

BSI British Standards

The Benefits of Standardization and the NSSF

Presentation to IRAM

On the occasion of the 70th Anniversary of its foundation

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The Empirical Economics of Standards

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DTI Study: The Empirical Economics of Standards

Independent study by the Department of Trade and Industry to determine the value of standards and standardization to the UK economy

The value of standards had previously been under-researched in the UK, particularly using econometric analysis



http://www.dti.gov.uk/iese/The_Empirical_Economics_of_Standards.pdf

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The Value of Standardization in the UK

BSI's portfolio of formal standards:

- Contributes £2.5 billion annually to UK GDP
- Has contributed £75 billion since 1948
- Accounts for 13% of UK labour productivity growth
- Standards are important for international technology transfer

But only if:

- Standards are relevant, timely and cost effective
- We communicate better the benefits and opportunities of standardization
- There is greater collaboration and harmonisation (CEN/CENELEC, ISO/IEC, NSBs)

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The Benefits of Standardization

Standards have several benefits to an economy

- Compatibility between products or systems
- Enhance quality
- Reduce variety
- Promote understanding of technology by providing information
- Openness & credibility

DTI Research: Productivity in the UK

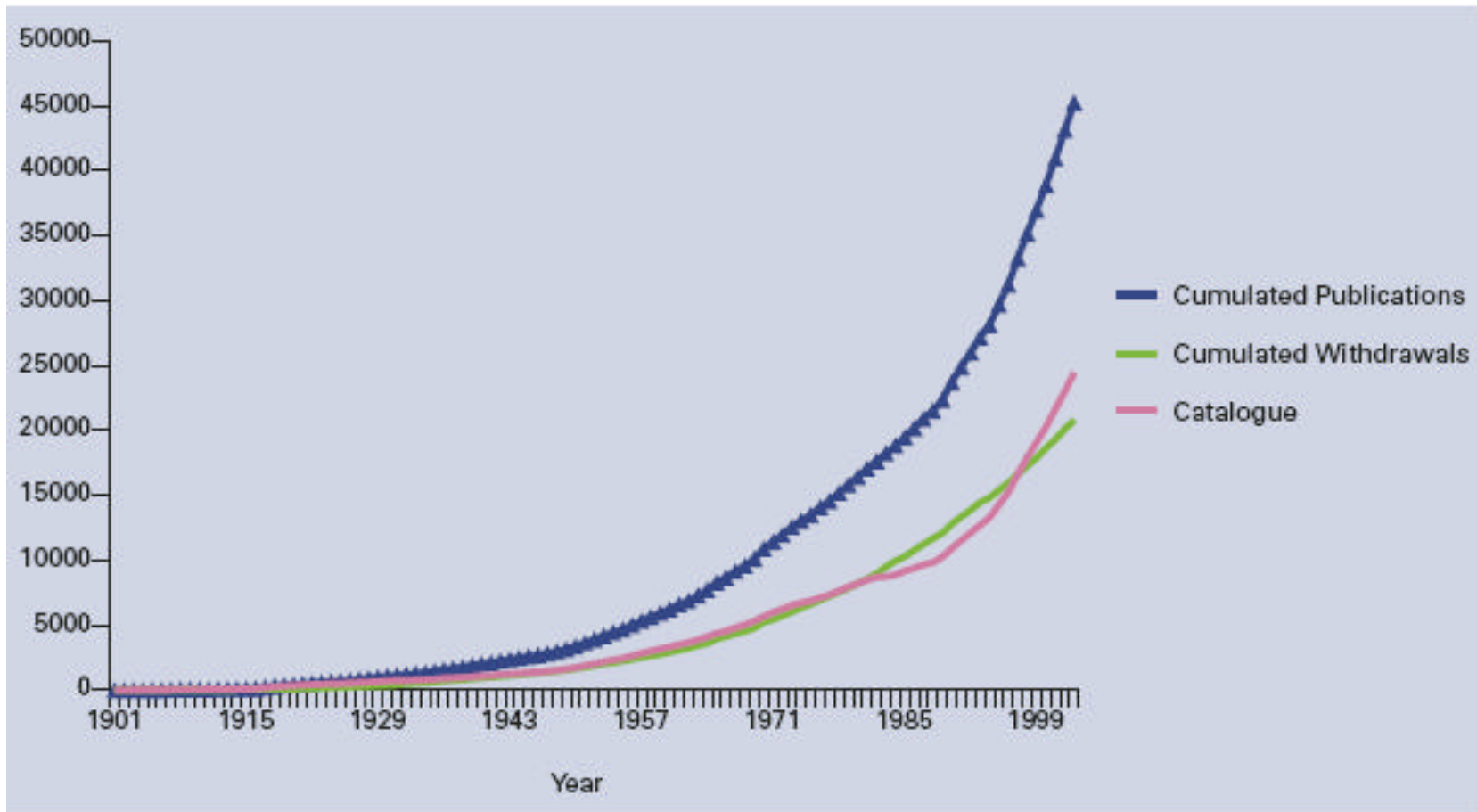
Project 1: Contribution of standardization to long run productivity growth in the UK.

Data (using BSI catalogue) from 1948 to 2002 showed a positive and statistically significant correlation with labour productivity:

- 1% increase in the standards catalogue is associated with a 0.05% increase in labour productivity.
- The very high rate of growth of the catalogue (5.1% p.a.), implies that standards contributed 13% of the growth in labour productivity in the UK over the period 1948-2002.

Productivity and the Standards Catalogue

The Growth of the BSI Standards Catalogue (1901 – 2003)



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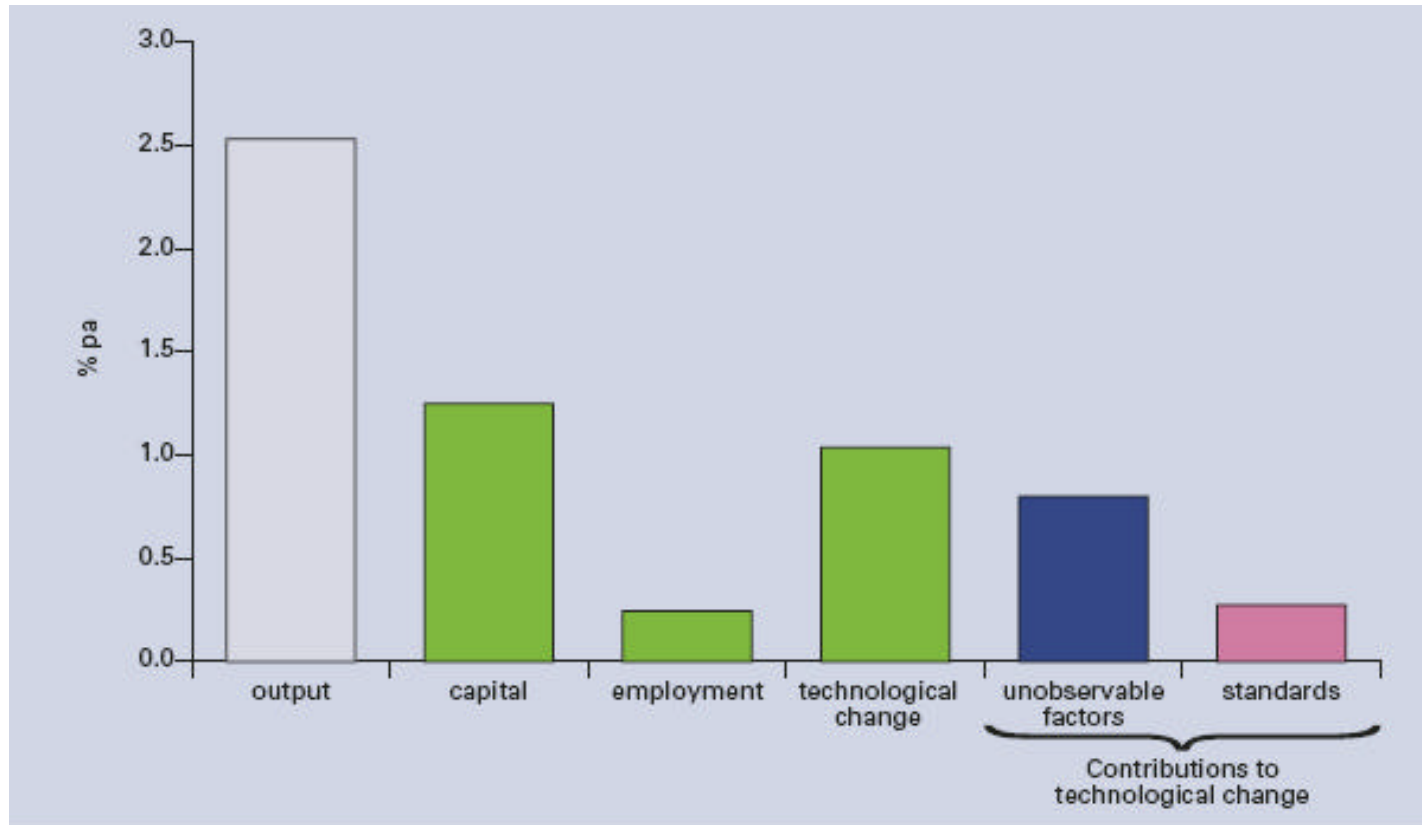
DTI Research: Standards and Technological Change

The contribution of standards to technological change and the contribution of this to total economic growth in the UK:

- Between 1948 and 2002 the economy as a whole (GDP) grew by 2.5% per year.
- Conventional inputs (labour and capital) accounted for 1.5 %
- Technological change accounted for 1.0 % of GDP and 25% of this is attributable to standardization

Standards and Technological Change

Contributors to Output Growth in the UK (1948 – 2002)



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DTI Research: Innovation

Project to examine the impact of standards upon innovation

- Standards stimulate a knowledge intensive activity e.g. innovation
- Timing is important for standards and innovation
 - Too early and a standard may shut out promising and superior technologies
 - Too late and the costs of transition to the standard may be too high – preventing diffusion.
- The age of standards is important
 - A brand new standard is not as important source of information as an older standard (diffusion)
 - Too old and the standard and standards lose their information value (relevance)

The Benefits of Standardization

Standardization can help organizations through:

- Helping with innovation
- Value generation/competitive edge
- Cost reduction
- Compliance
- Attract new customers
- Lessens likelihood of mistakes
- Product compatibility

External Research: British Standards

- 44 interviews completed:
 - Corporates (27)
 - Government (5)
 - Standards bodies (2)
 - Industry associations (10)
- Wide variety of 'old' and 'new' industry sectors represented:
 - Chemicals, Energy and Oil/Gas (4)
 - Manufacturing, Engineering and Construction (8)
 - Defence (2)
 - Environment (4)
 - Financial Services (5)
 - Government, Quasi-governmental, Standards Bodies (7)
 - IT and Telecoms (6)
 - Leisure, Food and Retail (4)
 - Medical (4)

WPP

Best Practice...Next Practice

**Best Practice...
Next Practice**

How to survive, innovate and
grow in an ever changing world

nssf **BSI** **CBI** **dti**

How to survive, innovate and grow in an ever changing world

Global markets offer many opportunities, but require innovation, efficiency and a keen understanding of the competitive business environment to be navigated successfully. A standardization strategy can help address all these needs.

Innovative business leadership through standardization

Used strategically, standardization can provide co-ordination and control, and act as a true catalyst for business growth and development. From improving existing practices to opening global markets, a standardization strategy is a critical component of overall company planning.

Effective use of standards can benefit a business by:

- pulling-through innovations to markets
- capitalizing on interoperability of products and services
- enabling economies of scale
- providing a simple and cost-effective route for compliance to regulatory requirements.

Moving ahead: "Best Practice...Next Practice"

Formed by the BSI, CBI and DTI, the National Standardization Strategic Framework (NSSF) is working to increase the awareness and effective use of standards in the UK.

Drawing on its expertise as part of this Framework, BSI has produced Best practice...Next practice - How to survive, innovate and grow in an ever changing world.

This book outlines the strategic use and commercial benefits of standards and standardization.

To order a copy of the book (£25.00 plus p&p),
call +44 (0)20 8996 9001
or email orders@bsi-global.com



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www.nssf.info

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Best Practice...Next Practice

ARUP Case study – ARUP *‘Driving differentiation through standardization’*

Arup achieves differentiation by providing high quality information and consultancy using standardization as a key management tool.

“Standards provide the platform of information that then allows time for innovation and creativity, Arup could not be so creative without them”



Case Study – BT *‘Delivering value through interoperable solutions’*

BT strategically manages its standards activities, viewing standardization as a means to help create the future market. It promotes cooperation on standardization, and competition on implementation, gaining competitive advantages through product price, design, quality services and brand reputation. BT reports significant return on its investments, realizing £20 million in savings through its efforts in e-commerce alone.

“Standards are essential to BT – our future survival depends on them”

Best Practice...Next Practice



Case study – Ministry of Defence (MoD) *‘Systematic standardization strategy lowers costs and improves quality’*

The UK MoD uses standardization to ensure that its acquisitions meet its needs for interoperability, quality, reliability and efficiency. The need for standardization to aid decision making and decrease costs has become a priority.

“The intelligent application of the standardization process is essential to achieving the benefits of smart acquisition”



JOHN DEERE

Case study – Deere & Company *‘Globalization with local customization’*

Deere uses standardization as a strategic management tool to meet local and global regulations, striving to drive down costs while delivering high quality products that meet local market needs.

“Standards play a critical role in the success of all new John Deere products, as well as our environmental and safety management processes”

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Further Information

For more information on BSI's case studies researching the benefits of standardization

Visit

www.raisingstandards.com

For more information on the

NSSF visit www.NSSF.info

The screenshot shows the BSI website interface. At the top left is the BSI logo. Below it is a navigation menu with links: Home, BSI homepage, NSSF homepage, Case studies, and Contact us. A large quote states: "13% of labour productivity growth can be attributed to standards, equating to approximately £2.5 billion per annum of today's economy." Below the quote is a link to a DTI Report. A yellow banner offers a "FREE COPY of 'Best Practice... Next Practice'" with a "Click here and register your details" button. Below this are three links: "How standards raise productivity, profits and growth", "Why your business needs standards", and "How BSI can help", each with a "more" link and an arrow. The bottom section features the "National Standardization Strategic Framework" with a sub-headline "building awareness, use and understanding of standards and the standardization process in the UK". To the right is a "Protecting consumers" section. Below the framework section is a list of links: "About the NSSF", "NSSF originators", "What is a standard?", "Benefits of standards", and "What we're doing". On the right side of the bottom section, there is an "In focus" area with links to "Best Practice... Next Practice", "Standards and Intellectual Property Rights", and "Success stories from standards users". There is also a search bar and a "Get involved" section.

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