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MERC Performance Measurement System:

Strong Foundation, More Strategic Approach Needed

September 2007

A Report by the Office of the Auditor

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M E M O R A N D U M

September 24, 2007

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Rex Burkholder, Councilor, District 5
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From: Suzanne Flynn, Metro Auditor

Re: Audit of MERC Performance Measurement System

The attached report covers our audit of the capacity of the Metropolitan Exposition Recreation Commission (MERC) to measure and report on performance. This audit was included in our FY07-08 Audit Schedule.

We found that MERC has a solid foundation for building a performance measurement system and make recommendations to guide its next steps. As part of our report we also included a demonstration of how potential measures might be reported.

We have discussed our findings and recommendations with David Woolson, the Chief Executive Officer, and Kathy Taylor, the Chief Operating Officer, of MERC as well as the MERC liaison to our office. A formal follow-up to this audit will be scheduled within 1-2 years. We would like to acknowledge and thank the management and staff throughout MERC and Metro who assisted us in completing this audit.

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Summary

The Metropolitan Exposition Recreation Commission (MERC) is a unit of Metro that oversees three of the region's main public assembly facilities - the Oregon Convention Center (OCC), the Portland Metropolitan Exposition Center (EXPO) and the Portland Center for the Performing Arts (PCPA). MERC was established in 1989 through a consolidation agreement with Multnomah County and the City of Portland to manage public assembly facilities in the region.

The purpose of this audit was to assess the adequacy of MERC's performance measurement system and whether it could provide management with the information needed to operate effectively. Auditors performed extensive review of related industry measures and the measures currently available within MERC's data collection systems.

We found that MERC has taken several steps towards developing a good performance measurement system. MERC recently finished a strategic plan, installed new business management software that will allow it to track measures and is revising personnel programs to support the plan. Based on our review of the industry we identified 162 potential performance measures, of which, MERC has the ability to track 75%. Although we would not recommend that MERC track so many measures, this means that MERC is well situated to design a reporting system.

However, we did find areas that could be strengthened. An improved system could allow MERC to gauge progress towards meeting strategic goals and improve the quality of information in making decisions. The strategic plan should include more measures so that progress can be compared over time and problems identified in advance. MERC also needs to develop a more comprehensive set of measures that will look at more than financial targets, as well as design reports that are easier to understand.

In the audit, we illustrated a measurement system that MERC might consider using. We showed how, by looking at data over time, management can identify risks and make informed decisions. We cautioned, however, that the data in the report has not been audited for accuracy and should only be used to demonstrate a possible course for MERC.

We did note a few areas where data was missing or not tracked. MERC has not developed a standard costing methodology that will allow it to determine the profitability of an event. It also needs to implement an overall facility maintenance system that will alow staff to manage activities to ensure these public assets are maintained. MERC could also track the results of its hiring and

competitive purchasing processes to determine if objectives in regards to minorities, women, and emerging small businesses are being met. We also noted that MERC has not updated contract reporting requirements with the Portland Oregon Visitors Association.

We recommend that MERC define its data collection and performance reporting process to clarify responsibilities, what will be reported, and how often. We also recommend that MERC link personnel goals to strategic goals, develop a methodology that allows measurement of profitability and improve its facilities maintenance, hiring, purchasing, and contract tracking.

Background

MERC (Metropolitan Exposition Recreation Commission) is a unit of Metro that oversees three of the region's main public assembly facilities – the Oregon Convention Center (OCC), the Portland Metropolitan Exposition Center (EXPO), and the Portland Center for the Performing Arts (PCPA). OCC is the largest convention center in the Pacific Northwest and is used for conventions, industry trade shows, meetings and banquets. EXPO is the West Coast's largest exhibition facility and is used for consumer public shows, trade shows and public events. PCPA is comprised of three separate buildings and is nationally recognized as one of the top 10 performing arts centers in the nation.

The Commission was established to renovate, maintain and operate these facilities. The Commission has management autonomy subject to budget restraints. It can acquire real or personal property in the name of Metro, enter into contracts appropriate for the management of the facilities and recommend long-term revenue measures for Metro Council consideration.

The MERC Commission consists of seven members nominated as follows: One each from Multnomah, Clackamas and Washington counties, two from the City of Portland and two at the discretion of the Metro Council President. All nominees must reside in the area from where they are nominated. The Council President appoints all nominees confirmed by the Metro Council.

The idea for the MERC Commission came from an Exposition and Recreation Commission (ERC) of the City of Portland that managed PCPA, the Civic Stadium and the Memorial Coliseum. In 1989, a consolidation agreement between the City of Portland, Multnomah County and Metro transferred management of these public facilities to Metro. Metro then established MERC to be responsible for management of these facilities along with the Oregon Convention Center that was under construction. Management of the Stadium and Coliseum were transferred back to the City in 1992 and ownership of EXPO was transferred from Multnomah County to Metro in the mid 1990's.

Management of these facilities puts MERC in a unique position. While Metro holds title to OCC and EXPO and the City of Portland holds title to PCPA facilities, the public is the ultimate owner of these facilities. MERC strives to operate all of the facilities in a business-like manner that serves the public interest.

MERC expenditures have increased in the last five years (Exhibit 1). OCC had the largest increase (27%) most likely due to the expansion in 2003 which almost doubled the size of the facility.

EXHIBIT 1

MERC Five Year Expenditure Data

Fiscal Year Adjusted for Inflation

Year	Administration	OCC	PCPA	EXPO
FY02	$1,062,624	$15,849,506	$7,730,527	$5,326,479
FY03	$1,203,526	$21,055,259	$7,357,896	$5,746,010
FY04	$1,159,065	$21,238,724	$7,595,423	$5,759,084
FY05	$1,296,006	$20,856,598	$7,570,360	$5,230,157
FY06	$1,473,234	$20,101,845	$8,072,771	$5,595,034

SOURCE: Annual Metro Budget Books, Volume 2 = (Total requirements) - (Contingency and ending fund balance). Audited amounts adjusted for inflation.

Budgeted staffing levels at MERC (Exhibit 2) over the last five years have remained fairly constant. OCC staff increased significantly in 2003 after the expansion but has dropped back to near 2002 level in 2006. Staffing decreased slightly at PCPA and EXPO in the last five years.

EXHIBIT 2

MERC Five Year Staffing Data

Full-time equivalent employees (excludes seasonal and temporary employees)

Year	Administration	OCC	PCPA	EXPO
FY02	10	96.05	26.55	14.1
FY03	10.5	131.8	23.96	15.65
FY04	10	120.62	25.59	14.84
FY05	11	102.62	23.59	14.84
FY06	11	103.62	23.19	12.84

SOURCE: Annual Metro Budget Books, Volume 2 - Amended Amounts.

New software system

In FY05, MERC purchased a new accounting and operations software system entitled Event Business Management Software (EBMS). MERC purchased this new system to better manage its event service business and assist in gauging progress towards achieving strategic goals.

For many years, MERC had used Metro's accounting package and in-house spreadsheets. The EBMS system is designed for "event" oriented businesses. It contains integrated modules for event sales and marketing, contract administration, event management and coordination, facility booking, and facility maintenance, as well as a full accounting package. It includes many functions not generally found in a typical governmental software system. Implementation of the new system began July 1, 2005, and continued with all of the accounting modules up and running as of July 1, 2006.

Since the system became operational, MERC has added resources to support implementation. System specialists have been assisting users with "how to" questions, developing reports for users, working with the supplier on software fixes and updates, and providing training on the system.

Scope and methodology

The objective of this audit was to review MERC's performance measurement system and determine if performance measurement data was attainable through MERC's new EBMS system (or other sub-systems). We did not test the accuracy of data obtained from the system(s). The focus was on the process, not the data itself. Management controls as they relate to performance measurement processes were reviewed and deficiencies noted. We also attempted to determine:

- The appropriateness of MERC performance measures based on industry standards by researching industry standard measures for "event" related venues and operations, reviewing measures currently tracked by MERC, and comparing the two.
- If MERC performance measures were adequate and appropriate to provide management with the type of information needed to meet MERC and facility goals and objectives.
- If MERC performance measures were measurable and appropriately measured.
- If performance measures were attainable and available in a cost-effective manner.

- If key MERC contracts (Aramark and POVA) contained adequate and appropriate measures that allow MERC to assess the performance of the contractors.

At the request of MERC Commissioners, we also reviewed performance measures related to products and services provided MERC by minorities, women and emerging small businesses (MWESB). Additionally, we reviewed measures relating to MERC's Affirmative Action and First Opportunity Target Area practices.

We performed extensive research of industry related performance measures and performance measurement systems. Interviews were conducted with key MERC personnel as well as outside experts and related parties. We developed a survey for managers regarding the ability to track industry standard measures and whether they found each measure useful. Numerous management reports were also reviewed and analyzed for their ability to instill knowledge necessary for management to make informed decisions regarding its strategies and practices.

This audit was included in the FY06-07 audit schedule and was conducted in accordance with generally accepted government auditing standards.

Results

Performance measurement is a critical element of accountability for public organizations. The purpose of performance measurement systems is to collect data upon which to make critical business decisions that will, in turn, drive business improvement. Before it can identify its key performance measures, an organization must first know what it needs to measure. A good performance measurement system begins by developing a mission statement, establishing goals, setting objectives and developing an action plan. A good system concludes with a process to measure progress towards achieving the mission, goals and objectives, compare actual performance with expected results and reevaluate goals, objectives and actions plans based on progress results.

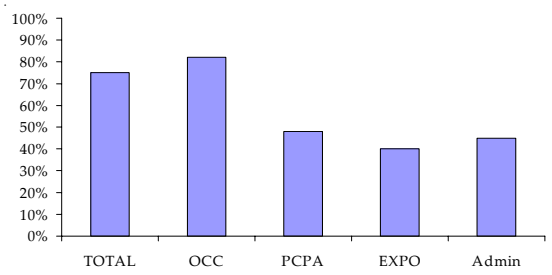
MERC has taken several steps towards developing a good performance measurement system, including:

- Developing a new strategic plan
- Revising personnel programs and practices to support its strategic plan
- Implementing new business management software that will enable it to track industry standard performance measures.

MERC capable of tracking most industry measures

MERC's new EBMS system can track almost all industry standard performance measurement data. We identified a total of 162 potential performance measures during our research. A complete list can be found in Appendix A. Although we would not recommend it do so, we found that MERC's system can track 121 (75%) of these measures. Of the remaining 41 measures, MERC managers found 18 measures (11%) useful and would consider tracking them also. The remaining 23 measures (14%) were not considered appropriate or useful for MERC's particular businesses. There is little difference between information accessed and at what management level. Line and mid-level managers reported being able to track almost as many measures as executive management.

EXHIBIT 3 **Percentage of "Industry Standard" Measures Tracked by Facility**



SOURCE: Metro Auditor's Office analysis of agency survey responses

However, there is a difference among the components of MERC. The chart on the previous page shows that OCC uses and tracks (or has the capability to track) 82% of industry standard measures while PCPA, EXPO and MERC administration track 48%, 40% and 45%, respectively. This range in results is understandable given that OCC is much larger and holds a much broader spectrum of events. Consequently, many more of the standard industry measures we identified apply to OCC's business.

Based on the preceeding data, we conclude that MERC is moving in the right direction regarding performance measurement. It has purchased useful tools and is collecting extensive performance data.

A strengthened system could track progress better

MERC's mission is to enhance the cultural and economic vitality of Oregon and the Portland region. It works to generate significant economic return for the region by hosting conventions and events that draw visitors and tourism dollars into the region. A good performance measurement system can provide measurable results to demonstrate progress towards achieving those goals. A good system should allow MERC to:

- Gauge progress towards achieving strategic goals and strategies
- Compare actual to expected results
- Link operational activities to strategy
- Provide a holistic view of organizational progress and results
- Illustrate gaps in the measurement process
- Improve performance by improving information used in decision making

While MERC has the foundation for a performance measurement system, it still needs to define and document the measurement process - the process it will use to collect and report performance data. This includes determining:

- Who is responsible for collecting and reporting performance information?
- What information is reported?
- Where will the data come from?
- When and how often is the performance measure reported?
- How is the information reported?
- To whom is the performance measure reported?

Further, MERC reports detailed data and information, but it does not have actual performance reports – such as reports that show performance trends over time or compare actual to expected results on an organizational (not just financial) basis. In addition, until a performance measurement process and system is established, MERC might be limited in its ability to achieve its goals.

More work needed on Strategic Plan

MERC has just completed its five year strategic plan. The plan establishes five primary goals and identifies between three to seven relevant strategies for each goal. MERC has taken the first steps in identifying measures in its new strategic plan. However, our review of performance measures noted in MERC's strategic plan revealed that some would be difficult, if not impossible, to measure (e.g. MERC's expertise is recognized and valued, state-of-the-art venues, staff and Commissioners represent MERC effectively, graphic identity goals and standards, etc.). Of the 62 "measures" noted in the plan, only 11 are written as actual measures. The other 51 are action steps or objectives rather than performance measures.

More work must be done to refine and develop performance measures for MERC's strategic plan. It is our understanding from top management that they recently began work in this area. We encourage this effort and suggest that MERC review existing performance data and assess the quality of information derived from that data. It should take its most useful performance data and map it to its strategy.

The chart below shows some of the performance data already collected that MERC might consider for its strategic plan.

EXHIBIT 4 **Strategic Plan Goals and Potential Measures**

GOAL 1 Maximize positive impact of MERC	GOAL 2 Construction of Convention HQ hotel	GOAL 3 Expertly manage world - class venues	GOAL 4 Effectively communicate role & values	GOAL 5 Engage employees in creat - ing exceptional workplace
• $ of economic impact to community (KPMG study) • Convention & tourism taxes generated • Venue revenue	• Lost leads due to hotel package and availability	• Operating profit/loss • Customer satisfaction rate (service, set-up, cleanliness, appearance) • Attendance • Total weeks of Broadway	• Number of site visits • Number of media placements • Website hits	• Sick leave hours used • Injury rate • % overtime to total hours worked • Training costs per employee

SOURCE: MERC Strategic Business Plan, 2007-2012

By changing or refining strategic measures so that they are clear, understandable and quantifiable, and comparing trends or actual versus expected results, MERC will set the stage for gauging progress towards its new strategic plan.

Map personnel practices to strategy

In conjunction with formalizing strategic direction, MERC has begun reviewing its personnel programs and practices. Staff performance measures currently focus on quantitative measures rather than qualitative and are not necessarily tied to organizational strategy.

As MERC develops these new programs and practices it will be important for it to ensure high level strategic goals and measures are translated into goals and measures appropriate for each individual employee. MERC should dedicate adequate resources to ensure staff performance measures encourage staff to work towards achieving current objectives and that those current objectives support the organization's long-term strategic plan.

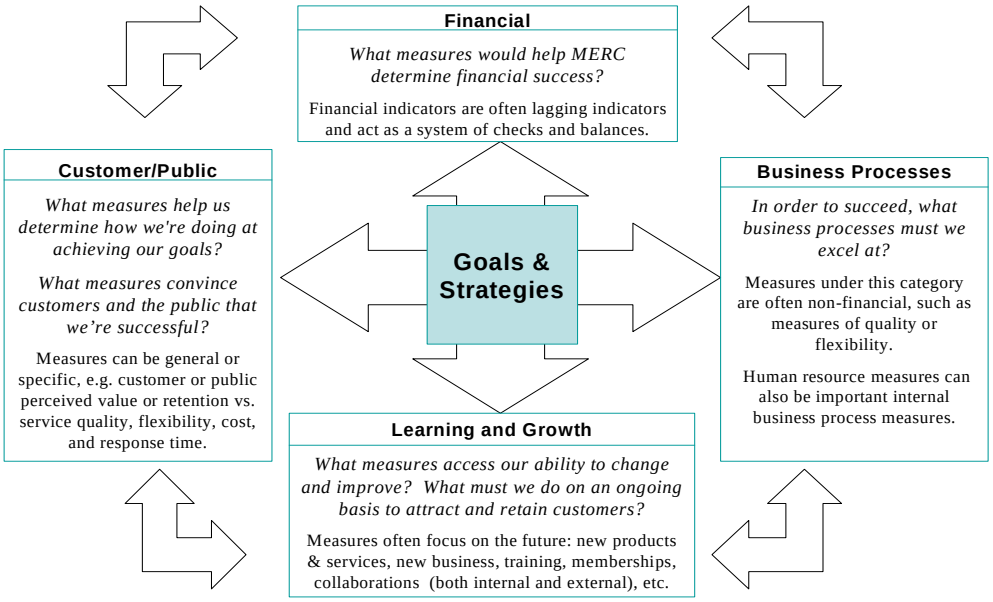
Balanced set of measures needed

MERC, like most organizations, has management controls and measurement systems built primarily around financial measures and targets. These often bear little relation to an organization's progress in achieving long-term strategic objectives. In fact, placing emphasis on short-term financial measures can leave a gap between the development of a strategy and its implementation. While financial objectives and measures are important, other key business perspectives are just as important and should be considered in conjunction with financial measures.

A balanced set of measures enables management to monitor all business processes and look at progress organization-wide. A balanced set of measures would allow MERC to focus on long term strategies while highlighting interactions and interdependencies between business processes and performance results.

Our review of the literature found several balanced measurement systems that incorporate key business processes, such as the "Critical Few" performance model, the Malcom Baldridge Quality Award model, and the Balanced Scorecard approach. Further information about each of these models can be found in Appendix B. To illustrate a potential system that MERC could design with its currently available data, we used the Balanced Scorecard (BSC) model. The illustration below shows how MERC's operational activities could be linked to strategy through the BSC.

EXHIBIT 5 **The Balanced Scorecard Approach**

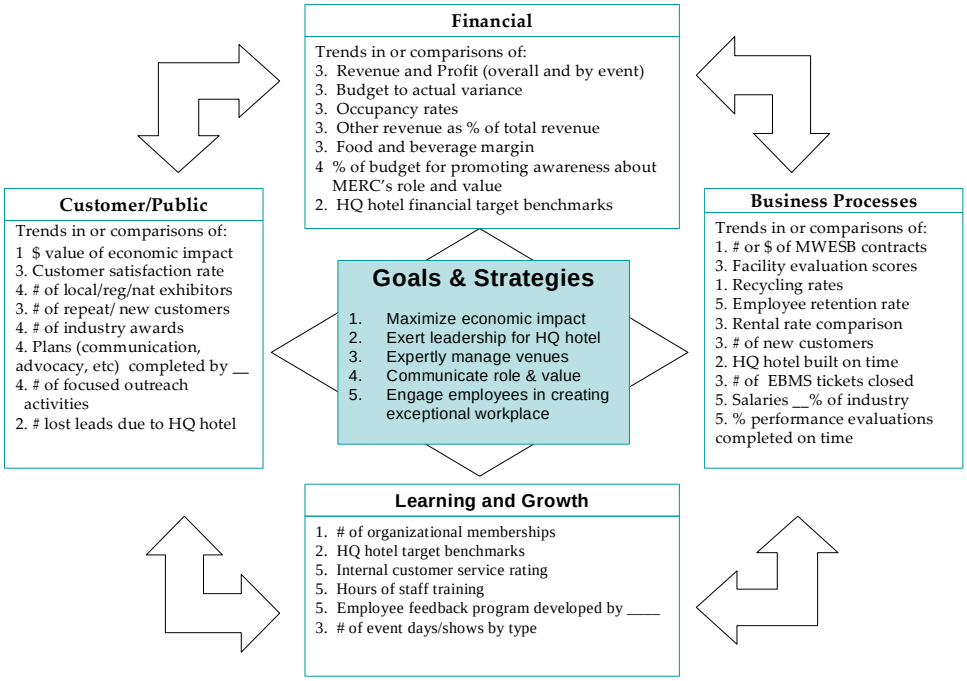


SOURCE: Metro Auditor's Office based on a publication by Kaplan and Norton (1996).

The BSC model allows management to look at the condition of the organization from four identified business processes: financial, business, growth and customer. Each process is directly tied to organizational goals and strategies and performance objectives and measures flow from each process. This provides management with an integrated performance measurement system that provides a more complete view of the organization.

We placed MERC's five strategic goals in the center of the model and added measures from MERC's strategic plan and performance data currently available in the four business processes. The number before each measure ties it to the strategic goal. While MERC management may have a different idea of what are the most important measures in determining progress, this illustration provides a good mix of measures that it could use. Additionally, each business process has measures attributable to most, if not all, goals. Finally, key business processes are balanced and no one measure or dimension of measures is stressed to the detriment of others. This approach would enable MERC to align its management processes and focus the entire organization on implementing long-term strategy.

EXHIBIT 6 **MERC BSC Model**



SOURCE: Metro Auditor's Office from MERC's Strategic Plan and Staff Surveys.

Data used effectively can increase knowledge

While MERC has the ability to and does track considerable performance data, it is not reported in a way that highlights important issues. In order to use data, MERC must be able to interpret the data it receives. A single data point generally will not provide sufficient information. MERC performance data that is currently tracked and reported could be made stronger by reporting trends or comparing actual to expected or targeted results.

Staff, management and the Commission frequently use the monthly *Oregon Convention Center Event Analysis Report* (see next page). This report contains useful data and information but it is difficult to read. Also, it doesn't necessarily highlight what is important. The report gives the reader information about individual events but does not put the data into a context either in relation to other events or similar organizations or over time. This report is similar to many financial and other reports utilized by MERC. They provide a great deal of raw data but are difficult to interpret.

EXHIBIT 7 **OCC Detailed Event Analysis Report**

August 2006 — **Oregon Convention Center Event Analysis**

Event	N R		Date	Occupied Sq. Ftg	# of Evt Day	Attend.	Type	Advert.	Cater.	Concess/ CashBars	Event Related Revenue: Parking	Equip Rent	AV Equip	Utilities	Phone	Booth/ Carpet Clean	Box Office
ENACT Meeting	R	X	8/3/06	1,200	1	0	in-house meeting	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
OCC CSI Lunch & Tour	N	X	8/4/06	3,500	1	5	in-house meeting	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
Ptld Center for Spiritual Awareness	R	L	8/6/06	3,033	1	80	Mtg/Seminar	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
HR leadership Team	N	X	8/7/06	n/a	1	6	Mtg/Seminar	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
ODE Superintendent's Summer Institute	R	S	8/7-8/9/06	90,000	3	840	Convention	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
AANP 21st Annual Conference	**R**	**N**	**8/10-8/12/06**	**336,916**	**3**	**700**	**Conv w/trade**	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
US Fish & Wildlife-Owl Recovery	N	L	8/9/06	3,750	1	145	Mtg/Seminar	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
OR Convenience Store Trade Show	R	S	8/10/06	60,000	1	150	Tradeshow	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
Say Hey NW-Partners in Diversity	N	L	8/10/06	14,346	1	350	F&B	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
Circle K Franchise	R	S	8/10/06	1,010	1	15	Mtg/Seminar	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
Independent Electrical Contractors	R	S	8/11-8/12/06	3,750	2	25	Mtg/Seminar	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
Michoacan Promociones Dance	N	L	8/11/06	93,272	1	1,182	Cons/Public	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
2006 IEEE EMC Symposium	**N**	**N**	**8/15-8/17/06**	**1,186,996**	**3**	**2,200**	**Conv w/trade**	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
Ptld Center for Spiritual Awareness	R	L	8/13/06	3,033	1	50	Mtg/Seminar	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
Knowledge Learning Corp	R	L	8/15/06	6,300	1	450	Mtg/Seminar	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
Nat'l Christmas Tree Association	**N**	**N**	**8/16-8/18**	**308,184**	**3**	**900**	**Conv/Conf**	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
OCC Meet w/Learning Annex	N	X	8/17/16	n/a	1	7	Mtg/Seminar	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
ARAMARK Tasting - Doernbecher	R	X	8/17/06	n/a	1	8	F&B	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
IEEE Int'l Test Conf Tour & Lunch	N	X	8/18/06	n/a	1	20	F&B	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
Ptld Int'l Church of Christ Jubilee	R	L	8/18-8/20/06	62,784	3	1,750	Conv/Conf	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
Glaceau Meet & Greet	N	L	8/19/06	621	1	15	Mtg/Seminar	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
Ptld Center for Spiritual Awareness	R	L	8/20/06	3,033	1	65	Mtg/Seminar	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
"Aun es Tiempo de Restauracion"	N	L	8/20/06	8,900	1	650	Mtg/Seminar	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
ARAMARK Tasting - Spectrum	R	X	8/21/06	n/a	1	8	F&B	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
Farwest Nursery Show	**R**	**N**	**8/24-8/26/06**	**2,381,120**	**3**	**13,331**	**Conv w/trade**	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
OCC A/V Setup for Pandemic Flu	R	X	8/22/06	34,200	1	n/a	Mtg/Seminar	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
Next Step in Pandemic Influenza	N	S	8/23/06	49,372	1	660	Mtg/Seminar	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
Sprint Meeting	R	L	8/23/06	1,158	1	16	Mtg/Seminar	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
House Values Marketing Seminar	N	R	8/23/06	3,750	1	60	Mtg/Seminar	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
Japanese Antique Sale	R	L	8/25-8/27/06	2,238	3	300	Cons/Public	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
Pacific Plug & Liner	N	L	8/25/06	647	1	15	Mtg/Seminar	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
Lara Family Reception	N	L	8/25/06	12,400	1	300	F&B	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
Ptld Center for Spiritual Awareness	R	L	8/27/06	3,033	1	50	Mtg/Seminar	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX

SOURCE: OCC Detailed Event Analysis Report, August 2006

Data could be presented more clearly

How data is presented can greatly impact an audience's ability to interpret it. For example, the Event Analysis summary report below is used by OCC and MERC management regularly. It offers summary information from OCC's detailed reports (above) presented by month and on an annual basis. We used it and other financial and non-financial data as the basis for illustrating how to group data and increase knowledge by adding context.

EXHIBIT 8 **OCC Summary Event Analysis Report**

Fiscal Year — **Oregon Convention Center Event Analysis**

Month	N	R	CF L	CF S	CF R	CF N	CF I	CV CF	CV TS	CS PS	CS TS	CS Mt	CS FB	CS P	Occupied Sq. Ftg.	No. In/ O	# of Evts	No. Evt Days	Attend.	* Advert.	* Cater.	* Conces	Star-Bucks	* Parking	Equip * Rent	Event Related Revenue: AV * Equip	Ship * Storge	* Utilities	* Phone	Booth Clean	* Box Ofc.	*Keys/ Damge Water	* Rent	Reimb. Labor	Total
FY 04-05																																			
July	XX	XX	XX	XX	XX	XX	XX	XX	XX	XX	XX	XX	XX	XX		XX	XX	XXX	XX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
August	XX	XX	XX	XX	XX	XX	XX	XX	XX	XX	XX	XX	XX	XX		XX	XX	XXX	XX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
Sept.	XX	XX	XX	XX	XX	XX	XX	XX	XX	XX	XX	XX	XX	XX		XX	XX	XXX	XX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
Oct.	XX	XX	XX	XX	XX	XX	XX	XX	XX	XX	XX	XX	XX	XX		XX	XX	XXX	XX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
Nov.	XX	XX	XX	XX	XX	XX	XX	XX	XX	XX	XX	XX	XX	XX		XX	XX	XXX	XX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
Dec.	XX	XX	XX	XX	XX	XX	XX	XX	XX	XX	XX	XX	XX	XX		XX	XX	XXX	XX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
Jan.	XX	XX	XX	XX	XX	XX	XX	XX	XX	XX	XX	XX	XX	XX		XX	XX	XXX	XX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
Feb.	XX	XX	XX	XX	XX	XX	XX	XX	XX	XX	XX	XX	XX	XX		XX	XX	XXX	XX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
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SOURCE: OCC Detailed Event Analysis Report, Three Years FY04-07

While reviewing data by month or year is a first step to increasing understanding, placing several years of information together provides even more information. By grouping some of the data found on the right hand side of the above report, the same information becomes even more meaningful.

The next step is to develop a report that collects several groupings of information, for example by business processes, so that there is context. Grouping information by key business process can reveal not only progress towards goals, potential causal relationships between activities can also become more evident. Without grouping, problems might not be identified or corrective action might be taken too late.

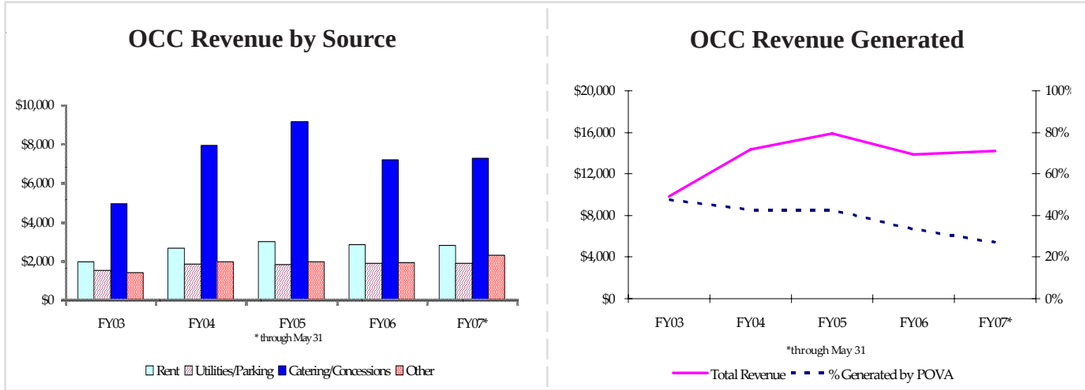
On the following page, we use the BSC model to illustrate how information obtained from OCC actual reports and records might be used. This data was not audited for accuracy, the purpose of this is to illustrate a process, not verify results. The model allows analysis of trends; comparisons between actual and expected results; and provides information regarding unusual results and/or causal relationships. By taking this next step and presenting performance information in this way, it can be understood more easily and acted on.

Models or systems such as the BSC provide three key elements essential to learning and knowledge: they link efforts to accomplishments, facilitate strategy review and provide a strategic feedback system. Rather than focusing on one indicator to mark progress, it allows multiple indicators to be examined in concert. One measure may be trending in the right direction while others may not. Knowing about both trends increases an organization's ability to adjust and correct actions.

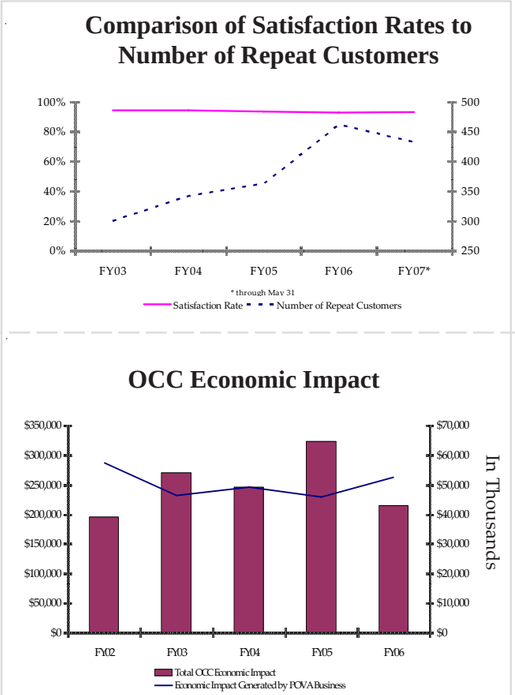
Risks could be identified more effectively

A good performance measurement and reporting system will allow MERC management to identify strategies that are not having the desired effect. It can also illustrate unusual trends and results that might suggest significant issues for MERC. Using the same MERC data that was placed in the BSC model on the following page, we were able to identify trends that might represent areas that should be studied further. As an example of how such a report could be used to identify risks, we list questions raised by the data on page 17.

Financial



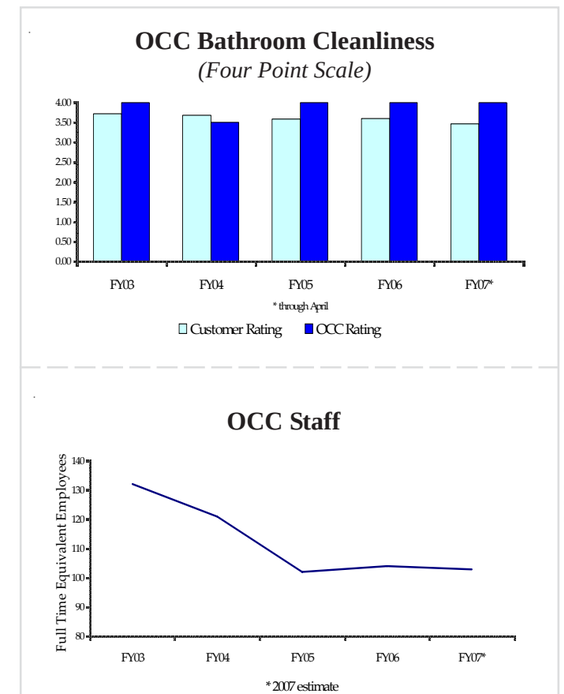
Customer Satisfaction

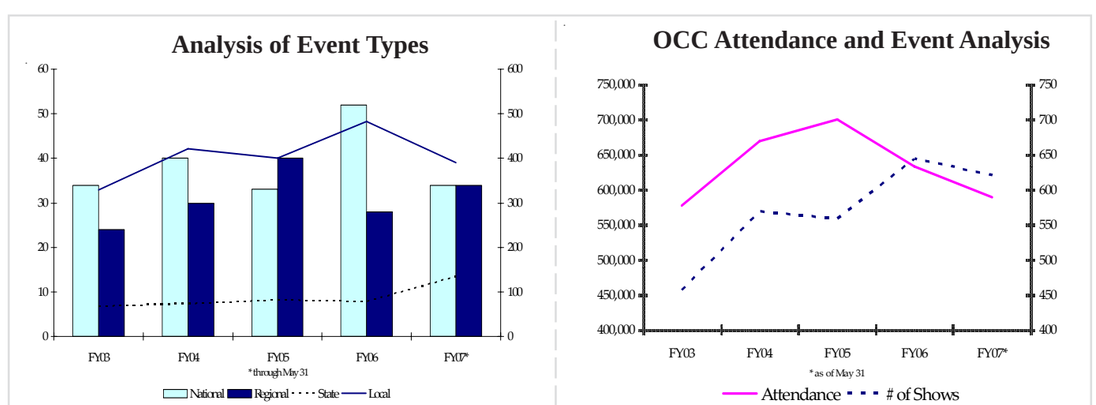


GOALS & STRATEGIES:

- Maximize economic impact
- Exert leadership for HQ hotel
- Expertly manage venues
- Communicate roll & value
- Engage employees in creating exceptional workplace

Internal Business





Growth

SOURCE: Metro Auditor's Office using OCC management reports. Data not audited for accuracy

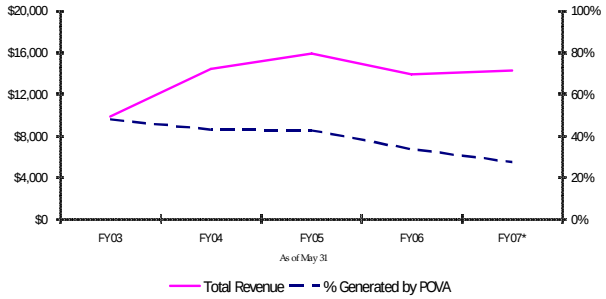
EXHIBIT 10 **OCC Bathroom Cleanliness**

(Four point scale)

SOURCE: Metro Auditor's Office analysis of customer satisfaction questionnaires and MERC facility evaluations

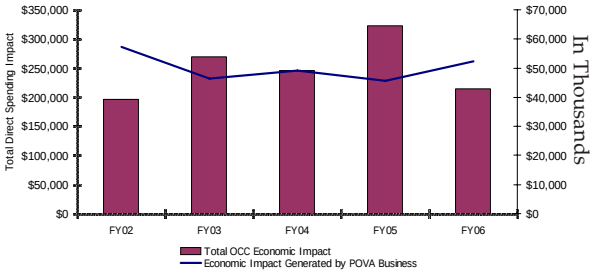
MERC rated OCC a perfect "4" in bathroom cleanliness for the past three years yet customers have rated OCC restroom cleanliness at about 3.5 for those years and customer ratings have been declining. This might signify that MERC should be more objective in its rating process or that the reviews should be completed during busier event times.

EXHIBIT 11 **Total Revenue and Percent Generated by POVA**



SOURCE: Metro Auditor's Office, using OCC Event Analysis and management reports

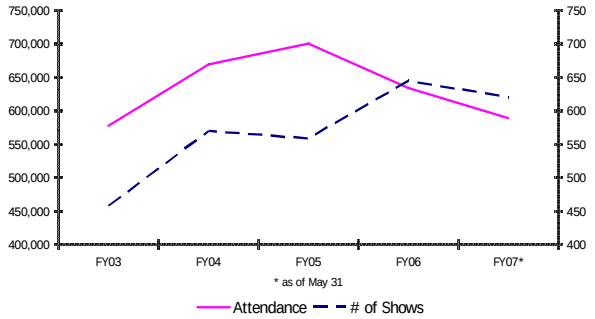
EXHIBIT 12 **OCC Economic Impact**



SOURCE: Metro Auditor's Office, using OCC Event Analysis reports

Although OCC revenue generated by POVA is trending down, economic impact relating to revenue generated by POVA and as reported by POVA has remained fairly constant. This might merit further investigation into why reported economic impact is constant despite falling revenue. One factor might be event mix.

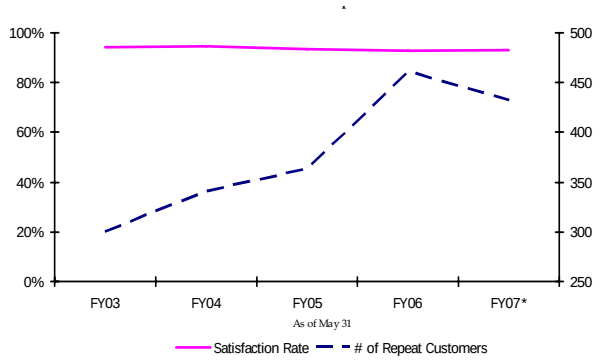
EXHIBIT 13 **OCC Attendance and Event Analysis**



SOURCE: Metro Auditor's Office, using OCC Event Analysis reports

Attendance does not necessarily follow the number of events. In the analysis above, a year with a lower number of events, FY05, shows the greatest amount of attendance and revenues. This suggests event mix is critical to OCC business.

EXHIBIT 14 **Comparison of Satisfaction Rates to Number of Repeat Customers**



SOURCE: Metro Auditor's Office, using OCC Event Analysis reports and Customer Satisfaction questionnaires

While customer satisfaction ratings have been down slightly the last few years, the number of repeat customers has risen dramatically. The number of repeat customers could be a result of the expansion of the facility and space availability. However, management may want to investigate further the drop in satisfaction ratings.

The measures noted in MERC's strategic plan do not show progress over time or compare actual to expected results and desired outcomes. That is not to say that MERC doesn't track a lot of data and review progress, they do. However, MERC could significantly improve its performance measurement system by incorporating more meaningful measures and presenting and reporting them in a more informative way.

Some key data missing or not tracked

Although MERC has available most of the measures used in the industry, we found a few areas that were not covered. MERC is not tracking indirect cost by event, overall facility maintenance and diversity results. Further, MERC has not updated data requirements from one of its primary contractors, Portland Oregon Visitors Association. As a result, MERC is unable to assess internal and contractor performance.

Indirect costs. Goal 3, Strategy 4, of MERC's new strategic plan suggests that MERC use profitability by event as a measure of its goal to expertly manage world class public assembly venues by optimizing operational efficiencies and effectiveness. Profitability measures will assist MERC in developing operational strategies meant to ensure some level of profitability. The ability to look at profitability on an event-basis will allow MERC to make more informed decisions on its event mix and help improve overall profitability.

MERC has not developed an indirect cost allocation method that can be used to determine profit by event more accurately. Revenues and direct costs are readily available to venues, but indirect costs associated with an event are not available. This is most likely because MERC has always focused on event revenues rather than event profitability. While MERC public venues provide a service to the region and not all activities associated with serving the public will be profitable, MERC's objective is to operate at its breakeven point, at a minimum. Knowing how much it costs to put on any given event is the primary tool for determining the optimal event mix.

Facility maintenance. In our 2006 audit of the maintenance of MERC facilities, we recommended that MERC establish and utilize an overall maintenance management system such as would be available to them in their EBMS system. MERC purchased a facility maintenance module along with several other EBMS system modules in 2005, but has not yet dedicated the resources to implement the maintenance module. OCC has never had an overall maintenance system for managing and tracking maintenance. OCC previously had a system that allowed most maintenance activities to be tracked, however, the vendor stopped supporting that system in 2003. Since that time, maintenance activities are tracked through several distinct and separate systems.

PCPA quit using its overall maintenance system about a year ago in anticipation of the EBMS facility maintenance module being implemented. However, since the new EBMS maintenance module is still to be implemented, PCPA recently began using their old system again to assist them in managing and tracking maintenance. And, while EXPO still tracks overall maintenance, it is in an antiquated pen and pencil, schedule board and calendar system.

As a result, some maintenance history has been lost. In addition, it is highly probable that some required and necessary preventive maintenance may be missed. This could result in more expensive corrective maintenance activities. One facility is even looking at purchasing an over-the-counter system as it "has just been too long since they had a system to track overall facility maintenance."

There are many benefits of a computerized, overall maintenance management system. They enable facility managers to track the status of maintenance work on their assets and the associated costs of that work. Systems can record work requirements, track the status of work, analyze the recorded data for managing the work, produce reports and help control costs. Facility maintenance systems can help optimize the use of scarce resources (manpower, equipment, material and funds). They can also assist maintenance managers with work planning, control, performance, evaluation and reporting as well as maintain historical information.

Using a computerized system to track such measures and compare them to industry standards would provide MERC with additional information regarding its competitiveness as well as relevant performance information for staff evaluation purposes. Automated systems can also help improve profitability.

Diversity results. MERC has an Affirmative Action Program, a program to ensure jobs are offered in the vicinity of the convention center, and rules regarding the use of minorities, women and emerging small businesses when purchasing products and services.

Although MERC (through Metro Human Resources Department) tracks and reports hiring results, it has not been tracking and reporting specifically on products and services purchased from minorities, women and emerging small businesses. In addition, the reports that MERC management does receive regarding hiring do not necessarily allow performance measurement. More often, they merely report actual results. For instance, affirmative action reports list whether MERC is currently over or under-utilized and by what percentage for specific job groups throughout MERC. However, they do not report trend data that would show progress towards eliminating any underutilization.

MERC has been without a purchasing manager for several years. As a result, MWESB data has not been tracked or progress reported. MERC recently hired a purchasing analyst to devote full time to purchasing and contracting.

MERC has also created fields in EBMS to identify vendor attributes such as minority, women, or emerging small business as well as hiring information. These efforts should assist MERC management in tracking diversity data. However, more effort will be needed to provide management with the knowledge they need to ensure a diverse operation.

Contractor performance information. Not only can performance measures be used by an organization to measure its own progress, but they can also be used to hold contractors accountable for work that is completed. MERC has two primary contractors: Aramark, who provides food services and Portland Oregon Visitors Association (POVA) who provides national marketing services. While we believe MERC is able to adequately monitor performance in the case of Aramark, MERC may not be receiving all of the information required by its contract with POVA.

MERC has had a contract with POVA for marketing and securing national business for the convention center for many years. POVA is to report on measures for sales, lead conversions, customer satisfaction, marketing/media return on investment and economic impact, all of which include a separate and distinct section for reporting minority marketing activities and measures. These measures provide a mechanism for MERC to evaluate POVA performance under the contract.

MERC and POVA entered into the current contract in October 2005. After reviewing POVA quarterly reports, we determined that MERC was not receiving all of the information required in its contract with POVA, specifically, data relating to lead conversions and revenues generated by POVA's subcontractor for minority services. POVA reported on the subcontractor results in prior contracts, as well as in FY05-FY06 and in the year-end June 2007 report, but did not report for two other quarters in 2007. As a result, MERC could not be sure it was receiving an adequate level of benefit from this contract. This could be a significant area of concern because a large portion, averaging $227,000 since 2000, of MERC's $2 million annual contract with POVA has gone to this subcontractor.

According to MERC and POVA representatives, in 2007 POVA and MERC informally agreed to change the contract requirements that, in effect, rendered the return-on-investment measure relating to revenue generated by the subcontractor for minority services unnecessary. According to POVA, the informal agreement eliminated the requirement that the subcontractor generate convention business for OCC and required that the contractor focus primarily on media placement activities. The agreement also resulted in a reduction in compensation by over $100,000 to $125,000 per year.

A formal change in work plan or a separate memorandum of understanding was not issued in relation to this change in scope of activities nor was the contract amended to allow POVA to delete reporting of the measures required by the contract from its quarterly report to MERC. We urge MERC to clarify the contract language and requirements.

Management reports need to be developed

While the EBMS implementation process has gone quite well for most everyday data processing activities, the ability to generate management reports has not been as successful. Sufficient resources have not been dedicated to the report development and facility maintenance module implementation processes, despite the fact that MERC has recently hired a report writing specialist.

EBMS reporting tools allow staff to produce management reports quickly, adding to staff efficiency, consistency of reported data, and individual access to reports. This efficiency, however, requires that the reports are built and available within the system. As of April 2007, MERC IT had 46 open EBMS related service tickets to develop reports and other items, of which 35 are identified as high or urgent priority. Some tickets date back to April of 2005.

There are three IT staff at MERC to provide IT support, including support for EBMS implementation. The IT supervisor does not believe the backlog can ever be fully cleared by him and his staff alone. In addition, EBMS utilizes a rather complicated reporting package called Crystal Reports. MERC upper management and IT specialists purport that this reporting system is too complicated for normal users to understand and that reports for management use must be developed by specialists. The consequence of this is that staff and management are manually generating and processing reports by exporting or retyping data into Excel or other processing software they do know how to use. These reports could be produced automatically through EBMS; thereby reducing staff time required to generate reports and reducing the risk of data-entry errors.

The backlog has also affected the implementation of the facility maintenance module. Currently, there is no estimated implementation date, assigned staff to lead or estimated number of hours to complete the task. As previously mentioned, not having an overall facility maintenance tracking and management system has become so problematic for one facility (with already four years of maintenance history lost), it is considering buying its own facility maintenance system. This is an ineffective use of resources considering MERC has already purchased the EBMS facility maintenance module.

RECOMMENDATIONS

1. **MERC should define and document the measurement process, including:**
   a) Responsibility for collecting and reporting performance information
   b) Information that should be reported
   c) Source of the data
   d) Reporting schedule
   e) Report format
   f) Audiences or recipients of the performance measurement information

2. **MERC should improve its performance measurement system by:**
   a) defining performance measures in its existing strategic plan to ensure measurability
   b) reviewing measures currently tracked and incorporate those considered most effective into its strategic plan
   c) developing additional effective performance measures as necessary for its new strategic plan
   d) adopting a set of measures that enables management to monitor all key business processes and look at progress organization-wide
   e) linking efforts to accomplishments so as to facilitate strategy review and provide a strategic feedback system
   f) developing an effective reporting format for key performance measures that will allow management to identify strategies that are not having the desired effect and illustrate unusual trends and results that might suggest significant issues for MERC

3. **As MERC develops its new personnel programs and practices, it should dedicate adequate resources to ensure high level strategic goals and strategies are translated into goals and measures appropriate to each individual employee.**

4. **In accordance with Goal 3, Strategy 4 of MERC's new strategic plan, MERC should develop an indirect cost allocation method that can be used to allocate indirect costs to events so that it can determine profit by event more accurately.**

5. **MERC should implement the EBMS facilities maintenance module.**
6. **MERC should begin tracking data regarding the use of minorities, women and emerging small businesses in its purchasing and contracting practices and require effective reports that show progress towards ensuring a diverse operation.**
7. **MERC should dedicate additional resources to report writing so that the EBMS system can be used more efficiently and effectively.**
8. **We recommend that MERC review the current performance measures and reporting requirements under the existing POVA contract for appropriateness and, if necessary, amend the contract or issue a formal memorandum of understanding regarding the scope of work to be provided by the subcontractor for minority services. MERC should also require that POVA supply all required performance information in its quarterly progress reports to MERC.**

Response to Audit

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THE merc

A SERVICE OF METRO

METROPOLITAN EXPOSITION RECREATION COMMISSION

RECOMMENDATIONS

1. **MERC should define and document the measurement process, including:**

   Who is responsible for collecting and reporting performance information.
   What information should be reported.
   Where the data should come from.
   When and how often performance measurement data should be reported.
   How measurement information is to be reported.
   To whom the performance measurement information should be reported.

MERC agrees wholeheartedly. In fact, MERC launched a project last year to collect a comprehensive list of performance measures and to research 'industry best practices'. We very much appreciate the extensive list of measures provided in this audit's appendix. Our challenge will be to select the best, most appropriate measures to implement from that list.

Over the last two years, MERC has invested substantial resources to acquire and implement Event Business Management Systems (EBMS), a fully integrated Enterprise Resource Planning system. EBMS collects and stores considerable data about our customers, facilities, events, and transactions including full accounting modules. Our first year was devoted to designing, configuring and implementing basic facility, calendar and event structure. Last year we focused on implementing and documenting transactions processing for accounts receivable, accounts payable, general ledger, basic financial reports and over 300 custom reports.

Now that our EBMS foundation is established, attention is shifting to business process refinement, elimination of older manual systems and output, including reports and performance measures.

2. **MERC should improve its performance measurement system by:**

   a) defining performance measures in its existing strategic plan to ensure measurability.
   b) reviewing measures currently tracked and incorporate those considered most effective into its strategic plan.
   c) developing additional effective performance measures as necessary for its new strategic plan.
   d) adopting a set of measures that enables management to monitor all key business processes and look at progress organization-wide

e) linking efforts to accomplishments so as to facilitate strategy review and provide a strategic feedback system.

f) developing an effective reporting format for key performance measures that will allow management to identify strategies that are not having the desired effect and illustrate unusual trends and results that might suggest significant issues for MERC.

January 2007 the Commission adopted a 5 year strategic plan with a suggested implementation plan including some performance goals. This process was condensed at that time in anticipation of the pending arrival of a new Chief Executive Officer in April. Efforts to date have strongly focused on Goal 2 for a Headquarter Hotel and Goal 1 for Commission development. In the next quarter of 2007, the strategic plan implementation will be reviewed and refined consistent with the expectations of the current leadership. Measures will be re-established and/or appropriately identified.

We are confident that EBMS is an excellent tool for generating useful performance measures. Other sources, of course, will be used for non-event and non-financial measures. In any case, MERC will evaluate the usefulness and quality of each measure so that we can focus attention on key measures that will help us run a better business. Measures will change behavior and results, so we will be vigilant to measures that may be mutually exclusive. For example, an event may not generate a profit for us but does provide high economic impact for the community or strong support for the arts. Anticipating those unexpected results will be critical to establishing effective performance measures.

3 As MERC develops its new personnel programs and practices, it should dedicate adequate resources to ensure high level strategic goals and strategies are translated into goals and measures appropriate to each individual employee.

Our objective is to encourage all employees to recognize how they contribute to achieving MERC's strategies. Last July, MERC adopted a new Merit Matrix compensation system. One aspect of the new system is to link job duties to the MERC strategic plan. Next June, one part of annual evaluations will compare employee's job performance to the MERC goals. Compliance with MERC's Values will be another component of each employee's overall performance evaluation.

4 In accordance with Goal 3, Strategy 4 of MERC's new strategic plan, MERC should develop an indirect cost allocation method that can be used to allocate indirect costs to events so that it can determine profit by event more accurately.

Our goal is to improve the profitability of events while continuing to meet our economic development goal. Therefore, our performance measure for events will be balanced by our performance measure for economic benefit generated for the community.

EBMS is capable of recording estimated direct costs for services provided to customers. In fact, this was an important consideration when this application was selected. Establishing and maintaining a direct cost system is a major effort. Prior to implementation, a cost-benefit analysis will be prepared. At this time, resources have not been identified for this project. Because of the impact on EBMS, this project will be submitted for consideration by the MERC Information Technology Steering (MITS) Committee. MITS allocates resource based on the benefits, cost and priority of all competing projects. This project has not yet been selected for implementation.

3 MERC should implement the facilities maintenance module as soon as possible.

EBMS has a module for facility maintenance. We will evaluate this module to determine whether it is a good solution to replace our numerous manual and excel spreadsheets. Prior to implementation, a full needs assessment will be conducted and the module compared to these requirements. This project was submitted for consideration by the MITS Committee. MITS allocates resources based on the benefits, cost and priority of all competing projects. This project has not yet been selected for implementation.

6. MERC should begin tracking data regarding the use of minorities, women and emerging small business in its purchasing and contracting practices and require effective reports that show progress towards ensuring a diverse operation.

MERC strongly supports this recommendation. EBMS does not lend itself to collecting or tracking data for tracking MWESB activity. Last year a 'work-around' method was devised. It has proven to be awkward to use and has not been an effective tool to meet this need. In May, MERC hired our first employee solely dedicated to purchasing and contracting. Tackling diverse purchasing, including reporting, is one project that she is addressing. If the best solution requires technology resources, this project will be submitted for consideration to the MITS.

7. MERC should dedicate additional resources to its report writing backlog so that the EBMS system can be used more efficiently and effectively.

MERC agrees in principle. We did add an information technology staff in January 2007. She has been able to make substantial progress on working down the backlog. Each quarter the MITS committee assesses our position. Before the next budget cycle we will consider the additional resources for technology based on a MITS recommendation.

8. We recommend that MERC review the current performance measures and reporting requirements under the existing POVA contract for appropriateness and, if necessary, amend the contract or issue a formal memorandum of understanding regarding the scope of work to be provided by the subcontractor for minority services. MERC should also require that POVA supply all required performance information in its quarterly progress reports to MERC.

MERC agrees with this recommendation. POVA will be presenting annual results for last year at the October commission meeting as well as revised goals for the current year including minority services.

Sincerely,

Kathy Taylor

Digitally signed by Kathy Taylor
DN: cn=Kathy Taylor, c=US, o=MERC,
email=kathytaylor@mercvenues.org
Reason: I am the author of this document

Kathleen A Taylor
Chief Operating Officer
MERC

Date: 2007.09.21 12:04:01 -07'00'

Appendix A

Appendix A:

Industry Standard Performance Measures

Provided as a comprehensive list of potential measures

Activity	Performance Measure	Description
Marketing, Booking and Contracting		**Market the facility, manage reservation book and provide accurate contracts.**
1	Average marketing cost per performance	Average marketing, booking and contracting cost per performance.
2	% performances booked/actual performances held	Measure of ability to market, book and retain quality performances.
3	# of performances/possible # of performances	Output measure of possible performances and an outcome measure of actual/possible bookings.
4	Number of events booked	Output measure of events booked. Also used as a measure of workload.
5	Number of executed contracts	Output measure of executed contracts. Also used as a measure of workload.
6	% of contracts executed / events booked	Measure of ability to market, book and retain event customers.
7	Convention/exhibition hall occupancy	% of days during the year at least one room/hall is occupied. Also measures the success in marketing, booking and contracting events to maximize utilization.
8	Number of event days & events	Output measure of the possible number of event days.
9	Number of resident delegates	Measure of the ability to draw local residents to planned events & potential workload for staff.
10	Number of out-of-town delegates	Measure of the ability to draw out-of-area guests to planned events & potential workload.
11	Number of future tradeshows/conventions	Measure of coming workload for staff.
12	Marketing, booking & contracting cost/contract event	Measure of the average cost per event.
13	Average revenue generated per contract	Measure of average revenues per contract - useful for planning purposes.
14	Number of double bookings	Same space booked by more than one event concurrently.
15	Average marketing cost per delegate	Average marketing, booking and contracting cost per delegate for all events.
16	(Marketing, Booking and Contracting) Satisfaction rating	Measure of client satisfaction with marketing materials & booking and contract services.
17	Number of new revenue generating ideas	Measure used to generate creativity in marketing events.
18	Number of new classes of contacts or events	Measure of staff as drivers of innovation.
19	Number of new networking relationships	Measure of staff ability to develop cross-sector relationships.
20	Number of memberships in trade/professional orgs.	Measure of staff willingness to "know the industry" of potential conventions/shows.
21	Number of follow-up calls to potential customers	Measure of willingness to "stay close to the customer".
22	Salesman strike-rate	Measure of sales force ability to turn inquiries into customers.
23	Benchmarking analyses completed	Measure of competitiveness.
24	Advertising cost/ticket sales	Measure of effectiveness of advertising.
25	Patron renewal rates	Measure of how effective the program is in retaining the interest of patrons.
26	New patron acquisition	Measure of the Center's ability to attract new patrons based on the program.
27	Telemarketing conversion rate	Measure of effectiveness of telemarketing activities.
28	Direct mail response rate	Measure of the effectiveness of a direct mail campaign.
29	Website hits	Measure of interest in PCPA performances and usefulness of website.
30	Marketing and public relations cost/ticket sales	Measure of the effectiveness of the Center's branding ability (provider of top notch events).
31	Performer satisfaction rating	Measure of performers satisfaction with public relations, marketing materials & booking services.
32	Audience satisfaction rating	Measure of audience satisfaction with individual performance or performance program.
33	Number of future theatrical, concert or other arts performances	Measure of coming workload for staff.
POVA Contract		
34	Revenue generated by POVA sales	3 year (current plus 2 most recent) avg OCC Revenue (excluding hotel/motel tax) / Current year POVA contract.
35	Revenue generated by POVA Chicago	OCC rev generated by POVA Chicago / Chicago direct operating costs.
36	Revenue generated by POVA Minority Contractor	OCC rev generated by POVA Minority Subcontractor / Minority subcontractor direct operating costs.
37	Revenue generated by POVA DC	OCC rev generated by POVA DC / DC direct operating costs.
38	Future convention revenue generated by POVA sales	Est. future OCC rev generated by POVA / annual POVA Contract
39	Lead conversion of qualified convention leads	Leads converted to bookings for period / OCC leads as of prior FYE less lost leads due to OCC space or hotel pkg.
40	Leads during the quarter and year-to-date	Number of leads.
41	Lost leads due to space and availability	Number of lost leads during the quarter and year-to-date.
42	Lost leads due to hotel package and availability	Number of lost leads during the quarter and year-to-date.

Activity	Performance Measure	Description
43	(POVA Contract) Performance survey results	Quarterly survey results including the name of the group and performance rating.
44	Number of active OCC clients	Measure of convention sales productivity.
45	Number of site visits during the quarter and YTD	Measure of marketing activity.
46	List of pre-convention activities during the quarter	Of POVA convention service team.
47	# of attendance building material provided - Q & YTD	Measure of marketing activity.
48	Room nights booked by convention clients - Q & YTD	Measure of convention sales productivity.
49	Actual room nights purchased - Q & YTD	Measure of economic impact.
50	Media placement	Media placement value / Direct cost.
51	Media placement - Minority Subcontractor	Media placement value by minority subcontractor/ Minority Subcontractor Direct cost.
52	List of media placements for the quarter	Measure of marketing activity.
53	List of media placements for the quarter - Min Subcont	Measure of marketing activity.
54	Economic impact to the community	Est economic impact of future bookings recorded during the year / Annual POVA contract.
55	Economic impact to the community - Min Subcontractor	Est economic impact of future bookings recorded during the year / Minority subcontractor direct cost.
56	Narrative of economic impact results for the quarter	Including the name of the group and methodology.
57	Narrative of economic impact - Min subcontractor Q	Including the name of the group and methodology.
Event Planning		**Provide accurate and timely event pre-plan documents to support services and coordinate event-related services.**
58	Number of event pre-plans produced	Pre-plans represent client parameters for events - measure of staff efficiency & workload.
59	Facility revenue	Output measure to track revenues.
60	Revenue / dollar of event planning	Measure of the efficiency of organizational skills to keep planning, coordination and modification costs down. Costs should be lower than revenues from event.
61	(Event Planning) Satisfaction rate	Measure of how well the event was planned in accordance with client's specifications.
62	Process improvement initiatives	Measure of staff as drivers of innovation.
63	Number of positive reviews	Measure of quality of programs, caliber of artists.
64	Number of articles/letters regarding performances	Measure of community recognition & the Center's ability to expand the artistic discipline.
65	Program diversity (# of different types of programs)	Measure of Center's ability to educate the community through cultural programs
66	Number of communities served	Measure of Center's ability to educate and provide entertainment to a wide region of patrons.
67	Demographics of audience served	Provides information useful in planning types of performances to hold.
68	# of cross-discipline partnerships/collaborations	Measure of the Center's ability have a social impact on students, other artists, organizations, etc.
69	Total weeks of Broadway	Measure of ability to attract Broadway and provide quality programming.
70	Total commercial shows	Measure of ability to provide regular, diverse entertainment and education options to the public.
Parking Management		**Manage parking requirements (including security and traffic control) for events.**
71	Number of security incidents in convention center parking areas	Number of incidents reported.
72	Number of vehicles served	How many vehicles can be served by facility parking garages.
73	Parking cost/vehicle served	Measure of efficiency relating to parking costs per vehicle served.
74	Number of security incidents/vehicle served	Measure of effectiveness of security services.
75	Facility service satisfaction rating	Measure of satisfaction with facility, security at facility, and service of facility personnel.
76	Parking revenue	Output measure to track parking facility revenue.
77	Number of stalls maintained	Output measure to track parking structure facility workload.
Event Security		**Provide facility security, medical and event safety assistance.**
78	Number of security responses	Sum of all types of security responses.
79	Number of lost and found response incidents	Objective is to have all owners/parties reunited with personal belongings/other parties.
80	Number of medical response incidents	Measure helps management plan to staff events appropriately.
81	Number of criminal act response incidents	Measure helps management plan to staff events appropriately.
82	Number of other security response incidents	Measure helps management plan to staff events appropriately.
83	Event security direct labor costs/response	Measure of efficiency with which security staff handle responses.
84	Security services satisfaction rating	Measure of how satisfied clients are with security staff response and handling of the issue.

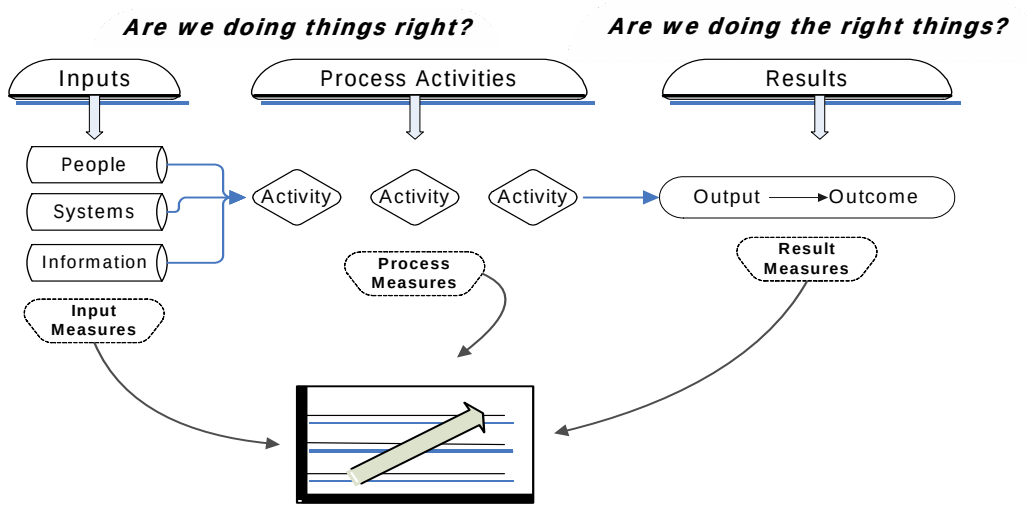
Activity	Performance Measure	Description
Facility Operations and Maintenance		**Provide preventive/emergency facility infrastructure maintenance and assist in utility service installation for customers.**
85	% of work orders completed	Measure of efficiency and effectiveness of staff in performing maintenance requests.
86	Facility square footage	Could be total, by room type (hall, ballroom, meeting room etc), or rentable space.
87	Operations and maintenance cost/sq. ft.	Measure of efficiency of maintenance staff.
88	Functionality of facility satisfaction rating	How well satisfied the client is with the facility space (halls rooms, A/C, audio, etc.)
89	Facility cleanliness rating	Measure of how satisfied client is with cleanliness of all areas of facility - not just event space.
90	Facility appearance rating	Measure of how satisfied client is with appearance of all areas of facility-not just event space.
91	Capital renovations	Measure of ability to upgrade facilities to make them competitive with other top-ranked facilities.
Event Set-Up/Cleaning		**Set-up (based on pre-plans), takedown and clean up each event.**
92	(Event Set-Up/Cleaning)Number of event pre-plans implemented	Output measure to track workload.
93	Event set-up and cleaning costs per dollar of revenue	Measure of how efficient and effective staff are in set-up, takedown, and clean-up activities.
94	Degree of flexibility	Measure of volume, specification and speed of delivery flexibility.
95	Room set-up and cleanliness satisfaction rating	Measure of how satisfied client is with set-up and cleanliness for their event.
96	(Event Set-up/Cleaning)Additional services sold	Measure used to generate creativity in marketing and reporting additional services performed.
97	Response time	
Exhibit Services		**Provide technical, telecommunication and utility services.**
98	Number of service order items provided	Measures the amount of demand for technical and utility services
99	Exhibit service revenue per dollar of cost	Measure of appropriateness of revenues received for services - ideally costs < revenues.
100	Exhibit service revenue	Total revenue generated by services.
101	Exhibit services refunds as a % of revenue	Measure of adequacy of services performed.
102	(Exhibit Services)Additional services sold	Measure used to generate creativity in marketing and reporting additional services performed.
103	Exhibit services satisfaction rating	Measure of client satisfaction with exhibit services performed by staff.
104	Budget for audio/visual improvements	Measure of the Center's commitment to providing top-notch, innovative audio/visual equipment.
Management		**Provide managerial support to departments**
105	Employee turnover rate	Measures the rate of employee separations during the reporting period.
106	Number of grievances/100 employees	Measure provides the ratio of grievances per 100 employees.
107	Sick leave hours used/1000 hours	Measure compares sick leave hours used for every 1000 hours scheduled (excludes vacant positions and overtime hours).
108	Management to staff ratio	Measure management workload and ability.
109	Number of memberships in community organizations	Measure of managements networking practices & they're impact as community ambassadors.
110	% attainment of goals and objectives	Measure of ability to set roles and responsibilities and develop strategies to attain goals.
Human Resources and Risk Management		**To provide assistance to the department in recruiting, hiring, compensating, and retaining as skilled, diversified and safe workforce.**
111	Lost time injury rate/100 fte employees	Measures the amount of time lost due to injury divided by the amount of time which could be worked by 100 employees (formula created by the National Safety Council - an industry norm).
112	Number of employee injuries	Measure provides management with information that can be used to develop safety measures to minimize on-the-job injuries.
113	Cost of personnel activity per budgeted fte	Measure compares cost of personnel on a per employee basis.
114	% overtime to total hours worked	Measure productiveness, efficiency, workload.
115	Total cost of personnel administration	Measure to track administrative services.
Information Technology Support		**Provide interconnectivity, hardware and software maintenance and support, and system planning, design, development and implementation for departments to produce and communicate information.**

Activity	Performance Measure	Description
116	Total number of workstations supported	Output measure to track workstations supported.
117	Support costs per workstation	Measures the cost per computer for upgrades and technical support.
118	% of problems resolved at time of call	Measure of the timely problem-solving capability of IT support staff.
Purchasing		**Technical and administrative services to ensure accurate, compliant contracts.**
119	Number of transactions	Measure provides management with the workload of the purchasing function.
120	Total dollar purchases (<$10k)	Measure tracks purchasing activity for small purchases.
121	Cost per transaction	Measures the cost of the purchasing workload.
122	% of purchases awarded to preferred vendors	Measures the use of preferred vendors.
123	Amount of unused food/beverage	Measure of inventory control.
124	Quality food (inventory) received on time	Measure of suppliers performance - quality and timely delivery.
Administration and Finance		
125	Total department budget	Total approved or amended budget - including all funding sources.
126	Annual operating expenses	Actual and trends in actual annual expenses.
127	Annual earned revenues	Actual and trends in actual annual revenues.
128	Economic impact of convention activity	Estimated economic impact - based on regional/national spending averages per attendee.
129	Average economic impact per event day	Measures the economic impact by event day - useful for planning future event impact.
130	Convention and tourism taxes generated	Measures revenues through hotel/motel taxes - potentially both area wide and OCC share.
131	Total delegate spending projections	Projects economic impact of event.
132	% of year-end delegate spending goals achieved	Measures effectiveness of event at generating positive economic impact.
133	Operating profit or loss	Measures ability to improve profit position.
134	Overall client evaluation rating	Measures overall satisfaction with facility and services received.
135	% of clients indicating they would book again	Measures client willingness to return + explanation as to why they would or would not return.
136	Center's ending fund balance	Measures the difference between revenues plus prior ending balance and expenses.
137	% of square foot utilized	Percentage of square foot utilized per square foot available.
138	Attendance at events	Measures actual and trends in actual attendance at events.
139	Average cost / event day (or event)	Measures overall and trends in avg cost per event day or event in total.
140	Additional services sold	Measure used to generate creativity in marketing and reporting additional services performed.
141	Gross profit by event	
142	Ticket sales	Measures interest in events, quality of events and sales trends.
143	Average revenue generated per performance	Measure of average revenues per contract - useful for planning purposes.
Food and Beverage Service		
144	Regularity of health inspections	Measure provides information on food service and personal hygiene.
145	Number of injury related accidents	Measure of the safety of the working environment.
146	Training costs/employee	Measure of the core competence of staff and the consistency of service.
147	% of purchases from approved vendors	Measure of quality of raw materials.
148	% of waste recycled	Measure of the effectiveness of the energy conservation and recycling program.
149	Commission due MERC (or fees due caterer)	Measure of profitability of caterer.
150	Food services satisfaction rating+D224	Measure of client satisfaction with food and services performed by staff.
151	Qualitative Incentive Rating	Measure of facilities assessment of services provided by Aramark.
152	Amount of unused food/beverage	Measure of inventory control.
153	Quality food (inventory) received on time	Measure of suppliers performance - quality and timely delivery.
154	% of purchases awarded to preferred vendors	Measures the use of preferred vendors.
Development and Advancement		**Provide adequate funding.**
155	Number of donors	Measure of trends in donor numbers.
156	Size of donations	Measure of Center's ability to fund programs/activities.
157	% of donors increasing donation levels	Measure of Center's ability to cultivate higher levels of donations & trend analyses.
158	Types of donors (corporate, individual, gov't, etc)	Measure of the breadth of donors.
159	Average donation per type of donor	Measure of the trend and effectiveness of marketing each donor type.
160	Donations received from special project fundraising	Measure of the effectiveness of the fundraising campaign.
161	Donations received from telefundraising	Measure of the trend and effectiveness of telefundraising activities.
162	Donations received through direct mail fundraising	Measure of the trend and effectiveness of direct-mail fundraising campaigns.

Appendix B

Appendix B:
Performance Measurement Models

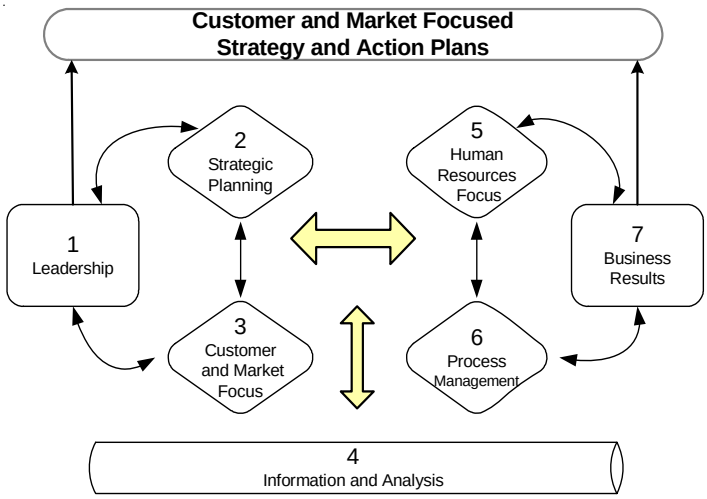
Critical Few Performance Measurement Model



SOURCE: Metro Auditor's Office adapted from The Performance-Based Management Handbook, September 2001.

The "Critical Few" model simplifies and distills a large number of performance measures across the organization into a few that drive strategic success. Monitoring too many measures, it is thought, can distract management from the measures most critical to the agency's success.

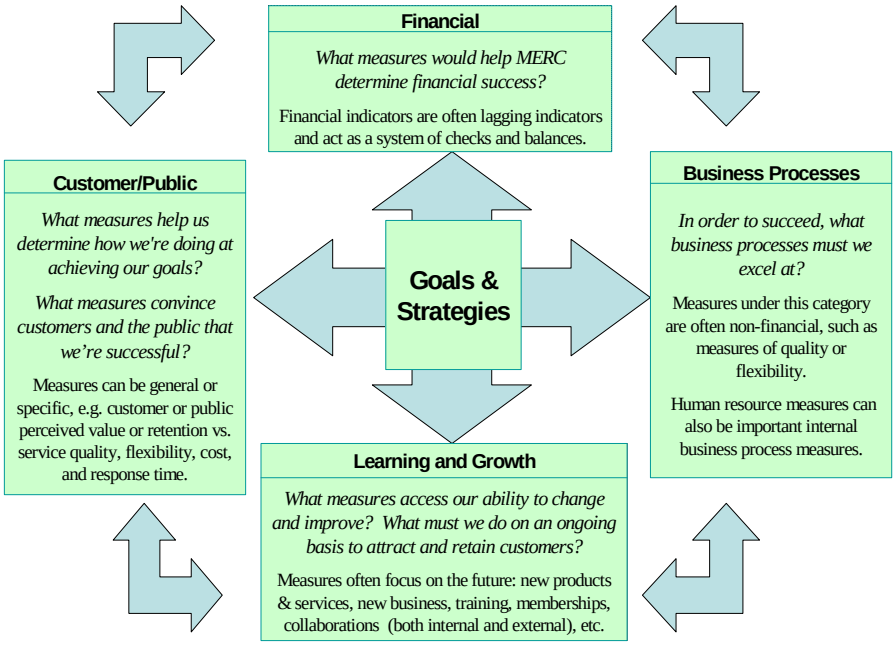
Malcolm Baldridge Quality Award Model



SOURCE: Metro Auditor's Office adapted from The Performance-Based Management Handbook, September 2001.

The Malcolm Baldrige model calls for a balance among customer satisfaction, employee satisfaction, and business results. It is designed to provide both a framework for developing an integrated performance measurement system and a roadmap for improved operations.

The Balanced Scorecard Approach To Performance Measurement



SOURCE: Metro Auditor's Office adapted from The Performanced-Based Management Handbook, September 2001

In a Harvard Business Review article by Robert S. Kaplan and David P. Norton, entitled *Using the Balanced Scorecard as a Strategic Management System,* the authors say that the balanced scorecard enables a company to align its management processes and focuses the entire organization on implementing long-term strategy. The article also suggests organizations are using the scorecard to:

- Clarify and update strategy
- Communicate strategy throughout the organization
- Align organizational and individual goals with strategy
- Link strategic objectives to long-term targets and annual budgets
- Identify and align strategic initiatives
- Conduct periodic performance reviews to learn about and improve strategy

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