

FOCUSING ON INPUTS, OUTPUTS, AND OUTCOMES: ARE INTERNATIONAL APPROACHES TO PERFORMANCE MANAGEMENT REALLY SO DIFFERENT?

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Abstract: The focus of performance information appears, on the surface, to differ among Canadian, Australian, and US federal governments. While these countries emphasize different aspects of performance, their federal guidelines on performance measurement share important common ground — the logic model. A performance logic model helps clarify the linkages between inputs, activities, and process and outputs, short- and long-term outcomes, and impacts. The model assists both analysts and managers to articulate the cause-effect theory of a program or service and should answer the fundamental questions about WHY an initiative exists, WHAT the expected outcomes are, WHO the program or service will reach and HOW it will be delivered. There is a tendency for organizations to focus on measurement before first describing the logic of their enterprise. International practice suggests that Canadian, Australian, and US approaches all promote the understanding of program logic before measurement. Such an understanding will be key to the successful implementation of performance management initiatives in each of these countries.

Résumé: Il semble, à première vue, que l'information sur le rendement soit présentée sous un angle différent selon qu'il s'agit du gouvernement du Canada, de l'Australie, ou des États-Unis. Si ces pays mettent en évidence des aspects différents du rendement, leurs lignes directrices fédérales concernant la mesure du rendement ont en commun un important fondement: le modèle logique. Un modèle logique du rendement contribue à préciser les liens qui existent entre les intrants, les activités, et le processus menant aux extrants, aux résultats et aux répercussions à court et à long terme. Le modèle assiste à la fois les analystes et les gestionnaires à expliquer la théorie de cause à effet d'un programme ou d'un service et devrait répondre aux questions fondamentales concernant POURQUOI une initiative existe, en QUOI sont consistents les résultats escomptés, QUI seront les

bénéficiaires du programme ou du service, et COMMENT la prestation en sera effectuée. Les organisations ont tendance à se concentrer sur la mesure du rendement avant d'avoir au préalable décrit la logique de leur entreprise. La pratique internationale indique que les approches canadiennes, australiennes, et américaines favorisent toutes une compréhension de la logique du programme avant de procéder à la mesure de son rendement. Une telle compréhension constituera un élément clé de la réussite de l'implantation d'initiatives de gestion du rendement dans chacun de ces pays.

“[P]erformance information should contain clear and concrete performance expectations with a focus on outcome-results” (Office of the Auditor General, 1997, p. 5). “We are changing what we measure — we are moving from monitoring inputs and tracking outcomes to focusing on the outputs required to achieve the outcomes desired by Government” (Boxall, 1997). “The [Government Performance and] Review Act seeks to improve the management of federal programs by shifting the focus of decision making from staffing and activity levels to the results of federal programs” (US General Accounting Office, 1998, p. 1).

So just where *should* public managers focus? From the quotes above, you might think that Canada, Australia, and the United States each pay attention to different aspects of public enterprise and program performance. Add to the mix the requirements for implementation of accrual-based accounting, government-wide indicators, and a balanced scorecard,¹ and one can rapidly see a public manager's vision getting distinctly *out of focus*.

Is it any wonder managers sign up in droves for training in performance measurement? Unfortunately, they often take courses only to hear general platitudes and self-evident truisms from (so-called) experts. In many instances, the cases presented provide only a vague relevance to their own situations — leaving participants just as confused when they leave as when they came.

Joseph Wholey, currently of the US General Accounting Office and long-time program evaluator, sees the problem as one of defining the term “performance.”

Performance is not an objective reality out there waiting to be measured and evaluated. Performance is socially constructed reality (Berger & Luckmann, 1966). Performance exists in people's hearts and minds if it exists anywhere at all.

“Performance” may include resource *inputs*; in particular, dollars and staff time. “Performance” may include *outputs*; products and services delivered to partners, clients, or the public. “Performance” may include *intermediate outcomes* such as client satisfaction, actions taken by other levels of government, or actions by those in the private sector (for example, to control pollution). “Performance” may include *end outcomes* or impacts such as changes in environmental quality or changes in health status. “Performance” may include *unintended outcomes* such as costs incurred by firms and individuals as they respond to environmental programs. “Performance” may include *net impacts*: what difference a program has made. (Wholey, 1997, p. 97)

So performance can include any and all of these perspectives. What is a manager to do?

In fact there is hope. A review of recent international guidance and practice suggests that international approaches have more in common than might be apparent.

LOGIC MODELS AS COMMON GROUND

The common ground is a logic model. The logic model is a diagram explaining the flow from inputs, activities, or processes to outputs, shorter-term and longer-term outcomes, or impacts.

The model helps analysts and managers alike to articulate the cause-effect theory of a program or service, as well as the roles and relationships implied by delivery. When distilled to its essence, a logic model should answer the questions WHY an initiative exists, WHAT short- and intermediate-term outcomes are expected to result from the initiative, WHO is reached, and HOW the initiative is delivered, through activities and outputs.

Canada’s Office of the Auditor General offers one version of the logic model in Exhibit 5.1 of the 1997 *Report of the Auditor General of Canada* as follows in Figure 1 below.

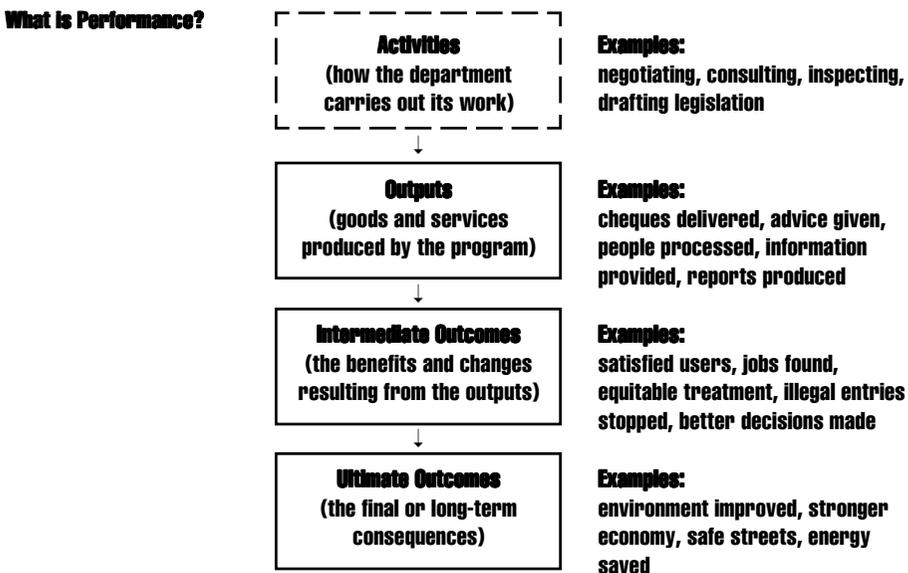
Australian guidance in the 1998 document “How to Measure Outputs” also advocates a logic model approach. While starting with outputs and their attributes of price, timeliness, and quantity, the

approach also refers to quality and contribution to outcome, which provide a logical connection between outputs and outcomes.

Recent iterations of the logic model have included the concept of “reach,” the users and stakeholders involved in the delivery of a program, service, or initiative. Along with the concept of reach there has been the recognition that a logic flow will have a hierarchy of outputs and especially outcomes. In Canada, the Management Committee on Industry Portfolio - Science and Technology Evaluation Sub-Committee has advocated a performance framework approach.

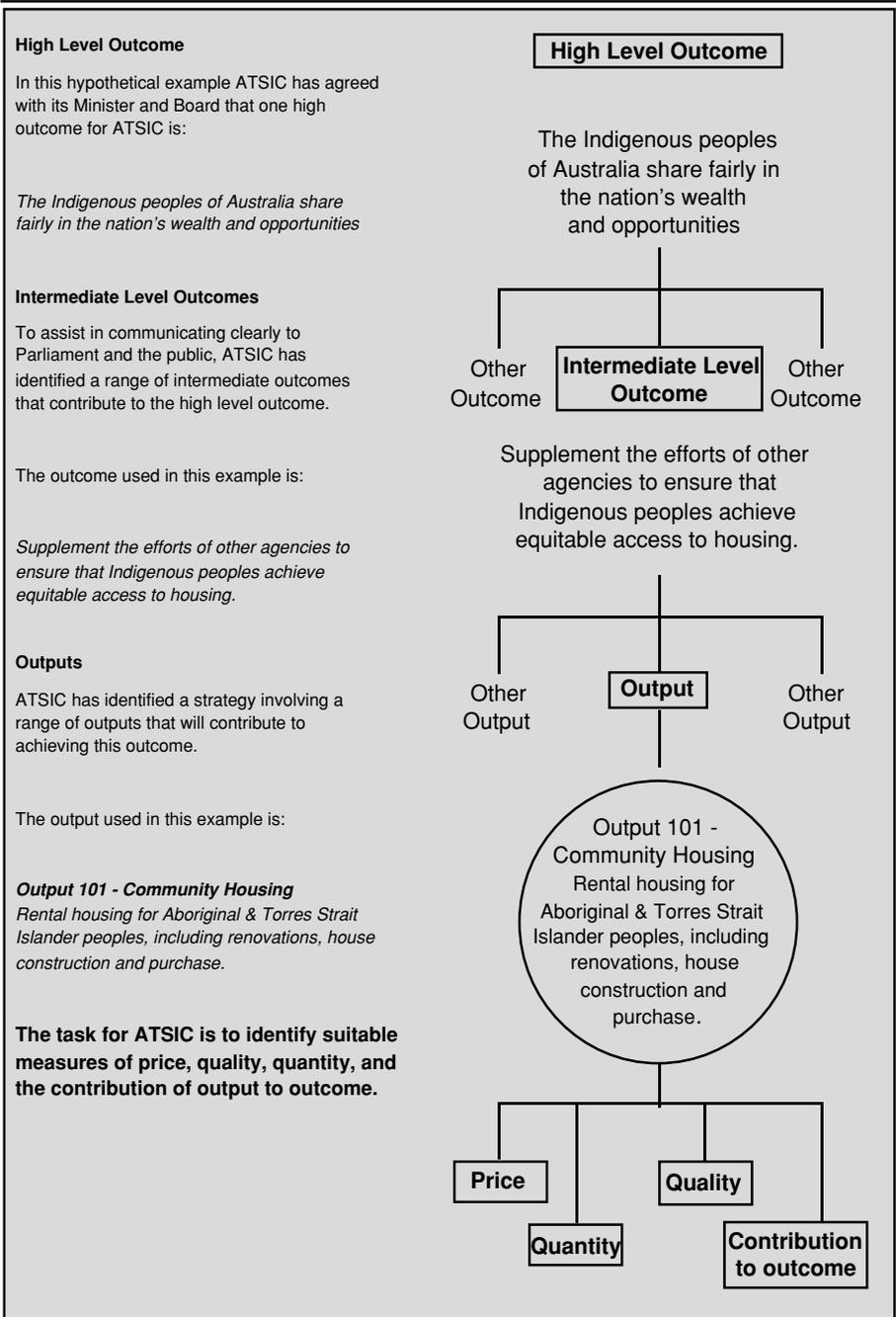
Conceptually, resources (staff and operating funds) are used to perform activities and create outputs. This is HOW one goes about achieving objectives. These activities and outputs reach a target user group either directly or with the aid of co-delivery partners and stakeholders. This is WHO is affected by the activities and outputs. As a result of the activities and outputs, the target client group behaves differently, and immediate outcomes occur. This is WHAT

Figure 1
Reporting Performance in the Expenditure Management System



Source: Office of the Auditor General of Canada (1997). *Report of the Auditor General of Canada. Chapter 5: Reporting Performance in the Expenditure Management System. Exhibit 5.1, pp. 5–8.*

Figure 2
Identifying Output 101 – Community Housing²



happens. Over the longer term, the changed behaviour leads to more extensive and consequential impacts which, if the program is performing well, can be causally linked to program objectives. This responds to WHY. Sources of information to measure program performance can then be identified and performance indicators developed in terms of these themes for any given program or organization.

US evaluator Michael Patton, in a recent version of his seminal text, *Utilization-Focused Evaluation: The New Century Text*, draws on a logic model two decades old to illustrate both reach and a hierarchy of outcomes. Figure 4 displays the approach.

Figure 3
Performance Framework

Mission Statement: Who does what to whom and why.				
HOW? (Resources)		WHO? WHERE? (Reach)	WHAT do we want? WHY? (Results)	
Activities	Outputs	Reach	Direct Outcomes	Ultimate Impacts
Program/service management	Communications - plans/ directives/ regulations - internal communications - promotion information transfer - consultations meetings events Service outputs	Primary target (clients)	stakeholders	Client service: - addresses needs - meets/exceeds expectations - services satisfaction Behavioural influence - awareness - understanding - knowledge gain - attitude/perception - decision - action
Client management		Co-delivery agents		
Policy and issue management		Other		
Financial management				
Human resource management				
Asset management				
↑	↑	↑	↑	↑
Influencing Factors				

Source: Steve Montague, *The Three Rs of Performance: Core Concepts for Planning, Measurement and Management*, Performance Management Network Inc., 1997, Ottawa, Ontario, Canada, p. 168.

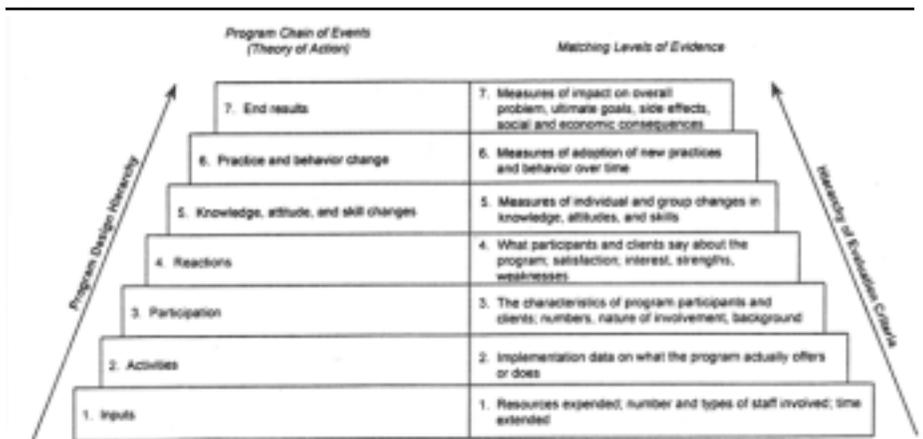
Note hierarchy items 1 and 2 relate to HOW, item 3 relates to WHO, items 4 through 6 relate to WHAT, and item 7 relates to WHY.

Finally, in their excellent 1998 guidebook, *Specifying Outcomes and Outputs*, the Australian Federal Public Service provides a number of examples of output-outcome hierarchies — even for the difficult area of policy. Figure 5 shows one such chain for retirement policy advice

CONCLUSION

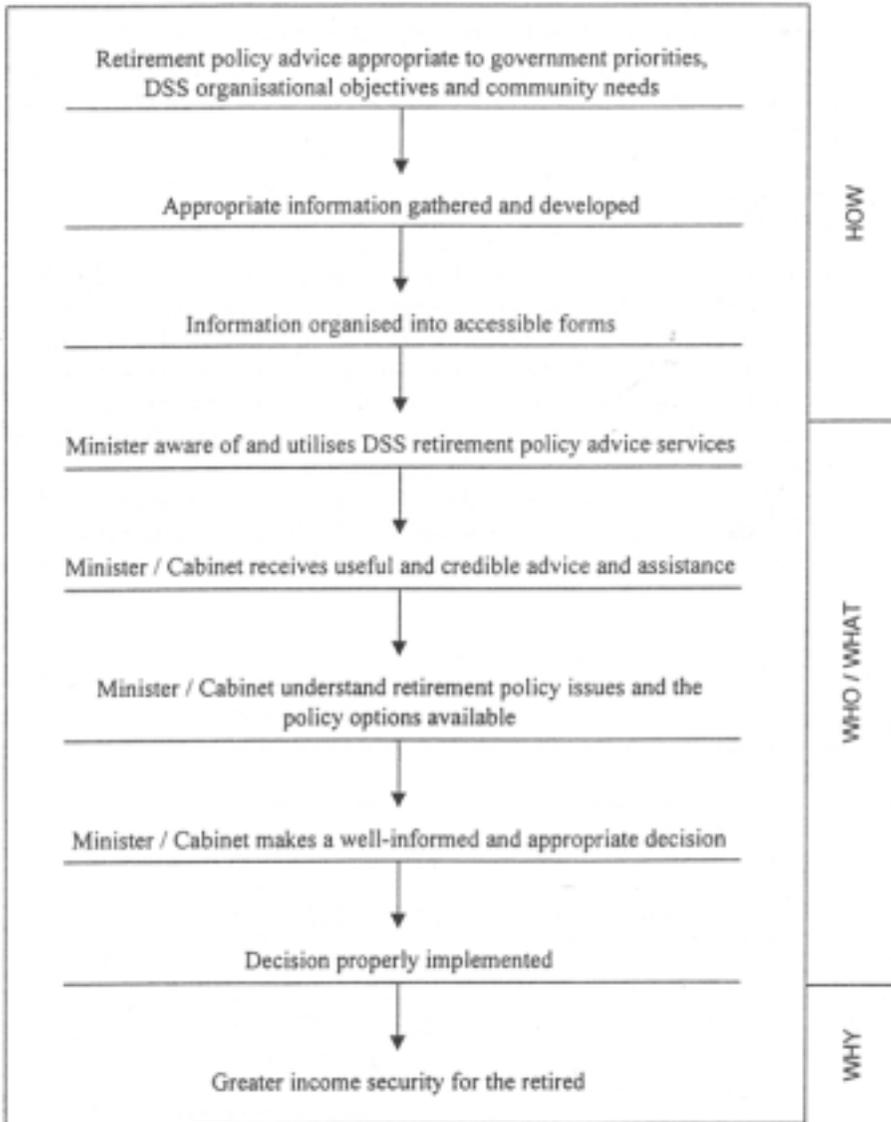
In summary, a careful review of international practice suggests that the underlying ethos of the Canadian, Australian, and American systems is not so different after all. The approaches boil down to articulating a logical flow of desired events. The models describe the use of resources in terms of activities and outputs flowing to reach targeted users and stakeholders, resulting in a hierarchy of expected outcomes. The hierarchy starts with reactions and behaviour changes in individuals and groups, leading to broader benefits and impacts at the community and societal level. Whether it is top-to-bottom, bottom-to-top, or left-to-right — the logic flow is the same.

Figure 4



Source: Adapted from Claude Bennett 1979. Taken from Michael Quinn Patton, *Utilization-Focused Evaluation: The New Century Text* (3rd edition) (Exhibit 10.5). Thousand Oaks, CA, 1997, p. 235.

Figure 5
Outcomes Hierarchy for Retirement Policy Advice



Source: Taken from Department of Finance and Administration, *Specifying Outcomes and Outputs: Implementing the Commonwealth's Accrual-based Outcomes and Outputs Framework*, Commonwealth of Australia 1998, p. 82.

Upon reflection, it appears that the admonitions to focus on outputs or outcomes or key results are misguided. The point is really to focus on the relationships, flows, and trade-offs *among* these different components of performance. Public administrators across Western democracies will only improve management once they take in the bigger picture — guided by some form of logic model — before setting out to focus on specific measurement areas. Under the surface, Canadian, Australian and US approaches all promote the understanding of program logic before measurement. The recognition of logic before measurement will be a key element in the future success of performance management initiatives in these countries.

NOTES

1. The US government Working Group on Implementation of the *Government Performance and Results Act* recently described the concept as follows. The scorecard looks at performance from four perspectives rather than from a single, traditional bottom-line measure. Kaplan and Norton (1993) recognized that performance is not one-dimensional; there are multiple contributors categorized as:
 - customer perspective — the focus is on customer needs and satisfaction;
 - internal business perspective — the focus is on the effectiveness of key internal processes;
 - learning and growth perspective — the focus is on how the organization invests in and supports its human resources; and
 - financial perspective — the focus is on the bottom line results achieved.
2. Source: Department of Finance and Administration (1998). *How to Measure Outputs*. Canberra: Commonwealth of Australia, p. 4.

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