Universities and other organisations are constantly being driven to improve quality and reduce costs. Benchmarking is used in all areas of business activity. Some see benchmarking as the ultimate tool to help achieve the aims of improving quality and reducing cost.

The objective of this paper is to:

- define the practice of benchmarking;
- outline approaches to benchmarking;
- report upon the benefits of benchmarking;
- report on the development of a process benchmarking tool for Maintenance Management designed following the experiences of the writer; and
- answer the question: is benchmarking worth it?

What is benchmarking?

It has been suggested that benchmarking is simply copying ideas. It has also been claimed that benchmarking identifies where an organisation is and, hopefully, what factors or functions need to be improved – or at least looked at in greater depth. In the recent past some writers have hailed benchmarking as the route to world class performance!

The HEFCE et al. (1997) suggests that it is worth considering that benchmarking is not:

- A blunt instrument
- Use of benchmarking as a criticism renders it worse than useless
- A snapshot
- Benchmarking is a continuous process

The HEFCE and others suggest that benchmarking is not about creating league tables or sanctions, but that it is a tool that should be applied as a continuous process. The end result should not be the numbers – they are merely signposts to target analysis and action. The aim of benchmarking is improvement.

One of the earliest users of benchmarking was the Xerox Corporation of America. Robert Camp (1989) cites the definition given by David Kearns, the Chief Executive Officer of Xerox in the 1970s, as:

‘...the continuous process of measuring products, services and practices against the toughest competitors or those companies recognized as industry leaders.’

Andrew Mawson (1994) defines benchmarking as:

‘...a technique by which an organisation can compare its own methods, processes and practices and performance against other organisations, and published industry norms.’

Mawson seems to reinforce the point that benchmarking is about processes and practices as well as performance. It is only by changing and modifying processes and practices that an organisation can improve – simply looking at a league table (performance) will not lead to improvement.

Bernard Williams Associates (1994) in their definition suggest the copying aspect:

‘Benchmarking is the process of comparing a product, service, process – indeed any activity or object – with other samples from a peer group, with a view to identifying ‘best buy’ or ‘best practice’ and targeting oneself to emulate it.’
Copying, then, is an activity that can lead to improvement – why re-invent the wheel? Clearly, copyright law must be complied with, and any agreement made with the partner benchmarking organisations followed.

Mike Loosemore (1996) also dwells on the copying aspect in a more subtle way, suggesting:

‘By learning from this comparison you can then implement improvements in a manner consistent with your organisation’s culture.’

Loosemore is, sensibly, suggesting that a straightforward copying exercise may not result in the best improvement and that systems, processes and practices will need to be adapted to fit the organisation that hopes to benefit.

The Chartered Institute of Public Finance and Accountancy – CIPFA (1996) defines benchmarking as:

‘...the process of searching for, and achieving, excellent levels of performance.’

This definition stresses the improvement sought without referring to the measuring, which is sometimes over-emphasized.

**Approaches to benchmarking**

There are almost as many approaches to benchmarking as there are definitions. To name a few:

- Generic Benchmarking
- Competitive Benchmarking
- Competitor Benchmarking
- Customer Benchmarking
- External Benchmarking
- Performance Benchmarking
- Product Benchmarking
- Functional Benchmarking
- Internal Benchmarking
- Financial Benchmarking
- Cost Benchmarking
- Process Benchmarking

It is not the intention to define all of the above here. However, it is essential to outline the difference between Performance and Process Benchmarking, since all categories of benchmarking will fall into one of these two areas, or possibly both.

*Performance or output benchmarking* compares the performance or outputs of activities. Examples of this might be a comparison of how much an organisation spends on undergraduate degree programmes per student; what value of procurement each manager deals with per year; and what proportion, stated as a percentage, of an organisation’s turnover is attributable to maintenance. Such measures can indicate which activities organisations are good at. Once identified, further investigation is required to establish how such performance is achieved.

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**...The aim of benchmarking is improvement...**

*Process benchmarking*, alternatively, looks at the processes used by organisations and compares these against what is deemed to be world class practice. Such processes are invariably made up of a number of sub-processes that combine together to give an overall approach or process. For example, the maintenance procurement process can depend upon: specification development procedures, procurement procedures, contractor recruitment policy, form of tendering used, form of contract selection, contract management processes generally, and others.

Many attempts at benchmarking try to obtain both measures of performance and process, in order for organisations to know not only who does what best, but also how such good performers get there.

**Benefits of benchmarking**

Exponents of benchmarking make great claims on what benchmarking has achieved. Many cite dramatic improvements in time, cost and quality. In short, it is the business improvement that is the benefit. The detractors though have different views. If Price (1994) gives the following examples:

- Many of the claimed successes are illusory, in that they improve a component of a particular business without improving its sustained overall performance.
- Much benchmarking is just competitive analysis under another name.
- Much benchmarking is simply focused on cost.
- It doesn’t work because the improvements aren’t made anyway.
- It doesn’t work because ‘our case is always different.’
- It is too bureaucratic.

Benchmarking cannot lead to the successes claimed without a considerable input from the benchmarking organisation(s).

Despite the detractors, some organisations have found benchmarking useful – and continue with it. Claims for the process include:
Improved quality
Improved processes
Business improvement
Dialogue stimulation
Weaknesses identification
Team spirit instillation
Better understanding of the organisation.
Improved cost
Gained competitive advantage

Most papers dwell on the cost and quality benefits achievable from undertaking a benchmarking exercise. Others, however, stress other less obvious benefits. The ability to support change is a major plus and is key to the success of the benchmarking approach. Tony Bendell (1993) reports on the comments of Mike James Moore:

‘To date Rover have found Benchmarking to be useful as one of the many levers of change required to ensure a successful future for the company.’

If you spend time and money investigating process and performance and then do not change, it either means that your organisation is perfect or that you are not taking full advantage of the information obtained from the benchmarking exercise.

Bendell also reports on the comments of Steve Waldron of BOC, who says:

‘From our experience the value in Benchmarking comes from the dialogue that the process stimulates.’

Talking internally about your organisation’s processes should lead to a greater understanding of what an organisation is aiming to achieve and what the best ways of getting there are. And this process will, by implication, cause questions to be asked, possibly help to instil a team spirit and improve communication within the organisation.

A final point is that benchmarking, if nothing else, must lead to a greater understanding of an organisation: Who are the good performers? Who is good at what? What do staff and customers find good and bad in your operation? And, Where is the money being spent and generated?

Some of the above benefits are summarised by Chris Richardson (1996):

‘The intangible benefits are softer but no less important. There is a feel good factor prevalent in those functions involved to date in the process with a noticeable team spirit gained from working together towards a focused goal. Similarly, there is a camaraderie with opposite numbers in the other benchmarking organisations with a much deeper level of relationship existing than hitherto.’

Process benchmarking asset maintenance management

It has been found that actual improvements following from benchmarking arise from considering and looking at processes, tools and techniques rather than output measures.

...simply looking at a league table (performance) will not lead to improvement...

A great deal of time and effort is required when carrying out a benchmarking exercise. Initially, the questions and areas for investigation need to be established and agreed, both within the organisation and with prospective partners. Obtaining data, especially if it is not in the format you normally keep it in, and completing the questionnaire and any subsequent analysis is also very time consuming. If the output is merely a set of statistics or output measures then the return on the investment is minimal and subsequently not worth it. Analysis of the processes and procedures that support the figures must be undertaken if major improvements are to be made.

Further weaknesses of ‘output’ benchmarking include:

- the collection of data does not generally involve the whole team (it just provides a few members with onerous data collection tasks);
- the measures obtained do not support change, they just indicate that change is required; and
- a bad result, e.g. a high cost per m² or student, often results in pressure to cut provision resulting in lower quality for the organisation and no improvement in value for money.

A process approach has been put forward by the HEFCE et al. (1997), which looks at benchmarking procurement. This approach is based upon looking at a number of processes in procurement activity
with the aim of measuring true performance against an ultimate aspiration.

The approach has three key activities:

- agree how good you want to be (world class or something less than this);
- record how good you are now; and then
- analyse the gap to see how this can be closed.

This philosophy has been used to develop a similar approach to enable maintenance management to be benchmarked. The elements or processes covered in this model are:

- Impact of the Maintenance Function
- Adding Value
- Quality Management
- Risk Management
- Maintenance Departmental Structure
- Training of Maintenance Staff
- Customer Service
- Use of Performance Indicators
- Self Audit of Maintenance Procedures
- Dealing with Change Processes
- Management Information Systems
- People Satisfaction

**Agree how good you want to be**

Much has been written about being ‘World Class’ in providing services in Facilities Management and other areas. If you want to be ‘World Class’ in all of the above areas this is fine. However, some organisations will not require a Rolls Royce service – therefore, a ‘World Class’ aspiration may not be required in all aspects.

Once the aspirations are agreed these can be represented in a radar diagram, see figure 1. It has been agreed that the organisation is aiming to be ‘World Class’ in Assessing Demand for Maintenance, Priority Setting, and Budgeting for Maintenance, but not in Economic Appraisal, for example.

**Record how good you are now**

For each of the elements there are six indicators of effectiveness. These are in the form of statements and form the basis of the questionnaire to measure or record how good you are.

An example of one of the sections relating to ‘Cost Management’ is provided in figure 2. If the respondent(s) give an ‘agree’ or ‘strongly agree’ score to the statements then the score on the resulting radar diagram will reflect a measure closer to ‘World Class’. Conversely, ‘strongly disagree’ or ‘disagree’ scores will move the overall result for each section away from ‘World Class’.

**Analyse the gap to see how this can be closed**

The radar diagram is used to compare the questionnaire results with the initial aspirations. Gaps
The extent to which costs are monitored through the maintenance project. The level of sophistication of such monitoring and the extent to which the results of such are communicated to senior management and the paying customer.

1. The Maintenance Organisation normally achieves its financial targets, neither under spending nor over spending its agreed budget.
2. The Maintenance Organisation regularly reviews its financial performance against its budget targets throughout the financial year.
3. It is always clear who is responsible for what budget/project cost limit - and this person has the ability to control expenditure.
4. At any time budget holders can retrieve budget, expenditure, commitment and balances, and a breakdown of these costs across all projects, that they are responsible for.
5. An effective system is in place that enables and allows changes in budgetary and cost requirements to be reported to senior management and the customer when appropriate.
6. All maintenance staff fully understand the budgetary control system and have received training to support this understanding.

between the aspiration and the actual recorded score are then easily identified. Figure 3 is an example of a completed radar diagram. The organisation in this instance will need to look more closely at most functions except Form of Tendering; and perhaps should concentrate upon the larger gaps such as Management Information Systems and Budgeting for Maintenance.
Before moving to close the gap(s) it is recommended that the organisation double checks to ensure that the aspiration is correct. Secondly, some analysis is required of what the likely costs and benefits will be for the organisation if the gap is closed. The aim of benchmarking is to improve in areas that will benefit the organisation, and the easiest and lowest cost actions with the greatest benefit must surely be the first to be tackled.

...benchmarking must lead to a greater understanding of an organisation...

In some instances, looking at the questionnaire results will identify the changes required. For example, if ‘Cost Management’ needs to improve and the questionnaire analysis reveals that the maintenance staff do not understand the budgetary control system (question 6 in figure 2), then it is probable that some improvement could be achieved by either changing the system or even simply providing additional staff training on the system currently in place.

Application of the process benchmarking system

This tool is very flexible. It could be used in the following ways:

- by an individual manager in isolation;
- by a maintenance organisation either grouping all the results together to find a mean level of performance, or by analysing by groups to identify weak links or differences in perception;
- in an organisation comparing internal customer views with that of the maintenance organisation; and finally
- in a multi-organisational benchmarking study where organisations want to compare themselves and learn from one another.

It is not necessary to benchmark all of the 26 areas. You may only be interested in a limited number of areas. And, if your interpretation of what is ‘World Class’ practice differs from those statements provided in the questionnaire, or indeed you want to look at different areas, then statements and/or areas could be changed.

This approach offers great advantages, summarised below:

- the approach is very flexible;
- no data searching is required, therefore a better response to the questionnaire is likely;
- it avoids the league table mentality;
- the ability to involve staff and/or customers can help build better understanding and a team approach;
- the questionnaire can be completed in a group or at a seminar held for the purpose – this will ensure all questionnaires are completed at the same time; the group completion will also help in any interpretation problems;
- gaps in performance are clearly highlighted;
- the need to search behind the data is reduced since the statements identify good practice; and
- above all it is simple and easy to understand.

It is not suggested that this approach will replace output benchmarking but it is an approach that can be used as an alternative or in conjunction with it. There is an argument for using the process tool first and then comparing seemingly good practice with output measures to confirm whether the stated ‘World Class’ practice does in fact result in superior performance.

Benchmarking – is it worth it?

The literature illustrates that benchmarking can bring about improvement. But that this can only happen if:

- the exercise goes beyond numbers;
- the processes and practices used to achieve good performance are identified; and
- there is a willingness to act upon the results.

Benchmarking is not a ‘fad’, and can be a ‘fix’ if used to bring about improvement. But benchmarking will be seen as a fad, and an expensive one at that, if it is just used to measure outputs!

References