

*Module 3*

# PERFORMANCE MEASUREMENT



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Overview for Workshop Participants



# Module 3: Performance Measurement

## An Overview for Workshop Participants

Performance measures are valuable because they tell us how we are doing.

If you attended Sunday School as a child, you probably had a teacher who posted an attendance chart on the wall and awarded you a gold star for each day you were present. That was a performance measure. You probably were proud if you had more gold stars than anyone else. Report cards and merit badges were other forms of performance measurement as you were growing up. If you tried out for the track team, the coach probably used a stopwatch to record yet another performance measure in your young life.

Performance measures have always been part of our lives—sometimes subtly, sometimes not so subtly. They can tell us where we are strong and where we need improvement. Performance measures are useful to us individually, and they are useful to us in organizations. They are important in the private sector, as companies compete for customers and market share, and they are important in the public sector, too. The Washington, D.C. based Urban Institute’s Harry Hatry, an astute observer of human nature and public sector organizations, once noted:

“Unless you are keeping score, it is difficult to know whether you are winning or losing. This applies to ball games, card games, and no less to government productivity. . . Productivity measurements permit governments to identify problem areas and, as corrective actions are taken, to detect the extent to which improvements have occurred.”<sup>1</sup>

Private companies that hope to survive in the competitive marketplace rely on frequent readings that tell them whether they are “winning or losing.” Corporations have the bottom line of profit or loss, but they also measure many other aspects of their performance. In fact, Tom Peters and Bob Waterman, the authors of *In Search of Excellence*, characterized top companies as “measurement-happy and performance-oriented.”<sup>2</sup> The best companies refuse to fly in the dark.

Advocates of performance measurement in the public sector have long pressed for the development of good indicators and the use of those indicators in management and policy decisions. Increasingly, respected professional associations, including the Canadian Institute of Chartered Accountants and the American Society for Public Administration, are promoting the practice.

In Alberta, provincial government business plans reflect performance measurement, and while Alberta is in the early years of this process, a good structure has been developed. Other jurisdictions and institutions in Canada have embraced the performance management concepts, including performance measurement as an integral part of the overall strategic management cycle. Full accountability also requires information about the products or services that a government’s resources support. Since 1994, the Government of Alberta, in communicating its performance, has published an Annual Report “Measuring Up” to reflect its performance against targets set out in its’ business plan.

### Why Measure Performance?

The value of performance measurement to public sector organizations lies in its usefulness as an information source for management and policy decisions and in its significance as a tool of accountability. Performance measurement can improve:

- **Accountability.** Well designed performance measures document progress towards achievement of goals and objectives thereby facilitating governments or other organizations to fulfill their accountability obligations to their citizens, clients, elected officials, etc. In Alberta, it was primarily the need for accountability [as in the Government Accountability Act] that initially drove the initiative to implement performance measurement.
- **Strategic Planning.** Performance measurement supports strategic planning and goal setting by gauging progress towards established goals. Many observers feel that without such a mechanism to “hold government’s feet to the fire,” it is unlikely that a mere plan will lead to meaningful change.
- **Program Management and Service Quality.** Once measures have been agreed upon, progressive organizations may choose to give managers greater flexibility in determining *how* to achieve the desired results. Expanded operational authority enables them to respond more rapidly to changing conditions and needs while still ensuring accountability. Not only can performance measures identify problem areas that need attention, but they can also bring to light approaches that are working particularly well and which might warrant replication in other settings.
- **Budgeting and Resource Allocation.** The use of performance measurement in the budget process links financial costs to program results. This leaves policymakers better prepared to assign priorities, expand or reduce programs, and more accurately assess the costs of achieving desired results.
- **Contract Monitoring.** As governments increasingly contract out the provision of services to private vendors or other governments or nonprofit agencies, performance measurement becomes a critical tool in controlling risks and ensuring service quality. In short, contract monitors need performance measures to know whether or not contractors are fulfilling their performance obligations.
- **Personnel Management.** Performance measures can increase employee motivation and provide an objective means of assessing the achievement of group and/or individual targets. In fact, the establishment of clear departmental expectations and goals alone can go a long way towards increasing the motivation of managers and employees, many of whom otherwise see little direct connection between their efforts and any long-term goals.
- **Interdepartmental Collaboration.** By providing a clear direction for efforts in a particular functional area, performance measurement can promote interdepartmental communication and collaboration.
- **Communication with the Public.** Public reporting of performance measures can enhance citizens’ understanding and support of public programs. Moreover, a government that reports its own performance to citizens, rather than totally relinquishing that task to the media, has far more control over the manner in which information is disclosed and greater opportunity to describe its response to particular problems.<sup>3</sup>

The development of performance measures is a hollow exercise unless it is accompanied by a commitment to put the resulting measures to use. Only if performance measures are integral components of a government’s system of accountability, its policy development process, and its managerial decision making apparatus are they likely to generate the degree of commitment and diligence necessary to achieve significant and lasting improvements.

## Types of Performance Measures

Most of you have probably measured and reported on some aspect of your organization's performance, whether as part of the annual budget process, an audit, or a special study. If you are like most provincial and local governments, you probably looked at how much you spent, how many staff members you had, and how many clients you served. While this type of information can be important in tracking service demand and workload trends over time, it tells us little about program results and quality. Does it matter, for example, that we offer a full slate of job training classes to a packed audience if the graduates are not landing jobs?

Although the section below discusses several types of measures which can contribute to our understanding of program performance, the measures which focus on program outcomes, efficiency, and productivity have the greatest value for guiding management and policymaking decisions. They tell us not only whether we're achieving desired results—but whether we're doing so at a reasonable cost.

Performance measures have been categorized in a variety of ways over the years. The following four categories encompass most measures of performance:

- Output Measures;
- Efficiency Measures;
- Outcome Measures; and
- Productivity Measures.

Some lists of performance measurement categories include “input measures,” which report resources consumed or used by a program—e.g., dollars spent, number of employees, employee hours. Input measures have also been used to express the level of need or demand for a particular service, such as the number of students enrolled in a work training program. Although such information can be useful, it reflects *service efforts* rather than *performance*. For more information on input measures, see the series of publications by the US Governmental Accounting Standards Board on “Service Efforts and Accomplishments Reporting.”

*Output measures* identify how much work was performed or how many units of service were provided. Typical output measures include the number of applications processed, the number of emergency units dispatched, the number of arrests made, or the tons of garbage collected. Comparison of current output with output from previous periods can reveal variations or stability in work activity.

### Output Measures

- Number of counselling sessions provided
- Number of road kilometres paved
- Number of vaccinations given
- Number of building inspections made

Output measures tell *how much* was done, but do not reveal *how efficiently* or *how well* it was done. Outcome, efficiency, and productivity measures provide more valuable decision making information.

*Efficiency measures* relate the amount of work performed to the amount of resources—typically in dollars or labour-hours—consumed in doing it. Often expressed as unit costs such as “costs per application processed” or “cost per lane-mile paved,” efficiency measures can also take the form of “units produced per \$1,000,” “units produced per labour-hour,” or “labour-hours per unit.” Still other forms of efficiency measures report labour or equipment production time as a percentage of full utilization or compare actual production rates to an efficiency standard.

While these types of measures are important in gauging whether or not governments are using their resources wisely, governments should be careful not to focus on efficiency to the exclusion of effectiveness. As David Osborne and Ted Gaebler note in their bestseller, *Reinventing Government*, “there is nothing so foolish as to do more efficiently something that should no longer be done.”

### **Efficiency Measures**

- Personnel hours per crime solved
- Operating cost per bus system kilometre

*Outcome measures* focus on program results and service quality, assessing the impact of agency actions on customers, whether individual clients or whole communities.

Many see outcome measures as the ultimate type of measure as they alone address the change in the lives of clients or customers as a result of one or more programs. In Alberta, as with many other governments and agencies, the emphasis is on developing measures that report on outcomes.

### **Outcome Measures**

- Reduction in the incidence of fire-related deaths
- Percentage of students increasing earning capacity following graduation from adult literacy program
- Percentage of citizens rating service as good or excellent

Because some program results may take several years to accomplish, many governments choose to measure both “intermediate” and “final” outcomes. For example, while working towards a long-term or final outcome of increasing exports, intermediate outcomes could also be measured along the way.

### **Intermediate Outcomes**

- Number of firms deciding to export
- Number of firms making foreign market contact

### **Final Outcomes**

- Number of firms adding new export-related jobs
- Number of firms delivering a product or service to a foreign market

*Productivity measures* include elements of efficiency and outcomes in a single indicator. For example, while the unit cost of all repairs is an efficiency measure, the “unit cost of *satisfactory* repairs” is a productivity measure.

### **Productivity Measures**

- Cost per employment vacancy filled successfully (i.e., successfully completing probation)
- Cost per mental health patient rehabilitated and released

Productivity measures are relatively rare in the public sector because they are often difficult to formulate and interpret. Although governments that devise and implement good sets of understandable productivity measures deserve to move to the head of the class, it may be advisable—and much more expedient—to focus first on outcome and efficiency measures.



## Who Should be Involved in Developing Measures?

“Ownership” is critical in sustaining any type of reform. A collaborative approach to the development of performance measures is most likely to result in measures that not only are accepted, but are also politically and technically feasible.

Whose perspectives should be considered?

- Managers and staff
- Program clients/customers
- Elected officials
- Citizens and community representatives
- Funding organizations, if applicable
- Information technology specialists
- Your auditor
- Other “stakeholders” who are affected by, or otherwise have a stake in, the organization’s efforts

Each of these groups can bring a different—and valuable—perspective to the table. It is important to consider their needs and expectations and to identify what they most want to know about the program in question.

## Deciding What to Measure

Performance measurement should not be undertaken as a general data-gathering technique. Measurement systems that produce too much data can overwhelm users, making it difficult for decision makers to distinguish between the “important” and the “unimportant.” To help ensure that performance measurement is not reduced to a data or paper-generating exercise, you need to be selective in terms of what performance information is provided to whom. As will be dealt with further in Module 4, different levels of performance information will be of interest to those in different roles. While, for example, program staff and managers will need more detailed and more frequent information, politicians will be most interested in a select amount of outcome information delivered at the appropriate time in the planning cycle. Your performance measurement system needs to produce the right information for the right audiences at the right time. Involving elected officials, managers, clients, and other stakeholders in the development of measures can help you define their specific information needs, think about how they will use performance information, and focus your selection and reporting of measures to those appropriate for each audience.

How many measures are too many? There is no magic number. What is important is that you strive for a balanced set of meaningful measures that give an accurate and complete picture of the program or agency in question. This includes striking a balance between outcomes and efficiency, qualitative and quantitative information, and short-term and long-term goals.

The set of measures shown in *Figure 1*, for example, includes a variety of different measures related to the performance of police departments.

Figure 1

## Set of Performance Measures for Police Departments

<b>Inputs:</b>	Budget expenditures Equipment, facilities, vehicles Number of personnel and total hours expended
<b>Outputs:</b>	Hours of patrol Number of responses to calls for service Number of crimes investigated Number of arrests Number of persons participating in crime-prevention activities
<b>Outcomes:</b>	Deaths and bodily injury resulting from crime Value of property lost due to crime Crimes committed per 100,000 population Percentage of crimes cleared Response time Citizen satisfaction
<b>Efficiency:</b>	Cost per case assigned Cost per crime cleared Personnel hours per crime cleared

**Source:** Reprinted with permission from Harry Hatry, James R. Fountain, Jr., Jonathan M. Sullivan, and Lorraine Kremer, eds., *Service Efforts and Accomplishments Reporting: Its Time Has Come* (Norwalk, CT: Governmental Accounting Standards Board, 1990).

### Characteristics of a Good Set of Performance Measures

A review of the major writing in this topic suggests good sets of performance measures include those that are:<sup>4</sup>

- **Meaningful.** The measures are directly related to the organization’s mission and goals and provide information that is valuable to both policy and program decision makers.
- **Comprehensive.** The measures capture the most important aspects of an agency’s performance.
- **Valid and reliable.** The indicators measure what they purport to measure and they do so consistently, exhibiting little variation due to subjectivity.
- **Understandable.** The measures can be easily understood by policymakers, practitioners, citizens, and other stakeholders.
- **Timely.** The measures can be compiled and distributed promptly enough to be of value to operating managers or policymakers.
- **Resistant to undesired behaviour.** The development of a performance measure raises the profile of whatever is being measured. A higher profile sometimes brings unintended consequences or even strategies designed to “beat the system”—for instance, a focus on more highly educated clients if training programs are measured solely on job placement rates, or overzealous traffic ticket-writing if the police department is measured by that activity alone. The best sets of performance measures have little vulnerability to such actions because they have been devised carefully and also because they typically include multiple measures that address performance from several dimensions and thereby hold potentially perverse behaviour in check.

- **Nonredundant.** The best sets of performance measures limit information overload by avoiding the use of any two measures that focus on virtually the same aspect of performance. Each measure should contribute something distinctive.
- **Sensitive to data collection costs.** Although most dimensions of government performance can be measured either directly or through proxies, data collection expenses for some indicators can occasionally reach levels that exceed their value. Good sets of performance measures include the best choices from among *practical* measurement options.
- **Focused on sphere of influence.** Good sets of performance measures emphasize outcomes or facets of performance that can be influenced by policy initiatives or management action. At the same time, few measures are *completely* under the control of a single agency or program. The inclusion of explanatory information in performance reports is therefore of critical importance.

For Alberta, measures are linked to the core businesses, goals, and strategies identified in ministry and government business plans. In establishing measures, a checklist developed by Alberta Treasury suggests asking:

- Do the measures cover the core businesses?
- Are measures easy to understand?
- Will the measurement information help to make better decisions?
- Do the measures focus on success?<sup>5</sup>

In its Government Accountability document, the Office of the Auditor General of Alberta outlines the four characteristics of performance measures their auditors use in assessing performance measures used by ministries within the government:<sup>6</sup>

- Understandability
- Relevance
- Reliability
- Comparability

In addition, the document points out the cost of providing the performance information should not exceed the expected benefits.

The state of Arizona has developed a “litmus test” for performance measures that provides a quick check on both the suitability of individual measures and the adequacy of a set of measures as a whole (see *Exhibit 1* at the end of this Overview). A more complete evaluation would include consideration of all the characteristics cited above.

## Developing a Performance Measurement and Monitoring System

You cannot simply develop a good set of performance measures and rest assured that they will be embraced and used. To increase the likelihood that performance measures will have a positive impact on the organization and an important role in its processes, you must design a performance monitoring system and develop the performance measures in the context of that system.

Although variations may be warranted for a given organizational setting, you should begin your implementation process by considering the following 12 steps. These steps address the fundamentals of measurement design and maintenance, as well as key organizational issues such as commitment, co-ordination, and responsibility.

### **Step One: Secure leadership commitment.**

Whether you envision implementing a performance measurement system across all agencies within your jurisdiction or beginning with a single program in a single agency, securing leadership commitment at the appropriate organizational level is a critical first step. If the measurement initiative is organization-wide, the

commitment of top management not only sends a signal that performance measurement is a high priority, but helps ensure that necessary staff and financial resources will be devoted to the effort. If the measurement effort is focused more narrowly, the commitment of operational officials responsible for the affected programs is a minimum prerequisite for success in most cases.

A combination of strong legislative and executive leadership is particularly important in implementing jurisdiction-wide performance measurement systems. In Alberta, the Government Accountability Act defines the legislative framework for the performance measurement system in Alberta. Government and ministry business plans are the key strategic planning documents. Each business plan sets out the entity's goals, along with the related strategies and measures for each core business.

Some early leaders in the development of performance measurement systems, such as the state of Minnesota, found that a lack of formal legislative involvement created stumbling blocks down the road. In addition, legislative support—which may include passing laws *mandating* performance measurement activities—can help institutionalize the performance measurement process, enabling it to outlast periodic changes in political administrations.

### ***Step Two: Select departments/activities/functions***

A massive effort is not required to begin realizing the benefits of performance measurement. Performance measurement activities can provide benefit to a single program or department.

Even those committed to an eventual jurisdiction-wide effort may choose to start on a smaller scale. Many provincial and municipal governments have taken an incremental approach to the implementation of performance measurement systems, beginning with a limited number of departments or programs in order to build credibility, collect information on costs and benefits, and work out any “bugs” prior to full-scale implementation.

In terms of agency/program selection, governments often choose to begin with those agencies/programs which are most supportive of the concept. Other jurisdictions have considered that emphasis on voluntary agency participation may result in greater agency co-operation and a “better product” in the long run. Other governments have initially targeted their largest or most highly visible agencies or programs.

Of course, a pilot or incremental approach increases the overall length of time required for implementation. As a result, a number of governments—such as the US state of Texas—have opted for quicker full-scale implementation.

### ***Step Three: Assign responsibilities for co-ordination.***

Duties and responsibilities must be clearly assigned in the development and monitoring phases of a performance measurement system. Within the Alberta government, this is required under the Government Accountability Act. Sections 10 and 14 of the Act set out such responsibilities of Ministers and the Provincial Treasurer respectively. Although specific assignments will vary from one organization to another, most successful systems recognize the value of input from operational employees. Performance measures passed down from “above” will rarely generate the same degree of commitment and enthusiasm as those developed from within. Assigning a specific individual to co-ordinate performance measurement responsibilities within an agency or program increases accountability in the process. The responsibilities of the co-ordinator should include facilitating management, staff, and customer involvement, as well as co-ordinating activities with other agencies and programs.

Those implementing jurisdiction-wide programs need to consider how to develop the system in a co-ordinated manner across agencies and programs. In Canada, this co-ordination role is typically carried out by Treasury Board/Secretariat staff. In Alberta, the Performance Measurement Group of Alberta Treasury co-ordinates the ongoing development of the system. Most observers recommend that the co-ordinating function reside in a politically independent, impartial office not subject to rapid political change. In the US this has typically been the

budget, planning or auditor's office. The state of Oregon, however, took a different approach, creating the Oregon Progress Board, an independent agency charged with responsibility for setting measurable goals of Oregon's progress, and collecting, analyzing and reporting on performance measurement data.

#### **Step Four: Review/identify mission, goals and objectives.**

Strategic planning is a powerful tool for setting priorities and making informed decisions about the future. A successful, results-driven strategic plan involves four essential steps: 1) developing a common vision about where you want to go; 2) assessing where your organization is right now; 3) determining how you will get there; and 4) measuring your progress.

The measurement of performance is often most relevant in the context of a strategic plan. Organizations that have already undertaken a strategic planning process will be ready to build upon these efforts—developing performance measures to assess progress towards identified goals and objectives. Those that have not yet engaged in planning efforts will find it helpful to do so prior to moving into performance measurement. Further details on strategic planning are provided in Module 1 of this curriculum, *Strategic Planning*.

#### **Step Five: Design measures that assess progress towards goals and objectives.**

While a first step in designing measures may be to review measures of other similar organizations, it is important to keep in mind that performance measures should reflect your organization's goals and objectives, which may differ from the goals and objectives of similar agencies in other jurisdictions. In fact, researchers cataloging performance measures in use among local government functions found wide variety rather than uniformity among cities and municipalities (see *Exhibit 2*). 7

After generating a list of potential measures, choose a balanced set that:

- Emphasizes service quality and outcomes rather than input or workload; and
- Includes neither too few nor too many measures.

#### **Step Six: Establish measurable performance targets.**

Without a basis of comparison, it is difficult to distinguish “good” from “bad” performance. For example, you may have selected “incidence of measles per 1,000 children” as one measure related to children's health. But, what incidence rate is acceptable for this measure? Is a slight improvement compared to last year's rate satisfactory, or is a better standard available?

As a beginning point, most governments identify their current performance on a particular measure, using this as a baseline with which to compare future performance. Benchmarking—a practice which has been described as “learning from the pros”—can also be useful in setting targets which are based on the exemplary performance of other organizations. Benchmarking techniques are described in further detail in Module 2 of this curriculum, *Benchmarking Best Practices*.

#### **Step Seven: Adopt and document data collection procedures.**

After determining *what* to measure, the next step is to determine *how* to measure it. Data specialists or other persons currently engaged in collecting and monitoring operational information may be particularly helpful as you explore some of the following key questions:

- **Information Needs.** What information is needed? How often is it needed?
- **Current Methods.** What data do we already collect? How well does it meet our needs? Should any existing data collection be discontinued? What new information is needed?

- **Current Resources.** What are our current data collection resources, including personnel as well as computer hardware and software?
- **Constraints.** What constraints (money, technology, privacy, politics) must be considered?

A wide array of collection techniques should be explored, taking into account such factors as data validity, reliability, timeliness, and collection costs.

After implementation, data collection methods should be tested and evaluated to ensure that they are in fact yielding the performance information desired.

### ***Step Eight: Audit performance data periodically.***

Provisions should be made to verify the accuracy of performance data in order to guard against performance measures becoming “only a more sophisticated means of agency justification.” In Alberta, the Auditor General verifies the accuracy of the performance data that is reported in the government wide *Measuring Up* report and carries out limited audit procedures on all ministerial and government measures. Auditing of the relevance of the measures will begin in 1999.

### ***Step Nine: Collect and analyze performance information.***

Periodic analysis of performance information is needed to determine whether or not program activities are on track.

- Are expected results being achieved?
- Does trend data show improved performance or is performance deteriorating?
- How does our performance compare with standards, targets, or the performance of others?

A standardized document to track and report on progress can be helpful in organizing this type of information. A sample is included as *Exhibit 3*.

An important point to remember is that performance measures are like the score of a ball game. They can tell us who won and who lost, but they do not tell us why. More in-depth analysis and evaluation often is needed to determine the causes of specific levels of performance and to prescribe corrective actions.

### ***Step Ten: Adopt reporting procedures.***

Communication has been described as “the link between performance and accountability.” Reporting performance information on a regular basis helps institutionalize the measurement process, ensures that performance information is made available at times that coincide with planning and budget cycles and other important decision making processes, creates incentives for program improvement, and helps build public support.

In adopting reporting procedures, you will need to decide who needs to receive performance information, how often to report this information, and what specific information to report. Because different audiences have different information needs, reporting procedures will need to be tailored accordingly.

- **Elected Officials.** Performance information should be provided at times that coincide with important decision making processes. In order to help elected officials make informed decisions about government programs, reports should be selective in the data presented and include narrative explanations of good or poor performance.

- **Managers.** Managers will generally benefit from receiving performance information on a frequent basis—often monthly, and at a minimum, quarterly. Managers will need more detailed data than other users and will especially benefit from the disaggregation of data by geographic location, client characteristics, and other factors.
- **Public.** Governments that report their performance to the public, as Alberta does, generally do so on an annual basis. Graphical presentations are often used to present key trends, accompanied by brief narrative explanations to help users understand the reasons for a given level of performance. Some also go on to outline what the organization plans to do to improve its performance (see *Exhibit 4*).

**Step Eleven: Ensure a meaningful connection between the performance measurement system and important decision making processes.**

Performance measurement efforts are unlikely to be sustained unless the products of these efforts are incorporated into important policy or management processes. One of the most common uses of performance information is in the budget process. Measures are often reported for executive and legislative review in conjunction with departmental budget requests and may subsequently be incorporated into the budget document itself (see *Exhibit 5*).

Unfortunately, even such outward evidence of dedication to performance measurement sometimes has been decried as mere “window dressing.” Only when executives and legislators view performance measurement as relevant to their decisions in setting the course of units under their control is it accurate to declare that measurement is truly ingrained into the organization’s culture.

Techniques for promoting the use of performance results in program decision making and management are discussed in detail in Module 4 of this curriculum, *Using Performance Results*.

**Step Twelve: Continually refine performance measures.**

The development of performance measures should not be viewed as a one-time event. Even the most carefully crafted measures may need to be retooled or replaced from time to time in order to keep pace with changing conditions, needs, and knowledge.

Governments should review the utility of performance measures on an annual basis, including discussing the usefulness of data with program management and staff, agency executive management, agency financial management, customers, and stakeholders.

The following types of questions should be explored:

- What do you want the measures to tell you?
- Are the measures working well?
- What problems have been encountered in trying to measure performance?
- Do you need additional measures?
- Are some measures useless?
- Are data not readily available—i.e., too hard to acquire? Too expensive to acquire?
- Are data too difficult to use?
- What developments in the past year will influence current performance results?
- How could performance reports be enhanced?
- What changes should be made in the way data are collected and analyzed?

The decision to adopt a “new and improved” version of a long-standing measure or to drop it altogether, however, should not be taken lightly, for that decision may interrupt the organization’s ability to make meaningful comparisons with performance in prior years. If change is really necessary, new performance measures should be

developed with the same degree of care, attention to the organization's objectives, concern for data availability and collection costs, and consideration of other guidelines that apply to the initial development of any set of performance measures.

## Sources of Performance Data

As you think about ways to collect performance data for your organization, consider the following options:

- Existing records
- Time logs
- Citizen/client surveys
- Trained observer ratings
- Specially designed data collection processes

You will be in great shape if you discover that most of the information you need is already being collected in one form or another by your agency, department, or government unit, or in some cases, even by outside organizations. Community agencies, for example, may have collected data relevant to your organization, and federal reports may include facts and figures pertinent to local conditions and operations. Most existing performance information, however, is likely to reside within the agency's own records. Budget documents and audit reports often contain relevant data, for example. Many governments have been compiling workload counts, complaint records, and response times for various services for years. That's a good start, but be sure to consider the following:

- If records on workload, complaints, and response times constitute the full extent of available performance information, you will want to strive for more advanced measures of efficiency and effectiveness.
- Be sure to consider a wide array of collection techniques. Harry Hatry warns that governments risk "trivializing" performance measurement by focusing on readily available data to the exclusion of procedures such as client surveys and trained observer ratings.
- Even where data exist, you may need to explore better ways to utilize it. Linkages between agency databases are often non-existent, and formats are rarely standardized. Compiling citywide or province-wide data—and even exchanging information between agencies—is often problematic.

A lot of good data for output and efficiency measures can be derived from **time logs** that record the amount of time staff devote to various functions. Such logs can be maintained on either a comprehensive or sample basis to provide the raw data for the calculation of efficiency measures (e.g., work units per employee-hour).

**Surveys** of citizens or clients are yet another source of good performance data. Recommended sets of effectiveness measures often rely extensively on survey responses—for example, the set of effectiveness measures for library services recommended by the Urban Institute (see *Exhibit 6*). If your government regularly surveys the general populace, request a copy of the questionnaire and see if it is possible to add questions that would reveal the extent of use of your facilities or services and the degree of citizen satisfaction with them. If no such survey is routinely conducted, you might consider initiating that practice or developing a survey for your own department. University survey research centers can be a good source of assistance.

A word of caution on surveying, however, is in order. If you are going to conduct a survey, do it properly or you could be wasting a lot of time and other resources for information of little value. Surveying is more complicated than it seems at first blush. A host of questions must be answered. For example, how do you draw a good sample? How many respondents do you need in order to be confident that you have enough truly to represent the entire population? How can you avoid even subtle bias in wording the questions you wish to ask? It is often a good idea to work with an experienced survey consultant or a university-based survey research center in conducting your survey, but if you wish to proceed on your own, there are many good references to help you through the process.



Two major considerations as you plan your survey involve “who” and “how.” Who will be surveyed—a sample of all citizens or just clients of a particular service? A survey of all citizens can give you a better idea of the percentage receiving a service or using a facility and, perhaps, an explanation of why some do and others do not. Actual clients of a service, however, can provide more informed feedback regarding performance. A survey of all citizens should provide a subsample of users, but their numbers would not be as great as when clients of a service are the target population.

The “how” question in surveying refers to survey mode. Acceptable modes include face-to-face interviews, telephone interviews, and mailed questionnaires. Face-to-face interviews provide the best, most detailed information, but that form of surveying is also the most expensive to conduct. Surveys conducted by mail are the least expensive option, but response rates are typically poorer in this mode (often less than 20 percent), yielding results of questionable value. The best option, considering expense and response rates, is often the telephone interview method. With a good sampling procedure, a carefully prepared questionnaire, and well-trained interviewers, telephone surveys can yield good information at moderate expense.

What about mail-in questionnaires printed in the local newspaper? Or call-in polls by a radio station. Don’t count on reliable feedback from any of them! Appropriate sampling is vital to reliable survey results, and these methods fall well short of any acceptable sampling technique. The results may be extremely misleading, departing dramatically from general citizen views.

Still another source of performance data are **trained observer** ratings. Because such ratings are most commonly used to grade the condition of public facilities, they typically support effectiveness measures or productivity measures.

Consider the following example. Suppose you want some objective ratings of local park conditions. Using a trained observer system, you would first develop a manual that identifies grades of turf maintenance, tree-trimming, flower bed conditions, hedge maintenance, restroom conditions, litter pick-up, and so forth. It is a good idea to include photographs depicting the various conditions, as well as narrative descriptions, in the manual. Next, you would arrange for the availability of raters from outside the parks maintenance function—perhaps clerical employees from other departments who could be available for rating purposes a few hours per month. In some cases, the arrangement may require personal time and supplemental pay. Next, you would train the raters to detect differences between various grades of facility conditions.

Now you can schedule inspections and begin to compile statistics on the condition of park facilities. To maintain reliable ratings, it is a good idea for the supervisor periodically to check personally on a facility’s condition immediately after a scheduled inspection in order to see if his or her own rating agrees with that of the assigned observer. It is also a good idea to schedule some closely overlapping inspections by two trained observers and to follow up on a facility inspection if the two ratings differ substantially.

This example was for parks maintenance, but virtually the same procedure may be followed for rating other public facilities. New York City, for example, uses trained observers to evaluate the cleanliness of streets and sidewalks. Called “Scorecard,” the program is tied to a seven-point scale of cleanliness, with photographic and narrative guidance for each grade. In order to ensure representative inspections of actual street conditions, the monthly schedule assigns different observers to rate a particular district, and prescribes which week, day of the week, and time of day the ratings are conducted.

Figure 2

## New York's Scorecard Rating Scale for Streets and Sidewalks

### *Acceptably Clean*

- 1.0 A clean street. No litter
- 1.2 A clean street, except for a few traces or pieces of litter

### *Not Acceptably Clean*

- 1.5 No concentration of litter. There are no piles of litter, and there are large gaps between pieces of litter.
- 1.8 Litter is concentrated in spots; there may either be large gaps between piles of litter, or small gaps between pieces of litter.
- 2.0 Litter is concentrated; there are small gaps between piles of litter.
- 2.5 Litter is highly concentrated; there are no gaps in the piles of litter. The litter is a straight line along the curb.
- 3.0 Litter is very highly concentrated; there are no gaps in the piles of litter. The litter is a straight line along and over the curb.

**Source:** *Evaluating Municipal Services: Scorecard Cleanliness Program: Prospectus* (New York City: Mayor's Office of Operations).

Even with the options of existing records, time logs, citizen/client surveys, and trained observer ratings, you may still need to design additional methods of data collection to meet all your information needs. Although data collection almost inevitably imposes at least a few new burdens on operating personnel, it is important that you keep two thoughts in mind as you develop your data collection procedures:

- The best data collection procedures are integrated into how staff do their jobs and impose only a *minimal* burden on frontline staff; and
- If the cost of collecting a piece of information exceeds the value of that information, don't do it. Consider alternative ways to assess that performance dimension.

### **Overcoming Resistance to Performance Measurement**

Some people in your organization are likely to oppose performance measurement and to resist its development either overtly or subtly. Opposition is likely to come from persons who feel overburdened already and dread the additional chore of data collection. Perhaps past data collection efforts have been "paper generators" rather than useful management tools. Perhaps there is skepticism about whether elected officials and other key decision makers will actually use the data in decision making. Or perhaps managers fear that the data *will* be used—to reduce budgets, to eliminate staff, or in other negative ways.

Some department heads and supervisors may perceive the performance measurement drive as a sign that top executives or legislators lack confidence in their abilities, seizing upon performance measurement as a means of closer oversight. They may fear that performance measures are the first step in an enforced speedup of

operations, putting additional pressure on employees and supervisors. Or, they may simply fear that performance inefficiencies, heretofore hidden, will now be revealed by performance measures.

Do not be surprised by such resistance. Also, do not be surprised by assertions that it is impossible to measure performance in a given function or that the performance measures you have suggested focus on relatively insignificant dimensions of performance. As discussed in further detail in Module 4 of this curriculum, *Using Performance Results*, keys to addressing—or avoiding—such opposition include:

- Involving operating personnel, and clients, in the design of the performance measurement system. Invite them early on to help you get it right.
- Establishing incentives to encourage managers to use performance information, such as providing greater operational and budgetary flexibility in return for accountability.
- Providing training to help managers and other stakeholders understand the importance and benefits of performance measurement.

## Implementation Tips

Performance measurement holds a lot of promise. It can be a valuable tool in helping elected officials and public managers make better-informed policy decisions, determine the best uses of limited resources, enhance service quality, and improve communication with citizens.

Yet performance measurement, if not properly implemented, has the potential to come and go like the latest fad, to become what one US Southern governor called a “pet rock of governance.” What can you do to help realize the full potential of performance measurement? Successes elsewhere suggest the following implementation tips:

- Develop leadership support.
- Ensure that there is a co-ordinator to keep efforts moving along.
- Train staff in the development and use of measures.
- Use a collaborative approach to developing measures.
- Consult with your auditor if you have one.
- Build on your agency or program’s strategic plan.
- Focus on results.
- Choose a limited number of meaningful measures.
- Minimize data collection costs—both in terms of money and time.
- Use performance information in significant ways.

## Suggested Readings for More Information about Performance Measurement

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State of Louisiana. *Manageware: A Practical Guide to Managing for Results*. Office of Planning and Budget, Division of Administration, Version 2.0., 1995.

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Tigue, Patricia and Dennis Strachota. *The Use of Performance Measures in City and County Budgets*. Chicago: Government Finance Officers Association, 1994.

Van Houten, Therese and Harry P. Hatry *How to Conduct a Citizen Survey*. Chicago: American Planning Association, 1987.

Webb, Kenneth and Harry P. Hatry. *Obtaining Citizen Feedback: The Application of Citizen Surveys to Local Government*. Washington, DC: Urban Institute, 1973.

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## Endnotes

<sup>1</sup> Harry Hatry, "The Status of Productivity Measurement in the Public Sector," *Public Administration Review*, January/February 1978, p. 28.

<sup>2</sup> Thomas J. Peters and Robert H. Waterman, Jr., *In Search of Excellence: Lessons from America's Best-Run Companies* (New York: Harper & Row, 1982), p. 240.

<sup>3</sup> Paul Epstein, *Using Performance Measurement in Local Government* (New York: Van Nostrand Reinhold Co., 1984).

<sup>4</sup> The characteristics of good sets of performance measures identified in this section have been drawn from Hatry, 1980; Bens, 1986; Hatry et al, 1992; and Ammons, 1996.

<sup>5</sup> Alberta Treasury, *Measuring Performance, A Reference Guide*, 1996

<sup>6</sup> Page 6-7, Feb 97