

Casting your net for best practices

Dr Robin Mann, Director,
Centre for
Organisational Excellence
Research (COER)



A lot of weight is placed upon the importance of benchmarking today as a sure-fire way to improve the business. However, a lot of people, especially those in small businesses, simply don't know enough about benchmarking to practice it let alone get any real benefit. The concept is clear; basically you need to find better and more efficient ways to carry out the varied tasks and processes that make up work. In the vast majority of cases someone else has already done this and you, therefore, need to capture this knowledge.



Benchmarking is just like fishing really. When I was a boy my father taught me to fish. At first he just took me along, gave me an old rod and reel, a big

hook to bait, and an old basket to sit on. Back then I used to just cast that worm out and hope. I'd catch the odd perch or eel, but mostly it'd be tiddlers or just weed! What I really wanted to catch were the big fat shining trout that my father pulled out on a tiny fly. Over the years I watched my father and other expert fishermen and honed my fishing skills. Using tried and tested techniques, investing in good equipment, and carefully selecting my 'swims' (target areas) I've learned to target my fish. Now I know that when I get a bite, there's every chance it's going to be worth the wait. Benchmarking in its purest most potent form is like stalking those big fish, to increase your chances of success you must be prepared to commit resources, use a proven approach, and choose your partners carefully.



Benchmarking is a technique that is all about identifying, capturing, and implementing best practices - this type of benchmarking is usually referred to as *best practice benchmarking*. Sure, there's another type of benchmarking, called *performance benchmarking* where you compare your performance metrics to those of others, but this type of benchmarking only tells you who caught the biggest fish and does not explain *how* and *why* the fish was caught. Performance benchmarking is good at identifying performance

gaps and generally getting a better appreciation of your own performance, but wouldn't it be even better if you knew the technique or practice behind the result? World-class organisations have leapt ahead of rivals by using best practice benchmarking.

According to a survey of 559 UK respondent organisations by Hinton in 2000, the main issues that inhibit attempts to carry out benchmarking projects are ignorance 5%, resource constraints 25%, comparability 29%, too small to gain 15%, and not appropriate 26%. The survey also clarified the reasons why many benchmarking projects go wrong; finding suitable partners; difficulties in comparing data (50% found this); resource constraints (time, finance and expertise); and staff resistance. At the Centre for Organisational Excellence Research (COER) we have found that often, misunderstanding is the root cause for companies not attempting best practice benchmarking. While the benefits of benchmarking are proven the world over, its concerning that so few organisations actively practice it in a systematic manner.

Here's an overview of a simple approach that we recommend to any organisation thinking about benchmarking:

1. Assess : Before anything else, carry out some form of self assessment - an evaluation of the strengths and weaknesses of your business practices and outcomes. Doing this first will help create the resolve needed for the resource decision in the next stage! . An attempt must be made to understand the internal processes of the organisation better and to identify the most needy areas of the organisation, even if it is through nothing more than a well planned meeting between key staff. You should be able to find a simple online questionnaire-driven assessment or a more rigorous process through contacting the organisation within your country that runs your national business excellence awards. These awards typically use a framework that covers all the key areas of an organisation such as Leadership; Strategic Planning; Customer and Market Focus; Measurement, Analysis and Knowledge Management; Human Resources; Process Management; and Business Results. Don't be put off by these 'corporate' terms as some business owners would call them. Any organisation, small or large, has areas of its business which fall squarely under these categories, the key is to try to take a holistic view in the self assessment process.

2. Resource : The next step should be to think hard about how much resource can be committed to the activity if momentum is to be

maintained throughout the project. This way an appropriate scope can be agreed up front.

3. Prioritise : A good idea is to choose an area that needs a lot of improvement and that is likely to bring at least a small positive result even from the fact that there is a deliberate focus on improving and understanding the area. This way with an assured small win under the belt everyone can feel good about moving on or up-scaling the project and staying 'on-board'.

4. Measure and compare : Begin measuring the performance of your key processes and areas prioritised for improvement. Wherever possible compare the performance of your key processes against each other using similar measures, or even better, compare your performance against the processes of other, preferably high-performing organisations. Identify the highest performer(s) and the gaps between you and them.

5. Research (desktop as a start) : Find out what these high-performers do that makes them so good - what techniques or practices do they use?

6. Implement : Where appropriate (and more research or training may be required here) adapt the techniques or practices if necessary, and where feasible, implement them in your organisation.

7. Measure and calibrate : measure the change in performance of the area being improved, and recalibrate your gap analysis. Start the process again or move on to a new area.

The practice of Benchmarking as a formal and structured improvement technique has been around about 25 years although the technique has obviously been used both instinctively and proactively for centuries. Throughout its brief history the methodology of benchmarking hasn't changed all that much, however, technology has changed significantly and this has made a huge difference in the way that benchmarking can be enabled.

In the 80's benchmarking was mainly confined to the large successful private sector organisations and projects tended to be extremely costly but gained very high returns, today technological advancements have transformed communications and opened up a whole new information based world. Any organisation can now access low-cost internet-based benchmarking services and opportunities such as consortia, surveys both on and off line, virtual common interest groups such as forums, and best practice information resources. However, this has brought with it some new issues:

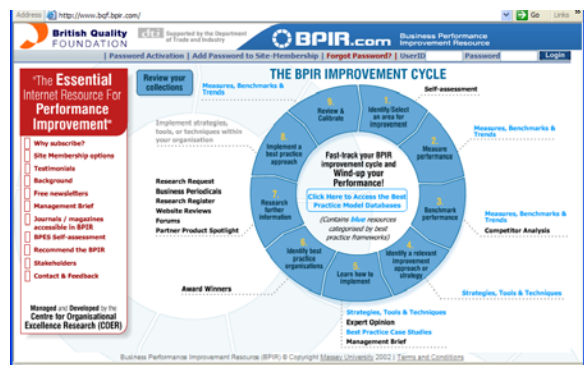
- The new global business world has made for much higher competition and this, naturally, means that operating costs are far more under scrutiny. Significant investment by

leaders on improvement projects is less easy to justify without first proving their potential...

- There is now vastly more information available to those seeking it and this is creating confusion over 'where to look for what'.
- The *best* practices 'ripe for the picking' in the 80's are not so easily found among the wealth of information currently available leading to, more than ever, the need for a careful and structured approach to benchmarking.
- The sudden increase in numbers of organisations searching for benchmarking data has, I believe, created a new common misconception of benchmarking being all about benchmarks. Information availability has accelerated faster than benchmarking education among the masses.

The latter issue is highlighted by the proportion of requests we get at COER for benchmarks rather than for best practices. It seems that everyone is on a quest for benchmarks. On the face of it this is a good thing of course because it infers that there is a lot of focus on identifying organisational areas that may need developing thus engendering a self-awareness that is vital to doing good business and as a base for prioritising benchmarking projects. However what remains unclear is just what people are doing with the benchmarks that they find in their searches. Do these metrics generally get used for more than the annual performance report? I believe there is much misuse of benchmarks or at least many are missing opportunities to use them for greater gain.

At COER we have developed an innovative web-based resource that we feel addresses these issues by its unique design around a robust and educational business improvement cycle (as shown in the website screenshot), and by the way that best practice holistic business models are used to lead the user quickly to areas where hand picked and prepared information meets the specific need or interest.



Business Performance Improvement Resource (BPIR) - www.BPIR.com, home of the acclaimed best practice Management Brief report series.

A vast knowledge repository containing databases with thousands of benchmarks, measures, best practices, benchmarking partners, case studies, studies/trends, and full access to well over 200,000 articles covering virtually every aspect of business. The resource can help in any business practice you are looking to improve (everything from handling customer complaints, to undertaking performance appraisals, and improving your strategic planning process is covered). COER launched the resource in 2002 and now hundreds of organisations and thousands of individuals world-wide are using it as a first port of call for benchmarking best practices, or just individual self-improvement. Pricewaterhouse Coopers summed up the potential the BPIR holds for its users when, in its Trendsetter Barometer Survey (2003), it concluded that evidence suggested Benchmarking-database users can achieve 69% faster growth, and 45% greater productivity than non-users. Among its many uses the BPIR is a real boon to organisations who want to access best practices and expert advice/opinion but do not have the resources as yet for full-scale benchmarking projects.

www.BPIR.com - visit the website, ring the team at the Centre for Organisational Excellence Research on +64 6 350 5445, or email r.s.mann@massey.ac.nz

References

1. Hinton, M., Francis, G. and Holloway, J. (2000), Best practice benchmarking in the UK, *Benchmarking: An International Journal*, Vol. 7 No. 1, pp. 52-61.
2. PWC, (2003), *Barometer Surveys: Fast-Growth Companies That Benchmark Grow Faster, Are More Productive Than Their Peers*, Link: 12 Sept, PWC