

ARTICLE 16

Performance Measurement: A Tool for Accountability and Performance Improvement

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Uses of Performance Measures: Accountability and Performance Improvement / 2

The Importance of Performance Measurement for Management / 3

The Value of Performance Measurement to Governing Boards / 3

Types of Performance Measures / 4

Output (Workload) Measures / 4

Efficiency Measures / 4

Outcome (Effectiveness) Measures / 4

Developing a Good Set of Performance Measures / 5

Use of Performance Measures in Budgeting / 6

Performance Measurement as a Tool for Productivity Improvement / 9

Identifying Strengths and Weaknesses / 9

Benchmarking / 9

Managing for Results / 10

Gauging the Success of Operational Changes / 11

Keys to the Successful Use of Performance Measures / 11

Additional Resources / 12

AS THE SERVICE RESPONSIBILITIES of local governments continue to grow, so does public insistence that services be provided efficiently and effectively, and that local government programs produce their intended results. Citizens depend on county and city services and increasingly are adamant not only that they be produced in sufficient quantity and with adequate timeliness to satisfy public needs but also that they meet reasonable standards of quality. Resource constraints demand that they be provided efficiently.

Those local governments that have been most aggressive in their pursuit of service quality and efficiency tend also to be the counties and cities that have been most interested in measuring their performance. For them, performance measurement is a useful tool that confirms their successes and alerts them to programs in need of greater scrutiny.

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Uses of Performance Measures: Accountability and Performance Improvement

A rudimentary set of performance measures reveals how many units of service have been delivered. More sophisticated sets of measures provide this basic information and much more. A good set of performance measures also reveals how efficiently a given service was rendered, at what level of quality it was delivered, and, ideally, what effect it is having on service recipients or the community as a whole.

Good sets of performance measures have multiple uses. A partial list of these uses includes the following:

- accountability/communication
- support of planning/budgeting efforts
- catalyst for improved operations
- program evaluation
- reallocation of resources
- directing operations
- contract monitoring
- benchmarking

Local governments that are among the leaders in performance measurement rarely limit the application of their measures to a single use. In most cases, their measures support two, three, or even more of the functions noted in the list. Almost always, one of these uses is accountability.

Citizens like to be reassured that someone in their local government is minding the store. Even if they have little interest in most of the detailed facts and figures of service delivery, citizens rightfully expect that elected and appointed officials will collect and monitor those facts and figures, and will ensure that quality service is provided at a fair price.

A good set of performance measures is a vital tool for building accountability throughout an organization. By compiling key indicators of performance, supervisors can confirm that work crews are meeting expectations and delivering quality services—in short, they can ensure the accountability of front-line employees. Periodic reporting of selected measures allows supervisors to be accountable for their work to department management, department management to be accountable to central administration, and central administration to be accountable to the governing board. In turn, the periodic publication of key performance indicators allows board members to be accountable to the citizenry for local government operations as a whole.

True accountability means more than just assuring the public that revenues are properly collected and reported and that expenditures are made in accordance with prescribed procedures. Accountability includes these important assurances but also entails assurances to the public that government resources are being spent wisely as well as legally and that services of good quality are being produced efficiently. Performance measurement offers a tool for providing such assurances.

The value of performance measurement extends beyond reporting for the sake of accountability, even as important as that purpose is. Good sets of performance measures also can support a variety of other management purposes. The city manager, for instance, might use performance measures to review with department heads each department's progress on key objectives. The county manager might introduce performance statistics for parks, recreation, and library services as background for a planning retreat of the board of commissioners focusing on leisure services needs. If the local government plans to make major changes in a given program, it might use performance measures to establish a baseline prior to program change and continue monitoring these measures after implementation to see if new strategies are working as intended. Perhaps the government's monitoring system for contracted services relies on performance measures to be sure that contractors are living up to their promises. Some counties and cities compare their own performance to standards or results achieved by other service producers as a step toward improving the quality or efficiency of local services. In these governments, performance measurement is an essential tool.

The Importance of Performance Measurement for Management

Good performance measures support a variety of management functions. A good set of measures allows a manager or supervisor to identify operating strengths and weaknesses, target areas for improvement, and recognize improvements when they occur. A good set of measures also helps the manager defend good operations against unwarranted criticism.

Some managers and supervisors operate without good sets of performance measures. They rely instead on general observation and perhaps the comments of service recipients to form their impressions of operating strengths and weaknesses. Often, such impressions are correct and would be borne out by systematic assessments. More frequently than many managers care to admit, however, systematic assessments reveal a picture that differs from that suggested by occasional observation and anecdotes. Occasionally, strong performers do not look quite so strong when examined in the light of objective evidence, and weak performers are revealed to be more proficient than previously imagined. With appropriate measurement systems, managers and supervisors can more objectively detect operating deficiencies and target additional attention where it is needed most.

A good measurement system can enhance a talented supervisor's ability to develop the skills of workers, to instruct them in their tasks, to plan and schedule their work, to draw upon the pride and commitment of a work unit, and to motivate greater performance. With the benefit of reliable measures, instructions to subordinates can be more focused, planning more precise, and feedback more objective. In this way, a systematic gauge of program efficiency and effectiveness can augment the value of on-site supervision, with greater value provided not only to upper management but also to the supervisor and the workforce in general.

Receiving customer or citizen feedback is an important responsibility of managers and supervisors, but listening only to intermittent complaints and compliments can produce an incomplete and sometimes inaccurate picture of service quality and efficiency. With systematic performance measurement and reporting, local government programs are less vulnerable to isolated anecdotes that misrepresent the normal state of affairs in service delivery. With good performance measures, a service complaint can be viewed in the context of the norms for that service rather than isolated from such context. Service units with strong performance can more adequately be defended. Weaker units can be identified with greater confidence and targeted for corrective action.

The Value of Performance Measurement to Governing Boards

Even when the governing board hires a manager to handle matters of day-to-day administration, the board retains responsibility for providing general oversight of the local government as a whole and for establishing program priorities. It also retains responsibility for assessing the performance of the manager in directing local government operations. Good performance measures can be helpful in performing these duties. For instance, the governing board might ask the following questions in performing its oversight role:

- Are services being provided efficiently and equitably?
- Do they meet expectations for quality?
- Could better services be provided at a more reasonable cost by contracting out some functions?
- Have deficiencies been identified and are improvements being made where needed?
- Do service results indicate that programs are being properly managed?

Each of these questions can be answered adequately only if reliable data are available.

In recent years, many management experts have advocated more decentralized decision making, allowing field unit supervisors and even front-line employees to make more of the service delivery decisions, as long as their decisions are consistent with a vision or culture established and nurtured by central authorities. Much can be said in favor of a strategy that places greater discretion in the hands of those who know the program best and are closest to the problems. However, without a dependable system for guaranteeing accountability, few governing boards will be willing to increase managerial discretion or to encourage managers to permit greater discretion at lower levels of the organization. In the absence of a system for compiling and reporting evidence that programs are being run efficiently and effectively, top officials are more likely to believe that their oversight responsibilities require involvement in or approval of a large portion of the individual decisions made on behalf of the government. Upper management and governing boards are more likely to be receptive if reductions in administrative red tape are accompanied by clear evidence of favorable program results.

The expense of administering a good performance measurement system is not trivial, but neither are the benefits of a good system. Because of its value to board members, appointed administrators, and the general citizenry, performance measurement has been endorsed by a host of professional associations, including the International City/County Management Association, the Government Finance Officers Association, the Governmental Accounting Standards Board, and the National Academy of Public Administration.

Types of Performance Measures

Performance measures may be divided and categorized in different ways. Some of the performance measurement typologies produced over the years have been rather lengthy and have included some dubious categories. A shorter list with simple labels presents a clearer picture of the array of practical performance measures for local government.¹ These three are the key measures most relevant to tracking and improving performance in local government:

- output (workload) measures
- efficiency measures
- outcome (effectiveness) measures

Output (Workload) Measures

When a department reports the number of applications processed, inspections made, or cases handled, it is reporting on its *workload* or *output*. These statistics are relatively simple to compile and report, but they are very limited in what they can say about a department or program. They say nothing about the quality or efficiency of the service. They only report how many units of a service were produced or how much of an activity was undertaken.

Although counting and tabulating workload numbers is the most common form of performance reporting in local government, the value of raw output measures for policy and management purposes is extremely limited. This is not to suggest that keeping track of output is unimportant. Comparing output from year to year provides an indication of growing or declining demand for a given service. More important, output numbers are often critical ingredients in the calculation of higher-order measures that hold greater value for managerial and policy decisions. Unfortunately, too many local governments depend almost entirely on raw output or workload measures to report their performance. With workload measures alone, the message conveyed by a department or program cannot be “We are efficient” or “We provide quality services.” With raw workload measures alone, the only message is “We are busy!”

Efficiency Measures

Measures of efficiency report the relationship between resources used and services produced. Sometimes this relationship is expressed in terms of unit cost—for example, cost per application processed or cost per inspection. The relationship between resources and outputs also may be expressed as units of service per \$1,000 or as the ratio of outputs to staff hours—for example, staff hours per license application or curb miles swept per operator hour. When cost accounting systems will not support precise unit cost calculations, many local governments opt for a less precise and comprehensive manner of gauging operational efficiency by tracking average turnaround time, average daily backlog, or similar operating characteristics.

Outcome (Effectiveness) Measures

Measures of outcome (also known as effectiveness measures) gauge the quality of services and the extent to which a program’s objectives are being achieved. Suppose that an objective of the solid waste department is to complete at least 95 percent of all refuse collection routes on the scheduled day of collection. If the department compiles statistics

1. Readers familiar with the literature on performance measurement will notice two common categories of measures that are omitted from this list: input measures and productivity measures. Raw input alone, typically in the form of dollars or personnel, does not measure performance. However, when input is measured in relation to output, the result is a measure of efficiency, which does measure performance. Hence, efficiency measures are included here. Productivity measures combine efficiency and effectiveness in a single index. Although valuable, these measures are rare and have been excluded here for that reason.

Table 16-1. *Example of Performance Measures for Police Services*

	Year 1 Measure Actual	Year 2 Measure Actual	Year 3 Measure Objective
Workload Indicators			
• Number of successfully closed problem solving projects	49	56	50 or greater
• Dispatched calls per officer	722	783	744
• Incoming calls per 1,000 population	2,553	2,378	<2,600
Efficiency Indicators			
• Cost per call dispatched	\$145	NA	<\$152
• Cost per Part I case cleared	\$9,374	NA	\$8,436
Effectiveness Indicators			
• Part I crimes per 1,000 population	54	56	50
• Percentage of Part I cases cleared	40%	NA	40%
• Number of crashes at top five accident locations	71	120	108
• Average response time to high priority calls	5.4 min.	5.3 min.	4.5 min.
<i>Source: City of Concord, North Carolina, FY 2005–2006 Budget.</i>			

showing that 94 percent of the routes were completed as scheduled, this would be an outcome measure. Among many other commonly reported types of outcome measures are various measures of responsiveness (for example, average response time to emergencies) and citizen satisfaction (for example, percentage of citizens who are “satisfied” or “very satisfied” with the local recreation program).

Developing a Good Set of Performance Measures

Good sets of performance measures include measures that are valid, reliable, understandable, timely, resistant to undesired behavior, sensitive to data collection costs, and focused on important facets of performance.² A good set of performance measures reports not only *how much* service is provided but also *how well* and *how efficiently*. Even more important to local governments intent on truly managing their performance, a good set inspires *managerial thinking* by providing crucial performance data that cannot be ignored. To truly inspire managerial thinking, performance data must focus on important dimensions of service and must be compiled in a manner that either reassures operating officials and program personnel that services are being provided at suitable levels of quality and efficiency or, if not, causes them to investigate possible causes of shortcomings and consider options for improvement.³ A fundamental test for a set of performance measures, then, is whether it provides data of sufficient importance and in a form that can inspire managerial thinking.

Examples of sets of performance measures for police and selected public works services are provided in Tables 16-1 and 16-2. Examples for selected social services are shown in Tables 16-3 and 16-4.

2. C. K. Bens, “Strategies for Implementing Performance Measurement,” *ICMA Management Information Service Report* 18 (November 1986): 1–14; C. Broom, M. Jackson, V. Vogelsang Coombs, and J. Harris, *Performance Measurement: Concepts and Techniques* (Washington, D.C.: American Society for Public Administration, 1998); H. P. Hatry, “Performance Measurement Principles and Techniques,” *Public Productivity Review* 4 (December 1980): 312–39; H. P. Hatry, *Performance Measurement: Getting Results* (Washington, D.C.: The Urban Institute Press, 1999); H. P. Hatry, D. M. Fisk, J. R. Hall Jr., P. S. Schaeffer, and L. Snyder, *How Effective Are Your Community Services?* (Washington, D.C.: Urban Institute and International City/County Management Association and The Urban Institute, 2006), 3.

3. David N. Ammons, “Performance Measurement and Managerial Thinking,” *Public Performance and Management Review* 25 (June 2002): 344–47.

Table 16-2. *Example of Performance Measures for Selected Public Works/Utilities Services*

	Actual Year 1	Estimated Year 2	Projected Year 3
Workload Indicators			
• Miles of water lines inspected for leaks	325	600	600
• Miles of sanitary sewer televised	16	13	15
• Miles of sanitary sewer cleaned	105	138	140
• Miles of sanitary sewer easement cleared/mowed	50	22.8	28
Effectiveness measures			
• Number of sanitary sewer overflows	17	18	20
• Percentage of potholes repaired within 24 hours	98.7%	85%	92%
• Percentage of fire hydrants repaired/replaced within five days	85%	85%	85%
• Percentage of asphalt cuts for utility repairs completed within five days	95%	88%	90%
<i>Source: Town of Cary, Adopted Budget for Fiscal Year 2005.</i>			

Use of Performance Measures in Budgeting

The budget process provides an opportunity to influence program design and priorities among various services. The budget itself is a financial document, but in fact it is much more than that. It is a financial document that reflects program planning and service priorities in financial terms and also, ideally, in terms of performance expectations.

Some public sector budgets retain a strictly line-item format, listing appropriations for each detailed expenditure category. Many governments, however, have adopted formats more conducive to management or policy deliberations. *Program budgets*, for example, omit most of the object-of-expenditure details that characterize line-item budgets. Instead, they are organized around programs or types of service and report only broader categories of anticipated expenditures. Program budgets often include several measures of performance that reveal past performance and reflect performance expectations for the future.

Another prominent budget format is the *performance budget*. Once again, many line-item details are omitted from the document itself, and broader categories of expenditure are organized around departments, activities, or programs. In the case of performance budgeting, measures of performance become the central focus of budget deliberations as managers and governing boards discuss performance successes and disappointments, hammer out plans for performance improvement and resource reallocation, and focus on budgetary decisions that will enable operating units to achieve desired performance levels.

A local government's decision to choose a program or performance budget format over a line-item format does not guarantee a change in the focus or nature of budgetary debate. However, it does set the stage for budget deliberations that focus a little less on office supplies, fuel, insurance premiums, and other categories of expenditure, and a lot more on services and program results. Budget formats that incorporate good performance measures—especially efficiency and outcome measures—recognize and advance the planning and managerial opportunities in the budgetary process. They are designed to equip elected and appointed decision makers with the performance facts and figures for a given program, as well as the resource facts and figures, that will help them plan wisely and manage prudently.

Although the Government Finance Officers Association (GFOA) refrains from endorsing one particular budget format over all others, it nevertheless advocates the use of performance measures. Included among the criteria for GFOA's Distinguished Budget Presentation Award is this guideline: "The document should provide objective methods (quantitative and/or qualitative) of measurement of results by unit or program."⁴

4. Government Finance Officers Association, "Detailed Criteria Location Guide: Distinguished Budget Presentation Awards Program" (Chicago: GFOA, 1997).

Table 16-3. Example of Performance Measures for Selected Social Service

Objective	Performance Measure	Year 1 Actual	Year 2 Actual	Year 3 Estimated	Year 4 Projected
• To exceed state goal of 85% of Work First (WF) ^a clients retaining jobs	Percentage leaving WF for work and retaining job for at least 1 year	92%	94%	95%	96%
• To help WF ^a participants secure employment leading to greater self-sufficiency as evidenced by starting wage higher than minimum wage	Average starting wage of participants	\$6.04	\$6.19	\$6.50	\$7.00
• To increase to 40%, WF ^a participants involved in work, job search, or acceptable short-term training involving 35 or more hours per week	Percentage of WF clients in work activities 35+ hours per week	26%	35%	36%	40%
• To increase percentage of comprehensive Adult Protective Services (APS) evaluations completed within 30 days	APS evaluations: • Number • Timely completion	503 NA	459 69%	482 72%	506 77%
• To have 75% of completed APS evaluations with no additional substantiated reports initiated within 6 months of completion	APS evaluations without additional substantiation: • Number • percentage	NA NA	431 94%	362 75%	380 75%
• To increase the number of comprehensive Child Protective Services (CPS) investigations completed within 30 days	CPS investigations: • Number • Timely completion	2,068 52%	2,253 71%	2,363 72%	2,500 75%
• To have 80% of completed CPS investigations with no additional substantiated reports initiated within 6 months of completion	CPS investigations without additional substantiation: • Investigations • % w/o additional substantiation	NA NA	2,140 95%	1,781 75%	2,000 80%
• To increase number of licensed foster homes through improved recruitment and retention	Foster homes: • Number • Retention rate	120 NA	113 82%	120 91%	130 92%
• To increase adoption rate of foster children identified as needing adoption	Foster children • Available for adoption • Adopted • Rate	91 13 14.2%	148 34 22.9%	150 50 33.3%	160 65 41%
• To increase child support collections by 10%	Child support collections (in millions)	\$6.5	\$7.3	\$8.0	\$8.8
^a Job assistance program					
Source: New Hanover County, North Carolina. Displayed at http://www.nhcgov.com on November 28, 2005.					

Echoing GFOA's assertion that performance measurement is an ingredient of a good budget, the National Advisory Council on State and Local Budgeting considers performance evaluation to be the fourth of the four principles of the budget process, following the setting of goals, developing approaches to achieve them, and developing a budget consistent with these approaches.⁵

5. National Advisory Council on State and Local Budgeting, *Recommended Budget Practices: A Framework for Improved State and Local Government Budgeting* (Chicago: GFOA, 1998), 4-5.

Table 16-4. Example of Performance Measures for Selected Social Services

Legal Services—youth custody cases, abuse/neglect cases, and investigating public assistance fraud	Year 1 Target	Year 1 Actual
• Fraud prosecution success rate	>90%	100%
• Fraud recidivism rate	<20%	1%
• Criminal prosecution satisfaction rate	80%	92%
• Fraud restitution—total dollars		\$149,619
• Children brought into legal custody		537
• Percentage of reunifications within one year	45%	40.5%
• Percentage of children adopted within two years	35%	36.9%
Veterans Claims Processing & Counseling		
• Number of claims filed	2,400	2,716
• Percentage increase in assistance paid by the VA	10%	9%
• Claim submission timeliness rate—% submitted within 3 days	96%	97.25%
• Percentage of claims submitted without error	98%	98.83%
• Customer satisfaction rating (% satisfied)	90%	93%
Work First—employment services for social service recipients		
• Percentage of mandatory participants receiving services	71%	78%
• Customer satisfaction rating (% satisfied)	80%	93%
• Percentage maintaining employment 6 months after exit	60%	71%
• Average monthly caseload		1,897
• Total number of Work First participants		3,894
Source: Mecklenburg County, North Carolina, <i>Fiscal Year 2005–2007 Strategic Business Plan & Fiscal Year 2005–2006 Adopted Budget</i> , pp. 292, 431, 433.		

Performance measures, including efficiency and effectiveness measures, should be presented in basic budget materials, including the operating budget document, and should be available to stakeholders. . . . At least some of these measures should document progress toward achievement of previously developed goals and objectives. More formal reviews and documentation of those reviews should be carried out as part of the overall planning, decision-making, and budget process.⁶

Despite all the advantages that performance measurement offers and the numerous endorsements it boasts, the act of incorporating performance measures into the budget process will not make the often-arduous task of budget decisions suddenly simple. Performance measures will help identify operational strengths and weaknesses and will gauge changes in efficiency and progress toward meeting objectives, but they can neither formulate the perfect budget nor prescribe remedies for operational deficiencies. Governing boards will still struggle to set priorities—and struggle to stretch resources to fund those priorities. Operating officials must still design program improvement strategies, but performance measures can provide a baseline and a gauge for the success or failure of those strategies.

Rarely will budget decisions be made solely on the strength of performance measures. Well-intentioned strategies of rewarding good performance with budgetary increases and penalizing poor performance with budget reductions inevitably deteriorate when crucial programs, struggling and seemingly losing ground to intractable problems, might be helped by a budgetary boost. When crime statistics are climbing, should the governing board penalize the police department or sheriff's office with a blanket reduction, or should it reinforce law enforcement efforts with a budgetary increase?

6. National Advisory Council on State and Local Budgeting, *Recommended Budget Practices: A Framework for Improved State and Local Government Budgeting* (Chicago: GFOA, 1998), 62. Quoted material is drawn from Practice 11.1.

Even if performance measures rarely yield clear budgetary direction, they almost always contribute positively to the process. Difficult decisions are best made with clear evidence of program performance and realistic expectations of future impact. Perhaps more important, awareness of downward performance trends often prompts managers to design remedies prior to budget deliberations. These suggested remedies may then be presented in the budget process. Furthermore, meaningful performance measures can enhance communication between governing boards and managers regarding performance expectations and service priorities.

Performance Measurement as a Tool for Productivity Improvement

Local government productivity may be defined as “the efficiency with which resources are consumed in the effective delivery of public services.”⁷ Not only should the quantity of outputs be considered in assessing productivity but also the quality of outputs. Productivity improvement occurs when the ratio of outputs to inputs is increased, with output considered in both a quantitative and a qualitative sense.

In other words, a department or program may appropriately claim a gain in productivity when, for a given amount of dollars, it is able to provide services to more citizens without reducing quality, it is able to improve the quality of the service without reducing the number of service recipients, or it is able to increase quantity and quality simultaneously. If increased quantity comes at the expense of quality or if improved quality comes at the expense of quantity, gains in one aspect of productivity are offset by losses in the other. If gains in quantity or quality are propelled by disproportionately greater amounts of resources (i.e., inputs), productivity is impacted negatively, not positively.

Although productivity improvement strategies do not spring magically from performance measures, it is difficult to imagine effective strategies in the absence of performance measures. A good set of performance measures identifies areas of performance deficiency in which improvement strategies are likely to yield the greatest return. Formal approaches to the design of performance improvements often are guided by benchmarking projects or embedded in larger managing-for-results initiatives—both of which rely on performance measurement. Even less formal approaches, which often rely on someone’s hunch that a new approach might work better, can benefit from careful monitoring of the new technique using appropriate performance measures. Such measures will yield feedback that may prompt mid-course corrections in strategies and improve the odds of success. Subsequently, performance measures will help policy makers decide whether a given strategy is working and deserving of additional funding for continuation.

Identifying Strengths and Weaknesses

Often, local government officials have a notion about where the operating strengths and weaknesses lie in their organization, based upon personal observation and a history of complaints and compliments. In many cases these notions are correct and can be substantiated by more objective performance measures. In other cases, however, their guesses are incorrect. They may be surprised to discover evidence that a favorite program is not as effective as previously thought or that a department once presumed to be wasteful is instead rather efficient.

Serious productivity efforts are neither simple nor inexpensive. Done properly, they require considerable time, analysis, and careful implementation. It makes sense, then, to direct these substantial efforts toward opportunities most likely to yield ample return. In most cases, services with the greatest performance deficiencies offer the greatest opportunity for improvement.

Benchmarking

Benchmarking projects in the public sector have taken one of three forms:

- corporate-style benchmarking
- community “visioning” initiatives with targets as benchmarks
- comparison of performance statistics as benchmarks⁸

7. Nancy S. Hayward, “The Productivity Challenge,” *Public Administration Review* 36 (Sept.–Oct. 1976): 544.

8. David Ammons, “Raising the Performance Bar . . . Locally,” *Public Management* 79 (Sept. 1997): 10–16.

Several governments have applied the private sector's formal benchmarking model, popularized when corporate giants such as Xerox analyzed the procedures of benchmarking partners from other industries to improve their own practices. Local governments that follow this corporate-style benchmarking model focus on a single process in their operation (e.g., the procurement process, the issuance of permits, or emergency dispatching), identify other organizations that achieve superior results from that process, carefully analyze the process in their own organization and the process in their benchmarking partners, identify factors that contribute to superior results among their partners, and figure out how to modify their own process to improve their results. Because this approach focuses on processes and identifies performance leaders, it often is linked to the search for "best practices" and frequently carries that label.

A second form of benchmarking sets targets—often societal targets like low rates of illiteracy, unemployment, low-birth-weight babies, and teen pregnancy or high rates of education and volunteerism—and tracks progress toward achieving them. In contrast to corporate-style benchmarking, which focuses narrowly on key processes, this form of benchmarking focuses broadly on results and community conditions. And while corporate-style benchmarking uses actual performance results from "best practices" as its benchmarks, the benchmarks in the second form often are set arbitrarily.

The third form is perhaps the most common type of benchmarking in the public sector. Apart from a few celebrated projects of significant scale, however, it rarely receives much fanfare. In this form of benchmarking, government units compare their own performance statistics with performance standards or with the performance targets and actual results of other units. For example, a property appraisal unit in one county government might compare its appraisal accuracy, based on the degree to which appraised values match market prices from actual sales, with the appraisal accuracy of other counties, or it might compare the daily workload of its appraisers with the typical production rates reported by the International Association of Assessing Officers.⁹ Occasionally, major projects of considerable scope are developed around this form of benchmarking. Recent examples include a multijurisdictional performance measurement project involving local governments across the nation, sponsored by the International City/County Management Association, and a project involving more than a dozen cities and towns in North Carolina, coordinated by the University of North Carolina's School of Government.¹⁰

Comparison of performance statistics differs from the second form of benchmarking in that the performance statistics typically focus on government services rather than social indicators or broad quality-of-life measures, and benchmarks are more often tied to externally established standards or to the records of leading performers rather than being set arbitrarily. It differs from corporate-style benchmarking in two major ways. First, it typically focuses broadly on multiple services or operations, rather than narrowly on a single key process. Second, it focuses primarily on results and only secondarily, if at all, on the details of the processes that produce these results.

Local government officials who choose to compare performance statistics rather than to apply corporate-style benchmarking accept a trade-off. They trade the depth of analysis associated with corporate-style benchmarking for the breadth of coverage that comes with the comparison of performance statistics across several government operations. Those who make this trade do not necessarily rule out more detailed analysis at a later point. In fact, the broad comparison of performance statistics across several departments may help them identify functions that would benefit most from corporate-style benchmarking, operations analysis, or from the application of managing-for-results strategies.

Managing for Results

By the mid-1990s many governments across the nation—local, state, and federal—were engaged in cost-cutting or performance-enhancing initiatives that took the label *reinventing government*, after the popular 1992 book by that title.¹¹ The fundamental idea propelling the push for reinvention was the notion that merely tinkering with the system,

9. Richard R. Almy, Robert J. Gloudeans, and Garth E. Thimgan, *Assessment Practices: Self-Evaluation Guide* (Chicago: International Association of Assessing Officers, 1991).

10. Paula K. Few and A. John Vogt, "Measuring the Performance of Local Governments," *Popular Government* 62 (Winter 1997): 41–54; William C. Rivenbark, ed., *A Guide to the North Carolina Local Government Performance Measurement Project* (Chapel Hill, N.C.: Institute of Government, The University of North Carolina at Chapel Hill, 2001). For current information on the two projects listed here, see www.icma.org and <http://sog.unc.edu/programs/perfmeas/index.html>.

11. David Osborne and Ted Gaebler, *Reinventing Government: How the Entrepreneurial Spirit Is Transforming the Public Sector* (Reading, Mass.: Addison-Wesley, 1992).

making small procedural changes here and there, would not yield a government that was efficient and effective. Basic changes that would challenge the status quo in service delivery, that would force government units to be competitive, and that would even question the role of government, were needed. Efforts in this vein rarely are called *reinvention* today; more often they take other labels, including *managing for results*.

A host of management strategies has been adopted by local government proponents of government reinvention and managing for results. Among these strategies are the following:

- performance bonuses for achieving targets
- gainsharing awards, whereby employee efforts that produce savings are rewarded with a share of the savings
- enterprise management in which selected services charge their customers and raise their own revenues
- managed competition, whereby local government departments bid against outside competitors for the right to deliver services
- “bid-to-goal” strategies that simulate market competition without actually seeking outside bids
- policies that allow departments to carry over a portion of end-of-year savings to the next fiscal year, thereby encouraging savings rather than end-of-year spending sprees
- giving department heads and supervisors greater purchasing and personnel management flexibility if they achieve targeted results—that is, greater managerial discretion in exchange for greater accountability for results.¹²

These and other managing-for-results strategies differ from one another, but they have one common denominator. Each requires a method of gauging results. Each requires performance measurement.

Gauging the Success of Operational Changes

Various strategies for productivity improvement are promising but hardly fail-safe. Often, operational changes achieve the desired results, but sometimes they do not. Sometimes adjustments are needed. And occasionally new strategies or techniques fail and should be abandoned. The monitoring of performance *before*, *during*, and *after* operational change, therefore, is very important. Performance measurement provides a tool for doing so.

Keys to the Successful Use of Performance Measures

Many local governments have undertaken performance measurement with the best of intentions. Some have been pleased with the results, but others have been disappointed. More often than not, disappointments can be attributed to falling short on one or more of the following keys to success:

- *Align performance measures with goals and objectives.* Performance measures should focus on important dimensions of service and should gauge progress on key objectives.
- *Measure efficiency and effectiveness—not just workload.* Output (workload) measures are the most rudimentary form of performance measurement. Simply counting units of service is the local government equivalent of “bean counting.” Unfortunately, systems that do nothing more than “count beans” have very limited managerial and policy value. In contrast, systems that also report a department’s efficiency, the quality of its services, and the effectiveness of its programs receive a lot more attention from managers—and they deserve to receive it because they are much more valuable.
- *Link the performance measurement system to important policy processes and to other management systems.* High-impact performance measurement systems are linked to important processes and contribute meaningfully to major and minor policy and managerial decisions. The presentation of key performance measures as background for policy retreats held by the governing board, the review of performance measures during managerial or department head appraisals, and the use of performance measures to diagnose employee training needs are but a few examples of possible applications.

12. David Osborne and Peter Hutchinson, *The Price of Government: Getting the Results We Need in an Age of Permanent Fiscal Crisis* (New York: Basic Books, 2004).

- *Present performance measures in context.* A performance measure reported out of context is “just a number” to all but the best-informed consumers of that information. Is a five-minute average response time to law enforcement emergencies good? What about a library circulation rate of five items per capita? Or a citizen satisfaction rate of 87 percent? When the information is presented out of context, it is difficult to know whether it reflects good performance or not. Last year’s numbers are the easiest context to provide for this year’s numbers, but a more informative context might be the applicable standards of service quality and efficiency or the performance of other respected units. Presented in context, performance statistics become more valuable—and to a much broader audience, even interesting!

Additional Resources

Ammons, David N., ed. *Accountability for Performance: Measurement and Monitoring in Local Government*. Washington, D.C.: International City/County Management Association, 1995.

Ammons, David N. *Municipal Benchmarks: Assessing Local Performance and Establishing Community Standards*, 2d ed. Thousand Oaks, Calif.: Sage Publications, 2001.

Broom, Cheryle, Marilyn Jackson, Vera Vogelsang Coombs, and Jody Harris. *Performance Measurement: Concepts and Techniques*. Washington, D.C.: American Society for Public Administration, 1998.

Fountain, James, Wilson Campbell, Terry Patton, Paul Epstein, and Mandi Cohn. *Reporting Performance Information: Suggested Criteria for Effective Communication*. Norwalk, Conn.: Governmental Accounting Standards Board, 2003. See http://www.seagov.org/sea_gasb_project/suggested_criteria_report.pdf for an online copy.

Hatry, Harry P. *Performance Measurement: Getting Results*. Washington, D.C.: The Urban Institute, 1999.

Hatry, Harry P., D. M. Fisk, J. R. Hall Jr., P. S. Schaenman, and L. Snyder. *How Effective Are Your Community Services? Procedures for Performance Measurement*, 3d ed. Washington, D.C.: Urban Institute and International City/County Management Association and The Urban Institute, 2006.

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