



CONSTRUCTION

Benchmarking Club Highlights the Perils of too many Performance Indicators

Summary

The 'Highway Design Benchmarking Club' (HDBC) comprises five similar unitary authorities, the HDBC has had a tough time with its Performance Indicators (PIs) for 'business health' and all of the evidence suggested that this could be attributed to an over-ambitious suite of PIs. The HDBC responded by radically culling its suite of business health PI's from 21 to 8.

What is a Benchmarking Club?

A Benchmarking Club refers to a number of representatives from similar organisations who want to discover how well they are performing on a number of Key Performance Indicators (KPIs) against their peers.

Quote

"We formed the Benchmarking Club as a mechanism to address some of the Best Value challenges. It has provided an excellent forum for discussing common issues, identifying and sharing best practice."

Aman Mehra,
Procurement and Programme Manager,
Leicester City Council

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Project background

The Highway Design Benchmarking Club was formed in 2001, and regularly meets to discuss current topics, compare performance indicators and share best practice. The Club also compares and analyses business health and project specific performance indicators.

The Club has five member authorities – Leicester, Derby, Nottingham, Stoke on Trent and Kingston upon Hull – who are all unitary City authorities, similar in both population and size.

The HDBC aims to:

- develop a suite of PIs and protocol for data collection
- analyse and compare results
- identify and share best practice
- discuss, debate and identify solutions for problem areas.

Performance indicators and associated protocols were established early on in the benchmarking club to assist with comparing and contrasting elements of Best Value. It emerged that some data was not comparable and that there were numerous gaps in the data, it was agreed that the inconsistency in the data arose due to the usage of different data collection methodologies, interpretation of existing protocol, and insufficient attention to detail.

HDBC Performance Indicators

In its first three years (2001-2003) the Club compared 21 performance indicators concerning business processes. In 2004 the following 8 PIs from the old protocol with the closest fit to the new protocol were selected for a streamlined suite of PIs.

- LDNSH-1 The percentage of undisputed invoices paid within 30 days
- LDNSH-2 Productive time as a percentage of time available
- LDNSH-3 Number of accidents
- LDNSH-4 Employee satisfaction (Respect for People KPI-1)
- LDNSH-5 Sickness absence (Respect for People KPI-3)
- LDNSH-6 Working hours (Respect for People KPI-5)
- LDNSH-7 Training (Respect for People KPI-8)
- LDNSH-8 Investors in People (Respect for People KPI-10)

Comparison Issues

Undisputed invoices (LDNS-1): Only Hull had complete data for this comparison, progressing gradually from 81% to 96% over the three years 2001 – 2003. New financial systems and teams, and re-organisations were cited as the reasons for the gaps in the other authorities.

Working days lost due to sickness absence (LDNS-2): This comparison includes short-term and long-term illness and shows high volatility. Only Leicester enjoyed a consistent downwards trend, despite having policies and procedures similar to the other two authorities.

Productive time as a percentage of time available (LDNS-8): The norm is typically 65-70% with Leicester lagging about 5% behind the others. A comparison of time recording systems revealed differences in how the authorities interpreted 'fee-earning' work which accounted in part for this difference. Nevertheless, Leicester concluded that the comparison showed room for improvement.

Average training spend per employee (LDNS-3): Despite the protocol calling for the cost of the training course as well as the time cost, some authorities recorded only the direct cost of the training. However, the comparison did beg the question about what is an appropriate spend on training. It also highlighted how the age, experience and turnover profiles have a profound effect on training needs.

Lessons learned

The initial drive to compare and learn from 21 indicators was over-ambitious, this is apparent from the many gaps in data. The Club introduced its PIs and protocols prior to receiving a comprehensive KPI pack from Constructing Excellence which offered a large amount of practical guidance.

The Club learnt not to underestimate the effort needed to agree protocols for collecting the right data, or how local interpretation can undermine work on general protocols.

The Club urges similar partnerships to make a comparison of data at the earliest opportunity in order to ensure that you are comparing like-for-like.

Beware the effect of internal re-organisations, these often result in different management structures and if PI collection systems are not re-aligned, the data may not be collected, making it impossible to analyse trends.

Leicester City Council recently established framework contracts for the delivery of civil engineering and highway maintenance contracts up to a £1m threshold, based upon the NEC3 contract. Experience gained has enabled a streamlined, practical suite of PIs to be collected to assist in the strategic and operational performance management of the frameworks.

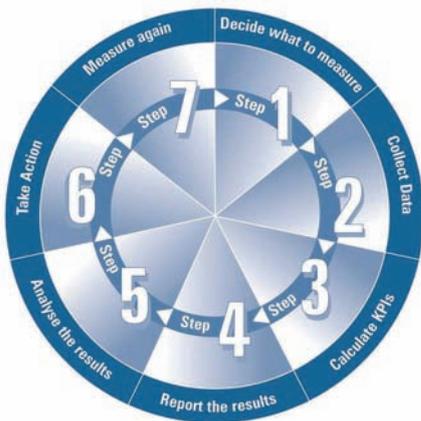
Conclusions

It became clear that a lot of PI data was missing or unavailable because:

- Definitions of PIs were inconsistent from one authority to the next
- Managers were not be giving PIs a high enough business priority
- Officers perceived that the collection of PI data was just another burden because the business case for PIs was not fully understood.
- Lessons from both good and bad experiences were not shared.

Transferability

The main learning for others to apply is to follow, critically and effectively, the seven steps to implementing KPIs. This is explained in the 'Handbook for UK Construction Industry Key Performance Indicators', published by Constructing Excellence.



The future

Leicester City Council have applied the lessons learned whilst working on an innovative £19.1m viaduct maintenance project.

In order to manage this large project to successful completion the team introduced a well managed risk profile, and assembled an integrated project team. Due to the complex nature of the project, (12 spans of viaduct and over 20,000 vehicles a day using the road), it was essential to bring a contractor on board early and work consistently as a team. By tackling critical issues up-front, the team is confident that the design can be implemented safely, supporting the team's target of zero accidents for the whole project.

The anticipated target performance of the project against the average national Key Performance Indicators (KPIs) is highlighted in the following table:

Key Performance Indicator	Anticipated Target Performance	National Average Performance
Cost Predictability: Reliability of cost estimates for design & construction	90%	55.5%
Time Predictability: Reliability of time estimates for design & construction	90%	57%
Defects: Zero or minimal defects	95%	72%
Safety: Zero accident incident rate	100%	50%

The team also developed local KPIs which relate to fundamental issues regards project quality – the following table highlights a number of these:

Key Performance Indicator	Anticipated Target Performance
Route Availability: Percentage of time route is not restricted to single or alternate traffic flow out of total construction days	85%
Response to queries: Percentage of queries dealt within 5 working days of receipt	100%
Website Update: Percentage of times monthly website updating is achieved	95%
Recycling Materials: Concrete	70%
Masonry	75%
Structural Steelwork	95%
Brickwork	80%

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