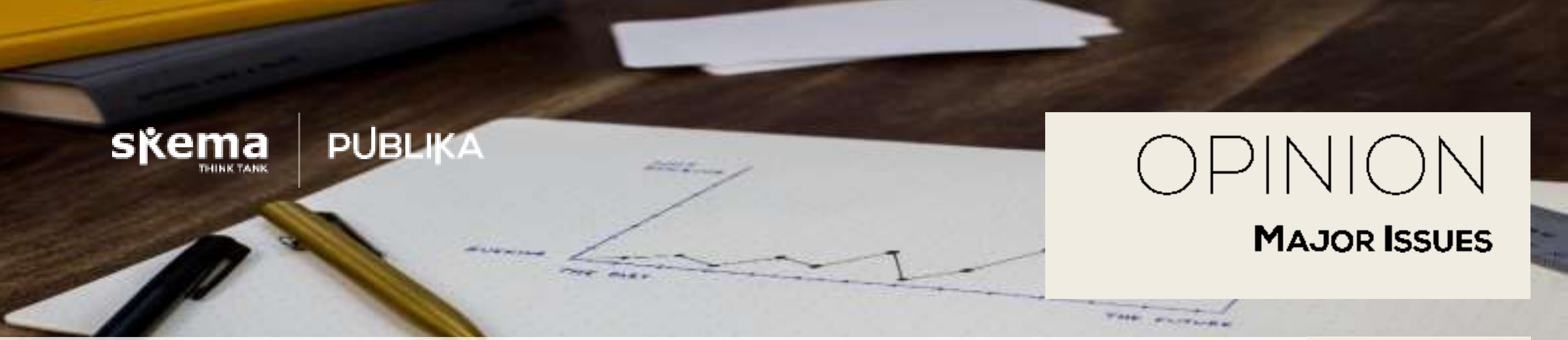

OPINION
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STRATEGIC BENCHMARKING CAPABILITY

In the age of AI, why the best CEOs learn from competitors without copying them

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Many chief executives face the same strategic dilemma: how can the company adapt to a changing environment without undermining the strengths that made it successful?

Artificial intelligence is widely expected to become one of the greatest accelerators of transformation in economic history. It may be also the most systemically disruptive. Rather than affecting a single organizational function, AI increasingly permeates strategy formulation, innovation management, customer relationships, operations, human resource management, and organizational learning.

The consequence is profound. The primary managerial challenge progressively shifts from generating individual adaptations toward coordinating numerous interdependent transformations occurring simultaneously throughout the organization.

Yet successful adaptation does not mean continuously reinventing the organization. Excessive change can disperse resources, destabilize operations and weaken a firm’s positioning. The real challenge is to identify which changes are necessary, which practices should be preserved and how different organizational choices can remain interdependently coherent.

A. BEYOND TRADITIONAL BENCHMARKING: WHY AI REQUIRES A NEW APPROACH

Benchmarking is commonly presented as a relevant tool among the strategic management arsenal at the disposal of leaders to support such choices. In its traditional form, it consists of comparing a company’s practices and performance with those of more successful organizations. However, this approach often leads managers to ask the wrong question: “What are the best companies doing that we should copy?”

The question becomes even more obsolete in the age of artificial intelligence. A single investment in generative AI may simultaneously affect strategic planning, product development, customer relationships, knowledge management, performance measurement, governance and workforce capabilities[1]. Organizational evolution consequently resembles continuous co-evolution across subsystems more than a succession of discrete changes. A practice that generates superior results in one company may fail in another because it depends on a set of choices about strategy, customer base, cost structure, organizational culture or capabilities that interact coherently in one context but generate inconsistencies in another one. What appears to be a best practice is often only the visible component of a broader and internally coherent system.

Top management teams therefore need more than benchmarking information. They need the capability to select the right organizations, interpret the reasons for their performance, assess whether their practices are transferable to the firm and adapt those practices without weakening their own strategic coherence. I call this *Strategic Benchmarking Capability (SBC)*.

B. STRATEGIC BENCHMARKING CAPABILITY: LEARNING FROM STRATEGIC ANALOGUES

SBC can be defined as the organizational capacity to use strategically relevant external comparisons to identify, evaluate and implement adaptations that reinforce or restore consistency between strategy, business models, governance mechanisms, organizational structures, technological capabilities, innovation systems and human expertise[2].

This capability begins with performance feedback. Organizations assess their results against historical expectations and the performance of relevant

[1] Raisch, S., & Krakowski, S. (2021). Artificial intelligence and management: The automation–augmentation paradox. *Academy of Management Review,* 46(1), 192–210.

[2] Burton, R. M., & Obel, B. (2018). The science of organizational design: fit between structure and coordination. *Journal of Organization Design*, *7*(1), 1-13.

peers. When results fall below these aspiration levels, managerial attention shifts towards identifying possible solutions. This process is consistent with the concept of *problemistic search*[3i] organizations search for alternatives when existing actions no longer produce satisfactory outcomes.

However, benchmarking should not begin with a general examination of successful firms. It should begin with a clearly defined strategic problem. A company facing declining margins, for example, should not simply study industry leaders. It should identify organizations with comparable positioning and growth choices, customers, resources and operating constraints that achieve stronger margins.

These organizations can be described as *strategic analogues*. They are not necessarily the largest or most admired companies, but they are firms that face a similar strategic challenge and appear to address it more effectively. Managers can also learn from *strategic antilogues*: organizations whose failures reveal configurations and decisions that should be avoided. Selecting the appropriate reference group is therefore a central component of SBC. The relevant question is not “Who is the market leader?” but “Who has successfully addressed a strategic problem comparable to ours?”

Moreover, SBC requires managers to analyze organizational systems rather than isolated practices. Firms adapt through interconnected changes in their value propositions, resources, capabilities, activities and organizational structures. Similarly, performance depends less on adopting a supposedly superior business model than on maintaining alignment between strategic choices and their operational implementation[4].

Consequently, observing that a competitor has introduced artificial intelligence to foster automation, facilitate lean management, accelerate direct distribution or implement subscription pricing is insufficient. Executives must understand the broader logic supporting the practice. What strategic objective does it serve? What resources and capabilities does it require? How does it affect customers, employees, partners, costs and revenues?

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[3] Posen HE, Keil T, Kim S, et al. (2018) Renewing research on problemistic search—A review and research agenda. *Academy of Management Annals,* 12(1), 208–251.

[4] Chereau, P., & Meschi, P.-X. (2019). The performance implications of the strategy–business model fit. *Journal of Small Business and Enterprise Development, 26*(2), 168–188

Once this logic has been understood, transferability should be evaluated through three questions.

First, is the practice strategically coherent? It should reinforce the company's positioning and value proposition rather than create contradictions between the operational sub-systems of the firm: the business model, governance mechanisms, organizational structure, technological capabilities, innovation systems and human expertise.

Second, is it organizationally and economically acceptable? Leaders must consider whether the change can be understood, supported and absorbed by employees, managers, shareholders and other relevant stakeholders.

Third, is it operationally and financially feasible? The organization must possess, develop or acquire the resources and capabilities required for the successful implementation of a practice that may impact other dimensions of the organization.

These criteria show why SBC is not imitation. The purpose is not to reproduce an external practice but to adapt its underlying principles to the firm's own strategic and organizational context.

C. TURNING BENCHMARKING INTO A DYNAMIC STRATEGIC CAPABILITY

Furthermore, SBC can be understood as a dynamic managerial capability based on three activities. It allows executives to sense performance gaps and emerging changes by monitoring relevant organizations. It helps them seize opportunities by converting external observations into coherent strategic options. Finally, it supports transformation by guiding the selective realignment of resources, activities, governance systems and value propositions[5].

The process is continuous. After implementing an adaptation, managers must reassess both performance and strategic coherence. Change may improve one indicator while creating difficulties elsewhere. Greater

[5] Teece, D. J. (2007). Explicating dynamic capabilities. *Strategic Management Journal, 28*(13), 1319–1350.

efficiency may reduce service quality; direct sales may weaken distributor relationships; decentralization may accelerate decisions while reducing control. The results therefore generate new feedback and may initiate another cycle of search and adaptation in search for dynamic consistency[6].
Strategic Benchmarking Capability is especially valuable when organizations face situations of high simultaneity and high interdependence of change. The adoption of artificial intelligence creates such a situation because it operates as a general-purpose technology whose applications permeate products, services, business processes, organizational routines and managerial decision making.

The strongest companies are not those that collect the largest number of benchmarks. They are those that can distinguish relevant signals from management fashions, understand why another organization performs well and translate that understanding into a set of interdependent, intrinsically coherent changes, altogether consistent with their own strategic posture.
The best executives do not copy competitors. They learn from them in order to configure their own organizations more coherently and outperform.

[6] Demil, B. and Lecocq, X. (2010), "Business model evolution: in search of dynamic consistency", *Long Range Planning*, Vol. 43 Nos 2/3, pp. 227-246