

How to implement Benchmarking

Report on group work

Jens O. Riis

Dept. of Production, University of Aalborg, Fibigerstraede 16, DK-9220 Aalborg, Denmark

1. INTRODUCTION

As a fairly recent development tool, only a few cases of industrial implementations of benchmarking exist, primarily located in the US. Nevertheless, issues related to implementation are essential for the continued success of benchmarking as a management tool.

With the weak empirical basis in mind and a humble attitude to the complexity of implementation the group¹ focused on (i) developing a model for placing a benchmarking activity in a larger context, (ii) defining participants in a benchmarking activity, and (iii) identifying critical issues related to implementation of organizational changes in general.

2. THE CONTEXT OF BENCHMARKING

A brief discussion of what benchmarking actually is led to the following definition

Benchmarking is an instrument for improvement by providing a reference point.

This rather specific definition, it was felt, would help to make explicit *the role of benchmarking* as an important means for creating attention and momentum for an organizational change process, i.e. shock therapy. Furthermore, the definition would allow for a constructive dialogue with other methods, such as Total Quality Management, Kaizen, and Lean Production. Other definitions stress the development of a systematic and continuous process, and that the object of applying benchmarking should be selected processes of the enterprise. In a broad sense,

¹ The participants of the group were: Bill Baker, John L. Burbidge, J. Bräuner, Maya Daneva, J. Favrel, Kjetil Jacobsen, Georg Naeger, I. Pappas, Ingvar Persson, Gunnar Siebert, Riitta Smeds, Adrian Stickley, Fred Swift and Markus Weber. The group leader wants to express his appreciation of their active participation and contribution.

benchmarking is part of the continuous improvement process and insures that internal goals are calibrated to achieving market success.

The area of applying benchmarking should not be limited to engineering and manufacturing, but was seen as applicable also to areas such as sales, marketing, purchasing, and service.

The discussion led to a distinction between benchmarking activities at two levels, respectively the company and the specific improvement project, cf. figure 1.

At the company level top management has the responsibility to formulate the corporate policy with respect to improvement activities. To assist management in realizing its objectives, a champion may be appointed to pave the way for the application of benchmarking. It is important that at least one person knows the methods and techniques and can assist individual improvement projects. A general orientation program is located at the company level. As the company gains experience from improvement projects, the experience should be collected in a corporate memory, to be available for new projects.

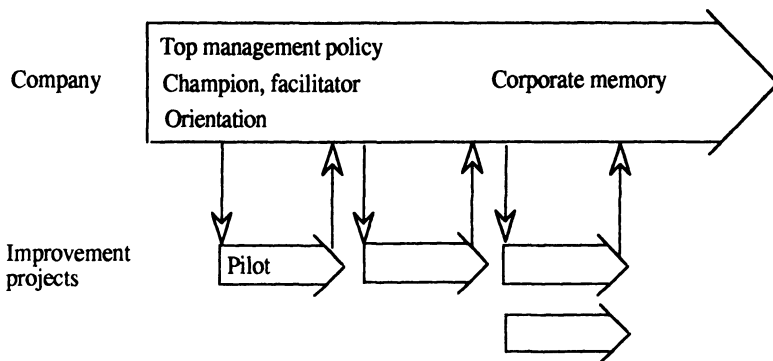


Figure 1. The context of an improvement project

The actual benchmarking activities are carried out in improvement projects of various kind. Often, a company will start with a pilot project selected in a smaller area with a relative high probability of success. The experience gained form a basis for subsequent improvement projects.

Benchmarking is seen as an element of an improvement project which may use methods and techniques from other programs, such as Total Quality Management, Total Productive Maintenance, Lean Production, Quality Function Deployment, etc.

3. PARTICIPANTS IN BENCHMARKING

Many persons in the company will somehow be involved in a benchmarking activity. They should be considered as stakeholders, because each person or group of persons will contribute to the improvement process in a unique way different from other persons, and has specific goals and requirements. To be able to successfully use benchmarking in a company contributions of various kind are necessary, and it is a challenge for project management to find a way of reconciling opposing interests on part of the stakeholders.

The following stakeholders were identified:

- o Management sponsor. Management sponsors and leaders need to demonstrate support for benchmarking team successes. Recognition and reward should be an integral part of benchmarking studies.
- o Functional managers and process owners. They will contribute to the realization of improvements identified, functional managers by providing necessary resources. Process owners may be foremen responsible for a part of the process, relevant staff members, and importantly operators directly involved in the execution of the process.
- o Team leader (coordinator, speaker). This person will be the main driver of the improvement process. However, the role may be played with different management styles, depending on the team; for example, a leader, a manager, a coordinator, or a speaker merely representing the opinions of the team.
- o Facilitator. It is important to have a person who knows the methods and techniques of benchmarking and who can play an active role in supporting the process in the various improvement projects. The role will be that of a facilitator, a champion or a coach.
- o Team members. They will contribute with their specific knowledge and experience, and the team will be cross functionally composed.
- o External partner. This company will play an important role by providing a reference for the internal measurements.

The way in which stakeholders will be involved, either formally in the project organization or informally, will vary from company to company and from project to project. The identification of stakeholders, thus, may serve as a check list for analyzing each stakeholder. Together with an analysis of the overall situation in the company a good basis may be provided for designing an appropriate project organization.

4. CRITICAL ISSUES

A brain storm method was used to identify critical issues which afterwards were grouped according to stakeholders and phases of the improvement process.

TOP MANAGEMENT

- Integration of benchmarking in the policy deployment process
- How to document successful profits for top management (benefits of benchmarking)?
- Benchmarking process must be formal (use of methodology)
- Benchmarking should be seen as a management tool and not as a quality tool
- Top management may display secretiveness, because of fear of results being publicized

FUNCTION AND MIDDLE MANAGEMENT

- Middle managers may feel insecure due to uncovered incompetence and fear of reorganization; this may lead to obstruction
- Opposition from partners along supply chain, e.g. wholesalers
- Consider the contribution of suppliers to important processes, and involve them in benchmarking activities if necessary
- People who are not used to have transparency will hesitate to publish their performance indicators, because they will be afraid of criticism
- Involve the process owners

TEAM

- Training of participants and facilitators, as well as management
- Poor team building may lead to lack of motivation and to poor results
- Full team representation "up front"
- Involve the people who will be affected by process changes (if any) in the benchmarking activity
- Education versus indoctrination in benchmarking issues
- An external facilitator will not make benchmarking a continuous process

PARTNER

- Create a win-win situation with partners with benefits for both parties
- Openness and respect on the part of both parties with regard to information interchange

COMMUNICATION

- Be sure that benchmarking results are spread and communicated to the whole organization
- Structured documentation of results for convincing presentation to management
- Link benchmarking activities to the company's vision, goals and strategy - assuming that they are realistic/appropriate (or benchmark first)
- Corporate knowledge repository as a basis for communication
- Success stories are good for demonstrating the value of benchmarking

PREPLANNING

- Choice of external process to benchmark against
- Look for a good occasion as a vehicle for creating attention and momentum for a benchmarking process
- How to apply benchmarking in engineering design and in the cooperation between engineering and manufacturing?
- Focus on customer and stakeholder-oriented needs for improvement
- Awareness of the company's environment, e.g. competition and new technological development
- Compliance with standards

PLAN AND DESIGN

- Begin with a critical, but relatively uncomplicated activity that may trigger new benchmarking activities
- Limit the number of benchmarking studies to "vital span"
- Adopt a use-friendly model for benchmarking
- Benchmarking should be managed as a project with stepping-stones
- How to combine a top-down and a bottom-up implementation process?
- Know your process; clarify what kind of tools and methods are appropriate
- Failure causes: Poor understanding of resources required, and poor linkage to other improvements activities, e.g. quality
- Let benchmarking activities be (i) customer oriented; (ii) internally sponsored; (iii) processes documented; (iv) pre-testing of quality; (v) process emphasis
- Gather information (quantitative and qualitative) prior to benchmarking site visit, and make site visits only when necessary
- Use EDI/on-line facilities to ease further benchmarking activities

CHECK AND CONTROL

- Advantages do not come automatic. Clarify what must be done to achieve them
- Study performance and results
- Monitor progress
- Procedures are necessary for continuous check of relevance, coherence and cost

ACT

- Integrate work already done (e.g. improvement results and analysis findings) and avoid unnecessary duplication of information gathering
- Beware that institutionalizing benchmarking may eventually kill it
- Obtain resources to sustain benchmarking efforts