

**A REPORT BY  
THE 2011-2012 CONTRA COSTA COUNTY GRAND JURY**

725 Court Street  
Martinez, California 94553

**Report 1216**

**Operational Effectiveness  
A Path to Improvement**

APPROVED BY THE GRAND JURY:

Date: 6/7/12

  
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LLOYD D. BELL  
GRAND JURY FOREPERSON

ACCEPTED FOR FILING:

Date: 6/7/12

  
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JOHN T. LAETTNER  
JUDGE OF THE SUPERIOR COURT

Contra Costa County Grand Jury Report 1216

**Operational Effectiveness**

A Path to Improvement

**TO: Board of Supervisors  
County Administrator**

**SUMMARY**

The use of a performance management process is now recognized as a “best practice” to improve operational effectiveness in the public sector. It is endorsed by professional organizations recognized for their efforts to develop new methods that improve operating effectiveness. There are many sources Contra Costa County (County) can access for detailed information regarding the development and implementation of a performance management process. They all describe a systematic, step-by-step approach that includes articulation of a plan for achieving operating improvements, setting of related goals, establishing methods for measuring progress, defining employee accountability, and evaluating employee performance.

The County does not currently use a formalized, uniform performance management process. Some components of a process may be used in some County activities and departments, but that is not done as a part of a comprehensive approach adopted County-wide.

Full implementation of the process might take several years. Beginning immediately will yield the desired results and outcomes as quickly as possible.

**BACKGROUND**

The last four years have been marked by a depressed economy. As a result, the County has seen a significant decrease in revenue. However, the need for public services and programs has not decreased, and, in some cases, has increased. The County has recognized that this gap between the funding available and the demand for services requires action to reduce the cost of operations. In response, reductions in staffing levels have been implemented. Terms and conditions in labor bargaining agreements have been renegotiated. Planned expenditures have been reduced or postponed. These actions have helped balance the operating budget while minimizing the impact on service levels.

Performance management has been defined as a business process that links what individuals and teams do on a daily basis with the larger goals of an organization. It is a process for establishing a shared understanding about what is to be achieved and how it is to be achieved. It is an approach to managing people that, when done well, creates an environment that enables

continuous improvement in operational effectiveness and individual productivity. It is about the everyday actions and behaviors people use to improve performance and themselves.

The main emphasis of a performance management process is on how to get people to work together and support one another to achieve shared goals. In particular, it puts the responsibility on managers to work effectively (through coaching and motivating) with those for whom they are accountable. Performance management is not just about a set of forms, annual evaluations, or merit pay practices and bonus schemes.

Performance management has a clear purpose. It is about delivering success for individuals, teams, and the organization. By establishing a performance management process that delivers clarity, support, feedback, and recognition to all, leaders take a major step in sustaining improvement in performance.

In general, a performance management process consists of the following components:

- a clear statement of direction and intent
- establishment of clear, realistic goals
- identification of metrics to measure accomplishment
- alignment of goals and objectives for managers and employees
- tracking of progress from inception through completion
- performance evaluations that communicate progress and support continuous improvement
- recognition for both good and poor performance
- updating of goals and objectives to ensure continuous improvement

When performance management principles are incorporated into traditional governmental processes – planning, budgeting, operational management, and evaluation – these processes are transformed into a single, well-aligned structure for producing value for the public in the form of better services, effective programs, focused policies, and, ultimately, improved community conditions. Performance improves through successive management cycles as the organization’s capacity for learning and improving increases.

Many reports have been published discussing performance management in the private sector as well as the public sector. The National Performance Management Advisory Commission (Commission), an organization whose sponsors include the Government Finance Officers Association, the National Association of Counties, and the International City/County Management Association, issued a report in 2010 titled “A Performance Management Framework for State and Local Government: From Measurement and Reporting to Management and Improving.” The report was focused on the concepts of initiating, implementing, and sustaining a performance management process. The Commission created a framework expressly

for public managers and public officials who are in a position to provide leadership for initiating and sustaining performance management because they have primary responsibility for achieving results.

The report included the following observations and recommendations:

- At no time in modern history have state, local, and provincial governments been under greater pressure to provide results that matter to the public, often within severe resource constraints.
- Governments must improve their focus on producing results that benefit the public, and also give the public confidence that government has produced those results. The emphasis on process and compliance that has typified traditional public sector management has not been sufficient to make this happen.
- Governments must change their approach. Public sector management must become synonymous with performance management.
- Now is the time for governmental leaders to ensure that the organizations they lead are taking responsibility for achieving results that matter to the public – by practicing performance management.
- Accomplishing this will require public sector leaders at all levels, both elected and appointed, not only to set high expectations for performance but also to make a commitment to improving performance.
- Leaders must instill a sense of urgency about improving performance in their governments.

The Commission's report was conceptual. Even though the report provides useful information for governments for learning about and implementing performance management initiatives, it was not intended to be a how-to guide. For governments that currently have performance measures, the report offered information on how to use them to get better results. For governments that have not yet developed performance measures, the report provided a starting point for creating a performance management system.

The report made a strong recommendation:

*We urge public sector officials, managers, and all others who have a stake in improving the performance of governments to review this framework and make the commitment to apply the principles and practices contained in it for the benefit of their jurisdictions.*

Currently the County, primarily through its annual budget process, has taken steps to implement several, but not all, of the components needed for a performance management process. However, a policy or protocol outlining County standard practices for implementing a performance management process could not be found and the content and quality of the work produced and included in the budget varied from department to department.

### **Direction and Intent**

The County has created a clear statement of the direction and intent of its operations, which is embodied in its mission statement:

*Contra Costa County is dedicated to providing public services which improve the quality of life of our residents and the economic viability of our businesses.*

### **Establishment of Goals and Measurement Metrics**

Another example of an existing performance management process component already in place within the County is the setting of goals. Current practice is to use the budget preparation for each fiscal year to establish goals for the departments and activities within the County. However, in many cases these goals did not contain measurement metrics such as percentage of objective completed, performance related to estimated date of completion, and percentage improved vs. baseline performance level.

### **Alignment of Goals for Managers and Employees and Tracking of Progress**

The Grand Jury did not find that management verified that all employees had goals, or that goals were reviewed to assure alignment between department, manager, and employee.

### **Performance Evaluations and Recognition**

In the County, all department heads have been directed to verify that employees receive annual evaluations. Employee evaluation and performance practices in the County are the subject of a separate Grand Jury report, Number 1214.

### **Continuous Updating of Goals**

The Grand Jury found that the summary of department accomplishments for one year did not indicate levels of achievement for all of the goals for the previous year.

## **FINDINGS**

1. The County's mission statement provides a foundation upon which the County can begin to build a performance management process.
2. Many of the department goals stated in the County's budget document do not contain measurement metrics needed to establish clarity of purpose and measurability of progress.
3. Performance management is now a recognized "best practice" in the public sector that can be applied in the County.
4. There are numerous reports the County could review that describe possible ways to develop and implement a framework for performance management.
5. No one has taken overall responsibility for implementing a performance management process

in the County.

## RECOMMENDATIONS

1. The County should review information available regarding the development and implementation of a standard framework for performance management.
2. The County should adopt and implement a formalized, uniform performance management process, and identify funds to carry out this activity.
3. The County should assign clear responsibility for managing and monitoring development and implementation of a performance management process.

## REQUIRED RESPONSES

<u>Agency</u>	<u>Findings</u>	<u>Recommendations</u>
Board of Supervisors	1-5	1-3
County Administrator	1-5	1-3