WHY BENCHMARK? UNDERSTANDING THE PROCESSES OF BEST PRACTICE BENCHMARKING

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Abstract

Best practice benchmarking (benchmarking for short) generally refers to the pursuit by organizations of enhanced performance by learning from the successful practices of others. Comparisons of key processes which contribute to organizational success are made – with other parts of the same organization; competitors; or organizations operating comparable processes in a context which is in some way relevant. Benchmarking is a continuous activity, not a one-off project; internal processes are adjusted, performance is monitored, new comparisons are made with the current best performers and further changes are explored, all with the ultimate goal of achieving world class status.

Benchmarking continues to grow in popularity in both private and public sector organizations – but does it always produce the desired outcomes? Although spectacular gains from benchmarking are claimed particularly in practitioner literature, there is also growing evidence of disappointment with the effectiveness of benchmarking. It can be very time-consuming to undertake and manage, and ensuring that sharing information with competitors is to the partner organizations' mutual advantage is often difficult.

This paper reports on an ongoing research project at the Open University Business School, supported by the Chartered Institute of Management Accountants, aimed at understanding in depth the processes which are undertaken in organizations in the name of benchmarking. The project team are using a combination of postal questionnaires and developing case studies to identify the features of successful benchmarking practice, and also those characteristics of benchmarking organizations or benchmarking processes which are considered to be problematic.

Issues such as the relationship between organizational size and level of benchmarking activity, the perceived costs and benefits of benchmarking to stakeholders, the factors which have led organizations to abandon benchmarking activities, the contribution which management accountants and other professionals can make to successful benchmarking, and the impact of benchmarking clubs, will all be explored through
this research. The final phase will focus on making findings accessible to practitioners through a range of innovative routes.

1. Introduction: the aims and nature of this research

Since the 1980s benchmarking has occupied the energy and time of managers and staff in many UK organizations. Undertaking benchmarking activities, and acting on the findings, has led to the commitment of not-inconsiderable amounts of finance. However, the balance of benefits in return for these costs appear to have been weighed up comparatively rarely. Benchmarking is recommended as 'a good thing' by practitioner journals, consultants, statutory and professional bodies – indeed, it is an explicit requirement for many organizations – yet there is evidence that in some circumstances the costs may outweigh the benefits.

The research reported here, which is part of a series of linked longer-term projects, aims to review what practitioners are actually doing in the name of benchmarking; to examine the real and dynamic processes involved in carrying out this activity; to understand how organizations assimilate lessons from benchmarking; and to identify 'best practice' lessons about the processes of benchmarking itself. Primarily our interest is in the contexts and activities through which benchmarking is carried out (as distinct from the processes which organizations may compare with their own in the course of benchmarking).

Naturally it is important to establish first the extent to which the credit or blame for changes in an organization's performance are due specifically to benchmarking, using our working definition:

> the pursuit by organizations of enhanced performance by learning from the successful practices of others. Benchmarking is a continuous activity; key internal processes are adjusted, performance is monitored, new comparisons are made with the current best performers and further changes are explored. Where information about these key processes is obtained through a co-operative partnership with specific organizations (rather than via a third party such as an independently-maintained database), there is an expectation of mutual benefit over a period of time.

The critical characteristic is the examination of processes, as it is only through an understanding of how inputs are transformed into outputs that the attainment of superior results can be pursued effectively. And to quote Robert Camp, one of the best-known writers on the subject,

> Benchmarking is an integral part of the planning and ongoing review process to ensure a focus on the external environment and to strengthen the use of factual information in developing plans. Benchmarking is used to improve performance by understanding the methods and practices required to achieve world-class performance levels. Benchmarking's primary objective is to
understand those practices that will provide a competitive advantage; target setting is secondary. (Camp 1995 p.15)

This comment is particularly pertinent taken in the context of the continuing popularity of performance league tables particularly in the public sector, and the tendency for 'benchmarking' and 'benchmark' (a standard or target) to be used interchangeably. Knowing one's position in a league table does little to enable the organization to understand how better performers achieved their status and hence how to move up the table, perhaps overcoming external obstacles or unequal inputs along the way. (See for example Goldstein and Spiegelhalter 1996). While targets are an integral part of benchmarking, the notion that there is one best way to do something and that once this target is attained no further change is needed, runs counter to benchmarking's inherently dynamic nature. The need to seek external as well as internal benchmarks where possible is an important ingredient in successful performance management generally, as simply demonstrating that 'other sister units have performed better in similar circumstances' does not guarantee competitive advantage. (See for example Fitzgerald and Moon, 1996).

Benchmarking is entirely consistent with 'kaizen' (Imai 1986), continuous performance improvement through process orientation now adopted quite widely within the UK manufacturing sector. Indeed one could be forgiven for believing that benchmarking or analogous approaches were now routine in all sorts of organizations. Therefore it is important to separate out benchmarking (roughly as defined above) from the myriad approaches to performance measurement and improvement which are indeed found in some form in most UK organizations. The initial phase of the research thus concentrated on obtaining from a large cohort of CIMA management accountants, brief accounts of their experience with benchmarking (if any), what it had entailed, and any problems experienced, using a postal questionnaire with a mix of pre-coded and open ended questions. Parallel studies of practising managers – Open University MBA students or graduates and managers of small and medium sized enterprises (SMEs) – were undertaken but these are not reported here. Greatest attention has been paid to those whose claim to be 'doing benchmarking' involved the key features such as detailed comparison of key processes with competitors, sister organizations or others with a generic process in common.

Management accountants were targeted both because project sponsors, the Chartered Institute of Management Accountants (CIMA), sought to enhance their role in benchmarking, and to enable the researchers to explore the ways in which participants' contributions and evaluations of benchmarking may reflect their professional backgrounds. The concerns of other stakeholder groups will also be explored. Later phases are exploring in more depth the characteristics of organizations where benchmarking was deemed to have achieved the objectives set for it; and the contexts in which benchmarking was started and later abandoned, or considered but rejected. There is a strong need for qualitative case studies as well as quantitative 'organizational demographics' if greater understanding of the social as well as technical factors affecting implementation of such medium or long term performance improvement systems is to be gained, which this research aims to address.
The focus on identifying 'critical success factors' for benchmarking will fill two gaps in the literature:

- the relative lack of systematic and critical appraisal of benchmarking (acknowledged by for example Camp, 1995, in distinguishing between the 'management' and 'user' processes, and Elnathan et al 1996, in their development of a framework for benchmarking research); and

- the provision of guidance for managers who will doubtless continue to adopt benchmarking for some time to come and who can benefit from the lessons already learned – but rarely articulated – about what organizational processes and attributes are associated with effective benchmarking.

Thus our last research aim, in the spirit of benchmarking itself, provides the impetus for the development of a range of routes for the dissemination of the research findings, sharing with practitioners the messages emerging from the information they have shared with us.

2. Benchmarking in the UK: state of the art

One could be forgiven for feeling that this research is 'shutting the stable door after the horse has bolted'. After all, benchmarking has been with us for many years and is increasingly being superseded by more fashionable approaches to performance improvement. Or is it?

Our initial findings, discussed below, indicate that although for some organizations benchmarking has become routine and as such is an integral part of 'the way we do things here' rather than a distinctive activity, many organizations in the UK are still actively considering introducing benchmarking or have only recently commenced with it. This is supported by surveys in the UK and Europe (Coopers and Lybrand 1994, Coopers and Lybrand Europe 1994, Cook and Macauley 1996). Indeed, organizations who are rapidly adopting the Business Excellence Model as a framework for performance management across Europe would be hard pressed to do so effectively without benchmarking. The concept of benchmarking has been familiar to public services in the UK for some years in the form of independent reports on best practice produced by the Audit Commission and National Audit Office; and the actual practice of benchmarking in local government is set to increase with the forthcoming requirement to use it to demonstrate 'best value' – the long-awaited replacement for compulsory competitive tendering.

Local and sector-specific benchmarking networks continue to be set up, and many consultancy organizations now offer support for benchmarking (although many organizations taking part in our survey appear at present to be working independently). The more-established UK 'third-party benchmarking organizations' such as the Best Practice Club and Benchmarking Centre report a continued growth in business, although commenting that benchmarking may be taking place under another name (e.g. inter-company comparisons, league tables) in some contexts. They report a
stronger interest from the service than manufacturing sector, suggesting perhaps that in the traditional home of benchmarking the need for external support may be lower as manufacturing organizations have developed their own industry-specific networks and made use of services provided through the Department of Trade and Industry and trade associations.

With the entry of the service sector and a greater awareness of the importance of service functions in manufacturing firms, benchmarking is being applied beyond core production processes which were the traditional level of focus in manufacturing in the past. Attention is being paid to processes at all points along the supply chain and benchmarking is being integrated with other performance improvement approaches. For example award-winning retailers such as Jaeger have integrated benchmarking within a comprehensive programme of customer service improvements involving staff at all levels, centrally-driven but delivered in ways which reflect local conditions and initiatives (Duffin 1997). Sandwell local authority's housing department is using benchmarking within the framework of the Business Excellence Model, working with consultants to draw on experience from industry as well as other local authorities (British Quality Foundation 1997). And the voluntary sector is actively exploring the potential role for a dedicated benchmarking club to meet the needs of charities.

It is important not to dismiss organizations as fickle bandwagon-jumpers just because they may be carrying out benchmarking at present but also using one or more other approaches to performance improvement. It is logical for organizations to undertake benchmarking as part of an overall system for performance management, playing to its strengths and recognising its limitations. This is supported by the findings of the Best Practice Club's survey of member organizations (Chase 1997), where benchmarking was being used to improve the value of products and services to the customer, being most effective where total quality management (TQM) and self-assessment using the Business Excellence Model were already established. Perhaps such organizations are well placed to benefit from the process focus of 'true' benchmarking, and its creative potential, because they value organizational learning and reflection on practice as well as competing for public recognition through the Business Excellence model. Indeed it may be that the characteristics of the approaches being adopted are less important than the way that the organization manages change, the nature of its culture and perhaps the style of its leaders.

Thus it would seem that benchmarking has not yet been discarded in favour of 'this year's model' for performance improvement. Rather, it continues to attract practitioners from an ever-wider range of organizations, while being integrated with more comprehensive approaches such as TQM, the Business Excellence Model or self-assessment, particularly in organizations with longer experience in performance improvement. However, as well as gaining adherents there have been many who have abandoned benchmarking or had to work hard to overcome problems. A key aim of our research is to understand the nature of such problems, and the characteristics of people and organizations where problems are overcome and benchmarking achieves the objectives set for it. Data is also being collected from organizations where benchmarking no longer takes place, to investigate whether there are distinctive organizational or contextual characteristics that may explain 'failure', if that was the reason for ceasing the benchmarking activity.
In seeking first to describe the nature and extent of benchmarking activity in the UK, we have made use of Camp's typology (Camp 1989, 1995) to classify informants' practices:

**Internal**  This is a comparison among similar operations within one's own organization.

**Competitive**  This is a comparison to the best of the direct competitors.

**Functional**  This is a comparison of methods to companies with similar processes in the same function outside one's industry.

**Generic process**  This is a comparison of work processes to others who have innovative, exemplar work processes. (Camp 1995, p.16)

Coopers and Lybrand (1994), amongst others, have reported that internal benchmarking tends initially to dominate, probably at least in part because of the complexities of establishing partnerships particularly with competitors. In addition, internal benchmarking can draw on existing sources of data, collected under relatively comparable circumstances and with greater cost-effectiveness. An alternative to grappling with some of the more problematic aspects of competitive benchmarking is to adopt generic benchmarking with unlike partners – indeed Camp (1995) and others point out that truly innovative ideas are probably more likely to be found by looking at key processes outside one's own industry.

We are also interested in characteristics such as organizational size, the motivation for commencing benchmarking, the relative importance of financial and operational measures, relative costs and benefits, the similarities between partners, and use of other performance improvement methodologies by active benchmarkers. Some early results profiling our informants and their experiences with benchmarking are set out in the next section. Our survey research is enabling us to look for correlations between such characteristics and perceived success or problems with benchmarking, and potentially significant relationships will be investigated through a series of case studies.

The desirability of applying a contingency approach in the assessment of the success of benchmarking activities is emphasised by Elnathan et al (1996), who propose a research framework incorporating antecedent, contextual and outcome variables. An antecedent variable in their framework is senior management support, which is also an important factor in the work of Hill et al, (1996) particularly where managers are embarking on benchmarking for the first time and are strongly influenced by their own perceptions of senior management's commitment.

Elnathan et al's contextual variables include several characteristics of partnerships such as number of partners and degree of trust; and Mannering (1996) identifies the desirability of partner organizations having shared values. In an earlier work Elnathan and Kim (1995) model the relationship between the formation of partnerships and potential benefits and costs of benchmarking (with consequent implications for the use of third party benchmarking organizations as well as the formation of direct
partnerships). Our research may provide a contribution to their call for a greater understanding of 'current benchmarking practices and organizations' (p.362) in order to '... produce a clearer picture of what factors determine firms' benchmarking benefits and costs and in turn affect their benchmarking decisions.' (ibid.).

We are also thus concerned with less easily measured 'softer' variables such as organizational culture and management style, as it seems likely that these process-related contingency factors may have a part to play in successful benchmarking. Experience with TQM would bear this proposition out (see for example Binney 1992, Holloway 1993, Choi and Behling 1997). Compatibility between organizational culture and benchmarking success for example may be reflected in the extent to which benchmarking places a relatively stronger emphasis on measurement or on process improvement. This in turn will affect the sorts of benefits which could be expected.

Some of our preliminary findings are presented in the next section. It should be stressed that this is based on the analysis of questionnaire responses from one cohort of respondents only; later papers will present the findings from more in-depth surveys and case studies.

3. Detailed findings to date

3.1 Who is involved in benchmarking?

The initial phase of data collection, as previously mentioned, comprised a questionnaire survey of three cohorts: CIMA members, Open University Business School MBA students or alumni whose studies included a course on performance measurement, and managers in SMEs. The focus has therefore been on UK-based organizations. This paper reports on the analysis of the first cohort.

Questionnaires were sent to a sample of 5,000 Members of the Chartered Institute of Management Accountants, distributed across CIMA's North, North West, South East, East Anglian and Midlands regions. 559 completed questionnaires were returned, a response rate of around 11%. Of these, 234 respondents indicated a willingness to participate further in the research. In the tables which follow, it should be noted that not all respondents answered all questions and therefore there are some missing values or totals which do not sum to 559 responses.

The size of organization in which our respondents worked ranged from fewer than 25 employees, to over 1,000 (Table 1). A high proportion of the medium and large organizations were themselves part of a larger concern.

<table>
<thead>
<tr>
<th>Size</th>
<th>n</th>
<th>part of larger org?</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;25</td>
<td>91</td>
<td>14 (15%)</td>
</tr>
<tr>
<td>26-99</td>
<td>95</td>
<td>39 (41%)</td>
</tr>
<tr>
<td>100-250</td>
<td>101</td>
<td>65 (64%)</td>
</tr>
<tr>
<td>251-999</td>
<td>123</td>
<td>79 (64%)</td>
</tr>
<tr>
<td>&gt;1000</td>
<td>142</td>
<td>87 (61%)</td>
</tr>
</tbody>
</table>
Table 1 - Size of Respondents (i.e. Number of Employees)

A key question was whether organizations were or had been engaged in benchmarking. 254 respondents said 'yes'; while 305 organizations had not been involved. Figure 1 illustrates the relationship between organizational size and presence of benchmarking activity.

Figure 1 - Benchmarking as a Function of Size

As Table 2 and Figure 2 indicate, there is a very clear tendency for larger organizations to be more likely to be benchmarking than small; the influence of subsidiarity (being part of some larger group) also makes it more likely for a company to be benchmarking. We suspect that this reflects a familiar combination of lack of organizational slack (in terms of time and/or resources) coupled with a healthy suspicion of management ‘theory’ which may reduce the likelihood of smaller organizations being involved with benchmarking. The propensity for conglomerates/federations to want to know how different parts compare may be one reason why organizations which are subsidiaries of others in some form are the most likely to be using benchmarking.

Table 2 - The effect of organizational size and subsidiarity.
What sorts of organizations are currently using benchmarking? Figure 3 and Table 3 indicate the range of activity by sector.

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
<th>Number in sample</th>
<th>Number claiming to be Benchmarking</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Government</td>
<td>30</td>
<td>19 (63%)</td>
</tr>
<tr>
<td>2</td>
<td>Education</td>
<td>30</td>
<td>20 (67%)</td>
</tr>
<tr>
<td>3</td>
<td>Health</td>
<td>34</td>
<td>29 (85%)</td>
</tr>
<tr>
<td>4</td>
<td>Manufacturing &amp; Construction</td>
<td>228</td>
<td>106 (46%)</td>
</tr>
<tr>
<td>5</td>
<td>Financial Services</td>
<td>43</td>
<td>14 (33%)</td>
</tr>
<tr>
<td>6</td>
<td>Services &amp; Retailing</td>
<td>137</td>
<td>43 (31%)</td>
</tr>
<tr>
<td>7</td>
<td>Utilities</td>
<td>9</td>
<td>8 (89%)</td>
</tr>
<tr>
<td>8</td>
<td>Other</td>
<td>41</td>
<td>15 (37%)</td>
</tr>
<tr>
<td>9</td>
<td>Missing</td>
<td>7</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>(All)</td>
<td>(559)</td>
<td>254</td>
</tr>
</tbody>
</table>

Table 3 - Benchmarking activity by sector
Manufacturing & Construction (very nearly one-half of our sample) has the same penetration of benchmarking as the overall population, with Health, Utilities Government & Education showing above average levels of activity. (One could even say it was de-rigeur in the Health Service and Utilities, perhaps due to the statutory production of performance league tables and regulatory environment). Perhaps more surprising in the light of information from benchmarking clubs and the practitioner literature, is the two lowest incidences of benchmarking, in the Financial Services/Services & Retailing sectors. This is an area which we are interested in investigating further; for example it may be that interest is growing, but difficulties in measuring the less tangible outputs of services are making the identification and comparison of relevant processes slow to take root.

It is worth emphasising here that this is the sector of the organization, not the function within the organization in which the respondent actually works, that we have coded; and that the distribution reflects the places of employment of our CIMA respondents rather than a representative sample of UK organizations.

3.2 How is Benchmarking being used?

Next we wanted to find out more about how 'benchmarking' was actually being used. Was it being used primarily to compare relatively straightforward and readily comparable metrics (person-hours per vehicle, mean rings before the telephone is answered and so on), which we have termed 'quantitative' in Table 4 Or is the benchmarking activity being undertaken with a view to what Tom Peters (1987) would call 'creative swiping', i.e. as a source of new ideas and process innovations? In spite of a problem with coding, there does seem to be tentative support for the suggestion that at present a majority of benchmarkers are more concerned about numbers than 'difficult to measure' processes. The next phase of the research is
exploring in far more detail the activities being undertaken by managers who claim to be 'benchmarking'.

<table>
<thead>
<tr>
<th>What is being measured</th>
<th>n</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quantitative only</td>
<td>165</td>
<td>82</td>
</tr>
<tr>
<td>Qualitative too</td>
<td>36</td>
<td>18</td>
</tr>
</tbody>
</table>

* because of a problem with coding responses, the 'Quantitative only' category may have been inflated.

Table 4 - What is being measured?

Given the increasing emphasis in the literature on the benefits of 'generic benchmarking' with unlike partners, as a way of gaining new insights, avoiding 'groupthink' which can accompany concentrating one's comparisons on other parts of the same organization, and reducing some of the problems of benchmarking with competitors, how far is this affecting practice? We categorised responses in terms of whether the benchmarking partners appeared to be internal or external to the respondent's organization; and whether they were similar or dissimilar in nature; see Tables 5 and 6. (Because the responses were free-form and occasionally ambiguous, some values could not be coded.)

<table>
<thead>
<tr>
<th>Locus</th>
<th>n</th>
<th>% of codeable(/194)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal</td>
<td>27</td>
<td>14</td>
</tr>
<tr>
<td>External</td>
<td>128</td>
<td>66</td>
</tr>
<tr>
<td>Both</td>
<td>39</td>
<td>20</td>
</tr>
</tbody>
</table>

Table 5 - Internal or External Benchmarking

<table>
<thead>
<tr>
<th>Type of Partner</th>
<th>n</th>
<th>% of codeable(/183)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Similar</td>
<td>165</td>
<td>90</td>
</tr>
<tr>
<td>Dissimilar</td>
<td>18</td>
<td>10</td>
</tr>
</tbody>
</table>

Table 6 - Type of Partner

It appears that a relatively high proportion of organizations are looking beyond their immediate organizational boundaries for benchmarking partners. However, relatively few have so far taken the step of benchmarking outside their own industry, with a fair number of those who claimed to be using 'dissimilar' partners being very large organizations with a long track record in quality improvement and significant benchmarking experience. They are therefore perhaps best placed to take the risk of making 'unusual' comparisons, and have a wide range of processes operating on a sufficiently large scale that external comparators are by far the most appropriate.
Thus a picture is emerging of relatively high levels of benchmarking activity being reported by our sample, particularly among larger organizations. However, to date most are adopting a relatively conservative approach with a focus on readily quantifiable activities and similar comparator organizations. They may therefore be seeing limited benefits, depending on what their objectives were in the first place. This we explore next.

3.3 Objectives and benefits

To assess the effectiveness of benchmarking, one must first ask what those using it hoped to gain from the activity. This in turn may reflect whether they were undertaking it through a free choice, or because of some imposed requirement. The majority of our respondents who claimed to be benchmarking said that the choice to do so was made locally, but a substantial minority had been required by the wider organization or an external (usually statutory) body to undertake the activity. The impact of a constrained choice will be investigated later in the research. Figure 4 summarises the main reasons cited for benchmarking; many respondents gave more than one reason.

![Figure 4 - Reasons for benchmarking](image)

To elaborate a little, the most popular category of 'How are we doing?' is consistent with the emphasis on quantitative measures previously noted, and the prevalence of league tables which rank performance on the basis of some readily-measured output. One could argue that unless this leads to an investigation into 'Why are we in this position?', the activity is not benchmarking, but rather comparative performance
measurement. Fortunately a large proportion also saw benchmarking as a source of new ideas, or route to improvement building on observed best practice, which reflects the distinctive nature of benchmarking rather more closely. Constrained choices and benchmarking as an incidental spin-off of some other activity were also important drivers, however. A positive slant on the 'incidental' reason was provided by those respondents who claimed that their organization is routinely searching for 'excellence', or ways to improve performance and therefore benchmark naturally among myriad other activities. Interestingly, financial improvement was cited rather less frequently than one might expect. Surprisingly only one respondent said they were benchmarking primarily to gain a marketing advantage – perhaps this is because benchmarking does not attract certification in the way as Investors in People or ISO 9000.

So what do those with benchmarking experience feel that they have gained? Figure 5 shows the 'top 5' reasons, following coding of free-form responses from 254 respondents.

![Figure 5 - Benefits from Benchmarking](image)

As well as the 7% who felt it was too soon to identify any tangible benefits, a further 4% of benchmarking respondents did claim to have experienced no benefit. However, the vast majority could identify at least one benefit. A better understanding of the workings of the business – their own or their competitors' – which could lead to improvement action was cited by 43% of respondents (This could be regarded as a positive outcome, particularly when taken with the 26% who were noticing qualitative improvements in areas such as staff motivation and management awareness, important
contextual factors for implementing change). 34% reported readily quantifiable improvements, and only 12% cited locating their performance relative to others (in the 'league table' sense) as a major benefit.

Overall therefore our experienced benchmarkers were able to identify a number of relevant and tangible reasons for continuing to undertake what can be a costly and time-consuming activity. But what of those who had rejected benchmarking as a potential route to performance improvement, or experienced problems with it? We examine their responses in the next sub-section.

3.4 Disincentives and problems

So far, we have reported on the experiences of our 254 respondents who were, or have been, active benchmarkers. However, 305 had not taken up the opportunity presented by benchmarking, in spite of the 'hard sell' from many consultants and practitioner journals and events. A very small proportion claimed that they had never heard of benchmarking; most knew something about it and the top five reasons for not pursuing it are set out in Figure 6.

![Figure 6 - Common Reasons for not Benchmarking](image)

The 'Low priority' category embraces those who considered it would have relatively little to offer compared to other improvement approaches, as well as those who had too many current pressures to resolve before embarking on something like benchmarking. Those who considered it inappropriate generally appear to have made
an informed decision based on an appreciation of the characteristics of benchmarking and their own circumstances, rather than merely rejecting it out of hand.

The perception that the respondents' organizations were too small to participate was on a par with resource constraints (lack of time, money, or expertise) as a reason for not benchmarking. Finally we have coded together under 'Comparability', those who cited concerns about confidentiality, a lack of suitable partners, and their own organization's uniqueness; perhaps here in particular there is scope for better information to be provided for potential benchmarkers as it could be argued that, in the majority of cases, each of these 'disincentives' could be overcome – provided what was sought was really benchmarking rather than copying or 'industrial tourism'. Although outside our top five, we also found 7% for whom benchmarking was currently 'under consideration'.

Finally we turn to the problems experienced by benchmarkers. The five most frequently-cited problems are set out below in Figure 7.

![Figure 7 - Most Common Benchmarking Problems](image)

Here comparability includes the identification of 'suitable' partners (where this is deemed necessary) as well as the strict comparability of the data once it had been collected. This apparent inability to be able to compile strictly comparable information (“we were never sure that we were really comparing like for like” was a common comment) is consistent with our earlier observation that benchmarkers tended to do it on their own, rather than participating in clubs or other networks. Perhaps if companies were to collaborate more on their methodology, such problems could be surmounted.
Confidentiality problems were cited relatively infrequently, perhaps indicating that most of our 'mature' benchmarkers were aware of the need to address this formally at an early stage, and maybe were even operating within the codes of practice which are frequently advocated in the practitioner literature.

As with our 'non benchmarkers', resource constraints include time, finance and expertise, although time is by far the greatest factor. Staff resistance had been problematic at various stages from inception to acting on the results of benchmarking, but one could speculate that the level reported here is lower than would have been experienced in many cases of the introduction of new approaches to performance improvement.

Finally turning to 'Access', this embraces technical and 'political' access to data, and to partner organizations as potential providers of such data. How such problems have been overcome – and the nature of mutuality, as 'access' in benchmarking must be bi-directional – are major areas for further investigation through the later phases of this research.

4. Conclusions and forward plans

It is perhaps in the nature of the conclusions to a working paper such as this that many are more akin to pointers for the direction of future work. Indeed, we already have a further questionnaire in analysis from those organizations that had indicated a willingness to contribute further. Nevertheless, we do feel that certain results do stand on their own and are worth reporting here.

This paper has begun to provide some understanding of both the level and nature of benchmarking activity within the UK. Particular attention has been paid to identifying the features which are perceived by organizations to constitute successful benchmarking practice. In addition, further insights have been gleaned into the factors which organizations consider problematic to conducting a benchmarking exercise. These factors have been identified as a barrier to benchmarking take-up as well as significant contributory factors to its abandonment.

The findings suggest that larger organizations are far more inclined to be benchmarking than smaller ones. This situation is compounded by the influence of *subsidiarity*, where an organization forms part of a larger entity, this of itself makes it more likely for the enterprise to be benchmarking.

The industry sectors which typically show above average levels of benchmarking activity are the Health, Utilities, Government and the Education sector. By contrast, it is the Financial and General Service sectors which, in conjunction with Retailing, record the lowest incidences of benchmarking.

Thus a picture is emerging of relatively high levels of benchmarking activity being reported by our sample. Furthermore, it would appear that a relatively high proportion
of organizations are indeed looking beyond their immediate organizational boundaries for benchmarking partners. However, most are adopting a relatively conservative approach with a focus on readily quantifiable activities and similar comparator organizations.

The apparent inability to be able to compile strictly comparable information is consistent with our earlier observation that benchmarkers tended to do it on their own, (rather than participating in clubs or other networks). This could argue in favour of the need for some measure of standardization on the more practical details of benchmarker's data collection.

Our work to date seems to suggest the existence of some form of maturity curve. Organizations that persevere with benchmarking would appear to move from simple comparisons of easily-measured discrete activities using internal partners, to comparing more complex processes with external and/or dissimilar partners. Convincing colleagues of the benefits of such comparisons may reflect an orientation towards organizational learning, or a particularly effective 'champion', rather than the specific benchmarking approach undertaken which contributes to successful outcomes.

This is perhaps a key issue for further research into the characteristics of benchmarking success. It seems plausible that some organizations are particularly effective at managing change; and are thus well placed to make substantial gains from benchmarking. They may be characterised by strong leadership, flexible structures, high investment in training, effective teamworking and communications, and so on. In this case, what can 'ordinary' organizations gain from our research on best practices? It has been argued that 'leadership best practices' can be successfully benchmarked and inform leadership development programs (Ames and Kushell 1995). One aim for our research is to identify other 'success factors' which can, with a bit of effort, be transferable and enhance the benefits of benchmarking for more organizations, without increasing its costs.

To date our research has highlighted several interesting areas for further study. A number of research activities are currently in progress (further questionnaires and case study development) which will explore and develop the issues previously raised. In addition, it is envisaged that this work will begin to address the relationship between successful benchmarking and other approaches to performance improvement, the degree to which the identified success factors are necessary but not sufficient for benchmarking success, and the extent to which benchmarking is proving to be a cost-effective paradigm.

References


