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LARA
LICENSING AND REGULATORY AFFAIRS
CUSTOMER DRIVEN. BUSINESS MINDED.

Measuring Up Business Metrics Tool Kit

Tool Kit Provided by
Reinventing Performance Michigan Office (RPM)
May 2015

Michigan's Licensing and Regulatory Affairs Department

Through a team-based approach to employee engagement and improving customer service, the RPM initiative exceeded its goals in the past year:

- **Improved LARA business customers' perception of our regulatory climate by 34% (Goal – 25%)**
- **Improved the department's customer response time in key processes by 77% (Goal – 50%)**
- **Reduced the number of LARA forms by 62% (Goal – 50%)**

Reinventing Performance in Michigan

For more information, visit www.michigan.gov/rpm

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Motor Carrier Licenses May be Issued 67% Faster Under MPSC Proposal

Due to outdated regulations and processess, companies possessing an operating license have historically faced delays in the delivery of their products, costing them revenue and negatively impacting supply chains across industries. To address this bureaucratic lag, the Michigan Public Service Commission (MPSC) Motor Carrier Division is currently undergoing an RPM process improvement. Upon its completion in early 2014, it is expected to fully automate the licensing process for both new licenses and renewals, after a statute that has largely been unchanged for 50 years is updated and a request for proposals is issued to replace the antiquated computer system.

Faster Response: Motor carrier licenses may be issued 67% faster, after elimination of 64 burdensome work steps.

Customers Impacted: A customer-friendly approach will affect 24,300 customers annually. These customers transport 90% of Michigan manufacturers' tonnage.

This will impact companies with operating licenses, which includes all the employees driving trucks under that license.

By eliminating paper and providing the customer with an online application, it is expected that applications will be processed 67% faster and eliminate 64 work steps.

This enhancement will impact approximately 24,300 customers and give them back 30 days to conduct business. Additionally, it is expected to save the state an estimated $32,619 annually on supply costs.

So, how will these changes affect motor carriers in Michigan? John Zevalkink, CEO of Columbian Logistics Network says his company operates approximately 60 heavy duty commercial trucks in Michigan. Each year in December, Columbian must renew licensing with the state.

"In the past, it has been difficult to obtain the forms which must be filled out manually," said Zevalkink. "Many times, we have driven to Lansing to obtain forms or driven the completed forms back to Lansing in order to speed up the process. The actual licenses usually do not arrive until right before the end of the year. At that time, we must arrange to bring each truck back to its home base to get the license in place. Often, this means trucks making unnecessary trips. This process improvment will most certainly save Columbian administrative time and help improve our efficiency."

For Walt Heinritzi, executive director of the Michigan Trucking Association, these improvements will benefit both the trucking industry and the communities it serves.

According to Heinritzi, there are more than 30,000 trucking companies in Michigan, most of them small, locally owned businesses. Collectively, these companies transport 90% of total manufactured tonnage in Michigan. More than 80% of Michigan communities depend exclusively on trucks to move their goods.

"The Michigan Trucking Association applauds the MPSC's efforts to automate the licensing process for commercial motor carriers," Heinritzi said. "The resulting efficiencies derived from this enhancement will allow the trucking industry to provide superior service to Michigan's shipping community."

67% MOTOR CARRIER LICENSES TO BE ISSUED 67% FASTER

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The following are a 3 simple tools LARA's process improvement teams use to measure improvement.

Customer Value Structure (CVS)

CVS is an organized approach to defining customer needs and values and evaluating the effectiveness of the process in meeting those needs. It takes into account what the customer values; how important the values are; and the performance rating of the process with respect to meeting customer needs.

Helps customers make their feelings of satisfaction more quantifiable. CVS helps improvement team identify what to change.

HOW TO:

1. Ask the Customer to Identify 3-5 Key "Customer Needs" of the Process
2. Determine "Value %" of Each Individual Need *(all values need to add up to 100)*
3. Rate the "Performance" of Each Need

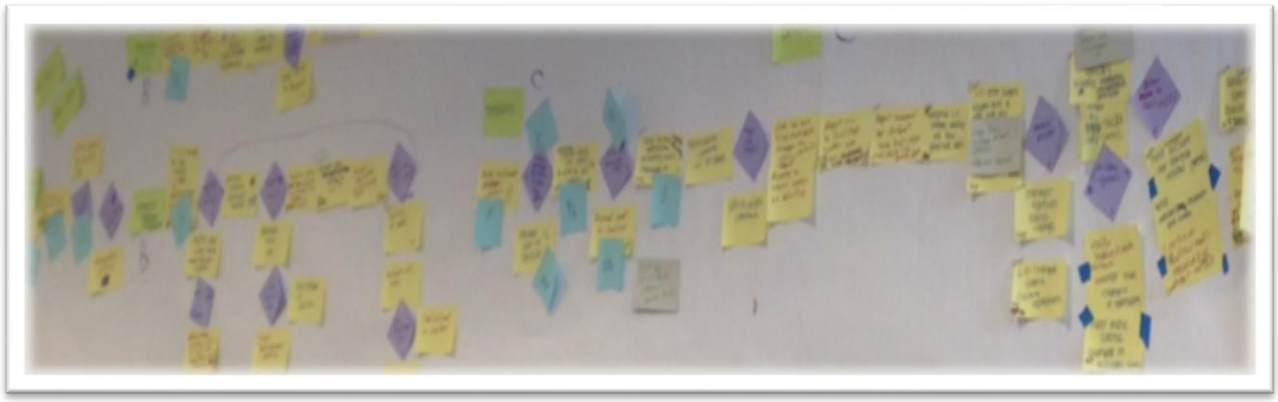
   (scale is 0.0 to 1.0)
4. "Score" = Value X Performance
5. "Gap" = Value – Score

Customer: John Doe

Process: ABC Bank - Fund Distribution Process

Customer Needs	Value (%)	Performance	Score	Gap
No fees associated with Transaction	20	**As-Is:** .5 **To-Be:**	10	10
24/7 access to ATM	40	**As-Is:** .8 **To-Be:**	32	8
Close Proximity ▪ Location with 5 miles of home	10	**As-Is:** .2 **To-Be:**	2	8
Online banking	30	**As-Is:** .4 **To-Be:**	12	18
	100			

Calculating Process Response Time



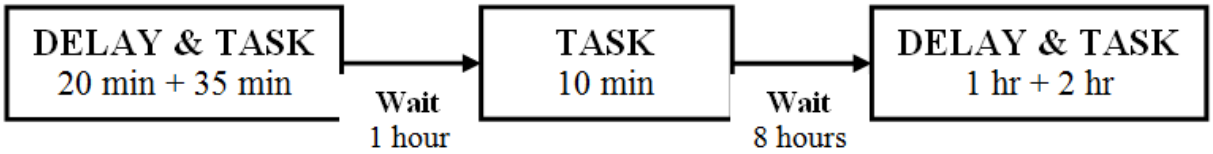
PROCESS STEPS = Task used to produce a product or service

Inside every step there are at least 3 elements to capture:

- Task Name
- Hands on Time (HOT)
- Delay Time

- To calculate cost you can record the "who" is doing the task and the number of people required to complete the task.

Process Time = The total time from beginning to end of a process.



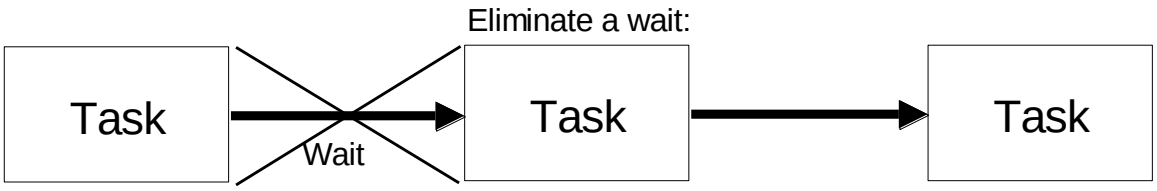
Example: **Total Process Time** = (5 min + 1 hour + 10 min + 8 hrs + 3 hrs) = **13 Hours and 5 Min**

Instructions for Gathering Time Date Profile

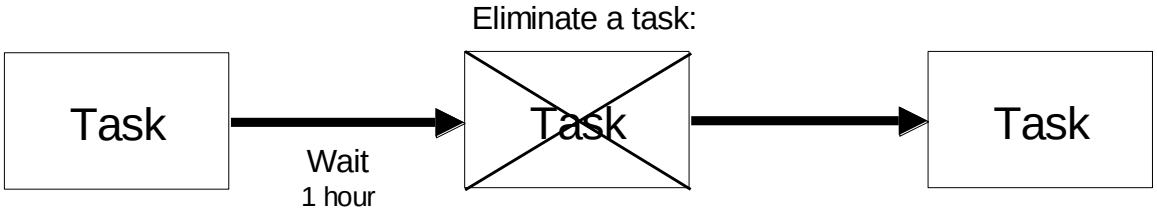
1. Create Process Map
2. Interview those who do the tasks concerning the following data.
3. For each step record:
    a. Hands-On Time (HOT) Actual time spent working on a task
    b. DELAY Time
    c. WAIT time between tasks when no work is being done.
    d. Delay time within the task that delay's task completion
4. Calculate the time for the whole process with simple addition.

Ways to See Options for Improvement:

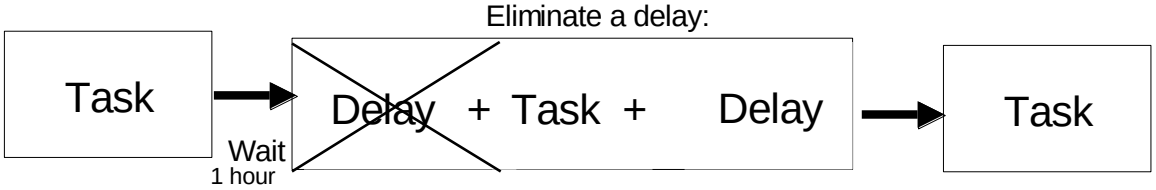
1. Eliminate a wait time



2. Eliminate a task



3. Eliminate a Delay:



Calculating Small Changes = Big Impact

Sometimes there are small changes to the process and you want to just calculate how that change will save time for the customer but may not reduce the total process time ….

We use the PERT analysis from project management methodology. PERT is a reliable calculation to tells you the average time of something.

PERT = (**O** + **4M** + **P**) ÷ **6**

Optimistic time (O): The minimum possible time required to accomplish a task, assuming everything proceeds better than is normally expected

Pessimistic time (P): The maximum possible time required to accomplish a task, assuming everything goes wrong (but excluding major catastrophes).

Most likely time (M): The estimate of time required to accomplish a task, assuming everything proceeds as normal.

	From Customer Interviews				
Key Changes Reflected In The New Process	Optimistic Time	Most Likely Time	Pessimistic Time	Number of instance a Time Period	Total savings per instance for the customer
Customers will not have to take temperature readings.	10 min	20 min	45 min	5 per day	**112.5 min a day**
Customers will not have to generate a report	1 hr	1hr 15 min	2 hours	2 per month	

PERT = (10 min+ 4*20min +45 min) ÷ **6** = **22.5 min an instance multiplied by number of instances =112.5 min a day**