

Using Standards to Tackle the Recession

Editor's Note: The following was excerpted from an article originally published by BSI British Standards (www.bsigroup.com) and reprinted with their permission.

Standardization has existed for over 100 years, and the number of standards continues to grow. Standards users range from large organizations to small- and medium-sized companies, from public and private sector alike.

Based on the prevalence of standards, it's safe to assume that they offer considerable value—to economies, to businesses, and to people. However, in an economic downturn, do the benefits that standards bring still apply? The answer is an emphatic yes. In difficult economic times, standards can provide extra cost savings, new customers, product innovation, market differentiation, and lower risks, all of which makes the difference—enabling organizations to survive, grow, and ultimately thrive even in the toughest economic conditions.

The impact of the economic downturn on organizations is considerable and generally adverse. Markets shrink along with revenue, customers contract or disappear, money becomes elusive, orders and investment evaporate, and continuity of employment dissolves. In the private sector, more businesses chase less money. In the public sector, service provision is more and more stretched as need grows and resources don't.

How can standards help? For individual businesses, standards make product development and innovation easier, market entry simpler, and efficiencies more easily achieved. In a recession they will help keep customers and find new ones, trim costs, and keep businesses in business for longer.

Standards help retain customers. When money is tight, customers want to spend wisely. Standards can reassure them that products and services maintain a high level of quality, reliability, and consistency. Standards also embed a customer focus in all the activity of the organization, leading to higher customer satisfaction.

Finally, and perhaps most important, standards also help demonstrate that products or services meet regulatory, and sometimes contractual, requirements—though standards themselves are voluntary. In sectors where the

penalties, costs, and delays of non-compliance are crippling, continued compliance through the use of standards will be a key reason why customers stay with suppliers who use standards.

Winning New Customers

Generating new business becomes even more important in a recession. As markets shrink, new customers are needed to maintain revenue. The more customers a business has, the less vulnerable it is if one of them should go to the wall.

Standards demonstrably give companies a competitive advantage by signaling to potential customers that an organization will be easier to do business with. Standard-compliant products will be interoperable and compatible with other components, and the supplier works to standard specifications and proven methodologies, eliminating the delays and errors inherent in some nonstandard outputs.

Standards can open doors when companies are looking for new customers in new markets. New customers will know in advance what to expect, both in terms of what is delivered and how, simplifying market entry. Adherence to product standards means that products will be compatible with other components anywhere else the standard is used. Additionally, standards are well-recognized, understood, and respected nationally and internationally: being able to claim adherence to standards translates well in any language. ISO 9001, for instance, has been adopted in more than 170 countries.

Controlling Costs

In a recession, when money is tight, controlling costs can become crucial to competitiveness and survival. Standards reduce costs in several ways. Manufacturing to a standard automatically eliminates waste and overengineering. Standards also reduce process errors and the cost of errors.

Importantly, standards can also reduce research and development costs by giving companies tried and tested platforms for innovation. In this and other ways, standards reduce the time to market—a considerable cost saving. Standards also minimize the cost of working out how to comply, and eliminate the costs of non-compli-

ance. Finally, management systems standards strip out the costs of operational inefficiencies.

Keeping the Wheels Turning

Some adverse events that can derail productivity become more likely in a recession: cash flow falters, maintenance schedules are stretched, experienced personnel are no longer on hand, and suddenly their absence makes a crucial difference. And as margins narrow, downtime can become fatal.

Standards limit risk and ensure efficient, secure operations. Some standards specifically manage risk and also embed business continuity planning to make sure an organization is robust. At the same time, effective risk management can help a business exploit potential opportunities, which is an essential part of good management.

Keeping People

Staying in business and positioning to thrive when the recession has passed may depend upon retaining and motivating the people who are essential to the business's success. Standards let staff know that the

organization is committed to quality and best practice and they contribute to maintaining morale. Adoption of environmental and sustainability standards shows a commitment to issues that staff may deeply care about. Management systems standards touch everyone in the organization and can give a greater sense of ownership and involvement.

Boosting Innovation

Innovation is very often the foundation of growth, and so remains as important in a recession as at any other time. Standards provide the platform of known and proven knowledge, which enables and accelerates innovation. Standards also support innovation through the early codification of terminology in emerging technologies such as nanotechnology.

On a macro-economic level the existence of these standards helps to build confidence in new concepts among key stakeholders. This acts to crystallize new opportunities at a micro level, as well as mitigating against risk for early adopters and establishing a creative edge for any such business. ■

Check List: Which Standards Can Help You Beat the Recession?

1. Act early to decrease cost and inefficiency

- ISO 9001:2008—*Quality management systems—Requirements*
- ISO 14001:2004—*Environmental management systems—Requirements with guidance for use*

2. Keep trading continuously

- ISO/PAS 22399:2007—*Societal security—Guideline for incident preparedness and operational continuity management*

3. Hold on to your best customers

- ISO 9001:2008—*Quality management systems—Requirements*
- ISO 10001:2007—*Quality management—Customer satisfaction—Guidelines for codes of conduct for organizations*

4. Hold on to your best staff

- ISO 14001:2004—*Environmental management systems—Requirements with guidance for use*

5. Diversify and innovate

- All product standards
- ISO 9001:2008—*Quality management systems—Requirements*
- ISO 14001:2004—*Environmental management systems—Requirements with guidance for use*

tems—Requirements with guidance for use

6. Keep control of inventory

- ISO 9001:2008—*Quality management systems—Requirements*

7. Increase market presence

- ANSI/AAMI/ISO 13485:2003—*Medical devices—Quality management systems—Requirements for regulatory purposes, 2ed*

8. Work on improving your business

- ISO 9001:2008—*Quality management systems—Requirements*

9. Avoid unnecessary risk and debt

- ANSI/AAMI/ISO 14971:2007—*Medical devices—Application of risk management to medical devices, 3ed*
- ISO/IEC 27001:2005—*Information technology—Security techniques—Information security management systems—Requirements*

10. Work to create and maintain competitive advantage

- All product standards
- ISO 9001:2008—*Quality management systems—Requirements*