



Benchmarking Clearinghouse

The Benchmarking Code of Conduct and Related Good Practices

Purpose

The QualServe Benchmarking Clearinghouse has adopted the Benchmarking Code of Conduct developed and copyrighted by the American Productivity & Quality Center (APQC) for use by the International Benchmarking Clearinghouse. QualServe Benchmarking Clearinghouse members agree to abide by *The Code of Conduct and Related Good Practices* when participating in all QualServe Benchmarking services, projects, programs, activities, and functions. The use of a single code of conduct for benchmarking sponsored by QualServe and APQC facilitates participation in the activities of either organization.

The APQC Benchmarking Code of Conduct and three sets of APQC guidelines for implementing benchmarking activities are reproduced here in their entirety. *Additions to the APQC Code of Conduct and other guidelines specific to the QualServe Benchmarking Clearinghouse are shown in italics.* The term “company” as used by APQC includes public organizations.

Preamble

Benchmarking – the process of identifying and learning from best practices anywhere in the world – is a powerful tool in the quest for continuous improvement and breakthroughs. The American Productivity & Quality Center’s Code of Conduct is to guide benchmarking encounters, to advance the professionalism and effectiveness of benchmarking, and to help protect its members from harm. The QualServe Benchmarking Clearinghouse has adopted this Code of Conduct with some additions. Adherence to this Code will contribute to efficient, effective and ethical benchmarking.

The Code of Conduct

1 Principle of Legality

- 1.1 If there is any potential question on the legality of an activity, consult with your corporate counsel.
- 1.2 Avoid discussions or actions that could lead to or imply an interest in restraint of trade, market and/or customer allocation schemes, price fixing, dealing arrangements, bid rigging, or bribery. Don’t discuss costs with competitors if costs are an element of pricing.
- 1.3 Refrain from the acquisition of trade secrets from another by any means that could be interpreted as improper including the breach or inducement of a breach of any duty to maintain secrecy. Do not disclose or use any trade secret that may have been obtained through improper means or that was disclosed by another in violation of duty to maintain its secrecy or limit its use.

- 1.4 Do not, as a consultant or client, extend benchmarking study findings to another company without first ensuring that the data is appropriately blinded and anonymous so that all participants' identities are protected.

2 Principle of Exchange

- 2.1 Be willing to provide the same type and level of information that you request from your benchmarking partner to your benchmarking partner.
- 2.2 Communicate fully and early in the relationship to clarify expectations, avoid misunderstanding, and establish mutual interest in the benchmarking exchange.
- 2.3 Be honest and complete.

3 Principle of Confidentiality

- 3.1 Treat each benchmarking interchange as confidential to the individuals and companies involved. Information must not be communicated outside the partnering organizations without the prior consent of the benchmarking partner who shared the information.
- 3.2 A Company's participation in a study is confidential and should not be communicated externally without their prior permission.

4 Principle of Use

- 4.1 Use information obtained through benchmarking only for purposes stated to the benchmarking partner.
- 4.2 The use or communication of a benchmarking partner's name with the data obtained or practices observed requires the prior permission of that partner.
- 4.3 Contact lists or other contact information provided by either the International Benchmarking Clearinghouse or the QualServe Benchmarking Clearinghouse in any form may not be used for purposes other than benchmarking and networking.

5 Principle of Contact

- 5.1 Respect the corporate culture of partner companies and adhere to procedures that have been mutually agreed upon.
- 5.2 Use benchmarking contacts, designated by the partner company, if that is their preferred procedure.
- 5.3 Obtain mutual agreement with the designated benchmarking contact on any hand-off of communication or responsibility to other parties.
- 5.4 Obtain an individual's permission before providing his or her name in response to a contact request.
- 5.5 Avoid communicating a contact's name in an open forum without the contact's prior permission.

6 Principle of Preparation

- 6.1 Demonstrate commitment to the efficiency and effectiveness of benchmarking by being prepared prior to making an initial benchmarking contact.
- 6.2 Make the most of your benchmarking partner's time by being fully prepared for each exchange.
- 6.3 Help your benchmarking partners prepare by providing them with a questionnaire and agenda prior to benchmarking visits.

7 Principle of Completion

- 7.1 Follow through with each commitment made to your benchmarking partner in a timely manner.
- 7.2 Complete each benchmarking study to the satisfaction of all benchmarking partners as mutually agreed.

8 **Principle of Understanding and Action**

- 8.1 Understand how your benchmarking partner would like to be treated.
- 8.2 Treat your benchmarking partner in a way that your benchmarking partner would want to be treated.
- 8.3 Understand how your benchmarking partner would like to have the information he or she provides handled and used, and handle and use it in that manner.

9 **Principle of Providing and Sharing Performance Indicator Data**

- 9.1 *Respond to all surveys authorized by the Clearinghouse, providing data that is collected in accordance with applicable guidance, definitions, and timelines.*
- 9.2 *Treat and use data provided by others in a manner consistent with the care that your utility's data is treated and used.*
- 9.3 *Use data submitted by others only in the manner defined in the survey guidance and/or report.*
- 9.4 *Share data provided by other participants only on a need to know basis.*

Individuals Practicing Benchmarking:

- Know and abide by *The Benchmarking Code of Conduct and Related Good Practices*
- Have basic knowledge of benchmarking and follow a benchmarking process.
- Before initiating contact with potential benchmarking partners, determine what to benchmark, identify key performance variables to study, recognize superior performing companies, and complete a rigorous self-assessment.
- Have a questionnaire and interview guide developed, and share these with the benchmarking partners in advance, if requested.
- Should possess the authority to share and are willing to share information with benchmarking partners.
- Work through a specified host and follow mutually agreed upon scheduling and meeting arrangements.

When benchmarking proceeds to a face-to-face site visit, the following behaviors are encouraged:

- Provide a meeting agenda in advance.
- Be professional, courteous, honest and prompt.
- Introduce all attendees to each meeting and explain why they are present.
- Adhere to the agreed-upon agenda.
- Use language that is universal rather than jargon.
- Be sure that neither party is sharing proprietary information unless prior approval has been obtained from the proper authorities within either party.
- Share information about your process, and, if asked, consider sharing study results.
- Offer to facilitate a future reciprocal visit.
- Conclude meetings and visits on schedule.
- Thank your benchmarking partner for sharing their process.

The following guidelines apply to both partners in a benchmarking encounter among competitors or potential competitors:

- In benchmarking with competitors, begin by establishing specific ground rules. For example, “We will not talk about things that will give either of us a competitive advantage, but rather we want to see where we both can mutually improve or gain benefit.”
- Benchmarkers should check with legal counsel if any information gathering procedure is in doubt, as when contacting a direct competitor. If uncomfortable, do not proceed until a specific security/non-disclosure agreement that satisfies attorneys from both companies has been negotiated and signed.
- Do not ask competitors for sensitive data or cause the benchmarking partner to feel they must provide data to keep the process going.
- Use an ethical third party to assemble and “blind” competitive data, with inputs from legal counsel in direct competitor sharing. (Note: When cost is closely linked to price, sharing cost data can be considered to be the same as price sharing.)
- Any information obtained from a benchmarking partner should be treated as internal privileged communication. If “confidential” or proprietary material is exchanged, then a specific agreement should be executed to indicate the content of material that needs to be protected, the duration of the period of protection, the conditions for permitting access to the material, and the specific handling requirements that are necessary for that material.

The following additional guidelines apply to members of the QualServe Benchmarking Clearinghouse when engaged in studies or other activities supported by multiple organizations:

- *Engage an experienced facilitator to manage and lead the study or activity. Enter into a formal agreement defining the outcomes sought, the roles of all parties (including case study participants), the resources each will apply to the study, and the anticipated timing of major milestones. Include a procedure for any party to suggest change once the study is underway, and a description of how such requests will be addressed by all participants, including the facilitator.*
- *Develop a set of background materials to guide each study. Adopt this QualServe Benchmarking Clearinghouse Code of Conduct and Related Good Practices by reference, noting specific departures if any are agreed to among participants. (If departures are adopted, note them in the final report.)*
- *Specify whether and how study results will be shared with non-participating members of the Clearinghouse, and whether and how they will be shared with non-participants who are not members of the Clearinghouse. It is recommended that final reports for all studies conducted by Clearinghouse members using Clearinghouse study protocols be released for the Clearinghouse to share with other Clearinghouse members six months following completion of the study.*
- *Follow a study protocol and final report format that has been approved and adopted by the Clearinghouse. This practice will facilitate all members with understanding and applying the results of studies, even if they have not been a participant.*