

## ISO 9001 – Customer Property

Mark A. Randig

In clause 7.5.4 of the ISO 9001 standard, we find requirements for the control of customer property. As established in this clause, an organization is required to establish measures for the control of customer property, while it is under the organization's control or being used by the organization. This clause also addresses the organization's responsibility to identify, verify, protect and maintain customer property, as well as reporting to the customer any problems or issues that are identified.

### What Is Customer Property?

Customer property is any property that is owned (or provided) by the customer. In simple terms, customer property can be considered anything that you don't own, that has been supplied by the customer for your use. Such product may be owned directly by the supplier, or owned by another interested party.

Examples of customer property can be found in ISO 9004:2000\*, which includes the following:

- Ingredients or components supplied for inclusion in a product;
- Product supplied for repair, maintenance or upgrading;
- Packaging materials supplied directly by the customer;
- Customer materials handled by service organizations such as storage;
- Services supplied on behalf of a customer, such as transportation of customer product to a third party; and
- Customer intellectual property, such as specifications, drawings and proprietary information.

*\*Excerpt from ISO 9004:2000, Quality management systems – Guidelines for performance improvements*

From the guidance above, we can therefore consider customer property to include any materials, parts, components, etc. that are provided by the customer to be incorporated into the organization's product. We can also include any property that is used by the organization, such as customer-provided equipment, tools, hardware and software.

Intellectual property may also fall under this requirement, if its return is required upon completion of a project. If it is given freely however (e.g., public information) it would not fall under this requirement.

### Identifying Customer Property

The identification of customer property is a critical part of not only identifying ownership, but is also a necessary step in preventing the unauthorized use or inadvertent disposal of customer property. Identification should be in the method appropriate to the organization, the product, the processing to be performed, any usage requirements and/or customer specified instructions. Identification methods may include labels, tags, containers, physical markings or other methods as appropriate.

### Verifying Customer Property

Verification of customer property should be performed to establish the condition of customer supplied property, including conformance to all specified requirements. These verification checks may include quantity, physical condition, and other characteristics, as well as the identification or measurement of chemical, physical or other properties. Typically, this verification process would be performed upon receipt, and is usually performed in a manner consistent with the organization's established process for the verification of purchased product.

Records of such verification activities should be maintained in accordance with the organization's record control procedures, and notification made to the customer in the event that nonconforming product is identified (see below).

### Protecting Customer Property

While under the control of the organization, appropriate measures need to be established to protect customer product from loss, damage and/or degradation. Typically, such measures would follow the organization's process for the protection of its own property; with any additional customer requirements that may apply (various international standards are also available to address this subject). As part of such measures, a schedule for periodic assessment should be established for property that is maintained for extended periods of time. The specific interval of this assessment, and evaluation method(s) used, should be based on the specific type of product and various other factors, including shelf -life of the product, storage environment, specific customer instructions, etc.

### Maintaining Customer Property

In cases where maintenance may be required (e.g., equipment, tools and/or hardware), the organization should, prior to the acceptance of customer property, ensure that there is a clear agreement and definition of responsibility with regarding to both on-going maintenance and repair. Specific terms and conditions should be established between the customer and the organization to address the types (and schedule) of maintenance required, including who will be responsible for such maintenance, as well as to establish guidelines to address extraordinary events, such as repairs due to equipment failure.

As with maintenance and repair activities performed by the organization on its own equipment, records should be maintained in accordance with the organization's record control procedures.

### Reporting of Issues

The requirements established in 7.5.4 not only address the control of customer property, but also notification to the customer should any problems be identified. Any problems or issues, such as loss, damage or failure concerning customer property should be promptly reported back to the customer in accordance with the organization's procedures for the control of nonconforming product, as modified by any specific customer instructions. As this is customer property, subsequent processing activities should be suspended, until disposition by the customer has occurred.



Records of such nonconforming product should be maintained in accordance with the organization's record control procedures.

Mark Randig is the President and Founder of MAS Solutions LLC., a Houston Texas based consulting firm that specializes in helping companies achieve breakthrough performance by focusing on Quality Enhancement and Productivity Improvement. To get your FREE copy of Mark's newsletter "The Quality Specialist", go to <http://www.masquality.com/newsletter>.

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