

Benchmarking

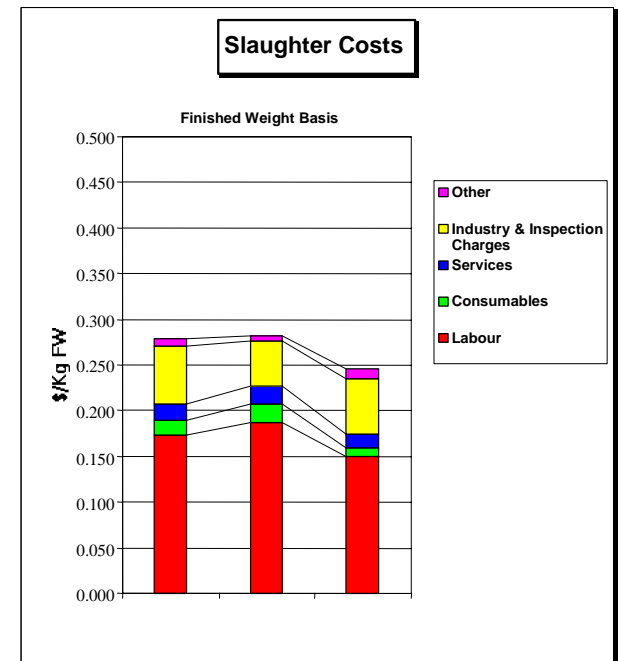
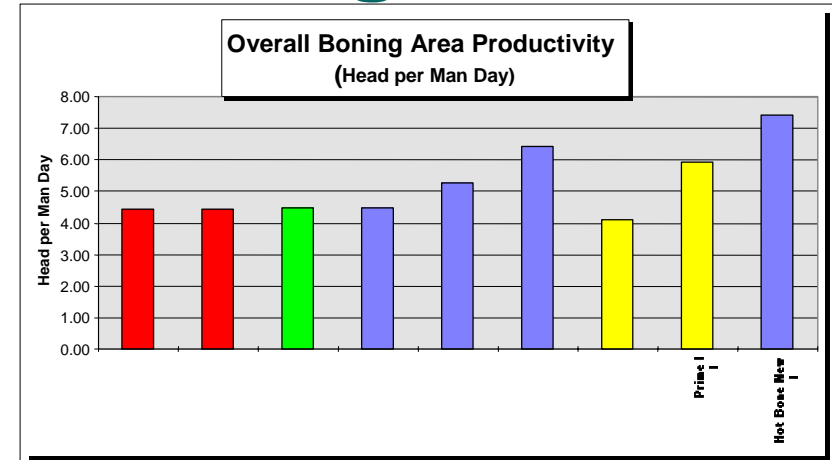
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*How Benchmarking Can Improve Your Company's
Bottom Line*



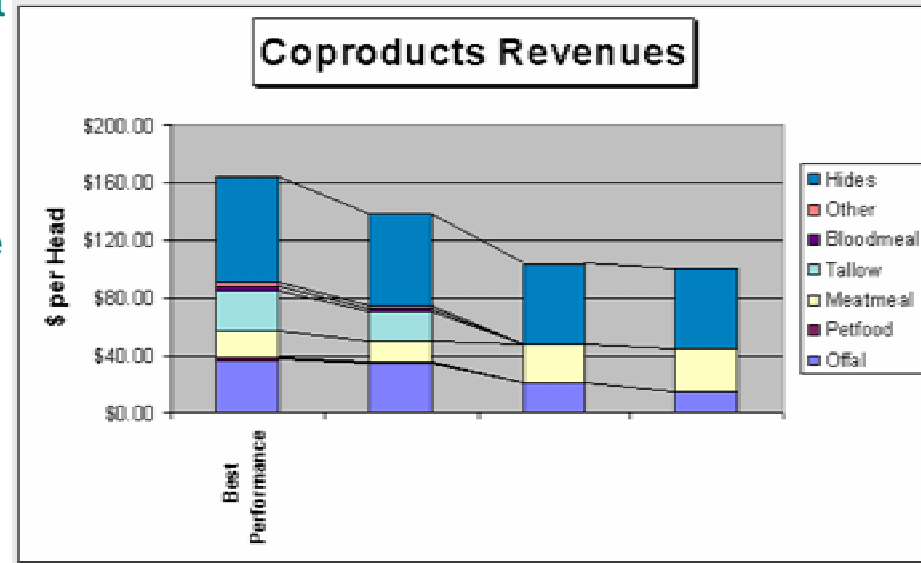
Defining Benchmarking

- Benchmarking is the comparison of performance of a single operation against the collected data of a number of similar operations.
- This may be at several levels:
 - Task
 - Department
 - Company
 - Industry
- In several measures:
 - Yield
 - Labour
 - Overhead
 - Finished output, etc
- And in different ways:
 - Physical measure – labour productivity in Kg per man hour
 - Financial measures – Financial performance – cost and revenue – cents per Kg



Reporting the Outcomes of a Review

- Benchmarking is not an exact science but provides **relative measures** of **operational performance**.
- **Each operation is different** and allowance is made for those differences, however each operation compared in the benchmarking exercise has far more similarities than differences.
- The benchmarking report gives a view of standardised company data measured against standard aggregated data for the industry.
- There are two main measures used:
 - **Average** of the companies in the aggregate database
 - **Best in Class** – This is a theoretical operation compiled from the best performing part of each company in the database – i.e.. The industry best boning room data from one business compiled with the industry best slaughter data from another etc to compile the best theoretical business in the industry.



ProAnd Associates have completed over 30 benchmarking exercises for client companies
-- all data collected is kept strictly confidential
-- only the data of the company being benchmarked is identifiable in its report.

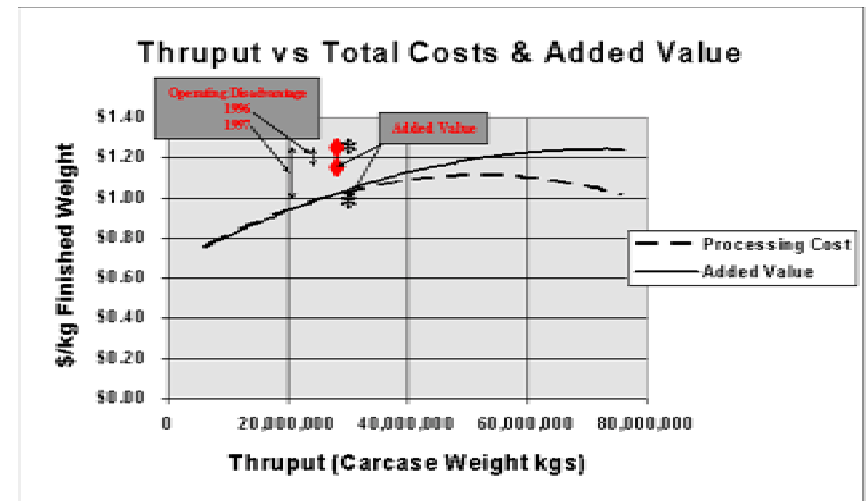
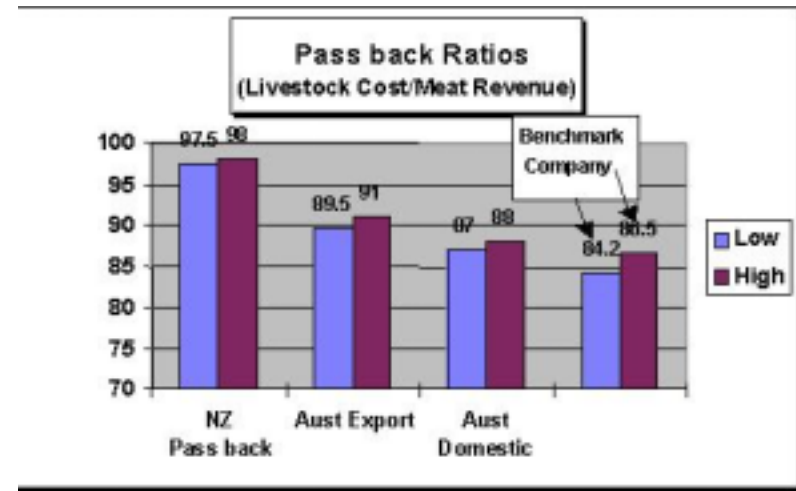
Benchmarking Benefits

- **Benchmarking provides a measure of performance against external industry standards**
 - Company processing costs may be low
 - but benchmarking provides the measure of how high they are to the rest of the industry.
 - The company is profitable
 - Competitors may be more profitable allowing them to invest in the future to improve their business further.
 - Company is part of a group that can benchmark internally
 - Individual plants can be compared, however introverted comparisons ignore the outside environment and the costs/revenue of head office and group compared to competing companies.
- **Repeat benchmarking allows for performance to be measured over time.**
 - Benchmarking provides base performance data to allow continuous or major improvement benefits to be measured.
 - Benchmarking over time allows the company to measure changing company performance to be measured relative to the changes in performance of the wider industry.
- **Identifying the quantum of performance** through an operation (or industry) allows for projects and initiatives to be prioritised on the basis of competitive return.
- **The development of industry / company relative data** allows for proposed changes to be reviewed from a competitive standpoint.
 - The probable effects of a new labour agreement can be seen before the agreement is implemented.

Benchmarking provides long term benefit and always provides a significant return on a small investment.

Financial Benchmarking

- A full financial benchmark examines all aspects of a company's operation
 - The use of financial numbers (preferably over a 12 month period) provides a common measurable element between businesses
 - The full benchmark examines all aspects of the business
 - Costs and Revenue
 - Production, materials and overhead
 - Recommendations from the analysis will cover cost and revenue aspects of the business
 - The matching of cost to revenue is an important element of analysing and improving performance.



⊕ Indicates Results
● Indicates Results