

Performance Measurement: Capturing the Benefits

By Rick Taylor, CMC, Results Management Services

There have always been public pressures for municipal managers to measure performance, particularly performance linked to ensuring budget expenditure control. Hence, performance indicators and performance reporting has been primarily financial. Past assumptions that, “if a municipality has its’ financial house in order, then performance must be acceptable”, are being actively challenged. While financial sustainability remains an essential performance expectation, increasingly financial indicators are, by themselves, perceived as inadequate to measure operational performance, ensure process efficiency and effectiveness, and ensure measurable contributions to a community’s quality of life.

Several of these challenges originate with a public attitudinal shift driving development of performance indicators linked to accountability and tangible value-based contributions. This shift includes:

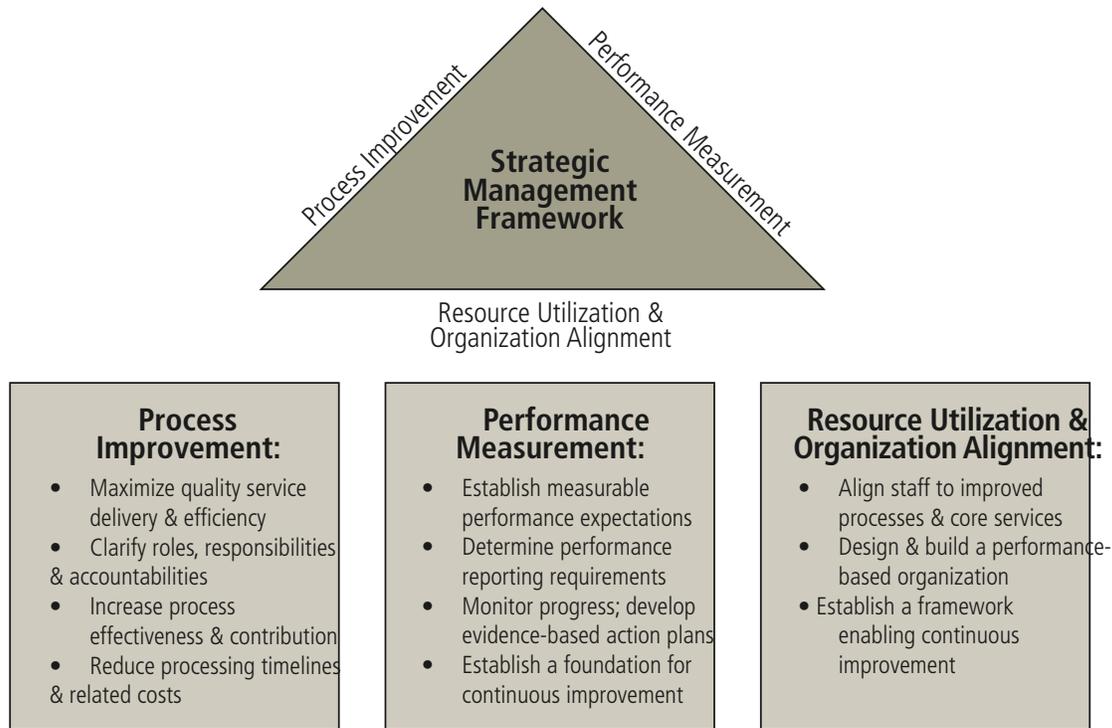
- Public fatigue with tax increases which at times exceeds inflation rates, continued implementation of new and increased user fees, and a simultaneous expectation to accept service level reductions. The value for money link is not obvious.
- A perception that while the private sector must be accountable to survive, government is not perceived to be held accountable for similar standards or processes.
- A broad cultural shift towards seeking increased accountability matched to quantifiable performance expectations. There is a growing impatience with the focus on “Rights” in the absence of corresponding “Responsibility and Accountability.”
- A growing awareness that what “feels good” about a community includes quality of life performance indicators (e.g. environment, sense of community, aesthetics, feelings of safety). Quality of life indicators are increasingly seen as integral to core services and funding allocations.

The *Community Charter* requires increased accountability linked to performance measurement. Charter provisions ensure performance measurement and performance reporting are integral to municipal management responsibilities. Public reporting of actual performance will, in turn, drive a heightened interest in responsive funding allocations and program and process improvements. Developing or enhancing performance measurement is underway in several municipalities. Some managers find it useful to consider grouping key performance indicators into 5 core categories,

- **Output:** Volumetric measures of historical performance. This data is often required to answer enquiries. However, the primary utility of this data is decision support, particularly if tracked over time to identify trends.
- **Financial:** Variance reporting on operational and capital budgets, and revenues.
- **Outcome:** Results from completion of defined projects and specified operational goals. Outcomes are typically measured in time, cost and quality and work well with task-specific, time-limited goals and projects (e.g. Capital budget and many components of municipal plans).
- **Process Efficiency:** Ratio data illustrating unit costs, resource inputs to program or service outputs, or cost per unit of time. Again, usefulness is enhanced by tracking progress over time to enable trend analysis and comparison with identified benchmark data and/or industry standards.
- **Quality of Life:**
 - *Community Quality of Life:* Indicators of community health such as, standard determinants of health (e.g. education, income, life expectancy), public satisfaction survey results, protective services data (e.g. persons & property), and recreation and cultural program participation levels.
 - *Organization Quality of Life:* Indicators of organizational health such as, attendance, EAP usage, employee survey results, attrition, and grievance levels.

In addition to meeting *Charter* requirements, the prudent use of performance measurement provides several benefits, notably,

- Creating a performance reporting process of key performance indicators appropriate to each organizational layer. Results can be monitored and action quickly taken.
- The data generated provides an evidenced-based link for updating a municipalities' Strategic Management Framework (i.e. Strategic Plan, Tactical plans - OCP, Master Plan, Infrastructure plans, Capital Plan), Department plans, Support Service plans – Financing Strategy, HRM, IT).
- The data generated provides an informed base for initiating targeted process improvements.



Performance measurement is a supportive management tool enhancing Strategic Management and Process Improvement by incorporating the “Plan – Do – Study – Act” cycle popularized by Deming. The information generated by identification of, and reporting on, meaningful performance indicators adds substantial value to the “Study” portion of that cycle. Planning and process improvement is enhanced.

Rick Taylor CHRP CMC, Principal, Results Management Services is a management consultant specializing in results-focused, facilitated projects in Process Improvement, Performance Measurement, and Resource Utilization & Organization Alignment integrated with strategic directions. Rick has extensive senior level municipal management experience, has worked in and with several municipal departments, and has completed projects for several BC municipalities. For further information contact rmtaylor@telus.net