

CETA Edge (March 2023)

Benchmarking

By Diane M. Calabrese / Published March 2023

How are we doing? Could we do better? Successful businesses ask themselves such questions. They get answers through multiple channels.

Businesses take stock of unsolicited customer feedback. They directly query customers, too. All ways of assessing performance, and making course corrections, are good.

Yet there's one method many businesses could use to retrieve even more information. That's benchmarking, which allows a business to gauge its fitness against competitors.

Yes, competitors, and it's all safe and anonymous. Data supplied by individual companies is held in strict confidence. Companies remain anonymous to one another.

The Cleaning Equipment Trade Association (CETA) offers a benchmarking program to its distributor members. The program is a benefit of membership.

Three manufacturer members of CETA sponsor the benchmarking program, which is administered by Profit Planning Group, Inc. in Denver, CO. Sponsorship attests to the value the manufacturers attach to the program.

"Mi-T-M's decision to sponsor the benchmarking program is important to us," says Karl Loeffelholz, distributor division manager at the employee-owned company, a corporation based in Peosta, IA. "It allows dealers to see for themselves how to become more proficient in day-to-day operations."

Both the distributor and the manufacturer sponsor gain. "It frees up [participants'] capital expenses, making it extremely attractive in participating in this no-cost benefit," says Loeffelholz. "It keeps [our company's] brand name in front of a host of professional dealers that are always looking to improve their business and we want to be part of it."

Alkota Cleaning Systems, Inc. in Alcester, SD is another sponsor of the CETA benchmarking program. Scott Hansen, president of the company, is the current president of CETA.

"Benchmarking is a great tool to evaluate your business," says Hansen. "The time invested will be well worth the data you receive and the ability to compare your business to your peers."

Enthusiasm for what the benchmarking program can do to help build the strength of businesses is definitely one of the things that motivates sponsors. The sponsors want to see the distributors, the manufacturers that supply them with equipment, and the entire industry thrive.

"Kärcher [North America] is pleased to help sponsor the CETA benchmarking program," says Rob Smith, the Hotsy director of sales at the company headquartered in Aurora, CO. "We believe that the dealers who represent [our company's] brands and participate gain valuable insight as to not only how well they are doing in their own business by measuring specific metrics, but also how they are doing compared to their peers."

Smith reminds us why the metrics are so important to distributors. “It helps them find gaps and capitalize on opportunities,” he explains.

Capitalizing on opportunities is the precise outcome that sponsors of the benchmarking program would like to see. Moreover, it aligns with the overarching perspective of the company, the aforementioned Profit Planning Group, that conducts the program for CETA.

The Centennial State based, and team-oriented company eschews comments from individual team members. But its objective is to “inspire” the businesses with which it works, explains a team member. The report each benchmarking participant receives is structured to easily demonstrate that “small changes in the right areas can lead to big improvements.”

Each participant in the benchmarking program receives a Performance Analysis Report (PAR), a guide for improvement. With the guide in hand, a participant can ask exacting questions under the ‘how are we doing’ umbrella.

Customers may be as content as they can be. But is the company doing enough to control expenses? Does an investment in sales bring a corresponding increase in net profit? In other words, is the company making money, growing, healthy?

In the context of health of a company, the PAR also can be a valuable tool when approaching potential creditors or lenders. Being able to present quantitative data that verify the fitness of a company brings positive attention.

Getting Inspired

The current chairman of the CETA benchmarking committee is R. Calvin Rasmussen, the president and CEO of Royce Industries L.C. in West Jordan, UT. An enthusiastic proponent of benchmarking, he and the committee are formulating goals for 2023 that include encouraging more participation.

Rasmussen says that “an explosion of growth” is possible for members who make use of the benchmarking tool. He emphasizes that membership in CETA includes participation in the benchmarking program if the member wishes to take part.

The results provided to each participant in the PAR become even more valuable when they become cumulative, explains Rasmussen. “The longer you participate, the better the reports you get.”

Year-on-year results go way beyond helping a participant assess rank among peers. “It quantifies how you are growing [or] declining from year to year,” explains Rasmussen. “This further helps your company pivot and adjust.”

Rasmussen compares his anticipation of receipt of the PAR as much like the excitement of waking up on Christmas morning. “I cannot wait to see what the report has in store for our company.”

During his chairmanship, Rasmussen wants to persuade members of CETA who do not yet benchmark to do so. He explains that the PAR is much more than a compilation of “numbers,

percentages, ratios” and so on, “it also educates [the recipient] on how to understand these data points.”

While members of CETA may be competing with one another in one sense, they are also collaborating (informally) as they become stronger and in turn, build a stronger industry. “As individual members of CETA grow, our industry grows,” says Rasmussen.

This marks year 15 of the benchmarking program at CETA, which began in 2008. It has been in the hands of the same outside vendor for the entire time, the sort of continuity that speaks to the reliability of the company and the value of the results provided to members.

Rasmussen’s business has been a participant in the benchmarking program since its inception. And results have become an invaluable tool in planning.

“We use benchmarking and its subsequent PAR as part of our annual budgeting, planning and strategy,” says Rasmussen. And he refers to “golden nuggets” discovered.

Some examples? ‘Sales per’ is one. That is per employee, customer, vehicle. Teasing out information in this way makes it easier to know where adjustments must be made.

Time (and correspondingly money) invested in a customer that results in the sale of a pressure washer is good. Time invested in a bigger outcome, time which results in the sale of the pressure washer, detergents, automatic parts washers, accessories, parts, and preventative maintenance, is better. And the metrics in the PAR will document that.

Another example? The admonition to review insurance coverage each year implies to many that they should make certain it’s sufficient. In some cases, though, businesses pay too much for casualty and liability insurance. The analysis allows them to ferret that out and fix it.

And then there’s the prescriptive action plan, a summary of the top five areas that would benefit from focus. It’s just one more tool a company can use to tailor improvements.

Rasmussen says there is no way to overstate his enthusiasm for the CETA benchmarking program, which he ties to year-over-year growth at his company. It’s an enthusiasm he aims to share with CETA members who are not currently among those participating.