Overview of Benchmarking for BPR Teams

MHC-1056 Supplemental

Improvement Opportunities –
Looking for World-Class Performance

Innovative & Comprehensive
Mountain Home Training & Consulting, Inc.

An Accredited Course of the
MHi Business Process Reengineering
Certification Program
BPR BENCHMARKING

This section discusses how benchmarking can be performed within a BPR process improvement project.

Benchmarking can be performed at any level within the organization. At the strategic level, benchmarking is an essential part of the strategic planning process when you are trying to determine the identity of your organization and its future direction in a changing external environment. At this level, you are particularly concerned about how your organization stacks up against the competition in order to establish a strategy that will enable your organization to survive - or better, thrive - in the future. Benchmarking can also be performed down at the lowest level of the organization, the task level, in order to improve local procedures.

However, the type of benchmarking that will be discussed here is **process** benchmarking; i.e., how to apply the techniques of benchmarking to improve business processes. The techniques of benchmarking are ideally suited to analysis at this level.

Benchmarking works well in the BPR context and complements BPR process analysis. The reason for this is that both benchmarking and BPR seek **dramatic** improvements in business processes. Also, many of the activities in BPR and benchmarking methodologies are shared; therefore, reducing the cost and effort of performing BPR and benchmarking separately.

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**SECTION II Objectives**

You will be able to:

- Describe Benchmarking concepts
- Describe the steps to successful benchmarking
- Identify legal and protocol issues
- Describe how Benchmarking fits into the BPR Framework

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**Figure 1-1: Section II Objectives**
Chapter 1
Understanding Benchmarking

Topics covered in this section:

**Understanding Benchmarking**

- Benchmarking Defined
- What is Benchmarking?
- What Benchmarking is not
- What do you benchmark?
- Why Benchmark?
- When to Benchmark?
- Basic steps for successful benchmarking
- Success indicators for benchmarking
- The Benchmarking Methodology

**Figure 1-2: Understanding Benchmarking**

**Benchmarking Defined**:

Before we talk about benchmarking, we should first talk about what a benchmark is. Webster defines the word “benchmark” as: “1: A mark on a permanent object indicating elevation and serving as a reference in topographical surveys and tidal observations. 2: a. a point of reference from which measurements may be made. b. something that serves as a standard by which others may be measured.”

There are a variety of definitions for benchmarking, each describing various aspects of benchmarking.

Robert C. Camp defines benchmarking as: ¹

“The search for industry best practices that lead to superior performance.”

BPR Benchmarking

David Kearns, CEO, Xerox, definition is: ²

“The continuous process of measuring products, services, and practices against the toughest competitors or those companies recognized as industry leaders.”

H. James Harrington’s definition is: ³

“a systematic way to identify, understand, and creatively evolve superior products, services, designs, equipment, processes, and practices to improve your organization’s real performance.”

Benchmarking Definition

“The search for industry best practices that lead to superior performance.”

Robert C. Camp

Figure 1-3: Benchmarking Definition

What is Benchmarking?

- **Benchmarking is a process of comparing** the performance of your organization with industry best. Whenever possible, the objective should be to compare the performance of your organization with that of the best in industry.

- **Benchmarking a continuous process.** It is more than just a one-time project. It is a continuous process that is incorporated as a part of the culture of the organization. Managers and employees should

² Camp, Introduction
³ Harrington, Introduction
continuously be assessing the external environment to identify better ways of doing things. Management should assure that benchmarking is included in the decision making process.

- **Benchmarking is a measurement and analysis process.** It is first involves the measurement of the performance of the processes of your organization and then comparing these measures with that of industry leaders. It is imperative that you understand your own organization very well before you gather information about industry leaders. Establishing a baseline enables an organization to identify the types of information you will want to gather about industry leaders.

![Figure 1-4: What is Benchmarking](image)

### What is Benchmarking?
- Process of Comparing
- Continuous Process
- Measurement and Analysis Process
- Looks for Quantum Leaps
- Complements CPI
- Seeks to Deliver Optimum Products
- Involves Everyone in the Organization

- **Benchmarking looks for quantum leaps in process improvement.** Like BPR, we are not looking for incremental improvement. We do not want to overlook opportunities to pick the "low hanging fruit"; however, the focus of our study is to look for the "gold nuggets" that will lead us to superior performance. Why spend all the effort, time, and resources and settle for less?

- **Benchmarking complements continuous process improvement.** Like BPR, benchmarking should not be viewed as a replacement for continuous process improvement. After the recommendations of a benchmarking study are implemented, organizations must monitor performance and continuously strive to make process improvements.
BPR Benchmarking

- Benchmarking seeks to deliver optimum products and services to customers. Comparison to industry leaders encourages organizations to be more competitive with in their industries.

- Benchmarking is a team effort that requires top management commitment and should involve mid-level management, first-line supervisors, and action officers.

What Benchmarking is not:

- Benchmarking is not copying a good idea from one organization and duplicating it within your organization. The enablers in each organization are quite different and impact the implementation of process changes. The objective of benchmarking, particularly in BPR, is to gain superiority. This takes an innovative and creative application of the best ideas of other organizations and a full understanding of how those good ideas can be adapted to your organization.

- Benchmarking is not a program. Benchmarking is a method of managing an organization’s processes. It is not delegated to a particular department but rather an organized effort in which each employee participates.

- Benchmarking is not intended as a quick fix. Since the search is for significant, long-term improvements in our organizations and processes, benchmarking requires sufficient time to research and study the results. Therefore, benchmarking studies can take from 5-9 months to complete.

- Benchmarking is not a replacement for continuous process improvement or BPR. Benchmarking complements continuous process improvement and should be considered an essential part of any BPR study.

- Benchmarking is not simple. It is not something that is done on impulse but requires thorough planning and preparation.

- Benchmarking is not cheap. Benchmarking studies can range in cost from $5,000 to $100,000. Organizations need to assure adequate resources are available and tailor their benchmarking efforts accordingly.
Chapter 1: Understanding Benchmarking

Benchmarking is Not

- Copying
- A Program
- A Quick Fix
- Replacement for CPI or BPR
- Simple
- Cheap

Figure 1-5: What Benchmarking is Not

What do you Benchmark?

You can benchmark anything: strategic direction, equipment utilization, practices, organization structure, product and services, procedures. In this chapter, however, we will be addressing primarily process benchmarking.

Why Benchmark?

- To increase competitive position. To accelerate improvements in critical areas or processes to better serve our customers and other stakeholders.

- To be the best at what you do. It is a factor in quality awards.

- To look for innovative ways to perform a process. Helps organizations think “out-of-the-box” and provides a sense of urgency for improvement.

- To reduce the risk resulting from fundamental change. Benchmarking, like simulation and prototyping, will help reduce the risks associated with process improvement. Seeing a successful process in operation elsewhere lends credence to feasibility of dramatic change. Also, you can gain valuable insight from your benchmarking partners as to how they implemented their process and how to avoid pitfalls.
To validate or establish goals and objectives. Are the goals and objectives established for the process adequate or are we aiming too low or in the wrong direction? Benchmarking will give us new perspective and help us reevaluate what our goals and objectives should be.

Why Benchmark?

- Improve Competitive Position
- Be the Best
- Be Innovative
- Reduce Risk
- Validate Goals and Objectives

When to Benchmark?

Benchmarking can be applied at any level in the organization, from strategic to task. In this chapter we will discuss how benchmarking can be applied in a process improvement project.

In the strategic planning, benchmarking should be used to assess the external environment. At this level you are assessing the overall corporate performance of the organization. This external assessment is important for developing a SWOT analysis. Corporate measures of performance are developed and should be used to assess overall competitiveness of your organization to competitors. This evaluation then becomes useful in validating and establishing goals and objectives. Goals are high level statements of intent that identify areas that improvement must take place to meet the vision of the organization. Goals are supported by objectives that are measurable and have a specific target completion date. A more detailed discussion of strategic planning is contained in the Business Process Reengineering (BPR) Fundamentals (with Strategic Planning) (MHC-1012) course.
Chapter 1: Understanding Benchmarking

During BPR process improvement, benchmarking should be initiated during Analyze the Baseline for Improvement Opportunities (see Part I, chapter 3).

**Basic Elements for Successful Benchmarking**

There are four basic elements necessary for successful benchmarking:

- Have an in-depth understanding of your process.
- Have an in-depth understanding of the best processes in government or industry.
- Incorporate the best ideas to be the best.
- Be professional in the study approach.

*Figure 1-6: Basic Elements for Successful Benchmarking*

**Three Parts to Benchmarking**

The three areas of comparison for benchmarking are: process, metrics, and enablers.

The basic purpose of benchmarking is to compare and improve the process so that 1) a better product can be delivered in a more efficient and effective manner, 2) stakeholders are satisfied, and 3) the mission can be accomplished and the vision achieved.

Metrics are measurements of how the process is performing. As discussed earlier, performance measures can be identified in four categories: Fitness for Purpose (FFP), Conformance to Standards (CTS), Process Time Measures (PTM), and Cost (C$T).

Enablers are those, practices, policies, and resources that are external to the process and enable (or “disenable”) the process to the level required for optimum performance. Improvement in the process and its metrics will be
impossible without an understanding of the enablers of that process. Two primary enablers are organization and culture and information technology.

A general approach to obtaining information regarding these three parts is illustrated in the following table:

<table>
<thead>
<tr>
<th>Steps</th>
<th>Process</th>
<th>Metrics</th>
<th>Enablers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Map your process</td>
<td>Identify your metrics</td>
<td>What are your enablers or “disenablers”?</td>
</tr>
<tr>
<td>2</td>
<td>Determine your partner’s process</td>
<td>Identify partner’s metrics</td>
<td>What are their enablers?</td>
</tr>
</tbody>
</table>

**Benefits of Benchmarking for BPR Process Improvement**

- **It can accelerate improvement in critical business processes.** Finding proven new ideas from industry leaders can save time and resources that would otherwise be spent experimenting in the unknown. The focus of BPR is dramatic improvements in performance and benchmarking is an excellent tool for this job.

- **It can encourage and facilitate managed change.** Venturing into the unknown can have not only time and resource implications, but it could jeopardize mission performance and threaten the life of the organization. By understanding how high-performance processes were implemented in industry leading organizations and the
problems they encountered on the way toward implementation, you can identify and avoid pitfalls that would otherwise be unknown.

- **It serves to validates goals and objectives.** The performance measures of industry-best organizations can be used to evaluate the adequacy of the goals and objectives that were developed in your strategic plan. What you thought were lofty targets for performance improvement might seem paltry when compared with the industry best. You may want to go back to your strategic plan and revise your goals and objectives.

- **It helps provide a sense of urgency for process improvement.** Seeing the performance of industry best can be a strong wake-up call. When Ford Motor Company benchmarked with Mazda Motor Company, it discovered that Mazda’s tolerances in the manufacturing of engines were much finer than at Ford. Ford realized that if it was going to be competitive in the world market, particularly with Japan, it had to make dramatic improvements.

- **It helps combat “it can’t be done” or “it won’t work here” syndrome.** Seeing excellence in operation at other locations is proof that what was thought to be impossible can be done.

- **It provides a way to break out of old paradigms.** Companies and even industries can get locked into attitudes, beliefs, and ways of doing business. Benchmarking other organizations can provide a different perspective of the same process.

- **Key factor in quality awards.** Benchmarking is an element in both Strategic Planning and Process Management sections of the award process.
In his book, *Benchmarking: The Search for Industry Best Practices That Lead to Superior Performance*, Robert Camp identified criteria to determine if your organization has a supportive culture for successful benchmarking. These criteria have been adapted and are listed below.

- An active commitment to benchmarking from management
- Clearly defined and articulated objectives exist for the benchmark project
- A clear and comprehensive understanding of how one's own work is conducted as a basis for comparison to industry best practices
- A willingness to change and adapt based on benchmark findings
- A realization that competition is constantly changing and there is a need to "shoot ahead of the duck"
- A willingness to share information with benchmark partners
- A focus on benchmarking first on industry best practices and second on performance metrics
- The concentration of leading companies in the industry or other functionally best operations that are recognized leaders
- Adherence to the benchmarking process
- An openness to new ideas and creativity and an innovate approach in their application to existing processes

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**Benefits of Benchmarking**

- Accelerates Improvement
- Facilitates Managed Change
- Validates Goals and Objectives
- Provides Sense of Urgency
- Combats "It Can't be Done" Attitude
- Way to Break Out of Old Paradigms
- Key Factor in Quality Awards

Figure 1-8: Benefits of benchmarking

**Indicators for Successful Benchmarking**

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Chapter 1: Understanding Benchmarking

- Conclusions can be justified by data gained during the project
- A continuous benchmarking effort
- The institutionalization of benchmarking

Methodology

Across private industry and the public sector, there are many methodologies for benchmarking. They all share basic common aspects. In the following chapters, we are going to address benchmarking as a 6-step process which synthesizes the best aspects of these methodologies. You might say that we have benchmarked these methodologies in order to develop the best to gain superiority.

Benchmarking Steps

1: Paving the way for successful benchmarking
2: Selecting best-in-class benchmarking partners
3: Collecting data from partners
4: Analyze results and produce a report
5: Monitor results after implementation
6: Incorporate benchmarking into the decision making process.

Figure 1-9: Benchmarking Steps
Chapter 1 Questions:

1. What are the four basic elements to successful benchmarking?

2. What are the three parts to benchmarking?

3. Why shouldn’t benchmarking be used as a quick fix for problems?

4. What are the steps in the benchmarking methodology used in this book?
Chapter 2
Benchmarking Step 1:
Pave the Way for Successful Benchmarking

This step in the benchmarking process involves setting up a benchmarking project and accomplishing the first element toward successful benchmarking which is: "Have an in-depth understanding of your process". Before collecting information about others, it is essential that you thoroughly understand your process, its metrics, its enablers, and your strengths and weaknesses.

If you are performing a benchmarking study as a part of a BPR process improvement project, most - if not all - of the actions in this benchmarking step will be performed concurrent with documenting the baseline and in the initial activities in analyzing the baseline for improvement opportunities.

Pave the Way for Successful Benchmarking - Chart 1
- Select a process to be benchmarked.
- Establish critical success factors.
- Model the process
- Define AS-IS measurements.
- Identify performance gaps with strategic plan
- Identify process related issues.
- Identify organizational issues and barriers.
- Identify technology issues
- Develop process improvement opportunities

Select a Process to be Benchmarked.

For the benchmarking effort to be consistent with the BPR project, the scope of the process selected for benchmarking should be the same as the one selected for process improvement. It may be decided that certain activities receive special focus in the benchmarking study; however the process defined for the BPR study should be the same as for the benchmarking study.
Establish Critical Success Factors.

The critical success factors (CSFs) for the process should be the same for the benchmarking effort as for the BPR project. Critical success factors can be defined as “characteristics that an enterprise must possess, or the level of performance that must be achieved for it to be successful in a specific environment.” They are the few key areas of performance where ‘things must go right’ for the business to flourish. If results are not adequate, the organization's efforts for the period will be less than desired. For process benchmarking projects, CSFs will be the process performance measures that indicate measurable level of performance for a key business process.

Example: The on-time delivery of spare parts to service personnel in the field could be considered a CSF for a logistics supply process. Delivery of the parts within 5 days might be considered a CSF measure.

The following benchmarking steps should have been done as a part of establishing the baseline.

- Model the process
- Define AS-IS measurements.
- Identify performance gaps with strategic plan
- Identify process-related issues.
- Identify organizational issues and barriers.
- Identify technology issues
- Develop process improvement opportunities

Model the process.

Before gathering information about benchmarking partners, you need to have a firm understanding of your process. IDEF process and data modeling tools are excellent for understanding the process.

Define AS-IS measurements.

It is absolutely necessary that we establish performance measures for all activities of the process under study. In identifying performance measures, one question you will want to ask is: “how comparable is the metric to potential benchmarking partners?” In benchmarking you will be comparing the metrics of your process to the metrics of your benchmarking partners. To have a meaningful analysis of difference between your process and that of your benchmarking partner, you will need to have metrics that are comparable. ISO 9000 standards might be a reference in identifying comparable metrics.
Identify Performance Gaps with Strategic Plan.

In this action, you are identifying the gap in process performance between current performance and desired level of performance. This desired level of performance should be indicated during strategic planning and identified as Breakthrough Objectives or CSFs. This gap will be measured in terms of time, cost, and quality. Later in the benchmarking process, you will be identifying a different gap: the gap between current process performance and the performance of benchmarking partners.

Identify Process Related Issues.

In a BPR study, stakeholder expectations of the process need to be clearly understood to determine how the process is to be improved. This is important for the benchmarking project as well. Similar processes in partner organizations might perform quite differently due to design differences that are required to satisfy specific needs of their stakeholders. Your stakeholders might have different requirements which will cause your process to perform in a different manner.

Identify Organizational Issues and Barriers.

Assessment of organizational and cultural enablers is fundamental to understanding the context in which the process operates. Benchmarking, like BPR, strives to achieve dramatic improvements in process performance and requires considerable cooperation and support from the organizations involved. You should assess the maturity of your organization’s culture before proceeding with a BPR or Benchmarking project. When comparing your process to similar processes in partner organizations you might discover that they perform at a different level of performance due to a different organization and cultural environment.

Identify Technology Issues.

An understanding of the technology enablers (or “dis-enablers”) can also be essential to understand process performance. When comparing your process to similar processes in partner organizations, you might discover that they perform at a different level of performance due to different technology support systems.
Develop Process Improvement Opportunities.

You might be asking, “isn’t this action too early; why would we want to identify opportunities before we begin collecting information from our benchmarking partner?” Formulating potential improvement opportunities can be extremely useful prior to collecting benchmarking data about processes in other organizations. It could guide you in the selection of potential partners. It is also useful in formulating questions to ask partners.

**Identify a Sponsor for the Benchmarking Project.**

The sponsor is the individual who charters the project. He or she should be in a position of control over all the activities and organizations included in the study. By his or her position, the sponsor legitimized the study efforts helping to insure the cooperation of all organizations and offices involved in the study. The sponsor should also be in a position to assure adequate resources are provided to accomplish the study and he or she should be a person that the team leader can go to in order to resolve problems and conflicts. If the benchmarking study is performed as a part of the BPR project, the sponsor of both efforts should be the same individual.

**Select a Benchmarking Team and a Team Leader.**

A decision needs to be made if the benchmarking study will be performed by a separate team, by a sub-team of the BPR team, or as one of the functions of the BPR team. The scope and complexity of the process...
being studied will be the major factor in this decision. The most desirable situation would be for the benchmarking team to be a sub-team of the BPR team. If they are separate and distinct teams, they should make a special effort to maintain close communication between the two teams since many of their actions are similar. Also, they need to maintain the same focus and direction. If benchmarking is one of the tasks performed by the benchmarking team, it may impact the total length of the study efforts.

Ultimately, there are two benchmarking teams. The first team, and the one we’re discussing here, is the team of individuals who will work on all steps of the benchmarking phase of the project. However, a subset (or subsets) of this team (three members each) will be selected later to conduct the site visits or telephone interviews.

The benchmark project team should consist of at least the following individuals:

- The process owner if he is not the sponsor of the project.
- A subject matter expert(s) (SME) on the process to be benchmarked
- A benchmarking expert(s)
- The project manager (if not one of the individuals listed above)
- Administrative assistant

The selection of the team leader will be based on how the benchmarking study will be performed (i.e. as a part of the BPR study, by a separate team or by a separate sub-team of the BPR study). The qualifications of the benchmarking team leader should be the same as that of the BPR team, if there is to be separate team leaders for each effort. The benchmarking team leader should have strong program management and communication skills, be tactful, and have leadership abilities. Knowledge of the process is considered “nice-to-have” but not as important as the other abilities listed.

The maximum number of individuals on the large benchmark team is six. Teams that are larger become clumsy, increase meeting time and prohibit quick results. Fewer than five individuals may omit key players whose input could be valuable. Remember that the site-visit team will be made up of a subset of the benchmark team.

**Train the Team.**

Before the benchmarking project is initiated, the team will need to be trained in the basics of benchmarking which includes an understanding of benchmarking, a knowledge of the benchmarking model being used, and a knowledge of the benchmarking code of conduct.
Charter the Project.

It is preferable for the charter for the benchmarking effort to be included in the Process Improvement Project Plan. If this did not happen during this step, a charter needs to be developed at this time. The charter should provide the authority for performing the study. It should identify the process being studied, the purpose/objective of the study, the responsibilities of the team, and the responsibilities of the sponsor. One of the responsibilities of the benchmarking team is to follow the Benchmarking Code of Conduct (provided at the end of Chapter 7).

Select a Benchmarking Model.

Before initiating a benchmarking project, you will need to select a model or methodology to follow. There are many models from which to pick to including the one in this book. A model will guide the project toward completion and assure that all the major activities are performed. The model should be tailored to the scope and complexity of the project.

Develop a Process Folder.

A process folder should be established for the benchmarking team containing all pertinent information about your process. This folder will be a useful reference in comparing your process with similar processes in other organizations. The folder should contain as a minimum the following information:

- Process model and process metrics.
- Process enablers (organization, culture and technology)
- Stakeholders
- Performance gaps
- Products and services
- Performance goals, objectives, and CSFs.
- Improvement opportunities.
Chapter 2 Questions:

1. What information should the benchmarking charter contain?

2. Which benchmarking actions should have been performed as a part of the strategic planning?

3. What benchmarking actions should be accomplished in BPR Process Improvement?
Chapter 3
Benchmarking Step 2:
Select Best-in-class Benchmarking Partners.

The following steps in the benchmarking process will be performed by the benchmarking team or sub-team of the BPR study.

In Benchmarking Step 1 (Pave the Way), we prepared to conduct a benchmarking study and became familiar with your process. In Step 2, you are going to establish a data collection plan, gather information about benchmarking partners and make a selection of those organizations who have processes which have the highest payback potential. This step consists of (in part) the activities listed in the figure below.

![Select Best-in-class Benchmarking Partners - Chart 1](image)

**Establish a Data Collection Plan for Identifying Potential Partners.**

Adequate planning for various steps in the benchmarking process is very important for a successful and productive benchmarking effort. Planning can take 50% or more of the benchmarking study time and effort. There are four parts to planning:

- Data collection on potential benchmarking partners.
- Data collection on benchmarking partners.
- Site visit data collection plan.
- Benchmarking study implementation plan.
Chapter 3: Select Best-In-Class Benchmarking Partners

Data gathering is not only the details of ‘how to collect the data?’ but, more importantly, ‘how do we obtain the right information?’ Obtaining useful information begins and ends with asking the right questions. You need to:

- State exactly the questions to be answered.
- Collect the facts and data relating to that question.
- Analyze the data to determine if you have the right information to answer the questions.
- Display the information in a way to communicate the answers to the questions.

Data gathering planning needs to address:

- What are the questions that need to be answered?
- How will we recognize and communicate the answer?
- What analysis tools will you use?
- Who can provide us with this information?
- How are we going to collect this data?
- How can we avoid the collection effort and reduce the potential for errors?

Establish Criteria to Screen Prospective Partners.

You should initially create the criteria you will use to determine the direction of the research to find the best processes. Consensus must be reached on the criteria and the team needs to commit to the criteria because the criteria defines what is meant by the “best”. This criteria should be selected with care because the success in getting the right benchmarking partner that will provide the right information to improve your project will depend on it.

A primary factor in establishing criteria will be the goals, objectives, and critical success factors that are based on stakeholder analysis. Are you looking for organizations that deliver the highest quality product, deliver the product in the quickest manner possible, or deliver at the least cost possible? Whatever the performance area selected your focus should be on identifying the best of the best.

Example: Suppose you are benchmarking a process called “Provide Food”. If it is determined that a criteria is high quality of the food preparation and service, then 5 star restaurants would be among the final candidates chosen. If on the other hand the criteria would be cost and timeliness, then perhaps fast food restaurants would be on your list.

Other potential factors in establishing criteria are:

- Size and scope of the organization’s process
BPR Benchmarking

- Resources available to conduct research.
- Time available to finish project.
- Special use of an enabler
- Creativity and innovation

Research the Field and Identify Potential Benchmarking Partners. ¹

To begin the search for benchmark partners, the team should consider the sources it will use to seek out the partners. After the criteria is defined, the team needs to perform a literature search, either on-line using the internet or manually. At this point in the process, on-line searches can be costly and consume a great deal of time. Later, once you have narrowed your list, on-line databases become more cost-effective to use. Reasonable alternatives are libraries that have computerized article or key-word searches. Seek out articles about companies or practices that are:

- Reported to be state-of-the-art or leading-edge
- Winners of the National Malcolm Baldrige, Deming or other association awards
- Known to have served as benchmark partners in the past (be aware that Xerox has been inundated with benchmarking requests)
- Cited in the opinions of industry experts, customers and vendors

Malcolm Baldrige award winners have also been inundated with requests for benchmarks. Most of these organizations have set up separate departments to handle the benchmark requests. Be aware before you call, that many of the award winners are turning down all requests except those from customers or those from companies where they believe they will learn something new. You must be ready to offer something substantial to these organizations if you expect to have your request accepted.

Other avenues to follow in this task are:

1. Professional/Trade Associations. Professional and trade associations are probably the next step in your research. They provide a productive source of information and can serve to identify industry leaders and information on industry data.

In addition to the organizations your company is associated with, you may want to contact the following:

¹ Adapted from Framework for Managing Process improvement: Benchmark Tutorial, Robert J. Davis and Roxy A. Davis, July 15, 1994, ASD 3CI.
Chapter 3: Select Best-In-Class Benchmarking Partners

- Association for Manufacturing Excellence
- American Marketing Association
- The Strategic Planning Institute
- The Society of Competitive Intelligence Professionals

2. The International Benchmarking Clearinghouse. Sponsored by the American Productivity and Quality Center, this organization provides the following services to its members:
   - Locates benchmarking partners
   - Networking with other members directly and through an on-line network
   - Participation in Common Interest Groups and benchmarking studies
   - Use of the Clearinghouse's Information Services to research processes you want to benchmark
   - Instruction on how to organize and integrate your benchmarking efforts
   - Benchmarking training
   - Lists of Member Organization Contacts
   - Helping you stay current on key developments in quality and benchmarking

The Clearinghouse (www.apqc.org) is located in Houston, Texas, and may be contacted at (713) 685-4666. The cost to join is steep, but may pay off if your organization plans on benchmarking and adopting a continuous process improvement program. The Clearinghouse also has a special rate for government entities.

3. Business and Trade Literature

   Trade publications on your own or related industries may give you information on similar processes that have achieved best-in-class status.

4. Industry Analysts/Consultants

   Investment advisers and money managers are excellent sources for information on organizations. Investment-based information sources include the following. All of them highlight corporate and industry data and identify analysts. Also, Nelson's provides a listing of recent research reports by investment and brokerage firms.
   - Wall Street Transcript
   - Institutional Investor
   - Nelson's Directory of Wall Street Research
   - Bradford's Directory of Market Research Agencies and Management Consultants
5. Third Parties

A great source of information available to you is your own customers and vendors. Your customers can tell you who has the best on-time delivery or service and your vendors can tell you who in your industry they prefer to work with and why. If you approach these sources correctly and manage your interactions professionally, you will most likely improve your image with them, because they will ascertain that quality is important to you and you cared enough to ask them their advice.

6. Internal Sources

Finally, your own marketing and sales organizations may be able to offer you excellent information because they are externally focused and they deal with your competitors on a daily basis. In addition, they may have some customers who have similar processes that have been reengineered.

In addition, high-level executives in your organization probably have contacts with individuals in many other organizations.

Begin making your lists. Your first pass should yield twenty to thirty potential partners for each process. Avoid the temptation to put any company you think of on the list. Doing so will only result in unnecessary research, wasted time and dead ends.

The obvious method to obtain critical information on a company’s best practices is to call up someone in that organization and ask them if they have any best practices to share relating to your process. Try to avoid doing this. This will set you and your organization up as one that doesn’t know benchmarking etiquette and may hurt your chances of getting that company to consider benchmarking with you.

Categorize Potential Benchmarking Partners.

As you work through this process, potential partners can be placed into categories:

1. Sister Organizations.
This may be a parallel division or a separate operating group within your organization that has similar processes that could be used in a benchmark study.

2. Direct Competitors

It may be more difficult to obtain information or arrange an on-site visit with a direct competitor, although this company may be your best candidate. You may need to rely on other sources of information if you choose a direct competitor as a benchmark candidate and are unable to obtain a site visit.

3. Potential Competitors

These are organizations who are not currently your direct competitors but have the potential of being a direct competitor if the environment. These organizations do not currently have the same customers that you have but could be in the position to vie for the opportunity to provide services to your customers. Trading information with these organizations could place your organization in a compromising position.

4. Leaders in Industry

These are companies that are in the same industry as yours, but may be geographically distant, have a different product that sells to a different customer and therefore are not a direct competitor.

Example: a regional bank in Florida may select a regional bank in Colorado as a partner - they serve the same industry and have similar products and services, but are not direct competitors.

5. Outside Industry

You may find organizations that have similar processes that are outside of your industry. Included in this category are processes which are not necessarily unique to a type of industry.

Example: Processes like provide personnel support, provide legal assistance, and provide market research may be found in industries such as manufacturing, communications, transportation.
Narrow the List and Collect Data on Final Candidates.

After you have developed your list of potential benchmarking partners and have categorized them, the next task is to review all of the data you have collected on the companies and narrow the list to a manageable few based on the resources available (perhaps 5 to 15 organizations). You should not make it too few at this point because there might be some reason that you will not be able to benchmark with the best of the best. Through your research, you should have learned something about each of these organizations that would make them a valuable partner.

One approach to comparing these organizations is to create a matrix listing all your critical criteria and comparing the performance of all the potential partner candidates in meeting each of the criteria. Then rank each of your potential partners in how they rate compared to the criteria with the top performer getting a rank of 1. The organizations can be compared to determine which are the top candidates for further research.

![Criteria to Organization Comparison](image)

Another approach is to identify those organizations which match the objectives of the objectives of the study. You may need to select from a variety of organizations to achieve multiple perspectives. Sister organizations are often best if process fit, budget, and information collection ease are prime considerations. Direct competitors are best if process fit is a prime concern, however they offer other disadvantages. Potential competitors may offer good ideas but have other potential limitations. Industry leaders and outside industry offer the best opportunity for obtaining good ideas because they are likely to be outside of the paradigms constraints that your organization may
share with sister organizations, direct competitors, and potential competitors. They may also be fairly easy to collect information from because they may not feel any threat from your organization as a direct competitor.

![Figure 3-3: Category Evaluations](image)

<table>
<thead>
<tr>
<th>Category Evaluations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category</td>
</tr>
<tr>
<td>Good Ideas</td>
</tr>
<tr>
<td>Process Fit</td>
</tr>
<tr>
<td>Budget</td>
</tr>
<tr>
<td>Info Collection Ease</td>
</tr>
</tbody>
</table>

Ratings from good to bad: Best Fair Limited Difficult

Figure 3-3: Category Evaluations

Final data can then be collected on the potential partners prior to making contact with the organizations.

Nexis and Lexis (Mead Data Service - Annual reports)
- DunsPrint (Dun and Bradstreet - Financial information)
- Compustat (Standard and Poor's - Financial information)
- AB Information (UMI Data Courier - Library citations)
- Value Line
- Dialog
- Moody's Investment Service
- Compuserve

Consider contacting customers and suppliers of potential benchmarking partners. They might have first hand insight about potential benchmarking partners and what they like and dislike about them.

If a tangible product is generated, consider product analysis or reverse engineering. Acquire one of their products and examine it.
Prioritize the List of Final Candidates.

Prioritize the list of final candidates based on how well they fit the criteria that you have established. You will want to start at the top of the list when making contacts with the companies and organizations.

Contact the Candidates.
(adapted from the Framework Benchmark Tutorial)²

Now the real work begins. Contacting the candidate organizations, locating the right individuals, qualifying them as potential partners and then getting them to say "yes" requires the same skills as selling any product or service. The individual who is selected to conduct the telephone work for the project must have all of the following skills and talents:

- Superior sales skills
- High degree of interpersonal skills
- Excellent telephone etiquette
- Tenacity

Chapter 3: Select Best-In-Class Benchmarking Partners

- Solid background on the entire organization and other best practices the organization may have and be willing to share with benchmark partners
- In-depth knowledge of the process to be benchmarked and the entire process improvement project

In other words, this person must be able to pursue the right individual in the candidate organization, while presenting a high degree of professionalism, but also breaking the ice with the appropriate amount of small talk. This is a critical element of the benchmark process and not a position to be taken lightly. Whether or not a candidate organization agrees to become a benchmark partner hinges on this individual's ability to sell the win-win situation.

In addition, this is an extremely difficult job. If you get butterflies just thinking about making a cold call or being a sales person, don't volunteer. It requires hours on the telephone, an even-toned, smiling personality that emits warmth, a sense of humor, an excellent memory and good organization skills.

Nearly every major corporation in the country has become aware of and is pursuing process improvement programs. As a result, many organizations that are well known for excellent products or services have been overwhelmed with requests for benchmarking. Hewlett Packard is an excellent example. They require suitor organizations to deliver a specific set of materials to the benchmark coordinator. The coordinator relays the request and materials to the correct process owner in the organization. It is reviewed and returned with a yes or no. The process takes two to three weeks and they accept only 10 percent of the benchmark requests. The job of qualifying candidates and obtaining their consent is much harder today than it was two years ago.

In most situations, the suitor organization will need to be prepared to offer the candidate organization something equally valuable that will result in both companies gaining information. The offer of a final benchmark report may be enough for some companies. Others may be interested in other best practices in the suitor organization.

One question that often comes up in telephone conversations is "What other companies are you planning to benchmark?" The candidates ask for two reasons: first, they want to ensure that you won't also be talking with a direct competitor - they want to avoid any situation where confidential information could be leaked, even inadvertently. It's a good idea to scan your list of candidates again and ensure that you do not have any direct competitors on the list.
Second, they want assurances that you are talking to companies that are similar in size and scope to them. For example, a list of candidates comprised of AT&T, along with several other organizations with revenues of only $1 to $5 million would be inappropriate.

Another key element to remember is that, in most cases, your contacts in the candidate organizations will be at the highest level you can get to. Frequently, the telephone calls are with executive vice presidents, vice presidents, deputy commanders, or chiefs of staff. Appropriate respect for the position must be maintained, but a friendly tone and atmosphere must also be achieved.

Accept the Candidates and be Accepted

Generally speaking, it will take two to three in-depth telephone calls before a candidate will accept you as a benchmark partner. They will want to completely understand what you are looking for, ensure that confidentiality will be maintained and agree upon a date for the meeting. Again, expect that you will be setting dates two to three months out. The more lead time you can offer the candidates, the more inclined they will be to accept the benchmark.

Confirming your Commitment

Once the partner has accepted, a short confirmation letter is sent, reviewing the date and time of meeting and thanking the partner for accepting the request.

Finally, before moving on to the next section of this document that deals with preparing and conducting the benchmark, we will discuss benchmarking ethics.
Benchmarks Code of Conduct

The ethics of benchmarking are clear - benchmarking is the process of obtaining useful information to help an organization improve its processes. Benchmarking is not spying or copying. It is important that each member of the benchmarking study team understand and adhere to the International Benchmarking Clearinghouse's Code of Conduct. You may want to consider including this Code of Conduct in the briefing package or questionnaire that you send to candidate partners.

The following principles of benchmarking conduct are provided by The International Benchmarking Clearinghouse on their web page at: http://www.apqc.org/

Principle of Legality
- If there is any potential question on the legality of an activity, consult with your corporate counsel.
- Avoid discussions or actions that could lead to or imply an interest in restraint of trade, market and/or customer allocation schemes, price fixing, dealing arrangements, bid rigging, or bribery. Don't discuss costs with competitors if costs are an element of pricing.
- Refrain from the acquisition of trade secrets from another by any means that could be interpreted as improper including the breach or inducement of a breach of any duty to maintain secrecy. Do not disclose or use any trade secret that may have been obtained through improper means or that was disclosed by another in violation of duty to maintain its secrecy or limit its use.
- Do not, as a consultant or client, extend benchmarking study findings to another company without first ensuring that the data is appropriately blinded and anonymous so that the participants' identities are protected.

Principle of Exchange
- Be willing to provide the same type and level of information that you request from your benchmarking partner to your benchmarking partner.
- Communicate fully and early in the relationship to clarify expectations, avoid misunderstanding, and establish mutual interest in the benchmarking exchange.
- Be honest and complete.

Principle of Confidentiality
- Treat benchmarking interchange as confidential to the individuals and companies involved. Information must not be communicated outside the
partnering organizations without the prior consent of the benchmarking partner who shared the information.

- A company's participation in a study is confidential and should not be communicated externally without their prior permission.

**Principle of Use**

- Use information obtained through benchmarking only for purposes stated to the benchmarking partner.
- The use or communication of a benchmarking partner's name with the data obtained or practices observed requires the prior permission of that partner.
- Contact lists or other contact information provided by the International Benchmarking Clearinghouse in any form may not be used for purposes other than benchmarking and networking.

**Principle of Contact**

- Respect the corporate culture of partner companies and work within mutually agreed procedures.
- Use benchmarking contacts, designated by the partner company, if that is their preferred procedure.
- Obtain mutual agreement with the designated benchmarking contact on any hand-off of communication or responsibility to other parties.
- Obtain an individual's permission before providing his or her name in response to a contact request.
- Avoid communicating a contact's name in an open forum without the contact's prior permission.

**Principle of Preparation**

- Demonstrate commitment to the efficiency and effectiveness of benchmarking by being prepared prior to making an initial benchmarking contact.
- Make the most of your benchmarking partner's time by being fully prepared for each exchange.
- Help your benchmarking partners prepare by providing them with a questionnaire and agenda prior to benchmarking visits.

**Principle of Completion**

- Follow through with each commitment made to your benchmarking partner in a timely manner.
- Complete each benchmarking study to the satisfaction of all benchmarking partners as mutually agreed.

**Principle of Understanding and Action**

- Understand how your benchmarking partner would like to be treated.
• Treat your benchmarking partner in the way that your benchmarking partner would want to be treated.
• Understand how your benchmarking partner would like to have the information he or she provides handled and used, and handle and use it in that manner.

Benchmarkers
• Know and abide by the Benchmarking Code of Conduct.
• Have basic knowledge of benchmarking and follow a benchmarking process.
• Prior to initiating contact with potential Benchmarking partners, have determined what to benchmark, identified key performance variables to study, recognized superior performing companies, and completed a rigorous self-assessment.
• Have a questionnaire and interview guide developed, and share these in advance if requested.
• Possess the authority to share and are willing to share information with benchmarking partners.
• Work through a specified host and mutually agreed upon scheduling and meeting arrangements.

When the benchmarking process proceeds to a face-to-face site visit, the following behaviors are encouraged:
• Provide meeting agenda in advance.
• Be professional, honest, courteous, and prompt.
• Introduce all attendees and explain why they are present.
• Adhere to the agenda.
• Use language that is universal, not one’s own jargon.
• Be sure that neither party is sharing proprietary information unless prior approval has been obtained by both parties, from the proper authority.
• Share information about your own process, and, if asked, consider sharing study results.
• Offer to facilitate a future reciprocal visit.
• Conclude meetings and visits on schedule.
• Thank your benchmarking partner for sharing their process.

The following guidelines apply to both partners in a benchmarking encounter with competitors or potential competitors:
• In benchmarking with competitors, establish specific ground rules up-front, e.g. "We don't want to talk about things that will give either of us a
competitive advantage, but rather we want to see where we both can mutually improve or gain benefit."

- Benchmarkers should check with legal counsel if any information gathering procedure is in doubt, e.g., before contacting a direct competitor. If uncomfortable, do not proceed, or sign a security/non-disclosure agreement. Negotiated a specific non-disclosure agreement that will satisfy the attorneys from both companies.

- Do not ask competitors for sensitive data or cause the benchmarking partner to feel they must provide data to keep the process going.

- Use an ethical third party to assemble and "blind" competitive data, with inputs from legal counsel in direct competitor sharing. (Note: When cost is closely linked to price, sharing cost data can be considered to be the same as price sharing.)

- Any information obtained from a benchmarking partner should be treated as internal, privileged communications. If "confidential" or proprietary material is to be exchanged, then a specific agreement should be executed to indicate the content of the material that needs to be protected, the duration of the period of protection, the conditions for permitting access to the material, and the specific handling requirements that are necessary for that material.
Chapter 3 Questions:


2. The Code of Conduct describes the legal implications of benchmarking. Agree or disagree and why?

3. What are some of the skills that the individual who calls prospective benchmarking partners should possess?

4. What are the four categories (or types) of potential benchmarking partners?
Chapter 4
Benchmarking Step 3:
Collect Data from Benchmarking Partners

There are three general benchmarking partner relationships that can exist:

- **One to one.**
- **One to several.**
- **Third party and focus groups.**

**One to one.**

In this situation only one organization has been selected as benchmarking partner. This situation has some limitations. It is often better to have several partners and pick the best ideas from all of them and adapt them to your environment. After all, you want to gain superiority. You may not get as many innovative ideas from looking at a process in only one organization. Remember even the best organizations will not be the best in everything they do.

**One to several.**

In this situation, you will be able to compare organizations and pick the best ideas from among them and adapt them to your environment. If you have too many partners, it might impact your financial and time resources that you have available to perform your study. You do not want to rush through this part of analysis due to lack of resources.

**Third party and focus groups.**

Sometimes a third party will perform the function of data collection from among a number of partners. After data is collected, a report is prepared and sent to all participants. Frequently, this consists of participants responding to a questionnaire distributed by the third party. One of the benefits is that anonymity is maintained (if that is important). Another type of third party arrangement is the focus group. This involves the coming together and discussing best practices and common problems in a panel discussion environment. Professional associations or benchmarking networks may serve as a third party for such studies.
Step 3 consists of the actions contained in the following figure.

**Collect Data from Benchmarking Partners**

- Establishing a data collection plan for benchmarking partner research.
- Looking for process, metrics, enablers
- Identifying data collection methods and collecting data

![Chart 1](image)

Figure 4-1: Collect Data – Chart 1

**Establishing a Data Collection Plan for Benchmarking Partner Research.**

In this action we are going to plan for the collection of data from our benchmarking partner. We need to plan not only what information we need to collect, but what method we should use to collect the information.

**Looking for Process, Metrics, Enablers.**

In general you will want to collect data from your benchmarking partner in three important areas:

**Process.** You will want to understand the flow of their process and how it differs from yours and why it differs from yours. You will want to know what its inputs, controls, mechanisms are and how they differ from yours. If you have both modeled your processes using IDEF0, you have a common language for discussing and comparing your processes.

**Metrics.** You will want to understand the critical success factors of your partners process and other important metrics. You will need to determine if they are measuring the same thing as you measure and if and why there is any difference in what they are measuring. You will want to determine the similarity of critical success factors between you and your benchmarking partner and if and why there are any differences. Finally, you will want to
determine the gaps in performance of your partner’s metrics and your metrics and why the gaps exist. If there is a significant gap between your level of performance and that of your partner, this represents a potential for improvement, particularly if it is in terms of delivery to the customer. You will want to focus on the best, i.e., those partners that have the highest levels of performance in critical areas of importance to your organizational mission and objectives. These levels of performance become the benchmark for improving your performance.

**Enablers.** Processes cannot be changed or metrics improved without a fundamental understanding of what allows or enables that process to perform with such high levels of performance. Enablers are anything outside of the process that facilitates that process to perform in the way it does at its level of performance. Enablers support the process and can be critical to its success. Therefore, it is critical to understand your benchmarking partner’s process enablers to be successful in adapting their process to your environment. Anything outside of the process that hinders the process from performing to its optimum level of performance is a disenabler. The enablers for your benchmarking partner might be a disenabler for your process. It is important to understand that enablers must be in place before the process can be improved and the superior metrics achieved. Therefore, you must first understand the relationship of enablers to the process and make those changes before you can expect that your process will be improved. The following are examples of enablers:

- Culture
- Organization
- Policies and regulations
- Skill or knowledge base of your employees
- Budget or financial reserves
- Technology, in particular information technology.

**Identify Data Collection Methods and Collect Data.**

There are three major methods of collecting data directly from benchmarking partners (sometimes this direct collection of data from partners is referred to as “original research”).

1. Mail surveys
2. Telephone surveys
3. Site visits

1. Mail surveys are administered by developing a questionnaire that is sent out to benchmarking partners. Instead of using the mail, facsimile or e-mail may be used to speed the process. For best results, mail surveys should be sent to pre-selected individuals after initial phone contact has been made.
Chapter 4: Collect Data from Partners

It is recommended that the initial questionnaire be included in the confirmation letter mentioned in the previous step.

Mail surveys can also be sent to prospective organizations as a means of narrowing the field of potential candidates, which is performed earlier in Benchmarking Step 3. However, this should be done only when public information is not available as a basis for determining the final list of candidates for the reasons listed as disadvantages below.

Advantages and disadvantages of mail surveys:

**Advantages:**
- A large number of organizations can be surveyed with a single questionnaire thus saving research time.
- Permits more extensive collection of data which may not be convenient in telephone surveys or site visits.
- Minimum cost in data collection compared to telephone survey and site visit.
- Can assure anonymity when confidentiality is necessary.

**Disadvantages:**
- Low response rate. How seriously do they take the survey?
- Reliability. Do they really understand what is being asked?
- Clarification is difficult. A point of contact should be identified in case there are questions about the questionnaire.
- Difficult to prepare clearly understandable questions.

2. Telephone Surveys. A telephone survey is often best used as a follow-up to the mailed survey. The advantages and disadvantages of a telephone survey are:

**Advantages:**
- It's fast. There is no delay waiting for the mail to be transmitted.
- Low cost. It costs a lot less than site visits.
Clear responses. If there are any questions or misunderstandings about the questions, they can be cleared up on the spot.

Disadvantages:

- Time consuming compared to survey. However, the advantages might be well worth the time spent in making the calls.
- Not the same as seeing the process. It may be necessary to see the process in operation to get a full understanding.

The following are key to successful telephone surveys:

- Know who to call in the organization to get the right information you need.
- Know what to ask before the call. Questions should be a predetermined, well-tested and edited, script.
- Same principles as applied to the mail survey, i.e., start with the easy questions and end with the more difficult.
- Know the answers to the questions for your own organization.
- Be willing to share information. Must be willing to provide answers to the questions for your own organization. If you are not, don’t ask.
- Document answers carefully and keep a file of all telephone conversations.
- Consistency. If you are asking the same questions of a number of individuals, make sure that the questions are stated in the same way with each individual.
- Leave the door open for future follow-up. Ask the individual if you can call them again if you have more questions. If you are well prepared, the number of follow-up calls should be minimal.

3. Site Visits. Location visits are the best method for validating information about the benchmarking partner. You will have already collected data through survey or telephone interviews. When you come on-site, you will be confirming the information that you have already collected and will be seeing the process in action. The advantages and disadvantages to location visits are:
Chapter 4: Collect Data from Partners

Advantages:

- Direct observation of the process. Like the old adage, seeing is believing, some things cannot be clearly understood until they are seen in operation.

- Instant clarification. In face-to-face discussions, it is usually easier to obtain clear answers to questions.

- In-depth information. Face-to-face discussions give an opportunity to get in-depth information and insight into the workings of the process, especially when combined with a tour of the operations.

Disadvantages:

- There is a price to pay. There is a cost in terms of labor and travel to accomplish a site visit. Organizations may not have the funding to perform a site visit. Therefore, you must make an assessment early on as to the criticality of on-site visits to get the information needed and plan accordingly.

- Do you have the time? It takes a lot of time to plan, schedule, and perform on-site visits. You need to anticipate the necessity for and the number of on-site visits early in the planning of the benchmarking study to allow adequate time for visits. It can take two months from initial contact to the actual site visit.

- There will be a limited number of visits. Data collection prior to the visit is critical to ensure that the most is obtained in the time allotted for the visit.

- Some partners may not wish to commit to a visit. You need to make a determination early on, after initial contact has been made, as to the criticality of a site visit.

Benchmarking Partner Questionnaire

Most of the time, the benchmarking questionnaire is sent to candidate organizations only after they have accepted the benchmark partnership. However, some candidate organizations will want as much information as possible before committing to the benchmark. You will make the judgement of

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1 From the Framework for Managing Process Improvement: Benchmarking Tutorial, Robert Davis and Roxy Davis, July 15, 1994, ASDC3I
when to send out these packages. The questionnaire should contain the following sections:

- The definition of the process
- The current situation
- The objective of the benchmark program
- The criteria for selecting benchmark partners
- Critical success factors for this process
- Areas of benchmarking interest
- Benchmark discussion issues and questions
- Process model (in English, not modeling boxes)
- Specific process-related problems
- Process-related performance measures (metrics)

Developing the questionnaire for the site visit may be the most difficult part of a benchmark study. Not only what you ask, but how you ask the questions, becomes critical.

The questions you present should fall into five major categories:

- Problem definition
- Process measurement
- Process problems
- Process improvements
- Process enablers

When developing a questionnaire, consider the following guidelines:

- Review the types of questions possible, such as:
  - Open-ended
  - Multiple choice
  - Forced choice
  - Scaled

- Review examples of each type to determine its applicability and pros and cons:
  - Open-ended: "How did you choose the order entry process and computer system you have now?"
  - Multiple choice: "Why did you select the material handling equipment used for order picking?"
    - Vendor reputation
Chapter 4: Collect Data from Partners

_____ Cost
_____ Ongoing maintenance support

- Forced choice: "Would you buy again from your XYZ vendor?"
  Yes or No

- Scaled: "How important was maintenance support in your choice of XYZ vendor?"

- Review the phrasing of your questions, as the wording will influence the reply. Use a balanced wording, rather than extremes, such as:
  - "How satisfactory is the uptime from your XYZ vendor?" (balanced)
  - "What is the best uptime you could expect from your XYZ vendor?" (extreme)

- Write the questions and review them with the team for their priority sequence. Open with easy, straightforward questions. Place more difficult, important questions in the middle. Close with demographic questions.

- Pretest the questionnaire. The most effective testing procedure is to administer it to the applicable internal operation. This process will clarify the question wording and also add or delete those questions that are appropriate. This should also help you to prioritize those questions that are of the highest interest.

- Above all, do not try to ask too many questions. Consider the amount of time you have for each visit and allow plenty of time for add-on discussion to each question. The best sign of a first-time benchmarker is a questionnaire that is far too long for the time allotted. Prepare enough in advance so that you ask only the critical information that you cannot obtain through any other source.

Remember that the partners' time is limited too and you are also trying to begin a long-term relationship. Don't ask for all the information at once. It is more appropriate to start small, nurture the relationship, invite the partner to your organization, and gain valuable information at each step along the way.
Develop a Site Visit Plan.

When there is a determination that a site visit is required, it is important to develop a site visit plan to assure the most is achieved in terms of information gathering during the visit. The site visit plan should include planning in three areas: purpose, team roles and responsibilities, agenda, and travel and logistics.

1. **Purpose.**

   You will need to articulate your expectations of the site visit to your benchmarking partner. Your benchmarking partners will also have a set of expectations that must be met if you are to be recognized as a worthy benchmark partner. One of the chief expectations of your partners will be that your team can articulate a clear purpose for conducting the site visit during the initial phase of the site visit. While briefing packages have been sent to all partners, it is important to reaffirm the purpose, goals, and objectives of the site visit.

   To prepare for this, your team should consider the items listed below in developing an agenda for the meeting. It is important to note that the agenda must be mutually agreed on before the visit.

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**Figure 4-2: Collect Data – Chart 2**

- Developing a site visit plan
- Selecting a site visit team
- Collecting data on-site
- Post-interview debriefing
- Telephone interviews
- Common protocol problems
Mission Statement

Develop a short benchmark mission statement that succinctly states why you are engaged in a benchmarking program, the principal benefit to be achieved, and recognition of benchmark partner interest.

Goals and Objectives

Your team should list at least three main goals and objectives you intend to accomplish during the site visit. It is best if the team develops a separate list of goals and objectives for each benchmark partner based on the available information about each partner.

The purpose of this exercise is to ensure that the team gathers the most critical and useful information from each partner. During the site visit, it is easy to lose focus in the interchange of ideas that takes place in the interview process.

Process Definition

You should be prepared to give a five-minute briefing on your process using the context diagram as a visual aid. You may want to briefly present the next level decomposition of each process but do not get into the details of these activities. It is only necessary that the benchmark partner understand the context of each of the processes to be compared.

Process Stakeholders

The interests of process stakeholders should be identified. Every stakeholder has an interest in the process, and every stakeholder can contribute to, or detract from, process performance. Process improvement or reengineering is in large part a matter of optimizing a process to serve all stakeholder interests. Benchmarking can help identify new ways to recognize and serve stakeholder interests. Therefore, the more that is known about process stakeholders, the more focused the benchmark interview can be on obtaining information from the benchmark partner on how best to satisfy these interests.

Key Process Measures (Metrics)

Current performance measures and envisioned performance targets should be identified. It is helpful if measures are categorized by type:
Fitness-for-purpose (FFP): These measures record how well the process is satisfying stakeholder interests, requirements, and desires. They are effectiveness measures.

Conformance-to-Standard (CTS): These measures record how well the process is conforming to rules, regulations, standards, requirements, specifications, etc. They are quality measures.

Process Time Measure (PTM): These measures record how responsive the process is. They are efficiency measures.

Process Cost (C$T): These measures record the fixed or investment costs associated with the process. They are overhead measures.

**Critical Success Factors**

The critical success factors that have been identified for each process should be the principle focus for the on-site interview. Most of the questions and discussion issues should relate to these factors. Along with the goals and objectives of the benchmark process recorded above, the CSFs help keep all site activity properly focused.

**Major Process Problems**

Benchmarking has evolved into an open, honest, sharing experience conducted in a spirit of trust between two organizations sincerely interested in learning from each other. This means that your team must be prepared to discuss process-related problems with the benchmark partner. Due to time limitations, only the most critical problems should be listed and discussed. There will not be time to solve all process problems during the interview.

**Process Enablers**

What are the major enablers of the process and what are the major disenablers that limit full attainment of process performance targets.

2. **Team Assignments and Roles**

The best results from an on-site visit are obtained when one person is the focal point of your team. This allows for a more intimate and informative conversation with the benchmark partner. The other two team members play an important, but subordinate role. There are three roles that are described below. They are: the questioner, the recorder, and the monitor.
If there are more than three team members, the site interview process will may degenerate into a cross-briefing that reveals little useful information. There must be a rapport established that is more easily obtained in the time available with a small team.

**Questioner**

The questioner is the lead person on the benchmark team. About 80% of all the words spoken by your team should be from the questioner. This provides control as well as focus for the interview process. The duties and responsibilities of the questioner are:

1. Establishes rapport with the benchmark partner’s team by engaging in small talk prior to the formal interview. At least 15 minutes should be dedicated to "breaking the ice" and establishing a relaxed atmosphere.

2. Introduces the team, explains the role of each team member, and briefs the benchmark partner on your organization and the processes to be examined.

3. Controls the interview process by acting as the focal point for the idea exchange.

4. Asks all or most of the interview questions. After asking each question, the questioner listens to the answer intently taking few if any notes about what the benchmark partner's team says. The intensity of listening to the speaker will encourage him or her to speak openly and give full answers.

5. When the partner’s team is asking questions, the questioner gives most of the answers. Obviously, if one of the other team members is more qualified to answer a specific question, that person should do so.

6. When time, the questioner closes the interview, summarizes the key benefits obtained, thanks the partner's team, and reviews the next steps in the partner relationship that has been established.

   The next steps can include a return visit, an invitation for a reciprocal visit by the partner, a commitment to send the summary report when available, and an exchange of phone numbers.

**Recorder**

The recorder is responsible for gathering, organizing, and recording all of the data and information obtained during the site visit and interview process.
The recorder should be capable of writing fast and writing clearly. Unfortunately, the recorder may not use a recording device to capture information. The presence of a recording device, even if agreed upon by the partner, will stifle open and forthright communications. The recorder's duties are:

1. Records the benchmark partner's answers to the questions on the questionnaire and any additional questions asked by the other team members.

2. Strives to record information in an organized fashion to facilitate the debriefing and report writing process. Immediately after the interview, the recorder must clean up all notes so that the information gathered can be used by others.

3. Answers some questions where the subject matter is in the recorder's area of expertise.

4. Refrains from asking all but the most urgent questions. The recorder's focus should be on information gathering and organizing which requires the recorder's full concentration.

5. Collects any handout material provided by the benchmark partner.

6. Re-writes notes as soon as possible after leaving the benchmark site. It is most useful if the recorder carries a laptop which can be used for this purpose.

**Monitor**

The third member of the team serves a critical function. This person does not ask or answer questions, but rather absorbs everything that happens during the site visit and throughout the interview process. The monitor should be completely familiar with the Benchmark Code of Conduct and take responsibility on behalf of your team to follow it throughout the period of site visit. The monitor:

1. Observes the interviewing process and tries to understand the true meaning behind all that is said. Short notes may be taken, but the monitor should not try to record all that is being said.

2. Asks follow up and clarification questions when the questioner may have missed a key statement or failed to recognize an opportunity to ask a probing question.
3. Answers few questions except those within the monitor’s area of expertise.

4. By observing and listening, seeks to discern hidden meanings in what is being said. In some cases, the monitor may ask a clarifying question, but in others, it may be best to say nothing. The monitor must discern what and what is not appropriate to follow up on.

5. Manages the interview session and ensures that the process starts and stops on time. The monitor should keep the agenda and ensure that all points are covered.

6. The interview process is intensive. The monitor needs to keep the session moving along especially if any problems or conflicts appear to be developing. The monitor may call for a break if participants appear to need one.

7. Guards against protocol lapses and intervenes if the discussion starts to get into inappropriate areas.

2. A draft agenda and time schedule should be developed.

The final agenda will be developed prior to leaving for the site visit. Be sure to include those agenda items you expect the benchmark partner to perform.

For example, the first agenda item will be the welcome and introductions. The second item could be to review and amend the agenda. The third item will probably be the process briefing. The fourth may be the time for the partners to brief on their organization.

The agenda is an important part of the benchmark protocol. Once the agenda has been reviewed and accepted by the partner, every effort should be made to follow it. This is one of the duties of the monitor.

4. Travel and Logistics

Nothing can more quickly destroy a benchmark site visit than logistical problems. All logistics and travel arrangements must be made with great care. The best approach is to have a single person assigned to, and accountable for, all logistics and travel arrangements. This person should also be available to help make in-process adjustments if schedules change or travel problems develop.
Establish Benchmark Schedule

The first step is to develop and maintain a central schedule with team assignments throughout the benchmark site visit process.

Review Team Assignments

As the benchmark schedule is developed, each team member must confirm availability to participate. Sometimes, other duties may prevent a team member from participating in a benchmark visit. In this case, it is best to find a substitute team member rather than trying to reschedule the visit. The substitute team member must be made aware of the role he or she will be playing during the site visit.

Benchmark team leaders should be aware of the difficulty in establishing a date with the benchmark partner. Once the date is confirmed, it can only be changed, if at all, under the most extreme conditions.

Organize and Optimize Itinerary

Since each team may be making more than one site visit, it is necessary to optimize the benchmark schedule to the extent this is possible. As the schedules are made the following considerations should be taken into account:

1. Only one site visit per day may be scheduled.

2. The recommended interview slot is 9:00 am to 2:00 pm. In some cases, the interview may be scheduled until 3:00 pm. The 9:00 am start allows the benchmark partner to get organized, while the 2:00 pm finish allows time for the benchmark team to properly debrief (a 2 to 3 hour process).

3. Air travel must be completed the night before the interview. Do not attempt to schedule a flight for the morning of the interview. Too many things can go wrong when traveling by air. Just as important, the benchmark team can use the night before in the hotel to go over their strategy for conducting the benchmark interview. Do not schedule the returning flight too close to the planned meeting end time. Wait time in the airport can be used to debrief the meeting.

4. Ask the benchmark partner to recommend a hotel closest to the site. In some cases, the partner may even offer to make the reservations.
Chapter 4: Collect Data from Partners

Make Travel Arrangements

One individual should be responsible for making all travel arrangements for all benchmark team members. This is critical to avoid foul-ups and travel glitches. The following should be taken into consideration when making the arrangements:

1. Be sure to obtain confirmation numbers for all hotels and rental car reservations.

2. Obtain a map from the benchmark partner showing how to get from the airport to the hotel, and from the hotel to the site. Generally, the benchmark partner will be pleased to fax such a map. In addition, ask for explicit directions on how to enter the partner's facility. This information includes where to park, what entrance to use, and how the entrance is labeled.

Be sure to ask about security arrangements including taking in computers, cameras, and recording devices.

Please note that the benchmark interview may take place at a location different from the mailing address of the partner. Do not rely on the mailing address to get to the interview site.

3. All travel and logistics data should be included in the site visit folder. Also be sure to take all contact names and phone numbers.

4. As a courtesy, you may want to let the benchmark partner know which hotel you are staying in so that you can be reached if necessary. You may even find that the benchmark partner may suggest dinner together which would considerably increase the value of the benchmark visit.

Confirm On-Site Interview

Three forms of confirmation are used after a site visit has been scheduled.

Letter

As soon as possible after the benchmark site visit has been scheduled, a final package of materials should be express mailed to the benchmark partner. This package should contain a brief description of the processes to be benchmarked, the final questionnaire, the names of the team members, a
thank you for participating, and an offer to schedule a reciprocal visit to your organization in the future.

**Telephone call**

The business world is a hectic place. Schedules are disrupted, unforeseen events occur, and other priorities can intrude on the best of plans. One week prior to the site visit, call the key contact and confirm the date, time, and place of the benchmark interview.

Besides being a courteous act, this call will help ensure that other priorities do not displace the benchmark interview or prevent key people from attending. It's important to remember that the partner does not need to participate and we need to reinforce the level of importance you place on the benchmark interview.

At this time, it is useful to quickly (in two minutes) review the benchmark protocol or process that you will use to conduct the interview.

1. Review/revise agenda
2. Each company will give a short briefing on their organization and processes
3. You will ask the questions on the questionnaire sent as part of the final package
4. You will take written notes but will not use recorders or laptops
5. You will follow the Benchmark Code of Conduct.

Obtain the names, titles, and functions of the people who will be attending the meeting. This will enable the team to familiarize themselves with peoples' names in advance.

**Fax**

Two days prior to the site visit, FAX the following information to the benchmark partner:

1. Final confirmation of date, time, and place of the meeting
2. Flight number and arrival time if flying in the day of the meeting or hotel and phone number if arriving the night before
3. Your team member names

4. Proposed meeting agenda.

Finally, review the following checklist to ensure that you have not omitted any critical element in your preparation for the site visit.

**Final Benchmark Team Preparation**

The night before, or the morning of, the benchmark meeting, the benchmark team should spend one to two hours making final preparations for the interview. The following items should be covered during this review:

1. Review the agenda and team assignments. Each team member should understand the role he or she will play and the agenda items they are responsible for.

2. Review all materials sent by the benchmark partner. These materials may suggest areas of investigation that are not covered by your questionnaire. Form new questions and write them in the appropriate place in the questionnaire. Questions not written down in advance will probably be forgotten during the interview process and not get asked.

3. Review all materials in the site visit folder. It is worth the time and effort to review the benchmark mission, goals and objectives and all of the process-related data in the folder.

4. Review the six common process-related factors that must be understood during the interview. The team member who has the monitor role should ensure that the questions and discussion issues brought up during the interview eventually answer all of these questions.

   - What are their process performance goals?
   
   - How well do their processes perform over time and at multiple locations?
   
   - How do they measure process performance?
   
   - What enables the performance of their process? There are three classes of enablers: Process characteristics, people and organization, and technology.
- What barriers had to be overcome to achieve process performance objectives?

- What factors could inhibit the adaptation of their processes into our company?

The benchmark team should review the answers to the first five questions as they apply to your processes, even if the answer is "we don't know, or don't have that data."

5. Test to ensure that each team member has memorized each key contact's name.

6. Read each question of the questionnaire out-loud to ensure that the question sounds good and makes sense. Make any adjustments now.

7. Review your notes for any last minute preparations. Especially review the Benchmark Code of Conduct found in Appendix G.

8. Review the site map and make sure that the directions seem clear.

These preparations will dramatically improve the value of the benchmark process for you. The results of this preparation will be evident to the benchmark partner and will convey a spirit of professionalism that will be appreciated.

Select a Site Visit Team.

The success of the benchmark site visit depends mostly on two elements. One is planning and preparation and the second is team performance.

The ideal benchmark team is comprised of three persons with specific assigned roles and responsibilities. Up to this point, the benchmark team has been comprised of five to six people. Select a subset of the six people to go on the site visits. A different subset can go on different site visits, so all team members have a chance to participate in this part of the benchmark.

Collect Data On-site

If the benchmark team has completed all the recommended preparatory work, the interview itself will be an enjoyable, informative, and mutually beneficial experience. All the conventions of a standard business meeting
apply - timeliness, professional courtesy, business-like meeting management, open and honest information exchange.

Guidelines for the interview are contained in Appendix I, On-Site Interview Guidelines.

**On-site Interview Guidelines**

Robert C. Camp recommends the following guidelines for the interview process which have been customized by Robert Davis:

**General Interview Requirements**

- Ask only for that data and information which you would be willing to share. The rule is reciprocity.

- Ensure that the focus on the interview is on industry best practices. This means that discussion about external customers, suppliers, and other stakeholders is generally inappropriate and should be avoided.

- Seek to ensure that both organizations benefit from the benchmark interview. A free flow of appropriate information will contribute to this objective. The corollary is to ensure that the interview is not one sided and only benefits you and your organization.

- Data and information that are confidential or proprietary must remain so. In general, this means that the discussion should avoid such areas as cost data, employee data, competitive data, trade secrets, and data about products and services that are in development.

- Use the business test: If this visit were covered by the press in an article written under a byline, would there be any reason for concern?

**Specific Interview Requirements**

- Where an information-gathering practice appears questionable, contact legal counsel.

- If confidential information is to be shared, obtain all necessary clearances in advance.

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2 From the Framework for Managing Process Improvement: Benchmarking Tutorial, Robert Davis and Roxy Davis, July 15, 1994, ASDC3I
BPR Benchmarking

- Information on internal costs, prices, pricing policies, marketing strategies, marketplace activities, and customer information is absolutely inappropriate.

Basis for Information Sharing

- Information sharing should be limited to current and future best practices.
- Information should be shared on a reciprocal basis.
- Information that is requested should be only that which the organization has prepared for sharing.

Follow the Agenda

The purpose of the site interview is to collect information, ensure that your questions are answered completely, and record all information in a way that can be used to develop a benchmark report with analysis, conclusions, recommendations, and an action plan. This means that the agenda should be agreed to at the start of the meeting and followed throughout.

While social conventions are honored during the interview, it is important to remain aware that this is not a social event. The tone should be cordial and professional. The longer term objective is to establish a basis for continued interaction.

Meeting Conventions

Use the first part of the interview to introduce all participants and establish rapport. Do not continue with the agenda until everyone present in the meeting room has been introduced and the reason for their participation established.

Schedule frequent breaks so that the benchmark team can evaluate the progress of the interview and identify areas that need follow up or clarification.

Make midcourse corrections (modify the questionnaire or sequence of questions) to pursue interesting revelations.

Ensure that the verifications and clarifications needed are obtained during the visit and that a plan is in place to send any additional information after the visit.
Chapter 4: Collect Data from Partners

Carry out the planned team assignments but if for any reason it seems appropriate to switch roles, do so. This could happen, for instance, if the key benchmark partner seems to favor talking to a team member other than the one who has the role of questioner.

Ensure that the agenda is covered in the allotted time frame. The meeting should be extended beyond the agreed upon stop time only in unusual circumstances and only if the partner invites your team to stay.

Note Taking

It is not possible to record every word that is spoken during the interview. Only key ideas can be noted. This is the reason for the role of recorder and why the recorder should not try to ask too many questions.

Record most notes on the question sheet. The expanded version should have ample room for note taking. Benchmark partners will often use overheads to brief on their processes. Ask for copies (which will almost always be given) and take notes on the copies. Try to key any notes taken on overhead copies back to the appropriate questions in the questionnaire.

Group data recorded into process steps and understand which factors exert a causal effect on process performance (process enablers and barriers). Use the following chart to capture general process information. It is a copy of the one the team completed for its own processes.

During breaks when your team is conferring amongst yourselves, it is permissible to use the tape recorder to take oral notes and to summarize the information gathered since the last break. It is good practice to inform the partner that you will be doing this. You should not expect this to be a problem.

Incidentally, the reason the tape recorder may not be used during the interview is that it will inhibit the free exchange of information. Few people will speak openly if their words are being recorded.

Monitoring

The team monitor should try to think in cause and effect terms during the interview. If the partner describes a process effect, the monitor should listen for an explanation of the causes of this effect. If the partner describes a cause, then the monitor looks for what effect this cause has. As appropriate, the monitor can ask the necessary questions that establish the cause and effect couplet.
Concluding the Interview

Once the agenda has been completed and the time allotted for the interview expired, the monitor should promptly bring the meeting to a close. The closing process includes the actions in the table.

Benchmark Interview Closing Actions:

1. Suggest that it is time to bring the meeting to a close
2. Thank the partner for cooperating in the benchmark
3. Summarize the key benefits achieved during the interview
4. Verify all commitments to send additional documents
5. Offer to host a benchmark at your organization on a future date
6. Relate the next step which is to prepare the benchmark report
7. Assure the partner that a copy of the external version will be sent
8. Provide a contact name and telephone number

Conduct Post-Interview Debriefing.

Immediately after concluding the benchmark interview, the team should debrief the interview while events are still fresh in every team member’s mind. Both the tape recorder and the laptop can be used to capture debrief data.

The benchmark partner will almost always provide a conference room for this purpose if asked. In most cases, the meeting room will remain available for this purpose. The debriefing should take no more than an hour. If it is not possible or convenient to remain on site for the debriefing, it should be done as soon as the team reaches their hotel or the airport.

This is also the best time to quickly arrange the notes in some useful order. If the monitor has also taken notes, they should be collated with the recorder’s notes. Any materials provided by the partner should be labeled if necessary and tagged to the questionnaire or other information gathering forms that were used.

The intent of the debriefing is to ensure that the information gathered can be used to develop the benchmark report. For this to be the case, all
shorthand notes, cryptic comments, and illegible scribbling needs to be translated into usable English.

As soon as the transcripts are available, the benchmark team should engage in a facilitated discussion on the benchmark results with other reengineering team members. The objective of the discussion session is to organize the data collected and to begin the analysis phase of the benchmark.

After all benchmark visits have been conducted, the analysis phase can be continued using all of the available data. But because of the time delay from the first benchmark to the last, the debriefing sessions are critical if useful data is not to be lost.

**Telephone Interviews**

Sometimes telephone interviews are used in place of a site visit. The principle difference between a telephone interview and an on-site interview is flexibility and breadth of subjects explored. A telephone interview must stick closely to the questionnaire that was prepared in advance and sent to the benchmark partner.

As with on-site interviews, the team members assume the same roles of questioner, recorder, and monitor. Since the interview process closely follows the questionnaire, it is generally more acceptable to the benchmark partner to audio record the conversation. Of course permission must be granted in advance. It is good practice to suggest that the recorder can be shut off at any time upon request.

Since it is most likely that the benchmark partner will want to send supporting information after the interview, some benchmark teams have included a self-addressed, prepaid express mail form with the questionnaire that is sent to the partner. This ensures a rapid turnaround of any promised support data.

Finally, some benchmarking experts report that a telephone interview is often more candid than an on-site interview because the telephone provides a measure of detachment for the individuals involved.
Common Protocol Problems

We will conclude this task by again listing five common problems recorded by experienced benchmark partners. The American Management Association compiled the following list.

1. The suitor has insufficient knowledge of its own processes and problems that inhibit making meaningful comparisons.

2. The suitor is insensitive to (or absolutely unaware of) the time demands their request would impose upon the target. There are attitudes which reflect a sense of "entitlement" on the part of the suitor.

3. There is a casual approach to making and meeting commitments (changing schedules, follow-up phone calls, letters, keeping appointments, etc.)

4. There are attempts to side-step the target's organizational structure and procedures.

5. There is a lack of professionalism or poor "etiquette" on the part of the benchmark team members.

The benchmark team must remember no organization is obligated to participate in the benchmark program and for those that do, there is considerable time and expense associated with it. All team members should consider themselves invited guests even if we did invite ourselves.

Benchmarking vs. Industrial Tourism

Some approaches to benchmarking might better fit under the category of “industrial tourism.” These visits are more akin to tours performed by vacationers. In these situations, typically a small group of executives from the home company tour manufacturing plants, banks, insurance companies, or other facilities of world-class companies. The location of these facilities is chosen primarily due to their proximity to entertainment centers, sports complexes, and resort communities. Typically, these trips are poorly planned with no well-fined, specific purpose. Upon return home from the “tour,” the executives praise the brilliance of these world-class organizations and the wonders that they have seen but the implementation of good ideas in the home company falls short because:

1. There is a poor understanding of the home company’s process, so there is little context to relate the good ideas that have been discovered.
In fact, good ideas may be entirely missed because of the lack in understanding of the home company’s current process. Also, there is a poor understanding of current organization and culture and technology barriers in the home company that may inhibit the translation of the good ideas discovered in the tour to the home company’s process.

2. Since these visits are not well planned and the purpose not well defined, they are not focused on finding the solutions to the specific problems that need resolution. The lack of previously identified potential improvement opportunities and the absence of criteria for investigation prevent the focused analysis necessary to truly understand the potential for implementing good ideas.

3. There is an absence of a well-planned agenda to obtain the appropriate information in an efficient and effective manner. Consequently, time is not well spent on discovering the information that could possibly transform the home organization and how to apply the good ideas to the home company.
Chapter 4 Questions

1. Identify three benchmarking partner relationships.

2. What three areas of information will you want to collect from your benchmarking partner?

3. Identify three methods of data collection.

4. Identify the three roles performed by the benchmarking team on site.
Chapter 5
Benchmarking Step 4: Analyze Results and Produce a Benchmarking Report

Now that you have collected all that data, what are you going to do with it? The answer, of course, is in the title of this chapter: analyze the results and produce a report.

The major actions in this step are listed in the following figure.

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Analyze Results and Produce a Benchmarking Report
- Display findings
- Analyze findings
- Determine current performance gaps
- Project future performance levels
- Reevaluate organizational goals and objectives
- Communicate findings and gain acceptance
- Develop an action plan and produce a report
- Implement specific actions
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Figure 5-1: Analyze Results

Display Findings.

The first thing you need to do during data collection process is to decide how to present the data for effective analysis. You have no doubt collected a vast amount of data from a number of benchmarking partners. Matrices are very useful in comparing data from a variety of sources.

You can use matrices to compare your organizational demographics to the organizational demographics of your benchmarking partners. Demographics data could include: size of the organization, size of the budget, geographical organization, etc.
Matrices can also be used to compare your process to other benchmarking partners in terms of critical success factors and other key measurements.

In addition, a comparison can be made of the good ideas that are employed by your benchmarking partners.

Analysis of the matrices would be helpful in understanding the similarities of your organization to the other organizations to determine the potential “fit” of potential process improvements. Analysis of the matrices would identify who has the superior process metrics. It also provides the basis for gaining superiority over your benchmarking partners by identifying the good ideas from a number of partners for implementation in your process.

**Analyze Findings.**

For lasting process improvement to take place, improvements need to be addressed in three areas: process, organization and culture, and technology. Process improvement involves analysis of the flow of the process itself along with its performance metrics. Organization and culture and technology are the enablers that facilitate process improvement. Based on what has been learned about the enablers that are employed by your benchmarking partner, what enablers need to be in place in your organization for improvements to be made to the process?

**Determine Performance Gap with Benchmarking Partner.**

Based on the information collected from your benchmarking partners, identify the gaps between your level of performance and that of the benchmarking partners. Your comparison should always be between your level and the best of your partners.

**Project Future Performance Levels.**

There will probably be a difference between this gap between your current performance and the best of your benchmarking partners and the gap between your level of performance and that of your process goals and objectives. A decision needs to be made as to which gap needs to be closed. There might be good reasons why you chose not to select to close a gap with your benchmarking partner.

The different expectations of the stakeholders of your process may necessitate different targets of performance. Here the benchmarking team will need to work closely with the BPR team to establish target future levels of
performance that will be expected of the process. If it is determined that it is necessary to close the gap between yourselves and the benchmarking partner, you should realize that it is not enough just to seek comparability. To achieve competitive advantage, you will need to aim higher than your partner’s level of performance to ultimately gain superiority.

**Reevaluate Organizational Goals and Objectives.**

If it is determined that previously established organizational goals are inadequate in light of the competitive advantage of your benchmarking partners, then action should be taken to adjust the objectives of the entire BPR project. In addition, reevaluation of strategic goals and objectives may be in order. For an organization that has never engaged in an intensive benchmarking effort, the benchmarking study might be a wake-up call for your benchmarking team as to the magnitude of the effort required. The life of the organization might be dependent on how your organization responds to this wake-up call.

**Communicate Findings and Gain Acceptance.**

Throughout the benchmarking project there needs to be communication between the benchmarking team and all layers in the organization from top management to the operating level. People do not like change, even when it is for their good. Individuals need to see a better place for themselves in a changed environment for them to accept change. The benchmarking project can be a significant motivational experience for the benchmarking team. They need to share this experience with those involved with the process.

Benchmarking is one way to overcome the “not invented here”, “we’re unique”, or “it won’t work here” thinking. By seeing an excellent process in operation in another organization, benchmarking lends credence to the feasibility of different ways of doing things. If others are reluctant to “see the light”, perhaps a visit could be arranged with one of the benchmarking partners to demonstrate the advanced process in operation. If the new procedure is in operation in multiple locations perhaps the evidence from multiple locations might present convincing evidence that change needs to be made. However, beware of what Joel Barker calls “settler mentality”. For those who possess settler mentality, no amount of data will convince them that “it is safe out there.”

1 Paradigm Pioneers, Joel Barker
Develop an Action Plan and Produce a Report
(adapted from Bob Davis, *Framework Benchmarking Tutorial*)

The benchmarking report should be an instrument that supports organizational change and process improvement. Therefore, everything put in the benchmarking report should serve a defined purpose. A well-written benchmarking report will accomplish several objectives.

The benchmarking report must:

- Facilitate meaningful and perhaps dramatic changes in process performance justified by the data that was collected and analyzed
- Capture and document best practices, process measures and methods of measuring process activities, and potential process performance targets
- Document the benchmarking process both as a historical record and to serve as a model for future benchmarking projects
- Fulfill the obligation to provide benchmark partners with a summary of benchmark findings which was a condition for participation
- Provide continuity for further work with benchmark partners
- Serve as a training and communications vehicle within your own organization and an aid to discussing process issues with external parties.

Report Writing Considerations

- A benchmark study is an expensive and time-consuming project. Such a study can only be justified if the results can be used to make dramatic improvements in organizational and process performance. This will depend, in part, on how well the report writers adhere to these principles:
  - The report must be candid, forthright, and complete. Material that is unflattering to your organization or its personnel, but relevant to the purposes of process improvement must be included. Such data can be recorded in the internal or confidential section of the report.

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Improvement actions can be facilitated when errors and shortcomings are recognized and acknowledged.

- The report should only contain material that can be supported by facts, data, observations, and analysis. In general, the only place in the report that should contain speculative material is in the conclusions section. And even in this case, there should be a supportable basis or justification expressed for the conclusions reached.

- Everything in the report should relate in some way to facilitating process improvement, identifying critical success factors, and establishing performance measures and targets. Extraneous material should be omitted altogether.

- The report should be concise. If necessary, supporting data can be placed in appendices or referenced as backup material. A usable report will extend from 25 to 50 pages depending on the number of processes and benchmark partners.

- The report should be well-written and very readable. It should be directed toward the specific needs of the intended audience

Considerations

Most benchmark partners participate in benchmark studies with the understanding that they will receive a summary report of the findings. This summary report should be useful from the perspective of the partners, but at the same time protect your organization’s confidential data. This objective can be accomplished if only factual data and observations are included in the summary report. Analysis, interpretations, subjective material, conclusions and recommendations should be confined to the internal or detailed report.

Benchmark partners often provide sensitive material to benchmark teams with the understanding that such material will not be attributed to either the company or the individuals in that company. For this reason, the summary report made available to partners and other external entities must not include references to companies, locations, or individuals. The report writing team should also review the material in the summary report to ensure that there are no strong inferences to specific companies that would make it easy to determine the identity of the benchmark partner.

If the report writing team has substantial doubts about the material intended to be included in the summary report, it may be necessary to ask the
benchmark partner to review the material concerning their organization before publication. Be advised, however, that this may result in much useful material being censored out of the report.

A final precaution is to have your own counsel review the summary report prior to publication to ensure that there are no undue legal risks as a consequence of the material to be included in the report.

Benchmarking Report Structure

The benchmarking report should be written in three sections as follows:

- **Executive Summary.** This is a two page high-level condensation of the purpose, conduct, and results of the benchmark study.

- **General Report.** This section of the report presents factual data about the processes under study, benchmarking methodology, partners, and process comparisons. The general report is suitable for external distribution to benchmark partners and others.

- **Detailed Report.** This section of the report contains an analysis of the data collected, the conclusions reached based on this analysis, and an action plan for using these results. The detailed report is for internal use only and in some cases may be even be labeled company confidential.

Benchmarking Report Outline

1. Executive Summary
2. Statement of Purpose
3. Process Overviews
4. Areas of Investigation
5. Benchmarking Methodology
6. Partner Profiles
7. Results & Comparative Data
8. Data Analysis
9. Conclusions
10. Next Steps
11. Recommendations
12. Action Plan

Figure 5-2: Benchmarking Report Outline
The Benchmarking Report

The report writing team may, of course, structure the benchmarking report as they see fit. The suggested headings described below have been found to result in a productive report providing that the report writing considerations listed in Benchmarking Step 4 (Analyze Results and Produce a Report) are followed.

1. Executive Summary

This is a two page synopsis of the benchmark study and an overview of the general conclusions and recommendations resulting from the study. It should include the reasons the study was conducted, why the partners were selected, general observations, a summary of the major conclusions, and a short list of key recommendations.

To conserve space in the executive summary, instead of listing and describing conclusions and recommendations, reference may be made to these sections of the report.

It is not necessary to defend or justify the conclusions and recommendations in the executive summary because that is one of the key purposes of the report in its entirety.

2. Statement of Purpose

This section should reflect the motivation that led to conducting the benchmark study and the context for the study. It is also helpful for readers, not intimate with the work being done to improve your own processes, to include a short background statement to frame the benchmark study and put it in perspective.

All benchmark studies seek to discover best practices, critical success factors, performance measures, and innovative applications of technology. After acknowledging these objectives, the report writing team should note any additional or special reasons for conducting the study.

Finally, the statement of purpose should describe how the results of the benchmark study will be used, and whether there is an intention to continue working with any or all of the benchmark partners.

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3 From the Framework for Managing Process Improvement: Benchmarking Tutorial, Robert Davis and Roxy Davis, July 15, 1994, ASDC3I
Chapter 5: Analyze Results and Produce a Report

3. Process Overviews

The report should include a description of each of the processes being studied. This data can be extracted from the process, activity, and data models and narratives. The report writing team should only include enough descriptive data about the processes so that the material included within the report can be understood in context.

The value of the benchmarking report is enhanced to the extent that baseline performance measures and known process deficiencies are included in the report. Process deficiencies should only be described in general, again, as context for understanding the remainder of the report.

4. Areas of Investigation

This is a key section of the benchmarking report because it presents the categories of information, the performance areas, and process features that were investigated. This section should first list the five or six key areas or subjects that were benchmarked, and then the specific questions asked during the benchmark. It is helpful to the reader if the questions are arranged by subject area even if the questions were asked in some other sequence.

This section of the report may also list some of the problem areas in your processes that were targeted for investigation during the benchmark. Problems should only be described in general terms in this section.

5. Benchmark Methodology

This section of the report is optional but most authorities recommend that it be included so that readers will understand how the benchmark was performed. This is also helpful as a training aid for future benchmark studies.

The following areas can be briefly described in this section:

- Benchmark team members and assignments
- Benchmark procedures followed by the teams
- Benchmark calendar or schedule
- Sources used for research and background data including data bases, print materials, organizations, and individuals
BPR Benchmarking

- Partner selection criteria and method of contacting and screening used to make final partner decisions
- Lessons learned and recommendations for future benchmark studies.

6. Partner Profiles

This section should first list the organizations which participated in the benchmark study and where they are located. It is also useful to note the benchmark technique used with each partner—on-site interview, telephone interview, or local interview.

Next, the report writing team provides a narrative describing the situation of each partner with respect to the processes benchmarked. Please note that nothing in the profile narrative should disclose which of the benchmark partners is being described. Neutral terms like Partner A (or other codes) can be used in the profile narrative. Obviously, the order of the profile descriptions should not reflect the order the partners and their locations were listed above.

The profile should include all useful data that can be used as an aid to process improvement. Categories of data that can be described include, but are not limited, to the following:

- General description of the partner's organizational structure and mission
- Process characteristics including stakeholder interests, customer requirements, and products and services delivered
- Critical success factors and other figures of merit
- Process measures and performance data
- Organizational structures and how they support process performance
- Technology used to support processes and key innovations
- Lessons learned, problems overcome, and opportunities exploited
Chapter 5: Analyze Results and Produce a Report

7. Results and Comparative Data

This section of the benchmarking report should consist of a narrative projecting a consensus view of the experience of all benchmark partners with respect to the processes under study. It should also show comparative data presented in matrix form (if possible) of key elements or subjects that are common for two or more benchmark partners.

This is the last section in the general report which can be distributed to all benchmark partners. Therefore, it should be restricted to facts and observations rather than analysis and interpretation.

The table on the next figure shows comparative data on critical success factors for process reengineering. It is reproduced here as an example of how to present comparative data.

<table>
<thead>
<tr>
<th>Critical Success Factors</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effective leadership</td>
<td>X</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Strong customer focus</td>
<td></td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Quantifiable objectives</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Emphasis on change</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Emphasis on quality</td>
<td>X</td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Supportive IT systems</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Positive culture</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Figure 5-3: Partner Comparative Data

8. Data Analysis

This section of the report contains the analysis of all the data gathered during the benchmark study. It is necessarily subjective and will be based on the benchmark team's interpretation of what was discovered and observed with respect to each partner.

To the degree possible or practical, material presented in this section should reference the data used in the analysis so that readers can understand something about the basis for the analysis.
This is also where the benchmark team comments on the feasibility of adapting best practices and performance measures for use within your organization. What may work well in another organization may not be suitable for yours. The benchmark team should note such situations and justify their opinion. Likewise, when a best practice seems applicable to your organization, the team should support this as well.

The analysis section should also contain useful charts, graphs, matrices, or other illustrative techniques for presenting data in a useful form. Each illustrative technique should be accompanied with a narrative showing how the data displayed is relevant to the process improvement work being done in your organization.

This is also a suitable place for commenting on lessons learned, problems, barriers, and opportunities observed or commented on by any of the benchmark partners. In general, this is the section of the benchmarking report where team members can project their views and understandings about the data gathered during the study.

9. **Conclusions**

This is the heart of the benchmarking report. Here, all that was done during the study is consolidated into a structure that is most useful in supporting process improvement efforts.

The recommended subheadings in this section include the following and answer the indicated questions:

* **Process Vision**. What was learned during the benchmark process that will contribute to the development of an optimum process vision that maximizes support for all stakeholder interests? What was learned that will strengthen customer focus for the process?

* **Process Measures**. What measures have our partners developed that related to process performance, output product and services in the categories of:
  - Fitness for Purpose,
  - Conformance to Standard,
  - Process cycle and response time,
  - Fixed and variable process costs?

How have these measures been integrated into process operations so that they are a natural consequence of the process?
Performance Targets. What levels of performance have our partners been able to achieve that would serve as demanding but attainable goals for our process?

Best Practices. What concepts, methods, techniques, policies, procedures, and practices do our partners use that enable them to obtain superlative process performance? What approaches are being used to align process, organization, technology, and business objectives?

Technical Innovations. What new technologies are being employed in the processes under study, or what innovative uses of old technologies are in evidence? What is the interrelationship between technology application and organizational structures?

Pitfalls and Cautions. What have we learned that didn't work as planned in our partner's organizations, and what should we be concerned about as we try to adopt some of our partner's methods given the differences in our organization and those of our benchmark partners.

10. Next Steps

This section may conclude with a statement of the next steps that will be taken as a result of performing this benchmark study. Follow up studies, further data analysis, additional research, or invitations to selected benchmark partners to visit your organization are all potential next steps.

11. Recommendations

Out of the foregoing, the benchmark teams should document a series of recommendations for process-oriented improvement actions. Each recommendation should be based on the conclusions documented in the previous section and should make specific references to data and/or analysis that support the recommendation.

Each recommendation should be rated in terms of potential impact (functions, organizational levels, stakeholder interests, etc.), level of difficulty in implementing, priority, degree of risk, estimated costs and quantifiable benefits, estimated return on investment, and estimated implementation schedules.

Some recommendations may be hard to describe in the indicated categories, but an attempt should be made to provide meaningful management decision
support data. Ultimately, all recommendations above a certain cost or risk level will need to be supported with a business case or case for action.

The number of recommendations is not as important as the quality. Some recommendations will need to be included in the process TO-BE analysis, while others may be pursued independent of formal process improvement procedures.

12. Action Plan

The final section of the benchmarking report is the action plan. The action plan may be developed when the benchmarking report is written; but more than likely, it will be developed (or completed) after the remainder of the report has been reviewed and approved by higher authority.

The action plan describes what is going to change as a consequence of performing the benchmark. It consists of a slate of specific projects or tasks that have been assigned to specific project managers or action officers; scopes of effort, schedules, milestones, performance objectives and measures, and costs or budgets.

It may be helpful to think of actions in four classes:

- **Process refinement.** Streamlining actions doable at low cost and minimum risk.

- **Emulation.** Model one benchmark partner’s process with few changes or adaptations.

- **Leapfrog.** Combine information from several partners in an attempt to achieve a best-in-class situation that surpasses any one partner’s process.

- **Breakthrough.** Combine information gathered in the benchmark with intensive analysis and creative thinking to achieve world-class process performance. This action level is high-cost and high-risk.

**Appendices**

As necessary, additional materials may be included in appendices.
Implement Specific Actions

The process analysis team will use the benchmarking report as input in developing TO-BE models and developing the Business Case Analysis (BCA). The findings of the benchmarking report will serve to support one or more of the alternatives to be evaluated as a part of this analysis. After approval of the BCA, the approved parts of the benchmarking report will be implemented along with the TO-BE model. Incremental process improvements can be implemented in coordination with the process owner and the BPR process improvement team.
Chapter 5 Questions:

1. When would you choose not to close the gap in performance between you and your benchmarking partner?

2. What must happen for individuals to accept change?

3. What are the three sections in a benchmarking report?

4. In a normal benchmarking project, the benchmarking report can be implemented after approval. How is implementation of the BPR benchmarking report different?
Chapter 6
Benchmarking Step 5:
Monitor Results after Implementation

In implementation (Activity A6 of the Framework), there is a need to monitor process performance to determine if the process is performing as projected in the benchmarking report. This action should not be limited to just the actions that were implemented in benchmarking, but include the entire BPR project. The target projections in the BCA Decision Document should be used as the basis for this analysis. Part III of this text discusses tools for this analysis.

This follow-up analysis should be performed on an on-going basis by the process owners. At certain increments (3, 6, or 12 months), the project study team should be called in to evaluate how well performance meets expectations. BizCase™ and Turbo BPR¹ are automated tools that can be useful in this analysis.

This Step contains the actions listed in the following figure.

![Figure 6-1: Monitor Results](image)

Determine Performance Gap with Projections.

We earlier talked about the gap between actual performance and the targets identified in the strategic plan. Then we talked about the gap between actual performance and your benchmarking partner’s performance. At this

¹ See Appendix B: References
Chapter 6: Monitor Results after Implementation

point you will be identifying the gap between actual performance and that projected in the BCA Decision Package.

Update Benchmark.

Analysis should be performed to determine what are the causes as to why there are gaps between expectations and actual performance. Frequently, the reason the expected metrics are not being achieved is because the process is not being performed as expected. The cause can be in a failure to implement changes in the supporting enablers. To determine potential failures in implementing the enablers, analysts should ask:

- Were all the recommended enablers implemented according to plan?
- Were the employees adequately trained in the new process?
- Are the technology enablers in place?
- Were the people adequately trained on the use of technology?

Make Changes Permanent.

Actions should be taken to correct deficiencies in the way the process was implemented. If it is determined that original targets can not be implemented, they need to be adjusted. If actual performance is at an unacceptable level, a determination should be made if the process needs to be scheduled for another reengineering study.

Communicate to All.

If the reengineering effort has been successful, the good news should be communicated to everyone in the organization. If the results benefit the enterprise, special effort should be made to advertise this success. Hopefully you will become the benchmark for other organizations to emulate.
Chapter 6 Questions:

1. What automated BPR tool facilitates follow-up to determine if projected targets are being met after project execution?

2. What gap is identified in the follow-up analysis?

3. What situation may indicate a need for another BPR project of that process?
NOTES:
Chapter 7
Benchmarking Step 6:
Incorporate Benchmarking in the Decision-Making Process

This step addresses the following actions:
- Recalibrate benchmarks
- Maturity

Recalibrate Benchmarks

In his book, *Benchmarking, the Search for Industry Best Practices that Lead to Superior Performance*, Robert Camp discusses the need to recalibrate benchmarks. He says:

“Competitive and industry practices are constantly changing. A recalibration process must be installed to ensure that benchmarks are reevaluated and updated to ensure that they are based on the latest methods and practices. Benchmarks need to be examined to see if they are still valid in light of external changes and modified accordingly.”

Before beginning recalibration, Camp suggests performing an assessment to determine understanding of the benchmarking process, attitudes in the organization toward benchmarking, and the degree to which

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1 Camp, Chapter 12
management behaviors contribute toward successful benchmarking. Based on the results of this analysis, a plan should be developed to assure success.

Camp suggests

“One approach would be to recalibrate the critical benchmarks annually. A shorter time frame is not worth while since practices do not change that fast. Recalibration beyond three years becomes a massive exercise.”

Camp suggests reviewing the benchmarking process and determining “what deficiencies need to be covered and what areas of new information are needed.”

Contacting old benchmarking partners to again exchange status of implementing improvements could be informative. Discussion could center on any unforeseen problems that were encountered in implementing changes. Also, it could be beneficial to determine the level where the partners are at this point. What improvements have they made since the last visit to enhance their performance. One word of caution is that your previous benchmarking partners may not be the industry best anymore.

Maturity

Mature organizations use benchmarking as a way of management. The Malcom Baldridge award criteria includes benchmarking in evaluation of both strategic planning and process management. To aspire to be an excellent organization, your organization needs to employ benchmarking to look beyond your organizational boundaries and go for the gold.

Organizations need to include benchmarking as a part of their management decision making process. Managers need to look outside their organization when making long-term decisions that impact how the process will be performed and the customer served.

Organizations should also consider using benchmarking in the resource allocation process. One of the considerations made prior to major expenditures of funds should be if the alternatives included looking outside of the organization for different approaches to solve a problem.

Organizations need to consider benchmarking as a part of all planning processes. Benchmarking is fundamental in determining the future course of an organization in a competitive environment, especially in changing or uncertain times.
Chapter 7 Questions:

1. How frequently should organizations recalibrate benchmarks?

2. How do mature organizations make benchmarking continuous?