



# **RAPID BENCHMARKING AT FONTERRA USING THE TRADE BEST PRACTICE BENCHMARKING METHODOLOGY**



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## **EXECUTIVE SUMMARY**

This report describes how the TRADE Best Practice Benchmarking Methodology has been used for rapid benchmarking by Fonterra, a multinational dairy co-operative and New Zealand's largest company. TRADE is a benchmarking methodology consisting of 5 stages; Terms of Reference, Research current state, Acquire best practices, Deploy best practices and Evaluate. The methodology is prescriptive in its approach with 5 to 9 steps for each stage of TRADE. The methodology includes a project management system to guide users through a project.

Normally the TRADE Best Practice Benchmarking Methodology is used for projects that require a team approach with projects typically taking 2 to 5 months to identify best practices and develop an implementation plan. The term "rapid benchmarking" is used for Fonterra's approach as Fonterra uses TRADE to identify best practices and develop an implementation plan within 5 days.

This report describes how Fonterra organises the 5 days, provides three case studies showing how rapid benchmarking was used and the results achieved, and describes the success factors for rapid benchmarking.

A key reason for the speed and success of Fonterra's rapid benchmarking projects has been due to the skill-set and experience of the project facilitator in benchmarking, project management and team dynamics. The facilitator was able to undertake a substantial amount of project preparation work including the selection of benchmarking partners prior to the official start of the project. Another key reason was the strong leadership support for the projects enabling the selection of the right team members who could then dedicate 5 consecutive days towards the project.

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## **1) INTRODUCTION**

This report aims to show how Fonterra has used the TRADE Best Practice Benchmarking Methodology to undertake rapid benchmarking projects.

To achieve this aim, the report will cover the following topics.

- Benchmarking
- Overview of the TRADE Best Practice Benchmarking Methodology
- Description of Fonterra's rapid benchmarking approach
- Fonterra's case studies on benchmarking
- Discussion
- Conclusion

## **2) BENCHMARKING**

This section introduces benchmarking and explains its various types.

### **2.1 DEFINITIONS OF BENCHMARKING**

Benchmarking is 'learning through the experience of others'. It includes identifying, adapting, and implementing high performing practices to produce superior performance results. Through comparing performance and processes the creativity of the benchmarking team (and others linked to the project) can be unleashed to develop higher performing practices and breakthrough improvements.

Benchmarking, as a systematic process, was developed in the early 1980s at the Xerox Corporation in response to increased competition and a rapidly declining market (Camp 1989). Dr Robert Camp, who was the benchmarking manager at Xerox, wrote the first book on benchmarking and contributed the following definition.

Benchmarking is the search for the best industry practices which will lead to exceptional performance through the implementation of these best practices.

The benchmarking philosophy asserts that it is important to recognize and understand an organisation's shortcomings and be open to learn from other organisations (APQC, 1993). This approach of acknowledgement and learning has to be inculcated into an organization's culture in order to experience maximum benefits of benchmarking. The notion of benchmarking is based on the belief that there is no need to "reinvent the wheel" or in this case "reinvent a best practice". Benchmarking is not the process of competitive analysis, copying or spying. It is an opportunity to learn from others through a collaborative effort.

## **2.2 TYPES OF BENCHMARKING**

The Global Benchmarking Network (GBN) has been helping countries to learn about and use benchmarking methods since 1994. Its honorary life-time President is Dr Robert Camp. The GBN has provided a glossary of terms that describes many different types of benchmarking (GBN, 2015) however in most of its reports (such as Searles, Mann & Kohl, 2013) it recommends to divide benchmarking into two main types, formal and informal. These definitions of formal and informal benchmarking were first developed by Dr Robin Mann and are further explained below.

### **INFORMAL BENCHMARKING**

Informal benchmarking can be defined as an unstructured approach to learn from the experience of other organisations; therefore not following a defined process. This is the most common type of benchmarking. This type of benchmarking is used by everyone, whether one realizes it or not. Informal benchmarking may involve comparing one's knowledge with an expert's knowledge, learning from colleagues in informal discussions, learning through networking or through asking colleagues and managers about how they perform a particular activity and then comparing it with their own. Books, journals and the internet provide benchmarks and best practices that support informal benchmarking.

### **FORMAL BENCHMARKING**

Formal benchmarking is a conscious and structured approach to learn from the experience of other organisations and consists of two types:

### ***Performance Benchmarking***

Performance benchmarking aims at comparing performance between similar processes or activities. The aim is to find performance gaps by comparing performance with another company and identifying opportunities for improvement. Performance benchmarking involves comparison but does not provide a structured process for identifying and implementing best practices.

### ***Best-practice Benchmarking***

Best-practice benchmarking is the most powerful type of benchmarking. Best-practice benchmarking searches for the best way or solution by studying the practices of other organisations that are high performers in a particular area of interest. There are different systematic methodologies for best practice benchmarking. Some of the well-known methodologies are listed in table 2.

**Table 1: Examples of best practice benchmarking methodologies**

<b>BEST PRACTICE BENCHMARKING METHODOLOGIES</b>	<b>STEPS INVOLVED</b>
Xerox	4 stages comprising 10 steps and 39 sub-steps
IBM	5 phases / 15 steps
AT&T	9 and 12 stages (two models)
APQC	4 stages comprising 10 steps
TRADE Best Practice Benchmarking Methodology	5 stages comprising 34 steps

All methodologies aim to improve performance by learning and applying best practices. In this report the TRADE Best Practice Benchmarking Methodology will be described in detail with its interpretation and application at Fonterra.

## **3) OVERVIEW OF THE TRADE BEST PRACTICE BENCHMARKING METHODOLOGY**

The TRADE Best Practice Benchmarking Methodology was developed by Dr Robin Mann for the New Zealand Benchmarking Club which existed between 2000 and 2004. Initially the methodology was called the New Zealand Benchmarking Club's benchmarking methodology but was later changed to TRADE when Bronwen Bartley, one of Dr Mann's doctoral students,

suggested that “TRADE” would be a more memorable name and it could be used to symbolise the “*trading of information and knowledge*” between organisations.

In 2007 the methodology was significantly enhanced when Centre for Organizational Excellence Research (COER) was commissioned to provide the benchmarking methodology for Singapore’s public sector. In 2009 further developments to the methodology were made with the introduction of a certification scheme to increase the professionalism of benchmarking. Individuals now trained in TRADE can advance from benchmarking “Trained” to “Proficiency” to “Mastery” level as shown in figure 1. The status of Trained is given based on an individual attending a two or three-day training course on TRADE by an approved training instructor. The status of Proficiency is granted based on the submission of a completed benchmarking project which needs to meet a base-line standard. The status of Mastery is granted based on the submission of two completed benchmarking projects which both need to be graded at a “Commendable” level. Individuals that reach Mastery have the skills and experience necessary to facilitate or lead benchmarking projects in such a way that they are likely to lead to significant operational and financial gains.



**Figure 1: TRADE certification levels**

From 2015 to 2018 further enhancements to the TRADE methodology were made as a result of its use in the “Dubai We Learn” initiative as part of the Dubai Government Excellence Programme (DGEP) (Mann et al, 2017). In particular, the project management system which utilises Excel Spreadsheets has been strengthened with more benchmarking resource worksheets added. In addition, the training and methodology were made available in Arabic. The TRADE Best Practice Benchmarking Methodology consists of the following five stages:

1. **Terms of Reference Stage:** The first stage is to plan the project. This stage involves selecting the aim of the project, forming a project team and developing the Terms of Reference. The Terms of Reference provides the foundation for a successful project and should include a clear scope, expected benefits, resources required, expected time-

line and identification of stakeholders who will be impacted by the project to ensure that their needs are considered.

2. **Research Stage:** The second stage involves researching the extent of the current problem/issue and what practices are currently in place. This stage ensures that the project team has a thorough understanding of its own organisation's systems, processes and performance before learning from other organisations and helps to identify precisely the areas for which best practices will be sought.
3. **Acquire Stage:** This stage involves the comparison of performance with other organisations and then learning from them. It involves identifying which organisations are likely to have superior practices and finding out what they do differently. Various methods can be used for learning from other organisations such as internet research, surveys and site visits.
4. **Deploy Stage:** This stage involves communicating the best practice findings from the Acquire Stage to the relevant stakeholders, deciding what should be changed with the current practice(s)/process(s) and implementing the changes. This stage involves adapting the best practices to fit the organisation's profile and may involve piloting the change before full deployment.
5. **Evaluate Stage:** This stage is designed to make sure the project has delivered the expected benefits that were outlined in the Terms of Reference. It involves undertaking a cost/benefits analysis and a general review on how well the process is performing. If the expected benefits are not being realised an investigation needs to occur to find out why not and may require further learning from the benchmarking partners.

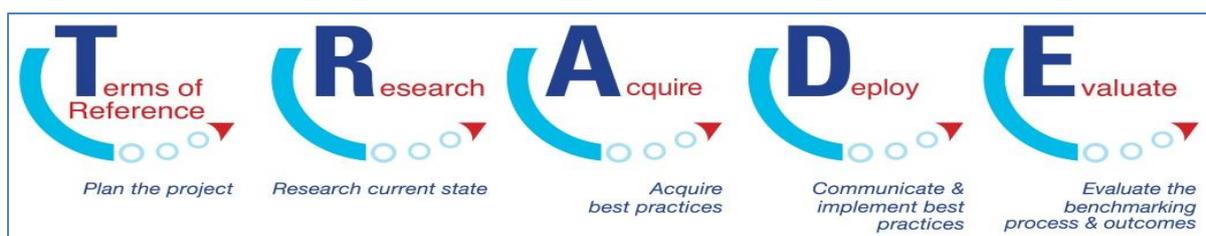


Figure 2: TRADE best practice benchmarking methodology

The TRADE methodology, shown in Figure 2 is not dissimilar in concept to others but the difference lies in its prescriptive nature, accompanying project management system and a certification system to ensure that project team members understand how to use the methodology. Underneath each of the 5 key stages are 4 to 9 steps, refer to Table 3, which describes what needs to be done before proceeding to the next step and stages (see Appendix A for a more detailed description of each stage).

**Table 2: TRADE stages and steps**

STAGE NO.	STAGE NAME	STEPS INVOLVED
1	Terms of Reference (Plan the project)	1.1 Determine area of focus for benchmarking project 1.2 Develop project brief 1.3 Form project team 1.4 Train project team 1.5 Understand benchmarking code of conduct 1.6 Prepare Terms of Reference (TOR) 1.7 Develop documentation system 1.8 Review project progress and TOR 1.9 Obtain approval to start the next stage of TRADE
2	Research (Research current state)	2.1 Understand area of focus to be benchmarked 2.2 Define performance measures 2.3 Identify current performance 2.4 Prioritise and finalise the practices to be benchmarked 2.5 Review project progress and TOR 2.6 Obtain approval to start the next stage of TRADE
3	Acquire (Acquire best practices)	3.1 Establish criteria for selecting benchmarking partners 3.2 Select potential benchmarking partners 3.3 Invite and acquire benchmarking partners 3.4 Prepare for data collection 3.5 Collect and store data 3.6 Analyse data 3.7 Formulate recommendations 3.8 Review project progress and TOR 3.9 Obtain approval to start the next stage of TRADE
4	Deploy (Communicate & implement best practices)	4.1 Communicate findings 4.2 Develop action plan 4.3 Obtain approval for action plan 4.4 Implement actions 4.5 Review project progress and TOR

		4.6	Obtain approval to start the next stage of TRADE
5	Evaluate (Evaluate the benchmarking process & outcomes)	5.1	Perform cost /benefit analysis
		5.2	Review TRADE process
		5.3	Share experiences and project outcomes
		5.4	Close project

Due to the prescriptive nature of the TRADE methodology it is intended that benchmarking teams are able to focus on maximising the learning from each step and stage rather than becoming confused or distracted as to “what should be done next”. The methodology ensures a systematic and professional research approach is undertaken. Without this discipline, there is a danger that projects will not be successful as teams may take short-cuts with steps being missed out. For example, common issues are that projects start without conducting a cost/benefit analysis or have unclear specifications or do not have the required buy-in from key stakeholders (projects often fail even when best practices are identified as key stakeholders have not been involved in the project and their commitment cannot be gained for implementation).

The discipline of following a methodology is important if organisations are to be successful at formal benchmarking. It is paramount that a consistent methodology is used otherwise each project will follow a different approach with varying levels of success. A standard but flexible approach will lead to a greater transfer of knowledge between projects and also an improved methodology over time based on the learning from each project.

#### **4) DESCRIPTION OF FONTERRA’S RAPID BENCHMARKING APPROACH**

This section provides an introduction to Fonterra and explains its rapid benchmarking approach.

##### **4.1 INTRODUCTION TO FONTERRA**

Fonterra is New Zealand’s multinational dairy co-operative founded in 2001 with 18,000 employees and owned by 10,000 New Zealand dairy farmers. Fonterra collects 22 billion litres of milk and produces more than two million tonnes of dairy ingredients, specialty ingredients and consumer products each year and 95 per cent of these products are exported to 140

countries every day. Fonterra's dairy products include milk, cheese, butter and ice-cream. Fonterra plants are located in New Zealand, Australia, China, Asia, North America, Europe, Middle East, Africa and Latin America. Across New Zealand, Fonterra operates at more than 30 manufacturing sites (see Figure 3).

Fonterra has the vision to be the world's most trusted source of dairy nutrition and this vision is greatly reflected in their values (Fonterra, 2016). The values shared at Fonterra are:

- Challenge boundaries
- Co-operative spirit
- Do what's right and
- Make it happen

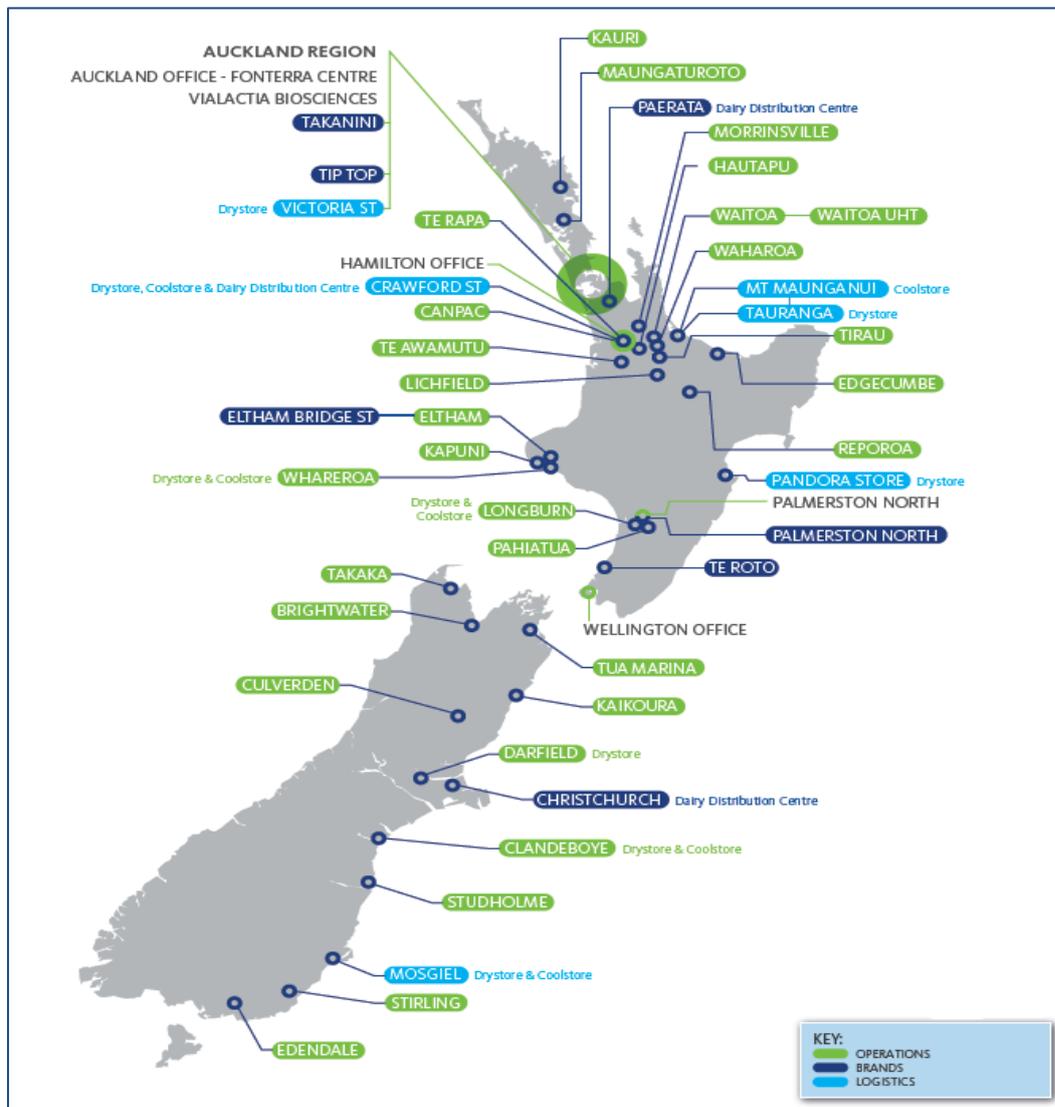


Figure 3: Fonterra's plants in New Zealand

#### **4.1.1 FONTERRA'S IMPROVEMENT APPROACH**

Fonterra's improvement approach is called the 'Fonterra Way'. Within each Operations Team there is an Operational Excellence Group that is responsible for implementation of the Fonterra Way. New managers learn the Fonterra Way through a two-week training course. A key element of the orientation course is acquaintance with the TRACC methodology. TRACC, developed by Competitive Capabilities International, is an integrative improvement management system that focuses on continuous improvement and supply chain optimisation. The TRACC methodology encourages benchmarking and this led to Fonterra's interest in the TRADE Best Practice Benchmarking Methodology.

#### **4.2 FONTERRA'S RAPID BENCHMARKING APPROACH**

This section explains Fonterra's rapid benchmarking approach with reference to the TRADE Best Practice Benchmarking Methodology.

Fonterra has been familiar with performance benchmarking for many years but less so with best practice benchmarking. It was in 2010 that Fonterra began to trial best practice benchmarking as a way to solve problems and improve practices that had proven difficult to address through established means. The benchmarking approach was developed through learning from a number of benchmarking books, notably Sylvia Codling's book "Best Practice Benchmarking" and combining this with learning from Phillip Clampitt's book "Communicating for managerial effectiveness: problems, strategies, solutions". The change management expertise of Fonterra's technical staff facilitated this process. One of the specific considerations for Fonterra was that the approach should be rapid and minimise the level of time invested by key staff in the projects and yet produce major benefits.

Initial results from two projects that were conducted within a 5 day time period were positive. However, there was recognition that the approach needed more structure and that formal training in benchmarking would assist Fonterra's technical staff to facilitate these projects. With this in mind, two of Fonterra's staff members were trained on TRADE Best Practice Benchmarking in 2011. A decision was then made to use the TRADE methodology for rapid benchmarking projects.

As of 2015, Fonterra has undertaken more than 10 successful benchmarking projects using the TRADE methodology. Two of the benchmarking projects have won best initiative awards at internal Fonterra Operations Awards.

Fonterra's rapid benchmarking approach is shown in Figure 4. This approach is designed to make best use of team members' time to rapidly identify best practice solutions within a 5 day period. The 5 day period does not include preparation, deployment or evaluation time. A full explanation of the process and the people involved is described below.

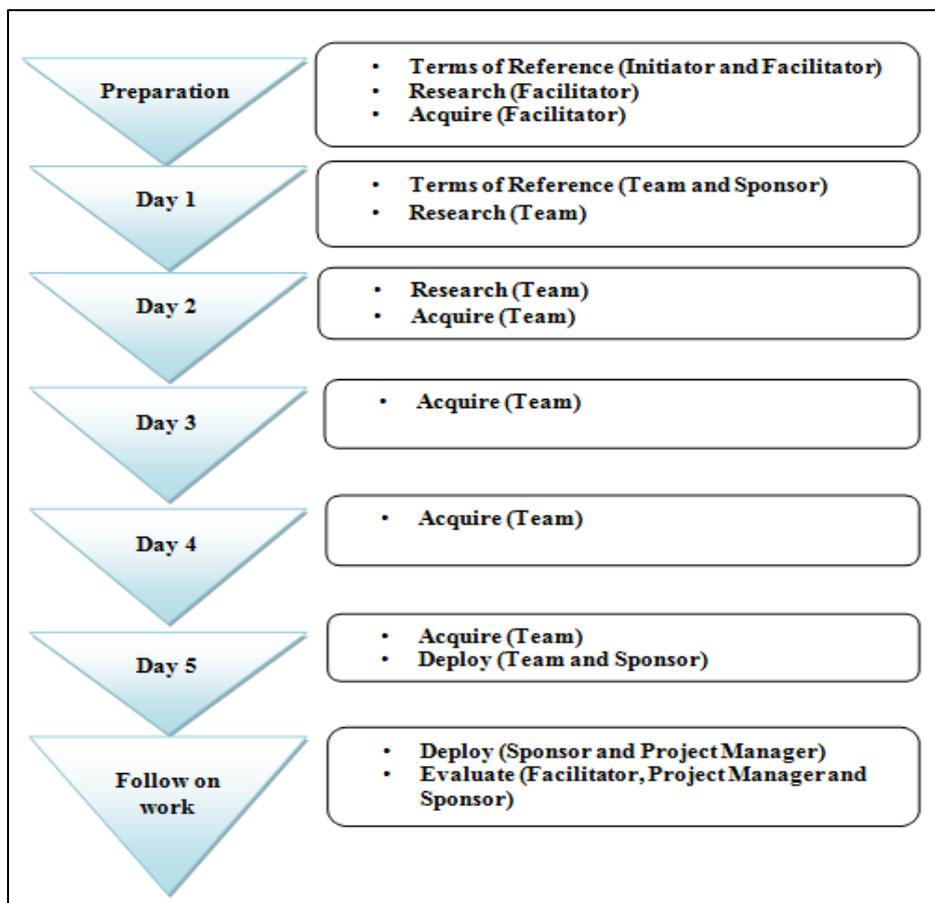


Figure 4: Fonterra's rapid benchmarking approach and its relationship with the stages of TRADE

#### 4.2.1 PREPARATION WORK (PRIOR TO DAY 1)

The preparatory work before day 1 includes selecting the area of focus, identifying the project sponsor (if different than the project initiator), obtaining project approval, forming the project team, preparing a project brief and selecting appropriate benchmarking partners. These tasks are primarily done by the facilitator working with the initiator of the project.

The preparation work prior to day 1 primarily addresses these steps of the TRADE methodology.

#### Terms of Reference

- 1.1 Determine area of focus for benchmarking project
- 1.2 Develop project brief
- 1.3 Form project team

#### Research

- 2.1 Understand area of focus to be benchmarked
- 2.2 Define performance measures
- 2.3 Identify current performance

#### Acquire

- 3.1 Establish criteria for selecting benchmarking partners
- 3.2 Select potential benchmarking partners
- 3.3 Invite and acquire benchmarking partners

The preparatory activities will now be described in detail.

### ***DEVELOPING A PROJECT BRIEF AND PROJECT GATING***

Project gating is the process of approving a potential project. Every benchmarking project begins with selecting an area of focus and developing a project brief by the initiator. The project brief specifies:

- The name of the project
- The name of the sponsor
- The size of the project team
- The members of the project team
- The aim and scope of the project (including timeline and resources)

The initiator is the person who identifies an issue or opportunity for improvement, conducts the cost/benefit analysis and seeks a sponsor's support for the project. An initiator could be any person from the organization who has identified a problem. The sponsor is typically a senior manager who ensures the project is aligned to Fonterra's business objectives and can approve the project's scope, budget and deliverables. All projects whether identified from the top or

bottom of the organisation need to pass through a gating system to obtain approval. Project gating ensures the relative feasibility and significance of each proposed project. The project brief includes the following information:

- Business assessment
- Commercial analysis
- Risk assessment
- Milestone development
- Impact tracking
- Project plan

### ***TEAM BUILDING AND ROLES OF TEAM MEMBERS***

Once an area of focus is identified, the next step is building a benchmarking team. The team size ranges from 5-8 members (and does not include the sponsor). Team members are elected on the basis of the problem at hand. People integral to the team are:

- Facilitator
- Technical expert
- Project team members

The roles of team members are as follows:

- The facilitator is a benchmarking expert who undertakes the preparation work for the project before the official start on day 1 and explains to team members their roles and sets expectations. The facilitator guides the project team through the benchmarking stages.
- A technical expert is a specialist with a deep understanding of the process, system or issues being examined. The technical expert is independent and not a process owner which enables them to stay objective. The technical expert provides assistance with conversion of information into knowledge. The job of the facilitator is to focus on the benchmarking process whereas the technical expert focuses on the problem at hand.
- The rest of the project team members are selected by the facilitator and sponsor and include people related to the issue, these may also include people from the benchmarking partner(s) (the organisation(s) being learnt from).

Due to the short-time frame of the project it is critical that the right team members are selected and the facilitator is highly skilled at managing small teams. In the case of Fonterra, the person that facilitated the projects had extensive experience in managing teams and was particularly skilled in understanding team dynamics and power relationships (that is, the causes and consequences of behaviour). The facilitator's approach was developed with influence from Craig Harper, a change management expert from Australia, and from Shawn Kent Hayashi's book "Conversations for Change".

Understanding of *Maslow's hierarchy of needs* greatly influenced Fonterra's benchmarking approach. Benchmarking projects need a high level of self-actualisation so that ideas, sharing and creativity can flourish. Therefore, a conducive environment to develop confidence in team members is essential. According to Maslow's hierarchy of needs, if individuals are fearful about the safety and security of their job they are less likely to operate at the top level of hierarchy, that is, self-actualization (refer to figure 5). An effective benchmarking activity expects team members to be at the pinnacle of their creativity and problem solving skills but if the team members do not feel safe and secure in their decisions they will not be able to perform at their fullest. To address this issue, the sponsor is involved at the project inception when the Terms of Reference is set to demonstrate support but then the team are left alone to review current practices and identify best practices. This time alone by the team is important as it allows team members to express their views openly. The sponsor then re-joins the project team when the solutions or changes to the process are decided to garner his/her support.

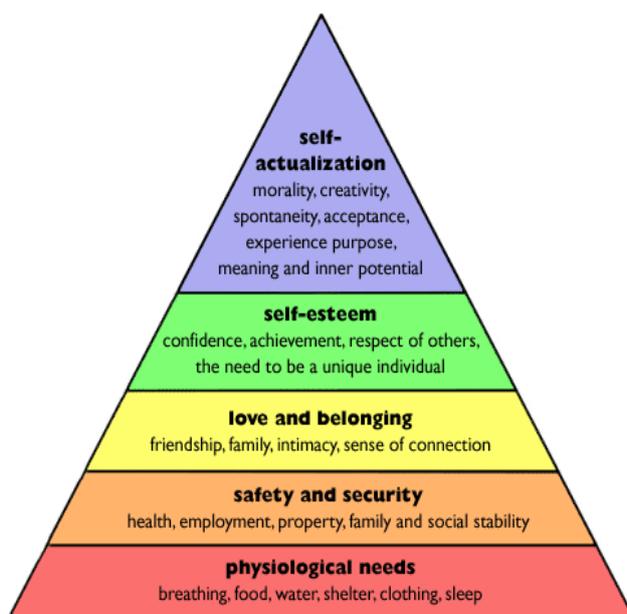


Figure 5: Maslow's hierarchy of needs

### ***UNDERSTANDING PROBLEMS THROUGH D-I-K-A (DATA, INFORMATION, KNOWLEDGE AND ACTION) MODEL***

Prior to day 1 the facilitator needs to understand as much about the project as possible through meeting with the initiator, project sponsor, technical experts and process owners and those affected by the process. This is necessary to ensure the right project team members and benchmarking partner(s) are selected.

To assist with this Fonterra uses the D-I-K-A model. D-I-K-A stands for Data, Information, Knowledge and Action (Clampitt, 2012). The D-I-K-A paradigm can be described as the acquisition of data, its processing, maintenance and interpretation, and its application in the form of an action to resolve an issue. Every benchmarking project begins with the collection of data related to the issue at hand, which is then translated into information. The facilitator may collect some initial data or review what data is available in preparation for day 1. Any gathered information will later enable the team to generate knowledge about the problem, which provides a basis for taking actions to resolve the issue.

The D-I-K-A Model in figure 6 is explained through a real example that occurred at Fonterra with the actual costs and percentages changed for confidentiality.

**Data:** The data may show a regular failure to meet the specifications required for milk powder causing \$100,000's of wastage for the business per month (*identified prior to the benchmarking study*).

**Information:** The majority of specification failures are identified as relating to failures concerning a specific test (*identified prior to the benchmarking study*).

**Knowledge:** Causes of the failure are identified as relating to subtle configuration differences compared to a benchmark plant (*identified by the benchmarking study*).

**Action:** Implement process changes to address specific differences (*implemented as a result of the benchmarking study*).

It is an iterative process that facilitates the transition from data to action. The final actions are validated by revisiting the data to ensure that the required improvements have occurred.

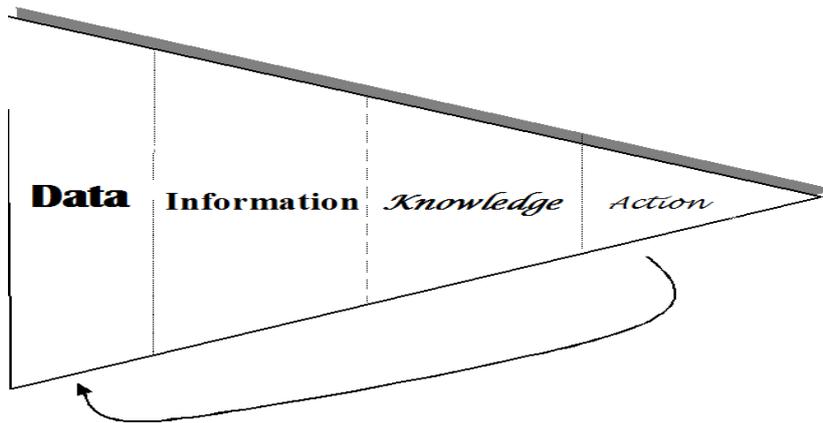


Figure 6: D-I-K-A Model

### *PARTNER SELECTION*

Depending on the project scope, one or more benchmarking partners may be selected. To ensure that the right benchmarking partners are selected it is important that the facilitator has a clear understanding of the problem at hand. The benchmarking partners are generally selected through word of mouth rather than through performance benchmarking due to a number of reasons, such as, lack of data, differences in the performance measures used or their formulae or in many cases the performance measure is unique to Fonterra's process. Fonterra's benchmarking projects usually involve one partner so the facilitator spends considerable time and effort in selecting the right partner and qualifying their best practices before the official start of the project. The partner is often selected from within the Fonterra group where there is good knowledge on each plant and their best practices.

Completion of all the above activities marks the end of the preparatory work. After preparation, the 5 days rapid benchmarking approach begins.

#### **4.2.2 DAY 1: TERMS OF REFERENCE (MORNING)**

The morning of day 1 concentrates on preparing and reaching agreement on the Terms of Reference (TOR) for the project. The following steps of the TRADE methodology are undertaken:

##### Terms of Reference

- 1.4 Train project team
- 1.5 Understand benchmarking code of conduct
- 1.6 Prepare Terms of Reference

- 1.7 Develop documentation system
- 1.8 Review Terms of Reference
- 1.9 Obtain approval to start the next stage of TRADE

The key activities that Fonterra undertakes in the morning of day 1 will now be described in detail. The morning starts with the facilitator introducing the team members and explaining the benchmarking process and the benchmarking code of conduct. If the benchmarking process involves external partners, a non-disclosure agreement is signed. Clear expectations are set at the start of the project in terms of what needs to be achieved and the level of commitment required from the team members (that is they need to fully focus on the project for the whole week with no distractions).

The team and the sponsor work together towards developing the TOR based on the initial project brief. The sponsor attends the morning of day 1 to show commitment to the project. The sponsor together with the facilitator and team members finalise the aims and objectives of the project. The presence of the sponsor during the development of the TOR creates understanding between the sponsor and the team and clarifies the expectations of the sponsor with the team members. In addition, other stakeholders may be invited to all or parts of the morning meeting to obtain their support and input to the project.

The TOR form that Fonterra completes uses simple language to aid understanding of the team as team members come from different levels within the organization. The TOR form consists of five simple questions, see figure 7.

Name of Project:	
1. Why are we doing this benchmarking?	
2. What would we like to achieve?	
3. What will we do/not do?	
4. How will we communicate?	
5. How will we report the benchmarking findings?	
Names of Project Sponsor and Team Members:	

**Figure 7: Fonterra's simplified Terms of Reference form**

The TOR template used by Fonterra is a simplified version of the TRADE TOR form. The TRADE TOR form is shown in figure 8.

TERMS OF REFERENCE (TOR)							
<b>Organisation:</b>			<b>Last Date Revised:</b>				
<b>Project Name:</b>							
Project Sponsor and Team Members							
Name	Position	Telephone	Email	Project Role			
				Sponsor			
				Team Leader			
				Benchmarking Facilitator			
				Administrator			
				Team Member			
Document Revision History					Project Sponsor		
Version	Date	File name	Revision Notes - Reason for change		Reviewed? Yes/No		
1			First Draft				
<b>Aim</b> Describe the purpose of the project in one sentence e.g. "To identify & implement best practices in X to improve performance from Y to Z"							
<b>Scope</b> What is included & excluded from the project? Clearly define the boundaries of the project & any time-line/resource constraints							
<b>Background</b> Why is the project needed? What is the extent of the challenge/ opportunity? Who determined the need?							
<b>Objectives</b> Include SMART objectives with at least one objective per TRADE stage as well as outcome objectives to be measured in the Evaluate							
<b>Expected Non-Financial Benefits</b> What problems /challenges/ opportunities and performance levels do you expect improvements in? What are the benefits for your stakeholders? Ideally the benefits should be quantifiable showing current performance (and date measured) and expected future performance (by a stated date).			<b>Expected Financial Benefits</b> For every non-financial benefit there is a potential financial benefit. Financial benefits should be shown as monetary values otherwise include in the non-financial column. Financial benefits for your stakeholders may be included.				
<b>Expected Cost</b> Completing the cost items in the TRADE-Task worksheets will generate a Cost Analysis (CA) worksheet that can assist in estimating the cost items below .				<b>A. Expected Financial Cost (excluding Deploy Stage)</b>	<b>B. Expected Financial Cost of Deploy Stage</b>		
<b>Labour</b> - Estimate how many man hours need to be invested in the project by your project team and other staff and multiply by an appropriate hourly pay rate							
<b>Expenses</b> - Estimate the cost of any incidental/consumable expenses such as food, travel, accommodation, training, consultant fees that may be spent during the project							
<b>Capital</b> - Estimate the cost of any equipment/infrastructure items that may need to be purchased. This is usually only applicable for the deploy stage							
<b>Column Totals:</b>							
<b>Expected Cost (A+B):</b>							
<b>Stakeholders</b> List the stakeholder groups that would be interested or impacted by the project			<b>Stakeholder Impact</b> Describe why each stakeholder group would be interested or impacted by the project				
<b>Communication Plan</b> How will each group of stakeholders be involved in the project, communicated with & how often?							
<b>Task Management</b> How will project tasks be allocated & managed? Indicate if the TRADE Task Worksheets will be used or another method.							
<b>Change Management</b> How will changes to the project's purpose or approach be managed so that all stakeholders remain engaged.							
<b>Risk Identification</b> Describe the key risks that could delay or reduce the impact of the project? Use the next 3 columns to assess the likelihood of each risk and the potential consequences.				<b>Likelihood (L)</b> High=3 Med=2 Low=1	<b>Consequence (C)</b> Major=3 Moderate=2	<b>Risk (LxC)</b>	<b>Risk Management</b> For any risk that scores 3 or above describe how the team will manage or mitigate the risk
1)						1)	
2)						2)	
3)						3)	
<b>Training</b> Do team members require any specific training to fulfil this project? Have all team members been trained in benchmarking?							
<b>Benchmarking Project Agreement Form</b> Has a benchmarking project agreement form been developed that stipulates adherence to the Benchmarking Code of Conduct and provides ground rules on how the project team should perform its duties? Has it been signed by all team members? Yes/No							

Figure 8: Standard TRADE Terms of Reference form

For each benchmarking project the TRADE project management system is used which consists of an excel spreadsheet and worksheets for different parts of the project. All the documents related to the benchmarking project are maintained and filed, such as, the TOR and progress updates.

## DAY 1: RESEARCH (AFTERNOON)

The afternoon of day 1 is spent on researching the current process. The afternoon of day 1 primarily addresses these steps of the TRADE methodology:

### Research

- 2.1 Understand area of focus to be benchmarked
- 2.2 Define performance measures
- 2.3 Identify current performance
- 2.4 Prioritise and finalise the practices to be benchmarked
- 2.5 Review Research stage
- 2.6 Obtain approval to start the next stage of TRADE

The afternoon of day 1 begins by focusing on researching the current process through process mapping. An example of a process map is shown in figure 9. Process mapping helps team members to obtain a common understanding of the process and its sequence. In addition, Fishbone diagrams (also known as Ishikawa diagram or Cause and Effect diagram, shown in figure 10) are used to help to understand and prioritise the challenges faced. Fishbone diagrams provide an effective means for investigating the root causes of an issue, as it explores the issues leading to a problem.

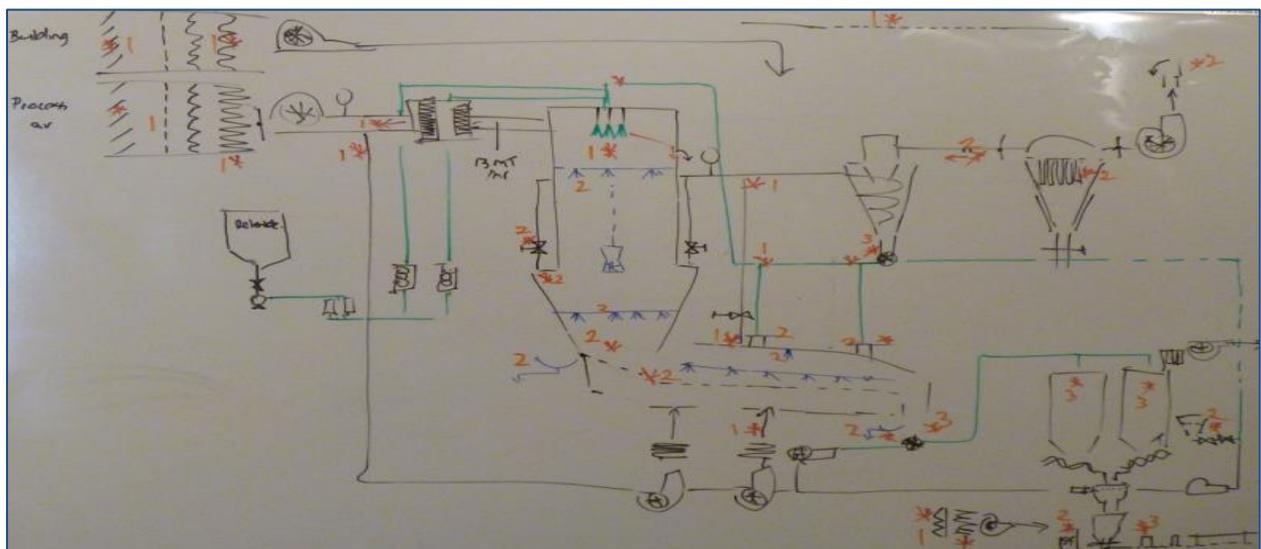


Figure 9: Example of a process map created at Fonterra as part of a benchmarking project

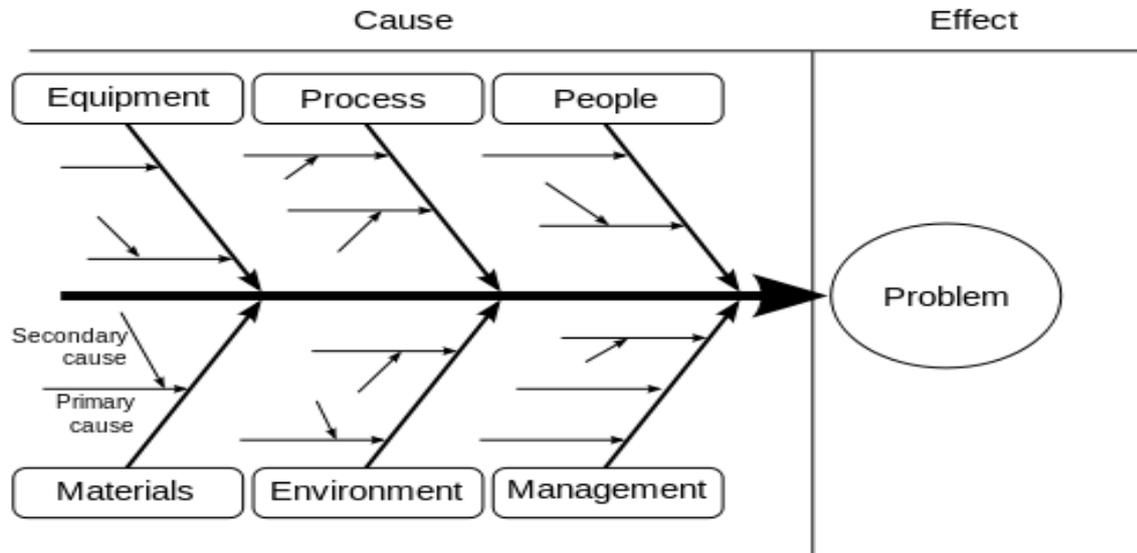


Figure 10: Template form for a Fishbone diagram

Process mapping helps to clarify the process and ensures that there is common understanding of what is currently happening. Sometimes after process mapping the TOR is changed as the problems or opportunities become more apparent. At the end of day 1 the TOR is reviewed, finalized and signed by the Project Sponsor.

#### 4.2.3 DAY 2 - RESEARCH AND ACQUIRE (MORNING)

The morning of day 2 is spent on understanding the area of focus and preparing for data collection. The morning of day 2 primarily addresses these steps of the TRADE methodology:

##### Research

2.1 Understand area of focus to be benchmarked

##### Acquire

3.4 Prepare for data collection

The morning of the second day begins by the team developing questions to investigate the current process and the benchmarking partner's process. The process map and fishbone diagram help the team to develop useful questions. The facilitator encourages the team to come up with a minimum of 100 questions. The nature of the problem helps to decide whether to question Fonterra's staff first of all or to question the benchmarking partner. Sometimes the partner's location and availability affects the order of the site visits. Usually the current process is the first one to be investigated.

## **DAY 2: RESEARCH AND ACQUIRE (AFTERNOON)**

The second half of day 2, and days 3 and 4 are usually allocated to answering questions on both the current process and benchmarking partner's process. The afternoon of day 2 usually addresses these steps of the TRADE methodology:

### Research

2.1 Understand area of focus to be benchmarked

### Acquire

3.5 Collect and store data

3.6 Analyse data

Normally the afternoon of day 2 begins by the project team, facilitator and technical expert visiting the current process to watch it in action and collect data and information as necessary. Staff that are responsible for the process are asked questions. Questions may also be asked to the internal suppliers or customers of the process. Day 2 ends with a team debrief at which findings to date are discussed.

## **4.2.4 DAYS 3 AND 4 - RESEARCH AND ACQUIRE**

Activities for day 3 and 4 involve answering questions and visiting benchmarking partner(s).

Days 3 and 4 primarily address these steps of the TRADE methodology:

### Research

2.1 Understand area of focus to be benchmarked

### Acquire

3.5 Collect and store data

3.6 Analyse data

On day 3 the team usually visits the partner's location. The day begins with an introduction followed by creating a process map of the partner's processes. These activities are led by the facilitator and technical expert. Interestingly, half the ideas for process improvement and implementation are usually generated through comparing differences in physical configuration of the processes with the help of process mapping. After process mapping the project team conducts a physical walk-through of the process to gain a deeper understanding of the process and for finding answers to some of the questions. During the walk-through, the project team

ask questions to the process owner and operators. The questioning aims to identify performance gaps and the reasons for these gaps. Common questions asked are;

- What leads to a difference in performance?
- What is the difference in control philosophy?
- What is the difference in technical equipment, training in staff or materials used?
- Are there any negating factors that show that the gap is not the cause of the performance difference?

The framework used for comparing processes depends on the nature of the project. When it is important to compare the physical configuration of a plant a comparison model showing differences to the desired set-up against the benchmarking partner is built into a spreadsheet. In the case of projects focussing on soft issues other approaches are used. For instance, when Fonterra was reviewing its company culture it used a diagnostic tool called the “High Performance Environmental Structure” designed by Elkiem (a consultancy). This tool had been developed from research to identify high performing individuals and organisations. By using this tool, Fonterra obtained useful insights into its culture and opportunities for improvement that could be investigated further by learning from benchmarking partners that were strong in these areas.

Throughout days 3 and 4 the emphasis is on finding performance gaps and potential solutions. Performance gaps are welcomed as these indicate the need to find out the reasons why there is a gap (questions can then be asked to the benchmarking partner and the partner’s processes studied) and this leads to brainstorming how to close the gap. A debrief is held at the end of each day to discuss what was found and plan the next day. Potential best practices and actions are discussed and their expected contribution towards performance improvement is predicted.

### **DAY 5 - ACQUIRE (MORNING)**

The morning of day 5 is spent on identifying the recommended actions to be taken to address or surpass the performance gap. The morning of day 5 primarily addresses these steps of the TRADE methodology:

Acquire (acquire best practices)

3.10 Formulate recommendations

During the morning of day 5 the identified best practices are communicated and discussed among the team and recommended actions are formulated. These actions are a combination of what was learnt from the benchmarking partner(s) and other ideas the team may have had. Each action must have a rationale (for instance, that shows its likely impact on closing or surpassing the performance gap) and consideration must have been given to the time and resources required for implementation.

### **DAY 5: DEPLOY (AFTERNOON)**

The afternoon of day 5 is spent on prioritizing the recommended actions and obtaining approval. The afternoon of day 5 primarily addresses these steps of the TRADE methodology:

Deploy (communicate & implement best practices)

- 4.7 Communicate findings
- 4.8 Develop action plan
- 4.9 Obtain approval for action plan

In the afternoon, the sponsor and appropriate stakeholders are invited to join the team. The team present their findings from the four days of the benchmarking study. The next step is for the sponsor, stakeholders and the team collectively to reach consensus on prioritizing the recommended actions. The method used for reaching agreement on the actions is interesting. Each action is presented to the sponsor as a post-it note and the sponsor needs to physically put the action on a prioritization matrix consisting of four quadrants representing different combinations of ease of implementation and impact (refer to Figure 11). The four quadrants represent high impact and easy to implement, low impact and easy to implement, high impact and hard to implement, or low impact and hard to implement. The process of the sponsor physically putting the recommended actions on the prioritization matrix demonstrates his/her agreement to the actions and their importance. This activity ends with all the actions allocated to the quartiles on the prioritization matrix. Prior to reaching final agreement on which actions to proceed with and in which order, the time frame for implementation is considered for each action (from short to medium to long time). With an agreement reached the team disbands back to their departments.



Figure 11: An example of a prioritization matrix used at Fonterra

#### 4.2.5 FOLLOW ON WORK AFTER DAY 5 (DEPLOY AND EVALUATE)

At the end of day 5 the sponsor hands over the actions (or best practices) to a project manager (this may or may not be someone from the benchmarking team).

The work after day 5 primarily addresses these steps of the TRADE methodology.

Deploy (communicate & implement best practices)

- 4.10 Implement actions
- 4.11 Review Deploy stage
- 4.12 Obtain approval to start the next stage of TRADE

Evaluate (evaluate the benchmarking process & outcomes)

- 5.5 Perform cost /benefit analysis
- 5.6 Review TRADE project
- 5.7 Share experiences and project outcomes
- 5.8 Close project

The key activities that Fonterra undertakes after day 5 will now be described in detail. The sponsor selects a project manager to be responsible for implementing the selected actions. Firstly, the project manager identifies the time frame, the people, and the resources required to

successfully implement the actions. If specific actions require resources the actions will need to go through Fonterra's official project management system for sign off and project monitoring purposes. The actions are then implemented.

For project monitoring, the facilitator contacts the project manager after about 3 months to review the implementation of the actions and the achievement of deliverables. Dependent on the project and progress of implementation further checks may be required. The project manager closes the project once the deliverables have been met and results achieved to the satisfaction of the project sponsor and facilitator. The facilitator then writes a closing report.

## **5) FONTERRA CASE STUDIES ON RAPID BENCHMARKING**

The following case studies describe Fonterra's application of rapid benchmarking using the TRADE Best Practice Benchmarking Methodology.

### **5.1 CASE 1: BENCHMARKING OF EDENDALE AGAINST CLANDEBOYE**

#### ***Introduction***

This benchmarking project is an example of internal benchmarking where the benchmarking partner was another Fonterra plant. Fonterra's Edendale plant in Invercargill has the second largest milk powder drier in the world and was in its second year of operation but was not performing as expected. Fonterra's Clandeboye plant was performing to specifications and was introduced as a benchmarking partner.

#### ***Problem***

The benchmarking project aimed to quantify the operational differences between Edendale and Clandeboye and identify solutions to raise Edendale's performance. Specifically, the areas which needed immediate improvement were out of specification bulk density and chamber fouling as shown below:

- Only 24% of a specific type of milk powder was made to specification and therefore 76% of milk powder was downgraded every time. The problem arose due to the inability to fit the right amount of milk powder from bags into cans at customer's end due to its bulk density.

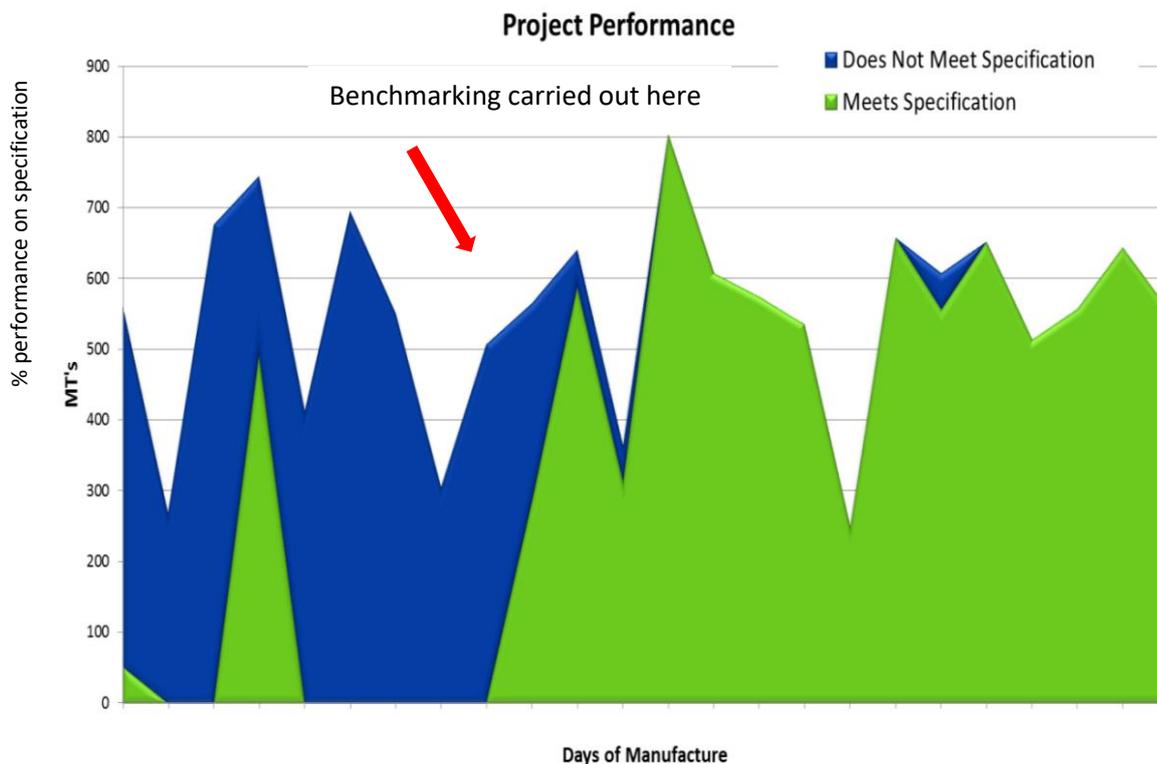
- There was a need to wash the dryers every week due to chamber fouling, resulting in downtime of 12-16 hours per week.

### *Solution*

The solution was identified through a detailed comparison of process maps and specific running conditions and parameters between the two plants. Whilst comparisons and investigative work had been conducted previously to identify potential solutions it was only through the rapid benchmarking approach (and following the structure of TRADE) that solutions were found. The precise solution cannot be detailed in this report for commercial reasons. Benchmarking helped to compare specific parameters that enabled the project team to find small differences in the configuration of a piece of equipment and the difference in their control philosophy.

### *Outcomes*

As a result of addressing the problem through rapid benchmarking there was a quick improvement in performance with the product meeting specifications 99.6% of the time (see figure 12) and resulting in an additional \$200,000 contribution to the business in a year.



**Figure 2: Improvement in performance through Rapid Benchmarking**

Other achievements as a result of this project were:

- Downtime on the plant was reduced by 269 hours per year
- Production increased by 7.97% (from 85.15% to 93.12%)
- Chamber cleaning frequency was reduced from a 14 day average to a 21 day average
- Achieved a new monthly production record of 20,826 million tonnes of milk powder

## **5.2 CASE 2: BENCHMARKING OF WYNYARD AGAINST HAUTAPU**

### ***Introduction***

This benchmarking project is another example of internal benchmarking. Fonterra's Wynyard plant was facing issues of yeast and mould in their dairy production processes. Another Fonterra plant, in Hautapu, was selected as a benchmarking partner. A benchmarking team consisting of staff from both plants undertook the rapid benchmarking project to investigate how the yeast and mould can be reduced.

### ***Problem***

The Wynyard plant had excessive growth of yeast and mould. The Wynyard and Hautapu (partner plant) were operating at different hygiene and air quality standards and had different levels of knowledge about optimising their processes.

### ***Solution***

Through detailed process mapping and physical walk-throughs differences in plant configuration were identified. Questioning the process owners (operators) further helped to understand the reasons for mould and yeast production. Furthermore, the control philosophy adopted at both the plants was compared to identify points of variation. This resulted in identifying opportunities for optimizing the use of automation.

### ***Outcomes***

As an outcome of this benchmarking project 88 actions were identified and prioritized based on impact, ease of implementation and timeframe for implementation. The project helped to reduce mould spores entering the building by 35% (on average) and 66% of critical contamination areas were eliminated or minimised. In addition, the running conditions of the plant were optimised to ensure a smoother start-up. The improvement in process control for

dryer start up is shown in Figure 13 with the reduced variation in the purple line indicating greater control of air movement.

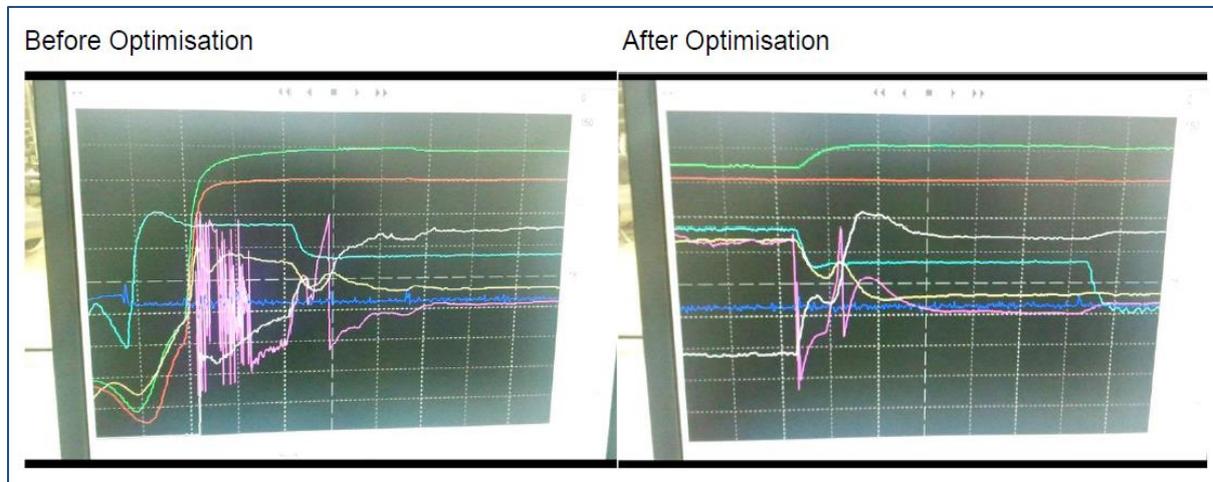


Figure 3: Improvements in air control as a result of the benchmarking project

Other achievements as a result of this project were:

- 83% reduction in yeast and mould downgraded product
- Risk reduction of AUD\$500k per year
- Project initiated to recover baghouse fines – 1% yield gain
- Manual handling step removed from the process

### 5.3 CASE 3: BENCHMARKING PROJECT WITH AN AWARD WINNING AIRLINE

#### *Introduction*

This is an example of an external benchmarking project undertaken to improve tool control and maintenance. An airline was chosen as a benchmarking partner as it had been recognized as an award winning organisation for maintenance repair.

#### *Problem*

The purpose of this project was to observe the partner facilities and learn maintenance best practices.

***Solution***

Fonterra's rapid benchmarking team visited the airline's facilities and questioned their staff. The team learned lessons regarding health and safety standards, culture and values, maintenance operations and performance recording systems. The following lessons were learned:

- Obvious pride in their company
- Respect for their leadership team
- Real pride and personal responsibility for each individual's function
- Respect for other departments – treating them as their customers
- Leadership commitment to their charter
- Consultative approach to change, leaders get involved with their teams and use outside facilitation to steer their thinking
- Effective tool control system with names engraved and barcodes on significant tools
- Colour coding of maintenance activities based on the level of planning
- Use of software to spot damage areas and for identifying trouble patterns

***Outcomes***

As a result of this benchmarking study Fonterra developed a new Operations and Quality Strategy that incorporated the learning from the airline. A whole range of practices were modified or introduced in the areas of health and safety, engagement measurement, values and culture, security and the intranet.

**6) DISCUSSION**

This report has described the application of rapid benchmarking within Fonterra. All the projects, and not just the ones described in this report, were considered to be very successful resulting in improved processes and practices. In some cases solutions were found to problems that had existed for many years and could not be solved through other methods.

On reflection it is evident that Fonterra's approach was successful due to the following factors:

1. The skill set of the facilitator. The facilitator had a solid understanding and experience of benchmarking, project management and team dynamics. The facilitator had been through both in-house and external training programs on these subjects and had the opportunity to be involved in many projects prior to facilitating the rapid benchmarking projects.
2. The preparation work undertaken by the facilitator prior to the 5 days of benchmarking. The facilitator spent considerable time in understanding the problem, identifying the right team members for the project and communicating with them, identifying and communicating with other stakeholders that have an interest in the project, identifying relevant benchmarking partners and securing their participation in the benchmarking project.
3. The strong support of project sponsors. Project sponsors played a crucial role in allowing project teams to devote 5 days of time to the project, visibly supporting the projects in those 5 days, and engaging with the team members and project manager at relevant points in the project.
4. The setting of clear expectations to project team members. It was important that everyone knew their role whether they were a project sponsor, team leader, technical expert or project team member and everyone knew the level of commitment expected of them.
5. A clear process was in place showing how best practices and solutions were going to be identified through having a defined agenda for the 5 days and knowing which tools and techniques to use. For most projects Fonterra used process mapping, fishbone diagrams, developed over 100 questions to ask about their own process and the benchmarking partner's, and used a prioritisation matrix to decide on which ideas and practices to implement.
6. A clear process was in place for implementation. Project actions are transferred into Fonterra's official project management system and assigned to a project manager who may or may not have been part of the benchmarking team.
7. Project monitoring is incorporated into Fonterra's project monitoring system. In addition, the facilitator follows up and tracks progress and determines with the project sponsor and project manager when the project should be closed off.
8. Use of the TRADE methodology and its step by step approach to ensure that the project progressed in a logical fashion. TRADE also ensured that information and data on the

project was recorded and made available for sharing with the project team and wider stakeholder group.

A key feature of the rapid benchmarking approach was that staff were given 5 days to solely focus on the project. This in itself provided an ideal environment to tackle issues that otherwise may have remained unresolved. However, Fonterra considered that it was the utilisation of benchmarking within these 5 days that added tremendous value to the projects and led to better outcomes. Benchmarking not only helped to identify specific best practices but also led to greater learning and sparked creativity within the benchmarking team to come up with new solutions. Therefore, it was the combination of “best practices” learnt from other organisations with the ideas and experience of the project team that led to “next practices”.

It should be noted that the rapid benchmarking approach has shown greater success on operational projects and not all projects will be able to fit into a 5 day rapid benchmarking approach. Some projects may require more time for investigation work on current processes or for benchmarking visits especially if international visits are included or if it is desirable that more organisations are learnt from. For non-operational projects the traditional approach may work best as these projects are often focussed on introducing mind-set or cultural change in the project team members themselves as well as the stakeholders and require longer time-lines for this to occur. An experienced benchmarking facilitator should be able to determine which benchmarking approach to use in a given situation.

## **7) CONCLUSION**

This report has explained Fonterra’s rapid benchmarking approach and provided three examples of its application. It has shown how the TRADE Best Practice Benchmarking Methodology has been incorporated into a rapid benchmarking approach to give it more structure and rigour. Rapid benchmarking will be appealing to many organisations that require fast solutions and breakthrough practices. It is hoped that other organisations can learn from Fonterra’s experience and consider using rapid benchmarking in addition to the more traditional approach.

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## **APPENDIX A – TRADE BEST PRACTICE BENCHMARKING METHODOLOGY**

### ***STAGE 1: TERMS OF REFERENCE (PLAN THE PROJECT)***

The first stage is to plan the project and develop a Terms of Reference for the benchmarking project. The following steps are included in this stage.

#### **1.1 Determine area of focus for the benchmarking project**

To begin with a benchmarking area of focus needs to be identified. The area of focus should be selected for one or more of the following reasons:

- it is of major strategic importance
- there is pressure from customers or other stakeholders to improve performance in this area
- there is evidence that performance can be significantly improved
- improving performance will result in significant benefits

#### **1.2 Develop project brief**

After selecting the area of focus there is a need to develop the project brief. It is necessary that the person who has initiated the project and/or senior management to agree on the general size and scope of the project and obtain agreement to the project from a project sponsor.

The project brief should specify:

- The project sponsor (the person(s) ensuring the team can spend time on the project and has access to necessary resources)
- The size of the project team
- The members of the project team including the team leader
- The aim of the project
- The scope of the project (including timeline and resource constraints)

#### **1.3 Form project team**

The project team includes people that are capable of undertaking four roles- team leader, project team member(s), project administrator and benchmarking facilitator. It is recommended to involve representatives of all those areas that are impacted by the process.

#### **1.4 Train project team**

Once the team members are selected they have to be trained. The purpose is to ensure that all project team members have at least a basic understanding of benchmarking and know how to undertake a benchmarking project.

#### **1.5 Understanding benchmarking code of conduct**

All team members should understand how to conduct a benchmarking project in a professional, ethical and legally acceptable way. A benchmarking code of conduct should be presented at all benchmarking training sessions and issued to all team members at the start of the project.

### **1.6 Prepare Terms of Reference (TOR)**

The TOR builds on the initial project brief and defines in greater detail the purpose of the project, its scope, and how the benchmarking projects will be managed. The TOR is a living document and is used to gain management commitment at the start of the project and maintain it throughout the entire project.

### **1.7 Develop documentation system**

For all benchmarking projects a system for recording and filing the information obtained throughout the project (whether electronic or hard copy) should be created. Typically the Benchmarking Facilitator or Project Administrator should maintain this documentation system.

### **1.8 Review project progress and TOR**

The review should be led by the Team Leader to check that all team members are happy with the work done so far and the future direction of the project.

### **1.9 Obtain approval to start the next stage of TRADE**

The Project Sponsor signs the TOR and approves the start of the next stage of TRADE.

## ***STAGE 2: RESEARCH (RESEARCH CURRENT STATE)***

The Research stage explores the area of focus and prioritizes what needs to be benchmarked. The following steps facilitate the research process.

### **2.1 Understand the area of focus to be benchmarked**

Research stage starts after getting approval from the Project Sponsor. Research deals with researching the area of focus and prioritizes what needs to be benchmarked. Gaining a good understanding of the area of focus is essential in order to re-assess and confirm or set some of the objectives and key assumptions within the Term of Reference..

### **2.2 Define performance measures**

Performance measures that will effectively measure the area of focus need to be defined after developing an understanding of the project. For comparison purposes it is important to select performance measures that:

- Other organisations are likely to use (or that they will easily be able to find the data for), and
- are measures related to the objectives of the project

### **2.3 Identify current performance**

After the performance measures have been designed, the team needs to measure the current level of performance in the area of focus to be benchmarked.

#### **2.4 Prioritize and finalize the practices to be benchmarked**

The information generated through understanding the area of focus and obtaining performance should be reviewed in order to prioritise the key areas to focus on and obtain best practices for. This may result in changes to the TOR.

#### **2.5 Review project progress and TOR**

The review should be led by the Team Leader to check that all team members are happy with the work done so far and the future direction of the project.

#### **2.6 Obtain approval to start the next stage of TRADE**

The Project Sponsor signs the TOR and approves the start of the next stage of TRADE.

### ***STAGE 3: ACQUIRE (ACQUIRE BEST PRACTICES)***

The Acquire stage helps with obtaining and analysing benchmarking data and information and identifying best practice performance levels and best practices.

#### **3.1 Establish criteria for selecting benchmarking partners**

The purpose of this stage is to develop a general consensus on the criteria for selecting potential benchmarking partner(s) based on the learning from the Research stage.

#### **3.2 Select potential benchmarking partners**

The criteria for selection helps to identify the organisations to learn from. These may be identified through methods such as internet research, surveys, and focus groups. Evidence that the organisations are likely to have best practices should be considered – therefore indications of high levels of performance or recognition from award bodies.

#### **3.3 Invite and acquire benchmarking partner**

This step is necessary if the project team decides it is important to communicate directly with organisations to learn from them rather than using remote methods such as internet research. Direct methods of learning from organisations may include email correspondence, questionnaires, phone calls, meetings or organised visits to their place of work.

#### **3.4 Prepare for data collection**

This step involves deciding on the data collection methods to use, designing the data collection tools and questions, and deciding the roles and responsibilities of team members for collecting the data.

#### **3.5 Collect and store data**

Whether using internet research, questionnaires or site visits to collect data the information acquired needs to be appropriately stored and made accessible to all project team members.

### **3.6 Analyse data**

A thorough analysis of the information is undertaken to identify performance gaps and best (or better) practices so that improvements can be achieved.

### **3.7 Formulate recommendations**

The result of data analysis helps to formulate recommendations on how the organization can improve performance in the area of focus. All recommendations developed should be agreed by consensus with all the project team and sufficient analysis must be undertaken to present them confidently to the Project Sponsor.

### **3.8 Review project progress and TOR**

The review should be led by the Team Leader to check that all team members are happy with the work done so far and the future direction of the project.

### **3.9 Obtain approval to start the next stage of TRADE**

The Project Sponsor signs the TOR and approves the start of the next stage of TRADE.

## ***STAGE 4: DEPLOY STAGE (COMMUNICATE AND IMPLEMENT BEST PRACTICES)***

The Deploy stage involves communicating the findings from the benchmarking activity, developing an action plan and implementing the actions.

### **4.1 Communicate findings**

Effective communication is critical especially where total commitment from senior management is required for the successful implementation of actions stemming from the project. The typical methods used to communicate findings are benchmarking reports and formal presentations.

### **4.2 Develop action plans**

The action plans should contain details of the specific actions that need to be accomplished, the expected benefits resulting from implementing the actions, resources required and timelines.

### **4.3 Obtain approval for action plan**

The purpose of this step is to obtain action plan approval from the Project Sponsor. Often at this stage it is necessary for the Project Sponsor to involve other senior managers and stakeholders for their input and approval.

### **4.4 Implement actions**

The approved action plans are implemented. It is essential that implementation is closely monitored to ensure that the action plan is correctly followed and any problems or opportunities for further improvement are identified and addressed

#### **4.5 Review project progress and TOR**

The review should be led by the Team Leader to check that all team members are happy with the work done so far and the future direction of the project.

#### **4.6 Obtain approval to start the next stage of TRADE**

The Project Sponsor signs the TOR and approves the start of the next stage of TRADE.

### ***STAGE 5: EVALUATE (EVALUATE THE BENCHMARKING PROCESS AND THE OUTCOMES)***

This stage evaluates the success of the benchmarking project so that improvements to the process and outcomes can be made.

#### **5.1 Perform cost/benefit analysis**

It is up to the Project Team to decide when a detailed cost/benefit analysis should be undertaken. This will depend on what changes have been made and when they are likely to have an impact. Normally after 6 months a detailed cost and benefits analysis can be undertaken.

#### **5.2 Review TRADE process**

The whole TRADE benchmarking process is reviewed to evaluate how the benchmarking process itself can be improved. The review should be led by the Team Leader

#### **5.3 Share experience and project outcomes**

The project team should share their experiences and learning from undertaking the benchmarking project with other staff and project stakeholders. Formal presentations and a benchmarking report are effective ways of sharing experiences and outcomes.

#### **5.4 Close project**

The purpose of this step in the benchmarking process is to formally close the project and obtain sign off by the Project Sponsor.