



CHIEF'S FILE CABINET

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Bang for your Buck

Almost anytime you enter into a discussion about fire department finances, someone will sooner or later use the expression “getting the biggest bang for the buck”. Unless you are an expert on pyrotechnics and know the exact price of fireworks, I often wonder how anybody can answer that question in simple terms. The bang that we are talking about is the outcome and the buck that we are talking about is the amount of money that it costs to create that loud noise.

As a chief officer in a modern fire department, we must respond to this request to articulate outcomes in relationship to cost factors in a more sophisticated fashion each and every year. The reason that this is continuing to be emphasized is that the amount of money that it takes to produce outcomes has increased significantly over the last couple of decades and the noise made by the outcome is not always satisfactory to the people paying the bill.

To conceptualize the budget of a fire department, and then to evaluate it against outcomes is not an easy task. In the first place, fire departments are all over the map with regard to how they are structured and how they deliver services. However, the classic definition of fire services include at least two terms that many in the fire service have grown accustomed to. The first of these is called the level of effort. This is an expression of exactly how much money is being devoted to a fire department's budget at any given point in time. One of the things that have become crystal clear in the last couple of decades is that there is no such thing as a free fire department. You cannot find a single fire department in this country that doesn't have some form of financial need.

Even if an organization is a totally volunteer organization they must have a fire station and they must have fire equipment. Even if both of those were somehow miraculously donated to the fire department you still have to have liability insurance and somebody has to put fuel in the tank. Lastly, training is not free either. The level of effort is an expression of how much the community is willing to put into its fire department and it varies all over the map.

The best method of describing level of effort is to put it in the context of per capita contribution. Per capita means per person. If there are 100 people who live in a community and they each put a dollar in a kitty to pay for a fire department you only have \$100 to spend. If you have 10,000 people in a community and they all decide to put \$10 in the same kitty then you have \$100,000. Level of effort is measurable

Level of service on the other hand is an output of what you can purchase with the level of effort. Once you have a certain amount of money what you purchase with it can also be measured and evaluated. In essence, level of service is an expression of what can be put to work on a particular fire service issue in



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terms of resources. That may include equipment, staffing and maybe even programs. It is what you can provide with the money you have

The term level of service has been used an awful lot in the discussions of standards of response cover. However, level of service also applies to any other function that you are conducting under the auspices of a fire department. For example, there is a level of service for public education. There is a level of service of fire prevention. There is even a level of service for maintenance.

Now let's take those two concepts and put them on an x and y axis to compare one against the other. Starting on the left hand side of our box we have a line that says zero level of effort and on the right hand side we have a point called 100 percent of national average. This axis of the model represents the level of effort that is being expended on the basis of 25, 50 and 75 percent of the national average being devoted to fire protection. That national average can be for the total fire department budget or it can be strictly for a function of the department's budget. For example, many fire departments calculate their per capita contributions to pay for emergency services but not many fire departments have gone to the effort of calculating their level of effort in fire prevention. However, the way the model works is pretty simple. That bottom line stands for the amount of money being generated on a per person basis.

The next axis which runs vertically is the level of service axis. Level of service is a reflection of the outcome that is being desired. Just for the sake of displaying this model we won't use the standard argument which is response time. Instead we will characterize that this line at the bottom where it says zero is a reflection of absolutely no services being provided to the community in the field of fire prevention. The top axis reflects an achievement of 100 percent of the goals that have been set for the fire prevention bureau, i.e. to conduct annual inspections of all inspectible occupancies within a specific geographical area.

You will note that level of service is goal driven. I can also substitute something such as response time. I could also substitute training certification. I can substitute fleet maintenance. It makes no difference what service level you are looking at as much as it makes a difference as to what is the goal of that service level on the left hand axis. You have fractals of performance, 25, 50, 75 and 100 percent.

Now let's go back and look at the model conceptually. If the fire department has a very low level of effort and simultaneously has a very low level of performance both of these can be measured and the metric would put you into that lower left hand quadrant. This quadrant might be expressed by the following statement: in the xyz fire department, a fire department training budget is 35 percent of the per capita in our region and simultaneously only reaches about 40 percent of our annual training goal.

Both of these dimensions can be measured and therefore they can be evaluated.



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As you observe these four quadrants, it becomes obvious that the ones that the organization that function in the lower left hand side this organization are marginal on level of effort and level of service. The ones that operate on the extreme right hand side of this model might be classified as not cost effective. In other words they are burning up a lot of resources but not necessarily achieving the overall designate goals. The upper left hand type of this quadrant can be characterized as being the “lean and mean” organizations in that they don’t have a lot of money but they sure are able to produce a lot of favorable outcomes. Then of course that leaves us with a fourth box which is an organization that is extremely effective but relatively expensive. One might consider that to be the box for departments that are highly effective.

This model can be managed and populated by any number of circumstances to give some degree of clarity to the outcome (level of effort).

This model is non-judgmental in that it doesn’t say whether it is good or bad. Rather it just says that is the way it is.

The concept of per capita costs is a legitimate baseline that every fire department should have some degree of clarity upon. The national fire academy and the United States Fire Administration produce an annual update for fire departments to monitor their per capita fire costs on a fairly regular basis. What is lacking in that data is a more finite schedule that applies to such things as fire prevention training, fleet maintenance and other factors.

As fire departments become better equipped to measure the outcomes of their programs, this model could well serve to address the question to compare apples with apples instead of apples with oranges. For example, two fire departments sitting right next door to one another have totally different levels of effort and levels of service. On the surface they look like similar fire departments. However, the metrics of their performance and the metrics of their costs may reveal that one department is functioning in at a different level than the other.

This particular column is liable to start huge debates among folks who believe that the only way to solve a fire department’s organizational problems is to through more money at it. This model demonstrates that unless you raise the bar on outcomes simultaneous with raising the amount of money being devoted to the budget. That one does not lead necessarily to the other.

Keeping track on how these numbers appear on this matrix over a period of time can definitely provide a fire department with a sense of its overall impact on the community.