

E. Program Analysis – The Services Assessment

As part of the Needs Assessment process, staff was given the **Public Sector Service Assessment**, a tool to help them identify duplication of service or saturation in the market. The instruction process included hands-on application which results in identifying alternative provision strategies depending on who else is providing services in the target market, and the Broward County's market position for the target service area.

Background on the Public Sector Agency Service Assessment

Based on the **MacMillan Matrix for Competitive Analysis of Programs**¹, the Public Sector Services Assessment Matrix is an extraordinarily valuable tool that is specifically adapted to help public agencies evaluate their services. The MacMillan Matrix realized significant success in the non-profit environment and has led to application in the public sector. The **Public Sector Agency Services Assessment Matrix (Figure 5)** is based on the assumption that duplication of existing comparable services (unnecessary competition) among public and non-profit organizations can fragment limited available resources, leaving all providers too weak to increase the quality and cost-effectiveness of customer services.



Public agencies have not traditionally been thought of as organizations needing to be competitively oriented. Unlike private and commercial enterprises, which compete for customers and whose very survival depends on satisfying paying customers, many public organizations operate in a non-market, or grants economy – one in which services may not be commercially viable. In other words, the marketplace may not supply sufficient and adequate resources.

In the public sector, customers (taxpayers) do not decide how funding is allocated and which service gets adequate, ongoing funding. In fact, Broward County can be considered a "sole-source" (the only place to get a service) in many instances, so there is little to no market saturation. Therefore, there is potential for apathetic service enhancement and improvement. Consequently, public organizations like Broward County have not necessarily had an incentive to question the status quo, to assess whether customer needs were being met, or to examine the cost-effectiveness or quality of available services.

The public sector and market environments have changed. Funders and customers alike are beginning to demand more accountability, and both traditional (taxes and mandatory fees) and alternative funding (grants and contributions) are getting harder to come by, even as need and demand increase. This increasing demand for a smaller pool of resources requires today's public agencies to rethink how they do business, to provide services where appropriate, to avoid duplicating existing comparable services, and to increase collaboration when possible. In addition, organizations are leveraging all available resources where possible.

¹ Alliance for Nonprofit Management

An assessment of **Public Sector Agency Services** is an intensive review of organizational services including activities, facilities, and parklands that leads to the development of the Division's **Service Portfolio**. Additional results indicate whether the service is **“core to the Division’s values and vision,”** and provide recommended provision strategies that can include, but are not limited to, enhancement of service, reduction of service, collaboration, and advancing or affirming market position. This assessment begins to provide a nexus relative to which services are central to Broward County’s purpose. The process includes an analysis of each service’s relevance to Broward County’s values and vision, the Division’s market position in the community relative to market, other service providers in the service area including quantity and quality of provider, and the economic viability of the service.

The **Public Sector Agency Service Assessment Matrix** assumes that trying to be all things to all people can result in mediocre or low-quality service. Instead, agencies should focus on delivering higher-quality service in a more focused (and perhaps limited) way. The Matrix helps organizations think about some very pragmatic questions.

- Q: Is the agency the best or most appropriate organization to provide the service?**
- Q: Is market competition good for the citizenry?**
- Q: Is the agency spreading its resources too thin without the capacity to sustain core services and the system in general?**
- Q: Are there opportunities to work with another organization to provide services in a more efficient and responsible manner?**

Figure 5: Public Sector Agency Services Assessment Matrix

Services Assessment Matrix © 2009 GreenPlay LLC and GP RED		Financial Capacity Economically Viable		Financial Capacity Not Economically Viable	
		Alternative Coverage High	Alternative Coverage Low	Alternative Coverage High	Alternative Coverage Low
Good Fit	Strong Market Position	Affirm Market Position 1	Advance Market Position 2	Complementary Development 5	“Core Service” 6
	Weak Market Position	Divest 3	Invest, Collaborate or Divest 4	Collaborate or Divest 7	Collaborate or Divest 8
Poor Fit	Divest				9

Note: Based on MacMillan Matrix for Nonprofit agencies from the Alliance for Nonprofit Management. Adapted by GreenPlay LLC and GP RED for Public Sector Agencies. April 2009.

The following questions guide the process to determine each service's fit with the agency's values and vision, the agency's strength or weakness in the target market service area, the service's financial sustainability potential, and who else is providing like or similar services in the target market service area. Each question has to be answered for each service.

Fit

Fit is the degree to which a service aligns with the agency's values and vision, reflecting the community's interests. If a service aligns with the agency's values and vision and contributes to the overall enhancement of the community, it is classified as a "good fit." If not, the service is considered a "poor fit."

- Does the service align with agency values and vision?
- Does the service provide community-wide return on investment (i.e. community, individual, environmental, or economic benefits and outcomes that align with agency values such as crime prevention, improved health and well-being, enhancement of property values, etc.)?

Financial Capacity

Financial Capacity is the degree to which a service (including a program, facility, or land asset) is currently or potentially attractive as an investment of current and future resources to an agency from an economic perspective.

No program should be classified as "highly attractive" unless it is ranked as attractive on a substantial majority of the criteria below.

- Does the service have the capacity to sustain itself (break even) independent of General Fund or taxpayer subsidy/support?
- Can the service reasonably generate at least 50% from fees and charges?
- Can the service reasonably generate excess revenues over direct expenditures through the assessment of fees and charges?
- Are there consistent and stable alternative funding sources such as donations, sponsorships, grants, and/or volunteer contributions for this service?
- Can the service reasonably generate at least 25% of the costs of service from alternative funding sources?
- Is there demand for this service from a significant/large portion of the service's target market?
- Can the user self-direct or operate/maintain the service without agency support?

Market Position

Market Position is the degree to which the organization has a stronger capability and potential to deliver the service than other agencies – a combination of the agency’s effectiveness, quality, credibility, and market share dominance. No service should be classified as being in a “strong market position” unless it has some clear basis for declaring superiority over all providers in that service category and is ranked as affirmative on a substantial majority of the criteria below.

- Does the agency have the adequate resources necessary to effectively operate and maintain the service?
- Is the service provided at a convenient or good location in relation to the target market?
- Does the agency have a superior track record of quality service delivery?
- Does the agency currently own a large share of the target market currently served?
- Is the agency currently gaining momentum or growing its customer base in relation to other providers (e.g., "Is there a consistent waiting list for the service")?
- Can the community, individual, environmental, and/or economic benefits realized as a result of the service be clearly defined?
- Does agency staff have superior technical skills needed for quality service delivery?
- Does the agency have the ability to conduct necessary research, pre and post participation assessments, and/or properly monitor and evaluate service performance therefore justifying the agency’s continued provision of the service (Benchmarking performance or impact to community issues, values, or vision)?
- Are marketing efforts and resources effective in reaching and engaging the target market?

Alternative Coverage

Alternative Coverage is the extent to which like or similar services are provided in the service area to meet customer demand and need. If there are no other large (significant), or very few small agencies producing or providing comparable services in the same region or service area, the service should be classified as “low coverage.” Otherwise, coverage is “high.”

Unfair Competition

It has become somewhat challenging to draw a line of demarcation between those services that are recognized to be the prerogative of the private sector and those thought to be the responsibility of the public sector. Overlap of service production and provision are common. A continuing problem today is the lack of clarification between what sector should be producing or providing which services; therefore, boundaries should be developed. It is necessary to reshape how public and private sector agencies work either independent of each other or together in a more effective way, becoming complementary rather than duplicative.

Service lines are blurred due to a variety of factors. Whether it is due to the emergence of new services that have not been offered before, in response to customer demand, or reduced availability of public funds and therefore greater dependence on revenue generation, at times, these blurred lines can result in charges that the public sector engages in unfair competition practices by offering similar or like services to those of the private sector. These charges result from resource advantages that the public sector has over the private sector including, but not limited to, immunity from taxation and the ability to charge lower fees for similar or like services due to receipt of subsidy dollars.

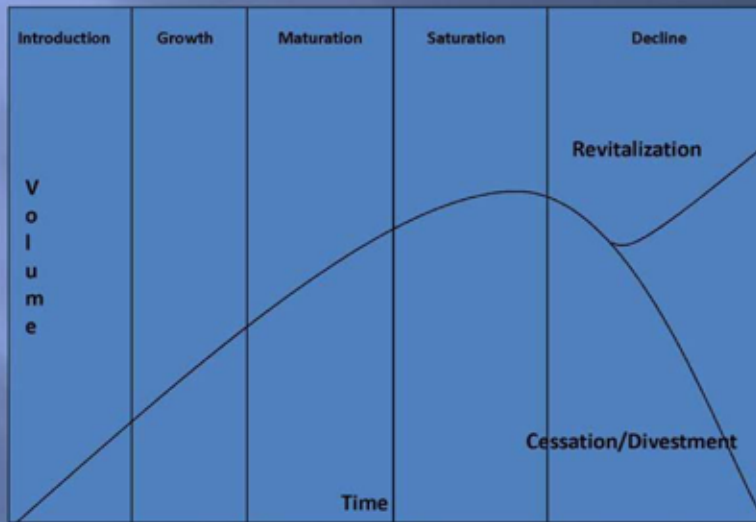
The Service Assessment forces participants to consider this issue in light of specific target markets being served, fees that may be barriers to participation, type of service offered, etc.

The Broward County Services Assessment Process and Results

Forty-five staff participated in training workshops April 26 and 27, 2012 on the Public Sector Services Assessment and then was provided "homework" materials to be completed electronically in order to use and modify them later as conditions change.

- The **Services Menu** (the list of all the services the County offers) is used to populate the Broward County Services Analysis spreadsheet under the heading "Service Type."
- The **Broward County Services Analysis** spreadsheet answers specific target market questions regarding the County's services by location. The subheading of "Component and Services Provided" further breaks down or defines each service within the "Catchment" or service area (where the target market is coming from). The "Target Market" is different for each service, and the alternative providers may be different.
- The **Alternative Providers Analysis** spreadsheet outlines the details of "like or similar" services provided by others in the target market (competition for this service). Not every service will have alternative providers, but some will. The goal is to know the market, agency services, the agency's target market, its service area, and its alternative providers (competitors or possible collaborators/partners), so market research is often necessary.
- A **sample of an Agency Services Analysis** spreadsheet was provided.
- A **sample of an Alternative Provider Service Analysis** spreadsheet was provided.
- **Program/Service Lifecycle** was discussed:
 - The stages of development over time along with the volume of participation/users.
 - Recognizing that at the point of saturation we must do something with the program or service or it will become a "dead horse" which should be eliminated or revitalized.

Program Lifecycle



Services were put through the matrix assessment during facilitated workshops on May 16-18, 2012 to determine provision strategies. It is the County's intention that all services will be evaluated with the assessment matrix annually prior to developing the next fiscal year's budget requests.

Results

Eliminating services that are important to someone or have been offered for some time is challenging. Letting go and making choices based on objective tools must transcend the emotional attachments, because Broward County is a public service provider. While this may be difficult, most agencies are re-thinking their resource and labor-intensive special events and services for which they are no longer the strongest provider in the service's target market. The following services were identified through the process as "collaborate or divest":

- The term "partnership" should be defined as those that have a key strategic aligned mission and are mutually beneficial collaborations to fulfill an important or essential service. Partnerships should be negotiated in writing, reviewed annually and be valued based on true cost of service provision. A sample partnership agreement can be found in **Appendix B**.

- In general, the staff would like to begin charging for services or raise fees to increase service sustainability. Fees should be determined based on direct cost of service provision, cost recovery goals, and market analysis. Fee setting should be flexible and based on market conditions, which often change. Fees create a perception of value and increase customer commitment to participation. Services that generate excess revenue over direct expenses are often a result of demand or market conditions. The excess revenue could be used to fund a scholarship program to ensure that those with ability to pay issues can still participate. It could also be used to provide more services that benefit the community or County as a whole. Because of a shrinking tax base, those services that benefit the community as a whole should get the majority of taxpayer investment to fund the ongoing operations and maintenance of the service. Conversely, those services which only benefit an individual should receive little, if any, taxpayer investment funding, and should be “pay-to-play” services. It is recommended that the County undergo a **Resource Allocation, Cost Recovery Philosophy, Model and Policy** development process. Please see **Appendix C** for information on GreenPlay’s Pyramid Methodology.
- The County currently has an 80/20 contractor split for programs. This is often insufficient to cover all direct costs that the County incurs to provide the space (set up and clean up, lighting, open a facility after hours, or market, etc.) for the service on behalf of the contractor. It is recommended that all contracts be revised to address this issue on a case by case basis, because direct costs may be different for each service and location. The County should not use a “one-size-fits-all” model to service provision or contract negotiations. In addition, several services are in a weak market position due to low attendance and should be considered for divestment.
- Rentals, concession, vending, and merchandise for resale should be in either an advance or affirm market position. A service is considered for advancement because the service is financially viable, and the County is in a strong market position to provide the service with few, if any, alternative providers. A service is considered for affirmation because there may be one strong or several alternative providers in the target market service area. Due to the quality of the services provided by the present contractor, several services resulted in divestment, complementary development, or are being underwritten by taxpayer investments. The contract and quality issues need to be addressed.
- It is recommended that Brian Piccolo park be marketed as a sports park due to the nature of amenities at that site. This may increase usage. The velodrome “partnership” should be reviewed to determine if it should really be a “partnership,” considered for a long term lease to a private or non-profit organization, or divested. In addition, several of the outside sponsored road course athletic services are not charged fees; this should be considered.
- For Neighborhood Parks and Community Centers, many services do not charge a participation fee, although one has a state-of-the-art fitness area. Several have amenities such as computer labs, which may need re-purposing due to high alternative coverage in the target market service area. Most of these centers are located within two miles of each other, so duplication should be avoided where possible.
- Many typical important or essential park amenities/services were determined to be complementary development, because of duplication in the target market’s service area. In this case, careful consideration should be given when repairs or replacement become necessary to determine if re-purposing is a better option. If there were little alternative coverage in the target market’s service area then the service would be considered “core” to provide using taxpayer investments.

