

Managing for Results: Developing Program Performance Measures

Auditor's Office Training Session

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Training overview

- ❑ Managing for Results framework
- ❑ Principles of performance management
- ❑ Examples of measures
- ❑ Reporting on measures
- ❑ Lessons learned

Wiggle room

- This presentation is based upon extensive research and experience.
- Nonetheless, we can still learn and will probably discover changes that could produce better results.
- BIP #16 is reviewing and refining the effort
- Your feedback today and in the future is valuable.

Managing for Results

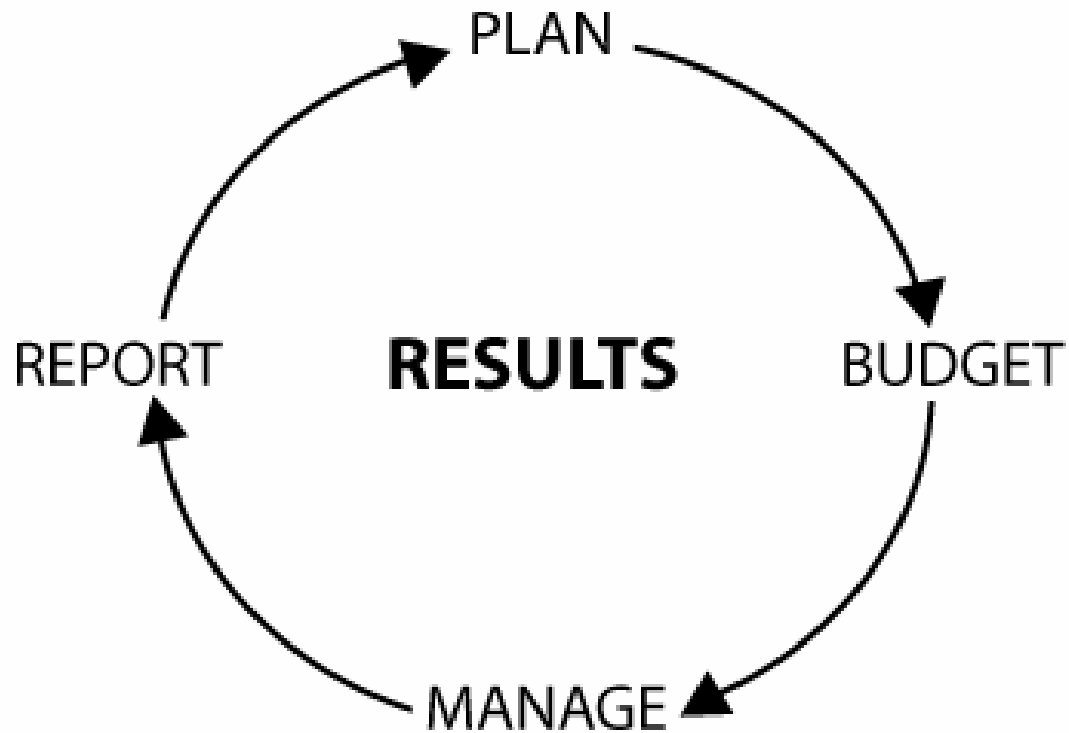
- What gets measured gets done
- “If you don’t know where you’re going, any road will get you there” – Cheshire Cat, Alice’s Adventures in Wonderland

What is Managing for Results?

An approach to management used by an organization to:

- ❑ Establish and communicate direction
- ❑ Monitor progress toward meeting its goals
- ❑ Invest resources strategically for results
- ❑ Use fact-based performance information to improve performance and provide accountability for results

Managing for Results cycle



Planning phase of MFR

- In MFR, the Planning phase is informed by the reporting process from the last cycle
- 2004's results let us know how we can plan for 2005 and 2006
- Planning phase helps establish the needs that are addressed in the next phase, Budgeting

Budgeting phase of MFR

- In MFR, the Budgeting phase is informed by Planning, and helps set up the framework of the program
- Budgeting and Planning may use measures like unit costs

Managing phase of MFR

- ❑ In MFR, Managing is informed by Budgeting and Planning
- ❑ Managing happens in the current year, while Planning and Budgeting already happened, and Reporting is yet to happen
- ❑ Managing helps inform the Reporting which fuels the next cycle of Planning and Budgeting

Reporting phase of MFR

- In MFR, Reporting shows the results from Managing
- Reporting informs Planning for the next cycle
- In 2005, for example, we could be planning for 2007, budgeting for 2006, managing for 2005, and reporting on the results from 2004

Managing for Results history

- ❑ MFR is based on key management concepts from authors like Deming and Drucker, Osborne and Gaebler
- ❑ City's MFR initiative dates to 2002, although key elements go back much farther
- ❑ Auditor's Office issued first Service Efforts & Accomplishments report 15 years ago

2002: *Managing for Results* report

Managing for Results: A proposal for the City of Portland

*Office of the City Auditor
December 2002*

Auditor recommendations:

- ❑ Council should *adopt a resolution* implementing Managing for Results
- ❑ OMF should *develop an implementation plan*
- ❑ See the report on the Internet at <http://www.portlandonline.com/shared/cfm/image.cfm?id=5748>

Implementation plan

- 2003-04
 - Planning efforts: manual and guides
- 2004-05
 - Bureaus: mission, goals, programs
 - Review the budget program structure
 - Begin to review/revise performance measures
 - City and bureau goals linked
- 2005-06
 - Performance measure training and consultation
 - Re-format budget to focus on performance
 - Begin audit validation of performance measures
 - Citywide visioning and strategic planning process
- 2006-07
 - City-wide strategic plan completed

Key elements of MFR

- **Mission**: Purpose, reason for being
- **Goals**: Specific statements of desired results
- **Program**: Activity to accomplish goals
- **Performance measures**: quantitative indicators of program efforts and progress toward goals

MFR hierarchy

CITY MISSION



GOALS



Bureau Mission



Goals



Programs



Performance measures

CITY MISSION

- ... is to ensure the health, safety and well-being of its citizens and visitors; to build social and economic prosperity for all; and to preserve, protect and improve our quality of life and natural environment. We will accomplish this by providing effective and efficient municipal government services in a responsive, ethical and accountable manner.

CITY GOALS

- ❑ Ensure a safe and peaceful community
- ❑ Promote economic vitality and opportunity
- ❑ Improve the quality of life in neighborhoods
- ❑ Protect and enhance the natural and built environment
- ❑ Operate and maintain an effective and safe transportation system
- ❑ Deliver efficient, effective and accountable municipal services

Your bureau **mission**

- ❑ Brief statement of purpose
- ❑ Organization's reason for existence
- ❑ What it does, why, and for whom
- ❑ May describe customers and services
- ❑ Clear foundation for goals

Example of mission statement

□ Police Bureau:

- To maintain and improve community livability by working with all citizens to preserve life, maintain human rights, protect property, and promote individual responsibility and community commitment.

Example of mission statement

- Bureau of Water Works:
 - To provide reliable water service to customers in the quantities they desire and at a quality level that meets or exceeds both customer and regulatory standards.
 - To provide the highest value to customers through excellent business, management, and operational practices, and appropriate application of innovation and technology.
 - To be responsible stewards of the public's water infrastructure, fiscal and natural resources.
 - To provide the citizens and the City Council with a water system that supports their community objectives and overall vision for the City of Portland.

Goal statements

- ❑ More specific direction for a component of the Bureau mission
- ❑ Indicate a desired result or outcome
- ❑ Provide rationale for the creation of a program or programs
- ❑ Usually measurable or quantifiable
- ❑ Taken together, reflect the mission of the organization

Examples of goals

- **Police**: To reduce crime and the fear of crime
- **Water**: To provide high quality, reliable water service that meets our customers' need for quality, quantity and price while complying with state and federal regulatory standards

Programs

- A program is a set of related activities that:
 - Help achieve a bureau-level goal
 - Is clearly related to the bureau mission and goals
 - Provides the basis for a set of associated performance measures

- Will be foundation for “program-based budget”

Defining programs

- ❑ Program names may or may not mirror organization chart titles
- ❑ Programs should address one bureau goal
- ❑ Programs may be composed of several smaller sub-programs that provide more detail on program activities

Performance measures

- A quantifiable expression of the amount, cost, or results of activities that indicate how well, and at what level, services are provided

Categories of performance measures

- Workload – output, demand
- Efficiency – input/output ratio
- Effectiveness – results, outcomes

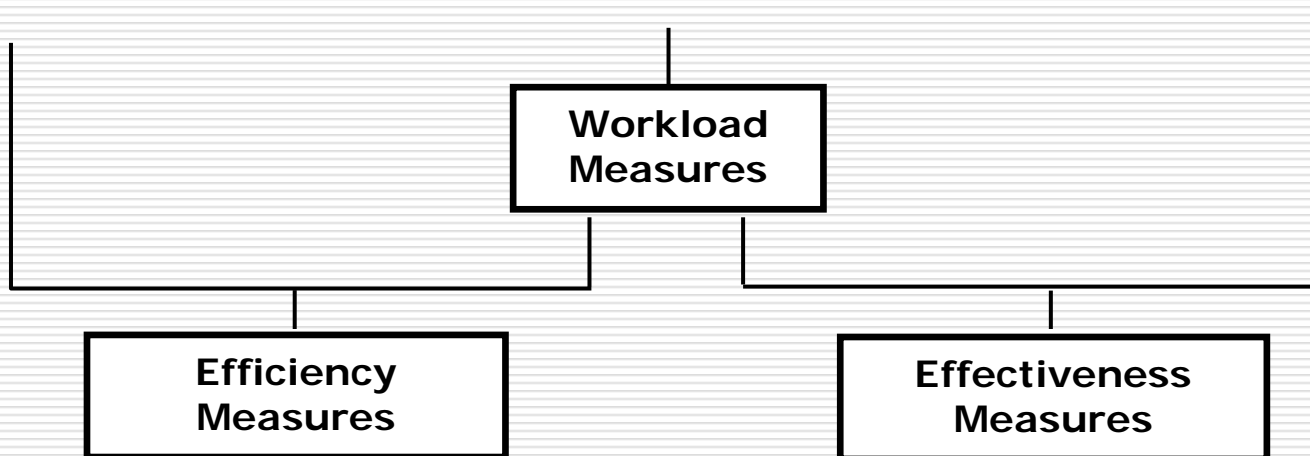
Schematic of measures



- Staff
- Budget
- Equipment

- Amount of services
- Products
- Number classes taught

- Quality of service
- Citizen satisfaction



Workload indicator examples

- Workload measures indicate the amount of work performed by a program activity:
 - Number emergency calls responded to
 - Number of streets treated
 - Gallons of water delivered
 - Number of park acres maintained

Efficiency indicator examples

- Efficiency measures establish a relationship between resources used (input) to services provided (output):
 - Cost per emergency response
 - Cost per mile of street treated
 - Cost per acre of park maintained
 - Cost per gallon of water delivered
- Efficiency measures often include the word “per” since we are dividing resources used by the number of services provided.

Efficiency information

- Unit cost
 - Input/output
- Productivity
 - Output/input
- Park maintenance costs divided by the number of acres maintained
- Number of acres maintained divided by the number of maintenance staff

Effectiveness indicator examples

- Effectiveness measures indicate the extent to which a program accomplishes its goals:
 - % of citizens feeling safe in neighborhood
 - % of streets in good condition
 - % of water samples meeting quality standards

Other indicators of effectiveness

- Citizen or customer satisfaction
 - % of citizens rating park maintenance good or very good
- Immediate, intermediate, long-term outcomes
 - % of target met, % of service goal achieved, % of social outcome change
- Quality of service
 - % of trainees successfully completing program

Characteristics of good measures

- The Governmental Accounting Standards Board uses the following criteria for good measures:
 - Relevance
 - Understandability
 - Comparability
 - Timeliness
 - Consistency
 - Reliability
- See <http://www.seagov.org> as a resource

Characteristics of good measures

Specifically, we can ask:

- Are the measures relevant and understandable?
- Are the measures compared to history, targets, benchmarks, standards, or other similar programs?
- Are the measures timely / reported when they are meaningful to decision-makers?
- Are the measures consistent and reliable?

Example of relationships between mission, goals, programs and measures

CITY MISSION:

...ensure the delivery of public services that promote the safety and quality of life of its citizens...

CITY GOALS:

...improved community livability, public safety, decent and affordable housing...

BUREAU MISSION:

Portland Parks and Recreation is dedicated to

ENHANCING PORTLAND'S NATURAL BEAUTY

and

ENSURING ACCESS TO LEISURE OPPORTUNITIES



GOAL: Stewardship—Preserve and enhance our parks legacy

GOAL: Continually improve the availability and effectiveness of recreation services and parks programs...

Program(s): Maintenance

Recreation

Program-level MEASURES:

Workload: # Park acres to maintain
Total square feet of facilities to maintain

of recreation programs
Attendance counts of recreation programs

Efficiency: (with targets)
Cost per park acre maintained (total cost/total acres)
Hours per park acre maintained (total hours/total acres)
Cost per park sq. foot maintained (total cost/total sq. feet)
Hours per sq. foot acre maintained (total hours/total sq. feet)

Cost per attendee (Total Rec. cost/# of attendees)

Effectiveness: (with targets)
Facility condition index
% of maintenance work that was scheduled
Citizen satisfaction with facilities maintenance
Citizen satisfaction with grounds maintenance

% of youth who participated in recreation programs
Participant satisfaction with recreation programs
% of Portland residents who participated in recreation programs last year by age

Examples of performance measures by program: Fire Bureau

PROGRAM	Workload	Efficiency	Effectiveness
EMERGENCY OPERATIONS	Number of fires responded to	<ul style="list-style-type: none">• Cost per response• Response time	<ul style="list-style-type: none">• # of fire deaths per 100,000 pop.• Fire property loss per capita
FIRE PREVENTION	<ul style="list-style-type: none">• # of inspections conducted• Total # of buildings requiring inspection• Total number of fires investigated	<ul style="list-style-type: none">• Cost per inspection• Cost per investigation	<ul style="list-style-type: none">• % of fires occurring in inspected buildings• % of total fires where the cause is identified

What are benchmarks?

A comprehensive system to:

- Track conditions in our community, which can be affected by many forces and activities in addition to City bureaus
- Build collaboration among citizens, governments, businesses, and non-profits
- Help gauge our progress toward achieving our long-term vision for the community

BENCHMARKS

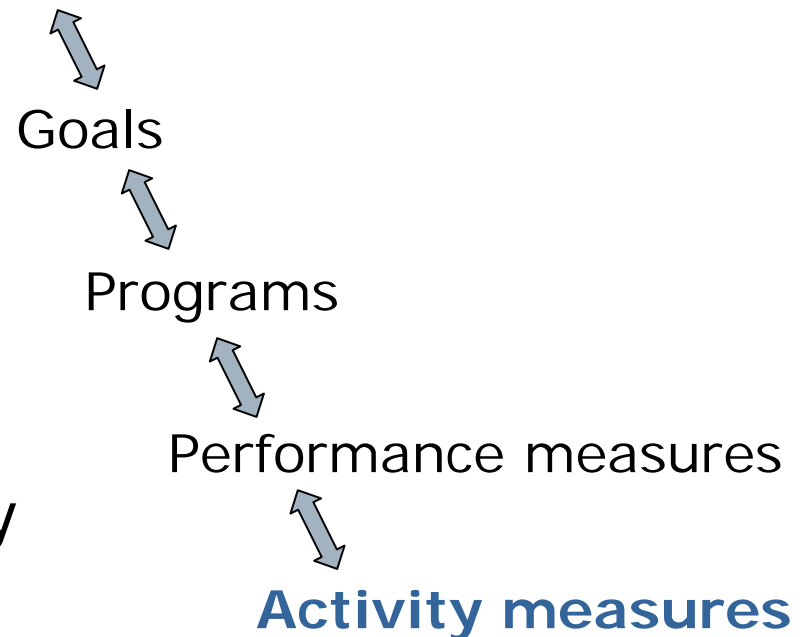


Examples of benchmarks

- **#59 Indicator species:** Increase the number of salmon and great blue heron.
- **#6 People in poverty:** Decrease the percentage of people with incomes at or below the federal poverty level.
- **#38 High school graduation:** Increase the high school completion rate.

What are activity measures?

- Activity: a specific action or process undertaken by an organization to convert resources to products or services (outputs)
- Activities are the processes that occur between inputs and outputs
- Measuring activities may help improve performance



Examples of activity measures

- Activity measures to deliver water to a household could be:
 - Cost to deliver a gallon of water to one household
 - Line ruptures per year
 - Frequency of testing for impurities in the water

Examples of activity measures

- Police patrols are comprised of many types of activities and ways of measuring them. Patrols can be measured for:
 - Cost per hour of patrol time
 - Average time spent at a call
 - Percent of officers who are bilingual

Important point!

Bureaus are expected to develop and use measures to help them manage, but not all measures need to be reported in the budget or the MFR report.

If the Council or public raise questions, the more technical unreported measures can improve understanding and help provide accountability.

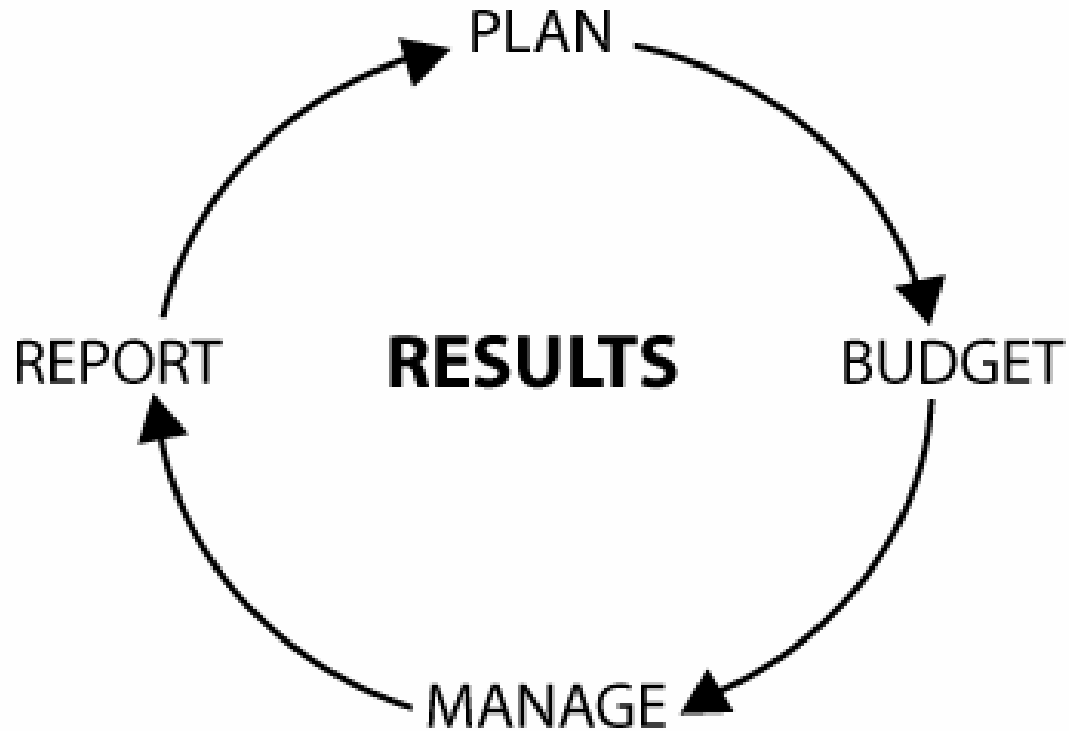
BRASS and MFR measures

Program Type / Measures to report	Inputs	Workload - Outputs	Efficiency	Effectiveness - Results
Administration	yes	no	no	optional
Intrabureau support	yes	optional	optional	optional
Maintenance	yes	yes	optional	yes
Internal services	yes	yes	optional	yes
Services to the public	yes	yes	optional	yes
Other	yes	optional	optional	optional

Why report optional measures?

- If relevant & reliable measures can be easily tracked,
- If the program requires substantial resources,
- If the program involves a matter of specific public interest,
- If results have declined/improved and causes should be discussed,
- If there are operational issues needing to be monitored, or
- If other mandates require measurement.

Managing for Results cycle



Using the measures

- **Judging success:** How did we compare to goals/targets, the past, similar programs, standards?
- **Responding to elected officials:** What results/benefits did we provide? How do the results relate to the budget request?
- **Managing your programs:** How can we be more efficient and effective?
- **Answering to the public:** What did we provide to citizens for their tax support?

Lessons learned

- ❑ Remember that measurement is an iterative process –you might also need to rethink a goal.
- ❑ W. Edwards Deming urged managers to “try and track” – implementing new measures and then validate their usefulness.
- ❑ Benefit from some typical “lessons learned” on the next slide. . .

Lessons learned

- Using the “who, what, when, and where” questions, develop relevant measures
- Using the “why and how” questions, ensure measures, programs, goals and mission have clear linkages
- Define programs and processes within the organization, assigning measures to the major ones

Lessons learned

- ❑ Involve both management and operations personnel
- ❑ Limit the number of measures you develop and use. Think of a car's dashboard – what are the key, high-level indicators?
- ❑ Track over time, don't change measures each year or expect instant results

Signs of success

- ❑ Perform results-oriented strategic planning
- ❑ Identify critical goals and objectives
- ❑ Use indicators to measure progress towards objectives
- ❑ Leaders and managers use results data for decision making
- ❑ Clear communication of results to stakeholders

Final thought

- Performance measurement, in itself, is not enough to drive an organization to overall excellence. Excellent organizations require leadership, strategic planning, customer focus, staff development, and improvement processes. Measurable results can enhance the discussion and understanding in all these areas.

Resources

- PortlandOnline MFR #16
 - Other cities
 - Reading room
- Budget and Audit staff

Final questions?
