Applying Benchmarking To Higher Education

Some Lessons From Experience

By Rhonda Martin Epper

A cursory glance at Amazon.com's business bestsellers list offers managers a seemingly endless choice of tools and methodologies to improve their businesses. It's easy to find 30 ways to profit from strategic forces, 10 radical strategies for a connected world, 52 weeks of sales success, and of course, those "7 habits" needed to become an effective person. In recent years, though, only a handful of business management tools have made their way into the administrative corridors of higher education. One of these, with which a growing number of colleges and universities have successfully experimented, is benchmarking.

In many ways, and perhaps without realizing it, colleges and universities have always engaged in benchmarking. We have long compared ourselves to our peers while aspiring to greater levels of enrollment, funding, recognition, and prestige. The widely publicized and often criticized—but always captivating—national rankings weigh heavily on our institutional egos. And we have a strong tradition of knowledge-sharing carried out through national meetings, publications, listservs, and other venues. It is no wonder then that upon learning of yet another quality management tool, administrators often respond: "We've been doing benchmarking for years. We just didn't call it that."

Rhonda Martin Epper is a project director at the State Higher Education Executive Officers.
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**WHAT IS BENCHMARKING?**

Modern business managers consider benchmarking to be much more than simply comparing oneself against a statistical norm or standard. Benchmarking involves first examining and understanding your own internal work procedures, then searching for “best practices” in other organizations that match those you identified, and finally, adapting those practices within your organization to improve performance. It is, at bottom, a systematic way of learning from others and changing what you do.

Since benchmarking appeared on the corporate radar screen in the early 1990s, companies like Xerox, AT&T, Eastman Kodak, and DuPont claim they have achieved measurable benefits, including reduced cycle time, better customer service, lower costs, and improved overall product quality. In these companies, benchmarking is integrated fully into the organizational strategy, structure, and culture. Furthermore, benchmarking is usually only one of several quality tools—with others like Continuous Quality Improvement (CQI), reengineering, and Baldridge assessments—also being deployed within a broader venue of change management and organizational transformation.

The kind of benchmarking, or knowledge-sharing, that typically has taken place in higher education, in contrast, is mostly the result of friendly rivalry among respected peers. “Peers” in this case consist primarily of those institutions that most resemble ourselves, whether it be within a particular sector, tier, or discipline. True benchmarking, in contrast, encourages us to look beyond our peers for processes that are similar, and perhaps implemented better, in quite different types of organizations.

Classic examples of this type of cross-industry benchmarking include Southwest Airlines comparing notes with the pit crew of an Indianapolis 500 race car team, and the staff of a hospital emergency room learning from Domino’s Pizza how to take pertinent customer information from the telephone quickly. For higher education, learning from both “insiders” and “outsiders” will become especially important as the boundaries of our industry become more difficult to discern. Yet colleges and universities, for the most part, continue to maintain that they have little to learn from higher education institutions not like themselves—let alone from organizations outside the academy.

**A NEW COMPETITIVE LANDSCAPE**

Why should colleges and universities care about benchmarking? In a word: competition. While we once knew who our friendly rivals were and could quickly identify them, the competitive landscape is changing quickly. Our new rivals—especially those of the digital or profit-seeking ilk—are neither friendly nor respected. But they are growing fast, they are changing higher education, and we can learn from them.

Art Levine, president of Teachers College, Columbia University, has eloquently described higher education as a “mature industry,” documented by the shifting of relationships between government and individual financial support. While this may be true for traditional segments of higher education, the meteoric rise of technology, combined with changing demographics, has recast much of the wider postsecondary sector as an “emerging” or “growth” industry.

Management scholar Michael Porter characterizes emerging industries as “newly formed or re-formed industries that have been created by technological innovations, shifts in relative cost relationships, emergence of new consumer needs, or other economic and sociological changes that elevate a new product or service to the level of a potentially viable business opportunity” (Competitive Strategy: Techniques for Analyzing Industries and Competitors, The Free Press, 1980). One of the essential characteristics of an emerging industry is that there are no game rules. The competitive landscape in emerging industries is made up of technological uncertainty, embryonic companies and spin-offs, an absence of clear product or technical standards, customer confusion, erratic product quality, and regulatory constraints. What’s more, threatened entities—those who used to know the rules of the game—spend excessive resources defending an established high market share.
when they should instead be focused internally on building their own strengths.

Colleges and universities may find instructive some of the lessons learned from other industry transformations over the past two decades. In particular, focusing internally on process improvement is the first step toward achieving greater competitive advantage. One of the most useful tools available to help organizations with process improvement is benchmarking. If taken seriously and deployed properly, benchmarking can help colleges and universities position themselves for the new competitive environment that is at once mature and filled with potential.

**Higher Education’s Experience With Benchmarking**

A relatively small number of higher education institutions committed themselves to full-scale benchmarking efforts in the early to mid-1990s. Notable pioneers included Babson College, Penn State, and the University of Central Florida. In 1992, the National Association of College and University Business Officers (NACUBO) and what was then Coopers & Lybrand initiated a “benchmarking survey,” which eventually covered nearly 600 different benchmarks in a variety of administrative functions and processes. It is important to note that this study focused on defining the benchmarks themselves, which can help institutions identify gaps in performance. However, it takes a more concerted and disciplined effort to identify the processes behind the benchmarks that actually lead to improved performance. This is what benchmarking is about in corporate circles.

In 1996, the Houston-based American Productivity & Quality Center (APQC) began facilitating benchmarking studies in higher education. APQC operates an International Benchmarking Clearinghouse with over 400 members, most of which are Fortune 500 companies. To date, APQC has facilitated higher education benchmarking studies in cooperation with the State Higher Education Executive Officers (SHEEO), the Pew Higher Education Roundtables, The National Center for Higher Education Management Systems (NCHEMS), the Council for Adult and Experiential Learning (CAEL), and others. The studies included topics such as Electronic Student Services, Faculty Instructional Development, Institutional Budgeting, Institutional Performance Outcomes, and Adult Learner-Friendly Institutions.

**Consortium Benchmarking Methodology**

The remainder of this article will focus on the benchmarking methodology, known as “consortium benchmarking,” employed in these studies. Based on my own experience in two consortium studies, I will attempt to capture what worked well, while identifying where we as participants—or the methodology—seemed to stumble.

The consortium benchmarking methodology developed by APQC is simple in concept yet takes a great deal of effort to carry out. It begins with a group of higher education institutions that share a common interest in improving performance in a certain area (such as electronic student services or measuring performance outcomes). The groups can range in size from 10 to 50 organizations, and typically include public, private, two-year, four-year, large, small, open-access, and elite institutions working side by side to identify best practices.

In addition, there are often a few corporate participants—most commonly, firms that do business with colleges and universities—who view the process as both a learning experience and an opportunity for market development. Together, all of these participants are known as “sponsors” since they underwrite the cost of the study. A key feature of the methodology, however, is that the sponsors do not just fund a study, they are also directly involved in shaping and carrying it out in order to learn something that they, as a group, want to improve. In each of the steps described below, decisions are made with the collective input of the sponsors, a “subject-matter expert,” and APQC facilitators.

**Setting the Study Scope.** Defining the study’s boundaries is the most challenging, but also the most important, step in
benchmarking. As in any research project, the topic selected for benchmarking starts out only partially defined and far too general. By the time a score or more of sponsors has outlined what each wants to learn from the study, the project grows in scope until it seems comparable to “boiling the ocean.” To be suitable for meaningful benchmarking, the scope must be narrowed to a definable “process.” As an example, “assessment” turned out to be too big, but “using data about performance in decision-making” seemed more reasonable. During a project’s kick-off meeting, it often takes the better part of two days to narrow, refine, and agree upon a few concrete areas that are big enough to matter, yet compact enough to handle.

**Screening and Selection of Best-Practice Organizations.**

Once the study’s scope has been set, the consortium collectively generates a set of criteria for identifying potential best-practice organizations. For example, two key criteria in the Faculty Instructional Development study were, first, that the organization had an explicit vision for using technology in instruction, and second, that the faculty development program being considered was well established and had already reached a significant proportion of the faculty.

With these criteria in mind, a list of potential best-practice organizations is gathered through secondary research and nominations. A screening survey is then sent to all candidates, with the results presented to the consortium members in a blind format. The selection process is democratic, with each sponsor voting for one of the respondent organizations based on survey and demographic data.

**Site Visits.** Benchmarking participants overwhelmingly report that actually visiting a best-practice organization yields more insights into process improvement than can be gained by any other means of data collection. Visits allow participants firsthand access to the actual “process owners” (that is, the people who actually perform or manage the task under study) in the target organization. During a daylong visit, a structured interview protocol guides the discussion, with ample time left for probing and open discussion. In addition to the explicit knowledge gained from on-site visits, a great deal of tacit or noncodifiable knowledge is often shared. Participants liken this experience to “kicking the tires” or “sniffing the hallways.”

The key to a successful site visit is preparation. Interview protocols are sent to the best-practice organizations in advance in order to enhance the productivity of the meeting. Even with substantial preparation, though, APQC has observed that site visits in higher education studies usually take more time than corporate ones.

**Reporting, Sharing, and Implementing.** The final step in the consortium benchmarking methodology is to capture the “lessons learned” from the best-practice organizations and to share them with the sponsors as well as the extended stakeholders in the sponsors’ organizations. A two-day “Knowledge Transfer Session” provides an opportunity to present the final report, to showcase the best-practice organizations, and for sponsors to begin thinking about how to use the results back home.

**Benchmarking Challenges**

The usefulness of business models in higher education has been limited by the fact that colleges and universities are, in many ways, different from businesses. Businesses have been drawn to benchmarking because of competitive pressures, which directly compel process improvement. Most higher education institutions have not felt threatened by similar competitive pressures, but as the competitive landscape begins to change, more will recognize the need to look for models of excellence outside their traditional paradigms, and benchmarking will likely become more popular. Below are a number of challenges particular to higher education, which arose as SHEEO executed consortium benchmarking studies in partnership with APQC.

**Identifying Core Competencies.** When thinking about benchmarking and its applicability in higher education, the first challenge we faced was finding a topic—that is, a process—that really was suitable for benchmarking. It made sense to begin looking at administrative processes like electronic student services or institutional budgeting because the way such processes
are accomplished in higher education is comparable to the way they are accomplished in the corporate sector. This is why most benchmarking studies in higher education to date have focused on processes outside the classroom.

But a critical benchmarking challenge for higher education institutions is to learn how to effectively benchmark what businesses call "core competencies"—those aspects of the enterprise that are at the heart of what the organization is about. For colleges and universities, this means processes directly related to teaching and learning. The Faculty Instructional Development study brought us closer to the heart of the enterprise in this respect, but also brought a host of benchmarking complications. For example, we found it far more difficult to achieve consensus about a study’s scope and criteria among groups of academics than with groups of administrators. It was also more difficult to find parallel processes in the corporate sector. The closest corporate parallel we could find to the process of “faculty instructional development,” for instance, was in Arthur Andersen—a consulting firm that, like colleges and universities, needs to integrate technology skills into its highly educated and, in many ways, autonomous work force.

Institutions Come to Benchmarking at Different Stages of Readiness. Institutions must go through a thorough self-analysis and have a clear understanding of their own processes in order to maximize the benefits of benchmarking. It also helps if the process owners at the sponsoring institutions are already educated about benchmarking. And benchmarking will be most useful to those organizations that have made an explicit commitment (with the support of senior leaders) to redesign their processes.

A particular challenge with consortium benchmarking is that many diverse organizations may come together at different stages of readiness. Some will have more sophisticated knowledge of their internal processes, and may already have made significant progress toward improvement. In fact, a few sponsors from some studies have ended up being selected as best-practice organizations. On the other hand, some participants will see the project as an exploratory exercise and have no immediate plans for process redesign. The challenge becomes that of balancing the focus and speed of the study to accommodate all levels.

Individual Interests Must Be Sacrificed to Accommodate the Needs of the Whole. Not unrelated to the previous point is the problem of trying to satisfy the sponsoring group’s varied interests. This is partly why narrowing the study’s scope is so important and yet so difficult. Inevitably, sponsoring institutions have to forgo some aspects of the topic in order to make the study more manageable. In the Faculty Instructional Development study, for example, several participants were interested in examining intellectual property issues as they related to helping faculty learn how to use technology in instruction. While this might have constituted a process worth benchmarking in its own right, the consortium collectively decided to look more broadly at the rewards and constraints facing faculty, rather than focusing specifically on intellectual property concerns.

Benchmarking Is Expensive. Benchmarking requires a hefty commitment of resources, in terms of both staff time and money. Sponsors of APQC’s consortium benchmarking studies pay between $10,000 and $15,000 each, plus travel expenses to group meetings and site visits. However, if an organization is serious about benchmarking, this is only a fraction of the cost of an independent benchmarking effort.
Corporations don’t blink an eye at this cost since they know that the cost of going it alone in a full-scale benchmarking study can easily run upwards of $75,000.

Implementing the Results. The greatest challenge in benchmarking, of course, is putting the results to good use after the study is completed. After all, the ultimate objective of benchmarking is to generate action: to change, and to improve. The consortium benchmarking methodology in itself provides no formal mechanism for making this happen. It is up to each participating institution to take the data and lessons learned back to its campus and find ways to apply what’s been learned. Success depends in large part on the level of commitment to change that existed at the beginning.

What We’ve Learned From Benchmarking

In spite of these challenges, benchmarking has a strong potential to help colleges and universities learn from themselves and others. Based on the experience of postsecondary institutions that have participated in consortium studies, benchmarking offers the following benefits and opportunities:

1. Benchmarking Provides a Model for Action, Not Just Data. With an emphasis on best practices rather than on numbers, institutions can get a better sense of exactly how other organizations have improved their performance. Site visits make best-practice stories come alive and provide roadmaps for those wishing to embark on a similar journey. In the Electronic Student Services study, for example, the University of British Columbia (UBC) was selected as a best-practice model, in part because of its Web-based, province-wide admissions application procedure. One state system representative who attended the site visit established a contact at UBC to follow up with when the university system began creating such an application process in its own state.

2. Benchmarking Distinguishes Between Real Innovation and Simple Reputation. Much of what we consider to be best practice in higher education is based on little more than rumor. Indeed, the initial list of best-practice nominees in a benchmarking study usually contains organizations that are reported to be on the cutting edge of some particular area because their names appear in the background literature or simply because they have a reputation for “high quality.” The benchmarking process, which, in contrast, focuses on demonstrated best practices, uncovers and eliminates institutions that are just beginning to launch initiatives or that simply may have good public relations departments.

3. Benchmarking Encourages “Out-of-the-Box” Thinking. One feature that distinguishes true benchmarking from simply “sharing knowledge with one’s peers” is the ability to look outside higher education. APQC’s experience with benchmarking in the corporate sector enables it to recommend companies that may have processes that parallel those in higher education. For example, in the Electronic Student Services study, we examined the electronic customer-service functions of Hilton Hotels (for example, Web-based reservations, guest registration, and smart-card technology).

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 tors of higher education requires institutions to adopt new lev els of openness and creativity. Its rewards, however, can help organizations challenge traditional, long-held assumptions. Without some external stimulus and example, an organization’s goals for improvement are likely to be incremental, not dramatic. In addition, ideas and processes from elsewhere can often legitimize internal plans and help overcome the “not invented here” syndrome.

4. A Lot of Learning Takes Place. After working with more than 60 colleges and universities on two benchmarking studies, I have yet to meet a participant who didn’t learn something valuable. Even institutions in the “not-ready-to-benchmark” category take away ideas that can help plant the seeds of change. At best, the learning translates into levers for change. As one institutional participant observed, “We took away hands-on practical information that we can immediately implement.”

5. Knowledge of Benchmarking and Internal Process Improvement Grows. Through benchmarking with others, institutions learn much more about their own processes than they knew before. As part of the process, sponsoring organizations are asked to fill out the screening survey for themselves so they can see where they stand in relation to potential and actual best-practice partners. In addition, participants gain experience with, and knowledge about, the benchmarking process, which can lead to a shift in attitude about quality management.

In many cases, the language and tools of quality management begin to creep into planning documents, policies, and everyday work practices. For example, the Oklahoma State Regents for Higher Education, after participating in two benchmarking studies, now require any institution that is requesting approval to offer a new electronic degree program to conduct a best practice study of similar programs around the country.

6. Networking Creates Opportunities for Collaboration. Many participants report that one of the most valuable outcomes of benchmarking is the networking that occurs through the people they meet during the study. In some cases, the networks they establish are within their own organization! One of the biggest barriers to the transfer of best practices is the lack of a relationship between the source and the potential recipient of knowledge—in the words of Carla O’Dell and Jack Grayson, “the absence of a personal tie, credible and strong enough to justify listening to or helping each other” (California Management Review, Vol. 40, No. 3, Spring 1998).

Benchmarking allows individuals within an organization to see where their work processes connect, mismatch, or overlap. It often marks a first step toward building internal alliances among previously distinct organizational units. Moreover, some participants have established new external relationships, or even initiated partnerships with other institutions, that extend beyond the scope and duration of the benchmarking study.

As many corporations and an increasing number of colleges and universities will attest, benchmarking is not rocket science, nor is the methodology particularly scientific. But it takes an extraordinary effort and commitment of resources to do it right, and to maximize the outcome. Colleges and universities do not come to benchmarking easily for many reasons, not the least of which is that it is a humbling experience. It requires us to look deeply at ourselves, to recognize our weaknesses, and to look elsewhere for examples of how to do things better.

For the past decade, companies have realized significant returns on their investments in benchmarking. APQC surveyed its members in 1995 and found average savings of $76 million among responding organizations—savings that were directly attributed to benchmarking. As competitive pressures within our industry build, and as our customers—students, employers, and legislators—demand a more agile and responsive higher education system, the tools and language of business will become more palatable. The values of change and improvement will need to blend with a culture that values stability and tradition. Even as our industry matures and reemerges, process improvement tools can help us build capacity for continued growth, renewal, and change.