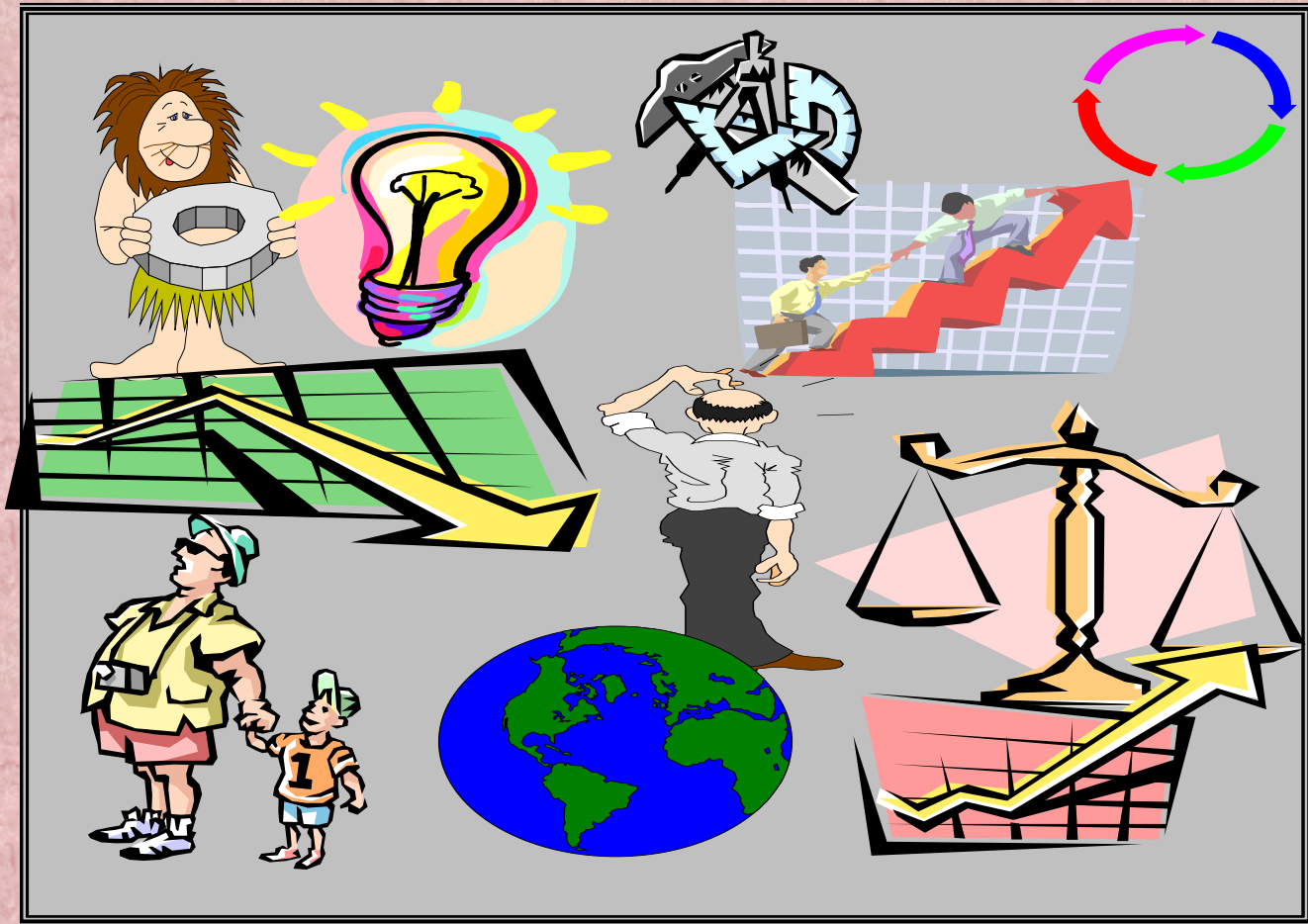


Classical Benchmarking Study



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Workshop Objectives



- ① **Have a better understanding of the steps involved in a Benchmarking Study**
- ① **Understand the Benchmarking Methods**
- ① **Understand the Benchmarking Code of Conduct and Benchmarking Protocol and Ethics**
- ① **Understand the Benchmarking terms**
- ① **Understand the necessity for preparation and extensive research**

Benchmarking Definition

Is the continuous and systematic process of identifying, analyzing, and adapting industries' best practices that will lead an organization to superior performance

(Spendolini 1992)



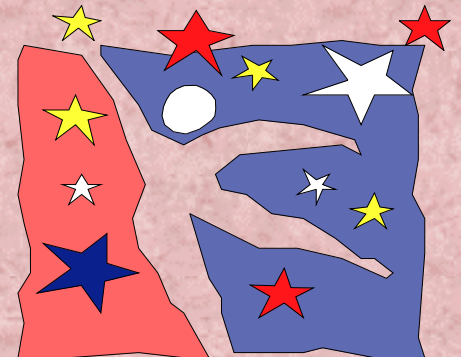
What is Benchmarking?

- ⦿ **A methodical study**
- ⦿ **A discovery process**
- ⦿ **An improvement method**
- ⦿ **A learning opportunity**
- ⦿ **A management commitment**
- ⦿ **A tool used to identify, establish, and achieve standards of excellence**
- ⦿ **A continuous process**



Why Do You Benchmark?

- ⊙ Satisfy customers' needs and expectations
- ⊙ Adapt “Best Practices”
- ⊙ Develop and stimulate strategic planning
- ⊙ Encourage creative thinking - getting out of the box
- ⊙ Achieve superior performance
- ⊙ Accelerate process improvement
- ⊙ Review/study competitive comparisons
- ⊙ Discover emerging technologies



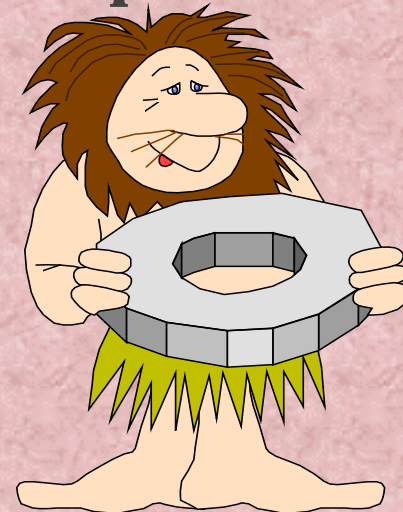


When Do You Benchmark?

- ⊙ Management is looking for a change
- ⊙ The organization is implementing a new process
- ⊙ The dynamics of industry is changing
- ⊙ The organization is striving for performance excellence using continuous improvement
- ⊙ A change is required in processes, products, or services
- ⊙ The organization needs to reinvent itself in order to survive

Benchmarking Is Not!!!!!!!

- ⊙ A cookbook process
- ⊙ A panacea for problems
- ⊙ Comparing to “similar’ organizations
- ⊙ A management fad
- ⊙ Just a review of your own operations
- ⊙ Industrial Tourism
- ⊙ A Free trip
- ⊙ Reinventing the wheel



Where Can You Find Benchmarking Information?

- ⊙ **Other organizations or Federal Agency experts**
- ⊙ **Publications**
- ⊙ **Baldrige and Presidential Quality Award Winners**
- ⊙ **Best Practices databases**
- ⊙ **Internet**
- ⊙ **Navy Best Manufacturing Practices database**
- ⊙ **College/University libraries**
- ⊙ **Consultants**
- ⊙ **Professional Associations**

What are the Benefits of Benchmarking?

- ⊙ A better understanding of products and services
- ⊙ A better understanding about customers needs and expectations
- ⊙ Meaningful goals and performance measures reflecting customer requirements
- ⊙ Employees who better understand the internal process within their organization
- ⊙ Accelerated rate of change
- ⊙ A better understanding of competitors and industry dynamics
- ⊙ A better understanding of where your organization stands against the best in class

Benchmarking Tips

Do:

- ⦿ Select the right team and mix of skills
- ⦿ Obtain management commitment
- ⦿ Select a benchmarking project that ties to strategic goals and objectives
- ⦿ Perform plenty of research
- ⦿ Communicate during the benchmarking study with all levels of those involved



Benchmarking Tips

(continued)

- ⦿ **Select benchmarking partners outside of your own industry**
- ⦿ **Provide an incentive for a participation**
- ⦿ **Focus on best practices and enablers**
- ⦿ **Select a benchmarking team that includes supporters and skeptics alike**
- ⦿ **Abide by the Benchmarking Code of Conduct and follow all the protocols**

Benchmarking Mistakes

- ⦿ Don't examine your own process
- ⦿ Take “Feel Good” trip that isn't needed
- ⦿ Goals and questions are too vague
- ⦿ Scope is too broad
- ⦿ Lack of team commitment
- ⦿ Don't perform upfront research



Benchmarking Mistakes

(continued)

- ⦿ **Wrong benchmarker as Partner**
- ⦿ **Don't go outside of own industry**
- ⦿ **Don't take action**
- ⦿ **Don't have support to perform study**
- ⦿ **Don't reinvent the wheel**
- ⦿ **Don't go on site visits unprepared**

Methods of Benchmarking

Internal:

An approach to benchmarking where organizations learn from “sister” companies, divisions, or operating units.

- **Low cost**
- **Fast**
- **Easy to transfer lessons learned**
- **Gain a deeper understanding of your own process**



Methods of Benchmarking



Competitive:

An approach to benchmarking that targets specific product designs, process capabilities, or administrative methods used by one's direct competitors.



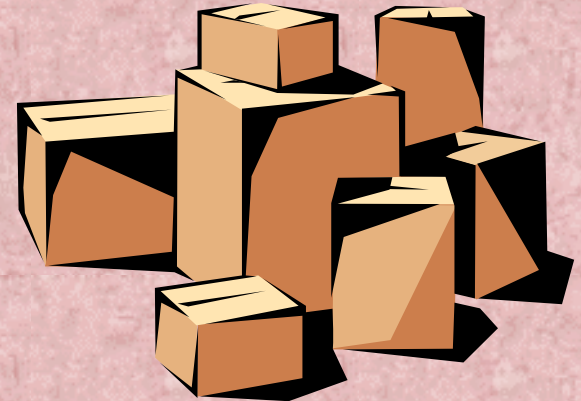
- **Provides a strategic insight into marketplace**
- **Prioritizes areas of improvement according to competition**
- **Possible partnership**
- **Similar regulatory issues**

Methods of Benchmarking

Functional:

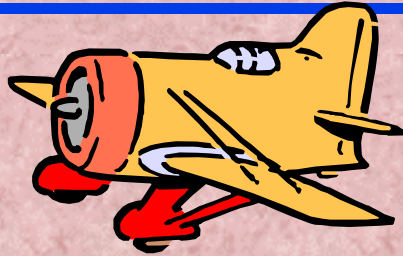
An approach to benchmarking that seeks information from the same functional area within a particular application or industry.

- **Takes advantage of function and professional networks to develop detailed process understanding**
- **Provides industry trend information**
- **Quantitative comparisons**
- **Common business functions**



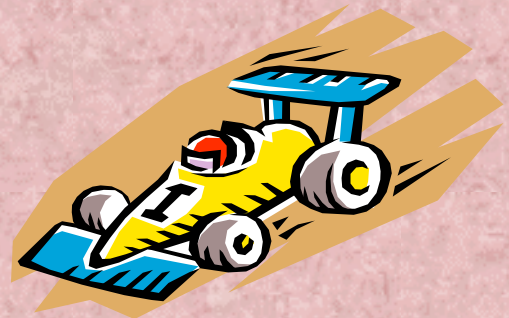
Methods of Benchmarking

Generic:



An approach to benchmarking that seeks process performance information from outside one's own industry. Enablers are translated from one organization to another through the interpretation of their analogous relationship.

- **Provides the greatest opportunity for process breakthroughs**
- **Because organizations don't compete, reliable detailed information is usually available**
- **Innovative**
- **High potential for discovery**



Before Benchmarking

ASK:

- ⊙ What is the study method to be used?
- ⊙ Does management understand benchmarking?
- ⊙ Is management committed?
- ⊙ How does the benchmarking study tie into the strategic plan?
- ⊙ Who are your customers?
- ⊙ What is driving the benchmarking study?
- ⊙ What are you going to Benchmark?
- ⊙ What resources are needed for the study?
- ⊙ How is the information to be used?

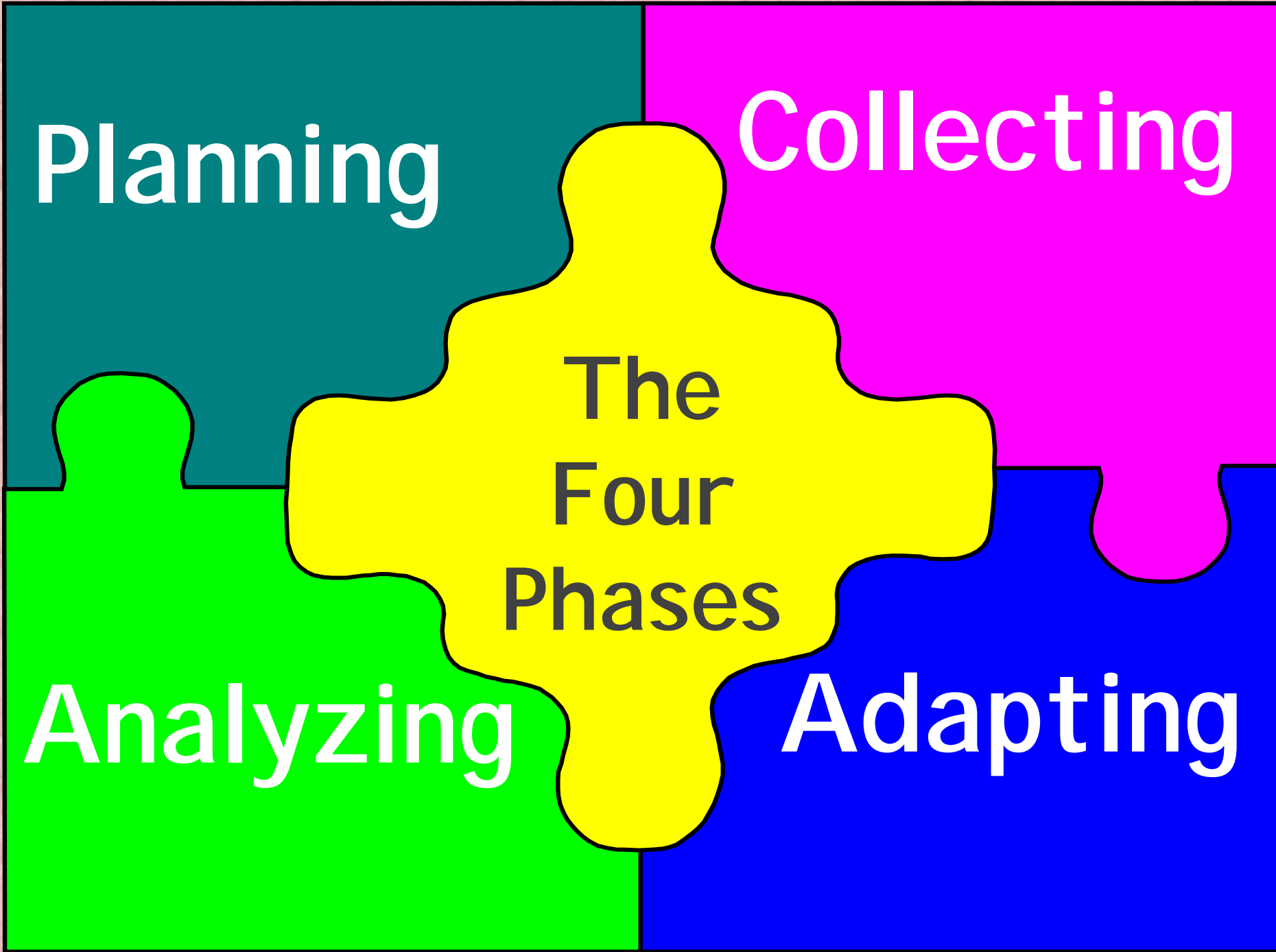
Planning

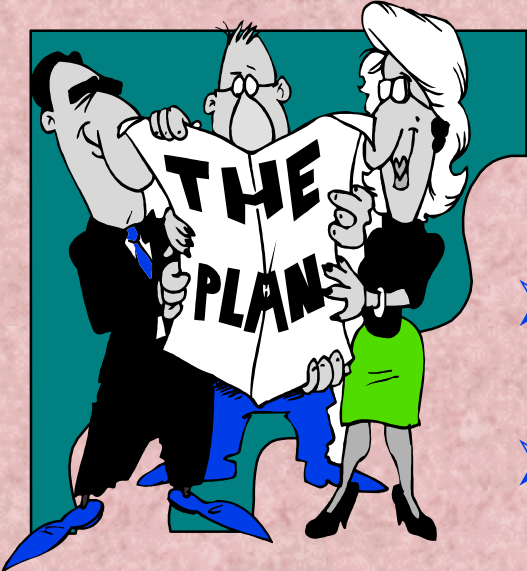
Collecting

**The
Four
Phases**

Analyzing

Adapting





Phase One

- **Select the process and identify the objective of the study**
- **Identify and gain participation of the sponsor and stakeholder(s)**

- **Submit a benchmarking request**
- **Select a cross-functional team**
- **Provide Benchmarking Awareness Training**
- **Identify products/services, customers, and their expectations**
- **Identify and select the Critical Success Factors**
- **Analyze and document the process flow**
- **Review and establish generic performance measures**

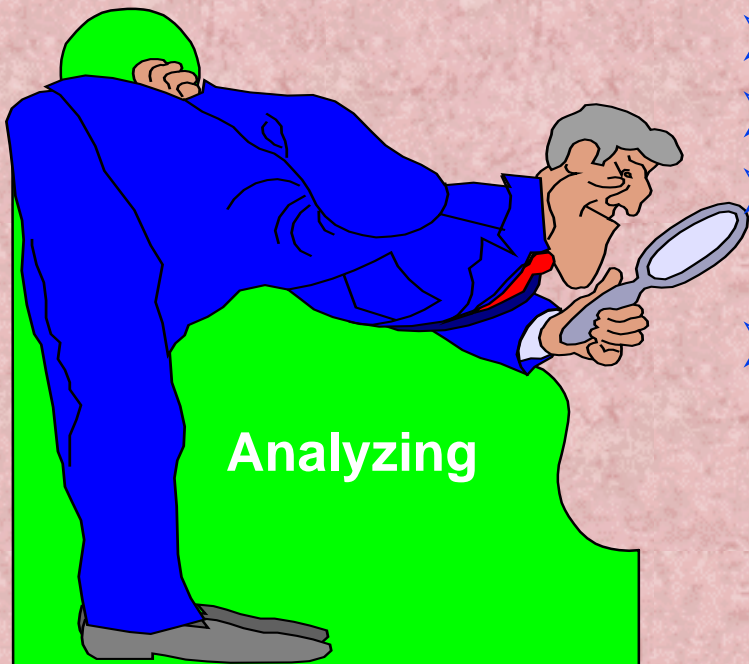
Phase Two

- **Develop criteria for secondary research**
- **Conduct an extensive literature review**
- **Identify “best-in-class” and potential partners**
- **Review legal and ethical issues and benchmarking protocol**
- **Plan data collection strategy for primary research**
- **Conduct primary research**
- **Contact actual partners**
- **Prepare for site visits**
- **Collect all data and prepare for Phase Three**



Phase Three

- **Determine if all data is meaningful**
- **Determine partners processes**
- **Organize and reformat data**
- **Normalize performance data**
- **Compare measurements**
- **Isolate process enablers**
- **Summarize partners methods**
- **Set goals to reduce performance gap**
- **Incorporate culture during modification of enablers**

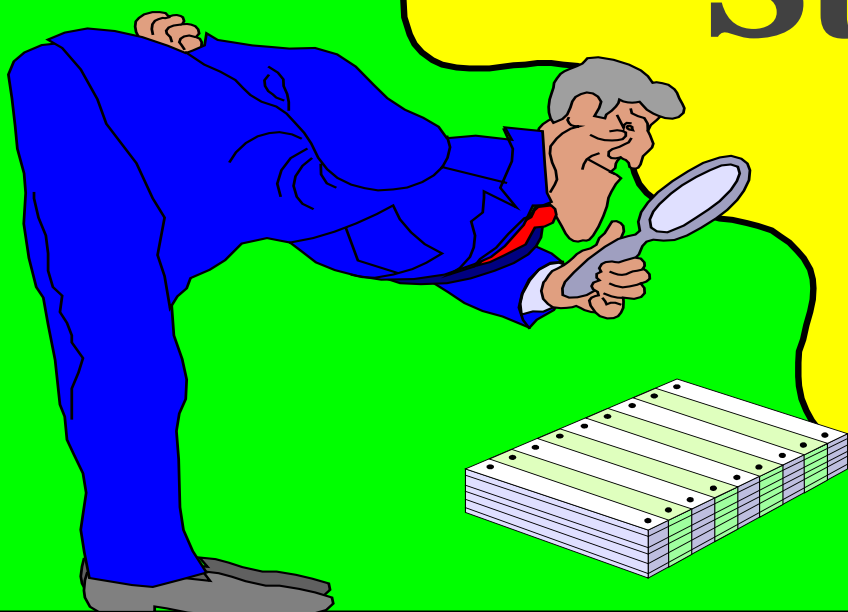
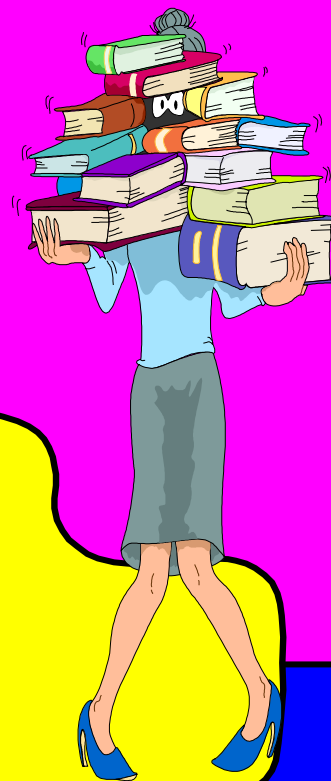


Phase Four

- **Gain acceptance, support, commitment**
- **Develop an implementation plan**
- **Create a Steering Committee**
- **Communicate the plan**
- **Obtain resources**
- **Implement Plan**
- **Monitor and report progress**
- **Recalibrate the measure**
- **Identify opportunities for future efforts**



The Study



Team Work



- Management
- Sponsors

- Process Owner
- Team members