

Summarised by Andrew Gibbons

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P vii “The underlying reason for benchmarking is to learn how to improve business processes and increase competitiveness...the premise is simple: companies choose to benchmark outstanding companies whose business processes are analogous to their own. Benchmarking identifies those practices that have enabled the successful companies’ superior performance and that can be adapted to the benchmarking companies’ business applications. Thus, benchmarking is an operational process of continuous learning and adaptation that results in the development of an improved organisation.”

P 2 Definitions:

“Benchmarking is a continuous search for and application of *significantly better practices* that leads to superior competitive performance”.

The Westinghouse Productivity and Quality Center.

P 3 “Benchmarking is a systematic and continuous measurement process; a process of continuously leaders anywhere in the world to gain information which will help the organisation take action to improve its performance”.

International Benchmarking Clearinghouse Design Steering Committee.

“Although benchmarking is a measurement process and results in comparative performance measures, it also describes how exceptional performance is attained. The practices that lead to exceptional performance are called enablers.”

“Thus the process of benchmarking results in two types of outputs: benchmarks, or measures of superior performance, and enablers.”

“Deming advises ‘adapt, don’t adopt’. Process enablers are developed to meet a specific business need within the context of a specific business environment and company culture...thus stealing shamelessly can cause trouble if the business practices of one organisation don’t translate to those of another”.

P 4 “The first step can be reduced to answering two fundamental questions:

1. What should we benchmark?
2. Whom should we benchmark?

The second step in benchmarking is to conduct secondary and primary research... It is important to learn as much as possible before making any direct contact, because many companies are completely unaware of what has been written about them in the press and trade publications”.

P 5 “The third step in benchmarking is analysis of the gathered data to determine study findings and recommendations. The analysis consists of two aspects: determining the magnitude of the performance gaps between companies, using the benchmarking metrics identified during the planning step; and identifying the process enablers that facilitated the performance improvements at the leading companies”.

P 14 “The primary source of competitiveness is product technology”.

P 15 “Benchmarking presents a paradox: the need for simultaneous co-operation and competition”.

P 20 “Successful benchmarking does not require either immoral or unethical behaviour”.

P 22 “No new idea springs from a void. Rather, new ideas emerge from a set of conditions in which old ideas no longer seem to work”.

Richard Foster 1986.

P 25 What is strategy?

“A deliberate search for a plan of action that will develop a business’s competitive advantage and compound it. For any company the search is an iterative process that begins with a recognition of where you are and what you have now. Your most dangerous competitors are those that are most like you.

The differences between you and your competitors are the basis of your advantage. If you are in business and self-supporting, you already have some kind of competitive advantage, no matter how small or how subtle. Otherwise, you would have gradually lost customers faster than you gained them. The objective is to enlarge the scope of your advantage which can only happen at someone else’s expense”.

Bruce Henderson.

P 26 “Beyond the use of the military metaphor, it is instructive to note that the essential ingredients to success are observation, learning, and adaptation”.

“This book’s working definition of strategy is: *the persistence of a vision*”.

P 30 Sun Tzu: “All men can see the tactics whereby I conquer, but what none can see is the strategy out of which great victory is evolved”.

P 32 “A mature company’s approach to benchmarking will focus the majority of its available resources on benchmarking key, cross-functional business processes that support the long-term strategic intent and develop process capability, or on those areas that develop core competence”.

P 34 The six criteria of a company that is a world-class competitor as developed by General Electric during the mid 1980s concluded that such an organisation:

1. Knows its processes better than its competitors know their processes.
2. Knows the industry competitors better than its competitors know them.
3. Knows its customers better than its competitors know their customers.
4. Responds more rapidly to customer behaviour than do competitors.
5. Uses employees more effectively than do competitors.
6. Competes for market share on a customer-by-customer basis.

P 37 “A company that is developing its strategic approach to benchmarking should consider establishing long-standing relationships with a limited number of companies that will serve as a network for sharing strategic direction and methodology”.

P 41 “The quality maturity of an existing business follows a four stage development process; it progresses as the concept of quality grows and develops. The four stages in quality development are: inspection, control, partnership and maturity”. This is taken from the work of Philip Crosby, specifically his book ‘Quality is Free 1979.

P 46 Robert Camp’s definition, whilst manager of benchmarking competency at Xerox Corporation:

“A positive, proactive process by which a company examines how another company performs a specific function in order to improve how it performs the same, or similar function”.

P 47 “Operational processes must be comparative or analogous if the highest degree of knowledge transfer between benchmarking partners is to be achieved”.

P 48 “Benchmarking is a measured performance comparison between two companies; the objective is to understand why the varying degrees of performance exist and how the higher degree of performance was obtained”.

“The why and how of process performance are called process enablers”.

P 54 "In simple, common-sense terms, benchmarking means:

1. Determining what operational process to study.
2. Discovering the performance level of excellence in that process relative to one's own firm's process performance.
3. Deciding how to make the changes that will result in improvement in one's own company".

P 67 Step 1: Planning the benchmarking project

"There are three phases to the planning step in the benchmarking process model:

1. The company must identify its strategic intent, core competencies, capability maps, key business processes, and critical success factors. This phase applies the considerations described in chapter 2; process performance discovery and external learning can help provide a 'wakeup' call' for the management team.
2. The particular process to be benchmarked must be documented and characterised, to determine its inherent capability. This phase applies basic quality tools to business process analysis.
3. Requirements must be established for selecting benchmarking partners, given the benchmarking objective, or for characterising the degree of relevance that any particular company may have as a potential benchmarking partner.

P 68 "The specific activities followed during the planning step of a benchmarking study are:

- Identify business strategic intent and core competencies, and map company capabilities.
- Select key business process for consideration to benchmark.
- Select the specific process to benchmark.
- Gain participation of the process owner.
- Select a benchmarking team leader and participants.
- Identify the customer profiles and expectations.
- Analyse process flow and performance measures.
- Define process inputs and outputs.
- Document and flow chart the process.
- Understand and measure critical success factors.
- Select critical success factors to benchmark.
- Develop the company selection criteria.
- Establish the data collection method.
- Develop a preliminary questionnaire.

P 70 Step 2: Collecting the necessary Data

"The second step of the benchmarking process model, which concentrates on data collection, contains three phases; internal data collection (application of quality tools), secondary research, and external primary research/data collection (using the same approach as for internal data collection).

The first and third phases are almost identical. They consist of answering the questions: 'How do WE do it?' and 'How do THEY do it?'. The same degree of process detail is collected for the company's own processes, using the same data collection approach and metrics".

"Secondary research is the practice of searching for information about a particular subject, using indirect sources.

P 71 The process begins by first determining 'key words' - topics that relate to the benchmarking study objective or to how the process being studied is characterised".

"Key words are used to query databases through DIALOG, an information service, to discover what companies are doing in these areas. Key words are not always specific in their interpretation, so an iterative approach is usually necessary".

"Secondary research is a key element in a professional's approach to benchmarking. Coupled with the use of questionnaires, secondary research represents the 'sweat element' in benchmarking. Making progress takes time and requires dedicated plodding, but a large payoff is available.

Some benchmarking studies have been completed by secondary research alone, because the needed information had already been disclosed in available publications”.

P 72 Like the first step of the benchmarking process model, the second step can be describes as a set of activities. The specific activities followed during the collection step of a benchmarking study are:

- Collect internal process data;
- Identify potential benchmarking partners;
- Research companies for appropriate comparisons;
- Conduct secondary research;
- Select whom to benchmark and establish partnership sharing conditions;
- Plan the data collection;
- Develop a final survey or interview guide;
- Conduct primary research (telephone survey, mail survey, or individual interviews);
- Monitor process performance and analyse performance gaps;
- Make on-site observations to clarify and verify previous observations;
- Conduct a post-site-visit debriefing with team members, to record observations;
- Synthesise on-site observations into a documented trip report”.

P 73 Step 3: Analysing the data for performance gaps and enablers

“The analysis step in the benchmarking process model consists of five phases: data analysis; data presentation, root cause analysis, results projection, and enabler identification. The goal of this step is to identify adaptable process enablers that are candidates for implementation”.

P 74 “The specific activities are:

- Organise and graphically present the data for identification of performance gaps.
- Normalise performance to a common measurement base.
- Compare current performance against the benchmark.
- Identify performance gaps and determine the root causes.
- Project the performance 3 to 5 years into the future.
- Develop ‘best practices’ case studies.
- Isolate process enablers that correlate to process improvements.
- Evaluate the nature of the process enablers to determine their adaptability to the company culture”.

P 75 “Step 4: Improving by adapting process enablers.

The step may be divided into the following phases:

- Select improvement projects; set goals for improvement; develop action plans; implement action plans; recognise individual and team contributions, and monitor benchmarking requirements”.

“Various types of goals can serve to help a company through its improvement process”, for example:

- Short term parity leadership.

P 76 “A word of caution, however, about goals. Not every process needs to be world class...one process should not shine at the expense of the entire system”.

P 78 “The specific activities during the improvement step of a benchmarking study are:

- Set goals to close, meet, and then exceed the performance gap.
- Select best practices and enablers for consideration.
- Modify process enablers to match the company culture and organisational structure.
- Enhance these enablers based on team observations for integrating process improvements.
- Develop a formal action plan for implementing improvements.
- Get management endorsement.
- Commit the resources required for implementation.
- Gain acceptance, support, commitment, and ownership for required changes.
- Implement the plan.

Celebrate the results of the benchmarking project.
Monitor and report improvement progress.
Identify opportunities for future benchmarking.
Recalibrate the measure regularly and seek understanding when change is observed.

P 81 “As Soshanna Zuboff has postulated: ‘the 21st century company has to promote and nurture the capacity to improve and to innovate. That idea has radical implications. It means learning becomes the fundamental axial principle of organisations. It replaces control as the fundamental job of management’

P 82 “The lessons of benchmarking tell the team a succinct story:

Here’s where you are.
Here’s where you want to be.
Here’s an example of how you can get there.
NOW GO AND DO IT!”.

Peter Senge quoting John Dewey...”All learning is a continual process of discovering insights, inventing new possibilities for action, producing the actions, and observing the consequences leading to insights”.

P 83 Watson draws comparisons between Dewey’s learning theory and Deming’s plan-do-check-act continuous improvement cycle:

- | | |
|--------------------------------|---|
| 1. Discovering new insights | <i>Plan</i> a course of action based on a data-defined problem statement. |
| 2. Inventing new possibilities | <i>Do</i> a test to determine the results of the hypothesis. |
| 3. Producing the action | <i>Check</i> to study the study the results on a trial implementation. |
| 4. Observing the consequences | <i>Act</i> , or adjust the process based on the trial observations. |

P 85 “Companies tend to recreate their past successes, and those that develop ‘entrenched success’ have difficulty in breaking away from their formula for success. Part of the reason for this hesitancy to break away is the learning and reinforcement process that the company experiences as a result of its success”.

P 87 Watson lists several different types of benchmarking:

Internal, Competitive, Functional, Generic, Process, Global, Cost, Performance, Customer, Strategic and Operational.

“Benchmarking is more than just comparative analysis, which has been done for years. The contribution of benchmarking to comparative analysis is that ‘lessons are learned’. The enabling performance is observed and the enablers are then used as a model for change in the learning organisation”.

P 93 “Some of the best lessons we learn are taught at home. Internal benchmarking is an approach to process benchmarking in which organisations learn from sister companies, divisions or operating units”.

P 103 Quoting Joseph Juran: “If you want to manage it, you have to manage it”.

P 107 Hewlett-Packard’s process improvement model:

1. Document the process.
2. Measure the process.
3. Reduce the variability within the process.
4. Think of ways to continually improve the process.

P 111 Donald Petersen, when President of Ford, became a disciple of W E Deming, the American quality guru famous for his impact on post-war Japan, and summarised the process thus: first statistical process control; then, elimination of fear from the workplace; continuous improvement, employee involvement, and customer focus.

- P 117 By the late 1970s Ford was in big trouble. In 1978 Ford actually recalled more US models than it produced, so something serious had to be done. The saviour was the new model the Taurus, and a high-powered, and very substantial team was set up...
- 118 "One of the things the Team Taurus did was to develop a list of features that would seem important to P the customer, whether largely transparent features (engineering details in the drive train, braking systems, and so on) or customer-perceived features (seat ergonomics, clutch pedal effort, fuel filling ease, and similar details).
- The list was generated from within the Ford organisation and its constituencies: Ford designers, assembly engineers and line workers, marketing personnel, dealers, legal and safety experts, suppliers, auto insurers, auto service mechanics, and a sprinkling of customers".
- "The team was determined to give the customers not only what they expected, but pleasant discoveries many of them made months after they made their purchases".
- "This outside research, conducted over a period of almost two years, and the input of Ford workers and managers were compiled into a list that was eventually honed down to 400 items within general automaking categories of lighting, power train, brakes, steering, storage, space perceptions, foot comfort, instrument, underhood accessibility, exterior windows, comfort, and convenience".
- P 119 The team went in search of 'best in class' features against which to benchmark. "But what exactly was best in class?
- To answer the question, Team Taurus purchased 50 automobiles representing the wide variety of models that catered to the middle-market car buyer.
- These 50 vehicles were acquired to do competitive product analysis - an early form of benchmarking similar to product tear-down analysis or reverse engineering - on each model, in terms of the list of 400 features".
- P 120 "Over a period of months, each of the 50 competing models was evaluated in terms of the 400 features and ranked to determine the best of class for each feature".
- "With these rankings empirically determined, Team Taurus had effectively established competitive benchmarks on the 400 features that had been deemed important to the overall outcome of the final product".
- P 127 "Team Taurus had successfully embodied the 'guiding principles' that its company had first articulated just two years before in its Annual Report and public statements:
- * Quality comes first.
 - * Customers are the focus of everything we do.
 - * Continuous improvement is essential to our success.
 - * Employee involvement is our way of life.
 - * Dealers and suppliers are our partners.
 - * Integrity is never compromised.
- "Ford learned two important lessons from the Taurus experience:
1. Competitive product analysis can provide perspective and guidance on critical design and development issues.
 2. The process is as important as the product".
- P 129 "Functional benchmarking investigates the performance of a particular function within an industry-wide application".
- "General Motors conducted such a study in the early 1980s, and it provides an interesting insight into how benchmarking studies progress".
- P 135 "Unlike most benchmark exercises, the GM study began with a hypothesis that identified ten factors as distinguishing quality-competent companies and contributing to their success.

Instead of the normal approach of observing competitors, peers, or other target companies along some focused set of activities, this study chose to state a broadly framed hypothesis and go out to find data to test against it. This hypothesis testing approach was used as a way to focus the data-collection process”.

- P 137 The GM benchmarking team visited 11 companies for between three to five days.
- P 145 “General Motors Corporation’s cross-industry study listed 151 quality and reliability mechanisms that appeared tied to positive outcomes in the 11 host companies...today, most quality managers refer to these quality mechanisms as ‘enablers’ - factors that enable behavioural change”.
- P 149 “Generic benchmarking represents the broadest application of data collection to company partners. In conducting a generic benchmarking study, a company is not confined to a competitive industry or border; it is confined only by its ability to develop an analogous process and understand how to translate across industries, using its partner’s selection criteria”.
- P 163 Xerox’s twelve benchmarking steps - as developed via investigations such as Robert Camp’s analysis of warehousing processes at L L Bean - a very different occupational context, but an analogous process, and one described in detail between pages 149 and 165.

Planning

1. Identify benchmark outputs.
2. Identify best competitor.
3. Determine data collection method.

Analysis

4. Determine current competitive ‘gap’.
5. Project future performance levels.

Integration

6. Establish functional goals: communication of data/acceptance of analysis.
7. Develop functional action plans.

Action

8. Implement specific actions.
9. Monitor results/report progress.
10. Recalibrate benchmarks.

Maturity

11. Leadership position obtained.
12. Process fully integrated in our practices.

- P 188 “Executive-level excuses for not benchmarking reduce down to a single basic theme: ‘we don’t believe that we have anything to learn from other companies’ ...other excuses include: our company (or industry) is different; we can’t learn from others. This phrase indicates a failure to build an adequate analogy for truly understanding the process similarities between organisations”.

“Another mistake to avoid in beginning benchmarking is not factoring customer expectations into benchmark studies...It is important to remember the customer when conducting a benchmarking study; otherwise it is possible to suboptimise the study and produce results that reflect only internal improvements that are not carried forward to the bottom line”.

“Another factor to avoid is process owners not participating in the benchmarking process. In almost every major successful company change effort, an enabling factor has been the participation of those who are charged with implementation of the change”.

- P 189 “Ken Karch, manager of total quality at Weyerhaeuser Company, offers the following reminders for organisations beginning benchmarking efforts:

- * Top management commitment and participation are necessary
- * Team members often have biases that need to be dealt with.
- * Team approaches are absolutely critical.
- * The benchmarking process cannot be rushed.
- * Education and training for the team are needed.
- * Benchmarking is resource-intensive: people, travel, research, consultants, and other factors are involved.
- * Process rigour is necessary for a successful study.
- * Securing quantitative data is often difficult.

P 191 “Another advantage of benchmarking is its acknowledgement of the fact that another organisation has been able to perform the same process at a higher performance level”.

P 198 “Because the techniques and enablers that companies use to ‘ratchet-up’ their performance may not apply in the future, benchmarks, like any other measuring instrument, need to be recalibrated over time...benchmarking, therefore, must be a continuous practice for those key business processes that affect the competitiveness of the organisation”.

P 200 “The recipe for successful benchmarking requires three basic ingredients: a supportive management team that has a real problem to be solved; access to prospective benchmarking partners who have previously resolved the problem, and a knowledgeable benchmarking team with the ability to use quality tools and research practices to investigate process problems to their root cause”.

P 217- The benchmarking code of practice:
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Nine principles:

The principle of *legality*.

The principle of *exchange*.

The principle of *confidentiality*.

The principle of *use*.

The principle of *first-party contact*.

The principle of *preparation*.

The principle of *completion*.

The principle of *understanding and action*.

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