

Case Study - Benchmarking at Xerox

During later 1970s and early 1980s (the especially year 1982, when David T Kearns took over as CEO at Xerox) benchmarking formally came into limelight, when Xerox (then Rank Xerox) applied the benchmarking with intent to attain 'leadership through quality' (to protect their market share) and to overcome a situation wherein their products had defects at a rate of 30000 parts per million (caused loss of market share from 86% to 17% in a decades' time).

1. Defects are 30% more than competitors
2. Time to market the product – twice
3. Number of engineers - 5 time
4. Number of design changes - 4 times
5. Design cost - 3 times

By 1983 Xerox benchmarked around 230 processes

- Billing and collection - American Express
- Quality Management – Toyota
- Factory floor layout – Ford
- Research and Product Development – HP
- Supplier development – Honda
- Manufacturing operations – Fuzi
- Manufacturing safety - Du-Pont

They witness both the qualitative and quantitative benefits, which includes;

- Highly satisfied customers for its copier/duplicator and printing systems increased by 38% and 39% respectively.
- Customer complaints to the president's office declined by more than 60%.
- Customer satisfaction with Xerox's sales processes improved by 40%, service processes by 18%, and administrative processes by 21%.
- Overall customer satisfaction was rated at more than 90% in 1991.
- Number of defects reduced by 78 per 100 machines.
- Service response time reduced by 27%.
- Inspection of incoming components reduced to below 5%.
- Defects in incoming parts reduced to 150ppm from 30000ppm.
- Inventory costs reduced by two-thirds.
- Marketing productivity increased by one-third. Distribution productivity increased by 8-10 %.
- Increased product reliability on account of a 40% reduction in unscheduled maintenance.
- Errors in billing reduced from 8.3 % to 3.5% percent.

Xerox won all the three prestigious quality awards the Deming Award (Japan) in 1980, the Malcolm Baldridge National Quality Award in 1989, and The European Quality Award in 1992. Xerox business services, the company's document outsourcing division also won the Baldridge award in the service category in 1997.

The success of benchmarking at Xerox motivated many companies (even market leaders) to adopt the technique of benchmarking for improvement. The 'International Benchmarking Clearinghouse' was promoted by Xerox along with market leaders such as Ford, AT&T, Motorola, and IBM to profess about benchmarking and guide the companies across the globe who are curious about benchmarking.

It's truly a never-ending process, this can be sensed from a statement made in the year 1999 (almost after 2 decades, when Xerox started benchmarking) by Warren Jeffries who was then customer services benchmarking manager at Xerox "Benchmarking at Xerox is still very much a matter of competitive advantage. It is used to keep Xerox's edge razor-sharp, to discover where something is being done with less time, lower cost, fewer resources, and better technology".