Benchmarking for Success

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What is benchmarking?

- "A measurement of the quality of an organization's policies, products, programs, strategies, etc., and their comparison with standard measurements, or similar measurements of its peers. The objectives of benchmarking are (1) to determine what and where improvements are called for, (2) to analyze how other organizations achieve their high performance levels, and (3) to use this information to improve performance."

  - www.businessdictionary .com

Treasury's Building Blocks

We aim to improve the citizen experience by building a culture of service through continuous improvement and engaging our employees.

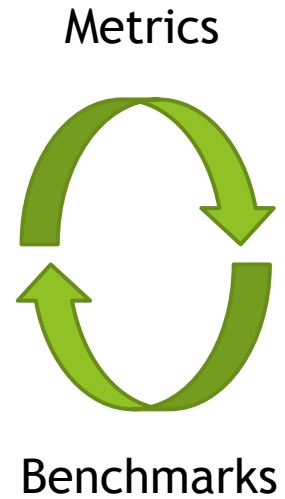Culture of Taxpayer Service

Continuous Improvement

Engaged Employees

How do we measure success?

▶ Since 2012, the Office of Good Government has published forward-facing 'Scorecards' reflecting performance in six different areas of government.

MiScorecard Performance Summary

Department Name: Michigan Department of Treasury
Executive/Director: Andy Dillon
Period: January 2012

Legend:		
1 Green	90% or greater of target
2 Yellow	>=75% to <90% of target
3 Red	less than 75% of target

#	Metric	Status	Trend	Target	Current	Previous	Frequency	Metric Definition
	Financial							
F-1	Accurate Revenue Estimating	🟩	⬇	3%	1.3%	13.0%	Annually	Estimate revenues within 3% of actual. The accuracy of the metric impacts the state budget process.
F-2	Principal Residence Exemption Audit Revenue Recovered	🟩	⬇	$15,000,000	$20,100,000	$20,300,000	Annually	Ensure only eligible properties are given the exemption, revenues to the School Aid Fund can be maximized and fairness across taxpayers ensured. This metric measures the annual dollars recovered.
F-3	State Credit Rating	🟨	➡	AAA	AA-	AA-	Annually	Ensure the state receives the best credit rating possible. A better credit rating allows the state to borrow money at the most competitive rates available. Ensures the financial position of the state provides a climate for business investment and citizen confidence.
F-4	Return on MPSERS Pension Investments	🟨	⬇	8%	6.6%	21.7%	Quarterly rolling 1 year average	Actual investment rate of return on pension fund assets for the Michigan public school employee retirement system.
		🟥	⬇	8%	2.3%	4.5%	Quarterly rolling 5 year average	

How do we measure success?

Metrics

Benchmarks

▶ Every metric on the Scorecard has an 'owner' and the owners get together at least twice per year with our Continuous Improvement and Engagement Division (the people who manage Treasury's scorecard) to discuss whether or not the current metrics reflect the proper benchmarks for success.

How do we achieve success?

- The primary goal of the metrics is to measure current performance; however, they can be leveraged to drive conversations about process improvements, staff changes, and technology updates.
  - "Are we missing the mark because of the process, the people, or the tools?"
  - "Does everyone understand the metric they're expected to meet?"
  - "Should we conduct an LPI project to find the most effective ways to improve?"

Using the numbers

▶ May 2016 – 'Number of Days to Process an Audit (average)' was added to the public scorecard to ensure (what is now) my unit was meeting the statutory requirements to assess audits.

P-12	Number of days to process audit (average)	Green	👍	210	80	365	Monthly
P-13	Percent of hearings completed in less than 6 months	Red		100%	32%	n/a	Quarterly

Using the numbers

- An LPI project was conducted in 2017 that revealed several really important things – namely:

  - Employees were not cross-trained

  - Processes were not documented

  - Nobody had production goals

  - Our system issues were not treated as critical

- All of these factors 'trickle' up and impact the forward-facing scorecard metric.

Using the numbers

For Resources:

▶ Without an ability to quantify the work that was being done by each individual and compare that to the work that needed to be done (and would be in the future), there was no way to justify getting more people and new tools.

Using the numbers

For Accountability and Engagement:

▶ The absence of a clear goal prevented everyone from understanding his/her own individual performance, and failed to provide feedback for training opportunities.
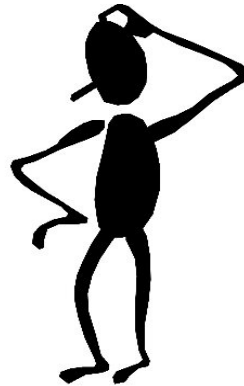
Building the Blocks

▶ We started by measuring processing production.

▶ We leveraged the LPI to add two new staff members.

▶ Then we tracked the barriers.

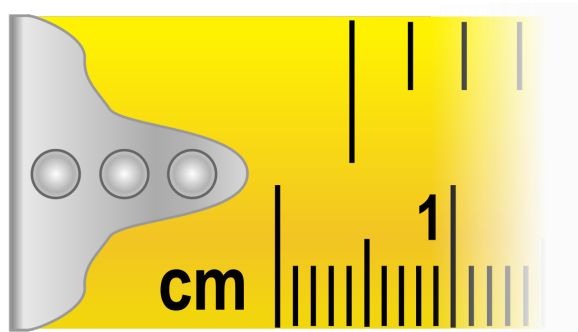# Building the Blocks

▶ Employee Engagement & Continuous Improvement: We designed an active inventory report and individual performance reports.

▶ Culture of Service & Continuous Improvement: We developed a scorecard goal that focused on our customer service while ensuring statutory compliance.
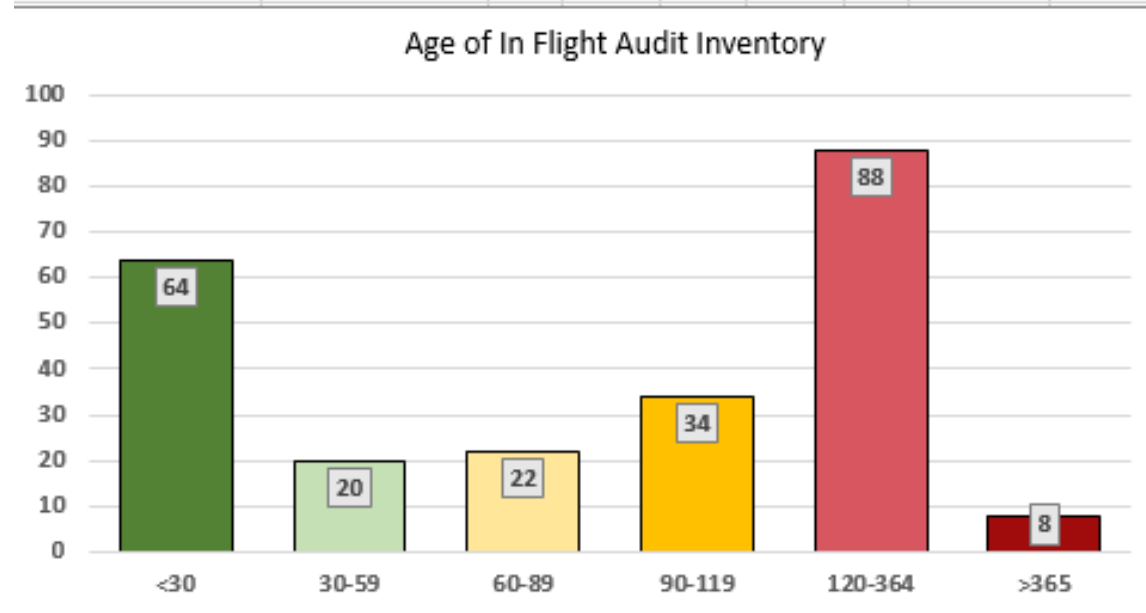
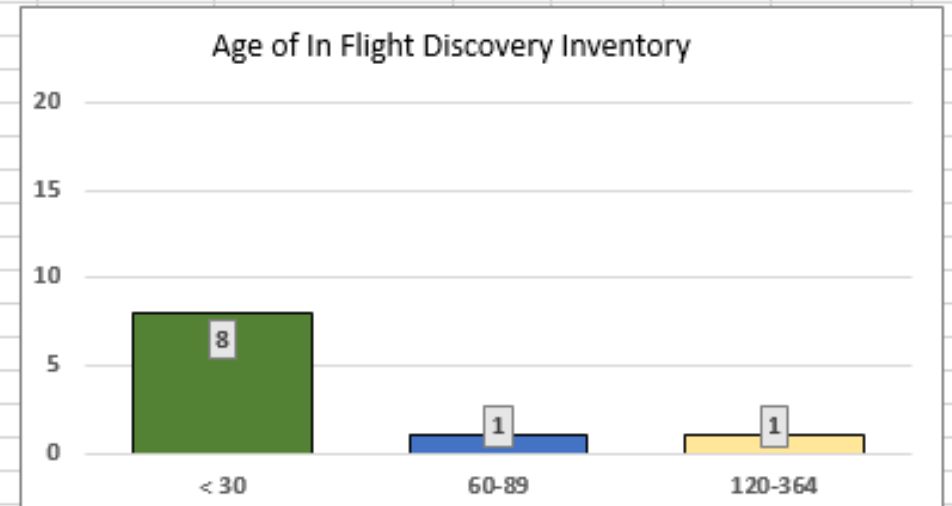# Inventory Summary by Tax Type

In Flight Audit Inventory - Regular

# of Case ID's	Column Labels						
Row Labels	<30	30-59	60-89	90-119	120-364	>365	Grand Total
Corporate Income Tax	12	2	2	3	8	1	28
Michigan Business Tax				1	2		3
Sales	16	8	10	10	52	3	99
Use	36	10	10	20	26	4	106
Grand Total	64	20	22	34	88	8	236

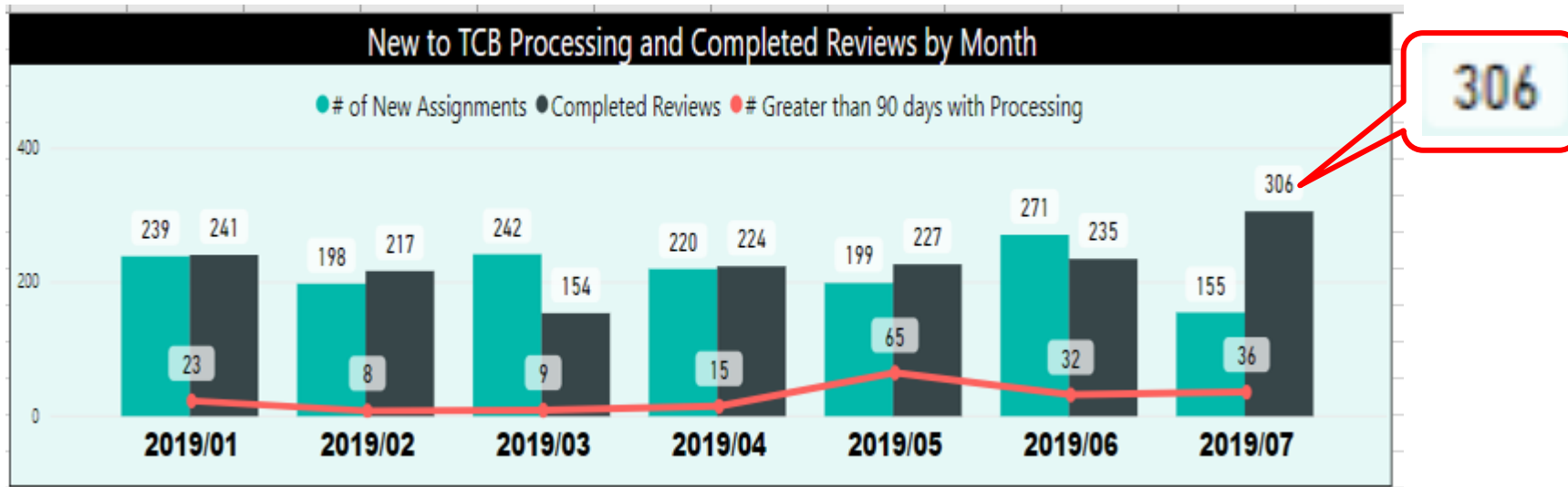## In Flight - Discovery Projects

UnProcessed Account from 2019-07-27 Audits with AP

# of AccountID': Column Labels				
Row Labels	<30	60-89	120-364	Grand Total
CIT	2			2
SALES	1			1
USE	3		1	4
MBT	1	1		2
FTW	1			1
Grand Total	8	1	1	10

Age of In Flight Audit Inventory

Age of In Flight Discovery Inventory

The New Benchmark

TCB-14 Days to Process (Field Audit and Discovery):
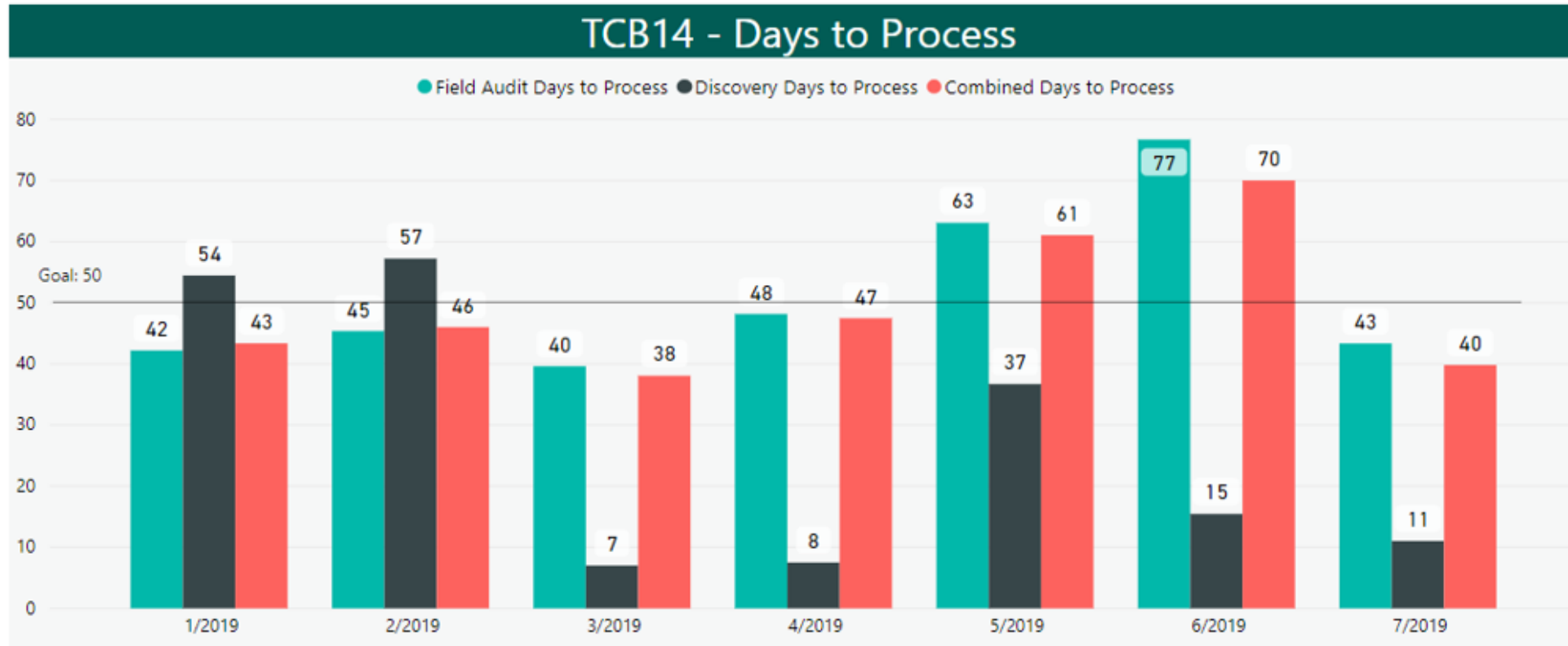
What has improved?

The value of failure is the opportunity to learn how to overcome our obstacles.

Celebrating the team's successes helps everyone understand his/her value to the organization.