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# An overview of benchmarking process: a tool for continuous improvement and competitive advantage

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## Introduction

The essence of benchmarking is the process of identifying the highest standards of excellence for products, services, or processes, and then making the improvements necessary to reach those standards, commonly called “best practices”. The justification lies partly in the question: “Why re-invent the wheel if I can learn from someone who has already done it?” Jackson Grayson Jr, chairman of the Houston-based American Productivity and Quality Center, which offers training in benchmarking and consulting services, reports an incredible amount of interest in benchmarking (Ross, 1995, p. 235).

Benchmarking was begun in the late 1970s by Xerox Corporation. During this time, Xerox was losing market share and feeling a lot of pressure from its competitors. In an attempt to try and “get back into the game”, Xerox decided to compare its operations to those of its competitors. After finding quality standards with which to compare itself, Xerox began one of the greatest trends in the business world today (McNair and Leibfried, 1992).

Benchmarking has been gaining popularity, especially in the last five years. The process of benchmarking is more than just a means of gathering data on how well a company performs against others. Benchmarking can be used in a variety of industries, both services and manufacturing. It is also a method of identifying new ideas and new ways of improving processes and, therefore, being better able to meet the expectations of customers. The ultimate objective of benchmarking is process improvement that meets the attributes of customer expectations (Omachonu and Ross, 1994, pp. 140-1).

Robert C. Camp headed up the now-famous study at Xerox in which the buzzword “benchmarking” was coined in late 1980. When asked whether the best work practices necessarily improve the bottom line, he replied: “the full definition of benchmarking is finding and implementing best practices in our business, practices that meet customer requirements. So the flywheel on finding the very best, is ‘Does this meet customer requirements?’ There is a cost of quality that exceeds customer requirements. The basic objective is satisfying the customer, so that is the limiter” (Linsenmeyer, 1991, p. 34).

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This article is an overview of benchmarking process and its implications for continuous improvement and competitive advantage. In addition, the perceived benefits, costs, and the process of implementation of benchmarking are explored. The ethical and legal implications for the introduction and implementation of benchmarking process are also discussed.

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### **Reasons and perceived benefits of benchmarking**

Benchmarking is the process by which companies look at the “best” in the industry and try to imitate their styles and processes. This helps companies to determine what they could be doing better. The decision to begin benchmarking is valuable to companies by opening up many different ideas to processes, approaches, and concerns (Allan, 1997).

#### *Increasing productivity and individual design*

Companies are benchmarking for a variety of reasons. The reasons can be broad, such as increasing productivity, or they can be specific, such as improving an individual design. By simply looking outside itself, a company can identify breakthroughs in thinking. A similar process used in a different way can shed light on new opportunities to use the original process (Muschter, 1997).

#### *Strategic tool*

Leapfrogging competition is another reason to use benchmarking as a strategic tool. A company's competitors may be stuck in the same rut as the company deciding to benchmark. It would be possible to get a jump on competitors by using new-found strategies. This opens up an opportunity for growth that the competitors may not be aware of (<http://www.utsi.com/wbp/reengineering/benchmark.html>, 2/19/97).

#### *Enhance learning*

Another reason to benchmark is overcoming disbelief and enhancing learning. For example, seeing or hearing about another company's processes and how they are working will help employees to believe that there may be a better way to compete (Brookhart, 1997).

#### *Growth potential*

Benchmarking may cause a necessary change in the culture of an organization. After a period of time in the industry, an organization may become too practised at searching inside the company for growth. The company would be better off looking outside its walls for potential areas of growth. An outward looking company tends also to be a future oriented company. This often leads to a more enhanced organization and increased profits (<http://www.utsi.com/wbp/reengineering/benchmark.html>, 2/19/97).

*Assessment of performance tool*

Benchmarking is defined as “the process of identifying and learning from best practices anywhere in the world” (Allan, 1997). By identifying the “best” practices, organizations know where they stand in relation to other companies. The other companies can be used as evidence of problem areas, and provide possible solutions for each area. When companies benchmark, they use partners to share information with and learn from each other. Benchmarking allows organizations to understand their own administrative operations better, and marks target areas for improvement. It is an ideal way to learn from other companies who are more successful in certain areas. Additionally, benchmarking can eliminate waste and help to improve a company’s market share (Allan, 1997; <http://www.spinnet.org/legeth.html>, 2/19/97).

*Continuous improvement tool*

Benchmarking is increasing in popularity as a tool for continuous improvement. Organizations that faithfully use benchmarking strategies achieve a cost savings of 30 to 40 per cent or more. Benchmarking establishes methods of measuring each area in terms of units of output as well as cost. In addition, benchmarking can support the process of budgeting, strategic planning, and capital planning (Lyonnais, 1997).

In the early 1980s, Ford Motor Company needed to change many aspects of its operations to cut costs due to the suffering automotive market. Management believed it could improve processes in the accounts payable department. After gathering data on Mazda’s accounts payable operations, Ford analyzed and compared its own accounts payable operations. As a result, Ford reduced costs by 5 per cent (<http://138.87.10.1/web/nacubo/ch2e.html>, 2/19/97).

*Vehicle to improve performance*

Benchmarking also allows companies to learn new and innovative approaches to issues facing management which, in turn, provides the basis for training. Benchmarking acts as vehicle to improve performance by assisting in setting achievable goals that have already been proven successful. It overcomes disbelief that there are, by example, other ways of achieving and creating overall enhancement of an organization (Fuller, 1997).

**Types of benchmarking**

There are four different types of benchmarking which consist of: internal benchmarking, competitive benchmarking, functional or industry benchmarking, and process or generic benchmarking. Before deciding to benchmark, a company needs to determine what it is they want to benchmark.

- (1) The first basic type of benchmarking is internal benchmarking. This is benchmarking against operations. It is one of the simplest forms since most companies have similar functions inside their business units. Determining the internal performance standards of an organization is

internal benchmarking's main objective. This enables the sharing of a multitude of information. The benefit of immediate gain comes from identifying the best internal procedures and being able to transfer them to other portions of the organization. Unless it is later used as a baseline for external benchmarking, companies implementing this type can often retain an introverted view (Matters and Evans, 1997).

- (2) Competitive benchmarking is a type used with direct competitors. Done externally, competitive benchmarking's goal is to compare companies in the same markets which have competing products, services, or work processes. An example would be McDonald's versus Burger King. Under this type of strategy, it is advantageous to see what a company's related performance is. Only under certain conditions with direct competitors, information would be easy to reach. Particularly information in the public domain would be the most accessible. Competitors may choose to make it very difficult to obtain their priceless information (Finch and Luebbe, 1995).
- (3) Functional or industry benchmarking is performed externally against industry leaders or the best functional operations of certain companies. The benchmarking partners are usually those who share some common technological and market characteristics. They also seem to concentrate on specific functions. Because there are no direct competitors involved, the benchmarking partner is more willing to contribute and share. A disadvantage can be the cost and scheduling of the already overwhelmed benchmarked companies (Matters and Evans, 1997).
- (4) Finally, process or generic benchmarking focuses on the best work processes. Instead of directing the benchmarking to the business practices of a company, the similar procedures and functions are emphasized. This type can be used across dissimilar organizations. Although it is thought to be extremely effective, it is difficult to implement. Generic benchmarking requires a broad conceptualizing of the entire process and a careful understanding of the procedures (Finch and Luebbe, 1995; Matters and Evans, 1997).

Each company should evaluate carefully its own perspective in what benchmarking is and how they wish to use this process. The company needs to determine whether their focus is on financial results or on meeting customer requirements. This is the only effective way to begin the benchmarking process.

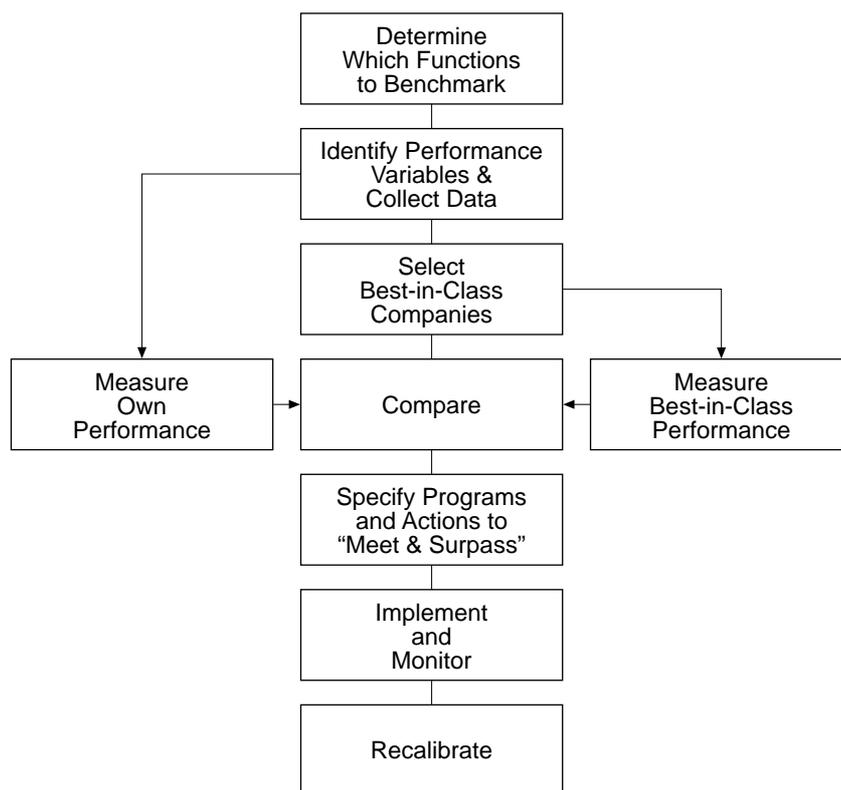
### **The benchmarking process**

Benchmarking is a very structured process that consists of several steps to be taken. These steps are often provided for in a model. It should be noted that even though the process is very structured, it should not add complexity to a simple idea. Basically, "the structure should not get in the way of the process".

Most models of benchmarking process include the following steps, according to Bateman (1994) (see Figure 1).

According to *The Nuts and Bolts of Benchmarking*, written by Margaret Matters and Anne Evans (1997), there are five stages included in the benchmarking process which are discussed below:

- (1) Planning the exercise: this step involves identifying the strategic intent of the business or process to be benchmarked. Many times this information can be obtained by looking at the company's mission statement which summarizes its main purposes. Then selection of the actual processes to be benchmarked must be chosen. This consists of identifying various products produced by the benchmarked company and asking your own company if using this process will create positive results in the organization. Then the customer's expectations must be identified. Finally, the critical success factors have to be determined in



**Figure 1.**  
The benchmarking  
process

Source: Adapted from Bateman (1989, p. 6)

order to benchmark. These factors are links to successful business results.

- (2) Form the benchmarking team: the first step is to select overall team members. These members should be chosen from various areas of the organization. All members should cooperate and communicate with one another in order to get the best results out of the benchmarking process. There are three main teams comprising the overall group. The lead team is responsible for maintaining commitment to the process throughout the organization. The preparation team is responsible for carrying out detailed analysis, and the visit team must carry out the benchmarking visit.
- (3) Collect the data: this step involves gathering information on best practice companies and their performances. Before a company identifies best practice companies, they should first identify their own processes, products, and services. This step will allow a company to fully realize the extent of improvements available. Site visits are also an important factor in collecting data because they allow for a more in-depth understanding of the processes.
- (4) Analyze data for gaps: this step involves determining how your company relates to the benchmarked company. It allows identification of performance gaps and their possible causes.
- (5) Take action: this step involves determining what needs to be done in order to match the best practice for the process. Not only should determination of changes be made, but they also should be implemented (Matters and Evans, 1997).

Different companies have their own benchmarking methods, but no matter which method is used, the major steps involved are as follows: first, measure the performance of the best-in-class relative to critical performance variables such as cost, productivity, and quality; second, determine how the levels of performance are achieved; and third, use the information to develop and implement a plan for improvement (Omachonu and Ross, 1994).

### **The ethical aspects of benchmarking**

Samuel C. Certo (1994) gives a general definition of ethics as “our concern for good behaviour; our obligation to consider not only our own personal well-being but also that of other human beings.” Ethics – where benchmarking is concerned – may be defined as “principles, guidelines, or standards that determine a protocol of interaction between individuals and organizations” (<http://www.spinnet.org/legeth.html>, 2/19/97).

Kent Johnson, Corporate Counsel at Texas Instruments states, “To guard against the erosion of trust, one must focus on avoiding the appearance – not just the reality – of hidden agendas” (Bureau of Business Practice, 1996, p. 151). Johnson stresses the importance of openness in the benchmarking process.

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Many ethical questions may arise in the course of a benchmarking procedure. Two of the main questions which Johnson deals with directly are:

- (1) Can the recipient take credit for developing the idea, approach, etc.?
- (2) If the benchmarking partner received information of tremendous value to them, could they take credit for it in their advertising media?

These questions cannot be answered quickly nor can they be answered easily. Both partners in the benchmarking process would need to communicate their expectations and feelings on the above issues.

Some basic guidelines for both partners in a benchmarking relationship to follow are illustrated in the following sentences. Specific and detailed ground rules should be established. This includes the notion that ideas are not shared to gain competitive advantage, but are instead shared so that both partners can improve or benefit (Allan, 1997). Questions should not be asked about a company's "sensitive data" nor should pressure be put on a partner to feel that they have to divulge such information to continue the benchmarking process. Data received should be treated as confidential and should not limit competition or gain business through such a relationship (Pattison, 1994).

### **The legal aspects of benchmarking**

Due to the general nature of benchmarking, partners should be aware of several legal aspects of this type of relationship. According to Johnson, Corporate Counsel at Texas Instruments, "the degree of legal exposure is different depending on the industry involved, the type of benchmarking transaction you are engaged in, and the business you are in" (Bureau of Business Practice, 1996, p. 152). The six critical areas of expectation, proprietary information, intellectual property, antitrust and unfair trade practices, evidence, and disparagement and trade libel will be discussed in the following paragraphs.

The critical area of expectation deals with what each of the partners feels should be disclosed and how it should be used. Many times the legal focus is a conflict of interests where one company sees the use of the information as different from the other partner. For example, if the recipient passes along information received to a brother or sister corporation. This may have violated what the benchmarked company originally intended. This concept may also be referred to as the idea of public domain. Companies, therefore, should ask themselves if sharing the information will go against the expectation of the benchmarked company. Additionally, both companies should be aware of and sensitive to the other's expectations.

The second area deals with proprietary information. Proprietary information is defined as "any information created, acquired or controlled by the company that has not been published or released without restriction of a type the company wishes to remain confidential." The Securities and Exchange Commission has developed requirements in dealing with such information. These guidelines include requesting and accepting only the information that you will also share along with obtaining an understanding of each others'

controls, restrictions, and definitions of proprietary information (<http://www.spinnet.org/legeth.html>, 2/19/97).

Intellectual property is another area of legal interest. Intellectual property, like it sounds, refers to property such as scientific works, industrial designs, and computer programs. This is the type of property that may result in patents, trademarks, and copyrights. Some guidelines to remember for this area include an understanding of the nature of intellectual property owned by both partners and consulting legal counsel on restrictions regarding such property (<http://www.spinnet.org/legeth.html>, 2/19/97).

Antitrust and unfair trade practices are probably the main areas of concern for the government. Historically, the law did not believe in engagements that were “purely cooperative.” Instead, the law tended to look at these transactions very carefully, scrutinizing them to find ulterior motives. Due to this attitude, all parties involved in the benchmarking process should be aware of antitrust laws and unfair trade practices. Benchmarking in itself is not anti-competitive; however, when dealing with competitors the lines could become blurred. Kent Johnson sets forth three standards to apply. First, the partners should clearly “set the tone” in advance. This refers to an explicit discussion of maintaining rights to compete with each other and not restraining trade. Second, the competitors should avoid the topics of pricing and manufacturing capacity. Finally, less risky means of obtaining information should be used, such as a library, the Internet, and consultants (Bureau of Business Practice, 1996).

Another critical area deals with evidence. Evidence is a relatively simple topic to cover. It deals with information given to one partner company by the other. This information contains areas of success and failure. Johnson states that the purpose is to provide “useful data to the recipient while not shooting yourself in the foot” (Bureau of Business Practice, 1996).

The final area is disparagement and trade libel. Johnson is fairly short and to the point with this topic. For example, he sums it up by saying that the focus should be placed on primarily the good things learned from your benchmarking partner and all information should be straightforward and honest. Additionally, he mentions that this area is basically common sense for most firms and does not generally pose any problems (Bureau of Business Practice, 1996).

### **Perceived limitations and costs of benchmarking**

Although benchmarking is very effective overall, it does have limitations. The main problem with benchmarking is the focus on data as opposed to the processes used to result in that data. Benchmarking should be used as a guide, not for statistical precision (Muschter, 1997).

#### *Focusing on the numbers*

Greg Hackett’s Ohio-based firm is a leader in benchmarking services. He claims the value of benchmarking comes in understanding the process that produces the given data, and in formulating ways to adopt those practices into the

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organization. Hackett says many finance executives are getting “sucked into the numbers” (<http://www.mediapool.com/offtherecord/cfo-ben.html>, 2/19/97).

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*Lacking clarity on where the data originated*

Another limitation of benchmarking deals with not understanding where the data came from, which can cause errors in making comparisons. For example, an organization may want to compare their headcount in the treasury management process against the benchmarked organization. The benchmarked organization may consider cash management, foreign exchange, and real estate as a part of the treasury. Therefore, the organizations may actually consider the definition of the treasury management process to consist of different departments (<http://www.mediapool.com/offtherecord/cfo-ben.html>, 2/19/97).

According to Pat Jones, Corporate Controller at Intel Corporation in Portland, Oregon, their benchmarking efforts were not a success. Like the above example, they too had the problem of clarity on where the data originated. “To ensure we were doing apples-to-apples comparisons,” says Jones, “we had to spend a lot of time reconciling the data. It was incredibly unproductive” (<http://www.mediapool.com/offtherecord/cfo-ben.html>, 2/19/97).

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*Losing focus on the customers and employees*

Benchmarking can cause some organizations to lose their focus on the customers and employees. Companies that try to produce better numbers quickly can cause employee burnout, errors, and the need for rework. A company may also try to quicken receivables and delay payables to meet a certain numeric goal. This may have large adverse effects on customers as well as suppliers (McNair and Leibfried, 1992).

*Resistance by some employees*

Ford manager, Hans Kuschnerus, feels that being aware of potential obstacles in implementing benchmarking can help in dealing with them. One obstacle for Ford was resistance on the part of some staffers. With new changes, there will always be some employees reluctant to get involved and cooperate with new policies. He also found that it becomes easy to cut corners to avoid the trouble and cost of benchmarking. Instead of investing the time and effort, organizations will simply visit the company and see what can be learned. Benchmarking also requires an establishment and utilization of metrics, which are measurements to monitor performance. Performance can be measured in dollars, customer satisfaction, response time, etc. Knowing how performance will be measured is important in the procedure (Bureau of Business Practice, 1996).

Arun Maua, Vice-President at Arthur D. Little, mentions, “you can’t just impose a best practice. It has to be adapted to your own company’s style.” This points out the assumption made by some companies that all processes work for all companies (Martin, 1996).

*Lacking proper implementation*

Other problems with benchmarking may occur due to an organization's failure to implement the process properly. One example of a potential pitfall of benchmarking is the lack of actively involving employees during the process. These employees will be the ones ultimately using the information and improving the process (Omachonu and Ross, 1994).

*Ongoing process-not-one-time project*

Some organizations also have difficulty in treating benchmarking as an ongoing process. It should not be viewed as a one-time project. Additionally, some companies feel that if the tactic is not invented by them, it may be inferior. Furthermore, some companies do not look to benchmark because it exposes their weaknesses. Another common problem with benchmarking is the failure to expand the scope of companies studied. Potential companies to benchmark should include companies in all industries, even those outside of the user company's industry (Omachonu and Ross, 1994).

**Costs of benchmarking**

One of the myths about benchmarking is that it is too expensive. It is obvious that benchmarking does come at a price but cost may vary considerably. There are usually expenses that relate to travel as well as indirect costs associated with employee time devoted to team meetings and travel (Feltus, 1997). But, with careful planning, benchmarking costs can be kept to a minimum.

A way to control the costs is to tackle benchmarking one step at a time. Benchmarking is not an extremely difficult and complex process which many people think. A company can benchmark without it being a huge ordeal. A way to reduce the stress to the companies is examining one process at a time. The actual costs can be kept down if the company benchmarks in degrees and defines very narrow areas to explore (Feltus, 1997).

To minimize the costly meeting and travel time, the company must work efficiently and communicate effectively. The first suggestion for the company is to do homework. The company should know what their own specific problems are before employees go to visit other companies. The trip should be clearly defined as to what one wants to accomplish and what to look for in the trip. Then one must make the information known to the people that one is planning to visit. And since benchmarking is a two-way street, one must understand what the other company wants from you and what you are willing to share with them (Feltus, 1997).

Another misconception that people believe about benchmarking is that there is a cost associated with giving away more information about their total quality processes to other companies than they feel comfortable providing (Feltus, 1997). But, when an employee gives away information, be smart about it and do not give away the heart and soul of the company. As a whole, distributing information and processes will help aid our country (the USA) to become more competitive in the global marketplace.

In a 1995 survey of The Benchmarking Exchange Members, benchmarking was in the top five most popular business processes on which there was current focus. Resources and information are now becoming much more affordable and accessible. In 1992, the average cost of conducting one benchmark study was \$50,000. By 1996, the average cost had dropped to \$5,000 (<http://www.benchnet.com/bppf.htm>, 2/27/97). With the cost of benchmarking falling so rapidly, the use of benchmarking is on the rise.

Overall, benchmarking can easily be done without breaking the company's budget, which is a major misconception of many people. This can be done if one follows the above suggestions and follows them effectively. After all, the knowledge the company gains is well worth the little investment the company makes.

### **Adapting to benchmarking process**

It is often assumed that benchmarking is an essential technique only used in a small number of businesses. However, this is not at all the case. Benchmarking can be used in all types of businesses and other related settings. Measurement is the key aspect used in benchmarking in order to "know where the company stands today and where it will be tomorrow" (<http://www.bradford.ac.uk/universi...wsandviews/95-03/Benchmarking.html>, 2/18/97). This aspect is extremely important in all types of business settings whether manufacturing or service-oriented. It allows businesses to strive for continuous improvement whether dealing with products or processes.

There are many companies which have used the benchmarking process. Some examples of companies which have benchmarked are as follows: Avon products, Exxon Chemical, Microsoft, Ford, and General Motors. One of the best known examples of companies in the USA using benchmarking is Xerox. In fact, this company became known as the "pioneer" of benchmarking (Omachonu and Ross, 1994).

The results from this benchmarking process for Xerox included:

- Quality problems cut by two-thirds.
- Manufacturing cost cut in half.
- Development time cut by two-thirds.
- Direct labor cut by 50 per cent and corporate staff cut by 35 per cent while increasing volume (Omachonu and Ross, 1994).

Xerox did not get all improvements directly from benchmarking. The improved process and climate indirectly improved the rest of the organization (Omachonu and Ross, 1994).

Another company which has exercised the use of benchmarking is General Motors. This company compares itself to the best-in-class company. This helps the company realize where they are going wrong and that it is possible to do it better (Finch and Luebbe, 1995). General Motors compares its labor hours per vehicle to that of Ford. General Motors was putting in 30 labor hours per vehicle

and Ford only put in 19. This is a dramatic gap that General Motors needed to improve upon. They also benchmarked from Toyota. Toyota was superior to General Motors in four areas. The areas included the following: defects per vehicle, warranty cost per vehicle, order response time, and fasteners per car. These were all areas that General Motors needed to improve on to gain future success. General Motors also looked at Suzuki. Suzuki was regarded as a leader for having their paint put on properly the first time. The final company that General Motors used was NUMMI. General Motors looked to NUMMI in three different areas, including external JIT parts, internal JIT parts, and fastener part numbers (Finch and Luebbe, 1995). These four companies have contributed to General Motors' benchmarking process.

Another company which has exercised the use of benchmarking is Andersen Windows. This manufacturer has been used as a benchmark because of their mass production techniques to assemble items "uniquely tailored" (Martin, 1996). Anderson has been an essential mass producer of windows in the past, but as people's needs changed so did Andersen's processes. Andersen did its best to keep up with the changing market demands. Andersen's so-called "best practices" have placed them at the leading edge of the window market (Martin, 1996). No company is considered to be number one in every area. When a company benchmarks from another company, they will look at different companies for each area that they are struggling in. In fact, many times, the company they benchmark is not even in their industry. Table I shows where many companies go to get the best-in-class company.

Category	USA's best
Benchmarking methods	AT&T, Digital Equipment, Ford, IBM, Motorola, Texas Instruments, Xerox
Billing and collection	American Express, MCI, Fidelity Investments
Customer satisfaction	L.L. Bean, Federal Express, GE Plastics, Xerox
Distribution and logistics	L.L. Bean, Wal-Mart
Employee empowerment	Corning, Dow, Milliken, Toledo Scale
Equipment maintenance	Disney
Flexible manufacturing	Allen-Bradley, Baldor, Motorola, Health-Care Programs, Allied Signal, Coors
Marketing	Procter & Gamble
Product development	Beckman Instruments, Calcamp, Cincinnati Milacron, DEC, Hewlett-Packard, 3M, Motorola, NCR
Quality methods	AT&T, IBM, Motorola, Westinghouse, Xerox
Quick shopfloor changes	Dana, GM Lansing, Johns Controls
Supplier management	Bose, Ford, Levi Strauss, 3M, Motorola, Xerox
Worker training	Disney, General Electric, Ford, Square D

**Source:** Finch and Luebbe (1995)

**Table I.**  
Where US companies go to benchmark

### **Implications on management and employees**

Implementing the benchmarking process has implications on both management and employees of the company. Benchmarking requires feedback and participation in all levels of the organization. Management must be able to implement the process and train employees so that they will know and understand the process. In order to benchmark effectively, there needs to be a strong strategic focus and some flexibility in achieving the goals set forth by management. Perhaps the most important aspects of effective implementation are adequate planning, training, and open interdepartmental communication (<http://www.usta.org/bench.html>, 2/27/97).

“Benchmarking is an applied discipline” (McNair and Leibfried, 1992). It cannot be learned from taking a class or reading a book. It must be a hands-on learning experience. The drawback to this process is that mistakes are inevitable. However, senseless mistakes can be avoided by setting goals and following the rules to get there. By using benchmarking, companies can realize specific areas of weakness and find solutions to turn them into strengths. For the benchmarking process to be successful, there are some general requirements that must be present in any organization:

- senior management interest and support;
- solid understanding of your own organization’s operations and requirements for improvement;
- openness to change and new ideas;
- willingness to share information with benchmarking partners; and
- dedication to ongoing benchmarking efforts (Bateman, 1994).

The benchmarking process must also follow some ethical/legal “guidelines.” This will ensure that the company’s practices are considered morally and ethically correct:

- Avoid talking about topics/areas that involve pricing or competitively sensitive costs.
- Do not ask competitors for sensitive data.
- Do not share proprietary information without clearance.
- Have impartial third party assemble and present competitive data without company names attached.
- Do not disparage competitor’s business or operations to outsiders based on data obtained from benchmarking (Pattison, 1994).

In essence, benchmarking is a way to move away from tradition. It carefully dissects the organization into segments and then removes and inserts pieces to account for changing environments. Changes will occur once the process has started and will continue to change and mold the organization as long as individuals are continuously striving to make it better. If these individuals lose the ability to analyze and make changes they will begin to lose ground. “If you

want to maintain the status quo, then don't benchmark. If you want to remain where you are, secure in the knowledge that you are doing the best that you can, don't benchmark. If reality checks are not your cup of tea, don't benchmark. Benchmarking will open an organization to change, and to humility. Benchmarking provides the stones for building a path toward competitive excellence and long run success" (McNair and Leibfried, 1992).

### **Conclusion**

Benchmarking has become a popular adopted procedure and is used to gain competitive advantage. Over time the procedures used to benchmark have been improved and modified. Many companies are becoming interested in benchmarking for the continuous improvement it allows. Benchmarking is growing in appeal to organizations due to the cost savings achieved in executing operations. It also supports the organizations' budgeting, strategic planning, and capital planning.

Benchmarking is a structured process consisting of several steps. When implementing the steps of the process, a company must be aware of ethical and legal issues. These issues serve as guidelines for both benchmarking partners to ensure mutual achievement of objectives. As benchmarking continues to grow in popularity, the process is evolving in new and improved directions.

There is no doubt that benchmarking is here to stay. Any company should benchmark if it wants to: attain world-class competitive capability, prosper in a global economy, and above all if it wants to survive (McNair and Leibfried, 1992). These trends are not an option for companies anymore, they should be done by all who want to remain competitive. If a company chooses not to communicate, set goals, and work toward world-class competitive capability they will gradually face extinction or radical upheaval (McNair and Leibfried, 1992). This is obviously not a goal that any company strives for. All companies strive to be profitable, competitive, and above all successful. Benchmarking can aid any company into success just as long as it is applied correctly.

Benchmarking makes it easy to identify the gap between where the organization would like to be and where it actually is. This gap provides a measure of the improvement an organization would like to make (Finch and Luebbe, 1995). In the short run, avoiding this gap and refusing to change will decrease the opportunities for survival in the long run. It is an excellent tool because it involves everyone, including the management and the workers. The kind of benchmark a company should undertake is dependent on the company's characteristics and circumstances (Matters and Evans, 1997). It is up to the top management whether they prefer to benchmark focusing on diverse internal functions, competitors, industry performance, or "best-in-class" targets. Any type of benchmarking that management chooses will be extremely beneficial to the company if it is applied correctly. It is the seed of organizational and cultural changes that must occur if survival and competitive excellence are to be achieved (McNair and Leibfried, 1992). The overall goal of benchmarking is to assist companies in achieving world-class competitive capability.

It appears as though benchmarking will continue to be used in corporate settings all over the world. For companies trying to achieve continuous improvement, benchmarking is a process to help them become more successful. Although benchmarking does have limitations they are far outweighed by its benefits.

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