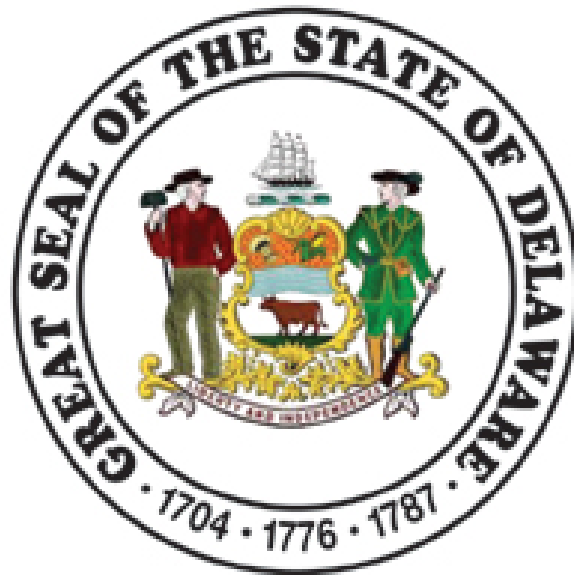


Strategic Planning Guidelines

Shaping Delaware's Future



Executive Department
Office of Management and Budget

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EXECUTIVE SUMMARY

The Office of Management and Budget recognizes that it is important to provide agencies with a flexible management tool to assist in identifying and achieving agency goals and objectives. The strategic plan is a management tool. Strategic planning is a long-term, future-oriented process of assessment, goal setting, and decision-making that maps an explicit path between the present and a vision of the future – usually three to five years.

The strategic plan relies on careful consideration of an organization’s capabilities and environment and will ultimately provide the opportunity for priority-based resource allocation. The strategic plan defines what the agency is or intends to be and the nature of the services it intends to provide. A strategic plan addresses issues of major public importance and focuses on results rather than efforts. Strategic planning should ideally include participation of employees at all levels of the organization and the input of the constituencies affected by the agency.

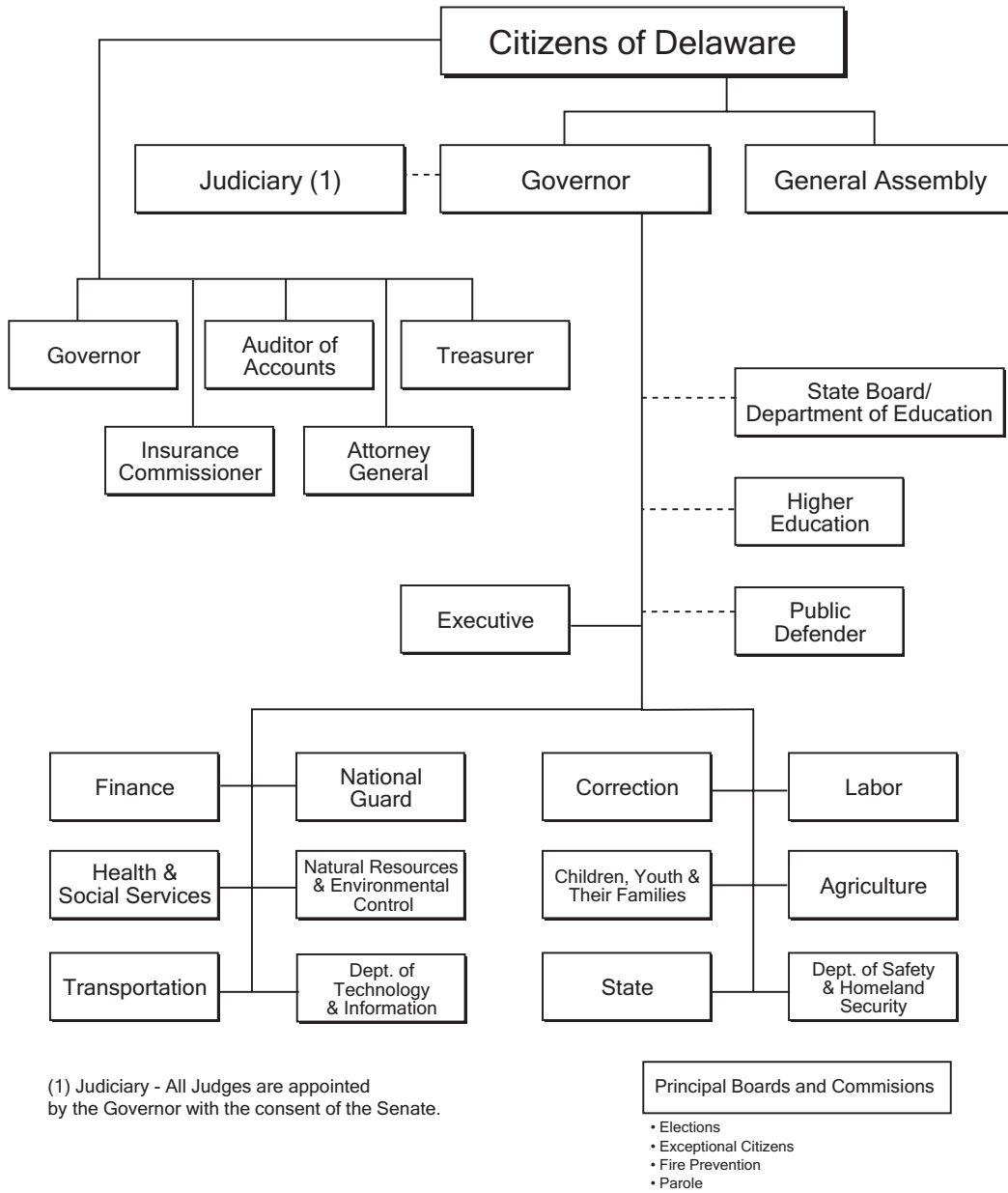
A successful strategic planning process will provide many benefits to an agency and those affected by their operations. As an agency clarifies its purpose and direction, it will develop a stronger agency identity. It will improve an agency’s ability to anticipate and accommodate the future by identifying issues, opportunities and problems. It will enhance decision-making by strengthening internal communications, both vertically and horizontally, articulating the primary factors affecting the agency. It will strengthen the agency’s external communications and emphasize customer service. In addition, it will guide budget preparation and establish a basis for measuring success.

Purposes of state-wide strategic planning include:

- ◆ To make state government more responsive to the needs of Delawareans.
- ◆ To establish state-wide direction in key policy or functional areas and to move away from crisis-driven decision-making.
- ◆ To provide a basis for aligning priorities in a rational manner to address critical issues facing the State now and in the future.
- ◆ To bring focused issues to policy-makers for debate and review.
- ◆ To provide a context to link the budget and other legislative processes to priority issues, to impose continuity in budgeting, and to improve accountability for the use of state resources.
- ◆ To establish a means of coordinating the policy concerns of public officials with the implementation efforts of the public and private sectors. To build interagency, state/local, and public/private partnerships.

Strategic plans are useful in helping to guide an agency over time and in helping to shape Delaware’s future fiscal needs.

State of Delaware Organization Chart



STRATEGIC PLANNING



DEFINITION: *Strategic Planning is a disciplined effort to produce fundamental decisions and actions that shape and guide what an organization (or entity) is, what it does and why it does it. Strategic Planning incorporates a view of the future.*

Introduction

Strategic Planning is:

- ◆ *Planning for results. It is a future-oriented process of diagnosis, objective setting and strategy building that is an essential part of quality management.*
- ◆ *Adaptable. It takes a long range approach, but uses regular reviews and updates to check progress and make adjustments when and where necessary to respond to changing circumstances. It seeks to capitalize on Strengths, minimize Weaknesses, seize Opportunities and reduce Threats (SWOT).*
- ◆ *Planning for change. It is dynamic and proactive, which stimulates change rather than reacts to it.*
- ◆ *Using common sense. It is visionary, yet realistic; it pictures a future that is both desirable and achievable.*
- ◆ *Exercising good management. It involves a disciplined effort to help shape and guide what an organization becomes, what it does and why it does it.*



KEY POINT: *Strategic Planning is **NOT** a:*

- ◆ *Quick Fix. It is a long-term investment with payoffs that increase over time.*
- ◆ *Cookie Cutter. The process is flexible and should be customized to fit an organization's idiosyncrasies.*
- ◆ *Magic Wand. Just because it's written down, doesn't make it happen; plans must be accompanied by commitment and action.*
- ◆ *Budget Request. Strategic plans take a long-term view of issues and should not be shaped by an annual budget request.*

Strategic Planning Framework:

- ◆ *It has the full support of the Cabinet Secretary.*
- ◆ *It is flexible.*
- ◆ *It is participatory.*
- ◆ *It clearly defines agency responsibilities and set timetables.*
- ◆ *It produces understanding and a common purpose throughout the organization.*
- ◆ *It stays aware of the environment in which it functions.*
- ◆ *It is realistic about goals, objectives, resources and outcomes. It does not attempt to avoid all risk, but it recognizes such constraints as public accountability, visibility, short-term horizons, personnel issues, overall fiscal conditions and budgetary trends.*
- ◆ *It is politically sensitive.*
- ◆ *It is convincing. It develops and conveys compelling evidence for its recommendations. It uses innovative communications strategies.*
- ◆ *It has a method or strategy for resolving conflicts among stakeholders (those who hold an interest in the outcome).*
- ◆ *It establishes and ensures accountability for results.*
- ◆ *It leads to resource decisions.*
- ◆ *It is fresh and continuous, not stale and static. Both the plan and the planning process are reviewed and modified regularly (usually annually).*

Who Should Develop A Strategic Plan?

The Office of Management and Budget requests that all departments, institutions of higher education, and other entities of the State of Delaware prepare strategic plans. The Cabinet Committee on State Planning Issues is also requested to develop a strategic plan to identify various issues that cut across departmental lines.

Strategic planning is a team effort. It involves all levels and functional units of an organization – cabinet secretaries, middle managers, supervisors and employees. Although strategic planning begins at the top, leaders should seek and respect the input of managers, supervisors, and front-line employees who may know their customers and services best. Each agency should establish a Steering Committee composed of a broad range of employees with overall responsibility for plan development.

The Strategic Planning Process

Establish a Steering Committee – Involve Key Stakeholders



The development of a strategic plan is a process generally having the following logically related steps:

1. The strategic planning process should begin with a meeting of the Steering Committee to address the development of and/or refinement of the department's mission;
2. The environmental scanning process should be initiated to determine the internal and external factors that have an affect on an agency's ability to pursue its mission. The environmental scanning process seeks to capitalize on Strengths, minimize Weaknesses, seize Opportunities and reduce Threats which is also known as the SWOT analysis;
3. Using information gathered through the environmental scanning process, identification of key departmental objectives should be determined, and subsequently be prioritized;
4. Discuss possible strategies to achieve key objectives by identifying the roles that each appropriation unit and program unit will need to play in the accomplishment of the department's key objectives (these roles will become the key objectives for the appropriation units and activities which will constitute strategies for the program units);
5. Discuss the need for reorganization and/or reallocation within the department to facilitate successful implementation of the strategic plan; and
6. Meetings should be scheduled between the Steering Committee and the appropriation unit and program unit managers to conduct an activity analysis. Focus should be placed on understanding functions and operations of all organizational units; reviewing, discussing, and refining the appropriation unit's mission; gathering and developing key information; identifying costs; and, assigning task responsibilities and deadlines associated with producing the draft plan.



KEY POINT

It is recommended that the Steering Committee involve appropriation unit managers, and the Office of Management and Budget as appropriate, in the aforementioned processes, either formally or informally, to ensure that the department summary reflects the collective wisdom of all parties.

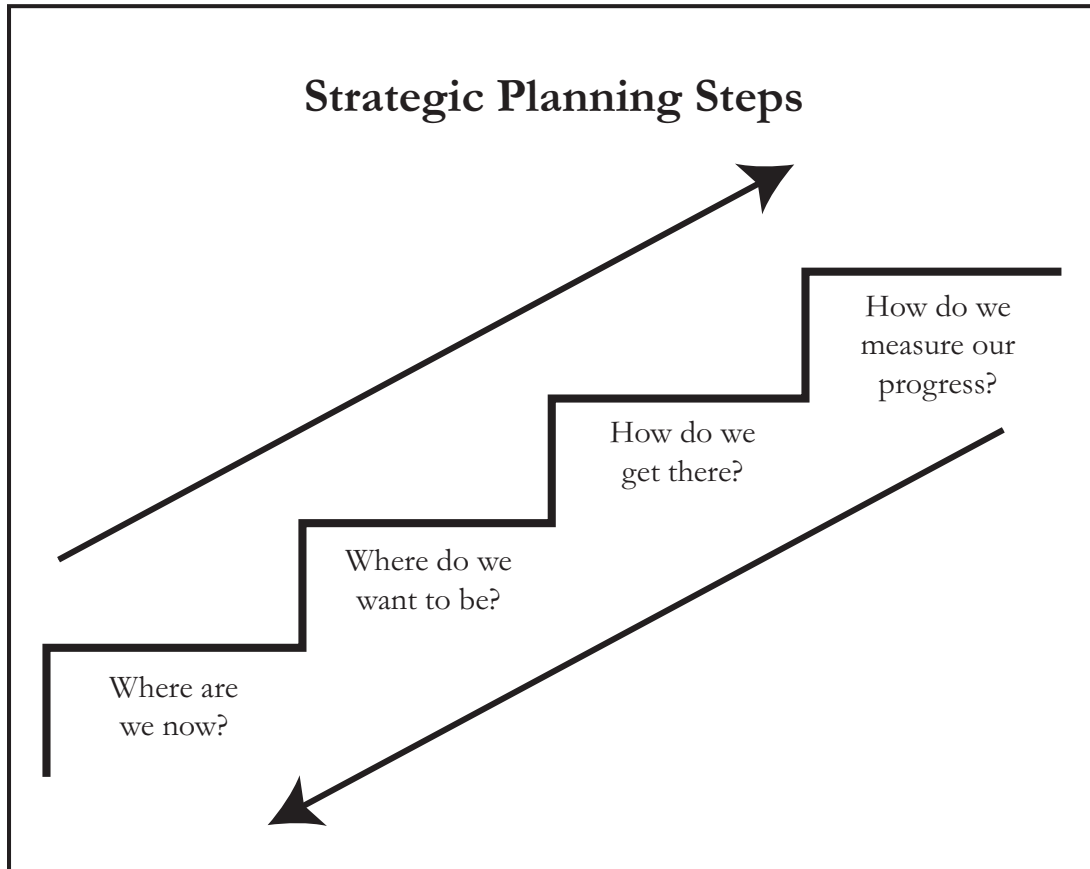
When completed, the department's mission statement, the preliminary list of key objectives and suggested roles for the appropriation units and program units should be communicated to the respective appropriation unit and program unit managers, as well as other stakeholders.

The Steering Committee should periodically monitor and review the progress of the planning process. These meetings should include the Fiscal and Policy Analyst from the Office of Management and Budget.

The tasks mentioned (1 - 6) will require varying degrees of involvement of the different “stakeholders” (see the environmental scanning section, page 10). The process requires both top down (from the Steering Committee) and bottom up (from the programs) communication to ensure a workable plan. The Steering Committee should coordinate and integrate these two approaches into one coherent document.

Strategic Planning Guidelines

Figure below identifies four basic questions that should be asked/answered.



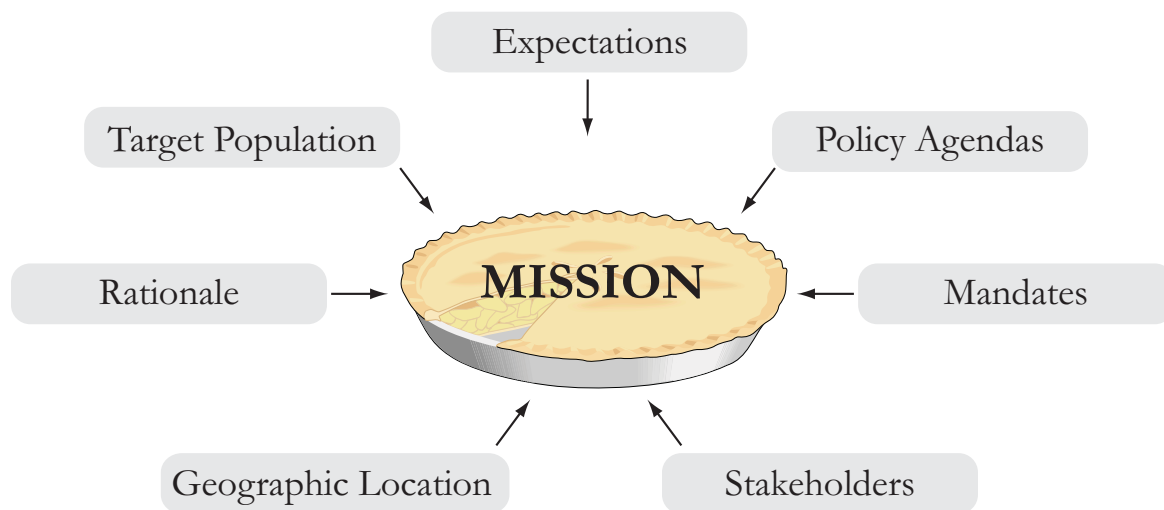
1. *Where are we now* is determined through the environmental scanning process.
2. *Where do we want to be* is determined by developing key objectives. The difference between *Where we are now* and *Where we want to be* is called the gap analysis.
3. *How do we get there* is determined through various strategies. Specific action plans will identify the right people doing the right things at the right time in the right way.
4. *How do we measure our progress* is determined through establishing a monitoring and evaluation process that reviews program outcomes, budgets, resource controls and reporting systems.

Mission Statement



DEFINITION: *The mission statement of the agency, clearly and succinctly identifies what the agency is and why it exists. Placed at the beginning of the agency's strategic plan, the mission provides the foundation for the remainder of the document. A mission serves as a reminder to the public, the Governor, the Legislature, the courts and agency personnel of the unique purposes promoted and served by the agency.*

In developing the mission statement, an agency should examine relevant sources as illustrated by the chart below.



Mission Statement Guidelines: The mission statement should generally be no more than one paragraph in length. This element of the strategic plan should describe the linkage between the agency's mission and the roles and responsibilities mandated by the State Constitution and statutes.

The mission statement is the common thread that binds the agency's organizational structure and its activities. It may link to several state functional areas depending on the unique nature of the agency. All agency employees should be able to identify their specific working relationship to this defined mission.

Strategic Planning Guidelines

The mission must be clearly understandable to the public and should at a minimum answer the following questions:

- ◆ *Who are we as an organization and who do we serve?*
- ◆ *What are the basic purposes for our agency's existence?*
- ◆ *What makes our purpose unique?*
- ◆ *Is our mission consistent with the agency's enabling statute?*
- ◆ *What are the basic problems to be addressed?*

To present a cogent and coherent picture of the agency, the mission statements of the appropriation units must be consistent with and support the overall departmental mission. Likewise, the activities and rationale of program units must support the appropriation unit's mission. For example, using the Department of XYZ, we can see the relationship among the department's mission, the mission of one of the appropriation units and the activities and rationale of one of the program units.

Example: Department of XYZ Mission Statement

The mission of the Department of XYZ is to provide customer-oriented services to the public, the department and other state agencies so that they may accomplish their goals.

Example: Appropriation Unit Mission Statement

Provide leadership and high quality support services in the areas of Fleet, Graphics and Printing, Copier Management, Mail/Courier and Telephone Services to satisfy our customers' needs and to serve the interests of the State of Delaware.

Example: Program Unit Rationale

In-house operations provide an expedient and cost effective method for state agencies to obtain printing.

Environmental Scanning

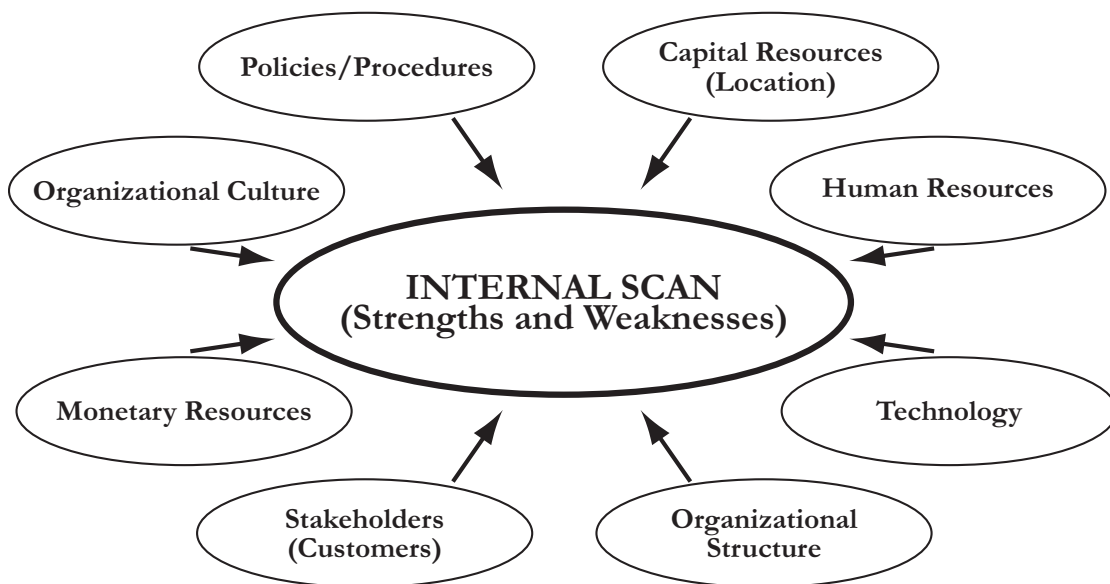


DEFINITION: *Environmental scanning is a process of systematically assessing those factors which present opportunities for improving service delivery or present major obstacles to carrying out the mission. It requires a continuous gathering and analysis of internal and external data available to an organization from a variety of sources.*

Key to an effective strategic planning process is the ability of an organization to understand and describe those internal and external factors that have major effects on the organization's capacity to effectively pursue its mission.

A key component for a successful environmental scanning process is the inclusion of stakeholders (constituents, employees, advisory groups, other state or federal agencies, etc.). The purpose of involving "stakeholders" is to derive a broad array of perspectives on the critical work or key objectives and on alternative strategies to pursue them. Agencies should be sensitive to the fact that unless this process of obtaining the perspectives of stakeholders is carefully managed, it can politicize what is designed to be a method for obtaining information useful for sound decision-making. All stakeholders must be made to understand that planning requires very difficult choices in the use of the agency's limited resources. Discussions with the stakeholders, therefore, should focus only on reaching convergence on outcomes that will enable the agency to add the greatest value to its constituents and to the State.

The diagram below includes, but is not limited to, those **internal** factors affecting an organization.



Strategic Planning Guidelines

The diagram below includes, but is not limited to, those **external** factors affecting an organization.



The results of the environmental scanning process help the agency identify gaps between current and expected service delivery efforts. This information should be collected, compiled, analyzed and summarized to be useful in the planning effort.

As a result, key objectives for an agency will be defined and should provide the basis for a compelling argument for an agency pursuing a particular course of action. The environmental scanning process will identify internal **S**trengths and **W**eaknesses, and external **O**pportunities and **T**hreats, as these relate to an agency's ability to effectively pursue its mission. Recognizing that certain services or programs are mandated, these opportunities can be in the form of improvements to how the agency pursues its key objectives as well as what key objectives it pursues.



KEY POINT

The environmental scan should include an assessment of the opportunities and threats provided by the political environment in which an agency operates. The key objectives that will flow from the results of the environmental scan will then specify what it is the department or appropriation unit needs/wants to accomplish in very specific terms.

Environmental Scanning Guidelines

Identify customers and stakeholders (citizens, service recipients, unions, legislature, employees, media, political parties, competitors, suppliers, other departments, financial community, future generations and interest groups).

- a. Customers may be internal or external. Internal customers are units or persons (employees) in an organization whose work depends upon another unit or person within the same organization. External customers are end users of the organization's products or services. In order to find out what a customer thinks, you may want to consider one or more of the following: customer surveys, focus groups, comment forms, interviews, personal visits, customer advisory committees, public meetings and hearings.

Strategic Planning Guidelines

- b. Stakeholders are organizations or groups of individuals that have a vested interest or expect certain levels of performance or compliance from the organization.

Key questions to ask and answer:

1. *Where has the agency been?*
2. *What is the track record?*
3. *How well have the needs of the customer been met?*
4. *Have customers and stakeholders been identified?*
5. *What has changed?*
6. *Have any improvements been made recently or is service delivery deteriorating?*
7. *What are the accomplishments of current programs or activities?*
8. *What remains to be accomplished?*
9. *Where is the agency now?*
10. *What are the “best practices” being utilized by others?*

The environmental scanning process results in useful background information. Background data should be organized such that a clear and logical relationship is evident between the key objectives which flows from this discussion and the programmatic, capital and information technology initiatives which would constitute appropriate strategies for their accomplishment.

The types of information for the background data for a department or appropriation unit should include such things as:

- ◆ *current demographic data and trends,*
- ◆ *current activity or service volumes and trends,*
- ◆ *current unit costs, service utilization patterns and trends,*
- ◆ *comparison of performance data to other states or comparable government agencies,*
- ◆ *results of recent initiatives,*
- ◆ *identification of opportunities for potential savings to the State, and*
- ◆ *legal ramifications of non-compliance with laws, standards, certification requirements, etc.*

Recognizing that not all relevant data or information can be included in the background summary, the data should be prioritized, organized and presented effectively. For clarity and ease of understanding, the background data discussion should be precise and concise, providing only the essential information needed to understand the key objectives.

- ◆ Presentation in a succinct bullet format supported by pictorial or graphic summaries is encouraged.
- ◆ Background pictorial or graphical data should be integrated with text so the reader can clearly understand the point of the graph or chart.
- ◆ A chart or graph should provide a visual or graphic representation of information that is derived from the environmental scan. It should be used to enhance the reader’s understanding of the key elements of the discussion.

Key Objectives



DEFINITION: *Key objectives are clear targets for specific action. More detailed than goals, objectives have shorter time frames, are achievable, measurable and lead into strategies.*

Key objectives are developed for the department, appropriation units and programs. Objectives are specific, quantified, and time-based statements of accomplishment or outcome. Objectives represent the extent to which agency goals will be achieved at the end of the time period covered by the strategic plan.

An agency's objectives should be derived directly from its stated goals that imply a priority for resource allocation. Objectives emphasize the results of agency actions and are tied directly to the outcomes.

The diagram below includes, but is not limited to, those factors affecting an organization. It is important to be **Specific**, **Measurable**, **Achievable**, **Realistic**, and **Timely (SMART)** when developing key objectives. Consider how the Governor's and department priorities fit together along with mandates, customer needs and client demands as key objectives are developed.



Strategic Planning Guidelines

Key Objective Guidelines

Key questions to ask when formulating objectives:

1. *Are the objectives or purpose clearly related to the mission?*
2. *Are the objectives understood?*
3. *What specific intermediate results should be achieved? Are they realistic?*
4. *What variable or factors may influence the outcome?*
5. *Are specific levels of achievement or solutions already mandated by external elements (i.e., federal or state legislation or court order)?*
6. *Are the proposed results consistent with gubernatorial, legislative, and organization policies, values, and priorities?*
7. *What is a reasonable period of time for achieving the desired results?*
8. *How critical is immediate action? What are the opportunities to act now versus later? What are the consequences of action now versus later?*
9. *Are specific time frames or deadlines already mandated by external elements (such as federal guideline or mandates, court orders or consent decrees, state statute or constitutional provision)?*
10. *Have performance measures been established? If so, do they meet the development principles?*



KEY POINT

Key objectives are not synonymous with budget requests. Therefore, they should not generally include information about dollars, numbers of position or equipment or space required unless such information is necessary to explain a particular strategy which will be employed to address a key objective

Example of Key Objectives: (List in priority order.)

- ◆ To reduce low weight births in the State by 30 percent over the next three years.
- ◆ To increase delinquent tax collections by 20 percent annually over the next three years.
- ◆ By Fiscal Year 2007, implement all of the recommendations from the department's Business System Plan.
- ◆ Reduce the incidence of child abuse by 50 percent by 2007.
- ◆ Increase the level of building maintenance by 20 percent each fiscal year until the deferred maintenance backlog is eliminated.

In each of these examples, the key objectives are specified in a manner that clearly express specific, quantified, and time-based statements of accomplishment or outcomes.

Strategic Initiatives



DEFINITION: *Strategic initiatives are specific courses of action that will be undertaken by the agency to accomplish its goals and objectives. While objectives indicate what the agency wants to achieve, strategies indicate how those goals and objectives will be achieved. Strategies are action-oriented rather than procedural in nature and are directly linked to output measures.*

Once the agency has decided upon its key objectives, the next logical question to ask and answer is, how do we accomplish the key objectives (i.e., what strategies are to be employed)? The strategies should be defined in terms of various types of capital initiatives, restructuring and/or reallocation initiatives, or some combination of these. Since there will be competing demands for limited resources, various alternative strategies should be developed.

Strategic Initiatives Guidelines:

To develop strategic initiatives, the agency determines how best to achieve the results intended by the objectives. More than one strategy may be needed for accomplishing each objective. In choosing strategies, the costs, benefits, and anticipated consequences of alternative courses of action must be evaluated by the agency. Strategies may, and probably will, cross program, activity, or appropriation unit lines. Questions to consider in developing strategies include, but are not limited to, the following:

1. *If this strategy (strategies) is implemented, can we presume that the objective will be reached? Why or Why not?*
2. *What are the anticipated costs and benefits (monetary and non-monetary) of each strategy?*
3. *Do we have the authorization to take the action outlined in each strategy? Are these actions legal and/or practical? If not, what actions are necessary and who needs to take them?*
4. *Is it necessary for capital improvements and do we have the capital structure (i.e., facilities and equipment) to implement this strategy or strategies? If not, are the additional needs linked to information to support the departmental capital improvement program.*
5. *Is it necessary for technological improvements and do we have the capability to implement the strategy or strategies? If not, are there additional needs incorporated within the departmental information technology plan?*

The following is an example of how key objectives might be pursued by employing a strategy consisting of a combination of initiatives:

1. **Mission** - Department XYZ is a central administrative agency with responsibility for maintaining State facilities.
2. In conducting its **environmental scan**, the department has recognized a number of things that contribute to high energy consumption, including the following:

Strategic Planning Guidelines

- ◆ Its oil heating system was installed 20 years ago and has, within the past several years, undergone a number of major repairs. The price of oil has been escalating at a 20 percent growth rate for the past several years and is expected to continue to grow. The thermostat does not work and, therefore, to regulate the temperature, employees open and close the windows.
- ◆ In the summer, offices are cooled by individual fans or by air conditioners brought in by employees. In really hot periods, some employees leave their air conditioners on overnight.
- ◆ Employees routinely leave lights on when not in the office for long periods of time.
- ◆ One or two employees will normally come into the office on weekends or on holidays for a few hours to use their PCs to catch up on work, requiring that the temperature in some portion of the building accommodate their heating and cooling needs, depending on the time of year.

3. **Key Objective** of Department XYZ is to reduce energy consumption by one-third over the next three years.

4. With this example, one can see how several initiatives might be undertaken to accomplish this key objective of Department XYZ. Among these might be:

- ◆ Replacing the old oil heating system with a new energy-efficient heating and cooling system (CAPITAL INITIATIVE).
- ◆ Establishing office policies regarding how long a person can be away from his/her office before he/she is required to turn out the lights (OFFICE PROCEDURES INITIATIVE).
- ◆ Conducting periodic training sessions for employees on energy-saving techniques (PROGRAMMATIC INITIATIVE).
- ◆ Purchasing one or two lap-top computers for employees to use at home instead of having to come into the office on weekends or on holidays (SYSTEMS INITIATIVE).
- ◆ Giving consideration to establishing a four-day workweek (RESTRUCTURING INITIATIVE).

While some of these initiatives may require some investment of new resources, it is obvious that in relatively short order the cost of these investments will be recovered in terms of significant energy savings.

Activities



DEFINITION: *Activities are the daily tasks, either programmatic or administrative, which in combination comprise the strategies by which a program unit contributes to the accomplishment of appropriation unit key objectives.*

For each program unit, there should be a list of the activities performed by that program unit on a regular basis; highlight those that directly relate to the accomplishment of the appropriation unit's key objectives (these select activities constitute the strategies for the accomplishment of key objectives). These activities may be programmatic or administrative in nature. Agencies who operate multiple programs may want to simply list them by name. A brief description may be necessary if the name of the program does not convey the essence of the service provided.

Example of activities: The list represents all programs within an internal program unit.

- ◆ Review and approve state-wide professional services and construction bid documents.
- ◆ Provide state capital budget consulting and review.
- ◆ Manage state-wide construction and major and minor capital projects.
- ◆ Provide construction management accounting and reporting.
- ◆ Implement state space standards.
- ◆ Negotiate leases and real property transactions for state agencies.
- ◆ Manage the following programs or systems for state agencies:
 - Asbestos Abatement Program
 - Underground Storage Tank Program
 - Indoor Air Quality Program
 - State Energy Data System
 - Federal Energy Programs
 - Facilities Energy Efficiency Program
- ◆ Provide a full range of building maintenance services.
- ◆ Provide a full range of grounds maintenance services.
- ◆ Provide a full range of custodial services.

Strategic Planning Guidelines

These activities will be the focal point for the development of meaningful and quantifiable performance measures.

MONITORING AND EVALUATION

The purpose of planning is to systematically justify the significant outcomes an agency wishes to accomplish and the appropriate strategies to adopt to achieve them. In other words, planning represents important organizational decisions involving the allocation of organizational resources toward desired outcomes.

Achieving those outcomes, on the one hand, is validation of the correctness of organizational and policy decisions. On the other hand, not achieving the outcomes is not necessarily invalidation of these decisions; it may simply mean that there was failure to identify and correct necessary changes in strategies and the application of resources.

Information on progress toward meeting stated objectives should be collected and reported internally (within agencies) and in discussion with your budget analyst on a regular basis.

Monitoring and evaluation serves as the feedback loop in the strategic planning process. The monitoring of performance measures should answer the following questions: *“What did we do?”* *“How do we know we did it?”* and *“How effective is the program?”* During the evaluation of performance measures, the following questions should be answered: *“What should be changed?”* and *“What has been missed?”* A good accountability system will make it clear whether expectations are being met.

Performance measurement is a key management task. In the strategic and program planning process, particular goals are identified as being central to accomplishing the mission of the agency. The management question for each of those goals is *“How are we going to accomplish that?”* The answer to that question is always the same: namely, apply resources and perform tasks.



KEY POINT:

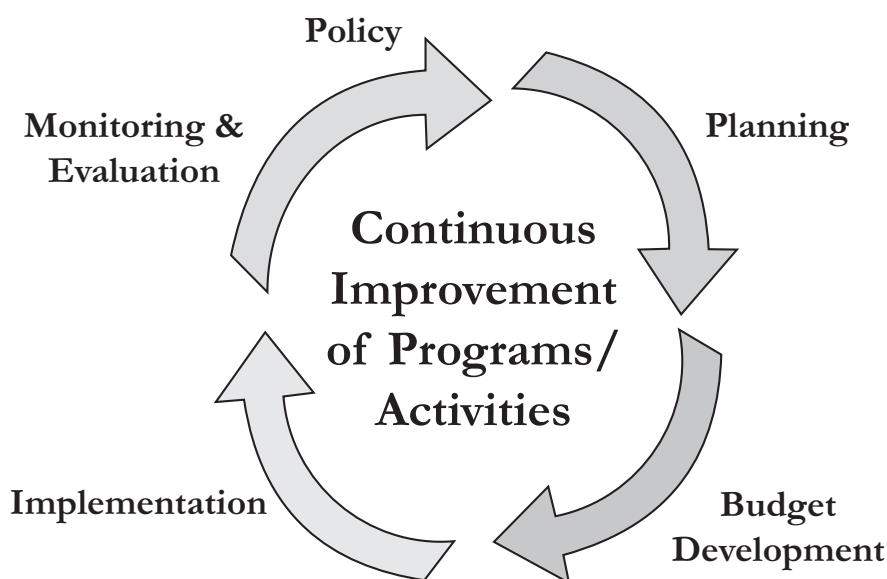
- ◆ *It is important that discussions regarding the development of performance measures and the subsequent monitoring and evaluation process occur during the development of new initiatives or refinement of old initiatives.*

Performance Measures



DEFINITION: *Performance measures enable agencies to objectively gauge and report progress in carrying out their mission and goals. Careful performance measurement provides the information necessary to make management decisions. Reports on performance measurement also provide clear, objective means of meeting the State's obligation for effective and efficient utilization of resources. Performance measures are directly related to the activities or programs implemented by an agency.*

Agencies are accountable to the citizens of the State of Delaware for developing meaningful performance measures and continuous improvement of the quality of service they provide. Improvement means changing for the better. Changing for the better requires management to be self-correcting, self-supporting and reinforcing programs that are working well. Management should also be modifying or replacing those programs which are not accomplishing quality results. Self-correcting management depends on the clarity of goals, sound planning to accomplish the goals, good information on the progress made in executing the plan and intelligent analysis of that information.



Identifying, monitoring and documenting key performance measures is not a one time event. It is an ongoing, iterative process. As key performance indicators are identified, monitored, and evaluated, the understanding gained can be applied to the ongoing planning process. Thus, improving day-to-day decisions and long range strategies. For agency managers, the results of such monitoring of performance measurements are improved and timely decision-making, better resource allocation and better overall customer service and outcomes.

Principles of Performance Measurement

The tasks of allocating resources and assuring effective services at reasonable cost are facilitated by the availability of meaningful and accurate performance information. Building upon previous experience with performance measurement, the strategic planning and budgeting process directly integrates measures into the planning and budget framework and establishes a distinct focus on the achievement of results. The development of the enhanced measurement system was based on the following fundamental principles of the performance measurement system:

Result

Oriented - The main focus is on outcomes.

Selective - The concentration should be on significant indicators of performance. Significant performance indicators are those which tell the key things needed to know about the most critical areas of a strategic plan - the hot spots where there are problems, and the pivotal places crucial for success in major efforts.

Reliable - Performance measures to be effective need to be focused on data that can be readily collected and organized into meaningful and helpful information.

Useful - The information provided by performance measures should be useful to both policy and program decision-making.

Shared- To provide the means of communicating accountability.

Developing Performance Measures

Prior to choosing specific performance measures, it is critical to review the key objectives of the agency or appropriation unit. Since the State of Delaware budgets at the program unit level, it is expected that performance measures will correlate with that level. However, objectives are stated at the appropriation unit level. In developing your performance measures, it is important to reflect on how the activities of each program unit contribute to the objectives stated for the appropriation unit.

The objectives provide the basis for development of specific measures and benchmarks for the interpretation of results. It may also be helpful to review the appropriation unit's mission statement while formulating performance measures.

Performance Measures Types

The following types of performance measures are in priority order. However, please recognize an appropriate mixture of these types may more adequately portray the basis of a program.

1. **Outcome Measures** are indicators of the actual impact or effect upon a stated condition or problem. They are tools to assess the effectiveness of an agency's performance and the public benefit derived. (e.g., a primary Delaware Economic Development Office (DEDO) objective is to retain existing businesses and attract new businesses. An outcome measure is the number of businesses who remain in Delaware and/or relocate to Delaware.)
2. **Efficiency Measures** are indicators of the input resources required to produce a given level of output. They measure resource cost in dollars, employee time, or equipment used per unit of produce or service output. An efficiency measure relates agency efforts to agency outputs. Indicators of average cost and average time normally serve as efficiency measures for agency processes, but they may also serve as outcome measures when cost-per-unit-of-outcome is the focus and can be meaningfully captured. (e.g. an efficiency measure for an emergency response agency is the percentage of calls responded to within a specified period of time.)
3. **Output Measures** are indicators that count the goods and services produced by an agency. Previously, output measures were referred to as cost drivers; however, this category is being subsumed by the overall performance measurement. The number of people receiving a service or the number of services delivered is often used as measures of output. (e.g. number of cases processed by Family Court.)
4. **Input and Explanatory Measures** are indicators that show the resources used to produce services, including human, financial, facility, or material factors and display factors which affect agency performance. (e.g. number of applications received by OMB's Human Resource Management) They provide information that can help users to assess the significance of performance reported on other types of measures.

An agency may have limited or no control over factors addressed by input/explanatory measures, including environmental or demographic characteristics related to agency target populations. A major use of this type of measure is to describe the level of customer demand or public need for an agency's products and services. However, input/explanatory measures also may focus on variables over which an agency has significant control, such as staffing patterns for specific functions.



KEY POINT: *Performance measures should*

- ◆ *Focus on outcomes*
- ◆ *Capture significant indicators*
- ◆ *Capture data that is accurate, verifiable, and consistent over time*
- ◆ *Yield information that helps make reality-based decisions*
- ◆ *Be reported regularly*
- ◆ *Be logically and directly related to an agency's goals, strategies, and functionality*
- ◆ *Be worth the cost of collecting and analyzing*

The criteria below should be applied to assist in the development and evaluation of appropriate performance measures.

- ◆ **Relevance** The measures should be logically and directly related to agency's goals, strategies, and functions.
- ◆ **Reliability** The measures should produce accurate and verifiable information over time.
- ◆ **Validity** The measures should capture the information intended.
- ◆ **Coverage** The measures should incorporate significant aspects of agency operations.
- ◆ **Cost Effectiveness** The measures should be of sufficient value to justify the cost of producing the information.

Questions should be addressed as performance measures are developed (i.e., *Is the outcome measure relevant? Is it logically and directly related to the agency objective?*).

When reviewing departmental activities, agencies should consider the following questions:

- ◆ *What do we want to accomplish?*
- ◆ *What work - what set of tasks - do we need to perform to accomplish that?*
- ◆ *How many staff with what mix of skills are required to do that work?*
- ◆ *What sort of equipment and support will they need to do the work?*
- ◆ *What sequence of tasks will get the objective accomplished most efficiently?*
- ◆ *How long will it take to get finished?*
- ◆ *How will we know where we are as we go?*
- ◆ *When we are finished, how will we know we accomplished what we intended?*
- ◆ *How will we do it better the next time?*
- ◆ *What should we do next?*

Performance Measures Examples

Outcome Measures:

- A. Percentage of clients rehabilitated
- B. Criminal cases heard as a percent of number filed
- C. Percentage of businesses in compliance with the Clean Air Act requirements
- D. Percentage of students who scored above the national median on the Scholastic Aptitude Test (SAT)
- E. Percent of transportation projects completed under budget
- F. Percent of respondents expressing overall satisfaction with agency services

Efficiency Measures:

- A. Average cost per client served
- B. Average time to process felony case (hours spent per case)
- C. Average cost per inspection
- D. Average total SAT score for public high school seniors in Delaware
- E. Cost per mile maintained-Asphalt
- F. Average wait time per customer

Output Measures:

- A. Number of clients served
- B. Number of criminal cases processed
- C. Number of inspections conducted
- D. Percentage of Delaware students taking the SAT
- E. Number of lane miles maintained per year
- F. Number of customers served per day

Input Measures:

- A. Number of clients eligible for services
- B. Number of criminal cases filed
- C. Number of businesses subject to inspection
- D. Number of students eligible to take the SAT
- E. Number of lane miles requiring maintenance
- F. Number of customers requiring service

APPENDIX I

Legislation

REPRINT OF:

Delaware Governmental Accountability Act

Volume 70, Chapter 492, Laws of Delaware

AMEND House Bill No. 410 by striking the words “Findings and Purposes” on line 6 and substituting in lieu thereof the word “Purpose”.

FURTHER AMEND House Bill No. 410 by striking lines 7-23 in their entirety and substituting in lieu thereof the following:

“(a) The General Assembly believes that it is desirable to gather additional program information in order to make better informed policy decisions on state-wide programs and services.

(b) The General Assembly further believes that the development of performance measures and standards for governmental programs will result in a more efficient and effective allocation and utilization of state resources.

(c) The purpose of this Act shall be to enable the Budget Director to assist the General Assembly in reviewing the appropriate information and documentation by agencies and the Budget Office for distribution to the Joint Finance Committee.

(d) The Budget Director and the Controller General shall work in concert to revise budget documents to include the following:

- (i) A comprehensive mission statement inclusive of the major functions and operations of the agency;
- (ii) A performance measure for each Internal Program Unit;
- (iii) An organizational chart for each department;

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(iv) A section in the budget book detailing an agency's background and accomplishments; and

(v) A section in the budget book describing the link between the proposed allocation of services and what programs and/or services the agency will be able to accomplish.”

FURTHER AMEND House Bill No. 410 by striking lines 24-58 in their entirety and substituting in lieu thereof the following:

“§ 10503. Budget Products

(a) No later than January 30 of each year, the Budget Director will submit annual budget documents and supporting information inclusive of the recommended additions detailed above.

(b) The Secretary or Director of each agency shall discuss the mission statement, performance measures and funding requests with the General Assembly's Joint Finance Committee Budget Hearing.”

SYNOPSIS

This Amendment clarifies the process and intent of House Bill No. 410.

Author: Sen. Cook

This Act creates the *Delaware Governmental Accountability Act* to evaluate the effectiveness and public accountability of state government programs.

APPENDIX II

Governor Ruth Ann Minner's Goals for Delaware

Schools that set high standards and prepare children for college, work and life

- Implement and refine educational accountability
- Make sure children learn basic skills at an early age
- Help children with problems before they fall behind
- Promote and protect teachers
- Refine charter schools and school choice

A Livable Delaware that strengthens communities and preserves quality of life

- Direct growth to community and developing areas where state, county and local governments are prepared for it and infrastructure investment is planned
- Continue to preserve agricultural lands and open space
- Protect and improve the quality of Delaware's land, water and air

Health, safety and self-sufficiency for every Delaware family

- Affordable and accessible health care
- Improve quality and coverage of health insurance
- Continue welfare-to-work
- Expand and encourage adult education and job training
- Improve foster care and Delaware's adoption system
- Focus on prevention of crime, not just punishment

Economic development that nurtures and maintains high-quality jobs

- Identify opportunities to strengthen Delaware's economy
- Help small and minority businesses develop and grow
- Ensure that state leaders are effectively engaged with Delaware's top employers
- Maintain fair and consistent tax policies and avoid tax increases
- Create an environment in which business and government are productive partners

A state government that is well-managed

- Continue sound fiscal practices
- Utilize e-government to improve service, reduce lines and remove bureaucratic barriers
- Value the ideas and contributions of all state employees
- Streamline merit rules and hiring process
- Develop a diverse workforce that reflects Delaware

APPENDIX III

Glossary

Activities -- *The daily tasks, either programmatic or administrative, which in combination comprise the strategies by which a program unit contributes to the accomplishment of an Appropriation Unit's key objectives.*

Agency -- *Any entity receiving an appropriation through an Appropriations Act of the General Assembly.*

Background Data or Information -- *Factual information describing the general scope of activities as well as specific supporting documentation for key objectives.*

Benchmark -- *A "best practice" standard against which performance measures can be compared to evaluate progress toward the "best-in-the-field" level of performance.*

Appropriation Unit -- *Major Internal Program Units within a department /agency comprised of one or more Budget Units (Non - Strategic Planning and Budgeting Process Agencies).*

Environmental Scanning -- *A technique employed in the collection of background data from which the agencies' key objectives are developed. The technique focuses both on internal and external factors affecting the successful operation of an agency.*

Evaluation -- *A management process involving the collection of data to assist in making objective judgments about progress toward desired goals, outcomes, or levels of organizational performance. Evaluation is a core function in organizational efforts to achieve continuous management and quality improvements.*

Fiscal Year (FY) -- *A twelve month period between settlement of financial accounts. The state Fiscal Year runs from July 1 through June 30. The federal Fiscal Year is October 1 through September 30.*

Goals -- *The general ends towards which agencies direct their efforts. They state policy intention related to relevant issues and are both qualitative and quantifiable, but are not quantified. In a strategic planning system, goals are ranked for priority. Goals stretch and challenge an agency, but they are realistic and achievable. A single goal may be subdivided into multiple objectives.*

Information Technology Plan -- *Information technology initiatives or strategies of an agency to achieve its key objectives. An implementation plan delineating information technology initiative.*

Key Objectives -- *Clear targets for specific action. More detailed than goals, objectives have shorter time frames, are achievable, measurable and lead into strategies. Key objectives are developed for the department, appropriation units and programs.*

Mission Statement -- *The mission statement describes clearly and succinctly what the agency is and why it exists. Placed at the beginning of the agency's strategic plan, the mission provides the foundation for the remainder of the document. It should link to the key objectives. A mission statement serves as a reminder to the public, the Governor, the*

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Legislature, the courts and agency personnel of the unique purposes promoted and served by the agency.

Monitoring System -- *A process for tracking and analyzing expenditures, cost drivers and performance measures.*

Performance Measures -- *Enable agencies to objectively gauge and report progress in carrying out their mission and goals. Careful performance measurement provides the information necessary to make management decisions. Reports on performance measurement also provide clear, objective means of meeting the State's obligation for effective and efficient utilization of resources.*

Policy -- *A governing principle, pertaining to goals or methods; involves value judgment.*

Program Evaluation -- *The systematic analysis of the impact of service delivery to a targeted population to determine if the desired goals and outcomes of the program are being achieved.*

Program Monitoring -- *The process through which management evaluates progress toward stated program goals and objectives. Program monitoring allows managers to ascertain that a program is: (1) reaching its target audience or population; (2) delivering services consistent with its stated goals and objectives; and (3) operating within the resources allocated for the program.*

Program Planning -- *The conscious process through which program goals, objectives, and desired outcomes are articulated. Program planning should: (1) describe the actions required to produce the desired outcomes (including a statement about why these actions will lead to the desired outcomes); (2) identify the factors that are most critical to achieving the desired outcomes; and, (3) establish the performance measures that will be used to evaluate and monitor progress toward the program's desired outcomes.*

Program Unit -- *Major subdivision within an appropriation unit and key level for budget development and tracking.*

Rationale -- *An explanation of why a program unit exists.*

Stakeholder Management -- *An assessment of the perspectives of all of those individuals and groups which serve or are served by the agency, i.e., those who have a "stake" in the effective operation of an agency.*

Steering Committee -- *Three to five department representatives appointed by the cabinet secretary to oversee and coordinate the planning process.*

Strategic Planning -- *A disciplined effort to produce fundamental decisions and actions that shape and guide what an organization (or other entity) is, what it does, and why it does it. Strategic planning incorporates a view of the future.*

Notes

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