

# **Performance Measurement**

## **An Overview of Performance Measurement**

**Transparency and Accountability Office**

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## INTRODUCTION

Performance Measurement is a quantitative and qualitative process to assess if the entity has completed its planned work.

This document is designed to support the performance measurement processes of departments and public bodies that fall under the *Transparency and Accountability Act*. It provides an overview of how entities may approach the performance measurement process to monitor and, as a result, manage results throughout the year and throughout the life of the plan.

While the first stage of performance measurement is usually the development of indicators to measure an entity's goals and/or objectives, this document assumes that each entity already has a strategic, business or activity plan in place and that measurable goals and objectives (with associated indicators) have already been developed.

It is important to note that no uniform performance measurement approach will work for every entity. Rather professional judgment must be exercised to develop each entity's own balanced set of measures, keeping in mind their mission and organizational culture.

## PERFORMANCE MEASUREMENT PROCESS

Although performance measurement is not necessarily linear, it is represented here, for simplicity, as a seven step process.

### **Step 1: Identify goals, objectives and associated indicators as given in the plan as well as associated action items.**

When identifying potential performance measures, keep in mind that an indicator may not be equivalent to a performance measure. It may take several performance measures (or action items) to comprise a single indicator. An indicator is often comprised of multiple performance measures but is actually greater than the sum of these parts. By focusing on the indicator alone, the entity may miss key components of intended work relating to that indicator or key timelines related to the accomplishment of some of the action items.

Further, it is important to ensure each relevant party agrees on what the intended result is for each indicator and/or action item. For example, that relevant parties have a common understanding of what "enhanced communications" means or at what point in the process a strategy is considered "developed" or "implemented" if those indicators have been used. It is important to have agreement and a common understanding of these points moving forward and as well as timelines associated with the work.

**Step 2: Identify potential sources of data**

As soon as the indicators are developed and relevant performance measures identified, the team will need to identify the sources of data including:

- What information is collected?
- How often is it collected?
- How is it reported?
- Who is the contact person?

**Step 3: Collect the Data**

Because data collection may be time consuming (depending on the indicators chosen), the entity will need to determine how often the collection is required. The entity may find that data are collected much more often than necessary, is not collected often enough, or it is collected when people can make the time. These examples would not meet the needs of the performance measurement process and would make reporting on results a difficult task. Look at the times and ways the data could most easily and efficiently be collected, then determine if those times would meet the needs of this process. If so, make the details regarding the time lines clear to the person(s) collecting the data. If collecting data for the first time, it is important to collect past data as well so as to provide a baseline to assess current information and demonstrate improvement.

**Step 4: Compare the Performance Measurement Information to the Planned Results**

While this is a legislative requirement for an annual report under the *Transparency and Accountability Act*, it is also a necessary part of the performance measurement process. Unless action items and associated time lines have been established as part of the framework, it will be difficult to periodically compare actual and planned results and impossible to determine if and when corrective action is needed.

**Step 5: Determine if Corrective Action is Needed**

If required, the entity will need to determine why corrective action is needed at this time and should ask the following questions:

- Is it because there is a significant variance between what was planned and what was achieved?
- Has performance surpassed the expectations and the plan needs to be adjusted?
- Is it because the objectives set were too ambitious and different steps are required to meet the goal and the planned outcome(s)?

### **Step 6: Make the Necessary Adjustments**

Clear concise communication at this step is vital. When individuals are informed of the changes in the data or the collection methods, the entity needs to do one more check to ensure the changes still support the objectives, goals and desired outcomes.

### **Step 7: Write the Performance Report**

This will include either quarterly reports to inform departmental executive of progress on the plan or the annual performance report, which is required at the end of the fiscal year.

## **BEST PRACTICES IN PERFORMANCE MEASUREMENT**

While performance measurement will differ by entity, the following best practices in performance measurement are common among most entities that have a successful performance measurement process in place:

### *Effective leadership*

Strong leadership is essential. Without it, there is little likelihood of successful implementation of a performance measurement framework. Senior management should show clear, consistent and visible involvement and support in the entity's performance culture - being a champion for the process and leading by example. Similarly, excellence in performance management should to be expected, developed, and recognized in executive, supervisors, and team leaders who should see performance management as a central role rather than a collateral duty.

### *Accountability for results is clearly assigned and understood*

A clear and cohesive performance measurement framework should be developed (several templates are provided at the back of this document for consideration). The framework must be well understood by all levels of the organization and support the objectives and collection of results. Accountability for results should be cascaded to employees ensuring that all parties understand the desired outcomes and performance expectations. Employees should know how their contributions link to the mission and goals. Provide training so employees understand what is being measured, why, and how they contribute. Ensuring employees and managers understand what they are responsible for is vital to achieving success.

*Openly share progress and results with employees*

Develop good communication processes to keep employees informed – periodic reports, newsletters, intranet, email, etc. can be used to share progress on goals and objectives. Use these reports to motivate staff. Management should emphasize monitoring performance and give employees ongoing, timely, and honest feedback. Celebrate successes.

*Understand that performance measures will change over time*

Monitor results regularly. If performance measures reveal less than expected performance, effort should be made to seek out ways to improve the process and hence performance. As plans are updated, performance measures will be added, dropped or revised. This is inevitable and a sign of a healthy, growing, continuously improving system.

**TEMPLATES**

The following templates are provided as examples only. Entities are encouraged to develop and/or use any combination of these templates to suit their own performance measurement purposes.

Measure	The title of the measure should be self-explanatory
Purpose	The purpose should relate to the effect you are trying to achieve
Relates to	This should identify the objective the measure relates to
Target	The target should specify the level of performance required and the timescales within which they need to be achieved
Frequency	Frequency with which performance should be recorded and reported
Who measures?	Identify the person who is going to collect the data
Source of data	Specifies where the data is coming from. To track changes in performance over time, the data must come from the same source each time.
Notes	Any specific issues, concerning the measure

Translate into what you want to know	Example: translate “% of on-time deliveries each month”
Identify raw data	List the raw data element needed
Determine where to collect data	At what point to make measurement; what geographical location
Frequency	Determine frequency of data collection
Responsibility	Identify responsible parties

Measure	
Person responsible	
Performance data	
Target	
% achieved	
Actions undertaken	
Issues	
Review comments	
Progress to target	
Actions	
Next review date	

