

Benchmarking your Business to shape strategic direction

Whichever industry you compete in, the fundamentals of business are the same. You need to sell something people want to buy, attract and retain customers, generate a positive cash flow and make long-term profits. **Benchmarking can play a part in shaping those fundamentals – comparing your products with those of your competitors, understanding the difference, and then using that information to deliver best practice to get a competitive advantage.**

Benchmarking in Sport

For their 2000 America's Cup campaign, Team New Zealand had limited resources compared to many of their well-financed international competitors. ***To make sure every resource was utilised as efficiently as possible, they created the benchmark; 'Will it make the boat go faster?'. Once this idea was established, all strategic decisions and expenditure were simply evaluated against this one criterion.*** Should the team put resources into sail development? Yes – because it fitted the benchmark.

The benchmark enabled Team New Zealand to stay focused across all roles in the organisation and ultimately helped ensure they were successful in achieving their goal of winning the America's Cup; even against much larger and better-financed teams. It's a concept all businesses can benefit from.

Making Benchmarking Innovative

Benchmarking, and competitive benchmarking, which is most common in retail, is most effective when you use it to refine and improve not just one, but every element of your business to create the gold-standard or best-in-class product or service.

For example, where the business benchmark goal is to provide a better customer experience, to create more loyal customers – customers who would stay with you regardless of any price differential. So, the business focuses on customer loyalty and creating an exceptional customer service experience to gain an edge. Loyal customers are more concerned about quality and service and stay with a brand for longer and are more likely to recommend your business by word of mouth.

Establishing such a benchmark can enable you to set a firm strategic direction and embed it into the DNA of your business. All management decisions made are based and tested on this singular goal, thus ensuring the future path and success of your business over the long-term.

What's your Company's Benchmark?

These questions will help you identify and formulate your company's key strategic benchmark: -

- ***What is your company's reason for being (its core purpose)?***
- ***Who is your target market and what problem or pain-point (need) are you solving for them – the customer (and how could you do this extraordinarily better)?***
- ***What does your business success look like if you seriously address the answers to the first two questions?***

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