

Benchmarking Critical Success Factors In Arab Gulf Cooperation Council (GCC) Countries

¹Hadi M. Alqahtani, ²Omar A. Bawazir

Dhahran, Saudi Arabia

Abstract: This research aims to identify Critical Success Factors (CSF) for conducting effective benchmarking. Firstly, the paper defines through a literature review the benchmarking, deference between benchmarking and auditing and concept of critical success factors in this study. At the end, the study list of critical success factors has collected and discussed thru conducting 15 qualitative research studies on local medium firms and agencies and nonprofit organizations to investigate more about the benchmarking critical success factors that helped local GCC firms to approach outstanding benchmarking achievements. The results can help managers and specialists in benchmarking initiatives and projects.

Keywords: benchmarking critical success factors, local medium firms, GCC firms.

1. BACKGROUND

Among the biggest challenges with corporates' leaders nowadays is reaching high level of optimization in operations while keeping eyes on future sustainability. The corporate strategic plans towards reaching more optimization in critical corporate processes, services and products are continuous endeavors. The optimization becomes more important in the era of intense competition, accelerating disrupted technologies and the rise of uncertainty caused by potential natural disaster and cyber-attacks risks. The pandemic of Covid-19 and its complex impact on global supply chains demonstrated different levels of adaptability among global firms. The pandemic has urged the firms with low level of adaptability to benchmarking themselves against more effectively competitor's business practices in order to improve the performance and reach better level of adaptability.

This is a proven fact. Once you benchmark your firm, you will be able to overcome the "Paradigm Blindness" which can be defined as the firm's beliefs that they are efficiently and effectively running their own business. However, in reality there are small gaps that hinder the corporate mission towards achieving growth and superiority. Benchmarking should be an effective tool to overcome "Paradigm Blindness" since you able to investigate your business strategies, processes and methodologies from different angles or with a different perspective.

As argued by Carroll (2013), benchmarking is more than auditing procedures. Auditing is mainly intended to highlight faults and deficiencies in order to reach compliance with standards, benchmarking can make further steps ahead by conducting interrelated efforts to elevate the business performance based current competitive rivalry, market changes and technology disruptions. A successful benchmarking should be also marked as a tool to reduce the resistance of change among the organization team members. Such change management.

As argued by Howell(2009), Benchmarking types varies in scope of work and breadth of results. Competitive and strategic benchmarking are the most comprehensive and wide ranging as they deal with comparing direct competitors' long-term strategies and core competencies in order to achieve better decision making and to stand against intensive rivalry competition and to reach bigger market share. On the other side, process and functional benchmarking are more specific. They tend to give more achievable results to improve a named process, product, or service.

The Critical Success Factors (CSFs) can be described as the elements that are necessary for a firm or project to achieve their mission successfully. It can be very hard to get team members to concentrate on major that really matter, this driving the importance of establishing solid CSFs to track and measure the progress towards achieving benchmarking strategic objectives. CSFs incorporates better accountability and responsibility among team members and the different departments involved in the benchmarking process. As per MindTools site, the CSFs can be determined based on four categories that include industry factors, environmental factors, and strategic factors and temporal factors.

Based on literature reviews on related project and quality management critical success factors such as Nichloas(2004), Dorsch & Yasin(1998) and others, Figure 1 shows selected critical success factors as the ones relevant to conducting benchmarking initiatives.

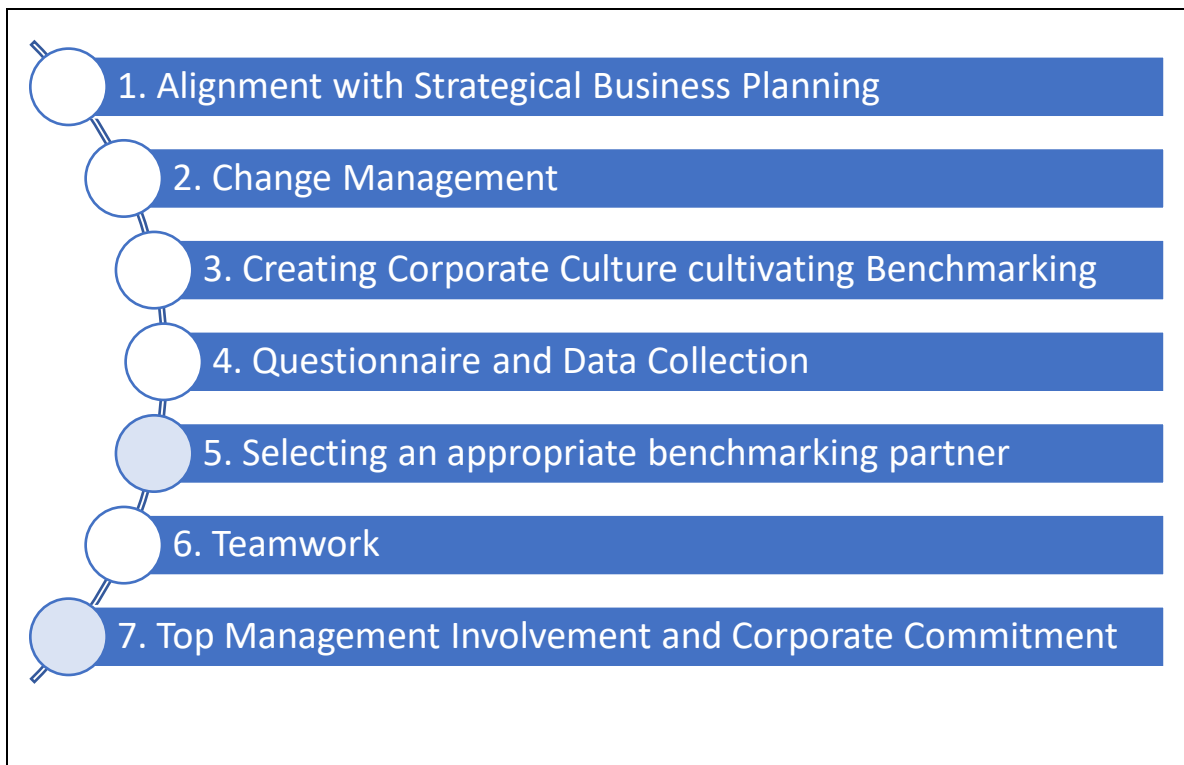


Figure 1: CSF list

The research presented in this study, sought to identify and provide insights into the critical success factors (CSFs) that help benchmarking project management to succeed

2. SURVEY AND RESEARCH OVERVIEW

During the spring period of 2020 and under the conditions of the Covid-19 lockdown period, we conducted 15 qualitative research studies on local medium firms, agencies and nonprofit organizations to investigate more about the benchmarking critical success factors that helped local GCC firms to approach acceptable benchmarking achievements. We asked open-ended question about how each factor helped them in conducting successful benchmarking. Also, interviewers ranked the 7 CSFs in the order they think they were critical and significant important to achieve a successful completion of their benchmarking projects. Each factor is scored on a 1 to 5 scale where: 5 = Strongly important, 4 = important, 3=Neutral, 2 = unimportant and 1 = strongly unimportant. Moreover, we have collected # of benchmarking projects so we drop one of them because the number of benchmarking projects were less than 5 benchmarking projects. These criteria is to identify the quality of the participant inputs. We have sum-up all scores given to each factor in order to create sorting mechanism. The result of survey showed in figure 2.



Figure 2: Survey Result

3. SURVEY FINDINGS AND DISCUSSION

According to the results of this survey, the critical success factors are discussed and explained below

1. Questionnaire and Data Collection

The survey shows designing questionnaires and data collection is crucial for successful benchmarking projects. The survey shows certain factors that are needed to be consider at this stage such as:

- Developing meaningful and related questions that covers all benchmarking areas.
- Clarity and comprehensiveness.
- Data collection methodology must be listed to be fit for the situation and to ensure the relevancy to the scope of benchmarking. The data must meet the firm methodology aimed calculate performance measures and KPIs. Though face-to-face is the most effective way to gather information, there are other secondary means that can be used such as: interviews, questionnaires, observations and corporate financial statements. In this particular COVID-19-time, face-to-face interviews can be replaced by electronic meeting and telepresence tools such as Zoom and Microsoft Teams.

2. Selecting an appropriate benchmarking partner

The research shows benchmarking partner is key for effective benchmarking projects. Partners might be internal of firms or external. You should keep in mind that additional budget resources are still required to conduct external benchmarking that might management is not willing to approve.

As argued by Kumar and Douglas (1999), when considering external benchmarking, you should keep in mind that it would be a big advantage if you manage finding the right-sized with same level of capabilities and capacities. In case there are differences in business operating environments between the two parties, compatibility assumptions and tailoring aspects should be identified and documented.

They showed some criteria that helped them to identify outside partner or baseline:

- Market research, and financial statements and news
- Ally firms that have business relations like multiple dealers for same vendor
- Utilizes Benchmarking consortium for their field or industry

Also, there is certain factors that help to determine whether to go with external or internal partners. These parameters can be summaries as follows:

- Scope of benchmarking
- Being specific or generic
- Piloting and drafting
- Confidentiality and sensitivity of data
- Transparency
- Consistency and similarity of performance metrics
- Innovation and out-of-the-box practices
- Budgeting limitation

3. Creating Corporate Culture cultivating Benchmarking

In order to assure a successful benchmarking exercise, most of the participants emphasized the importance of creating a corporate culture that should demonstrate the following attributes:

- less blaming culture in which people are unwilling to speak out, take risks, or accept responsibility at work because they fear criticism, retribution, punishment, or career limiting
- Fault finding and exposure are ongoing endeavors
- Risk adverse and less tendency to change

In general, firms should accept to criticize itself in order to learn and improve. It should not focus on who nor how the gap was caused rather than willingness to recover situation immediately. The culture should reflect accountability and responsibility levels willingly. The culture must be proud of the final results of improving itself and its ability to stop bleeding before it gets worse.

4. Top Management Involvement and Corporate Commitment

Participants showed importance of involving Management form the beginning and secure their backing and support benchmarking for both financially and non-financially manners. Study shows that some key factors to get management support:

- Increasing Firm's growth
- Sales sustainability
- Increase market shares
- Optimize operational cost

Consequently, Benchmarking team should explain the benefits gained form the benchmarking processes that include quantified performance measures, discovered performance gaps, reduction of cost in ownership, improved customer satisfaction, demonstrable ROI, and better alignment with the industry best practices. Securing management support will assist in providing the required resources such as manpower, culture change, financial and non-financial resources.

5. Alignment with Strategical Business Planning

This is a broad and high-level topic, the survey contributors agreed on the importance of aligning the outcomes of benchmarking plan to nurture strategical business plans and to have real effect on their businesses' long-term performance metrics.

The survey was conducted in the middle of the pandemic of Covid-19 and its complex impact on global economy especially on e-commerce industry. GCC firm have been committed to support the new corporate strategic plans to invest in building electronic shops, mobile applications and related logistics and customer support services. Benchmarking projects can be an effective way to catch up with competitors' digital ecommerce transformation.

In other words, the pandemic has urged the firms with low level of adaptability to benchmarking themselves against more effectively competitor's business practices in order to improve the performance and reach better level of adaptability

6. Teamwork

The whole benchmarking process should be considered as a cohesive teamwork working together and playing a win-win game. As said by Henry Ford "If everyone is moving forward together, then success takes care of itself".

The benchmarking team must involve actual Subject Matter Experts (SMEs) and day-to-day experienced operators of the benchmarked function. Involving such experienced people will help to understand the details of the function, and buyout their consent and support for the subsequent recommendations and changes. Team members should introduce brainstorming sessions to agree on the benchmarking scope, goals and milestones. Everyone voice is heard equally considered and encouraged respectfully. By the end the team should be committed to perform the deliverables of the benchmarking process. During the project, all must communicate properly and transparently whether formally or informally and respect different perspectives. Potential obstacles and misunderstanding can be resolved through proper communication channels.

7. Change Management

Implementing benchmarking results depends on how successful change management strategy. In the subject study shows effective change management strategy should include most of below items:

- Management sponsorship and endorsement as earlier discussed.
- Engage with middle managers and everyone. The bottom line is that you secure their buyout and persuasion.
- The benchmarking team should plan structured change management approach to implement the benchmarking outcomes and recommendations. It is highly recommended consider each benchmarking recommendation as change item that you need to assess its impact and prerequisites and requirements on the corporate resources whether its finical or human resources.
- Communicate and exchange ideas frequently and openly within the affected departments and with others too as discussed. In some cases, you should seek support and integration from corporate's project management office and relevant operational excellence staff especially scheduling, tracking and calculating the risk management. Finally, it would more motivating to address a simple reward system.

REFERENCES

- [1] Camp, R. C. (2006), Benchmarking, Taylor and Francis, New York, New York
- [2] Carroll, C.T. (2013). Six Sigma for Powerful Improvement, CRC process, Boca Raton, FL
- [3] Dorsch, J.J. and Yasin, M.M. (1998), "A framework for benchmarking in the public sector: Literature review and directions for future research", International Journal of Public Sector Management, Vol. 11 No. 2/3, pp. 91-115
- [4] Howell, M. T. (2009), Critical Success Factors Simplified, Productivity Press, New York, New York
- [5] Kumar, A., Motwani, J., Douglas, C. and Das, N. (1999). A quality competitiveness index for Benchmarking. Benchmarking: An International Journal, vol.6 No. 3
- [6] Project Management for Business and Engineering, Second Edition: Principles and Practice 2nd Edition Butterworth-Heinemann; 2nd Edition (February 16, 2004)
- [7] Schneider, J.L., Wilson, A. and Rosenbeck, J.M. (2010), "Pharmaceutical companies and sustainability: an analysis of corporate reporting", Benchmarking: An International Journal, Vol. 17 No. 3, pp. 421-434