



ADMINISTRATION • 115 Executive Parkway, Suite 400 • Hudson, Ohio 44236 • (330) 342-1700

MEMORANDUM

TO: Mayor Currin and members of Hudson City Council
FROM: Jane Howington, Hudson City Manager
DATE: January 5, 2015
RE: Performance Management and Departmental Reviews

As we begin reviewing departmental operations, functions, and needs, I want to provide Council with some background material on the performance management process with a particular focus on how it can benefit a governmental entity. For those of you interested in more detailed information, I have provided several resource references at the end of this memo.

Overview

Performance management in the public sector is an ongoing systematic approach to improving results through evidenced-based decision making, continuous organizational learning, and a focus on accountability for performance. Performance management is integrated into all aspects of an organization's management and policy-making processes, transforming an organization's practices so it is focused on achieving improved results for the public. A shift in emphasis must go from inputs to outcomes.

There are 3 driving forces to initiating performance management:

- Desire to improve
- Increased demands and expectations
- Response to fiscal stress

Performance management is a constantly evolving process, not something that works perfectly on day one. The main principles of performance management include:

- A results focus permeates strategies, processes, the organizational culture, and decisions.
- Information, measures, goals, priorities, and activities are relevant to the priorities and well-being of the government and the community.
- Information related to performance, decisions, regulations, and processes is transparent – easy to access, use, and understand.
- Goals, programs, activities, and resources are aligned with priorities and desired results.
- Decisions and processes are driven by timely, accurate, and meaningful data.
- Practices are sustainable over time and across organizational changes.
- Performance management transforms the organization, its management, and the policy-making process.

Caution: Simply superimposing a performance management process onto a traditionally managed organization may sound good but, in practice, it is not likely to make any difference. To make real improvements, organizational culture must also be addressed.

Introduction to Managing the Change

Organizational change management is indispensable to ensuring that performance management will become the organization's ongoing way of doing business. At its heart, performance management is an organizational improvement process that hinges on aligning employee interests with the organization's objectives. Achieving this alignment requires that the organization pay attention to key issues that employees have during transition.

Performance management cannot be promised as a quick fix. It takes time and those who would typically have responsibility for implementation have other tasks they must accomplish simultaneously.

Initiators of performance management should consider the culture of their organization and identify potential barriers as they develop their implementation strategies. The earlier change management efforts begin, the stronger the foundation becomes to support a sustained PM initiative. Include steps such as the following should be included:

- Assess organizations capacity for change.
- Assess implementation risks.
- Create a change management component.
- Establish a communication process.
- Provide coaching.
- Manage resistance.
- Celebrate success.

Implementation of Performance Management

Evidence based management entails a distinct mindset that clashes with the way many managers and organizations operate. It features a willingness to put aside belief and conventional wisdom -- the dangerous half-truths that many embrace-- and replace these with an unrelenting commitment to gather the necessary facts to make more informed and intelligent decisions. Sound performance management practices include the following categories:

1. Managing Staff

An organization creates a culture that motivates increasing levels of performance by using a system of rewards, financial and non-financial, as well as recognition. Examples include:

- Pay for performance
- Task systems
- Gain sharing

2. Managing Process

Managing operational processes enables managers and staff to analyze and discuss performance information and to reach conclusions that lead to changes intended to improve results.

- a. Business process management system links day-to-day operations with strategic objectives.

- i. Employees need to understand the process, not only as it relates to their specific areas of control, but also from the perspective of understanding the process from end to end.
- b. STAT systems include the use of data to discuss, examine and analyze.
Key elements include:
 - Accurate and timely data shared by everyone at the same time.
 - Regular and frequent meetings to accelerate learning.
 - Relentless follow up and assessment.
 - A problem solving model that works for the organization (such as benchmarking)

Also, a review of existing methodologies is essential as organizations have a lot of information that's just not packaged this way.

3. Managing the Budget (performance budgeting) which has 3 essential elements:

- Desired results must be articulated
- Strategies for achieving results must be developed
- The budget must explain how an activity will help accomplish the desired result

Evaluation

Assessing and understanding results (a systematic appraisal used to determine the value of something) includes:

- Defining the question
- Establishing a data collection strategy
- Collecting data
- Analyzing and reporting conclusions

Some types of evaluation measures include:

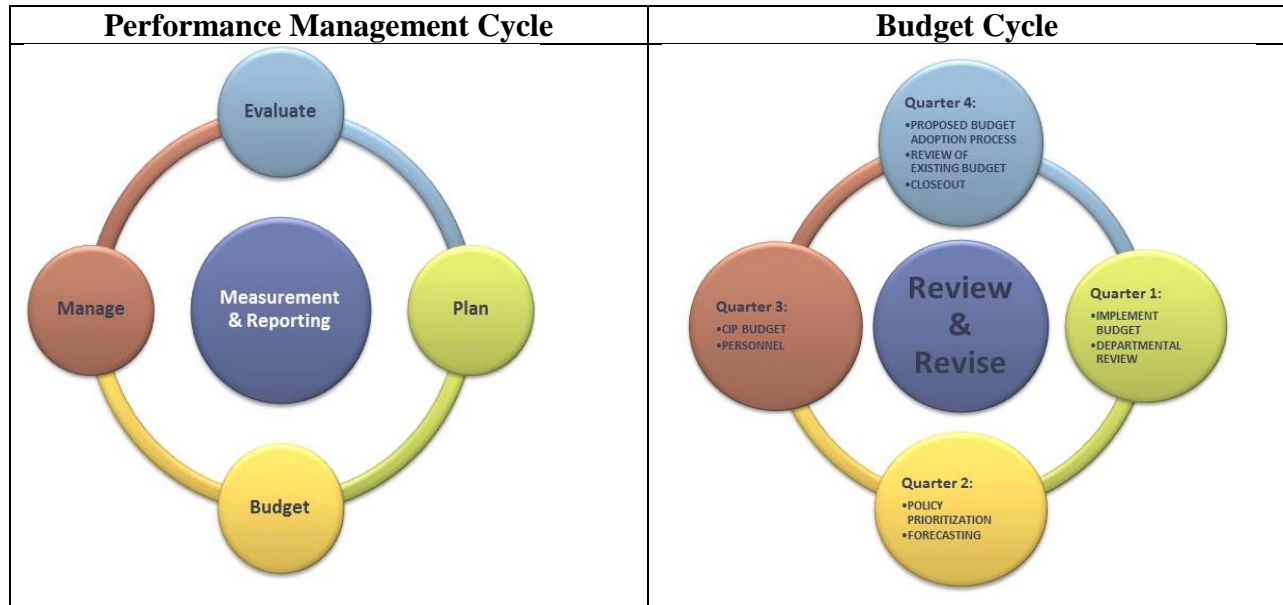
- Following sound procurement practices
- Acquiring appropriate resources at appropriate cost.
- Avoiding duplication of employee effort or work that avoided work that doesn't add value.
- Determining if strategic goals are suitable and relevant.
- Determining if strategy achieved objectives.

Types of evaluation include formative vs. summative:

- Formative assists in understanding what and how a program is working.
- Summative looks at whether a program was successful.

Summary

The intent in providing this information to you is to put in context the entire process of a performance management system. As you can see, measurement is one part of the larger process, and the following diagram provides a good visual of how each part fits to make the comprehensive approach to the performance management process work.



The individual department reviews about to begin coincide with the planning step on the diagram. This provides insight on how the departmental reviews fit into the entire performance management process.

Resources and References

1. “A Performance Management Framework for State and Local Government: From Measurement and Reporting to Managing and Improving” a report by the National Performance Management Advisory Commission, 2010
2. City of Saco, Maine’s Annual Performance Reporting Program
3. State of Florida – Florida Performs www.floridaperforms.com
4. State of Idaho – The Office of Performance Evaluations www.legislature.idaho.gov/ope/
5. State of Maryland – Maryland StateStat www.statestat.maryland.gov
6. State of Oregon – Oregon Progress Board www.oregon.gov/DAS/OPB
7. Commonwealth of Virginia – Virginia Performs www.vaperforms.virginia.gov
8. Executive Office of Health and Human Services (Massachusetts) – EHS Results www.mass.gov/
9. State of Washington – Government Management Accountability and Performance www.accountability.wa.gov
10. City of Columbus, Ohio www.ci.columbus.oh.us
11. Sarasota, Florida www.scgov.net/
12. City of Minneapolis, Minnesota – Results Minneapolis www.ci.minneapolis.mn.us/results-oriented-minneapolis

13. Marathon County, Wisconsin www.co.marathon.wi.us/
14. Metropolitan Government of Nashville and Davidson County, Tennessee
www.nachville.gov/finance/strategicmgt/about_sppm.asp
15. Maricopa County, Arizona – Managing for Results www.maricopa.gov/mfr/
16. City of Rock Hill, South Carolina www.ci.rock-hill.sc.us/dashboard.html
17. City of Redmond, Washington – Budgeting by Priorities www.redmond.gov/
18. City of Albuquerque, New Mexico www.cabq.gov/
19. City of Des Moines, Iowa www.dmgov.org/Pages/default/apsx