Copyright is owned by the Author of the thesis. Permission is given for a copy to be downloaded by an individual for the purpose of research and private study only. The thesis may not be reproduced elsewhere without the permission of the Author.
The Characteristics of Successful Benchmarking Implementation
Guidelines for a national strategy for promoting benchmarking

A thesis presented in partial fulfilment of the requirements for the degree in Master of Philosophy in Science and Advanced Technology at Massey University, Manawatu, New Zealand

Ahmed Abbas
2014
Abstract

The MPhil research project presented in this thesis forms the first part of an intended PhD research project. The purpose of the PhD will be to develop a framework to increase the uptake of benchmarking on a national level whilst the aim of the MPhil is to examine the state of benchmarking globally. More specifically, the study objective is to measure and understand the perceived effectiveness, awareness, current and future uptake of benchmarking. The study also explores best practice benchmarking characteristics such as duration of the projects, motivations of benchmarking projects and main benefits of benchmarking.

An on-line questionnaire was used to collect data. The questionnaire was translated into five languages and promoted mainly by the Global Benchmarking Network, (GBN) a network of benchmarking centres representing 21 countries. The data was then analysed using SPSS statistical package.

The questionnaire consists of seven sections: (1) Organisation’s profile, (2) Use of improvement technique, (3) General questions on benchmarking, (4) Best practice benchmarking projects planning phase, (5) Best practice benchmarking projects research and analysis phase, (6) Best practice benchmarking projects implementation phase, and finally (7) Best practice benchmarking projects evaluation phase.

The analysis suggests that informal and performance benchmarking is being used by a majority of organisations while best practice benchmarking is lagging behind them. Benchmarking awareness, effectiveness and future uptake compares favourably with other popular improvement techniques.
# Table of Content

Abstract ................................................................................................................................. iii

Table of Content ................................................................................................................ iv

List of Figures ...................................................................................................................... ix

Chapter 1: Introduction to the Research .............................................................................. 1
   1.1 Introduction to the chapter ...................................................................................... 1
   1.2 Background to the research .................................................................................. 1
   1.3 Aim and objectives of the research ....................................................................... 2
   1.4 Scope of the research ....................................................................................... 3
   1.5 Importance of the research and outcomes ......................................................... 3
   1.6 Outline of the thesis .......................................................................................... 4

Chapter 2: Literature Review ............................................................................................. 5
   2.1 Introduction ....................................................................................................... 5
   2.2 The raise of benchmarking ................................................................................ 5
   2.3 Description of benchmarking ............................................................................ 6
   2.4 Types and Pitfalls of Benchmarking .................................................................... 8
   2.5 Best Practice Benchmarking .............................................................................. 11
   2.6 Large Scale Benchmarking Initiatives ................................................................. 12

Chapter 3: Research Methodology .................................................................................... 15
   3.1 Introduction ....................................................................................................... 15
   3.2 Research Questions .......................................................................................... 15
   3.3 Data Sources .................................................................................................. 15
   3.4 Questionnaire Development ........................................................................... 17
   3.5 Questionnaire Structure and Questions ........................................................... 18
   3.6 Validity and Reliability ................................................................................... 19
   3.7 Questionnaire Delivery Methods and Distribution Channels ......................... 20

Chapter 4: Results .............................................................................................................. 21
   4.1 Introduction ....................................................................................................... 21
   4.2 Survey Results .................................................................................................. 21
   4.3 Survey Results Analysis ................................................................................... 21
      4.3.1 Questionnaire Section 1 Organisation Profile .............................................. 21
         4.3.1.1 Question 1.1 Responses Distribution .................................................... 21
         4.3.1.2 Question 1.2. What is your organisation’s major business activity? 24
         4.3.1.3 Question 1.3. Within which sector does your organisation operate? 25
4.3.1.4 Question 1.4. For how many years has your organisation been operating? 26

4.3.2 Questionnaire section 2. Use of Improvement Techniques .................. 27
4.3.2.1 Question 2.1. Improvement techniques implemented in your organisation. ........................................................................................................... 27
4.3.2.2 Question 2.2. What are the main reasons for not using performance benchmarking or best practice benchmarking within your organisation? ........... 32

4.3.3 Questionnaire Section 3 General Questions on Benchmarking........... 33
4.3.3.1 Question 3.1. Benchmarking Training, Data Collection and Dissemination of Results.................................................................................................... 33
4.3.3.2 Question 3.2. For each of the following performance areas, does your organisation collect benchmarks (performance comparison data on other companies)? ........................................................................................................... 35
4.3.3.3 Question 3.3. Which of the following services in benchmarking, if supplied by a third party (an external organisation), would your organisation potentially use? ........................................................................................................... 40
4.3.3.4 Question 3.4 Does your organisation currently use benchmarking services provided by a third party? ........................................................................................................... 41
4.3.3.5 Question 3.5. If there was a national or regional benchmarking award to encourage organisations to undertake benchmarking projects, would your organisation be interested in applying or finding out more information about it? 42

4.3.4 Survey Section 4: Best Practice Benchmarking Projects - Planning ...... 43
4.3.4.1 Question 4.1. How many benchmarking projects do you conduct per year (typically)? ........................................................................................................... 43
4.3.4.2 Question 4.2. What is the size of a typical benchmarking team within your organisation? ........................................................................................................... 44
4.3.4.3 Question 4.3. Does your organisation use a particular methodology for undertaking benchmarking projects? ........................................................................................................... 45
4.3.4.4 Question 4.4. How long does a benchmarking project normally take? 46
4.3.4.5 Question 4.5. What are the main reasons for undertaking benchmarking projects? ........................................................................................................... 47
4.3.4.6  Question 4.6. In the last three years which areas of your organisation have conducted benchmarking projects? ................................................................. 48

4.3.4.7  Question 4.7. Our benchmarking project teams usually consist of people from the following areas. ................................................................. 49

4.3.4.8  Question 4.8. What types of benchmarking projects do you usually conduct?  50

4.3.4.9  Question 4.9. When planning a benchmarking project ............... 51

4.3.5  Section 5: Best Practice Benchmarking Projects - Research and Analysis 54

4.3.5.1  Question 5.1. Which of the following methods does your organisation use to collect benchmarking data and best practice information? ................. 54

4.3.6  Section 6: Best Practice Benchmarking Projects - Implementation .......... 55

4.3.6.1  Question 6.1. How long does the implementation phase typically take? 55

4.3.6.2  Question 6.2. What percentage of benchmarking projects result in implementation? ......................................................................................... 56

4.3.7  Section 7: Evaluation ........................................................................ 57

4.3.7.1  Question 7.1 At the end of a benchmarking project, do you measure the improvements that have occurred? ......................................................... 57

4.3.7.2  Question 7.2. The outcomes (best practices and/or results achieved) from benchmarking projects are typically communicated by: ...................... 60

4.3.7.3  Question 7.3. The main benefits of benchmarking projects have been: 61

4.3.7.4  Question 7.4. On average, what is the financial return (US$) from a typical benchmarking project after one year of implementation? ................. 62

4.3.7.5  Question 7.5. Approximately, what percentage of time is spent by your organisation on each phase of the benchmarking process out of total time spent? 63

4.3.7.6  Question 7.6. According to your experience, how do the following factors contribute to the success of a benchmarking project? ...................... 64

4.3.8  Cross Tabulation Results .................................................................. 66

4.3.8.1  Typical benchmarking team size in major effectiveness benefit organisations ......................................................................................... 66
4.3.8.2 Frequency of providing best practice benchmarking training to the employees in each sector ................................................................. 67
4.3.8.3 Benchmarking methodology used in each sector ...................... 67
4.3.8.4 Future use of benchmarking for each organisation size ............. 68
4.3.8.5 Types of best practice benchmarking projects in each organisation size 69
4.3.8.6 Employee-related data collection in each sector ...................... 70
4.3.8.7 Customer-related data collection in each sector ...................... 71
4.3.8.8 Financial-related data collection in each sector ....................... 72
4.3.8.9 Process-related data collection in each sector ....................... 73
4.3.8.10 Product-related data collection in each sector .................... 74
4.3.8.11 Main reasons for not using benchmarking in large organisations .... 75
4.3.8.12 Main reasons for not using benchmarking in medium organisations 76
4.3.8.13 Main reasons for not using benchmarking in small organisations ... 77
4.3.8.14 Main reasons for not using benchmarking in micro organisations ... 78
4.3.8.15 Main reasons for using benchmarking in each sector. ................ 79

Chapter 5: Discussion and Conclusion ..................................................... 81
  5.1 Introduction to the Chapter ................................................................. 81
  5.2 Awareness and Uptake of Benchmarking ........................................ 81
  5.3 Effectiveness of Benchmarking .......................................................... 82
  5.4 Future Use of Benchmarking ............................................................... 83
  5.5 Benchmarking and the Other Performance Improvement Tools ........... 84
  5.6 Best Practice Benchmarking ............................................................... 84
  5.7 Conclusion ......................................................................................... 87
  5.8 Research Limitations ......................................................................... 88
  5.9 Future research ................................................................................. 89
References ................................................................................................ 90
Bibliography ............................................................................................. 95
Appendix-I: Benchmarking Definitions ...................................................... 99
Appendix-II: Global Benchmarking Network (GBN) members ..................... 100
Appendix-III: Questionnaire ..................................................................... 103
List of Figures

Figure 1. Research Plan .................................................................3
Figure 2. World responses distribution...........................................22
Figure 3. Responses distribution by country .....................................23
Figure 4. Responses distribution by organisation size .......................24
Figure 5. Response distribution by business activity .........................25
Figure 6. Responses distribution by sector ......................................26
Figure 7. Number of years in operation .........................................27
Figure 8. Awareness of business improvement techniques ...............28
Figure 9. Current use of business improvement techniques ...............29
Figure 10. Effectiveness of business improvement techniques ...........30
Figure 11. Future use of improvement techniques ...........................31
Figure 12. Reasons for not using benchmarking or best practice benchmarking ...........................................................................32
Figure 13. Benchmarking training for employees ..............................33
Figure 14. Collection and use of benchmarking data .......................34
Figure 15. Disseminations of best practices ....................................35
Figure 16. Collection of benchmarking data in employee-related area ...36
Figure 17. Collection of benchmarking data in financial-related areas ...37
Figure 18. Collection of benchmarking data in process-related areas ...38
Figure 19. Collection of benchmarking data in product or services related areas ........................................................................39
Figure 20. Collection of benchmarking data in customer-related areas ....39
Figure 21. Most important services supplied by third party ...............41
Figure 22. Current use of benchmarking service by third party provider ...42
Figure 23. Level of interest in a benchmarking award .......................42
Figure 24. Number of benchmarking project per year ......................44
Figure 25. Size of typical benchmarking team ..................................45
Figure 26. Methodology used in benchmarking projects ...................46
Figure 27. Duration of benchmarking projects ..................................47
Figure 28. Main reasons for undertaking benchmarking ...................48
Figure 29. Benchmarking in organisation areas ...............................49
Figure 30. Benchmarking team structure ........................................50
Figure 57. Main reasons for not using benchmarking in medium organisations
Figure 58. Main reasons for not using benchmarking in small organisations
Figure 59. Main reasons for not using benchmarking in micro organisations
Figure 60. Main reasons for undertaking benchmarking projects in each sector