



Deloitte's Mutual Benchmarking Service Offering

**How to Get Started with
Cooperative Benchmarking
on Your Own**

January 2022

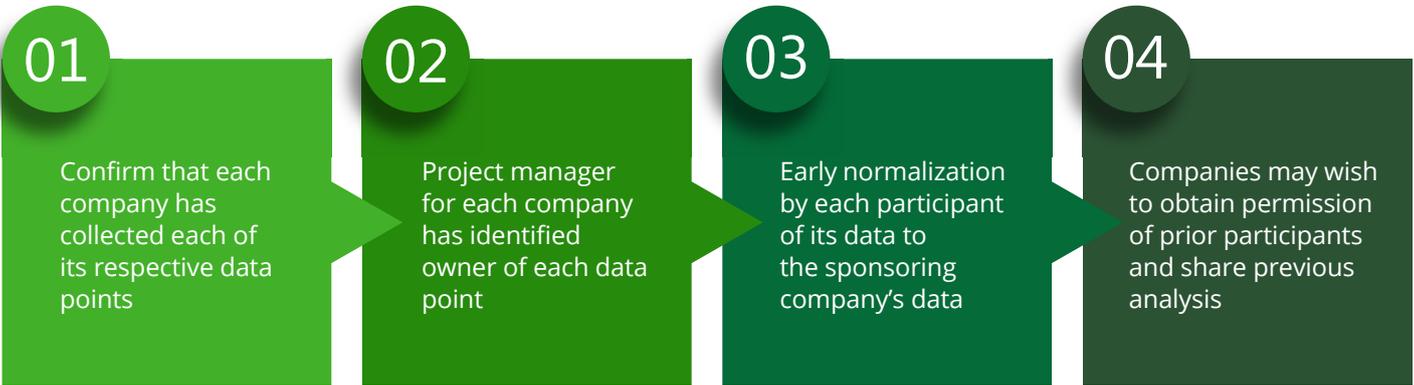
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How can you get started?

As you have understood from our prior post, Deloitte strongly recommends that you obtain an antitrust advisor prior to engaging in a cooperative benchmarking project with competitors and fellow customers of vendors, suppliers and service providers. Deloitte can fulfill the function and serve as your data escrow agent as well as analyze those collected datasets for you. However, some clients wish to explore the idea a little bit with potential benchmarking invitees on their own before undertaking the expense

of engaging Deloitte. Other clients, who may have already engaged Deloitte in past cooperative benchmarking efforts have wanted to know what they can do accelerate subsequent efforts and also reduce the engagement expenses. Deloitte has developed four data-readiness best practices for benchmarking sponsors to follow if you choose to connect with peer companies on target data to be shared prior to engaging Deloitte:



Deloitte strongly recommends that you obtain an antitrust advisor prior to engaging in a cooperative benchmarking project with competitors and fellow customers of vendors, suppliers and service providers.

Confirm that each company has collected each of its respective data points

If possible, the project manager from each company may wish to collect every one of its respective data points ahead of kicking off a data-escrow agent (Deloitte) Starting with full datasets allows Deloitte

to immediately begin analysis (although, Deloitte strongly recommends that we first separately help you decide what data to collect internally and how to make requests to peer companies).



Project manager for each company has identified owner of each data point

- Each data owner is ready for project manager to release data to Deloitte
- This practice is especially important if lack of time/resource has not permitted Practice 1

Having direct access and introduction to data owners allows Deloitte and project managers to quickly resolve data collection issues and/or discrepancies quickly.

Early normalization by each participant of its data to the sponsoring company's data

- For example, the overwhelming majority of mutual benchmarking studies involve comparing some capital expenses and/or operational expense. Unlike spend amounts, cost coding practices (e.g., cost breakdown structure, cost elements, etc.) can be shared freely, even among direct competitors
- Sponsors may wish to conduct preliminary mapping/normalization exercises with participants (one at a time or in groups)

Such exercises allow Deloitte to fine-tune mapping for analysis. Otherwise, we conduct the extensive working sessions to obtain agreement on mapping (which leads to greater professional fees for you). While you may very much want for us to perform this facilitation in the first round of a study, you may wish to do this yourself when inviting subsequent invitees to join the benchmarking with their data or if wish to refresh the data periodically in which case companies may have made changes that would affect the initial normalization agreements.

Companies may wish to obtain permission of prior participants and share previous analysis

- If you have already conduct cooperative benchmarking previously and wish to refresh the analysis and involve additional participants, sharing the existing analysis establishes proof of concept among new participants
- Reduces time for each company to buy-in sharing of post-analysis view of its own profile for each view

Deloitte will perform the analysis and present the analysis to each company of its own data; agreement to share is obtained at this point. Mutually agreed-upon analysis will be presented to all companies; a company must agree to share its own profiles in order to receive profiles of the other participants.

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The author welcomes your comments and questions

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