Standards development in practice: negotiation and planning from a multinational perspective

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Agenda

- A Standards Setting Environment
- What roles can you play in standards development?
- Which role should you pick, and why?
- What are the drivers for standards development?
- Participation in the development process accrues value!
- Who develops standards where?
- Who are the participant stakeholders?
- What are participants influence roles, challenges to reach goals?
  - Government
  - Industry
  - The community
  - Service Organizations
- Standards are a complex, multilateral, multinational negotiation
  - A discussion exercise on a potential standards scenario
A Standards Setting Environment

• Comprises multiple stakeholders working to achieve individual goals in the form of a “consensus deliverable” that the “majority” find acceptable to their needs
• An analogy for this grouping of shared interests might be that of a wolf pack
• Together their collective objective is survival
• Within the pack there are defined, assumed or aspired roles, responsibilities, goals, and skills
• To achieve individual defined goals requires one or more roles to be undertaken and involves multi-lateral negotiations within the group including the creation of partnerships, alliances.
• To negotiate successfully the individual expert needs to have the skills appropriate for the role to be performed and an understanding of all the interests of the group, both explicit and implicit derived from their contributions, actions and behaviors.
What roles can you play in standards development?

- A member of the wolf pack?
  - Contribute Expert Opinion to the welfare of the community/group as a whole
  - Invests time/effort to achieve desired goals within a consensus environment
- The den mother?
  - Organize and facilitate the process; the secretary to the committee
  - Ensure that the rules and protocols and principals are followed and sustained
- A leader of the wolf pack?
  - Develop the strategy, goals for the community/group as a whole; the committee chair
  - Organize the work effort and leverage the pack resources to achieve your goal
- A lone wolf?
  - Strong sense of self belief, does not need the support of others, or constraints of the pack
- A vulture?
  - One with an interest but who waits and feeds from the efforts of others
- A predator?
  - One with a competitive position, ready to take away the results of the pack's efforts
- An observer?
  - A visitor to the pack, with no stakeholder interest in the particular community

**Individual goals drive choice of role and negotiation style**
Which role should you pick, and why?

- Standards are consensus documents; do not deliver instant solutions, require value-add
- Standards document a final specification, the underlying rationale is left in the committee room deliberations
  - Participants in the pack gain better understanding and early warning of final requirements
- Standards are tools that are used by communities to meet business or lifestyle goals
  - Being a vulture is fine…if you understand the consequences to your business / lifestyle goals
- Standards that are produced, and not used, yield little value to broader community
  - The wolf pack may feel good about delivering the standard and fulfill their publication goals
- Standards that are complex, not easy to implement or demonstrate compliance with, will not be widely adopted / used.
  - Participants need to remain grounded in practical use and implementation of the result
- Standards that are produced, maintained and supported, and which are used by a majority of the stakeholders in a market are of high value to the community
  - Participation within the wolf pack enables your investment to be matched to a future value derived in your use and implementation of the standard.

Does your chosen role match the risk / reward analysis for your goals?
Industry and Governments seek to produce results that **facilitate** trade and **protect** society.
Process Participation Opportunity

NEEDS/DRIVERS

- TECHNOLOGY
- ECONOMY
- SOCIETY

STRATEGIC STAKEHOLDERS

- GOVERNMENT
- INDUSTRY

DELIBERABLES

- STANDARDS
- REGULATIONS
- COMPLIANCE

Identify
Evaluate
Proposals

SDO’s
TEST /CA
NGO

Influence
Development

Participation Accrues Value

November 1st 2012
JAIST Lecture
Who Develops Standards Where?

STANDARDS ACTIVITIES

GOVERNMENT
- REGULATIONS
- NATIONAL
- REGIONAL
- INTERNATIONAL
- GOVERNMENT LABORATORIES AGENCIES

INDUSTRY
- INDUSTRY/PRIVATE STANDARDS

FORMAL STANDARDS
- NATIONAL
- REGIONAL
- INTERNATIONAL

NATIONAL COMMITTEES
- IEC
- ISO
- SPECIFIC INDUSTRY ORGANIZATIONS

REGIONAL COMMITTEES

November 1st 2012

JAIST Lecture
Who are the participant stakeholders?

- **Governments** - “Promote/Protect National Interests”
  - Local, National, Regional, and International - Rule Of Law
  - Politicians, Administrations, Agencies, Regulators, Accreditors, Laboratories
  - Focus on Industry and Community interests to meet national needs
  - Trade, health, Safety and Environment

- **Industry** - “Promote/Protect Market Sector Business Interests”
  - Producers/Consumers of Products, Systems, and Services
  - Local, National, International, Global
  - Companies, Trade Associations, Consortia,
  - Focus on open markets, free flow of goods, seek equitable “Local Treatment”

- **Communities** - “Promote /Protect Quality Of Life”
  - Consumers, Employees, Academics, Students, Retirees
  - Advocacy Groups, Unions, Associations
  - Focus on Health, Environment, Energy, Safety, Security, Human Rights

- **Organizations** – “Develop, publish, support implementation”
  - Standards Development Organizations, Test, Certification Agencies
Government Influences / Issues

• Governments - “Promote/Protect National Interests”
  – Commerce, Industry and State / Foreign Affairs Interests
  – EU New Approach & Precautionary Principle v US Voluntary Market Driven Model
  – Open, transparent, stakeholder participation
  – Education and involvement of developing nations in the standards process
    • Only Governments participate in some standards processes
  – Growth in local testing / marking requirements
    • Source of revenue; technology acquisition; control market access
  – Energy Conservation & Generation, Safety & Security, Environment
  – Participation in WTO TBT agreement
  – Participation in ITA agreements
  – Participation in Bilateral/Multilateral Trade Agreements and MRAs
    • e.g. NAFTA, APEC, FTAA, US/Chile, US/Australia etc.
Industry Influence / Issues

• Industry - “Promote/Protect Market Sector Interests”
  – “One Standard - One Test - One Acceptance” to facilitate global market access
    • One standard for one defined market
    • One test for one defined market
    • One acceptance to demonstrate use of standards using recognized conformance assessment processes
  – Preference for voluntary system; consistent global market access requirements
  – Oppose “mandated” non-value-add 3rd party services
  – Focus on “Value” proposition for standards, conformance assessment, and accreditation services
  – Focus on their stakeholder needs - customer, shareholder, community, and employee
  – Support global alignment of regulatory approach in appropriate areas such as Safety, Health, Environment, Energy & Security
  – Support measurable performance based standards that facilitate innovation/competition within the industry
Community Influences / Issues

• Communities - “Quality Of Life”
  – Seek Appropriate Participation and Representation in the Process
  – Question Industry concern for their issues? - Environmental, Health, Safety
  – Specific Issues are raised for certain segments - the Aged, and those with Disabilities
  – Communities need “educating” on the standards and conformance consensus processes, need to balance needs with others
  – Strong advocates for Management Systems Standards in areas of Social Responsibility and Business Codes of Conduct
  – Strong advocates for
    • Public reporting of performance
    • Third party certification and accreditation
  – Need to recognize alternative methods available to meet their goals
    • Investment in Training/Education of the workforce would improve performance, impact results
Organization Influence / Issues

• Service Organizations - “Promote/Protect Their Business Interest”
  – Business model focused on standards as a product is in jeopardy
    • There is a potential move to “Service Paradigm” in an IT enabled environment
  – Funding of the standards, conformity assessment and accreditation infrastructure
    has to be addressed in all geographic regions by all stakeholders
    • Development, Publishing/Distribution/Testing need to be financed
    • Intellectual Property shall be rewarded; tax credits for development participation?
  – All standards are not equal, each is unique to an explicit stated scope
    • Target market (e.g. geography, industry), intended use (voluntary, regulatory)
  – Standards developed for one market sector should not be promoted in other market
    sectors without appropriate review for relevance to the new sector
  – Not all standards production processes are identical
    • Open Consensus versus Closed Consensus standards
    • Any standards process used should include all relevant stakeholders
    • Sales / marketing efforts, often do not differentiate the development process and
      stakeholder participation model used
  – How can a standards development organization survive without developing
    additional revenue services to sustain standards development?
  – How does the market ensure that such services are value-added?
Standards as a business?

• Government & Industry need published standards readily available to a broad audience.

• Growth of the global economy
  – Larger market opportunity, increase in development costs, increase in development forums
  – Diminishing resource allocation from the principal stakeholders in multiple forums

• Opportunities for external organizations to deliver value added services that
  – Enable development, publication, distribution, maintenance, and customer support
  – Recover costs incurred in the provision of these services

• The principles of transparency, balance, openness of the process need to be preserved

• Current business models in use are varied, but most external services rely on either the publication revenues from the documents or the sale of additional services (accreditation, certification, membership subscriptions/dues) to cover their costs.

• Rising standards development costs and call for lower unit sales price results in the need for additional service sales, which leads to value add benefit being questioned

• Value is accrued by standards development participants, and benefits of a published standard are shared by the entire user community
  – Is today’s cost sharing model equitable to participants and users?
What does a standard cost to develop?

- All participant stakeholders are required to pay fees, dues etc. to qualify for participation (wolf pack membership)
- A typical pack may include 6 international active participating members (subject matter experts), and 6 additional observers.
- A den mother (secretary/administrator) to organize the group
- A pack leader (chair / convener) to direct and lead the activity
- One of the pack volunteers takes on the necessary editing role, compiles comments and issues new working versions
- With minimum controversy, a document can be developed in 2 “face to face” meetings per voting ballot phase, one of which is “electronic” to reduce travel costs
- Assume 3 voting ballots to get to publication status
- So what does it cost to participate and what is the total development cost?
- Who has largest investment in the business?
A sustainable business model?

- Participant stakeholders invest the majority of the “IPR” and resource to enable publication of the standard
  - Investment is donated to the publishing organization
  - Participant stakeholders still have to purchase the standards for use in their organizations
  - Participant stakeholders are subject to market implementation / use services
  - Participant accrued value has to be justified to sustain participation investment

- Is the development model, efficient, goal oriented and stakeholder consensus based
  - Number of participants (active contributors), number of reviewers (observers)
  - The more the participant numbers, the longer the process, the more “generic” the result
  - Trust in qualified subject matter experts, many seek “veto” participation at end of process
  - Some stakeholders do not get opportunity to participate – limited resource, opportunity

- How valuable to a market are the standards published
  - Benefits derived need to justify the investment costs associated with the standard
  - Benefits derived need to be those intended / anticipated by the development of the standard
Can the model be improved

• Multiple Independent Market Based Competitive Systems
  – Current processes, practices and organizations develop independently
  – Industry and Government (Regulations) cherry pick to meet individual needs
  – Inefficient in costs, competing groups, multiple venues for similar activities

• Cooperation and Partnering in Select Areas
  – ISO / IEC recognize value of global relevance
  – IEC “Brand Dual Logo Partnering” expanded
  – Industry/Government Sector Boards “drive” agendas
  – Reduces competition, reduces costs, delivers “value” to primary stakeholders

• A Single Global Collaborative Infrastructure
  – Organizations collectively subscribe to the creation of a single global process
  – Uses common IT enabled process tools allowing desk top participation
  – Organizations manage specific sector work programs e.g. technology, industry
  – Organization structure does not constrain the development of needed standards
What does the future hold?

• Consolidation (standardization) of standards development process such that stakeholders can participate seamlessly in separate virtual communities on a common global IT enabled infrastructure

• Ability to train employees in one methodology/process to meet multiple needs

• Ability to track and correlate standards efforts through a common infrastructure and to relate standards to regulations to conformity assessment requirements?

• Ability to maximize investment returns as a contributor and user of the system

• Ability to manage a program of work with required stakeholders independent of a prescribed organizational model