

ISO Methodology 2.0- measuring the benefits of standards

International Organization for Standardization (ISO) is an independent, non-governmental International organization, focusing on development of standards. ISO has a membership of national standards bodies from various countries. Apart from standards development, ISO has also developed a simple, step-by-step methodology and a robust set of tools to measure the economic benefits of standards.

ISO methodology was designed to assess the economic benefits of standardisation to an organisation, and therefore to assess the benefits of standards within a particular industry sector. This methodology is based on the value chain approach and the assessment is based on the company value chain and business function. Benefits of standards are identified along the entire company value chain and its external interfaces.

The fundamental point in the ISO Methodology is to consider the company perspective: its environment, objectives, business processes and activities. To describe and analyse the activities of a company in a structured and consistent way, the value chain model is applied, and the impact of standards is then determined through 4 steps (as illustrated in Figure 1).



Figure 1: Steps to determine impact of standards

The basis approach to measuring the impact of standards is based on the following:

a) Before-after comparison:

Compare the situation before and after the introduction of certain standards (on the basis of available data both for the current situation and before standards were introduced).

b) What-if comparison:

Compare the current situation when certain standards are used with a hypothetical situation when standards are not used (estimate the impacts of standards using a hypothetical situation, because data are not available for the situation before the standards have been introduced).

c) Comparison between activities/projects:

Compare two concurrent projects or activities one using standards, the other not using standards.

The selection of the approach will depend on the availability of data. Before-after comparison can only be made when the company can provide the relevant data before and after the introduction of standards or when a company migrates from using one set of standards to another set of standards. When this data is not available, opting for the 'what-if' comparison is a better option. 'What-if' assumption is based on estimating how certain activities of process would be performed without standards and comparing such a condition with the existing situation, in which standards are applied.

The participation of companies in the ISO Methodology requires full cooperation and commitment from the top management as it involves the sharing and dissemination of confidential information and financial data. The selection of companies need to be made based on the fact that the company had been a user of standards for at least a number of years in order to calculate the impact.

ISO Methodology can be used and benefited by many parties, i.e the national standards bodies, companies and also academic institutions. Application of ISO Methodology can help them to understand the impacts of standards and enabling stakeholders to appreciate better and raising awareness of policy makers and business leaders to the importance of standardisation.

Source: Economic benefits of standards ISO Methodology 2.0

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