

# **SPU 2015-2020 Strategic Business Plan**

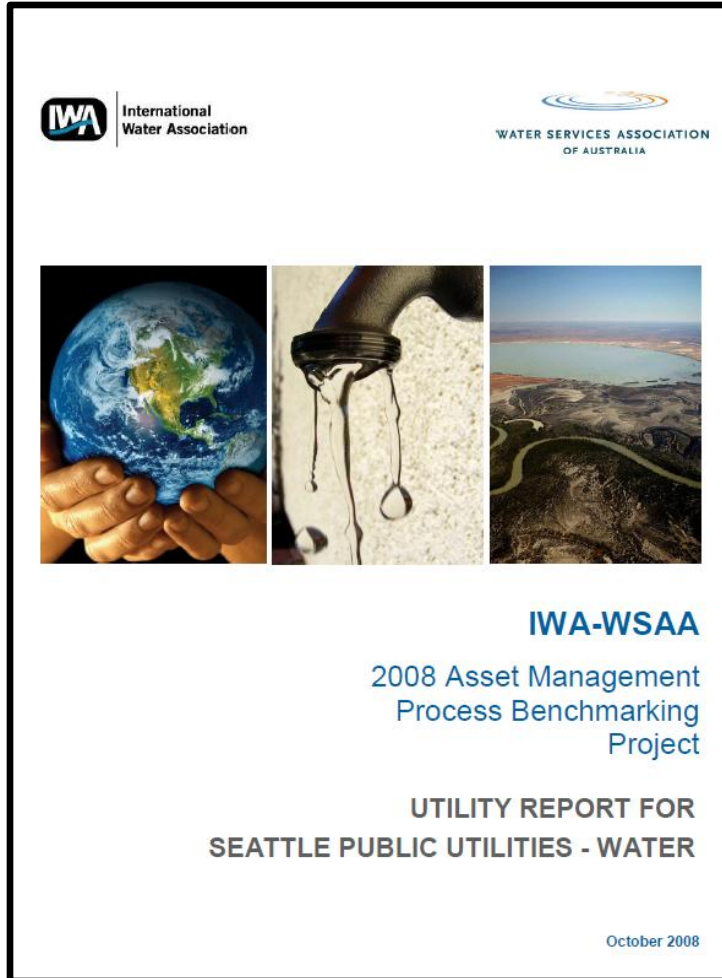
## **Benchmarking/Workplace Efficiency Project Update**

June 10<sup>th</sup>, 2013

# Introduction – What is Benchmarking?

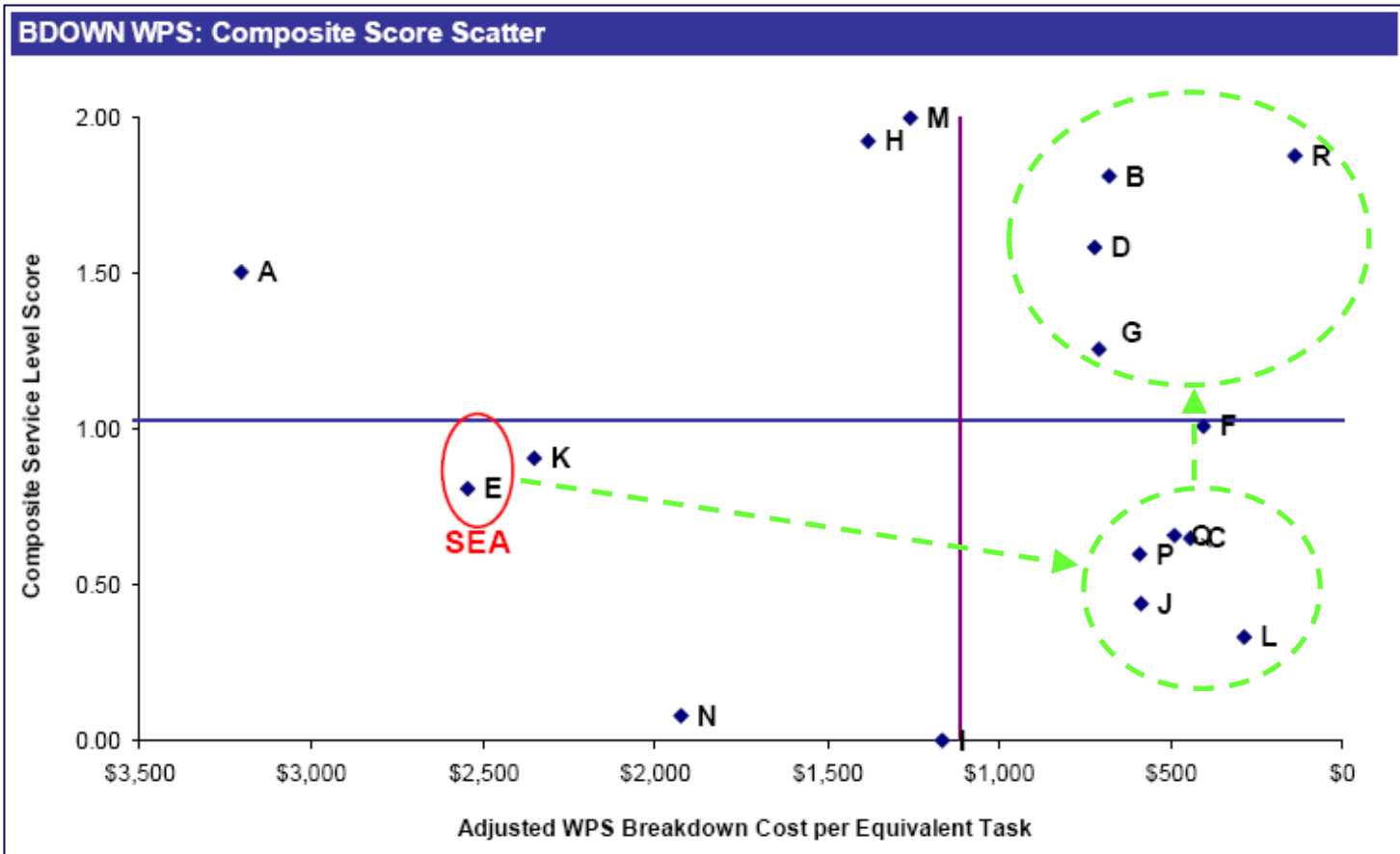
Definition: Benchmarking is a measurement of the quality of an organization's policies, products, programs, and strategies and their comparison with standard measurements, or similar measurements of peer organizations

# 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

# Benchmarking Example – Cost per Task Comparison with Peer Utilities



Service Level vs. Cost

# 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?**