

# PIMS: benchmark what counts

PIMS evidence based performance improvement.

## Contact



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Keith Roberts is Senior Partner and the world's foremost authority on PIMS® – using evidence

to improve business management. He studied statistics at Cambridge University and has worked – both within companies and as a consultant – on the strategic transformation of dozens of major companies in oil, chemicals, paper, packaging, FMCG, media, hi-tech and engineering in 53 countries and 6 continents.

## PIMS - market leader in evidence based performance improvement

For over 40 years, PIMS has scientifically investigated the factors behind companies' successful performance. What used to be, without PIMS, a combination of guesswork, individual experience, intuition and continuation of past practice, becomes, with PIMS, a precisely piloted flight using the latest satellite navigation.

The knowledge and the results of analysis of thousands of business units from across all sectors are today held within our cross-industry and industry specific databases at our customers' disposal.

PIMS uses this unique source of empirical evidence to map out appropriate strategies, benchmarking performances and delivering results.

During PIMS 40 year history we have evolved from a research programme in General Electric, via Harvard Business School and the Strategic Planning Institute, to an integration with Switzerland's top Management Centre: Malik.

*"Working with PIMS we derived a number of indicators and targets that give us the qualitative and quantitative position of the business performance we need."*

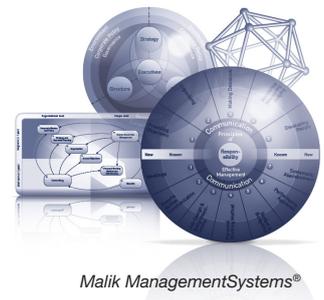
*Ray Verrill, Fujitsu, Director of IT*

## The hierarchy of benchmarking

Effective benchmarking starts with a good understanding of a business' strengths and weaknesses via 'macro' benchmarks. Only in this way you can gain full benefit from process benchmarking at the 'micro' level.

While a 'micro' focus on discrete processes can provide a deep understanding of what's needed to create superior performance, it presents practical problems.

Micro benchmarking can be very costly and time-consuming – there are literally thousands of 'micro' benchmarks that apply to the many processes constituting a business, e.g. cost per invoice, best practice time for tool changeover, marketing cost per customer order, etc.



Malik ManagementSystems®

Many processes you can benchmark may be unimportant, redundant or in need of major 're-engineering'. Benchmarking these things may be motivating to those who carry out the task, but less useful to the business as a whole.

To avoid this kind of mistake you should adopt a hierarchy in benchmarking. Start at the business unit level with 'strategic' benchmarking and 'operational' benchmarking; then use the insight gained to focus on the processes vital to competitive success.

Strategic Benchmarking (Macro)	Operating Benchmarking (Macro/Micro)	Process Benchmarking (Micro)
<ul style="list-style-type: none"> <li>» Profit potential</li> <li>» Productivity</li> <li>» Growth potential</li> <li>» Innovation potential</li> </ul>	<ul style="list-style-type: none"> <li>» Customer value</li> <li>» Marketing mix</li> <li>» R&amp;D spend</li> <li>» Overheads</li> <li>» Stock levels</li> <li>» Throughput time</li> </ul>	<ul style="list-style-type: none"> <li>» Delivery performance</li> <li>» Technical service</li> <li>» Claims handling</li> <li>» Contract fulfilment</li> </ul>
Within Industry & Within Company Benchmarking		
Cross Industry Benchmarking		

*"From PIMS evidence and experience they were able to demonstrate convincingly that our planned increase in marketing expenditure was both needed and justified. What's more, PIMS helped us prioritise key action areas which would further improve customers perceptions of the quality and value of Clover."*

*Richard Tolley, Dairy Crest*

*"PIMS invented evidence based strategy for business in the 1980s, and contributed much to development of evidence based policy for government in the 1990s. Its approach and methodology lies behind much 21<sup>st</sup> century economic and business research to build the knowledge economy for tomorrow."*

*Director Economic Analysis, Office for National Statistics*

## Applications

PIMS works closely with its clients to identify appropriate benchmarks for performance improvement; helping you establish best practice. We always quantify the potential payback of the improvement opportunities that we find; helping you prioritise your actions.

Type of Benchmarking	Applications
Within Industry Benchmarking	<p>is best when:</p> <ul style="list-style-type: none"> <li>» you need to match the leader on performance to be a credible player: opportunities for differentiation are limited</li> <li>» the issue to be addressed is not undergoing a discontinuity</li> <li>» you are primarily concerned with operational issues</li> <li>» key processes are client/industry specific (e.g. development, manufacturing, physical handling)</li> </ul> <p>PIMS<sup>®</sup> EXPERIENCE includes: Lubricants - technology and production, Pharmaceuticals - production and marketing, Fuels retail networks, Energy suppliers, Agrochemicals, Private banking, Branded consumer goods, Telecoms</p>
Cross Industry Benchmarking	<p>is best when:</p> <ul style="list-style-type: none"> <li>» copying the leader would be a recipe for suicide (trying to beat him at what he is best at)</li> <li>» the industry structure is changing (need to win in an environment where new rules apply)</li> <li>» you are primarily concerned with strategic issues</li> <li>» key processes are similar across industries (e.g. human resources, finance, sales, advertising)</li> </ul> <p>PIMS<sup>®</sup> EXPERIENCE includes: Procurement, Finance, HR, Marketing, R&amp;D, Profit Impact of Market Strategy</p>
Within Company Benchmarking	<p>is best when:</p> <ul style="list-style-type: none"> <li>» you have many units that can be compared internally</li> <li>» it is difficult to get a sufficient comparator set for within industry benchmarking</li> <li>» you want to learn by directly observing detailed differences</li> </ul> <p>PIMS<sup>®</sup> EXPERIENCE includes: Oil and Petrochemical companies, Retailing and distribution companies, Packaging companies</p>

## Benefits

- » Decisions can be based on solid facts rather than on wishful thinking: this helps to avoid wrong competitive moves.
- » Areas of improvement can be quantified and prioritised: how much of an improvement is needed and what is the prize?
- » Information systems can be improved: benchmarking makes it worth while to measure things because it gives a valid comparison on each metric used.
- » Change can be stimulated by clear evidence of your true strengths and weaknesses.
- » Drivers of performance can be better understood.
- » Alternative future scenarios can be analysed using real experiences of others who have been there.
- » Data-confidentiality can be secured: our feedback never shows data on individual competitors.

## The Malik Organization

St. Gallen Zurich Vienna Berlin London Toronto Beijing Shanghai

With international subsidiaries and partnership networks, Malik is the world's leading provider of advanced holistic management, leadership and governance solutions. We are the prime address for executives wanting to be trained, consulted, supported and/or coached for holistic top management systems for mastering complexity. Business companies, non-profit organizations and public institutions have their general management systems tailored by us.

The Malik ManagementSystems® are the world's most effective instruments for the reliable functioning of organizations under the complex conditions and dynamic changes of today's globalized world. Our solutions are backed by more than thirty years of research and application in the fields of general management of complex systems and the functioning of organizations. More about our company and our solutions on: [malik-management.com](http://malik-management.com)

## Prof. Dr. oec. habil. Fredmund Malik

Chairman & CEO



Fredmund Malik, founder and chairman of Malik, is an acclaimed international management expert, awarded scientist, and professor of corporate management and governance at the University of St. Gallen, Switzerland. He is the award-winning author of a dozen bestselling books, including the classic "Managing Performing Living", and a regular columnist in opinion-forming media. He is one of the leading and most innovative management thinkers of our time. Amongst others an expert in corporate governance, he is a member of the board of directors or advisory board of several world-leading corporations. Since the early 1990s, he has been the first in the German-speaking countries who discovered and consistently criticized the errors of neo-liberalism and of the shareholder value approach developing also the innovative right and proper solutions. Using his system-cybernetic methods and instruments, he was among the very first to predict and write about the current crisis, the Great Transformation<sup>21</sup> and its complex challenges for which he has developed cutting-edge solutions.