




Leadership And Corporate Accountability

Lecture 8



Seven steps to benchmarking



- ◎ Step-1
 - ◎ Identify what to benchmark
 - ◎ Activities involved in step-1 are
 - ◎ Clarifying the benchmarking objective
 - ◎ Decide whom to involve
 - ◎ Define the process
 - ◎ Consider the scope
 - ◎ Set the boundaries
 - ◎ Agree on what happens in the process
 - ◎ Flow chart the process
- 



Step-1 continue

◎ Identify what to benchmark


◎ Two approaches of benchmarking

1) Strategic benchmarking

Financial function could benchmark its activities
(billing process)

2) Organizational benchmarking

Considerable research is done. Like soldering
process, driver motor assembly benchmarking




Step-1 continue

- ◎ As a starting point benchmark your customer interfaces by not limiting benchmarking to products. Like contract truckers, answering phone calls, accuracy of bills.
- ◎ Benchmarking Product, manufacturing process, equipment, and business processes.

Benchmarking: A Practical Example

A decorative network diagram in the top right corner, consisting of various sized grey circles connected by thin grey lines, some solid and some dashed, creating a web-like structure.

- ◎ ATO, INC., is a manufacturer of small to medium air conditioners.
 - ◎ Approximately 60%- home and office use only
 - ◎ The remaining 40%-trucking industry, where ATO's unique respected position in supplying units for refrigerated trucks and trailer rigs.
- 
- A decorative network diagram in the bottom left corner, similar to the one in the top right, with grey circles of varying sizes connected by thin grey lines.



ATO, Inc.,

- ◎ ATO Inc's production supervisor for Model 724 series (home models) manufacturing area- Seth
- ◎ Seth's group is a customer for an outside supplier of external control panel.
- ◎ Responsibility of Seth's production area
- ◎ Building the chassis and housing for the units
- ◎ Installing internal components and wiring
- ◎ Assembling the final products


◎ The model 724 series manufacturing group is organized into three work areas:

Chassis Production	Component Install	Final Assembly
<ul style="list-style-type: none">▶ Build Chassis Components▶ Build Housing	<ul style="list-style-type: none">▶ Install internally-supplied control wire unit	<ul style="list-style-type: none">▶ Install vendor panels▶ Affix product labels

◎ Lastly. Seth's team processes the units through the warehouse for packing and shipping to final destination.

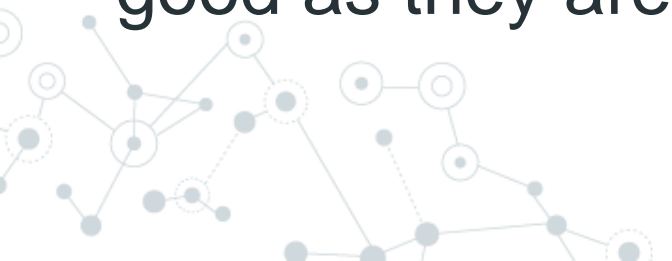


ATO, Inc.,

- ◎ What is cooking in ATO's
 - ◎ Each of the work area is organized into work teams responsible for setting and attaining their goals and managing their work processes.
 - ◎ Seth handles most of the interaction between the work team to ensure coordination and planning.
- 




ATO, Inc.,

- ◎ Seth's production group members are working towards continuously improving the process.
 - ◎ Revamping of the production line and installation of new equipment. The feel they have reached the plateau.
 - ◎ Steve, most experienced assembler, put it this way "Look, we've done all we can on this process. We've tried everything and our numbers are as good as they are going to get. Got it?"
- 



ATO, Inc.,

- ◎ Ahmed: “Steve’s feelings are understandable, you got to do something Seth...wake up.”
 - ◎ They have been working hard and their recent most improvement produced smaller gains.
 - ◎ Seth wakes up...
 - ◎ Let us do benchmarking study for the entire assembly process.
- 

Step-1

- ◎ The first step identify what to benchmark has following sub steps
- ◎ Clarify the benchmarking objectives
- ◎ Decide whom to involve
- ◎ Define the process
- ◎ Consider the scope
- ◎ Set the boundaries
- ◎ Agree on the process
- ◎ Flow chart the process