

Benchmarking

Problem

How to achieve world class performance?

Difficulty

Work with an SME

- **Benchmarking** compares one of your **processes, services, or products**, to a standard; typically the best in class.
- It may, or may not, focus on your competitors.
- Examples: Amazon has free returns. Disney answers the phone on the first ring. Lands' End has a lifetime guarantee.



Knowledge and capability transfer from the best in class

https://commons.wikimedia.org/wiki/File:Knowledge_transfer.svg

Inadequate performance →

Benchmarking Process

→ Improved processes

1. Document current practices, identify problem areas and their key performance indicators (KPIs).
2. Identify industries having similar processes. (Examples: For SW & HW with few defects consider US defense contractors or NASA. For fast SW creation consider the SW startup community.)
3. Identify the leaders in these industries.
4. Determine the processes of these leaders: visit, capture data, score them using your KPIs.
5. Model the leader's processes so they can be applied to your organization.
6. Implement necessary improvement projects.
7. Repeat as needed.

Benchmarking – Example – 6in6 paradigm

Assume 6in6 activities (e.g., selecting topics, creating presentations) need to be improved. Below are some sample needs, the element to improve, an appropriate KPI that can be used across industries, an industry to investigate, and a possible exemplar.

Need	KPI (Key Performance Indicator)	Element to improve	Industry with this skill	Potential exemplar
Selecting content for 6in6 site	Percentage of visitors finding the content "very relevant for me"	Selecting useful content, especially for business concepts	Business schools	Wharton Business School
Creating synopsis for each 6in6 topic	Percentage of site users finding the content to be "very helpful to me"	Creating synopses, especially for business concepts	Publishers	Harvard University Press
Creating useful graphics to accompany 6in6 descriptions	Percentage of site users finding the content to be "very useful to me"	Creating compelling graphics	News media (graphics accompanying news stories)	USA Today
Creating awareness of 6in6 web site and updates	Number of new visitors to website per week	Who makes sticky sites?	Groups managing start-ups	Y Combinator
Formatting for all the 6in6 presentation	Percentage of site users finding the presentation to be "well executed"	Design good story formats	News media	USA Today
Responsiveness to 6in6 inquiries	Percentage of site users finding the responsiveness "very quick"	Timely, complete responses	Vacation travel destinations	Disney Parks

How do this well?

How does this industry do it?

Assess how this company does it?

Benchmarking – Notes

Slide 1

1. There is no standard benchmarking process.
2. Benchmarking may be: **Competitive** (focus on competitors), **Strategic** (look outside the company's industry), or **Internal** (for large companies with pockets of excellence).
3. Publications can list the best companies for specific activities. For example, Ritz-Carlton hotel guests are the happiest. Apple stores have the highest sales per square foot.
4. Benchmarking may come in four varieties:
 - A. **Strategic** – How a company competes against others. Usually not industry-specific.
 - B. **Project** – How projects are executed (e.g., project management techniques). Usually common across companies
 - C. **Performance** – How well a company performs (e.g., price or quality).
 - D. **Process** – How the thing or process is created.

Slide 2

1. The examples here are focused on performance.

Recommended web sites for more information

- <https://www.greycampus.com/blog/quality-management-what-is-benchmarking-in-six-sigma/>
- <https://sixsigmastudyguide.com/benchmarking/>