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# Creating and Sustaining a Results-Oriented Performance Management Framework

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The preceding chapters provide a good grounding in the practices of performance management used in many countries and at many governmental levels within these countries: program, agency, city, state, nation, and nonprofits. The chapters also provide useful “how-to” suggestions, such as how to format performance information to be easily understood when reporting to the public and how to ensure the quality and credibility of the information. Chapter 3, by Hughes, sets the context for this chapter, which attempts to “pull it all together.” He notes that there is a profound difference between administration and management: “An administrator serves, obeys, and follows instructions; a manager takes charge and gets results.” That succinctly frames the shift in public agencies in recent years. Nonetheless, public managers always want the bottom line regarding performance. They seem to consistently ask two things:

First: “*Now what?!*” After reading a practice-based book like this, managers typically want a list of action-oriented practices, not a statement that “more research is needed.” They want to put these lessons to work. Examples of these include the chapters by Ammons (8), Choi (10), and Moravitz (18),

which provide practical steps for analyzing performance data, involving citizens in government, and developing performance budgets.

Second: “*What’s next?*” Because things never stay the same, it is important to public managers to have some sense of what is going to happen next. While predicting can be slippery, it is important for public managers to stay one step ahead on the learning curve. Examples of this predictive approach include the chapters by Hatry (1) and Newcomer (2), which highlight the importance of designing performance systems that have legitimacy with stakeholders, improve ways to use performance information, and integrate the use of nonprofits into governmental performance management systems.

Collectively, the authors in this book address these two important questions: “Now what?” and “What’s next?” Each author, however, approaches these questions from a particular perspective. At the 2005 International Symposium on Practice-Based Performance Management, speaker Geert Bouckaert observed that there are three distinct perspectives from which performance can be viewed, depending on where a public manager sits in his or her job:

*The “Micro” perspective*, which is commonly seen as the direct service delivery component. This can be individual programs or agencies, or small to midsize cities. Typically, these units are relatively cohesive and can operate with a unified structure and within a hierarchy. They can be either public sector or nonprofit organizations. An example would be King County, in Washington State, as described in Chapter 7, by Broom and Jennings.

*The “Meso” perspective*, which is typically seen as a policy arena, such as education or health care. It can also be a large city, small to midsize state, or large agency, such as the U.S. Department of Homeland Security. Typically, these comprise a set of semiautonomous activities, often involving a federated governance structure made up of individuals with a common professional background. These commonly rely on the use of networks to deliver services. An example would be the Illinois statewide school performance improvement effort described in Chapter 11, by Ryan.

*The “Macro” perspective*, which is commonly seen as an entire country or a very large state or agency, or a broad system of services. Typically, these federated governance approaches are made up of individuals without a common professional background, strong and multiple stakeholders, and largely autonomous operating units. These commonly rely on the use of marketlike devices to address their missions. Examples include the Italian economic development program described in Chapter 5, by Brezzi, Raimondo, and Utili, and the New Zealand and Australian budgeting systems, described in Chapter 17, by Halligan.

Each of these perspectives (and combinations or variations of them) implies that public managers would need to strategically use different approaches when designing and using performance management frameworks to fit their particular operating environment. While the various authors in this volume address many of these different approaches, we hope to put the authors' collective insights into a broader context that can help public managers define a course of action that best fits their specific operating environments.

## **Now What? Choosing the Best Implementation Approach for Your Performance Management Framework**

Strategically, there are different implementation approaches to constructing a performance management framework. For example, to effectively transform an individual agency that has a common set of objectives (such as an environmental or economic development agency) requires strong leadership at both the top and bottom of the organization and the application of a set of tools and techniques. Conversely, to effectively transform a system of federated organizations (e.g., across the federal or a state government) requires changes to the "rules of the game" and the use of market-based incentives and consequences. We will address the continuum from micro- to meso- to macrolevels.

### **A "Micro" Approach to a Performance Management Framework**

Performance management frameworks are the most mature at the microlevels. This is where services are delivered directly to citizens by individual agencies or small to midsize cities. They are typically characterized as having a unified command through the use of hierarchy. These types of performance management frameworks are used by both government and nonprofit organizations.

The best way to describe the components of such a framework is to start by describing what the end result will look like once it is in place.

#### ***A Service Delivery Agency View of Performance Management in Action***

To bring together the fundamentals of a performance management framework, as discussed earlier, we take a look at the effects such a framework would have on an agency's day-to-day behavior in the future (or even now) if it has created its own performance management framework and is fully applying a performance-based management approach.

*The Leadership Meeting.* At the regular monthly agency meeting that includes several levels of management and supervision, the main topics of discussion focus on the areas of performance of the agency's various programs. The agency head is familiar with the key performance measures for each program and has something to say about how well they are performing in achieving their targets and against comparable benchmarks. Each person responsible for a program is asked to provide a brief update on the program's performance, including resources used, services provided, contacts with customers and citizens, the efficiency of the services, the initial and intermediate outcomes that show whether the program is moving toward achieving its goals, and how they are contributing to the accomplishment of the agency's mission. These persons are also asked to discuss any external factors that might be influencing the results they are trying to achieve and what might be done to affect those factors (see Chapter 1 by Hatry; and Chapter 7 by Broom & Jennings).

*Committed Program Managers.* Program managers are very knowledgeable of the roles their programs play in the agency and how this contributes to the achievement of the agency's mission, both separately and in coordination with other services being provided by their agency and other organizations. They are also knowledgeable of how the major activities being performed by program personnel contribute to the provision of services (either directly or indirectly; Broom & Jennings). In addition, they are aware of the contributions of other services provided by other agencies and organizations to the results those other services are trying to achieve.

*Problem-Solving Sessions.* Program directors and their personnel often come forward with ideas about how to modify activities or strategies to improve results. They even have information with which to support their suggestions of modifications. Several programs have recently developed new tools for ascertaining the degree to which their strategies are providing services that actually influence the desired outcomes and for assessing the needs of those to whom they are providing services (Newcomer). They understand that the measures they are using do not perfectly represent the results they are trying to achieve and are constantly working to develop supplementary measures that capture aspects of the desired results (Hatry; Broom & Jennings; Ryan).

*Results Orientation.* Program directors or managers are also aware of the level of need within the community for a particular service, how much it would cost to provide that service at various levels, and information about the effectiveness of those various levels of service provision. Several programs are also working to link their results to broader community indicators, and a discussion of their work is of great interest to other program directors who see the value of being able to show how their programs are contributing to things the community has indicated they value (Hatry).

*Link to Resources.* Because budget requests are due in late spring, the discussion also turns to the development of budget requests. There, a discussion must take place of the preliminary requests that agency programs are working to submit. These budget requests are directly related to the goals and objectives relevant to their services and include strategies for providing desired services, units of output to be provided, and support for value of these programs and the cost required to carry out those strategies. Program directors regularly discuss their budget requests with other program managers, and, working together, they develop a list of priorities for the various strategies being set forth for the entire agency. A strategy might even be prioritized at several different service levels. They recognize that if strategies are not funded, the level of work they are expected to accomplish will be reduced accordingly and performance targets for results will be adjusted to reflect the decrease.

*Grantor Expectations.* One program has just been awarded a major grant from the private sector. The program's director or manager discusses with the group the results that the grantor expects and how he or she intends to measure what the program plans to achieve and how that links to the grantor's expectations (Newcomer).

*Citizen Feedback.* The program directors or managers have been hearing from customers and citizens. The agency has several groups of citizens that it regularly draws upon for feedback and opinions and has institutionalized ways of obtaining feedback from customers, both current customers and those to whom they have provided services in the past. They discuss how well their performance information has been communicated to citizens, senior management, and elected officials and the responses being received.

One of the agency's services has recently completed a survey of citizens and customers; the findings of that survey indicate several areas where citizens are not aware of the effects of the service. Results from the "311" telephone or Internet-based citizen request and question system are also analyzed to determine the degree to which requests are being processed in a timely manner and how callers feel about the handling of their requests.

*Evaluation of a Nonachieving Program.* During the agency meeting, one area of major concern is identified, and it is decided that a comprehensive program evaluation is warranted to help identify why the program continues to not achieve desired results and what can be done to improve its outcomes.

The agency head then mentions that the program planning group from the agency is expected to come forward with its recommendation for issues for consideration at a government-wide strategic planning session in 3 weeks. A discussion is held to determine who should represent the agency at this meeting and what should be the primary issues brought forward (Hatry; Broom & Jennings).

*Frontline Involvement.* At another point in the meeting, a program director discusses how the process is proceeding on a program that has only recently begun the process of fully implementing results-based management. The program has received assistance from other programs, including the use of their personnel for training and to work with staff and frontline employees to identify the activities they engage in and the services those activities produce (Broom & Jennings). The frontline employees have just begun to identify how those services contribute to the achievement of certain objectives and how to measure the degree of progress being made. Because of the widespread use of performance information within the agency, there has been little negative reaction to this move and many employees have actually asked why they have not had this type of information available to them sooner, so they could see how well their programs are performing and start work on improving their results.

*Using Comparative Measures.* Another discussion later in the meeting focuses on the results of a comparison of one program's efficiency and effectiveness with that of a similar program in a different entity within the region. Questions arise about how comparable the programs are and whether the populations served are different. The program director notes that a significant difference in the strategies being used has been identified and that further evaluation is under way to see whether that could be the reason for the variation in results. The program director notes that while the program is performing at a lower level than the other entity, it has been showing improvement consistently over time and has been meeting its established targets. The program director says that while that is a good indication, it still isn't enough and that they will try to have a report at the next monthly meeting about what can be done to improve the program's results (Hatry).

*Quality Reporting.* The agency issues a report on its performance annually. This report is discussed with senior management, elected officials, the media, customers, and the public. Recently, focus groups were held with customers and the public to determine whether they were satisfied with the measures being reported, the reporting format, and the way the report was made available and whether the report was sufficiently layered for a reader to begin with a simple overview and then dig deeper if more information was wanted. The person in charge of the focus group provides the team with the results of those sessions and what could be changed in their report to better communicate with customers and citizens. The agency report was also submitted for review by a national organization that gives an award for high-quality reporting. The results of that review were just received, and although the report was highly rated, it lacked several types of information important for effective communication. Specifically, the report did not include information about customer and citizen perspectives on the results of the agency's key services. The program directors discuss how to go about

obtaining this information and how it can be of value to them in managing those programs.

*Sustained Commitment.* The agency director closes with a request that the programs keep working to improve the timeliness of the performance information they are providing and that they maintain their monthly meeting schedule, with results reported at each meeting (Hatry). The director notes that they are now in their fourth year of developing a performance management system and that significant progress has been made but that they still have quite a ways to go before they are making full use of this approach (Hatry). One item that has not been fully implemented is the use of “logic models,” and program managers are asked to be prepared to discuss their use at the next month’s meeting (Hatry; Newcomer).

This scenario may seem idealistic, but there are a number of steps that can be taken by managers to make it real. Figure 23.1 summarizes the steps that could be taken to do so.

### A “Meso” Approach to a Performance Management Framework

The mesolevel dimension of performance management reaches across policy areas, large cities, small to midsize states, and large agencies. These tend to be federated, semiautonomous activities, often managed via formal or informal networks. Van Dooren, in Chapter 20 of this book, observes that the performance management frameworks for results-oriented networks tend to focus on governance and results and not so much on the organizations within the networks. They also focus more on common outcomes and results and not so much on accountability and efficiency. In addition, they tend to focus more on shared responsibility and trust than in typical microlevel performance management systems, which try to pinpoint both responsibility and accountability.

Milward and Proven (2006) describe four different uses for mesolevel performance management networks—service implementation, information diffusion, problem solving, and community capacity building—and describe the kinds of management functions network leaders need to use to be successful in the management *of* networks as well as managing *in* a network. For example, managing the accountability of a network would include determining who is responsible for which outcomes, but accountability for those managing in a network would be monitoring one’s own agency’s involvement. Understanding the kinds of networks and the roles of leaders in those networks is an essential prerequisite to developing a performance management system.

In a series of case studies by Imperial (2004) of how different stakeholders collaborate to improve water quality in a watershed, he notes that the

*Getting Started:*

1. Involve agency personnel, citizens, and customers in developing strategic plans, performance measures (especially those to be reported), and program plans.
2. Have agency people *begin with activities* they actually do and then work up to outputs, outcomes, and objectives and goals.
3. Take a long view and apply a *consistent process* to the development of a managing-for-results system.

*Developing Performance Measures and a Managing-for-Results System:*

4. Select output, outcome, and efficiency measures that are relevant measures of the results you are trying to achieve.
5. Get to know what *drives the results* (outcomes) you are trying to achieve.
6. Know the level of *outputs necessary to achieve the desired results* and support why that is the case.
7. *Understand the factors (other than the service itself) that might have a possible effect* on desired results.
8. Link performance to the *budget* and the outputs related to strategies and prioritize strategies.
9. Gain an understanding of what *level of resources* is needed to provide a given level of outputs and how that level of outputs will affect desired results.
10. Carefully establish *data-gathering systems* and test their reliability.
11. *Develop comparisons and understand how to use them:* over time, against targets, internal divisions, against others, and against standards or benchmarks.

*Beginning to Use Performance Measures in Managing for Results:*

12. Use performance measures to *monitor results* on a continuing basis.
13. Remember you need to consider *initial, intermediate, and long-term outcome measures* in managing for results.
14. Set *targets* that are reasonable but still require effective performance.
15. Hold agency personnel blameless for not performing up to expectations—at least the first time around.

*Assessing Results and Making Changes:*

16. Understand *what to do when results aren't what you wanted*.
17. Use *program evaluations* and performance audits to help identify ways to improve results.
18. Regularly *communicate and have discussions* that focus on results—at all levels, including elected officials and the public.
19. Gather information about *citizen and customer perspectives* on desired results.
20. Use performance measures for *employee evaluation* and changes in compensation.

**Figure 23.1** Checklist of “Things to Do” When Developing a Microlevel Performance Management Framework



on-the-ground focus among diverse actors tends to focus on service delivery and a series of trial-and-error processes. The common language, however, is a performance management system that generates information allowing the stakeholders to hold each other mutually accountable for performance. This same insight surfaces in three of the chapters in this book: Ryan's Chapter 11, on school performance improvement; Brezzi et al.'s, Chapter 5, on Italian economic development efforts; and Broom and Jennings's Chapter 7, on the use of collaborative approaches in King County, Washington, to develop performance information for accountability.

These approaches are increasingly being used in the nonprofit sector as well, as Newcomer notes in Chapter 2. For example, the Community Indicators Consortium (2006) has highlighted a series of cases in which regional nonprofit organizations are serving as the integrators of performance information for their communities and leveraging increased performance:

- In Reno, Nevada, "Truckee Meadows Tomorrow" is a nonprofit created in 1993 out of the ruins of a failed regional planning effort. It develops a biennial community well-being report that helps identify and guide solutions to the region's social, economic, and environmental problems. This nonprofit group engaged 4,000 citizens in developing 6 goals and 30 indicators to measure progress toward those goals. The group encourages citizens and businesses to join an "adopt-an-indicator" program. The adopter pledges to help improve the performance of that one indicator. While the adopter is not responsible for moving the indicator, he or she is responsible for tracking, developing a strategy, identifying the key players, and serving as a convener among stakeholders, when possible. Karen Hruby, the group's executive director, says, "We're all about change." She says this comprehensive, participatory program uses recognition and awards, not rules and regulations, to get change to happen (see <http://www.truckeemeadowstomorrow.org>).

- For more than a dozen years, Charlotte-Mecklenburg County, North Carolina, has sponsored a neighborhood quality-of-life initiative across its 173 neighborhood areas. Every 2 years, the city, county, and school system examine 20 local variables that address social, crime, physical, and economic conditions in the city and rank the neighborhoods as "stable," "transitioning," or "challenged." Variables include the percentage of substandard housing, the percentage of persons receiving food stamps, high school dropout rates, and the juvenile arrest rate. With these rankings in hand, the city's "neighborhood council" of key city officials comes up with comprehensive strategies targeted to each neighborhood, focusing especially on those rated as challenged. This council works with neighborhood-level revitalization teams made up of government, nonprofit, and citizen members (see <http://www.charmeck.org/Departments/Neighborhood+Dev/Quality+of+Life/home.htm>).

As mesolevel networks such as these develop and improve their performance via trial and error and by learning from each other, the mesolevel approach may become increasingly dominant as a favored strategy for improving performance. At this point, though, mesolevel approaches, tools, and techniques tend to lag in maturity behind those available at the microlevel. As noted in the next section, the same is true for macrolevel approaches, tools, and techniques, especially in the United States.

### **A “Macro” Approach to a Performance Management Framework**

The macrolevel approach to a performance management framework reaches across entire nations, large states, and major systems, such as the U.S. federal system of national, state, and local governments. It is characterized by strong, multiple stakeholders who are arrayed in a web of federated, largely autonomous entities. The most typical policy lever in this environment is the use of market-type mechanisms for sharing information, sharing resources, and setting priorities.

The macrolevel, or systemwide, approach to performance management can be seen in several chapters in this volume. The examples of the Canadian results-oriented framework, as described by Leighton, in Chapter 6, and the New Zealand and Australian budget systems, as described by Halligan, in Chapter 17, describe the potential power of these macrolevel approaches for influencing performance results.

This approach, while far-reaching, tends to be the least mature of the performance management framework strategies, and the lessons of the unintended consequences are described by Wellman and VanLandingham, in Chapter 16, as to how the Florida performance budgeting system did not consistently deliver what its designers had intended. Their description of how the designers intended one thing (the intent of the system to improve legislative budget decision making) and the reality (lack of use by legislators but a strong use by agency administrators) show that there is much still to be learned about what works, and how. However, even with the disconnect in expectations between intended results and actual performance, Wellman and VanLandingham note that the expectations that were met have “had a positive effect on legislative oversight and the delivery of government services.”

In addition to the tool of performance budgeting, a number of countries have put in place a comprehensive set of social, economic, and environmental indicators of progress. An example is the German system of social indicators (German Social Science Indicators Service, 2005). The United States is lagging behind a number of other countries in developing a comprehensive performance management framework at the national level; however, an ongoing effort by the U.S. National Academies of Science to create key

national indicators may provide a future framework to fill this void (Hillsman, 2006; U.S. Government Accountability Office [GAO], 2003).

Newcomer, in Chapter 2, provides excellent insights on the strategies for a national approach (both governmental and nonprofit) for linking the effects of government services and citizen trust. She observes that the expanded use of new tools by nonprofits—less expensive computing, the expanded use of citizen surveys, the use of logic models, and the ability to target subgroups—is making it increasingly possible to shift the use of performance information from accountability to actual improvements in services and results.

Newcomer's observations of nonprofits seem to parallel similar trends in the public sector. A recent study by Perrin (2006) examined the strategies used by a dozen governments across the globe—six were developed countries, and six were developing countries—in moving from an output-oriented approach to an outcome-oriented approach. While Perrin finds there is no one “correct” or best model, he concludes that “there are many common principles and lessons” (p. 3) that reach across boundaries, including the following:

- Linking outcomes to strategy
- Facilitating the implementation of an outcome focus
- Monitoring and evaluating performance
- Reporting on outcomes and building credibility
- Using outcome information

In the United States, the federal government has been “changing the rules of the game” across a range of dimensions required for an effective performance management system. In the past 15 years, the government has enacted a law, the Government Performance and Results Act of 1993, requiring agencies to develop multiyear strategic plans, annual operating plans, and measures of performance and to annually report progress against promises. In recent years, the federal government has gone further by administratively requiring each major program to be rated as to whether it is “effective” or “ineffective.” In recent years, the government has also required agencies to include performance information in their budget requests and has enacted laws requiring personnel performance ratings to be linked more directly to the overall performance of their agencies.

As described by Melkers and Willoughby (2004), individual states have also been developing performance budgeting and measurement approaches and in a number of cases (most noticeably Iowa; Washington State; Washington, D.C.; Texas; and Florida) are further advanced in some respects than the federal government. The bottom line, though, is that at all levels and across the globe, governments are building and using macrolevel performance frameworks.

## What's Next? Evolving Issues for Sustaining the Use of Performance Management Frameworks

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Typically, the creation and use of a performance management framework has tended to be leader centric. The challenge is creating a framework that becomes part of the operating culture so it does not fall into disuse once a leader leaves an organization.

Sustaining a performance management framework is a challenging task. Managers have to measure performance in an increasingly volatile environment, and sustaining a framework at the micro-, meso-, and macrolevels will depend on how well leaders can address issues that are evolving with the maturing of the performance movement worldwide. These issues cut across the micro-, meso-, and macrolevels. Examples are discussed below.

*Achieving an appropriate balance between the uses of performance information by managers for improving performance versus creating accountability.* A study by Shelley Metzenbaum (2006) examines these tensions and concludes that these tensions have to be managed carefully and thoughtfully. If uses tilt too far toward accountability, "They can provoke self-protective responses that interfere with performance and accountability gains" (Metzenbaum, 2006, p. 6), especially if they are too tightly linked to punitive actions, such as budgets and pay.

*Establishing the role of causality between agency performance and programmatic results.* While many organizations are beginning to use logic models to link programs, defining the impact of programs on results versus the impact of the external environment becomes significant when there are accountability consequences associated, such as performance budgeting. A study by Gilmour (2006) of the U.S. Office of Management and Budget's Program Assessment Review Tool concludes,

This is an imperfect process and it is possible that the program will be credited with successes it did not cause or blamed for failures it could not prevent. Still, the use of end outcome measures keeps attention focused on the purposes the program was created to serve. (p. 26)

*Expanding the use of collaborative networks as a tool for achieving performance and results across organizational boundaries.* Networks can be an effective management approach but carry a set of potential vulnerabilities to long-term sustainability. Managers of networks will face challenges regarding accountability and resources. As Imperial (2004) describes, in the case of the management of watersheds, a performance management framework can be the glue to hold the network together. However, the longer-term sustainability of a network depends on its purpose and how it is managed. Milward

and Provan (2006) suggest that there are distinct types of networks, based on their purpose, and that there is also a clear set of tasks managers can use to manage these different types of networks. So, while challenges of using networks are growing, practitioners are beginning to find their own solutions and putting them into practice.

*Engaging citizens in new roles to solve public problems.* As government becomes more complex, especially with the growth of networks and the increasing complexity of public problems, such as improving the health care system, citizens increasingly feel disengaged. With disengagement comes distrust and an unwillingness to rely on government to solve public problems. In addition, the growing lack of political consensus contributes to the inability of traditional political parties to come to agreement on solutions. In this environment, citizens are beginning to self-organize outside the political system and are seeking a voice. The growth of the Internet feeds this trend toward citizen engagement. Government has largely not yet responded, according to Scott (2006). Lukensmeyer and Hasselblad Torres (2006) describe a spectrum of tools that managers are beginning to use, ranging from the traditional, face-to-face public hearings to more interactive, online efforts, such as wikis and blogs. In these instances, communication is two-way, and both parties learn from each other and modify expectations. While these approaches are relatively limited, it seems clear that when citizens are engaged, there is a greater degree of public trust in, and consent to, governmental actions (Bingman, Nabatchi, & O'Leary, 2005).

Each of these trends is occurring at the micro-, meso-, and macrolevels, with different implications. However, there are distinct sets of issues that are occurring in each, as well.

### Issues From a “Micro” Perspective

Managers at the microlevel are on the front line of the development, use, reporting, and continued use of performance management systems. In many cases, professional associations provide technical support in these areas. For example, both the Canadian Institute of Chartered Accountants (CICA) Public Sector Accounting Committee and the Governmental Accounting Standards Board (GASB) in the United States have recognized the importance of managing for results in the public sector. GASB has issued a series of research reports on “Service Efforts and Accomplishments Reporting,” and, in 2003, it issued a special report, “Reporting Performance Information: Suggested Criteria for Effective Communication” (Fountain, Campbell, Patton, Epstein, & Cohn, 2003). This report recognized the importance of performance-based management in the public sector and included a chapter on managing for results, stating that the reporting of performance information should be the product of a complete system of using performance information for planning, budgeting, and managing. CICA has issued a

“Statement of Recommended Practice” on performance reporting, to provide consistent guidance for the reporting of performance information by governmental units in Canada.

Relatedly, the National Conference of State Legislatures (NCSL) in the United States, in a joint project with The Urban Institute, has issued a set of action briefs and a brochure, “Asking Key Questions: How to Review Program Results” (see <http://www.ncsl.org/programs/fiscal/14raskkey.htm> for more information), designed to assist legislators in obtaining and using performance information for (a) identifying the extent to which programs are getting results; (b) providing a basis for questioning executive branch managers about programs, especially those that appear to be low achievers; (c) helping legislative staff strengthen their examinations of programs in order to improve advice to legislators and legislative committees; and (d) providing executive branch programs with encouragement and guidance for improving programs and their outcome measurement processes.

These and other efforts to encourage the use and reporting of performance information are helping to increase the awareness and value of performance measurement and its importance, both internally within an organization and in meeting the public sector obligation to be accountable to the public.

In addition to professional associations, there are a series of frameworks developed to allow microlevel organizations to conduct self- or third-party assessments of their performance management approaches. A series of these frameworks is presented in Chapter 22, by Thijs and Staes. They discuss the application of total quality management (TQM), the balanced scorecard (BSC), the European Foundation for Quality Management framework (EFQM), the Common Assessment Framework (CAF), and the public service excellence model (PSEM). They note that what seemed to be lacking in TQM for the public sector was an easy-to-use and free entry tool for self-assessment, to help public administrators employ modern management techniques. The CAF was developed to address this need and provides a representation of all aspects of management, which are translated into nine criteria covering what the organization does (called “enablers”) and what the organization achieves (called “results”). Thijs and Staes go on to explain how the CAF model can be applied in the public sector as a self-assessment tool and note that CAF has been applied by over 500 organizations in 19 countries in Europe. The top reasons given for using CAF are to identify strengths and areas for improvement and to develop sensitivity to quality issues. The top benefits identified were the need to share information and improve communication and a clear identification of strengths and areas for improvement.

The role of customer-centered quality services is also a major theme in microlevel performance management frameworks. Van Dooren, in Chapter 20, focuses on quality management, noting that it focuses on customers rather than profits and that qualitative products and services are the ultimate aim of quality management. He discusses performance measurement and notes that

the quality management movement and performance measurement movement developed largely independent of each other and therefore have somewhat different focuses. He notes that quality models are becoming more outcome oriented, taking in some aspects of performance measurement models, yet that adherents of both movements still have an insufficient acknowledgment of the network environment in which governments operate. Van Dooren observes that the adherents of both movements better recognize that clients and citizens can no longer be seen as passive recipients of government policy or services. Clients and citizens are now recognized as active agents working with government and nongovernment agencies in generating outcomes.

Similarly, Sterck and Bouckaert, in Chapter 21, focus on the importance of quality information and the problems of obtaining quality information, such as the use of external data sources and the lack of unit cost information. They comment on the difficulty in finding out whether and to what degree outputs of a government service lead to the desired outcomes in society. This is an issue that perplexes many government service providers and is greatly affected by the external factors that influence the realization of results. Sterck and Bouckaert note that in many cases, we are not able to clearly identify the casual relationship between inputs, activities, outputs, and outcomes. They go on to discuss how to control the quality of performance information and list six steps in the control of data quality: (1) develop quality standards, (2) provide staff training, (3) analyze risks, (4) monitor data quality, (5) report on data quality, and (6) address problems in data quality. They discuss the aspect of auditing performance information and note that this type of auditing is not as developed as the auditing of financial information. This type of auditing encompasses not only the verification of the accuracy of the data but also other characteristics of quality, such as the relevance of the information in measuring desired results.

### Issues From a “Meso” Perspective

While today’s government managers are building performance management systems for their organizations, there is a parallel movement to build performance indicators systems for policy areas, such as Healthy People 2010, and for geographic areas, such as the examples noted earlier in Reno, Vermont, and St. Louis.

Increasingly, community-level performance indicators are being developed and reported by independent, third-party providers, such as nonprofits or government audit agencies. Ted Greenwood, of the Alfred P. Sloan Foundation, is an advocate of this trend (see [http://www.sloan.org/programs/stdndrd\\_performance.shtml](http://www.sloan.org/programs/stdndrd_performance.shtml)). He says the strength of this approach is that it focuses on things people care about. The weakness is that often there is no link to actions that can make a difference: When government measures its performance, it tends to select things to measure that are actionable, but not

necessarily things people care about. Greenwood sees a hybrid approach as the best of both worlds—but we're not there yet. One of the leaders in this arena is the United Way at the local level, which assists their grantees in developing indicators of their effectiveness. In some areas, this has contributed to community-wide indicator systems.

### Issues from a “Macro” Perspective

The United States lags behind many other advanced countries in developing a national performance measurement system, and a number of observers conclude that the U.S. federal government also needs to have a more strategic, crosscutting focus on policy and budget decisions to address goals that span conventional agency and program boundaries.

The GAO has been issuing reports on the urgency of the need for U.S. political leaders to take action. The head of the GAO, Comptroller General David Walker, says, “The federal government must address and adapt to a range of major trends and challenges in the nation and the world” (GAO, 2005d, p. 64). This would include a long-term, structural fiscal imbalance; a transformation from an industrial-based to a knowledge-based economy; revolutionary changes in technology that have altered how we communicate and do business globally; and changing national security threats. Walker says, “To respond to these trends and challenges, government must have the institutional capacity to plan more strategically, identify and react more expediently, and focus on achieving results” (GAO, 2005d, p. 64).

Kettl (2005) raises a similar concern:

The current conduct of American government is a poor match for the problems it must solve. If government is to serve the needs of its citizens in the 21st century, it must reconfigure itself—to shift the boundaries of who does what and, even more important, how its work gets done. (p. 4)

The outlines for addressing these challenges are beginning to emerge via three “macro” trends: the development of a national indicator system, the use of cross-boundary solutions, and the increased role of citizens in government.

*Key National Indicators.* The first “macro” trend is the development of a national-level set of societal indicators of progress. Comptroller of the United States General Walker, says,

The government is partnering with the private sector to devise a comprehensive set of key national indicators to provide the nation with quality data that the public, media, policymakers, and both government and non-government institutions can use to assess the nation's progress in addressing key challenges. (GAO, 2005d, p. 64)



Doing this may not directly spark political solutions to long-standing intractable policy challenges, such as health care reform. But over the long run, it has the potential to better inform the public and create a greater chance that grassroots demands for improved performance will evolve.

*Cross-Boundary Solutions.* A second “macro” trend is the increased use of cross-boundary solutions that go beyond existing performance management tools. In the U.S. federal government, many of the performance management elements are agency or program specific, such as the Government Performance and Results Act of 1993 and the Program Assessment Rating Tool. They reinforce separate behaviors, not collaborative behaviors. However, there are increasing efforts to create boundary-spanning solutions. For example, the U.S. State Department and the U.S. Agency for International Development have developed a joint strategic plan, and programmatic areas, such as agencies engaged in fighting wildfires, are working collaboratively. In the area of homeland security, the president has mandated collaborative approaches, such as the Incident Command System (Moynihan, 2006).

While there are few U.S. federal examples, there are a number of examples evolving at the state and local levels. Examples include Iowa’s “purchasing results” approach, whereby the governor’s office defines selected outcomes and agencies “bid” to deliver that outcome, oftentimes in a joint bid with other agencies. Variations of this approach are being used in Washington State, South Carolina, Michigan, and Oregon. At the city level, the use of CitiStat is spreading beyond Baltimore (Henderson, 2003), as is the use of balanced scorecards in places such as Charlotte, North Carolina.

*Increased Citizen Role.* A third “macro” trend is the increased role of citizens in defining and creating pressure for improved government performance. This is becoming a significant driver for cross-boundary action by government agencies, especially since citizens generally care more about services and results and less about how government organizes to deliver them.

One example is the involvement of citizens in the budget decision-making and performance assessment process at the local level in a series of Iowa cities. While seen as novel in the United States, according to Allegretti and Herzberg (2004), it is increasingly common practice in Europe. Another is the increasing growth and use of nonprofit, locally based groups that assess performance of government and communities from the citizen’s perspective. These efforts are creating context, transparency, legitimacy, and grassroots pressure for governmental responsiveness (Community Indicators Consortium, 2006). In fact, Lukensmeyer (2006) notes that while the United States is seen as the leader in the development of tools and techniques for greater citizen engagement in government, other countries are making greater investments in institutionalizing citizen engagement as the way their governments “do business.” For example, the European Union is investing about €100 million in experimentation, and the Canadian federal government spends about \$1 billion a year on citizen engagement efforts.

## Conclusion

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The chapters in this book confirm that healthy innovations in performance management continue to evolve worldwide and they are serving as a fact-based springboard for public managers. For example, Moynihan (2006), in his survey of U.S. state government efforts to apply managing-for-results techniques, notes that states emphasize the development of strategic planning and performance measurement elements, while other governments emphasize shifts in managerial authority. As a result, in coming years, we can continue to expect innovations that will further the development of “hard” and “soft” systems of managing for results with strategic and program plans, performance budgets, the use of performance information for management of operations, the assessment of results, and effective communication of results to those to whom government is accountable.

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