BENCHMARKING : A POSSIBLE SOLUTION FOR WINEGROWER COOPERATIVES

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Context: To evolve, cooperatives have to:
- choose new strategic options
- modify their practices
- integrate new management tools
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Hypothesis: Benchmarking can help them...
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**Questions:**

1- Does benchmarking give them good results?
2- How can benchmarking be improved?
Outline

1- External benchmarking
2- What was exactly the operation we did?
3- The non-measurable factors
Principle

Use comparisons with partners to improve.

1- How and why are the others more successful?

2- Imitate the best one
1- Define of the **theme** to be studied:
   Strategy, Organization, Production, Marketing

2- **Study** each partner = exchange informations

3- Create a reference table
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4- Calculate the **distances** from the best partners
   - Quantitative informations

5- **Results**:  
   - Key points to be strengthened
   - Weak points to be improved
   - Strategy to be adopted (best practices)
1- EXTERNAL BENCHMARKING

Conditions of success

- The number of partners must be sufficient to obtain significant results
- The partners must be *homogeneous* (activity, size, etc.)
- The information must be *available* for all the partners
- The necessity of good *communication* and trust
  ➔ The will to share
2-The operation of benchmarking we managed

**Partners:**
11 wine-producing cooperatives of the Bordeaux region

**Date:** 2008 - 2010
2 - THE OPERATION OF BENCHMARKING WE MANAGED

**Objectives:**

- **Measure** the global economic performance of the cooperatives
- **Collect** 35 performance's factors
- **Identify** the most significant performance's factors

**Partners:**
11 wine-producing cooperatives of the Bordeaux region

**Date:** 2008
35 factors of economic performance collected

**Methodology**

**Measure:** Explanatory power
(Coefficient r²)

**OF**

Economic performance (1 global indicator)

(in which the appellations rents are neutralized)
How did we select the factors?

1- *synthetic* strategic factors explain Global performance

2- *Internal* factors (all the cooperatives have the same environment)
How did we select the factors?

1- **synthetic strategic** factors — explain — Global performance

2- **Internal** factors — (all the cooperatives have the same environment)

3- **Measurable Financial** Factors — allow — Statistical treatment Comparisons

4- **Available** in every cooperative
35 factors studied

<table>
<thead>
<tr>
<th>The most significant factors</th>
<th>Coefficient R² (regression of RES)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bypassing of the &quot;Négoce&quot;</td>
<td>0.56</td>
</tr>
<tr>
<td>Sales in supermarkets, wine-merchants</td>
<td>0.29</td>
</tr>
<tr>
<td>Size of the cooperative</td>
<td>0.27</td>
</tr>
<tr>
<td>Low costs (wine making, administration)</td>
<td>0.26</td>
</tr>
<tr>
<td>Growth for 5 years</td>
<td>0.16</td>
</tr>
</tbody>
</table>
Assessment

For the cooperatives, the objectives were attained:

- They learn to work together, to know each other better.
- They now have a reference table of 35 performance factors.
- They can now identify their strengths and weaknesses.
- They now know the most successful strategy to imitate.
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- They learn to work together, to know each other better.
- They now have a reference table of 35 performance's factors.
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But what about the non-measurable factors?
3 - THE NON-MEASURABLE FACTORS OF PERFORMANCE

certain the human being, the immaterial
Behind every performance, there are individuals or groups of individuals.
Behind every performance, there are **individuals** or groups of individuals. His role is essential.
3—THE NON-MEASURABLE FACTORS OF PERFORMANCE

Behind every performance, there are individuals or groups of individuals. The human being, the immaterial concern.

His role is essential. By his skills:

- Diplomas
- Experience
- Personality
- Leadership
- Intuition
Behind every performance, there are individuals or groups of individuals the human being, the immaterial. His role is essential to the manager. By his skills, he manages:
- The process of planning (objectives, strategy)
- Decision making
- Reactions to the complex environment

By his practices:
Diplomas
Experience
Personality
Leadership
Intuition
3 - THE NON-MEASURABLE FACTORS OF PERFORMANCE

Measurable factors of economic performance

Explanatory power

may modify

Economic performance

BUT

Management
Non-measurable factors

may influence
Conclusion

Benchmarking allowed the cooperatives to compare theirs quantitative factors of performance and to identify the best strategy.

Now: How can we better take into account the non-measurable factors of performance in the next benchmarking operations?