

# 6 ■ Benchmarking

## 6.1 Definition of benchmarking

Benchmarking – or comparative analysis - involves identifying best practices in other administrations or work areas in order to reveal potential improvement opportunities, and then implementing those best practices in your own administration. The overall aim of benchmarking in a customs context is to improve efficiency and effectiveness in national customs administrations by comparing procedures or processes with the same or similar procedures/processes used by other countries. It can also be used to provide useful information to donors about the operation of customs procedures which will help them focus on areas where they need to provide support and take action to facilitate improvement.

Benchmarking supports the detailed analysis of specific processes and procedures, and targets predetermined priority areas in a planned and clearly defined manner. It is a well-established business improvement tool, first developed by the private industry. It is effective in making an impact on performance and in meeting the challenge of delivering outcomes that contribute to continuous improvement.

Working together as partners is a vital aspect and can increase co-operation and effectiveness within the Columbus program.

Benchmarking is :

- a process used to seek specific information based on the practices, procedures and processes carried out by (an)other customs administration(s), in order to compare them;
- a collaborative process – that means sharing information on processes and measures that stimulate innovative practices and improve performance;
- a technique which helps us to improve processes, efficiency, effectiveness and/or economy;
- initiated and carried out by the customs administrations concerned.

## 6.2 Motivation for benchmarking

Within the customs field, benchmarking is likely to be most useful as a means for contributing to the improvement of service delivery or policy functions.

Customs administrations are required to meet the challenges of the globalization of trade, to counter the threat of fraud and criminality and to ensure security at borders. Benchmarking can be a useful mechanism to help customs services rise to these challenges and threats. As benchmarking can be conducted more than once, it offers the possibility of ensuring that performance improvement is sustained.

A key principle of international benchmarking is partnership: the initiating organization will seek partners with whom to work, as without partners work cannot proceed. It is therefore important to be ready and willing to support other countries, even if at first it may seem that there will be no immediate benefit to one's own administration. The motivation for participation should be based on a desire to contribute to the improvement of the applicant country, wherever that may be.

## 6.3 Benefits of benchmarking

Benchmarking is an effective tool for systematically studying and improving performance in a very specific work area. It encourages administrations to be pro-active in seeking better business solutions, to be outward-looking and never complacent.

Benchmarking can be carried out to evaluate and improve an existing system, procedure or working method or it can be undertaken as part of the creation of new systems etc, to ensure that implementation is achieved in the best possible way. Furthermore, a benchmarking exercise can be used as just one business process within a change or restructuring programme so that the outcome is not itself the primary catalyst for change but is instead used to confirm that the administration's ideas about the intended direction of change are correct.

Benchmarking is therefore a very flexible tool. Participants can choose how and when they will use it, and can select the level of complexity and detail they will incorporate into their benchmarking exercise. Opportunities for improvement or optimum strategies for change are identified. A simple exercise that merely compares working methods can be just as valid as a more complex comparison, for instance a detailed comparison of performance measurement data.

Each benchmarking partner can use the final benchmarking report to evaluate their performance and/or their procedures against the identified best practices. The extent to which the initiating administration does not operate according to best practice can be used to identify opportunities for improvement and to create an agenda for change. Implementing the agenda for change so that the identified improvement opportunities are adopted is the point at which the true benefits of benchmarking are realised.

## 6.4 How benchmarking works

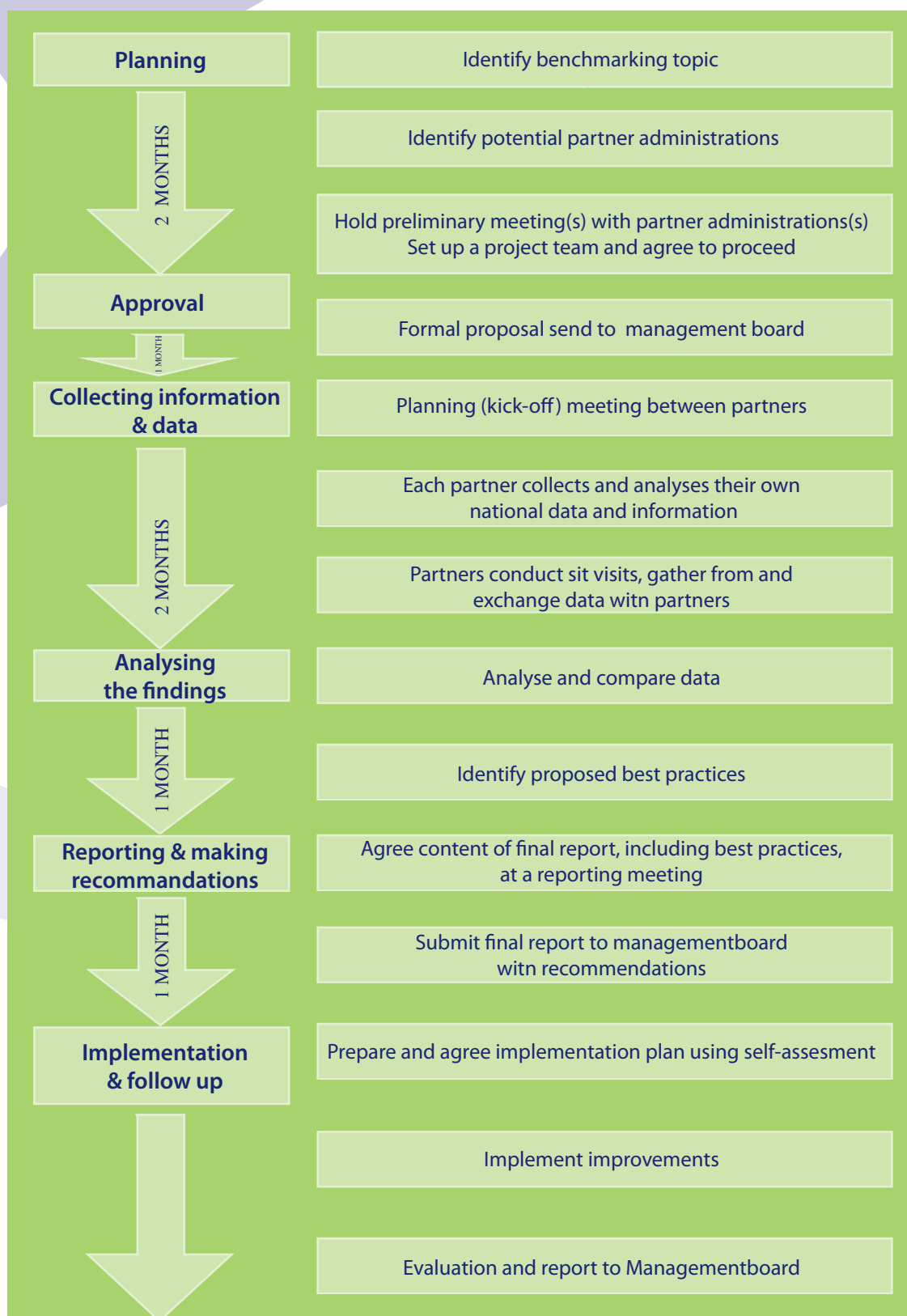
The benchmarking process involves two or more partners working together to undertake systematic research, analysis and comparison to identify and learn from best practices. The partners must be open and honest, particularly where discussions about problems and difficulties are concerned.

There are, however, a number of different approaches for conducting an exercise that can be adopted, and combined as necessary, depending on the specific needs of the benchmarking partners. For example:

- A benchmarking exercise can be carried out:
  - Once only: a one-off exercise to achieve a step-change in performance.
  - Repeatedly: carried out on the same subject periodically (e.g. on a multi-annual basis) to monitor and improve performance continuously in a specific area.
  - As a pre-feasibility study: to develop new processes, understand how best to implement them and avoid mistakes
  - As a validation study: to confirm that the chosen approach on an issue is correct and to assess the benefits.

- Benchmarking can be:
  - Internal: used to compare one specific process within your own administration. For instance: comparing how different customs offices inside the own organization control goods under the warehousing regime;
  - External: used to compare one specific process with a similar one from an external customs administration. For instance: comparing how customs offices of different countries control warehoused goods.
- The benchmarking partner(s) can be either:
  - 2-way (fully reciprocal): all partners exchange information, make site visits to each other's organization and share responsibility for analysis, agreeing on conclusions and report writing; or
  - 1-way: the partners are happy to supply information and to host inward site visits but, perhaps due to resource constraints or having to give precedence to other priorities, are unable to participate more fully. The passive partner therefore does not request information or make a return site visit, and does not contribute to the analysis of the data/information collected, to drawing conclusions or to writing the final report. However, a copy of the final report and information on how the recommendations have been implemented should be made available to the partners.
- Benchmarking exercises involving large numbers of partners can be run by a small project team under the guidance of a member of the Management board.
- The comparison carried out during a benchmarking exercise can focus on:
  - the working methods used: this involves studying the procedures used, e.g. whether a process is computerized or carried out manually; or whether a specific control is random, risk-based or based on percentages; and/or
  - the performance achieved: this involves studying performance indicators or measures, e.g. the proportion of checks resulting in the identification of an irregularity; or the actual costs of a specific function.
- The data and information gathering process can be based on:
  - Site visits: visits to the relevant experts and workplaces where the activity being benchmarked is carried out, with discussions with relevant officials; and/or
  - Questionnaires: written communication with relevant officials requesting specified performance measurement data and/or other information. This approach is especially appropriate for benchmarking exercises involving numerous partners.

Whatever approach has been adopted, at the end of the benchmarking exercise a final report is produced in which the best practices are identified.



## 6.5 Integral image of Strategic Management

