

## An Integrated approach to Performance Improvement in the Public Sector

### Briefing Paper

*Denis Mahoney, Director  
Business Transformation (Training and Coaching)*

### Situation Appraisal

Central Government has placed improving public sector services at the top of the political agenda. Best Value provides a framework against which public sector performance management is judged through Comprehensive Performance Assessment (CPA). Whilst Best Value has its critics what it has done, if it wasn't already apparent, is to emphasize to local authorities the need for measurement and fact-based management of performance. The Improvement and Development Agency (IdEA) has defined some of the principles on which effective performance management (what an organisation does to realise its aspirations) is based:

- You know what you are aiming for.
- You know what you have to do to meet your objectives.
- You know how to measure progress towards your objectives.
- You can detect performance problems and remedy them.

IdEA expands on these principles and provides an indication of what is needed in local authorities in order to deliver effective performance management:

- A clear vision and purpose.
- A focus on outcomes.
- Committed and motivating leadership and management.
- Effective and democratic community engagement.
- Robust planning, monitoring and review systems.
- People management.
- Project and procurement management.
- Financial management.

When these are examined in detail most local authorities will find that they have some, if not all, of the basics of these elements in place. Some elements may be performing effectively but when they take the whole picture (as the CPA does) they know that there are a number of deficiencies. The difficulty that they face is what to do about the deficiencies, many will have tried "piecemeal" solutions that make small improvements but have little impact on their overall performance. How do they put in place an integrated set of processes and tools that are linked together to provide the key elements of a performance management system?

### Integrated Performance Management

The Integrated Performance Management approach focuses on the council's staff developing the skills, capabilities and knowledge required to establish and operate their own integrated performance management system through a training and coaching programme. The programme will help the council:

- Align and link corporate and divisional strategies.
- Translate strategic intent into SMART operational objectives.

## BUSINESS TRANSFORMATION (TRAINING AND COACHING)

- Effectively communicate the strategy, objectives, performance measures and targets to all staff, members and the public.
- Prioritise and align new and existing initiatives to the strategy.
- Establish measures and targets that drive performance and behaviours.
- Establish a strategic and performance management process that is based on facts and data.
- Align budgets to the strategic direction.
- Establish effective project and risk management processes.
- Establish a performance improvement methodology that delivers measurable, sustainable improvements.
- Recognise and address the change management issues that will arise in implementing performance management.

The Integrated Performance Management approach is a top down process, see Fig 1, that starts from the community vision and strategy and uses a Balanced Business Scorecard to translate the strategy into action. The management team receive training and coaching on the Balanced Business Scorecard to help them translate the corporate strategy into operational targets and measures. This is then cascaded into scorecards for each of the council's strategic themes and each of the services, further training and coaching is provided to middle managers as they become involved in the cascading process. These scorecards are reviewed for alignment and the strategic risks assessed.

Successful implementation of a Balanced Business Scorecard starts with the recognition that it is not a metrics project; it is a change process. Management at all levels need to understand how to address the challenges of initiating and sustaining change. So a critical early component is training and coaching for both the management team and middle management in the key concepts and processes of Change Management.

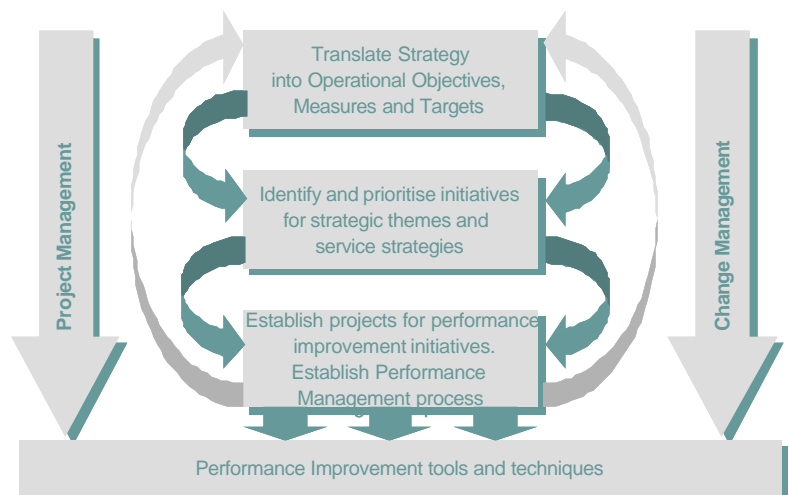


Fig 1 Integrated Performance Management

The process of developing a Balanced Scorecard identifies initiatives that are needed to deliver the strategic objectives. Training and coaching is provided in decision analysis and prioritisation techniques so that the management team can then define, review and prioritise these initiatives and any other existing initiatives.



Fig 2 Performance Management Review Board

The prioritisation of the initiatives is the first activity of the Performance Management Review board. This board, which should be the executive management team, see Fig 2, becomes the council's key mechanism for reviewing performance against the operational objectives, measures and targets defined in the corporate and cascaded scorecards. It also reviews and manages the strategic risks and the progress of the projects established to deliver the initiatives. Finally, it reviews and prioritises new initiative proposals.

## BUSINESS TRANSFORMATION (TRAINING AND COACHING)

Many Councils need to improve their skills in Project and Risk Management. They are essential skills if the initiatives identified on the scorecard are to be successfully completed and the desired outcomes delivered. Project Management training and coaching is provided on a targeted basis to managers and staff who are, or will shortly be, managing an initiative. The coaching specifically focuses on their project a personal action plan is agreed and monitored.

Many of the initiatives will be focused on improving the efficiency and or effectiveness of existing services. The Integrated Performance Management approach incorporates an incremental improvement methodology. This methodology is based on Six Sigma a proven approach that encompasses a wide range of best practice tools to dramatically improve process and organisational performance, a definition is:

*“Six Sigma: A comprehensive and flexible system for achieving, sustaining and maximising organisational success. Six Sigma is uniquely driven by a close understanding of customer needs, disciplined use of facts, data and statistical analysis, and diligent attention to managing improving, and reinventing business processes”*

The framework or improvement cycle of Six Sigma is **Define-Measure-Analyse-Improve-Control (DMAIC)**. This is grounded in the original TQM/Deeming model of Plan-Do-Check-Act. The training is based on specific projects (up to two per training session), it progressively takes the team(s) through the five stages of DMAIC, see Fig 3.

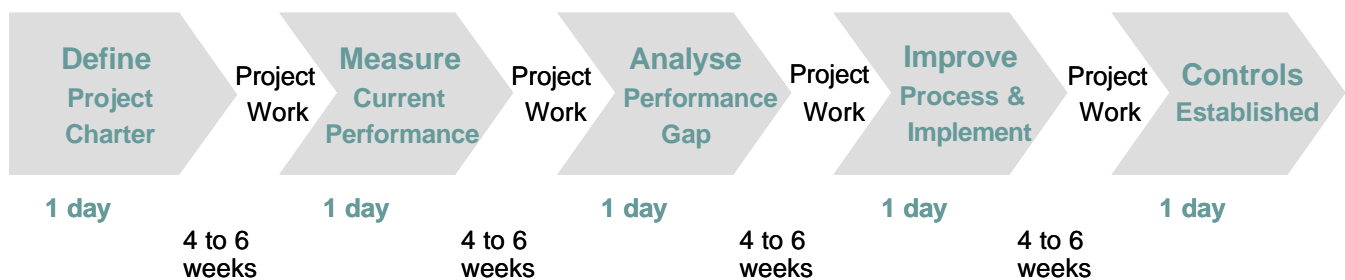


Fig 3. DMAIC Improvement Methodology

The training workshops combine theory and practical application of that theory to the specific projects. So the Define training session will, as well as training the teams in this first crucial step, deliver draft Project Charter, Business Case, Critical to Quality analysis and high-level process map. Over the next 4 to 6 weeks the team will validate and finalise these drafts. The Measure workshop will briefly review the project work and then cover measurement theory and develop a data collection plan so that current performance is thoroughly understood. The training and projects will proceed in the same manner over a 4 to 6 month period such that when the training is complete one or two improvement initiatives have also been completed. The benefits gained from delivering the outcomes of these projects will, in all probability, pay for the training programme and provide a quick return on the council's investment.

<u>Training Course Summary</u>		
Balanced Business Scorecard	2 days	Executive, Senior & Middle Management
Essential Change Management	1 day	Executive, Senior & Middle Management
Decision Analysis & Priority Setting	1 day	Executive, Senior & Middle Management
Project & Risk Management	2 days	Senior and Middle Management
Improvement Methodology	5 x 1 day	Project Team

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## Knowledge Sharing

The approach throughout the Integrated Performance Management programme is to transfer the skills and knowledge to council staff so that, over time, the council becomes self-sufficient in training and developing staff in performance management tools and techniques. This grand aim is converted to reality through the identification of suitable internal trainers who will jointly deliver the second training courses and then deliver subsequent internal courses. Coaching support will be available until they become confident and competent in course delivery. The training materials (electronic and paper based) can be reused by the council for subsequent internal training programmes.

## Timeline

The situation at each council will be different but an indication of the timescales and the approximate timing of the training interventions are shown in Fig 4 below.

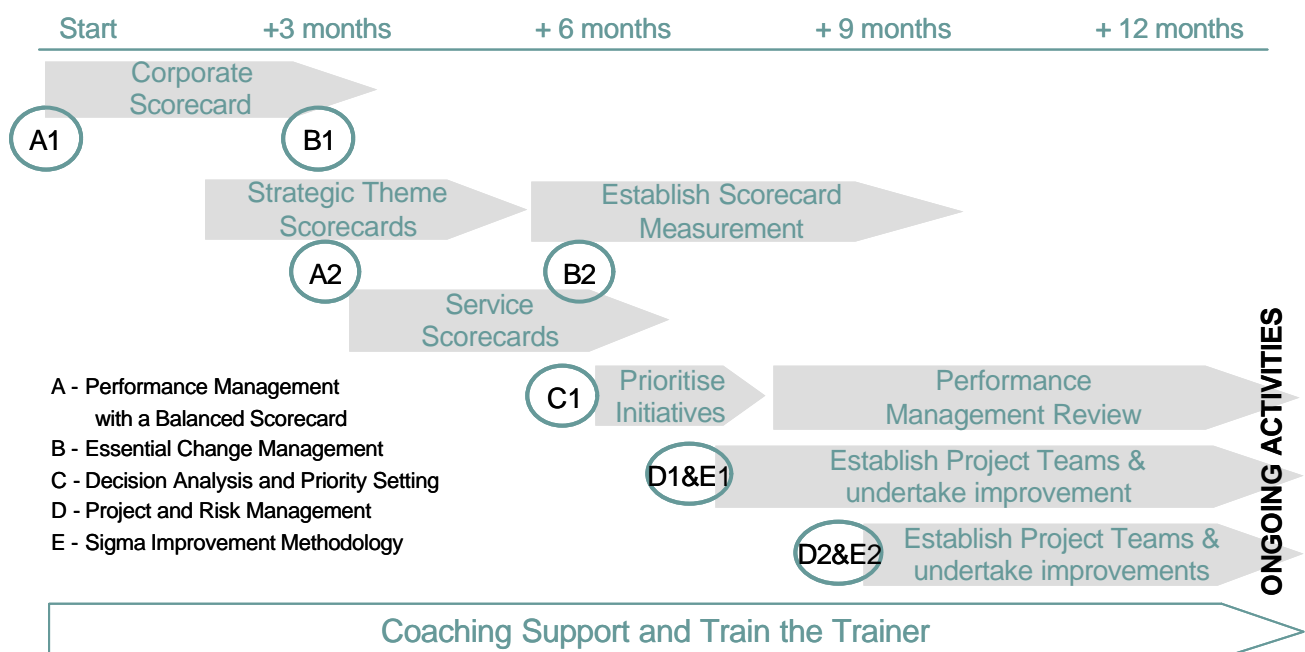


Fig 4. Indicative Timeline

## Benefits

The Integrated Performance Management approach that has been outlined will deliver a number of benefits to the council:

- Strategy at the corporate and service levels are aligned and translated into SMART operational objectives.
- Council executives and managers are involved in clarifying and translating the strategy into operational objectives.
- Performance measures are established that focus on the drivers of performance as well as the outcomes.
- Prioritisation of initiatives is established based on strategic alignment and priorities.
- A performance management review is established that focuses on strategic and operational performance, improvement initiatives progress and the management of risk.

## BUSINESS TRANSFORMATION (TRAINING AND COACHING)

- A decision-making and prioritisation process is established as part of the performance management review.
- Project and risk management are established through training and coaching on specific improvement initiatives.
- A Six Sigma based improvement methodology is established through training and coaching on specific projects.
- At least two improvement projects are completed and implemented. The benefits of these projects could reasonably be expected to be £100k/annum (based on average Six Sigma project savings).
- Through train the trainer activities an in-house capability is established to continually improve skills and capabilities within the council.

### Summary

The Integrated Performance Management programme developed by **Business Transformation (Training and Coaching)** is not a panacea for a council's performance management problems. It does, however, provide a programme that will help a council address many of their performance management issues in an integrated and consistent way. It will help the council comply with and, maybe, even exceed the CPA and BV expectations. In helping council's improve their performance as well as reducing costs it will increase their capability to manage the almost inevitable budget reductions. At the same time, through a strong focus on customer requirements, it will enable a council to better meet the increasing service demands.

The Integrated Performance Management approach uses a number of proven, best practice, methods and tools that will provide a long-term benefit to the council. We are confident that this approach will enable a sustainable improvement in performance management to be made. It will not be an easy journey and will have its problems and risks.

The approach is top-down and if it, or any other change programme, is to be successful then committed and motivating leadership and management is a must. This means investing time and energy at all levels of the performance management continuum – from translation of the vision and strategy into SMART operational objectives, through communication, ownership of the measures and targets, championing and support of improvement initiatives to recognition of excellent performance.

If you want to know more about an **integrated approach to improving performance management** then please contact us.

### Contact details

For more information please contact Denis Mahoney at [denis.mahoney@business-transform.co.uk](mailto:denis.mahoney@business-transform.co.uk) or phone +44 1903 784783 or +44 7766 333294 or visit our website at [www.business-transform.co.uk](http://www.business-transform.co.uk).