SECTION 4. ENTERPRISE ECONOMICS AND PRODUCTION MANAGEMENT

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4.1 Benchmarking as a means of increasing business competitiveness

No business exists in isolation by itself. To fulfill its tasks and activities, the business takes into account knowledge about the capabilities of external and internal players, data, intellectual calculations and analyses, the technologies and tools involved, strategies, policies, processes to create its effective operating model. The use of reference models of activity is practiced almost everywhere (from the simple purchase of products in a store to the evaluation of factory performance) and is called benchmarking. In business, benchmarking is usually understood as a method of comparing one's own activities with the activities of the best companies, finding out the reasons for the efficiency of the work of partners or competitors, identifying best practices, analyzing these practices with a further assessment of the possibility of their implementation in one's own activities. You can compare and analyze almost everything, slices of activity from key indicators to individual work tools depending on the tasks.

The application of benchmarking involves systematic study of all factors and reasons that determine the positions of the leader. Currently, benchmarking is a widely used technology for finding new examples to study and implementation in business [65]. In order to surpass competitors, enterprises, regardless of size and field of activity, need to constantly study and apply best global experience in all areas business activity, adopt all kinds of effective technologies [66].

Benchmarking promotes openness and increased business efficiency: it provides an organization with early warning signals in case of backlogs, finds out the level of organization compared to the best in the world, leads to fast implementation of new approaches with minimal risk, reduces creation costs new projects.

To reveal the general essence and define the main functions of benchmarking as tool in a competitive environment it is necessary to list the main types of this phenomenon. Depending on the objects of comparison, benchmarking must be classified into:

1) internal benchmarking, when comparing processes (products, services) in the structure of the organization, that is, objects are clustered into close and similar processes (products, services); with internal benchmarking, it is quite easy to form information field of research, however, opportunities for comparisons are limited and results may be biased;

2) competitive benchmarking, when comparison is made with direct competitors (by products or services provided) which operate in local, regional or international markets; for this type of benchmarking, it is necessary to choose competitors who are on a different "level" of the market; example, an organization operating in the local market, can select an organization for comparison, that works in the international market, then the data, obtained during the comparison, will be more justified and important, but there are enough of them difficult to obtain;

3) functional benchmarking, when processes of own organization are compared with similar processes of another organization but one who works in another field of activity; with such benchmarking can be obtained objective and important data with less effort, using ethical and legal methods receiving information;

4) generalized benchmarking, when organizations are selected that have the best processes and approaches in their segment. Such organizations openly publish information about of his activity (for example, the systems of the company "Toyota" or the system of 6-sigma of the company "Motorola"); of these processes and approaches, the most are selected for study and comparison proper, which adapt to the conditions of their own organization [67].

During the formation of the information space for the selection of a standard based on various different benchmarking methods are used sources For example, publications on commercial activities, databases of consulting and auditing companies of organizations that apply new practical solutions, provide additional cash bonuses for quality. For benchmarking usually creates a special working group.

Developing analytical tools for competitive intelligence of the enterprise, it is necessary to consider all types of benchmarking, which are interconnected and whose methodology is covered in several stages: 1) detection of the area or topic (based on strategies); 2) selection of the benchmarking group (with simultaneous with the participation of supporters and skeptics, a combination various experts in the field of research); 3) detection of already known information and gaps in available knowledge; 4) choice of benchmarking type; 5) search and selection of benchmarking partners (partner enterprises); 6) preparation of action plans for filling missing information (research methods, joint site visits, secondary research, commercial intelligence); 7) search for knowledge and exchange of information with partners (focusing on advanced methods work); 8) analysis of the obtained results and preparation of recommendations for solving the existing ones problems; 9) implementation of recommendations and changes; 10) monitoring of the events [68].

The effectiveness of the above stages depends on the correct organization of the collection system information in various areas: from the degree of media openness; from the analysis of products produced at enterprises; from segmentation the market; from the position of the competitor enterprise on the market. Practical experience shows that the process of creating new technologies has no limits. Benchmarking is the "eternal engine" of the continuous improvement process the company's activities.

The next stage of the research is the identification of partner enterprises and competitor enterprises using benchmarking tools. It is possible to choose a partner for benchmarking in three stages. This is called the STC process. Its name comes from the initial letters of three English words: “skim”, “trim”, "cream". The first stage is S - a cursory review (from "to skim" - to skim, skim eyes) – general review of available sources of information and collection of additional available information information The second - T - structuring (from "to trim" - to process, grind) – detailed description of currently available information. The third stage – C – selection of leaders (from “to cream” – "skimming the cream") - the selection of suitable partners. STC is in the process of competitive intelligence used at all stages [69].

At the same time, the competitive intelligence service works on benchmarking in two directions. The first is the establishment of those elements of activity (business processes, directions, rules, technologies, procedures, etc.) according to which competitors surpass the enterprise. The second mode is identifying leaders.

The spread of benchmarking creates special conditions for competitive intelligence, special information environment. Experience competitors, concentrated in offers by benchmarking methods, significantly simplifies activities in the field of competitive intelligence. in a situation where an agreement is reached. In relation to borrowing the experience of the company leader, competitive intelligence is conditionally leveled. Based on this example, it is necessary to analyze the relevance of the provided information (outdated technologies or ineffective organizational decision). The competitive intelligence service carries responsibility for making decisions about approval, approval of benchmarking operations. The next stage of the activity of the competitive intelligence service is the formation of a conclusion regarding the obtained valuable information not by means of benchmarking, but by means of semi-legal or not quite legal methods. There are different points of view on this. In such a situation should be relied solely on one's own idea of what is "permitted" in moral terms.

Having considered and analyzed the above, we can conclude that benchmarking can harm a business. It has other tasks in contrast to competitive intelligence: its result is a choice partner and organization of the exchange procedure by experience But competitive threats remain, competitive intelligence is used to prevent them should direct its efforts.

The need to use the world, and not only domestic achievements are gradually being accepted by Ukrainian business. Foreign experience enterprises should be adapted to local conditions in Ukraine. It is common knowledge that Ukrainian entrepreneurship can produce competitive products (goods and services) provided highly qualified workforce and imported equipment. But the marketing system and service has a low level. For quality benchmarking in Ukraine needs to eliminate the main problem - lack of complete open information regarding enterprise activity at the state level. The reasons for the appearance of such a problem are closedness economy, legal defects of privatization, lack of a transparent taxation system and patenting.

According to this sign, global business is possible conditionally divided into two categories. The first is companies that adhere to the principles of secrecy in their activities. The second category is the most open enterprises, the main one the principle of which is that "as long as they catch up, they will have time to come up with something new" [70].

Benchmarking is not a one-and-done exercise; to truly benefit from this practice, a company must engage in consistent, ongoing measurement of their key activities to ensure they're moving toward their goals.

Businesses that make benchmarking a regular practice can:

- **Keep improving internal operations.** Benchmarking your processes and procedures, especially against internal standards, can help your team become more efficient and productive year over year.
- **Understand what's working and what isn't.** A deep, thorough analysis of your business's past performance will allow you to identify trends and patterns that you may not have noticed as they were happening. Looking at this data will give you a clear picture of what behaviors and practices improve overall business results and which ones don't.
- **Adopt or improve upon competitors' practices.** When you study your competition, you begin to understand what they're doing that makes them successful, as well as areas where they falter. By adapting competitors' best practices to your organization's needs and deviating from the things customers or clients don't like, you can optimize your position in the market and better appeal to your target audience.
- **Reduce costs by increasing efficiency.** Benchmarking is most often used to improve performance through efficiency. Cutting out waste in your processes, be it monetary costs or time and effort spent, will help you streamline your operations and ultimately help you retain more of your revenue.
- **Focus on practices and offerings that promote customer satisfaction and loyalty.** Gathering feedback and data from customers (either your own or your

competitors) will give you greater insight into what they like and don't like, and what you can do to keep earning their business in the future.

Consider a brief overview of the stages of the benchmarking process supported by companies [62,63,66]:

- ***Plan out what you want to benchmark.***

Benchmarking begins with identifying what you want to measure. Whether it's salary, sales, team development or another area of growth, you'll want to define the activities you're benchmarking and the key metrics you'll use to track progress.

- ***Conduct research to collect relevant data.***

Once you know what you want to measure, you can begin speaking with employees, competitors, customers and other business stakeholders who may be involved or impacted. Initiating one-on-one or group conversations or collecting survey responses from these parties can provide valuable feedback to inform your benchmarking process. You should also conduct research on where other companies or departments currently stand. For instance, if you're benchmarking salaries, you'll want to look at sites like Glassdoor and Payscale to see what other companies pay for the same roles and titles in your organization. Understanding the industry or departmental average can help you better set your own benchmark for measuring your company's performance.

- ***Analyze the data to assess where you are and where you want to be.***

Using your research and gathered data, you can figure out where your current performance sits compared to other companies or departments and determine an appropriate and realistic goal for improvement. Laying out your data in an easy-to-digest format (e.g. graphs or charts) can give you a holistic picture of any gaps in your performance and how far you'll need to go to meet your desired benchmark.

- ***Develop an action plan.***

This is the implementation phase of the benchmarking process in which you'll develop actionable steps you and your stakeholders can take to reach your goals. Defining success and an action plan upfront gives you a clear path to hitting your benchmarks.

A good place to begin is by leveraging common goal-setting approaches like SMART (Specific, Measurable, Actionable, Relevant, Time-Bound) and HEART (Habit-Forming, Emotional, Actionable, Realistic, Time-Bound). By using either of these approaches, you can break down your big-picture benchmarking goals (“increase sales”) into smaller steps with concrete deadlines (“reach out to five new prospects per week over the next quarter”).

- ***Monitor your progress.***

At regular intervals, check the progress your team is making against the defined goals in your action plan. This may be weekly, monthly, quarterly or annually, but it’s important to track your metrics consistently. If you’re meeting your benchmarks, it means your plan has been successful and you should continue. If you’re not, you may need to revisit your plan and course correct. While these steps can be adapted to many different business operations, your company may want to develop its own unique benchmarking process based on the specific goals you want to reach. Depending on your current state and where you want to go, some steps may be more involved or require external partners to help.

Let's try to give an example of where to start the benchmarking process and how it can work for an organization:

A company uses the same ticketing system for its customer service department and its IT department. When the chief operating officer looks at the dashboard statistics, she notices that the IT team closes 80% of its tickets within three days, which is significantly faster than the customer service team. She initiates a benchmarking process for closed tickets and studies what the IT team is doing to achieve its results. The COO learns that whenever a ticket comes in for IT, the department head assigns the ticket to the team member with the most expertise in that area, while customer service tickets are assigned to whichever employee is currently available. The customer service team adopts the IT team’s practice of ticket assignment by expertise and sets a goal of cutting their average ticket close time in half by the end of the following month. After a few weeks of following this practice, the customer service reps were working through more issues each week and successfully hit the IT team's close time benchmark [67,68]

So, the benchmarking process allows a team or software to determine which specific practices help other departments or competitors achieve certain results. The team or company can then apply these practices to achieve similar improved results.

Conclusions

Summarizing the above, it can be noted that the benchmarking of the enterprise's business processes is an effective tool for evaluating and improving competitiveness, but its application has a number of drawbacks. accordingly, before using benchmarking, it is advisable to pay attention to the availability of relevant information and the comparability of the conditions of operation of other market participants with the conditions in which business processes take place in the practice of a particular enterprise.

As a result, successful benchmarking brings significant and tangible benefits to the enterprise, namely: step-by-step changes in the work and innovative changes of the enterprise; improvement of labor quality and productivity; improvement in the process of indicative measurement of enterprise activity. Benchmarking can also have a positive effect on those aspects that are necessary for support continuous improvement of the company's work, for example: attention to work increases within the company, its strengths and weaknesses are openly discussed within the company; study the experience of others gives more confidence in the development and application of new methods and approaches; staff is more involved and motivated his participation in internal change programs at the enterprise; the desire to exchange solutions with other companies increases common problems and reach consensus in making changes; the general picture of the enterprise's economic activity is better visible and a broader perspective of the interaction of factors that contribute to implementation unfolds best experience; the quality of cooperation increases and the understanding of interaction comes both in organizations and between them [65–67].

Benchmarking recommendations need to be defined and analyzed in order to define and implement them "difference" with leading enterprises. It concerns both private borrowing of best practices by individual enterprises, and general borrowing for business, synergy of benchmarking and competitive intelligence, which is common in many developed countries. It is necessary and possible to realize the competitive potential of the enterprise, gradually introducing benchmarking into practice management of companies.