

BENCHMARKING

Sixth in a series of Improvement Tools



STAGE	STEPS	QUESTIONS TO ASK
<div style="border: 1px solid black; padding: 10px; text-align: center; width: fit-content; margin: 0 auto;">PLAN</div>	<ul style="list-style-type: none"> ✎ Set objectives for benchmarking 	<p>What type of product or service enhancements do we want – e.g. quality, timeliness, cost, customer satisfaction, production efficiencies, staff satisfaction?</p>
	<ul style="list-style-type: none"> ✎ Decide what product, service or process to benchmark 	<p>Is the product or service strategic to our organisation? Is it valuable enough to justify the expense of benchmarking?</p>
	<ul style="list-style-type: none"> ✎ Decide how to benchmark 	<p>What are the best comparisons for us: Within the organisation / Against competitors / Within the industry / Best In Class / Best Practice? Do we want to just compare performance data (quicker and cheaper) or do we also want to share information about processes and practices (to reveal the <u>source</u> of better performance)?</p>
<div style="border: 1px solid black; padding: 10px; text-align: center; width: fit-content; margin: 0 auto;">ORGANISE</div>	<ul style="list-style-type: none"> ✎ Set up a guiding group 	<p>What reporting to management will be required?</p>
	<ul style="list-style-type: none"> ✎ Select and train a team 	<p>Who knows most about the product, process or service? Can customers and suppliers be brought into the team?</p>
	<ul style="list-style-type: none"> ✎ Define the project plan 	<p>When are results required? What costs can we commit to? Who will do what & when?</p>
<div style="border: 1px solid black; padding: 10px; text-align: center; width: fit-content; margin: 0 auto;">ANALYSE</div>	<ul style="list-style-type: none"> ✎ Analyse process 	<p>What are the key process steps?</p>
	<ul style="list-style-type: none"> ✎ Define performance measurements 	<p>What are the most appropriate measures of our performance?</p>
	<ul style="list-style-type: none"> ✎ Collect performance data 	<p>Does the data point us to improvement potential?</p>
<div style="border: 1px solid black; padding: 10px; text-align: center; width: fit-content; margin: 0 auto;">COMPARE</div>	<ul style="list-style-type: none"> ✎ Identify & contact partners 	<p>Who are the industry leaders? Are there leaders in other industries who could be useful?</p>
	<ul style="list-style-type: none"> ✎ Exchange performance data 	<p>Are we all using the same performance measure definitions?</p>
	<ul style="list-style-type: none"> ✎ Share process information 	<p>What do the better performers do differently that contributes to their achievement?</p>
	<ul style="list-style-type: none"> ✎ Visit 	<p>What will we look for when we visit? What do our partners want from us?</p>
<div style="border: 1px solid black; padding: 10px; text-align: center; width: fit-content; margin: 0 auto;">INNOVATE</div>	<ul style="list-style-type: none"> ✎ Analyse partners' performance and practices 	<p>What does all the information from our partners mean? How could we use the ideas we have gathered? What are the "best practices" for our product, process or service?</p>
	<ul style="list-style-type: none"> ✎ Plan changes to products, processes and services 	<p>What changes are relevant, cost-effective and most likely to succeed?</p>
	<ul style="list-style-type: none"> ✎ Implement the changes 	<p>Who should carry out the improvements, when and with what budget?</p>
	<ul style="list-style-type: none"> ✎ Re-measure performance 	<p>Who will re-measure performance and when is most appropriate?</p>
	<ul style="list-style-type: none"> ✎ Hold the gains 	<p>How will we know we have made a lasting improvement?</p>

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Tips & Traps

Plan

Tip: Choose products or services which are strategically significant to your organisation.

Trap: Starting benchmarking without clear goals is a recipe for wasting time and money.

Organise

Tip: Be aware of the resources required and ensure they are proportionate with the expected outcomes of the benchmarking project.

Trap: Under-resourcing the effort will lead to frustration and under-achievement.

Analyse

Tip: Fix the obvious, immediately – don't wait for your benchmarking results to all come in before making a needed change to a problematic process.

Trap: Rushing to benchmark before you've thoroughly looked at your own processes will result in poor preparation for discussions with benchmarking partners. Make sure you are truly 'learning by comparing' and not just indulging in 'industrial tourism'.

Compare

Tips: Find a mixture of top-performing organisations, including some from outside your industry to increase the 'pool' of good improvement ideas.

Make sure performance data is adjusted appropriately to reflect fundamental differences between benchmarking partners.

Traps: Choosing benchmarking partners without knowing whether their processes are industry-leading could leave you short of good ideas.

An over-emphasis on one group of performance indicators (for example cost) at the expense of others may mislead your improvement efforts.

Innovate

Tip: Make sure the benchmarking plan includes the implementation of genuine improvements.

Trap: Resting on your laurels – not acting after the comparisons are completed – means you have wasted your time.

Case Illustration

The service provision section of a large organisation decided to benchmark its corporate services. It looked at significant services such as information technology (IT), financial management and human resources, to improve their quality and timeliness and compare costs. They decided to compare themselves directly with others in their industry and to seek additional data from outside the industry.

A benchmarking team was formed and they received training in benchmarking, performance measurement and process analysis. Senior managers formed a steering group to guide the project. Potential benchmarking partners were researched against selection criteria.

The team developed detailed maps of the service processes. They developed performance measures for quality, cost, timeliness, accessibility and customer satisfaction, and began gathering data on their current performance. Several improvements became obvious when the process maps were compiled because they showed complex steps and 'rework'. Customer surveys also pointed to immediate improvement opportunities.

Potential benchmarking partners had been contacted during the previous phase and five of them joined in a study group. Sources of external data were researched and performance data compiled. All data was circulated to each partner several weeks in advance of the site visits, to enable errors and omissions to be corrected beforehand. At the meeting of the benchmarking partners time was allowed for full discussion of how each achieved their results. Follow-up meetings were arranged to further develop improvement ideas, including the use of innovative but inexpensive software to speed up management reporting. The IT group planned and implemented the introduction of the new software, which improved the speed and quality of reports in response to customer needs.

Australian Continuous Improvement Group is a specialist group addressing the best practice needs of the public and private sector. Our skills cover implementing continuous improvement processes which have a customer focus, meet strategic goals and achieve culture change. For advice, please contact us or visit our web site.

These notes are not intended to be comprehensive. Readers are therefore advised that before acting on any matters arising from these notes, they should discuss the situation with a director of the firm.

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