

## BENCHMARKING AND BUSINESS PROCESSES

José Iesca Rodrigues<sup>1</sup>  
Claudemir Gimenez<sup>2</sup>  
Sidney Proetti<sup>3</sup>

### ABSTRACT

*The following article aims to show, in some situations, how to use benchmarking to improve or create working processes and several assumptions that administrators consider to develop working processes in their companies. Benchmarking signifies the use of a standard as a reference. Companies use benchmarking to seek for better existing practices and to improve their processes or services. The intensification of competition between companies, the world market and the competition between foreign products makes it imperative for an organization to maintain awareness for the appearance and utilization of new concepts and technologies, as well as new manners of producing their products or services which create a competitive advantage in their market. An organization is generally formed by a set of processes, where the efficiency of each individual aspect will affect the efficiency as a whole. The more streamlined and beneficial each process is, the larger the contribution will be for the success of the product or service, and consequentially, the company. The administrator should be prepared for changes and aware of emerging technologies, which appear daily. The administrator should also be aware not to underestimate important factors due to a lack of knowledge or for not thinking about modernization and the constant improvement of processes in the organization.*

**Keywords:** *processes, technology, standard, benchmarking, best practice.*

### 1. INTRODUCTION

The first attitude that a company needs to elaborate is a strategic plan so it can know what needs to be done. As well as when, with which resources and where it would like to be. All actions of the company should be executed in accordance with the planning. As specified by Maximiano (2007, p. 114), “planning is to interfere with reality, to go from one known situation to another desired situation within a defined period of time.” Consequently, the administration of processes can be an important ally to facilitate and obtain the results of the strategic planning established by the company, upheld by Oliveira (2007, p. 280), “Therefore, boldness should be guided by the strategic planning of the company, because all great changes in the company should be coherent with the directions established by the company’s strategic processes.”

---

<sup>1</sup> José Iesca Rodrigues has a Ph.D. in Education – New Technology – at PUC-SP. He also has a Masters in Business Administration at PUC-SP and a Post-Graduate in Industrial Administration from the Mauá School of Engineering. He is a Professor at FEA PUC-SP, Administration Course – in the area of strategic and organizational management. He is also the Main Professor at Assunção University Center- UNIFAI for several courses: administration, accounting, economy, engineering, biblio-economy, banking management, human resources management, logistical management, systems administration as well as an Instructor at the Foundation of Administrative Development– FUNDAP, in the subject areas of: Strategic Management: Processes and Development: Programs and Projects

<sup>2</sup> Claudemir Gimenez has a Ph.D. in Mechanical Engineering at Campinas State University and has a Post-Doctorate in Logistical Risk Management at the Renato Archer Center of Information Technology, a Masters in Mechanical Engineering at Campinas State University, a Post-Graduate in Mechanical Production Engineering at the Piracicaba Methodist University and is the Main Professor at the FIEO – UNIFIEO University Center and at the Assunção University Center– UNIFAI.

<sup>3</sup> Sidney Proetti has Ph.D. in Social Communication at UMESP. He also has a Masters in Social Communication at the São Paulo Methodist and in Administration at the Ibero American University Center. He is a graduate in Business Administration at the Assunção University Center. He is currently a professor at UNIFAI and the coordinator of Sequences and an MBA in Strategic Business Management at UNIFAI. He is also a Professor of TGA, O&M, Marketing, Marketing Strategy, Business Management and Management of Technological Divisions in Biblio-Economy at the Assunção University Center - UNIFAI. He has been a professor in Personal Sales, Fundamental Transactions in Marketing and Fundamental Relations in Marketing and Thesis Supervisor in Technological Marketing at FEA PUC-SP. He is also a Professor in Marketing, Cultural Social Studies, Fundamental Organizational Studies and Business Strategies at FAM –College of the Americas in São Paulo. He has experience in Consulting and Administration.

The following defines several concepts according to a number of authors. Benchmarking, as defined by Oliveira (2007, p.292), "...is the process of referential analysis of the company in relation to other companies on the market including the acquiring of knowledge of what the companies do best as well as the incorporation of these realities in an optimized and more advantageous manner to the applied business."

Process, as defined by Davenport (1994): "is the specific order of work-related activities in a period of time and space, however, it should have a defined beginning and end that can be clearly identified." Process, as defined by Oliveira (2007, p. 303): "...is a structured combination of sequential activities that are presented by a logical relation to each other with the goal of attending, and preferably, supplanting the necessities and expectations of the internal and external clients of the company."

Oliveira (2007, p. 291), defines Administration processes as, "...the structured combination and intuitive functions of planning, organization, direction and evaluation of sequential activities with a logical relation to each other with the goal of attending, and preferably, supplanting the necessities and expectations of the internal and external clients of the company with minimal interpersonal conflicts."

During the 1990's, technological information evolved and decimated a considerable quantity of jobs worldwide. Thousands of activities that were performed by people became substituted by new processes aided by powerful computers and highly evolved and versatile software.

With the intensification of global competition, the chances for survival for businesses decreased and the risk of failure has increased significantly in recent times. As organizations change, processes should also change accordingly. Work methods and techniques are being constantly reinvented and businesses have to reformulate to be able to keep up with, and survive, in the market.

In companies, you will find administrators with a "geocentric conception", from the time of Ptolemy, with a small adaptation: they believe that their department is the center of the universe. With this in sight, you will find an assorted array of people and organizations that still conduct business with ancient, obsolete processes based on myths created during the operational existence of the company and maintain this type of point of view as justification.

It is still possible to find companies that create their own processes over time and yet don't change. They don't use benchmarking; hence they aren't aware of changes and use techniques that are obsolete for the management and development of organizations. They essentially use Cartesian and reductionist rationalities and would never imagine developing new and innovative processes, because they can't imagine the existence of other methods.

It should be apparent that a ready and finished world does not exist and there are many ways of achieving the same goal. Learning is continuous and fundamental for success. The only durable ability that can be depended on in the future is the capacity to learn unceasingly and to apply this acquired knowledge daily by using new technology and new processes.

According to Oliveira (2007, p. 277), "Results are what matter. A company cannot survive with phrases like, 'We aren't getting results, but we're doing the best we can'. During some moments in this book, it was proven that there is no room for excuses. There are people that spend their entire professional careers built on excuses for their incompetence. The torch-bearing executive for the administration of processes must have a high capacity to consolidate and enhance results. They must be able to lead their team to this type of situation."

Any company has the necessity for order and may include some disorder, just like any physical phenomenon, and tends to degrade. Many companies die and disappear because their administrators treat them as a ready and finished product. When a company is successful for a determined period of time, it's because they were correct in knowing what was appropriate for the standards of the market at that time. The market does not stop evolving, and the company that continues to use an unchanging formula for success will certainly be left behind. So it is necessary to foresee, dare and discover the course for new trends and ideas.

To be a company that leads the market for a certain time is good. However, nothing is eternal and the totality is not the truth. Competition is multiple, diverse and unexpected. The rejection of the vision for a new horizon leads to atrophy, which could be progressive and fatal. Monolithic companies become monstrously weak and are incapable of taking advantage of opportunities, adaptation or withstanding unexpected changes.

Some companies that are cited as symbols of efficiency and administration may yield large returns to their shareholders and appear in articles in pertinent magazines, yet if they do not adjust with time, they will become insignificant and may fail. They are companies that have been through a golden age, but their strategists failed in one aspect: they did not foresee and did not realize that nothing is eternal and that something had changed. Since they thought they were perfect, they did not create new processes nor use benchmarking. They did not utilize new technology and did not create new ways of execution. They must change processes, follow market models and tendencies, sever paradigms and create new products that please and satisfy new consumers and markets. For Moraes (2007, p. 31), “According to Morin, a paradigm signifies a type of very strong relation, that can be a conjunction or disjunction, that possesses a natural logic within a grouping of master-concepts. For this author, this type of dominating relationship is what determines the course of all the theories and reasoning controlled by the paradigm.”

## 2. DEVELOPMENT

Information technology helps to improve a process, however, it is necessary to be rationalized before being computerized. Computerization is a powerful tool, but if the process is incorrect and is not improved, it will be finished quickly, but erroneously. At this point, it is worth noting the importance of the use of computerization, which permits the increase in velocity of the execution of the process; which should always be questioned and improved. This is the moment where benchmarking is important, because it provides new models that have already been tested by different organizations.

Nowadays, companies possess more streamlined organizational structures and quicker decisive processes. They seek new markets and release products while always keeping in mind the satisfaction of their clients or attempting to attract new ones. According to Oliveira (2007, p. 60), “...all of the administrative processes must be focused on the optimization of the interaction between the company and their current and potential clients.”

Performing benchmarking is, for example: using a payment system as a model, a method of attending a client or logistical processes. Benchmarking should not be confused with the revelation of strategic secrets of a rival company, because no company would reveal such information.

Benchmarking can be done with companies from different sectors. The focus is looking for ideas that can accomplish and improve the process. For example, an industry in the automobile sector can take advantage of a financial process from the pharmaceutical sector. Clearly, the benchmarking of another company should be reciprocated by offering your models as processes for the other company. Evidently, companies that exchange information are questioning and improving their processes.

Success in benchmarking depends on everyone responsible in the company, but especially the administrator of processes. For the company to be successful, it is necessary to find the best professionals in the workforce or the training and competency amplification of their internal collaborators. According to Oliveira (2007, p. 274), “The characteristics of these professionals must be interacting with the necessities of the company. This interaction must begin during the initial hiring process of these professionals done by internal or external recruitment of the company. Companies must seek out competent professionals to become part of their personnel. Despite seeming to be an obvious statement, this does not occur with a significant amount of companies. That’s because in some cases, executives search for employees that do not threaten their personal standing.”

To introduce new methods to the company, it is important to have the support of all the employees, especially the chief authority figures of the company. Oliveira affirms (2007, p. 61): “It is necessary to have the effective involvement and support of the top administrators. Only the lead executives have the authority to institute drastic changes, which may demand actions such as the transferring of personnel, the re-elaboration of systems and indicators of performance and evaluation, the institution of new organizational structures and the creation of conditions that will attract the participation of those that have not demonstrated interest.”

Through comparison, benchmarking will provide the creation or improvement of processes and can indirectly bring the following benefits to a company:

- reach the expectations of the client
- increase productivity
- eliminate errors and delays
- improve quality
- offer lower prices

- create new and innovative ideas
- be in tune with changes in the market
- utilize fewer resources

At the present moment, companies have reached an important moment in the evolution of publicity and broadcasting information, if we consider the changes made by newly invented processes, technology and innovation. We can affirm that the modern world currently experiences innumerable uncertainties, the presence of an increase in risk, the growth of international competitiveness and economic instability. New technology and the immense informational systems have forced constant systematic updating and reconfiguration. According to Morin (2000, p. 25), “Throughout history, we have seen quite frequently that unfortunately, the possible becomes impossible and we can sense that the richest human possibilities remain impossible to achieve. But we have also seen the unexpected become possible and take place. We’ve frequently seen the improbable occur more often than the probable. So we know to expect the unexpected and prepare for the improbable.”

In some companies, the organizational processes with their values, models, strategies and policies have proven to be extremely inadequate. They are founded on the reality of a distinct era, where change was slow and time-consuming. To construct a new form of development for processes, that can correspond the demands of the present moment and surpass the great deficiencies that are found in organizational structures, it is necessary to consider new techniques as they appear.

As stated by Oliveira (2007, p. 99): “At this moment, we should initiate a benchmarking process to identify, understand and apply the variety of positive realities of other companies that are in a similar situation in comparison to our company. Benchmarking corresponds to the identification of a point of reference or external standard, where our activities can be measured or evaluated within a process of continuous improvement. These standards of reference should be, preferably, our strongest competitors or companies known for their leadership in their sector of activities.”

To be able to adjust a team of employees to the amount of work needed, it is essential to have clearly defined and efficient process. To find out if each department has an appropriate quantity of personnel, compare each sector with other companies of the same size. Benchmarking can be done with other companies to assess structures and processes. It is possible to acquire a workload that is more balanced within the activities executed by the employees. When examining the process, it is viable to: eliminate overlapping aspects of the structure, centralize or decentralize and automate part or all of the process.

In July of 2013, Exame magazine published the ‘Special Edition: 40 Years of the Best and Biggest Companies in Brazil’. There is interesting information concerning these four decades: from the list of the top 500 companies listed in the first year, only 230 are still in existence and a mere 87 of those remain in the ranking today. Excellence is an ephemeral conquest. It is a fact that shows the importance of paying attention to what is happening in the market. Benchmarking can contribute significantly to the changes and constant modernization occurring with companies.

Within the article, Exame magazine asked the presidents of the 1,000 largest companies in Brazil, “In the last 40 years, which is the best company in Brazil?” In contention were all of the companies that won the prize for the ‘Best Company of the Year of the Biggest and Best’ since 1974 (1<sup>st</sup> publication). The majority of the presidents chose the Ambev brewery. Following were Embraer, Natura and Vale. Collectively, the group showed an enormous capacity for adaptation to the rise and fall of the market and constant modification of their processes during the forty years.

According to Exame magazine, Ambev is so efficient in the art of producing, bottling and distributing beer that it has transformed itself into the most efficient company in the world in that area. With each Brazilian Real that it makes, Ambev has a profit of 50 centavos. The company forged a culture that provides incentive to efficiency throughout each step of production. The evolution has been remarkable. The most modern production line at the time it acquired Brahma (in 1989 by the current administrators) produced 17,000 bottles of beer an hour, while employing 34 operators. Currently, the company is able to fill 63,000 bottles per hour while requiring only nine employees.

Ambev constantly uses benchmarking to improve its processes. The following statement was given to Exame magazine by Márcio Fróes, the Ambev vice president of industry, “I believe we revolutionized this industry by

searching for the best examples in factories around the world and bringing the latest innovation and equipment to our production.”

The Ambev Group compares and uses its processes on the companies it acquires. In 2008, it bought its American rival Anheuser-Busch, which produces Budweiser beer. The culture forged at Ambev was replicated in other American companies that were taken over, such as the fast food chain Burger King, and the condiment producer Heinz, which was acquired in 2013 in partnership with the investor Warren Buffet. Ambev has always maintained the same standard: less cost and more efficiency.

Performing benchmarking and concentrating on the constant revision of processes can contribute to an increase in productivity. Efficiency can be improved by relentlessly questioning the current model of producing something or providing a service.

### 3. FINAL CONSIDERATIONS

A change in paradigm and being attentive to the release of new technology is not an easy task for a traditional organization. It will have to face new situations and find solutions initiated by risk, uncertainty and its prior traditions. It should be remembered that throughout the evolution of humanity, there have always been constant comparisons and improvements to processes.

People are an important part of the processes. They are the ones that bring new knowledge to the company, give life and bring about constant recycling, create a competitive advantage and improve activities in relation to other organizations. They also help companies evolve and bring ideas to obtain results and survive on the market along the years. It is important for the administrators of the company to be aware of this. They should provide an environment that shows commitment on both sides and new ways of performing activities with quality that attend the needs of the client.

When applying benchmarking and changing processes, the impact on the organizational culture should be taken into account as well as the engagement of the employees and the executives of the company. The development of new processes depends on everyone in the company, but especially those that occupy leadership roles because they are the ones that can create conditions and be agents of change for a new model provided by benchmarking. The change needs occur to in sight and mind for all of those that contribute to the well being of the organization. The entire benchmarking process, from its inception, must have the patronage and support from the head administrators. The directors and managers must attend meetings and make it clear that they support this project in all of its phases. It is fundamental that everyone participates from the very beginning of the changes in process. They should feel as participants and builders of a new conception. That which is built as a group, with the participation of all, has the best chance at success. Processes that are received ready and finished have the largest probability of being resisted by employees during their implantation. In a new model, the use of benchmarking, the use of new technology and the action of developing processes that add value to the products are the responsibility of all the individuals in the organization.

Benchmarking is a way of taking advantage of an already existing and proven process developed by another organization. The new process must be adapted to the new company, while remembering that each company has its own personality and values, which must be respected. A complete implementation of processes developed by a differing company should not be forced, for it may lead to immediate failure. All necessary adjustments should be made accordingly.

Be mindful that benchmarking is the use of a standard as a reference. Before carrying out a new process, visits can be made to a number of different companies to retain and adopt the better of each one to create a new process.

The most radical way to create new processes is through reengineering, which is the complete destruction of an existing process; a new beginning which leads to the creation of completely new processes. Take heed and be careful not to delete the entire memory and lose focus of the company's business. On the other hand, 'kaizen', the theory of total quality management, is the constant improvement of existing processes.

It should be kept in mind that all of the products and services created must offer the best solution to the client, so as to attend their needs. For a product to survive on the market, it is imperative to consider the consumer. The company must perceive rapid changes to the situation and give rapid responses to the client.



Companies should constantly ask the question: Why are things currently done the way they are? It is possible to improve the process of doing something? Normally, we become accustomed to the current situation. You must get used to questioning why you do things. How can I improve this? What is the worth of each part of the product? Can it be improved? Can it be reduced? It is important to repeatedly question each process and verify if it is feasible to improve upon the subject or eliminate unnecessary aspects. Remember, the Ambev Group practices and constantly takes these methods to acquired companies such as: Budweiser, Burger King, Heinz and others. It is important to eliminate activities, or related factors, that do not add to the overall value of the product or the needs of the client.

No matter how large or how good a company gets, it must be humble enough to understand that everything changes. There will always be a discovery in new technology that alters the way things were. There is always the possibility to learn with others. Through benchmarking, someone can offer new ways of developing a process in a company. It is necessary for companies to take advantage and search amongst the diverse amount of knowledge available on the market.

Processes should be constantly monitored, in real time, through indicators that provide feedback. Errors should be corrected quickly, before they become larger problems.

In a modern society, it is important to share the burden of risk between the employer and the employees. The benefits should also be shared. The salvaging of human dignity creates a much richer society. For their part, the employee should be reflexive and possess an intricate thought process. They should evolve and be able to validate the roots of their beliefs, their thoughts and if necessary, relinquish them. It is important for them to have a new attitude at work. It is unsuitable to remain nostalgic, characterized by the saying, "This company used to be a lot better, it was like a big family." Of course it was better. The employee was at the beginning of their career with the company and was ready to grow, was motivated, they accepted things differently and knew how to listen and learn in a variety of situations.

For a company to survive nowadays, it is necessary to evolve in a continuous manner, to accept what's new and evaluate and consider new leadership. It's no use for an employee to remain anchored to the values of the past. For their very own survival, and for that of the company as well, it is essential to accept changes.

The construction of new models and processes brought about through benchmarking depend on the roles of each of the social actors that constitute the organization. It is important to dribble past and alter outdated concepts that don't meet the present requirements. We are immersed in a world where we either conserve our organization or we disintegrate by not updating.

It is paramount to remember that people are much more important than manuals, policies and company standards. After all, in the real world, it's the actions of individuals and the collective that bring loss or profit to the company. In the past, a disdainful attitude provided standardized solutions to problems that kept repeating. Today, you need to be courageous to find innovative solutions to unfamiliar questions. It is imperative to create conditions to yield growth as an individual and as a company. One depends on the other. It's necessary to realize that people and companies aren't rivals, but partners, giving life to and completing each other. This will create a much more agreeable and productive environment.

Remember, 'kaizen' provides the constant improvement of processes. This mentality was essential to the success of 'Total Quality Management - TQM' shown primarily by the Japanese. In the 1950's, executives at Toyota visited the Ford plant and saw the processes and production line firsthand. They noticed how much raw material was wasted and the large amount of paralyzed money due to the stockpiling of parts. In other words, through benchmarking, the Japanese incorporated the positive aspects and improved upon what they considered deficient. Therefore, benchmarking is important for the company to question and constantly create new ways of executing processes.

## REFERENCES

- DAVENPORT, Thomas H. *Reengenharia de processos: como inovar na empresa através da tecnologia de informação*. 2. ed. Rio de Janeiro: Campus, 1994.
- EXAME: Melhores e Maiores. Edição especial 40 anos. As 1000 maiores empresas do Brasil. São Paulo: Editora Abril, nº 1044E, jul.2013.
- GONÇALVES, José Ernesto Lima. *As empresas são grandes coleções de processos*. RAE – Revista de Administração de Empresas, São Paulo, v.40, nº 1, p. 6-19, jan./mar. 2000.
- HAMMER, Michael. *Além da reengenharia: como organizações orientadas para processos estão mudando nosso trabalho e nossas vidas*. Rio de Janeiro: Campus, 1997.
- \_\_\_\_\_. *Reengineering work: don't automate, obliterate*. Harvard Business Review, p.104-112. July, Aug. 1990.
- IANNI, Octávio. *Teorias da Globalização*. São Paulo: Civilização Brasileira, 1995.
- MAXIMIANO, Antonio Cesar Amaru. *Introdução à administração*. 7. ed. São Paulo: Atlas, 2007. p. 114.
- MORAES, Maria Cândida. *O paradigma educacional emergente*. 13ª ed. Campinas: Papyrus Editora, 2007.
- MORIN, Edgar. *Introdução ao pensamento complexo*. Lisboa: Instituto Piaget, 1995.
- \_\_\_\_\_. *Os sete saberes necessários à educação do futuro*. São Paulo: Cortez Editora, 2. Edição, 2000.
- OLIVEIRA, Djalma de Pinho Rebouças de. *Administração de processos: conceitos, metodologia e práticas*. 2. ed. São Paulo: Atlas, 2007.
- \_\_\_\_\_. *Planejamento estratégico: conceitos, metodologia e práticas*. 32. ed. São Paulo: Atlas, 2014.
- \_\_\_\_\_. *Sistemas, organização e métodos: uma abordagem gerencial*. 21. ed. São Paulo: Atlas, 2013.
- PEARSON Academia. *Organização, sistemas e métodos: uma visão contemporânea*. São Paulo: Pearson Education do Brasil, 2011.