

**T R I B A L**

**GLOBAL BENCHMARKING WHITE PAPER**

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Applying globally accepted  
and proven benchmarking  
techniques to tackle  
today's post-secondary  
education challenges

**NOVEMBER 2018**



# 1

## The case for Global Benchmarking in the post-secondary sector

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Despite the differences in political forces at play, the structure of the post-secondary sector, and the funding mechanisms employed, one constant we can observe in almost every educational system in every country is the need to achieve continuous improvement with limited funds. What differs significantly, is the way in which post-secondary institutions invest, measure and approach continuous improvement (from a discrete 'one-off' initiative to a 'way of business'). This makes it challenging - but not impossible - to benchmark performance and identify best practices that would benefit education providers, wherever they are in the world.

Latest figures show that expenditure as a percentage of GDP for OECD countries now sits at a minimum of 5.3%<sup>(1)</sup>, but worldwide rankings and evidence clearly indicate that investment alone does not guarantee results. Hence leaders of educational systems around the world repeatedly cite the need to share best practice as key to continuous improvement – and identifying best practices by comparing educational systems is the focus for many policy makers. However, given the fluid nature of the post-secondary education landscape in most developed countries, making such comparisons in a way that draws useful conclusions has been significant a challenge – until now.

This paper first looks at the common issues faced by post-secondary education\* (PSE) providers around the world, drawing specific attention to the systems in place in the United Kingdom, New Zealand, Australia and Canada. We examine some of the strategies being employed to overcome those common issues

as part of a process of embedding continuous quality improvement in post-secondary organisations, illustrating how such strategies are helping providers navigate their ever-changing landscapes.

*\*Post-secondary education in this instance refers to post-16 education systems, specifically FE Colleges (and Higher Education Universities) in the UK; TAFE institutes in Australia; colleges and universities in Canada; and in New Zealand.*

Throughout, we'll be focussing on the discipline of benchmarking, looking at how it is increasingly being used in-region but also across-borders as an objective tool for creating better understanding of an institution's operations, and informing better strategic decision-making. We explore how breaking down financial and other performance data into granular detail allows us to re-build the data profile of the institution in a consistent manner – meaning we can approach benchmarking in a similar way, wherever we are in the world. We also examine how, as the comparative dataset expands, leaders are then able to draw upon increasingly sophisticated and varied benchmark comparisons.

Borne of 25 years' experience helping post-secondary providers globally, this paper explains how benchmarking is most effective when it is used as part of a process of continuous quality improvement which focuses on targeting resource allocation to improve student performance and drive world-class provision of education.

In the UK, sixth form and FE funding has fallen by a fifth between 2010 and 2018<sup>(2)</sup>. At the same time, pressure to improve student achievement has remained constant, and it has become tougher to achieve the best Ofsted inspection results. To cope with reduced funding, colleges are cutting expenditure by millions of pounds; yet they are still expected to deliver increasingly successful outcomes for students.

UK universities face similar challenges. The 2012 introduction of higher student tuition fees is still relatively fresh in the memory. Higher tuition fees, coupled with increased scrutiny of Vice Chancellor's pay packets, means that delivering value for money for students is top of the political agenda. Due to demographic trends, UK universities find themselves competing for fewer students. Against the backdrop of increased student tuition fees, some universities are reducing entry requirements in order to fill courses. In time, the impact of reduced entry requirements may be that fewer top class degrees are awarded.

# 2

## Improving strategic decision-making to drive institutions forwards with confidence

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Post-secondary education leaders are frequently exposed to sometimes short-termist government policy churn and initiatives, in both their domestic and international markets. Formulating, communicating and delivering the right strategy gives direction and focus to the institution. And more critically, it helps navigate the often turbulent waters of post-secondary education.

Given this backdrop, it could be argued that leaders of post-secondary education across the globe are eternal optimists – after-all, their sector is often at the sharp end of government policy decisions, implications of shifts in global finances and changing demographic profiles.

However, take any good strategic leader and this optimism is complemented by a strong sense of realism – they value the true picture over a sugarcoated representation; they combine this with keen anticipatory skills as they plan ahead based on evidence, not conjecture. And those same good strategic leaders will all make use of the best tools available to inform their strategic decision making; whether formal or not, this will invariably include some element of benchmarking.

# 2.1

## Using data to mitigate risk and improve the institution's financial position in the face of sector restructure

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Post-secondary education systems regularly change as a result of new government policy, or the introduction of initiatives to tackle under-performance in student outcomes or financial terms.

For example, England's post-secondary area reviews effectively forced a consolidation of the sector's institutions in order to bring about efficiencies and improve student outcomes. Following regional reviews and recommendations, some colleges entered merger arrangements voluntarily, others as part of a mandatory process, whereas some colleges put forward business cases to continue to 'go it alone'. One of the key problems faced by lead colleges in merger processes was how to perform due diligence across two or more entities that invariably had different structures, cultures and working practices. The process demanded the data-sets of the merging entities to be compared side by side in order to establish the shape of the new entity and identify efficiency savings. It also gave the governing boards an accurate set of evidence-based KPIs and suggested 'distance travelled' metrics to give confidence in the long-term strategy as well as the means to monitor management's delivery of the strategy.

Those colleges wishing to 'go it alone' used their benchmarking analysis to prove their financial sustainability and inform the business case presented to governing and government bodies.

Colleges that have decided to merge face certain challenges pre and post-merger:

- **Pre-merger - accurate financial data modelling is required as part of the due diligence process.**
- **Post-merger - accurate benchmarking data helps to identify where savings might and also where investment should be targeted to improve student performance.**

The “new”, larger college should benefit from economies of scale, so benchmarking the “new” larger college against other large colleges helps to show where economies of scale might be realized without negatively impacting student performance. Post-merger, the “new” college needs regularly refreshed benchmarking data to monitor the progress of the restructuring process and calculate whether expected savings been made.

*‘The most recent exercise delivered by Tribal’s FE Benchmarking team provided the Group with valuable insight into how the merged organisation compared to other large providers across a wide-range of measures. As individual colleges had previously engaged with the team prior to merger, the availability of historical data proved to be very useful as both the impact of strategic decisions driven by the merger, and the implications of funding outcomes, could easily be measured with a focus on value for money and quality. Of most interest to us was the ability to review curriculum performance at departmental level across the Group; offering insight into performance compared against similar departments in other Colleges thereby raising an awareness within and promoting accountability amongst our academic leads.’*

**NIRMAL BORKHATARIA, CHIEF OPERATING OFFICER AT CAPITAL CITY COLLEGE GROUP, ENGLAND**

In New Zealand, although recent mergers were largely voluntary, the same benchmarking mechanism has supported management and sector leaders alike in establishing what new entities (such as Ara Institute of Canterbury and Toi Ohomai Institute of Technology) could look like, in terms of:

- **size,**
- **resource profiles,**
- **productivity levels,**
- **group sizes,**
- **staff utilization rates,**
- **pay and non-pay costs, and**
- **what form early indicators of performance should take.**

The current plans for further Institutes of Technology & Polytechnic (ITP) sector reform in New Zealand are targeted at ensuring the ITPs remain sustainable and effective in delivering high quality vocational education and training. In the current climate, following a decade of a significant decline in student numbers (domestic enrolments have dropped by almost a third in this period), organizations have used benchmarking data to support 'right sizing' exercises.

Meanwhile, Australia's approach to sector reform continues to develop as New South Wales implements its OneTAFE plan, effectively creating a single entity from the state's existing 10 TAFE institutes. This, along with reform in other states creates a compelling case to compare activities, costs and outcomes against other comparable organisations; to understand where performance improvements are required, and to provide the evidence that supports strategic decisions.

# 2.2

## Data-driven educational policy and strategy

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Here are two notable examples of data and benchmarking informing educational policy and strategy:

1. In New Zealand in 2016, benchmarking-informed collaboration data was used in a proactive way to substantiate and evidence the higher costs of delivery in specific academic areas. Higher Education institutions used their collective and comparable datasets to provide clear evidence of the relative underfunding of Veterinary Science in comparison to the actual costs of delivery, to ensure that young people are well prepared for their future contribution to the economy. The high level indicator was based on a contribution analysis: the contribution that the academic activities in an organisation makes to supporting the overhead component of things like student services, library, central admin, facilities etc. This illustrated that in comparison to other areas funded at the same rate as Vet Sciences, the contribution level achieved from these activities was somewhat lower (ie one was more expensive than the other to deliver).
2. As part of an assessment of the performance on the college sector, the Northern Ireland government recently commissioned Tribal to undertake a benchmarking project to assess the value for money delivered by the 6 regional colleges. Cost data was plotted against student performance as a way of showing the return on the public investment in colleges. The results look set to feed into policy discussions for years to come.



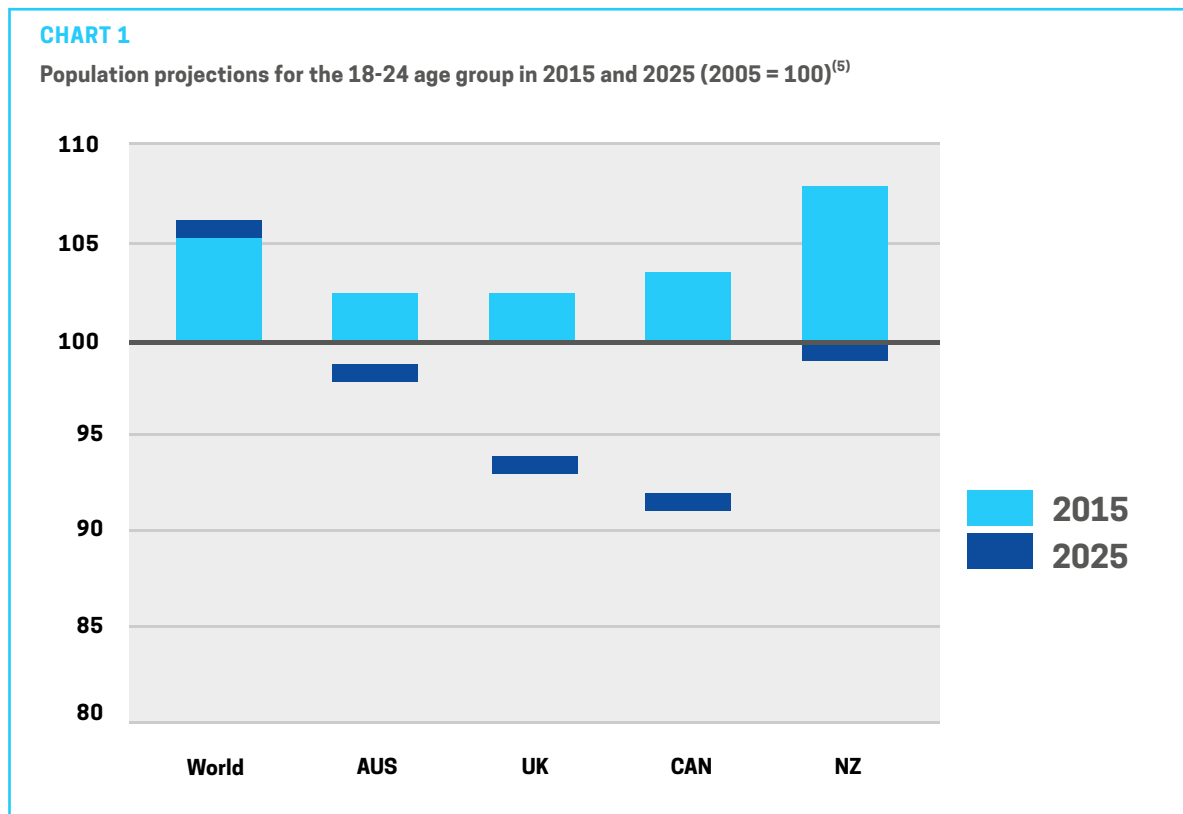
# 2.3

## Right-sizing and modelling the impact of changing enrolment patterns to improve recruitment strategies

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Many OECD countries currently face falling domestic enrolments. Universities have been able to successfully prop their numbers up by looking to the international student market for a number of years, but there is increased concern about an unsustainable over-reliance on international students. Increased competition for international student cohorts, a perception that we are now in an era of global instability in international higher education, and a reported slowdown in global student mobility<sup>(3)</sup> all add to the view that the global landscape is changing and should therefore not form the sole basis of long-term strategy for universities.

In Australia, a report by the Mitchell Institute<sup>(4)</sup> warns that based on current trends VET sector enrolments would fall from 5.3% of 15 to 64-year-olds in 2016 to 1.3% by 2031. That equates to more than half-a-million fewer enrolments in the sector in just a 15 year period.



Canada has already felt the impact of the potential volatility of the international students market following the Saudi Arabia Ministry of Education's 2018 decision to transfer students out of Canadian institutions after a diplomatic meltdown between the two countries. Unprecedented as this situation may be, it illustrates how heavy reliance on students from any one country increases institutions' sensitivity to economic or political changes.

The 2018 State of Post-Secondary Education in Canada report by HESA acknowledged the inevitability of attracting international students, but warned against how Canadian HE institutions go about it:

*"We cannot continue to sleepwalk down this road. Making the system more reliant on foreign dollars changes the kind of system we will have. It will be more oriented to the business, engineering and science programs which international students want, and less oriented to the health, social sciences and the humanities programs which they tend to avoid. It will be more financially volatile and vulnerable to external political shocks."*

The Group of Eight coalition of Australian Universities echoed this view in a July 2018 report<sup>(7)</sup>.

The challenge for Universities is two-fold – model the impact of their recruitment strategies, and operate the institution based on the current volume of students. This latter is particularly key for New Zealand's ITPs that have seen significant fluctuations in their enrolment profiles in recent years, and many have struggled to set their operations at the appropriate levels to avoid running at deficit.

This process of 'right-sizing' has been informed by using benchmarking data to model suitable budgets, which can be validated against the performance of peer institutes. Benchmarking data has provided management with a view on the level of investment required in key operational functions such as teaching, support services and facilities, to ensure the efficient delivery of high-quality education and training. Benchmarking data provides the objective data to allow leaders to make well informed strategic decisions on shaping organizations for the future.

Naturally, each provider operates different structures and is hit to a differing degree by enrolment fluctuations. The 'normalising' of the comparative benchmark data (to remove the impact of different sized institutions) allows leaders to see just what an institution of 'x' size should actually look like, where it should deploy resources to greatest effect, and what the journey to that goal should look like. In this way, the institution can be markedly more agile in reacting to fluctuations, whilst also setting realistic KPIs for their strategic response.

When we look at the other challenge at play here (ie modeling the impact of recruitment strategies), benchmarking enables institutes to show how the mix of students (undergraduate/postgraduate, domestic/international) influences metrics such as income per student, and in turn affects financial surpluses.

### **Example**

In 2016 Toi Ohomai Institute of Technology was created from the merger of two similar sized ITPs. At an early stage of the merger journey, management combined benchmarking data from both institutions to get an early view of what the proposed merged entity would look like in terms of financial and educational performance. In doing so it had an informed position on where opportunities for efficiency gains and future investment decisions.

Colleges clearly don't operate in the same market and have to seek alternative ways to augment reduced funding. Yet using benchmarking processes to model their investment needs and monitor their growth plans is still critical to colleges - and a similar approach is evident in all three markets discussed here:

- 1. In the UK, funding reform has led to colleges ramping up their provision of vocational qualifications (apprenticeships) and competing with traditionally commercial Training Providers for a share of the same business. As colleges do not have the resources to run programs at a loss, the business and delivery model has to be sound. Given that the outcomes for students are required to be of a certain standard to continue provision, College Finance Directors need to develop their curriculum with a certain level of assuredness. Detailed analysis of the college's curriculum plan demonstrates the financial sustainability of each individual program, enabling the FD to ascertain success factors such as:**
  - a. Whether a reduction in teaching hours would make the program financially viable (while maintaining quality of provision)**
  - b. How many students are required to run the program profitably?**

Benchmarking curriculum plans against other colleges allows educators to see how other colleges deliver qualifications more/less efficiently.

- 2. Policies in some of Australia's states have had similar, and sometimes more profound effects. Victoria's 'opening up' of the market to private providers in order to encourage competition created a destabilising impact on the state's TAFE system. Private providers, who were able to focus on one, two or three qualifications, in effect 'took away' funding from TAFE, which created widespread financial concern.**
- 3. In Canada, one might expect similar discussions to be taking place as colleges are urged to shift focus to needed skills and competencies, rather than just credentials.**

# 3

## The value of benchmarking to identify and address improvement opportunities in PSE systems

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### ACCURATELY IDENTIFYING INEFFICIENCIES

The words and the backdrop may differ, but the sentiment is largely the same across the world's PSE systems – find out which parts of the organisation are less efficient and address those inefficiencies.

If we look at the UK, the pressure has predominantly come from funding cuts driving the need for institutions to do more with less. Taking Further Education, then, initially college leaders sought savings from non-student facing administrative functions, such as procurement and reprographics where the existence of some 'low hanging fruit' made the task less arduous/ominous. Inevitably though, the pursuit of ever-leaner operations led to an increased focus on staff numbers and curriculum areas. Ultimately, large scale efficiencies will need to be found in curriculum areas. Delivering programs more efficiently (fewer program hours, larger class sizes) means fewer teaching staff are needed to deliver those programs. For example, we were able to demonstrate to a previous UK client college how an increase in average class size of just one student per class would lead to savings of £1.5m.

In New Zealand the picture is very similar, with government funding cuts for tertiary education leading to a 2017 spend of 10% less than 2009 figures<sup>(6)</sup>. Additionally, those cuts outpaced drops in student numbers and in 2018 a subsidy freeze increased pressure on the sector to identify scope for efficiencies.

And in Australia funding on Vocational Education and Training (VET) peaked during the 2011/12 academic year and has since taken a downward turn, leading to a wide range of approaches being developed by the

country's states to keep the sector competitive and contributing to state and territory governments skills needs. In New South Wales, TAFE NSW recently embarked on its 'One TAFE' reform journey, consolidating 11 individual providers into a single cohesive entity, with improving efficiency and productivity as one of its core aims as it seeks to strengthen its position of the largest provider of high quality education and training in NSW. In Western Australia, 11 TAFE colleges were collapsed into five centres in an effort to streamline services and reduce the financial impact of duplication of corporate functions.

In Canada, where the reliance on government funds is reducing as fee-paying international student populations climb, efficiency drives are currently less prominent. Long-term however, institutions are likely to focus on their efficiencies in order to remain competitive in the international student market, a trend already observed in the UK market.

## ANSWERING THE DIFFICULT QUESTIONS

The 'more for less' mantra is so common across the global PSE landscape that it is rarely a judgement on the management teams running the public provision, but rather a case of those management teams having to find the answers to difficult questions posed by government policy.

To avoid merely applying a short-term fix to the problem, the trick of course is to really get under the skin of the organisation and fully understand its cost-base. In this way it is possible to make the objective decisions that will bring about greater efficiencies, but not detrimentally effect the organisation's ability to deliver quality education. And this is where many organisations hit their first, but all too significant, hurdle. For ease of reporting and accounting purposes, how costs are attributed and accounted is largely dependent upon the structure of the organisation. In reality however, costs might be shared across multiple functions, so taking any one line of cost at face value might not be indicative of its true impact on the organisation. It follows that decisions made on that same 'face-value' will not necessarily impact efficiency in the predicted or desired manner.

## UNDERSTANDING THE TRUE COSTS OF OPERATIONS AND STAFF (ACADEMIC AND NON-ACADEMIC)

This, in essence, is one of the key tenets of benchmarking - stripping costs down to individual lines of income and expenditure and then categorising these according to a consistent model and methodology. This approach reveals the true, full cost of delivering each core function by ensuring any latent costs within 'other' departments are captured and allocated correctly. For example, any marketing activities undertaken with teaching departments are re-allocated to the marketing activity in the benchmarking model and not shown as a teaching cost. This enables organisations to quantify differences in expenditure

levels on a like-for-like basis against similar organisations. It also has the effect of truly seeing what functions/activities the organisation is directing resource towards. In turn, this helps identify the scope for savings and also enables leaders to model the impact of financial changes.

To put this in context, take the example of a Senior Administrator in a Canadian college. A true depiction of the role might reveal an emphasis on tracking and managing attendance, or alternatively supporting digital innovation within the college. These widely differing activities might be wrapped up in a single 'administration' cost but actually represent completely different aspects of operations. Tracking and managing attendance is closely linked to student retention and achievement and so has a significant impact on student performance. Digital innovation can drastically improve the efficiency and efficacy of curriculum delivery, and can also improve student satisfaction. Investing in tracking attendance ought to lead to improved student outcomes. Investing in digital innovation ought to lead to improved curriculum efficiency (and reduced teaching staff costs) and improved student survey results. Without an understanding of what the "Senior Administrator" is actually doing, the college cannot accurately assess current levels of investment in the two different activities. To effectively target future investment, the level of activity-based detail we provide is crucial.

### **Example**

In 2015 Birmingham Metropolitan College, the UK's fourth largest post-16 provider at the time, faced a predicted £9.6 million deficit due to a combination of high cost base, falling student numbers, a significant amount of capital depreciation, underachievement against budgeted delivery, and a forecasted cut in Adult Education funding. Through Benchmarking techniques, the college undertook an exercise to extract existing datasets and then categorise every single revenue line, pay and non-pay cost to a function. The resulting analyses were presented by functional area with a breakdown of pay and non-pay costs, FTE and average salaries by functional code, and showed significant differences to the primary benchmark and highlighted that the college was spending £4.7 million more on core activities than other similar institutions.

College leaders then used the financial benchmarking analysis to model the impact of a £5 million reduction in funding to inform savings of £14 million in pay and non-pay costs as part of the college's financial recovery plan.

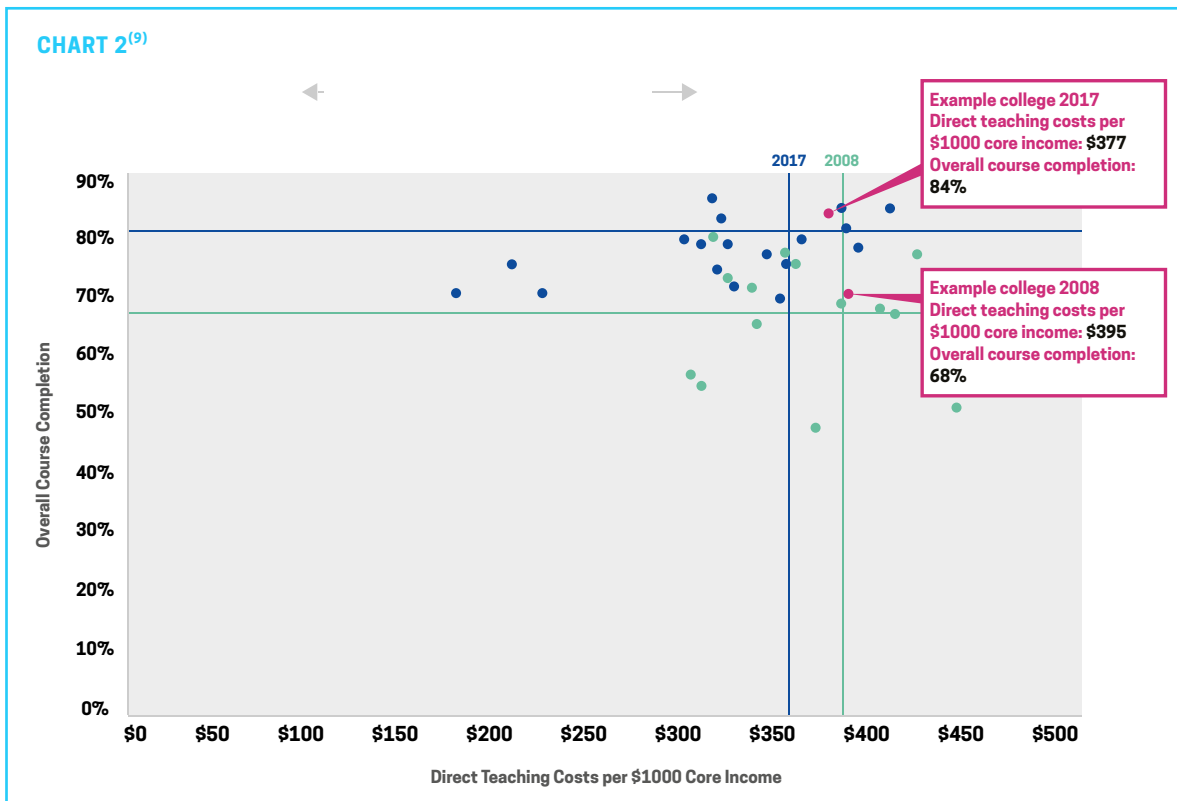
## INCREASING WORKFORCE PRODUCTIVITY AND PERFORMANCE

All post-secondary institutions will ultimately be assessed on their performance – how many students have they kept, and how many have passed. The terminology may change around the world for courses, qualifications, modules etc - but there are a number of key concepts that tend to be consistent:

1. **Course completion rate,**
2. **Direct teaching costs, and**
3. **Overall delivery costs.**

New Zealand’s PSE sector utilises these to compare performance and productivity measures across its institutions.

**Chart 2** plots course completion rate against direct teaching costs per \$1000 of core income, for 2017 and 2008. As you can see the sector benchmark for course completion has increased from 65% to 81%; whilst the benchmark value for direct teaching costs per \$1000 of core income has reduced from \$390 to \$370. Overall then, the sector performance can be said to be increasing. Individual institutions can then see how they compare – our highlighted institution denoted by the orange triangle has reduced its direct teaching costs (although not quite to the extent of the sector as a whole), but has outstripped the sector as a whole in terms of improved course performance, achieving 84%.





Of course, this gives an overview of performance at institution level; benchmarking techniques should delve further to illustrate the picture at 'school' level, and analyse other factors with a high impact upon course completion, such as student support costs or percentage of learners from more challenging socio-economic backgrounds in each year's cohort. New Zealand in fact attributes a 'barriers to learning' score to each learner to give greater context and understanding to performance levels.

## **EMBEDDING A SUSTAINABLE APPROACH TO RESOURCE MANAGEMENT**

The Birmingham Metropolitan College example illustrates how immediate savings and efficiencies can be highlighted, but institutions are equally as likely to need to identify medium to long-term opportunities for savings. The approach described in the above example helps institutions shape their cost-base to meet whichever strategy is being prioritised. These benchmarks of relative performance then provide useful and objective ways of ensuring the organisation keeps on track with those strategic plans. So, benchmarking isn't a discrete one-off activity, but more a component of a continuous performance measurement system to identify opportunities, quantify benefits and confirm progress. In this manner, institutions measure 'distance travelled' against a host of short/medium/long-term targets, including cost savings.

## **INCREASING THE USE OF MANAGEMENT INFORMATION FOR MIDDLE MANAGERS TO DRIVE PERFORMANCE IMPROVEMENT**

The availability of relevant, timely and easy-to-interpret management information is often cited as a key barrier to effective decision-making, especially in education sectors. In reality, identifying current levels of financial and educational performance isn't a given in many educational systems; gaps in data collection at national, regional or institutional levels can hamper efforts to produce useful management information that enables appropriate comparisons and conclusions to be drawn.

Benchmarking naturally helps fill those gaps and the most successful utilisations can be found where benchmarking is embedded in the performance management information made available to leadership teams and middle management. Benchmarks of relative performance are useful and objective ways of ensuring the organisation keeps on track with its strategic plans. At middle management level, the objective information improves their operational knowledge and brings understanding and meaning to any variances from benchmark values. In turn, operational decisions are objective, evidence-based and part of a continuous improvement journey.

Involving middle managers in the benchmarking process also means they understand how the results have been produced, and ensures they "buy in" to the results. In turn, middle managers are willing to "own" the benchmarking and act on the results. For example, Faculty Heads of technical areas (e.g. Engineering)

might reallocate staff budget from traditional lecturers to technician/demonstrators as a way of saving money. We often deliver workshops to individual middle managers or groups of middle managers to help them draw up their action plans.

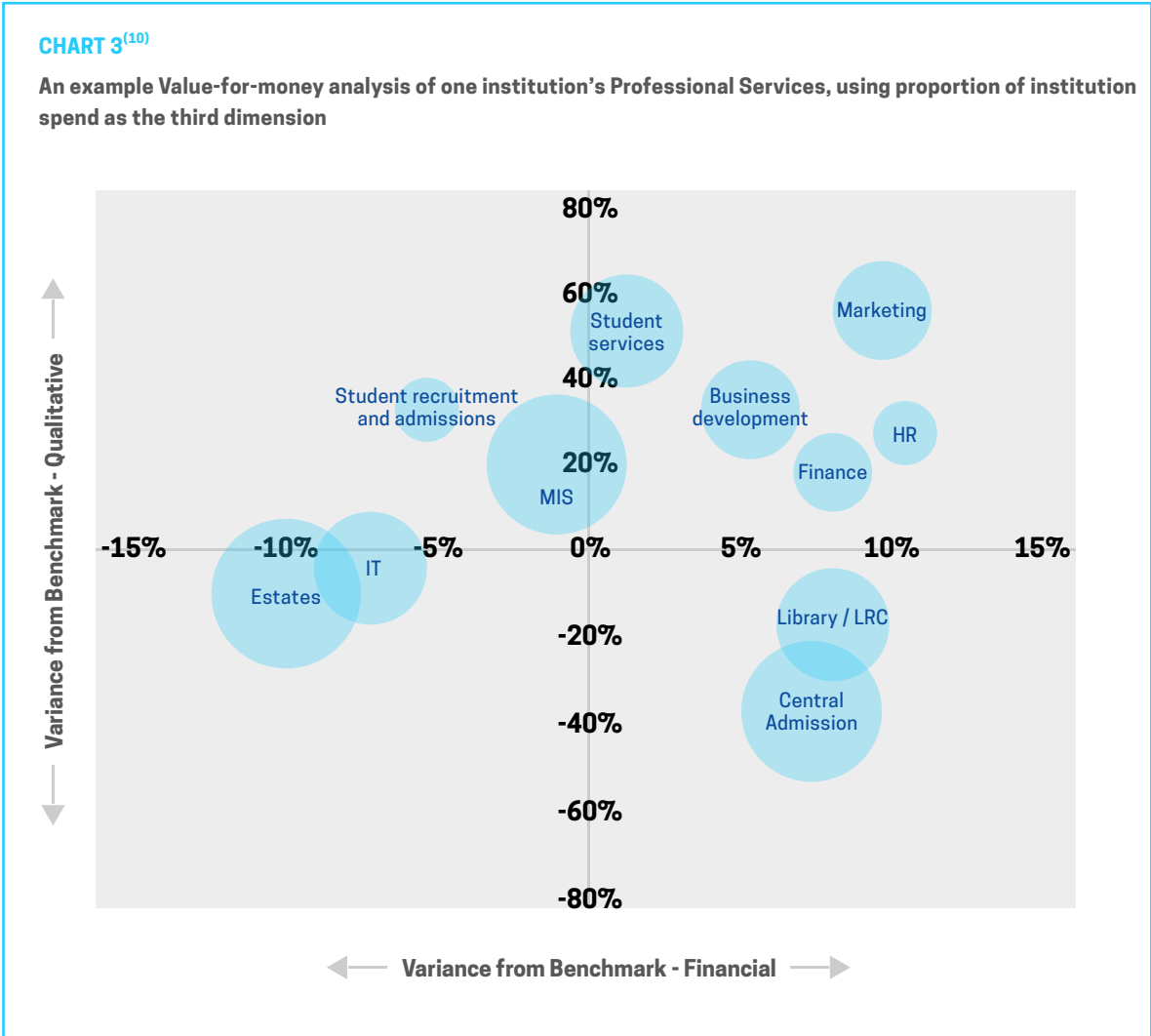
## **GAINING INSTITUTION-WIDE UNDERSTANDING OF EFFICIENCY DECISIONS WITH THE 'VALUE FOR MONEY EQUATION'**

Of course, leaders of education have to balance their resourcing decisions with the institution's ongoing ability to provide quality education; cost is only half of the 'value for money' equation. In fact, just looking at the cost side of the equation can often lead to resistance to, and disengagement with initiatives designed to bring about more efficient operating practices.

In the UK, benchmarking practices are helping universities and colleges produce analysis that provides the quality of service part of the equation, thereby giving a more complete picture of operations and better informing those investment and cost-cutting decisions. This is achieved through the analysis of the costs of things like student recruitment and admissions; student services; finance; marketing and central administration - and combining this with data collected via service quality surveys for internal Support Services.

To add further context, a third dimension, decided upon by the institution, is also introduced to the equation - this might be something like strategic importance of that service/department or the relative importance based on student or staff survey results, or simply proportion of college expenditure. This third dimension enables managers to give greater context to the analysis and more quickly interpret the results.

The combined analysis then provides a full picture of college resource allocation, service levels and value for money. In turn, resource allocation decisions are more informed and more easily explained or validated with department leads using these objective and comparable data sets.



**Chart 3** shows how Student Recruitment/Admissions might be noted for its poor value for money, given its higher than benchmark financial investment and lower qualitative performance. However, the size of the ellipse indicates it forms a small portion of overall spend, so may not be seen as of particular strategic or financial importance. At the other end of the spectrum is Central Administration. Higher qualitative performance versus benchmark, compared with lower financial investment and the fact that it forms a significant portion of organisational spend (size of ellipse) means this function is providing exceptional value for money. The one area that would be worth further scrutiny based on the above analysis is that of MIS which displays lower than benchmark performance, higher investment and is a significant function in terms of overall spend for the organisation.

## OBTAINING MEANINGFUL PERFORMANCE COMPARISONS WITH OTHER PUBLIC PROVIDERS, INCLUDING INTERNATIONAL PROVIDERS

The usefulness of benchmarking in any instance is the accuracy, validity and consistency of the data collection. This may be achieved via remote collection of data but invariably requires people to be on-site to ensure all assumptive processes are removed and the final dataset is consistent with the framework being employed. Getting this right enables meaningful performance comparison across any number of public providers and on a huge range of characteristics.

Institutions may wish to benchmark in-region, but benchmarks of course can traverse geographical boundaries, provided they are based on the accurate, valid and consistent approach outlined above. A Canadian college for example, may wish to compare itself with similar sized colleges around the world with any one or more of a number of characteristics - such as size, number of campuses, curriculum, student profile or if they are perceived to be exhibiting best practice. Their respective geographic location and organisational structure is rendered less relevant due to the consistent manner in which the data is collected. The Canadian college is therefore able to make evidence-based decisions regarding resource allocation in order to move the organisation forward against their chosen benchmarks.

### Example

The use of international benchmarking data is evident in our work in New Zealand. The NZ university system consists of only 8 universities, with some displaying quite different characteristics (eg University of Auckland has a turnover of approximately NZD\$1bn organisation, whereas Lincoln University has a turnover of less than NZD\$100M, with others in between ranging from \$600M to \$300M. Some are quite specialist, eg Massey University is strong in its provision of distance and online programmes.) To ensure that these universities had access to meaningful comparative data we were able to use HE data from the UK system; the benchmarking approach we apply is very similar wherever we work in the world - breaking down the financial and other performance data into a level of granularity which allows us to re-build the universities' data in a consistent manner. This means it can be 'transported' to other geographic regions. Currency fluctuations are mitigated through the use of UBS Price & Earnings Survey and the Domestic Purchasing Power measure.

## MAXIMISING THE VALUE DERIVED FROM GOOD EDUCATIONAL DATA

The very process of collecting data in this consistent manner improves data integrity and helps the potential development of new performance measures consistent with those used in an international context. Equally important is the availability of regular and comprehensive educational data with valuable interpretation. By obtaining this for specific sectors, i.e. Universities and Colleges, leaders can be confident the data on which they base their decisions is not skewed by non-relevant institutions outside of their sector; the 'normalising' of this data for comparison purposes then maximises the value that can be derived by leaders.

# 4

## Benchmarking to support effective governance

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The concept of governance and what it means in the education sector varies from country to country and evolves with each country's educational policy. But by and large in post-secondary education, governance can be summed up as the effective use of the 'public purse'. Benchmarking supports effective governance by improving:

- **Accountability** – ensuring the management of the institution is delivering the agreed strategy is obviously a key responsibility for governance. Governing bodies need to be able to see 'distance travelled' against the KPIs; and leaders need to be able to observe how their teams are contributing to that progression. Benchmarking should be the objective 'stake in the ground' and help stakeholders measure 'distance travelled' in line with improvement plans. For all good leadership teams it can be the catalyst for improvement, and it begins to change the culture of the organisation because of the behaviours it drives.
- **Transparency** – governance can often be a subtle thing; what benchmarking does is bring it to the fore by creating an objective picture for leaders and stakeholders so everyone can see and compare the inputs and outputs of the institution with other public organisations. With this greater transparency and objectivity, gaps in performance, spend, and productivity are more easily highlighted and assessed, and governing bodies are able to gain the greater insight required to carry out their duties.

**Sustainability and stability** – the long-term security of the institution is impacted by the shorter-term operational management strategies, but also by adopting risk management practice. Benchmarking sits alongside mandatory requirements and frameworks, highlighting variations from ‘the norm’ and providing stakeholders with a true picture of the organisation, both in its own right and in terms of how it compares to other providers. It enables those charged with accountability, transparency and sustainability responsibilities to objectively demonstrate exactly how resources are being managed and how management is affecting performance.

# 5

## Conclusion and comment

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Repeatedly we observe post-secondary education institutions and systems around the world turning to the practice of benchmarking to inform their strategic responses to an ever-changing and challenging landscape.

Numerous examples illustrate how institutions use the discipline to bring into play the concept of continuous quality improvement, the practice of effective resourcing, and the requirement to treat resourcing and financial/organisational/student performance not in isolation, but as interdependent components.

As the numbers of institutions adopting the discipline grow, then so does the benefit those institutions are able to derive – the comparative dataset expands and leaders draw upon increasingly sophisticated and varied benchmark comparisons.

In this way, leaders are able to view the true picture of their operations and more accurately model the impact of change. The result: our post-secondary education institutions are able to navigate more stable courses to drive their institutions forwards with increased confidence, accountability and transparency, regardless of how the system around them evolves. In turn, this means more providers are able to offer world-class standards of education.

The Hackett Group's research into business benchmarking has found that world-class organisations share several common characteristics, namely:

- **Self-evaluation is part of the organisational DNA**
- **Continuous improvement is simply part of the way an organisation does business; it is not a discrete one-off initiative.**
- **They utilise a continuous performance measurement system – of which benchmarking is an integral part – to identify opportunities, quantify benefits and confirm progress.**
- **They seek to achieve improvement.**

Post-secondary education institutions around the world already demonstrate many of these key characteristics, so the adoption of benchmarking techniques isn't a huge leap in terms of operational shift; but it does pose a potentially huge leap in their drive to become world-class providers of education.



# 6

## Applying benchmarking techniques around the world

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Throughout this paper, we've made reference to the post-secondary education systems of Canada, England, New Zealand and Australia, highlighting their commonalities and illustrating several specific opportunities that would be generated through the adoption of benchmarking disciplines, namely:

1. Improved effectiveness and efficiency of delivery
2. Higher level of governance through greater transparency and accountability for the expenditure of public funds
3. A holistic view of individual institution's costs and performance relative to other providers
4. Better, more objective plans for business and quality improvement
5. Greater strategic decision-making and increased commercial capability

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The role of benchmarking in the post-secondary education sector and how it specifically sets out to address the key issues faced by institutions.



**The role of benchmarking in Australia's TAFE sector and how it specifically sets out to address the key issues faced by institutions.**





**The role of benchmarking in Canada's PSE sector and how it specifically sets out to address the key issues faced by colleges and non-research-based universities.**



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The logo for TRIBAL, consisting of the word "TRIBAL" in white, uppercase, sans-serif font, centered within a blue rectangular background.