Classical Benchmarking Study

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Workshop Objectives

- Have a better understanding of the steps involved in a Benchmarking Study
- Understand the Benchmarking Methods
- Understand the Benchmarking Code of Conduct and Benchmarking Protocol and Ethics
- Understand the Benchmarking terms
- Understand the necessity for preparation and extensive research
Benchmarking Definition

Is the continuous and systematic process of identifying, analyzing, and adapting industries’ best practices that will lead an organization to superior performance

(Spendolini 1992)
What is Benchmarking?

- A methodical study
- A discovery process
- An improvement method
- A learning opportunity
- A management commitment
- A tool used to identify, establish, and achieve standards of excellence
- A continuous process
Why Do You Benchmark?

- Satisfy customers’ needs and expectations
- Adapt “Best Practices”
- Develop and stimulate strategic planning
- Encourage creative thinking - getting out of the box
- Achieve superior performance
- Accelerate process improvement
- Review/study competitive comparisons
- Discover emerging technologies
When Do You Benchmark?

- Management is looking for a change
- The organization is implementing a new process
- The dynamics of industry is changing
- The organization is striving for performance excellence using continuous improvement
- A change is required in processes, products, or services
- The organization needs to reinvent itself in order to survive
Benchmarking Is Not!!!!!!!

- A cookbook process
- A panacea for problems
- Comparing to “similar” organizations
- A management fad
- Just a review of your own operations
- Industrial Tourism
- A Free trip
- Reinventing the wheel
Where Can You Find Benchmarking Information?

- Other organizations or Federal Agency experts
- Publications
- Baldrige and Presidential Quality Award Winners
- Best Practices databases
- Internet
- Navy Best Manufacturing Practices database
- College/University libraries
- Consultants
- Professional Associations
What are the Benefits of Benchmarking?

- A better understanding of products and services
- A better understanding about customers needs and expectations
- Meaningful goals and performance measures reflecting customer requirements
- Employees who better understand the internal process within their organization
- Accelerated rate of change
- A better understanding of competitors and industry dynamics
- A better understanding of where your organization stands against the best in class
Benchmarks Tips

Do:

- Select the right team and mix of skills
- Obtain management commitment
- Select a benchmarking project that ties to strategic goals and objectives
- Perform plenty of research
- Communicate during the benchmarking study with all levels of those involved
Benchmarking Tips
(continued)

- Select benchmarking partners outside of your own industry
- Provide an incentive for a participation
- Focus on best practices and enablers
- Select a benchmarking team that includes supporters and skeptics alike
- Abide by the Benchmarking Code of Conduct and follow all the protocols
Benchmarking Mistakes

- Don’t examine your own process
- Take “Feel Good” trip that isn’t needed
- Goals and questions are too vague
- Scope is too broad
- Lack of team commitment
- Don’t perform upfront research
Benchmarking Mistakes
(continued)

- Wrong benchmarker as Partner
- Don’t go outside of own industry
- Don’t take action
- Don’t have support to perform study
- Don’t reinvent the wheel
- Don’t go on site visits unprepared
Methods of Benchmarking

Internal:

An approach to benchmarking where organizations learn from “sister” companies, divisions, or operating units.

- Low cost
- Fast
- Easy to transfer lessons learned
- Gain a deeper understanding of your own process
Methods of Benchmarking

Competitive:

An approach to benchmarking that targets specific product designs, process capabilities, or administrative methods used by one’s direct competitors.

- Provides a strategic insight into marketplace
- Prioritizes areas of improvement according to competition
- Possible partnership
- Similar regulatory issues
Methods of Benchmarking

Functional:

An approach to benchmarking that seeks information from the same functional area within a particular application or industry.

- Takes advantage of function and professional networks to develop detailed process understanding
- Provides industry trend information
- Quantitative comparisons
- Common business functions
Methods of Benchmarking

Generic:

An approach to benchmarking that seeks process performance information from outside one’s own industry. Enablers are translated from one organization to another through the interpretation of their analogous relationship.

- Provides the greatest opportunity for process breakthroughs
- Because organizations don’t compete, reliable detailed information is usually available
- Innovative
- High potential for discovery
Before Benchmarking

ASK:

- What is the study method to be used?
- Does management understand benchmarking?
- Is management committed?
- How does the benchmarking study tie into the strategic plan?
- Who are your customers?
- What is driving the benchmarking study?
- What are you going to Benchmark?
- What resources are needed for the study?
- How is the information to be used?
The Four Phases

Planning
Collecting
Analyzing
Adapting
Phase One

- Select the process and identify the objective of the study
- Identify and gain participation of the sponsor and stakeholder(s)

- Submit a benchmarking request
- Select a cross-functional team
- Provide Benchmarking Awareness Training
- Identify products/services, customers, and their expectations
- Identify and select the Critical Success Factors
- Analyze and document the process flow
- Review and establish generic performance measures
Phase Two

- Develop criteria for secondary research
- Conduct an extensive literature review
- Identify “best-in-class” and potential partners
- Review legal and ethical issues and benchmarking protocol
- Plan data collection strategy for primary research
- Conduct primary research
- Contact actual partners
- Prepare for site visits
- Collect all data and prepare for Phase Three
Phase Three

- Determine if all data is meaningful
- Determine partners processes
- Organize and reformat data
- Normalize performance data

- Compare measurements
- Isolate process enablers
- Summarize partners methods
- Set goals to reduce performance gap
- Incorporate culture during modification of enablers
Phase Four

- Gain acceptance, support, commitment
- Develop an implementation plan
- Create a Steering Committee
- Communicate the plan
- Obtain resources
- Implement Plan
- Monitor and report progress
- Recalibrate the measure
- Identify opportunities for future efforts
The Study
Team Work

- Management
- Sponsors
- Process Owner
- Team members