

# Benchmarking

[Business](#), [Management](#)



Is defined by CIMA as ‘ The Establishment, through data gathering of targets and comparators, through whose use relative levels of performance (and under performance) can be identified. ’[CIMA, 2008] This definition explains in my mind that benchmarking is the comparison of one/ several company’s comparison of relative factors to another’s. Therefore seeing how a company’s best practise differs to your own. There are several types of benchmarking that a company may use; Internal, Functional, Competitive and Strategic.

A company may use internal benchmarking to compare different processes within the same departments. If they use functional benchmarking then they are mainly looking their departments and which runs better regardless of their different outputs. Competitive benchmarking is information gathered about direct competitors and finally strategic is a longer term benchmark technique. This is used for companies looking for organisational change.

The main advantage for benchmarking is to “ set the foundation for performance improvement” to help “ better competitors” [Nayab, 2010] and overall be the best company in the Market place. On the other hand a disadvantage is; how readily available is all the information you require to benchmark? Business Process Re-engineering Is defined by Drury as “ examining business processes and making substantial changes to how the company operates”. [Drury C, 2008] BPR is a major tool used by business because they want gains in performance and quality, and they need to cost reductions to strive for profit maximisation.

When re-engineering processes they look at what has been done and try to improve it. A typical example may be: Building a car by hand takes a considerable long time, however if they changed the process to the car being built by a robot, then they could increase performance and quality. However there are many negatives to usage of BPR. It has an uncertain result because it is an all or nothing technique (high risk). In addition it is said that