Benchmarking
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Benchmarking improves performance by identifying and applying best demonstrated practices to operations and sales. Managers compare the performance of their products or processes externally with those of competitors and best-in-class companies and internally with other operations within their own firms that perform similar activities. The objective of Benchmarking is to find examples of superior performance and to understand the processes and practices driving that performance. Companies then improve their performance by tailoring and incorporating these best practices into their own operations—not by imitating, but by innovating.

Methodology

Benchmarking involves the following steps:

- Select a product, service or process to benchmark;
- Identify the key performance metrics;
- Choose companies or internal areas to benchmark;
- Collect data on performance and practices;
- Analyze the data and identify opportunities for improvement;
- Adapt and implement the best practices, setting reasonable goals and ensuring companywide acceptance.

Related topics

- Best Demonstrated Practices
- Competitor Profiles

Common uses

Companies use Benchmarking to:

- Improve performance. Benchmarking identifies methods of improving operational efficiency and product design;
- Understand relative cost position. Benchmarking reveals a company's relative cost position and identifies opportunities for improvement;
Gain strategic advantage. Benchmarking helps companies focus on capabilities critical to building strategic advantage;

Increase the rate of organizational learning. Benchmarking brings new ideas into the company and facilitates experience sharing.

Related Bain capabilities

Corporate Strategy
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Selected references

American Productivity and Quality Center. www.apqc.org


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