



# Benchmarking Code of Conduct

To contribute to efficient, effective and ethical Benchmarking, GBN Member's agree to abide by the following principles for Benchmarking with other organizations.

*Sources:*

*APQC's Benchmarking Code of Conduct*

***The European Benchmarking Code of Conduct***

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# APQC'S BENCHMARKING CODE OF CONDUCT

## Guidelines and Ethics for Benchmarkers

Benchmarking – the process of identifying and learning from global best practices – is a powerful tool in the quest for continuous improvement and breakthroughs.

APQC developed and adheres to this code of conduct to:

- guide benchmarking efforts,
- advance the professionalism and effectiveness of benchmarking, and
- Help protect its members from harm.

Adherence to this Code will contribute to efficient, effective, and ethical benchmarking.

### **Consortium Benchmarking**

APQC conducts a variety of collaborative benchmarking studies each year that span industries, topics, and functional areas. APQC leads the process, facilitates meetings, arranges site visits, conducts findings events, and produces a detailed report.

#### **1. Legality**

- 1.1. If there is any potential question on the legality of an activity, then consult with your corporate counsel.
- 1.2. 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. Do not discuss costs with competitors if costs are an element of pricing.
- 1.3. 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.
- 1.4. 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.

#### **2. Exchange**

- 2.1. Be willing to provide to your benchmarking partner the same type and level of information that you request from your benchmarking partner.
- 2.2. Fully communicate early in the relationship to clarify expectations, avoid misunderstanding, and establish mutual interest in the benchmarking exchange.
- 2.3. Be honest and complete with the information submitted.
- 2.4. Provide information in a timely manner as outlined by the stated benchmarking schedule.

### 3. Confidentiality

- 3.1. 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.
- 3.2. A company's participation is confidential and should not be communicated externally without their prior permission.

### 4. Use

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

### 5. Contact

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

### 6. Preparation

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

## 7. Completion

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

## 8. Understanding and Action

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

## Benchmarking with Competitors

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. For example, “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. Alternatively, negotiate and sign a specific non-disclosure agreement that will satisfy the attorneys representing each partner.
- Do not ask competitors for sensitive data or cause the benchmarking partner to feel they must provide data to continue the process.
- 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 the same as sharing price data.)
- 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 specify 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 necessary for that material.

## The European Benchmarking Code of Conduct

This Code of Conduct is the result of a consultation and development process co-ordinated by The Performance Improvement Group with the help of The Eurocode Working Group. The Eurocode Working Group comprises senior Benchmarking managers and legal representatives from the following organisations:

- BT
- Department of Trade and Industry (UK)
- European Foundation for Quality Management
- IFS International
- KPMG Peat Marwick (USA)
- Shell International
- Siemens
- The Benchmark Network
- The Post Office

Contributions were also gratefully received from the following:

- American Productivity and Quality Center
- British Quality Foundation
- Prudential Assurance
- Swedish Institute of Quality
- Strategic Planning Institute
- The Benchmarking Centre UK
- The Benchmarking Club Italy
- The Law Society
- The Quality Network

### Introduction

Benchmarking - the process of identifying and learning from best practices in other organisations - is a powerful tool in the quest for continuous improvement and performance breakthroughs. The authors and sponsors have produced this European Code of Conduct to guide benchmarking encounters and to advance the professionalism and effectiveness of benchmarking in Europe. It is closely based on the widely used APQC/SPI Code of Conduct promoted by the International Benchmarking Clearinghouse, and the authors gratefully acknowledge this source. The wording has been modified to take into account the rules of European Union competition law. The layout and presentation have been modified to provide a more positive chronological approach.

Adherence to this Code will contribute to efficient, effective, and ethical benchmarking.

# European Benchmarking Code of Conduct

## 1. Principle of Preparation

- 1.1 Demonstrate commitment to the efficiency and effectiveness of benchmarking by being prepared prior to making an initial benchmarking contact.
- 1.2 Make the most of your benchmarking partner's time by being fully prepared for each exchange.
- 1.3 Help your benchmarking partners prepare by providing them with a questionnaire and agenda prior to benchmarking visits.
- 1.4 Before any benchmarking contact, especially the sending of questionnaires, take legal advice.

## 2. Principle of Contact

- 2.1. Respect the corporate culture of partner organizations and work within mutually agreed procedures.
- 2.2. Use benchmarking contacts designated by the partner organisation if that is its preferred procedure.
- 2.3. Agree with the designated benchmarking contact how communication or responsibility is to be delegated in the course of the benchmarking exercise. Check mutual understanding.
- 2.4. Obtain an individual's permission before providing their name in response to a contact request.
- 2.5. Avoid communicating a contact's name in open forum without the contact's prior permission.

## 3. Principle of Exchange

- 3.1. Be willing to provide the same type and level of information that you request from your benchmarking partner, provided that the principle of legality is observed.
- 3.2. Communicate fully and early in the relationship to clarify expectations, avoid misunderstanding, and establish mutual interest in the benchmarking exchange.
- 3.3. Be honest and complete.

## 4. Principle of Confidentiality

- 4.1. Treat benchmarking findings as confidential to the individuals and organizations involved. Such information must not be communicated to third parties without the prior consent of the benchmarking partner who shared the information. When seeking prior consent, make sure that you specify clearly what information is to be shared, and with whom.
- 4.2. An organization's participation in a study is confidential and should not be communicated externally without their prior permission.

## 5. Principle of use

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

## 6. Principle of Legality

- 6.1. If there is any potential question on the legality of an activity, you should take legal advice.
- 6.2. Avoid discussions or actions that could lead to or imply an interest in restraint of trade, market and / or customer allocation schemes, price fixing, bid rigging, bribery, or any other anti-competitive practices. Do not discuss your pricing policy with competitors.
- 6.3. Refrain from the acquisition of information by any means that could be interpreted as improper including the breach, or inducement of a breach, of any duty to maintain confidentiality.
- 6.4. Do not disclose or use any confidential information that may have been obtained through improper means, or that was disclosed by another in violation of a duty of confidentiality.
- 6.5. Do not, as a consultant, client or otherwise pass on benchmarking findings to another organisation without first getting the permission of your benchmarking partner and without first ensuring that the data is appropriately 'blinded' and anonymous so that the participants' identities are protected.

## 7. Principle of Completion

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

## 8. Principle of Understanding and Agreement

- 8.1. Understand how your benchmarking partner would like to be treated, and treat them in that way.
- 8.2. Agree how your partner expects you to use the information provided, and do not use it in any way that would break that agreement.

**Important Notice:** This Code of Conduct is not a legally binding document. Though all due care has been taken in its preparation, the authors and sponsors will not be held responsible for any legal or other action resulting directly or indirectly from adherence to this Code of Conduct. It is for guidance only and does not imply protection or immunity from the law.

### Benchmarking Protocol

Benchmarkers:

- Know and abide by the European Benchmarking Code of Conduct.
- Have basic knowledge of benchmarking and follow a benchmarking process.
- Should have:
  - Determined what to benchmark
  - Identified key performance variables to study
  - Recognised superior performing organisations
- Completed a rigorous internal analysis of the process to be benchmarked before initiating contact with potential benchmarking partners.
- Prepare a questionnaire and interview guide, 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 contact and mutually agreed arrangements.
- When the benchmarking process proceeds to a face-to-face site visit, the following behaviours 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 or confidential information unless both parties, from the proper authority, have obtained prior approval.
  - 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.



## Benchmarking with Competitors

The following guidelines apply to both partners in a benchmarking encounter with competitors or potential competitors:

- In benchmarking with competitors, ensure compliance with competition law.
- Always take legal advice before benchmarking with competitors. (Note: When cost is closely linked to price, sharing cost data can be considered the same as price sharing).
- Do not ask competitors for sensitive data or cause the benchmarking partner to feel they must provide such data to keep the process going.
- Do not ask competitors for data outside the agreed scope of the study.
- Consider using an experienced and reputable third party to assemble and 'blind' competitive data.

Any information obtained from a benchmarking partner should be treated as you would treat any internal, confidential communication. 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.