

# Benchmarking and value chain analysis

[Finance](#), [Market](#)



According to Oakland (113) and Patterson article found online, benchmarking involves the activities that are carried out in an organization that involves procedures used to compare the results that the organization is producing with the means and processes used. A benchmark is like the targets that an organization would want to achieve in its operations to enable it make progress as far as its growth and development is concerned which either could be within or outside the organization (Dale 77).

A benchmark for an organization should be something that adds value to the organization's performance and as an end result benefit all the employees' of the organization and its customers. Meaning that if the identified changes are carried out it will help the organization achieve some if not all of its activities (Howell 135). An example of a business that has achieved the maximum benefits from benchmarking is General Electric. General Electric has achieved benchmark on talent management strategy.

The strategy of General Electric on how they manage talents is by the way they prioritize the jobs they give and how they focus on 'game changers'. They are the top recruitment firm when it comes to recruiting personnel from the military (Sullivan). On the other hand, businesses and firms should make comparative advantages and should be able to have shareholder values. In order to do these, businesses and firms separate systems in different value-generating activities. And within every activity, a goal is set that the level of value should always exceed the cost of doing these activities.

This whole process is known to be value chain analysis. In order to have more advantage than other businesses, a firm should be able to utilize a cost advantage and differentiation. Cost advantage happens when the cost of a <https://assignbuster.com/benchmarking-and-value-chain-analysis/>

value chain is reduced better than other competitors. Differentiation, on the other hand, is the uniqueness of a particular value chain of firm from the other firms (“ The Value Chain. ”). An example of a firm that has achieved the maximum benefits from value chain analysis is the computer producing company Apple.

Although, the computers they sell are high priced, they still manage to achieve the cost advantage among other computer brands by being number four in the sales of computers in the year 2008. Another thing is that Apple computers also achieved the differentiation among other computer brands. Apple computers are really unique in many ways, because they produce their own components for this computer that no other companies can produce. Thus, Apple has achieved value chain in their computers.