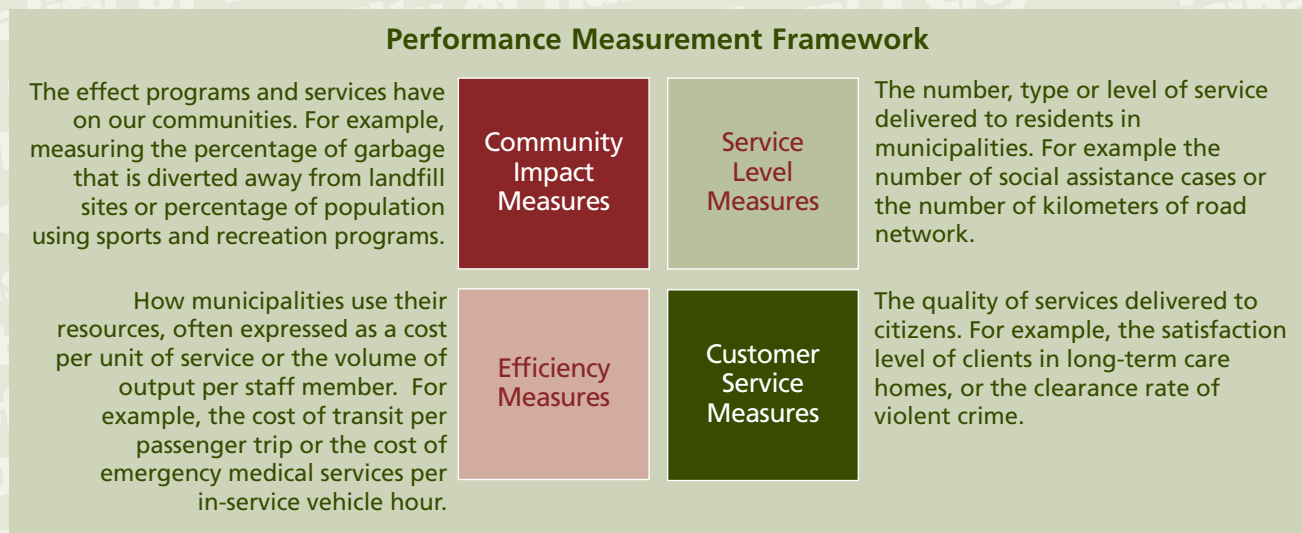


## THE OMBI BENCHMARKING PROCESS

### WHAT IS BENCHMARKING?

A benchmark is an established point of reference against which things can be measured and compared. In OMBI's case, benchmarking involves comparing each others' performance data over time to gain a better understanding of the factors that drive performance and the practices that support municipal excellence. OMBI data is expressed on a common basis such as cost per unit of service or as a rate per 100,000 population. This assists in making results more comparable between different size municipalities and their differing scale of operations more meaningful.

Performance measurement is part of a process of determining progress towards goals or targets. Performance measurement is important because it can assist in defining strategy, clarifying goals, identifying gaps between strategy and execution and inform planning and priority setting. OMBI members have developed a common performance measurement framework to help its partners measure/compare their progress. This framework encompasses the four types of measures depicted in the diagram below. Examples of these measures are found throughout the report.



### WHY BENCHMARK?

Many municipalities provide detailed internal information showing how well their municipality is performing over a number of years. Through benchmarking, information from a review of a municipality's internal performance is complemented by external comparisons to other member municipalities.

Municipalities use benchmarking data to:

- ▶ Assess the areas where they are strong and are doing well
- ▶ Identify areas where there may be an opportunity to improve services that could result in cost savings or better outcomes

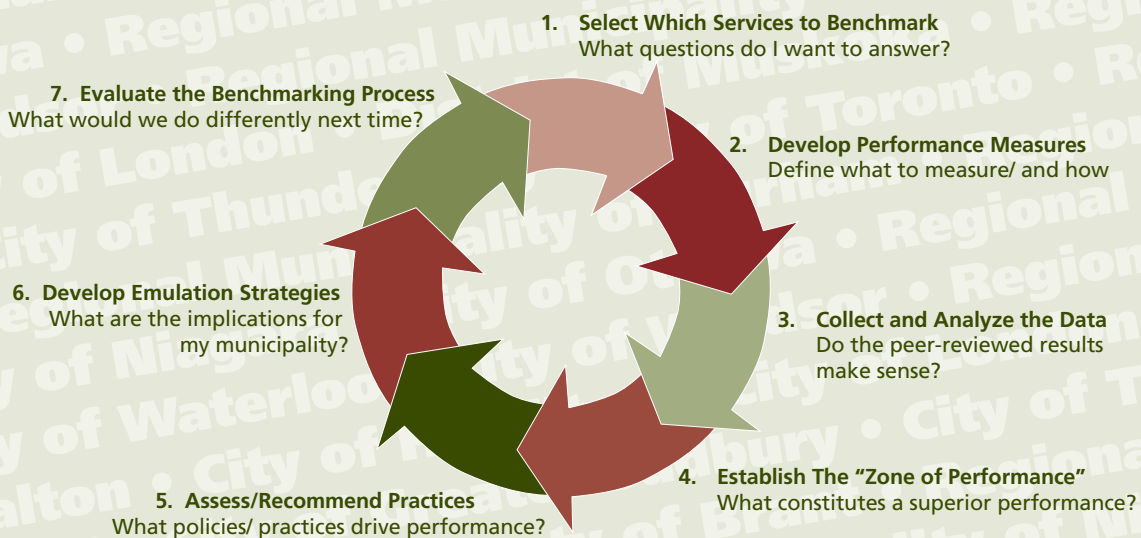
- ▶ Integrate benchmarking into strategies for continuous improvement of municipal operations
- ▶ Share ideas on new processes, systems, technologies and creative solutions to help make the best use of valuable resources
- ▶ Identify leading practices in some municipalities that may also be applicable to other municipalities

Some leading practices have already been identified in a number of service areas and have been shared among members (please see Appendix E, page 93). This work is continuing in order to assist municipalities in providing more efficient and effective services.

Benchmarking can also be an important part of a municipal excellence program. It supports efforts to demonstrate increased accountability, transparency, and continuous improvement.

### OMBI 7-STEP BENCHMARKING CYCLE

OMBI has developed a seven-step benchmarking methodology that forms an ongoing annual cycle of design, measurement, analysis and action to improve services. This cycle supports the goals of OMBI and the pursuit of municipal service excellence. Key steps of the OMBI 7-step annual benchmarking cycle are shown below.



The steps of this cycle represent opportunities for OMBI members to collaborate and undertake a peer review of the data. This is a key difference between OMBI benchmarking and 'survey based' initiatives in other jurisdictions.

### HOW DO WE MAKE OMBI RESULTS COMPARABLE?

OMBI's 15 member municipalities ensure that the data collected is as comparable as possible through:

- ▶ A common performance measurement framework comprised of service level, efficiency, community impact and customer satisfaction measures
- ▶ Standard definitions for the numerator and denominator of each measure

- ▶ Influencing factors which provide contextual information to accompany the data
- ▶ Standard means of allocating program support costs to each of the services (e.g., Information Technology and Human Resources)
- ▶ Standard means of accounting for significant difference in the size of our municipalities, for example, by stating results on a per capita/person or per household basis
- ▶ Data sharing and public reporting protocols
- ▶ Peer review of the results by representatives of each municipality

Please see Appendix B, page 90 for more detailed information on these practices.

### **HOW WILL OMBI PERFORMANCE INFORMATION BE USED?**

Municipal government decision-makers will use this information as an additional tool to assist them in making informed decisions about how best to deliver municipal services. OMBI performance data can be used by each of its member municipalities to compare their performance to other like municipalities to provide new insights. By seeing which municipalities are doing well in a program or service, participants can ask better questions about business practices and processes. This can lead to improved efficiency and effectiveness in service delivery, and the formation of new ideas for improvement that make sense within each municipality's unique context.

### **HOW ARE WE COLLABORATING?**

OMBI member municipalities collaborate closely on the development of the performance measures used in benchmarking municipal services. Close collaboration is fundamental to developing consensus on what to measure and how to measure it.

Representatives from each member municipality meet as a group (OMBI Management Committee) to lead and direct the OMBI initiative collectively representing the overall interests of their respective municipality, their City Managers and CAOs. These representatives also serve as a liaison between their municipal experts (that serve on the Expert Panels), and their financial experts (that serve on the Financial Advisory Panel) and the Management Committee.

Expert Panel members from each municipality meet as a group to collaborate, learn, network with peers and exchange information. This collaboration also extends to the members of the Financial Advisory Panel that meet to ensure that costs are measured in a consistent manner, including consistency in methodology of allocating program support costs and in the future incorporating the amortization of capital costs.

In addition OMBI members are collaborating with external organizations across Ontario and beyond:

- ▶ Membership in expert panels is not restricted to OMBI partner members and often will include representatives from other levels of government e.g., Office of the Ontario Fire Marshal. Also, some municipal members of expert panels have served on task forces to change legislation e.g., the Ministry of the Environment's Safe Water Drinking Act

- ▶ Members of the OMBI Financial Advisory Panel have worked with Municipal Affairs and Housing, the Ministry of Finance, and the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants in developing a guide to help all Ontario municipalities comply with new standards for amortizing and reporting on the condition of municipal capital assets
- ▶ Members of the OMBI Management Committee support and advise local, provincial, national, and international conferences and symposiums such as:
  - ▶ Mayors and Regional Chairs of Ontario (MARCO)
  - ▶ Association of Municipalities of Ontario (AMO)
  - ▶ Ministry of Municipal Affairs in regard to the Municipal Performance Measurement Program (MPMP)
  - ▶ Ontario Centre for Municipal Best Practices (OCMBP)
  - ▶ Canadian Comprehensive Audit Foundation (CCAP)
  - ▶ National Centre for Civic Innovation (NCCI) (USA)
  - ▶ World Bank City Indicators Project

#### **WHERE DO WE GO FROM HERE?**

OMBI members will continue to make contributions to municipal accountability, transparency and continuous improvement initiatives collectively through:

- ▶ Greater use of citizen surveys, to better understand citizens' satisfaction with how services are being delivered in their municipality
- ▶ More in-depth analysis of specific service areas
- ▶ Assessment of long-term patterns and trends in the data and implications for service delivery
- ▶ Increased understanding of the key drivers of performance, e.g., the relative influence of specific factors such as climate and population density in the efficient and effective delivery of services

Municipal performance measurement and benchmarking is a key aspect of municipal service delivery. OMBI is making a substantial contribution to the growing body of knowledge in this discipline.

*'To obtain the full value that performance measurement is capable of providing, it should be part of an organization's culture and everyday management practices'.*

OMBI City Managers and CAOs