AME/APQC Benchmarking CoP Virtual Networking Event February 19, 2013

Real-Time Case Studies on Benchmarking

Ron Webb, AME/APQC Benchmarking CoP
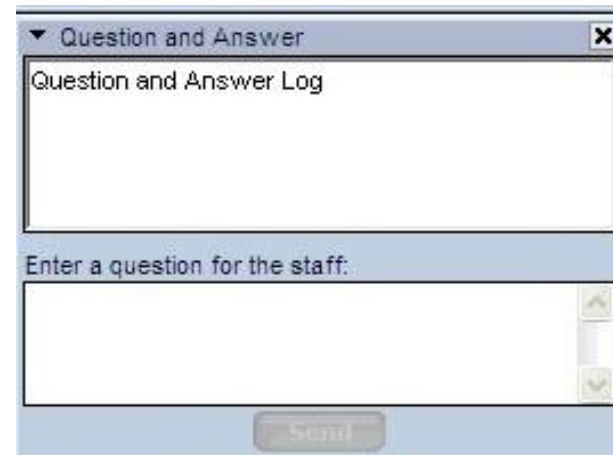Travis Colton, APQC
Don Davies, General Dynamics
John Mellin, GlaxoSmithKline

Housekeeping

➤ All lines are muted.

➤ You can submit questions/comments at any time. We will address all questions during the Q&A session at the end of today's presentation.

➤ Links to the recording and slides will be made available to all attendees via e-mail.

➤ Follow-up survey to provide more feedback.

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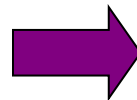
Ron Webb, AME/APQC Benchmarking CoP

Travis Colton, APQC

Don Davies, General Dynamics (pre-recorded)

John Mellin, GlaxoSmithKline (pre-recorded)

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Session Agenda

10:00 a.m. Welcome/Housekeeping

10:05　　　CoP Business

10:10　　　Benchmarking Presentation

10:45　　　Open Q&A

11:00　　　Adjourn

2013 Benchmarking CoP Calendar

Month	Date	Session	Presenter
February	2/19/2013	Real-Time Case Studies in Benchmarking	Travis Colton, APQC Don Davies, General Dynamics John Mellin, GlaxoSmithKline
March	3/19/2013	Why Organizations Misbehave: Looking Beyond Lean Tools	UL
April	4/15/2013	AME Spring Conference (San Antonio, Texas)	TBD
April	4/30/2013	APQC Knowledge Management Conference (Houston, Texas)	
May	5/21/2013		
June	6/18/2013		
July	7/16/2013		
August	8/20/2013		
September	9/17/2013		
October	10/21/2013	AME Annual Conference (Toronto)	
October	10/24/2013	APQC Process Conference (Houston, Texas)	
November	11/19/2013	Continuous Improvement and Knowledge Management at Eaton	Eaton
December	12/17/2013		

Send your topic or presenter recommendations via the Q&A tab or email at rwebb@apqc.org.

AME Events (www.ame.org)

- 02/27 - 02/28 Salt Lake City, Utah
    - Cost Effectively Produce One Item at a Time
- 02/27 - 02/28 Minden, Nevada
    - Lean Safety
- 02/27 Newark, Delaware
    - 3P Application
- 03/06 - 03/08 West Point, New York
    - Building Leaders for Tomorrow - Today!
- 03/07 Making Materials Flow
- 03/12 - 03/13 Philadelphia, Pennsylvania
    - Lean Bronze Certification Preparation Course & Exam
- 03/12 Chicago, Illinois
    - Compression and Risk Management Workshop

APQC Events

- 02/20 Finance Webinar
  - The Last Mile of Finance

- 02/21 Knowledge Management Webinar
  - Addressing Knowledge Erosion at Wipro

- 02/26 Human Capital Management Webinar
  - Current Challenges in HR

- 03/06 APQC Orientation
  - Overview for Industry Organizations

- 03/13 APQC Orientation
  - Overview for Professional Service Firm Organizations

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APQC Research Agenda

http://www.apqc.org/research_agenda

➤ Active Research

- ■ Mobility and Finance
- ■ Financial Analysis Becomes Financial Analytics
- ■ Managing the Financial Risks of Supply Chain Disruption
- ■ How Leading Organizations are Using the PCF
- ■ Using Social Media to Collaborate and Share Knowledge

➤ Upcoming Research

- ■ Managing Knowledge Within Projects
- ■ How Shingo Prize Winners Manage Their Supply Chains
- ■ Avoiding Pitfalls in Fixing Finance
- ■ What Makes Top Performing HR Functions Different?

Benchmarking Presentation
Benchmarking Case Studies

Travis Colton, APQC
Don Davies, General Dynamics
John Mellin, GlaxoSmithKline

All lines are muted. Please send your questions via chat to the <u>Organizer</u>. We'll cover them at the end of this session.

We <u>WILL</u> send out a link to the recording of the event in the coming days.

Background: APQC Benchmarking Assessment Survey

➤ APQC conducted an assessment of benchmarking practices among our members.

➤ We'll present some of the results here.

➤ Provide attendees the opportunity to participate in the assessment survey.

Travis Colton, APQC

Benchmarking Assessment Survey Results

Benchmarking Assessment Survey

APQC launched a self-assessment survey in 2012 to help organizations:

➤ Determine the current state of their internal benchmarking capabilities.

➤ Understand their ability to obtain benchmarking information through internal means.

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How do you rate your organization's ability to obtain good benchmarking information?

How do you rate your organization's ability to obtain good benchmarking information?

Poll Results (single answer required):

Rating	Percentage
Poor	13%
Fair	44%
Excellent	25%
Not Sure	19%
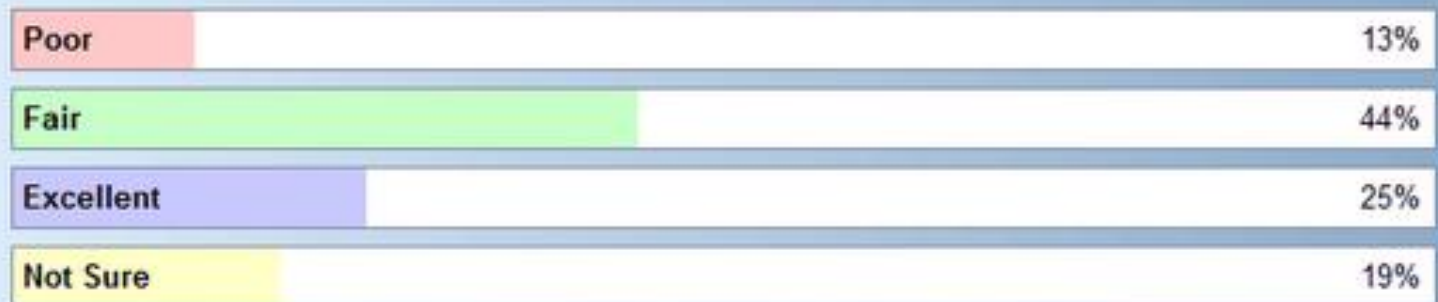
Why Benchmark?

How do we compare with our peers?

In what areas can we improve?

Which sites are performing well compared to others in the organization?
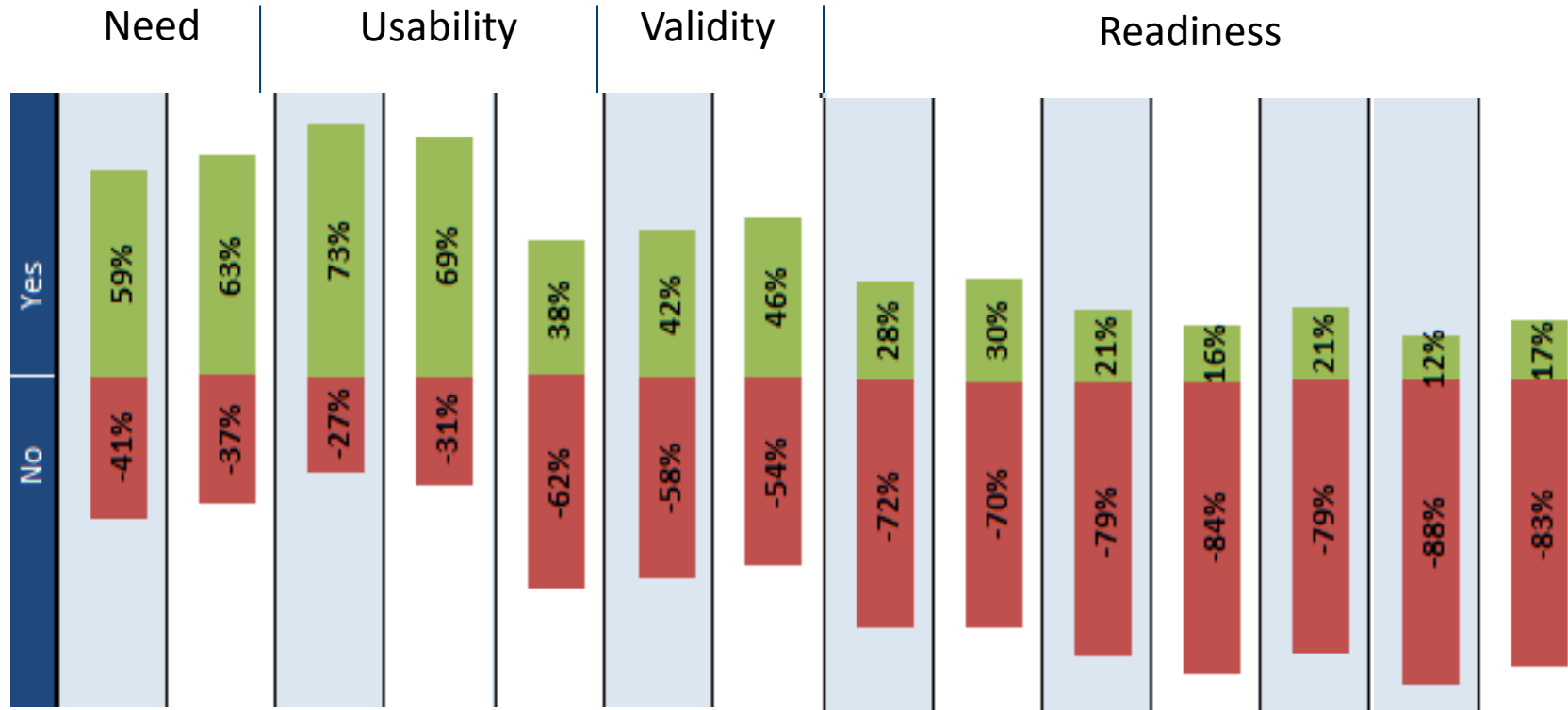
How does this year compare with the last?

What is working and what isn't?

If we invest in improvement what kind of return can we expect?

Are We Ready?

Need
Usability
Validity

Readiness

15

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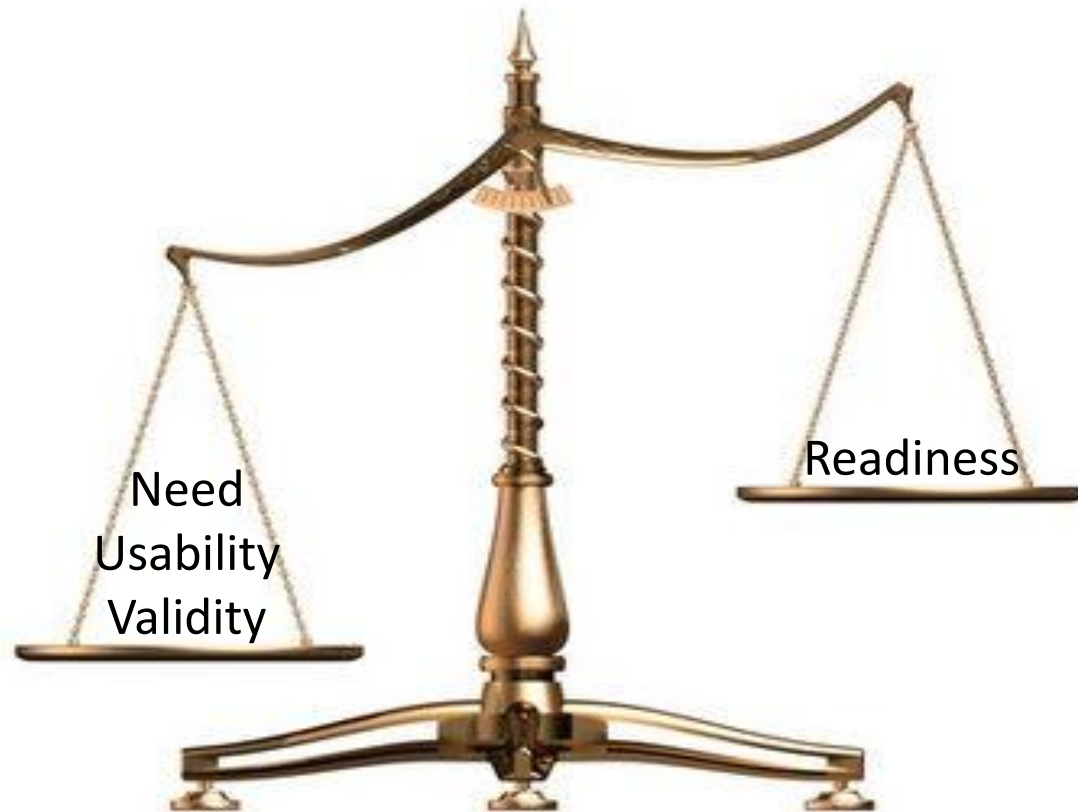
Assessment Results Overview

The Business Need

Perceived need for benchmarking content by your management.

75%   25%

Has a business need for benchmarking been identified?

73%   27%

Senior management understands and supports benchmarking as a key improvement strategy.
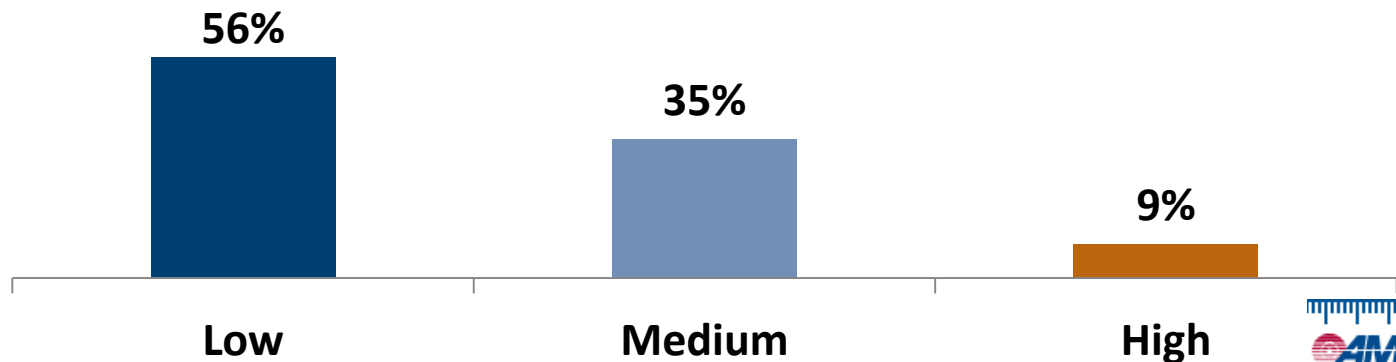
69%   31%

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Readiness

Right now our readiness is low

We need to be at a higher level

Overall Benchmarking Readiness Score for All Participants

56%

35%

9%

Low

Medium

High

N=82

Why Do We Struggle?

Benchmarks that are easy to get are often not trusted by stakeholders.

To get the few trusted benchmarks often requires a lot of resources.

Travis Colton, APQC

Benchmarking Applications

Applications of Benchmarking

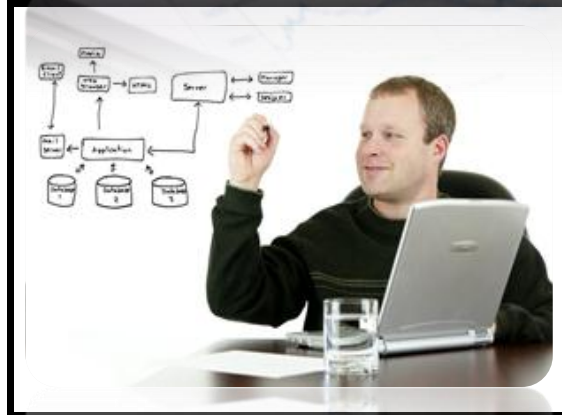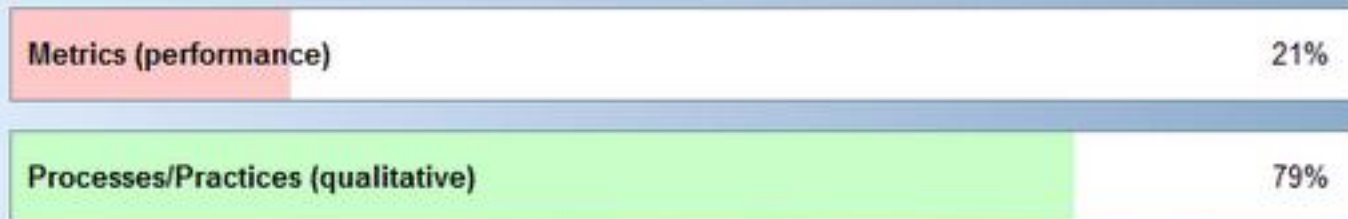|	**Internal**	**External**
Metrics		
Process		

Which type of benchmarking is most needed by your organization?

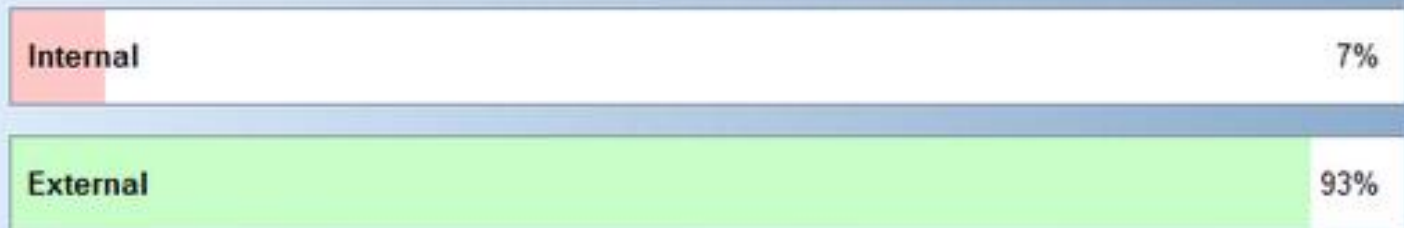## Which type of benchmarking do you feel is most needed by your organization?

Poll Results (single answer required):

Metrics (performance)	21%
Processes/Practices (qualitative)	79%

Which type of benchmarking will provide the greatest value to your organization?

Which type of benchmarking do you feel will provide the greatest value to your organization?

Poll Results (single answer required):

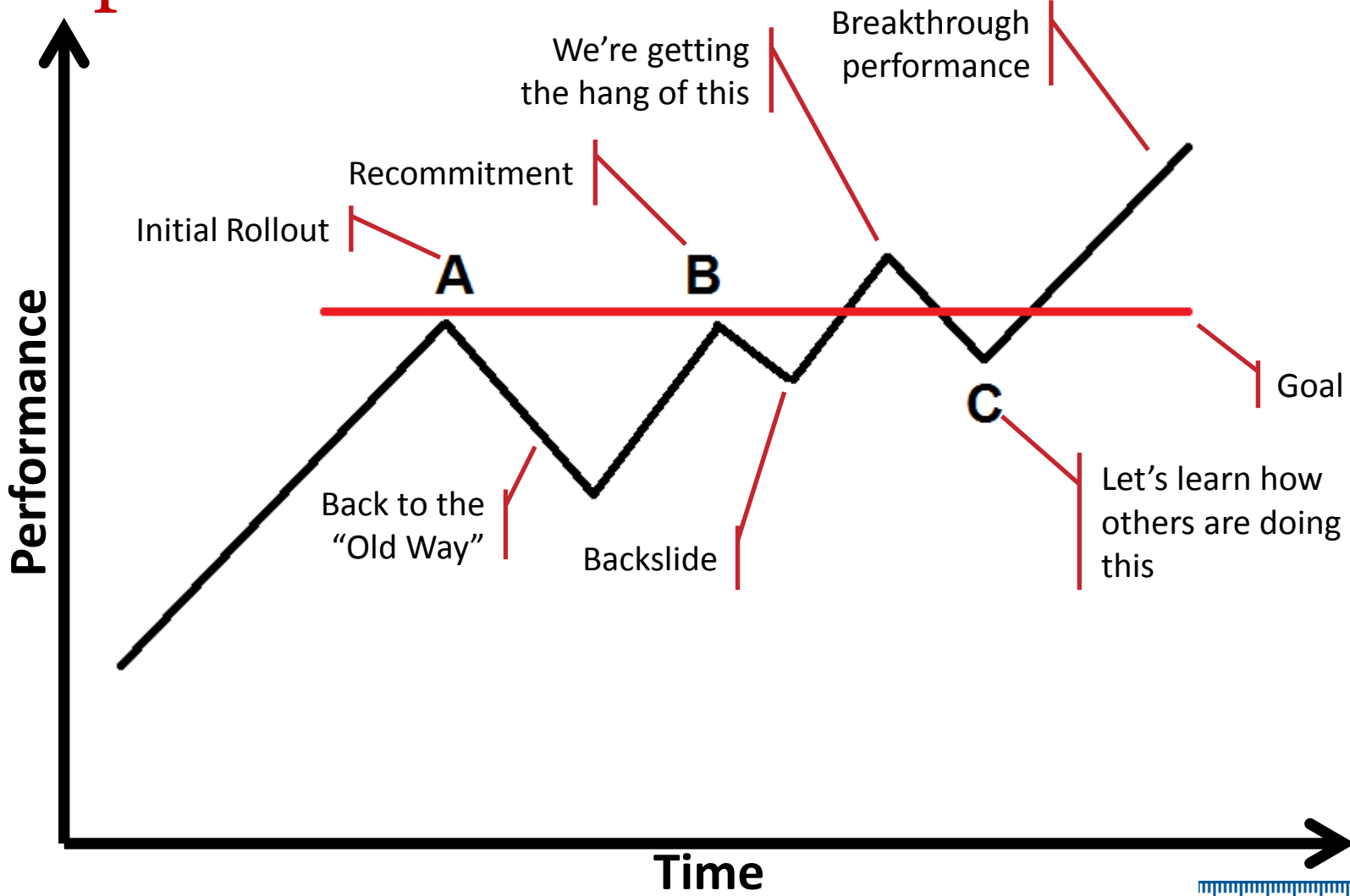|	
Internal	7%
External	93%

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Ron Webb, APQC

The Cost of Not Knowing

Cost of Not Knowing

Benchmarking Brings Innovation to Improvement

Benchmarking Assessment

APQC's benchmarking self-assessment survey:

www.apqc.org/custom-benchmarking-services

GlaxoSmithKline Case Study

Travis Colton, APQC

GlaxoSmithKline Background

➤ Our products are used by millions of people around the world, helping them to do more, feel better and live longer.

➤ Focus areas of: pharmaceuticals, vaccines and consumer healthcare

➤ We have offices in more than 115 countries and employee more than 97,000 workers

Core Intent of Benchmarks

> How does GSK spending on core facilities activities stack-up against peers?

Background

➤ Project began in late December 2011
- Selection of services and sites at GSK to include in benchmarking
- Define parameters for benchmarks to ensure comparability
- Secondary research to find the best sources of benchmark data

➤ Ten GSK sites selected that represent a wide-range of facility uses

➤ Fourteen high-level services selected

➤ Final deliverables in May 2012

The Value Question

➤ Are the services we receive a good value to GSK?

➤ How do services compare across sites?

Pharmaceutical Peers
Other Industries

gsk

?

The GSK 'Landscape'

➤ Benchmarks have provided insight about the 'high and low' spots for costs from both an internal and external perspective

- Validation of the benefit of outsourcing where applicable

- Opportunity to understand why variations exist

Reaction to Benchmarking

- Overall costs were where we hoped they would be
- Variations by site provided view of potential areas for review/improvement
- Happy with results

Next Steps

- Review variations and look for root causes for them

- List potentials and prioritize

- Look for ways to standardize services if deemed appropriate.

- Review CMMS capabilities to further enhance site data.

Question and Answer?

Thank You for Attending!

- Feel free to forward questions or recommended topics to

  schandler@ame.org

  rwebb@apqc.org