

Evolving Benchmarking Processes

Richard R. Young, Ph.D., FCILT
Capital College, and
Center for Supply Chain Research
The Pennsylvania State University



Agenda Outline

- **History**
- **Participants**
- **Methodology**
 - **Quantitative Performance**
 - **Best Practices**
 - **Evolving Opportunities**

Typology

- Competitive benchmarking
 - Same industry
 - Same processes
- Non-competitive benchmarking
 - Different industries
 - Same processes
- Consortium benchmarking
 - The group owns the process
 - Neutral facilitator

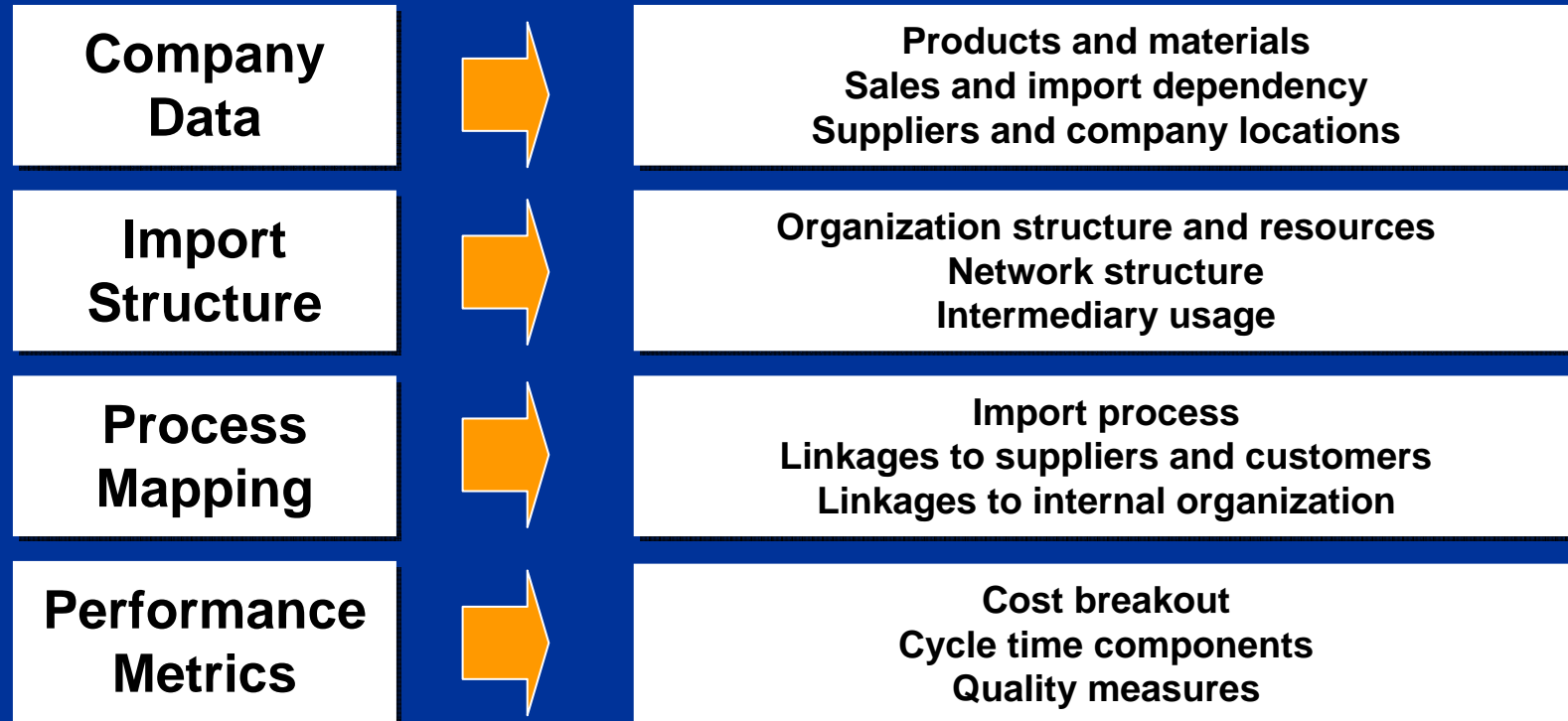
Participants

- Founding Members
 - AT&T
 - DuPont
 - Eastman Kodak
 - IBM
 - Intral (Gillette)
 - Merck
 - Nortel

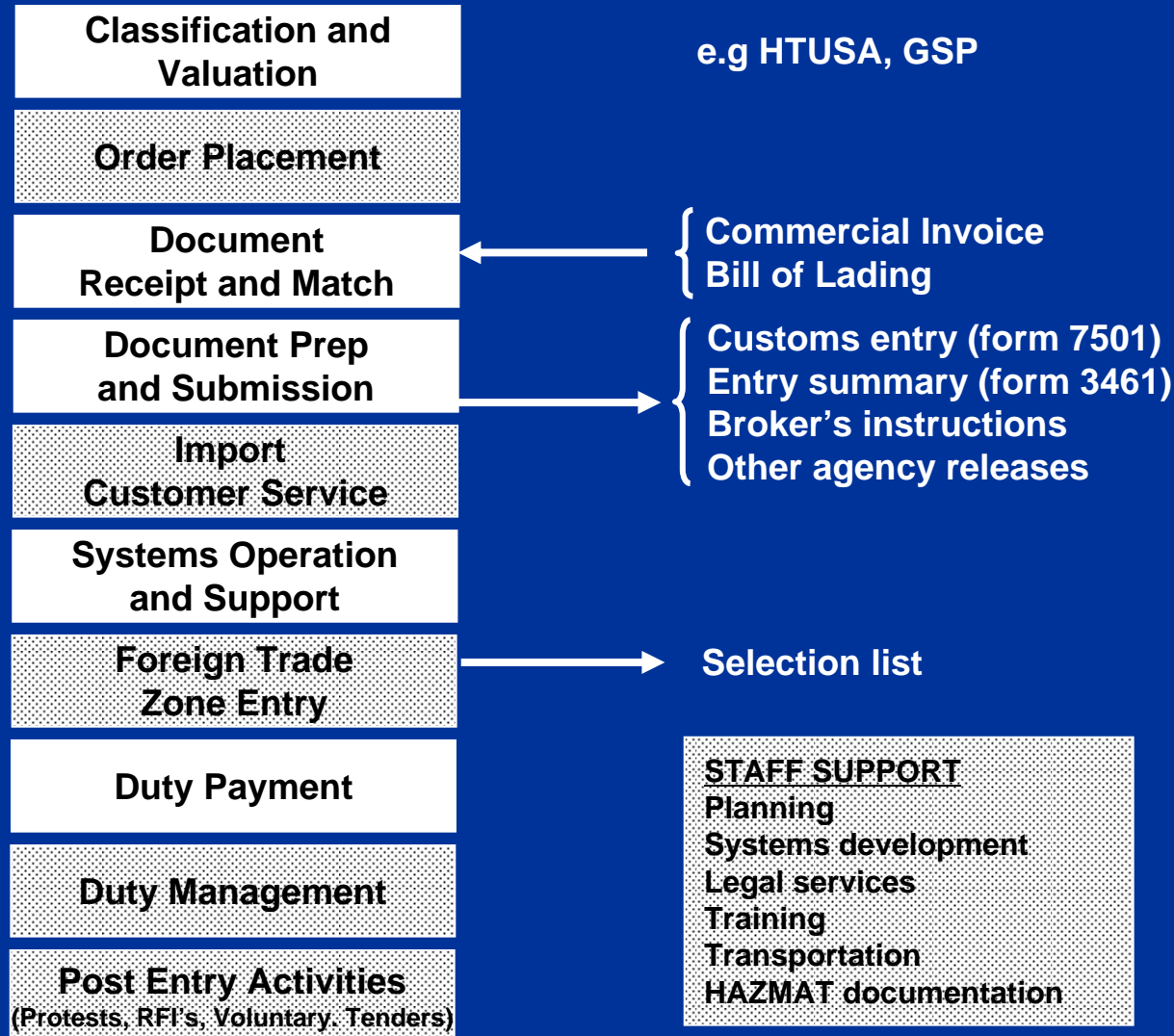
Methodology



Interview Protocol



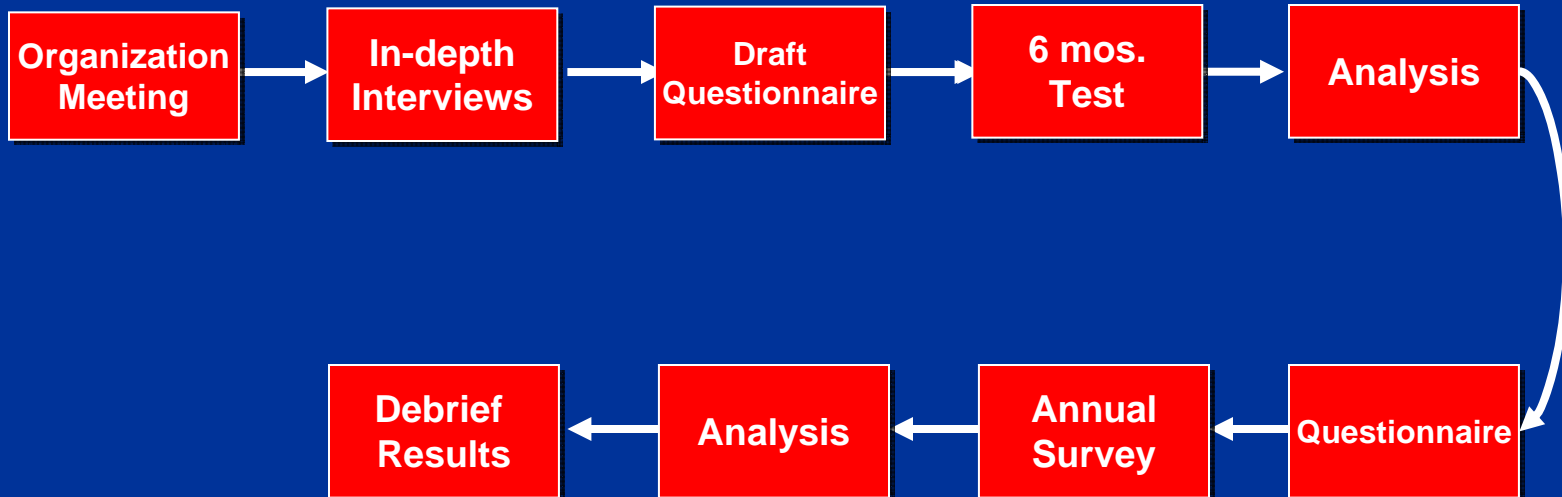
Import Benchmarking: Scope of Analysis – *Common Ground*



Questionnaire

- **Demographics**
 - Sales and import volumes
 - Organization
- **Costs**
 - Administrative overhead
- **Quality**
 - Inspections
 - USCS inquiries and entry changes
 - Cycle time

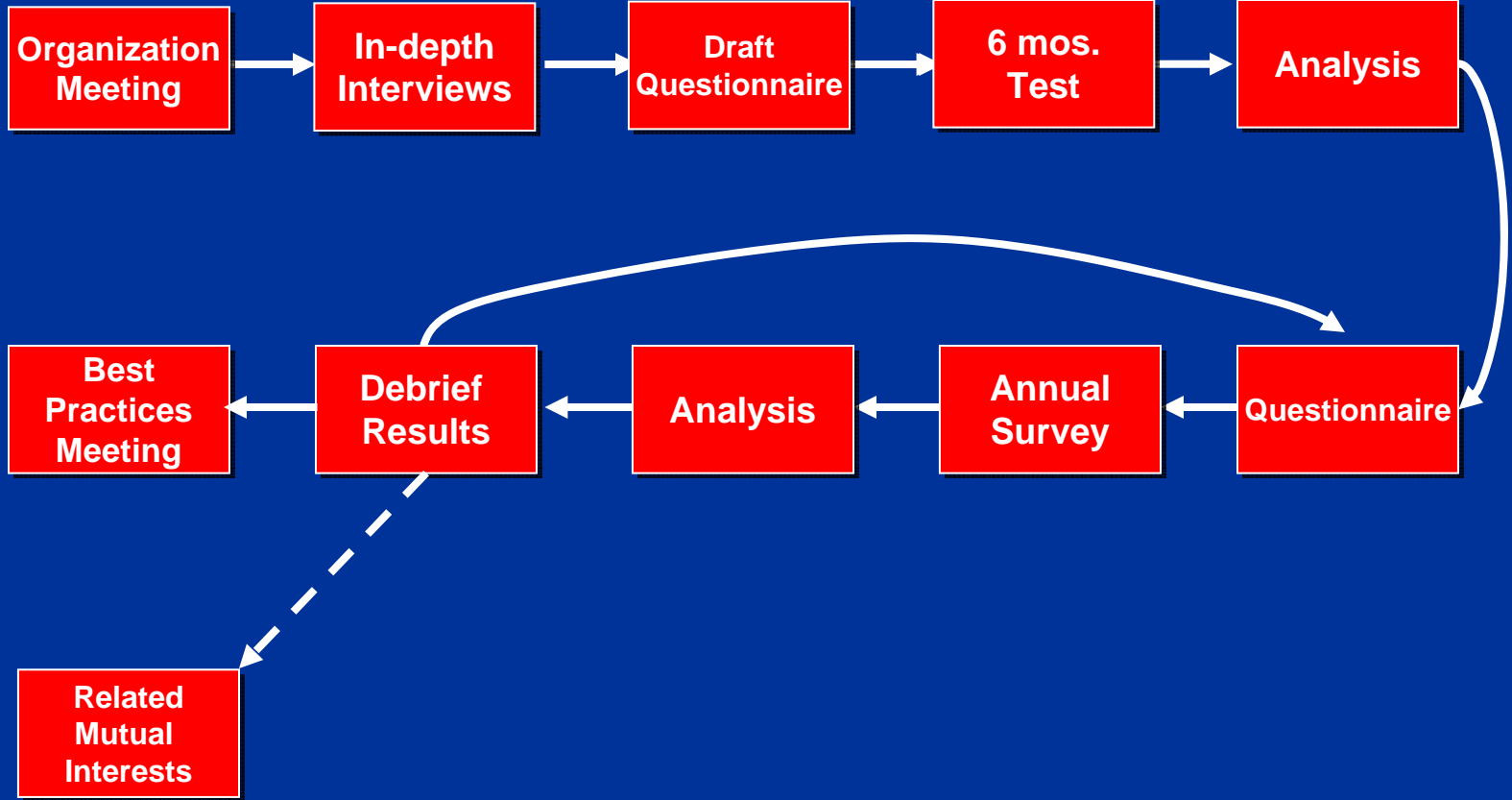
Methodology



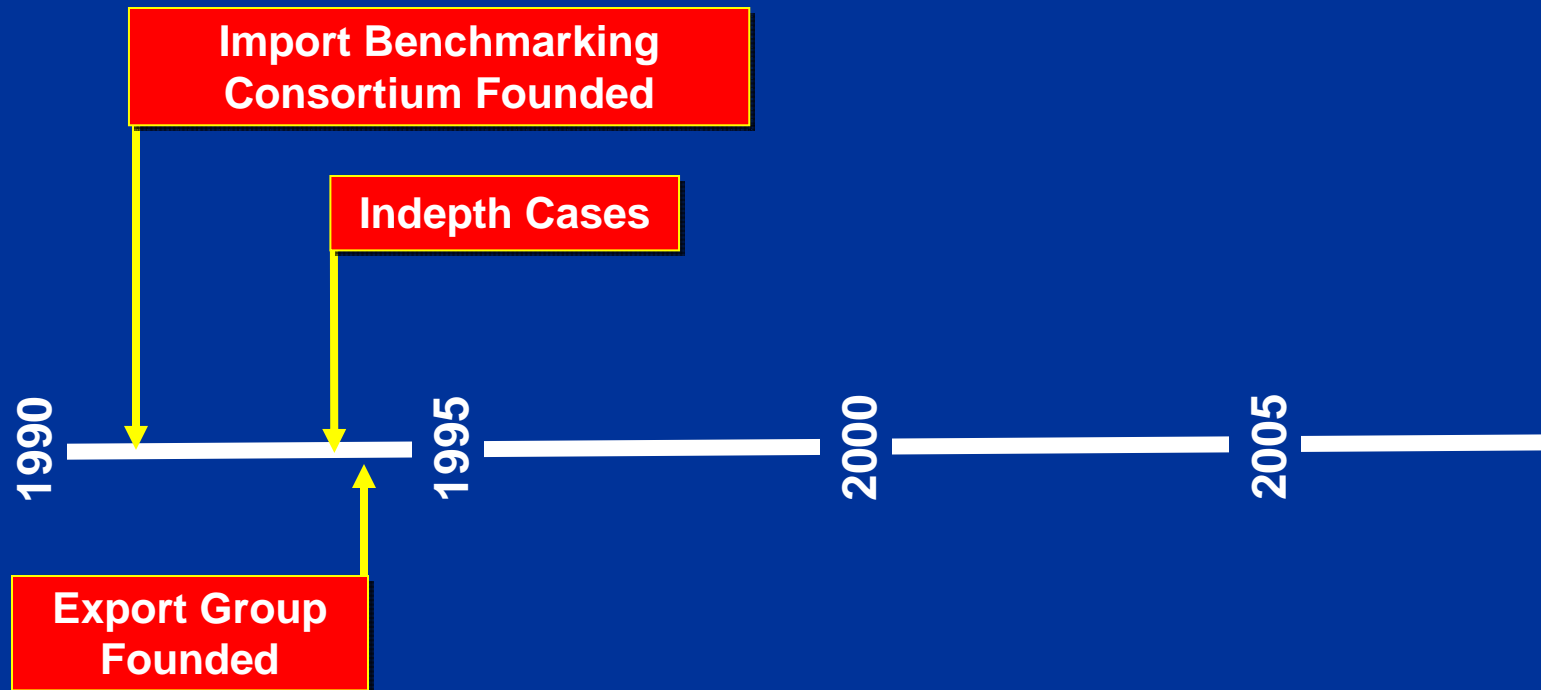
Example of Overall Performance Results

| Factor | a | b | c | d | e | f | g |
|------------------|----|----|----|----|----|----|----|
| Cost rank | | | | | | | |
| % of value | 7 | 6 | 4 | 5 | 2 | 3 | 1 |
| Entry lines | 2 | 6 | nr | 4 | 3 | 6 | 1 |
| Entries | 1 | 6 | 2 | 5 | 4 | 7 | 3 |
| Service | 2 | nr | nr | 4 | 1 | 5 | 3 |
| Quality | nr | 4 | 6 | 3 | 2 | 1 | 5 |
| nr = 4 | | | | | | | |
| TOTAL | 16 | 26 | 20 | 21 | 12 | 21 | 13 |
| RANK | 3 | 7 | 4 | 5 | 1 | 6 | 2 |

Methodology



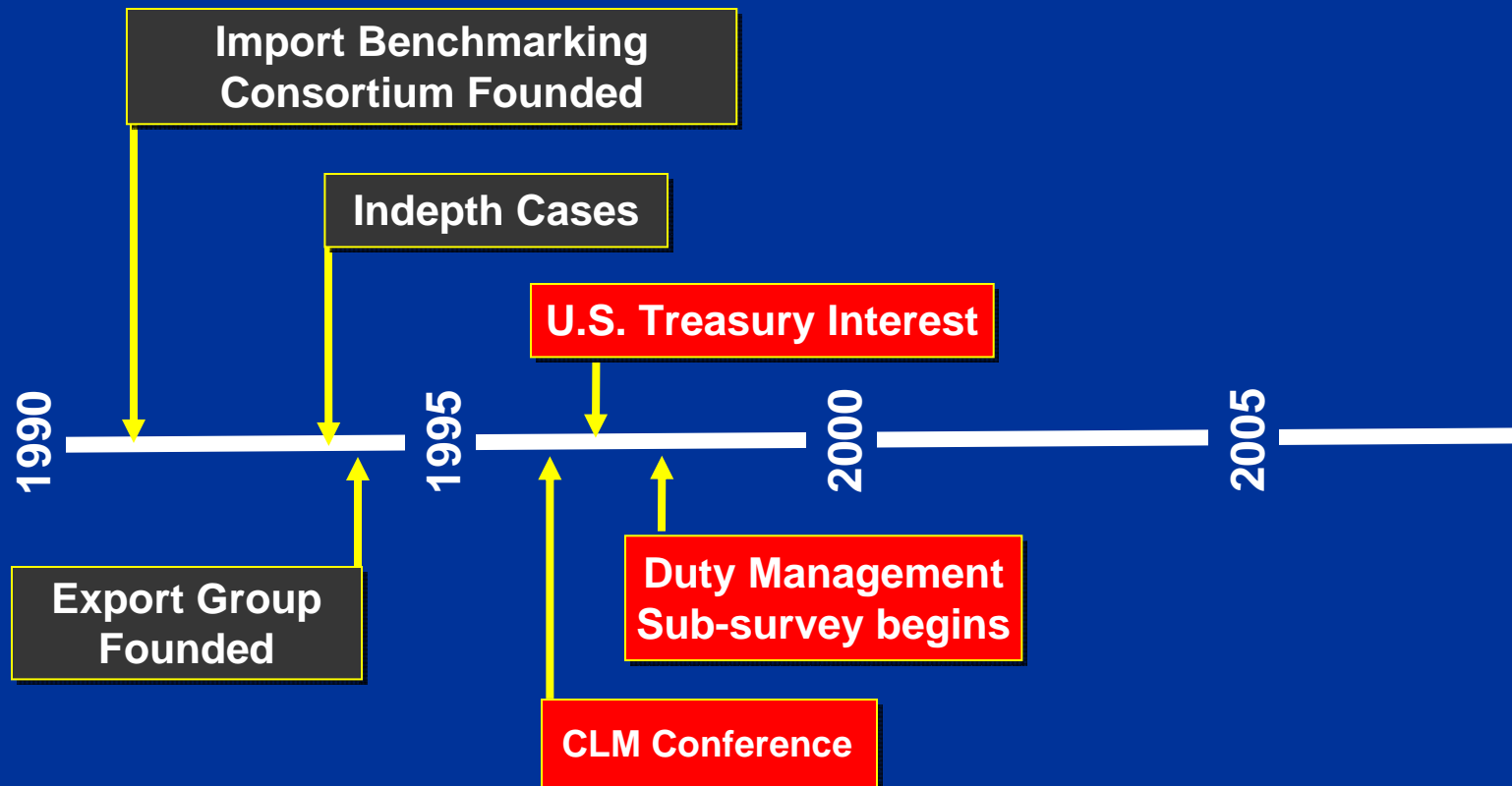
Penn State's Process



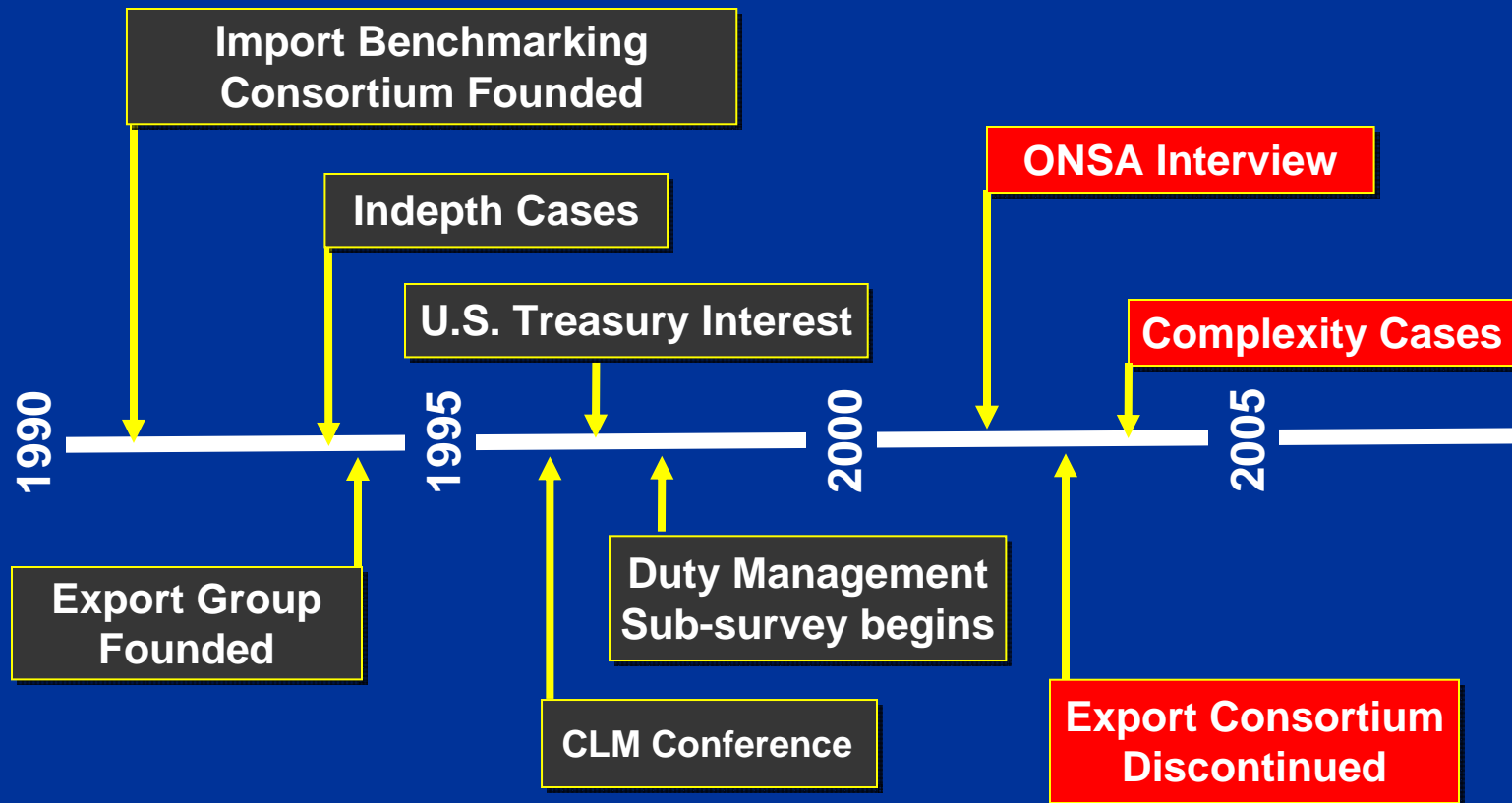
Questionnaire

- **Demographics**
 - Sales and import volumes
 - Organization
- **Costs**
 - Administrative overhead
- **Quality**
 - Inspections
 - Cycle time
- ***Complexity factors***
- ***Duty management initiatives***
 - *Program benefits*
 - *Operating costs*
- ***Compliance***

Penn State's Process



Penn State's Process

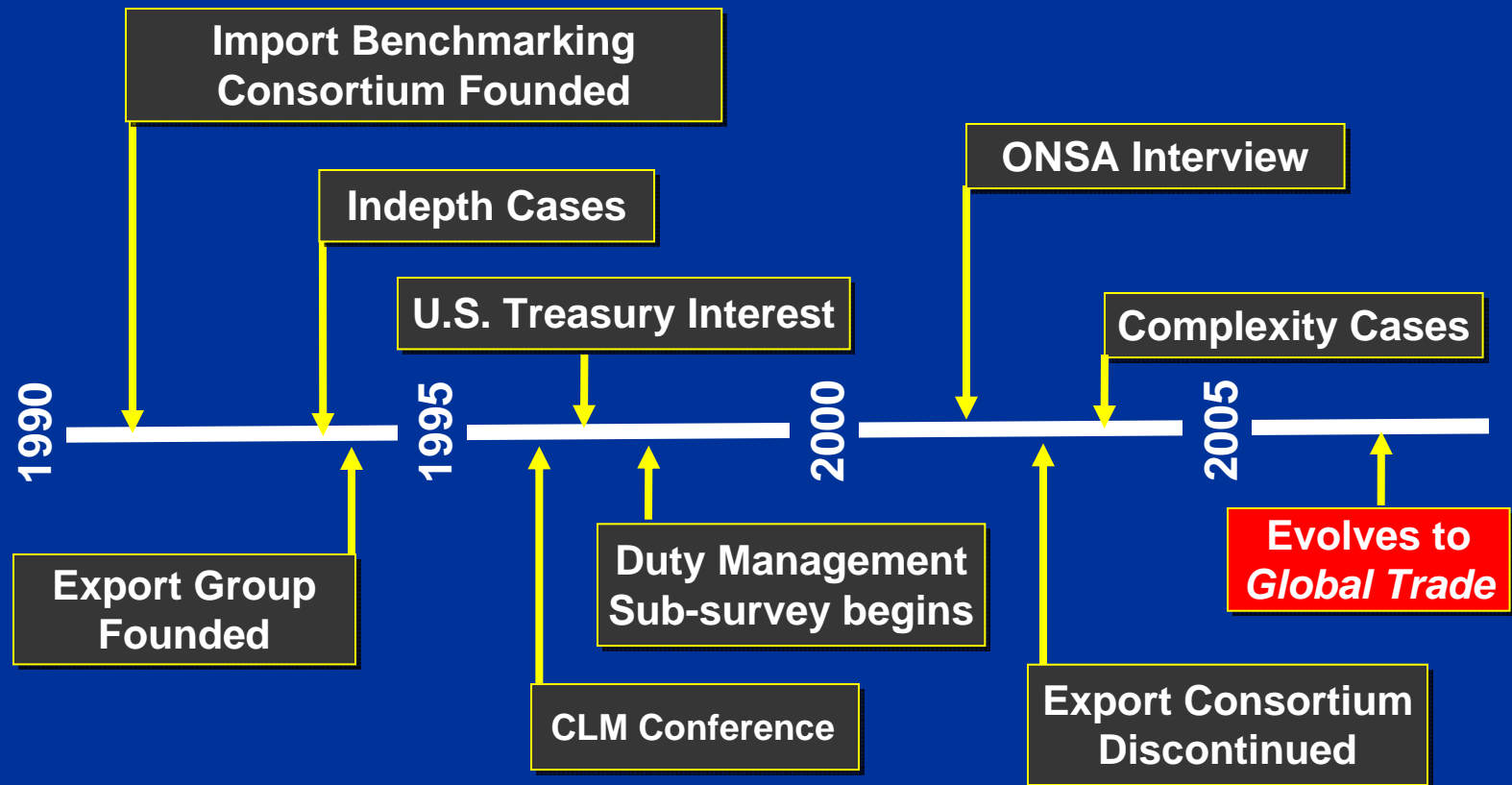


Participants

- Founding Members
 - AT&T
 - DuPont
 - Eastman Kodak
 - IBM
 - Intral (Gillette)
 - Merck
 - Nortel
- Sometime Members
 - Calgon Carbon
 - Case New Holland
 - Cummins Engine
 - Darden Restaurants
 - Hewlett-Packard
 - Hoechst
 - Panasonic
 - Proctor & Gamble
 - Xerox
- Current Members
 - Alcoa
 - American Standard*
 - BASF
 - Bayer*
 - Carestream Health
 - Cessna Aircraft
 - Eastman Kodak
 - Hershey
 - IBM
 - Merck*
 - Pfizer
 - PPG
 - Unisys

** Pending*

Penn State's Process



Long-term Findings

- Questionnaire completion = self discovery
- Quantitative results prompt qualitative questions
- Best practices continue to evolve
 - Adoption requires lead time
- Benchmarking can foster trust
- A neutral facilitator can be the catalyst
- Benchmarking is not a static process