



AllianceEnterprises

Vendor Performance Management

**Technical Assistance Center for Education
Program Evaluation Summit
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An analysis of vendors providing services to vocational rehabilitation agencies.

Welcome

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Oregon Office of Vocational Rehabilitation Services
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Agenda

- Introduction
- Executive Summary
- Assessment Overview
- OQRS Vendor Performance Pilot Project
 - Phase 1 – VR Agency modeling and analysis
 - Phase 2 – Review results and validate opportunities
 - Present results and propose next steps
- Q&A

Introduction

OQRS, Alliance and the Vendor Performance Pilot Project

OQRS Introduction

Why we (and any VR program) would want to do this

- Federal requirement to provide information about vendor performance as part of informed choice
- Quality assurance on the part of the agency
- Increased expectation from state legislature to show results and data to support results
- Personal interest in being more data driven
- Launch discussion with RSA about more appropriate performance indicators

OVRs Introduction

Agency specific activities that made the Pilot a real opportunity

- Review of job development costs and outcomes
- Systems change work that was focusing on job development and need to evaluate the impact
- Move to performance-based services
- Challenges with our community-based rehabilitation facilities

OVRs Introduction

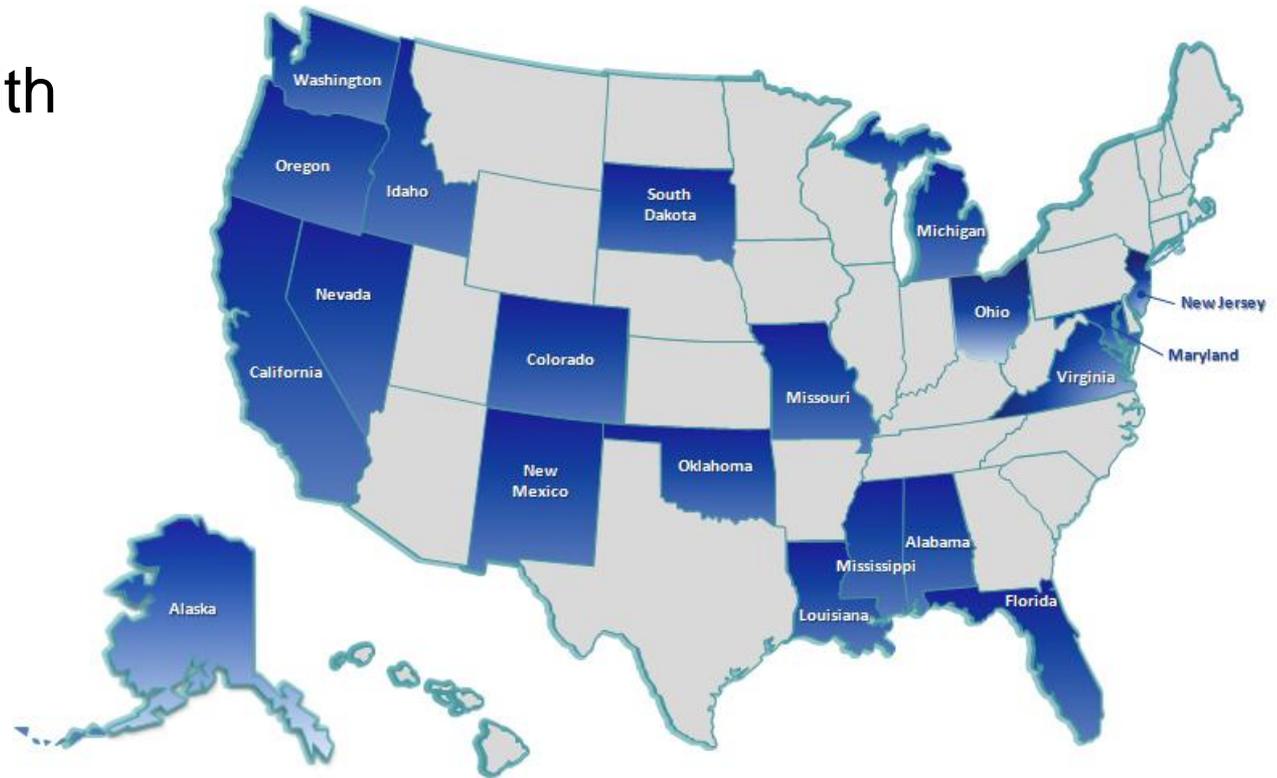
The Timing

- Vendor Performance Management is a relevant and high visibility topic
 - Within RSA/CSAVR
 - Within the State
 - Within our department
- Initial discussion regarding performance management in fall, 2008 – Where do we go from here?
- Alliance approached me following Fall 2009 CSAVR conference about a pilot

Alliance Introduction

AWARE VR

- Contracted with 23 DSUs
- Worked with OVRs since 1998



Alliance Introduction

Pilot Background

- Engaged many different State-Vendor business models.
- Attended CSAVR and Management Services Committee since 2000. Observed growing demand for transparency.
- Hired CEO in 2008; background in Performance Management and Business Intelligence.
- **AWARE VIS** demos sidetracked by vendor data analysis.

Question – Can we apply commercial best practices to social service programs in the public sector?

Alliance Introduction

Problem Statement

- Agencies spend a ton of money on service providers (vendors).
- No easy way to consistently measure vendor performance.
- Cannot objectively identify:
 - Under performing vendors
 - High performing vendors
- Without meaningful data vendor performance is left to subjective and emotional evaluation.

Alliance Introduction

Step 1: Vendor Contribution Assessment (VCA)

VCA Goal: To provide transparency regarding vendor alignment with the VR agency's mission.

VR Mission: To develop quality employment opportunities for people with disabilities.

VCA Methodology:

- Quantify vendor performance
- Compare and contrast vendor results based on successful outcomes

Alliance Introduction

OVRS VCA Partner, Cost Technology, Inc.

- Performance management consultancy, 25 experience
- Dr. Peter B. B. Turney, CEO
 - Recognized thought leader in the field of performance management and business analytics
 - Respected author of several books and hundreds of articles on performance management
- Minti Ray, Associate Director
- HQ in Portland, Oregon

OVRS Vendor Performance Pilot

- Phase 1 – Build the VCA model and validate results
- Phase 2 – Agile analysis of specific areas of interest
 - Identify and validate improvement opportunities
 - Prioritize and target opportunities.
 - Publish Results

Advisory Board

- Agencies
 - Idaho Division of Vocational Rehabilitation
 - Michigan Rehabilitation Services
 - Mississippi Department of Rehabilitation Services
 - Oklahoma Department of Rehabilitation Services
- Involvement in Vendor Performance Pilot program
 - Validate assumptions used to model the VR environment.
 - Ensure the VCA model has a national perspective.

Executive Summary

Highlights of the OVRs Vendor Performance Pilot

OVRS Perspective

- For the results, very little investment in OVRS time
- But, our work was intense!
 - Thinking about things in a different way
 - A challenge to understand the concept of “vendor value” and “value contribution”
 - Sparked a lot of useful discussion
 - Quick process

OQRS Perspective

- Achieved outcome – a product we can use
- Confirmed our anecdotal sense of things, which gave us confidence in the program
- Process was transparent and data-driven
- Leverage private sector business practices
- Adopting this assessment process brings us into alignment with the department's cultural shift to greater accountability
- Interest elsewhere in the department in the process

Alliance Perspective

- A Vendor Contribution Assessment (VCA) model can objectively measure vendor performance.
- Resulting Analysis
 - Confirmed agency's subjective appraisals about vendors.
 - Uncovered hidden issues.
 - Provides tangible evidence for resolving issues with vendors.
- VCA scorecard is an effective tool to convey results to agency leadership.
- Business intelligence (BI) is crucial to reporting, evaluating, and improving vendor performance.
- Communication is critical to enable change.

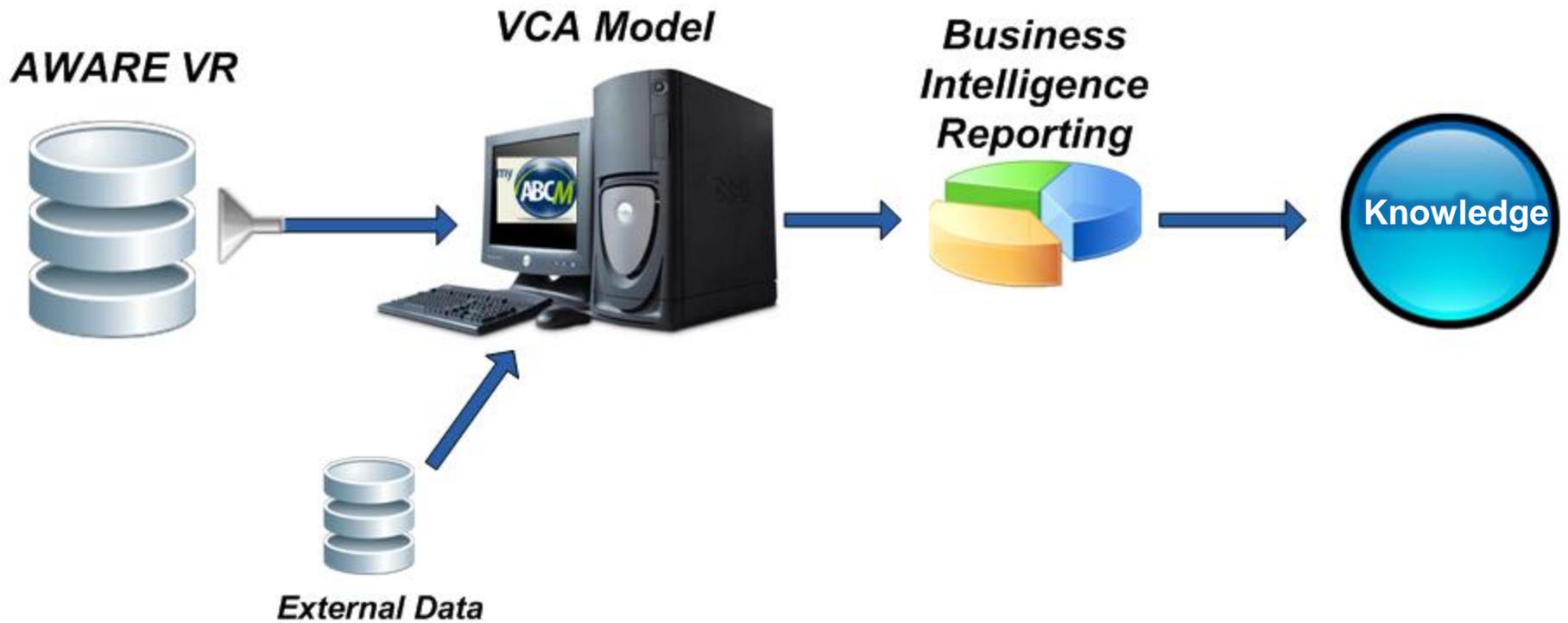
VCA Assessment Overview

Present Approach

Phase 1: Establish Vendor Value

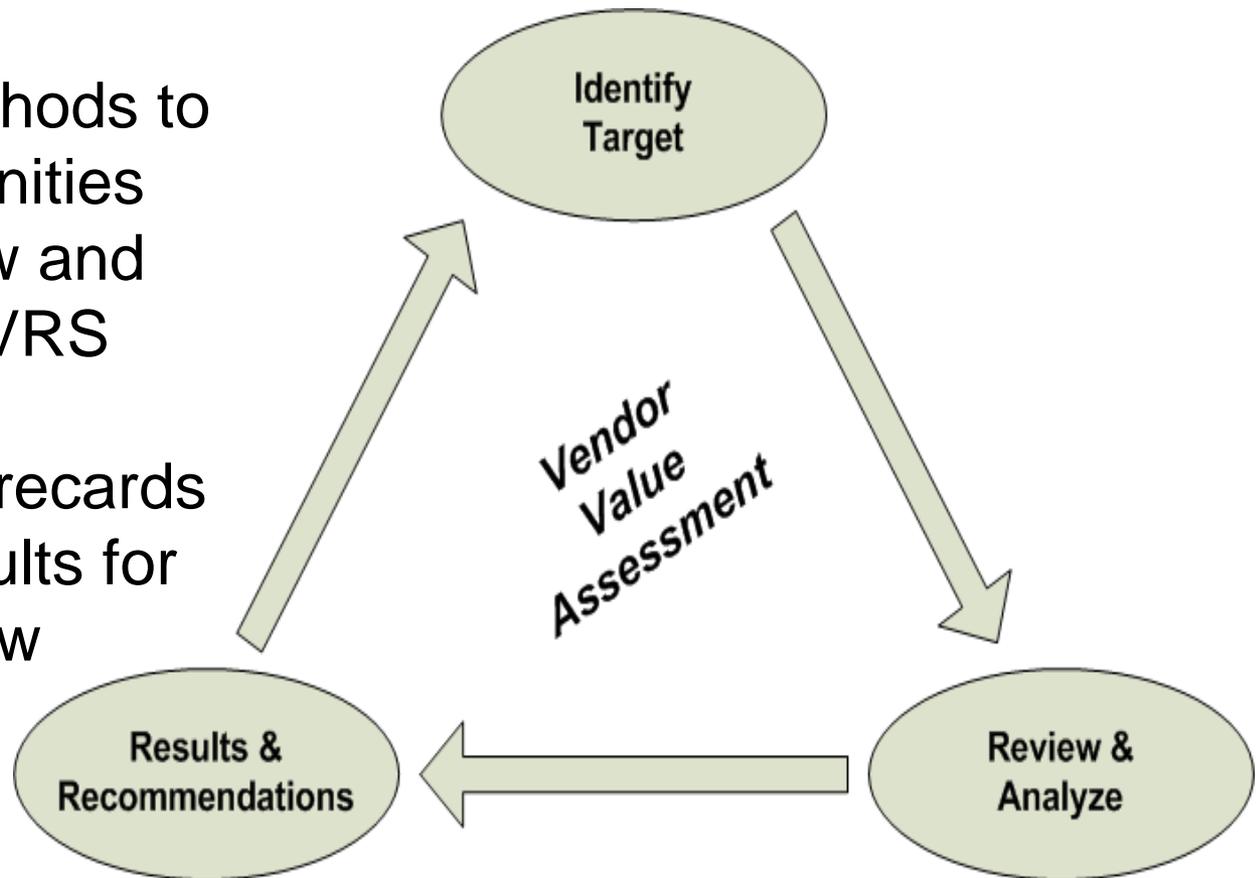
- Objective measurement common for all vendors.
- Modeled key factors that impact outcomes:
 - Significance of the disability
 - Wages, benefits and opportunity for advancement
 - Number and type of services provided
- Defined “Value Contribution” as the benefit received by the participant compared to the cost spent by the agency to deliver the benefit.

Process Flow



Phase 2: Target Improvements

- Used Agile methods to vet the opportunities
- Targeted review and analysis per OVRS team direction
- Developed scorecards to illustrate results for executive review



VCA Assessment

What did we do and what were the results?

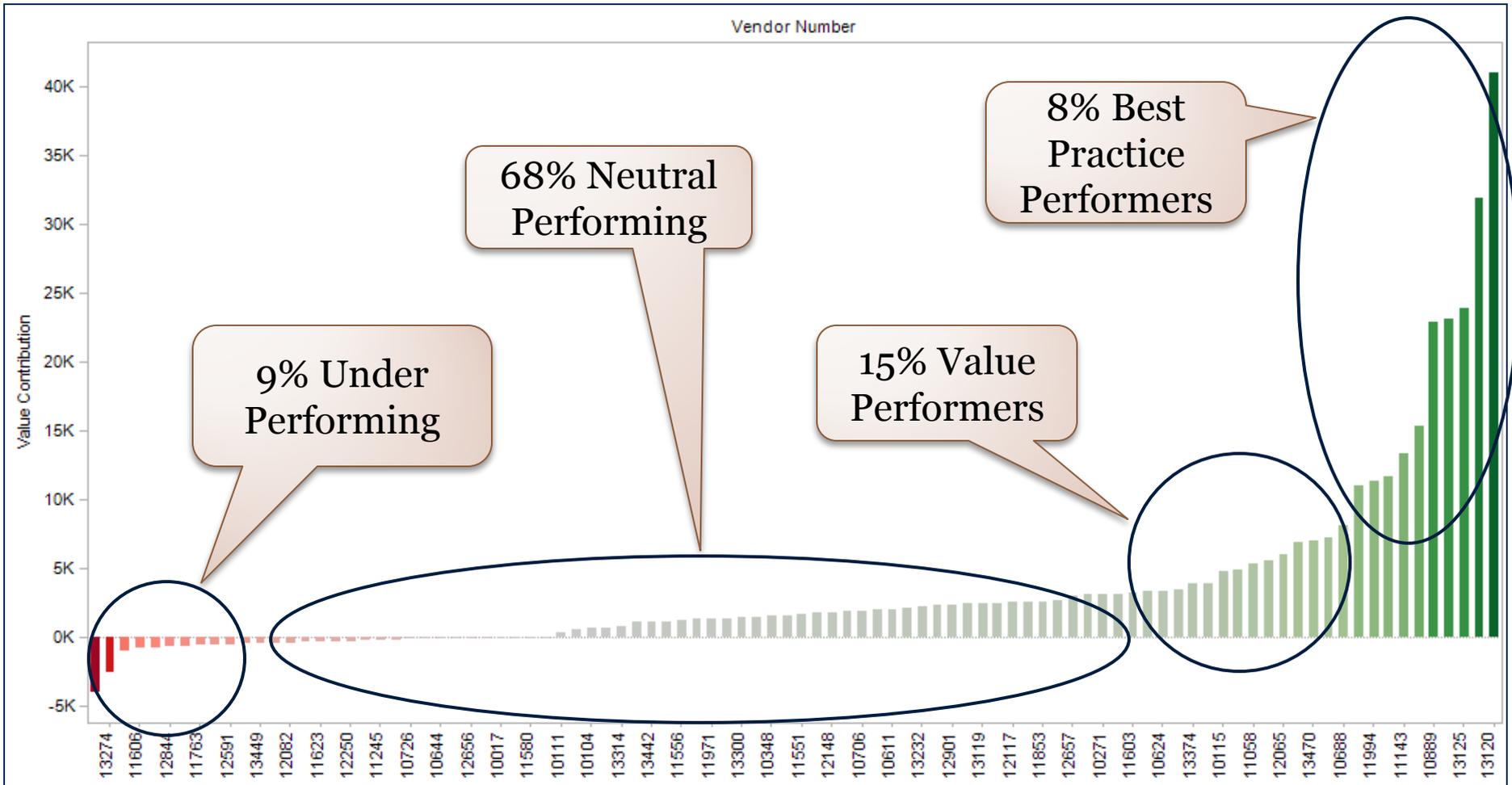
Phase 1: Develop VCA Model

- Fiscal years 2007, 2008 and 2009
 - 3,728 vendors analyzed
 - 9,871 cases considered
 - 28,469 services provided
- Use data already collected
- Used Alliance's Business Intelligence software to calculate and display results

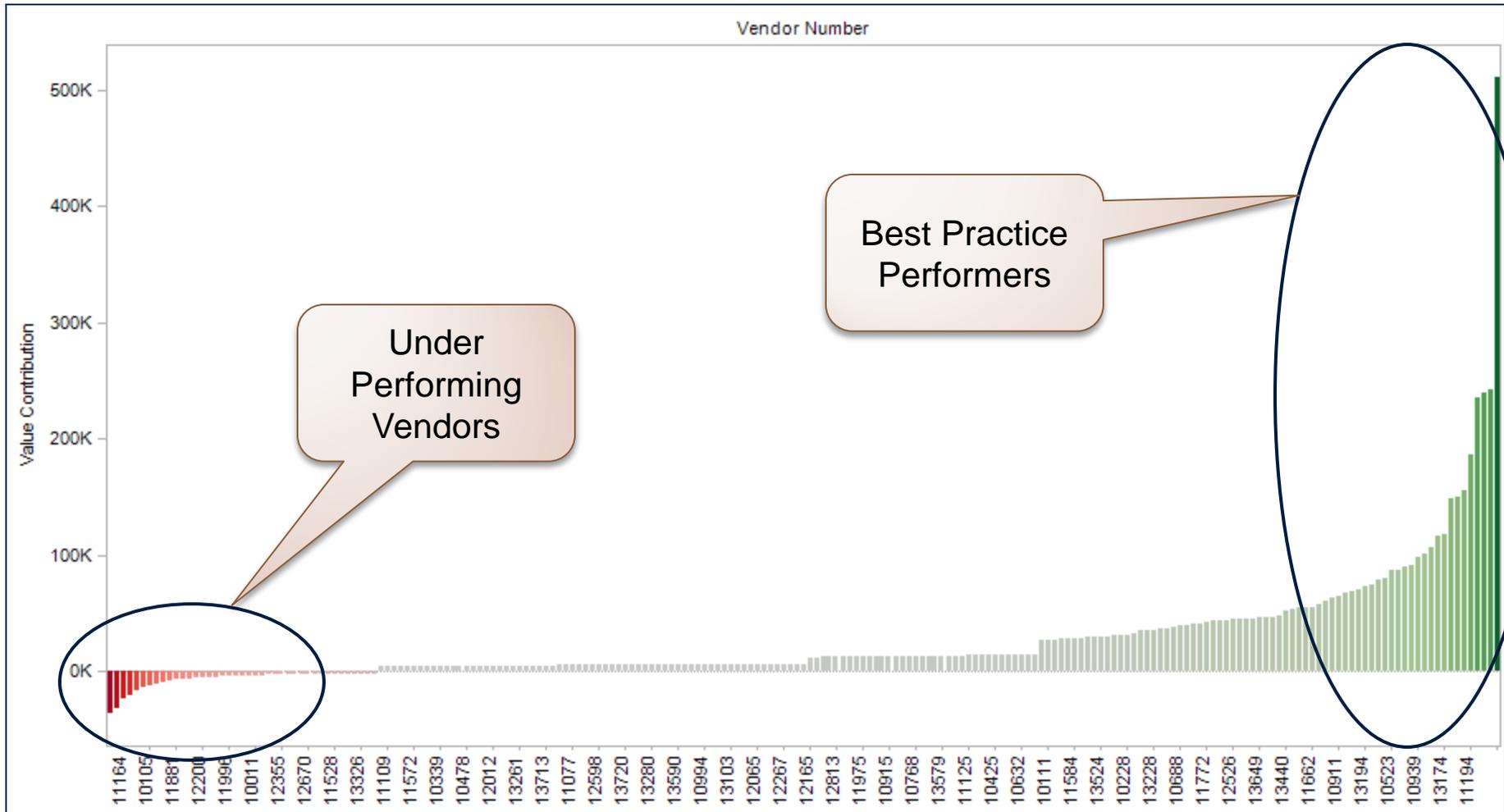
Phase 1: OVRS VCA Results

- Vendors providing Disability Related Skills Training:
 - Under Performing 9%
 - Neutral Performing 68%
 - Value Performing 15%
 - Best Practice Performers 8%
- Vendors providing Job Coaching Service Category:
 - Under Performing 15%
 - Neutral Performing 58%
 - Value Performing 13%
 - Best Practice Performers 15%

Value Contribution for Disability Related Skills Training



Value Contribution for Cognitive Impairments



Phase 2: Target Improvements

- Agile methods to validate and target opportunities
 - Vendors providing Job Search Assistance services
 - Vendors that work with disability categories:
 - Cognitive Impairments
 - Psychological/Social
 - Other Mental Impairments
- Develop VCA scorecard for OVRS leadership
 - Successful Outcome Rates
 - Value Contribution (average by case for each vendor)

Phase 2: OVRS VCA Scorecard

- OVRS selected the following scorecard topics:
 - Primary disability
 - Cause
 - Demographics
 - Age
 - Gender
 - Primary support at application
 - Transition
 - SE
 - SSI/SSDI

Phase 2: Sample Scorecard

Vendor Name: Jobs R Us

- Value Contribution Rank: 4 out of 62
- Successful Closure Rate Rank: 1 out of 62

Primary Disability	Cases Served	Average Value Contribution by Case			% Cases Closed Successful		
		Vendor	Group	Delta	Vendor	Group	Delta
Cognitive impairments	9	1379	355	1023	89%	59%	30%
General physical debilitation	2	3319	732	2586	100%	52%	48%
Mobility	1	9023	110	8914	100%	52%	48%
Other mental impairments	2	548	423	125	100%	54%	46%
Other physical impairments	6	1394	752	642	67%	55%	11%
Psychosocial impairments	4	46	737	-691	75%	59%	16%
Total	24	1571	444	1127	83%	57%	26%

Phase 2: Sample Vendor Ranking

Value Rank	Success Rank	Vendors for Disability Selection over 10 cases	Cases Served	Average Value Contribution by Case	% Cases Closed Successful
4	1	Vendor A	24	1571	83%
37	2	Vendor B	54	268	80%
6	3	Vendor C	26	1344	73%
55	4	Vendor D	31	-394	71%
16	5	Vendor E	27	912	70%
1	6	Vendor F	40	2275	70%
56	7	Vendor G	16	-462	69%
34	8	Vendor H	19	364	68%
18	9	Vendor I	88	859	67%
17	10	Vendor J	18	897	67%
26	11	Vendor K	41	581	66%

Top 10 in Green, Bottom 10 in Red

Phase 2: Sample Vendor Ranking

Value Rank	Success Rank	Vendors for Disability Selection over 10 cases	Cases Served	Average Value Contribution by Case	% Cases Closed Successful
47	51	Vendor AA	31	34	48%
2	52	Vendor BB	27	2097	48%
54	53	Vendor CC	21	-379	48%
23	54	Vendor DD	32	704	47%
28	55	Vendor EE	47	540	47%
39	56	Vendor FF	37	183	46%
30	57	Vendor GG	27	513	44%
46	58	Vendor HH	29	35	41%
35	59	Vendor II	28	350	39%
38	60	Vendor JJ	16	261	38%
51	61	Vendor KK	14	-105	36%
57	62	Vendor LL	13	-612	31%

Top 10 in Green, Bottom 10 in Red

Phase 2: Key Findings (Nuggets)

- Three vendors achieved top 10 status in both
 - Successful Outcome Rate
 - Average Value Contribution by Case
 - ***Best Practice Performers!***
- Two vendors were ranked in the bottom 10 in both
 - Successful Outcome Rate
 - Average Value Contribution by Case
 - ***Under Performing***

Phase 2: Key Findings (Nuggets)

- Two vendors had
 - Top 10 Successful Outcome rankings
 - And Bottom 10 Average Value Contribution by Case rankings
 - *Needs more research, discussion with vendor and counselor*
- One vendor had
 - A Bottom 10 Successful Outcome ranking
 - But a top 10 Average Value Contribution by Case ranking
 - *Needs more research, discussion with vendor and counselor*

VCA: Next Steps

- OVRS
 - Distribute scorecards to managers and vendors
 - Identify additional in-depth analysis topics
 - Introduce assessment to CRPs
 - Review vendor performance as a part of renewing vendor contracts
 - Research and publish best practices

VCA: Next Steps

- OVRS VCA Team
 - Document Lessons Learned from OVRS
 - Document model methodology to OVRS for CRP communication
 - Publish a White Paper documenting the Pilot results
 - Present updated results at CSAVR fall conference

VCA: Next Steps

- Alliance
 - Modify model:
 - Use Successful Completion of Service.
 - Revise for running “real time.”
 - Perform assessments with additional agencies.
 - Publish additional White Papers documenting other agency assessments, best practices and reengineering.

Questions?

VCA Project Team

- OVRS
 - David Ritacco
 - Ron Barcikowski
- Alliance
 - Kelly Boston
 - Darcy Fleming
 - Mike Mueller

Thank you for attending

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