As a leader—yeah, as a top steward of your enterprise…maybe the CEO or a Board member—just how does your enterprise go about improving key facets that are crucially weak or are holding it back from getting to the next level? Or, to be more pointed and direct, how to keep your enterprise from getting slowly put out of business by competitors or getting acquired on the cheap by a more healthy competitor?

Well, one of the key answers for many over the years is to benchmark enterprises that are *demonstrably*…*fruitfully*…leading the way in what they are doing. Yeah, they are *better* in key ways. So, what does it really mean to benchmark companies? Simply put…it means to undertake an astute analysis of key processes or practices that can reveal how to improve what you are doing…yeah, where you are and how you are vitally lacking. And this episode is about the promise and perils of benchmarking companies just like that.

First, the promise. Benefits of effective benchmarking are obvious—key improvements to make are identified…implemented…then reaped for rewards. But just what are the improvements to target? The possibilities are often many…and thorny. Is it product or service quality? Is it manufacturing efficiency? Is it worker productivity? Is it marketing mojo? Is it continuous innovation? Is it strategic re-anchoring?

The reality is that much of business is complex…there are many moving parts that need to work together smoothly and in concert in order for an enterprise to simultaneously be a great steward for customers …*and* employees…*and* owners. To that end, it'll help us to look at some background of benchmarking...

The basic reality is this: benchmarking is essentially just comparing what you are doing or what you know to something that is being done better…and then working to get to a better result. Unsurprisingly, there are differing yet helpful versions about where the word "benchmarking" originated. One version is that it comes from shoemakers in medieval villages marking the dimensions of the unique feet of customers on a bench and then building the shoes to a great fit. Yeah, the shoemaker was marking the bench!

Another version from long ago is surveyors who chiseled marks in stone to indicate reference points for the construction to follow. But benchmarking other businesses happened rather early on in the Industrial Revolution a couple centuries back—an example was industrialist Francis Lowell, who worked to improve his factories by studying other enterprises. And in the early 1900s, in order to better craft his assembling of cars, Henry Ford visited beef processors to watch multiple workers efficiently doing their specific tasks.

More recently, when it became clear it was falling behind in the 1980s, Xerox, the copy machine company, took a deep dive into the practices of its competitors…and those were savvy companies in Japan. For that reason, some folks peg Xerox as a sort of pioneer in modern benchmarking. And you have to give Xerox credit for recognizing it was headed for trouble if it didn't take action. That's because, in contrast, many leaders whose enterprises are in trouble don't identify their key vulnerabilities until it's too late.

But hold on a minute. Broadly speaking, there are *two* key positions to benchmark companies from—first, like Xerox, when your company is in real trouble if it doesn't take action—and, second, when your company sees an opportunity to benchmark companies for its upside potential. See the difference? Xerox was on defense from already established competitors…but Henry Ford was taking action *ahead* of most of his direct competition by benchmarking companies and their processes from outside his industry. Yeah, he was looking at beef processing plants in order to propel his car company beyond his direct competitors.

This reveals a lot about benchmarking. Some leaders take an obvious path, checking out the practices of direct competitors. That's important, but it's often basically just playing catch-up, even if it's trying to go beyond what competitors are doing. What makes the Henry Ford story compelling was his creative savvy in seeing huge potential from a process that a different industry was using, in fact, he actually reversed their processes at his car factory. These are key for every enterprise—is executive leadership missing the boat either on remedying deficiencies or potential opportunities? Hey, all enterprises must benchmark!

One of my favorite anecdotes of the Ford-style benchmarking a different industry was Southwest Airlines in its early years. In order to get Southwest's expensive airplanes up in the air more times per day and

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therefore spread operating costs over more flights, Southwest wanted to significantly minimize the time Southwest's airplanes would be sitting idle at the airport gates where passengers deplane and board.

Some reports are that Southwest looked to experiences with other airplanes, but the delicious anecdote that is often told is that Southwest benchmarked the Indy 500 car race—where a pit crew can get a car back on the track in about seven seconds! No matter the approach, Southwest benchmarked well—and its gate turnaround times were far lower than its competitors'. And that showed up in lower-cost fares!

But what about some *perils* of benchmarking? Well, there a number of them—and any particular one can thwart benchmarking initiatives! Let's go through a list of seven key perils of benchmarking right now!

First, many enterprise executives fail to spot and address brewing troubles with downside risk…and fail to identify and leverage key developments and opportunities for upside potential! For example, key issues needing to be addressed in many enterprises nowadays require a tech savviness that's integrated throughout the enterprise—and how many CEOs understand technology at the necessary level to thrive?

Second, the same skill set needed to get appointed to the top of an organization is not necessarily the same one for leading organizational change in a fast-moving era. That's actually common—the same skills that fostered key people to navigate successfully to become CEO often work in opposition to the necessary strategic understanding, skills, and willingness to significantly change the organization via benchmarking!

Third, there's the lack of executives knowing what's really going on in detailed operations. This may sound crazy, but *great leaders know what's going on in the trenches.* And, hey, great leaders are uncommon!

Fourth, enterprise leaders often look to the wrong companies as benchmarks. Hey, for iPhones, Steve Jobs did *not* benchmark Nokia and flip phones! And Henry Ford didn't look to custom auto makers!

Fifth, the tenure of the CEO is often short, especially in public companies. And for many, it's tempting to enjoy the perks of office for five years or so rather than to rock the boat…even if it's change that's needed!

Sixth, the embedded culture and managers throughout the entire enterprise often work to thwart any real change that could alter existing power, authority, and compensation structures. And bureaucratic structures are often very stubborn. Truth be told, many normally likeable, innocent-acting folks can be the most extraordinary fighters when it comes to the intricacies of bureaucratic warfare—especially when threatened with difficult change or the loss of stature for them or their department. Yes, an enterprise can have a great benchmarking initiative in place and ready to go—and, before you know it, that initiative is just one more discarded, dead initiative languishing in the corporate graveyard alongside many others!

Seventh, last but not least, board members can often be very effective obstacles of crucial benchmarking, whether they intend that or not! People who don't believe *that* haven't been close observers of boards.

Yes, these seven perils are prevalent in many *workplaces*. But how about churches—the same issues are often in play, too! And here's the one truly unique benchmark—for *both* your church *and* your workplace: consider that *the greatest benchmark for success…past, present, and future…is the Kingdom of God* that's revealed throughout the New Testament! From big-picture strategy to marketing to operations to people and communications issues, Kingdom wisdom and directives are without peer. In fact, the universal church would shrink dramatically if it failed to benchmark to the Kingdom, where believers act upon Jesus's perfect command in His Great Commission of going forth and making disciples of all nations. (See Matthew 28:19-20.) And in Acts 11, we can see the early church at Antioch effectively doing just that!

But, sadly, the failure to benchmark *is* happening in churches in many geographic locales worldwide. Yeah, proportionally few modern American and European churches are thriving, growing, making new disciples. In contrast, many churches in Asia, Africa, and South America are! You know that the pervasive relevance of the Kingdom is always amazing—and here, the promise of benchmarking to the Kingdom is awesome… while the perils are only temporal. Even deeper than that, benchmarking the Kingdom is the unique tool relevant for *every* organization. That's right, the Kingdom is *the benchmark for benchmarking!*

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A&A: Application & Action

1. Would you say that your workplace poor…good…or great at benchmarking? If good or great, is its focus on competitors directly in your industry or more on gleaning relevant practices from outside your industry? Discuss.

2. How about your church (and denomination, if applicable)? Does it effectively benchmark to Kingdom purposes as to the Great commission, for example? Or is Jesus's command in the Great Commission inherently limited just to certain churches? Discuss.

3. You can find the Whitestone seminar titled *Lasting Greatness* at whitestone.org where ten tools are detailed for use in every organization. Of course, that seminar benchmarks the Kingdom in areas like marketing, management, strategy…and, of course, benchmarking itself! Do you believe that the Kingdom of God is or should be the "benchmark for benchmarking" in all key facets of your life—personal, church, and workplace? Discuss and provide examples.

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