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Developing Better Performance Information

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Objective

Discuss some **theory**
to enable
better measurement
of
outputs, outcomes, sustainability and capability

An Overview

- Why do we measure?

- What do we measure?

- How do we measure?

- Challenges

Case studies – your specific questions

Optional extras

- Data issues

- Implementation issues

- Examples of performance measures

- The future of performance measurement

Definitions

- What is performance?
    - Sporting?
    - Artistic?
    - Organisational?

Reasons for measuring performance

- Accountability
- Organisational learning and performance improvement
  - What gets measured gets managed: Peter Drucker
- Decisions between options
- Compliance with rules

Types of performance measure

- Global, e.g. global warming
- National, e.g. GDP, Wellness indicators
- Organisational, e.g. KPIs in annual report
- Local monitoring and control – e.g. production, expenditure, timesheets
- Temporary, project based
- Personal

What do we measure?

- Private sector – profit etc.

- Public and not for profit sectors?
  - People oriented

Dimensions of organisational performance

- Production (here and now)
  - Efficiency
  - Effectiveness
  - Cost-effectiveness
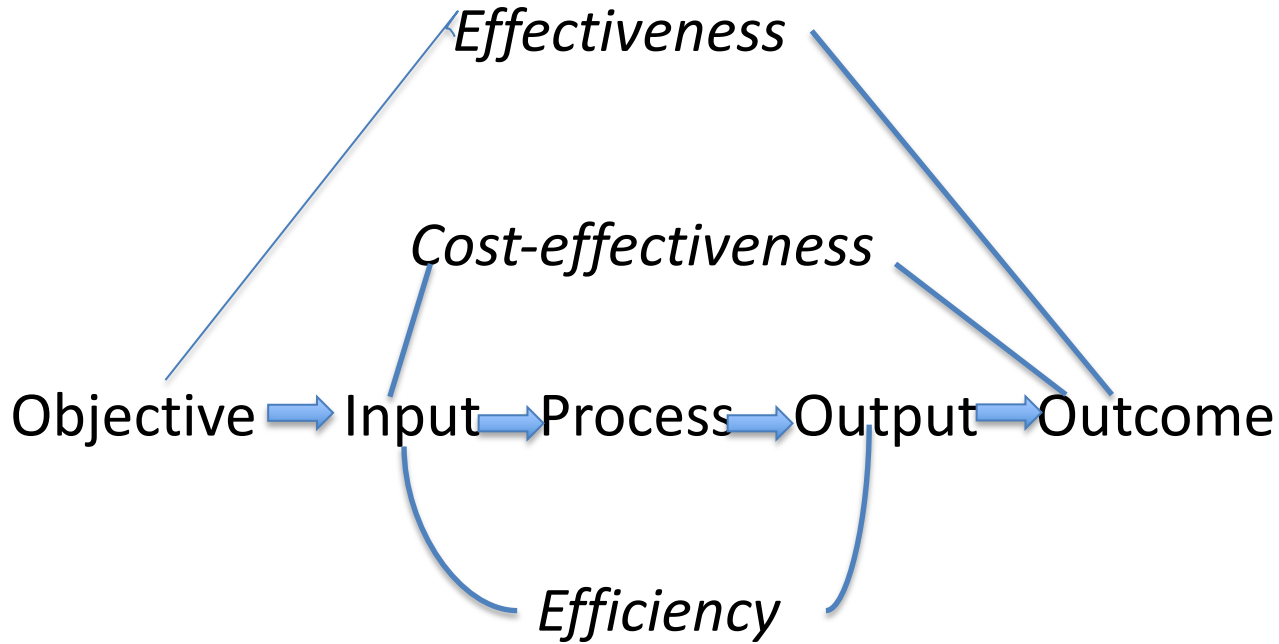- Capability (responding to events)
- Sustainability (long term focus)

What do you measure?
- use program logic

Objective ➡️ Input ➡️ Process ➡️ Output ➡️ Outcome

What do you measure?
Performance measures based on program logic

Best measures to use?

- Aim for highest level that gives a meaningful result

- A range of measures might help

- Lower level measures can be useful to smaller work groups

Measuring capability

- Potentiality vs Actuality

- Where is potentiality important?

How to measure?

- 'Stress test'

- Gaming or scenario testing

Measuring sustainability

- Future vs current
- Where is sustainability important?

How to measure?

- Qualitative measures of process, e.g. scenario testing
- Resource availability

Measures of capability and sustainability

Objective → Input → Process → Output → Outcome

How do you measure?

Main criteria for quality of an accountability performance measure

- Relevance

- Reliability

- Completeness

Missing criteria

- Attributability

- Cost

- Simplicity

- Commonality

Criteria for performance improvement?

Accuracy

Repeatable

Frequent

Agreed

Private

Comparative performance measurement (benchmarking)

- verify areas that are successful

- learn from peers with better services

- incentives to improve

[More difficult with unique organisations]

Challenges with performance measurement

- The quality of the measures

- Data limitations

- Cost

- Corruption and distortion

- Use

Problems with measures

Relevance: timeliness, measurability, complexity of issues

Reliability: reflecting objectives, cost, open to distortion

Completeness: cost, complex reporting

Corruption and distortion

- Outright lies and fraud

- Invention

- The fact, but not the spirit, of the measure – gaming
  - Factories under communism
  - Provision of timely advice

But are they used?

- Accountability
  - Ramifications for individuals "there are people who we've called out in our audits for failures who we rapidly see being promoted" – Margaret Crawford, NSW Auditor-General, Garran Oration 2023
  - Ramifications for organisations
- Performance improvement
  - My research showed no discernible performance improvement in the selected agencies

Case studies

- ITHRA (museum+): Count of visits or other cultural engagements

- Customer advice unit: % of tasks completed within 30 days

- Policy advice group: The advice provided to ministers is valued.

- Grants program: Applications processed per day.

- Evaluation unit: percentage of recommendations accepted

- Regulatory body: satisfaction ratings by clients

Case Studies

Consider the performance measure

- Is it relevant

- Is it easily measured?

- How can it be distorted?

- How can it be improved or supplemented?

Additional material

- Data issues

- Implementation issues

- Examples of good , bad and indifferent performance measures

- The future of performance measurement

Data issues

- Unavailable

- Unstructured

- Unreliable

- Costly

Data sources

- External data

- Administrative systems

- Specific measurement

- By-products

- Client data

- Estimates or claims

- Evaluations

Implementation

Standard project management principles apply:

- Define objectives

- Set a plan and aim for 'quick wins'

- Get approval and budget

- Seek leadership buy-in

- Frequently report to all stakeholders

It takes time!

Sod's Law:

Everything takes longer than you think, even after taking into account Sod's Law.

In Commonwealth: PGPA Act (2013) still awaiting its full potential.

Some examples of performance measures (good, bad and ugly)

1. Health Department: life expectancy at birth

2. Customer Service unit: % of phone calls answered in 30 seconds

3. Finance group: Difference between actual and budget

4. Grants program: Applications processed per day.

5. Evaluation unit: percentage of recommendations accepted

6. Customer advice unit: % of tasks completed within 30 days

7. Museum: number of visitors

8. Policy advice group: number of policy documents sent to Minister

9. Regulatory body: satisfaction ratings by clients

More examples of performance measures

8. Customer advice unit : % of tasks completed within 30 days

9. Museum: number of visitors

10. Childcare establishment: ratio of trained workers to children

11. Finance department: number of budgets completed per year

12. Policy advice group: number of policy advice documents sent to Minister

13. Regulatory body: satisfaction ratings by clients

14. Government organisation: size of financial surplus

The way forward - how do we improve?

- Depends on leadership – what do they want?

- What do the Board, legislation or rules say?

ANAO recommendations

- Improve analysis to clarify connection between the results, the context, and assessment of progress.

- Improve the reliability of performance measures by publishing the information sources and methodologies to be used.
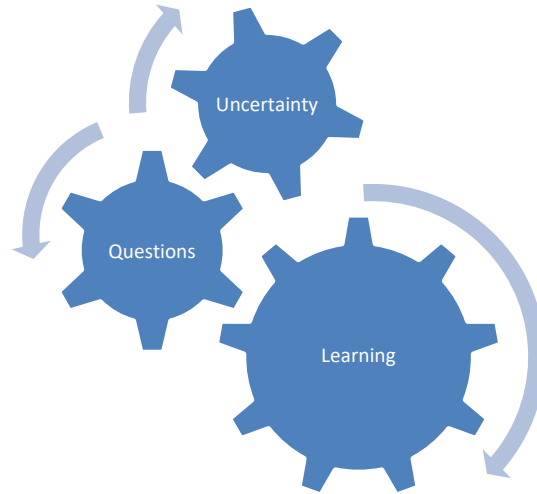
- Develop measures of efficiency.

Research findings

- Assess quality
- Incentives for quality
- Use
- Tailor to type of organisation

Future of performance measurement

- Improving qualitative measures

- Links with evaluation

- Automatic detection of data

- Analysis of big data

Questions and discussion

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