



Pierce County

Performance Measures

**Final Report
November 16, 2000**

Prepared for
Pierce County
Performance Audit Committee



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Executive Summary

This study is a comprehensive review of the performance measures utilized by Pierce County government. The study was designed to comply with the mandate in the County Charter for a biennial performance audit of County programs and departments. SMG/Columbia Consulting Group conducted the project in cooperation with Pierce County's performance audit office and a large number of departments that provided information for the study.

The study assesses the role of performance measures by reviewing some 1,100 measures that appear in the County's annual budget. To provide more detailed analysis, the study also addresses the performance measures of ten agencies, mainly those with a large amount of General Fund support.

To review the performance measures, SMG/Columbia used the balanced scorecard model, which is widely used in the private sector. Chapter 1 explains this approach to performance measurement.

Chapter 2 evaluates the current performance measures based on the balanced scorecard criteria. Generally speaking, we believe that Pierce County's approach to performance measurement provides a good foundation that can evolve into a more effective management and reporting tool. Some problems in the current measures are as follows:

- The performance measures presented in the budget are not considered to be very useful by agency management or budget decision-makers. The measures focus on workload data versus providing information on how budget requests are expected to affect agency performance.
- In the 2000 budget, performance measures lack a clear conceptual framework and strategic focus. The current measures are a mixed bag that tend to promote "random acts of improvement," rather than deliberate progress toward County and agency strategic goals.

The balanced scorecard is a good conceptual framework to evaluate performance. It emphasizes (1) the importance of customer measures, and (2) the cause-and-effect relationships between process measures and learning and growth measures that drive improvements in the customer measures.

Chapter 3 reports on work by SMG/Columbia to develop new performance measures for one department, Planning and Land Services. The result is a

number of "strategy maps" that are designed to achieve better results for the customers of PALS.

Chapter 4 presents our conclusions and five recommendations for consideration by Pierce County.

1. Focus on customer outcomes when choosing new performance measures.
2. Develop a strategy to achieve the customer outcomes. That means making necessary changes in agency operations and choosing process measures and learning and growth measures that are critical to achieving the customer outcomes.
3. If the Executive and Council wish to continue work on performance measures and use the measures as a basis for agency budgets, designate a sponsor committee to explore and develop the issues and consider possible solutions. In general, this committee should develop and support a standard process for planning and measuring agency performance and for connecting agency performance and the budget.
4. If performance measures are included in the County budget, report in the budget only on the customer strategies and measures. The related process measures and learning and growth measures can be reported in a quarterly "performance report." If the Council wishes to take a more active role in budgeting, it should review and analyze the performance report on a regular basis, probably through the Budget and Operations Committee.
5. Continue implementation of the Balanced Scorecard approach in PALS with consultant assistance as needed. The main need is for assistance in training the line staff in the new approach.

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Chapter 1
Introduction

1.1 Study Purpose

This study is a comprehensive review of the missions, mission driven budget objectives, and performance measures of Pierce County government departments. The study was designed to comply with the mandate in the County Charter for a biennial performance audit of County programs and departments.

The study has three parts:

1. Assess the current role of performance measures in County government. (This chapter and Chapter 2.)
2. Provide technical assistance to one "pilot" department, Planning and Land Services, to serve as an example of how the current performance measures can be improved. (Chapter 3.)
3. Develop a work plan for the county under which departments may continue work to improve their performance measures. (Chapter 4.)

Most departments have three types of performance measures that are published in the County's annual budget and were reviewed in the course of this study:

- Mission driven budget objectives (MDBO's), which are a mixture of annual initiatives and performance measures. (See Appendix A for explanation of the County's system of missions, goals, and MDBO's.)
- Workload service data for 1996 to 2000.
- Budget ratios (formerly called budget allocation ratios), which are graphs of miscellaneous measures since 1990.

The consultants also reviewed two other related kinds of information:

- Quarterly MDBO reports, which present information on the extent to which the agencies are achieving the annual objectives.
- Other measures not included in the budget but considered important by department managers.

1.2 Evaluation Criteria

To analyze the current performance measures and also to help develop new measures for the pilot department, SMG/Columbia used the approach known as the Balanced Scorecard. This approach, developed at Harvard University by Professors David Norton and Robert Kaplan, is widely used in the private sector and is becoming more prevalent in the public sector.

The evaluation criteria are as follows:

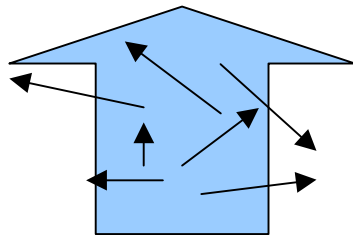
1. Strategic alignment
2. Balanced perspectives
3. Process for developing and maintaining the measures
4. Usefulness to county policymakers, managers, and the public
5. Data accessibility.

Objective 1. Strategic Alignment

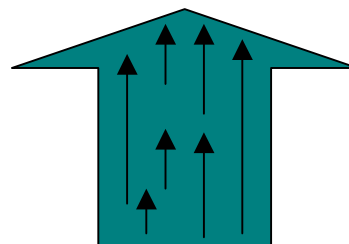
The Pierce County budget acknowledges the need for strategic alignment of goals across agencies by linking mission driven budget objectives to the County's goals. (See [Appendix A](#).) An uncoordinated or unaligned approach to performance measurement may result in “random acts of improvement,” as illustrated in Exhibit 1 below on the left. If the work of each department, division, business unit, and individual is aligned, the organization will have a more directed and orderly kind of progress, as depicted below on the right.

Exhibit 1

RANDOM ACTS OF IMPROVEMENT



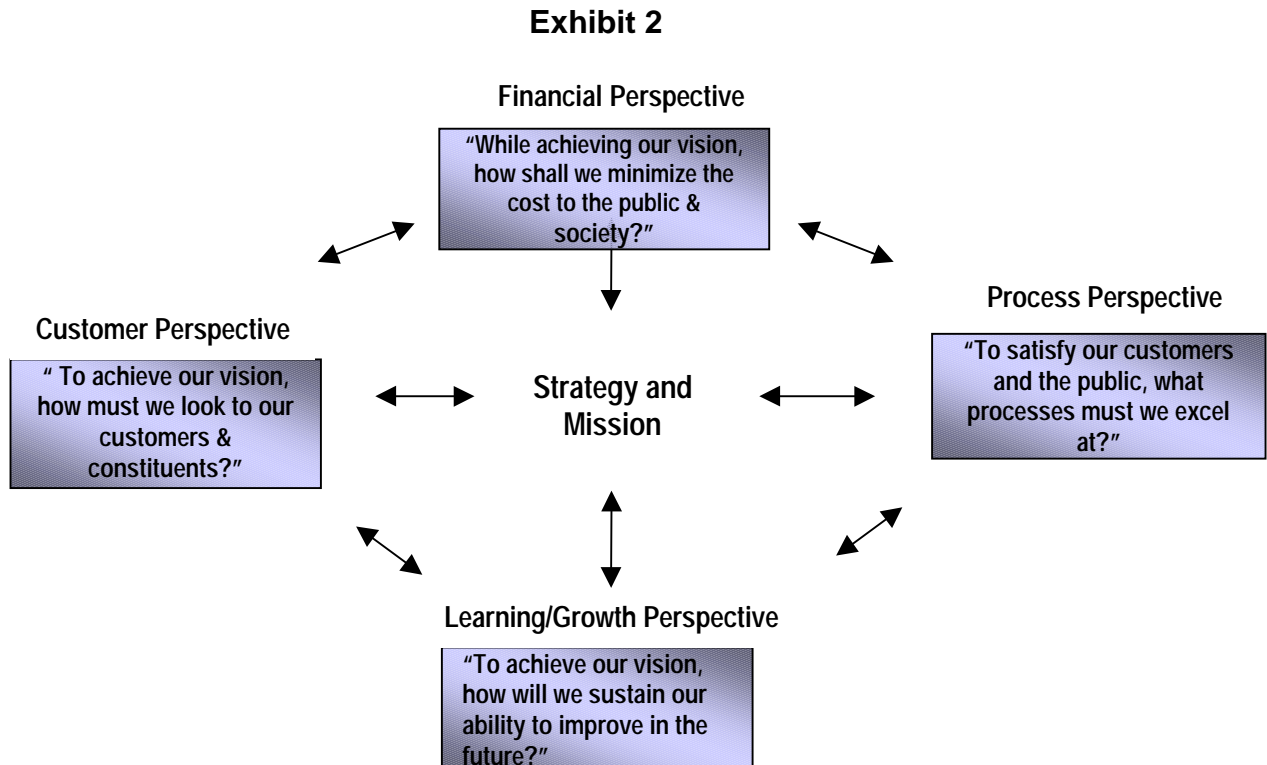
ALIGNED IMPROVEMENTS



Ideally, each department's strategic outcomes should be aligned with the agency mission, and the performance measures should measure activities directly related to the outcomes.

Objective 2. Balance

A core concept of the Balanced Scorecard philosophy is that various “perspectives” of performance need to be balanced to achieve short-term and long-term success, as shown below.



A good performance measurement system should contain measures that show all four perspectives: financial, customer, process, and learning and growth. Public agencies have a more difficult “balancing act” than most private corporations because their business practices are observed by the public and a wide range of stakeholders. The Balanced Scorecard methodology helps to communicate the “push and pull” among the various perspectives. The goal is to develop performance measures that create a balance among perspectives so that the organization can succeed today and in the future.

Objective 3. Process for developing and maintaining measures

We reviewed the process for developing and maintaining performance measures. The optimal performance measurement system links strategic planning, operational decision-making, and budgeting. This requires structured planning and management of performance measures.

Objective 4. Usefulness

Performance measures are useful if they provide clear and valuable information to the County Council, Executive, department managers, employees, and the public. The measures may be considered in the annual budget process and in ongoing management.

Objective 5. Accessibility

In many cases, data for the most desirable measures might not exist in an easily retrievable format. In such cases, we may have to settle for imperfect measures that can be easily retrieved in the short-term, and build capacity to collect better measurement data in the future.

The five evaluation criteria provide a framework to evaluate the current performance measures in Pierce County (Chapter 2) and also to develop improved measures in the pilot department phase of the study (Chapter 3).

Chapter 2
Evaluation of Current Performance Measures

2.1 Scope

This chapter is a status report, from an independent perspective, of where Pierce County stands today on performance measures. Review of the current situation is an essential first step toward refining the system and improving the measures.

SMG/Columbia reviewed some 1,100 performance measures that appear in the Pierce County Budget for 2000. Appendix B is a tally by department or fund of the mission driven budget objectives, workload service data, and budget ratios that appear in the budget.

To provide some in-depth analysis, we focused on the performance measures of the ten agencies listed in Exhibit 3 (next page). The ten agencies account for approximately 66 percent of the General Fund budget for 2000. The selection process was as follows. Originally, we selected the ten agencies with the most General Fund support. However, three of those departments were dropped from the study:

- Superior Court, because it is participating in another performance audit.
- Juvenile Court, because it is technically a branch of Superior Court.
- District Court #1, because it is conducting its own study of performance measures.

To replace those agencies in the study, we added the Auditor, Clerk of Superior Court, and Information Services. The ten agencies listed in Exhibit 3 are a cross section of county government. They provide a broad range of services and have performance measures in varying stages of development.

Exhibit 3

Ten Agencies: Analysis of Current Performance Measures

<u>Departments</u>	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Sheriff	\$34,385,383	\$7,624,390	\$42,009,773
Corrections	30,367,280	-	30,367,280
Prosecuting Attorney	17,193,062	-	17,193,062
Planning and Land Services	11,001,731	-	11,001,731
Assessor	8,947,060	-	8,947,060
Assigned Counsel	8,730,862	-	8,730,862
Parks and Recreation	5,697,210	-	5,697,210
Auditor	5,324,390	-	5,324,390
Clerk of Superior Court	3,498,510	-	3,498,510
Information Services	-	12,124,090	12,124,090
TOTAL	\$125,145,488	\$19,748,480	\$144,893,968
Total General Fund	\$188,256,524		
Project agencies percent of GF	66%		

Source: Pierce County 2000 Budget (November 1999), supplemented by Ordinance 2000-29 (April 2000). This exhibit excludes adjustments made by the Executive, which are permitted by the annual appropriations act. As of October 2000, based on material presented in the 2001 preliminary budget, the 2000 General Fund budget was \$190,794,526.

For 2000, the ten agencies listed above have a total of 77 mission driven budget objectives, 146 items of workload service data, and 44 budget ratios. Appendix B gives the figures for each agency.

2.2 Methodology

The evaluation of current measures included approximately 30 interviews with county officials, managers, and staff, mostly in the ten agencies selected for in-depth review.

SMG/Columbia adopted a format that presents the measures of each agency on a common basis. We mapped the current measures on a Balanced Scorecard worksheet relative to the evaluation criteria. Appendix E, a packet that is separately bound, explains the worksheet in detail and presents the results for the ten agencies that were reviewed in depth.

The worksheets display the current measures on a common basis and allow judgments to be made about the strengths and weaknesses of each agency's measures. The worksheets also help to illustrate the relationships between an agency's mission, strategic outcomes, action plans, and performance measures that are used to monitor progress towards performance targets.

The worksheet for each agency does not represent what an agency's measures should be and is not intended to suggest specific improvements. The working assumption is that performance measures cannot be done "for" or "to" an organization. Department participation and leadership is essential if the measures are to be well accepted and meaningful to the organization. The worksheet provides an opportunity, if an agency is so inclined, to start work on improvements.

The next section of the report contains brief observations and comments about Pierce County's system of performance measures.

2.3 Evaluation Observations and Comments

We evaluated the current system of performance measures using the five criteria discussed earlier (pages 3-5):

1. Strategic alignment
2. Balanced perspectives
3. Process for developing and maintaining the measures
4. Usefulness to county policymakers, managers, and the public
5. Data accessibility.

Our overall finding is that Pierce County has made a good start on performance measurement since the County Executive introduced the current system in 1994. The system links performance measures and County goals. This approach provides a foundation that can be retained, strengthened, and built upon to move the County to the next stage of development.

Strategic Alignment

Strategic alignment means focusing resources towards a common goal. When we reviewed the County's performance measures, we looked for strategic alignment on two levels--Countywide and within each department.

Countywide Alignment

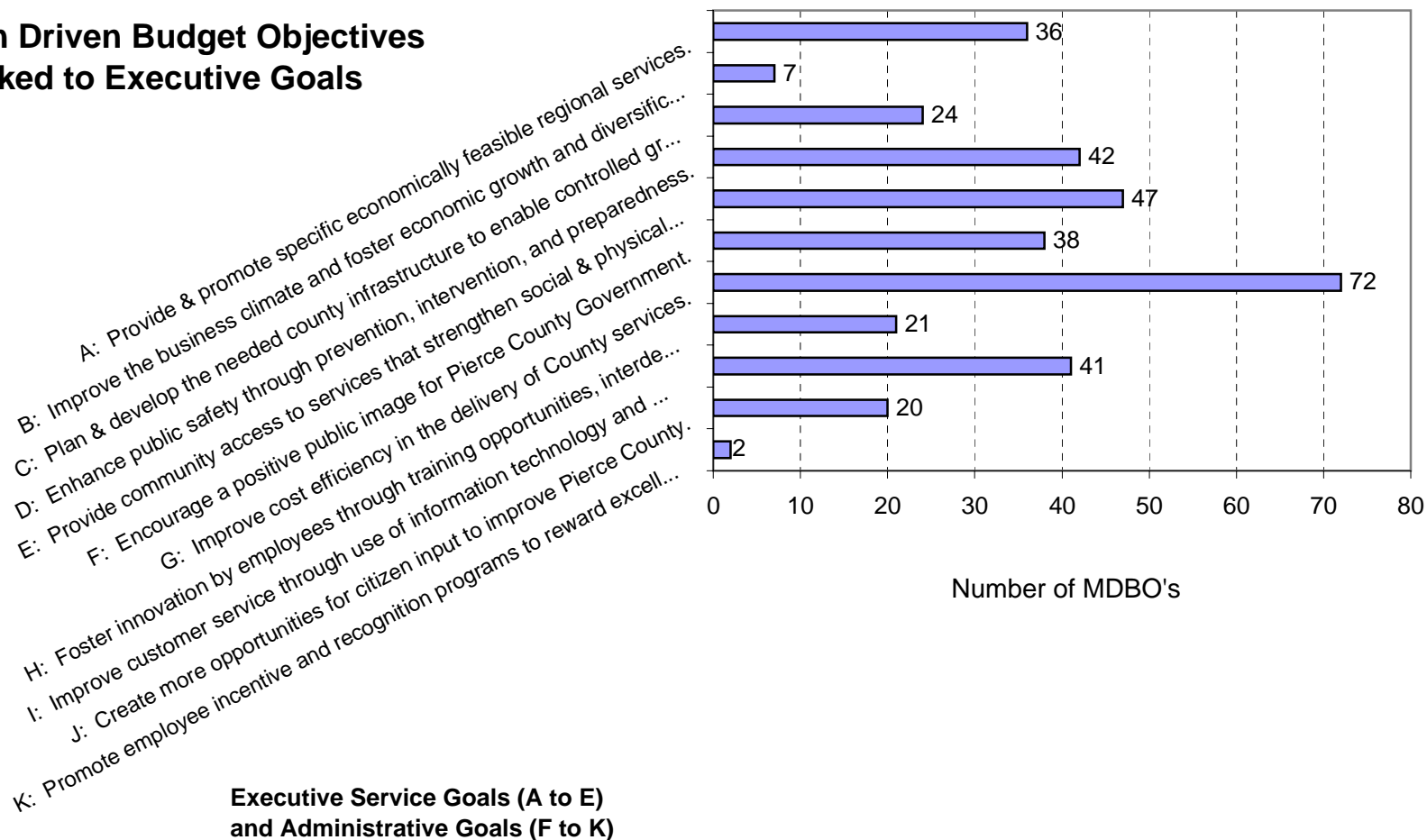
On the first level, strategic alignment for Pierce County means: "To focus all energies on the same goals to achieve countywide improvement." At the County level, alignment can only occur in a general sense because of the diversity of business encompassed by the departments.

The current system provides nominal strategic alignment by linking every departmental mission driven budget objective (MDBO) to one of the five Executive Service Goals or six Executive Administrative Goals.

Exhibit 4 on the next page is a tally of MDBO's in the 2000 budget in relation to the 11 Executive goals.

Exhibit 4

Mission Driven Budget Objectives Linked to Executive Goals



Source: Review of Pierce County 2000 budget.

In theory, the linkage between MDBO's and goals should lead to long-term improvement on a countywide basis. In practice, the current system falls short of this result because:

- There is no countywide strategic plan to provide long-term direction.
- There are too many Executive goals so there is no clear definition of what is really important.
- The MDBO's are annual initiatives that do not clearly state how they will affect the Executive goal they are intended to support.

Additionally, alignment is easier to achieve when the "goal" is tangible. What does "improve" mean? Baseline measures should be taken, targets should be set, and progress towards the goals can then be monitored on a regular basis.

To illustrate, Exhibit 4 shows that 72 budget objectives are said to be linked or related to Goal G, "Improve cost efficiency in the delivery of County services." Many of the linkages are questionable. Another problem is that the goal is general and not connected with baseline measures or performance targets; thus it cannot be known how much progress has been achieved. Goal G would be more useful if it said: "Improve cost efficiency in the delivery of county services by x% in three years." Such a goal includes a timeline and would help the departments set tangible targets.

Department Alignment

Within each department, alignment means:

- Long-term strategies support the mission statement.
- Long-term strategies have performance targets.
- Performance measures monitor progress towards performance targets.

Few departments have a strategic plan that clearly defines long-term strategy. (Three of the ten agencies reviewed in [Appendix E](#) have formal strategic plans, and one of those plans is out of date.) The MDBO's usually describe annual projects, and very few MDBO's include performance measures or targets. The workload service data and budget ratios that appear in the budget usually are unconnected to the MDBO's.

In summary, the current performance measurement system (including Executive goals, MDBO's, workload service data, and budget ratios) does represent a start towards aligning county and department goals. The current system needs to be further developed to:

- Focus on only a few long-term strategies.
- Quantify long-term strategies with clear performance targets.
- Report in the budget only on measures that monitor progress towards attaining county and department performance targets.
- Show a link between budgeted investments and improved operational performance.

Balanced Perspective

The Balanced Scorecard approach is designed to encourage organizations to measure their progress from different perspectives: financial, customer, process, and learning and growth. Attention to all perspectives is necessary to ensure the short-term and long-term health of the organization.

The workload service data and budget ratios that appear in the budget tend to focus on volume statistics (inputs or outputs). Volume statistics tell us “how much” has been done, not “how well.”

The budget includes many measures of workload, such as “number of permits processed per full time employee.” Measures are usually lacking for customer satisfaction (whether the service is what the customer wants), cycle time (how long work takes), work quality (error rates), or investments that will have a measurable impact on future performance.

By emphasizing volume and workload data, the budget gives an “unbalanced” perspective. As decision-making tools, unbalanced measures could lead to purely cost-based decisions that mortgage the future health of an organization and inhibit investment in projects that could yield long-term benefits.

When we interviewed managers of the ten agencies, we delved into the internal performance measurement practices as well as the measures that appear in the budget. The worksheets in [Appendix E](#) are maps of all of the current measures (budget and internal) of the ten agencies interviewed in relation to the four balanced scorecard perspectives. Ideally, an agency should have measures for each perspective. This is seldom the case, even when internal performance measures are included in the analysis.

In general, performance measures should represent all perspectives of a strategy that must work together to create the intended outcome. Balanced measures promote budget and operational decisions that will benefit the long-term strategic position of the County.

Process for Developing and Maintaining Measures

Current measures fall into two categories, those used in the budget process (MDBO's, workload service data, and budget ratios) and measures used for daily management of operations.

We found much variation among the departments in how the current measures were developed and how the information has been maintained and updated. Some departments admit that many budget measures reveal little about agency performance. Nevertheless, the same workload service data and budget ratios are retained in the budget year after year, with occasional minor revisions. Many departments develop their own internal performance measures that they use for operations management purposes.

MDBO's, which also appear in the budget, usually change each year. In interviews, we found that many departments are unclear about the role of MDBO's, what they should look like, and how they should be used. MDBO's are seen as a task that must be completed for the budget process and may help justify the agency's current budget request. Progress toward achieving the MDBO's is reported on a quarterly basis, presumably for the benefit of the County Council. However, MDBO's are not used as an internal agency management tool.

We also found that most departments are starting to think strategically, including those without formal strategic plans, but they do not quantify the expected benefits of budget investments. For example, several agencies are making major technology investments that managers believe will enhance agency performance in the future. However, none of these agencies has quantified exactly what type of efficiency or effectiveness improvements they expect to gain in the future in return for the large current investments.

The confusion about performance measurement and strategic planning suggests that Pierce County should develop and support a standard process for planning and measuring performance.

An optimal performance measurement system links strategic planning, operational decision making, and budgeting. A strategic planning process has two primary levels, county government and departmental. The Executive and Council need to work together to develop a global strategic plan that the departments can use to focus their individual plans. If done correctly, every department plan should be directly linked to the countywide plan.

Usefulness

Countywide

In general, the current performance measures published in the budget have limited usefulness to policy makers, managers, and the public. Some of the problems include the following:

- The number of measures reported in the budget is overwhelming.
- Many measures in the budget indicate little about agency performance. Service volumes and full-time employee counts do not tell us “how well” the organization is operating.
- Measures are relevant only when compared to targets. Few targets are included in the budget.
- Of the measures that do address performance to some extent, most are focused on workload. This represents an unbalanced perspective for use in decision-making.
- The MDBO’s are not well defined and understood in the same way across departments. Some MDBO’s are non-quantifiable. Some are annual initiatives.
- In general, the MDBO’s in their current form are of limited use to the Council in making budget decisions.
- MDBO progress is monitored in voluminous narrative quarterly status reports. For this year, the first and second quarter status reports are 74 and 95 pages of narrative, respectively. It would be easier to focus on issues of importance if quantifiable measures were presented in graphs and tables and explained in brief comments.

Internal Department Measures

Within each department, most managers use some type of measures to manage operational workload. Measures are generally not used as a performance improvement tool.

The primary issues identified with internal performance measures are listed below:

- Internal measures do not generally address the cause and effect relationships between activities in the customer, process, and learning and growth perspectives that drive performance.
- In the departments that do gather customer feedback, most of the information is anecdotal comments or complaints--that is, not statistically valid.
- Generally, there are no departmental measures that monitor progress towards strategic goals.

Useful performance measures are tailored to the audience and purpose of the report. The County budget includes an excessive number of measures that do not serve any clear purpose. Minor measures should be eliminated to provide focus and clarity.

Data Accessibility

The service volumes, full time employee counts, and workload service data that appear in the budget are easily accessible for all departments. Accessibility of data used for internal performance measures varies significantly from a wealth of system generated data in some departments to manual counts of activities in others.

Accessibility is an important factor consider to develop a system of performance measures that is both useful and practical. Once “desired” measures have been identified, then the issue becomes whether data is available at reasonable cost. It is sometimes better to accept less than perfect data because of lower costs for data collection and updating. If data collection is too costly, difficult, or time consuming, performance measurement is likely to go by the wayside.

Chapter 3
Pilot Study of New Measures:
Department of Planning and Land Services

3.1 Introduction

Besides reviewing the current performance measures of Pierce County departments, SMG/Columbia worked with one department, Planning and Land Services, to develop better performance measures. County staff from PALS and the performance audit office participated in this phase of the study. The purpose of this pilot study was to create an example of improved performance measures and also to help the County build in-house expertise to support future performance measure improvement efforts.

The new performance measures are designed to provide better customer service and make necessary related changes in agency operations. The first step was to work with the PALS operating divisions to develop strategies for delivering increased value to agency customers and Pierce County residents at large. Working with the consultants, PALS managers developed what is essentially a quick version of a customer-focused strategic plan for each of the four PALS divisions: Development Center, Development Processing, Inspections, and Advance Planning.

After the strategies were defined for each division, PALS managers and SMG/Columbia developed balanced scorecard performance measures. The measures will show to what extent the strategies are being achieved.

Technical assistance involved approximately 44 hours of consultant-facilitated meetings with the PALS director, supervisors, and managers over a one-month period. The result was four balanced scorecard "strategy maps," one for each PALS division, that are presented in Appendix C. Strategy maps illustrate and measure what the divisions must do operationally to achieve their customer service goals.

This chapter explains the key concepts in a balanced scorecard strategy map by giving one example from the work with PALS. When the key concepts are understood, the reader will more fully comprehend the completed strategy maps presented in Appendix C.

3.2 Example of a Balanced Scorecard Strategy Map

As discussed earlier in the report, the balanced scorecard model calls for performance measures in four different focus areas or perspectives: financial, customer, internal process, and learning and growth. It is essential to have

measures in each focus area to be able to monitor the cause-and-effect relationships in daily operations that must occur to deliver value to the customer.

The key concepts in this approach are as follows:

- Delivering what customers expect is paramount.
- Achievement of the customer measures necessarily involves changing agency procedures (process measures) and technology and employee practices (learning and growth measures) so that agency operations are modified to support enhanced customer service. The customer, process, and learning and growth measures are causally related to each other.
- Strategy maps are management tools that illustrate how the agency is modifying operations to achieve customer expectations.

To explain these concepts, we can use one example from one division of PALS. Among other things, the Advance Planning Division is responsible for local land use plans and the County's comprehensive growth management plan.

At the start of the technical assistance process, the Advance Planning managers developed the following strategy regarding community planning:

“To develop and implement quality community plans for as great a percentage of the County population as possible within the next three years.”

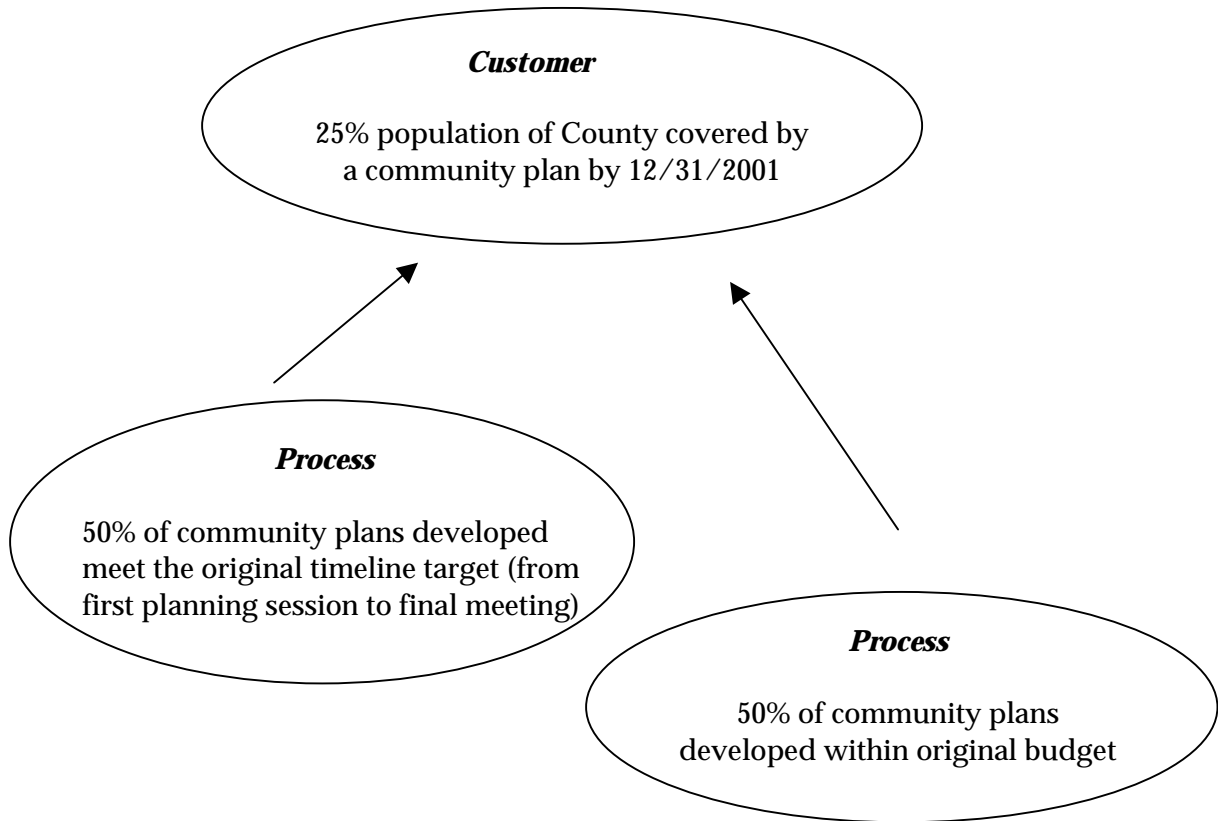
The next step was to design balanced scorecard measures to monitor the performance of the strategy quoted above. The measures are designed to indicate to what extent the strategy is being realized.

The customer measure in this example was defined as follows: "Have at least 25 percent of the county population covered by a community plan by the end of 2001." This measure is strategic, and it monitors a service that directly benefits citizens of Pierce County. In balanced scorecard terms, this is the *customer perspective* measure for the division's community planning strategy.

Next, the Advance Planning Division needed a strategy for improving operating processes that are related to achieving the goal of having 25 percent of the county population covered by a community plan by the end of 2001. Exhibit 5 on the next page illustrates how two *process measures* directly support accomplishing the customer measure.

Exhibit 5

Customer Measure Is Linked to Process Measures

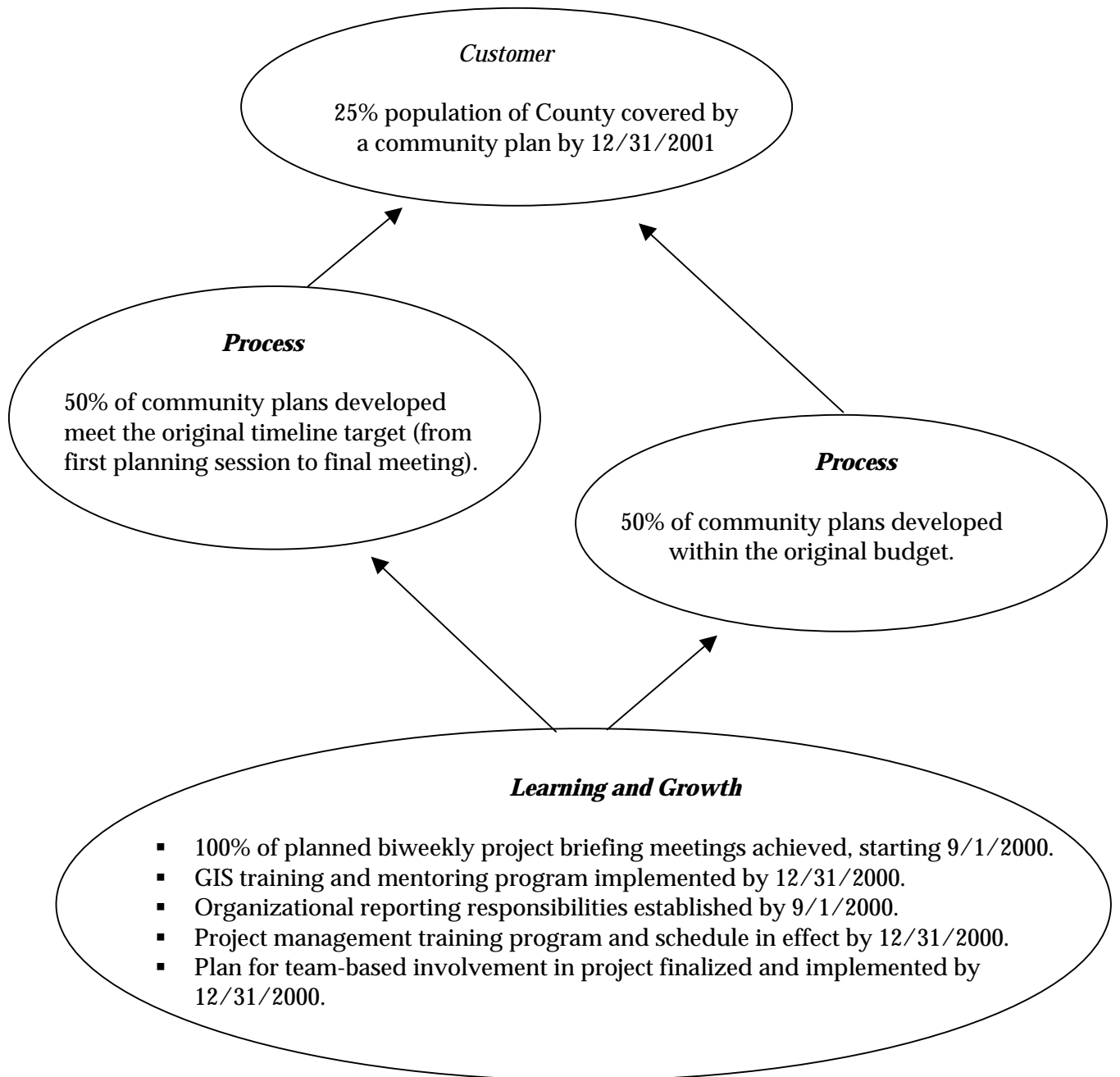


As indicated by the arrows, it is critical to manage the timeliness and cost of completing community plans in order to achieve the customer perspective measure.

The final step in this example was to determine what investments are needed in the division's organization, technology, and employee practices to achieve the process perspective measures shown above. The Advance Planning Division developed five *learning and growth measures* that monitor changes in the organization that are thought necessary to achieve the two process perspective measures. Exhibit 6 shows the related customer, process, and learning and growth measures.

Exhibit 6

Related Customer, Process, and Learning and Growth Measures



This strategy map is essentially a “strategic plan” to expand the coverage of community plans to more Pierce County residents. The strategy is expressed in terms of balanced scorecard measures that can be monitored and reported on a regular basis to assess whether the division is accomplishing what has been planned.

This example illustrates the “cause-and-effect” relationships. To realize the customer strategy of increasing the coverage of community plans, the Advance Planning Division must focus on improving performance in the targeted processes, which in turn are dependent on changes in the division’s organization, technology, and employee practices.

The example discussed here is just one part of the strategy map or comprehensive balanced scorecard developed by the Advance Planning Division. The three other divisions of PALS also developed comprehensive scorecards. Appendix C includes the strategy maps for all four divisions.

Appendix E is a large packet of materials to analyze performance measures in various departments. The appendix includes worksheets on the PALS measures that were evaluated as part of the comprehensive review of the County's current measures and the new measures developed in this pilot study.

Two caveats should be mentioned concerning implementation of new measures at PALS. First, it is likely that further outside assistance will be needed to fully train managers and supervisors and implement this approach at the operating staff level.

Second, developing good, workable performance measures is a continuous, long-term process. According to PALS management, the new performance measures shown on the strategy maps appear to be a great improvement over the measures found in the agency budget. However, it cannot be known in advance how these measures will actually work in practice. After an implementation period, many organizations find that new measures are a useful management tool. They also find that the new measures need to be refined to deal with problems that were unforeseeable in the original planning work.

Chapter 4
Conclusions and Recommendations

4.1 Conclusions

This project had an extremely large scope in that the consultants were asked to assess the role of performance measures throughout Pierce County government. SMG/Columbia conducted a comprehensive review by studying more than 1,100 measures that appear in the annual budget. To provide a more in-depth analysis, we selected ten agencies and reviewed their current measures based on balanced scorecard criteria. We also began work to design new performance measures for one agency, Planning and Land Services.

Three main points found in this report are as follows:

- The current performance measurement system has a strong foundation, but the measures need to be developed. At present, with a few exceptions, the current measures are not used in managing the departments, play little role in budgeting, and do not help the public understand and assess the performance of Pierce County government.
- In the current system, performance measures lack strategic focus. The measures are a mix bag and tend to promote "random acts of improvement," rather than deliberate progress toward County and agency strategic goals.
- The balanced scorecard is a good conceptual framework to evaluate performance. It emphasizes (1) the importance of customer measures, and (2) the inter-relationships with process and learning and growth measures that are linked to the customer measures.

As shown in Chapter 3, SMG/Columbia worked with PALS to design new strategies and measures for the four divisions of the agency. The suggested strategies and measures are management tools to provide better customer service and make related improvements in agency operations needed to achieve the customer measures.

The PALS measures were designed at the division level, not the agency level. We took this approach because we believe performance measures have a better chance of success if they are initially designed at the clearest point of accountability in the organization. From there, if the suggested measures work well at the division level, it should be possible to design measures to evaluate the performance of PALS as an agency.

The balanced scorecard strategy maps are essentially management tools to improve agency operations, but they also have potential to be used for agency budgeting. That topic is important but goes beyond the scope of this report. If Pierce County wishes to pursue possible budget changes based on balanced scorecard concepts, the matter needs to be discussed with a sponsor committee, such as the Performance Audit Committee or a task force named by county authorities.

Our recommendations are presented below. They are presented in lieu of a work plan for the County that was envisioned at the start of the project. We believe it would be premature to develop a work plan until the County decides that it wishes to continue work on performance measures.

4.2 Recommendations

1. Focus on customer outcomes when choosing new performance measures.
2. Develop a strategy to achieve the customer outcomes. That means making necessary changes in agency operations and choosing process measures and learning and growth measures that are critical to achieving the customer outcomes.
3. If the Executive and Council wish to continue work on performance measures and use the measures as a basis for agency budgets, designate a sponsor committee to explore and develop the issues and consider possible solutions. In general, this committee should develop and support a standard process for planning and measuring agency performance and for connecting agency performance and the budget.
4. If performance measures are included in the County budget, report in the budget only on the customer strategies and measures. The related process measures and learning and growth measures can be reported in a quarterly "performance report." If the Council wishes to take a more active role in budgeting, it should review and analyze the performance report on a regular basis, probably through the Budget and Operations Committee.
5. Continue implementation of the Balanced Scorecard approach in PALS with consultant assistance as needed. The main need is for assistance in training the line staff in the new approach.

Appendix A

***Pierce County Mission, Goals, and
Mission Driven Budget Objectives***

An Excerpt from the Pierce County 2000 Budget

Mission, Goals and Mission Driven Budget Objectives

Upon assuming office in January 1993, Pierce County Executive Doug Sutherland began a process to redefine or clarify the mission, vision, and goals for Pierce County government. Based on input from department directors and employee focus groups, the Mission Statement and Administrative Goals shown below were developed.

Mission Statement

Pierce County government, in partnership with the community, will enhance our quality of life through responsive service and

identify potential accomplishments within the next 2-3 years; and target possible objectives for the next several years.

In order to establish departmental objectives which are in concert with County goals, workshops were held in 1994 with staff from each of the executive divisions. The workshops were designed to review departmental objectives; examine the relationship between departmental objectives and the County Goals;

The workshops resulted in a hierarchical pyramid which contains the following elements:

- ✧ the **Mission Statement**, which in turn leads to
- ✧ the **County Service and Administrative Goals** shown below, which in turn guide the County in the development of appropriate policies and procedures, and form the basis for the “Mission Driven Budget Objectives”
- ✧ the **Mission Driven Budget Objectives (MDBOs)** for each departmental budget. The Mission Driven Budget Objectives are specific and quantifiable statements of what major items will be accomplished in this fiscal year. These Objectives are listed in each department’s section of the 2000 Budget Document.



Further, the workshops identified key areas for future development, including:

- ✧ improved management of resources such as personnel, technology, financial and facilities
- ✧ improved collaboration on shared projects and opportunities within departments, between departments, and with citizens and customers
- ✧ strengthened partnership with citizens through greater involvement; marketing and regional thinking
- ✧ increased awareness of diversity of the County’s work force and citizenry

Work on the above issues resulted in an enhanced series of Goals which a) reflect external service priorities, and b) modified and refined the original Administrative Goals. The revised two Goal categories are as follows: Executive Service Goals

- A – Provide and promote specific economically feasible regional services.
- B – Improve the business climate and foster economic growth and diversification.
- C – Plan and develop the needed county infrastructure to enable controlled growth.
- D – Enhance public safety through prevention, intervention and preparedness.
- E – Provide community access to services that strengthen social and physical resources including health, safety and community well-being.

Executive Administrative Goals

- F – Encourage a positive public image for Pierce County Government.
- G – Improve cost efficiency in the delivery of County services.
- H – Foster innovation by employees through training opportunities, interdepartmental work groups, and management openness to new ideas and change.
- I – Improve customer service through use of information technology and community-based services.
- J – Create more opportunities for citizen input to improve Pierce County.
- K – Promote employee incentive and recognition programs to reward excellence.

Each Mission Driven Budget Objective is linked to one of these Goals. That link is shown by indicating which Goal (designated by the related Goal letter A-K) is being furthered by each Objective.

Appendix B

Count of Performance Measures in Pierce County Budget

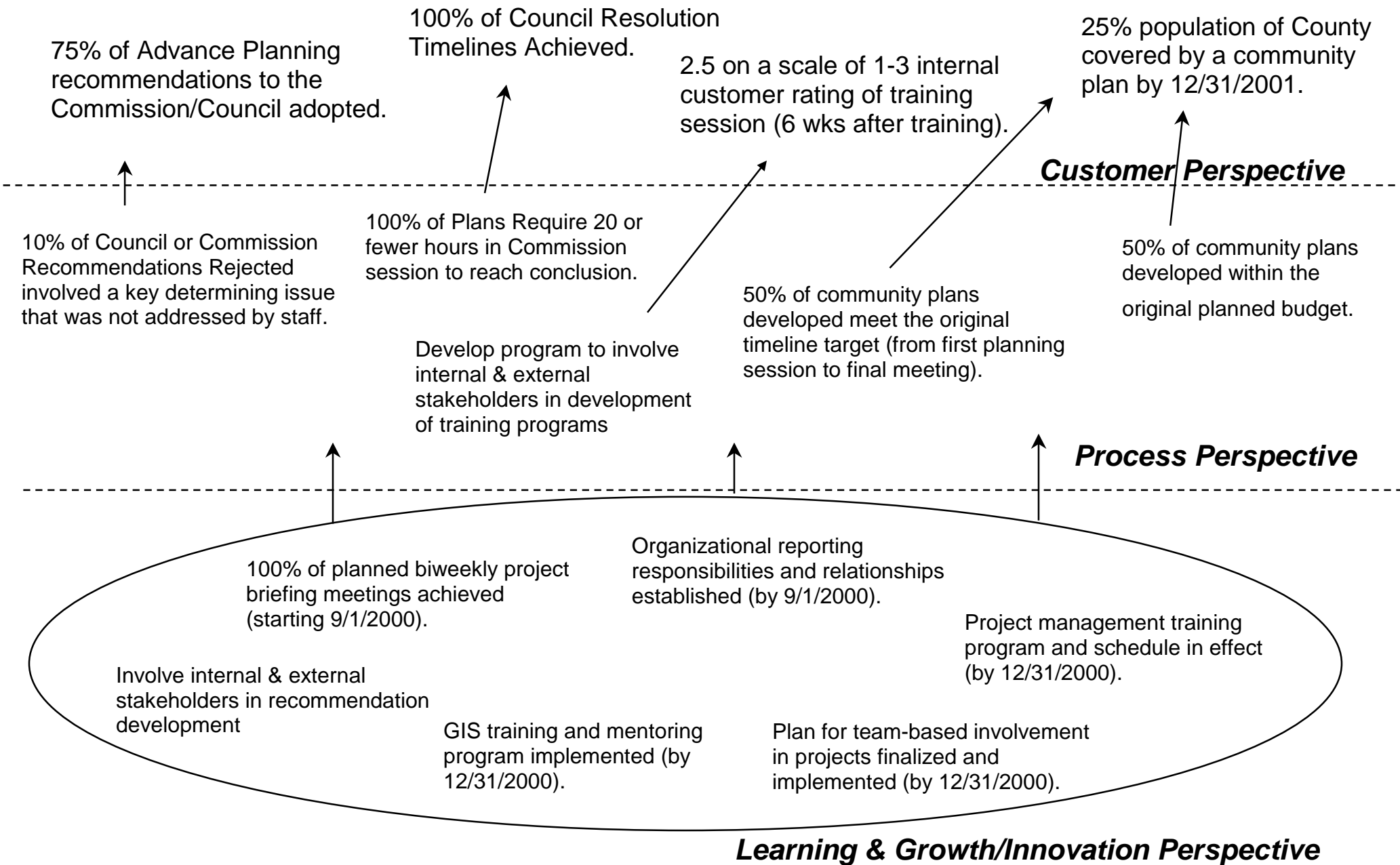
Source: Hand count of measures in Pierce County 2000 budget. Some measures have multiple parts. The count would be higher if individual items were counted.

Count of Performance Measures in Pierce County Budget

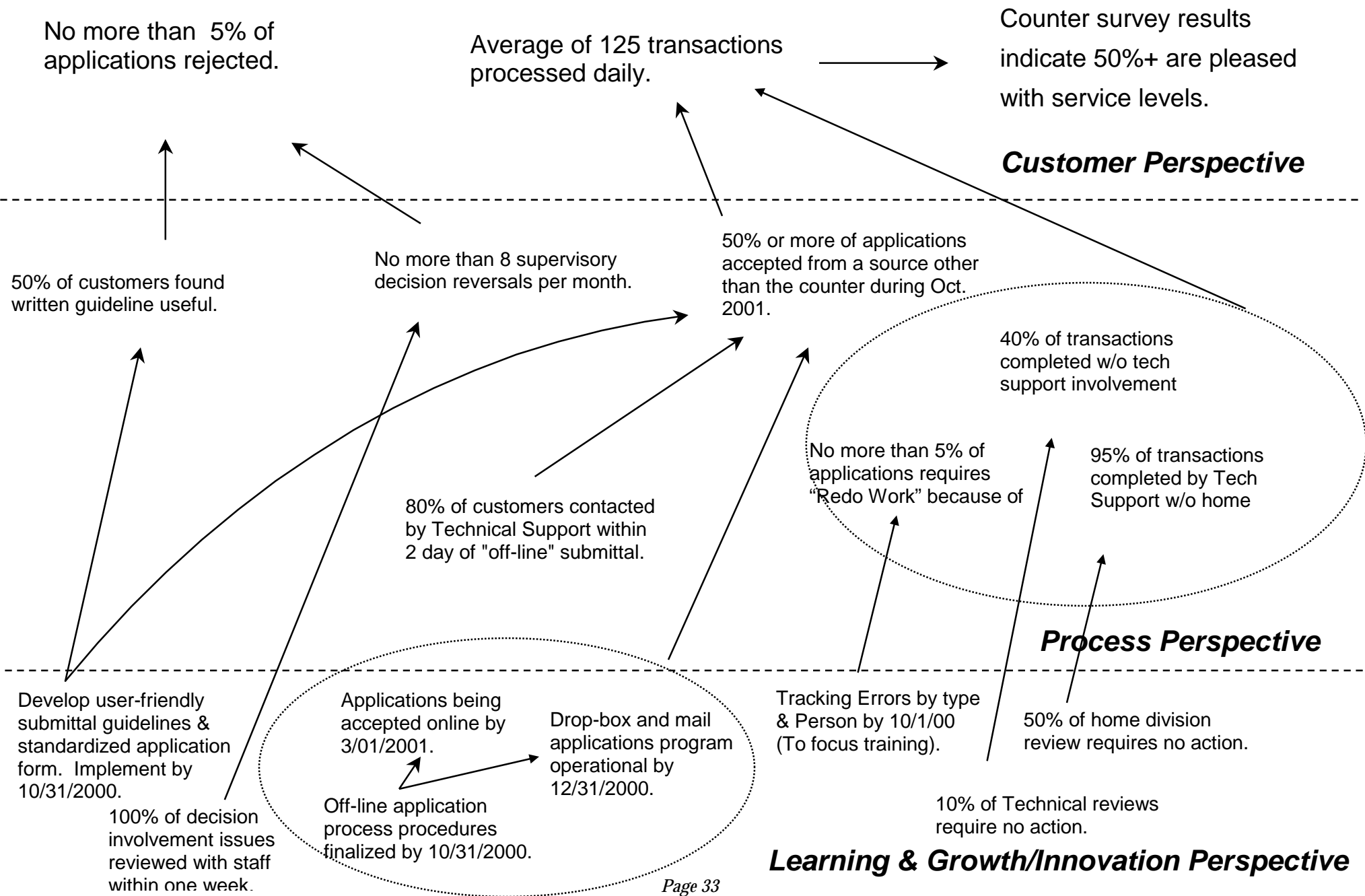
	Mission Driven Budget Objectives	Workload Service Data	Budget Ratios	Total
Ten Selected Agencies				
Assessor	8	16	4	28
Assigned Counsel	4	13	5	22
Auditor	8	7	5	20
Clerk	10	14	4	28
Corrections	4	15	4	23
Information Services	6	10	5	21
Parks and Recreation	16	15	2	33
Planning and Land Services	3	16	5	24
Prosecuting Attorney	7	28	4	39
Sheriff	11	12	6	29
Subtotal--Selected Agencies	77	146	44	267
Other Agencies				
Budget & Finance	11	20	3	34
Community & Human Services	65	111	12	188
County Council	--	--	3	3
County Executive	5	--	3	8
District Court #1	5	20	6	31
District Court #2	5	6	6	17
District Court #3	4	6	5	15
District Court #4	--	7	5	12
District Court Probation	10	7	5	22
Emergency Management	12	25	7	44
Facilities Management	19	12	3	34
Fleet Rental	6	5	4	15
General Services	7	5	2	14
GIS	5	6	--	11
Health Department	6	--	--	6
Information Services	6	10	5	21
Juvenile Court	10	13	5	28
Medical Examiner	5	4	5	14
Parks & Recreation—other	17	34	8	59
Personnel	9	17	4	30
Pierce County Fair	--	11	--	11
Public Works & Utilities	43	89	17	149
Self-Insurance Fund	6	9	3	18
Special Projects	17	12	--	29
State Auditor	--	--	1	1
Superior Court	5	12	4	21
Veterans Relief Fund	7	5	2	14
Workers Compensation	8	6	5	19
Subtotal--Other Agencies	293	452	123	868
GRAND TOTAL	370	598	167	1135

Appendix C
Strategy Maps for Planning and Land Services

Advance Planning Division Strategy Map (draft)



Development Center Division Strategy Map (draft)

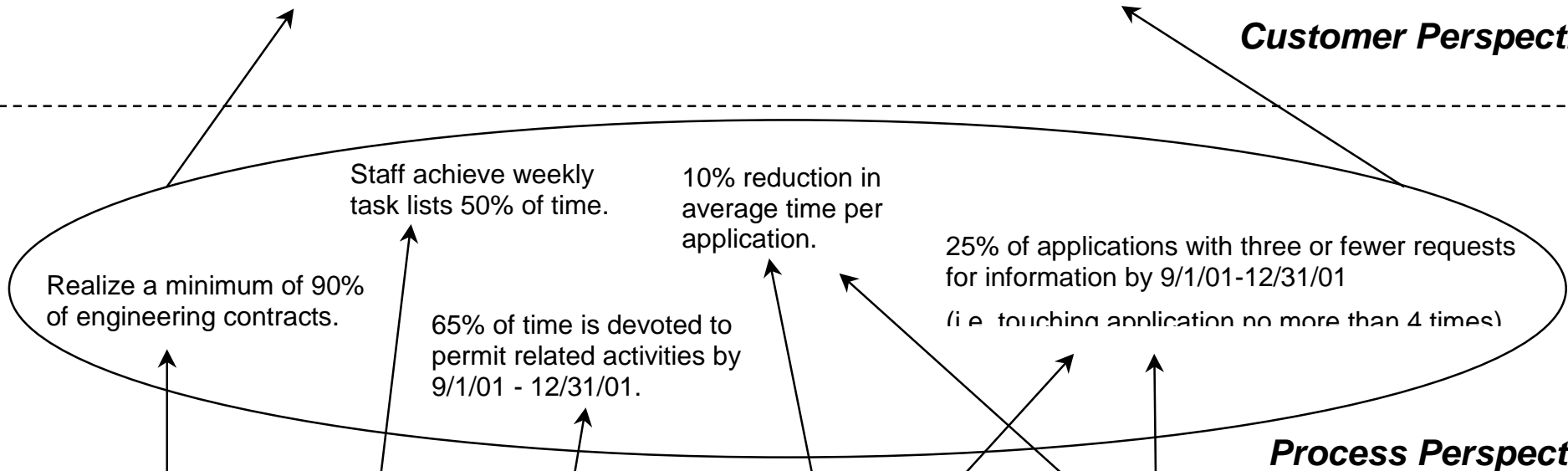


Development Processing Strategy Map (draft)

70% of applications are approved/denied in 120 days as of 9/1/2001.

12 complaints with merit per month during 4th Qtr 2001.

Customer Perspective



RFP promotional strategy by 1/1/01 (procedures & flyers).

Develop & communicate weekly priority guidelines by 1/1/01.

Redesign enforcement practices by 3/1/01.

Implement block time program by 3/31/01.

Implement alternate work week program by 3/31/01.

Appointment only policy by 3/31/01.

Implement 3rd submission penalties

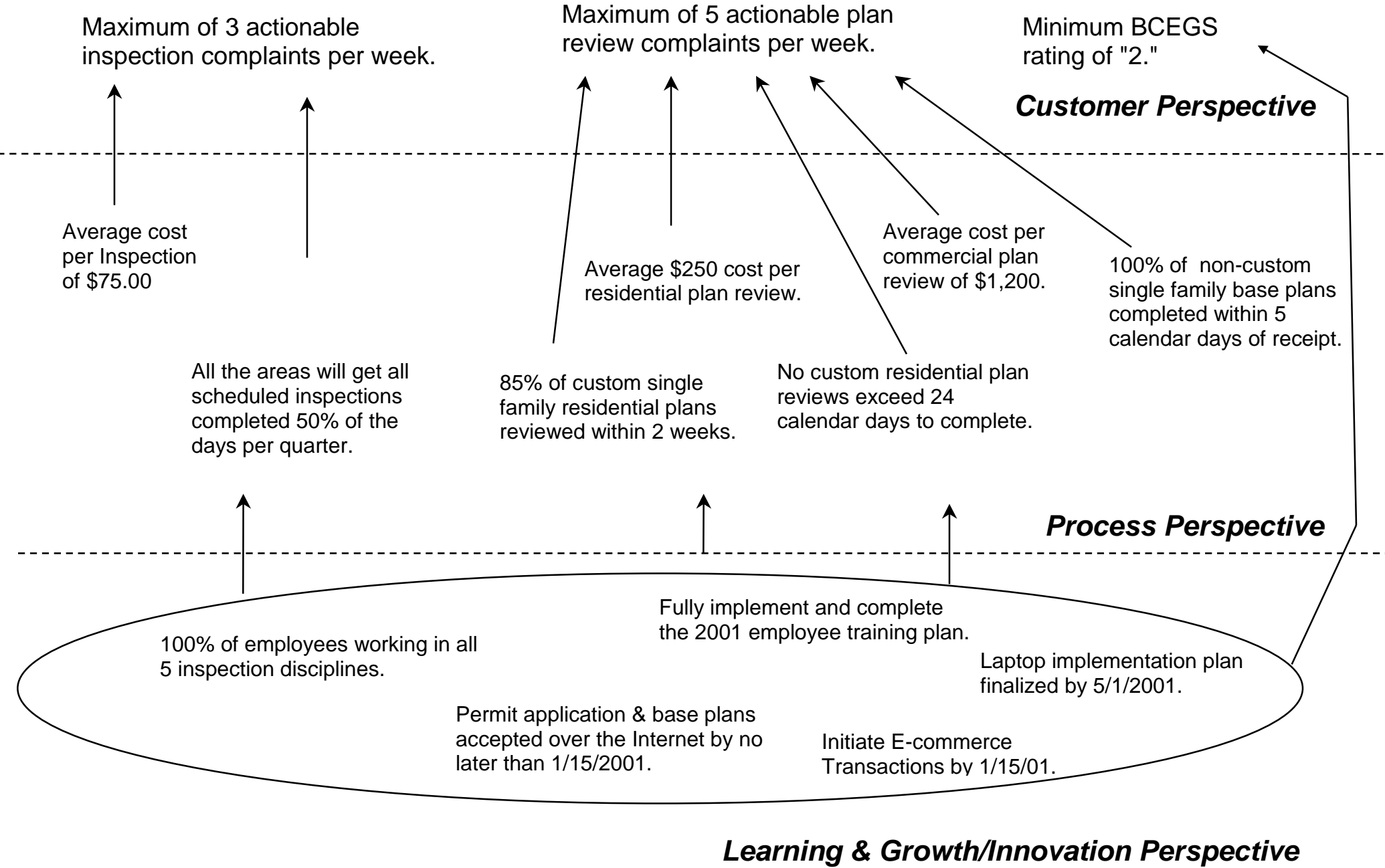
- Existing by 11/00
- New by 7/1/01

A-1 Quality Queue by 9/1/01

A-1 Reward Program by 6/1/01

Learning & Growth/Innovation Perspective

Inspections Division Strategy Map (draft)



Appendix D
Response by Pierce County Executive

November 15, 2000

Re: Performance Measures

To the Citizens of Pierce County:

Upon assuming office in 1993, I began a process to redefine or clarify the mission, vision and goals for Pierce County government. Based on input from department directors and employee focus groups, the County Mission Statement and Administrative Goals were developed.

In order to establish departmental objectives, which are in concert with County goals, workshops were held in 1994 with staff from each of the executive divisions. The workshops resulted in a hierarchical pyramid, which contains the following elements:

- the **Mission Statement**, which in turn leads to
- the **County Service and Administrative Goals**, which in turn guide the County in the development of appropriate policies and procedures, and form the basis for the "Mission Driven Budget Objectives"
- the **Mission Driven Budget Objectives (MDBOs)** for each departmental budget. The Mission Driven Budget Objectives are specific and quantifiable statements of what major items will be accomplished in the fiscal years.

Mission Driven Budget Objectives have been reviewed and updated annually prior to budget development in order to help departments focus their budgets on their objectives.

As far as I'm concerned, MDBOs are a work in progress. Over the years I have tried to standardize the approach departments take in developing their MDBOs. Given the breadth of services provided by County departments it is extremely difficult to agree on how few or how many MDBOs a department should have. Educating management and staff about how to devise quantifiable measurements that relate to department objectives is an ongoing effort.

I am happy that the subject of performance measures has become a Performance Audit Committee focus. The audit conclusions help provide a measure of how far the County has come in developing measures, and it will provide the new Executive with a basis to move forward to continue improving the process.

Re: Performance Measures

Page 2

As the audit indicates, there is still plenty of work to do in developing measurable, quantifiable objectives that relate to the budget and Pierce County as a whole. That is to be expected. I take satisfaction from the fact that this approach now exists as the County's modus operandi, and that I pass to the next Executive a workable system that he and the County Council can continue to develop and improve.

In the end, improving how MDBOs and performance measures relate and reflect County business will improve County operations. I take pride that the ultimate beneficiaries of this improved management approach are the citizens of Pierce County.

Sincerely,

Doug Sutherland
Pierce County Executive

Appendix E
Performance Measure Analysis Worksheets

This appendix is not available on the website. If you want a copy, please contact the Pierce County Performance Audits office, phone (253) 798-4927.