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# focus

Your gateway to International Standards

## **the service** *economy*





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# ISO focus

May-June 2016

**ISOfocus** May-June 2016 – ISSN 2226-1095

*ISOfocus*, the magazine of the International Organization for Standardization, is published six times a year. You can discover more content on our Website at [iso.org/isofocus](http://iso.org/isofocus), or by staying connected with us on:



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Photo: ABBS

*Dianne Rodrigues, CEO of ABBS, the ISO member for Antigua and Barbuda.*

Today, services represent the fastest-growing sector of the world's economy, accounting for the major part of global output, employment and trade and making up more than two-thirds of global Gross Domestic Product (GDP).

# SERVICE STANDARDS *for open*

# *global markets*

**S**ervices are the largest component of both developed and developing country economies and constitute major inputs into the production of most “tangible” goods. This wasn't the case only a few decades ago, when a proposal to bring services into the multilateral trading system was met with opposition, with many countries worried about “rules” undermining their ability to pursue national policy objectives and constraining their regulatory powers. The creation of the General Agreement on Trade in Services (GATS), however, proved to be a landmark achievement by allowing “a high degree of flexibility within the framework of the rules and market access commitments”. The industrial sector is no longer leading growth; services are now recognized as a swifter and more lucrative alternative.

The economy of Antigua and Barbuda – like that of many small island developing states – is services-driven. Tourism and tourism-related services are responsible for 85% of all foreign exchange earnings and account for over two-thirds of GDP. In its efforts to galvanize economic development, the government is pursuing investment in niche markets, including but not limited to tourism, international financial services, offshore education, and information and communication technologies. These are

some of the fastest-growing and most rapidly changing service sectors. The ISO New Rights Pilot Programme<sup>1)</sup> has allowed Antigua and Barbuda to participate in, and influence the development of, International Standards in such areas as tourism, management consultancy and quality management systems.

Service trade is the new frontier. Service providers consistently need to meet and anticipate customer requirements, while providing them with the service they want “right the first time” and every time thereafter – eliminating the need for rework or replace. The development of the “service economy” further underscores the need for standards. As a result of the global importance of services, ISO has organized a workshop to be held in June 2016, in Geneva, Switzerland, to obtain feedback from relevant stakeholders on the need for International Standards on services.

The event explores how ISO standards can help to design, assess and measure service excellence, benefitting both businesses and consumers. The outputs and outcomes of the workshop will help the service sector realize its core values such as social responsibility, service excellence, collaboration/consensus building, reliability and competence as it strives to meet customers' needs and expectations.

Without a doubt, standardization will support the services sector by increasing its competitiveness and market access – necessary to boost the sector's contribution to economic growth and development. Service standards will enable transparency and comparability of services, promote reliability and effectiveness as well as improve efficiency and quality. They will also enhance consumer confidence in services and service providers alike.

Given the multifaceted contribution of services to the global economy and trade, it is critically important for service providers to have a “standards platform” from which they are able to supply quality services, while still ensuring innovation, technology transfer and differentiation among competitors. And what better forum for continual improvement than ISO? ■

1) In 2013, Council made the ISO membership structure more inclusive and simpler by launching a pilot project that allowed correspondent and subscriber members to participate in the standards development work of ISO as P-members in up to five technical committees, with rights to speak and vote.

social feed     

## SDG 2

Food safety management



Packaging and labelling

Product quality



Traceability

food

## SDG 3

Health care efficiency



Quality of medical devices



Surgical instruments

Safe medical practices

health

## SDG 11

City indicators



Smart community infrastructures

Intelligent transport systems



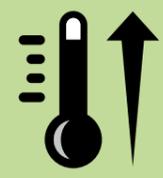
Disaster management

smart cities

## SDG 13

Environmental management

Environmental labels and declarations



Quantifying greenhouse gas emissions



Climate actions

climate change

## SDG 6

Wastewater reuse



Efficient irrigation

Water services



Water footprint

water

## ISO & the Sustainable Development Goals

In 2016 the United Nations launched the Sustainable Development Goals (SDGs) to guide action for the next 15 years. To highlight how ISO standards can contribute to these goals, we launched a social media campaign (#SDGWednesday) starting in February. Every Wednesday for 10 weeks, we raised awareness about a different SDG goal with an infographic. The images can be understood separately, but when put together they form a complete poster.

## SDG 9

Innovation management



Advanced technologies

Accessibility and usability



Sustainable buildings

infrastructure

## SDG 14

Offshore wind energy



Marine environment protection

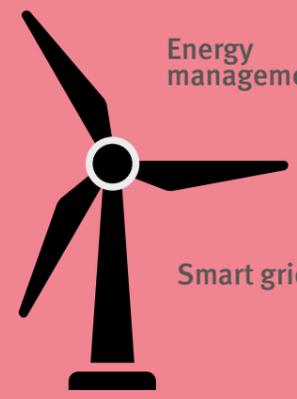
Onboard waste management



sea

## SDG 7

Energy efficiency of buildings



Energy management

Smart grid



Renewable energy technologies

energy

## SDG 10

Social responsibility

Break barriers to trade



Consumer protection

Occupational health and safety



best practice

## SDG 15

Environmental product evaluation



Chain of custody of wood products

Sustainable machinery for agriculture and forestry



biodiversity

A smiling woman in a light-colored dress is holding a white coffee cup and saucer. The background is blurred, showing what appears to be a cafe or restaurant setting with other people and tables.

# Service with a smile, thanks to standards

*by Garry Lambert*

With the service sector outstripping the industrial sector as the largest employer and GDP generator worldwide, never have standards for services been so necessary. ISO is at the heart of developments.



It is very likely that you are involved in the services sector as a service provider, now the largest part of the world economy accounting for over 70 % of global Gross Domestic Product (GDP) or approximately USD 55 trillion in 2014 (World Bank Development Indicators 2015). But it is absolutely certain that you are a services consumer – each time you have your hair cut, see the doctor, book a holiday, choose a restaurant, follow a training course, make a phone call or use a business consultant, you are on the receiving end of service delivery. The sector is expanding dynamically. For example, not long ago, online services such as e-banking and shopping were unknown. Now they are an essential part of daily life for many of us. The service economy embraces large international organizations such as airlines, banks, insurance companies, telecommunications providers and hotel chains, and also the millions of small locally owned service enterprises such as restaurants, laundries and dentists, and countless business-to-business services.

No surprise, therefore, that the provision of services, or “intangible” goods, has outstripped the industrial sector in most developed and developing countries as the world’s fastest-growing part of the economy, and the largest employer. The services or “tertiary” sector is essentially characterized by the production of services instead of products, be they manufactured, grown, fished or mined. A “service” can be defined as the result of at least one activity performed between the supplier and customer that is generally intangible. Even industry is being transformed by the concept of “servitization”, with many manufacturing organizations building the service component into their product offerings to create added value throughout the supply chain and remain competitive. Manufacturers realize that it is no longer enough simply to make products, they must sell solutions and services wrapped around those products to meet the latest customer expectations.

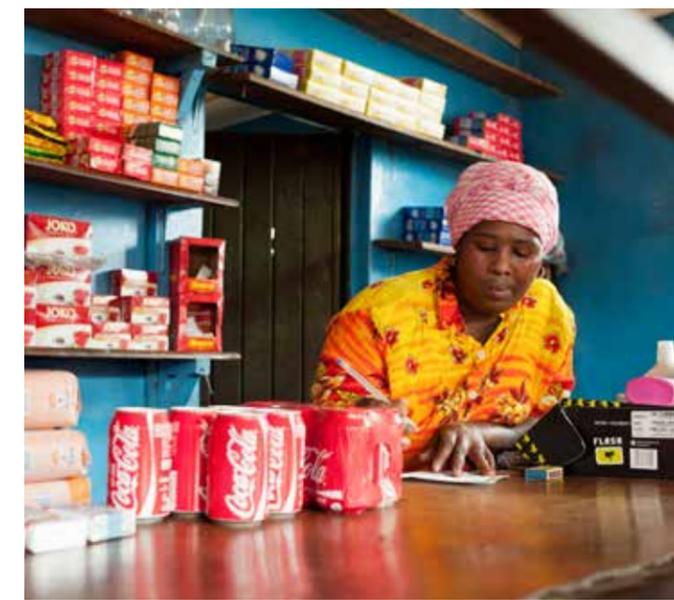
### Faster than industry

From the world’s major economies to many of the smallest, the story is the same – the services sector is growing at a faster pace than industry. According to US sources, the sector was responsible for 90% of all the jobs created in 2015, and is projected to account for about 79% of total employment by 2018. An article in the *Financial Times* revealed, for the first time last year, that services represented more than half of the Chinese economy, and the sector is now seen as the key to growth in compensating for a slowdown in the manufacturing sector. Today, Africa’s services sector contributes to almost half of the continent’s output, and grew at more than twice the average world rate during 2009-2012, according to a report published by the United Nations Conference on Trade and Development (UNCTAD). The sector was the most important driver of growth in 30 out of 54 African countries during that period.

Europe is no different, with over 70% of the economic activity of the European Union’s 28 member states being generated by the services sector. This is the reason why the creation of a single market for services has become a top priority for the old continent, the aim being to remove barriers for companies looking to offer cross-border services and make it easier for them to do business, the European Commission (EC) believes. “The Commission recognizes that businesses and professionals still face too many difficulties operating across borders within the Single Market. There are differences and inconsistencies in the regulation of professions, unnecessary regulatory barriers to the provision of services, and a lack of clarity in the requirements to be fulfilled by organizations providing those services. However, standardization has already been proven to enhance the safety of, and trade in, goods. Its potential to make a similar contribution in support of the services sectors is just beginning,” says Javier García Díaz, Chairman of the European Committee for Standardization (CEN) Strategy Advisory Group on Services.



A “service” can be defined as the result of an activity performed between a supplier and a customer.





### Importance of standards

While the statistics underline the service revolution taking place in the world today, the big changes rocking the sector present their own set of challenges. With international trade in services now the driver of economic growth in developed and developing countries, come the dangers inherent in any dramatic market expansion – lack of controls, consumer exploitation, opacity, poor quality, inefficiency, questionable business practices and other obstacles to good service provision.

In parallel with such growth, the services sector is in vital need of standards to establish good practice, encourage consistently high service quality, and build consumer confidence. Standards for services can cut the business costs of poor service and reduce customer complaints. They underpin trust, provide safeguards, enable compliance with laws and regulations, and offer protection for the customer.

### Unified approach

The rapidly evolving service sector and the urgent need for standards has also spurred many divergent approaches to standardization at national and regional level around the world. ISO is responding to calls from the EC, the World Trade Organization (WTO) and others, to unify and harmonize these efforts at an international level, with the objective of avoiding unnecessary technical barriers to trade (TBT).

A prime mover in this endeavour for trade in products is the WTO TBT Agreement, which obliges governments to use international standards as a basis for promoting greater regulatory alignment on a global scale, for improving the efficiency of production and facilitating international trade, as well as encouraging the development of such standards. Similar principles for services are applied by the WTO General Agreement on Trade in Services (GATS), requiring each of 140 WTO member economies to have a Schedule of Specific Commitments regarding, for example, the implementation of specified standards.

### Standards for services

ISO and CEN lead the way in the development of standards for services. Their work covers both horizontal standards, having broad application across the services sector, and vertical standards, those applied to specific service domains such as tourism, finance, market research, etc.

“CEN has wide experience in developing standards for services, and has been supported at the political level by a clear reference to the potential of standardization to help improve the provision of services within the internal market, both in the Regulation on European Standardization 1025/2012 (aimed at improving the European standardization system, empowering CEN and CENELEC to develop standards for services and not only products), and in a recent EC Communication ‘Upgrading the Single Market: more opportunities for people and business’ that foresees the establishment of a ‘Joint Initiative on Standardization’ between the Commission, the industry concerned, European standardization organizations and the standardization community in general,” says Javier García Díaz.



# STATS ON SERVICES

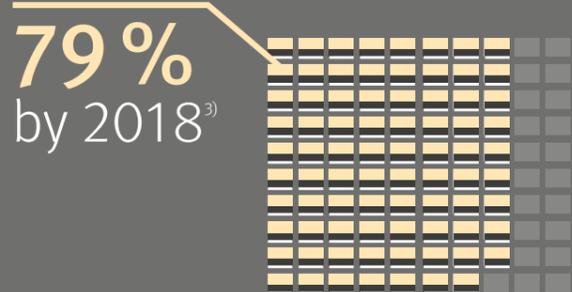
The service sector is expanding dynamically. For example, not long ago, online services such as e-banking and shopping were unknown. Now they are an essential part of daily life for many of us. Today, services represent the largest part of the world economy, and account for:



## JOBS CREATED



## TOTAL EMPLOYMENT



## ECONOMY AND PRODUCTIVITY AT A GLANCE

### Africa

HALF OF THE AFRICAN CONTINENT'S OUTPUT<sup>4)</sup>



### Europe

OVER 70% OF THE ECONOMIC ACTIVITY OF THE EUROPEAN UNION'S 28 MEMBER STATES<sup>5)</sup>



Sources:

- 1) World Bank Development Indicators 2015
- 2) US Institute for Supply Management
- 3) US Bureau of Labor Statistics
- 4) UNCTAD
- 5) European Commission

The whole point of these initiatives, he says, is to modernize the existing partnerships and speed up the standards-setting process. This support has materialized in a request for standardization of horizontal standards (Mandate M/517) for any type of service such as procurement, contracts and performance assessment.

## An ISO priority

Developing standards for services and ensuring they make a positive contribution to the globalization of the services sector is one of the priorities of the *ISO Strategy 2016-2020*. The Strategy pinpoints ISO's major strategic directions, a key objective of which is to eliminate global barriers and prejudices by making sure ISO International Standards can be used everywhere by government, business and society.

This is particularly topical right now as momentum builds for using ISO International Standards as a key means to facilitate international trade. ISO has already published more than 700 standards that apply to specific services, and has also developed ISO/IEC Guide 76 addressing consumer issues. The guide enables standards developers to prepare standards for any service via a checklist that considers all matters of consumer interest, including the needs of children, older persons, persons with disabilities and those from different ethnic and cultural heritages.

"Guide 76 is written from the consumer perspective with the aim of helping business representatives on standards committees to better understand consumer needs, and help them to consider issues that may not be in the forefront of their minds when developing standards for services. Hence, application of the guide should result in delivering more widely encompassing and robust standards," says Arnold Pindar, Co-Convenor of the ISO/COPOLCO Services Group. ISO's workshop, "Global services – ISO standards as solutions", held in Geneva, Switzerland, on 13-14 June 2016, highlights the worldwide potential for services standardization with participation by WTO and many ISO member bodies, and looks particularly at the needs and expectations of all interested stakeholders, including companies, consumers, governments and developing countries, concerning ISO standards that support services. It focuses on how ISO International

Standards can best help design, assess and measure service excellence to benefit businesses and customers.

With so much happening in the world of ISO and service standards, this issue of *ISOfocus* throws a spotlight on the globally important services sector and looks closely at the work ISO technical committees are doing in developing standards for IT service management, consulting, tourism and training.

## Challenges to standardization in the services sector...

Much of that committee work on standards for services is aimed at addressing key service market trends and challenges, in addition to the principal objective of developing the right standards, at the right time, with the right participants. García Díaz cites a recent report developed by AFNOR, ISO member for France, that identified the following main obstacles:

- Changes in the way services are delivered: e.g. "Business-to-Business" or "Business-to-Consumer", locally or offshoring, face-to-face or electronically, etc. Also, new business models are appearing such as the collaborative economy, which force service providers to innovate constantly.
- Increases in technological and organizational complexity: including outsourcing of support functions and activity-related services, improving internal processes to allow for benchmarking (measurement & evaluation) with other services, etc.
- User-oriented trends: i.e. a greater need to consider the specific needs of different users and provide tailored experiences, and demands for more transparent information from the services concerned.
- Development of human capital: i.e. new skills are required from service staff and organizations with the aim of achieving complete customer satisfaction.
- The impact of digital technologies: these radically influence every field of activity, contribute to all of the above challenges, and provide tools such as "big data" that facilitate the capture and use of data to better understand and define customer expectations.

## ...and benefits

Although the report also found that service providers faced challenges in improving their market position, business performance, the service provider-suppliers relationships and the service provider-clients relationship, García Díaz pointed to a 2011 study by the Technopolis Group on the implementation of service standards and their impact on service providers and users indicating some very positive benefits of using service standards. The findings were ranked by percentage of interviewees as follows:

- Ability to demonstrate improved service quality to customers (95%)
- Improved customer satisfaction (89%)
- Advantage of common definitions/terminology (86%)
- More transparency in services provided (86%)
- Improved contractual relationships (83%)
- More able to compare different service offers/providers (77%)
- Increased market share (52%)
- Increased profitability (51%)
- Ability to export services (50%)

## Servicing cultural differences

Standards developers also have to take regional and national characteristics into account when designing truly international standards. Arnold Pindar sees some fundamental cultural differences between countries and in attitudes to the provision of services, especially in the language used. “For example, in Japan the word for customer, if translated literally, means ‘honoured guest’. This is why you are greeted on entering shops in Japan, and



thanked for your visit as you leave. The Russian language does not really have a word for customer. The nearest word means ‘receiver of my output’ – a very different approach.”

“Mentioning this at an ISO COPOLCO/DEVCO training event<sup>1)</sup> in Africa, participants from some 35 mainly African countries indicated that they had similar differences in their languages that translated into better or worse services provision. I believe these different basic attitudes also occur between different trades and services within countries. Overcoming these fundamental differences is a long-term issue, as we have seen in the years it has taken to establish a relatively small number of standards for services,” he explains.

## “Making a huge difference in Africa”

Hermogène Nsengimana, Secretary General of the African Organisation for Standardisation (ARSO), and Chairperson of the Pan-African Quality Infrastructure (PAQI), reports that service standards are most often used in the tourism and finance sectors in Africa where they have made a huge difference.

“These are the two fastest-growing sectors, attracting substantial external investment. But standards have also influenced the development of the media, especially newspapers, electronic media and digital information,” he says, adding that while the service sector is expected to surpass other sectors as the driver of the African economy, there is a clear need to engage stakeholders more broadly in the development of service standards.

Hermogène points to the prevalence of various regulatory and policy shortcomings which impede Africa from fully capitalizing on its services sector potential. For Africa to better harness the potential of its service economy, regulations and policies for infrastructure services need to target existing market failures more effectively, including issues of accessibility, quality, affordability and competition.

Standards are seen as catalysts to spur better access for consumers and businesses to services that are cheaper and provide a wider variety than those currently available, and to untapped opportunities in cross-border trade in services.

He cites a growing awareness of the need to benefit from trade in services opportunities at bilateral, regional and multilateral levels in Africa as the reason for recent training workshops sponsored by the Department of Trade and Industry of the African Union Commission (AUC) in collaboration with the United Nations Conference on Trade and Development (UNCTAD), and also for strategy brainstorming in preparation for the important African Union Continental Free Trade Area (AU-CFTA) negotiations on services. ■

1) Training event run jointly by the ISO Committee on consumer policy (COPOLCO) and the ISO Committee on developing country matters (DEVCO) to help national standards bodies and consumer associations work together more effectively in including consumer interests in standards



In Africa, standards have also influenced the development of the media, especially newspapers, electronic media and digital information.



The industry has ballooned most dramatically with revenues around **USD 450 billion.**

# Taking management consultancy services *to another level*

by Clare Naden

Consultancies can change your business and make a big contribution to the economy... or they can be a financial black hole. How can you ensure the money you spend on consultancy fees doesn't end up being spent on endless hours of nothing?

The management consultancy industry is big business, driving company behaviour and influencing government agendas and financial institutions, but it only works well when client and consultant are on the same page. Clarity and transparency are the key. A new ISO committee has taken on the challenge.

Management consultancy is a phenomenon of our time. From its humble beginnings in the late 1900s, the industry has ballooned most dramatically since the 1980s, with revenues growing to some USD 450 billion today, according to Plunkett Research. This growth has been accelerated by the increase in companies such as accounting and IT firms diversifying into offering management consultancy services. Not just the preserve of big business, government

spending on consultants has increased 1000% in recent years (IPSOS Mori, 2007) while small companies also form a significant part of the clientele. It is no wonder, then, that it is one of the most sought after career choices of top graduates.

## **What is management consulting?**

Management consultants help organizations improve their business through analysing their systems and processes and developing programmes for improvement. These can include everything from change management schemes to get them through a transition period or the implementation of new technology, right through to a complete overhaul of the whole business.



The vast majority of consultancies are SMEs or sole-practitioners, but a number of large multinationals, such as McKinsey & Company and Boston Consulting, employ in the tens of thousands of staff, boasting billions of dollars in revenue every year.

Continuously evolving, the industry features many different specializations, from human resources management to mergers and acquisitions, technology and innovation, training, risk and security management, and more. It offers expertise in research with academic management courses; strategy, such as helping companies bring their products to markets; organizational design and optimization; cost reduction through redeveloping systems and processes; IT design, delivery and support; and ecosystems with bundled product and services packages that give customers a better overall deal<sup>1)</sup>. Management consultancy has also cre-

ated its own wide range of new concepts and programmes designed to help organizations improve their performance, such as business process re-engineering, core competences and growth share market.

### Growing demand

While large organizations and government are key clients, businesses of all sizes are increasingly seeing the value of management consulting, and their requirements and expectations are mounting up as a result.

For example, Plunkett Research shows that a wave of highly stringent and complex government regulations in banking and investment industries across the USA and the European Union have increased the demand for consultants, as well as the desire of organizations to reduce operating costs and improve profits.

1) "Evolution of Business Consulting", Troy Gautier, Alliances Progress, post 19 October 2014

Add to that the challenges of globalization, rapid advances in technology and population booms, and it's no surprise consultants are finding favour with businesses seeking to outperform their competitors and keep on top of the game.

A recent report showed that 80% of companies believe their customers are changing how they access goods and services and organizations have little choice but to try and keep up. In addition, up to 47% of occupations we know today are likely to be automated within the next 20 years<sup>2)</sup> and by 2020 more than 50% of the workforce will come from "Generations Y and Z", having grown up "connected, collaborative and mobile".

### The challenge of growth

The sector has not been without its challenges. The failure of high-profile companies and the downfall of the dotcom industry have put the spotlight on consulting companies and their role in such events, tarnishing reputations with accusations of corruption and conflicts of interest and drawing the attention and greater scrutiny of watchdogs and regulatory bodies.

Economic recessions have also hit the industry hard and increased competition, combined with growing expectations and greater know-how of managers, have forced fees down, making it in turn harder to attract top talent.

Kelvin Chang Keng Chuen, Director and Principal Consultant at Teian Consulting International Pte Ltd, one of Singapore's leading consultancies operating throughout Asia, said the ease of acquiring knowledge and the proliferation of information and DIY packages on the Internet are putting pressure on the competitiveness of consultancies that cost substantially more.

"Clients want tangible results, and a clear return on their investment, and are understandably tempted by easy, cheap options they find on the Internet," he explained. "This makes it harder to convince them that they would be better off getting the assistance from experienced professionals who can help them avoid costly mistakes and achieve their objectives much more quickly."

2) Carl Benedikt Frey and Michael A. Osborne, "The Future of Employment: How susceptible are jobs to computerization?", Oxford Martin School, 17 September 2013

ISO 20700 will mark a turning point in the industry by adding a new layer of credibility and confidence.





But according to Sunil Abrol, President of the Institute for Consultancy and Productivity Research in India, it's not cheap DIY options that are putting pressure on the industry, but increasingly business-savvy clients. "Clients know a lot more about business processes and improvement than ever before, so they are looking for consultants that can really add value in a way that they can't themselves," he says.

"So naturally, they want to see what they are getting, and be assured that their money is well spent. But this can only occur if there is transparency at every level. And it can only result in better outcomes, because it helps the client choose the right consultant in the first place, everyone is clear on roles and expectations, and the results can be measured effectively."

### Where standards can help

Improving transparency through clear guidelines and best practice is at the heart of ISO standards, and thus the ISO project committee ISO/PC 280, *Management consultancy*, was born. Its aim is to improve transparency and understanding between management consultancy service providers and their clients, ultimately leading to better outcomes from consultancy work. In order to do this, the committee is moving full steam ahead with its first standard – ISO 20700 for management consultancies – due to be published early next year.

Based on the European standard EN 16114:2011, ISO 20700 will be the first International Standard of its kind. Its arrival is much anticipated. The experts working in the committee feel it is long overdue and believe it will make a significant mark on the consulting industry.

Robert Bodenstein, Chair of ISO/PC 280, said the standard will help both parties clarify the terms of service at the beginning of the project, thereby avoiding costly disappointments and leading to better results all round.

"ISO 20700 will not only help consultancies to deliver their services in a transparent and internationally recognized way, it can also help organizations seeking a consultant to find the right one in the first place. The incorporation of worldwide



Management consultants,  
can contribute by using  
their specialized knowledge  
to innovate, improve and  
enhance organizations at  
every level.

best practices and clear criteria will improve the way clients and consultants work together, thereby improving the quality of the industry in general."

Dr Ilse Ennsfellner, Leader of the committee's task group that helped develop the standard, wholeheartedly agrees. She feels that ISO 20700 will mark a turning point in the industry by adding a new layer of credibility and confidence, with international recognition.

Management consultants, she believes, can make a substantial contribution to the world economy by using their specialized knowledge to innovate, improve and enhance organizations at every level. Standards in this field can help them do that even more effectively by ensuring a consistent minimum quality in the provision of a service, clarifying the rights and responsibilities of both the provider and the user of the service.

"They can also help consultancies really demonstrate their expertise," says Ennsfellner, "because the standard will set benchmarks against which quality and performance can be measured by the consultants and the clients."

So will we see the likes of McKinsey & Co growing ever bigger? Or will there be a burst of new players on the scene? Or a new wave of business-savvy clients putting even greater pressure on their consultants? Whatever happens, the consultancy industry is in for change, and change can only be good, right? ■

# Standards at your service!

Services play a major role in all modern economies and are as diverse as tourism, finance, water, education and health. A number of ISO technical committees support stakeholders in the services sector.



## TOURISM

Tourism sector:  
**1** out of 11 jobs

International tourist increase:



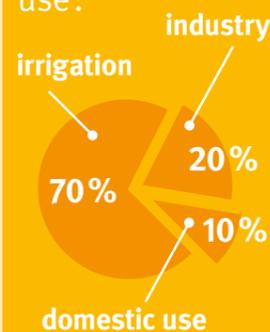
Source: UNWTO



## WATER

Water operators provide  
**90%** of all water and sanitation services worldwide

World freshwater use:



Source: UN-WATER



## EDUCATION

In 2007, across OECD countries, an average of  
**34%** of adults (25-64 years old) participated in non-formal education

Source: OECD



## MARKET OPINION

The global revenue of the market research industry exceeded  
**USD 40 billion** in 2013, rising year on year

In 2013, Europe generated the largest share of market research revenue at

**40%**

very closely followed by North America with 39%

Source: ESOMAR



## FINANCES

January 2016 is the  
**2<sup>nd</sup>** best month ever for FIN traffic (SWIFT financial transactions)

Growth versus January 2015 stands at **5.6%**

On average, **25.43 million** messages were sent per day

Source: SWIFT



## IT

In 2014,  
**1 in 5** companies – or **19%** – in the European Union used cloud computing services

Source: Eurostat



## CUSTOMER SATISFACTION

According to the American Customer Satisfaction Index (ACSI), 2015 was characterized by lower customer satisfaction

Of the **43 industries** tracked by ACSI, only **5** improved while **30** declined and the rest remained unchanged

Source: ACSI



## HEALTH

The healthcare industry is one of the world's largest and fastest-growing sectors in society

In 2010, more than  
**9%** of GDP of OECD countries was spent on health

Source: OECD

ISO/TC 228, Tourism and related services

ISO/TC 224, Service activities related to drinking water supply systems and wastewater systems – Quality criteria of the service and performance indicators

ISO/TC 232, Learning services outside formal education

ISO/TC 225, Market, opinion and social research

ISO/TC 68, Financial services

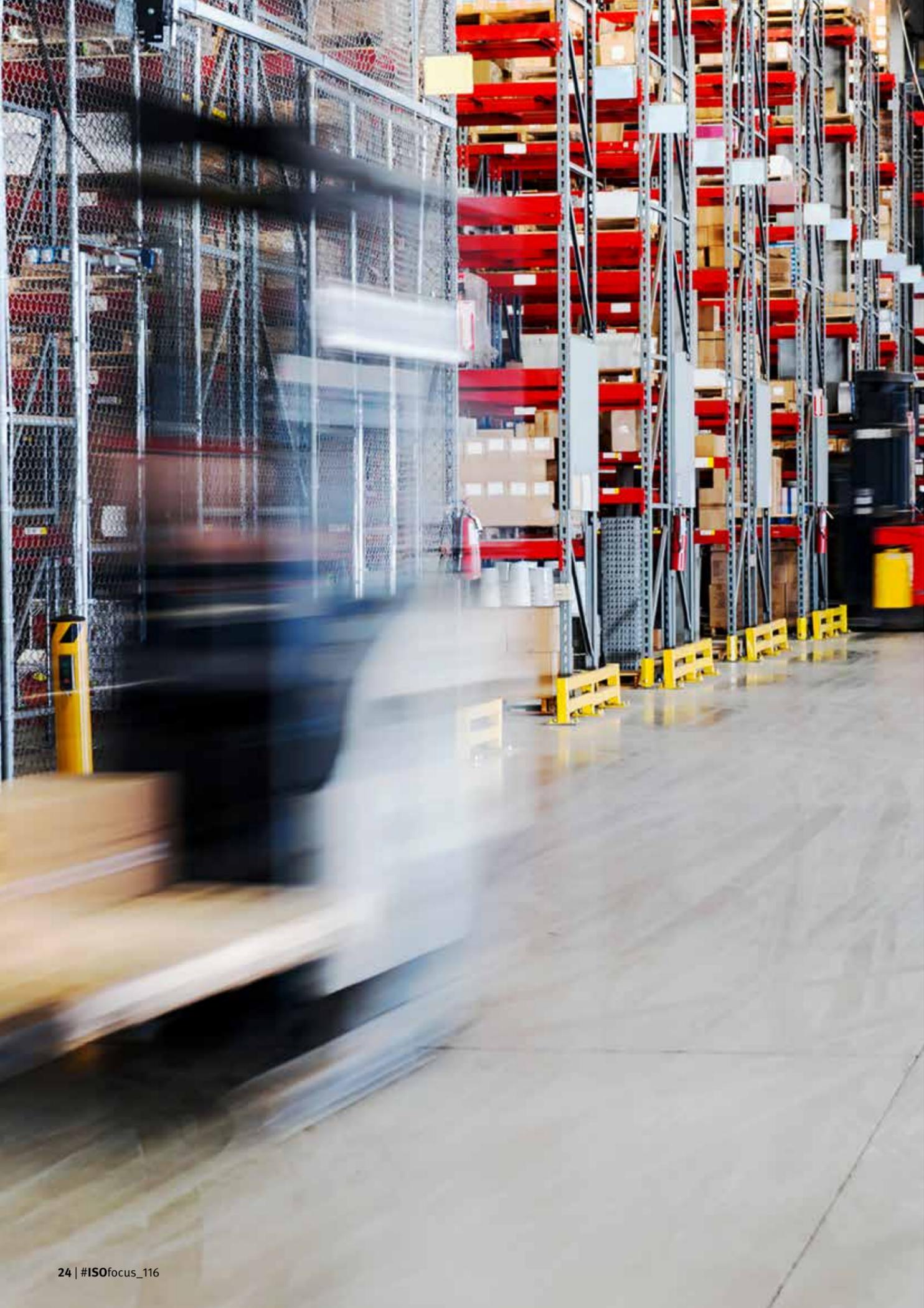
ISO/IEC JTC 1/SC 40, IT Service Management and IT Governance

ISO/IEC JTC 1/SC 38, Cloud Computing and Distributed Platforms

ISO/TC 176/SC 3, Quality management and quality assurance – Supporting technologies

Some 20 ISO technical committees such as:  
ISO/TC 210, Quality management and corresponding general aspects for medical devices

ISO/TC 215, Health informatics



# Facilitating trade in services

Services make up an overwhelming part of the global economy, accounting for around 75 % of GDP in developed countries and around 50 % in developing countries according to World Bank data. Here, Markus Jelitto, Counsellor with the World Trade Organization (WTO) in its Trade in Services Division, tells us more about the role of International Standards in the services sector.

Over the last two decades, world exports of commercial services have more than quadrupled, and international trade in services has continued to grow at a faster rate than trade in goods. This increase can be attributed to a number of factors, including for example improvements in technology that allow for Web-based services where the provider no longer needs to be in the same physical location as the consumer.

Another factor leading to the growth of the sector is the deregulation and privatization of many public services such as energy, transportation and telecoms. While in the past these may have been delivered by national or government-controlled bodies, today they are increasingly open to private service

providers, which may well be operating outside their national borders.

In this context, it is clear that there is a growing need for International Standards in the services sector, in addition to the underlying rules already in place. In the mid-1990s, World Trade Organization (WTO) members accepted the General Agreement on Trade in Services (GATS) to create a basic rulebook for international trade in services.

Counsellor with the WTO, Markus Jelitto, explains the relationship between GATS and International Standards and underlines the role that standards have as facilitators to the growing international trade in services.

### **ISOfocus: What is GATS and why is it important?**

**Markus Jelitto:** The General Agreement on Trade in Services (GATS) is the first multilateral trade agreement to cover trade in services. It applies to the 162 countries and customs territories that are members of the WTO. Its creation was one of the major achievements of the so-called Uruguay Round of trade negotiations, concluded in 1993. This was almost half a century after the General Agreement on Tariffs and Trade (GATT) of 1947 was introduced, which sets out global rules for trade in goods. In providing a legal rulebook for trade in services, the GATS seeks to ensure that services trade is conducted in a predictable and transparent environment, and without discrimination between services and service suppliers from different WTO members. The GATS covers not only cross-border trade, but also trade conducted through the establishment of a supplier in another country (for example, the establishment of a Canadian bank in Switzerland), through the movement of persons (for example, executives or managers of the Canadian bank moving to Switzerland), and in situations where people consume services in a different country (for example, through travel and tourism).

#### **What are the main objectives of GATS?**

The Agreement intends to contribute to trade expansion as a means of promoting the economic growth of all trading partners and the advancement of developing countries. So trade expansion is not seen as an end in itself, but as an instrument to promote growth and development. The GATS' contribution to world services trade rests on three main pillars: (1) ensuring increased transparency and predictability of relevant rules and regulations, (2) providing a common framework of disciplines governing international transactions, and (3) promoting progressive liberalization through successive rounds of negotiations. For service providers, the GATS provides reliability and predictability of market conditions. If a service sector has been liberalized under GATS, WTO members cannot unilaterally tighten access to their markets for foreign suppliers. For example, during the financial crisis, a number of countries considered enacting more protectionist policies, but in some cases doing so would have infringed on their international commitments. In the end, many did not, meaning that markets were kept largely open. Of course, we still have many challenges and, unfortunately, WTO members have not been able to conclude negotiations on further liberalization since the GATS became operational. This has led to some WTO members looking for other ways in which to advance liberalization with individual trading partners. While such initiatives may lead to more open markets for some, they carry a risk of fragmenting and complicating access rights for services suppliers overall.



**Markus Jelitto**, Counsellor with the World Trade Organization (WTO).



The GATS provides  
reliability and  
predictability of market  
conditions.

#### **Before the GATS, what was the situation with trade in services?**

Prior to the GATS, any country could restrict access to its markets for foreign services suppliers in any way it wished. This led to significant unpredictability for business and consumers. Just after World War II, when the international trade architecture was developed, the focus was clearly on providing a framework for trade in merchandise goods. Services were largely seen either as untradeable by nature, or under strict government control.

Yet many sectors have undergone fundamental technical and regulatory changes from the 1980s onwards, opening them to private commercial participation and reducing, or sometimes even eliminating, existing barriers to entry. The emergence of the Internet has helped create a range of internationally tradable product variants – from e-banking to telehealth and distance learning – that were unknown only two decades ago, and has removed distance-related barriers to trade. A growing number of governments have gradually exposed previous monopoly domains to competition.



#### **What is the link between International Standards and the GATS?**

One objective of the GATS is to facilitate progressive liberalization of services sectors. Such liberalization consists of the removal of quantitative and discriminatory restrictions affecting the entry and operation of foreign services suppliers in a host market. This needs to be distinguished from regulation, and here it is important to be clear that the WTO leaves the right to regulate services firmly in the national domain. The GATS does recognize governments' rights (in particular those of developing countries) to introduce regulations that meet national policy objectives. Within this framework, what the WTO has been engaged in is how to ensure that domestic regulation, for example systems of licensing, qualification requirements or technical standards, do not create unnecessary barriers to trade in services. In a sense, we can see it as the GATS providing the outer limits of what WTO members can regulate. In the goods area, under the GATT, this is addressed through the Agreement on Technical Barriers to Trade and, mainly for agricultural products, through the Agreement on Sanitary and Phytosanitary Measures. In the services sector, these discussions are still ongoing in the WTO. With these negotiations in progress, an interim solution had to be put in place: WTO members must ensure that

any new regulations on services that they introduce in sectors they have liberalized do not constitute unnecessary barriers to trade. Members have to be able to show that they conform to this obligation, and one way to do that is to base regulations on International Standards. In other words, for WTO members, following International Standards provides a presumption of conformity.

#### **What role do International Standards play more generally in the services sector and trade in services?**

International Standards can be great facilitators of trade if they are implemented in a large range of countries. They can create regulatory economies of scale and are particularly beneficial for small and medium-sized service providers that may not be easily able to adapt their service supply to varying standards in different markets. This is why many WTO members support the idea that International Standards should generally be taken into account when countries are formulating their own technical standards.

#### **Services obviously play an important role in global trade. What is the future of services, and trade in services?**

According to World Bank data, services account for some 75% of GDP and employment in the most developed countries. But even in many poor developing countries,

## **Services account for some 75% of GDP and employment in the most developed countries.**

the services share is still close to 50%. And services trade has been growing consistently. Some two-thirds of the global FDI (foreign direct investment) stock is in the services sector.

What underlies these developments is in large part technology-driven innovation. Changes in technology allow suppliers to store, share and distribute services with fewer and fewer limitations. Technology is also allowing the division of formerly integrated processes into discrete services that can be fed into value chains, allowing for greater specialization. As products and production methods change, producers also change. Many traditional producers of sophisticated goods, like airplane engines, now make an important share of their revenue through a range of after-sale services. In light of these developments, it will remain a constant challenge for policy makers, both nationally and at the WTO, to assess whether the rules that govern services trade are adequate, and to evaluate whether new risks for consumers and society may require new types of targeted government regulation. International Standards can play an important facilitative role in this respect. ■



## ISO 50001 HARNESSSES ALL ENERGIES

A new Survey of energy management practices in ISO 50001-certified organizations, released by AFNOR, the ISO member for France, confirms the growing importance of energy management around the world. The analyses of the practices of 78 ISO 50001-certified organizations in six countries (France, Germany, Taiwan, United Kingdom, Russia and Morocco) reveal positive conclusions about the application of the standard, four years after its publication.

The observed benefits: 95 % of the companies consider the standard to be a useful tool to better identify the activities that consume energy, 75 % of them perceive it as a means of improving margins, while 85 % see it as a source of long-term progress. Finally, 76 % consider the standard as a means of improving the skills and know-how of their personnel.

The survey reveals that 89 % of users are satisfied, and 95 % of them strongly recommend the standard. In concrete terms, ISO 50001 provides users with the keys to a collective approach that allows them to progress and make savings quickly.

The trigger factors mentioned most frequently for launching the initiative include the certification itself, the need to make savings through optimized energy management, the company strategy or public financial incentives.



Download the complete survey:  
<https://marketing.afnor.org/Etude/ManagementEnergie>

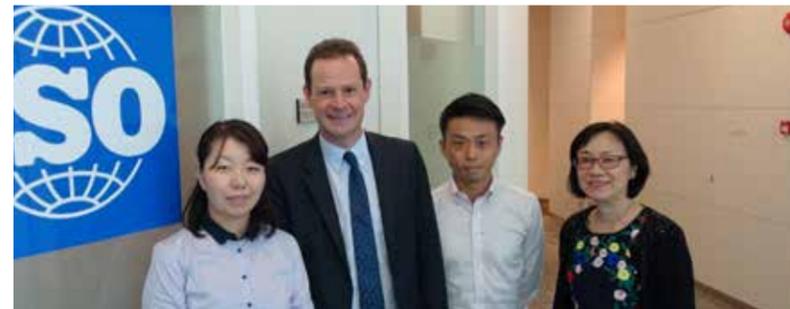
## WORLD BANK GROUP AND ISO PARTNERSHIP

ISO and the World Bank Group signed a Memorandum of Understanding (MoU) to help increase countries' awareness and involvement in the development, adoption and use of International Standards that promote open, fair and transparent trade.

The MoU serves as the foundation for future cooperation in the areas of knowledge generation and dissemination; encouraging research and promoting awareness; improving monitoring and evaluation; and enhancing capacity around International Standards that give countries the opportunity to participate in global trade and that contribute to economic development, social progress and protection of the environment.

Anabel González, Senior Director, Trade & Competitiveness Global Practice, World Bank Group, commented: "We look forward to working closely with ISO to not only highlight the role International Standards play in increasing global trade but the benefits countries will receive by actively taking part in the development of these standards."

This signing is an important first step in working towards shared objectives supporting sustainable economic development, as well as fair and transparent trade. It provides a unique opportunity to help developing countries strengthen their national quality infrastructures to better integrate with regional and global markets.



At the ISO Regional Office in Singapore, pictured here with ISO Acting Deputy Secretary-General **Nicolas Fleury** (2<sup>nd</sup> from left) are **Mika Nishimura**, secondee from JISC, **Kolin Low**, Project Manager, and **Choy Sauw Kook** from SPRING Singapore.

## REGIONAL ENGAGEMENT IN ASIA PACIFIC

The ISO Central Secretariat is expanding its regional engagement activities in the Asia Pacific region. The initiative aims to enhance support for ISO members in the region and boost links with key stakeholders throughout Asia. Among the developments are the appointment of Alan Morrell (Australia) as Director of the ISO Regional Office in Singapore. The Office's support team includes Kolin Low (Singapore) who started end of February as project manager. Secondees on short placements from members in the region will supplement the team on a temporary basis.

In addition to the ISO Regional Office in Singapore, various activities in the Asia Pacific region are underway that will strengthen engagement. Among the events taking place over the coming months are: the PASC meeting in Bali, Indonesia, 9-13 May; a Smart Cities event in Singapore, 13-14 July; and an ISO marketing and communication event in Singapore in July.



Together, the ISO President, **Dr Zhang Xiaogang** (right), **Michael Møller**, Director General of the United Nations Office at Geneva, (left) and Acting ISO Secretary-General **Kevin McKinley** join forces to cut a celebratory cake at the 100<sup>th</sup> Council meeting.

## ISO CELEBRATES 100<sup>TH</sup> COUNCIL MEETING

On 17-18 March 2016, the ISO Council held its 100<sup>th</sup> meeting, in the 69<sup>th</sup> year of the organization's existence. The meeting was held in the ISO Central Secretariat's offices in Geneva, Switzerland.

In order to recognize this important milestone, a celebratory cocktail reception was held in the ISO office during the meeting. The ISO President, Dr Zhang Xiaogang, was joined by a number of guests from Geneva-based international organizations, including Michael Møller, the Director General of the United Nations Office at Geneva, the members of the ISO Council and many staff from ISO Central Secretariat, to celebrate this important occasion.

The first session of the Council was held in 1947 in Zurich, the year that ISO began its operations. The body plays a central role in the governance of the organization, and ensures that ISO operates in a way that serves the needs of all its members and their stakeholders. There are currently 20 ISO members serving on Council, and membership rotates to ensure a wide representation of members and their needs.



Participants at the workshop "Developing national standardization strategies" in Kigali, Rwanda.

## DEVELOPING NATIONAL STANDARDIZATION STRATEGIES

The first training workshop in the framework of the new ISO Action Plan for developing countries 2016-2020 was held in Kigali, Rwanda. The three-day event was attended by 22 participants from 18 ISO members in the anglophone African countries.

Hosted in cooperation with RSB, the ISO member for Rwanda, the workshop focused on methodologies for developing national standardization strategies. The aim was to teach the staff of national standards bodies how

to apply a systematic methodology to the assessment of national socio-economic and non-economic priorities, together with extensive consultation with stakeholders, gauging necessary available resourcing and, finally, drafting a national standardization strategy.

Participants are expected to develop a three- or five-year standardization plan in their home country with clear priorities identified for their engagement and participation in international standardization activities.



# SEA, SUN AND QUALITY SERVICE

on Spain's Valencian costa

When visiting abroad, the quality of the service provided and the information given can be key in shaping a holiday experience. A step ahead of the tourism game, Gandía, in the province of Valencia, Spain, makes certain you are always served with a smile.

Quality of service is an important component of the tourist experience. The staff at Gandía Town Hall have long been sensitive to projects related to the quality of their services, as evidenced in their 1993 Plan de Dinamización y Excelencia Turística for the revitalization and excellence of tourism. One of the objectives of the plan was to transform more “mature” seaside resorts, such as Gandía, into quality tourist destinations.

Standards are a strategic ally in such endeavours, helping to ensure work is carried out in line with accepted best practice. One such standard is ISO 14785, *Tourist information offices – Tourist information and reception services – Requirements*, which contributes to enhancing a resort’s image and the human interaction with visitors.

The standard grew out of the work of technical committee ISO/TC 228, *Tourism and related services*, an international forum of 84 countries – led by Spain’s national standards institute AENOR, ISO member for the country, in collaboration with INNORPI (Tunisia) – which finds consensus on the best way to deliver tourist-related services. This has resulted in over 20 standards that help public and private organizations improve their tourist services in such areas as diving, thalassotherapy, protected natural environments, adventure tourism, and marinas. Always happy to serve, the Department of Tourism at Gandía Town Hall tells us how the city spruced up its act with outstanding results.

## On sunshine coast

Gandía is set in the Spanish Community of Valencia, a region that enjoys a long tourist tradition, averaging 6.2 million visitors a year from all over the world – approximately 10% of all international tourist visits to Spain. The city has a stable off-season population of 80 000 inhabitants, which doubles each summer thanks to its festivals and renowned Valencian cuisine, notably its “fideuà de Gandía” or seafood noodles.

With a vantage point on the Mediterranean Sea, over 300 sunshine days a year and an average annual temperature of around 20°C, Gandía can lay claims to being Valencia’s first tourist destination. The city also boasts a rich historical and cultural legacy linked to the Duchy of Borja (and its fourth duke, San Francisco de Borja), classic Catalan writers the likes of Ausiàs March or Joanot Martorell, author of the chivalric romance *Tirant lo Blanc*, as well as an interesting natural heritage featuring 7.5 km of coastline. In Spain, where tourism generates 11% of the country’s GDP and contributes directly to the creation of one in nine jobs (Ministry of Industry, Energy and Tourism, 2014), there can be no doubt as to the importance of tourism in driving the region’s economic growth, particularly in a small tourism-oriented town like Gandía. What’s more, in an increasingly globalized world where all beach destinations boast similar natural resources and keeping ahead of the competition is increasingly difficult, the foremost task of local authorities is to create unique added-value services that will help position the resort in the marketplace.

## Giving beaches a boost

Capitalizing on its assets, Gandía embarked in 2002 on a journey to certify the management of its beaches, the resort’s key resource. Proud of its achievements, the city decided to have its work validated using the tools available on the world market, which included management system standards ISO 9001 and ISO 14001, the European EMAS (Eco-Management and Audit Scheme) and ISO 13009 for beaches operations, based on Spanish standard UNE 187001:2011. These certifications, which are applicable to beach services and reviewed yearly by AENOR’s technical experts, have helped Gandía ensure the sustainable management of its beaches as well as safe and high-quality services. More importantly, they signal a public commitment to continuous improvement.

## Tourism with a smile

Then, in 1993, Gandía's three local tourist offices were integrated in the Tourist Info Network of the Community of Valencia, a professional body comprising some 200 agencies, to create a homogeneous view of the services offered, both in terms of facilities and assistance rendered by staff, who were given sector-specific training.

With such credentials, the only thing missing to round off its quality service offering was a formal endorsement of the city's tourist information centres. At this point in time, Tourist Info Gandía was invited by the Conselleria de Turismo, Valencia's Regional Department of Tourism, to join the Quality Committee, established to carry out a preliminary diagnosis and any subsequent studies and training. This led to the city's tourist offices being audited by AENOR and certified to UNE 187003:2008, later to be replaced by UNE-ISO 14785:2015 for tourist information and reception services. Conformity to the standard earned them the "Marca Q" for quality tourism, granted by Spain's Instituto de Calidad Turística Española (ICTE).

The implementation of ISO 14785 – and ensuing certification – meant developing key documentation and bringing part of the office infrastructure up to par. Yet our foremost asset was being able to count on the staff's unfaltering commitment and enthusiasm throughout the entire process.

During the implementation period, Gandía was coached by the Conselleria de Turismo, which also had a hand in upgrading the office space. Moreover, the authorities enjoyed fruitful collaboration, discussions and exchanges with personnel from other tourist offices, as staff members learned from each other's individual expertise to increase proficiency across the board.

Broadly speaking, the framework document underpinning the system is the Quality Manual, which specifies general directions and requirements for a quality service with regard to the communication materials and facilities. That was also the time when control logs were brought in, to monitor and review the quality of service in all areas.

Other useful monitoring tools were the satisfaction surveys, customer suggestion box and a procedure for processing complaints.



Photo: Ajuntament de Gandía



Photo: Ajuntament de Gandía

## Tourism generates 11% of the country's GDP.



Photo: Ajuntament de Gandía



Photo: Ajuntament de Gandía

## Room for improvement

Once the system was fully in place, Gandía's tourist information service was certified in 2008 to Spanish standard UNE 187003. What's more, staff from the Tourist Info Network started to take an active part in the work of ISO/TC 228's working group 3, which would eventually lead to the current ISO 14785:2014, based largely on the Spanish standard and experience.

From that moment on, management and staff continued to work together to improve the system, adapting to the changes of the ISO standard. The process involves compiling a report of the work carried out during the year, organizing improvement group meetings – and formulating goals for improvement – and planning annual internal audits.

The benefits of the system can be assessed on two levels. Firstly, from a customer perspective, the service delivery was improved to the extent where the procedures now give staff the guidelines and tools they need to stock up on information materials early, in anticipation of customer demand, making service more efficient. Secondly, from an organizational perspective, staff members now attend training courses and the improvement groups have become ideal forums for sharing plans and improvement actions.

## The infrastructure of excellence

Infrastructure is a big part of good customer service. With ISO 14785, facilities are subject to continued review and maintenance to ensure they remain in peak condition and any non-conformities, detected in the course of a day's work or during routine inspections, are mitigated. Equally important is the type of software used, most of which was provided by the Conselleria de Turismo, making it possible to collect and update information in a formal and systematic manner.

Excellence in terms of tourist information is about satisfying customers' expectations. ISO 14785 has ensured that facilities are accessible to all as well as being functional and attractive, and that staff is equipped to be operational and efficient – a pledge to continuous improvement that guarantees excellence. Delivering information is the essence of tourism reception. This is done in a variety of ways – through advertising, in print and digital format, via postal mailings, by e-mail or by phone. But the channel that adds the most value is the tourist information officer, the friendly face that greets visitors and strives to always give satisfaction. For this very reason, getting our service certified is first and foremost a token of recognition for all the tourist professionals who do the job each day. ■



# *Service Birmingham* delivers value with service management

Service Birmingham reduced costs and improved efficiency, agility and customer satisfaction, all in the effort to respond to public-sector pressures to “do more with less” while maintaining excellent service quality. This was made possible thanks to the implementation of ISO/IEC 20000 for service management.

Today, organizations are increasingly dependent on business services delivered by their internal and external service providers. These services underpin almost every business function across all industry sectors. IT-enabled business services need to be highly available and responsive – any disruption can have a major financial and customer impact. As part of its business strategy to provide high-performing services to the largest City Council in Europe, Service Birmingham was looking to reduce costs, improve its service management capabilities and enhance customer satisfaction in an effort to respond to public-sector pressures to do more with less, while maintaining excellent service quality. To achieve this, the organization started a journey toward service management excellence based on ISO/IEC 20000.

ISO/IEC 20000 is an International Standard for service management. It specifies requirements and provides guidance for a service management system (SMS) to control all aspects of the service life cycle, including resources, contracts, policies, processes and the planning, design, transition, operation and improvement of services. The SMS described in ISO/IEC 20000 is designed to manage all these service capabilities in an integrated way and a key focus of the SMS is to deliver value to both customers and the service provider.

Service Birmingham’s journey has been a great success story. It not only met but exceeded its goals, and gained certification to ISO/IEC 20000 within its targeted 18-month time frame.

Here, Shirley Lacy, of ConnectSphere, who was responsible for the ISO/IEC 20000 training and awareness programme given to Service Birmingham’s 600-plus staff members, explains the process involved, and just how beneficial the outcome has been.

**ISOfocus: What were the key factors to the success of ISO/IEC 20000?**

**Shirley Lacy:** A key to the success of ISO/IEC 20000 was getting buy-in from the top. A high-level business case was presented to senior management to help them better understand and prioritize the benefits of service management.

Everyone in the organization was brought on board to ensure accountability and engagement: Service Birmingham’s directors sat on the service management programme board, while the CEO and ICT Director served as programme sponsor and chair, respectively. Staff were regularly informed and updated of the implemented process, underlining its importance across all levels of the organization.

Also critical to the success of ISO/IEC 20000 was the service management programme board that led and directed the implementation. This enabled the integrated management system, including its processes, to be firmly in place across the enterprise while a set of key performance indicators guided the way forward for improvements in customer satisfaction (i.e. improved user support, e-mail and Web services, etc.).

### Message from Tony Lubman, Chief Executive of Service Birmingham

“ISO/IEC 20000 provides an excellent prompt and framework to instil confidence and learning across the organization. Service Birmingham has strong processes and procedures. People are proud to work in an organization that delivers what our customers want, and to standards of consistent quality. The Management Information enables us to proactively shape our business. I see ISO/IEC 20000 as a tool to review and improve.”



#### What was the biggest priority for Service Birmingham?

Service Birmingham had a contractual commitment with Birmingham City Council to improve service level targets for key services as part of the transition of the new organization. When Service Birmingham was formed in April 2006, only a third of the service level targets were being achieved. An organizational transformation and culture shift were required to improve the performance and productivity of previously separate service and support teams by adopting a more coordinated and structured approach to service delivery using ISO/IEC 20000-aligned service management processes.

The initial scope for the ISO/IEC 20000 implementation was the customer's business-critical services. A key focus for the first year was to manage unprecedented call volumes at the service desk. An analysis identified the main causes of failure and an improvement plan to reduce the incidents was set in place. By concentrating on key performance targets and procedures, Service Birmingham significantly reduced both the number and severity of incidents, particularly in high-priority, high-volume areas.

The rate of calls was reduced by 20% over the first six months as more permanent fixes were implemented. In fact, the service levels for incident response and resolution times were not only achieved, they exceeded expectations.

#### What are the benefits of a service management system?

The management system approach for the governance and service life cycle enabled all the service capabilities, including processes, contracts with customers and suppliers, policies, resources and knowledge, to work in an integrated way. For Service Birmingham, the implementation of a service portfolio and a supplier contract portfolio allowed the service provider to understand the “big picture”. This helped the business relationship managers to better manage and meet customer expectations. It also contributed to giving visibility into how to leverage existing capabilities and increase efficiency.

Key operational improvements were achieved by implementing and automating the service monitoring and request processes. The self-service channel for service requests from users was popular and delivered significant productivity gains.

New services were also introduced and a new service catalogue structure was developed. The adoption of processes for service design and transition was appreciated by the project and service teams – particularly during challenging times – to reduce risk and cost whilst improving quality and customer satisfaction.



#### What were some of the most important findings?

Quite simply, the use of ISO/IEC 20000 revealed a number of interesting findings. Here are just some of the highlights:

- Service Birmingham aims to implement and sustain business- and technology-enabled solutions from a business perspective to ensure that maximum benefit is achieved from investment
- Senior management is visibly committed to the service management objectives and leads the delivery of the organizational benefits, i.e. improved performance and productivity
- A more cohesive service-oriented culture across the organization builds staff confidence and pride in the services being delivered
- Improved customer information on how to access services and what makes up a service (through the service catalogue and self-service capability) enhances customer satisfaction and supports effective business relationship management
- Improved governance of services and processes is achieved through using an integrated service management system (SMS) and continual improvement process
- Service and supplier portfolio management delivers an up-to-date status that supports more effective management reporting and decision making
- Service delivery is optimized by providing operational managers with the skills and management information to manage performance more effectively

#### What has been the added value of implementing ISO/IEC 20000 for Service Birmingham?

Continuing to develop service quality and embed service management best practices based on ISO/IEC 20000 has enabled Service Birmingham to make great improvements, helping it move from a reactive to a more proactive and cohesive service-oriented organization that develops staff confidence and pride in service delivery. Yvonne Batchelor of Service Birmingham, who leads the continual improvement programme, outlined the following achievements:

- 40% reduction of major incidents over the last three years demonstrating robust processes and improving system availability, with tangible benefits of less downtime and increased productivity
- Over 30% of incidents and requests for service raised via the self-service portal
- Over 20% increase in calls resolved at the first point of contact at the service desk
- Over 90% satisfied customers from annual and quarterly surveys
- Ability to respond to public-sector pressures of “doing more for less” while maintaining excellent service quality

Service Birmingham has since extended the scope of its ISO/IEC 20000 certification and upgraded to ISO/IEC 20000-1. And what about the future? Going forward, Yvonne says: “It is an exciting time with the channel shift and the need to improve the customer experience. We have many more improvements in the pipeline.” ■



Asset management can be the single most powerful weapon in a company's arsenal for saving time, money and lots of executive headaches. Using ISO 55001, Sodexo, a world leader in quality-of-life services, rolled out a best-practice model for asset management across numerous countries and industries – and it did it “The Sodexo Way”.

## ISO 55001, Sodexo's bottom line

Nearly every organization needs or wants to achieve more with its assets. Not only how to minimize downtime or lost production, but also how to spend money well to deliver value for the purpose of the organization. In the last few years, many companies have begun to realize the importance of asset management as an enterprise strategy that, properly implemented, will improve financial performance. Typical results of an asset management system include improved control of day-to-day activities and business efficiencies, reduction of risk-related costs, compliance in regulatory activities and reduced failure rates. The tangible results include a significant increase in profitability accompanied by a dramatic drop in unit cost.

In their paper “Quantified Benefits from Asset Management – The Sodexo Journey”, Peter Jay, Principal Consultant at the Woodhouse Partnership Ltd, and Keith Hamer, Group Vice-President, Asset Management & Engineering, at Sodexo, explain how the company implemented ISO 55001 and transformed their business, to enable growth and improve value to their customers.

Sodexo, world leader in quality-of-life services, has become one of the first services provider to offer a global asset management service in compliance with ISO 55001. At the end of a two-year journey, the company has received the accreditation for its global asset management framework and for the application of the framework at AstraZeneca's UK sites of Alderley Park and Macclesfield, with which it enjoys a strategic partnership. Sodexo is leading the way in offering comprehensive asset management capabilities globally and to clients in diverse segments ranging from corporate and healthcare, to manufacturing, mining, and oil and gas. And the results are promising! Here, we share the main findings of Sodexo's journey to impressive financial performance.



Photo: Sodexo

### Background

In 2011, 77% of Sodexo’s business was the provision of food services while the remaining 23% was other services (including EUR 4.14 billion of facilities management). Reviewing its portfolio, Sodexo identified that its biggest potential for growth globally was in the provision of integrated facilities management (FM)<sup>1</sup>. This was a competitive market where the Group was not universally recognized as the partner of choice and its international clients were looking for confidence that a consistent standard of service would be available to them across the world.

At that stage, Sodexo did not have a standardized approach. Since FM services were often added to the portfolio by acquisition of existing providers, there were inconsistencies of quality and variable levels of maturity when considering the global services provision. So the challenge was to create a “Sodexo Way” that would enable a standard, recognizable approach to be put in place wherever Sodexo was responsible for FM services. After a worldwide search, Sodexo selected The Woodhouse Partnership (TWPL) as their strategic partners to design and develop such a management system.

1) The integrated management of a number of specialist individual service delivery organizations within a defined facility portfolio

The project has realized benefits exceeding preliminary estimates.

### “Early Adopter” approach

Although the architecture and main content of the framework was developed by a central multidisciplinary working group, it was in the Early Adopter locations that many lessons were learned, and experience from these first steps enabled the documentation to be improved and the engagement process refined.

The Early Adopters were chosen deliberately from a wide range of countries and contracts. Each Early Adopter learned and improved from the one before – in fact, it was found that there was a surprising amount of commonality in required solutions. Eventually, this created a “toolkit” that enabled solutions for any contract to be assembled quickly.

### People involved

The programme was led by a small group with accountability for technical advice and direction, but it was necessary to engage and get consent from national senior managers with line accountability. The project was sponsored by a senior executive, and the leadership and vision enabled good engagement and support globally. All personnel involved in the project were required to demonstrate commitment and participate frequently, both as team members and leaders. The success of the enterprise was largely a result of the effective team working.

### Business benefits

The project has delivered objectives and realized benefits exceeding preliminary estimates. Initially proposed as “discretionary”, the asset management framework has now become a requirement for all new FM business and is being universally adopted. The framework creates the consistent asset management system compliant with ISO 55001, *Asset management – management systems – Requirements*, and sets out good asset management practice, with embedded continual improvement methodology. Clients are engaged and agree asset management objectives and strategy that align with their business drivers, then benefits are realized and measured.

**Sodexo has enabled a global asset management community across 23 countries.**

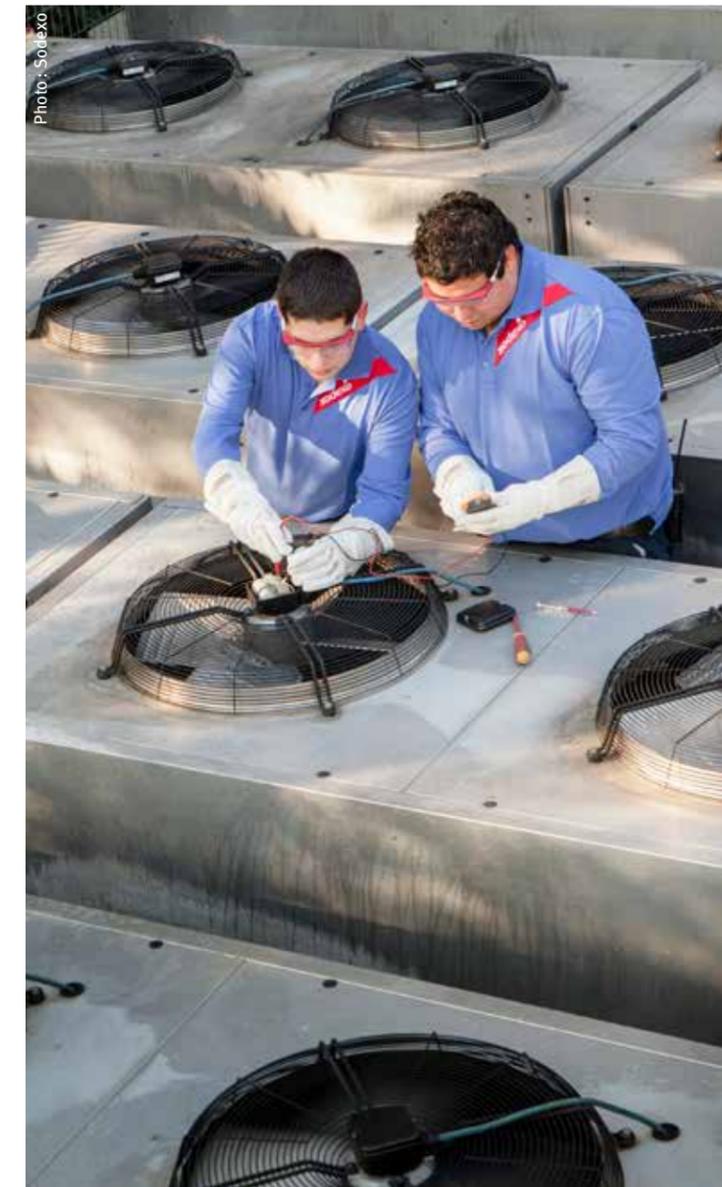


Photo: Sodexo

A range of benefits were achieved for clients.



- Improved control of day-to-day activities and business efficiencies – 10 % average improvement
- Risk management put in place for assets and their performance, including the assessment of criticality and the development of contingency planning and mitigating actions to prevent potential risk of business interruption – 40% reduction of risk-related costs
- Specification of performance indicators that directly impact the organization’s ability to achieve its key objectives in line with asset management – defined improvement in customer service and 100% compliance in regulatory activities
- Clear definition of asset performance criteria and data collection requirements to ensure effective feedback on asset condition and status, and continual improvement of asset management activities – reduced failure rates of –20%

**Roll-out**

As of April 2015, the Asset Management Framework had been launched on 47 projects across 23 countries and involved a community of over 500 managers and technical staff in implementing asset management. This was made possible by establishing a global learning programme. Together a tri-party combination of Sodexo<sup>2)</sup>, Asset Wisdom<sup>3)</sup> and TWPL<sup>4)</sup> principal consultants developed 18 e-learning modules and five face-to-face classroom workshops, aligned to the Competency Requirements Framework of the Institute of Asset Management<sup>5)</sup>. This learning programme is now provided in nine languages and has a current learning group of over 1500 management and technical staff.

2) [www.sodexo.com](http://www.sodexo.com)  
 3) [www.asset-wisdom.com](http://www.asset-wisdom.com)  
 4) [www.twpl.com](http://www.twpl.com)  
 5) [www.assetmanagementacademy.com](http://www.assetmanagementacademy.com)



**The bottom line**

Sodexo has demonstrated increased benefit for our clients in the implementation of best-practice asset management, which is published as individual case studies. These include :

- Operational efficiency through improved asset management planning of 20%
- Total cost of operation reductions of between 7% and 12% per annum
- Increased reliability of asset infrastructure by between 10% and 25%

To preview ISO 55001, scan the QR code.



What’s more, Sodexo achieved a marked improvement in the internal engagement scores for the global technical community as a result of the introduction of the asset management programme. ■



# China reaches out to the ISO family

As preparations for the next ISO General Assembly in Beijing get underway, SAC Administrator Dr Tian Shihong explains why there is a need for China, and a greater need for ISO.

It is almost two decades since China hosted the ISO General Assembly. A lot has happened in that time. Since the country opened its door to the outside world more than 30 years ago, its economy has become closely intertwined with that of its neighbours. The rapid development of foreign trade, economic and technical exchange, and international cooperation have catapulted China to global economic powerhouse, with the living standards of a prosperous society.

But this high-profile status comes with certain obligations. China's extraordinary ascension has led to social and environmental challenges that must be addressed if the country is to sustain its economic growth and development in the years ahead. China's rise as a global manufacturing centre, combined with its growing technological capabilities, make inevitable an expanding Chinese role in setting international standards.

As China prepares to host the 39<sup>th</sup> ISO General Assembly on 9-14 September 2016, Dr Tian Shihong, Administrator of the Standards Administration of China (SAC), the ISO member for the country, shares his hopes and aspirations for international standardization and why he believes the event will set China in good stead for the future.

**ISOfocus:** What inspired you to put forward China's candidacy to host ISO's next General Assembly in 2016? And why was Beijing chosen over other major cities?

**Dr Tian Shihong:** China hosted the 22<sup>nd</sup> ISO General Assembly in Beijing in 1999, which brought together more than 400 delegates from over 100 countries. Seventeen years have passed, in which China has seen rapid development, both in its economy and in the field of standardization.

2016 is an auspicious year as it marks the start of the *ISO Strategy 2016-2020*, which sets out new directions for ISO in the coming years. China is currently undertaking a comprehensive reform of its standards development work. Thus, we are keen to host the General Assembly again to share experiences and good standardization practice with countries around the world and contribute to the dissemination of ISO ideas.

Why Beijing? Beijing is not only the capital of China, it is also a cosmopolitan city at the crossroads of traditional culture and modern civilization, which famously boasts the highest number of international conferences in Asia. Hence, in terms of transportation, hotels and general amenities, Beijing is the ideal city to host the ISO General Assembly. This coming together of the ISO family is the biggest annual event of international standardization. We like to think it will become another symbol of Beijing just like the Olympic Games and the Asia-Pacific Economic Cooperation (APEC).



Photo: SAC

*Dr Tian Shihong, Administrator of the Standards Administration of China (SAC).*

## China prepares to host the 39<sup>th</sup> ISO General Assembly on 9-14 September 2016.

**SAC has decided to make “Standards improve global connectivity” the theme of the ISO open session. What would you like to see come out of this theme? Can you comment on how China is embracing connectivity within its own borders?**

“Standards improve global connectivity” will be the theme of our open seminar. In the context of economic globalization, connectivity reflects the common needs of international society in terms of communication while preserving the original bond between humans and nature. ISO standards have established themselves as the “passport” of international trade, so they play an increasingly important role in connecting the world economy. We hope to leverage the power of ISO Week to showcase the value of ISO standards, enhance the ISO brand that carries ISO’s global leadership, and promote International Standards as the medium to facilitate worldwide friendship and cooperation.

“Connectivity” also ties in with the “One Belt, One Road” initiative impelled by our President, Mr Xi Jinping – a development framework that focuses on a network-like connectivity and cooperation among countries in Asia, Europe and Africa. It is built on better policy communication, increased trade flow, financial intermediation and mutual understanding. We are working hard to set up the land-based Silk Road Economic Belt and ocean-going 21<sup>st</sup> Century Maritime Silk Road that form part of this initiative.

We are also making substantial progress in reforming our domestic standardization system to encourage Chinese manufacturers, industries and government agencies to participate in the development of International Standards, promote economic cooperation and cross-border trade, and highlight the importance of standardization in supporting the “One Belt, One Road” initiative.

**This is not the first time China hosts the ISO General Assembly. What has changed since the event was last held in Beijing and what would you like the delegates to take away from their visit?**

China has undergone tremendous change since it last hosted the General Assembly. Our astonishing economic growth has turned the country into the world’s second largest economy and the largest goods trading nation, while people’s living standards have improved beyond recognition.

Our involvement on the global scene is gradually growing as we establish healthy international cooperation and economic relations, in a spirit of fairness and justice that benefits all countries. The global cooperation

in equipment and production, proposed under the “One Belt, One Road” initiative, will play a significant role in improving China’s reputation of openness and build a balanced global industry chain that capitalizes on the comparative advantages of each country, creating an international community characterized by tolerance and mutual development.

China’s second chance to host the General Assembly will come in September 2016. Autumn is the most glorious season in Beijing and we look forward to welcoming all the ISO family. SAC is working closely with ISO members to make this 39<sup>th</sup> edition a successful and most memorable event. This is a time to enjoy Beijing’s culture and embrace the power of standards.

**Where do you see SAC in five years? What new directions do you see the organization taking?**

China’s standardization work is undergoing a period of deep reform, to be completed by 2020. Although we have made obvious improvements in this field, there remains a large gap compared with actual socio-economic demand. In December 2015, the State Council issued its National Standardization System Construction and Development Plan (2016-2020), deployed to

encourage the implementation of a standardization strategy, under the country’s 13<sup>th</sup> Five-Year Plan.

The next five years should see the emergence of a new standardization system, a well-oiled mechanism based on a solid technical foundation, strong service capabilities and a better rate of standards implementation that will hoist Chinese standardization on to the international scene.

Our objective is to accelerate the integration of standards into the fabric of Chinese society, making full use of the “standardization+” effect. We hope this reform will provide the technical support needed to drive sustainable economic growth by encouraging greater innovation, openness and environmental sustainability as well as better coordination and shared prosperity across the Chinese population, in accordance with the five main principles underpinning the policies for China’s future development.

At the same time, we hope to build a new, more open pattern of standards cooperation with ISO members and, together, promote the implementation of the ISO Strategic Plan, for the progress of humankind and a more sustainable future for ISO. ■





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