



performance hub

Benchmarking made simple



A step-by-step guide

A Performance Hub guide
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With research by Agenda Consulting

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Background to this guide

This guide was commissioned by the Performance Hub, which is a partnership of leading infrastructure organisations working to help third sector organisations (TSOs) better achieve their missions. TSOs include charities, voluntary organisations, community groups and social enterprises.

The Performance Hub

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See www.performancehub.org.uk if you would like more information on the work of the Performance Hub.

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Introduction

Benchmarking involves comparing the practices, procedures and performance of one organisation with those of another. It can provide a great opportunity to share good practice and solutions to common issues or problems, helping you to avoid 're-inventing the wheel' and move quickly to an effective solution.

As such, it can be a cheap and effective tool for organisational learning and development. Benchmarking can also give you the confidence to make changes to your organisation, celebrate what is already working well, build collaborative relationships with other organisations and ultimately, help you to find out how to achieve more as an organisation.

Although benchmarking is widely used in both the private and public sectors, there is currently relatively little guidance available to third sector organisations on how they can get started with benchmarking. As a result, the Performance Hub, in conjunction with Agenda Consulting, has developed these guidelines to provide a simple step-by-step guide on how to conduct a benchmarking exercise. The suggestions and advice given in these guidelines builds on the learning from research commissioned by the Performance Hub in 2006¹. Several quotes from those who took part in this research are included,

providing useful tips and suggestions from those who have experienced benchmarking first hand.

What is benchmarking?

There are many different approaches to benchmarking. In its simplest form, it can consist of two people meeting at an event and discussing the way their organisations market their services or recruit staff, and then using this knowledge to improve these processes in their organisation.

This approach can be a quick and easy method of learning about good practice and sharing solutions to common problems, but developing this concept into a slightly more structured process can lead to greater benefits for the organisations involved.

In a structured process, the organisations could:

¹ The research report 'Benchmarking in the Third Sector' is available online via www.performancehub.org

Stage 1

Agree on the areas which would benefit most from comparison with others, and which organisation/s to benchmark with

Stage 2

Gather appropriate information about current performance or practices

Stage 3

Share this information with each other and reflect on any similarities and differences which are highlighted

Stage 4

Decide how to make improvements in their own organisation

A benchmarking exercise could involve a large number of organisations; in fact there are several sector-wide initiatives in which hundreds of organisations take part. In this type of exercise, each organisation compares itself with the average across a wide range of organisations in a particular sector, or sub-sector. (Details about large-scale initiatives currently taking place in the third sector are given in Appendix B).

However, the focus of these guidelines is to illustrate the relatively simple, yet structured, four-stage process outlined above. This process is likely to involve a small group of organisations, perhaps only two or three, which come together with the aim of sharing information in order to learn and improve. This type of small-scale benchmarking exercise will be relatively quick and easy to set up, and be relevant to a wide range of organisations, including even very small organisations or groups.

When is benchmarking appropriate?

Like all performance improvement approaches, there will be certain times or situations when benchmarking is particularly useful and appropriate. Some examples are when:

- You are aware of a weakness or problem with the way an area of your organisation is functioning (perhaps something which has been highlighted through a SWOT² analysis or review of your services). However, you are not sure how to go about improving this area and are looking for some fresh ideas.
- You are considering trying out something new and want to find out if others have tried something similar before so you can be aware of the potential pitfalls and how to avoid them.
- You are aware of a process or procedure which takes up a lot of staff time and/or resources and wonder if other organisations have found a better way of doing things.

² A 'SWOT analysis' helps an organisation to think through its strengths (S) and weaknesses (W), as well as the opportunities (O) and threats (T) that it may be facing. It's often used as part of a strategic planning process. For more information and tips on strategic planning, see the Performance Hub's website at www.performancehub.org.uk/thinkahead

Potentially any aspect of your organisation could be benchmarked, be it policies and procedures (e.g. expenses policy), processes (e.g. how you manage invoices or deal with enquiries) or perhaps even the changes or benefits (or 'outcomes') for your users which you bring about.

Once you start to think about benchmarking, you may find that there are lots of organisational issues that it would be useful or interesting for you to compare with other organisations. However, it is important to keep the benchmarking exercise focused. If you try to include too many elements the exercise could become unwieldy and difficult to manage. You may need to prioritise and decide which is most important for you to learn how to improve. Spend some time thinking about how you will use the information you will gain from the benchmarking process and only include what will really be useful for you and the other organisations involved.

What are the benefits of benchmarking?

Benchmarking can help an organisation to address challenges, discover how to focus its resources most effectively, and ultimately, to achieve more as an organisation.

Some specific benefits that benchmarking can bring are:

Saving time and resources

By finding out how other organisations have overcome similar problems you can avoid duplication of effort and move quickly to an effective solution to shared problems or issues. This can help you to make a leap forward in your organisational development. Benchmarking can be a relatively quick and

cheap process for organisations, requiring little time and resources to make significant progress (although you will need to invest some time in the exercise to ensure you get the most from it).

“If you have identified an area for improvement but don’t know how to make things better, finding out how others do it can provide new ideas or different perspectives that can help you find a way forward.”

Julie Smith, Social Enterprise Works

Gaining confidence about making changes

You might be considering a new way of doing things, be it a new way of running a particular service, or a new internal process or procedure, but are concerned about how to implement it and whether it will work. If so, discussing the idea with another organisation which has gone through a similar process of change can help you to avoid pitfalls, reduce risks, and gain the confidence to move forward. By involving your staff in this process, you can help to create a learning environment in your organisation, where people may be more open to the possibility of change and development.

“[The benchmarking exercise] addressed issues I have been wanting to tackle for some time. It gave me some facts to show my colleagues to prove that we deliver value for money.”

David Oldham, Papworth Trust

Celebrating what's already working well

We are not always good at acknowledging our successes, or even being aware of what we are doing well. A benchmarking exercise can highlight these and allow you to celebrate and communicate your successes and achievements.

“I appreciated the opportunity to gain a clear picture of how we are doing. It was reassuring to find out that we aren't doing too badly!”

Clare Fielden, HR Manager, Birmingham Voluntary Service Council

Building relationships with other organisations

Through collaborating on a benchmarking exercise, you may gain valuable contacts and build useful relationships with the other organisations involved which could lead to further collaboration or partnership working in the future.

Finding out how to achieve more

Benchmarking can open your eyes to your organisation's potential by finding out how others have developed and grown. It can help you to become more ambitious as an organisation, and build momentum and commitment to this among staff, users and other stakeholders.

“[The benchmarking exercise] proved very useful with lots of information I have distilled into key priorities.”

Ken Guy, Soil Association

“[Benchmarking] has helped to confirm our views about the size and strength of our finance team compared with other charities, supporting our intention to recruit more staff – an excellent exercise.”

John Grint, The Children's Trust

Now that we've looked at what benchmarking is, when it might be appropriate and what some of the key benefits are, the remainder of these guidelines will take you through the four key stages of a simple benchmarking exercise:

- 1. Getting started**
- 2. Gathering the information**
- 3. Sharing the information with others**
- 4. Using the information**

1. Getting started

There are several factors it is important to think through at the very beginning of a benchmarking exercise, such as who to involve in the process and how long you are going to spend on it. This section takes you through each of these issues and discusses the potential options.

1.1 Clarifying the aim

It can be helpful to start by deciding what you want to achieve through the benchmarking exercise and making sure that everyone involved is clear about this aim.

Thinking through how you will use the information you'll be gathering in order to learn and improve can help you decide which areas to include within the exercise. Bear in mind that you may need to come back and review the aim of the exercise later on (for example, when you have invited other organisations to participate).

Being clear from the start about the aim of the exercise can also help explain why you are doing it to staff, volunteers, users, trustees and others involved in the organisation, who may have concerns about its purpose and any changes that might happen as a result.

Spend some time thinking about who might be affected by the benchmarking exercise or who may have concerns about it. Staff may feel concerned that their individual performance will be judged in some way through the process, for example. Be as open as possible with staff about how and why you are undertaking a benchmarking exercise and consider how

best to allay any concerns they may have (see also section 1.3 'Who to involve').

It is also important to consider whether this is the right time for your organisation to undertake a benchmarking exercise. To gain the most from the exercise your organisation will need to be prepared to implement changes which are recommended as a result. This means having a culture which is open to the possibility of change, as well as the time and resources to implement it.³

“Benchmarking is a valuable exercise for any organisation: size doesn't matter – but stability in terms of mission, project development, etc is vital. There must be good administration in place too, in order to effect any changes as a result of benchmarking.”

Lorna Stevens, Iver Educational Trust

³ The 'change' section of the Performance Hub website has more tips and advice on implementing and managing change in your organisation, which can be found under 'introducing performance' or by typing 'change' in the search function.

1.2 Choosing the topic

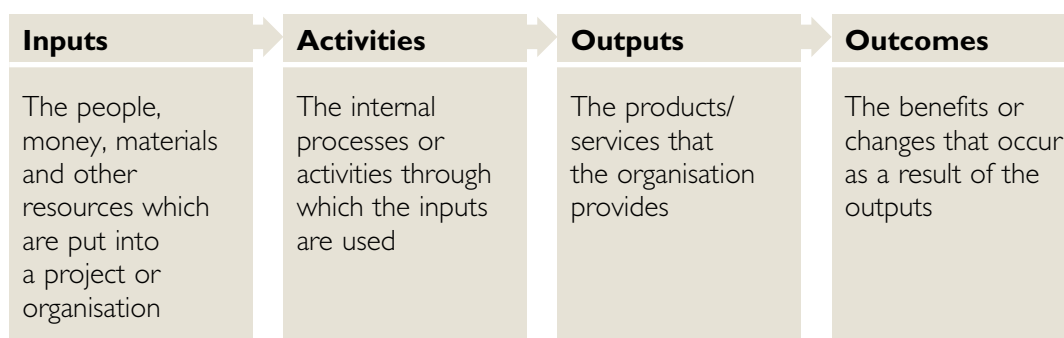
You may be aware of a certain issue or topic which would benefit from comparison with another organisation, as mentioned in the introduction under 'When is benchmarking appropriate?' Once you have decided to conduct a benchmarking exercise, it is important to spend some time clarifying the exact issue, topic or area you want to benchmark, and whether there are any other areas or aspects of your organisation which would benefit from this exercise too.

Whilst it is important to keep the exercise focused, it is also important to make sure

that you are benchmarking the most appropriate area.

It can be helpful to think about your organisation in terms of the Programme Logic Model. This model (shown below) divides different elements of an organisation into four related categories, and demonstrates the relationship between these.

Use the Programme Logic Model to clarify which aspects of your organisation you want to include in a benchmarking exercise. Some examples of the areas within each element that you may want to consider are given below:



Inputs

- Staff/volunteer recruitment
e.g. costs, time taken, marketing
- Staff salaries
- Office/premises costs

Activities

- Staff/volunteer induction procedures/terms of employment
- ICT or administration systems/procedures
- Communications or marketing processes
e.g. costs, materials produced

Outputs

- Type and range of services
e.g. number of calls to a helpline, range of types of caller to a helpline, number and type of drop-in sessions run

Outcomes

- Changes or benefits that result from your outputs e.g. increase in confidence, skills or knowledge

Once you have decided which topic or area of your work to focus on, you can review the aim of the benchmarking exercise and make sure that the information you plan to gather will help fulfil it.

1.3 Deciding who to involve from your own organisation

Different people may be involved in different stages of a benchmarking exercise, so spend some time thinking about who would be most appropriate to involve at each stage.

Think through *who* you might want to include in:

- Helping to decide on the aim and scope of the exercise, including which topic/s to focus on
- Helping to gather the information you are going to share
- Sharing the information, including taking part in visits or phone calls
- Deciding on the changes to be made within your organisation as a result of the exercise

and *how* each person will be involved:

- Who is going to be *responsible* for each action
- Who might be able to *support* them, and when and how this support will be needed
- Whose *approval* may be needed for any particular stage or action to be completed
- Who won't be directly involved, but needs to be kept *informed*, and how and when they will be informed

“Although it was important and useful to have other staff or volunteer team members involved in the benchmarking, there ideally needs to be one person overseeing the process to ensure that deadlines are met and the work is completed.”

Claire Greenhill, Rainbow Services

1.4 Clarifying timescales and costs

It is important to spend some time thinking through how long it is likely to take to complete and what the costs are likely to be.

For a simple benchmarking exercise, the main cost is likely to be the time that staff will spend on the different stages of the process. Think through who will be involved in each stage of the process and how long this may take: do you already have the information you plan to share or will you need to spend some time collecting it?

Other costs could include:

- Production of materials such as written questionnaires or reports (e.g. paper, printing, electricity costs)
- Phone calls to benchmarking partners
- Travel and accommodation for visits
- Meeting room hire and catering

It can be difficult to estimate in advance what the costs or timescales are likely to be. However, it is still useful to think this through as far as you can beforehand, so that you can plan how to manage the time and costs involved, and then revise them at a later point if necessary.

It may also be possible to apply for funding for a benchmarking exercise, or for a proportion of the costs of a benchmarking exercise within a funding bid.⁴

“I have learned to allow more time to benchmark and to produce a detailed timetable in order to produce accurate and useful information.”

Philip Underdown, Change

⁴ The Performance Hub has produced a report on building relationships with funders on performance improvement entitled 'Funding Better Performance' which is available from the Performance Hub website www.performancehub.org.uk

1.5 Finding partner organisations to benchmark with

Finding partner organisations to include in a benchmarking exercise may at first seem a little daunting. However, you may be able to find suitable organisations relatively quickly and easily. If you don't already have anyone in mind, people within your organisation may already be aware of other organisations that it would be useful to benchmark with. Try asking staff, trustees, volunteers, users or other stakeholders if they can suggest suitable partners.

Alternatively, you could approach a support agency such as your local CVS (Council for Voluntary Services), RCC (Rural Community Council), regional social enterprise body, or other umbrella bodies or infrastructure organisations to ask if they are aware of any organisations interested in taking part⁵. You may be able to advertise for benchmarking partners at events they are running or through their newsletters or e-bulletins. You could approach funders to ask if they could suggest any suitable organisations, although approaching organisations who seek similar funding to you could present difficulties in terms of competition and confidentiality.

1.5.1 Deciding which organisations to approach

The first step is to decide what sort of organisation would be suitable, given the topic you have decided to benchmark.

Partner organisations in a benchmarking exercise do not have to be alike to gain some useful insights. There may well be value in approaching organisations which

work in a different sub-sector, or even a different sector (public or private sector organisations), who may have valuable suggestions or innovative ways of doing things which you could learn from.

Large organisations could benchmark with small organisations: the larger organisation could benefit from the experiences and knowledge of those working at a more local or grassroots level, and the smaller organisation could benefit from the broader knowledge and experience of a larger organisation. You could also consider benchmarking between different departments within your own organisation.

It is helpful to decide how similar the partners in your benchmarking exercise need to be. Do they need to be a membership-based organisation? Or provide a certain type of service to their users/clients? This can help to broaden the number and range of organisations you might consider partnering with in the exercise, making it easier to find someone to benchmark with.

You will also need to spend some time considering how many organisations to benchmark with. Bear in mind that it is possible that one or more organisations may drop out of the process before it is completed. This could be for any number of reasons, for example something unexpected may happen which takes their focus away from the benchmarking exercise. This may also depend on:

- The benefits individual organisations expect to gain
- The amount of time and other costs involved

⁵ The Performance Hub's website (www.performancehub.org.uk/supportfinder) provides a free database of organisations who provide support and advice to third sector organisations. You may want to consider approaching one of these organisations to benchmark with, or they may be able to suggest other organisations they know of who may be appropriate for you to approach as a benchmarking partner. You will find the 'Support Finder' under the 'Getting Support' section of the website.

A small charity relying on volunteers, Iver Education Trust wanted to find out how other organisations recruited and retained volunteers to improve its own recruitment and retention rates. They found that an informal benchmarking exercise, started by making enquiries at an event and carried out through visits, helped them learn some valuable lessons which helped them to address a specific issue.

While networking at a conference, a member of staff asked around to find people who would be interested in benchmarking, and had a good response including representatives of large national charities and some organisations outside the third sector. Choosing to work with a hospice and police force, they conducted their benchmarking exercise through visits.

Iver found that organisations of different sizes experienced challenges and issues they experienced in relation to volunteering. They learned some valuable lessons about word of mouth advertising, and the value of appreciation to retention. Benchmarking also reassured them that they were good at valuing volunteers, and their partners picked up on some of their techniques. The exercise was also seen as a good way of building relationships with other organisations.

1.5.2 Approaching the organisations

When you have decided which organisations you would like to benchmark with, be prepared when approaching them to:

- Explain to them what benchmarking is and what it involves
- Suggest how their organisation might benefit from the exercise

The introductory section 'What are the benefits of benchmarking?' and the case studies/examples throughout the guidelines should help you do this.

You may also need to be prepared to discuss:

- Ways of dealing with confidentiality issues or potential conflicts of interest (see section 1.6)
- Likely timescales and costs of the exercise

If an organisation seems reluctant to be involved, try to find out what their concerns are and see if there is a way to address them. If they are concerned about the costs or timescales involved, for example, you could suggest ways to keep them to a minimum, perhaps by offering to take responsibility for arranging meetings etc. If they are still unable to take part, they may be able to suggest other organisations which may be interested.

Social Enterprise Works chose to focus on customer relationship management as its topic.

Julie Smith, Performance Improvement Adviser at Social Enterprise Works, said: "We had already identified that we wanted to improve our client management system after a self assessment process using the Excellence Model. We then identified organisations to partner with that had similar client processes.

"Initially I contacted each one to find out whether their processes were similar and asked whether they would be interested in sharing the information, nearly all agreed to be our benchmarking partners. We then designed a set of questions about each stage of the process we wanted to improve."

1.6 Establishing the ground-rules

Perhaps the most likely concerns organisations have are around how issues of confidentiality and potential conflicts of interest will be dealt with. The following suggestions may help to allay some of those concerns.

1.6.1 Unattributed benchmarking exercises

Concerns about confidentiality could be overcome by running an *unattributed* benchmarking exercise. This is where each organisation passes the information to be shared on to an independent third party. All identifying information is then removed before it is shared with the other organisations. In this situation, organisations are often referred to using a code e.g. 'Organisation A' runs 10 training courses per month, 'Organisation B' runs two training courses per month.

In this situation, you will need to find an individual or organisation willing to act as the third party to remove identifying information from each benchmarking partner before it is shared. As a first step, try approaching a support agency in your area to see if they might be interested in facilitating the exercise. You will need to be prepared to discuss with them the same issues outlined in Section 1.5.2, particularly the likely time or cost implications involved.

1.6.2 Codes of conduct

Another way of overcoming concerns about confidentiality or conflicts of interest is to agree on a 'code of conduct'. This is a written or verbal agreement about how the benchmarking exercise is going to be conducted. Below are some suggested criteria you might like to consider:

- The purpose or aims of the exercise
- Who will be able to see the information to be shared
Will it be limited to the people involved in the exercise, others within their organisations, or shared more widely?
- Any areas where there is a potential conflict of interest, and will therefore not be included in the exercise
- Process to be followed
Such as at what stage a visit or face-to-face meeting might take place
- Timescales and deadlines
- Behaviour and attitudes of those involved
Such as mutual respect, trust and openness
- Responsibilities of each organisation/ individual
- Outputs of the process
Such as a report or other final document

A basic code of conduct is given overleaf which you may find useful when drawing up your own. Remember that each benchmarking partnership is different and the suggestions may not be relevant in your situation.

Benchmarking code of conduct

Working together

- We will commit fully to the agreed process
- We will respect the culture and values of partner organisations
- We will value to contributions of all partner organisations
- We will answer all agreed questions openly and honestly
- We will endeavour to share fears and concerns that may prevent openness and trust
- Partners will endeavour to identify any conflicts of interests and deal with them appropriately

Preparing for the benchmarking exercise

- We will agree in advance the focus of the exercise and the information to be shared by partners
- We will agree in advance the process for carrying out the exercise including
 - how the information will be collected
 - how the exercise will be facilitated
 - timescales for the process
- We will agree in advance the cost / resources each partner organisation will contribute
- We will agree in advance how the information obtained will be used following the exercise
- Partner organisations will communicate fully during preparation of the exercise to clarify expectations

Carrying out the benchmarking exercise

- We will be willing to provide the same type and level of information as we request from partner organisations
- We will be honest, complete and on time with the information we provide

Using the results of the benchmarking exercise

- We will use the information gathered during the exercise in the way agreed prior to the exercise
- We will use the information gathered to facilitate performance improvement within our own organisation

Confidentiality

- We will treat all information received as confidential
- We will not share partner organisation's information with other organisations
- We will agree how the results of the exercise can be used with all partners
- Partner organisations participation in the exercise is confidential, not just the information exchanged
- If unattributed, the information gathered will be made anonymous by the facilitator of the exercise before being shared with partners

Checklist

1. What do you want to achieve for your organisation through the benchmarking exercise?
2. Which specific areas of your organisation are you going to include?
3. Who is going to be involved in this exercise from your organisation? How and when will they be involved?
4. What are the likely costs and timescales?
5. How similar do the organisations you're going to benchmark with need to be?
6. What sort of organisation would you learn from the most?
7. What sort of organisations would learn most from you?
8. Which organisations are you going to approach?
9. How are you going to approach them? Do you want to advertise for benchmarking partners or do you want to approach potential benchmarking partners directly?
10. What sorts of conflict of interest might there be? How might you overcome these?
11. Do you want to use a 'code of conduct' or have some other written agreement about how the data will be used and how you will overcome potential difficulties with confidentiality?

2. Gathering the information

Once you have established which other organisation/s are going to be involved, you need to agree on exactly what you are going to gather and share with each other. It is important to be really clear about this to avoid time being wasted on collecting the wrong information and to make sure that the information gathered is comparable.

Once you have thought through this first stage, you are ready to move on to the second stage: gathering the information. Before you do, you may find the following checklist helpful:

2.1 Deciding what information to gather

Many organisations use different language to describe the way they work. Make sure that you clearly explain how you use any jargon in your organisation to avoid any confusion. For example, if you agree to compare 'membership rate' between organisations, you may need to clarify what whether you mean:

- the number of new members who have joined up in the last month, year, or another time period,
- the number or proportion of contacts who convert to full membership over a certain period of time or,
- the cost of membership.

In this example, you'll also need to clarify what constitutes a 'member' for each organisation.

You will need to establish whether the data to be shared should be gathered now or whether you will use information gathered in a previous year. Think through the implications of this: if one organisation is sharing data which reflects the current situation and another is sharing data which reflects their situation a year ago, how useful will a comparison be? It is important to think through the implications of gathering new data in terms of the additional time it will take, as you will need to revise the estimates for timescales if it has not been accounted for.

In the 'membership rate' example, all the suggested information is quantitative i.e. it relates to the quantity, number or cost of something. You may also want to gather qualitative information, which is descriptive rather than numerical, such as the type of people who become members, or the type of recruitment strategy used to attract new members. It is often helpful to gather both qualitative and quantitative information, depending on the nature of the work area.

Perhaps the most important issue to consider here is how you will use the information you gather to fulfil the aim of the benchmarking exercise. This will ensure that you ask for the right information, and in the right way, to ensure the exercise is really useful for you.

2.2 Writing the questions

Once you have agreed what information you are going to gather and share, it is often useful to write a questionnaire for each organisation to fill in. Questionnaires can be a very useful method of gathering information from lots of sources, but they are limited in terms of the depth of the information you receive.

If you would like to explore the issues more fully, you might decide to share the information with your benchmarking partners via a phone call or face-to-face meeting. Or you could begin with a questionnaire and follow it up with a phone call or visit where necessary. If there are many partner organisations involved in a benchmarking exercise however, it may not be practical to arrange a phone call or face-to-face meeting involving them all. A phone call or visit would also not be appropriate in an unattributed exercise as partner information is anonymous.

Whether you gather the information through a questionnaire, face-to-face meeting or phone call, it is important to:

Think carefully about the type of questions you will ask.

There are lots of different types of questions you could pose, which will give you different types of data, such as:

Open questions

These are questions which deliberately open up a topic for discussion, such as 'is there anything you would have done differently with hindsight?' or 'what do you feel you have learned from the experience?' Open questions encourage a detailed response, which can give you lots of useful information about why and how certain things have happened. However, answers will vary greatly, making them harder to analyse if you are hoping to draw conclusions about the average way of doing things, for example.

Closed questions

These are questions which can be answered with a single word or phrase, such as 'do you hold inductions for your volunteers?'

They are usually relatively quick and easy to answer, so it can be good to use them at the beginning of a questionnaire or to get some specific information about an issue, before you explore it in more depth with an open question. It can be a good idea to allow space underneath a closed question for the respondent to write any comments which relate to their answer.

Scales

These can take several different forms, such as:

- strongly agree – agree – disagree – strongly disagree
- always – sometimes – rarely – never
- very useful – quite useful – not very useful – not at all useful

If you are using scales, make sure that you have an equal number of positive and negative options. Also make sure that you are clear about what each point on the scale represents (e.g. how often is 'sometimes?'). Also consider whether or not you want to allow a middle option which is neither positive nor negative. If you are using numerical scales (1-10, 10 - 20 etc), also make sure that you avoid any cross-over in the options given (e.g. in the example just given, if the answer was 10, which bracket do they fall in?).

Multi-choice questions

These can make it easier to analyse the answers as everyone has to choose from the available options. It is then easy to say what the average answer was, for example. However, this also limits the amount of detail you get and forces the respondent to choose the option which best describes them even if it isn't quite appropriate.

It is usually best to include a range of different types of question, depending on the type of information you want. It can be easy to become fixated on one type of question, but make sure that the type of response you are asking for is really relevant to the question being posed. Will the answers give you the type of information you need to really make use of the information given? Spend some time thinking about how you are going to use the information when you are setting the questions to make sure you are asking the right questions and in the right way to give you the most useful information possible.

- **Think carefully about the structure and order of the questions** to ensure there is a logical flow and that all questions related to a certain topic are grouped together. Sometimes it can help to have the easiest questions to respond to at the beginning of the questionnaire because a very difficult question can be off-putting.
- **Ensure that the wording of the questions is clear and unambiguous.** Could another organisation interpret a question in a different way? For example, 'membership rate' could refer to the number of new members an organisation recruits in a year, the number of members renewing their membership during this time, or as the cost of membership. Also, when using a written questionnaire, make sure that the font is an appropriate size and the questions are spaced out well, with clear headings.

- **Avoid leading questions where possible** e.g. 'do you agree that it's a good idea to have inductions for volunteers?' This implies that you think it is a good idea to hold inductions for volunteers and want the respondent to agree with you. More accurate, and therefore more useful, information could be gained by asking 'do you have inductions for volunteers?', along with some further questions about what these inductions involve and what they feel are the pros and cons of having them.
- **Include instructions.** When using a questionnaire, it can be helpful to include a title and introduction at the beginning, along with instructions on how to answer specific questions. You may also want to include the date by which you want the questionnaire returned and the address which it should be returned to. Do you also want to know who filled in the questionnaire and when?
- **Test out the questions first.** If you are planning to use the questions with a number of organisations, perhaps try it out first on one or two organisations to make sure that the information you get back is what you hoped for.

If you decide to use a questionnaire you can either send it to the other organisations involved or you may find it easier to use an online survey tool such as SurveyMonkey (see www.surveymonkey.com)

“By sending out a questionnaire by email, I was able to reach more partners than I could have afforded to visit.”

Philip Underdown, Change

2.3 Setting deadlines

Once you've agreed on which information to collect and how to collect it, it will take some time for each organisation to gather it. Make sure you are clear about deadlines and timescales from the outset and that everyone feels they are realistic.

It is important not to lose momentum at this stage of the exercise, so try to keep focused on the aim of the exercise and how your organisation will benefit by completing it. If you have allocated quite a long time for information gathering, perhaps set a date part of the way through this to check the deadline is still realistic.

Remember, it is possible that not all organisations involved in the benchmarking exercise up to this stage will complete the questionnaire. Unexpected things may have occurred which will divert their attention and resources to something else.

Having thought through this section, you are ready to move on to stage three: sharing the information with others. As before, you may find it helpful to go through this checklist before you move forward:

Checklist

- 1. Have you decided exactly which information you are going to gather and share?
- 2. Have you explained any jargon to your benchmarking partners?
- 3. Have you thought about how you are going to use the information afterwards?
- 4. How much of this information do you already have to hand, and how much will need to be collected? What implications does this have for the likely timescales and costs involved?
- 5. Have you written the information to be collected in the form of a set of questions? If so, have you thought carefully about how to word these questions and chose the appropriate type of question for each piece of information?
- 6. Have you tested out the questions to make sure that they lead to the most useful information for you?
- 7. Have you set a date for sharing the information with your benchmarking partners?
- 8. Who is going to make sure this process keeps on track?
- 9. Do you need a review date to check that everyone is still on track to complete the information gathering on time?

3. Sharing the information with others

Once all the information has been gathered, the next step is to share it among the other organisations in the benchmarking exercise. You then need to consider the similarities and differences in the information collected and why this may have occurred.

There can be very good reasons for doing things differently in different organisations so it is important to understand the context and reasoning behind why things are done a certain way. Once you have reflected on this, you can begin to think about how to learn from it to improve the way you do things.

3.1 Presenting the information

It can help when comparing information to bring it together in the form of a table or spreadsheet. Below is an example of information that might be gathered and shared in a benchmarking exercise. In this example, there were three organisations involved in a benchmarking exercise; all three organisations aim to help ex-offenders gain employment by providing services such as CV writing, careers advice and assistance with completing application forms.

	Organisation A	Organisation B	Organisation C
How do you deliver your advice services?	Via individual appointments	Via a drop-in service	Via outreach
Average number of users seen per month	20	70	24
Number of cancellations / no shows per month	20	N/A	0-1
Average length per appointment	1 hr	30 mins	2-3 hrs
Average number of times each client is seen	3	8	10
What do you do to support/encourage your clients to apply for jobs?	We have a database of local employment agencies on our website	We give out details of current vacancies in our drop-in centre, including hard copies of application forms and job descriptions	We meet regularly with several local businesses to discuss potential opportunities and arrange work placements

	Organisation A	Organisation B	Organisation C
Percentage of users who are 'happy' or 'very happy' with your services	72%	61%	70%
Percentage of users who are 'happy' or 'very happy' with your services	70%	49%	82%
Percentage of clients applying for at least one job within six months of using your services	15%	20%	84%
Percentage of clients offered a job within a year of using your services	4%	Unknown	40%
Approx. cost per user (annual turnover divided by annual number of users)	£666	£762	£2700
What are your criteria for deciding who to offer your services to?	Must have left prison within last two years	Must be an ex-offender	Must pass an interview and commit to the full 10 stage process

3.2 Interpreting the results

3.2.1 Identifying similarities and differences

In the example given above, there are some clear similarities and differences between the organisations, for example:

Organisation A:

- has more 'no shows' or cancellations for appointments than Organisation C

Organisation B:

- sees most clients per month
- sees users for least time per visit/ appointment

- users appear to feel less confident about getting a job after using their service (compared to the users of Organisations A and C)
- is not collecting data on the number of users who go on to gain employment

Organisation C:

- provides the closest links to potential employers
- has the highest percentage of users who go on to apply for and gain employment
- is the most expensive 'per user'

User satisfaction levels are similar across all three organisations, and they all differ in the criteria they set for who can access their services.

3.2.2 Understanding why differences have occurred

Once you have identified the key similarities and differences between your data and those of your benchmarking partners, it is important to spend some time thinking through why these differences may have occurred. There may be very good reasons for these differences and they do not necessarily imply that any of the organisations need to change the way they are doing things.

In the above example, **Organisation A** has a higher number of cancellations/‘no shows’ than Organisation C. Could this be due to the nature of the clients they are working with? Might the users of Organisation C be leading less chaotic lives than those using Organisation A?

Organisation B sees more users per month than the other two organisations. Might this be because they see their users for less time per appointment? Their users are also less confident about applying for jobs than the other two organisations. Could this be because they have spent less time with each client or because of another factor?

Organisation C has the highest number of users going on to gain employment. Might this be because of the criteria they set for who can access their services and the application procedure involved? Their service is also the most expensive per user – why might this be the case?

It is important to avoid making assumptions about why differences have occurred. As you can see, an initial analysis of the results of a benchmarking exercise may raise further questions which need to be answered before any recommendations for change can be made.

If this is the case, it can be helpful to follow up the initial results of a benchmarking exercise with a phone call or visit to one or more of the organisations involved.

3.3 Finding out more

A follow up phone call or visit allows you to ask more detailed questions about the organisation, and see the way the organisation runs first-hand.

The important thing is to be clear about what you want to gain from the phone call/visit and to keep the conversation focused. You might find it helpful to draw up an agenda beforehand, or a list of further questions, and pass these to the other organisation so they can prepare for the conversation and have the information you need available.

“I found it really helpful to follow up the questionnaire with a visit as I learned much more about the organisation and developed more of a relationship with the partners.”

Claire Greenhill, Rainbow Services

You are now ready to move on to stage four: using the information. As in the previous stages, the questions below might help you ensure you have thought through everything you need to before you do.

Checklist

- 1. Have you analysed the data to check for similarities and differences between your organisation and your benchmarking partners?
- 2. Have you spent some time considering why any differences may have occurred?
- 3. Do you need to find out more information from your benchmarking partners, perhaps via a follow-up visit with one or more of them?
- 4. Do you need to find out more information from within your own organisation e.g. a user satisfaction survey or focus group for staff?

4. Using the information

The final stage of the process is to make use of the information you have gained in order to improve your organisation's performance. Once you have completed the previous stages, you can draw up some specific recommendations for change within your organisation.

4.1 Recommendations on using the information

Initial recommendations may be about how you can find out more before making any suggestions for changes.

In the example in section three, **Organisation A** may want to consider running some drop-in sessions in addition to their appointments system to reach more users. Organisation B could help them do this by sharing more detailed information on how they run their drop-in service. Organisation A may also want to consider how they might help their users to apply for more jobs, perhaps by providing more information or links with potential employers.

Organisation B may want to find out more about why their users feel less confident about finding employment than the other organisations involved. They could do this by holding focus groups for their users to find out what would make them feel more confident.

Organisation C may want to break down the costs associated with their service to find out why they are more expensive per user than the other organisations. To help them do this Organisation A or B may be willing to share more detailed financial information with them. They may also want to consider referring users who don't pass their application process to the other two organisations, where appropriate.

4.2 Action plan

From your recommendations, you can start to develop an action plan for implementing them. An action plan lists the following criteria for each action to be taken:

- Timescales: start, review and completion dates.
- Outputs: what will the tangible results of the action be? For example, a new system put in place, a report written or a leaflet produced.
- Outcomes: what effects, changes or benefits do you hope the action will bring about? For example, increased membership.
- Responsibilities: who is responsible for completing the action? Include details on who will provide support to this person where necessary.

Once you have an action plan, you are ready to start making changes to improve your performance. You may find it helpful to look at the 'change' section of the Performance Hub's website for more tips and advice on implementing and managing change in your organisation. This can be found under 'introducing performance' or by typing 'change' in the search function.

“We summarised what we had learnt in the report and then actioned the areas that required work. As a result we have implemented some positive changes and are also in the process of working on other areas of change.”

Claire Greenhill, Rainbow Services

In addition to your intended aims, you could extend the benefits by considering:

- How you can build on the contacts made to develop a collaborative relationship with your benchmarking partners
- What other aspects of your organisation might benefit from a benchmarking exercise
- Repeating the exercise in the future to see how each organisation has developed

It can also be useful to reflect back on the process once the exercise has been completed by considering what the organisation gained as a result and whether the aim was achieved. You may also want to consider which aspects of the exercise worked particularly well, which didn't work so well, and how you might improve it if you were to do the exercise again.

5. Summary and further information

The Performance Hub believes that the type of benchmarking exercise outlined in these guidelines can be a cheap and effective way for an organisation to learn and improve. We hope these guidelines have encouraged you to try out such an exercise for yourself.

For further information about benchmarking, including sector-wide benchmarking initiatives, please see:

Agenda Consulting: Benchmarking on human resources and financial management

Agenda Consulting is a benchmarking and consultancy company which runs several third sector-wide benchmarking initiatives, such as PeopleCount which enables organisations to benchmark their human resources and FinanceCount which focuses on financial management.
www.agendaconsulting.co.uk

Charity Directors Finance Group: Benchmarking on financial management

The Charity Directors Finance Group focuses on helping third sector organisations to manage their finances. They run seminars and events on benchmarking in partnership with Agenda Consulting www.cfdg.org.uk/cfdg/inf_benchmarking.asp

Compass Partnership: Benchmarking on governance and management

Compass Partnership benchmarks the performance of governance and management. They have pioneered comparative projects that help boards and managers to enhance the effectiveness of their organisations.
www.compasspartnership.co.uk/index.php

Fundratios: Benchmarking on fundraising performance

Fundratios, in conjunction with the Institute of Charity Fundraising Managers, runs an annual benchmarking exercise on fundraising performance. They have developed a set of benchmarks to assess and compare all major aspects of fundraising performance
www.cifc.co.uk/Fundratios.html

GuideStar

GuideStar is an extensive database containing detailed information about third sector organisations in the UK.
www.guidestar.org.uk/index.aspx

London Benchmarking Group

The London Benchmarking Group consists of more than fifty leading international corporations who have come together to manage, measure and report their involvement in the community.
www.lbg-online.net

ORC International: Benchmarking on customer satisfaction

ORC International is an employee research organisation which runs a public sector customer satisfaction benchmarking exercise, with two long established groups: one for central government departments and agencies, and the other for housing providers. The aim of the groups is to allow organisations to put their own customer satisfaction results into context by using data from their peers.
www.orc.co.uk

Sayer Vincent: Benchmarking on information systems

Sayer Vincent runs an annual benchmarking exercise on information systems aimed at organisations with 50 paid staff or more.
www.sayervincent.co.uk/render.aspx?siteID=1&navIDs=1,7,68



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