



Second
Edition

Managing and Measuring Performance in Public and Nonprofit Organizations

An Integrated Approach

Theodore H. Poister Maria P. Aristigueta Jeremy L. Hall



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Table of Contents

[Title page](#)

[Copyright page](#)

[Dedication](#)

[Preface](#)

[Acknowledgments](#)

[PART ONE: Introduction to Performance Measurement](#)

[CHAPTER ONE: Introduction to Performance Measurement and Management](#)

[Public Management, Performance Management, and Accountability](#)

[Benefits of Performance Management](#)

[Challenges of Performance Management](#)

[Distinguishing Performance Management from Its Cousins](#)

[Outline of the Book](#)

[References](#)

[CHAPTER TWO: Developing Effective Performance Management Systems](#)

[The Design and Implementation Process](#)

[A Flexible Process](#)

[References](#)

[PART TWO: Methodological Elements of Performance Measurement](#)

[CHAPTER THREE: Developing a Performance Framework: Program Logic Models and Performance Measures](#)

[Program Logic](#)

[Diverse Logic Models](#)

[Performance Measures](#)

[Integrated Sets of Performance Measures](#)

[Developing Logic Models](#)

[References](#)

[CHAPTER FOUR: Targeting Results: Clarifying Goals and Objectives](#)

[Mission, Goals, and Objectives](#)

[“SMART” Objectives](#)

[Service Standards](#)

[Programmatic versus Managerial Goals and Objectives](#)

[Public and Nonprofit Goal Structures](#)

[Goals, Objectives, and Measures](#)

[References](#)

[CHAPTER FIVE: Defining Performance Indicators](#)

[Operational Indicators](#)

[Sources](#)

[Validity and Reliability](#)

[Common Measurement Problems](#)

[Selecting Indicators: Other Criteria for Performance Measures](#)

[References](#)

[CHAPTER SIX: Reporting Performance Data](#)

[Performance Data and Their Audience](#)

[Reporting Formats](#)

[Conclusion](#)

[CHAPTER SEVEN: Analyzing Performance Information](#)

[Public Transit System Performance](#)

[Effectiveness of a Child Support Enforcement Program](#)

[Conclusion](#)

[References](#)

[PART THREE: Strategic Applications of Performance Management Principles](#)

[CHAPTER EIGHT: Using Performance Measures to Support Strategic Planning and Management](#)

[Strategic Planning and Management](#)

[Virginia Performs: Using Vision to Develop Goals, Objectives, and Measures](#)

[Focus on Outcome Measures: US Department of Transportation](#)

[Balanced Scorecard Models](#)

[Performance Measurement and Strategic Management](#)

[References](#)

[CHAPTER NINE: Performance-Informed Budgeting](#)

[Performance in Public Budgeting: Conceptual Understanding](#)

[Potential Benefits of Performance-Informed Budgeting](#)

[Historical Development and the Current State of Performance-Informed Budgeting](#)

[Current Practice](#)

[Effectiveness](#)

[Guidelines for Implementing Performance-Informed Budgeting](#)

[Conclusion](#)

[References](#)

[CHAPTER TEN: Managing Employees, Programs, and Organizational Units](#)

[Performance Management Systems](#)

[Management by Objectives](#)

[Performance Monitoring Systems](#)

Individual and Programmatic Performance Management

Evidence-Based Practice

Program Evaluation

References

CHAPTER ELEVEN: Performance Management in Grant and Contract Programs

Government Versus Governance: Challenges of the Transition to Third-Party Implementation

Distinguishing Contracts from Grants

Performance Measurement and Management in Grants and Contracts

Problems and Special Considerations Using Performance Management in Grant Programs

References

CHAPTER TWELVE: Improving Quality and Process

Monitoring Productivity for Process Improvement

Quality and Productivity Improvement

Monitoring the Nuts and Bolts

References

CHAPTER THIRTEEN: Soliciting Stakeholder Feedback

Identifying Stakeholders: The Stakeholder Audit

Obtaining Customer Feedback

Analyzing Stakeholder Feedback

E-Government and Stakeholder Involvement

Measuring and Evaluating Stakeholder Engagement

References

CHAPTER FOURTEEN: Using Comparative Measures to Benchmark Performance

Public Sector Benchmarking

Statistical Benchmarking

Problems and Challenges in Benchmarking

Strategies to Improve Comparative Measures

Identifying Best Practices

A Regulatory Benchmarking Example

Prospects for Benchmarking

References

PART FOUR: Design and Implementation of Performance Management Systems

CHAPTER FIFTEEN: Designing and Implementing Effective Management Systems

Managing the Process

Elements of Success

Strategies for Success

List of Tables

[Table 3.1 Illustrations of Outcomes versus Outputs](#)

[Table 3.2 Teen Mother Parenting Education Performance Measures](#)

[Table 3.3 Performance Measures for the Canadian Pension Plan Disability Program Workforce Reintegration Component](#)

[Table 4.1 Goals, Objectives and Performance Measures: US Department of Health and Human Services](#)

[Table 4.2 SMART Objectives with Targets](#)

[Table 4.3 Illustrative Service Standards](#)

[Table 4.4 Service Standards and Management Objectives: Workers Compensation Program](#)

[Table 5.1 Illustrative Indexes for Performance Management](#)

[Table 5.2 Duke Activity Status Index](#)

[Table 5.3 Illustrative Highway Maintenance Performance Measures](#)

[Table 5.4 CPPD Performance Indicators Assessment: Eligibility Determination](#)

[Exhibit 7.1 Transit System Performance Measures](#)

[Table 7.1 RVT Ridership by Quarter](#)

[Table 7.2 River Valley Transit Performance Standards](#)

[Table 7.3 Estimated Variable Cost Recovery per Route, Calendar 2012](#)

[Table 7.4 State Child Enforcement Program Results, First Quarter 2012](#)

[Table 7.5 Selected Performance Measures by Region \(in percentages\)](#)

[Table 8.1 Output Performance Measures and Objectives Used by the Library of Virginia](#)

[Table 8.2 Performance Measures Used by US Department of Transportation to Determine Safety](#)

[Table 8.3 Kenya Red Cross Scorecard](#)

[Table 8.4 Objectives and Measures: Charlotte Department of Transportation](#)

[Table 9.1 Benefits of Performance-Informed Budgeting](#)

[Table 9.2 Performance Measures: Georgia Department of Agriculture Consumer Protection Division](#)

[Table 10.1 Key Characteristics of Pure MBO and Performance Monitoring Systems](#)

[Table 10.2 Performance Achievement Program: City of Phoenix](#)

[Table 10.3 Excerpt from Weekly New York City CompStat Report, March 16, 2014](#)

[Table 10.4 Baltimore CitiStat Report: Parking Management Program](#)

[Table 11.1 Accountability Relationships under Different Delivery Mechanisms](#)

[Table 12.1 Disability Compensation and Patient Expenditures: Fiscal Year 2000 to Fiscal Year 2012](#)

[Table 12.2 Disabled Worker Beneficiary Statistics, August 2012 to October 2013](#)

[Table 12.3 Examples of Process and Organizational Metrics](#)

[Table 12.4 Results of Iowa's Project Improvements](#)

[Table 12.5 Kaizen Event](#)

[Table 13.1 Girl Scout Council Program Outcomes](#)

[Table 14.1 Comparative Police Performance](#)

[Table 14.2 Adjusted Performance Measures: Cost per Mile of Surface Treatment](#)

[Table 14.3 Patient Feedback on How Often Patients Receive Help Quickly from Hospital Staff](#)

[Table 15.1 Implementing Interagency Collaborations](#)

List of Illustrations

[Figure 1.1 The Performance Management Framework](#)

[Figure 1.2 Romzek and Dubnick's Types of Accountability Systems](#)

Source: Romzek and Dubnick (1987, 229).

[Figure 1.3 PART Program Improvement over Time](#)

Note: Parenthetical numbers refer to the total number of programs evaluated during the stated year.

Source: <http://www.whitehouse.gov/sites/default/files/omb/budget/fy2009/pdf/spec.pdf>.

[Figure 1.4 Texas's Strategic Planning, Performance Budgeting, and Performance Monitoring System](#)

Source: <http://www.spartnerships.com/promos/2010lege->

[files/cd_handout/7_Budget%20Cycle%20Diagram.pdf](#), retrieved March 11, 2014.

[Figure 1.5 Results-Oriented Management Tools and the Policy Stages Heuristic](#)

[Figure 1.6 Data Aggregation and Utilization over Time across Management Practices](#)

Source: Hall (2013).

[Figure 2.1 Process for Designing and Implementing Performance Management Systems](#)

[Figure 3.1 Generic Program Logic Model](#)

[Figure 3.2 Crisis Stabilization Logic Model](#)

[Figure 3.3 Vocational Rehabilitation Logic Model](#)

[Figure 3.4 State Highway Program Logic Model](#)

[Figure 3.5 STD Prevention Program Logic Model](#)

[Note: NGO stands for nongovernmental organizations and CBO stands for community-based organizations.](#)

[Figure 3.6 Teen Mother Parenting Logic Model](#)

[Source: United Way of America \(2002\). Used with permission.](#)

[Figure 3.7 Canadian Pension Plan Disability Logic Model](#)

[Figure 4.1 Child Support Enforcement Program Logic Model](#)

[Figure 4.2 State Workers' Compensation Program Logic Model](#)

[Figure 6.1 Ohio DOT Organizational Performance Index Executive Summary](#)

[Figure 6.2 Proportion of Primary or Secondary Syphilis Cases Interviewed within Seven, Fourteen, and Thirty Days Median Proportion for US and Health and Human Services Regions](#)

[Source: US CDC, Division of Sexually Transmitted Disease \(2004\).](#)

[Figure 6.3 Customer Ratings of Driver License Renewal Process, Fiscal Year 2014](#)

[Figure 6.4 MARTA Revenue Passengers, 2002–2011](#)

[Figure 6.5 On-Time and On-Budget Completion of Highway Construction Projects at the Virginia Department of Transportation, Fiscal Year 2002 Results](#)

[Figure 6.6 Example of a Creative Graphical Display: Hospital Patient Feedback](#)

[Figure 6.7 Example of a Pictorial Display: Dashboard](#)

[Figure 6.8 US Patent Office Dashboard \(in progress\)](#)

[Figure 6.9 Municipal Police Department Scorecard](#)

[Figure 6.10 Ratings of Public School Systems and Local Schools, San Francisco Metropolitan Area](#)

[Figure 7.1 Local Transit System Logic Model](#)

[Figure 7.2 RVT Ridership, Fiscal Year 2008–2012](#)

[Source: River Valley Transit. Used with permission.](#)

[Figure 7.3 RVT Ridership by Route, Fiscal Year 2012](#)

[Source: River Valley Transit. Used with permission.](#)

[Figure 7.4 Child Support Enforcement Performance, 2006–2012](#)

[Figure 7.5 Percentage of Cases in Arrears by Unemployment Rate First Quarter, Fiscal Year 2011](#)

[Figure 8.1 The Strategic Management Process](#)

[Source: Poister and Van Slyke \(2002\). Used with permission.](#)

[Figure 8.2 Conventional Iterative Strategic Planning Process](#)

[Figure 8.3 Strategic Management Model](#)

[Source: Poister and Streib \(1999\). Used with permission.](#)

[Figure 8.4 Virginia Performs Framework](#)

[Source: Council on Virginia's Future \(2013a\). http://vaperforms.virginia.gov/extras/about.php.](http://vaperforms.virginia.gov/extras/about.php)
Used with permission.

[Figure 8.5 Virginia Performs Performance Scorecard](#)

[Source: Council on Virginia's Future \(2013a\). Used with permission.](#)

[Figure 8.6 Balanced Scorecard](#)

[Source: Reprinted by permission of *Harvard Business Review*, figure entitled The Balanced Scorecard Links Performance Measures. From “The Balanced Scorecard: Measures That Drive Performance,” by R. S. Kaplan and D. P. Norton, *Harvard Business Review*, Jan./Feb. 1992. Copyright © 1992 by the Harvard Business School Publishing Corporation; all rights reserved. Kaplan and Norton \(1992\), p. 72.](#)

[Figure 8.7 Kenya Red Cross Mission, Vision, and Core Values Overview](#)

[Source: Kenya Red Cross Society \(n.d.\).](#)

[http://balancedscorecard.org/Portals/0/PDF/KenyaRed%20CrossScorecardPoster.pdf.](http://balancedscorecard.org/Portals/0/PDF/KenyaRed%20CrossScorecardPoster.pdf) Used with permission.

[Figure 8.8 Kenya's Red Cross Strategy Map](#)

[Source: Balanced Scorecard Institute \(www.balancedscorecard.org\) and Balanced Scorecard Eastern Africa. Used with permission.](#)

<http://balancedscorecard.org/Portals/0/PDF/KenyaRed%20CrossScorecardPoster.pdf>

[Figure 8.9 City Strategy and Balanced Scorecard: Charlotte, North Carolina](#)

[Source: Used with permission.](#)

[http://charmeck.org/city/charlotte/Budget/development/Documents/City%20strategy%20visual%](http://charmeck.org/city/charlotte/Budget/development/Documents/City%20strategy%20visual%20scorecard.pdf)

[Figure 9.1 State of Nevada Priorities and Performance-Based Budgeting](#)

[Figure 9.2 Performance Budget Excerpt: Nevada Department of Agriculture, 2014–2015 Budget](#)

[Figure 9.3 Texas Department of Public Safety, Fiscal Year 2014–2015 Budget](#)

[Figure 9.4 Virginia Performs: Department of Environmental Quality](#)

[Figure 9.5 City of Livingston 2014 Police Department Performance Budget](#)

[Figure 9.6 City of Albuquerque Office of the City Clerk FY 2014 Budget](#)

[Figure 10.1 Number of Youth Trained in Community Disaster Education Programs](#)

[Figure 10.2 Neighborhood Services Program: City of Phoenix](#)

[Figure 11.1 Federal Grant and Contract Spending Trends, 2000–2011](#)

[Figure 11.2 Program Logic Models from Two Perspectives: Grantee and GRANTOR](#)

[Source: US Centers for Disease Control and Prevention. Used with permission.](#)

[Figure 13.1 Georgia Department of Transportation Stakeholder Map](#)

[Source: Poister, Thomas, and Berryman \(2013\). Used with permission.](#)

[Figure 13.2 Grade.DC.gov: Providing Feedback by Agency](#)

[Source: Government of the District of Columbia. http://grade.dc.gov/page/tell-us-what-you-think](http://grade.dc.gov/page/tell-us-what-you-think)
Used with permission.

[Figure 13.3 GDOT's 360-Degree Assessment Model](#)

[Source: Poister et al. \(2013\). Used with permission.](#)

[Figure 13.4 Survey Results Regarding Selected Process Dimensions](#)

[Source: Poister et al. \(2013\). Used with permission.](#)

[Figure 13.5 Grades for Highway Safety](#)

[Source: Poister et al. \(2013\). Used with permission.](#)

[Figure 13.6 Patient Feedback on Hospital Care](#)

[Source: Centers for Medicare and Medicaid Services \(2013\).](#)

[Figure 13.7 Pennsylvania Department of Transportation Quality-Importance Matrix](#)

[Figure 13.8 Local Public Services in the Atlanta Area Performance: Importance Matrix](#)

[Figure 13.9 Satisfaction with Ride Quality and Roughness by Road Type: Pennsylvania Highway](#)

[Figure 13.10 Expectations and Satisfaction with Traffic Flow and Congestion](#)

[Figure 13.11 Logic Model for Stakeholder Feedback](#)

[Figure 14.1 Child Care Spaces](#)

[Note: LICO children = low-income children](#)

[Source: Toronto, City Manager's Office \(2013, p. 108\). Used with permission.](#)

[Figure 14.2 High School Graduation Rates by Percentage Students Eligible for the Free Lunch Program](#)

[Figure 14.3 Crimes per 1,000 Capita by Percentage of the Population below the Poverty Level](#)

[Source: Urban Institute and International City/County Management Association \(1997\).](#)

[Figure 14.4 Crimes per 1,000 Residents and Estimated Daytime Population](#)

[Source: Figures computed based on data reported in Urban Institute and International City/County Management Association \(1997\).](#)

[Figure 14.5 County Highway Maintenance Cost per Mile of Surface Treatment](#)

[Figure 14.6 Board of Nursing Program Logic Model](#)

[Source: National Council of State Boards of Nursing. Used with permission.](#)

[Figure 14.7 Number of Actions Taken to Remove Nurses from Practice by Total Licensees](#)

[Source: National Council of State Boards of Nursing. Used with permission.](#)

MANAGING AND MEASURING PERFORMANCE IN PUBLIC AND NONPROFIT ORGANIZATIONS

An Integrated Approach

SECOND EDITION

Theodore H. Poister
Maria P. Aristigueta
Jeremy L. Hall

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*To my wonderful granddaughters,
Susannah Grace and Caroline Elizabeth Tusher
Who light up my life and make it all the more worthwhile.—Ted Poister*

*To my husband, Don Coons,
For his unwavering love, patience, and support.—Maria Aristigueta*

*To my niece, Kadence Olivia Dick,
Who brightens each day and always motivates me to perform at my best.—Jeremy L. Hall*

Preface

This is the second edition of *Measuring Performance in Public and Nonprofit Organizations*, a sole-authored book published in 2003. Over the intervening ten years, the emphasis on performance management in government has grown tremendously, and in the eyes of both its champions and its critics, it is clear that public and nonprofit organizations are operating in an era of performance. Performance management systems, which set clear goals and objectives and use systematic performance information to manage more effectively in order to achieve them, are ubiquitous in government at all levels in the United States and many other countries, and the adoption of such systems has proliferated rapidly in the nonprofit sector as well.

If the missions and goals of public and nonprofit organizations are worthwhile—if they indeed add public value to the societies and communities they serve—then performance is of paramount importance. And it is important to understand that high levels of performance do not just occur on their own, and there are many barriers to improving performance in most settings. Numerous stakeholders have a vested interest in performance management, including legislative bodies, other elected officials, chief executive officers, managers and employees, agencies in higher levels of government, customers and constituents, and relevant professional organizations. In the nonprofit sector, boards of directors, administrators, managers, employees, volunteers, customers and clients, advocacy groups, and funding organizations all have a stake in the effective use of performance measures to improve decisions, manage more effectively, and improve performance and accountability.

While the adoption of performance measurement systems has been pervasive in the public and nonprofit sectors, however, they are not always well conceived and constructed, these systems may not be used, and they are often not integrated into management and decision systems effectively. Moreover, the jury is still out regarding the extent to which performance management systems actually make a difference and help contribute to improved program and agency performance. It is not at all surprising, then, that performance management is a dominant topic in the current literature and research in the field of public management as well as in professional graduate education programs preparing students for careers as leaders in the public service.

The purpose of this book is not to promote performance management but rather to help readers understand what performance management systems are and how they function, and to design and implement them effectively. Although the title has been changed from the first edition to emphasize the broader focus on performance *management itself* rather than performance *measurement* as the central element of the process and two coauthors have been added, this book still bears a strong connection to the first edition in terms of approach, orientation, and organization. All chapters have been revised and updated extensively to reflect the substantial evolution and expansion of the field over the past ten years, the current context within which performance management is conducted, and newer approaches and practices aimed at making the enterprise more effective.

The organization of the book is similar to that of the first edition. The two chapters in [part 1](#) introduce the field and provide an overview of the process for developing useful performance management systems. The five chapters in [part 2](#) focus on the methodology of performance measurement in terms of developing performance frameworks, tying measures to goals and objectives, redefining performance measures as operational performance indicators, reporting performance data, and

analyzing performances. The chapters in [part 3](#) discuss the development and application of performance management principles in a variety of decision-making venues, including strategic planning and management, performance-informed budgeting, the management of programs and organizations, quality and process improvement, and comparative performance measurement and benchmarking. In addition, two new chapters have been added to this section, focusing on performance-based contracts and grants management and the stakeholder engagement processes. [Part 4](#) concludes the book with a single summary chapter that discusses the design and implementation of effective performance management systems.

As with the first edition, this book is written with two audiences in mind. Although it is not explicitly designed as a textbook, it works well as a text or supplemental reading for primarily graduate courses in planning, public policy, and program evaluation, in addition to public and nonprofit management that have a performance-based orientation. It is also designed to serve as a resource to provide guidance for managers, professional staff, consultants, and others in designing and implementing effective performance management systems. The response to the first edition over the past ten years seems to indicate that it was useful for both the academic and practitioner communities, and we hope that will be the case with this edition as well.

Acknowledgments

Many people have contributed directly or indirectly to this book by providing opportunities for me to develop performance management systems, allowing access to existing systems, or serving as mentors by sharing with me their knowledge and experiences regarding the design, implementation, and use of performance measures to manage more effectively. These individuals, many of them long-time friends, include the late Thomas D. Larson, former secretary of transportation in Pennsylvania and former administrator of the Federal Highway Administration; the late Richard H. Harris Jr., director of the Center for Performance Excellence in the Pennsylvania Department of Transportation (PennDOT); Joe Robinson Jr., former director of PennDOT's Performance Improvement and Metrics Division; David Margolis, director of the Bureau of Fiscal Management at PennDOT; William E. Nichols Jr., general manager of River Valley Transit (RVT) in Williamsport, Pennsylvania; Kevin Kilpatrick, planning and grants administrator at RVT; James Lyle, former director of business process improvement at the Georgia Department of Administrative Services and executive director of Georgia Public Television; Gerald Gillette, former principal operations analyst in the Office of Child Support Enforcement of the Georgia Department of Human Resources; the late Terry Lathrop, former deputy director of the City of Charlotte, North Carolina, Department of Transportation; the late Patrick Manion, former deputy city manager of Phoenix, Arizona; Stuart Berman, former chief of the Epidemiology and Surveillance Branch, Division of STD Prevention of the US Centers for Disease Control; Earl Mahfuz, former treasurer of the Georgia Department of Transportation (GDOT); Jim Davis, former director of strategic development at GDOT; Amy DeGroff, program evaluation team leader, and Janet Royalty, data manager, at the Division of Cancer Prevention and Control at the Centers for Disease Prevention, and Kristy Joseph, unit manager in the Division of Global Health Protection at the Centers for Disease Control; Joey Ridenour, executive director of the Arizona State Board of Nursing; and Lindsey Erickson, project manager at the National Council of State Boards of Nursing (NCSBN), and all the members of the CORE Committee at NCSBN. I have enjoyed working with all these people and appreciate all I have learned from them regarding performance management.

In addition, numerous students in the master's program in public administration at Georgia State University over the years, as well as participants in numerous professional development programs I have conducted for the Evaluators' Institute in San Francisco, Chicago, Atlanta, Toronto, and Washington, DC, have provided insight regarding problems, challenges, and strategies for success in working with performance measures. I have also enjoyed and benefited from collaborating with good friends John Thomas and David Van Slyke, a colleague and former colleague at Georgia State, respectively, as well as former and current graduate students at Georgia State, including Lauren Edwards, Obed Pasha, Anita Berryman, and Robert Weishan, on a number of performance management–related projects. I wish them all well in their future endeavors in this area.

Finally, I express my sincere appreciation for Maria Aristigueta and Jeremy Hall, who have joined me in writing this second edition. I marvel at their heroic efforts in meeting demanding deadlines, lacking the head start that I had with this project, and, more important, their fresh perspective and differing orientations, exposures, and insights have made many meaningful contributions to this edition. I have enjoyed working with them both, and I look forward to the prospect of further collaboration with them on performance management or related topics in the future.

Ted Poister
Alpharetta, Georgia
August 2013

I am deeply grateful to Ted Poister for the opportunity to collaborate with him on the second edition of this book. He is a wonderful role model for those of us interested in performance and a wealth of knowledge. He is also exemplary in bridging the theory-practice divide so important to the advancement of this field. In addition, Ted Poister and Jeremy Hall are a pleasure to work with.

In the early 1990s, I was fortunate to have Joseph Wholey as a professor and dissertation adviser at the University of Southern California. Because he is a firm believer in the use of performance for program improvement and a leader in the field of performance management, I benefited greatly from the chance to work with him. Like Ted, he saw great value in practice and considered it the laboratory for the field.

I am also indebted to my colleagues and staff at the University of Delaware who provide the environment and encouragement for excellence every step of the way. I am particularly grateful to the graduate students in my performance management course who have participated in case studies and contributed to my knowledge of current practices in the field. I have especially benefited from the assistance from Lorelly Solano, Christopher Kelly, and William Morrett.

Finally, I express gratitude to my family for their patience as I spent many weekends and evenings writing to meet the tight deadlines for this book. I am particularly grateful to my husband, Don Coon, for his unwavering love and support and to whom I dedicate my contributions to this book.

Maria P. Aristigueta
Newark, Delaware
August 2013

I express my sincere gratitude to a number of individuals who shaped my interest in performance management and have facilitated my work along the way. Of particular note, Ed Jennings (University of Kentucky Martin School) helped me to develop my first analytical framework from the performance perspective. I also extend thanks to Merl Hackbart, also at the Martin School, for providing me with a solid foundation in public budgeting; although I may not use it as often as I would like, that background certainly came in handy on this project. I owe a debt of gratitude to my dean, Marc Holzer, for supporting this endeavor and, more important, allowing me the opportunity to carry my interests in performance management into the classroom. I thank Michael Hail for introducing me to the world of grant management in 1998 and working with me to develop those skills over the fifteen years since then. And I thank my family for their enduring support during many long nights and weekends as this project came together. Most of all, I appreciate Ted Poister for being a supportive voice in the field for those of us who study performance issues and for allowing me the opportunity to join him and Maria Aristigueta on this project.

Jeremy L. Hall
Science Hill, Kentucky
August 2013

PART ONE

Introduction to Performance Measurement

Performance management—the process of defining, monitoring, and using objective indicators of the performance of organizations and programs to inform management and decision making on a regular basis—is of vital concern to managers in government and the nonprofit sector. The chapters in part 1 discuss the scope and evolution of performance management in these fields and locate it in the context of results-oriented approaches to management. They also convey the variety of purposes that can be served by measurement systems and a sense of why performance management is so important. A crucial point made in [part 1](#) is that performance measurement systems are usually not stand-alone systems. Rather, they are essential to support and strengthen other management and decision-making processes, such as planning, budgeting, the management of organizations and employees, program management, process improvement, grants and contract management, and comparative benchmarking. Thus, it is imperative for system designers to clarify a system's intended uses at the outset and to tailor the system to serve those needs. These chapters also discuss the limitations of performance management systems, as well as the challenges and difficulties inherent in developing them, and they present a holistic process for designing and implementing effective performance measurement systems.

CHAPTER ONE

Introduction to Performance Measurement and Management

Performance management focuses organizations on results through the use of performance information in various decision-making venues. The practice of performance management had its origin in the early twentieth century, and through sporadic and varied implementation efforts, it has appeared in numerous permutations in a variety of settings at the municipal, state, and national levels. In spite of this lengthy history, it has been only since the 1980s that performance management has evolved into a burgeoning field of practice that permeates public and nonprofit administration at all levels and locations around the globe. It has been said that performance is pervasive (Radin, 2006), and that is a fair assessment. This book sets out to provide a clear understanding of the concept and practice of performance management in modern governance, which incorporates the current reality that public goods and services are provided by public, nonprofit, and private organizations and various combinations of these.

The scope of performance management is wide. It has become a central part of governance and decision making at all levels of government—domestic and international—and has begun to permeate nonprofit practice as well. Carolyn Heinrich (2007) refers to the rise of performance management as follows: “The rise of the development of performance management systems and practices has been nothing short of meteoric; both nationally and locally, performance management is now a goal or function of most governmental and nongovernmental organizations, and in many countries, legislative and cabinet-level entities have been created to support it” (256).

To extend our understanding, we first situate performance management within the broader field of public management, the implementation side of the public policy process. It is carried out by public servants in local, state, and federal governments in the United States and other governments around the globe. Public management encompasses the work of the bureaucracy, and as such it has increased in size and scope over time. The Progressive movement of the 1920s heralded an era of professional government based on rational principles. One manifestation of that shift was the development of the federal civil service system. The social, economic, and environmental policy programs of the 1960s expanded the scope of public management again. Now government has given way to the broader concept of governance, which takes into account the fact that public goods and services are increasingly delivered by third parties, including private sector firms, other levels of government, and nonprofit organizations (Frederickson & Frederickson, 2006).

Throughout these periods, there have been numerous reform efforts grounded in rationality—attempting to make government decisions and administration less political, and less subjective, through the use of objective decision strategies. Deborah Stone (1997) referred to this as the government rationality movement. But each rationality-based approach could also be viewed as reform oriented, intended to better hold bureaucrats accountable. Program evaluation, zero-based budgeting, strategic planning, and, of course, performance measurement all offer examples of such rationality-oriented reform strategies, though this is only a partial list. As Dubnick and Frederickson (2011) observed, there has been undue emphasis on implementing new reform strategies without sufficient attention to their potential problems. Romzek (2000) tells us that new reform strategies always introduce new accountability requirements that are added to, rather than replace, the old ones. Moynihan (2008) reflects on the relative ease associated with adopting performance measurement symbolically without

the substantive commitment necessary to bring about the expected results. Adding a new layer of accountability expectations on top of existing systems without consideration for the integration of the new systems with the old creates myriad complex and confusing accountability expectations for those charged with implementing them. As one such reform strategy, performance measurement has at times fallen victim to the same pressures as other reform efforts.

In recent years, we have begun to develop a better understanding of what is necessary for performance measurement to generate the results it has promised. We distinguish between performance measurement and performance management in the literature and in practice. *Performance measurement* refers to the collection of data on key performance indicators; it is a relatively simple exercise, though practice has shown it to be difficult for governments with low technical capacity and stakeholder support (Berman & Wang, 2000) and difficult to implement under conditions of goal multiplicity or confusion (Koppell, 2005). *Performance management* refers to a strategic daily use of performance information by managers to correct problems before they manifest in performance deficiencies. Moynihan (2008), in a seminal investigation into performance measurement efforts at the state level, introduced the *performance management doctrine*, which offers three salient indicators of the sophistication of a performance measurement effort that characterize a shift from simple performance measurement to performance management: movement away from output measures toward outcome measures, the use of performance information in decision making, and the devolution of discretion to street level managers in exchange for responsibility for agency performance.

The challenge of performance management is thus to demonstrate outcomes resulting from the resources that the program, agency, or organization has consumed to appropriate managers, stakeholders, clients, and citizens. Performance management also strives to improve performance over time by using performance information to identify and correct deficiencies in the production process. The exact users of performance information vary from setting to setting, and so will their information needs, as we will see throughout the book. This implies that performance management systems need to be custom designed according to the purposes they serve. Over time, performance measurement has become further integrated into decision making, with data collected at various points suited to providing meaningful reports to support these purposes at the appropriate times. Poister (2010) advocates for three overlapping transitions: from strategic planning to strategic management, from performance measurement to performance management, and from using such tools independently toward better integration of strategic management and performance management.

As we explore the mechanics of performance management in detail, a number of questions from public management practice and research help to structure our understanding of performance management:

- How does performance management fit within understood accountability frameworks?
- How extensively has performance management been implemented at various levels of government?
- What factors explain when and where performance management is adopted?
- Under what conditions is performance management effective?
- What is the relationship between capacity and performance, and what forms of organizational capacity are necessary to implement performance management effectively?
- What special conditions affect the use of performance management in networked or intergovernmental settings where authority is shared and goal ambiguity exists?

And, of course, the most important question in this field of study is this:

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- Does performance management actually improve performance?

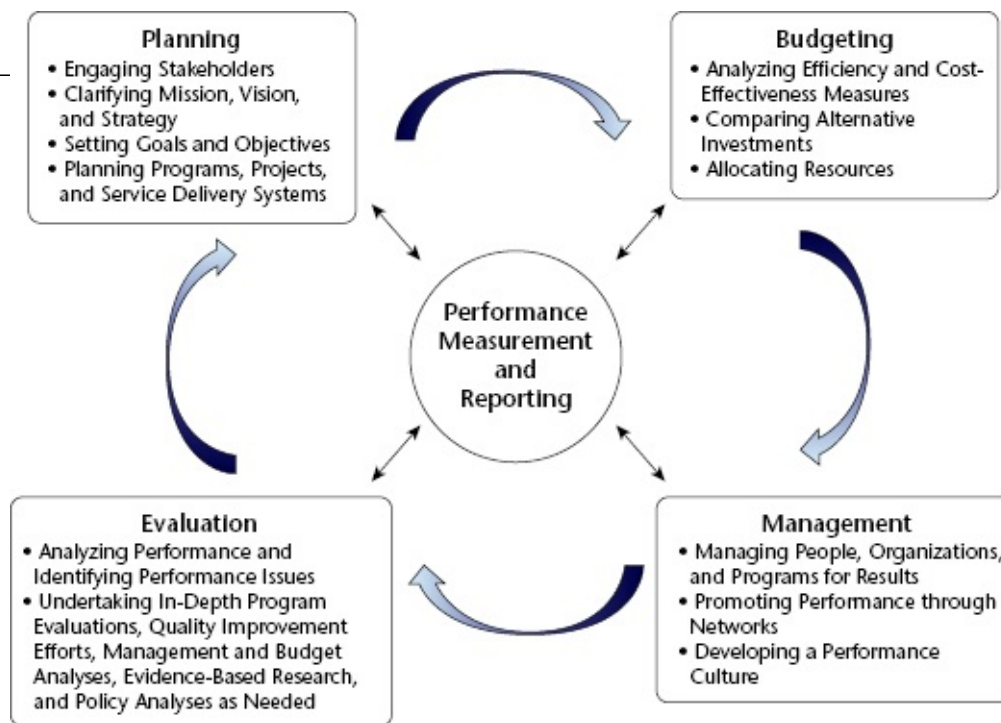
Public Management, Performance Management, and Accountability

This chapter introduces the concept of performance management and situates it within the broader field of public management. In the balance of this chapter, we review the history of the development of performance management from its origins to the present. We discuss the current state of performance management in both government and nonprofit sectors and the characteristics that have come to be associated with effective performance management in those settings. We explore the limitations of performance management; present a brief assessment of the major questions that currently motivate research in the field; and conclude the chapter with a quick synopsis of the significant applications of performance management in practice, such as budgeting and grant and contract management.

Performance Measurement and Performance Management Defined

Performance measurement has been defined by several notable scholars. Hatry (2006) considers performance measurement to consist of “regular measurement of the results (outcomes) and efficiency of services or programs” (2006, 3). Poister defined it as the “process of defining, monitoring, and using objective indicators of the performance of organizations and programs on a regular basis” (2008, 1). We adopt the following definition of performance measurement in this book: *performance measurement is the systematic, orderly collection of quantitative data along a set of key indicators of organizational (or program) performance.* The advancement to performance management requires expanding our definition to the following: *performance management is the collection and purposive use of quantitative performance information to support management decisions that advance the accomplishment of organizational (or program) strategic goals.*

The performance management framework organizes institutional thinking strategically toward key performance goals and strives to orient decision making toward greater use of performance information to stimulate improvement. This is an ongoing cycle of key organizational management processes, all of which interact in meaningful ways with performance measurement. Our conceptual framework is based on ongoing interplay among performance measurement and reporting, strategic planning and other types of planning, budgeting, ongoing management, and performance measurement and reporting, as shown in [figure 1.1](#).



[Figure 1.1](#) The Performance Management Framework

Performance measurement and reporting is the central element in the performance management model and is the unique feature that defines it as a performance-based approach to managing. Key sets of measures of agency and program performance are observed at periodic intervals and reported to appropriate managers or other decision makers in order to inform the planning, budgeting, management, and evaluation functions from a performance perspective. In addition, these other functions influence the performance measurement process, and thus the linkages between performance measurement and these other functions are all bidirectional.

At a strategic level, planning engages and solicits feedback from stakeholders, clarifies an agency's mission and vision, establishes strategic goals and objectives, and develops strategic initiatives. Within the framework of strategy that is developed, or even in its absence, other efforts develop plans for programs, projects, service delivery systems, and organizational processes. In a performance management framework, all of these planning activities are informed by data produced by ongoing performance measurement processes that provide information regarding current performance trends and current levels. In turn, the planning activities often identify performance measures needed to monitor goal attainment and the kinds of results that plans are designed to produce, and these measures are likely to become part of ongoing performance measurement processes.

Budgeting concerns the allocation of resources to fund programmatic activities and organizational processes. These decisions tend to be based on a mix of policy preferences, idealism, tradition, and political realities, but in a performance management mode, they are also informed, perhaps even influenced, by performance information relating resources to be expended to the results expected to be produced. Thus, performance-oriented budgeting is more likely to take efficiency and cost-effectiveness measures into account in comparing alternative investment packages and allocating resources with an eye toward the amount of products or services to be delivered or the results or outcomes to be produced. Budget decisions along these lines also influence the kinds of indicators that are emphasized in performance measurement systems.

The management component of [figure 1.1](#) focuses on the implementation and management of strategies, programs, projects, services, and new initiatives on an ongoing basis. In a performance

context, this emphasizes managing, motivating, and incentivizing people, organization units, and programs with an eye toward achieving desired results. This approach to management is also more likely to emphasize the development and maintenance of performance-oriented organization cultures and, where appropriate, promote performance orientations and approaches through extended networks on which producing desired results depends. Such management approaches may suggest additional kinds of performance indicators regarding employee productivity, quality, organization climate, or customer service, for example, to be monitored on a regular basis.

Finally, the evaluation component of the model focuses principally on analyzing the performance data being reported, identifying performance issues, and assessing their implications for improving performance. However, at times other types of evaluative effort are required. Sometimes assessments based on the performance data and other information suggest the need to undertake more in-depth evaluative activity, such as formal program evaluations, quality or process improvement studies, management and budget analyses, policy analyses, or evidence-based research. While the information generated by the more routine performance measurement and reporting processes certainly feeds into and informs program evaluations and these other more in-depth evaluative efforts, the latter may well suggest additions to or revisions in the indicators monitored through the ongoing performance measurement process.

Although the performance management model shown in [figure 1.1](#) constitutes a conceptual cycle of activities and decision making, it is not intended to represent steps in a process that follow one another in regular cycles over time. Rather, as a report by the National Performance Management Advisory Commission (2010) points out, the processes included in the model operate on different timelines with planning on a long-term basis (perhaps two to five or more years), budgeting focusing on one or two years, ongoing management operating on a day-to-day basis, and many evaluation efforts undertaken sporadically. And performance measurement and reporting processes typically focus on regular weekly, monthly, quarterly, or annual intervals. Nevertheless, while it can be messy, performance management can be held together by the measurement and reporting function at the center of the model, coupled with a disciplined approach to aligning plans, budgets, management practices, and evaluation activities around common goals and objectives and their accompanying performance measures.

When the adoption of performance measurement and management is substantive and not simply symbolic, the purpose of these practices is rather straightforward. Performance measurement strives to document the level of performance achieved during a specified period of time using measures (and indicators) selected to reflect the purposes of the performance measurement effort. In other words, performance measurement might track inputs, activity levels, outputs, or outcomes; it might use measures of efficiency, effectiveness, equity, cost-effectiveness, or customer satisfaction, for example; and it might be collected to inform internal audiences such as employees or managers or external audiences that include political principals and stakeholder groups. The purpose of performance measurement determines the set of measures and indicators selected, as well as the timing of data collection, the methods of analysis to be used, and the reporting formats and frequencies. Performance management is the strategic use of this performance information in management decision making to maximize key organizational goals through a variety of decision-making areas, including management, budgeting, personnel, contracts, and quality and process improvement. Through informed decisions about common management functions, including staffing and budgeting, for example, performance management allows managers to right the course as deviations are detected that may jeopardize expected performance levels. A good performance management system relies on the collection of valid, reliable, and timely performance information;

direction of that information to appropriate users at appropriate times with appropriate discretion to act; and the use of that information to make changes, minor or major, using the tools at their disposal.

The most common goals of performance measurement and management are to reduce costs (increase efficiency), increase effectiveness (or cost-effectiveness), maintain equity, and deliver high-quality products that are met with high levels of customer satisfaction. At a deeper level, the purposes may include accountability to citizens, justifying increased resources, and political and popular support, among others. Deeper still, the goal may be to remain competitive with benchmark cities, attract residents and businesses, and portray the image of a progressive community with a high quality of life.

The first edition of this book referred primarily to performance measurement, because that was the state of the art at that time. Now the field has evolved into a more sophisticated, more strategic approach to management, making the term *performance management* more applicable. Moynihan (2008) describes what he calls the *performance management doctrine*, which has three primary components that distinguish it from simple performance measurement. Let's begin there: performance measurement is the quantitative tracking of agency or program performance, usually accompanied by a reporting effort to either internal users or to the public. Moynihan (2008) indicates that performance management must evolve from this point of origin by (1) shifting from a focus on outputs—the direct results of agency activities—toward a focus on outcomes—the end result of the agency's actions on its goals; (2) developing a culture where performance information is used to inform agency decision making, not simply collected in a separate process; and (3) devolving decision-making discretion to frontline managers in exchange for responsibility for outcomes. To summarize, performance management refers to the integration of performance information with other management processes, including human resources, budgeting, and general management.

Performance information is useful to determine what an organization has done with the resources it has been given in a particular period of time, linking it closely with the responsiveness dimension of accountability. Over time our ability to measure and track performance has improved and become increasingly sophisticated. We examine the details of these improvements later in the book, but this refers generally to the exercise of metrics that consider outcomes and impacts rather than inputs and outputs, and engage in comparison and analysis against past performance and peers.

While most of the early literature on performance measurement was largely descriptive or conceptual (Altman, 1979; Hatry, 1980; Poister, 1982, 1983), a number of more recent books and articles examine the performance movement in depth. These writers can be generally organized into three groups: the proponents (such as Wholey & Hatry, 1992; Behn, 2003), the pragmatists (such as Moynihan, 2008; Frederickson & Frederickson, 2006), and the skeptics (Radin, 2006, for example). A limited number of studies examine the effectiveness of performance measurement or management efforts on actual performance levels. This more recent literature has mixed findings, as we discuss in [chapter 15](#).

Public Management and Performance Management

Public management refers broadly to the management of public organizations to achieve public purposes. The field of practice and study has shifted over time with prominent changes in public bureaucratic institutions through the establishment of a series of new traditions of public management, including strategic planning, performance management, privatization and contracting, and a stronger focus on market-based approaches. Many of these are components of the new public management movement, though other traditions evolved independently. There has been an increase in professionalization within the civil service, with the result that principal-agent relationships that

reinforce a command-and-control structure are no longer seen as the only factor necessary to understand agency or employee actions.

New Public Management (Hood, 1991) refocused public sector management toward greater efficiency highlighting the use of market-based practices borrowed from private sector management, including contracting out and outsourcing. The result has been an explosion of strategic planning, which brings strong goal orientation, as well as efforts to assess performance and adjust strategy to increase it. The movement calls for greater managerial discretion in exchange for greater responsibility for outcomes. It suggests the use of incentives rather than principal-agent relationships as the mechanism of control.

Bob Behn, in a widely cited *Public Administration Review* article from 1995, raised three “big questions” for public management:

1. How can public managers break the micromanagement cycle—an excess of procedural rules which prevents agencies from producing results, which leads to more procedural rules, which leads to...
2. How can public managers motivate people to work energetically and intelligently toward achieving public purposes? And
3. How can public managers measure the achievements of their agencies in ways that help to increase those achievements? (315)

Each of these questions highlights the role of managers in bringing about improved performance, and the questions collectively suggest that performance is at the core of public management. Performance management, then, is a management approach that we ought to develop with an eye toward reducing unnecessary rules; it offers a prospect for reducing micromanagement. Motivation of individuals working within an organization is a core component of performance management (Behn, 2003). And finally, measuring achievements in order to bring about performance improvement means that we need to measure things that matter, at an appropriate time, and in a way that can be linked directly to actionable management decisions. Within the framework of micromanagement, Behn (1995) identifies a number of more specific management questions, most of which have more than a tangential connection to performance measurement, including trust, governance, entrepreneurship.

Behn (2003) offers another look at performance measurement from the perspective of its many overlapping purposes. He identifies eight specific managerial purposes where performance measurement may play a meaningful role: to evaluate, control, budget, motivate, promote, celebrate, learn, and improve. Behn sees improvement as the central purpose, with the preceding seven serving subordinate roles that are pursued with the overall goal of improving performance.

Whereas Behn (2003) focuses on managerial purposes that performance measurement may serve, Hatry (1999) describes a number of managerial functions that performance information can support in different decision venues: (1) responding to elected officials' and the public's demands for accountability, (2) making budget requests, (3) internal budgeting, (4) triggering in-depth examinations of performance problems and possible corrections, (5) motivating, (6) contracting, (7) evaluating, (8) supporting strategic planning, (9) communicating better with the public to build public trust, and (10) improving (Hatry, 1999). As with Behn (2003), Hatry (1999) emphasizes the role of performance improvement as the principal concern of performance measurement.

Performance management not only supports public management but helps to define and structure it in an era when performance is customarily the foremost goal of public management. By providing managers with information at key decision junctures, strategic choices will result in improvement

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