

Quality

Endeavors

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Benchmarking Best Practices

WHAT IS BENCHMARKING?

Benchmarking is the study of practices and procedures of recognized leading organizations to find out how they do what they do. It's not a test to see whether your unit measures up. It's a means to gather information and target areas and processes for innovation and improvement. For more details on how to benchmark, see "Benchmarking for Innovation and Improvement," Office of Planning and Institutional Assessment's Innovation Insights #4 at http://www.psu.edu/president/pia/innovation/benchmarking_04.pdf.

WHAT DID PENN STATE DO?

In 2001, as part of its strategic plan, Penn State established the Finance and Business Cost Reduction and Operational Efficiencies Team. Penn State's Cost Savings Task Force, led by Provost Rodney Erickson and Senior Vice President for Finance and Business and Treasurer Gary Schultz, asked the team to lead a multi-angled approach to identify opportunities for increased efficiencies and resulting cost reduction. The goal was to look for ideas that would enable Penn State to continue to provide the same or better level of quality and service in an environment of limited resources. The team's activities included gathering and tracking 310 ideas from the University community, meeting with experts, and researching and bench-

marking cost savings ideas used at other colleges and universities. Dominic Francioni and Nicole Tilley, senior Industrial Engineering student interns under the guidance of Management Engineering in the Office of Human Resources, took on the benchmarking research project in Spring 2004.

Dominic and Nicole began with a Web search. When they found that it was not as productive as they expected, they moved to a more traditional literature search. They began with a focus on higher education institutions, but discovered that most cost reductions undertaken by those organizations entailed reducing services or cutting workforces. Many institutions simply raised tuition to meet budget shortfalls, without identifying cost reduction strategies. However, at Penn State the charge was to not cut services. As a result, the students expanded their search, looking at industry leaders and government, and examining organizational cultures as well as the bottom line.

WHAT DID THE TEAM FIND OUT?

Over 120 best practices were found. They fell into the broad categories of:

- Energy/Environment
- Employee Benefits Cost Containment

- Consortia/Partnerships
- Electronic Workflow/Communications
- Innovative Purchasing/Contracting
- Alternative Staff Work Arrangements
- Web-based Staff/Student Self-Service Systems
- Travel Policies/Programs
- Employee Engagement/Involvement

Specific examples included:

- The University of Missouri is doing a comprehensive audit to identify and eliminate duplicate programs across their four campuses.
- Government and industry are starting to emphasize a practice of "total ownership cost" to manage business processes, in which previously hidden business costs are identified to give an actual view of the lifecycle cost of any business change.

The team also found out that Penn State has already implemented over 70 of the identified best practices, including:

- Managing health benefits costs through promotion of preventive health care activities such as OHR's Health Matters classes and through use of HMOs.
- Energy conservation through programs such as Office of Physical Plant's "tuning-up" the heating, cooling, and lighting systems of older buildings.

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- Reuse and reduce through programs such as Trash-to-Treasure and micro-scale chemistry to greatly reduce the amount of chemicals needed for a given experiment.

These findings confirmed the leading-edge work that Penn State has done in terms of innovation, cost savings, and process improvement. This also reaffirms that Penn State has the culture and resources in place to continue and expand this effort.

WHAT ARE THE NEXT STEPS?

This is a work in progress. The team has divided the best practices into four categories: ideas of high potential; ideas of possible or unknown potential; ideas already thought to be in practice somewhere at Penn State; and ideas that are not feasible or applicable. They are reviewing findings in more detail, talking to the work areas involved in similar or related activities, and prioritizing ideas for consideration as actionable items. One of the team's approaches is to examine initiatives that are already working somewhere at Penn State and look for opportunities to broaden the application. The goal is to have an action plan in late 2004.

WHAT CAN YOU DO?

One difficulty the benchmarking team encountered was that it was hard to identify the merit of publicized best practices without detailed knowledge of Penn State's current practices. The most valuable assessments of opportunities occur at the

work-unit level. You are in the best position to search for and evaluate best practices for your work unit. If you see a possible best practice, let your coworkers and supervisor know. Talk about whether it will work in your area.

For more information on the findings, contact Bob Fantaske, Coordinator of Management Engineering, at raf6@psu.edu.

Attention Department Heads, Managers, Directors, and Supervisors

Using Assessment to Enhance Performance

Would you like to have a working knowledge of the seven criteria of the Baldrige National Quality Award for Education? Would you like to be able to use a model such as this to help you assess your unit's strengths and enhance your unit's performance? Louise Sandmeyer and Mike Dooris from the Office of Planning and Institutional Assessment will explore these and other assessment approaches and tools on Tuesday, November 16 between 2:00–4:00 p.m. in 319 Rider Building. To register for this workshop, please call 865-8216 and reference PIA 069.

Strategies for Cost Savings

Efficiency is defined as “doing things right” while effectiveness is “doing the right things.” Leaders are continually

asked to do both. This session, taught by Mike Dooris and Barbara Sherlock from the Office of Planning and Institutional Assessment, will provide a set of questions and tools for department heads, managers, directors, and supervisors to start the efficiency/effectiveness conversation in their units. Discussions will focus on ways to eliminate rework and duplication and streamline processes. This workshop will be held on Wednesday, December 1 from 2:00–4:00 p.m. in 319 Rider Building. To register, please call 865-8216 and reference PIA 070.

Support for Planning, Improvement, and Assessment in Your Unit

The Office of Planning and Institutional Assessment is available to consult with units and facilitate the implementation of Penn State's strategic priorities. It is the Office's mission to support the University's efforts to plan, assess, and improve programs and services, and there is no charge for the Office's consultation services. The Office uses organizational change tools to help units assess their needs, develop strategic plans, improve key processes, and develop collaborative team environments. If you would like to discuss the planning, quality, or assessment needs of your unit with one of our consultants, please contact the Office at 814-863-8721 or e-mail les1@psu.edu.