

What are the Industry Best Practices for Benchmarking



INTRODUCTION

With companies shifting their focus on building a top-notch customer experience, benchmarking has become a necessity for you to stay ahead of the curve. It allows companies to improve their [competitive position](#), irrespective of the market they are located. Moreover, benchmarking is crucial for surviving in today's competitive market.

Benchmarking in the business context means measuring the corporate landscape, whose dimensions will probably not be immediately visible. Companies need a well-planned strategy to make their efforts impactful.

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- **Types of Benchmarking**
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WHAT ARE THE FOUR TYPES OF BENCHMARKING?

INTERNAL

The process of comparing a particular process or operation within your organization with another is known as [internal benchmarking](#). This is easier for companies to implement and the productivity achieved through this engagement is approximately 10%.

FUNCTIONAL

This process involves comparing operation with that of similar ones within the broad range of your sector. For example, comparing coal mining techniques with copper mining techniques). It is comparatively easier to carry out and the productivity achieved through this benchmarking can be over 35%.

COMPETITOR

As the name suggests, here the operation/process is directly compared with that of your company's direct competitors. It is quite difficult and ensuring legal compliance is a must. Productivity improved through this engagement is approximately 20%.

GENERIC

Generic benchmarking is the process of comparing operations from diverse industries i.e., a film library implementing the warehousing techniques of another industry to improve the storage efficiency of old movies.

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BENCHMARKING,**

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INDUSTRY BEST PRACTICES FOR BENCHMARKING

IDENTIFY THE PROCESS TO BE BENCHMARKED

Identifying the process to be benchmarked is the starting point of the entire benchmarking process. Incorrect identification can lead to wastage of sources and time. To avoid such wastage, you need to set objectives of the department, including their long-term and short-term goals. Also, you need to know the level of change you are expecting and changes that can be made possible within the process.

Analyze if the measures planned are in accordance with customer requirements and they can clearly address the needs or not. This helps you to compare the process against others and against their own future projections.

IDENTIFY ORGANIZATIONS TO BE BENCHMARKED

It involves the identification of best-in-class organizations whose practices can be adapted to your requirements. **Improper identification** can lead to selecting irrelevant partners that are not compatible with benchmarking in terms of the need of your organization.

The identification process could be based on industry periodicals or annual reports providing up-to-date information on the superior quality of their processes.

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COLLECT DATA

Gathering data without a proper strategy can result in the collection of useless or inadequate data. You need to have a plan for collecting data different targets, conducting a site visit and creating an accurate site visit report. The data gathered can be used directly to improve organizational performance.

To collect data, you need to determine the simplest and the most difficult data sources and the one holding more value. You can also acquire the information from professional organizations dealing with the business of your target organizations.

DETERMINE GAPS

After collecting the data, analyze the data collected. This will help you identify best practices for setting-up ideal processes and provide clear insights into your processes in comparison with others in your business or industry.

The best practices involved should be combined into single ideal processes and implemented within budgetary and other constraints of your organization. However, it may also involve eliminating a few procedures to reduce costs.

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PREDICT FUTURE TRENDS

While examining your organization's past performance in relation to its competitors, predict changes in your industry and project future performance with and without the proposed benchmarking changes. This will give you a clear idea of the options available for you and help you analyze the potential benefits of adopting the benchmarking practices.

Determine the factors such as revenues and productivity that you want to measure and figure out the benchmarked organizations' latest performance, as well as your organization's performance.

SELL THE PROCESS

Communicate the benchmarking results and their implications to the relevant audience in the organization and inspire them to carry changes. A complete understanding of the target audience and the importance of changes in the process will inspire them to carry out those changes.

But before start selling the process, you must know the audience to be addressed and ensure that they are on board for changes.

WONDERING HOW
BENCHMARKING CAN
IMPACT YOUR
ORGANIZATION

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GAIN APPROVALS

Revise goals to fill the performance gaps and achieve consensus and approvals on those goals. This will create realistic and unambiguous new standards for the processes.

The goals revised should be expressed in quantifiable measures and based upon benchmarking findings. Analyze how revised goals impact different departments and communicate the goals to different departments to obtain their full commitment.

BUILD ACTIONABLE PLANS AND IMPLEMENT THEM

Devise a plan that can integrate specifics of the goals and determine the schedule of action. Display the plan so that tasks are clearly defined, and responsibilities and deadlines are easily understandable. The step involves executing the industry best practices benchmarking procedures and day-to-day monitoring of those changes.

Ensure that the changes are closely monitored so that the successful new practices can be retained, and the less successful ones eliminated.

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