Benchmarking as a powerful total quality management tool

Business, Management

Like all other management concepts and principles, Benchmarking has also gone through the tests of time and efficiency. In fact, it was not until Xerox implemented it in the late 70’s that Benchmarking has proven itself in the field of business management (Brown, 1992). During this time, Xerox was losing market share and feeling pressure from its competitors. In an attempt to get back into the game, Xerox compared its operations to its competitors'.

After comparing its quality standards to others', Xerox began one of the greatest trends in the business world today (Rogers, 1991). Although there have been issues on whether Benchmarking has to be considered as a stand-alone management concept from that of Total Quality Management (TQM), this paper would argue that Benchmarking is rather an ingredient and an efficient tool in the implementation of a successful TQM process. This paper also would argue that benchmarking applies not only to manufacturing but also to service industries.

In fact, it has even pointed out that benchmarking has been beneficial in the financial management of HigherEducationinstitutions (Tang and Zari, 1998). OVERVIEW OF BENCHMARKING The principle of benchmarking has been defined in several ways depending on the area of TQM where its values and contributions have been stressed. The European Foundation for Quality Management (EFQM) defines it as: “ The process of systematically comparing your own organizational structure, processes and performance against those of good practice organizations globally, with a view to achieve business excellence.

Benchmarking provides the key interface between identifying and understanding the key criteria for change and attuning these to the reality of specific organizations in the global economy” (Waston, 1993). The famous adherent of TQM and benchmarking Mohamed Zairi defines it as " emulating the best by continuously implementing change and measuring performance” (Zairi, 1996). In both cases, benchmarking has its own mark: allowing change for the best.

Industry practitioners of benchmarking consider a benchmark is the standard of excellence against which to measure and compare wherein benchmarks are performance measures: How many? How quickly? How high? How low? (APQC, 1995). Benchmarks are facts; benchmarking enables real improvement (Ammons, 1999). Benchmarking is actually the process of learning lessons about how best performance is accomplished by the strict implementation and employment of best practices (APQC, 1995).

Clearly, benchmarking goes beyond data gathering, comparison and measurement. Benchmarking is an ingredient in any total quality management movement. Firms that want to know why or how another firm does better than theirs follow the benchmarking concept (Greengard, 1995). Its use is accelerating among U. S. firms that have adopted the TQMphilosophy. Benchmarking is about improving competitive position, and using 'best practice' to stimulate radical innovation rather than seeking minor, incremental improvements on historic performance (Certo, 1994).

Due to changes in economic factors, technology, market demands and other social factors, benchmarking as a TQM tool does not tolerate merely comparing past business practices to present in order to gain business excellence, rather it requires an organization to embrace these changes. In this case, benchmarking in line with TQM is a perfect business tool toward global competitiveness (Saxl, 1992). This claim has been proven by benchmarking practitioners who were considered as best among the best in the world of business.