

Innovation *insights*

OFFICE OF PLANNING AND
Institutional Assessment

Innovation Insight Series Number 4
<http://www.psu.edu/president/pia/innovation/>

Benchmarking for Innovation and Improvement

Why benchmark?

Benchmarking can help you...

- Analyze and improve your processes.
- Enhance performance.
- Gather the information you need to assess your present and plan your future.
- Identify some better approaches to accomplish your mission, vision, and goals.

Starting a benchmarking effort

What is benchmarking?

Robert Camp (1989) defines benchmarking as “the search for those best practices that will lead to the superior performance” of a unit or organization. It can help you to find effective practices at other organizations for services in which your unit is not providing the level of quality, satisfaction, or efficiency you would like to see. The emphasis is on studying the practices and processes of recognized leading organizations to find out how they do what they do, rather than gathering results and ‘bottom line’ data and trying to match or beat those.

Benchmarking is not limited to the collection of numbers and comparison of averages, nor is it a one-time effort. It’s not a test to see whether your unit is measuring up. It’s a means to gather information and then target areas and processes for improvement.

With whom can you benchmark? What can you benchmark?

There are three types of benchmarking:

- Process benchmarking involves identification of best practices.
- Strategic benchmarking involves identifying emerging trends in a market or industry for strategic or resource planning.
- Comparative benchmarking is results oriented, and can be useful in setting stretch goals.

How can you deal with resistance to benchmarking?

Your organization may be doing well. The common perception may be that you’re one of the best, and no one else provides exactly the same functions, services or products that you do. However, while each unit and organization is unique, we share processes with other organizations, there is always the opportunity to be better, and someone else may just have a better way to do it. Your unit also needs to be able to meet the rising expectations of those who receive your products or services.

How does benchmarking relate to strategic and unit planning?

Benchmarking can be part of the initial stages of planning, as you assess current performance and set goals for improvement. It can also be part of the accomplishment of strategies, as you study outstanding organizations for alternative approaches to how your unit does its work.

- Internal benchmarking involves collecting

comparative data from similar units within your organization. While this may be the easiest, data may be limited.

- Benchmarking with competitors involves comparison with similar organizations in the same field. Data collection may be difficult, but American Productivity and Quality Center's *Benchmarking Code of Conduct* (see Additional Resources below) may facilitate the exchange of information.
- Functional/generic benchmarking involves gathering information from an organization with the same or similar processes, although the organization may be in a different field. An example of this could be comparing how your university unit provides some of its services online with how a bank provides some of its services online.

What are the options for collecting benchmarking data?

While often we think that personal, face to face contact is necessary to benchmark, that is not always the case. Much information you are seeking may be available publicly, in news, trade, or professional journals, annual reports, or online databases. If you are gathering new information personally, you may be able to collect it through mailed written surveys or telephone interviews. If you gather new information, it is critical that you agree at the start regarding the confidentiality of the information, and you may want to plan a way to share the information gathered with all of your benchmarking partners.

The phases of benchmarking

Like many other organizational initiatives, effective benchmarking begins with preparation, and moves through several phases.

Phase One: Identifying and examining your own processes.

- Which processes are most critical to your success?
- Which processes provide the greatest opportunities for improvement?
- How are these processes currently performed? Can you map the processes?
- How is the performance of these processes currently measured? Can measures be developed if they are not currently in place?

Phase Two: Identifying the organizations with which you will benchmark, and how data will be collected.

- What organizations or units are known within your professional network or field as highly effective in regard to the services, products, or processes you would like to benchmark?
- What organizations have been recognized publicly for their accomplishments in the services, products, or processes you would like to benchmark?
- What questions would you like answered based on your analysis of your own processes?
- Do you need personal contact to get these answers, or can it be provided in writing?

Phase Three: Collecting and analyzing the data.

Once data is collected, the task is to compare performance levels and practices, and identify performance gaps in your organization.

- Where are the similarities and differences in practices and processes?
- What can you apply or adapt in your unit from the other organizations' approaches ?

- What ideas for new approaches, services, or products are triggered by what you learn about other organizations' approaches?

Phase Four: Establishing targets to close the gaps and developing action plans to reach those targets.

- What are your future performance goals and measures for the targeted processes?
- What innovations or improvements do you want to implement to reach these targets?
- What support or challenges exist for these changes?
- Who should be involved in planning and carrying out this implementation to maximize its success?

Phase Five: Implementing the action plans and tracking progress toward the goals.

- What are the milestones for implementation?
- How frequently should you measure performance? Monthly? Quarterly? Are there seasonal or semester variations?

One of the biggest risks is having too many benchmarking partners and collecting too much information. One approach is to first gather preliminary information from a larger number of prospective partners (a broad approach), and then use that information to identify a smaller set of partners with which to examine key processes in more detail (a focused approach).

Another challenge is to plan your benchmarking effort so that you have a quick turnaround from collecting data to setting goals.

For a successful benchmarking effort, include:

- A systematic, carefully defined approach
- A candid assessment of your own organization

- A willingness to learn from others
- A long-term approach

Additional Resources

American Productivity and Quality Center and *Benchmarking Code of Conduct*. <http://www.apqc.org/> Retrieved October 5, 2007.

Camp, Robert C. (1989). *Benchmarking - The Search for Industry Best Practices That Lead to Superior Performance*. Milwaukee, WI: ASQC Quality Press.

Camp, Robert C. (1995). *Business Process Benchmarking: Finding and Implementing Best Practices*. Milwaukee, WI: ASQC Quality Press.

McNair, C. J. CMA, and Kathleen H. J. Leibfried. (1992). *Benchmarking: A Tool for Continuous Improvement*. Essex Junction, VT: Omneo Oliver Wright Publications, Inc.

Patterson, J. G. (1996). *Benchmarking Basics: Looking for a Better Way*. Menlo Park, CA: Crisp Publications, Inc.

Spendolini, Michael J. (1992). *The Benchmarking Book*. New York, NY: American Management Association.

United States National Institute of Standards and Technology, and Baldrige National Quality Award. <http://www.nist.gov/> Retrieved October 5, 2007.

For more information, contact the Office of Planning and Institutional Assessment at 814-863-8721 or psupia@psu.edu, or visit our website: <http://www.psu.edu/president/pia>.

The services of the Office of Planning and Institutional Assessment are provided free of charge to The Pennsylvania State University and are adapted to the specific needs of departments or individuals.

Revised October 2007