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BENCHMARKING IN THE PUBLIC SECTOR

Goals

Benchmarking offers the possibility of optimizing enterprises, processes and products through comparisons within the industry and external to the industry. This management tool has been successfully applied since the beginning of the 1990s especially in large-scale enterprises but also in small and medium sized enterprises.

The application of Benchmarking in the public sector has gained particular significance nowadays. In the course of the »New Public Management«, the public administration is changing towards a service enterprise and key words as for example »result-oriented control« and »key figure comparisons« now belong to everyday administrative terms. However, at the same time some divisions of the administration are increasingly outsourced. Thus public enterprises are, apart from the difficult budgetary situation, increasingly exposed to a higher competition. In this situation, former German public enterprises such as Deutsche Telekom and Deutsche

Post have relied on Benchmarking in order to implement the change from a public-financed state enterprise to a capital market oriented corporation.

Benchmarking is a successful management tool which is used in the public administration, industrial companies and increasingly in service enterprises. The focus of this method lies on the investigation of ordinary causes of current challenges of the administration. With the analysis of processes, Benchmarking makes a specific contribution to the increase in efficiency. Furthermore, it provides alternative solutions by searching for competent Benchmarking partners, which offers the possibility of implementing process optimizations identified in those enterprises. By a continued application of Benchmarking a consistent improvement process is initiated and supported, as the results can be cross-checked with the development of the own enterprise and the Benchmarking partners.



Approach

Through cross-company comparisons and information about best practices, Benchmarking offers a basic approach for the improvement of existing processes in the administration. The keyword improvement in this context means the enhancement of all structures and processes within the administrative organization. This supports those organizations that cannot perform as efficiently as they did before the economical and social change of the public sector.

Within a Benchmarking project, special departments or procedures of a public authority or organization are examined. Subsequently, an evaluation of the recorded critical processes is performed, taking comparable processes from industrial or service enterprises into account. Through a cost and process analysis the comparison offers tremendous learning potential for the public sector regarding lean management and increased profitability. The selected approach of best practice transfers between the private enterprises and public organizations gives the public sector the chance to generate solutions based on service processes already existent in the private sector.

Benefits

Administrations fulfil central tasks by offering certain basic state services to citizens. Through the improvement or adjustment of some administrative processes to optimized service processes, a cost saving in the administration takes place on the one hand – which is necessary in the course of steadily descending tax revenues of the municipalities. On the other hand better service quality intends to improve the administrations' image and evokes higher customer satisfaction.

Additional benefits of process benchmarking include:

- Process modeling creates transparency of administrative activities
- Reference process concepts are re-usable in different or similar areas
- Formulation of process-relevant as well as financial and management key figures
- Future use of the compiled key figures for supervision and control of the public sector
- Initiation of continuous improvement processes
- Basis for the introduction of quality management systems

