

# Chapter VIII

## Best Practice in Company Standardization

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### ABSTRACT

This article describes a best practice model for standardization within companies, based on a process approach to the development of company standards. Per process, a best practice is developed based on an investigation within six multinational companies and a review of literature, if any. The findings are benchmarked against experiences in three comparable fields: IT management, quality management, and knowledge management. Though the number of company standards exceeds by far the number of external standards, they have been neglected in standardization research. The authors hope that standards practitioners will benefit from their study and that it will stimulate researchers to pay more attention to this topic.

### INTRODUCTION

By the end of 2003, the People's Republic of China had 20,226 national standards (including adopted international standards), more than

32,000 professional standards, more than 11,000 local standards, and more than 860,000 company standards (When, 2004). Most other countries do not have a central registration of company standards, but it can also be expected in other parts of the world, the number of company standards outweighs to a large extent the number of other standards. This huge difference is not reflected in the amount of attention to company standards in scientific literature. Main exceptions are some German books in the series DIN Normungskunde (Adolphi, 1997; Hesser & Inklaar, 1997; Schacht, 1991; Susanto, 1988). Professional publications on company standardization include AFNOR (1967), Bouma and Winter (1982), British Standards Society (1995), Nakamura (1993), Ollner (1974), Simons and de Vries (2002), Toth (1990), Verity Consulting (1995), Wenström, Ollner, and Wenström (2000), and Winter (1990). Publications on IT standardization that touch the topic of company standardization include Cargill (1997) and Rada and Craparo (2001). In this article, we will contribute to a better understanding of company standardization by investigating how company

standards are developed in company practice and in developing a best practice for this.

A company standard is the result of the standardization by a company or other organization for its own needs (Düsterbeck et al., 1995). Company standardization includes developing standards for use within the company and developing standards to be used in the company's relations with its direct business partners (de Vries, 1999). Developing does not mean that each company standard has to be designed from scratch. A company standard may have the form of the following (de Vries, 1999):

- A reference to one or more external standards officially adopted by the company
- A company modification of an external standard
- A subset of an external standard (i.e., a description of the company's choice of competing possibilities offered in an external standard, or a subset of the topics covered in the external standard)
- A standard reproduced from (parts of) other external documents (i.e., suppliers' documents)
- A self-written standard

Companies may prefer external standards from IEEE, for example, but these do not meet all their needs, and therefore, they complement these with all forms of company standards just mentioned. In most companies, the number of company standards exceeds the number of external standards.

This research project stems from a wish of five big Dutch companies to try to improve their own company standardization performance by learning from each other. At a later stage, a sixth one joined the group. The research project aimed at developing a best practice for company standardization. This best practice should be established by comparing the standardization activities of the six companies and, subsequently, by choosing the best way to perform them.

## RESEARCH DESIGN

In order to be able to compare the companies, a common model was needed. The model should describe the processes needed for developing and implementing a company standard. For determining *best*, the expected contribution of standards to business results was chosen as a starting point. For *best practice* of a process, its expected suitability for contributing to a successful company standard was the criterion. In order to assess this, findings in company practice were completed by insights from (standardization) literature, as far as relevant. Although the majority of standards are company standards, scientific standardization literature pays little attention to them.

### Steps to Company Standardization Success

As we want to determine best practice, we need to define success; when is it possible to say that company standardization has been successful? Because there is not much literature about the subject of (company) standardization, we had to look mainly at the practical situation within the six companies. The definition of success resulted from the interviews carried out within the companies and from discussions with people who work with or who are professionally engaged with standardization. These findings were completed with insights from literature.

In line with ISO 9001 (ISO, 2000b), we can define success as user satisfaction. We will use the term *direct user* for people that read the standard. Other users use products, services, systems, and so forth, in which the standard has been implemented. Because of the diversity of standards and user categories, it is difficult to measure this satisfaction and, subsequently, to relate it to best practices in the way of preparing the standards. The success of company standardization results from the processes that constitute it (see Figure 1). Therefore, we relate success to these processes. We can distinguish three steps.

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