



Australian Government

Department of Defence

Defence Materiel Organisation

DEFENCE MATERIEL ORGANISATION

# Benchmarking

Andy Mudie  
Deputy Director Codification Services  
Australian NCB

PACS XII Sydney, April 2010





## Aim of this Meeting

- Is to secure agreement/consensus for:
  - Implementation of standardised KPI's and benchmarks.
  - Publishing comparative table of PACS member performance.
- It should be noted:
  - Benchmarking has the support of the Chairman AC135.
  - The intent of benchmarking is to drive business improvement over time – best practice.
  - There is an obligation to make progress in this area today.
- The Australian NCB intends:
  - From Jan 2011, Australia will publish its performance stats via the PACS website, along with those submitted by other PACS members and Nil returns.
  - A summary will be provided to Chairman AC135.



## PACS IX Vancouver 2007

- Australian NCB has introduced several Key Performance Indicators (KPI) to measure the productivity and efficiency of our Codification Operations section.
  - **PRODUCTIVITY** – throughput (new & maintenance)
  - **CUSTOMER SATISFACTION** – job completion, turn-around times
  - **QUALITY** – rework rate
  - **PRODUCT COST** (under development)
- Developed internally – no “best practice” comparisons
- Is there a benefit in agreeing and establishing similar KPIs (business efficiency/effectiveness measures, including product cost benchmarks) across PACS or AC135?
- **Generally agreed to pursue within PACS**





## PACS X Tonga 2008

- Australian NCB discussed and presented its current KPIs describing the presentation method and benchmarks for each.
- Discussed future developments for reporting and codification work flow tool implementation.
- Singapore NCB provided an analysis of the Australian KPI reports with the following observations:
  - Reports useful, adopted the quality KPI
  - Work Rate - Suggest different targets for new items by type
  - Service Level – Suggest % achieved against target rather than average
- **Delegates asked to consider options.**





## PACS XI Seoul 2009

- Agree and implement best practice benchmarks for internal and external KPIs.
- Consider whether internal KPIs are a business efficiency/effectiveness measure and as such of reduced interest to NATO (as opposed to codification data/process improvement benchmarks).
- Is there sufficient commonality of operations between NCBs to facilitate benchmarking?
- Recognition – annual ‘Best Practice’ award?
- Publish results – top performers?
- **Agreed:**
  - In principle to implement benchmarks for cost, timeliness and quality.
  - Consider how to publish results.

The poster for the 11th Pacific Area Cataloguing Seminar (PACS XI) is set against a golden background with a map of the Pacific region. At the top left is the PACS logo, and at the top right is the South Korean flag. The title 'PACS' is written in large, bold, red letters. Below it, the text reads 'The 11<sup>th</sup> Pacific Area Cataloguing Seminar' and '제11차 태평양 지역 목록세미나'. A circular arrangement of flags from various Pacific nations surrounds the central text. Key details include: 'Date : '09. 4. 15(WED) ~ 4. 17(FRI)' and 'Place : Seoul Air force Club 서울 공군회관'. A quote at the bottom reads '“The Key to Logistics Interoperability in the Pacific”'. The logo for the Defense Acquisition Program Administration (DAPA) is at the bottom right.



# Productivity



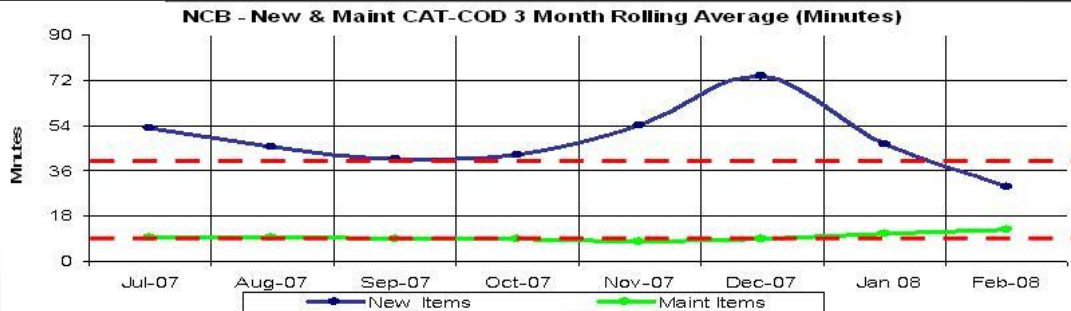
## Codification/Cataloguing workrate

|                               |  |          |         |
|-------------------------------|--|----------|---------|
| <b>Description of Measure</b> | This KPI measures, on a 3 monthly rolling average basis, the productivity and efficiency of the NCB Codification Services area measured against established benchmarks. Actual hours are divided by total output (productivity) for the period to derive average transaction durations for the New and Maintenance codification task categories. |          |         |
| <b>Target</b>                 | New Cat/Cod – 40 minutes Maintenance Cat/Cod – 9 minutes   |          |         |
|                               | > 15%  | 6% - 15% | 0% - 5% |

New

R  
Y  
G

→



Maint.

R  
Y  
G

→



# Customer Satisfaction



## Codification service levels

|  |   |                       |                     |                 |
|--|---|-----------------------|---------------------|-----------------|
| <b>Description of Measure</b>  | This KPI measures the effectiveness of the codification services group in meeting target completion timeframes for service requests. The benchmark turnaround times vary across a range of prioritisation categories. |                       |                     |                 |
| <b>Targets</b>   | <i>IAW 'Benchmark (avg days)' in table below</i>  |                       |                     |                 |
|  | > 15%   | 6% - 15%              | 0% - 5%             |                 |
|  |   |                       |                     |                 |
| Priority   | Number of Service Requests  | Benchmark (avg days)* | Actual (avg days) * | Number of Items |
| Items for immediate operational deployment or OH&S items in response to an OHSIR | 73  | 3                     | 2                   | 245             |
| Higher priority items (written justification required)                           | 95  | 10                    | 5                   | 242             |
| Routine requests codified by NCB   | 276   | 15                    | 15                  | 4559            |
| Routine requests codified overseas.  | 584   | 60                    | 30                  | 2454            |





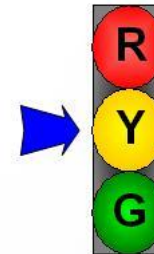
# Quality



## Codification Quality

|  |  |  |             |
|--|--|--|-------------|
| <b>Description of Measures</b>                             |  | <p><b>This measure has two components:</b><br/> <b>Percentage of Items Re-worked.</b> This is the percentage of items reworked after completed codification tasks fail to meet best practice principles, as measured by senior codifiers during internal quality inspections. This is carried out before the work is released to clients.<br/> <b>Percentage Re-worked Following Return from Clients.</b> This is the percentage of items that are reworked after they are returned to the NCB by ADFLM's.</p> |             |
| <b>Measures</b>  | <b>Targets</b>   |  |             |
| <i>Percentage of Items Re-worked</i>                       | > 15%  | 6% - 15%   | 0% - 5%     |
| <i>Percentage Re-worked Following Return from Clients.</i> | ≥ 0.5%   | 0.2% - 0.5%  | 0.0% - 0.1% |
| <b>Number of Items Inspected Internally</b>                | <b>No of Items Reworked Following Internal Inspection</b>      | <b>Percentage of Items Re-worked</b>   |             |
| 42   | 4  | 9%   |             |
| <b>Number of Items returned to Clients</b>                 | <b>Number of items Re-worked Following Return from Clients</b> | <b>Percentage Re-worked Following Return from Clients</b>  |             |
| 7500   | 0  | 0%   |             |

Re-worked Items



Re-worked Returns





Australian Government

Department of Defence

Defence Materiel Organisation

DEFENCE MATERIEL ORGANISATION













## PACS XII Sydney 2010

- Seeking agreement/consensus for the following:
  - Codification performance benchmarks for PACS participating nations
    - Average V percentage within target
    - Target benchmark values
  - Implementation timeline for provision of benchmark data
    - Commence January 2011
    - Update quarterly
  - Publishing methodology
    - PACS website
    - Data V graphical/visual representation
    - Simple traffic light





## Example Publishing Method

| PACS Performance Benchmarks Q3 09/10 |   |  |   |
|--------------------------------------|---|--|---|
| Country                              | Productivity  | Customer Satisfaction  | Quality   |
| Country 1                            |    |    |    |
| Country 2                            |    |    |    |
| Country 3                            |   |   |   |
| Country 4                            |  |  |  |



## Example Publishing Method

| PACS Performance Benchmarks Q3 09/10 |            |              |     |     |                       |     |     |         |     |     |
|--------------------------------------|------------|--------------|-----|-----|-----------------------|-----|-----|---------|-----|-----|
| Country                              | NCS Status | Productivity |     |     | Customer Satisfaction |     |     | Quality |     |     |
| Country 1                            | Tier 2     | 95%          |     |     |                       | 67% |     | 99%     |     |     |
| Country 2                            |            | 87%          |     |     | 100%                  |     |     |         |     | 53% |
| Country 3                            |            | 92%          |     |     | 87%                   |     |     | 96%     |     |     |
| Country 4                            | Tier 2     | 86%          |     |     | 92%                   |     |     | 99%     |     |     |
| Country 5                            | Tier 1     |              |     | 61% | 86%                   |     |     |         | 84% |     |
| Country 6                            | Tier 2     | 90%          |     |     | 95%                   |     |     | 100%    |     |     |
| Country 7                            | Tier 1     | 89%          |     |     | 97%                   |     |     | 87%     |     |     |
| Country 8                            | Tier 1     | 99%          |     |     | 88%                   |     |     |         | 65% |     |
| Country 9                            | Tier 1     |              | 72% |     | 99%                   |     |     | 90%     |     |     |
| Country 10                           | Tier 2     | 100%         |     |     | 100%                  |     |     | 95%     |     |     |
| Country 11                           | Tier 1     | 95%          |     |     |                       |     | 51% | 89%     |     |     |
| Country 12                           | Tier 1     | 91%          |     |     | 89%                   |     |     | 95%     |     |     |
| Country 13                           | NATO       | 88%          |     |     | 91%                   |     |     | 98%     |     |     |