

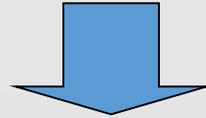
Role of the Balanced Scorecard in the Annual Budget



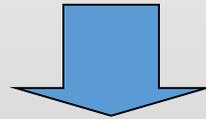
Note: Many of the slides in this presentation were copied, altered, and/or inspired by UNC SOG Professor David Ammon's Performance Measurement 201 Class

Connecting Goals & Action to Performance Measurement

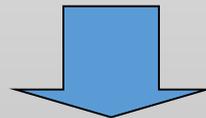
Town-Wide Strategy Map



Departmental Strategy Map



Departmental Scorecards



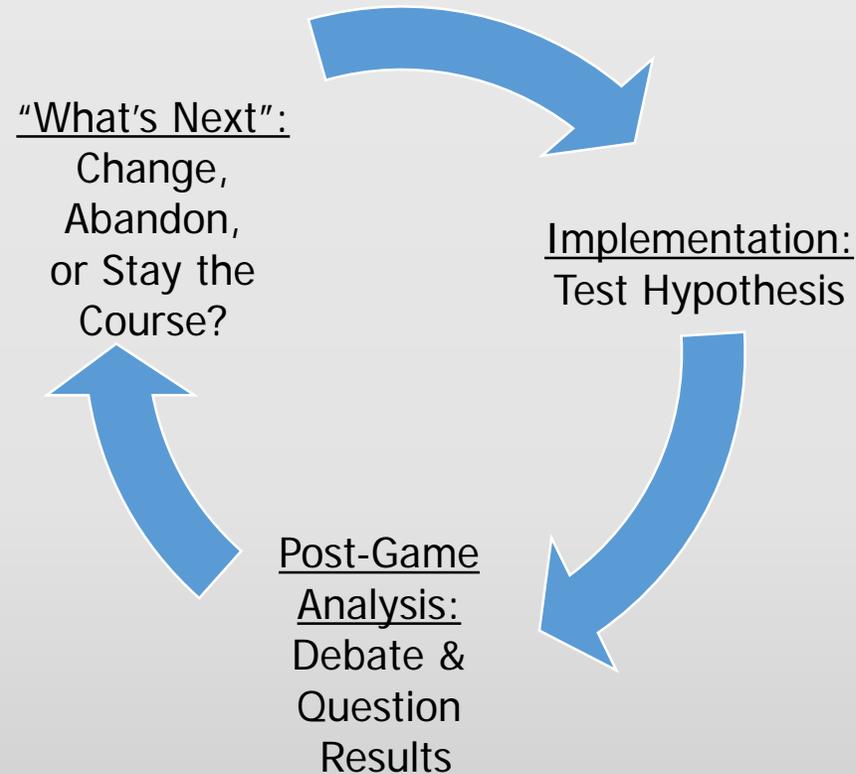
Objective → Action → Measure → Target

Key Functions of Departmental Scorecards



- Clarifies and communicates Town's vision
- Strategic learning: learn from mistakes, fail forward
- Data/information to base discussions
- Early Warning Radar: Easier to solve problems when they are small and manageable. Bad news can alert and ignite action.
- How do you know if you're being successful? Indicates whether getting closer or drifting further from achieving goals
- Allows for Discussions on Resource alignment: are sufficient resources provided in budget to succeed & address gaps?

“Strategic Learning” Cycle



1. **“What’s Next:”** Mayor & Board provide direction during 1) review of Balanced Scorecard Report at October/November workshop, 2) Annual budget planning retreat February or March, and 3) budget review & adoption in May through June.
2. **Implementation:** Strategy and ideas are operationalized during the budget year (i.e., hypotheses tested).
3. **Post-Game Analysis:** Information shared in annual report. Staff, board, public, and others question/debate results at November workshop. Provides start on planning for next year’s budget.

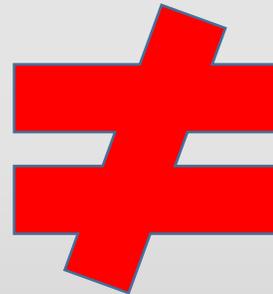
Integrating Performance Mgt. into Budget/Scorecard

Performance Measurement

Strategic Planning

Benchmarking

Dashboard



Performance
Management

What is Performance Management?

- System, schematic, tool, act, management philosophy, culture?
- Fundamentally, performance management entails using performance information to influence operations.

“Performance management is the intentional application of strategies and techniques to achieve desired results. It is not passive; instead, it is action oriented. It includes a host of practices designed to influence performance. It is more than merely declaring goals and trusting that program officials and employees will somehow achieve them. It is more than simply measuring performance and hoping the act of measurement will provide all the impetus needed.”

Leading Performance Management in Local Government (ICMA Press, 2008)

Performance Management in Action

- Organization intent on achieving measurable results (rhetoric + action)
- Attention to data not restricted to one office, management level or time of year
- Managers talk with supervisors about objectives & measures and supervisors talk with workers
- Departments & leadership must analyze data to determine progress
- Departments & leadership must learn from the data and adjust strategy as needed
- Reliance on multiple strategies, not just one

Moneyball in Government – 3 Principles

1. Build evidence about the practices, policies, and programs that will achieve the most effective and efficient results.
2. Invest limited taxpayer dollars in practices, policies, and programs that use evidence and evaluation to demonstrate they work.
3. Direct funds away from practices, policies, and programs that consistently fail to achieve measurable outcomes.

*Barnes & Bridgeland in Nussle & Orszag (eds.),
Moneyball for Government (2014)*

Research Findings

- Senior managers have little interest in process improvement, lower-level managers may have significantly more interest but often lack authority to make changes. Hence, less process improvement occurs than should. Performance strategy sessions are key to improving operations and services (e.g., process improvement, problem-solving, or quality control teams with support/training).

Donald P. Moynihan, "Goal-Based Learning and the Future of Performance Management," *Public Administration Review*, 65, No. 2 (March/April 2005)

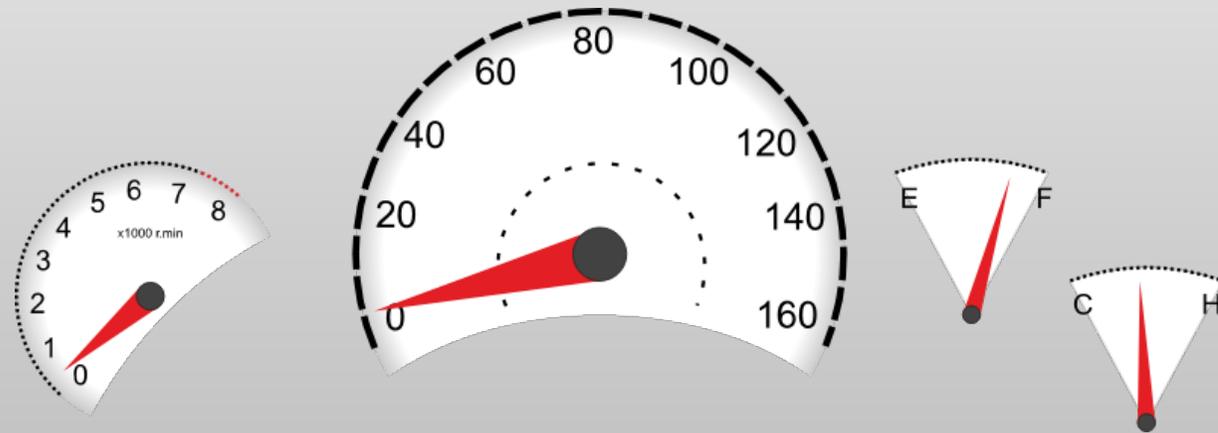
- Success is most often found where strong mission-driven leaders "communicate the mission, motivate employees, shape strategies, and provide support, rewards, and sanctions for achievement."

Mary Bryna Sanger, "From Measurement to Management: Breaking through the Barriers to State and Local Performance," *Public Administration Review*, 68 (Special Issue)(2008)

Interesting Findings

- Survey of 91 local governments cited for excellent performance management efforts found:
 - Linking strategic goals and performance management significantly increases the likelihood of performance management benefits.
 - “Unlinked” strategic plan brings no apparent benefits.
 - Organizations whose senior managers routinely review the performance of operating units enjoy significantly greater benefits

National leaders in local government performance management do more than measure performance. They take additional steps in seeking to improve performance.



6 Key Tactics for Performance Mgt. Success

1. Heighten awareness among supervisors and employees of the importance of good performance and results (i.e. create a “performance culture”).
2. Establish performance expectations (e.g. targets in scorecards)
3. Sharpen awareness of performance perceptions and increase awareness of performance gaps.
4. ID cause(s) of deficiencies and prescribe corrective action.
5. Motivate and empower program officials and employees to improve performance (e.g. divisions, departments, or teams).
6. More effectively incorporate meaningful performance data into management and policy decision processes.

Transformational leaders ‘set the table’ for performance information use via a positive but indirect effect on two mediating factors: goal clarity and organizational culture.”

Moynihan, Pandey, and Wright,

Journal of Public Administration, Research & Theory, 2012

Goals for the Scorecard Review

- ID what's not working well, key goals not being achieved, and what can be improved.
- Discuss, gain additional understanding, then consider whether to:
 - 1) “Stay the course”
 - 2) Make a strategy or resource change
 - 3) Terminate the program/effort
- *Staff can respond to board with via “targeted analysis” (e.g., narrow focus, data driven where practical, in-house teams, consultants, or other resources) to ID options for improvement.*
- Connection to the budget – are adequate resources being allocated to facilitate achievement of key initiatives and targets?
- Improve/adjust initiatives, measures, and/or targets via suggestions.