

Excerpt from the Minnesota Local Government Innovation and Redesign Guide

Tools: Performance Accountability

"Now is the time for governmental leaders to ensure that the organizations they lead are taking responsibility for achieving results that matter to the public - by practicing performance management."

—National Advisory Commission on Performance Management

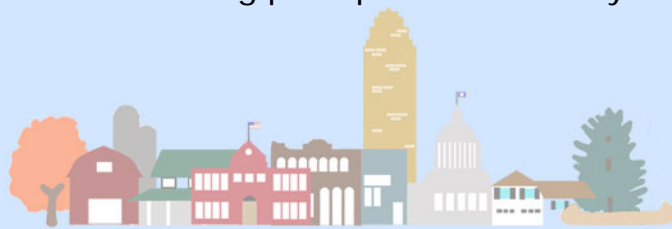
In the age of knowledge and information, we should regularly collect data regarding organizational performance and analyze it. This is extremely important because innovation and redesign is nearly impossible without adequate performance management data. How does a local government know if an innovation was a success unless specific outcomes were projected at the outset and results gathered at the end? Performance measurement is critical to quality management of local governments in the information era.

The industrial era of the last century was characterized by management that was:

- Mechanistic
- Centralized
- Limited in its view of the organization
- Oriented toward rational and structural solutions
- Overly focused on certainty and control
- Reliant on one right answer

However, times have changed. Modern organizations are not as rigidly hierarchical and centralized as their predecessors. In today's knowledge and information era, we find management that is:

- Organic or humanistic
- Decentralized
- Demanding of a holistic, systems framework
- Interested in an array of options, including culture
- Intent on finding the right question
- Valuing principle and flexibility



The [Minnesota Commission on Service Innovation](#) contrasted the bureaucratic (similar to industrial) era and the new knowledge era as follows:

From	To
Bureaucracy	Innovative Government
Statute & rule directed	Mission & results directed
Hierarchy driven	Team & network driven
Centralized control	Decentralization & empowerment
Primarily accountable for conformance to rules	Primarily accountable for results
Manage costs	Manage value
Assume people cheat; control them	Assume people perform; empower them
Quality defined as adherence to standards	Quality defined as meeting or exceeding expectations of those served
Exclusive service mandate	Choice & competition
Focus on what's best for the organization	Focus on what's best for those being directly served & for citizens

The Knowledge Era

The knowledge era offers managers flexibility in how work gets done while strengthening organizational, managerial and individual accountability for results. However, many of us in the public sector, for a variety of reasons, have been unable to make this shift in managerial thinking. One of the largest shortcomings of local government is the lack of actionable data as compared to the private sector.



In the private sector many look to stock price, sales results or quarterly profits as indicators of performance or organizational success. For many public organizations, performance measurement can be more difficult—or at least more time-consuming—for managers to quantify.

First, there's the question of what is the desired result. Next, when the appropriate data exist, there is rarely a performance management system in place that ties performance, budget, evaluation and strategic priority information together. Other times, we have the opposite problem: Too much information is provided, and we're left with decision-makers suffering from "analysis paralysis." It is important to remember that strategic selection of performance measures is the way to improved results.



Did you know?

In 2010 the Minnesota Legislature created a [Council on Local Results and Innovation](#). By February 2011, the Council will establish 10 performance outcome measures for Minnesota cities and counties. Upon the establishment of these strategically chosen performance outcome measures, the Council will create a model local government performance management system. If cities and counties create performance management systems and submit results on the 10 performance measures, they can receive up to \$25,000 from the state and be exempt from levy limits.

[Moynihan and Pandey](#) (2010) did an analysis "seeking to conceptualize and empirically test how external environmental influences and internal management factors combine to create performance." They found that the following factors were positively associated with organizational effectiveness:

- Support of elected officials
- Support of the media
- A developmental organizational culture
- Establishing a focus on results through goal clarity
- Decentralizing decision-making authority

In light of these findings, performance management systems make sense. The following figure shows a systems approach to leadership through performance measurement for Minnesota State Government ([Kiedrowski and Collins, 2010](#)):



[HF 3862 5-6-2010, Minnesota Civic Compact](#), was introduced in the 2010 legislative session by Representative [Marquart](#) and others. This legislation prescribes a performance management system for the State of Minnesota. The following is a description of a similar system for local governments.

Strategic plan

Periodically, an organization needs to define or redefine its mission, goals and strategies. It needs to have an active strategy for what it is trying to accomplish. How is this city, county or school different? This strategy needs to articulate organizational goals expressed in measurable terms. For example, reduce crime rate by 25 percent, increase annual progress to 90 percent of students, help 75 percent of individuals on welfare become fully employed, etc.

In the second phase of this exercise, each department and unit should create their own strategic plan with their own mission, goals and strategies aligned with those of the overall organization.

Performance budget

Based on the organization's strategic plan, each department and unit will develop performance measures (both output and outcome) as part of their budget submissions. Decisions on the allocation of resources in the final budget should be based on alignment with the strategic planning, the likely success of program goals and the quality of the proposed performance measures. Decision-making should be about service levels and accomplishment of goals, not the traditional line-item analysis. These performance measures are best developed by frontline staff and reviewed by key decision-makers.

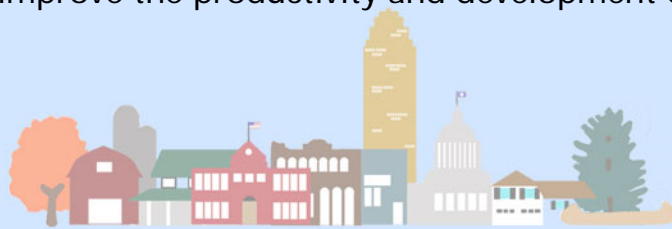


Employee objectives and learning

A key to performance management is having all employees of the organization aligned with the strategic plan and program goals. From the senior executives to frontline staff, all managers should set personal performance objectives that will be assessed in their annual performance appraisals. A part of the employee appraisal will be a learning and development plan for each employee in the organization. This will help to get all employees engaged in developing and using performance measures.

Managers should be proactive in working with union leaders to improve the productivity and development of all covered

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employees. Periodic employee surveys are a useful way to ensure that employee morale is high and that they are enthusiastic about providing improved services.

Local government employees are typically high-caliber and can contribute significantly to progress if engaged appropriately.

Program operations and improvement

Each local government department or unit must continually improve its program operations. Some of the improved productivity will come from better technology use, improved operational processes and employee suggestions for improvement. Local government employees are typically high-caliber and can contribute significantly to progress if engaged appropriately. Local government needs to ensure that state accounting and information systems can provide the performance data needed by its employees.

Customer impact

Local government organizations need to get better at formally measuring citizen satisfaction with local services. Surveying local customers to determine service success is necessary to ensure that government priorities are correct and that service delivery is meeting expectations. These survey results should be available for any citizen or employee to evaluate. All local government employees need to understand that the customer is their focus, and that they will be judged in part by the service they provide. While helpful, surveys do not negate the need for strong citizen participation with their elected officials.

Program evaluation

One of the greatest organizational sins is to assume that new or continuing programs are delivering promised benefits. Evaluations must be undertaken. All departments and agencies should do this periodically as part of their performance management efforts. All of the evaluation information should be fed back into the strategic planning process and the setting of program goals and performance measures. A good source on program evaluations is [Mattessich](#) (2003).

Performance leadership through performance measures

Central to the performance management schematic is the phrase "performance leadership through measures." Leadership is critical to innovation and redesign and is addressed in the implementation chapter. Performance measures are the life-blood of a performance management system. Data—about the problems, whether strategies are working, outputs are matching expectations, employees are meeting their objectives, productivity is increasing, citizens are satisfied, and programs are meeting needs as desired

—is necessary to draw insights on results. Innovation and redesign efforts can be evidence-based with performance measures.



Leaders of an organization need to be clear about what results are to be accomplished. People in the organization need to know the specific annual goals or what outcomes are desired—not only for their organization, but also for their unit and themselves. And, citizens need to know what their local government is trying to accomplish.

The elected officials and executives should hold at least bi-annual results reviews with all of the departments to ensure that they are utilizing this performance management system and reviewing their performance beyond the budget deliberations.

By implementing a high quality performance management system in local governments, citizens can expect more cost-efficient and effective solutions for the dollars they're paying in taxes and fees. The performance measures can be used to track performance year-to-year, and even benchmark a jurisdiction with similar jurisdictions. The credit-rating agencies also value performance management in their ratings, so jurisdictions can save interest costs as well.

To illustrate the *problem to redesign* methodology for this section, an example of implementing a performance management system follows:

Step 1. Clearly define the problem

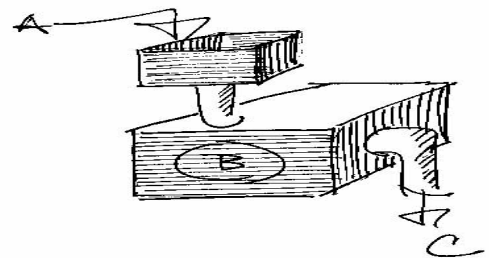
Need to improve efficiency and effectiveness of local services to reduce costs or get more value for dollars spent.

Step 2. State the desired measurable outcome

Better, more cost-effective local government services.

Step 3. Investigate why traditional approaches are not working

Blanket trust in government to do the right thing is presumed. Command-and-control approach to ordering activities to get the work done is used. No clear performance measures to judge the results of government services exist. Presumptions of success predominate.



Step 4. Identify alternative theories or assumptions that address the problem

Performance information will help clarify underlying problems, set measurable outcomes and help improve efficiency and



effectiveness. Evidence matters, not merely assumptions about what works. Both elected and appointed officials can demonstrate results from services provided.

Step 5. Innovate and redesign

Implement a performance management system.

Limitations of performance management systems

- **Implementation is burdensome:** Collection of certain performance measures is costly. The federal government often requires the collection of certain performance measures that are not useful. Furthermore, grant funding often requires the use of performance measures. Smaller governments should focus on the 10 or so key performance measures they want to track.
- **Determining outcome measures is difficult:** Outcome measures consider the societal benefits of services provided. For example, strong K-12 education results in graduates going on to college or a trade school and contributing to a strong Minnesota workforce and a robust economy. It is difficult and costly to track students from a given school over time. An alternative is to use output measures as proxies for outcomes. An output measure for K-12 education would be the progress students make during their time in the school district.
- **They need political support:** Some politicians worry about setting measurable goals because they may be measured on whether they accomplish them or not. On the other hand, elected officials who can demonstrate measurable results may find it easier to get reelected.

Examples of performance accountability

- **Hennepin County Public Health and Human Services Performance Management System:** Includes not only objective performance measures but also a robust process for assessing citizen's satisfaction with county human services.
- [St. Louis Park Strategic Planning](#): Uses citizen input to determine community values and priorities that guide its budget, management and evaluation activities.
- [Woodbury Performance Measures](#): Provides Woodbury citizens with 20 years worth of performance analyses in a user-friendly, actionable format.
- ["Results Minneapolis" Performance Measurement](#): A system created by the City of Minneapolis that provides



City leadership with information on program and business unit performance.

- [Bloomington School District Budget for Success](#): A program that sought out student, parent, teacher and community input in determining budgeting values and priorities, as well as ideas for savings that resulted in more than \$3 million saved.
- [Minnetonka Performance Bonuses](#): Awarded to employees who exhibit superior performance and contribute to overall organizational performance.
- [Olmsted County Online Marriage Applications](#): Program allows Olmstead County residents to apply online for marriage applications, speeding up the processing time and allowing for greater customer convenience. This is a good example of continuous improvement through the use of performance measures.
- [Dilworth Citizen Survey](#): An annual survey that helps the city of Dilworth better understand citizen concerns and views on service delivery.
- [St. Paul School's Student Progress Measurement](#): St. Paul Public Schools makes its performance and evaluation information available to the public and researchers alike via the St. Paul Public Schools website.
- [Crow Wing County Customer Survey](#): An online survey tool that allows citizens to provide feedback on the county services they receive.
- [Mankato's "Your Take"](#): A section of the city website that allows citizens to easily respond to questions to which the city would appreciate feedback.
- [Click, See, Fix](#): An online program used by the City of Falcon Heights that allows residents to submit pothole information online and allows the city to more quickly respond to infrastructure needs.



Further readings and examples of performance accountability are available at [the Humphrey's School of Public Affairs Local Government Innovations Website](#).

