

Accenture Point of View

Government Performance Management

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**Innovation Unbound:
High-Performance
Strategies for Governments**

This point of view is part of Accenture's Innovation Unbound research series, which explores breakthrough strategies that are enabling governments to achieve high-performance results and deliver real value to their citizens.

Introduction

Many people who hear the phrase “performance management” recognize that it’s been around for years. People might also think it’s been clearly established and consistently implemented, but that’s where challenges begin. While businesses and governments have increasingly focused on performance management in recent years, each entity may define it differently, and when surveyed, almost all agree there is room for improvement in their methods.

Globally, government organizations have increased their focus on performance management, in response to pressure from both citizens and elected officials. Within the United States, for example, measurement and reporting on program effectiveness have been highlighted in several vehicles: the President’s Management Agenda, the Government Performance Results Act and the Program Assessment Rating Tool. France passed legislation that requires budget allocations be based on agency performance, and both Canada and Australia established formal programs and standards to measure and report performance within their government agencies.

Within Accenture, we have seen a disconnect between governments’ focus on performance management and inconsistent or ineffective practices being put into effect. We offer this paper to

frame our viewpoint on performance management within government, and present a straight-forward, reliable approach for implementing performance management programs.

Since performance management means many different things in public sector management, we will define the term before using it. Some people think it means managing employee performance and the set of coaching, counseling and evaluation tools associated with that task. Some think it means performance budgeting, which conjures up a specific image for budgeting professionals. Still others think it refers to performance reporting and balanced scorecard technology. With this brief paper, we offer Accenture’s definition of performance management and explain why governments should develop standardized definitions and processes to support it.

Performance Management Defined

When Accenture uses the phrase "performance management," we are referring to the interlocking management processes that governments use, and the need to have them all driven by the ultimate outcomes they are meant to achieve.

Most governments go through a performance management cycle similar to what's pictured and described in Figure 1.

Strategic Planning

Most government organizations conduct an annual or semi-annual strategic planning process, varying in formality and level of detail. The strategic planning process identifies high-level, long-term objectives and goals for meeting the desired outcomes of the program or organization involved. Most strategic plans encompass a time horizon of five years or more. Another key aspect of strategic planning is an evaluation of the external environment in which the agency operates.

Operational Planning

All government organizations follow a budgeting process, which establishes operational plans for the coming year or biennium. All of those budgets, or operational plans, focus on how much money will be spent. Some of those budgets include performance targets for government programs, or specify what is to be accomplished with the dollars spent. Most budgets, however, do not include such details.

Progress Evaluation

Most governments provide some form of progress reporting on the execution of their operational plans, such as a "budget-to-actual" financial report. Progress reports are available to agency and program managers to assist in their oversight responsibilities.

These reports can be given to elected officials and made public. Progress reports typically include spending to date and descriptions of accomplishments to date, such as reports on capital construction projects. However, few include evaluation of changes in programmatic goals and outcome achievements, such as the rate of crime or the rate of teen pregnancy.

Reporting

Increasing numbers of governments around the world now produce some sort of annual report on performance. The United States started this trend with the Government Performance Results Act of 1993, which applies to the US federal government, and the Service Efforts and Accomplishments (SEA) guidelines established by the Governmental Accounting Standards Board. Other countries, most notably Canada and France, have implemented similar requirements with formalized support structures. Governments are typically required to report on changes in and progress toward programmatic goals. While information presented typically includes dollars spent, the focus is supposed to be on actual changes in government and societal performance metrics.

Figure 1: Performance Management Cycle



Analysis/Evaluation

Most governments conduct ongoing analysis of government programs to determine effectiveness and efficiency. Results of the analysis/evaluation can inform the strategic and operational planning steps described above. The analysis/evaluation process is carried out by budget analysts or by program/performance auditors. While this step in the process is shown as a distinct point in the diagram above, it's usually an ongoing process. Results are reported when they are available, rather than at a regular, distinct point in an annual process.

Scorecarding

This capability underlies each and every step of the performance management cycle - the conscious process of establishing performance measures that tie to the strategic plans, goals, objectives and budgets of a government organization. Essentially, scorecards answer the question "how do we know whether or not we've accomplished our desired outcomes?" Scorecarding produces the best results when the measures selected link the organization's actions to desired outcomes or results, rather than the all-too-common practice of simply reporting on whatever is currently measured.

External Environment Analysis

Another capability that underlies each step in the performance management cycle is continuous monitoring and analysis of the organization's external environment. The organization should continually check its mission, the effectiveness of current programs, and the potential need for new programs against what is actually happening in broader society. Scorecarding can provide a regular feed of data on the external environment.

Today's Performance Management Challenges

Performance management processes should relate to each other, but often do not.

Instead of being managed and viewed as end-to-end mission enablers, most of these management processes operate separately, driven by their own unique set of players and dynamics.

Examples of this type of disconnect:

- Operational plans or budgets not tied to specific strategic plan goals. When this happens, officials cannot tell the public how much money will be spent to accomplish their goals.
- Monthly or quarterly progress reporting does not provide check-point information against goals; for example, whether the rate of teen pregnancy is going down as planned due to funded program efforts.
- Annual performance reports do not cite strategic goals as the basis for what's reported.
- Programs selected for analysis/evaluation do not necessarily reflect the government's most important strategic goals.
- Performance measures are not tied to the public's goals, nor matched and collaborated with the changing environmental mission needs.

Drivers for all performance management processes lack consistency.

All of the management processes should be driven by the ultimate outcomes they are meant to achieve. While the strategic plans will articulate what the program or organization is supposed to achieve, the rest of the management processes tend to focus more on dollars spent than on what is accomplished with them. For example:

- Operational plans usually detail the money to spend and the expected outputs, not how spending will affect key goals (like increasing employment opportunities as a result of greater funding to training programs).
- Annual reporting processes create a positive PR document that highlights short-term program points, instead of reporting against strategic program goals.
- Most analysis/evaluation programs focus on a "gotcha" approach of finding problems, shortcomings and individual stories of waste and fraud to draw out in public, instead of a regular evaluation of how programs are accomplishing their intended goals.

Programs lack integration through all levels of the organization.

Strategic-level goals and associated metrics, now required by many large government organizations (United States, Canada, Australia, France), are set by top executives. A different, lower level of the organization carries out the detailed management processes, but the strategic goals are rarely driven down into the organization. As a result, program executives do not

determine how their programs support strategic goals, and specific program metrics are not tied to strategic-level metrics to help the organization gauge progress. This "gap" means that even with the best executive focus, most programs do not align with the goals set by top executives, elected officials or the public.

Metrics not used effectively.

Most organizations do not tie their metrics to different parts of the performance management cycle, which leads to inconsistent applications and information overload. For instance:

- The "rate of crime" metric describes the external environment and is affected by a large number of complex variables, both within and outside of government's control. This metric should be used at a strategic planning/prioritization level.
- The "average cost of an investigation" metric focuses internally, and is most appropriate for use in operational planning and budgeting.

Most government organizations will provide executives, elected officials and the public both of those metrics, along with many others, using each of them when appropriate to support specific arguments or to make specific points. There is rarely a segregation of reported metrics into which are most appropriate for different parts of the management process.



Accenture's Vision of Performance Management

Accenture believes the public is increasingly frustrated with government's lack of focus on what is truly important to them. Public perception in many parts of the world sees governments talking about budget shortfalls, staffing challenges, program and societal issues that preclude change or other internally-focused items, instead of focusing on programs to lower unemployment, reduce crime, improve citizen health, increase child safety or reduce cost while improving service. This is a sweeping generalization with complex forces affecting it, but we think it a fair characterization of the public's perception of government's relevance to their lives.

Accenture sees increasing numbers of elected officials and the general public demanding greater accountability for what has been accomplished with money already spent and what will be accomplished with taxes paid. We see more government officials wanting to meet that demand, but frustrated by the complex web of unrelated processes described above.

Governments must start the long journey of tying together the performance management processes so that they can show the public what they are focused on and how their actions will achieve the intended results. Governments should be able to tell the public not only how much money they have spent, but how society has changed as a result of the activities carried out with that money spent.

Starting the Performance Management Journey

While it is easy to make the vision statement above, the implementation of that vision encompasses a long and complex change process. Figure 2 presents the high-level steps in this change journey.

Before reviewing the details of the change journey, note the following key items:

This process is iterative, not a point-to-point project.

Over time, the cycle pictured in Figure 2 will repeat multiple times. It is better to deliver a demonstration of a concept of operations and try these approaches, learn from the results and then scale the processes and solution, than it is to wait too long to start this process.

You can start at various points in the journey.

The organization does not have to first set a vision, define outcomes and determine associated metrics. The information for these tasks may not be available, and completing the work would be a waste of time. It's possible to start by implementing portions of the technology platform to gather the information necessary to support the visioning/outcome/metrics steps. Each organization will have to define the sequence most appropriate to its unique circumstances.

With that in mind, each step of the change journey is reviewed below.

Set Vision/Define Outcomes

- Clearly identify stakeholders (citizens, customers, beneficiaries, oversight authorities, workforce and partners), their needs and expectations
- Define target outcomes, including the unique value that will be delivered
 - Review current outcomes achieved/ value created
 - Consider outcomes generated by peer organizations
 - Refine target outcomes as desired
 - Select performance metrics to assess whether or not outcomes are achieved

Drive the Vision through the Organization

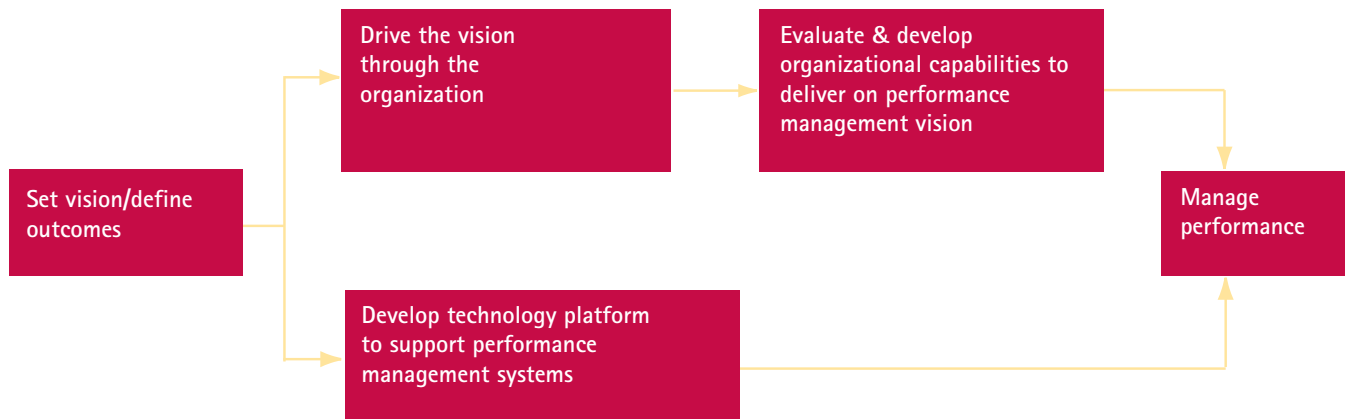
- Determine the dimensions on which progress toward target outcomes will be evaluated
- Define associated performance measures
- Understand current performance levels and trends
- Set target performance levels and timeline/ milestones
- Cascade performance measures through the organization, from top management to the individual employees

Evaluate & Develop

Organizational Capabilities

- Define the products and services the organization will deliver to accomplish target outcomes
- Design the core capabilities, processes and activities, roles, responsibilities and workflow required to produce the portfolio of products and services
- Determine who within or external to the organization will be responsible for and who will contribute to each process, how decision-making will happen, and who will report to whom
- Identify the capabilities, systems, tools and technologies needed to enable processes and the people who execute them, including communications and the flow of knowledge and information
- Articulate and begin pursuing a strategy, goals and objectives to achieve target outcomes and performance levels

Figure 2: The Change Journey



Develop Technology Platform

- Establish an information management and technology governance process focused on the organization's current and future technology and data environments, providing the capability to scale and refresh the needs of the organization
- Determine requirements to gather data and provide reports on goals and metrics identified in previous steps
- Evaluate current capabilities and systems to meet data and information/ reporting requirements
- Determine means of providing technical support for anticipated performance management reporting:
 - Existing systems only
 - Existing systems modified
 - New systems
- Plan and implement technology solution to support performance management system
- Develop a flexible and scalable solution that keeps up with changing regulatory and environmental factors

Manage Performance

- Allocate and manage resources in accordance with target outcomes, performance levels and process requirements
- Identify performance metrics that indicate whether or not target outcomes and performance levels are achieved. Rather than wait for the perfect metrics, start small with a measurement pilot, learn from the results, and then refine the metrics framework.
- Continually monitor stakeholder needs and expectations
- Adjust individual performance, operational performance, product and service mix, and target outcomes as needed to improve performance

The change journey a government will complete is much more complex than what is summarized here, with variations in the steps described above. We present this summary as a starting point for conversation and analysis, rather than as a complete checklist of how to implement performance management.

Accenture Capabilities to Guide the Change Journey

Accenture offers the following capabilities and assets to assist governments who wish to undertake the change journey to implement true performance management. We have extensive information available on each of these tools and techniques:

Accenture Public Service Value Model

This Accenture-developed framework establishes a program's vision/direction, the first step outlined above. The Public Service Value Model offers a structured approach to answer the basic questions, "what is this program here to accomplish?" and "how do we know whether or not we are accomplishing it?" The Public Service Value Model also provides the framework for the rest of the change journey management processes, focusing on the end-to-end processes. The goals and associated metrics developed in preparing a Public Service Value analysis can be used throughout the program. For example, budgets and operational plans should show the money that will be spent to meet underlying goals that support and achieve the highest-level goals established in the organization's strategic plans.

Performance Management Capability Model

This Accenture-developed set of capabilities details the elements governments must have in place to carry out a true performance management process. These capabilities include:

- Strategic planning processes and templates
- Budgeting and planning systems
- Data warehouse/reporting technologies
- Personnel training and educational templates
- Organizational redesign and job description aids

Performance Management Diagnostic for Governments

Developed by Accenture, this web-based diagnostic tool evaluates a government's strengths and weaknesses in each part of the capability model. Each capability includes an associated set of "best practices." Using the web-based survey tool, employees in your organization rate how well the organization is following each best practice. From the results, we analyze the organization's current status in the capability model and help determine a change program most appropriate for that organization.

Accenture Information Management Diagnostic

This diagnostic tool gauges your organization's information management capabilities and areas for improvement. A series of questions focuses on the ties between information strategy, governance, data, delivery, storage and security within your organization. Our experience in improving information management in public and private sector settings works for you as we take the assessment tool results, work with you, and develop a plan to make your technology team's information management capabilities as state-of-the-art as possible.

Accenture Information Management Services

True performance management for governments requires managing vast amounts of data and information. This capability comprises thousands of consultants who specialize in the various technical skills required to strategize, implement, maintain and govern the use of all the data governments manage. Information Management Services includes sub-specialists in the areas of Business Intelligence, Portals & Content Management, Data Architecture and Data Quality.

Expertise in Leading IT Management Practices

Accenture invests a great deal in both developing and keeping current with leading practices in IT management, such as Service Oriented Architecture, Business Process Management, and Command and Control Management Tools. We bring experienced, world-class specialists in these areas to complement your IT staff in finding the most effective and efficient ways to support your information management needs.

Alliances with Leading Software Vendors

Appropriate technology support is a key enabler for governments to use performance management daily for decision making. Accenture's strong alliances with vendors can be leveraged to provide tools to support your organization's capabilities, preferences and needs. Accenture's alliances encompass large general-purpose vendors such as Microsoft, ERP vendors such as SAP and Oracle, and more specialized vendors focused on specific aspects of performance management, such as Hyperion, Cognos and Business Objects.

A woman with dark hair, wearing a blue button-down shirt, is seated in a black office chair at a long wooden conference table. She is smiling and looking towards the right. In the background, two other people are seated at the table, one using a laptop. The office has large glass windows and a modern, clean aesthetic.

Summary

Many governments feel pressure (generated internally and externally) to change their approach in how they prioritize programs, maintain momentum, measure progress and report results. Unfortunately, those organizations may not have the tools or processes in place to respond appropriately, or to organize their programs to better meet strategic objectives.

By following a well-orchestrated change program, focused on establishing long-term performance management processes, governments can structure themselves to address the correct priorities and support their strategic goals through all levels of the organization. Processes, programs, metrics and technology systems can be developed and integrated to support the long-term strategic goals. Progress can be measured and reported consistently to government leadership and to the public.

Accenture can provide the expertise, supported by proven systems and tools, to guide government organizations on this difficult change journey.

About the authors

Mark Howard is Accenture's Global Program Director for Government Finance & Performance Management. He has over 20 years' experience in general government management and consulting. He is a frequent speaker and writer on improving performance management practices in government, and has worked with dozens of government organizations globally on improving aspects of their performance management practices, from reporting to budgeting to strategic planning.

Lisa Neuberger works in Accenture's Government Strategy & Business Architecture practice, and is currently the US program manager for the company's Public Service Value initiative (a new patent-pending approach to defining outcomes, measuring results and creating value for government agencies and nonprofit organizations around the world). She speaks often on the topic of "outcome based performance management in government." Lisa has public sector experience from working at the Organization of Economic Cooperation and Development, the White House and the U.S. Senate, along with her private sector work in developing business strategies and performance measurement frameworks.

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