

NETWORK

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First in a series

Benchmarking Provides a Foundation for Change: The Chrysler Corporation Fund's Story

Three years ago, the Chrysler Corporation Fund's small staff found themselves in a fortuitous situation.

Chrysler was beginning a companywide strategic review that included a retooled mission statement, values and corporate culture. As a result, everyone in the company was encouraged to take a close look at what we were doing relative to the new mission," said Lynn Feldhouse, vice president and secretary of the Chrysler Fund.

"We hadn't done a review of the Fund in 41 years. We didn't want to discard what was working, but we wanted to question everything: philosophy, planning, processes, programs, personnel. There were no sacred cows."

Benchmarking "the systematic approach for measuring and comparing an organization's activities against high performing, best-in class operations" was central

to the review and to the resulting changes that have better integrated Chrysler's corporate citizenship function into the company's overarching goals.

"More and more companies are benchmarking their programs to find out how they fare against the leaders in areas such as strategy, program, policy and performance," said John Coy, president of The Consulting Network. "The key is to determine what parameters are critical to improving your program."

Coy said senior managers help define important issues and variables to be benchmarked. "Our senior management did not want to be a 'me too' program," said Feldhouse. "They wanted us to have a strong strategy to justify our recommendations to our board, our stockholders and our consumers."

The Chrysler Fund's strategic review began with three questions: (1) What

WHY BENCHMARK?

1. To raise awareness and educate.
2. To establish the relative position of your program regarding strengths and weaknesses.
3. To support the need for assessment and change.
4. To justify your current direction and programs.
5. To focus your program on doable goals and objectives.
6. To provide a framework for evaluation and assessment.

are the major social issues Chrysler faces now? (2) What do we expect those issues to be in 10 years and what role can our charitable contributions play in supporting corporate goals? (3) What outcomes and results should we expect from these charitable investments?

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Benchmarking continued

The ensuing benchmarking process led to broad changes throughout the Fund. "In a time when some other companies were cutting back on their contributions activities, we were able to make a strong case for increased support," Feldhouse said. "When we evaluated our needs and compared the size and impact of our program against others, we found out we needed to step up

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Lynn Feldhouse,
Chrysler Corporation
Fund

our contributions. Our budget ultimately went to its all-time high: from \$16 million in 1994 to \$25 million for 1997.

Feldhouse said other major changes included decentralizing their funding recommendations to local plant facilities "they'll have a budget and a plan" and considering how the Chrysler Fund can globalize its

contributions program. "Our corporate mission says we will become increasingly global. What role can the Fund play in supporting those business goals?"

Feldhouse and Coy agreed that their top advice to colleagues who are embarking on this research is to carefully design what you want to benchmark. "If you're going to ask people to give up their time, make sure you're getting the information that's important to management and your purpose," said Coy.

Also, develop a core group of companies that is most helpful for you to benchmark against, advised Feldhouse. "It was interesting to benchmark service companies, but we're a manufacturing company; there was not a lot of crossover. Once we identified the direct

competitors, best-in class and other companies that may have had an interesting program for our core, we developed a good relative picture."

Feldhouse said organized record keeping is a must as well. "Otherwise, you're looking at a lot of stuff that makes no sense."

Coy noted that benchmarking also has its share of challenges. "The first is time, because benchmarking requires a lot, and most people are fairly short on time. The second is skill. There's a lot of benchmarking going on, but how vital is it? The third is access to information. Corporate contributions and community relations is growing more competitive as this function becomes more closely tied to business objectives. There is a hesitancy that wasn't there five or 10 years ago to share strategic program information.

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KEY STEPS IN THE BENCHMARKING PROCESS

1. Define key program issues.
2. Decide what issues or parameters to benchmark.
3. Define what you want to measure.
4. Identify the benchmark group based on:
 - ◆ Competition.
 - ◆ Best-in-class programs.
 - ◆ Key issues.
5. Determine process:
 - ◆ Mail survey.
 - ◆ Telephone survey.
 - ◆ On-site interviews.
 - ◆ Use of published materials.
6. Rank, compare and analyze data and findings.
7. Identify opportunities and gaps.
8. Develop recommendations and action steps to close gaps.

Practical Tips on Hiring a Consultant

Hiring a consultant that results in a successful consultant-client relationship is easy if both parties plan ahead and make their expectations known up front.

John Coy of The Consulting Network offered the following guidelines for organizations hiring consultants:

- ¥ Define your organization's key issues, needs, expected outcomes, time frame and budget for the project.
- ¥ Determine the tasks you want the consultant to address and the role the consultant will play.
- ¥ List the key criteria you believe are needed to complete the project.
- ¥ Be clear on the process and intent to hire a consultant. It can be helpful to develop a list of as many as six candidates, contact each to discuss the project and interview the top two or three following their response to a Request for Proposal (RFP).
- ¥ Provide candidates with information about your organization's mission and goals.

An organization's RFP should include the following points:

- ¥ Information about the organization, including goals and objectives.
- ¥ Key issues to be addressed and expected outcomes.
- ¥ Anticipated starting date, time frame and budget.
- ¥ Name and title of the person who will manage the project.

Marty Schneiderman, founder and president of Information Age Associates in Princeton, N.J., is a

consultant who has been on both sides of the negotiation table. Schneiderman provides strategic planning, project management and technical consulting services to foundations, corporations and nonprofit organizations regarding their computer information and communications systems.

He offered some additional advice to organizations:

- ¥ Be strategic so that consultants are used for time- or task-specific projects. If the project is being integrated into the organization's daily activities, require the consultant to work with key staff members to ensure a transfer of knowledge.
- ¥ Ask specific questions of potential consultants to ascertain their technical expertise and knowledge about your business beyond boilerplate information.
- ¥ Outline and share discussion points before meeting with potential consultants.
- ¥ Do not tackle too much at one time. Use phases and benchmarks to evaluate how the project is going.
- ¥ Get everyone's roles and responsibilities on paper. Include an escape clause to protect you if the project starts to derail.
- ¥ Ask potential consultants about their relationships with vendors. It is helpful to know any built-in connections up front.
- ¥ Make sure working styles and expectations are complementary. For example, are consultants expected to be available 9 a.m. to 5 p.m. or

during extended hours? Also, have candidates meet with the people who will be their primary contacts.

- ¥ Require regular progress reports from consultants, and use detail-oriented staff people to manage the project.
- ¥ Get references from clients who have engaged the consultant to do projects of similar scope.

Schneiderman noted that many of these organizational guidelines are equally important for consultants, including points about knowing project expectations, exploring work styles and expectations and getting everything in writing. He also said consultants should:

- ¥ Be realistic about what they can provide. Do not over-promise.
- ¥ Try to identify potential obstacles to a successful and timely completion of the project.
- ¥ Clarify the roles of the primary consultant, subcontractors and substitute staff members.
- ¥ Establish a mutual understanding by describing a general project scope, roles, hourly rate and estimated expenses clear in the contract.

Coy added that when consultants meet with potential clients, they should address:

- ¥ How they would approach the project being discussed.
- ¥ What they need and expect from the client to complete the project successfully.
- ¥ Who will manage the project and comprise the consultant's team.
- ¥ Their special expertise, experience and references.

Benchmarking continued

But, these challenges are easily met with the right planning.

Is benchmarking just a phase, or will it be important to corporate citizenship activities in the future? "More important, absolutely," said Feldhouse. "We've built in ongoing benchmarking for key parameters every five years. We are looking at Conference Board information, Fortune 500 rankings and information from our core group of benchmarking companies."

"As you go along, you need to get a sense of whether you've gotten off track relative to others or if there's an issue we've somehow missed. When we make recommendations for change, benchmarking is a critical part of the process."

"I encourage others to do it, even though it can be painful. It is not easy to find out that a process you have valued for years or one that has become institutionalized must change. But if you use

benchmarking as one of your tools to help you strengthen and enhance your program, it's very valuable."

Feldhouse said, "We realize that what we're doing has a direct impact on society and is very important on an individual level. But, it is still a business, and every activity has to make sense with the extended enterprise."

NEXT ISSUE:

Benchmarking is exciting because it helps you stay fresh and current so you continue to be

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