



Determining the Purpose of the Performance Measurement System

An Important First Step

By David N. Ammons

A simple system designed to provide output measures and serve a public relations objective may have served that objective well, but it is not well-suited for performance management.

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Some public-sector organizations have adopted performance measurement systems with ambitious objectives in mind and have created systems suitable for these objectives. Others, however, have not. Many climbed aboard the performance management bandwagon — sometimes reluctantly — with more limited objectives, at least at the outset.

“Just collect some measures we can report to the city council and citizens — ideally, something that will impress them with how much we do.”

Not surprisingly, organizations that have limited objectives for their performance measurement system often design very limited systems. If their purpose was to impress an audience of elected officials and citizens with how much the organization’s workforce does, they could do this by counting and reporting the large number of calls for service they handle, tons of solid waste they collect, applications they process, and stray dogs they pick up. If their purpose was to decorate a report, raw counts like these could easily serve that purpose as well.

Officials in these organizations probably claimed that their purpose was accountability, but their primary intent might be characterized more accurately as public relations. Compared to the more serious efforts of some of their counterparts, these attempts at performance reporting might be labeled “accountability-light.”

Officials who felt the need to demonstrate only a modicum of accountability adopted what is arguably a rational implementation strategy, given their limited objectives. Despite occasional declarations that performance measures would lead to better or more efficient services, their actual focus was on reporting performance measures, rather than managing with them. The systems constructed for this limited objective were minimalist in nature. Given their limited purposes, their designers saw the collection and reporting of performance measures as an expenditure item with little chance of tangible return. Accordingly, they decided that the systems should be designed in a manner that would be as cost-free as possible, minimizing their impact on resources and staff time. The raw counts of service calls, applications, stray dogs, and tons of solid waste were easy to compile and served their purpose nicely.

A NEW DAY, THE RIGHT SYSTEM

That was then; this is now. Today, officials in many of these same organizations have a new set of objectives for performance measurement that extends beyond merely reporting measures for public relations purposes. These officials have heard the claims of performance management enthusiasts and they want the benefits of improved services and greater efficiency in their organizations, too. Often, however, they can be heard to say in frustration, “We’ve been doing performance measurement for years — and it doesn’t work.”

Minimalist performance measurement systems, designed to deliver nothing more than public relations value — and to do so at little cost — can be built around simple workload or output measures. Their value for serious accountability — the kind that provides details regarding efficiency, service quality, and effectiveness — is compromised by their simplicity, but they are not entirely without value on the accountability score. Minimalist systems are without value, however, for performance management.

To be valuable for performance management purposes, sets of performance measures must include measures that address service efficiency, quality, and effectiveness or outcomes. This feedback must be provided regularly to operating officials to let them know that operations are on track — or to alert them if they are not.

Officials who now wish to adopt performance management tactics but find that their performance measurement systems to be of the minimalist variety

may be tempted to fault the designer of the system. This is a fair criticism only if performance management was among the organization’s objectives from the outset. In most cases, the designer probably delivered the system the organization wanted at the time — a minimalist system to meet its mostly public relations objectives. The important point for today’s official is that performance management requires much more than a minimalist system featuring mostly output measures. This probably means that a complete overhaul of the performance measurement system is needed.

A related question arises with community livability scorecards and state-wide scorecards, which often report broad social indicators or community characteristics. Are these scorecards suitable for performance management purposes? It is likely that supplemental measures addressing service delivery performance more directly will be necessary.

Performance management efforts require measurement systems that are sufficiently sophisticated to support them. Systems that provide timely feedback on the efficiency, quality, and effectiveness of services are necessary. Officials who find that their systems lack this level of measurement must recognize the need for a major overhaul. Merely patching a minimalist system is unlikely to bring the desired results. Simply exhorting supervisors to somehow use a minimalist system to achieve performance management results is unreasonable.

The record of the performance measurement movement has sometimes been judged harshly. Critics have

sometimes found little evidence that measurement has led to performance improvement. To the extent that these critics have reached their conclusions based on the experience of organizations that have minimalist systems, their indictment of performance measurement is unfair. Judging the performance improvement record of a minimalist performance measurement system is akin to judging a radish plant for its ability to produce stalks of corn. When the seed was selected and placed in the ground, the decision defining the eventual produce was made. To change the crop, the field will need to be re-plowed and re-planted.

Governments that wish to manage performance — that is, to improve the quality and efficiency of services, and to influence results — will need a set of performance measures that provides regular feedback to operating officials on performance dimensions that they can and should influence (e.g., efficiency, quality, effectiveness). If their current measures are inadequate for that task, a new set must be designed to achieve this purpose.

EXAMPLES OF CHANGE

There are abundant examples of organizations that have used performance measures for public relations purposes effectively. Furthermore, many examples of serious accountability reports may be found — several have been produced in the form of Service Efforts and Accomplishments reports, and presumably many of these have achieved their purposes.

Fewer examples of using measures for performance management purposes have been publicized, but this appears

to be changing with the successes of CompStat, CitiStat, and similar performance management efforts. Other noteworthy instances of performance measures being used to manage operations are more sporadic. After comparing its efficiency measures to those of other cities, Winston-Salem, North Carolina, adjusted its deployment strategy for solid waste collectors and produced savings of \$400,000 annually. The City of Concord, North Carolina, used comparative performance measures to dissuade its refuse contractor from a 10 percent fee increase.

Many governments have overhauled systems that once were dominated by output measures and then established, in relatively short periods of time, sets of measures much more suitable for performance management. Just examine the changes in the measures reported by the city of Rock Island, Illinois, in

1993 and later in 2003, or the changes in Sterling Heights, Michigan, from 1997 to 2004 for a pair of examples. Their transformation is dramatic.

CONCLUSIONS

Public agencies have used performance measurement systems for a variety of purposes — to support public relations efforts, to communicate program efforts or results to elected officials, to support management systems, and to improve the quality and efficiency of services. A system designed for one of these purposes may be inadequate for others. The frustration of an official wishing to get performance management results from a minimalist measurement system is understandable; however, blaming the system's designer might be unwarranted, for the intended purpose might have evolved over time. A simple system designed

to provide output measures and serve a public relations objective may have served that objective well, but it is not well-suited for performance management. To achieve performance management objectives, the measurement system will need to be overhauled to focus primarily on measures of efficiency, service quality, and effectiveness.

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Additional Resource

David N. Ammons, "Performance Measurement and Managerial Thinking," *Public Performance and Management Review*, 25, no. 4 (June 2002).

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