

# 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 why public managers need to focus on their:

## Performance Deficit

Today, all public agencies have performance measures—lots of performance measures. They have to. Their stakeholders want measures. The legislature is insisting on measures. The budget office is requiring measures. Today, if you are a public executive, you need to have some performance measures.

In fact, the more, the better. If my budget shop or legislature was demanding performance measures, I would ask: “How many do you want?” Then, I would give them three or four times as many.

Why? Because some of these many measures will always go up. I can take credit for this. Sure, some measures will go down. But, I can offer logical explanations (call them excuses) for why this happened.

Next year, of course, different measures will go up; different measures will go down. So, I will take credit for the ones that have improved: “See, I responded to your concerns, shifted my priorities, and the results demonstrate my leadership.” And I will offer new, creative explanations for the measures that have gone in the wrong direction.

The more measures a public agency has, the easier it is for its managers to claim that they are doing something. Of course, with more measures, it is easier for critics to claim that these managers are doing little.

Neither will be wrong or right. Indeed, with too many measures—and it doesn't take very many measures to have too many—it is impossible to determine whether the agency is improving or not. For while some of the measures are inevitably going down, other will (unless the agency is wholly incompetent) be going up. For the public manager with many measures, these probabilities obscure cause-and-effect relationships and thus provide protection.



To improve—and to demonstrate that it is improving—the agency needs some **performance targets**. Such targets not only provide

a standard against which to measure success. They also motivate people and, when achieved, provide a sense of accomplishment.

But how many targets? Not too many. Maybe just one or two.

And how can an agency's managers choose their targets? This depends upon the agency's “performance deficit”: the most significant aspect of its work that needs to be improved?

Every organization has performance deficits—the places along its value chain (from inputs to processes to outputs to outcomes) where it is doing an inadequate job. For a firm that is manufacturing cars of inferior quality, a performance deficit might be the design of the car itself, or the design of the production

line. It might be the quality of the ignition system that its vendor is supplying or sloppy work on the production line. To improve its performance, the firm needs to identify and eliminate its key deficits.

The mission of the U.S. Federal Aviation Administration is “to provide the safest, most efficient aerospace system in the world.” Straightforward enough. Yet, this mission statement provides no basis for measuring or managing performance.

What performance measure is most useful? One might be deaths from airplane accidents. This is the ultimate measure. Any single death is a clear failure in performance. Still, this measure doesn't really help FAA executives improve performance. Nor does it help us evaluate them. After all, the probabilities mean that the FAA could have improved and yet this year's fatalities could go up.

To manage the FAA, its executives need some other measure—something that captures one of its current and most significant deficiencies; something that contributes to fatalities. For example: near misses. If the FAA can drive down the number of near misses, it will also drive down the potential for deaths. Nevertheless, the relationship between near misses and deaths will always be probabilistic. The number of near misses can go down, and deaths can still go up. Nevertheless, the FAA might decide that its most significant performance deficit is the number of near misses.

Or, an analysis of last year's near misses might reveal a large number in a particular category. It might be the near misses at particular airports or in a particular air space. It might be near misses at particular times of the day, days of the week, or seasons of the year. Or, it might be near misses involving particular aircraft or a particular carrier. The FAA might decide to focus on one of these, more narrowly specified performance deficits.

Every organization has multiple performance deficits. Thus, its leadership needs to choose a few on which to focus. And this choice is a judgment. It reflects the particular performance problems facing the agency, and its leadership's analysis about which ones to tackle first. The FAA in the United States and the Civil Aviation Authority in the United Kingdom have essentially the same responsibilities. Yet in any given year, the specific problems facing the two agencies may be quite different. Thus, the leaders of the FAA and of the CAA might focus on fixing quite different performance deficits.

*Public executives face multiple performance deficits. By focusing on a few key ones, they can drive their agency to do the analytic work necessary to learn their causes and the operational work necessary to eliminate them.*

An operational performance deficit provides the focus that a multitude of performance measures dilutes. It reflects a significant problem that the organization faces. And it drives the organization to do the analytic work necessary to determine the causes of this deficiency plus the operational work necessary to eliminate (or, at least, to reduce) it. By specifying a performance deficit—and the target to be achieved in the next year—the leaders of an organization provide a basis for both measuring and motivating their own performance.

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This is dangerous, of course. But who said **performance leadership** is easy? **B**

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