Benchmarking: Relevance to the Indian Army

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Defence forces around the world are a conservative lot and the Indian Army is no different. Being conservative has two dimensions, the first relates to holding traditional attitudes and values and the second is about being averse to change or innovation.[1] The former to a large extent influences the latter, but then there are many other factors that make *change* difficult in the military. The complex challenges of task accomplishment and the cost of failure, both in terms of mission criticality as well the fact that human lives are involved, makes implementing changes a very difficult proposition in the military. Mission criticality also enhances focus on results—costs do not matter as much to the military. Hence, efficiency which drives profit and much of the resultant changes in the corporate sector, seldom drives the military to seek change. Further, the fact that most militaries operate in a cloud of secrecy and seldom share their functional practices with other organisations, precludes triggers for change. The ground reality is that most practices in defence last for several decades, whereas similar ones in the corporate world would change to more efficient ones in a matter of months or even weeks.

However, in the last few years, a reduced defence budget in the Western defence forces has forced the military planners to look for solutions that help to do more with less. Finding such solutions is a challenge and that is where benchmarking can help. Benchmarking allows organisations to look beyond their paradigm and find functional examples from 'best of breed' organisations existing elsewhere in the world.[2] Benchmarking has also been defined as a

Benchmarking is an essential tool for a Modern Army.

continuous search for, and application of, significantly better practices that lead to superior performance.[3] Definitions very clearly bring out the simplicity and rationality behind the process, but, interestingly, the term was rather sparingly used in management literature and it was only in the late Eighties that it emerged as a tool of some significance. *Beating the Competition: A Practical Guide to Benchmarking* by Kaiser Associates (1988) and *Benchmarking for Competitive Advantage* by Robert J Boxwell Jr are referred to as the seminal works on benchmarking.

Benchmarking has been popular in the business world and has over the years, become an essential cornerstone for companies to remain at the forefront of excellence in a level playing field market.[4] In 2008, the Global Benchmarking Network conducted a comprehensive survey on benchmarking, involving 450 organisations from over 40 countries. The survey results revealed that as many as 68 per cent of the organisations practised *informal benchmarking,* 49 per cent used *performance benchmarking* and 39 per cent used *best practice benchmarking.*[5] Many other variants of the technique have emerged over a period of time to include: financial benchmarking; benchmarking from an investor's perspective; product benchmarking; strategic benchmarking; functional benchmarking; best-in-class benchmarking; operational benchmarking; and energy benchmarking. Companies of the likes of Xerox, Nissan/Infiniti, ICI Fibers, Texas, American Express, Kodak Rover, AT&T, Chevron and 3M have extensively exploited benchmarking and have successfully used the technique to excel on a global scale. Literature cites higher and improved profitability, financial results, operational performance and business performance, and induction of change in strategic thinking and action as some of the benefits of benchmarking.[6]

Many instances of the use of benchmarking by the defence forces abroad are very encouraging. The US Army created a precedent by focussing on efficiency and economics, which led to a sustained effort to adopt '*business practices*' into the work of the military. Robert NcNamara, who was a retired Ford executive, attempted to bring business models into the Pentagon in the 1960s. Some of the business and economic best practices inducted into the defence forces with the overall goal of creating efficiencies in the military include[7]:

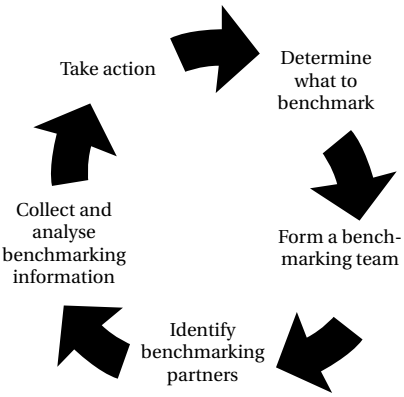
- *Game-theory* approach to war in the form of *graduated pressure.*
- Total quality management.
- Velocity management.

- Just-in-time logistics.
- Revolution in business affairs, announced by the US Secretary of Defence William Cohen, to include a host of business applications.
- Lean production transformation in a military armoured vehicle repair shop in the United Kingdom.

In 2008-09, McKinsey in a first-of-its kind benchmarking effort, compared the production and performance of Defence Ministries of 33 countries that account for more than 90 percent of global defence spending. The survey brought out a host of interesting performance benchmarks in diverse military fields like tooth-to-tail ratio; personnel costs per active personnel; personnel costs over military equipment output; military equipment output over procurement and R&D spending; procurement spending over active troops; cost of maintenance per unit of military equipment output, and many other such issues.[8] However, apart from the results of the survey, the fact that such an exercise is possible today is one of the most important lessons for defence forces planning to modernise. Performance and best practices benchmarking can hasten the pace of military modernisation and help in induction of best practices in areas which till very recently were considered infeasible on account of secrecy and confidentiality restrictions.

If McKinsey can successfully engage in such an exercise, why should it be difficult for an organisation as competent as the Indian armed forces to exploit it? An understanding of the process involved is essential to derive benefits from it. There is a variety of processes prescribed in management literature for execution of benchmarking. The development of the benchmarking stages is often represented by a benchmarking wheel diagram, as shown in Fig 1 below. The stages illustrated in the benchmarking wheel correspond to processes in the Plan-Do-Check-Act (PDCA) cycle. The '*Plan*' involves selection of processes to benchmark and the type of benchmarking study which suits the processes needing improvement. The '*Do*' involves putting together a benchmarking team, selection of benchmarking partners and characterisation of selected processes using appropriate metrics. The '*Check*' corresponds to using gap analysis between the processes of the benchmarking company and the benchmarking partner. Lastly, the '*Act*' refers to the implementation of the results of the above analysis and execution of suitable corrective actions to improve the existing performance.[9]

Fig 1: The Benchmarking Wheel



Source: Wai Peng Wong and Kuan Yew Wong, *A Review on Benchmarking of Supply Chain Performance Measures* (Department of Industrial and Systems Engineering, National University of Singapore).

The US Department of Defence (DoD) has similarly broken down the benchmarking process into four primary phases as per details appended below[10]:

- **Planning Phase:** Identify the product or process to be benchmarked and select the organizations to be used for comparison. Identify the type of benchmark measurements and data to be gathered.
- **Data Collection and Analysis Phase:** Initiate the planned data collection, and analyse all aspects of the identified best practice or Information Technology (IT) innovation to determine variations between the current and proposed products or processes. Use root cause analysis to break the possible performance issues until the primary cause of the gap is determined.
- **Integration Phase:** Communicate the findings, establish goals and targets, and define a plan of action for change.
- **Implementation Phase:** Initiate the plan of action and monitor the results.

In the context of the Indian Army, benchmarking is a tool that can pay handsome dividends in the spheres of operations, logistics and administration. The scope is much larger in the case of logistics and administration, when compared to operations—which never lack attention. Core functional areas, to include Financial Management, Human Resource Management, Acquisitions and Contract Management, Maintenance Management, Systems Life Cycle Management, Management of Defence Land and Works are some of the vital areas which need to imbibe the current best practices. The logistic processes are

Benchmarking can pay major dividends in Logistics and Administration.

not only very old, but have seen little reform over the years. The Army is yet to define end-to-end processes for almost all of its business processes. The Army could perhaps learn a lot from the Western Armies about the nuances of defining end-to end processes to include the likes of Budget-to Report, Hire-to Report, Procure-to-Pay, Acquire-to Retire, Concept-to-Product, Deployment-to-Redeployment, Service-to-Satisfaction amongst many such others. Further, our processes have remained largely untouched by IT at the enterprise level. We could learn a lot from the more automated defence forces about deployment, exploitation and proliferation of business systems and enterprise-wide applications.

The selection of processes and defining of requirements is followed by selection of collaboration partners. The collaboration partners may not necessarily be other armed forces, since there is a massive commonality in business functions and processes. The business processes unique to the armed forces are actually miniscule. Therefore, the Indian Army could look at organisations with varied missions but comparable business functions for selecting collaboration partners. For example, Reliance, could have been an excellent collaboration partner for project management, considering that Reliance, in a *record time of less than three years*, established a refinery of titanic proportions, which consumed millions of engineering man-hours spread over many international engineering offices; thousands of tonnes in equipment and material procured from leading suppliers across the globe; highly advanced construction equipment of unbelievable sizes; construction workforce of over 75,000 working round the clock for months.[11] Reliance is just one example — there are many others in the industry, that can prove to be very useful collaboration partners.

However, by no means can the private industry collaboration partners suffice to meet our requirements. The best collaboration will, of course, be with more the modern armed forces and, therefore, there is a requirement to actively engage with such defence forces and seek their agreement to be collaboration partners. Any talk of modernisation, without induction of best practices is futile and, therefore, the necessity and urgency of pursuing *benchmarking* with vigour.

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Notes

1. http://www.oxforddictionaries.com/definition/english/conservative
2. K D Stringer, *Military Organizations for Homeland Defence and Smaller Scale Contingencies: A Comparative Approach* (2006).
3. G Watson, *Strategic Benchmarking: How to Rate Your Company's Performance Against the World's Best* (1993).
4. Wai Peng Wong and Kuan Yew Wong, *A Review on Benchmarking of Supply Chain Performance Measures*, (Department of Industrial and Systems Engineering, National University of Singapore).
5. http://www.globalbenchmarking.ipk.fraunhofer.de/fileadmin/user_upload/GBN/PDF/2010_gbn_survey_business_improvement_and_benchmarking_web.pdf
6. Wong and Wong, n.4.
7. n.2.
8. Scott Gebicke and Samuel Magid, *Lessons from Around the World: Benchmarking Performance in Defence* (McKinsey&Company).
9. Wong and Wong, n.4.
10. "Benchmarking on AcqNotes", retrieved from http://acqnotes.com/acqnote/careerfields/benchmarking on February 08, 2015.
11. Retrieved from http://www.ril.com/html/aboutus/manufact_jamnagar.html