Organizational Consultation XIV

Generating Information from Outside the Organization: Appreciative Benchmarking

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An appreciative organization is one that sets goals that are inspiring, yet realistic. This process of setting goals that are both inspiring and realistic is never easy. It requires more than just the chartering of intentions (mission, vision, values and purposes), the appreciative strategy I addressed in an earlier essay. It requires more than just the assessment of current resources in the organization. Goals must be set in a way that accounts for both the desired state and the current state of the organization. If only the desired state (intention) is taken into account, the goals of a program may be set at too high a level. Overly ambitious intentions fail to account for the current resources of the organization or other realities that the organization must face. Conversely, if only information about the current state is taken into account, the goals are likely to be set too low. There is no incentive for employees to try harder or strive toward something that is ambitious but achievable.

Several decades ago, David McClelland and his colleagues at Harvard University conducted a series of experiments regarding ways in which people with both very high and very low need for achievement tend to behave when confronted with a task. McClelland asked each of his subjects to play a ring-toss game. This game involves throwing rings around a post. It is an in-doors version of Horseshoes. McClelland changed the traditional rules of the game, however, by asking each subject to determine how far away they wished to stand when throwing the rings toward the post. McClelland found that subjects who had scored high on a need achievement test tended to set the post at a challenging distance from the post. With some skill, they could successfully toss the ring over the post; however, it was not easy and most of the high achievers improved with practice. Many of the low need achievers, by contrast, tended to set the post at a far distance. This means that they were only likely to be successful in throwing the ring over the post if they were very lucky. Other low need achievers moved to the opposite extreme. They stood immediately over the top of the post and simply dropped the rings over the post. No challenge—but guaranteed success.

We have described this experiment because the same dynamic occurs in organizations. Some employees and some work groups and departments have a high need for achievement. They set goals that are ambitious, but do-able. Other employees and groups are often unable to set goals that are high but realistic. They either set the goals too high (like the ring-tossers who set the post over at the other end of the room) or too low (like the ring-tossers who stand over the top of the post). Goals that are set either too high or too low yield a low drive toward achievement; they will also fail to activate accountability. Very high goals can't readily be achieved anyway (unless luck is involved), so how could anyone be held accountable? Low goals are automatically achieved, so the issue of accountability becomes moot: everyone is successful, but the resulting achievements are quite mundane.

On the one hand, startup companies are often in danger of setting goals that are too high, leading to a reliance on luck. High tech firms also tend to be overly ambitious. The e-commerce roller coaster ride provides ample evidence regarding a reliance on luck rather than thoughtful planning. By contrast, large bureaucracies tend to set very low goals. They rely on established practices with a long history of mediocre performance. How does an organizational consultant help their client set goals that are high but realistic? The client can begin by finding out how other organizations have performed on comparable tasks. She can compare her own organization to some of the best ones around, as well as other organizations that operate like her own (if her own organization is not yet among the best). As consultants we can encourage our clients to set goals that some other organizations have already reached, thereby ensuring that our client's goals are realistic. She also can set goals at a higher level than her organization has currently attained, thereby ensuring that these goals are ambitious.

The now widely-established (but sometimes controversial) strategy called *benchmarking* can provide the base for this energizing comparison—and this comparison is particularly energizing if the benchmarking is conducted in an appreciative manner and if it evokes dialogue rather than providing direction (Model Four consulting). Benchmarking is a strategy that can be advocated by consultants (Model Two) and can be used as a powerful motivator for major organizational change (Model Three). The benchmarking exercise can even be initiated and conducted by the consultant herself (Model One). While benchmarking resides primarily in the domain of information, it also provides a bridge between the domain of information and the domain of intentions. It provides the organization with information concerning its current performance level while also ensuring that the intentions have been appropriately set. In addition, an appreciative approach to benchmarking enables members of an organization to identify distinctive strengths and competencies in the organization, while providing guidance in their identification of organizational intentions.

What Is Benchmarking?

Several different versions exist concerning the origins of the term “benchmarking.” Most of the experts in the field point to the original use of the term in the field of surveying. The Oxford English Dictionary seems to concur:

> 1. A surveyor’s mark consisting of a broad arrow with a horizontal bar through its apex, cut in rock etc. to indicate a point whose position and height have been surveyed.
> 2. A point of reference, a criterion.

While this definition bespeaks authenticity, I have heard a second version. Accordingly to my much less authoritative source, the term *benchmark* comes from the craft of woodwork. When a carpenter has to cut a large number of boards of the same length, the arduous task of individually measuring and marking each board can be avoided by placing a mark on the workbench. Each board is lined up with this mark and then cut the appropriate length. This second version does a better job of accounting for the use of the two terms *bench* and *mark*.

Regardless of its origins, the term *benchmark* refers, as the second Oxford definition suggests, to “a point of reference” that can be used for comparative purposes. A benchmark enables one to see how a specific product or process measures up against another product or process (Oxford’s reference to benchmark as “a criterion”). A common reference point is needed. The practice of benchmarking appears to be first engaged by Japanese businessmen following World War II, as they toured the world looking for *best practices.* Whether one wishes to label this practice “smart business,” or “copying,” or even “stealing,” the process of comparing one’s own organizational processes to those of other organizations engaged the attention of executives at two major American corporations (IBM and Xerox) during the 1960s and 1970s. Benchmarking became even more prominent with the rise of Total Quality Management and Continuous Quality Improvement programs during the 1980s and early 1990s. One could draw comparisons with other organizations or within one’s own organization as a means of defining and measuring quality. Organizations that wished to improve the quality of product or service they offered took a first step in this direction by comparing their product or service to those being offered by other organizations with strong reputations.

A Deficit Approach: “Falling Short”

In virtual all cases the primary focus of the benchmarking exercise has been to compare one’s own practices with those that are exemplary: the “best,” “world class,” “best-in-class.” This “best practice” orientation was firmly established by IBM and Xerox, and in particular by Robert Camp, a logistics and engineering expert at

Xerox. Camp wrote what is widely considered to be the definitive statement on benchmarking. His 1989 book is appropriately titled *The Search for Industry Best Practices That Lead to Superior Performance* with its emphasis on identifying ways in which one's own practices fall short of best practices.

We would suggest that this focus on *best practices* is deficit-based and is in need of an appreciative corrective. It is deficit-based because the organization doing the benchmarking is purposively seeking out and comparing itself to an organization with superior practices. By definition, the benchmarking organization is focusing on its deficits: where it falls short of the comparative organization. This deficit approach to benchmarking can serve very effectively as a motivator. Employees see in concrete terms that some product or service can be of higher quality, despite the constraints that other organizations like their own tend to face. Employees can't dismiss an ambitious goal if a comparable organization has already achieved this goal. Furthermore, a deficit approach appeals to both the American spirit of competition and the American fondness for pragmatic, action-oriented solutions.

The connection between benchmarking and competition was evident from the very first in the United States. Initially the term *competitive benchmarking* was often used to describe the comparative process. Throughout the 1990s, benchmarking gurus spoke and wrote about the *competitive advantages* associated with this procedure. Pragmatism also abounds in contemporary American benchmarking. Leaders of American organizations have always made a simple practical request of their gurus: "Show me what's wrong and tell me or give me the tools to fix it!" "Tell me what I need to do to beat out my competitor and I'll do it!"

We are reminded of the great success found in the rational problem-solving processes offered during the 1970s by Kepner and Tregoe. In their widely embraced process of problem-analysis, Kepner and Tregoe focused on the gap between the situation as it existed when there was no problem and the situation as it existed when there was a problem: What is different? What has changed? Once you have identified the nature of the gap, then the problem can readily be solved. Similarly, in the case of benchmarking, all one must do is identify the nature of the gap between one's own practices and the practices of superior organizations. This gap tells us all we need to know about the path to be followed in the improvement of organizational functioning.

An Appreciative Approach: "Discovering What Is Best"

Clearly, the deficit-based model of benchmarking has been a great success. Deficit-based benchmarking exemplifies a best practice with regard to the marketing of organizational improvement processes. There is no arguing with success. Furthermore, there is no need for yet another approach to benchmarking. The field is already filled with many variations. There is strategic benchmarking, internal benchmarking, external competitive benchmarking, trans-industry benchmarking. Participants at one benchmarking conference were led to declare: “Do we all have to make up our own models?” Given these conditions, we hesitate to introduce yet another benchmarking strategy to the mix. We do so only because we think the deficit-based strategies can be both discouraging and misleading.

Deficit-based analyses are discouraging. Employees rarely grow more enthusiastic when faced with the superiority of another organization’s product or service. Benchmarking can produce a defensive reaction against the change that is implied in best practice comparisons. It is rarely motivating for hardworking and dedicated employees to be shown how someone else is doing it better, cheaper or with fewer customer complaints. They first want to know what they are doing that is “good.” An employee is more likely to be receptive to information regarding areas in which they might improve following this positive reinforcement.

There is yet another problem. Deficit-based analyses can be misleading. As one of us (with our colleague, Steven Phillips) noted in our revision of the Kepner and Tregoe model of problem solving, it is not enough to identify ways in which the preferred situation is different from the current situation. A problem solver must also identify (appreciate) those aspects of the current situation that are the same as those in the preferred situation. The key to effective problem-solving lies not just in identifying what’s wrong. A problem solver must also identify what’s right. That which is *right* serves as the foundation for any attempt to improve the current situation. Similarly, *an effective benchmarking process should yield appreciative information about not only where an organization falls short, but also the distinctive competencies within this organization that can serve as a foundation for improvement.* Appreciative benchmarking can play a key role in creating an appreciative organization. At the very least, an appreciative benchmarking process identifies that which should not be sacrificed in an attempt to improve performance. It helps leaders of an organization ensure that they don’t throw out the baby with the bath water!

To illustrate the nature of this appreciative approach to benchmarking, we turn to an actual benchmarking exercise, involving the site visit at a best practice organization. The president of a small graduate school, that we will call Delta Graduate School, recently took her entire administrative staff to another graduate school that we will identify as The Graduate School of Epsilon. Epsilon was noted for its administrative effectiveness and efficiency. The Delta staff members came away energized by the prospect of doing better than they had in the past. The deficit approach had worked. They directly observed the success of the Epsilon administrative staff and knew they could do as well with a few changes and a little additional effort. They had seen it work and wanted to create their own successful enterprise at Delta.

There was another, quite surprising, result of this visit to a "superior" graduate school. Staff members at the "inferior" graduate school (Delta) discovered that in some ways they were "better" than the administrative staff of Epsilon. They found that they did a better job of solving the special problems posed by their own students—men and women who are working full-time. The Delta staff members were much more flexible and responsive to the needs of their adult students. They were not always as "well-organized" or "tidy" as the Epsilon staff members—who serve less-demanding students in their early 20s—but they were definitely more helpful.

The Delta staff was open to improvement precisely because they identified their strengths as well as their deficits. They could build on their newly discovered distinctive competencies when addressing the problem areas. The administrative staff at Delta discovered the value of taking an appreciative approach to benchmarking. They focused not only on areas where they fell short, but also on areas where they were distinctively better than Epsilon. The Delta staff members are already good. They can become even better.

This appreciative approach squares directly with the emerging emphasis that many contemporary organizations are placing on the identification of strategic advantages. Some consultants seek to identify the *unfair advantages* that are held by their client's organization. These strategy-oriented consultants often ask: "What do competitors identify when they talk about your organization's distinctive competencies or advantages?" "What do your competitors say about your organization when they are in despair regarding your unfair advantages: It is unfair that Delta has X Y and Z. Why does Delta have A B and even C? We can't possibly compete against this! I have no idea how we're going to counter Delta's D, E and F!" The central question becomes: "what is distinctive about your organization?" The answer to this question is best found through a process of appreciative benchmarking.

When appreciative leaders have identified the strategic advantage of their organization, then they know what they can build on in the future. Appreciative benchmarking yields information regarding where the organization's reputation can be of greatest advantage. Clients gain a clearer and more compelling sense of their organization's core business. *What is it that we must never neglect in this organization and what is it that we must secure at all costs?* This is a key question to ask in any contemporary organization. Following an appreciative benchmarking exercise, leaders know something about how they should market their organization and its products and services. They know how to set product and service priorities. Most importantly, they gain a clearer and more realistic appreciation of their organization's intentions.