

Ohio Auditor of State Mary Taylor's

Best Practices

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Performance Measurement and Management



Mary Taylor, CPA
Ohio Auditor of State



Mary Taylor, CPA Ohio Auditor of State

Dear Colleague,

Change is inevitable – especially in government. My office is committed to helping you stay ahead of the game when it comes to changes in government finance and accounting practices. The information found inside this edition of Best Practices is designed to help you account for taxpayer dollars in the most efficient and effective ways possible.

Much of the information in this edition focuses on the topic of performance measurements. By design, performance measurements can help an organization allocate resources more appropriately while improving accountability within the community. I encourage you to consider what performance measurements could do to enhance your operations.

I would also like to take a moment to remind you that the 9th annual Local Government Officials' Conference will take place in Columbus at the Hyatt Regency hotel on March 26 - 28. The conference attracts more than 650 participants and provides an opportunity to meet and share ideas with fellow government officials. The conference satisfies continuing education requirements outlined in the Ohio Revised Code for clerks, clerk-treasurers and fiscal officers. Please note that everyone attending the conference must pre-register. Registration forms can be found online at www.auditor.state.oh.us and questions can be directed to Kim Kirkbride at (800) 345-2519.

Please enjoy this edition of Best Practices. We look forward to seeing you at the 9th annual Local Government Officials' Conference.

Sincerely,

A handwritten signature in blue ink that reads "Mary Taylor".

Mary Taylor, CPA
Ohio Auditor of State

Performance Measurement and Management

By Steve Faulkner, *Public Affairs Staff Writer*

In the mid 1990's, the University of North Carolina (UNC) School of Government released the results of a benchmarking project that measured the performance of community services provided by certain cities throughout the state. The project compiled information and compared data related to several areas including police services, fire services, garbage collection, road repairs and emergency communications.

The results hit home for budget officials in Winston-Salem, North Carolina, who were alarmed to find out that other cities in the state were collecting twice as much trash per full-time employee.

"This was an 'ah-ha' moment for us," says Ann Jones, Budget and Evaluation Director for the city of Winston-Salem, North Carolina. "We were in a position

to use the information and say that this is not the norm, this is not the standard."

The information identified in the UNC benchmarking study allowed those in Winston-Salem to evaluate their own performance. As a result, they

were able to make significant changes to improve garbage collection services and reduce costs. For instance, at one time the

city had collected most of its own trash but paid a private vendor to collect the rest. In 1997, the city ended a \$600,000 annual contract with the vendor and brought all trash hauling services in-house.

Dale Roenigk, Director of the University of North Carolina Local Government Performance Measurement Project, says that adjusted for today's standards, the same garbage contract would cost the city of Winston-

Salem more than \$1 million annually.

"When they had the comparative data they realized they had a problem and were able to make organizational changes that resulted in ongoing annual savings and improved efficiency," says Roenigk.

Performance measurement is not unique to cities in North Carolina. In fact, nationally it is becoming the standard in communities large and small. Take King County, Washington, for instance. The county is home to Washington State's largest city, Seattle. For more than a decade, King County has used benchmarking and performance measurement data to make decisions effecting the services the county is required to provide.

"Our county executive is using performance measurement information to make these incredible decisions to improve services," said Michael Jacobson, King County, Washington Performance Management Director. "We use performance measurement data to improve the quality of the decision

"We use performance measurement data to improve the quality of the decision making process and most importantly to improve customer service."

- Michael Jacobson, King County, Washington

Continued on page 3

making process and most importantly, to improve customer service.”

For many of Ohio’s communities, performance measurement is something new. So, what is performance measurement? According to the Ohio Auditor of State’s performance audit section, performance measurement is the process of using quantitative data to assess and gauge an organization’s performance. Getting a performance measurement program up and running is essentially a four-step process that builds credibility and support within the community.

The first step is to start small. “It’s not necessary or even possible to measure all departments and functions right away,” says Betsy Bashore, assistant chief auditor of the Ohio Auditor of State’s performance audit section. “Identify a few core activities related to your goals and begin developing and monitoring measures for them.”

City officials in Winston-Salem used performance measurements to reduce costs and improve efficiency within their trash collection program. Other communities have used performance measurements to improve police and fire response times, household recycling and road maintenance and repair.

The mayor of Kansas City, Missouri has a program in place to measure the removal of graffiti within city limits with the goal of reducing resident complaints and improving the look of the city. He is also using performance measurement information to maintain the high level of satisfaction residents have with the city’s

trash removal program.

“Basically, we have found that there were very few customer complaints about our trash removal program,” says Michael Eglinski, Director of Policy Analysis with the Kansas City Mayor’s office. “So the budget lesson is that the performance measure can keep the city from

Common Performance Measurement Mistakes and Solutions

MISTAKE: Measuring without goals or targets. Some organizations track a significant amount of performance data and create performance ratios but make no analysis or comparison on goal achievement. If comparisons are made, these may not be translated into strategic management decisions (particularly when the data does not support desired processes).

SOLUTION: Organizations should use performance data to compare performance to departmental or program goals and establish targets to assess progress.

MISTAKE: Not communicating and using performance measurement results. Some organizations effectively measure performance but do not use the results to improve operations.

SOLUTION: The results of performance measurement should be communicated to the governing body of the organization, employees, the public and other stakeholders and plans on improving performance should be created.

MISTAKE: Performance measurement is confused with benchmarking. Some organizations use benchmarks to assess program performance. Although benchmarking is a measurement tool, it uses only external organizations for comparison.

SOLUTION: Performance measurement should center on internal measures with goals and targets set for internal performance. Benchmarking can be used as an external measure of organizational effectiveness or to assist in setting appropriate internal targets.

Source: Ohio Auditor of State's Performance Audit Section

unnecessarily spending more money on a program that seems to work.”

The second step to getting a performance measurement program started is to encourage community involvement. Involving citizens in the process of identifying goals and objectives is a critical component of improving accountability and transparency and helps ensure that goals are aligned with community expectations.

In King County, Washington, there has been a push to obtain community feedback on the issues most important to them. “Our approach has been to create a structure people can relate to,” says Jacobson. “I want

citizen feedback.”

Evaluating the performance data from a dispassionate viewpoint is the third component to initiating your performance measurement program. Departments that do not meet expected performance goals should be asked for ideas on how to resolve underperformance. Once the data is collected, evaluate it with an open mind.

“Even if the data brings bad news, it should be shared and examined so that corrective actions may be taken,” says Bashore.

The fourth and final part of the process is to implement a performance measurement

loop. Bashore defines that loop as planning, doing, measuring, evaluating, retooling and doing again. The results of performance measurement should be used to guide and inform decision makers. After investing the time and energy in developing and implementing measurement, it is critical to use the results to move the organization forward.

“Performance measurement is an ongoing process,” Bashore says. “To be truly effective, it has to be an integral part of your operation.”



Tips on Implementing a Performance Measurement Program

Performance measurement should:

- be based on program goals and objectives that tie into a mission statement or program purpose
- measure program outcomes
- provide for resource allocation comparisons over time
- measure efficiency and effectiveness for continuous improvement
- be reliable, verifiable and understandable
- be consistent throughout the strategic plan, budget, accounting and reporting systems and to the extent practical, be consistent over time
- be reported internally and externally
- be monitored and used in managerial decision-making processes
- be limited to a number and degree of complexity that can provide an efficient and meaningful way to assess the effectiveness and efficiency of key programs
- be designed in such a way to motivate staff at all levels to contribute toward organizational improvement

Source: Government Finance Officers Association

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Spotlight: Fairfax County, Virginia

By Emily Frazee, *Public Affairs Staff Writer*

After years of performance measurement success, Fairfax County, Virginia Performance Management Coordinator Bill Yake says that performance measurement and the accrued benefits “have permeated our organizational culture and enhanced our presentation of performance measures in our budget.”

In 1996, Fairfax County was confronted with its second budget shortfall of the decade. In the face of a \$125 million deficit, county officials and agency directors were challenged with determining the level of necessary service and personnel cuts.

Through this process, the county realized that these difficult decisions could have been made more effectively by using sophisticated measures. Although the county management team persevered, they made a concerted effort to learn from the “challenging budget season of 1996.”

Within one year, Fairfax

County had designed, developed and implemented a plan for performance measurement. Today, a 16-member multi-agency performance management team coordinates efforts to support the measurement of nearly 1,900 different services within 44 government agencies. Performance measurement data, in various forms, is regularly published and posted on the county’s Web site. According to Yake, the publication of such performance measurement data makes it easy for the people of Fairfax County to clearly see the value they are getting for their tax dollar.

“You will hit barriers but persistence will be your greatest ally whereas inertia will be your greatest foe.”

- Bill Yake, Fairfax County, Virginia

through the auspices of the Government Performance Project—jointly sponsored by The Maxwell School & Campbell Public Affairs Institute at Syracuse University and *Governing* magazine. One of the key elements in the scoring

criteria was “Managing for Results,” which was explicitly linked with the county’s performance measurement effort. In the last few years, Fairfax County has been nationally recognized as a leader in performance measurement by the International City and County Management Association’s (ICMA) Center for Performance Measurement, the Government Finance Officers Association (GFOA) and the Performance Institute.

In addition to the external recognition derived from using performance measurement, county staff have been able to realize significant improvements in service delivery and quality. For instance, the county’s health department was able to address some issues with long customer wait times by realigning its staffing resources. For example, the demand for clinic services had grown from 71,000 visits in 1998 to 93,000 visits in 2002. Consequently, there were long waits and potentially unsafe environments in some of the clinic service waiting rooms due to overcrowding. Based on performance measurement data, the health department reallocated resources to meet demands. Subsequently,

efficiency, service quality and outcomes also improved.

Another great example of realizing significant improvement in customer service can be found in the county's Coordinated Services Planning (CSP) section within its Department of Systems Management for Human Services. CSP helps individuals and families handle emergency situations by providing access to appropriate public and community-based human services. During fiscal year 2002, the average wait time for CSP callers had increased to more than five minutes. Prior to this, time the average wait time was approximately 4.5 minutes.

When collecting incoming phone call data, CSP staff found that employees were receiving a high volume of calls during a certain time of day. They also found that customers were experiencing a longer wait for service during the same time frame. Data showed that the high call volume and long wait times were occurring during their daily staff meetings. By reshuffling their schedule, the department of human services was able to easily eliminate the problem. Today, the average wait time is less than one minute.

Although the Fairfax County performance management team has been very successful, they

faced some challenges in the beginning.

"We ran into some problems when we started collecting the data. All of the sudden we needed to know what kind of information we currently collect, who collects it, who verifies it, who cleans it?" said Yake. "Now we have at least one point person in each agency responsible for the data. Obviously, there is more staff involved with performance measurement with our mid-sized and larger agencies."

Inevitably, government entities will face challenges when implementing performance measures. Yake stated that agencies new to performance measurement should not get discouraged. "You will hit barriers but persistence will be your greatest ally whereas inertia will be your greatest foe."

The key to ongoing success is to maintain momentum and support the performance measurement initiative through regular, ongoing training. Fairfax County provides such support in the form of quarterly performance measurement newsletters, periodic brown bag luncheons and an annual regional consortium. Yake also noted that it is important to garner support from upper management. "It is vital to have individuals on staff to champion the need and continued use

of performance measuring. Support should come from both top level senior managers as well as operational staff in the county agencies." Finally, he recommended that once your performance measurement program is in place, be sure to provide opportunities for training and help facilitate ongoing communication among the employees involved in the process.



LOCAL GOVERNMENT OFFICIALS' CONFERENCE

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