

Caribbean Tourism Organisation and the National Initiative for Service Excellence workshop on

**Management of Service Quality**

**Visit to Banks Brewery  
7 October 2008  
Benchmarking To World Class  
Manufacturing**

Gareth J. Halliwell



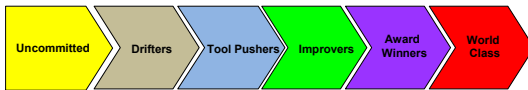
**WHAT IS WORLD CLASS?**



- Ultimate accolade for a company
  - Six stages of development of TQM to World Class
  - Process takes 5 to 10 years
- Manufacturing goals for World Class Performance
  - Working together
  - Winning together
  - Finishing first every time
- Key to success is long term commitment
- Ever striving to outstandingly satisfy the company's stakeholders (customers, shareholders, employees, and suppliers)

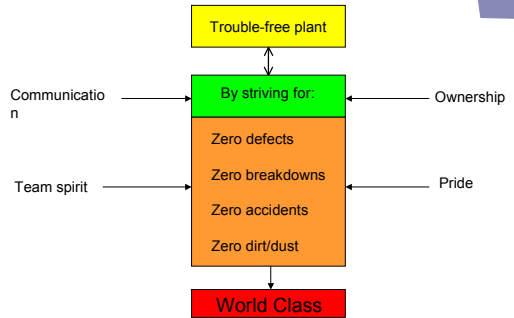
**WCM – 6 STAGES TO WORLD CLASS DEVELOPMENT**

Six stages of development of TQM to World Class Status



- Most Companies are in first 3 stages
- To move into stage 4, need long term TQM and problem-solving in place
- **BENCHMARKING** becomes a "Distinctive Competency" and way of life.

**GOALS FOR WORLD CLASS PERFORMANCE**



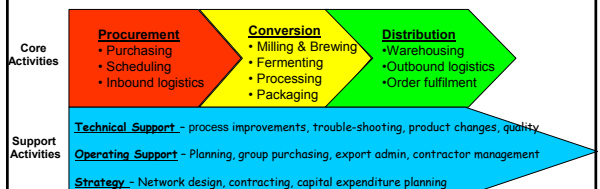
**THE JOURNEY TO WORLD CLASS**

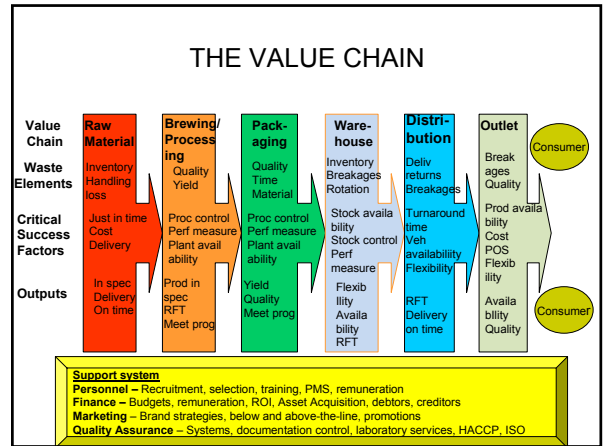
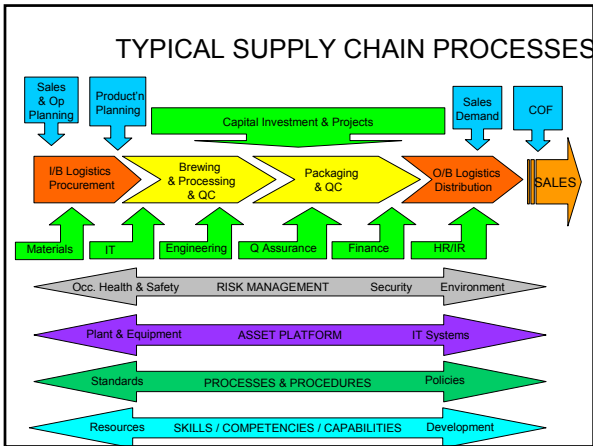


- |   |   |   |   |
|---|---|---|---|
| <ul style="list-style-type: none"> <li>• Crisis to crisis</li> <li>• No focus</li> <li>• Conflicting priorities</li> <li>• No management support</li> </ul> | <ul style="list-style-type: none"> <li>• Integrated systems</li> <li>• Crisis management</li> <li>• Management focus</li> </ul> | <ul style="list-style-type: none"> <li>• Compliance</li> <li>• Behavioural change</li> <li>• Problems fixed at root cause</li> <li>• <b>BENCHMARKING</b></li> </ul> | <ul style="list-style-type: none"> <li>• Process</li> <li>• Customer-focused organisation</li> <li>• Enabling technology</li> </ul> |
|---|---|---|---|



**TYPICAL SUPPLY CHAIN SCOPE**





### BENCHMARKING DEFINED

A process for rigorously examining and comparing business practices with the “Best-in-Class” with the object of creating and sustaining excellence.

### BENCHMARKING IS A TOOL FOR ASSESSING PERFORMANCE AND ACCELERATING LEARNING

The goal is excellence if not dominance, achieved by:

- Linking challenges and opportunities to the necessary strategic responses
- Determining the required competencies
- Identifying those processes which provide maximum leverage
- Benchmarking resultant practices against “Best-in-Class”

### BENCHMARKING FOCUS

Benchmarking is costly and time consuming it must be focused:

- What are the critical competencies needed?
- What are the supporting infrastructure requirements?
- What are the key processes?
- Who are the process owners?

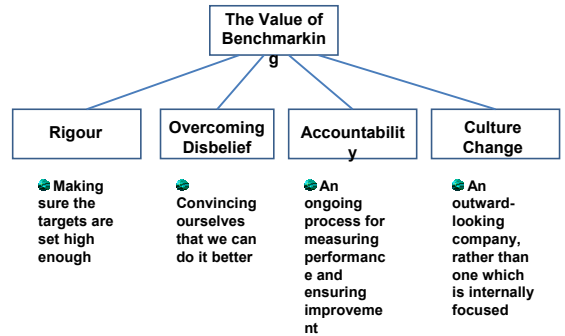
### BENCHMARKING PRINCIPLES

- The Concept
  - Enterprise excellence
  - Doing the best things – not just doing things better
  - Stretch goals and objectives
    - What is enterprise excellence?
    - What is necessary to achieve it?
    - How do we actually achieve it?
- Project Team approach
  - Cross-functional and multi-level
  - Leadership by current process owners

## HISTORY OF BENCHMARKING

- Always has been an implicit function of any business activity
- But benchmarking as a rigorous part of the strategy process is a recent technique
  - Beginning in 1979/80
  - Significant growth in recent times
  - Much more than intercompany numerical comparisons
- Numerous success stories
  - Xerox, in overcoming their cost challenge
  - Toyota, in developing the Lexus and its after-sales service
  - 80% of America's 500 largest corporations

## BENCHMARKING VALUES



## THE "RIGHT" VIEW OF BENCHMARKING IS CRITICAL

### BENCHMARKING IS NOT

- Our competitor is 15% lower cost than we are



- We must reduce our costs 15% (or more)

### BENCHMARKING IS

- The Best in Class company is 15% lower cost than we are
- The reasons their costs are lower are ... ..
- The processes they use are ... ..
- An appropriate target for our performance is ...
- ... and we will accomplish that performance through the

## THE "RIGHT" VIEW OF BENCHMARKING IS CRITICAL

### BENCHMARKING IS NOT

- Expose our weaknesses
- And punish those responsible

### BENCHMARKING IS

- Find areas to improve
- Determine how to improve them
- And reward those who create World Class operations

## THREE TYPES OF BENCHMARKING

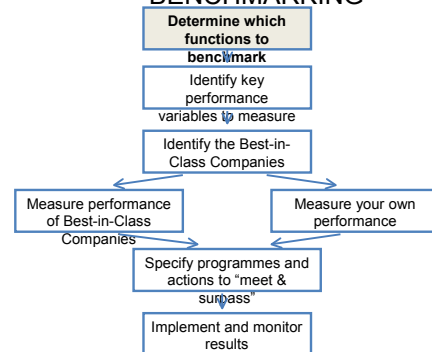
1 **Financial** :  
What should financial targets be?

2 **Strategic** :  
What Strategy must we implement to achieve financial success?

3 **Functional** :  
How does our operational performance support our strategy?

True Market place success requires **both** the right strategy **and** operational performance to support that strategy

## SEVEN-STAGE PROCESS FOR BENCHMARKING

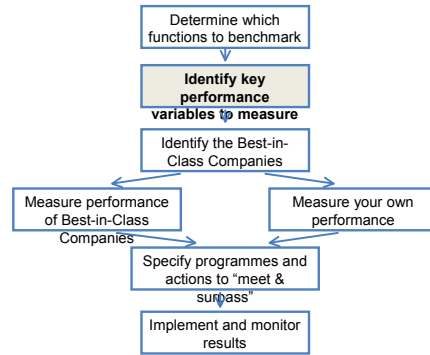


## DETERMINING WHICH FUNCTIONS TO BENCHMARK

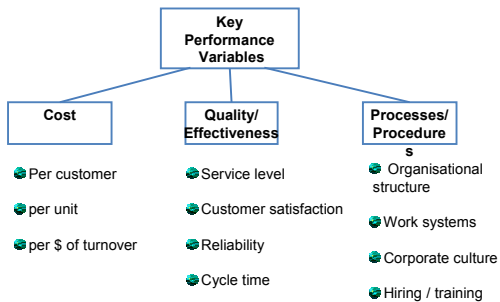
### Criteria for Selecting Functions to Benchmark

- Suspect that there is room for improvement
- Big impact on competitive performance
- Success in the market place
- Cost
- Core competencies

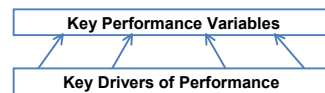
## BENCHMARKING STAGES



## IDENTIFYING WHICH VARIABLES TO MEASURE



## KEY PERFORMANCE DRIVERS

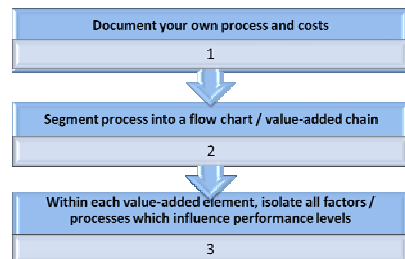


- Any variable in a process which exerts substantial influence on the key performance variables, -- e.g. labour rates, efficiency, organisational issues, etc.
- Each cost driver typically relates to only one performance variable ...
- ...while process drivers often influence multiple performance variables

## Typical Brewery Kpis Caribbean Brewery v. Best in Class

Benchmarking Brewery kpis		
KPI	Caribbean Brewery	Best In Class
Output per employee hl/yr	750 - 3,000	15,000 - 22,000
Packaging Efficiency %	45 - 55	75 - 85
Brewing Extract Efficiency %	95 - 97	99 - 103
Total Extract loss across plant	7 - 10	4 - 5
Liquid losses %	8 - 12	2 - 4
Packaging Material Losses	2 - 4.5	0.5 - 1.5
Capacity utilisation %	30 - 60	90+
BOD in wastewater kphl	> 1,000	1 - 1.5
Water usage hl/hl	12 - 35	2.5 - 4.0
Thermal Energy usage MJ/hl	100 - 400	70 - 150
Electricity Usage MJ/hl	50 - 150	18 - 25
Capex Greenfield cost \$/hl	80 - 120	40 - 70
Quality Conformance to plan %	65 - 80	100!
Consumer complaints %	0.5 - 1.5	Zero
Safety lost time frequency	2.5 - 5	Zero

## IDENTIFYING KEY DRIVERS OF PERFORMANCE

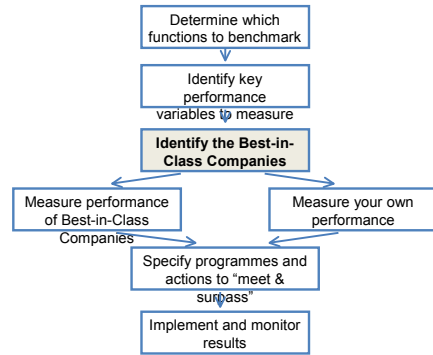


## THE BENCHMARKING "VALUE-ADDED CHAIN"

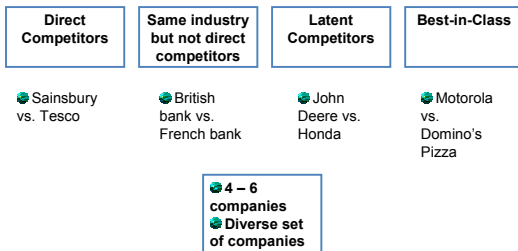


	Structuring the Process	Data gathering	Analysis	Insights	Communication	Convincing the Audience
Typical Percentage of Effort	20%	60%	10%	5%	<5%	<5%
Optimal Percentage of Effort	15%	25%	15%	15%	15%	15%

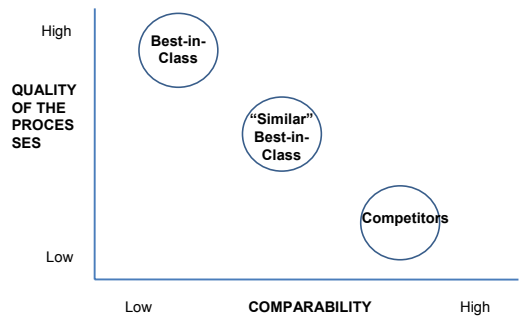
## BENCHMARKING STAGES



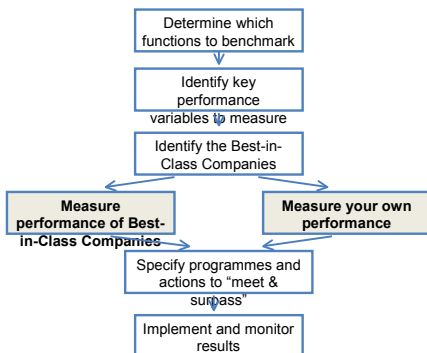
## BEST-IN-CLASS COMPANIES



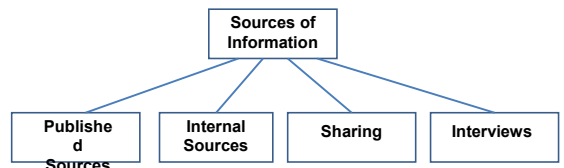
## CHOOSING COMPANIES TO BENCHMARK



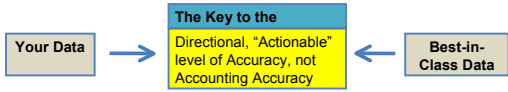
## BENCHMARKING STAGES



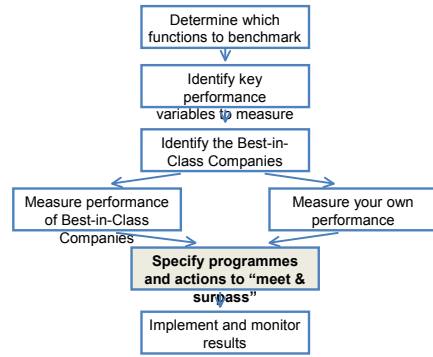
## SOURCES OF INFORMATION



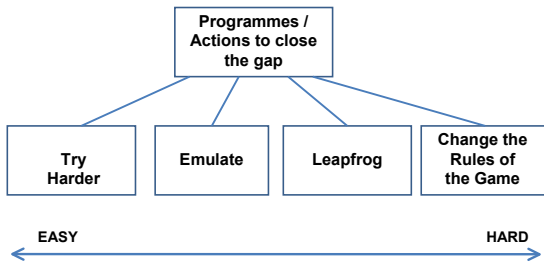
## COMPARING THE DATA



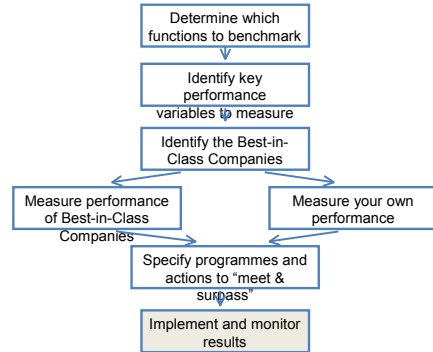
## BENCHMARKING STAGES



## ACTIONS TO CLOSE THE GAP



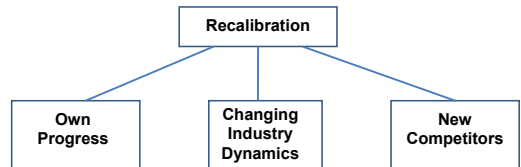
## BENCHMARKING STAGES



## IMPLEMENTATION - KEYS TO SUCCESS



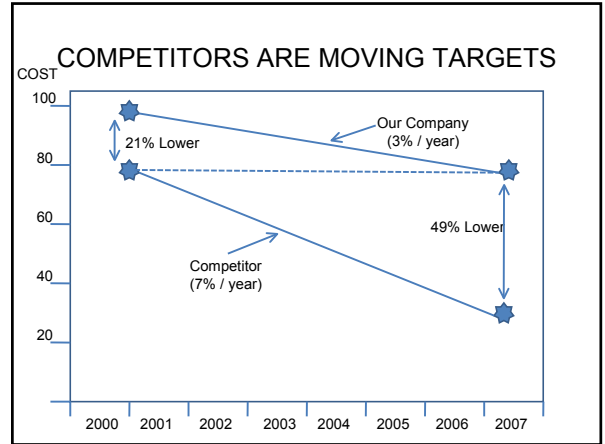
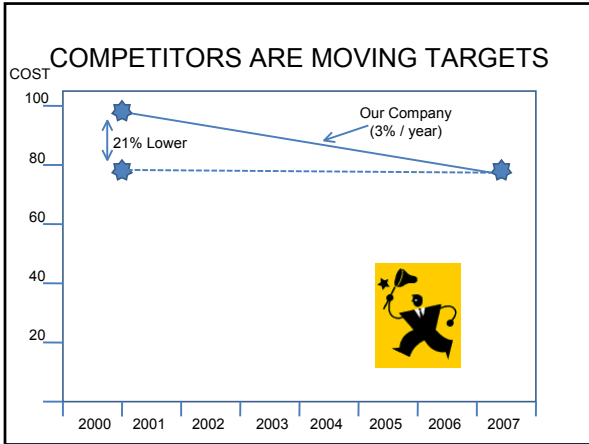
## RECALIBRATION OF BUSINESS MEASURES




Was our approach correct?  
Did we execute?

Have the appropriate measures changed?



Has the Best-in-Class changed?



### BENCHMARKING FOR WORLD CLASS PERFORMANCE



- Performance improvement to World Class status takes time, (10 yrs)
- "Success is 99% failure" – Soichiro Honda
- "The only place you find success before work is in the dictionary" – May Smith
- The road is not an easy one – it requires commitment from everyone in the company from top to bottom
- What type of company do we want to work for?
  - Companies that make things happen
  - Companies that watch things happen
  - Companies that wondered what happened.
- We have a choice**

### BENCHMARKING FOR WORLD CLASS PERFORMANCE

