



UNIT 32

BUSINESS STRATEGY

LO2: Assess an organisation's internal environment and capabilities

P2 Analyse the internal environment and capabilities of a given organisation using the given frameworks

BENCHMARKING; WHAT IS

BENCHMARKING IS A WAY OF DISCOVERING WHAT IS THE BEST PERFORMANCE BEING ACHIEVED – WHETHER IN A PARTICULAR COMPANY, BY A COMPETITOR OR BY AN ENTIRELY DIFFERENT INDUSTRY. THIS INFORMATION CAN THEN BE USED TO IDENTIFY GAPS IN AN ORGANIZATION'S PROCESSES IN ORDER TO ACHIEVE A COMPETITIVE ADVANTAGE.

BENCHMARKING IS NOT JUST A MATTER OF MAKING INQUIRIES TO OTHER COMPANIES OR TOURING AND DOCUMENTING ANOTHER COMPANY'S FACILITIES OR PROCESSES. WHEN MAKING USE OF BENCHMARKING, A COMPANY SHOULD NOT LIMIT THE SCOPE TO ITS OWN INDUSTRY, NOR SHOULD BENCHMARKING BE A ONE-TIME EVENT.

(STROUD, 2017)



BENCHMARKING





BENCHMARKING; TYPES

- PROCESS
- PERFORMANCE
- STRATEGIC

(JUREVICIUS, 2014)

BENCHMARKING; APPROACHES

- INTERNAL
- EXTERNAL
- GENERIC
- COMPETITIVE
- FUNCTIONAL

(JUREVICIUS, 2014)

BENCHMARKING; STEPS

1. UNDERSTAND THE COMPANY'S CURRENT PROCESS PERFORMANCE GAPS.
2. OBTAIN SUPPORT AND APPROVAL FROM THE EXECUTIVE LEADERSHIP TEAM.
3. DOCUMENT BENCHMARKING OBJECTIVES AND SCOPE
4. DOCUMENT THE CURRENT PROCESS.
5. AGREE ON THE PRIMARY METRICS.
6. THE METRICS SHOULD BE PUT IN WRITING
7. AGREE ON WHAT TO BENCHMARK
8. DEVELOP A DATA COLLECTION PLAN
9. IDENTIFY RESEARCH SOURCES AND INITIATE DATA GATHERING
10. DESIGN A SCREENING SURVEY TO ASSIST WITH PARTNER SELECTION
11. DETERMINE HOW TO CONTACT AND SCREEN COMPANIES
12. DESIGN A DETAILED SURVEY TO GATHER INFORMATION
13. DECIDE IF GATHERED INFORMATION MEETS ORIGINAL OBJECTIVES

(STROUD, 2017)

BENCHMARKING; STEPS

14.CONDUCT A SITE VISIT

15.APPLY THE LEARNINGS TO PERFORMANCE GAPS

16.COMMUNICATE TO THE EXECUTIVE LEADERSHIP TO ENSURE CONTINUED SUPPORT

17.DEVELOP A RECOMMENDED IMPLEMENTATION PLAN WITH PROCESS OWNER

18.KNOW WHEN TO UPDATE AND RECALIBRATE

(STROUD, 2017)

BENCHMARKING WHEEL

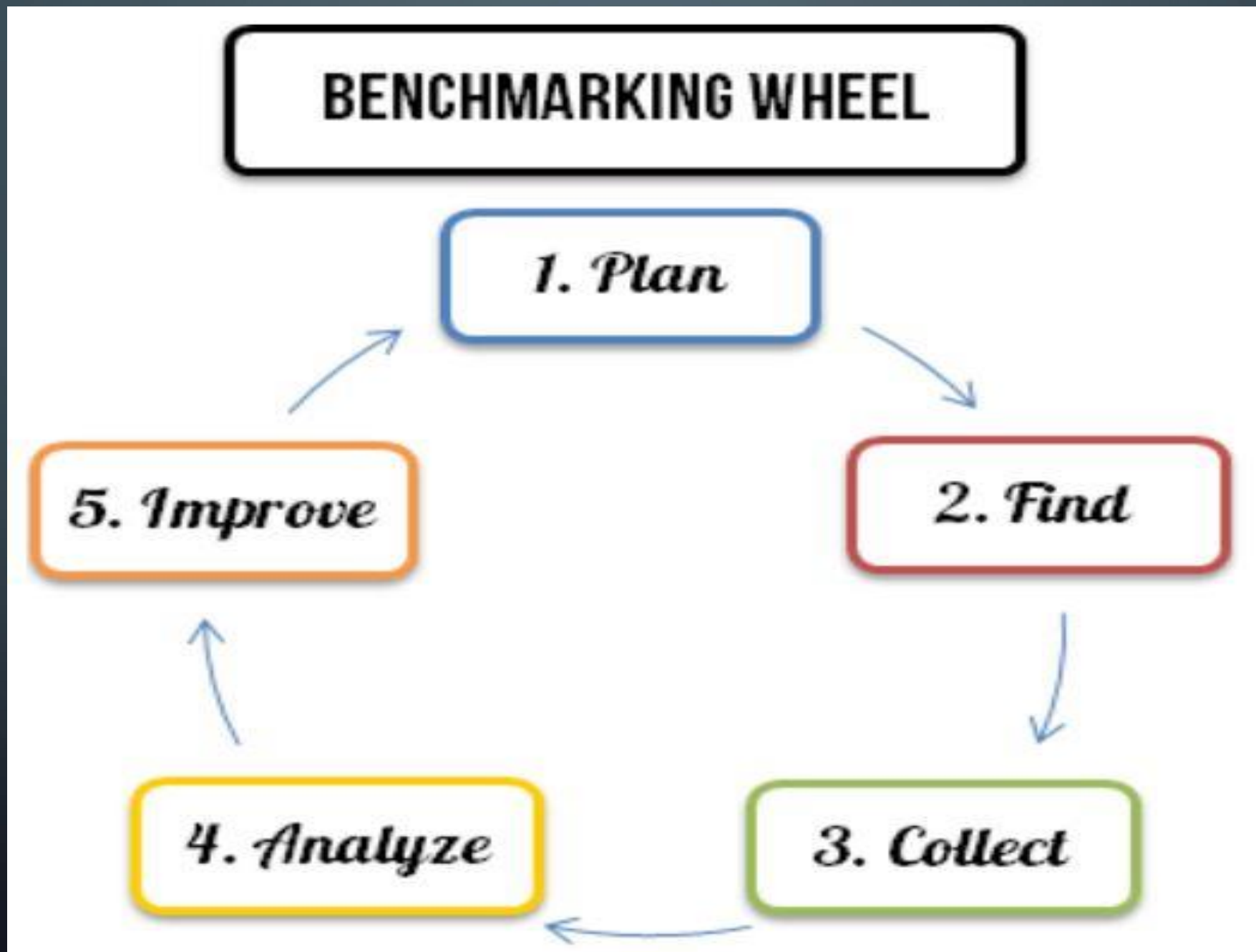
1. Plan

2. Find

3. Collect

4. Analyze

5. Improve



COST-BENEFIT ANALYSIS

COST-BENEFIT ANALYSIS (ALSO KNOWN AS A BENEFIT-COST ANALYSIS) IS A PROCESS BY WHICH ORGANIZATIONS CAN ANALYZE DECISIONS, SYSTEMS OR PROJECTS, OR DETERMINE A VALUE FOR INTANGIBLES. THE MODEL IS BUILT BY IDENTIFYING THE BENEFITS OF AN ACTION AS WELL AS THE ASSOCIATED COSTS, AND SUBTRACTING THE COSTS FROM BENEFITS.

WHEN COMPLETED, A COST-BENEFIT ANALYSIS WILL YIELD CONCRETE RESULTS THAT CAN BE USED TO DEVELOP REASONABLE CONCLUSIONS AROUND THE FEASIBILITY AND/OR ADVISABILITY OF A DECISION OR SITUATION.

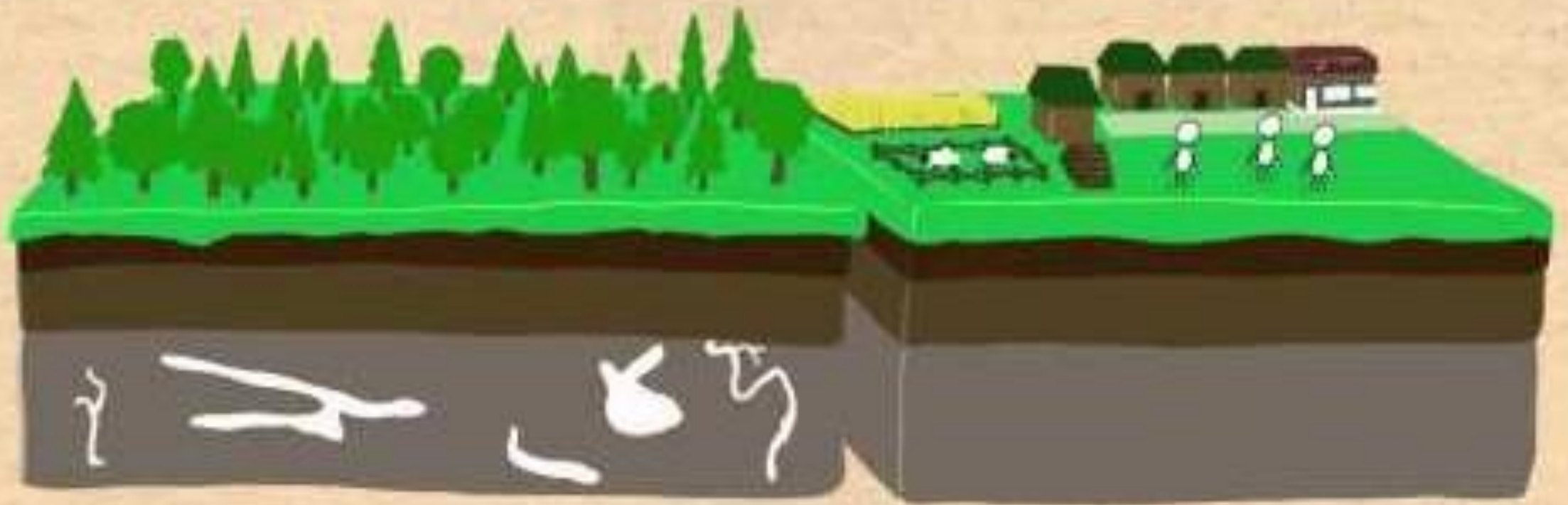
(STROUD, 2017)

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(STROUD, 2017)





COST-BENEFIT ANALYSIS; HOW TO

1. BRAINSTORM COSTS AND BENEFITS
2. ASSIGN A MONETARY VALUE TO THE COSTS
3. ASSIGN A MONETARY VALUE TO THE BENEFITS
4. COMPARE COSTS AND BENEFITS

(STROUD, 2017)