

BENCHMARKING



- Learn from others
- Dramatically improve
- Director commitment vital

"It is often beneficial if the organisation you compare yourself against is in a different industry to your own. This encourages an open mind, and innovative approaches."

INTRODUCTION

Benchmarking enables an organisation improve its processes. It serves two key purposes: 1) goal setting, 2) process improvement^[1].

It is a method of comparing one process in your organisation against the same process in another part of the same organisation or against another organisation for purposes of learning ways to improve. It's a way to check, for example, whether the process is "world class" (see our document on what "World Class" means, available to download from our website) or indeed if there are improvements that can be learned and made. Often, there are many improvements that can be made, and however good a process may be, the world is constantly changing so that what was an efficient, effective, agile process last year has become less so this year.

APPROACH^[2]

1. The processes to be studied should be clearly **defined**.
2. Identify possible **partners** to bench mark with and against (e.g. known and respected competitors).
3. **Identify** the process **information** required and how it will be collected.
4. **Collect** the information.
5. Establish the **performance gap**.
6. **Identify** the differences in the process.
7. Set future **goals** for your own process.
8. **Communicate** and **commit** to the changed process.
9. **Implement** changes.
10. **Monitor**.
11. **Review** progress & adjust.
12. **Repeat** step 1, (frequently).

Such a process requires significant management commitment, but can equally yields significant benefits.

SUMMARY GUIDE

COMPARE WITH

To compare your process there are 2 main methods, or a mix of:

1. **In-house:** Cheap and direct but less likely to lead to innovative improvements.
2. **Third-party:** More thought provoking with greater insight, higher cost.

INFORMATION GATHERING

Information on organisations to be benchmarked against can be obtained through written questionnaires, interviews by telephone or face-to-face, as well as site visits. The design of such questionnaires and interviews is a skilled job requiring both open and specific questioning. Its important to measure like for like, and find out how and why a process is better or worse than another.

THE REWARDS

Quite simply the potential rewards of benchmarking far outweigh the effort & expense. Not only is there the chance to **dramatically** improve processes, there is also the deeper, longer lasting impact on the **culture** of your organisation—making it **agile to change**, open to **improvement**, huge **customer satisfaction**, **industry respect**, **staff satisfaction & pride**. Such benefits can be financially measured in lower staff turnover, customer loyalty, reduced mistakes, higher customer service levels, greater word of mouth marketing and more. It also helps you truly see where you stand against your competitors - your business strengths, weaknesses, opportunities and threats - valuable lessons indeed.

REFERENCES

- [1] *Business Process Improvement*, HJ Harrington, 1991.
[2] *Tools for Success*, S Turner, 2002

