

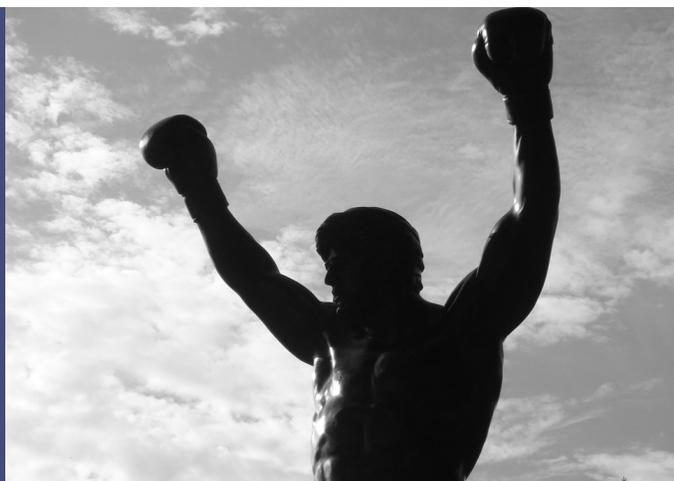
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Performance Measurement at the City of Philadelphia

JACKIE LINTON & RYAN BIRCHMEIER, CITY OF PHILADELPHIA

Corporate Strategy



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CORPORATE STRATEGY

MANAGING PERFORMANCE AT THE CITY OF PHILADELPHIA

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In the past decade, cities across the United States have moved to improve efficiencies and consistently benchmark departmental performance through the implementation of performance management systems. While measuring, benchmarking, and managing performance seem like essential processes to any organization, applying these functions across far-reaching and sometimes over-extended municipalities proves to be a challenging but necessary undertaking. Such an undertaking requires realignment and innovation over time to meet the city's needs. When Michael A. Nutter was elected the Mayor of Philadelphia in 2008, he outlined five Strategic Goals for the City of Philadelphia: "Philadelphia becomes one of the safest cities in America"; "The education and health of Philadelphians improve"; "Philadelphia is a place of choice"; "Philadelphia becomes the greenest, most sustainable city in America"; and, "Philadelphia government works efficiently and effectively, with integrity and responsiveness."

These were ambitious goals with responsibilities spanning across departments and leaders. There needed to be a system in place to benchmark the city's progress in realizing them. Mayor Nutter promised to implement a performance management system within his first year of office, billed under the new standard of accountability and transparency for the Philadelphia city government. Taking inspiration from Baltimore's CitiStat, the City of Philadelphia would join the growing number of cities to adopt the "-Stat" suffix with the implementation of a performance management system: PhillyStat.

I. APPROACHES

In public sector performance management, cities have typically operated under two approaches: the first approach cuts data so that one department or leader can be held accountable for results. The second approach develops metrics that they can be mutually owned for more broad-stroked categories affected by multiple factors and are usually greatly impacted by policy decisions, such as the crime rate. As the Mayor wanted to guide the city based on his Strategic Goals and promote accountability and transparency, it was important that the broad-stroked categories were measured, as well as individual department performance.

These priorities led PhillyStat to initially operate under both approaches, a complicated task to internally communicate. The city found that the two approaches seemed to come together uncomfortably in the eyes of department heads and staff. As the two approaches both directly and indirectly informed one another, key players were largely unclear of expectations and ownership of results. Consequently, there was an initial low buy-in from operating departments.

II. NEW STRUCTURE

In 2010, a new Managing Director, Rich Negrin briefly suspended the PhillyStat program to restructure and better equip the program for performance management. Together he worked with then PhillyStat Director, Catherine Lamb, to completely separate the conversation between individual departmental accountability and shared results. Thus, two regular PhillyStat sessions were born: *PhillyStat Operations* and *PhillyStat Outcomes*. "The new approach became more about performance management, not performance measurement. What happens in PhillyStat needs to change day-to-day behavior or there is no value. That is a true performance management program", said Negrin.

In the *Operations* sessions, the Managing Director or a relevant Cabinet member, reviews the performance of individual departments on a quarterly basis. In these meetings, department heads are held accountable for five areas: Operations, Customer Service, Finance, Technology, and People. To effectively measure these areas, it is imperative that each department works with the PhillyStat team to develop metrics and benchmarks relevant to their area of business.

Leading up to *Operations* sessions, departments gather data and submit it to the PhillyStat team. The PhillyStat team then uses the agreed-upon benchmarks and targets to measure the data within the framework of the five areas and sends a presentation deck back to the department to review. At the actual session, department heads review the results with the Managing Director (or relevant Cabinet member) and PhillyStat team, answering questions, engaging in discussions or taking advice along the way. To ensure that all discussions and stakeholders remain focused, all PhillyStat *Operations* presentations begin with the specific department's mission statement and goals. Every PhillyStat *Operations* session also closes with a restatement of the department's mission.

In the *Outcomes* session, the Mayor or his Chief of Staff chairs while one or more Core team member (the City Solicitor, the Finance Director, the Managing Director, and the Deputy Mayors) presents on the progress towards achieving the Mayor's broad Strategic Goals for the City. As these goals directly deal with a wide variety of stakeholders, *Outcomes* sessions bring more people, more departments, and more disciplines to the table than the *Operations* sessions to speak to results. In the creation of the *Outcomes* meetings, the PhillyStat team looked at best practices from the United Kingdom, specifically from the Prime Minister's Delivery unit, a model focused on service-delivery across strategic, long-term outcomes.

While both *Operations* and *Outcomes* sessions clearly speak to the Mayor's promotion of increased accountability in city government, the *Outcomes* sessions are more public-facing in terms of government transparency. All *Outcomes* sessions are recorded and aired on Philadelphia's government access channel.

III. LESSONS LEARNED

After going through the implementation process, the PhillyStat team found that a fine line existed between -Stat programs aiming to measure performance and -Stat programs aiming to actually manage performance. The difference between the two has become much clearer. Measuring performance requires establishing metrics and reporting on them. These are volume metrics as well as performance metrics. Managing performance requires setting targets and driving continuous improvements against them. This requires establishing a system operating from metrics that are performance-based instead of volume based; it also requires department heads and staff members to approach the performance management process as a means for change instead of an inconsequential system to report data. This was an evolution for us. First, PhillyStat established metrics to measure performance; now, PhillyStat uses the metrics to manage performance.

The PhillyStat team also learned about the benefits of limiting key metrics, especially in a performance management system's early stages. Limiting the key metrics eases the initial communications pains between performance management's leaders and

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department heads and provides a more reasonable opportunity for the new system to impact outcomes. The performance management system should then expand key metrics after outcomes have been impacted and buy-in is high.

In the restructure process, it became clear to the PhillyStat team that in order to properly manage performance and impact outcomes, it was imperative to operate from a clear strategic plan and measure performance based on SMART targets (Specific; Measurable; Achievable; Results-based; Time-bound). The PhillyStat team also found that the comprehensiveness of a strategic plan directly affected the performance management system's ability to identify clear, measurable targets and positively impact outcomes.

IV. INNOVATION AHEAD

In late 2012, PhillyStat became part of the Center of Excellence headed by Jackie Linton. The Center of Excellence was a newly established function created to improve the efficiency of city operations by focusing on three areas; Project Management; Organizational Development, and Performance Management. The Center of Excellence was a natural home for PhillyStat at this stage of its evolution as the it provides PhillyStat with the organizational resources necessary to become a multi-dimensional performance management system. An example of this is the Center's launch of the Senior Team Model.

The Senior Team Model is a management process that includes the operating department along with four business partners representing the Office of Human Resources, the Office of Innovation and Technology, Budget, and PhillyStat; these business partners support interdepartmental coordination, acting as a liaison of resources or education on processes from their respective department. They also help the operating departments solve problems and make improvements by providing a multidimensional perspective. The Senior Team meets monthly and all members are required to attend the quarterly PhillyStat Operations sessions to speak to various projects or business functions.

Customer service is a key priority for the City of Philadelphia. Each operating department has a Customer Service Officer (CSO) assigned to their team. This person is a member of the operating department and a part of the senior team model. They also participate in the Customer Service Officers Program created by Rosetta Carrington Lue, the Chief CSO in the Managing Director's Office. Under this program, each department must develop a Customer Service Plan that defines how staff will deliver excellent customer service. Through this process, the CSOs partner with PhillyStat and the Center of Excellence to conduct customer focus groups. The Customer Service Plan is developed by the departmental CSOs along with PhillyStat analysts and the Chief Customer Service Officer, and includes department-specific metrics and targets. The Customer Service Officer is also required to attend PhillyStat Operations meetings and to speak to results.

The Center of Excellence is also coordinating other activities to support the drive for improved performance. The team is facilitating a strategic planning process for the operating departments that requires that they reassess their plans to ensure they are robust and are providing clear direction for the future. The team has also developed an organizational maturity model to provide a road map for departments to use to successfully move to more sophisticated levels of operation which will drive even greater improvements in results.

In looking ahead, the Center of Excellence is in the process of implementing a 'Community of Practice' for performance management. While PhillyStat uses as resources similar performance management systems from other cities, such as Austin, Baltimore, Chicago, Boston, New Orleans, New York, and Washington D.C., the team found that there was an opportunity for internal knowledge-sharing as well. Thus, the 'Community of Practice' would invite -Stat programs from across the city to share best practices, creating an internal network of stat-related resources from a unique blend of practitioners and perspectives.

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