

Performance Management: A “Start Where You Are, Use What You Have” Guide



Chris Wye
Director
Center for Improving Government Performance
National Academy of Public Administration

IBM Endowment for
**The Business
of Government**

M A N A G I N G F O R R E S U L T S S E R I E S

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F O R E W O R D

October 2002

On behalf of the IBM Endowment for The Business of Government, we are pleased to present this report by Chris Wye, "Performance Management: A 'Start Where You Are, Use What You Have' Guide."

This report continues the Endowment's long-standing interest in performance management and the challenge of managing for results. In 2001, the Endowment published *Managing for Results 2002*, edited by Mark A. Abramson and John M. Kamensky. That volume contains six Endowment reports all related to aspects of performance management, including strategic planning, the use of program evaluation to support performance management, managing for outcomes, developing cross-agency measures, using the Government Performance and Results Act as a tool for managing third-party government, and the use of performance data to enhance organizational accountability. This report by Chris Wye adds substantially to our understanding of how government managers can overcome common problems in the design, alignment, use, and communication of performance measures and information.

This guide builds on both Mr. Wye's distinguished 20-year career as a leader in government performance management and the recent work of the National Academy of Public Administration's Center for Improving Government Performance. We trust that this report will provide valuable advice to government managers seeking to enhance their organization's use of performance management by developing effective responses to common obstacles that they might confront when implementing performance measurement systems.

Paul Lawrence
Co-Chair, IBM Endowment for
The Business of Government

Ian Littman
Co-Chair, IBM Endowment for
The Business of Government

Author's Note

In the following pages, strong emphasis is given to the relationship between performance and public service.

From the perspective of this report, this connection—performance and public service—is the single most important lesson to have emerged over the last decade of experience in the implementation of the Government Performance and Results Act and related performance-based initiatives.

Why is this so important?

Because it identifies one of the most—if not the most—important motivation for public servants.

To talk about improving government performance alone, without connecting it to a higher vision of public service, is, more often than not, to focus on all the things that need to be fixed—to see the glass as half empty.

When successive new political administrations talk about the need to make the government work better, is there not a strong implication that things are not what they should be and someone is falling down on the job?

Even for the best civil servants, this approach can sometimes seem to be—at the least—lacking in political art.

But to talk about the high calling of public service and the relationship between good public service and good performance (as opposed to talking just about the need to improve performance) is to go deep into that private place in the heart of many public servants where life choices matter and career goals have real meaning—to see the glass as half full.

The fact is that most civil servants want to do what they are doing. They have specifically chosen a career in government. They want to be public servants because they want to make things better in their communities and country.

They want the best and highest performance for themselves and their fellow citizens.

Over the last 10 years I have had the privilege of talking with many groups of civil servants about their work and, in particular, their efforts to improve government performance. Over time it became clear that an effective way to begin the discussion was to ask one or both of the following questions.

Do you want to be a civil servant?

The answers, recorded on three-by-five cards to preserve anonymity, almost without exception are “Yes,” and they are frequently accompanied by short, incisive affirmations, such as: “No question.” “This is it.” “I don’t want to do anything else.” “I do not want to work in the private sector.” When the audience is invited to speak, one after another the hands go up.

How did you make the decision to become a civil servant?

Someone speaks. Someone else speaks. Several people speak at once. The audience has to be asked to slow down. The vignettes are real. “I always wanted to help make things better.” “My father was a public servant and he instilled a desire to make my life count.” “I wanted to be on the cutting edge of my field—but in service to my country.” Truly it is a moving experience. I invite anyone to try it.

The point is that public servants themselves see public service as the best, highest, and most important motivation for improving government performance. It is their motivation.

Not that of the Congress. Not that of the incumbent administration.

Theirs.

We could not wish for more.



Introduction

From Theory to Practice

I had just returned to my office after listening to an expert presentation on designing performance indicators. The presenter was very knowledgeable and the slide presentation was quite impressive.

The phone rang, and I found myself talking to an agency staff member who had a question. As the conversation ended, he said, “You know, the problem is we’re different. Our outcomes really *can’t* be measured.”

I was startled. I had just come from a workshop where a leading expert talked about designing indicators for difficult-to-measure programs. Yet this caller said, basically, that he could not find performance indicators for his agency’s outcomes.

Why was I startled? For one, both individuals were extremely knowledgeable. After a moment’s reflection, it occurred to me that these different perspectives illustrated the distance between theory and practice. The expert

was telling others how to do it; the caller actually had to get it done.

In 2002, nearly a decade after the Government Performance and Results Act (GPRA) was enacted, many still struggle with fundamental issues. This is true both for those who have substantial knowledge about GPRA and outcome-oriented measurement, and for those who have just begun to learn about GPRA and barely know what the word “outcome” means.

The U.S. Office of Personnel Management’s Eastern and Western Development Centers—which provide training to thousands of government employees annually—report that attendees have only a rudimentary knowledge about these topics. Indeed, many have never heard of GPRA.

For experts and beginners alike, many of the most challenging issues remain far below the level of theoretical discussion and public discourse. They are much more basic.

The Issues on the Ground

The purpose of this report is to respond to some of the mostly frequently raised issues on the ground. The intent is to provide simple, practical, timely, low-cost strategies to help translate theory into practice.

As the director for the Center for Improving Government Performance at the National Academy of Public Administration, I have met, observed, and talked with many of the nation's leading experts on performance-based management over the last 10 years.

As director of the Center's Performance Consortium, an organization made up of 30 agencies that have come together to fund an annual program of peer-to-peer dialogue on emerging practices in performance-based management, I have come to know many agency representatives who are implementing GPRA and related initiatives.

Sitting between the experts and implementers, I sometimes have found myself wondering who is who. Many expert presentations are framed far beyond the horizon of day-to-day reality. They stimulate thought and prompt energetic discussion, but agency attendees can nonetheless return to their offices feeling unsure about how to deal with issues that are very ordinary yet very important.

Even worse, the agency person can feel very alone. The world of theory seems a long way off and the problems at hand can seem not worthy of conversation. There sometimes is a sense that raising them will make one appear not entirely confident, successful, or compe-

tent in the circle of office colleagues or the community of professional peers.

This report is intended to help these people. It gathers a group of issues raised far more frequently than generally realized and offers practical suggestions. The issues are framed as they often are raised in daily conversation: "Our outcomes are hard to measure." "We don't have the data." "What's the use? Decisions are political anyway."

How many times have we heard these statements? How many times have we responded without taking the trouble to learn the context? Or, how many times have we responded with theory rather than practice?

The issues have been culled from meetings, reports, workshops, and conferences held at the Academy over the last decade. Many more could have been added. Judgments had to be made in selecting the final list; no two lists likely would be the same. In some cases, a specific issue is one of several that could have been framed in a general set of issues. The assumption is that the reader will make that connection. Not every issue could be taken up directly.

The responses also are taken from this rich dialogue. Much of this conversation has taken place after, rather than during, an event. Then, candor can be more freely expressed and theory can more easily bear the weight of experience.

From Practice to Theory

Beginning from the standpoint of practice has several implications, as the reader will soon discover. The first point is that some of the answers

given to these issues may seem repetitive. The second point is that some of the answers given to these issues may seem repetitive.

This is not a typographical error.

To begin with issues on the ground is to begin at the outer edges of a circle whose circumference represents practice and whose center represents theory. A single theory will be tested in many different contexts of implementation. Since this document starts with individual contexts, many answers return to the same fundamental points. That can make the document seem repetitive. Nonetheless, the intent is to provide a list of frequently raised issues that readers can access when a particular issue arises in their daily work. It is hoped that readers will find everything needed to address that issue in one easily accessible place.

Although repetition is evident in the report, this can serve as a valuable reminder that the underlying concepts really are quite simple. We may "complexify" issues as the interplay between theory and practice adds new dimensions to our thinking. Yet the underlying concepts related to performance-based management are neither complicated nor new. Basically, we are talking about:

- Assuming responsibility as individual public servants for the high trust inherent in our calling
- Searching continuously for the highest quality public service at the lowest cost
- Using creatively whatever information can be found to improve programs

- Doing something (to improve performance) in the face of all obstacles, as opposed to doing nothing
- Placing boundaries on discouragement and moving constantly toward the high and noble goal of public service
- Remembering that the money supporting public endeavors is not ours but the public's, and that we are their trustees

Performance-based management itself is not complicated. Outcome indicators can be only as good as the human beings who design them and the resources available to implement them. If we had infinite time and resources, it might be possible to think about perfection. However, no appropriation was made for designing and implementing indicators. Also, implementers are squeezing their attention to performance into already crowded schedules. The best that can be done is always related to the time and resources available. The worst is not to do something with what we have. We need to start where we are and do what we can.

If the Office of Management and Budget (OMB) and the Congress do not like the results, they can provide more guidance and more resources.

Organization of the Report

This report is organized into five major sections, presented in the order in which the issues discussed would arise in everyday practice. The first section, "Making the Case for Performance-Based Management," addresses some of the major lines of resistance to perfor-

mance management and measurement. The following four sections consider important stages in the performance-based management cycle: "Designing Performance Indicators," "Aligning Performance Processes," "Using Performance Information," and "Communicating Performance Information." Each section discusses several issues, each of which is presented and discussed on a single page. The top of the page presents the issue in everyday language and in bold type. Following discussion, the page concludes with recommended responses for that issue.

The intent of this guide is to provide a convenient way for practitioners to find practical, low-cost help when they need it in their specific situations on the ground.

Making the Case for Performance Management

Nearly a decade after the enactment of the Government Performance and Results Act of 1993, it may seem that there is no need to “make the case” for performance-based management.

The world is different. Attitudes have changed. There is a broader awareness of the ratcheting up of performance standards around the world. Information and communication technology add dramatic increments of speed, breadth, and depth to the world economy.

Few people snicker, as they once did, about strategic planning and performance indicators. They do not complain, as they once did, about the variety of reform strategies: reinvention, reengineering, quality management, and performance measurement.

At least not openly.

There is a growing understanding that there are central concepts underlying them all: performance, results, and the bottom line.

Yet the U.S. government is an enormous enterprise. It can take years for new concepts to gain general acceptance, one by one. As individuals come to grips with new concepts, fairly predictable reactions can be expressed. Some are discussed in this section.

“The Public Sector Is Different”

The short answer to this line of thinking is: “True enough, but not that different.” Performance indicators are relevant in any management system, public or private, and they should be a *sine qua non* in the public sector.

Keeping track of performance in government is challenging and complicated by factors not present in the private sector. There, the profit/loss motive adds impetus to efficiency and effectiveness: There is less need to track outcomes. Programs designed by Congress, based on social goals and political issues, are less amenable to these management issues. Executive branch agencies often must retrofit the elements of good management to programs not designed to fully accommodate them.

This may make performance-based management more challenging, but not less necessary. At one level, government is a public trust, and its purpose is to faithfully pursue the public interest. How can it not hold to the highest standards of accountability and performance, regardless of any challenges that may arise? Performance-based management should be the basis for all public management.

Nor does the challenging endeavor of public service make the use of performance indicators less possible. Remembering that all efforts to track performance must be accomplished within the bounds of existing resources and analytical constraints, the standard is not the perfect but the possible. If Congress or the

citizens want more, they can provide more guidance and more resources.

The absolutely unacceptable response to the call for performance indicators is to do nothing or do something with weak intent.

Recommended Responses

1. As a public servant, view your role as holding and managing in trust for the common good the resources provided to you by your fellow citizens. The key word here is “trust.” Think about what the word “trust” implies. Does it mean to be trustworthy? How would you put that into practice in your particular activity? How would you be a trustee of the common good? How would you explain the value of what you do as a trustee to a neighbor?
2. Develop performance indicators that you would find reasonable if you were a citizen wishing to understand what a given program is doing with your tax dollars. Try to see yourself as a citizen responsible to your next-door neighbor, to your friends in church, to your colleagues in community and civic action associations, for the effective use of tax dollars. Ask yourself what people want to know about the results of their tax dollars.

Excerpt

Applying the strategic planning concept in the public sector is complicated. Goals often are multiple and unclear, sometimes conflicting, and often much larger than can be achieved. Leadership is divided among political parties and is relatively short term (in the executive branch). Congress and others reflect a multitude of pressures and counterpressures, complex intergovernmental and public-private partnerships, and interventions via the ballot box and other citizen action. Planning, data, and program evaluation functions often have not been valued highly enough in the public sector to keep them a robust part of the decision-support systems for management.

These complications make strategic planning even more necessary and valuable in the public sector than in the private sector. Strategic planning offers a process to identify diverse views, debate, clarify, and resolve them, and guide actions that need to be taken.

The benefits of strategic planning and strategic management can be great if they become integral parts of how the agency does business. Planning is a continuous process, regularly available to federal agencies to open dialogues with the administration, Congress, and their constituencies about the changes taking place that demand responses from them.

It helps federal agencies to:

- *Develop agreement with Congress about missions and goals.*
- *Show the rationale for their programs and support successful programs.*
- *Design immediate implementation actions to deliver planned results.*
- *Focus on outcomes important to the public and demonstrate performance to the administration, Congress, targeted clientele, and the American people.*
- *Ensure that the organization will not be blind-sided by unexpected external forces.*
- *Broaden stakeholder involvement to clarify issues, broaden agreement about missions and goals, and strengthen support for effective programs.*
- *Take a long-range perspective to help ensure that the bigger, longer-range objectives are not sacrificed to less important short-term gains.*
- *Facilitate tracking of performance, accountability, reevaluation, and renewal of programs, so they do not become stale.*

Center for Improving Government Performance, Helpful Practices in Improving Government Performance (Washington, D.C.: National Academy of Public Administration, 1998), pp. A-4, A-6-7.

“This, Too, Shall Pass”

One of the earliest and most persistent strains of thinking about performance-based management is that it is just the latest management improvement fad and that it will pass away like others before it. Previous efforts to establish government-wide management improvement systems, such as PBBS (Performance-Based Budgeting Systems), MBO (Management By Objectives), and ZBB (Zero Based Budgeting), are frequently cited as examples.

In fact, performance-based management is a global trend, cutting across the public and private sectors. Also it is rooted in fundamental changes taking place in the worldwide economic system. These changes are being impelled by dramatic advances in information and communication technology. Together, they allow more people to communicate more information faster than ever before. In turn, these forces are drawing the world’s economic machinery together, increasing its efficiency and strengthening the systems of accountability through which resources are transformed into products and services.

There hardly is a major government that is not aware of and taking some steps to support a performance-oriented approach to management. Australia, New Zealand, Canada, and Great Britain have been engaged for 10 years or more. Japan, China, and the nations of South American are actively mining their experience.

In short, the public and private sectors are becoming more efficient, as they must for the long term. Performance indicators, as required by GPRA and related initiatives, are essential to this trend. In a sense, our progress toward implementing performance indicators can tell us how well we are adapting to these new trends.

As these new trends take hold, comparisons almost inevitably will be made within and across service sectors, continually ratcheting upward the standards for performance.

Recommended Responses

1. In today’s world, with an increasingly global economic and political system, professional public servants should be broadly aware of management trends in other nations. The world is shrinking. Our neighbors, competitors, friends, and enemies are closer to us than ever before. We need to understand the policy, political, and economic issues and challenges facing the world community.
2. Public servants should have a specific working knowledge of emerging performance-based management trends, including performance indicators, in their areas of management responsibility. If the world is becoming smaller, then emerging new ways of doing business are coming nearer. We need to monitor the emergence of new ideas and better practices wherever they occur.
3. There is a great need to develop a management culture that cultivates new ideas and better practices. If we simply monitor the practices of others, we can be no better than good imitators. But if we create a climate in which new and better ways of doing things is valued and encouraged, we can generate a culture of improvement where the pursuit of quality can become an overriding mission.

Excerpt

The Results Act is based on organizational performance driven by strategic missions and outcome goals linked to those missions. It has a basis in statute, and it affects how Congress works. Essential factors for the future success of Results Act implementation include the following:

- *Receiving support from top leadership in both the legislative and executive branches*
- *Driving the plans and goals down into organizations to change the management culture and incentives to focus on results rather than process*
- *Allowing time to develop, redesign, or reengineer internal processes*
- *Integrating performance plans with budgets, performance measures across the activities or organizations, program outputs with the accountability for the outcomes they are to achieve, and accounting with managerial needs ...*
- *Balancing goals and measures among program results, customer satisfaction, and employee commitment*
- *Changing information technology to make paperwork and reporting less burdensome ...*

Other countries have been wrestling with the same issues, particularly how to improve performance and accountability while at the same time becoming more efficient and customer-oriented. Cross-functional or horizontal coordination issues among government programs also are receiving attention. Answers have come in the form of separation of policy and operating functions ...; use of term performance contracts with agency heads and key managers; severe downsizing of headquarters staffs so that coordination became much easier; and delegation to junior ministers portfolios focused on missions or outcomes that cut across agencies.

Center for Improving Government Performance, Questions and Answers for Improving Government Performance: Operationalizing Performance Management, (Washington, D.C.: National Academy of Public Administration), pp. 9, 10.

“GPRA? Never Heard of It”

For those who have labored to support GPRA implementation, it is hard to imagine that many government employees have never heard of it or do not have a good understanding of what it is. Yet this appears to be the case.

Ever since the law’s enactment in 1993, instructors at the Office of Personnel Management’s Eastern and Western Training Centers have reported that very few of the people walking through their doors know very much about GPRA.

This does not mean that no one is aware of GPRA or that awareness is not growing in some areas. On the one hand, the Congressional Research Service has done several studies showing that references to GPRA have significantly increased in congressional dialogue and activities. On the other hand, the U.S. General Accounting Office (GAO) has done several government-wide surveys showing modest levels of awareness.

Everything about GPRA is so rightly intended, so vital to the times, and so essential to good public service that those who are aware of it must actively spread its message. Should all other motivation fail, GPRA is the law. In fact, one way to view GPRA is as a legal constitution for good management. From this perspective, GPRA can be seen as support for building important management capacities that might otherwise not be pursued. For example, strategic planning—which can be highly desirable but is often not pursued—can be justified with

the force of law and supported with appropriate resources.

Following a decade of budget cuts and downsizings, often implemented on an across-the-board, pro-rata basis, GPRA makes clear that performance counts. This can mean that a well-performing program can be treated differently from a bad, poorly performing program. This distinction constitutes the fundamental bottom line of good management.

Recommended Responses

1. Every public servant who has taken the oath of public service—in other words, all public servants—and is familiar with GPRA has an obligation to understand how the law applies to his agency. The strategic plans, annual plans, and annual reports required by the law are, if nothing else, the major vehicles for communicating an agency’s mission and activities to all major stakeholders, including citizens.
2. Every public servant should understand the specific ways that GPRA affects her own area of responsibility and be able to articulate how her particular work fits into the larger departmental picture. If all public servants could articulate simply, clearly, and persuasively how what they do contributes to the mission of their department, and ultimately how that contributes value to taxpayers, much would be achieved.

“It’s Not My Responsibility”

There is a tendency to see GPRA and related performance-based initiatives as “not in my area of responsibility.”

This perception has many roots. In GPRA’s early days, agencies tended to appoint “point persons” to handle its requirements. Large, complex organizations—like cabinet agencies—have many layers that can become isolated from each other; there is a natural tendency to think “someone else is handling that.”

Such factors suggest that the reaction of some to recent performance-based management initiatives has been “business as usual”: “Here is one more thing to do. Thank goodness it’s not my responsibility.”

This misses the fundamental point of GPRA and related initiatives—an enlarged sense of responsibility, accountability, and performance makes it unacceptable for one part of an organization to say to another, “It’s your fault because I did my part.”

The successful manager of the future must understand and accept some level of responsibility for all parts of the service delivery process, extending from inputs to outputs and outcomes. This sometimes is called the logic model for service delivery. As standards of performance rise and the techniques for tracking performance improve, parts of the service delivery process needing improvement will inevitably be identified. Other parts will demand that action be taken, because each is held to a performance standard.

It is in everyone’s interest to ensure that everyone else is meeting established performance standards.

Recommended Responses

1. Managers should construct a “logic model” for the service delivery system of which their operations are a part. A logic model is essentially a graphical display or flow chart—usually arrows and boxes—depicting the sequence and relationship of individual parts of a process as they must be carried out to accomplish an objective. It may be helpful to have more than one such logic model for a given process: for example, one for the major steps in the department-wide process and one or more for the more detailed aspects of particular steps in the process. The utility of these charts will be exponentially increased by the addition of dates and resource requirements at major points.
2. Coordination, including sequencing, timing, and quality standards for service delivery processes, should be included in the performance appraisal process for all management levels. Although it may seem that this may expose an individual to the risk of missing goals because other parts of a process are not performing, in fact it can establish a reasonable context for assessing individual performance—if the overall logic model sufficiently explains the interrelationships and dependencies between parts of the overall process.

Excerpt

... It is the responsibility of public servants, political and career, in both the legislature and executive branches of government to seek improvement of government programs.

One of the essential responsibilities of public service is to use public resources effectively and efficiently—and to look for ways to improve service delivery. The professional public administrator charged with the responsibility to manage public programs must accept some level of responsibility for the effective management of programs as they relate to each other.

If there was no responsibility for the relationship among programs, then there would be no cabinet agencies, no large organizations to manage groups, and no inter- and intra-agency coordinating mechanisms. While our system of government was clearly not designed to produce perfect programs or perfect coordination among programs, neither was it designed to be blind to good program administration.

Center for Improving Government Performance, Helpful Practices in Improving Government Performance: Improving Performance Across Programs: Thinking About the Issue—Taking the First Steps (Washington, D.C.: National Academy of Public Administration), pp. 5, 7.

“We’ve Got It Covered”

A short story, which is true and representative of others, illustrates this point.

Some time ago a Washington-based person, knowledgeable about management trends in the public sector, gave a speech on the West Coast about the importance of GPRA and performance-based management. The next day he got a call from a high-ranking military official who said the speech had been very effective and was exactly what he had been trying to tell “Mr. X” back in Washington. Would he be willing to make the same presentation to Mr. X and his staff? The meeting was arranged, and the presentation was given. At its conclusion, Mr. X looked around the table and said, “We’ve got this covered, don’t we?” Everyone said yes, and the meeting was over. No questions. No dialogue. No interest.

To some extent, this response may be explainable. The Department of Defense has a long history of attention to performance-based management, dating back to former Secretary Robert McNamara’s tenure. The department may have more data on its operations than many other federal departments. At the same time, there is a persistent sense by the public that the department’s approach to management, cost effectiveness, and accountability does not take performance issues into account to a sufficient degree.

People in other agencies of the government could be cited, as well. They feel that they “have it covered.” Maybe they do, from their

perspective. Yet the trend toward performance-based management is more than a new way of doing business; it is a ratcheting up of the standards for conducting business. Even if we do “have it covered,” we ought never to feel that we have arrived.

Recommended Responses

1. In these and future times, it will not be sufficient for managers to be content with existing management systems, no matter how good they may be at any one point in time. They will need to cultivate an open mind and maintain a proactive sense of pursuit in relation to identifying, sorting through, and ultimately using those aspects of cutting-edge theory and practice that can improve their operations. With so much thinking and practice available to so many so easily via the Internet and computers, today’s manager works under the scrutiny of a thousand eyes. The image of a TV camera focused on the thinking and practice of an individual manager may convey a sense of the extent to which each will ultimately be judged based on a comparison with all others working in the same general area.
2. Leaders, especially, must promote change in pursuit of performance. For many of the same reasons, the awareness of change (new thinking and practice) will need to be accompanied by a willingness to act. Speed—the speed with which new

approaches are adopted—will be an issue. Ideas slowly implemented will lose out to ideas more quickly implemented. Skill at facilitating the implementation of new approaches, articulating direction, building consensus, solving problems, and meeting challenges will be more and more essential for the managers of the future.

“We Just Give Away Money”

Fortunately, this sentiment is less pervasive than it once was. Yet it remains in some areas as one of the reactions to the broadened and strengthened sense of accountability that underlies the trend toward performance-based management in the public sector.

Examples are programs with broad discretion for the use of federal funds at other levels of government or administering entities, such as revenue sharing, block grants, and other grant programs. The feeling can be that the task is to give out money and the job is over. It sometimes is pointed out that the authorizing legislation has no provision for tracking program outputs or outcomes; hence, there is no authority for data collection requirements.

It clearly is a challenge to track the effects of funds administered through secondary and tertiary agencies where there is broad discretion for its use and no specific legal basis for such activity. However, it is increasingly appropriate and possible in many areas.

A broad shift in opinion seems to have taken place over the past decade. Many now feel that public administrators must assume some level of responsibility for tracking program results, even where there is no specific legal requirement or empowerment to do so. This reasoning holds that public administrators should disperse public funds within a context of public trust. This trust requires that they make some effort to be aware of program consequences.

Given that this sense of heightened responsibility is still emerging and there are few general guidelines or requirements, the approach applied in each situation will have to be worked out directly with the parties and entities involved.

Recommended Responses

1. Programs without apparent responsibility for tracking program activities beyond the actual dispensing of dollars should review their procedures to add some level of monitoring to program operations. Whatever is done must be limited in scope and inexpensive. One option is informal telephone or mail surveys based on small samples. In a zero budget situation, it might simply be done by regular recording, organizing, and reviewing information gathered through routine phone calls to field offices. Professional assistance may be needed to design an affordable system because the task of retrofitting a credible evaluative methodology to an information base not originally designed to sustain it can be challenging. But it need not be expensive.
2. These programs should reach out to subgrantees to see where joint activity or cooperation in tracking program operations could benefit overall service delivery and reduce costs. As noted, since there are few guidelines in this area, this will require ini-

tiative and creativity to see what kind of activity may be helpful. Over time these experiences, even if individually less than perfect, can aggregate into useful lessons learned. Among these, one of the most fundamental—and potentially useful—may be improved understanding and communication among and between administering entities and levels of government.

“Our Program Is a Drop in the Bucket”

“In the larger scheme of things, we’re not very important,” some may say. In a government as large as ours, this feeling is both more prevalent and less recognized than it should be. It is a silent, invisible current working against the highest level of performance.

People connected to smaller programs sometimes feel that their activities are not consequential enough to enter the fast running currents of major management initiatives. This feeling can be rooted in a true sense of small worth; for others, it can be a conscious or semi-conscious strategy.

In either case, it is misguided. Spending public dollars is a public trust. We betray our sense of public service when we do not treat each tax dollar with the same respect.

Ideas leading to performance improvements can emerge from even the humblest activities. These ideas can impact far beyond the original contexts. The larger view also might suggest improved ways of connecting smaller programs and activities with larger ones. This “connectedness” is itself a fundamental goal of performance-based management.

A side effect is the potential career progress it may offer energetic and innovative managers who are seeking the management lessons of larger programs and whose own work with smaller programs can become known to a larger audience.

Recommended Responses

1. Those managing smaller programs should recognize that their perceptions of management must be as robust as those held by managers of larger programs. Thinking of oneself, one’s job, or one’s program activity as insignificant is a breeding ground for all kinds of unhelpful thoughts and inclinations. It is not humility but humiliation. All parts of the management process are worthy. It is true that no one is likely to come up to you and say, “Hey, you’re important,” or “Hey, you’re part of the team.” But that’s the way human beings are. How could one ever think to progress from managing smaller activities to managing larger ones without demonstrating the necessary capacities.
2. Smaller programs should understand their relationships to larger ones, and focus management attention on these relationships. The nexus of understanding has benefits for both program management and career advancement. Understanding the larger context will help you to improve the smaller one, and vice versa. Understanding both will help you to be seen as someone who understands the big picture along with the little one, and thus will identify you as a potential candidate for larger responsibilities. Almost every manager of a large program started out managing a smaller one.

“Our Work Is Very Far Removed from the Front Line”

This reaction is representative of a broader class of reactions: “Our job is to make the wheels go round.” “We don’t deliver the finished product: We deliver the parts.” “Nobody knows what we do.” “We’re too far removed from the action.”

Typically, this reaction is found in administrative, logistical, and support functions that are somewhat distant from the delivery of outcomes. Not all. Some are so large (the Defense Logistics Agency) or so important (the Secret Service) that they do not fit these characterizations. Yet the feeling is persistent in many places. Years of working behind the scenes—away from the front lines of service delivery or on the fringes of policy and program dialogue—have encouraged detachment and isolation.

As noted elsewhere, there can be a sense of removal and distance from the accountability or performance chain that leads to the final outcome. This sense of distance is the problem.

No matter the temporal, geographic, sequential, or logistical distance, each part of the service delivery process must share a sense of immediacy with regard to its role in the delivery of outcomes. This requires a broad recognition of the entire delivery process and a precise understanding of the specific component.

It also requires active anticipation in both directions: the process leading up to the specific component and the one leading out from

it. Good communication must be cultivated in both directions. Also, personnel incentive and appraisal systems must support this anticipation and communication.

Recommended Responses

1. All, especially those feeling distant from the achievement of outcomes, must actively anticipate processes leading up to and out from their own function. If you do not understand the relationship of your activity to the larger activities of which you are a part, who will? If you do not articulate the relationships of your activity to the larger activities of which you are a part, who will? The point is that all need to understand and be able to explain how their activity fits into departmental operations.
2. Personnel incentive and appraisal systems should support this kind of anticipation. There ought to be a specific aspect of the appraisal process that allows employees to receive a rating in relation to their understanding of their own specific activity and other activities leading up to the department’s mission. Continuous pursuit of this understanding, hopefully leading to successively finer-grained knowledge of departmental operations over a period of years, would make all employees more valuable to the organization and would help prepare each one for career progress.

“We’re the Third Largest Government in the World”

Among all of the reactions to GPRA and related performance-based initiatives, this is one of the most insidious and disappointing. The comment is almost always made as a preface to explaining why a given agency or function will not do anything different from, or in addition to, what it already does. The implied justification is that the agency or function is so important, large, and complex that its leaders are staggering forward, under the weight of enormous challenges, to preserve the republic.

There is truth in this response. But there also is ignorance and sometimes arrogance. When asked what his function was doing in relation to performance-oriented management, the following response was given by a high-ranking political appointee just prior to President Bush’s January 2002 State of the Union Address:

Well, you know, OMB has a job to do. They represent what the President says, put together the budget, and focus on the President’s priorities. We hear what they’re saying. But a lot of people don’t realize this agency is the (xth) largest government in the world. And we have some real and urgent problems over here. We have some big tickets from GAO. We have some problems that are core problems affecting our core management. My strategy will be to focus on those, and get this place to where it runs. When I do that, we should have a better shot

at getting things done, including the President’s priorities.

A compelling aspect of this vignette is that the official was a senior manager with great responsibility who was at the end of a long and distinguished career in the private sector. He had won many awards for his leadership in performance-based management, as evidenced by the many plaques displayed on his office wall.

Recommended Responses

1. The President must effectively make and keep performance-based management a top priority. The sentiment expressed in the statement “We’re the third largest government in the world” is an arrogant way of saying, “Tell the President we’re plenty busy.” The only cure is for the President to say very clearly what he wants done, and then hold people accountable. The President alone is responsible for the competence and fealty of his cabinet. An unusual but possibly very effective addition to the President’s leadership strategy would be for him to make unannounced calls on agency appointees at various levels. That could be electric.
2. Top-level political appointees should—on their own and without any guidance or requirement—be aware of the global trend toward performance-based management. They should lead the charge to make the

United States the number one country and economy at the table of nations. In this day and age, with performance-based management sweeping the globe, supported by a worldwide ratcheting upward of performance standards, each person, and certainly each executive, needs to closely monitor emerging management trends. Those who don’t will be left behind.

“My Boss Isn’t Interested”

On its face, this issue may seem odd. After all, why would a staff person even think of pursuing something not on his or her supervisor’s agenda? Why would anyone offer guidance to such a person?

In fact, some of the earliest, purest, and most active support for GPRA and related performance-based initiatives came from early to mid career professionals: young people whose enthusiasm and vision for public service are alive and well, whether they work on Capitol Hill or in an executive branch agency.

This does not discount the support and major contributions from others, including cabinet secretaries, deputy secretaries, assistant secretaries, deputy assistant secretaries, chief financial officers, senators, representatives, and others.

All public servants who understand the importance of performance-based public service have a responsibility to try to engage those around them, including their boss. But each must decide for himself what that engagement should be. Everyone wants to be seen as doing well, seeks a good year-end “performance appraisal,” and wants to receive merited promotions.

The task is to identify some way of engaging one’s superiors in a useful way. Some ideas:

- Show how performance-based management and budgeting can help your unit.

- Build an information file (hard copy or electronic) on related current events.
- Call on colleagues in other agencies and on the Hill to invite your supervisor to meetings and events.
- Draw up a simple proposal showing how your function fits into the organization’s performance strategy.
- Ask your supervisor if you can serve on departmental committees working on this issue as a career development activity and regularly report back to your office.

Recommended Responses

1. Do something. Doing nothing despite awareness of the increasing importance of performance-based management is to diminish your role as a public servant. In other words, do something yourself. Do what you can do.
2. Try to find an acceptable way to show how a performance-based approach would improve the operations of which you are a part. Or, do what you can do to interest and motivate those above you.

Note: In both of these recommended responses, the suggestion is to do what “you can do.” Each person has to decide what that is. Many factors will go into the decision. No one will want to jeopardize his career or employment. But somewhere between doing nothing and doing everything is something.

What that is will be different for each person. Doing nothing at all is inconsistent with the purpose of public service and the role of individual public servants.

Designing Performance Indicators

Performance indicators seem like such a good idea. The words “indicators” and “performance” can seem a little academic, and certainly a notch more formal than “management information systems,” but they intuitively are easy to grasp.

Developing indicators is another story altogether.

“You mean for my program?”

Fear can take over, often unnecessarily inhibiting or complicating effective action.

A sense emerges that indicators must be developed with indisputable scientific precision. Hours, days, weeks, and months can be spent in search of the perfect indicators. Emotions can be high. Non-technical people begin to talk like professional methodologists. Not infrequently, the dialogue turns to the issue of causality: “How can we be certain that there is a direct, verifiable relationship between an outcome and an indicator?”

Indicators proliferate as the quest for precision intensifies. If the purpose is to make sure the elephant is walking in the right direction, we instead end up defining every feature of the animal itself and its environment.

All of this is not necessary. The task at hand is more simple, less technical. Are we on or off course? If we can answer that question well, we will have accomplished much.

“Our Program Is Different”

Many, if not most, programs have a sense of uniqueness. Part of this notion is related to an authentic sense of value: “We do something important, and we do it well. You can’t fully understand what we do because you do not know much about it.” This probably is more a feeling of worth than uniqueness, and it is more a good thing than bad, as long as reasonable effort is made to develop performance indicators.

Yet some feel very strongly that their activities do not lend themselves to being tracked with such indicators. The most often cited example is basic research, especially related to the health or physical sciences. A typical expression of this view might be:

We’re trained scientists with years of education and experience exploring the frontiers of human knowledge. We need to keep exploring those frontiers for the betterment of humanity and our nation. We have no idea how to focus our research to be performance based. How can we tell how well the trip is going when we don’t know where we will end up? But we know that our work over time will lead to scientific breakthroughs with great potential for improving human experience.

This case can be powerful and apparently compelling. Nonetheless, it is rooted in the fundamental error of assuming that the task is to measure, not indicate. At some point in the

basic research process, some measurement may be useful. This probably would require a formal evaluation involving significant time and resources. Yet the task at hand is simpler. It is to indicate—to communicate to managers and other stakeholders—what is happening with public resources.

Basic measures of time, dollars, and units or stages of work can almost always be supplied. Indicators pointing toward outcomes can be provided through regular narrative commentary. Semiannual or annual reports can gather this information to inform stakeholders and the public. Much research, even basic research, begins with a general approach that can be recorded and reported against. Approaches leading to dead ends can be valuable in informing future work.

Recommended Responses

1. All activities funded with public dollars should provide indications (this term is deliberately used to capture the basic intent) of how funds are spent on a regular basis and in a systematic format. For every public dollar that is spent, we should know two things: what has been accomplished and what have we learned along the way about accomplishing that kind of thing. This is our minimum level of responsibility—the basic starting point—for the management of public resources. To the extent that we cannot articulate these things, we have not fulfilled our most fundamental mission.
2. Research and similar activities should develop a specific strategy to communicate to citizens what they do. Public trusteeship and accountability do not end when the going gets tough; just because an activity is difficult to measure, assess, or track does not mean we should give up completely. A better approach would be to try harder to communicate. The notion that some topics are so complicated that only experts can understand them is at variance with the most basic tenets of our democratic political system. True enough, all citizens may not be trained scientists, but that is exactly the point.

“We Don’t Have the Data”

Perhaps there is no reaction related to performance-based management that is more prevalent—or more frequently erroneous—than this one. This reaction is frequently rooted in the sense that performance must be measured, and that measurement must be precise, thorough, reliable, and methodologically sound.

The first response to this claim is to remember that the requirement is for indicators, not measures. Indicators can be less precise, less reliable, and less costly than measures. This is not always true, but they can be.

The second response is to note that Congress did not appropriate funding for GPRA or related performance-based initiatives. Whatever it is that an agency does concerning performance indicators must be done within the existing budget.

The agency must do the best it can with the resources at its disposal. This will mean reviewing existing data systems to see which elements can be used, which can be modified, and which can be added—all within the resources available.

However, even the best efforts to use an existing data set may not yield sufficient information. Here, the effort should be supplemented with mail, phone, and in-person data gathering based on samples. If properly designed, very small samples can yield valid and useful information. If there is insufficient funding for even this modest effort, agencies should use

existing communication channels, such as routine phone conversations between central offices and the field, and procedures for making written notations in a standardized format.

When agencies report these methods to Congress, they have the opportunity to point out how they used existing resources and what additional benefits could be gained from a larger appropriation.

Recommended Responses

1. An agency should rarely be comfortable saying that it cannot proceed with developing performance indicators because it does not have the data. This is an unusual thing to say. And it is intended. The point is that when an agency begins to think that it does not have the data, the thought itself gathers momentum and official sanction as it is repeated. In turn, this sometimes stalls progress as everyone throws up their hands and no one steps forward to take responsibility for next steps. Not infrequently this sentiment begins with a remark made by someone who does not really have the expertise to make it, but because that person has some related technical responsibility in relation to data it is taken as fact.
2. Agencies should mine existing data systems and supplement them with low-cost, sample-based data collection procedures. This is a creative exercise that probably

will need to be led, or supported with expertise, outside the normal departmental channels of database operations. It may require using such things as surrogate indicators—pieces of information that are intended specifically to track one thing but which also indicate related things. It may require combining data elements or data systems. Just going to the data systems and listing the data elements—which is the most frequent approach to the search for usable information—is a very narrow and unimaginative approach.

Excerpt

Managers are sometimes reluctant to use performance data because of the fear that it will be used against them and their programs. One of the biggest pitfalls in the use of performance data is using this data prematurely in the performance appraisal system. Positive reinforcement is the best approach to getting a buy-in by employees to new approaches.

Another major pitfall is to set expectations too high, too soon, or both.

Other pitfalls and ways to avoid them ... include the following:

- *To avoid setting expectations too high, too soon, develop a longer-term, staged approach.*
- *To avoid the piecemeal approach, agencies should think systematically and implement the new approach gradually.*
- *To avoid premature and incorrect use of data on results, establish valid performance goals and ensure that the data collected is accurate and properly analyzed.*
- *To employ new business processes that are untried, embed them in the framework that already exists.*
- *To avoid a headquarters orientation, ensure that results data are included at the point of service delivery.*
- *To avoid a last-minute implementation frenzy, change the whole orientation of management.*

One of the keys to overcoming pitfalls of developing and using performance data and incorporating it in management by results is to involve customers and employees in the whole process. Unless “knowledge workers” and stakeholders are involved, neither will be committed to the whole process of goal setting, gathering performance data, and using this data to improve results.

Center for Improving Government Performance, Questions and Answers for Improving Government Performance: Using Performance Data to Improve Program Effectiveness (Washington, D.C.: National Academy of Public Administration), pp. 6-7.

“We Can’t Find a Valid Measure of Performance”

Discussions about performance measures often get bogged down in issues concerning empirical or statistical validity. Are particular measures valid pieces of information or valid statistical measures? Sometimes these discussions are complicated by methodology experts who themselves may hold different views.

This debate is unnecessary when one recalls that GPRA’s basic purpose is to help managers to manage, not researchers to research or evaluators to evaluate. The fundamental test is whether the indicator selected is useful to the program manager.

Fundamentally, the task is to find performance indicators rather than performance measures. The former should be few in number. They resemble channel markers for boaters in that they help to establish key points along the channel path, rather than mark every point in a continuous, uninterrupted line. Therefore, the test of validity is whether information tells managers whether they are on or off course.

It is possible, and sometimes desirable, that a particular piece of information is an “indicator” as well as a valid “measure.” It is not necessary for it to be so, however.

Let us imagine a federal government agency trying to monitor customer satisfaction between its state-based field offices and citizens. A valid measure could be derived from a survey based on a statistically valid methodology. A useful indicator, however, could be

based on a small number of informal phone calls to field offices.

Recommended Responses

1. Never lose sight of the fact that GPRA’s primary goal is to improve management and that the law envisions program managers in a central role. Its intent is to help program managers improve program performance by giving them a primary role in deciding what pieces of information—indicators of performance—they need to manage their programs. It is helpful to remember that GPRA was enacted following a decade-long period of budget cutting during which management capacities for such things as management information systems, policy and program analysis, and program evaluation were substantially reduced. GPRA says that information on performance is legitimate and important, and gives program managers a key role in determining what information is needed.
2. Remember that GPRA requires indicators, not measures. If the primary purpose of the law were to measure performance, much more attention would have been given in the legislation to criteria for measurement. There would be discussions of such things as sample sizes, confidence levels, and measures of association. None of these is in the law. Also, it is very likely that there would have been a specific appropriation of funds to support training in these areas.

“We Have No Control Over Outcomes”

This issue arises in many guises: “We have no control over our outcomes.” “We have no authority to track outcomes.” “Our outcomes are not easily measured.” “The time frame for our outcomes is too long.” “Our outcomes are too abstract.”

At the core of these statements is the notion that the outcome is beyond the manager’s reach and responsibility: “I can’t (measure) reach it, so I can’t track it.” Or, more bluntly: “I can’t (measure) reach it, so it’s not my responsibility.” Even more bluntly: “I can’t (measure) reach it, so I can’t be held accountable for it.”

This is *not* a measurement issue, but it *is* an accountability issue. Public servants who hold or dispense public resources do so in a context of trust. In this regard, they are trustees on behalf of their fellow citizens.

If managers fear accountability and do not make a good faith effort to track program results, they betray the public trust and fail to meet its most fundamental requirement. At a minimum, the guideline for this trusteeship should be what can be done to responsibly account for the spending of this money, not what cannot.

The issue of precision is subordinate to the issue of accountability. The degree of precision that can be achieved is a matter of methods and resources. Methods, in turn, can be provided with expert assistance. Resources are a policy matter.

In more basic terms, the public servant who dispenses public resources must develop and deliberately pursue a heightened sense of awareness about the effects that occur related to those resources.

Recommended Responses

1. Those managing public resources need to make a good faith effort to be aware of the results of public expenditures. This is a fundamental aspect of the public trust with which they are vested. Having little or no control over outcomes or having little or no legal or regulatory authority for tracking outcomes is an insufficient reason for 100 percent ignorance about what happens with resources once they are passed on to another entity. The language here is deliberately colorful. The issue is: what can be done, what can be known, and how it can be used to inform the process.
2. Managers who do not know how to track outcomes should make it known that they need help. This should be done on the record. It may be that a program manager will need expert assistance. But that cannot even be considered until someone raises the issue. Tracking outcomes can be a challenge requiring the creative—and sometimes even unorthodox—application of available methodologies. If the decision is made not to seek expert help, then at least the program manager has taken the right steps.
3. For programs with difficult-to-measure end outcomes, managers should use the technique of measuring intermediate outcomes. Intermediate outcomes show reasonable progress toward end outcomes. While perhaps not every end outcome can be measured, the point is that what is possible can and should be done. The concept of intermediate outcomes should substantially remove the “our outcomes cannot be measured” response, because it is hard to imagine a program that does not have an intermediate outcome that can be tracked.

“No One Wants to Do Crosscutting Measures”

The terms “crosscutting measures” and “cross-cutting programs” have been used loosely to mean similar measures for similar programs. The intent is to gather together similar programs so that the total resources and effects can be presented to the public for review and scrutiny. This is a fundamental, irreducible step for providing true accounting to citizens for their tax dollars.

At the same time, there is another effect of bringing together similar programs in a common measurement frame. The comparison could reveal duplication, overlap, lack of coordination, or a recognition that a program’s funding should be reduced or its life ended. From the standpoint of managers responsible for similar programs, there is another adverse effect of gathering together similar programs: being misunderstood, mischaracterized, misrepresented, and just plain not appreciated.

There only is one way to handle these feelings: Come and sit at the table of similar programs and make the case, whatever it is. This is the right thing to do as a public servant. In today’s increasingly performance-oriented world, it also offers the best chance for survival.

Congress enacts programs that citizens want. Yet these programs are rarely enacted in a coordinated fashion so that they all fit perfectly together. No one should expect perfection. Nonetheless, enacted programs and responsible public service require sensible implementation, taking into account other similar programs.

Recommended Responses

1. Every program manager should take the initiative to identify similar programs and to develop an understanding of how they are related. This seems to be only common sense. If you are working in a given area, it would seem natural to know of other program areas doing similar things. And, many are aware of other similar programs. Unfortunately, this awareness is often of the competitive or bureaucratic variety. In the coming world of performance-based management, managers will need to monitor similar and related programs to stay abreast of lessons learned, emerging practice, helpful innovations, and comparative performance, or they will risk falling behind and not knowing they are behind or, worse, falling behind and not knowing they are behind while others do.
2. Every program manager should be proactive in staying current with emerging practices in related program areas. This would include seeking and reading the legislation and reports on related programs; staying abreast of current budget, congressional, and press dialogue; knowing the structures, processes, outcomes, and indicators of similar activities; going to conferences and workshops; and taking the initiative in building relationships with the managers of related programs. It is likely that building relationships will be appealing to a relatively small number of individuals, but it is also likely that those

relationships may provide opportunities for mutual benefit that are not easily available to those who do not have them.

Excerpt

The examination of recent experience ... suggests that careful thought should be given to how and where to begin activity to improve performance among related programs. Since the Results Act does not specifically require the kind of performance measurement in related areas that is the focus of current discussion, it does not provide explicit guidelines about where and how such activity should begin.

A good place to start is within an individual agency....

However, once a beginning has been made within an individual agency, attention should turn to programs in related areas outside the agency. In fact, taking initial steps within an agency may suggest steps that should be taken to address related programs outside the agency....

Progress will relate to the strategy chosen. Each agency will need to decide the best course of action, taking into account likely costs and potential benefits.

Listing and describing related programs is a useful way to begin gaining a sense of what may be involved in attempting to develop measures for related programs.

Programs can be characterized in many ways: by goals, strategies, administrative structures, and target populations; by whether they are large or small; by the level of government and type of agency through which their services are delivered; and by their policy, political, and practical contexts. Agencies can assign weights to these (and other) relevant factors.

A focus on goals is a useful and practical place to begin. Both OMB and elements of Congress have indicated that initial attention to the relationship among programs should begin at the broadest and highest level....

At this relatively general level of aggregation, goals provide an obvious first step for looking at programs in relation to each other. If every federal program could explain its relationship to other federal programs that are grouped under the same goals in the President's budget and could identify and demonstrate its contribution to that goal through specific performance measures—much would be accomplished.

Such activity should be initiated first in regard to related programs within an agency and then proceed to related programs outside the agency. When addressing related programs outside the agency, an attempt should be made to coordinate with all agencies involved; and, if possible, work should proceed on a joint basis and lead to a joint agreement on the measures to be used. If it is not possible to conduct a joint effort or to reach agreement, then agencies should proceed on their own to propose an initial set of measures for related programs.

Center for Improving Government Performance, Helpful Practices in Improving Government Performance (Washington, D.C.: National Academy of Public Administration, 1998), pp. B-10, B-11.

“Our Outcomes Take Years to Achieve”

There is concern that most reporting against intended objectives takes place annually in connection with the annual federal budget cycle and GPRA's required progress report. However, some program outcomes may take years, even decades, to accomplish.

The answer seems obvious. Indicate the overall expected time frame across multiple years and tell what progress has been made in a specific year. Indeed, this provides a perfect opportunity for program managers to use GPRA's strategic planning component to prepare interested stakeholders for the road ahead, especially if it is a long one. GPRA requires a five-year strategic plan, which can be updated every three years. A longer look ahead can provide the context within which stakeholders can be educated about the longer-range horizon of multi-year outcomes, possible contingencies, intervening variables, and possible scenarios.

At the same time, tracking progress can be broken into annual increments. These may be dimensions of time, quantity, or quality. They also may include narrative explanatory comments. Further, nothing prohibits a manager from recapping the longer-term strategic plan in GPRA's two other required documents: the annual plan and the annual report.

In regard to multi-year outcomes, the general rule should be to give a progress report to citizens on what has been accomplished annually and also a progress report against the multi-year target.

Recommended Responses

1. Provide an overall estimate of the time needed to affect the outcome. Update this estimate as appropriate. Use this as an opportunity to communicate a rich sense of program substance and context to stakeholders. Think in terms of explaining and making clear what it takes to deliver the end outcome. Draw into the narrative the work of related and supporting activities as a way of building improved relationships with colleagues. Consider explaining the role of Congress, OMB, and changing administrations. In other words, take a proactive position. If you were a stakeholder interested in this program, and the program took a number of years to accomplish, wouldn't you be interested in knowing how your tax dollars are being used to come to grips with these issues?
2. Provide an annual progress report against the multi-year plan, and use performance indicators that provide significant milestones along the way. Ditto all of the comments made above. An annual progress report can do all of these things, and at the same time provide the considerable advantage of allowing you to report in manageable bites. Not the least of the opportunities provided by annual reporting against a longer-term plan is to prepare the way for needed revisions in the longer-term plan. These may be much more palatable if the context for the changes is communicated to stakeholders in advance.

“Our Data Are a Mess”

This statement is a variation on the “We don’t have the data” issue. It often is made with great feeling, as if the problem were so enormous, complicated, expensive, frustrating, or intractable that all hope for improvement is gone.

The point is not to make fun of such expressions, but to suggest that an errant data system can generate a culture of hopelessness that really is not necessary. In fact, a less than perfect data system may have some advantages, chief among them that a system, or some semblance of one, exists. Money has been allocated, some collection system has been put in place, and some data are being generated. Even if the system or the data are fatally flawed, they still may offer a starting point that is one step ahead of zero.

The answer is to design a sample of the universe in question. Do it without regard to the existing data system so you will know that the sample design is correct. Once the sample has been designed, look for potential overlap with the existing system, allowing at least part of the data to be collected from within it. The remaining sample data must be collected *de novo*, but there are inexpensive ways to do this, such as mail, phone, and in-person surveys.

Once data are collected from both sources, the sample data from the bad system can be checked for accuracy. This may involve further data collection and some corrections to existing data. The point here is that when there are “no data” or “bad data,” the cheapest and quickest approach may be to design a sample and extrapolate findings to the universe.

Recommended Responses

1. Recognize that an existing data collection system may offer a partial route, at a minimum, for collecting of some of the needed data, possibly at reduced cost. Look at the parts of the existing data system to see what can be useful in obtaining the data you need. Here are some questions that may help: How is the data collected? How is it recorded? Is it subjected to any transformation process along the way, such as a coding procedure to transform narrative data into countable categories? How is the data manipulated (retrieved, analyzed, and arrayed)?

Each of these steps may offer an opportunity or suggest ideas for using parts of an existing data set by selecting, adding, or modifying data elements. The existing capacity for managing the data system, whether it is in house or under contract, can provide expertise in making these adaptations.

2. Design a sample—based on an existing data collection system, new collection procedures, or a combination of the two—and extrapolate to the universe. It is almost always cheaper and easier to use a sample than it is to collect data from an entire universe. In fact, it would be a good procedure, if circumstances allow, to think in terms of starting out with a sample first, in order to see if it will do the job, before going to the more expensive option of building a complete database. Using a

sample also offers the advantage of being easier and less costly to change. If a uniform sample is needed over time, multiple samples can be used. For example, one sample could be maintained pretty much without change to provide a good basis for multi-year comparisons or tracking, while another sample could be changed from year to year to capture emerging issues. Two 10 percent samples will almost always be cheaper than one universe data collection.

Excerpt

Don’t overdo precision requirements. Use smaller samples. *Many evaluation and survey professionals press for high levels of precision such as 95-percent (or higher) confidence levels (which means that the sample findings that would occur in 95 out of 100 samples drawn from the population would be within the number of percentage points indicated by the statistics). The higher this confidence level is set (such as 95 percent), the larger the sample size needed and the more expensive is the data collection effort. When outcome measurement resources are tight, programs should consider lower confidence levels.... For many, if not most, outcome indicators, a 90-percent confidence level will be fully adequate (and likely to be more accurate than many of the other pieces of information that managers use to make decisions).*

Harry Hatry and Shelli Rossman. Obtaining Timely, Cost-Effective, and Useful Outcome Data (Washington, D.C.: National Academy of Public Administration, June 2000), p. 4.

“Our Data Are in Narrative Form”

For a variety of programs, all or some of the data are in narrative form. This kind of information is seen as being unstructured and not usable.

For example, the Community Development Block Grant Program in the U.S. Department of Housing and Urban Development, which distributes money by formula to cities and states for such things as housing rehabilitation and street improvements, requires a very short report on how the money is used. Much of the information is in narrative form. This minimal level of reporting is a part of the “block grant” approach, intended to streamline grantee administration.

The reaction to this type of narrative information base is that it is not “objective” or “systematic,” and that it prohibits the aggregation and display of countable units of accomplishment.

It is possible to overcome these issues by employing a methodology to transform the narrative data into specific categories of accomplishment and count the units in each category.

The Department of Housing and Urban Development did this with a coding system for transforming narrative data into countable units and objective categories. The system was detailed in a manual consisting of sequential decision rules for placing narrative statements into objective categories. This was, of course, a highly subjective process, yet it allowed an initial array of program accomplishments.

Once this stage was completed, results were discussed in detail with each grantee, estimates were fine-tuned, and analysis results were weighted by the sample design and extrapolated to the universe of grantees. The end result was an annual report that presented actual accomplishments in countable form for the entire program at a surprisingly small cost.

Recommended Responses

1. Start with a sample. If all, most, or a significant part of the data are in narrative form, one of the first things that should be considered is constructing a representative sample of the data universe. The benefit of this approach is that it reduces the size of the data universe that has to be dealt with and, therefore, reduces the cost of data collection and transformation. Constructing the sample will very likely require engaging an independent professional with the appropriate expertise. And even if it does not seem as if a professional is needed, it can be a good idea to engage one, as this provides the added credibility of an outside professional opinion. The sample design will require an upfront cost, but it can be amortized over time.
2. Develop a process for transforming narrative or subjective information into categories, and extrapolate to the universe of grantees. Here, too, it is likely that the services of an independent professional will

prove helpful. The process of transforming narrative or subjective data into standard or objective categories will be new to many people, and there will undoubtedly be a need for assistance in conceptualizing the transformation process as well as a learning curve for in-house staff. Basically this approach leads to the development of a collection of decision rules, collected in a coding manual, that guides the transformation of unstructured data into structured form. The end result is units of countable product.

Aligning Performance Processes

For much of the past decade, the concept of alignment has been intermittently and variously used without broad common understanding or application.

First there was much discussion about the need for “logic models”—“logic diagrams” may be a more descriptive term—to mark the pathway from inputs to internal processes and ultimately to outputs and outcomes. Later, alignment sometimes was used to describe the relationship among required elements of GPRA: strategic plans, annual plans, and annual reports. Later still, attention shifted to aligning accounting structures with performance plans. Occasionally, someone would make the point that whatever planning was done needed to be aligned with an agency’s operating plan.

In retrospect, these early formulations can be seen as individual parts of a process not yet fully articulated. Placing them together in a performance-based accountability chain comes close to understanding the meaning of the term today.

Alignment should mean that every process and resource is properly sequenced under each major organization goal to achieve the desired result. Further, there should be an organization-wide sense of responsibility for making the whole greater than the sum of the parts.

“Well, We’re Waiting on _____”

Fill in the blank. How many times has an assistant secretary or deputy secretary heard this response from a senior manager assigned responsibility to carry out a task? There are variations: “They’re having a problem in OGC [Office of General Counsel].” “Congressional Relations said they needed to work on some wrinkles.” “Admin hasn’t processed the paperwork.”

Whatever.

The point is that a senior manager assigned responsibility for a task is passing the buck. Of course, there are legitimate situations where the official can be caught by surprise by some untoward circumstance. Yet there are other situations where the accountable manager can anticipate the problem and take proactive steps to keep an operation on schedule.

In either case, the prerequisite for taking a proactive approach is accepting responsibility for the goal, and monitoring preceding or parallel steps that must be accomplished.

The bottom line of the modern trend toward performance-based management is that it is no longer acceptable in today’s environment for a manager to point to a prior or related management step and simply report that the process is “off track.” Everyone in the line of accountability bears full responsibility for a specific part of the process and for the entire process leading up to the accomplishment of a goal.

Recommended Responses

1. Managers must understand pre, parallel, and post steps in the process of which they are a part. One way to approach this task is to envision oneself as the manager in charge of the entire process. The first thing this will require is an understanding of the various parts of the process and their contexts. Other activities—perhaps very far outside one’s own area of experience and expertise—will have to be studied. Think of it as a learning venture that will take time. Study similar operations in different departments and levels of government. Set a goal of becoming an expert in the delivery of the service activity of which you are a part. Read. Go to conferences and workshops. Pick up the phone and call experts in the field. You may be surprised to find how willing many of these people are to answer the questions of those who are earnestly seeking to improve program delivery or management.
2. Each manager who is a part of a process must accept some level of proactive responsibility for the process as a whole, as well as the specific part. Once you have mastered the overall process or activity of which you are a part, look for ways to improve overall delivery. Cultivate new views of old processes. Look for ideas that can be transferred from one place to another. Be the person who transports

them. Offer to help other parts of the process. Approach the managers of related processes to see if they are interested in meeting on a regular basis to exchange information and ideas. Not everyone will respond. You will have to be tactful and non-threatening. But by taking these steps, you identify yourself as a leader, regardless of your rank or seniority.

“Someone Else Does That”

Managers making this statement reveal a sense of isolation—of being out of touch with the larger awareness and responsibility that managers increasingly are expected to assume in today’s world.

An experience reported by the Ukrainian Finance Ministry is a useful, if extreme, illustration of the kind of isolation that can be experienced in a large public bureaucracy.

An American expert in performance-based management was hired as a consultant to improve the performance orientation of the Ukrainian Finance Ministry. The individual was amazed to find that each civil servant worked in almost complete isolation. Each day, the civil servant came into a very small office, sat at a desk, and went through the inbox, one item at a time in the order in which they occurred, made a notation on each, and deposited them in the outbox. At the end of the day, a clerk collected and distributed the items. One year to another, there were never any meetings, and there was very little sense of accountability.

This is an extreme example. However, if this case had not been introduced as an example from the Ukrainian government, could it not have passed for an example of behavior for some parts of the U.S. government?

This anecdote provides an image of the individual manager as an “island.” It is an effective backdrop against which to consider the enlarged sense of responsibility emerging in relation to performance-based management. Such islands exist in the U.S. government. We

may be better, but we are not perfect. More to the point, we are not as good as we could be.

Today’s smart managers will master the entire process of which they are a part, and develop a reputation among their colleagues for advancing the success of the entire enterprise.

Recommended Responses

1. This kind of attitude will get you into trouble in the coming world of performance-based management. It will immediately identify you as an anachronism, if not an obstruction. Yesterday, this kind of statement could have been taken as a fact. Tomorrow, it will be seen as an attitude. The solution: Change your attitude. Broaden your viewpoint. Enlarge your sense of responsibility. Become more proactive. And develop an understanding of the entire management process of which you are a part.
2. Develop a specific strategy for supporting the success of the entire enterprise, as well as your own specific part. This will be your own individual strategic plan—your own road map for a successful career as a full contributing member of your department. Use the strategic planning process to identify where you are in relation to the departmental mission, where you would like to be at the end of your career, and what are the steps that must be taken to get from one place to another, and then update your overall plan periodically.

Excerpt

Unless all key players participate in setting the strategic agenda from the outset, it is unlikely that the organization will harness all of its capabilities to achieve strategic results. Moreover, the process of cascading these priorities and planned actions down and across the organization will be handicapped by the lack of ownership by key components and individual employees....

Cascading and communicating strategic requirements may be done function-by-function or agencywide. But “whether the organization chooses to cascade functionally or cross-functionally, the objective is the same: Communicate the strategic requirements, but not how the gaps must be closed. Employee teams design their own plans.” In this process it is important to communicate not only what each program component has selected as a strategic emphasis—so that support organizations can align their plans accordingly—but the strategies of related support functions as well. This step will allow each support function to link to related support efforts aimed at the same mission goal. It will also lead to increased employee ownership of the plan.

Center for Improving Government Performance, Helpful Practices in Improving Government Performance: Linking Administrative Support to Strategic Planning (Washington, D.C.: National Academy of Public Administration), pp. 5, 8.

“Our Budget Account Structure Is a Mess”

There was a time, not too long ago, when there was a long dialogue among GPRA implementers concerning what might be called the “messy,” “complicated,” and sometimes “undecipherable” nature of some agency budget accounts.

The question was: “How can we do performance-based budgeting when our account structure is a mess?” The word “alignment” was sometimes used to indicate the desired state—a budget aligned with agency performance goals, where units of cost and results could be linked.

Beyond the untidy nature of agency budget accounts, there seemed to be a general reluctance on the part of everyone—agencies, OMB, and congressional appropriations committees—to depart from past accounting practices. It was occasionally said and often thought, “If the system is bad, at least we know where we can find the money we care about.”

Today, there seems to be a growing understanding that the first and most important step in performance-based budgeting is understanding and clarifying the budget process and the relationship between costs and desired results. It is not changing the account structure.

Most fundamentally, this implies informed discussion at every level of the agency budget development process. In other words, performance-based budgeting does not depend on aligned accounts but aligned analysis and discussion. To the extent that this discussion actu-

ally is presented in the budget, it can provide a summary of the discussion and reference the data and analysis on which it was based.

A reasonably aligned account structure is a desirable, but longer-term, goal.

Recommended Responses

1. Do something to align costs with activities now, right away, for this year’s budget and the next. It’s the right thing to do. We should do everything possible to relate costs and activities. We owe it to citizens. And OMB has made it a top priority. What that something is will likely vary with the agency or program context. But it is very likely to center primarily on the word “information.” If the issue is the relationship between costs and activities, then what do we know about both, and how can that be factored into the budget process? Likely this will mean simply bringing to the table all available information at each stage of the budget process, leading up to some kind of short narrative summary to accompany each budget request. In essence, gather available information, talk, think, and explain.
2. Start the longer-term process of revising the accounting structure so that costs can be aligned with activities. This will involve a substantial investment of time and resources, but in many cases will be found necessary. In many agencies the account-

ing structure may be likened to the growth of barnacles—an accretion of individual encrustations resulting from legislation and earmarks emerging from a collection of periods, contexts, issues, political parties, and individual personalities. What we need is an accounting process and structure that facilitates an ongoing alignment process.

Excerpt

One of the major challenges facing agencies as they implement the Government Performance and Results Act is aligning performance-based accountability structures, as envisioned by the Results Act, with existing budget account structures. The objective is to assist agencies in modifying their budget structures to achieve effective alignment with performance-based, results-oriented management.

... Agency budget systems established to serve one set of purposes and accounts have been adapted many times to serve many additional purposes and accounts. The resulting collection of accounts that make up existing budget structures represents a major challenge to those seeking performance-based management....

Helpful practices that have emerged from current experiences of agencies seeking to achieve better alignment of resources and goals include the following:

- *Identify the major program areas that accomplish the agency's mission, goals, and objectives.*
- *Take the initiative at the career level to design and implement an aligned budget.*
- *Define a budget account structure that aligns the budget accounts and program activities with program goals.*
- *Define the manner for distributing costs, direct and indirect, to the proposed accounts.*
- *Manage the buy-in process within the agency, with OMB, and with congressional committees.*
- *Submit the aligned budget request in aligned format, and with a crosswalk to the existing format.*
- *Account for the expenditure of funds in the same structure used for the budget request.*
- *Issue a financial report presenting actual expenditures in conformity with the aligned budget.*

As they take these steps, agencies will have to consider factors relating to strategy (some accounts or all), timing (now or later), potential barriers (organizational, management, cultural, political), likely costs (systems development, installation, operation), and possible benefits (better, cheaper, more accountable service).

No matter how well designed, budget accounts cannot serve all purposes over all periods of time. As with other aspects of management, budget alignment must be continuously improved.

Center for Improving Government Performance, Helpful Practices in Improving Government Performance: An Overview of Helpful Practices (Washington, D.C.: National Academy of Public Administration), pp. 7-8.

“We Have No Control Over That”

This statement frequently is made as a defensive response to a question about a deadline that either has been missed or is likely to be missed. The answer may not be made in a “defensive” way. In fact, it may be offered in a very reasonable manner. If some untoward circumstance has occurred, or if some other individuals have not done their tasks, what is one to do?

Nonetheless, the individual gives away an obvious state of mind by responding with the problem rather than the solution.

Can we imagine the commander of a battle-engaged military unit responding this way?

What is the difference? Is it not that the military commander assumes a higher level of responsibility or has a greater sense of urgency?

Is it unreasonable to expect that a manager engaged in a non-military operation will project some sense of urgency about transacting public business?

Two key questions must be answered: First, who is responsible for solving the problem? Second, what should be done? The answer to the former is anyone who becomes aware of the problem or whose operations may be affected by it. The answer to the latter is whatever may be possible and useful. Someone indirectly connected may only be able to alert others; someone with more direct responsibility can do more.

To cite a problem and claim “We have no control over that” delays the application of possible solutions, ignores the potential synergy gained by going to the source and offering to help, adds an additional cost to the process, and possibly jeopardizes the outcome.

Recommended Responses

1. Try to develop your own radar for tracking the progress of steps in the management process of which you are a part that are either prior or subsequent to your own. Add to your daily “to do” list a moment’s reflection on the overall process and where it is. Track newspaper, journal, and electronic-based news sources regarding program activities. Perhaps make a phone call or two to check on the progress of key steps.
2. Do what you can to support steps in the management process prior to or subsequent to your own. If a problem has arisen or seems likely to arise in a prior or subsequent step, go to the area, raise the issue, and offer to help. Be proactive in keeping those involved with steps subsequent to your own informed of emerging issues or potential delays. If the process arrives at your doorstep behind schedule or with outstanding issues, try to be a part of the mid-course correction that will have to be made.

“We Don’t Have Unit-Cost Data”

Performance-based budgeting raises the issue of unit cost, the cost of some unit of production—whether building housing units, staging training sessions, or maintaining federal highways. Frequently, such data do not exist or are not readily usable in the desired format.

It also raises the issue of overhead, as in, “We can get some numbers on unit cost, but we have no way to include overhead expenses.” “Overhead” can be defined many ways, but it generally means some combination of retirement benefits, health insurance, and an agency’s administrative operations, such as contract management, policy analysis, and legal expertise.

Both issues (unit cost and overhead attribution) have merit. But neither should be an obstacle to projecting unit cost.

How can this be? To not answer this question is to ignore a fundamental aspect of the public trust vested in public servants. How can we *not* know the cost attributes of services provided by citizens with their tax dollars?

So, what is the answer? Estimate. Gather available information and come up with an estimate. What are total agency outlays for retirement, and how do they translate into per person, per hour figures? Ask the same questions for health care. How much time do individuals in the Office of General Counsel spend on your program? What are their grade and salary levels? Ask the same about other overhead functions.

These estimates may be rough, but they indicate a willingness to accept responsibility for cost issues. If someone objects to these estimates on the grounds that they are not “accurate,” there are four possible outcomes that are better than doing nothing: The estimates can stimulate dialogue, or they can be accepted, improved, or rejected. Even if they are rejected, you have raised the issue.

For help in making these estimates, seek professional advice. There are methods of estimating costs similar to those used in employing survey research samples. In other words, you may not need a full unit-cost system to develop useful estimates.

Recommended Responses

1. Devise an estimate of costs and include an explanation of how it was established. The most important part of this exercise is the explanation of how it was done. There are many ways to estimate costs, even where very little data are available. No two approaches to estimation are likely to be the same. And no two reactions to the methods are likely to be the same. The most you will be able to do is to choose one method and explain why. Someone may disagree with your opinion. But that is perfectly legitimate and will only lead to further discussion and refinement of the method. The absolute best way to devise and estimate is to obtain prior agreement on the estimation methods, but in practice

post—rather than prior—agreement may be the better approach. In other words, take your best shot and express a willingness to revise. This has the advantage of helping you to get your estimates to the table much faster than if prior agreement were sought in all areas.

2. Become knowledgeable about cost-estimation methods. Learn the field, as it were, in your area. Build a portfolio of estimation methods from similar programs and activities. How do others estimate costs in these areas? What are the advantages and disadvantages of each? What are the lessons learned? Where are the best practices? There is a vocabulary to be learned. But mastering it will be well worth the effort.

“Everyone Wants the Existing Account Structure”

Be careful. While this may be truer now than it ever has been, making the statement in today’s environment can have harmful repercussions. It reveals a certain way of looking at the issue of performance-based budgeting, one that has lost currency.

In the recent past, there was a sense that true budget alignment required revamping outmoded, complicated, and misleading agency account structures. It was clear that such restructuring was supported weakly by almost everyone (OMB, agencies, and the Hill). As bad as the account structures were, everyone knew where the money could be found. No one wanted to lose track of “his” or “her” money.

Today’s dialogue about performance-based budgeting concerns the concept of unit cost, evidenced in information presented for the budget process and recorded in the budget document.

What does this mean? Attention is focused squarely on the relationship between costs and results, rather than on the budget structure itself. There seems to be an unspoken sense that structural alignment, while needed, is a longer-term goal. The immediate need is to encourage dialogue using available information about unit cost.

This approach seems based on the conclusion that budgeting’s true purpose is to allocate resources to intended goals, gather information on what happens, and use this informa-

tion to revise future allocations. In effect, the dialogue has shifted from a desired end state (account restructuring) to the more basic issue of gathering, considering, and presenting whatever information is available in support of the budget.

OMB’s initial budget for fiscal year 2002 makes it very clear that a successful budget process begins with the presentation of information on costs compared to results.

Recommended Responses

1. Agencies should define the questions to be answered for each major account line, present answers from existing sources, and list questions that cannot be answered. Note that most of what is suggested here concerns information. The questions could be rephrased this way: What information do we need? What information do we have? And, how can we get what we don’t have? Note also that before these are budget questions, they are management questions. They only become budget questions when resource levels are tied to levels of performance.

The first question can be answered simply by thinking; no data is necessary to define the kinds of questions that should be answered. Everyone can take this step. The second question can also be answered by gathering together what is known about the program. This information may come

from a database, an evaluation, a management review, or an Inspector General’s (IG’s) report. The information may not be perfect. But it is the place to start.

2. For those questions that cannot be answered adequately from the existing information, or for those questions that cannot be answered at all, agencies should state what they will do in the year ahead to gather the needed information. Since it is likely that additional resources will be needed for this, at least two and preferably three options with different cost levels should be projected. The advantages and disadvantages of each should be presented. One of these cost levels should be projected at a modest level and involve inexpensive data collection through the use of sample-based surveys.

“Our GPRA Plan Is Not Our Operating Plan”

This refers to GPRA’s requirement for an annual plan, the purpose of which is to lay out the goals, objectives, and performance indicators against which progress can be summarized in the annual report.

The claim made here is that the GPRA plan is only a paper exercise. The required GPRA annual plan is not the “real annual plan” for the year ahead, while the latter is laid out in the agency’s operating plan. The following vignette makes the point:

The administrator of a large, important, and visible agency spent two days every quarter reviewing progress toward the agency’s key objectives, as embodied in the agency’s operating plan. Present in the room were the agency’s most senior political and civil service executives. The administrator sat in the room and followed the dialogue as the deputy administrator thoroughly examined the progress made toward each goal. The session was notable for the deputy’s sustained vigor, intelligence, and sense of pursuit. At the end of the second day, the deputy, obviously tired and mentally already on to the next task, said, “Oh, wait a minute, we forgot the GPRA report. Would you please tell us where you are?” At this point the GPRA coordinator stood, meaningfully brandishing a thick sheaf of paper, and said, “Here they are. They’re going to OMB tomorrow. You’ve all seen them. You’ve all signed off. Right?” Hearing no response, she sat down. The deputy thanked her for the report and closed the meeting.

It is worth noting that the administrator and the deputy were highly regarded for their management skills.

What can be done?

Recommended Responses

1. An individual manager may not be able to make the entire system whole. However, knowingly participating in an exercise with no meaning can be described as duplicitous and a betrayal of public trust. Managers should take practical steps to initiate and incrementally expand the frontiers of performance-based management in those areas for which they bear primary responsibility. If the department’s GPRA plan is not consonant with its operating plan, perhaps all or part can be put in place in a particular operating area. In other words, do what you can do to exercise your responsibility for the department as a whole—in your area.
2. Consider applying key GPRA elements to your operation or program. Strategic planning, annual planning, and annual reporting using performance indicators is good management. The law does not require these elements for every activity and level. But there is nothing to prevent a program manager from putting them in place. Draw up your own strategic plan. Use it to explain to others inside and outside the department what you do. Do the same for

the annual planning, reporting, and performance indicator requirements. It may help to provide direction and meaning for your staff. It will establish you as someone who is committed to the best in performance-based public service. And it can provide leadership and encouragement to others.

“We Don’t Have Control Over Grantees”

Many federal programs do not do much more than pass money through to other entities or levels of government. The primary federal role is getting the money out quickly. A sense of impatience emerges on the part of grantees, who are not shy about calling their members of Congress if the money does not arrive on time.

For programs that operate in this kind of atmosphere, it is not hard to understand why federal administrators take a hands-off approach. Frequently, nothing in the authorizing legislation specifically requires the use of performance indicators. Thus, it is not unusual to find very minimal reporting requirements.

However, this begs the question: Are federal administrators blind? Are they without any responsibility?

Such programs are specifically intended to reduce and streamline the federal role. Yet do they eliminate all management functions except the distribution of money? No, especially given the growing sense of public service accountability.

Recommended Response

1. These program managers must take affirmative and creative steps to maintain an awareness of how well money is applied at the grantee level. What and how much is done depend on existing resource levels. Here is a short list of potential approaches:
 - Develop model guidelines for the development and use of performance indicators.
 - Request access to grantee records.
 - Provide forums for grantees to consider indicators.
 - Develop a sample of grantees and monitor it.
 - Work with the Inspector General to add questions to ongoing audits and studies.
 - Ask the research or evaluation function for help.
 - Conduct a mail or phone survey.
 - Collect press and trade journal reports on program activities.

Also, consider requesting additional funds to fund a basic reporting activity. In today’s world, it is becoming less and less acceptable to say, “We don’t know” or “We’re not required to do that.”

Excerpt

- *In developing their performance goals, each agency should make clear their role in the delivery of public services. Specifically, in addition to outcome measures, agencies that give grants to third parties should develop goals relating management and oversight of grantees' performance in achieving outcomes.*

This report has identified the discrepancy between the demand for outcome performance measures and the actual work of many federal agencies. Direction in the development of these goals and their alignment with the actual work of agencies should come from the agencies' senior management. This is the only way that agencies will be able to use their performance plans and reports as a tool to devise management strategies that reflect their position, function, and capacity in the implementation of federal programs.

As the number of third parties that agencies must work with to implement federal programs increases, so too does the complexity of service delivery. As a general rule, more third parties in a given program means less leverage for the agency charged with its implementation. This fact is not an excuse for agency executives to shirk responsibility for results of programs for which they have only limited control. Whenever third parties are involved in service delivery, agencies become players in a partnership for delivering services. Agencies should use their GPRA strategic and performance plans to coordinate, measure, and oversee the activities of third parties to assure that all are working toward the goals established in GPRA strategic and performance plans.

- *Agencies should use GPRA not only as a means to communicate their performance, but also to communicate constraints that inhibit their performance.*

GPRA provides critical information to decision makers within the agencies and in Congress. The release of the first two performance reports and the subsequent congressional and public response to each indicate that an agency's performance report will be judged on its own merits and not based on public or congressional perception of the agency. One agency that has received much praise for the quality of its performance report has been the U.S. Agency for International Development (USAID). What is particularly praiseworthy about USAID's report? According to the Mercatus Center at George Mason University, USAID's report "contains thorough discussion of management challenges." Additionally, the Mercatus analysts found that the "agency does not hesitate to criticize its own initiatives and discuss failures."

Some agencies have expressed concern that the performance information in GPRA reports will serve as additional ammunition for members of Congress to use during appropriations and oversight hearings. Aggressive congressional scrutiny existed prior to GPRA and will continue regardless of GPRA's ultimate fate. Agency executives can strengthen their hand in these discussions by using GPRA as a tool to systematically discuss agencies' management challenges. In many instances, members of Congress will discover or be reminded that many of the factors inhibiting performance are not under agencies' immediate control. In addition to the extensive use of third parties in the delivery of federal services, the rules set forth in authorizing legislation impede performance. In this way, agencies can frame the debate about their performance and even make recommendations to Congress about what it can do to help agencies meet their performance targets.

David G. Frederickson, The Potential of the Government Performance and Results Act as a Tool to Manage Third-Party Government (Arlington, Va.: The PricewaterhouseCoopers Endowment for The Business of Government), pp. 24-25.

“There Is No Way to Include Overhead Expenses”

Total cost per unit of service is one bottom line for a fully aligned management system. A major challenge in coming to that bottom line is that many overhead costs (often called administrative costs) are not available by program or activity areas. Instead, much of this information is maintained in large, aggregate accounts managed separately from programs. These costs include such things as salaries and health and retirement benefits, and may include such crosscutting support services as contracting, personnel administration, and information technology support.

If the task is to improve performance, cost per unit of outcome is the inescapable bottom line. That the information does not exist in a convenient or agreed upon format makes it difficult—but not impossible—to come to grips with unit cost.

There are two paths to the needed information. One is to charge agencies with developing systems and accounting structures that attribute costs to programs and activities. OMB has taken steps in this direction, and it seems likely that more will follow. Nevertheless, the development of new systems and accounting structures will take time.

The second path is to develop estimates. These can and should be developed now. Managers can estimate the number of man-hours devoted to overhead tasks, obtain salary levels (including breakout estimates for benefits), and develop overall cost projections. These may

not be perfect. As long as the process used to develop the estimates is documented and included in the budget, however, the information is properly bounded.

This estimation process can have additional benefits. Dialogue about costs and their attribution can be encouraged and sharpened, issues can be surfaced, cost saving ideas may be generated, and cost sharing may be possible. Indeed, a primary goal of performance-based budgeting is to stimulate dialogue that can lead to improvement.

Recommended Responses

1. The systemic solution to the issue of including overhead costs in total program costs is to develop specific procedures for defining and attributing costs. This will take time and resources. The present administration has recognized the need to move in this direction and has taken specific steps to put the necessary systems in place.
2. For the present—and absent specific uniform accounting procedures—managers can develop estimates and explain how they were developed. There are many ways to do this. Professional help may be needed. One approach is to look at how overhead costs are attributed in similar kinds of activities in areas of the public and/or private sectors that employ full cost accounting. This can, at a minimum, pro-

vide a context and range of likely costs. A very fundamental approach would be to spread all overhead costs evenly across all program outlays. A more focused strategy could involve sampling actual costs in specific areas and extrapolating from the sample. Whatever approach is taken, care should be taken to make sure it is documented in sufficient detail that it can be explained and evaluated.

Using Performance Information

Mystery frequently surrounds the use of performance measures.

At times, finding an example of use seems to resemble a UFO sighting. A report begins to circulate that a program has been using indicators effectively. The tale gathers momentum as it runs its course, and interest intensifies as affirmations and confirmations multiply. Alas, a flaw is found, the context becomes more complex, and the example often turns out to be less than what meets the eye.

There often is a grain of truth in the story, but the grain is thrown out with the tale.

Why? When it comes to the issue of use, we feel a need to seek an application so pure that it could be written as holy script. We seek a one-to-one correlation between a piece of performance information and a given decision.

In no other context would we have the least hope that the use of information would determine the course of decision making. At most, we would expect it to inform the decision-making process. Where indicators are concerned, however, we expect a perfect world where truth not only speaks to power but also tells it what to do.

Such a world does not exist, and uses of performance indicators are far more subtle, various, and frequent than we recognize.

“What’s the Use? Decisions Are Political”

This statement is made with the intent of identifying a major problem with “the system.” More often, the claim reveals a problem with the individual making it.

Unpleasant as this may be for some to read, there is nothing wrong with decisions being made on a political basis—that is, decisions made by appropriately vested political appointees who give effect to the political platform on which they are elected. Unlike civil servants, they are held accountable to the electorate at fairly short intervals.

Career civil servants watch political appointees come and go and they may grow weary at the mechanics of change—time lost, costs incurred, directions changed, opportunities missed. Yet that is the process. To paraphrase Winston Churchill, “Democracy is the worst form of government, except for all other forms of government.”

We pay a price for the open exchange of ideas and broad access to political office. Civil servants would do well to anticipate changes brought by elections, and develop explicit strategies to help new appointees accomplish their platform.

This may be distasteful for some to read. It is hard to do and, if done well, may never be recognized. It has to be redone many times over the course of a civil service career. A new political administration naturally is suspicious of civil servants who are successful, so doing

the job well may lead to a difficult time getting started with the next administration.

Too often forgotten is the fact that this is the nature of public service. Most of us have chosen to be public servants, explicitly rejecting a career in the private sector. Discouragement, foot dragging, and criticizing appointees demean the concept of public service. They also reveal our own inadequacies in coming to grips with reality. It may be hot in the kitchen, but we have chosen the kitchen.

Recommended Responses

1. Career civil servants should have a clear understanding of the legitimate role of politics and political appointees in the American system of public administration. There is nothing wrong with Democrats. There is nothing wrong with Republicans. Even if you are of the opposite party. There is nothing wrong with the sometimes radical change that can result when the presidential administration changes from one party to another. There should be no surprise that when a new administration takes office it is suspicious of the civil servants who served the previous administration. This is the American democratic system in action.
2. Career civil servants should have a clear understanding of their role during a change of administration. They are in the middle. They stand between two cultures,

two political ideologies, two very different sets of emotions. They have the most challenging of tasks: to close out the old and bring in the new. A transition is by definition a trauma. Change is always difficult. All civil servants could help themselves and new political appointees by developing an explicit strategy for understanding, participating in, and supporting the transition to a new administration. Mostly, we don’t do this. But having a specific plan for handling our responsibilities during a transition can be a very effective approach.

“No One Uses Indicators Anyway”: Part I

This claim—and those like it—is based on a fundamental misconception that understates the use of indicators.

When the issue of use is raised, it is assumed that it applies to making decisions. It is further assumed that the kind of use anticipated involves a one-to-one correspondence between the value of a performance indicator and a decision. For example, a low efficiency score would lead directly to a decision based on that score.

Yet this is a misconception that oversimplifies the decision-making process, which must take into account many facets of program activity. On any given occasion, these may involve political, policy, empirical, practical, and strategic dimensions.

Information—pure, objective, and relevant as it may be—is only one factor for decision making. Everyone knows this and readily agrees when the statement is made. Yet an odd transmutation occurs when the same people are asked to provide examples where performance indicators are used. Typically, there is solemn silence and a negative answer. When asked for examples, the respondent frequently adopts the narrowest possible definition and reports that very few decisions have been made based on performance indicators.

The true standard should be whether or not performance information is *taken into account* in the decision-making context, not whether it is the basis for a given decision. Over time

performance information should lead to service delivery improvement. Ultimately, its utility must be evidenced in actual program operations.

Recommended Responses

1. Develop a general guide on the many dimensions of use relevant to your agency or program. This could be as short as a tri-fold brochure. Its purpose would be to educate stakeholders on the many dimensions of use. Short, illustrative examples of each type of use should be provided. This brochure could then be handed out whenever packages of program information are assembled for such purposes as training staff, reporting to Congress, and informing the public. The point is that an effort to develop a better understanding of what “use” is will be time well spent. Even if, as is likely, the document is not disseminated in larger numbers, having it available to answer questions will be very useful.
2. Develop a specific plan of use. Once the conceptual work has been done on the types of uses that may be anticipated, a specific plan of use can be developed. For example, performance information intended to monitor progress toward program outcomes may also be used by the IG, the program evaluation function, the congressional liaison office, the budget officer, and so on. By simply bringing these together in one place, a certain logic

of use appears and it is seen that the many dimensions of use become concrete. It may be further seen that this use is both broader than anticipated and far more routine, or perhaps less exceptional than is sometimes surmised.

“No One Uses Indicators Anyway”: Part II

The word “use” is problematic. After all, it implies an act of will, a deliberate and specific application. It need not have this implication, but it often does in the contemporary context.

The problem is that indicators of performance can be useful, have utility, or contribute to effects or results—all without being identified in connection with a specific “use.” In a sense, the word has placed a stranglehold on the concept of utility.

This does not mean that performance indicators should be placed without specific regard for their use. When designing performance indicators for a particular application, a key question always should be: What is the purpose for which an indicator is sought? Once chosen and put in place, however, performance indicators enter several other streams where their utility may be far broader—and perhaps more important—than their intended use.

Two broad categories may help to suggest the magnitude and vectors of these streams. One category might be called “secondary uses,” and would include all the “other” uses to which indicators are put, as well as those specifically considered when the indicator was designed. For example, an indicator may have been selected to help a program manager achieve an annual goal. It also may be useful for an in-depth program evaluation. Secondary uses might be further divided into those that are specifically intended and those that are related to specific new contexts.

Another category might be called “effects.”

These would include consequences that are the secondary and tertiary iterations stemming from primary and secondary uses. Some can be very important. For example, a heightened organization-wide sense of urgency in relation to performance goals or standards of service.

The intent is not to iterate vocabulary. Others have considered these issues in much finer detail. The point is that we must be careful about the word “use” and understand how we are defining it.

Recommended Response

1. Develop a descriptive model of likely effects of all or part of the performance indicator system. Depict this model in graphic terms. View it as a visual display of intended effects. Include such things as heightened organizational awareness of performance issues; improved intradepartmental communication; greater cross-function, program, and unit collaboration; improved morale; and so on. The effects of a performance-based management system extend far beyond the immediate context of a specific program, process, or decision.

“No One Uses Indicators Anyway”: Part III

Are you sure?

How are you defining the word “use”? Here is a list of possible uses that can be expanded in many directions. Performance indicators may be used to:

- Improve public service
- Improve service quality
- Improve management performance
- Support budget requests
- Make budget decisions
- Design program changes
- Provide incentives
- Assess/evaluate programs
- Conduct research
- Communicate to citizens
- Communicate to stakeholders
- Communicate to Congress
- Build accountability
- Support public dialogue about priorities
- Clarify program and policy purposes
- Reward good performance
- Identify best practices
- Seek continuous improvement

- Support economies of scale and type
- Streamline intergovernmental service delivery
- Avoid overlap and duplication
- Coordinate similar programs across agencies

The point here is not to make a definitive case for all performance indicator uses, but to emphasize that performance indicators constitute a form of *information*. Information is the lifeblood of good management.

It always will be difficult to document the full utility of performance indicators and information in general.

Recommended Response

1. Support organizational learning and greater awareness of the importance of information in general and performance indicators in particular in the management process. This can be done in many ways, such as a performance knowledge center, a specific element in management training courses, a special lecture series on the role of information in management, periodic brainstorming sessions, and informal brown bag luncheon discussions. In the daily press of activities, it is easy to forget that almost everything we do in both our personal and professional lives depends on information—frequently about the per-

formance of something: a roof, car, insurance plan, article of clothing. Information about performance is an essential aspect of almost any human endeavor.

“Our Data Are on the Wrong Cycle”

“... and so we can't use it” is the end of the sentence sometimes offered in response to a query about use.

This is a line of thinking that requires a little untangling.

Frequently, the implication is that the “outcome” takes more than several years to achieve. It also can mean that the outcome takes one year, but that year is not coincident with the GPRA reporting schedule. There sometimes is a fear that an agency is disadvantaged because only partial progress can be reported, even under the best circumstances, until the end of the multi-year period necessary for accomplishment.

There are two unhelpful conceptions here. The first is that multi-year or off-cycle reporting is disadvantageous. There is no reason for this to be true. All that needs to be done is to provide a narrative explanation of the reporting cycle and the issues raised, and to use available data to comply with the reporting schedule.

It also may be possible to adjust the data by extrapolating from one reporting schedule to another and then adding any needed corrections to the subsequent year's report. Such adjustments may require technical help, but it is feasible. If the data show partial or limited progress, explain why relative to the reporting cycle's original narrative explanation.

The second misconception is that the only use of the information presented annually is

related to the multi-year objective, as opposed to the annual segments leading up to it. This is unfortunate and untrue. GPRA and subsequent OMB guidance maintain a steady focus on outcomes as the ultimate target. For most agencies, much time is spent on tracking, reporting, and using information that simply reports progress to date.

This interim information can be vital to fine-tuning annual management strategies and budgets. And this is a very important use of performance information.

Recommended Responses

1. An important first step in situations where outcomes cannot be achieved on an annual basis is to write a narrative statement explaining why this is so and what the likely period of performance will be. This statement will need to be reviewed and updated in subsequent years. Any mid-course corrections can be explained at this time. The final outcome should be specified in this initial narrative, along with the performance indicator that will signal its accomplishment.
2. Develop a feedback system for tracking interim stages of performance anticipated to lead up to the final outcome. If an outcome cannot be fully realized in less than five years, then what are the significant stages of progress that can be noted along the way? Use these as milestones—indicators to show that the process is on the way

to the fulfillment of its ultimate indicator. Develop specific low-cost procedures that demonstrate a good faith effort to report progress in interim years. To say that an outcome will take several years to achieve is one thing; to make no discernible good faith effort to report progress in interim years is another.

Excerpt

...For many—probably most—programs, outcome indicators do not really require high levels of precision and accuracy, although they should be as accurate and precise as feasible. Requiring excessive accuracy and precision can make outcome measurement expensive and discourage programs from attempting to seek some desirable outcome information.

The perspective of this report is that federal managers, and their personnel, need timely, frequent data on outcomes—as basic information—if they are to attempt continuing improvement of their programs so as to make them more effective for the public. This is just good management. The theme of this paper is that it is likely to be considerably better to be roughly right rather than completely ignorant about outcome information.

... various cost cutting/shortcuts ... increase the possibility that on occasion the data obtained will be misleading, possibly supporting poorer decisions than would have been made without the data. We believe, however, that such occurrences will be infrequent and will be greatly offset by the many more situations in which the rougher data provide information for better management decisions throughout the year.

Clearly if the resources for more expansive outcome measurement are available, without sacrificing other important outcome measurement opportunities, programs should go for the additional scope that those resources make possible.

Harry Hatry and Shelli Rossman, Obtaining Timely, Cost-Effective, and Useful Outcome Data (Washington, D.C.: National Academy of Public Administration, June 2000), p. 2.

“Our Organizational Structure Impedes Use”

By its very nature, a performance-based management approach may establish lines of accountability that cross organizational boundaries. It also may cross accounting and budget categories and management and policy processes.

For example, a logic model—constructed to depict the flow of sequential and related responsibilities to achieve a goal—may involve different bureaus, functions, and programs. This can be seen as impeding the use of information generated by performance indicators.

These are, after all, the “kingdoms” of bureaucratic culture, each with its own leaders and staff—sometimes with independent policy, budget, administrative, and even political functions.

The logic model itself delineates accountability relationships for these entities individually and combined. The information generated at each stage of the process also can be useful for prior and subsequent stages, and the overall process as well.

This is what is meant by the term “knowledge management.” Any management process is an information-generating series of activities providing an opportunity for organizational learning. In the management world of today and tomorrow, those who do not use information effectively will be identified. It will not be possible for part of a process to hide from view, or to escape the judgment of related parts or the organization as a whole.

Recommended Responses

1. Once a logic model has been specified for a given management process, each part of the process should construct a plan of use for related performance information. This plan should stretch the concept of use from direct uses—such as achieving management milestones—to indirect uses, such as evaluation and research and policy analysis.
2. A similar plan of use should be developed based on an overview of all performance indicators for an entire process. Such an approach likely will identify combinations of data elements from different parts of the process that can yield useful information.

Excerpt

In some types of programs it is more difficult to track performance than in others. For example, there are particular problems in measuring performance in programs that are under limited federal control and crosscutting programs administered by more than one agency. Among the techniques for overcoming problems in using performance are the following:

- *Developing intermediate measures to show progress which contribute to end results*
- *Disaggregating performance data for subgroups with different expectations*
- *Using statistical models to reflect the influence of key external factors*
- *Using qualitative measures*
- *Making use of program evaluations*

Center for Improving Government Performance, Questions and Answers for Improving Government Performance: Using Performance Data to Improve Program Effectiveness (Washington, D.C.: National Academy of Public Administration), p. 15.

Communicating Performance Information

Perhaps the single most disappointing aspect of performance-based management implementation over the last decade has been the widespread lack of attention given to communicating performance information.

Notice the word used here is “disappointing.”

There are other areas where attention is seriously needed to “get the ball rolling,” such as data availability, but nothing is so close to the heart of performance-based management as communication.

One may argue that there could be enormous imperfections in the design of performance indicators, the alignment of management processes, and even the use of indicators. Still, performance information can make a dramatic contribution to improving government performance if it *is effectively communicated* to stakeholders, including citizens.

How can this be so? The ensuing dialogue would rapidly broaden the understanding of service delivery issues, and improve the quality of performance indicators and services.

Yet, no aspect of performance-based management is so routinely unappreciated and unaddressed.

“No One Here Gets It”

Communication?

How many times have you heard this word used? Chances are, not many. Communication—the act of communicating—seems to be a lost art in government.

One wonders why. As public servants, we should listen and speak clearly and effectively. Even for the best of us, those superb public servants who see public service as a high calling and strive to achieve the highest level of quality in their work, the attention paid to communication is often less than optimal.

Effective communication is an activity completely distinct from the act of achieving results.

Achieving good results is a necessary, but not sufficient, requisite for good management. How can that be? Because others will not know that good management has occurred unless it is communicated to them. Further, it is not possible to improve future management without knowing the lessons from present results.

How can results be communicated effectively? By presenting them in ways that stakeholders can understand. Stakeholders must be identified, and a specific communication strategy designed with them in mind.

How many people read beyond the executive summary of a report or other document? How many get past the first page? Pages of words and numbers may be good and true, and they may document superb performance. Yet the core question remains: Do they communicate effectively to the intended reader?

Recommended Responses

1. Identify the intended audience or audiences and develop a communication strategy specific to each. This is a fundamental step, though it is often left out. Identifying the intended audience for the purpose of devising a communication strategy is just as important as identifying the audience for the purpose of designing an outcome indicator. In fact, the two are, or should be, different parts of the same task. An outcome measure should always be designed to address a specific purpose in relation to a specific stakeholder. Communicating to the stakeholder is the culmination of the process. Now, there may need to be more than one communication strategy, because there is more than one purpose and more than one stakeholder. At an absolute minimum, there should be a communication strategy to inform citizens, and a strategy to inform oversight bodies such as Congress, OMB, and other agencies.
2. Use different communication media. The tendency is to think in terms of a lengthy, written report full of statistics. Shorter, more readable reports can be very useful. These may include executive summary type reports of 25 pages or less, small pamphlets, and trifold leaflets. Reports also can be posted on the web, and could even have a section where readers could ask questions. An interactive chat room could provide useful feedback. Film can be used to record meetings where key executives report and discuss major findings.

“We Don’t Have Money for New Reports”

When the issue of communicating government program information arises, the conversation frequently turns to reports.

The government is awash with reports. Many—if not most—pieces of legislation require an “annual report” or a one-time “report back to Congress.” Communication thus becomes a matter of “reporting” or preparing a report. Of course, there are many other forms of communication. Yet repetitive congressional requirements move thinking in that direction, as opposed to other venues such as conferences, informal briefings, newsletters, film and radio, TV, and electronic media.

One frequently heard lament is: “We don’t have any money for new reports.”

If it is determined that a report is the best communication device in a particular situation, an existing requirement and resources devoted to it can provide just what is needed. An existing annual report could be cut back to free up resources for a new report, or it could be reformatted to accomplish the previous and new purposes in one document.

Many annual reports being prepared are not especially useful. In the early years of a program, they are frequently used to report where the money is going. In later years they can become long compendiums of lifeless, and not especially useful, statistics.

Sometimes, the very same database used to present the existing annual report can be reformatted to serve a different purpose, most likely by breaking data into different categories. Some new data collection or analysis may need to be added, but this is preferable to starting from scratch with no budget. Low-cost techniques, such as telephone and mail surveys, can be used to supplement existing databases and address current issues.

Recommended Responses

1. Try to adapt existing reporting requirements and resources to new uses and formats. Many programs have a built-in reporting requirement and a specific budget. Some have a reporting requirement and do not have a specific budget, but, over time, a certain amount of money is made available for report production and this amount tends to stay in place. The point is that there is likely some amount of resources—staff, budget, or contract—that is in place and that could be reshaped to underwrite a new reporting format. Considering the large number of pages now produced in annual reports that are not widely read, a fresh approach may yield a high dividend.
2. Use inexpensive data collection procedures, such as mail and telephone surveys, to add new material and focus to an existing report. Try to reserve a small

amount of available resources for gathering new data. Most annual reports summarize information yielded by in-place data systems. To the extent that these systems do not change much from year to year, they have a limited capacity to focus on new or emerging issues. The surest way to get a report read is to include information on a topical issue. This kind of information can be included in the report under the heading “emerging issues.” Asking stakeholders in the third quarter of a reporting year what issues they would like to know more about can be a useful way to build relationships and gain involvement in the reporting process.

“Whom Would We Communicate To?”

A surprising question?

Perhaps not, when you consider the context.

The government produces thousands of reports on program activity. Most are “required” by some law, regulation, or administrative requirement. In its early years, a report often is attuned directly to the interests of primary stakeholders, frequently a congressional committee, OMB, or interest group.

In subsequent years, as the program or activity becomes a part of an operating routine—and, in particular, as those who were most directly connected with early program activities move on and are replaced by new people—the report can become a fairly mechanical function; and sometimes less focused on current stakeholders and issues.

Even in a program’s early years, when the attention paid to stakeholders can be at its height, this attention often is not as well thought out as it might be. Stakeholders with key political positions or interests can have precedence over program customers and citizens.

Communication is important—in fact, essential—in our form of government. It deserves more careful thought than it is frequently given, even for new programs.

The starting point for good communication is the identification of stakeholders. Attention

should be given to their size, importance, and possible interrelationships. A specific stakeholder communication strategy then should be developed as the basis for allocating available resources. Different groups may require different approaches, and these may require multiple reports or communication vehicles. Once the communication strategy has been implemented, its effectiveness should be monitored and assessed so refinements can be made.

Recommended Responses

1. Identify stakeholders—the intended audience. (See the first recommendation under “No One Gets It.”)
2. Develop a communication strategy specifically for the stakeholders. The strategy should consider how stakeholders obtain and use information. By what media: hard copy, computer, film, live event? Each context will be different, but some aspects of the presentation will likely be common to all successful presentations. Keep it short; have a good executive summary. Use graphics to display quantitative data. In other words, be considerate. Ask how you would like to receive information if you were the stakeholder. Monitor implementation so that lessons learned can be incorporated into future events.

Excerpt

There is a need for agencies and the federal government to restore trust and confidence to the public. One of the strategies for accomplishing this task is the Results Act. The Act has several key points:

- *Performance plans must reflect measurable outcomes.*
- *The significant measures should be important to the business, stakeholders, and customers.*
- *Agencies need to establish improvement plans.*

The processes that are used to improve customer satisfaction should be improved upon continuously as feedback from the customer is received. Looking at other businesses that have succeeded in providing consummate customer service and using them as a point of reference will also help to increase customer satisfaction. Finally, reworking the business processes to make them more efficient and goal oriented contributes to successful customer satisfaction.

There are several ways to measure the success an agency has in satisfying its customers. Establishing internal measurement systems and comparing customer feedback on customer service to the original baseline are tools to increase customer satisfaction. After the comparison is made, it is possible to then assess and modify, if needed, the agency's plans and strategies.

The primary factors in improving customer satisfaction are communication with both the customer and within the agency, involvement of both parties, and the flexibility, on the part of the agency, to progressively alter and improve plans and strategies.

Center for Improving Government Performance, Performance Notes: 2000—Dialogues, Practices, and Results on the Government Performance and Results Act (Washington, D.C.: National Academy of Public Administration, 2000), p. 4.

“No One Will Understand”

Everyone thinks his or her situation is “different,” “difficult to understand,” and “very complicated to explain.”

But the remedy is the same.

Tell your story, whatever it is.

If you do not, someone else will.

Those who will want to tell your story for you probably are not your friends.

The point is that no performance indicator can tell a story, just as a brick doesn’t make a house. No performance indicator can yield useful information until it is interpreted, explained, and set in context. The fear that no one will understand comes from a misplaced sense that performance indicators alone will be taken as the “full report” on progress toward a given objective.

Every value reported for a performance indicator should be accompanied by narrative that provides contextual and interpretive information. A good practice would be to place blank space next to the reported value to remind the program managers to comment on what the value means.

Still, some situations and data are very complicated and difficult to understand, no matter how much care is taken in their design, analysis, and interpretation. All the more reason, then, to make a focused effort to explain what they mean and to communicate that effectively

to key stakeholders. If necessary, use outside assistance to add credibility to explaining the complications.

Recommended Responses

1. Provide a space for narrative commentary at every point in the performance indicator system where the value of a specific indicator is required. Imagine a form designed to record performance information. See it as a series of statements or questions, each of which ends on the right-hand side of the page with a blank space or box in which to record a numerical score. Directly under or very close to the statement or question should be a series of blank lines with an invitation to provide any relevant explanatory or contextual information needed to properly interpret the numerical score. As a rule, no numerical value should be displayed without the relevant contextual or explanatory statement.
2. Present an interpretive overview that considers all of the indicators together. This is, in effect, the same approach suggested above for individual performance indicator values—but now applied to all of the indicator values relevant to a particular goal. The question is: How do all of these relate? What do they say overall—what is going on?

“But We Didn’t Meet Our Goal”

Of all the concerns raised regarding communicating results, few are as frequently heard as this one.

“And so,” the conversation continues, “we have this problem, because if we say we haven’t achieved the goal, a lot of bad things can happen, like GAO reports, congressional hearings, OMB reviews, and IG audits.”

True enough. Danger may be near.

Good goals—goals well defined—should always involve some element of risk and stretch if management seeks continuous improvement. This should especially be true when programs, strategies, activities, or methods are doing something that has inherent risk, such as launching a new kind of social, scientific, technical, or medical program.

Good public servants should live at the cusp of risk, pursuing the highest levels of public service—that place where a reasonable allocation of resources under conditions of risk has a reasonable chance of achieving breakthrough levels of improved performance.

Fear is a poor reason for a failure to communicate results.

Under all circumstances, results should be reported in conjunction with a *narrative statement setting forth the context and reasons for the results*. This statement should explain both the element of risk in the original goal and the reason why the goal was not fully met.

A good and well-communicated report is the best vehicle for addressing a missed goal because it is your own story. If you do not report a missed goal, someone else will. Through ignorance or intent, the story that is told about your program may be wrong and potentially harm the program.

Recommended Responses

1. Write a good report concerning a missed goal before someone else writes a bad one. Try to write the first report. In other words, be the one who brings the missed goal to public view. Include in the report a clear explanation for the missed goal. Clear writing and honest reporting is important. Accompany the explanation with a strategy for assuring that the goal is not missed the next time.
2. Communicate individually with key stakeholders about a missed goal before it gets reported in the media or a formal report is issued. Few things are appreciated more when something important is at stake than a “heads up” call. The agency political leadership, senators and representatives, OMB, and key stakeholders, such as citizen and interest groups, can become allies in explaining the issue if they are approached early and brought into the dialogue.

“What Would We Say?”

“Our performance indicators are reported quarterly and posted on the web. What more do we need?”

Answer: Posting on the web is fine. Reporting *only* performance indicators—without contextual information—can be fatal.

Performance indicators, most of which are numbers, can be the equivalent of loose cannonballs rolling around the deck if they are not accompanied by contextual information.

If a performance indicator were more than an indicator, it would be called something else. An indicator indicates; it does not explain. It is a piece of information designed to help a program manager know if his or her activity is on or off course. It is not designed to provide definitive information on results or explain activities leading up to them.

Imagine a goal set at 98 percent. At the end of the year, the performance achieved was 97 percent. A news headline could read, “XYZ Agency misses again!” Yet the real story may be that agency XYZ came from a level of 35 percent to 97 percent in one year. A very different story, indeed.

This is an overly simple illustration. Yet every report becomes a *story*, whether or not it is presented as a story. The only question is whether you, as the program manager, will tell the story, or let someone else do it. Who is better prepared to tell the story, and who has

the first obligation to do so? The public servant in charge, exercising his or her responsibility to be accountable to citizens.

Recommended Responses

1. Never release a report containing performance indicators without contextual information. Never let a number or percentage appear in a prominent place without nearby textual elaboration. This point cannot be overemphasized. Even if the number or percentage seems self explanatory, go ahead and explain it anyway.

Example:

Percentage: 97% of the awards were made.

Contextual statement: This means that 34,605 out of a total of 35,675 people received program benefits.

2. Develop a story line for the report. Using the above example, “More than 34,000 homeless people received food, clothing, and shelter.”

Excerpt

Topics that might be particularly good candidates for making clear the linkage between daily activities and the organization’s strategic focus might include:

- *Justifications for legislative changes, management reforms, new technologies, better information sources, or other innovations*
- *Explanations of the contribution of administrative support activities to the successful pursuit of the organization’s general goals and objectives*
- *Discussion of how alternative scenarios were explored, and rationales for the chosen path—a procedure at the heart of strategic planning for businesses and for state and local governments ..., but seldom surfaced in the strategic plans of federal agencies*

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ABOUT THE AUTHOR

Chris Wye is Director of the Center for Improving Government Performance at the National Academy of Public Administration, where he has been since 1994. The Center provides assistance to government agencies on improving management processes using the techniques of performance-based management, including strategic planning, performance measurement, program evaluation, performance-based budgeting, and strategic management.

Wye also is the Director of the Performance Consortium, an organization of 30 federal agency functions that have come together under the Academy's leadership to provide a program of peer-to-peer dialogue, forums, workshops, and conferences to support the exchange of helpful practices related to performance-based management.

Prior to his work with the Academy, Wye spent 20 years in the federal government, directing policy analysis, program evaluation, and program monitoring functions. He has written and published widely on practical, low-cost techniques for improving government performance.

Wye graduated from Parsons College with a B.A. in 1966, and from Kent State University with an M.A. in 1967 and a Ph.D. in 1974.



KEY CONTACT INFORMATION

To contact the author:**Chris Wye**

Director

Center for Improving Government Performance

National Academy of Public Administration

1100 New York Avenue NW

Suite 1090 East

Washington, DC 20005

(202) 347-3190, ext. 3208

e-mail: cwye@napawash.org

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For additional information, contact:

Mark A. Abramson

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