

## Improving Corporate Performance with Benchmarking: Some Contemporary Insights

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### Abstract

The current intense nature of competition among firms has increased the pace of innovation within and across industries. Rapid changes in the taste and requirements of consumers have compelled organizations to think of ways of constantly improving their processes, product offerings and service delivery. Benchmarking as a tool has assisted organizations to fast track their innovation pipeline while reducing time and route to market. It has helped firms meet the requirements of their consumers at low level of risk and cost. This paper presents an expository review of some new ideas and approaches to effective benchmarking and provides practitioners with some contemporary insights on approaches and tools for benchmarking as a way of improving corporate performance in a measurable way.

**Keywords:** Benchmarking; Corporate performance; Best-in-class; Gap analysis; Real-time parity goal

### Introduction

Current local and international markets and business environments are growing increasingly competitive. Rapid changes in consumer preferences are driven by the democratization of choices, changing consumer demographics, globalization of economies, technological advancement and portability of socio-cultural influences. Firms are thus faced with increasing pressure to meet these changes while remaining competitive and profitable. Benchmarking has thus become an integral part of corporate strategic management aimed at keeping firms competitive by staying in tune with the technological advancement of more innovative competitors [1-3].

Benchmarking is a corporate performance analytical tool that compares the processes and innovation of a firm, which have strong functional impact on efficiency with those of its perceived best-in-class contemporaries [4-6]. Camp [7] defined benchmarking as “the search for industry best practices that leads to superior performance”. Benchmarking involves a continuous process of performance improvement by learning from others with best performance, and keeping up with competition [8,9]. As a management tool, it involves identifying best practice that could serve as standards for processes, and making needed improvements to match the best-in-class standards in order to achieve corporate performance improvement [1,7,10-15].

This article presents an expository review of contemporary views and approaches to benchmarking using gap analysis, as most outcomes from benchmarking analysis are gap identifications. It would provide practitioners with some new insights on approaches and tools for benchmarking as a way of improving corporate performance in a measurable way. Following this introduction, subsequent sections of this article from two through six covers literature review, evolution and origins of benchmarking; benchmarking and performance improvement; leveraging benchmarking to increase market leadership; essentials of benchmarking; and conclusion respectively.

### Overview and Literature Review

Benchmarking could be traced to the early days of human existence where people adapted/adopted better ways of executing tasks for improving their daily activities observed amongst themselves. Bogan and English [8] reported that by learning and benchmarking from the British textile industry, Francis Lowell in 1815 established the biggest

textile factory in the US. In 1912, the first production assembly line was set-up by Ford Motor Company after its founder Henry Ford toured the Chicago slaughterhouse and observed the orderliness and increased productivity achieved as a result of specialization using an “assembly line” formation. General Motors, Chrysler, Ford, Studebaker and the restocking process of some American supermarkets were the basis for Toyota’s productions factory processing formations. There are evidences of the popularity of reverse engineering innovation adoption and benchmarking among Japanese companies after the Second World War [16,17].

Xerox Corporation, which studied the process of manufacturing photocopier among Japanese companies, came up with the first recognized comprehensive competitive benchmarking project in 1979 [1,3,7,12,17,18]. This led to improvement in Xerox’s competitive position and resulted in production efficiency and improved product design, and cost efficiency [1,10]. Competition among businesses has led to the popularity, variations in adoption, and a stimulation of the benchmarking ideation process that has proven to be an effective management tool for corporate performance improvement [5,6,15,16].

### Reasons and benefits of benchmarking

Given the widespread adoption of benchmarking as a management tool for learning and adopting innovations in processes and method of operations, academics and practitioners have identified reasons and benefit of benchmarking [8,12,18]. Some of these reasons include the following;

- Need for survival
- Uncovering the strengths within an organization
- Identifying internal opportunities for improvement

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- Strategic management tool and performance assessment
- Improvement in product design
- Time and cost efficiency of inventing and re-inventing
- Continuous improvement tool
- Business process re-engineering
- Improved customer satisfaction.

### Classifications of benchmarking

Classification of benchmarking has taken different forms over the years. It was classified into formal, semi-formal and informal by Drew [19] and Adebajo et al. [18]. In line with Camp [7], it was classified by Elmuti and Kathawala [12], Adewunmi and Ajayi [20], Singh et al. [21] and Adewunmi et al. [6] as internal, competitive, functional and generic. Watson [16] classified benchmarking based on evolution that is, reverse engineering, competitive benchmarking, process benchmarking, strategic benchmarking and global benchmarking. Given the ambiguities that may arise with these various classification types under different contexts, this paper classifies benchmarking into three categories based on object, scope and objective of benchmarking.

**Benchmarking in terms of the object:** Benchmarking based on the object includes metric benchmarking and process benchmarking. The metric benchmarking involves quantitative evaluation of performance against an established performance indicator to compare with best-in-class performer in/outside the industry and to identify competitive status and performance gap [8,9]. Relative to the goal, metrics for benchmarking varies and ranges from financial to operational metrics [22]. On the other hand, process benchmarking involve mapping of the different processes of a firm and making comparison with those processes that produce best-in-class performance in/outside the industry to assess process gap by identifying in-built weaknesses [23-25].

**Benchmarking in terms of the scope:** Benchmarking based on scope includes internal, industry and best in class. Internal benchmarking involves benchmarking internal operations [12]. Firms make comparison of performance and practice with what is obtainable within the organization with the objective of optimal internal efficiency [20]. Though this does not yield much improvement, the pay-off is quick and it is quite convenient and inexpensive to embark on.

Secondly, industry benchmarking relates to comparison of existing practice with outstanding competitors in the industry [12], which is conducted to identify contemporary ideas, methods and product designs methods. It helps firms evaluate performance relative to competitors and making competitive plans to increase market share. However, it is time consuming and expensive with potential legal and ethical implications.

Lastly, best-in-class benchmarking involves comparison without limitations, by searching through all industries, sectors and geographical locations for superior practice that could be adopted in achieving quantum-leap breakthrough in practice at a firm-wide level within an industry. Though very expensive, best-in-class benchmarking is embarked on to uncover new ideas, methods and product/service designs that will achieve measurable performance improvement. In the 1990's Arthur Andersen, one of the former top 5 global accountancy and consultancy firms, developed the Global Best Practice™ (GBP) database, which was a repository of the best-in-class processes and methods across firms and across industries, against which their clients could benchmark their various transaction, reporting and

business processes, with a view to achieving significant performance improvements.

**Benchmarking in terms of the objective:** The object and scope of benchmarking is subject to the goal of the organizational improvement plan. In this regard, a number of benchmarking types can be identified in the literature. For example, the focus of competitive benchmarking is to ensure competitiveness within an industry and comparison is made with organizations with similar products and services [12,20]. Functional benchmarking also focuses on specific functions or operations as it compares performance with best-in-class relating to common practice [20]. Generic benchmarking is for processes that could lead to quantum leap in corporate performance from related/unrelated industry. Strategic benchmarking that is used for strategic planning [20] as it is used to identify the best performer and ascertain the strategic measures adopted. Bogan and English [8] highlighted structure, leadership, cost, investment, staffing, skills, service activities, impact analysis, technology, innovation, quality, productivity, process excellence as other forms of benchmarking that can be conducted for performance improvement.

### Empirical studies in benchmarking

Earlier studies such as Yasin [1], Dattakumar and Jagadeesh [26], Evans et al. [27], Williams et al. [28] and Zeinalnezhad et al. [23] have presented a review of the literature. Yasin [1] reported increase in benchmarking adoption as a management tool as the scope and philosophical background had evolved over time to meet the specific goals of organizations. The literature however, still lacks theoretical explanations to guide the advancement of benchmarking behavior [23,26] and notes that fewer entrepreneurs turned to benchmarking when faced with challenges, which is attributed to lack of time and resources. Watson [16], Evans et al. [27] reviewed some doctoral and master thesis and found that no new approaches to benchmarking have been identified in the literature. In their meta-analysis, Williams et al. [28] suggested that organizational leadership seeking to adopt best practices could ameliorate reluctance to the application of benchmarking. Table 1 presents empirical studies that have investigated the effect of benchmarking on various forms of performance indicators [29-36].

## Benchmarking and Performance Improvement

### Internal benchmarking and corporate performance appraisals

Corporate performance appraisal as suggested by Kouzmin et al. [35], Gleich et al. [5] and DeNisi and Smith [36] is a continuous process of using some performance indicators or measurement in evaluating the performance of an organization in terms of its process, units or employees. Cardno and Robson [37] described performance appraisal by emphasizing the synergetic benefits of evaluating members of an organization to ensure performance expectations are met and areas in need of improvement are identified. Thus, corporate performance appraisal is systematically and periodically assessing performance and productivity of an organization using established performance measurement based on organizational objectives.

Over the years, benchmarking has been reported as an integral part of every improvement plan. Zeitun and Tian [22] noted that corporate performance measurements are classified into financial (Return on Equity (ROE), Return on Investment (ROI) and other earnings indicators), or operational indicators (productivity, sales and market share). Performance of an organization is an accumulation of

Authors (Year)	Methodology	Findings
Longbottom [29]	This study is based on 560 respondents and supplementary interviews	Benchmarking was revealed to have the impact of reduced cost, reduced labor cost, reduced production time cycle, reduced waste/re-work, increased profitability, and improved customer benefits.
Jarrar and Zairi [30]	Survey on 227 organizations from 32 countries	Benchmarking project had influence on strategic decision-making process and style of leadership within an organization. It has led to efficiency in physical and human resources management, time efficiency, innovative improvement in business activities and processes, improved internal standards, improved quality and better understanding of customer requirements.
St-Pierre and Raymond [31]	The study was based on data from 102 Canadian manufacturing SMEs that have participated in a benchmarking exercise.	Though SME manufacturing firms had difficulty adopting benchmarking, it would lead manufacturing SMEs to adopt new business practices. Adoption of advanced manufacturing systems was associated with weaker operational performance in terms of production effectiveness and equipment usage but associated with greater overall effectiveness in terms of net-profit margin.
Magd [32]	This study is based on a survey of 500 organizations with 45% responses	Benchmarking appeared relatively easier to adopt than other performance improvement tool in terms of strategic and competitive advantage and cost savings. It helps reduce the cycle of solving problem for continuous improvement. It leads to financial gains, customer satisfaction, innovative ideas, understanding of strength and weaknesses, and enhanced learning from other best practices.
Debnath and Shankar [33]	This study employed the data envelopment analysis (DEA) to compare the relative efficiency of mobile service providers in India.	The results from this study revealed that benchmarking significantly improved efficiency and identified inefficient service providers that have the prospect for improvement by benchmarking more efficient service providers.
Asrofah et al. [24]	Regression and descriptive statistics were adopted to analyzed data of 250 quality/production manager representatives of the Badan Pengelola Industries Strategist (BPIS) registered companies	Findings from this study suggested that benchmarking is necessary for sustained competitiveness and helps break down the reluctance of implementing operational changes. It helps open the organization to new innovative ideas, methods and tools for effectiveness and help solve the problems within organizations and achievement of goals.
Adewunmi and Ajayi [20]	34 Facility Managers were selected based on purposive sampling from three states in Nigeria using semi-structural interview and data analyzed with Nvivo 10 software qualitative computer software	Informal benchmarking helps improve performance, service quality and their processes while formal benchmarking helped with making strategic plans, striving to be the best in the industry and provides explanations for present and future improvements
Adebanjo et al. [18]	This study was based on 21 country member of the Global Benchmarking Network, and data were collected using online Questionnaire, which was translated to five different languages. Data analysis was conducted using SPSS statistical software.	It was revealed that both formal and informal benchmarking was widely adopted by organizations but best-in-class benchmarking was only adopted by a core minority. Benchmarking was equally effective as other improvement tools and there is continual usage intention by majority of the respondents.
Wibowo and Alfen [34]	This study adopted the two-stage Stackelberg leader-follower data envelopment analysis (DEA) and artificial neural networks (ANN) methods	The findings from the study indicated sizeable opportunities for improvement, with 39 percent of the total sample facing serious problems in both first-stage and second-stage efficiencies when serviceability was treated as the leader and profitability as the follower. On the other hand when profitability leads and serviceability follows, there is decreased efficiency.
Adewunmi et al. [6]	34 Facility Managers were select based on purposive sampling from three states in Nigeria using semi-structural interview and data analyzed with Nvivo 10 software qualitative computer software	Adoption of informal benchmarking faced the challenges of data, lack of confidence from the employees about the new initiatives and poor support of senior management; adoption of best-in-class benchmarking was faced with the problem of accessing information, unwillingness of employees to change and comply with the new company's set standards, lack of understanding on the part of benchmarking partners and lack of quality data.
Castro and Frazzon [17]	This study adopted PageRank algorithm and co-citation maps of articles on benchmarking of best practices and analysis was conducted based on the main concepts, methods and updated discussions on benchmarking research.	This study confirmed the increased number of studies on benchmarking and two main streams of articles; one related to data envelopment analysis (DEA) and other that presents a wide variation of methods for benchmarking.

Table 1: Empirical research on benchmarking.

performances of some generic corporate processes which can be split into sub-processes such as revenue, conversion, treasury, expenditure, financial reporting, compliance/risk, marketing, procurement, customer service and so on.

Performance indicators as a management tool are used to quantify performance of units/process/organization. Therefore, benchmarking provides the mechanism and framework, within which information derived from these performance indicators can be meaningful and effectively adopted [5,15]. When adopted in internal benchmarking, these indicators can establish trends, patterns, relationships and gaps among the various processes/units of the organization, which can thus be the basis of performance evaluation and improvement plans [16,38].

### Industry benchmarking and market share

Camp [7] and Balm [11] suggested that performance and competitiveness are a result of customer satisfaction as reflected in the relative market share of firms in the same industry. Anderson et al. [25], Liao et al. [39], Rego et al. [40] noted that customer expectation from products and services are continuously becoming complex

and heterogeneous, as such, keeping track of customer choices and satisfaction is becoming increasingly tedious. This has increased the severity of competition between firms operating in the same market. Being competitive and the best-in-class is thus contingent on the ability of the firm to track and satisfy customers expectations, leading eventually to market share control [7,40]. Rego et al. [40] demonstrated that firm's ability to benchmark against the best-in-class in their market is significant to customer satisfaction. By benchmarking, organizations would have the capacity to evaluate their deficiencies, initiate relevant improvement and thus close the gap with the best performer and the redistribution of market shares among market players [40].

### Globalization and best-in-class benchmarking

As a result of globalization and integration of economies and markets, some observable standardization of business models, processes and product/service design and delivery methods is inevitable. This and the rapid growth in information technology have changed business operations significantly [20]. Organizations continuously develop innovative ideas aimed at cost efficiency, increased

productivity, customer satisfaction and quantum-leap improvement. Companies across the world have dealt with the intense competition arising from this phenomenon of globalization by benchmarking their processes and operations with related and unrelated organizations that share similar practices across the globe in a process known as global benchmarking [21,31].

Given the dynamism, complexity and heterogeneity of customer expectations, it would be tedious for organizations to rely solely on their innovation [2,21]. Besides, comparison with organizations within similar market or region could yield limited results. The approach of benchmarking against globally recognized organizations with similar processes could help bring local players to world-class status [39]. Global best-in-class benchmarking [16] has been used in different types of benchmarking as observed in practice and research, and this has led to standardization of processes and activities of many organizations across the globe especially those operating in similar markets. For instance as observed in most financial institutions, hospitality businesses, financial reporting and transaction processes are fairly standardized for all corporate organization and in some manufacturing companies, they operated almost in similar manner.

### Leveraging Benchmarking to Increase Market Leadership

Following the Xerox benchmarking project, Camp [7] highlighted a twelve-step-five-phase process to benchmarking starting from (i) identifying benchmarking output (ii) identifying best in class competitors (iii) determine data collection method (iv) determine current competitive gap (v) project future performance levels, (vi) communicate findings and gain acceptance (vii) establish functional goals (viii) develop functional plans (ix) implement specific plans (x) monitor results/report progress (xi) recalibrate benchmarks (xii) attain leadership spot and integrate practice into process fully.

Drew's [19] approach starts with (i) determine what to benchmark (ii) form a benchmarking team (iii) identify benchmark partners (iv) collect and analyze benchmarking information and (v) take action.

Others include Partovi [41] model, Kaplan Model [3], Alcoa's six-

step model, Benchmarking wheel [42] and Bateman model [12] to mention a few.

For successful benchmarking project, the following questions need to be answered:

- Are there better performers within or outside our industry?
- How are they better?
- Why are they better?
- What are they doing differently?
- How can we close the gap?
- How can we be better off?
- How can we be the best?

### Benchmarking with gap analysis

Performance gap identification and analysis between internal performance and a best-in-class performer is usually the result of benchmarking [3,7,12-15]. Gap Analysis involves three phases: (i) the baseline phase of assessing the current performance; (ii) the gap analysis phase of evaluating the difference between the current performance and the desired level; (iii) and the benchmark phase of identifying best-practice performance. These phases can be further broken down into four different interrelated steps; (i) quantitative comparison; (ii) current parity goal; (iii) real-time parity goal; (iv) leadership goal. An overview of these steps is presented in Figure 1.

**Quantitative comparison:** When conducting a gap analysis, data generation must be quantitative such that all the objects and indicators can be expressed in numbers for ease of comparison. Quantitative comparison involves comparing performance of the objects of benchmarking with those of the acknowledged best-in-class practice using metrics. This comprises of sub-steps as presented in Figure 1: from identifying success factors, identifying performance metrics, internal and external data collection to direct metrics comparison. This can be plotted graphically for pictorial display of gaps as presented in Figure 2, which shows how the current performance is lower than that of the best-in-class performer.

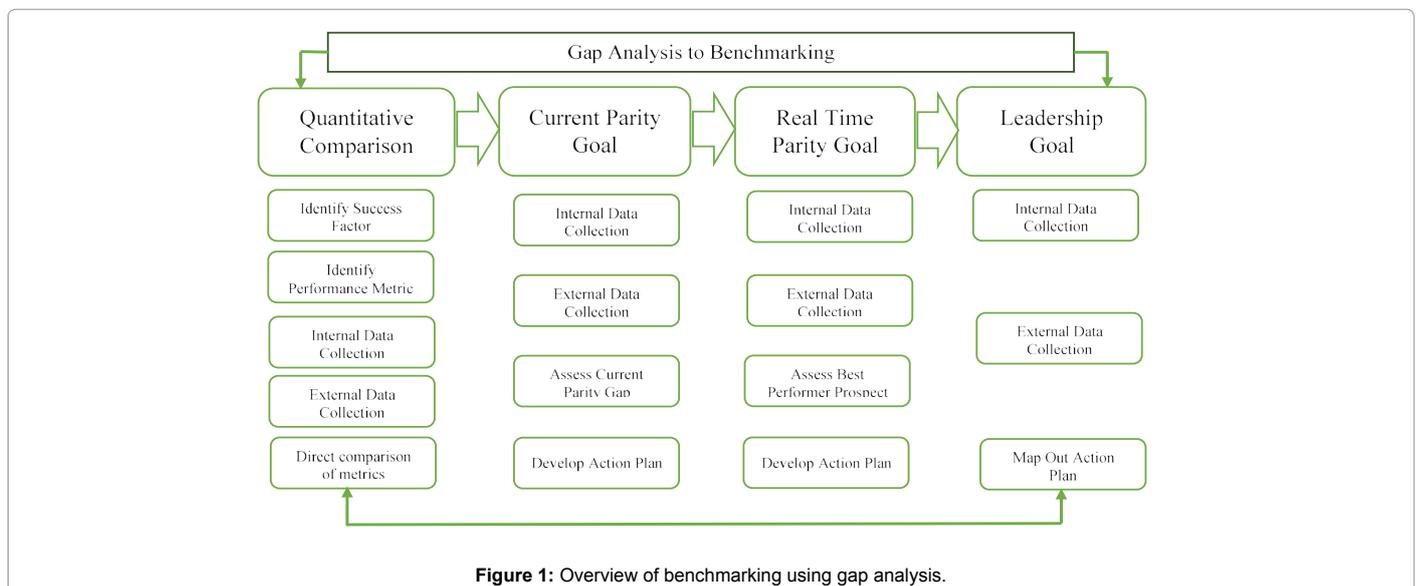


Figure 1: Overview of benchmarking using gap analysis.

**Current parity goal:** The second step is setting current parity goals by setting time and performance targets to catch-up with the current level of the best in class at  $T_0$  as in Figure 2. The current parity goal involves gathering both internal and external information in order to assess the current parity gap between the best in class and the internal organization and developing an action plan to bridge the current parity gap. This emphasizes the continuous improvement of the best in class over the time of meeting their current performance level. Figure 3 present a display of the current parity goal at  $T_1$ .

**Real time parity goal:** As the best performer too is experiencing improvement, the next step is to set the real time parity goal, which is reaching parity with the best in class. This goal aims at operating at the same level with the best in class after reaching its initial level at point  $T_1$  in Figure 3 to reach point  $T_2$  in Figure 4. The major focus here is to catch up with the best in class. Setting real time parity goal also involves gathering further internal and external information to assess the prospect of the best performer and develop action plans to catch up with the best-in-class.

**Leadership goal:** The last step is setting a leadership goal where the organization beat the best in class to reach the market leader position.

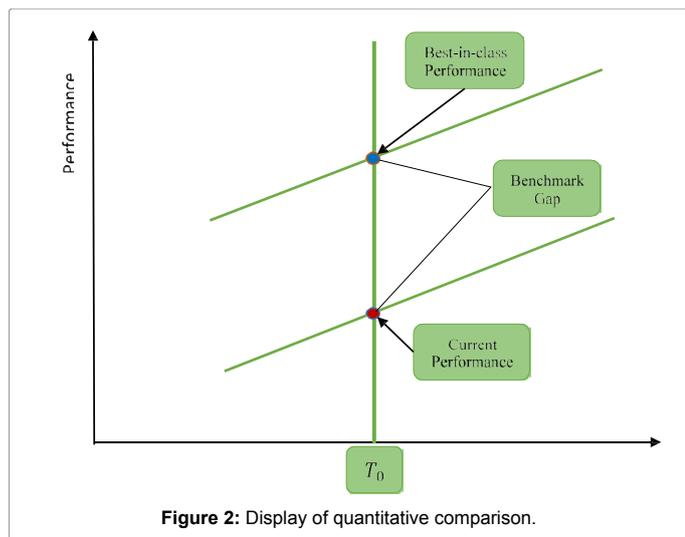


Figure 2: Display of quantitative comparison.

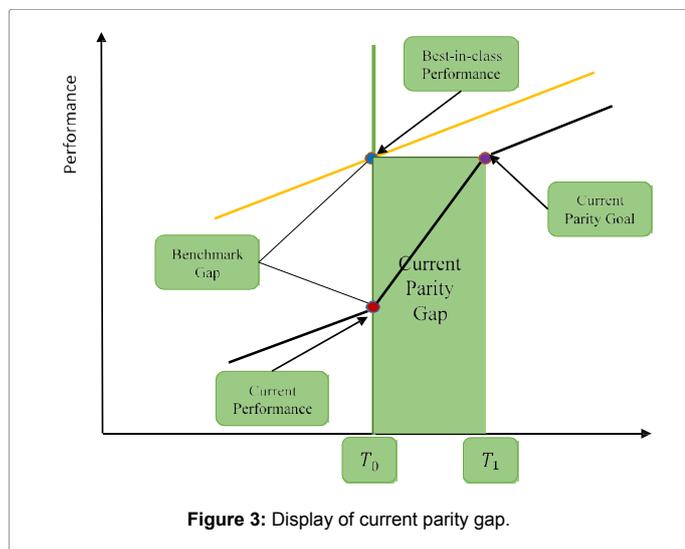


Figure 3: Display of current parity gap.

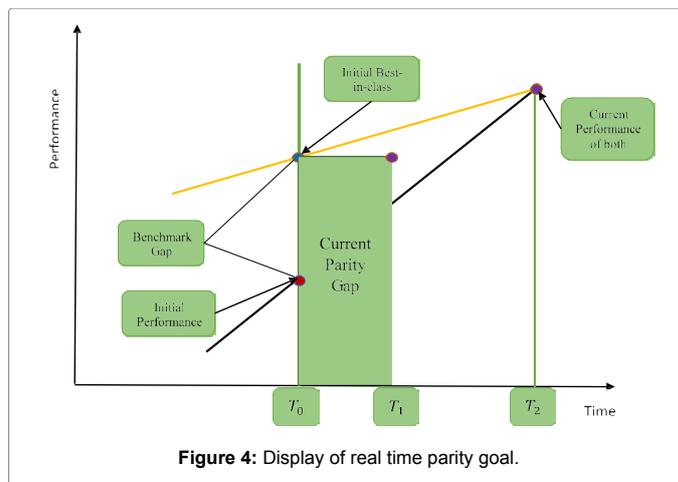


Figure 4: Display of real time parity goal.

The goal here is to reach the position where the benchmarking project has improved performance above the benchmarked performer to reach point  $T_3$ . This also involves getting information and there has to be a mapped out plan to surpass the best in class.

The overall objective of benchmarking is to attain improved corporate performance by focusing on improving processes that drive customer satisfaction [7,11]. The graphical analyses in Figures 1-5 are limited in scope as it would be difficult to conduct analysis of various processes. Thus the use of spider charts is recommended.

### Spider charts

For a hypothetical organization with the objective of improving customer satisfaction and corporate performance, Figure 6 displays a spider chart of performance as it is affected by customer satisfaction. Each spider chart includes eight success indicators. The customer satisfaction indicators show some potential factors that culminate in customer satisfaction while the performance indicators show factors that culminate in total performance of an organization. These performance indicators are measured along the radii of the circle; the total possible value of customer satisfaction/performance is the full area of the circle; while the performance level attained by each of the indicator are normalized to the common scale of the radius of the circle.

As the values of the indicator tend towards the center, the performance of the indicator is worsening as the center represents the worst possible performance. As the values of the indicators approach the circumference, the better the performance of the indicators. Each dark line in the spider chart represents the sketch of the performance of one indicator to the other for the best in class carve out their performance relative to total possible performance. Similarly, the broken line represents the sketch of the performance of the baseline organization.

The spider chart shows that the best in class did better except with RC-Recommendable and CR-Compliance/Risk where they performed equally, and P-Proximity and E-Expenditure, where the baseline organization performed better than the best in class. Performance of indicators such as P-Procurement which gap is not much between the best-in-class and the baseline indicates that not much is require to catch up and beat the best-in-class but there is much room for improvement in that unit/process. Similarly, they performed equally in RC-Recommendable and CR-Compliance/Risk but much still needs to be done for improvement purposes.

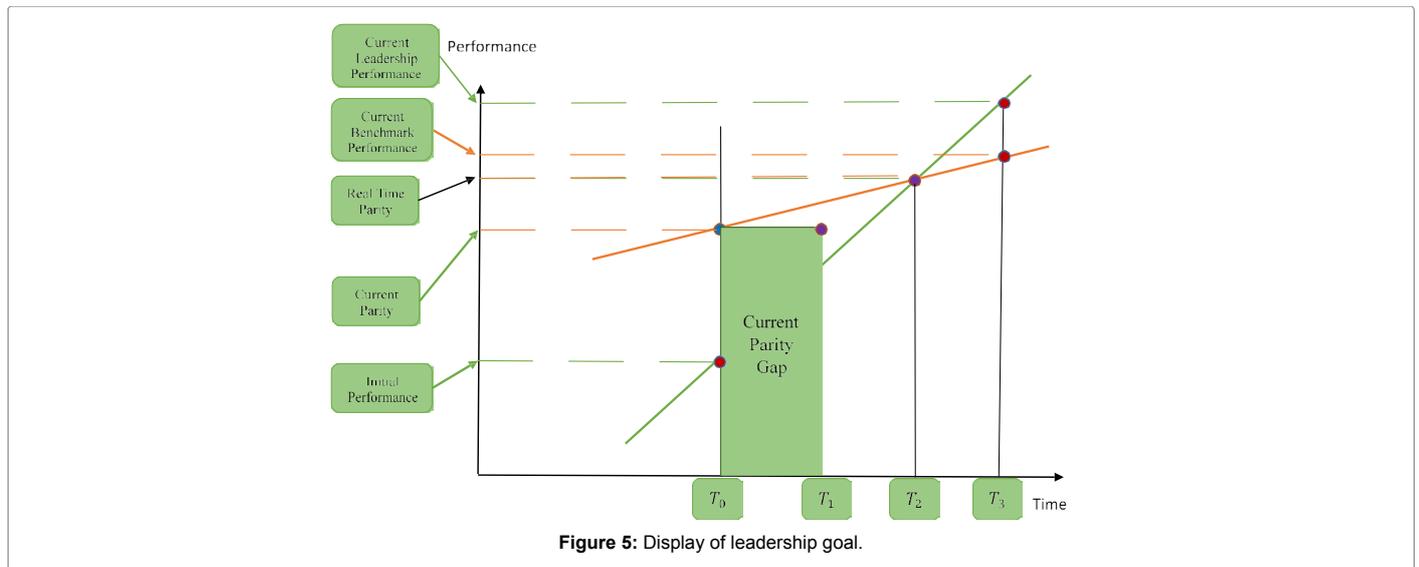


Figure 5: Display of leadership goal.

The graphical presentation of the spider chart is expository of the situation of things between the two organizations compared and it is informative of the areas of the organization that require reform and improvement to ensure overall improvement in performance. Having established the areas in need of improvement, the entire benchmarking process as discussed using (quantitative comparison → current parity goal → real time parity goal → leadership goal) can then be conducted for each of the process that requires improvement. Balm [11] noted that it is hardly possible for any organization to operate at 100% potential as suggested by the spider chart, as such the baseline organization has room for improvement and can perform better than the current best-in-class.

Since all the processes highlighted in the corporate performance also involve different generic processes, the spider chart can equally be replicated for each of the processes to have a clearer picture of the point of orchestrating improvement plan. The above analysis presents one of the most popular benchmarking techniques and could involve so many tools beyond graphs and spider charts such as process mapping (for instance Balanced Scorecard, Goldratt's Theory of Constraints, Deming's Total Quality Management model, International Standard Organization criteria and Baldrige Criteria for Excellence), process performance measurements, benchmarking surveys (questionnaire and interviews). Other technique of benchmarking analysis include 5S method, 5 whys, 7 waste method, Six Sigma method, Pareto Charts, Pie chart/Bar chart/Histogram, SWOT Analysis, Failure Mode and Effects Analysis, Value Stream Mapping, Fishbone Diagrams, Kaizen effects, matrix technology, comparison tables, Life Cycle Analysis. Computer software used for benchmarking among others are Benchmark Index, Combo Benchmark, GOBENCH and Workload Simulator (WSim) that have programmes that include features of different types of benchmarking and its techniques and tools. For a successful benchmarking project, it is important to identify the appropriate technique and tools alongside performance indicators that can suitably be used for comparison.

**Benchmarking metrics:** These are key performance indicators that are used to track and evaluate the performance of organization. Benchmarking metrics give numerical or quantitative values to performance indicators against which comparison can be made. Most

often benchmarking metrics arise from evaluation of series of survey, measurement with which organizations can compare performance and identify gaps. The performance indicators adopted in our earlier hypothetical case are example of benchmarking metrics. By extension, metrics such as web traffic sources, incremental sales, voice of customer, social sentiment, market growth, attractiveness, end action rate, return on marketing investment, search engine optimization (SEO) keyword ranking and SEO traffic are examples of marketing metric that could be used for marketing benchmarking. Metrics such as sales growth, product revenue performance, average purchase value and average profit margin can be used to illustrate sales performance. Financial metrics can as well be captured using indicators such as working capital, quick ratio/acid test, debt-equity ratio, current ratio and profitability. Among other metrics that could be used for marketing benchmarking are social media metrics such as social followers vs. target, twitter followers metric, key social metrics and Facebook discussions about the a metric. Other business performance metrics include customer retention rate, monthly recurring revenue (MRR), customer lifetime value, customer churn rate, call abandonment, service level, project burn down metrics, product line breakdown and growth and productivity-revenue per employee.

### Essentials of Benchmarking

It is important to note that benchmarking process is quite expensive and involves some level of cost which ranges from cost of gathering benchmarking data and benchmarking consultancy. There are also cost associated with visiting other organizations and extra time cost on employees to learn about others and attend team meeting concerning benchmarking [12]. In order to reduce the cost, the scope should be minimized to the pressing need and should be taken one at a time. By so doing, the resource of the organization optimally serves this purpose. Fortunately from the advent of the internet, organizations can now get information about organizations that operate similar process and practice across business units, related/unrelated industries and geographic regions.

Moreover, benchmarking practice has some level of legal and ethical implications. Benchmarking as the case may be does not involve any form of espionage though many organizations have reservations

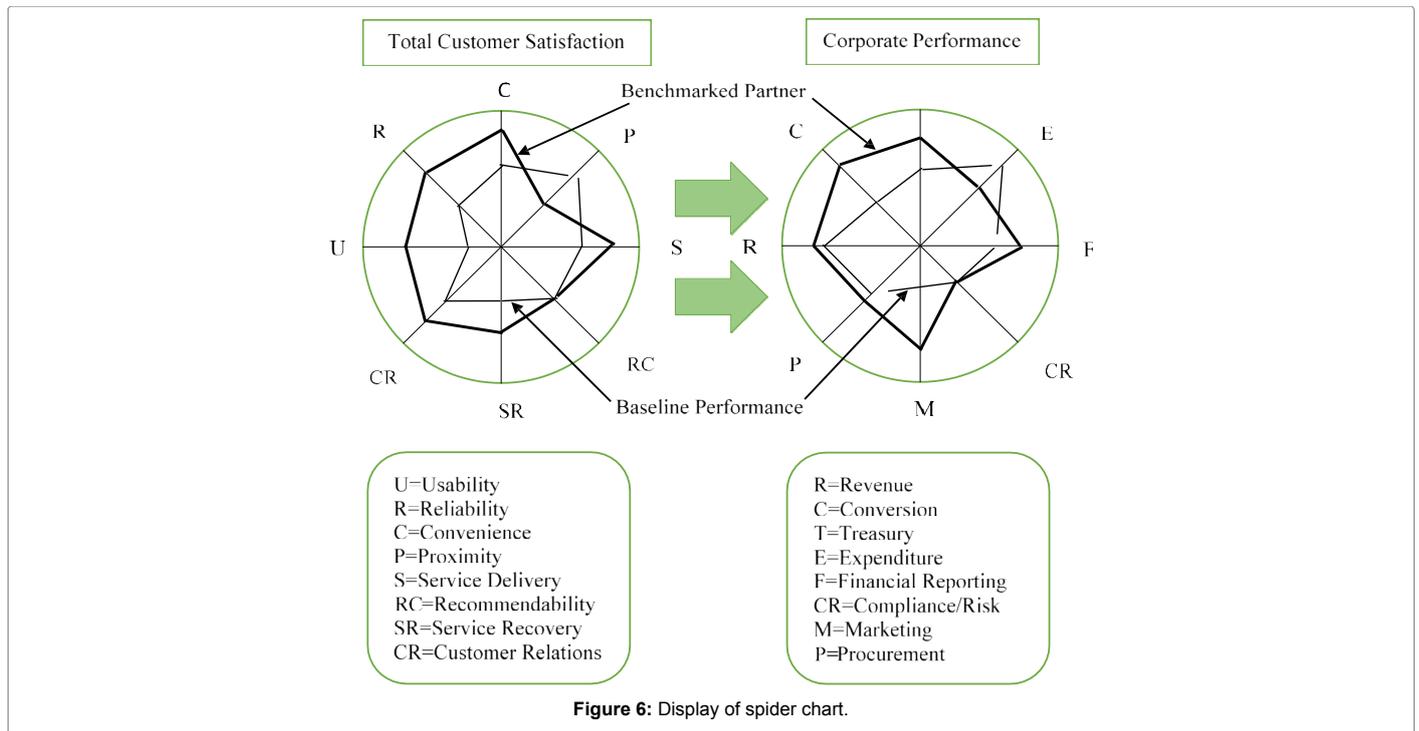


Figure 6: Display of spider chart.

towards sharing information about their success. Also, legal concerns relating to intellectual property, proprietary information, antitrust and unfair trade practices are banes to benchmarking projects. Often times, the benchmarking project used to be in partnership with the benchmarked organization which has control over the information shared [38]. The way out of these ethical and legal issues as submitted by Elmuti and Kathawala [12] is to establish a common ground and issues specific binding rules that will guide the knowledge sharing process.

Besides, for a successful benchmarking, it is essential for there to be clear definition of purpose, senior management commitment to implement plans and employees support for changes in culture; benchmarking project must be systematically planned, all of the parameters must be quantifiable and time framed; methodology of data gathering and analysis must be appropriate; presentation of results must be clear; conclusions and decision making must be data driven; internal training for company personnel; external support from benchmarking professionals. Benchmarking is a continuous analysis and reevaluation process and must be institutionalized; project design must be of high integrity and ethical; scope must be within the capacity and resources of the organizations; and it should reap quantum leaps in performance and strategy.

However, according to Elmuti and Kathawala [12], Spendolini [10] and Adewunmi et al. [6], it is stressed that benchmarking is not a copy and replicate project; rather, it is to learn and identify need for performance improvement. Also, it is not a replacement for performance appraisal or indicator, but tools to show the areas where the organization is falling behind. Bergin [4] and Adewunmi et al. [6], stressed further that appropriate data collection method is key to benchmarking; it would become a trap for organizations which do not have clear understanding of the sources and forms of data, methodology, tools and output of benchmarking process. Therefore, organizations should identify clearly the reason and need for benchmarking and their capacity for

such. Given that other competitors are not stagnant and process/performance improvement is dynamic and continuously changing with technological progress, Anand and Kodali [14] emphasized that benchmarking is essentially a continual project. After a successful benchmarking project, it is important to evaluate the outcomes to identify areas that require further improvement; then conduct further benchmarking.

## Conclusion

Benchmarking as a comparison, innovation adoption and improvement method is an essential tool significant to the improvement plan of organizations. The literature has established the increasing adoption of benchmarking as a tool for enhancing corporate performance and meeting customer expectations. This article set out to proffer an exposition for embarking on a benchmarking project for performance excellence and expatiated on the use of gap analysis, given that the output of most methods of benchmarking is gap identification and analysis. Graphs and spider charts were used to illustrate the adoption of gap analysis and to demonstrate multi-process/performance benchmarking. The article also highlighted factors essential for successful benchmarking projects, which include the commitment of people most directly concerned in the activities of the organization. Future research requires the development of theoretical frameworks for benchmarking as a tool for improvement of corporate performance and empirical validation of the influence of benchmarking on performance.

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