



EYES WIDE OPEN

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At Futuroscope in Poitiers, France, the attraction 'Les Yeux Grands Fermés', meaning 'eyes tightly closed', is a voyage for sighted people into a world experienced by the blind. Even expressing such a concept is difficult for sighted people without referring to visual concepts. But of course blind people can't enjoy an equivalent tour – what the world looks like with sight. That's the analogy I'm using for benchmarking.

Nowadays, performance is measured assiduously. Miles of performance reports compare our performance with target, last year and the latest forecast. But do we know what our performance is against our competitors? And if we do, do we know how to improve our performance so that we're at least in the same league as the industry winners? If not, we're blind - blind to the competition and available opportunities.

There are two important sides to benchmarking – understanding performance and understanding the process delivering performance. Starting with our comparative performance: how well are we doing against our competitors? This tells us the size of the gap between everyone else and what we're delivering.

I did some work with a company making industrial instruments. We had set a target of \$200 000 turnover per employee as a good performance guide based on the directors' feel for the industry. For several years the company had fallen short of this target but the gap was being closed.

Thus we had the chance to benchmark performance against our competitors and we found that the target should have been \$220 000! We'd improved, but not taken into account that everyone else also was improving.

This goaded us into action, but didn't tell us how to close the gap. Benchmarking initiatives often generate information which describes the size of the gap but with little direction on what the competitor did to achieve the advantage, the time span and what their current strategies are.

Understanding the process that delivers performance or advantage is much harder to do. So, you'll probably visit factories on the other side of the world. Here, process benchmarking can be

useful – understanding, mapping and comparing the processes in that factory with your own. I've done this and come out of a factory visit with a flood of ideas for performance improvement. However, that was because my factory was starting from a relatively low base and the differences were obvious.

But if the competition is just 1% better than you are, how do you pinpoint what's delivering that? Given a not unreasonable profit margin of 8%, a 1% performance enhancement could give you some 12.5% profitability improvement.

Functional benchmarking

So, you need a set of tools enabling you to compare practices as well as performance, not just at aggregate level, but also at the level where it really matters. This is functional benchmarking, where your eyes need to be wide open to everything. How did your competitor manage uptime availability on their dryer plant of 100% over the last 90 days? How have they managed to get their machine to perform consistently beyond its design capacity?

These performance levels are achieved only by developing practices persistently, which deliver exceptional performance when combined. The quality process tools of cause-and-effect diagramming, force field analysis and weighted prioritisation will aid in indicating focus practices greatly.

'Avoid benchmarking traditional favourites.'

The temptation to benchmark traditional favourites blindly, such as labour utilisation, unit cost, etc, should be avoided. These figures are visible symptoms of an underlying situation and reveal little in isolation. On the other hand, functional benchmarking gives you the tools to open your eyes and see the difference. Without it, you're blind.

This brings me back to Futuroscope. 'Les Yeux Grands Fermés' is only run in French. If you don't have a sufficient grasp of the language, you're not allowed on the tour. That's so true of benchmarking too - if you don't have the tools, the creative vigilance and the language, the whole encounter can pass you by like a ship in the night.

