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President and CEO
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Keynote Address
National Electrical Manufacturers Association (NEMA)
Joint IS/LVDE Executive Advisory Board Meeting

June 12, 2006 1:00 pm – 2:00 pm

Business Casual

30 minutes of prepared remarks | 30 minutes of question/answer

3,300 words

Good afternoon, and thank you for the warm welcome.

When Walt Kozikowski contacted me early this year with the invitation to join you here in South Carolina, I was eager to accept.

I have a background in electrical engineering myself, so I have a genuine personal interest in the work of your industry, as well as a long time association with NEMA. Prior to joining ANSI, I spent 35 years at Underwriters Laboratories. As executive vice president and chief operating officer of the international group, I became familiar with the active partnership between NEMA and UL in the development of compliance standards and the establishment of the related testing and product certification programs.

I was also glad to accept this invitation because I knew that this would be a small group setting and that we would have time to make connections, share ideas and engage in a conversation about your priorities and what ANSI can do to support your needs.

This last point is especially important to me in my new role as the Institute's new president and CEO.

Companies in the electrical and electrotechnology community represent 25% of ANSI's membership.

NEMA itself is a long standing member of the Institute. In our archives we found a copy of a NEMA document published in 1949 that explains what membership in the American Standards Association – ANSI's predecessor – means to your members and to the manufacturers of practically every type of electrical equipment. The value extended well beyond customer relations to also include factory operation, product design and production, and more.

This same document stated that . . . “every manufacturer of electrical equipment considers it imperative that he have an opportunity to express his views on proposed American National Standards which could have far-reaching effects upon his business.”

It seems that you've taken this statement to heart and kept it in mind for the past 60 years. NEMA is actively engaged in standards development activities. As an ANSI-accredited standards developer, you are

responsible for the development and maintenance of more than 250 currently approved American National Standards. You partner with a wide range of other organizations and provide input to standards-setting activities in UL, NFPA, and many other groups. Add to this work the nearly 5,500 standards in the collection of the International Electrotechnical Commission and you quickly find thousands of standards that directly support your industry's activities in the global marketplace.

(pause)

Since joining ANSI in January, every day I find that I gain a better perspective of the breadth and scope of the domestic, regional and international standardization arena. During these past several months, I have focused on getting to know the Institute's business model – better understanding what has worked well in the past, what we would like to do differently, and what would we like to improve upon.

The direct input of our members and stakeholders helps me more clearly see what the future holds for the Institute. That is not to say that I am a fortune teller, of course, but as president it is my responsibility to lay out a vision of what lies ahead for the organization. That is why, early on, I set out to identify a small set of activities that would have a long-range strategic benefit for the Institute and generate a positive return on investment. My "Top Ten" list of priorities has been shaped with the aim of strategically positioning ANSI for the long-run. I would like to begin by briefly sharing these with you:

The first of these priorities is **Revenue Growth and Diversification**. For the healthiest future, ANSI needs to minimize its reliance on a limited number of revenue streams, and maximize our potential via new partnerships, associations, and other joint ventures. Diversification will give ANSI the flexibility and capacity to do more for our members and be more effective internationally.

The second priority is **Outreach to Broader Constituencies**. For ANSI to effectively serve as a focal point organization for the U.S. standardization and conformity assessment community, we must represent a broader and more diverse business, industrial and consumer base. We plan to engage and represent new stakeholder groups—such as the service economy, or consumers in the aging population—and explore ways to work with them to best serve U.S. needs. Let me take a moment to explain why this is so important:

- The older population represents about 13% of the U.S. population—that means about one in every eight Americans is over 65. By 2030, there will be about 71.5 million older persons in the U.S., most of us among them.

- Second, services represent the largest and most dynamic segment of the world economy, accounting for more than 60% of gross domestic product in many countries, and an even larger share of employment. In the U.S. our percentages are slightly higher than average . . . services account for approximately three quarters of GDP and 8 out of 10 jobs. In 2004, U.S. services exports measured \$340 billion – roughly 30% of the total value of America’s exports.

Widening the net of ANSI’s reach will bring us closer to achieving the third priority on the list, which is **Membership Growth**. ANSI can broaden our membership base by identifying and responding to wide-ranging industry- and service sector-specific needs. To accomplish this we must continue to articulate firm value proposition statements and reasons for active, ongoing engagement. We want to empower all our members to do what it is they need to do.

Increased **Interface with Consortia and Other Groups** is priority number four. This is a big focus. We need to embrace the activities of non-traditional standards developing groups such as consortia and other forums that are either now outside the Institute’s usual network or that are minimally engaged.

Our intent is to help ensure that the needs of the stakeholders are being satisfied. In some cases those needs may best be met by an ANSI-accredited standards developer; in other cases non-accredited organizations may be more appropriate. Whatever the approach, we endorse an environment that incorporates new types of standards development activities, more flexible approaches and new structures.

An opportunity for ANSI to connect a broad range of stakeholders with an even broader range of standards setting bodies is coming up very soon. Next week we will hold the *Open Forum for Standards Developers* in New York City, where participants will be representing traditional and non-traditional SDOs. The event brings together developers of all kinds for the purpose of identifying opportunities for cooperation, collaboration and harmonization.

NEMA will play an active role in this Forum, providing a case study on CANENA (pronounced *ka knee nuh*) and its impact on the creation of open markets for electrical products in the U.S., Canada and Mexico. Tim McNeive (pronounced *mic neeve*), CANENA’s president, will address your joint sections meeting tomorrow and will also be with us in New York on the 21st. While Tim and I will miss each other here in South Carolina, I look forward to seeing him again in New York for the Forum.

The fifth priority on the list is **Exploration of Alternative Recognition**. In our efforts to broaden our outreach and bring groups like consortia and other forums into the fold, ANSI will be working to identify and support the business needs of these non-traditional standards developers. This is an opportunity to consider alternative recognition of processes and/or work products in new ways, without compromising the integrity of the ANSI brand or the American National Standard designation.

Priority Six has to do with **Expansion of ANSI's Conformity Assessment Portfolio**. The Institute's Accreditation Services business line is poised for growth. We are ready to explore new markets, including inspection, auditing and laboratory accreditation, and build on what has proven to be a successful business model for us. There may be opportunities to grow through strategic partnerships with other organizations, or by building on the services that ANSI currently offers.

Like many organizations in the standards community today, ANSI is placing a high priority on **Education and Training**, while maintaining a difference between professional training and mission-oriented education. For the latter, we want to focus on building the appreciation for standardization in the corner offices of America, on Capitol Hill, and in colleges and universities across the nation. For the former, we need to expand training programs to meet professional needs up and down the value chain.

Priority Eight is centered on **Enhancing ANSI's Presence in Washington**. This is an area where NEMA is already well-positioned. Your organization has put some very effective systems in place to influence the legislators and regulators in Washington, and to capture legislative and regulatory developments so that they can be passed on to your members. In recent years, ANSI has become increasingly successful in building our relationships with members of Congress and their staffs. We will continue to promote more government agency involvement in standards and conformity assessment activities and nurture those relationships that we have developed on the Hill. As administrations develop and influence is transferred, this must be a constant priority.

Priority Nine is focused on **ANSI's Standards Panels**, which are excellent examples of how the Institute is responding to calls for action from the government. Our three panels are meeting the critical standardization needs of the nation, embracing emerging technologies and protecting consumer interests. Currently, we are actively addressing issues in healthcare information technology, nanotechnology and homeland security. We are also preparing to launch, in conjunction with the Council of Better Business Bureaus, a new panel on Identity Theft Protection and Identity Management.

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The focus is shifting from being primarily reactive to being more proactive. In that way we can build a widespread understanding that ANSI can and does solve needs and be a more effective solutions provider.

(pause)

The tenth priority is reaching a more natural **Balance in our Participation Internationally**. This will be my final focus and the one I will expand upon at greater length, as I believe it addresses concerns unique to your constituency.

As you know, ANSI works extensively with both national and international standards bodies to ensure American interests are well represented in the development of global standards. As the country's official member body, ANSI provides U.S. interested parties with access to the standards development processes of the International Organization for Standardization (ISO) and, through the U.S. National Committee, to the International Electrotechnical Commission (IEC).

It is critical that the U.S. stay effectively connected in all our international standards and conformity assessment activities. Today, our subject matter experts sit on eight of every ten ISO committees and on nine of every ten IEC committees. We have policy leaders at the top levels of both ISO and IEC and in several regional forums.

NEMA's own senior vice president and chief technical officer, Frank Kitzantides, is a vice president of the IEC and serves as chair of the IEC Standardization Management Board. NEMA also administers the U.S. Technical Advisory Groups for more than 50 IEC technical committees and subcommittees. Your organizational commitment to standardization is great, but it must continue strong.

This is why I was intrigued by the letter from NEMA chairman Tim Powers in the April 15 issue of *electroindustry*. In my read of Tim's message, he was calling for NEMA members to commit to greater participation in the shaping of international standards. He also encouraged U.S. industry to look beyond the immediate constraints and help better position our companies – and our technology – in the global market.

I agree one hundred percent.

ANSI has made a commitment to helping senior-level leaders such as yourselves understand the importance of active involvement in voluntary consensus standards and conformity assessment programs.

Why have we made this commitment? Three reasons:

First, ANSI is recognized as the voice of the U.S. standards and conformity assessment systems.

Second, we believe that the protection and advancement of U.S. research, technology and intellectual property depends on our ability to support a strong standardization system at home and abroad.

Finally, we believe that standards and conformity assessment are emerging as the leading solution for harmonizing requirements and conformity assessment practices across national borders.

Last year, the World Trade Organization issued a report stating. . . . (quote) “we live in a world profoundly reliant on standards that have far-reaching implications for trade.” (endquote).

In some cases, standards and conformity assessment programs may still be viewed as the principal non-tariff trade barriers in markets around the globe, but our intent is to mitigate those barriers and to better facilitate the free flow of goods and services.

(pause)

Many of you have heard before that the U.S. Department of Commerce estimates that standards impact 80 percent of world commodity trade. In terms of the U.S.-European economic relationship alone, this means that standards influence an estimated \$200 billion in transatlantic commerce.

There is no longer a question about *whether* there is a relationship between standards and trade. This much is known to be true.

The question of the moment is whether “global markets drive global standards” or whether “global standards drive global markets?” It’s the “*which came first – the chicken or the egg*” scenario of the standards community.

Regardless, we are all working towards the goal of a globally accepted international standard. To use Tim Power’s words, NEMA members want to “do it once, do it right, and do it globally.”

IEC and ISO, for example, each have global relevance policies. But it's important to recognize that the policies themselves – and also the respective implementation criteria – are different. Rather than generalizing when thinking about these two policies, it's a good idea to look at them separately. Because NEMA and its members are most active in the work of the IEC, I'll focus my attention there.

A great number of IEC Technical Committees have been incorporating globally relevant conditions in standards for years. The concerns that are arising now often involve legacy standards – documents that were originally based on European national specifications but never evolved to include market differences or the essential needs of other regions of the world. The current global relevance policy calls for new IEC standards to be inclusive and have widespread applicability.

The products, services, systems or personnel that comply with a globally relevant standard should not be adversely impacted by regional practices and requirements.

ANSI, NEMA, and U.S.-based companies need to strengthen the connection to the global stage overall, and *commit* to collaborative and harmonized participation in global and regional activities. We need to *harmonize* our individual strategies into a single, coordinated strategy that will best serve U.S. interests.

Government agencies and private interests are already investing heavily in developing economies as a means to influence the cross-border trade of goods and services. NEMA, for example, now has offices in China, Mexico, and Brazil – each staffed by experts who know the business of standards in those regions.

Individually, each of these efforts may be strong. But collectively, they are largely uncoordinated and potentially either redundant or – worse – conflicting.

This is why ANSI has partnered with the National Institute of Standards and Technology (NIST) to organize an *Options for Action Summit* on July 18-19 at the NIST campus in Gaithersburg, Maryland. We are inviting executives from industry, government, donor agencies, standards bodies, and the academic community to attend.

Our purpose is to help developing nations build their economies while, at the same time, foster their adoption of standards that will ensure fair market access for U.S. exports.

Early in the Summit program, representatives from China, Egypt, the European Union, Japan, and Mexico will share their opinions of how the United States is doing in advancing our global standards agenda.

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After we've heard the input of our foreign speakers, we'll spend some time identifying, and then comparing and contrasting, the various U.S. outreach and technical assistance efforts now underway. This exercise will not only identify what stakeholders from the U.S. are doing, but also what efforts some other nations are undertaking. This background will facilitate our development of strategies and tactics to promote U.S. competitiveness in the global marketplace.

(pause)

Gene Eckhart, NEMA's director of international operations and market development, will speak at the Summit about private sector approaches to market access and technical assistance programs.

NEMA's experiences upon opening an office in Sao Paulo will be a good case study. Your "central hub" in Brazil has helped NEMA members address specific electrical infrastructure issues in developing economies in Central and South America. But what you've learned about market conditions, government regulations, codes and standards process issues, etc. is valuable information that can also benefit other industry sectors.

(pause)

For those of you who may not know this already, Gene is also chair of the ANSI Regional Standing Committee on the Americas – the group that coordinates and recommends U.S. positions on the Institute's relationships with the regional standards bodies and nations in North, Central and South America. ANSI actually has three Regional Standing Committees that provide advice and guidance related to our outreach efforts in various regional standards bodies and through bi-lateral arrangements with countries in the Americas, Pacific Rim, and in Europe, the Middle East and Africa.

Strong representation and leadership in regional standards activities such as PASC, COPANT and CANENA¹ has a significant effect on the successful incorporation of North American codes and standards into these regions. The alliances we build on a regional basis help to bolster our influence in IEC and ISO and help to provide an effective counterbalance to European pressures.

In the interest of full disclosure, I will admit now that I am not an expert on the daily activities of CANENA. I am glad that Tim will be here tomorrow to provide you with a full report of its activities. But

¹ PASC (Pacific Area Standards Congress); COPANT (Pan American Standards Commission); CANENA (Council for Harmonization of Electrotechnical Standards of the Nations of the Americas)

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I do support the premise that regional harmonization is important and that the standards organizations in the Americas that CANENA represents will benefit from joining together in the future. Collaboration will have a more effective impact on broader international standards issues.

Across the board, I believe that harmonization and convergence is the path for the future. We simply cannot afford to engage in multiple standards-setting activities for the same purpose.

Let's develop a global standards system that is sector based and market driven. This is the foundation of the *United States Standards Strategy* that was published last December. It's a concept that can transfer equally well to other nations.

NEMA was one of the first organizations to step forward with an endorsement of the USSS. I thank you, your Board, and Evan Gaddis for that.

But we need the support of your companies, too. We all share responsibility for implementing the *Strategy*. And U.S. stakeholders need to do more to help their foreign counterparts understand the benefits of the approach embodied in our standards system. They must also continue to support globally relevant standards and conformity assessment programs as a means of improving market access.

(pause)

Some sectors feel strongly that certain standards bodies – among these IEC and ISO – are the preferred path to achieve a global standard. Other sectors may rely on any of hundreds of other entities that develop standards for global use.

What the *U.S. Standards Strategy* supports is an international standard that is (1) technically suitable and, (2) able to be used throughout a given market sector worldwide.

The great thing about the U.S. standards system is that we have empowered each market sector to decide for itself which global standards – and which development path – best support its needs.

(Begin Summary)

ANSI is committed to advancing the concept of global relevance and the belief that a single international standard should be used and implemented as broadly as possible.

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The future market success of U.S. stakeholders in the electrotechnical – as well as other industries – depends upon cooperation and collaboration. We must foster positive relationships with partner organizations if we are to be successful in our efforts to establish standards, testing programs and marks that are suitable for implementation across national boundaries.

The ultimate goal is to achieve a level playing field in the international standards arena, and an assurance that the needs of all nations are taken into account when developing standards and conformity assessment programs that support free and fair trade.

I began my presentation with a summary of my top ten priorities. I close my remarks with a reminder that ANSI is widening the net of our reach and working to broaden its membership base. We count NEMA as one of our most active and engaged organizational members – and many of your companies as active corporate members. I thank you for your past support of the Institute and encourage those of you who are not yet members to consider joining.

I encourage you to strengthen your current commitment to domestic, regional and international standards-setting activities. You have worked too diligently in the past to slow down when the return on your investment has such great potential.

Thank you for your attention . . . I look forward to your questions.

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