Using Measurements to Propel Your Organization Forward

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Performance Improvement

Whatever metrics you have in the back of your performance measurement closet that are left over from years past – may not be getting you anywhere.
OBJECTIVES

- Recognize the *value* of using measurements to drive performance.
- Learn *principals* for establishing performance measurements.
- Identify the *types* of measurements that drive performance.
**PERFORMANCE MEASUREMENT**

**Definition:** The process whereby a group or organization establishes the parameters at which programs, processes, or activities are attaining the desired results.

***In order to be effective, the process of performance measurement requires the use of quantifiable, numerical targets.***
MEASUREMENT: WHAT DO WE MEASURE

- Productivity
- Effectiveness
- Quality
- Timeliness
Performance Measurement

- Inputs – Resources used
  - Spend
  - Number of staff
  - Number of buses used

- Outputs – Amount of service provided
  - Number of participants in a program
  - Number of school lunches served
  - Number of passengers

- Outcomes – Attainment of goals, quality of service
- Efficiency – Amount of resources required
**Performance Measurement: Key Performance Indicators (KPIs)**

- **Definition:** KPIs are quantifiable measurements of items that are **critical to success** and help define and measure progress toward both short-term and long-term goals.
WHY MEASURE?

- Focus
- Decision-making
- Enhances output
- Refinement
- Set Goals
- Is it working?
- Develop / strengthen partnerships
- Motivate
Why Measure?

Agreement to…….. is not enough to drive performance
BRAINSTORMING

- Identify issues
- Develop metrics
  - Based on what needs to be measured
  - Activities that will add value
  - Activities that will help achieve better performance
  - Not just for the sake of measuring
Things to consider when brainstorming

- Metrics support agency strategies
- Display in a prominent place
- Quick access to info (measurement system)
- Easy to use info
- Metrics for strategic activities
- Limited Number of Metrics
- Achieve goals then move to next activity or higher metric
PRINCIPLES OF PERFORMANCE MEASUREMENT

- Plan
- Communicate
- Mobilize
- Measure
- Assess
- Reward
PLAN

- Is strategic
- Takes commitment
- Builds stronger relationships
- Has tangible ROI
- Has intangible ROI
Plan

- Develop a five-year Strategic Plan for procurement
  - Assign best practices goals to various team members
  - Monitor progress of implementing best practices
  - Review and update plan yearly
**MEASUREMENT TOOLS**

**Balanced Scorecard**
- Considers customer & entity needs
- Considers both financial & non-financial
- Includes lagging & leading measures
  - Lagging – project end
  - Leading – Upstream of activity
MEASUREMENT TOOLS: BALANCED SCORECARD

Vision:
- Financial - managing our finances to meet stakeholders expectations
  - Objectives
  - Measures
  - Targets
  - Initiatives

Strategy:
- Internal Business Process - satisfying stakeholders expectations in our processes
  - Objectives:
  - Measures
  - Targets
  - Initiatives

Mission:
- Customer - delivering to our customer’s expectations
  - Objectives
  - Measures
  - Targets
  - Initiatives

Purpose:
- Learning & Growth - sustaining our ability to improve
  - Objectives
  - Measures
  - Targets
  - Initiative
MEASUREMENT TOOLS: FOUR PERSPECTIVES

- Financial Perspective
- Customer Perspective
- Internal Perspective
- Learning Perspective
MEASUREMENT TOOLS: SURVEYS

- Used for Data Collection - Nor Performance Measurement
- Objective measures based on observable facts and behaviors
- Use objective rating criteria
- Ensure questions correspond to performance metrics / goals
- Identify how data will be
**Measurement Tools: Surveys**

- **Begin with the outcome in mind.**
  - Which outcomes are most worth tracking
  - What the difference is you are trying to create

- **Carefully select your words.**
  - Use sensor language (hear, see, feel, taste, smell)
  - Avoid those inert words (efficient, effective, reliable, sustainable and quality)

- **Think Big Picture**
  - What behaviour(s) will the measures drive?
  - What other areas of performance might be sabotaged or limited?
MEASUREMENT TOOLS: SURVEYS

What’s the evidence?
- What are potential measures that will let you know that the outcome is being achieved.
- For each measure, what can you count to tell you the how often it is occurring?
- Which measures would provide a balance of objectivity and feasibility?

Name your measures
- Naming your performance measures identifies exactly what you will be measuring.
**Example: Survey (Internal Customer)**

**Responsiveness: How would you rate Procurement's accessibility and responsiveness to your requests and needs?**

**Answer Options**

Very Responsive. I always get a response to inquiries within a short period of time.

Responsive. I rarely have to contact Procurement a second time for a response.

Occasionally Responsive. I occasionally have to contact Procurement a second time for a response.

Not At All Responsive. I frequently have to contact Procurement a second or third time for a response.

Specify areas in which we can improve our responsiveness.
### Example: Survey (Internal Customer)

**Understanding:** How do you rate Procurement's understanding of the goods and services you require?

**Answer Options**

- Excellent Understanding. Can see the BIG picture and discuss in knowledgeable manner.
- Good Understanding. Overall idea of how everything interrelates and can discuss in broad terms.
- Adequate Understanding. General perspective of how everything relates.
- Poor Understanding. Limited or incomplete comprehension of the requirements.

Provide specifics on ways in which Procurement can gain a better understanding of your purchasing needs.
MEASUREMENT TOOLS: SELF ANALYSIS

- Definitions which explain terms and concepts.
- A set of self-assessment indicators and criteria which provide a framework for reviewing and assessing the performance.
- Provides scoring criteria for each.
- Format to facilitate recording the score.
EXAMPLE: SELF ANALYSIS PROCESS

- Strategic Goal
- Action Item
- Activities
  - A
  - B
  - C
- Explanations / Details
- Accomplishment
NIGP Maturity Pathway

Pathway to Professionalized Procurement

For Agencies and Individuals

As with all journeys, it helps to have a path to follow. It also helps to know where you are starting and where you are going, the resources you have, and the ones you need to get there.

Fortunately, there is a pathway to professionalized practice that agencies and individuals can use to plan their developmental journey and recognize the major milestones that indicate where along the journey they are.
Benchmarking is a comparison to outside (external) organizations

Performance Measurement is specific to internal performance

Can be used for setting up internal goals
PERFORMANCE MEASUREMENT: BENCHMARKING

- NIGP the Institute for Public Procurement
  - Pareto Award
  - Outstanding Agency Accreditation Achievement (OA4)
- Florida Association of Public Procurement Officials (FAPPO)
  - Achievement of Excellence in Procurement Award
- National Procurement Institute (NPI)
  - Achievement of Excellence in Procurement Award
Performance Measurement: Gap Analysis

- Comprehensive assessment
  - Capabilities
  - Efficiency of its organizational structure
  - Competitive position (as it relates to Benchmarks)
  - Analysis of the Gap between the desired and actual performance.
COMMUNICATE: GUIDING PRINCIPLES

- Define metrics
- Schedule reviews
- Clarify roles
- Define consequences
- Establish incentives
Mobilize: Put Things in Motion

- Determine who
- Assign a “Champion”
- Talk – It - Up
MEASURE: WHAT DO WE MEASURE?

- Innovation
- Spotlight
- Substantiation
- Inputs - Resource utilization
- Outputs - Services provided
PERFORMANCE MEASUREMENT: ASSESS

- Investigate
- Involve
- Formalize
- Follow-up
- Compare
- Strategic
- Re-align
Performance Measurement: Reward

- Tailored
- Flexible
- Communicate
- Connect the dots
- Quick
PERFORMANCE MEASUREMENT: REWARD

- Recognition
- Appreciation
- Exhilaration
- Jubilation
- Integration
- Communication
- Satisfaction
PITFALLS OF MEASURING

- No concrete goals
- Too many measurements
- Lack of oversight
- No support
- Not using the results
- Confusing benchmarking with performance measurement
RESULTS OF PERFORMANCE MEASUREMENT

- Gain Creditability
- Higher Customer Satisfaction Rate
- Improved Outcomes
- Motivated Staff
“Don’t find fault. Find a remedy”.

Henry Ford
DISCUSSION

What measurements does your agency use with external and internal clients/suppliers, employees, or departmentally?
Would you classify the measurements as strategic?
PRINCIPLES OF PERFORMANCE MEASUREMENT

- Plan
- Communicate
- Mobilize
- Measure
- Assess
- Reward
FINAL THOUGHTS

- Define
- Determine
- Describe
- Delineate
- Dissect
- Develop
- Designate
CLOSING COMMENTS
THANK YOU

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