Metrics Matter!
Presented by:
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LEVERAGING DATA IN TRANSFORMATION; BECOMING A HIGH PERFORMANCE ORGANIZATION

What is a data driven organization?
How does data improve decision making?
How does data lead to greater value?

WORKSHOP OBJECTIVES:

✓ What are performance metrics?
✓ Where to find data to use in performance metrics
✓ How to apply data in performance metrics
✓ How to use performance metrics to show value
✓ How to use data in performance metrics - strategically
PERFORMANCE METRICS:

Definition:
✓ That which determines and organization’s behavior and performance.
✓ Measures an organization’s activities and performance.
✓ Supports a range of stakeholder’s needs; customers, employees, public.


PERFORMANCE METRICS:

✓ How does an organization create value
✓ There is not a one size fits all - panacea
✓ Creative strategic thinking is needed to develop an effective performance metric system
✓ No two organizations are alike ......... however, there can be similarities

VALUE:

✓ Fully understand how and where to derive value
✓ Value based programs focus not only on the performance of the operation, but on the performance towards satisfying the purpose – targeting benefits provided by the service or process
WHERE CAN YOU FIND THE DATA?

- Systems Approach for Measurement

Input  Process  Output

WHERE CAN YOU FIND THE DATA?

- Systems Approach for Measurement

Requisition  Purchase Orders  Goods & Services

WHERE CAN YOU FIND THE DATA?

- Systems Approach for Measurement

Requisition  Solicitations  Goods & Services
EFFICIENCY MEASURES

Metrics that are easy to measure

Metrics that are easy to use

Tactical Data Analysis
- Number of Requisitions
- Days to Process
- Dollars vs. Value
- Delivery Timeframes

Strategic Data Analysis
- Number of Staff Needed
- Establishment of Baselines
- Staff Assignments
- Contract Compliance

EFFICIENCY MEASURES

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FY14 Purchase Order Analysis

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TOTAL 3261 100% $107,555,015 100%
EFFICIENCY MEASURES

**Requisition**
- Tactical Data Analysis
  - Dollar Value
  - Days to Process
  - Extensions
- Strategic Data Analysis
  - Aggregation
  - Managing Expectations
  - Staff Training and Professional Development
  - Workload Shifts

**Solicitations**

**Contracts**

Validation point
EFFICIENCY MEASURES

EFFECTIVENESS MEASURES

EFFECTIVENESS MEASURE

Delegation of Authority
- Chief Procurement Officer
- Centralized Procurement
- Customer Departments

Thresholds
- Small Purchases
- Formal Threshold
- Contract Execution Authority

Purchase Orders
- Values
- Transactions
EFFECTIVENESS MEASURE

Delegation of Authority
- Centralized Procurement
- Customer Departments

Strategic Data Analysis:
- Staff Composition
- Delegation to End Users
- Assignment of Points of Contact
- Signature Authority

EFFECTIVENESS

Thresholds
- Small Purchases
- Formal Threshold
- Contract Execution Authority

Strategic Data Analysis:
- Dollar Threshold
- Pareto Principle
- Delegation to Staff
- Return on Investment

EFFECTIVENESS

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EFFECTIVENESS

Purchase Orders • Values • Transactions

Strategic Data Analysis

- System availability to match purchasing habits
- Decrease staff time = contract releases
- Better data collection = minimize use of blankets

EFFECTIVENESS

EFFICIENCY AND EFFECTIVENESS

- Predict
- Understand
- Control
- Evaluate

ACT

PLAN

CHECK

DO
WHAT CAN YOU DO?

- Operational Policy Measurements
- Single quote limit
- Informal solicitation threshold
- Formal solicitation threshold
- Thresholds for various approvals
- PCard usage
- Set program goals and measure progress toward goals

WHAT CAN YOU DO?

- Growth/Monitoring
- Revenue - Rebates
- Cost Avoidance

- MBW BE Spend
- MBW BE Participation
- Solicitation Effort

- Values
- Transactions

PCARD

PCard Expenditure Comparison FY13 and FY14

PCARD
WHAT CAN YOU DO?

- Procurement Program Measurement
- Establish baseline
- Develop program goals
- Develop methods or reports to measure progress toward goals

WHAT CAN YOU DO?

- Staff Performance Measurements
- Supplier Quality Measurements
- Customer Satisfaction Measurements
- Financial Performance
WHAT CAN YOU DO?

- Strategic Sourcing
  - Commodity Code Structure
  - Spend Analysis
  - Contract Availability
- Contract Administration
  - Spend Under Contract
  - Maverick Spend
  - Violations
- Revenue
  - Value Generated
  - Budget Percentage

STRATEGIC SOURCING

Percentage of Spend on Contract

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SPEND ANALYSIS

This is where your money is going. Big shifts in expenditures mean a potential shift in buying you need to address.
**CONTRACT ADMINISTRATION**

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**REVENUE**

PCard Rebates FY09 – FY13

- $44,579
- $60,672
- $147,666
- $192,519
- $195,604

**WORKSHOP OBJECTIVES**

- What are performance metrics?
- Where to find data to use in performance metrics
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