

# B E N C H M A R K I N G C O D E   O F C O N D U C T

## *Guidelines and Ethics for Benchmarkers*

Benchmarking—the process of identifying and learning from global best practices—is a powerful tool in the quest for continuous improvement and breakthroughs.

APQC developed and adheres to this code of conduct to:

- guide benchmarking efforts,
- advance the professionalism and effectiveness of benchmarking, and
- help protect its members from harm.

Adherence to this Code will contribute to efficient, effective, and ethical benchmarking.

### **Consortium Benchmarking**

APQC conducts a variety of collaborative benchmarking studies each year that span industries, topics, and functional areas. APQC leads the process, facilitates meetings, arranges site visits, conducts findings events, and produces a detailed report.

For current and upcoming studies, please visit us online at [www.apqc.org/studies](http://www.apqc.org/studies).

## 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, 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 in advance [if requested].
- Possess the authority to share and be willing to share information with benchmarking partners.
- Work through a specified host and mutually agreed-upon scheduling and meeting arrangements.

# APQC'S BENCHMARKING CODE OF CONDUCT

## 1.0 Legality

- 1.1 If there is any potential question on the legality of an activity, then 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 Exchange

- 2.1 Be willing to provide to your benchmarking partner the same type and level of information that you request from your benchmarking partner.
- 2.2 Fully communicate early in the relationship to clarify expectations, avoid misunderstanding, and establish mutual interest in the benchmarking exchange.
- 2.3 Be honest and complete with the information submitted.
- 2.4 Provide information in a timely manner as outlined by the stated benchmarking schedule.

## 3.0 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 is confidential and should not be communicated externally without their prior permission.

## 4.0 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 the benchmarking partner.
- 4.3 Contact lists or other contact information provided in any form may not be used for purposes other than benchmarking and networking.

## 5.0 Contact

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- 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 its 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 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.

## 7.0 Completion

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

## 8.0 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. Handle and use it in that manner.

## BENCHMARKING PROTOCOL

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

- Provide a 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 results.
- Offer to facilitate a future reciprocal visit.
- Conclude meetings and visits on schedule.
- Thank your benchmarking partner for sharing their process.

## BENCHMARKING WITH COMPETITORS

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. For example, “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. Alternatively, negotiate and sign a specific non-disclosure agreement that will satisfy the attorneys representing each partner.
- Do not ask competitors for sensitive data or cause the benchmarking partner to feel they must provide data to continue the process.
- 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 sharing price data.)
- 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 specify 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 necessary for that material.

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## ABOUT APQC

An internationally recognized resource for process and performance improvement, APQC helps organizations adapt to rapidly changing environments, build new and better ways to work, and succeed in a competitive marketplace. With a focus on productivity, knowledge management, benchmarking, and quality improvement initiatives, APQC works with its member organizations to identify best practices, discover effective methods of improvement, broadly disseminate findings, and connect individuals with one another and the knowledge, training, and tools they need to succeed. Founded in 1977, APQC is a member-based nonprofit serving organizations around the world in all sectors of business, education, and government. APQC is also a proud winner of the 2003 and 2004 North American Most Admired Knowledge Enterprises (MAKE) awards. This award is based on a study by Teleos, a European-based research firm, and the KNOW network.

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