

Public sector

Management paper

A close-up photograph of a hand holding a magnifying glass over a document. The magnifying glass is positioned over a section of the document, highlighting it. The background is dark blue.

# Performance breakthroughs

Improving performance in public sector organisations

- making the system too complicated instead of working to keep it simple;
  - trying to align the system too perfectly between different parts of the organisation (for example, departmental frameworks needing exactly to reflect the high level corporate frameworks) rather than allowing flexibility;
  - expecting the framework to do the hard thinking for you;
  - failing to give high enough priority to getting the framework right or investing the necessary resources in support, training and communication; and
  - failing to involve staff or to prepare them for change; and
  - not being prepared to update the framework continuously.
- 51 A framework for managing performance can help to ensure that people understand where your organisation is going. However, each organisation and its strategic goals are unique, so a ready-made framework may not suit, or support it effectively. It is important to be clear about your strategy before you implement any new performance management framework, otherwise the framework will not encourage the behaviour you want. Frameworks work best when they are simple, flexible and link with other corporate systems, it is best to avoid complexity or striving for perfection. If a framework simply produces pages of metrics, targets and goals, its own weight and expense may overwhelm the organisation.
- 52 Frameworks can help to simplify the challenge of managing performance, but this simplicity can be deceptive. A well-understood framework should help people think differently about the way they behave. This implies significant change and you will need to prepare for this. Recognise the importance and potential benefits of the development process itself and make sure that you involve your staff.

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## Case study 10

### The London Borough of Barking and Dagenham

At the London Borough of Barking and Dagenham, staff recognised that when introducing the 'Balanced Scorecard' to the organisation they needed to do more than take the product off the shelf. John Tatam, the Borough Policy Officer, told us:

*A year before we introduced the Balanced Scorecard we had no systematic performance management or monitoring system. This is difficult to admit but that was how it was. We were collecting enormous amounts of performance information but we were not using it.*

*The arrival of our new CEO coincided with the first best value performance plan (BVPP) and the need for local performance measures. We ended up with 470 performance indicators and a system to support that. Step 1 was getting regular presentation of the performance indicators right. Once we got that going, we thought, 'Where are these performance indicators coming from?' We had dreamt up many of them quickly for the BVPP but we were not sure if they were the measures that made most sense. We needed to start thinking what the most important indicators were for*

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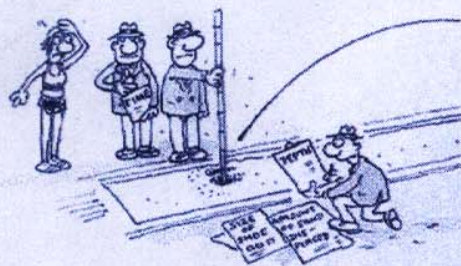
*We then decided explicitly on a new beginning: we decided to start from what we wanted to achieve and then work out how we were going to measure it. We decided to use the Balanced Scorecard to help us do this because it makes things simple for an organisation. It structures a clear line of sight between local objectives and corporate objectives. We wanted a single and simple system across the whole council – and, as we had relatively little experience of using performance models then, we had to keep it simple. We also wanted to make sure that it worked for us. We decided that the original Kaplan and Norton model did not quite do that, so we have developed our own. A particular difference from the original model is that it reflects our community focus as well as our services. Our scorecard summarises 22 key performance indicators (quite a step from 470!).*

*Each head of service has responsibility for developing his/her own scorecard. The aim is to generate local ownership and eliminate the risk of the scorecard 'sitting on the surface' of the organisation. We have to be realistic – we cannot expect the organisation to work too hierarchically. Service scorecards have to reflect other things specific to them, and of course, things come in from the side all the time! We need some sense of getting the overall thread but we need to avoid getting obsessed about it. The key thing is that we have kept it simple so that people understand where they fit in.*

*People did recognise that by doing the Balanced Scorecard it meant that they did not have to do other things (for example, individual service plans, and individual performance measures) – these would fall out of the Balanced Scorecard. Coherence was a strong theme. Just having a system has helped in making connections. People realised that instead of doing three or four smaller plans, under the scorecard they just have to do one slightly bigger one – as they all flow from it. In addition, the process of developing it has encouraged people to have conversations about their services, and with colleagues that they might not have before.*

*It was important to sell the Balanced Scorecard in a relatively clear and simple way. There was a great amount of fear of 'this management thing that I don't understand'. We had reservations about calling it the 'Balanced Scorecard', but in some ways, it has been an advantage. It sounds important and therefore people give it attention. It may be slightly off-putting for those that do not understand it but very powerful for those who do. It has been a very helpful thing for people to hang things and conversations around. The new model with a management name can be positive in building up enthusiasm but we recognise that the model is not an end in itself, it has to work.*

*What are the benefits? It is too early to be sure. We have not had full first quarter results yet but the process has helped people to focus on what is important. Performance management now feels firmly on the agenda and there is a clearer focus on what will make a difference. We have already identified some things – for example, we are organising training in project management because the scorecard identified something needed doing. Overall, people feel positive and proud.*



Measure what matters.

*We have made it clear that it is here to stay and it is not a whim, but we recognise this is a long haul. We will link it to personal performance targets and that will give added incentive. But we need to get it right, so it will take time.*

The strengths in this authority's approach are that they set out for a simple approach and have put effort into keeping it simple. They have worked out how to make the system work for them and they have encouraged local ownership, emphasising flexibility rather than perfect alignment. They recognised that the discussions people had about services during the development process were as important as the framework itself, and they allowed thinking and conversations to blossom.

## Breakthrough 7: Measure what matters

*To make improvements we must be clear about what we are trying to accomplish, how will we know that a change has led to improvement, and what change we can make that will result in an improvement.*

**Donald M Berwick<sup>I</sup>**

- 53 Performance measures need to encourage effort around what is most important. When the system includes the right measures that reflect the organisation's strategy, people understand better what they have to do. This is particularly important when organisations face new external challenges or try to implement improvement programmes.
- 54 Some organisations are still just collecting what is collectable, or just collecting what government specifies nationally. Others try to move on from this and discuss what constitutes good performance with stakeholders: political leaders, non-executives, staff and users. They focus on outcomes as well as inputs and outputs. For example, it is easier to measure the number of telephone calls answered within a specified time but more useful to measure how satisfied the customer was with the call. Measures for some of the 'softer' priorities, for example, culture change, staff development or diversity initiatives are also important – otherwise these things are less likely to happen. National accountability and local improvement initiatives may also require different data.
- 55 In some organisations, a large volume of data seems to provide a 'comfort factor', but it does not improve anything by itself. You need to interpret data intelligently to confirm that the actions have led to improvement.<sup>II</sup>

<sup>I</sup> Donald M Berwick, *Education and debate: a primer on leading the improvement of systems*. British Medical Journal volume 312, 9 March 1996.

<sup>II</sup> The publication by the Audit Commission and the Improvement and Development Agency: *Acting on Facts* looks in more detail at the importance of good performance information and how to use