

# Best Practice Benchmarking

## Introduction

Making improvements within your organisation involves adopting different processes and practices. It is often quite difficult to be innovative enough to identify different ways of doing things – we are often very caught up in the way we currently operate.

One technique available to improvement teams (and to individuals seeking personal development) is simply to ask other people: “How do **you** do this?”. As the self-help writer Anthony Robbins has said: “Success doesn’t happen by chance...successful people and organisations always leave clues”. Finding out these clues helps to stimulate improvement quickly. We all need to be humble enough to admit that someone is better at something and be wise enough to learn from them.

In its formal, organisational sense, this is known as ‘best practice’ or ‘process benchmarking’. It is one of the most powerful and popular organisational tools. All organisations have strengths and areas for improvement, and so benchmarking partnerships can benefit everyone involved.

The Local Improvement Network provides the ideal platform for best practice benchmarking. The existence of common Excellence frameworks, like the Culture and Sport Improvement Toolkit, the practice of self-assessment and Peer-Supported Improvement provide an ideal opportunity for structured best practice benchmarking partnerships and groups, within your region, county or cluster and on a national basis...and potentially with organisations outside of culture and sport services (e.g. via the Regional Efficiency and Improvement Networks or BQF regional networks).

For benchmarking to be effective, it has to take place within a structured framework. (It is not the same as ‘networking’.) This section will help you to add structure to benchmarking activities.

## What is Best Practice – or Process - Benchmarking?

**Best practice benchmarking is:** “A continual, systematic process for evaluating the work practices of organisations, which are recognised as representing best practices, for the purposes of organisational improvement”<sup>1</sup>.

Best practice benchmarking should not be about:

- industrial tourism (especially if it is a ‘jolly’ for managers)
- spying
- ‘wow!’ visits (during which you spend all the time admiring the ‘technology’)
- cloning – no two organisations are exactly the same
- keeping up with the Jones’s – benchmarking is about improvement
- one-upmanship – all organisations have strengths and areas for improvement
- gaining something over your benchmarking partners (rather, think win-win).

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<sup>1</sup> Source: M. Spendolini, ‘The Benchmarking Book’.

Best practice benchmarking should be separated from the important measurement tool performance benchmarking. The latter (also known as competitive analysis) gives a picture of how an organisation's key results compare with those in similar industries or markets, while best-practice benchmarking gives you ideas to help you achieve improved performance.

We need to carry out benchmarking because:

- we all have too much to do and not enough time in which to do it
- we need to focus on the outside world
- none of us can keep up with everything

## The Process

Best practice benchmarking involves the steps explained below.

- a. **Identify the subject of benchmarking (for example, one of your improvement projects).**
- b. **Establish a project team (this could be the improvement team).**
- c. **Clarify the subject to be benchmarked.**

Ensure that the project team has a clear understanding of what you currently do in relation to the benchmarking subject (for example, through process mapping) and/or what you aspire to have. Develop an understanding of the current barriers to improvement in this area. Techniques and questions to help you to achieve this are covered in the section on leading and challenging improvement teams (section 6).

Discuss and agree subjects that may be of interest to a benchmarking partner. Your self- assessment and Peer-Led Challenge are very useful here.

- d. **Find suitable benchmarking partners**

These partners could be:

- your peer organisation (established through Peer-Led Challenge)
- other organisations within the Local Improvement Network or other networks.

The Local Improvement Network could organise benchmarking days, which provide the opportunity to share practices with and learn from a number of organisations. The approaches shown below apply equally to this situation.

**e. Make contact and establish the partnership.**

Establish and develop a good working relationship with your benchmarking partners. Stress what you have to offer the partnership and the shared benefits.

**f. Agree protocol, including confidentiality.**

The Benchmarking Protocol shown on page 6 provides a useful starting point.

**g. Meet, discuss, listen carefully, observe 'their ways' and collect the information**

Clarify who should attend the benchmarking meetings and people's roles (for example, asking questions, discussing, observing, making notes, etc).

Avoid being sidetracked or 'admiring the technology' during the meeting. Look and listen very carefully during the visit. You need to develop an insight to what makes the approach work. Remember to be very positive about what you see and hear.

Ensure that all organisations involved have equal opportunity to learn.

**h. Plan and carry out improvements (see the section on leading improvement teams).**

**i. Review progress.**

## **Benchmarking Code of Conduct**

To contribute to efficient, effective and ethical benchmarking, individuals agree for themselves and their organisations to abide by the following principles for benchmarking with other organisations.

### **1. Principles of legality**

Avoid discussions or actions that might lead to, or imply, an interest in restraint of trade, market or customer allocation schemes, price fixing, dealing arrangements, bid rigging, bribery or misappropriation. Do not discuss costs with competitors if costs are an element of pricing.

### **2. Principles of exchange**

Be willing to provide the same level of information that you request in any benchmarking exchange.

### **3. Principle of confidentiality**

Treat benchmarking interchange as something confidential to the individuals and organisations involved. Information obtained must not be communicated outside the partnering organisations without prior consent of participating benchmarking partners. An organisation's participation in a study should not be communicated externally without permission.

### **4. Principle of use**

Use information obtained through benchmarking partnering only for the purpose of improvement of operations with the partnering companies themselves. External use or communication of a benchmarking partner's name with their data or observed practices requires permission of that partner. Do not, as a partner or consultant, extend one company's benchmarking study findings to another without the first company's permission.

### **5. Principle of first-party contact**

Wherever possible, initiate contacts through a benchmarking contact designated by the partner company. Obtain mutual agreement with the contact if communicating with other parties.

### **6. Principle of third-party contact**

Obtain an individual's permission before providing their name in response to a contact request.

### **7. Principle of preparation**

Demonstrate commitment to the efficiency and effectiveness of the benchmarking process with adequate preparation at each process step, particularly at initial contact stage.

## **Etiquette and ethics**

In actions between benchmarking partners, the emphasis is on openness and trust. The following guidelines apply to both partners in the benchmarking encounter:

- In benchmarking with competitors, establish specific ground rules up front. For example: “We do not want to talk about those things that will give either of us a competitive advantage, rather, we want to see where we can mutually improve or gain benefit.”
- Do not ask competitors for sensitive data or cause the benchmarking partner to feel that sensitive data must be provided to keep the process going.
- Any information obtained from a benchmarking partner should be treated as internal privileged information.

**Do not:**

- disparage a competitor's business or operations to a third party
- attempt to limit competition or gain business through the benchmarking relationship.

**Benchmarking exchange protocol**

- Know and abide by the benchmarking code of conduct.
- Have basic knowledge of benchmarking and follow a benchmarking process.
- Determine what to benchmark, identify key performance variables, recognise superior performing companies and complete rigorous self-assessment.
- Develop a questionnaire and interview guide and share these in advance if requested.
- Have the authority to share information.
- Work through a specified host and mutually agree on scheduling and meeting arrangements.
- Follow these guidelines in face-to-face site visits:
  - provide a meeting agenda in advance
  - be professional, honest, courteous and prompt
  - introduce all attendees and explain why they are present
  - adhere to the agenda
  - maintain focus on benchmarking issues
  - use language that is universal, not jargon
  - do not share proprietary information without prior approval for the proper authority of both parties
  - share information about your process, if asked, and consider sharing study results
  - offer to set up a reciprocal visit
  - conclude meetings and visits on schedule
  - thank the benchmarking partner for the time and for sharing information.