SPU 2015-2020 Strategic Business Plan

Benchmarking/Workplace Efficiency Project Update

June 10th, 2013
Introduction – What is Benchmarking?

**Definition:** Benchmarking is a measurement of the quality of an organization’s policies, products, programs, and strategies and their comparison with standard measurements, or similar measurements of peer organizations.
Recent History of Benchmarking at SPU

- At least nineteen benchmarking studies completed since 2003
- Considerable commitment to benchmarking SPU against top Australian asset management utilities

IWA-WSAA
2008 Asset Management Process Benchmarking Project
UTILITY REPORT FOR SEATTLE PUBLIC UTILITIES - WATER
October 2008
Benchmarking Example – Cost per Task Comparison with Peer Utilities

BDOWN WPS: Composite Score Scatter

Service Level vs. Cost

Adjusted WPS Breakdown Cost per Equivalent Task

Composite Service Level Score

Seattle Public Utilities
The Problem with Traditional Benchmarking…

- It’s easy to point out weaknesses, it’s hard to fix them

SPU’s Benchmarking Project…Strong Emphasis on Implementation

- Four-year timeline for implementation of “biggest bang for the buck” productivity improvements
- Dedicated ownership of key productivity improvements
Our Benchmarking Consultant will be Categorizing all Efficiency Improvements into 1 of 5 “Buckets”:

1) **Revenue Generation** – Generates actual revenue for SPU
2) **Actual Cost Savings** – Decreased spending that leads directly to reductions in rates
3) **Avoided Costs** – Decreased spending that does *not* directly impact rates but increases value of services delivered
4) **Productivity and Efficiency Gains** – Increased efficiency that does *not* directly impact rates but increases value of services delivered
5) **Systemically Constrained Cost Reductions and Efficiency Improvements** – Potentially high impact improvements but highly constrained by City-wide systemic rules/Issues
Category 1: Revenue Generation

Examples:

- SPU field crews compete for private work
- In-line hydropower generation
- System development charges
- Side sewer line insurance

Level of SPU Control – Generally High

Potential Magnitude of Impact - Low
Category 2: **Actual Cost Savings**

*Examples:*

- Energy use reduction
- Reduced fleet size
- Staff reductions through attrition

**Level of SPU Control – Varies from Low to High**

**Potential Magnitude of Impact - Low**
Category 3: **Avoided Costs**

*Examples:*

- Cost effective capital project selection
- Capital project deferral
- Street sweeping for water quality in lieu of a capital project

**Level of SPU Control – Generally High**

**Potential Magnitude of Impact – Varies from Medium to High**
Category 4: Productivity and Efficiency Gains

Examples:

- More efficient IT systems
- Streamlined project delivery processes
- Improved performance management methods

Level of SPU Control – Varies from Medium to High

Potential Magnitude of Impact – Varies from Medium to High
Category 5: Systemically Constrained Cost Reductions and Efficiency Improvements

Examples:

- City-wide labor agreements
- Utility taxes
- City-wide capital upgrades

Level of SPU Control – Varies from None to Low

Potential Magnitude of Impact – High
Most of SPU’s Business Processes will be Investigated However Specific Items of Interest Noted in Contract are:

- Customer complaint tracking
- Customer contact center
- Major field crew activities
- Procurement methods and standards
- Solid Waste line of business service delivery model
Benchmarking /Workplace Efficiency Track – Phasing

- Phase 1A – Benchmarking (June thru October)
- Phase 1B – Implementation Plan (Sept. Thru December)
- Phase 2 – Implementation (Jan. ‘14 thru Dec. ‘16)
How the Customer Review Panel fits into the Benchmarking Project

- Presentation of Initial Benchmarking Findings (October)
- Customer Review Panel Provides Feedback on Findings
- Implementation Plan Rollout w/Customer Review Panel Feedback (December/January)
- Implementation of Targeted Improvement Initiatives w/Customer Review Panel Feedback (Throughout 2014)
Thank You!

Questions?