IT Platforms for Company Benchmarking

VERITE conference about Benchmarking
Stuttgart 6-7 June 2002

Dimitris Milossis
URENIO Research Unit - Aristotle University of Thessaloniki
Information Technology integrates Benchmarking services by providing new dimensions and new working tools for the consultant and a business executive to the already existing forms.
Test case 1:
Business performance indicators

When a company executive measures productivity with
Turnover/employee = 505 Euros

He can use his expertise to make assumptions about:

✓ Stuff productivity
✓ Effectiveness of Leadership
✓ Balance of human capital within the departments etc.
Use of a Benchmarking database

Turnover/employee

<table>
<thead>
<tr>
<th>Relative</th>
<th>Your Actual</th>
<th>Low</th>
<th>Low Qtile</th>
<th>Average</th>
<th>Upper Qtile</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>45</td>
<td>505</td>
<td>75.5</td>
<td>462</td>
<td>648.2</td>
<td>756.4</td>
<td>925</td>
</tr>
</tbody>
</table>

Sample: 285 firms

Target group limited to a specific geographical area and sector
Test case 2:
Seek of production Best Practice

An executive of a chemical factory realises that his high quality product is not doing well in the market possibly due to:
(a) bad marketing practices
(b) Not adequate production process
(c) Unsuccessful sales policy etc.

What is actually the major problem?
What the bests in market do for such problems?
Test case 2: Seek of production Best Practice

THE BENCHMARKING SOLUTION:
Learn from a Benchmarking partner exercising Best Practices in the chemical industry
(how can I identify this firm?)

Seek for a Best Practice article in bibliography
(Is there such a special case library?)
The IT added value

Best practice databases with Best Practice articles and various search criteria

International databases of Best Practice companies – potential Benchmarking partners organised with advanced selection criteria
Advantages of Best Practice companies databases

Better possibilities for the selection of the best possible Benchmarking partner

Possibility for storage and classification of a big number of candidate Benchmarking partners (from both sides)
Indicative Best Practice databases
(1-1 Benchmarking)

Best Practice Club
(establ. In UK)

Best Manufacturing Practices DB
(established in USA)
Best Practice Club

http://www.bpclub.com

- Identify Best Practices for the needs of its member firms
- Identify formal or informal Benchmarking partners quickly
- Organise Best practice courses
- Covers a wide range of Business Processes
The primary objective is:
- to identify and validate best practices
- document them
- encourage industry, government, and academia to share information about them.

The BMP Program is a unique industry and government cooperative technology transfer effort that improves the global competitiveness of the U.S. industrial base. The primary objective toward this goal is simple: to identify and validate best practices, document them, and then encourage industry, government, and academia to share information about them. By fostering the sharing of best practices, BMP has become a national resource in helping organizations benchmark with the best, learn from others’ attempts, and avoid costly and time-consuming duplication.

The BMP Center of Excellence is a partnership among the Office of Naval Research’s BMP Program; the Department of Commerce’s Bureau of Industry and Security; and the University of Maryland’s Engineering Research Center.

We invite you to explore our website by moving your mouse over the links at the left-hand side of the page, a brief description and
Benchmarking for business performance

- Definition of performance indicators (qualitative and quantitative)
- Measurement of these indicators in a large target group
- Definition of the relative position of the Benchmarked unit in relation to the database in all the indicators
Benchmarking process

- Definition of target group of comparison (i.e. using limits in turnover, personnel, geographical area, sector etc.)
- Submit of questionnaire
- Production of Benchmarking report
- Production of report with conclusions and proposals for changes in the business environment
Type of indicator sections

Indicators on horizontal basis (controlling sections of a company)
I.e. management, quality, production, warehousing, leadership, etc.

Indicators on vertical basis (controlling processes)
I.e. customer and employee satisfaction, public relations, complaint management etc.

Indicators for full services with full sections covering all the above I.e. tourist services
Minimum requirements for such applications

- Statistically approved sample for each sector, company size, geographical area for each of the indicators (at least 30 inputs for each)
- Approved validation of input in the DB
- Update of data (financial performance data is considered valid for 2 years the most)
Advantages of such applications

1. Statistically proved results
2. Definition of performance using real market measurements
3. Complete definition of the weak and strong points in the performance of the company, even ones which were never traced from the most careful observer.
Difficulties and drawbacks

- High cost for development and maintenance
- Application is not commercially exploitable before the providing of the initial critical mass of material
- Issues on the confidentiality of the data
- International applications have to take into account the different socio-economic conditions of the participating countries
Indicative relevant applications

- Benchmarking application for Industry Metrics
- US National Consumer Assessment of Health Plans
- (CAHPS) Benchmarking application
- Benchmarking database
- URENIO Research unit
Welcome to the Benchmark Index website

Benchmarking your business is a very effective way of understanding your current position and planning for the future. The Benchmark Index is one of the most powerful performance benchmarking tools of its kind in the world and offers superior capabilities for you to understand the issues that face your business and, hence, enable you to improve your business performance.

On this site, you can find out what benchmarking is and how it can help your business. You can see how it has helped companies similar to yours and you can sample the power of benchmarking by undertaking an instant mini-benchmark (using the **healthcheck**) of your company on-line.

---

**fact**

Only one in ten people who feel like complaining actually complain. So how happy are your customers?

Closing the Gap report Cranfield School of Management

---

**questionnaires** | **healthcheck** | **publications** | **news**
Benchmarkindex basic indicators categories

Financial Revenue & Costs

Customer Satisfaction

Innovation

Suppliers

Financial Capital

People Management

People Satisfaction
BI Business Excellence model

Leadership
- People Management
- Policy & Strategy
- Resources

Processes
- People Satisfaction
- Customer Satisfaction
- Impact on Society

Business Results
BI coverage

✓ Almost 6000 firms covering 11 countries mostly from the United Kingdom (4400 firms) and mainly from Spain, Portugal, Italy, Ireland, Germany and Austria.

✓ Application can be used through consultants certified by Wining Moves.

✓ Funded from EC for development of European database
## BI application main sectors

<table>
<thead>
<tr>
<th>Sector</th>
<th>Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metal Products Manufacture</td>
<td>925</td>
</tr>
<tr>
<td>Other Services</td>
<td>587</td>
</tr>
<tr>
<td>Chemicals, Plastics and Ceramics Manufacture</td>
<td>484</td>
</tr>
<tr>
<td>Wood and Paper Manufacture</td>
<td>410</td>
</tr>
<tr>
<td>Electrical and Electronics Manufacture</td>
<td>406</td>
</tr>
<tr>
<td>Accelerate (United Kingdom only)</td>
<td>373</td>
</tr>
<tr>
<td>Retail and Wholesale of Goods</td>
<td>360</td>
</tr>
<tr>
<td>General Machinery Manufacture</td>
<td>338</td>
</tr>
<tr>
<td>Construction / Contracting</td>
<td>285</td>
</tr>
<tr>
<td>Transport Manufacture</td>
<td>281</td>
</tr>
</tbody>
</table>
Industry Metrics characteristics

Special case questionnaires are developed and sent to a big number of recipients. The options are:

- One can participate in a survey and get results
- Participate in a ongoing survey from Surveyors archives
- Sponsor a survey of your own with your own set of questions
Industry metrics indicative surveys in progress

US National Consumer Assessment of Health Plans

- Established in 1995
- “Surveying people about their experiences with their health plans and medical care”
- Develop methods for presenting survey findings so as help consumers make health plan choices
### CAHPS database in 2000

<table>
<thead>
<tr>
<th>Population sector</th>
<th>Sampling units</th>
<th>Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial</td>
<td>270</td>
<td>135,479</td>
</tr>
<tr>
<td>Medicaid</td>
<td>156</td>
<td>49,327</td>
</tr>
<tr>
<td>Medicare Managed Care</td>
<td>367</td>
<td>166,072</td>
</tr>
<tr>
<td>TOTAL</td>
<td>793</td>
<td>350,878</td>
</tr>
</tbody>
</table>
http://www.urenio.org

section Benchmarking

URENIO research unit is developing a database which will include about 300 Greek companies. The questionnaire for this application follows "World Class Manufacturing" principles.

Benchmarking Questionnaire

The British Department of Trade and Industry (DTI) is currently developing a database from 9 European countries. The questionnaire belongs to the Benchmarking and can be applied through URENIO research unit.

Application

URENIO research unit is developing a database for the Benchmarking which will include about 300 Greek companies.
URENIO Benchmarking DB specifications

- Fully online system
- 300 Greek firms (Central Macedonia, Thessaly and Crete)
- Main sectors covered: food, textile, chemicals and tourist plans
- 150 indicators organized in 11 modules
URENIO Benchmarking DB
Indicator sections

Financial Management, Management, Markets and Products, Innovation and Research, Quality, Marketing, Warehouse Management, Supply Chain Production Processes, Engineering, Tourist services
URENIO DB next steps

In the Benchmarking report each of the indicators has the following form:

<table>
<thead>
<tr>
<th>Relative</th>
<th>Your Actual</th>
<th>Low</th>
<th>Low Qtile</th>
<th>Average</th>
<th>Upper Qtile</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>45</td>
<td>505</td>
<td>75.5</td>
<td>462</td>
<td>648.2</td>
<td>756.4</td>
<td>925</td>
</tr>
</tbody>
</table>

Report is enriched with commentary concerning the results and proposals for changes and strategy improvements based on the Benchmarking report.
Final remarks

Performance indication databases could be better based on networking between individual institutions.

International expertise could find better solutions than solutions found in our local business environment.

International information is obviously huge in size.

That’s why IT is the prominent facilitator for process of best practice information and expertise.