

Consequently, *best practices benchmarking* can be described as the process of seeking out and studying the best internal and external practices that produce superior performance. One measures this performance through various financial and nonfinancial performance indicators. (Figure 1.1 illustrates the relationship of benchmarks and benchmarking.)

Best practices benchmarking, which includes but isn't limited to the study of statistical benchmarks, can—and *should*—be applied at many levels of the organization and in many different contexts. The benefits of benchmarking have been well recognized in certain industries and operating areas. For instance, many benchmarking projects have targeted critical technical functions such as distribution and logistics, billing, order entry and fulfillment, and training. However, benchmarking is also an advanced business concept with general management applications for high-level functions such as strategic planning, restructuring, financial management, succession planning, and supplier and joint venture management.

Managing Change

The pace of change is so rapid today that no single organization can ever control or dominate all effective operating practices and good ideas. To be a marketplace leader, one must look outward—as well as inward—for constant improvement and new ideas. Customers everywhere are broadcasting the same message to their suppliers: "Faster, cheaper, better." The old school of thought, which held that "if it ain't invented here, it can't be any good," is a curse in today's high-velocity markets. Don't reinvent what others have learned to do better. Today's rallying cries—"Borrow shamelessly!", "Adopt, adapt, advance!", "Imitate creatively!", and "Adapt innovatively!"—are anthems of business pragmatism.

Benchmarking teams, with a mandate to look far and wide for better operating practices, are arguably one of the best sentinels senior management can post along the watchtowers of the organization. They can sound the alarm when the first signs

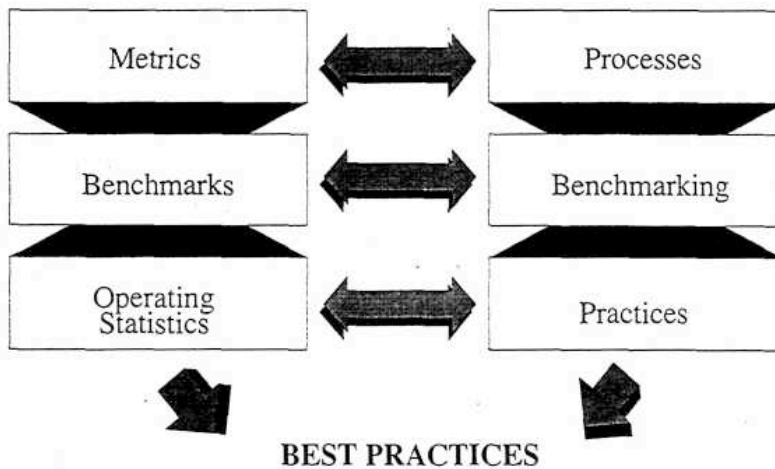


Figure 1.1. Benchmarking for best practices.