Guidance on Performance Measures

Key Performance Indicators

Key Performance Indicators (KPI’s) are a set of measures focusing on organizational performance that is most critical for the current and future success of an organization.

The Government Accounting Standards Board (GASB) defines a key measure as “a measure of the essential results or objectives of an organization, program, or service.” A key measure provides information about the level of achievement of the major goals and objectives of the programs and service.

KPI’s are usually derived from your efficiency and effectiveness measures. They help to tell a story about the success in achieving an outcome. They are enduring measures that when looked over periods of time (years, months, weeks) let you know if you are making progress toward achieving your outcomes.

Think of the KPI’s as “marquee measures,” “headlines” of your story, or “signature” measures that let others know that you are making progress in achieving an outcome. Departmental “scorecards” from the Annual Performance Report are meant to be KPI’s that illuminate either department or program achievement.

“City of Bellevue Vital Signs” (attached) provides examples of KPI’s that when looked at together or over many years give a sense of the health of the city.

Performance Measures

A performance measure is defined as a quantifiable and enduring measurement of the amount, quality, efficiency or effectiveness of products or services produced by a program or department. Types of performance measures include input, output, efficiency, and effectiveness measures.

Input Measures – The resources used by a program or department to produce outputs and outcomes. Examples include:

* Salaries
* Facilities and supplies
* Contracted services
* Number of employees
* Number of fulltime equivalents
* Number of work years
* Equipment (e.g., number of workstations)

Output Measures – A measure of the number of units provided, amount of services provided or number of people served by a program or department. Output measures are usually expressed in the past tense (ending with an “ed”) and are usually within our control. They are also called workload measures.

Examples include:

* Number of miles of streets repaved
* Number of clients counseled
* Number of environmental inspections completed
* Counts of work accomplished

Efficiency Measures -- Relate inputs to outputs and try to answer two basic questions:

* 1. Do we know our costs? Examples of efficiency measures expressed as *costs per unit of output* ($/outputs) include:
  + Cost per mile of street paved
  + Cost per permit issued
  + Cost per mile of roadway cleaned or acre of grass cut
  1. How efficient are we? Examples of efficiency measures expressed as *productivity* (output/labor hour) include:
  + Number of miles paved per labor hour
  + Number of mater meters read per labor hour
  + Number of acres of grass mowed per labor hour

Effectiveness Measures -- Are often called Service Quality Measures or Outcome Measures

* Service Quality Measures: A type of effectiveness measure relating to customer/client/public satisfaction with quality, timeliness or other aspects of the service or product delivered. Examples include:
* % of permits completed in two days
* % of potholes filled within 24 hours of notice
* % of customers who rate your service as good to excellent
* % of customers who rate Parks services as good to excellent
* % of employees who rate workplace practices as good to excellent
* % of permit applicants receiving inspections within 24 hours
* Outcome Measures: Addresses strategic results and gauge the effectiveness of services or programs. A measure of the extent to which goals, outcomes or objectives have been achieved. Should focus on why the program or activity exists (How will the service benefit or impact customers, residents, etc.?)· Outcomes measure what a customer can expect to find changed or accomplished as a result of the service. Outcomes can reflect changes in conditions of people, systems, or the environment. Examples include:
* Dollar value of property loss in inspected buildings due to fire
* Total Part 1 Violent crimes per 1,000 residents
* Total Part 1 Property Crimes per 1,000 residents
* Citizen rating of neighborhood safety
* Citizen Overall satisfaction with Parks and Recreation
* % of residents who are getting value from their tax dollar

Characteristics of a Good Performance Measure

A good performance measure should be directly related to and linked to a program’s strategic mission, vision, goals and objectives. Remember, that measuring calls attention to what you measure and suggests it is important. Don’t measure something just because you can.

The performance measure should be:

* Valid – they measure what they purport to measure
* Understandable, clearly defined, not overly technical
* Quantifiable, measurable
* Verifiable
* Consistent and comparable over time
* Not overly costly to collect and maintain
* Reportable on a timely basis

Targets and Benchmarks

Targets may be based on regulatory or industry standards, policy decisions, or the performance of similar organizational entities. Targets should be set to stretch the organization’s capacity to deliver a service but not overwhelm it.

Benchmarksare internal or external points of comparison to help understand performance results. They are also often used to help set targets which can be derived in a variety of ways:

* Comparison with previous periods (historical benchmark)
* Internal comparison with other units within the same organization (internal benchmark)
* Pre-established targets or existing industry standards, if and when available (industry benchmark)
* External organizations of the same type (external benchmark)
* External organizations of different types but doing the same function (functional benchmark)

In lieu of any benchmark information (such as the first year performance data) being available, targets are typically set on best professional judgment and management expectations.

Developing formal benchmarks in an industry sector, or government in general, can be very challenging. Issues of comparability, methodology and relevance often arise.

Comparison with other jurisdictions or against standards is considered a best practice for public performance reporting. The ICMA project in which the city participates is a good source of data for helping some departments to set targets and benchmarks.

