Implementing performance management in government

The need for metrics

Of special interest to
Deputy secretaries
Chief financial officers
Performance improvement officers
The troubled fall 2013 launch of the government’s health care website HealthCare.gov captured national attention. Shortly after HealthCare.gov’s false start a team of technology wizards came together to fix the website. In Time magazine, Steven Brill reported that what the team found “was that the people running HealthCare.gov had no ‘dashboard,’ no quick way for engineers to measure what was going on at the website, such as how many people were using it, what the response times were for various click-throughs and where traffic was getting tied up.” In reaction to this, Brill went on to report, the team “spent about five hours coding and putting up a dashboard.” ¹

The challenges facing HealthCare.gov are indicative of the challenges that government managers are facing today, including:

- Delivering effective and efficient services to the public
- Assessing the performance of these services on an ongoing basis
- Increasing transparency in communicating organizational performance

A key component of performance management systems is the development and dissemination of metrics on which to measure organizational performance. An integrated performance management system effectively connects strategy and operations by linking outcomes to processes. Many organizations in government have strategic plans and desired outcomes but lack metrics they can use to track performance.
What’s the issue?

To track performance, many organizations, in both the public and private sectors, are moving to the use of dashboards. Government dashboards typically include metrics such as workload, project goals, financial data and budgets.

In the US Government’s FY 2014 budget, the Obama Administration emphasized “managing for results.” The Administration wrote, “To improve the effectiveness and efficiency of Federal agencies, the Administration is implementing goal-focused, data-driven approaches to set priorities, benchmark progress, and ensure staff and resources across the Government are coordinating their efforts for maximum impact.” In the FY 2015 budget, released in March 2014, the Administration emphasized the importance of clear goals and data-driven reviews.

Because of the increased pressure to improve and communicate performance in all sectors, organizations increased their understanding of what is required for an integrated performance management system to effectively run their organization. Components of an integrated performance system should include:

- Strategic alignment
- External responsiveness
- Operational excellence
- Sustainable design and implementation
- Integrated decision-making

Why now?

In January 2009, President Barack Obama issued a memorandum on transparency and open government to promote transparency and accountability for Government actions. As a follow-up, the Administration issued its highly influential Open Government Directive, which requires agencies to:

- Make government information accessible online
- Improve information quality
- Create and institutionalize a culture of open government
- Create an enable a policy framework for open government

Guidance from the Office of Management and Budget directs agencies to manage their priority programs more effectively. In addition, there is increased pressure for greater transparency from Congress, oversight agencies and the agency stakeholders.

Under guidance from the Office of Management and Budget, agencies now need to manage their priority programs more effectively.

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1 Steven Brill, “Obama’s Trauma Team,” Time magazine, 27 February 2014, ©2014 Time Inc. All rights reserved. Accessed on March 2014.
2 Office of Management and Budget, Fiscal Year 2014 Budget of the U.S. Government
How does it affect you?

Federal agencies have strategic plans and key initiatives. Often missing is the linkage to operational data that enables managers to regularly monitor and improve performance. As seen in the *Time* magazine critique of HealthCare.gov, agencies are often not tracking operational data and are in danger of missing deadlines.

Effective government managers have made the connection between their strategic plans and operational data. And they have made it public, thereby addressing the Obama Administration’s requirement for both performance information and transparency.

For example, when the United States Patent and Trademark Office (USPTO) brought in a new Director, he demanded more transparency for stakeholders. The number of patents pending was a big issue for both the agency and stakeholders. The Director worked with the USPTO to create dashboards to allow him to track the reduction in patents pending and make that same information available to our stakeholders. The Director publicly announced – with great fanfare – when the agency achieved its goal of reducing patents pending to below 700,000.

Using dashboards to understand performance improvement

Using dashboards can also help an organization better understand all the factors contributing to program performance. The USPTO recognized that important part of the effort to reduce (patent) pendency was better understanding the numerous factors that contribute to examination delays and measuring their impact in a way that made the USPTO more transparent to the public. By looking at the whole picture, the USPTO was able to more effectively develop ways to increase the efficiency of the examination process.

**PTO performance measures**

What's the fix?

Integrated performance management systems in government must include metrics, which are now increasingly being presented in dashboards. There are two key, but often missing, steps in implementing an integrated performance management system:

**Step one**
Determine outcome metrics to be presented in dashboards as part of the performance management system. The following principles should be used in the selection of metrics:
- The metrics link to organizational strategy.
- The metrics are limited to the select few that will measure organizational accomplishment.
- The metrics will guide desired decisions and behaviors.
- The metrics can be understood and measured.

**Step two**
After determining the metrics, develop and follow a performance reporting system. This includes outcome metrics that are regularly updated:

- **Dashboard drill-down.** The drill-down reports should link to selected metrics and contain additional information. Organizations can then use this information – at greater depth and breadth – to identify opportunities for improvement.
- **Management reporting.** Automated report generation can provide insights to senior leadership and external stakeholders. Through these, the required transparency is provided.
- **Targets.** Most importantly, organizations should provide targets at all levels of reporting. It is through the tough and uncomfortable comparison of actual to target performance that improvement begins.

**Dashboards at the FDA**
The Food and Drug Administration (FDA) has become a major user of dashboards. The FDA created FDA-TRACK, which is an agency-wide program performance management system that monitors programs through key performance measures and projects. The measures are developed by program offices across the FDA and reported on a monthly basis.

What’s the bottom line?

Organizations need to understand their vision and strategy and then identify potential metrics. When implemented properly, this enables management to make key decisions instead of merely identifying problems. Outcome measures, as presented in dashboards, are critical to measuring the success of an organization’s strategy and ability to provide value to stakeholders. Further, reporting performance via dashboards is essential to supporting continuous improvement and driving desired behaviors in an organization.
Want to learn more?

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