Strategic Plan and Performance Measurement Report Guide

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A GUIDE TO

STRATEGIC PLANNING

AND

PERFORMANCE MEASUREMENT

REPORTING

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Jani Revier
Administrator

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INTRODUCTION

In 1993, the fifty-second Legislature of Idaho initiated a shift in philosophy of state business to a comprehensive strategic planning process with the passage of House Bill 328. The shift comes as a result of the public's call for better measurement of government performance for the purposes of improving policy making, agency management, and public accountability. Senate Bill 1509, in 1994, took this one step further by requiring agencies to report on their performance relative to their strategic plans beginning at the end of fiscal year 1996.

In 2005, the fifty-eighth Legislature eliminated the existing *Idaho Code* regarding strategic planning and performance measurement requirements. The old code sections were deemed as no longer meeting legislative intent. House Bill 300 was introduced which repealed and replaced the existing *Idaho Code 67-1901 through 67-1905* (Appendix A). The new code sections established new requirements designed to improve the process requirements for the implementation of Strategic Planning and Performance Measurement Reporting for every state agency and the formulation of their program plans using the framework provided by the Division of Financial Management.

Framework

Strategic planning/performance measurement is a long-term, dynamic, and future-oriented process of assessment, goal-setting, and decision-making that maps an explicit path between the present and a vision of the future. It includes a multi-year view of objectives and strategies for the accomplishment of agency goals. Clearly defined performance measures and benchmarks provide feedback that permits program performance to influence future planning, resource allocation, and operational decisions. The strategic planning/performance measurement process incorporates and sets direction for all operations of the agency.

Purposes of Strategic Planning/Performance Measurement Reporting

The ultimate goal of strategic planning and performance measurement reporting is to assure that services provided by state governmental entities meet the needs of the people. Strategic planning and performance reporting also assists in maintaining a focus on the quality of services and the benefits those services provide to our state. By law, strategic planning for Idaho state government specifically serves the following purposes:

1. To improve management practices and the confidence of our citizens in the capability of their state government in achieving program and operating results of the highest quality. This is accomplished by developing and effectively utilizing long-term strategic planning techniques, key performance standards or goals and measures and improved practices in publicly reporting their progress.

2. To improve program effectiveness and accountability by promoting a new focus on results, service quality, and customer satisfaction. This can be accomplished by evaluating each program for internal efficiencies or opportunities for enhanced effectiveness.

3. To help program managers improve service delivery by requiring that they plan to meet program objectives and by providing them with information about program results and service quality.

4. To improve oversight review and decision-making by providing measurable, impartial information on achieving public policy objectives and the relative effectiveness and efficiency of program implementation and spending.

A successful strategic planning/performance measurement reporting process provides many benefits to agencies and those affected by their operations. A stronger agency identity results as purposes and direction are clarified. Strategic planning improves an agency's ability to anticipate and accommodate the future by identifying issues, opportunities, and problems. Enhanced decision-making will be achieved by strengthening internal communications, both vertically and horizontally.

Strategic planning/performance measurement reporting relies on careful evaluation of an organization's capabilities and environment and leads to priority-based allocation of fiscal, human, technology, capital, and other resources. The strategic plan defines what an agency is and intends to be, as well as the principles guiding it. Agency goals, objectives, and performance measures are clearly enumerated that lead to priority-based resource allocation decisions and agency plans to achieve those goals. Producing identifiable, measurable and meaningful results contained in the performance measurement report is essential to a successful process.

Elements of Idaho's Strategic Plan

1. A comprehensive mission or outcome-based vision statement covering the major divisions and core functions of the agency.

2. Goals for the major divisions and core functions of the agency.

3. Objectives and/or tasks that indicate how the goals are to be achieved.

4. Performance measures, developed in accordance with sections 67-1904, Idaho Code, that assess the progress of the agency in meeting its goals in the strategic plan.

5. Benchmarks or performance targets for each performance measure along with an explanation of the manner in which the benchmark or target level was established.

6. An identification of those key factors external to the agency and beyond its control that could significantly affect the achievement of the strategic plan goals and objectives.

7. Contains four years forward including the fiscal year it was submitted and updated annually.

8. Serves as a foundation for developing performance measurement information.

9. Provides for the opportunity to consult with appropriate members of the legislature and others affected by the plan.

Elements of Idaho's Performance Measurement Report

1. Agency overview that describes the agency and the services it provides to the citizens of Idaho including the agency's governance and organizational structure, director name; key divisions, management positions, etc. Also includes facts about the number of employees, number and location of offices, and a brief history of the agency or other items of interest. May also explain factors that hamper the agency's ability to be successful or that may give rise to an increase in demand for services.

2. Core functions that describe the primary functions of the agency and statutory authority that requires such services to be delivered.

3. Fiscal year revenue and expenditure information for the prior four fiscal years broken down by revenue sources and types of expenditures.

4. Profile of cases managed and/or key services provided for the prior four fiscal years including the most recently completed fiscal year. Each agency will determine the number of measures and type of measures to use. This section is designed to give the agency maximum flexibility in reporting on caseloads, services, or products provided to constituencies.

5. Performance highlights (optional) bring attention to performance issues that are not readily understood by looking at a table of information. The highlights section can also be used to explain dramatic increases or decreases in caseloads or services provided. In addition, the highlights can be used to bring attention to an area of significant accomplishment, such as reducing dependence on a specific service.

6. Performance measures that will assess the progress the agency is making in achieving a goal (quantifiable indicator). These should be the same measures as stated in the strategic plan. Agencies should choose 10 or fewer measures to highlight in table format and show the current fiscal year and four years of actual results (if actual results are not available because it is a new measure, that should be stated).

7. Benchmarks or performance targets for each performance measure as included in the strategic plan.

8. List agency contact information.

9. Explanatory note which provide context important for understanding the measures and the results, and any other qualitative information useful for understanding agency performance.

10. Attestation signed by the agency director that the data reported has been internally assessed for accuracy and is deemed to be accurate.

Other Performance Measurement Reporting requirements include:

1. Agency shall use the information for internal management purposes.
2. Agency shall maintain reports and documentation to support the performance measures and kept for four years covered by the report.
3. Agency shall submit to DFM and Legislative Services Office (LSO).
4. DFM will publish the report each year as part of the budget publications.
5. LSO may put in their budget publication, if they so choose.
6. Agency shall present the information to the germane committees.
7. Germane committee may authorize an alternative form of measurement or may request an increase in the number of measures.

MISSION

Definition

Agency Mission is the reason for an agency's existence. It concisely identifies what the agency does, why it does it, and for whom it does it. A mission reminds the public, the Governor, legislators, the courts, and agency personnel of the unique purposes promoted and served by the agency.

Development Guides

The mission describes the overall role of the agency as it relates to the state as a whole and is the common thread binding the agency's organizational structure and its activities. The mission of the agency may link to several state functional areas depending on the unique nature of the organization. All employees should be able to identify their specific working relationship to this defined mission. The mission must be clearly understandable to the public and should at a minimum answer the following questions:

1. Who are we as an organization and who do we serve?

2. What are the basic purposes for which we exist, or what basic problems are we established to address?

3. What makes our purpose unique?

4. Is the mission in harmony with the agency's enabling statute?

A mission should be developed by the agency and succinctly identify agency purposes, distilling from enabling statutes or constitutional provisions the most important reasons for an agency's work. In developing the mission, the agency should also examine other relevant sources, e.g., board policies and program descriptions. The mission should generally be no more than one paragraph in length.

OUTCOME-BASED VISION STATEMENT

Definition

The Outcome-Based Vision statement is an inspiring picture of a preferred future. The Vision Statement provides the reader with a clear description of how the agency sees the future should their goals and objectives be achieved.

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There are no clear guidelines for the development of the agency's vision statement except for the legislative direction that the statement be "outcome-based". This implies that the statement contain provisions which can be objectively measured to determine whether the agency is advancing toward its vision. The following questions may assist agencies in the development of their vision statements:

1. What will our organization look like in five years?
2. How will the nature of the way we deliver products or services change in the future?
3. How will our organization change to meet the changing needs of our clients?

The vision statement should be brief but provide a realistic view of the future of the organization.

GOALS

Definition

Agency goals are the general ends toward which agencies direct their efforts. A goal addresses issues by stating policy intention. Goals can be presented in both qualitative and quantitative form. In a strategic planning system, goals are ranked for priority. Goals stretch and challenge an agency, but they are realistic and achievable.

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The development of agency goals is one of the most critical aspects of the strategic planning process in that goals chart the future direction of the agency. The goal development process begins to focus the agency's actions toward clearly defined purposes. Within the scope of the stated mission, goals specify where the organization desires to be in the future. Goals are broad, issue-oriented statements that reflect the realistic priorities of the agency.

Goals should be client-focused and be easily understood by the public. Although there is no established limit, the number of goals the agency may develop should be kept to a reasonable number in order to establish the agency's direction and provide a unifying theme for programs and activities. During goal development, the agency should begin identifying the desired results of its efforts and the corresponding performance measures that will quantify accomplishment of those results.

The formation of agency goals should include, but is not limited to, an analysis of the following questions:

1. Are the goals in harmony with the agency's mission and philosophy statements and will achievement of the goals fulfill or help fulfill the agency's mission?
2. Are the goals derived from the performance standards?
3. Do the goals provide a clear direction for agency action?
4. Are the goals unrestricted by time? Do they reflect agency priorities?

OBJECTIVES

Definition

Objectives are clear targets for specific action. They mark quantifiable interim steps toward achieving an agency's long-range mission and goals. Linked directly to agency goals, objectives are measurable, time-based statements of intent. They emphasize the results of agency actions at the end of a specific time period.

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Objectives are tools that can provide incentives to improve employee motivation and productivity and to inform citizens of how well an agency is meeting the needs of the public. The development of objectives aids decision-making and accountability by focusing on outcomes. An agency's objectives are derived from its goals. Objectives should be shown under each goal in an approximate priority order, beginning with those of greatest importance and impact.

An agency may have multiple objectives under a single goal; however, each stated goal should have at least one objective. The data necessary to establish objectives and to determine the feasibility of achieving realistic objectives should be provided by the agency's performance standards. Objectives should be easily understood by the public and clearly state the specific results the agency seeks to accomplish. The following questions should be asked to determine the relevancy of the objective:

1. Does meeting the objective demonstrate progress toward the stated goal?
2. Does the objective clearly state what the agency intends to accomplish?
3. Is the objective realistic and attainable?
4. Does the objective describe an outcome in terms of specific targets and time frames that can be measured?

STRATEGIES (optional)

Definition

Strategies are methods to achieve goals and objectives. Formulated from goals and objectives, a strategy is the means for transforming inputs into outputs, and ultimately outcomes, with the best use of resources. A strategy reflects budgetary and other resources.

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Strategies are specific courses of action that will be undertaken by the agency to accomplish the goals and objectives. While an objective indicates *what* the agency wants to achieve, a strategy indicates *how* the particular objective will be achieved. Strategies are action-oriented rather than procedural in nature and are directly linked to output measures.

To develop strategies, the agency determines how best to achieve the results intended by the specific objective. 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 division lines. Strategies must be easily understood by the public. They are shown in the strategic plan under each objective in an approximate priority order, beginning with those of greatest importance and impact. Questions to consider in developing strategies include, but are not limited to, the following:

1. If this strategy (or strategies) is implemented, can we assume that the objective will be reached?
2. What are the anticipated costs and benefits of each strategy?
3. Do we have the authorization to take the action outlined in each strategy? Is it a legal and practical action?

PERFORMANCE MEASURES

Definition

Performance Measures are gauges 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.

Development Guides

Performances are the results, or impacts, of government action or policy. Progress is assessed by comparing performance to objectives through the use of measures. Performance measures are expressed in a quantifiable form and indicate the degree to which an agency is achieving its objectives. A performance measure should be directly related to the objective it is measuring. It shows the change or difference the agency's action will have on the particular target group or issue area indicated in the objective. It should be clear and easily understood by those who are unfamiliar with the agency. Performance measures should be developed by the agency and provided in the strategic plan. The following questions should be addressed as outcome measures are developed:

1. Is the outcome measure relevant? Is it logically and directly related to the agency goal and objective?
2. Is the outcome measure reliable? Does it produce accurate and verifiable information over the time frame set by the objective?
3. Is the outcome measure valid? Does it capture what the agency intends to measure?
4. Is the measure of sufficient value to justify the cost of producing the necessary data? In the case of excessive costs, could sampling techniques or other more cost-effective alternatives be used to collect the data?
5. If the data are not currently available, can a proxy measure be substituted until a data base is available?

6. Will the outcome measure enable a decision to be made or lead to a valid conclusion concerning the agency's action?

BENCHMARKS

Definition

Benchmark or performance target measures the agency's expected, planned or intended result for a particular performance measure. The number of people receiving a service or the number of services delivered are often used as measures of benchmark.

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Benchmarks are the goods and services produced by an agency. Benchmarks are used to track performance of the agency in implementing its strategies and evaluate the efficiency of the implementation of the strategic plan. Benchmarks should focus on those items for which the agency has control within the scope of its operations. In developing and selecting key output measures, the following questions should be addressed:

1. Is the benchmark reliable? Will it measure the same thing over a period of time? Will the data used in the measure be available on a continuing basis?
2. Is the benchmark directly related to the agency's strategies? Does the agency control the benchmarks through its actions?
3. Does the benchmark show the quantity of work performed? Can the measure be stated in unit cost terms?
4. Is the benchmark clear? Are the terms used generally accepted and defined? Will the measure be easily understood by those who are not familiar with the subject?

KEY EXTERNAL FACTORS

Definition

Key factors external to the agency are those factors which are beyond the control of the organization. They include changes in economic, social, technological, ecological or regulatory environments which could impact the agency and its ability to fulfill its mission and goals.

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Key external factors may be similar or even the same for many state agencies. The change comes in how those external factors impact the organization's ability to complete its mission. The development of key external factors allows the agency to openly address assumptions upon which the goals and objectives are based.

Strategic Plan Summary - Due July 3

All agencies must submit their Strategic Plans in electronic format (Microsoft Word or PDF) annually to the Division of Financial Management by July 3. The plans must consist of the following:

- *Vision or Mission Statement*
- *Goals*
- *Objectives*
- *Performance Measures*
- *Benchmarks*
- *External Factors*

Note: Strategic plans should cover a minimum of four years forward and shall be updated annually.

Performance Measurement Report Summary - Due Sept. 3

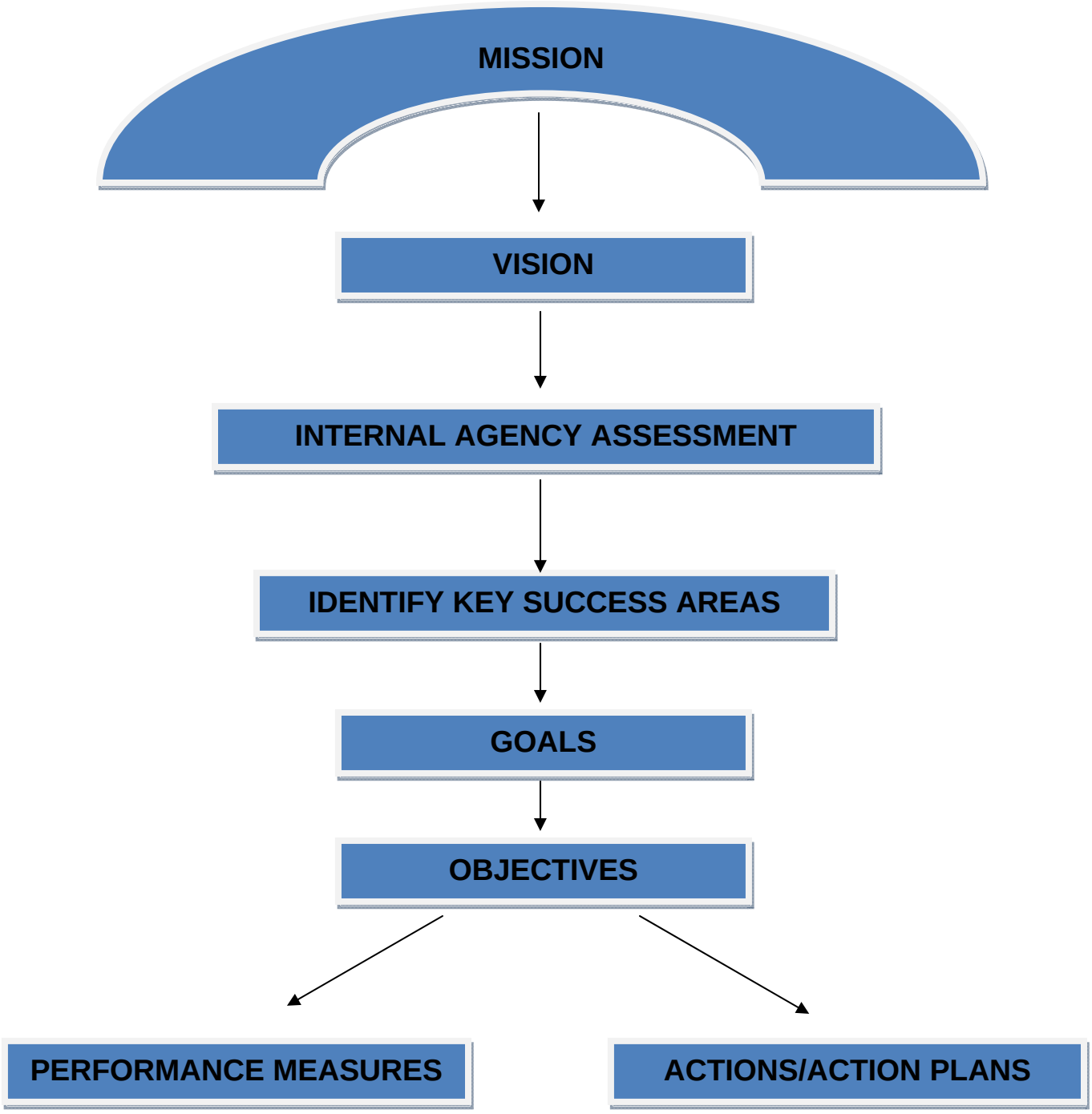
All agencies must submit their Performance Measurement Reports in electronic format to DFM (Microsoft Word) and the Legislative Services Office by September 3, along with a copy of the signed Agency Director Attestation letter. This is separate from the Agency's budget request submittal. The Performance Measurement Reports will consist of the following:

- *Agency Overview*
- *Core Functions/Idaho Code*
- *Revenue and Expenditure*
- *Profile of Cases Managed and/or Key Services Provided*
- *Performance Highlights* (optional)
- *Performance Measures*
- *Benchmarks*
- *Explanatory Note*
- *Contact Information*
- *Agency Director Attestation*

Note: DFM will provide each agency with an electronic copy of their prior year Performance Measurement Report, so the agency can make the necessary modifications and input data for the current fiscal year. Please use the copy sent to you by DFM, not last year's report and not your own version of the report.

APPENDIX A

STRATEGIC PLANNING FLOW CHART



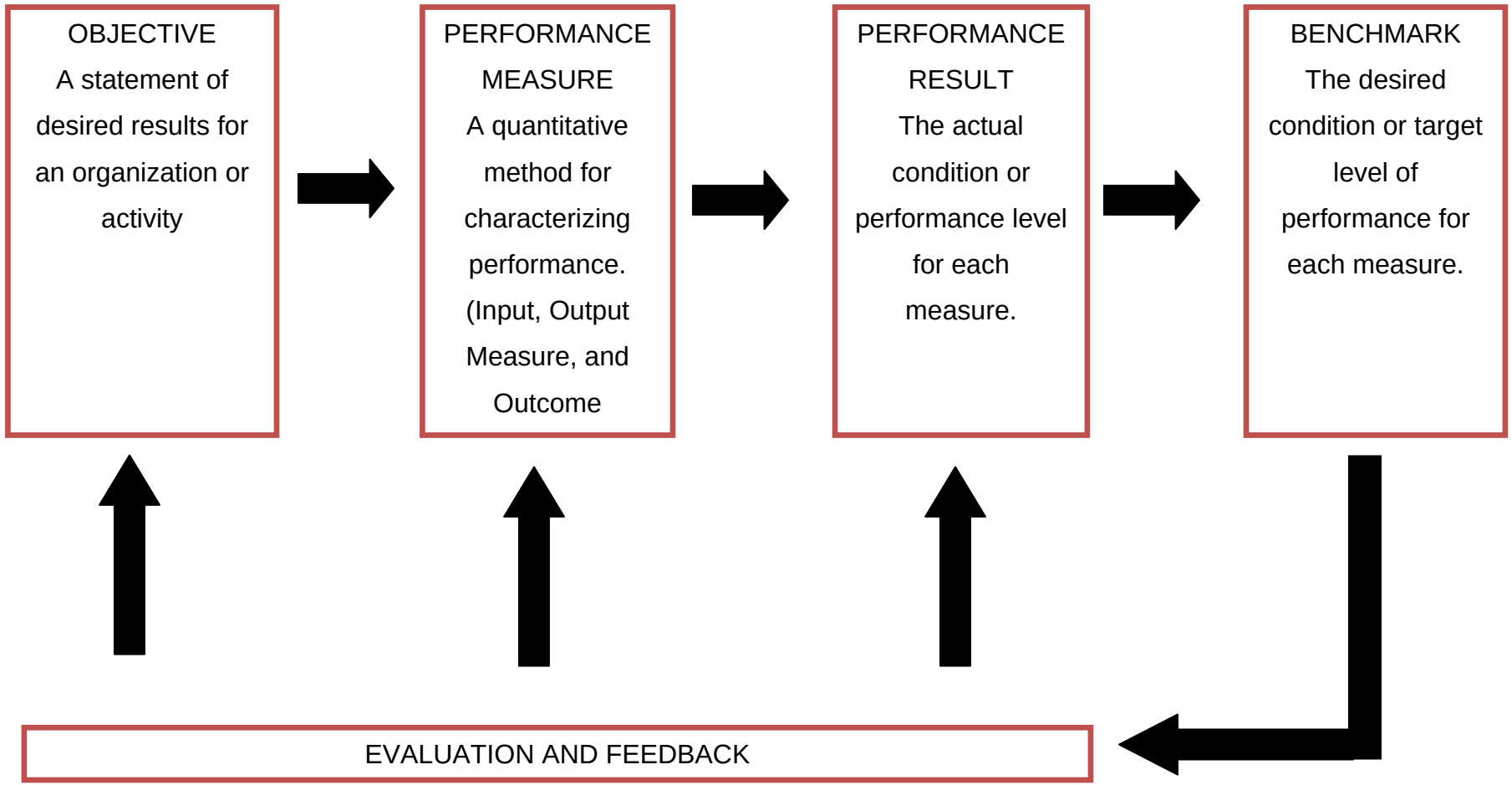
APPENDIX B

STRATEGIC PLANNING TEMPLATE

This chart represents one way in which information can be gathered to move through the process. Planning efforts should respond to the needs of your agency and evolve in the order that will be most beneficial in your agency environment.

QUESTION TO BE ANSWERED	STRATEGIC PLAN ELEMENT
Where have we been?	History
Where are w now?	Context
Where should we go and why?	Vision
What is our work toward the vision? Who are we? What is our niche now to work toward the vision?	Mission
What will guide the work we choose to do and the way we do the work?	Core functions
What is our way of realizing our vision?	Critical Obstacles
What will we do to reach our vision?	Strategic, Long-term Goals/Objectives
What will we do in year 1, year 2…	Performance Measures
How will we know if we are successful?	Indicators of Success/Benchmarks
What infrastructure is needed to carry out the work in this plan?	Infrastructure Assessment
What will we do in the next three months, six months, year, year 2, year 3 …	Implementation Plan/Strategies
How will the plan be disseminated and to whom?	Disseminate Plan
How will we monitor the plan and assess our progress?	Monitoring and Revising Strategic Plan/Performance Measurement Report

PERFORMANCE MEASUREMENT FLOW CHART



Performance Measurement Template

Performance Measure and Description	Frequency of Measurement	Responsible Parties	Audience
Measure #1 Description of Measure #1: Include purpose (i.e., goal/strategy being measured), how data will be collected, and how data will be used for decision-making.	(weekly, bi-weekly, monthly, quarterly)	Includes those responsible for data collection and communication	(all stakeholders, leadership, constituents, employees, etc.)
Measure #2			
Measure #3			
Measure #4			
Measure #4			
Measure #5			