Benchmarking Data Collection: Selecting the Best Method

Site visits may not be ideal.

Robert D. Butler and Lea A.P. Tonkin

Benchmarkers who've defined their objectives, developed a benchmarking team, defined what will be benchmarked, and reviewed sources of information may be ready for the next critical step: selecting their data collection methods. Several of the pros and cons of various methods were outlined by Michael J. Spendolini, Ph.D., principal of MJS Associates, during the recent San Diego, CA AME seminar, "Benchmarking: A Key to Business Excellence."

Many people starting out on a benchmarking project assume that the best way to obtain useful data is the on-site visit. This eyeball-to-eyeball approach is "overused," according to Spendolini. Depending on the types of information being sought and other variables, telephone calls and other tools may be as useful or even more effective in the benchmarking quest, he said.

Tried the Telephone?

"The telephone is good for screening," Spendolini said. "You may have been referred to a company (potential benchmarking partner) through another company or through literature, and you need to know whether you're comparing apples to apples — whether the company can provide information about leadership in the specific process (or processes) you have selected for research. On the first call, you are trying to determine whether the lead that brought you to the organization is valid." In many cases, the caller will find that their information about the company is not exactly correct or up to date.

Possible drawbacks of telephone calls include interruptions, the difficulty of getting return calls, and that some people are unwilling to spend much time in phone interviews.

You'll want to make sure you are talking to the right people who have desired information about the source you are studying. For example, you need to define whether you want to talk to the one who designs a process (accounts receivable, etc.), or the one who manages it; the most valuable information may come from the person who designed a process. Careful screening will help you to find a contact with the right credentials. Once you've determined who has the most information that might be useful in your company, you can schedule later phone interviews or possible site visits.
A word of caution: "Give your contact enough time for your conversation," Spendolini advised. Before you begin extensive discussions on the phone, you may want to give them background information about your benchmarking project and an outline of processes or areas you want to cover. Otherwise, you run the risk of getting hasty, poorly presented information, and you may be putting your contact under unwanted time pressure. "Your most effective interview on the phone may not be until the third call, after an introductory call and a second call about your outline," Spendolini said.

An outline usually begins on one topic and becomes more specific as the benchmarking project continues. "Try to be as specific as possible from the start while allowing benchmarking partners to respond creatively," Spendolini said. "You can ask, 'Are there any other questions we should be asking or areas we might ask about?' Many companies may be helpful in providing additional questions or helping you to refine your questions."

It's also a good idea to walk your contact through the outline, adding context as you do: "Here's why we're asking this particular set of questions. What we're looking for is qualitative information on (fill in the blank) strategies/processes." Make it easier for your contact to understand what information would be helpful to you with anecdotal information, references, and examples. "What you don't want to get is just a job description of what they do; you want to discuss areas of your process and where you want to improve — areas where your source can help," Spendolini said.

Surveys
Surveys offer the prospect of receiving data from a large number of organizations, and they are relatively inexpensive and easy to construct, according to Spendolini. Yet he discourages their use, in general. "They are boring to fill out, you generally get a low return rate, and you may not get the ideal person to respond. Most people would rather talk on the phone than fill out an inefficient survey," he said. Poorly-designed or too-general questions may hamper survey success.

Publications or Media
The use of publications/media can yield specific references that will be useful. It's always a good idea to check with the primary source — the organization an article is about. "Too many people read an article about a process used at a company and, without verifying the data, they say, 'That's what we want to do,'" Spendolini said. This data collection method can be time consuming; foreign material may need to be translated.

Archival Data
Internally-documented data may be easily collected and an inexpensive approach. Watch out for poorly-organized or incomplete reports, and remember that these records are often limited to internal analyses.

Personal Visits and Interviews
Personal and professional ties established during a visit with a benchmarking target may result in an abundance of high-quality information. Initial interviews can lead to site visits. Spendolini cites high expense, scheduling difficulties, and the amount of time needed for such visits as disadvantages.

Other Sources of Information
Government agencies, subject matter experts (academia, consulting, investment analysts, etc.), trade and professional organizations and networks, and foreign data sources such as banks, consultates, libraries, chambers of commerce, databases, etc. may be worthwhile sources to tap. Employees, customers, and suppliers are additional possibilities.

Watch for the "Red Zone"
Another point to consider in the benchmarking data collection process: types of information that may be restricted. Three types of restrictions were noted by Spendolini:

1. Information restricted by state or federal law — antitrust laws or regulations covering information under patent restriction. A benchmarker may need information from legal counsel before pursuing sensitive information from competitors and non-competitors.

2. Information not covered by state or federal regulations, but labeled as proprietary by the search target. Anything from various processes to the company organization chart might be in question.

3. Individual history. A source may decide that their personal opinion governs what information can be shared.

"When going into an organization, we try to spend some time clarifying and distinguishing between those areas," Spendolini said. "For some companies, a great deal of reassurance is needed." He also suggested that benchmarkers respect the rights of benchmarking partners to withhold information, and to hold proprietary information in the strictest confidence.

Extend the golden rule to your benchmarking partner, not using benchmarking as a way of getting around their formal processes, should result in a better relationship and information that may be useful to your organization. The good news for benchmarkers, Spendolini added, is that he knows of no antitrust lawsuits or inter-organizational suits as a result of benchmarking.

Robert D. Butler, a consultant based in Clovis, CA, is a member of the AME Western Region board. Lea A.P. Tomkin, Target managing editor, is a member of the McHenry County (IL) JTPA (Job Training Partnership Act) Private Industry Council and AME’s Midwest Region board.

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