D E P A R T M E N T   O F   P E R S O N N E L

Recruitment Process
Benchmark and Best Practice Study
July 2009

HR
State of Washington

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EXECUTIVE SUMMARY

As part of a larger review of recruitment processes used in Washington State government, the Department of Personnel conducted a study of recruitment process benchmarks and best practices. The objectives of the study were to determine:

- The core recruitment process used by 'best-in-class' employers.
- The recruitment metrics used by those employers.
- The performance levels (benchmarks) achieved by those employers.
- The practices and strategies driving the employers' performance levels.

Between April and June of 2009, analysts contacted 41 employers recognized for their accomplishments in the field of recruiting. Of these, 28 agreed to participate as benchmark partners. Eight were identified as best-in-class. Research findings for best-in-class organizations are summarized as follows:

<u>Core Recruitment Process</u>

- Planning
- Sourcing
- Screening
- Interviewing
- Hiring
- Reporting

<u>Common Metrics</u>

- Quality of Hire (manager satisfaction and new hire retention)
- Applicant Satisfaction
- Applicant Source Return on Investment (ROI)
- Time to Fill (time to refer interview pool, time to job offer, and time to start)

<u>Benchmark Data</u>

While a few partners provided data, the majority declined, citing confidentiality of proprietary data. This combined with the lack of uniform data collection tools and methods precluded the creation of performance benchmarks. Many partners stated that they belong to 3rd party benchmarking consortiums, where they can be guaranteed anonymity and quality benchmark information in return. Subsequent to this research, Washington State has joined two benchmark consortiums (The Corporate Executive Board's Recruiting Roundtable and APQC).

<u>Best Practices</u>

- Building a strong partnership between the recruiter and hiring manager.
- Marketing employer reputation.
- Focusing on high return-on-investment (ROI) applicant sources.
- Actively managing the entire candidate experience.
- Screening for knowledge and skills, and interviewing for behaviors.
- Reducing administrative effort.

METHODOLOGY

Using nationally recognized benchmarking standards, the Department of Personnel (DOP) took the following steps to conduct the study:

1. Reviewed the current State recruitment process and metrics.
2. Developed a list of potential benchmark partners using input from DOP and agency recruiters, a private benchmarking consultant, and the results of searches for award-winning and nationally-recognized employers.
3. Developed a series of interview questions for benchmark partners (Appendix A).
4. Contacted potential benchmark partners by phone. E-mailed a letter of introduction with the interview questions and a copy of the Benchmarking Code of Conduct from APQC (Appendix B). Made follow-up calls to each partner to collect survey data and additional information as needed for clarification.
5. Compiled and analyzed the data.
6. Reviewed findings and prepared this report.
7. Provided copies to benchmark partners.

BENCHMARKING PARTNERS

Of 41 organizations contacted as potential benchmark partners based on industry recognition of their staffing practices, 28 agreed to participate, and eight were identified as best-in-class.

Targeted employers included states, counties, cities, universities, school districts, technology companies, manufacturing/engineering companies, financial services companies, retail/service companies, and health care/pharmaceutical organizations.

Sources for industry recognition included:

1. The Electronic Recruiter Exchange (ERE).
2. The Society for Human Resource Management (SHRM).
3. The International Public Management Association for Human Resources (IPMA-HR).
4. The College and University Professional Association for Human Resources (CUPA-HR).
5. The Pew Center on the States.
6. The Baldridge National Quality Program.
7. Fortune Magazine's 100 Best Companies to Work For.
8. Fortune Magazine's 100 Best Companies in Washington.
9. Seattle Business Weekly (formerly Washington CEO Magazine).
10. High performing Washington State recruiters and recruiting program managers.
11. A contracted benchmarking consultant.

The eight best-in-class employers were identified based on the following criteria:

- Existence of an effective and systematic recruiting approach.
- Deployment of the recruiting approach throughout the entire organization.
- Use of established metrics to evaluate recruitment processes and strategies.
- Alignment of recruiting practices with organizational business strategy.

In several instances, non-selected employers were in the process of developing or implementing a new set of recruitment strategies and/or metrics. However, they had not yet been fully deployed, analyzed, or integrated with business strategy.

Type of Organization	Contacted	Participated	Best–in-Class
PUBLIC SECTOR	**20**	**17**	**3**
• States	8	8	
• Counties & Cities	7	4	
• Universities & School Districts	5	5	
PRIVATE SECTOR	**21**	**11**	**5**
• Information Technology	4	2	
• Retail/Service	6	3	
• Manufacturing/Engineering	4	2	
• Financial Services	3	2	
• Health Care/Pharmaceutical	4	2	

Best-in-Class Employers

Employer A: State government with over 10,000 employees. Staffing function is decentralized, but supported by a central recruitment organization with designated recruiting staff.

Employer B: City government with fewer than 1,000 employees. Staffing function is centralized with designated recruiting staff.

Employer C: School district with over 1,000 employees. Staffing function is centralized with designated recruiting staff.

Employer D: Information Technology firm with over 10,000 employees. Employer has staffing programs at both the corporate and business-line level, both with designated recruiting staff.

Employer E: Retail/Service firm with over 5,000 employees. Staffing function is centralized with designated recruiting staff.

Employer F: Retail/Service firm with over 10,000 employees. Staffing function is centralized with designated recruiting staff.

Employer G: Manufacturing/Engineering firm with over 5,000 employees. Staffing function is decentralized. HR generalist staff perform the recruiting function.

Employer H: Health Care/Pharmaceutical firm with over 1,000 employees. Staffing function is centralized. HR generalist staff perform the recruiting function.

KEY FINDINGS

Core Recruitment Process

While each best-in-class benchmark partner has a recruitment process tailored to their business environment, culture, and strategies, all share the following core recruitment steps:

1. **Planning**
   Planning includes both workforce planning and individual recruitment planning. Workforce planning typically focuses on forecasting staff and skill gaps in the most business-critical positions, while individual recruitment planning focuses on sourcing and screening strategies for specific vacancies.

2. **Sourcing**
   Sourcing focuses on activities to attract both passive and active candidates. Common strategies include advertising, marketing at select schools and organizations, managing employee referral programs, and cross-marketing new positions to prior applicants.

3. **Screening**
   Screening focuses on creating a qualified pool of candidates to share with the hiring manager. Common activities include resume/application reviews for select qualifications, supplemental questionnaires, and formal testing.

4. **Interviewing**
   Interviewing includes in-person reviews designed to select a final candidate. Common strategies include peer interviews, panel interviews, and the use of behaviorally-based interview techniques.

5. **Hiring**
   Hiring focuses on persuading the selected candidate to join the organization. Common activities include making the job offer, negotiating terms and conditions of employment, and all pre- and post-start on-boarding.

6. **Reporting**
   Reporting includes all post-hire data collection, monitoring, and reporting. Common activities include surveying applicants and hiring managers, collecting and analyzing applicant flow data, and reporting performance measures and processing metrics.

Recruitment Metrics

Best-in-class benchmark partners use a wide range of performance measures and other metrics to evaluate the effectiveness of their recruitment programs. Generally, the most common metrics fall into one of the following categories:

- **Quality of Hire**
  Hiring manager satisfaction and new hire retention are the most common methods of measuring quality of hire.

  > *Employers B, C, D, E, F, and H all conduct some form of post hire manager satisfaction survey. Questions and rating scales vary between partners.*

Employers B, D, G, and H all measure post-hire retention (considering both voluntary and involuntary separations). Most partners measure retention after one year, with some focusing specifically on external hires. Employer H also does extensive segmentation of their retention data to isolate issues in select professions.

While several partners expressed interest in or plans to measure new hire productivity, none had developed a satisfactory method to collect and analyze such data. One partner noted that new hire productivity is difficult to accurately measure until several years after an appointment, and therefore difficult to use as a 'real-time' recruiting performance measure.

- **Applicant Satisfaction**
  Applicant satisfaction impacts both employers' ability to secure their preferred candidate and their reputation with other prospective applicants. Partners used a range of applicant surveys with varied questions and rating scales.

  Employers A, D, E, and H all perform some form of applicant satisfaction survey. Questions and rating scales vary between partners.

  Employer A, which has a central recruiting program that supports individual HR offices that perform other staffing functions, focuses on measurement of satisfaction with its online posting, search, and application services.

  Employer D uses the NetPromoter ® metric, a measure of how likely applicants are to recommend the employer following their experience.

  Employer E uses a survey instrument that measures the quality of the candidates' overall experience, whether they were treated with respect, and their impressions of the selection process.

- **Applicant Source Return on Investment (ROI)**
  Partners measure both the number of hires per source, and the cost per hire for each source.

  Employers A, C, D, G and H all conduct some form of applicant source ROI analysis. Partners generally measure ROI over time, and modify their list of primary sources accordingly.

  Employer A, which recently adopted a hosted recruitment posting and application system, specifically measures the cost of the new service against prior advertising costs.

  Employer C, which historically has had to recruit out of state, specifically measures the number of successful hires from targeted colleges and universities.

- **Time to Fill**
  Time to fill is a measure of recruitment processing time beginning with submission of the requisition. While several partners report using this metric, there are significant differences in how far out each employer measures.

  Employers A, B, C, F, and G all measure time to hire.

Employers A and B both measure to when a screened candidate pool is returned to the hiring manager.

Employers F and G both measure to when an offer is made to the selected candidate.

Employer C measures to when the selected candidate begins employment.

Most best-in-class partners have reached a time to fill target that they feel is satisfactory. These partners continue to monitor processing time as a dashboard metric, but focus their attention on other recruiting performance measures.

Performance Benchmarks

Most partners declined to share recruitment performance data, considering it 'proprietary' information and a source of competitive advantage. Where partners did provide data, the tools (e.g., survey questions) and measurements varied, making it impossible to aggregate data and provide useful benchmarks. Several partners stated that they belong to 3rd party benchmarking consortiums, where they can be guaranteed anonymity and quality benchmark information in return. Subsequent to this research, Washington State has joined two benchmark consortiums (The Corporate Executive Board's Recruiting Roundtable and APQC). Data from those resources will be analyzed and reported apart from this study.

Best Practices

Best-in-class partners shared several recruitment strategies and practices that they feel drive their results. While some strategies are unique to individual organizations and their business environment, the following strategies and practices are shared by the majority:

- **Building a strong partnership between the recruiter and hiring manager.**
  Top employers increase the quality of hire by improving the communication and trust between hiring managers and recruiters. They work together to set shared expectations, and educate each other about business needs. Recruiters are often assigned to specific business units where they learn the culture and staffing needs of those units.

  Employers A, D, E, F, and G all focus on building partnerships between hiring managers and recruiters.

  Employer A uses a competency model for recruitment staff that emphasizes communication and relationship building skills.

  Employer D pairs recruiters with individual hiring managers so that the recruiters develop intimate knowledge of those managers' business areas. Recruiters and hiring managers review applications together and jointly select which candidates to interview. Employer D is also adding a hiring manager portal to their automated applicant tracking system to improve communication between recruiters and hiring managers.

Employer E assigns recruiters by business unit. Recruiters are expected to spend time learning how those units operate so that they can easily identify successful candidates. Recruiters meet with hiring managers on each recruitment to develop a recruitment plan, establish a process, clarify roles, discuss potential snags, and set timelines. These expectations are documented in a Service Level Agreement. If the hiring manager has a complaint, they review the documented mutually agreed upon expectations.

Employer F emphasizes building recruiter 'business acumen.' Common development activities include spending time with and shadowing hiring managers. Recruiters are expected to know what is happening in the field, and understand the business units they support.

Employer G uses a 'group hiring' philosophy. Ownership of the hiring process is shared between HR and the hiring manager. HR staff are expected to assert their opinions and influence the hiring manager, and take responsibility for managing discipline, termination, and exit strategies if the wrong person is hired.

- **Marketing employer reputation.**
  Top employers actively manage and market the engagement of current employees to attract candidates. They build and maintain a reputation as a 'great place to work' by gathering employee feedback and implementing new engagement strategies. While specific employee experiences and achievements may be included in organizational marketing materials and job advertisements, the primary focus is on how employees represent the employer to both passive and active job seekers.

Employers B, C, E, and H all use their reputation as a job marketing tool.

Employer B maintains a community reputation as an employer-of-choice with competitive wages. They conduct an annual survey in which employees are asked if they would recommend the city as an employer to friends, with agreement ratings consistently around 90%. Survey results and employee experiences are published in community newsletters, on the city website, and other venues.

Employer C markets the success of their new hire support system, which includes a mentorship program and support for national board certification. They continue to receive accolades at the state, regional, and national levels for being an employer-of-choice, and market their reputation in brochures and other venues.

Employer E has a strong customer brand reputation, and consistently makes the Fortune 500 Best Places to Work list. Being an attractive industry and brand name makes 'Why should I want to work here?' a given. Employer E's HR program works directly with its marketing department to sync company and employer branding strategies, create job advertisements that leverage the company's reputation, and attract candidates who fit the company's culture.

Employer H relies heavily on employee referrals as part of their recruitment process, and employees are encouraged to share their work experiences with colleagues. Employees serving on interview panels are also encouraged to share their experiences and what it's like to work for the company. To ensure a positive employee experience, each new employee is interviewed after 90 days to assess how they are doing and whether they are having any challenges. Employer H also surveys all employees every two years. Feedback is channeled back into new on-boarding and employee engagement strategies.

- **Focusing on high return-on-investment (ROI) sourcing channels**
  Top employers increase the number and quality of candidates by focusing on sourcing channels that generate the best candidates at the lowest cost. This involves profiling high-value employees, evaluating how well applicant sources generate candidates who meet the target profile, and deploying recruitment resources to the most productive channels.

Employers A, C, D, F, and G all analyze and strategically select high value sourcing channels.

Employer A uses their automated applicant tracking system (ATS) to monitor and analyze sourcing channel ROI. The ATS reports information on both costs and hires, including the relative return of their own career website. ROI data has allowed them to dramatically reduce expenditures on low-return advertising.

Employer C, which primarily recruits recent graduates, analyzes the cost and hires from targeted colleges and universities. ROI data has allowed them to focus relationship-building with high return out-of-state schools.

Employer D analyzes the number of 'starts' per source. Segmentation of the data allows it to see which business areas are benefiting from different sourcing channels. Employer D's Analysis also reveals a higher ROI from 'the college space,' which generates more long-term successful employees (attributed to the internal professional networks these employees develop).

Employer F has a dedicated sourcing team that focuses on passive candidates. Internal metrics assess both the efficiency of individual staff and sourcing channels, which allows them to redeploy staff and other resources more efficiently.

Employer G, which tends to hire more mid-career professionals, analyzes the success of new hires to determine which employers, organizations, and staffing firms generate the highest caliber applicants. Recruiting strategies and resources are then targeted at the richest sources. Employer G's analysis also reflects that hires made from employee referrals tend to stay longer and fit better into their organizational culture. As a result, Employer G has directed more resources towards their employee referral bonus program.

- **Actively managing the entire candidate experience**
  Top employers increase the percentage of successful job offers by using the entire recruitment process to market the organization. Recruiters maintain regular, personal communication with each applicant at every stage. Application and screening requirements are used to educate applicants about what the employer values. Interviews are used to market the organization's culture by exposing candidates to other employees and potential career paths. High-potential non-selected candidates are provided direct feedback, and redirected to other job opportunities.

  Employers D, E, F, and H all actively manage the entire candidate experience.

  Both employers D and H escort 'short list' candidates through a series of interviews where they get to meet colleagues, customers, managers, and other stakeholders.

  Employer E focuses on regular, open, and candid communication with candidates, particularly during 'dead-time' in the recruitment and selection process. Specific attention is placed on sharing information about compensation, job requirements, the team, and the organization. Recruiters also develop long-term relationships with individual candidates, ensuring that they return to apply for other positions.

  Employer F emphasizes frequent communication with job seekers, and not letting candidates 'sit around' during dead-time in the process.

- **Screening for knowledge and skills, and interviewing for behaviors**
  Top employers rigorously screen for knowledge and skills, and then interview for cultural fit. Knowledge, skill, and behavioral requirements are established as part of the planning process. Applicants are screened against high qualification standards, and only those few that meet or exceed the desired qualifications are referred to the hiring manager. Interviews focus on behavioral attributes critical to organizational culture and business strategy. Typically, multiple interviews are held with different individuals and groups to thoroughly vet characteristics such as communication skills and work style.

  Employers A, E, F, G, and H all conduct rigorous pre-screening for knowledge and skills, followed by interviews that target cultural and behavioral fit.

  Employer A has eliminated comprehensive multiple choice tests in favor of pared down training and education (T&E) examinations that focus in on key knowledge and skills.

  Employer E uses behavioral and performance-based interviews to uncover each candidate's communication and work style and determine cultural fit.

  Employer F screens applicants using a set of 'success competencies' that describe key knowledge and skills. Competencies were developed and are regularly reviewed by Employer F's Organizational Development Program.

Employer G's HR staff screen applicants against knowledge and skill requirements set by the hiring manager. Successful candidates go through a rigorous interview process to determine cultural fit, where they are evaluated by the manager, the manager's supervisor, co-workers, HR staff, and several lateral managers who would be internal customers. Candidates for managerial positions are also subject to further personality assessments and tools that identify managerial traits. All selected candidates undergo a thorough background and reference check that validate people/team skills, as well as education and experience.

Employer H's HR staff screen resumes for minimum skills and forward them to department managers, who select the interview pool. A cross-sectional team of peers (business partners and co-workers) interviews the selected candidates for fit with Employer H's culture.

- **Reducing administrative effort**
  Top employers reduce processing time and expenses by eliminating labor-intensive administrative processes. Common strategies include: (1) eliminating generic applicant testing processes; (2) automating application and tracking processes; (3) removing clerical and technical tasks from professional recruiters and reassigning them to administrative staff; and (4) using technology to communicate with applicants and hiring managers.

All best-in-class employers report strategies for streamlining administrative processes and using staff time more effectively.

All use some form of automated job posting and applicant tracking system (ATS) to minimize manual processing effort and make the recruiting process more 'paperless.'

Employer A, a central state personnel department, eliminated the use of multiple choice examinations in favor of training and education (T&E) examinations. T&E examinations are scored by the hiring agency, which is also responsible for developing and administering any further tests.

Employer C has an 'All Clear Path' program that allows hiring managers to view candidates' information in the ATS and select interviewees without an HR pre-screen. The ATS also confirms candidates' active licensures, so HR can verify within minutes whether the candidate meets standards.

Employer D's ATS allows hiring managers to immediately review interviewer feedback electronically. If feedback indicates that early interviews are going poorly, a candidate can be excused from remaining interviews. Additionally, a new hiring manager portal under development will improve communication between the recruiter and the hiring manager. Employer D is also 'stripping out' administrative work and delegating it to support staff, so that recruiters can focus on sourcing and other professional-level recruiting duties.

Appendix A – Interview Questions

Recruitment B&B Interview - Information Sheet **Benchmark Organization:**

Interviewer: **Interviewee Name/Title:**

Date: **Phone #:**

RECRUITMENT PROCESS AND STAFFING	
How is your recruitment program and process organized?	
Number of Recruitment Staff	
Single point of entry for finding jobs (yes/no)	
Single point of entry for submitting applications (yes/no)	
Centralized / Decentralized / Shared Services	
Division of Labor (who does planning, sourcing, screening, hiring, and record keeping)	
Specialists (e.g. executive / college recruiters, test developers)	
Unique Recruitment Processes (i.e. executive recruiting, college recruiting, seasonal)	
Employer Profile	
Number of Employees	
Positions filled annually (segmented by job type if available)	
Number of Applications Received Annually	
Labor Unions (yes/no, and % represented if available)	
Recruiting Software Used	

Appendix A – Interview Questions

METRICS	
How do you measure the effectiveness of your recruitment program?	
Time to Hire (yes/no, metric parameters, and actual data)	
Candidate Quality (yes/no, metric parameters, and actual data)	
Quality of Hire (yes/no, metric parameters, and actual data)	
Cost-Per-Hire (yes/no, metric parameters, and actual data)	
New Hire Retention (yes/no, metric parameters, and actual data)	
Hiring Manager Satisfaction (yes/no, metric parameters, and actual data)	
Candidate Satisfaction (yes/no, metric parameters, and actual data)	
EEO applicant flow (yes/no, metric parameters, and actual data)	
Application process time (yes/no, metric parameters, and actual data)	
Other (including metric parameters and actual data)	
BEST PRACTICES	
What practices or strategies are driving your recruitment success?	
Change Management Challenges (including how they were overcome)	
Who do you benchmark against or look to for best practices?	

Appendix B – Introduction E-mail

From: Strategic HR Analyst (DOP)
Sent: Friday, May 01, 2009 12:00 PM
To: Benchmark Partner
Subject: Recruitment Benchmark and Best Practice Study

Thank you for agreeing to participate in our recruitment benchmarks and best practices research project. I look forward to our meeting on _____. I plan to call you at (xxx) xxx-xxx at x:xx am/pm. I expect the interview to take approximately 30 minutes. Please note that I may have one or two other colleagues participate in the call to help with note taking.

The purpose of the project is to learn from the best practices of other high performing organizations. As we discussed, any information that would identify your organization will be 'blinded' in the final report to ensure your anonymity. The final summarized findings will be shared with all our participating benchmark partners in exchange for their participation. I am attaching a copy of APQC's Benchmarking Code of Conduct, which fully describes the ethical standards for conducting benchmark and best practice interviews.

Included below are our core interview questions:

- How is your recruitment program organized?
- How do you measure the effectiveness of your recruitment program?
- What practices or strategies are driving your recruitment success?
- Who do you benchmark against or look to for best practices?

Depending on your responses, I may have several specific follow-up questions. We are particularly interested in recruitment performance metrics and the measurable impact of any new or innovative recruitment strategies.

Thank you again for your willingness to participate. I look forward to our meeting.

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Appendix C – APQC Benchmarking Code of Conduct

APQC®

The Benchmarking Code of Conduct

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.

To guide benchmarking encounters, to advance the professionalism and effectiveness of benchmarking, and to help protect its members from harm, the International Benchmarking Clearinghouse, a service of the American Productivity & Quality Center, has adopted this Code of Conduct. Adherence to this Code will contribute to efficient, effective and ethical benchmarking.

Code of Conduct:

1.0 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 the participants' identities are protected.

2.0 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.

3.0 Principle of Confidentiality

3.1 Treat 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.

4.0 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 the International Benchmarking Clearinghouse in any form may not be used for purposes other than benchmarking and networking.

5.0 Principle of Contact

5.1 Respect the corporate culture of partner companies and work within mutually agreed procedures.

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.

6.0 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. O L

7.0 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.

8.0 Principle of Understanding and Action

8.1 Understand how your benchmarking partner would like to be treated.

8.2 Treat your benchmarking partner in the 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.

Benchmarking Protocol

Benchmarkers:

- Know and abide by the Benchmarking Code of Conduct.
- Have basic knowledge of benchmarking and follow a benchmarking process.
- Prior to initiating contact with potential benchmarking partners, have determined what to benchmark, identified key performance variables to study, recognized superior performing companies, and completed a rigorous self-assessment.
- Have a questionnaire and interview guide developed, and share these in advance if requested.
- Possess the authority to share and are willing to share information with benchmarking partners.
- Work through a specified host and mutually agreed upon scheduling and meeting arrangements.

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

- Provide meeting agenda in advance.
- Be professional, honest, courteous, and prompt.
- Introduce all attendees and explain why they are present.
- Adhere to the agenda.
- Use language that is universal, not one's own jargon.
- Be sure that neither party is sharing proprietary information unless prior approval has been obtained by both parties, from the proper authority.
- Share information about your own 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 with competitors or potential competitors:

- In benchmarking with competitors, establish specific ground rules up-front, e.g. "We don't want to 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, e.g., before contacting a direct competitor. If uncomfortable, do not proceed, or sign a security/non-disclosure agreement. Negotiated a specific non-disclosure agreement that will satisfy the attorneys from both companies.

- 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 communications. If "confidential" or proprietary material is to be exchanged, then a specific agreement should be executed to indicate the content of the 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.

Rights and Permissions

APQC would like to see the Benchmarking Code of Conduct receive wide distribution, discussion, and use. Therefore, it grants permission for copying the Code of Conduct, as long as acknowledgement is made to the American Productivity & Quality Center. Please notify and inform APQC concerning your use or application.

About APQC

The American Productivity & Quality Center (APQC) is a business-oriented non-profit source for performance improvement and decision support —information and knowledge, networking, research, training, and advisory services.

Organizations of all sizes and industries—business, government, education, and health care—partner with APQC to discover global best practices and grow into learning organizations.

For more information about APQC's services, including the International Benchmarking Clearinghouse and the Institute for Education Best Practices, call **800-776-9676** (713-681-4020 outside the US), email to **apqcinfo@apqc.org**, or visit our website at **http://www.apqc.org**.

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Appendix D – Research Project Staff

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