

Benchmarking

Benchmarking is a systematic process of measuring the products, services and practices of your toughest competitors (or those regarded as leaders in your area of business), and improving your own business on the basis of what you learn.

The goal is to achieve significantly better performance and profitability, and is usually associated with changes in quality management, restructuring or re-engineering. Benchmarking can help your business become the best-of-the-best in your field.

The following outlines the benchmarking process:

1. Identify what you want to benchmark

Best practice benchmarking is the process of seeking out and studying the best internal practices that produce superior performance. The internal practices can include client service, sales success and professional telephone services – whatever area in which you want to excel.

2. Find out the leaders in that field

The organisation identified as providing the benchmark need not be a competitor. In fact, it is possible that the organisation will be operating in a different field altogether. You can identify leaders in your field of inquiry through observation, word-of-mouth, reading, internet or published surveys.

3. Set realistic targets

Best-of-the-best or best-in-class are not absolutes. You need to:

- Formulate criteria that define a “class” of companies of interest.
- Define measures that can be used to compare companies to determine the “best”.
- Find companies that meet your “class” criteria and that appear to be the best performers to defined measures.

4. Collect the information

Some organisations would be flattered to know that they have been selected as providing a benchmark and may invite you to meet with them or commence a fact-finding mission. Alternatively, the key people in those organisations identified may agree either to be interviewed or to respond to a simple survey or questionnaire. Whichever option is selected, data will be required to make meaningful comparisons, and that information does not only apply to statistics or other hard data.

5. Talk to customers

Don't neglect to seek customers' views about the services you are seeking to improve – especially if you are improving customer service. You may even seek permission of the benchmark organisation to speak to its customers about the area of its business that interests you. Customers experience outcomes of processes, so their views are important.

6. Plan the process to overcome differences

The key is to learn and discover why some operations are better, some are worse, and how both of them got that way. Having gathered your information, develop plans and decide on schedules to enable you to implement the best-of-the-best throughout your business by continuous improvement. Update your position and status constantly.

7. Do it quickly, or don't do it

People, their positions, their interests, and the organisational context are all subject to constant change. Therefore, it is important to implement new-found practices promptly. The following can assist the pace of the process:

- Allocating adequate resources.
- Using experts as required.
- Preparing well in advance.
- Biting off manageable chunks.

8. Manage the change

Continuous improvement is essential for maintaining competitive advantage. The good thing about using a benchmark as the focus of the change process is that a successful working model already exists for you to emulate. Remember, benchmarking is a process, so keep stakeholders informed and supported throughout the process, or you'll risk your proposals collecting dust on the shelf. If employees are having problems with change, act on those problems immediately.

9. Make measurement part of the process

Selecting critical success factors – the things that must go right and can be measured – must be part of the process. These factors will influence the scope of the project, determine the key measures, help to identify benchmark partners, develop benchmark questions, and be valuable in your preparation of the final analysis and recommendations.

10. Set new benchmarks

Continuous improvement means that, once you have created the momentum, encourage employees to be on the lookout for winning ideas and organisations succeeding in particular practices. Always listen to what customers have to say – they can advise of other areas you need to focus on.



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Further information

The following fact sheets provide further information on these issues:

- Business communications
- Business planning
- Change management
- Conduct a SWOT analysis
- Market research – introduction
- Set achievable goals