



MHEC Annual Workshop

How Do You Compare? Benefits, Challenges and Pitfalls of Benchmarking

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Learning Objectives

As a result of participating in this session, attendees will:

- Be prepared to deploy benchmarking resources as an efficient tool to respond to the question “what do other schools (or organizations) do”?
- Learn how to access useful benchmark data from relevant sources.
- Learn how to develop your own (DYI) benchmark tools and queries for use among institutional and other industry peers.
- Understand how to interpret and present benchmark information in proper context and caveats.

Agenda –

- I. Benchmarking Defined
- II. Various Types of Benchmarks
- III. Who Uses Them? How?
- IV. Five Basic Steps to Benchmarking
- V. Examples and Resources
- VI. Benefits and Potential Pitfalls
- VII. Sources of Benchmark Data

“David Letterman’s Top Ten List”



#10. Benchmarking has no “Bench”



I. Benchmark *(as defined by Merriam Webster)*

noun bench·mark \ 'bench-, märk \

1 a : **something that serves as a standard by which others may be measured** or judged (e.g. a stock's performance as benchmark against which other stocks can be measured)

b : **a point of reference from which measurements may be made**

c : a standardized problem or test that **serves as a basis for evaluation or comparison** (as of computer system performance)

verb

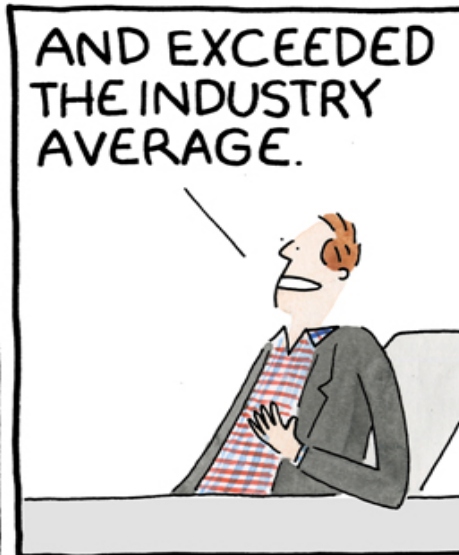
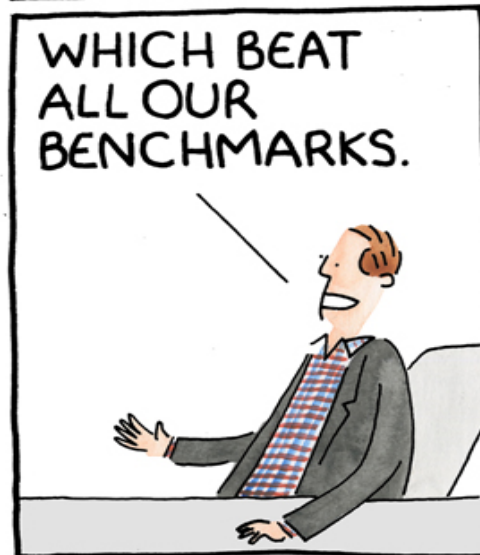
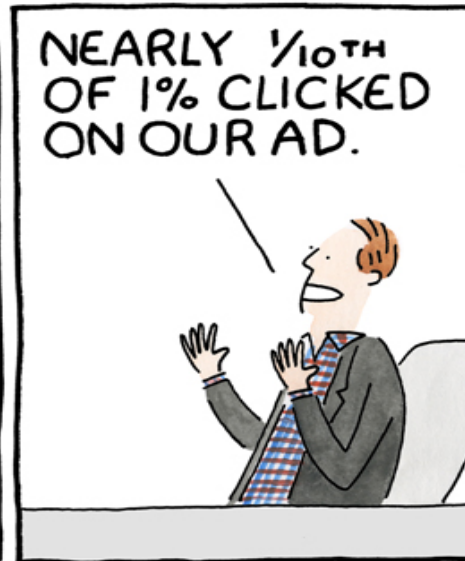
1 to **evaluate or check** (something) **by comparison with a standard**

"we are benchmarking our performance against external criteria"

I. Benchmark

We further define benchmarking as:

*the process of **setting a baseline or standard** for your organization—so **you can measure your performance over time, find areas for improvement, and set goals.***



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David Letterman's Top Ten List:

#9. so how do you “mark”??

II. Various Types of Benchmarking

Industry Best Practice – schools or companies choose to look at other schools or companies they aspire to be like; by choosing those on the leading edge they identify best practices that help improve their own

Peer - schools/companies look at other schools/companies very similar to themselves, allowing them to assess how they're doing compared to others' business practices.

State/Government – review tracked and published government data in their industry to assess and improve how they are doing (e.g. OSHA, Work Comp, Carnegie Classification)

Collaborative - as a part of a group with member associations (e.g. URMIA, RIMS); collaborative associations allow for members to provide information to them and then the association provides benchmarking and best practice reports for the membership

Broker/Insurer/Vendor - companies who typically do business with schools collect, aggregate, analyze and report on data made available to them through their client relationships.

II. Various Types of Benchmarking

Process - comparing your own organization's internal processes against others in the industry - particularly successful ones with a long-running streak of positive results

Performance - concerns specifications of different processes within your organization. In this case, you're looking to compare them against pre-existing, known data sets, instead of measuring against your competition

Strategic - Are things working as smoothly as they could in terms of your long-term goals? What are others doing in this regard? What's their strategy? Comparing that to your own to see how you might need to adapt your goals to be more realistic

David Letterman's Top Ten List:



Useful links ▶

#8. It's “use”ful to Benchmark!!!

IV. Benefits of Benchmarking

- Helps to understand your performance relative to peers and industry
- Provides a comparison for performance between business areas
- Assists with accountability for performance
- Identifies performance gaps and areas for improvement
- Leads to developed standardized processes and metrics
- Promotes culture of continuous Improvement
- Improves understanding of what makes industry leaders successful

MARSH

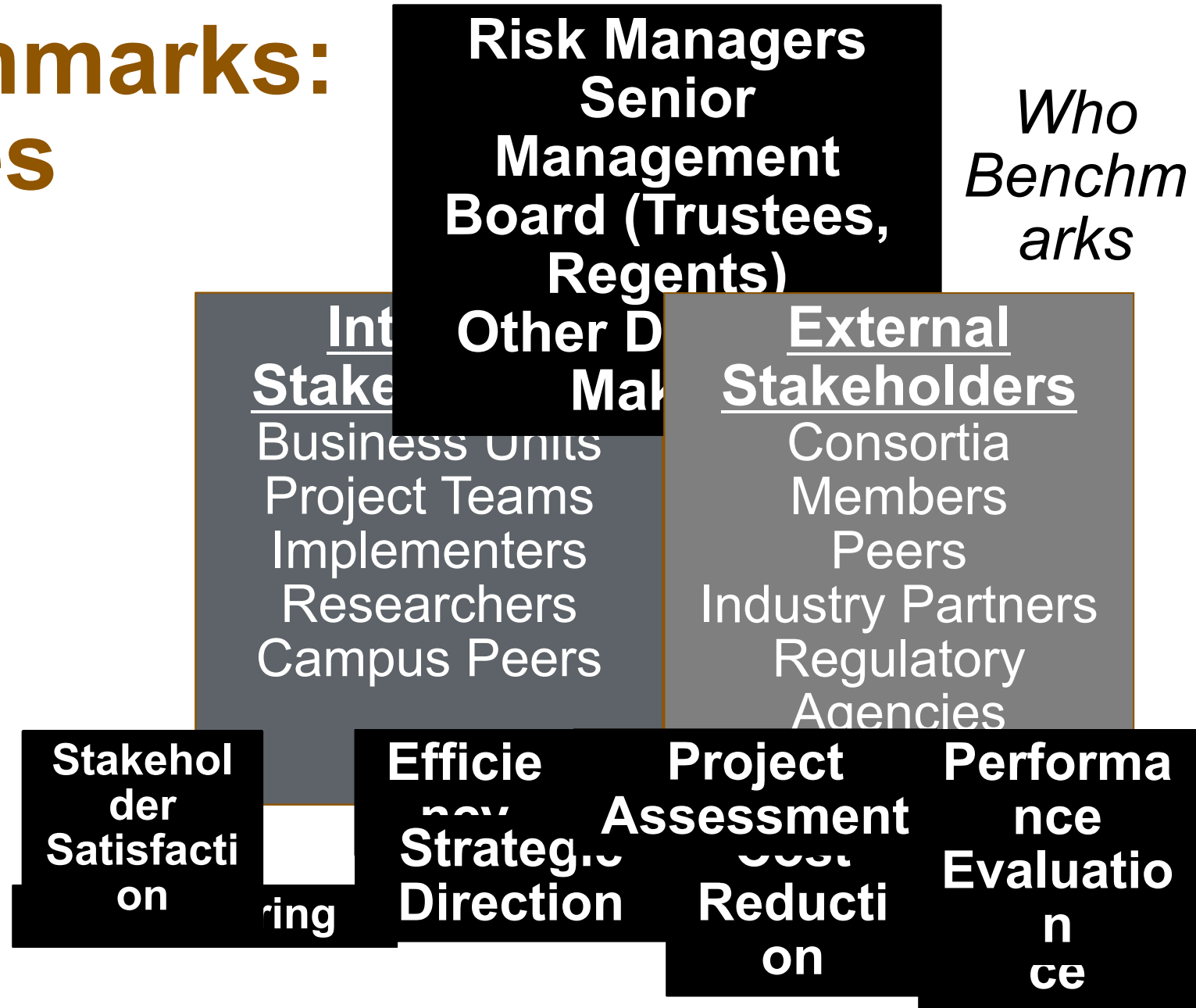
Can also provide...

- ❖ **Elevation of Role of Risk Management** *Benchmark analysis can bring new insight into the overall function and cost benefits of compliance/risk/audit approach.*
- ❖ **A Seat at the Table** *Benchmark approach creates communication opportunities directly to Board, senior leadership & other stakeholders*

III. Benchmarks: Who Uses Them?

*...To help
whom?*

*For what
goals?*



III. Benchmarks: How Are They Used?

- Signal management's willingness to pursue a philosophy that proactively embraces change
- Establish meaningful goals and performance measures that reflect sound risk management focus and high-payoff opportunity(ies)
- Create early awareness of value disadvantage or escalating or unacceptable risks
- Promote decisions based on a value advantage driven by concrete data analysis - *not pure intuition!*

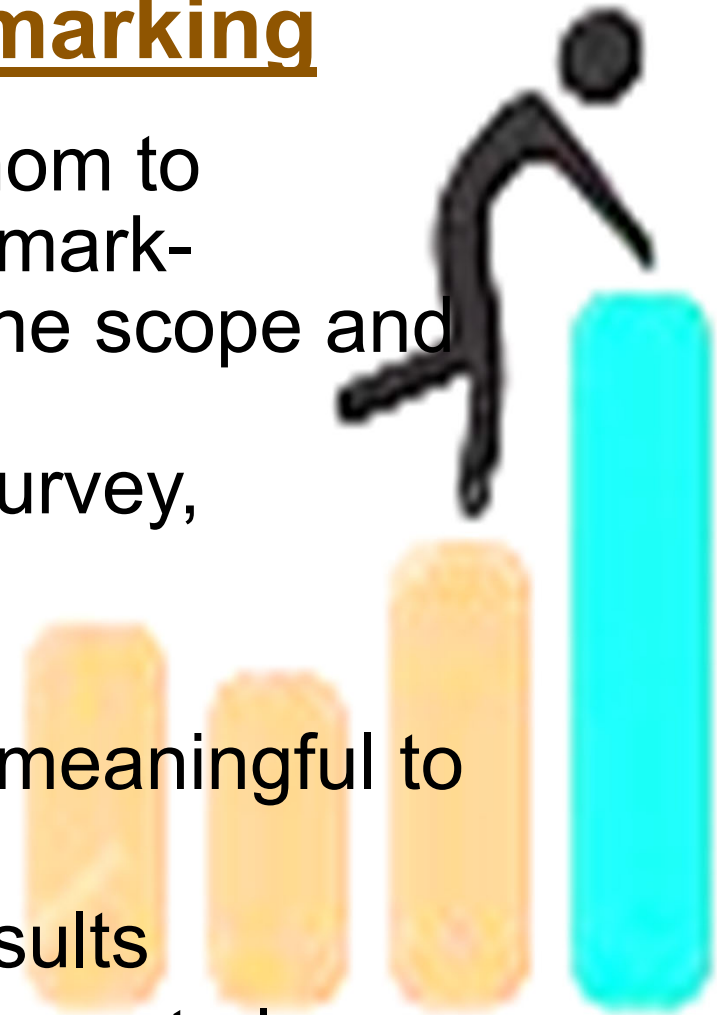
David Letterman's Top Ten List:

#7. Back to the Future – The Basics



IV. Five Basic Steps to Benchmarking

1. **Planning:** what to benchmark, whom to benchmark against, how to benchmark-approach, establish baseline, define scope and objective
2. **Data Collection:** questionnaire, survey, workshop/conference, site visit, published data
3. **Data Analysis:** determine what's meaningful to your scope
4. **Data Reporting:** communicate results
5. **Action/Maturity:** develop improvement plans, monitor progress, develop objectives for continued improvement



IV. Five Basic Steps to Benchmarking: Planning



What do you want to Benchmark?

- Insurance Policies, Products and/or Services
- Risk Metrics: Limits, Retentions, Alternative Finance Options and Pricing Structure, Total Cost of Risk
- Business Services: Salaries, Staffing, Safety, Emergency Management, Other Business Services
- Business Processes and Programs
- Performance Measures: Loss Ratios, KPI & KRI(s), ERM Program Maturity, Customer Satisfaction



" I TRIPLED MY SALARY
TO GIVE YOU ALL A GOOD BENCHMARK! "

CartoonStock.com

IV. Five Basic Steps to Benchmarking:

Planning

- **Who do you want to compare yourself to?**
 - ☐ Determine selection criteria
- Identify benchmark partners:
 - ☐ Internal – yourself, other departmental units
 - ☐ External- peers, other industry comparisons
 - ☐ Functional – similar processes outside your industry
 - ☐ Generic Process
- Understand and document the work process



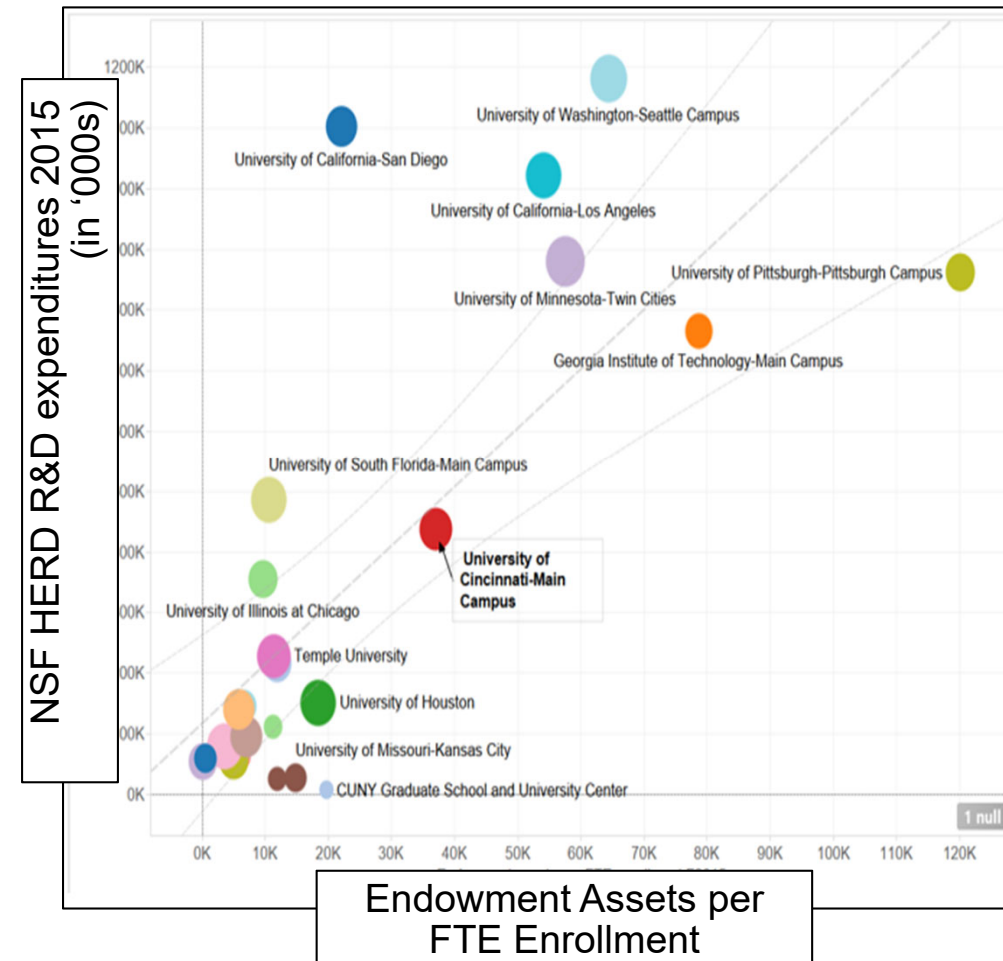
“WHOSE IDEA WAS IT TO USE ENRON AS A BENCHMARK?”

CartoonStock.com

U of Cincinnati: Carnegie Peer Benchmark Process ('17)

• **Result: 25 institutions**

- **Miscellaneous Indicators:** U.S. only; Title IV participating
- **Degree of Urbanization (Locale):** City: Large.
- **Carnegie Classification:** Research Universities (very high research activity)
- **Urban Area Population:** > than 1.5M
- **Additional Indicators:** Total Enrollment >20K; Graduation Rate; NSF HERD R&D Spend; IPEDS Research Spend; Endowment Assets per Enrollment FTE



IV. Five Basic Steps to Benchmarking: **Data Collection**

How can you collect the information?

- Original research & investigations
- Questionnaires and surveys
 - ❑ Tools: Survey Monkey, Google, e-mail
 - ❑ Be specific with questions
- Workshops and conferences
- Direct site visit- observation & interviews
- Published data



Environmental Health & Safety

- Similar to risk management, EH&S reporting lines varied
- Soft cost challenging to quantify – often not included in overall TCOR calculations
- Hard costs include:
 - Department overhead
 - Safety compliance
 - Environmental management & compliance
 - Hazardous Waste Management
 - Note link to research and medical centers

Environmental Health & Safety

CALCULATION	METRIC RESULTS = TCOR
TCOR/(Total Employee FTE/1000)	Per 1000 FTE
TCOR/(Total Student FTE/1000)	Per 1000 FTE
TCOR/(Research Expenditures/1000)	Per \$1000
TCOR/Laboratory Space Square Footage	Per Square Foot
TCOR/Buildings Serviced Square Footage	Per Square Foot
TCOR/(Total Campus Expenditures/1000)	Per \$1000
TCOR/Number of Buildings Serviced	Per Building

Environmental Health & Safety

“Cost may be measured against losses. By determining the training and general safety costs associated with employee performance, it is possible to calculate useful metrics for benchmarking purposes.”

CALCULATION	METRIC RESULTS
FTE/(Number of recordable injuries/100)	No. of Injuries per 100 FTE
FTE/(Number of lost work days/100)	No. of Lost Days per 100 FTE

IV. Five Basic Steps to Benchmarking: Data Analysis

- Analyze results in terms of output, value and work practices leading to them
- Compare if/how each best practice process or metric compares with your organization's current practice and metric
 - ☐ Is the gap widening or narrowing?
Why?
- Create charts to compare benchmarked organizations with yours
 - Have correct measures been employed?



IV. Five Basic Steps to Benchmarking: Data Analysis

- Consider if/how the best practices might be combined
- Research past industry trends
- Analyze future performance gap if all (or no) proposed changes are implemented
 - ☐ Express both quantitatively (e.g. \$ amounts, %ages) and qualitatively
- Compare potential benefit with estimated cost e.g. time, money, equipment, etc.



IV. Five Basic Steps to Benchmarking: Data Reporting

- Determine which stakeholders to address and the most appropriate form of communication with them - written?
- Emphasize results vs methodology; fact vs opinion
- Obtain understanding, commitment and management approval
- Ensure relevant stakeholders are completely "on board" for proposed changes
- Revise goals to close performance gap and achieve consensus*



****The degree of recommended change should be realistic based upon your findings***

IV. Five Basic Steps to Benchmarking: Action/Maturity

- Obtain management approval for process and policy changes
- Prioritize work for implementation based on time, cost, software, etc.
- Outline procedure in comprehensible steps, with specified results
- Determine needed resources
- Identify individuals empowered to manage the process
- Communicate changes to impacted individuals

Ideally, best practice for each of the benchmark procedures involved should be combined into a single ideal process to enhance yours - however, you may find that some procedures need to be eliminated because of cost or other considerations.

IV. Five Basic Steps to Benchmarking: Action/Maturity

TAKE ACTION!



- Develop procedures to enable close monitoring & tracking of results
 - ☐ Has any variance from plan been dealt with?
- Keep lines of communication open to all affected parties
- Document final evaluation and accurate record of results

- Prepare a final report
- Determine how often processes should be recalibrated
 - ☐ Investigate changes (systemic, technological) since prior benchmarking

V. Examples & Resources: NYU Compliance “Maturity Model”

1. **Ad Hoc:** Procedures are usually informal, incomplete and inconsistently applied
2. **Fragmented:** Some compliance controls in place, but inconsistent across the organization- limited to certain areas or managed in “silos” (e.g. EHS, Finance, etc.)
3. **Defined:** Compliance Controls and procedures documented and standardized across organization
4. **Mature:** Compliance procedures are integral part of business processes; periodic reviews conducted to assess effectiveness of program
5. **Optimized:** Regular review and feedback used to ensure continuous improvement towards optimization of compliance processes for effectiveness

David Letterman's Top Ten List:



#5. Benefits – is this a “healthy” discussion?

David Letterman's Top Ten List:

#4. I prefer them
pitted....just saying...



VI. Potential Pitfalls

...falls with big pits

- Inadequate sample size
- Not using right peers
- Limited access to data
- Poor data quality
- Outdated data
- Overlooking potentially meaningful trend data
- Not using right measurements
- Lies and statistics...beware the bias



****A what without a how can do more harm than good!***

VI. Potential Pitfalls



1. Apples to Mango – or is it Oranges?

Groups of peers still represent variables in:

- i. Funding -- public vs. private, grants, endowments
- ii. Size – student population, staff, faculty, foreign students, etc.
- iii. Operations – Academic Medical Center, Research, Urban/Rural
(clinical trials, biomedical, life sciences),
- iv. International programs – traditional, research partnerships, IBC, etc.

2. One size does not fit all.....is YOY benchmarking preferred?

3. Caution - Industry Organization benchmarks often include non-HE statistics....*qualify your work!*

4. Unrealistic expectations of the influence of any benchmark on your program can become a “can of worms” - Simplify!!!

David Letterman's Top Ten List:

#3. *"Everybody needs somebody to lean on..."*



VII. Sources of Benchmark Data

- URMIA: ListServe, Ask Experts Lou & Christine, Library, Home Office Team
- RIMS and Opis (RIMS Information Network)
- Peers
- Networks: Annual and Regional Conferences & Association Meetings
- Broker and Insurance Partners, Vendors
- Bureau of Labor Statistics and other government sources
- Annual Reports
 - of public institutions and organizations - great stuff hidden in the notes so read carefully!
- Your school's Office of Institutional Research...an amazing resource!



David Letterman's Top Ten List:

#2. "Get your facts first, then you can distort them as you please"

Additional Questions?

David Letterman's Top Ten List:

#1. "Always be kind in your evaluation of others – it could be you next time!!!"





References & Resources

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