

APPLYING THE METHODOLOGY OF BENCHMARKING STRATEGY WITHIN THE WITHIN THE TRAVEL COMPANIES IN THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA

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ABSTRACT

The benchmarking strategy is a continuous and sustainable improvement of processes, products and services that bears within itself a vast potential for creativity development apart from the traditional methods for quality improvement. By using this strategy, the mood of suffocating the creativity while building a supplementary value or improvement of the performances of the product or/and the services, is being overwhelmed.

The aim of the benchmarking is to reduce the glitches, reduce costs, increase the consumer's content that influences the profit raise and sustainability, and support the stabilization of the market placements. The role of the benchmarking is foreseen in the continuous checkup of: own capabilities, competitive positions and permanent implementation of the improvements. This paper proposes a methodology for the use of benchmarking strategy within the Macedonian travel companies. Without dedication of the top management towards the set aims for quality and consistency within their implementation, all the effort might be just a waste of time and finance and at the same time a good reason for reduction of success to a further initiative of such type.

The assets from the usage of such model is not only to increase the level of dedication of the top management and the employees, but to achieve a content to the purchasers, employees, auctioneers, suppliers and the community in general as well as to increase the business outcomes of the companies that would serve as a starting power for continuous improvement.

Key Words: Benchmarking strategy, methodology, continuous improvements, creativity.

INTRODUCTION

The benchmarking roots date back from the middle 50s, when the Japanese government sent a few experts in USA to learn how to successfully manage their businesses. In the period between 1952 - 1984, the Japanese bought more than 42.000 technologies and know-how from the West; they modified, improved and developed them. The result from all that is: Today, Japan is the second superpower in the world in the field of economics. The global competitiveness in the world imposed a strong race in the economic progress and in the creation of the new values of the civilization.

The pressure on the market, as a global driving force of the companies, leads to:

- increase of the working abilities and coming closer to the once of the competitors;

- need for expansion and maintenance of the existing markets;
- increase of the customer/ user satisfaction as well as
- improvement of the marketing activities.

The benchmarks as a strategy for continuous improvement of processes, products and services in the world are used for continuous checking of their own capabilities, concurrent positions and permanent improvements.

VARIOUS ASPECTS OF THE BENCHMARK STRATEGY

If we are taking into consideration both, the marketing and the market, then the benchmark is a strategy for achieving: The vision and the goals of the organization, the tactical - operational plans, compared to the best practice on the market, in order not only to reach the best but to become better than the best.

If we are taking the marketing into consideration, the benchmarking turns to be a useful strategy for the quality management, especially for the observation of the continuous measurement of the gap between the internal (own) practice and the best expertise practice, while establishing measurable dynamic standards. Through these measurements, management can monitor the achievement of its goals, especially the measurable operational goals for the quality service. Specifically, the management compares the perception of its customer service to the best competitive service.

The management of the travel agencies has to gather and analyze the data from the customers about the services, their expectations, experiences, the degree of satisfaction etc., in order to get more information about the services they offer on the market. For that reason, they make quality researches for the perception of the customers: questionnaires, association tests and other indirect tests and techniques. They can mobilize the useful information that can help develop the concept of the staff through the process of gathering original primary data, adequate processing, noting and effective interpretation.

The *main task of benchmarking* is learning from the experiences of others and accepting them in the usual standards – benchmarks that can be used for the measurement of the successful working, as well as for the determination of the effort for changing the differences. The success of the international market depends on:

- success in selection of the market possibilities;
- success in overcoming the key knowledge;
- success in overcoming the barriers;
- success in resources appointment of the company;
- success in selection of the buyers that have specific claims;
- success in establishing market values;
- success in using information;
- success in positioning the company on the market;
- success in understanding the national differences;
- success in company globalization on the market.

MOVING FORCE OF THE BENCHMARK STRATEGY

Main moving force of the benchmark strategy is:

1. *global concurrence* – all leading companies in the world know that they have to reach and overcome the concurrence in the business practice, as a main condition for the market existence;
2. *bigger interest for winning a prize for good quality* – the interest of getting a prize for good quality is rising everywhere in the world; we list a few of them: the Deming Prize - Japan, the Malcolm Baldrige Natinal Quality Award – USA and the European Quality Award – Europe. The companies that want to participate in the competition for these prizes have to show a proof that they are making analyses for the competition and that they apply the benchmark strategy;
3. *progress* – the travel agencies has to improve their work, in order to keep up the pace with the competition. The strategy of the total quality management (TQM) affects the detection and correction of the bad performances of the companies only by constant monitoring of the competition. The TQM, which has an inner dimension, gets an external component as well – monitoring of the competition. The benefits of applying the benchmarks are: shorter time for business cycles, reduced costs for improvement of the examination.

Basically, according to some authors (James, 1996; Oakland and Porter, 1994), there are four types of benchmarks:

- internal - comparison of the parts in the frames of the company. The company Rank Xerox uses this methodology with success. It has shown the best practice to the twenty different operational companies in Europe (Smith, 1994);

- competition - the company is compared to other companies in order to understand how do other companies work. The company GTE from the USA is compared to Japanese companies that helped state that the rate of defects, with relation to the competition, is hundred times bigger. That was the motivation for taking over concrete steps for improving the business processes (Rao, et al. 1999);
- *functional* - the company compares one of its functions to the functions of another company. The company Unipart (producer of parts for the automobile industry from England) has an instrument for information exchange with the Japanese colleague Yutaka Gige (Bowen, 1993);
- generic - means comparison of different industries. An example for this type is the development of JIT (right on time) managing the business processes and the waste quantity. The idea was accepted by Taiichi Ohno from Toyota after discovering how it works in the American supermarket (Rao, et al. 1999).

When it comes to performance on the international market, it is necessary to apply this strategy of analysis of the world leading company and not of the one that is the leading company in the given industry. That could give relevant data because that emphasizes the best work of the company that ranks among the best.

The role of the benchmarking in the quality improvement of the way of working, is shown through the example of one of the world best corporations in the field of electrical industry, Rank Xerox, which began implementing the benchmarking in 1979 (Oakland and Porter, 1994). The top management of the company compared some performances in the working with the leading world companies, regardless of the industry branch they belong to. The comparison of the leadership by devided performances and the comparative analysis are taken as basic criteria (production, quality, customer care, marketing, development etc.). The results from the analysis have served as a basis for the further quality improvement of the work of the company, so Rank Xerox has won the award for quality three times (Japanese, American and European award for quality). The work of Rank Xerox is considered to be the basis for verification of the award for Business Excellence.

The companies, such as British Airways, Federal Express and The Royal mail, use the benchmarking as a vital component in their programs for quality till getting perfection (Bank, 1992). According to the research that has been conducted by Interational Benchmarking Clearinghouse in 1991, over 75% of the American companies increase their deposits in the benchmarking analysis and 79% of them think that the benchmarking is one of the conditions that has to be fulfilled in order to stay on the marker. It is also considered that over 50% of the companies made studies in the past about the benchmarking. Four main reasons are defined for the use of the benchmarking in the companies, according to the research that has been made in Europe 1994:

- designation of the performances of the competitors (Netherlands 90% from the companies, Great Britain 95%, France 90%);
- the realization of the improvement of the performances (Netherlands 80% from the companies, Great Britain 85%, France 90%);
- in the frames of the TQM (Netherlands 70% of the companies, Great Britain 70%, France 60%);
- in order to solve particular business problems (Netherlands 60% of the companies, Great Britain 40%, France 55%).

Building politics and strategies in the Macedonian companies through comparison with the best practice and the benchmarking strategy, became trends in our country, which led us to copy the competitor but in a way manipulate with the customers as well (Mitrev, 2010).

All this is a result of the uninventive approach of the Macedonian tour manager, the suppression of their own creativity, the destruction of their own standards etc.

Successful companies use the benchmarking as a possibility for creation of a concept for a new product in order to end the formula of concrete concepts of the new product that has to be clear and accepted from the beginning by potential users.

In order to make the working conditions of the Macedonian travel agencies better, we suggest in this paper a methodology for projection and implementation of the benchmarking strategies, as a key tool that could help the top management.

The implementation of this methodology will lead to making fewer mistakes, having lower costs for quality, but at the same time will lead to higher customer satisfaction that could influence the gain and the maintenance of the position on the market. With the implementation of this strategy, a continuous control of the own abilities, the concurrent positions and the permanent implementation can become available. This is how the benchmarking, as a strategy for continuous and sustainable improvement of the processes, products and services, will make bigger potential for creativity improvement, contrary to the different methods for quality improvement.

By using this strategy, the mood of suffocating the creativity while building a supplementary value or improvement of the performances of the product or/ and the services, is being overwhelmed.

A METHODOLOGY IN THE IMPLEMENTATION OF THE BENCHMARKING STRATEGY IN THE MACEDONIAN TRAVEL AGENCIES

A methodology is proposed, in the implementation of the benchmarking strategy in the Macedonian travel agencies, as a key tool of the top management for improvement of the working conditions of the Macedonian travel agencies.

Projecting and implementing of this strategy is divided into a few different steps that apply the Deming's circle of quality (Mitrevva, 2010).

(Plan) 1 step: In the stage of planning, it is needed to define the necessary resources for the implementation of the benchmarking, the set goals, as well as the modus of fulfilling the needs. The goals have to be set in a way that complies to the reality. The realization of the goals has to flow step by step.

The most important questions, of this stage, that need an answer are:

- which services are compared;
- which processes are compared;
- which functions are compared;
- which way of data collection and processing will be used;
- how to choose an organization for comparison etc.

(Do) 2 step: The whole process includes organization of the benchmarking – field data collection, visit of other travel agencies etc.

(Check) 3 step: In the phase of checking, it is needed to make a systematization of the gained information and to use them as a future guidance, as well as their measurement and adjustment. The main question in this stage, that needs an answer, is: What did we learn?

Act) 4 step: Correcting or functioning involves standard operative procedure in accordance with the process of market quality services evaluation and their constant improvement.

The acquired knowledge and experience has to be adopted, and when that is not possible then the circle has to be repeated.

However, this strategy can't guarantee success on the market but it can help in the comparison between the methods and the techniques of the quality that are used in certain branches and on this basis to increase the productivity of the companies.

The researches in different areas offer guidelines for detecting the weaknesses of the business processes, as well as possibilities for improvement of the services.

In order to overcome the weaknesses in the working, different scientific workshops should be organized, with participation and cooperation of the employees in order to start working rationally and effectively using adequate methods for fewer costs. That should lead to improvement of the competitive advantage.

The proposed methodology is created under the influence of the observation of our practice and the problems that our travel agencies have on the European and the world market (Mitrevva, 2010).

CONCLUSION

The benchmarking offers an advantage to the travel agency and allows the agency to offer the best services, products on the market, especially in the early stage of realization of the quality testing. This helps the company improve the services and the products that are offered on the market. The process is long and difficult which never ends.

Besides these effects, it is expected to see other effects as well:

- involvement of all employees in achieving quality in services;
- dedication of the employees towards quality improvement of the services;
- total dedication of the top management towards the TQM system and his continuous improvement;
- ability to solve problems at all levels;
- small but important improvements of the processes and products;
- optimization of the business processes;
- making the responsibility for the decision making process smaller.

Without the dedication of the top management, towards already set goals for quality, all these efforts will be only a waste of money and time and at the same time they will make the possibility for another initiative even smaller.

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