

BENCHMARKING

Benchmarking is the process of measuring key business metrics/practices and comparing them within their business areas or against a competitor, industry peers, or other companies around the world to understand how and where the organization needs to change in order to improve performance.

Types

- **Internal:** A comparison of internal operations and processes within the company/organization.
- **Competitive:** A comparison of the company with its competitors at a product, function or at a business level.
- **Functional:** Comparison of similar functions within the same industry or to industry leaders.
- **Generic:** Comparison of business processes or functions that are very similar, irrespective of the industry.

How it works

- Select a product, service or process to benchmark.
- Identify the key performance metrics.
- Choose companies or service or process to benchmark.
- Collect data on performance and practices.
- Analyze the data and identify the opportunities for improvement.
- Adapt and implement the best practices, setting reasonable goals and company wide acceptance.

Key Benefits

- **Improve Performance:** Able to identify methods to improve operational efficiency and product design.
- **Understand relative cost position:** It reveals company's relative cost position and identifies opportunities for improvement.
- **Gain Strategic Advantage:** It helps companies to identify and focus on capabilities that are critical to building strategic advantage.