



SNS COLLEGE OF ENGINEERING

Kurumbapalayam (Po), Coimbatore – 641 107

An Autonomous Institution

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DEPARTMENT OF COMPUTER SCIENCE AND TECHNOLOGY

COURSE NAME : 19OE114 –TOTAL QUALITY MANAGEMENT

III YEAR / VI SEMESTER

Unit 3 - TQM TOOLS & TECHNIQUES

BENCHMARKING

What is Benchmarking?

Benchmarking is the continuous, systematic process of measuring one's output and/or work processes against the toughest competitors or those recognized best in the Industry

What is Benchmarking?

Author	Definitions
Camp 1989	the continuous process of measuring products, services and practices against the toughest competitors or those companies recognised as industry leaders.
Geber 1990	a process of finding the world-class examples of a product, service or operational system and then adjusting own products, services or systems to meet or beat those standards.

What is Benchmarking?

Author	Definitions
Codling 1992	An ongoing process of measuring and improving products, services and practices against the best.
Vaziri 1992	a continuous process comparing an organisation's performance against that of the best in the industry considering critical consumer needs and determining what should be improved.
Watson 1993	The continuous input of new information to an organisation.

What is Benchmarking?

Author

Definitions

Evans 1993

measuring own performance against **best-in-class organisations** to determine how they achieve their performance levels and use the knowledge to **improve own performance**.

Kleine 1994

an excellent tool to use in order to identify a performance goal for **improvement**, identify partners who have accomplished these goals, identify applicable practices to incorporate into a redesign effort.

What is Benchmarking?

Author

Definitions

Cortada 1995	A method for finding how to improve processes quickly by learning from others dealing with similar issues.
Cook 1995	A kind of performance improvement process by identifying, understanding and adopting outstanding practices from within the same organisation or from other businesses.

What is Benchmarking?

Author

Definitions

APQC 1999

the process of **continuously** comparing and measuring an organisation against business leaders anywhere in the world to gain information which will help the organisation take action to **improve its performance**.

Benefits of Benchmarking

- helps organisations understand strengths and weaknesses
- helps better satisfy the customer's needs by establishing new standards and goals
- motivates employees to reach new standards and to be keen on new developments

Benefits of Benchmarking

- allows organisations to realise what level(s) of performance is really possible by looking at others
- documents reasons as to why these differences exist
- helps organisations improve their competitive advantage
- is a cost-effective and time-efficient way of establishing a pool of innovative ideas

Benchmarking Process

- BM must for Key Business Processes (KBPs)
 - Product Development
 - Customer Service
 - HR Practices
 - Inventory Control
 - Research & Development etc

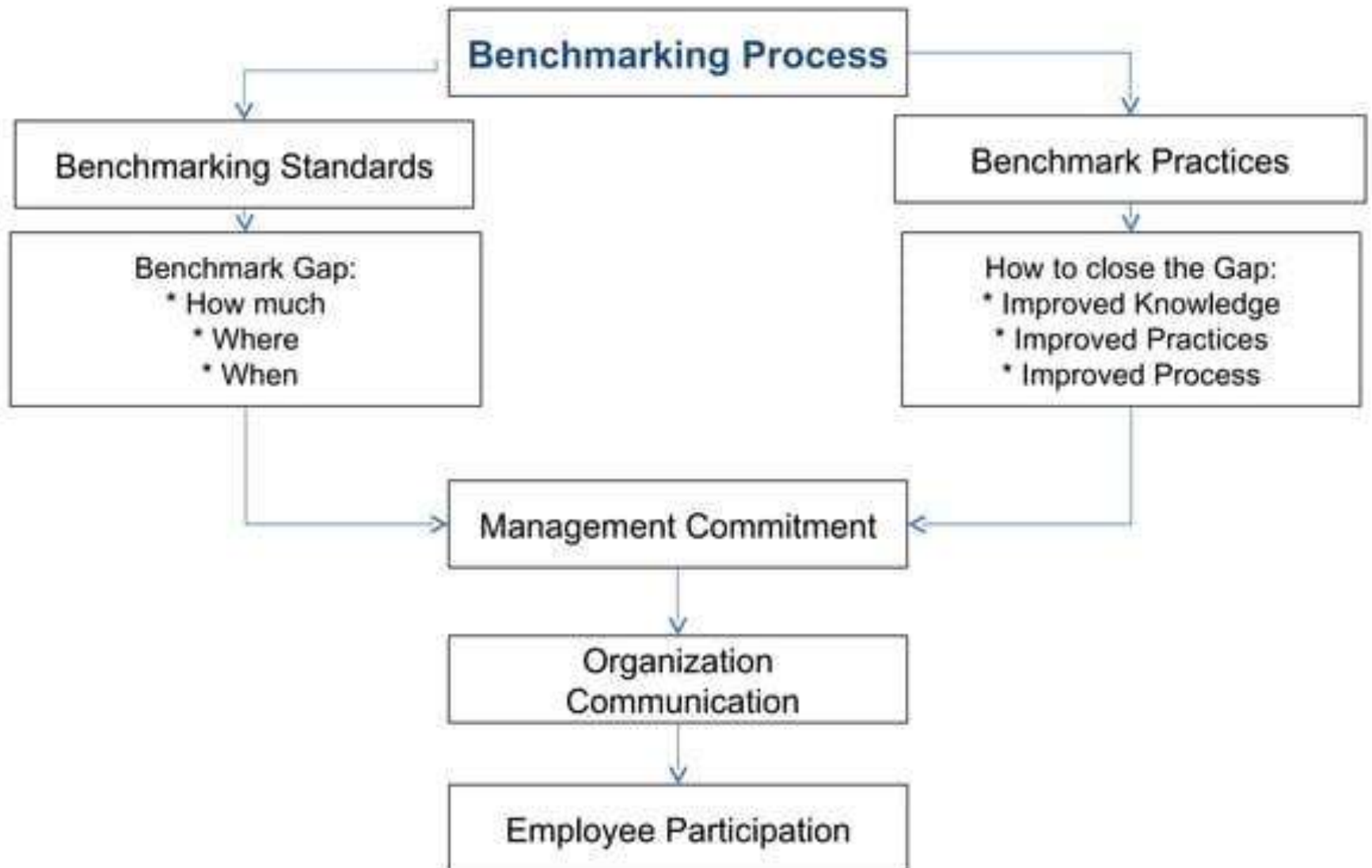
Benchmarking Process

- BM must for Critical Success Factors (CSFs)
 - Cost Management
 - Product Quality
 - Product Design
 - Organisation Image etc

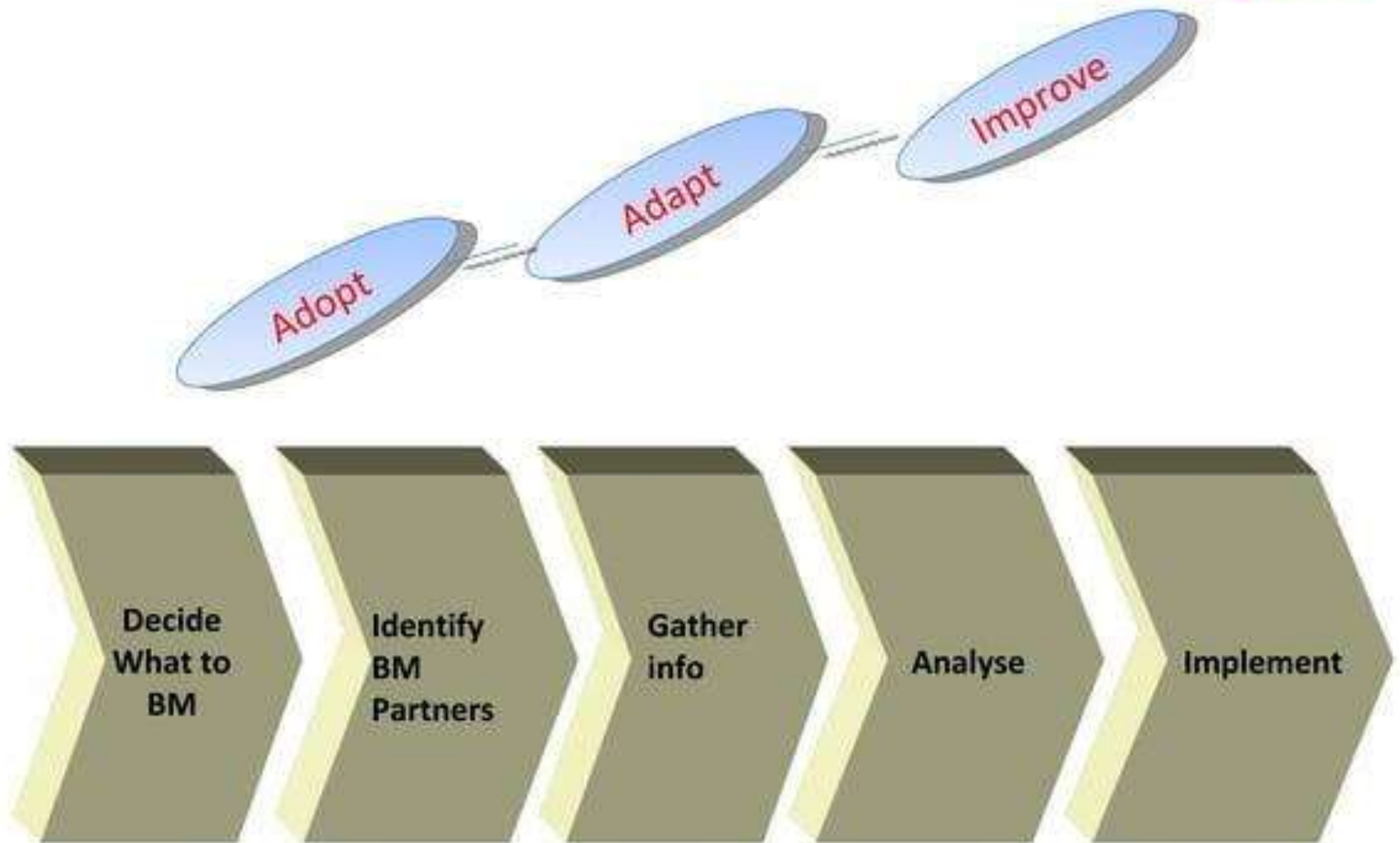
Benchmarking Process

- 4 questions
 - What should we benchmark?
 - Whom should we benchmark?
 - How do we perform the process?
 - How do they perform the process?

Benchmarking Process



Benchmarking Process and its 5 Stages



Benchmarking Process

- PLAN
 - Select the process
 - Form Team
 - Understand & document process
 - Establish performance measure
- SEARCH
 - Listing Criteria for partner selection
 - Conduct general / secondary research
 - Decide the level to Benchmark
 - Identify potential partners & contact

Benchmarking Strategy

- OBSERVE
 - Questionnaire sent to partner
 - Telephone contact
 - Direct observation / site visit
- ANALYSE
 - Sort information & data
 - Quality control information & data
 - Normalise data if necessary
 - Identify gaps in performance Level
 - Identify causes for gaps

Benchmarking Strategy

- ADAPT
 - Identify improvement opportunities
 - Set target for improvement
 - Develop implementation plan, monitor the progress
 - Write final report

Approaches to Benchmarking

- Internal & External Benchmarking
- Performance or Competitive Benchmarking
- Functional and Generic Benchmarking
- Strategic Benchmarking
- Process Benchmarking
- International Bench marking

Internal Benchmarking

- Establishing good practices in the organisation
- Comparison of similar functions in different operating units within the organisation
- Advantages
 - Easier to implement
 - Easier to access data
- Disadvantages
 - No external ideas
 - Time-consuming

External Benchmarking

- Comparison of organisation functions and key processes against Good Practices
- Advantages
 - Helps to measure one's own performance
 - Helps to search for best practices
- Disadvantages
 - Takes time
 - Requires support
 - Cross-cultural differences

Functional Benchmarking

- Comparison of similar functions against external best in any industry
- Advantages:
 - Developing networks
 - Discovering innovative practices
- Disadvantage:
 - Not suitable for every organisation

Process Benchmarking

- Focus on specific operations or processes
- Examples:
 - in higher education-enquiry management, enrolment
 - in Logistics- delivery, safety
 - in hotels—housekeeping, customer care,

Generic Benchmarking

- Comparison of functions which are generic in nature in any industry
- Example
 - Hospitals in the U.S. routinely benchmark their patient management against hotel's guest management.
 - Mobil benchmark their customers service with 5 star hotels

Performance or Competitive Benchmarking

- Organizations using performance measures to compare themselves against similar organizations
- Example
 - FMCG's comparing with each other for Market share, Retention rates, profits, costs

Strategic Benchmarking

- Used where organizations seek to improve their overall performance by focusing on specific strategies or processes
- Example
 - Benchmarking against organizations which have won awards or some other distinctions

What to Benchmark?

- Products & Services
 - Finished Goods
 - Product &
 - Services Features

What to Benchmark?

- Work Processes
 - Manufacturing
 - Supplying
 - Ordering
 - Maintenance

What to Benchmark?

- Support Functions
 - Human Resource Department
 - Financial Management
 - Marketing

What to Benchmark?

- Organizational Performance
 - Sales
 - Profitability
 - Cost
 - Quality
 - Manpower

What to Benchmark?

- Strategies
 - Cost Leadership
 - Differentiation

Benchmarking Partner

- A benchmarking partner is any person or organisation that participates in open exchange of information for the purpose of learning from each other in areas of interest

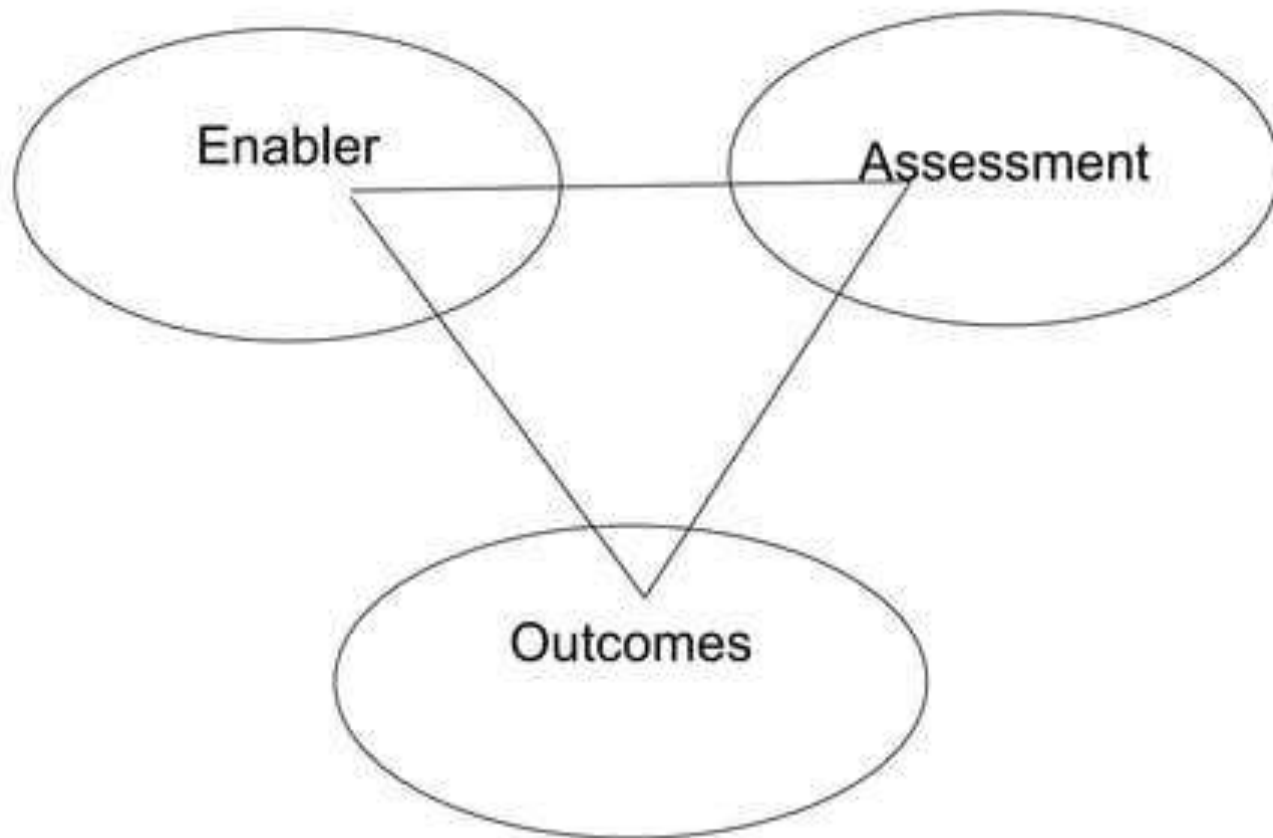
Benchmarking Partner

- Identification Steps
 - Design a list of criteria for focused search of partners
 - Conduct general / secondary research
 - Decide the level to benchmark
 - Identify potential partners and establish contact

Benchmarking Partner

- Criteria for Selection
 - Similarity of process
 - Geographical location
 - Size of the organisation
 - Product
 - Technology
 - Management style
 - Company culture
 - Easy accessibility of information

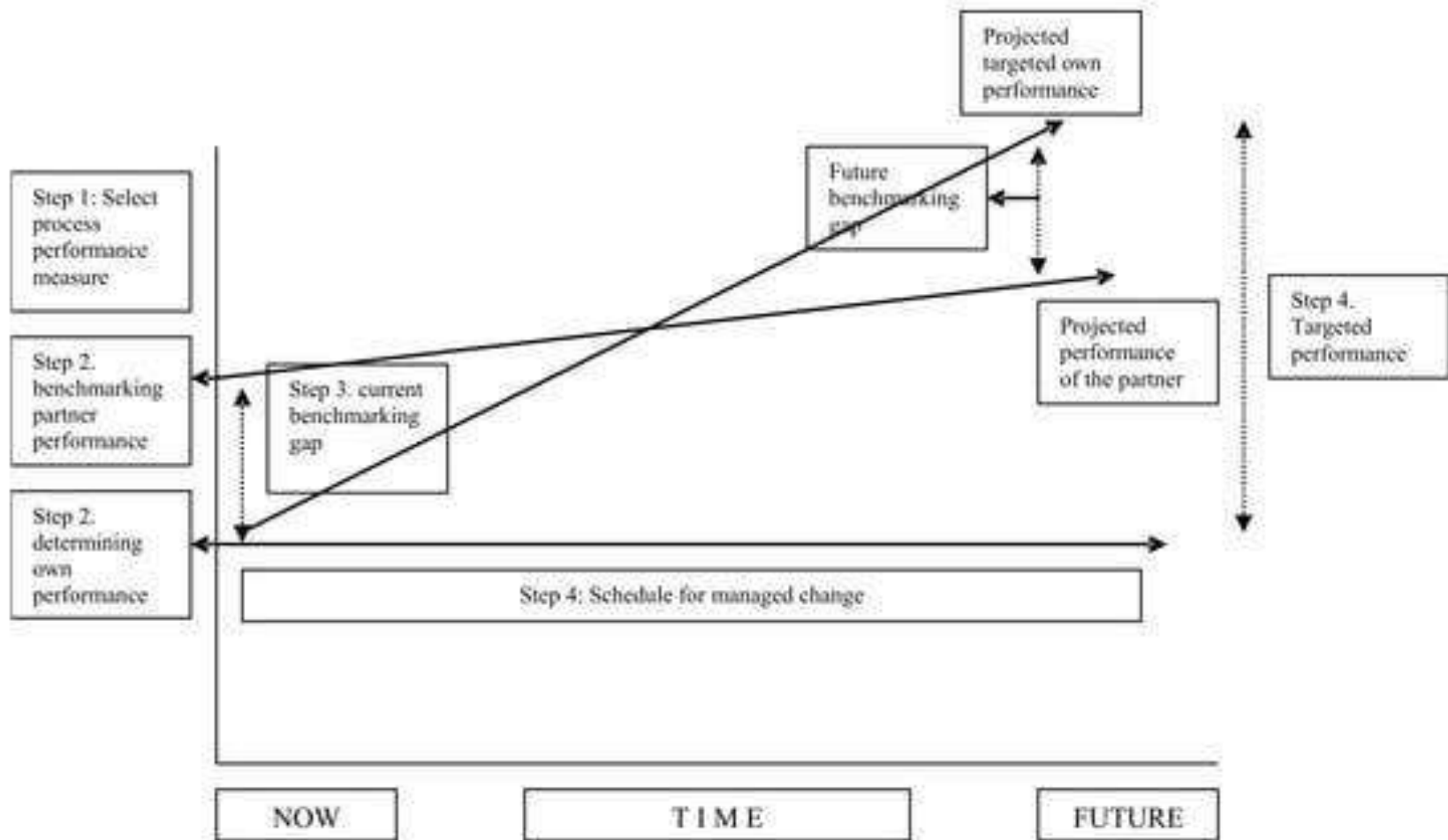
Benchmarking Components



Benchmarking Components

- Assessment: Measuring own and partner's performance
- Enablers: Practices leading to performance improvement
- Outcomes: Performance outcomes yielded by implementing the findings.
- “It is a lot easier to benchmark a process than to benchmark an output” (Kaplan 1993)
- Process: a specific investigation
- Output: rather complex and extensive

Benchmarking Gap Analysis Model



Benchmarking is.....

- a tool to identify, establish, and achieve standards of excellence
- a structured process of continually searching for the best methods, practices, and processes and either adopting or adapting their good features and implementing them to become the .best of the best..
- the practice of measuring your performance against world-class organizations.
- an ongoing investigation and learning experience ensuring that best practices are uncovered, adapted, and implemented.

Benchmarking is.....

- a disciplined method of establishing performance goals and quality improvement projects based on industry best practices.
- a searching out and emulating of the best practices of a process that can fuel the motivation of everyone involved, often producing breakthrough results.
- a positive approach to the process of finding and adapting the best practices to improve organizational performance.

Benchmarking is.....

- a continuous process of measuring products, services, and practices against the company's toughest competitors or those companies renowned as industry leaders.
- learning how leading companies achieve their performance levels and then adapting them to fit your organization.
- a research project on a core business practice.

Benchmarking is.....

- a partnership where both parties should expect to gain from the information sharing.
- both a business tool and a quality tool for improving key business processes.

Benchmarking will help you.....

- find who does the process best and close the gap.
- recognize the leading organizations in a process or activity.
- create performance standards derived from an analysis of the best in business.
- ensure that comparisons are relevant.
- measure your performance, your processes, and your strategies against best in business.
- measure business processes.
- assess performance over time.

Benchmarking will help you.....

- accelerate continuous process improvements (CPI).
- establish more credible goals for CPI.
- establish actionable objectives.
- discover and clarify new goals.
- establish customer expectations of business standards set by the best suppliers in industry.
- help your organization achieve breakthrough improvements.

Benchmarking will help you.....

- create a sense of urgency for change.
- increase customer satisfaction.
- become direction setting.
- provide a positive, proactive, structured process.

Benchmarking requires.....

- a thorough understanding of your organization's business processes before any comparisons are attempted.
- planning to identify the best-in-class for comparison and data collection.
- analysis to determine the performance gaps.
- integration to set new goals and standards.

Benchmarking requires.....

- an action plan to implement the changes to the process.
- constant updating to keep the standard of excellence.
- a means to measure.
- commitment by leadership.
- resources, including time.

Benchmarking works best when.....

- it supports an organization's strategic plan.
- its done on existing processes that are well-defined.
- the organizational leader is knowledgeable and committed to total quality (TQ).
- it is utilized as a tool in a TQ organization.

Benchmarking is not.....

- just looking for a better way to do things; it looks for the best way.
- a mere comparison.
- only competitive analysis.
- site briefings.
- industrial tourism.
- spying.
- easy.
- quick.

Benchmarking is not.....

- fool proof.
- free.
- subjective.
- a panacea.
- a program.
- a cookbook process.
- a mechanism for determining resource reductions.
- business as usual.
- a management fad.

Benchmarking does not.....

- **Copy**... Instead, you must adapt the information to fit your needs, your culture, and your system. And, if you copy, you can only be as good as your competitor, not better.
- **Steal**... To the contrary, it is an open, honest, legal study of another organization's business practices.
- **Stop**... Rather, it is a continuous process that requires recalibration.

Thank you.....