

Benchmarking: A Strategic Overview of a Key Management Tool

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Benchmarking is a continuous, systematic process for evaluating the products, services, and work processes of organizations in an effort to identify best practices for possible adoption in support of the objectives of enhanced activity service delivery and organizational effectiveness.

Benefits of Benchmarking

- Input to strategic plan
- Product/service comparisons
- Work process comparisons
- Goal setting

Types of Benchmarking

- Internal benchmarking
- Competitive benchmarking
- Functional benchmarking

Key Phrases of Benchmarking Process

- Determine what to benchmark
- Form a benchmark team
- Identify benchmark partners
- Collect and analyze benchmarking information
- Prepare benchmarking report
- Take action

Determine What to Benchmark

- Organizations must identify those aspects of their operations that they believe warrant benchmarking. What is important?
- Organizations must identify organizational features and processes that lend themselves to comparison. Can they be translated into comparison metrics?
- What are the organizational factors (for example, staffing, revenue sources, planning process)?
- Is the benchmarking strategy- or activity-related?



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Form a Benchmark Team

- Effective benchmarking requires strong staff support from a participating organization.
- The staff that should be involved is a product of what is being benchmarked.
- Regardless of what function is being benchmarked, senior management must play an active role if benchmarking is to have any meaning.

Identifying Benchmark Partners

- Identifying benchmark partners is a balancing act.
- You need to identify organizations that represent potential best practices in the area(s) that are being benchmarked.
- Sometimes, it is not possible to identify the fact that an organization demonstrates a best practice until after it has participated in the benchmarking process.
- You must also find organizations that are ready and willing to share information.

Collect and Analyze Benchmarking Information

- Data gathering must only take place after careful planning that clearly identifies what areas are going to be benchmarked and how.
- Strategic benchmarking reveals much more than simply a comparison. It should go beyond defining differences between organizational performance and shed light on the sources of these differences.
- Benchmarking data can be obtained from a number of sources: interviews, background materials, the Internet, survey data, and so on.

Prepare Benchmarking Report

- Benchmarking should result in the kind of report that enables a benchmark partner to take action.
- Benchmarking should contain both comparative analysis and recommendations that build upon the findings to help participants embrace best practices.
- A good benchmarking report offers a call to action and does not dwell on poor performance; rather, it highlights the opportunities that exist.

Take Action

- The timing of a benchmark project should be linked to an organization's strategic planning process. It should be a key input into the planning process.
- Benchmarking partners should be asked to develop a response plan to the benchmarking report, complete with timelines and deliverables.
- Relevant best practices in the benchmarking report should be cited as goals that the benchmark partner cites in strategic/operational planning.

Benchmarking Methodology

- The process of benchmarking is based on the ability to make informed, meaningful comparisons about key activities, strategies, work processes, organizational attributes, and so on.
- This requires a process of measurement—the measurement of organizational elements that often do not readily lend themselves to being measured.
- The development of the appropriate metrics is the key to the benchmarking process.

Comparison Metrics

- This refers to measurable activities and/or traits developed from the benchmark areas.
- The process of measurement focuses upon elements of a strategy or structural attribute while addressing salient issues within the organization.
- The challenge is to not lose sight of what is fundamental to an organization and its key functional areas.
- Efforts to define comparison metrics are often drawn from input received from interviews, meetings, and experience.

Opportunities for Benchmarking Forest Research Organizations

- Do enough similarities exist among forest research organizations for benchmarking to make sense (size, structure, activity/service focus, and so on)?
- Is it possible to identify best practice organizations?
- Will organizations devote the necessary staff/financial resources required to undertake a benchmarking program?
- Will organizations agree to share the kind of information needed to make the benchmarking project worthwhile?

Launching a Benchmarking Project

- Define potential benchmarking categories.
- Identify benchmark partners and secure commitment to proceed.
- Secure required benchmarking expertise through staff secondment/consulting contract.
- Draft benchmarking work plan outlining duties, project timeframe, deliverables, and costs.
- Commence project.