

Global Benchmarking Center Seeing through walls

A little insight about what your competitors are doing can dramatically improve your strategy and investment decisions. Among businesses in the same market space, are the most financially successful performers investing heavily on certain functions? Are some businesses vulnerable to attack because they aren't investing enough in a game-changing process? Where are the cost gaps that represent opportunities to improve efficiency? Without industry-specific performance metrics, your company is flying blind.

Take your organization in for a checkup

Benchmarking can help a company in its efforts to understand what its competitors are doing, and how its own performance and investments measure up. And it doesn't require industrial espionage. Consider the analogy of a physical exam: Thanks to a broad pool of data, a doctor can tell if one patient's blood pressure is higher or lower than "normal" without violating the confidentiality of other patients. They can define that norm not only in global terms, but for a specific age, gender, and other attributes.

With blinded, aggregated data from more than 600 organizations in a variety of fields, the Deloitte Global Benchmarking Center (GBC) can help executives compare their business performance against industry-median and lowest-cost performers. Metrics such as cost and staffing can be compared with a defined set of industry peers to help identify cost gaps that don't just highlight opportunities – they quantify them. In addition, the GBC approach uses highly structured, industry-codified process taxonomies. No matter how you or your competitors name or categorize a process, our analysis can help you develop an "apples-to-apples" comparison.

How we can help

Benchmarking can help you better understand how efficiently different parts of your business are operating by comparing your process performance to those of your direct peers. Deloitte's GBC provides customized benchmarking studies that are:

- **Relevant** – Each peer set is aligned by industry, such as Technology, Consumer Products, or Retail, so the resulting analysis is directly relevant to your business.
- **Process-based** – We collect end-to-end process data (including costs, headcount, cycle time, and transaction volumes) regardless of where the work is performed within the organization.
- **Timely** – All of our data is up-to-date, and we encourage annual participation in our studies so companies can compare their performance year after year.
- **Efficient** – Most of our studies have roughly 50 questions, and our online system lets organizations collect their data with minimal effort, usually in less than a week. Yet the resulting customized report details individual performance comparisons and specific areas of opportunity.
- **Proprietary** – The data that the GBC has collected is available from no other source.

Bottom-line benefits

Effective benchmarking can help an organization in its efforts to:

- Identify opportunities to reduce service costs and increase service quality
- Gain insight into relative strengths and weaknesses compared to other organizations in the same industry



- Combat organizational complacency and the perception that current performance is acceptable
- Change the way they view their performance by providing both qualitative and quantitative measures of service operations effectiveness
- Support business imperatives

Ways to get more value now

Although we do not believe a company acting alone can match the inter-organization, intra-industry benchmarking enabled by the GBC's proprietary data, a high-level assessment of internal processes can still be valuable. It can also provide a good starting point for external comparisons. Here are some practical tips to consider.

Focus on end-to-end processes. For example, Accounts Payable might stand alone, be part of a larger function, or reside within a shared services structure. In order to effectively evaluate your A/P activities, you need to look beyond the org chart and analyze the A/P process from end to end.

Understand the limitations. Evaluating your own processes without knowing how the competition stacks up can yield valuable insights, but it cannot determine the critical cost gaps that drive competitive performance. Don't let internal-only metrics lull you into a false sense of security – or spark an unnecessary frenzy.

Industry-based process benchmarking in action

- A U.S.-based financial institution was spending more in performance management than its peers. Benchmarking of the company's finance operations provided visibility that shed light on this imbalance. They were then able to address it through newly identified opportunities in staffing, technology, and reporting.

- A global process and industrial products company was experiencing operating costs that varied by region – and were higher than competitors' costs in each location. Benchmarking finance operations in several business regions, helped the company identify staffing and technology solutions to bring costs in line.
- A global technology company had never used external resources to analyze its finance and control operations. When it set out to accomplish a finance transformation initiative, leaders used benchmarking of their finance operations in three countries to verify that their organization was a leader in overall performance, but still identified opportunities for improvement in shared services and transaction processing.

Related insights

- [Dbriefs Webcast: Retail Benchmarking: The Key to Performance Improvement Opportunities](#)
- [SGA Book of Metrics for Retail: 2009 Executive Summary](#)
- [2009 Finance Book of Metrics for Process and Industrial Products: Executive Summary](#)
- [Dbriefs Webcast: Insurance Benchmarking for Life and Annuity Companies: Benefits of More Efficient, Less Costly Operations](#)
- [Finance Function Performance: Executives Use Industry Benchmarking to Raise the Bar](#)

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