

# ***Australian Shared Services Benchmarking Association***

**Information for prospective members**

 **ERNST & YOUNG**

*Quality In Everything We Do*

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## What is benchmarking?

- Definition:
  - The process of comparing performance against the practices of other leading companies for the purpose of improving performance
- Quotes
  - “Benchmarking is the practice of being humble enough to admit that someone else has a better process and wise enough to learn how to match or even surpass them.”  
Ron Webb, APQC
  - “ I think it is an immutable law in business that words are words, explanations are explanations, promises are promises - but only performance is reality.”  
Harold Geneen (former CEO International Telephone and Telegraph company.)
  - “ A race horse that can run a mile a few seconds faster is worth twice as much. That little extra proves to be the greatest value.”  
John D Hess

## Who is involved in benchmarking?



## What studies can I participate in?

### Accounts Receivable

Process customer credit, Invoice customer, Accounts receivable, Manage and process collections and adjustments/deductions

### Finance

General Accounting, Fixed Asset Accounting, Planning / Budgeting / Forecasting, Month End, Reporting

### Records / Document / Knowledge Management

Records Management, Document Management, Knowledge Management, Scanning, Archiving

### Payroll

Time and attendance, Award Interpretation, Payroll and benefits processing, Payroll enquiries, Payroll technology

### Accounts Payable

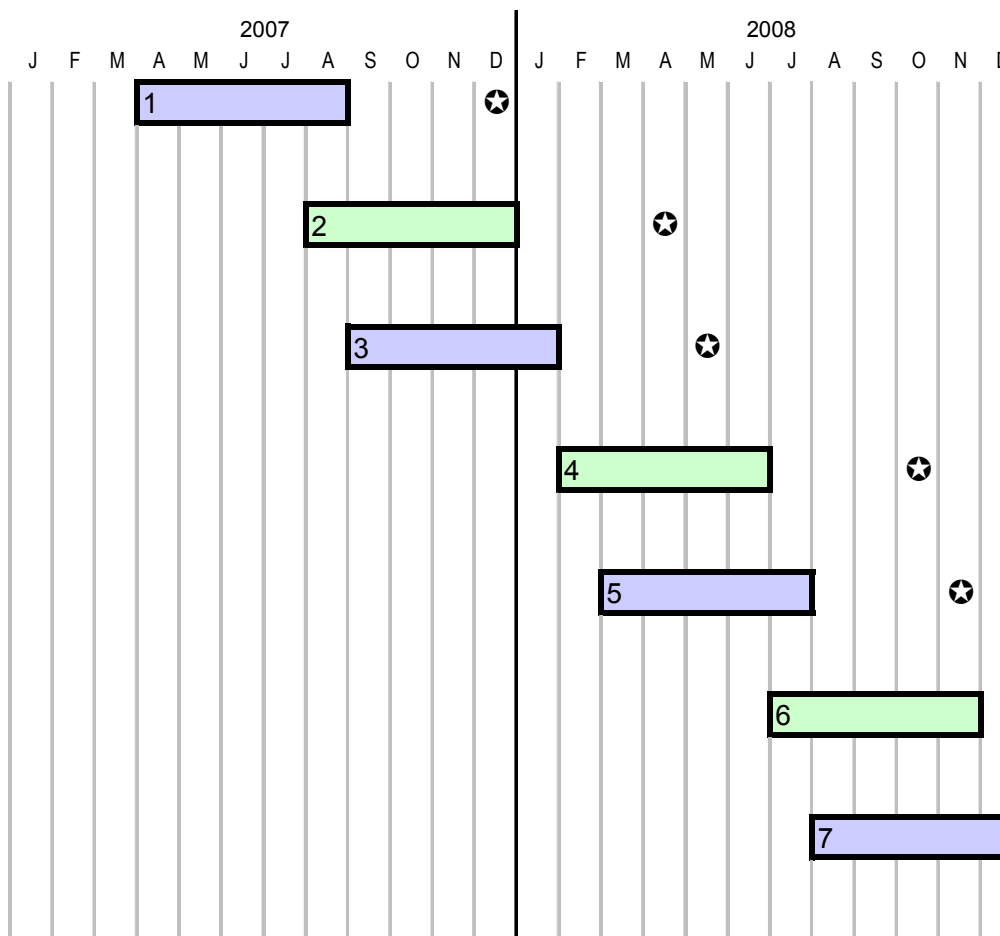
Payments, Remittances, Expense Management, Purchase cards, Credit cards, Vendor masterfile maintenance

### Travel

Travel Policy, Bookings, Processing and Payments, Accommodation arrangements, Flight arrangements, Use of credit cards

### Procurement & Supply Chain

Procurement strategy, Preferred supplier agreements, Contract management, Ordering/Purchasing, Receipting



The text below each heading is an indication of the possible scope of each study. Note that all studies commence with a Scoping Session where the scope of the proposed study is discussed and agreed by participants. Interested parties can attend the Scoping Session without obligation.

Better Practice Forum

## *What are the features of the benchmarking program?*

Ernst & Young have developed a benchmarking program and methodology focused on the specific interests of the participants:

- Detailed process benchmarking of business support functions
- Metrics and questionnaires developed by the members
- Members commit their own resources for key phases
- Open sharing of data and best practices amongst members (with appropriate confidentiality agreements in place)
- Follow-up forums for sharing best practice

## *What are the costs and benefits of participating in a study?*

- Costs

- Approximately \$15,000 per participant (cost varies depending on number of participants)
- Time commitment from your organisation is 60-80 hours spread over 5 months

- Benefits

- Establishment of a performance baseline against which you can measure your future performance
- A comparison of performance to others in the study
- Insight into how other organisations achieve their performance levels (the report shows what others are doing, and how they do it ... ie you get more than simple rankings and results)
- A solid, fact-based understanding of your own improvement opportunities
- Strong networking benefits
- Access to follow-up forums for sharing of best practice

## *What is the specific deliverable from a study?*

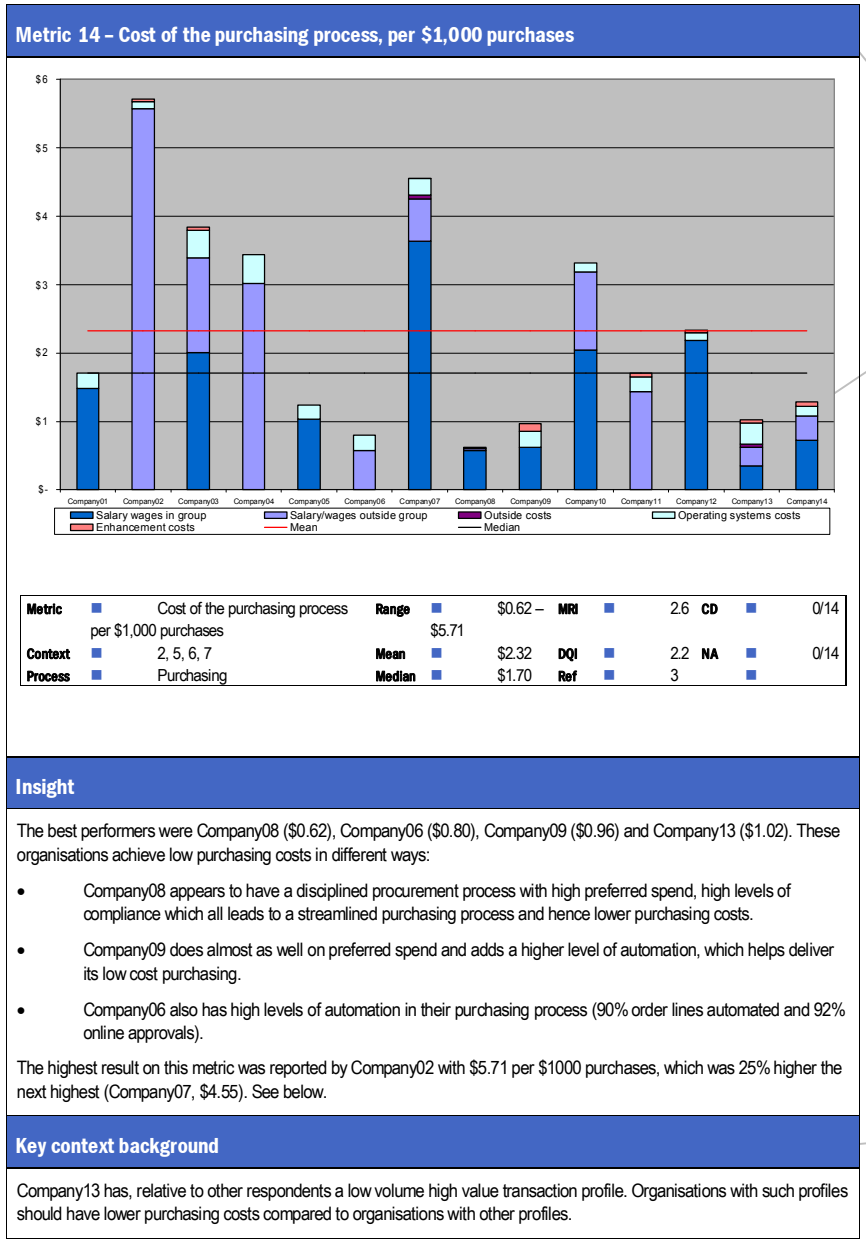
- A report covering the selected benchmark topic with:
  - Detailed analysis of 25\* performance metrics and 15\* context areas
  - Key Conclusions section which summarises the overall results of the study
  - Individual company summaries
  - Appendices with full data submissions from all participants

An extract from a completed Benchmark Report is provided on the next slide

- Each study concludes with a ½ day better practice forum for participants to share best practice

\* Estimated number of metrics and context areas

# Sample report output



Metric title line

Graphed metric by consortium member and consortium average

Displays how the metric was rated against Consortium members. This provides the reader with a quick picture of the integrity of data supplied to answer each metric, and the relevance of the metric to the Consortium companies, in the eyes of the respondents.

Detailed analysis of metric including explanation of any outlying variations to consistent performance, or rationale for low or high performance

**Insight**

The best performers were Company08 (\$0.62), Company06 (\$0.80), Company09 (\$0.96) and Company13 (\$1.02). These organisations achieve low purchasing costs in different ways:

- Company08 appears to have a disciplined procurement process with high preferred spend, high levels of compliance which all leads to a streamlined purchasing process and hence lower purchasing costs.
- Company09 does almost as well on preferred spend and adds a higher level of automation, which helps deliver its low cost purchasing.
- Company06 also has high levels of automation in their purchasing process (90% order lines automated and 92% online approvals).

The highest result on this metric was reported by Company02 with \$5.71 per \$1000 purchases, which was 25% higher the next highest (Company07, \$4.55). See below.

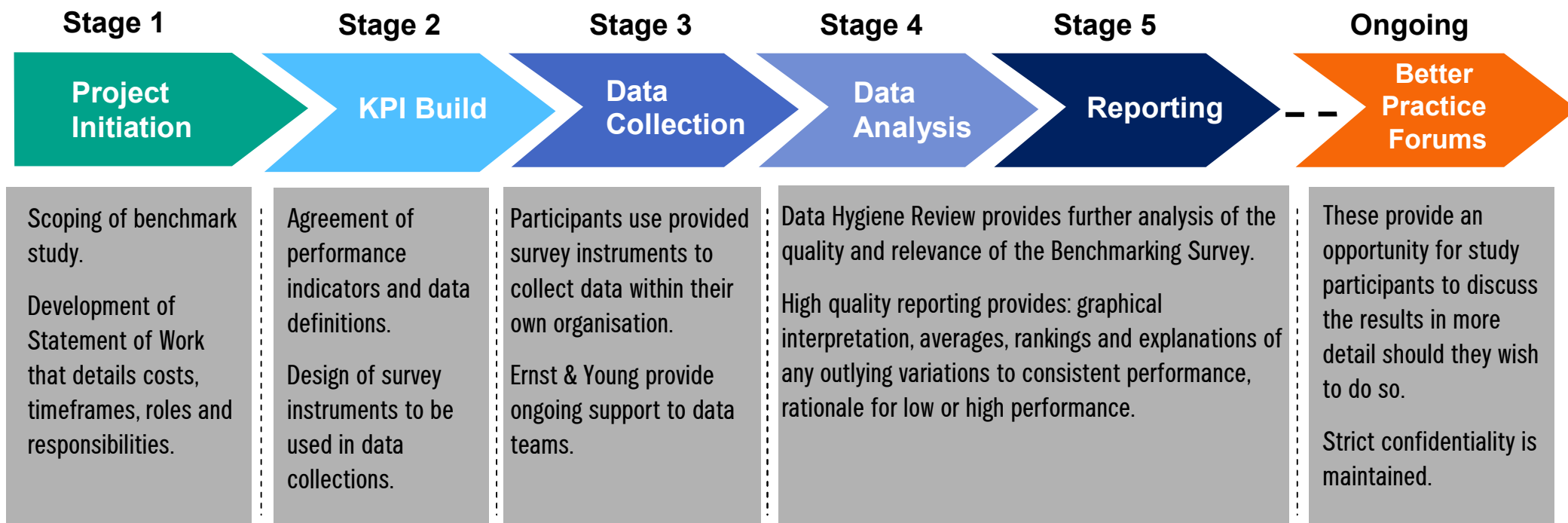
**Key context background**

Company13 has, relative to other respondents a low volume high value transaction profile. Organisations with such profiles should have lower purchasing costs compared to organisations with other profiles.

Contextual analysis and feedback in relation to the metric

## Benchmarking Methodology

Our methodology is built around a classic benchmarking process. However, it is enhanced by a number of key differentiators, including the quality and depth of our reporting, the high level of contextual feedback which is applied to each metric, and the clarity of our data hygiene review.



## *For more information*

- For more information, please visit the ASSBA website:

[www.assba.net.au](http://www.assba.net.au)

- Alternatively you are welcome to contact one of the ASSBA officeholders, as listed on the website:

<http://www.assba.net.au/ContactUs.aspx>