



# *Performance Management:*

WHEN RESULTS MATTER





Performance management not only helps an organization achieve its strategic objectives but also serves as a means of uniting diverse stakeholders in the common goal of building a better community.

Local government professionals are increasingly pressed to demonstrate sound management decision making and resource allocation. Performance management is a commonly used method to quantify and improve performance and to engage citizens and other stakeholders. Successfully applied, performance management is an important tool for improving results, engaging citizens, and building partnerships.

This document provides an overview of the benefits of implementing a successful performance management system and details the extensive experience of the International City/County Management Association (ICMA) in designing and applying these concepts in the United States and abroad. Performance management not only helps an organization achieve its strategic objectives but also serves as a means of uniting diverse stakeholders in the common goal of building a better community.

#### ABOUT ICMA

Established in 1914, the International City/County Management Association (ICMA) was founded to help bring reform and accountability to local government and to be an advocate for professional management in local government. In 1924 ICMA members expressed their commitment to high standards of conduct by adopting a code of ethics.

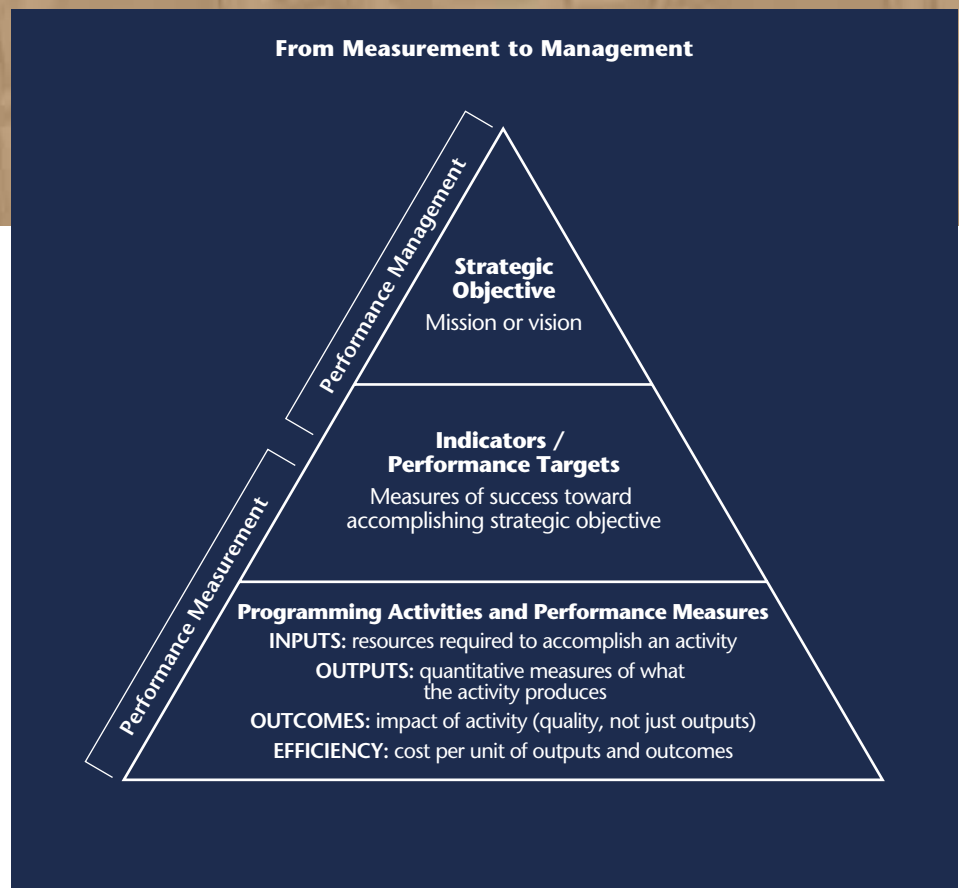
Today ICMA represents nearly 7,600 local government executives and urban experts worldwide. ICMA members have a deep sense of responsibility to the community and to furthering the ICMA mission to create excellence in local government by developing and fostering local government management worldwide. Performance measurement is an essential ingredient in accomplishing the organization's goals and objectives.



# Beyond the Data of Performance Management

Performance measurement involves collecting data in a systematic and objective manner to determine the efficiency and effectiveness of service delivery and program objectives. Performance management is the application of such data into an integrated management system that informs resource allocation and decision making to move an organization toward the achievement of strategic objectives (see “From Measurement to Management”).

Many factors motivate the application of performance management. In the United States and internationally, governments are applying performance measures and standards to promote greater accountability through high-performing, transparent government agencies and communication with citizens. Indeed, elected officials at every level of government, public managers, and citizens all benefit from implementing sound performance management systems.



Performance management concepts are also being applied to nongovernmental organizations and others interested in establishing a culture of continuous improvement.

# Center for Performance Measurement



The ICMA Center for Performance Measurement (CPM) was created in 1994. It is internationally recognized for helping local governments improve the effectiveness and efficiency of public services through the collection, analysis, and application of performance information.

CPM was initiated when 20 of the largest U.S. cities approached ICMA to provide leadership and oversight in developing accurate data about the quality and efficiency of service delivery. This information is used to measure performance against other local governments, inform management decisions, and communicate with citizens.

CPM quickly became self-sustaining and today serves over 100 of the most progressive cities and counties in the United States and Canada. In addition to onsite training and access to information resources, CPM

## THE CENTER FOR PERFORMANCE MEASUREMENT'S FOCUS

The Center for Performance Measurement (CPM) service areas include:

- Code enforcement
- Facilities management
- Fire and emergency management
- Fleet management
- Highway and road maintenance
- Housing
- Human resources
- Information technology
- Library services
- Parks and recreation
- Police services
- Purchasing
- Refuse and recycling
- Risk management
- Youth services.

For more information, visit <http://icma.org/performance>.

participants benefit from the ability to implement performance measurement systems quickly, set performance targets based on community values and priorities, and

network with other local government practitioners interested in promoting best practices and sharing information.



**“It cannot be emphasized too strongly that these standards are not theoretical concepts devised by academicians. Nor are they intended as playthings for statisticians. They are practical tools by means of which practical legislators and administrators can meet the practical need of choosing between alternative courses of action.”**

—Clarence E. Ridley and Nobel Laureate Herb Simon, former ICMA economist, *Public Management Magazine*, vol. XIX, 1937, p. 46.

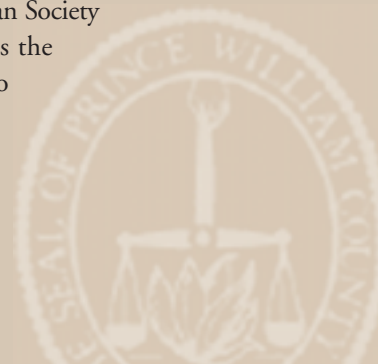


CPM serves as the focal point for ICMA performance management efforts, which include technical assistance, training, and information activities worldwide. Initially, ICMA worked primarily with local governments interested in applying performance

measurement concepts. As performance measurement is increasingly being adapted to meet broader organizational needs, ICMA is providing services to a wide range of institutions in the design and implementation of performance management systems.

#### **A WINNING APPROACH**

Prince William County, Virginia, a Center for Performance Measurement participant, received the 2004 Center for Accountability and Performance Organizational Leadership Award from the American Society for Public Administration. This award recognizes the outstanding application of a systems approach to performance measurement that results in enhanced government performance and accountability, a positive change in organizational culture, and sustained improvements.



# Benefits of Performance Management

A good performance management system yields the necessary data for assessing service needs and performance. In this sense, a good system helps elected officials in their oversight responsibilities. It also helps them make objective resource-allocation decisions and formulate policy.

Performance of a specific service may be tracked over time to demonstrate improvement, or it may be benchmarked against levels of service provided in similar communities. Openly sharing goals and trend and comparative data is an effective way of strengthening elected officials' credibility with citizens. The example of Bellevue, Washington, well illustrates this point.

## TAKING MEASURES

In 1996, the city of Bellevue compared its performance measures related to overall crime and crimes committed by specific target groups, such as juveniles, with those of 19 other local governments and the ICMA average ("ICMA average" refers to data reported by participants in ICMA's Center for Performance Measurement, which includes more than 100 cities and counties.). Bellevue found that its level of crimes committed by juveniles in 1996 was higher than the ICMA average. That information prompted elected and appointed officials to focus on juveniles and to develop specific strategies to reduce arrests.

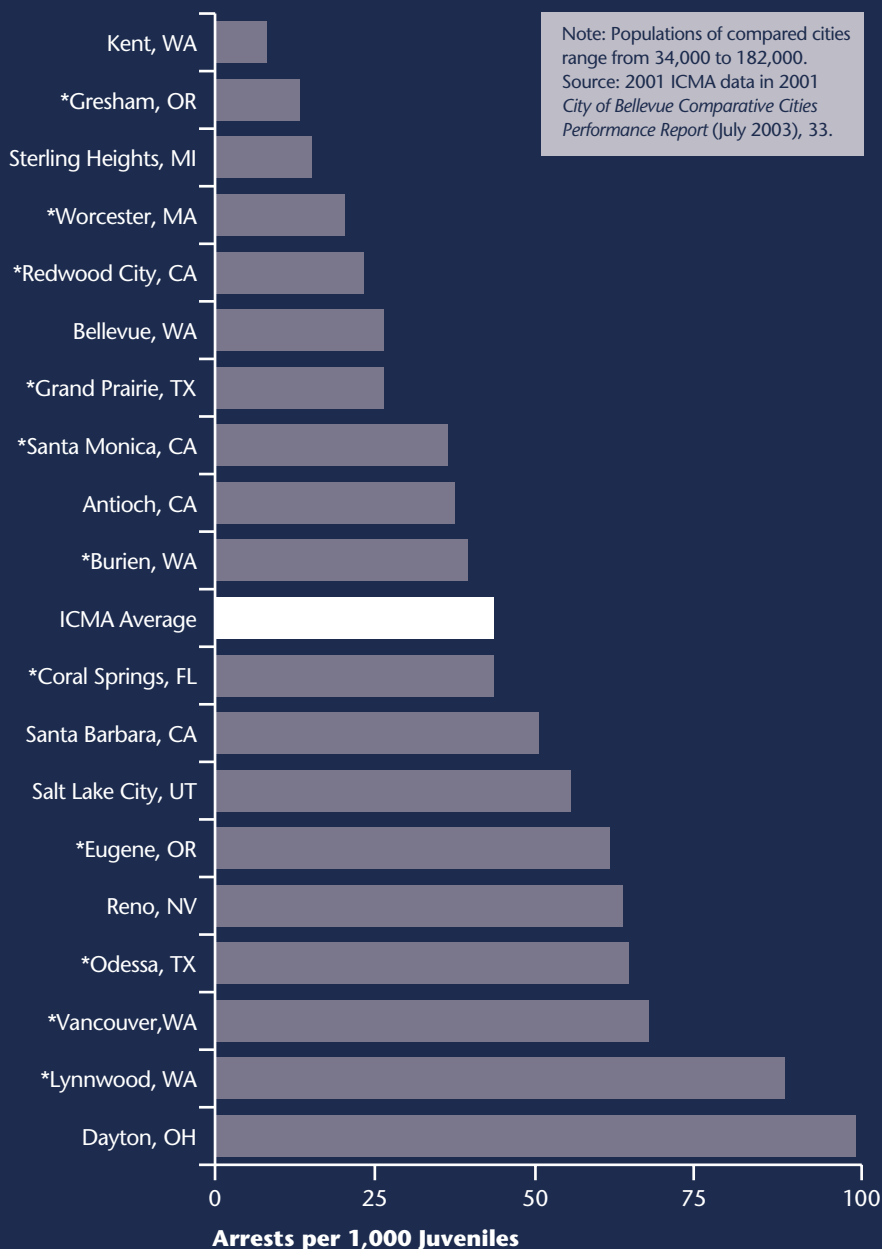
## SUSTAINING PROGRESS

The city government identified partners who could help achieve improved results, including the school district and a county housing officer who worked with families living in low-income apartments. Police-school partnerships were formed between the School Resource Officer and drug prevention programs, and community services officers conducted

family interventions for youth at risk for gang involvement. The city continually reviewed and adjusted strategies with the Community Services Section to further emphasize investigation and intervention

of juvenile crime. With this focused set of strategies, Bellevue was able to reduce its arrest rate each year, and by 2001 the city had an arrest rate significantly below the ICMA average (see Table 1).

**Table 1  
Juvenile Arrests in 2001**





**“Going through the performance measurement program caused us to examine every major process. In examining the process we discovered duplications, redundancies, unnecessary functions being done, and various other inefficiencies. Because of the procedures we go through in measuring performance, we have been able to realign our processes and are now providing more services with 16 percent fewer staff [via attrition].”**

—Dr. Carlos R. Vessels, Administrative Service Director, Safford, Arizona



Bellevue continues to modify and review its strategies in order to sustain improvements in arrest rates among juveniles. These efforts include improving communication between the investigative and intervention programs, maintaining interaction with youth through the School Resource Officer and after-school programs, and continuing to examine performance measures and best practices from other cities.

Local government managers and their staff use performance management as a systematic means to conduct continuous evaluation, track progress in realizing strategic plan goals, and inform daily operations. Performance measurement data can be used to identify operational weaknesses and allocate resources accordingly. In addition, an established performance management system can help facilitate the process of setting employee performance goals and evaluating the performance of outside contractors. Indeed, citizen satisfaction improves as local governments respond to citizen input with service delivery improvements.

**THE PERFORMANCE DIVIDEND**  
 By adopting performance management strategies, local governments are better able to:

- Engage citizens and elected officials in setting goals
- Assess service needs
- Develop focused strategies
- Track progress and evaluate continuously
- Demonstrate improvements
- Reduce costs and improve business processes
- Increase accountability and citizen satisfaction.



# Citizen Involvement, Management Focus

Performance management is a powerful tool for engaging citizens and other stakeholders. By involving citizens in establishing and implementing performance management, local governments foster a broader awareness and sense of ownership of programs on the part of the public. Citizen involvement helps communities clarify their priorities and enables the public to play an active role in holding officials accountable, improving service delivery to the community, and allocating tax dollars.



## CHECKING PROGRESS

Elected officials in Santa Barbara County, California, receive performance reports twice a year to monitor the county's progress in achieving outcomes. Performance measures and new fiscal data help the board of supervisors evaluate the county's progress.

## ADOPTING BEST PRACTICES

The city of Carlsbad, California, uses the resources of CPM to identify and implement best practices. Staff in Carlsbad have adopted a practice used by Bellevue, Washington, to match performance measures with action plans to improve service delivery performance. Carlsbad has also implemented a technique used by Coral Springs, Florida, to assess quality-of-life issues.



Austin, Texas, for example, promotes citizen involvement by making performance measurement information publicly available on its Web site. Citizens are encouraged to ask questions and make suggestions related to what should be measured. After several years of program budgeting and public feedback, Austin formalized business planning through its "Managing for Results" initiative in spring 1999. Through this initiative, Austin has aligned its departments by their services, activities, and programs and how they relate to business planning and budgeting initiatives. By managing for results, the city is able to connect people, dollars, and resources to the results that customers and citizens expect from city services.

The "Managing for Results" initiative helped Austin maintain a focus on core services and city priorities during a period of fiscal restraint. Using performance measurement concepts, Austin identified—and was

able to share with the public and elected officials—that 98 percent of the city's dollars went to core or semi-core activities. The city also compared its expenditures in technology and human resources with the averages in ICMA's Center for Performance Measurement, and identified ways to reduce administrative costs while maintaining essential services.

In Austin, performance measurement data have also demonstrated the need to retain personnel to maintain a high-priority service level. In 2003, the city considered eliminating four building inspectors. However, when management realized that the percent of building inspections performed within 24 hours would drop from 95 to 80 percent, the inspectors were retained.





## *Strategic Partnerships and Networking Worldwide*



The abilities to exchange information and forge strategic partnerships are key benefits of applying performance management concepts and benchmarking performance against other local governments. By using benchmarking to gauge performance levels, local governments that participate

in CPM can adopt best practices of other high-performing local governments to improve service delivery, internal operations, and cost effectiveness.

### **A CONSORTIUM OF LOCAL GOVERNMENTS**

Through CPM's benchmarking concepts, ICMA has been able to assist local governments worldwide by establishing partnerships among jurisdictions with similar challenges. In Mexico, ICMA worked with the U.S. Agency for International Development (USAID) and the Asociación de Municipios de México (AMMAC) to create the Sistema de Indicadores de

Desempeño (SINDES). AMMAC was established in 1994 to support improved local government management and to advocate on behalf of local governments. Today, AMMAC represents approximately 300 Mexican municipalities. SINDES is a consortium of participating local governments that, based on the CPM model, pay an annual fee to access information on 50 indicators in nine service areas to compare efficiency and effectiveness with measures of other Mexican local governments. SINDES currently has 19 members and became self-sustaining within AMMAC in less than three years.



# Technical Assistance and Training

ICMA has been instrumental in supporting the development and implementation of innovative performance management and benchmarking systems worldwide. Working with local governments, including military installations, and nongovernmental organizations around the world, ICMA tailors performance measurement to the local context. Using an accurate assessment of current conditions, ICMA works collaboratively with stakeholders to measure progress.

## WORKING WITH MILITARY INSTALLATIONS

ICMA was contracted by the Marine Corps Air/Ground Combat Center at Twentynine Palms, California, to institute a performance measurement program. ICMA worked closely with the installation management and key service-area specialists to provide onsite training and data collection assistance in 14 key service areas. Following the CPM model, Twentynine Palms submits performance information and uses ICMA to analyze its data. Because military installations and local governments have similar management and service provision processes, Twentynine Palms benefits from benchmarking against and lessons learned by high-performing local governments.

## WORKING WITH LOCAL GOVERNMENTS WORLDWIDE

*In El Salvador.* ICMA has worked with stakeholders in El Salvador who were interested in improving financial performance and institutional capacity. Contracted by the Inter-American Development Bank (IDB) in El Salvador, ICMA used performance measurement concepts to rate local government financial performance and overall institutional capacity. Based on the evaluation of 13 weighted indicators, a local government is slotted into one of five possible classifications, ranging from “A”

(the highest classification) to “E” (the lowest classification). Classification of municipalities in this manner serves three specific purposes. First, an observer can look at any one local government and analyze performance in relation to all other municipalities in El Salvador. Second, the classification system enables donor institutions, like IDB, to identify areas of weakness and deliver targeted technical assistance. Third, by establishing the classification of each municipality, the system can be used to monitor and evaluate changes over time. The government of El Salvador has now adopted this classification system.

*In Mexico.* ICMA, in cooperation with USAID, worked with the Mexican Development Bank, BANOBRAS (Banco Nacional de Obras Publicas), on a similar approach to support decentralization efforts in Mexico. ICMA worked closely with BANOBRAS to develop a tool to classify municipalities for receiving technical assistance. The tool includes a series of nine indicators, each of which has a set of conditions to assess institutional development. The system is designed so that BANOBRAS can review potential client municipalities in light of their performance. Not only is the system useful for decision making but it also enables BANOBRAS to pinpoint areas where the municipality can benefit from technical assistance and thereby improve its credit rating.

*In Indonesia.* With the support of USAID, ICMA has been working in Indonesia since 2000 to support implementation of performance-based budgeting by local governments. Performance-based budgeting aligns expenditures with their respective performance items and requires the establishment of performance indicators, performance standards, expenditure standards, and benchmark values for each service. In



addition to promoting increased transparency and accountability of local government resource allocation, performance-based budgets can be used to compare expenditures and results with standards established by other local governments.

ICMA is working with pilot local governments in Indonesia to provide training and technical assistance to establish the groundwork for implementing performance-based budgeting. ICMA has launched a variety of models applying several different techniques to provide training on performance-based budgeting and technical assistance to more than 18 Indonesian local governments. In addition to training and technical assistance, ICMA produces a publication that is distributed to all 354 Indonesian local governments. This effort has included a special activity with USAID’s Global Development Alliance in the Bird’s Head Region of Papua.

*In Kabupaten Sleman, Indonesia.* ICMA is collaborating with Indonesian local government budget preparers to work through an entire budget cycle of the “Excellent School” program in the education department of Kabupaten Sleman, Indonesia. ICMA staff has supported Kabupaten Sleman with the initial planning, design, and implementation of the program—a process that will compare targeted with actual budgets, provide financial and performance reporting, and test the concepts of transparency and accountability as applied to Indonesian local government financial management. The project will tie in all elements of a performance-based budget, including analyses of activities, programs, objectives, and goals for the selected focus area.

## WORKING WITH NONGOVERNMENTAL ORGANIZATIONS WORLDWIDE

Performance measurement is also being applied by diverse stakeholders to enhance municipal transparency and accountability to citizens.

*Creating a diagnostic tool.* ICMA, with the support of USAID and working with a consortium of Mexican nongovernmental organizations, developed Ciudadanos por Municipios Transparentes (CIMTRA). CIMTRA is a diagnostic tool citizens and civil society organizations can use to measure municipal transparency, compare levels of transparency among municipalities, and develop best practices. CIMTRA is a questionnaire that focuses on three transparency fields: public access to information, government communication, and responsive governance. CIMTRA was designed for members of civil society, but local governments can also use the questionnaire to identify areas that may be susceptible to corruption and to help incorporate citizen input into decision-making processes.

When CIMTRA was first administered to Chihuahua, Mexico, the municipality scored 37.13 out of a possible 100 points.



The results of CIMTRA identified 10 areas of opportunity, and Chihuahua initiated actions to increase the role of citizens and civil society organizations in local government decision making. CIMTRA was administered again the following year, and Chihuahua scored 85.53 points higher.

CIMTRA is currently administered by a consortium of four Mexican nongovernmental organizations that serves as a catalyst to support collaboration among previously disparate organizations. ICMA continues to support the program, and the demand for CIMTRA from Mexican citizens and municipalities has been steadily increasing.

*Creating an index.* ICMA helps nongovernmental organizations, including associations, apply the concepts of performance measurement to their program areas. The *Municipal Association Index* (see box) was designed by ICMA to assess the capacity of local government associations in Asia, Europe, and Latin America. The index can be used by associations to self-evaluate program areas or, as part of a broader program of assistance, to identify areas for capacity building. ICMA has incorporated features and practices of successful municipal associations around the world to use as measurements of performance. As part of a long-term program of technical assistance and training, the index may be readministered periodically to evaluate areas of success and to identify areas where programming strategies need to be adjusted.

As an association of local government professionals, ICMA is uniquely positioned to deliver technical assistance and training, proven best practices, and sound management techniques to municipal associations around the globe.

*Creating a training series.* Contracted by USAID, in Bratislava, Slovakia, ICMA worked with the Local Self Government Assistance Center (LSGAC) to develop a 15-volume *Local Government Financial Management* training series. One of the modules, “Performance Measures,” was used to train local governments on the development and implementation of performance measurement. The training module can be self-administered or delivered in a workshop setting. Even though the examples in *Performance Measures* derive from Slovakia, the materials are



## THE MUNICIPAL ASSOCIATION INDEX

The ICMA *Municipal Association Index* evaluates performance in the following areas:

- Leadership and strategic direction
- Program planning, implementation, and evaluation
- Human resource development
- Member services and outreach
- Advocacy
- Financial sustainability.

transferable to jurisdictions in other countries, and trainers can easily apply and modify relevant case studies to meet their local needs.

*Providing incentives.* Working with the state auditor of Campeche, Mexico, ICMA developed a project using performance measures and indicators to provide incentives to municipalities to improve performance.

The system uses indicators to assess financial health, general performance, and management practices of local governments in the state of Campeche.



Over the course of two years, ICMA worked with the state auditor of Campeche to develop and test the indicators. The state legislature of Campeche passed a law establishing the Program for Recognition of Good Governance on June 27, 2003. The law includes the establishment of a citizen committee to decide which municipalities receive recognition. In late 2003, the recognition program and the state of Campeche received an award from the Ford Foundation-CIDE Municipal Award Program for promoting municipal best practices.

Texas

★ Austin

Paraguay

★ Asunción

## City-to-City Partnerships

ICMA member communities have established partnerships with other cities around the world. These city-to-city connections often result in improved services to citizens and long-term relationships between top officials in participating jurisdictions.

### ASUNCIÓN, PARAGUAY, AND AUSTIN, TEXAS

The municipality of Asunción, Paraguay, in partnership with the city of Austin, Texas, incorporated performance measurement into its annual budget development exercise. The partnership was funded by USAID under ICMA's Resource Cities Program.<sup>1</sup> Using solid waste management as a pilot, Asunción adopted Austin's technique of developing a business plan for each department as the basis for the budget. The business plans include the practice of separating the budget into several funds in order to track the performance of enterprise-type activities. Now,

citizens and local government officials can easily track municipal solid waste management costs and revenues.

The partnership between the city of Austin, Texas, and the city of Asunción, Paraguay, metropolitan area resulted in improvements to the Asunción landfill and the incorporation of performance measurement as part of Asunción's annual budget development exercise. These results built upon earlier work by ICMA with the local leadership of Asunción to strengthen citizen confidence in the local government.



ICMA developed a two-day workshop series, *Performance Measurement in Local Government: A Workshop Design*, and a case study, *Measuring the Success of Local Government Service Delivery*, to help the municipality of Asunción establish a transparent set of performance indicators to measure service delivery and a system of communicating with the public to promote constructive dialogue.

Using the same workshop series, ICMA worked with local government officials in León, Mexico, to define the city's scope for performance measurement training.

<sup>1</sup> The Resource Cities Program was inaugurated in May 1997 and designed to build practical technical-support relationships between management practitioners in the United States and officials in developing countries to address issues associated with decentralization and urbanization. In March 2003 it was followed by a similar program, City Links, which is currently being implemented by ICMA with USAID funding.



#### **GOLDEN, COLORADO, AND VELIKO-TURNOVO, BULGARIA**

A component of the partnership between Golden, Colorado, and Veliko-Turnovo, Bulgaria, addressed the asset and financial management systems for Veliko-Turnovo's public infrastructure. Using a performance-based approach to infrastructure investment, Golden's public works director convinced the mayor of Veliko-Turnovo that resurfacing roads on a regular schedule, instead of waiting until the roads deteriorated, would save the city money. Based on Golden's experience, every U.S. dollar invested in preventive maintenance saved the city five U.S. dollars to later rebuild a road. Since adopting this approach and realizing the associated savings, Veliko-Turnovo has been able to secure targeted grants and bank financing to address additional infrastructure issues.

In a world where the need for public services often exceeds available resources, high standards for performance are essential. Citizens and elected officials gain confidence that their taxes and fees are used wisely and effectively. Businesses know they can work in an environment that is transparent and accountable. Most important of all, the values and priorities of the entire community are incorporated into the local government's strategic objectives.

# Publications and Information Resources

ICMA has developed a variety of publications and information resources to support local governments interested in performance management. These resources can be found online at [bookstore.icma.org](http://bookstore.icma.org).

*National Citizen Survey* is a survey instrument developed by ICMA and the National Research Center that is available in both English and Spanish. It is a low-cost citizen survey service for local governments that offers customized norms by region, population, or other factors. More information about the *National Citizen Survey* can be found online at [icma.org](http://icma.org), under “Services for Local Governments.”



**Comparative Performance Measurement** (item no. 42995) is CPM's annual report of participating jurisdictions. It includes more than 200 graphs and charts and provides comparative data in 15 service areas from 92 cities and counties.

**What Works: Management Applications of Performance Measurement in Local Government** (item no. 42850) contains case studies intended to illustrate successes that may be adopted by other local governments. The publication is a collection of methods for encouraging high performance, sharing performance data, and identifying other performance-measurement-related practices.

**Measurement for Results: Implementing Performance Measures in Local Government** (item no. 42579) is a training package to assist local government leadership and staff with developing a customized set of performance measures for managing local government programs.

**Evaluating Financial Condition: A Handbook for Local Government** (item no. 42856) presents a comprehensive system for monitoring financial trends, provides benchmarks and guidance for analyzing those trends, and recommends management practices and legislative policies. ICMA has also developed a complimentary tool, *The IndiKit* (item no. 42886), that enables practitioners to link data collection worksheets with indicator charts.

**How Effective Are Your Community Services?** (item no. 40617) is a guide to measure service effectiveness and was prepared in cooperation with The Urban Institute. It covers most local government services, including public safety, transportation, public works, recreation, and libraries, as well as management of complaints and requests for service.

**Measuring Success in Brownfields Redevelopment Programs** (item no. 42837) introduces how performance measurement can be applied to brownfield scenarios. The publication focuses on a holistic approach to brownfields redevelopment that involves all brownfields practitioners and stakeholders.

**Applied Knowledge Assessment** (item no. 42463) was developed by ICMA in partnership with Georgia State University. The tool is used to determine professional strengths and areas for improvement in 18 core principles and practices that ICMA members have identified as essential for effective local government management.

**Performance-Based Assessment** (item no. 42464) is a “360-degree” rating tool designed by ICMA in partnership with Georgia State University to provide managers with feedback from supervisors, staff, elected officials, and others.