

How to set a benchmark outcomes indicator

If you are looking for an outcomes indicator that will help you understand how one of your programs is performing relative to other programs you provide, or how your services stand in relation to other services, then you might be interested in a benchmark outcomes indicator.

A benchmark is a reference point you can measure things against. Originally a benchmark was a mark in stone which helped surveyors to set a level from which they could accurately measure.

In the world of business, benchmarking means comparing yourself to your competitors or your peers. In the world of community services, it means comparing your practices, procedures and performance to services you think are doing really good work or with services that are similar to yours. You can set yourself a goal of being consistent with, or improving on, the average achievement of other services. This could be an opportunity for you to work and build relationships with other organisations.

If your organisation is large enough you can conduct benchmarking exercises internally, allowing parts of your organisation to identify what they think is good practice from their colleagues and then set themselves the goal of achieving that benchmark level.

There hasn't been much formal benchmarking in the community services sector, and what does exist is about more easily measurable activities, like financial management. Some examples of community services benchmarking are in the resources list below.

In theory, it is possible to establish benchmarks for outcomes. You can

- look at a performance index for your industry
- pay someone to do a benchmark for you
- create measurements in a tool that monitors the performance of your peers.

The process outlined below is potentially resource intensive but it could drive improvements.

Do your background work

You need to work out

- Why you are doing the benchmarking exercise
- What are outcomes you want your service to achieve, or that you need to report on

And you need to be ready to act on whatever you learn from this process. These things are important because benchmarking can be challenging for staff.

Get organised

Next you need to work out who is going to do this work? What needs to be done? How much is it going to cost? And how long is it going to

take?

Who are you going to benchmark against? If you or your staff aren't aware of a suitable organisation, your peak body or your funders might be able to suggest one. Partner organisations don't have to work in the same sub-sector, or be of similar size; the differences between organisations can provide useful lessons.

When approaching organisations you may need to cover:

- Ways of dealing with confidential issues
- Time scales and potential costs of the benchmarking.

Some suggested ways of dealing with issues around confidentiality:

- You could get an independent person or organisation to handle the benchmarking information and de-identify it (eg you become 'organisation A').
- You could develop a code of conduct between you and the benchmark organisation.

Gather the information

Once you have decided what information you want, make sure you and the benchmark organisation are gathering the same information. Make sure you are talking about the same thing (their 'clients' might be your 'consumers') and that you are talking about the same time frame (calendar year or financial year?). Questionnaires are a useful way of making sure you collect information systematically. You could use open-ended questions, multiple choice questions or ratings scales (see [How to create and use ratings scales](#) and [How to create a survey](#).)

Sharing the information

Benchmarking information is often presented in a table. Below is an example. It focusses on a service activity and identifies the midpoint measures across all the participating organisations. Each organisation can then look at the measures for their own organisation and see how they compare.

Table 1: Service function summary findings

Key Performance Indicators (KPI) 1st Quartile Median 3rd Quartile

Key Performance Indicators (KPI)	Median (the midpoint)
Service cost as a percentage of organisation expenditure	3.5%
Service cost per FTE (excluding volunteers)	\$4,371
Total organisation FTE per Service FTE	51.66
Client satisfaction with Service	4.9
Percentage of clients who received service	54%
Management services as a percentage of Department expenditure	8.12%

Summarising your information allows you to see similarities and differences between organisations, and why these may have occurred.

Using the information

Now you have the information you can use it to improve your service. Develop some recommendations for improvement! And an action plan to keep yourself on track.

Other resources

Australian not-for-profit salary benchmarking [Pro Bono Australia – Salary-survey](#)

Referenced links

- [How to create and use a ratings scale](#)
- [How to create a survey](#)