

Chapter III

Best Practice in Company Standardization

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ABSTRACT

This chapter 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 the number of external standards by far, 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 (Wen, 2004). Most other countries do not have a central registration of company standards, but it can be expected that also in other parts of the world the number of company standards out-

weighs the number of other standards to a large extent. This huge difference is not reflected in the amount of attention to company standards in scientific literature. Main exceptions are Hesser (2006), Perera (2006), and some German books in the series *DIN Normungskunde* (for instance, Adolphi, 1997; Hesser & Inklaar, 1997; Schacht, 1991; Susanto, 1988). Professional publications on company standardization include Association Française de Normalisation (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 chapter, 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, Hesser, Inklaar, & Vischer, 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:

- 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 (for instance, 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, for instance, suppliers' documents, or
- A self-written standard. (De Vries, 1999)

Companies may prefer external standards, for example, from IEEE, 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.

The chapter describes findings from a research project set up to develop a best practice for company standardization. This project stemmed from the wish of five big Dutch companies to improve their own company standardization performance by learning from each other. At a later stage, a sixth one joined the group. The best practice should be established by comparing the standardization activities of the six companies and by subsequently choosing the best way of performing these.

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 what is best, the expected contribution of standards to business results was chosen as a starting point. For the 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; though the majority of standards are company standards, scientific standardization literature pays hardly any attention to them.

Steps to Company Standardization Success

As we want to determine the best practice, we need to define success: When is it possible to say that company standardization has been successful? In the case of dominant players such as Microsoft, company standards set the requirements for products and systems available on the market. In most other cases, company standards primarily serve the internal functioning of organizations and contribute to effectiveness and efficiency. Benefits of such company standards include the interoperability of systems, quality, reliability and

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