

Best Practice Benchmarking – a true driver of change

by

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Benchmarking – the process of identifying and learning from best practice in other organisations – is a powerful tool in the quest for continuous improvement and performance breakthroughs. One of the key features of “good” benchmarking studies is their focus on delivering value. In some studies the project team are left to go away with the “results” at the end of the study and manage themselves the changes that deliver the benefits. In more effective studies, the team starts to think about the potential changes required and how the results of the study are going to be implemented on day one.

Much has been written about change management and many shelves would be needed to house the volumes that exist on the subject. There is, perhaps, one overwhelming business mantra – that “change is inevitable” and the pace of change is ever quickening. The reasons for change are well-documented – technological advances, global competition, demands for improving shareholder returns or value for money within non-profit making sectors have all contributed to the clamour for change.

If we accept that change will always be part of our business lives, the key questions to ask are how can we best ensure that the changes we make are the right ones and how should we manage the changes to optimise the benefits? This is where benchmarking should play a major role – it’s activities and results should feed and guide the change management activity.

Where benchmarking fits – its role in change

All business activity, including production, service delivery, or management, is a series of interrelated, sometimes dependent and frequently complex processes. Successful change is invariably linked to the improvement in the performance of one or more processes.

To successfully improve process performance and deliver change to activities it is vital that there is a good understanding of the processes involved and objective fact about the historical performance. This is achieved by defining and mapping the processes under scrutiny and by ensuring appropriate measurement of performance exists. Productive benchmarking can be achieved only by having such an understanding of the processes (and their performance) that are to be the subject of the benchmarking study.

One aspect of benchmarking is to enable organisations to gauge how well they are performing against others who undertake similar tasks and activities. But the key

aspect of best practice benchmarking is gaining an understanding of *how* other organisations achieve superior performance. A good benchmarking study, for example, in customer satisfaction and retention, will provide data and ideas on how excellent organisations undertake their activities and demonstrate best practices that may be adopted, adapted and used.

This new knowledge will result in the benchmarking team being able to judge the gap between leading and less good performance, as well as planning considered actions to bring about changes to bridge that gap. These changes may be things that can be undertaken quickly, with little adaptation and at a minimum of cost and disruption. Such changes, often brought about by the effected operational team, are often called 'quick wins'. This type of change is incremental and carries low levels of risk but usually lower levels of benefit.

Quick wins will often give temporary or partial relief from the problems associated with poor performance and tend to address symptoms not the underlying "diseases". They can have a disproportionate favourable physiological impact upon the organisations. Used well, quick wins should provide a platform from which longer lasting changes may be made, having created a feeling of movement and success. All too often however, once quick wins are implemented there is a tendency to move on to other areas, without either fully measuring the impact of the change or getting to the root cause of a performance issue. Quick wins are clearly an important weapon in effecting change but must be followed up properly to deliver sustainable business improvement through the adoption of best practice.

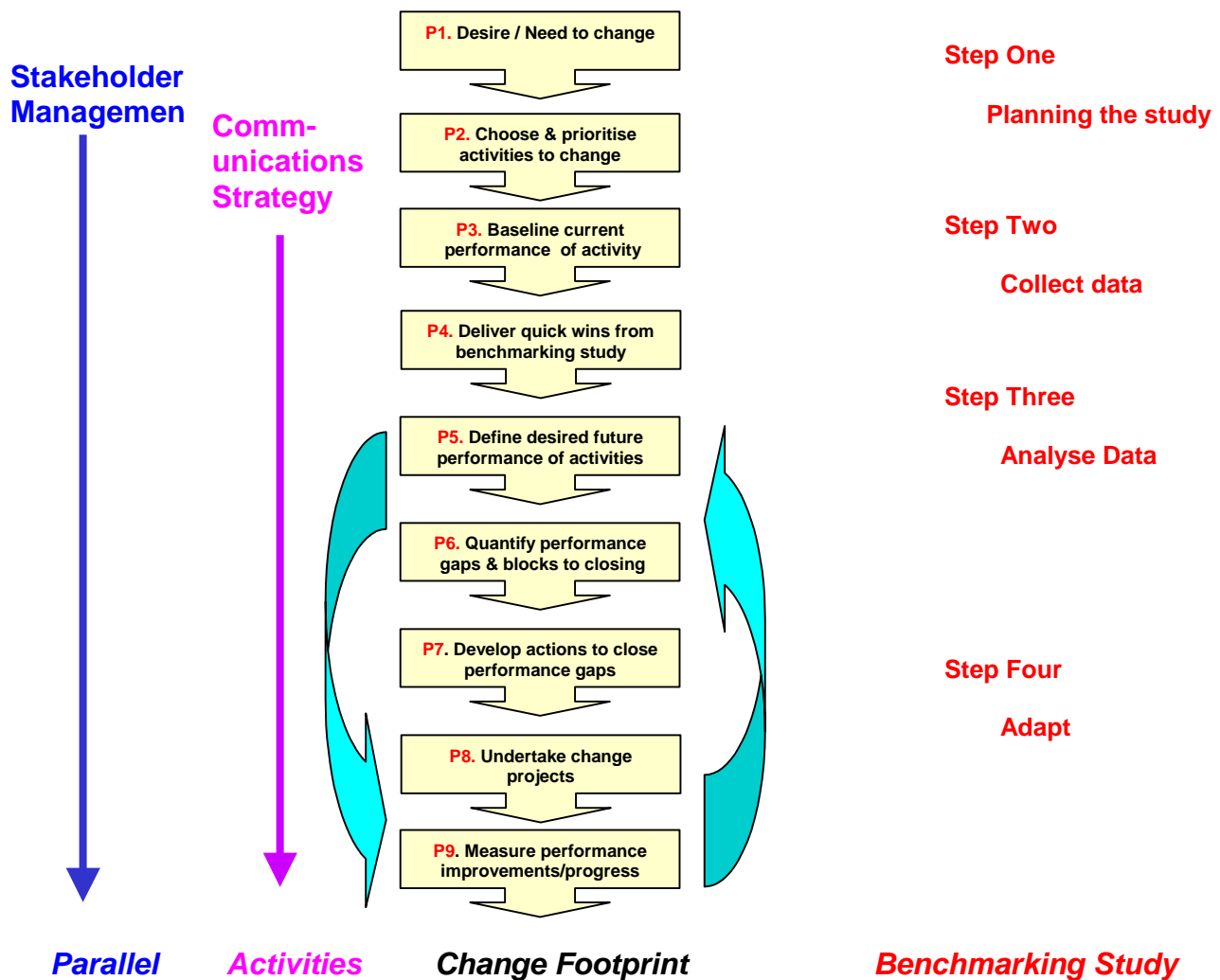
The changes needed to do this will usually be of a more fundamental nature and require investment in effort and money to implement. Such changes will need to be carefully planned and systematically implemented as a discrete change project or programme of projects. They carry substantial risk, if not systematically managed, and controlled, but they have the potential for significant improvement in performance. These types of change projects are sometimes referred to as 'step change' or 'breakthrough' projects/programmes.

A change model – a 'footprint' to follow

Whatever type of change is involved, a key ingredient of success is taking the people along. A first class communication strategy is required throughout and beyond any change activity as well as the linked activity of stakeholder management. The benchmarking efforts need to fit into the change model deployed (See Figure 1).

Many change models exist in diagrammatic form and are often in both intent and structure quite similar. Any model may be considered as a 'footprint' that will lead to the chosen destination, in this case the desired performance improvements through adoption of best practice. The footprint in Figure 1 demonstrates where benchmarking activities link in to the general flow of change activity leading to better results.

Figure 1. The Benchmarking/Change Footprint



The success and benefits derived from any benchmarking and change related activity is directly related to the excellence of the preparation. It is necessary to consider both the “hard” and “soft” aspects represented in Figure 1 and to systematically plan to meet and overcome any difficulties and challenges identified.

Communicating, managing stakeholders and lowering barriers

The importance of first class communication during change can never be over emphasised. A vital element of excellent communication is targeting the right audience with the right message in the right way at the right time. A scattergun approach to communication rarely has the intended impact.

In any benchmarking study it is a wise and well-founded investment in time and effort to define and understand the key stakeholders. The rise of the term ‘stakeholder’ in business language is relatively recent - used to describe any group or individual that has some, however small, vested interest or influence in the proposed change.

Stakeholders are frequently referred to by generic groupings and may be either internal or external to an organisation or business. The importance of forming, managing and maintaining good working relations with these groups is widely acknowledged and accepted.

The reality is that this activity is frequently not performed well in benchmarking. A disgruntled or ignored stakeholder with high direct organisational power or influence can easily derail the intent and hard work of other. Stakeholders with less direct power or influence can, at best, provide an unwelcome and costly distraction from the main objectives of a benchmarking study. The art of stakeholder management is to proactively head off any major confrontations. This means really understanding the stakeholders needs and their potential to do both good and ill.

The burden of effective stakeholder management rests with the benchmarking team charged with stimulating change. They may need the ongoing patronage and support of people outside their direct control. In any good benchmarking study early thought will be given to who the stakeholders are and this will be valuable input to developing a robust stakeholder management strategy.

The elements of successful stakeholder management should include:

1. Defining and mapping the stakeholder groupings.
2. Analysing and prioritising these groupings.
3. Researching the key players in the most important groupings.
4. Developing a management strategy.
5. Deploying the strategy by tactical actions.
6. Reviewing effectiveness of the strategy and improving the future approach.

The role of measurement in change

Objective measurement is the lifeblood of targeting change activity wisely. Benchmarking project budgets are often limited and it is good practice to target such discretionary spend at changes and improvements that will deliver the best return for their investment. Systematic measurement will provide a reliable baseline for making such decisions. By relating current performance against desired performance it should be possible to define both the gaps and appreciate the scale of improvements required to achieve the desired change.

Benchmarking studies add an extra dimension by understanding the levels of performance that best practices and leading organisations achieve. This allows realistic and sometimes uncomfortable comparisons with what an organisation is currently able to achieve and what is possible. This is especially useful when setting stretch but realistic targets for future performance.

Base lining performance will allow teams to monitor and understand how successful they have been in delivering beneficial change. Used with care, as part of an overall communications strategy, successes on the road to achieving superior performance through change is a powerful motivator and useful influencing tool.

What should be measured? Many organisations have clearly defined sets of performance measures, some self-imposed and some statute based. These should be used, if in existence. If the interest is in customer satisfaction and retention, for example, a generic but good starting point might be:

- internal measures (the lead / predictor measures): - production cycle times, unit costs, defect rate found (quality) and complaints resolved.
- external measures (the lag / reality measures) – customer satisfaction (perception), customer retention and complaints received.

The benchmarking activity may provide teams with ideas on how they might change the way goods or services are produced and delivered. They will need to prioritise this opportunity, however, to deliver best value for time and money invested and to ensure the organisation does not become paralysed by initiative overload - whilst making improvements the day job has to continue!

The measurement data collected will give a clear steer to the areas that require the most urgent attention but decisions will still have to be made. Measurement is a tool not a substitute for management and leadership – the data on its own cannot make the decisions.

Choosing change activities wisely

As we have seen, benchmarking studies should fuel the desire to undertake change activity. The excitement generated can allow the desire for change to take on a life of its own and irrational and impractical decisions can follow. These will inevitably result in full or partial failure to deliver the desired changes and waste of the valuable financial and people resource spent on the benchmarking itself.

Organisations should resist the temptation to start yet another series of improvement initiatives, without any consideration of their impact upon existing initiatives and the “business as usual” activities. It is important to target the change wisely and a number of key questions need to be answered including:

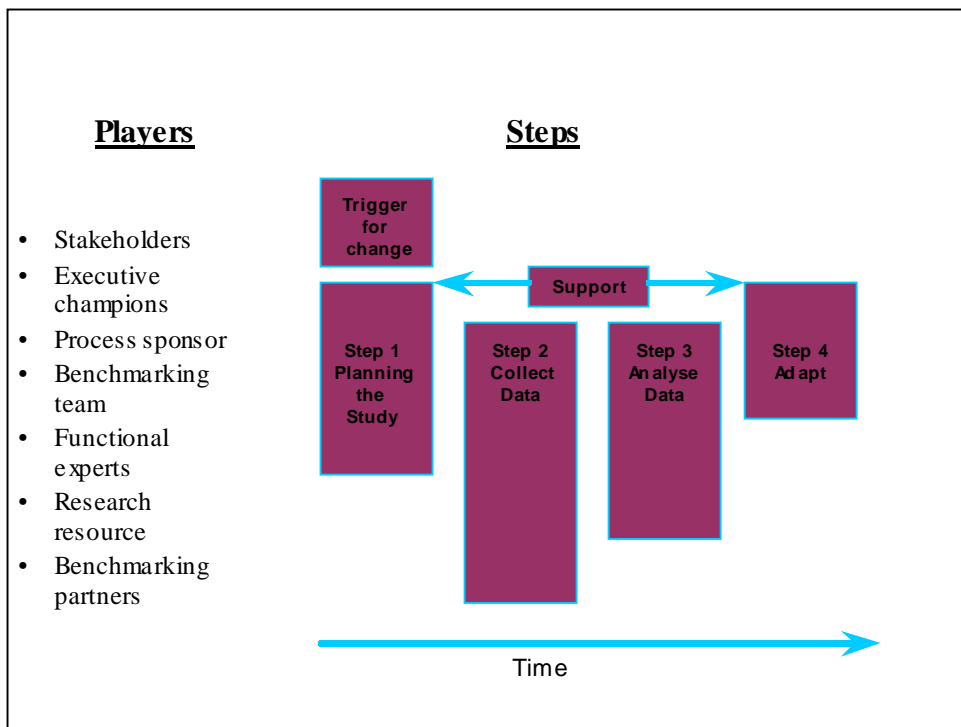
- Do we fully understand the scale of the change?
- Do we have the financial resources to support the change?
- Do we have the people resources to undertake the change?
- Do we have the right skills available to undertake the change?
- Do we fully understand the operational impact during the change?
- Can beneficial changes be made without major disruption to the business?
- Will the delivered change support achievement of our business goals?
- What will the new changes do to existing change initiatives?
- Is the organisation culturally ready for change?

The following is a simple decision making tool to help consider the opportunities that are presented. The process may be viewed as a series of filters – it is assumed that the organisation has defined business goals.

No.	Filter Test	Yes	No
1	Does the benchmarking driven proposed change support the achievement of one or more of the defined business goals?	Allow the opportunity to move forward for consideration	Decline the opportunity or defer taking forward and schedule a review.
2.	Does the change require financial and people resources above those agreed for the current budget round?	Prepare a business case within a project definition for consideration by senior management	Pass the opportunity to local operational management to undertake the changes as 'quick win' initiative
3	Will current improvement activity be adversely impacted by the envisaged new changes?	Consider the relative merits and benefits of new and existing change initiatives and amalgamate or amend or cancel existing initiatives	Allow change project to proceed and add to the controlled list of overall change projects
4.	Is the required additional financial and people resource needed to undertake new change projects available?	Senior management agree and sign off project definition and project begins	Senior management prioritise change activity agreeing necessary slippage or deferment or cancellation of some change projects

In a recently reported study by Morling and Tanner (2000) benchmarking was used to examine the contribution that business management systems (BMS) make to the achievement of organisational objectives. The Defence Evaluation and Research Agency (DERA), with the help of Oakland Consulting, conducted the study, which followed the methodology described by Macdonald and Tanner (1996), which in turn is based on the approach developed by the American Productivity and Quality Center (APQC). This simple four-stage approach, (planning the study; collecting the data; analysing the data; adopting the findings) is shown in Figure 2:

Figure 2. The Benchmarking Roadmap



Source: Macdonald & Tanner (1996)

The benchmarking project was conducted on the basis of sharing best practice to the benefit of both DERA and its external partners. The project team adhered to 'The European Benchmarking Code of Conduct'.

The details of the study and its findings will not be repeated here, but what are relevant to this article are the actions resulting from the study. The benchmarking project and its recommendations were key in the development of revisions to the DERA BMS. It was not the sole input but, as a result of the work, an improvement project was initiated with the aim of making the BMS more process based than it had been. A top-level process model was derived, in parallel with the development of the future strategy for DERA by the senior management. This included, of course, the recent part-privatisation of DERA. From this model, key processes were further developed and better use of web-based technology stimulated.

Benchmarking studies in the BBC have provided insight on, for example, the potential for new technology to radically change existing programme making processes. Benchmarking is an integral part of each process re-engineering project that Oakland Consulting undertake. The external perspective provided by the benchmarking studies helped BBC employees to see how things could be different (thinking outside the box), and provided valuable input to the steps required to implement new processes. Oakland's re-engineering assignment in BBC Resources Ltd was recently recognised at the annual Management Best Practice Awards in London. We have also completed benchmarking in BBC World Service, to produce the justification for new technology, BBC Radio and Television, to highlight the full potential for savings.

The drivers of change are everywhere but properly conducted systematic benchmarking studies can define clearer objectives and help set the goals for effective deployment through well-executed change management.

Best practice benchmarking and change management clearly are bedfellows. If well understood and integrated they can deliver lasting improvements in performance, which satisfy all stakeholder needs.

References

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Morling, P. M. & Tanner, S. J., 2000, *Benchmarking a Public Service Business Management System*, Total Quality Management, 11(4,5&6), Special Issue Proceedings of the 5th World Congress for Total Quality Management, Ed. Kanji, Taylor & Francis, Abingdon

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