

## **Benchmarking to Improve the Strategic Planning Process in the Hotel Sector**

PAUL PHILLIPS and KWAKU APPIAH-ADU

*Gaining the knowledge of a firm's relative position in key qualitative processes should be an essential objective of the strategic planning process. This article shows how the managerial technique of benchmarking can be used to go beyond traditional quantitative analysis and penetrate underlying qualitative processes. Benchmarking is used to assess the quality of four key strategic planning design parameters (formality, participation, sophistication and thoroughness) among 63 hotel units representing eight UK hotel groups. Results indicate that there is a significant gap between the quality of current planning processes with theoretical best practice.*

A steady stream of management literature has encouraged business executives to subscribe to the practice of strategic planning. These advocates argue that the essence of strategic management is to match an organisation's capabilities and competencies to the competitive conditions of the external environment. It is contended that the development of a well-conceived strategic plan across strategic business units will enhance business performance.

In recent years, the attention of both academics and executives has been focused on integrating and optimising management processes through strategic planning, due to several factors. These include growing uncertainty in the competitive environment, the evolution of sophisticated business organisations and the rapid changes taking place in today's marketplace. Strategic planning is described as the process of determining the mission, major objectives, strategies, and policies that govern the

---

Paul Phillips is at Cardiff Business School, University of Wales, Aberconway Building, Colum Drive, Cardiff CF1 3EU, UK.

Kwaku Appiah-Adu is at the University of Portsmouth Business School, Department of Business and Management, Locksway Road, Southsea, Hants PO4 8JF, UK.

The Service Industries Journal, Vol.18, No.1 (January 1998), pp.1-17  
PUBLISHED BY FRANK CASS, LONDON

المنارة للاستشارات

acquisition and allocation of resources to attain organisational goals. According to Steiner [1979], strategic planning has become inextricably interwoven into the entire fabric of management.

In spite of the fact that the value of strategic planning to firms has been questioned [Mintzberg, 1994], findings from recent studies continue to report a positive relationship between planning and performance [Lyles *et al.*, 1993; Hart and Banbury, 1994]. Effective strategic planning clearly requires defined and achievable goals, systematic integration of a number of sequential activities, and above all, commitment to implement the plan. There is no doubt that a well-conceived plan can be an effective catalyst for managing change and enhancing decision-making processes in organisations. This suggests that any technique that can produce timely, reliable information to enhance the strategic planning process would be invaluable to managers. One approach currently proving beneficial in guiding strategic action is benchmarking [Jennings and Westfall, 1992].

#### THE BENCHMARKING CONCEPT

Benchmarking as a management tool was first developed by the Japanese [Ohno, 1988] and pioneered in the Western world by Rank Xerox in 1979 [Bresada, 1991; Richard, 1991; Jacob, 1992]. The findings derived from Rank Xerox's initial benchmarking study revealed that competitors were selling products at a price equal to their cost of producing them. As a result, the company quickly shifted to adopt externally set benchmark targets to drive its business plans. During the 1980s the company expanded its benchmarking activities to include analysis of best practices within any industry [Shetty, 1993]. In Camp's [1989: 10] seminal book on benchmarking, David T. Kearns, chief executive officer, Xerox corporation defined benchmarking as 'the continuous process of measuring products, services and practices against the toughest competitors or those companies recognised as industry leaders'.

According to Camp, the benchmarking process within Xerox consists of five essential phases, and these are shown in Figure 1.

The benchmarking process has been applied extensively and successfully in the manufacturing industry in the quest for continuous improvement. This is due to the fact that in manufacturing operations there are various accepted parameters and targets which can be applied by management in establishing effective manufacturing strategy, and in assessing and evaluating performance relative to industry norms. The Baldrige Award standards [Garvin, 1991] and the ISO 9000 process for quality management and control, are used in the United States and world-wide respectively, in both manufacturing and service sectors. Both

FIGURE 1  
THE FIVE ESSENTIAL PHASES OF A BENCHMARKING STUDY

Phase	Core Issues
1. Planning	<ul style="list-style-type: none"> <li>· What to benchmark</li> <li>· Whom to benchmark</li> <li>· Methodology of study</li> </ul>
2. Analysis	<ul style="list-style-type: none"> <li>· Ascertaining the gap</li> <li>· Ascertain the overall trend of the gap</li> </ul>
3. Integration	<ul style="list-style-type: none"> <li>· Vertical integration of all employees</li> <li>· Identification of new organisational goals</li> <li>· Identification of new performance indicators</li> </ul>
4. Action	<ul style="list-style-type: none"> <li>· Implementation of key benchmark findings</li> <li>· Iteration of benchmarking processes</li> <li>· Continuous improvement of business processes</li> </ul>
5. Maturity	<ul style="list-style-type: none"> <li>· Best practices incorporated into everyday business processes</li> </ul>

Source: R. Camp [1989].

standards stress the significance and applicability of benchmarking as a key to comparative measurement of service operations and customer-oriented performance against industry standards. However, due to the lack of fully accepted universal standards regarding parameters and definitions of these parameters, benchmarking in the service sector can be problematic [Blumberg, 1994]. While most organisations are unwilling to share what is regarded as confidential information, they hardly track certain critical parameters and operating statistics. Coupled with this is the fact that there is currently a multiplicity of service management systems software packages, each employing varying parameters and definitions, and producing data in different formats. Finally, with respect to certain critical parameters, such as response time, there seems to be wide differences between data provided internally and external perceptions of customers regarding the same standards.

#### TYPES OF BENCHMARKING

There have been various classifications of benchmarking in the extant literature. According to Jennings and Westfall [1992], there are three categories. Customer benchmarking is where the firm's products or services are compared against customer needs and expectations. In competitor benchmarking, the performance of the competition is assessed to guide

strategic action planning. Core competencies benchmarking involves the assessment of areas such as leadership, information and analysis, strategic quality planning, human resource utilisation, and quality assurance of products or services.

Camp [1992] describes the main typologies of benchmarking as strategic, operational, and management benchmarking. In strategic benchmarking, there is comparison of different business strategies to identify key elements in a successful strategy. Operational benchmarking involves relative cost position or means of increasing product differentiation. Management benchmarking focuses on the analysis of support functions.

Yasin and Zimmer [1995] perceive the basic types of benchmarking as internal, competitive and functional [generic]. Internal benchmarking involves a comparison of a firm's internal activities and processes and its purpose is to establish operating standards within the firm. In competitive benchmarking, an investigation of a direct competitor is carried out, with the object of uncovering the benchmarking organisation's competitive advantages and disadvantages in relation to the overall business environment. Functional benchmarking is where the work processes, products or services which are examined for comparison may come from a totally unrelated industry, with the view to identifying best practices regardless of the source.

Finally, Schmidt's [1992] primary forms of benchmarking, which encapsulate all the elements proposed in the three articles mentioned above, are classified as strategic, cost and customer benchmarking. Strategic benchmarking involves the identification of the premier shareholder value creators within a sector. This can be achieved by using financial accounting ratios, such as total shareholder return (ratio of a company's market value to book value), and the positive spread between a company's return on capital and cost of capital. By definition, the premier company will have the greatest positive spread, best market value to book value ratio, and the highest average shareholder return.

Cost benchmarking can focus upon operational, organisational and process components of a company's cost structure. Operational benchmarking is used primarily to compare indirect cost structures and staffing efficiency among peer companies. Organisational benchmarking is used to identify sources of competitive advantage due to differences in firm structure. Process components (sometimes called management benchmarking) is used to examine administrative support functions and key planning processes.

Customer benchmarking should be of particular interest to any customer-orientated organisation. Moreover, for the technique to be

successful, it is crucial to benchmark processes on what the customer wants and not what the hotel firm believes is important. According to Schmidt [1992], customer benchmarking involves a four step process:

1. identify the attributes that influence customer value perceptions;
2. assess corporate performance;
3. analyse competitors' performance and standing; and
4. close gaps between current performance and customer expectations.

These steps should help in overcoming the difficulty of integrating cost-driven financial measures with the softer performance measures of customer satisfaction and value.

#### STRATEGIC PLANNING DESIGN PARAMETERS

A review of the management literature identified four key design parameters of the strategic planning process [Phillips, 1996], these being formalisation, sophistication, thoroughness and participation. Formalisation encapsulates explicit systematic procedures used to gain the ownership and commitment of the main stakeholders with whom the plan is concerned [Armstrong, 1982]. It has been suggested that formal planning procedures comprise detailed formats, the demand for quantification of all inputs and rigid calendars of events [Pralhad, 1983]. In addition, formality has been assessed by items such as the degree of planning manual usage, the amount of emphasis on developing written plans [Ramanujam and Venkatraman, 1987], and the length of the planning horizon [Bantel, 1993].

Odom and Boxx [1988] posit that planning sophistication represents the extent of use of written annual plans, setting of specific goals, programmes and budgets, written long-range plans with specific goals and action plans. Four distinct levels of planning process sophistication have been identified by Bracker and Pearson [1986] as follows: structured strategic planning, structured operational planning, intuitive planning, and unstructured planning. Furthermore, Piercy and Morgan [1994] distinguish between sophistication and formalisation. Whereas the former is perceived as an analytical conceptual construct, the latter is viewed as a procedural behavioural concept. Thus, sophistication involves the utilisation of a comprehensive spectrum of analytical techniques.

Two aspects of management participation in planning have been identified in the managerial literature. Building on the work of Lowin [1968], Ritchie and Miles [1970] have described the 'quantity' of participation as the degree of individual involvement in decision making activities, irrespective of the participant's influence on decisions actually reached. 'Quality' represents the extent to which an organisation's members

have an influence on the decision choices [Schilit, 1987]. Relating these concepts to strategic planning, influence refers to the degree to which executives believe their ideas and suggestions make a difference in the organisation's strategic choices. Involvement reflects the role of managers in the formulation, understanding and communication of the organisation's strategic plan. Gerbing *et al.* [1994] describe three aspects of participation within a firm: involvement and influence at corporate level, and operating level; and receptivity to managerial ideas and input.

Planning thoroughness attempts to capture the extent to which a firm utilises experience from a number of management levels and the number of internal and external sources employed for the plan. It also includes the budgeting of an appropriate timescale and schedule for the plan formulation task, and the utilisation of organisational and motivational factors to encourage good planning as well as operational performance [Stasch and Lanktree, 1980]. A further contextual variable highlighted as an element of thoroughness is the supportiveness of the organisation and its management to the planning process evidenced by such signals as resources provided for planning [Piercy and Morgan, 1994].

Strategic planning as a vehicle to achieve competitive advantage has evolved over the last three decades. Today, it is still considered as a dominant lever available to executives to implement competitive changes within the firm. Due to the fact that strategy is such an essential catalyst for action, it is vital that organisational changes be continuously directed by very reliable, timely information about potential competitive advantages. One technique currently proving most useful in guiding strategic action is the benchmarking process.

The remainder of this study considers the research methodology. Empirical findings are subsequently analysed and discussed. In the concluding sections, we consider the implications of our findings for managers and academic researchers.

## METHODOLOGY

### *The Study*

This study attempts to illustrate how management can be provided with additional insights into the effectiveness of their strategic planning processes. While it can be relatively easy to obtain, the quantitative variables in financial and operational benchmarking, knowledge-based processes such as strategic planning are more difficult to identify because they involve an array of qualitative variables. Nevertheless, while traditional benchmarking can identify the gap between competitors,

organisational benchmarking [i.e. planning process benchmarking] can uncover some of the most important but least obvious sources of competitive advantage. In addition the latter technique can often highlight the reasons for significant gaps between a firm's strategic performance and that of the premier company.

### *Data Collection*

For the purposes of this study, the hotel unit was viewed as a strategic business unit [SBU], so it was imperative that the sample consisted of firms that were likely to engage in strategic planning. The sampling frame was derived from Quoted Hotel Companies [Slattery *et al.*, 1994]. To qualify for the research the hotel group had to satisfy the following four criteria:

1. UK owned;
2. consisted off more than 250 rooms;
3. average size of hotel units in excess of 50 rooms; and
4. hotel business being a significant segment of group turnover.

This led to 17 hotel groups qualifying. A letter was mailed together with a one-page summary of the study, to a senior head office executive to ask if their group would be prepared to take part in the research. After several reminders via mail, fax and telephone, eight quoted groups agreed to participate. Reasons for non-response were: 'it is not our policy to participate in surveys', or 'regrettably due to constraints upon very limited resources we are unable to assist on this occasion'. Of the 75 questionnaires mailed to HGMs, 63 were completed and received, representing a response rate of 84 per cent.

### *Measures of Strategic Planning Design Parameters*

Table 1 illustrates the main design parameters of the study, which were determined after an extensive synthesis of the planning-performance literature.

*Planning Formality.* This construct was developed by combining measures utilised in the studies of Wood and LaForge [1981], Shrader *et al.* [1984] and Pearce *et al.* [1987]. Due to the methodological shortcomings of prior research regarding the distinction between formal and informal planners, efforts were made to develop a more robust approach for assessing the formality of the strategic planning process. Utilising Guttman scales, several authors devised a more rigorous scaling procedure for the formality construct [cf. Wood and LaForge, 1981; Shrader *et al.*, 1984; Pearce, Freeman and Robinson, 1987].

TABLE 1  
STRATEGIC PLANNING DESIGN PARAMETERS

Strategic Planning Design Parameters	References
Formalisation	Wood and LaForge [1981] Shrader <i>et al.</i> [1984] Pearce <i>et al.</i> [1987]
Participation	McDonald [1982] Piercy and Morgan [1994]
Sophistication	Bracker and Pearson [1986] Robinson and Pearce [1988] Odom and Boxx [1988]
Thoroughness	Stasch and Lanktree [1980] Piercy and Morgan [1994]

The dimensions for this study were based upon a synthesis of the above studies. The instrument consisted of six statements which were measured with a 7-point Likert [1967] scale with 1 = Not at all formalised and 7 = Very formalised.

*Planning Participation.* The participation construct was derived from the dimensions of McDonald [1982 a,b] and Piercy and Morgan [1989] and adopted for the hotel unit. The object of this section was to gauge the level of influence using two criteria. Firstly, hotel general managers [HGMs] were requested to estimate the degree of influence staff hierarchical levels have on the strategic planning process. Secondly, managers were asked to assess the level of influence which different functional sections exert on strategic planning. A 7-point Likert scale was employed with 1 = No influence and 7 = Very strong influence.

*Planning Sophistication.* This construct has been widely explored in the strategic planning literature. Bracker and Pearson [1986] described four levels of planning sophistication: structured strategic planning; strategic operational planning; intuitive planning; and, unstructured planning. Odom and Boxx [1988] categorised planning as informal, operational and long-range. Based on a six-step Guttman scale, Robinson and Pearce [1988] classified the sophistication of planning as high, moderate and low.



To suit the nature of this study, the sophistication dimension focused upon 19 financial and marketing techniques employed by businesses. A 7-point Likert scale was used with 1 = Of no importance and 7 = Extremely important. Subjects also had the choice of awarding a zero rating to signify 'not utilised'.

*Planning Thoroughness.* The planning thoroughness framework was primarily based upon the construct of Stasch and Lanktree [1980]. This study utilised their four planning components with the elements developed by Piercy and Morgan [1994], and adopted the combined measures for the hotel sector. The construct used was a 7-point Likert scale, with 1 = Strongly disagree and 7 = Strongly agree.

## Results

FIGURE 2  
PROCEDURAL STEPS FOR BENCHMARKING PARTICIPANTS

Steps	Procedures
1.	Develop a list of variables for each planning construct (i.e. formality, participation, sophistication, and thoroughness).
2.	Ask participants to judge the degree of importance of each design parameter to their hotel unit.
3.	Compute the mean score of each design parameter, and standardise mean scores as a percentage of the maximum (Table 2).
4.	Rank the participants in order of mean scores (Table 3).
5.	Award 8 points for being ranked 1st, 7 points for being ranked 2nd, etc.
6.	Using totals derived from step 5, arrange participants into high, moderate, and low strategic planning effectiveness groups.

The statistical package SPSS, was used to determine the mean score for each HGM, and the results were summarised by hotel group. The benchmarking analysis was conducted in six stages. Figure 2 illustrates the salient steps. Table 2, summarises the mean scores of the eight hotel groups (A to H). Given the nature of the variety in mean scores, some hotel groups had more effective strategic planning systems than others. For example, A and F were the only groups who scored above the average, across the four design parameters. Whereas, G scored below the average for all its design parameters.

TABLE 2  
DESIGN PARAMETERS MEAN SCORES BY HOTEL GROUP

	Formality	% of Maximum	Participation	% of Maximum	Sophistication	% of Maximum	Thoroughness	% of Maximum
Max	42	100	77	100	133	100	49	100
Mean	31	74	56	72	58	44	34	69
Hotel Groups								
A	33	78	57	74	75	56	38	77
B	28	67	49	64	73	55	30	61
C	31	73	58	75	61	46	32	66
D	29	70	58	75	73	55	37	75
E	29	70	52	67	53	40	31	64
F	34	81	60	78	68	51	35	71
G	31	73	50	65	57	43	30	60
H	30	70	52	68	63	47	35	72
Quartiles								
High Groups	F & A		F & D		A & D		A & D	
Low Groups	B & E		B & G		E & G		B & G	

As the number of variables used for each design parameter were not all equal, to facilitate comparability, the scores were all standardised. Table 2 shows that F obtained the highest mean score for formality of 34, which is equal to 81 per cent of the maximum score of 42. A quick inspection revealed that planning formality (74 per cent) was the most effective, and planning sophistication (44 per cent) was the least developed design parameter. The results also indicated that certain hotel groups used all four design parameters to a much higher degree in comparison with others. For instance, groups A and D obtained consistently high scores. Whereas groups B, E and G ranked comparatively low in all the four key areas, although the result for group B can be considered as spurious, since the sample size was only one.

TABLE 3  
DESIGN PARAMETERS OVERALL MEAN SCORES RANKED BY HOTEL GROUP

Hotel Groups	Overall Score*	% of Maximum	Sample Sizes
A	28	88	6
F	26	81	10
D	24	75	6
C	18	56	8
H	18	56	4
G	11	34	14
B	10	31	1
E	9	28	14

\*Maximum = 32

In order to arrange the sample into groups of high, moderate and low *vis-à-vis* their overall strategic planning system, participants were ranked in order of their mean score for each design parameter. Points were then awarded on the basis of ranking, i.e. 8 points for 1st, 7 points for 2nd, 6 points for 3rd, etc. for each design parameter. Table 3 shows the overall scores of all planning constructs ranked by hotel group. The results confirm the observations in Table 2, with A, D and F in the high group, and G, B, E in the low group. Hotel groups C and H scored 18 points and were in the moderate group.

## DISCUSSION

This exploratory study highlights a number of notable findings for discussion. Table 2 indicates that there is a significant gap between the quality of current planning processes in the UK hotel sector with theoretical

best practice. These results suggest that what currently passes for strategic planning at the hotel unit level, is no more than extended financial budgeting. Budget-based planning is more of a control mechanism, and is deficient in that it does not fully consider the key aspects of strategic planning. Thus, any technique which can measure the quality of the strategic planning process and highlight ways for improvement should be of benefit to those responsible for planning. For example, this benchmarking study has enabled managers to assess their strategic gap with best practice, and then assist in identifying ways of improving their overall strategic planning process, which, in turn, will improve performance.

With respect to the four key planning design parameters (Table 2), formality seemed to be the best utilised component of the strategic planning process among HGMs. This is not surprising since formalisation is generally used an indicator of the 'fullness' of plans produced and is the most publicised among the four design parameters. Several authors have argued that formal planning leads to increased strategic effectiveness [Powell, 1992; Hart and Banbury, 1994], as well as enhanced financial performance [Pearce *et al.*, 1987; Lyles *et al.*, 1993]. It is contended that formalisation makes the planning activity mandatory and ensures that it is carried out regularly, makes it possible to carefully select and involve more managers. It also ensures that all factors known to be relevant will be considered, enables all managers engaged in the process to operate on the basis of common, explicitly identified assumptions. Finally, formality provides a basis for changes in objectives as well as actions, and offers a framework from which controllable variables can be manipulated in order to ensure that the relevant emphasis is put on the possible purposes of undertaking the activity, as seen fit by senior management.

From the results (Table 2), formality was closely followed by participation as the next most effectively employed component of the strategic planning process. Managers are assumed to participate in the planning process so as to formulate better strategies, as well as to facilitate the implementation of the strategic plans [Armstrong, 1982; Bourgeois and Brodwin, 1984; Hrebiniak and Joyce, 1984]. Participation may facilitate the degree to which managers accept and relate to the objectives of the firm, which can reduce behavioural impediments to planning effectiveness [Lyles and Lenz, 1982], which in turn, facilitates commitment to the organisation and its plans. This commitment, can enhance strategic effectiveness through the shaping of a shared strategic vision [Hart, 1992]. Moderate support for a positive relationship between mid-level management involvement and subjective measures of performance has been reported by Wooldridge and Floyd [1990] in a study of 20 organisations and 157 managers. Their findings indicate that managerial participation in strategy formulation is

essential for developing superior strategies.

Third in the sequence was thoroughness (Table 2), which also appeared to be an effective element in the strategic planning process. It has been posited as a vital ingredient for increased strategic effectiveness [Stasch and Lanktree, 1980; Piercy and Morgan, 1994]. Clearly, employing external sources ensures that the process is approached from a neutral and more objective perspective. In addition, utilising experience from a range of functional areas and different hierarchical levels creates systems that support staff in finding their voice and sharing the wisdom they possess [Pasmore and Fagans, 1992], and is seen as facilitating participation. This enables executives to test out ideas, gives wider access to information and views within the firm and thus, lowers behavioural problems associated with uncertainty and responsibility [Piercy and Morgan, 1994]. Furthermore, the allocation of sufficient time and resource for the plan's development is perceived as a prerequisite for reducing the behavioural problems associated with planning, while the utilisation of organisational and motivational factors is likely to foster strategic effectiveness.

In terms of effective utilisation, planning sophistication had the lowest score among four key strategic planning variables. This is rather surprising due to the fact that a positive association between planning sophistication and performance has been reported by strategy researchers over the past decade [Bracker and Pearson, 1986; Robinson and Pearce, 1988; Odom and Boxx, 1988]. Sophistication of planning systems refers to the number and rigour of the available techniques of planning and strategic analysis. Together with formalisation, it may be viewed as a mechanism for defining and resolving the ill-structured problems of processing information and coping with uncertainty [Ramanujam *et al.*, 1986]. Moreover, the utilisation of sophisticated tools and techniques may signal that plans developed are not merely the product of the subjective judgement of planners, which, in turn, enhances the perceived credibility of forecasts and plans [Hogarth and Makridakis, 1981]. By providing knowledge of, and training in, the tools and techniques of planning, behavioural problems can be influenced, planners are provided with a framework for planning and some relevant skills with which to conduct the planning exercise [Piercy and Morgan, 1994]. Clearly, the use of planning tools and techniques should enable managers to identify critical information gaps more easily and with more certainty, thus enabling them to seek internal and external sources of information that are considered to be crucial to the effective operation of the planning process.

## IMPLICATIONS AND CONCLUSIONS

*Managerial Implications of the Study*

A number of interesting managerial implications arise from the results. First, as several HGMs indicated that they were not fully satisfied with their current planning processes, it was hardly surprising that the mean scores were relatively low. These observations therefore highlight that the planning processes, amongst the participants need to be re-engineered.

Second, as a starting point to re-engineer the planning process, and thereby improve business performance, hoteliers should establish and run benchmarking programs in two areas: the hotel firm services against its competitors, and the company's customer focused processes against peer groups. This should ensure that the measurement system achieves the right balance between financial and non-financial measures to remain relevant and consistent with the overall strategic objective.

Third, although the respective profile represents the outcome for the company of their planning processes, a caveat need to be expressed when considering relative performance. To determine best practice within the hotel sector necessitates all major hotel firms participating. However, given the reluctance of hoteliers to co-operate in applied strategy research, it is extremely difficult to find firms who will not only agree to complete questionnaires, but who are willing to co-operate and compare profiles. Moreover, even if this were achieved, firms operating in the same sector may approach strategic planning in different ways, adopt different strategies, tactics and methods, so direct comparison may not be meaningful in all situations. To encourage the development of benchmarking in the UK hotel sector, initiatives that could be undertaken include:

- the formation of benchmarking focus groups with an independent intermediary mediating the data-gathering, interpretation, and reporting;
- the development of courses and training in the area of finance, marketing and strategic planning, with the content tailored to the needs of hotel executives at the corporate, and unit level; and
- the hiring of marketing-oriented accountants, who can assist managers to develop and improve the strategic planning process in their business unit.

*Implications for Future Research*

The primary goal of this study is to examine the role of benchmarking in evaluating the strategic planning processes in the UK hotel sector. Consequently, the main concern of the authors is to investigate how

benchmarking could be employed to improve thoroughness, formalisation, sophistication and participation during the planning process. Being an exploratory study, only a moderate, convenience sample was employed. It is suggested that a similar study can be undertaken based on a much larger sample of hotels in order to strengthen the generalisation of our findings. Furthermore, since this research was conducted over a limited period of time, it would be expedient to undertake similar studies on a longitudinal basis to identify the effects of time lags and different economic cycles on the model or results. Finally, comparative studies are required to examine the relevance of benchmarking among different sectors within the service industry.

## CONCLUSION

In recent years, benchmarking has become a part of the business lexicon. Since the trend with respect to competitive intensity is expected to continue as we move into the next century, firms of all sizes will be more inclined to utilise benchmarking as a part of the continuous improvement process [Micklewright, 1990]. Given the results of this study, and the turbulent nature of the UK hotel sector, it is perceived that the successful hotel groups of the future will be those that view benchmarking as a catalyst for continuous improvement. We believe that the diagnostic tool created and used in this study can identify ways of improving key planning processes, which will improve business performance. However, it must be borne in mind that the essential requirements for success in any benchmarking program are the support of senior management, together with a continuing structured multidisciplinary team.

## REFERENCES

- Armstrong, J., 1982, 'The Value of Formal Planning for Strategic Decisions: Review of Empirical Research', *Strategic Management Journal*, Vol.3, pp.197-211.
- Bantel, K., 1993, 'Top Team, Environment, and Performance Effects on Strategic Planning Formality', *Group and Organisation Management*, Vol.18, No.4, pp.436-58.
- Blumberg, D., 1994, 'Strategic Benchmarking of Service and Logistic Support Operations', *Journal of Business Logistics*, Vol.5, No.2, pp.89-119.
- Bourgeois, L. and D. Brodwin, 1984, 'Strategic Implementation: Five Approaches to an Elusive Phenomenon', *Strategic Management Journal*, Vol.3, pp.241-64.
- Bracker, J., B. Keats and J. Pearson, 1988, 'Planning and Financial Performance among Small Firms in a Growth Industry', *Strategic Management Journal*, Vol.9, pp.591-603.
- Bracker, J. and J. Pearson, 1986, 'Planning and Financial Performance of Small, Mature Firms', *Strategic Management Journal*, Vol.7, pp.503-22.
- Bresada, A., 1991, 'Benchmarking', *Financial World*, 160 (September): 28.
- Camp, R., 1989, *Benchmarking: The Search for Industry Best Practices that Lead to Superior Performance*, ASQC, Quality Press, Milwaukee.

- Camp, R., 1992. 'Learning from the Best Leads to Superior Performance', *Journal of Business Strategy*, May/June, pp.2-6.
- Donaldson, G., 1984. *Managing Corporate Wealth*, New York, Praeger Inc.
- Frederickson, J., and T. Mitchell, 1984. 'Strategic Decision Process: Comprehensiveness and Performance in an Industry with an Unstable Environment', *Academy of Management Journal*, Vol.15, pp.91-101.
- Garvin, D. A., 1991. 'How the Baldrige Award Really Works', *Harvard Business Review*, Nov.-Dec., pp.80-93.
- Gerbing, D., J. Hamilton and E. Freeman, 1994. 'A Large-Scale Second-Order Structural Equation Model of the Influence of Management of Management Participation on Organisational Planning Benefits', *Journal of Management*, Vol.20, No.4, pp.859-85.
- Hart, S., 1992. 'An Integrative Framework for Strategy-Making Processes', *Academy of Management Review*, Vol.17, pp.327-51.
- Hart, S. and C. Banbury, 1994. 'How Strategy Making Processes Can Make a Difference', *Strategic Management Journal*, Vol.15, No.4, pp.251-69.
- Hogarth, R. and S. Makridakis, 1981. 'Forecasting and Planning: An Evaluation', *Management Science*, Vol.27, No.2, pp.115-38.
- Hrebiniak, L. and W. Joyce, 1984. *Implementing Strategy*, New York: Macmillan.
- Jacob, R., 1992. 'How to Steal the Best Ideas Around', *Fortune*, 19 Oct., pp.102-6.
- Jennings, K. and F. Westfall, 1992. 'Benchmarking for Strategic Action', *Journal of Business Strategy*, May/June, pp.22-5.
- Likert, R., 1967. *The Human Organisation*, McGraw-Hill.
- Lowin, A., 1968. 'Participative Decision Making: A Model, Literature Critique, and Prescriptions for Research', *Organisational Behaviour and Human Performance*, Vol.3, pp.68-106.
- Lyles, M. and R. Lenz, 1982. 'Managing the Planning Process: A Field Study of the Human Side of Planning', *Strategic Management Journal*, Vol.3, pp.105-18.
- Lyles, M., S. Inga, J. Burdeane Orris and D. Kuratko, 1993. 'Formalised Planning in Small Business: Increasing Strategic Choices', *Journal of Small Business Management*, April, pp.38-50.
- McDonald, M., 1982a. 'International Marketing Planning', *European Journal of Marketing*, Vol.16, pp.3-32.
- McDonald, M., 1982b. 'International Marketing Planning: Some New Insights', *Journal of International Marketing*, Vol.1, pp.90-103.
- Micklewright, M., 1990. 'Competitive Benchmarking: Large Gains for Small Companies', *Quality Progress*, Vol.26, No.6, pp.22-3.
- Mintzberg, H., 1994. *The Rise and Fall of Strategic Planning*, Prentice-Hall International (UK).
- Odom, R. and Boxx, W., 1988. 'Environment, Planning Processes, and Organisational Performance of Churches', *Strategic Management Journal*, Vol.9, pp.197-205.
- Ohno, T., 1988. *Toyota Production System: Beyond Large Scale Production*, Cambridge: Productivity Press.
- Pasmore, W. and Fagans, M., 1992. 'Participation, Individual Development, and Organisational Change: A Review and Synthesis', *Journal of Management*, Vol.18, pp.375-97.
- Pearce, J., E. Freeman, and R. Robinson, 1987. 'The Tenuous Link Between Formal Strategic Planning and Financial Performance', *Academy of Management Review*, Vol.12, No.4, pp.658-75.
- Phillips, P. A., 1996. 'Strategic Planning and Business Performance: Results of an Exploratory Study', *International Journal of Hospitality Management*, Vol.15, No.4, pp.347-62.
- Piercy, N. and N. Morgan, 1994. 'The Marketing Planning Process: Behavioural Problems Compared to Analytical Techniques in Explaining Marketing Plan Credibility', *Journal of Business Research*, Vol.29, pp.167-78.
- Piercy, N. and N. Morgan, 1989. 'Strategic Planning and the Management Accountant', *Management Accounting*, Nov., pp.18-19.
- Powell, T., 1992. 'Strategic Planning as a Competitive Advantage', *Strategic Management Journal*, Vol.13, pp.551-8.
- Prahalad, C., 1983. 'Developing Strategic Capability: An Agenda for Top Management', *Human Resources Management*, Vol. 23, pp.237-54.



- Ramanujam, V., N. Venkatraman and J. Camillus, 1986, 'Assessment of Effectiveness of Strategic Planning: A Discriminant Analysis Approach', *Academy of Management Journal*, Vol.29, No.2, pp.347-72.
- Ramanujam, V. and N. Venkatraman, 1987, 'Planning System Characteristics and Planning Effectiveness', *Strategic Management Journal*, Vol.8, pp.453-68.
- Ritchie, J. and R. Miles, 1970, 'An Analysis of Quantity and Quality of Participation as Mediating Variables in the Participative Decision Making Process', *Personnel Psychology*, Vol.23, pp.347-59.
- Robinson, R. and J. Pearce, 1983, 'The Impact of Formalised Strategic Planning on Financial Performance in Small Organisations', *Strategic Management Journal*, Vol.4, pp.197-207.
- Robinson, R. and J. Pearce, 1988, 'Planned Patterns of Strategic Behaviour and their Relationship to Business-Unit Performance', *Strategic Management Journal*, Vol.9, pp.43-60.
- Schilit, W., 1987, 'Upward Influence Activity in Decision Making', *Group and Organisation Studies*, Vol.12, pp.343-68.
- Schmidt, J., 1992, 'The Link Between Benchmarking and Shareholder Value', *Journal of Business Strategy*, May/June, pp.7-13.
- Shetty, Y., 1993, 'Aiming High: Competitive Benchmarking for Superior Performance', *Long Range Planning*, Vol.26, No.1, pp.39-44.
- Shrader, C., L. Taylor and D. Dalton, 1984, 'Strategic Planning and Organisational Performance: A Critical Appraisal', *Journal of Management*, Vol. 10, No.2, pp.149-71.
- Slattery, P., G. Feehely, and M. Savage, 1994, *Quoted Hotels Companies: The World Markets*, London: Kleinwort Benson Securities Ltd.
- Stasch, S., and P. Lanktree, 1980, 'Can Your Marketing Planning Procedures be Improved?' *Journal of Marketing*, Vol.44, pp.79-90.
- Steiner, G., 1979, *Strategic Planning: What Every Manager Must Know*, New York: Free Press.
- Walker, O. and R. Ruekert, 1987, 'Marketing's Role in the Implementation of Business Strategies: A Critical Review and Conceptual Framework', *Journal of Marketing*, Vol.51, pp.15-33.
- Wood, D. and R. LaForge, 1979, 'The Impact of Comprehensive Planning on Financial Performance', *Academy of Management Journal*, Vol.23, No.3, pp.516-26.
- Wood, D. and R. LaForge, 1981, 'Towards the Development of a Planning Scale: An Example from the Banking Industry', *Strategic Management Journal*, Vol.2, pp.209-16.
- Wooldridge, B. and S. Floyd, 1990, 'The Strategy Process, Middle Management Involvement, and Organisational Performance', *Strategic Management Journal*, Vol.11, pp.231-41.
- Yasin, M. and T. Zimmerer, 1995, 'The Role of Benchmarking in Achieving Continuous Service Quality', *International Journal of Contemporary Hospitality Management*, Vol.7, No.4, pp.27-32.