

THE USE OF PERFORMANCE INDICATOR DATA AS CONTROLLING TOOL – THE CASE OF NOVI SAD

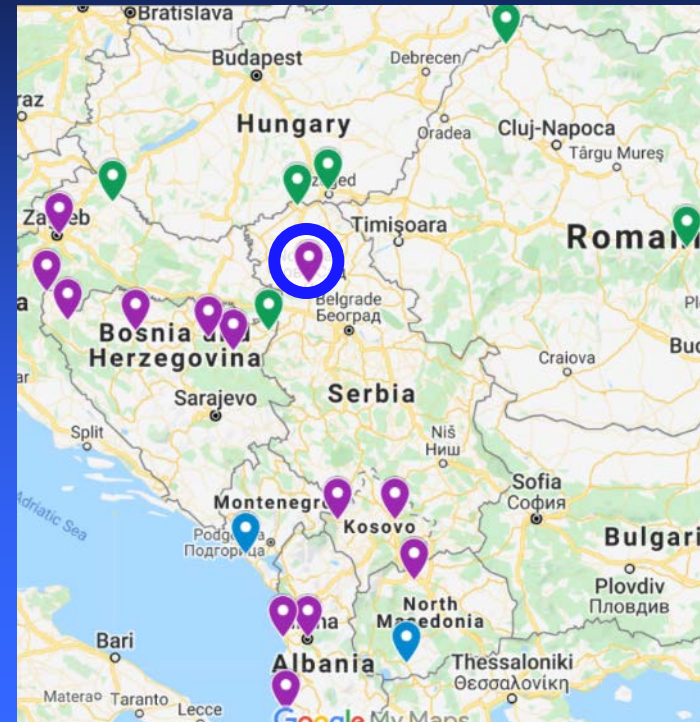


Sanda Nastić, PhD - presentation

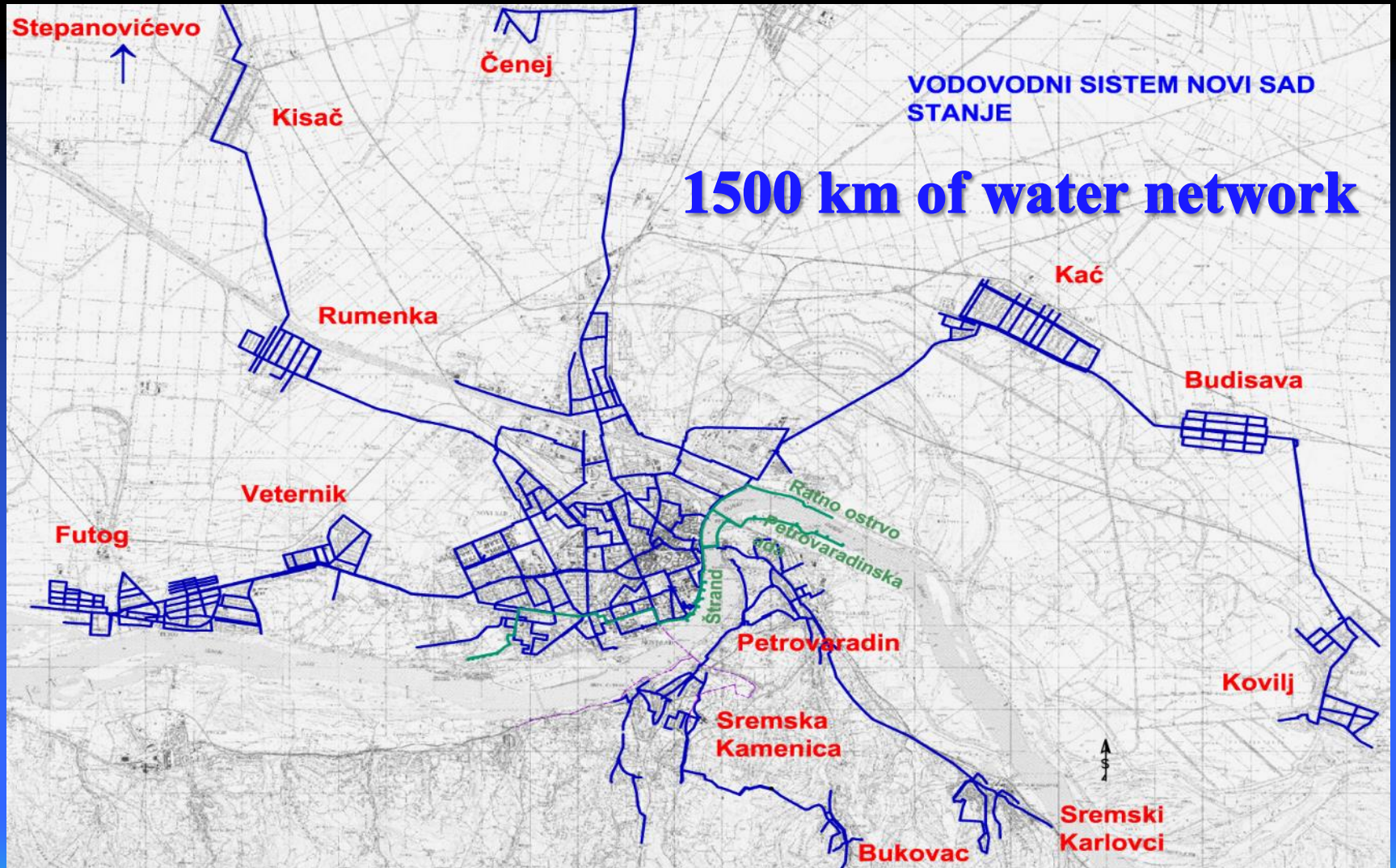
NOVI SAD WS&S UTILITY

- More than 70 years of tradition;
- 130.000 households and over 350.000 citizens use our services on daily basis;
- We deliver 24 million m³ of water annually;
- Our sewerage system drains 1.250 l/s of wastewater;
- With almost 99% confirmed microbiological and chemical analyses, water quality is in top 3 in Serbia by active parameters;

Danube Hub participants



WATER SUPPLY SYSTEM OF NOVI SAD

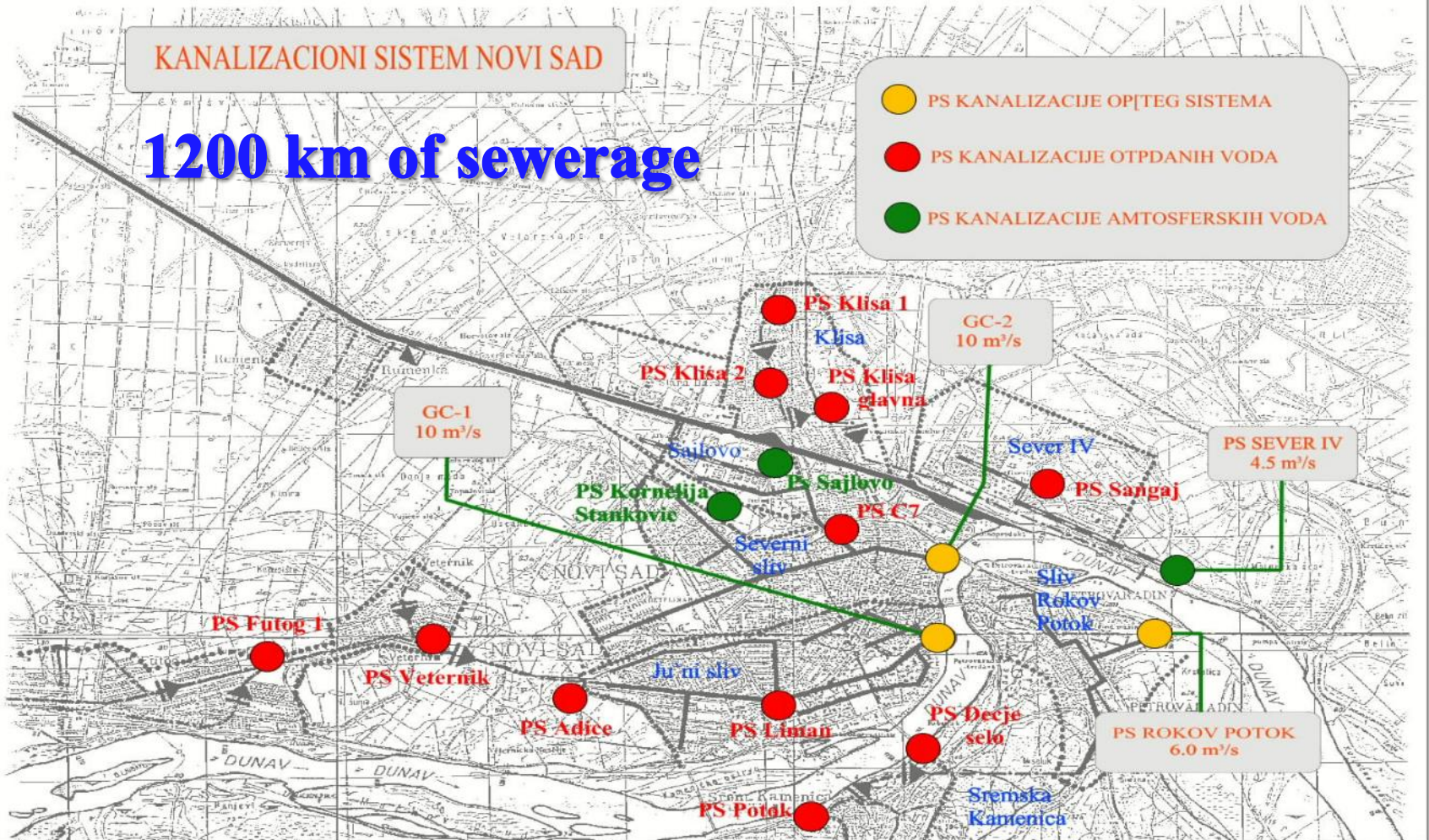


SEWERAGE SYSTEM OF NOVI SAD

KANALIZACIONI SISTEM NOVI SAD

1200 km of sewerage

- PS KANALIZACIJE OPJTEG SISTEMA
- PS KANALIZACIJE OTPDANIH VODA
- PS KANALIZACIJE AMTOSFERSKIH VODA



KPI - Key Performance Indicators

- Performance Indicators (PI) are indicators designed to monitor the desired results of an organization.
- Key Performance Indicators (KPI) track the key processes and are a prerequisite for timely decision making.
- 90% of successful companies apply KPI model through an integral concept of strategic maps and list of harmonized goals.
- Defining of the list of PI is preceded by the setting of the system of planning and reporting.
- Result of performance measurements are reports of defined form and frequency, based on which decisions are made.

HOW THE WORK ON KPIs STARTED in the WS&S Utility, Novi Sad

- KfW program for Serbia started in 2001 - based on investment needs.
- 2006-2009 - Institutional Support Program of KfW (HR unit, KPIs, Plan and analysis process).
- KPI system initially covered only basic processes
- Work on KPI system continued with consultants to expand the list of KPIs in line with the company structure and needs.
- Complementing the KPI system with indicators that affect the main processes.

HOW KPIs WORK TODAY in the WS&S Utility, Novi Sad

- Performance is reported on monthly basis,
- Performance is controlled on monthly, quarterly, and annual basis,
- A KPI may include sub-indicators for each organizational part (example in the next slide),
- KPIs and strategic goals from all org. parts form the "control panel" - the basis for controlling,
- Corrective actions are then often taken monthly.

Company level (Control panel)

Waterworks

- investments,
- water production,
- revenue water,
- new connections,
- water meter readings,
- water meter replacement,
- failures
- network reconstructions
- etc.

Sewage

- investments,
- new connections
- failures
- requests for septic tanks cleaning
- cleaning of septic tanks
- etc.

Financial

- Revenue
- Costs,
- EBIT,
- EBITDA
- Loans
- etc.

KPI FUNCTIONS

- planning performance and business results,
- monitoring and measuring achieved results,
- establishing deviations from the planned results and performance efficiency,
- analysing causes and consequences of deviations,
- regular management information sharing and reporting,
- corrective actions

CONTROLLING AND KPI

- For efficient controlling, these two categories must be compatible with each other. Since KPIs serve to precisely determine and operationalize goals in business practice.
- **The controller must ensure a consistent, coordinated management system that includes KPIs, quality management with a system of continuous improvement (Kaizen.)**

USE KPI AS CONTROLLING TOOL

- In order to apply planning decisions and determine whether business activities are performed in line with business plan, it is necessary to have in place both planning and controlling processes.
- If it is found out during the KPI process that business activities do not fully comply with the plan, the utility managers shall decide which *corrective actions* are to be taken.

EXAMPLE 1:

- One year the City approved a certain amount for investments by the utility. Unfortunately, we didn't track the progress of the investments during the year, and it was too late when we realized that we will not be able to fulfil the plan. The consequence was that the next year the City approved a significantly lower amount for investments.

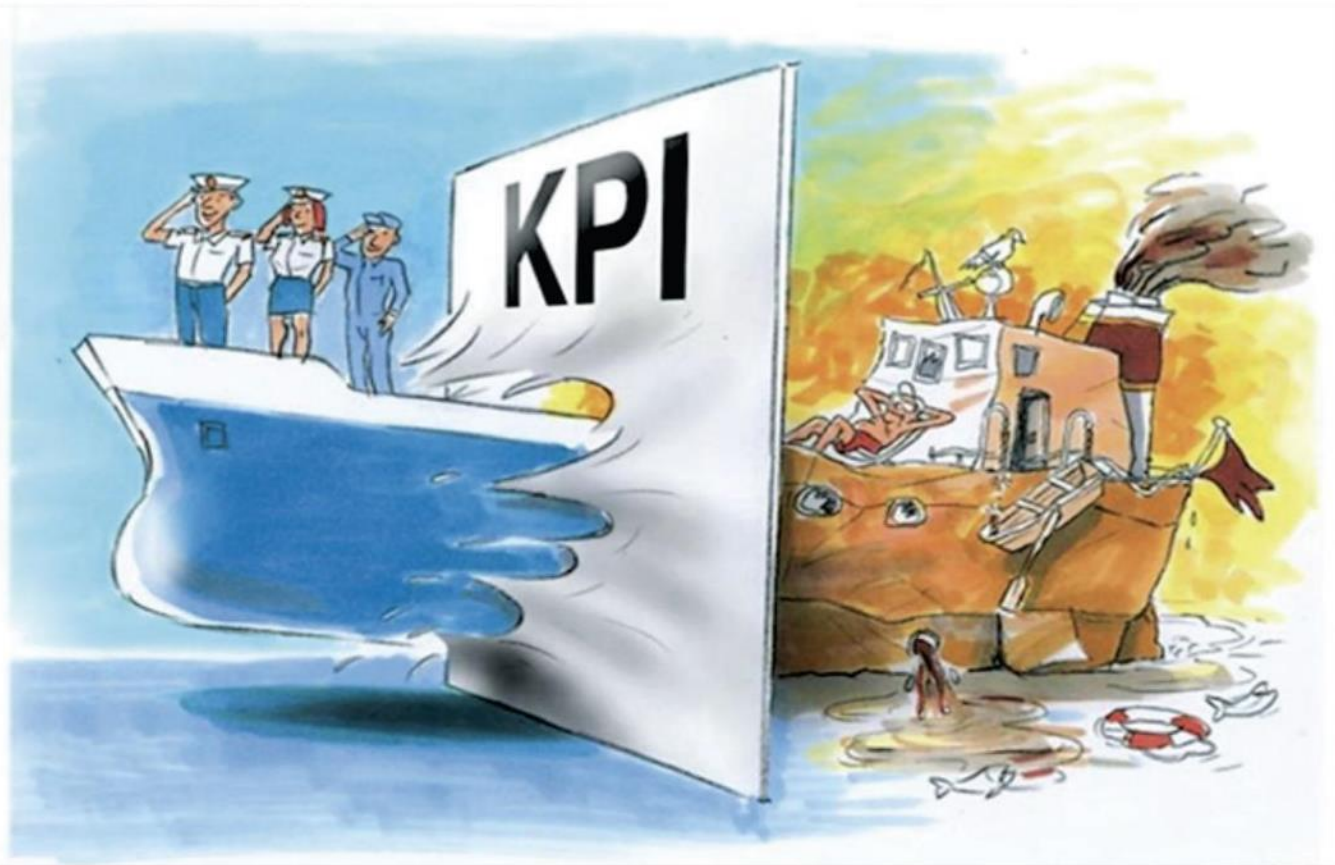
EXAMPLE 2:

- During one year we collected data and cross checked the indicators related to oil and petrol consumption by vehicles per kilometers of travel and it was noticed that a significant amount of oil and petrol was taken by some workers for the personnel benefit. These workers faced the consequences, what resulted in significant savings and improved discipline and morale in the utility.
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KPIs and UBP

- Majority of KPIs are also included in the UBP list,
- Annual results from KPI system are ready to be entered in the UBP Platform as soon as a year ends,
- Under UBP, annual results are compared and discussed with many utilities from the region,
- Exchange of best practices results in smarter improvements & more realistic planning for utility,
- The result is higher data quality for UBP and better performance improvement planning for the utility.

Controlleri trebaju da rade svoj controlling





**THANK YOU FOR YOUR
ATTENTION!**

Sanda Nastić, PhD.