

Guide to Benchmarking

What is Benchmarking?

Benchmarking is a process of searching for, and achieving, improved levels of performance through a systematic comparison of performance, processes and ways of working in different organisations.

Benchmarking is comparing what a service does against other providers. It normally involves looking at the type of service provided, how it is provided, the cost of it, the public's satisfaction with it and how well the same or similar service is provided elsewhere. It requires sharing information with other organisations, seeking out best practice and pinching the ideas of others. If the Council is not one of the most efficient, the natural question is why? If a service does not rate highly with the public, again the Council should be asking why? The 'why' question is the most important part of Benchmarking. It leads to finding out about the alternatives on offer which in turn point to improvement.

Benchmarking is a key component in the continuous improvement of the Council and its services.

Why Benchmark?

- To seek improvement.
- To learn from others – best practice.
- To justify acceptable differences between our performance and that of others.
- To challenge or avoid complacency.
- To make efficiencies.

Efficiencies could include measures to reduce costs for the same or greater outputs/quality, ideas to improve outputs/quality for the same costs (by, for example, working differently) or initiatives to improve outputs/quality for extra costs (with the extra costs being proportionately less than the increase in outputs/quality).

What to Benchmark?

It may be organisation-wide, a whole service or a specific function. The focus of Benchmarking may be on areas where:

- most money is made – how more money can be made
- most money is spent - how less money can be spent
- errors occur - how can errors be eliminated
- complaints occur - how can complaints be eliminated
- existing performance indicators suggest a poorer performance than comparators
- others are demonstrating best current practice we can aspire to achieve.

When to Benchmark?

Benchmarking should be viewed as a regular activity rather than a one-off exercise, particularly if the aim, as it should be, is continuous improvement.

Selecting the best time to undertake a benchmarking exercise will often depend on the purpose behind it. For example, if the outcomes of benchmarking are intended to influence future service delivery, the results would need to be known before the onset of the service planning and budget setting process which takes place every autumn.

Other factors to bear in mind when considering the timing of benchmarking activity include practical ones like the peaks and troughs of service delivery in an effort to avoid busy periods when benchmarking partners are less likely to participate.

Who to Benchmark against?

Selection of the right partners is essential. Those responsible for Benchmarking should be seeking organisations that will improve their performance not merely justify their existence. When preparing for Benchmarking consideration should be given to which of the following groups could be involved, and which organisations are best placed to become effective benchmarking partners:

- Other services/departments of your own organisation – Internal Benchmarking.
- Other local authorities where comparisons against high performing authorities should be more easily made.
- Organisations from the private or voluntary sectors where the same functions are undertaken.

Internal Benchmarking

Recognition must be given to the identification of good practice and the benefits of different working methods adopted within the Council. It is therefore important to consider opportunities to benchmark internally within the Council when looking at similar processes or areas of work.

Benchmarking with other local authorities

Other local authorities could include fire and rescue, national park, police and health authorities as well as other councils, many of whom require similar services, particularly support services. The reasons for selecting other councils to compare with should be clearly based upon objective reasons.

To a large extent in the past, qualitative benchmarking was undertaken with authorities who are:

- Other Devon authorities - contact was usually made through Devon-wide professional or service groups.
- Within our 'family group' - a group of similar, coastal, rural and sparsely populated authorities with whom we have an agreement to exchange ideas and information and undertake Benchmarking exercises.

Depending on the subject of the benchmarking exercise, these two groups of authorities may not necessarily have included any high performing authorities. The purpose of benchmarking is to learn from others and facilitate improvement. This means it is essential when selecting comparator authorities to give consideration to their performance in the chosen subject area.

In future, services must seek to compare themselves with other authorities identified as high performing. Efforts should also be made to include at least some authorities which are acknowledged as “the best” through the possession of some form of quality recognition or award, for example Beacon status and Charter Mark, which is relevant to the subject of the benchmarking exercise.

Benchmarking with other organisations

For many years the Government has been encouraging local authorities to consult, involve and work in partnership with voluntary organisations and businesses to improve localities. Recently it announced a framework to strengthen the role of the ‘third sector’ - voluntary, community and social enterprises - in the delivery of local public services.

In some instances Benchmarking with the private or voluntary sector will be easy, like housing benchmarking with housing associations, but for others it will be more difficult. On these occasions, consideration should be given to what similar processes could be benchmarked, rather than trying to benchmark a whole service.

Businesses providing the same or a similar service may be reluctant to share information on performance and costs because of fears over commercial confidentiality. Determining how to approach Benchmarking with companies would depend on the circumstances applicable to a particular service or function. Members of the Policy Team would provide advice on the most appropriate ways of doing so with which organisations. This may call for creativity, for instance engaging an external consultant to calculate a market rate for a service.

Quantitative Benchmarking

Where existing performance data at a national level is available, the Policy Officer would make comparison with the performance of the average, top 25% and bottom 25% of district councils on the most up-to-date information. The Council will use this BVPI quartile data as a means of identifying which services and BVPIs require focused improvement action and monitoring to improve performance and for use in target setting.

The BVPI data includes the headline results of the 4 User Satisfaction Surveys that are undertaken throughout England every three years - the General Survey covering a range of services, one of Planning applicants, one of Benefits applicants and one of Tenants - so satisfaction with some services is also comparable.

In the case of some other services, similar data from other sources may be readily available.

The benefits of comparing existing performance data are that it is quick, easy and cheap. The deficiencies of comparing existing performance data are doubts over its

accuracy, its limited scope and it is not good on quality. Ideally, for the best outcomes, this type of quantitative benchmarking should be combined with the more qualitative methods of benchmarking referred to in the next section.

The main threat to invalidating quantitative benchmarking is inaccurate comparative data, particularly the danger of not measuring 'like with like'. For instance, in cost comparisons corporate overheads may be treated differently in different organisations and the same may be the case for employee numbers and the handling of administrative employees. To avoid such inconsistencies, therefore, there is a need to define clearly what is included and excluded in the data. This can be time consuming whether reviewing existing data or gathering new data through questionnaires (see below) which are best developed jointly by the benchmarking partners or a benchmarking club.

Qualitative Benchmarking

Reliance on comparing existing performance data alone is unlikely to be sufficient to enable the Council to identify significant gaps in performance and the reasons for them. It is also unlikely to provide details on the improvements needed. Therefore, additional Benchmarking would normally need to be undertaken.

It is important that the officers responsible for a service know how their service performs in comparison to other providers. If this work is carried out by the service officers themselves, they are more likely to accept the findings and become committed to improving performance.

Qualitative Benchmarking may involve a range of activities and members of the Policy Team would provide advice on determining the activities most appropriate in the circumstances. The main activities for which additional information is provided on the next pages, are:

- Questionnaires
- Process Mapping
- Literature Sources
- Best Practice
- Visits.

The benefits of these qualitative benchmarking exercises are that they offer greater scope and accuracy than quantitative benchmarking and can provide answers. Their deficiencies are that they are time consuming, they need partners and they can be expensive.

Questionnaires

Normally, a questionnaire and request for comparative data would be issued to the service area's benchmarking partners or a benchmarking club such as the 20 councils in our "family group" or a county-wide group. Ideally, the questionnaire would be agreed by the benchmarking partners or benchmarking club so that all partners sign up to clear definitions to make sure they are measuring and, therefore, comparing 'like with like'.

The production of a questionnaire is an activity that requires care and attention. The aim should be to produce a questionnaire which:

- produces a general profile of the service to be examined, e.g. number of users, type of facilities provided and a breakdown of costs
- delves more deeply into specific areas and provides sufficient detail for comparability purposes, e.g. standards, recurring problems and recent initiatives.

Additional information on questionnaire design is provided in Appendix A.

Process Mapping

Process maps are simple flowcharts of activity in the service chain. A model process map is intended to describe a process that would be recognised by any professional working in that service area. It is not intended to describe the way in which that service should be provided but simply to set out the key elements of the service which would be universally recognised.

An example of a model process map is provided in Appendix B.

The purpose of a model process map is to work with others to tease out the variations from the model that may point towards better practice which could be investigated further.

Literature Sources

The purpose here is to identify what literature is available on a subject and to make an assessment on how useful this may be for comparison purposes. This is literature of general or specific interest that assists understanding of good practice.

This literature could take the form of publications from Government sources like the Audit Commission, local government and business journals and those of professional associations. Some professional interest groups also produce comparative information on aspects of councils' performance that may prove useful.

Best Practice

It is useful to gather examples of good practice within local government and elsewhere. The literature sources referred to in the previous section often report illustrations of innovation and impressive performance. Chartermark winners, Beacon Councils and other award winning authorities are worth consideration as are Audit Commission inspection reports.

As well as being useful in their own right for ideas on improvement, these and other sources may provide the inspiration for visits that are referred to in the next section.

Visits

One of the most productive forms of comparison is to visit service providers with a reputation for good practice in a particular aspect of service delivery. The key to this is

the identification of those who really are good performers and not simply good at self-promotion.

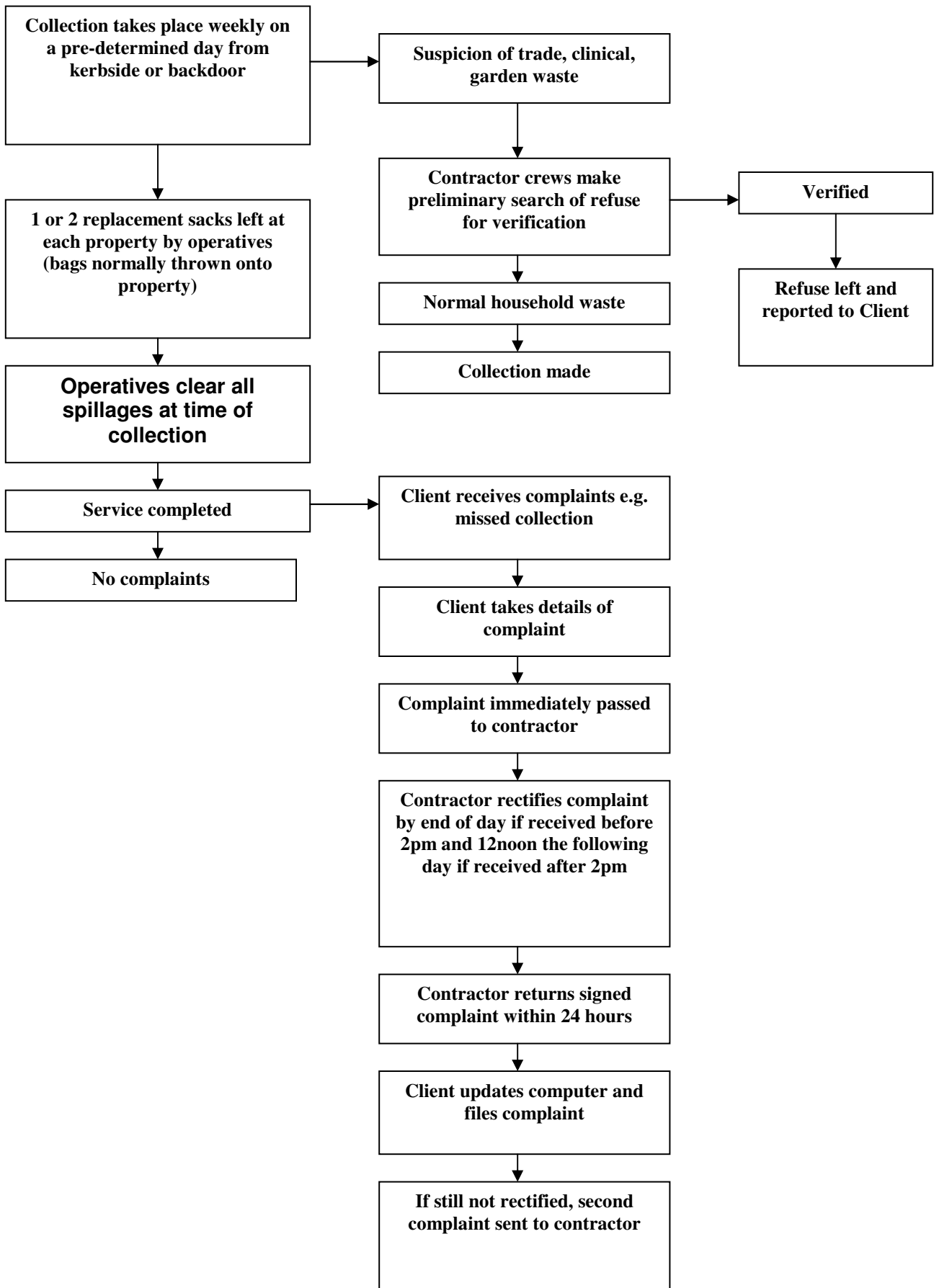
Visits may seem an easy option but to get the best out of them, careful preparation beforehand and considered reflection afterwards is required. Therefore, a Good Practice Guide on Benchmarking Visits produced by the Local Government Benchmarking Reference Centre would be used in organising such visits. An extract from the guide appears in Appendix C.

Questionnaires

The production of a Questionnaire for Comparison purposes is an activity that requires consideration of a number of issues, including the following:

- try to build up the structure of the questionnaire so it has an internal logic and follows in a sequence
- try to ensure that questions which are related to each other follow on in that section of the questionnaire
- be quite clear about what the question is seeking to obtain by way of an answer and that this information is what is needed
- avoid ambiguity, ensure that the reader clearly understands the question and all responses required
- consider the use of guidance notes if the question remains unclear or there may be uncertainty about the response to be made
- include clear definitions of what is included and excluded from the data being requested to make sure that 'like for like' is being measured
- identify what the data source for the question might be, for instance, returns to Government or Audit Commission and CIPFA sources, if such a source is available.

Domestic Collections



Benchmarking Visits

Good Practice

Planning

Benchmarking visits are a means to an end, this being improved performance.

To be useful, benchmarking visits must follow the 12 step benchmarking plan on the next page.

Well-planned visits have an agenda and questionnaire agreed in advance by the benchmark partners.

Remember, if you have clearly identified the detailed processes, it may be possible to use organisations outside the public sector that are high performing. Do not limit yourself to similar organisations.

The Policy Team can help in identifying suitable benchmarking partners.

Action

Visits should be conducted in line with the protocol shown on the last page which is adapted from the European Benchmarking Code of Conduct.

Analysis

Analysis involves critical comparison of process as well as performance. If the visit has been successful it should be possible to identify and define clear differences between processes which explain the performance gap.

The analysis will often indicate opportunities for *both* partners to improve performance.

Follow-up

Sharing results and reciprocal visits on other issues and processes maximise benefits to both partners.

The 12 Step Benchmarking Plan

Planning

1. Define process to benchmark
2. Identify benchmark partner
3. Identify information required
4. Check with the Policy Team

Action

5. Contact benchmark partner
6. Agree information available (*check back to step 3*)
7. Agree agenda for visit
8. Conduct visit by agenda and by protocol

Analysis

9. Identify process differences
10. Identify opportunities for improvement

Follow-up

11. Share results
12. Offer reciprocal visits

Useful Tips

1. The more focused and extensive the preparation for a visit, the more successful that visit will be.
2. Take full advantage of all available information on the benchmark partner and use this to prepare questionnaires for the visit.
3. Questionnaires focus the benchmarking team on the key issues and ensure that valuable time on-site is not wasted collecting information which was freely available in advance.
4. Care should be taken to identify who the 'process owners' are – the people who actually do the job, they are the best people to talk to during the visit.
5. Be alert for examples of better practice, even if these were not anticipated in the questionnaire.
6. Be prepared to compare and contrast processes so that the benchmark partner can learn about your methods.
7. As soon as possible after the visit, hold a de-briefing session at your base to establish what has been learned and whether there is a need for clarification.
8. Maintain the momentum gained during the on-site visit through the analysis and follow-up stages.
9. Do not immediately discard examples of better practice which do not seem entirely relevant to or compatible with your process – ask 'Can they be adapted to suit us?' and 'Do we need to change our approach?'.

Dangers to Avoid

Two common examples of poor practice have been called 'wow visits' and 'the scared rabbit syndrome'.

1. 'Wow visits'

These result from poor planning leading to a superficial visit, where key process issues are not identified. The visitors marvel at the host's performance but leave with no idea of how that performance is being achieved.

2. 'The scared rabbit syndrome'

'The scared rabbit syndrome' follows the 'wow visit'. Failure to identify the real reasons for the performance gap leads to excuses for internal poor performance and paralysis of the improvement programme.

These are examples of the dangers of 'industrial tourism' where visits are undertaken with no clear sense of purpose.

Clearly, good planning and committed follow-up are the best ways to avoid these problems.

Protocol for Benchmarking Visits

1. Provide an agenda in advance.
2. Be professional, honest, courteous and prompt.
3. Introduce all attendees and explain why they are present.
4. Adhere to the agenda.
5. Use language that is universal and not jargon.
6. Be sure that neither partner is disclosing proprietary information unless prior approval has been obtained by both parties from the proper authority.
7. Share information about your own process and consider sharing study results.
8. Offer to facilitate a future reciprocal visit.
9. Conclude meetings and visits on schedule.
10. Thank your benchmarking partner for their time and for sharing their process.