

Text 1:

Benchmarking is the practice of comparing business processes and performance metrics to industry bests and best practices from other companies. Dimensions typically measured are quality, time and cost.

Source: <https://en.wikipedia.org/wiki/Benchmarking>

Text 2:

Also referred to as "best practice benchmarking" or "process benchmarking", this process is used in management in which organizations evaluate various aspects of their processes in relation to best-practice companies' processes, usually within a peer group defined for the purposes of comparison. This then allows organizations to develop plans on how to make improvements or adapt specific best practices, usually with the aim of increasing some aspect of performance. Benchmarking may be a one-off event, but is often treated as a continuous process in which organizations continually seek to improve their practices.

Source: <https://en.wikipedia.org/wiki/Benchmarking>

Text 3:

Steps of Benchmarking

Benchmarking involves a series of systematic steps that organisations can follow to effectively compare their performance and practices with industry leaders or competitors. The key steps involved in benchmarking are:

1. Define the Focus: Clearly identify the specific area or process that you intend to benchmark. Whether it's a particular function within your organisation or a specific aspect of your industry, having a clear focus will ensure a targeted approach to improvement.
2. Select Benchmarking Partners: Identify organisations that excel in the chosen area and can serve as valuable benchmarks. Look for both direct competitors and companies from different industries known for their best practices. This diverse selection will provide a broader perspective and fresh insights for your improvement efforts.
3. Gather Data and Information: Collect relevant data and information from your benchmarking partners. Employ various methods such as surveys, interviews, site visits, or accessing publicly available reports. It's crucial to ensure the accuracy and comprehensiveness of the data, focusing specifically on the benchmarks you have identified.
4. Analyze and Compare: Analyze the collected data and compare it with your organisation's own performance. Identify gaps and differences in processes, practices,

and performance metrics. This analysis will enable you to gain a deeper understanding of areas for improvement and learn from the best practices of your benchmarking partners.

5. **Set Performance Targets:** Based on the insights gained from the benchmarking analysis, establish specific performance targets and goals for your organisation. These targets should be challenging yet attainable, aligning closely with your strategic objectives. Clear targets provide a roadmap for your improvement efforts.
6. **Develop an Action Plan:** Create a comprehensive action plan that outlines the specific steps and initiatives required to bridge performance gaps and achieve the set targets. Ensure the action plan includes well-defined timelines, assigned responsibilities, required resources, and key milestones. Tailor the plan to suit the unique needs and capabilities of your organisation.
7. **Implement and Monitor:** Put your action plan into motion and execute the identified improvements within your organisation. Regularly monitor progress, tracking relevant performance indicators and metrics tied to your benchmarking focus. Ongoing monitoring allows for timely assessment of the effectiveness of implemented changes and enables necessary adjustments if required.
8. **Learn and Iterate:** Benchmarking is an iterative process that fosters continuous learning and improvement. Evaluate the outcomes of the implemented changes, draw insights from the results, and identify additional areas for enhancement. Leverage the knowledge gained through benchmarking to refine your processes, practices, and overall performance.

Source: <https://www.geeksforgeeks.org/benchmarking-steps-and-types/>

Text 4:

There are 9 common types of benchmarking that your company can follow. These include:

1. **Product benchmarking:** In product benchmarking, the organization buys its competitors' products and breaks them down to understand their features and performance. Product benchmarking is also known as reverse engineering. After carrying out product benchmarking, the company might choose to completely revamp their products or could simply decide to incorporate and improve upon certain features to make sure that their customers get more value from it. If companies manage to benchmark their products in the right way, they would be able to win themselves a competitive advantage in the long run.
2. **Process benchmarking:** The ultimate goal in process benchmarking is to emulate the processes that the best organizations follow so that these organizations can improve their own results. When you engage in process benchmarking, you need to make sure that all the factors that affect the business and the conditions in which the processes are carried out should be similar to those of the company that the processes are being benchmarked against. If they don't match, the changes that you implement might not work and make any difference, they might even have a negative impact on your processes and results. Process benchmarking is very widely followed in the service industry. While following these best practices can improve the quality of the services

offered by organizations, these new processes might just be too hard to follow and might not be sustainable.

3. **Competitive benchmarking:** This form of benchmarking is one of the best ways for companies to benchmark their products, services, and processes. It differs from product benchmarking in the sense that product benchmarking only focuses on an individual product, while competitive benchmarking would include the entire product line and all the services offered by a competitor (especially a direct competitor) as well as all the processes that the competitor follows. When you engage in competitive benchmarking, you would also undertake a study of your competitors' internal departments like their finance, marketing, HR, product research and development departments, etc. Such data collection would give you a better idea of how your competitors and industry peers function and would help you understand what changes you need to make.
4. **Functional benchmarking:** This benchmarking activity is about comparing your results and processes with organizations outside your industry with which your company does not compete. The goal behind this approach to benchmarking is to evaluate your results against the best practices across a range of industries. An example of functional benchmarking would be an airline comparing its customer experience to that of a hotel chain. The point of functional benchmarking is to compare a particular function against that of the organization across all industries that is the benchmark for that function.
5. **Performance benchmarking:** This is about analyzing metrics for the purpose of setting performance benchmarks. This is one of the first steps that a company would follow to identify performance gaps. It helps you get access to data that would help you make well-informed decisions, leading to improvements in your performance.
6. **Generic benchmarking:** This involves determining metrics like cost per employee, profit per employee, revenue per employee, or return on investment that offer you a common basis of comparison regardless of the industry for which the benchmark is set or created. Almost every industry makes use of this benchmarking technique and when these metrics fall below a certain level, management may need to take drastic measures to correct them.
7. **Internal benchmarking:** This technique is very widely used to analyze internal processes and identify gaps in these processes. Internal benchmarking may include comparing between two employees in the same team or even comparing different teams or departments. This technique may involve benchmarking across different product lines as well. Internal benchmarking may be easier for larger companies, but harder for smaller companies and startups.
8. **Strategic benchmarking:** Strategic benchmarking is used to enhance the vision of a company and develop core competencies to give the company a competitive advantage in the long run.
9. **Global benchmarking:** This is done to compare the organization with global companies in the same or even different industries. It allows the company to improve its offerings and processes according to global standards and offer more value to its customers.

Source: <https://www.engati.com/glossary/benchmarking>

Text 5:

Application of benchmarking in practice Here follows an example of practical application of benchmarking process in Slovenian company Riko Hiše d.o.o. (Riko Houses Ltd.). For this purpose a short description of the company is first given; it is followed by a demonstration of benchmarking process and its results and finally by a presentation of indicative improvement plan. From 1955 onwards the company Riko Hiše d.o.o. with its registered office in Ribnica manufactures solid wood bio-houses RIKO on the basis of widely experienced German patent. The houses are of high quality and belong to upper price category. The production of houses was first intended merely to supply the Austrian and German market but from 1998 onwards the bio-houses Riko have also been meant for Slovenian customers. Their market share on Slovenian prefabricated houses market has been 2,34 % (Source: Enclosure to the magazine "Les" of 9.3.2001). The company has directed its strategy to the enlargement of production scope, improvement of business efficiency and increase of export rate and has consequently decided to apply the benchmarking method. This decision has also been encouraged by an increasing trend of enquiries for prefabricated houses due to changes of the population dwelling habits, especially in Western European countries, where according to statistics more than 20 % of all residential buildings are of prefabricated type. It is important to know that prefabricated houses have numerous advantages, such as quick construction and assembly, seismic safety, durability, acoustic and thermal insulation as well as exterior able to adapt to the environment or landscape. For this reason the decision of Riko hiše d.o.o. to research the prefabricated houses production and market characteristics has been the correct response. The basic starting-points to be considered during the implementation of benchmarking process are:

- Riko Hiše d.o.o. manufactures prefabricated houses of a limited scope (50 houses per year).
- Marketing includes technology as well.
- Marketing of Riko houses is directed to European markets, especially to the German and Austrian market.
- Potential markets: Turkey, Spain and Portugal.

As to data collection the methods have been used in accordance with available capital and time schedules. These methods have included secondary data which have already been collected (articles, magazines, internet, statistical data) and newly collected data (interviews, visits of benchmarking partners). At first the data collection has concerned mostly the internal data while later, when the benchmarking process has further developed, it has also been extended to external data collection and their analysis. Wherever the benchmarking method is applied in prefab houses production the following limitations should be respected:

- The selected producers of prefab houses use different technologies and consequently the definition of quality-price ratio is not easy or simple.
- The company does not have appropriate statistical data available which would enable an integral comparison between competitive companies.

Progress of benchmarking project in Riko Hiše d.o.o. The practical implementation of benchmarking includes (See Table 2):

1. Selection of three companies from Slovenia, namely Jelovica (Jelovica Hiše), Marles (Marles Hiše) and Riko (Riko Hiše d.o.o). The choice of benchmarking partners is a very demanding task but on the basis of available information we could choose the above mentioned benchmarking partners which were ready to participate in benchmarking process.
2. Identification of efficiency keys relevant for prefab house production, namely TIME, PRICE and QUALITY. It is necessary to measure and compare the efficiency of organization with that of its competitors in order to get information helping to improve one's efficiency. Benchmarking has pointed out to benefits and deficiencies of business operation and has consequently facilitated setting of realistic objectives during the entire process of business operation. The benchmarking structure and its efficiency keys together with component parts are as follows:

- scope of production: number of units/square metres of residential area,
- productivity: unit/employee or square metres of residential area/employee, sales/employee,
- operating revenues,
- labour costs,
- fixed assets,
- share of exports (in %),
- market share in

Slovenia, • net profit, • inventories: coefficient of inventory turnover, • days of capital/inventories/receivables tie-up, • share of material in sales, • share of labour costs in sales, • income/fixed assets, • economic efficiency, • short-term indebtedness, • quality: thermal insulation, acoustic insulation, fire resistance, house durability, seismic safety, exterior, • time: land and documents preparation, house manufacture and assembly, • prices: price structure, assembly price, cost price, selling price. 3. Selection of indicators specifying productional and economic efficiency (See Table 3). 4. Comparison of results In the fourth phase the benchmarking team has established the importance of gaps in comparison with the best practices in Slovenia and analyzed the reasons for these gaps. 5. Propositions for improvement after the comparison with the best practices In this phase of the process the company has prepared an improvement programme considering the results obtained with the benchmarking method and today this programme has already been taking place.

Source: <https://hrcak.srce.hr/file/40503>

Text 6:

Benchmarking, as a powerful management tool, offers significant advantages to organizations by providing direct comparisons with industry best practices, including enhanced efficiency, increased competitiveness, and continuous improvement. With the rapid development of markets and technology, the evolution of benchmarking will increasingly focus on the application of data analysis and digital tools, enabling more flexible adaptation to these changes. It will continue to guide businesses in deeply understanding their strengths and weaknesses while capturing opportunities to learn from external innovations and best practices. In the future, benchmarking will place greater emphasis on cross-industry learning and collaboration, as well as on utilizing technologies such as big data and artificial intelligence to deepen and broaden comparisons, thereby helping organizations maintain a leading position in the ever-changing global market.

Source: <https://chat.openai.com>