IBM Center for
The Business of Government

Improving Performance Series

A Guide to Data-Driven Performance Reviews

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Improving Performance Series 2011

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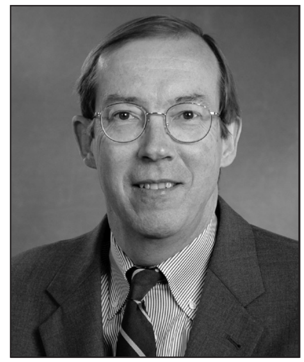
Foreword

On behalf of the IBM Center for The Business of Government, we are pleased to present this report, *A Guide to Data-Driven Performance Reviews,* by Harry Hatry and Elizabeth Davies of the Urban Institute.


Jonathan D. Breul

The GPRA (Government Performance and Results Act) Modernization Act of 2010 introduces a new requirement. Agencies must now conduct quarterly performance reviews of their most important goals. The law says that these reviews must:

- Be led by the agency's chief operating officer
- Assess progress toward priority goals
- Use the results to change direction if needed


David Treworgy

This report examines federal agencies that are using data-driven performance reviews to improve agency effectiveness and efficiency. It draws from practices of agencies, including state and local governments. In their research, the authors identify three prerequisites to successful performance reviews:

- Interested and engaged leadership
- Timely performance measures
- Staff that can analyze the measures before the performance review meetings

The report serves as a "how to" guide for setting up and running data-driven performance reviews. It lays out who needs to be involved, how to organize the meetings, what kinds of performance information should be collected, how to run the meetings, and how to follow up afterwards.

We hope this report by Harry Hatry and Elizabeth Davies is a useful guide for federal executives and managers eager to create and run their own data-driven performance reviews as a way of improving their organization's performance and meeting the goals of the GPRA Modernization Act.

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Introduction

Leaders at all levels of government are seeking creative ways to use their resources more efficiently and effectively to serve the public. Attention to promising evidence-based practices has increased, as have efforts to eradicate inefficiency within the system. All these are being considered in the context of the organization's larger mission.

Performance measurement, a familiar concept throughout the federal government, is a key element of these innovative approaches. The Government Performance and Results Act of 1993 (GPRA) required federal agencies to report annually on performance indicators beginning in fiscal year 1999. Agencies set targets for each performance indicator and reported progress against those targets. Most recently, the administration, along with Congress in the GPRA Modernization Act of 2010, have required each federal agency to identify a set of priority goals, designate someone to be the goal leader for each goal, review progress toward these goals, and publicly report at least quarterly on that progress. Such a process represents a more focused review (concentrating on the priority goals) than the broader performance reviews described here.

Several federal agencies have responded to the need for data-driven performance reviews by developing an approach that consists of regularly held, structured, data-driven performance review meetings. This is simple in concept. Some elements, such as periodic program review meetings, are common throughout government. The data-driven performance reviews presented here reflect such features but add other elements.

This strategic leadership approach was initially developed by the New York City Police

Examples of Data-Driven Performance Reviews at the Local, State, and Federal Levels

Local:
- AtlStat (Atlanta, GA)
- CapStat (Washington, DC)
- CitiStat (Baltimore, MD)
- CitiStat (Buffalo, NY)
- CompStat (New York, NY)
- JobStat, Department of Social Services (New York, NY)
- KingStat (King County, WA)
- PalmStat (Palm Bay, Florida)
- ParkStat, Department of Parks and Recreation (New York, NY)
- PhillyStat (Philadelphia, PA)
- ProvStat (Providence, RI)
- SomerStat (Somerville, MA)
- SyraStat (Syracuse, NY)

State:
- GMAP: Government Management Accountability and Performance (WA)
- PA ChildStat (PA)
- StateStat (MD)

Federal:
- Department of Housing and Urban Development
- Department of Veterans Affairs
- Environmental Protection Agency
- Federal Aviation Administration
- Food and Drug Administration
- Internal Revenue Service
- National Aeronautics and Space Administration

Department in 1994, and was named CompStat. Often referred to as PerformanceStat or the shortened form, STAT, this approach has since been adapted for use in other government entities at the local, state, and federal level. (See text box for definitions of PerformanceStat.) For the purposes of this report, we will refer to this process as "data-driven performance reviews." Regardless of the label used, the important thing is the elements that make up the process—as described below.

What are Data-Driven Performance Reviews?

The overall process discussed here refers to a leadership strategy that federal executives can use to monitor and improve the efficiency and effectiveness of their department, program, or group of programs. This goal is pursued through the use of regularly scheduled, structured, data-driven meetings to review performance indicators with department or program personnel. Data are normally the centerpiece of the meeting discussion, although non-quantitative information naturally plays a major role as well.

These meetings bear a close resemblance to other types of program reviews that federal officials traditionally hold with members of their staff to identify emerging trends and discuss key program issues and problems. *However, the process described here is distinguished by the frequency and regularity of its meetings, the focus on the latest performance indicators, and the somewhat structured format.*

"Regular" means that meetings with reporting units are held at least twice a year and on a regularly scheduled basis.

"Structured" means that the meetings focus on the latest available performance information and have a reasonably common format.

What is PerformanceStat?

"PerformanceStat programs employ regular meetings between the chief executive (chief, principal, mayor, or governor) and agency directors where performance data is used to analyze each agency's performance, establish performance objectives and accountability for those objectives, and schedule follow-up to ensure these objectives are met. Each of these elements is important to the integrity of the program. Stat programs without regular meetings, accurate and timely data, clear direction, and rigorous follow-up will rarely accomplish much."

—Thornburgh et al., 2010, p. 1

"A jurisdiction or agency is employing a PerformanceStat leadership strategy if, in an effort to achieve specific public *purposes,* its leadership team *persists* in holding an ongoing series of *regular, frequent, integrated meetings* during which the chief executive and/or the principal members of the chief executive's leadership team plus the director (and the top managers) of different subunits use *current data* to *analyze* specific, previously defined aspects of each unit's past *performance;* to provide *feedback* on recent progress compared with *targets;* to *follow-up* on previous decisions and commitments to produce *results;* to examine and *learn* from each unit's efforts to improve *performance;* to identify and solve *performance-deficit* problems; and to set and achieve the next *performance targets.*"

—Robert D. Behn, *The PerformanceStat Potential: A Leadership Strategy for Producing Results* (forthcoming 2012).

This approach to conducting performance reviews can be used to:

- Encourage attention to the need for continuous improvement
- Help identify policies and practices that are working well and ones in need of improvement
- Improve the organization's effectiveness and efficiency
- Provide a more convincing case to OMB and Congress that the organization is using its funds wisely and that its budget requests are justified
- Increase accountability of programs under review at meetings

Excerpt from the GPRA Modernization Act of 2010

AGENCY USE OF PERFORMANCE INFORMATION TO ACHIEVE AGENCY PRIORITY GOALS.

Not less than quarterly, at each agency required to develop agency priority goals . . . the head of the agency and Chief Operating Officer, with the support of the agency Performance Improvement Officer, shall—

(1) for each agency priority goal, review with the appropriate goal leader the progress achieved during the most recent quarter, overall trend data, and the likelihood of meeting the planned level of performance;

(2) coordinate with relevant personnel within and outside the agency who contribute to the accomplishment of each agency priority goal;

(3) assess whether relevant organizations, program activities, regulations, policies, and other activities are contributing as planned to the agency priority goals;

(4) categorize agency priority goals by risk of not achieving the planned level of performance; and

(5) for agency priority goals at greatest risk of not meeting the planned level of performance, identify prospects and strategies for performance improvement, including any needed changes to agency program activities, regulations, policies, or other activities.

Source: *Title 31 U.S. Code, Section 1121 (b)*

What is the Purpose of This Guide? Who Can Use It?

This guide presents the core components of using regular, data-driven performance reviews as a strategic leadership approach that can be employed by managers and executives at multiple levels of the federal government. It addresses the series of questions (and answers) listed on page 10.

This guide is for anyone interested in applying this leadership approach in federal agencies, from the top to the front line. Potential users include:

- **Department and agency executives,** who lead and sustain agency reviews as a component of their leadership strategies. This guide will help them generate momentum, accountability, and sustainability.
- **Bureau heads and program managers**, who typically are key players in performance review sessions. The guide will aid them in preparing for these meetings and communicating expectations to their staff. They may also decide to implement their own versions of data-driven performance reviews.
- **Goal leaders,** who participate in performance reviews being held for department or agency-level GPRA priority goals
- **Agency regional officials**, who may participate in performance reviews or who are considering implementing a similar leadership approach in their region
- **Performance improvement officers,** who typically provide staff to the agency reviews. The guide will help them sort through the logistics of implementation.
- **Analytic staff,** who are responsible for administering implementation of data-driven performance review sessions

Questions to Address When Implementing Data-Driven Performance Reviews

The Core Team

1. What type of leadership is needed?
2. Who should be included in start-up activities?
3. What staffing is needed?

The Meeting Structure

4. Should meetings focus on reporting units or on specific themes?
5. How frequently should the meetings be held?
6. How long should meetings last?

The Performance Indicators

7. Which performance indicators should be reviewed?
8. Does existing technology support regular reporting of performance indicators?

Meeting Preparation

9. What pre-meeting preparation is needed?
10. Should the leader notify units of major issues and questions in advance?

Running the Meeting

11. Which individuals inside the organization should attend the meetings?
12. Should meetings be open to individuals outside the organization?
13. What is the content and typical agenda of these meetings?
14. What should be the tone of the performance review meeting?
15. What should be the physical set-up of the meetings?

Following Up after the Meeting

16. What follow-up should be undertaken?

Sustaining the Process

17. Who needs to support this process?
18. What did managers recommend to sustain this process?
19. Does the use of data-driven performance reviews deliver improved services and cost savings?

The guide has been developed as a resource for managers at all levels of the federal government, whether the manager is interested in implementing performance reviews for the first time or in strengthening an existing process.

The above questions may be applied at any level within a department or agency, such as by the headquarters level of a federal department (e.g., the Department of Housing and Urban Development (HUD)), an independent agency (e.g., Environmental Protection Agency (EPA)), an agency within a department (e.g., the Food and Drug Administration (FDA)), or by divisions or programs at lower levels. The guide focuses on suggestions for officials at the highest levels of the federal government. However, it also provides suggestions for how lower-level officials in an organization can implement this process.

For the purposes of this report, any entity implementing this approach is called an organization, and any entity under review is a reporting unit.

Are There Prerequisites to Developing the Data-Driven Performance Review Process?

Three prerequisites are needed to initiate regular, data-driven performance review meetings. While considerable variation exists in federal, state, and local adaptation of this approach, the following are prerequisites for a successful program:

- **Leadership** sufficiently interested to support and participate in regular meetings
- **A performance measurement process** that provides timely and accurate data on program outputs and outcomes: the performance indicators do not have to be perfect, but their data must be sufficiently valid to permit meaningful, useful discussion
- **Staff** that, at a minimum, can assist the leader in examining the data and provide advice on issues to address at the meetings

If any of these is missing, the organization would do well to fill these gaps before initiating data-driven performance review meetings as a leadership and management strategy.

Content of This Report

The remainder of this report first discusses a number of issues in implementing successful data-driven performance reviews. It then presents three case studies from FDA, HUD, and the Department of Veterans Affairs (VA).

Implementing Successful Data-Driven Performance Reviews

The Core Team

1. What type of leadership is needed?

Organizations that have adopted regular performance reviews began with the support of a strong champion at the executive level. Managers interviewed for this report noted that their programs' success has depended heavily on the personal investment, knowledge, and interest of the executive leading each meeting. Leaders at the federal level were characterized as "active," "hands-on," "constantly pushing," and "willing to stand behind their work." This support is necessary for generating energy and enthusiasm for the effort and for demonstrating the ongoing importance of the meetings (and the indicators) to the organization's staff. Indeed, these reviews have been described as "deriv[ing] their effectiveness from the direct attention and explicit conferral of authority from the most senior elected official in the administration" (Thornburgh, Kingsley and Rando, 2010, pp. 7–8).

The leader of a performance review session should expect to:

- Spend a few hours preparing for each meeting, including reviewing data and findings with staff
- Attend and actively participate in regularly scheduled meetings
- Follow up and follow through with reporting agencies or programs

Those leading the performance review do not necessarily need to be the chief executives within the agency or department. (It is common for governors and mayors to preside over these meetings at the state and local level.)

At the federal agency or department level, leadership varies. Indeed, interviews and a review of literature on successful performance reviews suggest that the personality of the leader matters as much as his or her absolute position.

An ideal leader will be comfortable with data, interested in quantifying success, and desire meaningful and lasting changes in his or her organization. Interviews suggest that some degree of

Who Leads these Sessions at the Federal Level?

- **Department of Housing and Urban Development:** Secretary
- **Department of Veterans Affairs:** Deputy Secretary
- **Environmental Protection Agency:** Deputy Administrator
- **Federal Aviation Administration:** Administrator
- **Food and Drug Administration:** Principal Deputy Commissioner
- **Internal Revenue Service:** Commissioner
- **National Aeronautics and Space Administration:** Associate Administrator

Source: *Interviews; Griffith and Dechter 2011* past knowledge or direct experience with this process is also helpful when first starting an initiative. How the leader sets the tone and atmosphere of the meetings is also important and can be key to determining how the meetings are received by reporting units.

The leader does not necessarily have to attend all the meetings. However, if the leader cannot attend, the leader's replacement needs to be a person recognized as fully representing the leader and empowered to make decisions.

> **Key Insights:** For performance reviews to be successful, they need to be driven by the active support and participation of the organization's leader. Leaders must be willing (and able) to take the time to prepare for and participate in meetings for the process to be taken seriously and perceived as valuable to executive staff and reporting agencies. If the top-level leadership in the organization is not fully committed to participating, the effort is not likely to be useful. This observation applies to whatever level of government is implementing the process.

2. Who should be included in start-up activities?

Many later problems can be avoided by including leaders of the reporting units early in the development of performance reviews. When starting up a performance review process, it is highly desirable that leaders meet with the heads of all reporting units early in the process to discuss the approach, clarify its goals and expectations, discuss the follow-up necessary after each meeting, and determine the staff and other resources that are needed.

Reporting units should also be actively engaged in choosing performance indicators that will be reviewed for the meetings. A manager of one organization's performance review process encouraged each reporting unit to regularly review performance indicators, a recommendation that prompted those units to take ownership over the approach and ensure that the indicators remained meaningful.

> **Key Insights:** Early communication helps strengthen relationships between leadership and reporting units, and encourages those units to speak with their staff about likely changes or results of the sessions.

3. What staffing is needed?

Just as a dedicated and persistent leader is needed to energize and legitimize an initiative, knowledgeable and energetic staff will also be needed to ensure that the analysis and review process runs smoothly and that data and findings are correctly interpreted. Performance review sessions held at the department or agency level will require staff support to complete a number of tasks (see text box).

Most performance review initiatives profiled in this report feature an individual who manages analysts and makes sure that information is properly communicated between the organization's executive office and its divisions. For performance reviews implemented at the top level of a federal agency, the primary support staff typically reside within the office of the performance improvement officer (PIO) and/or the department or agency's office of planning and/or budget. These high-level initiatives use staffs of six to 10 individuals, each of whom dedicate about 25 to 50 percent of their time to support the performance reviews. For example, in the Department of Veterans Affairs (VA), staff are sometimes borrowed from the budget office to assist when needed.

The specific duties required of the leader's staff will depend heavily on the extent to which the meeting preparation and follow-up process is standardized, especially how data to be reviewed

Tasks of Staff Supporting Data-Driven Performance Reviews

- Obtain the desired performance information
- Transform data into clear, readable charts, tables, or diagrams
- Analyze the information to identify candidate highlights, issues, and questions that the leader might want to address in the forthcoming meeting
- Assist the leader in selecting the issues and questions to be addressed at the meeting
- Communicate with expected participants in advance on the content of the forthcoming meeting
- Aid the leader during the meeting
- Keep track of the findings, issues, requests, and actions called for during the meeting
- Prepare and communicate the results of the meeting to all participants
- Follow up requests for information and on the status of actions requested during the meeting
- Get ready for the next meeting

at the meeting are handled. Standardized forms (such as those used by VA) and online data exchanges can substantially reduce the time that staff spend on routine tasks and free them to engage in more substantive analysis and work with others involved in the initiative. Some managers leading the performance reviews expressed frustration at a lack of standardization and the amount of time that staff must expend on minor activities.

Most performance review initiatives benefit considerably from the involvement of their agencies' IT personnel, particularly when help is needed in retrieving, processing, and displaying the considerable quantity of data that may come from multiple sources.

Most initiatives also identified a central contact person within each reporting unit. This person is typically at a level where the individual has access to the unit director and has some influence in the organization. This person can be critical for obtaining the data to be examined at the meetings and for post-meeting expediting of meeting-identified actions to be taken.

> **Key Insights: Top-level officials** will need highly capable, trusted staff to administer the process to ensure that meetings are well-executed and free of errors. IT assistance is a main ingredient. Establishing points of contact in each reporting unit is good practice for expediting data and other information flow, as well as actions required after the meetings.
>
> The amount of staff help will depend to a considerable extent on the number and frequency of meetings being held.
>
> **Lower level managers** within an organization should not be deterred by a lack of extensive resources in implementing their own regular, data-driven performance reviews. In fact, implementation at lower levels has the advantage of being more informal and considerably less labor-intensive. Supporting staff can examine the latest performance report, summarize and highlight the report findings, and suggest issues and questions to be raised at meetings. Assistance will also be needed to support any follow-up that results from this process. Managers who are comfortable interpreting data might find it sufficient to examine the reports themselves. In this case, an analyst or IT staff might only be needed to assemble information on the relevant performance indicators.

The Meeting Structure

4. Should meetings focus on reporting units or on specific themes?

Considerable variation exists in how performance review sessions are structured. The organization's leader will need to decide whether the meetings will cover particular themes or focus on individual reporting units' portfolio of activities. Some leaders might choose to use a combination of these approaches. If the meeting focuses on reporting units, the leader will need to decide whether each meeting will cover only one reporting unit at a time or cover multiple reporting units. Thus, the three primary variations are:

- **Option A:** Meetings include all the organization's reporting units.
- **Option B:** Meetings are held separately with each of the organization's major reporting units.
- **Option C:** Meetings are held separately with groups of units that have a common theme. The operating units that would be included in the meetings on a particular theme would be those units that had some significant role relating to the theme.

Performance reviews conducted by the Department of Veterans Affairs include all three major operating administrations (Health, Benefits, and Cemetery), plus the VA's major supporting units (Option A) in each of its monthly meetings.

The FDA, in contrast, holds separate quarterly meetings for each of its ten centers, such as its Center for Tobacco Products, Center for Food Safety and Applied Nutrition, and Center for Veterinary Medicine (Option B). FDA also has separate, quarterly meetings with each of the eight theme groups (Option C).

Maryland StateStat: A Data-Driven, Strategy-Based Approach to Governing

When Martin O'Malley moved from being mayor of Baltimore to governor of Maryland, he brought with him the city's CitiStat approach which focused on the performance of individual agencies. He launched his first state agency performance reviews in June 2007 and called them StateStat. By 2011, 14 of the 26 major agencies undergo regular reviews with the governor and his key staff. (Those 14 agencies cover approximately 80 percent of the state's budget.)

However, Governor O'Malley found that state government had "more moving parts" and seemed to move slower. Pinning accountability on individuals for progress on issues that reached across agency boundaries also seemed more problematic. He saw a need to institutionally focus on a higher level of goals.

So in early 2008 he injected a more strategic, theme-based approach to his administration. Inspired, in part, by British Prime Minister Tony Blair's use of a Delivery Unit to track progress of his major goals, O'Malley identified 15 key goals he wanted his agencies to embrace collectively. These goals, such as "reduce infant mortality in Maryland by 10 percent by 2012," became the focal point for cross-agency performance review meetings.

As a result, O'Malley now conducts two sets of performance review meetings—one set focuses on the performance of individual agencies and the other focuses on cross-agency progress toward broader strategic goals. The success of this approach, according to StateStat director Beth Blauer, is "in large part due to the Governor's insistence that this is how he manages … and (his personal involvement) is integral to the success of the process."

Source: *Maryland StateStat staff*

To date, HUD has held separate meetings for each of four themes (Option C): rental housing, foreclosure, veterans' homelessness, and housing energy efficiency. These four themes were the subject of HUD's high priority performance goals.

In the state of Washington, GMAP reviews also focus each meeting on a theme (Option C). Most local government STAT processes have been reviews of individual departments (Option B).

One manager interviewed for this report commented that at higher levels of government (i.e., the federal department or agency level), a theme-based approach may be more appropriate as "most impacts are indirect and require multiple agencies to contribute to common goals." The manager commented that theme-based approaches:

- Encourage joint responsibility for performance between reporting units
- Foster communication between agencies jointly responsible for meeting preparation
- Make finished products more accessible and easier to understand for citizens
- Ensure that blame is not shifted to other reporting units not present during a meeting ("that's another organization's problem")

However, one problem with this approach is that it can be difficult to define who is responsible for performance.

> **Key Insights:** Each organization needs to consider its own needs and may find it useful to test various arrangements. The key limitations are the time and resources these meetings take. Many meetings will place a considerable demand on the leader and staff. Within this constraint, the leader could choose to use both the theme and reporting unit approaches. For example, the leader might choose to focus on reporting units (whether individually or collectively) and if the organization had a major theme issue, to hold separate meetings that address that theme.

5. How frequently should the meetings be held?

The frequency with which reporting unit or theme meetings have met has varied from every two weeks with each department (the original frequency for the mayor of Baltimore's CitiStat process) to only twice a year (EPA's current process). More typical are monthly or quarterly meetings. The decision on meeting frequency will depend on factors such as:

How much total time the leader feels comfortable spending on the meetings. Performance review sessions are typically attended by the most senior leadership within the organization and within each reporting unit. Therefore, frequent meetings (once a month or more) may not be feasible for some agencies and will almost always make scheduling difficult.

Whether meetings focus on individual reporting units or include all reporting units. Performance reviews that focus on individual reporting units allow review leaders to examine issues in more depth. However, with limited access to senior leadership time during the course of a year, this could result in infrequent meetings with each reporting unit. Alternatively, meeting with all reporting units simultaneously would allow more frequent meetings, but may limit the depth of the reviews. The tradeoffs between these two approaches will likely depend on the needs of different leaders and organizations.

The political importance of the material under review. Is considerable external scrutiny expected by Congress, media, and/or the public? This factor is more applicable to review meetings organized by themes, but could also arise if particular reporting units are under special scrutiny.

How frequently performance numbers are likely to change. EPA decided initially to hold its performance review sessions once every six months because the environmental indicators chosen for this process do not change often enough to warrant holding more frequent sessions.

How frequently the data can be obtained. HUD noted that for many of its grant programs, it does not get data often enough to allow for more frequent meetings.

Whether there is adequate staff capacity to assist before, during, and after each meeting. The number of staff available to administer the meetings, and their other responsibilities within the organization, will impact the frequency with which these meetings can be held.

> **Key Insights: Lower-level managers** are more likely to feel the need for more frequent meetings, at least for those programs with key performance indicators that need constant monitoring.

How Often Do Federal Performance Reviews Occur?

EPA: In transition. Currently meets semi-annually (for 12 hours). Each programmatic and cross-cutting strategy group will meet for 90 minutes as part of 1½ day-long sessions held every six months.

FDA: Each of the 10 centers and each of eight special topic areas meet once per quarter for two hours.

FAA: Meets monthly for one hour.

HUD: Each of the four thematic areas meets once per quarter for two hours.

IRS: Varies. IRS holds multiple quarterly reviews organized around its major institutional units, which conduct sessions for each of their business divisions.

NASA: Meets monthly for six hours.

VA: Meets monthly for two hours. All administrations and offices meet together.

6. How long should meetings last?

Nearly all the organizations reviewed scheduled the meetings for two hours and generally adhered to this timeframe.

> **Key Insights:** Two hours seems to be about the limit for keeping everyone's attention, respecting the time demands of those participating in the meeting, and obtaining adequate discussion of the issues. The effectiveness of the performance review sessions, however, will depend on the meeting being tightly administered and focused on the major questions to be addressed.
>
> **Lower-level managers** using performance reviews, for which the subject matter is not as wide-ranging or complex as at top organization levels, might find that 90, or even 60 minutes, are sufficient, at least for some meetings.

The Performance Indicators

7. Which performance indicators should be reviewed?

Most federal departments and agencies have large amounts of data available. For their performance reviews, organizations should track both outputs and outcomes. From the full array of available data, the leader and leader's staff need to identify what to focus on in the meeting. By this time, most federal agencies have had considerable experience with performance indicators. However, improvements in indicators are likely to still be necessary.

Agencies will need to weigh the pros and cons of delaying implementation of data-driven performance reviews in order to develop better measures, or beginning the process with minimal planning using existing measures that may not directly fit the needs of participants in performance reviews. Organizations interviewed for this report varied in which strategy they took. Some managers advocated for "just starting" in lieu of waiting for things to be "perfect." For example, the FDA went through a relatively short planning period between idea inception (Spring 2009) and its first pilot of FDA-TRACK (Fall 2009). Those interviewed commented that their performance review initiative is "iterative" and suggest that planners allow performance measures to evolve with the program. On the other hand, some organizations devoted considerable time in the early planning stages to identifying key performance indicators. Two examples of approaches to phasing in the use of performance reviews are briefly described in the box, *Selection of Performance Indicators.*

Selection of Performance Indicators

Food and Drug Administration. FDA-TRACK was implemented through a phased rollout approach, starting with a pilot program consisting of 16 program offices. As it was rolled out across the agency, each program office worked with the Office of Planning to develop meaningful and substantive indicators as well as significant key office projects. Planners opted for this iterative process because of a desire to just get going and not spend a lot of time planning or waiting for the "right data." As managers reflected, one of the most positive outcomes of these sessions is the demand for data and the constant push for better, more meaningful indicators.

Environmental Protection Agency. In 2009, the EPA's administration set seven priorities for the agency that led to the development of five goals and five cross-cutting strategies in 2010 and a simplified, focused strategic plan that incorporates the agency's mission and goals. By 2011, the agency had developed an integrated performance management framework to translate those goals and strategies into annual indicators (including priority goals) and action plan activities. Of this list of ~280 indicators, 44 were selected as Key Performance Indicators (KPIs). These KPIs provide the foundation for a new meeting structure that incorporates elements of the Stat process. Managers of the Stat program describe the necessity of a thorough planning process to ensure that new indicators are well integrated into the budgeting system and aligned with the mission of the EPA or program work.

The approach used by agencies interviewed at the federal level has relied upon a variety of performance indicators, including those related to workload, human resources (including such issues as staffing and absenteeism), outputs, intermediate outcomes, and end outcomes. Response times to an organization's customers are a popular intermediate outcome indicator. Some of the leaders interviewed for this report pointed out that even after selecting and refining indicators, reviewing indicator values is limited by the fact that some key indicators do not change often or data on them are not available. In such instances, the meetings need to focus more on outputs and intermediate outcomes, ones that in their "logic models" are expected to lead to ultimate end outcomes.

> **Key Insights:** An organization needs reasonably reliable, accurate, valid performance data in order to implement a successful performance management process, and should prioritize obtaining such data. Most federal government organizations have made considerable progress in their performance measurement in recent years, though still far from what is desirable. This should not discourage implementation of performance reviews in most federal agencies. Some of the persons interviewed for this report indicated that the process of developing and implementing a performance review process helped bring about improvement in the agency's indicators.

Federal organizations should not define outcomes too narrowly. They should make full use of the notion of intermediate outcomes as being important indicators to track and examine in their performance reviews. For example, organizations can use response times to customer requests for services, data on improvements in altering knowledge and behavior even if the client's condition is not known, and findings from surveys of clients about the helpfulness of the federal services they received. Such intermediate indicators indicate progress to desired end outcomes.

8. Does existing technology support regular reporting of performance indicators?

No matter how good their performance indicators, some organizations still struggle with obtaining timely, reliable, and relevant data from antiquated agency management information systems that do not generate automatic reports or allow units to easily share information.

Analysts in both the central performance review office and within reporting units may need to devote a considerable amount of time to data retrieval and transmittal, reducing the amount of time available to expend on data analysis and other tasks.

Although an automated and centralized data system would likely free up analytic staff time, several barriers may prevent implementing such a system, such as a lack of time or resources and a reluctance to share information. Several managers interviewed for this report developed strategies to work around these manual systems, and many have plans to develop a more integrated system in the future (see box on *Responding to Older Data Management Systems*).

Key Insights: Technology has enabled federal agencies to obtain considerably more timely and extensive performance data. Unfortunately, some agencies and some agency programs still lack effective IT for processing performance data in a timely way. For such agencies and programs, unfortunately, this will require more footwork for analytic staff; IT improvements will need to be sought.

Responding to Older Data Management Systems

New Tools: Each month, staff at the Department of Veterans Affairs enters data into a common template that can easily be reviewed by leadership and that allows budget office staff to easily generate reports. Similarly, the EPA has worked around its antiquated system by creating readily accessible, interactive dashboards that allow users to review summary information, drill down to the regional or program performance level, extract data, and generate reports. It also uses templates (like VA).

New Systems: HUD plans to replace its current system, which requires staff to manually extract and e-mail data to database administrators, with a "HUDStat" agency intelligence solution that will link to new program-specific systems and datasets. "HUDStat" will provide a display of program performance (snapshots and trends), flag areas of concern, and enable the user to obtain detailed information by characteristics such as geography or grantee. The HUDStat tool will not link these things, but its process gives these organizations a seat at the table to help problem-solve program delivery issues that arise. Ultimately, the department hopes that the new data system will give program and regional administrators the ability to develop their own reports.

Meeting Preparation

9. What pre-meeting preparation is needed?

The three core components of meeting preparation for the performance review sessions are:

- Data collection and analysis
- Report generation
- Preparatory meetings between the performance review team and the leader

Data collection and analysis. Most organizations do not have an automated data transmission process. Instead, they require a reporting unit to submit data to the office organizing the performance reviews, usually about two weeks prior to the meeting. The analysts review the data for coverage and quality, and then examine the data to identify key trends and areas of strong or weak performance. Special attention is paid to performance data that indicate the progress being made in areas identified in prior performance review meetings as targets for improvement. Examples are given in the *Data Collection and Analysis* box.

Data Collection and Analysis

HUD: Six weeks before a HUDStat meeting, Office of Strategic Planning and Management (OSPM) analysts begin working with programs and field staff to review data and trends, paying close attention to performance variation across the country and identifying geographic areas with particularly strong or weak performance. Once these areas have been identified, OSPM conducts a site visit to meet with field staff and discuss findings, including barriers to performance and possible solutions for further exploration at HUDStat meetings.

NASA: In addition to analyses completed by NASA program managers, a team of independent analysts from the offices of the chief engineer, program analysis and evaluation, and safety mission assurance prepare a separate assessment before the meeting to examine the program staff's conclusions.

Report generation. Following the completion of analysis, offices responsible for organizing the performance reviews will typically develop a variety of summary materials, including a briefing memo for the leadership, graphics, and reports. Considerable time and effort can be saved (by both the programs being reviewed and the leader's staff administering the meetings) if formats are developed for such items as the meeting agenda, data submission form, and meeting data presentation forms. If the same templates are used for the meetings, this will make it easier and more efficient for both participants and the leader's staff who are administering the meeting to provide the information. (Examples are giving in the *Report Generation* box.)

Preparatory meetings. After the analyses and development of reports, preparatory meetings (Examples are given in the *Preparatory Meetings* box) occur between the central office organizing the performance reviews and the leadership team to brief the leader on the review staff's findings. Other preparatory meetings may occur between the review staff and the reporting units.

10. Should the leader notify units of major issues and questions in advance?

Most organizations send out notices about the issues and questions to be raised at the meeting, usually one or two weeks ahead of time. However, some unexpected questions will invariably be asked of the participants. One exception to this general rule of advance notice regarding issues and questions is the state of Maryland's StateStat program. The governor prefers not to pre-brief department managers on issues to be discussed, believing they should be able to

Report Generation

EPA: EPA dashboards use data from an aging system with limited reporting capabilities to create interactive presentations of the data, which can be accessed by all employees. Users can look at the summary data and also drill down on individual indicators for particular programs or regions.

FDA: Each month, an analyst from the Office of Planning develops a memo documenting the results of his or her analysis along with a list of key questions. This memo is sent to reporting units to solicit feedback and context. Analysts will also generate a dashboard and a briefing memo (15–20 pages) that identify trends and action items from the last meeting. The office will also generate a list of "Top Action Items"—a quick summary of highlights from the briefing memo. FDA-TRACK also has a data dictionary to ensure that everyone knows what indicators are being measured (and why).

VA: The process relies heavily on the use of standardized templates in collecting, organizing, and reporting on data. Each month, staff at the department's administrations and offices enters data into a common template, which then goes to the budget office for review and placement into a standard binder. The budget office prepares a memo for the deputy secretary outlining new items in the binder and major issues. The deputy secretary reviews the memo and binder 1–6 days before the meeting and provides additional feedback. The binders, with comments, are posted to a SharePoint site that all participants can easily use to download materials.

Preparatory Meetings

FDA: Staff from the Office of Planning hold a prep meeting with center and program staff to prepare for the meeting with the Executive Team. Several centers also take this time to hold internal performance review meetings to prepare for the larger meeting. Once these preliminary meetings are complete, the Office of Planning will meet with the Executive Team to brief them on the upcoming meeting.

HUD: Staff from the Office of Strategic Planning and Management meet with program staff routinely to make sure that the data are being presented accurately and to ensure that there are no surprises during the meeting with leadership. Once a briefing memo is developed, OSPM will also hold a mock performance review meeting to prepare attendees.

respond to any reasonable query. This approach was used both by Baltimore's CitiStat process and by the CompStat process in New York City.

Normally, most, if not all, the performance data used in these performance review meetings will originate with the reporting unit (though the leader's office may undertake special analyses of that data). Exceptions occur if a different unit also collects relevant information. For example, a different unit might sponsor a survey of citizens on issues relevant to the meeting reporting units.

> **Key Insights:** For most organizations, the meetings will be more informative if the reporting units are made aware of at least most of the issues that the leader expects to raise. Similarly, reporting units should normally be aware ahead of time of the data that might be used at the meeting. Of course, it is inevitable that some issues will arise that were not identified in advance.

Running the Meeting

11. Which individuals inside the organization should attend the meetings?

High-level managers and staff of each reporting unit should, of course, be the primary participants. In addition, high-level sessions typically have included officials from selected major relevant supporting functions that have an important interest or role in reporting unit activities, such as key persons from the offices of budget, human resources, legal, IT, policy, public relations, and program evaluation. However, not all these functions will likely be needed at each meeting. The FDA, for example, invited "internal customers" from other offices who use services provided by the reporting unit. This was done to test the real-world validity of the performance data and interpretation of findings. These internal customers were asked to join the meetings as it became clear that their presence was needed.

To what extent should regional and field offices be included in this effort? Most federal agencies have major units outside the Washington metropolitan area. The extent of their role will vary depending on the intended focus of the meetings and the specific performance indicators identified. The federal agencies examined for this report varied as to their inclusion of field offices, from bringing in representatives from each region (HUD) to non-inclusion of field representatives and a focus on department-wide issues (VA). Examples are given in the box, *Involving Regional and Field Offices.* Data broken out by region, as done by EPA and HUD, can be key information for discussion at meetings.

In-person participation is preferred and likely to be most effective. However, bringing in representatives from one or more regions can be expensive and time-consuming, particularly of concern in the current economy. If it is believed that such participation will help identify program cost savings, however, the added travel-related costs might be well worth it.

> **Key Insights:** The organization should consider how to obtain input from its regional or field offices. Examining the data on key performance indicators by major field units can raise important issues. To avoid being flooded with data, managers should ensure that the process is highly selective about the performance information to be broken out by region or field office. Again, there is probably no right answer to this question. Each

Involving Regional and Field Offices

EPA. For years, the EPA has integrated regions into its high-level, regular reviews and goal meetings. The EPAStat program allowed regions to identify priorities, develop their own set of performance measures, and meet with the Deputy Administrator once per quarter. Although the performance review process has recently changed, regions continue to monitor many of the metrics identified during EPAStat while being active in EPA's new Performance Progress process. Each goal session is assigned a "lead region" that helps design the process, "engaging regions on matters of substance and session design and improv[ing] overall meeting content and focus on regional matters."

HUD. HUD has actively involved its regions and field offices in its Stat process, from helping with trend analysis and meeting preparation to active participation in meetings and follow-up activities. In its review of performance trends, HUD pays close attention to variation across the country and identifies areas with markedly high or low performance. Once these areas have been identified, HUD's Office of Strategic Planning & Management conducts a site visit to meet with field staff and discuss findings. Every meeting is also attended by the 10 regional administrators, who attend via video or teleconference if they are unable to be present. HUD is currently unable to have multiple video links. HUD is using Microsoft Live Meeting software as part of the teleconference so participants can follow the data slides.

manager needs to consider his or her own needs and may find it useful to test various arrangements.

Regions may have a lesser role in their agency's performance review efforts, especially programs focused on overall national or corporate trends, but their feedback can still be invaluable in interpreting results. Planners should explore which, if any, key performance data could be disaggregated geographically to ensure that measures are meaningful and actionable at the local or regional level. This disaggregation may not be feasible or informative for all organizations.

A potential added benefit of involving regions is that doing so may encourage at least some regions to implement their own performance review initiatives.

With better communication and modern technology, it is becoming increasingly possible and practical to bring offsite representatives into these meetings via some form of communications link, including video participation.

12. Should meetings be open to individuals outside the organization?

The public. State and local governments have sometimes opened meetings to the *public,* including posting videos and transcripts to websites and allowing members of the public to attend sessions (space permitting). This level of public transparency would represent a dramatic change for most federal departments and agencies, and could potentially inhibit candid and open discussion. Some managers also expressed concern about confidentiality issues.

Research on the use of performance reviews, especially the STAT initiatives undertaken by other governments, suggests that public meetings are not necessary (Thornburgh, Kingsley, and Rando, 2010; Palmer 2010): "STAT is first and foremost an internal management tool for holding the government agencies accountable to their executive director. The average Stat program is generally lauded at its launch, modestly eulogized if suspended, and otherwise overlooked. Many view performance review meetings as private and its information as proprietary. This does not undermine the purpose or effectiveness of state programs or the ultimate accountability of the administration" (Thornburgh, Kingsley, and Rando, 2010, p. 9). See box on *Engaging the Public* for one agency's approach to involving citizen input without inviting the public to meetings.

Other federal agencies. Personnel from other parts of the federal government may be appropriate to include in some meetings. Some of the managers interviewed for this report expressed interest in opening up meetings to other departments in order to encourage more cross-disciplinary discussion. This option is particularly well-suited to performance review sessions structured around themes. For example, representatives of the Department of Veterans Affairs recently attended a HUDStat session focused on veterans' homelessness.

State and local government. It is also conceivable that the organization might want to include representatives from state or local governments when the topics for particular meetings involve considerable state or local government activities. To the authors' knowledge, state and localities have not been

Engaging the Public

Organizations can involve interested citizens without opening up the sessions to the public. The FDA-TRACK website provides a wealth of information—including background information, copies of meeting dashboards, summaries, acronyms, and several other helpful documents—but still keeps its meetings private.

See: *http://www.fda.gov/AboutFDA/Transparency/track/default.htm* included in any federal agency performance reviews, but it seems reasonable to consider their inclusion, where appropriate, especially when there might be a joint objective.

> **Key Insights:** The leader should probably start by not including outsiders in the meetings. The risk of having a less frank discussion is considerable. However, as the leader becomes comfortable with the meetings, and if the leader judges that content quality will not be significantly affected by the presence of observers (including the media), the leader can review the situation. This applies to each new leader as turnover inevitably occurs. Note also that the content of these meetings can be highly specialized, making those meetings unlikely to attract the interest of the public. Clearly, meetings whose content is expected to be highly sensitive or confidential would not be open to any outsiders.
>
> If the major topic of a meeting is on a theme that involves important issues that impact another federal agency or department, the organization might want to invite participation by those other agencies for those meetings. Similarly, if a major topic for a meeting involved special state or local government issues, representatives of state or local government might be invited to participate.

13. What is the content and typical agenda of these meetings?

The key to the usefulness of these meetings is the availability of current, accurate data on key performance indicators and their clear, understandable presentation—both in the written materials provided in advance and the materials displayed at the meetings. At high-level performance review meetings, key data are typically displayed on screens and supported by paper copies that contain considerably more information.

Typically, the leadership will ask the reviewed unit(s) to *explain* why certain performance data are below expectations and what the unit has done, or is planning to do, about it. The problem is discussed in order to determine what can be done to eliminate or alleviate the problem.

Typical Agenda Items At Performance Review Sessions

1. Introduction
2. Review action items and outstanding issues from last meeting
3. Discuss overall findings and leadership questions
4. Discuss areas or indicators displaying particularly high or low performance relative to that expected
5. Brainstorm next steps
6. Identify the action items that the meeting findings indicate need to be done

Leaders of a data-driven performance review meeting will invariably struggle with whether to cover policy issues or only discuss output information without any attention to outcome information data.

Literature and interviews reiterate the point that the purpose of performance review meetings should not be to review “big policy issues” but to manage reporting units.

Some sessions at the local level focused solely on internal process data and outputs, without a word about their link to service outcomes. This can considerably dilute reporting units’ focus on outcomes.

> **Key Insights:** The typical limit of two hours for the session means that only a few issues are likely to be covered in the meeting. The session needs to be tightly scheduled, recognizing, of course, that the leader may want to deviate from the schedule.

To the extent practical, the meetings should not only cover aggregate data for individual performance indicators but also selected disaggregations, such as by region/locality or other demographic groupings.

A major component of the discussion, of course, is to ask reporting units for explanations for unexpected values.

Policy issues involve a different type of discussion, and as such, should usually be handled separately from these performance review meetings. As a result, organizations should clearly distinguish the regular performance review process from other sessions in which the leadership meets with reporting units to discuss major policy issues.

In the future, tough budgetary pressures will inevitably occupy discussion time at these meetings. These performance review meetings should consider the effects of cost-cutting on the quality and outcomes of the organization's services—so that better decisions can be made.

Key Questions Asked by Prime Minister Tony Blair's Delivery Unit Review Team

Similar to the U.S. performance review efforts, the British prime minister's office developed a review process that regularly asked agencies to address the following questions:

- What are you trying to do?
- How are you trying to do it?
- How do you know if you are succeeding?
- If you're not succeeding, how will you change things?
- How can we help you?

Source: *Michael Barber, Instruction to Deliver: Fighting to Transform Britain's Public Services, Methuen Publishing Ltd., London, 2007, p. 73.*

14. What should be the tone of a performance review meeting?

Leaders are responsible for setting the tone of the meeting. Although data-driven performance reviews are sometimes thought of as adversarial, this perception appears to have been largely driven by a small number of programs in which the executive was hostile and routinely confronted reporting units with surprise questions. This issue has been raised on the first, and most studied, performance review initiative, New York City Police Department's CompStat program. The adversarial mood of these sessions may be due in part to the organization being a law enforcement agency.

Key Insights: The seniority of participants and nature of the material discussed will already make these meetings formal and stressful for some attendees. In most situations, there seems to be little value added to making meetings adversarial or playing "gotcha."

Federal managers conducting performance reviews are likely to prefer to keep these meetings constructive, collegial, and above all, respectful. When problems emerge and tough questions are asked, this focus increases the likelihood that participants will be engaged in problem-solving rather than be alienated.

HUDStat Meeting Principles

- Understand the data is not perfect but will evolve over time. It gives us the basis for the discussion.
- Maintain environment of open and honest dialogue; even with less than perfect results.
- Practice "no surprises" with Program Offices and the Support Operations.
- Limit "show and tell" and expand on problem solving using the collective wisdom and experience in the meeting.
- Maintain a spirit of collaboration while not shying away from issues.

Source: *www.performance.gov*

15. What should be the physical setup of the meetings?

Typically, reporting units have been placed on one side of the room facing those persons on the leadership team (including the organization's leader, performance review staff, and representatives from other high-level offices in the organization, such as representatives from the budget, legal affairs, and human resources offices).

The technological requirements for high-level performance review meetings include adequate audio-visual equipment, preferably a room that has a permanently fixed projector to save time on setup; videoconferencing capability; and access to the Internet, if needed. Planners should try to schedule all sessions in the same room. The FDA has designed and branded a room specifically for FDA-TRACK. Several organizations choose to assign seating. Washington State's Government Management Accountability & Performance (GMAP) forum setup is presented on page 28.

> **Key Insights:** Some formality is likely needed at **high-level** performance review meetings to emphasize the seriousness and importance of the meetings. For regular performance review meetings at **lower levels,** few special arrangements are likely to be needed. The meetings might even be held in the leader's office and based only on the latest paper performance reports.

Following Up After the Meeting

16. What follow-up should be undertaken?

The goal of this process is to identify successful practices and correct problems. In keeping with that goal, *a critical part of the process is the active follow-up on actions or requests made during the meetings.* (Some observers use the term "relentless follow-up.") Federal performance review efforts have addressed follow-up in a variety of ways. As the list of follow-up steps below indicates, steps need to be taken before, during, and after the meeting. If the performance review meeting has only resulted in a preliminary list of problems and desired actions, some organizations, such as HUD, will convene a smaller group to review this list, prioritize goals, determine key actions, assign responsibility, and fix a timeline recognizing that progress may not be possible by the next meeting.

> **Key Insights:** Follow-up is vital to a productive program performance review process. Undertaking and formalizing follow-up steps is necessary to ensure that requested actions are taken. It may become tempting to cut back on steps. Resist that temptation! Apply the follow-up steps listed on the next page.

Follow-Up Steps After a Performance Review Has Been Conducted

1. During the meeting, allow adequate time for reviewing decisions and requests to make sure next steps are clear.

2. Keep track of all actions called for during the meeting, whether requests for more information or specific programmatic actions. Identify the individual or office responsible for each action and when the action is to be completed.

3. Soon after the meetings, send a memo to meeting participants that documents:
   - The specific information requested and the specific actions to be taken
   - The reporting unit and/or individual responsible for each action
   - The due date for providing the information or for taking each action
   - Any prioritization of these activities
   - Any added description of the desired information or action that would clarify the request
   - The name of the staff person within the leader's office who will be monitoring follow-up

4. Set up a process for tracking action items and due dates, such as a tickler file of due dates.

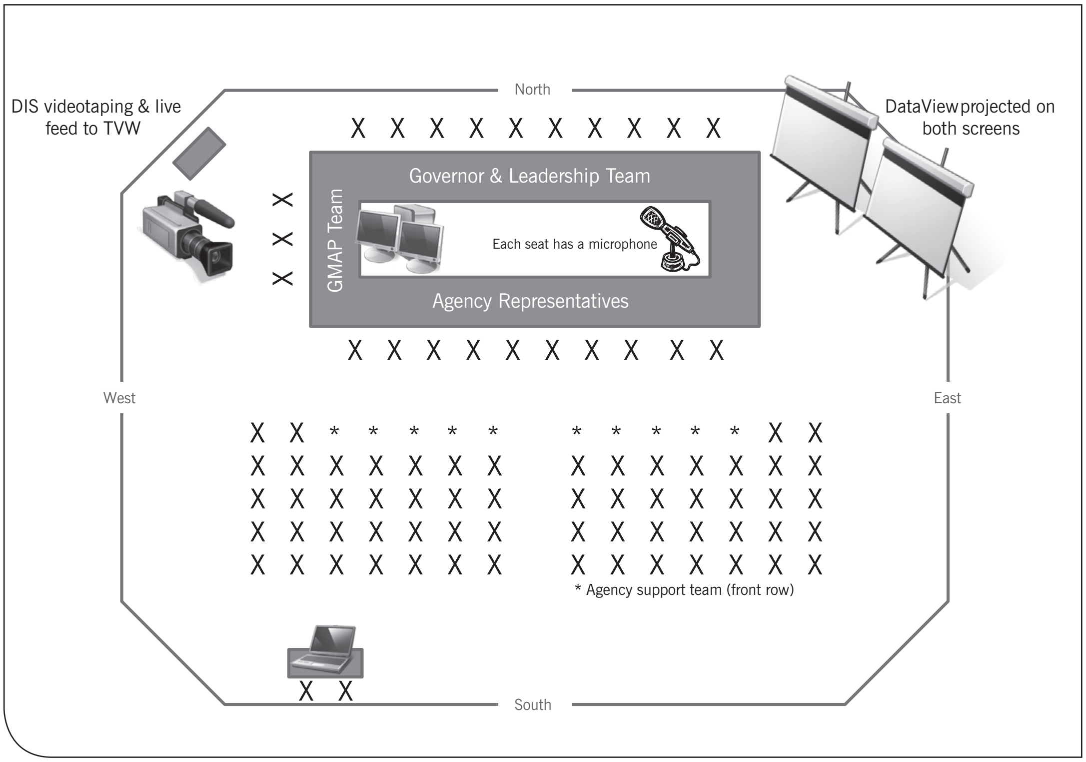
5. Time permitting, actively work with the reporting unit representatives responsible for follow-up, such as by providing help with supplementary analysis, meeting with reporting unit staff, or serving in a consulting role.

6. Send reminders, perhaps one to two weeks in advance of the due dates, to those units or persons responsible for providing the information or for taking the actions. This reminder would not be sent if the request had already been satisfied, if an acceptable request for an extension had been received, if a satisfactory explanation had been provided as to the reason for not providing the information or taking the action, or if the need for the information or action no longer existed.

7. If a response is late or otherwise unsatisfactory, send an official transmission from the leader, or from an appropriate member of the leader's staff, pointing out the missed fulfillment of the request and requesting an explanation.

8. Make sure to include time at the beginning of the next meeting's agenda to review the status of actions called for in prior meetings.

Figure 1: Washington State's GMAP Forum Setup—Columbia Room



Lower-level managers implementing a program performance review process should arrange for a staff member to track the requests and actions identified at each meeting and report on their status.

Sustaining the Process

17. Who needs to support this process?

For the performance review approach to be successful and sustained, buy-in at several levels of the organization is desirable, including:

- **Leaders and their staff** who believe the process is enabling them to better manage their reporting units and improving operations
- **Goal leaders,** in the case of performance reviews being held for agency-level GPRA priority goals
- **Program- and policy-level reporting units** who believe the process benefits their operations
- **Representatives from mission-support functions,** who often hold the permission or the resources to act, such as the budget director, the chief human capital officer, the chief information officer, and the agency's general counsel
- **Analysts and managers of the effort** who believe they have been given adequate support and resources to conduct reviews, analyze data, interpret results, and communicate findings and recommendations to executives and reporting units

18. What did managers recommend to sustain this process?

Managers interviewed for this guide offered a number of suggestions for ways to institutionalize this approach:

- **Always keep the tone of meetings constructive and solution-oriented.** Don't play "gotcha" and surprise agencies at the meetings. The conversation is better when everyone is prepared, and it prevents paralysis from fear of failure. Focus not just on problem identification, but also on best practices and lessons learned.
- **Make sure that data are useful and usable.** Constantly review data to make sure indicators are still relevant and the timeliness of the data is adequate. Encourage reporting units to regularly review performance indicators to make sure that the effort feels new and that reporting units are able to take ownership over the measures and the process. Generating organization-wide buy-in helps ensure continuity and sustainability even when those who have started the performance review process leave. Always ask that explanations and analysis accompany data to avoid misunderstandings and misinterpretations. Having stories moves the conversation past a debate over measurement or methodology (as described in the box, *Becoming a Results-Driven Agency).*
- **Develop templates and standard forms.** These common forms will lend predictability and legitimacy to meetings, make meeting preparation run more efficiently and consistently, and ease the burden on staff.
- **Have a good, enthusiastic team.** Recruit and develop staff with the technical skills to extract and analyze data, interpret results, prepare for meetings, and follow up on tasks; and with the personal skills to communicate to organization leaders, reporting unit leaders, and other analysts in a way that is respectful and productive.
- **Be patient and flexible.** Allow the process to change to match the goals of new leadership and reporting unit heads—the ultimate goal is to make the organization and its units function better. Give those units the chance to contribute to the process and refine indicators as they go. Consider it an opportunity when new administrations want to customize meetings and prep work to fit their goals and be flexible in allowing the process to change. When leadership changes, convey that performance reviews are, among other things, an excellent tool for new leaders to learn what is going on in each of their reporting units. Be prepared for initial resistance, especially framed in terms of resource constraints, and initial problems with technology.
- **Brand and document the effort**. The organization should customize the use of performance reviews and give it a unique name (and even logo). The value of these sessions should be demonstrated by generating written materials and developing an internal and external website that

Becoming a Results-Driven Agency

"One of the goals of the HUDStat initiative is to transform the way HUD uses data. From a management perspective, HUD must be highly focused on the day-to-day performance of its grantees and staff. Regular reporting on the key program inputs, activities, outputs and outcomes for all offices and at all organizational levels of the Department must become the norm if HUD is to achieve its goal of becoming a data-driven agency. From a program perspective, HUD must ensure that it constantly evaluates the medium- and long-term ability of its programs to achieve desired outcomes … from a planning perspective, HUD must continuously look across its programs, and ideally across agencies, to assess the effectiveness of investments at the neighborhood, city/county, and state levels. Doing so will help HUD tailor its programs to complement, rather than compete with or substitute for one another."

Source: *HUD Transformation Initiative Fund, 2010* celebrates accomplishments and keeps stakeholders informed. A good example of marketing a performance review initiative can be seen in the profile of FDA-TRACK in the Appendix.

- **Find supporters within the organization.** Identify champions within the organization that articulate the rationale and merits of the use of performance reviews. Get buy-in from senior managers who are not likely to be replaced after a change in administration and who might be "champions" in the new administration.
- **Get outside support and interest from other organizations and citizens.** One manager noted the benefit of having OMB interested in the process because it "really helps programs see that their work merits the notice of outsiders."
- **Demonstrate added value to reporting units.** Emphasize the ability to solve problems that have been holding back performance; for example, this could be in IT, human capital, or a long-standing regulatory issue that needs to be revised. Support reporting units after follow-up items are assigned by helping with additional analysis or brainstorming. Show reporting units that analysts can provide them with something that they don't already know. Change the conversation from "Get it to me now" to "How can these data improve your business?" Engage in constant dialogue.
- **Demonstrate added value to the organization**. Show how this process adds value to the entire organization and is not just an "exercise" of the current administration. Will the new process tell them something they don't already know? Will it better enable the organization to tell a more convincing story to other federal officials responsible for their budget or for assuring accountability?

Key Insights: A central theme to sustaining the effort is the need to encourage identification of enthusiastic, permanent staff who can speak to the merits of the performance review process, while recognizing the need to allow the new administration to place its own stamp on the process.

Offices that run an organization's performance reviews should prepare a running document that identifies the results of performance review meetings (while recognizing that these meetings are likely to have been only one contributing factor). The results might be in the form of cost savings, improved service quality or outcomes, or both.

19. Does the use of data-driven performance reviews deliver improved services and cost savings?

The bottom line for performance reviews is whether they yield sufficient benefits to warrant the time and effort expended.

Fully convincing evidence is not available, and may never be obtainable, about the effects of these performance reviews in improving results and reducing costs. It is very difficult, if not impossible, to determine unequivocally the extent to which service improvements and cost savings have resulted from the process. This limitation applies to most major process changes, not just to the introduction of regular, data-driven performance reviews. CompStat in New York City has been by far the most studied performance review initiative. The initiative has been credited with having made a substantial contribution to reducing crime in New York City, though its contribution has been questioned by some analysts.

Probably the best available indication of whether these processes have been successful is the extent to which the program is sustained. New York's and Baltimore's programs are still around after many years and have survived changeovers in top officials. More studies of the use of regular performance reviews at the federal, state, and local levels are needed in order to determine whether improved performance and results can be attributed, at least in part, to the use of rigorous, regular, data-driven performance review initiatives. As suggested above, if individual performance reviews tracked the results of the changes requested during the meetings, this could provide a good basis for estimating the value of ongoing or new future performance review initiatives.

Some of the major benefits from the use of performance reviews are likely to be intangibles. For example, individuals in the FDA-TRACK process noted that: "These briefings provide each FDA program office the opportunity to discuss performance accomplishments and address root cause issues that may hinder performance targets. Each briefing is attended by the organization's senior leaders so that issues and potential solutions can be addressed immediately. FDA-TRACK has enabled our agency to better recognize, respond and resolve performance shortfalls in a timely manner. "

> **Key Insights:** A more thorough examination of the performance review approach is desirable to identify its impact on organizational performance. On a strictly "logic model" basis, regular reviews of recent federal government services performance make sense, particularly if they can identify improvement opportunities without requiring significant added budget.
>
> The considerable fiscal crisis in the United States means major budget problems for federal agencies will continue over the next several years. It is likely that a major focus in the future will be to contain and reduce costs. Performance review meetings will devote increasing attention to this issue. *A major role performance reviews can play is to continually raise the issue of what will be the effects on service quality and service outcomes of specific reductions or other changes.* Federal agencies and their programs will have to make many difficult choices. Institutionalized performance reviews will likely provide significant input into those choices.

Case Studies of Data-Driven Performance Reviews

Food and Drug Administration's FDA-TRACK

Photo courtesy of Michael Messinger

FDA-TRACK is an agency-wide program performance management system that monitors all 116 FDA program offices through key performance indicators. These measures are developed by the program offices across the FDA and reported on a monthly basis. Each quarter, monthly performance data are analyzed and senior managers present findings to FDA senior leadership.

History

- **Spring 2009**: Concept design
- **Summer 2009**: Centers and officers develop performance indicators
- **Fall 2009**: Piloted with 16 program offices
- **Spring 2010**: Launched agency-wide

FDA-TRACK (Transparency, Results, Accountability, Credibility, and Knowledge-sharing) was implemented through a phased rollout approach, starting with a pilot program consisting of 16 program offices. As it was rolled out across the agency, each program office worked with the Office of Planning to develop meaningful and substantive indicators as well as significant key office projects. Planners opted for this iterative process because of a desire to just get going and not spend a lot of time planning or waiting for the "right data." Some center directors were enthusiastic while others were skeptical. Some offices initially saw the effort as intruding into their business, so it became important to demonstrate value added. Other offices were enthusiastic from the start and saw the process as a way to showcase their work to senior leadership, who otherwise would have little interaction with the office.

About 20 FDA-TRACK briefings are conducted each quarter to analyze, report, and discuss monthly performance data and results. These briefings provide each FDA program office the opportunity to discuss performance accomplishments and address root cause issues that may hinder performance targets. Each briefing is attended by the agency's senior leaders so that issues and potential solutions can be addressed immediately.

Logistics

- **Structure:** By center and cross-cutting issue. Planners decided to make the unit of accountability at the office level (116 in the FDA). There are nine distinct product centers at FDA.
- **Location:** Dedicated and "FDA-TRACK"-branded room equipped with audio-visual capabilities and speaker's podium. The room was specially designed for this purpose. Although it is used for other meetings, it is clearly branded with FDA-TRACK signage. Podium formalizes the process and encourages accountability.
- **Staffing:** Five FTE (10 staff with 50% of time dedicated to this work) in the Office of Planning.
- **Timing:** Two hours, four times per year; approximately 18 meetings spread out over each quarter and focused on performance period of last quarter; i.e., 72 meetings per year. Planners decided to meet quarterly because this timeframe is most in line with the speed of federal government. Data are collected monthly, but the meetings only occur once a quarter. The 18 briefings include center briefings (10) and special theme briefings (8).
- **Attendance:** By invitation; not open to individuals outside of FDA. About 30 participants per meeting, including: principal deputy commissioner; associate commissioner for policy and planning; program managers; center leadership; office directors, FDA attorneys; staff from the planning office; IT; public affairs; and internal customers. Individuals from field offices are either physically present at the table or participate virtually. Individuals from other offices who use services provided by the reporting officer are invited as "internal customers" to comment on validity of claims and to help interpret the data.
- **Data:** Over time, the agency focused more on outcomes. The FDA also developed a data dictionary to ensure that everyone knew what was being measured and why. Performance measurement went from an annual submission cohort to a monthly decision cohort. Prior to implementation, offices reported on their performance six to eight months after something had happened. The new system moved to a monthly basis. Monthly performance data are now collected on:
    - *Common Indicators:* Agency-wide indicators that are applicable to each of the program offices and may focus on the agency's most recent priorities.
    - *Key Center Director Indicators:* Center-specific indicators that are applicable to each Center and are central to the Center's priorities and strategic goals.
    - *Program Indicators:* Program office-specific indicators that are applicable to the office and reflect work important to the public and FDA's mission.
    - *Key Projects:* Program office-specific projects that are applicable to the office and important to the mission and objectives of the office. Performance for key projects is measured through achievement of the established milestones within its project plan.

Meeting Preparation

- One month before meeting: Center or office reminded that they will need to submit data.
- Two weeks before meeting: Each center and program office submits data for the previous quarter (e.g., if the meeting is scheduled for May, data would be submitted for the first quarter, January–March).
- Office of Planning staff dedicated to each center review the data for quality and accuracy and then conduct a series of analyses, with an eye first toward whether action items were completed and then examining the data for key trends or anomalies. Planning staff issues a memo documenting the results of their analysis and list of key questions. This memo is sent to centers and offices to let them know what to expect. Many offices and centers will have their own internal TRACK meetings to prepare for the larger meeting. The Office of Planning holds a prep meeting with Center staff to prepare for meeting.
- The Office of Planning generates a dashboard and a briefing memo (15-20 pages) that identifies trends and action items from the last meeting. The office also generates a list of "Top Action Items"—a quick summary of highlights from the briefing memo.
- The Office of Planning meets with the executive team to brief them on the upcoming meeting.
- Other offices or stakeholders are invited to observe proceedings.

Meeting Content

Agenda

1. Discuss data and memos
2. Identify problems
3. Determine required follow-up

Meeting Follow-up

- After the meeting, the team produces a follow-up action memo, with a note of whether the item was initiated by senior leadership or the agency.
- Updated performance indicators and results are posted to the FDA website approximately 30 days after each briefing. The website is one of several ways that FDA-TRACK updates members of the public and solicits feedback from key stakeholder groups.
- Office of Planning offers help to the agency, such as supplementary analysis or a version of technical assistance and consulting .
- Office of Planning staff check in with program and centers for follow-up. Issues are identified at the center level but acted on in the offices.

Next Steps

After the departure of the originating principal deputy commissioner, many thought the process would end. As of now it is still in existence. Currently, data are collected in Microsoft Excel and briefs are created in Microsoft Word. Documents are posted individually on an internal website. There had been plans to purchase a data management system that would reduce staff time executing briefings and spend more time advising offices and centers but that has not yet been implemented.

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- Timothy Kiang, Director, Office of Planning, Analysis and Accountability, U.S. Food and Drug Administration.
- http://www.fda.gov/AboutFDA/Transparency/track/default.htm
- Introduction to FDA-TRACK video

Department of Housing and Urban Development's HUDStat

Photo courtesy of HUD

The Department of Housing and Urban Development (HUD) conducts quarterly performance meetings focused on each of its four OMB high priority performance goals. HUDStat staff members (in the Office of Strategic Planning and Management) go through an extensive preparation process before each meeting.

History

- **2009 (June):** Priority goal setting exercise begins
- **2010 (October):** First meeting of HUDStat

Logistics

- **Structure:** Meetings are theme-based, currently on the subjects of rental housing, foreclosures, veterans' homelessness, and energy efficiency—HUD's four OMB high priority performance goals.
- **Location:** Meetings are held in a department conference room with some visual and audio equipment added. Given the size of the room and the presence of some people on a teleconference, each person "at the table" has a microphone. Six flatscreen monitors in the center of the room display the data slides. Seating is assigned but this practice is being reconsidered.
- **Staffing:** The process is staffed by seven FTE in the Office of Strategic Planning and Management (out of a total of 26 FTE in OSPM). Analysts are assigned to each theme and are responsible for working with programs to get data and monitoring action items.
- **Timing:** Meetings are for two hours. Reporting units for each of the four themes meet every four months; some reporting units contribute to multiple themes. Thus, HUD spaces its meetings so that there is one PerformanceStat meeting each month.
- **Attendance:** By invitation only. Thirty participants at the table, including the secretary, regional directors (10), deputy secretary, senior advisors, assistant secretaries, general counsel, and the heads of other support offices, such as the CFO, CIO, and CHCO. All regional directors participate in the meetings. Career program managers and staff from headquarters and the field attend and actively participate. Videoconferencing has been used but is still considered to be problematic. HUD is considering recording meetings, opening up the meetings to the department, and posting session information on the intranet.
- **Data:** HUD's strategic plan identified more than 20 measures associated with high-priority performance goals. Data are available drilled down to the city and county level.

What HUDStat Is and Is Not

IS …

- Review of progress toward goals, understanding where problems exist, and using collective knowledge to address these issues early
- Sharing local successes and best practices in order to replicate what works
- Opportunity to collaborate in order to achieve goals
- Focus on "places" as much as "programs"
- Relentless focus on improving data quality and problem-solving

IS NOT …

- A "show-and-tell" to the HUD Secretary that avoids the issues
- Focus *only* on what is not on track or not working
- Programmatic focused discussion on how each program is doing individually, without looking at how programs interact locally
- A process that is finished after an individual HUDStat session

Source: *www.performance.gov*

Meeting Preparation

Six weeks before the meeting, OSPM analysts begin working with program and field staff to review data and trends. They pay close attention to performance variation across the country and identify areas with exceptional or troubling performance. Once these areas have been identified, OSPM and program staff often conduct a site visit to meet with field staff and discuss the findings, as well as identify barriers to performance and possible solutions for discussion during the HUDStat meeting. Regional administrators participate in the preparation process. OSPM staff work with reporting unit staff to prepare data tables, charts, and other visuals and share them with the reporting unit leadership before the meeting. Some regions hold pre-meeting preparation sessions. OSPM writes a brief memo to the secretary explaining the findings and preparing the secretary for the meeting. OSPM staff routinely meet with reporting units and programs to make sure that the data are being presented accurately and to ensure that there are no surprises when it comes time to meet.

Meeting Content

Agenda

1. Introduction
2. Review of previous meeting's follow-up items
3. Discuss overall findings
4. Discuss specific regions or areas
5. Brainstorm next steps

Meeting Follow-Up

1. Smaller groups may be convened to discuss and prioritize list of next steps developed at the meeting.
2. OSPM summarizes meeting and prepares a list of action items, including who is responsible for the action and the target completion date.

3. A smaller group, consisting of about 15 high-ranking officials (including the secretary and regional administrators) prioritizes those actions. It was formed because the larger group struggled with finding time to prioritize next steps in the actual HUDStat meeting. Prioritization helps determines how much time office staff will spend monitoring progress.
4. OSPM staff monitor progress on action items.

Next Steps

HUD is developing a HUDStat business intelligence system, designed as a tool for managers and staff at headquarters and in the field to track progress on key performance goals. There are currently no interfaces with other systems; data are manually extracted from the program system by program staff and e-mailed to database administrators for loading into HUDStat. One of the goals of this initiative is to transform the way HUD uses data. From a management perspective, HUD must be highly focused on the day-to-day performance of its grantees and staff. Regular reporting on the key program inputs, activities, outputs, and outcomes for all offices and at all organizational levels of the department are intended to become the norm if HUD is to achieve its goal of becoming a data-driven agency. The department hopes that the new business intelligence system will give program and field leadership the ability to calculate and monitor their own statistics.

Sources

- Director, Office of Strategic Planning and Management, Department of Housing and Urban Development.
- HUDStat Privacy Impact Statement, 5/27/2010.
- HUD Transformation Initiative Fund, “2011 Summary Statement and Initiatives,” HUD FY 2011 Budget Request.

Department of Veterans Affairs' Monthly Performance Reviews

Photo courtesy of Department of Veterans Affairs

The Department of Veterans Affairs conducts Monthly Performance Review (MPR) meetings that monitor program metrics such as performance indicators, financial indices, workload trends, and the status of major IT and capital improvements. Meetings are chaired by VA's deputy secretary. The General Administration offices, as well as other parts of VA, present performance information to the deputy under-secretary (presiding), and the deputy secretary in turn discusses outcomes of the monthly performance review with the secretary. The current format of the VA Monthly Performance Review has survived two political leadership transitions.

History

- **Mid-1990s**: Development of new data systems, focus of VA shifts to holding units accountable by standardizing performance indicators
- **2001**: MPR process began with 3–4 page data summaries and each administration or office had its own dashboard. Meetings were chaired by deputy secretary.
- **2010**: The new deputy secretary modified the MPR process to bring in a "balanced scorecard" approach, adding more focus on client satisfaction and internal management effectiveness to complement the financial indicators and service delivery output and outcome measures. The meetings also became more inclusive and issues the deputy secretary planned to raise during the meeting were provided in advance to meeting participants so there would be no surprises.

Logistics

- **Structure:** All administrations attend the same meeting.
- **Location:** Meetings are held in secretary's conference room, with assigned seating at a large conference table outfitted with audio-visual equipment.
- **Staffing:** Eight individuals from the Office of Performance Management; one full-time, the other 1/3 time. Other staff work on performance.gov and related initiatives.
- **Timing:** Two hours once per month

- **Attendance:** Mandatory. Only internal staff. About 60 persons. Meeting includes organizational principals or deputies, administrative CFOs, principals. Limited involvement by regions or networks. Meetings are generally focused at the corporate level. The current deputy secretary encourages others to attend and wants more people to come who are charged with assignments. Sometimes representatives from OMB have attended. Meetings occasionally are opened up to other agencies, but are arranged in advance. The GPRA Modernization Act will push for cross-pollination between departments, and the Performance Improvement Council (PIC) is looking at how to exchange information among agencies
- **Data:** Every office submits budget (planned versus actual), staffing, workload, outcome indicators (access, timeliness, quality) and status of key initiatives. Trend lines are prepared for key indicators plus comparisons of most recent year's data to past year's values for each month. The 340 performance metrics are aligned to strategic goals with performance indicators grouped into four categories-—financial, operation (outputs, internal processes, milestones, workload, and timeliness of service to veterans, etc.) people (such as staff training), and client satisfaction. The data are also organized by office or administration. Traffic light colors are used to indicate status for key indicators.

Meeting Preparation

1. Administrations and offices enter data into common template
2. The Office of Budget and Performance Management reviews submissions to identify key issues and questions and puts all information (including drill-down questions) into binder.
3. Office of Budget and Performance Management prepares memo for deputy secretary outlining new materials in binder and major issues.
4. Deputy secretary reviews memo and binder 1–6 days before meeting and provides additional feedback.
5. Together with staff, about one week before the MPR meeting, the deputy secretary reviews input and develops drill-down questions that are distributed to the attendees prior to the meeting. These questions are focused on data trends that warrant explanation to be provided during the MPR discussions.
6. Binders with additions are posted to SharePoint site.

During this time, planning staff work informally with each point of contact in each organization/administration.

Meeting Content

While the staff members suggest what should be highlighted in each meeting, the deputy secretary ultimately determines the agenda. The monthly performance reviews generally include a review of key workload indicators such as the number of veteran patients and the number of disability claims received. The focus is on data and includes a review of actual performance compared against both the previous year, as well as against plan. All quadrants of the balanced scorecard are discussed to some degree.

Agenda

1. Review action items and outstanding issues from last meeting.
2. Deputy secretary asks questions and guides conversation.
3. The four balanced scorecard categories are used to guide meeting discussions.

Meeting Follow-Up

The Office of Performance Management prepares and circulates a follow-up memo one to four days after the meeting. The deputy secretary is provided with problem statements and a menu of actions and options. A standard template allows administrators to provide updates on tasks.

Next Steps

Maintain progress. This process was developed in the early 2000s to hold managers accountable for program cost, schedule, and performance results. Agency leaders credit the monthly performance reviews with improved customer service because it has enabled managers to focus attention on data and results in key programs such as processing times for disability claims.

Sources

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- "Performance Reviews that Work," Center for American Progress, John Griffith and Gadi Dechter, February 2011, Washington, DC. http://www.americanprogress.org/issues/2011/02/reviews_that_work.html
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Acknowledgments

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- Interviews with officials in four federal agencies that have had recent experience with a regular data-driven regular performance review (such as "PerformanceStat"), including:
  - Peter Grace, Director, Office of Strategic Planning and Management, Department of Housing and Urban Development (HUD)
  - Daniel Tucker, Deputy Assistant Secretary for Budget and Performance Improvement Officer, Department of Veterans Affairs (VA)
  - Dr. Josh Sharfstein, former Principal Deputy Commissioner, Food & Drug Administration (FDA); currently Secretary of the Maryland Department of Health and Mental Hygiene
  - Timothy Kiang, Director, Office of Planning, Food & Drug Administration (FDA)
  - Kathy Sedlak O'Brien, Director of Planning, Analysis and Accountability (OPAA); Rita Smith (OPAA); and Will Anderson (OPAA), Environmental Protection Agency (EPA)
- Interviews with Wendy Korthuis-Smith and Karen Sampson, State of Washington's GMAP program; and, in prior work, interviews with managers of local PerformanceStat processes.
- Interview with Robert D. Behn, John F. Kennedy School of Government, Harvard University, a major scholar in the field and originator of the term "PerformanceStat" to refer to this particular process.
- Review of the growing literature on PerformanceStat efforts (see selected bibliography). In particular, we have drawn from the Center for American Progress's report "Performance Reviews That Work" (Griffith & Dechter, 2011) for supplementary information on the PerformanceStat processes of NASA, FAA, and IRS.

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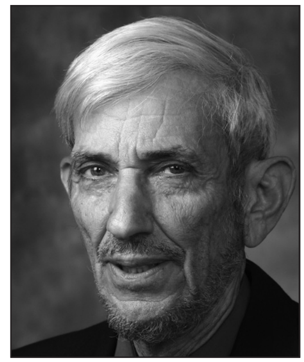

Harry P. Hatry is a Distinguished Fellow and Director of the Public Management Program for the Urban Institute. He has worked on public sector issues in performance measurement, performance management, and employee/contractor motivation and incentives for many years. He has been a participant in many of the efforts to bring a results focus into local, state, and federal governments and into the nonprofit organization sector. In addition to working with a number of federal agencies, he has contributed to such state and local efforts as International City/County Management Association's comparative performance measurement effort; Governmental Accounting Standards Board's Service Efforts and Accomplishments efforts; United Way of America's work to bring outcome measurement into the nonprofit sector; and has worked with the National Conference of State Legislatures and National League of Cities to encourage elected officials to seek and use outcome information in their work ("Legislating-for-Results").

He is a fellow of the National Academy of Public Administration and was a member of the U.S. Office of Management and Budget's (OMB) Performance Measurement Advisory Committee and the U.S. Department of Education's Evaluation Review Panel. He received the 1985 Elmer B. Staats Award for Excellence in Program Evaluation and the 1984 American Society for Public Administration Award as the "Outstanding Contributor to the Literature of Management Science and Policy Science." In 1993 he was a recipient of a National Public Service Award, presented jointly by the National Academy of Public Administration and the American Society for Public Administration. In 1996, he received the "Evaluator of the Year" award from the Washington Evaluators Association. In 1999 the Center for Accountability and Performance of the American Society of Public Administration presented him with a lifetime achievement award for his work in performance measurement and established the "Harry Hatry Award for Distinguished Practice in Performance Measurement."

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Ms. Davies' published work includes an evaluation of the OJJDP's Gang Reduction Program *(Community Collaboratives for Addressing Youth Gangs: Interim Findings from the Gang Reduction Program,* Cahill et al. 2008); a literature review and special report on the impact of parental incarceration on children *(Broken Bonds: Understanding and Addressing the Needs of Children with Incarcerated Parents,* La Vigne et al 2008; *Understanding the Needs and Experiences of Children of Incarcerated Parents: Views from Mentors,* Davies et al 2008); a guidebook on inmate transition planning for criminal justice practitioners *(Release Planning for Successful Reentry: A Guide for Corrections, Service Providers, and Community Groups,* La Vigne et al 2008) and an article exploring the ecology of obesity *(Environment, Design, and Obesity: Opportunities for Interdisciplinary Collaborative Research,* Wells et al 2007). She has also produced several briefs, special reports, and other documents for the Multnomah County government.

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