

# [Tool is used for determining whether the company](https://assignbuster.com/tool-is-used-for-determining-whether-the-company/)

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Tool considered here are Benchmarking andPestle as they have shown great results. Lets take an example of MarriottInternational and how these tools are applied and what are the results. Benchmarking tool is used  to compare performanceof the business processes and products with the best performances of othercompanies inside and outside the industry. It is used for determining whetherthe company is performing particular functions and activities efficiently, whether its costs are in line with those of competitors, and whether itsinternal activities and business processes need improvement.

It helps managersto understand the means of performing an activity, to learn how lower costs areactually achieved, and to take action to improve a company’s costcompetitiveness. MarriottInternational has a great reputation of service excellence, integrity andinnovation. The reason why they are leading in the hospitality industry isbecause of their world class facilities like 24hr manned security, providingleisure and business environment for the customers, standard of living andother facilities. Location of hotels, easy accessibility,  and convenience helps them gain competitiveadvantage against their rivals. Also involvement of skillful and educatedemployees & proper usage of water and energy helps them by giving bettercustomer service and efficiency in organization respectively. They analyzedtheir performance against other rivals to improve their services to becomeleader in the industry.   There are many benefits including reducinglabor cost, common administrative systems, improving data center operationsthrough consolidation and downsizing, IT planning, implementing new technology, bringing innovative ideas to the company and finally provide insights of howother companies organize their operations and processes.

Benchmarking hascons which can cause hindrances as it doesn’t really measure the effectivenessof the processes that happen in organizations. If an organization is new or notexperienced then the costs could be huge. A major disadvantage of benchmarkingis complacency and arrogance. Many organizations relax after excelling beyondcompetitors’ standards, allowing complacency to develop. The realization ofhaving greater advantage soon leads to arrogance, when considerable scope forfurther improvements remains. Mostly companies use benchmarking aspart of a broad strategic process.

The best-in-class form of benchmarkingexamines multiple industries in search of new, innovative practices. Althoughearly work in benchmarking focused on the manufacturing sector, it is nowconsidered a tool that can be applied to virtually any business.   Pestle is again a simple and an effective tool used to identify the externalforces that might affect an organization. It helps identifying the externalfactors that may change in the future, exploit the opportunities or defendagainst the threats, and asses the potential of a new market. Political: Political factors represent theway and extent to which government influences the business.

The factors thatcould affect Marriott would be danger of terrorism, international relations andpolitical stability in popular tourist destinations. Economic: This refers to economicpolicies, economic structures and to what degree the economy impacts thebusiness. The factors that could affect Marriott are slow economic growth inAsia and debt crisis in Europe. Sociological: It relates to thecultural aspects, beliefs, attitudes that can affect the business. People whohave retired and old couples who love to travel still spend a lot of money fortheir hospitality.

Technological: This factor relates tothe technological aspects, innovations, barriers and how it can affect thebusiness. Marriott can by affected in the form of online rental services whichlets private individuals rent rooms which exclude hotel taxes as they have amuch lower operating cost. Legal: This factor relates to thelaws, regulation, legislation and how it can affect an organization.  Factors that will impact Marriott is thestatus of services provided by private rental rooms who have been fined for violatingrules and regulations. Environmental: This factor takesinto consideration ecological and environmental aspects that can affect thebusiness. Increasing prices of oil could affect the travel costs, thereforethere will be less guests affecting the Marriott.  Pestle providessimple and easy to use framework for analysis while involving cross –functional skills and expertise. It also encourages strategic thinking in anorganization which helps in the overall development of the personnel.

Tomaximize the benefits of pestle analysis it should be used on a regular basisto enable identification of trends. But userssometimes gather too much data instead of identifying the issues and takingactions against them. Due to cost and time shortage, the quality of externalinformation is often restricted. Pestle focusses more on the current situationrather than long-term issues which are also important. In conclusion, both these strategy tools are very easy and useful. These tools provideefficiency and the effectiveness in order gain advantage against othercompanies. Benchmarking and Pestle are heavily used in various companies asthey provide them with great results.

Both have great potential to identify theissues and identify the gaps company’s performance and introduce new ways to improveprocesses for higher performance.