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**A GUIDE TO**

CANADIANA

APR 26 1996

*benchmarking*

**FOR**

**CANADIAN  
APPAREL  
COMPANIES**

Canada

A GUIDE TO



# *benchmarking*

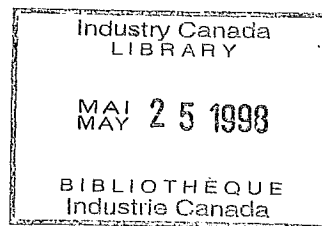
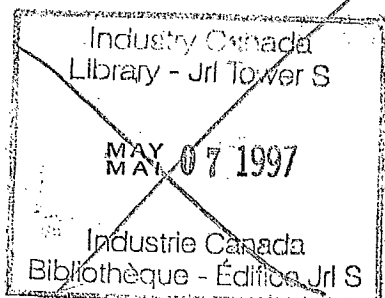
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FOR



# CANADIAN APPAREL COMPANIES

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*This report was prepared for*

**INDUSTRY CANADA**

*by*

**THE CONTEXT GROUP**

**1996**



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*“Management’s job is to see  
the company not as it is...  
but as it can become.”*

**John W. Teets, Chairman  
Greyhound Corporation**

*“It may be that those who  
do most, dream most.”*

**Stephen Leacock  
Canadian author**

*“Nothing endures but change.”*

**Heraclitus  
Greek philosopher**

# INTRODUCTION

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## **What is benchmarking?**

Benchmarking is an ongoing process of self-evaluation and comparison against a company's strongest competitors or other companies recognized as "world class."

More directly, benchmarking is a means towards setting up goals to achieve significant process or operational improvement.

## **Why should Canadian apparel companies care about benchmarking?**

All companies should strive to be the best that they can be. The rewards are numerous:

- Customer satisfaction
- Recognition
- Financial success
- Satisfaction

In a global apparel marketplace, the Canadian apparel company cannot afford to achieve anything less.

## **What is the purpose of this guide?**

A recent Industry Canada publication entitled *Apparel Benchmarking: Where Canadian and U.S. Companies are Today and Where They Will be Tomorrow* outlines a broad range of performance levels typically observed in Canadian and American apparel companies. These performance levels are evaluated for many types of products and across all areas of an apparel company's business.

Although this document provides a wealth of information to get Canadian apparel management started in terms of evaluating and improving its operations, it does not go into detail on *how* to actually carry out benchmarking.

Many books have been written on the subject of business process improvement, but these have focused on generic approaches, without recognizing the peculiarities of the Canadian apparel industry and its needs and requirements.

This guide is designed to fill this void. It provides practical approaches to the benchmarking process, with commentary specific to the apparel industry's requirements. Using the techniques outlined herein, the Canadian apparel executive will be able to design and implement a benchmarking effort and hence a continuous improvement approach to business.

## **What makes the Canadian apparel company unique? How does benchmarking need to be customized for this type of company?**

The Canadian apparel company is different in many key respects from its U.S. and other international competitors. These differences are marked by several significant advantages:

- Companies are small to medium in size, operating with fewer levels of management and faster and more flexible response times

- Companies are entrepreneurial, providing leadership and creativity
- Companies typically have lean staffs, resulting in lower overhead costs
- Companies have traditionally been diverse, providing the maximum in flexibility and service to their customers

Unfortunately, there are also significant liabilities for the typical Canadian apparel company:

- Companies are small to medium in size, having less financial resources to commit to improvement programs
- Companies are entrepreneurial, perhaps lacking professional management with extensive and broad experience
- Companies typically have lean staffs, limiting time resources
- Companies have traditionally been diverse, attempting to do "everything for everybody," resulting in uncompetitive higher costs and logistics problems

For the Canadian apparel company, today's strength can easily become tomorrow's weakness. The reverse is also possible, however.

This dichotomy means that the Canadian apparel company *must* do things right the first time. A benchmarking initiative, with its potential for failure, must be managed correctly.

### **Why is a guide necessary?**

The benchmarking process is not easy. Most initiatives yield inconclusive data, leading to ill-conceived or unsuccessful improvement measures. So how does the Canadian apparel executive marshal his or her company's resources to successfully benchmark?

Benchmarking involves rigorous self-examination, careful quantification of important performance measurements, extensive data collection and analysis, and the development of a process for continuous improvement. Improvement opportunities often involve major cultural or operational changes for the company.

However, the benefits of benchmarking far outweigh the costs and risks involved. Identifying competitive strengths and weaknesses, increasing customer satisfaction levels, prioritizing improvement opportunities, setting goals and developing a climate of continuous change are all marks of the successful company — the one against which other companies benchmark.

This guide is designed to provide a blueprint for success in this effort.

# A BENCHMARKING OVERVIEW

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Benchmarking entails two perspectives. Initially, the Canadian apparel company must look internally. What do we do well? What could be improved? What are the obstacles to improvement?

Once the Canadian apparel company understands its internal situation, the company must look externally. Who does this operation better? How do they do it?

It is the combination of these two perspectives that drives a successful benchmarking initiative.

## **Internally Focused Benchmarking**

It pays to *know yourself first!*

Internally focused benchmarking examines processes and operations within the company itself.

Similar activities in departments, functions or facilities are compared. For example, order entry processing times can be compared among different sales divisions. Overhead staffing ratios can be compared among corporate functional areas. Seconds levels can be compared among multiple sewing operations.

### *The advantages*

Canadian apparel companies are typically operated with lean staffs. Benchmarking conducted within a company requires less research and implementation effort.

Information to be collected is typically in a standardized format, requiring little or no customization, and is readily understood by all personnel involved in the benchmarking effort.

The internally focused benchmarking effort minimizes confidentiality problems. All information collected can be tightly maintained, and highly confidential information can be carefully controlled.

Most importantly, the internally focused benchmarking effort provides an introduction to benchmarking to an organization and a detailed approach to data collection and analysis. The well done internal benchmarking effort will provide an excellent base for extending comparisons outside the company.

### *The risks*

Typically, Canadian apparel companies are small, with single or few operational locations and divisions. Therefore, comparisons are limited. Drawing conclusions and developing improvement plans can be misleading.

Various functions or operations within a company tend to have similar strengths and weaknesses. The development of "world-class" goals, therefore, is difficult to complete using only internal data.



### ***The conclusion***

The initial internally focused benchmarking effort can be an excellent introduction to the process for the Canadian apparel company. It also provides extensive documentation of actual performance levels, which can be used for externally focused benchmarking later on.

Management must take care, however, to recognize that internal processes and operations are not necessarily "the best." They may, however, be the best within the company.

### **Externally Focused Benchmarking**

Once you know yourself, *it pays to know why the competition is better!*

Externally focused benchmarking involves two types of examinations — the competitor focused study and the generically focused study.

Competitor focused benchmarking examines the performance characteristics of direct product competitors or of companies that produce similar types of apparel products. For example, a uniform producer could compare certain products or operations with other uniform producers or with men's tailored clothing operations.

Generically focused benchmarking extends comparisons outside the markets of competitors or even outside the apparel industry itself. For example, a comparison of on-time delivery performance could be made with other consumer products companies as opposed to being restricted solely to direct competitors.

### ***The advantages***

In the effort to be "the best" at something, other companies that are perceived to be leaders must be examined. Why does Xerox have such a reputation for customer service? How does Federal Express achieve such an outstanding on-time delivery performance level? How does my direct competitor down the street beat me on price?

By extending benchmarking beyond the limits of one's own company, best performance levels within Canada, within North America or globally can be analyzed. Improvement opportunities can then be quantified and implementation plans can then be developed.

### ***The risks***

Confidentiality is the major problem with external benchmarking. Data regarding the performance of direct competitors are very difficult to obtain. It is usually easier to look at indirect competitors or even non-competitors than at direct competitors.

There is also a risk that data collected cannot be directly compared among companies, particularly when those companies are not in the same industry.

### ***The conclusion***

Ultimately, benchmarking *must* extend beyond the walls of one's own company. Internal paradigms are too easy to develop and are often difficult to destroy. Only through comparisons with industry leaders are significant improvement opportunities identified.

# 23 STEPS TO SUCCESSFUL BENCHMARKING

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A benchmarking project is a carefully planned and executed exercise. Failure to successfully organize and implement the project typically results in the development of unusable or inconclusive comparative data, or in ineffective and short-term process changes.

A successful benchmarking effort typically goes through almost two dozen distinct steps. Each step must be completed before moving on. Broadly, these steps fall into six phases:

- Internal planning
- Internal data collection and analysis
- External planning
- External data collection and analysis
- Consensus building
- Process improvement

Ignore the impulse simply to go and find out "what the other guy does." Without careful planning, a complete understanding of the internal operation of one's own company, and a structured method of going about benchmarking, simply finding out "what the other guy does" will not result in significant improvements. The result, typically, is frustration because a

company's employees will know that they are not the best and that there is no plan in place to achieve improvement.

Twenty-three steps? Almost two dozen steps! We don't have the time or the money to handle that much work.

Actually, the typical Canadian apparel company has little choice. The international competitive environment is driving a major restructuring of the apparel industry. International agreements, such as the North American Free Trade Agreement, are changing markets radically. The survivors will be those companies capable of making major changes.

The Canadian apparel companies that have survived the past five tough years have proven that they have staying power. However, the business climate is not going to get easier, it is going to become even more competitive.

The question is not *whether* to use benchmarking (and other business improvement techniques), but *how* to use it successfully.

The pages that follow outline the phases and steps that should be followed when conducting a benchmarking effort. Some may be emphasized more than others. All, however, must be considered.

**THE INTERNAL  
PLANNING PHASE**



Find a Champion



Get Management Sponsorship



Figure Out What's Important



Don't Make it a One Person Effort



Figure Out How to  
Measure What's Important



**THE INTERNAL DATA COLLECTION  
AND ANALYSIS PHASE**

# THE INTERNAL PLANNING PHASE

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## FIND A CHAMPION

*“Every accomplishment starts with the decision to try.”*

*Anonymous*

Benchmarking is a challenging endeavour. Significant commitments of time are required. For this reason, benchmarking exercises are usually initiated by someone within an organization who has read extensively on the subject and has a strong desire to improve. This “champion” must be knowledgeable, able to achieve consensus, and stubborn enough not to give up when setbacks occur.

The benchmarking process requires someone who understands more than just one function or process. The champion must be in a position to understand how the company is integrated across its many functions. The champion must also recognize what future directions the company may take strategically, so that the impact of changes can be evaluated in light of new products or processes that may be developed.

It should be noted that “champions” for companies can, occasionally, be

committees instead of individuals. However, the relative effectiveness of the champion tends to decrease as additional individuals are added.

Canadian apparel companies typically have lean management structures. Managers already have full-time jobs, and taking on a benchmarking initiative is a significant commitment of time. The need for a champion, therefore, is critical.

Interestingly, upper-management personnel are rarely champions for benchmarking efforts in Canadian apparel companies. Most are highly entrepreneurial, and it is often difficult for entrepreneurs to step back and take a critical look at their own creations. This is not to say that they are unwilling to make improvements, only that they find it difficult to successfully complete the analysis required to formulate an action plan.

Champions are natural leaders. They are rarely appointed to the position. The ideal person for the position in the typical Canadian apparel company is someone at the executive level who has an excellent understanding of one function and a basic understanding of other functions. For example, an operations manager with a systems background would be a good choice. This individual would understand several critical business processes.

## GET MANAGEMENT SPONSORSHIP

*"Take the obvious, add a cupful of brains, a generous pinch of imagination, a bucketful of courage and daring, stir well, and bring to a boil."*

**Bernard Baruch**  
Financier

Without the sponsorship of management, no benchmarking exercise will yield positive results. Management must be committed not only to the data collection and analysis stage of benchmarking but also to the process improvement stage.

The responsibilities of management include

- Providing the resources needed to do the benchmarking
- Breaking down walls between functions or processes
- Providing training and support to implement changed processes
- Being open to new ideas, some of which may conflict with traditional management thinking

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Canadian apparel companies are typically small to medium-sized, highly entrepreneurial operations. Management plays a far greater role in day-to-day operations

than in larger firms. Therefore, management commitment to, and involvement in, a benchmarking exercise is even more critical than usual.

Management must be involved from the beginning. This includes participation in every step listed below to ensure an ongoing understanding of the analyses and implementation steps required to achieve improvement opportunities.

In private companies, the owner must be involved in the process. Meetings should be held at least once a week to bring management up to date on progress and problems. The managing director of each major function (sales, marketing, systems, operations and logistics) should participate in these meetings whenever possible. In the short run, this facilitates effective communications among functions. In the long run, this allows the building of a consensus for implementation of improvements.

## FIGURE OUT WHAT'S IMPORTANT

*"If you chase two rabbits, both will escape."*

**Anonymous**

A critical step is to select the parameters to benchmark. Many organizations have made the mistake of attempting

to benchmark all areas of operations, and have, as a result, diluted their efforts.

There is a strong need to determine what the key factors to a company's success are. Ultimately, the customer determines what is important. Building in a high degree of quality may be useless if a product is sold on the basis of price alone.

An understanding of customer requirements is critical. For most Canadian apparel companies, price and cost issues are secondary to quality and service parameters. Therefore, on-time delivery performance or seconds levels may be more important than indirect labour costs, for example.

Focus groups, surveys or market research can be used to determine customer requirements. However, most management teams can develop profiles of their customers and their needs effectively enough for a benchmarking initiative to proceed.

Along with understanding the customer, the Canadian apparel company needs to profile the critical processes in the business. For apparel companies, these business processes would include

- Product development
- Production planning
- Accounting
- Sales and marketing
- Production
- Customer service
- Quality control
- Other processes

Complex processes can be subdivided, if necessary. Each process is then examined to determine which parameters make that particular process critical.

By listing the critical processes in a Canadian apparel company's business, the primary focuses for benchmarking will be highlighted. If sewing throughput time is a major reason why production is a critical business process, the benchmarking exercise should certainly target this area.

## DON'T MAKE IT A ONE PERSON EFFORT

*"Take my assets — but  
leave me my team and  
in five years I'll have it  
all back."*

**Alfred P. Sloan**  
**U.S. automobile executive**

Key individuals from all critical functions impacting on the benchmarking parameters must be included in the data collection effort. The best way to facilitate this effort is to form a corporate benchmarking committee.

The committee should include some individuals not directly impacted by the benchmarking effort. This improves the likelihood of avoiding data collection

or analysis paradigms. An "outside" perspective is very valuable in a benchmarking effort.

The committee is chaired by the champion. However, all functional areas are considered to be equally important in the process, and open communication is critical to success. In the long run, the benchmarking committee usually takes on the responsibility for implementing changes.

Because of time constraints, it is often necessary in Canadian apparel companies to include middle-management individuals on the benchmarking committee. The champion should meet with managers of key functions to discuss the requirements of the benchmarking effort. Committee members must be able to

- Commit functional resources to the effort
- Communicate process knowledge and requirements to other committee members
- Participate in the benchmarking process

Because the benchmarking committee should meet at least twice a week, for at least two to three hours per meeting, time availability is a priority. In most companies, this level of participation must be supported by management. It is the lack of management sponsorship in the area of time commitments for key committee members that causes the most problems early in the benchmarking process.

While not routine, the attendance of customers and suppliers at benchmarking committee meetings on a part-time basis has been shown to be an effective way

to keep efforts focused. Because of the need to discuss confidential information, however, this practice should be monitored carefully.

## FIGURE OUT HOW TO MEASURE WHAT'S IMPORTANT

*"The uncreative mind  
can spot the wrong  
answer, but it takes the  
creative mind to spot  
the wrong question."*

**Anthony Jay**  
*British author*

After the benchmarking parameters are selected, measurement criteria must be developed. These criteria should be easily understood by all individuals involved in the benchmarking exercise. This includes not only those individuals who are analyzing the information but also those charged with collecting the information.

Whenever possible, information should be collected in the format in which it is typically used within the company. For example, if direct to indirect labour ratios are to be compared, collecting standard labour reports from sewing plants is preferable to asking for new reports. Benchmarking is not an easy process,

but making data collection as easy as possible is critical to keeping the business running simultaneously with the process.

There are many types of measurements that can be used by the Canadian apparel company to benchmark effectively. These include

- Cost (direct labour, indirect labour, materials, fixed and variable overhead)
- Responsiveness (on-time delivery percentage, order fulfillment percentage, order processing time)
- Quality (fabric flaws, seconds levels, sewing defect levels, process compliance)
- Appearance
- Accuracy (packing count, inventory count)

- Value added (as a percentage of cost, as a percentage of throughput time)
- Flexibility (styles per operating unit or week, total styles per season)

It is very important, whenever possible, to develop quantitative, not qualitative, measurements. Stating that sewing throughput times are "good" is not going to provide guidelines towards improvement. Stating that sewing throughput times are "three days," on the other hand, allows one to make direct comparisons and projections.

Confidentiality of information is critical to benchmarking, particularly in Canadian apparel companies, which, typically, are privately held firms. The use of ratios instead of absolute numbers allows comparisons to be made without revealing confidential information.



**THE INTERNAL DATA COLLECTION  
AND ANALYSIS PHASE**



Look at Yourself First



Collect Information



Use Process Flow Diagrams



Go After Early Achievable Results



**THE EXTERNAL  
PLANNING PHASE**

# THE INTERNAL DATA COLLECTION AND ANALYSIS PHASE

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## LOOK AT YOURSELF FIRST

*"The only person sure of himself is the man who wishes to leave things as they are, and he dreams of an impossibility."*

*George M. Wrong  
Canadian historian*

After benchmarking parameters and measurement criteria are developed, the approach to collecting the information must be finalized. There are a number of possible approaches, including

- Written surveys or questionnaires
- Telephone interviews
- Visits

The decision regarding which variation to use typically depends

on time availability. Actual visits and discussions with key management personnel are the preferable alternative as this approach allows for follow-up questions and tends to promote the most open flow of information.

Telephone interviews can be effective for follow-up. Written surveys or questionnaires are the best approach for obtaining information initially.

The Canadian apparel company typically has the advantage of operating in only a few facilities, frequently in only one. Lines of communication are often flexible and easy.

Initial contacts should be made by the benchmarking champion, who should explain the purpose behind the exercise and arrange for visits. However, the champion should not be the exclusive data collector. Obtaining information from a wide range of sources, collected by various members of the benchmarking committee, will ensure the greatest diversity of input into the process.

## COLLECT INFORMATION

*“Knowledge is a process of piling up facts; wisdom lies in their simplification.”*

**Martin H. Fisher**  
*Scientist and educator*

Using the selected methods, data collection should be completed.

To whatever extent possible, information collected should be standardized. This facilitates data collection and also makes data analysis easier.

This step should be completed as quickly as possible, even if some data are incomplete. The benchmarking committee should review the information, identify missing data and refocus the effort.

At first glance, collecting data should be the easiest part of the benchmarking process. If information is readily available, this step should be straightforward.

In many Canadian apparel companies, however, information is difficult to collect, often because it is not computerized. When records and data are recorded manually in logs or registers, separating the important information from the trivial becomes the major part of the work.

The process must not be delayed because of inefficient data handling methods. The need for forward inertia is critical to maintaining enthusiasm for benchmarking. If necessary, the benchmarking

champion must hire temporary clerical personnel to assemble data. The incremental cost of clerical support is small when compared with the potential improvements resulting from benchmarking studies.

## USE PROCESS FLOW DIAGRAMS

*“One pound of learning requires ten pounds of common sense to apply it.”*

*Anonymous*

The best initial step in data analysis is the development of a process flow diagram of each benchmarking parameter.

A process flow diagram outlines the way a business operates in three critical areas:

- Production flow, which outlines how materials and operations are linked together to produce garments
- Personnel flow, which outlines how reporting responsibilities and meetings are configured to manage the business
- Information flow, which outlines how systems and reporting move critical data through the process

The collected data are used to show how different facilities, functions or operations compare in critical steps in the process flow. The process flow diagram is an easily understood method of showing the

relationships between functions and processes within a business.

Canadian apparel companies should stress the information flow area of the process flow diagram. Systems support is critical in lean operational structures, where there should be a minimum of meetings and other mechanisms to transmit information between individuals and functions.

An effective approach to process mapping is to use "sticky notes" in various colours on a wall. By using one colour for operations, another for reports, another for meetings, etc., a highly visual method of showing relationships can be developed. The benchmarking team should solicit input from as many people within the company as possible, as it is rare that any one person understands all of the interrelationships within a function. If the process flow "wall" is located in an area where it can be viewed by many individuals within the company, maximum input can be obtained.

## GO AFTER EARLY ACHIEVABLE RESULTS

*"A stitch in time saves  
nine."*

*Anonymous*

Using the process flow diagram, the benchmarking committee should be able to identify significant opportunities for improvement.

There are often opportunities identified that require little investment and offer high returns. The elimination of non-value adding operations and meetings, in particular, requires no investment and yields immediate results.

It should be noted that the internally focused benchmarking effort may not yield significant improvement opportunities. Typically, something that is done well or poorly within one part of an organization may also be done that way in other areas. Therefore, the externally focused stage of the benchmarking effort may need to be completed to provide the "best" opportunities for improvement.

An estimate of the potential benefits of immediate implementation should be made. Only if the return is significant should opportunities for improvement be implemented before completing the externally focused stage of the benchmarking effort.

Canadian apparel companies must resist the impulse to eliminate meetings until their importance has been evaluated completely. Small to medium-sized firms rely on meetings to a much greater extent than large firms. There is, therefore, a risk of doing away with an important means of information transmission if meetings are arbitrarily dropped.

Often Canadian apparel companies can achieve immediate gains by reducing their levels of reporting. The benchmarking committee should look closely at the number and size of reports being disseminated throughout the company. Exception reports are preferred to detailed accounts, and often companies can save money on paper and make their managers more effective simply by changing the way their operational reports are formatted.

**THE EXTERNAL  
PLANNING PHASE**



Refocus



Develop a Benchmarking  
Partner List



Adopt a Benchmarking  
"Code of Ethics"



Use Outside Resources



**THE EXTERNAL DATA COLLECTION  
AND ANALYSIS PHASE**

# THE EXTERNAL PLANNING PHASE

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## REFOCUS

*"Oh would the Power  
the giftie gie us,  
To see ourselves as  
others see us."*

*Robert Burns  
Scottish poet*

It is important to look inside first. However, as pointed out earlier, the opportunity to recognize significant improvement opportunities is less in internally focused examinations than when companies look outside.

Opportunities exist to benchmark against competitors or against "world-class companies" in other industries. Competitor benchmarking involves the collection of information from third-party sources or through direct purchases of competitors' products. Confidentiality issues, however, make this type of benchmarking very difficult to carry out.

"World-class company" benchmarking involves the examination of generic processes or functions. For example,

logistics, customer service, human resources and accounting functions can be compared within an industry or among dissimilar industries.

Canadian apparel companies have traditionally viewed themselves as being "too different" to be compared. In many operational areas, this view is correct. For example, labour input varies significantly between basic and fashion apparel. Many throughput times can also vary significantly.

However, even comparisons in these areas can be revealing. For example, a children's garment manufacturer with high product diversity might learn from the experience of a bra manufacturer with similarly high product diversity.

Because of the small size of the Canadian market, most Canadian apparel companies have relatively few direct Canadian competitors. This makes the confidentiality issue critical. Many Canadian apparel companies have had better success benchmarking themselves against U.S. or European competitors as there is a larger pool of companies to examine, and the firms frequently do not compete directly against each other.

## DEVELOP A BENCHMARKING PARTNER LIST

*"Don't worry because a rival imitates you. As long as he follows in your tracks he cannot overtake you."*

*Anonymous*

The ideal number of benchmarking partners is three to five. Fewer will limit the data comparison totals. More will be difficult to manage effectively.

Screen potential partners. Organizations should not be considered if they are

- Unwilling to share information
- Have a bad reputation
- Are costly to visit or communicate with

After a short list of potential benchmarking partners is established, it is best to carry out a preliminary survey, conducted through an outside party. Using an outside party ensures confidentiality and impartiality. The survey should contain questions specific to the parameters to be benchmarked, but should not include requests for any information that is likely to be confidential or sensitive. This survey can then be used to finalize the potential list of benchmarking partners.

It is usually a mistake to attempt to benchmark against the "leading company" in

Canada or any organization that has the reputation of being the "best." These companies are usually inundated with requests for partnerships.

Instead, select companies that are recognized as being exceptional in those areas that have been identified internally as needing improvement. There is nothing wrong with benchmarking against a company that is outstanding in some ways while being poor in others. For example, an apparel company with high costs may still have significant customer service advantages that can be used effectively.

## ADOPT A BENCHMARKING "CODE OF ETHICS"

*"To me, morality is how you treat others."*

*Gregory Baum  
Canadian theologian*

Benchmarking partnerships should be a two-way street. In the best partnerships, both parties learn new things and are able to improve their operations. Even when a small company is partnered with a large company, the opportunity to learn new process alternatives exists.

A "code of ethics" must be established, however.

Confidentiality of information must be guaranteed. Information requests must be focused and reasonable with respect to the level of detail required.

Unless permission is granted from the benchmarking partner, the partner's name and information should never be distributed.

Confidentiality problems are significant for Canadian apparel companies. When working with benchmarking partners, questions should never be asked about anything that the Canadian apparel company would be unwilling to share with its partner.

## USE OUTSIDE RESOURCES

*"I not only use all the  
brains I have, but all  
I can borrow."*

**Woodrow Wilson**  
**U.S. President**

There are numerous outside sources of information for benchmarking exercises. These include

- Published literature
- Trade associations
- Consultants

There is a wealth of information available through trade publications, periodicals, government data, financial reports and

books. Computer databases allow a company to request information that may be available on specific topics or companies.

Professional and trade associations maintain large databases on competitive factors and organizations that impact on their membership.

Consultants provide an outside perspective that can be valuable in a benchmarking initiative. They typically search for best practices that can be applied in their consulting business and have usually worked with a wide range of firms. They can also provide an unbiased perspective, which allows a company to understand what is happening within the firm instead of what *should* be happening.

Consultants can also act as third party intermediaries. The preliminary survey outlined above could be completed and managed by an outside consultant very effectively.

For Canadian apparel companies, the federal government is an excellent initial source of information. Both Statistics Canada and Industry Canada conduct numerous studies that are readily available.

Associations, such as the Canadian Apparel Federation, are also good sources of information and/or contacts. Tapping American professional and trade associations for information may be more difficult for Canadian apparel companies because these associations may have restrictions on the flow in information outside of the United States.



**THE EXTERNAL DATA COLLECTION  
AND ANALYSIS PHASE**



Conduct a Benchmarking Survey



Visit Benchmarking Partners



Update the Database



Develop a Process Change Plan



**THE CONSENSUS  
BUILDING PHASE**

# THE EXTERNAL DATA COLLECTION AND ANALYSIS PHASE

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## CONDUCT A BENCHMARKING SURVEY

*"When I want your  
opinion, I'll give it  
to you."*

**Harold Ballard**  
*Former owner, Maple Leaf Gardens*

Once the benchmarking partners have been selected, a benchmarking survey should be conducted. This is accomplished through the use of written questionnaires rather than on-site visits. The use of questionnaires is cost effective as written data are usually more accurate than verbal responses and the respondent is given time to collect the requested information.

The survey should ask for quantifiable information, not opinions. It is often best to use a multiple-choice or forced rating approach to the questions rather than asking open-ended questions.

The individual responsible for responding to the questionnaire should be contacted and informed as to how the questionnaire is to be completed and why the survey is being conducted. It is also a good idea to make sure that the benchmarking approach is being extended to the respondent's company as well.

A self-addressed, stamped envelope should always be included with the questionnaire. When the survey is returned, it should be reviewed immediately and pertinent information should be added to the process flow diagram. To whatever extent possible, feedback regarding improvement opportunities and results should be provided to the benchmark partner to show the benefits of the process.

Canadian apparel companies should tailor their surveys so that the responses can be provided by middle-management personnel in their benchmark partners' companies. Time constraints exist everywhere.

Because information is so rarely shared among companies, particularly in Canada, an offer to provide a copy of the final report or results of the benchmarking exercise is a powerful incentive for potential partners to participate.

## VISIT BENCHMARKING PARTNERS

*"Results? Why man, I  
have gotten a lot of  
results. I know 50,000  
things that won't work."*

**Thomas Edison, Inventor**

Visits to benchmarking partners may be the most interesting and challenging parts of the benchmarking process. However, they are also the one step in the process that can be eliminated, if appropriate.

On-site visits serve two major purposes. The first is to get an on-the-scene perspective on some benchmarking parameters. For example, if the fabric seconds levels for a benchmarking partner are exceptional, an examination of the company's inspection procedures or sourcing specification process might be in order. This type of follow-up can often be accomplished only during an on-site visit.

The second major purpose is to establish solid relationships with benchmarking partners. The benchmarking process should be continuous, and even the "best" firms are continuously improving. Establishing good communications with these types of partners will benefit both companies in the long run.

On-site visits take time, however. Therefore, every visit should be highly focused. The visits should not be social. They must be business oriented and restricted to benchmarking committee members with appropriate expertise.

Often, on-site visits are not necessary. When benchmarking on the basis of ratios, the requirements for confidentiality dictate that only surveys and follow-up telephone calls be used.

Because benchmarking partners are often located in the United States, Canadian apparel companies must restrict the number of on-site visits simply to minimize costs. This makes each visit critical.

It is much more likely that Canadian apparel companies will use only the results of the benchmarking survey rather than the

results of on-site visits. Follow-up by telephone interview, if carried out effectively, is nearly as positive as site visits.

## UPDATE THE DATABASE

*"To change and to improve are two different things."*

*German proverb*

Once the benchmarking data have been collected, they must be analyzed to determine how the partners' processes are superior to internal processes.

This can be accomplished simply by comparing absolute data results from internal benchmarking with results from external benchmarking. This will indicate areas where improvement is possible. However, it rarely indicates *why* the superior performance exists, only that it does, in fact, exist.

For this reason, incorporating the opportunities observed in the data into the process flow diagram is critical. By observing how the external process flow differs from the internal flow process, the reasons for superior performance often became clear. Also, incorporating external data into the existing process flow can indicate the impacts of changes on internal processes.

More importantly, observing the interrelationships between new processes and old processes can begin to reveal the magnitude of improvement potential and the costs associated with achieving the improvement.

The input of every individual who helped develop the internal process flow diagram is necessary when considering the impact of external benchmarking indicators. This is primarily because of the interrelationships between processes in the apparel business.

For example, simply driving towards reduced customer order replenishment cycle times may require significant increases in finished goods inventory levels. A positive factor is offset by a negative factor. Without the input of all functions in the analysis, the potential negative impacts of some changes may not be recognized.

## DEVELOP A PROCESS CHANGE PLAN

*"Plan? We don't need  
no stinking plan!"*

*Mel Brooks  
"Blazing Saddles"*

Creativity and vision now become priorities. The modified process flow diagram and all of the data that have been collected and analyzed must now be transformed into an actionable plan for making improvements. The benchmarking committee must now develop a process change plan.

This plan should be a vision of where the company could be if all factors were optimized. Non-value adding activities are eliminated. Timing is optimized. Costs are reduced. Meetings are focused. Systems are set up to provide the correct information at the correct time to the right people.

Initially, the committee should "blue sky" the process. No idea should be considered too radical, too expensive or too complicated. By looking at every possibility, some opportunities that might otherwise be missed will be examined.

The process change plan should then be documented, with estimates of the

- Time to implement the change
- Human and capital resources required for implementation
- Magnitude of opportunity available through implementation
- Impact on processes before and after implementation
- Potential problems to be resolved

As with most steps in benchmarking, input from as broad a base of individuals within the company as possible is advantageous. This is particularly true when attempting to evaluate the impact on preceding and subsequent processes of a change or the information requirements for a changed process.

Canadian apparel companies must be particularly careful when evaluating information flow and requirements. In many benchmarking evaluations, the systems required to implement significant process changes are costly both to purchase and to maintain. With typically limited capital resources, the Canadian apparel company must often adopt less costly, sometimes manual, information handling procedures to keep investments within capital budgets.

However, the impact of systems changes can also be dramatic. The Canadian apparel company should not automatically assume that large systems investments cannot be justified. A careful cost/benefit analysis is critical.

**THE CONSENSUS  
BUILDING PHASE**



Build Management  
Support  
for Change



Prioritize Implementation  
Efforts



Develop a Company-wide  
Consensus for Improvement



**THE PROCESS  
IMPROVEMENT PHASE**

# THE CONSENSUS BUILDING PHASE

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## BUILD MANAGEMENT SUPPORT FOR CHANGE

*"If you are going to lead people, you have to know where they are going."*

**Camillien Houde**  
*Former Mayor of Montreal*

The global plan has been completed. All alternatives have been considered. A preliminary list of recommendations and options has been prepared. Before the final plan is detailed, management support must be developed.

Hopefully, management has been involved in the benchmarking process from the beginning, and support for the plan will already exist. However, change *always* comes from the top. Without upper-management support, change initiatives will not succeed. Therefore, this support should not be taken for granted.

In most Canadian apparel companies, management has limited time to invest in

benchmarking planning. Therefore, the need to develop basic support for recommended changes is even more critical for Canadian firms.

Management must be committed to the process. Even when there is little time for actual participation, management should be involved in the final evaluation process for the global plans and alternatives under consideration.

## PRIORITIZE IMPLEMENTATION EFFORTS

*"The path to success is paved with good intentions that were carried out!"*

**Robert Edwards**  
*Canadian publisher*

The development of a process change plan leads to prioritizing implementation efforts. Every company needs to get the biggest "bang for the buck" at first

because early implementation returns frequently pay for later initiatives.

Typically, each member of the benchmarking committee has his or her own opinions about which improvement initiatives should come first. Often, the return on investment for different initiatives is similar. It is under these circumstances that the benchmarking champion must play a critical role.

The champion must function as the ultimate arbitrator of differences in opinion. The champion must ultimately build a consensus for improvement implementation.

The output of this step should be a list of improvement opportunities organized in order of priority. This list will become the road map for the company's improvement efforts for the future, as well as a checklist for implementation.

Canadian apparel companies typically have relatively few problems with prioritizing initiatives. Capital resources dictate which initiatives can begin immediately and which must be delayed. The benchmarking team is usually small and, therefore, conflicting priorities are minor.

However, there is a tendency for Canadian apparel companies to be overly cautious about committing to improvement opportunities. Too many process changes are ignored because they are too costly in the short run. However, a key to benchmarking is to recognize all opportunities and ensure that they will always be under consideration. Therefore, costly initiatives should only be delayed, not eliminated from consideration.

Another thing to consider is the impact of process changes on problem-solving situations. In apparel process improvement, it is not uncommon for major changes in overall process flow to reduce or even eliminate specific problems with specific operations or functions. For example, implementing modular manufacturing concepts to reduce throughput times in sewing has the added benefit of reducing work in process inventory levels.

In prioritizing improvement efforts, therefore, inventory reduction will not be a specific goal, but a side benefit of other actions.

## DEVELOP A COMPANY-WIDE CONSENSUS FOR IMPROVEMENT



*"You can't plough a field by turning it over in your head."*

**Pete McGillen**  
**Toronto Telegram**

The diplomatic abilities of the benchmarking champion are now challenged. To achieve successful implementation, all affected functions and individuals must buy into the reasons for change, the impacts of change and the benefits of change.

Unfortunately, it has been demonstrated many times that change — even positive

change — is initially viewed negatively. The benchmarking champion must be aggressive in moving all key individuals in the process in a positive direction.

The development of a consensus is the responsibility of the benchmarking champion, in concert with the benchmarking committee. The committee must present a unified voice to management regarding the priorities for change.

Equally important, particularly for Canadian apparel companies, is the building of a consensus among the “targets” for change. These are often direct labour employees or staff personnel, often unionized. Along with management, these individuals must accept the need for change for improvement implementation to succeed.



**THE PROCESS**  
**IMPROVEMENT PHASE**



**Make it Happen!**



**Refine the Plan, Again!**



**Make it Happen, Again!**

# THE PROCESS IMPROVEMENT PHASE

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## MAKE IT HAPPEN!

*"You must be in tune  
with the times and  
prepared to break  
with tradition."*

**William M. Agee, Chairman  
Bendix Corporation**

The benchmarking data have been collected. Improvement opportunities have been identified and prioritized. The impact of changes in the process flow has been documented. A consensus for change has been built.

Although it seems overly simplistic, the next step is often the hardest — actually getting started with the implementation.

Typically, the benchmarking champion is also the implementation leader. After all, this individual has been the critical person in developing and prioritizing changes. However, management may often choose another individual to lead the change process, leaving the benchmarking champion to start another round of comparisons or to move to another area of the business requiring examination.

The correct approach is dependent on the personalities of the individuals selected.

However, the consensus approach to change management requires a consensus approach to implementation. Therefore, the benchmarking champion is usually the best selection.

During prioritization, an "easy" success story is usually selected to begin with. Successful implementations lead to more successful implementations. A pattern of success must be established.

The key, however, is to get the process started and not to allow the usual litany of excuses to get in the way.

## REFINE THE PLAN, AGAIN!

*"The only person who  
behaves sensibly is my  
tailor. He measures me  
anew each time he sees  
me."*

**George Bernard Shaw  
British author**

Benchmarking is too often viewed as a one-shot tool to solve short-term problems. The process, however, should

be one part of an ongoing improvement initiative.

Unfortunately, most process improvement programs, even those that are highly successful in the short term, begin to deteriorate over time. Personnel or equipment change. Products change. Standardized procedures are allowed to slip. Competitors make significant improvements, making the "new" process obsolete.

The key to continuous improvement is the development of a mentality that does not allow stagnation. This can be accomplished in a number of ways

- Redo the benchmarking process periodically
- Keep the benchmarking committee intact and charged with the responsibility to keep abreast of developments inside and outside the company
- Clearly define the need for change to all employees and build rewards systems around successful change
- Publicize the results of the improvement efforts, both internally and externally

In particular, Canadian apparel companies must modify compensation approaches to keep interest in continuous improvement high. The use of gain-sharing or profit-sharing programs is an excellent way to share the benefits of benchmarking and implementation with all participants in the process.

Because benchmarking is used so rarely in the Canadian apparel industry, publicity for successful efforts can yield very positive results. The successful firm will find that its recruiting and retention efforts will be more effective because the company will gain a reputation as a progressive organization.

## MAKE IT HAPPEN, AGAIN!

*"The fact is that to do anything in the world worth doing, we must not stand back shivering and thinking of the cold and danger, but jump in and scramble through as well as we can."*

*Sydney Smith  
English essayist*

And again, and again, and . . . .

# A BENCHMARKING CHECKLIST

To assist Canadian apparel companies in their benchmarking effort, the following checklist has been prepared. By following

these steps, the likelihood of a successful benchmarking and process improvement initiative can be improved.

## THE INTERNAL PLANNING PHASE

- Find a Champion
- Get Management Sponsorship
- Figure Out What's Important
- Don't Make it a One Person Effort
- Figure Out How to Measure What's Important

- Look at Yourself First
- Collect Information
- Use Process Flow Diagrams
- Go After Early Achievable Results

- Refocus
- Develop a Benchmarking Partner List
- Adopt a Benchmarking "Code of Ethics"
- Use Outside Resources

## THE EXTERNAL DATA COLLECTION AND ANALYSIS PHASE

- Conduct a Benchmarking Survey
- Visit Benchmarking Partners
- Update the Database
- Develop a Process Change Plan

- Build Management Support for Change
- Prioritize Implementation Efforts
- Develop a Company-wide Consensus for Improvement

- Make It Happen!
- Refine the Plan, Again!
- Make it Happen, Again!