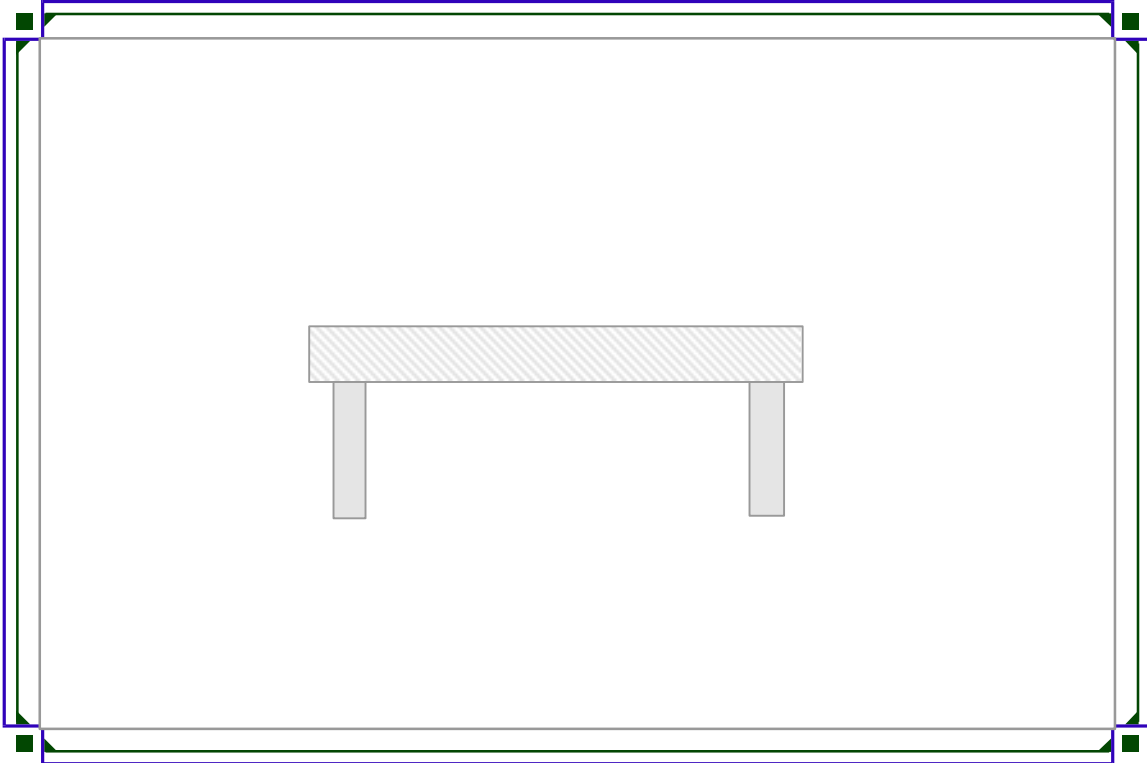


# BENCHMARKING



## Purpose

**Benchmarking** is the process by which organizations compare their performance in key areas with that of other organizations, especially those that have a reputation for being the best in a particular area of interest.

Product quality, services provided, business practices, customer loyalty, and customer satisfaction are a few examples of where **benchmarking** may be applied effectively. The method provides an awareness of **what** “the best” are doing, **how** they are doing it, and **how well** it is working.

**Benchmarking** provides the organization with valuable information. It provides information about achievable levels of performance. By knowing the level of success

achieved by another organization in a particular area, the organization is better able to set high but achievable standards of performance.

**Benchmarking** can be used to help better understand work processes. It is not enough to simply ask how good a comparable organization is. It is also important to find out how and why they are so successful. The purpose of **benchmarking** is not just to identify star performers, but to help reach and exceed their level of performance in the benchmarked processes.

**Benchmarking** is a valuable tool in the analysis of how well the organization is meeting customer requirements. **Benchmarking** is an important tool in CPI for several reasons:

CPI has customer satisfaction as an overall goal and defines quality as “meeting or exceeding customer requirements the first time and every time.” **Benchmarking** helps formulate real-world guides as to whether or not customer requirements and quality goals are being met.

If the results of a **benchmarking** activity show that some other division, agency, state, or organization is meeting customer requirements better, then a change is clearly called for.

## **Who Should Be Selected as a Benchmark?**

One of the most frequently asked questions is how to identify organizations that excel in those work processes that are similar to yours. Private sector organizations often benchmark a competitor who has a reputation for doing a particular process well. Trade journals, associations, and industry analysts are helpful sources of information.

Government agencies may benchmark other agencies within the state and agencies in other states. Information about possible **benchmarking** targets may be obtained through national quality award committees, the state’s quality award organization, local quality networks, or by direct contact between agencies. However, it is not necessary to benchmark against another governmental organization. Public and private organizations do have some like or similar functions or activities.

When a particular process is specific to a department or agency, it will probably be necessary to check with counterpart departments in other states, particularly those who have a reputation for doing it well.

It is important for participants to understand that **benchmarking** needs to be carefully planned and implemented if it is to succeed. It is not just a matter of making a few phone

calls or visiting another state agency for a few hours. It is also important to emphasize that **benchmarking** asks two important questions:

1. How well is the process performed by those who are recognized as being among the best?
2. How have they achieved that level of performance?



## Process

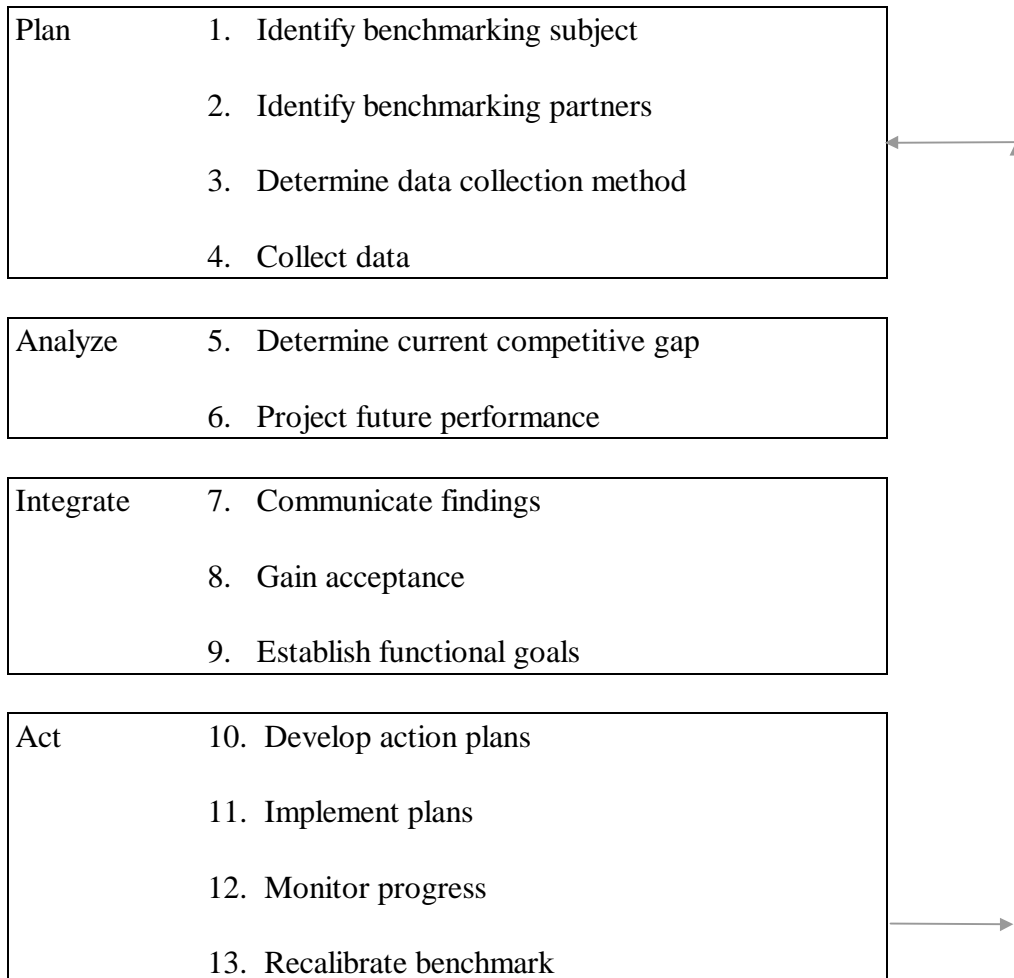
**Benchmarking** has been used extensively in the private sector as a part of quality management processes. The four stages of the **benchmarking** process are:

1. **Plan** - Decide what process is to be benchmarked, who is going to be benchmarked, and how you will obtain information about the benchmarked organization.
2. **Analyze** - After the data are gathered, it must be analyzed. The analysis of the data is designed to shed light on such questions as: Is the benchmarked organization really better in the area of interest? If they are, how much better are they? What makes them better? What are they doing that we are not? Could we do it that way? Should we do it that way?
3. **Integrate** - In this phase, the organization decides what changes have to be made, who is going to be affected by the changes and what the standards for quality improvement will be. On the basis of the data analysis, decide what changes are going to be made in the way work is done. If the changes involve other people or additional resources, this step includes communicating to them what has been learned and what needs to change. The support of key decision-makers is also sought to ensure the availability of the resources necessary to accomplish the goals. Together, a list of goals can be established that take advantage of what has been learned from the comparison to “the best.”
4. **Act** - The action phase involves taking what has been learned from the analysis of the data and translating it into meaningful steps that the organization can take to close the gap between current levels of performance and the performance level of the comparable organization. Action plans to achieve goals should be developed, implemented, and evaluated.



## Example

### BENCHMARKING PROCESS MODEL





## Key Points

- Determine how “world class” organizations perform similar type work and compare that to the way your unit does work.
- Look outside your particular type of organization for possible benchmark comparisons for a different perspective.
- Benchmark processes where the anticipated benefits of the improvements will justify the expenditure of resources to study the processes and make the changes.
- Select processes that are important to the unit mission and to the customers.

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