



Budget Activity & Performance Assessment

State Printer

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Office of Financial Management (OFM)

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Documents reviewed for this Assessment:

Performance measures for agency 130, Dept. of Printing, in OFM's Results through Performance Management (RPM) system (Sept. 2010)

OFM's [Performance Assessment, Public Printer \(Oct. 19, 2007\)](#)

Washington State Department of Printing [2009-11 Strategic Plan](#)

[Activity Inventories](#), various biennia

Department of Printing web site: <http://www.prt.wa.gov/>

U.S. Census Bureau, 2002 Economic Census, [Commercial Lithographic Printing](#)

Executive Summary

The Washington State Department of Printing has made progress since the previous OFM Performance Assessment by consolidating seven activities to one, and by establishing four performance measures where it previously had none:

- Revenue per employee
- Customer satisfaction
- Number of certified sustainable print jobs
- Percent of items warehoused for customers (as opposed to just-in-time printing).

The Printer is exceeding its targets for two of these measures (revenue per employee and customer satisfaction). Performance is going in the right direction but not yet meeting its target for one measure (percent of items warehoused). The measure of certified sustainable print job measure does not have enough data to judge performance.

While these measures, and performance, are good, the Printer should consider the following opportunities for improvement:

- The purpose of the Public Printer is to print documents for state agencies, yet the agency has no output or productivity measures for this core line of business. The agency should consider reporting volume of printing completed per month for major types of printing, or time from order to delivery for key documents.
- Three of the four measures are only reported once a year. The agency should consider reporting performance more frequently for those measures where practical.
- There is little overlap among performance measures in the agency's strategic plan and those reported to OFM. The agency should consider developing and using a common set of measures for its performance.
- Most measures are from the agency's perspective rather than things that matter to customers. The department should consider asking key customer segments what aspect of printing service quality is most important to them, or what the biggest performance gap(s) may be, and focus measurement on those things.

Discussion and Analysis

The Office of Financial Management (OFM) conducts performance assessments to assess whether agencies are making progress toward statewide results (see [RCW 43.88.090\(4\)\(a\)](#)) and to improve the quality of performance information used by OFM and the Legislature in budget development (RCW 43.88.090(5) and (6)).

In OFM's [previous performance assessment](#) (Oct. 2007), the OFM Assessor found that the agency reported no performance data to OFM for its seven activities, which meant there was no reference data to use in judging whether the agency was accomplishing its mission, and suggested several possible performance measures for consideration.

Since then, the agency has made progress by consolidating its seven activities to one (A008, providing printing and related services), and by establishing four performance measures:

- Revenue per employee (a process measure, from the agency's perspective)
- Customer satisfaction (an outcome measure from a customer's perspective)
- Number of certified sustainable print jobs (output, agency perspective)
- Percent of items warehoused for customers versus just-in-time printing (outcome, agency perspective).

The Printer is exceeding its targets for two of these measures (revenue per employee and customer satisfaction). Performance is going in the right direction but not yet meeting its target for one measure (percent of items warehoused). The number of certified sustainable print jobs was virtually the same in 2009 and 2010, but is below the target.

The purpose of the State Printer is to print documents state agencies, particularly legislative printing ([RCW 43.78.030](#)), yet the Printer has no output or productivity measures for this core line of business. The department should consider reporting measures of productivity, such as volume of printing completed per month or time from order to delivery for key documents.

The Printer's 2009-11 Strategic Plan identifies many performance measures linked directly to strategic objectives. Two of these are reported in OFM's system: customer satisfaction and number of certified sustainable print jobs (see pp 12-13, below). That is, two of the four measures reported to OFM are not related to strategic objectives. There are several measures described in the plan that might be useful for reporting to OFM, such as print job turn-around time, or volume of recycled paper usage. The agency should consider developing and using a common set of performance measures.

Specific Opportunities for Improvement

Budget Activity	Measures	Improvement Suggestions
A008 – Printing and Related Services	Sales Revenue per Employee	Consider also reporting one or more output measures related to the agency's core business of printing documents for state agencies
	Customer Satisfaction	<p>Ask key customer segments what they value most, or what the biggest performance gaps may be, and focus on measuring performance on those things. (Reference: Ken Miller, <i>The Change Agent's Guide to Radical Improvement</i>, Chapter 3, "Customer Satisfaction Process", pp. 57-107)</p> <p>Consider reporting customer satisfaction more frequently than once a year.</p>
	Forest Stewardship Council (FSC) Certified Jobs	Consider an alternative measure of sustainability that is more within the agency's ability to control, such as percent of recycled paper used in print jobs, or volume of waste produced.
	Percentage of items warehoused at Printing	This is a good outcome measure of a strategic objective. However, the understandability of this measure could be improved by adding operational details or better descriptive text.

Agency Comments and Reactions

The printing industry is dynamic. It's closely related to the rapidly changing field of technology, and change is accelerated during recessionary times. It may not make sense to tie the agency's performance measures to biennial strategic plans that must quickly evolve to keep pace with changing customer needs, technology, and the industry. We prefer more consistent business measures like revenue per FTE, an industry standard measure.

We have many internal measures of our products, services, and operations that we use to manage the State Printer as a business. These include actual performance and customer perceptions regarding the things that matter most to customers.

We are exploring output and productivity performance measures for work volumes. Whether we choose to report one of our existing measures or a new one, we want to ensure that the new performance measure will be meaningful to policy and law makers. Since our goal is not to be bigger, but to increase the value we provide to the state, a simple output measure of job volume may not be the best choice. We are considering reporting on timeliness, quality/accuracy, electronic vs. manual orders, competitiveness (pricing), or mission critical jobs (healthcare/safety/required by law).

We plan to continue formally surveying our customers twice a year (they tell us they do not want to be surveyed more frequently), and will consider changing reporting frequency of this measure. We will replace our FSC Certified Jobs measure (we're considering: the percentage of paper purchased with post consumer waste recycled content).

One of the highest values we provide the state is job re-engineering for direct (printing) and indirect (like mailing) savings. For profit printers do not provide either of these services, and it's important to note that indirect costs can be more than ten times higher than direct costs. In addition, as a not for profit printer we protect the state from market volatility, and mitigate risk by protecting private and sensitive information (such as personal health and identity). These services are of high value to the state, but are hard to quantify and report as performance measures. They are more suited to individual success stories.

We are proud of our fiscal performance, especially during the worst recession seen in 80 years. We are also pleased with the great improvement we've made since our last Performance Assessment. We have a good portfolio of measures and are performing well. We appreciate OFM's coaching and support in developing and improving our performance measures.

Activity – Measure Qualitative Evaluation Summary

Performance measure evaluation criteria* → Budget Activity: Printing and Related Services - A008	Overall Measure Quality	Relevance	Understand-ability	Comparability	Timeliness	Reliability	Performance
000189 Annual Sales Revenue per Employee (FTE)							
001630 Customer Satisfaction							
001631 Forest Stewardship Council (FSC) Certified Jobs							
001632 Percentage of items warehoused at Printing							

*Evaluation Criteria Definitions

Overall Quality:

-  = Good
-  = Acceptable but could be improved
-  = Needs attention

Relevance: The performance measure is useful to a budget/policy development audience in assessing the level of accomplishment or results

Understandability: Clear, concise, and easy for a non-expert to understand

Comparability: Do data, targets, and footnotes provide context to tell whether performance is getting better, worse, or staying the same?

Timeliness: Is the data current and reported frequently enough to be of value in assessing accountability and making decisions?

Reliability: Is the information verifiable, free from bias, and a faithful representation of what it purports to represent?

Performance: Is actual performance in reference to the stated targets getting better, worse, or staying the same over time?

Scoring key:	Meets or exceeds OFM expectations	Meets OFM expectations but may have opportunity for improvement	Needs improvement to meet OFM expectations
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Agency comments:

We are pleased that 100% of our performance measures are considered either good or acceptable by OFM. According to the above matrix, there are 24 opportunities for these measures to meet or exceed OFM's expectations. Of these, 96% meet or exceed OFM expectations. 29% of these may have opportunity for improvement. Only 4% (one area) was noted as needing improvement to meet OFM expectations.

Budget Activity and Measure Critique

Performance measures:	Type, analysis and comments	Performance chart														
<p>000189 Sales revenue per employee (FTE)</p> <p>Comment: "Target is avg. sales per employee for printers w/annual sales over \$18 million"</p>	<p>This process measure, revenue per worker, appears to be a standard metric for the printing industry. Performance is stable and exceeding the target.</p>	<table border="1" style="display: none;"> <caption>Sales Revenue per Employee Data</caption> <thead> <tr> <th>Year</th> <th>Sales Revenue per Employee</th> </tr> </thead> <tbody> <tr> <td>6/30/2005</td> <td>\$250,000</td> </tr> <tr> <td>6/30/2006</td> <td>\$240,000</td> </tr> <tr> <td>6/30/2007</td> <td>\$260,000</td> </tr> <tr> <td>6/30/2008</td> <td>\$280,000</td> </tr> <tr> <td>6/30/2009</td> <td>\$240,000</td> </tr> <tr> <td>6/30/2010</td> <td>\$250,000</td> </tr> </tbody> </table>	Year	Sales Revenue per Employee	6/30/2005	\$250,000	6/30/2006	\$240,000	6/30/2007	\$260,000	6/30/2008	\$280,000	6/30/2009	\$240,000	6/30/2010	\$250,000
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6/30/2010	\$250,000															

OFM Assessor Comments: Using measures that are common in an industry is a good practice. Performance is above the national average for comparable sized printers. The measure could be improved slightly by describing how sales revenue is calculated.

Agency comments: We are very proud of our excellent performance. These results are highly commendable considering they were achieved during the worst recession that our state (and nation) has seen in 80 years. Sales revenue is calculated by adding total sales for the fiscal year. The FTE figure is an average of the actual hours worked each month during the fiscal year. Sales revenue per FTE is calculated by dividing sales revenue by FTE's. (We will add this description to the RPM system.)

<p>001630 Customer satisfaction</p> <p>Comment: "Baseline est. FY09, goal is to maintain rating of 4.25 or higher. Data reflects new measurement."</p>	<p>Customer satisfaction is an outcome.</p> <p>There are only two data points, both of which exceeded the target, but with annual reporting it will take another five years to have sufficient data to begin evaluating performance trends.</p>	<table border="1"> <caption>Customer satisfaction data</caption> <thead> <tr> <th>Date</th> <th>Rating</th> </tr> </thead> <tbody> <tr> <td>6/2009</td> <td>4.58</td> </tr> <tr> <td>6/2010</td> <td>4.55</td> </tr> <tr> <td>6/2011</td> <td>4.25</td> </tr> <tr> <td>6/2012</td> <td>4.25</td> </tr> <tr> <td>6/2013</td> <td>4.25</td> </tr> </tbody> </table>	Date	Rating	6/2009	4.58	6/2010	4.55	6/2011	4.25	6/2012	4.25	6/2013	4.25
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OFM Assessor Comments: With only annual reporting, and with all categories of satisfaction rolled into a single average number, it's difficult to imagine how this measure has operational value to the Printer.

Since customers are surveyed twice a year, the agency may want to consider reporting performance that often. Given the fact that there are inexpensive, web-enabled survey tools readily available, it's somewhat surprising that the Printer isn't asking every customer for feedback about each print job it delivers.

However, it might be more useful to ask key customer segments what they value most, or what the biggest performance gaps might be, and focus measurement on those things

Agency comments: We use a web-enabled survey tool, and solicit feedback on each job we produce for at least a full month twice a year (our customers tell us they do not want to be surveyed more frequently, and many would prefer an annual survey). Getting surveys into the hands of the right customers can be challenging, since the person who has the need for a printed item is often not the person authorized to place an order, and the final order may actually be delivered to yet another person. We try to reach as many customers as possible via survey cards delivered with every print job, e-mail links, links on our homepage and general store page, and through GA's bi-weekly broadcast.

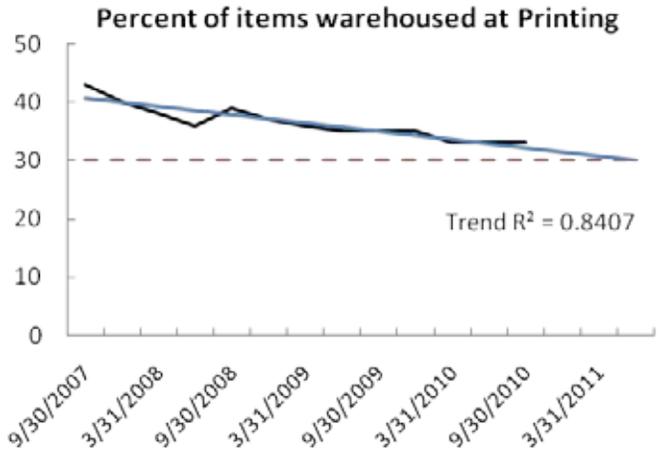
Our web-enabled survey tool remains open year-round and collects customer perceptions regarding quality, timeliness, and satisfaction. It also collects feedback about what we do well and how we can improve. We use this, as well as other customer feedback methods, to monitor customer perceptions, make improvements, and follow-up with customers. We chose to report customer satisfaction because it is an outcome measure that is important to our customers. We plan to continue formally surveying customers twice a year, and will consider changing reporting frequency of this measure (the RPM system allows for quarterly or annual reporting).

Performance measures:	Type, analysis and comments	Performance table									
<p>001631 Forest Stewardship Council (FSC) Certified Jobs</p> <p>Agency comments: 2009 - PRT became FSC certified. Established baseline measure of 69 FSC jobs in FY09.</p> <p>2010 - May not renew FSC certification. Plan to change measure - FSC product use is more important than job certification.</p>	<p>Number of print jobs is an output.</p> <p>There are only two data points, so it is impossible to judge performance trend. Performance was virtually identical in fiscal years 2009, and 2010, but fell short of the target.</p>	<p>Certified sustainable print jobs :</p> <table border="1" data-bbox="1266 553 1906 667"> <thead> <tr> <th data-bbox="1266 553 1478 591">Date</th> <th data-bbox="1478 553 1694 591">Actual</th> <th data-bbox="1694 553 1906 591">Target</th> </tr> </thead> <tbody> <tr> <td data-bbox="1266 591 1478 628">6/30/09</td> <td data-bbox="1478 591 1694 628">69</td> <td data-bbox="1694 591 1906 628"></td> </tr> <tr> <td data-bbox="1266 628 1478 667">6/30/10</td> <td data-bbox="1478 628 1694 667">68</td> <td data-bbox="1694 628 1906 667">76</td> </tr> </tbody> </table>	Date	Actual	Target	6/30/09	69		6/30/10	68	76
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OFM Assessor Comments: Although this is a good measure, the number of FSC certified jobs ordered by customers is somewhat outside the State Printer’s control, and likely to decrease during a period of budget constraints. If the agency is sincere about improving performance, then reporting and monitoring data more frequently than once a year would be advisable.

The agency’s 2010 comments are well taken: measuring “green” product use may be more meaningful than a count of print jobs. The agency’s strategic plan includes a measure of recycled paper usage which might be a good substitute for this as a sustainability measure. The agency might also want to consider measuring the volume of printed material that becomes wasted, e.g., unused or undistributed by customers, discarded because it became obsolete while in inventory, etc.

Agency comments: We are considering alternative “green” measure options to replace FSC Certified Jobs. The new measure will be more directly within our control/span of influence.

Performance measures:	Type, analysis and comments	Performance chart
<p>001632 Percentage of items warehoused at Printing's fulfillment center warehouse compared to those printed on demand/just in time.</p> <p>Our goal is to see 30% or fewer of the items being ordered through Fulfillment Services to come from warehoused stock.</p>	<p>This is a measure of an undesired outcome (i.e., good performance means fewer items warehoused).</p> <p>Data is reported frequently enough to do statistical analysis of performance. Performance is going in the right direction, although it has not yet met the target. If the trend continues, the agency should meet the target by the end of the biennium.</p>	 <p>The chart displays the percentage of items warehoused at Printing from 9/30/2007 to 3/31/2011. The y-axis ranges from 0 to 50. A dashed horizontal line at 30% indicates the target. The data points are approximately: 9/30/2007 (42%), 3/31/2008 (38%), 9/30/2008 (39%), 3/31/2009 (36%), 9/30/2009 (35%), 3/31/2010 (33%), 9/30/2010 (32%), and 3/31/2011 (30%). A trend line is plotted with a trend R-squared value of 0.8407.</p>

OFM Assessor Comments: Good measure and good performance. This is an immediate outcome of a strategic business objective: replacing traditional document management practices (e.g. printing a large supply of paper documents, then warehousing them to meet demand) with more efficient “just-in-time” printing. There is enough data to judge performance trends, and there is clear trend in the right direction.

However, the measure is somewhat difficult to understand, e.g., What is a “fulfillment center”? What formula is used to create the measure, and how is “percentage of items” calculated? (Pages? Complete documents? Orders?) The agency should consider providing additional operational detail about this measure in the performance measure system.

Agency comments: Fulfillment is a central service offered by the State Printer that creates savings for the state by allowing agencies to focus resources on their core mission work, and by minimizing state warehousing facilities. An agency can place their order, and the State Printer will manage the product and related services through final product delivery. Fulfillment includes some or all of these tasks: 1) making or buying products; 2) warehousing, assembly, quality control, and inventory management; 3) handling customer and citizen orders via the web, e-mail, telephone, or fax; 4) picking, packing, and shipping orders; 5) reporting to customer agencies on transactions and stocking levels. Stocked items (items ordered by agencies and warehoused at PRT) are counted manually. Items that are printed on demand or just in time are counted in our production systems. (Definition, formula, and calculations will be added to RPM.)

Alignment Overview – Budget Activity Structure

Statewide Result	Strategy	Activities
Strengthen government's ability to achieve results efficiently and effectively	Provide tools and resources to execute government functions	Printing and related services

Performance measure portfolio:

	Process measures	Output measures	Outcome measures
Measures from AGENCY perspective	Revenue per employee (FTE)	Forest Stewardship Council print jobs	Percent of items warehoused
Measures from CUSTOMER perspective			Customer satisfaction

Alignment Overview – Strategic Plan Structure

Mission: As Washington’s Public Printer, provide printing and related solutions to help government serve citizens.

Strategic Goal	Objective	Strategy	Performance measures
Goal 1. Be an integral part of customer success	1.1 Increase value of products and services for customers	1.1.1 Spend time with customers to understand their business and needs	
		1.1.2 Develop and deploy solutions to meet customer needs	Number of major products we help customers develop
	1.2 Increase ease of doing business with Dept. of Printing	1.2.1 Simplify the ordering process	Time from order to production entry. Target: Reduce 50% this biennium. [Consider reporting to OFM]
		1.2.2 Provide customer education and training	Number of educational events (Target: 10 per year) Number of attendees (Target: 150 per year)
		1.2.3 Work with Dept. of Information Services (DIS) and Consolidate Mail Services (CMS) to best serve customers	Number of projects coordinated with DIS and CMS (Target: 4 this biennium)
		1.2.4. Survey customers to measure satisfaction	Customer satisfaction score (Target: Increase 10% this biennium) [Also reported to OFM]
	1.3 Publicize success stories about customer and statewide results	1.3.1 Quantify and publicize success	Newsletter circulation (Target: Increase 10% this biennium)
		1.3.2 Seek industry awards and recognition	Number of industry recognition awards (Target: 6 recognitions this biennium)

Strategic Goal	Objective	Strategy	Performance measures
Goal 2: Be a fiscally and environmentally sustainable business	2.1 Increase fiscal stability	2.1.1 Increase revenue	Net income (Target: Increase 10% by June 30, 2011)
		2.1.2 Increase cash flow	Financial liquidity: Working capital in number of days of operating expenses (Target: 40 days) [Consider reporting to OFM]
		2.1.3 Develop integrated management information system	
	2.2 Increase use of environmentally friendly "solutions"	2.2.1 Promote use of Forest Stewardship Council (FSC) certified products	Percent of FSC certified jobs (Target: increase 10% per year based on 6/30/09 baseline) [Also reported to OFM]
		2.2.2 Promote use of recycled products	Percent of recycled paper purchased (Target: 90%) [Consider reporting to OFM]
		2.2.3 Use biodegradable / recycled materials	Introduce 3 new environmentally friendly materials during biennium
	2.3 Increase individual capabilities and agency capacity	2.3.1 Provide on-site training	Participation in educational activities (Target: Increase 5%/year)
		2.3.2 Meet anticipated staffing needs	
		2.3.3 Improve communication	Employee survey scores on recognition and knowing how agency measures success (Target: increase 20% during biennium)
		2.3.4 Cross-train staff	
		2.3.5 Review PDPs in internal GMAP	Percent of PDPs that are current (target: 100%)