

Management Insights

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The Perils of Performance Measurement

If you want performance management to really take hold in your organization, follow these 6 tips.

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Just about everywhere you turn these days governments are building performance measurement systems. To be sure, this is a positive development. How else will citizens know what they are getting for their money? And how else will public servants know what works and what doesn't?

But measuring performance without simultaneously building systems and a culture to use performance data for learning is at best futile and at worst dangerous.

Consider, for a moment, measurement undertakings in an organization you know. Has it made a real difference? If so, why? If not, why not? Often performance management is introduced into organizations with traditional bureaucratic cultures, which have features that are antithetical to the basic concepts of performance management. Organizations that simultaneously work to change their culture while introducing and using performance measures are those who get a full return on their investment.

Let's try a little test. Use the table below to gauge the cultural attributes of your organization.

Traditional Culture	Performance-Based Culture
The focus is on blame and credit	The focus is on learning
Do your job well	Create great results
Measure what you do	Measure what citizens value
Measure activity in every unit and roll these measures up to create an organizational measurement infrastructure	Choose a few key bottom line measures of the value the organization creates. Ask subordinate units to develop measures of ways they contribute to that value
Be clear about your role and turf	Be clear about the results you are seeking to create
The boss is the best judge of our work	Those whom we serve are the best judge of our work
Impose the best way of doing things from the top down	Workers are empowered to experiment on ways to improve performance using measures as the yardstick of success
Measurement is used to find people to reward or punish	Measurement is used to help everyone learn

If you want performance management to really take hold in your organization, take visible steps to move your organization toward a performance-based culture:

First, **anticipate defensiveness**. In my experience consulting with organizations, this is the number one form of resistance to performance management. As a manager, ask constructive questions. When the numbers look good you should ask, "What can we learn from this?" And when the numbers look bad, ask, "What can we learn from this?"

Have employees focus on results. In today's complex organizations it is almost impossible to engineer jobs in such a way that success is assured if everyone just focuses on doing their fixed job well. Encourage employees instead to stay focused on the results they are trying to achieve while continuously adjusting what they do in order to produce those results.

Measure what those you serve value, not what you do. Counting the number of cases a social worker processes might be important to the organization, but it is of little importance to her clients. Be cautious about "performance measures" that will have little credibility with the public. Measuring what you do encourages the status quo. Measuring what is valued and adjusting what you do encourages innovation.

Keep things flexible. Perhaps in the past government was like football, where everyone has a distinct set of responsibilities and the team's success demands that each player focus on their specific tasks. As a public manager, think of government today as being more like soccer, where players have loosely-defined roles and are constantly looking at the big picture, adjusting their movement to what is happening on the field.

Provide continual feedback. People rarely agree with the boss' opinion of their work, especially absent any concrete data. That is why individual performance reviews often end up being perfunctory exercises meant to satisfy the HR department. With concrete objective data, the boss can play a useful role as a coach (vs. judge), helping workers to improve their performance.

And finally, **empower your employees**. This is an essential ingredient in performance management. When my firm, the Public Strategies Group, was serving as superintendent of the Minneapolis Public Schools, one of our performance measures was "school learning climate." This was measured through quarterly surveys (conducted by a polling firm) of students, teachers and parents in each of the 100 schools we were leading. Over the course of a couple of years, the measured school climate improved dramatically. The School Board wanted to know why. We reported that we had no idea why; principals were using 1000 different strategies. But it's working, we argued, so who cares? This was just not good enough. Bureaucratic culture, and the Board of Education, demanded that we identify "best practices" and impose them on all the schools, which of course stifled the innovations that produced the great results.

Here are some tips on setting up your performance measures:

1. Start your measurement architecture from the top and gradually add measures at lower levels. Do not roll up measures from the bottom up.
2. Keep your measures succinct and your structure simple. Too many systems will collapse under the weight of their own complexity.
3. Don't start with software and IT systems. Start with pencil and paper. Build systems over time after you discover what you want to learn from performance measures.
4. Use sampling to reduce measurement burden and cost. You don't have to count every case or transaction.
5. People's subjective opinion matters big time. Ultimately, government is judged subjectively by those whom it serves. Better to know and manage what people really think rather than hide behind what we know to be true or valid. This can be measured through simple 1,2,3 question surveys.

6. Make sure those who do the work are the first to get the data. Performance reports are not for the boss. A good thing for the boss to do is to lead the team in regular review of performance data.

Slapping performance measures on a bureaucratic culture is like adding a solar panel to a steam engine. Takes steps to begin building a performance-based culture.

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