



A joint initiative of the OECD and the European
Union, principally financed by the EU.



Workshop II

Standards and Targets

Elke Löffler and Salvador Parrado

Second step: Define suitable performance indicators

- ♥ **The choice of indicators depends on definition of quality**
 - **Infringement of minimum standards?**
 - **Meeting objectives/purposes?**
 - **Meeting customer expectations?**
 - **Creating symptoms of customer emotional identification with 'brand'?**
- ♥ **Proxies for quality: rate of innovation, level of adaptiveness, ability to learn**

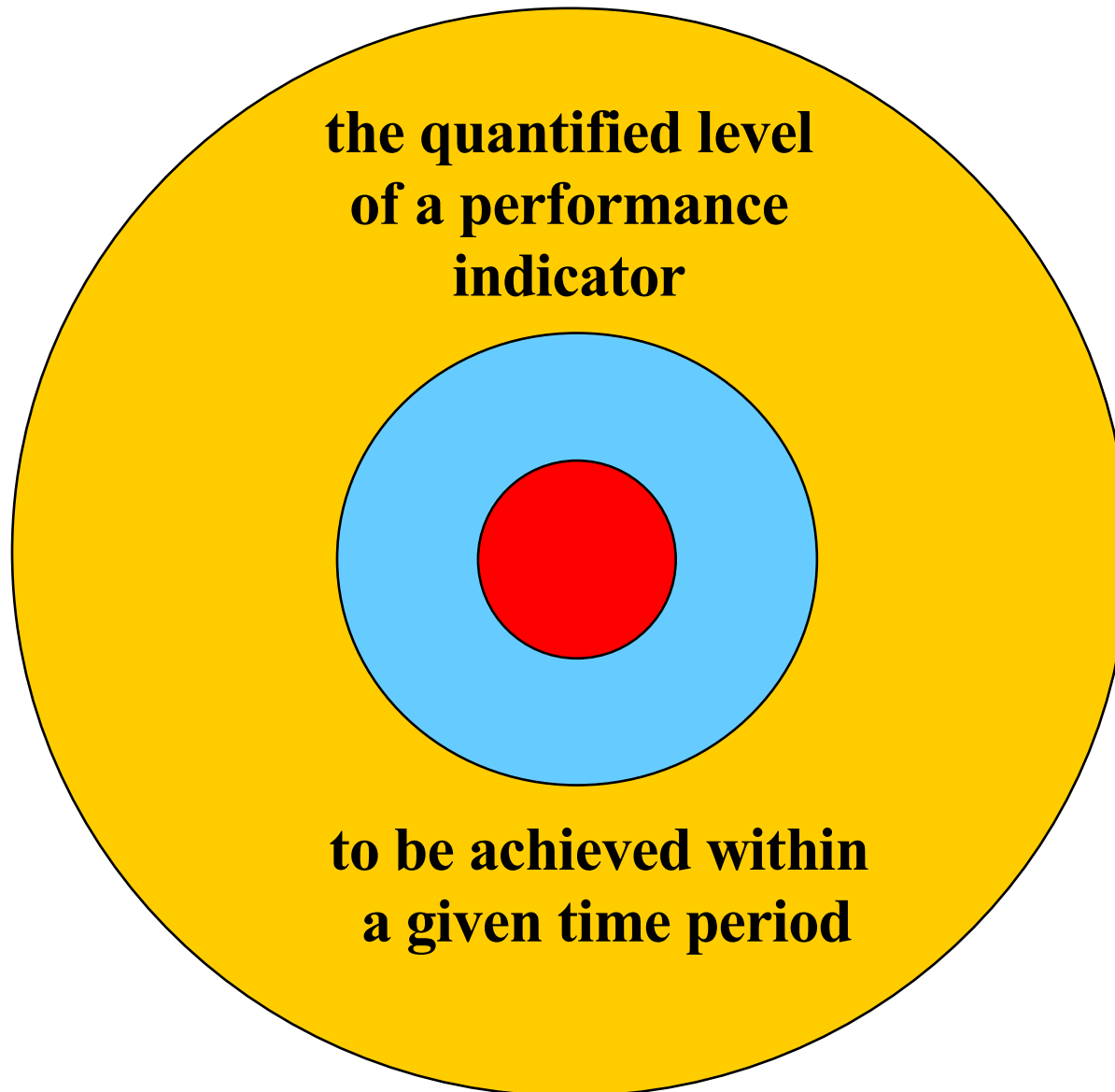
A typology of quality indicators

- ***Input indicators***: e.g. number of employees, money spent, number of hospital beds, number of public buses ...
- ***Output indicators***: e.g. number of pupils taught, number of discharged patients ...
- ***Outcome indicators***: e.g. increased grades achieved in schools, reductions in unemployment ...

Third step: Define standards of quality

- ♥ **‘Hoped-for standards’ (political targets)?**
- ♥ **‘Minimum’ standards (‘promises’ by the organisation)?**
- ♥ **Assured or guaranteed standards (legal targets)?**
 - ♥ **Redress?**
- ♥ **Budget implications?**

Remember – a target (e.g. a standard for quality) specifies ...



*Group Exercise 1:
Defining quality indicators and targets*

- Think of the definition of **quality** you used in the previous session
- Choose a **priority service** delivered by your agency
- Define 2-3 **indicators** and **targets** for the quality of this service, keeping in mind your definition of quality
- Check in a small group whether your indicators meets the **SMART** test

The SMART test for targets

- **S**pecific
- **M**easurable
- **A**chievable
- **R**ealistic
- **T**ime-related

*Group exercise 2: **Who** should decide the standard of quality in your organisation?*

- **The top manager of your agency?**
- **Your marketing department?**
- **Your middle manager?**
- **The external consultants/advisors?**
- **The minister/mayor?**
- **The front-line staff in service sector organisations?**
- **NGOs?**
- **The service users?**
- **... Someone not mentioned here?**

Quality measurement is a multi-stakeholder issue

	<i>Quality is privately experienced</i>	<i>Quality is socially experienced</i>
<i>Quality is simple to evaluate</i>	Users know about quality	Politicians know about quality (+ 3 rd sector?)
<i>Quality is complex to evaluate</i>	Professionals know about quality (together with users)	No one group knows about quality - politicians must decide

Source: *Walsh, K (1991) Competitive Tendering for Local Authority Services - Initial Experiences. London: Department of the Environment.*

What are we looking for in successful ‘organisational performance’?

- **Clarity about purposes of performance management-control, direction, learning**
- **PIs related to objectives, unless ...**
- **Targets related to each objective**
- **Balanced portfolios of PIs - separate PIs for economy, efficiency, effectiveness, outcomes, equity and quality**
- **Agreed PIs, not imposed PIs (unless ...)**
- **PIs set and reported for priority issues first**
- **Comparisons made over time and between departments/agencies, with transferable lessons identified and implemented**
- **A clear and systematic performance management system, with responsibilities of staff clearly set out**
- **“Short, sharp, snappy” system!**

Unintended consequences of PM

- **Measure fixation** (ignoring the real objective)
- **Tunnel vision** (ignoring non-measurable objectives)
- **Sub-optimization** (achieving your own objectives rather than those of the organisation)
- **Myopia** (pursuing short-term or narrow objectives)
- **Misrepresentation** (deliberate 'glossification')
- **Misinterpretation** ('lions controlled by donkeys')
- **Gaming** (keeping down the rate of improvement to make future performance look better)
- **Ossification** (ignoring new needs and opportunities)

Adapted from Peter Smith (1995)

Some ‘Silver Rules’ of Performance Measurement

- **Be clear about purposes**
- **Relate PIs to objectives, unless ...**
- **Use targets – but only AFTER setting the underlying objectives**
- **PI portfolios must be balanced**
- **Set separate PIs for economy, efficiency, effectiveness, outcomes, equity and quality**
- **Self-assessment is normally better (but requires audit)**
- **Agree, don’t impose (unless ...)**
- **Assess priorities first – ‘proportionality’**
- **Make comparisons over time and between departments/agencies**
- **Organise for performance management**
- **“Short, sharp, snappy”**

Summary

- ♥ **The measurement of service quality cannot be left to managers - different stakeholders must be involved (depending on the situation)**
 - Of course, you cannot measure **every** dimension of quality and you should not try to do so
 - But if you do not try to measure **some** important dimensions of quality, you will probably not achieve them