

IMPROVEMENT SKILLS CONSULTING LTD.

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*“Simply, improvement...”*



# Benchmarking: Why it might not work

## Benchmarking: Why it might not work

*“Few consulting ‘tools’ are more widely abused these days than so-called Best Practices”. [Michael McLaughlin: Marketing Guru]*

### Leaders or followers?

In an article about the adoption of Best Practices, Michael McLaughlin goes on to say it’s no wonder that most banks, retailers, airlines and consultancies look the same; they’ve been busy copying each other’s best practices for years!

Adopting so-called best practices is a follower’s strategy. An organisation that **simply adopts** another’s practices will never be a leader and is likely not to be innovative, agile or fit for the future.

That’s not to say that Benchmarking and adoption of best practices are a waste of time. It’s just that they need to be done with thought and consideration of where and when they might add value. When used to stimulate ideas and step changes in performance they certainly have their place.

It’s also worth remembering where Benchmarking came from. Robert Camp at Xerox is generally credited with being the founder of Benchmarking as a tool for continuous improvement. The significant point is that, at the time (1979), Xerox already had an effective process for continuous improvement. By 1981 Xerox recognised Benchmarking as the process for understanding customer requirements and **employee involvement** was how it would be implemented. Camp also noted that it soon became clear that focusing on competitors’ practices only diverted attention from the ultimate purpose: superiority in each business function and ultimately in the marketplace.

### Why Benchmarking might not work

Benchmarking was always one of the “advanced” continuous improvement tools and was designed to be used where an organisation wanted to achieve a step-change in performance. To get that payback, it was really most applicable in “mission-critical” services and processes and required significant leadership and investment of resources. Trying to apply Benchmarking (assuming it is done properly) to every process or service is unlikely to be a good use of resources.

But, there are more reasons why Benchmarking and adoption of best practices might not work.

- Change must come from within
- Best practices don't come with a Manual

It's rare for an organisation to respond positively to ideas (best practices) handed down from Head Office, or brought in by consultants, or from competitors. Far better to create an environment that enables people to generate improvement ideas with a high degree of ownership. The aim is to get "adoption" and to move from theory into applied practice and improved performance.

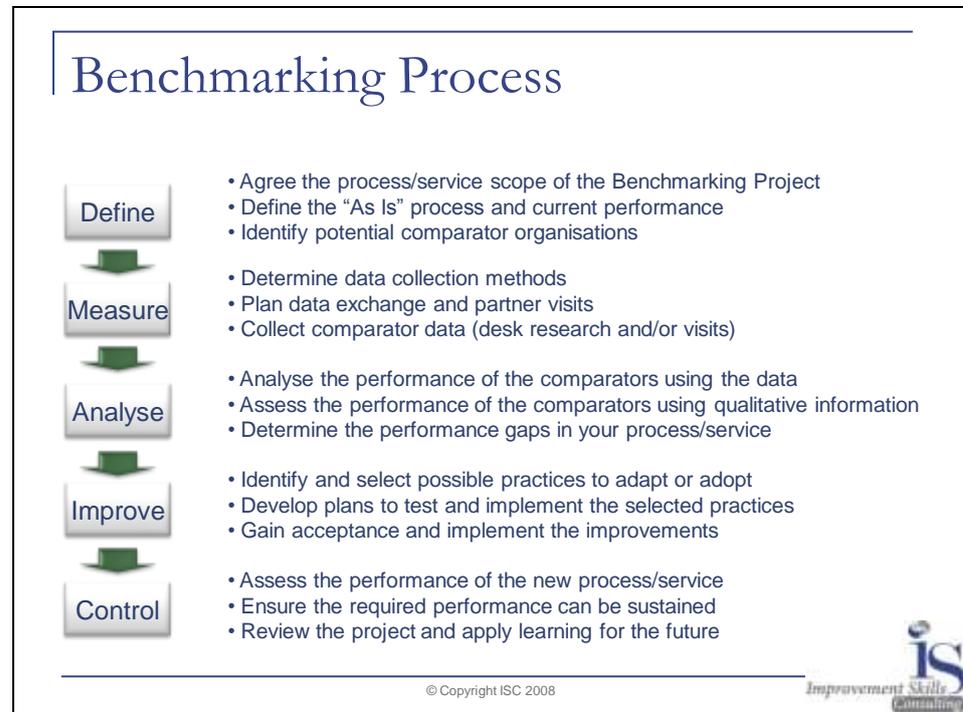
Perhaps the biggest challenge is that "best practices" are actually only "best" in the context of the organisation, culture, processes, people and skills from which they originated. They don't come with a Manual that describes how to implement them or how to achieve superior levels of performance. You may be able to replicate the processes and you may understand the metrics that the "benchmark" organisation uses, but it can be extremely difficult to replicate their capability to achieve a particular level of performance because that is largely due to their people.

## Successful Benchmarking

All the organisations that are leaders in Benchmarking (e.g. Yell, Xerox, TNT and other UK/European Quality Award Winners) have a "process" that they use rigorously to implement Benchmarking Projects. It is part of their embedded approach to continuous improvement.

Our recommended approach is summarised in the diagram below and assumes:

- You have a way to select strategically important Benchmarking Projects (and to filter out those that do not justify the level of resource and support)
- The right people are involved in the team and they are given the time to carry it out (and engage their colleagues along the way)
- There is senior management sponsorship: to help see through change and ensure implementation of practices that will deliver performance improvements
- Your Benchmarking Project addresses all three of the following: Metrics, Processes and Organisation (the "what, how and why" of performance)



There are also some practical lessons to learn from others’ Benchmarking experience:

- It’s unlikely that you’ll find best practice in an organisation that just happens to be “down the road” from you
- There is no such thing as an “all-round best practice partner” – no one organisation can possibly be best at everything
- You have to develop an approach to Benchmarking that works for you and is appropriate for your culture
- You’re probably not as good as you think you are and there are things you can learn from others
- You must have a balanced set of metrics and understand your own processes (practices) first: otherwise you will either compare “apples with pears”, or focus on cost to the detriment of service and outcomes

Like any management tool, Benchmarking and the adoption of best practices can be of great benefit, especially in the drive for better value and improved service. Used badly, it can be an expensive disaster. Used properly, it enables you to improve performance and achieve step-change.

## **Our track record**

Our consultants have been helping organisations in the private and public sectors to manage and improve their processes and performance for nearly two decades. We have supported UK and European Quality Award winners in their approach to continuous improvement.

We are not wedded to a particular methodology. We help clients identify their improvement goals and then develop an approach to achieve these; invariably ensuring their people develop the skills to make further improvements themselves.

Please contact us for more information about how we can help you to manage and improve your processes and performance.

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© 2008 Improvement Skills Consulting Ltd.  
204 Blind Lane, Flackwell Heath, High Wycombe HP10 9LE  
Phone 07850 728506 • Fax 0871 221 5638  
E [info@improvement-skills.co.uk](mailto:info@improvement-skills.co.uk) • W [www.improvement-skills.co.uk](http://www.improvement-skills.co.uk)