The National Performance Management Advisory Commission, a collaborative effort of 11 leading public sector management organizations, released its public review draft of *A Performance Management Framework for State and Local Government: From Measurement and Reporting to Management and Improving* in July 2009. As performance management efforts have grown and gained attention, a sense of professional — even ethical — responsibility for focusing on performance improvement has grown as well. Managers are increasingly expected to incorporate performance management into their jobs. However, the actual definition of performance management has often varied — at times considerably — among the many individuals, organizations, and governments that practice it. With this effort, the National Performance Management Advisory Commission has attempted to create a flexible approach that will apply to all governments and create the foundation for defining public sector performance management that can be commonly communicated, agreed upon, and understood. In addition, the commission has worked to develop recommendations for implementing performance management that have been found to be successful across all levels and types of governments.

**WHAT IS PERFORMANCE MANAGEMENT?**

Performance management is an ongoing, systematic approach to improving results through evidence-based decision making, continuous organizational learning, and a focus on accountability for performance. Performance management uses evidence from measurement to support governmental planning, funding, and operations. Better information enables elected officials and managers to understand stakeholder concerns, recognize success, identify problem areas, and respond with appropriate actions — to learn from experience and apply that knowledge to better serve the public. Performance management includes the concerted actions an organization takes to apply objective information to management and policy making in order to improve results. While performance *management* and performance *measurement* are often used interchangeably, performance management implies an active approach, and this is an important distinction. For decades,
some governmental entities have measured outputs and inputs, efficiency, and overall effectiveness. There is no doubt that this measurement and reporting is a critical component of performance management; however, measuring and reporting by themselves have rarely led to organizational learning and improved outcomes. Performance management, on the other hand, systematically uses measurement data to facilitate learning and improvement and to strengthen the organization’s focus on results.

MAKING THE TRANSITION TO PERFORMANCE MANAGEMENT

Early practitioners of performance measurement who effectively tracked measures of inputs and outputs have been frustrated that their investments did not yield the benefits described by most performance management advocates. While measurement and reporting helps monitor performance, performance management encompasses an array of practices designed to improve performance. Moving beyond output measures to outcomes and moving from performance measurement to performance management helps close the gap. Making that transition, however, is not an easy task. Effective use of performance management requires an overall assimilation of key performance management principles and practices into the culture of the organization. Organizations that have implemented and institutionalized performance management know that it is a constantly evolving process, not something that works at an optimal level on day one.

Although implementation steps will depend to some extent on each government’s specific situation, the following steps are representative of the process that many state governments, state agencies, cities, counties, school districts, and other forms of government have used to realize the benefits of performance management.

1. **Present the case for performance management to the appropriate decision makers to enlist support, obtain authorization, and secure resources.** While organization-wide implementation is optimal, individual subunits — agencies, departments, or bureaus, for example — might decide to implement performance management independently. Regardless of the organization’s size or scale, however, support from organizational or subunit leaders is essential. Without it, efforts to implement and sustain the effort are not likely to succeed.

2. **Identify key purposes and objectives of initiating performance management.** Governments usually have more than one reason for implementing performance management. Clarifying and communicating key purposes and establishing specific objectives at the beginning will help determine process design and enlist support.

3. **Define the performance management process.** Not all performance management systems or approaches are the same, and each government must work to define its own process. Regardless of the specific approach, performance management typically includes the following elements:
   - **A planning process that defines the organizational mission and sets organizational priorities that will drive performance.** This is the planning phase of the performance management cycle. Once strategic priorities are established that are consistent with the mission, long-term objectives, annual targets, and strategies can be set.
   - **A budget process that allocates resources according to priorities.** A complete performance management system must include a performance approach to budgeting. Rather than basing budgets on the previous year’s expenditures, funding is allocated according to priorities and information about the actions that are effective in reaching desired results.
   - **A measurement process that supports the entire performance management system.** Defining how to integrate measures both horizontally (across organizational processes and boundaries) and vertically (from a community-condition level all the way down to individual employees) creates a consistent approach across the organization. In addition, defining what measures are to be tracked — along with how information will be collected, stored, reviewed, analyzed, reported, and ultimately used — is key to assuring data validity, availability, and relevance.
   - **Accountability mechanisms.** Accountability refers to the obligation a person, group, or organization assumes for executing authority and fulfilling responsibility.
   - **A process for analyzing, reviewing, and reporting performance data.** The organization needs the capacity to analyze data, not just collect and report it, so that data can be interpreted and useful information
can be provided to management, policymakers, and the public.

A process for using performance information to drive improvement. At this stage, information is used as evidence to help the organization make decisions about whether to continue programs or activities, or to try something else. The capacity for using performance information to drive improvement includes the ability to compare current to past performance, and, if possible, to compare the organization’s performance to that of other organizations.  

4. Communicate the plan to gain understanding, enlist support, and assure that stakeholders have the facts. Communication is a critical component of any change effort. A well-executed communication strategy is essential for successful implementation. Absent clear communication, people within the organization will use whatever information exists, whether or not it is accurate.

5. Build organizational capacity through training, hiring, or developing in-house technical expertise; providing performance management tools and supporting technologies; and building common terminology. While training is generally part of initial implementation, it should not be viewed as a one-time event. Existing staff benefit from recurring training, and new hires need to be properly introduced to the way the organization practices performance management. The organization’s efficiency and effectiveness will benefit from deeper staff understanding of performance management practices and principles.

6. Monitor the implementation process and make adjustments as necessary. Just as monitoring and adjusting are part of the performance management cycle, the performance management initiative itself must continually be monitored and changes must be made to assure that it is becoming ingrained in the organization and that benefits are being achieved.

Once established, performance management is not a mechanical process that can be set in motion and routinely maintained. Practitioners of performance management have learned that achieving better results through the principles and practices of performance management requires an investment in building sound technical approach, strong leadership, ever-improving expertise, and a culture that constantly reinforces a focus on results. The return is that performance management enables governments to produce better results for the public, although this should not be expected initially. Through continuous cycles of planning, resource allocation, program or policy execution, and evaluation (which provides information to support successive cycles), organizations continuously improve their ability to understand what works and what does not, making them better able to improve results. (See Exhibit 1.) Governments have found that investing in performance management has also generated positive changes among staff, including:

- Increased willingness to take on more challenging tasks
- Greater belief in the organization’s capacity to address and solve problems
- Greater collaboration among units, leading them to work cooperatively and achieve organizational results
- Increased pride and ownership in the organization’s success
- Strengthened commitment to making a positive difference in the community served

Exhibit 1: Benefits of Performance Management
SUSTAINING THE EFFORT

As mentioned, benefits evolve over time as the organization enhances its capacity and refines its approach to performance management. To maintain focus and sustain efforts over time, including through administrative changes, the following factors are critical.

Supportive Leaders. Performance management initiatives cannot achieve optimum success without energetic and sustained support from an organization’s top managers. Leaders need to articulate a vision for performance management that tells stakeholders how they will benefit and that encourages involvement. Leadership must also make clear that performance management is not an experiment and is in fact how business will be conducted.

Internal Champions. A small number of internal champions committed to success and to the time it will take to create a sustained effort can make performance management happen. Champions are committed to implementing performance management and are willing to use their time, talents, and resources to help develop, improve, and get others committed to the effort. This includes finding the time to do research, organize meetings, assign staff to projects, and develop fact-based arguments for countering criticism from cynics and skeptics.

Sufficient Financial Resources. Performance management results in greater efficiency and more effective use of resources in the long run, but it requires an upfront and continued investment of resources. People, expertise, technology, and money are necessary to establish and maintain tools and practices such as revising processes, developing measures, and collecting and storing data.

Performance Management Expertise. Performance management represents a shift from what many governments are used to. It requires new skills. Accessing expertise from individuals who have previously implemented performance management allows governments to take advantage of lessons learned and avoid common problems. And it is essential to identify and enlist the support of individuals within the organization who are knowledgeable about performance management and have the ability to collect, analyze, and communicate performance information.

CONCLUSIONS

The draft framework report released by the National Performance Management Advisory Commission articulates principles and describes practices for use by all state, provincial, and local governments. The intent was that the framework be flexible and readily adaptable, identify general approaches, practices, and techniques that are characteristic of successful performance management, and support efforts to develop and improve organization’s capacity for performance management. In the next several months, the commission will work to finalize this draft framework and develop additional tools to help public officials, managers, and other interested stakeholders take advantage of performance management, realize improvements in government process, and ultimately provide better results to the public.

Notes

1. Sponsoring organizations are the Association of School Business Officials International; Council of State Governments; Government Finance Officers Association; International City/County Management Association; National Association of Counties; National Association of State Auditors, Comptrollers and Treasurers; National Association of State Budget Officers; National Center for State Courts; National Conference of State Legislatures; National League of Cities; and U.S. Conference of Mayors.


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