The Tennessee Municipal Benchmarking Project Conference

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Brentwood, TN

MTAS Municipal Technical Advisory Service
In cooperation with the Tennessee Municipal League

Learning Objectives

Upon completion of this course the participants should be able to:

Module I – Introduction to Performance Measurement:

1. Define Performance Measurement and its uses.
2. List benefits or purposes for using a performance measurement system.
3. List possible staff concerns and how to overcome them.
4. Explain how to connect the performance measurement system to employees.

Module 2 – Developing Performance Measures

1. Identify the four types of performance measures.
2. Apply the major components of a performance measurement system.
3. Identify the definitions of common performance measurement terms.
4. Develop performance measures.

"Unless you are keeping score, it is difficult to know whether you are winning or losing. This applies to ball games, card games, and no less to government productivity . . . Productivity measurements permit governments to identify problem areas, and as corrective actions are taken, to detect the extent to which improvements have occurred."*

*As noted by Harry Hatry (1978, January/February) in the Public Administration Review, pp 28.

Define Performance Measurement/Management:

Performance measurement/management is the practice of regular and continuous _____ _____ & reporting on important aspects of an organization's _____, _____, or _____. Performance measures are _____ indicators representing specific process or service delivery activities.

Examples:

- The number of parks maintained each fiscal year.
- The percentage of citizens who feel safe in their neighborhoods.
- The number of potholes repaired within 48 hours of being reported.

Benefits of Performance Measurement

1. Provide _____ and _____.

2. Indicate if _____ has been made.

3. Assist leaders in making day-to-day _____.

4. Serves as a _____ tool.

5. Identify _____ _____.

6. Increase _____ _____.

Staff concerns and how can you overcome it?

1. "We already did that".

2. "Performance measures are unfair because we do not have total control over the outcomes".

3. "Performance measures will be used to hurt the staff and not help them."

4. "Performance measures will invite unfair comparison."

5. "Performance measures are a great idea, but the next manager/mayor/board/council may not continue this effort."

6. "There is no way to measure what I do."

7. "The department/agency/ has conflicting missions."

Four Types of Performance Measures:

1. ***Workload (output measures)*** - indicate the amount of work performed or the amount of services received. By comparing workload measure reporting, for example, the number of applications processed by the HR department, the number of arrests by the patrol division of the police department and the number of trees planted by parks crews with the corresponding records from a previous year. The only disadvantage to this measurement is that it measures what was done, but not how well it was done.
    - Number of potholes repaired
    - Number of miles of roads resurfaced
    - Number of library books checked out

2. ***Efficiency Measures*** – reflect the relationship between work performed and resources required to perform it. Unit costs are an obvious example. Unit costs are calculated by dividing total costs of a service or function by the number of units provided. For example, if 2,000 feet of 8-inch sewer line are installed by municipal crews at a total cost of $100,000, then the unit cost of a sewer line installation is $50 per foot. Other forms of efficiency measures reflect alternative types of resource input, for example, units produced per labor hour or production relative to efficiency standard.
    - Cost of pothole repaired or number of potholes repaired in 8 hour period
    - Cost per book checked out of library
    - Cost of training sessions offered

3. ***Effectiveness measures*** (outcome measures) – depict the degree to which performance objectives are achieved or reflect the quality of the local government performance. Example: Meter reading with error ratings less than .5%, or consistent record of fire suppression with only minimal spread. Response times and other measures of service quality sometimes are only indirectly related to effectiveness but are typically included among this group of measures.
    - Number of invoices processed without error
    - The percentage of residential streets passable within 24 hours of major snow storms.

4. ***Productivity measures*** – combine the dimensions of efficiency and effectiveness in a single indicator.
    - "Meters repaired per labor hour" reflects efficiency and "percentage of meters repaired properly" (e.g., not returned for further repair within 6 months) reflects effectiveness, "unit costs (or labor hours) per ***effective*** meter repair" reflects productivity. The costs (or labor hours) of faulty meter repairs as well as the costs of effective repairs are included in the numerator of such a calculation, but only good repairs are counted in the denominator—thereby encouraging efficiency and effectiveness by meter repair personnel.

Source: David N. Ammons, Municipal Benchmarks, 2nd Ed., Sage Publications, Thousand Oaks, London, New Delhi, 2001

Examples of Performance Measures

Identify each performance measure by determining if it is a: workload, efficiency, or effective measure.

Measure	Type
1. Number of applications processed by HR department	
2. Number of training sessions offered in a year.	
3. Number of hires within 60 days of vacancy.	
4. Cost per building inspection.	
5. Number of building inspections performed on annual basis.	
6. Number of invoices processed annually.	
7. Cost of processing each invoice	
8. Number of invoices processed without error within 2 days of receiving it.	
9. Number of successful hires (satisfactory pass probation period) within 60 days of vacancy.	
10. Number of arrests by the patrol division	

List of elements for developing a set of performance measures according to ICMA standards

1. **Usefulness** – Does the measure provide the users with the information needed to make decisions or take corrective actions?

2. **Clarity** – Will those who collect the data know what they should be looking for? Will those who analyze and interpret the data understand their meaning? Will those who read the performance measurement report understand what it tells them?

3. **Relevance to program activities** – Does the set of measures apply to all or most of the program activities?

4. **Uniqueness** – Does the measure provide information not covered by other measures?

5. **Timeliness** – Does the measure provide information before leaders, managers, supervisor, and/or elected officials need to make decisions?

6. **Controllability** – Does the program staff have control over the performance of the program or service?

7. **Completeness** – Does the measure provide a complete picture of the service and its objectives?

8. **Comparability** – Can the measure be used for inter-period, inter-jurisdictional, and other comparisons?

Performance Measurement Process Sample

Pre-Performance Measurement Steps

Step 1: Identify the program or service. (State the program or service you are going to measure)

Example: The Police Department

Step 2: Identify the vision, mission, or objective.

Prevent crime and make citizens safe.

Step 3: Identify program activities. (List or describe the program service or activities.)

Increase traffic safety.
Reduce "broken window" crimes and violations.
Maximize the visibility and effectiveness of police officers.

Step 4: Determine program targets. (Criteria against which to measure success.)

Maintain the number of sworn officers in proportion to population.
Reduce the number of crimes committed.
Increase the number citations for moving violation exceeding speed limit by 10%.

Performance Measures

Step 5: Determine program inputs (resources your government will spend to operate or implement the program or service.

$36,000,000 budget for police in total; 447 sworn officers.
One-third for this goal.

Step 6: Determine program outputs. (The amount of program activity or workload.)

Number of sworn officers – 447.
Investigation of crimes committed – 15485.
Number of moving violations – 25,549.

Step 7: Determine program efficiency measures. (Costs per unit of output)

Cost per sworn officer.
Cost per 1,000 populations.
% of speeding tickets citations exceeding speed limit by 10 mph.
Number of crimes investigated per sworn officer.

Understanding the Performance Measures

Step 8: Provide explanatory information.

Performance Measurement Process Sample

Pre-Performance Measurement Steps

Step 1: Identify the program or service. (State the program or service you are going to measure)

Example: The Fire Department

Step 2: Identify the vision, mission, or objective.

Reduce property loss resulting from fire.

Step 3: Identify program activities. (List or describe the program service or activities.)

Provide fire inspections
Respond to fires
Maintain and test equipment

Step 4: Determine program targets. (Criteria against which to measure success.)

Maintain an average response time of 5 minutes.
Inspect all business on a three-year cycle.
Keep property damage in check.

Performance Measures

Step 5: Determine program inputs (resources your government will spend to operate or implement the program or service.

$25,000,000 budget for fire; 418 employees.

Step 6: Determine program outputs. (The amount of program activity or workload.)

Number of inspections – 2968
Average response times; 5 minutes

Step 7: Determine program efficiency measures. (Costs per unit of output)

Cost per fire employee
Cost per 1,000 population
Number of inspections per fire employee
Property damage per inspection
Number of fire calls
Average response times

Understanding the Performance Measures

Step 8: Provide explanatory information.

Performance Measurement Process Sample

Pre-Performance Measurement Steps

Step 1: Identify the program or service. (State the program or service you are going to measure)

Example: The Department of Neighborhood Services.

Step 2: Identify the vision, mission, or objective.

To provide care and control of animal population in the City.

Step 3: Identify program activities. (List or describe the program service or activities.)

Operate an animal shelter.
Pick up strays.
Provide neutering services.

Step 4: Determine program targets. (Criteria against which to measure success.)

Reduce the number of animals euphemized.
Minimize the city's cost.
Increase the number of animals neutered.

Performance Measures

Step 5: Determine program inputs (resources your government will spend to operate or implement the program or service.

$1,000,000 budget for animal control; 9 employees.

Step 6: Determine program outputs. (The amount of program activity or workload.)

Animals captured.
Animals neutered.
Animals euphemized.
Animals placed in homes.

Step 7: Determine program efficiency measures. (Costs per unit of output) Number of animals captured; neutered; euphemized, placed per employee.

Cost per employee.
Cost per 1,000 population.
Cost of animals neutered.
Cost of animals euphemized.
Revenue from license or placement per 1,000 population.

Understanding the Performance Measures

Step 8: Provide explanatory information.

Performance Measurement Terms

Inputs = These are measure of the resources a government uses to provide a service, such as total dollars spent, the number of teachers or nurses employed, or the number of garbage trucks or fire engines used.

Outputs = Indicators of the amount of service provided. For example, school graduation rates, number of patients treated in the emergency room, tons of garbage collected, or number of fires extinguished.

Outcomes = Measures that assess how well a service's goal and objectives are accomplished. Outcome measures indicate the quality or effectiveness of a service. For instance, cleanliness ratings based on routine inspections could describe a cities success, or lack thereof, at cleaning its streets or parks. To gauge its success, a fire department might track the number of fire-related deaths and injuries, or the dollar value of property lost to fire. A school district might collect information on the percentage of graduating student gainfully employed or continuing education two years after graduation.

Efficiency = Indicators that measure the amount of resources required to produce a single unit of output or to achieve a certain outcome. These measures inform judgments about how well resources were used to achieve intended aims by comparing input indicators with output and outcome indicators.

Program Target or Goal = Program targets are the levels of performance that the local government wants to achieve. Program targets help define success. Without program targets, measures lose their meaning and a local government cannot determine whether it has been successful. Program targets should be related to the vision or mission that is adopted.

Performance Measurement Terms

Identify each statement with one of the following terms:

- Input measure
- Output measure
- Outcome measure (intermediate or end)
- Efficiency measure
- Program target or Goal

	Statement	Term
1	The number of code enforcement violations written each year.	
2	The number of code enforcement officers.	
3	The number of code violations repaired within 1 week of notification.	
4	Reduce the number of code enforcement violations by 10% each fiscal year.	
5	Response time to fires.	
6	The cost to pave each residential street mile.	
7	The number of housing permits issued each year.	
8	The number of firefighters required to staff the fire station at any one time.	
9	The number of city youth registered in the after-school basketball program.	
10	Reduce the number of firefighter injuries by 20% in the next fiscal year.	
11	Reduce the number of crimes committed by 15% in the next six-month period.	
12	The percentage of residential streets passable 24 hours after major snowstorms.	

Performance Measurement Process

Pre-Performance Measurement Steps

Step 1: Identify the program or service. (State the program or service you are going to measure)

Step 2: Identify the vision, mission, or objective.

Step 3: Identify program activities. (List or describe the program service or activities.)

Step 4: Determine program targets. (Criteria against which to measure success.)

Performance Measures

Step 5: Determine program inputs (resources your government will spend to operate or implement the program or service.

Step 6: Determine program outputs. (The amount of program activity or workload.)

Step 7: Determine program efficiency measures. (Costs per unit of output)

Understanding the Performance Measures

Step 8: Provide explanatory information.

Key Learning Form

Identify and list key points that were most pertinent to you. These may be completely "new learnings" or just "reaffirmed" learning(s).

1.

2.

3.

4.

5.