

Benchmarking - The First Step in Performance Improvement

James Smoker, RRT, MPA, CMRP – York, Pennsylvania

In the past I've written about how benchmarking enables us to target opportunities for improvement and to track our progress towards process or performance improvement and best practices. As SCMetrix™ participation grows, we have an excellent opportunity to use this tool in process and practice improvement.

In "Beating the Competition: A Practical Guide to Benchmarking," the Kaiser Associates present a seven-step methodology where benchmarking can be employed to improve business processes and practices. Their seven-step process evolves as follows:

1. Identify your problem areas. The old adage, "You can't figure out where you're going if you don't know where you are," is most applicable to the outputs of benchmarking. Benchmarking through SCMetrix™ provides us with the opportunity to identify potential problem areas present in financial and operational "dashboards." This exploratory research enables the user to target specific areas in order to better understand possible "cause-effect" scenarios, short-comings, or data-submission errors.

2. Identify others who have similar processes. Don't limit yourself, be sure to look both within and outside the industry when benchmarking. It is important to network with peers at national and regional supply chain leadership meetings as well as branching out to different networks to learn from others who have successfully tackled similar issues. Networking can be both a formal and an informal process.

- Formal networking can occur through participation in continuing education programs where individuals with a common interest in the given topic gather to hear a presentation. Formal networking can also take place at "virtual presentations" such as webinars and teleconferences.

- Informal networking typically occurs at professional meetings where spontaneous discussions and key insights can be gained.

3. Identify organizations that are leaders in the area of interest. SCMetrix™ provides us with our "place or position on the map." SCMetrix™ also provides us with insights into a "best of breed" performance on the basis of healthcare supply chain financial and operational metrics. It is important to identify "best of breed" performers through formal and informal networking activities.

4. Survey organizations for measures and practices. After identifying a potential "best of breed" performer develop a series of key questions, metrics, and/or practice elements to gain information and insight. Surveys can be posted through the AHRMM ListServ at no cost to members.

5. Visit "best practice" sites. Responses to surveys provide basic information for identifying better and best practice organizations. While live site visits may be cost-prohibitive, "virtual site visits" may be equally productive. GoToMeeting.com or a series of teleconferences may generate the desired information. This mutual exchange of informal information should be useful to both parties. Through SCMetrix™, groups of healthcare organizations are permitted to align themselves for



the purpose of mutually sharing data among the defined group members.

6. Implement the newly-identified "best practice." Develop a gap analysis by comparing and contrasting the current practice with "best practice." The gap analysis should provide one with the foundation steps required to achieve the "best practice." The foundation steps should answer the following questions:

- What human resource inputs and skills are required to achieve the "best practice"?
- What technology resource inputs are required to achieve the "best practice"?
- What capital or financial inputs are required to achieve the "best practice"?
- What is the logical process required to implement the "best practice"?

7. Assess the impact of the newly implemented "best practice." An assessment can be implemented through the use of periodic quantitative and qualitative assessment. Quantitative assessment measure can take the form of run charts or event tracking. Qualitative measure can take the form of stockholder interviews or surveys. Ed Koch, the former mayor of New York City, greeted each citizen he met with this question, "How am I doing?" Paraphrasing, we should be asking those affected by the process change, "How's it working?"

In closing, benchmarking is not an end point, but a key tool to use in assessing the strengths and potential weaknesses with one's supply chain organization, its processes, and its outcomes. It is the beginning of the performance improvement journey – NOT the destination. ■

References and recommended reading:

1. "Building a Better Supply Chain", Jill Jusko, "Industry Week", July 22, 2009.
2. "Hitting the Benchmark, Vicki Smith-Daniels, "Materials Management in Health Care", September 2008, pp 18-24.
3. Beating the Competition: a Practical Guide to Benchmarking; Washington, DC. Kaiser Associates, 1988, ISBN 978-1563650185