

Benchmarking Conference

# Practices in Basque Region

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- **Benchmarking** is a management tool aimed at improving the results, processes and products of a given company. This method is based on the comparison of a given company to an external parent or to a sample of companies selected by specific criteria such as size, location or type of activity.
- Level of benchmarking:
  - Basic level: measurement of business indicators
  - Complete analysis of companies and improvement of key areas
  - Top Class: selective improvement.

# LEIA overview

The Centre is placed at the Alava Technological Park; Alava is one of the provinces which make up the Autonomous Community of the Basque Country.



## Personnel in 2001:

73 contracted, 23 collaborators.

- ✓ To promote technological improvement and transformation of the companies.(small and medium-sized companies).
- ✓ To collaborate with the companies individually and/or collectively to make them more competitive.
- ✓ To work in harmonious relation with society within Sustainable Development.

# Benchmark-Index project

## Aims of the project:

- To re-use and to improve the UKBI's experience.
- To create a European node net.
- To validate the consultancy tools (DCP, Diagnostic of Competitive Profile).
- To reach up 1500 european companies.

## Organisms involved in the project

- **SPRI:** *Sociedad para la Promoción y Reconversión Industrial* - Society for Industrial Promotion and Modernization (Basque Government).
- **UKBI:** is the Centre for Business Incubation Policy in the UK and it acts as a catalyst to support and develop business incubation practices in the UK.
- **LEIA:** Acts as a Benchmarking Clearing House.

## The Benchmark-Index tool: *Competitive Profile*

- Comparison to european companies (10 european partners)
- up to 3,000 entries in the database
- up to 40,000 entries of financial indicators
- Consultancy support during the whole process

## The Benchmark-Index process:

- The company is contacted and the questionnaire is sent
- The questionnaire is filled out by the company
- Data from the questionnaire is validated
- The data is logged into the database and the report of the DPC (Diagnóstico de Perfil Competitivo-Diagnostic of Competitive Profile) is produced.
- The report is analysed and a set of recommendations are put forward to the company
- To do the planning of the opportunities for improvement (final conclusions).

## 1<sup>st</sup> step: contact

- SPRI itself could contact specific companies
- The target companies are usual collaborators of the clearing houses
- The company itself could contact directly to the clearing houses.

## 2<sup>nd</sup> step: questionnaire

- **Section I:** financial data (costs and benefits, capital)
- **Section II:** management data (client satisfaction, product/service innovation, suppliers, Human Resources Management, staff satisfaction)
- **Section III:** industrial data.
- **Section IV:** Excellence Model (leadership, policy and strategy, Human Resources Management, Resources Management, Processes, impact onto the society, business results)

## 2<sup>nd</sup> step: questionnaire

### Selecting the sample of comparison

Please fill in the criteria to select the sample of companies you want to be compared to. Identify in which categories you want to be included. Choose one option in each category.

#### Number of employees

More than	<input type="checkbox"/> 0	<input type="checkbox"/> 10	<input type="checkbox"/> 20	<input type="checkbox"/> 50	<input type="checkbox"/> 100	<input type="checkbox"/> 250	<input type="checkbox"/> 500
Less than	<input type="checkbox"/> 10	<input type="checkbox"/> 20	<input type="checkbox"/> 50	<input type="checkbox"/> 100	<input type="checkbox"/> 250	<input type="checkbox"/> 500	

#### Sales (thousand euros)

More than	<input type="checkbox"/> 0	<input type="checkbox"/> 250	<input type="checkbox"/> 1.250	<input type="checkbox"/> 2.500	<input type="checkbox"/> 12.500
Less than	<input type="checkbox"/> 250	<input type="checkbox"/> 1.250	<input type="checkbox"/> 2.500	<input type="checkbox"/> 12.500	

#### Type/sector of activity

<input type="checkbox"/> Agriculture, Timber & Fishing	<input type="checkbox"/> Mining & mineral extraction	<input type="checkbox"/> Feeding, Beverages & Tobacco
<input type="checkbox"/> Textile & Clothing	<input type="checkbox"/> Wood & Paper	<input type="checkbox"/> Chemicals, Plastics & Pottery
<input type="checkbox"/> Metal products	<input type="checkbox"/> Machinery	<input type="checkbox"/> Electrics & Electronics
<input type="checkbox"/> Transport	<input type="checkbox"/> Energy, Telecom. & Posting	<input type="checkbox"/> Trade & distribution
<input type="checkbox"/> Tourism	<input type="checkbox"/> Transport Services	<input type="checkbox"/> Estate/financial services
<input type="checkbox"/> Public/social services	<input type="checkbox"/> Other services	<input type="checkbox"/> Construction & Fitter
<input type="checkbox"/> Other manufactures	<input type="checkbox"/> Education	

#### Main Products

1°

2°

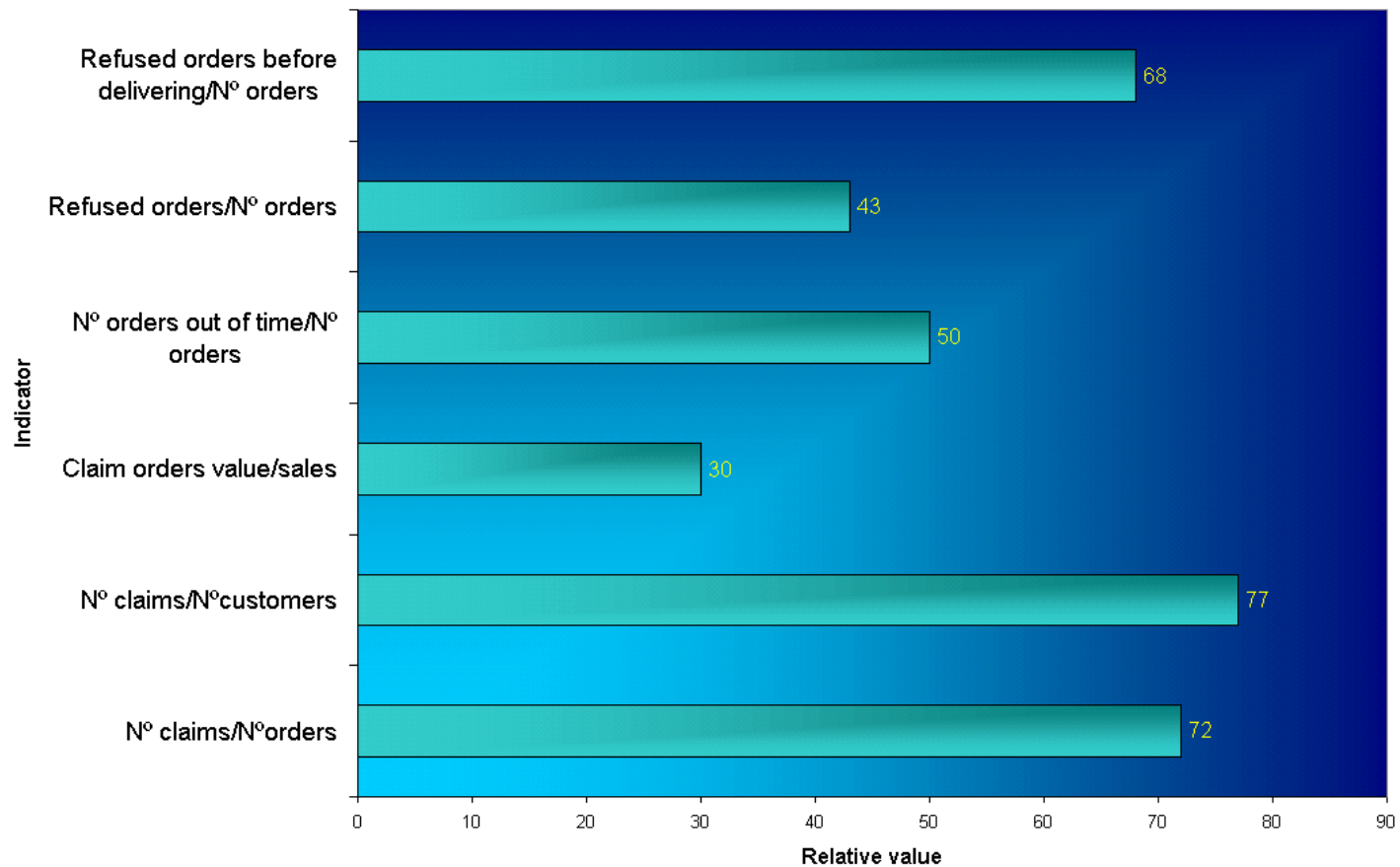
3°

## 3<sup>rd</sup> step: validating data

- The consultant meets the company to agree in the data about excellence.

## 4<sup>th</sup> step: database and DCP

Customer Satisfaction



## 4<sup>th</sup> step: database and DCP

Indicator	Position		Data of the reference group					Sample
	Relative	Value	Least (P <sub>5</sub> )	1 <sup>st</sup> Quartile	Mean	3 <sup>rd</sup> Quartile	Highest (P <sub>95</sub> )	
<b>N° claims/N°orders</b>	72	0,8	0,1	0,6	1,9	4,2	44,1	26
<b>N° claims/N°customers</b>	77	0,2	0	0,2	0,4	1,6	10	23
<b>Claim orders value/sales</b>	30	1,7	0	0,1	0,8	2,3	9,4	24
<b>N° orders out of time/N° orders</b>	50	19,9	2,1	8,4	19,9	30,9	59,8	23
<b>Refused orders/N° orders</b>	43	0,8	0	0,1	0,7	1,7	16,2	22
<b>Refused orders before delivering/N° orders</b>	68	0,7	0	0,5	1,8	4,6	32,4	23

## 5<sup>th</sup> step: analysis

- The higher the score, the better your position.
- Relative position and real value.
- Descriptive statistical indicators: quartiles, mean and percentiles.

## 6<sup>th</sup> step: report

- The consultant analyses all the tables with their graphs, elaborates a final conclusion and meets the company to explain the results.
- In this final report, the consultant indicates the areas to improve.
- The company can 'evaluate' the questionnaire and its effectiveness.

## Goals

- Difficult but reachable targets
- Reliance
- Understanding of processes
- Nodes and nets
- Control

## Weaknesses

- To compare two different companies
- To hide some information
- Not sufficient to understand the differences
- To analyse trivial aspects

## Agro-big project

- To allow companies to be compared to companies of the same sector
- To do a complete analysis of the company
- To identify 'weak' areas where it is necessary to improve the processes/products/services.
- To create an 'improvement plan'
- To do periodical checkings of this plan to watch the improvement of the company.

## Agro-big goals

- The sample described
- The position of the company in that sample
- Inference for future: regression techniques allow to describe how it could be in a better position.

## Addresses

- SPRI: [www.spri.es](http://www.spri.es)
- UKBI: [www.ukbi.co.uk](http://www.ukbi.co.uk)
- Perfil Competitivo: [www.perfil-competitivo.com](http://www.perfil-competitivo.com)
- LEIA: [www.leia.es](http://www.leia.es)

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