

Benchmark Your IT Benchmark

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Abstract: The article addresses information technology performance benchmarking with specific emphasis on what could jeopardize the efficiency of the IT benchmarking process. Though the benchmarking process may entail all required components, other factors related to the culture will impact its efficiency. Hereby, we step out of the benchmarking process to benchmark it. In this article, we address the cultural and operational aspects required for successful IT benchmarking. An emphasis on culture framework components to drive the change required by benchmarking is discussed. Beside the cultural aspect, the three main areas to include in your IT benchmarking are service delivery, digital transformation, and operation cost. The impact of these areas and how they influence your IT benchmarking is explained. Considering all of these aspects should push forward your IT benchmarking.

Keywords: benchmarking process, IT benchmarking, digital transformation.

1. INTRODUCTION

Benchmarking is a formal way to compare the practices, processes, and outcomes of your organization with others performing similar types of work or processes. The objective is to assess whether you're performing above, on, or below your benchmarking partners. Beside the data-driven aspects of the process, there are other factors you need to account for to achieve your benchmarking goals efficiently. Culture and operation aspects play a major role in the success of benchmarking.

The main idea behind benchmarking is the comparison of an organization's performance with other best-in-class organizations. In doing so, organizations seek to ensure continuous improvement, maintaining of quality, and customer satisfaction. Before benchmarking, an assessment of the organization's existing culture is required to set the cultural orientation on what to improve and the goals to achieve. An organization may already have a benchmarking program in place, but later realize that the benefits of the executed benchmarking is not up to expectations. So, they continue to execute new cycles of benchmarking and select new partners to benchmark as they strive for improvements without luck. This drives the organization to wonder what is going wrong. Moving here and there, changing benchmarking partners and some process parameters to achieve tangible progress without realizing that it is moving within a confined space. To attain tangible progress and improvement, they need to step out of their confined space to look into its benchmarking program to benchmark it.

In this article, we will provide some tips on how to benchmark your benchmarking program. For benchmarking to be effective and drive results a number of aspects should be considered. First of all, you need to analyze exactly what you want to accomplish with benchmarking. Then, set your overall objective to track what is right for your organization, taking the following into account for efficient and effective benchmarking results:

- Your overall business goals
- Your decision-making process
- Your customers' pain points and goals
- What is more effective to measure and report

Once these areas are analyzed and you have identified what is crucial for the organization and the customers of IT in the organization, you need to benchmark both areas, the organization cultural aspects and the operation.

2. CULTURAL

Understanding Existing Culture and Context

Culture drives change, so it is important for an organization to first embrace change to drive change. Without embracing change within the day-to-day operations by the employees, nothing will change and all efforts will become a façade with figures that do not drive desired results toward the goal of improvement. Culture, as a framework, consists of individuals' knowledge, values, beliefs, communications, and behaviors that direct their actions. Corporate culture is defined as an organization's behaviors and attitudes, which encompasses values, beliefs, assumptions, communications and behaviors prevalent throughout an organization in relation to benchmarking practices.

The starting point is to analyze your culture and what is required to make a shift toward a changing culture. An awareness and incentive program might be required to gear your culture to embrace change and realize the benefits of the change. A benchmarking culture should be based on continuous improvement mentality in addition to communication policies and organizational values delivered in terms of satisfied employees and customers, teamwork, managerial behaviors, initiatives, performance measurement and improvement, benchmarking planning, competitor analysis, organizational learning, and benchmarking-related training. Kyriakidou and Gore (2005) identified four dimensions of benchmarking culture, which were a collaborative setting of organizational missions and strategies (commitment to objectives and future planning, trust, feedback). To build the future together, a clear vision with proper information flow and management support to empower employees for open communication and willingness to develop and train. To drive the culture change, a holistic benchmarking scope shall be tailored to fit the organization considering the four dimensions, commitment to objectives, future planning, trust, and feedback.

Benchmarking Scope

A benchmarking scope needs to be set with clear vision/objectives, information flow policy, and stakeholder sponsorship. The scope should state clear targets and boundaries considering team development with clear roles facilitating information and resource sharing. Set the stage clearly on where you are now prior to benchmarking and where you want to be after benchmarking. This scope needs to be announced and circulated to all employees in the organization. Listen carefully and openly to your employees and their concerns and obstacles toward achieving targets as it is defined in the scope. Revise the scope accordingly, addressing the highlighted obstacles and concerns. Following this, tailor your awareness program, employee training, and incentive program to achieve the targets set by the final scope. For any fire to keep burning, it requires fuel and your fuel is your incentives program and how your employees will embrace the changes and realize the benefits of adopting the change.

Cultural change is not a one-day job, it is a full journey that requires a presenting push represented in your acts and how you pursue change.

Beside the benchmarking scope, you need to look into your employee's attrition and what is required to stop this bleeding gash? Although this might require changes beyond the limits, which is derived by the market competition, it is a cornerstone of effective change. Retaining key people is a game-changer to stay competitive, and therefore you need to address your employee's satisfaction and how they perceive their carrier in your organization. Employee performance should constructively drive the change while they realize the benefits and the results on their carrier growth.

3. OPERATIONS

For IT operations to be benchmarked it is crucial to define proper measuring metrics. Metrics are quantitative assessments that organizations use to measure their performance and analyze over/under performance. Defining the right metrics is a pillar for successful benchmarking. Metrics can provide value only when measured in the right context, so first you need to define your relevant metrics. Metrics will be the measuring scale of your performance and whether you are overperforming or underperforming compared to other competitors in the same industry.

For service IT operation there are three areas to benchmark: service delivery, digital transformation, and operation cost.

Service Delivery

Service delivery is what concerns your counterpart in the organization, it is the part of your operation facing your customers, and therefore you need to carefully track its performance. Service delivery is your means to express company values to your

customers in the form of services. Your service delivery performance is totally dependent on other organizations within your internal operations and for it to perform well as a service provider to your internal customers, it requires premium treatment as an indirect customer for your internal operations entities. Selecting the right matrices to measure the performance as a foundation for benchmarking requires governing the relations among all of these entities. With each customer there should be a Service Level Agreement (SLA) and for each internal operation entity there should be an Operational Level Agreement (OLA).

An SLA is a written agreement between the service provider (first level support team) and its customer(s) that documents the following:

- Agreed service levels and key service targets
- Responsibilities of both parties
- How service performance is to be measured

An OLA is a written agreement between the service provider (first level support team) and all other internal operation support teams, who are required and have agreed to deliver their services to enable the successful achievement of the SLAs.

Where SLAs are customer-facing, OLAs are internal agreements that a service provider defines for internal users to meet SLAs.



SLAs and OLAs form the bases for performance measuring matrices. There are tens of performance measure matrices to use, and you need at least to consider the following:

- Matrices should matter to your customer:

Put yourself in your customer's shoes and talk to them to find out what is important to them.

- Keep metrics simple:

Keep regular reports to one page wherever possible. Cover highlights and exceptions only. A cursory glance at the report should tell your management if there is anything they should be immediately concerned about.

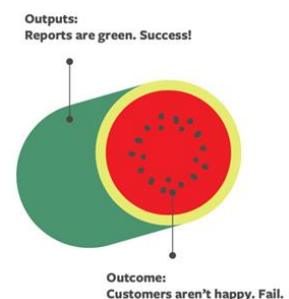
- Timely reports:

Don't wait for your scheduled reporting times to highlight issues to IT or business management leaders. Keep them informed of issues as they occur.

- Beware the watermelon effect:

Your outputs (activities) meet defined targets, but the outcome (result) is not achieved; your customers still aren't happy with your service. Revise your metrics and the way you are benchmarking your performance.

Your service delivery is a method of benefits realization to the organization stakeholders; therefore, customers' high satisfaction level indicates your success in delivering a great service experience, but a poor service experience will ruin a good product or service delivery. Despite the hard work and quality your internal operations did to deliver products and services, service delivery is the packaging that indirectly indicates the content of what you deliver.



Digital Transformation

Digital transformation is the future game your organization should play to survive and sustain its existence; therefore, the organization should benchmark it to realize their current position and level of maturity. To determine your current position,

you need to set a strategy that clearly defines a maturity model that consist of several levels. Each level needs to have clear demarcation so gaps can be clearly identified to move forward to the next level.

The first level is synergizing your internal departments operations in a way data silo is eliminated and your departments are no longer struggling to collaborate. The OLAs should be well-defined and maintained to assure quality of data and services. Once this is achieved, your departments are more connected and prepared to further improve their data quality to pursue new technologies that might be disruptive. Changing culture is a main driver to attain this, as mentioned earlier, and it is a prerequisite for this to succeed.

IT should focus on technology platforms and activating these platforms to result in business opportunities that enable the organization to be connected online and offline, linking digital transformation efforts to business values that results in profits and better revenue opportunities. A cross-functional collaboration should be established and well communicated within the organization to align everybody on the goals and the benefits so everybody speaks the same language.

Finally, the organization needs to set incremental efficiency targets across all functions to move from one level to the other. These efficiency targets are your key performance indicators used to monitor your benchmarking progress.

ITILs, for example, sets this maturity model to five levels, initiation, repeatable, defined, managed, and optimized. Each level clearly sets the criteria to fulfill and the demarcations between each level is clearly defined. The organization may tailor its own maturity model or simply relay on an international maturity model to adopt.

Transformation from a technical perspective is not sufficient to provide desired results. Along with technology transformation, there should be transformation in business processes and culture, which is augmented by comprehensive integrations among all business aspects.

Operational Cost

IT is a business enabler for organizations with core businesses other than IT. Hence, their existence is to drive the business to be more efficient to achieve a better financial state. IT investment by nature makes a tradeoff with financial investments so it is difficult to strike the right balance. Both overspending and underspending is a failure. Overspending may view IT as a burden on the core business with intangible efficiency and productivity to the core business, but underspending may not drive enough momentum to reach desired results. Therefore, it is vital to benchmark IT investment from the financial perspective as an operational cost.

Value realization on IT investments should be clearly set before pursuing project execution and closely monitored throughout the execution phase until the benefits are realized by the users and the stakeholders. All initiatives should be linked to the organization corporate goals with clear measurable benefits. To sustain the desired benefits, IT investments should adopt to market changes and continually be re-assessed, you never know when a disruptive change may occur to attain some of your investments invaluable and drive it to abortion. Though abortion is undesirable, it preserves the remaining project budget. IT projects are notoriously difficult to plan, budget, execute and deliver within the expected timeframe. Building the right plan, with clear milestones and deliverables, is essential to deliver a successful project.

Similar to other processes that undergo benchmarking within IT operations, project execution and cost control should be benchmarked to measure IT performance. High-performing project teams with diverse knowledge in IT and project management is crucial for project success. To assure the projects are aligned with the company's overarching business strategy, a detailed analysis of stakeholder positions is required. Project leaders should continually engage with all business unit and functional heads to ensure genuine alignment between business needs and the IT solutions being developed.

Proactively identify potential risks to set a win-win agreement with your suppliers, vendors, and stakeholders instead of price-centric negotiations. The right team should understand both business and technical concerns. One of the common pitfalls occur when teams focus disproportionately on technology issues and targets, ignoring the business perspective. Steer your focus on the main objective to attain business goals and objectives. Strive for a short delivery lifecycle to avoid creating waste in the development process.

4. CONCLUSIONS

Benchmarking is a key tool for continuous improvement by helping organizations to measure how they perform against peers and competitors in the same industry. Beside the formal benchmarking process, there are other factors to account for i.e., the culture and operation aspects.

Benchmarking your IT benchmark program from cultural and operational perspectives is a crucial way to pinpoint the obstacles hindering benchmarking from attaining the desired results. To attain these desired results from benchmarking for continuous improvement, the process, by definition, should be an endless iterative process.

Benchmarking your IT benchmarking program should be a continuous process with a defined cycle and should be monitored with clear goals and targets. No matter how mature your benchmarking program is, the culture drives the change; hence, the culture is your reactive catalyst to upscale or downscale the efficiency of this process.

Your operation quality is shown in your customer satisfaction, doing everything right without having the customer realizing it is a failure to be addressed. Your operation cost and investments should end with benefits realized at the corporate level supporting the corporate goals and mission, for the big picture to be colorful once everything is done right, effective stakeholders communication is crucial. Failures of the past are lessons for the future, and by the end of each benchmarking cycle harvest the lessons to start the new benchmarking cycle stronger.

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