

*“Faulty gadgets manufactured by Thingamajig Ltd caused three accidents – compensation is likely to be high.”*

You can only meet quality standards if you have enough of the right resources – for example production equipment, raw materials, spare parts, employee skills – and a quality control system. If any of your resources aren't up to scratch, the quality of your end products or services will suffer.

Faulty and misused products can cause harm to their users. And poor instructions on how to use a product can often contribute to misuse and lead to accidents. You have a legal duty to make sure your products are safe for use, and to provide clear instructions where necessary. If you don't you could incur significant product liability damages, as well as enforcement action.

Legislation and European product standards (such as the CE marking) place a variety of demands on products. Your products might also have to meet environmental standards and be recyclable.

Evidence of an effective quality control system is an indication of reliability.

## Tips

- Make sure you agree the criteria that products and services must meet in both purchase and sales agreements. And agree quality standards when drawing up subcontracting agreements, making sure the quality standards of subcontractors are compatible with your own.
- Keep customers satisfied by meeting agreed quality standards (to specification; on time every time; and to cost).
- Make sure you have effective production planning and management to help you achieve high-quality operations.
- Insurance companies can offer you product liability insurance to cover compensation claims that may arise from product faults or misuse.

## Useful links

Health and Safety Executive – Buying new machinery  
[www.hse.gov.uk/pubns/indg271.htm](http://www.hse.gov.uk/pubns/indg271.htm)

BSI – Management system, services and solutions  
[www.bsigroup.co.uk/en/Assessment-and-Certification-services/Management-systems](http://www.bsigroup.co.uk/en/Assessment-and-Certification-services/Management-systems)