

# ASSESS AND IMPROVE



Benchmarking your nursery will help you meet your targets and achieve best practice, says **Stephen Gaubert**...



**B**enchmarking is the process of reviewing an element of a setting's activity to identify 'best practice' in relation to its costs and the processes and resources it uses. The objective of benchmarking is to understand and evaluate the current position and to identify areas of performance improvement. It embraces internal comparisons between settings within an organisation, as well as looking at comparable information about its competitors.

Every nursery owner and manager needs to develop some core analysis skills to review their business in an objective way and identify potential opportunities for improvement. Their staff have a key role to play in identifying issues and problems, too, as well as contributing ideas for enhancement.

Benchmarking can be split into 'informal benchmarking' and 'formal benchmarking'.

**Informal benchmarking** is a type of benchmarking we do unconsciously at work and in our home life. We constantly compare and learn from the behaviour and practices of others, for example, colleagues and consultants, networking contacts, trade publications and online resources. This will often drive the first level of change and identify more strategic items for further review.

**Formal benchmarking** can be in two streams: 'performance' and 'best practice' benchmarking.

■ Performance benchmarking involves comparing performance levels within an organisation or against competitors or industry 'norms' or targets. It will relate to either financial targets (for example, the costs of staff, specific purchases or resources and energy, cash flow, return on marketing initiatives, etc.) or non-financial targets (such as attainment targets for the children, staff turnover, complaints, sessions per child).

■ Best practice benchmarking is where a setting studies comparable organisations with a reputation for excellence who may be open to sharing information about their processes and performance levels, or works with support groups or professional consultancies. This involves the whole process of identifying, capturing, analysing, and implementing best practice.

There are a wide variety of benchmarking processes available, but for early years settings there are five phases that underpin the benchmarking process, whatever the methodology used. They are:

**1 Planning** - selecting the business process, function or cost to be benchmarked, identifying benchmarking partners and protocol, and looking to work with similar organisations to share knowledge and experiences.

**2 Analysis** - understanding in detail the existing business processes, collecting the data and analysing performance gaps.

**3 Compare** - your own performance with that of others where data can be obtained - as a start this could involve different settings within an organisation and then progress to external organisations operating in the early years arena.

**4 Action** - communicating the findings, setting of targets and implementing specific improvement actions.

**5 Review** - identifying the learning points, evaluating the benefits of the process and the continuous monitoring of improvements.

Nurseries are constantly looking for new ways and methodologies to improve their performance and gain a competitive advantage. One way is to learn from best practices that have been achieved by other settings. The benefit is the removal of the need to 'reinvent the wheel', by adopting proven practices, thus achieving significantly enhanced levels of performance.

**Stephen Gaubert helps organisations manage their overhead costs and manage benchmarking projects. For more information, call 020 8482 1370 or 07785 340 280, email [stephen.gaubert@auditel.co.uk](mailto:stephen.gaubert@auditel.co.uk) or visit [auditel.co.uk/stephengaubert](http://auditel.co.uk/stephengaubert)**

## BORROWING RISES

### CHARITABLE ORGANISATIONS ARE LOOKING TO FINANCE INCREASING ACTIVITY...

Charity borrowing is on the increase, and that means the sector's confidence is rising, at least according to lender Charity Bank ([charitybank.org](http://charitybank.org)). The bank, which makes loans to charities and other organisations committed to enriching society, announced in July that the value of loans it had approved in the first six months of the year totalled £11 million, compared to £6 million in the first half of 2013 - an increase of 83 per cent.

"Our experience is that charities and other social sector organisations are starting to regain confidence about the economy, and

becoming more ready to borrow in order to grow their activities where it is prudent to do so," commented Patrick Crawford, the bank's chief executive. "The increase in demand for our loans has also been prompted by the effect of cuts in public sector spending on the social sector, compounded by the lack of finance for smaller charities from large commercial banks.

"Social sector organisations can benefit if they diversify their sources of revenue and embrace mixed funding, including borrowing. By doing so they can strengthen their organisations, grow their revenues, unlock other funds and expand their impacts."

EFFECTIVE COST **MANAGEMENT** IS NOT A **ONE-HIT** WONDER; IT NEEDS TO BE AN **ONGOING** ACTIVITY