



performance hub

Benchmarking in the third sector

February 2008

A Performance Hub Report
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With research by Agenda Consulting

The Performance Hub works to help third sector organisations (TSOs)* achieve more.

(*charities, voluntary organisations, community groups and social enterprises)

Our vision is of high performing TSOs having a positive impact upon the lives of millions.

Our overall aim is for improved third sector performance, and performance to be an integral part of the third sector's agenda.

Four specific aims contribute to this overall aim:

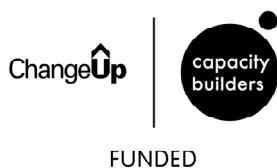
- To increase TSOs' awareness of the benefits of focusing on performance and improve their ability to use performance tools and approaches.
- To increase and improve the performance support offered to frontline organisations by local, sub-regional, regional and national infrastructure of all types
- To develop a more relevant, more effective and more accessible knowledge base about third sector performance.
- To strengthen the two way relationship between funders and TSOs on performance issues.

For more information, see our website at www.performancehub.org.uk

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Benchmarking in the third sector

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1.0 Introduction

There are many tools, approaches and systems to help third sector organisations¹ (TSOs) improve their performance. The Performance Hub prioritises seven topics:

- getting ready to focus on performance;
- market research into user needs and communicating success;
- assessing and improving quality;
- strategy;
- operational planning;
- monitoring and evaluation; and
- benchmarking.

The Hub defines benchmarking as 'comparing performance and practice to learn and improve'. There are many different approaches to benchmarking, to suit all sizes and types of organisations. There are also many benefits, which is why benchmarking is increasingly seen as a simple and valuable way of improving TSO performance.

In 2006, the Performance Hub appointed Agenda Consulting, to undertake a project entitled Benchmarking in the Third Sector. The project was in three phases.

Phase 1 was a live benchmarking exercise with five TSOs. The organisations each received help in planning for the benchmarking exercise and advice and consultancy support throughout.

Phase 2 involved the production of a practical, step-by-step guide to help TSOs carry out a benchmarking exercise. The guide 'Benchmarking Made Simple' is available to download from www.performancehub.org.uk/publications.

This research report covers phase 3 of the project. The report examines the range of definitions for benchmarking in use by the third sector, the different attitudes TSOs and major funders have towards it, which TSOs currently engage in benchmarking exercises and how they do it. The report also looks at good practice from other countries as well as the UK public sector.

¹ Charities, voluntary organisations, community groups and social enterprises

2.0 Methodology

The research team gathered information about third sector benchmarking through desk research, qualitative interviews and an online survey.

Desk research

The team undertook extensive desk research, including internet research, to identify case studies and examples of third sector benchmarking. The research also extended to benchmarking initiatives internationally.

Qualitative interviews

Qualitative interviews were then carried out with 17 third sector employees who were known to have an interest in benchmarking, or who worked for a leading third sector organisation, or both. Interviewees were asked about their experience of benchmarking, and what they felt the drivers for, barriers to and benefits of third sector benchmarking were.

Online survey

The final part of the research consisted of an online survey of TSOs. The survey was publicised through various channels including the Performance Hub's e-community, an online network of people with an interest in supporting TSOs with performance. 110 people responded to the survey during the six-week completion window.

Note

Given the channels through which the survey was publicised, it is likely that many of the respondents already had an interest in performance, and were more likely on average to have encountered benchmarking. Any conclusions drawn from this research about the views and opinions of those in the third sector as a whole should take account of this potential bias.

3.0 What does benchmarking mean?

The Performance Hub defines benchmarking as 'comparing performance and practice to learn and improve'. We believe this captures the key elements of benchmarking, whilst allowing sufficient flexibility for people to develop benchmarking exercises to fit their own learning styles and resources.

The Hub promotes benchmarking as a way to learn about good practice elsewhere, and then apply these lessons for organisational improvement. The Hub does not rank organisations to see how they are performing in relation to their peers. A 'league table' approach can cause concern as results may be given out of context, which could unfairly disadvantage organisations if used inappropriately.

The form of a benchmarking exercise can vary according to the size and needs of the organisations involved. Small scale, informal benchmarking might be as simple as having regular chats with other organisations, while a formal benchmarking exercise could be more structured and involve lots of different organisations and an independent facilitator. It can be helpful to think of benchmarking as a continuum, with a very informal exercise at one end, and a large, formal exercise at the other.

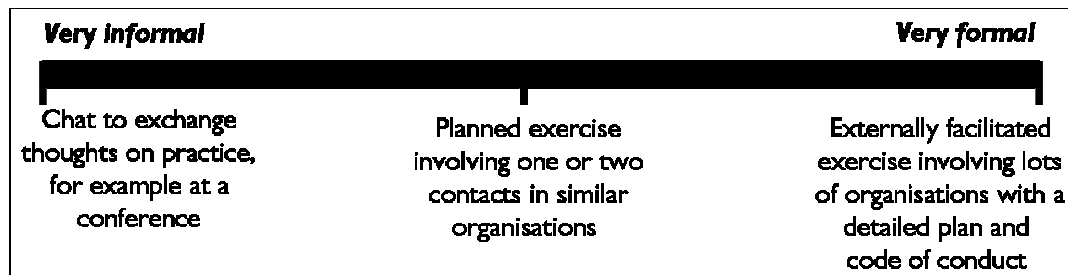


Figure 1: A benchmarking continuum

Whether an organisation takes part in an informal or formal exercise, the purpose of benchmarking is to use the learning to identify ways to improve performance.

Other definitions

Benchmarking can be defined in other ways. Some definitions are more exacting, and might not encompass more informal benchmarking exercises.

The Public Sector Benchmarking Service (PSBS) defines benchmarking as 'improving ourselves by learning from others'.

The Cabinet Office calls benchmarking *the process of comparing practices and performance levels between organisations (or divisions) to gain new insights and to identify opportunities for making continuous improvements.*

Xerox, a pioneer of private sector benchmarking says that it is *the continuous process of measuring products, services and practices against the toughest competitors or those companies recognised as industry leaders.*

4.0 Benchmarking in other sectors

Benchmarking was first developed in the private sector, and this is where it is still most widely used. Xerox pioneered formal, structured benchmarking in response to Japanese competition in the 1970s copier market. At the time, Xerox was the world's largest manufacturer of copiers, but competition prompted the company to compare itself with others to investigate how to increase productivity and decrease costs.

More recently, benchmarking has spread to the public sector. From 2000 to 2007 the Public Sector Benchmarking Service², a project run by the Cabinet Office and HM Revenue and Customs, worked to promote benchmarking and the exchange of good practice in the public sector. Government promoted benchmarking as a way to improve efficiency and quality and to support reform.

Public sector benchmarking goes beyond private sector concerns about competition, and incorporates issues such as value for money and client responsiveness.

Benchmarking customer satisfaction in the public sector

ORC International is a research organisation which runs a public sector customer satisfaction benchmarking exercise for around 60 central government departments and agencies. This allows people to share data and best practice, and helps them to put their own customer satisfaction results into context.

www.orc.co.uk

Many of the public sector benchmarking initiatives identified by our research took place at a sub-sectoral level, or between departments with a similar work area. One such example is carried out by Socitm³ (the professional association for public sector ICT management), which conducts ICT benchmarking among local authorities, the police and fire services, housing authorities and other locally delivered public services. It has 1,900 members from 550 organisations.

Benchmarking ICT

Socitm run a series of benchmarking exercises to help ICT managers assess efficiency, and how their performance compares with other local authorities and related public services. Managers can then make improvements and, through repeated benchmarking exercises, measure the difference such improvements have made.

www.socitm.gov.uk/socitm

² In January 2007, the PSBS closed following conclusions from a review by HM Revenue & Customs that similar services were now available from other suppliers.

³ The Society of Information Technology Management

Benchmarking exercises don't have to be confined to one sector. If there are opportunities for useful learning, there is no reason why TSOs, public sector agencies and private sector organisations could not benchmark with each other.

5.0 Benchmarking in the third sector

The 2002 government report 'Private Action, Public Benefit', proposed that organisations in the third sector should benchmark with their peers. Emphasis was placed on the sector developing and owning its own benchmarking initiatives. The report recognised that the diversity of organisations within the sector prevented the production of universal performance indicators, and so suggested that benchmarking happen at a sub-sectoral level, where organisations are undertaking similar activities.

Specific sub-sectors (groups of organisations involved in the same area of service provision) should pilot test an approach to developing common performance indicators and benchmarking for the organisations in their area. If this were to prove successful, it could be used to encourage other sub-sectoral groupings to follow similar approaches. It is not proposed that the Government or the Charity Commission would have a role in the exercise.⁴

Our research has shown an increase in benchmarking activity in the third sector in recent years, particularly around fundraising, finance, and HR. For organisations taking part in these activities, the driver is often not competitive pressure, as in the private sector, but more typically a response to calls for greater accountability, cost savings, improved quality, seeking fresh thinking and recognition of the benefits of peer learning.

It's important to remember that the third sector does a lot of learning and sharing without using the term 'benchmarking'. The examples below illustrate the range of activities TSOs engage in, from formal to informal.

Benchmarking between small and large

Iver Educational Trust is a small charity which relies on volunteers. It wanted to find out how other organisations recruited and retained volunteers to improve its own recruitment and retention rates.

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 the size of the organisation didn't affect the challenges and issues they experienced in relation to volunteering. They learned some valuable lessons about word of mouth advertising, and the importance of staff appreciation on retention. The benchmarking process 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.

⁴ Private Action, Public Benefit – A review of charities and the wider not-for-profit sector. Cabinet Office Strategy Unit, 2002.

Benchmarking to bring about change and improvement

The new finance director at a large national charity used benchmarking to address some of the issues he had identified and provide evidence that would challenge what he thought was a degree of complacency within his team.

The director wanted to benchmark the production of reports, the percentage of supporters on committed giving, payroll processing, written procedures, staffing levels and qualification levels. He approached two finance directors in similar organisations, who agreed to participate and then sent a list of required information by email. There was a follow-up visit to each organisation involving members of staff where they spent two hours discussing the general approach of their finance departments and going through the information requested.

The organisation found that they performed poorly with comparable organisations. Staff skills were deficient, procedures were poorly communicated and the department had poor customer focus. They also found that committed giving income was low despite having high stability, loyalty and commitment among donors.

As a result of the benchmarking exercise, the staff team agreed that there was a need for improvement. The organisation changed their team management, initiated a staff development programme, began to document procedures and reduced payrolls from three to one. They also rationalised bank accounts and revamped their reporting procedures. Finally, they started a new programme to recruit more committed givers. Eighteen months later, the organisation conducted a review to ensure they were still on track.

A large benchmarking exercise

Help the Aged wanted to benchmark how much time and money organisations invest in fundraising. They commissioned nfpSynergy, a research consultancy for the third sector, to send out questionnaires to 100 of the UK's leading TSOs (based on income) asking them in detail about the resources available to them for fundraising activities.

The study focused on seven income streams: charitable trusts, community and local fundraising, corporate fundraising, individual fundraising, major donors and big gifts, statutory funding and trading (excluding shops).

The survey looked at staff numbers allocated to each income stream, fundraising expenditure and income, recruitment, outsourcing and future growth. Also included in the research were a series of additional questions regarding respondents' perceived importance of each source of income, and the CEOs' attitudes towards and involvement with the fundraising department and its work.

58 organisations responded, with an average organisational income of just

under £24 million, and 66 members of staff in fundraising teams. nfpSynergy's analysis of the results was delivered at a free seminar, to which respondents were invited.

In addition to specific benchmarking projects initiated by TSOs, there has also been sector-wide, or subsector-wide, benchmarking research that TSOs could participate in, or use the results of, to compare performance with other organisations.

These initiatives work in different ways, and some may charge organisations to participate, or have restrictions on those that can participate, such as organisational size.

Comparing human resource information

People Count is an annual human resource benchmarking tool tailored specifically to the needs of the third sector. It is run as a partnership between Agenda Consulting and NCVO.

Participants complete questionnaires on a number of topics: staff recruitment and selection, staff retention, composition of workforce including diversity issues, absence management, appraisal and salary strategy. Around 100 organisations participate each year, and results are collated centrally.

Each participating organisation receives a detailed scorecard report which sets out their performance on a range of key indicators and compares their performance with 10 – 20 peer organisations of their choice. In addition, participants receive a sector wide report which describes the results as a whole and includes case studies of good practice.

Regular workshops are organised on key topics of interest, and feature case studies from high performing organisations. In addition, a one day conference is held in March each year.

Benefits for participants include reassurance about what is working well, early warning signs of potential issues, help in determining priorities for action and in setting realistic targets, and gaining insights into good practice.

While many of these sector initiatives look at fundraising, finance and human resources, benchmarking does not have to be limited to these topics. Boards Count is one such example.

Benchmarking governance

In partnership with the Governance Hub, Transform Management Consultancy ran a benchmarking initiative focusing on governance in the UK third sector.

By taking part in Boards Count, organisations could compare their governance process with other TSOs. Topics covered by the study included: recruitment and selection, support recognition and appraisal, turnover and retention, codes of conduct and use of time.

5.1 Experience of benchmarking

Findings from our online survey showed that a reasonably high number of respondents have had experience of benchmarking either in their current or previous organisations (61 per cent)⁵. Of those with experience, 96 per cent found it quite useful or very useful, with 60 per cent rating the experience very useful.

Respondents' experience was wide ranging, from being part of a best value review of an organisation carrying out similar work, to conducting reviews of fee structures, to participating in sector wide surveys.

Our interviewees were mostly positive about the benefits of benchmarking, and felt that it could be suitable for smaller organisations as well as medium and larger ones. However, it was constantly stressed that the suitability of benchmarking to specific areas or topics should be assessed, based on an organisation's priorities. Generally, more focused projects were preferred.

5.2 Drivers

Both the survey and interviews identified a number of drivers pushing third sector organisations to engage with benchmarking. The drivers most frequently mentioned were calls for greater accountability and transparency, and a wish to demonstrate impact, benefit and value for money (particularly when required by funders and regulators).

Several interviewees said that the strongest drivers came from within their organisations. Benchmarking activities were often motivated by a wish to identify best practice in the sector, and to use this learning for improvement purposes. Some of the interviewees felt that currently there were no serious external drivers pushing third sector organisations to benchmark.

Participants in the online survey were asked about what was driving performance improvement in their organisations. Respondents felt the biggest driver was their own professionalism, with a mix of internal and external factors among the other top drivers. Only seven per cent of respondents said that they did not feel any drivers were pushing them to improve their performance. The findings of the survey indicated that

⁵ Please see note in section 2 about possible bias in our sample.

performance improvement was most often championed by the Senior Management Team or Chief Executive.

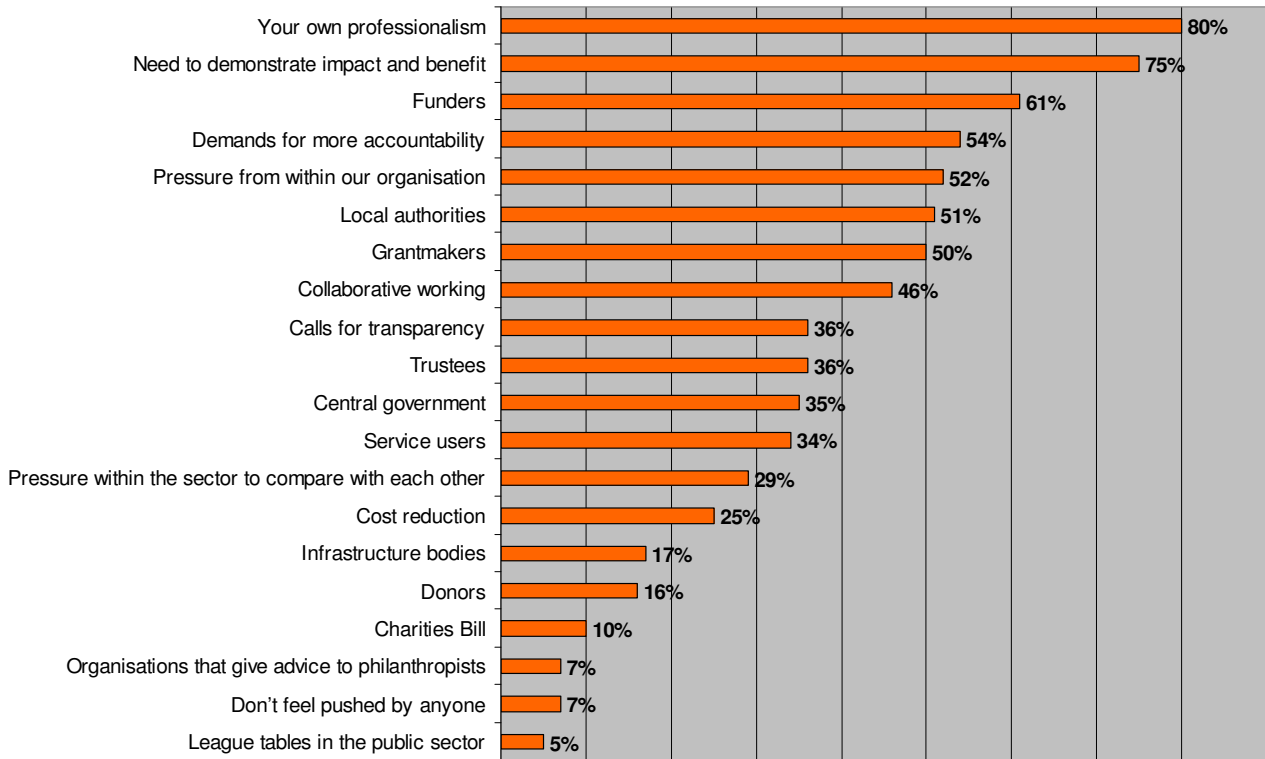


Figure 2: Drivers

Whilst the most frequently used performance improvement approaches were monitoring and evaluation, strategic planning and quality assurance, 25 per cent of survey respondents said that their organisation used benchmarking.

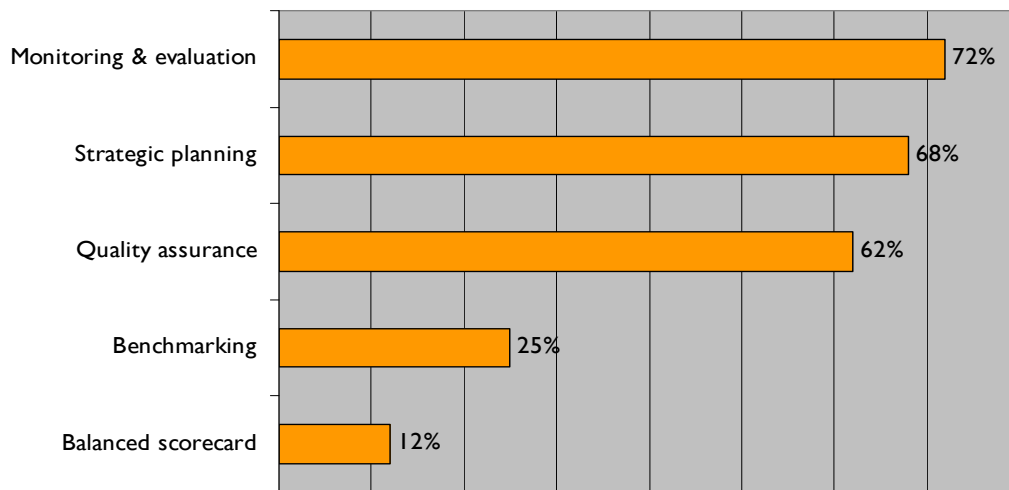


Figure 3: Performance improvement tools currently in use by survey respondents' organisations⁶.

⁶ A balanced scorecard is a management resource which measures performance against a number of objectives, measures and targets. Scorecards encourage

5.3 Benefits

Survey respondents reported that benchmarking helped them to determine priorities for performance improvement, as well as provide reassurance for what is already working well. It was also reported that benchmarking could help organisations set meaningful and realistic targets and be a way of demonstrating professionalism.

The clear benefit of an organisation benchmarking is it helps to lay down aspirations, measure performance within a context and communicate performance on an ongoing basis (interviewee)

Several respondents said that benchmarking expanded their networks and helped them identify potential partners for collaborative work. Other benefits identified include using benchmarking to help with decision making, manage knowledge, identify possible new work areas, improve communication, support organisational learning, and as a powerful tool to persuade people of the need to make changes.

5.4 Concerns

The most common concern expressed by interviewees was the potential for funders to misuse benchmarking; 33 per cent of survey respondents also raised this concern. The most common concern amongst survey respondents, with 64 per cent agreeing, was the possibility of benchmarking findings being taken out of context.

Other reported concerns were about giving away 'trade secrets' or intellectual property, and a fear of negative publicity.

5.5 Practical barriers

Many of the barriers to benchmarking identified by interviewees related to a lack of knowledge or misconception of benchmarking; for example that it has to be costly and elaborate, that it is bureaucratic or that even the word benchmarking can be off-putting. 54 per cent of survey respondents agreed that this was a barrier. However, 78 per cent identified lack of capacity and time as a major barrier.

Respondents suggested that these concerns could be overcome by providing TSOs with more and better information and support on benchmarking. This might include showcasing responsible and successful examples of the approach, provision of user-friendly toolkits, resources and training, and promotion of the long term benefits. Respondents recommended that particular attention be paid to ways of keeping data anonymous, fears of giving away 'trade secrets' and of generating negative publicity. There were several suggestions to promote benchmarking as a starting point for collaborative working.

organisations to measure a balance of information on areas such as learning and growth, internal processes, user/customer feedback, and finance. A good scorecard can be a visual, one page summary of the objectives, measures, targets and achievements against them.

Endorsement from senior figures, and promotion by funders, were seen as further ways of raising the profile of benchmarking, as was embedding it into the culture and language of the sector.

5.6 Attitudes of funders interviewed

Our study found that while some funders encourage TSOs to benchmark and use findings to inform their grant making, others do not. The funders who participated in this study stated that they would not seek to impose their own benchmarks, but would rather encourage TSOs to benchmark on issues according to their own organisational priorities.

It is important to note that the sample size of funders interviewed was very small, and different funders may have different attitudes towards benchmarking and its usefulness.

6.0 Conclusions

There is still only a modest uptake of benchmarking within the sector, with one quarter of survey respondents' organisations using it for performance improvement. There is a much higher uptake of other performance improvement tools, with 72 per cent of respondents' organisations using monitoring and evaluation, 68 per cent strategic planning and 62 per cent quality assurance. This may be due to the varying definitions of benchmarking, and it is likely that more informal benchmarking takes place than has been reported.

There is a positive attitude towards the usefulness of benchmarking for performance improvement among those engaged in this research. Of survey respondents with experience of benchmarking, 96 per cent found it quite useful or very useful.

Uptake of benchmarking may be increased by addressing some of the practical barriers outlined in Section 5.5. These include misuse by funders, findings being taken out of context, the fear of being left open to negative publicity, giving away 'trade secrets' and intellectual property, the perceived lack of knowledge around benchmarking within the wider sector, and the issues of lacking capacity or time to participate in benchmarking activities.

The Performance Hub's guidelines 'Benchmarking made simple: a step-by-step guide' aim to clarify and encourage benchmarking among the third sector. The guide is available to download via the Performance Hub website www.performancehub.org.uk/publications.

Appendix 1: Findings from the online survey

Question 1

Statement	Percentage of respondents					
	Disagree Strongly	Disagree	Not sure	Agree	Agree strongly	Agree strongly or Agree
Benchmarking is a useful way to assess performance	1%	4%	2%	55%	36%	91%
Benchmarking is a good way of networking with other similar organisations	2%	5%	15%	49%	27%	76%
Benchmarking is too expensive for most organisations	9%	36%	33%	16%	3%	19%
Benchmarking is for corporates and not suitable to the voluntary sector	54%	32%	8%	3%	1%	4%

Question 2a

Have you had any experience of benchmarking?

Yes 61% No 39%

Question 2b

How useful did you find it?

(Only asked of those with experience of benchmarking)

Very useful 60%

Quite useful 36%

Not at all useful 4%

Question 3

Which of the following are driving your organisation to improve performance?

	Driver	% of respondents
a	Your own professionalism	80%
b	Need to demonstrate impact and benefit	75%
c	Funders	61%
d	Demands for more accountability	54%
e	Pressure from within our organisation	52%
f	Local authorities	51%
g	Grantmakers	50%
h	Collaborative working	46%
i	Calls for transparency	36%
j	Trustees	36%
k	Central government	35%
l	Service users	34%
m	Pressure within the sector to compare with each other	29%
n	Cost reduction	25%
o	Infrastructure bodies	17%
p	Donors	16%
q	Charities Bill	10%
r	Organisations that give advice to philanthropists	7%

s	Don't feel pushed by anyone	7%
t	League tables in the public sector	5%

Question 4

Other drivers for benchmarking	What is driving benchmarking internally?
<ul style="list-style-type: none"> • A staff commitment to excellence • To inform our practice • Work of consortium • "moral" obligation - believe we have to take responsibility for ensuring we are making a difference • We are management consultants • Our national body • As a unique service we struggle to find like organisations in UK - very useful to consider if there is a better more effective way. 	<ul style="list-style-type: none"> • My role as Performance Manager. • Me • Primarily Local Authorities on Central Government insistence but also within the sector through ChangeUp. • Potential contract with PCT • Me as chairman

Question 5

Who is driving performance improvement in your organisation?

Driver	% of respondents
Senior Management Team	63%
Chief Executives/Directors	57%
Trustees	35%
Other staff	26%
Service users	19%
Volunteers	5%

Question 6

Which of the following performance improvement tools is your organisation currently using?

Performance improvement tools currently using	% of respondents
Monitoring and evaluation	72%
Strategic planning	68%
Quality assurance	62%
Benchmarking	25%
Balanced scorecard	12%

Question 7

Do you agree with any of the following potential benefits of benchmarking?	% of respondents
Provide reassurance for what is already working well	78%
Help to determine priorities for action	78%
Gain new insights on good practice and how to achieve it	76%
A way of demonstrating professionalism	73%
Useful in setting meaningful and realistic targets	72%
Motivate staff by seeing what is possible	70%
A good way to learn about products and services that others use	64%
Provide early warning signs of potential issues	62%
Enhance your ability to report back to management and trustees	62%

A useful way of finding potential partners	42%
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Question 8

Do you have any of the following fears/anxieties about benchmarking?	% of respondents
People taking the findings out of context	64%
You will not be measuring like for like	56%
Too much focus on quantitative data	51%
People not being open if they fear negative publicity	50%
Misuse by funders and donors	33%
Too much work for not enough reward	33%
Giving away trade secrets, intellectual property	22%
Can be more of a stick than a carrot	22%
Will just be another trendy approach	12%

Question 9

Do you think any of the following are barriers to your organisation benchmarking?	% of respondents
Capacity and time to conduct benchmarking	78%
Lack of knowledge of benchmarking	54%
It will be seen as yet another performance improvement tool	39%
Organisational culture - people won't have the time or inclination to implement improvements	35%
The word benchmarking is quite off-putting, sounds boring	32%
Sense that it can be bureaucratic	31%

Question 10

Do you agree with any of the following solutions to overcome barriers?	% of respondents
User-friendly toolkits that show it is not labour intensive	85%
Publication of useful case studies of benchmarking	68%
Embedding benchmarking in the culture and language of the sector	64%
Providing more training and resources	60%
A list of benefits in terms of organisational performance	59%
Showing how organisations can work together beyond benchmarking	55%
Endorsement from senior management	41%
Overhauling the image of benchmarking	36%
Funders promoting benchmarking	35%
Building in ways to keep data anonymous	33%

Details of respondents

Organisation annual income	% of respondents
Under £100,000	16%
£100,000 to £1 million	48%
£1-10 million	15%
Over £10 million	17%
Not specified	4%

Staff Numbers	% of respondents
Under 10	35%
10-50	36%

51-200	4%
Over 200	21%
Not specified	4%

Location of your office	% of respondents
Greater London	25%
South East	20%
Yorkshire and Humber	11%
North West	11%
East of England	9%
South West	6%
West Midlands	5%
East Midlands	5%
North East	4%
Wales	1%
Scotland	1%
Northern Ireland	0%

Scope of your organisation	% of respondents
Local	46%
National	30%
Regional	18%
International	4%
Not specified	2%

Type of organisation	% of respondents
Infrastructure	45%
Direct service provider	43%
Funder	1%
Campaigning	0%
Not specified	11%

Your position	% of respondents
Manager	41%
Chief executive	16%
Director	15%
Officer	15%
Trustee	5%
Volunteer	3%
Not specified	5%

Appendix 2: Qualitative interview findings

1. What do you first think of when you hear the word benchmarking?

- Comparative review of different organisations
- Tables and graphs, long reports
- External comparison of performance
- A small factory
- Performance improvement
- Learning from relevant others
- A standard of practice already achieved, used as a comparison for current or future work
- Formal systems and structures, lengthy questionnaires
- Doesn't set my world alight
- Bit jargony, frightens some people off, can sound technical
- Can work well but can be a bit woolly
- Measuring and judging against a baseline
- Huge variance in meaning, a lot of people don't see it as related to performance
- Information systems benchlearning
- Complicated systems of categorising work
- Some merit in it but sometimes misused, misunderstood, not entirely convinced about value

2. Would you agree with any of the following descriptions?

*On a scale of 1-5, where 1 is strongly agree and five is strongly disagree.
In descending order of popularity:*

Benchmarking is:	
a useful way to assess performance	1.8
a good way of networking with other similar organisations	1.9
a way of sharing knowledge	2.0
a good way to find out how other similar organisations operate	2.2
is about comparing qualitative and quantitative performance	2.3
time-consuming	2.8
too expensive for most organisations	3.5
worries me as I would be shown up	3.9
is for corporates and not suitable to the voluntary sector	4.0

3. What is your experience of benchmarking?

Have you conducted any? How did you find the experience?

- Not done any internally although [organisation] facilitates a national exercise.
- Done quite a lot for [organisation's] members - jobs, pay, terms and conditions. Also done some with other professional associations on governance, showed us useful insight into issues such as size of boards, dealing with international membership.
- We have conducted benchmarking exercises and found it extremely useful.

- We have not conducted a formal benchmarking exercise but we do compare ourselves to other organisations and we network for information.
- I have been involved in performance and process benchmarking. Both types have been useful with the former often acting as good motivator to change with the latter facilitating the change.
- I undertook a number of benchmark projects as part of my MBA. I continually use a benchmarking approach to understand how different charities operate. Although GuideStar UK is not a complete solution, it does provide an openly accessible means for charities to undertake their own benchmarking exercises. I always find benchmarking information worth the effort.
- Benchmarking is a continuous practice with new marks being established on a quarterly and annual basis. It is an important part of the grant making process but it may not be appropriate for another organisation to use the same marks as their approach is likely to be different to ours. (Funder)
- We were part of a benchmarking project but didn't find it particularly helpful, not easy to gather the data needed, there was a mismatch of complexity of organisation. A much simplified version might prove useful for frontline organisations.
- I have been involved in benchmarking service delivery for young people and that worked well because it was very focused. Another broader project was very laborious and was more of a self-justification exercise and wasn't particularly relevant.
- We encourage benchmarking through our review visits, when we discuss with charities how they assess their performance. We are not in the business of telling people what to do but want to promote good practice. (Charity Commission)
- We have done a lot of benchmarking, having conducted social audits for two years across a range of different activities. We also have an internal benchmark for people who work here; this is a set of standards and is used in appraisals.
- We started three years ago looking at what makes information systems more useful in some organisations than others. After some research we decided to call it benchlearning – more about learning and sharing how people are doing things, whereas we see benchmarking as more about what people are doing. We developed a questionnaire asking people what worked for them and then produced case studies and a report. This then led to a forum, which gives people a chance to network.

4. Do you think it's suitable for small, medium and/or large voluntary organisations? Please explain reasons. What areas do you think are suitable to benchmark?

- Yes, it can be used simply.
- Yes but the larger the better as they have more data and it is better kept.
- The more numerical, the better.
- Useful for subjects such as staffing, pay scales, contracts etc.
- Yes, it may be much more cursory for small organisations.
- Suitable for any size or area, if handled appropriately.
- Yes, it prevents complacency and insularity. Only well defined areas should be benchmarked.
- Yes – suitable for all but the very smallest organisation.

- All inputs, outputs and outcomes can be benchmarked. It is also possible to benchmark softer qualitative activities but these are probably only possible once you have undertaken the harder quantitative benchmarking activities.
- It is appropriate for all organisations, it is just the degree to which an organisation benchmarks that may change. It is appropriate to benchmark for an organisation's key priorities – there shouldn't be a prescribed set of criteria laid onto an organisation; the organisation should determine what marks are best for their mission/objectives. (Funder)
- Real dilemma, small organisations can learn from large but gathering and dealing with data is difficult. Large organisations have to collect more data anyway, smaller ones haven't got the capacity. At a simple, basic level, small organisations could learn from each other but it may be down to trustees to answer the questions. It is more feasible for medium and large organisations as they have HR and finance departments.
- Small organisations are often aware of their shortcomings and may need confidence building to encourage them to benchmark – think in terms of in language and approach.
- Yes, but need same profile, resources and capacity.
- Need to focus on outcomes and outputs.
- No, I don't think many of the tiny organisations we deal with would know what we were talking about.

5. What do you think are the current drivers that push VCOs to benchmark?

- Local authorities
- Demands for more accountability
- Grantmakers
- League tables in public sector
- Charities Bill
- Calls for transparency
- Collaborative working
- Demonstrating impact and benefit
- Organisations themselves
- Funders
- Own professionalism
- Don't feel pushed by anyone
- I don't think there are any serious drivers yet
- Pressure within the sector to compare with each other
- Trustees
- Central government is pushing for league tables and performance measurement
- I think funders and regulators are the main drivers pushing VCOs to benchmark. Most of that drive comes from their need to be seen to demonstrate value for money. This is not always a recipe for good performance improvement as it tends to focus on performance benchmarking only and thus lends itself to the 'what' needs to be improved not the 'how'. In addition achieving a level of performance that meets the standard set by funders and regulators may lull the organisation concerned into a false sense of security, as those standards tend to be set at a minimum acceptable not best practice levels.

- The principal driver should always be internal but organisations should be aware of the interests of funders and regulators. I think infrastructure bodies play an essential role in promoting and supporting benchmarking activities. They can provide an overall 'intelligence' service, which would include satisfying the needs of funders and regulators. Infrastructure bodies should also be best placed to identify 'peer' groupings within their sphere of interest or geographic area.
- I would suggest there isn't one driver for all organisations but a combination that could be more or less influenced by funders, regulators, trustee approach, clarity of organisation's purpose and so forth. (Funder)
- Mainly that external agencies are asking VCOs to 'evidence their impact' – particular public sector agencies that commission or grant fund VCOs. Internally VCOs generally know whether they are having an impact or not.

6. What do you think are the benefits of benchmarking, what interests you about it? Any advice you would give to others considering it?

Benefits:

- if done well, it shows what you are doing
- way of finding potential partners
- determining strategy
- help with decisions
- identifying new areas of work
- learning
- knowledge management
- able to defend costs
- shows professionalism
- being able to present evidence of impact that is considered objective
- identifies strengths and weaknesses
- powerful tool to persuade people of need to change
- allows people to choose between organisations e.g. terms and conditions when looking for a job
- sharing experience
- good for networking
- good way to learn about products and services that others use
- The clear benefit of an organisation benchmarking is it helps to lay down aspirations, measure performance within a context and communicate performance on an ongoing basis. Funders should be encouraging benchmarking, however it is vital that the benchmark is directly relevant to the organisation's mission and practice and not simply a mark helpful to the funder. (Funder)
- It would be very useful if there were simple indicators that could be beneficially collected across the region/nationally that would help others understand the tremendous value of VCOs.

Advice:

- Make sure it is appropriate for what you are doing.
- There is no point in benchmarking with organisations that are very different.

- It can be quite difficult in the first few years gathering all the information but it is worth it in the end.
- Need to make sure data is relevant and using same terms.
- Ensure that all organisations involved benefit, not just the one instigating benchmarking.
- Prepare comprehensively by deciding on the aim, defining the scope of what's involved, resolving on the most effective approach to use and accepting the level of investment required.
- Benchmarking is the start of a process – not an end in itself.
- Use it as one tool in the box and as a carrot not a stick.
- Always set up a steering group.
- Remember that benchmarks are only indicators – they shouldn't be trying to tell the whole story about your organisation. Don't try to have too many indicators or benchmarks. Try to use benchmarks that are about your impact rather than your processes. At the start consider what you will use the results for – there is little point doing benchmarking unless you are clear on this. For example is it for internal change or external publicity?

7. Do you have any fears/anxieties about benchmarking – what do you think others might fear?

- Misuse of it
- Taking it out of context
- Misuse by funders and donors
- People not being open if they fear negative publicity
- Too much focus on quantitative data
- Giving away trade secrets, intellectual property
- Not every organisation wants to operate with complete transparency
- Some volunteer-led organisations will fear exposure and then fear not having the time to make improvements.
- Too much work for not enough reward
- Will just be another trendy approach
- Can be more of a stick than a carrot
- Not measuring like for like e.g. could be same type of organisation but across the country London and Cumbria – very different make up
- It has taken a lot of work to make quality standards suitable for the voluntary sector, rather than adding another performance measure, shouldn't we look at passporting existing standards?
- Don't let it become another tool to bash people over the head with, God forbid local authorities get hold of it.

8. Do you think there are any other barriers to benchmarking - perceived and real? What is needed to overcome these?

Barriers:

- Lack of knowledge of benchmarking in the voluntary sector
- Capacity and time to conduct benchmarking
- Sense that it can be bureaucratic

- The word benchmarking is quite off-putting, sounds boring
- Overload of tools for improvement! Need to show which tool is best in which circumstances
- Lack of preparation
- Organisational culture, failure to implement improvements
- It's taken a long time to encourage quality systems
- I would suggest that there is a perception that benchmarking has to be elaborate and costly. Benchmarking can be extremely straightforward and not costly at all. However it doesn't happen overnight and time should be taken to test which marks are useful and which are not over a period of time – it is an ongoing process, forever changing. (Funder)
- The Government is league table mad and anything that could lead us this way is very dangerous.

Ways to overcome the barriers:

- Showcasing responsible uses of benchmarking
- User-friendly toolkits that show it is not labour intensive
- Endorsement from senior management
- Training and resources
- Could just be a monthly meeting
- Image overhaul
- Stress benefits in terms of organisational performance
- Build in ways to keep data anonymous
- Build in ways of working together beyond benchmarking
- Raise profile of benchmarking
- Funders could promote it
- Embedding it in the culture and language of the sector
- Benchmarking could be added to existing quality standards
- A lot of the data organisations initially need for benchmarking is available from public sources – what we need to do is identify a small number of charities to become 'example' users of [this information] for benchmarking – we then have something tangible for other organisations to consider.
- We also need to promote the long-term and more intangible benefits.
- Develop just one benchmark that VCOs can all measure against. When this is working well, then add in another.