

# WHAT DOES PUBLIC SECTOR HOPE TO GAIN FROM PERFORMANCE MANAGEMENT?



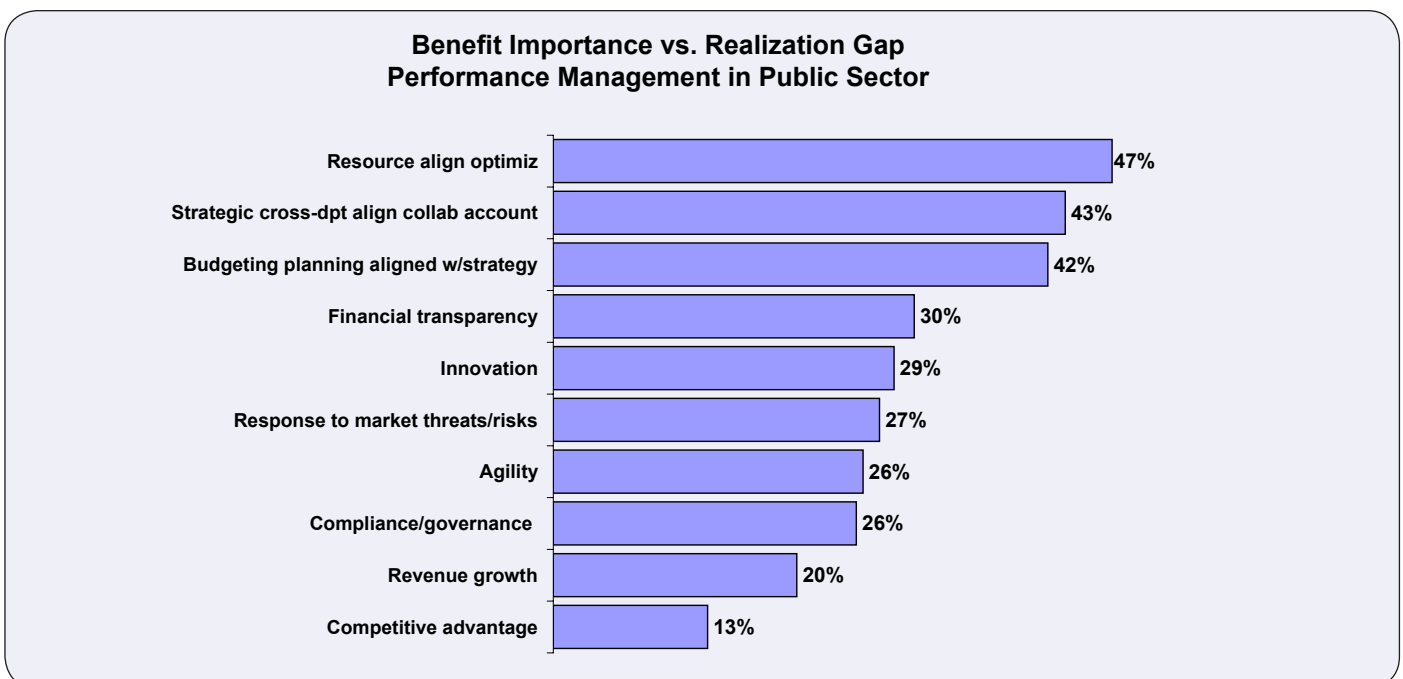
Below is an interview with Becca Goren, Product Marketing Manager for Performance Management, on the results of the [Performance Improvement Web Survey](#) issued through BetterManagement.com covering all industries, geographies and departments. Responses below are based 117 worldwide respondents from public sector employees.

## Q: Which are the biggest performance management concerns in public sector today?

**A:** The biggest concern overall is getting more out of their performance management efforts. Public sector organizations seek alignment more than any other benefit for their performance management initiatives. In fact, so important is alignment that it is the focus of the top three benefits organizations hope to realize.

- Resource **alignment** and optimization.
- Strategic and cross-departmental **alignment**, collaboration and accountability.
- Budgeting and planning process **aligned** with strategy.

Unfortunately, alignment becomes a concern because these benefits are too often not realized within organizations, whether private or public. These three also represent the largest gap in benefit importance vs. benefit realization.



**Q: Why alignment and not financial transparency, compliance or risk?**

**A:** Alignment is essential to operational efficiency and effectiveness at the organization level and is the key to advancing other organizational issues such as transparency, compliance and risk mitigation. From the top three benefits listed above, you get a clear picture that government entities are focused on elements of operations – resources, cross-departmental programs and budgeting. Goals and metrics established by departments, and not aligned to an overall strategy, can be achieved independently but might not necessarily advance the organization as a whole. Lack of alignment – often a symptom of the silo mentality – allows areas of the agency to march to the beat of their own drummers and feel good about it. It’s a challenge to get departments to collaborate and share – to think about the greater corporate good. But that’s the reality: Most organizations struggle with alignment issues – collaboration, resource optimization, tying planning to strategy.

**Q: What are the cultural obstacles public sector organizations face in their performance management efforts?**

**A:** The respondents to the survey indicated that cultural resistance to performance measurement was the primary obstacle to the success of performance management initiatives. This resistance is likely at the root of the second-most cited obstacle: Departments don’t share information or collaborate. Insufficient communication of the strategy no doubt is hampering alignment within these organizations.



**Q: What could be at the root of these cultural issues?**

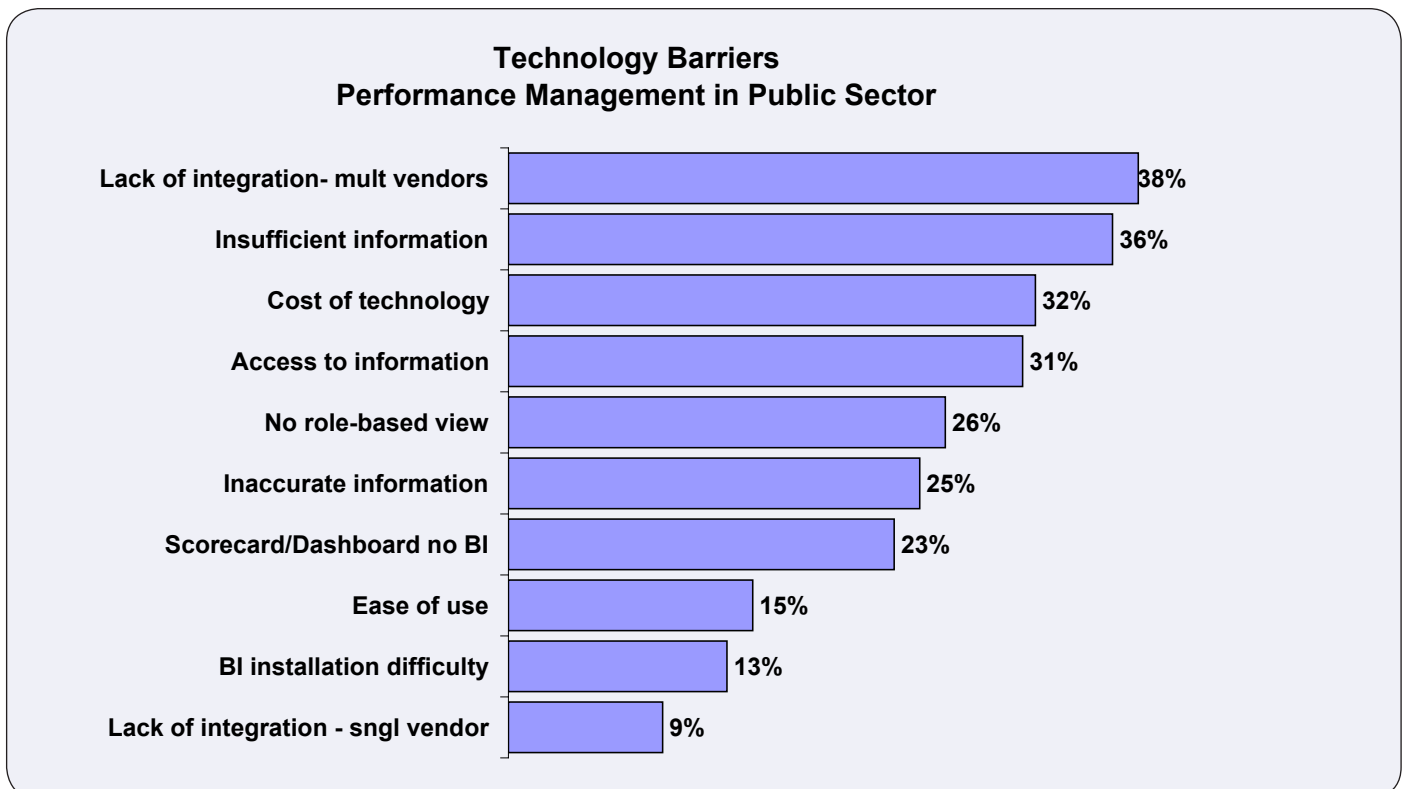
**A:** This silo mentality is not atypical for organizations early in their performance management journeys. Broad access to and use of information is new to many; individuals are often acting independently of others. Knowledge becomes an asset, which some are reluctant to share. They may feel threatened if they don't trust how the information will be used.

**Q: So what can organizations do about silo mentality?**

**A:** There must be a top-down as well as a bottom-up approach. Top management must set the stage for an environment of measurement, sharing and collaboration. They must effectively articulate the agency's strategy. Also, it is up to management to establish trust as well as accountability (not an easy balance). Trust will go a long way in breaking down resistance to measurement. Accountability will ensure performance management and measurement efforts have longevity. From the "bottom," employees need to understand the benefits of performance measurement and management as well as their roles in the effort and how it maps to the success of the organization.

**Q: What are the technology obstacles to performance management?**

**A:** The lack of ability to integrate various vendor systems is the performance management obstacle organizations report most. The more systems across the agency, the less able they are to talk to each other.



More than one-third of the respondents reported that insufficient information is a major inhibitor to performance management success. Clearly, it's not the amount of data that's the problem. If departments are not sharing information and collaborating, and data cannot be accessed from various systems, those responsible for performance management will not have the information they need. Public sector organizations often have more hoops to go through than private sector – requiring budget approval for significant purchases. This might explain why the cost of additional technology can be a significant technology obstacle in performance management efforts. More diligence will be required to determine the best tools that will support the short- and long-term needs of the organization.

**Q: What causes the lack of integration?**

**A:** Many legacy systems still exist and lack of interoperability is significant reason information cannot be shared or accessed. Organizations have established large infrastructures, and over the course of a number of years, many have adopted multiple systems from various vendors to solve multi-agency or departmental issues. Now the problem is information access across these systems. Data is isolated within multiple areas of the organization, unable to be fed into a performance management system.

**Q: Why is integration such a big issue?**

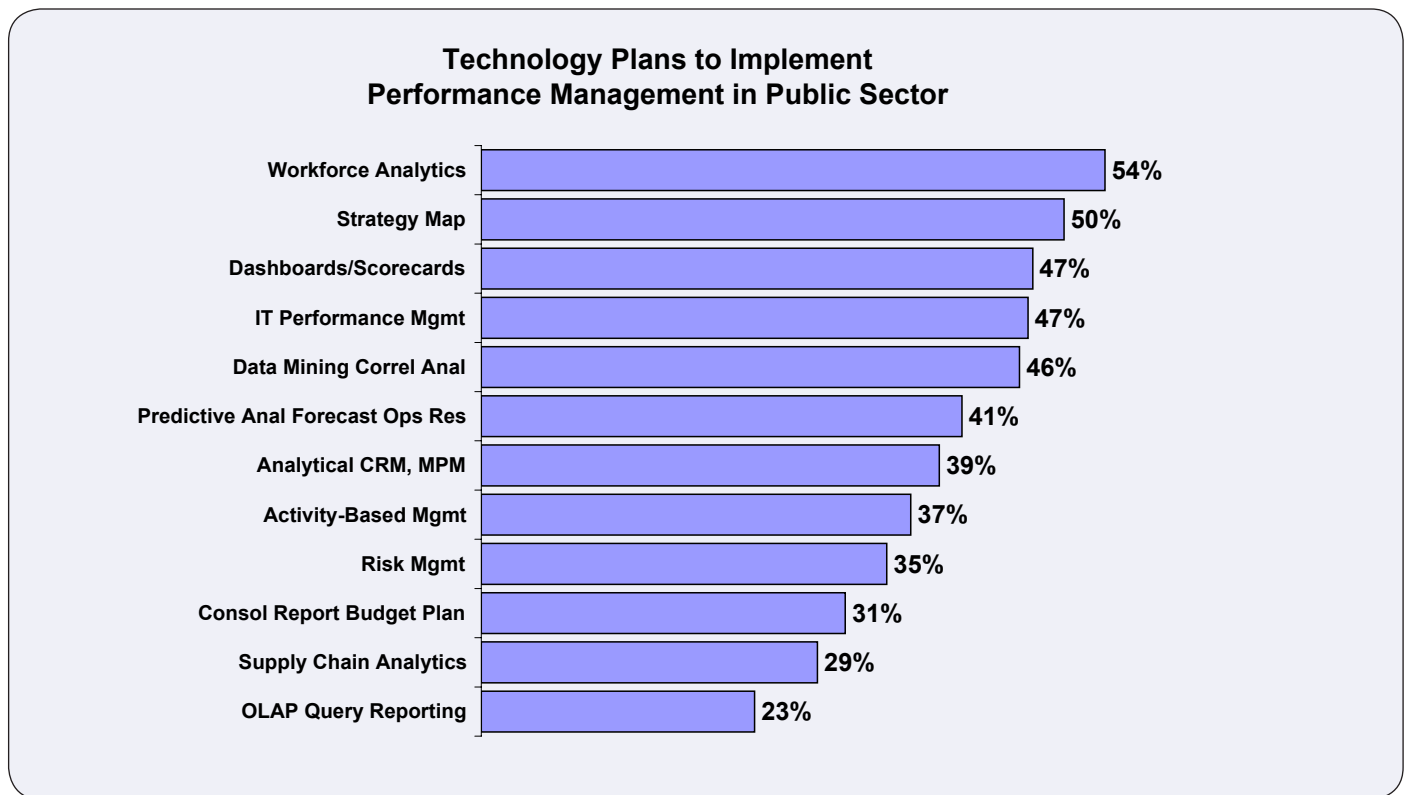
**A:** The inability to integrate across these systems can bring performance management efforts to a screeching halt. Without a full view of enterprise information, efforts to manage performance are meaningless. Add in third-party data, and it becomes even more difficult to understand what is going on in the organization.

**Q: What can organizations do to address these technology obstacles?**

**A:** Organizations need to ensure the seamless flow of information from multiple systems and intra-agency. To begin, agencies need to get an accurate view of their information – by focusing on data integration and cleansing. These are foundational steps that should not be compromised because skipping them will lead to inefficiency, ineffectiveness and an inability to move the organization forward to support its goals and the needs of the public. Next, start small. Taking on too much at once can be a recipe for failure. Last, but not least, they need to ensure their technology purchases support their organizational goals. In other words, begin with the end in mind. Agencies need to evaluate goals to determine where to focus first.

**Q: Which technologies are most under consideration within public sector, and what may be driving these considerations?**

**A:** Not surprisingly, workforce analytics are top on the public sector’s technology plans. These organizations are faced with the large number of baby boomers slated to retire within the next few years and intense competition for acquiring and retaining young and talented individuals – who are offered better pay and more career options within the private sector. Also, as the needs of organizations rapidly change and new compliance requirements and regulations are added, skills and workforce changes may not keep up. Aligning the work force with the organizational strategy becomes even more of a challenge. The survey data support this – resource alignment and optimization represents the largest gap in benefit importance vs. benefit realization.



Also, given the fact that alignment issues claim the three most important benefits to performance management, implementing strategy maps (visual macro views of an organization’s strategy) and scorecards (monitor and display key performance indicators) makes a great deal of sense in aligning the organization.

The following is a quick guide to technologies supporting alignment. This is not an exhaustive list of technologies, but each offering addresses strategic, financial and resource alignment issues that public sector organizations are anxious to solve.

Technology	What it is, what it does	How it supports alignment
<a href="#"><u>Dashboards/ Scorecards</u></a>	Monitor and display key performance indicators with at-a-glance visuals. Indicators typically tied to an organization's strategy.	Help organizations focus on performance and opportunities to take appropriate action, align resources and day-to-day activities with corporate strategy, and adapt to meet the changing demands of the market and stakeholders.
<a href="#"><u>Strategy Map</u></a>	A way of providing a visual macro view of an organization's strategy.	Helps align the organization by articulating the goals of the organization and the initiatives that support those goals throughout the enterprise.
<a href="#"><u>Data Integration and Data Cleansing</u></a>	Bring together the data that is spread out across the organization, transform and cleanse data even in real time, and ensure that data is consistent and accurate.	Create a common foundation for delivery of trusted information throughout the enterprise. Help organizations add value to their data and ensure availability of the best data possible for operational and decision support use.
<a href="#"><u>Financial Management</u></a>	Used by business-unit heads for budgeting and planning, and by Finance executives for consolidation and reporting as well as budgeting and planning.	Helps to synchronize financial and operational strategy across the organization supported by repeatable, sustainable processes for financial reporting, risk analysis and for achieving performance goals and a process to deliver the financial strategy to every level of the organization.
<a href="#"><u>Performance-Based Budgeting</u></a>	A budgeting process that links an organization's funding to its goals, strategies, programs, resources, services and results.	Using this approach, organizations create budget requests that not only take into account the funding that agencies would like to receive, but also the outputs and outcomes they expect to produce as a result of that funding.
<a href="#"><u>Human Capital Management</u></a>	Optimizes the work force and ensures alignment with organizational goals.	Ensures people are in the right jobs and that they deliver consistently as individuals, teams and groups. Shows how the work force contributes to the goals of the organization. Includes proactive workforce planning.
<a href="#"><u>Activity-Based Management</u></a>	Helps to determine accurate costs and cost drivers on the activity level.	<p><b>Strategic:</b> When activity-based management data is linked to strategy maps, organizations can identify process bottlenecks, and explain and quantify how changes in performance affect cost.</p> <p><b>Financial:</b> Helps organizations identify opportunities to control cost and improve process efficiency by determining the "true" cost of a product, process or service. This information can be tied into a financial management application for better budgeting and planning.</p> <p><b>Resource:</b> Organizations can better understand what and why resources are consumed by an activity and the differing financial consequences.</p>
<a href="#"><u>IT Performance and Resource Management</u></a>	Optimize IT resource use and allocation, service quality and financial impact – all in support of strategic goals.	<p><b>Strategic:</b> IT performance metrics provide insight into resources, services and financial data to enable fact-based decisions that will reduce total cost of ownership of IT and ensure the quality of IT services delivered. Understand the relationships between IT resources and business applications, so you can be confident in the proper alignment between IT and organizational goals.</p> <p><b>Financial:</b> Measure the cost to deliver any process that uses IT resources. Use this IT intelligence data to identify opportunities for cost reduction and process improvement.</p> <p><b>Resource:</b> Acquire and deploy the right IT resources at the right time.</p>

**Q: What are some elements of successful performance management initiatives?**

**A:** From the study, we've found that employing a sequential approach will dramatically improve the results of performance management efforts. This involves starting with "foundational" activities such as data integration and data cleansing before measuring and managing, finally improving performance with the adoption of analytics. In addition, taking the step to invest in and use analytical technology as a component of performance management will enhance the effort dramatically. Finally, looking at the process of performance management holistically, we see that successful implementation of performance management tends to be among organizations that have a high level of maturity in terms of their use of information. The most successful include key departments or program managers in their efforts, are diligent in practicing the key activities that support performance management, and have adopted a core set of technologies to help them achieve their desired results. It is the combination of people, processes, skills and infrastructure that allows agencies to make significant strides in improving their performance.

**Excerpt from [SAS white paper Performance-Based Budgeting in Government](#):**

Five tips for integrating budget into the planning process:

1. Develop a strategic plan that clearly links an agency's mission to each activity and program.
2. Create a performance plan with objectives that support the strategic goals.
3. Make budget decisions that support the performance plan to the extent that resources can be made available, and, in the process, program priorities set.
4. Construct budgets and related justifications that address the strategic context and support the performance plan.
5. Periodically assess progress against the plan, analyzing how various inputs influenced performance.

**For more information:**

[Best Practices in Performance Management](#)

[sascom special edition on Performance Management in Public Sector](#)

[SAS for Performance Management](#)

[SAS for Performance-Based Budgeting](#)

[Performance Improvement Survey Webcast Archive](#)

[Managing Program Performance in Government](#)