
Benchmarking – seeking competitive
advantage for an area!

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Northern Ireland 2002

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Competitive advantage

- What does benchmarking mean?
- The types of competition?
- Is it an increasingly important question?
- An economic example and the factors that matter.
- Benchmarking and competition.
- A case study.
- What can be learnt?

What does benchmarking an area mean?

Aim:

To compare one city, region or other local area with others seeking information about comparative advantages and disadvantages:

With a view to:

Maximising comparative advantages and minimising comparative disadvantages.

What are the comparatives?

Depends on the objective being sought, but it always has to do with competition and to improve either performance or a relative position.

Some examples of comparatives?

- Economic competitiveness
- Residential competitiveness
- Social competitiveness
- Environmental quality competitiveness
- Cost and tax competitiveness

Is benchmarking actually real?

‘Increasingly, as more companies expand their international operations, cities are recognising that they are in competition with each other to attract inward investment.’

Healey and Baker

Which are the leading cities?

- London, Paris and Frankfurt are the leaders
- Brussels, Amsterdam and Barcelona next
- Berlin has now broken into the top ten
- Cities to move up are:

Zurich (9th to 7th)

Geneva (16th to 12th)

Stockholm (17th to 15th)

Helsinki (28th to 26th)

(Healey and Baker Survey 2001)

The next leading cities

- Istanbul, Birmingham, Cologne, Luxembourg, Marseille

Where are cities in Ireland and the UK?

- Dublin 13th
- Manchester 14th
- Glasgow 19th

No others!

(Healey and Baker Survey 2001)

City Promotion

Increasingly Cities are recognising the need to promote themselves: the best are:

London

Dublin

Barcelona

Paris (with Paris being the most active)

(Healey and Baker Survey 2001)

What are the factors that matter? (1)

(1998 italics)

- Easy access to markets/customers (58%) *(66%)*
- Availability of qualified staff (55%) *(50%)*
- Transport links (51%) *(62%)*
- Quality of telecommunications (45%) *(54%)*
- Climate created by financial and tax incentives (32%)
(36%)
- Value for money of office space (29%) *(26%)*

(Healey and Baker Survey 2001)

What are the factors that matter? (2)

- Availability of office space (27%) (25%)
- Ease of travel within the city (22%) (21%)
- Languages spoken (19%) (22%)
- Quality of life for employees (15%) (13%)
- Freedom from pollution (9%) (12%)

(Healey and Baker Survey 2001)

What does benchmarking entail?

Depends on what your circumstances are and what you wish to achieve.

You cannot avoid the issue of competition, whatever the size of the city, region or local authority if you want growth.

Competition should always be taken into account in any strategic planning.

Critical question 1!

- What are the objectives of the city, region, local authority?
- Have you actually got such objectives, explicit or implicit – do they include:
 - Economic competitiveness
 - Residential competitiveness
 - Social competitiveness
 - Environmental quality competitiveness
 - Cost and tax competitiveness

Critical question 2!

Where is the competition coming from?

The decision about this will affect the assessment of the areas objectives.

The aim: To identify the factors that are, or could be, important to facilitate competitiveness.

Do you really know what those factors are? Have you researched the market?

A case study - Dublin

Some comparator cities:

Barcelona	Gijon
Bilbao	Leeds
Birmingham	Oslo
Bonn	Toulouse
Copenhagen	

Reasons for comparator city choice

- Achieved considerable economic growth.
- Become important regional economic centres.
- Strong cultural emphasis.
- Developing or have a strong international reputation.

What makes a successful city? Case study findings (1)

- Ability to work in partnership with other levels of government, whether higher or lower.
- Active policy to encourage investment.
- Importance attached to creating attractive, appropriate environment.
- Desire to attract modern industries and services.
- A strategic planning process with consistent policies.

What makes a successful city?

Case study findings (2)

- All cities subject to constraints on policy making.
- No city said external controls on funding especially inhibit them.
- More successful cities had an ability to evolve joint methods of working.
- Successful cities responded to market needs.

What are the general conclusions?

- You never have complete freedom of choice.
- You never have enough money.
- Your powers may be limited but you have to find ways of extending your abilities through partnerships.
- Develop a strategic plan and be clear about your objectives.

Where can benchmarking help?

- Makes you think about what you want to achieve for your area.
- Makes you think about policies needed to achieve your objectives.
- Will cause you to look at what others are doing.
- Makes you realise that to succeed you have to identify or create a comparative advantage.

Conclusions

- Benchmarking can be a valuable tool because of the discipline it enforces.
- You are in competition if you want growth.
- No city, region, or authority is perfectly placed.
- Therefore seek comparative advantage.
- Be creative about partnerships to complement your own powers and strengths.

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