Benchmarking: a tool for TPO Competitiveness

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How Austrade defines benchmarking

• Central instrument to improve the performance of an organisation
  - Comparisons can be an important driver of performance

• Internal and external functions are benchmarked
  - Find an organisation from which to learn
  - Study how it achieves its results
  - Make plans to improve own performance
  - Implement plans
  - Monitor and evaluate results

• Benchmarking is used by Austrade to identify and implement best practice
Benefits to Austrade of benchmarking

- Allows a wide range of performance indicators to be studied
- Assists in identifying priorities for improvement
- Allows performance shortfalls to be clearly seen
- Uses performance indicators at a variety of levels
Downsides to Austrade of benchmarking

• Not spending enough time up front to get the right framework of performance indicators

• Not defining the data items correctly and consistently

• Not collecting the data accurately
Austrade’s view of benchmarking

• An ongoing activity and we must always be looking for the right opportunity

• Enables us put in place new and improved systems to better service the needs of clients and produce the best products and services

• Leads to an increase in business outcomes
How does benchmarking work?

• Enables past information, known as “lag” information, to be evaluated while also looking forward and assessing “lead” information
• Can use qualitative and quantitative research techniques
• Can also use options such as
  - Client retention, satisfaction and the quality of client relationships
  - Staff satisfaction
  - Supplier relationships
  - Re-engineering analysis
  - Process mapping
  - Quality control variance reports
  - Risk analysis
  - Financial ratio analysis
• The technique to use depends on what is being benchmarked
Austrade’s scope for benchmarking

• Covers 3 main business areas:
  - Organisation: business process effectiveness
  - Key Performance Indicators
  - Benchmarking against other TPOs
Organisation: business process effectiveness

• Austrade’s performance is tied to the funding received from the Australian government
  - Staff are measured on individual performance outcomes

• Austrade supports an increasing number of small to medium business enterprise exporters while continuing support to larger companies
  - Processes, information systems, organisational structure and modes of service delivery have had to change

• Austrade sets performance targets in overseas regions and local offices in Australia
  - Requires tightly focused measures to make big impact in markets
  - Business process results are compared between regions on a budget/outcome basis
Key Performance Indicators (KPIs)

- Austrade uses numeric KPIs for all major business objectives. Key benchmarking criteria include:
  
  - Number of Australian exports we assist
  
  - Number of EMDG recipients we assist (applications and grants paid)
  
  - Number of successes we assist in rural and regional areas
  
  - Export Impact: number of clients and dollars
  
  - New Exporter Development Program (NEDP) and the export impact – number of clients we assist
Key Performance Indicators (KPIs) (contd)

- Key benchmarking criteria also include:

  - Sustainable Export Measures
  
  - Outward investment impact: number of clients and dollars
  
  - Client satisfaction
  
  - Community awareness of the importance of the government’s trade and international business facilitation activities through Austrade
  
  - Proportion of Australians who believe that exports make a major contribution to the economy
External benchmarking

• Customer satisfaction survey
  - Clients rate their experiences in an annual telephone survey or via online
  - Satisfaction and performance measured against service standards
  - Areas of improvement identified

• 2005/06 – 88% of established exporters and companies rated Austrade as good, very good or extremely good

• 2005/06 – 88% of new exporters and companies rated Austrade as good, very good or extremely good
Internal benchmarking

• Examines the proportion of Australians who believe that exports make a major contribution to the economy

• Newspoll conducted an annual community awareness survey:
  - 2005/06 – 83% of Australians believe exports make a contribution to the economy
  - 2005/06 – 67% of Australians were aware of the importance of the Australian government’s trade and international business facilitation activities through Austrade
  - 2005/06 – 77% of Australians were aware of Austrade
Benchmarking results

• From internal and external benchmarking exercises, Austrade can now benchmark against overall business objectives
Benchmarking against others

- Austrade shares experiences with other TPOs to discuss best practice and understand how other TPOs approach clients
  - Websites provide new campaign information
  - Discussions are conducted with other TPOs to look at servicing offers
  - Information is shared at forums such as this

- Australian Business Export Awards provides another form of benchmarking
  - Benchmarks across export sector for last 40 years

- World TPO Awards
  - Recognise national trade promotion organisations
  - Focus on tangible changes and verifiable achievements of TPOs
Summary

• Benchmarking is a tool used to set standards of commercial excellence and produce outcomes

• It is easily understood by staff and stakeholders

• It provides a link between strategy and measured performance

• Methodology used to collect and measure performance data must be thorough and rigorous

• Austrade’s benchmarks are now predominantly based around the outcomes of its clients