

## **Benchmarking: The Most Underutilized Improvement Tool**

*A “better way” probably already exists*

### **A White Paper**

I propose that Benchmarking is the most underutilized improvement approach. LEAN, Six Sigma, PDCA...these are all great and effective methods, but in terms of unused potential, I don't think anything comes close to Benchmarking, especially in non-profit sectors (including health and human services), where most organizations are pretty willing to share their successes with others.

**The verb, not the noun** Just to be clear, here, I'm not talking about using Benchmarks (n), the comparative values for a given metric that can help you set targets or know how far your performance is from top quartile levels. Benchmarks are valuable in their own right, but Benchmarking (v) is a process, not a number. Bob Camp, one of the acknowledged pioneers of Benchmarking, defines it as *“Finding and implementing best practices.”*<sup>1</sup>

**Critical Steps** However, as with any other improvement approach, Benchmarking needs to be done well to achieve maximum effect. There are some important steps to follow in a Benchmarking effort, including:

- 1. Define** what is to be improved, including the process boundaries, and how you will know (objectively) if real improvement is made.
- 2. Organize** a small team to conduct the Benchmarking and implement any changes. Include people who currently work in the process you want to improve. Arrange for support from someone skilled with survey and interview design and use.

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<sup>1</sup>. Camp, R. C. Benchmarking: the Search for Industry Best Practices That Lead to Superior Performance. Milwaukee, WI: ASQC & Quality Resources, 1989, p. 10.

- 3. Search and Sift** for best practice organizations from who you can learn. Use surveys to efficiently cast a wider net among possible organizations and then narrow it down to a few with the most potential to help you.

***Note:** Large organizations with multiple operating units have “built in” benchmarking potential. Invariably, each operating unit excels at various individual practices. Imagine the improvement that could be made in a large hotel chain, hospital system, or the US Postal system, if the very best practices of each operating unit were adapted by all the other operating units. Each operating unit then becomes a learning lab.*

- 4. Use In-Depth Interviews** to learn from the best candidate organizations. In some cases, a site visit may also be helpful. Preparation is key for both interviews and site visits. You may think few if any organizations will talk or meet with you, but that’s not what I have found. Interestingly, most organizations readily agree to be benchmarked because they usually find they learn as much from the experience as those doing the benchmarking!
- 5. Adapt** what you learn to improve your own process/system. This final and critical step separates successful improvement from an exercise in learning. Notice I used the term adapt, not adopt.

**Don’t Adopt...Adapt!** Up to this point, you may think that Benchmarking sounds pretty simple. Just find and implement best practices. But while the overall concept is not complex, as with many other management practices, the simple concept goes best with adept practice. This is where the changes and nuances lie. This is where a single letter in a word can make a big difference. Here is why you may struggle with *adopting* best practices, but achieve breakthrough performance by *adapting* them.

**First, Know Your Own** It may seem counter-intuitive, but before your team studies someone else’s best practice, they should study their own current practice...in detail. Knowledge of your own process will heighten your perception of the best practice process details and draw sharper contrasts between what you do and what they do, making it easier to identify the needed changes. It will give your team perspective, and help them ask more probing questions. And, it will contribute to increased understanding about the aspects of your process that are contributing the most to sub-standard performance – the aspects that need to be changed the most. This will allow you some discretion in what aspects of the benchmark process are essential to duplicate as closely as possible, and which may be less important, or even impractical, in your own organization.

**The Wisdom to Discern** Adapting a best practice, then, also requires analysis. In most cases a best practice will entail multiple differences from your own practice, including process inputs, steps, environment, and information flow. In order to achieve similar results, you will want to incorporate as much of the innovation and process improvement as you can. For this reason, it is helpful to have a pre-disposition to making the changes, no matter how strange and challenging it may seem.

However, there may be some aspect that truly can't work the same way in your organization, and you can waste a lot of time and effort trying to make it so. Sometimes, you really do have a Giraffe's Heart within the best practice (see Sidebar A).

### **Sidebar A: The Giraffe's Heart**

Learning about what others are doing is informative, and usually it is pertinent. But although what they are doing also may be good for their situations, it is not necessarily good for ours.

During 40 historic days, many kinds of animals were afloat on a certain ark. There wasn't much to do, so someone organized study groups, in order to make constructive use of the long hours. One of the groups got into a study of the various animals' hearts. It turned out that there was immense variation. The whales had huge pumps for hearts, weighing over 400 pounds; the mice had tiny ones, 3,000 of them in just one pound. This was variation of more than a million to one.

A staff animal made a shrewd observation. "Naturally," it said, "big animals need bigger hearts. We should compare ratios - the ratio of heart weight to total body weight."

So the group tried it out, and it worked brilliantly. The percent of heart weight to body weight turned out to range from 0.1 to 0.9, a ratio of only nine to one.

But the data through consternation into the giraffe's camp. Their 25-pound hearts were a thumping 0.9 percent of their body weight. The giraffe controller expressed it eloquently: "Our ratio of heart weight to total body weight is twice as much as the market. We're carrying unnecessary overhead. If we could do with 15-pound hearts, we'd be more in line with the market."

But it didn't work. Nothing but a 25-pound heart was powerful enough to pump blood to the top of an 18-foot animal.

Thus the emphasis should be not on aping the other fellow, but on what is best for our own health.

From [Managerial Breakthrough](#)

J. M. Juran

**Finding the Biggest Breakthroughs** So where do benchmarking organizations tend to find the "best" best practices? This leads to a final and somewhat strange, but compelling characteristic of Benchmarking. It turns out there are different categories of Benchmarking based on where you find the best practices to compare to your own:

- ◆ *Internal*: Compare to similar processes elsewhere in your own organization.
- ◆ *Competitive*: Compare to the processes of other organizations in your own industry.
- ◆ *Non-Competitor*: Compare organizations outside your industry, but with function similar to what you are trying to improve (e.g. hospital admitting and hotel registration).
- ◆ *Generic Process*: Compare isolated business processes across otherwise dissimilar industries.

The last two categories make up what is sometimes referred to as "Out of Industry" benchmarking. At first glance, you might think that you would gain more from benchmarking from units within your own organization or industry. After all, how could the process insights and improvement discoveries of an organization that is totally different from yours be

applicable to your situation? What could a surgical team learn from a Formula 1 Pit Crew? You might be surprised to learn, at least in one case, a lot (and it has nothing to do with driver injuries). Learning how the pit crew anticipated and prevented a wide variety of possible mistakes led to a very different approach to a critical patient transfer process...and fewer errors (see Sidebar B).

### **Sidebar B: Speed Learning**

Great Ormond Street Hospital for Children, London, England was working to improve mortality associated with surgery for congenital heart disease in pediatric patients. They had isolated the transfer of the patient after surgery to the ICU as key, and knew that the transfer needed to be done quickly but safely with no margin for error. But their improvement efforts were stalled until they observed that Formula 1 Pit Crews also faced a challenge involving speed and safety – how to refuel the car, change the tires, and address any other issues quickly and safely.

A focused benchmarking effort revealed many learning points. Transfer process changes were made and related errors were significantly reduced. For a complete article<sup>1</sup> on this interesting example of Out of Industry Benchmarking, [go to this webpage](#) at ASQ (American Society for Quality). You can register to access this and other material for free without being a member. ASQ Members can already access the article.

<sup>1</sup> This case study is excerpted from chapter 10 of [Benchmarking for Hospitals: Achieving Best-in-Class Performance without Having to Reinvent the Wheel](#), by Victor E. Sower, Jo Ann Duffy, and Gerald Kohers.

**Why Different is Better** In the end, it is what’s different about the best practice compared to your own that will inspire the most impactful process changes. As a result, the best change ideas tend to come from organizations *least* like your own. It makes sense if you think about it. What are the odds you will find a dramatically different (and better) way to do something from an organization that is very similar to yours? You can increase the possibilities by thinking about your own process in general terms, and then being open to learning from a best practice organization that may be very different from your own.

**An Acquired Taste** If Benchmarking has a stumbling point and a challenge, this may be it. The idea of learning from a different organization can be a fork in the road, especially for inexperienced team members. Some will get it right away and may even embrace it, while for others it will be very counter-intuitive (see Sidebar C).

### **Sidebar C: When Best is not good enough**

I once worked for a large organization that routinely measured customer satisfaction across multiple locations. It turned out that the smallest location had the best satisfaction scores in a key area; in fact they were above the 90<sup>th</sup> percentile in the industry norm.

When I approached one of the largest locations (with below median scores) about learning from someone with such high results, they were excited at first. When they found out who it was, they withdrew, explaining that they couldn’t imagine there was anything to learn from a location so much smaller and different from their own.

Over the years, I have found this to be a fairly common reaction to Out of Industry Benchmarking. Fortunately, the number of success stories of this type of benchmarking continues to grow, and many who are initially skeptical are helped a great deal by a few examples.

Interestingly, though, those who do more and more Benchmarking begin gravitating toward *Out of Industry* Benchmarking where they find the biggest improvement ideas. Bob Camp said it well:

*“We will learn nothing from our own industry that will allow us to outdistance ourselves from the rest of the pack. So today, we focus 80% of our benchmarking activities outside of our industry.”*

**Value Add** Done well, benchmarking can be a valuable technique in your arsenal of improvement. It can also bring new energy and insight. I think this is because it involves a few different skills and requires that you look outside your own work and practices, which often results in newfound perspective. A bonus: in this age of networking and the internet, some aspects of benchmarking have become easier than ever. And, associations and cooperative groups are essentially benchmarking networks ready to be tapped.

**Opportunity for All** While Benchmarking entails some subtleties and may at first seem counter-intuitive to some, there are some big upsides. The basic premise is easy to grasp and with careful attention to the key steps, you can *adapt* best practices and realize significant improvement. Most mid-size and larger organizations have ready-made opportunities within their own organizations and affiliations. And, for those organizations, big or small, that are willing to look beyond what is familiar, the potential rewards are even greater.

**Change of Heart** When I first learned about benchmarking, something about it didn't feel right. I mistakenly thought it meant simply adopting someone else's practice. The idea of copying someone else's work didn't feel right back in school, and it didn't feel right in the workplace either. But as I learned how benchmarking involved adapting, not adopting, the potential seemed huge and exciting, especially in large organizations with multiple departments or locations. Here was a way for all the parts to begin functioning as one organization, or as the former head of a large hospital system once coined it, an *intelligent network*. Here was a way for everyone to work together and learn from each other. And that feels pretty good!

Are you ready to try a new approach to improvement, one that can complement others you are using? Your next great process improvement is probably already being done by another organization. All you need to do is find them.

If you want help using benchmarking to improve processes in your organization, contact me at your convenience.

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*For further reading on Benchmarking...*

**[American Productivity and Quality Center \(APQC\)](#)**: Comprehensive Benchmarking services and information organization.

**[American Society for Quality \(ASQ\)](#)**: Premier Quality Improvement Association; type “Benchmarking” in the home page search cell to see a variety of education offerings and other resources to support Benchmarking.

**[The Global Benchmarking Network](#)**: This is an International Benchmarking Network. Dr. Robert Camp, a pioneer in Benchmarking, was appointed the first head of the Network.