National Round Table on the Environment and the Economy

Table ronde nationale sur l'environnement et l'économie

Performance Measurement Framework

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1. Overview

1.1 Introduction

Over the past number of years, public sector organizations have increasingly recognized the need to develop and deploy performance measurement systems in order to remain high-performance organizations. Indeed, one of the four key elements of the federal government's new Modern Comptrollership initiative focuses on performance measurement. The government convened an expert panel to make recommendations on modernizing comptrollership in the federal government and one of their primary recommendations focused on the need for government departments and agencies to improve their decision-making and reporting processes by effectively utilizing performance information.

The importance of performance information and measurement has also been articulated in the *Results for Canadians* document, issued by Treasury Board in May 2000, entitled "*A Management Framework for the Government of Canada*". This report outlines a modern management agenda for the federal public service that looks beyond activities and outputs and focuses on actual results – the impacts and effects of federal programs. This requires departments, such as the Round Table, to clearly define and articulate the desired results, deliver the programs and recommendations, measure and evaluate performance and make the necessary adjustments to improve both efficiency and effectiveness. The report acknowledges that this is a significant and challenging undertaking, and even more so for small departments with limited resources.

Following the release of the new management framework, in April, 2001 Treasury Board issued an Evaluation Policy "*to ensure that the government has timely, strategically focused, objective and evidence-based information on the performance of its policies, programs, and initiatives to produce better results for Canadians*". This new policy requires NRTEE to embed evaluation into their management practices in order to help design policies, programs and initiatives that clearly define expected results and that embody sound performance measurement, reporting and accountability provisions at their outset. In addition, evaluation will help assess, in a rigorous and objective manner, the results for government policies, programs and initiatives, including their impacts, both intended and unintended, and alternative ways of achieving expected results. By developing and deploying an effective performance measurement system, the Round Table will be fulfilling the objectives of this new policy.

1.2 Purpose of the Performance Measurement Framework

The purpose of this Performance Measurement Framework is to design a consistent approach for systematically collecting, analyzing, utilizing and reporting on the performance of the National Round Table's programs and activities. This framework is a tool that will enhance the management and reporting of the Round Table's programs and activities by measuring the organization's level of achievement of results.

1.3 Link Between Performance Measurement and Financial Information

Performance measurement is linked to financial information in a variety of ways. On a macro level, the Round Table receives and appropriation from Parliament of approximately $5 million to carry out the organization's mandate *"To play the role of catalyst in identifying, explaining and promoting, in all sectors of Canadian society and in all regions of Canada, the principles and practices of sustainable development"*. By measuring performance towards achieving our desired outcomes and ultimate results, we will be in a better position to objectively assess and report on our results.

On a program level, performance measurement is linked to financial information in that NRTEE has developed and implemented an Activity Based Costing (ABC) model to track actual total program costs, including overhead, against the individual program budgets. This provides sounder, more objective information on which to manage expenditures within a specific program and/or between programs. As we move forward on implementing performance measurement, we will examine the opportunities and obstacles for utilizing the ABC information more effectively.

1.4 Benefits of a Performance Measurement System for the Round Table

There are numerous benefits to any organization that develops and deploys an effective performance measurement system. It is often said that you can't effectively manage what you don't measure. Although the Round Table is constantly monitoring its programs and activities against its overall mandate, the organization does not currently utilize a formal, objective process or system to systematically collect, analyze, deploy and report performance information. By developing such a system, the Round Table will be in a position to utilize concrete, objective information and data on which to make sound management decisions and report to stakeholders.

A performance measurement system will also enable the Round Table to improve its ability to plan, manage and measure performance through the development and use of performance indicators and evaluation frameworks. This, in turn, will provide the Round Table's senior management and members with timely information on the relevance, success and cost-effectiveness of programs and activities.

A further benefit of a performance measurement system is that it can lead to a set of "best practices" and "lessons learned" that can be used internally to improve the Round Table's management practices and program activities.

1.5 Challenges and Limitations of Performance Measurement

Performance measurement is a management system, intended to provide decision makers and management with concrete data and information on which to make sound decisions and continuously improve performance. It is not, however, an exact science nor should it be viewed as such. This is often because accurate data may not be available to tell the whole story or that the cost of obtaining more refined information outweighs the benefits such information could provide. The Round Table should utilize, wherever possible, data and information that is already collected and available. This is a cost-effective, practical approach that enables the Round Table to integrate performance measurement into the various programs versus adopting a separate, stand-alone process or system for measuring performance.

Another limitation of performance measurement for NRTEE is that there is often not a clear link between the recommendations the Round Table makes to the federal government on sustainable development issues that intersect the environment and the economy, and the government's ultimate policy decisions in this area. This is a common challenge for many public sector organizations. The outcomes of public sector services are inevitably affected by many factors outside the individual agencies or department's control. This is particularly true for a public sector agency such as the National Round Table that is an independent advisory body rather than an ultimate policy maker. Due to the many partners and players involved in setting government policy, we are not able to clearly attribute the government's ultimate sustainable development policies to the related recommendations made by the Round Table. However, despite this attribution challenge, the consistency between the NRTEE's recommendations and the government's policy and funding decisions on sustainable development issues that intersect the environment and economy is an important correlation that should be reflected and reported.

Effective performance measurement systems should raise a "red flag" that something is wrong; however, the information doesn't always provide the reason. This is especially applicable for organizations such as the Round Table that function within a multi-stakeholder environment, where the focus is more on the process itself versus a defined product or service. This highlights the need to factor qualitative performance indicators into NRTEE's performance measurement process. A good example of how the Round Table currently factors qualitative information into their program processes, involves the way in which NRTEE Policy Advisors are constantly "monitoring the pulse" of their Task Forces in order to ensure that there is effective, balanced participation by the members. When they encounter situations where this is not the case, they work closely with the Task Force Chair and senior management to rectify this problem. This may result in a very targeted consultation or discussion with a key stakeholder to get their input or feedback on a particular issue or recommendation.

Despite the various challenges or limitations of performance measurement for the Round Table, the benefits of developing a more systematic process for gathering, analyzing, deploying and reporting performance clearly outweighs the limitations or challenges of measuring performance.

2. Performance Measurement Principles

In order to measure performance on a consistent basis across the organization, the following five principles have been developed to help guide this process for the Round Table:

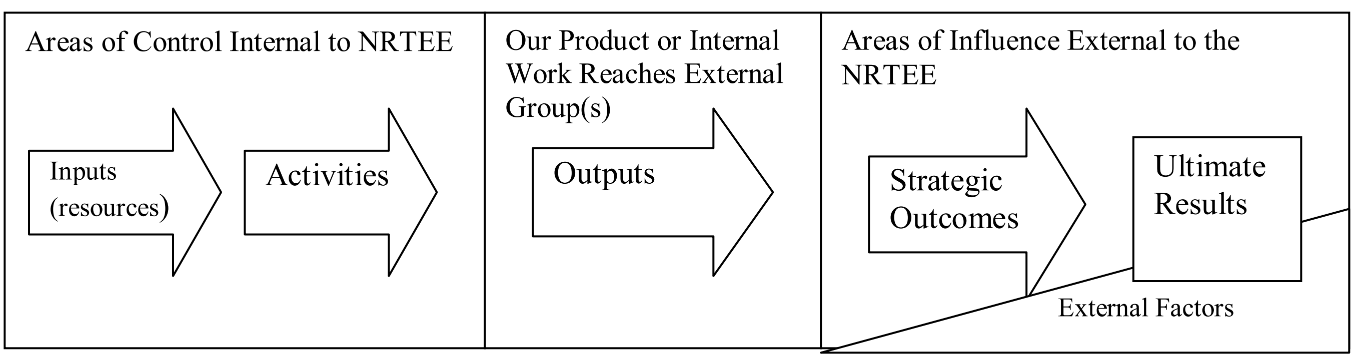
1. Outcomes and results must be clearly defined;

2. The performance measurement system, including data collection, should be simple and cost-effective;
3. The performance measurements system should be positive, not punitive.
4. Performance indicators should be simple, valid, reliable, affordable and relevant to the activity or process being measured; and
5. Performance indicators will be reviewed and improved on an ongoing basis. It is only by gaining experience measuring performance that you can really refine and improve the process.

3. Program Management Process

The program management process is the overall, generic process that helps to guide the results of an organization, both at the strategic, organizational level and at the program level. This process is made up of **inputs, activities, outputs, strategic outcomes (immediate and intermediate) and ultimate results**. This process is very useful in that it helps to focus our thinking on what it is we are really trying to measure. Outputs, outcomes and ultimate results are commonly used to describe the different level of results. It is useful to look at this process as a sequence of cause-effect relationships, in which each level of the results is related to the next higher one by means of achieving the previous one. Figure 1 provides a graphical illustration of this concept.

Figure 1. The Program Management Process



<u>**Source:**</u> Results-based Management and Accountability Frameworks Guidance, Treasury Board Secretariat, Government of Canada, August 2001

The cause and effect linkages can be expressed as “if…then” statements, representing the internal logic of the program/project/process. For example, “if” the outputs are achieved as expected, “then” we should achieve the outcome, and; “if “ the outcomes are achieved as expected, “then” we should achieve the ultimate results.

The National Round Table utilizes their own Program Management Manual to guide the work of the individual programs. This manual breaks down the program management process into five phases - issues identification, scoping, program planning, implementation and wrap-up. The performance measurement process can be applied to the Round Table’s program management methodology in that the determination of the inputs, activities, outputs, outcomes and ultimate results of an NRTEE program should be determined during the scoping or program planning phase by developing a results chain followed by a performance measurement plan. Both the development of the results chain and performance measurement plan are outlined in the section that follows.

Throughout the program implementation phase, we will measure performance on an ongoing basis. This enables us to objectively monitor the progress of the program on an ongoing basis with the objective of making the necessary program adjustments and improvements to facilitate the achievement of our desired outcomes. This will also allow us to effectively report on the progress towards achievement of expected outcomes and results during the wrap-up phase of the program. The wrap-up phase also provides us with the opportunity to conduct formal evaluations of the program if required.

4. Key Steps for Measuring Performance

As mentioned above, there is no single, correct way to measure performance. There are however, some key, logical steps to developing an effective performance measurement system for the Round Table. These steps are as follows:

4.1 Develop a Basic Results Chain

In order to demonstrate how our activities and outputs are expected to lead to the achievement of our ultimate results, we need develop a basic results chain. This results chain helps to ensure we clearly link our resources, activities and outputs to our strategic outcomes and ultimate results. The Results Chain, illustrated in Figure 2, provides an organizational "roadmap" for the NRTEE. It enables us to connect our appropriation from Parliament to the ultimate result we strive to achieve as an organization; namely, i*mproved public policies in key areas having to do with the environment and the economy are instituted.* Most importantly, as it may take years, if not decades, for us to achieve this ultimate result, this results chain identifies the strategic outcomes that demonstrate our progress towards the achievement of this ultimate result.

Figure 2 - NRTEE Results Chain

Ultimate Result

There is a greater balance between the concern for the environment and the economy in policies and practices.

Strategic Outcomes

1. NRTEE clients and stakeholders consider NRTEE recommendations and analysis in their decision-making processes.
2. There is an increased awareness and understanding of the issues, challenges and practical solutions to achieve a more balanced and integrated environment and economy.
3. New relevant, useful and credible information and information is produced.
4. New working partnerships are formed among federal, provincial and municipal governments, key stakeholders and Canadians.

Outputs

- Policy recommendations
- NRTEE *State of the Debate Reports*
- Information exchange and dissemination
- Speeches and presentations
- Media coverage
- Web site

Activities

- Conferences
- Steering committee, task force, and working group meetings
- Broad multi-stakeholder consultations and meetings
- Organize conferences
- Research, analysis and case studies

Resources

- Financial resources of $5.4 million in 2001-2002
- Human resources comprised of 28 full-time equivalents (FTE's)

Similar results chains should be developed for each of the NRTEE's programs and initiatives so as to ensure that we have an effective "road map" that outlines this linkage between allocated resources and expected outcomes and results for each of our programs. As previously noted, for new NRTEE programs, this results chain should be developed at the outset of the program, during the scoping or program-planning phase.

It is important to keep in mind that developing a results chain is an **iterative process**. It is really only through soliciting feedback that we are able to critically review the results chain and make the necessary revisions. Although one often reads a results chain from the inputs upwards to the ultimate results, in order to effectively develop a results chain as a key planning tool for new programs, you should first determine "*What is the ultimate result we are trying to achieve by embarking on this new program?"* – this is also often described in terms of "*What is the high level* ***problem*** *we are trying to solve*?" Following from the high level ultimate results, we then need to ask ourselves what are the strategic outcomes we expect to achieve that will demonstrate our progress towards achievement of this ultimate result. It is only by clearly determining the key strategic outcomes and ultimate results that we can determine what outputs we need to produce and what activities we need to carry out. The inputs (financial and human resources) required should then be determined based on the key activities that are required. Figure 3, outlines the key questions that provide the necessary guidance for constructing a basic results chain for the NRTEE:

Figure 3 – Constructing a Basic Results Chain

<table>
<tr><td>Ultimate Results</td><td><u>WHY?</u>
Why are we undertaking this new program or initiative-what is it we ultimately expect to achieve, recognizing that it may take years, or even decades, to achieve this ultimate result(s)?</td></tr>
<tr><td>Strategic Outcomes</td><td><u>WHAT?</u>
What do we expect to see or hear as a result of our outputs and activities?

<u>WHO?</u> and <u>WHERE?</u>
Who do we need to engage and reach, and where?

The strategic outcomes are often referred to as the behavioral changes that arise as a result of our work.</td></tr>
<tr><td>Outputs</td><td rowspan="3"><u>HOW?</u>
The outputs, activities and inputs are effectively the operational elements required in order to achieve the strategic outcomes.

What outputs do we need to produce in order to achieve the expected strategic outcomes? (ie. NRTEE Policy recommendations, State of the Debate Reports, new analysis and information, speeches, website etc.)?

What key activities do we need to undertake in order to effectively contribute to the strategic outcomes?

What inputs (financial and human resources) do we have to carry out the key activities?</td></tr>
<tr><td>Activities</td></tr>
<tr><td>Inputs</td></tr>
</table>

4.2 Identify and Select Performance Indicators

In order to measure performance on an ongoing basis, we need to identify and select performance indicators that will effectively tell us whether we produced a product (i.e. new analysis and information), carried out a key activity (i.e. a multistakeholder workshop or consultation) or achieved a specific outcome (i.e. engaged key stakeholders and clients on a particular NRTEE Task Force). There are two types of performance indicators as follows:

a. **Quantitative indicators –** these are numeric or statistical measures that are often expressed in terms of unit of analysis (the number of, the frequency of, the percentage of, the ratio of, the variance with, etc.). For example, an indicator of the achievement of a particular communications strategy for the Round Table may be the number of articles in the newspapers on a particular Round Table initiative or the number of attendees at a Round Table event versus the expected number (i.e. the event at which the Honourable Paul Martin spoke). A common quantitative indicator is whether the program, activity or event was on budget and on time, with an explanation of any significant variances.

b. **Qualitative indicators –** qualitative indicators are judgment or perception measures of the extent and quality of participation in an advisory or working group meeting, the extent of the debate on a particular issue, the quality of the presenter(s) at key NRTEE program conferences or workshops, the level of satisfaction in the multi-stakeholder process adopted for a particular program etc. Often qualitative indicators may be quantified. For example, we may quantify the number or percentage of people who felt the quality of workshop materials was excellent, good or poor.

It is a common myth that quantitative indicators are inherently more objective and useful than qualitative indicators. What is important is that we utilize a balanced set of quantitative and qualitative indicators in order to measure progress towards achieving a particular program or strategic objective. Common practice seems to indicate that is reasonable to select 3 indicators for each performance measure (one quantitative, one qualitative and one of your choosing).

Although there is no clear format or magic to selecting performance indicators, the following four criteria should be utilized in determining the most appropriate indicators to measure performance:

1. **Validity** – Does the indicator allow you to be precise in measuring the results (quantity, quality, timeframe)?
2. **Relevance** – Is it relevant to the activity, product or process being measured
3. **Reliability** – Is it a consistent measure over time. This is particularly important when selecting quantitative indicators?
4. **Simplicity** – Is the information available and will it be feasible to collect and analyze it?
5. **Affordability** – Can we afford to collect and analyze the information?

4.3 Set the Performance Targets or Benchmarks

The performance target or benchmark is the “goal” against which you will measure the actual performance. If you do not set some form of target or benchmark for each of the performance indicators, you will not have a point of reference to compare your actual results against. For example, for a program workshop, you may set a target of 60% of participants felt the workshop was an effective process for discussing a particular issue(s).

4.4 Develop a Performance Measurement Plan

In order to effectively measure actual performance against the set targets or benchmarks, you need to establish a plan for collecting and analyzing the necessary performance data or information. This plan must describe the methods and techniques of collection and analysis and the frequency of collection. It also needs to clarify and confirm the roles and responsibilities for each of these tasks.

This plan should be completed during the program planning stage for NRTEE programs. This enables us to assess the availability of the data sources, the feasibility of the collection methods and the identification of any potential problems. As noted above, we should first focus on existing data and collection methods (i.e. statistics on media activities; reports on NRTEE web site activities; focus group or conference participant and presenter listings, etc.) in order to maximize value from existing Round Table performance data and information. **Appendix A** to this report outlines a more comprehensive listing of some potential sources of performance data and information that currently exists within the Round Table.

If we are to utilize a survey as the data collection method, we must first develop a questionnaire designed to capture the necessary information. The Round Table often utilizes surveys to obtain participants’ feedback after major focus group meetings or conferences. Another useful collection method for the Round Table would be a participant observation method designed to ascertain the advisory committee or focus group attendees’ participation. Although Round Table Policy Advisors and Members are very attuned to the level of participation at these events, by designing a simple, participation observation form, we would effectively ensure the consistency and validity of the information collected from one observer to another.

Once we have determined the data sources and collection methods, the question of the frequency of the data collection must be addressed in the plan. The Round Table’s costing system (ABC) provides a valid, timely, objective, reliable financial information on each of the programs. Information on a targeted beneficiary group may have to be captured initially in order to establish a baseline level of information against which to measure the achievement of the output or outcomes (i.e. on our DET pilot, we surveyed a small, randomly selected, group of opinion leaders in order to establish a baseline against which we measured the strategic outcomes of the DET awareness-building sessions). As outputs are the short-term, logical consequence of activities, information gathered on the achievement of outputs provides ongoing, useful information for the managing and continuously improving the performance of programs. Outcomes, which are the more medium-term logical consequence of a combination of outputs, really only manifest themselves after a combination of outputs have been achieved. For example, for the DET awareness sessions, it was only after we completed most or all of the sessions that we were able to measure the achievement of the outcome of the sessions across all of the major sectors in Canada.

The performance plan must also determine who is responsible for gathering, analyzing and reporting on the performance data or information. Some of the considerations for determining who should be responsible are the logical fit of these responsibilities with staff member's regular responsibilities and existing workload, the timeframe and other budgetary pressures. As an aim of designing an effective performance measurement framework for the Round Table is to integrate it into the ongoing operations of the organization, it would be advantageous to keep the responsibility for this in-house as much as possible. An exception to this may be responsibility for measuring the Round Table's performance against the strategic objectives for the organization. For example, if maintaining or enhancing the Round Table's relevance as an authoritative source for advice on sustainable development issues is a strategic objective, it may not be feasible or practical to have the responsibility for measuring the achievement of this objective simply tacked onto the responsibilities of an existing staff member.

Although the performance measurement plan can be written up in a report format, as was done on the DET pilot program, the following matrix provides a graphical illustrative summary of the major components of an NRTEE performance plan:

Figure 4. Matrix for the Performance Measurement Plan

Outcomes	Performance Indicators	Data Sources	Collection Methods	Frequency	Person(s) Responsible
Reflect those outcomes outlined in the results chain.	As noted in step 2 above, select both quantitative and qualitative indicators, consistent with the 4 criteria noted above as follows: 1. Valid 2. Relevant 3. Reliable 4. Simple 5. Affordable	As noted above, we will utilize existing data sources as much as possible, followed by Some of NRTEE key data sources are listed in Appendix A. Other NRTEE da sources that may be required inclu the following: ➢ Surveys ➢ Interviews ➢ Statistics	The collection methods will depend on the data sources, Ie. gathering existing information and data (ie. web-tre reports, task Force participant listings etc.), developing &delivering surveys, conducting interviews etc	Describe how often you will gather the performance information.	Determine the person or persons responsible for providing and/or gathering the performance information and data.

4.5 Capture and Analyze the Performance Information

In accordance with the performance measurement plan, we need to capture and analyze the performance data and information. As previously noted, this will primarily be done during the program implementation phase. By capturing and analyzing performance information throughout the duration of the program, we will be in a position to more effectively monitor and manage our programs. This will enable us to be alerted to potential problems at the outset and take the necessary corrective action or improvements to get the program "back on track".

4.6 Interpret the Findings and Take Corrective Action as Necessary

Once you have analyzed the performance data and information, you then need to interpret the information in order to ascertain whether the objectives have been met, and if not, why not. In cases where the objectives aren't being met, you most likely will need to develop an action plan to correct this. For example, if the wrap-up survey results from a program workshop indicate that a majority of the participants were dissatisfied with the format, presenters, materials or break out discussions, the Policy Advisor and Advisory Chair would examine this feedback, noting any comments and suggestions. They would then need to develop a plan to modify future workshops in order to minimize or overcome these problems in the future.

4.7 Communicate the Results

Once we have the findings of our efforts, it is important that we effectively communicate these results. On a formal level, we should report our progress towards achieving our outcomes and ultimate results in our annual Performance Report that we are required to prepare each year. We should also use the results internally to Senior Management and program Task Forces. This also enables us to develop "best practices" and "lessons learned" that can strengthen management practices and activities on existing and future NRTEE programs.

Existing Sources of Performance Measurement Data

The following is a summary of the Round Table's key existing sources of performance measurement data and information that could be utilized in designing a performance measurement plan. This list is not all encompassing, but rather an initial summary based on discussions with program and communication staff and a review of various information and data sources.

Program Data Sources:

- Financial information from the Round Table's Activity Based Costing system and the FreeBalance accounting system
- Listing of Task Force members
- Listing of participants at NRTEE workshops and conferences
- Listing of presenters at conferences and workshops
- Listing of program partners

Communications Data Sources:

- In-house reports on media exposure
- Requests for NRTEE publications
- NRTEE web traffic (ie. Volume of visits, where they visited and for how long; web traffic trends etc.)
- Downloads of NRTEE publications from NRTEE's Virtual Library

Corporate Data Sources:

- Requests for Round Table members and senior staff to be speak at conferences and events
- Meeting or information requests from national and international delegations (i.e. provincial, foreign)
- Listings of participants at key workshops and conferences (i.e. The name, their company, and their title)
- Listings of presenters or key speakers at Round Table events
- Requests for NRTEE to take on new programs and/or initiatives