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**BENCHMARKING AS A TOOL FOR SEARCH OF INNOVATIONS**

**Summary**. Principle and specifics of the benchmarking applying as a marketing tool for search of innovations are considered.. The method of stage-by-stage application of the benchmarking for search, assessment and implementation of the innovation activity results has been offered. It was found that the use of benchmarking provides the unique competitive advantages and successful functioning of the enterprise in long-term prospects.

**Key words:** benchmarking, innovation, search for innovations, stages of benchmarking

**Problem statement.** The main aim of search, implementation and commercialization of results of the innovation activity for any enterprise is the achievement of unique competitive advantages, ability to reveal rapidly the changes in environment and to response timely, i.e. to be competitively flexible. The application of a benchmarking conception is urgent for the process of searching for the appropriate innovations. This strategy will allow the entity of economic activity to be transferred under the conditions of globalization of market relations to such organization, which is self- correcting, i.e. it is reoriented strategically, as the application of benchmarking makes it possible to find and adopt the best experience in different spheres of activity both of competitors and also of entities of economical activity of other fields of industry, to form a unique number of stable competitive advantages and to put changes into it timely.

**Analysis of recent investigations and publications.** The studies of economical category “benchmarking”, its origination and development, were made and published by such western scientists as B.Andersen [8], G. Watson [7], K. Toldmann, R. Camp [1], Y.Ohinata [4], D.Randsley , T.Furey [6], etc., and among our domestic scientists are I.Arenkov [2], O.Arefjeva and O.Arefjev, N.V. Afanasjeva [3], D.O. Barabas [10], O.Podsolonko, O.Solomenko [11], etc.

**The aim of investigation** is to ground the scientific-methodological and theoretical statements concerning the application of benchmarking principles for search, assessment and selection of results of innovation activity.

**The main results of investigation.** As a basis of methodology and conception of search, assessment and selection of innovation for its next implementation at the enterprise or commercialization, it is necessary to study the approach, based on the principle of benchmarking as a tool of marketing assessment of innovations. It envisages the orientation of enterprise to the complex of adaptive management solutions concerning the organization and implementation of programs of the business-processes improvement, development of new or updating the existing goods, improvement of systems of management of production-technological processes which are obtained and carried out on the basis of results of innovation activity of successfully working companies, leaders in the field of functioning of the enterprise, which is studied, or related to it. These are the principles and methodology of benchmarking that are a base for the establishment and strengthening of long-term mutually beneficial relations between the entities of market of innovations, for obtaining the additional characteristics of competitive environment of the given market and play an important role in taken the decision for selection and implementation of certain results of innovation activity of a definite producer of innovations.

There are different points of view in the scientific economic literature concerning the concept “benchmarking”. Therefore, it is rational to group the opinions as to definition of this term by common features. (Table 1)

 **Table 1.**

**Opinions as to concept “benchmarking”**

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| --- | --- | --- |
| Common feature of opinions | Description | Authors |
| To ground the term benchmarking as the obtaining of new ideas, new product, etc. | Search for best methods, leading to improvement of activity | Robert Camp [1] |
| Method for improvement of activity and practice of the best quality using the experience of the best ones in the given sphere, mechanism of comparative analysis of efficiency of work of one company with characteristics of other, more profitable companies. | І.А.Arenkov N.V. Afanasjeva[2, 3] |
| Adoption of methods of management in other, profitable enterprises after revealing the weak points in own company in the course of comparison with other fields of business activity or competitors.  | C. ToldmannD. RandsleyY. Ohіnata [4] |
| Benchmaking as a result of business activity | Kind of activity connected with clients, technology and culture of enterprise and realized at planning with orientation to the creation of values and competence. | W. Bruckhardt [5] |
| Combining of management tools such as a global management of quality, assessment of satisfaction of buyers. | T. R. Furey [6] |
| Definition of benchmarking conception as a process, which brings economical and/or social profit | Learning on the basis of comparison which has two levels : strategic and level of separate processes | T. ClautonB. Lunch  |
| Process of systematic and continuous assessment: assessment of processes of enterprise and their comparison with processes of enterprises, leaders in the world, to obtain the information useful for improvement of the own characteristic. | G. H. Watson [7] |
| Continuous assessment and comparison of separate business-process of the leading organization for acquisition of information, which will help the enterprise to define the aim of its improvement and realization of measures for the work improvement. | B. Andersen [8] |

Thus, the benchmarking is, first of all, the comparison of own characteristics with characteristics of other organizations: competitors and organizations-leaders and, secondly, study and application of successful experience of others in own organization; this is the methodology directed to assessment of event for its comparison with the best ones, no matter how better they may be, and its adaptation to own situation and conditions. In spite of numerous definitions, existing in the literature, the real definition of the benchmarking can be described by such moments as: value of learning on examples, which are beyond the conventional “system of coordinates”; importance of realization of learning in structured, formal way; comparison of practical work of organization itself with the best examples on a constant base; advantage of obtained information for starting the actions for the work improvement. The real improvements as a result of benchmarking are basically appeared from the analysis and study rather than from output characteristics.

 Benchmarking is not limited by a competitive information, it searches for innovations, looking beyond the limits of the branch paradigm. The benchmarking allows the competitors to make the dialog between each other. Using the structured investigations and exchange of obtained data, the competitive companies can improve the general branch standard of quality. Moreover, the sources of the third side can serve as a neutral base for investigations by common grouped interests.

 The base of benchmarking carrying out is a Deming cycle, as the striving for continuous improvement or, by other words, the continuous perfection, requires not linear, but a circular approach which is realized in this cycle. Standard 14001:2004 interprets the Deming cycle as follows: to plan, i.e. to set resulting aims and processes, which correspond to the enterprise policy; to do, i.e. to realize the planned processes (to put these changes into life); to check , i.e. to control and assess the processes in accordance with aims, tasks, legal and other requirements, as well as to report about the obtained results ( i.e. to check the results); to correct , i.e. to use measures for continuous improvement of results of management systems : to standardize the changes and to come with the new information into the cycle of improvement [9]. However, it is necessary to work out in detail the given model according to the put aims. It is suggested to solve the problems of assessment, search and selection of optimum results of the innovation activity using the principles of benchmarking in five mutually connected stages (Figure 1).

 At the first stage of benchmarking investigation it is necessary to invite the specialists which possess the thorough knowledge in specifics of technology of the industry branch to describe the processes from the point of view of defining the key parameters and characteristics, most important for comparison with appropriate parameters and characteristics of other companies, and also defining the key factors of success, audit of financing situation of the enterprise, carry out of investigations, management and control of business-processes, indices of efficiency and other necessary characteristics of the benchmarking process. Benchmarking comparison is realized using key characteristics of competitiveness, i.e. it is important to define those trends of activity which are critical for the enterprise. Therefore, at the first stage the processes are revealed which are connected with realization of factors of successful functioning of enterprises which require the introducing of innovation changes. Here, the following factors are primary for the analysis: level of conformity of products and services to needs of market; efficiency of methods of products sale; effectiveness of methods of products promotion; level of quality of products and services; efficiency of personnel management;, efficiency of technology and production processes; effectiveness of methods of production management.

**І Planning**

1. Benchmarking test of enterprise, search for weak points, which require innovation changes.

2. Definition of object for comparison (selection of business-process, services or products, which should be updated by results of innovation activity).

3. Prediction of possible future level of efficiency.

**ІІ Investigation and analysis**

1. Search and finding of the most successful companies by the defined parameters.

2. Analysis of selected characteristics and directions of activity of own enterprise.

3. Analysis and comparison of selected parameters of enterprises-leaders.

4. Determination of differences, advantages and drawbacks of found innovation processes/goods.

5. Investigation and analysis of market of innovations, study of interaction of entities at this market.

**ІІІ Checking**

1. Completion of analysis of obtained data from results of innovation activity of leading companies.

2. Making of comparison with predictions and determination of the discrepancies.

**ІV Adaptation**

 Correction of obtained information about innovations concerning the conditions of the enterprise functioning.

**V Implementation**

1. Taking decisions concerning the required changes.

2. Monitoring of implementation.

3. Repeated investigation of benchmarks in case of non-conformity to the expected result or impossibility of integration of selected innovation into practice.

*Figure 1. Model of searching and implementation of results of innovation activity on the basis of benchmarking*

During the second stage it is necessary to make identification of not only the similar enterprises-competitors, but also enterprises of other branches and spheres which will be included into the ”benchmark” group. At this stage the acquisition and study of available sources of the secondary information, ordering and analysis of obtained data, distinguish of enterprises-leaders in definite processes, services or goods, the activity of which will be studied within the scope of benchmarking investigations, are carried out. This process requires the readiness and discipline in such aspects as a profound knowledge of processes, which exist in the own organization, selection of appropriate indices of efficiency and preparation of documentation for accompanying of this process.

“Information package” for each benchmarking should include the description of the innovation process in each definite case ( supported by models, instructions, booklets, etc.); examples from practice (if available); indices of efficiency of carried out innovations at each definite benchmarking and other materials (forms of contracts, methods of management, various procedures, etc.).

Sources of information for finding the exemplary companies can be specialists of proper departments of the enterprise, free consultants, reports about activity of organizations in open access, journals, books, databases, industry reviews, specialized conferences, seminars, exhibitions, consulting and research companies, business partners, etc.

Comparison can be carried out with direct and indirect competitors, carrying out the similar critical processes and working at the same market (competitive benchmarking). In this case it is rational to apply approaches which are based on the theory of clusters [10]. Enterprises, belonging to the same cluster, are the carriers of definite commercial idea, but they are characterized by the competitive relations. Competition inside the cluster is a mechanism of an active promotion of competitive advantages. In addition, the criteria of distinguish of reference companies is a leadership at definite markets by the key factors. It is necessary also to deal with the problem of inclusion into the “benchmark” group of foreign companies, which are realizing the similar critical processes in the same industry sector, but at other territorial markets (functional benchmarking) and companies-leaders which are working in other sectors, but realizing the similar critical processes (general benchmarking). The final decision about the selection of definite exemplary companies is taken by the manager of the task group on the basis of analysis of market information, expert estimates of task group participants, estimates of the outside experts [11].

After acquisition of all the information about benchmarking, all the elements of the given practice during analysis are divided into minimum possible parts and then they are gathered in the logic and structured sequence. The division of the given practice into component parts and presentation of all the stages of its process allows understanding the basis of the given benchmarking and the way how to attain the given level of development. Each benchmark is represented by a model and divided into successive steps which are illustrated in the form of a technological chart of the process. The schematic diagram shows visually the elements from which the benchmark is composed (including entry, sub-processes, actions, points of taking decisions and exit) and, thus, decodes the innovations and know-how on which the benchmark is based. And only after benchmark analyzing and understanding, it can be transferred for adaptation and, thus, become the “market goods”. On the basis of the analysis of deviations between the own processes and processes of benchmarking partner it is possible to define those trends of activity in which the results of innovation activity should be implemented in the first place to increase the efficiency of the enterprise functioning.

The next stages of the offered model for search of results of innovation activity on the basis of benchmarking investigations is the checking of information and working out of schedule, which will envisage the processing of results of comparison and issue of recommendations for improving the efficiency of market activity of the enterprise and adaptation of obtained results in accordance with the conditions of the enterprise functioning.

The stage of implementation of results of investigation envisages the development, coordination and approval of plan of operations and budget costs, nomination of performers and appointment of responsible persons and immediate implementation of results of the innovation activity, which is performed in such direction as: assessment of attaining the put aims in accordance with set indices; keeping to terms and budgets of implemented innovation. In case if the expected result is not attained or impossibility of integration of selected innovation into the operating practice the model for search of innovations on the basis of benchmarking is starting from the stage of occurrence of discrepancies.

**Conclusions.** Thus, the result of carrying out of search and implementation of innovations on the basis of principles of benchmarking is the improvement of efficiency and rationality of the processes, improvement of efficiency and quality of services, improvement of competitiveness, improvement of effectiveness and rationality of marketing, increase in use of resources; improvement of quality of management support, faster and optimum taking of decisions. So, the benchmarking is a marketing tool of implementation of results of the innovation activity with the aim of updating the business processes, the peculiar feature of which is the orientation for reaching the enterprises-leaders, which makes it possible to obtain the competitive advantages using the best experience.

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