6
APPROACHES TO MANAGING PERFORMANCE IN SPORT ORGANIZATIONS

Peter Taylor

Introduction
How do you know how your organization is doing if you don’t have accurate performance evidence? How do you know what to aim for if you don’t know what your current position is? Or what other similar organizations achieve? These questions demonstrate that performance management is not some abstract notion. It is a logical procedure through which improvements in organizational performance can be sought and achieved. It focuses on performance measurement and consequent actions. It informs management decisions with appropriate planning, objectives, targets, performance measurement and review. In contemporary management it represents information as power, because through appropriate performance information, management has the power to change its organization’s achievements.

The first part of this chapter summarizes essential principles underlying performance management, in a modified version of the author’s analysis in Taylor (2010). The second part of the chapter focuses on a current, practical UK example of a performance management tool, Sport England’s National Benchmarking Service. The service is for UK sports centres, with either or both of a swimming pool and a main sports hall.

Performance management and measurement
Performance management is a cyclical, continuous process which relies on:

- specifying objectives for the organization such that their achievement or not can be identified by performance information;
- employing appropriate performance indicators to ensure that these objectives are measurable;
- measuring baseline performance using the selected performance indicators;
- setting challenging but realistic management targets for the performance indicators, using data benchmarks for similar organizations;
- taking the required management actions to realize these targets, with reference to process benchmarks from best-practice organizations;
- measuring performance, using the selected performance indicators;
Performance management has not always been undertaken by sport managers, particularly in the public and voluntary sectors. The Audit Commission in Britain, for example, exposed weaknesses in public leisure management in a series of seminal reports on sport (1989), entertainments and the arts (1991a) and museums and art galleries (1991b). However, since these reports were published, a variety of performance management systems have been devised in the UK to help public sector managers achieve continuous improvement.

The Audit Commission (2000a) has made clear why performance measurement is central to performance management.

- What gets measured gets done
- If you don’t measure results, you can’t tell success from failure
- If you can’t see success, you can’t reward it
- If you can’t reward success, you’re probably rewarding failure
- If you can’t see success, you can’t learn from it
- If you can’t recognize failure, you can’t correct it
- If you can demonstrate results, you can win public support.

However, before measuring performance, an essential first step is to specify organizational objectives in a manner which can be measured.

### Objectives

An objective is a desired future position, so it makes sense to start the process of performance measurement by specifying objectives in a way that makes the organization accountable to them. There are a number of desirable attributes for organizational objectives, often summarized in the acronym SMART (see Chapter 4), but it is also useful to add a letter and use the acronym MASTER:

- **Measurable**: At the end of an appropriate period, the extent to which objectives have been achieved or not is clear. Each objective requires appropriate performance indicators, by which measurement of performance is possible.
- **Achievable**: If an objective is unrealizable it quickly falls into disrepute and is not taken seriously. Therefore objectives need to be achievable within the resources of the organization. It would be better to amend or abandon an unachievable objective, because it has no practical value.
- **Specific**: Often, particularly in the public and voluntary sectors, organizational objectives are expressed vaguely or generally, so that it is difficult if not impossible to identify whether or not they have been achieved. Examples of such mis-specified objectives include ‘achieving sport for all’ and ‘serving the community’s needs’. These are ‘aims’ rather than objectives – they are broadly based and non-measurable. They require more specific, measurable objectives to be monitored through performance indicators and used for management decision-making.
- **Time-specific**: This requires a deadline by which the objective has to be achieved. Without this, the objective is too open-ended to be of value and an organization can always suggest they are aiming for it, even when they never achieve it!
• *Ends not means*: For example, it is not an objective to ‘set low prices for disadvantaged groups in the community’; rather, the objective here is ‘to increase visits to the service by people from disadvantaged groups’.

• *Ranked*: The prioritization of objectives is important, because sometimes objectives may conflict. For example, ‘increase revenue’ might conflict with ‘increase usage of a sport facility by disadvantaged groups’. Where trade-offs between conflicting objectives are apparent, priorities need to be identified. Otherwise, managers are put in a situation where some kind of failure is inevitable.

**Performance**

Performance for sport organizations can mean any number of things, depending on what objectives are specified. This section identifies different aspects of performance that are referred to in relevant literature and which sport managers will be most likely to be interested in. They are not all mutually exclusive.

*Economy*: This is concerned only with costs, i.e. inputs to the production process. Economy improves if costs are reduced, e.g. by acquiring inputs at lower unit cost. Overemphasis on economy, of course, carries some risk – for example, ‘false economy’ when the inputs are of lower quality, adversely affecting service quality or quantity. For example, a major input in sport services is typically labour and to reduce the costs of labour risks such problems as higher labour turnover or lower-skilled labour and consequently poorer service quality.

*Effectiveness*: This is concerned entirely with outputs, outcomes and impacts, particularly reaching specified targets. It is not concerned with the resources taken to achieve these outputs.

*Efficiency*: This is concerned with achieving objectives and targets at minimum cost, so it simultaneously takes into consideration both outputs and inputs. It is sometimes given the terms ‘cost effectiveness’ or ‘cost efficiency’, and is also what is meant by the terms ‘productivity’ and ‘value for money’. A contemporary term in much use in recent years, particularly in public sector services, is ‘efficiency savings’; which typically means maintaining service outputs whilst cutting costs – a very difficult thing to achieve.

*Equity*: This means measuring fairness in the distribution of services to different types of customers, e.g. by age, gender, ethnicity and ability. It is particularly relevant to public sector services, where there are important policy and management issues concerning equity. One is horizontal equity, the extent to which all people of the same socioeconomic status are treated the same. Another is vertical equity, the extent to which people of different socioeconomic status are treated the same or differently – e.g. positive discrimination favours selected types of people. A third issue is whether or not equity concerns opportunities or actual participation – it is not uncommon to have equal opportunity in principle but very unequal participation in practice. A fundamental problem with equity is that it can be interpreted in a number of ways – everyone has a different vision of what a ‘fair’ distribution of public sport services would look like. It is therefore an important performance dimension for political decision-making.

*Customer or member satisfaction*: This can be measured directly by methods such as questionnaire surveys, comments slips or complaints, although the last two of these tend to concentrate on customer dissatisfactions rather than satisfaction. A survey provides the opportunity for more comprehensive satisfaction scoring by customers/members, for an array of service attributes – an example is shown later. Measuring customer satisfaction alone, however, is ‘anomic’ – it lacks a reference point. It is increasingly the case, in the design of customer surveys, that respondents are asked to score something else to compare with their satisfaction scores. This something else is typically either customer expectations of the service attributes,
or the importance of the attributes to customers. Either of these will lead to the measurement of a ‘gap’ score – i.e. either expectations score minus satisfaction score, or importance score minus satisfaction score. A positive gap indicates satisfaction is falling short of either customer expectations of an attribute or the importance of an attribute (see Chapter 5).

**Citizen satisfaction**: Particularly in the public sector, it can be important to measure the satisfaction with services by local citizens, whether or not they have actually used the service. This is because public services such as sport are typically subsidized by local and national tax revenue, which taxpayers contribute to even though they may not benefit from the services. Also, even non-participants in public sport services may have a vested interest in, and knowledge of, these services. An example is sport services for disaffected or vulnerable young people. A wide range of people in local communities will have a view on whether or not such services are satisfactory, from parents and neighbours to anyone with a fear of nuisance and vandalism from bored young people.

**Finance**: This is the most conventional dimension to performance found in the private sector and it is also very important in the public and voluntary sectors. It is often specified simply as profits, but in fact financial performance covers much wider ground, such as growth in sales, organizational security and liquidity – see examples below.

**Social performance**: This is most typically identified with the public sector and involves non-financial performance, for example increased usage by ethnic minorities or disabled people, or improved health in the local community as a result of participation in physical activities.

**Outputs**: These measure the immediate results of a service, such as the number of visitors in a given time period, the sales revenue, or the profit or loss results. They are the most basic and limited measure of effectiveness. A good example is throughput of visitors, often recorded as the number of visits in a week. It contains no indication of the types of visitors that have been attracted, nor the extent to which the service has met the needs of the visitors – both of which can easily be measured by market research of customers.

**Outcomes**: These measure the consequences of the outputs for customers, e.g. the improved health of sport participants which results from their use of sport services, and the improved achievements of elite athletes which result from their use of facilities and coaching. Such outcomes are not normally measured by the standard monitoring procedures at the facility or service level. They require specific evaluation methods, such as surveys or qualitative research.

**Impacts**: These are the effects of a service which go beyond the customers and reach a broader community. Three impacts have become well recognized in recent years, not just in respect of sport but in a wide variety of contexts. Economic impact assesses the full effects on a local, regional and/or national economy of a given activity. There are many examples of economic impact studies for sport and sport events, such as the economic impact of the London Marathon and the European Football Championships. Environmental impact assessment identifies the short- and long-term effects of an activity on the immediate environment in which it takes place. Examples in sport are environmental assessments of skiing on mountain environments, and the effects of football stadia on noise, litter and congestion in specific neighbourhoods. Social impact assessment considers issues such as the changes in the welfare or behaviour of selected groups of people as a result of an activity, a sport example being the impact of a major event such as the Olympic Games on deprived local communities in the host city.

### Performance indicators

A performance indicator is a measure which is constructed from empirical data and can be repeated at time intervals or in different organizations. It is used to identify the performance
Managing performance in sport organizations

of an organization. The UK Audit Commission (2000b) has identified criteria for good performance indicators (Table 6.1). Although designed for the public sector, these criteria are transferable to other sectors.

It is also important that performance indicators should be capable of being disaggregated to separate parts of an organization’s structure, since it is likely that different objectives and different targets are applicable to different parts of the service, even within one facility. For example, a health suite might have different targets from a sports hall. The Audit Commission criteria present a very challenging list of requirements and it is often the case that a performance indicator does not meet all of them. In recognition of this the Audit Commission (2000b) advised that at the national level a performance indicator should be clearly defined,

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Explanation</th>
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<tbody>
<tr>
<td>Relevant</td>
<td>Indicators should be relevant to the organization’s strategic goals and objectives and cover all relevant performance dimensions.</td>
</tr>
<tr>
<td>Clear definition</td>
<td>The performance indicators should have a clear and intelligible definition in order to ensure consistent collection and fair comparison.</td>
</tr>
<tr>
<td>Easy to understand and use</td>
<td>Performance indicators should be described in terms that the user of the information will understand.</td>
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<tr>
<td>Comparable</td>
<td>Indicators should be comparable on a consistent basis between organizations and this relies on there being agreement about definitions. They should also be comparable on a consistent basis over time.</td>
</tr>
<tr>
<td>Verifiable</td>
<td>The indicator also needs to be collected and calculated in a way that enables the information and data to be verified. It should therefore be based on robust data collection systems, and it should be possible for managers to verify the accuracy of the information and the consistency of the methods used.</td>
</tr>
<tr>
<td>Cost effective</td>
<td>There is a need to balance the cost of collecting information with its usefulness. Where possible, an indicator should be based on information already available and linked to existing data collection activities.</td>
</tr>
<tr>
<td>Unambiguous</td>
<td>A change in an indicator should be capable of unambiguous interpretation so that it is clear whether an increase in an indicator value represents an improvement or deterioration in service.</td>
</tr>
<tr>
<td>Attributable</td>
<td>Service managers should be able to influence the performance measured by the indicator.</td>
</tr>
<tr>
<td>Responsive</td>
<td>A performance indicator should be responsive to change. An indicator where changes in performance are likely to be too small to register will be of limited use.</td>
</tr>
<tr>
<td>Avoid perverse incentives</td>
<td>A performance indicator should not be easily manipulated because this might encourage counter-productive activity.</td>
</tr>
<tr>
<td>Allow innovation</td>
<td>Indicators that focus on outcome and user satisfaction are more likely to encourage such innovation to take place than indicators that are tied into existing processes.</td>
</tr>
<tr>
<td>Statistically valid</td>
<td>Indicators should be statistically valid and this will in large part depend on the sample size.</td>
</tr>
<tr>
<td>Timely</td>
<td>Data for the performance indicator should be available within a reasonable timescale.</td>
</tr>
</tbody>
</table>

Source: adapted from Audit Commission, 2000b
comparable, verifiable, unambiguous and statistically valid; whilst at the local community level it is important that indicators are relevant and easy to understand. For example, a national indicator might include participation rates in sport for a number of different sub-groups of the population, whilst at the local level the number of visits to sport facilities would be more easily measured and understood.

Reliable performance information needs good-quality data, otherwise there is a danger of the cliché ‘rubbish in, rubbish out’ problem. The Audit Commission (2007) defined six key characteristics for the quality of data used to construct performance indicator scores – accuracy, validity, reliability, timeliness, relevance and completeness. Most of these replicate and therefore reinforce the criteria stipulated for performance indicators in Table 6.1. The additional consideration for performance data, which could equally apply to performance indicators, is completeness. Validity and reliability of data and indicators are as much dependent on what is missing as on what is collected.

As with the criteria for performance indicators above, the desired qualities for performance data are difficult to achieve in practice. In both cases it is important for sport managers to be open about the limitations of the data and indicators that they use. A common set of missing data, for example, at national and local levels, is data on young people’s participation in and attitudes towards sport. This is because most surveys are conducted with adults – surveying young people requires different survey techniques and parental permission. When examining survey data on participation data and satisfaction with sport facilities, therefore, it is important to acknowledge that this data is for adults, not younger people.

Private or commercial sector

For a private, commercial organization, performance is largely specified in financial terms, although there are other important considerations. Business accounting ratios are designed principally for planning purposes (strategic appraisal) and control purposes (operational appraisal). The largely financial ratios are concerned not just with profit, but also with growth, liquidity, asset utilization, defensive position and investment performance. Examples of commonly used business ratios are given in Table 6.2.

These ratios, and many more, are detailed for individual companies and industry sectors by commercial sources such as ICC British Company Financial Datasets, a part of Dialog’s company and industry intelligence, which covers nearly half a million companies worldwide.

The reason for using ratios rather than absolute values is that they offer a better perspective and one which is more likely to be comparable across time and between organizations. Ratios, however, have to be interpreted very carefully. Many are more appropriate for comparing a single firm’s performance over time than comparing different firms, particularly if the firms are from a different industry or sector. Some ratios involve estimates which can be done in various ways, so comparing like with like can be problematic – for example valuing inventories and intangible assets. Some ratio values are annual averages, so getting the information from balance sheets is unreliable, merely averaging the beginning and end of the year situations, when more observations during the year are really required – e.g. liquidity ratios.

It is a mistake to think that private commercial firms are only interested in financial ratios. Non-financial performance of interest includes market share and customer market research results. Market share is normally measurable, even at the local or regional level, and is one of a number of possible indicators of the demand for the product. It is vital for any organization to be informed about the nature of, and changes in, demand for the service they are providing. Market research is a typical means of generating demand evidence.
### Table 6.2 Performance ratios for commercial organizations

<table>
<thead>
<tr>
<th>Growth</th>
<th>Explanations</th>
</tr>
</thead>
<tbody>
<tr>
<td>(This year – last year) × 100 Last year</td>
<td>Year-on-year percentage changes in key variables, e.g. income, expenditure, profit, assets, liabilities.</td>
</tr>
<tr>
<td><strong>Profitability</strong></td>
<td></td>
</tr>
<tr>
<td>Gross or Net Profit Sales</td>
<td>Gross profit ratio or net profit ratio. No rules of thumb. It varies widely between industries and firms.</td>
</tr>
<tr>
<td>Net Profit after tax Total Assets</td>
<td>‘Return on Capital Employed’. No standard definitions, so care is needed in making comparisons between firms and industries.</td>
</tr>
<tr>
<td><strong>Liquidity</strong></td>
<td></td>
</tr>
<tr>
<td>Current Assets</td>
<td>‘Current Ratio’. Rule of thumb = at least 1:1 and preferably higher.</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>‘Acid Test’, ‘Quick’ or ‘Liquidity’ Ratio. A more discriminating test of ability to pay debts.</td>
</tr>
<tr>
<td>Current Assets – Inventories Current Liabilities Cash</td>
<td>‘Cash ratio’. A more conservative measure which ignores less liquid assets such as stock.</td>
</tr>
<tr>
<td>Current Liabilities Balance Sheet Trade Debtors × 365 Total Credit Sales</td>
<td>Average collection period of trade debts, i.e. average number of days before accounts are paid.</td>
</tr>
<tr>
<td><strong>Asset Utilization</strong></td>
<td>Indicates the effectiveness in using fixed plant to generate sales.</td>
</tr>
<tr>
<td>Sales Fixed Assets Cost of Goods Sold Inventories Sales</td>
<td>‘Stock Turnover’. Varies a lot between industries.</td>
</tr>
<tr>
<td>Number of Employees</td>
<td>Indicates revenue productivity of labour.</td>
</tr>
<tr>
<td><strong>Defensive position</strong></td>
<td>Indicates shareholders’ interest in the business. (Net Worth is ordinary shares + preference shares + reserves)</td>
</tr>
<tr>
<td>Net Worth Total Assets Borrowing × 100 Net Worth</td>
<td>‘Gearing ratio’. An indication of the riskiness of the capital structure.</td>
</tr>
<tr>
<td>Total debt × 100 Total assets</td>
<td>‘Debt ratio’. An indication of the powers of creditors over an organization.</td>
</tr>
<tr>
<td><strong>Investment</strong></td>
<td>‘Dividend Yield’. Indicates rate of return on investment in shares.</td>
</tr>
<tr>
<td>Dividend per Share Market Price per Share</td>
<td></td>
</tr>
<tr>
<td>Net profit – Preference Share Dividend Number of Ordinary Shares</td>
<td>Earnings per ordinary share.</td>
</tr>
<tr>
<td>Market Price per Share Earnings per Share</td>
<td>‘Price/Earnings Ratio’. Indicates the market’s evaluation of a share.</td>
</tr>
</tbody>
</table>

*Note: Details of the use of these ratios can be found in any good accounting text. Sources: Gratton and Taylor, 1988; Wilson and Joyce, 2008, 2010*

Most large private sport organizations have marketing departments, with market research functions. As well as continual monitoring of demand for their goods and services by this means, they regularly employ outside market research agencies or consultancies to conduct specialist market research. In addition, some consultancies produce regular reports with market research information alongside financial data for different industries. The 2010 reports...
from Mintel, for example, include reports on Bicycles, Children’s Sporting Activities, Snowsports, and Sports Goods Retailing. Key Note’s recent market reports for the UK include Football Clubs and Finance, Health Clubs and Leisure Centres, and Sports Equipment.

**Public sector**

Public sector services have been subject to increasing pressure for accountability in recent decades. Accountability does not just mean spending money correctly rather than fraudulently, it also refers to achieving value for money from public spending. This requires appropriate performance indicators and in particular efficiency indicators rather than simple economy indicators. In the UK the process of reporting to standard performance indicators has been driven in recent years by Best Value legislation and particularly by Comprehensive Performance Assessment (CPA), and more recently Comprehensive Area Analysis (CAA). These government requirements have obliged local authorities to publish performance information for a set of national performance indicators.

Table 6.3 shows the indicators relevant to public sector sport services at the time of writing, for the CAA, with two being specific to sport and physical activity but the other two being broader in concept. The final column in Table 6.3 shows that the adoption by local authorities of these indicators is variable, with two indicators quite commonly adopted (sport and active recreation participation, young people’s participation in positive activities) but the other two being selected by fewer authorities.

At the individual service level, much more comprehensive lists of performance indicators can be found, as we will see later with Sport England’s National Benchmarking Service, which has 47 performance indicators across four dimensions of performance. It is the responsibility of each organization to choose a manageable array of indicators to reflect its objectives. For a public sector provider, this may include throughput indicators for particular groups of clients, such as women, the elderly, lower socioeconomic groups, and the disabled, since this would monitor the effectiveness of the organization in dealing with such target groups. It may also include very conventional indicators of financial performance such as some of those relevant to the commercial provider in Table 6.2, particularly for parts of the service which have no particular ‘social service’ function, such as the bar, cafe, vending machines and other merchandise sales.

**Table 6.3 Public sector national indicators relevant to sport services in the UK**

<table>
<thead>
<tr>
<th>National indicators</th>
<th>Number of local area agreements including each indicator</th>
<th>Rank in popularity, out of 152 indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adult participation in sport and active recreation</td>
<td>82</td>
<td>16</td>
</tr>
<tr>
<td>Young people’s participation in positive activities</td>
<td>75</td>
<td>22</td>
</tr>
<tr>
<td>Participation in regular volunteering</td>
<td>42</td>
<td>43</td>
</tr>
<tr>
<td>Children and young people’s participation in high-quality PE and sport</td>
<td>24</td>
<td>65=</td>
</tr>
</tbody>
</table>

NB: The ranks are according to how many local area agreements include each indicator. For example, adult participation in sport and recreation is in 82 agreements, which makes it the 16th most popular indicator in such agreements.

Source: IDeA (http://www.idea.gov.uk/idk/core/page.do?pageId=8399555)
Although a top-down government requirement to report on national performance indicators appears to require performance measurement for reporting and accountability purposes, in fact reporting performance to an organization’s stakeholders is a secondary, albeit important function of performance measurement. The primary purpose of performance measurement is to help management decisions – i.e. to service performance management.

**Voluntary sector**

Voluntary sector organizations are accountable primarily to their members but there may also be an array of funders, stakeholders and partners to whom performance needs to be communicated, especially at the national level. Voluntary sport organizations are typically non-profit but they have to break even financially to survive. Therefore, many of the performance indicators reviewed for the commercial sector above may be relevant. However, finance is only one of a number of performance dimensions relevant to the voluntary sector.

Arguably, performance measurement and management in the voluntary sport sector is most likely at the national level. Robinson and Palmer (2011) provide two examples. First, Chappelet and Bayle (2005) identify six performance dimensions for national Olympic sport organizations:

- Sport: e.g. sporting results; changing number of members;
- Internal/social: e.g. member satisfaction;
- Societal: e.g. economic and social impacts;
- Financial: e.g. financial independence; value of volunteer inputs;
- Promotional: e.g. image and reputation;
- Organizational: e.g. use of quality assurance procedures.

Second, Deloitte and Touche (2003) provide 30 key performance indicators for national governing bodies of sport in the UK, including revenue per member, number of affiliated clubs, number of volunteers contributing more than 12 hours a year, number of elite athletes in the top 100 UK/World rankings, and number of schools affiliated to an accredited training scheme.

At the local level, voluntary sport clubs are less likely to engage in systematic measurement of performance for use in the management of clubs. Nevertheless, local clubs are typically in the province of national governing bodies and as such may be encouraged by these bodies to generate appropriate performance information. Of relevance to local voluntary sport clubs would be ‘internal’ indicators of finance, sporting success, volunteers’ utilization, and members’ and volunteers’ satisfaction. More outward-facing clubs may also be interested in awareness of, and attitudes to, the club in the local community and the local authority.

**Targets**

Targets give objectives specificity, because they are precise statements of what is to be achieved, and by when. They support the process of performance management because they are the key reference points against which improvement can be monitored. A target is typically quantitative, e.g. to increase profits by 5 per cent in the next year.

How is a target decided? The most appropriate basis is evidence of previous performance by the organization, and evidence of the performance of similar organizations elsewhere – i.e. data benchmarks (see below). Such evidence enables the target setter to reach the difficult but necessary balance between ambition and realism. Targets need to be challenging but they also need
to be achievable. If they are too easily reached, or if they are impossible to reach, they quickly fall into disrepute. Targets can and do change in the course of time. They need to remain under continual scrutiny for their relevance to the operating circumstances of the organization.

**Benchmarking**

When performance of an organization has been measured, it is likely that managers will want comparisons to be made with other similar organizations, to put their own performance into perspective. Benchmarking is a process which provides such comparisons. There are two main types.

- Data benchmarking involves comparison with numerical standards (e.g. averages) calculated for performance indicators in a particular service. The benchmarks are typically organized into relevant ‘families’ of similar organizations. An example of this which is detailed below is the National Benchmarking Service (NBS) for indoor sports and leisure centres in the UK.
- Process benchmarking involves comparison of different procedures adopted in different organizations. Used in conjunction with performance data, process benchmarking helps a manager understand how to improve performance. It is often facilitated by ‘benchmarking clubs’ of similar organizations.

Comparative performance information is available in both the private sector and the public sector. In the private sector, for example, ICC British Company Financial Datasheets provide detailed evidence for individual companies, including industry comparisons for a number of key business ratios. Similarly, Key Note provides Business Ratio Reports for each UK industry sector.

In the public sector in the UK, benchmarks are provided for sport and leisure in two annual publications by the Chartered Institute of Public Finance and Accountancy (CIPFA). These are *Culture, Sport and Recreation Statistics* and *Charges for Leisure Services*. The former in the main contains financial statistics, which are estimates for the year, rather than outturns. Three other explicit benchmarking services can be identified for sport and leisure – one in Australia and New Zealand (CERM), the other two in the UK (APSE Performance Networks and NBS). The rest of this chapter focuses on the NBS to provide a detailed insight into the structure and processes of a benchmarking service.

**Case study**

**Sport England’s National Benchmarking Service**

The National Benchmarking Service (NBS) began in 2000, utilizing substantial research on indoor sports and leisure centres commissioned by Sport England. The national government of the time was intent on pursuing more consistent performance measurement in public services and Sport England’s research provided the data with which benchmarks could be estimated for these particular public sport facilities. This evidence was important because these facilities consumed about two-thirds of local authorities’ subsidy for sport. The benchmarks provided reference points against which individual facilities could compare, as well as a national picture of industry performance standards for sports and leisure centres. The performance indicators (PIs) measured by the NBS are identified in Table 6.4.
### Table 6.4 Performance indicators for Sport England’s National Benchmarking Service (2010)

#### a) Access

**Key**
- % visits 11–19 years ÷ % catchment population 11–19 years
- % visits from NS-SEC classes 6&7 ÷ % catchment population in NS-SEC classes 6&7<sup>1</sup>
- % visits 60+ years ÷ % catchment population 60+ years
- % visits from black, Asian & other ethnic groups ÷ % catchment population in same groups
- % visits disabled, <60 years ÷ % catchment population disabled, <60 years

**Other**
- % visits 20–59 years ÷ % catchment population in same group
- % of visits which were first visits
- % visits with discount card
- % visits with discount cards for ‘disadvantage’<sup>2</sup>
- % visits female
- % visits disabled, 60 years+ ÷ % catchment population disabled, 60+ years
- % visits unemployed

**Notes:**
1. NS-SEC classes 6 & 7 are the two lowest socioeconomic classes in the official classification used in the UK.
2. Disadvantage eligibility for discount cards includes over-50s, students, unemployed, disabled, single parents, government support, government funded trainees, widows, exercise referrals, and elite performers

#### b) Utilization

**Key**
- annual visits per sq. m (of usable space, i.e. excluding offices and corridor space)

**Other**
- annual visits per sq. m (of total indoor space, including offices and corridor space)
- % of visits casual, instead of organized
- weekly number of people visiting the centre as % of catchment population

#### c) Financial

**Key**
- subsidy per visit

**Other**
- % cost recovery
- subsidy per resident
- subsidy per sq. m.
- total operating cost per visit
- total operating cost per sq. m.
- maintenance and repair costs per sq. m.
- energy costs per sq. m.
- total income per visit
- total income per sq. m.
- direct income per visit
- secondary income per visit

(Continued overleaf)
The NBS indicators cover four dimensions of facilities’ performance, designed to help inform decisions such as pricing, marketing, resourcing and investing in sport services at the centres. These four dimensions are as follows.

- **Access**: representing the extent to which facilities are used by specific market segments, including disadvantaged groups and new users. These are indicators of effectiveness, particularly in the context of social inclusion.
- **Financial**: representing subsidy, cost and income performance. These are indicators of efficiency and economy.
- **Utilization**: representing the scale and nature of usage of facilities. These are indicators of effectiveness and efficiency.
- **Satisfaction and importance**: representing the extent to which users are satisfied with different service attributes of the facility and how important these attributes are to them. These are indicators of effectiveness.

The main criteria for the selection of the performance indicators in Table 6.4 were that it is relatively easy to interpret either changes in them, or differences between the facility’s score and the bench-
marks for the performance indicator; they are relevant to policy and management of sports facilities generally; they embrace as wide a variety of facilities’ performance as is feasible; and predominantly, they concern outputs rather than inputs.

However, the NBS indicators do not cover other aspects of public facilities’ performance that managers and politicians would like information on. For example, the indicators do not measure many of the wider social impacts of such facilities, such as improvements in health, improved quality of life, reduced crime and vandalism, or education benefits – these are considered too difficult to measure regularly in the specific context of these facilities. The NBS also does not record the profiles, behaviour and attitudes of young people under 11 years old, who are not considered suitable for the questionnaire survey employed. These exclusions demonstrate the compromise that is often necessary in practical performance measurement systems between what indicators are desirable and what indicators can be measured reliably and at reasonable cost.

The NBS results for access, finance and utilization performance are compared with benchmarks for four ‘families’ of centres, which have been empirically tested and proven to have structural effects on performance:

- Type of centre – wet; dry (with/without outdoor facilities); and mixed (with/without outdoor facilities). There are good reasons to suggest that many aspects of performance vary by the type of facility, e.g. many costs are known to be higher for swimming pools than sports halls; specific market segments are known to use some types of facility more than others. In addition, the presence of outdoor pitches is known to have a distinctive effect on user profiles, finances and other performance variables.

- The socioeconomics of a centre’s location – high deprivation; medium deprivation; low deprivation – measured by the percentage of the catchment population in the bottom two socioeconomic classes. It is highly likely that many aspects of both policy and performance in facilities will be heavily influenced by the type of neighbourhood in which the facility is located. The socioeconomics of the catchment population is important to issues of market segmentation and pricing – key principles underlying policy and performance in access/social exclusion.

- Size of the centre – large; medium; and small. Studies have indicated that the size of facility may have a significant impact on performance. In particular large facilities may benefit from economies of scale.

- Management type at the centre – in-house local authority; trust; commercial contractor. The different types of management complicate the objectives of the facilities concerned, particularly their prioritization of different objectives, and consequently lead to differences in performance.

Three benchmarks are employed. The 25 per cent, 50 per cent and 75 per cent benchmarks are the quarter, half and three-quarters points in the distribution of scores for a PI, if all the centres’ scores were organized from the lowest score at the bottom end of the distribution to the highest score at the top end (Figure 6.1). The 50 per cent benchmark is the median and is an appropriate mid-range score when, as is often the case, the distribution of performance scores in a family category is skewed or unduly influenced by unusually high or low scores. A mean (average) score would be distorted by these influences and would therefore be unreliable.

For the importance and satisfaction attributes (Table 6.4), the NBS reports in four ways:
Taylor

- the satisfaction scores in comparison with industry averages for different facility types – wet, dry and mixed centres;
- the gaps between importance and satisfaction mean scores from customers – the largest gaps being the strongest indication of problems;
- grid analysis of the importance and satisfaction scores, whereby each service attribute is positioned in one of four quadrants, each with different implications for interpretation and action – see Figure 6.2; and
- the percentage of customers dissatisfied with each attribute.

**Reasons for using NBS**

In qualitative research with ten NBS clients in 2003, several major reasons were given for undertaking it. First, NBS informs public policy requirements for public services to consult with customers and compare their performance with other similar services. Furthermore, NBS achieves these with independent and nationally credible evidence from a national agency. Some respondents suggested that without NBS data there would have been a large gap in their Best Value information, particularly on social objectives/access.

Second, NBS provides comparative industry performance information for centres of a broadly sim-

![Figure 6.1 Benchmarks and quartiles](image)

**Figure 6.1 Benchmarks and quartiles**

<table>
<thead>
<tr>
<th>Importance</th>
<th>Satisfaction</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>Low</td>
<td>No need for action unless satisfaction is particularly low or there are other implications (e.g. financial).</td>
</tr>
<tr>
<td>Low</td>
<td>High</td>
<td>In most urgent need of action to increase satisfaction.</td>
</tr>
<tr>
<td>High</td>
<td>Low</td>
<td>Possible over-resourcing? Check for potential efficiency gains.</td>
</tr>
<tr>
<td>High</td>
<td>High</td>
<td>Good correlation. Maintain this performance.</td>
</tr>
</tbody>
</table>

**Figure 6.2 Grid analysis of importance and satisfaction scores**
ilar type, which is not obtainable on this scale and in this detail by other means. One client suggested that other services in leisure were sorely in need of a parallel service (e.g. museums, arts, parks). Third, NBS facilitates service improvement – its results inform management plans and decisions in order to provide a better service for customers. Fourth, a few clients at the time of the qualitative research were about to contract out the management of their centres to trusts/contractors and they wished to have performance data in order to set terms and possibly targets for the funding agreement/contract.

Other reasons for undertaking NBS were more general – simply wanting to improve services with the expectation that the results would enable the identification of strengths and weaknesses; or information for defending against any questions of the facilities by the local authority or external parties; or in readiness with performance information which was not available by other means, such as customer satisfaction and access by target groups.

Uses of NBS

According to the qualitative research with NBS clients, the most common uses of the NBS results were to inform strategies and business plans; inform action plans and short-term decisions; report facilities’ performance to the local authority; and inform performance reviews and inspections. In three authorities the NBS results had fed directly into new sport strategies. In others there was clear intent to inform strategy development. A few respondents had concentrated on their centres’ weaknesses according to their NBS reports, and acted as quickly as possible on those weaknesses. One respondent had used the NBS data in negotiations with the client authority about threatened reduced funding, pointing out that this would probably cause increased user charges at the expense of access performance.

In a couple of cases the local authorities received the full NBS report; in other cases the authority received key performance results only, often with careful interpretation of the NBS data for members. In these latter cases it was apparent that the main use of the performance data was located at the centre or the contract operation level rather than the client local authority. In the UK, management contracts for public sports centres are most commonly held by one of three types of organization – in-house local authority teams, independent and often charitable trusts, or commercial contractors. NBS was seen to provide valuable information for performance reviews and in two cases the use of NBS results was seen by Best Value inspectors as a positive contribution. All respondents used the NBS data selectively, prioritizing data which was important to their objectives, or particular weaknesses or strengths.

Benefits of benchmarking using NBS

NBS clients have demonstrated a number of general learning responses to the processes of performance management, i.e. generating the right information, interpreting the results meaningfully, and utilizing the results in performance planning. In addition, benefits described by NBS clients in feedback workshops include the following.

- Awareness of performance: Facility managers are provided by NBS with an objective, externally validated set of performance measures, with the authority of Sport England and Sheffield Hallam University behind them. This is important for reporting to stakeholders. Local managers can add explanations of strengths and weaknesses identified in the NBS report, using their knowledge of local circumstances.
- **Education of stakeholders**: The NBS data helps to educate stakeholders, particularly politicians, about the realities of performance at the sports and leisure centres. It is very easy to become overambitious in setting targets, for example. NBS benchmark data identifies what is achievable, which is often different to what is ideal. For practical management purposes it is the achievable which is most useful, rather than the ideal.

- **Challenges**: Managers and stakeholders, again particularly politicians, often have preconceived ideas about the performance of their facilities. These ideas are from their own personal experiences of encounters with the public or with customers – but these experiences can be very different to the average situation. The NBS performance data is more objectively determined and more a reflection of normality for the centres. This data may confirm preconceived ideas but it can also throw up some unexpected surprises, both negative and positive. In such cases it is important to recognize the difference between subjective experiences and objective evidence, and for management decisions to reflect the latter.

- **Expectations and targets**: NBS data helps managers and other stakeholders to form realistic expectations about what performance is possible, given not only the performance of their own centres but also comparisons with national benchmarks. In turn, these expectations help to determine targets which are not too safe and not too ambitious.

- **Evidence-based management culture**: Experience of collecting data and receiving benchmarking reports helps to develop an awareness of further information needs. An example is qualitative research needed to identify exactly why customers have given a relatively weak satisfaction score to a particular service attribute. Another example is conducting research in the local community around the facility, to complement the views of the centre’s customers.

- **Process benchmarking**: Benchmarking data facilitates the selection of partners, with whom to discuss how to generate better performance for specific performance indicators. From 2010, the NBS is publishing the top quartile centres for each performance indicator, giving other centres the opportunity to contact these top quartile performers to discuss how they did it. NBS also holds an annual conference which includes workshops with best-performing managers in access, finance and customer service discussing how they achieved their strong performance.

### Conclusions

Performance management is an outcomes-led approach to good management. Measuring performance accurately and comparing it with other similar services and facilities can be the starting point in a logical approach to service improvement. It identifies strengths and weaknesses, asks questions about how to improve services, helps identify appropriate targets for improvement, and gives a consistent framework through which strategic decisions are taken in future.

Performance management and measurement is also an approach which invests power at the level of the individual service or facility, because it is here that the performance data is owned and where decisions are made about the use of the data. This then determines not only how the performance information is reported to others, but more importantly how it can be used to change services for the better. If these processes are owned and driven by the individual service, there are fewer unpleasant surprises from stakeholders and others asking difficult questions. Even if they do, there is a greater likelihood of having the right information with which to answer the questions.
The National Benchmarking Service is a good example of a performance measurement and benchmarking service for sport. Analysis of how it is used and the benefits clients derive from its use demonstrates many of the essentials of performance management. It makes considerable demands in terms of data collection, particularly in terms of surveying customers, but the rewards are the scope and depth of performance data which can then be used to make plans and take actions to improve services.

References
   —— (1991a) Local Authority Entertainments and the Arts, London, HMSO.