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Part IV: The Future of Strategic Management

Looking into the Crystal Ball: Performance Management over the Next Decade

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This essay focuses on the performance management elements of public administration. It addresses both performance measurement (measurement that focuses on outcomes as well as outputs) and the use of performance information in management (called performance management). As of 2010, this "new" performance measurement has been widely touted around the world, particularly in the United States. The 1993 Government Performance and Accountability Act has been a major catalyst for this, bringing the big elephant—the federal government—into the movement.[1]

A major formal performance measurement effort was started many years earlier in local government. A few cities, such as New York City and Charlotte, North Carolina, have very long sustained performance measurement efforts, ones dating back to the early 1970s.

State governments began formal performance measurement work in the early 1990s, with Texas and Oregon leading these state efforts. Some estimate that at least 35 to 40 states currently have some form of legislated performance measurement requirement (see Lu, Willoughby, and Arnett 2009).

Not clear is the extent to which governments have used performance information on a regular basis to help guide agency planning, budgeting, and operating management decisions. The use of performance information appears to be particularly weak, especially at the federal and state government levels (see, e.g., GAO 2008, 2009).

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The following is one person's crystal-ball gazing on the next decade. The prognostications first address performance measurement and then the use of performance information, a major step that transforms performance measurement into performance management.

Performance Measurement

• **Managers and their staffs will have an enormous amount of data at their fingertips.** Technology advances will continue at breakneck speed, in areas such as computing and communications. For example, performance information will be readily accessible on *small geographic areas* such as neighborhoods, census tracts, and even street blocks. Performance information will be readily accessible to supervisors on *each supervisor's own coverage area,* such as precincts, divisions, field offices, and so on. GIS and mapping software are already making much more detailed and more analytically based information available.

Comparison information will be readily available from many other similar public agencies in the United States and other countries as well.

Two- and three-dimensional visuals of the performance data will be readily available to managers and their staffs in many forms—and *in forms that the individual manager chooses* (such as bar charts, pie charts, trend lines, tables, etc.) and in color.

Managers and their staffs will be able to obtain almost immediately *cross-tabulations* that display outcomes for two or three variables (or more?) at a time. For example, health outcome data might be quickly calculated and displayed for various combinations of gender, race/ethnicity, and age groups.

Managers and their staffs will be able to obtain such information easily and quickly, *no matter where the managers are.* The information will come from a variety of mobile sources. Results from large-scale studies, such as those sponsored by the federal government, will be available in a considerably more timely way. Currently, large-scale studies can take two to three years before the data reports become available.

Surveys of citizens/customers will become a major part of performance measurement and performance management systems. Getting systematic citizen feedback—from all segments of the population—will become accepted as a major way to obtain reasonably reliable data on service quality and outcomes. Federal agency "Performance and Accountability Reports" already have begun to contain such indicators. Public officials will be able to survey samples of citizens at almost a moment's notice. Most citizens will have one or more communication devices enabling this to occur. However, this will raise issues about how representative the surveys are. (Citizens will become more accustomed to providing input to public agencies, but still will be highly selective as to which government surveys they respond to.)

- **Performance data in the future will be able to be processed continuously and in real time.** Managers will be able, for emergency and last-minute situations such as in budget hearings, to respond almost immediately to issues raised.
- **Tracking of clients after they have left services will become more fashionable.** Currently, public service agencies, particularly human services agencies, resist follow-ups with clients as too difficult, too expensive, and beyond their responsibility. But how can programs know whether what they are doing is working unless such tracking is done? Agencies and their funders will increasingly recognize this need to follow up on the progress of past clients. Better technology and follow-up procedures will enable programs to do this more easily.
- **For human services, software packages will enable programs to track an individual client's progression through many services and agencies—and to link outcome information to individual clients.** A number of software firms are already developing workable case management systems. Such systems record the types and amounts of interventions provided to each individual client and link them to the client's demographic data. Using such procedures as follow-up surveys of clients will enable programs to link service and demographic information to outcomes. Program managers will be considerably better able to identify what works well and what does not—and for what types of clients.
- **The new technology will continue to raise privacy concerns.** Such problems probably will not have been fully solved by 2020. For example, personal health data will be readily available to appropriate medical personnel, but such access will likely be at least partly controlled by each citizen.
- **Citizens will be able to file complaints and requests for services in considerably more convenient ways.** Advanced 311 systems will become the norm. Information on the number, type, and resolution of complaints and requests will be much better tracked and reported for individual service agencies.
- **Public agency websites will become easier to use, especially as the public becomes more proficient in their use.** Performance data posted on these websites will be updated much more frequently and will be more timely. The websites will have a large variety of readily available links for citizens who want details.
- **Considerably more attention will be paid to across-agency, across-sector issues.** More formal "performance partnerships" will be formed. Partners will agree on the outcomes to track and the targets for these outcomes, and they will identify each partner's role and responsibilities in producing those outcomes.

- **The cost of services will be a normal part of management information systems, with cost being related to outputs and outcomes.** Cost information will become commonly used to evaluate the efficiency and cost-effectiveness of services.
- **Public administrators will be able to obtain performance information on successful and unsuccessful practices from an increasing number of program evaluations and meta-program evaluations.** Meta-evaluations, which systematically examine multiple evaluations on the same topic, have begun to be used, beginning in the health and criminal justice fields.
- **Managers in public service agencies will begin testing new, or significantly revised, practices and policies using randomized assignment of customers whose outcomes would then be tracked and compared.** For example, social service agencies will be able to compare alternative ways to deliver services, such as whether individual or group interventions work best or which service delivery technology is most effective. This will provide managers with stronger evidence for program choices.
- **Comparisons of outcomes across jurisdictions will commonly be made and include examinations of service-relevant characteristics to provide more informative (and fairer) comparisons.** Interagency comparisons have begun to sprout. This interest will expand considerably, especially as more performance-related data become available. Few services will be able to escape such comparisons.

In this author's experience, many, if not most, government managers and elected officials are interested in comparisons with other similar types of organizations. However, they are not enthusiastic about having such comparisons reported externally—unless they feel they would do well. More than 10 years ago, the International City/County Management Association introduced its comparative performance measurement process, covering a number of basic local government municipal services. The North Carolina Benchmarking Project and the Florida Benchmarking Consortium are among other efforts to compare local government performance. Possibly the granddaddy of all U.S. comparisons is the Federal Bureau of Investigation's local crime report comparisons.

Along with this movement, there will be major pressure for agencies to report results on common sets of core indicators for each individual service. The development of core performance indicators will mushroom. Funders, both governmental and nongovernmental organizations such as foundations, are increasingly pressing nonprofit service organizations for outcome information that they can use to compare the past performance of applicants for funding.

A primary issue is obtaining agreement on which indicators and data collection procedures to use. (Dropout rates and response times for emergency calls are classic examples of definitional problems.) Perfect comparability is not possible—except when a government, particularly the federal government, collects a common set of data from jurisdictions, as it currently does through its many national surveys.

- **More focus will be given to developing analytical tools to help public officials make decisions about the future.** In recent decades, most analysis has focused on measuring the outcomes

of *past* performance. Performance measurement and program evaluation are "looking back" procedures. However, decisions are about the *future.* Methods for looking into the future (often called policy or program analysis) are currently sparse. Since the 1960s, the U.S. Department of Defense has used its "systems analysis" office to employ analytics to estimate the effectiveness of its future weapon systems. However, in nondefense departments, systematic examination of the future has been much less practiced. Indeed, it is enormously difficult to predict the future. Decisions require assumptions about the future environment, future outcomes, and future costs.

Data on past performance have been the major source of information used by government agencies to estimate future outcomes and costs. For short-term decisions, such as next year's budget, recent performance information is highly useful. However, for decisions with important out-year implications, historical data become increasingly less reliable. A variety of statistical techniques are used to help make projections, such as regression analysis, trend analysis, and simulations. In the future, with increasingly powerful computer technology, we can expect more sophisticated analytical techniques developed to help public officials see into the future—though still with mixed results.

Using Performance Information: Moving to Performance Management

Performance information can be used for a number of managerial purposes, such as day-to-day resource allocation, motivating employees, motivating contractors, developing and justifying capital and operating budgets, communicating to the public, and, ultimately, improving the effectiveness of services.

The following are prognostications about obstacles and progress.

- Public administrators will face major problems and pressures in handling, sorting through, using, and channeling the enormous amount of data available through many different media. This will be a major challenge. Many books and articles will be written that will attempt to address this growing information overload.
- The burgeoning availability of performance information to the media and public indicates that public administrators will need to steel themselves even more for regular media second-guessing and citizen and citizen-group criticism.
- The exponential increase in performance information will help public administrators make improved choices, but also will lead to much misinterpretation and misuse of that information—both intentional and unintentional. We may see a growth in "truth squads" to sort out poor use and misinterpretation, creating a new profession of truth-tellers.
- The media's interest in reporting bad, rather than good, performance news will inevitably continue. How to manage bad news will occupy lots of the attention of public administrators.
- There will be a full emergence at all levels of government of "How Are We Doing?" processes, the movement currently labeled

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the "Stat" approach. The basic characteristic of this approach is that a public official meets *regularly* with his or her staff to discuss the latest *performance* data to identify what is working, what is not working, and what can be done to improve services. This simple concept has considerable potential for helping managers build into their organizations a focus on getting results and continual service improvement.

A number of local governments have already introduced this process. Most well known are the New York City CompStat and Baltimore CitiStat processes. State governments have begun to embrace it (most notably, thus far, Washington and Maryland). This is a natural progression in the use of performance information as such information becomes more readily available and in a more timely way.

"How Are We Doing?" approaches are likely to be introduced in most public service agencies, and not just at the top levels (such as by mayors and governors). However, the approach seems equally valuable at lower levels, as done by a number of New York City departments. The process will likely become a subject for schools of public administration. The current Stat movement emphasizes elaborate data reporting and displays. A stepped-down version without the sophisticated machinery is likely to appear, which will be practical for most public agencies, large or small.

- "What Works/Effective Practices" information, using performance data to help identify what works, will be used by public administrators. The federal focus, thus far, has been on obtaining evidence from in-depth program evaluations. These evaluations are very important. However, because of their costs and time requirements, they provide highly limited coverage of the many public services for which "what works" information is needed. The data from regular performance measurement efforts, thus, will likely be the major source of "what works" information, even though that evidence is weaker than that from in-depth program evaluations.
- Federal government elected officials, and some state and local governments, will continue to push for performance-based employee pay systems—and will continue to face employee resistance and difficulties in making a strong case that these systems are cost-effective. More experiments will be made with rewards based primarily on outcome information. The federal government has wrestled with pay-for-performance for many years, as have school systems. A major problem has been employee suspicion of any pay system in which judgments by supervisors have a substantial role (over concerns about favoritism and poor judgment). The increasing availability of performance data can enable these plans to be more objective.
- More attention will be directed by governments at all levels to *nonmonetary* incentives, such as management attention and recognition awards. More use will be made of low-cost recognition awards *based on the achievement of excellent performance results,* especially for teams, offices, facilities, and agencies (rather than individual employee awards).

- The use of performance contracts will become more common. As outcome data are improved and more widely accepted, contracts that include outcome targets and base payments on target achievement will become more common. Such contracts have already been tried in a wide variety of government services, ranging from employment programs, to adoption services, to road construction and maintenance.
- Federal and state governments will increasingly use outcome-based monetary incentives aimed at lower levels of government. For example, the federal government has in the past provided monetary incentives to states based on state performance on a number of indicators, such as the collection of child support payments.[2]
- Considerably more university education will be provided on performance management. Material on performance measurement and its use will become increasingly included in curricula for schools of public administration and public policy.

Final Comments

Performance management—or whatever it is called in 2020—will be greatly affected by technology, and it will be used increasingly by public administrators with considerable training in both performance measurement and performance management. Public administrators will have at their fingertips a mammoth amount of available data and related information. Their challenge will be to work out ways to select, streamline, channel, summarize,

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analyze, synthesize, and highlight all of that information in order to make better decisions.

Final prognostication: It still will be enormously difficult to raise taxes!

Good luck, 2020!

Notes

1. The federal government attempted to get at outcomes much earlier with planning, programming, and budgeting systems (PPBSs), zero-based budgeting (ZBB), and management by objectives (MBO), but it was not until the 1990s that a combination of circumstances brought about a new thrust in performance measurement and performance management.
2. The process was required by the Child Support Performance and Incentive Act of 1998.

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PUBLIC ADMINISTRATION IN A GLOBAL CONTEXT