A District Leader's Guide to Improving Efficiency and Effectiveness

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The Challenge: To Operate More Efficiently, Sustain, or Improve Results for Students

Superintendents, business managers, and boards are finding their duties more challenging every year. States and citizens expect higher or sustained performance outcomes. Revenues are not keeping up with cost increases. Boards expect leaders to maintain positive relations with staff and gain community trust on district financial management.

Meeting these challenges means leaders must find ways to operate more efficiently and sustain or improve performance.

Traditional Tools Focus on Cost-Cutting and the Wrong Issues

So while the demands on leaders have risen, the tools they have to address this challenge haven't kept up. The budgeting process, the primary tool, matches revenues with spending and places a focus on cuts. The second most common tool, benchmarking with state data, again places a focus on comparison and cutting, not improvement. Both of these tools generally lead districts to the following list of options for cutting spending:

- Freeze salaries
- Cut administrators
- Reduce support staff
- Reduce services
- Reduce classes
- Cut teaching staff
- Reduce training
- Charge students for services

Spending, however, is driven by efficiency, effectiveness, strategy, service levels and quality of services. None of these can be managed with the budgeting tool. These are all in the domain of performance evaluation.

The Enlīt Approach Focuses on Improvement, Not Cutting

Most district board and leaders are of a mindset that cutting costs and reducing services are the only strategies for reducing costs. Enlīt approaches the problem differently. The Enlīt tools and process focus on reducing waste, raising efficiency and improving quality.

Why Evaluate Efficiency and Effectiveness (Performance)?

The concept of performance evaluation and improvement outside the classroom is new to most districts. Why should you consider it? Here are a few basic ideas to consider:

- If you don't evaluate, you don't really know if you are efficient and effective or not
- If you don't know where you stand, significant amounts of money are being wasted
- Staff will respond and help you improve if you challenge them with measurable goals
- It's the right thing to do if you want to do your best for students

Beyond these basic arguments, however, are what you can expect when you begin to evaluate efficiency and effectiveness. The process, if done correctly:

- Provides objective measures and standards of cost and performance for all areas
- Pinpoints strengths, weaknesses, and improvement opportunities in all areas
- Creates awareness of what levels of performance are possible
- Provide the details needed to chart a path to a more efficient and effective district
- Lays a foundation for higher efficiency and effectiveness and performance across the district
- Enable quick, accurate decisions, and planning on areas to concentrate

Opportunities to Reduce Costs through Improvement

Every district has waste, strengths, weaknesses and improvement opportunities. Improvement experts claim that an area (process, department) that hasn't been evaluated has improvement potential of 30% or more.

Our own research validates the observations of these experts. **Table 1** contains examples of cost savings and the range of performance observed in districts. (All of these measures are independent of size, demographics, and location.) These opportunities, however, are very time-consuming and difficult to discover and improve on if you don't have measures to track and standards to compare to.

Table 1 - Example Opportunities to Reduce Costs through Performance Improvement

Source	Range of Performance in Districts
Reduce and eliminate waste	
Vendor Supplies/Services Cost Control	$25 - $200/student overspend due to under use or high costs
Sick leave and injuries	50% below and 50% above the average
Asset Utilization	+/- 30% of average
Inventory Control	Varies depending on the size of the district.
Productivity	25% to 50% above and below average
Inefficiency	30% below to 60% above average
School Staffing Ratios	40% below average to 70% of the average
Program Costs and Effectiveness	Several $1000 per student served differences
Technology	Significant differences in age, configuration, support levels that impact operating and maintenance costs.
Equipment Utilization	Twice the average to 50% below the average
Compensation, Salary, and Benefits	+/- 30% in salary and benefit costs
Strategy	Significant differences in costs of delivering services

Raising Quality - Human Relations, Safety, Service, and Quality

Effectiveness is as important, if not more, than efficiency. Unfortunately, most leaders receive little data on effectiveness outside the classroom. They generally don't know where poor quality, long wait times, poorly performing department, safety and other quality issues are impacting the district. Again, it's impossible to manage and improve quality if you aren't measuring it.

Enlīt employs quality measures that help shine a light on quality and service levels. These measures focus on the deliverables that are critical to both education and operations. And by combining efficiency with effectiveness, decision-makers have a 360 degree perspective on their district - not just a financial view. Moreover, they have the facts they need to stay aware of performance and focus staff on quality improvement. None of this is possible without the facts.

K-12 Performance Evaluation Template, Tools, and Process

The time required to develop a sophisticated performance measurement and evaluation tool is enormous - probably in the range of 10 years or more. And the cost of developing and coding a system is high. The Enlīt system is an out-of-the-box application that includes an evaluation tool, benchmarking database and reporting system. Two key elements of the Enlīt system, the evaluation template and process are described below.
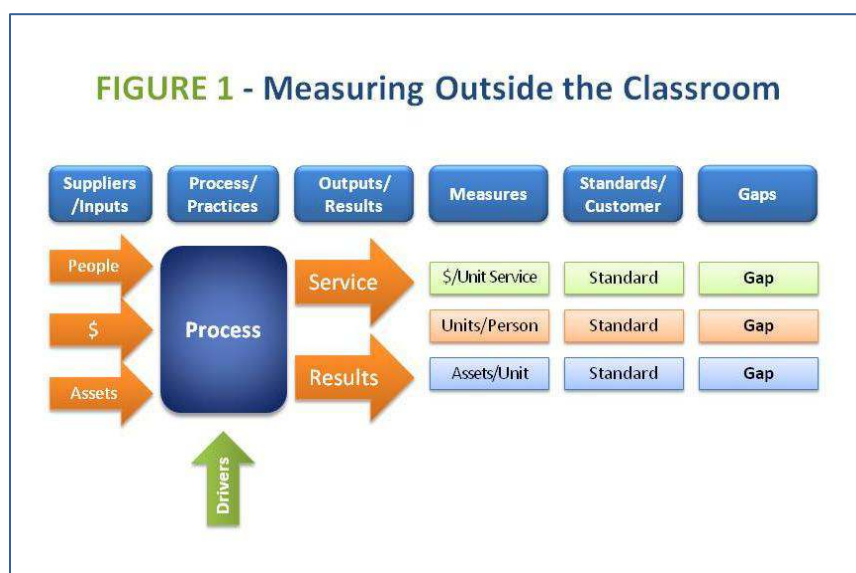
Enlīt Scope of Evaluation

Enlīt includes an evaluation tool for the vast majority of programs and services in education, administration and operations. These include:

- K - 12 Education and Supporting Programs
- Career Tech Programs
- Academics
- Central Services
- Human Resource
- Operations Departments
- Technology
- Vendor and Supply/Service Use

Templates for Evaluating Efficiency and Effectiveness

Enlīt uses sophisticated tools, such as the one illustrated in **Figure 1**, to build department specific evaluation templates. The tool enables the design of templates that:

1) Are systematic and not random or based on ad hoc methods, opinion, or advocacy
2) Reflect the fundamentals of every area of school operations and finances
3) Comprehensive and focused
4) Detailed enough to point to the right questions and answers; not more or less
5) Help users see the connection between spending, efficiency, performance, and quality
6) Facilitate easy communication, understanding, and use or action

FIGURE 1 - Measuring Outside the Classroom

Deep Internal Measurement and Analysis System

Internal measurement is a critical first step in understanding performance. Measures used in the system give decision-makers a 360-degree view of performance or one that helps them understand the connection between spending, efficiency, productivity, service levels, and quality.

The Enlīt system includes a highly developed and proven measurement system with well over 1200 detailed measures. And the more detailed the better because details give decision-makers concrete and specific information that can lead to actions and decisions. Custodial productivity (square feet per custodian), for example, is independent of the size of the district.

Enlīt's measurement strategy enables us to develop relationships between measures and drivers. Most of our non-financial measures and benchmarks, for example, are independent of size, location or demographics. Key categories of measures include:

- Financial/Spending
- Cost and Service Drivers
- Efficiency
- Waste
- Productivity and Human Resources
- Asset Management
- Service Levels
- Quality
- Academics
- Variable Costs

Benchmarks and Standards for Comparison

Benchmarks are external standards for performance. Benchmarking is the process of measuring and understanding how another organization achieves benchmark results. Enlīt uses both benchmarks and benchmarking. The Enlīt Proprietary Benchmarking Database includes benchmarks for the 1200+ measures used in the system. Data in the system extends from 2007 to 2013.

Benchmarks serve as guardrails that help decision-makers know where performance stands relative to peers. Benchmarks can also serve as mileposts or goals that districts can strive to achieve in any area. Enlīt uses benchmarks to determine the gap, or difference, between the performance and cost of services. A performance gap is calculated as follows:

Performance Gap = Peer Measure - District Measure. An example is included below.

> A district's facilities costs are $6.00 per square foot and the peer average is $7.00 per square foot. The district has 1,000,000 square feet of space. The performance gap is:
>
> **Facilities Performance Gap = $7.00/sq. ft. - $6.00/sq. ft. = $1.00/sq. ft.**
>
> The financial impact of that gap is as follows:
>
> **Financial Impact = $1,000,000 sq. ft. * $1.00/sq. ft. = $1,000,000**
>
> The way this district operates its facilities costs $1,000,000 more than the average peer.

Enlīt's database encompasses over 1200 measures for education, operations, administration, human resources, technology and more. The value in benchmarks, however, is in the details and Enlīt provides those details. The power of this detail is that it reveals the key factors that are behind differences in performance that can be changed or influenced.

Enlīt's detailed, non-financial and operating measures overcome many of the issues with comparing districts of different sizes, demographics and related factors. Why? Because of the level of detail and types of ratios that have been developed from decades of experience using benchmarking. The following table compares traditional benchmarking with state data to Enlīt benchmarking data.

Unlike state data, Enlīt's benchmarks provide deep insight into the range of peer performance. Table 2 illustrates the differences between the two.
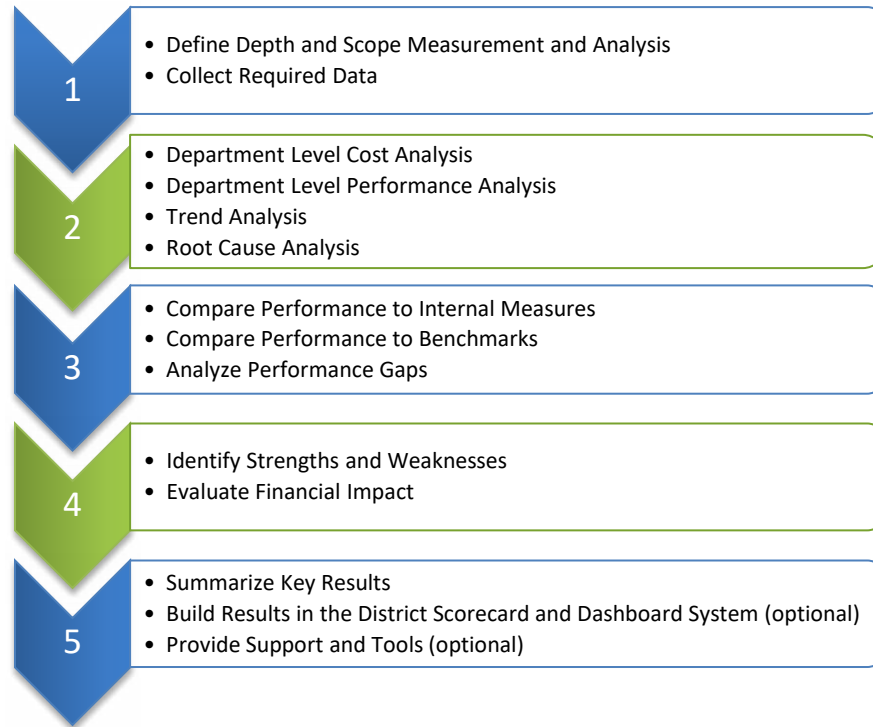
Table 2 Comparison Between State and Enlīt Benchmarks

Application	State Data	Enlīt
Fiscal Year	Previous	Current and Past
Consistency	Uncertain	Assured
Compare Spending	✓	✓
Compare Revenue	✓	✓
Compare Staff and Compensation	✓	✓
Identify Waste		✓
Raise Efficiency		✓
Improve Performance		✓
Raise Productivity		✓
Compare Service Levels		✓
Compare Quality		✓
Evaluate Strategy		✓
Pinpoint Solutions		✓

The Process

Figure 2 illustrates the key steps used to gather data, analyze performance, report and take action on the results of an evaluation. The implementation process:

- Defines the scope and depth of assessment
- Assures that data used is accurate and reliable
- Includes cost and performance analysis on every department
- Benchmarks performance to peer based ranges and standards
- Identify strengths, weaknesses, opportunities and threats
- Quantifies the value or impact of these differences
- Pinpoints specific improvement opportunities
- Includes recommendations and interpretation of the results

Figure 2 - Enlīt Evaluation and Improvement Process

1
- Define Depth and Scope Measurement and Analysis
- Collect Required Data

2
- Department Level Cost Analysis
- Department Level Performance Analysis
- Trend Analysis
- Root Cause Analysis

3
- Compare Performance to Internal Measures
- Compare Performance to Benchmarks
- Analyze Performance Gaps

4
- Identify Strengths and Weaknesses
- Evaluate Financial Impact

5
- Summarize Key Results
- Build Results in the District Scorecard and Dashboard System (optional)
- Provide Support and Tools (optional)

Results Point the Way to Savings and Higher Performance

Every district that uses this process discovers significant savings that far exceed the cost of the service and/or technology licensing. It's unlikely that a district can find a higher return on investment. The end result of the performance evaluation, interpretation, and reporting process include the following:

1) Detailed web-based performance scorecard reports the District, Division, and Department Level:

- Drivers of cost and performance
- Financial
- Efficiency or Unit Cost
- Productivity or workloads
- Asset management
- Compensation
- Service Levels
- Peer benchmarks
- Performance Gaps
- Performance Ranges

2) Analysis of the financial and other impacts of current performance
3) Identification of specific objectives for cost savings and improvement

Getting Results

As experienced leaders and managers, we understand how to use the results of performance evaluation to get better results. Some results can be achieved quickly while some require operational changes, the involvement of staff, new leaders, structural, or contract changes, and even strategic shifts. We also understand that your plate is already full. Enlīt offers tools and services that can help district leaders simplify and accelerate the improvement process.

Summary

Enlīt's template and process are the most powerful, affordable tools a leader can use to raise performance and operate more efficiently across the entire district. Data-driven knowledge and insight generated with the use of Enlīt:

- Covers the ground a management team and board need to cover in evaluation
- Pulls together the data and analysis to understand where a district stands
- Provides knowledge needed to map out objectives that lead to higher performance
- Help engage those working outside the classroom with measurable goals

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