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## **A Study on Benchmarking Practices in Marketing - A Drive to Achieve Organizational Excellence**

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**ABSTRACT:** *In today's business application benchmark is that performance objective which incorporates the best practice or standard of excellence. Benchmarking involves tracking how organization business performs relative to others in your industry. It also involves the activity of learning, exchanging and adapting best practices to the organizations. The process of benchmarking is more than just a means of gathering data on how well a company performs against others. Benchmarking can be used in a variety of industries, both services and manufacturing. It is also a method of identifying new ideas and new ways of improving processes and, therefore, being better able to meet the expectations of customers. The ultimate objective of benchmarking is process improvement that meets the attributes of customer expectations. The present article highlights on how benchmarking practices helps in marketing, achievement of organization goals and strategies that drive organizational excellence.*

**Keywords:** *Benchmarking, Organization, excellence, marketing, strategies.*

### **INTRODUCTION**

Organizations benefit by learning from similar organizations in the industry or from other industries. They can modify their current practices in terms of the best practices available to others. This purpose is essentially served by benchmarking. Benchmarking is a comparative method where a firm finds the best practices in an area and then attempts to bring its own performance in that area in line with the best practice. It is a reference point for the purpose of measuring and when applied to work processes yields superior results. In order to excel, a firm shall have to exceed the benchmarks.

According to American productivity and quality center (APQC), "benchmarking is the process of identifying, understanding and adapting outstanding practices and processes from organization anywhere in the world by a firm to improve its performance" (APQC, 1993). In other words, best practices are the benchmarks that should be adopted by a firm as the standards to exercise operational control. The performance of an organization can be evaluated continually till it reaches the best practice level by using benchmarking. However, benchmarking offers firms a tangible method to evaluate performance (Kazmi, 2007).

The essence of benchmarking is the process of identifying the highest standards of excellence for products, services, or processes, and then making the improvements necessary to reach those standards, commonly called "best practices". The process of benchmarking is more than just a means of gathering data on how well a company performs against others. Benchmarking should be looked upon as a tool for improvement within a wider scope of customer focused improvement activities and should be driven by customer and internal organization needs. Benchmarking is the practice of being humble enough to admit that someone else is better at something and wise enough to learn how to match and even surpass them at it.

### **Types of Benchmarking**

**Competitive benchmarking:** The goal of competitive benchmarking is to assess your advantages and disadvantages by comparing them with those of direct competitors. It is typically focused on areas that are core competencies in one's industry, such as supply chain, manufacturing or engineering.

**Best practice benchmarking:** It is designed to identify world-class performers and the specific underlying best practices they utilize that will enable your company to realize similar world. It is typically focused on

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areas that are important to an organization, but is usually not the source of competitive advantage, such as finance and human resources.

### Review of Literature

1. **Mittelstaedt Jr (1992)** Benchmarking is a learning process through which firms try to identify best practices that produce superior results in other firms and then replicate these in order to enhance their own competitive advantage.
2. **Camp & Camp Robert (1995)** Benchmarking is a market-based learning approach, a structured process by which a firm seeks to identify and replicate best practices to enhance its business performance.
3. **Ralston, Wright, & Kumar (2001)** The primary focus of benchmarking has moved from the content of the product or services produced, the strategy pursued, and performance outcomes achieved by top-performing firms, to a process focus on the capabilities believed to have produced the superior performance outcomes observed.

### Objectives of the Study

1. To study the benefits of benchmarking practices for achievement of goals and objectives of the organization.
2. To study different phases in the implementation of benchmarking practices in the organizations.
3. To propose key benchmarking practices in marketing for organizational excellence.

### Methodology of the Study

The data collected for the present study is based on secondary data. The secondary data collected from various sources like books, magazines, journals and websites.

### Benefits of Benchmarking and best Practices

The benefit of benchmarking is that it provides valuable insights into what drives performance. Companies use benchmarking to evaluate hiring, customer service, equipment maintenance, collecting outstanding receivables, and so forth. Benchmarking can be done for nearly every business process, including marketing.

1. **Increasing productivity and individual design:** Companies are benchmarking for a variety of reasons. The reasons can be broad, such as increasing productivity, or they can be specific, such as improving an individual design. By simply looking outside itself, a company can identify breakthroughs in thinking. It is an excellent tool because it involves everyone, including the management and the workers. A similar process used in a different way can shed light on new opportunities to use the original process.
2. **Continuous improvement tool:** Benchmarking is increasing in popularity as a tool for continuous improvement. Organizations that faithfully use benchmarking strategies achieve a cost savings of 30 to 40 per cent or more. Benchmarking establishes methods of measuring each area in terms of units of output as well as cost. In addition, benchmarking can support the process of budgeting, strategic planning, and capital planning.
3. **Growth potential:** Benchmarking may cause a necessary change in the culture of an organization. After a period of time in the industry, an organization may become too practiced at searching inside the company for growth. The company would be better off looking outside its walls for potential areas of growth. An outward looking company tends also to be a future oriented company. This often leads to a more enhanced organization and increased profits.
4. **Strategic tool:** Leapfrogging competition is another reason to use benchmarking as a strategic tool. A company's competitors may be stuck in the same rut as the company deciding to benchmark. It would be possible to get a jump on competitors by using new-found strategies.
5. **Assessment of performance tool:** By identifying the "best" practices, organizations know where they stand in relation to other companies. The other companies can be used as evidence of problem areas, and

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provide possible solutions for each area. When companies benchmark, they use partners to share information with and learn from each other. Benchmarking allows organizations to understand their own administrative operations better, and marks target areas for improvement. It is an ideal way to learn from other companies who are more successful in certain areas.

### **Seven Benchmarking Practices in Marketing for Organizational Excellence**

- 1. Product development:** The processes by which a company develops and manages product and service offerings.
- 2. Pricing:** The ability to extract optimal revenue from the customers.
- 3. Channel management:** The organization's ability to establish and maintain channels of distribution that effectively and efficiently deliver value to the end-customer.
- 4. Marketing communications:** The organization's ability to manage customer value perceptions.
- 5. Market information management:** The processes organizations use to learn about their markets and use market information.
- 6. Marketing planning:** The organization's ability to create optimal marketing strategies.
- 7. Marketing implementation:** The processes which strategies are deployed.

### **Phases for Implementation of Benchmarking Practices**

#### **1. PLANNING**

During this phase the organization determines which process to benchmark and against what type of organization.

#### **2. ANALYSIS**

Following data acquisition, an analysis is performed for the performance gap between the source organization and the recipient organization. An indication of best practice is then evident.

#### **3. INTEGRATION**

It involves the preparation of the recipient for implementation of actions.

#### **4. ACTION**

This is the phase where the actions are implemented within the recipient organization.

#### **5. MATURITY**

This involves continuous monitoring of the process and enables continuous learning and provides input for continuous improvement within the recipient organization.

### **Key Success drivers for Benchmarking and Practices**

- A. Identify what's to be benchmarked
- B. Understand the business process under review before comparing it with other organizations.
- C. Identifying other companies which are role models for learning
- D. Acquiring reliable and valid data from these companies about their best practices and standards and how these are set in the critical areas of one's concern
- E. Involve process owners and staff at all points in the process.
- F. Provide sufficient time to collect data and analyze results
- G. Determine key performance indicators for the process
- H. Determining current competitive gaps and understanding the strategic and tactical reasons for the gaps
- I. Implement specific actions and monitor progress over time to time.
- J. Motivating the employees for effective implementation of the process of benchmarking.
- K. Refining benchmarks.

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## Conclusion

Benchmarking, whatever its focus, represents an attempt by an organization to assess, compare and advance its performance using acknowledged benchmarks of good and best practice. Benchmarking focuses on the improvement of any given business process by exploiting “best practices” rather than merely measuring the best performance. By implementing benchmarking practice for a particular process, company can close a performance gap in order to achieve superior results and enhance its own competitive advantage. Benchmarking can be a cost-effective method for making dramatic improvements to organization marketing processes. Benchmarking and best practices initiatives are most successful when they are approached with an open mind and the belief that they represent a learning process. Indeed, benchmarking is based on voluntary and active collaboration among several organizations to create a spirit of competition and to apply best practices.

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