

Performance Measurement in Support of Decision-Making: A Summary¹

Why measure performance?

To track and improve your agency's progress towards the outcomes it seeks to achieve for New Zealanders.

Performance measurement is essential for effective management

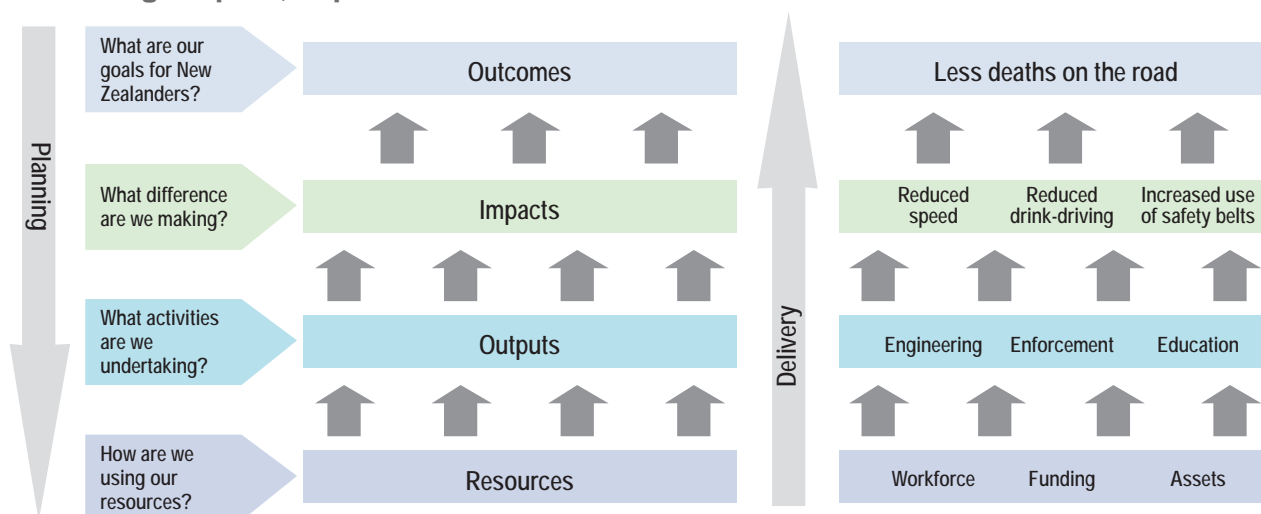
Any agency with a policy, delivery, monitoring or sector oversight role needs a robust performance measurement framework to know whether it conducts its business in an effective and efficient way. By measuring the performance of your agency or sector, you can:

- understand what impact your interventions are having, and how your outputs contribute to the achievement of the right outcomes for New Zealanders
- chart and report on the progress you are making towards outcomes, and make adjustments when needed
- track the effectiveness of initiatives and programmes over time
- make informed decisions on what services to deliver, what policy priorities to work on and what capability to invest in.

The thing to remember: to think performance measurement, think impact!

To select and prioritise the outputs that have the greatest impact towards desired outcomes, your agency needs to evaluate what impact its activities are having. Your agency uses its resources to provide services or undertake activities – its outputs – with the objective of delivering specific outcomes for New Zealanders. To assess whether your agency's outputs are contributing to the achievement of desired outcomes, you need to measure the difference that your agency is making – the impact of its interventions.

Linking outputs, impacts and outcomes



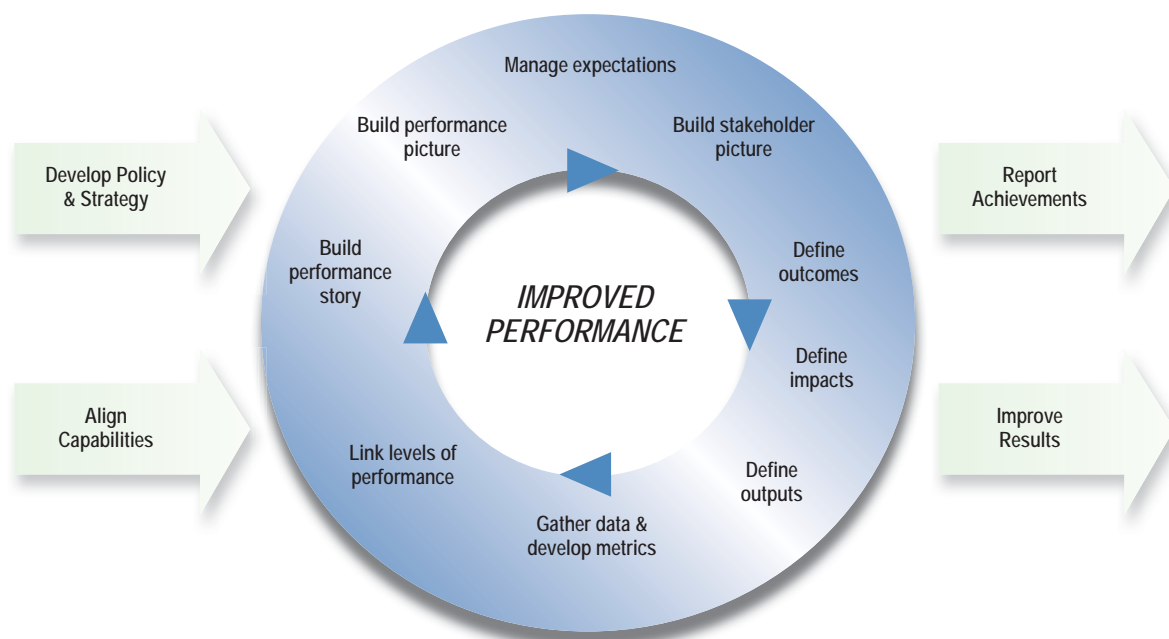
¹ The full document *Performance Measurement: Advice and Examples on How to Develop Effective Frameworks*, can be found at: www.ssc.govt.nz/performance-measurement

Here is some good practice advice on performance measurement

To assist managers, planners and analysts in State sector agencies develop robust performance measurement and reporting frameworks, Central Agencies have prepared a new resource: *Performance Measurement: Advice and Examples on How to Develop Effective Frameworks*.

The guide focuses on how to build impacts and outcomes into a performance measurement framework, so that results are easily understood and visible to senior managers and other stakeholders. The guide explains: the key steps in the performance measurement cycle; why each step is important; and what activities are undertaken under each of the steps.

The performance measurement cycle



How the guide is organised and what it covers

The guide has six modules. Each module covers a key element of the performance measurement cycle. How far your agency needs to delve into each module will depend on how advanced your current performance measurement systems are.

- ***Why measure performance*** explains the importance and value of performance measurement to the State sector. It helps to define what results matter most and to scope out a performance measurement framework.
- ***Building an initial performance picture*** explores how to look critically at existing measurement frameworks, identify gaps in performance information and make improvements.
- ***Engaging with stakeholders*** looks at developing a stakeholder engagement plan to ensure that it delivers the information needed by internal and external stakeholders.
- ***Refining the levels of the framework*** provides guidance on how to define the outcome, impact and output measures that monitor progress and link back to resources.
- ***Gathering data and developing metrics*** covers how to develop measures and indicators, and how to ensure appropriate data is collected in order to chart and report progress.
- ***Linking the levels, and designing monitoring and reporting systems*** discusses how the performance story can be drawn together to build confidence that delivery is efficient and effective, and that it is helping managers to make good decisions.

Measuring progress and informing decision-making: an example

Here is an example of how performance measurement can help an agency track the progress it is making towards the achievement of its outcomes, and how it can inform decision-making. The table below shows various indicators relevant to the land transport sector, and compares them to the investment in safety funding in that sector. The indicators show that increased safety funding in the sector has had a number of positive impacts for New Zealanders.

Road safety performance measures²

Fatal crashes	Down 20-22%
Hospital bed-days	Down >22%
Safety-related tickets	Up 11-400%
Cars exceeding 110 km/h	Down 14%
Speed-related fatal crashes	Down 14%
Rear seat belts worn	Up 23%
Fatalities avoidable by belt	Down 22%
Breath tests administered	Up 23%
Drunk driving offences	Down 14%
Safety funding for enforcement and education	Up 27%

Effective performance measurement: key points to remember

If you are charged with developing and implementing a performance measurement framework for your agency or sector, here is a checklist of the key aspects to consider:

- Define a clear process within your agency to undertake performance measurement.
- Set appropriate expectations about what the performance measurement process can achieve with the time and resources you have available.
- Achieving outcomes often requires effort from a number of agencies; consult and engage with your stakeholders to define your shared outcomes.
- Continue to engage with your stakeholders throughout the process.
- Define your outcomes and impacts as specifically as possible so that they can be measured against; don't just make visionary statements; describe what you actually want to achieve.
- Define appropriate measures and indicators that will show progress.
- Link the measurement process into the wider management processes of your agency, so that measures inform leaders' decisions about planning, capability and resource allocation.

2 Data drawn from Taylor Duignan, Barry Ltd & Parker Duignan Ltd, *Initial Evaluation ("Stocktake") of Road Safety to 2010 Strategy*, November 2004.