

Process Benchmarking Workbook



Objective

This workbook is designed to enable groups to plan their process benchmarking exercises. The plan should set out what groups intend to work on and how they will monitor their work. This plan should enable each group to allocate tasks amongst themselves and to produce a timetable of activities that they must do in order to achieve their aims.

Exercise


Before we get into the workbook proper, we can get a flavour of process benchmarking by considering a small case study. Imagine yourself as head of a primary school that has just been inspected. The report states that, although overall standards are high, the children's reading ability is below average. You decide, unsurprisingly, that teaching reading is a critical process in your school and that you must set out to improve the process. In setting down your plan of action you have to consider the following questions. Individually make brief notes next to each question and discuss your thoughts as a group.

what affects the teaching of reading at my school?	
how can I get a measure of current teaching performance of reading?	
who could I compare our methods with?	
what kind of questions could I ask these people?	

Scope and Use of the Workbook

The workbook is designed to be used by groups of people who are embarking on a benchmarking exercise. It may be used in group training or as an actual planning document.

The theory behind the workbook is based on the Process Benchmarking Model refined by Professor Tony Bendell of University of Leicester.

Each section is preceded by a brief explanation and notes on using the workbook. Tasks for groups are highlighted by a large “” sign.

The Process Benchmarking Model can be split into three main phases:

Planning - which is about understanding your own organisation

Analysis - which is about understanding where in the environment innovation may come from

Action - which is about trying ideas out in your own organisation

The workbook concentrates on the Planning and Analysis phases. The Action phase is covered in this introduction but as it tends to be unique to organisations it is not set out in detail. However a consolidated worksheet and outline planning proforma are included.

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Process Benchmarking Defined

Process Benchmarking is the systematic process of searching for organisations to compare key processes against in order to learn from our observations so we can incorporate better practices into our own processes in order to improve them.

Process Benchmarking is distinct from other techniques in that it helps to achieve real improvements (you have seen them already working in your process benchmark partner's sites)

Benchmarking myth and fable

Process benchmarking is not the simple comparison of metric data to give you a position in a league-table. An obsession with performance indicators will lead to "best-in-class" expertise in frustrating and confusing managers and staff with information they already know.

There is no such organisation as the all-round best practice organization. In a study published by the American Benchmarking Organisation in 1997 of 31 organisations on a 10 measures, all 31 were near the top in some areas and the bottom in others. In fact the top organisation overall had a median rank of 10th.

The same study also found that of the benchmarking exercises studied, 81% of the participants thought they were in the top quarter of their industry, and 96% in the top half (by definition only 25% are in the top quarter and 50% in the top half)

Politicians and senior managers are often poorly briefed on benchmarking and do not distinguish between simply comparing performance indicators and process benchmarking.

Process Benchmarking is about:

<ul style="list-style-type: none">• understanding critical processes• identifying best practice	<ul style="list-style-type: none">• analysing the processes behind best practice• comparing your processes against the best	<ul style="list-style-type: none">• introducing better processes and standards• improving your services and practices
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The 12 Step Approach

A Structured Approach

A structured approach frees up managers and staff to be creative by automating the mechanistic parts of the process. Any text on the subject will provide the stages and steps in a structured approach. This workbook has ONE suggested approach, it may not be the best or most suitable for you but it is likely to be applicable in 90% of cases.

Phase 1 PLANNING

- 1- identify the processes critical to the business
- 2 - define the processes and sub-processes
- 3 - establish the key PIs and collect the data
- 4 - identify “partners” - internal and external

Phase 2- ANALYSIS

- 5 - collect data from “partners”
- 6 - determine the “gap”
- 7 - identify the process variations
- 8 - project future performance

Phase 3 - ACTION

- 9 - communicate finding and gain acceptance
- 10 - develop improvement action plans
- 11 - implement
- 12 - review and recalibrate

The 12 Step Process

feedback



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Phase 1 PLANNING

1- identify the processes critical to the business

The purpose of this step is to focus on what really matters to the organisation, the so called critical processes. These are the things that you have to do well in order to be successful. At the organisational level, critical processes are things like the way they formulate strategy, how to maximise use of their physical assets, how they recruit, train and retain staff and how they design, produce and deliver products and services. Lower down the organisation individual aspects of these corporate critical processes may manifest themselves or they may be things that stop the organisation working at its capacity such as processes that generate lots of complaints or consume large proportions of available resources.

Task

List the processes that you consider are critical	why? (since the purpose of this stage is to focus resources on what really matters it is helpful to make sure that you can justify what you are about to embark upon)

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2 - define the processes and sub-processes

Rule One: Anything can be defined as a process

Rule Two: See rule one

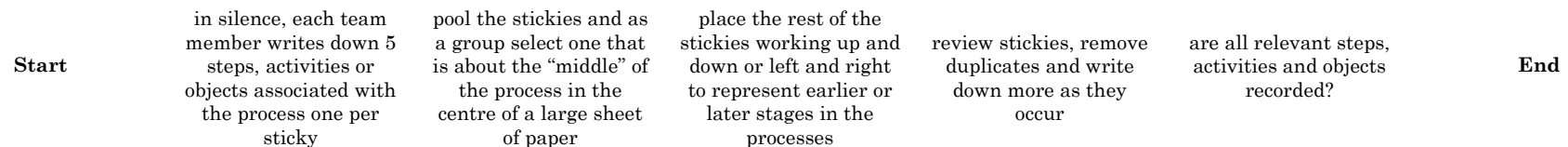
The purpose of this stage is to gain an understanding of the critical process and to identify the most important sub-processes. This is done by breaking it down into bite-sized chunks. Mapping a process helps you understand it. It may provide insight into critical processes, problem areas, customers or supplier interfaces. It can also be used to model the impact of changing the process.

The most common approach is the simple block diagram that is set out using sticky notes. This is a very good way of mapping a process because it can be done by groups, it is big and bold and it can be easily altered. There are also lots of PC packages available for process mapping these require training in the use of the package, are not easy for groups to work on, but may be printed off.

The process of process mapping

If the concept works it ought to be describable as a process map. A simple map of the process mapping process actually begins with a group jotting down all the steps in the process they are studying on yellow stickies. These are then placed on a large sheet of paper and the process map gradually formed.

Flow process diagramme of the process of mapping processes



Once the process is mapped like this easy wins may become apparent. Look for loops, duplications or processes that lead nowhere and have no customers.

When you are working as a joint team, rather than use one organisation's process, create a composite process map representing the ideal position a so called "Straw Man". This can then be used to help your individual efforts to improve by providing a reference.

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The following checklist can be used to critically review the process map produced.

	questions	purpose
What	What is being done?	challenge need and eliminate unnecessary work or steps
Why	why is it necessary? what is the purpose?	
Where	where is the work being done? is it really necessary to do it here?	rearrange the combination or sequence of work
When	when is the work done? is there a better time?	
Who	Who does the work? why them? who else could do it?	
How	how is the work done? is this the best way? is there a better way?	simplify the work or use other methods
How Much	how much does it cost? how much would improving work cost?	evaluate improvements

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 Task

Using the notes to help, map the process



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3 - establish the key PIs and collect the internal data

Identifying performance indicators is made easier by the process mapping exercise which should help identify what is important about the process and therefore what needs to be measured.

Performance indicators are necessary in order to set a baseline of currently performance and gauge future success. Performance indicators should be a mixture of the quantitative,(costs, cycle times, etc) and the qualitative (level of satisfaction, appearance., etc). However, they must serve their purpose, which is to provide a way of comparing processes and measuring success. This means they must be rigorous, capable of being collected over time and comparable over time and between processes. Once you have identified better processes they are used to help forecast the impact of adopting or adapting new processes and monitor the effectiveness of the new process.

If you do not have any data it is useful to ask:

what do the customers require from the process?	what resources does the process use?
how customers measure the output of the process?	what do other people, especially the “best in class” measure?

Examples of performance include cycle times, error rates, customer satisfaction levels and variability. Where performance indicators are used that include cost information a lot of time may be wasted in attempting to compare like with like because of different accounting treatments.

Performance indicators will be used as the basis of the first exchange of data with partners, you may wish to consider using the process map as the basis of this exchange. To do this, produce a map of the areas you wish to compare and superimpose the performance indicator data. Partners can then get an understanding of the processes as well as the indicators and in this way they can provide more useful data that requires less analysis to become decision support information.

 Task

Set out the performance indicators that you will use to compare processes

process	indicators

4 - identify "partners" - internal and external

If you are part of a club or group, then you have a ready made set of partners, but be aware that you may all be poor performers. An example of this problem befell Ford who decided that they wanted to reduce the cost of their 400 person accounts receivable operation by 20% which they considered was a hard target when compared with the other motor industry giants. They then decided to look at their own strategic partner Mazda who had 5 people doing the same job, even accounting for differences in scale if Ford were as efficient as Mazda they would only need 25 people. So think hard about who you need to target and use all your networks and all relevant published information you can.

Task

What partners or sources of information can you think of that will have information that will be useful in respect of the areas you wish to examine?

Phase 2- ANALYSIS

5 - collect data from “partners”

Data collection is at least a 2 stage process. First some sort of questionnaire is produced TESTED and distributed to target organisations or partners. The second part is a follow up to the partners who perform best to study them in more detail to find out if it is a difference in process that accounts for the difference in performance or some historical reason.



Task

What collection tools (surveys, visits etc) do you think you can use to collect the data you need and how much experience in using these tools is there in your organisation?

tool	who has the skill?

6 - determine the “gap”

At this stage the data collected may show a gap between your performance and your partners performance.

Task

Even before you start, can you identify areas where you know your performance is either very good and very poor?

7 - identify the process variations

Task

If you can identify anything at 6 at this stage, what are the reasons for the differences? (depending on circumstances, a full root cause analysis may be necessary at this point)

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8 - project future performance

While planning the benchmarking exercise, it is useful to use this stage to help frame the aim of the exercise

Task

Describe the effect of improving the critical processes on the users, staff and organisation?

This completes the information required for planning a process benchmarking exercise. The remainder of this workbook contains a consolidated worksheet that can be used to summarise and reorder the information and a simple outline planning pro forma to set out future work.

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Consolidated Worksheet

Task

Complete the following consolidated worksheet to assist you in planning

(Worksheet Part1)

critical process (step 1)	
what do you hope to achieve by improving this process ie what is the objective of your study? (step 8)	
what are the most important sub processes? (step 2)	and their associated Performance Indicators? (step 3)

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(Worksheet Part2)

who (or where) will you collect data from? (step 4)	why them (or there)? (step 4)	and how? (step 5)
are there any areas worth concentrating on such as really important sub-processes or areas you know vary a lot? (steps 2, 6)	and why? (step 7)	

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Outline Plan



Task

Construct outline plan.

Title:													
Owners:													
Aim:													
		dates											
task	owner												
map processes and sub processes													
produce PIs													
produce questionnaire													
TEST questionnaire													
data collection													
data analysis													
follow up													
produce initial recommendations													
pilot changes													
monitor pilots													
final recommendations													

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Notes

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