

Assessing costs and benefits of participation in International Standardisation

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Reasons for participation

- Influence
- Knowledge
- Being early informed
- Network
-

Lessons from cases on participation in international standardisation

- More financial impact in product-related standards compared with production-related standards
- Success requires policy

Method for valuating investments in participation in international standardisation

1. Project description
2. Qualitative assessment
3. Quantitative assessment
4. Strategic decisions and evaluation

1. Project description

1. Committee name
2. Committee topic
3. Participating stakeholders
4. Influencing goal(s)
5. Main partners
6. Consortia / external bodies involved
7. Time horizon
8. Re-evaluation points

2. Qualitative assessment

1. Initial chance of success
2. Applicable products
3. Value indicators
4. Project topic versus product strategy
5. Consequence of no involvement

3. Quantitative assessment (1)

- a. # products / year
- b. Savings / product
- c. Cost per year
- d. Impact on company's substitute products, if any
- e. → **Possible savings** ($a*b - c - d$)

Inclusion of chance of success

- with participation
- without participation

3. Quantitative assessment (2)

Possible financial indicators

- **Net Present Value (NPV):** $\sum \frac{R_t}{(1+i)^t}$
 - t = time of the cash flow
 - i = discount rate (what could be earned on an investment in the financial markets with similar risk)
 - R_t = net cash flow (inflow minus outflow) at time tNPV presents value of a time series of cash flows
- **Return on Investment (ROI):**
NPV/total costs * 100%
- **Payback period:**
Total costs / NPV

4. Strategic decisions and evaluation

- Data file
- Re-assessments

Further development of the method

- Excel file
- User manual
- Better distinction between fixed and variable cost and benefits
- Scenarios: realistic, optimistic, pessimistic
- Distinction between national and international level
- Extension from single company to group of companies
- Inclusion of non-financial benefits

Use of the method

- Method forces to take a business approach
- Evaluation of existing participation
 - Learning
 - Deciding about continuing participation (Yes / No, if Yes: additional efforts?)
- Deciding in which committees to participate and investments needed
- Internal evidence of results