

Process Benchmarking



A guide to help you adopt a more structured approach to Process Benchmarking in your business

External benchmarking is simply the planned and systematic comparison of performance and processes with other businesses. Too few enterprises in tourism today make full use of benchmarking and although there are indeed challenges associated with doing so, you can only ever really gauge the true performance of your business when it is compared in the context of others and that essentially is what benchmarking is about.

Process Benchmarking

This guide is designed to help you to adopt a more structured approach to Process Benchmarking in your business and addresses the following content:

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1. Introduction

There are two types of external benchmarking:

Benchmarking your Results

When your business benchmarks its key performance results against peers, industry norms or best in class enterprises, those results begin to have more relevance. Internal benchmarking of progress from year to year is useful and positive trends are of course essential, but without external benchmarking those results do not demonstrate that your business is operating as effectively as it might.

For example, if you showed a 10% increase on sales over the last year, that's good, but if the industry norm for a business such as yours was a 20% increase, then you are actually underperforming in the market.

Improvements seen in sales, reductions in costs or positive results in areas such as customer and employee satisfaction take on new meaning when externally benchmarked; they are either shown to be at the leading edge or lagging behind the norm. There is a difficulty,

however, in relation to benchmarking results, as different organisations compile their results in different ways so it is important to benchmark results based on true like-for-like comparisons.

Benchmarking your Processes

The second area where external benchmarking can deliver a positive contribution to improved performance is by comparing how you manage a particular process against how that process is managed in other companies, particularly those that are deemed to excel in that particular area.

However, benchmarking your processes is more than a "site visit to have a look around" and should be structured in such a way as to deliver tangible results. In addition, team-based approaches to benchmarking are more effective, as it allows for clearer identification of what is to be the purpose of the benchmarking activity and greater sharing of learning as a result.



2. How to Manage Process Benchmarking Activities

As mentioned, process Benchmarking is not the same thing as a 'fam-trip' or getting a 'show-around' another business which can of course be valuable in its own right.

No, process benchmarking is never an ad hoc activity and instead is a structured process whereby you seek to compare one of your key processes, or part thereof, against what is deemed a best in class company so that you can learn how to do things better and apply that knowledge to your own process. To examine what you need to do to get the most from process benchmarking, consider it from three perspectives:

- ❑ Before the visit
- ❑ During the visit
- ❑ After the visit

2.1 Before the visit

To maximise what you get from process benchmarking, it is vital that you, or those involved, fully prepare for it and a range of questions need to be considered here including:

What do you want to learn?

In most cases, it is very difficult for a whole process to be benchmarked at one time, so it is more feasible to identify what particular key activities/tasks within that process are to be benchmarked.

To do this the process owner in question and his/her team must ensure that:

- ❑ They have fully 'mapped out' their process, by breaking it down into sub-processes, activities and tasks/steps.
- ❑ The key performance measures associated with their process have been defined and tracked for a period to show a trend in the performance of that process.
- ❑ The specific aspect of the process where the potential for improvement is greatest, or most immediate, has been identified. Most likely, it will be an area or areas that are currently underperforming which will be of particular focus here and the process owner must clarify what problems or issues they are hoping to get insights to by benchmarking.

There is really no value in rushing to see what others are doing until the process owner and his/her team have clearly identified what it is they are seeking to benchmark and what they hope to get from doing so. Equally, if the team in question is very large, the process owner might want to form a sub-team which will be involved in the actual benchmarking visit; such a team should comprise a mix of expertise applicable to the given process.

Which organisation to choose to benchmark against?

Once there is clarity as to where the areas for improvement lie within the process, the team needs to identify a benchmarking partner, or partners. For the exercise to have any real value, you want to make sure that the team is benchmarking against an organisation which is currently performing well in the particular areas under consideration, and better still if they are seen to be leaders in that field; however, you need to be careful here in that you must ensure that the team select companies who are similar in scale, or face similar challenges to your business.

There is no point in them benchmarking against a company which can manage a particular process more effectively simply because they have greater resources, or have spent a fortune on technology which you could never afford. It is therefore a matter of making contact with potential partners to see if there is a willingness to share the knowledge, and clearly as you are seeking to form a partnership here, they may well come looking for something in return. The reality is that you may need to hold initial discussions with a number of potential benchmarking partners before you find the right ones(s). Equally, as no single business can be a leader in every process then, over time, you may develop a range of benchmarking partners for different processes.

Once the company, or companies, are selected it is then a matter of initially sharing data about the process under consideration. This is important to, first, ensure that you are comparing like with like, and two, to be clear that this company is actually better than you at the process and indeed considered to be leaders in it. Then, of course, the logistics of the visit need to be organised and so on. It is also useful to send the list of questions to the

benchmarking partner in advance so that they can be fully prepared.

2.2 During the visit

To get the most out of the visit, there should be a clear agenda prepared in agreement with the benchmarking partner and the process owner and his/her team should have their specific questions submitted in advance and be very clear on what they want to see in practice. The key task for the process owner is that they lead the visit professionally and ensure that the required information is addressed in its entirety so that the goal of the benchmarking visit is fully achieved. Clearly, it can also be helpful to assign others in the party to take the lead on particular aspects of the visit, and indeed to have someone capture the key points of the discussion throughout. Immediately at the end of the visit the team should summarise their findings and compare notes etc.

2.3 After the visit

Many organisations fall into the trap of trying to copy best practices they see in other operations, but rarely does that prove effective because to do so ignores the cultural and contextual issues that helped to generate the excellent results seen in the other business. Therefore, as the old saying goes, it is better to adapt not adopt and once the visit is over, the team should explore how the principles learned about the particular process can be applied in your business.

How to measure the value of benchmarking

For all key processes in your business, there should be key performance measures defined which are designed to track how effective a particular process is. When improvements are made as a result of benchmarking, the impact of those changes should then be reflected in the relevant measures over time.

3. Conclusion

Process benchmarking can offer you the following benefits. It can:

- ❑ Pinpoint aspects of what you do which require attention, but can also highlight what you are doing well.
- ❑ Help to increase the challenge for employees and raise engagement levels through the team-based approaches usually applied when benchmarking.
- ❑ Help build the skills and competences of the process owner and his/her team when they learn from others outside the business.
- ❑ Reduce the risk of change in the sense that when you adapt best practices to fit your business, you at least know the principles behind what you are doing are tried and tested.
- ❑ Ultimately lead to process improvements which in turn generate improved business performance.

The above benefits are real and proven, but will only arise if process benchmarking is professionally managed.





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