

NASACT Finance Benchmarking Overview – State of Colorado



April 4, 2006

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The Hackett Group  
World-Class Defined.

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Topics

- ◆ NASACT benchmark program overview
  - Background
  - Attributes
- ◆ State benchmarking process
- ◆ Structure
- ◆ Roles and Responsibilities
- ◆ Sample Deliverables

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Background

- ◆ A state steering committee was formed with NASACT in early 2004 to explore the use of benchmarking
- ◆ Hackett was selected to conduct a benchmarking pilot for the finance function
- ◆ Six states and selected agencies participated in the pilot (Alaska, Arizona, Nebraska, Oregon, Tennessee and Washington)
- ◆ The Pilot assessed
  - Data collection process, level of effort, analyzed results, Identifying and prioritizing opportunities
- ◆ Pilot results were presented at Biloxi conference in November 2004
- ◆ In April 2005 NASACT conducted a formal RFP to select a single benchmarking service provider
- ◆ In June 2005 The Hackett team was formally selected via an RFP process to support the NASACT benchmarking program in Finance, HR/Payroll, Procurement, and IT
- ◆ NASACT has an approved contract vehicle in place for states to participate in any or all of these benchmark initiatives

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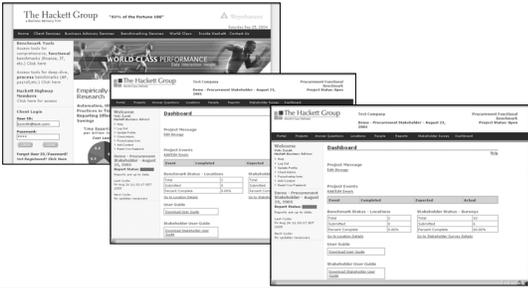








## Data collection activities - Web based collection tool and reporting




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## Typical benchmark project milestones



- Planning – Project coordination (Week 0)
- Onsite kickoff – Data collection effort (4/18/06)
- Data collection concludes (Week 3)
- Internal data scrub – Data sent to Hackett (Week 4)
- Data validation – Hackett data review & revision (Week 4)
- Data declared final (Week 5)
- Rough Draft (Detail deck) (Week 7)
- Preparation of draft benchmark recommendations (Week 7)
- Presentation of final results/ executive summary (Week 8)
- Create and deliver Agency reports/presentations (6/30/06)




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## There are three levels of questions

- ◆ **State level questions**
  - Questions answered only by the State coordinator
  - Seeks to understand the 'demand' or 'environmental' factors that influence overall business complexity and volatility
  - IT Volume Reconciliation also is at the State level
- ◆ **Location level questions**
  - Questions answered at either one location representing the entire function (finance, IT, HR, etc...) or by each location individually
- ◆ **Process level questions**
  - Each location selects relevant processes and provides answers to applicable questions



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## What are the most common question types?

- ◆ **FTEs and costs - captured via the spreadsheet**
- ◆ **Transaction volume questions**
  - Looking for a number, not a currency amount
  - Annualized volume based on normalized operations
- ◆ **Multiple choice - practices**
  - Degree of utilization
  - Based on the degree in which your organization uses a practice or technology
- ◆ **Select all utilized**
- ◆ **Functional volume questions**
  - Revenue/Funding, employees, end-users, purchase spend



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## Benchmark Project Delivery team involvement and commitments

### Sponsor

- Provide project oversight, remove barriers as needed

### State Coordinator

- Coordinate the entire benchmark across the entire state (approximately 50% time commitment)

### Functional Lead

- Coordinate the collection of data; provide access to key resources (approximately 50% time commitment)

### Agency/Location Coordinators

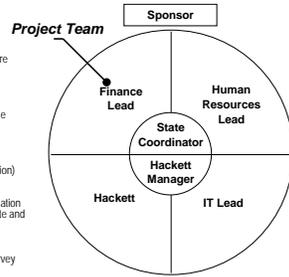
- Collect and submit data; meet with Leader to report progress (2 to 3 days per function/location)

### Strategic Advisors (Hackett)

- Provide local support and industry-specific translation of survey questions; interpret performance; create and deliver interpreting results session

### Benchmark Advisor (Hackett)

- Respond to participant's questions regarding survey completion; validate submitted data; develop comparison population




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## Overall State and Function roles & responsibilities

- Responsible for coordinating benchmark across all functions
- Monitor progress of location coordinators and answers general questions
- Determine organization's scope, timeline, and level of detail for data collection
- Manage the project according to the agreed upon timeline
- Develop an internal communication strategy for questions, concerns
- Identify list of location coordinators that will help to collect the data
- Train location collectors or assist in training
- Coordinate responses for questions and concerns
- Conclude and 'lock' State data submission process
- Communicate scrub issues to Agency/location coordinators




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## Agency/Location Coordinators ('Data Collectors') roles & responsibilities

- Trained on process definitions, terminology and data collection tools
- Provide progress related to data collection/ participate in status updates
- Responsible for collecting and entering responses into the web questionnaire
- Advised to direct questions for help to functional/overall coordinators
- Required to follow up on scrub issues identified by functional coordinators




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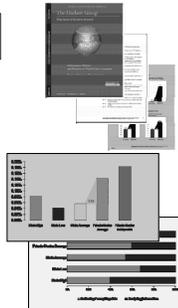
## NASACT benchmark program deliverables

### NASACT Program Deliverables

- NASACT research analysis and presentations

#### State Deliverables

- Kick-off meeting and ongoing data collection support
- Access to Hackett's web-based collection & reporting tool
- On site delivery of draft and final results
- Comparisons against special State-to-state peer group, Hackett World Class and Peer Group Median
- Analysis of the state performance, including overall recommendations to close the gap
- Overall assessment for value and efficiency, broken down to organizational, technology and process dimensions
- A quantification of potential savings achievable through the deployment of best practices
- Invitation to Hackett's annual, members only Best Practices Conference



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## The benchmark report

- ◆ The final report runs approximately 80 pages for each area that is being studied.
- ◆ For each area, data is collected and analyzed and presented in a series of metrics.
- ◆ These metrics are compared across agencies within the state, against other states, and to Hackett world class and peer organizations. This yields a relative "ranking" of your state to best practice on that metric.
- ◆ Performance is measured and evaluated, and the drivers and reasons for performance are reported (see examples in following slides).
- ◆ Interpretations and recommendations of the findings are presented.

*The report is based on facts, tells you where you are and where you could be, and provides a basis to consider possible changes or other improvement initiatives.*



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