



# Services

The role of standards

*raising standards worldwide™*

**BSI**  
British Standards

A close-up, soft-focus photograph of a hand holding a pen, poised to write on a document. The lighting is warm and natural, highlighting the texture of the skin and the metallic tip of the pen. The background is a light, neutral color, creating a clean and professional atmosphere.

## Executive summary

Services and customer experience are a more important part of the UK economy than ever before. They contribute by far the majority of GDP and employ a larger segment of the British workforce than they ever have, and they represent a growing part of the expenditure of every British household.

The effective provision of services depends on standards. High-quality, robust, comprehensive standards underpin the operation of service markets and lay a firm basis for innovation, providing immense benefits both to service providers and to their customers, whether they are businesses, government bodies or end-consumers.

BSI has long been active in formulating standards for services industries in the United Kingdom. As services become increasingly complex and pervasive, BSI is continually working on new standards to help customers deal with the potential confusions of the marketplace and help businesses improve the services they offer.

BSI is also leading the way in developing international standards at both the European and global levels. As globalization and European integration bring economies ever closer together, the clear benefits of the UK's standards framework present a model for the development of international standards in service industries.

## Service economy

The service sector has never been more important to the UK economy and to the daily lives of British consumers. At the end of the Second World War, services provided just over half of the UK's GDP, but today, according to the Office for National Statistics, that proportion stands at 75% and continues to rise.

Across industries as diverse as construction, aviation, IT and market research, services have expanded and become increasingly diverse and complex, providing an ever more important source of wealth creation and employment and becoming increasingly vital to the UK economy. "The importance of the service sector to the UK economy cannot be overstated," says Richard Lambert, director-general of the Confederation of British Industry. "It is the largest employer and a source of national competitive advantage."

*Support and follow-up services are increasingly important to many companies traditionally regarded as manufacturers.*

Services are also more integral to businesses, government and consumers than ever before. Familiar services such as transport, news media and waste disposal have become more varied and innovative, offering customers opportunities that were not available even a few years ago. Private and public-sector organizations and individuals are also becoming increasingly dependent on a wide variety of services related to revolutionary developments in communications and digital technology. The internet, mobile phones and MP3 players all depend on a whole new ecosystem of services that is reaching into every corner of society.

Furthermore, many companies that have traditionally been regarded primarily as manufacturers, including makers of aircraft, cars and computers, are turning the provision of support and follow-up services into an increasingly important part of their business models, bringing new forms of services into the marketplace.

Rolls-Royce, for example, despite being known internationally as a manufacturer of engines, has in recent years intensified the degree of service support that it offers its business customers. The company now provides full support for the lifetime of its engines, from delivery until they go out of service, with regular overhaul and maintenance anywhere in the world, and caters these services to the specific requirements of each customer across its range of aircraft and marine engines and gas turbines. Rather than remaining simply an engine manufacturer, Rolls-Royce is in effect turning itself into a service provider that sells "power by the hour".

BAE Systems is also expanding its services with regard to its military aircraft, offering the Ministry of Defence maintenance services as part of its package, and similar developments are taking place across a number of industries. The construction industry is shifting from a model in which buildings are simply built and delivered to one in which the management of the facilities after construction becomes an integral part of the offering, with the designers and builders using their intimate knowledge of the asset to offer a level of service unavailable from other providers. For the companies and organizations using these facilities and machines, these developments have helped to make the way services are created and delivered a centrally important concern.

## The standards solution

Standards play a central role in the provision of services. However simple or complex different services appear to be, they all depend on a wide variety of inputs and stakeholders that would not be able to come together effectively without the use of standards to lay some basic ground rules and ensure that everybody involved is speaking the same language.

To take one prominent recent example, the arrival of the iPhone and similar multi-application devices is the result of the integration of a diverse variety of technologies, all brought together on one platform that can be delivered as a service to the customer. Without a set of standards that allows all those different services to be brought together and to operate in harmony, the development of such technology would be impossible. Different services are brought from different sources through different channels, and integrated by the use of standards.

*The size, complexity and novelty of today's marketplace for services pose all kinds of challenges.*

However, the size, complexity and novelty of today's marketplace for services pose all kinds of challenges. For customers, the costs of using many services can be substantial, but the traditional ways of informing themselves in order to make comparisons about quality and cost can be far more complex and confusing than for products.

Whether in financial services, communications, energy, travel, hospitality or any other service industry, rapid changes in technology and in the structure of the industry have the potential to create confusion among customers that can and often does lead to high levels of dissatisfaction, ill-informed buying decisions and financial losses.

For service providers, this potential for confusion can be equally detrimental. Uncertainty among customers about the nature and comparability of different services does nothing to help a business trying to build awareness of its service and make it available to the widest possible market. Customer dissatisfaction helps nobody, and an uncertain marketplace prevents moves towards greater efficiency and stifles innovation.

The solution to these problems in today's complex services marketplace lies in standards. Just as they allow highly advanced technologies to come together effectively in a sophisticated service such as mobile telephony, standards can provide the ground rules and the common language that allow customers to make sense of the jumble of services on offer, as well as giving service providers a firm basis for innovation.

## Protection and best practice

For both customers and service providers, the development of effective standards for services provides immense benefits. For customers, the benefits of standards come in two main forms. First, they provide a degree of interoperability between different technologies and participants that allows services to be developed and delivered. Second, they give customers a way of making sense of the sometimes bewildering array of services, levels of support and pricing regimes available.

*The flexibility and customer-focused approach of standards are highly beneficial to service providers.*

Standards can help customers to find their way through the complexities of today's service marketplace without the need for regulation. While regulation is necessary at times, it has the drawbacks of often being slow to develop and cumbersome to apply, limiting its capacity for addressing – in a practical and flexible way – the real problems faced by customers. Standards, on the other hand, are developed with real customer needs in mind, enabling service providers to shape their services to meet those needs and make their offerings as clear as possible.

Allan Asher, chief executive of the independent energy consumer action group energywatch before it merged with a number of other groups to become Consumer Focus, believes standards provide the best mechanism for helping customers know what they are being offered and to make their own choices, without the restrictions that regulation can impose. "The best solutions are light-handed measures that are going to empower consumers to look after their own interests more effectively," he says. "Standards are great for allowing consumers to meet their real, actual needs."

## CASE STUDY

# Asking the right questions

Market and social research is one of many areas of services on which the effects of globalization have been profound. Companies in the industry are now functioning on an international scale as never before, taking over companies in other countries, sub-contracting to other countries and engaging in large amounts of international research.

The publication in 2008 of an international standard, BS ISO 20252, marked an important step forward in bringing the UK's leading market and social research standard onto an international level, in line with the industry itself.

Britain's existing standard on market and social research was one of the first service standards to be developed in the UK and is arguably one of the most successful service standards in operation. It had its roots in a data collection standard, which was later extended to cover all elements of the research process including executive elements and interviewer training, becoming a world-leading standard that was emulated in other countries and laid the basis for an international version.

Market research is a hugely important activity, carried out by businesses, media, advertising agencies, consumer goods companies, governments, local councils,

charities and myriad other groups, and important decisions, often involving very high levels of spending, are made on the basis of the results of this research. Ensuring that the research is done reliably, properly and robustly is particularly important.

One of the key drivers of good-quality research is good-quality response, and that depends on well-designed research projects and co-operation from the public. This in turn depends on the quality and training of the interviewers and the research executives. Being able to establish and validate these processes is at the heart of the standard for the industry.

Debrah Harding, deputy director general of The Market Research Society (MRS), says the standard has gone beyond simply protecting respondents and ensuring the reliability of research to become a vitally important commercial tool for the industry. "The standard provides a structured framework for undertaking research, which complements the ethical research requirements of the MRS Code of Conduct, the result of which is that organizations operate more efficiently and effectively," she says. "It becomes a crucial business tool which enables research organizations to structure their processes internally, and once it is established, to achieve expenditure and time saving benefits."

The flexibility and customer-focused approach of standards are also highly beneficial to service providers. Instead of the rigid direction laid down by regulation, standards offer service providers a best-practice model against which to benchmark their own operations and performance. This enables them to make their services as effective and transparent as possible, laying the basis for the kind of innovation that will benefit both themselves and their customers.

A service provider's ability to offer customers the best possible service, clearly explained and transparently and competitively priced, is more important than ever. More selective customers, in business, government and the general public, look for explicit and implicit indicators of quality. Standards provide just those kind of indicators, offering service providers a powerful tool for improving their services in line with customer needs.

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For those businesses extending their activities beyond the traditional creation of an asset to include the service of managing that asset on behalf of the client, the scope for errors and potential costs created between the various stages are considerable. To overcome these potential problems, BSI has developed a European standard that lays a firm foundation for this ever-expanding area of facilities management agreements. BS EN 15221 *Facility management* provides guidance on how to prepare an effective facility management agreement, whatever the industry or the nature of the asset, enabling an improvement in the quality and smooth operation of this growing part of the economy for both the service providers and the business customers. The efficiency, cost-effectiveness and safety of these services depend on the use of widely accepted, interoperable standards.

Standards therefore have a vital role to play in the development of a smoothly functioning market in services throughout the European Union and beyond. The EU Services Directive aims to break down barriers to cross-border trade in services between member states, making it easier for service providers to operate within different members of the Union. The development of effective standards helps in the creation of that cross-border services market, opening up wider opportunities for British businesses.

## International model

BSI is a world leader in developing standards for the service industry. Across a wide range of services, long-established British Standards have provided the full benefits of standards to customers and service providers in the UK, and new standards are continually being developed to improve services for all parties involved. Customers are at the heart of BSI's standards-development process for service industries. Representatives of different customer groups – business, government and end-consumers – play a key role in the detailed development of service standards, working alongside the widest possible representation from industry.

The UK is also leading the way in developing standards for services internationally, at both a European and global level. The liberalization of many markets for services in the UK over the last 30 years has helped foster the development of the most extensive system of standards in Europe, and as many European countries are now liberalizing their markets, Britain's highly effective standards are providing the model and basis for international standards. As part of this, BSI led a consortium of European standards bodies in the CHESSS project, a European Commission funded study of the potential future role of standards in promoting European trade in services.

*Customers are at the heart of BSI's standards-development process for service industries.*

BSI has a leading role in many of the bodies currently developing standards at an international level, enabling other countries to benefit from Britain's leading standards, opening wider markets to innovative businesses and giving British companies, with their valuable experience of British standards, an edge in the international arena. As a Europe-wide market for services is developed, BSI's experience and track record will help to make the British standards approach a key part of the future for services in Europe.

## Satisfaction and competence

One area in which standards are having an important impact is in personal financial advice, an industry whose reputation has long been at risk due to the poor behaviour of some of its operators.

High consumer dissatisfaction with the levels of service in personal finance, plus the existence of a disparate and confusing range of qualifications and codes of conduct, led to the creation in 2000 of a body to develop an overarching standard for the industry. The result was the creation of an international standard, BS ISO 22222 for personal financial planning, providing an accreditation scheme for individual personal financial advisers. The standard lays down rigorous requirements on proof of expertise, professionalism and experience, and has been enthusiastically welcomed by consumer groups.

Teresa Fritz, principal researcher on personal finance for the consumer group Which?, says the standard is a crucial step forward for the industry. "Which? has long supported higher standards for financial advisers and recognizes that those advisers who choose to extend their knowledge and expertise tend to offer a better service to customers," she says. "The ISO standard could go a long way in raising consumer confidence when it comes to taking financial advice."

Another area in which important steps are being taken is in the development of an international standard on occupational assessment. This is an area with a wide variety of competing standards and codes, and the development of a new service standard is being widely welcomed, not least for its benefits to service providers. "The standard should provide a more level playing field for providers of assessment," says Professor Dave Bartram of the British Psychological Society.

## CASE STUDY

# Keeping the customers happy

For both customers and service providers in any industry, customer service is a core concern. For customers, poor service means unmet needs and possible financial loss. For service providers, it can mean the loss of business. A survey by BSI in 2008 found that 72% of customers move to a competitor after receiving poor customer service, and that 55% are left unsatisfied by the handling of their complaint.

Many organizations produce their own policies and codes on customer service, but these differ broadly and often leave customers confused about what they should expect and what should be regarded as acceptable. To address these concerns, BSI has developed a set of comprehensive standards to help organizations improve customer satisfaction.

These standards – the BS ISO 10000 series and BS 8477 – help organizations to communicate clearly with customers about their services, thereby reducing the risk of complaints, and enable them to implement systems for handling complaints and resolving disputes fairly and effectively.

They include guidance on how an organization can develop and implement a credible customer satisfaction code of conduct on all aspects of complaints handling, from planning to evaluation, and

on how to design and implement an effective dispute resolution process. They provide organizations with comprehensive guidelines on customer satisfaction and customers with an understanding of what they are entitled to expect.

These practical guidelines help to avoid confusion in this sensitive area among both customers and service providers, and help service providers identify problem areas and opportunities for improvement and savings. Howard Kendall, chief executive of the Service Desk Institute, believes these standards are a crucial tool for both providers and customers in clearing up an issue that can be deeply confusing.

“In an age where service is one of the last differentiators in dealing with a business, it’s not good that people don’t know what is the real, effective way to handle customer service or complaints,” he says.

“No business can exist without decent customer service unless it’s got a complete monopoly,” Kendall continues. “Customer service and effective handling of complaints and disputes increase satisfaction and loyalty amongst customers, which keeps them coming back. These standards enhance the ability to get service and complaints right, which benefits not only the organization but the consumer as well.”

“At the moment what tends to happen is that people contract with the people they know because they know they can trust them, rather than other organizations, who may be perfectly good but have no means of showing their competence,” explains Bartram. “If there’s a standard they can show they meet, they’re more likely to get a foot in the door for tendering, which would increase competition.”

Another key benefit of the new standard is that it will be international. Many clients in occupational assessment are multinationals, and one of their problems is how to set common standards for assessment of staff across a wide range of countries. The creation of an international standard will solve that problem.

## Innovation platform

As well as their vital role in enabling customers to meet their needs in the services market and helping businesses to service those needs, standards are an important driver of innovation among service providers. There are two sides to the role of standards in innovation.

First, standards provide a secure framework within which businesses and individuals can develop their ideas. Ideas on their own can only go so far without having an accepted structure within which to be applied, and standards provide precisely that structure.

Secondly, standards provide a market into which innovation can develop. Innovation depends not only on ideas but also on a market for those ideas, and standards play a key role in developing that market by disseminating best practice and providing customers with benchmarks against which they can test the services offered by an innovating business.

One of the added advantages of standards in fostering innovation is that the growing international reach of standards creates a growing market for innovations. The existence of a British Standard lays the basis for the development of innovation within the British market, but the increasing development of European and global standards provides even greater support to innovators by opening up European and global markets, vastly expanding the reach of innovative ideas and allowing even the smallest company the scope to pursue innovation.

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British Standards are playing an increasingly important role in influencing the development of such European and global standards, helping to open the widest possible markets to innovative British service businesses.

## CASE STUDY

### Adventure stories

The burgeoning industry providing gap year, field trip and other adventurous activities overseas is one area where standards are clearly highly important, both to provide customers with confidence and to help providers with know-how to shape their services.

In 2007 BSI published BS 8848 *Specification for the provision of visits, fieldwork, expeditions, and adventurous activities, outside the United Kingdom*, a groundbreaking standard bringing together the good practice and advice from a wide range of practitioners in the field and taking the requirements of customers as a key part of the framework.

The standard provides generic advice across the very wide range of these activities, laying down guidance on how to plan a project from start to finish and how to contract with third-party providers, and identifying the different levels of responsibilities within the activity, providing clarity about roles that is crucial in ensuring there are no grey areas in which important points can be missed.

Steve Brace, head of education and outdoor learning at the Royal Geographical Society, says the standard has immense benefits for both service providers and customers. "For commercial and not-for-profit providers, we would certainly hope that this would be part of their ongoing good practice in terms of planning future activities, using the inspection framework that is there and being able to review their activities against the provisions in the standard," he says.

"For consumers, there's confidence in BSI generally, so in a crowded marketplace for, say, gap providers, if a certain provider is demonstrating that it's working with the standard there should be confidence in consumers' minds."

## How BSI can help

Standards matter. They contribute at least £2.5bn each year to the UK economy and play a key role in enabling innovation, improving competitiveness, increasing reliability, ensuring safety, improving accessibility, controlling quality, managing risk and improving business performance.

As the world's first national standards body, BSI British Standards has a globally recognized reputation for independence, integrity and innovation. Part of the BSI Group operating in 86 markets worldwide, BSI British Standards serves the interests of a wide range of industry sectors, as well as government, consumers, employees and society overall, to make sure not just British but European and international standards are useful, relevant and authoritative.

BSI champions UK interests at home and abroad and is an incubator of many of the world's leading standards. It is the national gateway to all the European and worldwide standards bodies promoting fair trade, technology transfer, economic prosperity and security.

Several publications describe the benefits of using standardization to achieve broader organizational and national strategic objectives. Information about these is available from BSI British Standards.

To find out more about how BSI can help you, visit the website at [www.bsigroup.com](http://www.bsigroup.com) or email [britishstandards@bsigroup.com](mailto:britishstandards@bsigroup.com).

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