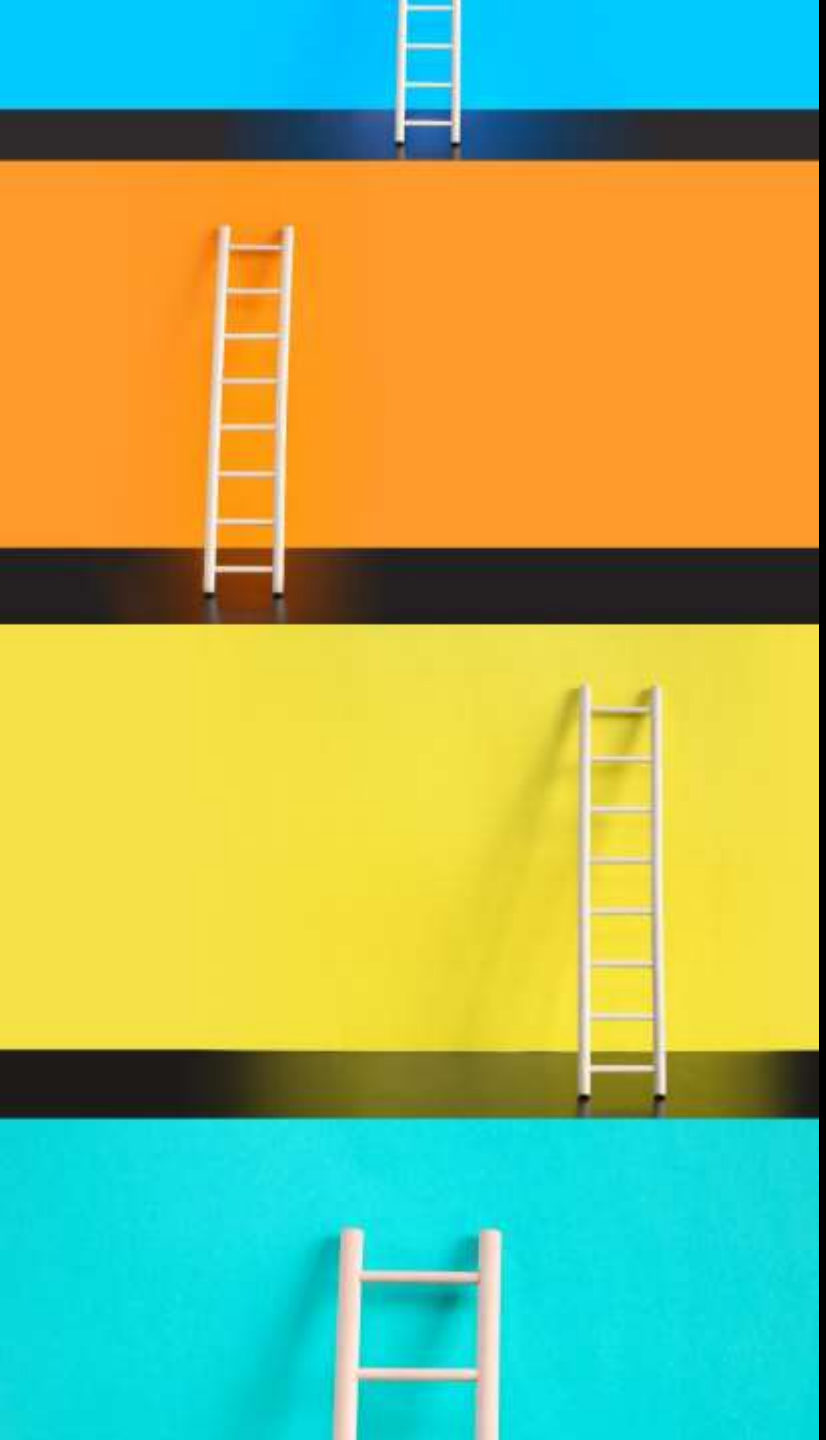
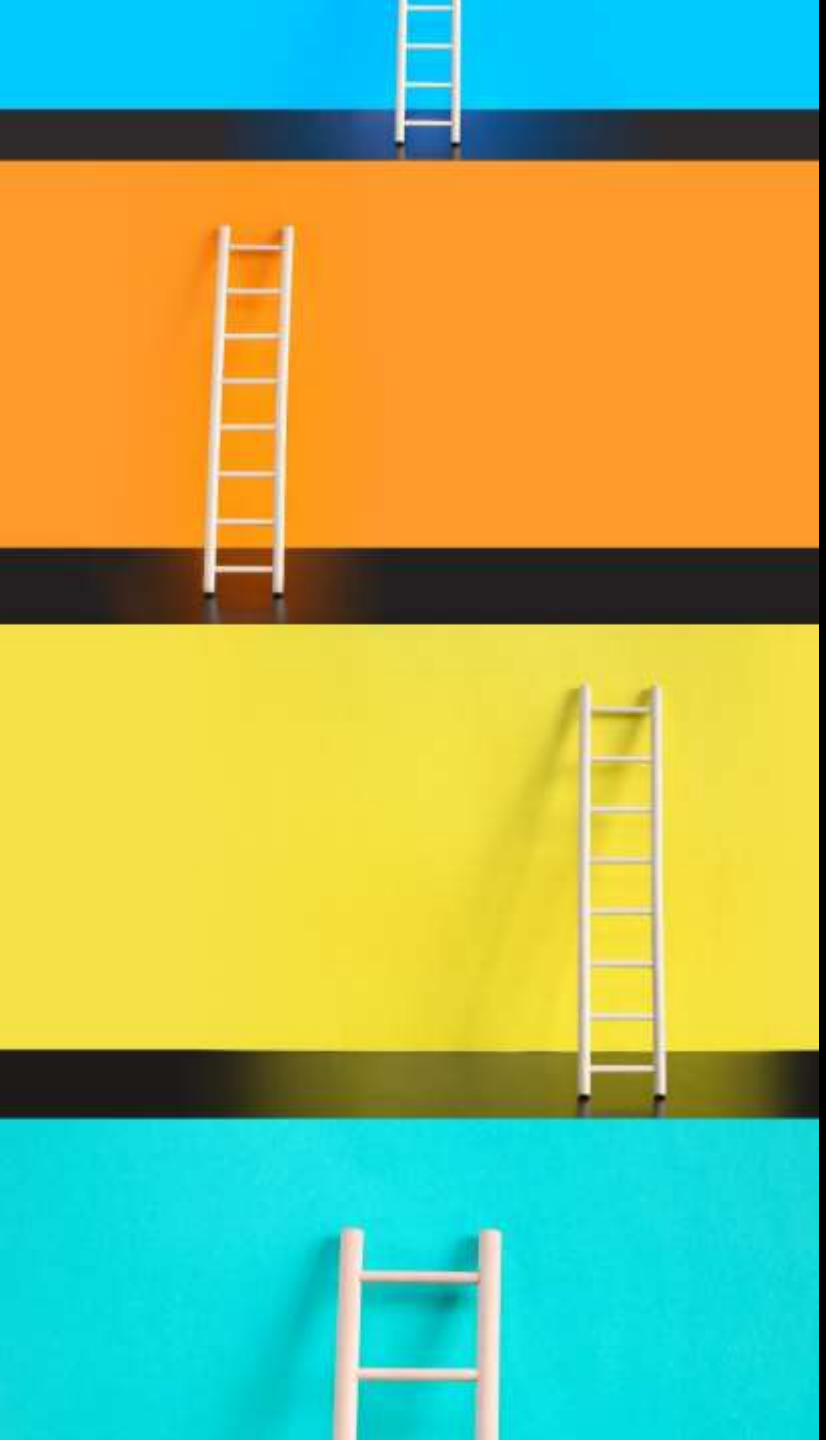


# Aligning Performance Measurement to Mission, Goals, and Strategy

Janet Woolum and Brent Stockwell
Bob Ramsey Executive Education
Arizona State University
January 2016

# Aligning measures to mission is key to success



1. Understanding organizational performance management

**“..the only measure of a great team – or a great organization – is whether it accomplishes what it sets out to accomplish.”**

***Patrick Lencioni***

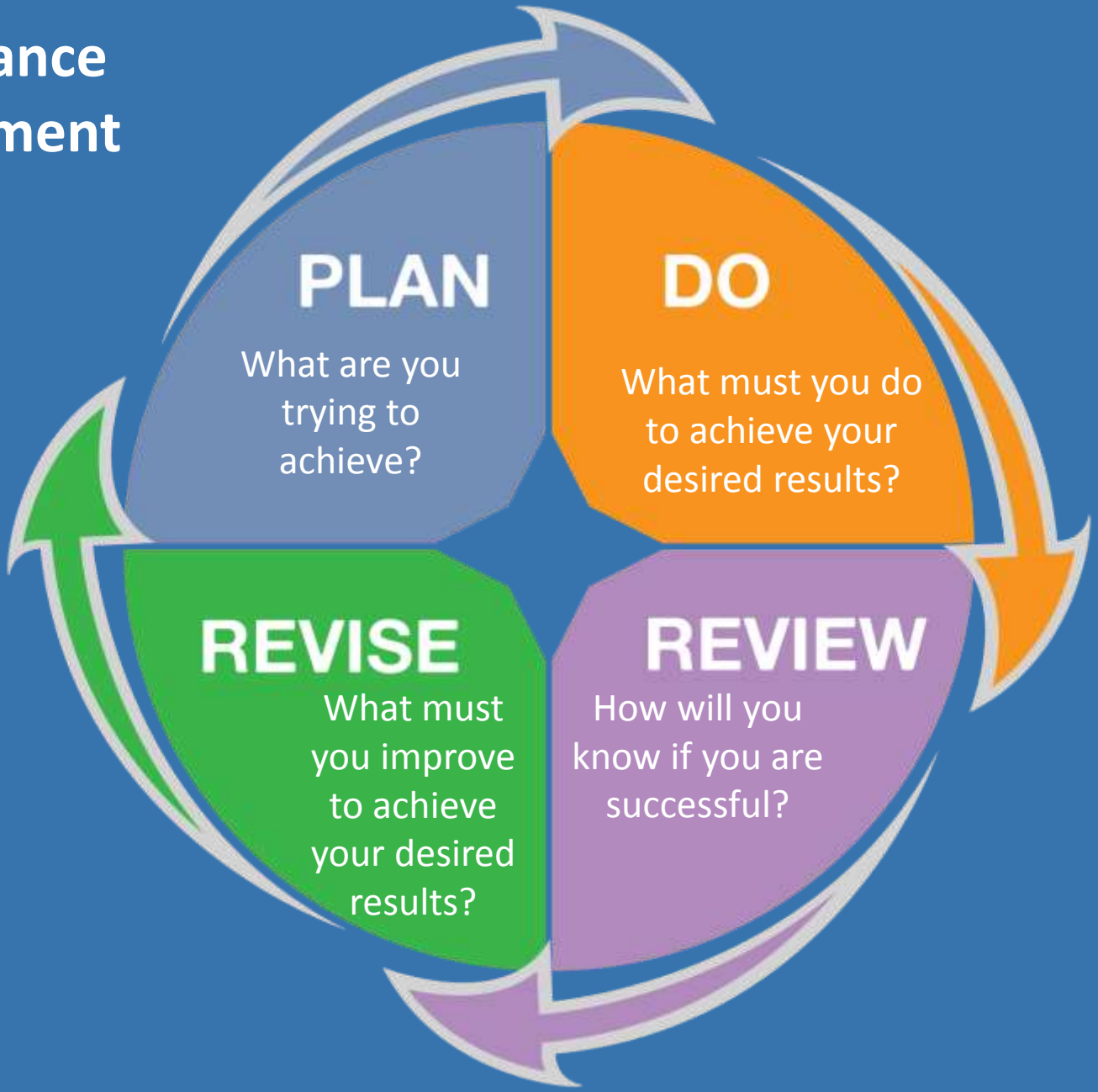
# Performance management is…

…an organization-wide effort to improve results by integrating objective evidence with decision-making processes

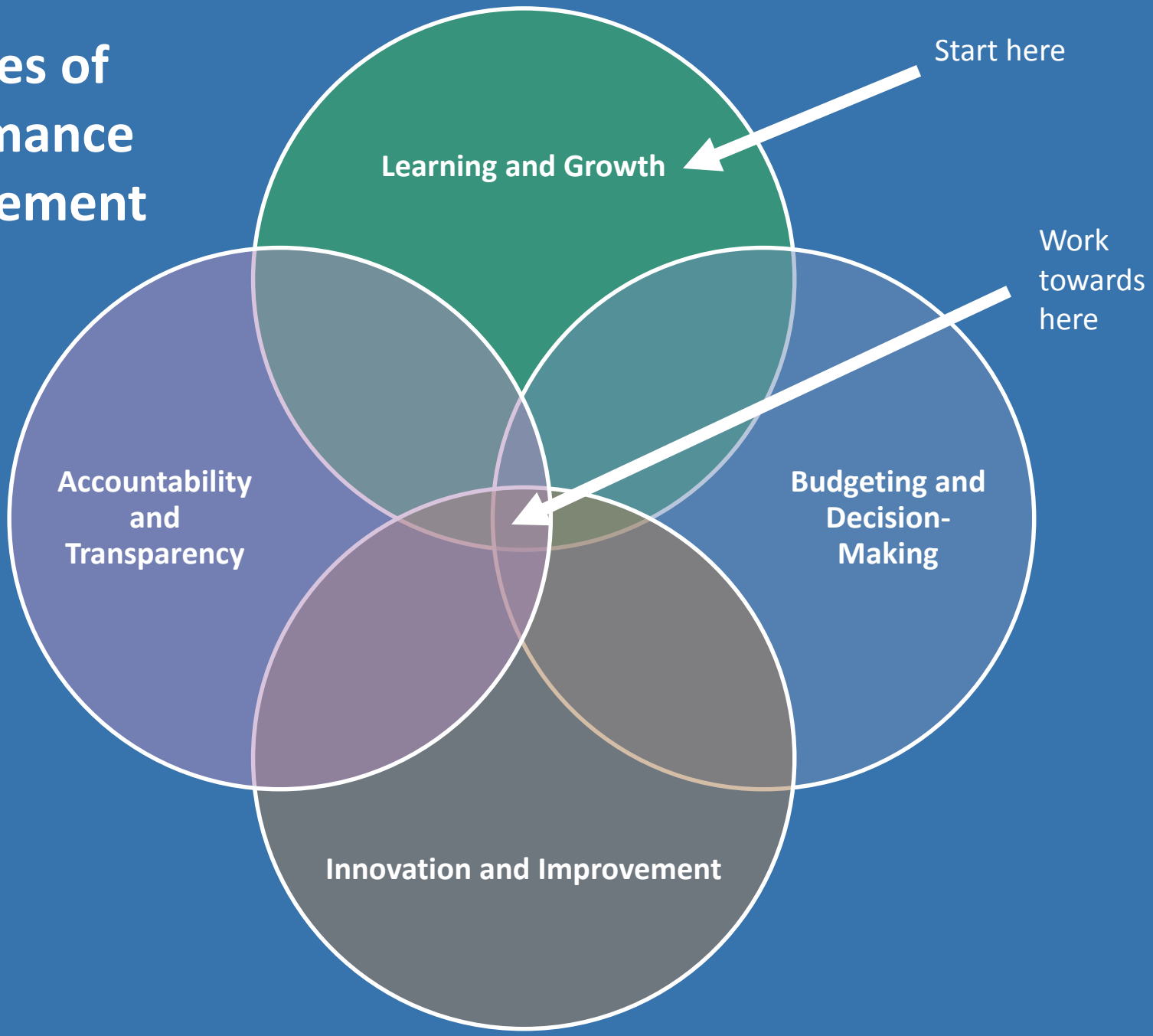
“What matters is not finding the perfect indicator, but settling upon a *consistent and intelligent* method of assessing your output results and then tracking your trajectory with rigor.”

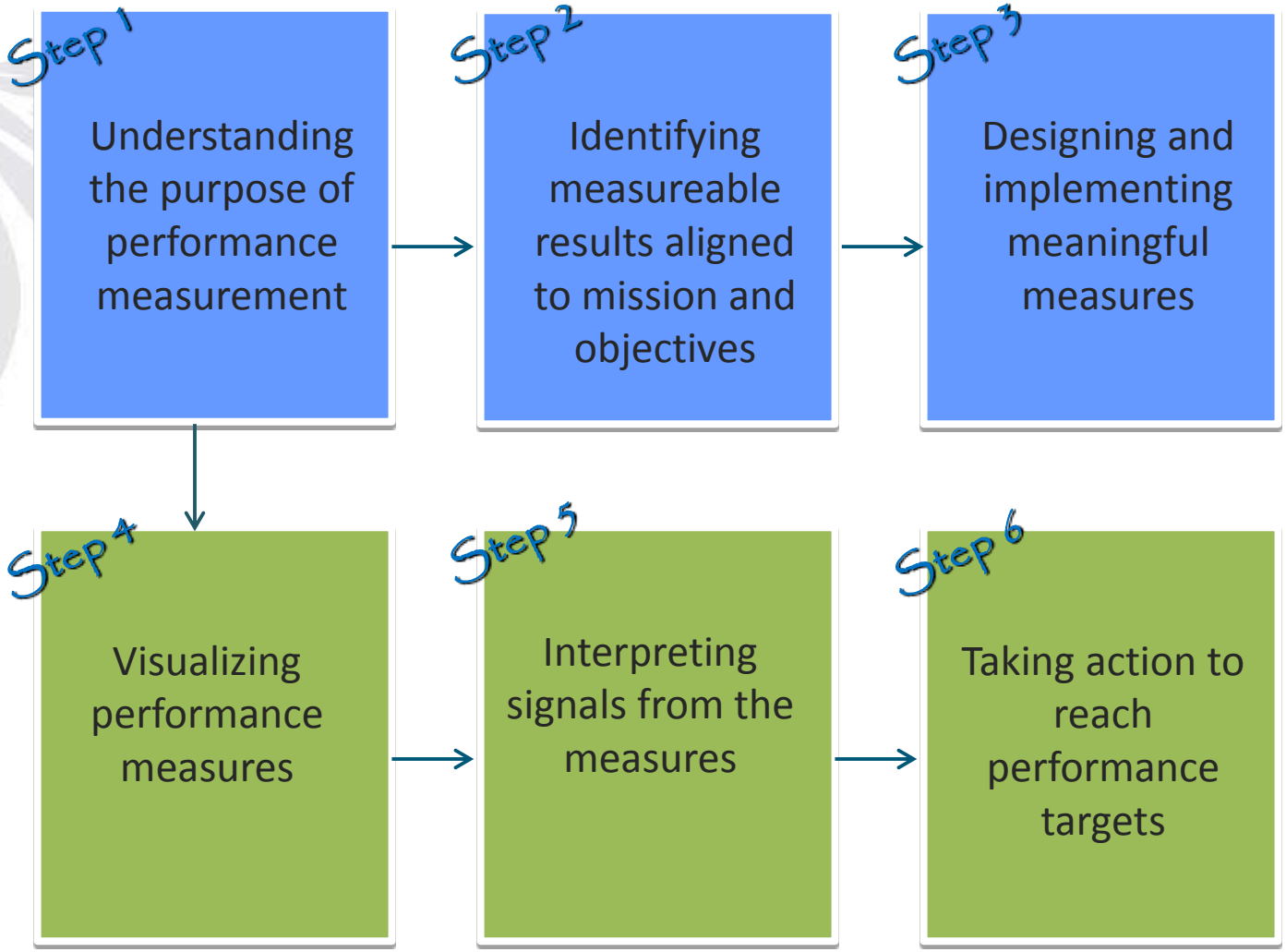
Jim Collins

# Performance Management Process

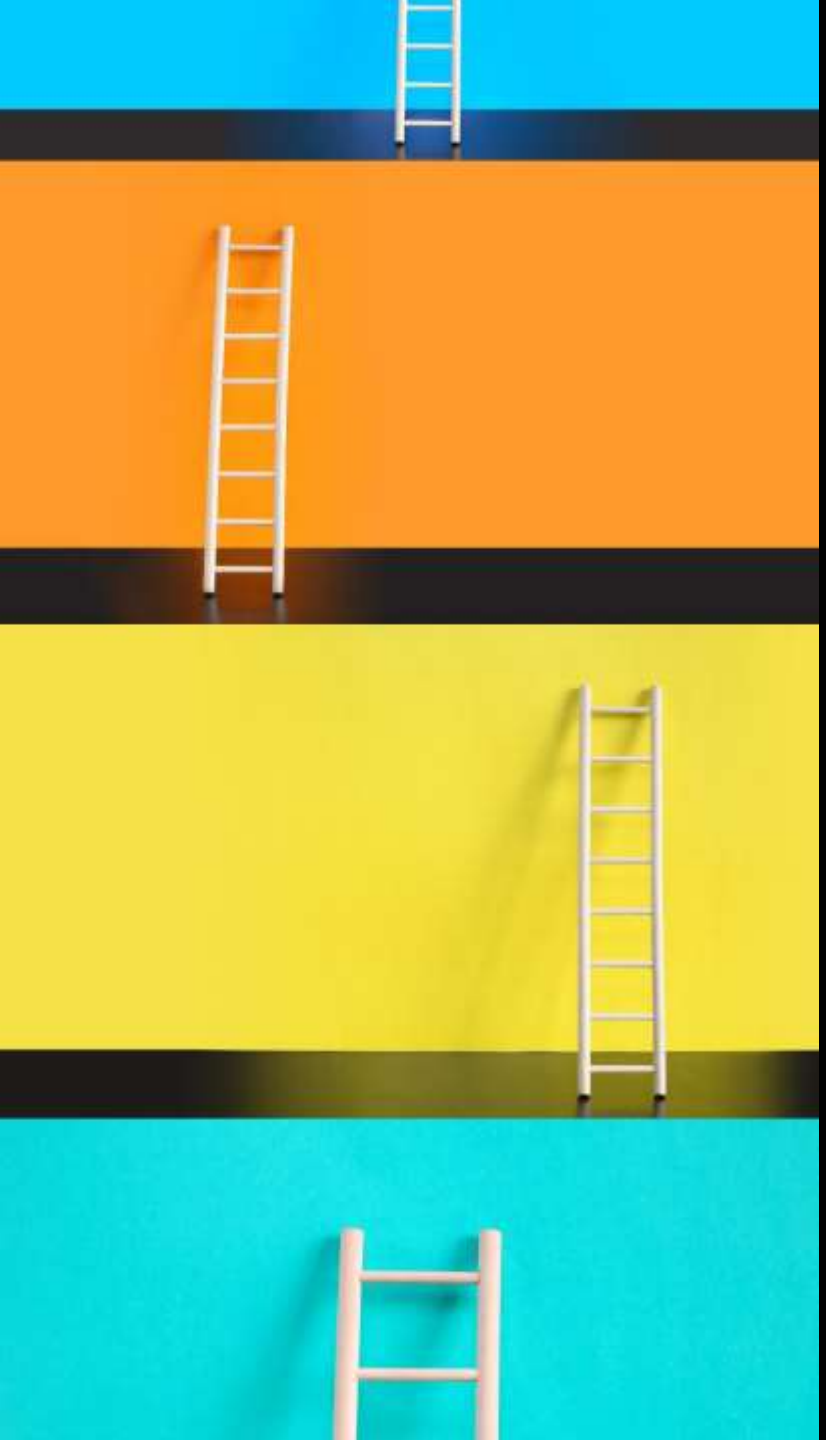


# Purposes of Performance Management





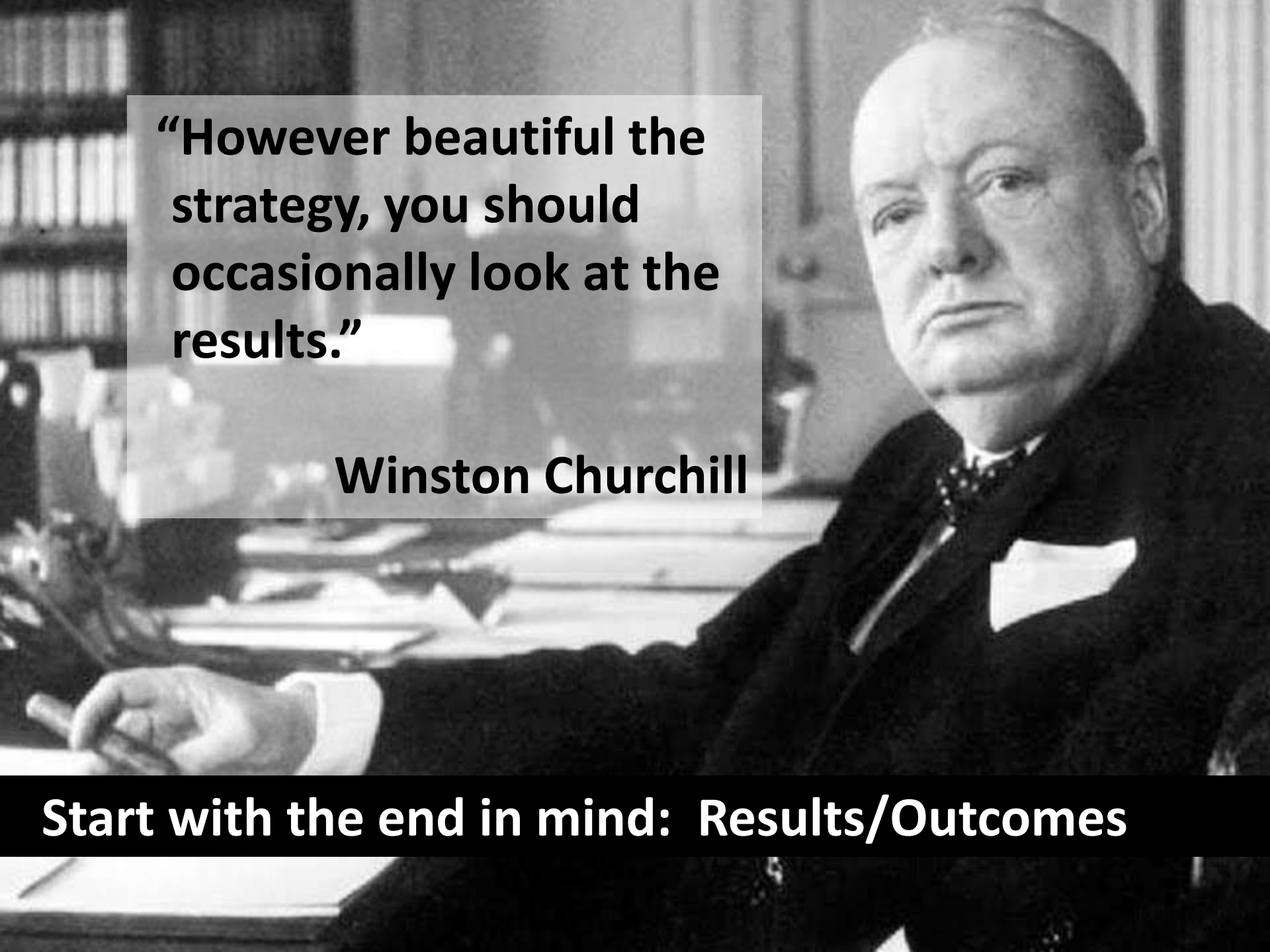

# PEX Performance Management Approach



2. Identifying measurable results aligned to mission and goals

# Start with Why

Simon Sinek – TED talk




**Start with the end in mind: Results/Outcomes**

# Outcomes (results)

## A changed end state

occurances, conditions, or experiences

# Outcome

**The desired end result that demonstrates the impact of the services delivered**

Examples:

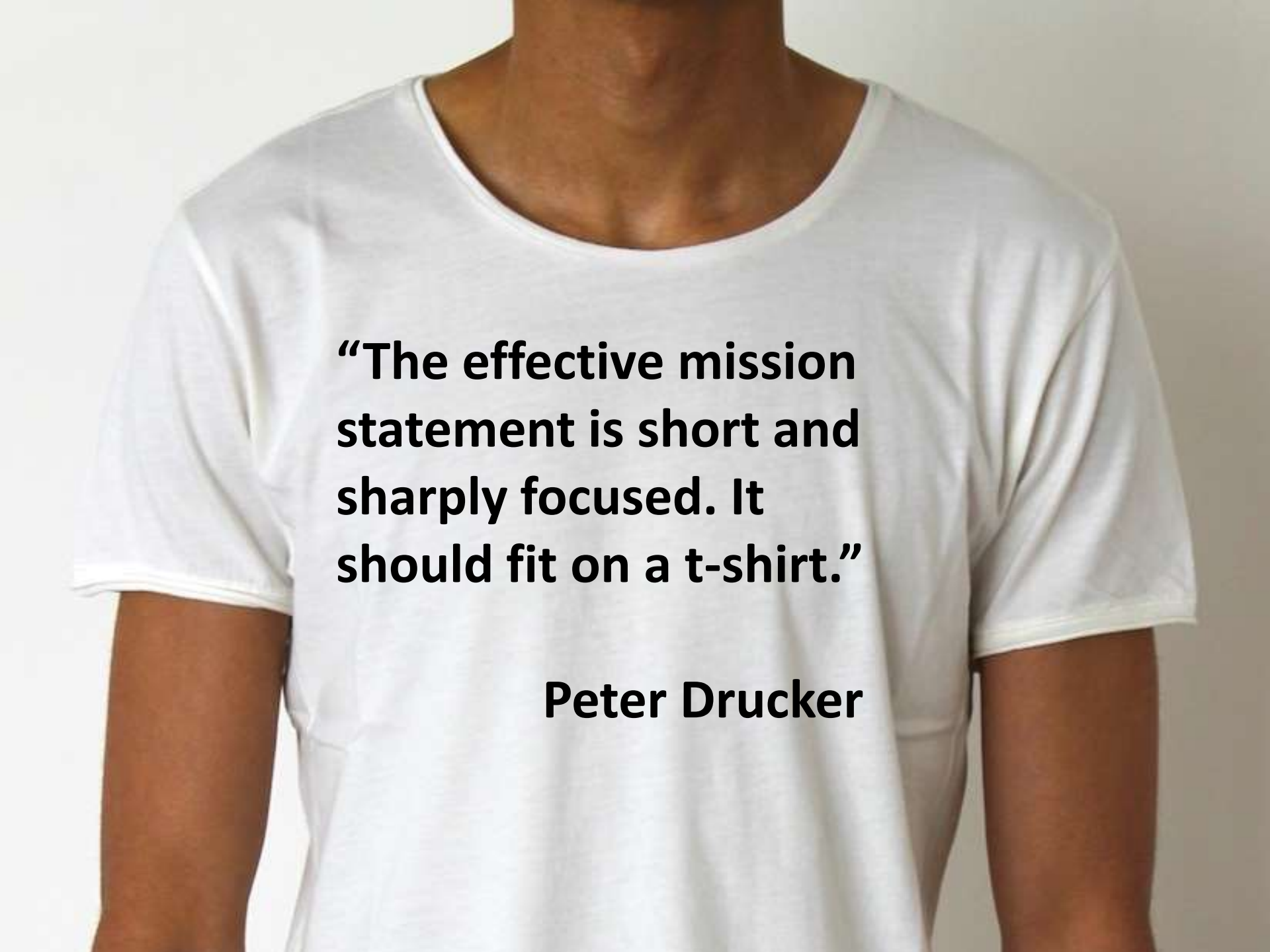
- City facilities are clean, well-maintained and open
- Streets and roads are well-maintained and clean
- Travel/transit times are reasonable & predictable


# Prepare a mission statement

In contrast, good mission statements:

- Are short and sharply focused
- State why we do what we do
- Provide direction for doing the right things
- Are clear and easily understood
- Are memorable and easily memorizable
- Describe what we want to be remembered for

## Prepare a mission statement


“The effective mission statement is short and sharply focused. It should fit on a t-shirt.”
Peter Drucker

# Mission Statement

The Mission of _____
(name of department, unit, group)

is to provide _____
(summary of services)

to /for _____
(specific organizations or customer group)

so _____.
( result or end state that occurs)

# Mission Statement (Example)

The Mission of ___Solid Waste Department_____

(name of department, unit, group)

is to provide ___refuse collection and recycling_____

(summary of services)

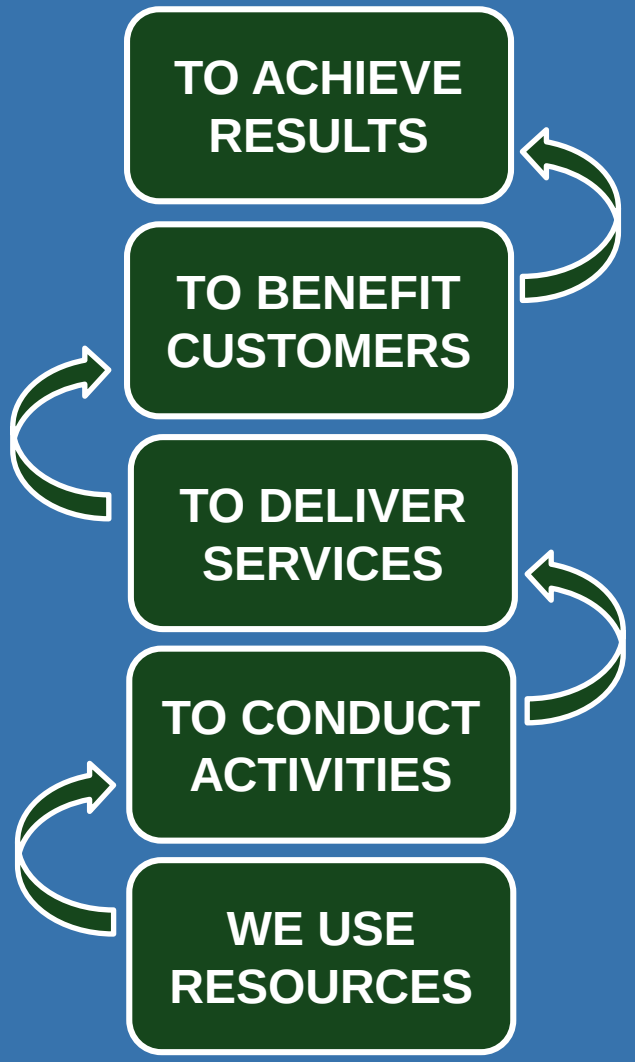
to /for _____Residents and Businesses_____

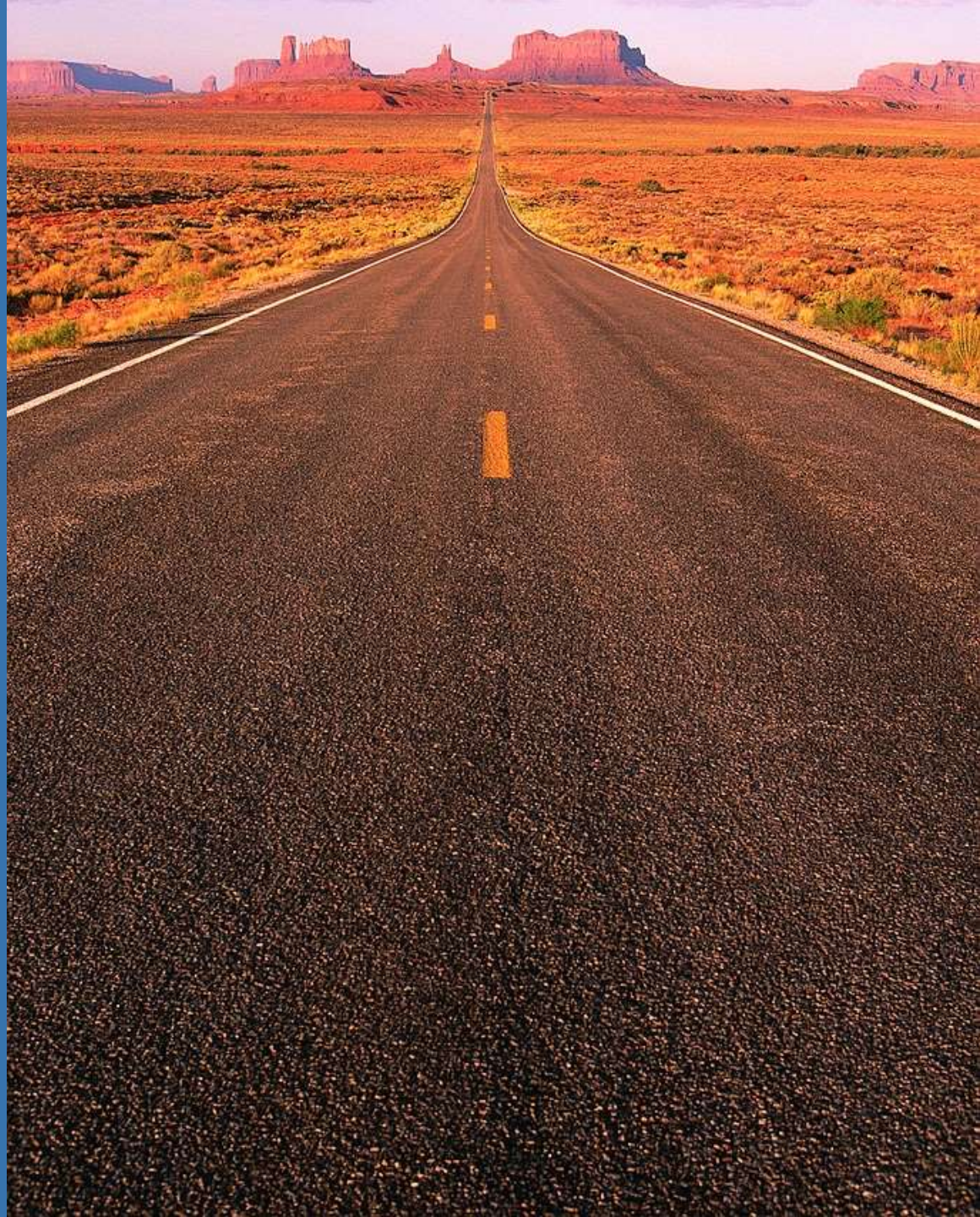
(specific organizations or customer group)

so ___the environment is clean and free of disease____.

(result or end state that occurs)

# Alignment Model




TO CREATE A CLEAN, SUSTAINABLE ENVIRONMENT

FROM EVERY RESIDENT'S CURB OR ALLEY

TO COLLECT REFUSE AND RECYCLING

DRIVE TO EACH HOUSE TWICE A WEEK

DRIVERS AND TRUCKS

## Internal Services

WE USE RESOURCES

TO CONDUCT ACTIVITIES

TO DELIVER SERVICES

TO PROVIDE RESOURCES

## Public Services

TO CONDUCT ACTIVITIES

TO DELIVER SERVICES

TO BENEFIT CUSTOMERS

TO ACHIEVE RESULTS


USE TECHS AND TOOLS

TO REPAIR AND MAINTAIN VEHICLES

TO KEEP THEM OPERATING EFFECTIVELY

SO THAT DRIVERS AND TRUCKS

CAN DRIVE TO EACH HOUSE TWICE A WEEK

TO COLLECT REFUSE AND RECYCLING

FROM EVERY RESIDENT'S CURB OR ALLEY

TO CREATE A CLEAN, SUSTAINABLE ENVIRONMENT

ANALYSTS, COMPUTERS AND WEBSITES

ARE UTILIZED TO RECRUIT APPLICANTS

AND HIRE QUALIFIED DRIVERS

SO THAT DRIVERS AND TRUCKS

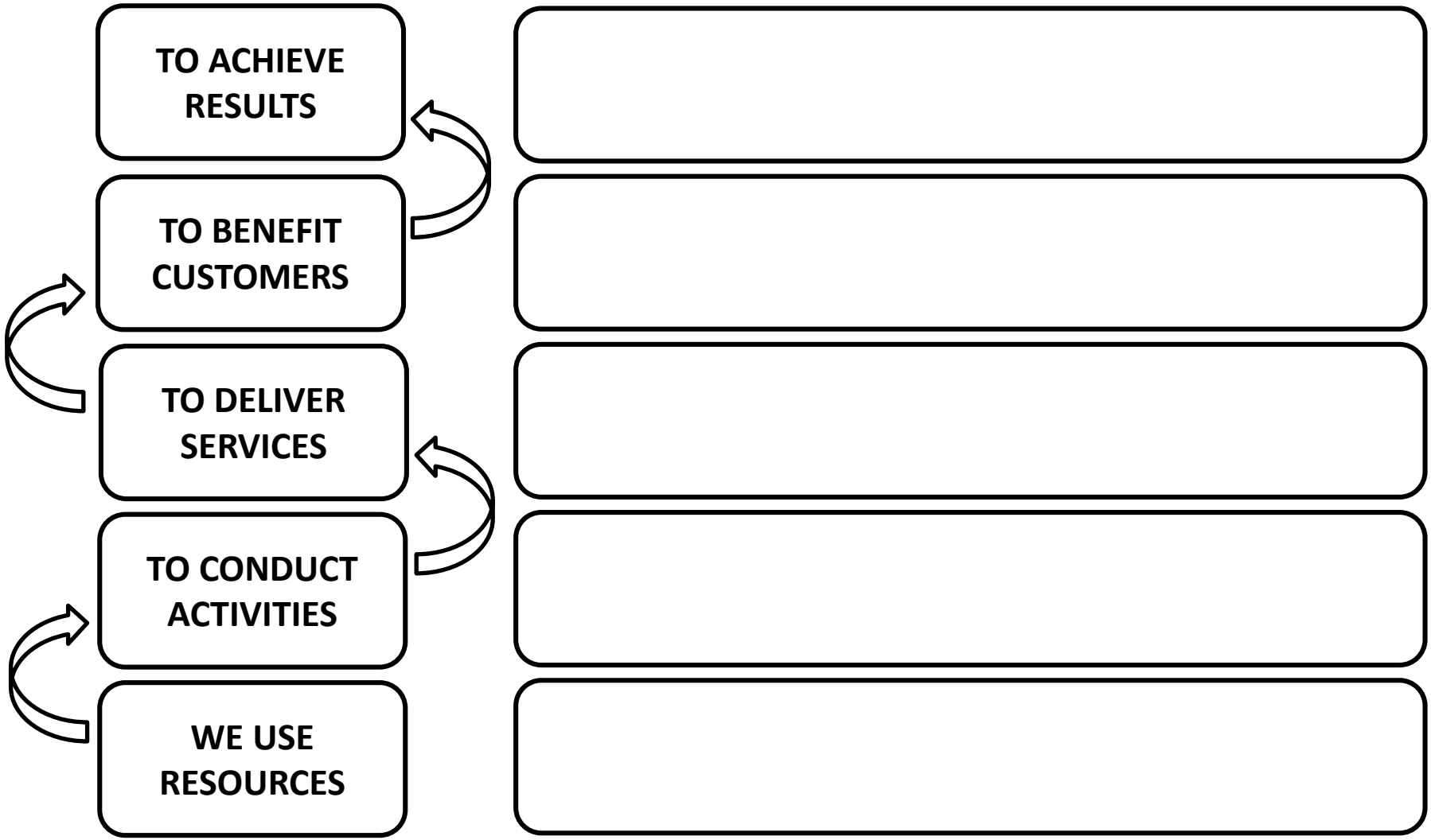
CAN DRIVE TO EACH HOUSE TWICE A WEEK

TO COLLECT REFUSE AND RECYCLING

FROM EVERY RESIDENT'S CURB OR ALLEY

TO ENCOURAGE A CLEAN, SUSTAINABLE ENVIRONMENT

# Alignment Model Exercise



**Group Exercise: Refine Alignment Model**

- Pick one key service that you provide
- Fill out the alignment model for that service
- Share with others at your table
- After everyone has shared, pick one example from each table to share with the group


KEEP
CALM
AND
FOCUS ON
MEASURABLE RESULTS

# “Weasel” Words

Words that mean nothing, are vague,
or subject to interpretation

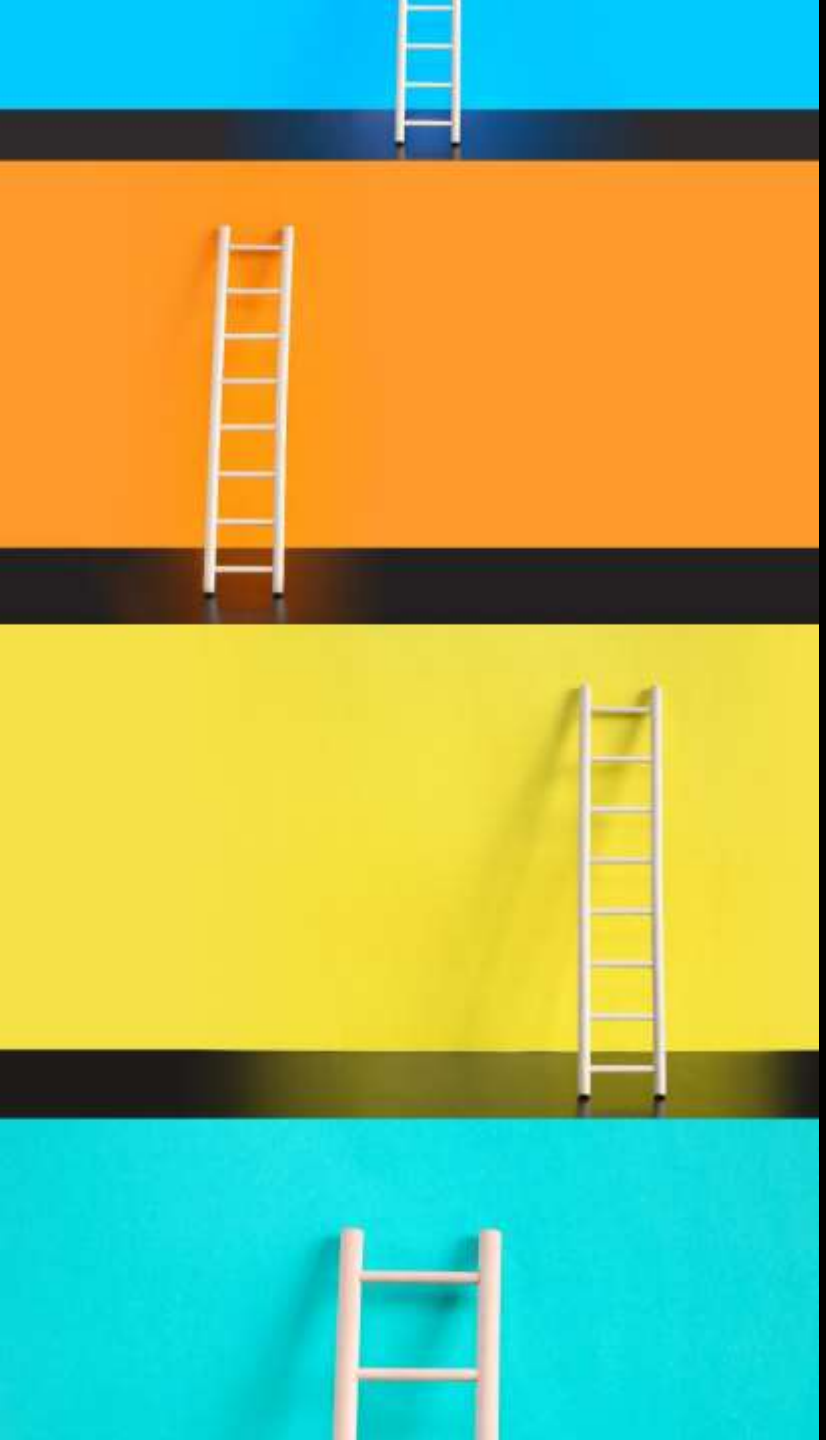
**enhanced, integrated, strengthened, engaged, enlightened, inspired, minimized, optimize, facilitated, mitigated, productive, efficient, effective, revitalize, responsive, sustainable**

# How to Correct the Problem Words

*<u>Outcome:</u> "Strengthen staff engagement and learning outcomes"*

- *Strengthen = get more*
- *Engagement = participation in training activities*
- *Learning outcomes = helps them with their job*

*<u>Clearer Outcome:</u> "More staff get training that helps them with their jobs"*



3. Designing and implementing meaningful measures

# Why Measure Performance?

# Why measure?

**If You Don't Measure Results,**
**You Can't Tell Success from Failure**

**If You Can’t See Success,**
**You Can’t Reward It**

**If You Can’t Reward Success,**
**You’re Probably Rewarding Failure**

**If You Can't See Success,**
**You Can't Learn From It**

**If You Can't Recognize Failure,**
**You Can't Correct It**

**If You <u>Can</u> Demonstrate Results,**
**You <u>Can</u> Win Public Support**

David Osborne and Ted Gaebler. 1992. *Reinventing Government: How the Entrepreneurial Spirit Is Transforming the Public Sector*.

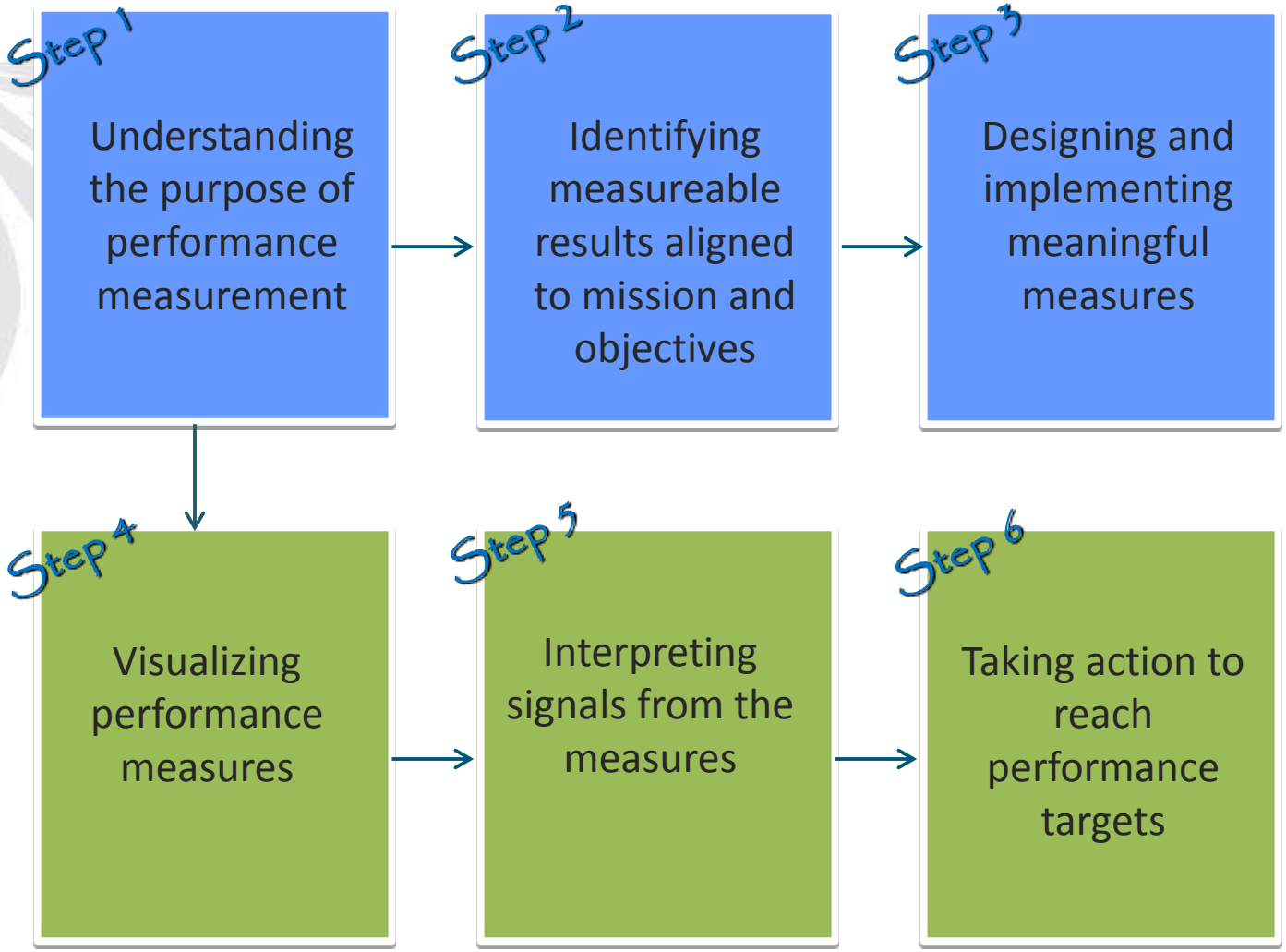
**“People… operate with beliefs and biases.**

**To the extent you can eliminate both and replace them with data, you gain a clear advantage.”**

Michael Lewis | Moneyball: The Art of Winning an Unfair Game

Moneyball (2011)

# Performance measures: Why so challenging?




# PEX Performance Management Approach


# Incorporate performance measures

**“Meaningful quantitative evidence used to monitor and track progress towards achievement of desired results.”**

# Input

**Amount of resources used (or available) to provide services**

Examples:

- Employees  or full-time equivalents (FTEs) hours/2,080
- Expenditures for library materials
- Number of sworn firefighters
- Hours paid to sworn police personnel
- Physical resources used– electricity, water, gas, steel, cement, asphalt

*What's an input in your area?*

# Output

**Amount of work produced or services received**

Examples:

- Tons of residential refuse collected
- Number of lane miles swept
- Number of applications processed
- Number of sets of city council minutes prepared
- Number of arrests
- Number of trees planted

*What's an output for your area?*

# Efficiency

**Amount of work done**
**per amount of resources used**

Examples:

- Number of transactions per FTE
- Cost per work order completed
- Expenditures per case closed
- Road rehab expenditures per lane mile

*What's one way to measure efficiency in your area?*

# Quality

**Quality of work done (in process or completed) or service was delivered**

Examples:

- Percent of 9-1-1 calls dispatched within 30 seconds
- Accuracy rate of invoice processing
- Average turn-around time for residential building permits
- Customer rating of courtesy or responsiveness

*How might you measure the quality of your processes or work completed and/or service delivery?*

# Outcome

**Change that happens as a direct or indirect consequence of our outputs or what we do**


Examples:

- Pavement condition index (PCI)
- % of cardiac arrest patients delivered with a pulse
- Fire confined to room of origin
- % of businesses operating within code

*What's one way to measure outcomes achieved in your area?*

# Types of performance measures

**Input**
Amount of resources used (or available) to provide services

**Output**
Amount of work produced or services delivered

**Outcome**
The desired end result that demonstrates the impact of the services delivered

**Efficiency**
Amount of work done per amount of resources used
OR
Outcome achieved per amount of resources used

**Quality**
Amount of achieved results, or the level of quality relative to the amount of work done

# Questions measures help answer

**Input**
How many resources did you use to achieve the outcome?

**Output**
What work was accomplished?

**Outcome**
What are you trying to accomplish?

**Efficiency**
How much resources did you use to achieve each unit of output or outcome?

**Quality**
How well did you achieve the desired results?

# Example

**Input**
Equipment Operators

**Output**
Tons collected per month

**Outcome**
Refuse is collected in a reliable and clean manner

**Efficiency**
Tons collected per month per operator

**Quality**
Tons collected per month without complaints of missed or messy collection

# Measures Exercise

**Input**

**Output**

**Outcome**

**Efficiency**

**Quality**


**“The key is always to measure the right things.”**

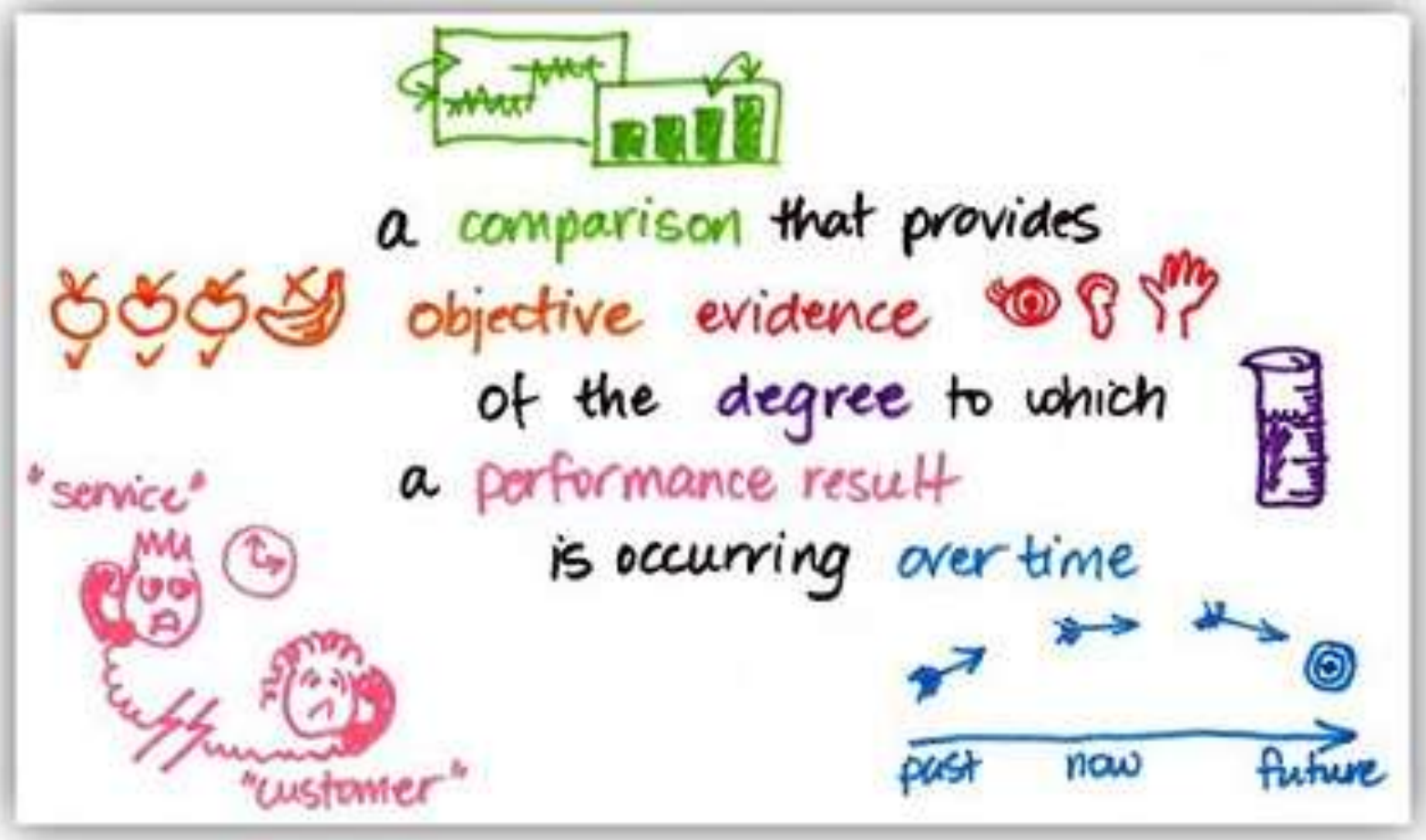
**Patrick Lencioni**

# Finding the best (available) outcome measures

| Output | | Outcome |
|---|---|---|
| Permits provided | Is not the same as | Businesses operating within code |
| Miles of road paved | Is not the same as | Safe driving conditions |
| Students receiving training | Is not the same as | Students acquire knowledge/skills |

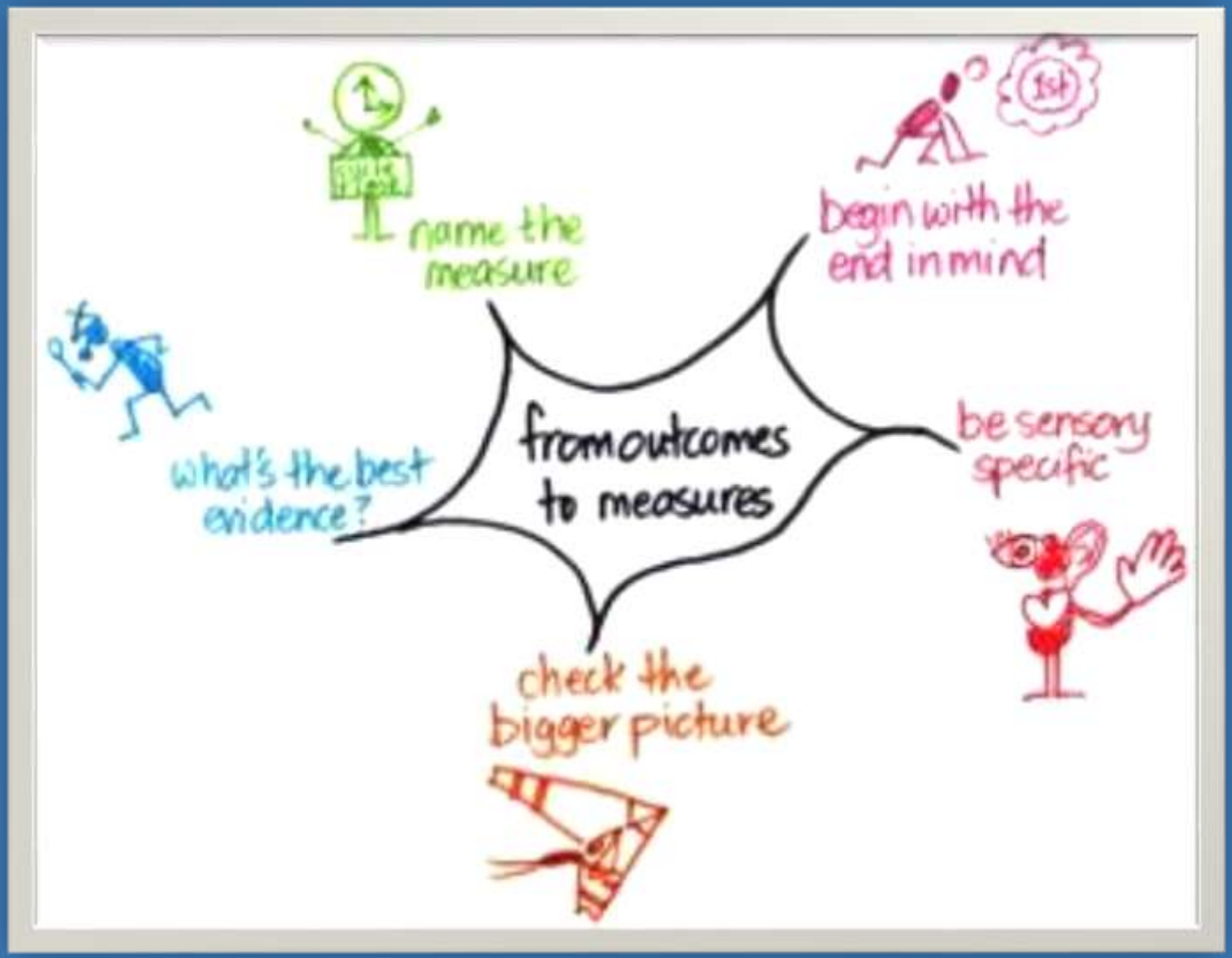
# OUTCOME MEASURES

# Components of an outcome measure




*staceybarr.com*

# Five-step technique to find the best results measures



# Other items of note:

1. Frequency of collection or reporting?
2. How many measures?
3. Relationships

   #1: Cause-Effect. When achieving one result, other is more likely

   #2: Companion. Both results need to be achieved together

   #3: Conflict. Achieving one result puts another at risk

**Group Exercise:** "Best Available Evidence"

- Pick one outcome/result from Alignment Model
- Fill out the Design Template
- Share with others at your table
- After everyone has shared, pick one example from each table to share with the group

# *Implementing the measures*

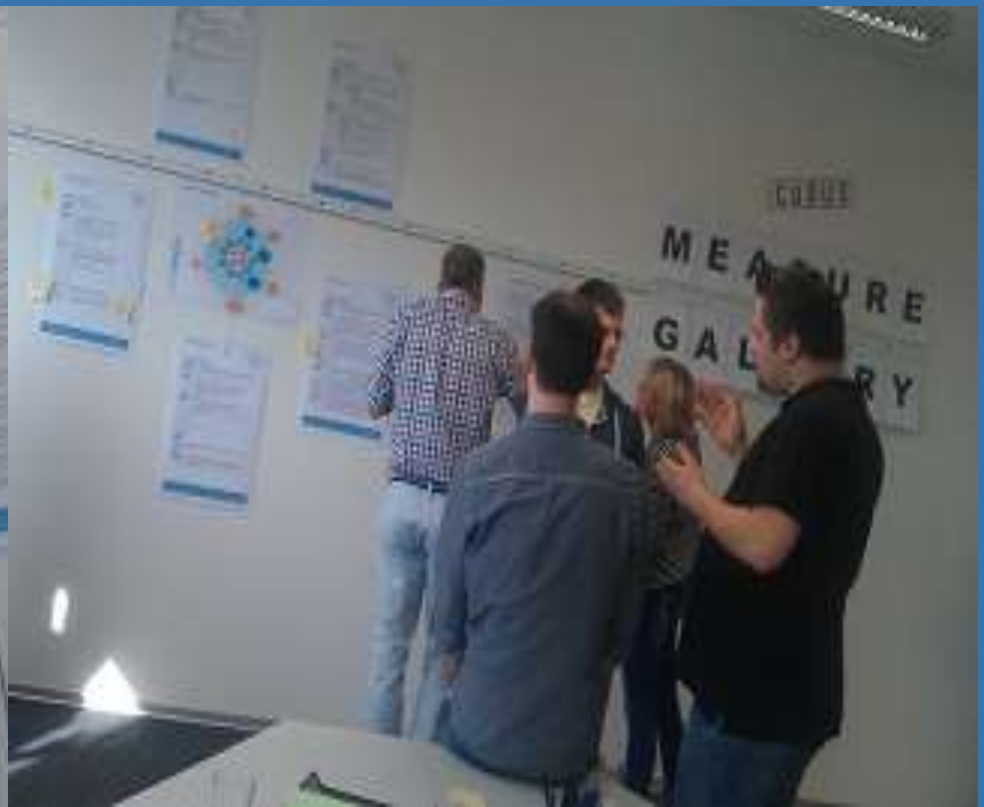
Get Feedback from Stakeholders

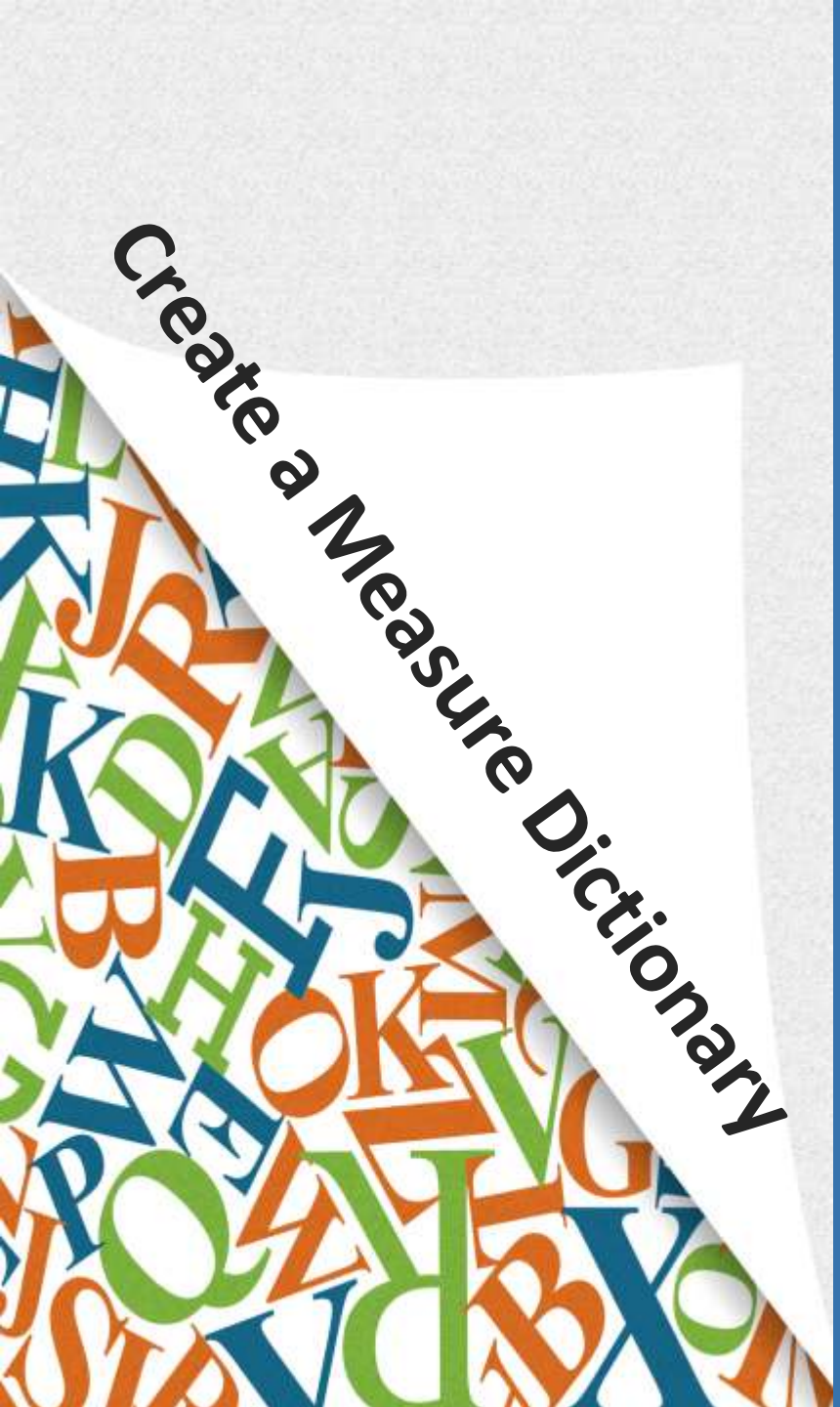
Create a Measure Dictionary

Begin Data Collection

# Engage staff in the process:

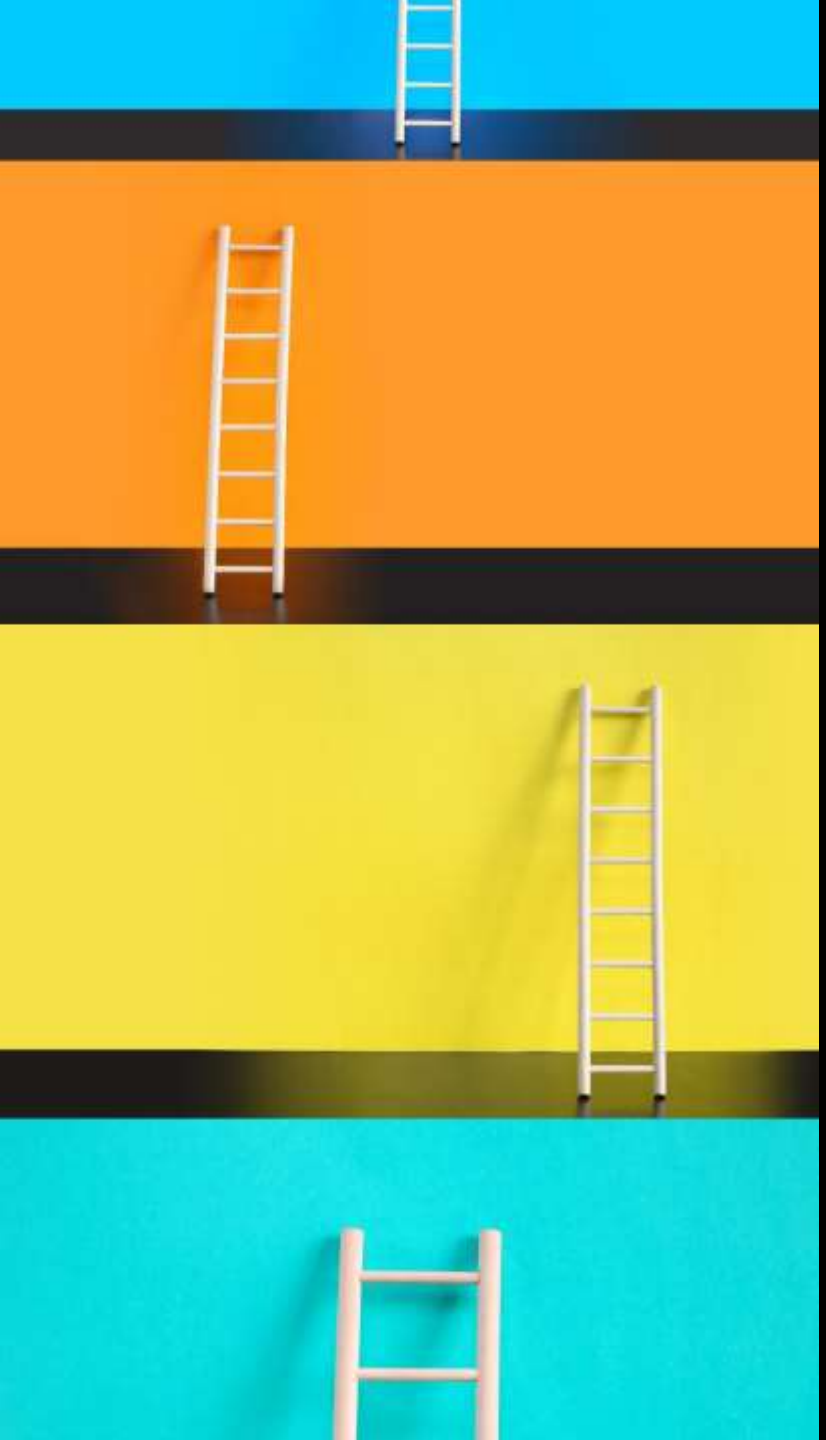
## have them review and comment on the measures






## Content:

- Name
- Description
- Data items
  - Statistic and formula (if calculation is required)
- Source
- Frequency
- The outcome it measures
- Performance owner
- Definition owner

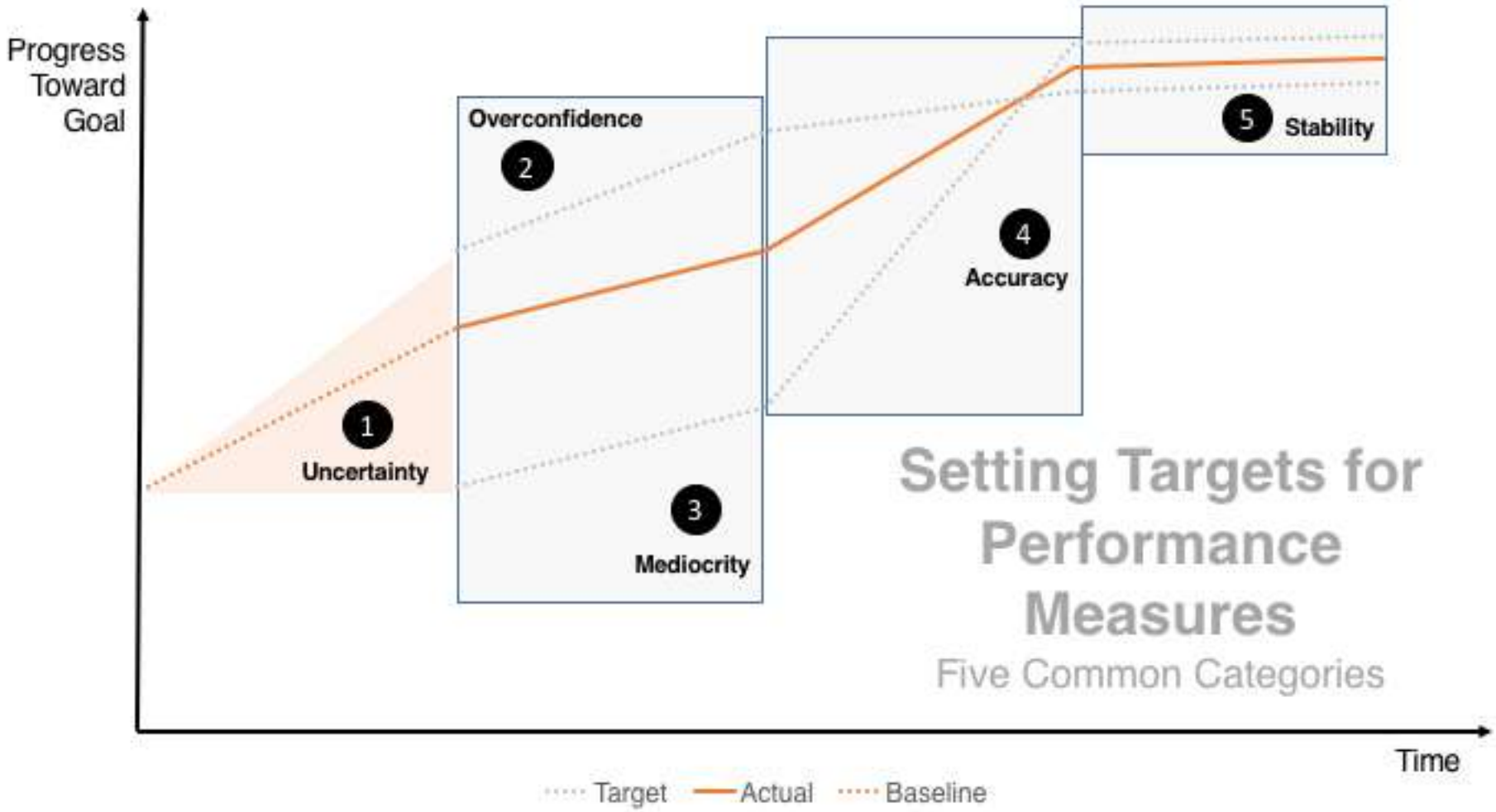


4. Determine targets, standards and benchmarks, and analyze data and identify performance gaps

**Targets** express a specific level of performance the organization is aiming to achieve.

**Standards** (also called "benchmarks") express the minimum acceptable level of performance that is expected and achieved by other, high-performing organizations.

# Target setting




https://centerforgov.gitbooks.io/setting-performance-targets-getting-started-guide/content/


Progress Toward Goal
Overconfidence
2
5
Stability
4
Accuracy
1
Uncertainty
3
Mediocrity
Setting Targets for Performance Measures
Category One: Uncertainty
Time
Target
Actual
Baseline


# Setting Targets for Performance Measures

## Category Two: Overconfidence

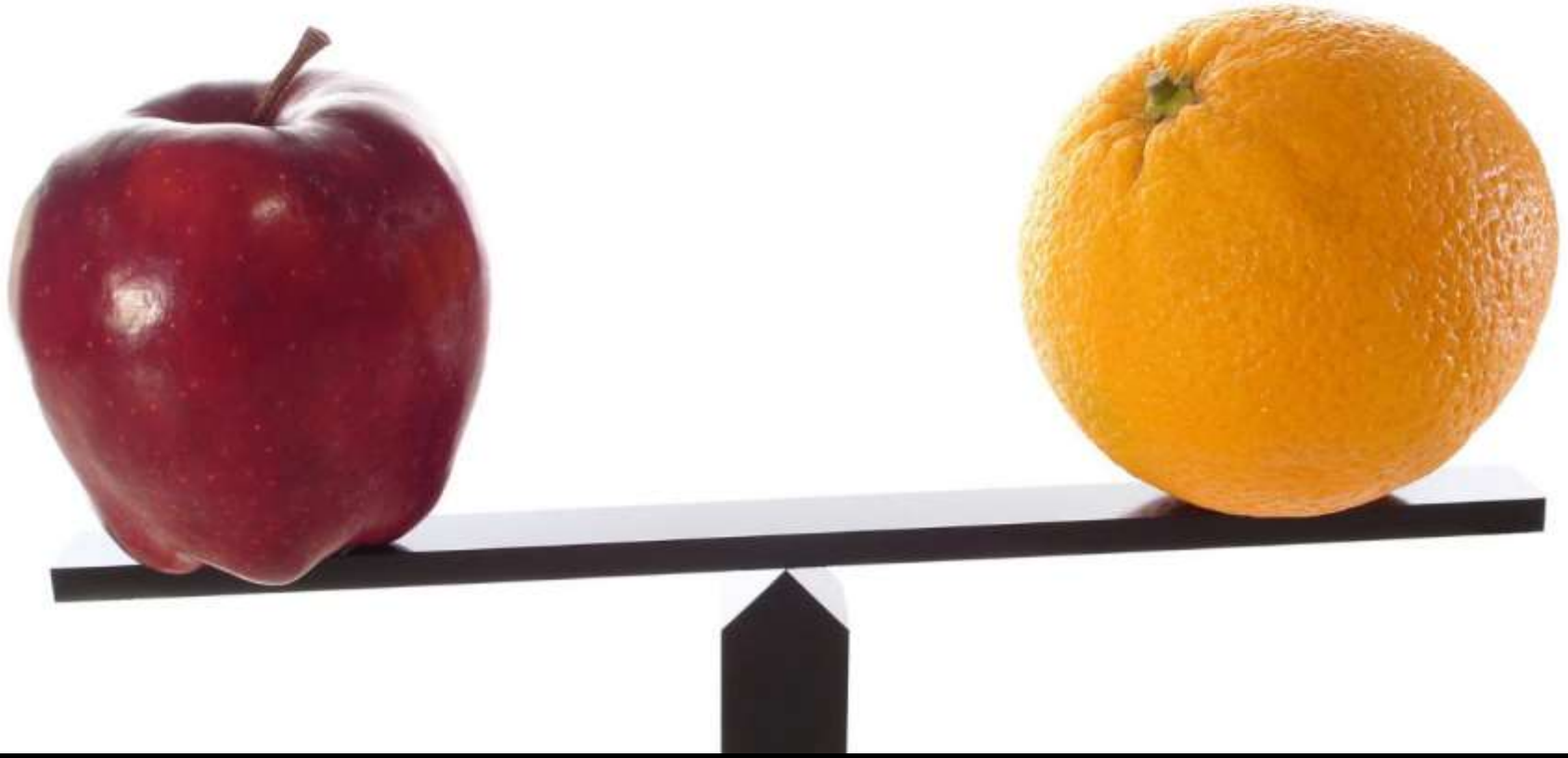

Progress Toward Goal
Overconfidence
2
Stability
5
4
Accuracy
1
Uncertainty
3
Mediocrity
Setting Targets for Performance Measures
Category Three: Mediocrity
Time
Target
Actual
Baseline


Progress Toward Goal
Overconfidence
2
5
Stability
4
Accuracy
1
Uncertainty
3
Mediocrity
Setting Targets for Performance Measures
Category Four: Accuracy
Time
Target
Actual
Baseline


# Setting Targets for Performance Measures

## Category Five: Stability

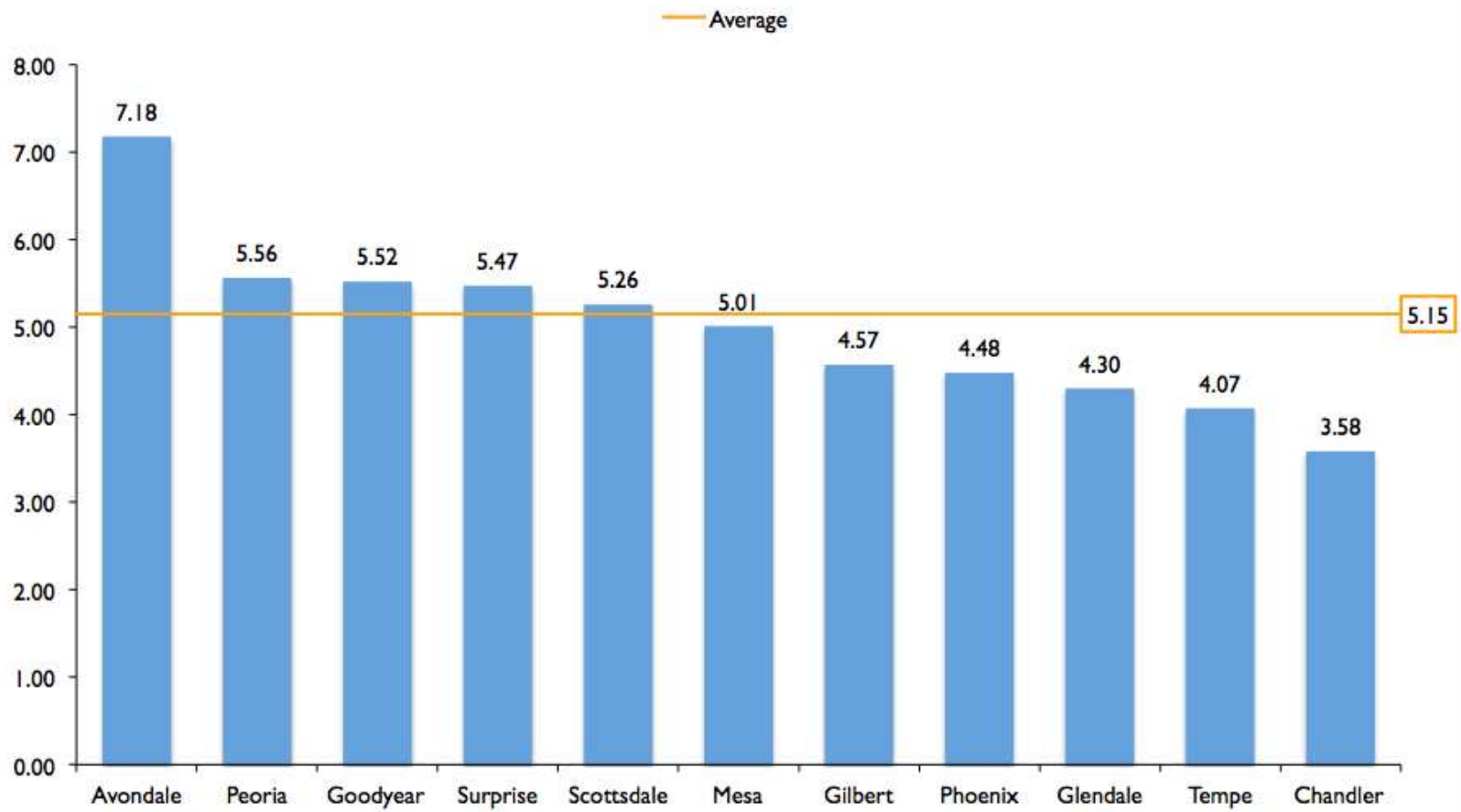
# Benchmarking



# Comparing performance with other organizations

# Fire Response Time

*Length of time for a fire apparatus to arrive on scene after a resident calls 9-1-1. Includes turnout time and time en route to arrival on scene. Measured in minutes and seconds.*



"Evidence suggests that improved performance occurs at a much greater rate when performance measures are compared."
Smith and Cheng, 2004

# Visualization, analysis, interpretation

# Questions for evaluation:

What happened?

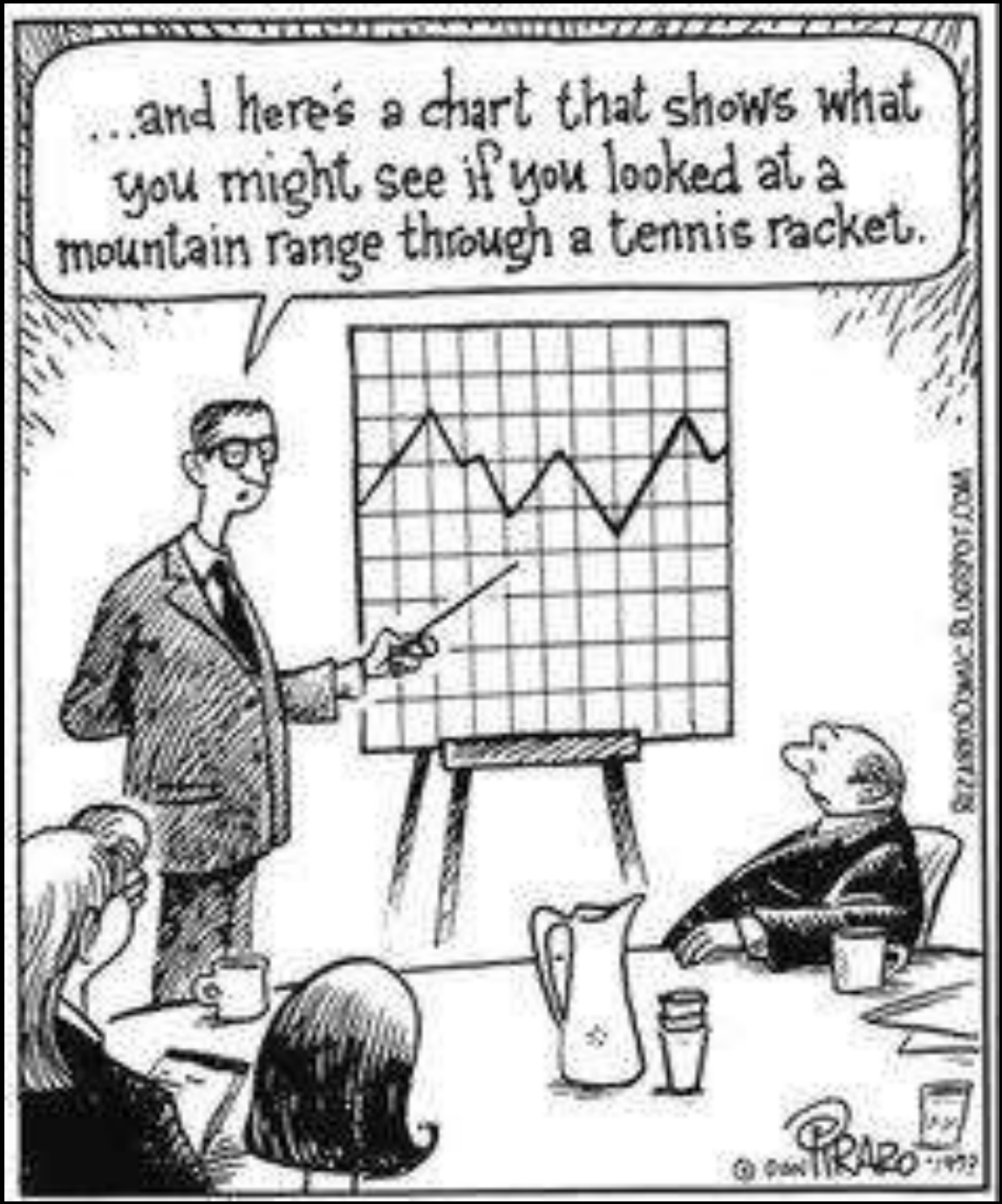
**Why did it happen?**

How did it happen?

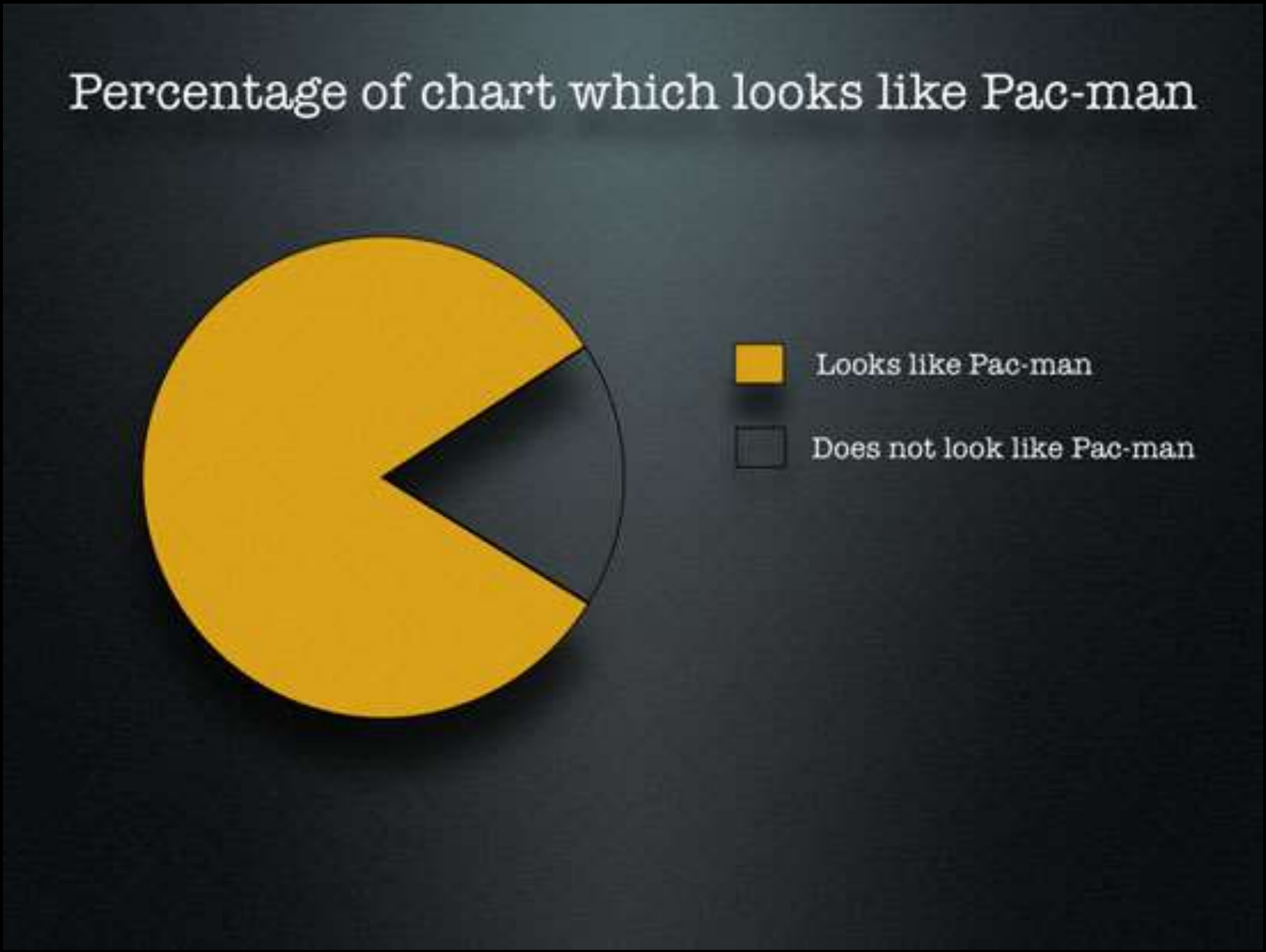
Was this the most efficient use of resources?

How effective was the effort?

How can we improve on the result?


...and here's a chart that shows what you might see if you looked at a mountain range through a tennis racket.
PIRARO

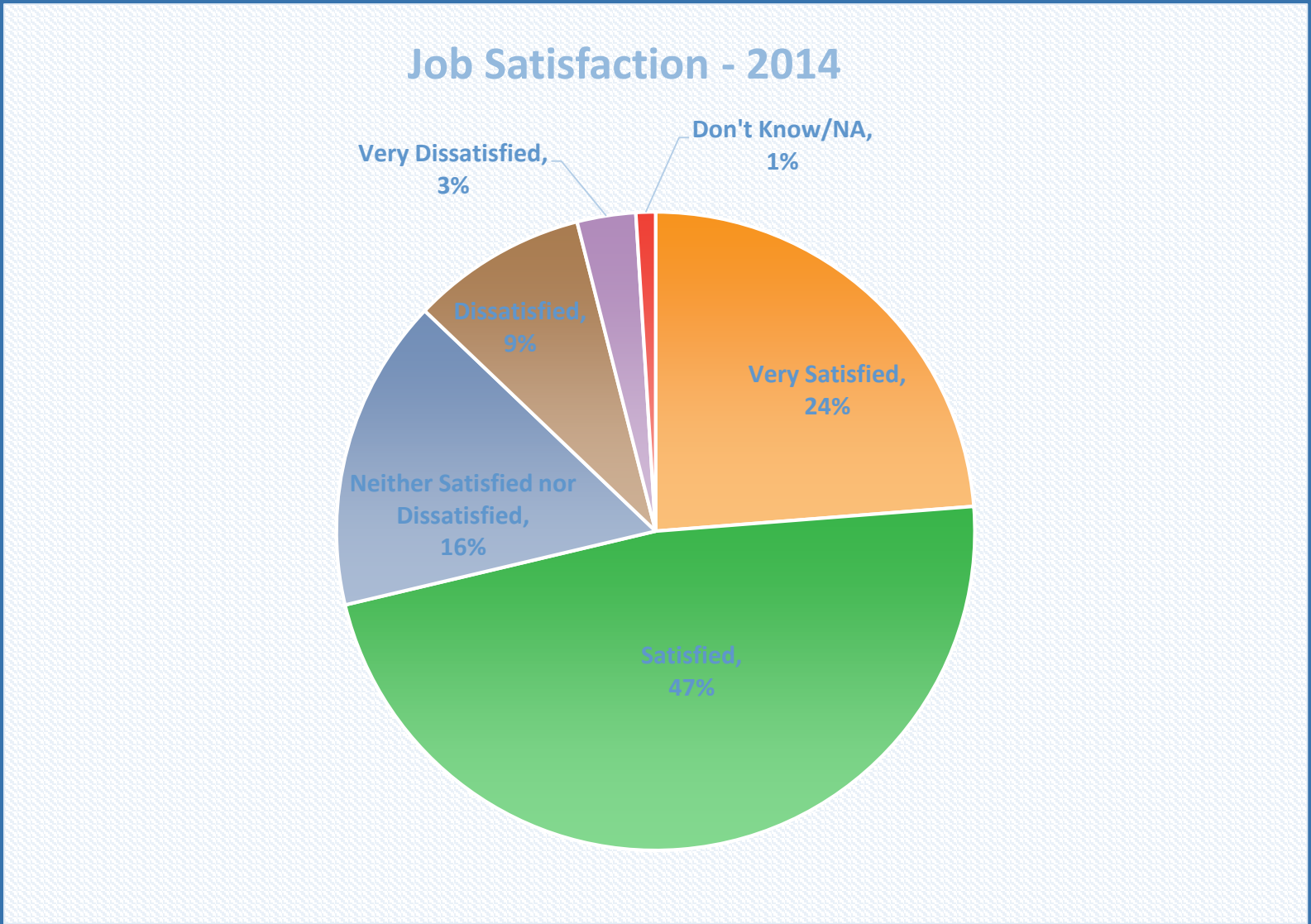

Pie I have eaten
12.5%
87.5%
Pie I have not yet eaten



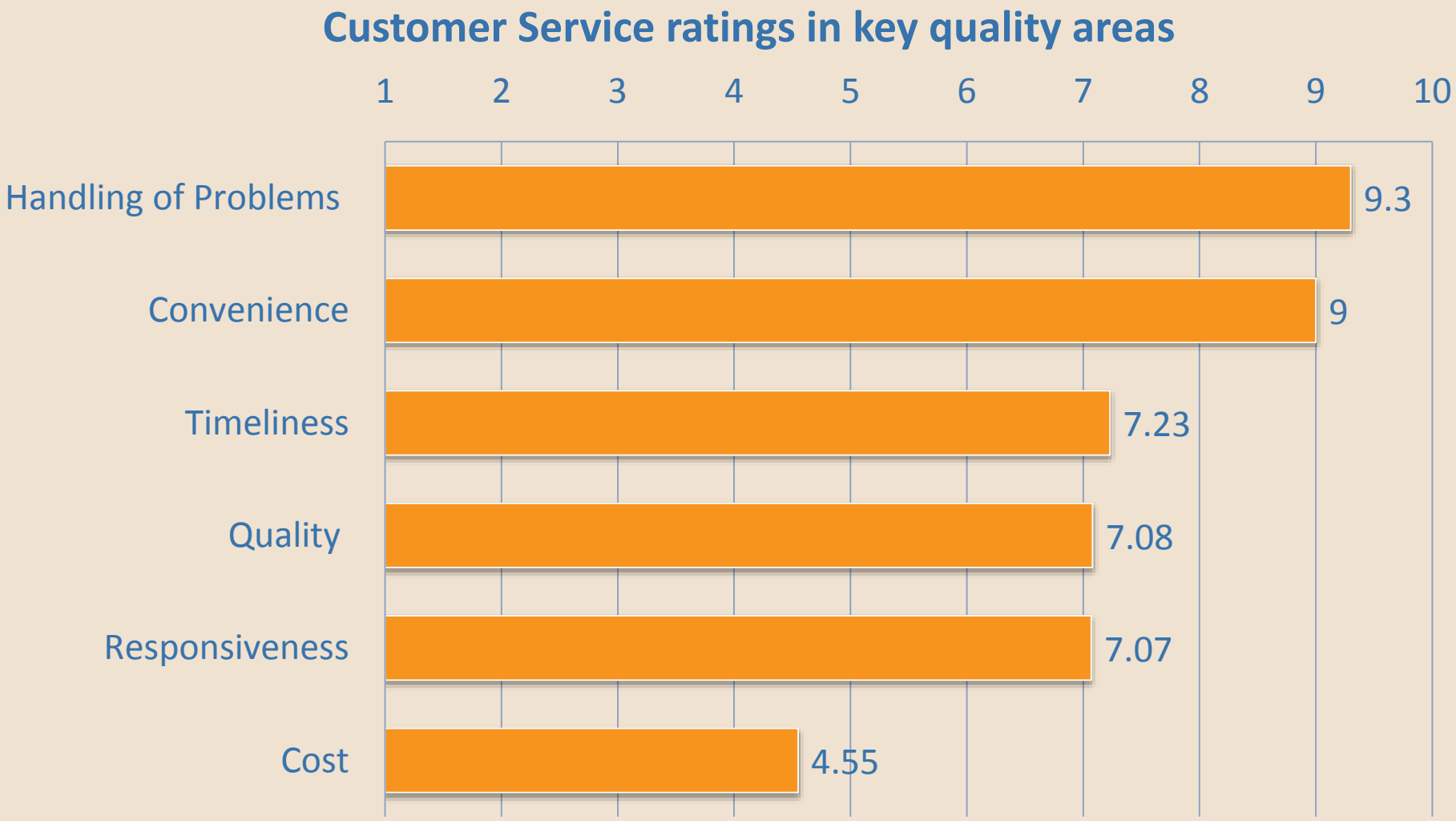

http://www.presentationzen.com/presentationzen/2007/03/a_few_weeks_ago.html

# Tables, Charts, Graphs

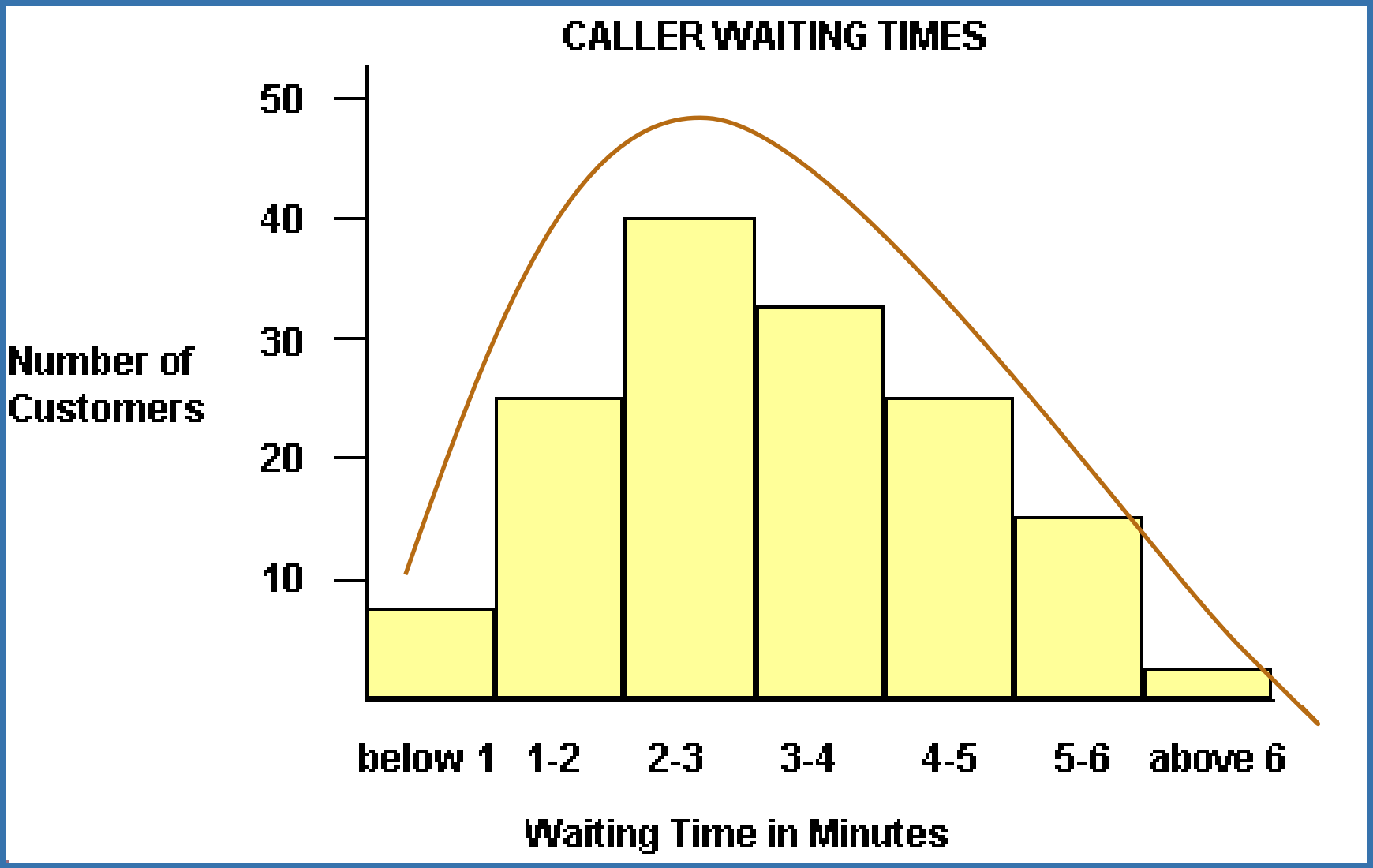
# Composition: Pie Chart
## (parts of a whole)



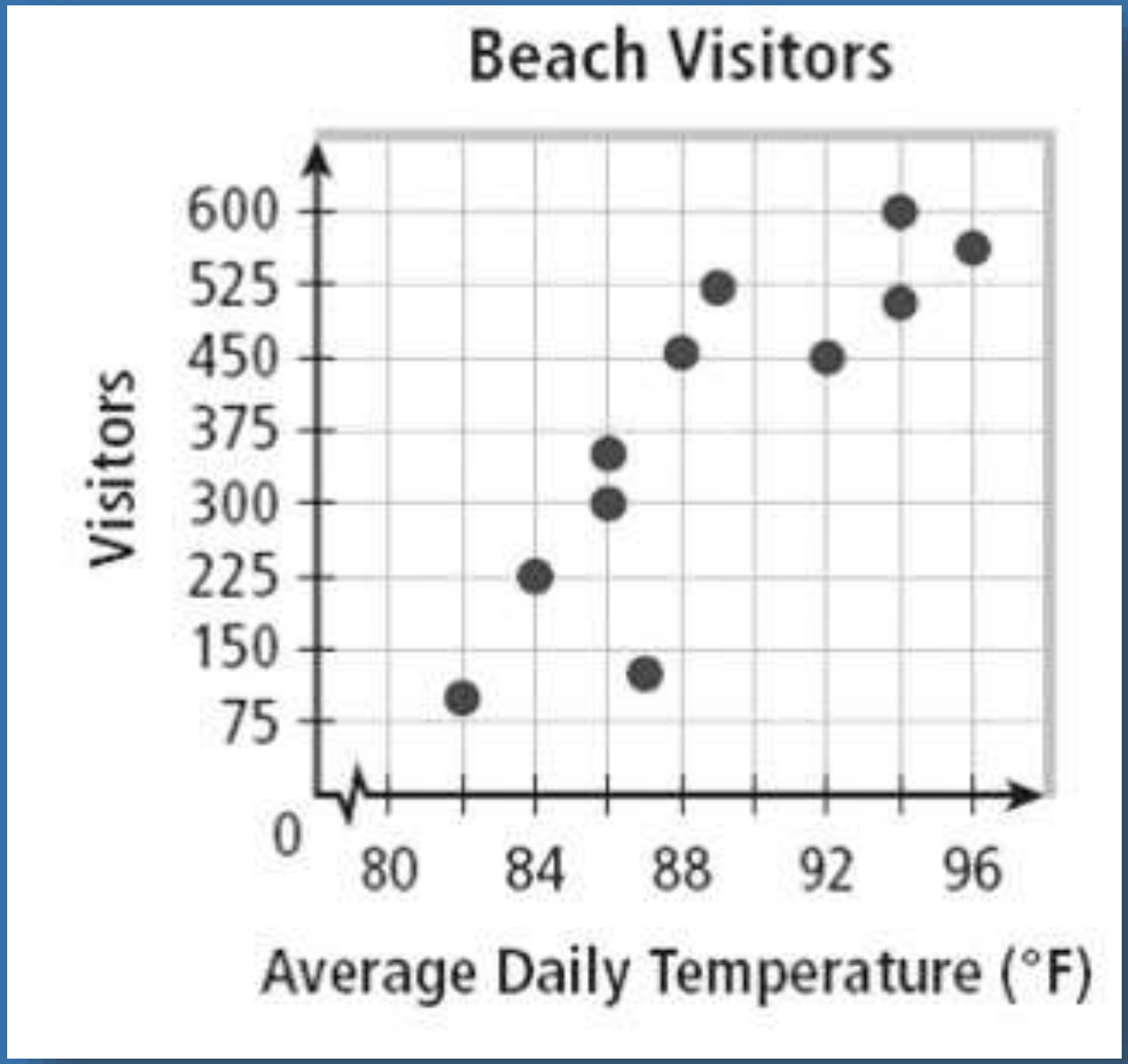
# Comparison: Pareto Chart



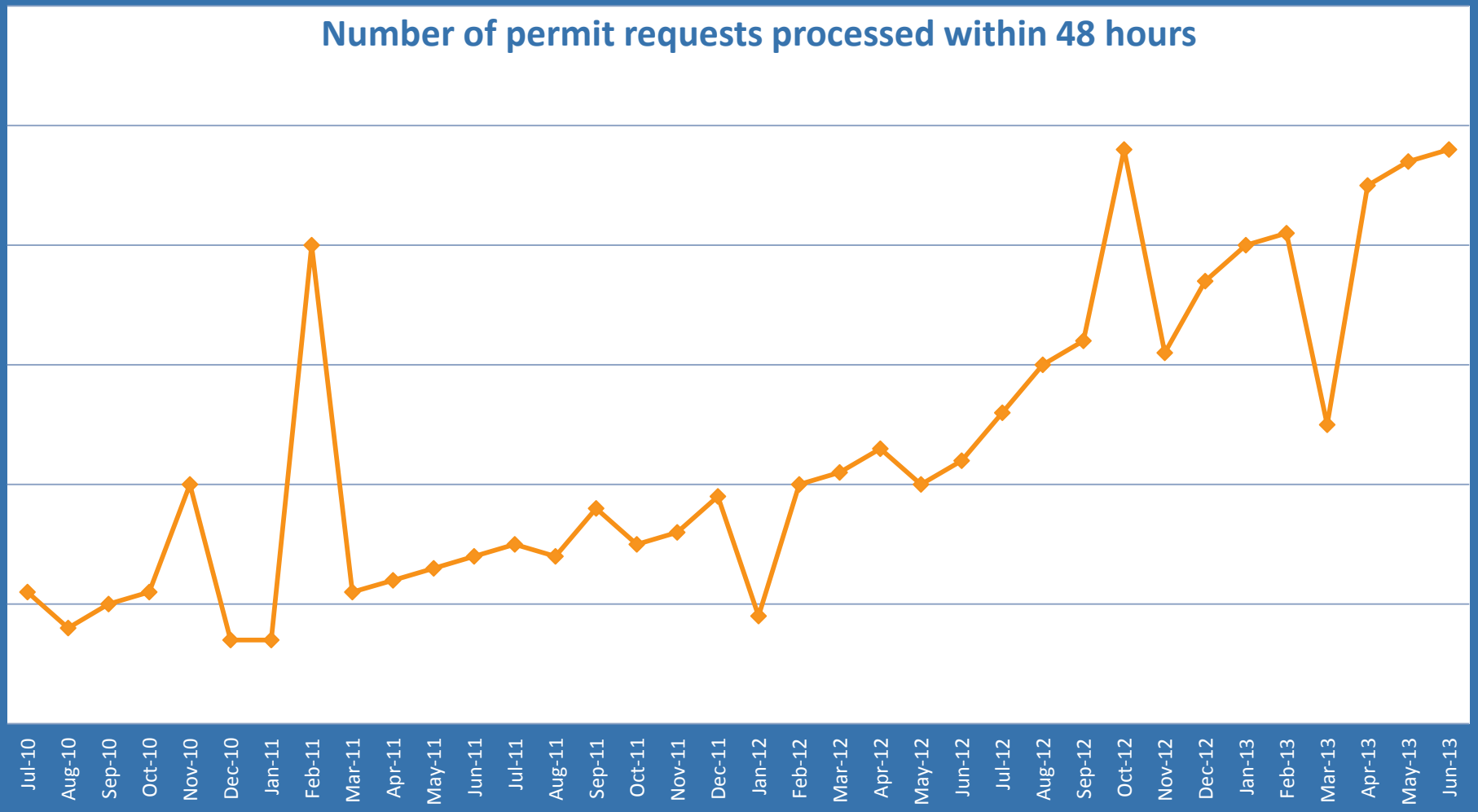
# Distribution: Histogram



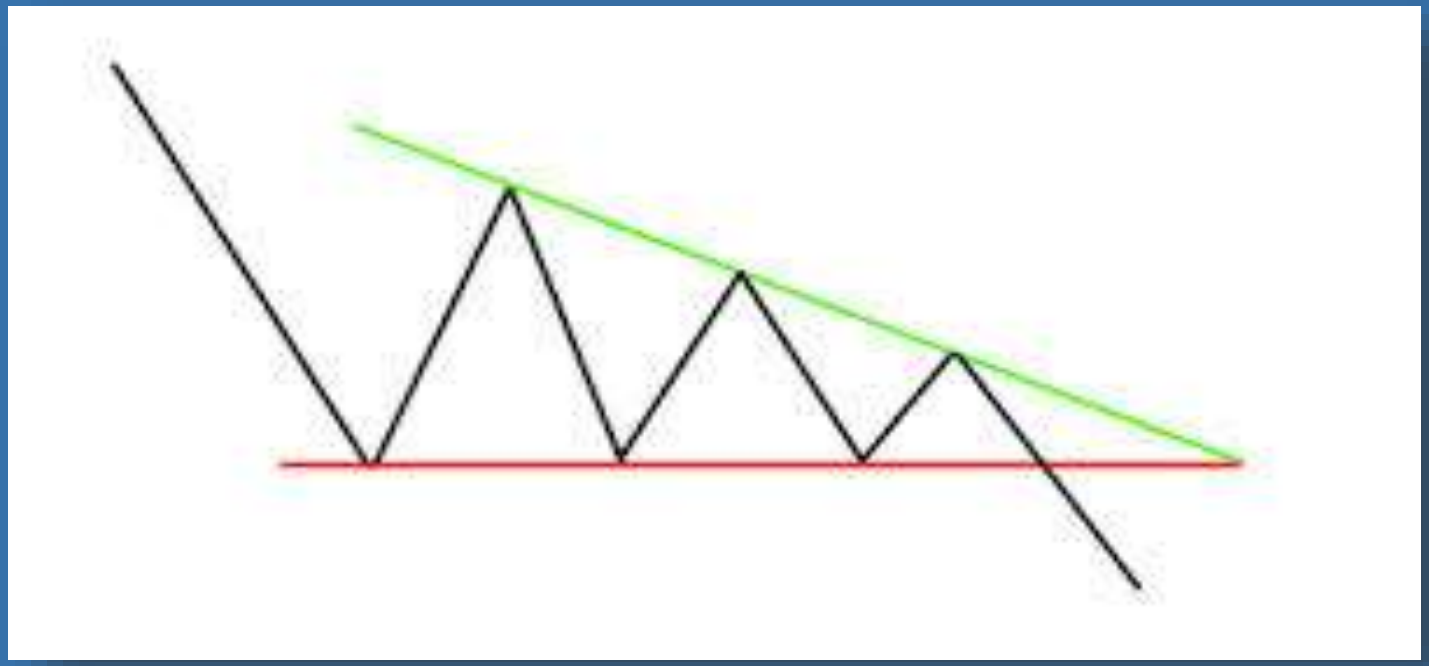
# Relationship: Scatter Chart



# Patterns: Simple Time Series



# With performance measures: look for patterns, not points



# First Principle for Understanding Data:

No data have meaning
apart from their context.

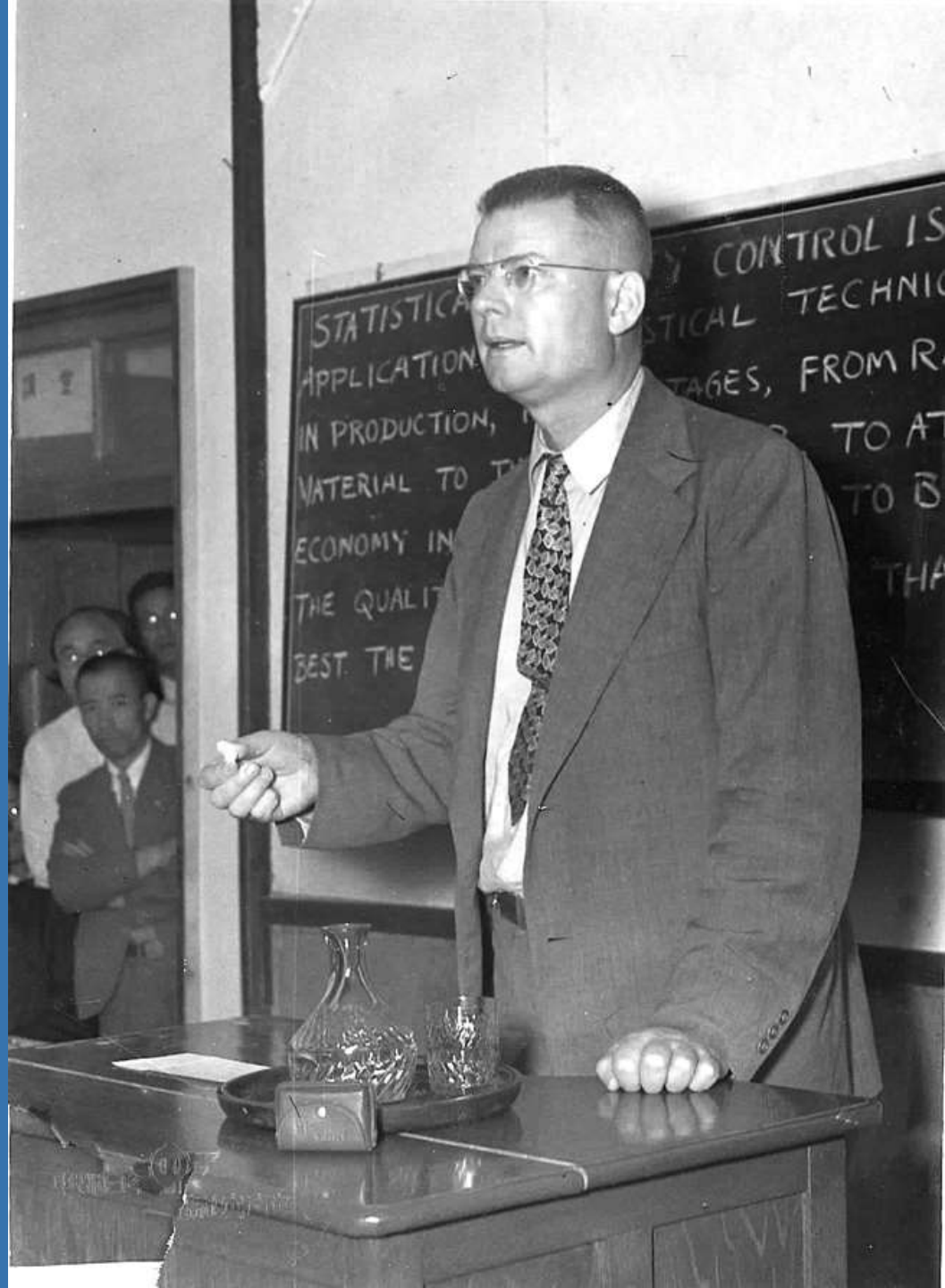
*Environment, History, Method*

Source: Wheeler, D. *Understanding Variation* (1993)

“We must understand variation.”

(avoid management tampering)

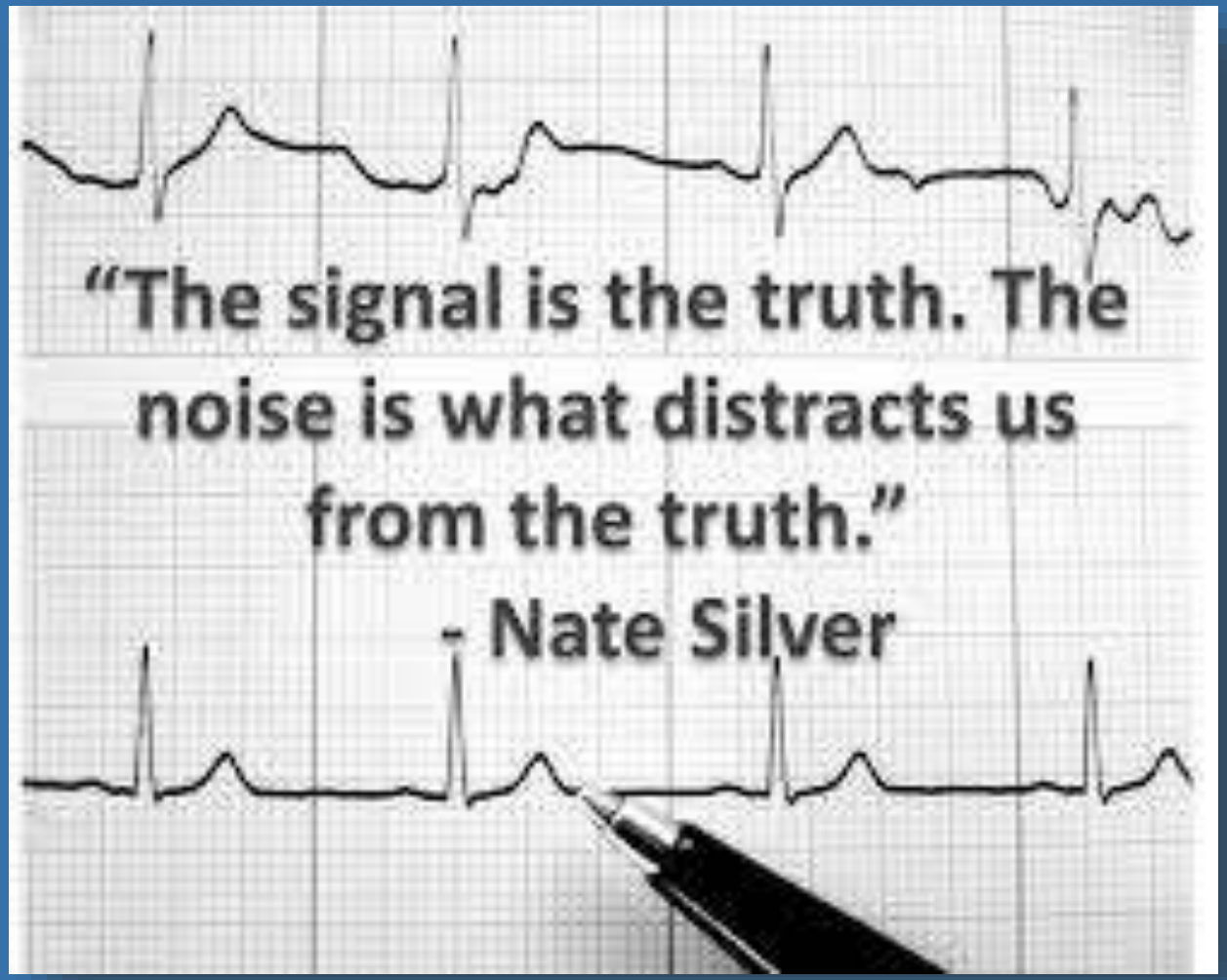
Dr. W. Edwards Deming



# Second Principle for Understanding Data:

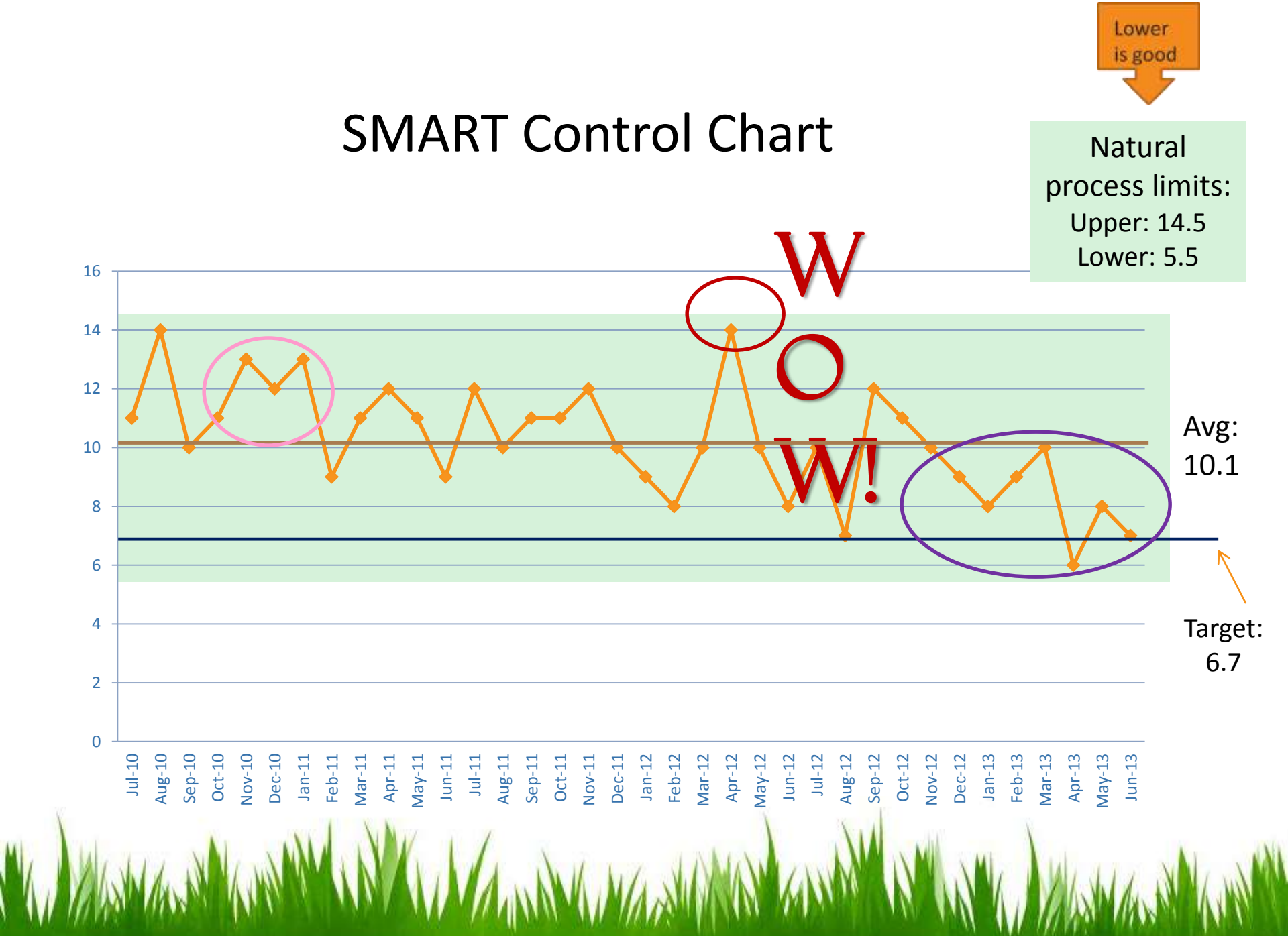
The distinction between signals and noise is the foundation for every meaningful analysis of data

Source: Wheeler, D. *Understanding Variation* (1993)


"The signal is the truth. The noise is what distracts us from the truth."
- Nate Silver

# What is a signal? A value beyond the limits of the control chart

# SMART Control Chart



# Seven important performance signals

# 1 **U**npredictable or chaotic

# 2 **W**orsening

# 3 **St**able and not changing

#4 **I**mproving, but not fast enough

# 5 **I**mproving at a rate fast enough

# 6 **R**eached target

# 7 **E**xceeded the target

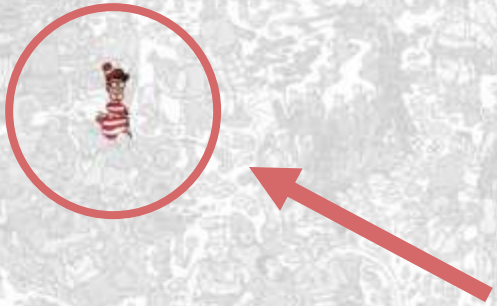
CITY OF SCOTTSDALE

# Best practices in reporting data

*"...the public feels strongly that government has a responsibility to provide understandable financial information to the public."*

*Harris Interactive Survey (2010)*


clutter



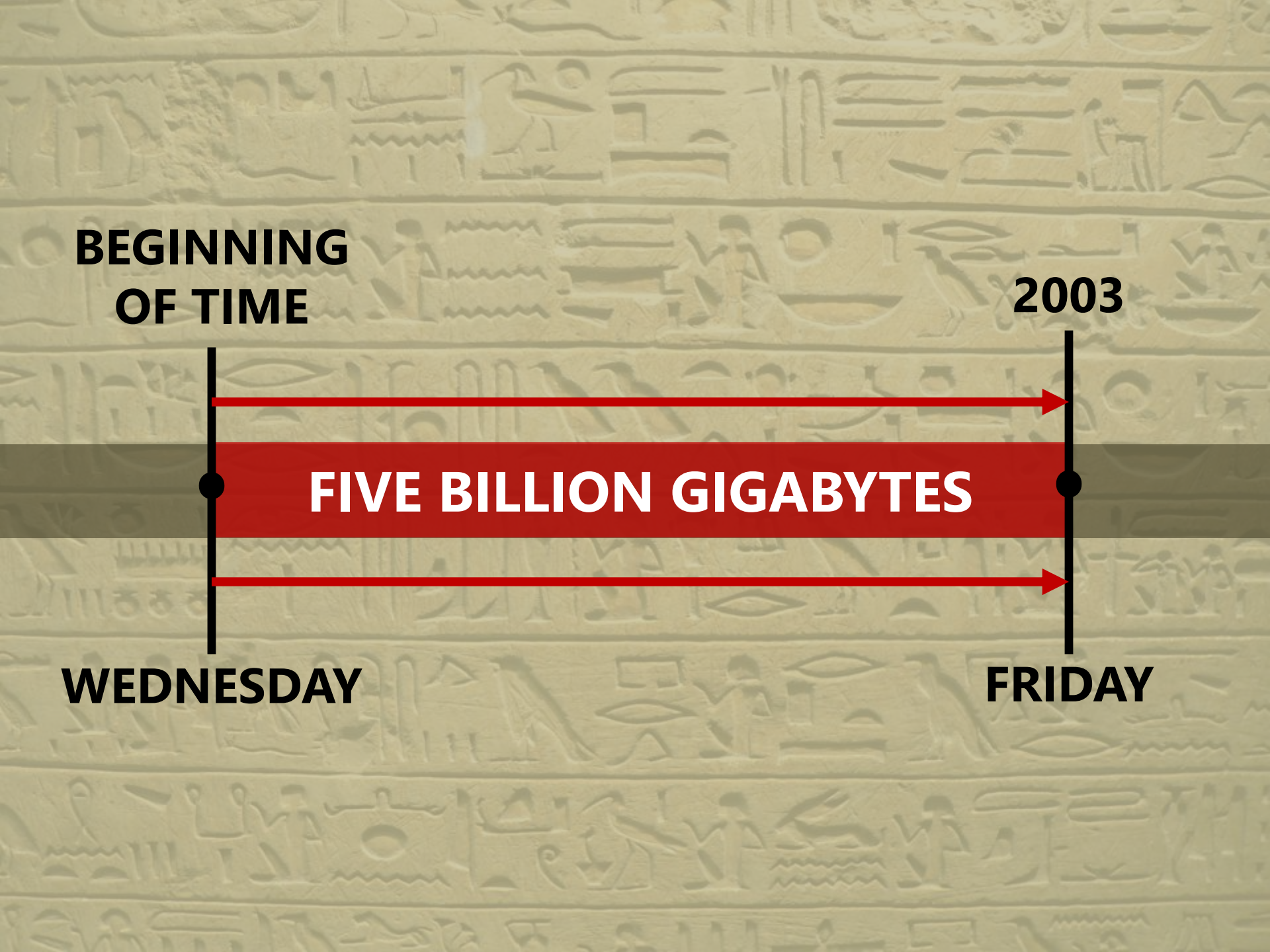
# clarity


IF YOU
CAN'T
CONVINCE
THEM
CONFUSE
THEM

# The three principles of simplicity

**Empathize**

Perceive others needs
& expectations


BEGINNING OF TIME
2003
FIVE BILLION GIGABYTES
WEDNESDAY
FRIDAY

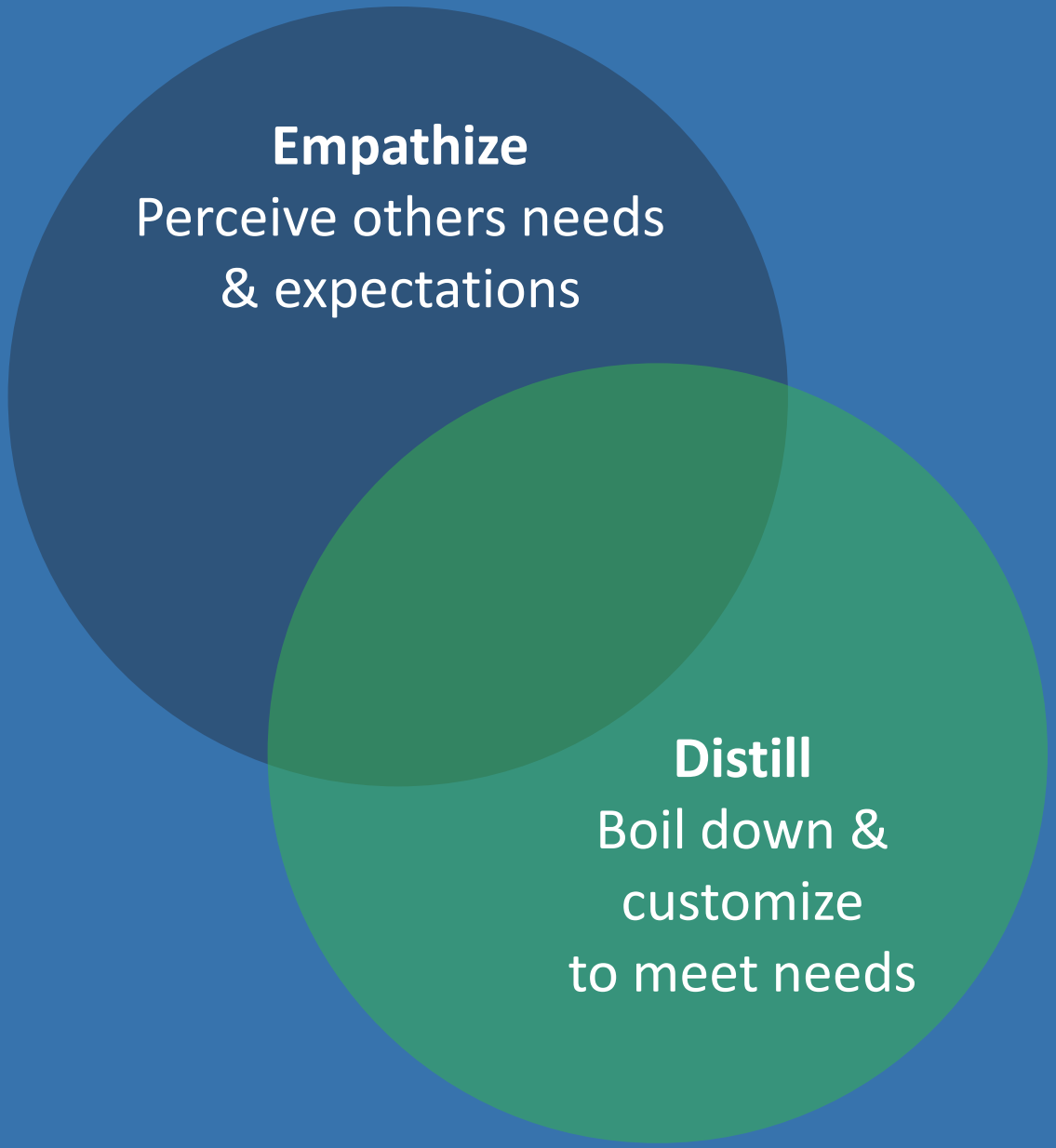
**40** hours

**640,000** words

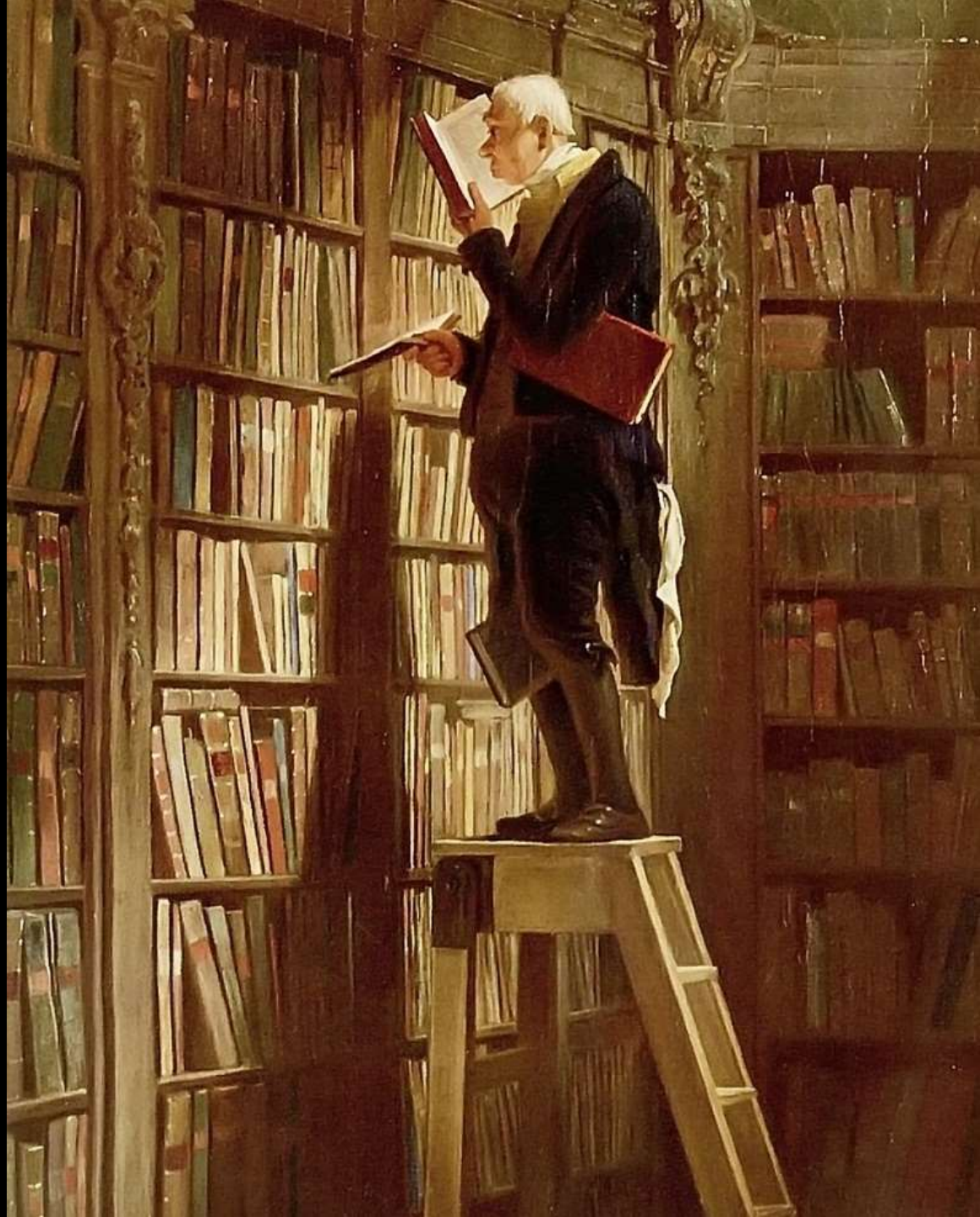
**1,600** pages

**25** reports

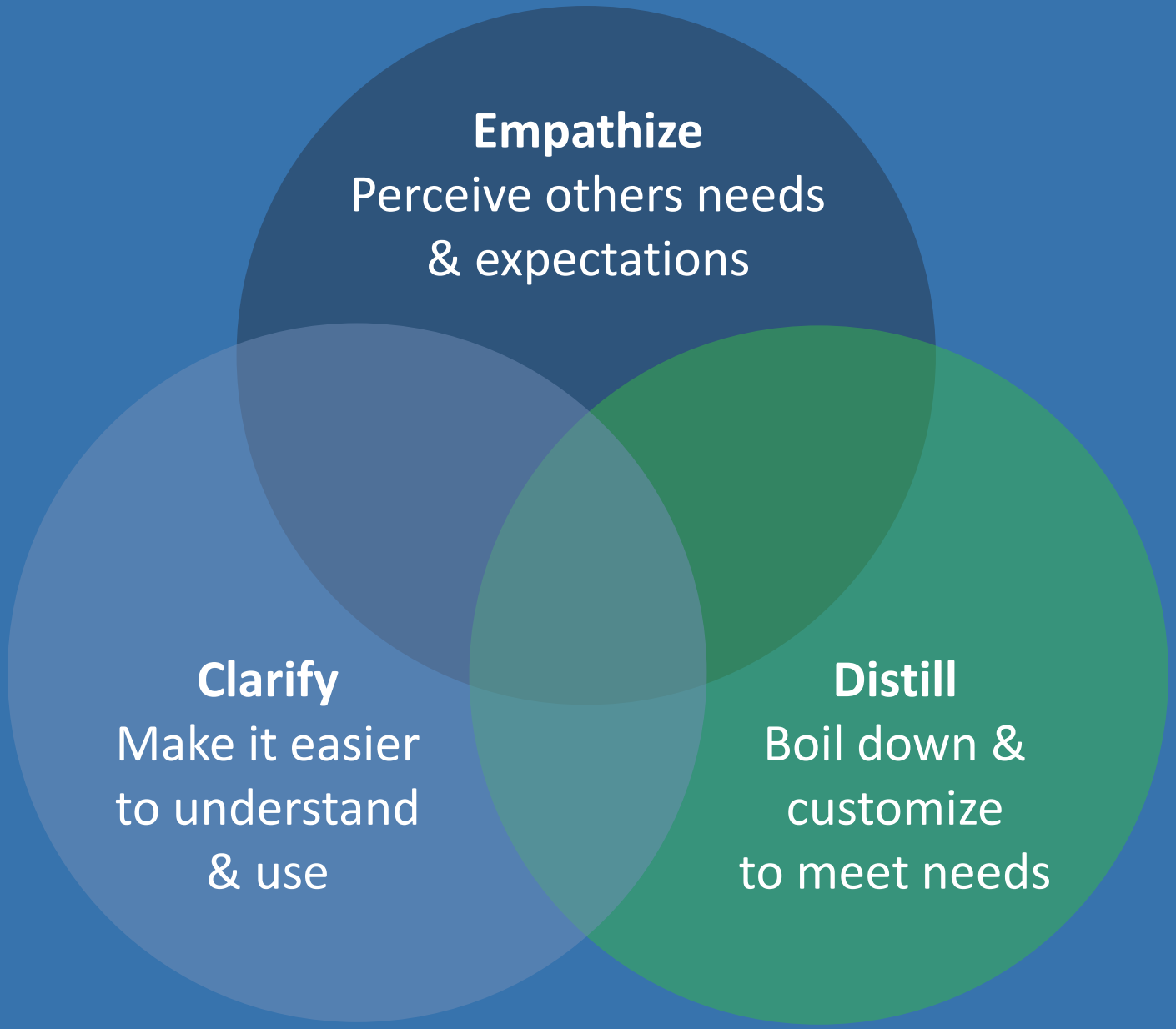

what
you want
to say
what
they need
to hear


Empathize
Perceive others needs
& expectations
Distill
Boil down &
customize
to meet needs

**You are a curator.**



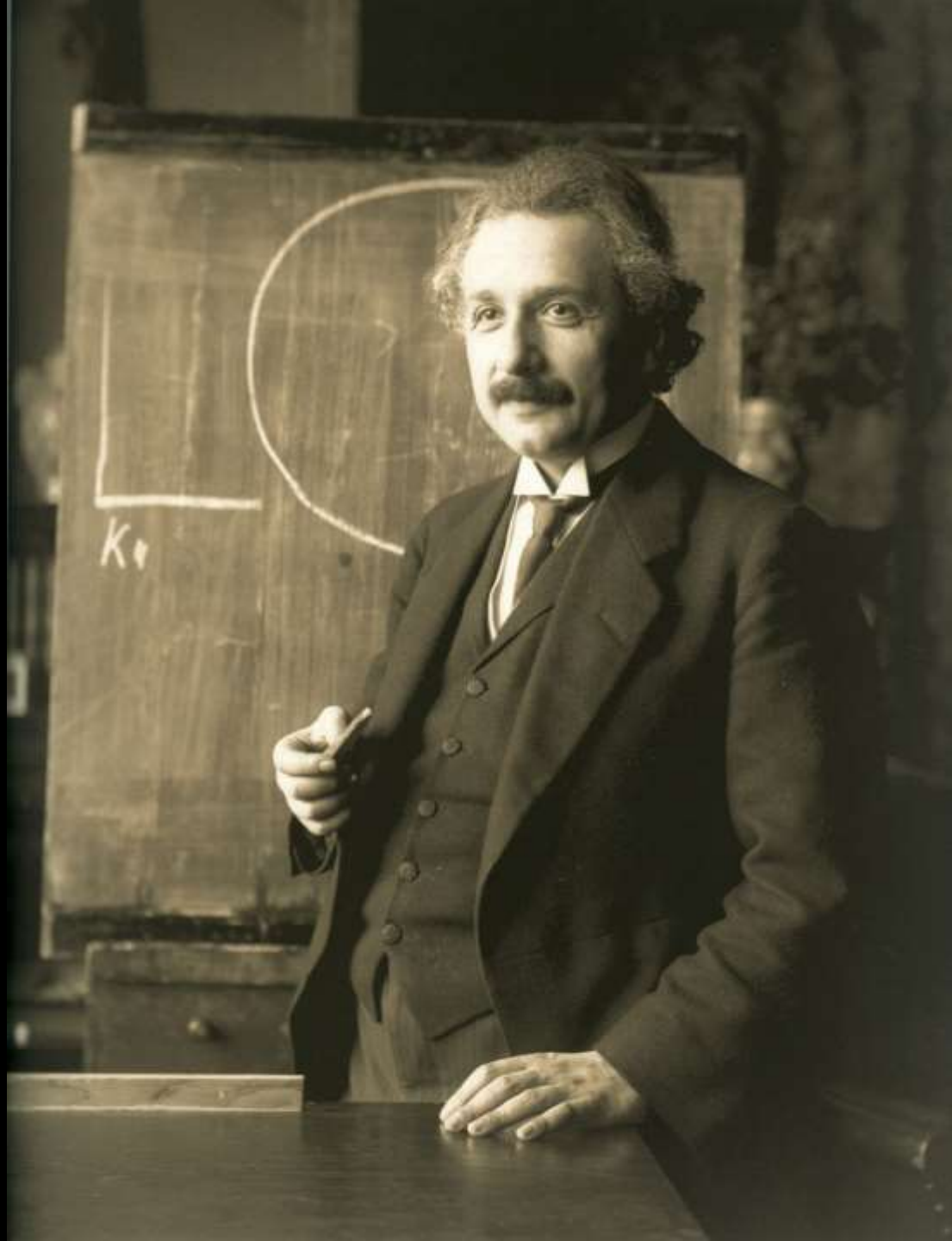

Don’t hide the T-Rex.

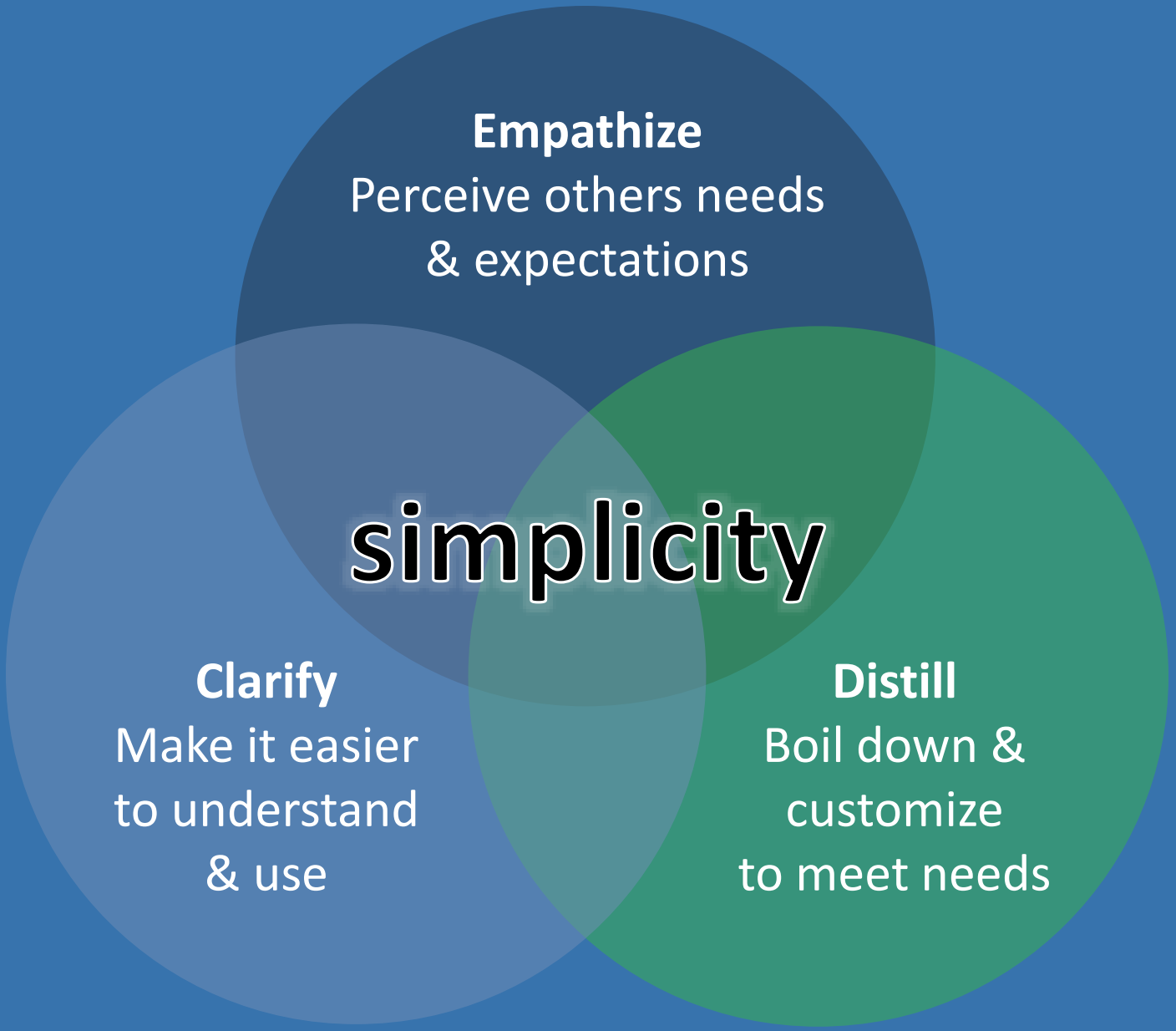

Empathize
Perceive others needs
& expectations
Clarify
Make it easier
to understand
& use
Distill
Boil down &
customize
to meet needs

“It can scarcely be denied that the supreme goal of all theory is to make the irreducible basic elements as simple and as few as possible without having to surrender the adequate representation of a single datum of experience.”

from “On the Method of Theoretical Physics.”

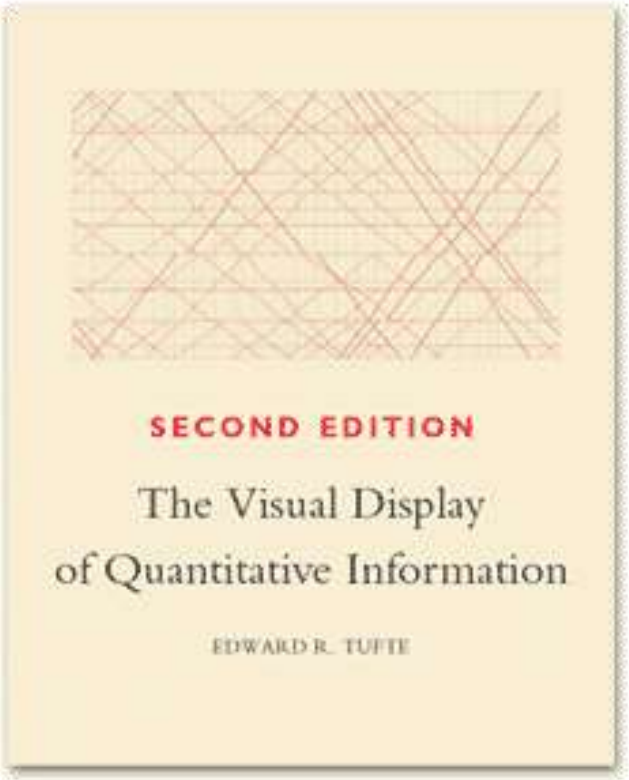
Albert Einstein (1933)






From: “Simple: Conquering the Crisis of Complexity,” Alan Siegel and Irene Etzkorn (2013)

# Edward R. Tufte

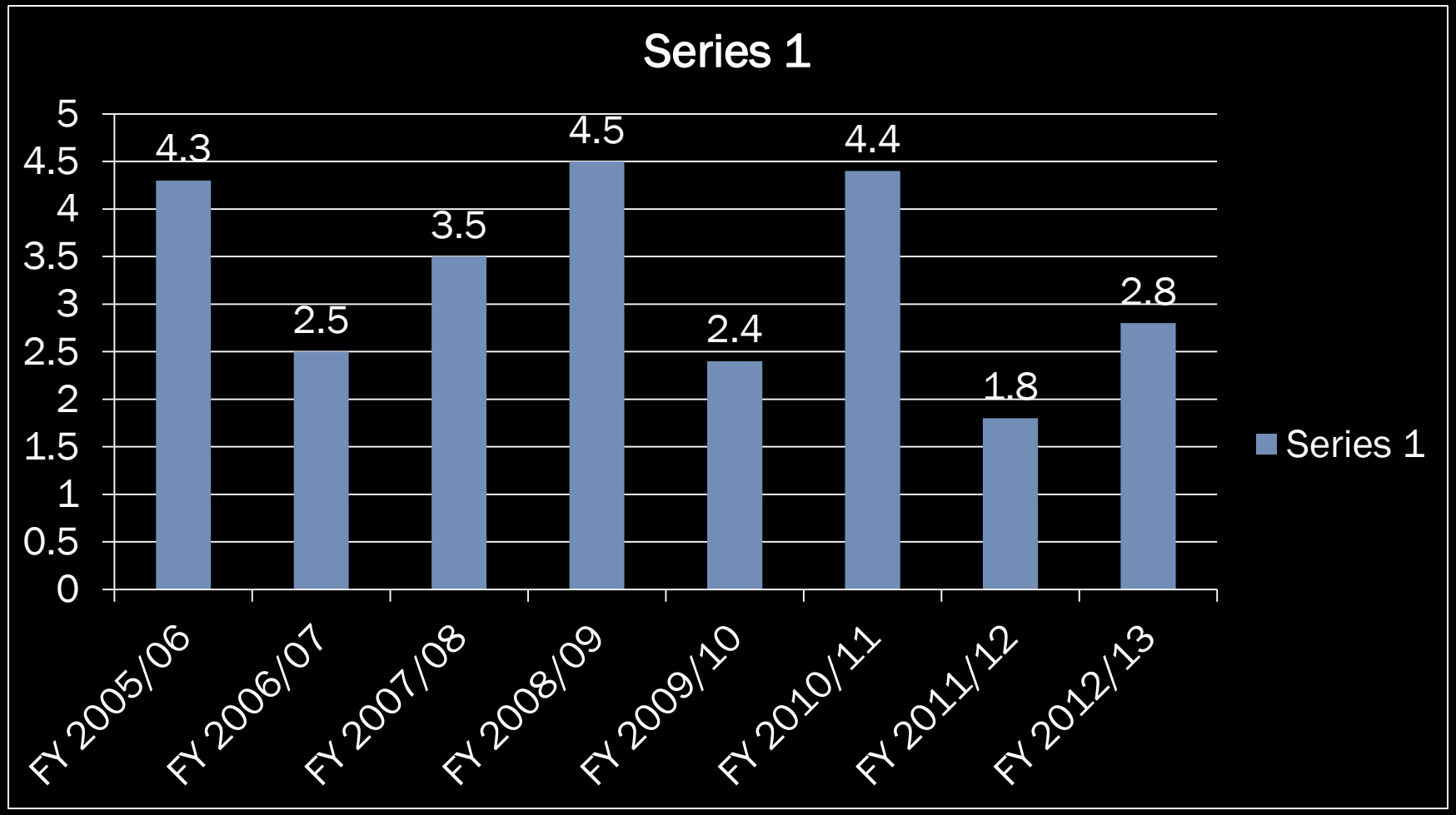



The Visual Display of Quantitative Information, Edward R. Tufte, 2001

@EdwardTufte

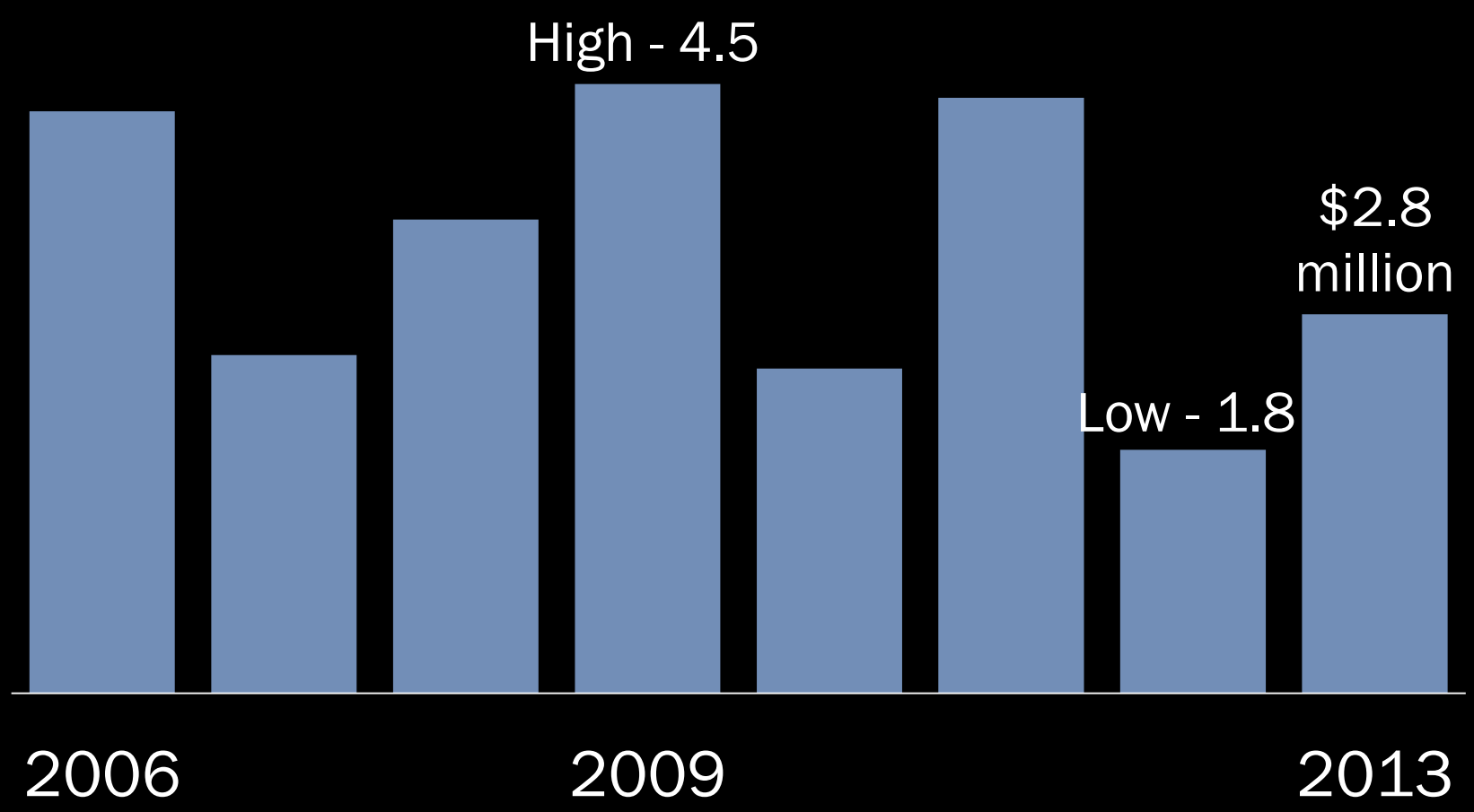
# Remove Chartjunk

"interior decoration of graphics generates a lot of ink that does not tell the viewer anything new."



# Increase Data-Ink

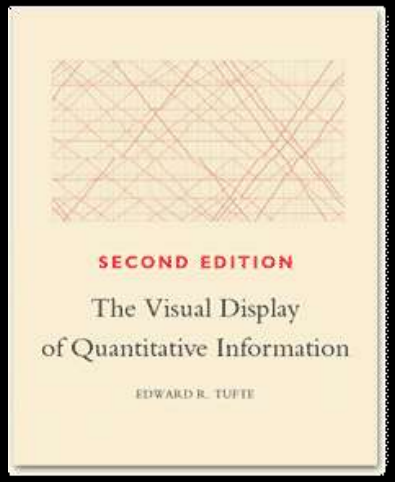
"data graphics should draw the viewer's attention to the sense and substance of the data, not to something else."



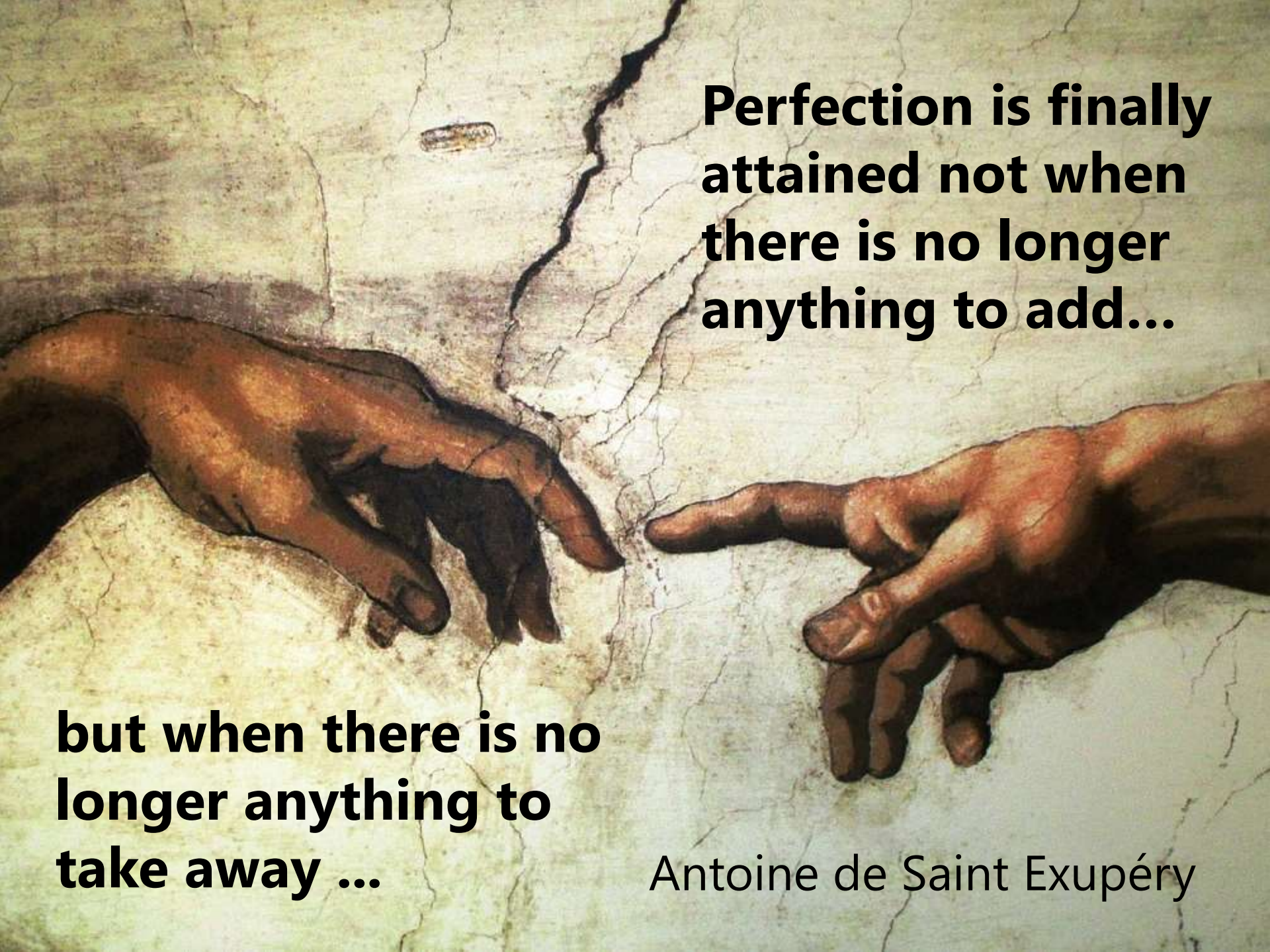
# Accessible Complexity: The Friendly Data Graphic

Characteristics of friendly graphics

- ❑ words are spelled out
- ❑ words run from left to right
- ❑ little messages help explain data
- ❑ avoid elaborately encoded shadings, crosshatching and colors
- ❑ labels are placed on the graphic itself; no legend is required
- ❑ graphic attracts viewer, provokes curiosity
- ❑ colors, if used, are chosen so that color-deficient and color-blind (5 to 10 percent of viewers) can make sense of the graphic (blue can be distinguished from other colors by most color-deficient people)
- ❑ Type is clear, precise, modest
- ❑ Type is upper- and lower-case, with serifs




The Visual Display of Quantitative Information, Edward R. Tufte, 2001, p. 183


Perfection is finally attained not when there is no longer anything to add…
but when there is no longer anything to take away …
Antoine de Saint Exupéry

**“effective information visualization (is) premised on:**

# simplicity

(complex notions simplified to save time for reader);

# transparency

(visual honesty and responsibility in sourcing);

# creativity

(design that is memorable and understandable);

# sociability

(easily shared and improved)”

“effective information visualization (is) premised on:

# simplicity

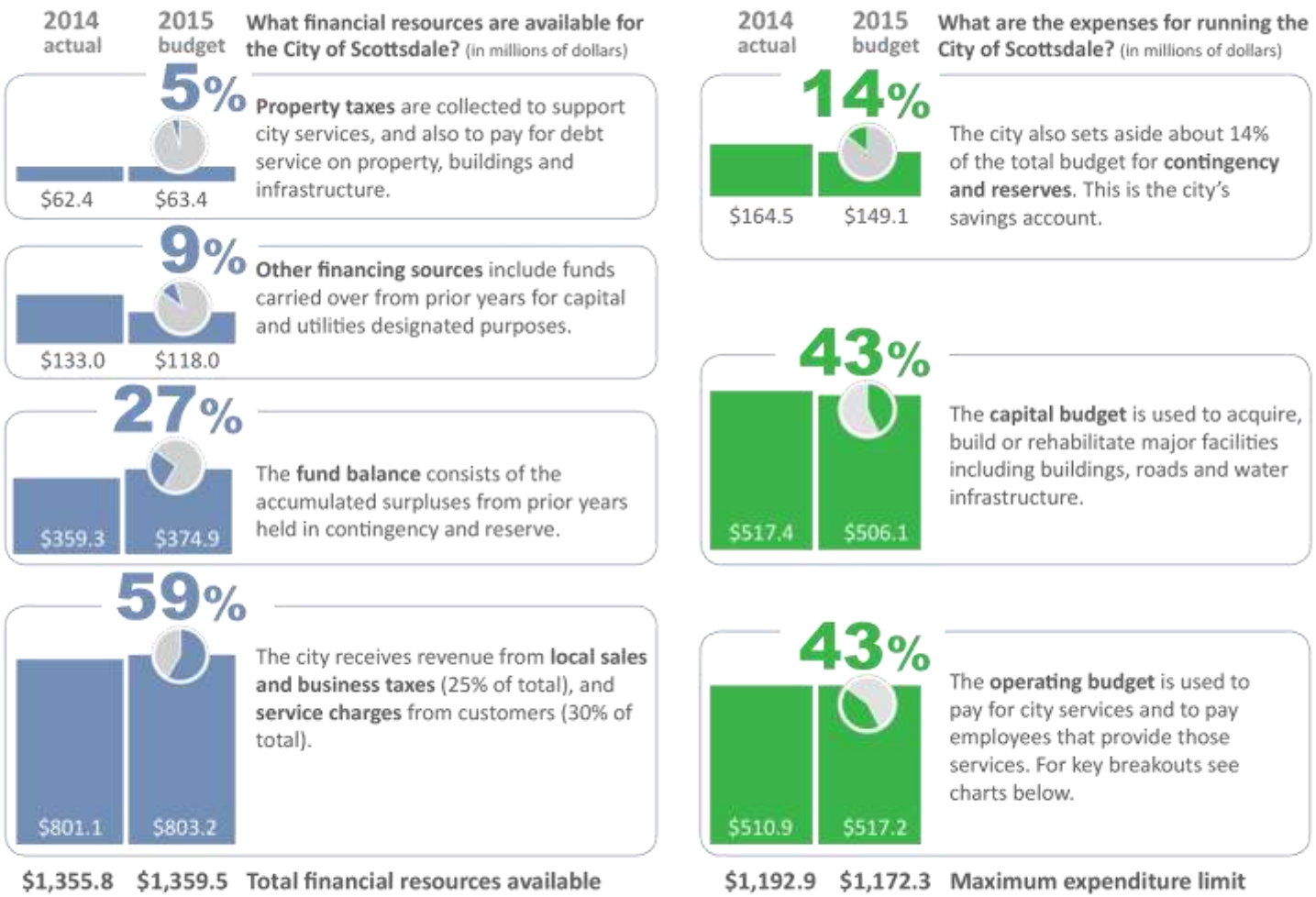
(complex notions simplified to save time for reader)

| **Scottsdale Statistics** Fiscal Year Ending June 30 | 2009 | 5-Year Trend | 2014 |
|---|---|---|---|
| Acres of land acquired for the McDowell Sonoran Preserve | 25 | | 2,365 |
| Annual attendance at parks, community centers and libraries (in millions) | 8.7 | | 7.8 |
| Total number of filed charges heard and resolved by the City Court | 137,887 | | 83,441 |
| Responses by the Fire Department to calls for emergency services | 23,953 | | 28,544 |
| Average Fire Dept. travel time to calls for emergency services (in minutes) | 4:23 | | 4:27 |
| Total crimes per thousand (Scottsdale Uniform Crime Report, Part 1) * | 34.3 | | 27.8 |
| Average Police Department response time to emergency calls (in minutes) | 5:07 | | 5:04 |
| Drinking water supplied (million gallons per day) | 69.4 | | 70.2 |
| Homes serviced by residential trash and recycling collections | 78,607 | | 80,354 |
| New jobs created in targeted industries | 394 | | 1,069 |
| Average hotel occupancy rate | 59% | | 66% |
| Total citywide transit ridership (in millions) | 3.5 | | 2.6 |
| Scottsdale Airport takeoffs & landings | 169,972 | | 142,248 |
| Maintained landscaped medians and rights of way (in millions of square feet) | 17.0 | | 22.5 |
| Maintained city facilities (in millions of square feet) | 2.3 | | 3.3 |

“effective information visualization (is) premised on:

# transparency

(visual honesty and responsibility in sourcing)



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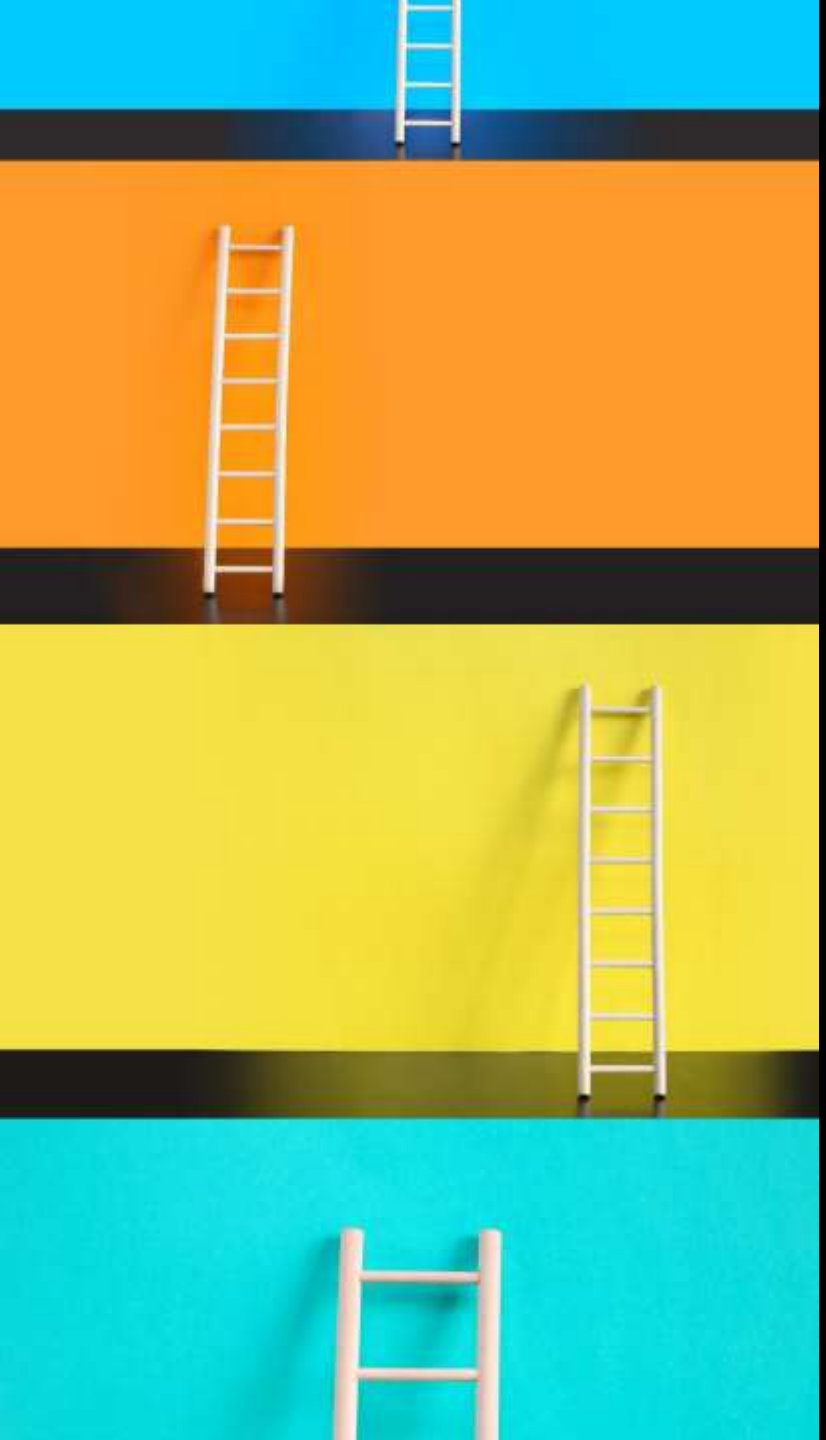
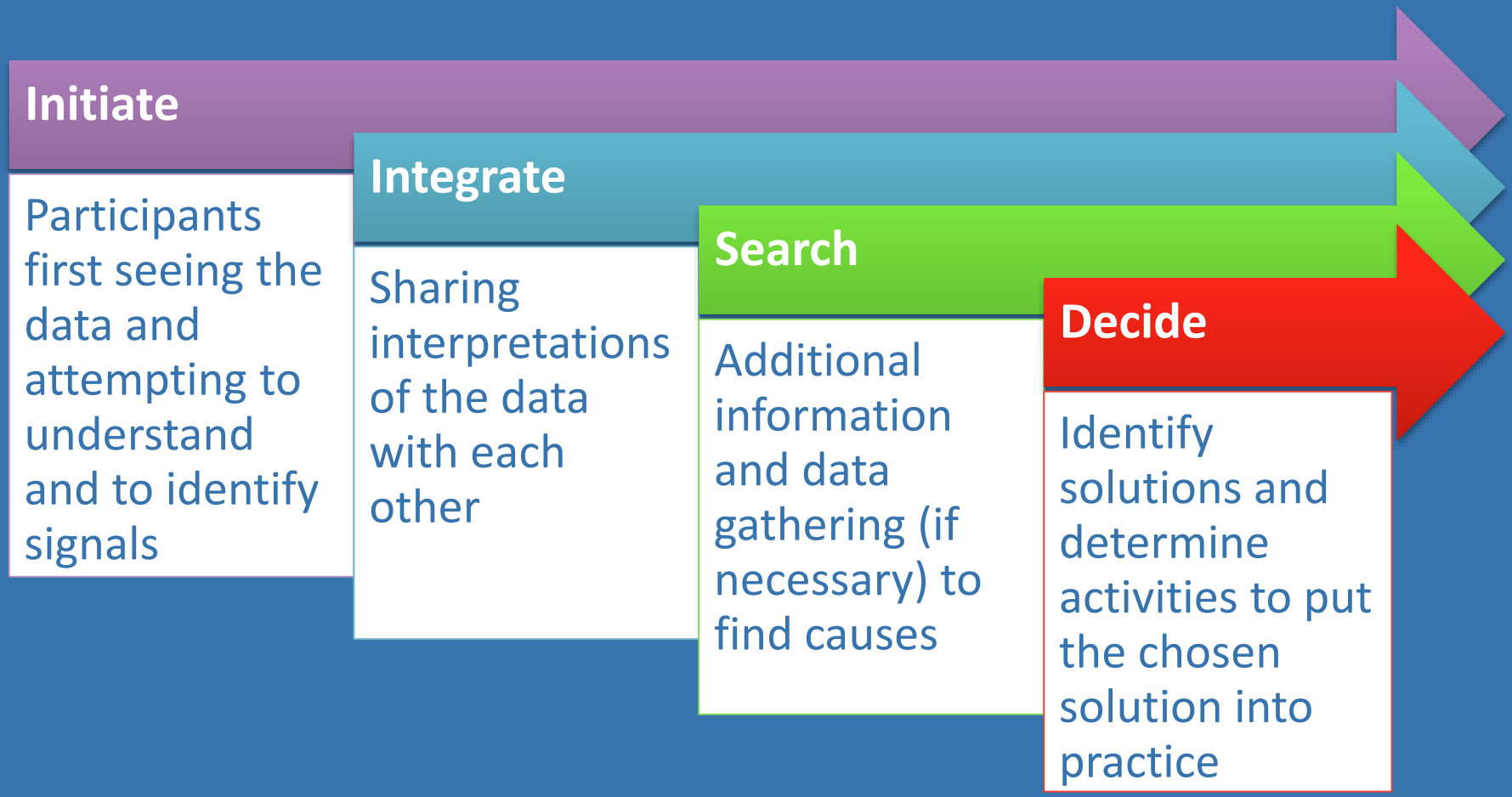


5. Ensure sustained performance by engaging staff and leadership in the process to ensure everyone is focused on achieving outcomes and results

# Internal performance dialogues

# Performance Dialogue process



Basic principles of “stats” programs

- Accurate and timely intelligence
- Rapid deployment of resources
- Effective tactics
- Relentless follow-up and assessment

# Performance Review Sessions: “Stats” programs

**Tips for successful Performance Review Sessions:**

- Leadership sufficiently interested to support and participate in regular meetings
- A process that provides timely and accurate data on program outputs and outcomes
- Staff that can assist the leader in examining the data and provide advice on issues to address at the meetings

# Performance Review Sessions: "Stats" programs

# Keys to achieving benefits from performance measurement

- Chief executive support is indispensable
- Regular performance review meetings are essential
- Performance measurement's greatest value is as a tool for learning.
- A centralized performance measurement coordinating authority provides a locus for performance measurement activity.

From Lessons from Performance Measurement Leaders, GFOA ( 2013)
http://www.gfoa.org/lessons-performance-management-leaders-sample-larger-local-governments-north-america

**Three reasons employees don't like their jobs**
**From Patrick Lencioni. 2007. *"The Three Signs of a Miserable Job."***

## Anonymity

We aren't understood or appreciated for our unique contribution

## Irrelevance

We don't see how our work impacts the lives of others

## Immeasurability

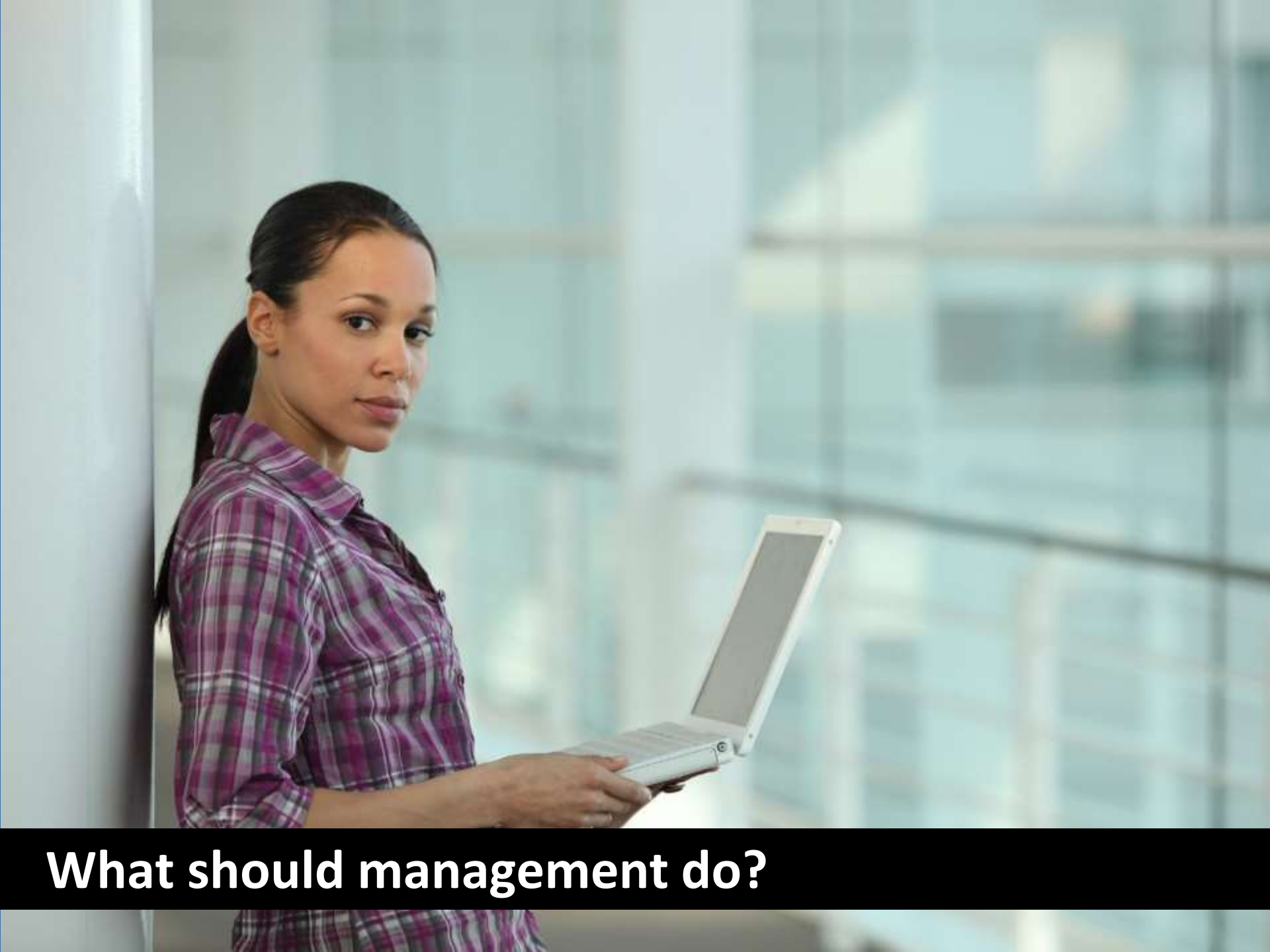
We don't get a daily sense of measurable accomplishment

Three reasons employees don't like their jobs
From Patrick Lencioni. 2007. *"The Three Signs of a Miserable Job."*

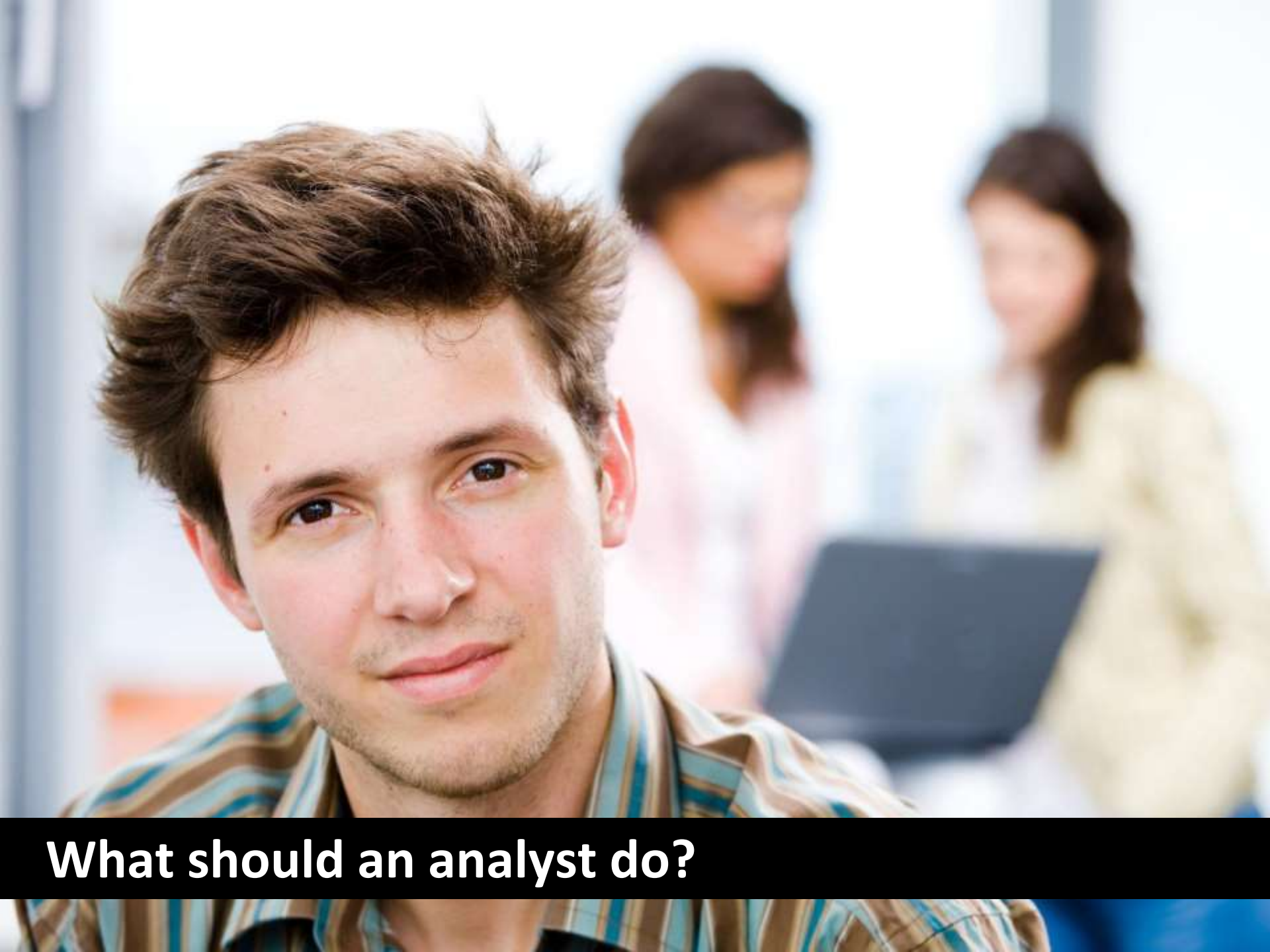
**Anonymity** **Irrelevance** **Immeasurability**

But, what if…
we understood our unique contribution,
knew how our work impacted others
and got a daily sense of accomplishment?
Wouldn't that make a difference?

# So… What’s your role in this?



# What should management do?



# What should an analyst do?

# What should an employee do?

# Wrap It Up Already!!!

# FIVE KEYS to Aligning Performance Measurement to Mission, Goals, and Strategy

1. Make sure everyone has the same understanding of the what/why of performance management **BEFORE** you implement a program

2. Make sure **CLEARLY STATED** outcomes are **CONNECTED** to measures that provide the best available observable, objective, and related evidence

3. Take a SYSTEMATIC and PURPOSEFUL approach to development and analysis of performance measurement

# 4. Report measures with SIMPLICITY keeping the audience in mind

5. **ENGAGE** leadership, staff and stakeholders throughout the alignment and measurement process

# QUESTIONS/INSIGHTS?

CITY OF SCOTTSDALE

**For more information go to ScottsdaleAZ.gov and search "performance"**