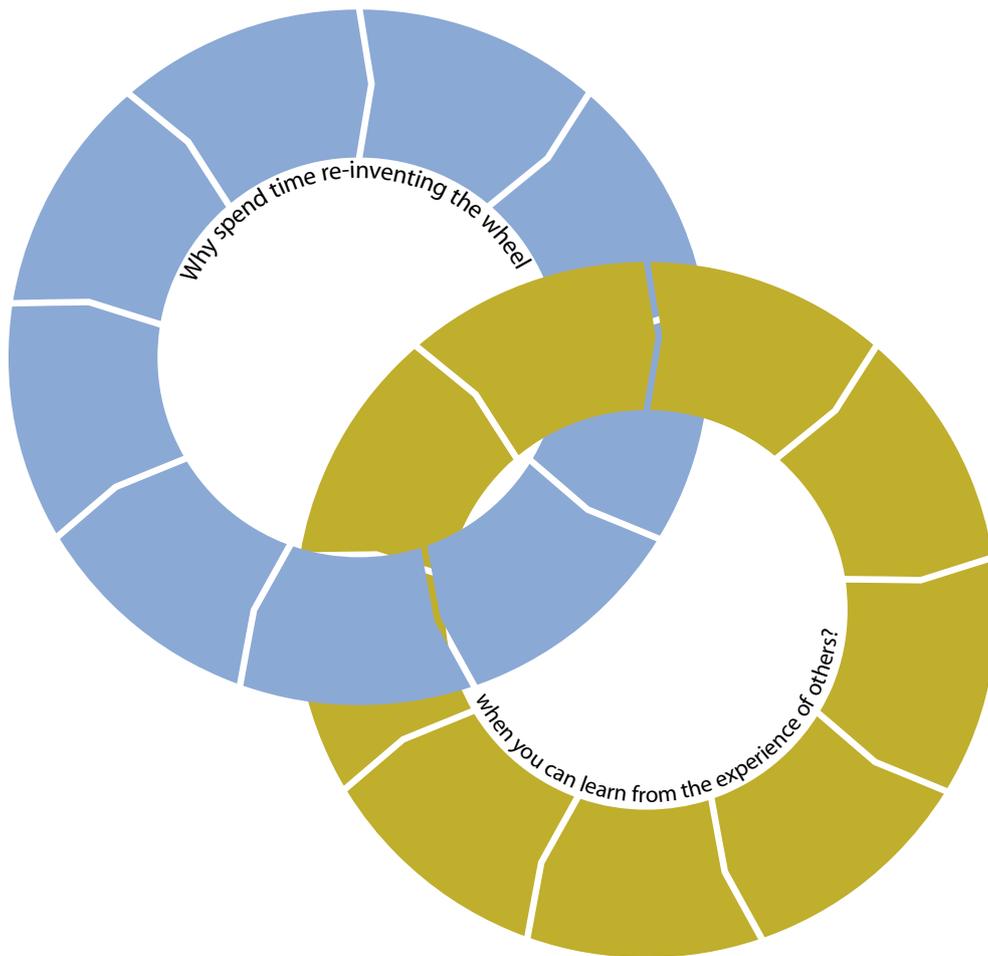
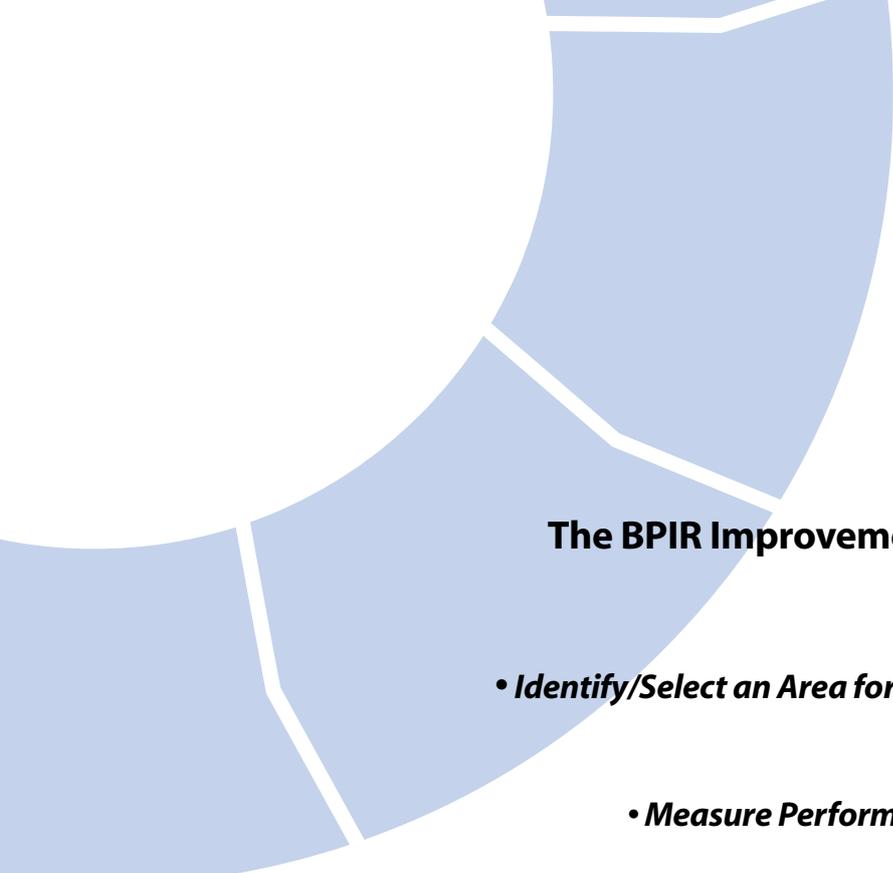


BPIR Management Brief - Volume 4, Issue 5

Benchmarking





The BPIR Improvement Cycle

- ***Identify/Select an Area for Improvement***

- ***Measure Performance***

- ***Benchmark Performance***

- ***Identify a Relevant Improvement Approach or Strategy***

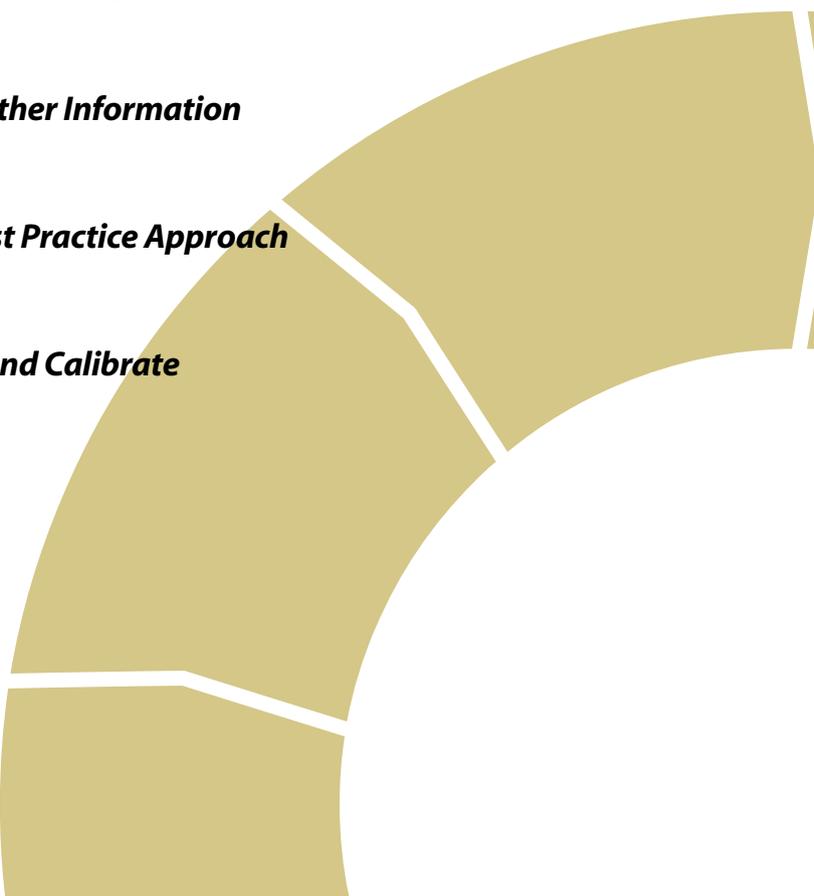
- ***Learn How to Implement***

- ***Identify Best Practice Organisations***

- ***Research Further Information***

- ***Implement a Best Practice Approach***

- ***Review and Calibrate***



Welcome to Volume 4, Issue 5 of the BPIR.com Management Brief series

BPIR.com Management Briefs provide short, easily digestible research summaries based on specific topics or tools. These summaries include comments from experts, case examples and survey analyses. Most of the topics for the Management Briefs are chosen by our members, who submit their suggestions through the members' Research Request Service. Read and absorb, and then please pass on to your staff and/or colleagues so they can do the same.

Benchmarking: The Definition

Benchmarking is a systematic process for identifying and implementing best or better practices. The “systematic process” involves following a number of benchmarking steps. Depending on the benchmarking practitioner, there are usually between 5 and 12 steps in the process.

The Stage

Organisations are constantly looking for new ways and methodologies to improve their performance and gain a competitive advantage. As they seek improvements to their own business processes, many organisations recognise the importance of learning from best practices that have been achieved by other organisations. By removing the need to ‘reinvent the wheel’ and providing the potential to adopt proven practices, benchmarking has become an important methodology in organisational development. Benchmarking enables the identification of best practices and serves as a vehicle for breakthrough thinking. Adopting a structured and rational process enables those organisations that are seeking to improve to identify, understand and adapt best practices from appropriate other organisations, and thus achieve significantly enhanced levels of performance.

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Why Benchmarking?

A commonly held view is that the prime value of benchmarking is to compare the performance of an organisation's processes and systems with other organisations to determine which of its activities are strong or weak^[1]. A secondary value would then relate to how much improvement can be made. The basic premise is that once the area that needs improvement has been identified, benchmarking information can help in the subsequent development of goals.

Although this view of benchmarking supports the concept of performance benchmarking (i.e., comparing performance levels), it fails to adequately acknowledge the greater value of best practice benchmarking (understanding why another organisation is performing better). The rationale behind best practice benchmarking is simple: whatever the process or activity being considered, it is likely that another organisation will be achieving superior levels of performance. As such, it is possible to learn from their experience.

Professors Zairi and Al-Mashari^[2] summarised the operational and cultural benefits of benchmarking in the following way:

- Removes the need to 'reinvent the wheel';
- Leads to 'outside-the-box' thinking, encouraging organisations to look for ways to improve that come from outside;
- Forces organisations to examine current processes, which can often lead to improvement in itself;
- Accelerates change and restructuring by using tested and proven methods and creating a sense of urgency when gaps are identified;
- Allows the organisation to focus externally and constantly capture opportunities and counter potential threats;
- Helps prevent complacency and inertia within the organisation and its people by setting stretch goals and stimulating new ways to plan for the future;
- Promotes the emergence and evolution of a 'learning culture' throughout the organisation;

- Promotes the development of a customer-centric culture by constantly reminding people of the customer and focusing on critical processes that add value;
- Overcomes the 'not-invented-here' mindset by offering evidence that ideas invented outside the organisation can and do work.

Approaches to Benchmarking

It is important to distinguish between performance benchmarking and best practice (or process) benchmarking. Performance benchmarking refers to the comparison of process output as a means of identifying opportunities for improvement, setting performance targets, and understanding relative positioning in comparison to other organisations. Best practice benchmarking refers to the comparison of the actual processes, practices and procedures (as opposed to just performance levels) in order to gain detailed knowledge of how improvements can be made. Research studies^{[2] [3]} have suggested that there are four commonly accepted approaches to (or 'types' of) best practice benchmarking. These are as follows:

Internal Benchmarking: This refers to benchmarking that takes place within a single organisation. Within multinational and multidivisional organisations, different locations or operating units typically have similar functions, and these lend themselves to benchmarking. Internal benchmarking is generally considered to be the easiest form of benchmarking, since co-operation and data are readily available and concerns about confidentiality and trust can be easily overcome. Furthermore, internal benchmarking is a good starting point for organisations to be able to understand and develop their own benchmarking methodology prior to undertaking external benchmarking. However, internal benchmarking does not guarantee the identification of industry best practices, since the learning and sharing is limited internally.

Competitive Benchmarking: This refers to the comparison and identification of performance gaps in relation to an organisation's direct competitors. As a process, competitive benchmarking on its own may be limiting, since it is difficult to obtain useful and accurate information from competitors. When adopting this approach to benchmarking, it is important to ensure that data gathered is comparable and that consideration is given to fundamental differences in operations and operating environments. Organisations have developed

different ways to overcome this challenge of accessing data and facilitating competitive benchmarking. These include ‘blind’ comparisons, using intermediaries and benchmarking areas of mutual concern that are likely to be less competitively sensitive (e.g., the areas of health and safety, the prevention of money laundering and the reduction of insurance fraud).

Strategic Benchmarking: This refers to the comparison of long-term strategies and general approaches that have enabled high-performers to succeed. It involves considering high-level aspects such as core competencies, the development of new products and services, and improving capacity for dealing with changes in the external environment. This type of benchmarking is useful for realigning business strategies that have become inappropriate.

Generic Benchmarking: This refers to comparisons with non-competing organisations that are known to have best practices in specific functions. The organisation to be benchmarked may or may not be in the same industry but the functions to be compared need to have some similarity. When the benchmarking partner is located outside the company’s own sector, the comparison should take into account cultural, geographical and other factors. With this approach to benchmarking, there are fewer concerns about confidentiality and it is often easier to share data and information.

Culture Change

The purpose of benchmarking is to learn from others and not reinvent the wheel. It is about obtaining a change in culture that enables employees to become open-minded and develop an external outlook to capture new ideas that lead to the improvement of a process or activity. The prime drawback of best practice benchmarking is that projects are resource intensive, typically taking from three to six months to complete, which means that few employees are able to participate in them. Therefore, to obtain culture changes, simpler approaches to ‘learning from others’ should also be encouraged. These will include learning from experts (through seminars, conferences and literature) and discussing ideas and sharing experiences with process stakeholders (such as suppliers, customers and partners). Many resources exist to help in best practice learning, including websites, associations, and consultants that can help to facilitate networking and benchmarking projects.

Benchmarking Process

There is no single benchmarking process that has been universally adopted. The wide appeal and acceptance of benchmarking has led to various benchmarking methodologies emerging. However, Adebajo ^[3] has identified four phases that underpin the benchmarking process, whatever the methodology used. They are:

- Planning – the identification of business process or function to be benchmarked, benchmarking partners and protocol;
- Analysis – the actual collection of data and analysis of performance gaps;
- Action – the communication of findings, setting of targets and implementation of specific improvement actions;
- Review – the identification of learning points, evaluation of the benefits of the process and the continuous monitoring of improvements.

Table 1 (on page 4) identifies the steps in 5-, 10- and 12-step methodologies proposed by Robin Mann ^[4], Robert Camp ^[5] and Sylvia Codling ^[6].

Usually, site visits to benchmarking partners are the most valuable stage of a benchmarking project. They enable an organisation to learn and understand more about its partners’ processes, and give a broader and more complete picture of the systems and culture in place than other benchmarking methods such as questionnaires. It is often a case that seeing is believing. Site visits provide an opportunity for the most sceptical members of a benchmarking team or organisation to witness, first-hand, better practices in action.

The BPIR Improvement Cycle

The BPIR improvement cycle also facilitates the process of benchmarking best practice. This 9-step cycle has some core similarities with the methodologies presented in Table 1. The BPIR cycle consists of the following:

1. Identify/select an area for improvement;
2. Measure performance;
3. Benchmark performance;
4. Identify a relevant improvement approach or strategy;
5. Learn how to implement;
6. Identify best practice organisations;

7. Research further information;
8. Implement a best practice approach;
9. Review and calibrate.

A key advantage of the BPIR model is the availability of extensive on-line resources to guide the practitioner through each of the stages. These resources are of value to both experienced and novice benchmarking practitioners and help to reduce the time it takes to undertake a benchmarking project.

Achieving Benchmarking Success

Organisations should consider the following in order to increase the chances of benchmarking success:

- Determine where the responsibility for carrying out benchmarking projects will lie. Some large multinational organisations have dedicated benchmarking teams that work with process owners and other stakeholders to carry out projects. Other organisations form benchmarking teams in response to organisational needs. These teams are made up of stakeholders (i.e., those that will be affected by the change, including process owners, customers and suppliers).
- Identify the most important process to benchmark. It is a good idea to align this with key organisational or operational objectives (e.g., a reduction in supply chain cost, an increase in

customer responsiveness or improved employee efficiency). There are a number of methods that can help in the selection of an area of focus for benchmarking projects. These can include findings from customer and employee surveys, quality and process audits, or business excellence self-assessments.

- When researching a best practice, it is important to carefully evaluate the suitability of the practice to your organisation’s culture and working environment. This is because a “best practice” at a leading organisation may not be a best practice for everyone else. In addition, increasingly competitive business pressures mean that today’s best practice may not be best practice in the future.^[1]
- Avoid the initial urge to copy the best business practice from the benchmarking partner. It is generally better to approach the subject by carrying out an analysis to identify the underlying reasons for the success of the practice in the benchmarked company. As a result of this, the operating principles of the business practices can then be adapted to your own organisation.^[7, 8]
- Manage the benchmarking process efficiently. This involves a number of considerations including the following^[3]:
 - Gain the support and ensure the participation of senior management. This makes sure that

Step	Mann’s TRADE Methodology	Camp’s Methodology	Codling’s Methodology
1	Terms of reference (plan the project)	Identify what is to be benchmarked	Select subject ahead
2	Research (research the current state)	Identify comparative companies	Define the process
3	Act (undertake data collection and analysis)	Determine data collection method and collect data	Identify potential partners
4	Deploy (communicate and implement best practices)	Determine current performance ‘gap’	Identify data sources
5	Evaluate (evaluate the benchmarking process and outcomes)	Project future performance levels	Collect data and select partners
6		Communicate benchmark findings and gain acceptance	Determine the gap
7		Establish functional goals	Establish process differences
8		Develop action plans	Target future performance
9		Implement specific actions and monitor progress	Communicate
10		Recalibrate benchmarks	Adjust goal
11			Implement
12			Review/recalibrate

Table 1. Comparison of three benchmarking methodologies

enough resources are available to initiate, support and maintain benchmarking. If feasible, appoint a benchmarking champion from the leadership team. The champion can then smooth the way where resources are concerned and be accountable for progress;

- Identify sources of potential benchmarking partners. It may be a good idea to join a networking organisation in order to identify suitable benchmarking partners. Benchmarking networks exist in many countries and the BPIR.com resource is a good starting point for identifying a network.
- Develop benchmarking skills in the people who will be carrying out the activity. It may take time for the team to be comfortable with the process but it is important that they possess the right skills from the outset.
- Entrench benchmarking in the organisation by showcasing and rewarding success, and involving process owners in the activity. It is often valuable to first target a short-term project that is certain to bring quick rewards – even if those rewards are modest. Publicise the success internally, so that the benchmarking process will gain early credibility among staff.
- Seek assistance from more mature, experienced organisations or people if difficulties arise.

Assistance in Applying Benchmarking

A number of resources are available for those organisations that need further assistance with benchmarking, including:

- The Business Performance Improvement Resource (BPIR) (www.BPIR.com). BPIR contains thousands of case studies and benchmarks from the private and public sector that can be used to identify benchmarking partners or directly screened for best practices;
- The Global Benchmarking Network (GBN) www.globalbenchmarking.org. GBN is a global membership-based organisation whose members promote and support benchmarking in their respective countries. The network was formed in 1994 and more than 25 countries are currently represented. GBN aims to promote and support benchmarking worldwide, as well as to facilitate

the international exchange of best practices. The network may be a good resource for organisations that require training or assistance with benchmarking. GBN membership includes many of the world's leading experts in benchmarking; its President is Dr. Robert Camp, the founder of benchmarking;

- A number of benchmarking codes of conduct advise organisations on the protocols and ethics of benchmarking. The two main codes of conduct are those proposed by the European Foundation for Quality Management (EFQM) and the American Productivity and Quality Centre (APQC). *A Benchmarking Code of Conduct* is available on BPIR.com in the non-members area (see “Core Concepts” and “Benchmarking”);
- Many books are available to assist with benchmarking. These include Dr. Camp's book, which was the first book on benchmarking, published in 1989^[5], and Sylvia Codling's 1992 book, which was the first European book on benchmarking^[6].

Survey and Research Data

Benchmarking: Favoured Quality Management Tool

A 2004 survey of 600 CEOs in the manufacturing, service, healthcare and education sectors, conducted by the American Society for Quality (ASQ), revealed that:

- Total Quality Management (TQM) was both the most familiar (83.1%) and the most frequently used (59.3%) of the quality techniques and practices, followed by Benchmarking (82% and 60.7% respectively), ISO 9000 (59.7% and 27.7% respectively), Quality Circles, (51.3% and 28.5% respectively), Six Sigma (47.6% and 15.6% respectively) and Baldrige (40.1% and 8.1%);
- In terms of sector, manufacturing led the list, while the service sector was less familiar with all of the techniques than the healthcare and education sectors;
- 99% of the respondents believed quality contributed to the bottom line. Most respondents mentioned the reasons for this as being increased revenue through repeat business, referrals and customer loyalty, less work needing to be redone, and savings on labour and materials;

- A number of different measurement methods were used by respondents, including customer satisfaction surveys, cost benefit analysis, trend analysis, audits, benchmarking, Six Sigma, tracking studies, returns on investment, bottom-line profitability, and warranty returns^[10]. To obtain an update on these figures, visit the Bain and Co. website, which indicates that the 2006 usage of benchmarking was 81%, ahead of outsourcing (77%), knowledge management (69%), supply chain management (66%) and lean operations (54%).

Benchmarking is a Top Business Improvement Tool

An examination of data from the Benchmarking Exchange Posting Board^[12] database revealed that the top ten business process improvement tools used by members in 2002/03 were:

1. Benchmarking;
2. Cause and effect analysis;
3. Change management;
4. Control charts;
5. Decision making;
6. Customer driven processes;
7. Design of experiments;
8. Knowledge management;
9. Performance measurement;
10. Process mapping.

Benchmarking Models and Benchmarking Skills

A 2004 survey^[2] of 227 organisations in 32 countries identified the various benchmarking models used by corporations. Of the respondents, 35% used a benchmarking model, whereas 65% did not. The models used, in order of frequency, were as follows:

1. Developed own model (24%);
2. Robert Camp (13%);
3. Business Excellence Model, MBNQA (11%);
4. International Benchmarking Clearinghouse - APQC (10%);
5. Xerox 10-Step Model (10%);

6. Consulting Company provided (e.g., Arthur Anderson, Kaiser Associate, etc.) (9%);
7. National Guideline (e.g., CBI Probe, UK or Local Government Guides, Australia (5.5%);
8. Benchmarking Centre (Sylvia Codling) (4%);
9. Kaplan's Scorecard (2.5%).

The same survey investigated the approaches used to acquire benchmarking skills, as well as the effectiveness of these approaches. Respondents reported the following as being highly effective, very effective or effective approaches to acquiring benchmarking skills:

1. Reading benchmarking books, articles, and/or other publications (70.9%);
2. Informal liaisons with benchmarking experts (64.5%);
3. Attending external benchmarking training events (49%);
4. Attending in-house benchmarking training events (46.6%);
5. Attending benchmarking conferences (43.6%);
6. Watching a video on benchmarking (21.6%);
7. Additional approaches reported included:
 - a) Actual participation in benchmarking projects (mainly site visits to other companies);
 - b) Networking with experienced companies – i.e., learning from a sister company, visiting a company with benchmarking experience, collaboration with industry peers or collaborating with research centres or universities;
 - c) Hiring external consultants;
 - d) Internet resources and searches;
 - e) Membership of benchmarking clubs, networks, or communities of practice.

Benchmarking SMEs

Eight Small and Medium-sized Enterprises (SMEs) from a selection of twenty involved in Northern Ireland benchmarking clubs were chosen to participate in a 2000 study. The lessons learned from the study included:

- Exchanging benchmarking knowledge with other manufacturing SMEs provided a more focused direction to ensure successful learning and continuous improvement;
- The Business Excellence Model (BEM) of the European Foundation for Quality Management

(EFQM) can be applied by SMEs as a foundation for using generic benchmarking, which can then be further developed;

- When combining the use of BEM and generic benchmarking, SMEs need to address internal people-management and development issues;
- SMEs need to improve their customer focus in benchmarking. Employees need to learn about providing value to the customers, and customer requirements need to be identified correctly;
- Benchmarking helps merge theoretical principles with an understanding of the social environment in which employees work;
- The exchange of generic benchmarking can be used to overcome potential restrictions relating to the identification of strategic issues in SME company growth;
- Organisational feedback from the application of generic benchmarking provides SMEs with a powerful tool for identifying strategic development needs and opportunities^[13].

Benchmarking in the South African Financial Sector

A study of financial institutions on the Johannesburg Stock Exchange, South Africa, published in 2004, examined the use of benchmarking in the financial sector. The survey had a response rate of 61% and findings included^[11]:

- 100% of respondents made use of benchmarking;
- None had formal benchmarking arrangements with other companies;
- 82% reported that benchmarking against competitors was the most important form of benchmarking;
- 55% reported internal benchmarking as important;
- 37% reported 'best in the world' benchmarking as important;
- 85% carried out benchmarking by studying information obtained from their competitors;
- 67% carried out frequent informal visits to competitors to obtain information.

When asked about reasons for using benchmarking, respondents reported:

- To improve quality (85%);
- To determine if a process is on a par with

'the best' (85%);

- To determine if products or services could be improved (67%).

Difficulties reported included:

- Obtaining information from competitors (100%);
- Obtaining a benchmarking partner (85%);
- High cost (33%).

Best Practices in New Product Development

In 2004, the American Productivity and Quality Centre (APQC) published a comprehensive study on best practices in new product development. The study considered 113 prescribed practices and gauged the impact of a given practice or solution on a business. Seventeen best-practice topic areas were benchmarked, ranging from new product strategy through to climate and culture and the idea-to-launch process. Some of the best practices that helped separate the best-performing organisations from the worst were:

- Make project teams accountable for the end-result or performance-result of the project. Build in a post-launch review;
- Establish ways to make it easier for the team to handle outside-the-team decisions;
- Establish a convenient information or IT system to enable team members to communicate effectively;
- Provide team training on how to be a team member, so as to minimise issues arising from conflicts and politics;
- Make sure that the project team members and the team leader are on the project from the beginning to the end;
- For every significant project, there should be a clearly assigned project team with members that are drawn from the various, required functional areas, and with a clearly defined project leader;
- Have a supportive climate for entrepreneurship and product innovation. Many of the businesses that performed best provided creative employees with resources and time off to work on their own projects; and 44.8% provided rewards or recognition to employees who submitted new product ideas^[9].

Example Cases

The following case studies provide valuable lessons to all organisations involved in benchmarking.



Carleton University, Canada *Benchmarking applied to university accommodation process*

In 2004, Carleton University started a benchmarking project to improve the quality of its housing allocation service. The vacancy rate at the time was 3.4%. The vacancy rate was a key performance measure, as it implied lost revenue for the university. A cross-functional team was formed with the task of improving the allocation process to reduce vacancy rates to less than 1%, while improving customer satisfaction. The team began by mapping the existing residence allocation process, followed by two focus groups of resident students. The team then started external benchmarking with a review of the websites of 24 universities in Canada, the United States and Australia. The website search was followed by a telephone survey of twelve of the universities and subsequently, benchmarking visits were carried out at four of the leading universities. Next, the team analysed the gaps and made several recommendations including a reduction in cycle times, changes to the process, the development of a marketing plan, and a transition to on-line housing application by students. The changes that were made led to a reduction in vacancy rate to 0.4% by September 2005 and 0.6% by September 2006. In financial terms, this implied an increase in annual gross revenue of about \$400,000 to the university.^[14]



Anonymous, Australia *Benchmarking leads to cost reduction in the financial sector*

An anonymous company conducted a global benchmarking exercise into its finance organisation and found it had an outdated infrastructure that cost more than 4% of company revenues to run, that staff spent in excess of 50% of their time collecting data, and that the information did not meet its global business information needs. A re-engineering team redesigned the company's business processes and proposed that the company create a Shared Services Centre (SSC) to process common transactions, drive down costs, and improve the quality of the service delivery. The company achieved the following:

- Selected a SSC location based on the quality/skill/cost/flexibility of the workforce, taxation, communications costs and infrastructure, real

estate cost, travel accessibility, political stability, language suitability, and company infrastructure;

- Established three teams in the SSC: a supplier process team, a customer process team, and a general accounting team;
- Teams were trained and a new mind-set developed to service the business units;
- A Service Level Agreement was introduced and customer satisfaction surveys, employee satisfaction surveys, the Balanced Scorecard, and Six Sigma were used to measure performance;
- Salary reviews and promotion were aligned with performance.

Within two years, the SSC began to provide high value-added services to the business units, including financial reporting and analysis, treasury management, tax and legal consulting, and credit and collection management. The cost of running the SSC was less than 1% of sales revenue and achieved world-class standards. The SSC reduced the cost of the finance function globally by more than 50%.^[15]



Rubber Moulding Company, USA *Benchmarking leads to a significant profit increase in a small company*

A small rubber moulding company had its managers attend a breakfast workshop series organised by the Small Business Development Center for Enterprise Excellence of Texas, USA. The managers became friendly with managers from two companies that had shared their success stories (called anonymously 'Catalyst' and 'Sheetmetal'). The company's managers became convinced of the benefits of benchmarking and maintained frequent contact with their counterparts at Sheetmetal, toured their premises, studied the implementation of manufacturing cells, and researched the concepts to which they were exposed. After several meetings with managers from Sheetmetal and Catalyst, the company gained a greater understanding of manufacturing cell implementation, formed a steering committee, developed a vision of what they wanted to become, and put in place a plan on how to get there. The plan was communicated to the company's employees so they would be aware of the forthcoming changes, as well as their role in the process. Teams were formed to design and implement cellular manufacturing and met regularly to design cells and plan the move. Then, in one move, the company changed the entire organisation to manufacturing cells. The transformation yielded startling results:

- Team productivity increased 37%;
- Sales rose 7%;
- Profits increased by 80%;
- Inventory reductions achieved were: 14% overall, work-in-process 88%, raw material 24%, and finished goods 7%;
- Customer returns were reduced by 29%;
- A continuous improvement initiative was established and a team structure to facilitate empowerment and continuous improvement was implemented;
- The measurement and reward system changed to encourage teamwork;
- Quarterly peer-review processes were established to help employees to constantly improve their performance.^[16]



Calcast Ltd, Ireland
Dramatic reject-rate reduction following a benchmarking project

Calcast Ltd is a manufacturing company based in Ireland. In order to improve its efficiency, the company carried out a benchmarking study. At the start of the study, Calcast's reject rates for manufactured products had reached 4%. Consequently, a consultant was hired to carry out a benchmarking study, which was followed by a 5S workplace organisation initiative and the introduction of a Total Productive Maintenance (TPM) programme. At the start of the initiative, overall equipment effectiveness (OEE) was measured at just 44%. The 5S and TPM programme were used to highlight and to correct machinery defects. A culture of eliminating defects was developed by problem-solving techniques and root cause analysis. Performance measurement tools were put in place, accurate OEE scores were communicated to key staff, and operating procedures for machine cleaning were initiated using photographs. As a result reject rates fell to 0.3%, downtime was cut by 60%, and the working environment was cleaner and safer.^[18]



Quebec Hospitals, Canada
Benchmarking logistics in healthcare

The health sector accounts for approximately one-third of the Quebec provincial government's budget and there is a constant need to improve the efficiency and effectiveness of hospital operations in the province. Consequently, five Quebec hospitals initiated a benchmarking project focusing on logistics, with the aim of identifying benchmarked best practices for large hospitals. Studies have indicated that logistics typically account for 30-46% of hospital expenses. The project involved the identification of the main players in the replenishment process and the mapping of the process. The project identified a number of differences in different institutions; for example, some had a purchasing department while others did not. To enable best practice benchmarking, the hospital logistics process was divided into several components to facilitate analysis. Next, an analytical model and data-collection tool were developed and a data-collection approach was subsequently selected. The study enabled cost identification for each activity and these costs became the primary point of comparison for best practices. The study also examined contextual factors such as hospital budgets, the number of beds, and the type of medical specialties, as well as process-related elements. As a result of the benchmarking study, researchers were able to identify best practice hospitals, while understanding the reasons for their higher levels of performance.^[17]

Measure and Evaluate Benchmarking

To fully evaluate the impact of benchmarking, it is necessary to undertake, where possible, a quantitative assessment of impact with calculable values assigned. The following provide some simple ideas on how to assess benchmarking.

Benchmarking Projects: Frequency

How many benchmarking projects have been undertaken in a given period or how many benchmarking comparisons have been carried out? This is a measurement that indicates the quantity and frequency of benchmarking projects that an organisation carries out to identify new ideas, capture and create new knowledge, or find out whether its practices are considered to be best or most appropriate for the organisation.

Benchmarking: Potential Improvements or Practices Noted

How many potential improvements or practices have been noted as a result of a benchmarking project? This is a measurement that provides an indication of the initial success of benchmarking projects.

Benchmarking: Improvements Actioned

How many, or what percentage, of the potential improvements or practices that were noted as a result of a benchmarking project have been actioned within the organisation? This is a measurement that provides an indication of the initial success of the benchmarking project.

Benchmarking: Areas Benchmarked

How many areas of business have been benchmarked? This is a measurement that provides an indication of the level of deployment of benchmarking within an organisation. Higher levels of benchmarking may indicate that higher levels of continuous improvement activities are prevalent.

Benchmarking: Planning Duration

How much time has been taken to plan a benchmarking project? This measurement can prove useful in analysis; some benchmarking initiatives may suffer if they are not implemented in a timely manner.

Benchmarking: Key Data

What is the percentage of key indicators for which benchmarking data has been collected? This measurement provides an indication of whether the organisation knows where it is positioned in terms of industry-wide practices.

Benchmarking: Performance

What is the percentage of key indicators for which performance is better than best-practice benchmarks? This measurement provides an indication of the organisation's performance in terms of industry-wide practices.

Benchmarking: Cycle Time

How much time is taken from the identification of a need—or the implementation of a benchmarking plan or project—to complete and successfully incorporate the best practice identified. This measurement may be used to reduce the cycle time of projects and to ensure that best practices are implemented.

Benchmarking: ROI

What is the benchmarking value-add as a fraction of the cost of benchmarking? This measurement enables calculation of the financial returns of the investment in a benchmarking initiative. It can be calculated by project, annually, or to encompass all benchmarking projects.

Self-Assessments

Self-assessments can be used to find out how effective organisations are at implementing various strategies, tools or techniques. On the following page in Tables 2 and 3 are two examples for assessing benchmarking and best practice maturity and success:

Summary

Benchmarking is a proven, powerful tool that can facilitate organisations to improve efficiency, increase value-add, and gain a competitive edge. The rationale underpinning benchmarking is sound, and the benchmarking concept of 'learning from others' should be embedded throughout all improvement-focused organisations. Benchmarking projects should be linked to key organisational objectives and support from senior management needs to be both strong and visible.

The use of a suitable benchmarking model and the choice of appropriate benchmarking partners are key facilitators of benchmarking success. There is little doubt about the potential and versatility of benchmarking as a tool. It has been successfully applied by organisations of different sizes and in different industry sectors and has become one of the most popular management tools. However, it is thought that most organisations use performance benchmarking (comparing of performance) rather than the more powerful but resource intensive approach of best practice benchmarking (comparing and learning from others and implementing best or better practices). Successes achieved by organisations are shown in improved performance in key indicators such as efficiency, sales, profits, productivity, cost reduction and quality of service.

Element	Level of Benchmarking Maturity			
	Innocence	Understanding	Competence	Excellence
Reasons for Adopting the Benchmarking Process	Self Assessment has identified that we should get some positioning benchmarks	Recognise the value. Need to know how others do it better. Can we get some process improvement by its use. Benchmarking not benchmarks	Benchmarking positioned against other tools and techniques.	To gain a competitive edge and achieve best in class. In a position to win awards. EFQM, Baldrige
Sponsoring or Benchmarking	Lip Service	Provision of resources and championing	Active participation by senior management. Awareness of the costs of using the tool.	Full involvement, benchmarking is built into the management process
Use and Commitment of Resources	None or part time	Dedicated and centralised	Centralised consultancy operationally devolved to business units	Systematic, everyone undertakes the process and it is integrated into other activities

Table 2. Excerpt from Benchmarking Maturity Grid developed by the UK Benchmarking Institute (the full maturity grid is shown in the self-assessment area of BPIR.com)

Element	Level of Best Practice Maturity			
	Starting	Progressing	Mature	Excellent
Leadership	An individual is responsible for identifying Best Practices	Senior managers initiate and support the identifying and implementing of Best Practices throughout the business	Adoption of Best Practice is recognised by all managers as an important element of business success. Major improvement programs have been fully implemented. Managers routinely identify Best Practices in-house and externally by 'wandering about'.	All managers at all levels continuously promote the identifying and implementing of appropriate elements of Best Practices. Management continually seek to better the best practices of other organisations.
Policy & Strategy	There is a stated policy of adopting Best Practices	The overall business plan includes major improvement programs based on identified Best Practice	All business plans are based on achieving Best Practice performance within the industry	All business plans at all levels are based on achieving world- class performance using appropriate Best Practices.
People	Employees understand the requirement for continuous improvement	All employees have received basic training in TQ or a similar concept. Senior managers are involved in benchmarking activities.	Participation in benchmarking studies is used as a personal development tool. Improvement teams use Best Practice measures and studies.	All employees are able to identify Best Practices and routinely propose ways of integrating their learning into their process.

Table 3. Excerpt from Best Practice Maturity Grid developed by Lewis^[12] (the full maturity grid is shown in the self-assessment area of BPIR.com)

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To access and read the articles and reports below go to the HTML Reference List for the Management Brief in the BPIR.com members area.

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