

Session 7

PERFORMANCE MEASUREMENT IN STATISTICAL AGENCIES

Performance Based Management:
Using the Measures
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Today, and in the foreseeable future, government agencies will need to operate with decreasing resources. Concurrently, there is a rising level of expectation concerning the service quality provided by government agencies. These two trends present a challenge to government managers and staff. Another current operating today is the ever-increasing focus on the outputs and outcomes of government agencies' operations and policies.

Traditional government management has been focused on the preservation of resources (inputs) as opposed to the results of programs (outputs and outcomes.) Increasingly, citizens are asking the government and Congress, "What am I getting for my tax dollar?" The Energy Information Administration (EIA) has already received feedback on its latest budget submission to the Department of Energy (DOE) and the Office of Management and Budget (OMB) asking for specific EIA goals and objectives. It is anticipated that the Congress will ask the same questions during the next budget cycle. In short, EIA and the rest of the Federal Government are being asked to describe what we provide for the resources we are given.

Over the past three years, Congress has codified these trends principally in two Acts. In 1993 Congress enacted the Government Performance and Results Act (GPRA), and in the following year enacted the Government Management Reform Act (GMRA). In enacting these two laws, Congress has directed the Federal Government to manage itself using performance measurement (to include the establishment of performance goals and objectives), provide for reasonable managerial flexibility while ensuring managerial accountability, and provide for the financial stewardship of the funds and other assets entrusted to its care according to established government-wide standards.

Over this same period, EIA has been a leader within the DOE Headquarters in implementing not only quality practices as part of its Quality Program, but also best business practices in its line operations. Additionally, EIA has been a leader in the implementation of the GPRA, in which EIA has been participating as a pilot project (in fact, the only statistical agency to participate). As part of this pilot project, EIA has developed a set of agency-wide performance measures and collected some of the necessary data to support these measures. The results of this data collection effort were included for the first time in the Fiscal Year 1998 Budget Submission to the Congress.

From 1994 through mid 1996 the EIA identified a set of performance measures to monitor progress toward its strategic plan and started collecting the data to support them. EIA's efforts in the development of performance measures is described in Kirkendall (1996). A more complete description of the background for EIA's work in the development of performance measures is available among the case studies assembled by the American Society for Public Administration's Task Force on Government Accomplishment and Accountability Task Force

(Reference 2). In retrospect, this first part of the process, the development of performance measures and collection of data, seems relatively straight forward.

The next step is to implement performance based management, which is defined as "the strategic application of information generated by performance plans, measurement and evaluation to strategic planning and budget formulation¹". To achieve performance based management, a major change is needed in how the organization is managed. To achieve the change, managers must accept the measures, the targets set for those measures, and must use them to guide their planning and resource allocation. Additionally, staff at all levels of the organization need to agree that the measures and their targets are reasonable, doable, and constitute a challenge for the future. This paper describes EIA's approach to the implementation of Performance Based Management. This report documents work in progress. We anticipate a successful outcome.

Background

Through the summer of 1996, the performance measurement effort in EIA concentrated on several steps:

1. The Strategic Plan
2. The input/output chart
3. Deciding what to measure
4. Collecting the data

EIA's Senior managers developed their first strategic plan in the Spring of 1994. In their annual strategic planning sessions since then, they have reviewed the strategic plan and made minor revisions. EIA's mission, vision and strategic goals are shown in Attachment 1.

Shortly thereafter, the Performance Measurement Development Team developed an input/output chart for the EIA. Using the input/output chart, and the EIA strategic plan, the team identified 14 performance measurement categories. The input/output chart, the 14 measurement categories, and the measurement types are illustrated in Attachment 2.

We believe that this information is particularly relevant to other statistical agencies. While we all do things a bit differently, we have in common the collection and processing of information, the analysis of information, and dissemination. EIA's strategic plan and input/output chart should be similar to those of other statistical agencies, and many of EIA's measures are likely to be of importance to other statistical agencies as well.

EIA concentrated on collecting the data to support the computation of the measures during 1995 and early 1996. As statistical agencies, we are all experienced in data collection and know how to do it. However, data collection is a major undertaking, and requires the commitment of resources by managers and staff. Though EIA's performance measurement data systems are by

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Guidelines for Performance Measurement, U.S. Department of Energy, June 1996.

no means complete, we believe that the time has come to implement performance based management and to use the measures .

The Next Step - Where We Are Going

Part of the process of implementing a system of performance measurement is convincing everyone that the measures are important and useful. If measures are not used, staff and managers alike will believe that there is no reason to spend resources to collect and maintain them.

Attachment 3 demonstrates that Performance Based Management is a cycle providing input to the organization (at the bottom of the chart). This cycle involves strategic planning, collection of measures which demonstrate how well the organization is performing in response to strategic planning initiatives, and the evaluation of results and measures. The evaluation is fed into the next cycle of strategic planning.

In EIA we have had a strategic planning process since 1994. We have had some performance measurement since 1995. The next challenge is to insert the evaluation of results and measures into the process and to assure that measures and results are used by the strategic planners.

To achieve this, in 1996 the Performance Measurement Team drafted a performance agreement, listing measures for each strategic goal, along with a specific targets for the year 2002. This performance plan is based on the measures for which we have data. This plan was submitted to senior staff and circulated for comment throughout the organization. The plan was revised based on input, and was ultimately adopted by the senior managers and the quality council.

This is the first step in the implementation of performance based management. Adoption of the measures and targets by senior managers will help to institutionalize the process. It now requires follow through. Managers and staff are expected to review and use the information to evaluate their progress toward targets. Managers are provided flexibility to allocate resources to achieve the agreed-to targets. The Administrator of EIA has said that he would like to see performance measurement information quarterly. Ultimately the process will help managers and staff communicate about what is important and how success will be measured. It also provides both managers and staff the information they need to communicate with internal and external customers and stakeholders, including the OMB and Congress.

The EIA Performance Agreement

In previous years EIA has labored through a process that had been designed to allocate the resources available to EIA amongst EIA's programs. In the current environment, this process showed numerous weakness and provided limited value to the management of EIA. The process does have the advantage of providing a forum for the Administrator and Deputy Administrator to provide input to the direction of the EIA programs in the coming year.

With the direction provided by the Congress and as implemented by the OMB and DOE, it was decided that now was the time to drastically revise the processes used by EIA. EIA also had the opportunity to continue with its tradition of leadership. For Fiscal Year 1997 the present resource allocation process was scrapped. Program direction and input will continue to be provided during less formal discussions between the EIA's Office Directors and either the Administrator or the Deputy Administrator or both as appropriate. EIA shifted the focus of its process from inputs to corporate outputs/outcomes by conducting a one day session designed to establish performance objectives for each of the strategic goals and the associated performance measures. The actors in this process were EIA Senior managers and representatives from the EIA Performance Measures Team and the resource management office. The tangible output of this session was a performance agreement for the Energy Information Administration that is loosely modeled after the *Performance Agreement between The President of the United States and The Secretary of Energy for Fiscal Year 1996*.

The intent of the performance agreement is to establish a set of measurable short-term and long-term objectives for the agency, as envisioned by the GPRA, and to base these upon the established performance measures and EIA's existing Strategic Plan. Features of the performance agreement are:

- The agreement is for the agency as a whole.
- The five goals in the EIA Strategic Plan will be used as the basis of the agreement. EIA's established set of performance measures are linked to these goals. This combination provides a solid foundation for the agency to measure the continuing success of its operations.
- The agreement establishes performance objectives for the EIA strategic goals for the year 2002, as required under the provisions of the GPRA.
- Managers are expected to manage towards these objectives by allocating resources to meet them and, where necessary, redesigning processes under their control.
- EIA's Annual Report to Congress will become EIA's performance report documenting progress toward its established objectives and the fulfillment of its performance agreement.
- The 1997 agreement is a mock agreement and used in-house only. The 1998 agreement is expected to be the formal performance planning document required under GPRA.

Using the Measures

A concern that emerged from initial discussions with the EIA Performance Measures Team, senior managers and selected staff, on this process was the linkage between the objectives/targets to be established in the performance agreement and the allocation of resources. If EIA meets its

objectives do we get more or less money? That's not the objective of performance measurement. The objective is to improve the performance of the EIA, not necessarily to increase the size of EIA's budget or any portion of EIA's budget. The measures will need to be examined as a whole, and there will be opportunities to explain why performance did or did not meet the objectives. One possible result could be that the objectives are unachievable.

This year is a pilot year, the information will not be used for resource allocation. This year the performance objectives/targets will be established, and the process is viewed as being more akin to strategic planning. The actual performance information will be collected and then analyzed by the EIA Performance Measures Team. The results of the analysis will then be presented to the EIA senior managers in time for the next round of Strategic Planning, that is now scheduled to begin in February 1997.

In conducting this analysis, the EIA Performance Measures Team will need to keep in mind that there are two types of performance measures: efficiency measures or "doing things right", and effectiveness measures or "doing the right things". EIA needs to have measures supporting both aspects of performance, and each measure should have a target. The measures and their objectives will enable each program to be described more intelligently, and managers will be in a better position to make informed decisions. At this point in the development of performance based management at EIA, it is difficult to say *exactly* how performance measurement information will feed into budget decisions. What most likely will happen is the inclusion into the budget submissions of the description(s) of how the performance measures information and the resulting analysis were used to make decisions concerning the agency's programs.

Steps Followed

Development of the performance agreement was a collaborative process that involved senior management, line and staff personnel and a cross-cutting committee. The development process consists of six major steps. The six step process has proceeded in the following manner:

Step 1: EIA's resource management office provided Senior Staff with the resource allocations for Fiscal Year 1997.

Step 2: Draft performance agreement proposing corporate objectives circulated for review and comment. Draft performance agreement was developed by the EIA Performance Measures Team.

Step 3: EIA offices respond with comments on the draft performance agreement.

Step 4: Performance Measures Team consolidated comments on the draft performance agreement from EIA offices and highlights areas of agreement and disagreement. Consolidated comments and recommended objectives were reported back to EIA senior managers. A copy of the proposed Performance Agreement, as reported back to the senior managers is included at the end of this paper.

Step 5: EIA senior managers adopt the Fiscal Year 1997 Performance Agreement.

Step 6: Fiscal Year 1997 Performance Agreement distributed to all EIA employees.

Summary

In summary, this is a drastic revision to EIA's processes that entails moving the focus from the resources to be used and towards the outputs and outcomes of the use of those resources. In addition, the process will provide for increased managerial flexibility while instituting some limited managerial accountability. All of this is consistent with the expressed desires of the Congress as expressed in the GPRA and the GMRA. Other additional benefits that will accrue to the EIA from adopting this approach are a reduction in the "Us versus Them" behaviors associated with resource allocations, clear direction for management and staff implementation and some increased credibility with EIA's stakeholders.

References

1. Kirkendall, Nancy, "Organizational Performance Measurement in the Energy Information Administration," Proceedings of the 1996 Annual Research Conference, Bureau of the Census, U.S. Department of Commerce, August 1996.
2. "Use and Development of Performance Measures: Department of Energy, Energy Information Administration", American Society for Public Administration, Government Accomplishment and Accountability Task Force, July, 1996."²

² Abstracts from ASPA's Government Accomplishment and Accountability Task Force are available on the World Wide Web at: <http://globe.lmi.org/aspa/taskfrc.htm>. Documents can be ordered from American Society for Public Administration, 1120 G St, NW Suite 700, Washington DC 20005-3885.

**Energy Information Administration
Mission, Vision and Goals**

Mission

The Energy Information Administration is a leader in providing high, quality, policy-independent energy information to meet the requirements of Government, industry, and the public in a manner that promotes sound policymaking, efficient markets, and public understanding.

Vision

- EIA is a unified team committed to excellence and customer satisfaction
- EIA leaders recognize employee's potential and together create a workplace where team work and innovation are encouraged, supported and realized.
- Everyone in EIA develops their technical and analytical capabilities to keep abreast of new technologies and changes. This enables our employees to reach their full potential and enables us to rely more on our in-house capabilities.
- EIA expands its customer base and becomes nationally and internationally recognized as the premier source of energy information.
- EIA reengineers and standardizes core business systems.
- EIA improves productivity and supports the delivery of customer-oriented products and services.
- The EIA Strategic Plan is a road map for a EIA decisions and is used as the basis for alignment of human and financial resources.
- EIA works in partnership with the National Treasury Employees Union to accomplish our mission and reach our vision.

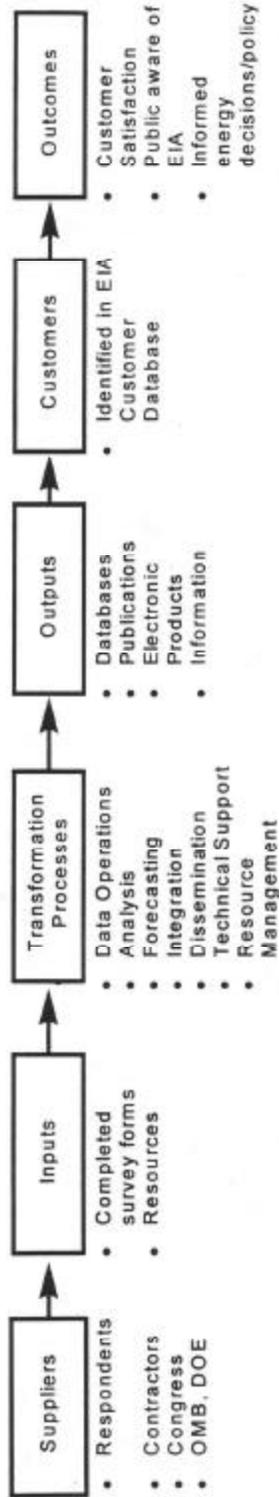
Goals

- We will work together to achieve the full potential of a diverse workforce through team work and employee development.

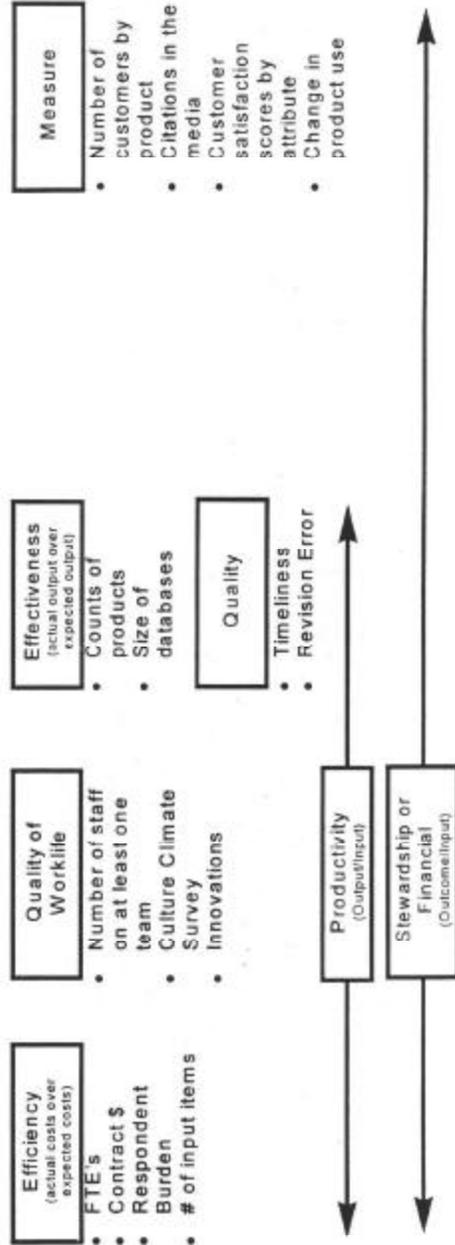
- EIA will assure its data and analyses are of the highest quality and relevant to the needs of its customers.
- EIA will provide its customers fast and easy access to public energy information.
- We will make resource and program decisions based upon customer input and conduct our business in an efficient and cost-effective manner.
- EIA will be an objective partner in fulfilling the mission of the Department of Energy.

EIA's Input/Output Chart and Performance Measures

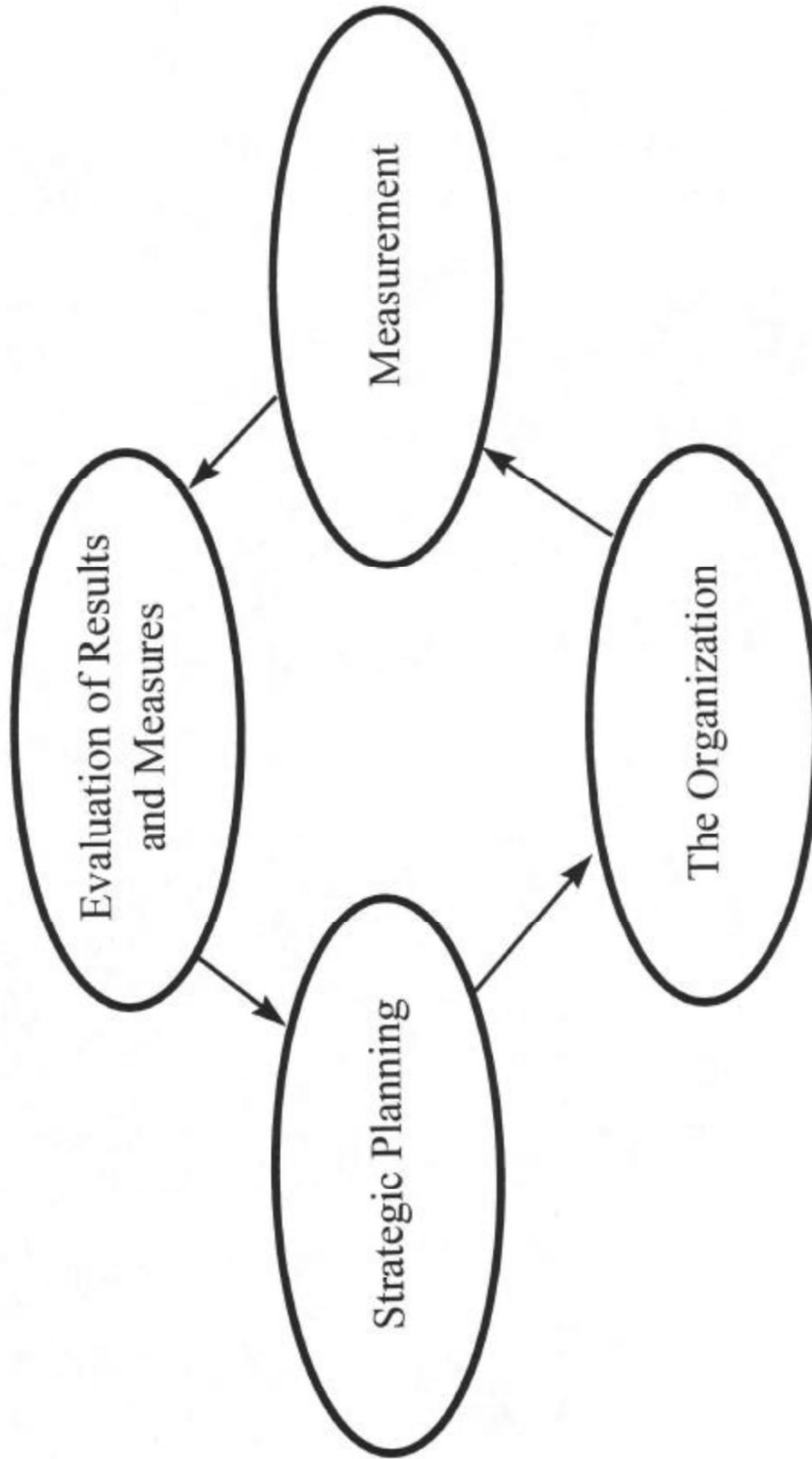
Simplified Input/Output Chart:



Measures:



EIA's Performance Based Management Cycle



Proposed EIA Performance Agreement

Goal 1: We will work together to achieve the full potential of a diverse workforce through teamwork and employee development.

Success will be measured by:

1.1 By the year 2002, the average score for the following questions on the culture climate survey will increase to the benchmark noted.

1.1.1. "There is a high spirit of teamwork among my co-workers." The benchmark is 5.69. In the 1994 culture climate survey, EIA's score on this question was 4.30 and in 1995 the score was 4.64.

1.1.2. "My supervisor ensures that I get job related training when needed." The benchmark is 4.99. In the 1994 culture climate survey, EIA's score on this question was 4.49 and in 1995 the score was 4.63.

Goal 2: EIA will assure its data and analyses are of the highest quality and relevant to the needs of its customers.

Success will be measured by:

2.1 During the period between 1996 and 2002, accuracy will remain stable, or improve over time, as the EIA improves the timeliness of its products.

2.1.1. The accuracy of data will be measured by percent sampling error, percent revision error, and unaccounted for balances.

2.1.2. The accuracy of forecasts will be measured by:

2.1.2.1. The percent difference between actual and forecast for STEO.

2.1.2.2. Compare AEO forecasts of key variables with historical data and provide a qualitative discussion of factors that led to differences.

2.1.2.3. Compare IEO forecasts of total world energy consumption and world consumption by fuel with historical data in 5 year increments beginning with the availability of 1995 international data. Provide

a qualitative discussion of factors that led to differences.

2.2 By the year 2002, the EIA will increase the number of customers who are very satisfied with accuracy to 60 percent. In the 1995 and 1996 EIA Customer Surveys, the results indicated that 51% and 52%, respectively, of the customers surveyed were very satisfied with the accuracy of EIA's products.

2.3 By the year 2002, the EIA will increase the number of customers who are very satisfied with relevance to 70 percent. In the 1995 and 1996 EIA Customer Surveys, the results indicated that 60% and 58%, respectively, of the customers surveyed were very satisfied with the relevance of EIA's products.

2.4 During the period between 1996 and 2002, citations of energy information attributed to EIA in the media:

2.4.1 Overall growth in media citations will increase by 10% per year.

2.4.2 Citations in major media will increase by 40% per year.

2.4.3 EIA's share of a market basket of energy citations will increase.

2.5. Growth of customer base:

2.5.1. During the period between 1996 and 2002, the number of unique daily users of EIA's Internet site will increase by 25% per year.

2.5.2. During the period between 1996 and 2002, the distribution of published copies of data reports, analysis reports, and feature articles combined with the downloads of the electronic file versions will increase by 25 percent per year.

2.5.3 During the period between 1996 and 2002, the number of Energy InfoDiscs sold will increase by 5% per year.

2.5.4. By the year 2002, the Energy InfoDisc annual subscription renewal rate will be 50%.

Goal 3: EIA will provide its customers fast and easy access to public energy information.

Success will be measured by:

3.1. By the year 2002, the EIA will increase the percent of customers who are satisfied or very satisfied with timeliness to 80 percent. In the 1995 and 1996 EIA

Customer Surveys, the results indicated that 72% and 73%, respectively, of the customers surveyed were satisfied or very satisfied with the timeliness of EIA's products.

3.2. By the year 2002, the EIA will increase the percent of customers who are very satisfied with ease of access to 70 percent. In the 1995 and 1996 EIA Customer Surveys, the results indicated that 64% and 54%, respectively, of the customers surveyed were very satisfied with the ease of access to EIA's products.

3.3. By the year 2002, the EIA will improve the timeliness of its products to:

3.3.1 The median for all EIA annual publications will be 180 days after the close of the reference period. The median for electronic release of EIA annual publications will be 165 days after the close of the reference period. In 1993 and 1994 the median for all EIA annual publications was 342 and 321 days, respectively, after the close of the reference period.

3.3.2 The median for all EIA quarterly publications will be 90 days after the close of the reference period. The median for electronic release of EIA quarterly publications will be 75 days after the close of the reference period. In 1994 and 1995 the median for all EIA quarterly publications was 146 and 144 days, respectively, after the close of the reference period.

3.3.3 The median for all EIA monthly publications will be 30 days after the close of the reference period. The median for electronic release of EIA monthly publications will be 20 days after the close of the reference period. In 1994 and 1995 the median for all EIA monthly publications was 74 and 71 days, respectively, after the close of the reference period.

Goal 4: We will make resource and program decisions based on customer input and conduct our business in an efficient and cost-effective manner.

Success will be measured by:

4.1 By the year 2002, the EIA will increase the percent of customers very satisfied with overall service to 80 percent. In the 1995 and 1996 EIA Customer Surveys, the results indicated that 68% and 69%, respectively, of the customers surveyed were very satisfied with the overall service provided by EIA.

Goal 5: EIA will be an objective partner in fulfilling the mission of the Department of Energy.

Performance measures for Goal 5 will be discussed during the next EIA Strategic Planning Session.

An Overview of

The Strategic Management Initiative

*A Commitment to Customer Satisfaction,
Employee Satisfaction, and Productivity*

Office of Technology and Survey Processing





Section 1

1.0 Executive Summary

The Office of Technology and Survey Processing (OTSP) is an organization of approximately 650 people within the US Department of Labor, Bureau of Labor Statistics (BLS). OTSP delivers roughly 114 million units of 550 unique information technology products and services. We are in the midst of implementing the Strategic Management Initiative (SMI).

The SMI is a business management process for defining and objectively measuring our success. It links strategic planning concepts to results through measurement and accountability. It is also a structured way for our customers and employees to set our priorities and hold us accountable for measurable results. We expect the SMI to do for us what the business plan, profit/loss, and balance sheet does for the private sector -- help us articulate organizational goals and priorities, define success in measurable terms, and stimulate self-correcting behavior.

The SMI yields three key measures or indicators --

- Customer Satisfaction with Our Products
- Employee Satisfaction with Job Factors
- Productivity of Our Processes

We believe that these indicators are easy to understand, promote action, get to the heart of the "value adding" mission of any organization, and align the best interests of our customers, employees and the taxpayers. The key challenge will be to improve results in all three of these indicators simultaneously.

A thorough review of this guide will acquaint you with our process for --

- Developing an inventory of products, processes, and customers
- Setting measurable baseline and target scores for customer satisfaction with products, employee satisfaction with job factors and productivity of processes
- Establishing strategic enterprise-wide goals linked to products, processes and/or job factors
- Deploying improvement/innovation work down to the line staff level
- Re-measuring and holding managers and line staff accountable for results.



Section 2

2.0 Introduction To The SMI

- 2.1 What is the SMI?
- 2.2 Why are we doing it?
- 2.3 Will the SMI work?
- 2.4 Who is involved?
- 2.5 What's in it for . . . ?
- 2.6 What will it cost?
- 2.7 What is the process?
- 2.8 When will results happen?
- 2.9 How do we define success?
- 2.10 Sample of SMI Products

2.1 What Is The Strategic Management Initiative (SMI)?

The SMI is a business management process for defining and objectively measuring our success. It links strategic planning concepts to results through measurement and accountability. It is also a structured way for our customers and employees to set our priorities and hold us accountable for measurable results. We expect the SMI to do for us what the business plan, profit/loss, and balance sheet does for the private sector -- help us articulate organizational goals and priorities, define success in measurable terms, and stimulate self-correcting behavior.

Because OTSP exists to deliver valued technology-based products to our customers, customer satisfaction is a prime component of the SMI. Because our employees operate the processes that result in product delivery, employee satisfaction is another key SMI component. Since the Federal Government must be accountable to the taxpayers, productivity is the third component of this business management process.

Therefore, the SMI is designed to yield three key measures or indicators --

- Customer Satisfaction with Our Products
- Employee Satisfaction with Job Factors
- Productivity of Our Processes

We believe that these indicators are easy to understand, promote action, and get to the heart of the "value adding" mission of OTSP. The SMI attempts to align the best interests of our customers, employees, and the taxpayers. The key challenge will be to improve results in all three of these indicators simultaneously.

We want the SMI to help create on-going incentives for all of our employees to work in concert across the Office towards enterprise level success goals. Business process reengineering and quality gurus call this "organizational alignment."

Through the SMI, we will have the ability to --

- Survey customers & employees for baseline data on OTSP performance
- Set measurable long & short term goals for future performance
- Deploy & implement goals across and at all levels of OTSP
- Re-survey customers and employees for evaluation of our results.

In short, the SMI is designed to help us improve:

1. OTSP accountability to its customers,
2. front line staff accountability to managers, and
3. manager accountability to front line staff.

2.2 Why are we doing it?

OTSP, an office of approximately 650 people, delivers hundreds of information technology related products to our BLS customers every year. These products fall in five major categories: *software*, including all of our computer systems; *system outputs*, including tables, data files and paper listings; *customer support products*, including training, help-line services, software and hardware maintenance services and manuals; *technology management products*, including research reports on new technology and delivery orders; and *management and administrative products*. They touch every BLS employee and are cornerstones of the agency's ability to deliver its external statistical products. OTSP delivers roughly 114 million units of 550 unique products that fit into these five categories.

While OTSP has enjoyed much success, we currently face many complex challenges.

- The Commissioner and Secretary of Labor challenge us to promote action on customer outreach, employee involvement, and customer service standards initiatives.
- Our customers challenge us to deliver more, better, and less costly products faster.
- The administration challenges us to cut costs, increase productivity, and align with the National Performance Review & Reinvention; the Government Performance and Results Act of 1993 (mandates strategic planning and results measurement for agencies); and Executive Order 12862 on Setting Customer Service Standards (mandates customer service standards, plans for customer surveys and identifying other organizations that will be used to benchmark performance.)
- We challenge ourselves to infuse rapidly changing technology to boost the performance of our production systems, and to maintain a highly skilled and motivated staff as we change technology, cut budgets, and increase workloads.

While these challenges represent added workload, they also offer opportunities for greater success. The SMI represents a carefully planned integrated effort to help us absorb the workload and realize the success opportunities. As we face these and other challenges, we must not forget that OTSP exists to deliver valued technology-based products to our BLS customers. The SMI will measure the success of our product line in the eyes of our customers.

2.3 Will the SMI work?

The SMI is a business management approach modeled after what works in the private sector. As mentioned above, the private sector has powerful financial and survey based measurement tools to clearly and forcefully articulate organizational goals and priorities, define success in measurable terms, and stimulate self-correcting behavior. These tools are effective because they enforce accountability. The SMI is designed to be our counterpart to proven private sector tools.

2.4 Who is involved?

Everybody! The SMI represents a cooperative team effort between our managers, our front line staff, and our customers to prioritize and focus OTSP resources where results are most needed.

As stated before, the SMI revolves around three key measures -- Customer Satisfaction, Employee Satisfaction, and Internal Productivity.

To develop **Customer Satisfaction** scores, our employees will identify the products we deliver to each customer. Then, customer involvement becomes the cornerstone of our strategy to measure and improve customer satisfaction. Through a survey, our customers will prioritize the product list and score their satisfaction with individual products. Our customers fall into two categories -- Sponsors and Users. Sponsors pay for OTSP products. Users take delivery and make direct use of our products. We created these two customer categories to help us deal with the conflicting demands and priorities that these different customers sometimes place on us. The classic example of this occurs when a program office sponsor customer pays for a product that is not delivered to that program manager. Rather, the product is delivered to a regional office user customer.

We will measure the satisfaction level of both customer groups with our products. For sponsors, we will survey BLS program managers. The user survey process is not as direct. We have hundreds of users throughout the national office, regional offices, and state agencies. For a few products, we have general public users. To simplify the user survey process, BLS cost center managers and branch chiefs will serve as our focal point for gathering user satisfaction scores. To combine user and sponsor scores, we will apply weights: users, 35%; sponsors, 65%.

To develop **Employee Satisfaction** scores, we will survey all OTSP employees for their satisfaction with nine specific job factors.

To develop **Internal Productivity** scores for OTSP, our managers and front line staff will work together to calculate the unit cost of operating selected processes.

Our managers, front line staff, and customers must all work together if we are to realize our goal of simultaneous improvement of all three scores.

2.5 What's in it for . . . ?

For any undertaking or system of work to sustain itself as a successful ongoing enterprise, it must deliver products that customers sufficiently value and yield benefits that sufficiently motivate the producers. Customers sufficiently value a product when they are satisfied to pay the necessary "price" for the product. Producers are sufficiently motivated when the monetary and non-monetary benefits associated with producing and delivering the product satisfy them.

The SMI is a system of work that yields information based products. Currently, OTSP is the producer and BLS managers and line staff are the primary customers of SMI products. We expect customers and producers to obtain the following benefits from these products:

OTSP Customers

We will be more accountable to our customers. We will give our customers:

1. an inventory of the products that we produce for them,
2. a structured way to set product priorities,
3. a structured way to communicate their satisfaction with our products, and
4. a meaningful set of measures that will allow them to observe the results of our efforts to increase customer satisfaction and reduce targeted unit costs.

The distribution of baseline and target scores to our customers should generate incentives for OTSP employees to improve customer satisfaction with their products and to improve the productivity of their processes.

OTSP Managers

Our front line staff will be more accountable to our managers and will be more productive through empowerment. Products and processes targeted for specific measurable customer satisfaction and productivity improvements will be clearly linked to front line individuals or teams.

Our managers will get more productivity from an empowered front line staff; they will gain a structured tool to help them prioritize improvement efforts; and they will have a clear focused feedback mechanism. The distribution of baseline and target improvement scores to top management and customers should generate incentives for our managers to take beneficial risks to achieve the target scores.

OTSP Front Line Staff

Our managers will be more accountable to our front line staff. Front line employees will have more job satisfaction through empowerment. All employees will get a survey that allows them to declare priorities among job satisfaction factors and a set of division level baseline and target employee satisfaction scores. The distribution of these scores within each OTSP division should generate incentives for managers to improve employee satisfaction.

Our front line staff will gain empowerment. They will be empowered to increase customer satisfaction with the products they produce and to increase productivity within the processes that they operate. They will gain a clear understanding of customer needs and priorities; and like managers, they will have a clear focused feedback mechanism. The distribution of baseline and target improvement scores to managers and customers for specific products and processes should generate incentives for our front line staff to take beneficial risks to achieve the target scores.

BLS Top Management

Top BLS management will reap the human and financial rewards that may come from all of the above -- more satisfied BLS customers, reduced rework, more efficient processes, and higher employee morale. In addition, they will have a mechanism in place for responding to ever increasing external demands for performance based information, and results that satisfy DOL and administration efforts to reengineer and improve governmental operations.

2.6 What will it cost?

We estimate that OTSP will expend between .75% and 1.75% of its internal human resources on planning and measurement related work for the SMI. We believe that this is very much in line with private sector costs for these kinds of activities. In addition private sector managers view SMI-like activities as an absolutely essential factor in achieving success and productivity gains.

We estimate that our BLS customers -- program managers, cost center managers, and some staff members -- will each spend on average between 1.5 and 4.0 hours per year providing structured feedback on our products. Bureau-wide about 850 people will expend a total of 1275 to 2500 annual person hours.

2.7 What is the process?

The following table provides a brief overview of the methodology that we have developed for measuring Customer Satisfaction (CS), Employee Satisfaction (ES), and Internal Productivity (IP).

An Overview of the SMI Model – Table 2.1

What Outcome Do We Want?	How Do We Get It?	What Needs To Be Measured?	How Do We Measure It?
Increased Customer Satisfaction (CS)	Deliver Better Products (Goods & Services)	Customer Satisfaction with Product Factors -- Features/Completeness Easy to Obtain/Use Timely Delivery Quality (Errors/Defects) Cost Courteous Treatment	<ul style="list-style-type: none"> • Inventory Products • Map Products to Customers • Measure Baseline CS Scores • Select Products to Improve • Set Target CS Scores • Innovate/Improve Products • Re-Measure at Year End -- Compare Results to Baseline & Target Scores
Increased Employee Satisfaction (ES)	Design Better Jobs & Align The Incentive System	Job Satisfaction Factors -- Job Duties Quality of Supervision Training/Skills Dev. Mgmt. Leadership Communications Work Rule Flexibility Job Growth/Promotions Awards & Recognition Workforce Diversity & Fairness	<ul style="list-style-type: none"> • Measure Baseline ES • Select Factors to Improve • Calculate Baseline for Factors • Set Target ES Scores • Take Action to Improve Factor Satisfaction • Re-Measure at Year End -- Compare Results to Baseline & Target Scores
Increased Internal Productivity (IP)	Redesign & Reengineer Processes	Product/Process Unit Cost	<ul style="list-style-type: none"> • Map Processes to Each Product • Select Product/Process Pair to Improve • Baseline IP -- Calculate Unit Costs • Set Target IP Scores • Innovate/Improve Processes • Re-Measure at Year End -- Compare Results to Baseline & Target Scores

The activities described in Table 2.1 will be implemented and deployed across nine events:

- Event 1 - Create Product/Customer Inventory
- Event 2 - Measure Baseline Customer & Employee Satisfaction
- Event 3 - Analyze Baseline CS & ES Scores
- Event 4 - Establish OTSP-Wide Strategic Goals
- Event 5 - Set Measurable Division Level Goals for Year
- Event 6 - Finalize 5-Year & 1-Year Goals
- Event 7 - Innovate/Improve Products, Processes & Job Factors
- Event 8 - Measure Change From Baseline Scores -- Reward for Success
- Event 9 - Improve SMI Process & Repeat Events

2.8 When will results happen?

While the SMI draws resources from part-time volunteers only, we have made major strides in developing and deploying the SMI. Key accomplishments are summarized below:

- 1990 customer demands for faster product delivery sparks total quality management (TQM) & systems development live cycle (SDLC) research
- 1992 published article on CS, ES, IP organizational success factors and held workshops on business process reengineering (BPR)

 decision made to launch results oriented strategic planning project
- 1993 completed pilot of product, process, and customer inventory

 completed version 1 of SMI measurement methodology, analyzed its cost/benefits, and began developing systems and procedures for collecting data and calculating the measures
- 1994 installed version 1 of SMI client/server based system onto OTSP PC's and launched SMI pilot to measure customer satisfaction, internal productivity and the success of strategic outcomes

- 1995 pilot customers surveyed for CS, delivered baseline scores, declared strategic outcomes, set CS & IP target scores
deployed managers & staff to innovate & improve to reach target scores
- 1996 completed SMI pilot by resurveying customers, calculating actual CS and IP scores for comparison to targets, and evaluating strategic outcomes.
- 1997 delivered CS and IP score results to customers.

The SMI process is based on a continuous recurring cycle, at the end of which we will have measurable results regarding our efforts to improve Customer Satisfaction (CS), Employee Satisfaction (ES), and Internal Productivity (IP). To date, we have not piloted the ES component of the SMI. Throughout the pilot we have solicited feedback from customers and OTSP participants, and we continue to listen for and make needed improvements to the SMI process, so that we can proceed smoothly with full implementation.

2.9 How do we define success?

One mark of success for the SMI will occur when OTSP front line staff and managers use SMI tools to help them --

- Define measurable success goals
- Set work and resource priorities
- Generate plans of action to improve products, processes and job factors
- Deploy resources
- Maintain accountability by measuring and re-measuring results

Another success milestone for the SMI will be the distribution to our customers and employees of the CS, ES, IP scores.

To summarize, our short term SMI goal is to focus our improvement efforts on customer and employee priorities. Our long term goal is simultaneous measurable improvement to **Customer Satisfaction, Employee Satisfaction and Internal Productivity.**

2.10 Sample of SMI Products

A wide array of useful measures and information products will be generated by the SMI for use by our customers, managers and front line staff. The tables on the following page provides a small sample of high level SMI measures. The data contained in these tables are for example purposes only.

OTSP Level FYXX Targets

Vision Category	FYXX Targets
Continuously Increase Customer Satisfaction With Our Products	OTSP will improve its Customer Satisfaction score from <u>49.5</u> to <u>54.4</u> .
Continuously Increase Employee Satisfaction With Job Factors	For Targeted Job Factors OTSP will improve its Employee Satisfaction score from <u>47.3</u> to <u>52.3</u> .
Continuously Increase Productivity Within Our Processes	<p>Currently, OTSP is measuring productivity changes for <u>0%</u> of its total budget dollars. Within the next year, OTSP will measure productivity changes for <u>10%</u> of its total budget dollars.</p> <p>Over the next year, for its measured resource base, OTSP will increase productivity at an annual rate of <u>1.5%</u>.</p>

Summary of FYXX Scores - Division Level

Producer Division: Division of International Price Systems (DIPS)

Column 1: Vision Category	Column 2: FYXX Division Level Baseline Scores	Column 3: FYXX Division Level Target Scores	Column 4: FYXX Division Level Target Improvement	Column 5: FYXX Division Level Actual Score	Column 6: FYXX Percentage of Division Level Targets Achieved
Customer Satisfaction	42.7	47.1	10.3 %	48.5	103%
Employee Satisfaction	43.4	47.4	9.2 %	49.6	105%
Internal Productivity Unit Cost	\$12,844	\$12,529	2.5 %	\$12,651	61.3%
Internal Productivity % of Dollars Measured	5%	11%	120%	9.5%	86%

TOOL CS1A: OTSP Customer Satisfaction Survey FY XX

Customer/Contact: Jack Galvin, Program 203, Cost Center 230

OTSP Producer: Business Establishment Surveys Bob Carlson (606-7300)	Product Priority (1-10) <small>1=low, 10=high</small>	Satisfaction Score (1-10) <small>1=low, 10=high</small>
SYSTEM OUTPUTS - DATA/FORMS		
1. UDB - Universe Database Data		

OTSP Producer: Producer Price Systems Phil Kirsch (606-7500)	Product Priority (1-10) <small>1=low, 10=high</small>	Satisfaction Score (1-10) <small>1=low, 10=high</small>
SOFTWARE/HARDWARE MAINT/OPERATION SERVICES		
1. Apprise Maintenance Service		
SYSTEM OUTPUTS - DATA/FORMS		
2. Assignment Listing		
3. Compressed Print Files		
4. DIP LIST		
5. Frame Listings		
6. IIQMS Listings		
7. Index Analysis Listings		
8. Industry synopsis		
9. LABSTAT Updates		
10. Product Checklists		
11. Pub Tables		
12. Refined Sample (Listing)		
13. Re-pricing Data		
14. Re-pricing Forms		
15. SSR Listings		
16. Weekly Collection Listings		
NEW, REDESIGNED OR ENHANCED SOFTWARE		
17. Imaging system		
18. Maintenance Service for APPRISE		
CONSULTING/TECHNICAL ASSISTANCE/HELP SERVICES		
19. Misc. Estimation Requests		
MANUALS/MEMOS		
20. Sampling Maintenance Service		
21. ARTS		
22. Downsized define and enter system		
23. EDI Feasibility Study		
24. FAXing Feasibility Study		
25. Pen Based Data Collection Test		
26. Revised PPI Seasonal Adjustment System		

OTSP Producer: Management Information Systems Jarred Coram (606-7547)	Product Priority (1-10) 1=low, 10=high	Satisfaction Score (1-10) 1=low, 10=high
SYSTEM OUTPUTS - DATA/FORMS		
1. BLS Financial Profile Reports		
2. SF-52 Processing System		

OTSP Producer: Systems Design Gwen Harlee (606-7572)	Product Priority (1-10) 1 = low, 10=high	Satisfaction Score (1-10) 1=low, 10=high
BLS-WIDE ADMINISTRATIVE MANAGEMENT PRODUCTS		
1. Memos or Letters on contract compliance		
TRAINING SERVICES		
2. Training Schedules		

OTSP Producer: Systems Modernization Rich Fecher (606-7552)	Product Priority (1-10) 1 = low, 10=high	Satisfaction Score (1-10) 1=low, 10=high
NEW, REDESIGNED OR ENHANCED SOFTWARE		
1. LABSTAT Info Module (IKON)		
2. LABSTAT Microdata Trans. Module (MTS)		

OTSP Producer: Technology & Network Management Tom Zuromskis (606-5950)	Product Priority (1-10) 1=low, 10=high	Satisfaction Score (1-10) 1=low, 10=high
CONSULTING/TECHNICAL ASSISTANCE/HELP SERVICES		
1. Answer/Response to PC/LAN Help Request		
2. Document on How to Use LAN Service		
3. Functional Central LAN Services		
SOFTWARE/HARDWARE MAINTENANCE/OPERATION		
4. IBM 3800 Laser Mainframe Print-Out		
5. LAN Hardware Item Ordered, Delivered & Installed		
6. Mainframe Computer Account Financial Report		
7. Mainframe Computer Manual Delivery Service		
SOFTWARE/HARDWARE DELIVERY &/OR INSTALLATION		
8. Mainframe Impact Printer Print Job		
9. New/Updated Mainframe User Account		
10. PC Print-Out (Via Central LAN Printer)		
11. Repaired PC, Server, Printer, etc.		
12. Upgraded LAN Server		

TOOL CS9: Customer Satisfaction Score - Division Level FY XX

Purpose:	To determine a Division CS score across all customers and products.
Tool Repetitions:	Create 1 CS9 per OTSP Division, sort by Col2/Col3 in descending order
Tool User:	Division management and staff
Operations:	<u>TRANSFER</u> <u>CALCULATE</u> <u>INPUT</u>

Producer Division: DPSS TRANSFER From SMI DATABASE for each OTSP Division

Column 1: List of All Division Products by Product Category	Column 2: Normalized Product Weight for the Division	Column 3: FYXX Product Level Baseline CS Score	Column 4: Division - Weighted Product Satisfaction Score
TRANSFER	TRANSFER	TRANSFER	CALCULATE
From SMI Database list all Status 1 & 2 products (with priority weight and score) for this producer division. Sort order for Product list is by Product Category (in ascending order of category number), and within each category, products in descending order of ratio Col2/Col3.	From the CS7B (Baseline) for the product listed in this row, insert Col3 For product category row, shade this column	From the CS8 form for the product listed in this row, insert Col4 Total For product category row, shade this column	Col2 x Col3 For product category row, shade this column
Weekly Collection Review Processing	0.034	5.0	0.17
Sampling Maintenance Service	0.028	14.5	0.41
Weekly Collected Data Listing	0.033	20.4	0.68
IIQMS Listings	0.027	22.0	0.60
NIH Move	0.036	60.0	2.17
Automated Regional Tracking System (ARTS)	0.029	48.6	1.42

SSR Listings	0.009	38.4	0.33
	CALCULATE Column sum (should equal 1.0)		CALCULATE FYXX Division Level Baseline CS Score Column sum
Totals	1.0		56.0

TOOL CS17: Target Customer Satisfaction Scores - Division Level

FY XX

Purpose:	To determine the overall target CS score and improvement percentage for each OSTP Division
Tool Repetitions:	Create 1 CS17 per OTSP Division
Tool User:	Division Management/Staff
Operations:	<u>TRANSFER</u> <u>CALCULATE</u> INPUT

Producer Division: DPPS

TRANSFER from SMI DATABASE for each OTSP Division

Column 1: List of All Division Products by Product Category	Column 2: Normalized Product Weight for Division	Column 3: FYXX Product Level Baseline CS Score	Column 4: FYXX Product Level Target CS Score	Column 5: Division - Weighted Product Satisfaction Score	Column 6: Division-Weighted Target Satisfaction Score	Column 7: FYXX Product Level Target CS Improvement
TRANSFER	TRANSFER	TRANSFER	TRANSFER	TRANSFER	CALCULATE	CALCULATE
From SMI DATABASE list all Status 1 & 2 products (with at least priority weight) for this producer division. Sort order for Product list is by Product Category (in ascending order of category number), and within each category, products in descending order of ratio Col2/Col3.	From CS7B (Target) for the Division above and product in this row, insert Col3 For product category row, shade this column	From CS8 for the Division above and product in this row, insert Col4Tot. If no CS8 exists, leave blank For product category row, shade this column	If product in this row is listed on CS16, insert CS16 Col4. All other products copy CS17 Col3 entry For product category row, shade this column	From CS9 for division above and product in this row insert Col4. If product does not appear on CS9, leave blank For product category row, shade this column	Col2 x Col4 If Col4 blank, leave blank For product category row, shade this column	$((Col6 - Col5) / Col5) \times 100$ If Col5 or Col6 blank, leave blank For product category row, shade this column
	CALCULATE			TRANSFER	CALCULATE	CALCULATE
	Column sum (should equal 1.0)			FYXX Division Level Baseline CS Score From CS9 Col4 Total	FYXX Division Level Target CS Score Column sum	FYXX Division Level Target CS Improvement $((Col6Total - Col5Total) / Col5Total) \times 100$
Totals	1.00					✓

TOOL ES1 - OTSP Employee Satisfaction Survey

FY XX

Division:	DIPS	DPPS	DCPCS	DDCPS	DFSMS	DBES	DSHS
	DCCT	DSD	DSM	DTNM	DMIS	ACOMM	

Instructions

Please circle the name of your OTSP Division from the list above.

Please enter **only one importance factor** and **one satisfaction score** for each of the nine factors. The bulleted questions are there to further clarify the overall factor.

Please enter **one value** in column 2 that tells us how important each factor is to you. This will help us prioritize our efforts to improve employee satisfaction. The importance factor can be any value from 0 to 100. Use the following guidelines:

0 - 20	Very Low Importance
21 - 40	Low Importance
41 - 60	Medium Importance
61 - 80	High Importance
81 - 100	Very High Importance

Please enter **one score** in column 3 to indicate your current satisfaction with each factor. The score can be any value from 0 to 100. Use the following guidelines:

0 - 20	Very Dissatisfied
21 - 40	Dissatisfied
41 - 60	Neutral
61 - 80	Satisfied
81 - 100	Very Satisfied

When OTSP or OTSP management is mentioned, please include in your assessment your Division's management team as well as the Directors and Assistant Commissioner. Please feel free to add any additional comments in the space provided at the end of the form.

Column 1	Column 2	Column 3
Satisfaction Factor	Importance Factor 0 - 100	Factor Satisfaction Score 0 - 100
1. Job Duties and Responsibilities How satisfied are you with your work assignments? <ul style="list-style-type: none"> • Is your work challenging? • Do you have the right amount of work? 		
2. Quality of Supervision How well does your supervisor ensure that you are a productive and effective member of your work unit? <ul style="list-style-type: none"> • Does he/she provide clear guidance and feedback? • Does he/she delegate authority and work effectively? • How open or willing is your supervisor to discuss job-related problems? • Does your supervisor capitalize on your individual skills and talents? 		
3. Training & Skills Development How well trained are you to perform your job? <ul style="list-style-type: none"> • Do you receive training in a timely fashion? • Is the training that you receive of high quality? • Is job-related training easily available to you? • Do you have access to training (not directly job-related) to foster your growth and development? 		
4. Management Leadership How well does OTSP management set direction and provide support that you need to achieve organizational goals? <ul style="list-style-type: none"> • Do they solicit and respond to your ideas? • Is the process for setting priorities and making decisions clear? • How effective is OTSP management in resolving problems? • Are the organization's plans and priorities clearly articulated? 		
5. Communications How satisfied are you with the timeliness and effectiveness of communications within OTSP? <ul style="list-style-type: none"> • How effectively are communication channels utilized (e-mail, memos, meetings, etc.)? • Are you promptly informed of changes in policy that affect your work? • Does OTSP encourage communication? 		
6. Work Rule Flexibility How satisfied are you with the flexibility of work rules within OTSP? <ul style="list-style-type: none"> • How supportive is OTSP management with regard to alternative working arrangements such as flexitime, flexiplace, job sharing, etc.? • How accommodating is OTSP management when dealing with individual situations? • How satisfied are you with the amount of flexibility in the work rules? 		

Column 1	Column 2	Column 3
Satisfaction Factor	Importance Factor 0 - 100	Factor Satisfaction Score 0 - 100
7. Job Growth & Promotion Potential How satisfied are you with your advancement within OTSP? • Has your rate of advancement within OTSP met your expectations? • Are opportunities provided to you to prepare for career advancement?		
8. Awards and Recognition How satisfied are you with the process used to select and recognize recipients for awards within OTSP? • Monetary Awards Process • Non-monetary Awards Process		
9. Workforce Diversity and Fairness How satisfied are you with the fairness of your treatment in OTSP? • Are you treated with respect? • Are you considered for all task and team assignments fairly? • Are you satisfied with the diversity in the work groups to which you are assigned?		
Comments:		

TOOL IP3: Internal Productivity Scores For Target Product/Process Pairs FY XX

Purpose:	To calculate unit cost baselines for the product/process pairs selected by the Divisions for scoring in the current year
Tool Repetitions:	Create 1 IP3 form for each OTSP Division
Tool User:	Division Chiefs
Operations:	<u>TRANSFER</u> <u>CALCULATE</u> INPUT

Producer Division: DIPS TRANSFER from SMI DATABASE for each OTSP Division

Column 1: FYXX Product/Process Pairs Targeted For Productivity Improvement	Column 2: FYXX-1 Actual Dollars Consumed By Targeted Product/Process Pair	Column 3: FYXX-1 Product Units Produced	Column 4: FYXX Baseline Product/Process Unit Cost
TRANSFER	TRANSFER	TRANSFER	CALCULATE
From IP1 for the division above, insert all product/process pairs with a check for FYXX in Col3	From FYXX-1 IP16 Col3Tot for the product/process pair in this row. If no FYXX-1 IP16 exists, leave blank.	From SMI DATABASE for the Division above & Product named in this row, enter total FYXX-1 annual units produced If no FYXX-1 units exist, leave blank	Col 2/Col 3 If Col2 or Col3 blank, leave blank
IPP Reporter Tracking System User Manual /Develop Document			
Monthly Index Listings /Production Run			
Monthly Index Listings /Review Listings			
	CALCULATE	CALCULATE	CALCULATE
	FYXX-1 Division Total Dollars Consumed by Targeted Product/Process Pairs	FYXX-1 Division Total Product Units Produced	FYXX Division Baseline Average Product/Process Unit Cost
	Column sum	Column sum	Col 2Tot/Col 3Tot
Totals			

TOOL IP7: Target IP Improvement Scores - Division Level FY XX

Purpose:	To determine the overall target IP costs and improvement percentage for each OTSP Division
Tool Repetitions:	Create 1 IP7 per OTSP Division
Tool User:	Division Management and Staff
Operations:	TRANSFER CALCULATE INPUT

Producer Division: DIPS

TRANSFER from SMI DATABASE for each OTSP Division

Column 1: FYXX Product/Process Pairs Targeted for Productivity Improvement	Column 2: FYXX Product/ Process Baseline Unit Cost	Column 3: FYXX-1 Product Units Produced	Column 4: FYXX Product/Process Target Unit Cost	Column 5: FYXX Projected Total Cost For Baseline Units	Column 6: Division Target IP Improvement
TRANSFER From IP1 for the division above, insert all product/process pairs with a check for FYXX in Col3	TRANSFER From IP3 for the Division listed above, and for the product/process pair in this row, insert Col4	TRANSFER From IP3 for the Division listed above and product named in this row, insert Col3	TRANSFER From IP6 for the Division listed above, and for the product/process pair in this row, insert Col4	CALCULATE Col3 x Col4	CALCULATE $((\text{Col 2} - \text{Col 4}) / \text{Col 2}) \times 100$
	TRANSFER FYXX Division Baseline Average Product/Process Unit Cost From IP3 for the Division above, insert Col4Total	TRANSFER FYXX-1 Division Total Product Units Produced From IP3 for the Division above, insert Col3Total	CALCULATE FYXX Division Projected Average Unit Cost Col5Total/ Col3Total	CALCULATE FYXX Division Projected Total Cost for Baseline Units Column sum	CALCULATE Division Level Target IP Improvement $((\text{Col2Total} - \text{Col4Total}) / \text{Col2Total}) \times 100$
Totals					

TOOL ALL6: Year 1 Targets - Division Level FY XX

Purpose:	To summarize a Division's Year 1 SMI targets
Tool Repetitions:	Create one ALL6 for each Division
Tool User:	All Division Staff
Operations:	<u>TRANSFER</u> CALCULATE INPUT

DIPS

Vision Category	Year 1 Targets
(PRE-PRINT)	<p style="text-align: center;">TRANSFER</p> <p style="text-align: center;">For CS row, from CS17 insert Col5Total and Col6Total</p> <p style="text-align: center;">For ES row, from ES10 insert Col5Total and Col6Total</p> <p style="text-align: center;">For IP Row</p> <p style="text-align: center;">Transfer 1 from IP14 Col4 Last Year for the Division above</p> <p style="text-align: center;">Transfer 2 from IP14 Col4 This Year for the Division above</p> <p style="text-align: center;">Transfer 3 from IP7 Col6Tot This Year for the Division above</p>
Continuously Increase Customer Satisfaction With Our Products	DIPS will improve its Customer Satisfaction score from <u>42.7</u> (TRANSFER) to <u>47.1</u> . (TRANSFER)
Continuously Increase Employee Satisfaction With Job Factors	For Targeted Job Factors DIPS will improve its Employee Satisfaction score from <u>43.4</u> (TRANSFER) to <u>47.4</u> . (TRANSFER)
Continuously Increase Productivity Within Our Processes	<p>Currently, DIPS is measuring productivity changes for <u>0 %</u> (TRANSFER 1) of its total budget dollars. Within the next year, DIPS will measure productivity changes for <u>4%</u> (TRANSFER 2) of its total budget dollars.</p> <p>Over the next year, for its measured resource base, DIPS will increase productivity at an annual rate of <u>1.5 %</u>. (TRANSFER 3)</p>

TOOL ALL12: Summary of Scores - Division Level FY XX-1

Purpose:	To measure each OTSP Division's annual performance relative to their SMI targets
Tool Repetitions:	Create one ALL12 form for each OTSP Division
Tool User:	Division Management/Staff
Operations:	<u>TRANSFER</u> CALCULATE INPUT

Producer Division: DIPS TRANSFER from SMI DATABASE for each OTSP Division

Column 1: Vision Category	Column 2: FYXX-1 Division Level Baseline Scores	Column 3: FYXX-1 Division Level Target Scores	Column 4: FYXX-1 Division Level Target Improvements	Column 5: FYXX-1 Division Level Actual Scores	Column 6: FYXX-1 Percentage of Division Level Targets Achieved
(PRE-PRINT)	TRANSFER For CS row, from CS9 Col4Tot (FYXX-1) for the above division For ES Row ... For IP row, from IP3Col4Tot (FYXX-1) for the above division	TRANSFER For CS Row, from CS17 Col6Tot (FYXX-1) for the above division For ES Row ... For IP row, from IP7Col4Tot (FYXX-1) for the above division	TRANSFER For CS row, from CS17 Col7Tot (FYXX-1) for the above division For ES Row ... For IP row, from IP7Col6Tot (FYXX-1) for the above division	TRANSFER For CS Row, from CS9 Col4Tot (FYXX) for the above division For ES Row ... For IP row, from IP16A Col4Tot (FYXX-1) for the above division	TRANSFER For CS row, from CS43 (FYXX-1) Col5 For ES Row ... For IP row, from IP17Col6Tot
Customer Satisfaction	42.7	47.1	10.3 %	48.5	103%
Employee Satisfaction	43.4	47.4	9.2 %	49.6	105%
Internal Productivity Unit Cost	\$12,844	\$12,529	2.5 %	\$12,651	61.3%
Internal Productivity % of Dollars Measured	5%	11%	120%	9.5%	86%

Comments made as a discussant in the session on Performance Measurement in Statistical Agencies at the Seminar on Statistical Methodology in the Public Service sponsored by the Council of Professional Associations on Federal Statistics, November 13, 1996.

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I appreciate this opportunity to contribute to this discussion on a topic that I care very much about. I work full time consulting with public and private organizations to help them improve their work systems through the use of quantitative methods, but my special interest is in organizational performance measurement. I am also the humble moderator of a local Study Group on Measuring Organizational Performance which is sponsored by the Northern Virginia Chapter of the American Society for Quality Control. We call ourselves the MOP Group, MOP referring to "Measuring Organizational Performance." We are almost three years old and have about 30 members. We meet once a month to study and discuss theory and practice related to measuring organizational performance and we operate a MOP Clinic that provides free advice to organizations that want help in solving a performance measurement problem. You are all invited to contact me if your organization would like some free help in developing performance measures.

The co-authors of the first papers presented in this session, Nancy Kirkendall and Paul Staller, are members of the MOP Group. And, in fact, as Nancy mentioned in her presentation, their inspiration for initiating a project to develop organizational performance measures for their agency came from a meeting of the MOP Group. At that meeting, another federal agency was describing how it developed a performance measurement system and, as she listened, Nancy said to herself, "We can do that!" The results of that inspiration, these several years later, have been recognized as an exemplary model for how to design and implement an organizational performance measurement system in a federal agency. With all due respect to Nancy and Paul, the MOP Group wishes to claim all possible credit for their accomplishments!

In my allotted time, I would like to address my comments to the question of how to begin to develop a system for measuring organizational performance and draw on the papers presented here for illustration and reinforcement.

The challenge of measuring organizational performance is not fundamentally a technical matter. Many performance measures involve nothing more than counting. Of the "fundamental four" measures of process performance--quantity, quality, timeliness, and cost--quantity, time, and cost are pretty easy to count in most situations; quality can get a

bit tricky to measure in some settings, but it often involves counting errors or defects. I do not mean to say that there are not great challenges in the development and implementation of a system for measuring organizational performance, only that these challenges are, for the most part, not technical from a measurement point of view. Now, it may take some effort to define what constitutes an error or a defect or other failure to meet a quality standard, or even to define what a measure of some particular quantity is, but once these definitional tasks are completed by consensus, the actual measurement and analysis of data is often fairly straightforward.

It has been my experience that the challenge of measuring organizational performance is more a matter of corporate will, that is, a sincere desire followed by commitment to improve performance in the delivery of product or service. It involves a change in management philosophy and a learning curve to develop new management habits. Building a system to measure your organization's performance takes time. Note in the papers by Nancy and Paul that their measurement development project has been going on for two years and is still not finished. They began design work in September of 1994, began collecting baseline measurement data in September of 1995 and reported in April of 1996. In George's project, the decision to begin was made in November of 1992, the measurement methodology was established by September of 1993 and the first baseline measures were completed in August of 1994, a little less than two years.

Developing a system to measure your organization's performance goes through a number of stages. But we usually hear about what I call the "advanced" stages such as benchmarking, vertical alignment across organizational levels, the balanced scorecard, and statistical process control. These are all valuable techniques and principles that can contribute significantly to organizational performance improvement. But they are examples of more advanced stages in the development and implementation of a system of performance measures. For example, benchmarking involves exchanging your measurement methods, standards, and results with other organizations for mutual benefit. Benchmarking therefore requires that you already have a well-developed performance measurement system which you are using and have confidence in. It is not, as is sometimes misunderstood, something you do at the beginning of the start of developing measures to find out what other organizations are doing. I note that the papers presented in this session do not focus on these advanced topics and so are especially helpful to those interested in beginning the task of developing performance measures.

Based on my experience, I want to communicate one message to you today. If you are taking your first steps on the journey to developing and using measures in the management of your organization, start at the beginning and keep it simple at first. All three presenters provide good stories of how they approached their tasks. Nancy describes how they first described their work processes before addressing the measurement question. Her remarks illustrate the Wise Theorem of Sequence which states that "In the development of organizational performance measures, process thinking precedes quantitative thinking." In his remarks, Paul indicated that their agency is currently reviewing their measures and trying to reduce their number and improve their

accuracy. His remarks highlights the Wise Theorem of Action which states that "It is better to improve your data on the move than to design the perfect measurement system before moving." George pointed out in his presentation that his agency selected three measures of performance--just three; this illustrates the Wise Theorem of the Vital Few which states that "A few measures are all you need, if they are the right ones."

If I were asked what three pieces of advice I would give to an agency that is starting out to develop and implement measures of organizational performance, I would offer the following four:

1. Process thinking comes before quantitative thinking in the development of measures. In other words, you can't measure a process, program, or purpose that you have not described. So begin by describing your program. Identify the core work processes in your agency, what value they deliver, and to whom. Based on this articulation of your work, you can identify what the strategic objectives of your agency or program are. This may demand new thinking, because you need to view your organization as a set of related processes, not as lines and boxes on an organization chart. The EIA experience described by Nancy is an excellent illustration of the use of an Input-Process-Output model to develop a process view of an organization. Measurement of strategic priorities begins after you have described those priorities.

2. Establish baselines for the key measures you select. You need to find out how well you are currently delivering your value as early as you can. All three presenters made this point either in their remarks or in their papers. Without a baseline, you will have no basis on which to interpret later measures to see if your performance is changing. Comparison of data is the basis for interpreting performance measures and although an organization can use external standards (such as industry standards) to interpret their performance over time, most organizations like to interpret performance by comparing data to their own past performance.

I would like to register here an opinion that is somewhat in opposition to one particular notion that appears in several of the presenters' papers. I do not mean to say that they are advocates of this principle, but they refer to the notion of "targets," and I hear it often advised that you write your program objectives in the form of numerical "targets." I have seen organizations try to do this even before they had a good understanding of their current operations. I worked with one organization that had already set a target of a 50 % reduction in the amount of time it took to complete a certain process. When I met with them, I learned that they had not analyzed the process and had no data on how much time the process was taking. Not only did they not have a number to calculate 50% of, but they had no "before" data to document the improvement between "before" and "after." I think that setting numerical targets as a basis for measuring performance is great if your organization is at a certain stage, but to do it well, to do it accurately enough to make a commitment to a specific percentage increase, you had better have your finger on the pulse of your process capability. As an illustration, I note in Paul's paper that in his agency's plans, the intention is to establish numerical targets for the year 2002. A

numerical target it is not the only way to measure change or results. An alternative is to track a trend on a line chart. For the beginning measurer of organizational performance, simply increasing quality or reducing time can be worthy objectives, and these performance changes are eminently measurable with the help of baselines and trend charts. With time and experience, you can move to a stage where you can understand and measure your process capability well enough to commit to numerical targets in future program objectives.

3. Don't build the whole system at once. Build a piece of it, say for one process or one program, and get the system working and in use. Develop the right management habits that will sustain your effort and will truly make use of the measurement data that you generate.

4. Involve members from all relevant parts of your organization in describing the process or program and in the development of performance measures. Distribute the measurement plans widely. Everyone needs to understand the purpose of the measures and to cooperate in data collection and interpretation. It would be best if the measurement reports, in the form of charts, are made public and visible so that everyone can see how the organization is performing. Organizational performance is the sum of the efforts of all its members.

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