

STATE OF CALIFORNIA

**ORGANIZATIONAL
PERFORMANCE MANAGEMENT &
MEASUREMENT**

Strategic Planning &
Performance Measurement
Staff Training Handbook

2007 Edition

Credits and Use

CREDITS

This handbook was developed under the direction of Dr. Denzil Verardo for the California Performance Review. It was approved by the Office of Governor Schwarzenegger in July, 2004 for delivery to state agencies. The Handbook involved many state employees during its formative stages and later implementation stages. The handbook preparation team included:

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Subsequent editions, under the purview of the State Personnel Board, were modified based on feedback and new materials by Jennie Verardo, Pete Williams and Dr. Denzil Verardo.

USE

The material contained in this handbook may be freely copied with a credit line to the California Performance Review.

July, 2007

TABLE OF CONTENTS

INTRODUCTION	1
Performance Management Cycle	2
About this Handbook	4
I. A GUIDE TO STRATEGIC PLANNING	5
What is Strategic Planning	5
The Purpose of Planning	5
The Strategic Planning Process	7
Do We Need to Change Direction?	19
II. PERFORMANCE MEASUREMENT AND MANAGEMENT	20
Performance Measurement -- How Do We Measure Progress?	20
Why Measure?	24
Developing and Using Performance Measures	26
Key Steps for Using Performance Measures	32
The relationship of support and administrative programs to Agency Mission and Core Programs	34
Final Links	36
APPENDIX	
Appendix A: Glossary	
Appendix B: Worksheets	

CALIFORNIA STATE PERFORMANCE MANAGEMENT HANDBOOK

If you don't know where you're going, how are you gonna' know when you get there?
Yogi Berra

INTRODUCTION

Performance management is the unified use of strategic planning, performance measurement, budgeting for results, and performance review. Performance budgeting is the use of performance management to tie program funding to demonstrated outcomes. The approach suggested in this handbook instructs agencies to:

- Identify the needs and demands of their customer/clients and the programs that meet those needs;
- Establish clear, measurable outcomes for those programs; and
- Produce and maintain a formal system of accountability and use information in budget development.

This fully-integrated process helps California state government become more creative, flexible, focused, and accountable in responding to customer/client needs. performance management allows programs to direct scarce resources toward high priority and well-performing programs and services. Ultimately, the collection of techniques outlined in this handbook will, when fully integrated or implemented, enhance the performance of the public sector by improving the ability of California government to produce results.

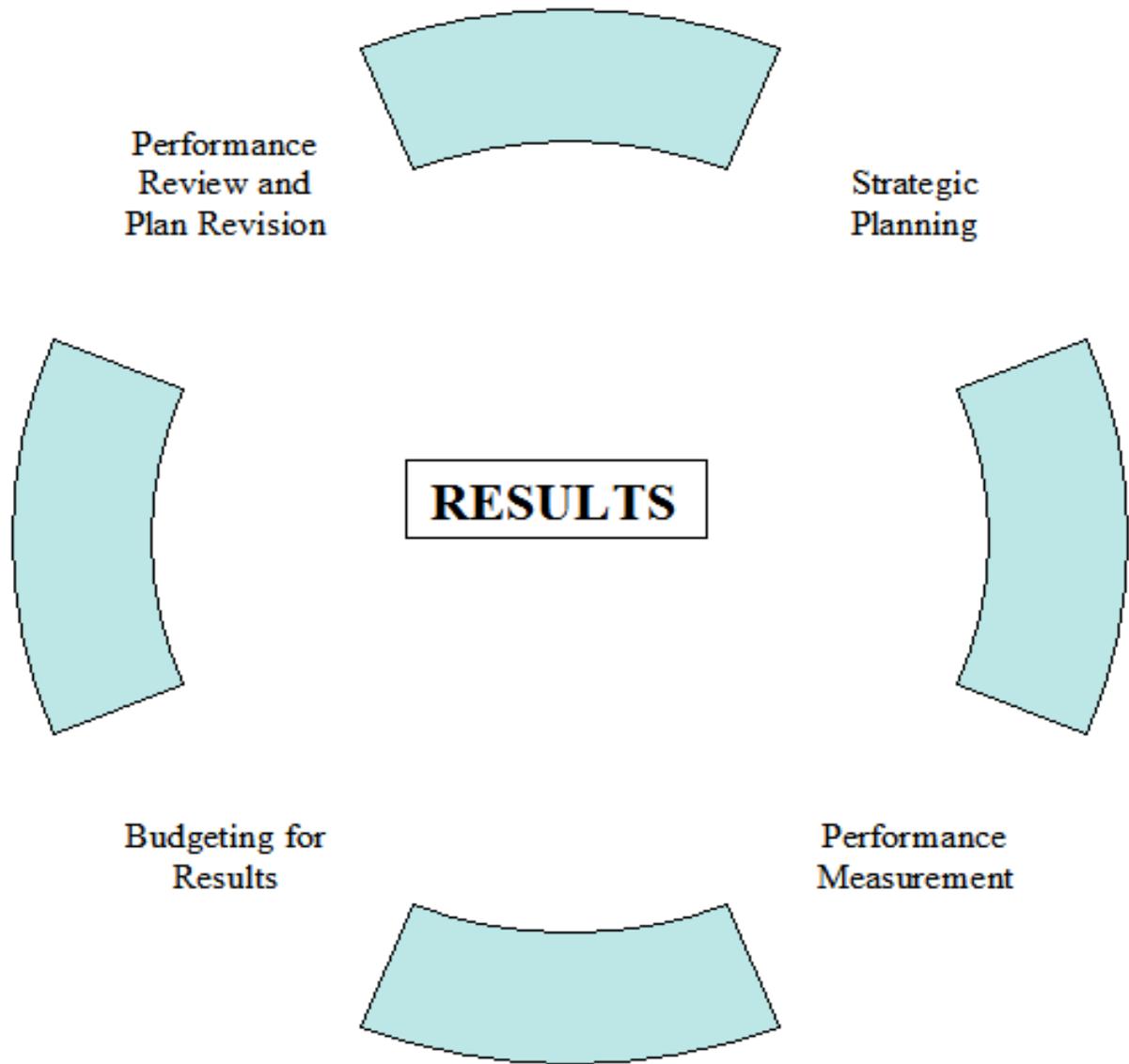
Implementing a performance management system requires the simultaneous implementation and use of several components. At higher levels, performance management links strategic planning and performance concepts with budget development. At the program level, performance management links strategic plans to annual action plans, budget requests, and annual performance reviews – all driven by outcome-based performance measures.

The Performance Management Cycle shown on the next page illustrates the linkages between:

- The development of a strategic plan;
- The identification of performance measurements;
- The connection of budgeting resources for program implementation and desired results;
- The review of performance; and
- The revision of the plan if necessary.

The goal is accountability and quantifiable results that maximize the resources of California

The Performance Management Cycle



In practice, the cycle is not sequential. Illustration demonstrates interrelationship between key components

ABOUT THIS HANDBOOK

This handbook was originally developed by the California Performance Review and then minimally modified for use with the Performance Management training sponsored by the California State Personnel Board. The intent of the handbook and the training remains helping agencies better engage in the performance management process. It is designed to assist agencies as they integrate planning, performance, and budgeting practices with overall agency management.

The California State Performance Management Handbook is divided into four parts:

- I. A Guide to Strategic Planning
- II. Performance Measurement and Management
- III. Annual Performance Reports
- IV. Appendices (Glossary and forms)

I. A GUIDE TO STRATEGIC PLANNING

What is Strategic Planning?

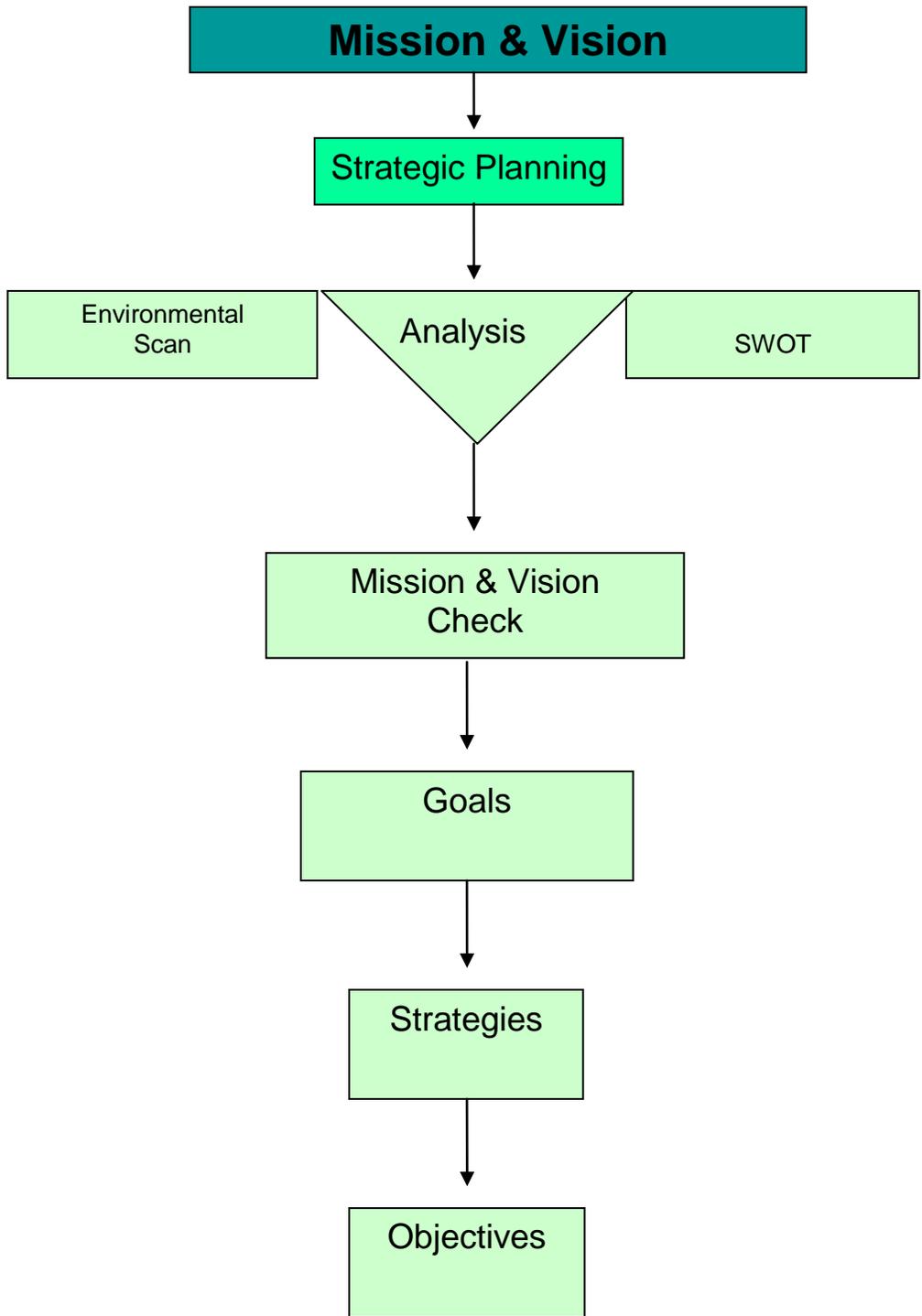
Strategic planning is planning for results. Strategic planning is a long-term, future-oriented process of assessment, goal setting, and strategy building that maps an explicit path between the present and a vision of the future. Strategic planning relies on careful consideration of an organization's capabilities and environment, and leads to priority-based resource allocation and other decisions. It is a disciplined and creative effort to produce fundamental decisions and actions that shape and guide what an agency is, what it does, and why it does it.

A strategic plan is an agency's comprehensive plan to address its business needs – to successfully carry out its mission. Because strategic planning is a team effort that builds consensus on an agency's future direction, the process itself can be as important as the resulting plan.

The Purpose of Planning

The purpose of planning is to provide an organization with a comprehensive and orderly structure for identifying its goals; and developing strategies and securing the resources needed to reach its desired outcomes. Planning enables an organization to:

- Prepare for contingencies that could prevent it from attaining its goals;
- Develop a framework for its orderly growth and progress;
- Form the base for annual resource needs and the allocation of resources in a manner that will allow it to meet its goals and objectives;
- Provide for accountability based on results – how services make a difference to customer/clients; and
- Link its results to funding in a way that identifies what taxpayers get for their tax dollars.



The Strategic Planning Process

1. Select the Strategic Planning Team

The Strategic Planning Team serves as the oversight and coordinating body of the planning process. In selecting the members of the team, address the following questions:

- Do the planning team members represent diverse areas and interests?
- Do they possess a variety of strengths, knowledge and skills?
- Are they knowledgeable about the agency?
- Are they knowledgeable about the primary customers or clients?
- Are they influential and persuasive with their constituents?
- Do they have access to, and an interest in, the long-term direction of the agency?
- Do they have the time and energy to commit to the strategic planning process?
- Can and will each member make a significant contribution to the planning effort?

2. Develop the Strategic Plan Framework

The Strategic Planning Team needs to address the following issues to guide the overall process:

- What is the scope of the Strategic Plan?
- What is the length of time in the Plan period? How many years?
- What is our purpose in completing this planning process?
- Who should be involved in the Plan development and how?
- Who should review the Plan?
- What is the timeframe for completing the Plan?
- Who will manage the overall planning effort?
- What are the action steps needed to complete the Plan?
- Who is responsible for completing the action steps?
- When do the action steps need to be completed?

3. Identify Governor's Priorities and Legislative Mandates

In addition to legislative mandates, agencies operate within an Administration where the Governor has priorities. An understanding of these priorities and the agency's role in

supporting the Governor's agenda is essential for the Administration to operate successfully and ensure that limited resources are used judiciously.

To fully consider the legislative mandates, statutes and budget language that direct the agency, the following should be completed:

- Identify citations.
- Identify the underlying purpose of mandates.
- Identify primary requirements. What programs are required?
- Consider the degree of flexibility in meeting mandates.
- Is there a shared responsibility in meeting mandates?
- Determine the current status of meeting of mandates.
- Based on the Governor's priorities, do legislative changes need to be proposed?

4. Conduct an Internal/External Assessment (SWOT Analysis)

The Internal/External Assessment (SWOT Analysis) is an analysis and evaluation of key internal and external data and factors that influence the success of an agency in achieving its Mission and Goals. It should be the first step in any plan development.

An assessment of an agency's position, performance, problems and potential – in other words, its Strengths, Weaknesses, Opportunities, and Threats – is critical for understanding the context within which the planning occurs. This inventory, also called a SWOT Analysis, looks both at the internal and external situation of the agency.

- **Internal Assessment:**
 - Determine past performance.
 - Have the customer/clients been satisfied?
 - What has been the quality of our products and services?
 - Have there been internal changes?
 - Determine current status of the agency's performance.
 - Are customer/clients currently satisfied?
 - What is being accomplished by the agency? What is not being accomplished?

- What is the quality of the agency's products and/or services?
- What are the existing programs?
- Are we currently measuring performance?

➤ Determine Strengths and Weaknesses.

- What is the agency's capacity for change?
- Assess the status of the agency's workforce, experience, training level, morale, Information Technology support level, data systems and capital assets.

▪ **External Assessment**

- Determine factors that influence the agency's external environment such as economic trends and forces, the political arena, the social environment, and technological trends.
- Determine how these factors may change in the future.
- Which of these factors will enhance the agency's ability to succeed (opportunities), which will hinder success (threats)?

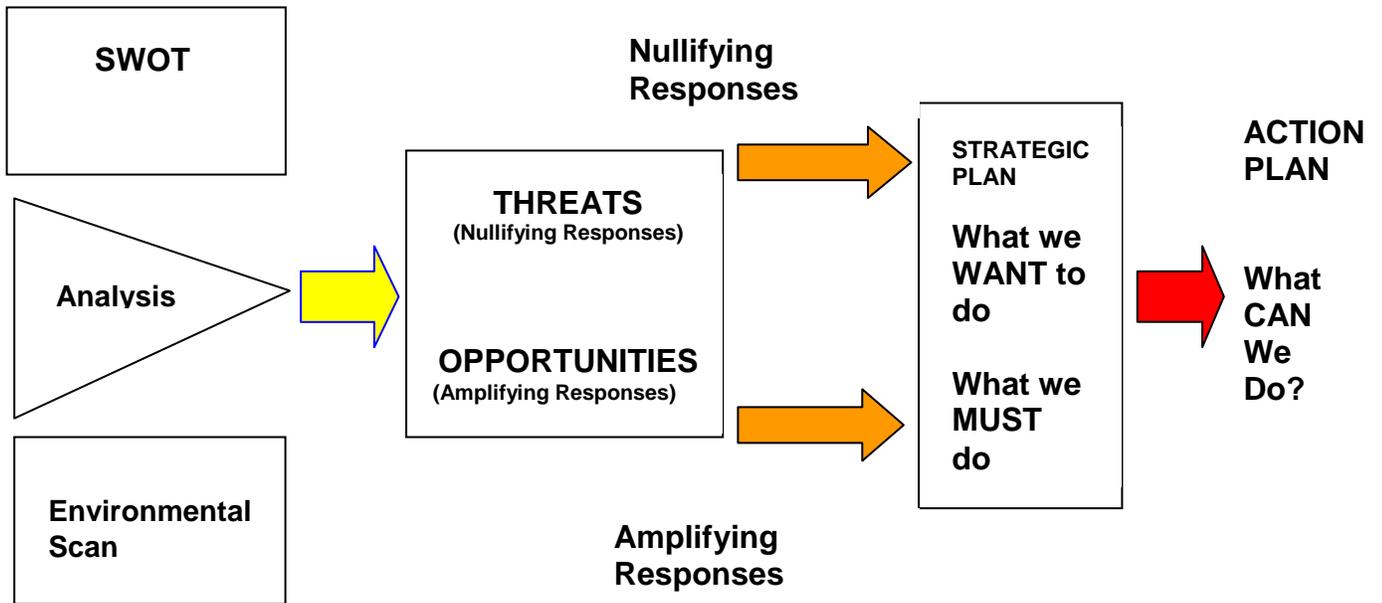
5. Identify Customer/clients and Stakeholders and what their expectations are.

- Customer/client – anyone who receives or uses the products or services of the agency.
- Stakeholder – any person or group with a vested interest in, or with expectations of a certain level of performance or compliance from an agency.

SWOT Form

I N T E R N A L	STRENGTHS	WEAKNESSES
E X T E R N A L	OPPORTUNITIES	THREATS

Analysis of SWOT



6. Preparing the Plan

▪ **Prepare the Mission statement**

A Mission statement states an agency's unique reason for existence. It is usually contained within a brief, formal statement of the agency's purpose.

Mission statements should consider the following questions:

- Who are we?
- What do we do?
- Why do we do it?
- For whom do we do it?
- Why are public resources devoted to this effort?

A Mission statement needs to:

- Identify the overall purpose for the existence of the agency.
- Identify the basic needs or distinct problems that the agency is designed to address.
- Identify the agency's customers, clients or users.
- Help identify customer/client and stakeholder expectations, and requirements; services and products provided to meet these requirements; and processes and resources used to satisfy the requirements.
- Lead to the development of performance measures that reflect customer/client and stakeholder requirements.

A Mission statement must reflect the present view of how to turn the Vision Statement into reality.

▪ **Prepare the Vision statement**

A Vision statement is a compelling, conceptual and vivid image of the desired future. It is a brief statement that serves to provide clear direction and motivation for pursuit of a better future. While it should represent a "stretch"

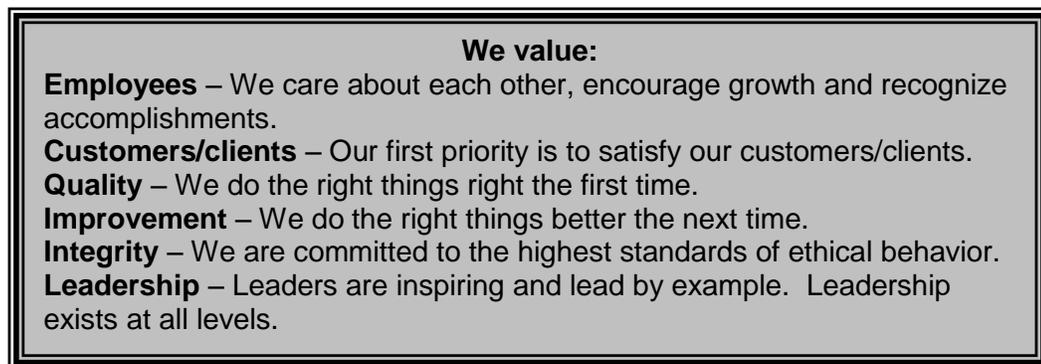
for the agency, it must be a challenging, guiding vision of success and should be attainable.

- **Prepare the Values statement**

A Values statement is a statement of an agency's core values, describing how the agency conducts itself in carrying out its mission. It provides guidance for staff, customers/clients and others regarding the principles that underlie the agency's conduct. An agency's Value statement reflects the agency's attitude about:

- People – the way that employees and customer/clients are treated.
- Processes – the way that the agency is managed, decisions are made, and products and services are provided.
- Performance – the expectation concerning the agency's responsibilities and the quality of its products and services.

Sample Values statement:



- **Identify the Goals**

Goals are statements of the desired end results – generally after five years or more – for which the agency is striving. Goals should focus on outcomes and must support the attainment of the Mission and Vision. They set the strategic direction of the organization.

Well-written Goals:

- Are in harmony with the agency Mission.
- Focus on outcomes and are qualitative in nature; but can include performance indicators to track progress toward goal achievement.
- Upon achievement, will help the agency fulfill its Mission.
- Are consistent with the agency's enabling legislation.
- Are derived from the internal/external assessment and reflect critical issues.
- Are innovative, original, ground-breaking and pioneering.
- Are challenging. They raise the bar, yet they are realistic.
- Provide clear direction for agency action.
- Describe a future, desired state for the agency's customers/clients.
- Reflect agency priorities.
- Are broad and not measurable.
- Do not conflict with each other.

Steps for identifying Goals:

- Establish the process.
- Review internal and external assessment data.
- Incorporate customer/client and stakeholder feedback.
- Analyze gaps in service.
- Set direction to achieve desired results.
- Draft Goals.
- Select Goals to include in the Strategic Plan.

▪ **Develop Strategies**

Once “where we are” (Internal/External Assessment) and “where we want to be in the future” (Mission, Vision and Goals) are determined, Strategies for getting to our desired destination must be developed.

Strategies are descriptions of how the organization proposes to achieve its Goals. They both inform the agency's customers/clients and stakeholders about the agency's general plan for achieving its Goals and provide direction and guidance to program staff as they develop detailed Action Plans for the agency's core programs. The core programs are directly linked to the Mission of the agency and represent distinct business functions, programs or activities which emanate from the Mission. Strategies are valuable because they link core program actions to the overall agency Goals and Objectives.

Strategies need to be:

- Clear and easy to understand.
- Descriptive of the agency's function, the goods or services provided.
- Consistent with the agency's enabling legislation.

Questions to consider when developing strategies are:

- Does the strategy directly address the agency's high priority Goals and Objectives?
- Which specific Objective does the Strategy help to achieve?
- Will this strategy help the agency make progress toward its Objectives?
- In light of the agency's Goals and Objectives, what should be done differently?
- Are there other ways to achieve the Goals and Objectives?
- Are there other agencies that complement or conflict with the agency's goals? What Strategies would reconcile or mitigate any conflicts?

▪ **Identify the Objectives**

Objectives are specific, measurable and time-dependent targets for accomplishment of a goal. Achievement of Objectives should result in the eventual achievement of the Goals. They form the central feature of annual

Action Plans because they drive development of the action steps of the Action Plans.

*Objectives should be **S.M.A.R.T.***

Specific – give specificity to the goal and define specifically
Measurable – measure where the agency is now and where it wants to be
Achievable – are challenging, yet attainable; realistic
Results-oriented – focus on outcomes not functions or services
Time-certain – specify a timeframe for being achieved

Objectives need to:

- Relate to the organization goal.
- Address the citizen or customer/client condition.
- Be broad and measurable.
- Be challenging and ambitious.

Action Plans

An Action Plan reflects the strategies identified in the agency's Strategic Plan and provides a detailed description of the key action steps needed to accomplish each Objective. Action Plans are operational documents because they describe what will occur during that year. Since resources needed to carry out the Action Plans are identified, budget requests for program Action Plans are justified in part by how closely they support agency Goals and Objectives. They need to answer the question, "How will this Action Plan move the agency closer to achieving its Goal(s)?"

- Action Plans are separate from, but implement, the agency's Strategic Plan.
- Action Plans are linked to the agency's Strategic Plan because they detail how the identified Strategies are carried out during the one-year period.
- Action Plans are developed annually, on a fiscal-year basis, and they describe the work for a one-year segment in a multi-year planning effort.
- Separate Action Plans are needed for each Strategy the agency expects to implement during the fiscal year.

The success of performance management requires that Action Plans include performance targets. The Action Plan must include quantitative measures of outputs and outcomes identified in it. These measures specify the amount of change sought during the year. While the Action Plan is an annual plan, the cumulative effect of reaching the performance targets each year should result in Goal attainment by the end of the strategic planning period.

Developing Action Plans

The process for putting together an Action Plan is to:

- Identify the key people responsible for implementing the Action Plan. Ensure that they are involved in developing the plan.
- Detail the Action Plan steps. Identify who is responsible for completing each step by what specific date.

- Set the timeframe for completing the Action Plan as a whole. Ensure that this timeframe is reasonable considering the time needed to complete the individual steps.
- Determine the fiscal effects and identify the resources needed to carry out the plan. This becomes the basis for developing requests for capital, operating and personnel budgets.

Do We Need to Change Direction?

Performance Management requires good, verifiable information on performance, and assessments of what went right and what went wrong. These assessments serve to guide both future program level annual Action Plans and department and agency Strategic Plans. The level of review is the program, and all assessments must include an assessment of Goal and Objective attainment. This requires an analytical strategy that also looks beyond programs and specific action steps. The analysis asks whether the program, department, and agency achieved their performance targets. To that end, several issues must be examined:

- Analysis of actual achievement compared to target levels chosen at the beginning of the plan;
- Examination of performance trends and implications of those trends;
- Discussion of internal and external reasons if targets were not attained;
- Assessment of resource adequacy for the tasks set out in the Action Plan;
- Discussion of the completeness or adequacy of performance information;
- Assessment of how partner agencies performed in achieving shared Objectives and Goals; and
- Recommendations for changes needed in future Action Plans and to Strategic Plans.

II. PERFORMANCE MEASUREMENT AND MANAGEMENT

Performance Measurement – How do we measure progress?

Once the strategic planning process is complete and the Vision, Mission and Goals are in place and defined, it is necessary to create a method for measuring the progress and success of the organization. Identifying Core Programs and then choosing a balanced set of performance measures is an essential – and often the most difficult – part of the performance management process. Performance measurement is integral to linking the overall agency Mission and the financial decisions that drive its activities. Performance measures are indicators of the degree to which an agency is meeting its stated desired outcomes. In addition, a performance management system deploys the strategic plan and both focuses and aligns agency efforts with customer expectations.

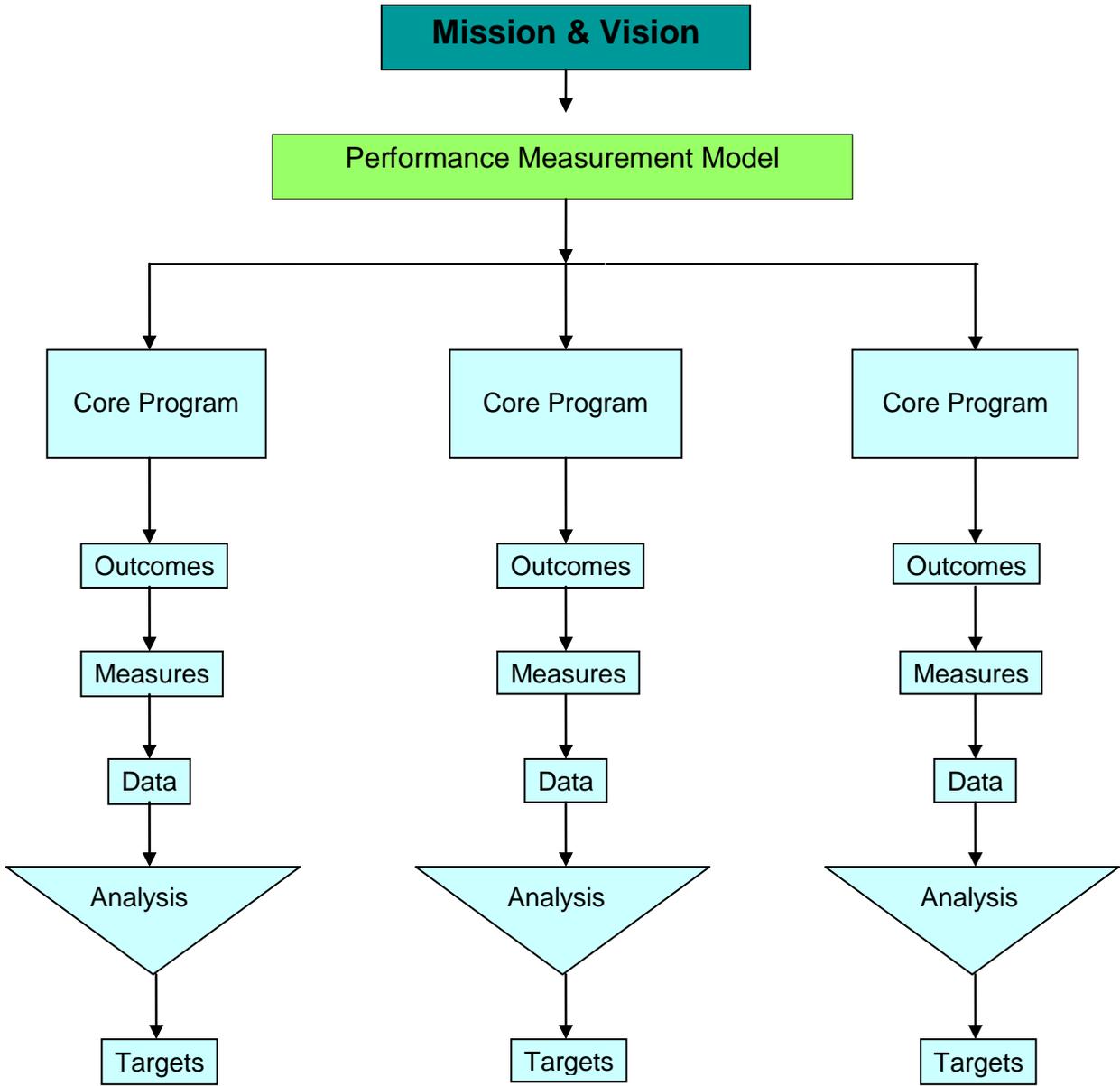
Measuring progress towards accomplishing goals and objectives is one of the most important aspects of a performance management system. By measuring progress, an agency can determine if the actions they are implementing are moving the organization closer to achieving its goals and objectives. Through the strategic planning process, goals and objectives that specify outcomes or results the agency is striving to achieve are developed. However, focusing on results requires two key processes:

- **Performance Measures and Indicators.** Performance measures and indicators ensure accountability. While the primary focus of performance measurement is on results, performance measures also include measures of inputs, processes and outputs. Performance measures work best if they relate directly to goals and objectives and measure outcomes rather than just inputs, processes or measures.

An agency's goals are defined in qualitative terms. However, Core Program managers and oversight agencies will want, and need, information

on inputs and outputs to determine program effectiveness and/or efficiency. Managers will be expected to produce information about the efficiency of the Core Programs in delivering the services designed to achieve goals and objectives.

- **Monitoring and Tracking Systems.** Monitoring and tracking systems capture performance information about Core Programs and report on performance measures on a regular basis. They are used to compile management information and keep the plan on track. Such systems must be flexible and easily accessed. Further, they must have the capacity to link to other financial reporting systems and be capable of producing ad hoc reports.



Performance Measurement Process



Why Measure?

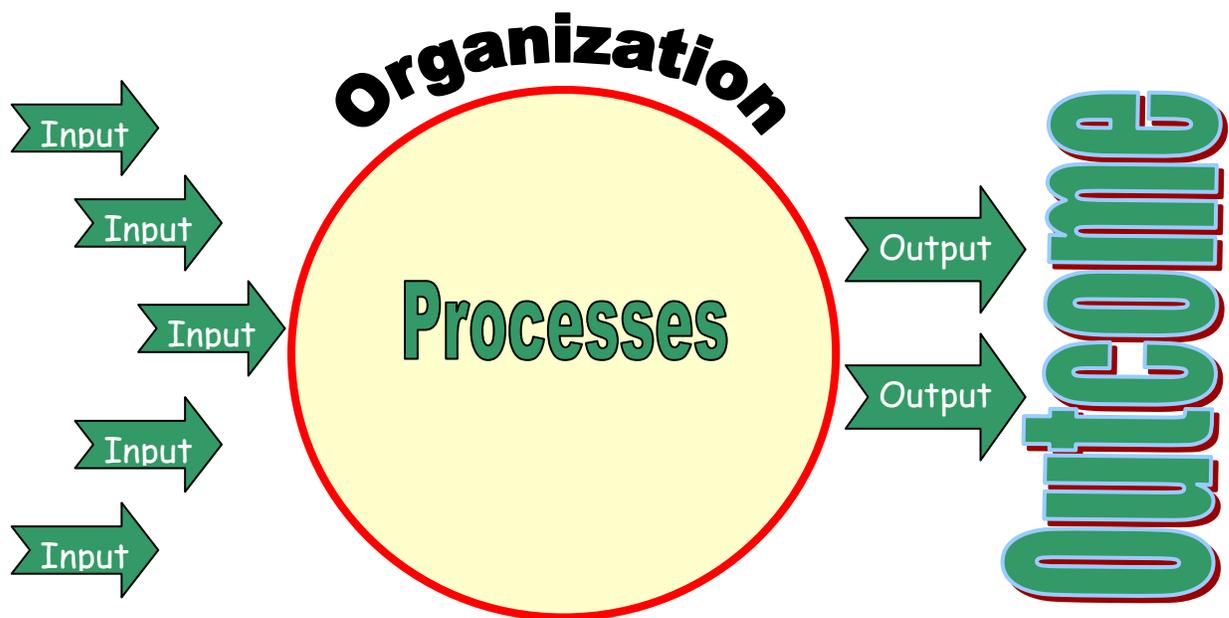
What gets measured gets done! The organization must keep moving forward with a real sense of urgency and with action plans that deliver measurable results. In spite of the difficulties involved, measurement should be done because:

- Measuring performance provides for agency accountability – performance measures let individuals and organizations know how well the agency is doing, and whether it is doing what it said it would do.
- Measuring performance encourages government responsiveness – measurement data makes government more responsive to public needs.
- Measuring performance provides management and others with information on the degree of Mission accomplishment.
- Measuring performance creates a blueprint for linking budget to outcomes.
- Measuring performance allows for the tracking of improvements and reveals what is working and what is not.
- Measuring performance reinforces desired behaviors.
- Measuring performance is good management since it provides information and accountability at all levels of government. It also helps managers and employees focus on what is important.
- Measuring performance brings greater clarity to the budget process and provides the customer with a meaningful sense of results that are, and will be, attained with their tax dollar.
- Measuring performance pulls the agency toward a vision and creates organizational alignment.
- Measuring performance drives action and promotes results.
- Measuring performance provides focus and drives organizational capacity.

SOME TIPS ON MEASUREMENT

- Measure what is important strategically and/or what is of value to customers/clients, not just what is easy to measure or is already being measured.
- Measure what you are responsible for.
- Within areas of responsibility – whether core or support programs – keep measures to the “vital few” critical indicators.
- Measure what you can control, directly or indirectly. The more direct the control, the more accurately you will be able to assess your impact.
- Consider multiple measures to assess an outcome.
- If you have confidence in the data, use the information you already have.
- Ask your customers/clients what to measure.
- Ensure that the process of measurement is clearly separated from the process of evaluation.
- “Nice to know” data is nice to know but is probably not worth the effort to collect. A good measure is one that is used.
- Measures must be actionable to be valuable.
- Be sure that the data really says what you think it says. There may be some uncertainties and you may make some mistakes in measurement selection until they are tested.
- Occasionally, there is not a readily-available measure for a specific program or function. In those cases, you must invent the measure and begin collecting the data.

A Working Organization



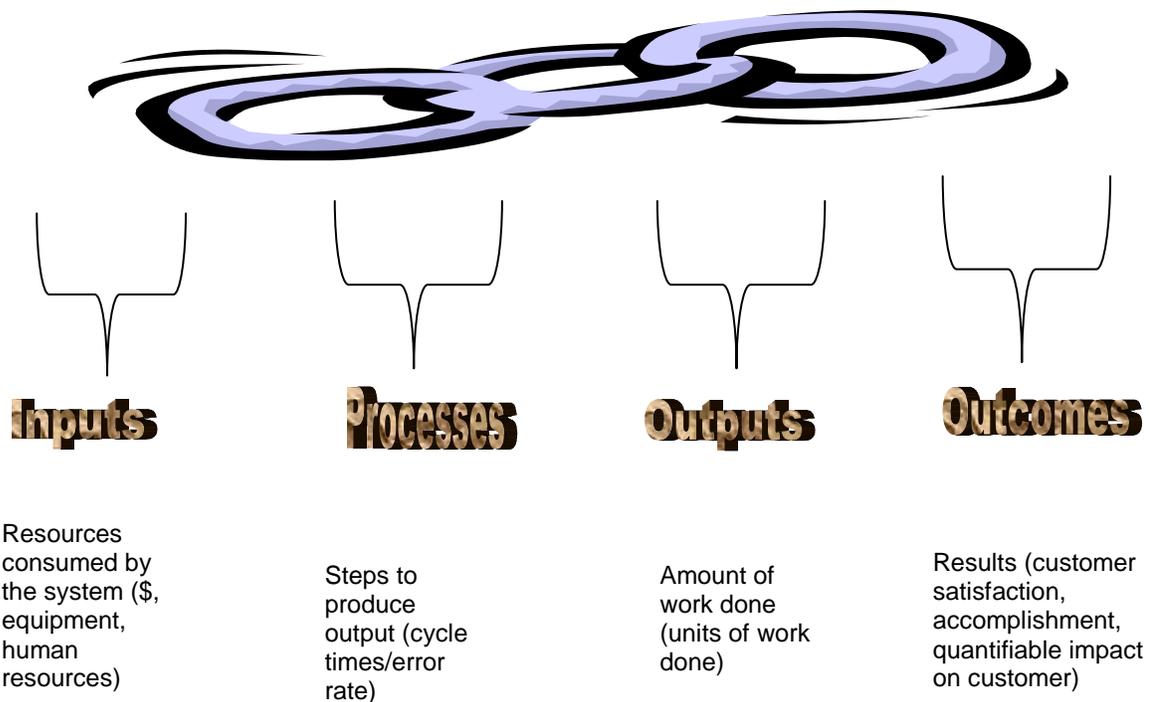
Developing and Using Performance Measures

The Formula for defining Core Program Outcome Measurement: Key Steps for developing Performance Measures

Many individuals view measurement as difficult and complex, but acceptance of the measurement process is essential to its success as a performance improvement tool. Like strategic planning, the process by which you determine what to measure, how to measure and how to use the measures is as important as the product itself.

Performance measures address resources consumed by the system (inputs), the efficient delivery of program activities (processes), the direct services delivered by a program (outputs), and the results of those services (outcomes). One to display the relationship among these measures is the “Measurement Chain.”

The Measurement Chain



Input + Process + Output = Outcome

Program managers and others can use the following seven-step process to develop Core Programs and Performance Measurements:

- 1. Define your Mission.** Gain consensus from your internal and external customers/clients. The key question to ask is, “What is our business and whom do we serve?”

- 2. Determine Core Programs.** Look for action words in the Mission and Goals. Identify what the agency does and break it into its major components. Look for hints from the agency structure such as “water quality division,” “resource management division,” or “drug enforcement division.” Look at budget documents and funding. But don’t get stuck there. Look at the Goals that programs address. Translate the action words from the Mission and other documents into the distinct business functions or activities of the agency. These are the **Core Programs**. A Core Program is a group of services sharing a common purpose designed to achieve a related outcome. “Test” the Core Program against the following questions (you will be looking for “yes” answers):
 - Is the program mentioned specifically in statute?
 - Does the program respond to a high priority or sensitive public policy issue?
 - Is the program unique, Mission-related, and distinct from other programs?
 - Are significant public resources dedicated to the program?

- 3. Identify Outcomes.** Outcomes are the conclusion of core functions. They are the results of activities which accomplish the Mission; the end-product of service to the customer/client; or a concise description of the result(s) of Core Programs. “A safe public,” “a drug-free educational environment,” “a quality infrastructure” are some examples of outcomes for some State programs.

- 4. Identify the main activities associated with each program.** The operative words are *main activities*. These are the most important work functions which make up a program. Don’t dwell on minutia. For example, if your Mission is the

“care and treatment of men and women who have been convicted of serious crimes. . .” and “care” is one of your programs, then list the main work functions associated with care.

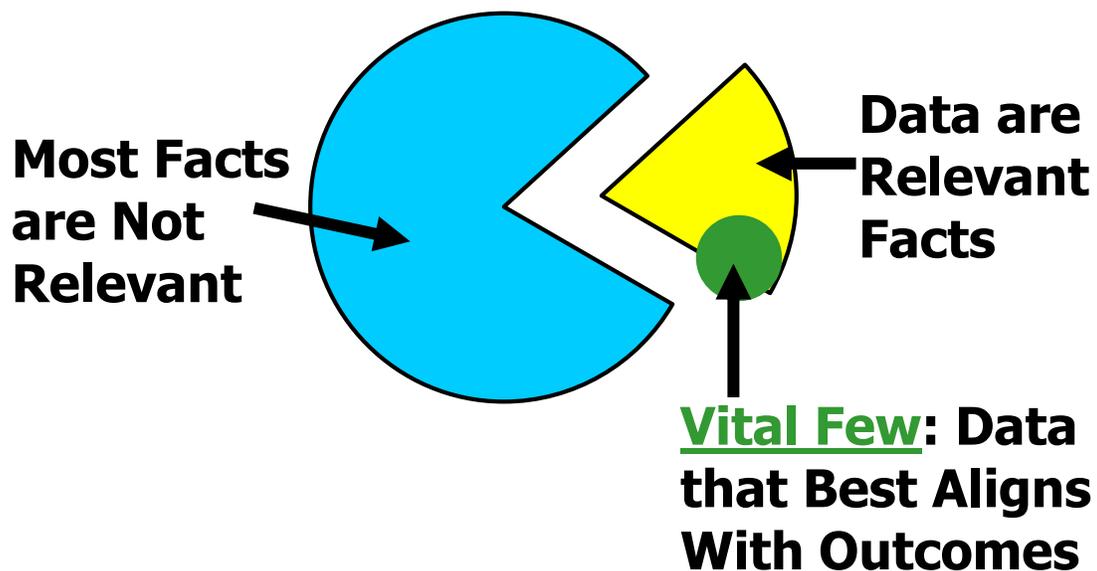
- 5. Identify Performance Measures associated with your Outcomes.** Define what to measure and why. In the Performance Measure development process, it is crucial to be mindful of the ultimate purpose of measures which is to link organization direction and priorities. Does the Performance Measure provide management information for the agency, the Legislature or Governor, or oversight/control agencies? What information does the program need to track movement toward key Outcomes and Goals? The program must clearly define audience/user/customer/client and purpose. Identify the type of measure along the Measurement Chain continuum as well. Is a specific metric an input, process, output or outcome measure?

- 6. Narrow the Performance Measures down to the Vital Few.** The Performance Measures selected should be the best ones at demonstrating program success or be central to the success of the process being measured. Performance Measures are not designed to report every activity of the agency. Rather, they focus on key processes and activities. Remember the Pareto Principle – 80% of the results come from 20% of the effort. Identify the few things that work well as measures of an outcome. The majority of the data that are of low value should not be used. The Vital Few Performance Measures should be:
 - **Relevant:** logically and directly relating to the Mission, program and Outcome(s).
 - **Valid:** capturing the information intended.
 - **Comprehensive:** incorporating significant aspects of agency operations.
 - **Useful:** accurately capturing progress over time.
 - **Cost-effective:** with value justifying the cost of collecting and retaining the data.
 - **Comparable:** useful for making comparisons over time.

- **Reliable:** based on accurate data.

Trivial Many/Vital Few

We live in a World of facts, however..



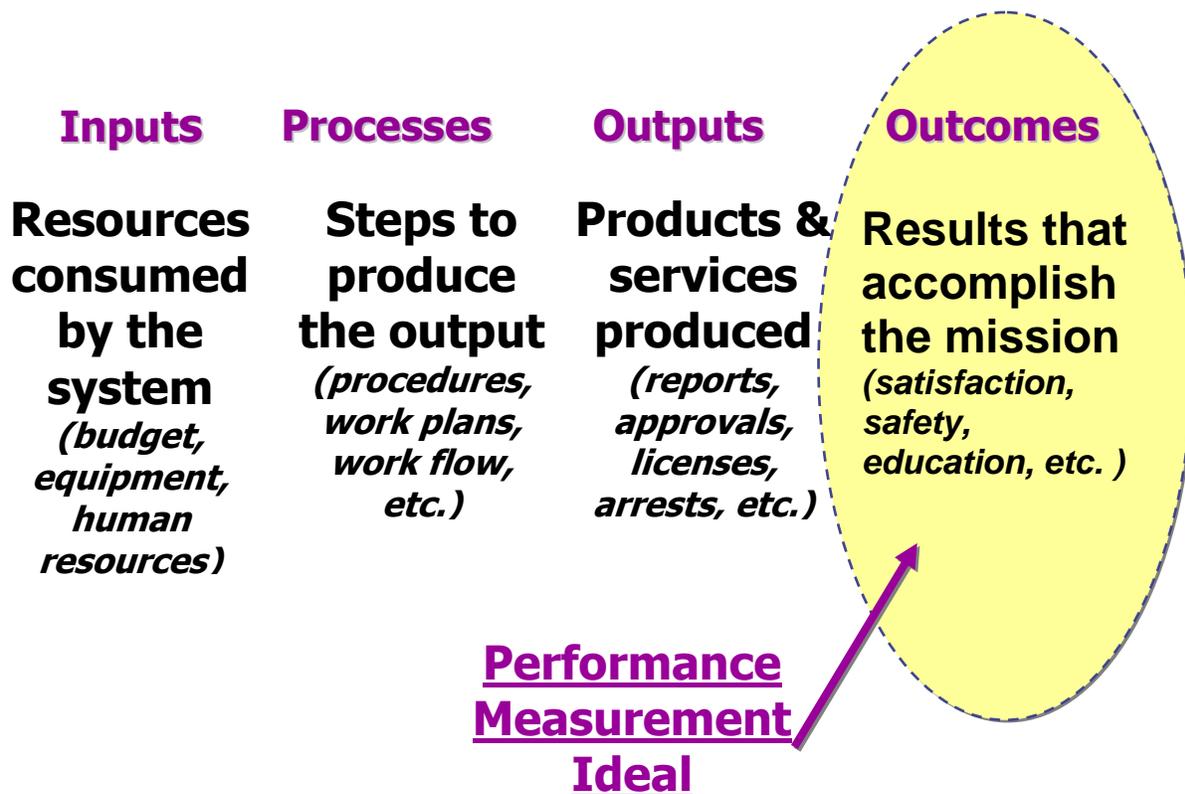
7. Put the selected measures through a Performance Measures “Litmus Test.”

Test each Performance Measure to see if it meets the criteria of the Litmus Test below (again you are looking for “yes”):

- Does the Performance Measure relate to the Mission it represents?
- Does the Performance Measure relate to the Outcome it represents?
- Is the Performance Measure important to management?

- Will it be possible to collect accurate and reliable data for this Performance Measure?
- Taken together, do these Performance Measures accurately reflect the key results of the Core or Support Program(s)?
- Is there at least one key Performance Measure for each program Outcome?

A Working Organization Has



Key Steps for Using Performance Measures

1. Identify data sources and methods of collection for each Performance

Measure. Explore the data in an open forum with peers, but ensure that not everyone exploring specific data is from the same specific unit. As Ralph Waldo Emerson succinctly commented, “the field is not well seen from within the field.”

A good data collection strategy should answer the following questions:

- What data do we need?
- Where will it be collected
- What do we hope to accomplish collecting it?
- When and for how long will data be collected?
- How will it be recorded?
- Who will collect it?
- Who will look at it?
- How will the data be displayed and reported?

2. **Collect the data.** Do not automate until you are sure that the data you are collected are the data you need.

3. **Analyze the data.** What is the quantifiable impact on customers/clients?

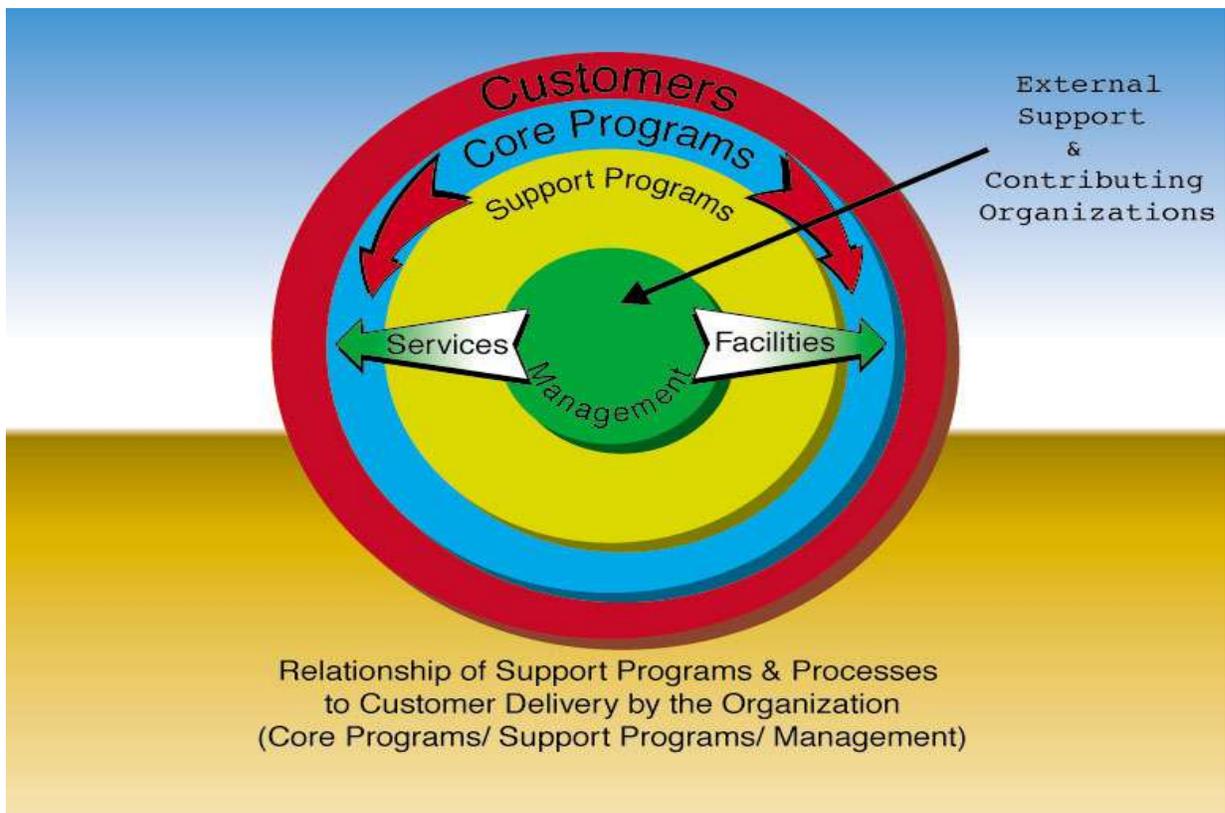
4. **Establish Targets for each measure.** Targets are quantifiable estimates of *results* expected for a given time period. Targets cannot be set until baseline data has been collected. Once baseline data is established, targets for each measure should be determined based on predictable use of resources. For example, if employee safety or accidents are the issue, baseline data will illustrate what the current conditions/problems are. By analyzing the outcomes of the current level of resources and programming in comparison to the desired outcomes, the amount of resources/changes it will take to achieve the desired outcomes can be identified. Based on the capabilities and capacity of the agency to provide those resources/accomplish those changes over a given time period, a determinate level of change – the target(s) – can be identified. This is

not a “10% decrease in accidents” kind of arbitrary guess, but it is a determinate number based on the data, its use, analysis and interpretation. Impossible performance targets (arbitrary guesses) kill motivation and stifle innovation and should be avoided.

- 5. Base management decisions on data analysis.** Communicate the information and take action. Management must recognize its obligation to monitor and direct the resulting changes. Measurement of any kind will affect the behavior of individuals within the agency. Measurement has a nearly universal capacity to focus attention. Reporting performance can also affect the behavior of customers/clients and stakeholders.
- 6. Manage your activities and decisions to effect outcomes.** Use information to manage your business. Assess whether programs are meeting or exceeding expectations; whether the data show a moderate cause for concern; or whether there are areas which need close monitoring due to concern about persistently low compliance rates or deteriorating customer service. Adjust organizational activities and decisions accordingly.
- 7. Evaluate the effectiveness and usefulness of the Performance Measures.** Periodic evaluation of the usefulness of an individual Performance Measure is essential. Keep, improve, or eliminate the Measure. Allow for dual report of current and proposed measures during the transition period if applicable.

The relationship of support and administrative programs to Agency Mission and Core Programs

Supporting programs such as “marketing,” “training,” or administrative programs such as “personnel” or “business services” are critical to the success of the mission-based Core Program delivery to the customer/client. The chart below illustrates the relationship of those functions and services to Core Programs.



The formula for defining support and administrative program measures *is the same process* that is used for Core Programs. Begin with the Mission of the specific division/section/unit – every section should have a Mission. What is the purpose for the division/section/unit? What is their business and whom do they serve? That is their Mission. Once the Mission and Core Programs (or core business functions) are identified, drill down to appropriate measure for the desired outcomes.

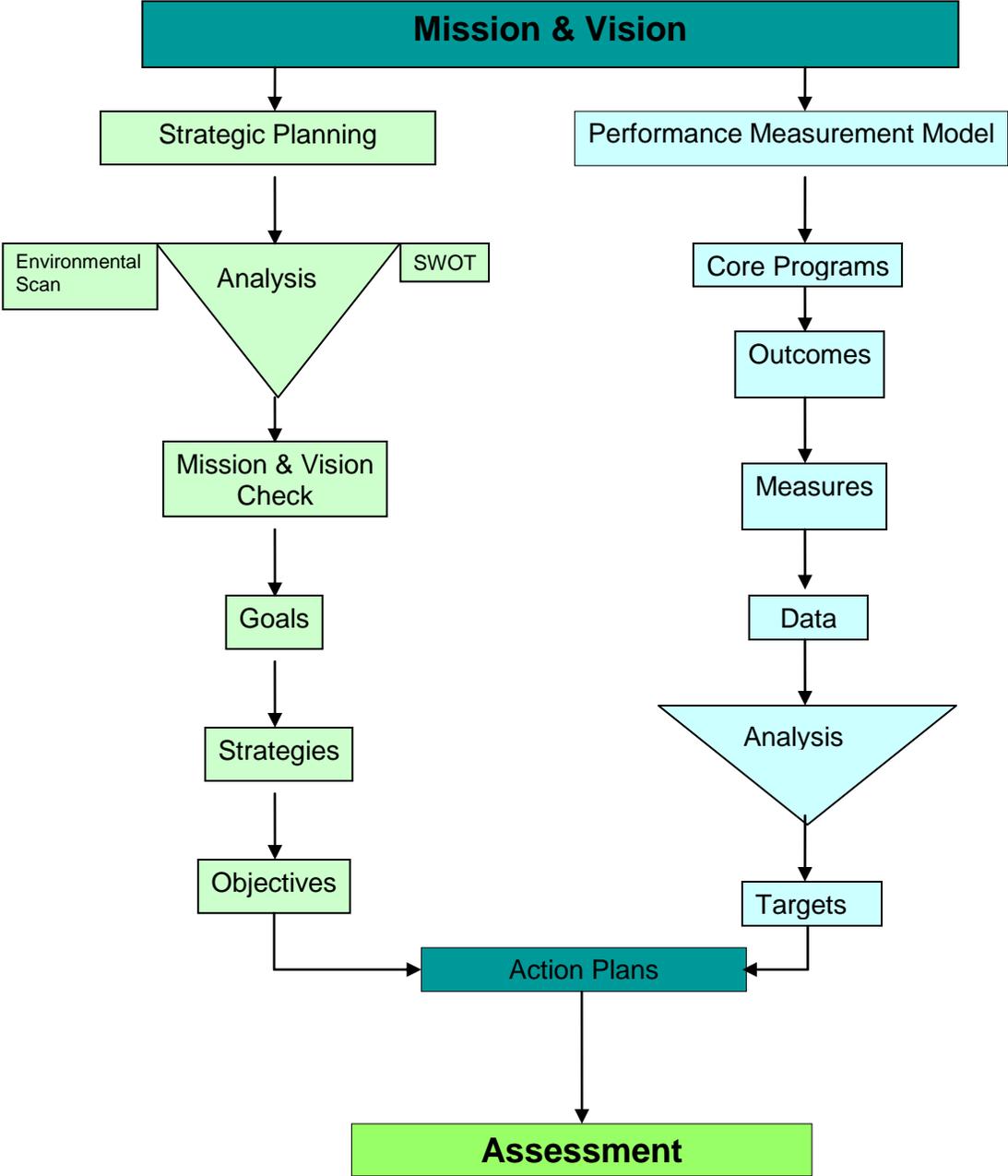
Final Links

Review the selected Measures to ensure a balanced perspective. Once Core and Support/Administrative Program measures are identified and selected, ensure that there is enough balance to represent the entire agency's functions. For example, are measures included which reflect a customer/client perspective. These could include surveys – remember that all services have customers/clients. Is the employee perspective included in the support program measures? Is the financial perspective represented? Is operational effectiveness included?

Benchmark. As soon as the performance management system is in place and data available, benchmarking can be a valuable tool in both improving processes and in evaluating measures. Benchmarking involves seeking out similar data or process users and studying them to determine why they do what they do and what they do best. Quite simply, it is comparing our agency's activity against a similar one and harvesting their best ideas to improve your activity.

Evaluation. Consider using a neutral provider to assess your performance. Part of the evaluation process should be a self-assessment of agency structure and operations, as well as an outside review of your operation with a feedback report to management. Similar agencies can use the final assessment to compare functions.

Performance Management



Appendix A -- Glossary

Action Plan. An Action Plan is a detailed description of the action steps and their relationship to Strategies used to implement an Objective during any fiscal year. Action Plans break Strategies into manageable parts for coordinated implementation of Goals and Objectives. Task specification includes staff assignments, material resource allocations, and schedules for completion. Action Plans sometimes include detailed cost and expenditure information.

Agency. This is a general term for the various State government organizations that provide goods and services.

Balanced Perspective. A balanced perspective means that measures have been selected from a financial, customer/client, operational and employee viewpoint, not solely from any one of these areas. It is often called a “Balanced Scorecard” within management systems.

Benchmark. A benchmark is a standard or point of reference in judging quality, cost-effectiveness or performance.

Benchmarking. Benchmarking is the process of rating an agency’s practices, processes and products against the best. It involves seeking out best-in-class performers inside or outside the agency, studying them to determine what they are the best at what they do, and applying what is learned. Benchmarking also can mean developing historical data for Performance Measures so that an agency can use that information to set targets.

Core Program. Core Programs represent the distinct business functions, programs or activities which emanate from the agency’s Mission. They are the core responsibilities of an organization which collectively represent its Mission.

Cost-benefit Analysis. A cost-benefit analysis is a management tool that involves calculating or estimating the known costs and potential benefits of a course of action under consideration. Such calculations allow a systematic and comparable way to assess whether a program produces benefits that exceed its costs.

Customers/clients. Customers/clients are the recipients of an agency’s products or services. In government, “customers/clients” can be customers in the traditional business sense; clients; or subjects depending on the agency’s Mission and Core Programs.

Environmental Scan. An Environmental Scan is an analysis of key external elements or forces that influence the conditions in which an agency functions.

External Variables. External variables are the factors not controlled through the policy or program that may have independent and significant effect(s) on Outcomes. These

could include: economic downturns or upturns, population shifts, technological advances, cultural differences or changes.

Goals. Goals are the desired result – the intended effect. **Agency Goals** are the general ends toward which agencies direct their efforts. Goals address issues by stating policy intention. In a strategic planning system, Goals represent the agency's long-term priorities. Goals stretch and challenge an agency, but they also must be realistic and achievable.

Internal/External Assessment. The Internal/External Assessment (also known as the SWOT Analysis) is an analysis and evaluation of key internal and external data and factors that influence the success of an agency in achieving its Mission and Goals. Detailed evaluation of trends, conditions, opportunities and obstacles directs the development of each element of the Strategic Plan. This type of assessment should be heavily quantitative. Key internal factors include: management policies, resource constraints, organizational structure, automation, personnel and operational procedures. Key external factors include: economic conditions, population shifts or demographic changes, technological advances, geographical changes and statutory changes.

Measurement. Measurement is a quantitative assessment of performance, quality or cost used to guide policy and the decision-making process. Measurements help guide staff and define objectives.

Measures. The four types of measures that are involved in the Performance Measure process are:

- **Input Measures.** Input Measures quantify the resources consumed by the organization. They are the financial and non-financial resources that the agency obtained or received to produce its outputs; the resources used to deliver a product or service. Examples include: number of personnel, appropriations, equipment utilized.
- **Process Measures.** Process measures, sometimes also called “efficiency measures,” measure the activities which produce products and services for customers/clients. These include: cycle time, error rate or relationship between inputs and outputs produced.
- **Output Measures.** Output measures measure what is produced. They are productivity measures of a program – the amount of work accomplished. Examples include: number of persons served, number of licenses issued, or number of construction projects completed.
- **Outcome Measures.** Outcome measures address whether or not the service is meeting its proposed goals. They assess the effectiveness of an agency's performance and the public benefit derived. Outcome measures are preferable

to process or output measures since they are most relevant to demonstrating that intended public policy goals are met.

Mission. The agency's Mission states the unique reason for its existence, usually within a formal statement of purpose. It succinctly identifies what an agency, program or subprogram does (or should do); why it does it; and for whom. The statutory Mission statement is frequently in the legislation creating the agency. A Mission statement reminds everyone – the public, the Governor, the legislature, the courts and agency staff – of the unique purposes promoted and served by the agency.

Monitoring and Tracking Systems. Monitoring and tracking systems are processes that monitor, track and report on Performance Measures and indicators so that oversight entities, program personnel and the public can observe agency or program progress, compile management information and keep the plan on track.

Objective. Objectives are specific and measurable time-delineated targets for accomplishment of a goal. They mark interim steps toward achieving an agency's long-term Mission and Goals. Linked directly to agency Goals, Objectives are measurable, time-based statements of intent. They emphasize the results of agency actions at the end of a specific time, usually in annual increments.

Outcomes. Outcomes are broad statements of what a program seeks to achieve – the ends or purpose of a program. Outcomes are the results or impacts of activities designed to accomplish the agency's Mission.

Performance-Based Budgeting. Performance-based Budgeting is a system of budgeting that links inputs and outputs to outcomes. This budget system includes performance expectations stated as measurement criteria. The intent of Performance-based Budgeting is to tie program funding to demonstrated effectiveness. It focuses on outcomes rather than inputs or processes when allocating resources.

Performance Measures. Performance Measures provide quantitative measures of work performed, resources provided, program processes or results achieved. They describe in both quantifiable and qualitative terms how well the activities, strategies and processes within an agency are achieving Goals and Outcomes.

Process. A process is a set of activities that produce products and/or services for customers/clients.

Resource Allocation. Resource allocation refers to the determination and allotment of resources or assets necessary to carry out Strategies and achieve Objectives within a priority framework.

Stakeholders. Stakeholders are groups or individuals with an interest in agency or program performance. Stakeholders may not be direct customers/clients of a program's products or services.

Strategic Issues. Strategic issues are those issues of vital importance to the agency. Often they affect several or all of the programs in an agency. Identifying these few critical concerns can help an agency focus on high priority goals for the agency as a whole.

Strategic Plan. A Strategic Plan is a practical, action-oriented guide, based upon an examination of internal and external factors, which directs goal setting and resource allocation to achieve meaningful results over time.

Strategic Planning. Strategic planning is a long-term, future-oriented process of assessment, goal setting and strategy building which maps an explicit path between the present and a vision of the future. Such processes rely on careful consideration of an organization's capabilities and environment and lead to priority-based resource allocation and other decisions focused on attaining specified outcomes. It includes the process of developing a Strategic Plan. Because strategic planning is a team effort that builds consensus on a future direction for an agency, the process itself can be as important as the resulting document.

Strategies. Strategies are sets of activities designed to achieve Goals derived from Vision and Mission statements. A Strategy identifies the means for transforming inputs into outputs, and ultimately into outcomes, with the best use of resources. Strategies reflect budgetary and other resource considerations.

Support Program. Support Programs are the distinct business functions which support Core Programs or their delivery to the customer/client. Marketing, Administration, Training, and Public Information are examples of Support Programs which could support Core Program delivery.

Target. A target is an amount of performance change expressed in terms of a tangible, measurable Objective against which actual achievement can be compared.

Vision. A Vision is a compelling, conceptual and vivid image of a desired future. It reflects that the agency "dared to dream the possible." It is the organization's realistic, but challenging, guiding vision of success.

APPENDIX B – WORKSHEETS

Worksheet A -- Preplanning input from staff

Before launching a planning cycle, see that *all staff* have an opportunity to provide answers to these questions. Compile the responses and give to the strategic planning

1. What important things happened over the past 12-18 months and how did the agency perform?
2. What improvements could be made?
3. Are there ways that the agency's critical business activities could support one another better?
4. What important issues does the agency face?
5. Are there any things the agency is doing that it should not be doing or that it could modify?
6. Are there things the agency is neglecting to do that it should do?
7. What types of things could the agency do that would help you perform better?

Worksheet B --Discussion guide about strategic planning for management team

The agency's *management team* can use the following outline of questions to discuss the following organizational questions. This will provide valuable insights

1. What business are we in?
2. What is our vision for the future?
3. What are our underlying purposes, directions, and values?
4. What do we do best?
5. Who are our primary constituents? What does each expect from us?
6. How well are we performing? Are we meeting the expectations of our primary constituents?
7. Where do we want to go?
8. How does the changing environment affect us?
9. What opportunities for threats exist that we should exploit or avoid?
10. Are we effective and productive in what we do? How do we know?
11. How do we learn from our experience?

Worksheet C -- Direction for a planning effort

The agency should have clear answers before it starts the planning process for these issues. They will guide the strategic planning team.

1. The scope of the strategic plan is: (agency, division, department, unit, section?)
2. The planning horizon is: ____ years
3. What concerns problems, or issue do we plan to address?
4. Who is our process sponsor (person or group wanting the process)?
5. What type of team will work best for our agency? How should it be composed?
6. Who should be involved in plan development and how?
7. Who should review the plan?
8. How long will each planning meeting be?
9. Will we use consultants? If so, how?

10. Who will manage the overall planning effort?

11. What type of written plan do we want? Who will be the audience?

- Short executive summary
- Longer and more detailed, but without most tactical operational elements
- A detailed plan that includes tactical and operational elements
- Other

12. What is the expected time frame for the planning process?

- 6 months
- 12 months
- Other

13. What steps will we use in our planning process?

Steps/Tasks	Persons/Group Involved	Schedule

14. What resources will we need to complete the effort? Where will we get them?¹

¹ Source: adapted from Strategic Planning Workbook for Non profit Organizations, by Bryan W. Barry. 1986 Amherst H. Wilder Foundation, 919 Lafond Avenue, St. Paul, Minnesota, 55104

Worksheet D -- Strategic planning team structure: Checklist

The *Strategic Planning team* serves as the oversight and coordinating body for the planning process. The specific duties and responsibilities assigned to the Team are dependent upon the unique needs and desires of the organization.

- Is the planning team heterogeneous?

- Do the planning team members represent diverse areas and interests?

- Do they possess a variety of strengths, knowledge, and skills?

- Are they knowledgeable about the agency?

- Are they knowledgeable about the primary customers or clients?

- Are they influential and persuasive with their constituents?

- Do they have access to and an interest in the long-term direction of the agency?

- Do they have the time and energy to commit to the strategic planning process?

- Can and will each member make a significant contribution to the planning effort?

Worksheet E – Internal/External Assessment- Strengths, Weaknesses, Opportunities and Threats

External Trends

<p>What Changes are occurring that affect us?</p>		
<p>Are we meeting the expectations of our primary constituents? What could we be doing to better meet their needs?</p>		
<p>What opportunities or challenges exist that we should exploit or overcome?</p>	<p><i>Opportunities</i></p>	<p><i>Challenges</i></p>

Impact on Agency

<p>Of the trends identified, which ones have the greatest implications for the agency?</p>		
<p>How will these trends impact the agency's:</p> <ul style="list-style-type: none"> a) financial resources b) human resources c) number and types of products or services provided d) agency's organizational structure <p>agency' management practices</p>		

Internal Factors

What aspects of the agency's structure, organization, procedures, and policies are helpful in accomplishing the agency's mission? Which aspects are barriers?

Is current staff adequate in numbers, qualifications, and skill level to achieve intended results?

Are financial resources adequate to accomplish what the agency wants to accomplish? What alterations are needed?

Are financial resource allocations congruent with agency priorities?

How are the facilities, equipment, and technology helpful in achieving desired results? How are they impediments?

Worksheet H -- Internal assessment discussion questions

An agency needs to periodically conduct a self-assessment to determine what it feels are its positives and what areas need additional fine-tuning. The self-assessment helps the strategic planning team define the strengths and weaknesses during the planning process. This worksheet contains some sample questions that may be used

1. Which aspects of the agency structure and organization are helpful in accomplishing what the agency intends to accomplish?
2. Which aspects do not help or are barriers to intended accomplishments?
3. Which of the procedures, standards, policies, etc. are inducements to achieving what the agency wants to achieve?
4. Which of these inhibit achievement?
5. Are the agency's information systems adequately and properly supporting the core business activities? Are there additions, revisions or improvements needed?
6. What practices and attitudes among agency staff are serving to fulfill the desired accomplishments? Which ones are detrimental?

7. Is current staff adequate in numbers, qualifications, and skill level for achieving the intended results? What changes are necessary?

8. Are financial resources adequate to accomplish what the agency wants to accomplish? What alterations are necessary?

9. Are financial resource allocations congruent with agency priorities?

10. How are the facilities, equipment, and technology helpful in achieving the desired results?

11. In what ways are they impediments?

Worksheet I -- Internal strengths

Internal strengths are the resources or capabilities an organization has which can be used for accomplishing its purpose. Use the worksheet to begin listing agency strengths; briefly describe it; and, suggest how the agency can maintain or built on it. (Mark what you think are the eight to ten most important strengths.)

Strengths	Descriptions	How to maintain/build on it

Worksheet J -- Internal weaknesses

Internal weaknesses are deficiencies in resources or capabilities that hinder an agency from accomplishing its purpose. Use the worksheet to begin listing organizational weaknesses; briefly describe them; and, suggest how the organization can eliminate or minimize them. (Mark which you think are the eight to

Weakness	Descriptions	How to Minimize or Eliminate

Worksheet K -- External opportunities

External opportunities are factors or situations beyond the agency that may have a favorable affect on it. Use the worksheet to begin listing potential opportunities; briefly describe it; and, suggest how the agency can take advantage of it.

Opportunity	Description	How to take advantage of it

Worksheet L -- External threats

External threats are situations or factors beyond the agency that can negatively affect it. Use the worksheet to begin listing agency threats; briefly describe them; and, suggest how the agency can minimize or overcome them.

Threat	Description	How to overcome or minimize it

Worksheet O -- Current list of Agency mandates

Mandate	Citation	Primary Requirements	Effects on Organizations	Current Status
				Retain Modify

Worksheet P -- Analysis of mandates

Mandates are formal requirements placed on an agency by external entities. Individuals are to complete this worksheet before a team meeting. Completed sheets serve as the basis for discussion. Agencies, which have a large number of mandates, should consider dividing them up and having teams complete the form for designated mandates. The objective is to have an analysis of the mandates that can be brought to a meeting.

1. What do the mandates say about what the agency will do?
 - Scope of service and beneficiaries
 - Internal operating procedures
 - Governance structures and the procedures
 - Outcomes and reporting mechanisms

2. What resources are required to carry out the mandates?

3. How do the mandates relate to programs and activities of the agency?

4. Do the mandates relate directly to our current mission?

5. Are there mandates that could be changed, eliminated, or added?

6. Do the mandates offer flexibility in delivery of the mandated activity?

Using the Performance Measure Summary Form

One of the most difficult aspects of strategic planning is picking a balanced set of results-based performance measures to gauge the success in meeting Core Program Outcomes. Once measures are decided on, agencies need to define the performance measures, determine data requirements, identify current baselines, set realistic performance targets based on benchmarking, and compare actual performance with expected results.

To assist agencies, the Performance Measure Summary Form was developed. The form, which follows, can be completed for each performance measure at the agency and program levels.

Use of this Performance Measure Summary Form ensures that a detailed history of each performance measure can always be accessed by agency staff. Additionally, with the summary forms on file, questions regarding any aspect of the data can be answered quickly and consistently.

PERFORMANCE MEASURE SUMMARY FORM

Program Name:

Program Number:

Name of Contact Person:

Telephone Number:

Performance Measure Title:	Definition of Performance Measure:
Type: Input__ Process __ Output __ Outcome __	Definition of Key Terms: (Describes technical words used in the measure)
Collected: Mnthly __ Qtrly __ Yrly __ Other __	
Frequency of Analysis: Mnthly __ Qtrly __ Yrly Other__	
How the measure will be computed:	Data Source(s):
If multiple data sources are indicated, how will they be integrated for display:	
Is data currently being collected and or analyzed? <i>(If yes, please explain):</i>	
Is there historical data that could be accessed to establish a baseline? <i>(please explain)</i>	
Data Collection/Implementation Issues:	
Additional resources needed to collect/analyze data:	
Contact Name: Contact Number:	
Explanatory Information:	

PERFORMANCE MEASURES LITMUS TEST

Performance Measures: used to measure results and ensure accountability.

Test each performance measure to see if it meets the criteria of the litmus test.

PERFORMANCE MEASURES CHECKLIST					
Outcome (Goal if relating to strategic plan):	Program Number:				
	Performance Measure:				
Test Questions	#1	#2	#3	#4	#5
Does the performance measure relate to the mission it represents?					
Does the performance measure relate to the outcome it represents?					
Is the performance measure important to management?					
Will it be possible to collect accurate and reliable data for this performance measure?					
Taken together, do these performance measures accurately reflect the key results of the core or support program?					
Is there at least one key performance measure for each core program outcome?					