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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

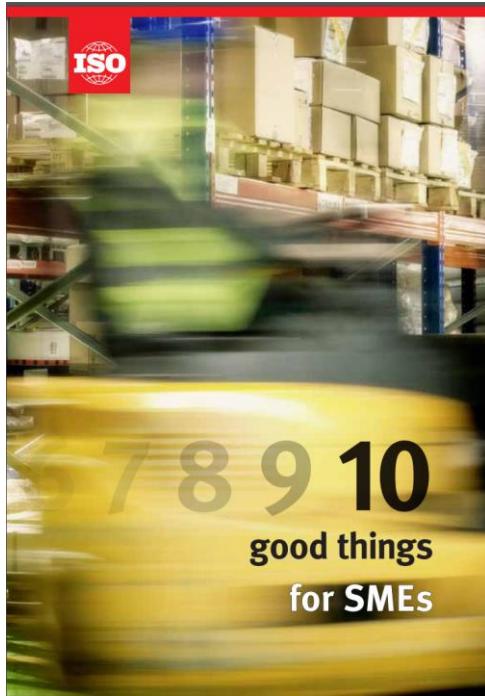
MICROECONOMIC APPROACHES: the ISO methodology and series of case studies have addressed the issue from the company and industry-sector perspective



About 40 case studies developed by ISO and NSBs in over 20 countries from all the world regions



Benefits of standards for SMEs



SMEs
Can benefit from the use
of standards and from
participation in
standards development



The right standard
for the job p. 22

Get a head start p. 23

How we develop standards
to suit your business p. 24

What is ISO? p. 25

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.

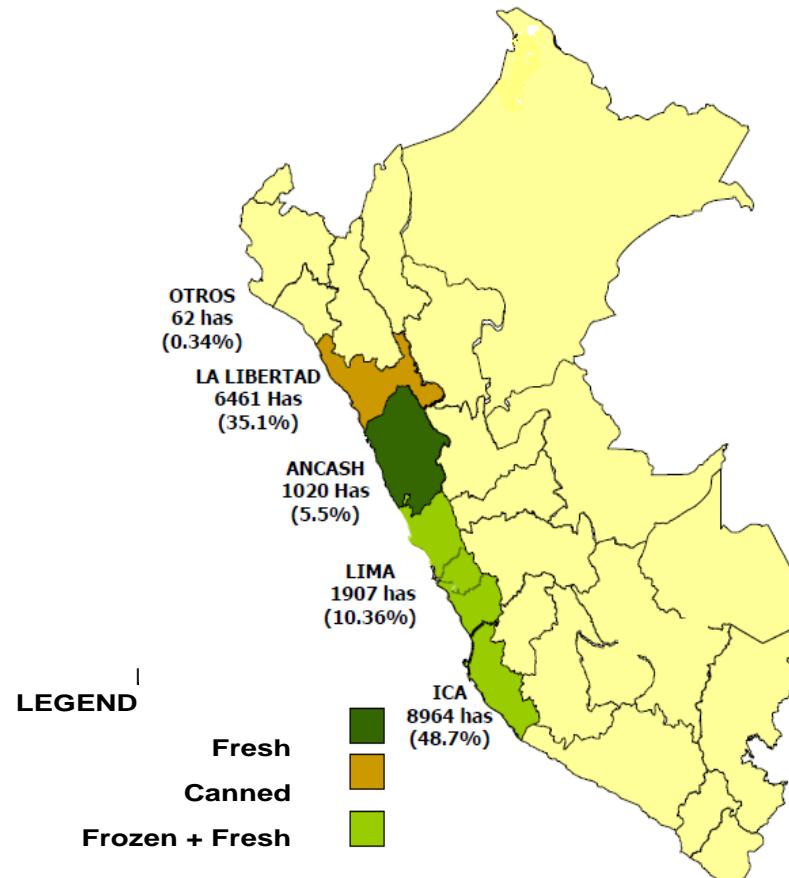
Value generated by standards

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)

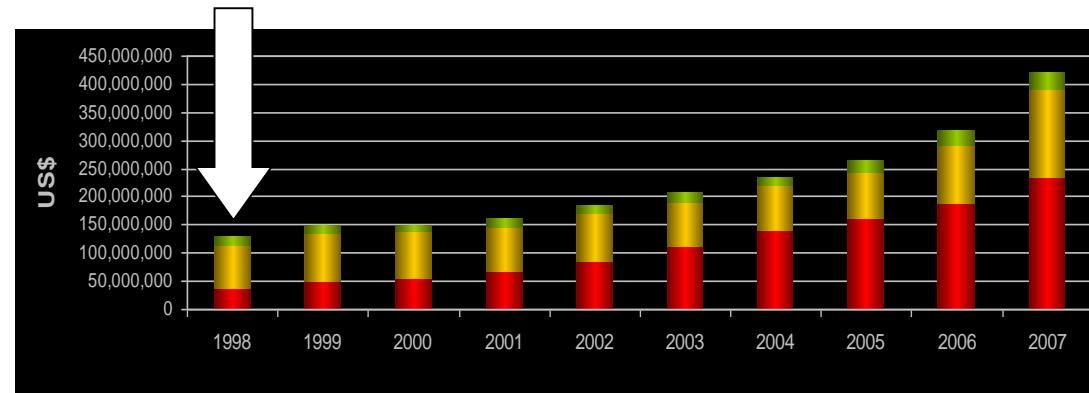


PERUVIAN ASPARAGUS EXPORTS

(Valor FOB US\$ 1998-2007)

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.

Started the standardization work



- Fresh ●
- Canned ○
- Frozen ●

Fuente: SUNAT / ADEX
Preparado por: Inform@cion





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.



The Danper website homepage features a navigation bar with links to "The Company", "Products", "Productive Chain", "Quality Assurance", "International Market", "Social Responsibility", and "Prizes and Awards". Below the navigation bar is a large image of various packaged food products, including jars of pickles, jams, and asparagus, along with some fresh produce like red peppers and asparagus spears. To the right of the products is a sidebar with icons and text: "Undeniable leaders in Quality", "DanPer grows hand-by-hand with its workers", "Cutting edge technology in our processing plants", and "Environmental responsibility". At the bottom of the sidebar are language selection ("LANGUAGE English"), intranet access ("INTRANET DANPER User _____ Password _____ Enter"), and a mail link ("MAIL DANPER").





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

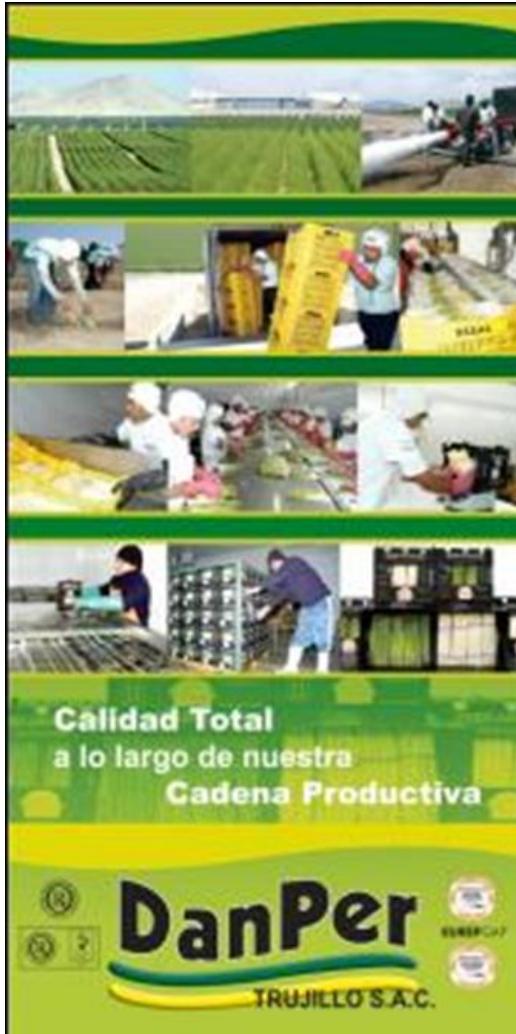




Standards and certifications

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





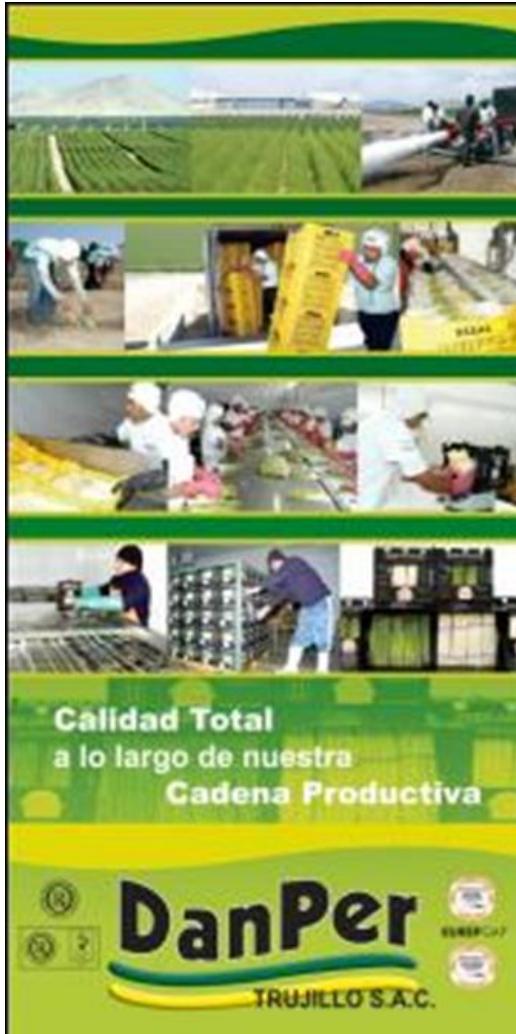
Key role of standards and certifications

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



LÍDER Y REINA

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.

Danper



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



The role of National Standards Bodies (2)

Obligations under the WTO TBT Agreement

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 :

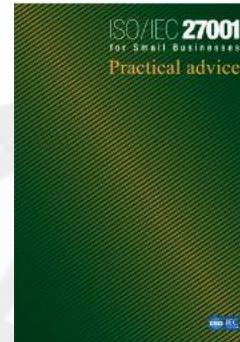
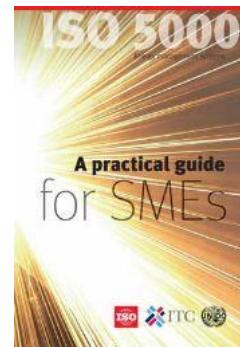
- Helping to ensure that regulations are based on international standards (Art. 2.4)
- Application of the Code of Good Practice for the Preparation, Adoption and Application of Standards (Art. 4.1)
- Organization and management of the enquiry points (Art. 10)

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



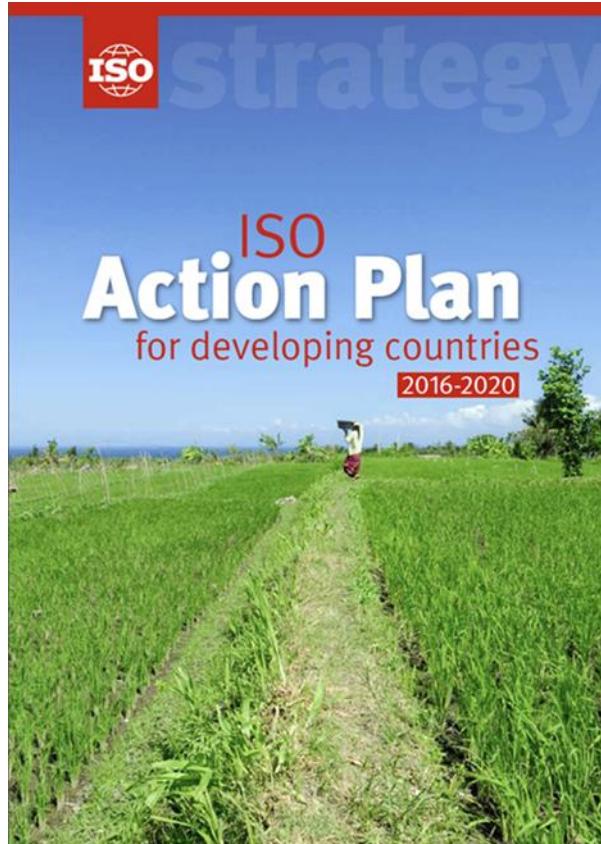
Support from ISO – general

- 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!



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