



POSSIBILITIES TO APPLY BENCHMARKING AS AN INSTRUMENT FOR PRODUCT QUALITY MEASUREMENT

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ABSTRACT

During the last years a fierce competition among member states and countries outside the European Union is observed. In this regard, the most important fact is that countries are not treated equally from geographical, economical and social point of view and that is why they cannot compete in the same conditions. The main objective of the report is to characterize benchmarking as an effective instrument for improving the quality of business activities. The main accent will be put on the benefits of applying benchmarking in the management of the companies and its contribution for the development of their economic activities and competitiveness.

Key words: benchmarking, quality, analysis, competitiveness

ABSTRACT

В мире, в котором мы живем, существует острая конкуренция между государствами, территориями, как внутри ЕС, так и за ее пределами. Характерно, что страны не имеют те же экономические, социальные и географические условия, и не все могут конкурировать на равных. В статье будет характеризоваться бенчмаркинг как возможность для эффективного инструмента управления для повышения качества бизнеса. Она будет сосредоточена на преимуществах управления бенчмаркинг, через которые способствуют улучшению бизнеса и повышения конкурентоспособности организации бизнеса.

Key words: бенчмаркинг, анализ качества, конкурентоспособности

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1 CHARACTERISTICS OF BENCHMARKING

Benchmarking could be perceived as an effective instrument for the quality and management of business activities in the era of globalization and fierce competition among companies..

Benchmarking is a tool of management, helping for the development of the economic activities of organizations and improvement of their competitiveness.

The term „Benchmarking” derived from the words „bench” and „mark”. This combination of words was once used in geodesy and its meaning was different: „reference mark”, „mark the height”, „mark the fulcrum” and etc. [1]

The main point of benchmarking is to study the processes and indicators, to compare them with the most competitive ones in the relevant sector and to adapt the best practices.

Most of the management theories are applied in the huge corporations. The new methods for managing the processes in companies help them organize the productivity process, satisfy customers’ needs and gain core competence.

One of the widely used tools of management is the strategic planning process which is related to the allocation of the resources so as to be achieved:

- ✓ The objective of the organization;
- ✓ Its mission;
- ✓ Its vision;
- ✓ Definition of the company’s business objectives;
- ✓ Methods and desired market share for the future;
- ✓ Management of the business-to-customer relationships - gathering information to better understand customers’ needs;
- ✓ Core competences – identifying and investing in special skills and technologies, that are important for the customers;
- ✓ Outsourcing – hire third parties to manage activities that are not related to the main activities of the business;
- ✓ Reengineering of business processes – totally change core processes in order to increase productiveness and quality and to decrease production time.

Innovation is a key factor for long-term success of the economic activity of companies, together with total quality management and zero levels of rejects. Some authors said that benchmarking is an evolution of the concept for total quality management.

A research, conducted by Bain&Company showed that some of the widely used tools of fierce competition in the USA are: Strategic planning – 89% of the companies applied integral programmes for long-term success; Mission and vision – applied by 85% of the respondents, who described what would be the company’s successful way

for development and; 76% of the companies understood that benchmarking is the best practice to achieve higher market indicators.

On one side, benchmarking could be defined as a continuous process for analysis and assessment of companies' own activities and processes by comparing them with the best ones and on the other - implication of business solutions and strategies to improve quality of products and gain better market share and competitive advantage.

The following characteristics are typical for the benchmarking fig. 1.

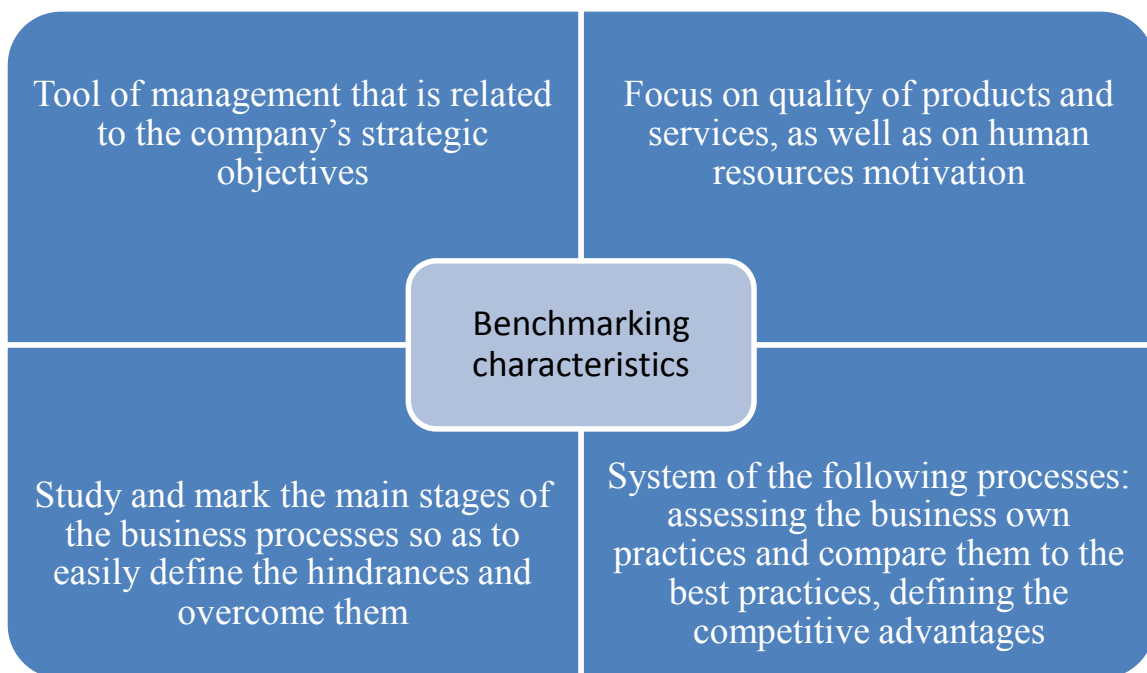


Fig. 1. Benchmarking characteristics

2 BENCHMARKING PRINCIPLES

Some principles of the comparative analysis must be taken into account [2]:

- ✓ *Reciprocity*: the data exchange must be reciprocal so as the good manners among partners to be kept
- ✓ *Analogy*: in order the comparative analysis to be successful when choosing the “bench mark” the functions and processes of the participating companies must be analogous to each other.
- ✓ *Dimension*: in order the result of the comparative analysis to be objective, core characteristics of the processes must be defined.
- ✓ *Reliability*: the comparative analysis must be based on reliable and valid information, correct analysis and precision of the processes.

The benchmarking process is passing through the following stages:

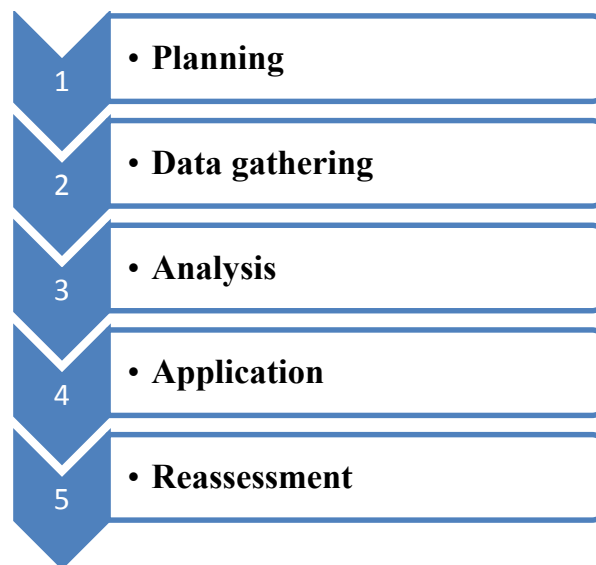


Fig. 2. Stages of the benchmarking process

3 POSSIBILITIES TO APPLY BENCHMARKING IN MANAGEMENT PROCESS

Today, benchmarking is perceived as one of the most popular tools for management of the companies, for achieving effectiveness and improving competitiveness of organizations. The economy as a whole benefits from the strategic necessity of companies to gather information, analyze and implement the best practices. In Japan and the USA, for example, the main purpose of the government is to apply benchmarking, concerning the aforementioned.

Transnational companies are the main actors who impact the development of the benchmarking. The application of benchmarking guarantees better management; more efficient implication of innovations at companies; better productiveness and quality of the products and services provided. Benchmarking is also used to define the corporate social responsibility in huge enterprises.

Every 5th company in England applies benchmarking so as to assess and improve its competitiveness.

We have to mark that not every widely used method for management could be successfully applied in small and medium enterprises (SME). They are not also interested in setting up quality management systems. Small and medium enterprises take 98% market share and that is why in many countries in the world their state policies are directed toward supporting the development of SME.

The SME comparative analysis is conducted in accordance with the characteristics of the sector they operate in. In this regard the main advantage is the

power of the leader, his close relationship with the workers and his intimacy with the customers.

Real obstacles for conducting comparative analysis in SME are their trade secrets and the limited resources.

Benchmarking is well accepted both from the private and public sector by implementing the best practices.

At its official web-site, the European Foundation for Quality Management (EFQM) gives access to its members to the database with good practices in the field of management. The on-line access allows the beneficiaries to extract the best practices. Stimulating social, ecological and financial responsibility of organizations brings more benefits for the society.

The main objective of the European Commission is to study the best practices in order the competitiveness of the industry to be enhanced.

In accordance with the Lisbon Strategy, the main objective of the European based on knowledge Economy is to become the most competitive and dynamic economy in the world. Since then the European Commission gathers information about the best practices in all possible fields which can be found on the web site of the Commission. [3]

Most of the European projects are carried out by means of benchmarking practices. For example the European transport policy is based on the benchmarking. Another objective of the Lisbon Strategy is to implement the so called e-Europe by developing e-government in the member states. By benchmarking the development of the member-states could be analyzed and different measures could be applied when necessary.

Benchmarking studies in the EU help Bulgaria strengthen its interest in carrying out policies to manage innovations and be part of the European Charter of Innovations.

To ensure effective and ethical going off of the benchmarking process, European Ethical Codes, based on the principles of confidence and trust are worked out.

4 BENEFITS OF APPLYING BENCHMARKING

The establishment of “progressive” practices through benchmarking allows the plans for adaptation and implication of successful techniques, methods and approaches in the organizations to be developed.

The assessment of foreign good practices is a good chance for the company to examine how successful it will be if it is applied. In this regard the different alternatives are analyzed in accordance with the mission and vision of the company as well as its annual financial results in order to be more competitive.

Based on the aforementioned, benchmarking could be defined as complex model that takes into account the following:

- ✓ Necessity of changes in the organization, related to its main objectives.
- ✓ Know and assess the processes and activities in the company.
- ✓ Goodwill of the manager to implement new knowledge and innovations.
- ✓ Choose appropriate bench marks for comparison.
- ✓ Choose appropriate indicators to assess the core competences of the company.
- ✓ Study and analyze the core competences of the company.
- ✓ Adapt and implement good practices.
- ✓ Systematic and constant processes.

Many experts who work in the state administrations in Bulgaria are taught to apply benchmarking in the public sector. The e-government in most of the public institutions is implemented and developed thankfully to the good practices applied in the EU. The results of benchmarking studies lead to changes in the public administration everyday activities in order to be more efficient, effective and productive and to provide for the citizens and companies services with better quality.

Main benefits of applying benchmarking are:

- Self assessment of the company's main activities and identification of its strengths and weaknesses;
- Identification of the best practices and specify the technologies and tools for their achievement;
- Motivation to change the corporate culture;
- Implement innovative methods for low risk management and organization of the main activities of the company;
- Development of the main activities; increasing the profit and satisfy customers 'needs';
- New standards for quality management and efficiency of the business processes;
- Establishing good relations for information exchange and management support;
- Optimizing the company's strategy and develop its core competences;
- Ensuring long-term development of the company in risk, uncertain and fast-changing environment.

When applying benchmarking most of the companies try to answer the following questions: Are we ready for a change; Are we ready to be a prospering company; How to take advantage of the other companies' experience? Can we be more competitive?

The comparative analysis is the best tool that could be used by companies that want to make changes in their activities and develop their own practices.

CONCLUSIONS

The initiatives for changing the status quo at most companies by applying benchmarking must be related to their strategies for short-and long-term development.

Benchmarking is a necessary tool because of the harmonization of policies of member-states and reaching up convergence on most of the important objectives of the Union.

In most of the contemporary management systems, leadership is the key factor that brings valuable ideas for the development of the business. In this regard lifelong learning of the personnel will guarantee high degree of competitiveness of the organization in the risk and uncertain environment.

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