Standards and Regulations: Do SMEs have a stake?

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What are standards for?

In essence, standards provide **codified knowledge** regarding materials, technologies, products and services, components, test methods, processes and much more.

They are the result of an **agreement** among the interested and concerned parties (stakeholders) and incorporate the distilled **knowledge of experts** in their subject matter, contributing to:

- ensuring that products and services are safe, reliable and of good quality
- the adoption of good practices by organizations, (e.g. for organizing and managing processes)
Standards bring substantial benefits to stakeholders

**Companies**
- Operational efficiency
- Product and process improvement
- Access to Market

**Consumers**
- Choice
- Quality and Safety
- Price-performance

**Public Authorities**
- Support good regulatory practices and
- Efficient implementation of public policies
The benefits of standards can be quantified

MACROECONOMIC APPROACHES: Evaluating the impact of standards on growth, productivity, trade balances of countries

Studies undertaken in recent years by several National Standards Bodies in partnership with research institutes and government agencies

MICROECONOMIC APPROACHES: the ISO methodology and series of case studies have addressed the issue from the company and industry-sector perspective

About 40 case studies developed by ISO and NSBs in over 20 countries from all the world regions
SMEs
Can benefit from the use of standards and from participation in standards development

ISO standards...
1. help you improve the quality of your goods and services  pp. 2-3
2. help you drive growth, cut costs and increase profits  pp. 4-5
3. give your business a competitive edge  pp. 6-7
4. open up export markets for your goods and services  pp. 8-9
5. open doors to new customers and strengthen your existing business  pp. 10-11
6. help you compete with bigger enterprises  pp. 12-13
7. enhance your credibility and secure customer confidence  pp. 14-15
8. sharpen your business processes and increase efficiency  pp. 16-17
9. strengthen your marketing pitch  pp. 18-19
10. help you comply with regulations  pp. 20-21

What SMEs are saying...
Baron Foods (St. Lucia) Ltd

- Founded in 1991, Baron Foods (St. Lucia) Ltd. is a family-owned food manufacturing company located in the Vieux-Fort Industrial Estate in the south of the island of Saint Lucia.

- Established by two people, today the company is:
  - A leading producer of condiments, sauces, spices, essences, salad dressings and exotic food beverages in Saint Lucia.
  - Covering domestic, regional (Caribbean) and extra-regional markets. The latter include USA, Canada, United Kingdom (UK), France, Germany and a few other European countries.
Baron Foods and standards

- The use of standards was introduced in 2003

- That was a turning point for the company. Since then, the use of standards has become an integral part of the company culture, supporting its strategic development and mission of continual improvement in product quality.

- Standards have also been essential to get recognition from demanding regional and global retailers.
Baron Foods and standards (2)

QUALITY & STANDARDS

Baron Food's products are currently certified against the internationally recognized FSSC 22000 V3 food safety standard.

This standard offers a global solution in harmonizing requirements towards safety management systems of a food supply chain with its advantage being its overall makeup of the ISO 22000, HACCP and ISO/TS 22002-1 standards. The company also practices World Class Manufacturing which has engaged the gears of production to better increase efficiency and improve productivity.
A culture of quality

- Purchasing **ingredients of high quality** is critical for the final product quality. The company purchases 100% of the fresh produce required from a network of about 30 local farmers. Local fresh produce is preferred as it retains its flavour over time, a factor which greatly contributes to final product quality.
A culture of quality (2)

• High quality is achieved through using high quality ingredients and

• Adhering to high standards of food processing, quality and safety management practices aligned with world standards

*This is extremely important to the company due to high customer expectations regarding quality of food products sold on very demanding, competitive international markets.*
Value generated by standards

Overall financial value:

- 5.6% of the company gross profits
- corresponding to about 2% of the total company revenue
PERU: GEOGRAPHICAL DISTRIBUTION OF CULTIVATED LAND DEVOTED TO ASPARAGUS (in 2004: 18 400 has; 190 thousand MT)

In 1998, INDECOPI promoted the creation of the Asparagus National Technical Committee of Standardization (ANTCS) as a way to develop standards for to strengthen the Asparagus sector.

Fresh
Canned
Frozen

Started the standardization work

Fuente: SUNAT / ADEX
Preparado por: Inform@ccion
DanPer Trujillo, established in 1993, is today one of the largest agro-exporter companies in Peru, with 130 million USD (2014) total revenue, based almost entirely on export.

At the time of the study (2011), around 45% of its export was directed to the USA, 30% to Europe and 25% to other regions (Asia, Oceania, Africa and Latin America).
Danper is famous for its non traditional agricultural products, primarily **asparagus and artichokes**, complemented by grapes, avocados and mangoes. It is also a producer of increasingly popular super grains, such as quinoa both as grain and in prepared meals.
Company mission
to be a reliable supplier of consistent quality, world leader in the agro-industrial products and related services, committed creator of value for our clients, employees, suppliers and shareholders, and promoter of the continuous and healthy growth of our society
Standards and certifications

The company maintains a library of approximately 100 technical standards and regulations, primarily for agricultural good practices, *HACCP* (Hazard Analysis Critical Control Point), hygiene and safety of food products. It also maintains an integrated management system (quality, environment, occupational health and safety, social responsibility).
Key role of standards and certifications

Danper exports over 90% of its produce. The target markets and the buyers serving them are extremely demanding in terms of: safety, traceability, quality, continual improvement.

Conformity to standards and certification against major standards (e.g. ISO 9001, HACCP, Global GAP, etc.) have been critical to drive Danper’s growth because:

– Supported customers’ perception of the company’s commitment to quality and good practices, and
– Helped to build customer confidence (and, in some cases, to respond to specific customers’ requirements)
Benefits of standards

Quantitative
The direct contribution of standards to the creation of value (gross profit) was estimated in almost 1% of the total company annual sales. [contribution to business development did not consider past achievements, but only increase on an annual basis]

Qualitative
Standards help DanPer in developing the company’s quality culture, a philosophy of continual improvement impacting all company processes.
Also an example of gender empowerment

Nuestra Gerente General Rosario Bazán ha sido invitada a participar hoy en el Evento Latinoamericano de Empoderamiento Femenino 7 Reinas en reconocimiento a sus logros y el impacto positivo que genera en la comunidad al motivar a las mujeres a convertirse en agentes de cambio de su propio destino.

En esta edición, nuestra líder compartirá su historia de éxito junto a 5 mujeres que construyen cada día un mejor Perú y llevan adelante las grandes transformaciones de Latinoamérica.
How SMEs can understand and exploit the benefits of standards?

- **First**: openness, curiosity, motivation, interest in and commitment to quality
- **Then**:
  - Support from national institutions such as government agencies and industry associations
  - Support from the national standards bodies
  - Access to national and international business and trade development programmes
The role of National Standards Bodies

• National Standards Bodies have a fundamental role to play:
  – Sharing and disseminating information about standards and standardization – and other important issues affecting SMEs’ business
  – Supporting effective stakeholder engagement in standardization activities
  – Providing training and other services to support the implementation of standards
  – Fulfilling country’s obligations in relation to international agreements
In most countries, National Standards Bodies are directly involved and in several cases responsible for some or all of the activities related to country’s obligations under the TBT Agreement, including:

- Helping to ensure that regulations are based on international standards (Art. 2.4)
- Application of the Code of Good Practice for the Preparation, Adoption and Application of Standards (Art. 4.1)
- Organization and management of the enquiry points (Art. 10)

Similar provisions apply to the WTO SPS Agreement – in particular, Article 3 (Harmonization) and Article 7 (Transparency), along with Annexes A and B.
Support from ISO – general

- Publications, information and guidance targeting SME concerning:
  - Participation in international standardization
  - Understanding and implementing ISO standards of particular importance
Support from ISO – developing countries

- Primarily, through activities targeting the National Standards Bodies (NSBs) – capacity building, technical assistance and training: aiming to strengthen the NSBs and their ability to support their constituencies.
- In addition – in the framework of specific projects or in partnership with other organizations:
  - Projects targeting specific sectors and focused on empowering SMEs (particularly, in relation to global supply chains).
Thank you!