Benchmarking for Success

Presented by Caroline June, Michigan Department of Treasury
MSATA Conference August 2019
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
We aim to improve the citizen experience by building a culture of service through continuous improvement and engaging our 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.
How do we measure success?

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.

<table>
<thead>
<tr>
<th>P-12</th>
<th>Number of days to process audit (average)</th>
<th>Green</th>
<th>210</th>
<th>80</th>
<th>365</th>
<th>Monthly</th>
</tr>
</thead>
<tbody>
<tr>
<td>P-13</td>
<td>Percent of hearings completed in less than 6 months</td>
<td>Red</td>
<td>100%</td>
<td>33%</td>
<td>n/a</td>
<td>Quarterly</td>
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</table>
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

<table>
<thead>
<tr>
<th>Row Labels</th>
<th>&lt;30</th>
<th>30-59</th>
<th>60-89</th>
<th>90-119</th>
<th>120-364</th>
<th>&gt;365</th>
<th>Grand Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Income Tax</td>
<td>12</td>
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<td>2</td>
<td>3</td>
<td>8</td>
<td>1</td>
<td>28</td>
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<tr>
<td>Michigan Business Tax</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>16</td>
<td>8</td>
<td>10</td>
<td>10</td>
<td>52</td>
<td>3</td>
<td>99</td>
</tr>
<tr>
<td>Use</td>
<td>36</td>
<td>10</td>
<td>10</td>
<td>20</td>
<td>26</td>
<td>4</td>
<td>106</td>
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<tr>
<td>Grand Total</td>
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<td>20</td>
<td>22</td>
<td>34</td>
<td>88</td>
<td>8</td>
<td>236</td>
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</tbody>
</table>

### In Flight - Discovery Projects

<table>
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<th>Row Labels</th>
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<th>60-89</th>
<th>120-364</th>
<th>Grand Total</th>
</tr>
</thead>
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<tr>
<td>FTW</td>
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<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grand Total</td>
<td>8</td>
<td>1</td>
<td>1</td>
<td>10</td>
</tr>
</tbody>
</table>

### Age of In Flight Audit Inventory

- <30: 64
- 30-59: 20
- 60-89: 22
- 90-119: 34
- 120-364: 88
- >365: 8

### Age of In Flight Discovery Inventory

- <30: 8
- 60-89: 1
- 120-364: 1
Note: It was determined that the difference between the figures was due to one assignment changing status between each report’s generation.
The New Benchmark

TCB-14 Days to Process (Field Audit and Discovery):

![Bar chart showing TCB-14 Days to Process from 1/2019 to 7/2019. The chart compares Field Audit Days to Process, Discovery Days to Process, and Combined Days to Process. The goal is 50 days, and the chart displays the number of days for each month. The highest value is 77 days in 6/2019, with most months falling between 40 and 60 days.]
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.