

Developing Performance Standards and Measuring Performance

A major principle of ICASS is that the customers and the service provider set service standards and then evaluate how well they are met. Standards establish an agreed upon level of service (quality and timeliness) that a customer can expect to consistently receive and a basis for evaluation of service quality by the Council. **Standards also help** educate customers to resource requirements and other constraints for the provision of services and can **improve the understanding of the administrative staff regarding their responsibilities and expected level of performance. It is important, therefore, that the entire administrative staff (including you) be involved in helping set the standards by which they (including yourself) will be evaluated.**

Background

Since the US Congress passed the Government Performance and Results Act (GPRA) in 1993, US Government agencies have undergone radical change in the way they do business. In the past the US Government did a poor job of articulating their goals and measuring performance, it is now responsible for bringing accountability and transparency to its programs. GPRA requires government agencies to establish five-year strategic plans, set measurable performance goals in annual performance plans, and report program performance to Congress and the public. This requires that everyone focus more on outputs and outcomes (results) and less on inputs (resources).

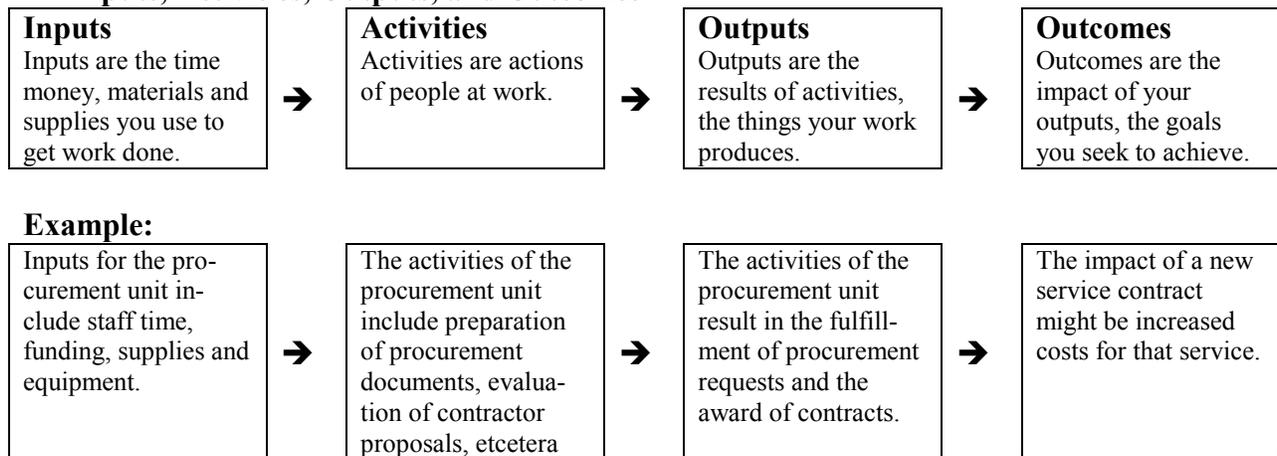
One of the results of GPRA is that funding is now tied to the success of agencies in meeting the goals and objectives they set for themselves. Agency budgets are based on how well they performed in the previous performance and budget period. The process of establishing performance standards is an important one and success depends to a great extent on the quality of the standards themselves. **At the post level, specific and measurable performance standards form the basis for the delivery and improvement of administrative services under ICASS.**

Inputs and Outputs

Before looking at performance standards, it is important to have an understanding of what *inputs* and *outputs* mean in the context of ICASS service delivery. **Inputs are resources that can be consumed:** money, labor, time, materials, supplies, etc. Related to inputs are *activities*. Activities include work, action, and processes. The key thing to remember about activities is that they are a means to an end rather than an end in themselves. **Outputs are products or results:** services, impact, effectiveness, etc. Outputs lead directly to the goals (outcomes) that you seek.

People often confuse activities and outputs. For example, the procurement unit generates purchase orders. Are purchase orders an activity or an output? You will know by asking the question: Do my customers value this thing? In the case of purchase orders, the answer is clearly no. Customers don't value procurement documents; they value the fulfillment of their procurement requests. Purchase orders are not outputs, but rather an activity—a means to an end. Outputs that are typically of interest to administrative employees including work orders completed, procurement requests satisfied, and property delivered. Remember, though, that outputs must be related to desired goals or outcomes. An outcome is the result or impact of your outputs. If your goal is budget reduction, for example, then the fulfillment of many procurement requests is an output that may not contribute to the outcome you seek. The following chart shows some examples of inputs, activities, outputs, and outcomes:

Inputs, Activities, Outputs, and Outcomes



Performance Standards

What are performance standards? We see them every day: McDonald's promises quick service, a clean restaurant, and consistent quality food that is always the same. Burger King also offers quick service and a clean environment, but they will make your burger the way you like it. FedEx will deliver your priority package anywhere in the U.S. by 10:30 a.m. the next day. **Service or performance standards identify what we do and how we do it.** That is, they establish a means of measuring success.

Why do we have service standards? In the private sector, businesses constantly measure themselves against their competition. Identifying what will attract customers and giving them what they like is critical to their success as a business. This helps clarify the business's goals and **provides a rational basis for decision-making and resource allocation.** It also defines for both the business and the customer the product or service that

is being offered, thus providing a way to measure success, and whether or not they are providing the best service possible.

What's This Got To Do With ICASS? This same element of competition is being introduced into the public sector (US Government). Under ICASS the customers, i.e., the agencies represented on the ICASS Council, are free to select the service provider who is able to deliver the best services for the lowest cost. State is no longer a monopoly, but must compete with other US Government and private sector providers to win the business of the ICASS agencies. State and any other service providers must meet the agreed upon service standards, or risk losing the business if results are not satisfactory.

Implementing ICASS reaches far beyond the administrative section; it is a team effort involving every agency at post. All ICASS participants at all posts share the following goal:

Delivering the best possible administrative services at the lowest possible cost.

Goals are general statements of what you want to accomplish. They are the outcomes you hope for. By their very nature, goals cannot be achieved in a short time. They are challenges that are likely to be reached only over a long period, with many incremental steps in between. In fact, it could be argued that the goal of ICASS is unattainable, since there is always room for improvement. Nevertheless, it remains something to work towards, a guide for everything we do.

The incremental steps developed by posts towards reaching this goal are called objectives. These short-term objectives are different at every post because each post has a unique environment and a different way of working. Each local Council must link its objectives to its specific goals and to available resources. The ICASS Council members, as customers, should take the lead in setting overall objectives for administrative services at their post. There are any number of ways the Council may choose to approach this. Council members may decide on an overall objective, such as reducing the costs of administrative services, reducing error rates, or improving the rate of customer satisfaction. Alternatively, they may decide to concentrate initially on one or two cost centers where costs are highest or where there are specific problems. Each ICASS Council chooses objectives that reflect the reality at their post.

Once objectives have been set, the service providers (you, your team, and your supervisor) take the next step by writing performance standards and measures, for the routine work done in each cost center. You know best what level of service you are able to provide and are, therefore, a very important player in setting the performance standards for the cost centers that you contribute to. The Council must approve the standards, negotiating with the service provider for any changes that it feels are needed. Once agreement has been reached, the standards are published so that customers know what they can expect, and so that the service provider (you) can be held accountable for meeting the established standards. For this to work, the standards must be specific and measurable.

SMART Standards

When developing or revising performance standards, post should make sure that they are SMART standards. What does this mean? SMART standards are:

Specific: The standard is clear and precise.

Measurable: You can easily determine whether it has been achieved

Agreed upon: You and your customers agree that the standard is appropriate.

Realistic: The standard can be met with available resources.

Time specific: Specific deadlines for achievements exist. Periodically post will be able to measure and know if it is on schedule or not.

People sometimes ask what it means for a standard to be “realistic.” Should the standard be very easy, so that employees feel confident that they can achieve it? Or should it be very difficult so that employees are motivated to achieve the impossible? Research shows that many people are most motivated by standards that are *moderately difficult*. If a standard is perceived as too easy or too difficult to accomplish, most people won’t take it seriously. A realistic standard should be challenging but not impossible.

The chart below shows how weak performance standards can be improved by making them SMARTer.

Poor Performance Standard	Weakness	Better Performance Standard
Drivers will be punctual.	<i>Not specific</i>	Drivers will make pick-ups within 5 minutes of the specified time on 95 percent or more of their runs.
Repair people will be thorough in their work.	<i>Not measurable</i>	Repair people will ensure that each item on a work order is addressed to the customer’s satisfaction before leaving the work site.
Contractors shall occasionally provide services beyond those specified in the contract.	<i>Not agreed upon</i>	Contractors will meet all of the terms and conditions of the contract.
Personal property records will always be 100 percent accurate.	<i>Not realistic</i>	Personal property records will be 97 percent accurate or better prior to inventory reconciliation and 100 percent accurate after reconciliation.
Leasehold costs will be reduced by five percent.	<i>Not time framed</i>	Leasehold costs will be reduced by five percent in the coming fiscal year.

Measuring Performance

What Gets Measured? **SMART performance standards must be measurable**; otherwise, we have no way of determining the level of success. But what do we measure? Choosing an appropriate performance measure can be difficult. However, particularly under ICASS, selecting the right performance measure is critical to the overall success of your operation. One general principle of performance management is: ***What gets measured is what gets done.*** For example, if you measure the time it takes for work orders to be completed, you are likely to place importance on the speediness of work order fulfillment. On the other hand, if you measure the quality of your work (perhaps by counting the number of repeat trips for maintenance tasks), you are likely to place more emphasis on the thoroughness of its work. Your choice of performance measures can send powerful signals about what is important to you.

A common weakness in performance measures is that they focus on inputs or activities rather than on outputs. The table below shows how objectives that focus on inputs or activities can be improved by using output measurements.

Poor Performance Standard	Weakness	Better Performance Standard
Drivers will be on the road 90 percent of the time.	<i>Time is an input. Driving is an activity.</i>	The motor pool will meet 90 percent of requests for service with internal resources.
Post will purchase new overhead lighting for all offices in the coming fiscal year.	<i>Lights are an input. Purchasing is an activity.</i>	Post will reduce electrical consumption by 10 percent in the coming fiscal year. <i>Or:</i> Complaints about inadequate lighting will be eliminated in the coming fiscal year.
GSO will investigate the reasons for increased delays in housing assignments.	<i>Investigation is an activity.</i>	GSO will reduce delays in housing assignments by at least 25 percent in the coming fiscal year.
All employees of the procurement unit will attend regional training next month.	<i>Training is an activity.</i>	Errors in the procurement unit will be reduced by 15 percent in the next fiscal quarter.

The key thing to remember is that inputs are the resources and tools needed to produce the end product and that activities are the production methods. Neither of these is necessarily important to the customer. The customer is interested in the outputs or outcomes. **A good starting point for selecting appropriate measures is to ask yourself what your customers value.**

One way of approaching this would be to state performance measures as input/output ratios, as illustrated in the table below:

If Customers Value...	Then Consider Measuring...
Meeting a standard	Requests to standard / Requests processed
Reliability	Time service is unavailable / Time service is available
	Projects begun / Projects completed
Accuracy	Number of errors / Number of transactions
Timeliness	Actual delivery time / Promised delivery time
	On time completions / Project completions
Responsiveness	Turnaround time (cycle time)
Expertise	Number of jobs done right / Number of jobs done
Helpfulness	Number of satisfied customers / Number of customers served

Sometimes the mere existence of an output is not nearly as important as its qualities. For example, in procurement, the number of contracts produced (which is likely to be fairly low) is not nearly as important as the quality of each contract. In such cases, you'll need to describe as precisely as possible the qualities that an acceptable contract must have. For example, the contract must be written in a timely fashion, must meet U.S. and local legal requirements, and must have a functional statement of work.

Guidelines for Choosing Performance Measures

Having measurable standards allows you to gauge your progress in achieving your objectives. It also allows you to document the relationship between objectives, resources, and results. Without measurable standards, you cannot document progress; all you can do is describe activities. Good measures are cost effective to obtain, verifiable, and easy to interpret.

Some guidelines for choosing output measures:

-Output measures should reflect final products, services, and activities of an organization. For example, the procurement unit produces contract solicitations, but these are an intermediate step toward the end goal of awarding a contract for goods or services. For the procurement unit, the number of solicitations produced would not be an appropriate output measure, but the number of contracts awarded could be. (Ultimately, of course, what the customer cares about is not whether the contract was awarded, but whether the contractor efficiently and effectively met the government's needs.)

-Each output measure should consist of units that require relatively similar amounts of labor to produce. The number of buildings serviced is probably not an appropriate output measure for a maintenance unit because different kinds of buildings require different kinds of service. The number of residential building system failures might be a more appropriate measure, if all the residential buildings in the housing pool have similar systems.

-Outputs generally should be repetitive. Some tasks are so irregular that they are not worth quantifying as output measures. For example, most posts receive very few presidential visits. While a presidential visit entails a significant amount of work, the number of presidential visits handled is not an appropriate mission output measure.

-Output indicators should directly reflect the workloads of the organizational element. In most cases, it would be inappropriate for your office to use contractor outputs or other administrative office outputs as measures of your work. For example, if post's cleaning services are provided by a contractor, the number of square meters of office space cleaned is not an appropriate output measures for GSO.

-Output measures should reflect changes in output quality. Suppose problems with the transportation infrastructure at your post require you to change the type of packing system you use (e.g., you switch from containerizing shipments to export packing for airfreight.) The number of containerized shipments processed cannot be directly compared to the number of airfreight shipments processed because the qualities of the output are significantly different.

-Output measures should indicate the amount of work done during each fiscal year. It is rare that any administrative output takes longer than one year to complete. These rare cases (e.g., construction of a new building) do not make good output measures. Instead, pick outputs that have shorter cycle times, that is, outputs that you produce many times during the fiscal year.

-When an output is produced from the joint efforts of various units, it should only be counted once. A number of administrative units may contribute to the process of providing supplies to mission personnel: the supply unit, the procurement unit, the shipping unit, and perhaps the motor pool. Using the number of customer orders filled as an output measure for each of these units is misleading and inappropriate. (Number of orders filled may be an appropriate measure for the general services office as a whole, if it is used only once as a measure for the entire office.)

-Physical quantities are the preferred measures of output. Counting the number of things produced or services rendered are often a good output measure. Relating these physical outputs to something else is even better. For example, cost per item is often an ideal measure of efficiency. Note that only counting the number of dollars spent or hours worked would be poor choices for a output measures, since dollars and hours are inputs rather than outputs.

Establishing Performance Standards & Measures

As an administrative staff member , you are involved in establishing performance standards and measures. You contribute to the administrative section of your post's annual mission program plan and to the development of ICASS service standards. These require a thoughtful consideration of desired outcomes and appropriate measures.

ICASS has focused attention on the need for effective performance standards and has provided the opportunity for learning tools and techniques that can help no matter what level of work planning we are involved in. The following description of how service standards are developed for ICASS will give you some idea of the process you should go through in establishing meaningful performance standards and measures. ICASS requires that performance standards be established for each of the ICASS cost centers.

For example: If you are the general services officer at an ICASS standard post (that is, a medium or large post), you will have to set performance standards for each of the GSO cost centers: Travel services; Direct vehicle operations; Vehicle maintenance; Administrative supply (expendable property); Nonexpendable property management services; Procurement services; Reproduction services; Leasing services; etc.)

Obviously, some of the cost centers above may have more than one performance standard. For example, in the procurement services cost center, you may have one standard (or set of standards) for the purchase of supply items on the local market and another standard (or set of standards) for service contracts.

If you are at an ICASS lite post, administrative cost centers are consolidated into fewer areas, but you will still have to develop performance standards for all of your services.

The table below outlines the steps to follow in establishing performance standards for your own operations.

Performance Step	Example
Define the services the admin section offers. For each service, identify the customers (who uses the service?), the partners (who helps you provide the service?), and the stakeholders (who else cares about it?).	<i>Travel services is one of the things that the administrative section provides. The customers will be all American mission employees and their families. If GSO is the internal service provider, partners probably include FMO, PER, and a local travel agency. Stakeholders include commercial travel service providers such as airlines and hotels and perhaps the posts receiving the travelers that you dispatch.</i>
For each service, determine relevant measures. These measures should be linked to outputs or outcomes that customers value (e.g., cycle times, cost-efficiency, satisfaction rates, etc.)	<i>Customers value fast-turn around, accurate information, and low-cost arrangements. Cycle time (how long it takes to do things) and customer satisfaction might be two things you could measure. Knowing your values will dictate how you balance the tradeoffs between providing quality services and maintaining low costs.</i>
Apply the measures to your current services. Establish performance base-lines.	<i>How long does it take you right now to make reservations, prepare travel orders, purchase tickets, etc.? What is the current level of customer satisfaction with these services?</i>

Performance Step	Example
<p>Taking into consideration post's mission priorities, customer preferences, and resource constraints, establish new performance standards.</p>	<p><i>If customer satisfaction is already high, maintaining the current level of performance might be a reasonable standard. Otherwise, establish new standards.</i></p>
<p>Use the measures established to see if you are meeting your new performance standards or not. It is important that everyone know and understand their standards so that they can see whether the standards are being met.</p>	<p><i>Has cycle time improved? Has customer satisfaction increased? Keep in touch with your customers. Ask them if they are satisfied with their level of service..</i></p>