



Benefits Workbook Guidance

The projected benefits of the program or project are documented in the **benefits workbook**. The benefits workbook lists the various attributes of the **key** benefits that will be measured. The personnel who will be responsible for achieving the benefit are involved in this process to ensure that it can be measured and is achievable under the assumed environmental conditions. The benefits workbook includes the following factors:

- Benefit name and description;
- Key performance indicator (KPI), frequency and duration of the measurement period;
- Measurement method (data source and extraction process);
- Estimated cost of measurement;
- Baseline of KPI;
- Highest target of KPI and estimated date of attainment;
- Most likely target of KPI and estimated date of attainment (per business case);
- The tolerance limit for deviations from the target KIP and corrective actions;
- Name and contact information for person/ responsible for measuring the benefit; and
- Name and contact information for person responsible for achieving the benefit.

Define Benefits Measurements and Desired Results

Defining the benefits and desired results involves identifying indicators that will show progress toward or achievement of the desired results. These may be *direct* and *quantitative*, *direct* and *qualitative*, and *indirect*.

- *Direct quantitative* measures are often the easiest to identify and calculate. They represent items that can be counted and are often tracked in maintained in current systems. These might include reduced overtime, decreased processing time, decreased costs, or reductions in the level of effort. These measures often involve labor or material and services costs.
- *Qualitative* measures are not as easy to quantify but can be estimated or documented. Surveys can be used to measure some of these indicators. *Qualitative* measures include increased available of information, reduced stress, increased productivity, higher staff morale, or increased client satisfaction. These help show the broad reach of the value of the program.
- *Indirect* indicators are tangible but not as easily quantified as current costs. These are an effect of the program and might include reduced administrative costs, lower absenteeism, or increased safety in the workplace. These indicators usually appear slowly over a period of time.



Other factors to consider in balancing the indicators and measures include: how well the result align with business goals, the value or financial worth of the program in dollar terms, and the level of risk in the program achieving its results might be.

To be effective, the measurement system must measure the right things in the right way, be based on measures that exist or can be implemented without excessive cost or labor, and can drive decision-making in the organization –in other words, be worthwhile to do. They should also be balanced and fair to ensure acceptance by employees affected by the change.

Measurement Pitfalls to Avoid

- Measures without owners.
- Consolidated measures that double count benefits.
- Metrics that are attributed to the wrong organizational level (department versus enterprise).
- Unsound measures (no credibility).
- Unrealistic or uncollectable measures.
- De-incentivizing achievement of targets.

Regardless of the types of measures used, they should make sense and tell decision-makers if the program is achieving the desired results. They should be relevant and timely to decision-makers and indicate the efficiency of the process, the actual results in comparison to projected results, and the effectiveness of particular aspects of the program in achieving the desired results. Finally, measures should align with decision-making authority and accountability, roles and responsibilities.

Establish Baseline and Target Metrics

As measures are identified, baseline (or threshold) metrics for each KPI are collected for use during implementation. Intermediate and final (target) levels also are identified based on industry norms, best practices or agency goals. Over the lifecycle of the program, baseline and target values should be confirmed or refined to ensure they continue to be appropriate and relevant.

Baseline data documents “current state” performance. If baseline data has not been tracked, the agency may need to use time and motion studies, software audit trails, surveys or other techniques to document current performance.

Intermediate and final targets help define success. These should be realistic, based on information developed during the planning phase but updated to consider risk and capability through the lifecycle of the program. Intermediate targets with midpoint dates demonstrate progress toward the goal while the final target sets the bar for the results of the program.

To reduce the level of effort to collect the data, **only key measures should be tracked** and reported and, whenever possible, current operating measures should be reused.

Prior to “go live”, the schedule, collection, reporting and responsibilities should be updated and adjusted for any changes in scope. The workbook can be included in the implementation plan to provide direction on how and when to collect data, how to prepare a progress report, and to whom to submit it at the agency level, as well as how to communicate progress and how the information should be used.



Measures and KPIs

<p>Cost Metrics – how much does the process cost to operate (FTEs). Is there identifiable savings for the project</p> <p>Goal – reduce costs/labor/cost per product</p>	<ul style="list-style-type: none"> • Cost savings (expressed in dollars. Salary*1.32) • Labor savings (expressed in time. 1 FTE=2,080h) • Cost per product- including labor, material, overhead • Cost avoidance (amortize over class life)¹
<p>Time Metrics – how long it takes to produce a product/service? How much of that is processing time versus idle time</p> <p>Goal – Reduce lead time, improve completion time, improve % on-time, reduce process time, reduce non-value added time.</p>	<ul style="list-style-type: none"> • Lead Time for process- total time (from start to finish from the customer’s perspective including waiting time) to develop the product/service. Typically “days” • Best and worst completion time • Percent on-time delivery • Processing time- time to complete a process or process step, excluding wait time • Activity ratio – processing time/lead time(shown as %) • Value added time, non-value added time and non-value added but necessary time • Percent value added time
<p>Quality Metrics – how often does the process lead to mistakes that require rework. How do customers view the process?</p> <p>Goal –improve customer satisfaction, improve % accurate, increase first pass yield.</p>	<ul style="list-style-type: none"> • Customer satisfaction • Rework • Percent complete and accurate – percent of occurrences that work in process released to the next step does not require a correction. • Rolling first pass yield – % of occurrences that product passes through entire process without needing rework.
<p>Output Metrics - How many were produced each month/year²</p> <p>Goal: increase production, reduce backlog, reduce WIP and “inventory”</p>	<ul style="list-style-type: none"> • Production • Backlog – number of products/services that have not been started or entered into the process • Work in process – things currently being processed • Inventory- a supply of raw materials, finished products, and/or unfinished products in excess of customer demand.
<p>Process Complexity – based on process map</p> <p>Goal – reduce process steps including decisions, handoffs, loopbacks and black holes</p>	<ul style="list-style-type: none"> • Process steps • Value added process steps • Decisions • Handoffs • Loop backs • Black holes
<p>Risk – based on probability modeling</p> <p>Goal – reduce risk to organization</p>	<ul style="list-style-type: none"> • Risk of loss of property (real or intellectual) • Risk to constituent group • Risk of loss of operating ability • Risk of loss of public confidence
<p>Organizational Metrics (Mission Oriented, Customized to Agency)</p>	<ul style="list-style-type: none"> • Process improvement events conducted • Lean Event participation – # of employees • Lean training provided- # of employees attending.

¹ Based on IRS tables of Class Lives and Recovery Periods when agency has projected replacement scheduled in long-term plan.

² Weighted as appropriate.