The Benchmark

Newsletter of the Water Research Commission Benchmarking Project

Issue No. 2

PROJECT PROGRESS

The Water Research Commission programme on benchmarking is making progress after a delay to investigate whether it would be possible to include certain District municipalities amongst the participants. The need to provide considerable additional finance to cover the travelling costs of the participants precluded this.

A fourth workshop has now been held with the purpose of introducing the participants to the software that would accept the data entries on a web based system and provide the necessary data base. The entry of data will be restricted to designated people at each municipality. The data will be examined for alignment with previous entries and if out of alignment will the programme will request a review of the data to check if a mistake has been made. After a honeymoon period of three months, the changing of an entry will be time barred to ensure that there is not subsequent alteration of the data that has been entered by an unauthorised person. In this way, it is hoped that there will only be realistic and reliable data entered into the database.

All of the participants will be able to interrogate the data in a number of ways.

The data for one performance indicator can be viewed for the top five performers, the middle five performers, the bottom five performers or any five participants selected by the viewer. The data may be viewed either as a bar chart, a line graph or as a table. It will be possible to view the data as time series for up to two participants and for any one indicator.

Once again, interrogation will be limited to designated persons in order to preserve the confidentiality of certain of the information.

Should any of the participants wish to make the data available publicly it would have to do so on its own dedicated web page.

All but three of the participating municipalities attended the fourth workshop. There was considerable interest in the web based data entry system and several improvements to assists the participants were proposed and included in the system.

The next phase will be to visit all the participants to ensure that:

- The people concerned with the data entry fully understand the system and the reasons behind the project.
- The managers can identify the activities that contribute to the performance that is being measured.
- The managers are fully aware of the implications of change and how to manage it.

The first is mechanical although the data will have to be subject to audit to ensure the validity of the data. The next two are vital to the project.

In order to improve performance it is as well to know what you are doing. What are the activities that contribute to the value of the indicator? There may be many factors that contribute to good or bad performance that is measured under one indicator. Each of these will be either manageable or an independent factor. The manageable activities are the ones on which to concentrate and see where improvement can be found.
Remember that the biggest room in the world is the room for improvement.

LOOK OUTSIDE THE INDUSTRY
One of the important aspects of benchmarking is that it does not have to be undertaken entirely within the one industry. What is being benchmarked is the process of doing something and not the peripherals of that activity.
When taken to its simplest concept, the distribution of water is a retail activity, coming at the end of the wholesale or bulk water provision. The commonalities with a retail business are the need to measure and record the individual sales of all the customers

OH NO, CHANGE AGAIN!

By Dr Brenda Sham

For those leaders involved in the implementation of change, be warned, as exciting and ground breaking as it is, it is a lot of very hard work. Firstly it entails a long stretch of meetings, work sessions, around the design of the programme plus ensuring that your usual daily, weekly and monthly activities are done. Then comes the daunting part of "selling" the concept to the rest of the organisation and ensuring that they buy in and are as committed as you are. Without the latter benchmarking or any new project will not be sustainable.

Alvin Toffler in his futuristic work "Future Shock" warned way back in 1971 that the need to manage change is a manageable way was critical for survival. He wrote: "30 years from now ordinary people will face an abrupt collision with the future. A time when there will be too much change too fast."

CHANGE CAN AND MUST BE MANAGED THROUGH CHANGE MANAGEMENT

Fortunately change Management is a methodology that systematises the change and makes the change manageable, understandable and relevant

Change management is essential in bringing about new or different ways of work in an organisation. So often when bringing about change and new ways of working, only the technical side is addressed and not the people aspect of change, and the change fails and/or is not sustained.

A typical definition of change management is one provided by SALGA "an interesting intervention to influence the attitude and behaviour of individuals to the benefit of the organisation in terms of maximising productivity".

Change management programmes facilitate positive conditions for change, establish mechanisms to help people cope with change, and ensure that the change is sustainable. Such programmes are:

Proactive: because they aim to make a system or organisation subscribe to change;
Reactive because they deal with discomfort during change.
Post-active because they ensure sustained delivery.

Why do some organisations succeed and others fail?

In a survey based on 100 companies engaged in change the following were

cited as reasons for success and reasons for failure in change.

Why Change Fails

Resistance to change 82%
Inadequate sponsorship 72%
Unrealistic expectation 65%
Poor project management 54%
Case for change not compelling 46%
Project team lacks skills 44%
No change management programme41%

Top 10 Change Success Factors

Ensuring top sponsorship 82%
Treating people fairly 82%
Involving Employees 75%
Giving quality communications 70%
Providing sufficient training 68%
Using clear performance measure65%
Building teams after change 62%
Focussing on culture/skill changes62%
Rewarding success 60%
Using internal champions 60%

SO, WHAT DO THESE TABLES TELL US?

The findings of these tables clearly advises that if we are going to embark on a change process, we should consider the people process to be as important as the technical process.

The lists above may provide a useful checklist of what to do and what phase or intervention should be included into the change management programme

The list also warns us that if following a technical / linear approach to benchmarking it will probably fail. So be patient in your approach and pay equal attention to the technical and people side of the programme

What Next?

The comprehensive notes provided by the Benchmark team will hopefully guide you in starting up the Change Management Process. If you would like a team member to visit your organisation and assist you with the start up the Change Management Process, Please contact the team leader Philip Pybys-0832675148
Or Dr Brenda Sham Change Management Advisor-0829252122

THE DEVELOPMENT AND UPGRADING THE SAAWU BENCHMARKING PROJECT

1. BACKGROUND

1.1. The SAAWU Benchmarking Project

In April 2001 SAAWU entered into an agreement with WRC for the development of a benchmarking project for water utilities. The Water Research Commission (WRC) funded this project, which at the time, was the first of its kind in South Africa. The main focus of the project was to develop a process that would enable participating organisations to learn, share and compare information on their technical and functional operations, to improve their business performance and enhance the services they provide to municipalities. The project became operational in late 2001.

2. THE NEED FOR A REVIEW

After the benchmarking project had been running for a period of approximately 12 months it became increasingly apparent to many participants that the real value of the project was not being realised and that there was a need for a review of the project. The primary drivers of this were:

2.1.1. Changes To Institutional Roles And Functions

During the period that the benchmarking project had been developed and running, there were a number of significant changes in the water services sector. Simply put, the benchmarking project value was suddenly given a higher profile as it became clear that it was becoming critically important for a water utility to:

- Demonstrate organisational efficiency
- Offer defensible comparisons of efficiencies/costs of key business activities (local/international)

It was also recognised that the intrinsic values of benchmarking could also be leveraged to:

- Provide focus for management attention
- Facilitate the exchange of skills and knowledge

2.1.2. Other reasons for a review

In addition to the above, there were a number of other more practical reasons that created an imperative for review. These were:

- **Refinement of Key Performance Indicators (KPIs)**
  The 90 key performance indicators being used needed to be refined as not all of these were applicable/useful to participants and some did not facilitate comparison or trending. There was also a need to address KPIs for retail water and sanitation services.
- **Capacity To Participate**
  Not all water utilities had the capacity to participate fully in the project and this led to significant "data gaps" on many KPIs. As a consequence, levels of data input on many KPIs did not facilitate meaningful benchmarking.
- **Data collection**
  A number of participating utilities found that the business systems and processes that they were using could not readily produce the required data for the data fields that were needed for effective participation.
- **Data Validation**
  The entire benchmarking project is dependent on the accuracy of the data that is entered in to the data fields for every KPI. There is a need to ensure that the formulae/calculations used for KPIs is, valid, accurate and credible.
- **Clustering**
  Participants felt that there was a need to separate the KPIs into compulsory ones that all participants "Must" complete and voluntary ones that the more capacitated and interested participants could use.
- **Connectivity**
  Due to the realities of securing risks on web-based systems, many organisations had access and connectivity problems with the project server due to IT policies relating W.W.W firewalls and related systems.

2.2.2. Alignment and Integration with Statutory Reporting Requirements

The benchmarking project should be directly aligned with the statutory reporting requirements of water utilities so that a single reporting system was created.

2.2.3 Variables Related to Institutional Diversity

The diversity of institutions within the sector in terms of

size, scope of activities and functions, capacity and business systems and processes posed serious challenges in terms of the relevancy of all KPIs and data fields, data collection data validation and meaningful comparison.

3. THE PROJECT REVIEW

In late 2002 the General Membership of SAAWU resolved that that a review of the benchmarking project be undertaken.

The focus of this review was on the revision of KPI's in order to satisfy the requirements outlined above and over a period of time, the review team developed the following:

3.1 Profiling Data

A total of 15 "profiling" reports to provide generic information on the size, capacity, diversity of operations, and other key information that would enable the up front selection and effective comparison of suitable benchmarking partners/parameters (like for like), between participating organisations.

3.2 Must have (compulsory) KPIs

A total of 49 "must have" or compulsory KPIs that now constitute the core of the benchmarking project. These KPIs were developed as they were considered to be good indicators of "mission critical " elements of the business that must be managed and to ensure compliance with statutory reporting requirements. The KPIs were also clustered into logical areas of business activity using the concept of a balanced scorecard. The clusters used are:

- Customer service
- Internal processes and operations
- Learning and growth
- Financial

3.3 Should have KPIs

Some of the larger more capacitated and diverse water utilities were keen to benchmark a number of additional KPIs that were considered to be important for the effective management of water utilities but not mission critical. Participation in benchmarking using the 15 "should have" indicators is voluntary, as they do not apply to all utilities.

4 ALIGNMENT OF THE KPIS WITH STATUTORY REPORTING REQUIREMENTS

One of the specific requirements of the review process was to ensure that all statutory reporting requirements for water boards were incorporated into the benchmarking project. This was important to ensure that a single reporting system for the sector was established, to facilitate effective utilisation of time and resources and to create the imperative for full participation in the project.

This was achieved by working with DWAF to integrate the revised KPIs with the project on revising the Business Planning Guidelines for water boards. The benchmarking project can therefore be used as an important component of the regulatory framework for the sector that is currently being developed by DWAF.

5 UPGRADING THE BENCHMARKING PROJECT SOFTWARE AND ARCHITECTURE

SAAWU is now engaged in the process of upgrading the software architecture that supports this project.

The upgrade is required in order to:

- Accommodate the new KPIs and data fields.
- Obviate the need for expensive software license purchases and

support agreements that were experienced with the existing Oracle database.

- Improve access and connectivity for participants via the World Wide Web on any acceptable browser on a corporate or dial-up connection.
- Provide stand-alone capability with remote administration.
- Ensure minimal administrative intervention is required.
- Provide secure data input with varied levels of access.
- Facilitate factual and graphical interpretation of data with direct printing from the web.
- Provide for automatic data validation (red flagging) in appropriate data fields.

The best approach for the upgrading the benchmarking project software and architecture and the associated costs have been thoroughly evaluated. The most practical and cost effective method of doing this is to do the redevelopment using Microsoft "Active Server Pages" running off a Microsoft SQL Server database. The advantages of this approach are that:

- There is no cost to using the limited functionality Microsoft MSDE version.
- The limited functionality version will meet all specified the project requirements.
- Existing user problems with accessibility due to firewalls and virus protection will be eliminated.

6 CONCLUSION

This project is now poised to play an increasingly important role in the sector and SAAWU members are strongly supportive of the project and are keen to see it launched in its revised form as it will enhance the capacity of participating organisations to:

- Ensure compliance with statutory reporting requirements.
- Provide a single reporting system for all utilities with full access for DWA.F
- Conduct defensible comparisons with local institutions across an appropriate range of compulsory KPIs.
- Identify areas of organisational activity that require focussed management attention.
- Act as a catalyst for improved communication between organisations and exchange of skills and knowledge within the sector.
- Provide a platform for organisations to innovate, learn, and improve.
- Identify best practice against the KPIs for the water sector.

It is envisaged that the revisions will be complete by April 2004 and the revised project will be operational shortly after that.

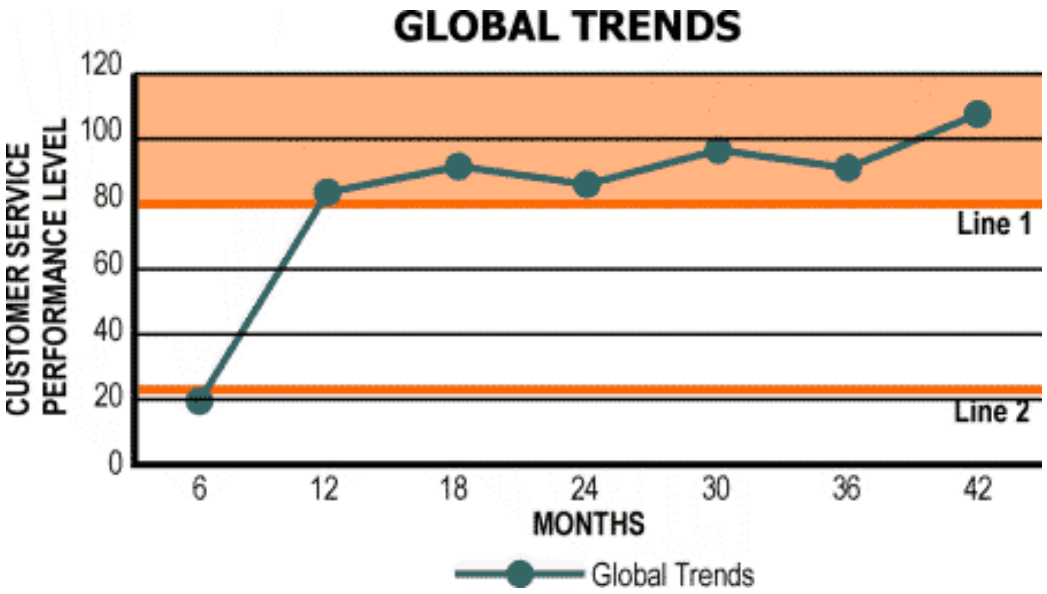
Article on Benchmarking taken from the Service Quality Institute Web Page.

Line 1 is an incremental customer satisfaction index that is forever improving to exceed customer expectations.

Line 2 is the average Customer Service Performance Level of an organisation that does not have a **Service Strategy**. It is erratic and in constant motion, and is dependent upon staff attitude and actions. This could increase or decrease on an hourly or daily basis.

The graph line is the Global Trends of multinationals who have implemented a **Service Strategy**.

Please turn over:



There are certain elements required to change the organisation's culture towards customer service.

The Service Training Strategy

Customers from 30 different countries have assisted in the design of Service Quality Institute's Training Plan. Their task was to formulate a cost effective and efficient training plan for a company in a highly competitive service industry. The company required a short-term training plan which would build a solid customer service foundation, improve market share significantly, increase sales and change employee attitudes towards customers.

From a wealth of experience, the group was adamant that specific emphasis needed to be placed on basic customer service skills and reinforcement every six

months if the organisation wanted to achieve measurable results.

The plan has specific goals and time frames, and has been designed to obtain maximum learning experiences and, where possible, to use line managers as facilitators for the training of their teams. Internationally, this process has proved to be highly successful due to the fact that line managers accepted accountability and responsibility for the development of their teams.

Implementation was designed with line managers in mind. Staff programmes have been broken down into one 2-hour session once a week. These sessions are interactive and video-based, and are supported by international workbooks, group exercises and role-play. Participants are also required to assist in the setting of performance standards as each programme has a performance evaluation sheet.

The manager's programme equips participants with the knowledge and skills to manage a service strategy and to make their teams deliver exceptional customer service. One of the key aspects of this plan is to use certain tools and techniques to ensure that managers recruit staff who can deliver superior service and who can build excellent relationships with customers.

The Idea Campaigns have been designed specifically with the employee in mind. These are 30-day fun campaigns, which aim to bring the best out of employees. Service Quality Institute has never had lower than a 95% participation in Idea Campaigns.

The initial investment is guaranteed. Should the ideas generated not exceed the investment, Service Quality Institute undertakes to re-imburse the difference. Most organisations achieve a ten to thirty times return on investment.

The Service First Video Library is the world's premier customer service training video library and can be used at any time. It is particularly easy to use for self-study or facilitated in teams.

Service Quality Institute has customised many training programmes for international organisations such as Malaysian Airlines, Woolworths of England, Allied Van Lines, Oldsmobile, Elizabeth Arden, Hertz of Europe and Federal Express.

We have the knowledge and experience to customise our entire training programme to suit your organisations requirements.