

The Benchmarking of the Internal Efficiency of Local Public Transport

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1. Introduction

In many economies, local public transport has for many years been losing favour to its more flexible competitor, the car.

Improving public transport as a way of attracting back lost passengers is a key goal of all public transport service providers and of policymakers. One of the ways in which public transport might be improved - and therefore have the possibility to attract more passengers - is by engaging operators in performance measurement and the sharing of good ideas within the industry. To date, very little performance measurement has taken place in the local passenger transport sector. Benchmarking is one option for enabling this process. This paper describes the relevance of benchmarking to providers of local passenger transport and reports on the performance measurement that has occurred in the passenger transport sector.

The main body of the paper considers some of the outcomes of EQUIP (Extending the Quality of Public Transport), a DG TREN project funded by the 4th Framework Programme of the European Commission (1999-2000) which developed a self-assessment benchmarking Handbook for local public transport operators. The paper will discuss the results from its implementation by a Network of operators across Europe¹ and a final section will discuss how the lessons of EQUIP are being implemented in the creation of a successful bus benchmarking group in the UK.

2. Benchmarking

2.1 What is benchmarking?

There is a plethora of management models and ideas which can be used in a business context to improve business performance (Ten Have et al, 2003). Benchmarking has been a key tool in the business improvement armoury for many years (Zairi, 1996). Benchmarking is a way to measure how good the business is at what it does, making a quantitative statement as to whether their performance is as good as other businesses and using this information to improve the business

process. In short, benchmarking is a tool for searching for industry best practice, leading to improvement in performance. It is an on-going technique for measuring and improving processes against the best that can be identified. It requires data gathering, goal setting and analysis. Benchmarking is concerned only with facts in contrast to other key management tools, such as balanced scorecards, which also include more subjective elements relating to business aspirations. Benchmarking can be widely applied and can cover all aspects of measurable activity: in a urban bus context, benchmarking could cover both inputs (internal efficiency) and outputs (revenue and passenger responses).

After the benchmarking phase, the organisation will have gained an in-depth knowledge of itself. The measurement process provided by benchmarking provides a baseline data

set for improvements and for target setting on a basis which can be understood throughout the organisation. The areas for potential improvement are identified, target values (perhaps with intermediate milestones) can be set and these provide an estimate of the value gain for the organisation. The team building achieved by the benchmarking activity will provide the platform for the action teams which achieve the improvements. Benchmarking is a key step in a continuous improvement process although it will not add value in itself - it is the catalyst to change. Value is only added through achieving real improvements.

Figure 1 shows the methodology of the benchmarking process. Benchmarking in general is a cyclical process in which one complete cycle of benchmarking involves nine stages. In the context of a public transport operator, the process would commence with the definition and agreement of the factors which are critical to the success of an individual company (stage 1.). This is followed by the development of appropriate performance measures known as indicators (stage 2.). These indicators are then measured by individual operators (stage 3.). Benchmarking enables an operator to