Integrating performance management into existing business processes allows organizations to realize the full benefit of performance management — but doing so is not a simple task.

Many public-sector organizations track performance measures to record operational data on departments, programs, and services. That information is then collected, formatted, and reported on Web sites, as part of the budget, or in dedicated performance reports. Many governments have been successful in their efforts to report performance information to the public, often with the assistance of benchmarking programs such as the Florida Benchmarking Consortium, the North Carolina Benchmarking Project, and the ICMA Center for Performance Management, which can help in identifying a base set of measures for comparing similar governments. Other organizations such as the Association of Government Accountants provide guidance on preparing “citizen centric reports.” In addition, the Government Finance Officers Association (GFOA) has developed criteria as part of its Distinguished Budget Presentation Award Program that identify how performance information should be communicated in the budget. However, ongoing surveys conducted by the GFOA indicate that the majority of governments still aim to improve existing performance measurement efforts, and most do not feel that their performance information is used effectively for making decisions and fostering learning and improvement within the organization.

This disconnect represents the difference between performance measurement and reporting and performance management. For many organizations, measuring performance requires departments to do some additional work identifying and collecting measures, and the budget or finance staff, often, to do some additional work coordinating and assembling the information. For the most part, performance measurement and reporting efforts are done in addition to existing business as an “add-on” activity. On the other hand, implementing performance management requires a cultural change in the organization. Integrating performance management into existing business processes allows organizations to realize the full benefit of performance management — but doing so is not a

Effective Implementation of Performance Management
Where to Start and What to Do
By Michael J. Mucha

Performance management in the public sector is an ongoing, systematic approach to improving results through evidence-based decision making, continuous organizational learning, and a focus on accountability for performance.

simple task. Changing the culture of an organization to focus on performance data usually takes both effective leadership and time, along with a carefully planned process for implementing these changes. The following six-step plan, based on ongoing GFOA performance management research, will help governments implement performance management effectively, allowing them to transform their business processes and, ultimately, their cultures.

**SIX STEPS**

1. **Make the Case for Performance Management.** Beyond saying that performance management is a best practice, jurisdictions need to communicate the specific reasons why the organization needs performance management to appointed and elected leaders. This is the only way to achieve commitment. Ultimately, these key stakeholders will need to support the change, or perhaps drive it, so they have to be working toward the same goal — in most cases, an improved organization. Very few efforts succeed without the support of top leadership.

2. **Identify How Performance Information Will Be Used.** The next step in implementing performance management is not to define performance measures. Long before organizations identify what to measure, they need to determine what performance management will be used for and what the organization is trying to accomplish. For example, a jurisdiction that wants to use performance information to improve the long-term effectiveness of programs will have a different need for information than an organization that wants to use performance management to hold department managers accountable for short-term targets. Furthermore, an organization that seeks to cut costs might have different needs than one that seeks to improve citizen satisfaction. After answering the all-important question of “Why are we doing this?” organizations need to determine what processes will be affected. Organizations use performance management as part of strategic planning, budgeting, and managing existing personnel, resources, and external relationships — and more. Determining the goals of any performance management effort is an essential first step.

3. **Modify Existing Processes or Create New Processes to Accommodate Performance Information.** The third step in implementing performance management is also not to define performance measures. After defining goals for the performance management system, governments need to evaluate specifically how performance management information will be included in business processes to support decision making. For example, when setting up a stat system, jurisdictions will need to adjust meeting agendas and formats to include a focus on performance data. Similarly, when integrating performance data in the budget process, jurisdictions will need to create templates for submitting performance targets and to create a process for monitoring and reviewing performance information throughout the year. The performance management effort should be linked to changes in the existing business process; it is not enough to simply add the performance information on top.

4. **Develop Measures that are Appropriate for the Situation.** Most performance management practitioners differentiate between “output” performance measures and “outcome” performance measures. In general, output measures focus on information related to levels of production. For example, the number of clients served in a job training program, the number of emergency response calls, and the number of immunizations delivered are output measures. Outcome measures ideally focus on the true result of the service. For example, the percentage of participants in a job training program who receive and keep employment, the amount of property damage or lives lost in emergencies, or the prevalence of a particular disease in the community would be considered outcome measures. While most people think it is better to track outcome measures than output measures, this is not universally true. The information tracked should match the situation to which it is applied. The public is probably more interested in outcome measures to evaluate the overall effectiveness of programs and services, but department managers who manage employee workloads or track efficiency in the department might be more interested in output measures. Performance information provides the answer to key questions, but keep in mind that not all stakeholders will be asking the same questions.

5. **Focus on Change Management.** The earlier change management efforts begin, the stronger the foundation becomes to support a sustained performance management initiative. Change management refers to devel-
Developing an approach to managing the people side of the project. Every change inevitably faces some level of resistance. Change management provides a plan for recognizing that resistance, along with other risks to the project, and mitigating their effects. Successful change management processes include the following steps:  

- Assess the organization’s capacity for change.
- Assess implementation risks.
- Assign responsibility for addressing change management.
- Establish a process for communication.
- Provide coaching and individual attention to participants.
- Manage resistance by identifying areas of concern and developing specific strategies to target those concerns.
- Celebrate and communicate success.

6. Evaluate Your Success and Revise Your Approach. Implementation of performance management in any government is an evolving process. No one establishes the perfect approach on the first attempt, nor would it be feasible for any organization to change that quickly, even if a perfect approach were designed. As staff competencies build, and as the culture of the organization changes to one that demands performance information to support decisions, organizations should reassess efforts and identify ways to improve. Just as performance measures will be designed to provide feedback on government services, similar feedback should be evaluated on the performance management efforts. I

Notes
1. A stat system is a performance management technique that includes regularly reviewing operational data; discussing whether programs, services, and strategies are performing as expected; and making rapid decisions to correct problems. This approach was used in the popular CitiStat model used in the City of Baltimore, Maryland. Many other jurisdictions have implemented varieties of this approach.
2. Change management components were based on the change management steps included in the National Performance Management Advisory Commission’s final report, A Performance Management Framework for State and Local Government. The report is available for download at http://www.pmcommission.org.

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organizations that provide help with performance measurement & management

The Florida Benchmarking Consortium: www.flbenchmark.org
The North Carolina Benchmarking Project: www.sog.unc.edu/programs/perfmeas/
The ICMA Center for Performance Management: icma.org/en/icma/priorities/performance management
The Association of Government Accountants: www.agacgfm.org/citizen

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