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**YOU'VE BENCHMARKED  
NOW WHAT DO YOU DO?**

So you have benchmarked, the figures are in, you know where you stand in relationship to your peer group, NOW what do you do?

- 1. Impress on your agency the importance of continued benchmarking
- 2. Identify leading areas to report to management
- 3. Work on closing the gaps, starting with the most significant
- 4. None of the above

I would suggest that the correct answer is #4 "none of the above".

Why? Benchmarking is a valuable tool but like any tool it can be misused.

We misuse benchmarking when we see it as an end in itself (#1) use it to brag about our 'successes' (#2); or treat it as a mindless prescription to action (#3). Answers 1-3, however, *can* be correct answers; it all depends on *what is most important to your agency at the time*.

So what is the 'right' answer? **Use the benchmarking as a diagnostic tool to help you to achieve your agency's key priorities.**

See over the page for examples  
 and then see two different methods of benchmarking in action on pp 219-224

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## ALIGNING YOUR BM ACTIONS TO ACHIEVE AGENCY OBJECTIVES

Demonstrate the relevance of Asset Management—and the value of the BM exercise.

“The worst thing that you can do is to *assume* that the need for asset management is self-evident.

To anybody other than an asset manager, it generally isn't”

See pages 219-224 for two different examples of benchmarking

### Example Objective- to increase population

Suppose that a key objective for your agency, say a council, is to attract more residents; it has set itself the goal of a ‘lively, liveable city’. What can asset management do to support this goal?

1. This goal suggests that the council is in growth mode and since the biggest mistakes—and the greatest savings—are made at the acquisition deliberation stage, for an agency in growth mode, the most important issue is to **establish good project evaluation techniques**; ones that take into account the existing portfolio and future maintenance and operations costs. These are more important, *at this time*, than attending to, say, information systems or commercial practices, *no matter what the results of a benchmarking study*.

2. Suppose, as part of its drive for increased population, the council is running a major campaign based around its very attractive parks and gardens, it would be sensible for the asset manager to support this by ensuring that all systems related to these assets were first class – from maintenance, to operations, to irrigation works. If ‘asset management plans’ had been identified in the benchmarking study as being in need of further attention, then it would make sense to work on planning *within the parks and gardens area* rather than, say, roads or drains.

3. As an asset manager, you may believe that your roads or your drains are a higher priority—if so, PROVE it! If you want your decision makers to follow your advice, that advice must be seen to be aligned to THEIR needs, not yours. Perhaps you could put up a persuasive case arguing that poor quality of drainage was a limiting factor in population growth, or that increasing the population would increase the demand on local roads that would then need upgrading.

The point is that what you do in asset management should be related to what the agency wants to achieve. Unless asset management is seen as highly relevant to your decision makers, your chances for agency support and funding are limited. The worst thing that you can do is to assume that the need for asset management is self-evident. To anybody other than an asset manager, it generally isn't”

So Answer #4 could be re-written as

**4. Analyse the benchmarking results in the light of YOUR agency needs, and then take action accordingly.**



## BENCHMARKING USED TO IMPROVE VICTORIA'S MUNICIPAL ASSET MANAGEMENT PERFORMANCE



### Need for the Study

Impetus for the study arose largely as a result of the findings of the "Facing the Renewal Challenge" report which highlighted the need for Victorian municipalities to improve their asset management practices. The report identified that there was a significant variation in the quality of asset data supplied by municipalities.

It was felt that in order to get a more accurate picture of the state of asset management in Victoria's municipalities, it was more important to benchmark the quality of asset management inputs rather than the quality of the outputs of asset management. This is because asset management input quality is comparable and can be effectively benchmarked and asset management plans can be assessed from a "confidence level" perspective.

### Aim of the Project

The principle objective of the project was to improve the asset management activities of municipalities throughout Victoria. The study therefore included all Victorian municipalities in its scope. The Municipal Association of Victoria (MAV) appointed GHD as study consultants.

### Methodology

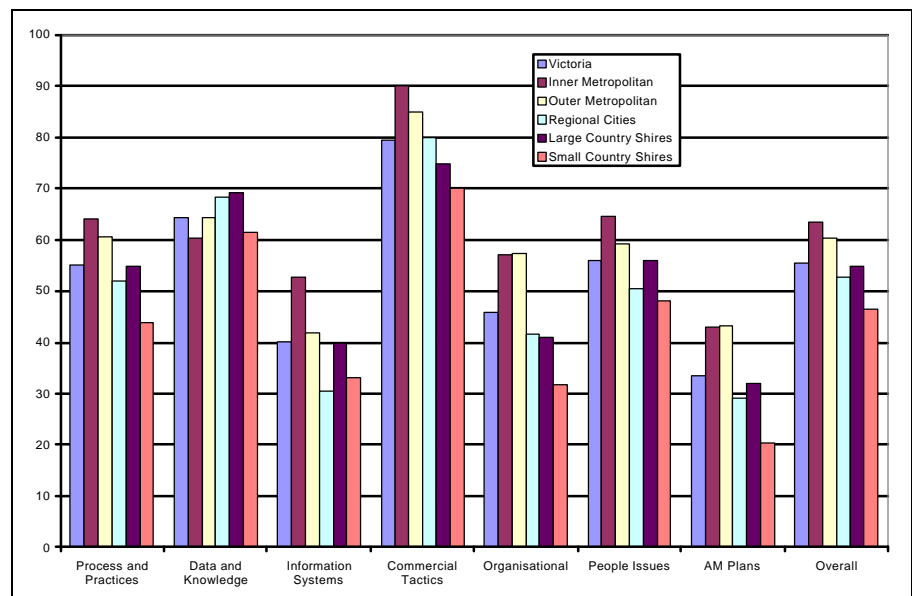
The approach adopted used GHD's value driven quality assessment process to evaluate and benchmark municipalities, and included:

- An electronic "data pack" which included a questionnaire and explanatory notes available on the internet
- A help desk contactable by telephone or email
- Road show/workshops to explain the process and advice on how to complete the questionnaire

### Project Outputs

Asset management quality inputs were benchmarked generally and also on groups of Councils by category. Benchmarking on individual Councils was compared with:

- A group of similar sized municipalities
  - Other municipalities in Victoria
  - GHD's view of "best appropriate practice" for municipalities by category.
- The overall status of asset management in the Victorian Sector is as shown in the figure below.



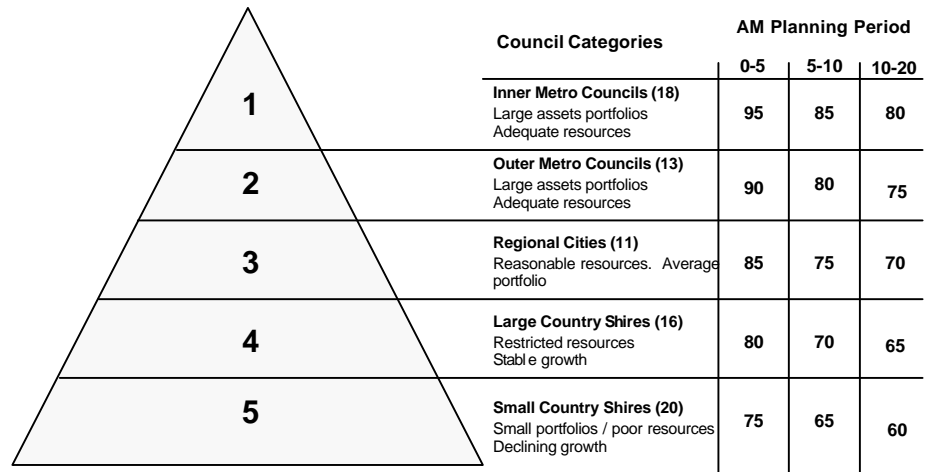
GHD determine a 'weighted gap' for each process and each council. For more information on the GHD process contact: Roger Byrne or Brian Kerr on 61.3.9278 2200 or email rbyrne@ghd.com.au

The target confidence levels for the future planning periods and best appropriate practice for each benchmark category are as shown in diagram to the right.

Categories of municipalities to be used for benchmarking purposes were:

- Metro
- Metro Fringe
- Regional Cities
- Large Country Shires
- Smaller Country Shires

## Matching Approaches & Councils



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What information does the individual council get?

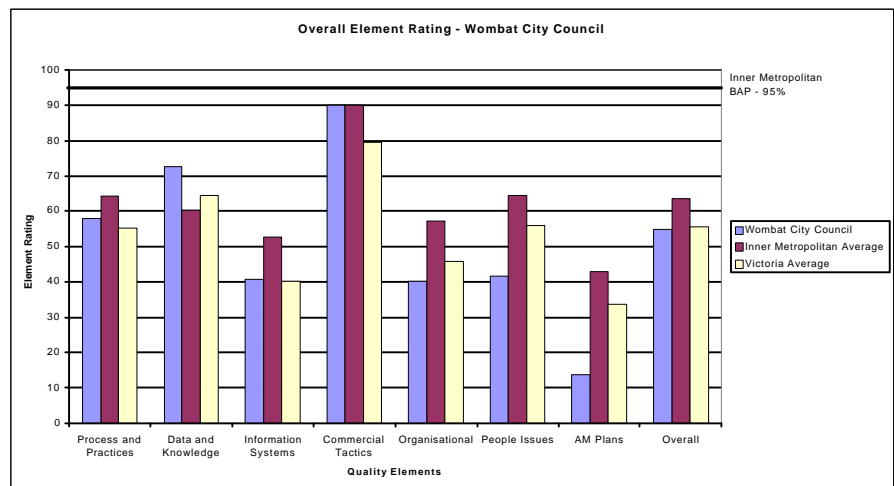
- example from the mythical council of Wombat

### MAV ASSET MANAGEMENT BENCHMARKING STUDY WOMBAT CITY COUNCIL

Confidential Results for Wombat City Council only

Wombat knows where it stands relative to

- (a) all Victorian councils
- (b) Its own group of councils, in this case, inner metropolitan councils.



### Improvement Priorities

Based on GHD's gap analysis, Wombat City Council is 19.6% behind the top ten percentile of the Council's in the Inner Metropolitan category and 40.2% behind the best appropriate practice target level as deemed appropriate for a Council of this size and nature. Wombat City Council has over \$605M worth of infrastructure assets, the management of which is crucial to Council's performance in terms of both cost and levels of service.

This form of the benchmarking does not allow a detailed analysis, however, based on GHD's weighted gap analysis (not discussed here), these items are likely areas where improvement should be considered in more detail.

For illustration purposes, discussion is restricted to the top 4 quality elements in order of importance.

These are 'generic' recommendations based on a reading of the survey results alone.  
**Wombat would tailor these recommendations (assigning weights and priorities) by reference to council objectives (see pages 217-219)**

**People Issues**

The organisation should complete a staff skills audit and match this to their requirements in terms of asset management function. The audit should identify training needs across the organisation and appropriate backlog and ongoing training should be developed and resourced.

**Recommendations for Wombat City Council** (see graph on previous page)

**Asset Management Plans**

The organisation should develop asset management plans for all infrastructure and physical assets involved in service programs. These plans should follow the format outlined in the International Infrastructure Management Manual (IIMM). The organisation has significant amounts of data, however, more use could be made of this data in terms of analysis in production of asset management plans. It is vital that the organisation considers these aspects.

**Information Systems**

Information systems become a critical element of sound asset management by replicating the best appropriate processes and providing a location to store the relevant data and knowledge. The organisation should undertake and validate the information systems and develop appropriate improvement strategies in issues such as:

- Implementing a maintenance management system
- Implementing a works management system
- Implementing life cycle asset management systems for the following asset groups:
  - Parks and gardens assets
  - Solid waste assets
  - Fleet assets
  - Recreational assets

These systems need to be interfaced to the corporate asset register

**Processes and Practices**

The key improvements in this area include:

- The development of specific asset management policies covering issues such as:
  - Only improving new capital works on a life cycle cost basis, including full recurrent expenditures.
  - That asset renewal expenditures will be approved before new services or improved levels of service are considered.

Asset handover procedures need to be developed to ensure that new and rehabilitated assets are included onto the asset register immediately in the most cost effective manner.

Processes that outline the way in which the organisation will produce asset management plans on a regular basis including the clearly defined outputs such as:

- |  |   |
|--|---|
| Capital works in the following categories: | Operations  |
| °Sustaining existing service levels        | Maintenance   |
| °Improving service levels                  | Depreciation  |
| °New assets or services                    | Administration  |
| °New works related to growth               | Develop process to assist staff to complete better life extension or renewal decision making. |
| °Works related to new regulations          |   |
| °Asset sales                               |   |

And not forgetting the people issues (see sidebar)

**“There is no one right way to do benchmarking!”**

(but lots of wrong ones – see box on page 223 for SAM articles on the perils of *unidentified benchmarking metric* and ways to *benchmark with benefit*)

## QUESTIONNAIRE METHOD

Problems with self reporting

The MAV study chose to examine asset management practices. A detailed survey form was sent to all councils from which the self-reported assessments were sorted and developed into the reporting format illustrated on the previous pages.

Avoiding the ‘black box’ syndrome

There is a well-known difficulty with self-reported assessments and that is that the very good tend to be more critical of their performance because they know more, whereas the very poor don’t know enough to effectively evaluate their position. The result is a tendency away from the extremes towards the middle range. There is not much that can be done about this, except to be aware of it. Sample audits can only go so far.

“Half way house” between questionnaire and on site examination

The use of ‘weighted gaps’ is an interesting one and it takes advantage of the consultants’ extensive knowledge of the area. The disadvantage is that for many councils this may be the equivalent of a ‘black box’, and they may wonder why a certain standard is considered appropriate for them, or worse, they may not wonder at all, and simply accept it uncritically!

Written surveys collect data over a wide range but at the cost of detailed individual participation. The infrastructure studies “Facing the Renewal Gap” for Victoria and “A Wealth of Opportunities” for South Australia attempted to bridge the gap between a wide ranging data collection exercise and detailed council studies by combining the survey with site visits to every council.

This is a kind of ‘half-way house’ between the survey method employed by MAV and small group benchmarking as illustrated below. Each method of benchmarking has its place.

An alternative way of benchmarking that also produces good results is small group benchmarking, well illustrated by the work of a group of the six largest councils in South Australia (the G6).

## SMALL GROUP BENCHMARKING WITH THE G6 IN SOUTH AUSTRALIA

Whereas the larger benchmarking studies with whole state coverage require a lot of co-operation (or a mandate from a higher order!) and thus a lot of time to establish, small group benchmarking can get off the ground quickly and focus on just those issues of interest to the group.

### Group understanding

The G6 group of councils (see sidebar) do more than just benchmarking; for example, they also do group purchasing and run continuous improvement forums, so they know each other well and have good rapport.

### Choosing the areas to benchmark

The last round of benchmarking was carried out about 2 years ago. For the current round of benchmarking each of the councils submitted a list of potential topics, which were then examined by the steering committee comprising a CEO and senior staff representatives of each of the six councils.

### Data accessibility and data reliability

The focus is heavily on data accessibility and data reliability. If a topic is potentially interesting but data is not generally available it will be deferred until it is. Sometimes a benchmarking study may be carried out involving less than the full group for if one or two does not have the available data but generally the group looks for topics that all can be involved in.

### Policy positions

To avoid the issue of data availability degenerating to a philosophical discussion of policy positions, the rule is strictly applied that policy positions will be noted to assist in interpretation of results however the benchmarking committee is not the place for discussion of whether one policy is better than another.

The topics chosen for the current round are:

- Fleet management
- Contract administration
- Sports facility management and maintenance
- Tree pruning

### Time for benchmarking

Each topic occupies between 2 to 6 months depending on how new and complicated the topic is. Fleet management and tree pruning, which have both been previously examined may take only a few months but contract administration and sports facility management may take six months or so.

During the study period, each benchmarking project is carried out by the line managers most directly responsible. They meet generally once a fortnight for between a few hours to half a day each time and there may also be site visits. Sometimes an individual line manager may feel uncomfortable, feeling that his/her section is not performing particularly well, but this will generally be overcome by dealing with his/her peers who are probably all susceptible to the same fear. The use of the peer group also ensures data reliability because they ask each other 'what do the figures mean' and 'where did they come from' – and being line managers are knowledgeable enough to be able to interpret the answers. Once the results are in, there is a strong focus on explaining the differences. Unlike benchmarking metric studies where you may be told that you are 'in the top 20%' or are '17<sup>th</sup> out of 53', this form of small group benchmarking not only tells you *where* you are — but it tells you *WHY*.

#### Previous SAM articles have dealt with aspects of Benchmarking

##### ***Benchmarking with Benefit:***

**SAM # 1.** "Benchmarking—The Hare and the Tortoise—why it pays to take it slowly" p.6

**SAM # 4.** "A Good Example of Benchmarking Metric—the APPA study" p31

**SAM # 11.** "12 Tips on Improving Performance with Benchmarking" p.81

##### ***To Watch Out For:***

**SAM #10.** "Benchmarking, the Good, the bad and the ugly" p. 73

**AMQ Vol 2 Issue 6 (Sep 98)**  
"Benchmarking Asset Performance in Victorian Public Hospitals" pp4-5

### Why benchmark?

Any of the benchmarking studies could, theoretically, be carried out as an individual research study without resort to external comparisons. But what the small group benchmarking study does is provide an impetus to action (as well as increase the line manager's understanding of his/her own actions.)

(The benchmarking work for the G6 is chaired by the CEO of the Salisbury Council, Stephen Haines and managed by Paul Sutton, Manager, Corporate Planning and Audit, 61 (0) 8 8406 8331 or [psutton@salisbury.sa.gov.au](mailto:psutton@salisbury.sa.gov.au).)

### Professional Facilitation

A professional facilitator is employed to facilitate the group meetings. The facilitator also produces the group report that goes to everybody and individual reports for each council suggesting lines of possible improvement. It is up to each council to determine how (or indeed, whether) it will implement the results. Salisbury Council, for example, chooses to use the facilitator to make a presentation to the line manager, his/her director and the CEO, as well as the Manager of Corporate Planning and Audit who has overall responsibility for managing performance improvement. As a result of the previous benchmarking study on fleet management, the council discovered many opportunities for disposing of equipment that was significantly under utilised .

### Benchmarking Implementation

In the current round, two areas previously examined – fleet management and tree pruning – provide the opportunity to evaluate the impact of the earlier work as well as to determine what new opportunities have arisen.

### Advantage of Small Group Benchmarking – Knowing “WHY”

The greatest advantage of small group benchmarking is the in-depth knowledge of WHY results occur the way they do. In an earlier study it was revealed that Salisbury Council was able to deal with more than half of its compliant development applications (those not requiring public consultation) on the spot! This was practically unheard of in the other councils and resulted in many of the CEOs following up on how it could be possible. Good arrangements with council whereby decision making was delegated to staff and the practice of having staff, whenever they were available, actually meet with the applicant at the time of lodging the application to check the completeness of data provided, were shown to be the key factors.

**So to return to our initial question:  
“You’ve benchmarked, the figures are in,  
NOW what do you do?”**

Whether you have taken part in a large scale questionnaire based benchmarking exercise (such as that of the MAV) or the small group benchmarking described above, all action recommendations must still be matched against your agencies goals and objectives to determine priorities and the amount of effort to be directed.

But if you only know the area of improvement -the what - and would like to know the detailed HOW, a small group benchmarking study could be the next step.