

Intelligent Benchmarking

Avoid traps and improve results by
Benchmarking intelligently



White Paper



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WHY SHOULD YOU BENCHMARK?

bench·mark bench-märk
noun

1. something that serves as a standard by which others may be measured or judged
2. a standardized problem or test that serves as a basis for evaluation or comparison

Measuring results is the best way to improve what you are doing. This is the core of almost all quality management systems, including Six Sigma. While Six Sigma doesn't apply very well to Facility Management processes since there aren't enough transactions to measure defects against, the principles work very well.

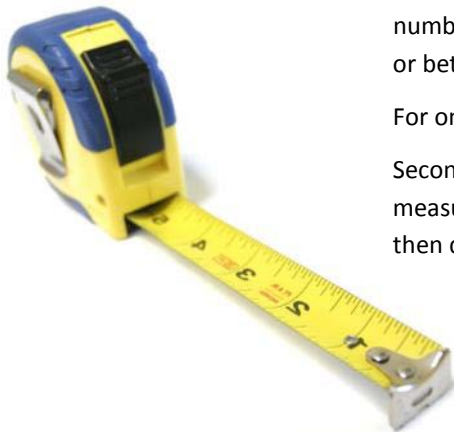
Benchmarking is a form of measurement – where you measure against something else to see where you are lagging, identify the areas and take corrective action. This is the essence of benchmarking.

Even if you think you are doing everything right, how do you know unless you compare? No organization is the best at everything and the same is true for yours

So, if you aren't benchmarking, you can't possibly be doing everything you should be doing.



WHAT IS BENCHMARKING NOT?



Benchmarking isn't just about numbers – You don't just compare numbers and if your results are average or better, you keep on doing what you've always been doing.

For one, do you really want to be average?

Secondly, benchmarking should be a learning process, not just a measurement exercise. You should effectively compare the results and then dig deep to understand what you can do differently.

Think about several runners who ran a race and finished with the same time. All runners had excellent technique except for runner #2. If you were benchmarking their times, you would say the second runner did well and that would be that. In fact, you shouldn't be satisfied with how the numbers make you look. By focusing on more than just their time, you can see the real benchmark was their technique and with improvement in their technique, the second runner could easily win next time.

Remember, Benchmarking isn't just about numbers, it's about learning and improving.

THINGS YOU NEED TO KNOW

Benchmarking can be a great tool for organizational improvement, but it must be used properly and carefully to avoid the many traps you can fall into. Use Benchmarking as a basis for improvement and be careful to avoid the traps.

UNDERSTANDING WHY



Of course the first step when benchmarking is to be clear on why you are doing it and what you will use the results for. That will dictate how your benchmarking exercise should be structured and managed for the best results.

Decide on your goal and what decisions you will make before you start, and what next steps you will take to investigate the cause of the results and recommendations for change. If you don't think you can make changes or influence your results, then rethink the priorities or find ways to make it happen. Use the results to push change and make your case within the organization.

COMPARING EFFECTIVELY

Accurately comparing results and measurements is not as easy as it seems, and using averages can sometimes result in wrong decisions.

Since you have decided to benchmark and clearly understand why, you can focus your attention on the areas that are most important and understand how to do the comparisons so they are meaningful and lead you to more detailed information you can make decisions on.

For any detailed benchmarking exercise, you need to assess each component or measurement and compare the situations, then make adjustments to ensure an equal comparison. The similarity is important, since many factors influence costs and results.

When comparing to averages, remember that averages can be very deceptive and misleading. That's why you need to dig deep and fully understand what you are comparing.

OPERATIONAL BENCHMARKING

The key to benchmarking is to understand that it is not an end process, it's a beginning process. You use it to identify areas where you need to take a closer look.

Traditional benchmarking simply compares numbers, which can be a good starting point if you are comparing the right things, but you must expand benchmarking to look at processes, procedures and more, things that tell you why you are performing well - and should keep doing those things - and why you aren't performing well - and must change those things.

Compare how you operate with processes, people and systems with other high performing organizations and understand what they do differently.

Then, assess whether you can emulate their success and implement it. The biggest mistake you can make is assuming you are doing everything you should be doing and doing it well. In fact, there will always be someone else who is doing something better and you can learn from them – even if your benchmarking results look good.

BE PREPARED TO CHANGE

If you are benchmarking, hopefully it's to find things you need to improve or change, so be prepared to implement changes before you even begin.

Your senior management should be aware of your initiative, and expect changes to be recommended to them for approval. Don't be shy to identify things that need improvement – it's more a statement on your leadership than trying to sell the status-quo as the best it can get.

Standing still is a sure way to fail, and not admitting you can improve your organization is the same as standing still.

Prepare your organization for the possible outcome, which may include organization changes, business cases for new systems or developing / implementing new processes or activities. These things take resources, so be ready to develop a strong business case and sell your change.

AVOID THE BENCHMARKING TRAPS

Benchmarking is a valuable tool for business improvement, but there are many traps you can fall into. We've listed seven key traps you should avoid.



TRAP # 1 It's all about numbers

Benchmarking isn't comparing numbers, it's a process of identifying where you can improve and learning new approaches, processes and techniques used by other leading organizations that you can apply to improve results.

Comparing your results with a benchmark number is only the starting point for benchmarking.

TRAP # 2 There isn't anything else to learn

If you think you know all there is to know already, you won't do what it takes to Benchmark effectively. Admitting that you can't possibly know it all and that others may be doing some things better is critical to moving benchmarking from a numbers exercise to a process that adds value to your organization.

TRAP # 3 Using your Shotgun

You have limited time and energy, so focus your benchmarking on key areas that will have a large impact rather than on everything you do. You can always go back to the other areas later.

You can start with a quick exercise that covers most areas and use that to focus your more in-depth issues or Identify areas of importance to your organization or areas you feel are already lagging and focus on those.

Once you have gone through the first benchmarking exercise, moving from comparing numbers to assessing procedures, systems and resources and then implement change, you can move to other areas and apply what you learned to those areas and continue to improve.

TRAP # 4 Using Published Benchmarking As-Is

Generic published benchmarking results are a good start to identify areas for further study, but even at a high-level, you need to be careful with the comparisons. Carefully review the methodology and look at the sample size and participant profiles. You may need to make adjustments to the information based on your specific situation, geography and more.

For costing, be sure they include the same information you do in the comparisons and adjust as necessary. For staffing levels, assess the functions and titles and be sure of the roles and responsibilities.

Look closely at the sample sizes, number of participants and volumes if applicable. These can be misleading and not provide suitable comparisons.

If you do your own surveys, be sure to be clear about what information you are looking for. Ask the right questions and build in the ability to identify unique issues that will affect your comparisons.

While you are at it, expand your survey beyond simple costing numbers and include process, systems and resourcing when possible. Alternately, this type of information can be in a follow-up survey or direct discussion with organizations who appear to be the best match.

TRAP # 5 Justifying The Status Quo

Some people simply use benchmarking results to justify the status quo. Since raw benchmarking results can be deceptive, this is easy to accomplish. You need to understand how the results have been compiled, the sample size, the type of facilities, location, services and more to do an effective comparison.

You must Benchmark with the intent to improve, not to justify the status quo. Just because you are within the average of published benchmarks is not reason to be complacent. Do you want to be average, or do you want to be a leader.

Learn from what the others are doing and implement change in any areas where you don't lead.

TRAP #6 One Time Effort

Benchmarking isn't just an exercise to do once and forget about it. Once you benchmark, you should continue to measure internally and compare your new results with the benchmark results as well as your own historical results to see how you are trending and to identify and take action if you start to slip.

Periodically, drill down again to look at procedures, processes and resources for key benchmarks to see whether there are more changes you can make to improve results. As necessary, focus on a new area.

TRAP #7 Comparing Apples to Apples



Everybody talks about not comparing apples to oranges, but the bigger risk is the more subtle differences between apples. Accurate comparison is not as easy as it seems, and using averages provided in published benchmarks can result in wrong decisions. You don't want to compare apples to oranges for sure, but you also don't want to compare a Golden Delicious with a Macintosh.

To get a proper comparison, you need to assess each component and compare things that are the same. You may even need to make adjustments to ensure an equal comparison. The similarity of comparisons is important, since there are many factors at play.

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