

Benchmarking

- A **“benchmark”** is a reference or measurement standard used for comparison.
- **“Benchmarking”** is the continuous activity of identifying, understanding and adapting best practice and processes that will lead to superior performance.

Benchmarking measures an organisation’s products, services and processes, to establish targets, priorities and improvements, leading to competitive advantage and/or cost reductions.

The data and information collected and analysed as part of a self-assessment can be used in a benchmarking exercise.

It is important to appreciate the difference between external comparisons, where just data is collected, and benchmarking as described here, where the drivers of the performance are identified.

The benefits of conducting a benchmarking exercise can include:

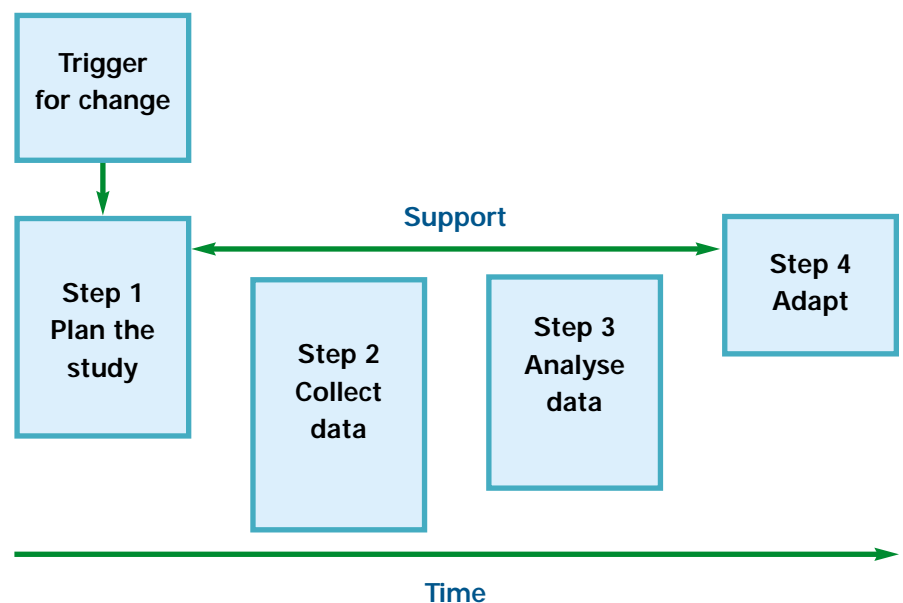
- Creating a better understanding of the current position
- Increasing awareness of changing customer needs
- Encouraging innovation
- Developing realistic, stretching goals
- Establishing realistic action plans

There are four basic types of benchmarking:

- **Internal** - a comparison of internal operations and processes
- **Competitive** - specific competitor to competitor comparisons for a product or function
- **Functional** - comparisons of similar functions within the same broad industry, or to industry leaders
- **Generic** - comparisons of business processes or functions that are very similar, irrelevant of the industry

Whichever type is conducted, there are four main steps, as illustrated by the following Benchmarking Roadmap and explained more fully in the following section:

- **Stakeholders**
- **Executive champions**
- **Process sponsor**
- **Benchmarking team**
- **Functional experts**
- **Research resource**
- **Benchmarking Partners**



The steps can include:

Step 1 – Plan the study

- Establish benchmarking roles and responsibilities
- Identify the process to benchmark
- Document the current process
- Define the measures for data collection

Step 2 – Collect the data

- Record current performance levels
- Find benchmarking partners
- Conduct the primary investigation
- Make a site visit

Step 3 – Analyse the data

- Normalise the performance data
- Construct a comparison matrix to compare your current performance data with your partners' data
- Identify outstanding practices
- Isolate process enablers

Step 4 – Adapt enablers to implement improvements

- Set stretching targets
- "Vision" an alternative process
- Consider the barriers to change
- Plan to implement the changes

To determine if your business, unit or organisation is ready for benchmarking, complete the following questionnaire, based on American Productivity and Quality Center (APQC) material. Study the statements and tick one box to reflect the level to which the statement is true for your business, unit or organisation.

	Most	Some	Few	None
Processes have been documented with measures to understand performance.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Employees understand the processes that are related to their own work.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Direct customer interactions, feedback or studies about customers influence decisions about products/services.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Problems are solved by teams.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Employees demonstrate, by words and actions, that they understand the mission, vision and values.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senior executives sponsor and actively support quality improvement projects.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The organisation demonstrates, by words and actions, that continuous improvement is part of the culture.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Commitment to change is articulated in the strategic plans.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Add the columns:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Multiply by the factor:	x 6 =	x 4 =	x 2 =	Zero
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Grand total:

The answer will come from your score:

- 32 - 48** **Ready for benchmarking**
- 16 - 31** **Need some preparation**
- 0 - 15** **Need some help**