

ISCS Discussion Paper:

ISO 28000 – The Standard for Supply Chain Security Management Systems

Dear ISCS Networkers!

Within the last few months more and more of our clients have been in contact with us regarding the ISO 28000 – the “**Standard for Supply Chain Security Management Systems (SCSMS)**”. Since the ISO 28000 receives an increasing attention at different business levels and from different players along the supply chain, we thought it is now time for us to inform you about the ISO 28000 in general – but also about the commercial benefits in particular.

Similar to the ISO 9000 (Quality Management Systems) and the ISO 27000 (IT Security Management Systems) the ISO 28000 faces the same objections regarding its benefits as well as its economic justification.

Today most companies invest a lot of money and time in IT security, security infrastructure as well as security systems to protect their companies from internal and external criminal attacks.

But the truth is that only 20% of the value adding process takes place within the companies. 80% of the value adding processes are supplied or provided by external manufacturers and service providers. And in most cases customers don't know about the security management systems (if existing) of their upstream and downstream supply chain partners. This fact should be alarming enough to ask your 1st, 2nd and even your 3rd tier suppliers, wholesalers, distributors and logistics service providers about their security management systems.

A proof of an implemented security management system complying with international standards is the ISO 28000 certificate.

If you need more arguments for implementing a proper security management system and to request your business partners to provide an ISO 28000 certificate the following table provides you with an overview of ISO 28000 commercial benefits:

FEATURES	ISO 28000 BENEFITS
<p>Commercial and competitive advantage</p> <p>Companies that embrace ISO 28000, particularly during the early phases of its adoption, stand to benefit through increased market share and through customer retention.</p>	<p>ISO 28000 provides an unambiguous demonstration that an organisation takes not only its own security seriously, but also the security of goods its customers expect it to protect.</p> <p>Over time, ISO 28000 will become the international benchmark for companies to demonstrate their commitment to security.</p>

	<p>Companies adopting the standard have also gained brand equity through the clear demonstration of their commitment to security.</p> <p>Furthermore less cargo damages and criminal incidences along the supply chains reduces the risks of business / supply chain interruptions and contributes to higher supply chain performances at lower costs.</p>
<p>Risk Management</p> <p>Risk management is a fundamental corporate activity and is essential for organisations operating within the international trading system.</p> <p>ISO 28000 enshrines risk management as a proactive means of protecting the organisation.</p>	<p>ISO 28000 takes a pragmatic and business-centric approach to risk management. The standard promotes risk management as a central component of effective management.</p> <p>Most importantly, the standard ensures that key decision making, particularly in relation to the commitment of resources, is done based on a process of effective risk assessment.</p> <p>It supports the overall compliance management and safeguards the company against liability issues and claims from other third parties.</p>
<p>Resilience and Brand Protection</p> <p>ISO 28000 increases the resilience of the organisation in the face of increasing risk.</p>	<p>ISO 28000 benefits the organisation through increasing its organisational & supply chain resilience.</p> <p>The risk assessment identifies hot spots of counterfeiting infiltration in procurement and distribution (supply chain integrity). This reduces the risk that the company will be irreparably damaged by incidents impacting its operations, financial health or reputation.</p>
<p>Improved resource management</p> <p>Implementation of ISO 28000 has significant potential to enhance the effective management of security resources, resulting in cost savings.</p>	<p>Companies implementing ISO 28000 will very quickly be in a position to identify wasteful and inefficient resource management practices.</p> <p>This particularly applies to the management of the security budget, where the standard provides for an increased level of accountability at all levels.</p> <p>Furthermore the ISO 28000 monitors the</p>

	<p>effectiveness of security investments and other measures. It implements a learning loop and continues improvement processes.</p>
<p>Benefits to corporate governance</p> <p>Companies adopting ISO 28000 have made an organisational commitment to not only security, but also to effective management and continual improvement.</p>	<p>The adoption of ISO 28000 provides a clear demonstration of effective corporate governance.</p> <p>It fertilises the development business cooperation along supply chain partners.</p> <p>Protecting company and client’s assets improve company value and shareholder protection.</p> <p>In this way security management becomes an integrated part of the overall management system.</p>
<p>Employee Safety and Security</p> <p>ISO 28000 improves levels of safety and security for employees.</p>	<p>Perhaps one of its most important benefits, the implementation of ISO 28000 within an organisation and among its business partners has a direct impact on improving the level of safety and security for employees.</p> <p>This will have an impact on levels of staff satisfaction and retention which will have an impact on customer satisfaction.</p>
<p>Management process compatibility</p> <p>Can be integrated into the existing internationally recognised quality management processes of ISO14001 and ISO9001.</p>	<p>ISO 28000 also takes into account existing management systems resulting in a reduction in the time required for implementation and certification.</p> <p>ISO 27000 – IT security management system is an ideal supplement to the ISO 28000 and thus an additional must for manufacturers, trading and logistics companies.</p>
<p>Scalability</p> <p>ISO 28000 has been specifically designed to be flexible and applicable to all tiers of a business from the head office to remote warehouses.</p>	<p>The standard can be implemented equally effectively for smaller companies as it can major international organisations.</p> <p>It can be implemented partially and step by step by business units, locations and individual supply chains.</p>
<p>Mutual Recognition</p> <p>ISO 28000 will be recognised by the EU and US trade security programs, and participants will receive benefits inherent with these</p>	<p>In contrast to many other security standards such as TAPA, SAFE ect. ISO 28000 is the standard for supply chain security management systems.</p>

<p>programs.</p>	<p>It shortens customs clearance time and reduces the need for secondary inspection. Furthermore, companies that are ISO 28000 compliant may not have to qualify to join CTPAT but can now enjoy the benefits upon recognition. That has to be check individually.</p> <p>Additionally ISO 28000 acknowledge and comply with all other security standards and demonstrate its fulfilments.</p>
<p>Insurance premiums</p> <p>Companies compliant with ISO 28000 may enjoy a reduction in insurance premiums.</p>	<p>It is possible that companies that are compliant with ISO 28000 may benefit from a reduction in their insurance premiums. Such reductions have occurred in other contexts where significant security measures have been implemented.</p> <p>It is also possible that the implementation may have a positive impact on credit ratings at the group level, particularly if the organisation has exposure to higher risk locations and / or transport routes.</p>

In conclusion, by integrating the ISO 28000 security management system into a company’s operations, strategy and processes – at an appropriate level according to their individual risk profile – it is obvious that such a security management system can reduce operational costs, increase efficiency and competitive advantage by demonstrating that a company and its business partners are committed to their customers best interests.

Discussion:

1. What is your opinion about the ISO 28000?
2. Do you agree with the benefits listed above?
3. Do you see any additional benefits?
4. Similar to ISO 9001, ISO 14001 and ISO 27001 – do you request your business partners to obtain an ISO 28001 certificate?
5. What is about your own organisation? Are you thinking about implementing ISO 28000 in order to save costs and to generate competitive advantages?

I am looking forward to receive your comments and a lively discussion.

In case you have any questions please don't hesitate to contact me.

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Regarding the author: Dr. Ulrich Franke is a “Certified ISO 28000 Lead Implementer”. Together with his team of supply chain risk and security experts they have gained many experiences in implementing and certifying supply chain security management systems.