

14 Performance management and benchmarking

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Chapter objectives

Performance management and benchmarking are important techniques for facility managers, for three key reasons. First, they help facility managers to achieve better results by enabling them to understand the drivers of performance and how to influence them. This is achieved by both data benchmarking, comparing statistical performance with others; and process benchmarking, comparing the key decisions made to achieve good performance. Second, benchmarks provide much more authoritative reporting of performance than an organization's performance reported in isolation. Third, when benchmarking/performance management techniques become established as part of organizational culture, they provide the basis for a clear focus on the business essentials as well as the direction for continuous improvement. This capstone chapter will ensure that the book concludes on a high note by bringing together various concepts that out of necessity have been treated separately earlier in the book such as strategic management; financial management; the four es of economy, efficiency, effectiveness and equity; customer satisfaction; and service quality. It will draw on the principal benchmarking systems internationally, including the Sport England National Benchmarking Service, and the CERM Performance Indicators (PIs) PIs system from Australia.

This chapter will draw together various strands of performance management referred to throughout the book, for example, staff turnover ratios (human resources), extraction ratios, e.g. dollars per head of secondary spend; return on investment in marketing (e.g. coupons returned as a function of promotion cost) and so on. The basic point is that which gets measured gets managed, so therefore managers need to be clear about what their priorities are and what measures they need to monitor in order to demonstrate personal, team, facility, and corporate effectiveness.

Introduction to performance management and benchmarking

It might be tempting to suggest that good managers are intuitive, with natural skills for dealing with people and making decisions, using inspiration and flair. This romantic vision of management probably fits a few inspirational entrepreneurs. However, it is totally inappropriate for the large majority of good managers. All the principles of good management suggest that as well as personal skills, it is important to have, among other things, evidence to guide decisions. At the heart of this chapter, therefore, is the concept of good performance evidence. It is this evidence that will:

- Demonstrate whether or not strategies and objectives are being realized;
- Identify key financial changes and guide financial decision-making;
- Demonstrate how customers are feeling about products or services and guide marketing decisions; and
- Identify the quality of service provision and guide human resource decisions.

Furthermore, it is not advisable to just examine evidence for one's own organization in isolation. Comparisons are also important in order to judge how the organization is doing in relation to other providers of similar products or services, whether or not they are competitors, and also in relation to previous periods. Comparison is the essence of benchmarking, which is another key element to this chapter.

Utilizing appropriate evidence about organizational performance in order to improve decision-making and comparing this evidence with similar providers and past achievements are the essentials of performance management and benchmarking. This chapter first provides examples of performance management frameworks, the organizational processes which stimulate the right evidence and the right use of it. Second, concepts of performance are examined, demonstrating that it is a multi-faceted phenomenon. Third, appropriate performance indicators are discussed (i.e. the pieces of data which are selected to represent organizational performance). Finally, benchmarking is considered, with the help of a case study of a benchmarking service used for sport facilities in the UK.

The term 'performance management' is often used interchangeably with 'quality management' because they cover very similar principles.

- Performance management is defined by IDeA, the improvement and development agency for local government in the UK, as 'taking action in response to actual performances to make outcomes for users and the public better than they would otherwise be' (IDeA, 2009). It is a process of improving organizational performance by informing management decisions with appropriate planning, objectives, targets, performance measurement, and review.
- Quality management is defined by The Chartered Institute of Quality as 'an organization-wide approach to understanding precisely what customers need and consistently delivering accurate solutions within budget, on time and with the minimum loss to society' (Chartered Institute of Quality, 2009). Typically broader in

concept, this incorporates measuring and analyzing performance in a process designed to achieve continual improvement in products, services and the processes that deliver them to the customer.

Performance management frameworks

A number of frameworks have been devised to facilitate performance management. They are used interchangeably as performance management frameworks or quality management frameworks. We examine two – one a general model for any organization (EFQM) and the other a framework specifically designed for public sector cultural services in the UK (TAES).

The European Foundation for Quality Management (EFQM) Excellence Model

EFQM was established on the premise that to be successful, an organization needs to establish an appropriate management system. The EFQM Excellence Model is a practical tool to help organizations do this. It does so by measuring where they are on the path to excellence, helping managers to understand the weaknesses in performance, and then stimulating solutions through actions.

Introduced in 1992, the EFQM Excellence Model, also known as the Business Excellence Model, is a management framework that can be used to provide continuous improvement to any organization, in any area of activity. It works by self-assessment by an organization's managers, rather than external assessment. An organization is assessed by its managers against the relevant criteria which go to make up quality performance and a score is allocated.

By matching the organization against the model's criteria, strengths and weaknesses are identified. Within this non-prescriptive approach, there are some fundamental concepts which underpin the model:

- Results orientation: satisfying the needs of all stakeholders.
- Customer focus: the essence of service quality is to identify the needs of customers and satisfy these needs.
- Leadership and constancy of purpose: without effective leadership in seeking continuous improvement, it is unlikely to be achieved.
- Management by processes and facts: i.e. systematic management based on reliable evidence.
- People development and involvement: realizing the potential of staff through a culture of trust and empowerment.
- Continuous learning, innovation, and improvement: requiring sharing and an organizational culture which embraces change and development.
- Partnership development: mutually beneficial relationships based on trust.
- Corporate social responsibility: an ethical approach to service delivery which demonstrates responsibility to the wider community.

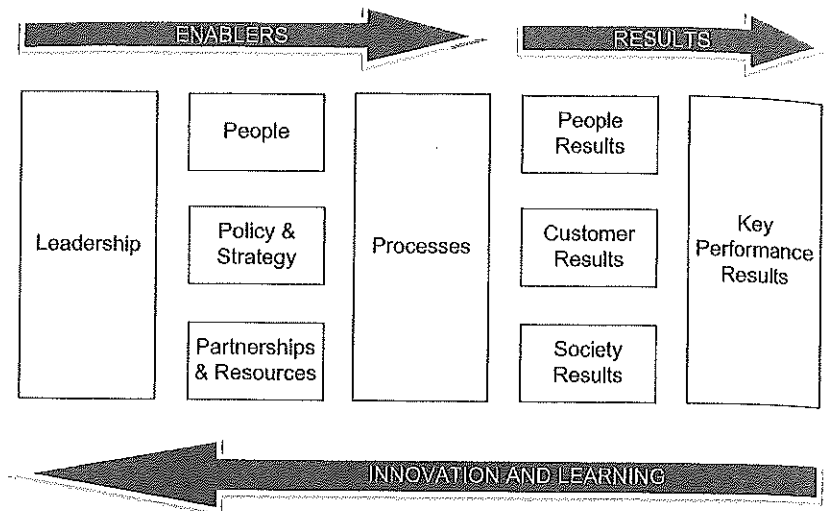


Figure 14.1 Business excellence model: EFQM.

Source: EFQM at <http://ww1.efqm.org/en/Home/tabid/36/Default.aspx>.

The model is based on nine criteria, and is reproduced in Figure 14.1. Five of these criteria are 'Enablers', covering what an organization does. Four are 'Results', covering what an organization achieves. Feedback from Results helps to improve the Enablers.

The EFQM is the most widely used organizational framework in Europe and has become the basis for many national and regional Quality Awards, including a quality accreditation system in the UK designed specifically for sport and leisure services – Quest (see: <http://www.questnbs.info/>).

Towards an excellent service (TAES)

TAES was introduced in 2006 by IDeA, the improvement and development agency for local government in the UK. It is a national framework for performance management in cultural services. It was developed in consultation with a number of other agencies, including the relevant government department (Department of Culture, Media and Sport), the government watchdog for public services (Audit Commission), and major professional institutes in sport and leisure (The Institute for Sport, Parks and Leisure, The Institute of Sport and Recreation Management, and the National Association for Sports Development).

TAES is a self-assessment and improvement planning toolkit, which is designed to complement and embrace other quality frameworks and awards such as EFQM. It is described by IDeA as a 'journey' rather than a scheme, because it is a continuous process of improvement. Continuous improvement is

necessary because of continuous changes in both community needs and customer expectations. Continuous improvement requires an organization to:

- Clearly establish what it is trying to achieve, i.e. objectives;
- Establish what causes success;
- Identify current performance;
- Take actions to improve on a continuous basis; and
- Go back to step one and carry on (IDeA, 2006).

TAES identifies eight key 'themes' that influence the quality of cultural services, with 'equality' and 'service access' integrated into every theme:

1. Leadership
2. Policy and strategy
3. Community engagement
4. Partnership working
5. Use of resources
6. People management
7. Standards of service
8. Performance measurement and learning (IDeA, 2006).

The similarity of these criteria with those of the EFQM Excellence Model is deliberate – it is designed to complement EFQM. Within each of the themes, there are criteria which define key aspects of high-quality service. A number of 'descriptors' for the criteria allow performance in them to be measured. The system is evidence-based – evidence schedules identify the sorts of evidence required to demonstrate whether a particular criterion has been met or not – 'the evidence schedules are vital to the integrity of the framework' (IDeA, 2006, p. 12). From the evidence emerging from self-assessment, an organization can identify its position in relation to four levels of performance: poor, fair, good, and excellent. It is not surprising that a lack of evidence automatically leads to a rating of 'poor' under the TAES self-assessment.

IDeA focuses on the improvement plan as the most important part of the TAES process – 'it is the very reason for carrying out the self assessment in the first place' (IDeA, 2006, p. 12). Key attributes of an improvement plan are:

- Improvements are prioritized, focusing first on those which will make the biggest impact.
- The plan must be such that specific tasks are identified which are realistic, resourced, with clear accountability and deadlines set for delivery.
- The improvements are themselves measurable and you can monitor if the actions planned are having the desired effect (IDeA, 2006, p. 12).

Performance management principles

A well-designed performance management system must be based on a systematic analysis of the relationships between the objectives of the organization, the performance indicators employed in representing these objectives, the management targets set for the performance of the organization and the actions taken to realize these targets. To some sport managers, as indicated

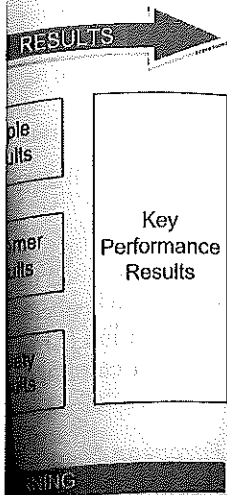


Figure 14.1. Five of the things that an organization does. Four are the things that an organization does from Results helps

work in Europe and towards, including the quality for sport and

development framework for in consulta- government government professional measure, The Association

which is and awards scheme, ment is

by the Audit Commission (1989) in Britain, the differences between these concepts have been vague. However, since that seminal report, a range of performance management systems has been devised to help managers achieve continuous improvement.

The Audit Commission (2000a) has made clear why performance measurement is at the heart of good performance management – see Figure 14.2. It is evident that without the right evidence, it is not easy to see where you are, let alone what is right or wrong with an organization.

Why measure performance?

Performance measurement can contribute to effective services.

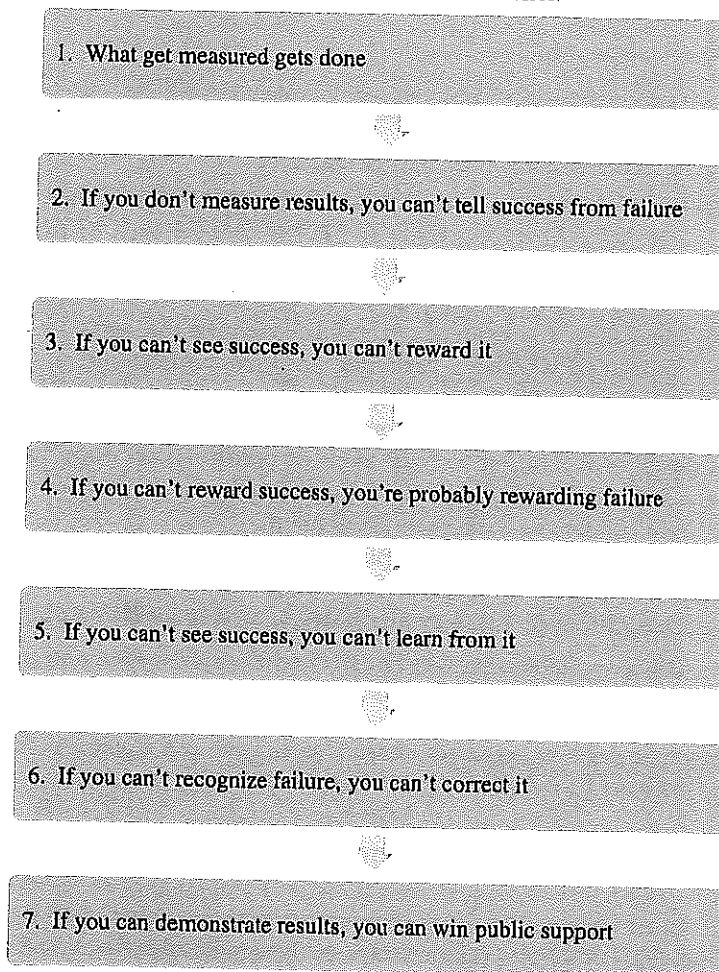


Figure 14.2 Why measure performance?
Source: Audit Commission, 2000a

Objectives

An essential first stage in performance management is setting appropriate organizational objectives. An objective is a desired future position. Taylor (1996) identifies a number of desirable attributes for organizational objectives:

- Objectives should be specified so that, at the end of an appropriate period, it is clear whether or not they have been achieved. This means that objectives need to be quantifiable. Each objective requires appropriate performance indicators, by which measurement of performance is possible.
- Objectives are concerned with ends, not means. For example, it is not an objective to 'set low prices for disadvantaged groups in the community'; the objective here is 'to increase visits to the service by people from such disadvantaged groups' and this objective can be served by a number of means, of which pricing is just one.
- The prioritization of objectives is important. Sometimes objectives may conflict, for example 'increase revenue' might conflict with 'increase usage of a sport facility by the lowest socio-economic groups in the community'. Where trade-offs between conflicting objectives are apparent, priorities need to be identified. Failure to specify such priorities means that targets and management actions become compromised.

The attributes of appropriate objectives can be summarized in the mnemonic MASTER:

- M = measurable
- A = actionable
- S = specific
- T = time-specified
- E = ends not means
- R = ranked

It has often been the case, particularly in the public sector, that organizational objectives are expressed vaguely or generally, so that it is difficult if not impossible to identify whether or not they have been achieved. Such inaccurately specified objectives include 'achieving sport for all', 'serving the community's needs', and 'providing a high quality sporting experience'. These are 'aims' rather than objectives – they are broadly based and non-measurable. They require more specific, measurable objectives to be monitored through performance indicators, which in turn are used for management decision-making.

Objectives for public sector sport organizations are likely to be more complicated than those of private, commercial firms – the reason being that social, non-profit objectives such as usage by disadvantaged groups are of importance to public sector organizations as well as financial and customer satisfaction objectives. Social objectives extend to the impacts of public services, such as improved health and citizenship, and reduced crime and vandalism. Impacts are typically less easily expressed in a measurable form than operational objectives.

Performance

Performance for a sport organization can mean any number of things, depending on what objectives are specified. It is possible, however, to generalize about the nature of performance, and do so in the context of any type of organization. Before discussing specific performance indicators, it is important to identify the different aspects of performance that sport managers will be interested in.

The most common type of performance found in the private sector is financial performance (see Chapter 7). This is often simplified to mean profits, but in fact financial performance means much more than this. It can include revenue, costs, debts, liquidity, and security. But for both operational and strategic appraisal purposes it is necessary to examine the different strands of performance, as accountancy does.

Related to financial performance is the concept of economy. This is solely concerned with the input side of the production process and with costs. It is not concerned with outputs. Economy is achieved if inputs are acquired at minimum cost. Overemphasis on economy is not wise unless it is seen as the main reason for weak performance. In the public sector it has often been the case that performance has been 'measured' by expenditure on inputs, i.e. increased spending is taken to automatically mean an increase in service output. But of course this is no measure of performance at all. It says nothing of the actual outputs of the service, which could be highly ineffective, inefficient, and wasteful of resources despite the rising expenditure.

Efficiency is concerned with achieving objectives and targets at minimum cost and considers the best possible relationships between inputs and outputs. Efficiency is sometimes given the terms 'cost effectiveness' or 'cost efficiency', and is also what is meant by the terms 'productivity' and 'value for money'.

Effectiveness is concerned solely with the achievement of output targets. It does not, therefore, consider the costs of achieving the output targets. A basic measure of effectiveness is throughput volume, such as the number of visits in a given time period, an example being the number of bathers at a swimming pool. However, this is a rather basic indicator because it contains no indication of the types of visitors who have been attracted, nor the extent to which the service has met the needs of the visitors.

Effectiveness is an important performance aspect in public sector leisure services, since they are concerned with social objectives that are largely non-financial in nature. These objectives include education, notably with services such as swimming and other activity classes. They also include increasing visits by specified disadvantaged target groups.

In the public sector, organizations are also interested in the effectiveness of services in terms of achieving impacts in society. Therefore, whilst throughput is concerned with the volume of visitors, and outputs are concerned with direct effects such as the type of visitors, or the revenue they provide, impacts are

concerned with broader effects on society, such as improvements in health, citizenship, or quality of life.

In addition to economy, efficiency, and effectiveness, sometimes another 'e' is added to the list of important performance dimensions, particularly in public sector organizations. This is equity, which implies fairness in the treatment of all customers. This has a variety of interpretations, such as equality of opportunity to visit, prioritizing visits by the poorest members of society, or alternatively service benefits distributed according to how much tax people have paid to support the service.

Another performance dimension which is increasingly common is customer satisfaction, which can be measured directly by such methods as questionnaire surveys, comments slips, or complaints. A variant of this which is not unusual in the public sector is satisfaction with services by local citizens, regardless of whether or not they have actually used the service. This may seem contradictory – if a person has not actually used a service, how can he or she possibly comment? However, it is often the case that the community has a collective interest in the performance of a service. An example is sport for young people at risk. A wide range of people will have a view on whether or not such a service is satisfactory, from parents and neighbors to anyone with a fear of nuisance or worse from bored young people.

Performance indicators

Ideally, indicators of performance should have certain qualities to make them suitable for management purposes. A set of performance indicators should:

- Reflect all the objectives of the leisure service accurately;
- Cover different dimensions of performance, such as effectiveness and efficiency;
- Be capable of being measured for separate parts of the service, since it is likely that different objectives and different targets are applicable to different parts of the service, even within the same facility;
- Be administratively manageable and easily understood; and
- Be consistent over time and between service elements and different organizations – this is particularly important for benchmarking.

In the UK public sector the Audit Commission (2000b and 2007) has provided two forms of advice in relation to performance measurement. Although designed for the public sector, much of this general advice is transferable to other sectors. First, it is necessary to consider the general characteristics of indicators that can help to ensure that proposed indicators will be useful and effective (Audit Commission, 2000b). Second, it is important that the data collected is reliable (Audit Commission, 2007). Good quality data is the essential ingredient for reliable performance information.

The Audit Commission (2000b) identified 13 criteria for assessing the robustness of a performance indicator – see Table 14.1. Devising a performance indicator that fulfills all of the criteria in this table is challenging. Inevitably a performance indicator will score less well against one or two criteria. For

Table 14.1 Criteria for good performance indicators

Criteria	Explanation
Relevant	Indicators should be relevant to the organization's strategic goals and objectives. They should also be relevant to the people providing the data.
Clear definition	The performance indicators should have a clear and intelligible definition in order to ensure consistent collection and fair comparison.
Easy to understand and use	Performance indicators should be described in terms that the user of the information will understand.
Comparable	Indicators should be comparable on a consistent basis between organizations and this relies on there being agreement about definitions. They should also be comparable on a consistent basis over time. Comparability of performance indicators should include consideration of the context within which the comparison is taking place because external or internal circumstances can differ to such a degree that comparison is invalid. For example, inter-authority comparisons could be misleading if there is considerable variation in the characteristics of the areas being compared.
Verifiable	The indicator also needs to be collected and calculated in a way that enables the information and data to be verified. It should therefore be based on robust data collection systems, and it should be possible for managers to verify the accuracy of the information and the consistency of the methods used.
Cost-effective	There is a need to balance the cost of collecting information with its usefulness. Where possible, an indicator should be based on information already available and linked to existing data collection activities.
Unambiguous	A change in an indicator should be capable of unambiguous interpretation so that it is clear whether an increase in an indicator value represents an improvement or deterioration in service.
Attributable	Service managers should be able to influence the performance measured by the indicator.
Responsive	A performance indicator should be responsive to change. An indicator where changes in performance are likely to be too small to register will be of limited use.

Table 14.1 Criteria for good performance indicators—Cont'd

Criteria	Explanation
Avoid perverse incentives	A performance indicator should not be easily manipulated because this might encourage counter-productive activity.
Allow innovation	Indicators that focus on outcome and user satisfaction are more likely to encourage such innovation to take place than indicators that are tied into existing processes.
Statistically valid	Indicators should be statistically valid and this will in large part depend on the sample size.
Timely	Data for the performance indicator should be available within a reasonable time-scale.

Source: derived from Audit Commission (2000b).

national indicators, the Audit Commission advises that a performance indicator should be clearly defined, comparable, verifiable, unambiguous, and statistically valid. Indicators that are published for the benefit of the local community should first and foremost be relevant and easy to understand.

The Audit Commission (2007) defined six key characteristics that can be used to assess the quality of data used to construct performance indicator scores – see Table 14.2. Most of these criteria directly echo those stipulated for performance indicators in Table 14.1 – i.e. not only relevance, validity, and timeliness, but also reliable (=comparable) and accurate (=verifiable). The one additional consideration in Table 14.2 is completeness – an important reminder that validity and reliability are as much dependent on what is missing as on what is collected.

Having stated these requirements, however, it is necessary to stress that any set of indicators is unlikely to fulfill all of these properties. This is simply because these qualities are difficult to achieve – all indicators have their good points and their bad points.

Private, commercial sector

For a private, commercial organization, performance is, in the main, specified in financial terms, although there are other important considerations. Business accounting ratios are designed principally for planning purposes (strategic appraisal) and control purposes (operational appraisal). The ratios are concerned not just with profit, but also with liquidity, asset utilization, capital structure, and investment potential. A sample of such ratios is given in Table 14.3.

These financial ratios, and many more, are detailed for individual companies and industry sectors by commercial sources such as ICC British Company Financial Datasets, a part of Dialog's company and industry intelligence service which covers nearly half a million companies worldwide, as well as market share

Table 14.2 Criteria for suitable performance indicators' data

Dimension	Description
Accuracy	<p>Data should be sufficiently accurate for its intended purposes, representing clearly and in sufficient detail the interaction provided at the point of activity. Data should be captured once only, although it may have multiple uses. Accuracy is most likely to be secured if data is captured as close to the point of activity as possible. Reported information that is based on accurate data provides a fair picture of performance and should enable informed decision-making at all levels. The need for accuracy must be balanced with the importance of the uses for the data, and the costs and effort of collection. For example, it may be appropriate to accept some degree of inaccuracy where timeliness is important. Where compromises have to be made on accuracy, the resulting limitations of the data should be clear to its users.</p>
Validity	<p>Data should be recorded and used in compliance with relevant requirements, including the correct application of any rules or definitions. This will ensure consistency between periods and with similar organizations.</p> <p>Where proxy data is used to compensate for an absence of actual data, organizations must consider how well this data is able to satisfy the intended purpose.</p>
Reliability	<p>Data should reflect stable and consistent data collection processes across collection points and over time, whether using manual or computer-based systems, or a combination. Managers and stakeholders should be confident that progress towards performance targets reflects real changes rather than variations in data collection approaches or methods.</p>
Timeliness	<p>Data should be captured as quickly as possible after the event or activity and must be available for the intended use within a reasonable time period. Data must be available quickly and frequently enough to support information needs and to influence the appropriate level of service or management decisions.</p>
Relevance	<p>Data captured should be relevant to the purposes for which it is used. This entails periodic review of requirements to reflect changing needs. It may be necessary to capture data at the point of activity which is relevant only for other purposes, rather than for the current intervention. Quality assurance and feedback processes are needed to ensure the quality of such data.</p>
Completeness	<p>Data requirements should be clearly specified, based on the information needs of the organization and data collection processes matched to these requirements. Monitoring missing, incomplete, or invalid records can provide an indication of data quality and can also point to problems in the recording of certain data items.</p>

Source: Audit Commission (2007).

Table 14.3 Performance ratios for commercial organizations

<i>Profitability</i>	
$\frac{\text{Either gross or net profit}}{\text{Sales}}$	No rules of thumb. It varies widely between industries and firms.
$\frac{\text{Net profit after tax}}{\text{Total assets}}$	'Return on Capital Employed'. No standard definitions, so care is needed in making comparisons between firms and industries.
<i>Liquidity</i>	
$\frac{\text{Current Assets}}{\text{Current liabilities}}$	'Current Ratio'. Rule of thumb = 2:1
$\frac{\text{Current assets} - \text{inventories}}{\text{Current liabilities}}$	'Acid Test', 'Quick' or 'Liquidity' Ratio. A more discriminating test of ability to pay debts.
$\frac{\text{Balance sheet trade debtors} \times 365}{\text{Total credit sales}}$	Average collection period of trade debts, i.e. average number of days before an account is paid.
<i>Asset utilization</i>	
$\frac{\text{Sales}}{\text{Fixed assets}}$	Indicates the effectiveness in using fixed plant to generate sales.
$\frac{\text{Cost of goods sold}}{\text{Inventories}}$	'Stock Turnover'. Varies a lot between industries.
$\frac{\text{Sales}}{\text{Number of employees}}$	Indicates revenue productivity of labor.
<i>Capital structure</i>	
$\frac{\text{Net Worth}}{\text{Total assets}}$	Indicates shareholders' interest in the business. (Net Worth is ordinary shares + preference shares + reserves.)
$\frac{\text{Borrowing}}{\text{Net worth}}$	'Gearing'. An indication of the riskiness of the capital structure.
<i>Investment</i>	
$\frac{\text{Dividend per share}}{\text{Market price per share}}$	'Dividend Yield'. Indicates rate of return on investment in shares.
$\frac{\text{Net profit} - \text{Preference Share Dividend}}{\text{Number of ordinary shares}}$	Earnings per ordinary share.
$\frac{\text{Market Price per Share}}{\text{Earnings per share}}$	'Price/Earnings Ratio'. Indicates the market's evaluation of a share.

Source: Gratton and Taylor (1988).

and sales, business directories, and financials on 14 million US and international companies.

A major advantage of ratios is that they put performance into a consistent perspective. For instance, a business may declare a profit of \$100,000, but this figure takes on more meaning if it is put in the context of turnover, or capital, as 'rate of return' figures do. Ratios commonly involve two monetary sums, such as the ratio of a firm's debt to its equity; so, they enable financial comparisons to be made over time, without having to worry about adjusting for inflation. The use of ratios hides potentially sensitive or confidential information which may be more preferable than disclosing absolute values – e.g. labor costs expressed as a percentage of total operating costs.

Ratios have to be interpreted very carefully. Many are more appropriate for comparing a single firm's performance over time than for comparing different firms, particularly if the firms are from a different industry or sector. Some ratios involve estimates which can be done in various ways; so, comparing like with like can be problematic – for example, valuing inventories and intangible assets. Some ratio values are annual averages; so, getting the information from balance sheets is unreliable, merely averaging the beginning and end of the year situations, when more observations during the year are really required – e.g. liquidity ratios.

Private firms are also interested in other aspects of performance apart from financial ratios. Market share is an important objective that is normally measurable, even at the local or regional level. Market share is one indicator for a major concern for organizational performance – the demand for the product. It is vital for any organization, from whatever sector, to be informed about changes in demand for the service it is providing. Market research is a typical means of generating this evidence.

Most large private leisure organizations have marketing departments, with market research functions. As well as continual monitoring of demand for their goods and services by this means, they regularly employ outside market research agencies or consultancies to conduct specialist market research. In addition, some consultancies produce regular reports with market research information alongside financial data for different industries. Recent reports from Mintel, for example, include Sport and the Media (February 2009), Motor Sports (January 2009) and Golf in the UK (March 2009). Key Note has recent market reports on the Sports Market (April 2008), Sports Clothing and Footwear (May 2009), and Sports Equipment (April 2009).

Public sector

Public sector sport providers have had to become accustomed to performance measurement in the UK, with the advent of first, Comprehensive Performance Assessment (CPA), and more recently Comprehensive Area Analysis (CAA). These government requirements have obliged local authorities to publish performance information for a set of national performance indicators. Table 14.4, however, shows that the indicators relevant to public sector cultural

Table 14.4 Public sector national indicators for culture in the UK

(a) CPA 2007/08		
Visits to/usage of museums and galleries (including research enquiries and Website hits) per 1000 population		
Visits to museums and galleries in person per 1000 population		
Visits to museums & galleries by pupils in organized groups		
Compliance with Public Library Service Standards		
(b) CAA, 2009+		
National Indicator name	Local area agreements including NI/152	
	Number	Rank/152
Participation in regular volunteering	42	43
Adult participation in sport and active recreation	82	16
Use of public libraries	10	95
Visits to museums and galleries	2	142
Engagement in the arts	24	65=
Children and young people's participation in high-quality PE and sport	24	65=
Young people's participation in positive activities	75	75
Children and young people's satisfaction with parks and play areas	0 – definition still to be agreed	N.A.

Source: Audit Commission, <http://www.audit-commission.gov.uk/localgov/audit/bvpi/pages/guidance.aspx>.
 Source: IDEa, <http://www.idea.gov.uk/idk/core/page.do?pageId=8399555>.

services have been very restricted under CPA. Under CAA the list covers more activities, although now local authorities can choose which indicators to report, and the final column shows that this take-up is variable for cultural indicators.

At the local level and in specific consultancy services, however, a much more comprehensive list of performance indicators can be found. For example, Sport England's National Benchmarking Service (NBS) for sport and leisure centers compiles data for 47 performance indicators across four dimensions of performance. These are listed in Table 14.5.

This NBS list illustrates the compromise that is often necessary between what indicators are desirable and what indicators can be measured reliably and at reasonable cost. The NBS does not attempt to measure wider impacts of sport provision, such as improvements in health, improved quality of life, reduced crime and vandalism, or education benefits – these are considered too difficult to measure regularly in the specific context of sport provision. However, the NBS does provide indicators relevant to another impact objective – social inclusion – the access indicators do this. The NBS also does not measure non-users' attitudes and barriers – this would require research in local communities, which is

Table 14.5 Performance indicators for Sport England's National Benchmarking Service

(a) Access

Key

- % Visits 11-19 years ÷ % catchment population 11-19 years
- % Visits from NS-SEC classes 6 and 7 ÷ % catchment population in NS-SEC classes 6 and 7*
- % Visits 60+ years ÷ % catchment population 60+ years
- % Visits from black, Asian, and other ethnic groups ÷ % catchment population in same groups
- % Visits disabled, <60 years ÷ % catchment population disabled, <60 years

Other

- % Visits 20-59 years ÷ % catchment population in same group
- % Of visits which were first visits
- % Visits with discount cards
- % Visits with discount cards for 'disadvantage'**
- % Visits female
- % Visits disabled, 60 years+ ÷ % catchment population disabled, 60+ years
- % Visits unemployed

* NS-SEC classes 6 and 7 are the two lowest socioeconomic classes in the official classification used in the UK.

** Disadvantage eligibility for discount cards includes over 50s, students, unemployed, disabled, single parents, government support, government funded trainees, widows, exercise referrals, and elite performers.

(b) Utilization

Key

- Annual visits per sq. m. (of usable space, i.e. excluding offices and corridor space).

Other

- Annual visits per sq. m. (of total indoor space, including offices and corridor space).
- % Of visits casual, instead of organized
- Weekly number of people visiting the center as % of catchment population

(c) Financial

Key

- Subsidy per visit

Other

- % Cost recovery
- Subsidy per resident
- Subsidy per sq. m.
- Total operating cost per visit
- Total operating cost per sq. m.
- Maintenance and repair costs per sq. m.
- Energy costs per sq. m.
- Total income per visit
- Total income per sq. m.
- Direct income per visit
- Secondary income per visit

Table 14.5 Performance indicators for Sport England's National Benchmarking Service—Cont'd

(D) Service attributes for customer satisfaction and importance scoring

Accessibility

- Activity available at convenient times
- Ease of booking
- The activity charge/fee
- The range of activities available

Quality of facilities/services

- Quality of flooring in the sport hall
- Quality of lighting in the sport hall
- Quality of equipment
- Water quality in the swimming pool
- Water temperature of swimming pool
- Number of people in the pool
- Quality of car parking on site
- Quality of food and drink

Cleanliness

- Cleanliness of changing areas
- Cleanliness of activity spaces

Staff

- Helpfulness of reception staff
- Helpfulness of other staff
- Standard of coaching/instruction

Value for money

- Value for money of activities
- Value for money of food/drink

Overall – satisfaction only

- Overall satisfaction with visit

expensive; nor the views, behavior, etc. of young people under 11 years, who are not considered suitable for the questionnaire survey employed.

It is really up to each organization to choose a manageable array of indicators to reflect its objectives and performance priorities. For a public sector provider, this may include throughput indicators for particular groups of clients, such as women, the elderly, lower socioeconomic groups, and the disabled, since this would monitor the effectiveness of the organization in dealing with target groups. It may also include very conventional indicators of financial performance such as those relevant to the private supplier in Table 14.3, particularly for parts of the service which have no particular 'social service' function, such as the bar, cafe, vending machines, and other merchandise sales.

How often should performance indicators' evidence be produced? It is very common for performance indicators to be calculated on an annual average basis. However, there are good reasons for wanting operational performance indicators to be available on a far more regular basis. Decisions about promotion, programming, and staffing arrangements may be modified at any time; so, a regular flow of up-to-date information assists such decisions.

Targets

Targets are precise statements of what is to be achieved by when. They are an obvious implication of measuring performance indicators which reflect management objectives. A target provides a concrete and unambiguous reference point against which to ask 'is this objective being achieved?' A target typically takes the form of a numerical target. So, for example, given the objective of increasing usage by the disabled, and using as an indicator the ratio of % of visits by the disabled to % of local population who are disabled, a target figure of 1 would mean trying to increase usage by the disabled to a level which is representative of their numbers in the local population. This is a good example of the way in which a target can provide specificity to an objective.

Evidence of previous performance or evidence of the performance of similar organizations elsewhere provides a quantitative basis for setting targets. Such evidence enables the target setter to reach the difficult balance between ambition and realism. Targets need to be challenging but they also need to be achievable. If they are too easily reached, or if they are impossible to reach, they quickly fall into disrepute. Targets can and do change in the course of time. They need to remain under continuing scrutiny for their relevance to the operating circumstances of the organization.

Balanced scorecard

One of the best known models for performance measurement is the Balanced Scorecard, a system devised by Kaplan and Norton (1992). A motivation for the Balanced Scorecard was to add strategic non-financial performance measures to the traditional financial measures, to give a more 'balanced' view. The structure of the Balanced Scorecard is presented in Figure 14.3.

The figure demonstrates not just the development of performance measurement beyond the financial, but also a consistent process of specifying objectives, devising measures for these, setting targets, and devising initiatives to achieve the targets. It is the last of these processes that turns the Balanced Scorecard into a performance management system, not just a performance measurement tool.

Benchmarking

So far we have been discussing evidence that is appropriate for an organization to collect in order for its managers to know how the organization is performing

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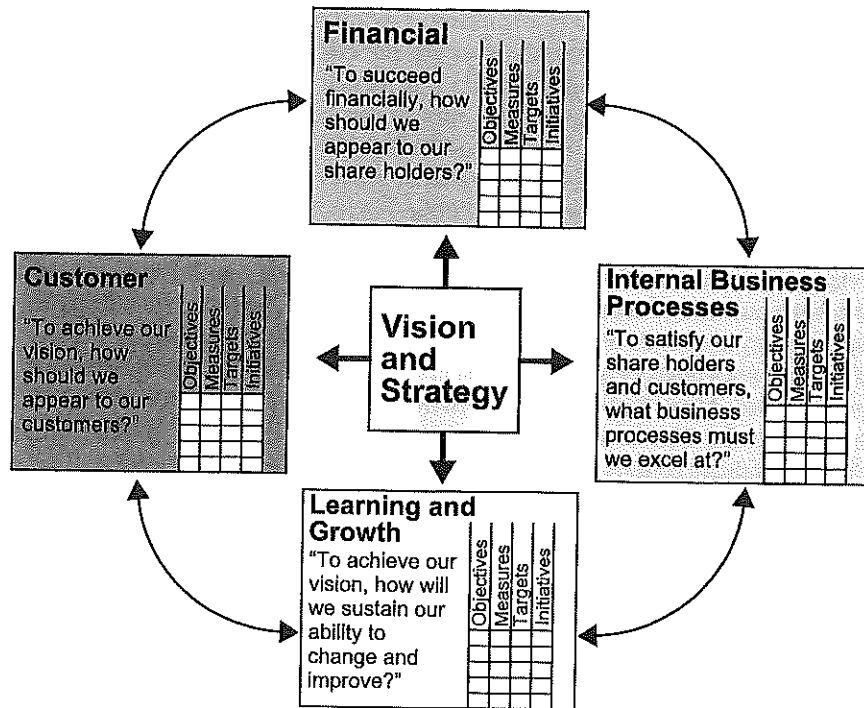


Figure 14.3 Balanced scorecard structure.

Source: <http://www.balancedscorecard.org/>.

and whether changes are occurring as a result of their decisions (or in spite of them!). However, it is also likely that the organization will want comparisons to be made with other similar organizations. Benchmarking is a process which facilitates this.

- Data benchmarking involves comparison with numerical standards (e.g. averages) calculated for performance indicators in a particular service. They are typically organized into relevant categories or 'families' of similar organizations.
- Process benchmarking involves comparison of different procedures adopted in different organizations. Used in conjunction with performance data, process benchmarking facilitates an understanding of the procedures which improve performance.

External benchmarks for performance are important because they enable a judgment to be made on the relative performance of an organization, which in turn gives a competitive impetus to the organization. They also enable other bodies to assess the relative performance of each organization. This is particularly important in the public sector where the central government, through such bodies as the Audit Commission in the UK, is very interested in monitoring the relative performance of individual local government services, if only because it directly funds around half the costs of these local services in the UK.

Comparative performance information is available in both the private sector and the public sector. In the private sector, for example, ICC British Company Financial Datasheets provides detailed evidence for individual companies, including industry comparisons for a number of key business ratios. Similarly, Key Note provides Business Ratio Reports for each UK industry sector.

In the public sector in the UK, benchmarks are provided for sport in two publications by the Chartered Institute of Public Finance and Accountancy (CIPFA). These are 'Culture, Sport and Recreation Statistics' and 'Charges for Leisure Services'. The former in the main contains financial statistics, and they are estimates rather than outturns. Furthermore, CIPFA does not group the data for comparative purposes; so, care needs to be taken in selecting authorities to compare with.

Three other explicit benchmarking services can be identified for sport. First, in Australia and New Zealand, the CERM Performance Indicators Project is operated by the University of South Australia. Designed for public aquatic centers and leisure centers, it now extends to a range of sport and leisure services, including golf courses, caravan and tourist parks, campgrounds, skate parks, and outdoor centers. CERM PIs provides benchmarks for 26 performance indicators, including services (e.g. program opportunities per week), marketing (e.g. promotion cost as a proportion of total cost), organization (e.g. cleaning and maintenance cost per visit), and finance (e.g. surplus/subsidy per visit).

In the UK there are two benchmarking services relevant to sport – APSE Performance Networks and Sport England's National Benchmarking Service for sport and leisure centers (NBS). APSE's service, operating since 1998, covers all local authority services, with separate reporting for each – sport and leisure facility management being one. It provides data on management and finance with customer satisfaction as an optional extra. APSE compares an individual local authority's performance with other local authorities of a similar type in terms of local policy, demography, and size and type of operation. Sport England's NBS is featured in the case study below.

Sport England's National Benchmarking Service (NBS)

The NBS measures performance standards for indoor sport and leisure centers with one or both of the following core facilities: a sport hall of four badminton courts or more; and/or a swimming pool of at least 20 metres length. This helps to ensure that the service is focussed on similar types of facilities. The performance indicators measured in this service are identified in Table 14.5. They are designed to cover as many dimensions of performance as are practical for a reasonable cost. However, as noted earlier, they do not cover many of the broader impacts of sport in the community, such as improvements in health and education.

Sport England's National Benchmarking Service (NBS)—cont'd

To generate the data the NBS requires clients to conduct a survey of customers and submit a form with management and finance information. In addition, population data for the local catchment area is derived from the National Census by the University of Edinburgh. Data from clients is checked carefully – there can be considerable discrepancies and inaccuracies in quite basic pieces of management information, such as throughput counts and cost estimates. Similarly, the administration of the user survey has to ensure valid and reliable results. An NBS guidance document is designed to give advice to try to ensure as much consistency in data as possible between clients.

The NBS results for access, finance, and utilization performance are compared with benchmarks for four families which have been empirically tested and proven to have structural effects on performance:

- Type of center – wet, dry (with/without outdoor facilities), and mixed (with/without outdoor facilities).
- The socioeconomics of a center's location – high deprivation, medium deprivation, and low deprivation – measured by the percentage of the catchment population in the bottom two socioeconomic classes.
- Size of the center – large, medium, and small.
- Management type at the center – in-house local authority, trust, and commercial contractor.

Three benchmarks are employed. The 25%, 50%, and 75% benchmarks are the quarter, half, and three-quarter points in the distribution of scores for a PI, if all the centers' scores were organized from the lowest score at the bottom end of the distribution to the highest score at the top end.

For the importance and satisfaction attributes (see Table 14.5), the NBS reports on the satisfaction scores in comparison with industry averages for wet, dry, or mixed centers; the gaps between importance and satisfaction mean scores from customers; and the percentage of customers dissatisfied with each attribute. These methods of reporting satisfaction are preferred by customers to the comparison with benchmarks employed for the other performance indicators.

Another important feature of the NBS output is the information on facility users from the user survey. Frequency distributions of responses to all the user survey questions include visit characteristics (e.g. activities done, frequency of visit); and the profile of visitors (e.g. travel distance and time, travel mode, home postcodes).

Continued

Sport England's National Benchmarking Service (NBS)—cont'd

NBS clients have emphasized a number of benefits from the service. These include:

- Awareness of the state of the service, often confirming preconceived ideas but objectively.
- Challenges to preconceived ideas held by managers and politicians, causing a reassessment of priorities and delivery methods.
- Real data to help set targets for objectives.
- Experience of research data develops an awareness of further information needs, helping to develop an evidence-based management culture.
- Benchmarking data enables selection of process benchmarking partners with whom to discuss how to generate better performance for specific performance indicators.

In addition, NBS clients have demonstrated a number of commendable responses to the processes of performance management:

- generating the right information;
- interpreting the results meaningfully;
- utilizing the results in performance planning – i.e. immediate action plans, and longer-term contract specification and strategy development.

Suggested discussion topics

1. Take one of the NBS indicators from each of the categories of access, utilization, and financial identified in Table 14.5, and consider its merits against the Audit Commission criteria in Table 14.1.
2. As a sport facility manager, why would you want to compare the performance of your facility with NBS benchmarks for other facilities?

Conclusions about performance management and benchmarking

Performance management and benchmarking are essential tools in the quest for continuous improvement. At the heart of these systems is appropriate evidence of performance. However, acquiring appropriate evidence is not an easy matter. Performance indicators have to be selected which fully represent an organization's objectives. One of the problems encountered with the NBS is that feasible performance measurement falls short of desired performance measurement in public sector sport facilities. Much of the modern emphasis in justifying taxpayers' subsidies to such facilities rests on social impacts, particularly in

improving users' health. However, measuring improvements in health and relating them specifically to visiting sport facilities is a difficult task, and one beyond the cost of a reasonable performance measurement system.

Another threat to the promise of performance management is the difficulty in assembling accurate and consistent measurement data. Financial data may be subject to accounting regulations but even so there is considerable variation in the way in which some standard ratios are calculated and 'creative accounting' can be used to disguise problems if the wrong organizational culture has set in. Another increasingly essential component of management evidence is market research of customers, but there are enough precedents at the national and local levels to warn that market research can all too easily be conducted in an inappropriate manner, which can bias samples, or that lead respondents into answering questions in certain ways.

Nevertheless, if these constraints can be overcome, the promised land of performance management beckons, where the right evidence enables weaknesses to be identified, plans to be made, actions to be taken and outcomes to be improved. The last two decades in particular have seen an accelerated take-up of performance management and measurement systems. Benchmarking is increasingly the norm. This can only help to secure continuously improving performance in sport facilities.

Chapter review

This chapter started by showing the similarity between two concepts – performance management and quality management. Two examples of performance management frameworks are described – EFQM and TAES. EFQM is one of the oldest generic systems and it is possible to see similarities between this and many other systems which have been subsequently developed. TAES is a system devised specifically for cultural services in the UK public sector.

Objectives are a cornerstone of good performance management and they need to be expressed much more specifically than organizational aims. Criteria for good objectives are given.

The meaning of 'performance' is discussed and whilst it is driven in an organization by its objectives, there are many different facets to performance. The major elements relevant to sport facility management are detailed.

Performance indicators have to be devised to represent the performance that is relevant to objectives. Indicators are the way in which performance is measured and this chapter discusses the criteria for good performance indicators, and the requirements for good data from which to calculate performance indicator values. Differences between performance indicators in the commercial and public sectors are demonstrated.

As well as measuring performance indicators, it is important for organizational improvement to set targets for them. These targets will be determined by the objectives of the facility.

The Balanced Scorecard is an example of a performance measurement system, designed for the commercial sector, to reflect more than simply financial performance. The Balanced Scorecard reinforces the essential principles of performance management – objectives, targets, measurement, action, and review.

Finally, the concept of benchmarking is explained – i.e. comparing performance with either other facilities, or with previous performance. Examples of benchmarking systems for sport facilities are identified and one in particular, the NBS, is featured in a case study.

Sport Facility Operations Management

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