

# Benchmarking



## Benchmarking



Benchmarking is a tool of strategic management that allows the organization to set goals and measure productivity, on the basis of the best industry practices. Benchmarking allows you to focus on best practices from your competitors. Types of Benchmarking

1. **Internal Benchmarking:** When measurement and comparison of key operations between teams, groups and individuals is made within the organization.
2. **External Benchmarking:** When measurement and comparison of key operations is made with the competitors.
3. **Strategic benchmarking:** is used when identifying and analyzing world-class performance. This form of benchmarking is used most when a company needs to go outside of its own industry.

Step-by-Step Benchmarking Benchmarking is a simple, but detailed, five-step process:

- Choose a product, service, or internal department to benchmark
- Determine which best-in-class companies you should benchmark against “ which organizations you will compare your business to
- Gather information on their internal performance, or metrics
- Compare the data from both organizations to identify gaps in your company’s performance
- Adopt the processes and policies in place within the best-in-class performers

Image source: iResearch Services (2018)