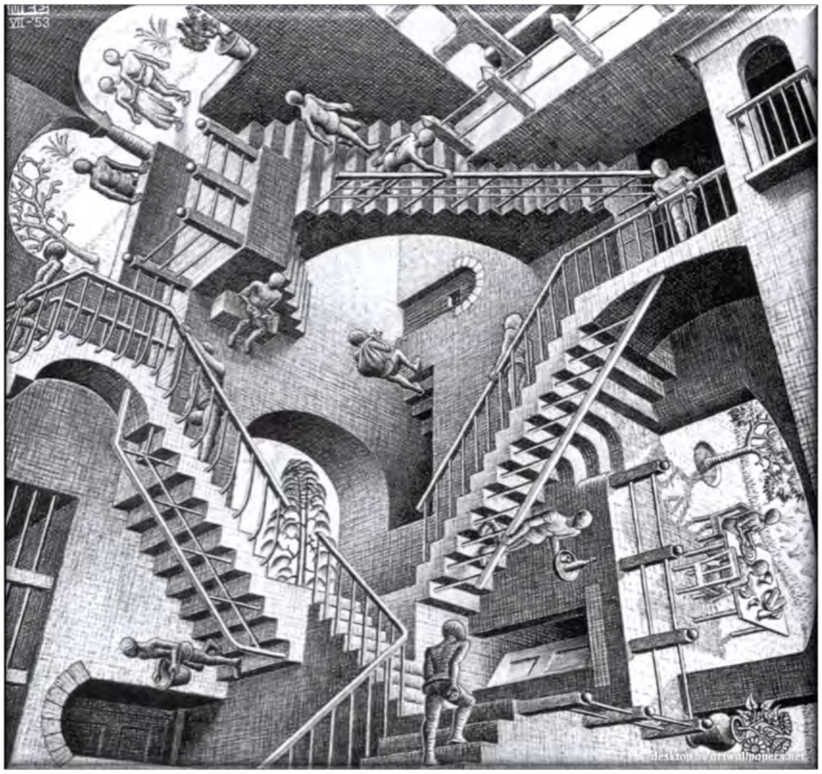
(un)Complicated



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Note to the Reader

The inspiration for this paper is interactions I have had with public servants both as consulting clients and as students in short courses I teach on public management. Often, after I have provided a piece of advice or articulated a particular point, I get a response that will be some variation of “Oh, you mean it’s really that simple?”

This response simultaneously delights and puzzles me.

It delights me because the most important thing I can do as a consultant or teacher is help people see through to the core of public management principles and concepts and understand that there is nothing complicated about them. Once people figure this out, it becomes easy to use the principles and concepts in ways that support their work rather than impede it.

It puzzles me because I wonder how things ever came to be seen as so complicated in the first place. A public servant’s work is challenging enough. Why add needless layers of complexity?

It’s the puzzlement that drove me to write this paper. I wanted to make my case that there is nothing complicated about performance measurement, program evaluation, risk assessment and strategic planning. (Most of the paper addresses performance measurement, but the general point applies across the board.) I wanted to help you see the simplicity for yourself (it’s a beautiful thing!), so that you could become more confident and effective users of the basic public management tools.

Given my purpose, I wrote the paper at the level of general concepts. I don’t delve into the details of performance measurement, evaluation, risk assessment or strategy. I have done this already in other papers, which you are welcome to download from the publications section of my website. There is some inevitable overlap between this paper and what I have published previously, but I have tried to keep repetition to a minimum and take a fresh approach that I hope will be useful to you.

Mark Schacter
Ottawa
September, 2014

Why do you have to go and make things so complicated?
- from "Complicated" by Avril Lavigne (c) 2003 Arista Records

Introduction

Public managers (and the consultants they hire) have a habit of over-complicating things that still surprises me after nearly 20 years of public-management consulting. A case in point is program performance measurement, which – together with program evaluation, risk assessment and strategy development – is at the core of my consulting practice.

The concepts behind performance measurement are simple, and yet I often see people make a meal out of them. As a consequence the work becomes more difficult and time-consuming than it should be, causing people to doubt the value of the whole exercise. This is unfortunate because performance measurement (and its cousins: program evaluation, risk assessment and strategy development) add value to public management. The net effect of over-complication is wasted time and lost opportunities to generate useful management information.

I want to explain how *uncomplicated* things really are, or could be. My goal is that when you have finished reading this paper, you will wonder how you ever could have thought that performance measurement was complicated, confusing or difficult.

This is not to say that *doing* performance measurement (or program evaluation or risk assessment or strategy) is always easy. But the underlying concepts are simple. Grasp them, and performance measurement becomes less intimidating, less of a chore, and more like something that can help you be a better program manager.

Words Matter

The confusion and over-complication that afflicts performance measurement is often rooted in lack of clarity about terminology. We need to be crystal clear on the meaning and operational significance of five words:

- ***program;***
- ***input;***
- ***activity;***
- ***output;***
- ***outcome.***

Once you have a firm grip these words, everything else falls into place.

"Program"

For most managers in the public sector, "program" is the basic unit of account. Budgets, planning, people, reporting and accountability are often organized around programs.

Performance measurement is done in relation to programs, as are program evaluation, risk assessment and strategy development.

Much depends, then, on a shared understanding of what a "program" is. Canada's Treasury Board Secretariat – the authority for Canadian federal public servants on such matters – defines "program" as "A group of related activities that are designed and managed to meet a specific public need and often treated as a budgetary unit."

While there's nothing necessarily wrong with this definition, I propose one that leads more easily into the core vocabulary and concepts of performance measurement, so:

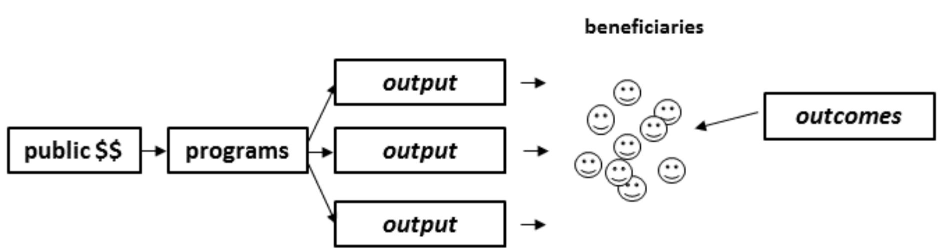
A program is a package of outputs linked to the achievement of a common outcome or set of outcomes.

In other words, "programs" produce and deliver "outputs" (defined below) that are expected to contribute to social or economic benefits ("outcomes", defined below).

The preceding sentence goes to the heart of what government does, or ought to do: ***use public resources to implement programs, that deliver outputs, that contribute to outcomes that make life better for citizens*** (Figure 1).

Figure 1 – Uncomplicated Concept No. 1

What every government does (or ought to do)



The transformation of public resources into outcomes is the fundamental justification for the existence of every public program. (If public spending were not linked to making our lives better, then what would be the point of public programs – or of government at all, for that matter?) This in turn leads back to performance measurement, which is nothing more than a tool for assessing the extent to which program outputs are contributing to a program's intended outcomes. (I return to the question of performance measurement later on.)

"Output"

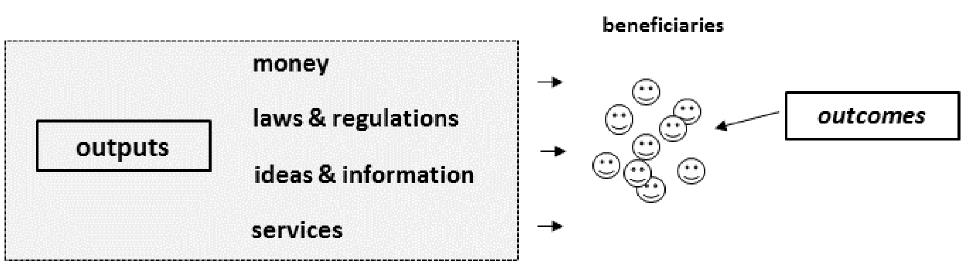
This word causes more confusion than it ought to, particularly in relation to that other word beginning with 'o': "outcome". People get hung up distinguishing outputs from outcomes; this is a source of frustration and an obstacle to developing a good performance measurement plan.

Simply stated, an output is what a program delivers, *directly*, to its intended beneficiaries. Or, to put it another way, an output is what a beneficiary *gets from* a program. In principle, an output is valued by a beneficiary because he or she expects that it will contribute to a meaningful, positive outcome.

Imagine yourself as a beneficiary of Employment and Social Development Canada's Employment Insurance Program. You have lost your job and now get money from EI. The key word is "get". Money is what you *get* from the program – it is an "output". Consider Environment Canada's Weather Observations, Forecasts and Warnings Program. You visit its website to look at the weather forecast. The forecast is what you *get* – it is an output.

Figure 2 – Uncomplicated Concept No. 2

There are just a few kinds of outputs



Outputs delivered by government– and here I am thinking of the Canadian federal government, though the analysis applies to any government[1] – fit into a short list of categories (Figure 2):

- ***money***
  - e.g. grants and contributions to organizations; statutory payments to individuals, such as Employment insurance; tax expenditures (tax deductions, credits);
- ***laws and regulations***;
  - among all outputs, this is the one where government has a monopoly; only government has the authority to issue laws and regulations;

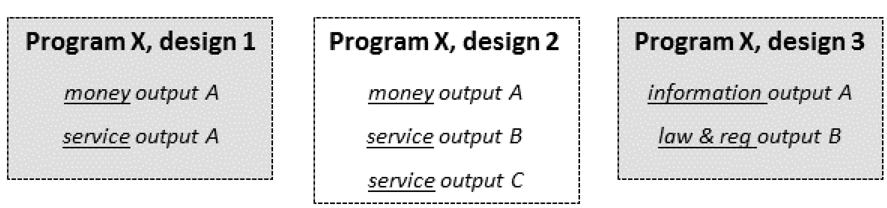
[1] My analysis does not include "goods" as an output, though in principle it could be on the list; in some countries (Canada not being one) governments may have significant direct involvement in production of goods.

- ***ideas and information***
  - the weather forecasts noted above are one example; a diverse range of outputs falls under this heading, including but not limited to reports published by the government, data made available to researchers, public information related to health and safety;
- ***services***
  - the federal government is not what comes to mind for most Canadians under this heading because many of the most visible public services (e.g. health, education, policing, courts, water, waste management, power, urban transportation, social services) are delivered at the provincial/municipal level;
  - federally managed services include national defense, diplomatic and consular services, national parks, enforcement of laws and regulations;
  - federal Crown Corporations provide specialized services – e.g. financial services (Export Development Corp., Canadian Commercial Corp., Canada Mortgage and Housing Corp.); logistics (Canada Post); security (Canadian Air Transport Security); transportation (ViaRail); tourism marketing and promotion (Canadian Tourism Commission) – which overlap with services offered by the private or not-for-profit sectors; mandates of Crown Corporations reflect the government's view that direct state involvement in certain types of market-oriented services is in the public interest.

If programs are "packages of outputs", then "program design" boils down to decisions about types of outputs to be packaged together to contribute to intended outcomes (Figure 3). When you review the relative merits of a program built on grants or contributions vs. laws and regulations vs. awareness-raising through dissemination of information, you are considering different program-design options based upon various combinations of outputs.

Figure 3 – Uncomplicated Concept No. 3

"Program design" = decisions about packages of outputs



“Outcome”

Outcomes are the be-all-and-end-all; the “name-of-the-game”. Public programs have (or should have) no purpose other than to contribute to outcomes. ***Programs that do not contribute to outcomes are worthless, as are the outputs that such programs produce.***

So what is an “outcome”? Canada’s Treasury Board Secretariat defines “outcome” as “an external consequence attributed, in part, to an organization, policy, program or initiative”; TBS also describes on outcome as “a change of state of a target population”. Once again, although this definition points in the right direction, I think there are words that are less vague and speak more clearly to the fundamental role of government. To arrive at them, we can build on two ideas in TBS’s language: i) “external consequence attributed” and ii) “change of state of a target population”.

“External consequence attributed” refers to something outside the program itself that happens at least partly as a consequence of the program.

“Change of state of a target population” refers to something good[2] that happens to the target population that is at least a partial consequence of the program.

So, ***an outcome is a good thing that happens to (or is experienced by or is done by) program beneficiaries that can somehow be linked to the program’s outputs.***

Let’s pursue one of the examples cited above: your use of the Environment Canada website to check the weather:

1. Environment Canada publishes the weather forecast on its website.
2. You visit the website, searching for the weather forecast.
3. You find the weather forecast (which says that there is a 60 percent chance of thunderstorms this afternoon).
4. You understand what the information means. (It is highly likely that the weather will not be good for outdoor activities with my children this afternoon.)
5. You make a decision based on the information. (You get your children out of the house early in the day to play in the park, instead of waiting until the afternoon.)

Point 1 describes an *output*; it is what the program *gives you*. Points 2,3, 4 and 5 describe *outcomes*; they are things that you do or that happen to you as a consequence of the output.

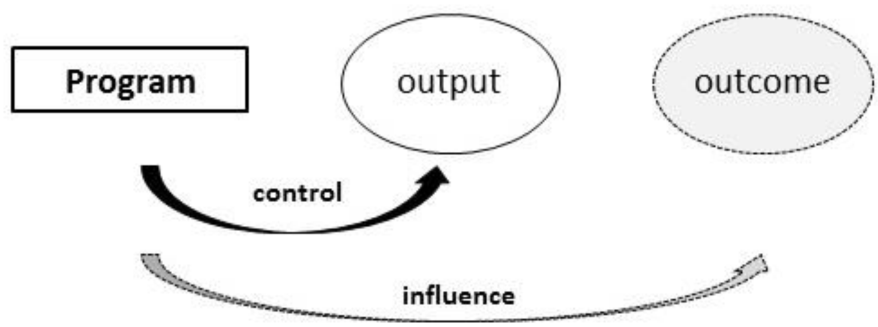
It’s important to note that while the program *controls* delivery of the output (Environment Canada operates the website; it publishes the weather information, controls the format in

[2] Strictly speaking an outcome could also be something bad – a change for the worse from the perspective of the target population. But because it is never the intention of a program to have net negative outcomes, I will only speak about positive changes.

which the information is presented, etc.), it can only *influence* (but not control) the outcomes (Figure 4). The program cannot control whether you:

- know that the website exists;
- visit the website and find the weather forecast;
- understand what the forecast means;
- incorporate the information contained in the forecast into your day-to-day decision-making.

Figure 4 – Uncomplicated Concept No. 4



The statement that programs control outputs but only influence outcomes is virtually a "natural law" in public management.[3] (By "control" I mean capacity to fully (or almost fully) determine what happens; this is what most of us understand by "control" in relation to activities and outputs. We "control" what we do and what we produce.) This has important implications for performance measurement, a point to which I will return.

It's also helpful to recognize that there are very few types of outcomes (just as there are few types of outputs). ***In one way or another, all public programs contribute to two kinds of outcomes: economic and social***. Economic outcomes are linked to creation of wealth: economic expansion, greater productivity, more innovation, higher employment, etc. Social outcomes are linked to physical, mental, emotional and intellectual well-being.

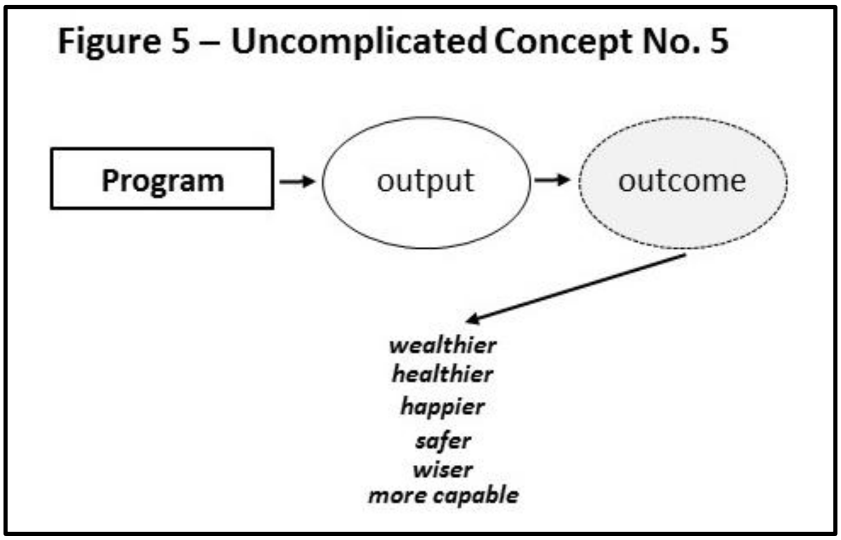
In simple terms, all public programs aim to contribute to at least one of the following (Figure 5):

- making people and/or organizations wealthier;

[3] There are rare exceptions. For example, some vaccination programs have control over outcomes. The chickenpox vaccine is considered 100 percent effective in preventing moderate to severe chickenpox. (http://www.historyofvaccines.org/content/articles/top-20-questions-about-vaccination#2). This means that delivery of the output (the vaccine) ensures that the outcome (immunity from moderate to severe chickenpox) will occur. If only the link between outputs and outcomes were so certain in all public programs!

- making people healthier, happier, wiser, safer, more capable of realizing their full potential

As I mentioned, distinguishing between outputs and outcomes tends to create confusion among program managers. I once had a prolonged discussion with a client about whether “capacity building” was an output or an outcome. (The issue was a program aimed at strengthening the capacity of public officials to do planning.) The client classified “capacity building” as an output, his reasoning being that “our program delivers capacity; capacity building is *what we do*”.



After some debate, we agreed that “capacity building” was an *outcome.* Why? Because enhanced capacity is *what happens to the beneficiary*; it is influenced by but beyond the control of the program. Part of the problem here is that “capacity building program” – an all-too-frequently used term – is a misnomer. The program does not deliver capacity; it does not control whether or not the beneficiary becomes more skilled. Rather, it delivers outputs, such as training, advice and information, that are expected to enhance the capacity of the targeted public officials.

When in doubt, refer to the simple idea in Figure 4, and ask yourself: is the thing in question something produced by and within the control of the program, or is it something the program influences rather than controls? If the former, it’s an output; if the latter, an outcome.

“Input”

An input is what a program uses to create outputs. The inputs to which program managers devote most of their time are money and human resources (referred to as “full-time equivalents”, or FTEs, in the Government of Canada). Assets such as office space, vehicles and computer equipment are also inputs.

"Activity"

Activity is what *you do* in your job. If someone were to walk into a government office, he would see people composing and reading documents, talking on the telephone, interacting with others in meetings, sitting at their desks thinking, etc. These are all activities, and every one of them (if it is a legitimate, job-related activity) is connected either directly or indirectly to the production of an output that that will eventually be delivered to a beneficiary outside of government.

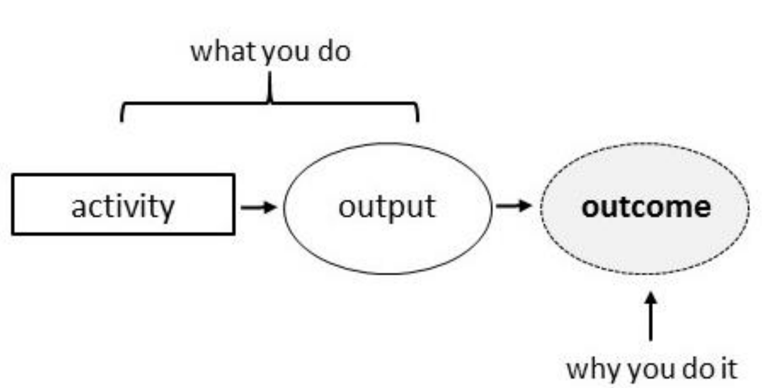
Sometimes the connection between activity and output is obvious and direct, as when an officer processes, say, a claim for Employment Insurance. Reviewing the applicant's file, determining if he is eligible for support and calculating the amount of support to be provided are all *activities.* They are internal to the government, and invisible to the public. In this case, however, the link with the output (an eventual EI payment delivered to a beneficiary) is clear.

On the other hand, if you are a clerk who spends much of your day photocopying documents and answering the telephone – these are also activities – the link with outputs is less obvious. But in some indirect way, a connection can be found. For example, when you answered the telephone you gave a potential EI beneficiary information on how to find eligibility requirements and application procedures for EI. This allowed the potential beneficiary to apply for support and, eventually, receive support (the output).

Activities present a paradox. On the one hand, *they are what you do at work*. On any given day, it's likely that at least 95 percent of your attention and energy are devoted to activities. If someone were to ask you, "how was your day at work", your would think about activities – meetings, telephone conversations, documents and e-mails reviewed, etc.

But activities, in and of themselves, are worthless. This may sound like an harsh way to describe everything you do during the work day, so I will elaborate.

Figure 6 – Uncomplicated Concept No. 6



My reasoning is grounded in outcomes. Every activity in the public sector is (or ought to) contribute (directly or indirectly) to an outcome (a social or economic benefit for someone). In other words, activities are *instruments.* Although they are what public servants do every day at work, they are not the *reason why* public servants show up at the office (Figure 6). Activities that have no connection with outcomes are a waste of time, effort and resources. In short, being busy is not an end in itself – at least not if you are a public servant!

The same argument applies, of course, to outputs. They too are instrumental; they have no intrinsic value. Everything that the public sector produces – grants, contributions, research reports, training programs, laws, regulations, information campaigns ... – has value only to the extent that it contributes to an outcome.

The Link with Performance Measurement

What does any of the foregoing have to do with performance measurement? The short answer is, "everything". If I have done a good job of laying out the preceding ideas then you should already see the fog of unnecessary complication and confusion related to performance measurement burning away.

It boils down to this: *if the point of public programs is to contribute to outcomes, then the point of performance measurement is to provide a rough, evidence-based idea of whether or not programs are in fact contributing to outcomes*. Performance measurement is a systematic approach to gathering evidence to support judgments about the contribution of programs to outcomes. That's it; nothing more, nothing less.

It follows that performance measures should pay at least as much attention to outcomes as they do to activities and outputs. The reality, however, is that many of the performance measurement plans I see as a consultant are loaded with references to activities and outputs, while being light on outcomes. This is understandable; program staff feel a strong and immediate connection with activities and outputs. Moreover, there is comfort in measuring what you control (activities, outputs) rather than what you only influence (outcomes).

The weakness with activity/output-oriented performance measures is that while they help tell a story about how busy program staff have been and what the program has produced, they say nothing about whether the program has contributed to making life better for its target population.

Consider again Environment Canada's Weather Observations, Forecasts and Warnings Program. Suppose – I am making this up – that the program's performance measurement plan included these measures:

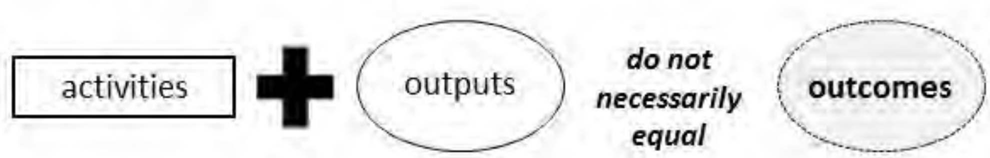
- number of weather observation stations fully operational with less than an average of 1 day downtime per year;

- number of weather observations recorded;
- number of weather forecasts issued;
- number of severe-weather warnings issued.

On the face of it, these seem to be perfectly reasonable measures. And indeed, in some ways they are useful. But remember that the purpose of the program is, among other things, to help people be informed about weather so that they can make good decisions when planning their day. From this perspective, the measures are not helpful at all. Even if weather stations are operating according to plan, and weather forecasts are being issued according to plan, it doesn't necessarily follow that people are well informed about the weather and are incorporating this information into their decision-making.

A*ctivities* plus *outputs* do not necessarily equal *outcomes* (Figure 7). A program could be running according to plan from an activity/output perspective, and still be performing poorly!

Figure 7 – Uncomplicated Concept No. 7



Feel free to include activity and output measures in your performance measurement plan if you believe they provide useful information. But if you want to tell a complete and meaningful performance story, then also include measures that refer to outcomes. In the case of the Environment Canada program, you would, for example, want evidence about whether or not users actually pay attention to your weather forecasts and understand what they mean. A performance measurement plan built only on activity and output measures tells a story about *how busy* the program is; only when performance measures also refer to outcomes are you able to see whether or not the program is *making a difference.*

Influence, not Control, Matters

When I raise with clients the importance of developing measures related to outcomes, I often immediately hear the following objection: "We can't measure that. We have no control over it."

If you have read this far into the paper, I hope I will not have to work hard to persuade you that this objection is invalid. If it *were* valid, then you would be left only with measures related to activities and outputs; in other words, you would only be able to tell a story about how busy your program was. You wouldn't be able to say anything about whether it was making a difference.

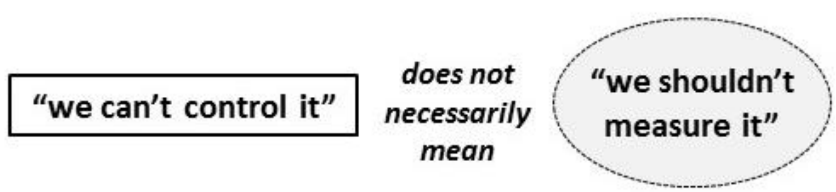
Why? Because as I have said already, programs almost never have control over outcomes. **The barrier to performance measurement is not control over the thing being measured (Figure 8); rather, it's *degree of influence.***

When trying to assess whether it makes sense to measure the performance of a program in relation to the occurrence (or non-occurrence) of a particular outcome, the question to ask is:

Would a reasonable person agree that the program's level of influence over the outcome is such that performance could be judged in relation to whether or not the outcome occurs?

There is no definitively right or wrong answer to the question. But to arrive at a robust set of outcome-oriented performance measures, you will have apply the test by exercising your judgment given what you know about the program and its target population.

Figure 8 – Uncomplicated Concept No. 8



Apply the test to the weather forecasting program. The program cannot control whether people visit the website. But is it reasonable to expect that the program will make an effort to build public awareness about the site and attract people to it? If very few people ever visited the website, would it be reasonable to say that the program was not performing well?

Consider the outcome "you find the weather forecast on the website". The program cannot control whether this happens. But is it reasonable to expect that the website's design would be easy for the public to navigate? If very few people were ever able to find the forecast on the website, would it be reasonable to say that the program was not performing well?

What about the outcome that says the user understands the information contained in the forecast? The program cannot control users' cognitive capacity. But is it reasonable to expect that weather forecasts would be presented in a way that is easy to understand? If few people could understand the forecasts, would it be reasonable to say that the program was not performing well?

As you continue to apply the test to outcomes, you will eventually get to a point where the program's level of influence seems insufficient for the purposes of performance measurement. Think about the outcome of users incorporating weather forecasts into day-to-day decision-making. Even if forecasts can be easily found and are easily understood, it might still be the case that people don't use the information. If this were to happen often, would it be evidence that the program was not performing well? Or does the program have too little influence over this outcome for it to be a basis for performance measurement?

(I go into detail on this question and others related to the development of performance measures in papers such as *Not a Toolkit. Practitioner's Guide to Measuring the Performance of Public Programs*; *The Worth of a Garden. Performance Measurement and Policy Advice in the Public Service*; and *Performance Measurement Q & A*. These are all available from the publications section of my website.)

The Link with Program Evaluation and Risk Assessment

I began this paper by claiming that the basic concepts behind performance measurement are simple. I said that once you grasped these concepts, performance measurement would seem less complicated, less intimidating and more useful. I said you would wonder why you had ever found it difficult in the first place.

As I bring this paper to a close, I want to push that idea further, and say that the same basic concepts behind performance measurement are also the foundation for program evaluation, risk assessment, and strategic planning. While these four management tools are typically treated as being separate and distinct, it makes more sense to regard them as different ways of approaching the same challenge: ***to design and deliver programs that contribute to social and economic outcomes.***

The path from outputs to outcomes is the framework that pulls everything together (Figure 9). Each of the four tools focuses on a particular aspect of this concept, which is at the core of everything government does. So:

Strategic Planning asks:

What are the outcomes to which we want to contribute? What kinds of outputs, packaged and implemented in what kinds of ways (in other words, what programs) would be best suited to making the desired contribution to outcomes? (For details, see *Interpreting the Possible. A Guide to Strategic Management in Public Service Organizations*, available on my website.)

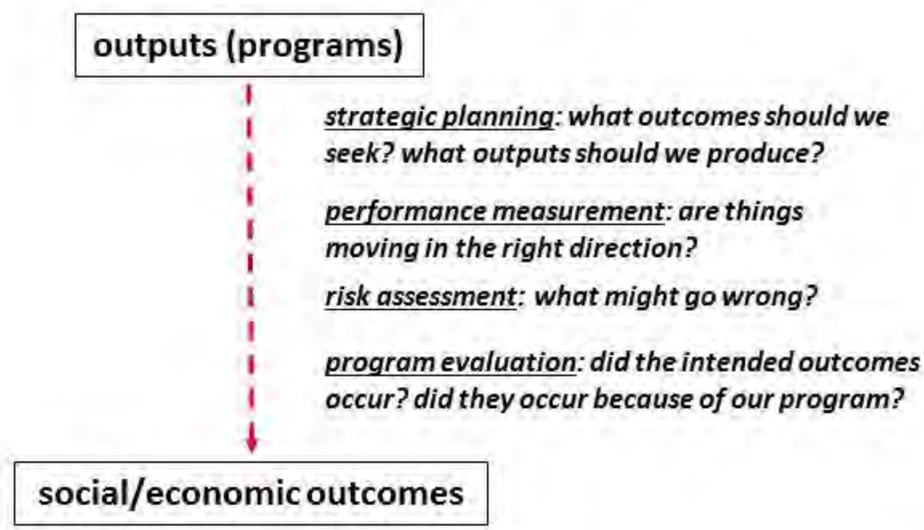
Risk assessment asks:

What might go wrong with the program? What are the most significant threats that might get in the way of making the intended contribution to outcomes? (For details, see *If / Then. A Practical Guide to Risk Assessment of Public Programs*, available on my website.)

Performance measurement asks:

Does the program appear to be on track to making its intended contribution to outcomes?

Figure 9 – Uncomplicated Concept No. 9



Program evaluation asks:

Did the program make its expected contribution to outcomes. If so, how? If not, why not? Were all of the outputs relevant to the outcomes? If the intended outcomes occurred, to what extent can they be attributed to the program, or would they have happened even if the program had not existed? (For details, see *Tell Me What I Need to Know. A Practical Guide to Program Evaluation for Public Servants*, available on my website.)

The same basic thinking that you put into the development of a performance measurement plan – defining outputs and outcomes; articulating the causal links between outputs and outcomes – can be used for any of the three other tools. And the complementarity also works in the other direction: the outputs and outcomes identified in your strategic plan should be identical to those in your performance measurement plan, evaluation framework and risk assessment.

The practical effect of looking at things this way is that it further "un-complicates" your life as a program manager. You see how what appeared to be completely separate management tasks, reports and documents are really just different ways of analyzing and describing the same thing. You can "re-use" your thinking, stop duplicating effort, and have more time and energy for the serious business of contributing to social and economic outcomes.

Summary

- The purpose of government is to use public resources in ways that contribute to social and economic outcomes that make life better for people.

- The vehicles through which governments channel public resources are “programs”.

- Programs are packages of “outputs” – things of value delivered by a program to a target population. Government produces four types of outputs: i) money; ii) laws and regulations; iii) ideas and information; iv) services.

- Outputs, as well as the “activities” undertaken to produce them, are *instrumental;* that is, they have no intrinsic value. Programs do not exist simply to produce outputs. Programs, and the outputs they produce, are only valuable to the extent that they have a direct or indirect connection to social or economic outcomes.

- A good set of performance measures provides evidence of the extent to which a program is contributing to its expected outcomes. Performance measures that address only activities and outputs will tell you how “busy” a program is, but will provide no evidence as to whether it is making a difference to its target population.

- Program managers often object to outcome-oriented performance measures on the grounds that it is wrong to assess performance in relation to things the program “cannot control”. This objection is invalid. The issue is *influence* rather than control. If a program has a reasonable degree of influence over an outcome, then it is fair to assess the program’s performance against the occurrence (or non-occurrence) of the outcome.

- The same basic thinking that goes into the development of a performance measurement plan – defining outputs and outcomes; articulating the causal links between outputs and outcomes – is also the foundation for strategic planning, program evaluation and risk assessment. Each of these four fundamental management tools is a different way of approaching the same challenge: to design and deliver programs that contribute to social and economic outcomes.

About the Author

Mark Schacter is a public-management consultant and author based in Ottawa, Canada. For more than 20 years he has advised governments, NGOs and international organizations on practical and policy issues in governance, accountability, performance measurement, evaluation, risk and strategy. He is also an accomplished trainer, having designed and led workshops on topics such as governance, performance measurement, evaluation, strategic planning and risk management.

In the 1990s Mark was on the staff of the World Bank at its headquarters in Washington DC; he worked in Africa, Asia and Eastern Europe to help strengthen the governance and accountability of major public institutions, and to support reforms in private sector development. Subsequently, he occupied senior positions at the Institute On Governance and the Conference Board of Canada, both in Ottawa, before launching his consulting firm, Mark Schacter Consulting, in 2003.

Mark has a BA from Yale University, an LL.B. from Oxford University and an MBA from the University of Ottawa.