THE OECD/PUMA INTERNATIONAL BENCHMARKING NETWORK
PROPOSALS ON THE ROLE AND OPERATION OF THE NETWORK

First meeting of the OECD/PUMA International Benchmarking Network
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This note explains the background for the establishment of the OECD/PUMA International Benchmarking Network, discusses main options in relation to role and operation of the Network and proposes how its activities could be formalised and developed.

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Background

1. PUMA has monitored developments in public sector benchmarking since 1993. Member countries have presented their experiences at activity meetings and papers on the issue have been published. PUMA’s monitoring shows that public sector benchmarking has been expanding rapidly in recent years.

2. A number of the OECD Member countries have expressed interest in expanding PUMA’s involvement in benchmarking from monitoring experiences to a more active role, especially in relation to international benchmarking. This interest was discussed at the last activity meetings on performance management, in a conference on public sector performance benchmarking convened by the Danish Ministry of Finance in Copenhagen in February 1997 (attended by 10 Member countries, the EC and several European organisations) and subsequent discussions between the PUMA Secretariat and Member countries with an interest in this topic.

3. The Public Management Committee decided at its meeting last March to establish an OECD/PUMA International Benchmarking Network. The paper “Proposals for the Establishment of a PUMA Performance Benchmarking Network” (PUMA/RD(97)3) sets the basic framework for the activities of the Network.

4. The purpose of this paper is to present more detailed proposals on the role and operation of the Network, building on the framework provided by the PUMA Committee. The proposals have been developed on the basis of a “Survey of Benchmarking Activities” (PUMA/PAC(97)11), carried out for the Network by the Swedish Agency for Administrative Development. Important input has also been provided from an advisory group, comprised of delegates from three Member countries -- (Denmark, Sweden and the United Kingdom).

5. The purpose of the “Survey of Benchmarking Activities” (PUMA/PAC(97)11) was not only to gather useful information on international benchmarking, but also to assist in identifying possible priorities for the Network. Although the survey has limitations (mainly focusing on information available through the Internet) it clearly indicates that there is an important role for the Network. The main findings are:

- Most of the current benchmarking networks have a national focus.
- Most international benchmarking networks are private sector.
- Most public sector international benchmarking activities tend to focus on process benchmarking within specific sectors.

6. The survey shows that although international benchmarking is expanding, international public sector benchmarking tends to be limited to process benchmarking in specific sectors. This suggest that there may be a niche for a network that would particularly focus on benchmarking of organisational performance.
Main Options

7. Government activities can be benchmarked at several different levels:

- At the national level -- some countries (such as the Netherlands and Denmark) have developed government or national benchmarks to compare themselves against other countries.

- At the sectoral level -- the OECD has been active in these types of comparisons for many years.

- At the organisational level -- the focus at this level is on comparing performance measures (outputs, service quality, outcomes) between organisations.

- At the generic process or activity level -- comparing such things as human resource management between different organisations. Benchmarking against a quality model is also of this type, covering all major generic management processes.

- At the level of specialised processes -- e.g. benchmarking of testing processes in laboratories.

Response

8. While arguments could be made for an international focus to benchmarking at all the above levels, it is proposed that benchmarking at the organisational level will be the important priority for the Network. This is likely to be the most value to participating countries which are seeking comparators which are relevant to the improved management of government organisations. This does not rule out involvement in other levels of benchmarking, e.g. generic process benchmarking.

9. It is desirable for the Network to focus on what can be realistically achieved, given available human and other resources. Accordingly, the role should be on facilitation rather than actually conducting benchmarking studies. This is also in the spirit of benchmarking, i.e. a process where organisations improve their operations through learning from others.

10. Issues in relation to organisation of the Network, participation and meetings are relatively straightforward. The first advisory group was nominated by the PUMA Secretariat and is expected to continue until the next meeting, with the possibility of adding new members.

11. Activities of the Network should be consistent with facilitation. Therefore, emphasis should be put on monitoring of developments, advice, exchange of information and evaluation of ongoing activities. However, it will be necessary to go further by improving Internet pages, developing a database with information on organisations interested in international benchmarking and developing best-practice guidelines. Moreover, the Network can also be used to respond to initiatives from Member countries and to facilitate international benchmarking studies.

12. The benchmarking database can clearly become a central instrument. There are still a number of options that need to be explored in relation to the database -- e.g. should the Network develop and operate a special database or should it use one or more of existing databases. There are several options for how detailed the information should be (see the proposal on benchmarking database which follows) involving
also different levels of efforts and costs. It will be necessary, in any case to collect initial information through a pilot project involving active participation of a number of countries.

13. The level of financing of the activities of the Network will have an important influence on what can be achieved. It is important that the participants see the Network as a collaborative initiative that requires support from all those involved. Any contributions from participants, e.g. in form of secondments next year are important. Sweden has already provided substantial assistance and will continue to do so next year.

**Proposals on the Role and Operation of the OECD/PUMA International Benchmarking Network**

**Objective, Focus and Role**

- The objective of the Network is to assist OECD Member countries in benchmarking performance of public sector organisations across countries.
- The main emphasis is on benchmarking of organisations that are difficult to benchmark within a country, with particular focus on benchmarking results of organisations.
- The main role of the Network is to facilitate productive international benchmarking rather than conducting actual benchmarking studies.

**Organisation**

- The Network has the status of an informal experts group, linked to the Performance Management activity group of PUMA.
- The Network is managed and co-ordinated by PUMA.
- The Network appoints an advisory group of three to five officials from Member countries for a two year period to oversee PUMA’s work in managing and co-ordinating activities and advise PUMA and members of the Network on international benchmarking.

**Participation**

- Participants from Member countries are (a) officials from central management agencies responsible for developing and implementing policies and practices in relation to public sector benchmarking and (b) benchmarking practitioners from operational departments and agencies.
- National and international benchmarking networks may be invited to participate in the activities of the Network.
- Participants will be active in the work of the Network, e.g., gather and provide information, monitor developments within their country.
### Meetings

- Meetings of the Network are held annually in conjunction with performance management activity meetings.
- Conferences, workshops and other special meetings may be hosted by members of the Network.

### Financing

- The Network is a collaborative initiative of PUMA and the participating countries. Costs need to be shared between the participants.
- Participants will cover direct costs of their participation and of any benchmarking projects they participate in.
- PUMA will cover the cost of management and co-ordination, mailing lists and other central activities.
- Participants are encouraged to contribute to the work of the Network through secondments to PUMA, development of and/or co-ordination of individual initiatives etc. on a voluntary basis.
- Longer term financing may need to be ensured by asking organisations to pay subscription to the benchmarking database or by setting it up as special programme that would be financed by the participating countries.

### Activities

- The Network monitors developments in benchmarking with a particular focus on international benchmarking.
- The Network and PUMA provide advice and assistance in relation to international benchmarking.
- PUMA will develop and operate Internet pages, with information on international benchmarking practices, networks, activities and databases.
- The Network will operate or have access to a benchmarking database.
- The Network aims at developing best practice guidelines for international benchmarking (e.g. on comparability).
- The Network aims to evaluate international benchmarking projects and will also consider developing a generic framework for evaluating such projects.
The Network will not conduct international benchmarking studies. It will be up to individual participants of the Network to propose benchmarking studies. The Network will assist in identifying and contacting potential benchmarking partners. Each benchmarking study will be organised separately by the participating countries and organisations. The Network will provide advice and other support and monitor benchmarking studies to the degree possible.

The role of the International Benchmarking Database is to provide benchmarking information on a restricted basis. Organisations providing information will have access to information about potential benchmarking partners. The database will contain data on public sector organisations with an active interest in international benchmarking. Information will be collected on a voluntary basis. Organisations will provide information (if possible electronically through the Internet), on their activities and benchmarking interests. There are several options for the level of detail involving also different level of efforts and costs:

1. Descriptive information about responsibilities of the organisations, benchmarking activities and interests, list of benchmarks and contract information.
2. Standard quantitative information e.g. budget, number of staff, number and cost of outputs.
3. Information specific to an organisation, e.g. non-standard performance measures (quantitative and qualitative), information on processes.
4. Quantitative performance data.

PUMA will, in co-operation with the Network, examine the feasibility of developing and operating a special database. PUMA will also examine the possibilities for the Network to have access to existing databases.

Initial information into the database will be collected though a pilot project, that will require active participation from a number of the participants in the Network.