Module 2

BENCHMARKING BEST PRACTICES

Alberta

GOVERNMENT OF ALBERTA

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An Overview for Workshop Participants

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Through a process called *benchmarking*, an organization that wants to improve its performance may do so by adapting and implementing key practices that make other organizations outstanding. Borrowing from the terminology of surveyors, those who use this technique assess their own operations or condition in relation to a carefully defined *benchmark*–usually, the condition or achievement level of an outstanding counterpart or, in some cases, a recognized standard–and proceed to find ways to elevate their own organization's performance toward that benchmark.

Benchmarking has been defined in simplest terms as "learning from the pros."[1] Benchmarkers decide which of their own processes hold the keys to future success, identify "best in-class" performers of those crucial operations, examine the practices of best-in-class performers, note differences that distinguish those practices from their own operations, and adapt key practices for their own use in an effort to close the performance gap. Projects often focus on quality, cost, and/or speed of operation. The impressive results achieved through this process have made benchmarking an important element in many applications of total quality management (TQM). The objectives of benchmarking–learning from top performers and adopting "best practices"–are consistent with the drive for continuous improvement common among many leading public and private sector organizations.

Defining Benchmarking

Xerox Corporation is credited with originating the practice of benchmarking among American companies. Xerox's chief executive, David Kerns, defined benchmarking as "the continuous process of measuring products, services, and practices against the toughest competitors or those recognized as industry leaders." Robert Camp, the logistics engineer who initiated Xerox's benchmarking program and who is generally regarded as the guru of the benchmarking movement, offered an even simpler definition. "Benchmarking"
says Camp, "is the search for industry best practices that lead to superior performance."[2]

Other experts have offered a variety of definitions of benchmarking. Some are rather complicated, but others are quite simple. Although a bit lengthy, the following definition is especially appealing because of its simple language:

> *Put quite simply, benchmarking is the art of finding out-in a completely straightforward and open way-how others go about organizing and implementing the same things you do or that you plan to do. The idea is not simply to compare your efficiency with others but rather to find out what exact process, procedures, or technological applications produced better results. And when you find something better, to use or copy it-or even improve upon it still further.[3]*

Although many of the earliest and best known instances of benchmarking involved private sector corporations, nothing about the philosophy or logic of benchmarking renders it inapplicable or inappropriate to the public sector. Just as in the case of total quality management (TQM), the philosophy of benchmarking emphasizes continuous improvement. Every organization, even those that already are outstanding, can and should strive to get better. The logic of benchmarking suggests that the best place to look for ideas to improve our products
and services is in the processes of organizations that already are achieving extraordinary results. The philosophy is appealing and the logic is simple–and clearly applicable to federal, provincial and local government.

History of Benchmarking: First the Private, Then the Public Sector

Benchmarking lore credits Xerox Corporation with initiating the process in the United States in the late 1970s.

Previously, corporate strategies to learn from others focused primarily on the finished products of competitors, often relying on "reverse engineering" to unravel product design clues. Such endeavors were almost never undertaken with the co-operation of the company whose products were being examined. The approach taken by Xerox was startlingly different.

Xerox's approach focused on key *processes*, rather than simply on finished products, and highlighted distinctive elements of those processes that accounted for product superiority. Importantly, Xerox's benchmarking strategy recognized that many processes are not unique to a single industry and that comparisons need not be confined strictly to one's competitors. In fact, Xerox and other benchmarkers now believe that breakthrough advances are more likely to occur by adapting lessons learned from leaders operating in entirely different industries. Processes developed in other industries offer fresh perspectives and therefore can sometimes yield substantial gains. The approach taken by Xerox relied on co-operation among a variety of benchmarking partners across several industries, each willingly sharing information with the others in hopes that it, too, would gain important insights to improve its own processes.

A few other companies began to follow Xerox's lead in the early and mid-1980s, but by the end of the decade the benchmarking movement had been supercharged by two developments. One was Congress' 1987 adoption of the Malcolm Baldrige National Quality Improvement Act, which established an annual Quality Award. The award's criteria emphasized documentation of superior standing through external comparison, with candidates required to demonstrate how their quality practices and results compared with other "world-class" or "best-in-class" organizations. Companies that aspired to be recognized for their excellence were encouraged to benchmark their performance.

The second major development propelling the benchmarking movement was the 1989 publication of a book entitled *Benchmarking: The Search for Industry Best Practices that Lead to Superior Performance,* written by Xerox's Camp and including descriptions of that company's approach and experience. Coinciding with the book's release, Xerox Corporation was named a 1989 Baldrige Award winner, spurring widespread interest in Xerox practices in general and benchmarking, in particular. By the early 1990s, an estimated "60-70 percent of the nation's biggest companies" were engaged in benchmarking.[4]

Within a decade following its introduction, benchmarking had distinguished itself as an important tool for performance improvement in corporate America. In several highly publicized cases, benchmarking corporations were learning and benefiting from what would have seemed unlikely partnerships in the pre-benchmarking era. Xerox learned from L. L. Bean, a clothing store catalogue retailer; Motorola from Domino's Pizza; and Digital Equipment Corporation (DEC) from a seemingly illogical set of partners that included Scott Paper, Campbell Soup, Whirlpool, Boeing, Hewlett-Packard, and Apple.

Gradually, public sector benchmarkers joined the action and began to report similarly favorable results. The Milwaukee fire department benchmarked its counterpart in Portland, Oregon, and reduced the rate of fire deaths in a targeted high-incidence area by one-third.[5] The New York City Transit Authority improved its inventory and logistics management operations by benchmarking with Federal Express, United Parcel Service, and Delta Airlines, as well as with transit authorities in Houston, Detroit, Montreal, Tokyo, and Stockholm.[6] The U. S. Mint, which not only produces the nation's money but also sells coins to collectors, turned to Lenox China and Black & Decker for ideas to improve its sales operations.[7] In the mid-1990s, the state of West Virginia drew on the experiences of a combination of public and private sector partners as it tackled benchmarking projects focusing on customer satisfaction, employee training and development, and one-stop business registration.

Benchmarking with Units Similar to or Different from Your Own

Perhaps the most celebrated benchmarking tale is a well-known Xerox success story. Dissatisfied with the pace at which it filled orders, Xerox sought ideas to improve its operation and turned to a catalog-order company it regarded as one of the best in that aspect of business–L. L. Bean. In fact, L. L. Bean was three times as proficient

as Xerox in moving requested items from inventory to the customer. A fact-finding team from Xerox visited L. L. Bean's facility and found out why. The secret to the cataloger's success was an inventory system organized not simply by general categories but by frequency of sales. Under that system, the most frequently ordered items were also the ones most accessible. In addition, L. L. Bean's computer software helped organize incoming orders so packers could combine trips for items shelved near one another. Xerox adapted these ideas for its own operation with favorable results.

The Xerox-L. L. Bean case is an example of a category of benchmarking known as "co-operative benchmarking." Because it usually involves companies from different industries, co-operative benchmarking features a much more open exchange of information than typically may be found in instances of "competitive benchmarking," where competitors in the same industry share general information and perhaps even exchange facility tours, but withhold information considered to be "trade secrets."[8]   Xerox was able to more freely acquire information from L. L. Bean, a company outside its own industry.

Other types of benchmarking include "collaborative benchmarking," which typically involves an exchange of data among a consortium of organizations, and "internal benchmarking," which applies the benchmarking process to different units within the same organization. Although still valuable, the information exchanged in collaborative benchmarking typically offers fewer details and less often focuses on "best-in-class" processes than does co-operative benchmarking, where gaining insights about the processes of the most outstanding performers is precisely the point. Serious benchmarkers engage in internal benchmarking from time to time for two reasons: First, adoption of the practices of top performing units within an organization can boost the performance of poorer performers in the same organization, and, second, internal benchmarking is an excellent way to build benchmarking skills and to develop the information you will need about your own operations as you embark on one form of external benchmarking or another.

Steps in Benchmarking

Camp described Xerox's groundbreaking procedure for benchmarking as a 10-step process moving sequentially through four phases—the planning phase, the analysis phase, the integration phase, and the action phase (*Figure 1*). Despite the prominence of Camp and his Xerox colleagues among pioneers in the benchmarking arena, this 10-step model has not been regarded as sacrosanct. Everyone, it seems, has a customized version of the benchmarking process. Even among models developed especially for public sector benchmarkers, there is a seven-step process,[9] a nine-step process,[10] and an eleven-step process.[11] Fortunately, most of the alternate models—public sector and private sector—have been strongly influenced by Camp's prescription and bear striking similarities to one another.

Figure 1

A Ten-Step Benchmarking Process

Planning

Analysis

Integrati

Action

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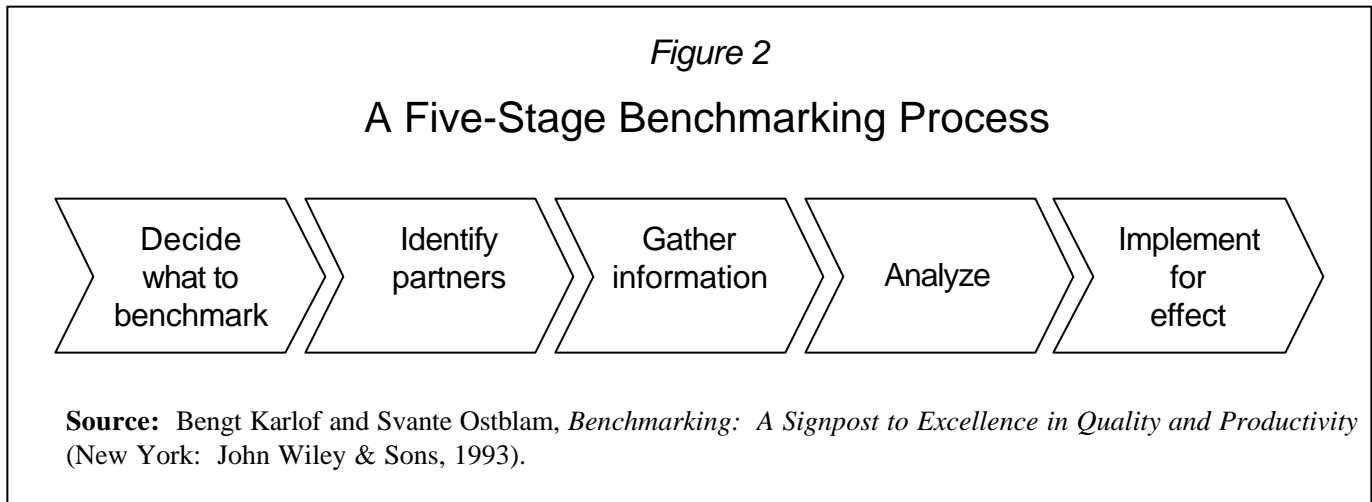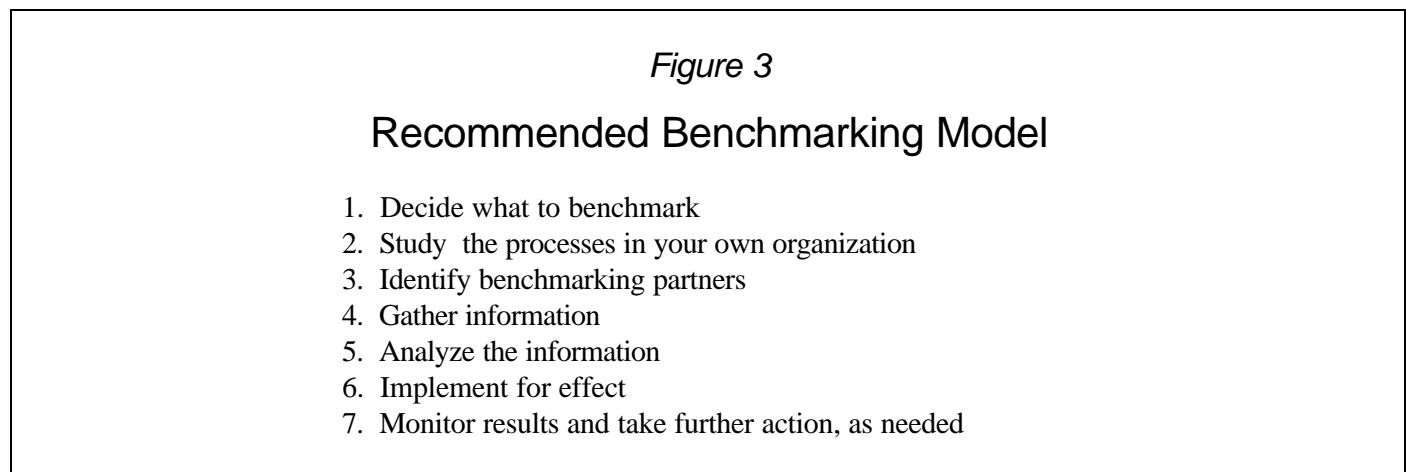
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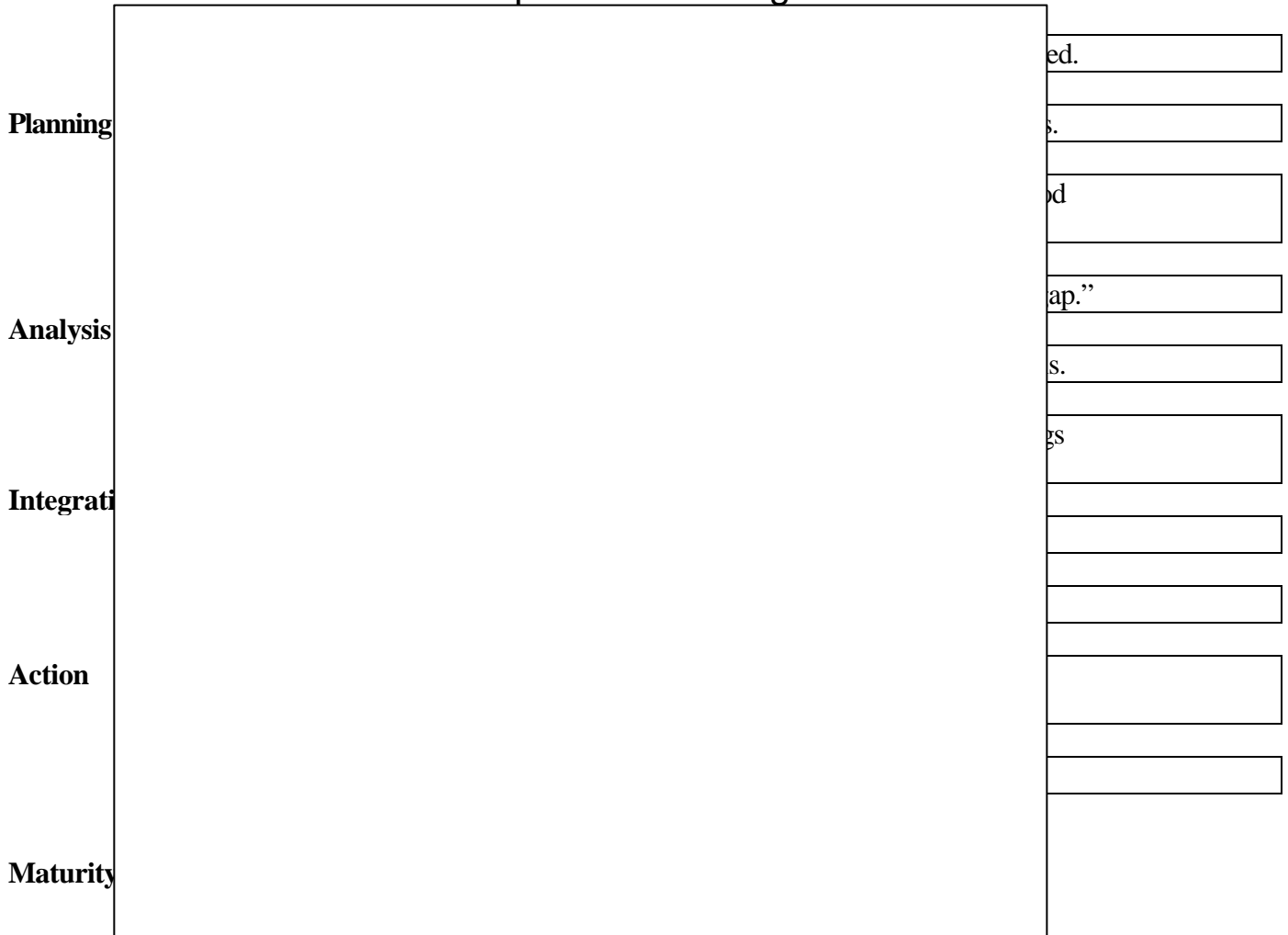
Source: Robert C. Camp. *Benchmarking: The Search for Industry Best Practices that Lead to Superior Performance*. Milwaukee, WI: Quality Press, 1989, p.17.

The simplest models of the benchmarking process–that is, those having the fewest elements–rarely eliminate steps. Instead, they usually cluster related steps together within a smaller number of elements or stages in the benchmarking process. Karlof and Ostblom, for example, propose a five-stage benchmarking process (*Figure 2*). An even simpler "meta-model" has been developed by the International Benchmarking Clearinghouse, consisting of only four steps: plan, collect, analyze, and improve.[12]

Figure 2

A Five-Stage Benchmarking Process

Decide what to benchmark	Identify partners	Gather information	Analyze	Implement for effect

Source: Bengt Karlof and Svante Ostblam, *Benchmarking: A Signpost to Excellence in Quality and Productivity* (New York: John Wiley & Sons, 1993).

Although a solid foundation in benchmarking can be acquired by a thorough understanding of any of the process models, this overview is based on the following seven-step model (*Figure 3*).

Figure 3

Recommended Benchmarking Model

1. Decide what to benchmark
2. Study the processes in your own organization
3. Identify benchmarking partners
4. Gather information
5. Analyze the information
6. Implement for effect
7. Monitor results and take further action, as needed

Step One: Decide what to benchmark.

Benchmarking is neither simple nor inexpensive. Doing it properly usually requires long hours and conscientious effort from some of the organization's best and brightest employees. The resources required by a benchmarking project should not be squandered on the analysis of an insignificant or inconsequential aspect of the organization's operations. In deciding what to benchmark, a provincial or local government would be wise to consider:

- Where in its operations bottlenecks occur;
- Where frequent complaints arise;
- Where backlogs are most prevalent;
- Which functions contribute most to their favorable or unfavorable image;

- What qualities of performance are most valued by their customers or stakeholders;
- What will have the most impact on achieving strategic goals and objectives;
- Where the greatest opportunities for substantial gain are likely to reside; and
- Which functions consume the greatest portion of the organization's resources.

Benchmarking in these areas is likely to produce the greatest benefits.

It has been suggested that the best way to decide what to benchmark is to focus first on values, emphasizing in particular the desired qualities and characteristics of the organization's products and services.[13] With this approach, the proper question becomes, "What needs to be improved in our operation in order to obtain optimum value for our customers?" As one observer explains, "If that turns out to be an identifiable work process, we then ask what the expected outcome of the process should be versus what it is now. We start by evaluating the result and then work backward to learn the location of the process deficiency. If we cannot just fix it, then we might consider a project to benchmark the process."[14]

Consideration of these questions might lead you to identify, for example, the quality of staff work in some narrowly defined process as a major problem. If so, you might choose to benchmark error rates in that process, performance accuracy, or customer satisfaction ratings. If, instead, you think that the problem lies in responsiveness, you might choose to benchmark the normal cycle time for a key process, the average time required to handle field requests, or the volume of back orders. If your diagnosis leads you to believe you have an efficiency problem, you might choose to benchmark unit costs for a particular set of services or service units per employee hour in a given operation. The trick is to select a target that is important to management and customers but is not so broad as to be unwieldy. A narrow focus is the better choice.

Most beginning benchmarkers are tempted to take-on a big project with multiple dimensions, shrugging off the standard advice that encourages them to define the benchmarking focus narrowly and to concentrate on a single process or on some limited aspect of their operations. Instead, they often consider projects of grander scale−focusing, for example, on organizational communications across the board or on an entire department in a provincial or local government, because they mistakenly believe that a broader focus will yield greater value from the benchmarking project. Usually, the opposite is true; a broader focus yields a lesser value. The observation has been made that "Teams that set out to benchmark expansive subjects. . . might as well try to boil the ocean. Successful benchmarking projects usually start with well-focused project missions that target manageable topic areas. Project teams that cast their nets too broadly bog down."[15]

If you have chosen your benchmarking focus carefully and wisely, you will have selected an aspect of performance in which there is considerable difference between your organization's level of achievement and the level obtained by organizations that are outstanding or "best-in-class" on that dimension. This difference is known as the "performance gap." The object of benchmarking is to identify the reasons for the performance gap and to adapt best practices from top performers so those practices can be implemented in your organization to close the gap.

Early in the benchmarking process−certainly by the time a decision is made on the general focus of the benchmarking project, if not earlier−thought should be given to assembling a benchmarking team, typically consisting of four to six employees. The team should include representatives from the activity being examined, with at least one representative working at the operational level in that activity. Ideally, each team member should have basic analytical skills or aptitudes and good interpersonal communication skills.

Team training on basic benchmarking skills, including roles and responsibilities of team members, data collection methods, and protocols for contacting benchmarking partners, can be critical in getting the effort off to a good start. Most private sector benchmarkers have been found to offer two basic benchmarking courses: a one- to two-day basic skills course and a two- to four-hour management briefing session.[16]

By assembling the team at an early stage in the process, team members from the department being examined can participate in decisions regarding key dimensions of performance on which to focus. For example, a benchmarking team in provincial government that is studying the department of labor might be influenced by a team member who is a departmental employee to focus not simply on job placement rates, but on placement rates stratified to account for different job categories and client skills. Team members from an emergency communications operation might influence a decision to incorporate dispatch time and error rates into an examination of their unit. Professional insights–especially those contributed by unit colleagues–are likely to enhance co-operation, as well as acceptance of the project and its results.

Some veteran benchmarkers prefer to assemble two teams in sequence, often with some repeat members. The first team examines various processes among the organization's activities that are considered potential candidates for benchmarking projects. This review includes consideration of the need for process improvement in a given instance and its probable impact; the availability of other, more direct routes to the design of the desired process improvement; and the potential project's acceptability to management. If improvement of a given process is deemed to be needed and of significant importance, if benchmarking is considered to be the best option for designing that improvement, and if management support is likely, the first team can proceed to identify clearly the focus of the proposed benchmarking project and to seek management's authorization. The second team–the actual benchmarking team–will be assembled only after the project's focus has been
identified in order to ensure the selection of team members involved in and well-acquainted with the process being studied.

Step Two: Study the processes in your own organization.

It is important that your benchmarking team become as familiar as possible with all of the details of the operation being examined as it functions in your own organization before requesting such information or even seeking participation commitments from your benchmarking partners.

A thorough understanding of your own operations is important for several reasons. First, it is difficult to effectively apply lessons learned from others if you have not analyzed current practices at home. Second, unless you have command of relevant internal information when you initiate conversations with potential benchmarking partners, you risk not only embarrassment as you attempt to respond to basic questions but perhaps even the withdrawal of benchmarking partners from participation. If you can describe your organization's processes and performance measures–and perhaps even fax a copy of your flow chart, if requested–your own commitment to the benchmarking effort is demonstrated and your benchmarking partners will be reassured that they are contributing to a serious benchmarking project from which they, too, may benefit.

In addition, self-assessments can:

- Identify obvious targets for improvement, including practices or processes that may be improved without formal benchmarking;
- Demonstrate to partners your commitment to improvement;
- Open up channels of communication between programs or departments, enabling them to learn from each other and share solutions to common problems;
- Generate momentum and an acceptance of the need for change; and
- Contribute to an understanding of unique organizational features that cannot be changed.[17]

Process mapping or flow charting techniques, which are described more fully under Step Five, can be used to help you define and understand the process under study.

Step Three: Identify benchmarking partners.

Potential benchmarking partners with outstanding reputations *in the process you have chosen to benchmark* and,

more importantly, outstanding performance records in those activities, may come from the public sector or the private sector. In some cases, dealing with other public sector organizations may be the simpler option. Other public sector units operate in a similar environment, speak approximately the same language, and, without the private sector concern for "trade secrets," are apt to be free with whatever process information they possess. On the other hand, the level of performance measurement and process documentation tends to be
more advanced in the private sector, which could make relevant data more available and analysis more reliable when dealing with corporate partners. Furthermore, just as corporate benchmarkers are most likely to achieve breakthrough advances by studying processes in organizations outside their own "industry," public sector units may discover substantial gains by venturing beyond comparisons solely with governmental counterparts.

Where can you get leads on potential benchmarking partners? Several sources can help.   Professional associations, renowned practitioners, consultants, and university faculty often can cite organizations with solid reputations in a given field. Articles in the professional and popular literature may provide additional clues, as can various lists of organizations that have won relevant awards.

Compile as large an initial list of potential benchmarking partners as you can. Then, learn as much as possible about each from library materials and other secondary sources so that you can begin winnowing the list. The objective is to have a list of solid organizations that are likely to score very well on the benchmarks selected in the first stage of the process.

As you think about potential partners, it is important to be clear about what you really want to accomplish through the benchmarking process. Will you be satisfied with basic improvements in current practices, or do you truly want to be a world leader?

Conventional wisdom in benchmarking circles encourages the identification of best-in-class or "world-class" performers as benchmarking partners. But best-in-world comparisons generally require a great deal of time and resources. Organizations are best served by selecting models appropriate to their status and aims. Those having a long way to go before achieving excellence may be better served by using as their models solid performers that might not yet possess world-class status but that offer ideas that may fit their own organization better, given current circumstances. The observation has been made that "fledgling quality organizations that try to immediately mimic best-in-world performance systems–without first putting in place the requisite management foundations to support such systems–are a bit like yapping dogs that chase excitedly after passing cars: Should they be so lucky to catch them at an intersection, they are unprepared to do anything more than bark."[18]

Eventually–when your team is trained and ready to proceed, when project plans are well developed, and when necessary information about your own operations has been carefully compiled–you may begin contacting potential benchmarking partners, describing your benchmarking plans, securing a few details about their practices and results, inquiring about the availability of performance data, and, if all signs are favorable, requesting their agreement to participate. Typically, a combination of telephone calls and written communications describing in detail the benchmarking project's purpose, its focus, the expected timetable, the obligations of benchmarking partners, and what those partners may expect in return are incorporated into the process of securing partners.

The Management Accountants of Canada in their publication, *Implementing Benchmarking,* suggest the following general guidelines for data gathering:

   1.Questionnaire: A questionnaire is the foundation for any good benchmarking study and provides a common communication link among the benchmarking participants. Prepared before initial contact, it implies that the team has a good understanding of their own processes, and is verified by those who do the actual work.

   2. Surveys: In a mail or telephone survey, the appropriate target population is asked to complete the questionnaire, backed with incentive for the target audience to respond.

3. Personal Visit and Interview: The initial contact should be made by the benchmarking team leader or by senior management of a government ministry or business, especially where sensitive data is to be considered. The data analysis methodology should be carefully considered to ensure that the data is in a format conducive to analysis. A three-member team is considered ideal for a visit: one to ask the question, another to record it, and the third to think of the next question.

4. Legal/Ethical Considerations: Every benchmarking team ahould be aware of the legal and ethical considerations in data-gathering. Companies should have policies regarding information sharing, including practices to be observed, such as: no form of misrepresentation, no enticement to others for illegal divulgence of information, and no seeking of data on prroprietary products or processes.[19]

Step Four: Gather information.

Benchmarking data can be collected through publications and archival information, telephone interviews, site visits, surveys and/or questionnaires. The most comprehensive request for information from benchmarking partners is typically in the form of a questionnaire. The questions that you include in the questionnaire should be selected carefully in order to meet your needs without overburdening your partners.

- If information is truly important for the study, ask for it in the form that is simplest to collect or most likely to be available already.
- If the information is only of marginal importance, consider omitting it from your questionnaire.
- Do not ask for anything that you would not reveal about your own organization.
- Test the questionnaire for clarity.

In developing the questionnaire, it is important to define terminology and/or methods for performing any calculations that may be required. If this is not done, it may prove difficult to make valid performance and/or cost comparisons down the road.

Despite efforts to limit the scope and difficulty of their requests, benchmarkers typically ask a great deal of their partners. Steps taken to limit that imposition are appropriate. It is also important that benchmarkers adhere to proper protocol as they proceed through the project.

Some elements of *benchmarking protocol* will seem a bit foreign to public sector officials, for they are designed to protect trade secrets and other proprietary information that private sector partners may wish to keep confidential. Other elements of protocol are simply matters of common sense and common courtesy.

Inform your partner about the purpose of your benchmarking project and the intended use of the information. If your partner wishes to keep confidential some of the information being shared with you, ask that they so-designate that material. If they decline to share sensitive information, respect their right to do so. Adhere to any agreements you make regarding the release of information.

Be prepared and willing to share information about your organization with your partners. If you visit their site, offer to host a reciprocal visit. Be a gracious visitor−introduce any colleagues accompanying you and explain their involvement; be punctual; use your host's time wisely, perhaps providing a list of key questions and discussion topics in advance; and express your appreciation to your benchmarking partners. And remember, your interview is not completed until the thank-you note is written.

Step Five: Analyze the information.

Collecting data is only part of the benchmarking process. It has been suggested that at least 60 percent of the time devoted to a benchmarking project should be spent analyzing data, deriving insights, communicating findings, and convincing the audience.

As you compile performance information, expect to find a performance gap between your own organization's performance marks and those of your benchmarking partners. After all, you selected this activity in hopes of finding avenues for improvement, and you chose your benchmarking partners because they were presumed to be outstanding in this function. The key now is to analyze the extent of the performance gap, estimate the benefits that would accrue from narrowing or closing it, and analyze differences in processes in order to find explanations for performance superiority.

The task of analyzing key processes in the operations of benchmarking partners can be made more manageable by the application of well-developed techniques designed to help you spot not only the big differences among processes in various operations but also the subtleties. Process flow charting, for example, is a technique that is particularly well suited for the type of analysis required in many benchmarking projects. In its most rudimentary form, very little specialized knowledge is required for flow charting, other than familiarity with a set of five symbols used to categorize the elements of a given process (*Figure 4*). An analyst carefully observes the process or interviews someone knowledgeable about its details, and enters each step on a special form called a "process chart"–using the appropriate symbol to designate the category of each step (*Figure 5*).

Figure 4

Process Flow Chart Symbols

Symbol	Name	Definition
○	**Operation**	An item is acted upon, changed, or processed.
⇨	**Transportation**	An object is moved from one place to another.
□	**Inspection**	An object is examined to be sure quantity and/or quality is satisfactory.
D	**Delay**	The process is interrupted as the item awaits the next step.
▽	**Storage**	The item is put away for an extended length of time.

The sample flow chart displayed in *Figure 6* shows the steps involved in one government's process for requisitioning small tools. If that process was selected as the focus of a benchmarking project, similar flow charts would be developed for each of the benchmarking partners. Comparison of the flow charts would aid in the detection of key process differences that contribute to the success of the organizations that are achieving the best results. It would also help the benchmarking team focus on aspects of the operation in their own organization that could benefit most from adaptation.

Data matrices can also be used as a vehicle for data comparison. Arraying data in a matrix can help you identify common practices, spot needs for additional information, and highlight large variances that may need to be checked for explanations.

Once key process differences have been detected, the task shifts to designing adaptations that can be imported to your own organization as a means of narrowing the performance gap. This involves translating your analysis into specific, actionable recommendations.

Figure 5

Process Flowchart

PROCESS CHART

Present Method ☐
Proposed Method ☐
SUBJECT CHARTED _____ DATE _____
_____ CHART BY _____
_____ CHART NO. _____
DEPARTMENT _____ SHEET NO. _ OF _

DIST. IN FEET	TIME IN MINS.	CHART SYMBOLS	PROCESS DESCRIPTION
		◯ ⇨ ☐ D ▽	
		◯ ⇨ ☐ D ▽	
		◯ ⇨ ☐ D ▽	
		◯ ⇨ ☐ D ▽	
		◯ ⇨ ☐ D ▽	
		◯ ⇨ ☐ D ▽	
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		◯ ⇨ ☐ D ▽	
		◯ ⇨ ☐ D ▽	
		◯ ⇨ ☐ D ▽	
		◯ ⇨ ☐ D ▽	
			Total

Source: Adapted from Patricia Haynes, "Industrial Engineering Techniques," in *Productivity Improvement Handbook for State and Local Government*, ed. George J. Washnis (New York: John Wiley & Sons, 1980) p. 211.

Figure 6

Process Flowchart–Present Method

PROCESS CHART

Present Method ☒
Proposed Method ☐
SUBJECT CHARTED __Requisition for small tools__   DATE _____
Chart begins at supervisor's desk and ends at typist's desk in __   CHART BY __J.C.H.__
purchasing department. _____   CHART NO. __R 136__
DEPARTMENT _____   SHEET NO. __1__ OF __1__

DIST. IN FEET	TIME IN MINS.	CHART SYMBOLS	PROCESS DESCRIPTION
			Requisition written by supervisor (one copy)
			On supervisor's desk (awaiting messenger)
65			By messenger to superintendent's secretary
			On secretary's desk (awaiting typing)
			Requisition typed (original requisition copied)
15			By secretary to superintendent
			On superintendent's desk (awaiting approval)
			Examined and approved by superintendent
			On superintendent's desk (awaiting messenger)
20			To purchasing department
			On purchasing agent's desk (awaiting approval)
			Examined and approved
			On purchasing agent's desk (awaiting messenger)
5			To typist's desk
			On typist's desk (awaiting typing of purchase order)
			Purchase order typed
			On typist's desk (awaiting transfer to main office)
105		3 4 2 8	Total

Source: Adapted from Patricia Haynes, "Industrial Engineering Techniques," in *Productivity Improvement Handbook for State and Local Government*, ed. George J. Washnis (New York: John Wiley & Sons, 1980) p. 211.

As you develop your recommendations, avoid the trap of blindly substituting another organization's practices in place of your own. What works in one organization may not be appropriate in another, due to differing organizational structures, work cultures, financial situations, or other factors.

It may be helpful to consider the following questions as you assess alternative recommendations:

- Which changes could be made most economically?
- Which changes are likely to produce the most dramatic results?
- Which changes would be least disruptive to the organization?
- Which changes are likely to produce the fastest results?
- Which changes are likely to encounter the least resistance?
- Which changes pose the fewest limitations in terms of legislation, technology, turf, and finances?

Step Six: Implement for effect.

The sixth stage of the benchmarking process calls for implementation. At this stage, it is important to write an action plan that identifies specific steps, responsibilities, and timing for carrying out the recommendations of your benchmarking team.

Transporting good ideas from "best-in-class" organizations to your own is rarely a matter of total *adoption*; more often, it involves *adaptation*–using the best ideas in a form and fashion most suitable in your circumstance and setting. In some cases, the wisest approach may call for implementation in phases. In others, additional training of personnel may be required, new equipment may be necessary, or "customer" orientation may be appropriate to smooth the transition. These considerations and others must be built into the implementation plan to give the project maximum opportunity for success.

The participation of operating personnel from the activity being analyzed has been important at every stage of the process, but nowhere will the decision to include them on the benchmarking team pay more handsome dividends than at the implementation stage. If respected operating personnel have helped shape the focus of inquiry, have examined the data from benchmark partners, have asked their questions and received answers that satisfy them, have perhaps seen different processes operating successfully firsthand, and have participated in designing process adaptations that they are convinced will work locally, their optimism and influence on co-workers are likely to be of immeasurable value.

Step Seven: Monitor results and take further action, as needed.

The prospects for successful implementation will be enhanced if the process and its results are carefully monitored and adjustments made, where necessary. Monitoring, therefore, should be built into the benchmarking plan.

As you monitor the benchmarking plan, be sure to measure your progress against expectations. Are improvements proceeding on schedule? (If not, what are the obstacles? Do you need to amend your implementation plan?) Has your performance improved as expected? (If not, do you need to consider alternative means of implementing your strategies? Or, do you need to consider new strategies?)

Keys to Success

Unfortunately, there is no way to guarantee the success of a benchmarking project. Several things can be done, however, to increase the likelihood of that result:

- *Understand the benchmarking process and adhere to its core elements.* Each step in the benchmarking process has a purpose. Following those steps meticulously can consume a considerable amount of time, and you may be tempted to cut a few corners. Be careful. Sometimes an alluring shortcut may lead you down the wrong path and short-circuit the project. For instance, conferring with only one presumed expert rather than several on the choice of benchmarking partners may lead to disappointing results. Skipping over the step that calls for thorough analysis of your own operations and jumping directly to site visits may leave you ill-prepared to exchange information or ask the right questions of your host, thereby rendering the visit as nothing more than what expert benchmarkers derisively call "industrial tourism."

- *Involve the right people early.* Involving at an early stage operational employees from the activity being examined will prove beneficial throughout the project. The research design and analysis will be strengthened by their insights. Implementation success will be enhanced by their credibility and commitment.

The involvement of upper level officials–though in a different manner–is important as well. When a municipal benchmarking team in Salt Lake City, Utah had narrowed its choice of targets to three activities, it sought the opinion of the mayor and city council prior to making its final selection. By including the governing body in the project selection, the benchmarking team enhanced the prospects of resource commitments for the project, interest in its findings, and support for implementation.

- *Get a "champion."* A senior official who is willing to speak up for the benchmarking project, marshal needed resources, maintain interest in the benchmarking team's progress, and urge implementation of improvement strategies can enhance the vitality and value of the project. It is not necessary that such a champion be a member of the benchmarking team.

- *Commit adequate staff resources to the project.* Many organizations hire consultants to help them with their benchmarking projects. Such a decision often makes sense, for unless an organization has experienced benchmarkers on hand, the process can seem a bit daunting. A knowledgeable consultant can be helpful in identifying benchmarking partners and deciding on and collecting relevant information. Unfortunately, however, many consultants who claim benchmarking experience have engaged only in corporate projects and may be unfamiliar with the special concerns of public sector agencies. Furthermore, some consulting arrangements preserve too few of the benchmarking duties and decisions for the staff of the hiring organization. A strategy that virtually turns the project over to a consultant not only denies the project important insights that knowledgeable staff members could contribute, but it also deprives the resident staff of the rich details of interorganizational comparisons that can be realized most fully by actual and direct involvement in the project. Whether or not you hire a consultant to help you, your organization is more likely to be happy with the result if you plan to *do* a benchmarking project rather than to *buy* one.

Prospects for Benchmarking in the Public Sector

Ask someone about benchmarking in the public sector and they might mention the celebrated and award-winning program called "Oregon Benchmarks" or some other, equally worthwhile project of a similar nature conducted in another jurisdiction.   Although few compare in scope and ambitiousness with the state of Oregon's model, such projects typically document prevailing conditions on important social indicators or measure the performance of government services and set targets–sometimes called benchmarks–toward which future efforts should be directed.

Oregon's approach relies on performance measures and goal setting. In reality, it is more akin to strategic planning than to corporate-style benchmarking. The absence of external comparisons with best-in-class organizations separates Oregon's approach from examples that follow more closely the steps included in corporate-style benchmarking[20], as does the more limited attention given by Oregon to analysis of processes among partners and identification of "best practices." The state of Minnesota's *Minnesota Milestones*, the Southern Regional

Educational Board's *Goals for Education: Challenge 2000*, and several other outstanding, goal-oriented planning efforts similarly have a few elements in common with benchmarking, but very few. This is not to suggest that the targets established for Oregon are not benchmarks—indeed, they are. They offer
a point of reference against which progress may be tracked and, therefore, qualify as benchmarks—although relatively few are based on authoritative standards or external comparisons that verify their reasonableness.

The identification and use of benchmarks is a laudable step for planning, evaluation, and results-oriented management. It is an important step toward accountability. In its simplest form, however, the *use* of benchmarks—authoritative professional standards or norms from other respected jurisdictions—as points of reference for assessing conditions or the adequacy of services is not the same as *benchmarking*. In some
cases, broad based comparisons with benchmarks may be made with relative ease, but *true benchmarking projects trade breadth for depth.* They are tightly focused on a key process and provide depth of analysis that
is intended to produce not only an assessment of the adequacy of current operations but, more importantly, a
set of recommendations for process improvement.

In Canada, benchmarking efforts are evolving as governments increase their accountability to the people they serve. A *results oriented* focus with performance measures is wide-spread in the planning of many governments and businesses. The establishment of measures, indicators, and standards are currently a focus
of Alberta Government ministries and related services under each ministry.

Currently in the Alberta Government, activity toward establishing best practices is based on the development of standards, measures and indicators. Benchmarking will evolve with comparison to "best in class" for
similar tasks and responsibilities. One example of ongoing work in benchmarking is Alberta Health's *Best Practices,* June 1997, which illustrates comparison of specific procedures against successful applications.   In addition, the Calgary Regional Health Authority is currently using the Maryland Quality Indicators 1993
project to benchmark hospital quality care with indicators such as length of stay and re-admission rates.[21]

Comparative studies, such as are carried out in many government and business services and programs may
yield useful results, but may not be benchmarking. To date the *best in class* is yet to be established in most services and public jurisdictions in Canada. In order to assure comparisons are valid, definitions are needed for each measure. Comparison to operational or financial practices of a service leading to best outcomes can then be measured.

 American examples show that the US Air Force Logistics Command, whose rapid and reliable parts delivery during the Persian Gulf War was a major success story, credits its remarkable efficiency to the benchmarking it did with Federal Express.[22] Similarly, the U. S. Internal Revenue Service was a pioneer in public sector benchmarking, targeting American Express for billing and Motorola for accounting practices.[23]

Through the years, many American state and local governments have adopted service delivery approaches
once they were demonstrated elsewhere to be "best practices." Rarely were they called benchmarking projects, nor did they often include all of the prescribed steps, but many of the hallmarks of benchmarking were present. A prime example has been the widespread adoption of police services practices known generally as "community-oriented policing." Initiated in Philadelphia, this approach produced results so attractive that it demanded and received emulation by others.[24] It is noted that Edmonton and many other Canadian jurisdictions have adopted this practice successfully.

In keeping with a benchmarking philosophy that seeks "best practices" wherever they may be found, some US city governments have adopted practices found in the private sector. For example, in the late 1970s, the city of Oak Ridge, Tennessee, looked to a private sector model of fire service efficiency, a Scottsdale, Arizona-based company called Rural/Metro Corporation, for ways to cut costs without reducing service quality.[25] By making a few adaptations, Oak Ridge was able to make Rural-Metro's firefighter deployment system function effectively in a totally public sector environment at substantial savings compared to previous costs.

In more recent instances, the city of Glendale, Arizona, benchmarked its plan review process with municipal partners Bellevue, Washington; Chula Vista, California; and Lakewood, Colorado, which were identified as suitable partners following database and journal searches, and consultation with governmental and professional organizations. The city of Arlington, Texas, has benchmarked several components of its parks and recreation operation, often with local government partners but in some cases with corporate partners such as American Airlines and Marriott Corporation.[26] Using a collaborative approach, the cities of Reno, Nevada, and Salt Lake City, Utah, have joined forces in a joint benchmarking project designed to improve their customer referral processes.[27]

Interest in benchmarking, ranging from the use of benchmarks in strategic planning and outcomes-based budgeting to corporate-style benchmarking projects, is increasing in the public sector. This growing interest prompted *Governing* magazine to label the phenomenon "the benchmarking craze." As noted in that issue, enthusiasm for benchmarking is not restricted by ideology. "Conservatives see it as a way to bring accountability to government; liberals see it as a way to illustrate that government *is* worth paying for−and may even be worth paying *more* for."[28]

The prospects for rapid multiplication of benchmarking projects in the public sector are good. The pressures to improve public service efficiency and effectiveness are great and are likely to grow even greater in the years ahead. The benchmarking consultants who assisted Reno and Salt Lake City in their joint project note correctly that "invention is not the only way to express ingenuity. Building on or improving on the invention of another is also ingenious−as well as time-saving and cost-efficient."[29]

And that is the rationale that underlies benchmarking.

Suggested Readings for More Information about Benchmarking Best Practices

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