

Performance and targets - a necessary evil?



Lean, mean and frontline

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Sheffield Business School is recognised as a Centre for Excellence by the Chartered Quality Institute

Performance and targets: A necessary evil?

Topics covered

- Performance management and measurement
- Why measure performance
- The value of performance data
- Do targets improve services?
- Measuring performance - some pointers
- The Public Sector Scorecard
- Avoiding perverse targets

Performance management is ...

'proactively managing the relationship between resources consumed, activity and outcomes'

John Thornton

Performance measurement is ...

'evaluating how well organisations are managed and the value they deliver for service users and other stakeholders'

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Why Measure Performance - three reasons

IMPROVEMENT

"Implement measurement systems for improvement that reveal the true performance of the system and the impact of any changes made in real time"

NHS Modernisation Agency

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ACCOUNTABILITY

"Objective, measurable indicators of success allow governments to be accountable"

Rudy Giuliani

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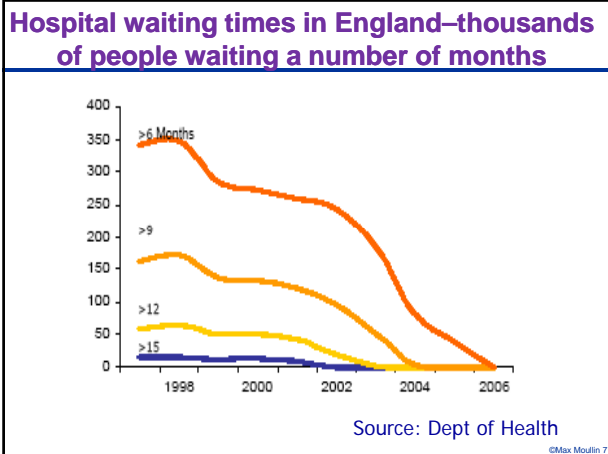
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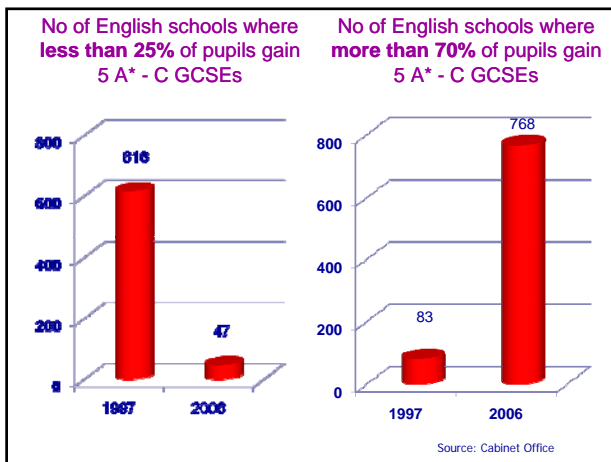
AND CHANGE

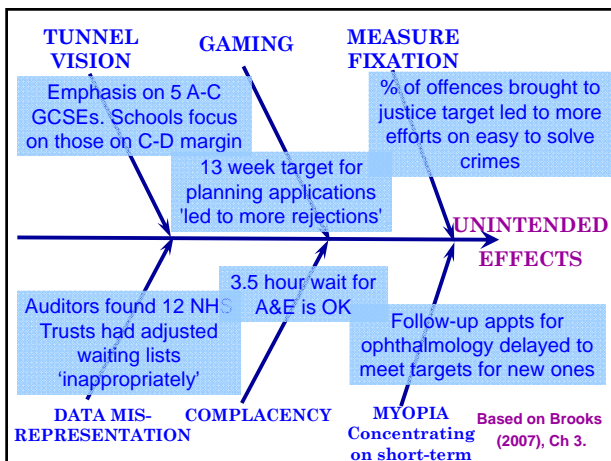
"Measuring performance is one of the strongest drivers for change"

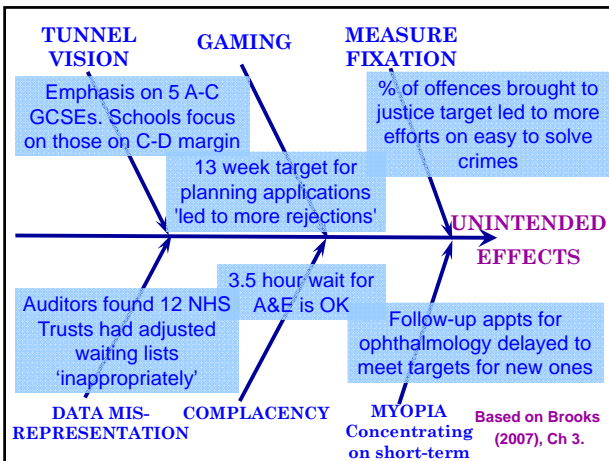
Alan Underwood,
Royal Berkshire Ambulance Service

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"All performance targets are flawed, some are useful"

Max Moullin, "What's the Score",
Public Finance, 22 May 2009

with due acknowledgment to the quality management guru Deming who said:
"all models are flawed, some are useful"

Measuring performance – some pointers

1. Develop a performance management culture focussed on improvement, accountability and change - and not a top-down blame culture

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Pointer 2: Focus on outcomes, not activity

"Effective commissioning must focus on outcomes. Only then will we achieve the high quality, value for money public services that people deserve"

Sir Stuart Etherington,
Chief Executive, NCVO

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Inputs, Outputs and Outcomes

Inputs	Outputs	Outcomes
The resources you put into a project to deliver its outputs.	The services and facilities you deliver	The changes and effects that happen as a result of your work.
<u>Examples include:</u> All expenditure over £500	<u>Examples include:</u> Time taken to respond to 999 calls	<u>Examples include:</u> Reduction in crime Reduction in obesity Better life chances

Focussing on activity rather than outcomes

Measuring the time taken to handle an application for benefits or planning application.

Time from receipt to either giving decision or informing claimant that form is incomplete.

Is this a good measure?

- ... of staff performance YES *
- ... of the claimant's experience NO
- ... of management performance NO

* but potential perverse effects

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Focusing on activity - an example from road improvements in New Zealand

- Meeting government targets - 81% service requests completed on time
- However 30% of requests were transferred to another organisation **FOUR TIMES OR MORE**
- Each time the request was transferred the time frame was reset

Result: poor service but meets targets
incentive to pass on service requests



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3. Use a balanced set of measures: NHS Performance Assessment Framework (PAF) *

- Health improvement
- Fair access
- Effective delivery of appropriate healthcare
- Efficiency
- Patient / carer experience
- Health outcomes of NHS care

* from the NHS Plan (2000)

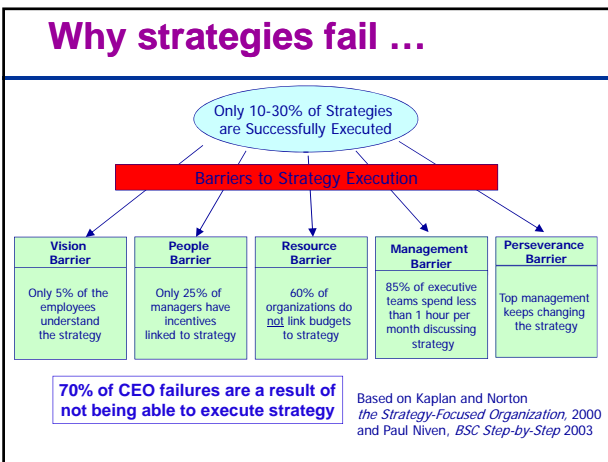
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NHS PAF*	Key Targets for Acute Hospitals
Health improvement	???
Fair access	18 month inpatient waits 15 month inpatient waits 26 week outpatient waits Cancelled operations Two week cancer waits
Effective delivery of appropriate healthcare	Hospital cleanliness Improving working lives Clinical governance reports
Efficiency	Financial m'ment
Patient / carer experience	12 hour trolley waits
Health outcomes of NHS care	???

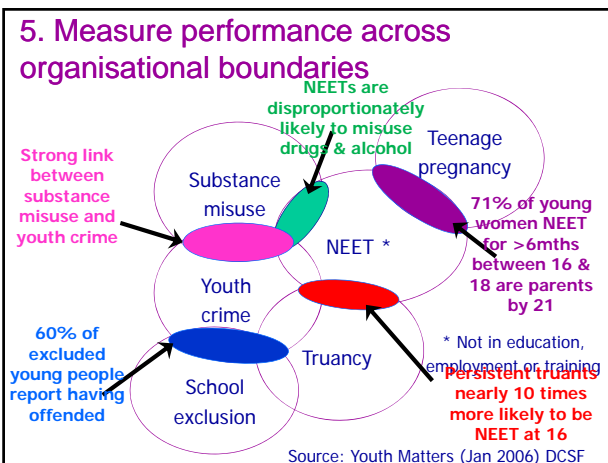
Pointers for effective performance management

4. Ensure that performance measures are aligned with the organisation's strategy ...

Why strategies fail ...



5. Measure performance across organisational boundaries



6. Integrate risk management

'Identifying and addressing key risks are essential for any high-performing organisation and therefore any evaluation of performance without considering risk is incomplete'

Moullin, 2006

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7. Take account of the cost of measurement

"The National Audit Office has estimated that the cost of monitoring and inspecting local government is in the region of £2bn per year

In my own council we have estimated the cost of complying with nationally required performance monitoring and inspection at more than £7m per year."

Cllr David Parsons,
Chair LGA Improvement Board

Challenge for local government managers and councillors ...

- Most of you will work in areas that are being monitored by central government and will have many concerns about how they monitor your performance
- Similarly you will all be responsible either for subcontracting services or ensuring that in-house services deliver what you require.

Can you identify a way of managing performance that will work in both situations?

My answer is the Public Sector Scorecard ...

The Public Sector Scorecard

OUTCOMES The Public Sector Scorecard is a performance management framework which adapts and extends the balanced scorecard to the public and third sectors

↑

PROCESSES

↑

CAPABILITY

Three aspects

- 1. Developing strategy**
- 2. Improving quality**
- 3. Measuring performance**

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Why we need the Public Sector Scorecard

1. Organisations need their own performance management frameworks designed around the outcomes required by users & other stakeholders
2. We need to integrate performance measurement & service improvement and address organisational factors that prevent systems working effectively
3. Many managers hide behind performance measures that bear no relation to the experience of service users or front-line staff
4. While public & third sector organisations collect lots of information, they may have little evidence on what actually works.

The Public Sector Scorecard

OUTCOMES What are the outcomes we really want to achieve for our service users and stakeholders?

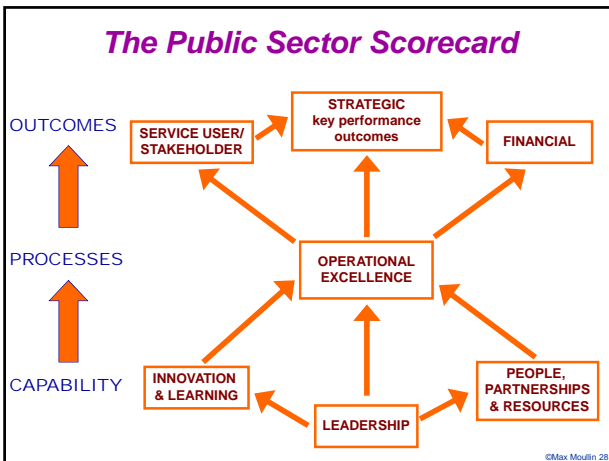
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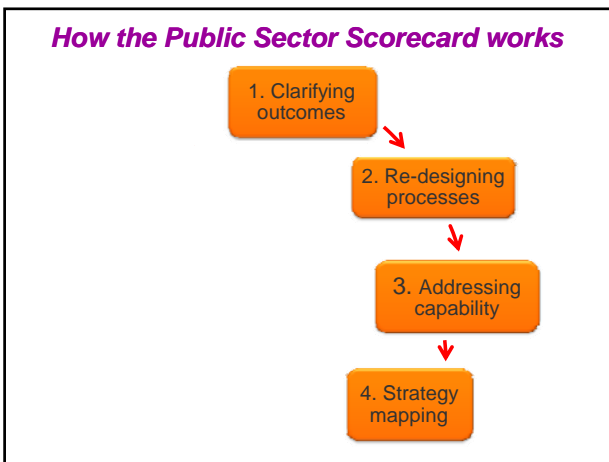
PROCESSES How effective are our processes in achieving these outcomes?
How can we improve them?

↑

CAPABILITY How can we best support our people and processes to achieve the outcomes required?

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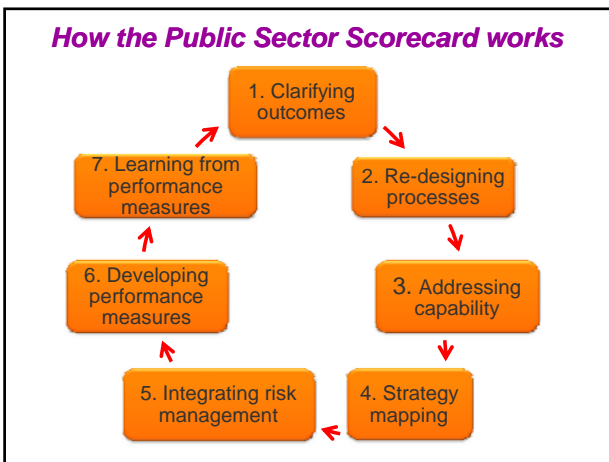


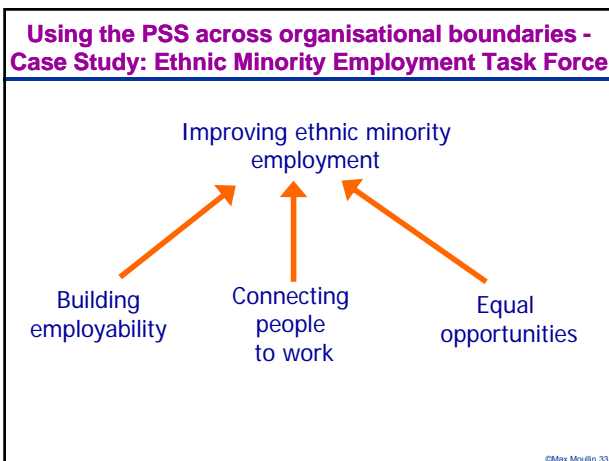
Strategy maps

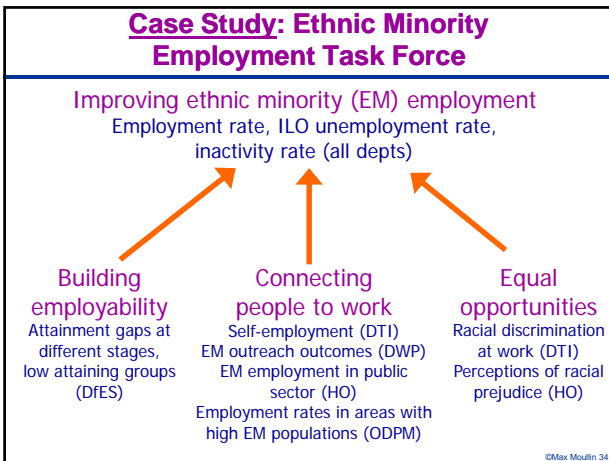
- Strategy maps depict the relationships between capability, processes and outcome elements
- They are the vital link between strategy and performance measurement

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- How the PSS reduces impact of perverse incentives**
- Measures user satisfaction
 - Focuses on outcomes, not activity
 - Works across organisational boundaries
 - Involves staff, users and other stakeholders in developing measures
 - Much more selective approach to targets, not top down
 - No blame culture – appraisal model
- ©Max Moullin 35

- Improving Quality & Performance - A Final Word**
- Make sure you focus on the **outcomes** that matter to users and other key stakeholders
 - What about your **processes**? Can they be more effective in delivering these outcomes
 - How can your organisation improve its **capability** to support its people and processes in meeting the outcomes required
 - Develop your **performance measures** around desired outcomes, processes and capability
 - Develop a culture of **continuous improvement** and not a blame culture
 - Use the **Public Sector Scorecard** to help you!

Recommendations

1. National performance measures and targets should be developed jointly with the public bodies that are being held to account.
2. If measures are not directly related to outcomes or evidence-based drivers of those outcomes, then they should be scrapped.
3. If performance is below a target, then organisations or departments should be able to offer an explanation of any exceptional circumstances that have affected performance.
4. Public and third sector organisations need to develop their own integrated service improvement and performance measurement frameworks.

MAIN REFERENCES

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6. Moullin, M. (2009) [Using the Public Sector Scorecard to measure and improve healthcare services](#). Nursing Management, September 2009, Vol. 16, No.5, pp.26-31.
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What is lean ...

Lean is not about reducing cost or getting rid of waste ...

It is about understanding your service from the user's point of view and designing the service around user needs.

As a by-product this will identify the areas that don't add any value to the user and enable you to reduce costs and waste

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Insurance Claims Example

- Insurance company gets 150 calls per hour on average to its claims department
- Average waiting time 5 minutes - up to 12 minutes at busy times. Many complaints.
- Calls take 4.5 minutes on average
- 15 staff available
- The manager is considering two options: employ 2 extra staff or reduce average call time to 3 minutes

What would you recommend?

Lean Thinking: Insurance Claims Example

~~Two stages: analyse data. Take action!~~

Reason for phone call	%
Chasing up due to non-response	18
Don't understand claim form	22
Disagree with decision	18
Mistake in processing claim	12
Informing company about details of claim	25
Other	5

In addition you are told that 28% of calls have to be re-directed as they come through to the wrong person, while 5% of calls are re-directed twice.

