Introduction to Benchmarking
CQI Module IV
On behalf of the WDC and Workforce-Central

Presented by:

Lori Strumpf

2017

Agenda

- ☐ Background of Benchmarking
- ☐ What is Benchmarking ?
- ☐ Benchmarking Methodology
- ☐ What to Benchmark?
- ☐ Who to Benchmark?
- ☐ Next Steps

Strumpf Associates 2017

Workshop Objectives – A guided planning session

- ☐ Assist with planning for a specific process to benchmark
- ☐ Check the appropriateness of the processes selected to benchmark
- ☐ How to use of metrics in benchmarking
- ☐ Steps, information sources, and etiquette
- ☐ Applying benchmarking findings

WORKFORCE DEVELOPMENT BOARD'S STRATEGIC PLAN

- ☐ The WDB's strategic plan (July 2014 – June 2017) included:
  - ■ ***Strategic Goal 2:*** Develop and implement a system of quality assurances and certification for any organization delivering workforce development services.
  - ■ ***Key Objectives:***
    - ☐ Adopt standards and indicators that define organizational standards of quality and assist organizations in meeting them.
    - ☐ Create a certification process against the quality standards.

Benchmarking Definition

☐ A process for identifying and importing best practices to improve performance

Keehley, Medlin, MacBride, & Longmire

Benchmarking for Best Practices in the Public Sector

Benchmarking is the process of measuring an organization's internal processes then identifying, understanding, and adapting outstanding practices from other organizations considered to be best-in-class.

Other Key Benchmarking Terms...

- *Benchmarks* are the key performance indicators/measures used to compare and lead to best practices.
  - Benchmark - Best possible sustained performance
- Process - Structured set of activities to produce an output for a customer
- Baseline - Current level of performance
- Best Practice - Specific process and environment that yielded the benchmark

Why Benchmark

◈ Need breakthrough in performance

◈ Learn what may be possible outside your beliefs

◈ Gain or maintain a competitive edge or reputation

- ☐ Intuition or "it's just obvious"
- ☐ Data-driven
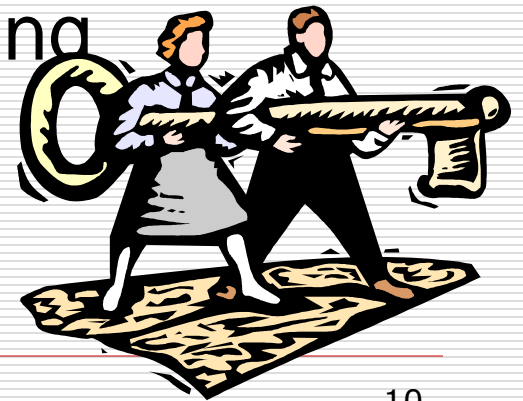- ☐ Breakthrough innovation needed
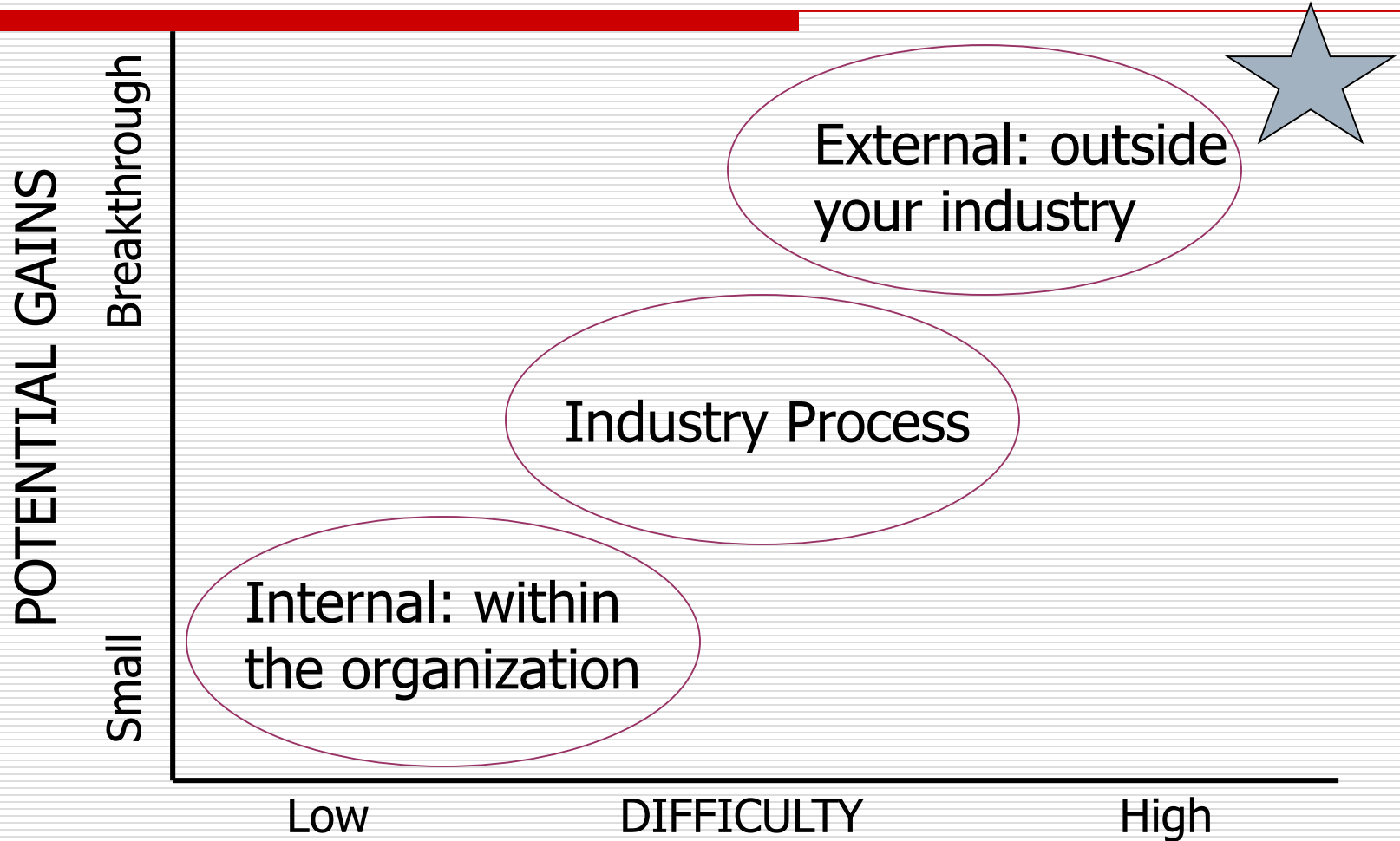
BENCHMARK!

What Baldrige Says about It

◈ Purpose: breakthroughs in performance, not incremental improvement

◈ Item 4.1 Measurement and Analysis of Organizational Performance

  ▪ How you select and ensure the effective use of key comparative data and information

◈ Category 7.0 Results – your levels, trends, and comparisons to competitors or other relevant benchmarks

What Process to Benchmark

- ☐ Meaningful or highly visible
- ☐ Resource-intensive
- ☐ History of critical problems
- ☐ You can change it
- ☐ Worth the effort of benchmarking

Types of Benchmarking

POTENTIAL GAINS — Breakthrough / Small (y-axis)

DIFFICULTY — Low / High (x-axis)

External: outside your industry

Industry Process

Internal: within the organization

Common Mistakes

- ☐ Choosing easily improved processes
- ☐ Not knowing your key performance results, trends, gaps vs. goals
- ☐ Scope too broad
- ☐ Organization not willing to change

Work Processes

Inputs → Work Process → Outputs → *Results*
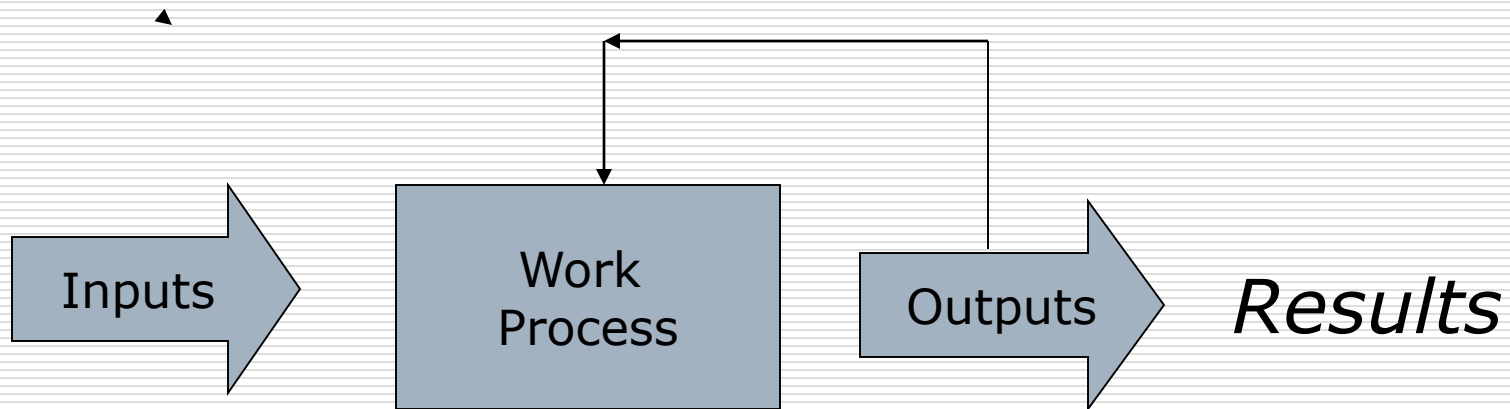
Planning for Benchmarking

FOCUS

Find an important area needing improvement

Observe current performance

Create benchmarking data collection plan

Understand how you'll use the information

Share findings

Litmus Test for Process Choice

- ☐ Does the gap in performance warrant investment in benchmarking?

- ☐ Are the benefits of improving the process great compared to other investments?

- ☐ Is improvement really possible?

- ☐ Are those who work in the process ready for change?

Steps in Benchmarking

1. Identify process to benchmark
2. Collect data on current process and performance (flowcharts, metrics, goals, gaps)
3. Identify what information you want to study
4. Identify benchmarking sources/partners
5. Collect benchmarking data (literature search, survey, interview, site visit, etc.)
6. Analyze benchmarking data
7. Share information gained
8. Adopt changes, set new goals
9. Monitor performance results

Mapping out your time

- Typically, your benchmarking time should be spent approximately as follows:

  - 30%—planning
  - 50%—information gathering, and research
  - 20%—analyzing performance gaps (discrepancies between how your organization performs a process and how your benchmarking partner(s) does).

The 'Gap Analysis'

- When examining the best practices of others and drawing comparisons, an organization will often perform what is called a "gap analysis." This is a way to identify the performance or operational differences between your process and that of your benchmarking partners, and to understand why the differences exist. One way to identify these gaps is through a technique called "activity modeling," a useful method for understanding how a business process really works by first describing how things are ("as-is" modeling), and then by how you want them to be ("to-be" modeling).

Process Metrics

Based on Customer Requirements or Business Needs

- ☐ Timeliness / Elapsed Time
- ☐ Accessibility
- ☐ Cost
- ☐ Accuracy / Errors / Rework
- ☐ Privacy / Confidentiality
- ☐ Staff Knowledge/Ability/ Courtesy

Process Metrics

Collect before benchmarking and after improvements have been made

☐ In-Process Metrics

■ Focus attention here

☐ End Results

■ Improved results will occur as a result of improvements in the process

Benchmarking Sources

Where Best Practice Exists

☐ Successful over time

☐ Quantifiable results

☐ Repeatable

☐ Innovative

☐ Adaptable

☐ Not merely "good" practice

Breakthrough Stories

- ☐ Ritz-Carlton Hotel Corporation
  - ■ Cut room cleaning time and defects through team room cleaning
  - ■ Learned from a competitor
- ☐ Granite Rock Company
  - ■ Cut customer waiting time in the yard
  - ■ Learned to adapt ATM-type system from a bank and automate product delivery

Breakthrough Stories cont.

- ☐ Granite Rock Company
  - ■ Improved mixed concrete delivery times
  - ■ Learned better route planning from Domino's Pizza
- ☐ Westinghouse Savannah River Co.
  - ■ Re-engineered employee recognition
 - ■ Seven benchmark partners in unrelated industries participated

Breakthrough Stories cont.

□ IBM-Rochester

■ Improved customer satisfaction by revamping its customer satisfaction management process

■ Learned from an automotive company, a direct competitor, a consumer credit company, and a packaged goods distribution firm

Using Benchmarking Findings

"Information that is consumed isn't necessarily digested"   *Michael Schrage*
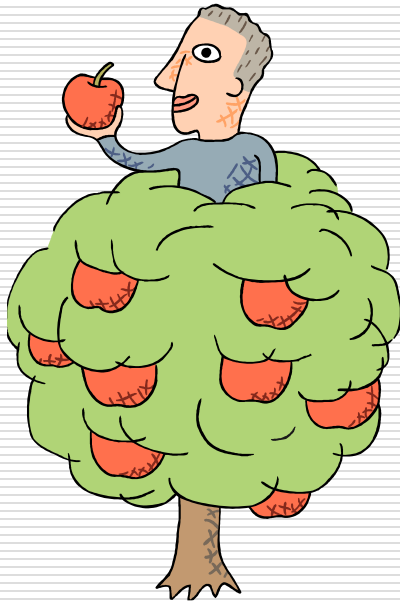
What can happen when comparisons are shared openly?

Benchmarking Etiquette

- ☐ Do your homework
- ☐ Respect confidentiality
- ☐ Be prepared to share your information too
- ☐ Don't criticize benchmark partners' practices
- ☐ Let the partner decide dates and times
- ☐ Bear the costs incurred to the partner
- ☐ Thank your benchmark partner
- ☐ Offer to help them where you can

Your Benchmarking Projects

☐ Post your project on a chart page
- ■ Why it is important to you
- ■ Potential obstacles

☐ Everyone add notes to all charts
- ■ Possible benchmarking sources/partners
- ■ Ideas to overcome obstacles

☐ Take your chart

☐ *"Leaders are perpetual learners."*

Warren Bennis

What Can These Companies Learn from Each Other?

- ☐ Copier

- ☐ Ammunition

- ☐ Airline

- ☐ Camping Goods

- ☐ Cosmetics

- ☐ Race Car Pit crew

Benchmarking Do's

☐ DO know your own process before attempting to contact a benchmarking partner

☐ DO get management commitment before attempting to benchmark

☐ DO involve those who will be impacted by the process change

☐ DO implement best practices

☐ DO use flow charting and roadmaps for your benchmarking study

More Must DO's

☐ DO identify key measurements of the process: determine five to six key metrics to use for comparison.

☐ DO use all the types of benchmarking.

☐ DO capture how work is accomplished: inputs, tools, personnel (culture) and outputs

Benchmarking Don'ts

- ☐ DON'T benchmark unless you understand the process you are benchmarking
- ☐ DON'T confuse metrics with benchmarking
- ☐ DON'T confuse benchmarking with industrial tourism
- ☐ DON'T ask for information you would not be willing to share
- ☐ DON'T forget to reward and recognize the team!

About Your Trainer
Lori Strumpf

Lori Strumpf Lori Strumpf has over thirty years in the field of organizational development and change management in human services and workforce development organizations. Lori has been in business as ***Strumpf Associates*: Center for Strategic Change** for the last 28 years. She is a nationally known expert in organizational management, training and design for education, training, and human resource development systems. Prior to starting her business, Lori was the Assistant Director for the National Association of Private Industry Councils. She was a founding member of the National Youth Employment Coalition. She has been a Senior Associate at Brandeis University, Center for Human Resources, Heller School for Public Policy. Prior to moving to Washington, D.C. to work on the Vice President's Task Force for Youth Employment, Lori was the Assistant Director to a project for court diverted delinquent youth. She also worked at Florida State Prison, counseling prisoners.

Strumpf Associates is a small cadre of training and consulting experts, headquartered in Washington, DC. The Principals in Strumpf Associates have decades of experience helping organizations manage change, build systems, build leadership teams, and improve program quality and customer satisfaction. The Center provides organizational change management consulting and executive coaching to schools, workforce organizations, and welfare organizations. Over the last several years, Lori has helped design and implement over 100 one-stop career development centers. Currently, she works on behalf of the business community in partnership with local elected officials in 8 communities around the country to assist in developing a strategic approach to workforce development. This includes developing the governance structure of the local Workforce Development Board.

Lori has a Masters and Specialist Degree in Educational Counseling from the University of Florida.

Strumpf Associates:
Center for Strategic Change

Our Mission...

Managing change. Building systems. Improving quality. Helping organizations re-think their business and refine their services.

Strumpf Associates: Center for Strategic Change helps human resource organizations improve the quality of their delivery systems and services by ensuring the connection to workplace skills. We provide technical assistance, leadership training, partnership facilitation, creative problem solving and practical research - all designed to improve customer satisfaction.

Our Vision…

We excel at partnership with our customers to invest our resources, skills, ingenuity, and dedication to create positive change. We seek to do all we can to inspire others to join us and make a difference within their communities

What We Do...

The Center for Strategic Change works with community leaders, policymakers, and program practitioners to:

- -Facilitate strategic planning
- -Improve collaborative management
- -Build leadership teams
- -Design and improve human resource systems
- -Develop consolidation strategies
- -Integrate basic skills and workplace literacy
- -Implement competency-based, functional context instruction
- -Design performance management and accountability systems

For more information about Strumpf Associates: Center for Strategic Change, please call.
Telephone: 202.872.0776 or strumpfctr@aol.com

Getting Started

- http://www.benchnet.com/
- http://www.isixsigma.com/me/benchmarking/
- http://www.bestpractices.org/
- http://ebenchmarking.com/