THE SELECTION OF BENCHMARKING PARTNERS FOR VALUE MANAGEMENT: AN ANALYTIC APPROACH

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Abstract
Learning from the best in class organisations provides the necessary guarantee for success in benchmarking. However, the selection of ideal benchmarking partners is a complex, time-consuming and multi-faceted decision-making process. This paper presents a selection model for the selection of Value Management (VM) benchmarking partners based on the principle of analytical hierarchy process (AHP). It is a key step in a research project aiming to develop a successful framework for implementing value management (VM) in China’s construction industry. The application of Expert Choice software makes the building of comparison matrix, the calculation of consistency ratio and the determination of weighting more effective and accurate. The output of a benchmarking study suggests a selection model that is reliable and principles which can be used in other benchmarking activities.

Keywords
Benchmarking, Analytical Hierarchy Process, Value Management, Expert Choice

INTRODUCTION
Benchmarking is the search for best practices that will lead to breakthrough improvements of an organisation’s performance. (Adersen & Pettersen, 1996). It is a concept that is an integral part of a comprehensive total-quality-management (TQM) effort. The history of benchmarking is fairly well documented by many writers (Camp, 1989; McNair and Rimmer, 1992; Spendolini, 1992; Watson, 1993). Xerox is given credit for inventing the concept through their practice of how it managed to close the performance gap with its Japanese competitors such as Canon in the late 1970s. There are slight differences in benchmarking definitions in existing literature depending on the focus and scope of application. Based on the benchmarking experience at Xerox, Camp (1989) provided the definition: “Benchmarking is the search for industry best practices that lead to superior performance”. A more refined definition, which was developed by the International Benchmarking Clearing House Design Committee (APQC,1993) and represented a consensus among 100 companies, is, “Benchmarking is a systematic and continuous measurement process; a process of continuously measuring and comparing an organisation’s business against business leaders anywhere in the world to gain information which will help the organisation to take action to improve its performance”.

The essentials of benchmarking are to learn from leading organisations and implement improvements (APQC, 1993). Identifying ideal benchmarking partners is a critical factor for the success of benchmarking. Obviously, if the performance of benchmarking partners do not represent the best in class, it is hard to learn something from them effectively and efficiently and also impossible for an organisation to make expected improvement. However, the number of possible benchmarking candidates is so large that often make the identification and selection phase is a time- and effort-consuming procedure. The selection of ideal benchmarking partners