



TenStep Supplemental Paper

28 May 2004

Benchmarking - Some Myths

What is benchmarking?

Benchmarking is the ongoing process of improving performance by identifying, understanding, and adapting outstanding practices and processes found inside and outside the organization.

The following are five common myths about benchmarking:

Myth # 1: Benchmarking is too expensive.

Successes can be found in almost every company that's involved in benchmarking. Still, the myth prevails that the process is prohibitively expensive. This can keep some prospective participants from trying this quality approach for themselves.

Indeed, benchmarking comes at a price, but careful planning, tackling one step at a time, defining narrow areas to explore, and doing homework properly can control costs. The knowledge you gain is well worth the investment you make. It can be done without breaking your company's budget.

Myth # 2: Management does not understand/support benchmarking.

While some managers remain skeptical about the benefits benchmarking can bring to their companies, most senior executives have a more positive point of view.

Managers are by nature competitive, and anyone who is competitive is looking at what other companies are doing. Therefore, most managers are benchmarkers at heart. They understand the need to compare other companies' performances with their own, and they are very adept at doing competitive analyses.

Myth # 3: You can benchmark only with the best.

One should not always elect to benchmark with companies whose practices are considered to be superior to get results. In fact, there are some solid benefits to working with organizations that are not quite the cream of the crop. For example, companies with the best practices are overwhelmed with requests to benchmark and have to turn some prospective partners down. Furthermore, there could be a tremendous gap between your company's practices and those that represent the absolute best. It may take a quantum leap to reach their level, which can be quite discouraging. Sometimes it is better to make incremental changes.

Myth # 4: There is no analogous process to benchmark in my industry.

There is a myth that to benchmark effectively, you must team up with companies in your industry whose processes are analogous to yours. It is important to understand that even companies or industries that are totally different can have similar core processes or common characteristics.



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For example, when an electronics company's general systems division wanted to speed up delivery of its cellular phones, it paid a visit to a pizza chain and a shipping company to see how these quick delivery specialists keep their promises.

Myth # 5: Benchmarking is only for big companies.

Some quality proponents claim that benchmarking is only for big companies, but it can benefit smaller companies too. Benchmarking is easier to learn when you are dealing with a company the same size as yours.

Companies of different sizes approach processes in different ways. What is best for a big company might not be the best for a smaller one. For example, a small company that is benchmarking the process of receiving goods might discover that what works well for a big company might not work for them at all.

Summary

Benchmarking is a learning process, and the success of your efforts depends heavily on how well you get to know the processes you are studying. The more companies you talk to, regardless of their size, the better.