Definition: **Benchmarking** from *Leadership Glossary: Essential Terms for the 21st Century*

Benchmarking is a business practice of comparing performance metrics or business processes to extrinsic standards, such as the performance of competitors, or industry-set or regulatory standards. Typically, benchmark comparisons encompass comparisons of performance/quality, cost, and time. Best practice or process benchmarking has become more common in management practices, comparing not simply the final product but each process involved in bringing it to market.

**Summary Article: Benchmarking**

From *The AMA Dictionary of Business and Management*

Comparative process of identifying the best practices in relation to products both within an industry and outside of it, and using them as desirable reference points and goals. It is part of Total Quality Management. Such benchmarking is usually applied to customer satisfaction, cost reduction, and productivity and effectiveness. There are 10 generic categories for designing benchmarks: (1) customer service performance; (2) product/service performance; (3) core business process performance; (4) support processes and service performance; (5) employee performance; (6) supplier performance; (7) technology performance; (8) new product and innovation performance; (9) cost performance; and (10) financial performance.

Benchmarking should create uniform standards that are consistent with corporate culture and achieve the corporation's strategic objectives. It is supported by actions to collect actionable data. The information should be collected on a Radar chart, sometimes called a spider chart. In addition to careful design, benchmarking should be accompanied by management support, training for the project team, management information systems, appropriate information technology, and adequate resources. In the 1970s, Xerox pioneered a 12-step benchmarking process in five phases, as follows:

1. Phase 1 *Launch Planning* Identify what to benchmark, identify comparative companies, and determine data collection methods.
2. Phase 2 *Organize Analysis* Determine current performance gap, project future performance levels.
3. Phase 3 *Reach-out Goals* Establish functional goals and communicate them to the staff and gain their acceptance.
4. Phase 4 *Assimilate Action* Develop action plans and implement them, monitor progress, recalibrate benchmarks.
5. Phase 5 *Act Maturity* Integrate practices into processes.

Benchmarking may be integrated with Reengineering in seven steps:

1. Identify value-added strategic processes from the customer's perspective.
2. Map and measure existing process to identify areas of improvement.
3. Implement the easy ones.

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4. Benchmark for best practices to develop solutions, approaches, designs, and innovative alternatives to the existing system.

5. Develop alternative approaches where existing processes are unsatisfactory.


7. Make provision for continuous re-improvement.

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