odor of cooked wheat			Delicate taste of slightly sour milk, slightly salty, with the odor of cooked wheat

The examination of the quality of national drinks was conducted pursuant to KMS 980:2005. Period of activity is 2005.12.01 through 2010.12.01

## Facts about the “Shoro” Company

### Addendum 1

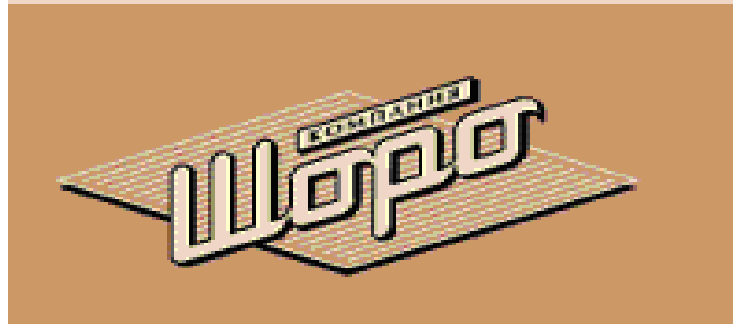
**Official Name:** Private Stock Company “Shoro”

**Address:** Kyrgyz Republic, 720045, Bishkek, Osmonkula Street, 344-A

**Tel:** (+996 312) 66-19-95, 66-19-96

**Type of business:** private

Number of employees – 1200; 132 are administrative and management personnel



*Our history is based on real events, which occurred to real people*



This case is a result of office investigations and is compiled from professional interviews. In order to have the benefit of expert opinions, results of interviews with the following “Shoro” employees were used:

PR Director – Aziz Khasanov

Quality Control Expert – Raziya Sultanova

Quality Control Section Representative – Larisa Rudakova



**Addendum 2**

As a result of the pasteurized “Maksym-Shoro” coming onto the market without supplemental information for consumers, many complaints were registered by long-time consumers of the beverage. They are listed in the following graphic.

<b>Date</b>	<b>Product Name</b>	<b>No. of complaints</b>	<b>Reason for complaint</b>	<b>Name of user who lodged complaint</b>	<b>Statements from consumers made during registration and resolution of complaints</b>	<b>Measures to solve the problems (complaints) and its results</b>
From 30.07.08 until 11.08.08	“Maksym-Shoro” 1.5, 1.0 and .5 liter bottles	31	<p><u>Changes to the taste qualities of the beverage :</u></p> <ol style="list-style-type: none"> <li>1) unfermented</li> <li>2) flat</li> <li>3) no flavor</li> <li>4) no fizz, no bubbles</li> <li>5) without carbonation, does little to help a hangover</li> <li>6) suspicions concerning validity of product; is this the real deal?</li> <li>7) no odor or taste</li> <li>8) don't like the new technology used to make this product, and refuse to buy it</li> <li>9) conflicting opinions between the buyer and seller</li> </ol>	<ol style="list-style-type: none"> <li>1) commercial center via seller or administrator (stores, pavilions, cafes, sporting venues...)</li> <li>2) private consumers (students, housewives, employees of various companies and organizations...)</li> <li>3) some consumers returned the drink to the place where they purchased it, from whence “Shoro” employees delivered the returned product to the Quality Control department..</li> </ol>	<ol style="list-style-type: none"> <li>1) go back to the old recipe for the drink;</li> <li>2) return the original taste of the “Maksym-Shoro” drink</li> <li>3) replace the purchased “Maksym-Shoro” with another one with the old taste</li> <li>4) please let people know when the “Maksym-Shoro” with the original taste returns to market</li> </ol>	<ol style="list-style-type: none"> <li>1) registration of consumers complaints;</li> <li>2) fulfilling and delivering the documents to the necessary departments with the message about the incoming complaints on the pasteurized “Maksym-Shoro”;</li> <li>3) arranging the working group, discussing the situation, writing the minutes of the meeting of the working group;</li> <li>4) decision of the leaders;</li> <li>5) taking out from commercial centers;</li> <li>6) destruction the called back product in the defect insulator</li> <li>7) producing the beverage “Maksym-Shoro” on the old technology ;</li> <li>8) exchanging the product for turned consumers;</li> <li>9) giving responds to the consumers</li> </ol>

**Quality Control Expert's Documents**

**NO  
(QMS)**

**EhK**

**APPLICATION FOR EXCHANGE №** \_\_\_\_\_

**Site of purchase** \_\_\_\_\_

**Product name** \_\_\_\_\_

**Lot Number** \_\_\_\_\_

**Production Date** \_\_\_\_\_

**Reason for Exchange** \_\_\_\_\_

**Overall number of goods** \_\_\_\_\_

**Number taken for testing** \_\_\_\_\_

**Period of exchange until** \_\_\_\_\_

**Quality Control Expert** \_\_\_\_\_

**Date «\_\_» \_\_\_\_\_ 200\_г.**

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**Separation Line**

**CERTIFICATE OF EXCHANGE №** \_\_\_\_\_

**Site of purchase** \_\_\_\_\_

**Product name** \_\_\_\_\_

**Lot Number** \_\_\_\_\_

**Production Date** \_\_\_\_\_

**Reason for Exchange** \_\_\_\_\_

**Number of goods** \_\_\_\_\_

**Date «\_\_» \_\_\_\_\_ 200\_г**

**Exchange complete**

**Representative TT** \_\_\_\_\_ **Expediter** \_\_\_\_\_

**Answer to customer inquiry**

**EhK (QMS)**

(company form)

**ANSWER TO CUSTOMER INQUIRY**

Dear..... ..!

In answer to your question...

The “Shoro” company expresses its deepest appreciation for you being one of our valued customers and thank you for doing business with us. We hope to continue to successfully serve your needs and we guarantee the quality of our products.

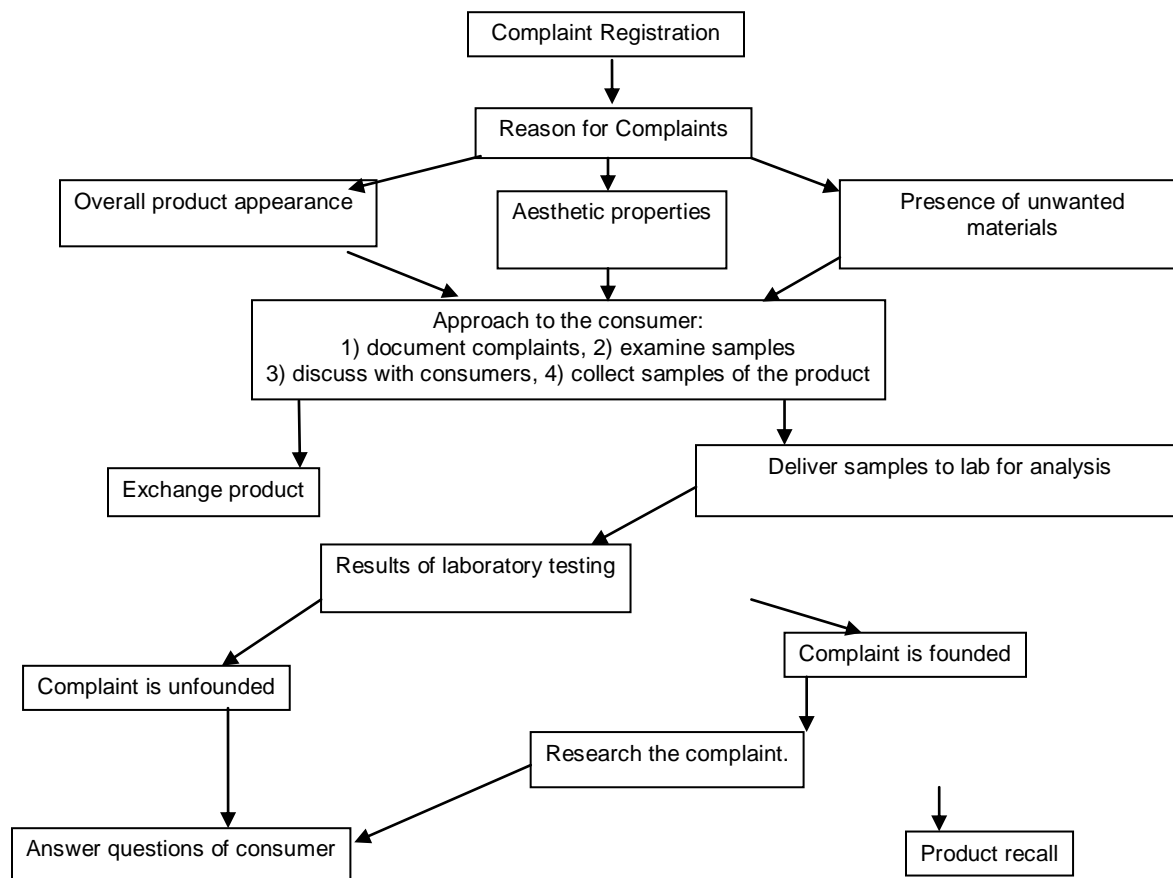
If you should have any doubts about any of our goods our company produces or any problems with the quality of our products, please don't hesitate to call us at 68-28-82 and you can talk to one of our quality control experts in the quality Control Department here at the “Shoro” company.

Respectfully yours,

Deputy General Director \_\_\_\_\_  
Signature

Quality Control Dept. Representative \_\_\_\_\_  
Signature

Quality Control Expert \_\_\_\_\_  
Signature

**Addendum 4****Working with Clients**

Complaints about service or product quality for consumers who shop with “Shoro” are taken by telephone (our phone number is provided at every location where we sell our products) by one of our quality experts. In order to confirm complaints, the place where the product was purchased and the exact reason for the complaint (refer to Addendum 3). If a client is not satisfied with the quality of one of our products, a sample is sent to our lab for analysis, and if the complaint is justified, steps will be taken to find out where the problem occurred in the production process and how to correct any deficiencies. Corrective measures will be taken to prevent any similar problems in the future. In any event, any and every consumer who has lodged a legitimate complaint will receive an official letter with the results of the lab tests. If a complaint is confirmed, an apology will be issued.

**Control of Unsuitable Products**

Control of goods, which do not meet requirements (as outlined in the non-alcoholic beverage standards) is carried out according to established documented procedures. In accordance with these procedures, an observed defect (from the point-of-sale or on the production line) is isolated in the logistics department. It is then subject to recycling or destruction. Any time a defect is observed, laboratory experts research the problem with the goal of removing the cause and preventing it from happening in the future.

**Addendum 5****Series ISO 9000:2000 standards**

were developed by the International Organization for Standardization (ISO). When the phrase “Series ISO 9000:2000 standards” is used, it refers to 3 international standards: ISO 9000:2005, ISO 9001:2000 and ISO 9004:2000.

“Quality Management Systems” (QMS) – is the key to the standards. In essence, QMS is a system of quality management for a company, which combines: mutually interactive processes and procedures, competent personnel, organizational and technological measures, plans, documentation ... in other words, what is vitally important for an organization to realize its goals.

A distinctive feature of the standards is that they do not directly address product quality, but address the control of the production process, which must ensure an expected and stable level of quality. From the point of view of the ISO 9000 series, a product can be deemed high-quality when it not only satisfies specific (known, registered) needs of a client, but also any possible (non-registered) client needs.

The family of international standards series ISO 9000:2000 includes:

- ISO 9000:2000 Quality Management Systems\*. Basic situations and dictionary.
- ISO 9001:2000 Quality Management Systems. Requirements.
- ISO 9004:2000 Quality Management Systems. Guiding principles for improving function.

In addition to the listed 9000 series of standards, in 2002 ISO released standard 19011:2002, “Recommendations for QMS audit and/or the environment”, which contains guidance for conducting an audit of QMS and the environment.

Standard ISO 9001:2000 summarizes useful experience and achievements of companies of the entire world in the area of quality management. QMS, which meets the requirements of ISO standard 9001:2000, - is the most recognizable, widespread, logical and rationally documented. It is necessary to realize that ISO 9001:2000 determines requirements not only for goods and services, but also organizational functions in the area of quality.

**Conclusion**

Today popularity of Quality Management System and their certification is explained by incontestable benefits. On the opinion of some authoritative experts sets of criteria constructing the basis of modern quality awards appeared as the reply of companies to their problem of what should they do after establishment of Quality System for national standards or ISO 9000 standard.

Nevertheless, if a company has got ISO 9001 system it does not mean that the company is able and must satisfy any customer “fantasy”.

Leaders of the companies are ready to get new experience: they participate in various training course, they get second education, they are busy with self-education and try to make their employees follow their example. Participation in awards, self-evaluation on the basis of model award criteria and opinion of experts could show directions for development and improvement and even more important, they could compile a system which would help in search for new and better business-solutions. Participation of small companies in competitions for quality awards facilitates entrepreneurs in “coming out of the shadow”, in starting business, in exchange of experience and in seeking of new opportunities for raising competitive capacity of their business as a whole.

It is worth mentioning here, that market economy has already brought Kyrgyz companies in a

certain “risk zone” and every day they face the problem of competitive capacities. Today severe competition of foreign companies in Kyrgyz market and low competition of local products on foreign market generates serious economic and social problems in the country. Competitiveness does not only mean to produce high quality products. Quality level might be different and designed for certain layers of population. Everybody can not drive “Mercedes” but cars should be reliable and safe.

### **Analysis of activities in quality issues in “Shoro” company brought up the following conclusions**

- Quality policy and targets have been elaborated and filed in accordance with Quality Management System requirements, it helped to strictly specify duties of each member of the company. They also elaborated materials necessary for checking quality of these activities;

- Elaborated Quality Manual includes specified quality targets, policy is being explained to all employees of the company that guarantees understanding and commitment of all company;

- Planning of quality system. Quality plan defines observance and improvement of quality system.

- Analysis of leadership and analysis of the Quality Management System are being conducted regularly. It allows to evaluate opportunities and necessities in making changed in Quality Management System, including quality policy and targets;

- Quality targets have been developed and documented, these could guarantee adequate control;

- Manufacturing inspection program, schedule of inspections have been elaborated for high quality products;

- Training programs are being implemented;

- Plan for internal audit is in the process of development.

So, introduction of Quality Management System could be able to solve abovementioned problems of local companies. It could also ensure their competitiveness and environmental safety of products by means of elaboration and introduction of Quality Management System and environmental management.

“Shoro” company could be called the leader in production of guaranteed quality products which meet the highest quality standards. Company is able to organize a good team striving for their main goal. Company has got seven plants in Kazakhstan, Uzbekistan, Russia and China with the head office in Kyrgyzstan. They support their suppliers.

*The day was close to its end. Friends were wandering about night Bishkek and were busy with pretty loud discussion.*

**Vera:** – *I think it was smart of us to call to the company and cleared the air. I was glad to hear that “Shoro” company sticks to its principles and is honest with the customers.*

**Bakyt:** – *Sure. I quite agree with you. But still, they should have informed the customers about output of their new drink.*

**Oksana:** – *You are right, company did not advertise their new product. How could people find out that this new drink is so healthy?*

**Mirbek:**– *“Shoro” started a new technology in order not only us but other people and countries could enjoy our healthy drinks. Soon the whole world will know about us! Look! This new technology did not spoil positive properties of the drink!*

**Vera:** – *I also think, that the company was absolutely right. In conditions of severe competition only the best could be a winner, the one who is always up to date. I would say that the winner should be a little bit ahead the time. I liked previous recipe of “Maxym” better, people got used to it and liked it very much.*

**Mirbek:** - *New technology is no way worse than old one, taste of the drink is pretty good, one need to get used to it and this is matter of time. I am sure that new “Maxym” has got good chances for a success and respect of customers!*

**Vera:** – *Fellows, we could discuss a lot about whether “Shoro” was right when started output of a new version of the familiar drink without advertising it. I think, that main thing is that “Shoro” used to, still does and will take care of people health. And not only in Kyrgyzstan but even outside the country!*

*(Story is based on real facts with real people)*

**P.S.** *So, probably that billionaire was right when he destroyed everlasting footwear?...*

**Possible questions for training situation:**

1. Are producers always interested in output of high-quality products?
2. Make up a model of process approach to quality management system.
3. Why did customers perceive innovations in a negative way? What activities have been undertaken by the company-producer for the way out of crisis situation?
4. Who is to be blamed in the situation when improvement of product quality had not been perceived by customers?
5. Describe company activities in terms of quality issues (advantages and disadvantages).
6. Develop the most efficient structure and stages of introduction of quality management system for “Shoro” company.
7. Describe occurring problems and recommendations on improvement of quality management system for the company.

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