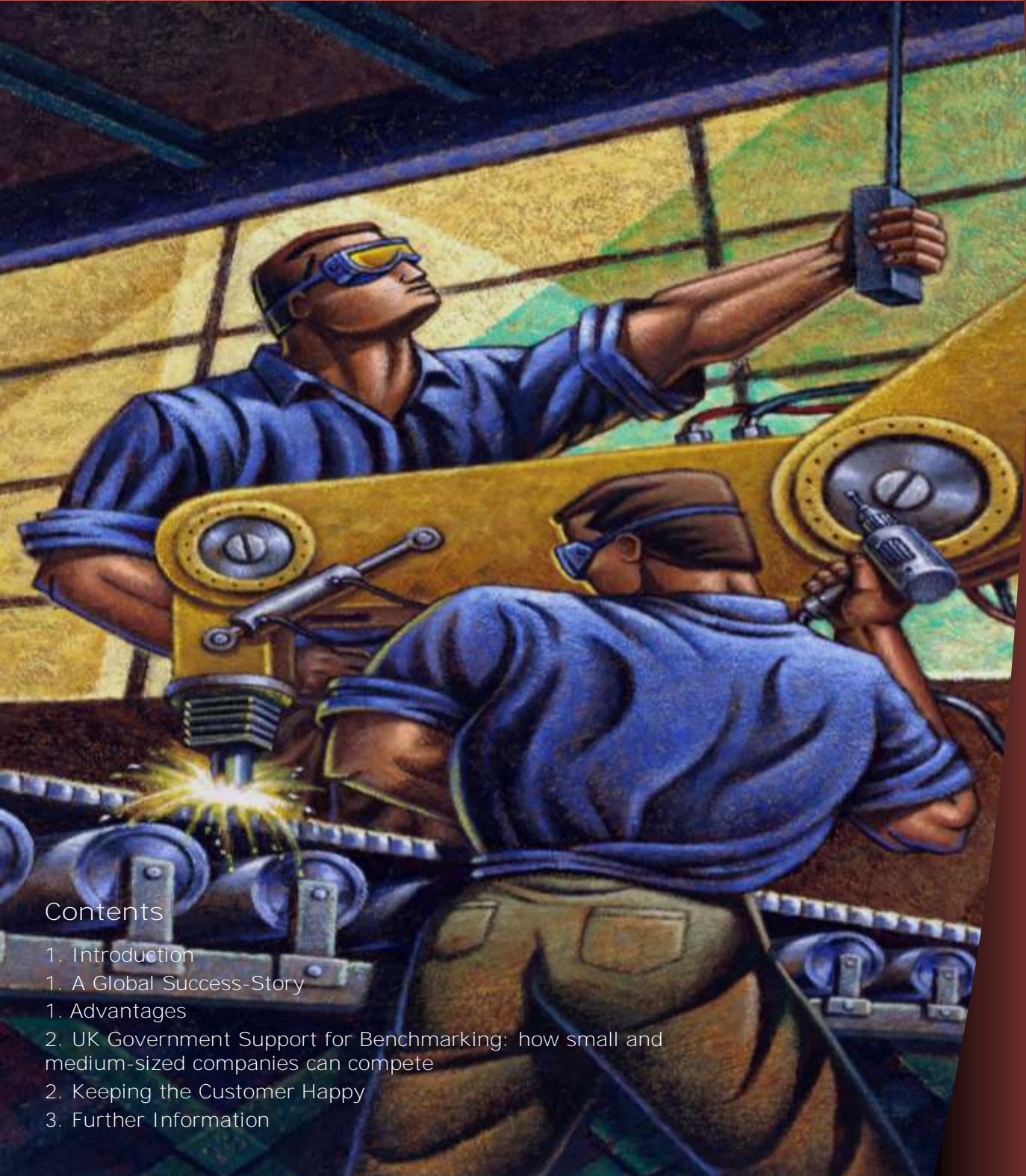


# Improving Business Performance

Benchmarking may be the solution you've been looking for

*Expert knowledge means success*



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Note: This publication has not been updated since it was last published. Some of the hyperlinks may have changed and may need updating. In addition, some of the information in this publication may be out of date.

## Introduction

If you want to improve your business performance, benchmarking may be the answer. The logic of benchmarking is simple. You can apply benchmarking to any business process operating in your organisation and you can use it to make that process more efficient and make it more cost effective.

You can use benchmarking to help people in your organisation learn from each other.

And you can use benchmarking to learn from the skills and experience of other companies who do a particular job particularly well.

Benchmarking involves looking at how other successful businesses in your own industry or profession do things and then compares the findings with your own processes and methods. Sometimes, it even pays to look outside your own business world and try to discover entirely new ways of doing things. For example, a drinks manufacturer might do well to look at how yogurt manufacturers design, manufacture and bring new products to the market - the lessons could provide a competitive edge over other companies in the drinks industry.

## A Global Success-Story

Around the world, thousands of companies are quietly using benchmarking as an essential part of their business improvement strategy. They are using it to:

- analysis their current performance;
- to identify improvement opportunities;
- set demanding but achievable targets.

But benchmarking itself needs special skills.

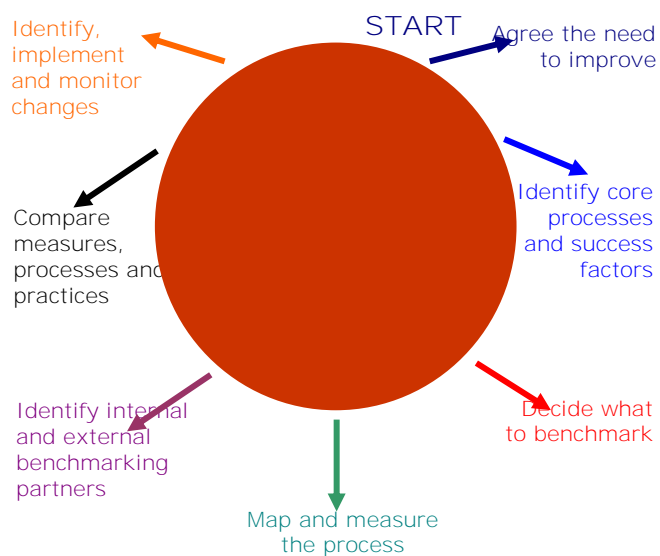
You need to build benchmarking project teams that work well together. You need to identify suitable benchmarking partners. And you need to understand the different kinds of benchmarking that are available. You need to have a proper benchmarking code of conduct in place – and so on.

## Advantages

Any organisation can use benchmarking to a powerful effect. Benchmarking works because it imposes a real business improvement discipline. The benchmarking cycle:

- forces directors and senior managers to analyse their business in detail;
- requires benchmarking team members to analyse specific business processes in detail;
- demands reliable performance measures (which you can and should use again and again);
- expects team members to study best practice in other departments, other sites or in other companies;
- imposes the requirement for continuous measurement, analysis and improvement.

See how the benchmarking circle works:



## UK Government Support for Benchmarking: how small and medium-sized companies can compete

Benchmarking is an invaluable management tool that enables all types of organisations to examine their performance critically. They are then able to adopt the better practices of those who are considered as market leaders.

By appraising their performance and assessing their strengths and weaknesses through benchmarking, organisations gain the opportunity to develop the appropriate policies and implement changes necessary to achieve competitive advantage.

For small companies to be able to compete on the world stage, it is essential that they are aware of their performance in relation to their competitors. Benchmarking is a fundamental element of this process and is an invaluable first step for any organisation wishing to improve its performance

The Small Business Service's (SBS) Benchmark Index has reached a pre-eminent position in the sphere of company benchmarking in a remarkably short time, bringing an extensive database of valuable performance comparison information within easy reach of SMEs.

Analysis of the data within the UK Benchmarking Index shows significant differences in company performance both within and between industry sectors. The reasons for these differences are many and vary a lot, but in all cases they help to demonstrate relative strengths and weaknesses as well as the underlying potential for business improvement. This is true and both company and sector level where the Index provides a unique tool to assist owners and managers in identifying:

- specific areas that require improvement;
- level of performance that is being achieved by other companies in these areas.

Customer satisfaction is usually the key to excellent performance and this can be achieved through the development of the business strategy that is customer-focused to ensure the products and services are

perceived by the customer has been the superior quality and providing better value to the offerings of competitors.

Some of the main gaps in performance and reported results that best illustrate the differences which exist between these key factors in UK small-and medium businesses with have been summarised in a report by the called "*Closing the Gap*".

Since its original development in 1996, the SBS Benchmark Index has become firmly established not only as one of the best benchmarking tools in the UK, but also as one of the most comprehensive sources of SME performance data world-wide. Over 2000 companies have undertaken the assessment in which highly trained advisers measure some eighty business functions covering key financial, management and business excellence measures. These are compared with the performance of thousands of other SMEs held in a central database to produce a detailed analysis of the company performance. Companies can quickly establish whether they fit in the upper or lower quartile (25%) or rank somewhere near the average.

## Keeping the Customer Happy

With research showing business spends six times as much to recruit a new customer than to retain an existing one, good customer service is an essential component of a successful business.

Getting it right first time is obviously the secret of good customer service, but where mistakes happen, research shows that a well-handled complaint makes all the difference to customer loyalty.

### What Angers Customers?

- Being kept on hold for excessive lengths of time, while being told repeatedly how much the organisation values their custom;
- Organisations which ignore basic consumer rights, e.g., taking back faulty goods and being refused a refund and told to change it for another product;
- Battling bureaucracy to resolve a problem. Staff should be empowered to tackle complaints immediately;



### How do you compare with the rest?

You can obtain your copy of "*Closing the Gap*" from Winning Moves Limited at:  
<http://winningmoves.com/uploads/closingthegapreport.pdf>

- Rude or over-friendly staff - both extremes can make customers feel uncomfortable;
- Anonymous staff who refuse to give their names;
- Broken promises - businesses should not make promises to customers which they cannot honour;
- Inflexible delivery times - businesses which refuse to deliver beyond a narrow, fixed time, or at weekends when most customers are at home;
- Lack of customer-friendly complaints handling systems - if it is difficult to complain, most people will not bother. They will simply take their business elsewhere;
- Premium rate advice lines. It would be better customer service to provide freephone or lo-call numbers;
- No human voices on the telephone - mechanised systems will fail to connect to which take customers through a lengthy process only to deliver them back to the beginning.

## Top Ten Tips for Good Customer Service

- Talk to your customers - carry out surveys. Ask customers what they want and make it easy for them to give you feedback;
- Listen to your customers - listen to complaints and compliments. Don't be defensive - accept criticisms as they will highlight areas for improvement. Let customers know if you are acting on their suggestions;
- Build trust Keep your promises. Deliver when you say you will. If things go wrong put them right quickly;
- Take complaints seriously - **don't** be dismissive or patronising. Have a customer friendly system for dealing with complaints so that if things go wrong, staff are easily accessible to put things right;
- Get it right first time - it saves you time and money if customers are handled well from the outset;
- Make the most of your staff - invest in training. Value them. Empower them to deal quickly with complaints. This will build morale and happy staff lead to happy customers;
- Go the extra mile - a willingness to delight customers is what separates the best from the rest;

- Do not make assumptions - your last customer service survey (last years) is probably out of date now - keep talking to your customers. The most successful companies know they cannot afford to rest on their laurels and are always willing to try something new and learn from others;
- Learn from your mistakes - and put them right;
- Put yourself in your customer's shoes - would you be delighted by the service you receive? Would you do business with you?

## Benchmarking has helped business to:

- Improve productivity;
- Improve competitiveness;
- Overcome competitive threats;
- Address growth issues;
- Gain a complete picture of the business.

## Further Information

More information about Benchmarking can be found at: [www.benchmarkindex.com](http://www.benchmarkindex.com) or call the Benchmark Index hotline on +44 (0)1785 827600

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