



wolf callings

Prepare Ahead for Performance Audit

After so many high profile corporate debacles in our country, we now have a heightened awareness of the need to monitor and measure what we do in our own organizations. Here in Washington State, Governor Christine Gregoire places strong emphasis on the importance of state agency accountability through performance management. New attention is focused on the creation of laws to institutionalize performance auditing. We even have a new law going into effect in July, 2005 allowing state agencies to contract out to the private sector— jobs heretofore reserved for state employees.

UH OH, OUTSOURCING!

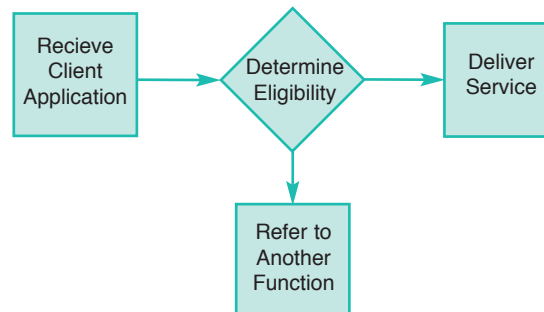
If you can't prove that your organization is the best at delivering your results, you run the risk of your function being outsourced. Regardless of what we may think of the fairness of it all, it simply makes good sense that each organization should be able to credibly prove they are delivering effectively in all dimensions. This includes quality, quantity, timeliness, ethics, legal areas, prudent use of resources and an unfailing best result for the client, customer or citizen. Easily said, but how do we actually do it? If your organization were called before a higher authority, i.e. stockholders, SEC, Congress, State Legislature or just The Owners, what would you say? Are you ready

with absolute and convincing facts and figures? How would your data stand up to external scrutiny?

DON'T PANIC

Organizations rarely have a comprehensive understanding of their functions, but they should. Not only because of the potential for embarrassing visibility, but also because they may be ineffective in ways that they don't completely understand. In the case of internal inspection, you want to be sure you are making the best use of your resources to deliver results. If you can't see it, you won't fix it. The good news is that you CAN be prepared, but only if you clearly understand

the following: your functions; cost elements; multipliers; stakeholders (and their stakes); chain of results from beginning to end; and how well you use your resources to their best purpose.



WHERE TO START?

Begin by taking a look at each of your organization's functions. Scope out a well-defined piece, such as inventory management, issuing licenses, sending welfare payments, case management, etc. Chose one that is important and evokes your still small voice saying, "Here there be dragons".

Using multiple viewpoints, create a flow diagram of the processes from point A to point Z (*above.*) Be sure to:

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- ▶ Capture the regular/exception pathways.
- ▶ Where is performance measured?
- ▶ Describe the data generally.
- ▶ Identify all points in which the “product” changes hands.
- ▶ Identify the value added in each step along the way.

VALIDATE IT

When you think you have a complete picture, it’s time to ask questions of yourself and your stakeholders: Is this the way you perform this function? Is this the way this function appears to you? Are there any realities here we are not depicting? What are we pretending not to know?

It takes patience and determination to dig out the hidden sub-processes along the way.

Then, with the regular players and a few of your best critical thinkers, walk through the “As is” picture you’ve developed. Capture notes about:

- ▶ Redundancies
- ▶ Bottlenecks
- ▶ Proper separation of duties
- ▶ Ties between measures and outcomes
- ▶ Value addition of each step
- ▶ Appropriate use of skills
- ▶ Reasonable processes
- ▶ Standards and legal compliance
- ▶ Capacity: over or under
- ▶ Obvious problem points
- ▶ Communication flows

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And of course, we couldn't have accomplished anything without the excellent coaching of Diane V. Thank you for keeping us focused, energized and on task, you are great!

— State agency executive

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WHO’S DOING IT BETTER?

When you are confident that you have a comprehensive and accurate picture, set out to research other, similar functions. It’s now time to gather new ideas and best practices. Look to others with successful functions, even if their function isn’t exactly like yours. You will find commonalities. Keep an open mind and potentially bring in some neutral input. Pay for it if you have to— It can be difficult to see your own flaws.

Examine your “As Is” picture against this new input. Identify potential improvements in flow, processes, roles/responsibilities, data handling, technology support, measures, etc.

WHAT’S YOUR REWARD?

- 1) A clear view of how each function works and is measured
- 2) A good sense of how well you are (or aren’t) doing it
- 3) Valuable input to improve each function’s effectiveness. You can prioritize and kick out into strategic business improvement initiatives
- 4) Ability to respond to an outsourcing proposal
- 5) More confidence in knowing what it takes to perform each function
- 6) Increased understanding of the “Big Picture” for the whole team
- 7) New critical thinking skills that assure quality improvement is a regular part of your business

You can discover this new understanding for yourself, or wait until your organization’s ability to perform its function is questioned. Seems like an easy choice. ▲

Would you like to be more prepared for the new performance audit emphasis? Do you have the necessary ability and capacity to do create clear and accurate documentation of your functions? Wolf Consulting can assist you with a process and the exceptional facilitation to do a very high quality job of it. Call and let’s talk.

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