



The Berkshire Advisors Approach To...

IMPROVING OPERATIONAL EFFICIENCY AND EFFECTIVENESS

Berkshire Advisors takes a structured, analytical, and rigorous approach to evaluating the efficiency and effectiveness of operational practices. This approach is divided into three key steps

- Assess whether the function or service needs to be performed
- Develop conceptual “ideal plan”
- Evaluate issues that are the most likely to yield significant results

Assess Whether The Function Or Service Needs To Be Performed

The first, and most obvious question, that should be addressed when evaluating any operation is whether the function or activity being performed is needed. Obviously, cost savings are much greater if an unnecessary activity is discontinued than if the efficiency of an activity is improved.

Develop A Conceptual “Ideal Plan”

Before focusing on ways to improve the efficiency of existing operations, Berkshire Advisors develops a conceptual plan that represents the “ideal” approach to performing the function or service. Considering “ideal approaches” early in the evaluation process helps to facilitate “outside the box” thinking that may result in fundamentally new operational approaches being considered. While “breakthrough” recommendations are certainly not developed in every Berkshire Advisors engagement, our

experience suggests that when fundamentally new approaches to providing services are implemented, significant cost savings can be achieved at the same time that service quality is enhanced.

Evaluate The Issues That Are Most Likely To Yield Significant Results

The type of issues that are the most likely to result in improved operational performance tend to be similar regardless of the size of the organization or its area of responsibility. (The way these issues manifest themselves, of course, varies significantly among organization.) Issues that often result in significant opportunities to improve services and/or reduce costs include the following:

- **Capacity in search of need.** The level of service provided by many organizations is based on the number of workers employed, not on the need for the service. When the level of service offered is based on the capacity of the organization to provide the service rather than on the need for the service, employees can spend considerable time performing unnecessary activities.
- **Calibration of staffing and workload.** In many organizations, some units simply do not have enough work to justify the existing staffing complement, while others have more work than can reasonably be handled by existing

employees. This situation may result from any number of reasons. For example, in some organizations labor saving technological improvements may have been implemented without a concomitant reduction in staffing. In other organization hiring freezes or across the board budget cuts may have been implemented that penalized efficient units while having little impact on units that were overstaffed. In addition, changes in environmental factors (for example, increases/decreases in student enrollment or changes in regulatory and reporting requirements) may greatly affect workload without adjustments being made to staffing levels.

- **Scheduling and deployment.** In any labor-intensive service organization, one of the primary factors that affects both the cost of providing services and the effectiveness with which they are provided is scheduling. Money is wasted if more employees are scheduled to work than are needed to meet the demand for a service. On the other hand, if not enough employees are scheduled, the organization cannot effectively meet citizen needs. Similarly, if resources are not deployed where they are most likely to be needed, costs will be unnecessarily high and the level of service provided will not be high enough.
- **Matching skills with needs.** Just as scheduling the right number of employees is essential to cost-effective operations, in the same way it is important that the skills of these employees be appropriately matched to the work that must be performed. Generally, assigning employees responsibilities for which they are overqualified results in

increased costs without a concomitant increase in the quality of the service provided.

- **Crew size.** Cost-effective operations also require assigning the complement of people to perform needed work. Clearly, assigning a two-person crew to perform work that can be done by one person doubles the cost without improving the quality of the service. Similarly, assigning a three- or four-person crew to work that can effectively be performed by a two-person crew unnecessarily increases in costs. In general, crew size can be smaller when work consists of sequential activities rather than activities that must be performed at the same time.
- **Mix of people, facilities, equipment, and technology.** Since the primary cost of operating any school district is salaries and benefits, it is essential that district staff have the facilities, equipment, and technology they need to be effective. Costs of many school district operations are unnecessarily high because the district has failed to adequately invest in the resources needed to improve employee productivity. As a result, many districts employ more workers than would otherwise be necessary. On the other hand, some districts waste money by investing in technological innovations that are not needed.
- **Inertia.** In many organization, the processes that are used to perform work have evolved over time without anyone questioning whether each step in the process is needed. In many of these organizations the same approach is used to perform work that was used years ago because no one has bothered (or thought it was their job) to ask the simple question "Why?" When

things are done a certain way because “we have always done them that way” there are often great opportunities for improved efficiency.

- **Culture.** Cultural factors greatly affect the effectiveness of an organization’s operations. In some organizations, for example, the fear of being “called on the carpet” for making a mistake is so great that substantive decisions are rarely made and when they are made, an extraordinarily extensive approval process is required. In other organizations, employees spend more time in meetings than they actually spend working because the cultural demands that all issues - no matter how trivial - be vetted in an open meeting. In such situations using alternative communications

approaches (e.g., newsletters, cable TV, etc.) can reduce costs without compromising the quality of communications efforts.

- **Incentives.** For some types of activities, productivity can be substantially improved simply by providing employees with an incentive to work harder. For example, for task-oriented activities such as custodial work substantial improvements in productivity can be achieved simply by allowing workers to go home when they finish a specific number of tasks. Generally, the number of completed tasks performed each day can be increased by as much as 20 percent by providing employees with such an incentive