

Suggested Measures of Value

<p>Cost Metrics – how much does the process cost to operate (FTEs). Is there identifiable savings for the project Goal – reduce costs/labor/cost per product</p>	<p>Cost Savings</p> <p>Cost Avoidance</p> <p>Cost Per Transaction (Gartner - Internal Operational Efficiency)</p> <p>Additional Revenue Collected (Gartner - Internal Operational Efficiency)</p>	<ul style="list-style-type: none"> • Cost savings (expressed in dollars. E.g. Salary*1.32) • Labor savings (expressed in time. E.g. 1 FTE=2,080h) • Cost avoidance (amortize over class life for product or system)¹
<p>Time Metrics – how long it takes to produce a product/service? How much of that is processing time versus idle time Goal – Reduce lead time, improve completion time, improve % on-time, reduce process time, reduce non-value added time.</p>	<p>Lead Time/Cycle Time (Gartner - Internal Operational Efficiency)</p> <p>% On Time (Gartner - Constituent Responsiveness)</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 expressed in 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 divided by lead time, expressed as a percentage • Value added time • Non-value added time • Non-value added but necessary time • Percent value added time

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

<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>	<p>Customer Satisfaction (Gartner - Constituent Responsiveness)</p> <p>% Complete and Accurate (Gartner - Constituent Responsiveness)</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 downstream customer to make corrections or request information that should have been provided initially. • Rolling first pass yield – percent of occurrences that the product or document passes through the 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>	<p>Production (Gartner - Internal Operational Efficiency)</p> <p>Backlog (Gartner - Internal Operational Efficiency)</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>	<p>Process Steps per Transaction (Gartner - Internal Operational Efficiency)</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>	<p>Risk (Gartner – Policy Alignment)</p> <p>Probability (Gartner – Policy Alignment)</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>	<p>Program Effectiveness (Gartner - Constituent Responsiveness)</p>	<ul style="list-style-type: none"> • Process improvement events conducted • Lean Event participation – number of employees • Lean training provided-number of employees attended.

² Weighted as appropriate.