

## BENCHMARKING – TECHNIQUE FOR BUSINESS EXCELLENCE

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### ABSTRACT

*In this paper is given the analysis of modern approach to managing business organizations and the benchmarking concept from the point of view of necessity of applying on the Serbian market. Companies which apply benchmarking actively and continuously, have better chance to strengthen their position on global market and also to take their firm business position with chances for further market growth. Benchmarking, as a learning technique based on others experiences, is a powerful mean to improve competitive ability of domestic companies and getting in courses of global economy. Based on applying the benchmarking concept, domestic business people can gain knowledge which are appropriate and effective and are means of practical organizational functioning.*

**Key words:** knowledge, competition, benchmarking, quality, management.

### 1. MANAGING THE KNOWLEDGE AND THE DEVELOPMENT OF COMPETITATIONAL ORGANIZATIONAL ABILITY

Global business implies strategic role of knowledge and managing which is based on constant knowledge improvement. Global competition is moving from the level of prices and technical innovations to knowledge management and innovations in marketing and management. Knowledge is the base of success of modern organisations. By improving knowledge, the business productivity is also being improved. In the informational society knowledge becomes the basic resource of doing business-knowledge becomes a tool, a mean of gaining results in social and economical development. In modern economy knowledge is being applied to knowledge. Deming noticed that in transformation we go by path of deep knowledge. The system of deep knowledge consists of 4 parts all mutually linked:

- **understanding and accepting the systems**
- **knowledge from the variation field**
- **knowledge theory**
- **psychology.**[1]

In this society **knowledge** will become strategic source of power and wealth, and the basic social group will be **knowledge users**, in other words those people who are able to put knowledge in function of doing business activity. **Education and knowledge are new competitive factors**. Each individual has to improve his skills permanently and to improve his knowledge.

In the world where competitive abilities can be found everywhere, knowledge must be continuous and has to last for life-time. Education is competitive aim both for an individual and for firms, as Riderstrale and Nordstrom stress-workplace has to become a student home.[2] A group of those individuals who constantly improve their skills and improve their knowledge productivity makes an organization productive. According to Drucker the essence of each organization are marketing and innovations. Business organization can exist only in the expanding business, and a company is specific part of growth, expansion, and changes. Innovations refer to providing economical

satisfactions. It is not enough for the company only to offer some product or service. It has to offer better products and services. The most productive innovation is different product or service which gives a new opportunity of need satisfaction, and not for improvement. According to Drucker, since the knowledge society has constantly to be organizational society, its central and significant part is management.[3]

Knowledge becomes a product, and cooperative intellectual possession is more valuable than the physical resources even today. Some think that the more aware of personal intellectual possession- patents, knowledge about processes, technologies, managing skills, marketing and market information, competition notes, new product concepts, inquiry of customers and suppliers, competitive analytical patents, rights, ideas for improving processes or procedures- the managing of these companies will demand constant supervision. The modern organization has only to create knowledge, but also to increase values.

## 2. BENCHMARKING AND COMPETITION

Modern business, based on the market globalization, demands a **new approach in learning about process of managing business subjects**. Successful company cannot be based on obsolete techniques and managing principles. Managing the organization has to fit the needs of users and demands from the surrounding. The success of business in modern doing business is determined by company's capability to **answer to market demands**. Drucker thinks that the new premiss on which the management will be based as well as discipline and practice, is that one by which the whole domain of management is not legal. Due to that management has to:

- **be operative,**
- **cover the whole process,**
- **be focused on the results and the effect considering the whole economic chain.**

In modern business the accent is on **macroenvironment** and not on **particular market**. The center is no longer just the customer, but also the society in general. Customer's satisfaction is one of the key factors of accomplishing competitive advantage of the organization in modern business. Achieving customer's satisfaction is closely related to accomplishing goals of quality managing, particularly by achieving business excellence. All business processes in organization should be **focused in increase of values for customers**, based on achieved products and services.

New business conditions demand adjustment of business subjects and building organizational structure based on new postulates. This is particularly important for companies from the countries in transit- the final goal of building new organization is that it becomes **extremely flexible and innovative**, in other words to be able to answer to all new users demands in shorter time period and to **form competitive advantage which must have emotional component**.[4] Modern business environment is coming closer to the phenomena labeled as **techno-economic parity**-is based on the assumption that a small number of products, technologies, services, knowledges, from the field of knowledge or procedures which are not available to all interested groups world-wide. Techno-economic parity is a basic condition for business fast equality. In other words, this phenomena refers to the following outcome- **the best always win no matter where they come from**. One of the most important authorities in market field, Philip Kotler says: „No matter how cheap a company can produce a product on domestic market, that cannot be cheaper as long as China has something to offer.“[5]

**Quality**, together with **differences in products and integrated marketing communications**, is a key element for **forming successful market brand with firm market position**. Quality becomes a prime development goal, becoming a subject by achieving business excellence and world class products and services. Customer's satisfaction and organizational performances should be continuously monitored to discover new chances for improvement.

Knowledge can have **operative** and **strategic focus**. Operative knowledge is the knowledge needed for creating and producing. On the other hand, the knowledge used for "sense and answer" is vital for directing the organization. Knowledge about trends, discontinuities, competition, basic competitions is the knowledge which has strategic foresight. **Benchmarking is focused on this latter category of knowledge.**

Applying benchmarking in the companies is closely related to accomplishing business excellence and gaining world class products and services.

Benchmarking can be understood as a way for selfevaluating, preocess analisys, directing management and improving business practice based on world experiences.

Benchmarking is a evaluating technique of competetive company ability. The goal of benchmarking is to reduce mistakes, reduce costs and increase customer's satisfaction, which effects the profit increase and getting the most firm market position. The role of benchmarking is in context of continuous checking of its abilities, competetive position and permanent implementation of improvement. This management technique is monitoring the business which are the leaders in specific areas and learning based on new experiences how to make progress in business and to get the best market posotion.

### **3. BENCHMARKING AND THE IMPROVEMENT OF COMPETETITION OF DOMESTIC BUSINESS ORGANIZATIONS**

Competitive position of Serbian companies is quite convenient, based on the world reputation. Domestic companies mostly did not make appropriate marketing efforts in forming reputation, as an element which effects on marketing position of the company and its competetional ability. Benchmarking, as a technique of learning on others experiences, is a powerful **mean of improvement of competitive ability of domestic companies and getting into flows of global economy**. As a key for improving business of domestic companies can be seen the implementation of foreign experiences and achieving competitive advantage. In this particular case, the concept of **benchmarking** has an important place, because it is **the easiest way to achieve the best practice, as a precondition for achieving business excellence**.

It is important to stress that the **mechanical understanding of the benchmarking does not lead to the business excellence, but to the average value**. Authors, Riderstrale and Nordstrom say that the similarity does not gain success and that competitional advantage can not be bought from the management guru Tom Peters. **Rivals** can copy goods between themselves, as well as products and procedures, but they **cannot copy informational and intellectual capital of the company**.<sup>[6]</sup> Benchmarking has to be seen as a method of knowledge trade, and its final result should be **innovation and re-energizing of the organization**.

The biggest resistance to creating **knowledge culture** comes from the idea that the knowledge is power-people who know are more powerful than those who do not know. The replacement of that understanding comes from the following idea-**the power is in knowledge trade**. The future success will depend on the ability of the organisation to use collective power, which is a group of accumulated opinions, perception of experiences, intuition and intelligence. Everything becomes even more important when the main problems of domestic companies are taken in account:

- *business based on the obsolete management principles,*
- *internal and inadaptable attitude toward trade changes,*
- *unacceptability of integral management concepts,*
- *incepting the marketing logics,*
- *inadequate treating of investment in knowledge,*
- *disregarding international experiences.*

One of the most important problems of domestic business, which significantly effects on the bad approach of home companies on international market, certainly is **inadequate usage of knowledge**, but in the first place seen **as knowledge needed for efficient company managing**.

As basic directions in improvement function of domestic business can be noticed:

- *wider and faster accepting the quality managing concept and international serial of ISO 9000:2000 standards,*
- *use and development of integrated management systems,*
- *constant knowledge improvement of all employees in domestic business organizations, especially of executive management,*
- *change of behaviour based on use of modern management techniques,*
- *accepting the market logic of business,*
- *usage of re-engineering to create organizations based on knowledge,*

- *creating successful brands based on mixing the improvement quality effects, differentiation of products and integrated marketing communication,*

Modern understanding of competition means the constant struggle for productivity improvement of work and knowledge. Insufficient experience of home companies related to usage of modern management concepts and techniques, disregarding international experiences, inadequate approach to marketing, as well as not knowing marketing technology, resulted in incapability of domestic companies to keep pace with international rivals. **Knowledge innovating** similar to world experiences, is a meaningful factor for improvement of domestic business.

Main steps in field of home managers should be:

- **Education for new economic conditions**, based on market mechanism, personal property and productivity as the competitive factor,
- **Promoting the new concept-necessity of struggle for productivity**, as base for survival on the market, market development and development of particular business,
- **Permanent learning on others experiences**-constant use of benchmarking in function of achieving business excellence.

These steps of **strategic focusing** certainly has long-term character, therefore their results should be treated in the same way- positive results cannot be expected in short period of time, or from the occasional and sporadic actions. It is really important to stress the **needs of domestic business people to accept the entrepreneur approach to doing business**, which demands fast noticing and using of market chances, focusing on important business and connecting business analysis with fast market action.

#### 4. CONCLUSION

The processes of globalisation and regionalisation of market contributed to the more active thinking of a companies about raising its competitive advantage. Certainly, one of the most important problems of the companies from the countries in transition which contributes to a bad market appearance in the international market is inadequate usage of knowledge, especially the knowledge which is necessary for the effective managing of a company. The business of countries in transition has to be based on applying the management techniques which support competitiveness, innovations and managing. Draker says: „Everybody knows that the second law of thermodynamics implies the fact that all amount of work turns into heat and friction. Draker's first law is that everything turns into work, or nothing is done. Much of work itself becomes heat and friction, but the work is in the first place.“[7] Preceding from this definition of organisational success it is logical that domestic companies need to think more clearly about self strategy of development especially in terms of European and global flows of inegration, but any kind of strategy thinking cannot succeed without hard work which is being laid into knowledge improvement and knowledge productivity of employees and the organization itself.

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