Sustainability of benchmarking networks: a case-based analysis

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Introduction

Indications are that the use of benchmarking worldwide continues to grow since Robert Camp wrote the first book on benchmarking in 1989 (Camp, 1989). Support for this comes from The Benchmarking Exchange (2006) which has been monitoring google search hits on benchmarking over many years, the growth from year to year in membership of the Global Benchmarking Network which now has representatives from over 20 countries (GBN, 2006), the growth in the number of countries that have a business excellence award to more than 70 (Miguel, 2004) (the growth in business excellence is likely to be correlated to the growth in benchmarking as a central part of business excellence is benchmarking with as much as 50% of the points associated with these models attributed to benchmarking) and the continuing popularity of benchmarking within the academic community (Longbottom (2000) found that there were more than 460 papers on benchmarking).

Studies place UK company involvement in benchmarking at 78% (Coopers and Lybrand, 1995), 85% (CBI,1997), and 60% (Zairi and Ahmed, 1999), and a European study in 1994 suggested that 88% of companies were involved in benchmarking (Voss et al, 1997). In the US a similar level of involvement was recorded by Bain & Company's 2003 international management tools survey (of which 60% of respondents were US), it indicated that 73% of organisations used benchmarking (Rigby and Bilodeau, 2005),

Whilst benchmarking use has grown the author's experience suggests that most organisations are using "performance benchmarking" rather than "best practice benchmarking". Best practice benchmarking is considered by many practitioners as the most powerful and beneficial type of benchmarking. The authors' opinion is supported by surveys findings from Hinton (2000) and The Benchmarking Exchange (2001) and a comprehensive study in NZ (MED, 2002) which indicated that 48% of companies were undertaking performance benchmarking and only 2% best practice benchmarking. This finding may not be a major surprise when one considers that best practice benchmarking requires far more resource and support than performance benchmarking. Performance benchmarking involves comparing the performance levels of organisations for a specific process or activity. Best practice benchmarking involves going a stage further and studying the practices of those organisations that are higher performers and adapting their "better "practices" to another organisation. Best practice benchmarking includes the whole process of identifying, capturing, analysing, and implementing best practices.

The difficulty of best practice benchmarking has long been alluded to by benchmarking practitioners and researchers. Codling (1992) stated that the ability to undertake best practice or process benchmarking pre-supposes that an organisation can identify a suitable benchmarking partner and that they will be willing to share their performance levels and practices. Longbottom (2000) concluded, on the basis of an extensive study, that the number and depth of best practice benchmarking projects were disappointing. The same study found that organisations had difficulty in identifying and negotiating suitable benchmarking partners. Hinton *et al.* (2000) also came to the same conclusion but went on to identify staff resistance and confidentiality as further reasons for the weak state of best practice benchmarking.

Benchmarking 'networks' and 'exchanges' have evolved, in part, to address the difficulties associated with best practice benchmarking. However, only 12 per cent of respondents in Longbottom's (2000) study had been involved in a formal benchmarking group. Andersen and Camp (1995) noted that virtual networks were also used infrequently in a survey of a sample that claimed a 75 per cent involvement in formal benchmarking programmes.

This paper examines the contribution that formal benchmarking groups can make and identifies the factors that underpin the success of such groups. Furthermore, the challenges faced in managing such groups are identified. The findings are based on the study of three such groups in the UK and New Zealand. In each case the authors were involved in establishing, managing or membership of the case study groups.

Background

Successful benchmarking requires that organisations compare themselves to best-in-class performance irrespective of the industry where such performance prevails (McGaughey, 2002). Membership of benchmarking groups enables organisations to identify organisations with superior performance in a non-threatening environment but, perhaps more importantly, organisations that are aware of and have experience of benchmarking techniques. Benchmarking groups can facilitate the maintenance of anonymity and the exchange of sensitive data – two of the common challenges faced by organisations involved in benchmarking (Bowerman *et al.*, 2002).

The contribution of benchmarking groups is visible within the UK public service sector. The National Audit Office and the Audit Commission had traditionally produced independent reports on best practice (Hinton *et al.*, 2000). However, the replacement of competitive tendering with the delivery of best value in 1997 and the establishment of 'The Cabinet Office excellence project' has resulted in wider participation and more direct participation of UK public sector organisations (McAdam and O'Neill, 2002). The widening participation in benchmarking led to the development of various benchmarking groups and ultimately a central organisation, the Public Sector Benchmarking Service (PSBS). Similar public sector benchmarking groups have been established in other countries such as Singapore (through the Public Sector Centre for Organisational Excellence) and Canada (Institute for Citizen Centred Service).

Benchmarking groups in the private sector deliver a similar service to those in the public sector. However, a number or powerful factors impact the sustainability and long-term success of the groups. Bowerman *et al.* (2002) contend that public sector management tends towards a 'compulsory' approach while private sector benchmarking is more voluntary in nature. They also assert that issues of confidentiality that create a challenge in the private sector are antagonistic to the accountability expectations in the public service. Furthermore, central service providers such as the PSBS are sustained by funding from the government. The result is that public sector benchmarking groups have a willing membership pool willing to share information with supportive central facilitation thus ensuring the sustainability of such groups. The status of private sector or non-public groups is not as clearly defined as the review of the case study organisations will suggest, although Alstete (2000) found that such networks are contributors to the success of benchmarking.

An overview of the three case study benchmarking networks studied is provided in Table I below.

	The Benchmarking Club for the Food and Drinks Industry	**The New Zealand Benchmarking Club**	**The Benchmarking Institute**
Year formed	Feb 1997	May 2000	1997
Year terminated	2001	May 2004	N.a.
Organisational or individual membership	Organisational	Organisational	Individual
Industry-wide or specific membership	Industry specific	Industry-wide	Industry-wide
Membership fee	£UK2000 (2001)	$NZ8,000 +$NZ2,000 joining fee for new members (2004)	Free
Government subsidy	For three years	None	None
Managers of network	Leatherhead Food Research Association	Centre for Organisational Excellence Research (COER), Massey University	Self-managed
Vision/purpose of Network	To help its members work towards achieving over 600 points against the European Business Excellence Model	World-class performance by members and widespread adoption of excellent business practices within New Zealand	To assist individual members and their organisations improve performance and practice benchmarking
Average number of members	10	15	14
Services provided	- Business excellence self-assessment - Networking - Regular focussed best practice meetings - Benchmarking studies	- Business excellence self-assessment - Annual conference - Networking - Regular focussed best practice meetings - Benchmarking studies - Access to the www.bpir.com - Access to researchers	- Networking - Regular focussed best practice meetings

Table I – Profile of three benchmarking networks

The Benchmarking Club for the food and drinks industry (FDBC)

The club was formed in 1997 with the objective of promoting benchmarking and sharing best practices within the food and drinks sector. The club was centrally managed by an independent organisation, Leatherhead Food International (formerly Leatherhead Food Research Association). In its four years of operation, membership fees and grants from the UK government facilitated the club. A total of 13 private sector organisations were members of the club during this time. The representation at the club was at a senior management or board level although specialisations varied between general management and quality management.

The club met between 4 and 6 times a year at different company sites. At each meeting, members discussed a topic of interest by breaking off into workshops and sharing experiences. There were also presentations from invited speakers, typically from a best practice or award-winning organisation. Particularly difficult topics that could not be tackled at one meeting or where the expertise was not available within the group were delegated to workgroups. The workgroups consisted of specialists within some of the member organisations who met independently of the main group to discuss the topic of interest and report their findings to the main group at a later date. Three such groups were established to examine demand management, customer satisfaction and people satisfaction. The groups provided significant benefits to the member organisations (Adebanjo and Mann, 2000), (Adebanjo, 2001).

The New Zealand Benchmarking Club (NZBC)

The New Zealand Benchmarking Club was in operation between 2000 and 2004. The club was managed by the Centre for Organisational Excellence Research (COER). It aimed to assist its members in achieving world-class performance through the sharing and adoption of best practices. Potential members were vetted on three key criteria a) their value offering in terms of the best practices that they could share with other club members b) whether or not they added to the club's diversity and balance c) their likely level of commitment to the club. Members paid an annual subscription.

Figure 1 presents activities run by the club. One-day workshops were held on a quarterly basis with each one focussed on a different Baldrige Criteria for Performance Excellence enabler category. These included workshops on Leadership, Strategic Planning, Customer and Market Focus, Measurement, Analysis and Knowledge Management, Human Resource Focus and Process Management. These workshops assisted club members in identifying best practices and opportunities for improvement through working together in small groups and listening to best practice presentations from other organisations.

Key issues identified from the workshops then became the focus of benchmarking projects involving 5-10 members with input from specialist academic researchers. Customer focus (Bartley et al, 2007) and strategy deployment (Saunders et al, 2007) were two of the topics tackled. The club also ran an annual self-assessment against the Baldrige Criteria for Performance Excellence and the result of the assessment was presented at an annual meeting attended by senior managers of all the club members.

Club members also had access to the Business Performance Improvement Resource (www.BPIR.com) enabling them to conduct individual research into best practices. In addition there was research support from staff of COER and partnerships with leading institutions within and outside New Zealand (e.g. New Zealand Business Excellence Foundation, New Zealand Organisation for Quality and the Global Benchmarking Network).

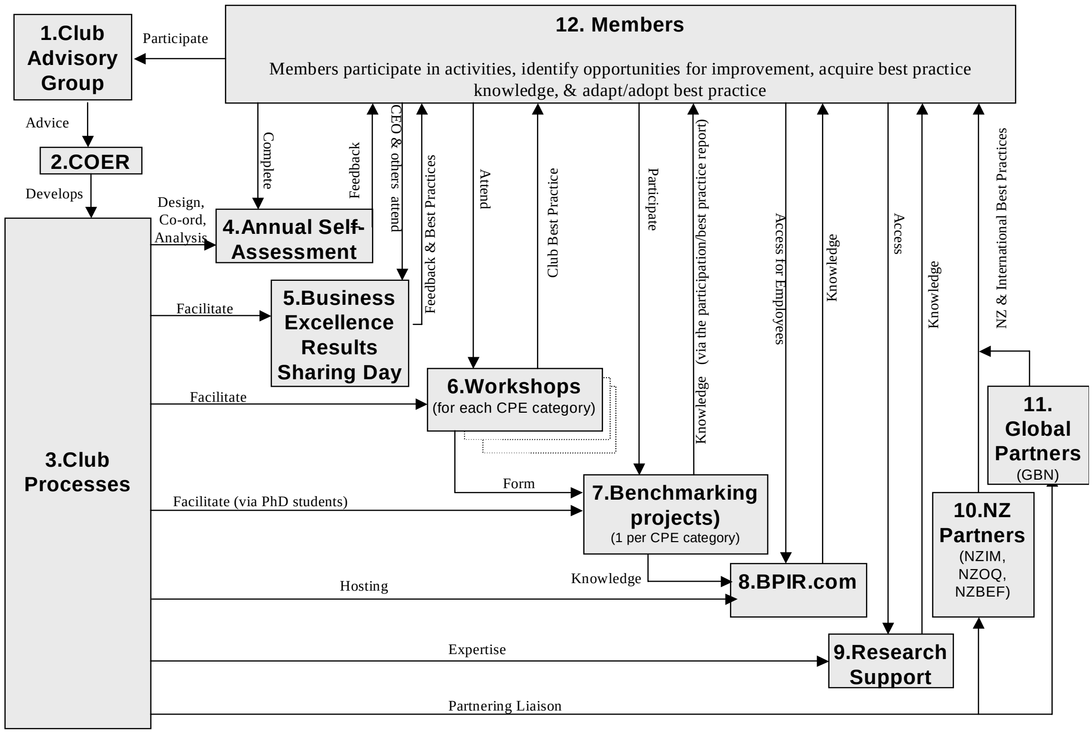

Figure 1. Activities of the NZBC

The Benchmarking Institute (BI)

The Benchmarking Institute is a UK-based network that has been in operation for more than 8 years. The institute has had 18 member organisations since inception, of which 12 form the 'core' membership, defined by their regular attendance at meetings. The institute operates on a 'voluntary' basis and has members in a wide range of sectors including government, telecom, finance, petrochemicals, logistics and academia. The institute has a virtual management structure with the members taking responsibility for organising meetings, dissemination of best practice, follow-up of benchmarking leads and introduction of new members. The institute does not charge any membership fees and where necessary, members (individually or collectively) cover incidental costs.

The institute meets 4 times a year but informal contact among members is continuous throughout the year. Such contact is typically characterised by requests for benchmarking or best practice information or contacts. Institute meetings typically consist of presentations of best practice approaches, either by members or non-members. Individual members also give an overview of their current projects and indicate where they require input from other members. Examples of best practices identified by members are also shared and responsibility is left with members to follow-up on benchmarking these best practices as applicable.

The institute maintains contact with similar organisations and, in particular, the Hi-Tech Benchmarking Forum based in the United States. The forum hosts a regular webcast to which members of the institute are invited to participate. The institute also had contact with the NZBC.

Research Aims and Data Collection

The study set out to examine the management and sustainability of benchmarking networks with the aim of identifying the following:

- Factors that are important to the sustainability of benchmarking networks.
- Challenges faced by the networks in the deployment and promotion of benchmarking.

<u>Research Challenges</u>

The nature of benchmarking clubs in relation to the research objectives and the case study organisations presents a number of challenges with respect to data collection. It is reasonable to suggest that these challenges may, in part, account for why such a study had not been carried out previously. The key challenges identified are as follows:

- In studying the differences between successful and unsuccessful networks, the latter group can only be identified after the network has broken up and the members have dispersed, making it harder to collect information.
- Information on unsuccessful groups may be found by examining records of activities, minutes of meetings, etc. However, the information must be of a nature that would enable a clear understanding of the issues related to the sustainability of the network.
- Benchmarking networks, by their nature, are underpinned by the principle of protection of confidentiality and may be unwilling to publicly disclose information about the management of the group.

The study presented here was able to overcome some of these challenges. This was primarily as a result of the involvement of the authors in all three case studies. Historical data on the unsuccessful networks was available and relevant to the study. Where possible, some members of the unsuccessful networks were contacted to confirm that the historical analysis did reflect their views on the network at the time.

<u>Data collection</u>

The study adopted a number of different approaches in collecting and analysing the data. As the NZBC was modelled on a similar approach to the FDBC data sources were similar. Data for both came from documented club records and management reports. For both the FDBC and NZBC club members were interviewed before joining the network and their expectations from the network were identified and documented. Secondly, at club meetings, club management and the benefits gained or challenges faced were discussed as a group and documented in club minutes. In the case of the NZBC a meeting satisfaction form was also completed at the end of each meeting. Thirdly, both clubs undertook an annual club satisfaction survey. For the FDBC this involved telephone interviews with individual club members with the aim of ensuring that the club's activities were still consistent with their organisation's expectations. In the case of the NZBC a postal survey was completed by all members, and feedback was clarified through telephone interviews. Fourthly, an exit interview was held with club members who were leaving the network to understand reasons for their decision.

Collection of data from the BI primarily involved the use of a questionnaire and individual and collective interviews. The questionnaire required the members to identify their reasons for joining the network and define the benefits they had gained. Significantly, the questionnaire also required members to state their perceptions on why the network had been sustainable while other networks had failed to achieve long-term sustainability. The questionnaire was distributed at a BI meeting in November 2004 and where necessary, follow-up phone calls were made to clarify answers or further explore any issues identified in the questionnaires. A total of 11 valid questionnaires were received and used for the analysis. The findings from the survey were presented to the network in order to ensure that they were reflective of the responses given and to clarify any unclear perceptions.

Factors influencing benchmarking networks sustainability

The study indicated significant differences between the Benchmarking Institute (BI) and both the Food and Drinks Benchmarking Club (FDBC) and the New Zealand Benchmarking Club (NZBC). While both the FDBC and NZBC ceased to function after 4 years, the BI has been functional for 8 years with 9 of the members being involved for more than 5 years. Significantly, none of the members of the BI surveyed intended to relinquish membership in the foreseeable future (10 expected to continue membership and 1 was unsure). The questionnaire survey, follow-up discussions and exit interviews with members of the FDBC and NZBC identified a number of key factors that underpinned the differences. These are discussed below.

Types of benchmarking networks

The type of benchmarking network probably has an impact on its long-term sustainability. Both the FDBC and NZBC were designed to provide a service to organisations and charged a membership fee. The focus of both of these clubs was to assist members in improving their businesses through using benchmarking. Most organisations that joined these clubs had no initial expertise in benchmarking. In contrast, the BI was designed for benchmarking specialists to assist them in improving their expertise in benchmarking, increase their knowledge of best practices and increase their network of potential benchmarking partners. Membership was free.

Motivation for joining benchmarking networks

An identification of the reasons why organisations joined benchmarking networks provided some insight into why the BI was more successful than the other two networks. Ten of the eleven members of the BI surveyed, joined the network to improve or implement the benchmarking process by learning from others. In addition nine members joined because of their personal interest or involvement in benchmarking while seven further cited the opportunity to identify potential benchmarking partners.

The majority of organisations joined the NZBC for best practice sharing and networking similar to the BI. However, in contrast, most also joined as they saw the club providing a key role in assisting their organisations to become "excellent role model organisations or world class." In terms of the FDBC the reasons were similar to the NZBC with six of the FDBC members joining because of the business benefits they expected to get from access to other companies while 5 cited identification of benchmarking partners. Three members who joined the FDBC in its third year of operation cited the success of the work carried out by the forecasting workgroup as a key reason for joining the network. With both the NZBC and FDBC members were focussed on obtaining clear measurable improvements to business performance in return for their membership fee.

Cost and central administration

None of the BI members believed that the lack of a membership fee had a negative impact on the network. Nine felt the impact of a ‘no-fee’ structure was positive and two members were unsure of the impact. The two most common perceptions of the positive impact were, firstly, there was no need to justify membership costs within their individual organisations and, secondly, there was no requirement to determine value for money as members attended because of their interest in benchmarking.

In contrast, from an administrative point of view, the most significant reason for the discontinuation of the FDBC and the NZBC was the lack of money to pay for the central administration. This was primarily due to declining membership and/or declining levels of government assistance.

Both the FDBC and NZBC had operational models that needed to generate a certain level of membership income to be sustainable in the long term. The FDBC was launched with the assistance of government funding which was to be scaled down over three years. The NZBC was launched without government funding but with the objective that it needed at least 18 members to be self-sustaining in the future or it would need to attract government funding or sponsorship. In the first three years, membership numbers for the NZBC were 16 or 17 member organisations but this declined to 14 members in the fourth year. A high turnover of members in the second year highlighted a key problem - the need to either reduce the turnover of members or increase the recruitment rate. The club recognised this as a key issue but ultimately was unable to address it.

Marketing and retention of club members

Satisfaction surveys at the end of the NZBC quarterly workshops indicated a high level of satisfaction. For all 14 workshops between 2000 and 2003, the average satisfaction measurement was either ‘good’ or ‘very good’ with attendance at the workshops ranging from 15 to 25 senior managers. The results from the annual survey from 2000 to 2004 also consistently showed positive feedback with all the services being rated as at least “good”. The issues of most concern to club members was the time lag between initiation of benchmarking studies and obtaining major findings, the inability of club members to act on the findings from best practice sharing (due to being overwhelmed with information or not having the resource or expertise to act) and the resource required to be a member of the club (primarily in terms of the time commitment and travel necessary to attend meetings).

For the NZBC significant resource was devoted to the marketing and promotion of the club to attract new members. The club’s vision appealed to ambitious organisations but the membership fee and level of commitment required by members meant that the market for the NZBC in New Zealand was limited. The situation became more challenging in later years when a reduction in membership and, consequently, resource implied a conflict in the focusing of effort – retention of current members or recruitment of new members. From 2000 to 2004, 27 organisations joined the NZBC.

Of these 7 left because key supporters left the organisation and 10 left as they went through major restructuring programmes. Interestingly only 2 organisations stated that the prime reason for leaving the club was because they were not getting enough value from it (table 2).

Company	Year joined	Year left	Reason for leaving
A	2000	n.a.	n.a.
B	2000	2004	Key representative left the company and parent company perception that the benchmarking club initiative was not aligned to corporate strategy.
C	2000	2004	Difficulties in getting organisation-wide buy-in by key representative.
D	2000	2001	Key representative left the organisation.
E	2000	2001	Organisation was restructured and did not exist after 2001.
F	2000	2003	Membership did not have the commitment of the CEO and eventually other initiatives took precedence.
G	2000	2001	Chief supporter of the club left the organisation
H	2000	2001	The whole of the senior management team was changed and buy-in to the club was lost.
I	2000	2001	Inability of CEO to commit time to club due to other priorities.
J	2000	2004	Three changes of key representative within a four-year period ended with membership cessation.
K	2000	2003	Acquisition-led expansion of organisation led to new priorities and key supporters of the club left the organisation.
L	2000	n.a.	n.a.
M	2000	n.a.	Continuing membership but likely to expire in the near future as key supporters were leaving the company.
N	2000	2002	Short- to medium-term fiscal challenges led to inability to maintain membership.
O	2000	2001	Organisation down-sized and could not continue membership. Senior management team replaced.
P	2000	2001	Chief supporter of the club left the organisation and benchmarking programme was suspended.
Q	2001	2002	Organisation was restructured and ceased existence.
R	2001	2003	Lack of senior management commitment and failure to obtain enough value from the club.
S	2001	2004	Organisation was restructured and the whole senior management team was replaced.
T	2001	n.a.	n.a.
U	2001	n.a.	n.a.
V	2001	2003	Rapid increase in size of organisation resulted in new management priorities in the short term
W	2001	2004	Restructuring and new ownership of organisation.
X	2002	n.a.	n.a.
Y	2002	2004	Inability to obtain enough value from the club. Perception that club focus was on larger organisations.
Z	2002	n.a.	n.a.
AB	2003	n.a.	n.a.

Table II – Reasons for ceasing membership of NZBC

A similar level of membership turnover was experienced by the FDBC as shown in tables 3 and 4. One of the failings of the FDBC was that even though membership was designed to be organisational wide it generally just had one or two key representatives from the membership organisations, and therefore buy-in by these organisations was limited. In trying to learn from the experiences of the FDBC, the NZBC placed specific commitments on new members to try and ensure buy-in was wider and the impact of the club was greater throughout the organisation. Therefore as part of the recruitment process potential members had to participate in a rigorous induction process to ensure that the senior management team understood how the club operated and were fully committed.

	Company 1	Company 2	Company 3	Company 4	Company 5	Company 6
Benefits gained from club	Results from workgroups. Access to other organisations. Change of processes. Involvement of colleagues	Access to best practice organisations. Participation in workgroup.	Results from workgroup. Involvement of other colleagues. Change of some processes	One-to–one collaboration. Participation in workgroup. Access to best practice. Involvement of colleagues.	Participation in workgroups. One-to-one collaboration. Involvement of colleagues. Networking opportunities.	Access to best practice. Participation in workgroup.
Challenges faced with club	Reluctance of some members to share information.	Cost and time pressure to travel for meetings.		Not all members have information worth sharing.	Limited influence of main representative in organisation.	Inability to access specific information.
Reasons for ceasing membership	Change of employment by main representative	Change in organisational priorities. Cost of membership.	Change of employment by main representative.	Job rotation by main representative. Change of priorities.	Formal withdrawal of org from LFRA (the membership based org that ran the club).	Maximum benefits from membership gained.
Length of Membership	4 years	3 years	4 years	3 years	4 years	3 years

Table III. – Results from members of the Food and Drinks Benchmarking Club

	Company 7	Company 8	Company 9	Company 10	Company 11	Company12
Benefits gained from club	Results from workgroups. Access to other organisations. Change of processes.	One-to-one collaboration. Networking opportunities.	Participation in workgroups. Involvement of other colleagues. Networking opportunities. Access to best practice	Participation in workgroup. Access to best practice. Involvement of colleagues.	Participation in workgroups. One-to-one collaboration. Involvement of colleagues. Networking opportunities.	Access to best practice. Participation in workgroup. Involvement of colleagues
Challenges faced with club		Reluctance of some members to share information.			Not all members have information to share.	
Reasons for ceasing membership	Job rotation by main representative. Change of priorities.	Change in organisational priorities. Benefits of membership gained.	Change of employment by main representative	Job rotation by main representative. Formal withdrawal of club by LFRA.	Formal withdrawal of club by LFRA.	Formal withdrawal org from LFRA (the membership based org that ran the club).
Length of Membership	3 years	3 years	3 years	4 years	4 years	2 years

Table IV – Results from members of the Food and Drinks Benchmarking Club (continued)

Cultural orientation of network

Members of the BI were asked why the network had survived for so long when other networks had ceased to function, the most common reasons cited were the quality of relationships/relative lack of formality, the enthusiasm of the members and the flexibility to adapt the network and its activities. In suggesting the most important sustainability factors for benchmarking networks, BI members identified openness, informality and enthusiasm/pro-activity as the top three factors (fig 2).

The structure of both the FDBC and the NZBC were much more formal in nature and minutes from the meetings on the FDBC indicated there was resistance from some of the members when a change in direction/activities of the network was proposed. Furthermore, during the annual membership satisfaction discussion three members of the FDBC indicated the difficulty with respect to initiating relationships with newer members of the group. Another four indicated the changes in representation of member companies as a hindrance to the development of stable relationships In contrast, members of the BI were all individual members and representation at network meetings did not change.

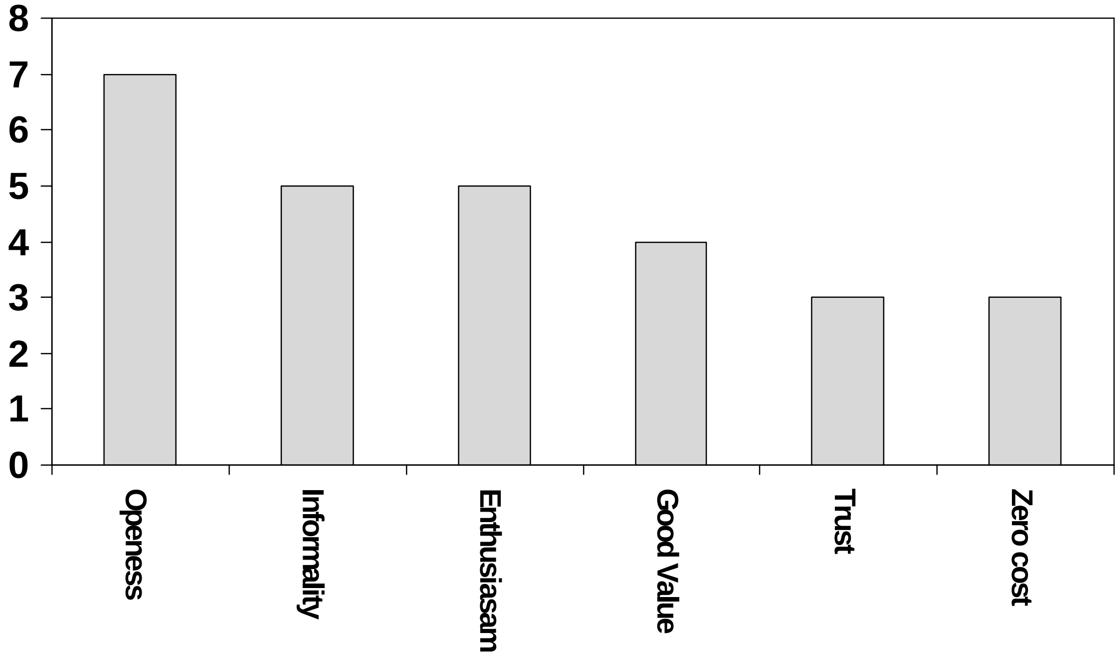

Figure 2. BI members' perception of most important sustainability factors for benchmarking networks

Commitment to network events

Members of all three networks indicated difficulties with respect to finding time to attend some of the networks' meetings and other events. Records of meetings indicated that attendance at FBDC meetings ranged from 4 to 14 attendees with many late cancellations. The NZBC had better attendance figures ranging from 12 to 35 people for its workshops and to over 50 people for an annual one or two-day best practice sharing conference.

Attendance at BI meetings ranged from 5 members to 13 members. Five members of the BI indicated that finding time to attend meetings was a problem while another three indicated that meeting dates often clashed with other commitments.

Challenges faced by members of the FDBC with respect to their expectations from membership was a reluctance by some members to disclose information during meetings and the variation in terms of the position and functions of the various representatives and their ability to influence 'benchmarking' within their organisations (tables III and IV). For the NZBC efforts were made to get appropriate process owners attend meetings on their functional areas, for example HR managers were invited to workshops on best practices in human resources.

Perception of benefits of networks

The annual survey of members of the FDBC indicated that members regarded the most successful aspects of the network as two-fold. Firstly, the work of dedicated workgroups (e.g. forecasting, customer satisfaction) which consisted of subject specialists and focused on pre-defined areas of interest and secondly, one-to-one relationships developed outside the networks meetings but facilitated through membership of the network. The main meetings of the network were perceived by many members as being less beneficial primarily as a result of cultural dynamics of the organisations/ personalities.

The NZBC members indicated that the most important services provided by the club (from a list of 21 were) the "new members' day", the "opportunity to seek information from other members", "assistance provided in implementing the findings from benchmarking projects", the "self-assessment package" and the "output from benchmarking projects". When providing written comments to an open-ended question on the main benefits from Club membership the most frequent response related to networking and the ability to communicate and learn from like-minded organisations.

Members of the BI identified the most important personal and organisational benefits from membership of the network (fig 3) as making new contacts (8 responses), support for benchmarking efforts (7 responses), access to new knowledge (5 responses) and generation of new ideas (5 responses).

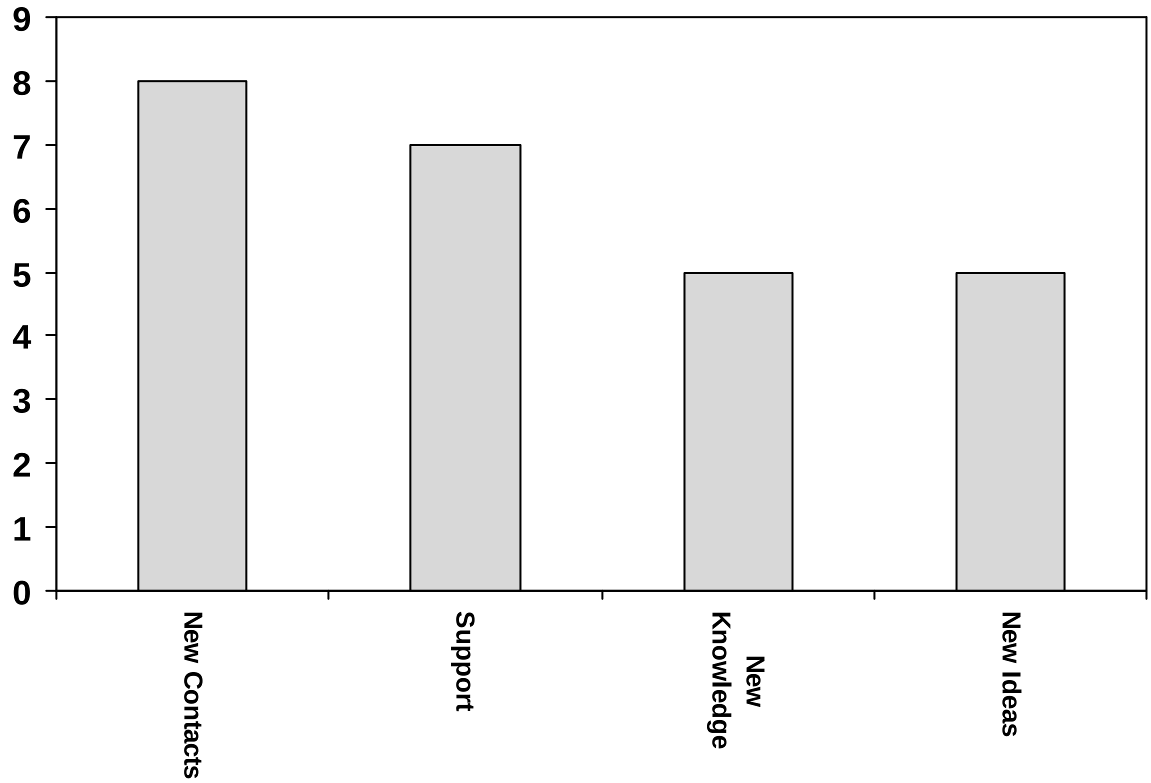

Figure 3. Benchmarking Institute members' perception of key personal benefits from membership of benchmarking networks

The annual self-assessment of the NZBC indicated that the average score against the Baldrige criteria increased from 266 in 2000 (14 organisations) to 332 in 2003 (7 organisations). Of the members that repeated the self-assessment on an annual basis, the average improvement was 57 points in 2000-2001 (9 organisations), 22 points in 2001-2002 (11 organisations) and 51 points in 2002-2003 (6 organisations). This rate of improvement was considered to be a satisfactory achievement by club members and in-line with a club target rate of improvement of 50 points per year (the extent with which the NZBC influenced the improvements in performance of members is unknown). Further discussion on the NZBC and the self-assessment results of member organisations can be found in Mann and Grigg (2004) and Mann and Saunders (2005).

Conclusions

The business benefits to be derived from benchmarking and the increasing adoption of business excellence principles implies that the use of benchmarking tools and techniques will continue to play a significant part in the overall development of organisations. Benchmarking networks are important not just as a source of contacts but also as a core part of the development of the concept of benchmarking and a source of support to their members.

The importance of benchmarking networks arises from the variety of ways in which they can facilitate organisational development. However, the study has identified a number of factors that would impact on the sustainability and success of such networks. The most significant of these are:

- Benchmarking networks require a flexible structure in order to adapt to organisational evolution. In particular, they need to meet the needs of organisations where there are frequent leadership changes and changes in organisational structure and direction.
- Benchmarking networks are more likely to be sustainable when the members join because of their personal interest and involvement in benchmarking rather than as a result of an organisational requirement to do so.
- Organisations will obtain the most value from benchmarking networks if they ensure that the right person attends the right meetings or projects (therefore the decision maker is present or involved).
- Expectations of benefits from membership of networks need to be mature. Networks may provide a basis for a development of benchmarking skills, contacts, ideas and best practices but do require voluntary contributions of time and effort from all participants if they are too be effective. All participants must be willing to contribute to the networks success and this includes to the open exchange of information in line with the benchmarking code of conduct
- The administrative structure of the network is key to its sustainability. When a membership fee is charged, then long-term survival of the network requires a delivery of equivalent value to the members. ‘No-fee’ networks are more likely to survive periods when some members are not fully exploiting the potential value of their membership.

This research has identified issues that underpin the long-term sustainability of benchmarking networks. While many of the factors discussed will apply to most types of benchmarking networks, the research has been based on a group of small (<20 members) networks which have regular face-to-face contact. An investigation of the applicability of the findings to other types of networks (e.g. virtual networks, large public sector networks) is a topic for further research. Finally, one finding of potentially significant importance within the research was the high frequency of organisational structure and role changes of senior managers within the studied organisations, particularly NZBC and FDBC members. This pace of change is likely to impact directly on the effectiveness of businesses and to be a key contributor to the success and failure of long-term strategies focussed on business excellence and benchmarking. It is recommended that research should be undertaken to review the impact of such changes on long-term strategies and whether this type and pace of change is typical of most businesses.

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