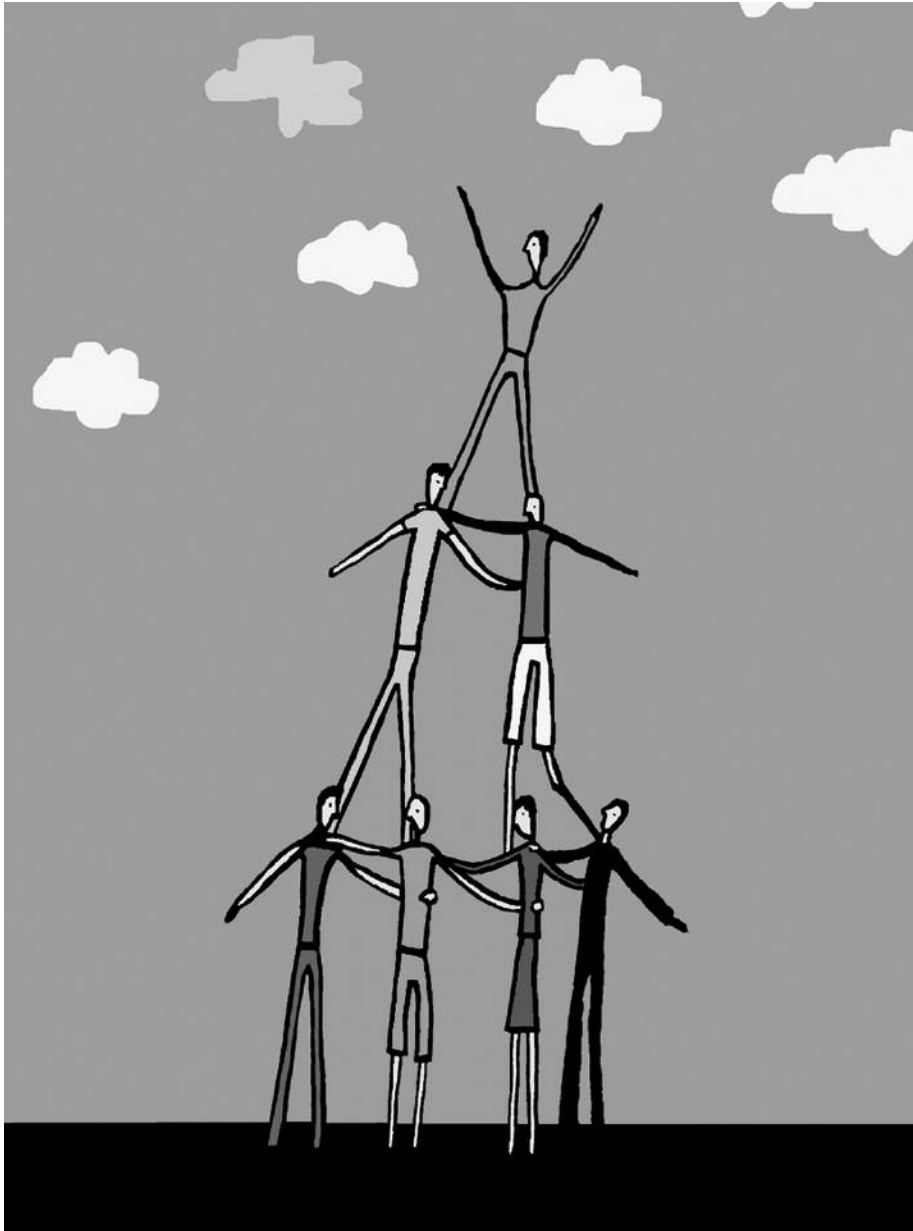# Implementing Results-Based Management in Local Government

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In recent years many local governments have started to track and report their performance using measures, often under such labels as "key indicators" or "balanced scorecards."[1] Because of the growing adoption of performance measurement, managers of numerous government agencies now better understand the results that their programs are producing.

Nonetheless, performance measurement will not produce greater effectiveness unless it consistently influences the decisions and the behaviors of agency workers. Accordingly, a number of agencies have begun to move to the next step, incorporating performance measurement into their day-to-day management decisions so that the resulting measures help drive planning, personnel assessment, process improvements, and budget. These performance-driven management systems have (confusingly) been given various names, including "performance-based management," "strategic management," and "results-based management." This article refers to all such systems as results-based management (RBM) systems.

Many agencies find it difficult to move from their traditional management approaches to RBM. This article provides some guidelines for agencies wishing to make the transition. It begins with an overview of RBM. It then discusses how government agencies can overcome common obstacles and successfully implement RBM. The article uses examples from the experiences of public agencies in Greensboro and Wake Forest (N.C.). (For a description of other North Carolina projects using RBM, see the sidebar on page 32.)

Benefits of Results-Based Management

RBM asks an agency to define its most important results in a strategic planning process, to set annual objectives based on those results, and—most important —to use feedback about attainment of results in order to motivate agency members, improve internal processes, and guide personnel and budget decisions.

If an RBM system is well designed, implemented, and maintained, an agency can reap three substantial benefits:

- It can focus on its most important desired results. Often agency members work hard but become so caught up in day-to-day activities that they lose sight of their most important goals. An RBM system helps all agency members stay focused on outcomes, building a stronger, results-oriented organizational culture.

- It can become more proactive and agile. Too often, government agencies wait until a problem has become a crisis before acting.[2] Rather than slowly reacting to change, well-managed agencies proactively perceive upcoming challenges and take actions to meet them before they turn into crises. An RBM system facilitates this approach because its results-oriented strategic planning and annual goal-setting force managers to think ahead, proactively choosing new ways of reaching higher levels of performance.

- Its frontline staff will be empowered and accountable. Managers today hear a lot about the need to empower frontline staff so that their agencies can meet clients' needs more quickly. Empowerment of frontline staff can be an important step toward higher morale, greater organizational agility, and increased customer satisfaction. However, empowerment also can harm an agency if improperly implemented, with workers heading off in multiple and sometimes contradictory directions, all without clear accountability. An RBM system sets clear results-based goals, then gives staff great discretion in deciding how to reach them. Empowerment is thereby harnessed to an overarching organizational vision expressed in clear and measurable goals. This ensures results-based accountability as well.

Results-Based Management Projects in North Carolina

Stephen K. Straus has worked with three North Carolina organizations to develop results-based management (RBM) systems. Wake Forest has undertaken the most ambitious project. In 2003, commissioners concluded that the town seemed to be performing well but lacked clear indicators of its effectiveness in serving the public. Town Manager Mark Williams initiated work on an RBM system. Each department and major division developed results-based goals and measures as well as strategies to achieve those goals. In fall 2004 the town worked with Developmental Associates, a consulting firm, to develop and implement an online survey of its citizens. The survey results, coupled with other more objective measures, provide a baseline for all departments. During the 2005–06 fiscal year, the town will begin tracking those measures to evaluate departmental performance. By 2006–07 the town will begin integrating results-based performance management into its budgeting processes.

Greensboro–High Point Training and Employment Services (G–TES) has made the most progress with its RBM system. As indicated in the accompanying article, the management team of G–TES used an RBM system to redesign its entire operation and structure.

Jerryl Covington, director of Greensboro's Environmental Services Department, charged a Strategic Planning Committee with developing an RBM plan. The plan provides strategies for implementing and measures for evaluating the effectiveness of the department's new district routing system. The routing system and the plan will go into effect in 2006.

An RBM system can provide the most payoff when it drives the way in which managers and supervisors think and operate on a day-to-day basis. Straus and Richard McMahon, a retired member of the School of Government faculty, have designed a training program entitled Results-Based Management and Supervision. The program teaches participants how to use a results-based approach to analyze and solve routine as well as complex problems. Straus has taught Results-Based Management and Supervision to a variety of governments and organizations, including Asheville, Cary, Clayton, Greensboro, High Point, and the North Carolina Wildlife Resources Commission.

Studies have shown that past management innovations, even useful ones, often have been accompanied by inflated claims that led to later disappointment.[3] An RBM system is far from a panacea for organizational ills. Nonetheless, an agency that correctly implements an RBM system can produce a noticeably more effective organization, which in turn produces more satisfied customers.[4]

Results as Outcomes

An RBM system depends on agencies' focusing on, and then managing, their most important results. The most important results are outcomes, although agencies must track a few inputs and processes as well.

"Inputs" are the resources that an agency uses, such as money, time, and equipment. They are typically represented by the cost of programs or activities.

"Processes," or "activities," are the functions that take place within an agency. When the agency counts them, it produces activity measures that demonstrate how busy it is—number of police patrols conducted, food stamps distributed, babies immunized, mental health patients counseled, and so forth.

"Outcomes" are the effects of processes on stakeholders outside the agency, such as citizens or customers. For an ur-

Figure 1. **Input-Output Model**

| Inputs | → | Agency Processes/Activities | → | Early Outcomes | → | Intermediate Outcomes | → | Late Outcomes |
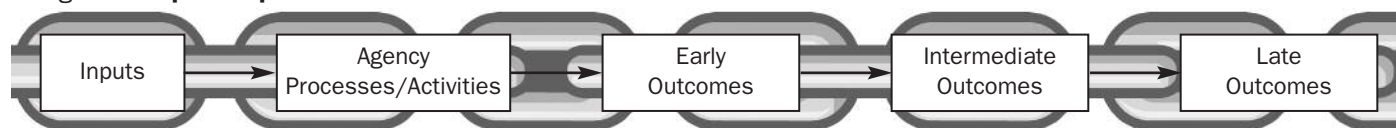
ban health department, outcomes might include fewer cases of tuberculosis, fewer emergency room visits, and higher patient satisfaction; for a highway patrol, fewer cases of speeding, fewer accidents, and reduced highway fatalities; and for a school district, higher test scores, fewer dropouts, and higher earnings after graduation.

Outcomes are the reasons that public agencies exist. They do not exist to work hard or stay within their budget, although doing so is commendable. They exist to produce effects on the outside world, such as helping students get better jobs and helping patients recover from illnesses. Therefore management systems must focus on outcomes. There is a cause-and-effect relationship among inputs, processes, and outcomes (see Figure 1).

Process Measures versus Outcome Measures

Outcomes often are difficult to define and measure. Therefore, government has traditionally emphasized (and measured) processes.[5] For example, human services organizations report on how many people they have served but not on how many people have become self-sufficient. Transportation departments report on the number of miles paved or maintained but typically not on the reduction in accidents or commuting time.

Process measures serve a useful role. They tell an agency how hard it is working (its workload). However, a near-exclusive focus on processes hurts an agency because it encourages goal displacement. Goal displacement occurs when

agency members pursue goals that fail to provide a benefit to the public or other stakeholders.[6] For example, a police department may become so focused on running a large number of foot patrols (a process) that it does not focus on whether the patrols reduce crimes against property or people. Similarly a downtown revitalization committee may take pride in its frequent, well-attended meetings and its development of an elegant marketing plan, but those activities may not lead to more customers shopping downtown.

RBM, then, is outcomes-based management. An agency must track some inputs to keep its budget figures, and it must track some processes to determine how hard it is working. However, it should direct the attention of its managers and all its members primarily to outcomes.

Most complex public agencies generate many outcomes. How does an agency choose which outcomes it will track, and how does it use them to guide decisions and improve internal processes? Its primary tool is a cause-and-effect chain, often called a "logic model."[7]

Use of a Cause-and-Effect Chain to Choose the Right Results

Outcomes are the focus of an RBM system, but not all outcomes are the same. Depending on when they occur, outcomes may be classified as early, intermediate, and late.

"Early outcomes" are those that quickly result from activities. For instance, police foot patrols may directly lead to more arrests.

"Intermediate outcomes" are later effects, those that are caused by the early outcomes. For example, the increased arrests produced by foot patrols may lead to more convictions, lower crime rates in the next year or two, and an increased sense of security among citizens.
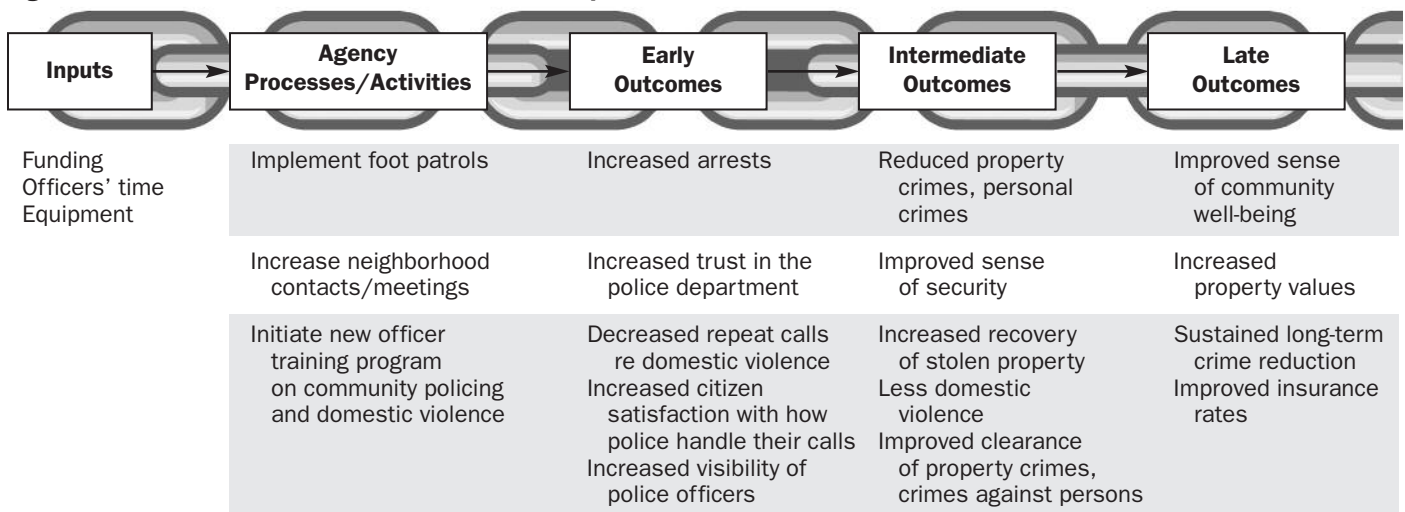
"Late outcomes" are long-term effects produced by the intermediate outcomes. For example, the reduced crime rate over the first year or two may produce sustained low rates of crime, more citizens walking at night, more businesses moving to town, and even increased property values.

(For cause-and-effect chains for a foot patrol operated by a police department, see Figure 2.)

Distinguishing between early, intermediate, and late outcomes has an important practical payoff for public managers. It helps them decide which outcomes to track, because each type of outcome measure has advantages and disadvantages.

Focusing entirely on processes will produce goal displacement. Therefore any focus on outcomes is an improvement. Nonetheless, if an agency focuses exclusively on measures of early outcomes, it may experience a milder form of goal displacement. A goal of increasing arrests (an early outcome) may not produce a safer city (a late outcome) if police respond to the new goal by increasing the number of arrests for very minor crimes. Similarly a goal of producing fewer high school dropouts (an early outcome) may not produce graduates with better job skills

Figure 2. **A Cause-and-Effect Chain in a Police Department**

Inputs	Agency Processes/Activities	Early Outcomes	Intermediate Outcomes	Late Outcomes
Funding Officers' time Equipment	Implement foot patrols	Increased arrests	Reduced property crimes, personal crimes	Improved sense of community well-being
	Increase neighborhood contacts/meetings	Increased trust in the police department	Improved sense of security	Increased property values
	Initiate new officer training program on community policing and domestic violence	Decreased repeat calls re domestic violence Increased citizen satisfaction with how police handle their calls Increased visibility of police officers	Increased recovery of stolen property Less domestic violence Improved clearance of property crimes, crimes against persons	Sustained long-term crime reduction Improved insurance rates

and higher incomes (later outcomes) if teachers and administrators respond to the early goal by dramatically decreasing the academic demands of high school in order to entice students to remain.

Although focusing on early outcomes is likely to result in some goal displacement, such a focus has advantages as well. Early outcomes are the ones most clearly controllable by the agency. For example, a police department controls the number of arrests much more completely than it controls increased feelings of public safety, a later outcome. Moreover, early outcomes are the easiest ones to measure, and they are apparent most quickly, allowing agencies to receive fast feedback and take remedial actions when an effort is going astray.

> **The primary advantage of focusing on late outcomes is that they represent the ultimate purpose of the agency.**

The primary advantage of focusing on late outcomes is that they represent the ultimate purpose of the agency. Therefore, goals based on them usually will not be displaced. For example, there is no goal displacement when the police department pursues the late outcome of "sustained low rates of crime," unlike the case when it pursues the early outcome of "increased arrests." Moreover, late outcomes are valuable when an agency performs a program evaluation to determine whether it is achieving its major missions in a cost-effective manner. Such evaluations are based on late outcomes: for a police department, sustained low rates of crime; for a communicable disease unit of a public health department, long-term drops in sexually transmitted diseases; and for a community college, students succeeding in four-year colleges and in jobs.

However, compared with early outcomes, late outcomes often are more difficult to measure, and they also are more affected by outside forces, making them farther outside the direct control of the agency. Moreover, late outcomes sometimes require so much time to achieve that they seem irrelevant to managers and to elected officials serving terms of only a few years.

Intermediate goals offer a useful balance between the advantages and disadvantages of early and late outcomes.

They provide reasonably fast feedback —often in a year or so. They also provide a reasonable level of control: agencies usually have a large, but not total, influence over whether they are achieved.[8] For example, effective police departments can influence next year's crime rate, effective revitalization programs can help improve business downtown, and successful mental health agencies can enable their customers to become more self-sufficient.

The foregoing discussion suggests that a well-designed RBM system will use a combination of early, intermediate, and late outcomes in setting its goals. The measures of early outcomes will provide quick, step-by-step feedback. The measures of late outcomes will provide a long-term guide for strategic planning and program evaluation. However, the focus of an agency in setting up its RBM system usually should be on intermediate outcomes, and the agency usually should define its core mission in terms of them.

Use of Outcome Measures to Monitor Effectiveness and Efficiency

Advocates of the RBM system often emphasize how such a system helps an agency monitor and manage its effectiveness—that is, achievement of its most important results. However, outcome measures also are useful for improving efficiency—that is, achievement of the most important results without wasting time, money, or other resources.

Outcome-oriented efficiency measures often are neglected because most traditional efficiency measures focus on processes and are expressed as cost per process. For example, in one North Carolina municipality, the board is raising concerns about the cost per call of the fire department. Responding to calls is a fire department process, and cost per call is one useful efficiency measure. However, as with all process measures, it can lead to goal displacement. No citizen would want a fire department that arrives promptly, without

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Readers of *Popular Government* have received a thorough introduction to some of the most important aspects of results-based management. Following are three recent articles:

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- Ingrid K. Flory, "Measuring the Performance of Emergency Homeless Shelters" (Fall 2001)
- William C. Rivenbark, "Defining Performance Budgeting for Local Governments" (Winter 2004)

wasting time or equipment, yet does a poor job in fire suppression. Indeed, most citizens would want a fire department that enables them to avoid any fire loss at all. Therefore a more important efficiency measure would be based on an outcome, such as producing a low ratio of fire service costs to (adjusted) property loss due to fire.

Five Steps to Implement a Results-Based Management System

Using a cause-and-effect chain as the unifying basis, an agency can implement an RBM system in five steps:

1. Define a core mission by applying a cause-and-effect chain.
2. Use the core mission to guide strategic planning's internal and external scans.
3. Set clear annual results-oriented goals.
4. Use backward mapping of the cause-and-effect chain to help develop new processes for achieving the goals.
5. Connect the RBM system to other organizational functions, including training, budget, and personnel evaluation.

All five steps are based on the recognition that performance measures are beneficial only if they are actually used. Therefore they must be linked to on-

going organizational processes that encourage use. In other words, performance measurement must lead to performance management, with changes in organizational behavior and decisions that in turn lead to demonstrably better outcomes for program clients.

The following sections discuss each of the steps in greater detail, using two examples: Greensboro–High Point Training and Employment Services (G–TES) and, to a lesser extent, the Wake Forest Fleet Maintenance Department. G–TES is a local government program that provides training and employment services to people who are unemployed or underemployed. In winter 2002–03, the Leadership Team of G–TES, headed by G–TES's executive director, Lillian Plummer, made a commitment to initiate an RBM system. The team worked with one of us (Straus) and Deywon McAdoo-Arant, Greensboro's director of training and development. Also, in summer and fall 2004, at the request of Wake Forest's manager, Mark Williams, and its board,

one of us (Straus again) helped the town develop a results-based strategic plan for the Fleet Maintenance Department (among others). The department services all the town vehicles and equipment.

Step 1: Define a Core Mission by Applying a Cause-and-Effect Chain

Before an agency can define its desired results and then measure its progress toward those results, it must ask, What are the most important things we are trying to do? In other words, What are our core mission and values?

Defining a core mission and values, with its specific clients, is much more difficult in government than in business. A business can choose its niche. For example, IBM can target its top-of-the-line laptop computers at the affluent business executive. However, outsiders—interest groups, legislators, executive branch officials, and others—define the core mission of government agencies, and this mission often is broad because it must satisfy a large

number of stakeholders.[9] Moreover, once an agency has chosen its core mission, it often has a difficult time measuring its effectiveness in achieving that mission, because it lacks a single measure of effectiveness, such as the profit measure for business.

These obstacles mean that top managers wishing to install an RBM system must define the core mission in terms of outcomes and recognize that their core mission will be far broader than that of the typical business.

G–TES example. To determine its primary mission, the G–TES Leadership Team developed a cause-and-effect chain (see Figure 3) and used it to consider which intermediate outcomes best captured the most important results. The discussion helped the team establish the primary outcomes—the core mission —by which G–TES should operate.[10] The team then concluded that the most significant of these outcomes was clients becoming self-sufficient.

Step 2: Use the Core Mission to Guide Strategic Planning's Scans

In step 2 the agency should use its core mission as the basis of internal and external scans. First it should ask, What internal and external opportunities exist to achieve that mission? What internal and external threats to the mission loom? Then it should ask, What strengths and weaknesses do we have to meet those opportunities and threats and carry out our core mission? (Most managers know this analytic process by its acronym, SWOT, for strengths, weaknesses, opportunities, and threats.) As a product of this analysis, an agency usually identifies some long-term goals that will aid in achieving its core mission.

G–TES example. After determining its core mission, the G–TES Leadership Team conducted a SWOT analysis. One of G–TES's internal weaknesses, the team determined, was that it had fallen prey to goal displacement. It had been focusing on a combination of process and early outcome measures. The processes and, in parentheses, the corresponding measures were as follows:

- Orientation of potential customers (number of potential customers attending orientation)

Figure 3. **Initial Cause-and-Effect Chain for G–TES**
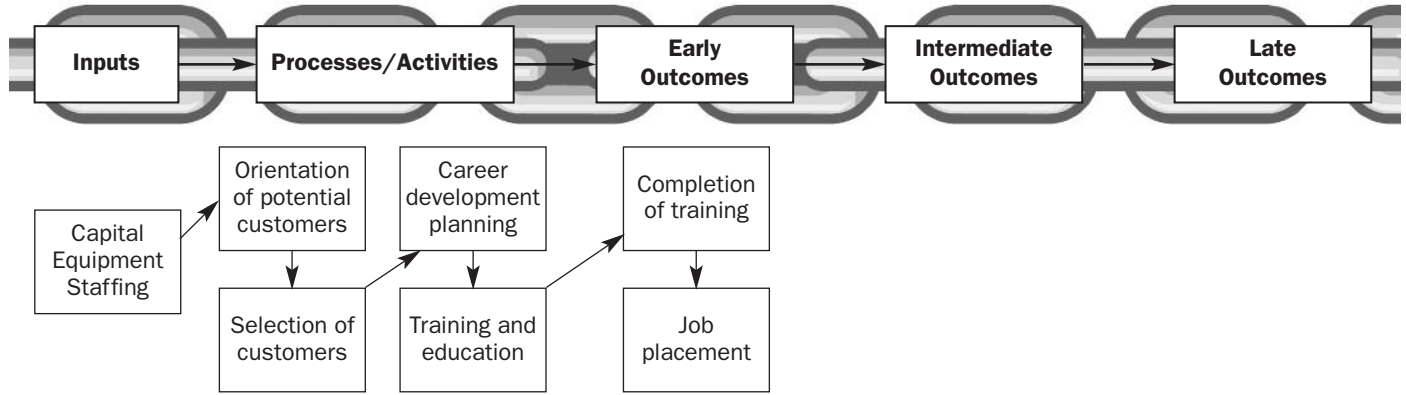
- Selection of customers (number of customers in the program)

- Career development planning (number of customers completing career development planning)

- Training and education (number of customers in various training and education programs)

The early outcomes (and measures) were these:

- Completion of training (number of customers completing training)

- Job placement (number of customers hired by local employers)

As is generally true with goal displacement, even when G–TES was successful in meeting its process and early outcome goals, it was not achieving its more important, broader mission. Many customers completed training and obtained jobs (thereby meeting the early outcome goals), yet they were not independent of government support or willing or able to hold their jobs for sustained periods, the desired intermediate outcomes. Many former customers, in fact, were returning to G–TES for training in new careers that could better sustain them and their families.

Fleet Maintenance Department example. The Wake Forest Fleet Maintenance Department provides another example of avoiding goal displacement. That department had a goal of repairing

Performance measurement must lead to performance management, with changes in organizational behavior and decisions that in turn lead to demonstrably better outcomes for program clients.

as many vehicles and pieces of equipment as possible. Obviously a fleet maintenance operation could exceed this goal and still be ineffective if its repairs were shoddy and repaired vehicles and equipment soon broke down again. Such a process-oriented goal might encourage the maintenance department to do fast but sloppy work. To overcome goal displacement, the Fleet Maintenance Department adopted a strategic goal of "minimizing the downtime of operating departments due to vehicle and equipment failure." This intermediate goal encouraged careful work and long-term maintenance, thereby better meeting the expectations of customers—the operating departments that rely on the Fleet Maintenance Department.

Step 3: Set Clear Annual Results-Oriented Goals

An RBM system is proactive; it requires agencies and individuals to decide what they specifically wish to accomplish during a time period, such as a quarter, a year, or three years. Therefore the outcome measures shown on the cause-and-effect chain must be turned into agency and individual goals. To construct a goal, managers and workers must combine the outcome measure with a target—a measurable standard of performance—and a date. The outcome measure "reduced burglaries" becomes part of a goal when stated as "Burglaries will be reduced by 12 percent by June 30, 2006." Reduced burglaries is the measure; 12 percent is the target; and the end of

the fiscal year is the date. Such goals often are set with the active involvement of both the manager and his or her team members. The desired goal is a stretch but also reasonable and attainable. (For a description of another way of setting targets, see the sidebar on page 35.)

The importance of appropriate goals cannot be overemphasized. When measurement of results is actually used to track performance and to hold management and staff accountable for that performance, agency members will pursue those measures.

G–TES example. The G–TES Leadership Team understood the importance of determining goals for the agency. After a spirited discussion, the team reached consensus that it should define self-sufficiency as clients who are no longer in need of government support.

G–TES then developed two key goals based on this intermediate outcome:

- Sixty percent of the customers of G–TES will attain self-sufficiency one year after completing the program.

- Within one year after completing the program, customers will save taxpayers more money than G–TES invests in those customers.[11]

The first goal simply specifies the desired percentage of customers who will attain self-sufficiency. The second goal focuses on efficiency by employing a cost-benefit ratio.

The team also established twelve goals based on measures of processes and early outcomes. Many of these measures already were mandated by federal and state reporting requirements. Nevertheless, the leadership team wanted to have detailed information to

assess the effectiveness of each part of the cause-and-effect chain and to test its validity over time.

Step 4: Use Backward Mapping of the Cause-and-Effect Chain to Help Develop New Processes for Achieving the Goals

Once an agency has chosen a series of annual results-oriented goals, it must ask, How do we achieve those goals? Here too, a cause-and-effect chain can help. Usually a cause-and-effect chain is constructed by working forward—by specifying a process, then the first result (outcome) it produces, then the second result it produces, and so on. However, when analyzing new processes, an agency builds the chain by working backward, usually called "backward mapping."[12] It starts from the desired outcomes, then asks, What outcomes or actions would produce the desired outcomes (and therefore precede them on the chain)? Once it has an answer, the team asks, What outcomes or actions would precede that?

Many local managers are familiar with the "balanced scorecard" approach to performance measurement because several of North Carolina's largest jurisdictions have been using it as a management tool in recent years.[13] Balanced scorecards often are a useful tool, but this step helps illustrate the two advantages of cause-and-effect chains over balanced scorecards. First, because they do not treat all outcomes as equivalent, cause-and-effect chains serve as an organizing and brainstorming device that allows managers to generate new, related measures for their programs. Chains help agencies generate a slate of management measures that does not just balance processes with outcomes, as balanced scorecards do, but also balances different types of outcomes: early, intermediate, and late.

Second, backward mapping, which helps suggest process improvements by asking which causes immediately precede desired outcomes, is far easier when using chains than when using scorecards. Even agencies that wish to retain scorecards often will find that chains provide a useful tool for building and analyzing their scorecards.

G–TES example. Spurred by a new perspective on its mission, the G–TES Leadership Team eagerly set to work on a new cause-and-effect chain that moved beyond the early outcomes of training completion and job placement and emphasized later outcomes such as increased

Figure 4. **Redesigned Cause-and-Effect Chain for G–TES**
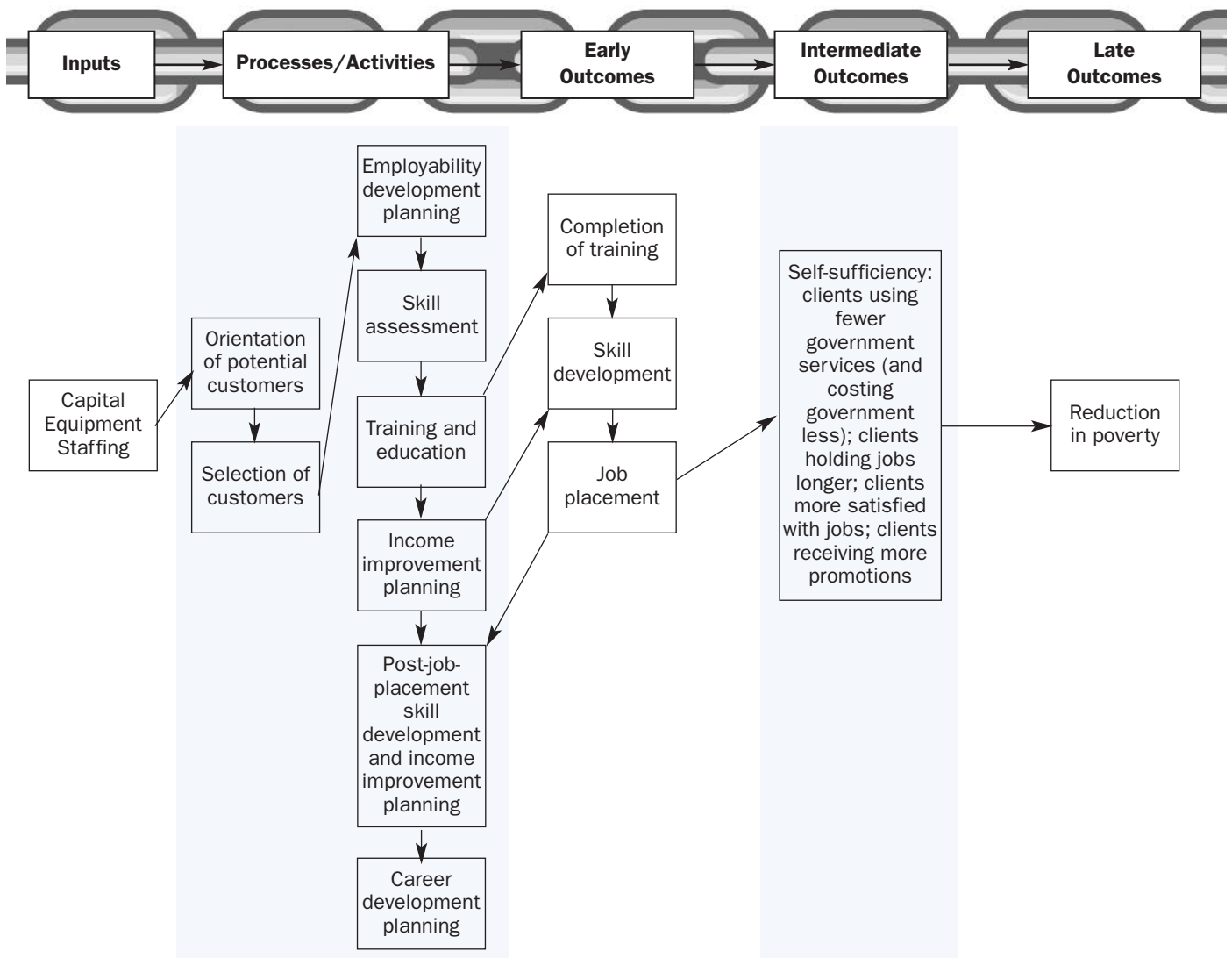
Figure 5. Performance Appraisal, G–TES Position of: Career Developer

Vision Statement: *"Every client of TES who is committed, has the potential to become self-sufficient. Commitment comes from within."*

Performance Factor #4: ACHIEVING SELF-SUFFICIENCY

Considers how the staff member enables customers to find placements that result in self-sufficiency.

RATING MEASURES	1 Fails to meet expectations	2 Partially meets expectations	3 Fully meets expectations	4 Exceeds expectations	5 Far exceeds expectations
Percent of exiters working in the occupational skill area in which they were trained	Less than 35%	35–39%	40–44%	45–49%	50%
Number of customers who have attained self-sufficiency as defined by the WDB standard	Less than 21%	21–25%	26–30%	31–35%	36%
Percent of employed exiters still employed 12 months after exit	Less than 70%	70–74%	75–79%	80–84%	85%
Increase in average monthly income (adults and older youth) at point of entry compared to 6 months after exit	Less than $457	$457–$480	$481–$505	$506–$532	$533

Source: Excerpted from Greensboro–High Point Training and Employment Service, Performance Appraisal, G–TES Position of: Career Developer (Greensboro: G–TES, n.d.).

wages and less use of government services, which are indicators of self-sufficiency. This reformulation generated new processes and outcomes and led the team to redesign old processes to promote self-sufficiency better. (For the redesigned cause-and-effect chain, see Figure 4.)

The G–TES Leadership Team and staff used the cause-and-effect chain to work backward, asking, What processes or earlier outcomes should precede these desired outcomes? For example, when they considered the desired outcome of "self-sufficiency," they recognized that it needed to be preceded by an outcome of "good understanding by clients of their own job possibilities." This necessary prerequisite often was missing. Unrealistic expectations kept numerous customers from becoming self-sufficient. Many were unaware of how changes in

the job market might limit certain options and pave the way for others. Also, a lot expressed interest in careers that were unsuitable for their aptitudes or skills, or were unattainable, given their education and work records. For customers to become self-sufficient, they needed to have a more realistic sense of their abilities, aptitudes, and potential relative to the opportunities available in a rapidly changing job market.

G–TES then designed new processes to produce this newly identified outcome of "good understanding by clients of their own job possibilities." One new process provided an intensive and valid battery of vocational and aptitude tests. A second one involved personal meetings with each customer to develop collaboratively an income-improvement plan that matched the customer's test results with opportu-

School districts may employ school-based accountability, which devolves many decisions to principals but holds the schools accountable for reaching defined academic and other goals.

nities available in the local job market.

A third new process was called "continued skill development and income improvement planning." Its purpose was to help customers plan to improve their incomes after they had secured a position. Once employed, many customers still were not paid enough to become self-sufficient. Those customers needed to develop the skills, the motivation, and the attitude necessary to move from entry-level into higher-paying positions. Therefore the role of G–TES expanded from job attainment to continuous job advancement.

To achieve its longer-term results, G–TES changed other processes as well. For example, the career developers began to emphasize collaboration, rather than direction, in order to foster greater customer responsibility and understanding.

Also, the career developers learned to hold customers accountable. Previously, customers who failed to appear for appointments or were habitually late received no negative feedback from the staff. If self-sufficiency was the most important outcome, the staff realized,
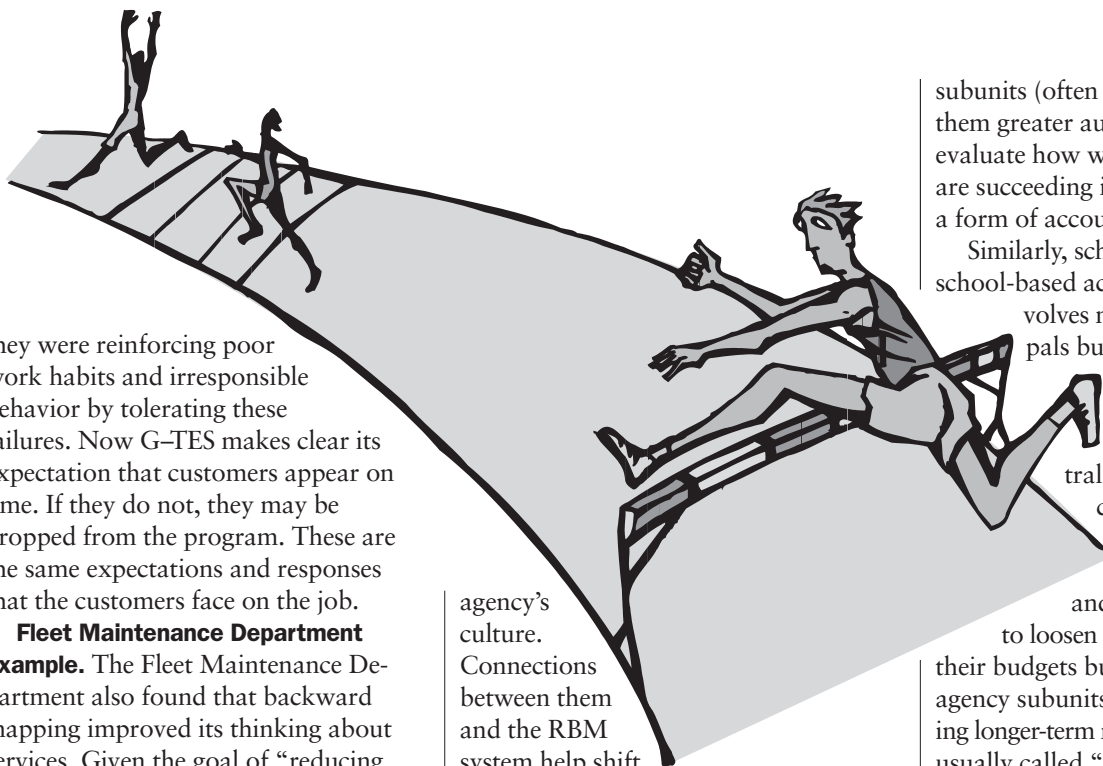
they were reinforcing poor work habits and irresponsible behavior by tolerating these failures. Now G–TES makes clear its expectation that customers appear on time. If they do not, they may be dropped from the program. These are the same expectations and responses that the customers face on the job.

Fleet Maintenance Department example. The Fleet Maintenance Department also found that backward mapping improved its thinking about services. Given the goal of "reducing lost staff hours of town departments due to unavailable equipment or vehicles," staff began thinking differently about their services. They started by developing new processes to reduce the average turnaround time on repairs. They also tried to think "outside the box" about their operations: even with reduced turnaround time, town departments still would experience some lost hours due to unavailable equipment or vehicles. The department now is considering expanding or altering its work hours so that staff can complete repairs when operating departments are not using vehicles and equipment. They also are contemplating how they can improve their capacity to supply replacement vehicles and equipment to minimize downtime.

Step 5: Connect the RBM System to Other Organizational Functions, including Training, Budget, and Personnel Evaluation

As noted earlier, outcome measures provide no value to an agency if they are gathered, reported, and then ignored. To encourage agency workers to base their decision making and behaviors on outcome-oriented goals, an agency should inextricably bind the measures to ongoing management processes and incentive systems.

Training, structure, rewards, and budgets are central components of an agency's culture. Connections between them and the RBM system help shift the organizational culture toward a greater focus on results. For example, an appropriate outcome for a street department would be improvement in the safety of city streets. Such an outcome could be enhanced by partnering with the police department. Similarly, a fleet maintenance department could work more closely with operating departments to educate drivers and equipment operators about preventive maintenance. An agency also will tend to become somewhat decentralized, to make its budgets performance based, and to make its appraisal systems outcome based, with some group or team measures. These structural changes need not be made before initiating an RBM system, but they quite often ensue as a result of implementing one.

Some agencies choose to move to step 5 cautiously. Determining outcomes, measuring results, and developing systems to gather those measures typically demand ample commitment during the first year or so.

Nevertheless, once the measurement system is in place, an agency usually will wish to use measures to evaluate the effectiveness of individual units. Such accountability for results often is fostered by restructuring in a way that provides each subunit with a cross-functional capability to deliver some outcomes on its own. For instance, as part of community-based policing, a police department may enhance the capabilities of its local subunits (often called districts) and give them greater autonomy, but it then will evaluate how well the various districts are succeeding in reducing crime. This is a form of accountable decentralization.

Similarly, school districts may employ school-based accountability, which devolves many decisions to principals but holds the schools accountable for reaching defined academic and other goals. (Such decentralized structures often are called "results centers.")

An RBM system also allows legislatures and executive departments to loosen line-item restraints in their budgets but hold the program and agency subunits accountable for achieving longer-term results. These approaches, usually called "performance-based budgeting," are built on an RBM system.

Other connections can be made to training programs and to personnel appraisals, as G–TES illustrates.

G–TES example. Once it had established the new goals and processes, the G–TES Leadership Team was prepared to reassess the staff's training, structure, and performance appraisal system. The goal of customer self-sufficiency pinpointed the importance of the career developer position at G–TES. The team realized that customers would be better served by working directly with a single career developer than by being passed from one staff member to another. Such a full-service representative could better understand the total personal and professional needs of the customer and better hold that customer accountable for following through on commitments.

To enable career developers to adapt to their expanded roles, G–TES redesigned its training and clarified the values by which it should operate. For instance, the career developers needed to be trained in test interpretation so that they could share these results appropriately with customers. Moreover, career developers needed to receive proper training in how to prepare their customers first to become more responsible, then to acquire an entry-level position, and finally to move up to higher and better positions that would allow them to achieve self-sufficiency.

Obviously this commitment to client self-sufficiency transformed the job expectations of the career developer position. The job of the career developer no longer ended with the customer becoming employed. The relationship carried over for at least a year as the career developer worked with the employer and the customer to facilitate the advancement necessary for self-sufficiency. The career developers also needed to work effectively with employers to ensure proper support for customers and to build the confidence of the local business community in G–TES and its customers.

These new job expectations, coupled with the revised measurement system, enabled G–TES to develop precise performance appraisal criteria for its career developers and other staff. Most governments develop trait- or behavior-based personnel appraisal systems. All too often, these systems tend to be either too subjective or rife with goal displacement because they tend to measure processes rather than outcomes. G–TES was able to develop a performance-based appraisal system. The career developers are assessed according to a fully objective and quantifiable set of performance standards that tie directly into organizational outcomes (for excerpts from the appraisal instrument, see Figure 5). Therefore the performance appraisal system makes a clear connection between the goals of the agency and those of its members, encouraging goal alignment.

Evaluation of the Success of Results-Based Management at G–TES

Earlier this article discusses the three expected benefits of a well-designed RBM system. The advantages provide a useful checklist of system success at G–TES.

An agency can focus on its most important desired results. Not only does the intermediate goal of enabling customers to become self-sufficient appropriately focus the actions of G–TES, but the measures of that success have enabled an objective evaluation, including an assessment of money saved. In fact, the measure of customers saving taxpayers more money than G–TES invests in its customers has provided a businesslike bottom line for the program. G–TES can build political support with elected officials by showing a return on the investment for taxpayers.

> As part of community-based policing, a police department may enhance the capabilities of its local subunits (often called districts) and give them greater autonomy, but it then will evaluate how well the various districts are succeeding in reducing crime.

This clarity of focus on results also has enabled G–TES to resolve some organizational issues. Before the implementation of the RBM system, management and staff were experiencing more than the usual tension. Management was frustrated with staff for not taking greater responsibility to ensure the success of customers, while staff were at odds with management for micromanaging their work. In addition, G–TES was adapting to new legal and reporting requirements as the Workforce Investment Act replaced the Job Training Partnership Act in 2000. Staff and management were in a state of confusion. The chaos has been resolved by the clear expectations provided by the RBM system. Both management and staff welcome the improved clarity after months of uncertainty.

After its first year of implementation of the RBM system, G–TES is not yet able to evaluate the impact on overall organizational performance. That first year was devoted to restructuring the agency, developing the measurement system, and establishing measurement baselines. Nevertheless, G–TES staff and managers have been pleased with the impact of the RBM system on their performance appraisals. For the first time in many years, no staff complained to management about their performance appraisal ratings, yet the ratings were lower than ever! Management and staff explain this paradox by pointing to the measures and the measurement system. Staff knew exactly what results were expected at the beginning of the year, and management was able to keep staff informed of their performance results on a monthly basis.

An agency can become more proactive and agile. At the end of the first year of implementation, G–TES has acquired measures of its intermediate goals and a cause-and-effect model that enable it to make appropriate improvements in its programs. For instance, if customers are not adequately achieving self-sufficiency, G–TES adjusts its processes. Moreover, by rigorously evaluating results, the organization more scientifically tests what works and what does not.

Staff already have become more proactive. Despite staff knowing their exact performance results throughout the year, management found itself spending more time than ever discussing performance appraisals with them. The discussions did not involve quarrels about ratings, however. Instead, they focused on how performance results could be improved over the year. Staff fully accepted that their performance was not what it could have been. They took greater initiative to share their ideas for improvement with management. Moreover, they began to develop strategies to improve their results, especially by learning from staff who were performing at higher levels.

An agency's frontline staff will be empowered and accountable. The new performance appraisal criteria have proven beneficial to both management and staff at G–TES. Management feels that it can hold staff fully accountable for results that have been clearly defined at the beginning of each rating period. Staff feel empowered to decide how to achieve the results. G–TES has the benefit of empowering its staff to make decisions, but it also holds them accountable for results.

A Look to the Future

The old saying, "There are no free lunches," holds true with an RBM system. Obviously, much time is required to design and maintain such a system. For example, G–TES now is devoting more time and resources to conducting customer service surveys both with its

job-seeking customers and with the employers who hire those customers.

Nonetheless, the gains of an RBM system are clear. G–TES, like other agencies, now can build on this foundation by continuously measuring outcomes and proactively modifying services to improve on them. The RBM system provides a useful new approach to planning, staffing, and delivering government services.

Notes

1. David N. Ammons, *Performance Measurement in North Carolina Cities and Towns*, POPULAR GOVERNMENT, Fall 2001, at 11.

2. STEVEN COHEN & WILLIAM B. EIMICKE, THE NEW EFFECTIVE PUBLIC MANAGER (San Francisco: Jossey Bass, 1995).

3. PAUL LIGHT, THE TIDES OF REFORM: MAKING GOVERNMENT WORK, 1945–1995 (New Haven, Conn.: Yale Univ. Press, 1997).

4. Because RBM systems are still new, there are not enough studies to be conclusive about their effectiveness. There is some empirical support for them, however.

Studies suggest that strategic planning, which is essential for establishing RBM systems, can under some circumstances produce improvements. George Boyne, *Planning, Performance and Public Services*, 79 PUBLIC ADMINISTRATION 73 (2001).

Studies also suggest that a results-based approach improves the validity of performance appraisal systems. RICHARD C. GROTE, THE COMPLETE GUIDE TO PERFORMANCE APPRAISAL (New York: AMACOM, 1996).

There is good evidence that process improvement techniques drawn from re-engineering and Total Quality Management sometimes produce positive changes in internal activities. Bonnie G. Mani, *Old Wine in New Bottles Tastes Better: A Case Study of TQM Implementation in the IRS*, 55 PUBLIC ADMINISTRATION REVIEW 147 (1995); Theodore H. Poister & Richard H. Harris, *Service Delivery Impacts of TQM: A Preliminary Investigation*, 20 PUBLIC PRODUCTIVITY & MANAGEMENT REVIEW 84 (1996); Theodore H. Poister & Richard H. Harris, *Building Quality Improvement over the Long Run: Approaches, Results and Lessons Learned from the PennDOT Experience*, 24 PUBLIC PRODUCTIVITY & MANAGEMENT REVIEW 161 (2000).

The evidence is best for management approaches based on target setting and feedback. A large number of studies show that setting goals face-to-face and tracking results often produce major gains in organizational outcomes. Three examples: EDWIN A. LOCKE & GARY P. LATHAM, A THEORY OF GOAL SETTING AND TASK PERFORMANCE (Englewood Cliffs, N.J.: Prentice-Hall, 1990); Anne M. O'Leary-Kelly et al., *A Review of the Influence of Group Goals on Group Performance*, 37 ACADEMY OF MANAGEMENT JOURNAL 1285 (1994); Robert Rogers & John E. Hunter, *A Foundation of Good Management Practice in Government: Management by Objectives*, 52 PUBLIC ADMINISTRATION REVIEW 27 (1992).

5. CREATING HIGH-PERFORMANCE GOVERNMENT ORGANIZATIONS: A PRACTICAL GUIDE FOR PUBLIC MANAGERS (Mark G. Popovich ed., San Francisco: Jossey-Bass, 1998).

6. MICHAEL L. VASU ET AL., ORGANIZATIONAL BEHAVIOR AND PUBLIC MANAGEMENT 291–97 (3d ed., New York: Marcell Dekker, 1998).

7. The underlying conceptual framework of cause-and-effect program linkages (that is, logic models) has a long history of development. One of the earliest discussions of the underlying concepts is in EDWARD A. SUCHMAN, EVALUATIVE RESEARCH 51–73 (New York: Russell Sage Found., 1967). Some of the earliest public management applications were developed in a number of works by Joseph Wholey (for example, *Evaluability Assessment: Developing Program Theory*, in USING PROGRAM THEORY IN EVALUATION 77–92 (Leonard Bickman ed., San Francisco: Jossey-Bass, 1987). Michael Q. Patton, in his three editions of UTILIZATION-FOCUSED EVALUATION (Beverly Hills, Cal.: Sage Publications), also has done much to popularize the concept.

8. Like all measures except those of late outcomes, intermediate outcome measures can cause goal displacement, but it is milder than that plaguing early outcome measures and far milder than that caused by measures of process goals.

9. HAL G. RANEY, UNDERSTANDING AND MANAGING PUBLIC ORGANIZATIONS 72–77 (2d ed., San Francisco: Jossey-Bass, 1997).

10. CREATING HIGH-PERFORMANCE GOVERNMENT ORGANIZATIONS.

11. This latter goal bears some explanation. A typical customer who enrolls at G–TES depends on the government for income support, such as food stamps, unemployment compensation, or welfare. Once the customer becomes self-sufficient, he or she no longer depends on government support and begins to pay income taxes. For instance, a customer may be receiving $10,000 in support when he enrolls at G–TES. After completing the program, that customer becomes self-sufficient and pays taxes of $5,000. Therefore, taxpayers have realized a $15,000 benefit. If G–TES invests $5,000 in that customer, he has produced a 300 percent return on their investment.

12. Backward mapping was developed by Richard F. Elmore, who advanced the concept in a number of works, beginning with *Backward Mapping: Implementation Research and Policy Questions*, 94 POLITICAL SCIENCE QUARTERLY 601 (Winter 1979–80).

13. ROBERT S. KAPLAN & DAVID P. NORTON, THE BALANCED SCORECARD (Boston: Harvard Univ. Press, 1996).

various times holding memberships (and offices) on the Ethics Committee, the Finance Committee (cochair), the UNC Board of Governors, the Congressional Redistricting Committee, the Pensions and Retirement Committee, the Technology Committee, and the Judiciary I Committee. Gray has been a member of the boards of Leadership Winston-Salem, The Nature Conservancy (N.C.), the N.C. State University Veterinary Foundation, the Yadkin–Pee Dee River Basin Commission of Winston-Salem, and the North Carolina School of the Arts Foundation, among others. He currently serves on the board of the Lettie Pate Whitehead Foundation in Atlanta. Gray attended UNC at Chapel Hill and received an Honorary Doctor of Laws degree from Campbell University in 2001.

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