

Benchmarking

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Introduction

Benchmarking is the process of comparing one's business processes and performance metrics to industry bests and/or best practices from other industries.

The goal of benchmarking is to

- Identify areas for improvement
- Set performance targets
- Implement best practices

to enhance process efficiency, effectiveness, and overall organizational performance.



Types of Benchmarking



Internal benchmarking

Benchmarking within the same organization, for example, from business units located in different areas.

Coca-Cola benchmarks performance metrics across its global bottling plants to identify and share best practices.



External benchmarking

Seeking outside organizations that are best in class.

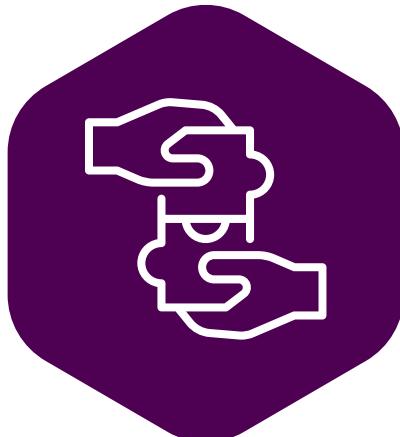
Ford benchmarks against other automotive companies, such as Toyota, to enhance its production efficiency and product quality.



International benchmarking

Benchmarking with companies located elsewhere in the world.

Nestlé uses international benchmarking to understand consumer preferences and industry standards in different regions.



Strategic benchmarking

Focuses on strategies and business models used by leaders in the industry.

Samsung closely observes strategies used by competitors like Apple and Google, allowing it to pivot effectively and remain competitive.



Performance or Competitive benchmarking

Compares specific performance metrics, like customer satisfaction or productivity.

Southwest Airlines benchmarks turnaround times at gates to improve operational efficiency.



Process benchmarking

Focuses on improving internal processes by comparing with industry bests.

Amazon frequently compares its logistics and delivery processes with global standards to stay competitive.



Functional benchmarking or Generic benchmarking

Benchmarking with partners from different business sectors or areas with the objective of improving similar functions or work processes.

Starbucks benchmarks its mobile app and loyalty program against tech leaders like Apple and Google to enhance user experience, personalization, and engagement.

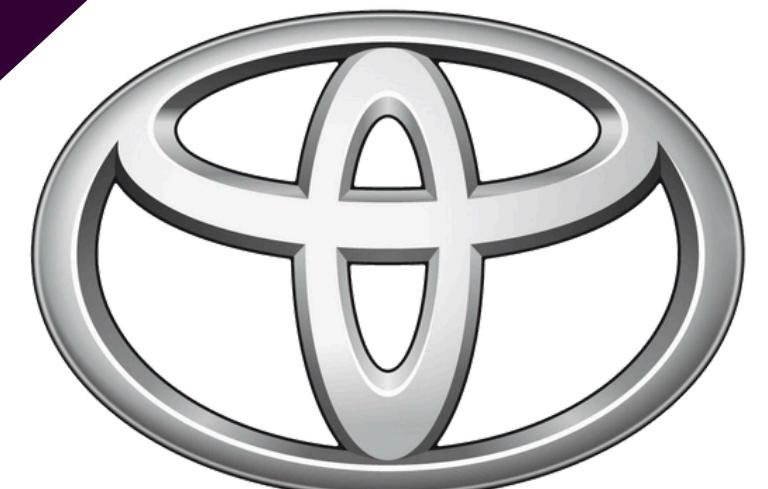
Real world examples



benchmarking



Toyota vs. Ford

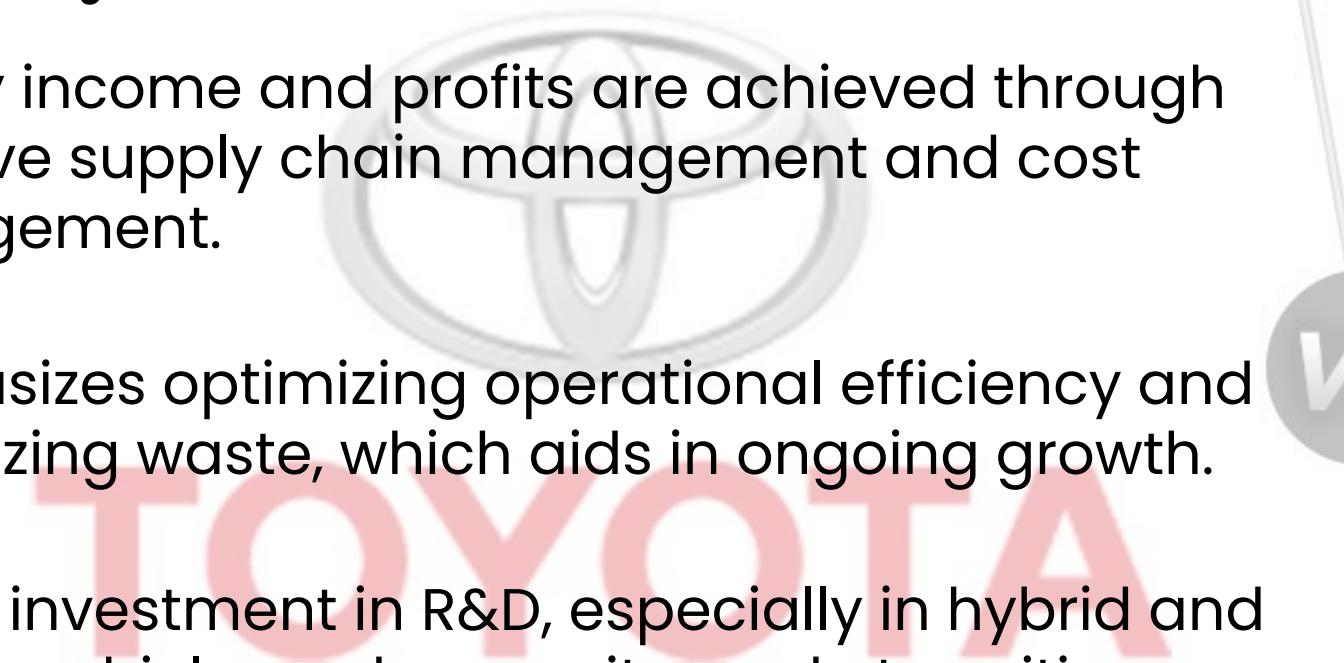


TOYOTA

Financial Performance Benchmarking

Toyota

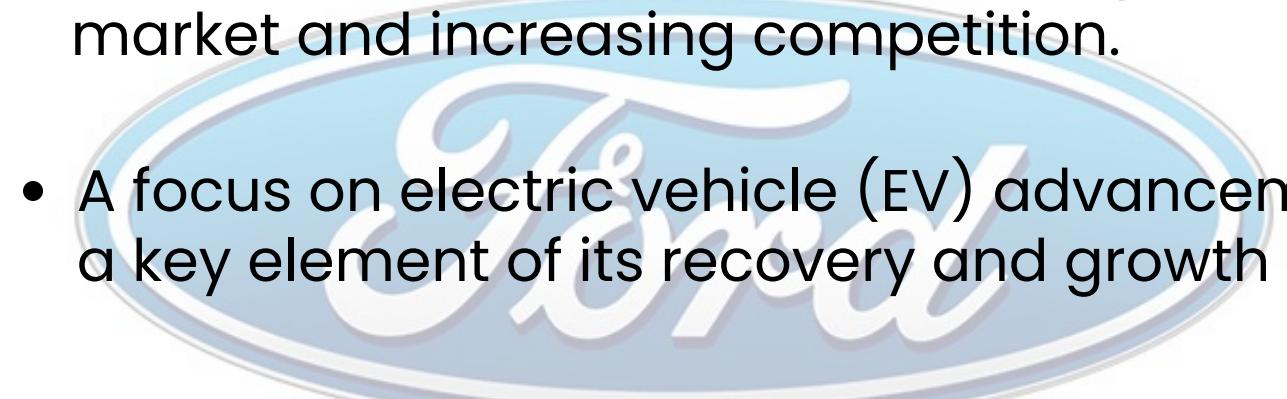
- Steady income and profits are achieved through effective supply chain management and cost management.
- Emphasizes optimizing operational efficiency and minimizing waste, which aids in ongoing growth.
- Strong investment in R&D, especially in hybrid and electric vehicles, enhances its market position.



VS

Ford

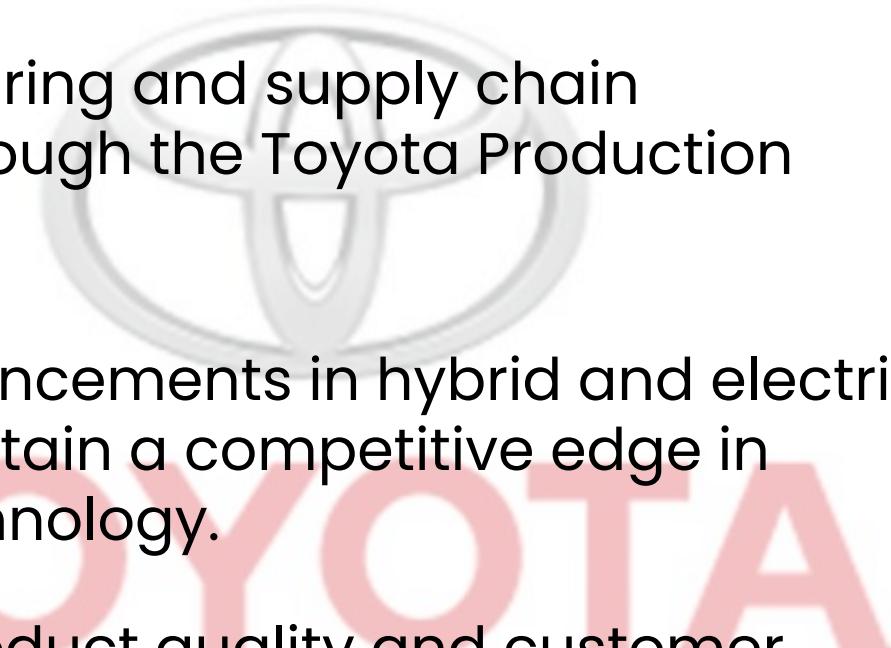
- Variable financial results affected by shifts in the market and increasing competition.
- A focus on electric vehicle (EV) advancements as a key element of its recovery and growth plan.
- Encountered difficulties with profitability, but recent efforts are aimed at improving operational efficiency



Operational Strategies Benchmarking

Toyota

- Lean manufacturing and supply chain optimization through the Toyota Production System (TPS).
- Pioneering advancements in hybrid and electric vehicles to maintain a competitive edge in sustainable technology.
- Emphasizing product quality and customer satisfaction to foster brand loyalty.



Ford

- A strategic shift towards electric vehicles and driver-assistance technologies aims to tap into new markets.
- Significant funding in research and development is necessary to stay competitive with other leading companies in the electric vehicle sector.
- Emphasis on fostering brand loyalty and reducing costs to enhance market presence and profitability.



Key Takeaways - for Ford

- **Lean Manufacturing:** Implement lean principles to improve efficiency and reduce waste.
- **Supply Chain Management:** Enhance supply chain practices for better cost control and consistency.
- **R&D Investment:** Increase focus on research and development, especially in hybrid and electric vehicles.
- **Product Quality:** Prioritize high-quality standards and customer satisfaction to build brand loyalty.



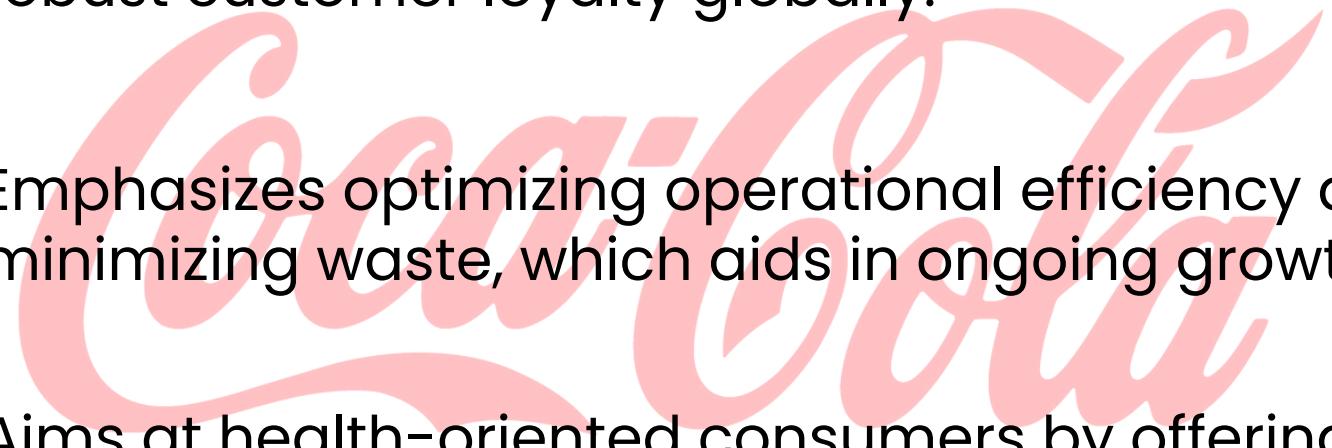


Coca-cola vs. Pepsi



Strategic Benchmarking

Coca-cola

- Preserves a consistent brand identity and fosters robust customer loyalty globally.
 - Emphasizes optimizing operational efficiency and minimizing waste, which aids in ongoing growth.
 - Aims at health-oriented consumers by offering low-sugar and handcrafted products.
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Pepsi

- A wider range of products, such as snacks, offers stability but makes it harder to maintain a clear brand identity.
 - Adjusts products to align with health and wellness trends.
 - Allocates resources to online sales and digital marketing to engage with younger consumers.
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Process Benchmarking

Coca-cola

- Worldwide bottling collaborations for economical production.
 - Minimizes environmental effects by utilizing sustainable sourcing and minimizing waste.
 - Consistent global standards ensure dependable product quality.
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Pepsi

- Efficiently oversees logistics for a variety of products.
 - Modifies processes to create healthier product alternatives.
 - Customizes products and logistics to meet local preferences, enhancing supply chain robustness.
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Key Takeaways – for Pepsi

- **Enhance Brand Uniformity:** Ensure Pepsi's brand image is consistent across different markets.
- **Implement Sustainability Practices:** Improve Pepsi's environmental footprint by adopting Coca-Cola's successful strategies.
- **Uniform Quality Assurance:** Maintain consistent product quality worldwide, particularly for beverages.





McDonald's vs Starbucks

Financial Performance Benchmarking

McDonald's

- Consistent revenue increase driven by effective franchising, reasonable pricing, and expense management.

Strategic Benchmarking

McDonald's

- Prioritizes cost-efficient operations, a straightforward menu, and a worldwide supply chain.

Starbucks

- Revenue expansion through premium pricing and strong customer loyalty, though profitability can fluctuate due to operational expenses.

Starbucks

- Concentrates on enhancing customer experience, differentiating products, and promoting sustainability.

Key Takeaways – for Mc Donald's

- **Enhance Brand Loyalty and Personalization** – Broaden McDonald's loyalty initiative by incorporating tailored rewards and personalized offers, increasing engagement and fostering brand loyalty.
- **Highlight Sustainable and Ethical Sourcing** – Implement more prominent sustainability efforts, such as using ethically sourced materials and eco-friendly packaging, to attract consumers who are socially aware.
- **Focus on Product Differentiation** – Launch distinctive or seasonal menu offerings to generate enthusiasm and promote return visits, akin to Starbucks' well-loved seasonal beverages.



Benefits of Benchmarking

✓ Improved Organizational Performance

✓ Accelerates Improvement

✓ Facilitates Managed Change

✓ Provides Sense of Urgency

✓ Monitor and conduct competitive strategy

✓ Validates Goals and Objectives



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Thank You
For Your Attention

