

Program Assessment & Prioritization Process

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Overview

Purpose

- Present a standardized process to support the annual Program Assessment and Prioritization

Scope

- Assess and prioritize programs that require funding for FY10 including:
 - Opportunities to enhance existing programs/products
 - Opportunities for new products to add to the product portfolio

Overview

Methodology

- Program prioritization methodology leverages FY09 program assessment approach
- Program Prioritization for FY10 will be done by Sector based on Sector specific BSC objectives
 - Mandatory programs will be excluded from the prioritization process, i.e. they will be funded first.
- Program Prioritization for FY11 will be done across the enterprise based on ASME BSC objectives as identified by the BOG

Program Assessment and Prioritization Process

STEP 1: Sectors to create list of programs that will require funding for FY10

STEP 2: PM team to work with Sectors to gather all required data

- Estimated investment
- Projected revenue
- Program description (alignment to BSC, projected number of users, etc.)

STEP 3: PM to collaborate with Sectors to score and prioritize programs

Prioritizing & Decision Making

STEP 3a: Prioritize Programs:

- Combine Strategic Fit and Net Revenue to rank the programs and develop the prioritized list

STEP 3b: Place Programs into categories to support decision making:

- Optimal Set (Decision: Must do)
- Promising but Poor Financial Structure (Decision: Re-evaluate Revenue/Investment)
- Needs Strategic Re-alignment (Decision: Re-define Program)
- Least Promising (Decision: Reject)

STEP 3c: Analyze results, fine tune programs, and re-prioritize if necessary

Scoring & Prioritizing

The method includes:

- Plot each program on Strategic Fit vs. Net Revenue grid
- Prioritize across the quadrants

Strategic Fit vs. Net Revenue



- Every program will land in one of the quadrants
- Each quadrant has a prescribed action

Strategic Fit Computation

- Each program will be assessed across the ASME Sector objectives (FY10) and Enterprise strategic objectives as defined by the BOG in (FY11)
- Each program is assessed along 5 dimensions that define each objective. For each dimension that the program meets, it receives 1 point. The maximum score for each objective is 5.
- Strategic Fit is the sum of all the values assigned to each dimension along the objectives

Program Benefit Index (PBI)

Strategic Value = Strategic Fit x Number of Users x Scaling Factor*

* The scaling factor will be in dollars to allow Strategic Value to be compared with Net Revenue.

Program Value = Strategic Value + Revenue

$$\text{Program Benefit Index} = \frac{\text{Program Value} - \text{Program Investment}}{\text{Program Investment}}$$

Scoring Matrix - K&C

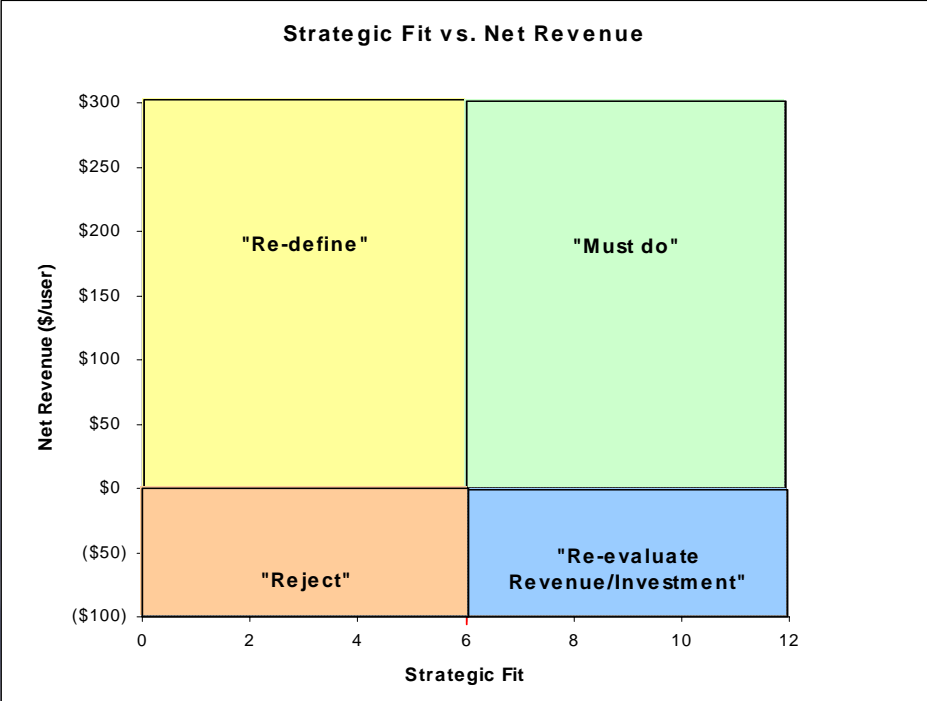
	Better serve our Core Customers focusing on early career engineers, industry, government, practicing engineers and institutions	Secure, serve and incorporate emerging markets and technologies	Increase Net Revenue	Stimulate diversity and active participation in all units and communities	Develop new and expanded relevant content	Improve coordination and effectiveness of internal/ external communications	Develop a global and diverse volunteer leadership	Strengthen enterprise project management skills and capabilities*
	C1	C2	F1	I1	I2	I4	L2	L4
D1	ECE: Makes significant program changes that will lead to expanding ECE customer base and focuses on career development/management skills	Evaluates/develops emerging market or technology in which ASME currently does not participate	Develops new product or service that will generate revenue	Specifically targets participation of non-majority ASME ethnic, gender, global demographic	Ensures content is relevant to global customers	Communicates ASME membership benefits	Encourages minority or global participation in program/product development	* Because L4 is solely focused on internal operations, we will not be using it in the program prioritization process
D2	Industry: Defines relationship and value proposition and leverages knowledge into new products and services	Enhances existing emerging technology product portfolio to meet market needs	Enhances current program to generate additional revenue or reduce expenses	Partners with an engineering minority organization or ME organization headquartered in another country	Creates and captures knowledge through thought leadership programs, conferences, roundtables	Enables ASME.org to be user friendly	Encourages minority or global participation on Committees, Boards, etc	
D3	Govt - Advocates and leads in public policy development	Develops ASME strategy for an emerging market or technology with goal of serving market in the following year (FY11)	Packages multiple ASME products to serve a given market	Addresses language, cultural, or economic barriers to encourage global participation	Develops content that addresses the energy grand challenge	Utilizes cross-sector collaboration	Encourages women to participate in program/product development	
D4	Practicing Engineers - Provides new technical training to prepare practicing engineers for challenges of tomorrow	Serves customers of an emerging market or technology in the current year (FY10)	Promotes cross-selling of ASME products	Increases year-over-year participation or facilitates market share growth	Develops content that promotes engineering workforce development	Employs modes and delivery methods suitable to global customers	Encourages women's participation on Committees, Boards, etc	
D5	Institutions: Maintains linkage to ongoing academic program priorities	Creates partnerships to serve emerging market or technology	Grows global market share	Encourages participation in Peerlink, Sections, Divisions, or other ASME communities	Develops content for continuing education or new curriculum	Improves awareness of ASME products and services	Encourages ECE participation on Committees, Boards, etc	

An Example: Predominantly Revenue driven Programs

Input from Sectors

Scoring & Prioritizing

Programs	Number of Users U	Program Investment I	Program Revenue R	Net Revenue/User	Strategic Fit S	Scaling Factor (F)	Program Value V = S*U*F + R	Potential Benefit Index PBI = (V - I) / I	Program Priority
P1	5,000	\$250,000	\$50,000	(\$40)	8	100	\$4,050,000	15	4
P2	7,500	\$625,000	\$700,000	\$10	2	100	\$2,200,000	3	8
P3	10,000	\$300,000	\$500,000	\$20	5	100	\$5,500,000	17	3
P4	3,000	\$45,000	\$500,000	\$152	10	100	\$3,500,000	77	1
P5	10,000	\$500,000	\$50,000	(\$45)	2	100	\$2,050,000	3	7
P6	2,000	\$150,000	\$600,000	\$225	6	100	\$1,800,000	11	5
P7	50	\$7,500	\$10,000	\$50	7	100	\$45,000	5	6
P8	300	\$27,000	\$1,000	(\$87)	3	100	\$91,000	2	9
P9	500	\$10,000	\$10,000	\$0	10	100	\$510,000	50	2
P10	100	\$20,000	\$15,000	(\$50)	5	100	\$65,000	2	10



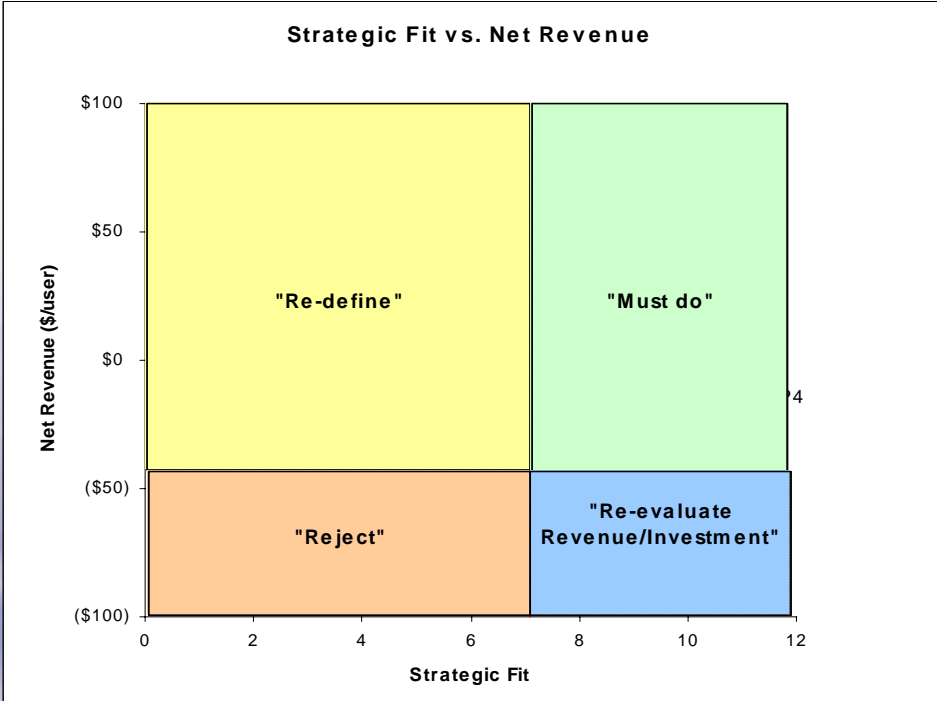
Each bubble represents a program. The larger the bubble, the higher the benefit to ASME.

An Example: Predominantly Mission oriented Programs

Input from Sectors

Scoring & Prioritizing

Programs	Number of Users U	Program Investment I	Program Revenue R	Net Revenue/User	Strategic Fit S	Scaling Factor (\$) F	Program Value $V = S*U*F + R$	Potential Benefit Index $PBI = (V - I) / I$	Program Priority
P1	5,000	\$250,000	\$10,000	(\$48)	8	100	\$4,010,000	15	4
P2	7,500	\$625,000	\$625,000	\$0	2	100	\$2,125,000	2	8
P3	10,000	\$300,000	\$200,000	(\$10)	5	100	\$5,200,000	16	3
P4	3,000	\$45,000	\$0	(\$15)	10	100	\$3,000,000	66	1
P5	10,000	\$450,000	\$1,000	(\$45)	2	100	\$2,001,000	3	7
P6	2,000	\$150,000	\$0	(\$75)	6	100	\$1,200,000	7	5
P7	50	\$7,500	\$10,000	\$50	7	100	\$45,000	5	6
P8	300	\$27,000	\$1,000	(\$87)	3	100	\$91,000	2	9
P9	500	\$10,000	\$500	(\$19)	8	100	\$400,500	39	2
P10	100	\$20,000	\$15,000	(\$50)	5	100	\$65,000	2	10



Each bubble represents a program. The larger the bubble, the higher the benefit to ASME.

Decision Making Process

1. Fund mandatory programs
2. Fund programs in “must do” quadrant
3. Put aside programs in “reject” quadrant
4. Review programs in “re-define program” for strategic fit and “re-evaluate revenue/investment” quadrants
5. Select programs to revise
6. Re-assess and prioritize revised programs
7. Fund revised programs in “must do” quadrant
8. If funds remain, fund borderline programs

Next Steps

1. Get approval from the EMC & SMC to execute the process
2. Collaborate with Sectors to execute the process
3. Share preliminary results with EMC and Sectors
4. Re-assess prioritization based on EMC and Sector feedback
5. Develop final recommendations for
 - FY10 program investment by Sector
 - FY11 program investment by Enterprise