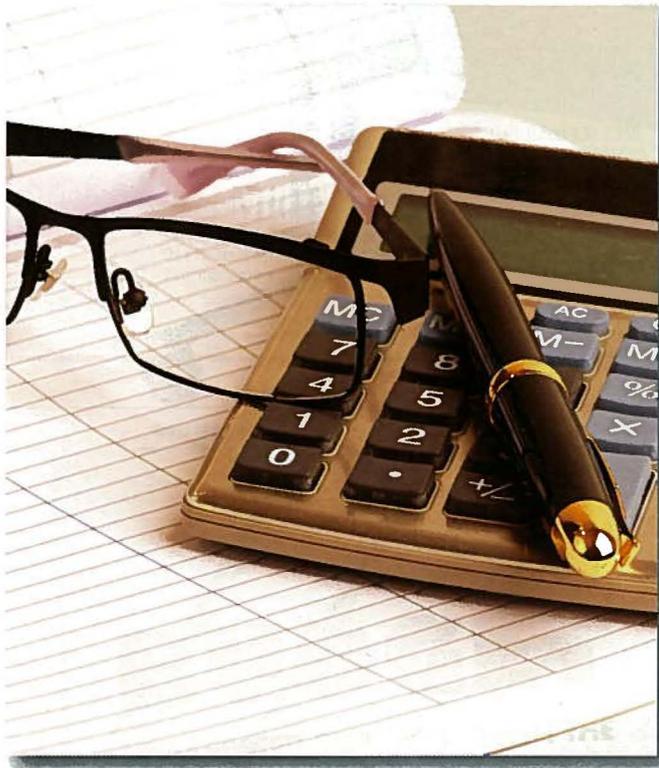


An Operations Planning Tool Fit for the Fortune 500

The Council of the Great City Schools' key performance indicators approach is saving districts millions.

By Michael D. Casserly



As in most large school districts, officials in Orange County Public Schools (OCPS) in Florida regularly review the size and cost of their bus fleet—one of the largest in the state. But OCPS has done something few districts can claim: it not only streamlined that fleet, but it's also making more than \$1 million in the process.

Tapping into shared data from more than 65 of the nation's largest school districts, OCPS was able to compare its transportation metrics with those in similar districts, ultimately concluding that it didn't need 271 of its buses. Those buses are now being sold, and the revenue from the sales is estimated to be as much as \$1.9 million.

That process is an example of the ways in which many large districts are working to dispel long-held myths

about inefficient and unresponsive operations, particularly in operational areas, such as transportation, purchasing, food services, and information technology (IT).

"One stereotype that's clung to education so long past its due date that it has become a cliché is that large urban school districts are by definition bloated and inefficient, and that the bigger the district, the bigger the bloat," wrote Superintendents Mary Ronan (Cincinnati Public Schools), Ronald Blocker (OCPS), and Jean-Claude Brizard (Rochester City School District, New York), in an April 12, 2011, *Cincinnati Enquirer* guest column. "As is so often the case with conventional wisdom, however, that old cliché is flat-out wrong, and becoming more so all the time."

Leveraging Operational Data

Determined to improve both academically and operationally, leaders in urban school districts across the country are demonstrating that a focus on extensive and comparable operational data can help cut costs while maintaining effective business practices in the same way investments in student data systems have helped improve teaching and learning.

Using Six Sigma methodologies for defining, quantifying, and aggregating data, the Council of the Great City Schools (CGCS) created a state-of-the-art management tool of the sort more commonly found at Fortune 500 companies. Since its creation, the CGCS's key performance indicator (KPI) tool, a powerful interactive database of financial and operational benchmarks, has saved participating districts millions of dollars—and is on track to save tens of millions more.

Work on the CGCS tool began in 2004, when the council's member districts recognized that they needed to do a better job of maximizing resources. Developed by district chief financial officers, chief operating officers, human resources directors, and IT managers, the KPI system was piloted in 22 major cities before being rolled out to all 65 member districts.



Participating districts contribute information to the CGCS system on more than 3,000 data points in four key areas (business operations, finance, human resources, and IT), allowing district leaders to create benchmarks for operational performance and learn from other districts that are delivering services efficiently. Those data points are further refined into 77 “power” indicators that pack the biggest punch in improving operational efficiency, including per-pupil transportation metrics and invoice costs, for example.

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The KPI system automatically ranks each district’s performance against median costs and operations. Looking at data from other participating districts, school leaders can compare their performance with peer districts, calibrating comparisons based on geography, cost of living, union status, and an array of other variables. Dynamic data modeling allows district leaders to instantly calculate the effect of potential changes on the bottom line.

Cases in Point

As was the case in Orange County, those bottom-line changes can be significant. In New Mexico, Albuquerque Public Schools used KPI metrics as a tool in negotiations with its utility service provider, ultimately saving the district \$200,000 a year. And the Rochester, New York, school district used the system to make bus routes

more efficient, slashing more than \$1 million from transportation costs.

District business offices also use KPIs to benchmark and streamline complex processes, saving time and improving efficiency. For example, Seattle Public Schools used benchmarking data from the system to revamp its requisition process for textbooks, computers, desks, and other essentials. Processing time for those requisitions fell from as long as seven days to one, and the percentage of items ordered electronically rose from 53 to 77.

In Ohio, Cincinnati Public Schools tapped KPIs to revamp staffing and supply practices in food and custodial services, as well as to increase maintenance training. Together, these changes have saved the district between \$10 million and \$12 million a year.

KPIs also help drive even more significant foundational changes within districts. Along with helping school leaders streamline the way they do business today, the system is becoming institutionalized as a key leadership tool, helping district leaders think more strategically about ways to save money in the future.

The tool is also helping districts build internal capacity.

In Chicago, for example, district leaders are using benchmarking data from KPIs to create performance metrics for each of what they call “cost centers,” such as transportation and food service. The school board of Boston Public Schools is making KPIs a key tool for decision making, and OCPS is using the system to benchmark departments against those in similar districts as part of a value-added scorecard system that will track progress toward key operational goals.

The tool is also helping districts build internal capacity. In Seattle, for example, district leaders compared their protocols with other districts, identified gaps, and enrolled 93% of their staff members in professional development training to improve effectiveness.

Districts can reinvest the cost savings from significant improvements in efficiency to reinforce infrastructure, improve school safety, and invest in high-quality academics. “As we continue to refine and expand KPI’s capabilities, it will further streamline the way we do business, and help us think more strategically about ways to save money as the economy continues to tighten,” Ronan, Blocker, and Brizard wrote in their op-ed. “Operating like a well-run business, our school districts are well down the path to producing better results, meeting taxpayer expectations, and providing a better future for students, families, and the community.”

Michael D. Casserly is executive director of the Council of the Great City Schools. For more information, visit www.manage4results.org