

KELLYSEARS

CONSULTING GROUP

Generic Approach

Performance Check™ Toolkit

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280 Albert Street, Suite 802, Ottawa, ON K1P 5G8

O: (613) 230-9943 F: (613) 234-3346

www.kellysears.ca

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I Issues and Challenges in Performance Measurement

Performance measurement is defined as a “formally documented system for measuring how well an organization is operating and what the organization is accomplishing.” Federal departments and agencies have been striving for many years to implement performance measurement. This has not been without its challenges, and progress made has been inconsistent. With the introduction of Results-based Management and Accountability Frameworks (RMAFs), the Program Activity Architecture (PAA), Management, Resources, Results Structure (MRRS), and the Management Accountability Framework (MAF), there is added pressure on departments and agencies to take a more meaningful approach to performance measurement.

We identify below some of the potential issues and challenges that may arise in implementing performance measurement in federal departments and agencies, although our experience is that the challenges tend to be specific to each organization:

- **Lack of quantitative data.** Most of the work done by departments and agencies is highly qualitative in nature. Policy development, creating increased awareness, influencing, are not easily quantified. Some results and impacts cannot be measured except in the long term. Further, some results are not easy to measure, and are not easily quantifiable. Over time, increased efforts need to be made to include more quantitative measures. However, in the interim, a performance measurement tool is needed that provides a qualitative assessment of performance that is objective and evidence based.
- **High complexity.** Strategically, a department should not have more than a dozen or so overall indicators to measure its performance. In reality, most departments and agencies work in an environment where each high level indicator is influenced by hundreds of sub-indicators given the many nuances of government policy and program delivery.
- **The challenge of communicating departmental performance results.** Federal departments and agencies have not yet found an easily understandable way of communicating their performance to their external stakeholders (i.e., parliamentarians and the public). The linkages between Departmental Performance Reports and internal performance measurement systems are not always evident. Parliamentarians are frustrated by the lack of useful information provided, and managers are frustrated by the time they spend preparing external reports that are not seen to be linked to their day-to-day reality.

- **Distinguishing between performance measurement and performance management/appraisal.** Performance measurement is sometimes confused with performance management. The latter refers to the appraisal of the performance of individuals. While the concepts are different, they are sometimes linked, particularly in organizations that have mature systems for both. For example, if a performance indicator for an organization is “client satisfaction,” a manager could also be evaluated on this measure as part of the performance appraisal process (measured by the satisfaction of the clients served by the manager’s group). Employees can sometimes feel threatened by performance measurement if they perceive that it will be used as a sanction or enforcement tool (which is not typically the intent).
- **The difference between performance measurement and program evaluation.** Performance measurement refers to measurement and reporting systems that are simpler (i.e., less data to collect, less complex methodologically), less costly and more frequent. Program evaluation studies are typically infrequent (perhaps once every five years), involve in-depth, primary data collection and analysis, and may take several months or longer to conduct. The two concepts are complementary. For example, a periodic evaluation study could include an analysis of data collected by the organization’s performance measurement system.
- **Defining the scope of the performance measurement framework.** Within the federal government community, performance measurement frameworks have tended to focus on identifying and measuring the “outcomes” of the organization. An outcome is something which is experienced by people outside of the organization as a result of activities carried out by the organization. While the focus on outcomes is logical and to be complimented, we propose that a more “holistic” approach be taken. That is, in addition to measuring outcomes, a performance measurement system should also cover other “dimensions,” such as efficiency of processes, client satisfaction, employee satisfaction—to name a few of the more common areas.
- **Selecting an appropriate performance measurement framework.** There are many different ways of presenting a performance measurement framework, the most common in the federal public service being a logic model approach, a balanced scorecard approach, a 3-R (Resources, Reach, Results) approach, or some combination of these approaches. Regardless of the approach used, the most critical aspect of the performance measurement framework is that the performance measures be clearly aligned with the strategic objectives of the organization, and be suitable to the management philosophy and culture of the organization. Further, all groups within the organization should be following the same approach, although this is less of a consideration in smaller agencies.

- **General scepticism and lack of interest**—Organizations that historically lack a performance measurement culture may find it difficult to get started. Employees may view performance measurement as another “management fad”. But, there are many benefits, the most important being that employees throughout the organization develop a better sense and shared understanding of what is important to the success of the organization. Organizations with a common sense of vision and a set of key performance indicators tend to perform better. “Measurement drives behaviour.” Benefits of performance measurement include greater accountability, performance tracking, external reporting, learning, and identifying service improvement opportunities. These benefits are not always immediately evident to employees, at least not in the short term.
- **Creating better understanding among employees as to what performance measurement is about.** Employees often do not understand what performance measurement is about, or have different perceptions of what the organization is striving to achieve through performance measurement. The level of knowledge of employees of performance measurement is at best uneven across the organization. Consequently, communicating and creating awareness of the general principles of performance measurement, and the goals and objectives of performance measurement within the context of the organization are critical. Such training ensures a common understanding and interpretation of the performance measurement framework, the performance indicators, the approach to data collection and reporting on specific performance indicators, and increased awareness by managers of their responsibilities for data collection and reporting. We typically prefer to involve employees in the development of the performance measurement framework and indicators, as this enables training to be done at the same time that they use their knowledge and experience to help develop the indicators.
- **Worries about attribution**—Some outcome measures may not only be difficult to measure, but may be influenced by a variety of factors that go far beyond the intervention or influence of the organization. Selecting indicators that best reflect the accountability of the organization is always a key challenge, and often the indicators need to be refined over time based on actual experience and a more in-depth understanding of the implications of the indicator.
- **Too many performance indicators**—Organizations that embark on developing a performance measurement system often create too many indicators and measures. This makes the process of data collection too complex and expensive, and too overwhelming to manage. Plus, the organization loses sight of what the key measures are. We typically

recommend that an organization not implement more than 12 to 15 indicators, although each indicator can have a number of measures.

- **Problems in compiling data**—For some indicators, particularly operational indicators, the organization may actually have the data required to implement the indicators. The problem may be in finding the data and populating the indicator. To take an example, many organizations will have “response time” measures, such as the time taken to respond to information requests. While the data on elapsed time may exist, it may be difficult to assemble the required statistic on a weekly or monthly basis.
- **Linking the performance measurement framework with the ongoing strategic and operational planning carried out by managers.** The organization needs to be specific about how performance information and reporting will be integrated into planning and decision-making; for example, how the performance information will be used in support of the yearly business planning cycle. In the case of agencies that we have worked with, we propose that an organization-wide performance assessment be done at least twice over any given year, once at the time of their strategic planning (often in the fall), and a second time prior to the preparation of their Departmental Performance Report (typically in the spring or early summer).
- **Managers need to be actively engaged in providing feedback to staff on results achieved in their organizations.** A complaint often heard in our training and awareness sessions is that managers are not communicating enough with employees, or providing sufficient feedback to staff on results achieved. For performance measurement to succeed, managers need not only to be more engaged in applying the performance measurement framework, they need to increase communications with staff and be more proactive in discussing with staff the overall performance of the organization in general. Regardless of the performance measurement framework, staff want more dialogue with management and more feedback.
- **Staff want to know how the performance information will be used.** There may be a perception that the performance information is being produced solely for management (or “higher ups”), or for external reporting (e.g., DPR), and will be of limited utility at the operational level. Staff do not want to put a lot of effort into performance measurement if it does not lead to changes where performance gaps exist. This is critical if staff perceive that changes have not been made in the past to correct performance deficiencies. “What is the point if no one listens?” Such changes could include, for example, readjustments in priorities, reallocations in resources, or changes in program design or delivery. Further, employees worry about the risk of misinterpreting the performance information, that managers may artificially inflate their performance, or that there will be potential for people to

manipulate the system and for performance measurement to become a “numbers game”.

- **Self-assessment versus third-party review.** Given that a number of the indicators may be qualitative and subjective in nature, there are often concerns about the subjectivity of the process, and the reliability of the performance assessment where data is difficult to collect. This would argue for greater centralization of the data collection and reporting so as to ensure greater consistency in the reporting of results. Our experience is that performance results are typically assessed more on a self-assessment basis during the early development phases. As the indicators become more refined, then the organization can rely more on external third-party reviews of the performance results.
- **Responsibility for data collection.** There are understandably great concerns among staff about the effort and cost required of collecting performance information. For this reason, we prefer more centralized data collection, consolidation and reporting, whereby staff are given access to performance information to help them to their work and assess their performance using a common framework and standard. The implications are that the organization may need to establish a dedicated effort to support the data collection and reporting, as opposed to depending on individual staff to collect the data.
- **The right time to acquire a system to support the performance measurement.** A number of performance measurement software applications exist, although our experience has been that few fit the government context. One school of thought would recommend purchasing a system at the outset so that the performance measurement framework and indicators can be readily integrated into the system. Another school of thought (and the one we prefer) is to first test the indicators using conventional spreadsheets, to refine the indicators over time, and then to acquire a performance measurement application software application once the framework and indicators are more stable.
- **Risk of using the wrong indicators.** Choosing the wrong indicators may emphasize the wrong tasks, or lead to misleading results. This may lead to changes to the behaviour of staff in a negative way. Conversely, activities that are not being measured may be perceived to have less value.

II Proposed Approach

A. Guiding principles

We outline below some key principles that would need to be considered in developing a performance measurement framework:

- The performance information should reinforce the organization's strategy. The performance indicators should closely aligned with the strategic objectives of the organization and the results strived for as depicted in your RMAF, and can therefore change over time as the priorities of the organization change.
- The same performance framework should be used for both external and internal performance reporting.
- To the extent possible, performance information should be drawn from information in existing data bases. This would not exclude the need for special surveys or evaluations to collect certain information periodically (e.g., opinion surveys, client satisfaction surveys, employee satisfaction)
- A close alignment is required between the performance measurement framework and other organization-wide business processes and management systems, such as strategic and business planning, the RPP and DPR, and any other external reporting done by the organization.
- The performance information must meet a number of attributes. For example, it must be easily understandable, relevant to managers, timely, and verifiable.

B. Performance measurement framework

A framework will typically include the following:

- **Key results and outcomes** in relation to the strategic objectives of the organization. These are taken, or are closely linked, to the RMAF and logic model.
- **Performance indicators and measures:** indicators that provide information on the extent to which results are being achieved. A number of measures can exist for each indicator. Measures are usually measured over time (e.g., monthly, quarterly or annually) to show a trend: increasing, decreasing, improving, declining etc. Measures can be quantitative or qualitative.
- **Performance targets:** goals that the organization wants to achieve in meeting the desired target level of performance.

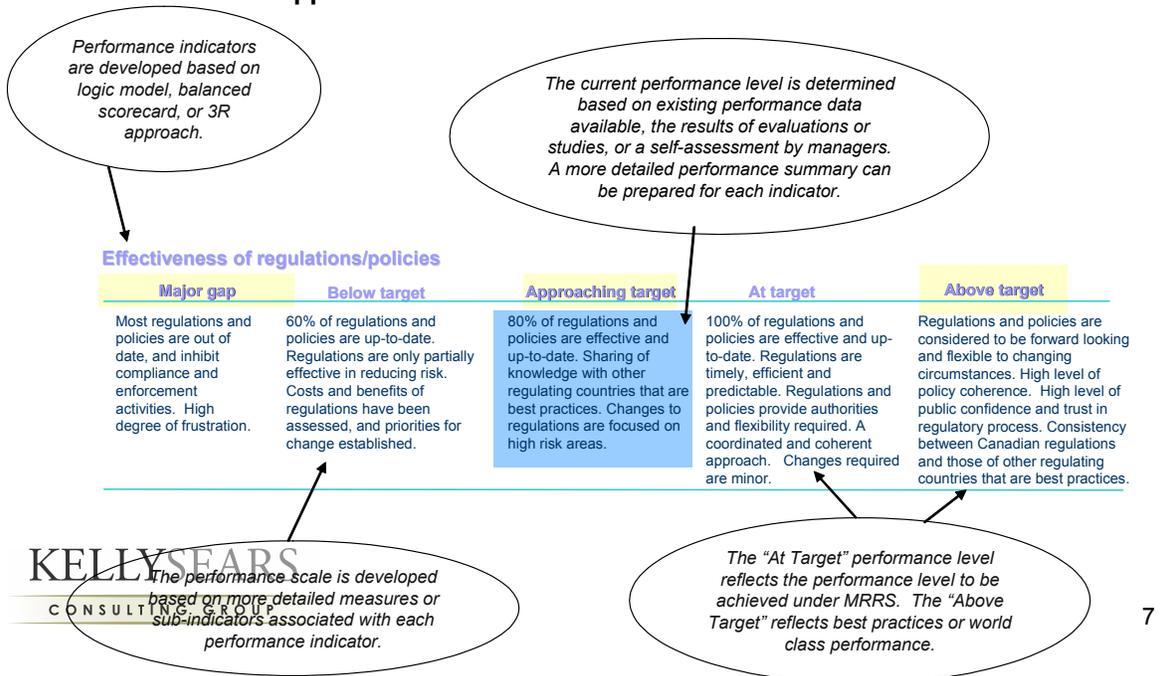
- **Data collection methods:** the sources of information and methods of collecting the performance information.
- **Performance reports:** the manner in which the performance information would be reported for each indicator and measure, as well as on an overall.
- **Improvement actions required:** opportunities for improvement identified based on the performance results.

C. Proposed methodology

We have been successful in helping departments and agencies implement a Performance Check™ approach that enables them to periodically assess their performance for each performance indicator based on a five level performance scale. A description of each performance level enables the various measures that contribute to a performance indicator to be reflected as part of the performance scale. The description of the performance levels provides an approximation of the actual and target performance levels, and managers assess their organization’s performance for each indicator against the scale. The Performance Check can be used to produce an annual performance report (that is in turn used to prepare the DPR), and can be further refined over time, even if not all the performance information is available.

There are limitations to the Performance Check. Performance information would still be reported through traditional dashboards for performance information that is available on a quantitative basis. Where the performance information is qualitative, the performance assessment is subjective and requires an honest appraisal by managers or validation by an external audit or survey. However, the process whereby managers agree on the indicators (and five levels of performance for each indicator) helps to produce a more evidence based assessment, and to identify the major data gaps and the need for more rigorous data collection through client/stakeholder surveys, external evaluations or audits.

Performance Check Approach



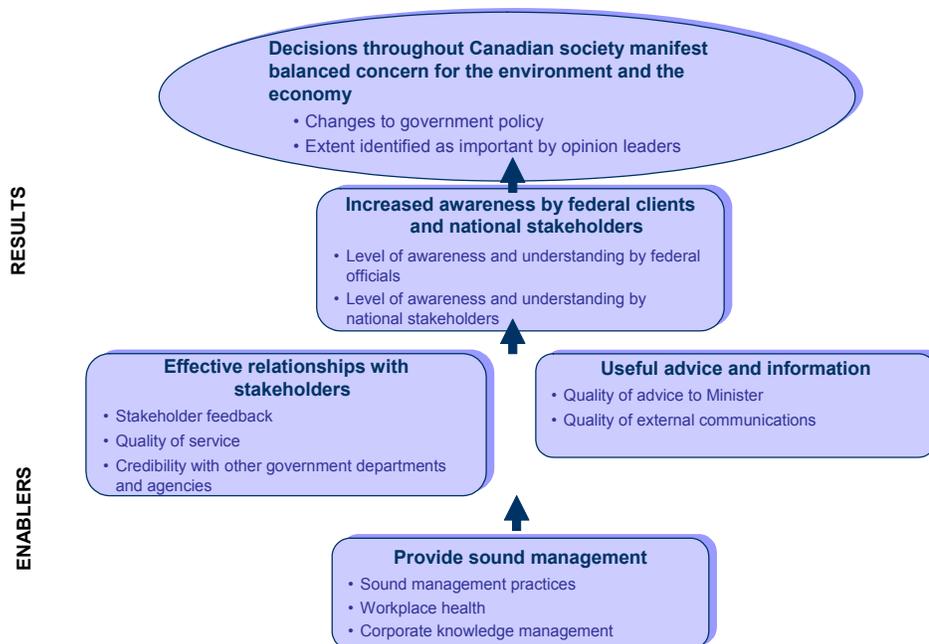
D. Key steps

Regardless of the methodology used, we would work with you through some key steps that apply in any performance measurement initiative. The examples shown below would be customized to fit your requirements.

1. Develop performance indicators

The performance indicators are typically developed through a combination of individual interviews with managers, and then validated through workshops with the management team collectively. We indicate below an example of a performance measurement framework--with the results (in bold) and performance indicators (in bullet format). Note that we have included some 12 indicators in this example.

Example of results and performance indicators



2. Develop profiles for each indicator

We would develop a profile for each indicator that would describe how the indicator fits in with the organization’s strategic priorities, the desired result, the frequency of reporting (e.g., monthly, quarterly, annually), the goal of the indicator, data sources, data collection actions required. In some cases, we also identify who is responsible for the performance indicator.

If we use the Performance Check methodology, we would also propose to develop a five level performance scale for each performance indicator with a description at each level. The reasons for this approach are:

- Our experience is that a number of the performance indicators are qualitative—over time, an effort can be made to include more quantitative and objective measures. In the interim, a description of the performance levels provides an approximation of the actual and target performance levels.
- Each indicator is measured by a number of measures (of sub-indicators)—a description of each performance level enables the various measures to be reflected as part of the indicator.
- The indicators can be used as a management tool—the performance scale enables the performance indicators to be used at this time for decision-making, and to be further refined over time based on actual experience, even if not all the performance information is available.

Example of performance indicator profile

NRTEE priority	Result	Performance indicator	Frequency										
Communications focus	Useful advice and information	Quality of external communications	Annual										
GOAL	To assess the level of satisfaction of external stakeholders with the quality of communications received from the organization. Such communications include speeches by members, newsletters, annual reports, statistical reports, and ongoing presentations to stakeholders.												
DATA	Measures <ul style="list-style-type: none"> ❑ Stakeholder feedback re communications instruments (e.g., newsletter, web site) ❑ Size of readership of publications ❑ Level of use of web site, and feedback ❑ Level of awareness of activities ❑ Participation in conferences and workshops 	Data sources: <ul style="list-style-type: none"> ➢ Periodic stakeholder survey (e.g., communications audit, awareness polls) ➢ Web site statistics (e.g., number of hits) 	Data collection actions required: <ul style="list-style-type: none"> ➢ Conduct stakeholder survey on communications instruments (every two years) 										
PERFORMANCE SCALE	<p style="text-align: center;">Quality of external communications</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #ffffcc;">Major gap</th> <th style="background-color: #ffffcc;">Below target</th> <th style="background-color: #ffffcc;">Approaching target</th> <th style="background-color: #ffffcc;">At target</th> <th style="background-color: #ffffcc;">Above target</th> </tr> </thead> <tbody> <tr> <td>External communications are limited. Milestones are often not met.</td> <td>Low level of interest from external stakeholders. Communications products are of variable quality. Limited reach. Low awareness of Council activities.</td> <td>Feedback re communications products is generally positive. Size of audience is increasing. Strong use of web site. Awareness of activities is increasing.</td> <td>Broad range of communications products. Perceived to be of high quality. Strong demand by stakeholders. High level of awareness of activities.</td> <td>Organization has been cited for its communications products. A lot of positive feedback from external stakeholders. Seen as providing major added value. Stakeholders at large are aware of activities.</td> </tr> </tbody> </table>			Major gap	Below target	Approaching target	At target	Above target	External communications are limited. Milestones are often not met.	Low level of interest from external stakeholders. Communications products are of variable quality. Limited reach. Low awareness of Council activities.	Feedback re communications products is generally positive. Size of audience is increasing. Strong use of web site. Awareness of activities is increasing.	Broad range of communications products. Perceived to be of high quality. Strong demand by stakeholders. High level of awareness of activities.	Organization has been cited for its communications products. A lot of positive feedback from external stakeholders. Seen as providing major added value. Stakeholders at large are aware of activities.
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3. Develop overall data collection strategy and plan

We would identify the data collection actions required for each indicator, and develop an overall plan of the data collection actions that would need to be taken from an organization-wide basis. For example, a periodic survey of national stakeholders could provide information that would meet the requirements of one or two indicators.

It is during this step that we would be careful to consider those data collection actions that would be most appropriate from an evaluation and survey methodology perspective. We would also need to consider the desired frequency of any surveys given the cost implications, and the potential impact on clients and stakeholders.

Example of data collection plan

Result	Performance Indicator	Data Collection Actions Required
Decisions throughout Canadian society manifest balanced concern for the environment and the economy	Changes to government policy	➤ xxxx
	Extent identified as important by opinion leaders	➤ Xxxx ➤ xxxx
Increased awareness by federal clients and national stakeholders	Level of awareness and understanding by federal officials	➤ Survey of federal senior managers
	Level of awareness and understanding by national stakeholders	➤ Survey of national stakeholders
Effective relationships with stakeholders	Stakeholder feedback	➤ Consolidation of feedback collected at conferences
	Quality of service	➤ Consider alternative feedback mechanisms from stakeholders
	Credibility with government departments and agencies	➤ Survey of federal senior managers
Useful advice and information	Quality of advice to Minister	➤ xxxx ➤ xxxx
	Quality of external communications	➤ Conduct stakeholder survey on communications instruments (every two years)
Provide sound management	Employee satisfaction	➤ Establish baseline and key measures to track employee satisfaction over time based on results of government-wide employee survey
	Corporate knowledge	➤ Develop inventory of policies, processes and guidelines that need to be documented (i.e., based on key business processes, corporate policies)
	Sound management practices	➤ Consider need, frequency (e.g., every 2-3 years), and options for periodic assessment of management practices based on Management Accountability Framework (MAF)

4. Develop performance reports for each indicator

We have provided below an example of a performance report for a specific indicator. The goal of the indicator, the measures and data sources, and five level performance scale are similar to the profile for the indicator. The performance report also provides space to report the results for each measure associated with the indicator, with the possibility of hyperlinks to more detailed reports. A rating on a scale of 1 to 5 can also be done for each measure, to determine an overall rating for the indicator. The shading represents the assessed level of performance against the indicator taking a more holistic approach, as some measures may be considered more important than others.

Where qualitative or anecdotal performance information is available for an indicator, a scorecard or dashboard can be developed for each performance indicator, comprised of quantitative or narrative data for the 4-6 measures for each indicator.

Example of performance report for each indicator

Goal To assess the level of satisfaction of external stakeholders with the quality of communications received from the organization. Such communications include speeches by members, newsletters, annual reports, statistical reports, and ongoing presentations by the organization to stakeholders.

Measures	Performance Results	Rating (1 to 5)
Stakeholder feedback re communications	xxxxx	4
Size of readership of publications	xxxxx	4
Level of use of web site, and feedback	xxxxx	3
Level of awareness of activities	xxxxx	3
Participation in conferences and workshops	xxxxx	3
Data Sources: Stakeholder survey, web statistics,		Overall rating 3.5

Quality of external communications

Major gap	Below target	Approaching target	At target	Above target
External communications are limited. Milestones are often not met.	Low level of interest from external stakeholders. Communications products are of variable quality. Limited reach. Low awareness of activities.	Feedback re communications products is generally positive. Size of audience is increasing. Strong use of web site. Awareness of activities is increasing.	Broad range of communications products. Perceived to be of high quality. Strong demand by stakeholders. High level of awareness of activities.	Organization has been cited for its communications products. A lot of positive feedback from external stakeholders. Seen as providing major added value. Stakeholders at large are aware of activities.

Summary xxxxxx	Improvements Required to Management Practices Xxxxxx
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