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PERFORMANCE MEASUREMENT IN DEFENSE ACQUISITIONS: A CASE STUDY OF THE NAVY

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by

Terry F. Buss and David Cooke

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NPS Acquisition Research Program
Attn: James B. Greene, RADM, USN, (Ret)
Acquisition Chair
Graduate School of Business and Public Policy
Naval Postgraduate School
555 Dyer Road, Room 332
Monterey, CA 93943-5103
Tel: (831) 656-2092
Fax: (831) 656-2253
E-mail: jbgreene@nps.edu

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The following article is taken as an excerpt from the proceedings of the annual Acquisition Research Program. This annual event showcases the research projects funded through the Acquisition Research Program at the Graduate School of Business and Public Policy at the Naval Postgraduate School. Featuring keynote speakers, plenary panels, multiple panel sessions, a student research poster show and social events, the Annual Acquisition Research Symposium offers a candid environment where high-ranking Department of Defense (DoD) officials, industry officials, accomplished faculty and military students are encouraged to collaborate on finding applicable solutions to the challenges facing acquisition policies and processes within the DoD today. By jointly and publicly questioning the norms of industry and academia, the resulting research benefits from myriad perspectives and collaborations which can identify better solutions and practices in acquisition, contract, financial, logistics and program management.

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Performance Measurement in Defense Acquisitions: A Case Study of the Navy

Presenter: Terry F. Buss, PhD, is director of International, Security and Defense studies at the National Academy of Public Administration. He has held senior policy advisor positions in the Department of Housing and Urban Development, World Bank, Congressional Research Service and Council of Governors' Policy Advisors and managed research centers and colleges at Ohio State, Youngstown State, University of Akron, Suffolk University, and Florida International University. He is widely published, having written 12 books and nearly 300 professional articles. He has won numerous awards for his research and teaching, and is a two-time Fulbright Scholarship recipient.

Terry F. Buss, PhD
Director, International, Security & Defense Studies
National Academy of Public Administration
1100 New York Avenue, NW
Suite 1090 East
Washington, DC 20005-3934
tel: 202-383-7776
fax: 202-393-0993
TBuss@NAPAWASH.ORG

Presenter: David Cooke, has over twelve years of experience helping both public and commercial organizations make better business decisions. He has diversified background with both public- and private-sector consulting experience in acquisition and information technology strategic planning, risk analysis, IT and business alignment, IT program management, executive assessments, and independent evaluations. He also has a successful track record establishing and growing business in the professional-services market, most recently overseeing a management consulting practice for a mid-sized firm, growing the practice to +\$5.0M with 66% growth in 2002. Additionally, Mr. Cooke has extensive experience designing and implementing e-business and PMO solutions with certifications from the University of Maryland and Siebel Systems. Mr. Cooke holds a BA from Clemson and a MBA from George Washington University.

David O. Cooke
President, CEO
Pivotal Insight, LLC
1655 North Ft. Myer Drive
Arlington, VA 22209
tel: 703-914-2760
fax: 703-914-2761
david.cooke@pivotal-insight.com

Abstract

The federal government is becoming increasingly “corporate” and, consequently, business-like operations are now more prevalent than ever. Part of the mandate to “act like a business” is a need to develop strategic plans and goals, which require metrics to quantify what is to be attained. In this environment, an effective performance-management program is essential to success.



The ASN (RD&A) has updated its strategic plan in support of the DoD's efforts to transform the military based on these environmental changes. Its efforts to implement a revised performance-management program in support of its revised plan offer potential insights into performance measurement in defense acquisitions.

Introduction

The federal government is becoming increasingly “corporate” with ever more focus on issues such as competitive sourcing (A-76), President's Management Agenda (PMA), OMB 300, the Performance Assessment Rating Tool (PART), the Government Performance and Results Act (GPRA), and Management Initiative Decision (MID) 901, to name a few. And, with its focus on transformation under the Bush Administration, the Department of Defense (DoD) is part of that trend. Under Secretary Donald Rumsfeld, the DoD has reorganized to become more like a business, with management teams, a top-down strategy, and a focus on performance-based management. Consequently, business-like operations are becoming more prevalent in the Department, and the DoD (like other agencies) is incorporating to a greater degree management artifacts like cost analysis, cost accounting, trade-off analysis, and performance measurement into daily operations. As the Government Accountability Office (GAO) states in its report on performance budgeting: “Performance language and tools have become part of the culture of governance” (GAO, 2005, 22).

Part of the mandate to “act like a business” includes a need to develop strategic plans, as well as objective goals around those plans. The goals, then, require metrics to quantify what is to be attained, followed by processes to track and report on progress against those goals. With its transformation, the DoD, like many organizations, needs to make difficult management decisions—trade-offs among several worthwhile projects—and it requires strong, meaningful, verifiable information to do so. That kind of information comes only from a good performance-metrics program.

In support of the DoD's decision to transform the military, and understanding the highly dynamic acquisition environment, John J. Young, Jr., Assistant Secretary of the Navy for Research, Development and Acquisition (ASN (RD&A)) recognized the need to revise and update the *Naval Research and Acquisition Team 1999–2004 Strategic Plan*. Mr. Young identified two key needs within the community that the updated plan had to address: (1) to develop systems flexible enough to respond to the many different challenges the organization could face; and, (2) to create an organization that could reinvent itself on an ongoing basis, not only in response to specific threats.

Mr. Young's revised plan, the *Blueprint for the Future*, starts with a vision statement:

Build a strategic capability to strike anyone, anywhere, anytime.

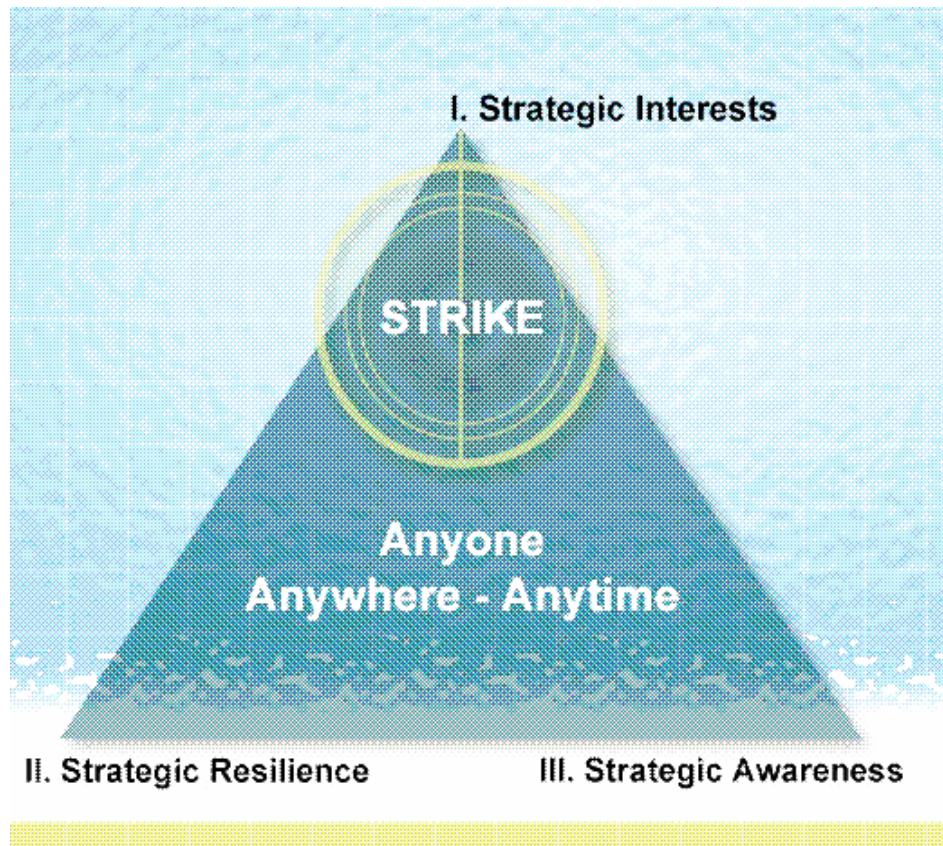
The vision statement is supported by three vision concepts:

1. **Strategic Interests:** must think globally
2. **Strategic Awareness:** must be able to collect, analyze, and communicate information
3. **Strategic Resilience:** must be resilient/innovative

Figure 1 illustrates ASN (RD&A)'s vision concepts.



Figure 1: ASN (RD&A)'s Pyramid of Strategic



The vision, in turn, is supported by three principles, under which Mr. Young outlines high-level organizational goals and initiatives/projects for fulfilling the strategic plan:

Principle Number 1: The Naval Acquisition Team must think like a business and run a tight ship.

Specific Goals: We will work with industry on a business-to-business basis and measure our organic businesses against the best industry benchmarks.

Sample Goals:

- Every program will seek to continuously cut government and industry cost.
- Each SYSCOM Commander, PEO, and PM should ensure that at least 5 lean events are held in each depot or industrial activity—government or industry.

Initiatives/Projects: The Naval Acquisition Team will deliver to budgets and schedules we define.

Sample Initiatives/Projects:

- Deliver LPD-17, SSN-775, and the USS EISENHOWER to the Fleet.
- Complete contracts for DDX lead ship construction, SHA(R), and MPF(F).

Principle Number 2: The Naval Acquisition Team must innovate and collaborate to deliver effective, affordable weapons for Sailors and Marines.

Specific Goals: We must change how we do business in both major and incremental ways to deliver resilient strategic capability at the lowest possible cost.

Sample Goals:

- Define the path to ForceNet by collaborating with both the operational and requirements communities and with our allies
- Define Sea Basing concepts and work with the Army and Air Force to jointly enable these programs

Initiatives/Projects: The Naval Acquisition team must use incentives and metrics to hold industry and ourselves accountable.

Sample Initiatives/Projects:

- Contracts are the key management tools for program managers, and DASNs, PMs, and PEOs should ensure that an appropriate profit/incentive strategy structure is included in all new contracts.
- DASNs, PEOs and PMs will define realistic budgets and schedules to deliver appropriate capabilities and will be prepared to be held accountable to those plans.

Principle Number 3: The Naval Acquisition Team will operate as a neighborhood to jointly integrate systems and develop people.

Specific Goals: The Naval Acquisition Team must, as individuals, take responsibility for growth and enhancement of our neighborhood.

Sample Goals:

- Every person in the neighborhood should daily seek to change things to more effectively and efficiently deliver value for the warfighter and taxpayer.
- Managers will ensure that our system rewards unselfish collaboration and innovation.

Initiatives/Projects: We will create an Enterprise Culture and achieve Operational Excellence: \$1 billion in real improvements.

Sample Initiatives/Projects:

- We need to think and act like a fleet-footed business—instead of a big bureaucracy that moves at glacial speed—if we are to realize our vision of strike anyone, anywhere, anytime.
- We need to develop clear acquisition strategies and goals in a collaborative manner with our customers in the Navy and supply-chain partners in the Defense Industry.

UPDATING ASN (RD&A)'S BSC

Given the effectiveness of the BSC model within other like organizations, it is an optional model for ASN (RD&A)'s leaders (working under Mr. Young's direction) to implement the *Blueprint*. The original four perspectives of the ASN (RD&A)'s BSC are still valid:

1. **Warfighter:** How do customers see us?
2. **Internal Process:** At what must we excel?

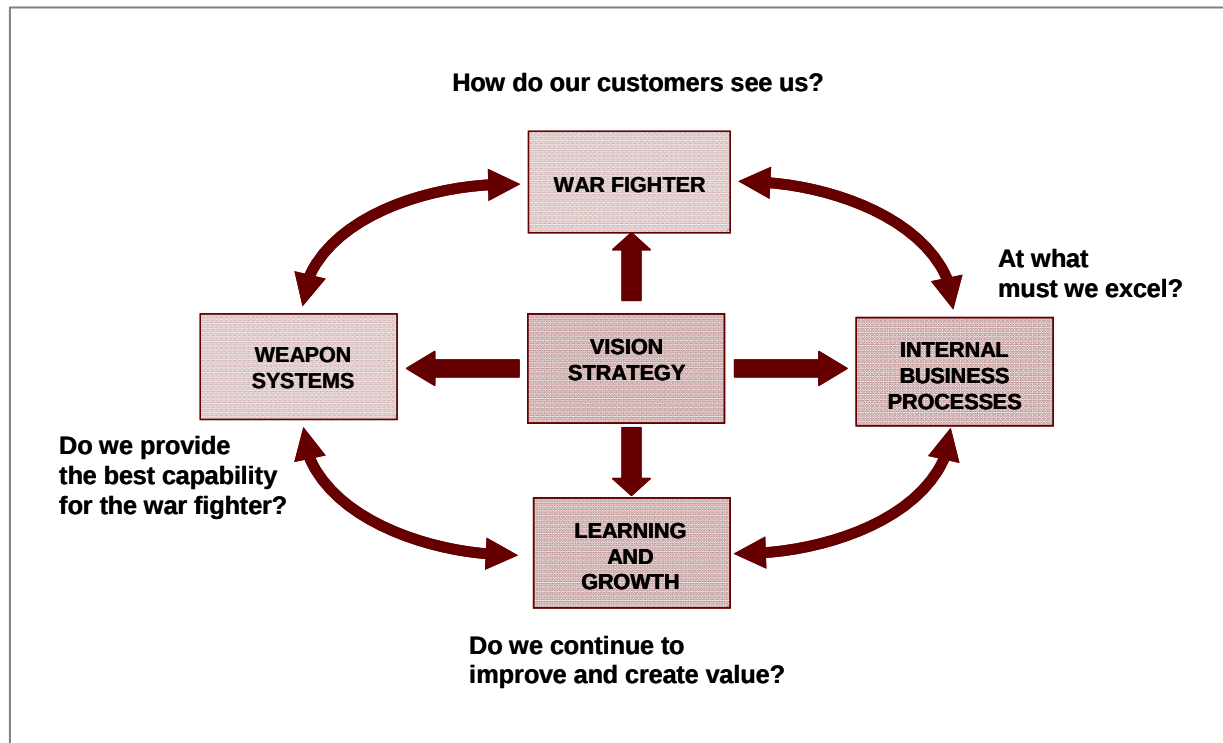


3. **Growth & Learning:** Do we continue to improve and create value?
4. **Financial:** Do we provide the best capability for the warfighter?

Figure 2 shows the ASN (RD&A)'s four BSC perspectives.

As part of the initiative to update the organization's BSC to support the *Blueprint*, ASN

Figure 2: Four Perspectives of the ASN



(RD&A) managers should review and update the Balanced Scorecard (BSC) with a focus on metrics management, keeping in mind the need for:

- **Baseline review:** establishing processes necessary to determine current status, focusing on the basis for performance-data analysis.
- **Performance-data collection and analysis:** placing greater emphasis on
 - activity-based cost
 - operational and support (O&S) cost accounting
 - economic trade-off analysis.
- **Performance measurement:** incorporating metrics into BSC and the strategic plan.
- **Flexibility:** incorporating change mechanisms to accommodate the new environment.
- **Community involvement:** involving stakeholders inside and outside ASN (RD&A) to offer input and support.
- **Institutional commitment:** obtain institutional commitment at all levels.

ASN (RD&A)'S BSC: INFLUENCING FACTORS

As with most organizations, ASN (RD&A) does not work in a vacuum. It has many influencing factors to consider as it develops and implements its BSC model.

Challenges

ASN (RD&A) leaders face multiple challenges—some common to other organizations, some unique to their own—that could impede efforts to effectively implement its BSC:

- **Proliferation of agendas:** Many agendas affect the organization—individual staff, the many areas of ASN (RD&A) itself, DoN, DoD, government-wide, Congressional, etc.
- **Changing control:** An ASN (RD&A) BSC must meet current needs, but be flexible enough, and sensible enough, to succeed through regular control changes, such as Congressional and Presidential elections.
- **Unforeseen/uncontrolled “environmental” changes:** The ASN (RD&A) is greatly affected by environmental issues over which it may have limited control, such as the changes brought on by the end of the Cold War or the events of 9/11/01.
- **Overlapping roles and responsibilities:** Within the Navy, overlapping responsibilities in areas such as requirements and budgets impact ASN (RD&A)'s strategic plans and metrics management.
- **Changing focus:** The short timeframe of civilian political appointees and military leadership can dilute institutional energy for some projects.
- **Stakeholder consensus:** Lack of consensus by stakeholders on the selection of measures reported often scuttles an otherwise well-developed plan.
- **Data reliability:** Any program that relies on data faces concerns about the reliability of the data, and ASN (RD&A)'s program must alleviate these concerns—both by ensuring it has the technical capability to collect and analyze the data, as well as by gaining stakeholder buy-in on the method of collection.
- **Data volume:** Large quantities of data in ASN (RD&A) can limit their usefulness by making it difficult for decision makers to ascertain the most relevant information.

Existing Performance-Management Initiatives

At the same time, ASN (RD&A)'s BSC must integrate—or at least consider—many existing performance-measurement initiatives:

- **GPRA:** The Government Performance and Results Act of 1993 requires federally funded agencies develop and implement an accountability system based on performance measurement, including setting goals and objectives and measuring progress toward achieving them.
- **CFOA:** The Chief Financial Officers (CFO) Act of 1990 requires DoN to provide auditable financial statements that link performance measures and financial information.
- **PMA:** The President's Management Agenda (PMA) is a coordinated strategy to reform federal management and improve program performance. It targets five government-wide initiatives for every department and agency: Strategic Management



of Human Capital, Competitive Sourcing, Improved Financial Performance, Expanded e-Government, Budget and Performance Integration.

- **PART:** PMA's Performance Assessment Rating Tool (PART) is one of five cross-cutting initiatives in the PMA. PART uses a set of questions, the answers to which are translated into a numeric score designed to assess program performance in four areas: Purpose, Strategic Planning, Program Management, and Program Results.
- **CM:** PMA's Common Measures section is also part of the PMA's Budget and Performance integration.
- **SEC Metrics:** SECDEF established the Senior Executive Committee to lead the revitalization process. The Deputy Secretary leads the SEC, which consists of the Service Secretaries and USD (AT&L). The SEC directed the formation of the DoD Metrics Working Group. The executive secretary of the SEC leads the working group, which consists of members from OSD/PA&E, P7R, AT&L, and representatives from each of the Services and the Joint Staff. The DoD Metrics Working Group's task is to develop metrics strawmen with proposed measures for each of the DoD Risk Management Areas.
- **Management Initiative Decision (MID) 901:** Establishes performance outcomes and tracks performance results for the DoD in consolidating the management goals in the PMA; also utilizes Quadrennial Defense Review (QDR) performance goals under a balanced scorecard and designates the metrics SECDEF will use to track associated performance results. The SEC is coordinating with the services in building metrics and a strategic plan to a framework outlined in MID 901.
- **AT&L BSC:** AT&L already had initiated development of a BSC to address its priorities in response to QDR.
- **SECNAV:** SECNAV has implemented its own initiative to create effective performance measures within DoN.
- **ACAT Program Metrics:** These metrics address program effectiveness for Acquisition Category I & II programs.
- **Acquisition Economics:** Economic Order Quantity.
- **RDA Strategic Plan:** Finally, of course, ASN (RD&A) had to address its own performance measures.

Sources of Strategic Guidance

In addition to its common and unique challenges and existing performance metrics, ASN (RD&A)'s efforts are further impacted by the abundance of strategic guidance—some of which is found in the same programs that outline performance metrics, and others that offer only strategic direction:

- National Security Strategy
- PMA
- Quadrennial Defense Review (QDR)
- Defense Planning Guidance
- Naval Power 21
- Government Performance and Results Act (GPRA)

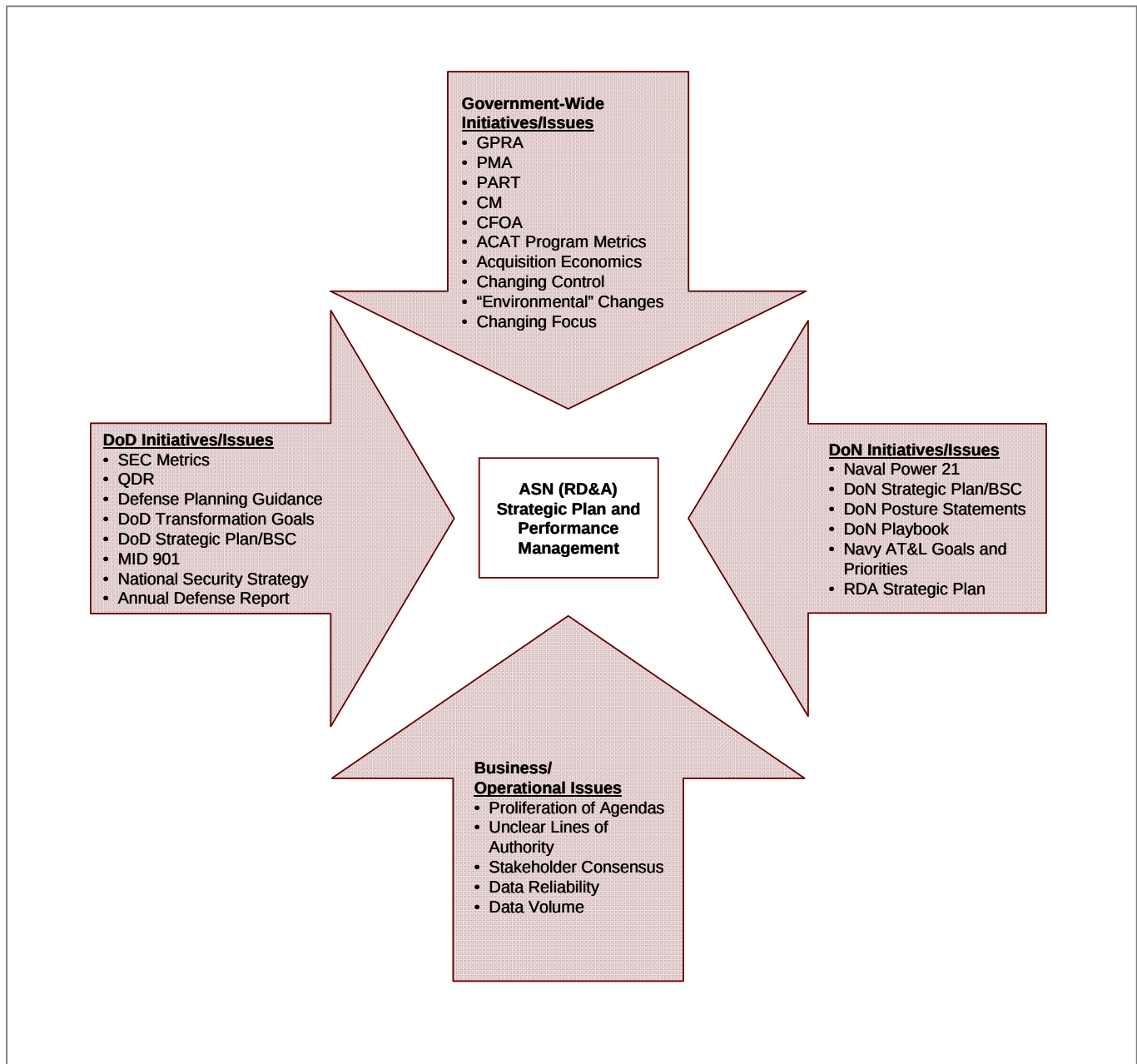


- Annual Defense Report
- Department of the Navy Posture Statements
- Department of the Navy Playbook

These challenges, existing metrics, and strategic directions create sometimes inconsistent and/or overlapping needs, data needs that could overwhelm operations, and a lack-of-context to ensure that different initiatives will be effective.

Figure 3 shows the impacts on ASN (RD&A)'s strategic-planning effort.

Figure 3: ASN (RD&A) BSC Influencing



IMPLEMENTING THE BLUEPRINT THROUGH A BSC MODEL

One way to implement Mr. Young's vision is through a balanced scorecard approach. The following information is relevant if this model is the chosen path.

Issues to Address

In order for DASNs, PEOs, and SYSCOM Commanders to effectively utilize Mr. Young's vision using a BSC approach, they will need to address the following issues.

- **Focus metrics:** Effective performance management efforts must expand beyond cost, schedule, and risk. If they do not, they run the risk of concentrating on activities that are not necessarily those most important to the support of the community's strategic goals.
- **Think longer term:** Part of Mr. Young's strategy is to plan for a longer time horizon.
- **Orient metrics to outcomes:** The metrics being used, and, therefore, the performance being measured, need to focus on outcomes—not activities.
- **Create a line-of-site:** Each PEO, DASN, and SYSCOM Commander must have a scorecard to create a line-of-site throughout the organization that demonstrates how the work of each employee supports the organization's overall goal.
- **Create accountability:** Implementing metrics throughout the organization drives accountability.
- **Select SMART metrics:** Metrics need to be SMART, as well as consistent, understood, accepted, and evaluated (at least on a quarterly basis).
- **Align metrics with DoN, DoD, and government-wide initiatives:** Metrics need to demonstrate a relationship to the broader initiatives of the organizations of which ASN (RD&A) is a part. ASN (RD&A)'s performance-management program must support its own goals first-and-foremost, but the absence of alignment to outside performance metrics simply creates an additional layer of collection and analysis.

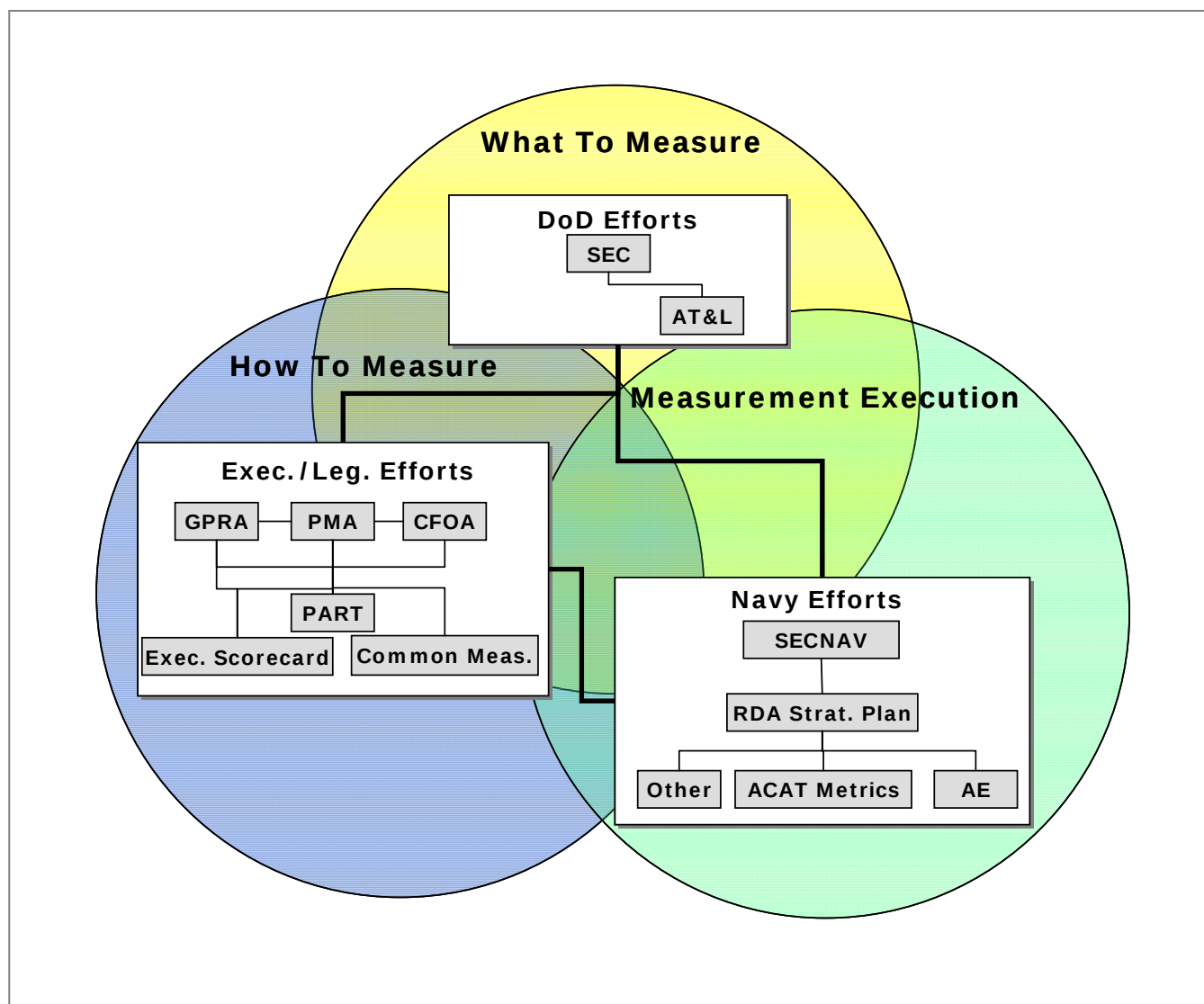
Putting it Together: Start Large and Work Down to the Detail

DoN Strategic Context

The DoN provides a context for strategy and metrics development and implementation starting at the top and working down through the organization at ever-increasing levels of detail. Figure 4 depicts the Navy's strategic context.



Figure 4: Navy's Strategic Context



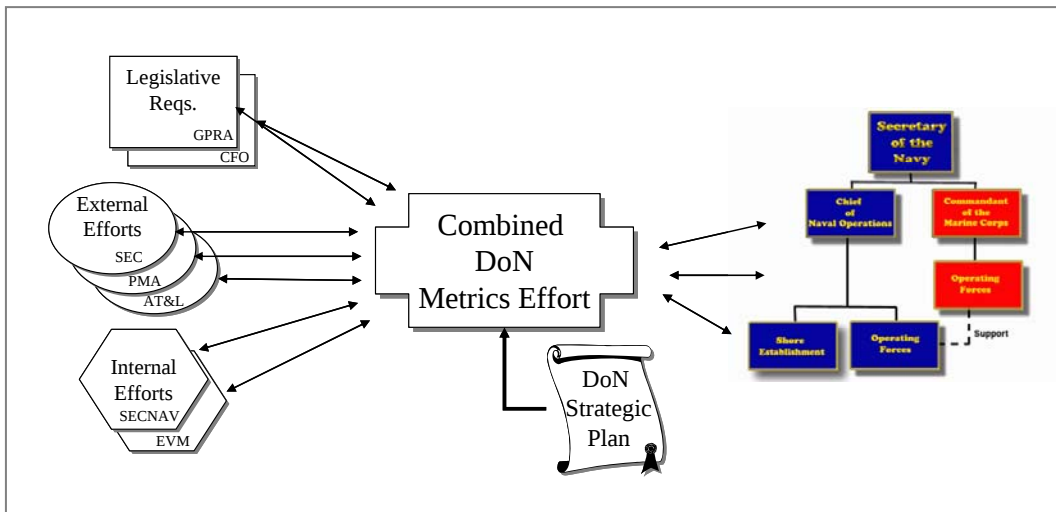
DoN Combined Metrics Effort

The Navy's vision includes a single coherent effort to develop performance metrics that address both long-range goals for current capabilities as well as for transformation. The vision calls for its units to proceed from a common Navy vision and strategy, and then to consolidate efforts to develop metrics that:

1. make sense for the Navy
2. are useful to decision-makers and managers
3. are effective for managing performance and driving change

Figure 5 demonstrates how the DoN's metrics efforts interact.

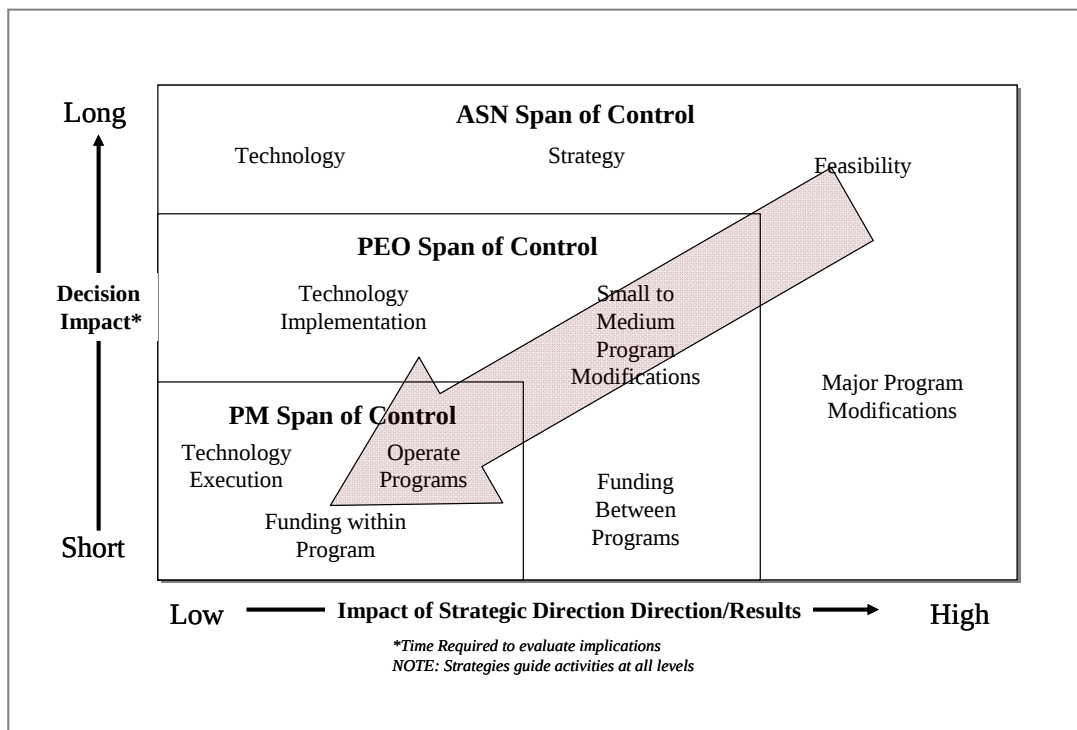
Figure 5: Combined DoN Metrics



Span of Control

In developing its performance measures from top to bottom, managers need to consider the timing and impact of each stratified level of performance measurement. Clearly, as spans of control decrease, impacts decrease. Yet, at the same time, effort needed to implement plans also decreases as spans of control decrease. Important points to remember in thinking about stratified performance measures are (a) the measures must work like a pyramid, each level supporting the level above it, and (b) the impacts of decisions will decrease as spans of control decrease. Figure 6 illustrates how span of control relates to level of impact.

Figure 6: Span of Control Relative to



ASN (RD&A) Integrated BSC

With a full understanding of the government-wide initiatives, of DoD's strategic plan, of DoN's strategic plan, of the Navy's vision, strategic context, and combined metrics effort, of the span of control issues, and (most important) of their own strategic plan, ASN (RD&A) DASNs, PEOs, and SYSCOM Commanders can construct a performance measurement plan that integrates them with the program's BSC.

The table below shows how the BSC can be integrated with other important initiatives.

ASN RD&A BSC	ASN RD&A Strategy	ASN (RD&A) Objectives	PMA/PART LINK
Warfighter	Deliver effective, affordable weapons for warfighters	Define the path to ForceNet by collaborating with both the operational and requirements communities and with our allies.	- Expanded e-government
Internal business processes	Think as a business	Each DASN, PEO, and PM should seek to reduce the volume of acquisition documents by 50%, including only essential, relevant information.	- Budget and performance integration - Competitive sourcing
Learning and growth	Integrate systems and develop people	Every DASN, PEO, and PM should create a notional personnel development plan that would identify candidates to assume leadership responsibilities at scheduled or future transition points.	- Strategic management of human capital
Weapon systems	Run a tight ship	Every program will seek to continuously cut government and industry cost.	- Improved financial management - Expanded e-government

Implementing Performance Measurement Based on the BSC

From here, ASN (RD&A) managers can determine the measures, targets and initiatives that will support their overall objectives. Completing these three determinations (measures, targets, and initiatives) will create a line-of-sight for all employees in the unit, provide a dashboard for understanding and reporting against progress, and align activities with overall strategic goals.

Figure 7 and Figure 8 are sample performance matrices (one each for a DASN and a PEO) including key areas, measures, weights, and sample data.

Figure 7: Sample DASN Performance

DASN PERFORMANCE MATRIX									
	Key Area	Measure *	Weight (%)	4	3	Goal	2	1	
				Prior Year					
SYSTEMS (30%)	External Reports	#Nunn-McCurdy breaches	7	0	0	1	>1	0	0
	Program Cost	# Programs on DAES agenda	6	<3	<4	5	>5	3	3
	Schedule	% Annual growth	5	<0.4	<0.6	0.8	>1	0	0.5
	Performance	# APB breaches	4	1	2	3	>3	0	0
	Requirements	# APB breaches	4	1	2	3	>3	0	0
PROCESSES (40%)	Program Decision Meetings	% meetings delayed due to documentation	4	<3	<4	4	>4 or KPP	2/KPP	3/1 KPP
	Requirements	% meetings delayed due to unresolved issues	10	<3	3	4	>4	2	2
	PPBS	% ORDs w/non- CAIV changes	2	<10	<15	18	>20	4	14
	PPBS	Ave days pending ORD app	2	<180	<210	285	>285	200	200
	PPBS	Ave days pending APB app	2	<100	<120	150	>150	160	115
STAKE-HOLDERS (15%)	Fleet	% programs changed (excludes execution & taxes)	6	<25	<40	50	>50	0	20
	Congress	% adverse issues favorably resolved	8	>50	>25	25	<25	100	30
	OPNAV/SECNAV	Fleet visit frequency	7	>1.5	1	0.8	<8	0.3	2.1
LEARNING & GROWTH (15%)	Quality workforce	% late congressionals	8	<2	<5	5	>5	2	4
	Motivated workforce	% DAWIA qualified	4	>80	>70	60	<60	65	85
	Motivated workforce	% meeting cont learning objective	4	>75	>50	20	<20	40	80
	Motivated workforce	% current performance plans & scheduled reviews	4	>95	>85	75	<75	75	100
	Motivated workforce	Award-reward rate (%)	3	>15	>10	10	<10	12	20
* Portfolio weighted average unless otherwise specified			Trend	QTR 1	QTR 2	QTR 3	QTR 4	SUMMARY	
			YTD					3	3
			YE						

Figure 8: Sample PEO

PEO PERFORMANCE MATRIX									
	Key Area	Measure *	Weight (%)	4	3	Goal	2	1	
				Prior Year					
SYSTEMS (40%)	Contract Perf	#Nunn-McCurdy breaches	6	>0.95	>0.93	0.92	<91	0.91	0.96
	Program Cost	% Annual growth	7	<0.4	<0.6	0.8	>1	0	0.6
	Schedule	# APB breaches	2	1	2	3	>3	0	0
	Performance	% Progs w/goals	4	>80	>70	60	<60	65	100
	Risk	% Progs exceeding goals	6	>10	>5	5	<5	5	21
PROCESSES (25%)	Schedule	# APB breaches	3	1	2	3	>3	0	0
	Performance	# APB breaches	6	<3	<4	4	>4 or KPP	2/KPP	3/1 KPP
	Risk	Risk Index	6	>9	>8	0.8	<75	0.81	0.91
	Contracts	Current CPAR to total applicable contracts (>\$5M)	5	>90	>75	50	<50	65	100
	EVM	Current IPAR to total applicable contracts	3	>75	>50	25	<25	30	80
STAKEHOLDERS (20%)	Requirements	Ave PALT (days past 12 mos)	5	<180	<200	270	>270	230	165
	PPBS	% applicable contracts	5	>85	>60	50	<50	65	100
	PPBS	% Replan IBRs to replans	2	>75	>50	25	<25	60	80
	PPBS	% Current EVMS MOAs	2	>80	>70	10	<10	75	85
	PPBS	% ORDs w/non- CAIV changes	1	<10	<15	18	>20	4	14
LEARNING & GROWTH (15%)	Requirements	Ave days pending ORD app	1	<180	<210	285	>285	200	200
	PPBS	Ave days pending APB app	1	<100	<120	150	>150	160	115
	PPBS	% programs changed (excludes execution & taxes)	1	<25	<40	50	>50	0	20
	Fleet	Miss Cap Rate	5	>90	90	85	<85	90	92
	OPNAV/SECNAV	Fleet visit frequency	4	>1.5	1	0.8	<8	0.3	2.1
LEARNING & GROWTH (15%)	OPNAV/SECNAV	Establish Infrastructure plans/targets (% programs)	4	>75	>50	25	<25	35	80
	OPNAV/SECNAV	Actual Infrastructure savings/target (%)	4	>90	>80	70	<70	90	95
	OPNAV/SECNAV	Establish Human Sys Int plans/targets (% programs)	3	>75	>50	25	<25	35	80
	Quality workforce	% DAWIA qualified	4	>80	>70	60	<60	65	85
	Motivated workforce	% meeting cont learning objective	4	>75	>50	20	<20	40	80
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	Motivated workforce	Award-reward rate (%)	3	>15	>10	10	<10	12	20
* Portfolio weighted average unless otherwise specified			Trend	QTR 1	QTR 2	QTR 3	QTR 4	SUMMARY	
			YTD					2	3
			YE						

CRITICAL SUCCESS FACTORS

Several factors contribute to success in implementing a BSC to manage performance.

- **Engage leadership:** Because performance management is a big commitment, it is absolutely necessary to ensure the involvement of leadership by engaging decision-makers in determining what activities to measure, the goals for each measure, and methodology for measurement. It is essential, too, to maintain consistent and regular communications with leaders to ensure their continued support.
- **Analyze decision-maker needs:** End-user involvement is critical to any process redesign—particularly for a performance-measurement system because the end-user is upper management. The metrics put in place must truly support decision-makers' needs.
- **Establish an overall metric framework:** A framework is needed to address the multiple metric requirements and organizations within a performance-management program, including issues such as:
 - alignment with higher-level initiatives
 - procedures, standards, regulations
 - funding
 - organizational buy-in
- **Appoint a metrics arbiter:** A performance-management program creates several metrics, pulled from various sources, which also can be complicated and conflicting. A metrics arbiter can save the organization time and trouble by providing the last word in disagreements over metrics.
- **Establish coordinating structures:** Again, given the number and potential complexity of metrics measurement, coordinating structures limit confusion and work by coordinating metrics collection and sharing information where possible.
- **Test:** A measurement program is a big undertaking, and generally the processes are new. In order to ensure greatest opportunity for success, it is best to run a limited test of the roll-out framework (as well as a data call test), to evaluate results, improve the framework, then roll out the framework to the entire affected community.
- **Use appropriate technology:** Performance measurement, when properly implemented, is often designed around an integrated database and web-based technologies. Information systems in most organizations contain incompatible hardware, software, data structures, and communication protocols, and these incompatibilities must be addressed. Additionally, security must be reviewed and addressed. Transitions to a new data system cannot be accomplished overnight, and the performance-measurement framework should be designed with this in mind.

COMMON MISTAKES

Organizations commonly make many mistakes in the implementation of performance-management programs:

- **Metrics don't relate to objectives/priorities:** In some cases, objectives and priorities are assumed and found to be either wrong or out-of-date by the time the metrics program is implemented. In other cases, metrics simply are not well matched to the organization's objectives. The danger in these two cases is that metrics become



irrelevant, and the program's success is limited by a sense among those collecting statistics that the program is simply make-work.

- **Metric programs take too long to produce results:** The assessment and design phases of metrics programs frequently generate an abundance of new metrics without consideration of the time, complexity, and expense involved in their ultimate implementation; this lack of forethought can disconnect management expectation from the project's capability to deliver.
- **Recycling old metrics:** Performance-management programs often take advantage of existing metrics, which can be valuable. But, there are considerable risks to recycling this data:
 - Pre-existing metrics are often fragmented and do not form part of a cohesive whole. This is especially the case if the metrics were defined at a departmental, rather than an organizational, level.
 - Pre-existing metrics may be at the level of granularity, scope, or focus they were when they were first conceived, and, therefore, are ill-suited to the new requirement.
 - The decision to accept pre-existing metrics on a "temporary" basis until a comprehensive metrics system is implemented can lead to failure. Temporary solutions tend to become permanent solutions as investment dollars are spent on implementation.

LESSONS LEARNED

As with common mistakes, there are several lessons learned among organizations that have successfully implemented performance-management programs.

- Leadership must be committed to strategy and performance-management program implementation and accountability.
- Managers must communicate strategy in an easily understandable, logical structure and framework.
- Organizations must manage performance with a deliberate process.
- Alignment and visibility of all processes and activities are important.
- Measurement is essential.
- It is important to select a good strategic-planning and performance-management model and continue to use it.
- Measurable outcomes are critical to success.
- Managers must ensure ownership throughout the organization.



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