

Performance Measurement Basics

If someone asked you to drive from Kansas City to San Francisco in a car with no speedometer, no fuel gauge, no odometer, no oil pressure gauge, and no thermostat, you'd likely say no. These gauges are so fundamental to our understanding of how the car is performing that many of us cannot imagine driving without them. Plenty of gas in the tank is useless if the engine is overheating. Good oil pressure is just as important as good gas mileage. Arriving safely and arriving without blowing a transmission are both important to your health and to your wallet.

Performance measures are what you look at to gauge how your program and/or organization are performing. They are descriptive, not diagnostic. They tell you how things are going (e.g., you're out of gas). They don't explain why (e.g., you missed the exit and didn't fill up in time). In summary, good performance measures:

- ✓ Inform strategic planning and goal setting
- ✓ Strengthen accountability
- ✓ Enhance decision making
- ✓ Lead to consistently improved service delivery



Key considerations when developing performance measures

- ☐ **Meaningful:** They link to the desired outcomes and provide useful information to enable decision making.
- ☐ **Measurable:** They are quantifiable and objective. Data is available and can be collected in a cost effective manner.
- ☐ **Movable:** Data can be compared over time to depict trends and the measures link to inputs that can be controlled/adjusted.
- ☐ **Easy to understand:** Measures should be intuitive and easily digested by their users without much explanation.
- ☐ **Incentivize the right behavior:** When deciding on the right measures, make sure hitting those targets doesn't incentivize wrong behaviors that are at odds with your goals.
- ☐ **Visible/transparent to those involved:** How you are measuring performance should be visible to everyone involved and be held accountable to those measures. Such transparency helps everyone keep their eyes on the ball and understand their contribution to the overarching performance of the organization.
- ☐ **Less is more:** Measuring everything is no better than measuring nothing, because no one can pay attention to every aspect of an operation. Stay focused and narrow the list of what you are focusing on improving, and you'll get further faster.

Common Mistakes

- **Too many measures:** Organizations that measure everything, end up understanding nothing because insights get diluted in the noise.
- **Unaligned to strategic priorities:** Organizations that cannot link performance gauges to the final destination are far less likely to arrive at their destination on time, intact, and on budget.
- **Nothing under the hood:** Many organizations write down measures without an underlying data collection, calculation, and reporting methodology. These are vital if the measures are ever going to be real.
- **Unrealistic:** Sometimes the most well-intentioned measures are simply outside the reality of data collection. This is very common with outcome measures, which sound great in theory, but are much harder to capture in practice.

Thanks to GovEx for the car metaphor.

For more information, check out PIC.gov or reach out to the PIC staff at PICstaff@PIC.gov.