

## **Managing for Results: Connecting the Dots Among Early Adopters**

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Based on my observations of federal agencies as they have developed various approaches to better managing for results, I developed a six-element framework to assess the maturity of various agencies' approaches:

- Create a basic infrastructure (plans, measures, reports, etc.);
- Link intended results to decision-making cycles;
- Link intended results to day-to-day operational management;
- Align organizational business systems around intended results;
- Link organizational results to the bigger picture; and
- Align communications and accountability around intended results.

As might be expected in any maturity assessment, there are more examples of progress on the first few elements than the last few, and the stories of progress by these “early adopters” are exciting! However, at a 2002 practitioners' conference, I was inspired by first-hand stories from staff of a half-dozen diverse federal agencies that show promising progress in a number of these elements. These agencies were:

- Administration on Children and Families
- Court Services and Offender Supervision Agency
- General Services Administration
- Natural Resources and Conservation Service
- Small Business Administration
- Veteran's Health Administration

While none had demonstrated complete maturity in all six elements, connecting the dots between their various managing-for-results initiatives allows you to visualize what the broader framework might look like. Their progress shows that there is no single right approach for implementing the framework. The “right” approach seems to be assessing your current position and identifying the point in the framework that position matches. In fact, a recent [IBM Center for The Business of Government](#) report by Chris Wye, “Start Where You Are, Use What You Have,” validates this approach.

Following are examples of how these agencies have applied these elements:

**Element #1: Basic Infrastructure.** All six agencies had put in place the basic infrastructure – strategic plans, annual performance plans, metrics, and an annual performance report. While “checking the box” on having these items in place meets statutory requirements, it doesn't necessarily mean an agency actually uses this stuff to create a results-oriented culture. The distinguishing factor between these six agencies and many of their peers is the efforts they have

underway – not just plans – to use their basic performance planning and measurement infrastructure to actually manage differently.

**Element #2: Linking Results to Decisions.** The element related to linking results to decisions is an area of great interest in many agencies these days. It is commonly called “performance-based budgeting,” and the Office of Management and Budget (OMB) is a strong proponent of this because it is part of the President’s Management Agenda. Some agencies have been at this for awhile and are making real progress. For example, the *Veterans Health Administration* (VHA is part of the Department of Veterans Affairs, which provides healthcare for veterans with a \$25 billion budget and 180,000 employees) has created a strategic management framework that is organized around six priorities – for example, “put quality first until first in quality.” These priorities are then translated into a series of specific metrics and annual targets, which are cascaded to different VHA regions and included in each of its executive’s performance contracts.

But beyond this, VHA has created a strategic forecast of budget demands by “turning information into insight,” as Gregg Pane, chief policy and planning officer, describes it. Pane says the key to influencing budget decisions has been the ability to “provide credible information, on time, on critical issues.” VHA uses the metrics from its strategic management system to project veteran enrollment in programs, rate of usage of VHA programs by veterans, healthcare delivery costs, and comparisons to private sector benchmarks. This system, however, allows for strategic tradeoff discussions to close the budget gap and defines options, such as adjustments to enrollment, benefits and services, and co-payments. It does not just ask Congress to “provide VHA with additional appropriations.”

The *Administration on Children and Families* (ACF, part of the Department of Health and Human Services, promotes economic and social well-being for children and families through grants to states and localities with a budget of \$45 billion and 1,500 employees) also has defined links between performance and resources. In the past few years, ACF has [defined a clear sense of mission](#) that has been consistently conveyed to its field staff, intergovernmental partners, and grantees. Like VHA, ACF’s political and career executives have performance contracts that also ensure a clear sense of priorities.

More importantly, it has adopted the use of logic models to develop performance outcomes. More recently, it has expanded this by using the same [logic model used by United Way](#) as a way of better connecting investments with program outcomes. Mary Ann MacKenzie, a senior career program official, says, “focusing on outcomes has provided a focus for the political team and career staff’s joint work.” She says it is important to develop measures with state and community program staff to ensure they are useful and used.

MacKenzie says a tactical strategy for moving ACF toward being more results oriented is to proactively volunteer to pilot new initiatives. ACF has long been a volunteer for new governmentwide initiatives. She says that participating in these initiatives created opportunities for setting internal “bold goals” and a sense of urgency among staff because of the spotlight shown upon ACF resulting from its being a pilot.

Even though ACF is in the vanguard of results-oriented agencies, it recognizes that the Bush Administration's key priorities are not linked well to organizational performance. As a result, ACF has begun to identify additional measures that drive performance. ACF realizes that full cost accounting may ultimately be the key to success by creating the discipline for linking program performance to activities and their costs. The challenge, however, will be doing this when it must rely on hundreds of partners in states, localities, and non-profits to administer its programs.

The *Small Business Administration* (SBA is an independent agency that provides support for small businesses with a \$780 million budget and 4,000 employees) links performance to its budget decision-making process by grouping proposed outputs by program and tying them to desired outcomes and strategic goals.

SBA has developed a "Program-to-Outcome Map" that methodically shows the links between its activities, resources, outputs, and intended outcomes. For example, in its disaster programs, outputs are loans to families and business. Outcomes are restored housing, jobs retained, and a stabilized local economy.

Like ACF, SBA has a parallel effort underway to develop an activity-based costing system that ties together the elements in the program-to-outcome map. Lloyd Blanchard, Chief Operating Officer, says that the preliminary costing efforts show instances where the traditional budget structure masks the true investment in some activities. For example, proving businesses "capital access" is reflected as 8 percent of a traditional budget, but once all costs are factored in from other program areas, it really comprises 41 percent of SBA resources. Full-costing of programs allows agency leaders to ask better questions about resource distribution around priority goals.

**Element #3: Linking Results to Day-to-Day Operations.** VHA, ACF, and SBA efforts to identify the full costs of activities and use performance contracts contribute to their being able to link day-to-day leadership activities to overall outcomes more effectively. Several other agencies have put in place management systems that tie day-to-day performance at the front line to overall results.

*The Natural Resources Conservation Service* (NRCS, part of the Department of Agriculture, is responsible for providing leadership to help private landowners improve the productivity of natural resources with a budget of \$1.4 billion and 11,400 employees) has put in place an integrated web-based, accountability system that collects, monitors, and evaluates real-time performance information.

NRCS started building its web-based [Performance and Results Measurement System](#) (PRMS) in 1998. Kathy Gugulis, deputy chief of strategic planning and accountability, said the head of her agency articulated a clear vision of what he wanted: "a system where I can log into the computer from home after church on Sunday and see what's happened the past week anywhere in the country."

NRCS expanded this system by creating its [Conservation Information System](#) (CIS), which it made accessible to its state leadership this summer. This new system includes information from

its conservation district and state and local government partners (which collectively spend about as much as NRCS on similar goals). This expanded system tracks goals, progress, and costs, drawing data from other systems like PRMS, the agency's time and attendance system, and its accounting system. CIS is designed as a "portal site" that, once fully deployed, will allow local county users to customize entry screens to show information of most use to them. The CIS system, for example, can assess current conservation progress, by county, over time, as well as account for time and costs of employees, by program.

The new systems allowed NRCS to set state-level goals by program for the first time in FY2002. The system collects activity-level data the field wants (such as miles of fence installed for pasture management), as well as what headquarters needs (health of water sheds). Because its field staff is so mobile, there are plans to eventually allow field staff to record data via hand-held personal digital assistants to allow more time to work with landowners in the field.

The *General Services Administration's* inspector general's office faced a turning point in the mid-1990s and used performance information to dramatically restructure its audit process. Gene Waszily, assistant inspector general, says his predecessor recognized that then-existing performance measures were encouraging bad behavior (e.g., counting the number of reports issued). He decided to provide more meaningful information to managers by setting key metrics around the cost of service, timeliness, and usefulness. Simply by sharing useful information, the office was able to improve performance, for example, by cutting delivery of major program reviews from 640 days to 320 (with a long-term target of 180 days). However, Waszily notes, "Setting goals and using performance measures are useful only if leadership and program managers see the need to improve existing operations."

**Element #4: Linking Results to Business Systems.** The *Court Services and Offender Supervision Agency* for the District of Columbia (CSOSA) is a good example of an agency that has aligned its organizational business systems around intended results. This agency has an advantage over many, since it was created in 2000 and was able to design its administrative structure around existing laws, such as the Government Performance and Results Act. CSOSA is an independent agency that provides parole and probation services for the District of Columbia, with a budget of \$150 million and nearly 1,000 employees.

CSOSA's ultimate outcome goal is to reduce the recidivism rate – the number of former prisoners who wind up back in prison. David Orr, associate director for human resources, designed the agency's personnel performance management system around this goal. The hypothesis is if staff meets certain performance standards, recidivism will decline. The system strongly ties performance of individual parole officers to this goal by identifying critical success factors and breaking each one down into performance targets (numerical or standards-based). For example, one factor is to better assess offenders, and the performance target is to assess a new probationer within 20 days of release, and again every 180 days. Even though it is a new agency, the system took two years to put in place. Orr says the system seems to work – recidivism has remained stable or declined.

**Element #5: Linking Results to the Bigger Picture.** Several of these agencies are also involved in an OMB effort to link organizational results to the bigger picture. OMB has

identified seven outcome areas where agencies are developing [common metrics](#). For example, the Veterans Health Administration and Defense have been tasked with developing common healthcare quality metrics. VHA, DOD, the Indian Health Service, and Community Health Centers have been tasked with devising common healthcare efficiency measures, such as the average number of patients seen per physician.

A similar approach is the use of logic models, as noted earlier with ACF. An IBM Center for the [Business of Government report](#) on the use of logic models in the war on drugs is a useful description of this type of approach.

**Element #6: Aligning Communication and Accountability Around Results.** While not central to these agencies' presentations at this conference, part of their success is tied to how they align communication and accountability around intended results.

Some agencies use balanced scorecards as a tool for aligning communication among employees, customers, stakeholders, and mission results. The [Balanced Scorecard Interest Group](#) follows these efforts. The Department of Veterans Affairs uses periodic forums with key players, such as OMB, congressional staff, agency leadership, and representatives of its veterans service organizations – to both communicate its performance and results as well as to gain alignment around common goals.

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