

**From: "Practical Benchmarking - A manager's guide to creating a competitive advantage"  
Sarah Cook 1995.  
Kogan Page 187 pages - ISBN 0 7494 1551 7.**

- P 13 "Benchmarking is the process of identifying, understanding and adapting outstanding practices from within the same organisation or from other businesses to help improve performance".
- P 15 "Benchmarking promotes a climate for change by allowing employees to gain an understanding of their performance - what they are achieving now and how they compare to others - in order that they become aware of what they could achieve".
- P 17 "Benchmarking is an on-going process which requires a systematic approach. There are six discrete steps to effective benchmarking:
1. Identify and understand your process.
  2. Agree what and who to benchmark.
  3. Collect the data.
  4. Analyse data and identify gaps.
  5. Plan and action improvements.
  6. Review".
- "There are four types of benchmarking which can be undertaken by an organisation:
1. Internal.
  2. Competitive.
  3. Non-competitive.
  4. Best practice/world class".
- P 24 "Benchmarking is not a hit or miss process. Neither does it bring long-lasting effects when seen as a one-off event or activity that can be started or stopped at whim". Furthermore, benchmarking does not mean cloning without thought, the success of other companies".
- "What is the best practice in one organisation cannot readily be transferred to another without a thorough understanding of the learning that has gone into achieving the standard, and recognition of the impact of the process on the culture of the organisation, in terms of both customer and employee reactions".
- P 25 "A further misconception is that benchmarking is industrial tourism, that it consists of a series of costly and lengthy site visits".
- "Any aspect of an organisation can be benchmarked. It is a misconception that businesses cannot learn from others...The growth of many Japanese markets has been built on European and American complacency".
- P 27 "If a benchmarking exercise is to be successful, it must increase awareness of what an organisation does well and what needs to change and why. Benchmarking exercises which measure cost alone invariably prove least successful".
- P 34 "Benchmarking team members should have sufficient clout and credibility to get their recommendations approved, otherwise their efforts will fail. Members should be drawn from across the organisation. The team should ideally consist of between 5 and 8 people".

"It is beneficial to ensure the team consists of both managers and staff who are both users and customers of the process which is under review. The team should include a mix of seniority and knowledge".

- P 46 An effective benchmarking exercise requires the focus to be upon genuinely critical success factors. These must be determined prior to the commencement of any benchmarking, so that the processes that underpin them will form the basis of the effort.

Mercury telecommunications for instance identified 33 key processes ripe for benchmarking, and 5 of these are:

The delivery of telephone services to a new customer.

The development of new products and services to the future requirements of customers.

The management of material supplies to ensure network capacity is available as required.

The billing of customers to give information on use of services which the customer requires, as well as to collect revenue.

The communication with employees using communication processes.

- P 47 "Digital Equipment Company has developed a checklist for identifying crucial business processes which are fundamental to the organisation's success. For each process they ask:

Is the process critical to achieving customer satisfaction?

Is the process critical to the organisation's ability to survive and flourish?

- P 49 "Organisations need to identify which of their primary processes or core activities are critical for the company to remain in business and to be successful. Customers will have a clear idea of what is important to them. A useful starting point is to ask them:

What are we good at?

What areas do we need to improve?

"Ask employees to identify factors which they perceive as critical to success in your company and what they perceive has the biggest influence on your company's performance. Compare the responses of your employees to those of your customers".

"A further input in understanding your core processes is to gain feedback from your suppliers. People who work with the organisation, yet who also take an external perspective, can prove to be an invaluable source of information".

- P 65 "As an understanding is gained of an organisation's processes the project team needs to document the measures of performance which are in place for every step in the process. These performance indicators serve as in-house standards against which the project team can make comparisons with external benchmarking factors".

- P 84 "The starting point for a best practice benchmarking study is to identify what is meant by the 'best'. This means creating a clear definition of what is understood to be the 'best' by your company or organisation".

- P 85 "Best practice benchmarking needs to be undertaken on a continuous basis, as 'best in class' is a constantly moving target".

- P 90 "Finding the best partner requires extensive research. The starting point is to ask your suppliers and customers who they consider to be 'best in class'.
- P 96 "In order to make comparisons between partners and sponsor organisations it is imperative to establish what measures of performance will be used".
- P 98 "Many benchmarking studies concentrate on 'hard' performance measures and forget that often performance can only be achieved through getting the softer intangible measures correct within an organisation".
- P 100 "There are four main sources of information available to benchmarking teams, these are desk research; third parties; direct exchange and site visits".
- P 103 "To contribute to effective, efficient and ethical benchmarking, individuals need to agree for themselves and their organisations to abide by the principle of benchmarking with other organisations. The underlying tenet is not to ask for information that you as the sponsor organisation would not be prepared to divulge about your own organisation".
- P 104 "The principles of benchmarking encompass:

1. Confidentiality.
2. Legality.
3. Exchange.
4. Use of information.
5. First party contact.
6. Third party contact.
7. Preparation".

"When assembling information on behalf of your own company, therefore, it is helpful to explain the background to the project to those providing the information so that they fully understand why the information is required".

- P 106 "When BP Chemicals decided to benchmark its HR practices the starting point was to understand its own process better by interviewing a cross-section of employees across the company".
- P 107 "In preparing for the (site) visit it is beneficial to meet with the partner organisation to explain the purpose of the visit on a face to face basis and to ensure that all aspects are arranged prior to the visit".
- P 110 "The quality of data collected from benchmarking partners is only as good as the quality of the questions asked. Before beginning a benchmarking data collection phase, project team members should determine their exact requirements and constraints".
- P 113 "Once data has been collected the task of the project team is to interpret the information they have acquired and identify areas for improvement. This analysis takes two forms:
1. Review of the data.
  2. Preparation of gap analysis.
- P 117 "Although a review of hard data provides an easy means of measurable comparisons, what it does not identify is how the performance measures are achieved. The 'soft issues' surrounding each benchmarking partner need to be considered and analysed in a similar format to hard quantifiable data".
- P 120 "Michael Porter has devised a useful framework for determining an organisation's competitive position...this tool is particularly useful in comparing best practices as it

provides a framework for developing measured criteria”.

“Professor Porter’s concept is that competitive advantage is a result of the size and structure of the industry in which an organisation operates, the competitive environment, and the bargaining power of customers and suppliers”.

Specifically, Porter’s five forces that determine competitive advantage are:

1. The power of suppliers.
2. Rivalry amongst competitors.
3. The power of customers.
4. Barriers to entry within the marketplace.
5. The threat of substitutes to products or services.

“In making comparisons across industries a matrix can be developed using each of the five forces to help identify similar and dissimilar competitive environments based on Porter’s concept”.

“Successful data analysis should result in a comparison being able to be made between different performance criteria and best practice methods. Once the analysis has been completed, therefore, the next step is to identify your own company’s performance measures and to make comparison with other benchmarking partners”.

“In this way target levels of performance can be discussed and agreed and a further comparison made between target performance and actual performance”.

- P 127 “Having identified both the size of gap in performance and potential causes, the next step is to identify and prioritise areas of change and to draw up a plan for improvements”.
- P 141 “Benchmarking is just one implement in an armoury of tools which can be used to bring about change within an organisation. It is often best used as part of a programme of on-going improvement”.
- P 151 “In addition to measuring and monitoring the effectiveness of benchmarking programmes in terms of overall improvements in performance within the organisation, the project team should also seek to identify what learning has taken place as a result of the exercise”.
- P 158 “Where benchmarking studies are undertaken as a one-off unsystematic exercise with little relevance to the organisation’s objectives there can be few long-lasting benefits”.
- P 170 “The starting point for benchmarking is that the organisation *must* change, and change radically”.