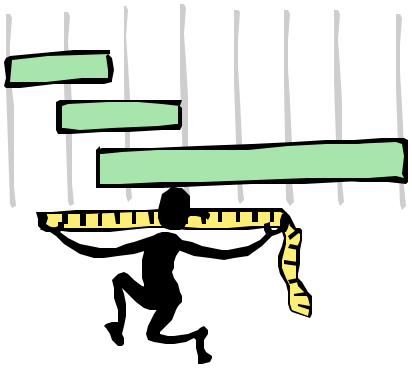
Develop Measures

Purpose: The purpose of developing measures is to provide information on the performance of the organization, and the efficiency and effectiveness of the services being delivered.



Key Concepts:

- Measures should present a balanced view of the Cost, Quality, Cycle Time, and a Customer 's Satisfaction of a service
- All measures collected should be meaningful, useful, and sustainable.
- Measures should be developed with stakeholder input, including both employee's delivering the service and customer's receiving the service.

What is it?

Developing measures is a process for answering the question "How well are we doing?" Performance measures provide a gauge to chart the results of the activities and tasks that we do every day. But not just any measure will do, and measures alone are not very useful. One of the failures of many developing measures before they have had a chance to check to see if they are doing the right thing. Measures can tell you how well you are doing, but it won't tell you if you are performing the right service. The alignment process creates a framework to develop measures by defining what the desired results are and what services are needed to reach those results.

> **"What gets measured gets done! If you don't measure results, you can't tell success from failure"**
>
> **Don Schulz**
> **Streets and Traffic**
> **City of San Jose**

Why Measure Performance?

Measuring performance allows an organization for focus on what is important, and to make sure the activities they undertake day to day are really having the results they want. Measures are a way to align resources with the Departmental Mission and the Purpose of Core Services. Good measures provide feedback, from staff and customers and give us the

information to know if we are succeeding. It also can be a mechanism to recognize and acknowledge performance.

Meaningful, Useful, Sustainable

Most City departments and programs collect measures. Some spend a lot of time collecting a wide range of information on the services they deliver. Often these measures fail to provide a meaningful picture of the results. Many measures currently being gathered are not useful, or are not used to assess the way a service is being provided. They count hours spent, or number of phone calls answered, but never answer the more fundamental question of how well did we do, how much did it cost, did we do it on time, and was the customer happy with the service?

> **"Measures should meet the test; are they Meaningful, are they Useful, and are they Sustainable?"**
>
> **Brooke Myhre**
> **Principal Budget Officer,**
> **City of San Jose**

Many existing measures fail to answer these questions because they don't focus on what the customer cares about or thinks is important. Let's take an example we can all relate to, getting paid. One of the services delivered by almost any organization is payroll. Now there is any number of things you could measure about payroll; data entry, check processing, reconciling bank statements, delivering the paystubs, etc. We could quickly have a spreadsheet filled with measures looking at all of these activities but we would be missing a crucial point of view, that of the customer. While all of these activities are important steps in delivering the service, they are not the results of the service.

The result, for a customer (in this case an employee) is quite simple. The employee wants their compensation - on time, the right amount, in the right account. Most employees have no interest in how much data entry was done, or the nuts and bolts of check processing. Rather, they are interested if they got their check, on time, and the amount was right. The trick is to measure the result, not all the activities it takes to achieve that result.

Balanced Set of Measures

Good measures can provide a balanced picture of the cost, quality, cycle time, and customer satisfaction for service they measure. These four key measurement areas can be broadly applied to almost any service or product delivered to a customer. No one measure alone presents the whole picture, but taken together, and looked at over time, a balanced set of measures can give providers useful information to guide service delivery.

Most performance measures will be expressed as a percentage or a ratio, rather than a raw score or absolute number. The distinction is that of measuring outcome (results) rather than output. The outcome of a service is often best expressed in relative terms, such as % of customers rating the service as good or excellent. This is preferable to only measuring the output, for example, number of customers rating a service as good or excellent. Measuring outcome is especially important as measures are used over time. Output measures such as number of elderly housed become meaningless for comparison if the number of elderly needing housing has grown or shrunk.

Measures:
The good, the bad, and the smelly

When the Department of Streets and Traffic began this process one of their measures for quality of sewer maintenance service was number of miles of sewers cleaned. Crews began concentrating on easily cleaned sewer lines, and ignoring those difficult cases in order to boost up this measure of quality. This measure failed because they hadn't looked at the desired outcome, which was keeping sewers functioning. When they went through the develop measures process and established this as their desired outcome they began to measure how many sewer lines were experiencing a blockage. As a result the crews shifted focus from cleaning clean sewers to preventing cleaning sewer lines prone to blockage and failure.

Key Measurement Areas

Key Measurement Areas (KMAs) are overall focus areas from which performance measures are derived. They tend to be major categories of customer requirements, critical for the organizations success. The City of San Jose has selected Cost, Quality, Cycle Time, and Customer Satisfaction as the four Key Measurement Areas that apply citywide.

Cost

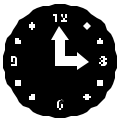
The bottom line of almost everybody's list these days is cost. At its simplest cost is the amount of time, money, and resources expended to produce a definable per unit result. Cost usually includes labor, materials, overhead, facilities and utilities. This measure may also reflect other financial aspects such as revenue, savings, or investments.

> ***Sample Cost Measure:*** $ per acre to maintain street landscape

Quality

Quality is the umbrella term designed to capture the effectiveness of the service. Quality measures examine what the service is trying to achieve and tell us if we are doing the right thing.

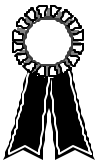
> ***Sample Quality Measure:*** % of street landscape in good or excellent condition. (4 or 5, on a 5 point scale)



Cycle Time

The time from when a customer requests the service to when the service is delivered. This measure should include waiting time, and look at the whole service. Cycle time is usually measured against some standard of response time.

> ***Sample Cycle Time Measure:*** % of street landscape maintenance completed within time standards



Customer Satisfaction

How customers feel about a service they received and the results of that service. It can include a broad range of measures examining customers feelings about timeliness, quality, professionalism of service delivery, and courtesy. This

key measurement area is based entirely on perception, where as the other three are measures of an actual condition. It is important to remember that both are needed to provide a balanced picture.

> ***Sample Customer Satisfaction Measure:*** % of customers rating street landscape service as good or better. (4 or 5, on 5 point scale)

Stakeholder Input

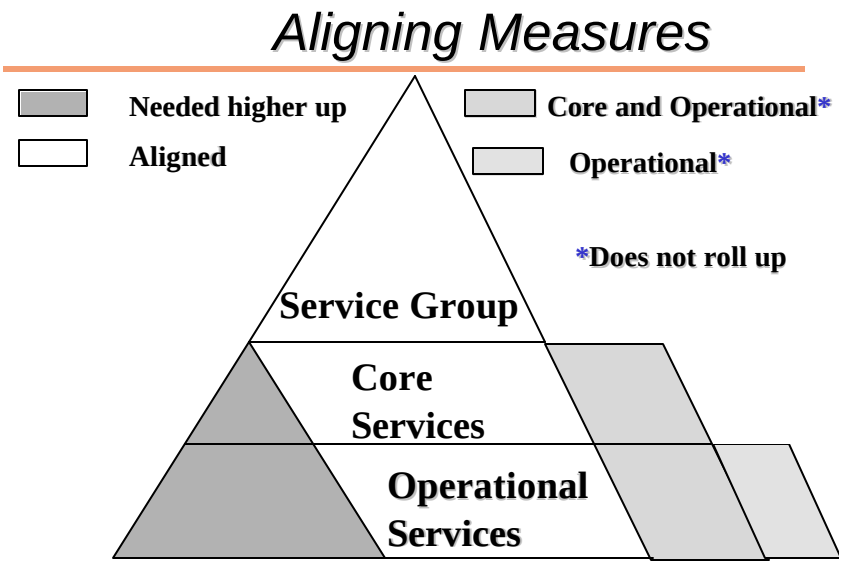
Closely related to the notion of customer satisfaction is the need for stakeholder input in developing measures. It is easy to get caught up in the arcane details of ones specialization that sometimes we don't realize when we have slipped into meaningless jargon. While technical language has its place an purpose, almost all the services we deliver in the city should be able to be understood by an informed residents. The core services should also be services and products that residents value and feel are important. It is important to have both employees and customers involved in designing and refining the measures that are used to track service delivery.

How do we do it?

> **"It's the collective management of core services at the service group level that translates the long-term direction of the organization into improvements in service delivery. It's critical that leaders struggle with the challenge of developing performance measures for the service groups – and that requires strategic thinking."**
>
> Craig Holt
> Managing for Total Performance

Many attempts at measure development failed in the past because they were created from above or created by people who were not directly concerned with service delivery. One of the guiding principles of Investing in Results is that employees should be involved, this is especially important when it comes to developing and using performance measures.

As a general rule of thumb, those people who will be using the measure should be on the team designing the measure. At the Service Group level senior management should develop the measures. At the Core Service level measures are developed by a group of managers and line employees who understand the services being delivered. At the Operational level measures are developed by the team that delivers the service and their managers.



Aligning Measures

The measures at each of the levels should be aligned, with most measures related to the measures above or below them, and in some cases rolling directly up into the next level.

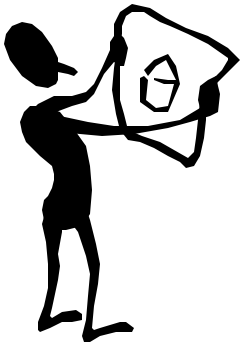
Measure development begins at the Core Service level, moves up to the Service Groups for alignment check and validation and then is cascaded down though operational services. It is important to realize that not all measures developed will direct align through the organization. There will be some measures needed at lower levels but not at higher levels, and visa versa. What is important is that most of the measures be aligned, and that those that aren't are useful for managing service delivery.

CORE SERVICE
PERFORMANCE MEASURE WORKSHOP

Measuring a Sample Core Service – Large Group Activity
Taking a sample core service and work though the development of a balanced set of measures, following the step-by-step process as outlined below and in the guidelines.

Developing Measures – Small Group Activity
Break back up into small groups from previous exercise and have each group define the core service and develop a balanced set of measures for one or more core services.

Purpose Statement



- **Why does this Service Exist?**
- **What are We Trying to Accomplish?**
- **What does the Picture of Success Look Like?**
- **What does it Look Like When it is Awesome?**

1. Review the core service and its definition, refine if needed

2. Write a purpose statement for this service. The purpose statement should answer the question. "What is the picture of successful delivery of this service?" "If you delivered this service to the best of your ability, what would the result look like?"

Another way of getting this is to ask "What happens if you go away, what happens if you stop providing this service tomorrow?"

Sample Purpose Statement:
Core Service - Pavement Maintenance
"Ensure a SMOOTH safe ride on City streets"

3. Examine each of the four Key Measurement Areas, (Cost, Quality, Cycle Time, and Customer Satisfaction) decide if each is relevant to the service, and if there are any areas that need to be

measured that do not fall into the Key Measurement Areas.

4. Develop a measure or measures for each Key Measurement Area, remembering that most good measures have a numerator and a denominator, and that the unit of analysis (what is being measured, often the denominator) should relate to the desired result of the service.
5. Record each of the measures and review to see if they meet the meaningful, useful, sustainable test.

During this and other small group activities, each group will be assigned a coach. The coach will not lead or actively facilitate the session, but will act as a resource to help the group think through the exercises.

Good Measures have a…

- ✓ **Numerator and a Denominator**
- ✓ **Consistent Unit of Analysis that is related to the Result of the service**
- ✓ **Methodology for data collection**
- ✓ **Clear common sense meaning**

Customer Feedback – Large Group Activity

Each group reports back their measures to the larger group for discussion and customer feedback.

Measure Refinement – Small Group Activity

With the feedback from the larger group, return to smaller working groups to refine measures and develop the methodology including definition, data, data source, and a demonstration of the use of that information.

Share Out – Large Group

Have each group present their strongest core service, and the methodology for the strongest measure.

1. Checking and Refining Performance Measures.

Use the following methods to check the performance measures. It is very useful to have others sitting in on this process who do not know the specific core service well. The outsider can help clarify information and will often perform the function of asking obvious but difficult questions.

- Take each one and ask, "Is this PM meaningful? Does the PM actually describe information in a way that helps to understand the service performance to internal and external stakeholders?"

- Ask, "Is this PM useful? Does the PM actually describe information in a way that facilitates decision making about managing the service? Who will use this information? How? What decisions will this data drive?"

- Ask, "Is this PM sustainable? Is the data for this PM difficult to collect? Does the value of this data meet or exceed the effort to collect the data?"

Methodology

	Motorpool
Cost	**Cost per motorpool car issued**
Definition	**The total cost of materials and labor to ready and issue a motorpool car**
Data	**Total Labor Cost plus total material cost divided by total cars issued gives cost per car**
Source	**Each attendant reports on time sheet hours spent on car preparation and types of material used. Inventory of total cars issued. Keith Smith will coordinate data.**
Demonstrates	**Our ability to track cost of operations and make necessary adjustments to be competitive**

2. Once the Performance Measures are created in draft form, each small group should report out on their measures. The proposed methodology for each measure should be recorded.

Follow up

The effect of operational decisions can be seen on a daily to weekly basis. Operational measures tend to be used weekly to monthly.

The effect of tactical decisions tends to be 3 to 6 months. Core Service measures tend to be reviewed quarterly.

Strategic decisions tend to take 6-18 months or more to mature. Service Group measures tend to be reviewed annually.

Monthly facilitated meetings to Review:

- ✓ Purpose Statement
- ✓ Products and Services
- ✓ Customers

Measures - REALITY CHECK

- ✓ Are ALL of these measures necessary?
- ✓ How valid is our data source?
- ✓ Do the measures reflect our effort?
- ✓ What trends are we seeing?
- ✓ Can/should action be taken?
- ✓ What decisions did we make?

Five Month Follow Up

- ✓ Validate alignment and linkage
- ✓ Evaluate any information system(s) needs
- ✓ Determine appropriate reporting frequency
- ✓ Graph and analyze measurement information
- ✓ Develop objectives for improvement