

Public Management Report

An occasional (and maybe insightful) examination of the issues, dilemmas, challenges, and opportunities in leadership, governance, management, and performance in public agencies.

On the many answers to the question:

Why Measure Performance?

Why measure the performance of a public agency? To evaluate it, of course. Elected chief executives, legislators, journalists, stakeholders, and budget directors seek to measure the performance of public agencies to determine whether or not they are doing a good job.

But why would a public manager seek to measure the performance of his or her own organization? Again, the standard (though often only implicit) answer is: to evaluate how well the agency is doing.

In fact, however, public managers have an abundance of reasons for measuring the performance of their agencies. Evaluation is one reason—one very good reason. But it is only one. Depending upon how you classify the reasons, you can come up with dozens. I have chosen to organize this large collection of reasons into eight specific purposes: to evaluate, control, budget, motivate, promote, celebrate, learn, and improve.

(1) *To evaluate:* Public executives need to know how well their agencies are performing. Thus, they collect the kinds of data that can be used to conduct a formal evaluation.

(2) *To control:* I know. Modern public executives don't *control* people or organizations. Modern executives—in the public, private, and nonprofit sectors—*lead* organizations. But do not be fooled. All three sectors

still have their share of control frequencies. And one way to exercise this control is to measure what people are doing.

(3) *To budget:* Which programs, activities, and units deserve additional funding? Which ones—if we are to improve our agency's overall performance—should lose funds? Performance measures can help managers to answer these questions.

At the government-wide, macro level, budgeting is political—in the best sense of that word. Elected officials allocate public funds among national security, public health, and transportation based on how important they decide these various efforts are. If a city's elected officials believe that K-12 education is more important than fire protection, they will shift funds from their fire department to their school system.

Then, the fire department's leaders need to allocate their funds among their programs and activities—from new technology to innovative fire-prevention efforts—and they need to do so in a way that best achieves their mission. To help make such budgeting choices, public managers can use performance measures.

(4) *To motivate:* Public executives are always looking for ways to motivate people—not just their own staff, but also their collaborators in other organizations, stakeholders, and



citizens. And for this purpose, performance measures can be most helpful, for they can focus everyone's attention on those aspects of their work that will indeed contribute the most to improved performance.

(5) *To promote*: All public managers need to convince elected officials, stakeholders, journalists, and citizens that they and their agency are doing a good job. Stories help. But so do data—performance data.

(6) *To celebrate*: Public executives—like their colleagues in the for-profit and nonprofit sectors—need to publicly honor their significant accomplishments. Such celebrations are an important organizational ritual. They lose their meaning, however, unless they commemorate real achievements. Consequently, leaders need a basis for determining when the agency has done something worth celebrating. Performance measures can provide the signal that the organization has, indeed, attained a truly meaningful objective.

(7) *To learn*: What is working? What isn't? And how can the leaders of a public agency know? By measuring the performance not just of the entire agency, but also of the various units within the agency, its leaders can obtain some answers to these questions.

These lessons will only be tentative. For the managers are struggling to learn what is going on inside their organizational black box. How is the agency converting its inputs into its outputs? This is never obvious. Sure, the organization has some technology—some hardware whose behavior is relatively predictable. But this hardware doesn't do the real work. People do. And how these people behave—how they think, act, and interact—affects performance. To learn what is going on inside this black box, the agency's leaders need some performance measures.

Everyone is into performance measurement. But all this measuring is not an end in itself. For the leaders of a public agency, a performance measure is useful only if it helps in some way to improve their organization's performance.

(8) *To improve*: The first seven reasons for measuring performance are all subordinate to the eighth reason: to improve. After all, whether an agency's managers are using their performance measures to budget, to motivate, or to learn, they are undertaking these managerial responsibilities in an effort to improve.

Yet, how might this improvement happen? Again, this isn't obvious. Thus, the agency's leaders need to think carefully about how the measures they are using would or could feed back to improve performance. These leaders need a theory—an explicit understanding of how they can employ the different performance measurements to foster real improvements. Unfortunately, for performance improvement, there is no cookbook.

Today, everyone is into performance measurement. But all this measuring is not an end in itself. For the leaders of any public agency, a performance measure is useful only if it helps achieve one of these eight purposes—only if, in the end, it helps in some way to improve their organization's performance. **B**

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For a detailed analysis of this topic, see Bob's article: "Why Measure Performance? Different Purposes Require Different Measures," *Public Administration Review*, vol. 63, no. 5 (September/October 2003) pp. 586-606.