



**Faster,  
smarter,  
better**

Using standards to tackle the recession

# Checklist

Which standards can help you beat the recession?

Standards have a proven history of supporting and contributing to business growth in the UK and around the world. But they are only as effective as the organization putting them into action. Choosing the standards that fit your business needs is an essential part of the equation.

What are your biggest challenges? And what are you hoping to achieve? Review this quick checklist to find out which standards could be helping your business survive and thrive in the recession.

- 1 Act early to decrease cost and inefficiency:**  
*ISO 9001 Quality management; ISO 14001 Environmental management*
- 2 Keep trading continuously:**  
*BS 25999 Business continuity*
- 3 Hold on to your best customers:**  
*ISO 9001 Quality management; BS 10001 Customer satisfaction*
- 4 Hold on to your best staff:**  
*ISO 14001 Environmental management; SA8000 Social accountability; BS OHSAS 18001 Occupational Health and Safety*
- 5 Diversify and innovate:**  
*Kitemark; ISO 9001 Quality management; ISO 14001 Environmental management; all product standards*
- 6 Keep control of inventory:**  
*ISO 9001 Quality management*
- 7 Increase market presence:**  
*Management Systems certifications and Kitemark*
- 8 Work on improving your business:**  
*ISO 9001 Quality management*
- 9 Avoid unnecessary risk and debt:**  
*BS 31100 Risk management; ISO IEC 27001 Information security management; ComplytoSupply™*
- 10 Work to create and maintain competitive advantage:**  
*ISO 9001 Quality management; Kitemark; all product standards*

To find out more about how these standards and quality marks can help your business beat the recession, visit [www.bsigroup.com](http://www.bsigroup.com)

# A proven history, with measurable results

Standardization has existed for over 100 years, and the numbers of standards continues to grow. Currently around 27,000 national and international standards are in the BSI portfolio and used daily by millions of enterprises worldwide. In the UK alone, 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. And indeed research has quantified those benefits economically – in the UK, standardization accounts for an annual contribution to GDP of £2.5bn per year.

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 saving, 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.

This paper is an exploration of how that actually works in practice – first by looking at the issues we face, then evaluating the contribution of standards, and finally by setting out the ways in which standards are of actual, practical help.



**"In this tough marketplace... a major contributing factor to our success has been our investment in quality systems, technologies and processes"**

### How the numbers stack up

In the fourth quarter of 2008 the UK economy shrank by 1.5 per cent and the country technically entered a recession. Manufacturing industry saw output decrease by 4.6 per cent and the services sector, which accounts for about 75 per cent of the economy, fell by one per cent in its worst performance since the third quarter of 1979. Total output fell to a 28 year low, comparable to the 1.8 per cent plunge in the second quarter of 1980. For now, the UK economy is expected to continue shrinking for at least the first half of 2009, with some experts

forecasting a three per cent contraction this year – the biggest decline since the Second World War.

In the wake of these stark statistics, the impact 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.

### CASE STUDY: Garlands Call Centres

#### Standards that attract customers

Garlands Call Centres, a leading outsourced contact centre operator, uses certification to ISO 9001 to differentiate the quality of their offer in a crowded marketplace.

Garlands competes against a diverse range of international organizations from "basic" contact centre operators in low wage countries to sophisticated Western European competitors. Quality means offering a competitive price and adding value through things like high levels of first call resolution, call elimination strategies and sophisticated data analysis.

Quality compliance manager, Martin Stevens explains: "In this tough marketplace, we've built a strong reputation as a company that delivers high quality – and a major contributing factor to our success has been our investment in quality systems, technologies and processes. Ever since our initial certification in March 2005, ISO 9001 has played a significant part in this success."

In addition, the quality standard adds value because it helps create a positive working environment. Says Stevens: "We work to create an environment that people want to work in, one in which we can get the best out of our people. They're motivated, skilled and knowledgeable about what they're doing. Certifications underline and help build the right environment for us."

Stevens feels that even in a recession, the investment in standards continues to make sense.

"At the moment it's more important than ever to get into the marketplace with a differentiator and a quality offering."

#### The right tools for the job

The economic impact of standardization is far from negligible. In recent years, a range of studies from the UK, Australia, Canada and Germany discovered the hard macro-economic benefits of standards. In the UK<sup>1</sup> this has been quantified at an annual contribution to GDP of £2.5 billion per year. The same study found that 13 per cent of growth in labour productivity between 1948 and 2002 is attributable to standards.

Moreover, for individual businesses, research<sup>2</sup> of 4,000 companies across Germany, Austria and Switzerland concluded the following:

- Companies actively involved in standards work more frequently reap short- and long-term cost-savings and competitive benefits than those that do not participate.
- The businesses surveyed rate the effects of standardization on transaction costs as positive, indicating that transaction costs drop considerably as a result of standards, since they make information available and they are accessible to all interested parties.
- Companies have increased confidence in the quality and reliability of suppliers who use standards.

The question becomes: how do these benefits translate in a recession? For individual businesses standards make



0+  
328+  
437+  
1,488+  
439+  
2,888+  
3,238+=  
8,162+\*

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.

### Keeping customers

Standards help retain customers. First, because when money is tight customers want to spend wisely. Standards help to 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, retention and advocacy. The customer satisfaction series of standards (ISO 10002, 10003 and 10004) also specifically address procedures such as complaints handling and dispute resolution.

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. Research has shown that 100 per cent of FTSE250 company decision-makers believe that consumers view businesses that apply standards more favourably than they view those that don't<sup>3</sup>. Some standards, such as ISO 14001 and SA 8000 also demonstrate, sometimes importantly,

## CASE STUDY: FloPlast

### Standards for market differentiation and cost control

FloPlast, a leading manufacturer and supplier of plastic building and plumbing systems in the UK, has made a significant investment in standards.

The company already has two Kitemark licences and a further two are planned. Managing director Stewart Norris explains: "We use the Kitemark and other quality marks in the marketplace to distinguish us."

It's FloPlast experience that the Kitemark is recognized as an important differentiator in the UK and abroad. According to Norris, recent work on developing its European distribution demonstrated that "Fifty per cent of the time ... they recognize [the Kitemark] as a benchmark and the confidence is there. It's very much accepted."

FloPlast also uses registration to ISO 9001 to help with cost control. The company has invested heavily in automation to streamline its manufacturing and warehousing operations. It employs state-of-the-art material handling and conveying systems, and robotics in its injection moulding plant. In addition a computerised warehouse management system enables the business to stock and pick finished products accurately and efficiently.

Underlying all of this activity sits certification to ISO 9001. Explains Neil Harrison, FloPlast's quality control manager: "This enables us to manage our processes in the business to be accurate and consistent. We also show our employees the way to work and maintain consistent standards – which makes us more cost effective and efficient when we repeat processes."

FloPlast aims to beat the recession by not being complacent: in 2009 FloPlast plans to launch five new product ranges and 10 new products, a total of 110 new items. In addition to the new Kitemarks, work is ongoing to achieve certification to ISO 14001 with BSI. "We're open-minded and positive," says Stewart Norris, "because our competitors are generally down and we're still growing our market share to compensate for shrinking markets. And we're passionate and enthusiastic about what we do."

that a potential partner shares the customer's values in areas such as commitment to sustainable working and ethical labour practices.

In addition, standards signal to potential customers that an organization will be easier to do business with. This is because standard-compliant products will be interoperable and compatible with other components; the supplier works to standard specifications and proven methodologies, eliminating the

delays and errors inherent in some non-standard outputs.

Also, tendering and contract procedures could be faster and more straightforward for users of standards. For example, third-party certification to BS 25999 *Business continuity management* can help to reduce due diligence when a large organization takes on a new supplier. The same is true of ISO 14001 *Environmental management* and BS OHSAS 18001 *Health & Safety Management*.

## In recessionary conditions, when money is tight, controlling costs can become crucial to competitiveness and survival. Standards act to reduce costs in several ways

### Gaining entry into new markets

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 being used. Additionally, standards are well-recognized, understood and respected both 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 worldwide.

### Controlling costs

In recessionary conditions, when money is tight, controlling costs can become crucial to competitiveness and survival. Standards act to reduce costs in several ways. For one thing, manufacturing to a standard automatically eliminates waste and over-engineering. Standards also reduce process errors and the cost of errors.

Importantly, standards can also reduce R&D 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 costs of working out how to comply, and eliminate the costs of non-compliance. Finally, management systems standards strip out the costs of operational inefficiencies. ISO 14001, in particular, can yield significant materials, energy and landfill savings. ISO 9001 can help manage inventory more efficiently while retaining a strong focus on customer satisfaction.

### Keeping the wheels turning

Some of the adverse events which can de-rail 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. For example, BS 25999 helps the organization identify the key vulnerabilities it faces so that it can act appropriately and spend in a targeted way to increase overall resilience.

This standard also deepens the relationship between customers and suppliers, making suppliers harder to replace.

At the same time, effective risk management can help a business exploit potential opportunities. It is an essential part of good management. BS 311000 *Risk management* offers guidance for organizations looking to develop, implement and maintain effective risk 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.

Certification to BS OHSAS 18001 demonstrates concern for people's health and safety at work. Adoption of environmental and sustainability standards shows a commitment to issues which 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 stone 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.



# The public sector is the largest procurer of products and services in the UK. The use of standards in the procurement process delivers efficiencies both for procurers and suppliers

## Standards and recession in the public sector

The recession presents different but just as real challenges in the public sector, where the task becomes doing more with less. Rising unemployment will only continue to increase the pressure on benefits provision, training, adult education and social and health services. Demand for social housing will rise.

Meanwhile the public sector is likely to experience a fall in private sector investment, and income will decrease in areas like planning fees. What role can standards play in making ends meet?

## Cost control

As in any other organization, management systems standards can reduce costs

by stripping out inefficiencies. In the public sector, savings from ISO 14001 are particularly applicable.

The launch of BS EN 16001 *Energy management* will also help organizations establish the systems and processes necessary to improve energy efficiency, through an effective energy management system. Energy efficiency measures such as these should lead to reductions in cost and greenhouse gas emissions through systematic management of energy.

## Continuity of services

For local authorities, planned resilience to disruption from adverse events is a legal obligation under the Civil Contingencies Act. Certification to BS 25999 *Business continuity management* will demonstrate

CCA compliance. Everywhere else the standard it is a sensible response to anticipate and minimise service interruption from unplanned adverse events.

## Procurement

The public sector is the largest procurer of products and services in the UK. The use of standards in the procurement process delivers efficiencies both for procurers and suppliers, and provides the opportunity to deliver a sustainable framework.

They clarify specifications so as to eliminate ambiguity and incompatibility. They also supply a clear measurement tool which ensures conformity to specification during supply.

## CASE STUDY: Scottish Borders Council

### Keeping things moving

Scottish Borders Council takes its responsibilities extremely seriously. In the last two years it has identified threats, critical services and the associated timelines, then developed plans around incidents. The council is responsible for a large geographical area, as much as 20 per cent of the whole of Scotland, Kinsella estimates, despite only having around 120,000 customers.

The region has encountered fire, floods, even planes falling out of the sky, which had all helped to create an extensive knowledge base in terms of business continuity management, albeit on an informal basis.

Now the council is intent on putting things on a more structured footing. Scottish Borders Council has plans in place for 300 locations, including schools and libraries, and has already completed stage one of BS 25999 certification.

"We're now much more systematic," says Hugh Kinsella, senior risk management adviser for Scottish Borders Council. He uses an incident at a school in Coldstream by way of example. "A gas incident meant that we had to evacuate the children and staff. An automatic text system notified parents, and we had plans to accommodate children whose parents would not be able to come. The problem was repaired on day one, and on day two the school was back up and running. In all likelihood, before we had our plans, the staff and children would have been sent home, and on day two we would have had a management meeting, saying 'What are we going to do?'"

Throughout the public sector, there are examples of organizations benefiting from the structured business continuity planning BS 25999 brings, and increasingly it is becoming a matter of not "why?" but "how?". For those looking to convince any last doubters, it might be worth considering a slightly more hard-edged approach.

\* Excerpt from "Public sector: business as usual?" which first appeared in Business Standards, October 2008.



## How BSI can help

Standards matter. They contribute at least £2.5bn each year to the UK economy and play a key role in enabling innovation, improving competitiveness, increasing reliability, ensuring safety, improving accessibility, controlling quality, managing risk and improving business performance.

As the world's first national standards body, BSI British Standards has a globally recognized reputation for independence, integrity and innovation. Part of the BSI Group operating in 86 markets worldwide, BSI British Standards serves the interests of a wide range of industry sectors, as well as government, consumers, employees and society overall, to make sure not just British but European and international standards are useful, relevant and authoritative.

BSI champions UK interests at home and abroad and is an incubator of many of the world's leading standards. It is the national gateway to all the European and worldwide standards bodies promoting fair trade, technology transfer, economic prosperity and security.

Several publications describe the benefits of using standardization to achieve broader organizational and national strategic objectives. Information about these is available from BSI British Standards.

**To find out more about how BSI can help you, visit the website at [www.bsigroup.com](http://www.bsigroup.com) or email [info@bsigroup.com](mailto:info@bsigroup.com).**

### BSI Group Headquarters

389 Chiswick High Road London W4 4AL UK  
Tel +44 (0)20 8996 9000  
Fax +44 (0)20 8996 7400  
[www.bsigroup.com](http://www.bsigroup.com)

### References

- <sup>1</sup> DTI Economic Paper No. 12. *The Empirical Economics of Standards*. June 2005
- <sup>2</sup> "The Economic Benefits of Standardization". Published by DIN German Institute for Standardization e. V. 1997
- <sup>3</sup> The research by Populus was commissioned for the BSI Business Barometer published on World Standards Day 14 October 2005.

*raising standards worldwide™*

