

TITAN TIMES NEWSLETTER

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TITAN BUSINESS DEVELOPMENT GROUP, LLC



What is Benchmarking?

Benchmarking is the process of comparing your own organization, operations, or processes to prior period results and/or to other organizations in your industry or in the broader marketplace. Many organizations compare themselves to competitors to identify and eliminate gaps in service or product delivery or to gain a competitive edge.

The most common driver for benchmarking comes from the internal perspective that a process or approach can be improved. Organizations will collect data on their own performance at different points in time and under different circumstances and identify gaps or areas for strengthening.

The data gathered in competitive benchmarking (benchmarking against others) offers specific insights into a competitor's processes and thinking. It is also used to generate ideas for improving areas such as procedures, methodologies, customer loyalty and satisfaction, market segmentation, pricing, profit margins and expense reduction practices, along with just about any other area of one's business.

Looking beyond your own industry for best-in-class performance for particular processes or functions is an excellent way to challenge your firm to rethink long-standing assumptions and practices. For example, Southwest Airlines famously analyzed the processes, approaches, and speed of automobile racing pit crews to gain ideas for improving their airplane turn-around time at the gate. The outcome of this benchmarking study is reported to have helped Southwest reconfigure their gate maintenance, cleaning, and customer loading operations, and to have saved the firm millions of dollars per year.

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“ Because any process, product, function or result in a business is eligible for benchmarking, methodologies vary. ”

Because any process, product, function or result in a business is eligible for benchmarking, methodologies vary. The benchmarking process typically consists of:

- Defining the subject of the benchmarking study.
- Defining the process or attribute to be studied in detail.
- Selecting and defining the measures.
- Selecting the comparison set.
- Collecting data on the benchmarking subject and comparison set.
- Assessing the data and identifying differences and gaps.
- Analyzing the root causes of the differences or gaps.
- Defining an improvement initiative complete with goals.
- Communicating the goals.
- Implementing the improvement initiative and measuring the results.
- Reporting on the results, identifying improvements and repeating the process.

The Bottom Line is that benchmarking is a potentially powerful tool to promote continuous improvement in your organization. Relying only on internal measures can breed a myopic perspective. As such, high performing organizations also look outside of their own operations to identify processes, functions or offerings important to them and to evaluate their efficiency and effectiveness versus leading competitors or leading innovators. Should you need assistance, TITAN Business Development Group, LLC can help you identify, develop, implement and interpret successful benchmarking initiatives.

Masterful Quotes

“The things we fear the most in (business) - fluctuations, disturbances, imbalances—are the primary sources of creativity.”

— Margaret J. Wheatley

The Mouse Wheel

Do you sometimes feel like a mouse running on a mouse wheel? You're working hard, dealing with everything from sales & marketing, customer service, accounting, bank deposits and even performing your business's core service or shipping product.

The day is over, you're exhausted and as you look back on the day, the month or even the years you start wondering if you are any further ahead. You are not alone. Many (possibly most) business owners deal with this all the time.

One of the primary objectives I work with business owners on while they "Build The Enterprise They Always Envisioned", is to build an entity that can run with minimal intervention from them. How is this possible? In the book "The E Myth Revisited", Michael E. Gerber talks about the three personalities of the business owner. The Entrepreneur, The Manager and the Technician.

The Entrepreneur is that crazy person in you that said, "I'm going fire the boss and start my own business" or "I'm going to buy that business". The Entrepreneur is the dreamer, the visionary, the one who has a goal and end result in mind. H is the one who makes the decision to take the risk.

The Manager in you is the analytical one, the one who sees the obstacles, measures performance and progress, takes care of the paperwork to ensure that the mouse wheel is heading in the direction set by the Entrepreneur.

The Technician in you is the person who has the specialized technical knowledge and works "in the business" performing the service or selling and shipping product. They typically **are** the business in the beginning where the business is built on their expertise. Without them the business stops running.

Each personality in you has a different value to you business. The Technician plays the task oriented role where his value is based on the amount someone would be paid to do the same job. For example, if the business is a Plumbing Company the value of the Technician is what a plumber would make.

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Depending on the business the value of the Manager's tasks are typically double the value of the Technician and the Entrepreneurs value is often double that of the Manager .

Why is this? The value of tasks is measured by the long term impact it will have on the success of the business. The Technician's tasks will usually have a short term effect on the business whereas the Entrepreneurs tasks will usually involve key decisions that will have a long term effect on the business.

Ideally the target should be to spend 80% of your time in Entrepreneur or Management mode. The reality is that many business owners spend very little time in Management mode never mind Entrepreneur mode. Start by spending at least 20% of your time in Management and Entrepreneur mode with the emphasis being in Entrepreneur mode. If you can achieve this you will find your business building quicker than ever before.

