

Eleven Ways to Make Performance Measurement More Useful to Public Managers

Harry Hatry, Craig Gerhart, and Martha Marshall

Regularly gauging performance measurement, especially program results and service quality (i.e., outcomes), is currently attracting the attention of both managers and elected officials. The wish to assess results regularly now is widespread across federal, state, and local governments, across political factions, across functional areas, and in both the public and private sectors.

While this makes eminent sense, a decent performance measurement effort requires the expenditure of resources—both staff time and, probably, out-of-pocket dollars—to develop and implement. Such effort should not be justified on a “me-too” basis but in terms of real, significant usefulness to the public organization. This article provides 11 suggestions to public agencies, particularly cities and counties, on steps that they can take to make performance measurement pay off for them and their citizens.

Scope of This Article

To make the cost of implementing performance measurement worthwhile, public agencies need to be sure that the information obtained can help improve public services. Public managers are key users of such information. Therefore, the focus here is on making performance information useful to internal program management. Many of these steps also should help elected officials and the public to get better and clearer information. Another focus is on measures of service quality and outcomes, measures that are the most difficult to develop but that offer the critical yardsticks of success.

This article incorporates examples from Prince William County, Virginia, and from other jurisdictions. Beginning in 1992/1993, Prince William initiated a county-wide performance measurement process that currently is entering its third year. Counties in Virginia cover services common to the cities and towns throughout the country as well as county-level services. Prince William believes that it will take several years before a truly full-fledged performance management system will have been implemented.

The county has grouped its performance indicators under the categories of Inputs, Efficiency, Outputs, Service Quality, and Outcomes. Its agencies have included in their reports such

nontraditional outcome indicators as “percent of clients whose level of dependence has been maintained or improved for three months or more” (for its senior citizens’ programs); “percent of citizens satisfied with particular county services” (as measured in the county’s annual citizens’ survey); and “jail days saved” (used by the sheriff and the community corrections agency). Following are two examples of how Prince William agencies have used such data.

Prince William County’s cooperative extension program collects information, not only on how many clients it has served but also on the “percentage of participants gaining new skills.” For instance, its family stability program tracks as an indicator the “percent of clients who reported positive change in parenting skills implementation.” The extension program believes that the favorable information obtained has enabled it to secure contracts with three other county departments: to provide environmental management projects for the county’s stormwater management program; to provide financial counseling for the office of housing; and to provide parent education for the department of social services. These departments believe that they have clear, measurable performance data that they can use to determine whether their services are accomplishing their intended purposes.

The county sheriff, magistrate, and community corrections programs have begun to calculate the “number of jail days saved.” Because of recent jail overcrowding, success in managing the jail population has become critical. The community corrections program believes that it now is able to demonstrate for each of the five programs it manages, not only such information as the number of persons served but also the number of jail days saved. This capacity is enabling it to judge the respective contributions made by each of the five programs to reducing the jail population.

Suggestions for Improving Information Usefulness

The authors offer the following 11 recommendations for enhancing the usefulness of performance data:

1. *Address service quality and outcomes explicitly when reviewing services and programs.* These discussions among elected officials and department heads should occur both during the annual budget process and in interim periods, as program and policy issues

arise. When elected and executive branch officials begin to discuss specific service outcomes and quality, then management throughout the organization will take performance measurement seriously.

2. Ask program managers to set a target for each performance indicator. Assess progress regularly against these targets. These targets should be set annually based on past experience and based on the budgeted resources anticipated for the forthcoming year. Targets also should be established for each reporting period during this year, e.g., quarterly.

Actual performance against the targets should be reported, and managers should review with their staff the program's performance after each report has been issued. Upper-level managers and executives also should undertake such periodic reviews, which should be constructive and focus on improvements needed.

3. Provide performance data in a timely manner. Performance reports probably should be prepared at least quarterly, if not monthly. Data should be available within a reasonable amount of time after the end of the reporting period. Program managers should be the first to see the actual performance data.

With most governments' current computer capability, such reports usually should be available within two to four weeks after the end of each reporting period. (If new data for some indicators are not available for each reporting period, the latest available data should be included.) Government-wide reports that compile results from numerous programs will take a bit longer to publish.

4. Calculate key breakouts of the data for each indicator. Aggregate data can be misleading. To illustrate: A man has drowned in a lake whose overall average depth is 12 inches. The overall average depth of the lake, while accurate, hides the fact that sections of the lake are much deeper. The lack of such breakouts has been a major defect in most performance measurement systems at all levels of government throughout the country.

A service may be working well for some types of clients and not for others. It may be working well in some field offices, districts, playgrounds, facilities, or precincts, but not well in others. It may be working well for a less difficult workload, but not for a more difficult workload. An example: The aggregate crime clearance rate in a given reporting

period can hide the fact that the proportion of difficult incoming cases differed from that of previous periods. The aggregate clearance rate would, if used alone, give misleading information on performance.

Breaking out the aggregate data for outcome and service quality indicators will be much more useful to program staff in assessing where the service has been successful and where it has failed. It will help staffers direct their attention to where improvements are most needed.

Prince William's police department identifies the county's 10 most dangerous intersections based on the reported accidents indicator. With this information, the department analyzes each intersection to identify accident causes and contributing factors. The department develops responses for each intersection that had causes on which the police could act, such as excessive speed, driving under the influence, failing to stop, etc. The success of the enforcement strategy then is tracked using subsequent accident data. This approach has led to a reduction in accidents, personal injuries, and property loss at the targeted intersections, even though overall traffic volume has increased.

New York City's department of sanitation has for many years allocated its sanitation crew effort to those locations that had poor cleanliness ratings, based on the city's regular trained-observer rating procedure for street cleanliness. Inspectors rate the city streets from 1 to 5, according to a photographic rating scale. Thus, one of the most important uses for performance information is to help programs allocate their scarce resources to those areas that most need attention.

5. Include indicators of both "intermediate" outcomes and "end" outcomes in the performance measurement process, but clearly identify both types of indicators. Few outcomes that are truly end-oriented are fully under the control of the public manager. And many months, if not years, may elapse, before the results show up. Intermediate outcomes, the ones most commonly reported by programs, directly relate to customers but do not indicate end results.

For example, a program to help people stop smoking would have as end outcomes the number and percent of clients of the program who, say, 12

months later had stopped smoking. However, the program also should track the number of people who enter the program and complete it. The latter indicator can be considered an intermediate outcome.

Environmental programs encouraging households or businesses to reduce hazardous wastes and to dispose of them properly should track such intermediate outcomes as the number of households and business that report changing their behavior in favorable ways. The water quality and the condition of living resources in the water should be measured as end outcomes, but these program effects likely will take longer to show up (after household and business behavioral changes). A community policing program might track the number of households participating in various neighborhood-based activities, such as neighborhood watch programs, as an intermediate outcome, but it also should attempt to track declines in crime rates and feeling of security, the intended end outcomes.

6. Ask programs to provide explanatory information with each performance report. This information should be requested for unexpectedly high or low performances on particular indicators. This practice has two important benefits. First, it provides program managers with the opportunity to explain, from their viewpoint, why problems have occurred and to indicate any actions they are planning to take to correct the problems. For instance, in some cases, cutbacks in staff or dollars might have contributed to a significant drop in service quality and outcomes. Second, other users of the report, whether upper-level officials, elected officials, or the media/public, will be given a much better perspective on what has happened.

7. In agency training programs, routinely provide information on performance measurement and its uses to supervisors and managers. This training should include information on the performance measurement process and on ways to use the information, such as for allocating resources, performance contracting, formulating and justifying budgets, helping with budget justifications, and making performance appraisals. In the early stages of measurement, Prince William has found that one-on-one consultation helps managers develop useful measures that are feasible to collect.

8. *Incorporate outcome-related performance requirements into contracts wherever feasible.* In writing contracts, pay more attention to what is to be accomplished and less to how the contractors are to accomplish it. Requests for proposals and even, in some cases, requests for bids should specify the results expected in quantitative terms to the extent possible. To make such contract stipulations meaningful, the agency needs to monitor performance carefully against these requirements.

Local governments have included in contracts such measures as the number and timeliness of correction of complaints in solid waste collection contracts; number of road breakdowns and percent of scheduled times met in transit contracts; percent of vehicles returned in automotive repair contracts; and number of persons placed in employment services contracts.

Some of the above contracts included specific dollar rewards or penalties for not meeting or not exceeding targeted values. The existence of an ongoing performance measurement system should allow agency managers to monitor more easily, and then enforce, the provisions of these contracts.

9. *Consider including service quality and outcome progress information as part of the performance appraisal process for internal employees, especially supervisors and managers.* Focusing individual performance appraisal discussions on objective service performance information is likely to be easier and more satisfying to both the appraiser and the appraisee than focusing solely on more subjective employee characteristics and events.

Given the fledgling status of most systems, however, the use of outcome data for performance appraisal can present problems. Linking pay to performance on indicators should occur only when the performance indicator system has been worked out well and is believed by those involved to be reasonably valid and meaningful. Though service outcomes are affected by many factors outside the control of government employees, these factors can be accounted for to some degree in setting realistic outcome targets.

The explanatory information suggested in item 6 above is especially useful in accounting for external factors and can be taken into account when making performance appraisals.

10. *Use information on service quality outcomes in formulating and justifying budgets.* This task is a tricky matter. The relation of cost to the amount of expected workload is relatively clear for many services. However, the relation between dollars (or number of employees) and service outcomes often is unknown.

For example, how many additional employees and dollars would enable the agency to increase the customer satisfaction level by five percentage points? In most cases, no one really knows. However, managers should articulate strategies to bridge the gap between desired and baseline performance and should use measurement to help test the effectiveness of these strategies. Some other indicators of service quality, such as response times to calls for service, are more closely related to amount of staff available. When service information is obtained for a number of years, perhaps, more of

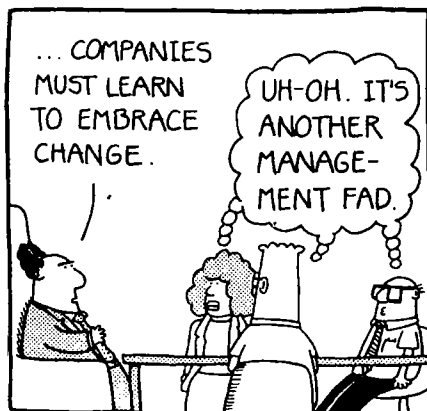
these causal relationships will become better known.

Despite this limitation, it is appropriate to discuss, formulate, and justify budgets at least partly on the basis of service outcomes and quality. In preparing and justifying their budgets, agency managers should discuss at least qualitatively what they believe the outcome and quality implications will be.

11. *Finally, avoid expectations that outcome information will indicate the causes of the outcomes.* Unfortunately, many public employees, elected officials, and media people believe that regularly collected outcome information tells whether the government program and its staff were the primary causes of the outcomes. But outcome information provides only a score. The information tells whether one is "willing and losing" and to what extent, but it does not indicate why.

For example, if a high percentage of clients of a stop-smoking program have actually stopped 12 months later, does that mean that the program caused those results? Many factors could have been the cause. Clients may have stopped because of recent press coverage on the effects of smoking or because of pressure from their doctors or families. Usually, only if the program has considerable evidence, such as that from in-depth program evaluations, can clear linkages be obtained between the program and the extent of an outcome. Performance measurement helps focus ad hoc program evaluations on the issues or questions, if this type of in-depth analysis would be warranted and cost-justified.

GILBERT® by Scott Adams



A clearer understanding of the limitations of outcome data can reduce the tendency to blame public employees immediately when performance indicators show unfavorable outcomes. (On the other hand, excessive praise has seldom been a problem.) A reduction in blaming, in turn, should make the process less threatening to managers and their staff and should encourage greater use of outcome information for improving services.

Local governments need to do a good job of explaining the nature of outcome data internally, to elected officials, and particularly to the media, so that agencies are not blamed prematurely and unfairly for negative outcomes.

Cautions

What is measured and reported gets attention! Especially if the information is used for purposes such as those described above. Misuse and counterproductive use can occur if the performance indicators are not chosen and implemented with care.

For example, solely focusing on the time it takes to provide a service is likely to cause employees to push for speed of service delivery at the expense of the quality of the service. Another example: A focus on number of traffic tickets or arrests per police officer year can lead to undue harassment of citizens.

To reduce such problems, the authors suggest taking two steps. First,

when selecting performance indicators explicitly consider potential negative side effects and include indicators that tracks them. In the examples given above, the agency also should track complaints from citizens as to excessive traffic tickets and the number of arrests that are dropped by prosecutors and the courts because of a lack of evidence. Response time measurements should be balanced by indicators of the quality of the service, such as by surveying all, or a random sample, of the service's customers.

Second, to protect against counterproductive behavior that the agency did not anticipate, periodically query staff as to whether they feel they are being pushed by the indicators to undesirable behavior, such as rushing through a service at the expense of service quality. If so, revise the set of performance indicators to provide a better balance between desirable and undesirable effects.

Conclusion

Measuring service outcomes and quality is not usually easy; at best, the development of a measurement system is a multiyear effort. Fortunately, at the local government level, such services as police and fire protection already have considerable data related to service outcomes. For most services, considerable progress is needed, perhaps through the use of such data collection procedures as customer surveys and trained-observer techniques (Hatry et al 1992). As noted

earlier, these procedures carry a cost in terms of staff time, resources, and technology.

To make the cost of implementing performance measurement on a continuing basis worthwhile, public agencies must ensure that the information can help improve public services. Public managers are key users for such information and perhaps play the most crucial role in making performance measurement successful. When managers reap real benefits, their commitment to the sometimes formidable task of capturing and reporting performance data increases. The suggestions provided above, it is hoped, will afford some ideas that governments can use to help them make expenditures of time and dollars well worth the effort.

Reference

Hatry, Harry P., Louis H. Blair, Donald M. Fisk, John M. Greiner, John R. Hall, Jr., and Philip S. Schaeffer. *How Effective Are Your Community Services?* 2d. Ed. Washington, D.C.: The Urban Institute and ICMA, 1992.

Harry Hatry is director of State and Local Government Research Programs at The Urban Institute, Washington, D.C. Craig Gerhart is director, Office of Management and Budget, Prince William County, Virginia. Martha Marshall is management consulting supervisor, Office of Management and Budget, Prince William County, Virginia.