

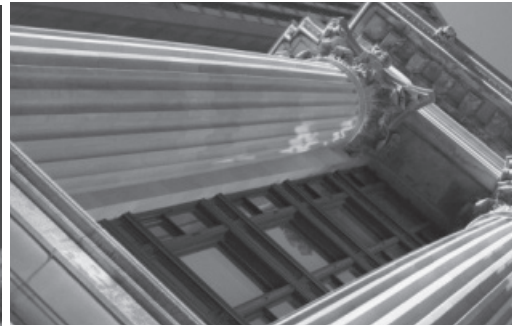


A STRATEGY PAPER FROM:

CENTER FOR  
**DIGITAL**  
GOVERNMENT

# PERFORMANCE MATTERS

## TOWARD TRANSPARENT, ACCOUNTABLE AND EFFECTIVE DELIVERY OF PUBLIC SERVICES



# INTRODUCTION: ZOOM

## THE PERFORMANCE IMPERATIVE: HERE AT LAST?

Across the country — indeed, around the world — expectations for government performance are on the rise. At the same time that the scope of government services is expanding to meet the needs of growing populations and economies, we see increased pressure from elected officials to limit or even reduce spending. Government has always been called upon to “do more with less,” but it seems that the ethic of frugality has gone into overdrive in recent years. The almost universal bottom line is this: If we are to meet the needs of government in the 21st century, then *performance matters*.

While performance management as a discipline has long been a topic of discussion in government circles, most of that work was confined to the dusty and arcane world of academic discourse. As a case in point, consider that while bestsellers such as *The Balanced Scorecard* by Kaplan and Norton took the business world by storm in the 1990s, we were well into the 21st century before the same concepts really started to gain momentum in the public sector.

The automotive industry provides important lessons on performance, where onboard digital diagnosis technologies make the performance of a car’s systems readily apparent to an OnStar adviser, an upscale service center or even a mom and pop garage. The effective use of data makes it possible — data that is collected in real time across multiple systems within the vehicle that gives drivers and mechanics immediate insights into how things are working at any point in time.

What are we doing? How well are we doing it? Answering those two questions requires counting and context. That means counting the right things the right way and in a context of what ought to be counted. Answering those questions has also led to the development of managerial disciplines that have found expression as the Total Quality Movement and the Balanced Scorecard (among others), all of which have found a following in the public sector.

While more than 40 states have performance programs, only a handful are able to point to replicable results that can inform reliable decision support data. What is true of modern cars is not true of even some of the most modern organizations, including governments that bear the responsibility of delivering a vast range of public services and do so in public — that is, in ways that are transparent and accountable.

Like drivers and mechanics, public servants and the public have increasing needs and expectations for immediate and

deep insights into how things are working at any point in time, and over time. Getting there is not as simple as embedding sensors on the key parts of a car, but it is easier than it once was, and it opens up the possibility of delivering on the long elusive dream of seeing to the edges of government.

## AN ELECTED OFFICIAL LEADS THE WAY: “WE BELIEVE IN SUNSHINE”

The 2006 Texas governor’s race was a unique contest that saw a sitting governor challenged by two colorful characters: a rabble-rousing country musician named Kinky Freidman and a former state comptroller who marketed herself as “one tough grandma.” While that particular race dominated the political imagination of the state (and captured its fair share of national press), another race was shaping up in Texas that proved to have far-reaching impacts on transparency and technology in the Lone Star State.

Susan Combs, then agriculture commissioner, ran for Texas state comptroller in 2006. Not only is the position powerful as the third highest ranking statewide elected position, but it has traditionally been the seat of the widest-ranging transformations in the structure and practice of government administration. As the chief financial officer for the state, the comptroller is accountable for how the state spends its considerable budget.

One of the most remarkable aspects of the Combs candidacy was that it was the first campaign by an elected official in recent memory that put *performance management* and *technology* at its core. Far from leaving these issues for debate by policy wonks, Combs thrust them into the center stage of public debates.

The bet that Combs made on technology and transparency paid off, and she won the election by an exceptionally wide margin. Three short days after taking office, Combs had already fulfilled her campaign promise to post every one of her agency’s expenditures, down to what she calls “the pencil level,” on her agency’s Web site. The next day, she challenged the largest agencies in the state to do the same.

“There is a tremendous amount of distrust of government out there,” Combs told the Center for Digital Government, “and a great deal of frustration that people don’t know how we spend our money. We often forget that the citizens are the ones who pay our paychecks. When you throw open the doors — literally give them everything — you can regain that trust.”

And that is exactly what Combs did. Thanks to her “virtual check register” — and a host of other ad hoc query tools — average citizens can now do their own analysis on the raw data of state finances. True to her word, the public can investigate individual payments made by agencies to see what they were

for, who they went to, and when they were made. And it's all available at the "individual pencil level."

Not everyone in state government predicted that this initiative would be a success. In fact, an early persistent rumor around state government was that this onslaught of data would only confuse citizens. The naysayers predicted that citizens would reward the government's openness by burying the comptroller's office under an avalanche of ill-informed questions. Luckily for the cause of transparency in government, citizens responded positively, and their questions were insightful and well-informed. In fact, the application of performance management to the

agency's call center operations actually delivered a simultaneous improvement in customer service call quality.

"We believe in sunshine, and yes, people do get it," said Combs when reflecting on her experience. "Not just because it is the right thing to do, which it is, but because it makes government more efficient." Armed with data, citizens have become an effective and powerful force for improving the efficiency of government. According to Combs, "Hundreds of thousands of dollars have been saved as a result, and the project is only in its initial stages."

## ANOTHER PERSPECTIVE: TEXAS STATE CTO BRIAN RAWSON ON PERFORMANCE MANAGEMENT

We were able to sit down with Brian Rawson, chief technology officer for the State of Texas, to gather his thoughts on other ways that the state was applying technology to performance management. Here's what he had to say.

**John Miri, senior fellow, Center for Digital Government:** Mr. Rawson, how valuable would you say that performance management is to your organization?

**Brian Rawson, CTO for the State of Texas:** Performance management is an extremely valuable discipline within the Texas Department of Information Resources (DIR) and is being driven from the top-down; that is, from the DIR Board as well as the agency's leadership team. We are involving performance dashboards that gauge the financial health of the agency, health of major DIR business lines, status of key technology initiatives and health of major DIR support functions.

**CDG:** How important is technology to making performance management a reality?

**Rawson:** Obviously, data is at the core of all performance management frameworks, and government is replete with data. Additionally, the success of a performance management program is to infuse consistent processes and resources at all levels in the organization to meet a common set of strategic objectives. An integrated technology solution that supports strategic, operational and tactical performance management will certainly advance the implementation and long-term sustainability of the program, but the absence of technology should not be a barrier for an organization that is striving to develop a strategy and process of managing its business.

**CDG:** What is the goal of your performance measurement team?

**Rawson:** The goals of the team are to:

- Work with the board, agency leadership, business owners and customers to identify the key drivers of business performance and the underlying data that provides an indicator of that performance;
- Track results by establishing a process for reporting and analyzing the information provided by these measures over time; and
- Provide timely information to the business owners and executive management team to evaluate outcomes and identify potential opportunities.

**CDG:** How have you automated the process of collecting and managing performance?

**Rawson:** At present, the sales and revenue data within DIR has been automated through a platform that consists of an industry-standard data warehouse, an enterprise-class extract, transform and load tool, and a business intelligence tool that enables reporting and online analytical processing. The data warehouse has provided DIR with the market intelligence and analytics to drive price reductions and other improvements in the value of state contracts.

**CDG:** How will performance management support your enterprise-wide prioritization process?

**Rawson:** At DIR, agency business planning and prioritization is tightly coupled with performance management. DIR implemented a rigorous process to identify, justify, evaluate and prioritize agency initiatives. Each of these priority initiatives, as well as operational units within DIR, is being tracked monthly. Furthermore, performance of DIR's executive management team and executive director will be evaluated by the agency's board of directors based on the performance metrics demonstrated across the agency's business lines.

## IS THERE PUBLIC VALUE IN PERFORMANCE MANAGEMENT?

In surveying best practices around the nation, the answer to that question seems to be a *qualified yes*. It's yes, because real government practitioners are achieving compelling results by adopting these techniques. It's a *qualified yes*, because there are technology and policy pitfalls that can drain the value out of performance management projects before they even get started.

First, let's examine the promise of performance management. True performance management has the potential to link results to the budget that was set at the beginning of the year. It creates an environment in which value and results can be clearly demonstrated and quantified. It can reduce operating costs, improve the quality of your services and optimize your

### DEFINING "PUBLIC ROI"

The concept of return on investment (ROI), has made a relatively successful transition from the business world to the public sector. Many government leaders are using ROI as a tool to focus decision-making on outcomes, rather than the process used to deliver a particular government service.

A common criticism of ROI in a public-sector context, however, is that it measures outcomes in purely financial terms. In this sense, ROI fails to capture the full value of public works. Law enforcement, for example, is difficult to justify in terms of financial benefit but clearly adds tremendous value to the community. How do taxpayers assess value when it comes in the form of intangibles such as safety, security and peace of mind? Can one put a dollar value on doing the right thing?

Several independent teams of researchers have begun to tackle this topic, and a framework is emerging for measuring public value in a more appropriate way. One such example is the movement toward "Public ROI," which attempts to capture the social and political value of IT investments in addition to their financial outcomes.

According to *The Economist* magazine, more than two-thirds of public-sector executives worldwide will measure and report on social ROI over the next five years. The team behind the *Public ROI* initiative (including Anthony Cresswell, G. Brian Burke and Theresa Pardo from the Center for Technology in Government) takes this as confirmation of "a global trend for governments to show effectiveness across multiple dimensions of ROI, including how IT affects the social and political aspects of government programs."

supply chain. It can even finally achieve the age-old goals of integrating government data across disparate systems and improving the customer and human capital management of government agencies and departments.

Sound like a tall order? Perhaps it is. But through good practice and processes such as integrating previously siloed or stove-piped data, reporting on performance across agency lines and simplifying and amplifying critical data through dashboards, we can make a real difference in how government is run. With richer data for planning and budgeting, and with improved financial reporting practices, we can finally implement best practices such as activity-based costing and performance-based budgeting.

In a government context, performance management is a two-word systemic response to a three-word problem: "Data Free Analysis," a phrase attributed to former Washington State finance director Ruda Fanning. In government, performance management has political, policy (or operational) and social dimensions. Expert systems are being democratized in this, the fifth decade of the open government movement. And the value of solving this once for the experts — i.e., for the governors, legislators, mayors and county supervisors of the nation — can provide the foundation that solves it for everybody.

Shayne Kavanagh, senior manager of research at the Government Finance Officers Association (GFOA), said the following on the topic of value creation: "There is value in the idea of performance management. To see it, we need to go back to the understanding of how we create public value.

"Government needs to shift to that strategic mindset," Kavanagh said. "We can't keep this 'caretaker mindset.' This is how we create public value. We not only have to have the right data, but we also need to get value out of that data."

Ultimately, Kavanagh said, the value of performance management is unlocked when it is put into practice. "Many governments have not been as interested in data-based decision-making. We need to move beyond political or intuition-based decisions."

## HAVEN'T WE ALREADY INSTITUTIONALIZED PERFORMANCE MANAGEMENT IN GOVERNMENT?

But if you think the problem of performance management in government has already been solved, think again. Kavanagh says the work is just beginning.

He doesn't mince words: "We did a survey not too long ago to find out what main analytical tools people were using. Much to our surprise, the top tool turned out to be Excel. That says that there is a lot of room for improvement here."

In fact, the GFOA is working on its second whitepaper on the topic of performance management, in an effort to increase awareness of the issue.

One of the key reasons why many past initiatives have fallen short of the full promise of performance management is that they have lacked a true enterprise perspective. Individual departments or agencies took steps in the direction of transparency and accountability, but the necessary mechanisms for an enterprise approach remained elusive.

The advent of shared services costing and new chargeback models is a positive signal that the deadlock is about to be broken. The government shared services approach opens new possibilities for enterprise-wide collaboration and supports whole-of-government solutions. A shared service approach is emerging as a critical success factor for effective performance management solutions.

"Today, there is more interest in the 'visible stuff' like online dashboards, and you wouldn't have seen that a few years ago," Kavanagh said. "People were more focused on ERP and the back end ... i.e., getting the data in good shape in the first place. Now, there is more opportunity to do these things on the front end."

Kavanagh projects high growth for this area: "I would expect activity to increase as people get their financial and transactional systems in order."

## NATIONAL PERFORMANCE MANAGEMENT ADVISORY COMMISSION

A new organization has been created under the aegis of the GFOA that will make a definite impact on the discipline of performance management. According to a joint announcement on the project, "The Government Finance Officers Association and other leading state and local public interest associations have joined forces to establish the National Performance Management Advisory Commission. The commission will create a national principles-based framework for public-sector performance measurement and management. Over the next two years, voluntary guidelines will be developed that:

- Identify general approaches and practices that are characteristic of successful performance measurement and management
- Emphasize the value of evidence-based and data-driven decision-making in effectively delivering government services
- Support state and local government implementation of performance measurement systems
- Reflect the issues and challenges associated with development and implementation of performance management systems from a broad range of perspectives, including elected and appointed officials, and program and operational managers
- Provide a flexible framework that is adaptable to the unique and diverse environments of state and local governments. The guidelines are not intended to be prescriptive on the type, format, or systems of measurement."

The National Performance Management Advisory Commission will be a joint venture between several organizations, each of which will be contributing to the project in a meaningful and direct way. The 10 members who have signed on so far are:

Government Finance Officers Association: <http://www.gfoa.org/>

Association of School Business Officials International: <http://www.asbointl.org/>

Council of State Governments: <http://www.csg.org>

International City/County Management Association: <http://www.icma.org/>

National Association of Counties: <http://www.naco.org/>

National Association of State Auditors, Comptrollers and Treasurers: <http://www.nasact.org/>

National Association of State Budget Officers: <http://www.nasbo.org>

National Conference of State Legislatures: <http://www.ncsl.org/>

National League of Cities: <http://www.nlc.org/>

The U.S. Conference of Mayors: <http://www.usmayors.org/>

Source: <http://www.pmcommission.org/>

## MAKING IT HAPPEN: RULES FOR SUCCESS

The first ingredient for success in performance management is a solid foundation of good data pulled from working transactional systems. Phil Bertolini, deputy county executive and CIO for Oakland County, Mich., considered this the starting point for any discussion on performance management. According to Bertolini, "You can't do this if you don't have the data in a database. You can put up Web sites all you want, but if you don't have the data, there isn't any point to it."

Consistent executive sponsorship is also critical to the success of any performance management initiative, as Bertolini can attest. "The county executive said, 'this is going to be the most important thing that IT has ever done,'" Bertolini said, "You must have strong executive support and it has to be unwavering."

In surveying national best practices, three factors seem critical in achieving success in performance management:

- i. Address the entire performance management lifecycle. Successful solutions go far beyond generating pretty reports on a Web site. They address the full lifecycle of performance, including defining the mission and desired outcomes, setting performance standards, linking budget to performance, reporting results, making needed midcourse corrections and holding public officials accountable for results.
- ii. Engage data-driven decision-making. Executives must begin to base actions and decisions on actual measured results of performance and ensure goals are consistently being met in an effective and efficient manner.
- iii. Adjust and iterate. Performance management is not a finite goal, but a skill to be refined in an organization over many years. It is critical to measure, predict and optimize performance over time.

Four dimensions are necessary because not all data sets are created equal. The old computer science adage of "garbage in, garbage out" still applies today, without good data that is managed across these four dimensions, an organization simply cannot make good decisions.

**Data Quality** - Data Quality is the most basic of the four dimensions and it is foundational to the others. Many organizations have raw data, but they lack the tools to verify and normalize the information. Can the data from one department be compared to another department? Is the data from the county roads department updated at the same time as the data from the citizen complaint hotline? Without a solid foundation of high-quality, current, normalized data, performance management can't get off the ground.

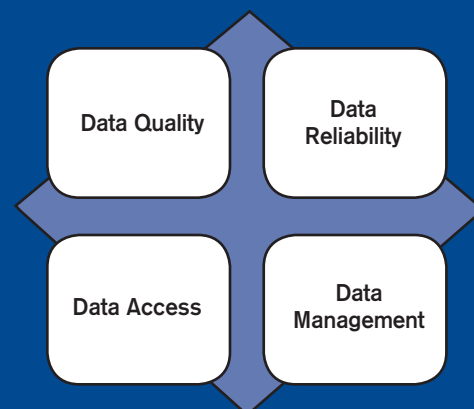
**Data Reliability** - Data can be of high quality at a given point in time (often as a result of significant manual effort), but then quickly degrade over time. Reliability adds the time element to data quality. Sure, a given data set may be high quality today, but will that always be the case? Are systems in place to ensure that quality data is consistently delivered to decision-makers without significant manual interventions? If not, performance management efforts can start well, but quickly find themselves off track.

**Data Access** - Program executives on the "business side" of government agencies often report frustration with IT departments who say that they "have the data" to answer their questions, but only make the data available after substantial effort is expended on customizing or writing new reports. Holding information is, in itself, practically useless; data acquires tangible value only when it reaches decision-makers. Web-based dashboards, accessible to staff who have physical disabilities or who may lack specific technical training, are a must in today's environment.

**Data Management** - The fourth and final dimension of data is data management. In a way, the management of data is analogous to that of people. When you effectively manage a staff, you are engaged in the activity of deploying and redeploying resources, adding new team members and presenting new tasks to your team. Managing data is similar. An effective performance

### THE "FOUR DIMENSIONS OF DATA"

A certain model for thinking about data that arose in the business intelligence and performance management software market has recently gained a great deal of traction. Supporters call it the "four dimensions of data," and it is a useful model for understanding how to implement a performance management solution. In this model, the "four dimensions of data" are:



management regime manages data to its advantage — adding new data sources, creating new visualizations and answering stakeholders' questions.

### PERFORMANCE MANAGEMENT AS A SHARED SERVICE

As noted previously, an enterprise-wide shared services approach is an accelerator to success in this area. According to Crispin Lawson, management analyst for the City of Irving, Texas, "Performance management allows linking initiatives and prioritizing daily operational activities. It is also important for employees to recognize whether or not there is a gap between the strategy creation and execution."

In Lawson's experience, "Even though there is room for improvement, performance management has broken down some of the barriers that exist between departments and has increased collaboration." A shared service mindset seems critical to enterprise adoption of performance management.

Sarasota County, Fla., has also seen the benefits of a shared service approach. Not only have they been able to meet their own needs, but they have also extended the service to other government entities.

Bob Hanson, CIO for Sarasota County, said that "while the system has greatly improved our effectiveness as an organization, we have also taken on the bigger picture of public-sector technology investments and offer the system as a hosted software service. We share it presently with 17 other institutions, greatly reducing the costs for each organization while multiplying the value provided by the software investment."

### STATE OF TEXAS COMPTROLLER: "SIMPLER, SMARTER, FASTER

When she took office after the 2006 election, Texas State Comptroller Susan Combs created the iCPA initiative — a program that was designed and instituted to make the overall operations of her agency simpler, smarter and faster. It is a comprehensive, agency-wide performance improvement initiative that is personally led by the comptroller. Transparency and accountability are critical to this process. In the comptroller's words, "We are about chasing knowledge transfer from government to the citizen. I tell the people, to 'go look' and hold our feet to the fire."

Combs faced a daunting challenge shortly after she took office, which was driven by a major change in the state's franchise tax code. Knowing that the change would generate a high volume of citizen and business questions, Combs and her team took proactive steps to institute real-time performance-based management of the agency's call centers.

"We put in the technology to give support personnel and their managers real-time feedback, against real metrics," she said. "They could see their own performance and make adjustments within in real time, instead of waiting for weeks for a report to be generated."

### TECHNOLOGY TRENDS: ENTERPRISE INFORMATION MANAGEMENT (EIM)

Government technology practitioners are familiar with numerous three-letter acronyms. The likes of ERP, CRM, ETL (extract, transform, load) and a host of other terms have buzzed across the landscape, with mixed results. Some have truly transformed the methods and practice of government; others have fallen far short of their goals.

But EIM — Enterprise Information Management for long — is an acronym that promises to have the staying power to deliver real results. The EIM movement goes beyond performance management in particular, and even transcends the traditional Business Intelligence market that had been largely defined by the core of a data warehouse.

Industry insiders define EIM as a mix of strategy, tactics and new technologies that provide a trusted platform for decision-making. There are three core components to those solutions:

- Trustworthy data that is accurate and high quality;
- Comprehensive views that normalize data across disparate sources and transcend the reports that come from individual line of business systems; and
- Timely information that is refreshed on a consistent basis and allows for historical comparisons to past goals and previous performance.

As the idea evolves, IT practitioners will be the judge of its effectiveness in improving government processes. But as it stands today, EIM appears to be delivering real results, and the concept looks like it is here to stay.

By instituting a performance dashboard for managing citizen questions, Combs was able to create a sense of friendly rivalry between customer support teams. In the new regime, call supervisors will actually telephone their peers to compare notes as they compete to deliver better results.

But as Combs said, in the face of complex socioeconomic changes, none of this would be possible without the technology. "I realized, at the Department of Agriculture, that the population and economy of the state is growing, and that we are not getting any more state employees. How do you do your job in that context? The answer is technology."

A great example of that is the way Combs' office has used cutting-edge technology to make state finance data more accessible to the public. By linking the powerful search capabilities of a data warehouse to the agency's public Web site, citizens are given the power to analyze state finances that was previously only available to internal staff. Through initiatives such as the virtual check register, the public can do its own research into spending trends in state government and offer feedback of how it can be improved.

“The savings for what we have done so far are extraordinary, and we are just getting started,” Combs said, adding that Texas is not just making data available, but it is also making it accessible. “We often forget that the citizens pay our paychecks. We don’t just need to provide the data. We need to crunch it and give it back to them in an accessible package.”

When asked how these technology milestones were accomplished, Combs’ agency CIO and director of innovation, Victor Gonzalez, pointed to the value of an experimental, iterative approach to development.

“First, we got our agency information up,” he said. “Then, we posted spreadsheets of the expenditure data for the large agencies. Then, more agencies came on board.”

As the momentum grew, Gonzalez found increasing support for a traditional business intelligence project powered by a first-class data warehouse. This data warehouse will ultimately contain all of the agency’s data, including payroll, expenditures, program information and even the productivity of the agency’s call centers.

Gonzalez also credited recent improvements to the software products on the market as a key factor in his agency’s success. “The software is in a different place than it was even a few years ago. That’s what makes this possible now.”

Dustin Lanier, who is director of the Texas Council on Competitive Government and a member of the comptroller’s senior staff, agreed.

“Years ago, Texas was one of the first states to adopt a performance-based budgeting model across the board, with funding linked to key performance indicators,” he said. “But the technology wasn’t there to support what we can do now. Until recently, you didn’t see things like the publish/subscribe model, push/pull and virtual data warehouses coming into play.”

#### **WASHINGTON STATE TRANSPORTATION IMPROVEMENT BOARD: “WE HAVE CHANGED THE WAY WE DO BUSINESS ACROSS THE BOARD.”**

Imagine clicking on a map and being able to see the details of every grant-funded road project in the state. Now imagine drilling down to see updated road maintenance conditions at the street level. Even in small towns with less than 5,000 people.

Sound far fetched? It’s actually happening in Washington state.

When Stevan E. Gorcester took over as executive director of the Washington State Transportation Improvement Board in 2001, he faced a daunting task. To say that the agency was missing its key performance targets would be an understatement; indeed, the agency wasn’t even clear what its performance metrics were supposed to be.

“We were out of favor with the legislature,” Gorcester said. “The chairman of the Senate transportation committee basically said, ‘You will never get a dime out of me.’ Projects were routinely late,

and we were in major danger of defaulting on our obligations.”

The agency had awarded almost twice as many grants as it could fund, and citizens had little information about how their money was spent.

Facing an uphill battle, Gorcester put performance management at the forefront of his agenda. A functioning, centralized database was already in place, which gave the agency a great head start.

“I go around the country speaking about this, and the problem that most people have is that they don’t have this information in a central database, or they don’t have it at all,” Gorcester said.

A solid data warehouse was the first step in the agency’s dramatic turnaround. As the agency head, Gorcester centered his agenda on several technology initiatives to support performance management. The result is now a very robust performance management dashboard that is more than 85 pages deep. The entire site — from the agency’s balanced scorecard metrics to the details of individual road projects — is made available to the public. It sits on top of the agency’s data warehouse and is updated in real time using RSS technology. The results for the agency have been staggering.

“Performance management has completely transformed our business,” Gorcester said. “We have reduced delayed projects by more than 70 percent. Payment turnaround time is about 20 days.”

And how is that unhappy legislator doing these days?

“She is one of our biggest advocates,” Gorcester said. In fact, “she personally led the charge to fund the agency and helped push through a key new project.”

While that is an impressive result that speaks volumes about the value of technology in performance management, it’s not Gorcester’s proudest achievement.

“If you go into the performance portal and click on road maintenance conditions, you will see that our data shows that the small town of Mattawa, Wash., has the worst roads in the state,” he said. “It might be a small town, but it’s an important agricultural center. Our folks were telling us that you could go out in the middle of their streets and hit on them with a shovel and they would just come apart.”

In the past, the agency would have waited for Mattawa to call them. Now, things are different. With their new systems for performance management, the agency has completely “changed the culture of the people internal to the office.”

“We took the initiative to call Mattawa, and we told them that there was a problem with their roads,” Gorcester said. “Then we told them that we were going to fund a major road repair project in their town.”

The town leadership was shocked. With a solid performance management regime in place, Washington state was able to take a fair, proactive and data-based approach to meeting its transportation needs.

### **CITY OF ROCK HILL, S.C.: “EVERYTHING STARTS WITH LEADERSHIP.”**

Steven Gibson is the budget officer for the City of Rock Hill, S.C., and he is fast becoming a national expert on performance-based budgeting. Gibson reported that preparing a budget at the start of a new fiscal year and filing it away in a drawer is no longer acceptable in municipal government.

“Budgets are just line items,” Gibson said. “What people want to know is what we are doing with the money. They want to know how government is actually performing.”

If the budgeting methodology of the past provided a look into the rear-view mirror, the city’s new performance-based budgeting system is all about keeping their eyes on the road ahead.

“We are seeing a trend where people are more concerned with the outputs of government — the outcomes — than they are with the inputs — which are the dollar signs,” Gibson said. “I’m not bashing the budgeting process, but I am saying that we can learn from other people and do this better.”

Technology was critical to driving this change. “Technology plays a large role in this,” Gibson said. “Dashboards are what we want when we talk about performance and accountability and that has to be on a Web site.” In fact, the city had to complete a serious data cleansing and normalization effort before the benefits of the project could be realized. That said, the technology itself was only part of the solution.

When asked to counsel others who were starting on the performance management path, Gibson shared this advice: “I would start with soliciting the leadership of the organization. Everything starts there. The leadership of the organization defines their strategic intentions and that is what sets the specific course for the organization.”

Goals set by the city’s elected officials are rolled down to city departments, to work teams and even down to individual staff members work plans.

### **CITY OF IRVING, TEXAS: A \$2 MILLION RETURN**

According to Crispin Lawson, management analyst for the City of Irving, Texas, “Performance measurement is a prerequisite of performance management.”

Following the lead of their IT department, the city has embarked on a comprehensive plan for performance management that has included “performance variance analysis, benchmarking, operation efficiency assessments, project management methodology and key performance indicators for managing technology.”

A core investment in business intelligence and strategic management software has powered the processes needed to improve the city’s effectiveness.

“Strategy management software has been implemented to ensure that internal resources are aligned to execute city strategy,” Lawson said. “Additionally, citywide and department-

level key performance indicators (KPIs) have been created as a means to measure performance and guided departments to improve their operations.” Lawson considers these investments to be directly linked, creating a culture focused on outcomes: “The goal is to reward improvements instead of penalizing shortcomings. Strategy management software also enables the city to associate KPIs with key objectives.”

The City of Irving recently implemented a “digital executive dashboard” that can be accessed by any member of the city’s management team. The system enhanced accountability among senior management and increased communication. Lawson reported numerous benefits of the project, including:

- Reduced system wait time;
- Increased accountability;
- Reduced system response time;
- Reduced processing time;
- Reduced errors;
- Reduced backlog;
- Saved man-hours;
- Reduced service calls; and
- Increased output.

Along with other key IT projects, Lawson estimated that the city has seen efficiency gains and costs avoidance that have reached a total of almost \$2 million.

As in the other case studies presented in this paper, the City of Irving’s software investment was a leading indicator that cultural change was underway.

“Each IT process has been significantly ‘re-engineered’ to identify goals and benefits, and everyone in IT embraces the ‘change’ concept,” Lawson said. “Everyone understands the ‘outcome focus’ mindset and why it is vital to increase accountability and reduce operational costs. The end result is more efficient and cost effective government.”

### **SARASOTA COUNTY, FLA.: “COLLABORATE”**

According to Bob Hanson, CIO of the Sarasota County Government and the School Board of Sarasota County, his employer also sees the value of investment in performance management. The county “developed a Web-based, performance-based budgeting system that links all of [its] investments of taxpayer dollars in services and infrastructure to the Board of County Commissions strategic focus areas for our community.” The system is based on a balanced scorecard concept and allows decision-makers to tie plans to actual, measured performance. This has provided the data needed to explain variations in program funding to the Board and the public at large.

Hanson stated that it is critical that the initiatives drill down all the way to the individual employee level. “As a result of cascading linkages down to the employee level, the objectives and results of an employee can be followed back up through the

organization, all the way to the Board strategic areas," he said. "This provides our employees with a basis of understanding how their efforts fit in the bigger context of the organization."

Through that experience, Sarasota County has become convinced of the value of performance management to its organization. In addition, it seems that the county's technology decisions have paid off in terms of efficiency. According to Hanson, "If we look just at the microcosm of the Enterprise Information Technology group, we have been able to leverage these management practices and technologies to gain national recognition in our performance and results, much higher service levels, while reducing our workforce from 108 IT professionals to 54 over the past five years. Similar results have been achieved in many parts of our organization. The practices and technologies are turning out to be critical in times of increasing funding pressures."

Hanson offered this advice to those who wish to follow Sarasota County's example: "Collaborate; take the ideas and products of others and tune them to your organization."

#### **OAKLAND COUNTY, MICHIGAN: BETTER IT MANAGEMENT**

Oakland County, Mich., is now a great success story for performance management, but that hasn't always been the case. Phil Bertolini, deputy county executive and CIO, puts it this way: "Originally, IT went to get the money for projects. They used to call me the 'million dollar man' at budget hearings. Now, we put the customer up there. Two-year master plans put the books wide open. The whole process of funding IT has changed."

Bertolini's results would make even the most contented CIO jealous: "I went over to give a status report once [in the past], and it took 45 minutes. They weren't happy. Now, I can barely sit down in my chair before they are voting on million dollar projects. It's all because they trust us now."

The foundation of that trust has been a solid performance management regime, backed by first-class technology. The team uses historical IT project data to have a transparent look into performance and reports to commissioners on a quarterly basis. Leadership groups meet every quarter, powered by the information in their performance management systems.

Oakland County has brought the data warehouses that formerly sat behind the scenes out to the public, and the citizens love it. One of Oakland County's notable public-facing initiatives was to pull crime data out of their data warehouse and posted it on an online GIS platform. Citizens can access real-time crime data, and the results have been impressive. Police can better target the need for their services, and the citizens feel more informed. Even economic development has benefitted, as formerly crime-ridden areas get the attention they deserve.

To sum up, Bertolini said that the new performance management regime in Oakland County has changed the culture of managing IT.

"Government is a deep-rooted culture, and it's hard to change that." But we have. Today, our customers walk in with a scope and assessment in hand and an ROI. And they know that we can tell them how long it will take, and we have historical data. If you can't drive value into the business, you become an equipment provider. If you are that, then you have lost all of your strategic value."

## CONCLUSION

The bottom line of our analysis — and the common thread that runs through these case studies — is that *performance matters*. These best practice examples illustrate that new technologies and innovative management practices can achieve levels of performance management that were previously unreachable. But what does it all mean? Why does it matter? And what, in a practical sense, should we do about it?

### THE OPPORTUNITY IN PERFORMANCE MANAGEMENT

As we have demonstrated, performance management — enabled by the best of today's technology — represents a large, compelling and mostly untapped area for improving the transparency, accountability and effectiveness of government at all levels. We saw that:

- Texas was able to deliver better services, trim money from its budget and engage citizens in the process of government;
- Washington state was able to prioritize road projects based on real data and actual needs, drastically improving a decision-making process that had been based on intuition and political considerations;
- Rock Hill, S.C., was able to tie the budgeting process — and the subsequent outcomes — directly to the strategic goals of the organization;
- Irving, Texas, was able to achieve a \$2 million return on investment in performance management while improving citizen service delivery;
- Sarasota County, Fla., was able to create “cascading linkages” from the highest levels of its organization to the jobs of individual employees, delivering immense performance gains and better strategic organizational alignment; and that
- Oakland County, Mich., has generated the data to manage IT projects more effectively and to restore trust in the capability of the IT organization.

### LEADING DECISION-MAKERS HAVE EMBRACED THE CONCEPT

A cross section of decision-makers — from statewide elected officials to executives at the Government Finance Officers Association — all attest to the value of performance management and are taking concrete steps toward implementing the concept. With organizations such as the National Performance Management Commission, activity is only expected to increase.

### HOW IT WORKS: CAPTURING THE OPPORTUNITY

While the localities cited in this paper used performance management to achieve various goals, certain global conclusions can be drawn from their experiences and applied to similar problems

around the nation. We learned that our fellow practitioners were able to capture the performance management opportunity by taking the following actions:

- Learning to manage data along all four dimensions — namely, Data Quality, Data Access, Data Reliability, and Data Management — rather than relying on a naïve belief that “all data sets are created equal”;
- Taking an incremental approach to build trust through realistic goals;
- Engaging top-level executive sponsorship early in the process and working to ensure that support remains constant throughout;
- Identifying the new emerging technologies and tools — especially in the areas of data cleansing and data access — that are transforming the field of performance management; and
- Making a commitment to building new skills and capabilities in their IT organization that will provide the foundation for ongoing support and future achievement.

### TIPS TO REMEMBER

**Legacy is not a four letter word.** Enterprise performance management carries forward everything of value from ERP and legacy systems.

**The question of control.** Done well, performance drives budget — not the other way around.

**Surfacing.** Information discovery and delivery provides a more complete view all the way out to the edges.

**Shared service.** Avoid building tomorrow's stovepipes today — it is a federation not an enterprise.

**Enterprise Information Management (EIM).** EIM isn't just about flashy Web sites or dashboards. To really deliver on the promise of performance management, organizations must implement strategies, practices and supporting technologies that provide data that is trustworthy, timely and integrated across the entire enterprise.

### TECHNOLOGY IS WHAT MAKES IT POSSIBLE

While all the case studies we profiled had a strong technology component, perhaps Texas State Comptroller Susan Combs summed up the impact of technology best when she said, “It is the IT side of this that makes it possible. We couldn't do this without the technology. What we are seeing is that technology is a powerful partner for both governance and government.” Indeed, there has been a strong technology component to each case example we reviewed.

The practitioners we profiled employed a variety of products and services to achieve their goals, including:

- Data warehouses and databases;
- Enterprise integration and data management applications;
- Data cleansing and normalization tools;
- Other business intelligence applications;
- Web-based dashboards, scorecards and reports; and
- Citizen-facing query tools.

While these tools are many and varied, we also saw that they are components in a larger movement called Enterprise Information Management (EIM). This growing industry trend is at a much earlier stage than its more established brethren such as ERP and CRM, but it holds great promise as an enabler of government performance management. With EIM, organizations can deploy technology that truly provides a trusted foundation of information that enables mission-focused program area executives, and indeed all levels of an organization and its constituents, to make better decisions. With a foundation of data that is trustworthy, integrated and timely, organizations that join this EIM movement are able to deliver the right data, to the right people, at the right time — and to enable the right decisions to be made.

Government may still have a long way to go before it can fully realize the power of performance management — at least to the level of the automotive industry's OnStar system and the private sector in general. But great strides and better decisions are being made using technology to shine new light on old problems. Increasing numbers of government executives around the country are echoing the words of Texas Comptroller Susan Combs, and saying that they, too, "believe in sunshine." The Center for Digital Government expects that the "sunshine" of performance management will continue to illuminate good decision-making at an ever-increasing rate in the years ahead.

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