



TAKING THE HIGH ROAD TO SUCCESS

South Dakota DOT saves millions with SAS®

Industry

Government

Business Issue

Measure business performance and analyze the financial impact of decisions at a large state agency.

Solution

SAS® Activity-Based Management and SAS® Strategic Performance Management.

Benefits

SAS® offers more than \$2 million in annual savings.

Every year, executives for the South Dakota Department of Transportation (SDDOT) sit before the state's Legislative Appropriations Committee to answer questions regarding the spending of taxpayer dollars. The committee typically asks:

- What are the taxpayers getting for the money we appropriate to the SDDOT?
- How do we know you are operating efficiently?
- How can you do more with what you have?

Questions like these illustrate the No. 1 challenge facing many state government agencies today – namely, the constant struggle to do more with less. For SDDOT that means providing a transportation system that satisfies diverse mobility needs, addresses concerns for public safety and the environment, and maximizes the use of existing resources. SAS helps SDDOT meet these challenges with software for activity-based management and strategic performance management.

“SAS helps us accomplish our mission in a fiscally responsible manner,” explains Roxanne Rice, Chief Financial Officer for SDDOT. “With SAS, we’re becoming more aware of what we’re spending on activities and how we’re performing, so we know where to make changes to improve and when we must request more funding.”

Rice is responsible for the agency's \$430 million annual budget and its asso-

ciated financial planning, which involves ongoing communication with the state legislature on issues of departmental performance and anticipated budget increases. “With SAS,” she says, “we’re able to identify opportunities for saving money, and we’re able to justify existing costs and budget increases in the areas that need them.”

SAS® answers difficult questions

Before implementing SAS solutions, the agency maintained multiple accounting systems that tracked how much money was spent, but Rice says the information was not organized or optimized for answering important questions, such as:

- What does it cost to maintain a mile of secondary highway?
- How does this cost vary from one region of the state to another?
- How do our costs compare with those of other states and with private-sector contractors?
- Where are the best opportunities for reducing costs?

Now, with SAS Activity-Based Management, Rice and other managers within the agency can find those answers and share them with executives, team members and state legislators. The Web-enabled solution allows users to drill down into any project, customer or service area to identify the costs associated with underlying business processes. The next layer of the solution, SAS Strategic Performance Management, provides answers to more in-depth questions, including:

- Is our strategy in line with our mission?



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Roxanne Rice
Chief Financial Officer
South Dakota Department of Transportation

- Are our resources going toward the right activities for accomplishing our strategies?
- What specific actions are required to execute each strategy?
- How can we redirect our resources to more productive uses?
- How does each part of SDDOT contribute to the department’s overall success?

The performance management solution helps SDDOT managers and executives focus on and monitor key activities, apply sophisticated analytics, and respond proactively to pressures and changes.

Saving millions annually

During process review sessions in 2004, SDDOT used SAS Activity-Based Management to identify true costs for all of the department’s activities. These findings allowed the department to focus on changing many high-cost, low-benefit activities – ultimately saving more than \$2 million annually.

For example, SDDOT’s finance employees recently identified a way to simplify a data entry process with a new accounting template. “Along with other changes they were able to make, finance avoided hiring two new

employees,” says Rice. “In government, those full-time equivalents [FTEs] are gold. Managers are constantly asked to change processes to come up with an FTE from within so they don’t have to request an additional FTE be appropriated. Now we’re giving them a tool to do just that.”

Another recent improvement, identified in the maintenance area, was the decision to spray for weeds around highway posts instead of mowing in those areas. As a result, the maintenance department has realized \$60,000 in annual savings and improved its safety measures as well.

Rice says the process changes that managers have implemented in the last year range from large to small, but total savings add up to a substantial sum. “We’ve already identified \$2 million in annual savings, and there’s so much more out there that we can do,” she says.

Next, Rice says she plans to institutionalize the use of activity-based management and performance management, which will be made easier with the Web-enabled capabilities of SAS. “Managers will be able to see immediately whether they’re heading in the right direc-

tion,” says Rice, “so they can make changes to meet their goals and really take action.”

Performance management adds value

While activity-based management forms the core of the agency’s solution, Rice says performance management produces results throughout the organization that increase the value of the solution exponentially. Plus, she says, performance management was on the department’s list of top initiatives in its 2004 strategic planning meetings.

“Performance management encompasses a broad spectrum of needs: business improvement, process measures, performance measures and activity-based management, and the SAS solution met all of our needs,” says Rice.

Overall, SDDOT employees now have a better sense of how their work contributes to the agency’s mission, vision and strategic plan. “SAS gives everyone the opportunity to make changes to their jobs that will increase efficiency, and it helps everyone contribute to the strategic goals of the department,” concludes Rice.



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