

Public sector

Management paper



Performance breakthroughs

Improving performance in public sector organisations

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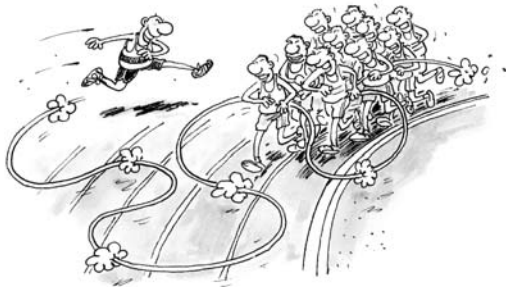
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1

Introduction

- 1 Managing performance is not rocket science. It is about practical ways of improving how you do things in *your* organisation. Its only purpose is to deliver better quality services to local people. It is about supporting your staff to make the difference that originally attracted them into the public sector. Managing performance involves much more than setting up a system. The mechanics – targets, indicators, and plans – are only a small part of the whole process, and they are easy to deal with in comparison with getting the right focus, leadership and culture in place.
- 2 The benefits remain strong: organisations that work at managing performance know what they need to do and how to do it. Therefore, they are much more likely to provide good services to local people. They concentrate on the services that matter most, and are quick to identify problems, find solutions and take action to improve performance. They look for effective solutions ‘in the round’ to big problems rather than focusing on technical systems. Their staff understand what matters most and how they have to change what they do so that services get better.
- 3 There is no shortage of writing and training on performance management – whether it be on business planning, strategic management, appraisal, project management, communication, the ‘Balanced Scorecard’ or the ‘Business Excellence Model’ – why add another report? While the mechanics of managing performance are straightforward and logical in principle, many organisations find them difficult in practice. As one delegate at a recent Audit Commission workshop told us: *It can feel as if it doesn't matter which way you are running, so long as it's fast*. People told us that they wanted something that shed more light on why managing performance can be so difficult and why some of the best attempts at improvement can fail. They wanted insights into how other people have begun to tackle these difficulties.
- 4 To answer these questions we worked with 12 organisations drawn from local government, the health service and the emergency services over a period of four months. All of the organisations have been working hard to manage their performance. They are each at a different stage, and some have made more progress than others. However, they have all worked at their approach, identified areas where they can move forward, and refused to let all the competing demands overwhelm them. By concentrating on one element of managing performance, they have found that others have become easier.
- 5 In Chapter 2, we present six barriers that public sector managers face when trying to manage performance successfully. Chapter 3 describes eight ‘breakthroughs’ that have helped organisations to move forward. Chapter 4 introduces a simple model that we have developed based on the themes of this paper, which will help you assess how well your organisation overcomes these common barriers and how you might start to make the ‘breakthrough’.



It doesn't matter which way you are running, so long as it's fast.

- 6 This paper is for chief executives and senior managers in public sector organisations who are responsible for shaping and changing their organisation's approaches to managing performance. Others who are involved in managing performance on a day-to-day basis will also find it useful.

2

Why managing performance is difficult

- 7 Public sector managers express very similar frustrations when describing how they manage performance in their organisation. They feel, among other things, pulled in several directions, overwhelmed with 'urgent' priorities, frustrated with the pace of change, and under constant pressure to deliver both national agendas and the local service.
- 8 As we explored these difficulties, we came back repeatedly to six underlying reasons why people feel like this:
- Leaders aren't interested.
 - There's no time to learn.
 - There are too many priorities.
 - People don't understand that what we *do* has to change.
 - The system doesn't help.
 - Some people don't perform.

We illustrate these below, combining examples from the conversations we have had with managers.

Leaders aren't interested

I am trying to manage performance down here but feel like I am doing it in a vacuum. I feel frustrated that the rest of the organisation does not recognise the efforts I am making to meet performance targets, engage my staff in setting the direction of the service, and find ways to improve. My Director says the right things in public about the need to manage performance but does not seem prepared to give me much time to think about it and certainly does not transmit any enthusiasm for it to staff.

Senior Manager

- 9 The issues for this senior manager are that:
- The Director is not making it clear to staff that managing and improving performance is important.
 - Without this support, the senior manager will find it difficult to sustain the message to staff that it is important.
 - Staff are unlikely to feel supported in trying to improve.



Leaders aren't interested.



There's no time to learn.

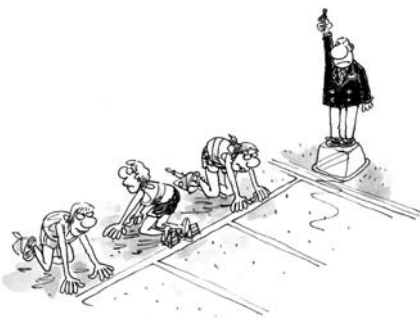
There's no time to learn

We want to understand what works but everyone is so busy just trying to manage the day to day. I know we are underachieving in certain areas, but however we try to fix it things do not seem to get better. We need to take a step back and see the wood for the trees – but that is not the culture around here. People think if you are in a meeting, you are bound to be wasting time – and that anything that does not focus on day-to-day survival, cannot be important. Only the other day the CEO cancelled a review of a new project we had done in environmental services because 'something operational' had come up. Mind you, some staff were pleased as the project hasn't gone well.

Director

10 The issues for this Director are that:

- People in this organisation, like those in many others, find a structured approach to review and learning difficult and find many ways to avoid it. There are several reasons for this: they may lack confidence in their ability to solve some of the basic service problems; they may find looking at their own personal performance difficult; or they may not know how to best structure a review session.
- Learning is uncomfortable. People may have to take difficult feedback about the way they have been doing things for many years. However, we can often learn more from our failures than from our successes.
- The Chief Executive is not giving a clear message that learning is important and that time and space should be made for it.
- Learning takes time, focus and energy and can often mean putting off something else important.



Do we really understand where we want the organisation to go?

There are too many priorities

I feel shackled and overwhelmed – everything seems to be a priority, my room to manoeuvre is limited and I am not sure I am doing anything very well. I am not sure what to concentrate on. Things seem to come down from the top, bottom and sides and they are all priorities. I feel pulled in one way by all the government targets, and another in what we are trying to do for our customers on the ground. I am not sure what the corporate priorities really are.

Middle Manager

11 The issues for this middle manager are that:

- No one at the top of the organisation has translated the many and complex demands from the outside world into a clear direction that makes sense for staff. This is often avoided as it means that the leadership team have to think hard about how to reconcile competing pressures, and it can be easier to blame the pressure of the government agenda rather than to take control.



- If the leadership team have done this thinking, then they may not have clearly communicated the results, to ensure that others in the organisation know what the priorities are and, importantly, what they can drop.

People don't understand that what we do has to change

We have refocused our priorities on what's important – but things don't seem to be happening. We do not seem to be able to translate that into actually making things change. People are just carrying on as normal – delivering services and trying to manage within budget. They tend to think that all this 'performance management' stuff is just management speak, and say that they came into the organisation to be professionals and provide services, not to worry about how to run the place.

Chief Executive

12 The issues for this Chief Executive are that:

- She may have refocused priorities, but without tough decisions about services and resources, little will actually change.
- She needs to understand that improving services will always involve change, so the task is as much about change management as it is about performance management. This will involve understanding how people change and how you motivate them to change. People do not change easily or all at once. Most people need a chance to try out new ways and to become familiar with new procedures.
- The staff need to be involved in developing priorities, in order to be prepared to make the changes necessary to achieve them. Communication about change needs to be clear and staff need to fully understand their role in the change.
- The Chief Executive understands how important middle managers are in actually changing the way that people do things, but she may be expecting a transition from professional to manager too easily and without the necessary development and support from the organisation.
- She may not have put the theory of performance management into plain language for staff. The language used may not actually reflect what they do or *how* what they do contributes to improving performance.



It seems to have taken on a life of its own.

The system doesn't help

We have just got a new system for managing performance, but I am not sure it has made anything easier. We talked to a neighbouring organisation and decided to adopt the model they were using, but also add in a software element for our many performance indicators. We have spent time as a management team working it through and I think that now we understand it, we need to introduce it to staff. To be honest though, it seems to have taken on a life of its own and I can't quite work out how it is going to change things.

Chief Executive

13 The issues for this Chief Executive are that:

- It is not clear what problem the new system is trying to solve, or what the Chief Executive wants from the system.
- He does not seem to understand clearly that a system for managing performance is *just that* – a system, it can help to organise the approach but cannot do the hard thinking and decision making for the leadership team.
- A system designed for another organisation may not fit well into this one. The language used in it may not reflect what this organisation and the people in it do and it may not be flexible enough to change as the organisation changes.
- It is not clear whether the system will help them to measure what is most important – or just what is measurable.



Some people don't perform.

Some people don't perform

I know that part of the problem is that a few members of staff are just not performing well enough. In a people service, we know that we rely on our staff to perform – they are the organisation to most people. Customers do not care what organisation a person is from or what targets they have to reach. They care about whether they are comfortable with the district nurse treating their elderly mother. I've tried with some people, but not got anywhere – but it's so difficult to address this in the public sector. It's not helped when you can see some bad performance at senior level simply not being addressed – and my Director seems very unwillingly to support me once it starts to get difficult.

Senior Manager

14 The issues for this senior manager are that:

- He finds, in common with many others, that managing people whose performance is inadequate is very challenging and therefore puts it off. Unsatisfactory performance may not be addressed further up in the organisation, so he may feel little pressure to do so in his area.

- He may not have had the necessary training and support to spot under-performance, understand it and deal with it, or to identify when a person is simply in the wrong job. He may not have a clear understanding of how to help people do their jobs to the best of their ability.
 - Individuals do not do their jobs in isolation. The systems (such as the reward system), processes (such as the levels of delegation) and culture (such as accepted norms of behaviour) in this organisation may not help some people do a good job.
- 15 Managing performance means managing all areas of an organisation – systems, processes and people. These are obviously interconnected – and the trickiest problems are often where one or more areas are linked (for example, when a leadership team fails to support a new performance management system). The task can seem impossible – and, as a result, it is tempting for people to address one or two relatively ‘easy’ problems quickly – when actually the time needs to be spent tackling some of the underlying causes.
- 16 Our case study organisations each decided to address one or more of these barriers – and as they did so it became easier to tackle the others. Chapter 3 explains how.

3

Eight breakthroughs to improved performance

17 We found eight areas that people concentrated on which made a difference. They started to:

- Make it clear that performance matters;
- Join up their thinking and learn;
- Concentrate on the things that matter;
- Make national agendas work for their organisation;
- Sign up their staff;
- Find their own frameworks;
- Measure what matters; and
- Help people to perform well.



You can't take your eye off the ball.

We explain each of these below. Although it helps to make progress on several fronts, moving forward in one area is a good start. A common thread running through each breakthrough is the *focus* and *doggedness* that people showed. Often they have tackled a common problem in a familiar way – but kept at it.

You can't take your eye off the ball – you just have to keep going at it and eventually you will get a breakthrough.

David Stevens, Chief Constable Essex Police

Breakthrough 1: Show your staff you think performance matters

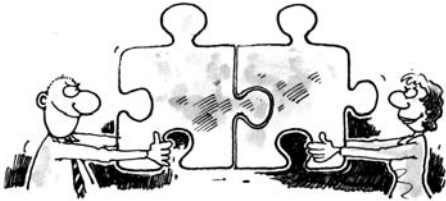
Effective leaders challenge the status quo both by insisting that the current system cannot remain and by offering clear ideas about superior alternatives.

Donald M. Berwick¹

18 When managers introduce any new initiative into an organisation, few factors can sabotage it as effectively as the grudging or lukewarm support of senior managers. Leaders and 'champions' are needed at all levels in an organisation, and in healthy organisations leadership is felt to be shared throughout the organisation rather than belonging to just one group of people at the top. Leaders must constantly reinforce the message to staff that performance matters but, more importantly, they must show this by what they *do*. It is very easy to say the right things, but people will only change what they do if they see leaders *doing* things differently.

¹ Donald Berwick, *Education and debate: a primer on leading the improvement of systems*. British Medical Journal volume 312, 9 March 1996.

- 19 One chief executive told us, *clear objectives need to be stated, repeated and communicated widely including what is at the top of the list and what is negotiable.*
- 20 An enthusiastic chief executive is not enough on his or her own, but neither is leadership lower down the organisation. At lower levels in an organisation, even strong leadership may wither if people at the top do not constantly set an example. For example: one senior manager and her team had spent a great deal of time working out how to present performance information for their department in line with a new streamlined system agreed earlier in the year by the management board. Then they discovered that the board showed only passing interest in it. In reality, the board were still measuring organisational performance in the old way (from several unsatisfactory performance indicators and informal chats with service directors). Not surprisingly, the new initiative failed to take root in the organisation and the team, that had spent time and energy on it, felt very demotivated.
- 21 Tim Brain, Chief Constable at Gloucestershire Police describes below how he makes it clear that performance matters:
- In Gloucestershire we live, eat and breathe performance and improvement. I believe that managing performance is the real key to success and I make my position clear by getting involved. I can review performance information from across the Force at my PC and I chair monthly performance improvement conferences with all the senior managers. As part of my inspection process I visit stations, speak to staff about performance issues, and reinforce my message that performance matters and it has to be managed to improve.*
- 22 Craig Mackey, Assistant Chief Constable at Gloucestershire also told us:
- The passion for managing performance spreads through the team in Gloucestershire. We all have a desire to improve performance, and challenge and question what we are delivering. For us the status quo is not acceptable, we want to push performance and set ourselves demanding targets.*
- 23 With strong and enthusiastic leadership across the senior team, Gloucestershire Police have started to change the way that people think about what they, as teams and individuals, need to do to help the organisation improve.



Join up your thinking and learn.

Breakthrough 2: Join up your thinking and learn

Corporations, like individuals, need time out for reflection.

Peter Senge^I

A learning organisation is...where members of the organisation question the operations continuously, find mistakes or differences and fix these themselves by restructuring their organisation and operations.

Chris Argyris^{II}

24 People find learning difficult and 'review' is often the step in the 'plan – do – review' cycle of performance management that they completely leave out. As a result, much of the time people do not know whether decisions or changes they have made have actually improved things – a huge waste of management and staff time. To make sure you know what is really working you must:

- take regular time out as a management team in a well-facilitated session;
- get feedback from others about what they feel is working/could be improved;
- use good performance information, which reflects not only the current situation, but also reflects specifically the results of decisions you have made;
- reflect on what you do need to do differently, as an organisation, as a management team, and as individuals;
- share this with the organisation, to guide both people's reflection and what they do;
- combine this with encouraging people to experiment and try new ways of doing things; and
- accept that some things will not work – but make sure you learn from your mistakes.

Case study 1

Southampton University NHS Trust

Southampton University NHS Trust decided they wanted to improve their patients' experience in areas of service that were important to patients and to the Government. They recognised that in a complex area like healthcare, a wide range of factors influences the success of services – and that they needed to understand these. The Trust set up a 'Transformation Team', to create the capacity and challenge they needed to learn. Kevin Flynn, the Director of Planning and Modernisation at the Trust describes their approach below. Some successes are already evident:

A year ago, we were focused on 'getting through today' and our internal issues, but we recognised that we needed a new approach to some of the problems that were stopping us from meeting Government targets and improving services. We knew there were some fundamental problems across the entire local health system, which

^I Peter Senge, *The Dance of Change*, Nicholas Brealey Publishing, 1999.

^{II} Chris Argyris quoted in *An Intelligent Organisation*, by P Sydanmaanlakka.

included all the other organisations involved (acute and primary care and social services). We knew we were good at treating individual patients but not good at managing the process for groups of patients. How I put it is, that on a scale of progress, for an individual patient our system had done the equivalent of putting a man on the moon – but in terms of how we manage the process for groups of patients we had not even designed the bicycle.

We recognised that most of our people are working hard just to deliver the service within budget – they were so busy with what they were doing that they simply did not have the mental space to think about how. We therefore set up the Transformation Team – a group of healthcare professionals from our trust and from primary care that were skilled in process mapping, systems thinking and facilitation techniques – who focused just on trying to help frontline staff solve these fundamental problems. The Team included people who could help approach the problem scientifically, using sophisticated modelling techniques. We wanted to engage people and to get them to look ‘above the parapet’, if even for a moment. We wanted to give people time to realise that many of the things they do might be necessary, but some may not. We made sure that we had operational managers moving in and out of the team – so we could steep them in the techniques and then they could go back into the organisation, and approach problems differently in future.

Our first project was orthopaedics, where we had some big problems: long waiting lists, 94 per cent bed occupancy; problems recruiting surgeons and nurses; and very low morale in the team. We worked with the orthopaedics department and with our partner organisations to look at what was going on, from the patients’ perspective – we looked at their whole journey through the system from primary healthcare through acute healthcare and on to liaison with Social Services. Through modelling, process mapping and workshops we recognised that we needed three main things:

- 1. some kind of demand management in place – 60 per cent of those referred from their GP did not actually have an operation in hospital and many, therefore, did not need to come in;*
- 2. more community ‘step-down’ places for patients who were ready for discharge from hospital but could not go home; and*
- 3. more theatre capacity (to reduce our waiting times) – we needed to reduce the lengths of stay and improve our bed management.*

We would not have realised this if we had not done this work – and we would have tried to solve the problem through increasing beds or staffing. Because of this work, we have:

- trained GP specialists in orthopaedics and set up multidisciplinary triage teams;*
- created 60 intermediate care beds in the community;*
- reduced our waiting lists to 15 months (inpatients), 26 weeks (outpatients) and reduced the total waiting list by 230;*
- eliminated our nurse vacancies;*

There has been a transformation in the way that we work overall – in orthopaedics we are now planning weeks and months and years ahead whereas previously we worried just about how to get through the day...

- *built two new theatres;*
- *expanded our weekend and evening services; and*
- *restructured the way our wards work.*

There has been a transformation in the way that we work overall – in orthopaedics we are now planning weeks and months and years ahead, whereas previously we worried just about how to get through the day. We now know broadly what capacity we need within a certain timescale and work to a much longer-term operational plan. In terms of performance, we are managing and re-projecting our plans all the time – we would never have done that before. People now manage the ‘here and now’ in light of the longer term. We have improved all stages of the process. For example, on pre-assessment: previously people arrived at the hospital and waited for things to happen. Now we manage the process: we identify how long the patient will be with us and base the ward staffing on that. We manage capacity on a daily basis – previously we just managed the next patient. The morale on the ward has increased significantly – our nurse manager has just applied to go on a leadership course because she feels she has a purpose to her job now. We haven’t solved all of our problems, but we really feel we have broken the back of them – and people feel more able to sort their own problems out.

Southampton discovered that to change the way people and systems had been working for years they had to set aside resources for learning, work closely with staff on the ground and with partners, and think in detail about the users’ perspective. The real issues in orthopaedics were not what they seemed at first and had they taken action without the detailed reflection, it would have had little effect.

- 25 However, not all problems will need such a comprehensive approach. Sometimes just taking an hour out with colleagues to think ‘what is *really* going on here?’ can give you a chance to step back and avoid wasting energy trying to solve the wrong problems.

Breakthrough 3: Take action on what matters most

I have a philosophy about how to lead a business, which is very much about creating a vision, setting clear objectives and being great on communication. You must ensure everyone knows what a great day’s work looks like.

Penny Hughes¹

- 26 Public sector managers have to manage a complex set of demands, priorities and accountabilities, often across a wide number of service areas. This can make it easy to lose sight of what is most important. Our fieldwork revealed three crucial actions:
- Focus on what your organisation is about, prioritise and *do something*. As part of this you must consider competing priorities and make difficult judgements about which should come first.

¹ Penny Hughes, former President of Coca Cola for UK and Ireland.

- Get the right people involved in deciding what matters.
- Put resources behind what matters most.

The practical examples that follow show how organisations have achieved this.

Focus on what matters, prioritise and do something

27 Throughout our work, we found a recurring theme: the need for clarity of purpose and focus. We found that organisations find this difficult to sustain. It is only possible to focus attention on a limited number of issues and have any impact; trying to do too much will mean the sheer volume of activity will overwhelm you. Managers need the courage to say ‘no’ and management boards need to make sure that clarity of purpose is obvious in how they work.

As a management board, we have decided to divide what is reported to us into two areas; those that require senior management attention, and those that can go into what we call ‘maintenance mode’. The management board look only at the former – so we focus only on what we need to do differently, or on what we want to do better. It is the only way to move things on.

Senior Executive

Case study 2

Wellington City Council, New Zealand

Clarifying your most important priorities can quickly bring focus to activity throughout the organisation. Paul Shields, Performance Development Manager at Wellington City Council in New Zealand describes how they did this.

Like every local authority, we faced a lot of pressure to improve performance. We seemed to have all the right things in place for improving performance – we regularly updated and reviewed our plans and provided good services – but little had changed or improved in the last few years. In 1999, we were all feeling under pressure and wanted to see some real improvements across the board. We had so many plans we could not see where we were going; financial pressures were frustrating the elected members who could not do what they wanted and staff morale was low following a restructure.

We (officers and members) all recognised that the main problem was a complete lack of coherence and focus. We were not clear where we wanted to go and what the most important things were; there was no real ownership of all the plans and strategies. We decided to concentrate on this lack of focus first and build a vision and direction for the Council.

We needed to decide what our real priorities were in order to ensure Wellington was fit for the future. With some support and external research, we identified four priorities:

- *Urban development: we needed to look at opening up more areas of the city for residential and commercial use.*

- *City safety: people needed to feel safer when walking around the city and we needed to make sure we retained our tourist trade.*
- *Retaining business: people and businesses were being attracted both to other cities in New Zealand and overseas.*
- *Developing our harbour and waterfront: we had to decide how we were going to use this valuable (but controversial) space.*

We focused on developing good solid strategies around areas that we wanted to grow – while making sure that services did not suffer. Examples of initiatives we set up are:

- *a new economic development agency: to focus specifically on how we were going to develop key bits of the city for commercial use – attract businesses in and support them to stay;*
- *a northern growth management plan: a strategy to identify how we opened up emptier areas of the city to encourage economic growth; and*
- *a city safety office; we now employ city safety officers who act as the ‘eyes and ears’ of the council – they walk the street 24-hours a day, interact with citizens and tourists and identify any major infrastructure problems we need to act on.*

This did mean dropping some existing initiatives – but without doing some hard thinking about where we wanted the city to be in the 21st century we would not have focused energy and resources on the right things. Keeping things going is not good enough – our work helped us identify what we wanted to change. To make sure that all Council activities help us keep that focus we use a ‘strategy tree’ to check whether new projects link into our overall strategic direction and the outcomes that we want. For example, one of our high-level aims is ‘to keep people feeling safe’ – the city safety initiative links clearly into that. If there is no link to what we want for the people of Wellington then it does not happen.

The result of all this work is a much more focused approach to what our organisation is doing to meet the city’s needs. This in turn has made prioritising, making decisions and managing performance much easier as we have a clear focus to hang it all on.

Wellington Council decided they had to choose their priorities and then make difficult decisions. After they had done that, it was easier to ensure that everyone in the Council works to achieve those priorities.

Get the right people involved in deciding what matters

- 28 You need to get all of the people involved in setting the direction for your organisation – including non-executives, politicians and Authority members – talking about the things that matter, so that change is supported from the top.

...the members were very clear that they wanted services to be much more accessible to people, for managers to deal with issues that crossed department boundaries and the council to clearly put local people's needs and practical concerns first.

Case study 3

Gateshead Council

Chief Executive Leslie Elton at Gateshead Council, describes how the Council successfully involved members in deciding priorities and improving services:

In 1998 myself and the Leader of the Council recognised that, although we were a stable organisation, delivering good services, the way we went about our business was not necessarily going to work in the future. We needed to change into an organisation that would meet the expectations of the people of Gateshead for the 21st century. We needed to keep delivering what we always had but change both our organisation and behaviour. The political and management structures did not lend themselves to radical change or 'joined up' service delivery – critical if we were to become 'One Council'.

The members took the first step in May 1999 by moving to a Cabinet system with supporting advisory groups and scrutiny. This could be seen as a leap of faith as this was an untried system and members did not have a clear view of what exactly would be involved. However, the members were very clear that they wanted services to be much more accessible to people, for managers to deal with issues that crossed department boundaries and the council to clearly put local people's needs and practical concerns first.

An example of how members helped this to happen is a Scrutiny Panel's involvement in the Adaptations Service Review. The Panel allocated three groups of their members specific tasks in the review process. Five meetings were held during which members examined the review in detail with all the groups involved – service users, Adaptation Service staff and the officer working group. The scrutiny panel investigations revealed five main problems with the service:

- *unacceptable levels of delay;*
- *poor communication between Council functions, service users and elected members;*
- *inefficient management and decision-making arrangements within the occupational therapy service;*
- *poor line management within the Adaptations Administration team; and*
- *a lack of available resources.*

The scrutiny panel wanted a much more seamless service for users – and worked with staff and users to draw up an action plan – including:

- *revised management and accountability arrangements, particularly in the occupational therapy and Adaptations Administration team; and*
- *further feasibility work on establishing a single adaptations unit covering all services.*

...rather than spending on individual initiatives, for example, on extra kit or services, we invested in people with a broad remit to change systems and processes.

The members structure and their role in improvement continues to evolve – particularly in best value reviews and implementation plans – each best value review reports to the relevant service Overview and Scrutiny Committee at regular points throughout the project, including the implementation stage. One of the main questions included in any reports is ‘Have we achieved the impact for users that we had planned?’

The top managers in Gateshead Council made sure that they understood what mattered most to their members. By listening to members and working with them, rather than around them, they have improved how they manage the organisation. And members are prepared to make tough decisions to support priorities – and stick to them.

- 29 All the organisations we worked with had started to clarify their top priorities by focusing on what local people thought about their services. The perspective of users can challenge some basic assumptions made by politicians and managers about what is most important.

Move resources to support what matters most

- 30 To concentrate on what matters most means that you have to allocate and re-allocate resources as necessary.

Case study 4

Chelsea and Westminster Hospital Trust

Caroline Dove, Director of Strategic Development at Chelsea and Westminster Hospital Trust told us:

We needed to find the resources to fund a new ‘Modernisation Team’. What we did was to pull together pots of money that are for ‘modernisation’ in its broadest form. For example, we took money from ‘booked admissions’ with the agreement of the primary care trust (PCT) and added it to pots from ‘improving emergency care’, a ‘mini CHD improvement programme’ and ‘cancer service collaborative’. These are all national initiatives, that give money to each individual organisation, but rather than spending on individual initiatives, for example, on extra kit or services, we invested in people with a broad remit to change systems and processes.

It is actually easier to spend in little bits and that is what most people do. What we have done is slightly risky. We have put money into people as change agents instead of funding doctors or nurses. A doctor can do some extra operations for the period of funding but this would not change structures and processes. It is a long-term gamble for long-term sustainability, but it has paid off. Our performance results this year are very good. The success is a lot about the individuals we have recruited and in one or two areas it has not worked well but not because of the individual. For example, in one area we worked on an aspect of area in coronary heart disease outside the national programme and struggled to engage people and make progress.

In changing the way it allocated resources, the Trust took a calculated risk – but it paid off. Its Modernisation Team is starting to make significant progress on improving patient care and meeting national targets.

It is important to translate national frameworks or agendas into something that is meaningful for an organisation, instead of seeing them as a burden to work around.

Breakthrough 4: Make national agendas work for you

...Managers have to be 'masters of paradox', turning the horns of various inevitable dilemmas into virtuous not vicious circles.

Charles Handy¹

- 31 It is important to translate national frameworks or agendas into something that is meaningful for an organisation, instead of seeing them as a burden to work around. We found some very different reactions to working within national frameworks, agendas and performance measures. Some managers give the impression of being a 'victim' of them, while other managers accept them as a difficult but necessary part of managing any organisation.

Case study 5

Chelsea and Westminster Hospital Trust

At Chelsea and Westminster NHS Trust Directors have accepted national targets as part of the job they have to do. Caroline Dove told us:

We decided that we needed to do something different to ensure that we meet the NHS Plan targets but we also wanted to balance the tension between having to meet national targets and put in place changes to support longer-term and sustainable change. Therefore, we have a two-pronged approach:

- *We have a Performance Board that reviews the Trust's main targets (national targets and local measures) – which are clearly set out in a report showing variances and immediate short-term action needed to correct these. We see these as important short-term targets in a long-term strategy.*
- *We are also trying to create the capacity in the organisation to deliver long-term change through a central Modernisation Team who work in partnership with departments to find ways to improve services. They look at patient pathways across the Trust and into other organisations. They involve staff right at the frontline to understand what goes on.*

The way we feel about the national targets is that we need to get smart about delivering them so that we secure the freedom to deliver long-term change and improvement. In some respects, monitoring against such a large range of targets is very difficult and it is certainly very time-consuming. However, if someone in our family were a patient, we would not want the hospital to cancel their operation and send them home. Targets reveal things about our systems that we need to fix.

What Chelsea and Westminster have managed to do successfully is to work within the national framework but also to find a path through it that focuses on the Trust's own self-improvement. As a result, they have motivated staff to make changes that are primarily about improving their patients' care, but that also go towards achieving the national agenda.

¹ Charles Handy, *The Empty Raincoat*, Hutchinson, 1994.

32 Gloucestershire Police also have a perspective on this:

We have an annual target-setting conversation. We look at all the national targets given to us – but do not just accept them but also try to think about how they fit into our agenda. First of all we will go back to our customers and listen to what they want from the service – and from there work out what we need to do, how we need to do it and how we should measure it. We spend a lot of time researching to make sure we get the measure absolutely right – and if the measure is reflected in the best value performance indicators then we will use that and if not we will develop our own. We make sure we measure national targets but our focus is on what will work for us locally.

Chief Constable

Gloucestershire Police makes the national agenda work for them – but their primary focus is on changing what they do to improve the services their customers get.

Breakthrough 5: Sign up your staff

Performance. What is it exactly? Essentially, it's what people actually do to make an organisation work...actions that people take every day that in thousands more combinations become the outcomes that make organisations competitive or not, profitable or not. An organisation may redesign, reconfigure and reorganise for the greatest efficiency and productivity and yet it is the performance of people every day on their jobs that cause an organisation to run well, only adequately, or not at all.

Carlene Reinhart¹

33 It is easy to create systems to manage performance but much harder to make people want to use them to bring about change. As one senior manager told us, *people are the X-factor*. Issues about people are much more important for managing and improving performance than structures or systems. Ambition, drive, goodwill, flexibility and everyone feeling that they are on the same side matter. If the top parts of the organisation move too far ahead of most staff, people are likely to find change difficult and demotivating.

Case study 6

City Hospitals Sunderland NHS Trust

City Hospitals Sunderland NHS Trust recognises the importance of putting time and resources into ensuring that they engage key staff in the process. We spoke to Andrew Gibson, Chief Executive:

One of the most important strands of our integrated approach to modernisation and performance improvement, is 'organisational development' at individual, team and Trust levels.

Consultant medical staff are clearly the pivot of patient care and yet they are a group who all too often have their non-clinical needs unrecognised. We have been running development programmes for clinical directors and all consultants for nine years now.

¹ Carlene Reinhart, *How to Leap, Training & Development*, January 2000.



Allow people to take responsibility.

In groups of around 15, we arrange for them to spend a week (residential and well away from bleep-range) on an in-house designed, but externally facilitated study, covering how the NHS works, government policy and targets, and the Trust's culture and interactions and partnerships. We look at the skills they need to contribute to our development and use real local problems as projects for learning. On the last round we had appraisal high on the agenda, asking them for their views and ideas – and thus introducing consultant appraisal has been relatively successful and largely non-threatening.

34 The most effective things an organisation can do to 'sign up' staff, are to:

- consult staff on how best to improve services;
- allow people to take responsibility and make them accountable;
- use plain language;
- communicate well; and
- give middle managers support and incentives.

Allow people to take responsibility and make them accountable

35 People will perform better if they feel responsible for something – even if it is only a small piece of the jigsaw.

Case study 7

North Bradford Primary Care Trust

Jonathan Coulter, Director of Finance at North Bradford Primary Care Trust (PCT) describes how this works in his organisation:

Our basic philosophy is that, as a PCT, the GP practices are responsible for delivering the service. The PCT can set up a framework for managing performance but the GP practices have to drive the improvements. We are there to support them and if they don't do it then it is our fault and not theirs.

There are 12 GP practices and 11 community nursing teams – and a number of specialist healthcare teams, for example, a continence service team, so we need leaders in all of them. We set up a very simple framework that gives them guidance about what we want but not how to do it. We give the GPs incentives, for example, if they meet their hospital referral target they will get the savings to invest in their practice.

My advice to new PCTs would be not to be too worried about the national targets. It is pretty straightforward what we have to deliver – the issue is how and the framework we use, and this is where it is important to give those who deliver the service the responsibility to get on and do it. There is a great temptation for PCTs to be centrist and say 'we have been told we have to do this so this is the way we want you to deliver it'. That simply does not work.

Top-down direction does not work in the long term in any organisation – and for us it would not even work in the short term. Remember: the staff who know what it is like on the ground are the ones who have the answers, and most of them are very capable of delivering them.

We are trying to develop the idea of ‘earned autonomy’ here. For example, if a practice hits its targets in a certain area, such as access to a GP within 48 hours then we are less prescriptive about how they might spend money we give them. Our focus is on the outcome not on how they do it. The practices that do not hit their targets still get the money, but we will direct more how they should spend it. For those hitting the 48-hour targets we might say that we do not need information from them – but we will phone up the surgery to see if they are still meeting that target. It is important to focus your energy on those who are struggling, rather than waste effort on those who have sorted it out.

You have to make sure you reward those who are doing well, not those who are doing badly. The health system is good enough by itself at creating perverse incentives – and it is important that what we do does not encourage that. We also have to recognise that all GPs are different, that they have different needs at different times and that one solution will not fit all. At the end of the day, GPs are independent contractors and we have to recognise that. Therefore, we have to make sure that they have incentives to deliver – the one we use most reflects their performance on key targets and gives them money to invest in their practice.

It is very difficult to be hands off like this but it is an important part of our philosophy. This is how we will get the best out of the practices. Top-down direction does not work in the long term in any organisation – and for us it would not even work in the short term. Remember: the staff who know what it is like on the ground are the ones who have the answers, and most of them are very capable of delivering them.

North Bradford PCT assumes that everyone is on the same side. They are happy to ‘let go’ unless there is a strong reason not to. They have tried to understand their environment and the motivations of people within it, and they work with this rather than against it.

- 36 Hinckley and Bosworth Council have also been working on this area. Jim Corry, the Chief Executive told us:

One thing we are working on at the moment is to convince managers and teams of people that their destiny is in their own hands. Like many organisations, we have a tendency to delegate up, not down. Now we are trying to encourage teams to check out good ideas with their manager but then just get on and do it. We want to say, ‘Stop delegating upwards – just do it’. The results – the feedback I have been getting so far – is that people are getting almost competitive about getting their data out and showing improvement. I think it is a basic human instinct. People out there are just pleased management is paying them some attention. People want to be managed but in the past haven’t had the feedback on their performance or how they are doing.

Like North Bradford PCT, Hinckley and Bosworth Council have found that the key to improving performance is letting go whenever possible, on the understanding that people want to perform.

- 37 However, you need to align responsibility with accountability. Despite the best intentions, managers cannot force employees to perform – people must be accountable for their own performance.

Case study 8

Essex Police

David Stevens, the Chief Constable of Essex Police explains:

Our approach comes from our philosophy on policing – we recognise that policing is a local service that is community focused and intelligence led.

The most effective way to achieve performance is to give people responsibility to deliver. Our divisional commanders can tailor local policing to suit their particular community needs. We devolve almost all major budgets to divisional level. This includes, for example, complete control over staff, building and motor vehicle budgets. The only budgets left at the centre are very small amounts of money that it does not make economic sense to divide.

We have a very flexible virement process whereby divisional and departmental commanders can move funds around. For example, they can decide not to fill a particular post but instead to make a grant to a local youth club for an activity that will prevent crime in the area. To ensure that this system works effectively it is necessary to have the appropriate support mechanisms. You need clear targets and you need accountability and support for the individuals. We set divisional and departmental commanders clear targets and they have a clear understanding of the scope they have to manage these targets. We have a robust accountability system, including regular monthly monitoring. This system has now been in place for almost three years and we have noticed an increase in maturity in our managers – they do appreciate the freedom to manage.

The role of our corporate support team is also important. They have a standard review and inspection role but also a more sophisticated role acting as mentors to divisional commanders. The skills of corporate support staff are important. They are chief superintendents or retired chief superintendents who have all previously been divisional commanders – they have the trust of the current commanders. This means we will use them in a classic mentoring role, as a source of advice and guidance. Because they have an overview of the whole organisation, they can suggest that Jane, in x part of the organisation, has tackled this and y seems to be working. Feedback says that frontline staff greatly appreciate this as a means of spreading best practice.

- 38 By combining recognition, trust, support, delegation, and accountability, these organisations are giving their managers the room and responsibility to improve the service.



Avoid jargon that puts staff off.

Make sure the language means something to your staff

Jargon and ambiguous language can work against you by creating confusion and resistance.

Peter Senge¹

- 39 People make sense of their world through the way they speak and how they hear other people. Organisations, like all human groups, operate through conversations. Language can be a very powerful lever in change – and an equally powerful barrier. Explaining ‘performance management’ in simple words (for example, ‘Are we doing what we set out to do?’) helps to get and keep people’s interest.
- 40 It is easy to describe performance management in a very theoretical way that may mean little to most people – and not even realise you are doing it. Look at your organisation’s mission statement, corporate goals or values, or a presentation you have made to your staff, look for jargon and check with others if they have the same understanding of the words as you do. People tend to use ‘management speak’ as shorthand and explaining something clearly can often mean using more words – but it is usually worth it.

¹ Peter Senge, *The Dance of Change*, Nicholas Brealey Publishing, 1999.

Simplifying your language

Box A

Simplifying your language – an example

‘In order to change things here, we need better communication...’

Checking your clarity:

What does ‘change’ mean?

What does it mean to ‘communicate’?

How can that be ‘better’?

Where is ‘here’?

Making it clearer:

‘So that we can improve the chiropody service for our users, we need to:

- have more sessions where the departmental manager can let staff know what is happening and get their feedback and suggestions;
- talk to the health authority about our plans and concerns for the service; and
- regularly survey the people who use our service.’

41 Some organisations have begun to tackle how they use language. For example: North Bradford PCT expresses national targets as: *'how they improve the patient experience, so that staff talk about getting a patient home faster, rather than talking about a 'discharge rate'*. This approach also helps to emphasise what the important things are in what can seem like a very long list.

42 Senior managers at Hinckley and Bosworth Council have also found it pays to think about language. Jim Corry, Chief Executive describes how language matters.

In order to help people understand what best value was about, we set up what we called a 'continuous improvement initiative' about two years ago. People were tired of the best value language and we were not too keen at the time on selling the ideas as 'performance management'. We set up groups of staff to meet and work together to see how they could improve their area – to take some of the basic processes apart, work out where the problems were and suggest better ways of working. One of our real successes was a reduction in the time taken to complete the initial administrative work in processing a planning application – from two weeks down to three days. To do this the staff decided to reorganise how they receive planning applications and reduce the number of different people involved in dealing with them. So we improved performance without necessarily using those words.

43 In this example, senior managers were able to make the progress they did because they went out of their way to avoid the jargon and language that they felt would have put staff off. Many frontline staff may see 'performance management' as being purely about measurement or about a disciplinary procedure – you need to be clear that it is about getting information for the organisation and individuals so that people know what needs improving.

Communicate well

44 You must communicate about 'what matters most' effectively.

Case study 9

East Riding of Yorkshire Council

East Riding of Yorkshire Council uses its communications strategy to talk about performance. Simon Taylor, Head of Communications and PR told us:

East Riding of Yorkshire is the largest unitary authority in England covering over 933 square miles. This geographical spread and the size of our target audiences present a huge internal and external communications challenge.

We wanted an informed, focused and committed workforce. We know that to improve performance people need to know what you want them to do and feel committed to doing it – they find it easy then to take responsibility. Part of this is them feeling able to exploit their knowledge and skills to make a difference – staff definitely feel better about themselves if management seek and accept their ideas. We didn't want communicating to be overcomplicated – we explain our performance intentions,

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aspirations and successes and what is happening, where and when simply and straightforwardly.

We held focus groups and did some research on best practice in other organisations. We wanted to set up strong communications channels throughout the organisation, so that staff, managers and councillors can deliver services better. We wanted to set up a system that would ensure that information would reach all staff on a regular basis – as in many large organisations staff sometimes read about key decisions in the newspapers or saw/heard them on the TV and radio. We thought this was unacceptable – it creates a divide between the decision makers and those who are delivering the service, which is unnecessary.

First we established (from existing resources) an internal communications officer as a single point of contact for all internal communication matters. This post is the link between departments, all of which also have communication co-ordinators (again from within existing resources). Details of key issues from all departments are passed to the internal communications officer who arranges for the information to be disseminated via weekly team meetings, cross-cutting meetings and other innovative methods, such as ‘Chat with the Chief’ (regular meetings with the Chief Executive). We also launched a new intranet service and a bi-monthly magazine – these, with the information management system, mean that all staff now receive information about what is happening within the organisation on a ‘real time’ basis. The Communications and PR Team have published useful handbooks – such as the ‘Complete Communications Toolkit’ that is designed to help members and staff to do their jobs more effectively and in a more consistent way.

Internal communications is no longer a contentious business for us – now our staff will always know about key events/issues before anyone else, and be able to contribute their ideas through two-way dialogue. Information is now available at the click of a mouse, enabling everyone to spend more time delivering services for their customers. Amazingly, all this has been delivered at a lower cost than our previous system. The cost of our internal communications breaks down to around £2.35 per employee a year – very cheap for the huge benefits it has delivered. Recent research has shown that the overwhelming majority of staff say that internal communications has vastly improved – they feel a greater sense of community and are better placed to take on an ambassadorial role because they are now well informed and have confidence in the information they receive.

Success in this case has come from thinking hard about communication in the organisation, about what it is for and how to make it work best.

Give middle managers support and incentives

- 45 Middle managers occupy a key position at the heart of the organisation, in between strategy and service delivery. They need to understand their responsibility for managing performance and may need to have training and support to give them the necessary knowledge and confidence.

- 46 City Hospitals Sunderland NHS Trust has recognised this. Andrew Gibson, the Chief Executive told us:

A critical area for us is the ward team. Programmes for G grade ward managers have been run for a number of years (taking them beyond the LEO syllabus) and again are geared to the issues they face on the ground. More recently we have started taking the whole ward team out for up to a week (using our winter contingency arrangements to backfill) and, while this has been quite daunting for the initial participants, it is proving to be a very positive modernisation tool. During the week we examine performance indicators for the ward, conduct one-to-one interviews with recent patients (and even ask them to visit the programme), get 'baggage' out on the table and generally hold up the mirror on the quality of service they provide and on the way the ward operates. We have found that in many areas the basics are still not universal but also that there is much energy and good ideas at the frontline.

- 47 Hinckley and Bosworth Council have also been tackling this. Jim Corry, the Chief Executive explained:

I recognise that if I want to change things in this organisation I need to work with the managers and supervisors. My team and I cannot deliver change on our own. However, this is where we find some of the problems – particularly the age-old one of specialists becoming managers but no one telling them what to do differently. Their specialist skills are still important but we are asking so much more of them. In an environment that is all about service plans, objectives, delivery and performance, the managers do need some help in understanding how they should behave and should work. It's very challenging for them.

- 48 Both these organisations have recognised that middle managers are the key to change. They see how this group could, because of an understandable lack of skills and knowledge, hinder efforts to improve, but also how their potential can be unlocked.

Breakthrough 6: Find your own framework

...the moment performance management turns into a system, the battle has been lost'

Tom Lester¹

- 49 A good framework for managing performance **[Exhibit 1]** can help you with a number of things. It can:
- show a clear 'line of sight' from the corporate objectives to the jobs that people do, so that teams and individuals understand what they personally have to do in order for the organisation to achieve its' aims;
 - explain what your organisation is about in simple and visual terms to staff and outsiders, what its priorities are and how it measures success;

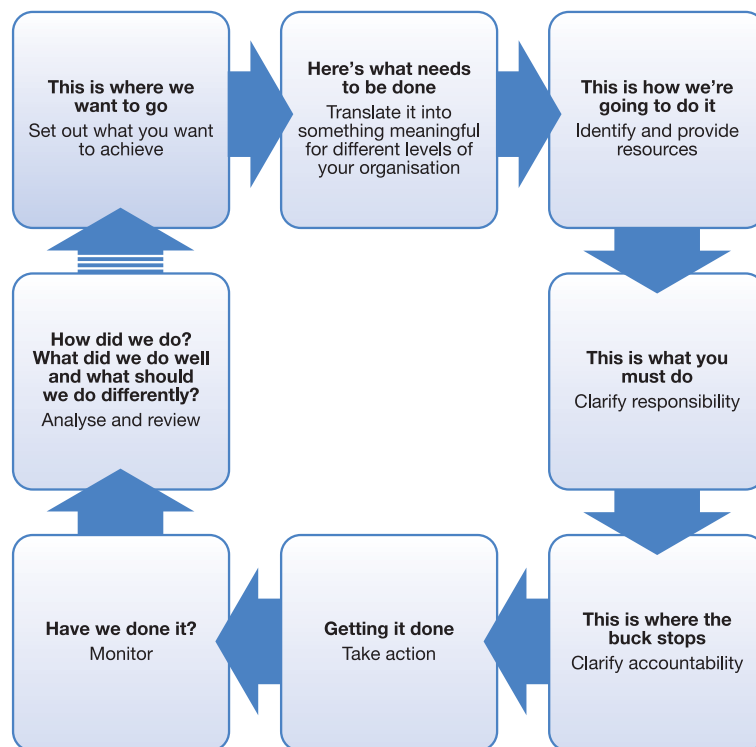
¹ Tom Lester quoted in the *Financial Times*, August 2001.

- help focus objectives and force any conflicts between different objectives out into the open, which helps you to manage your organisation better; and
- change culture and behaviour – if you want people to work differently then reflecting this in any framework, including measurable outcomes, will encourage the changes you want.

Exhibit 1

Elements of a performance management framework

A framework for managing performance can help ensure that people understand where your organisation is going.



Source: Audit Commission

50 However, there are a number of common problems that stop any framework from working well:

- failing to think through clearly why you want a new framework, and what you want it to do for you;
- taking an off-the-shelf system and not tailoring it properly to your organisation;
- focusing too much on the mechanics of the system rather than on its purpose – to help to improve services;
- ‘paralysis by analysis’ – collecting more than the important information;

- making the system too complicated instead of working to keep it simple;
- trying to align the system too perfectly between different parts of the organisation (for example, departmental frameworks needing exactly to reflect the high level corporate frameworks) rather than allowing flexibility;
- expecting the framework to do the hard thinking for you;
- failing to give high enough priority to getting the framework right or investing the necessary resources in support, training and communication; and
- failing to involve staff or to prepare them for change; and
- not being prepared to update the framework continuously.

51 A framework for managing performance can help to ensure that people understand where your organisation is going. However, each organisation and its strategic goals are unique, so a ready-made framework may not suit, or support it effectively. It is important to be clear about your strategy before you implement any new performance management framework, otherwise the framework will not encourage the behaviour you want. Frameworks work best when they are simple, flexible and link with other corporate systems, it is best to avoid complexity or striving for perfection. If a framework simply produces pages of metrics, targets and goals, its own weight and expense may overwhelm the organisation.

52 Frameworks can help to simplify the challenge of managing performance, but this simplicity can be deceptive. A well-understood framework should help people think differently about the way they behave. This implies significant change and you will need to prepare for this. Recognise the importance and potential benefits of the development process itself and make sure that you involve your staff.

Case study 10

The London Borough of Barking and Dagenham

At the London Borough of Barking and Dagenham, staff recognised that when introducing the 'Balanced Scorecard' to the organisation they needed to do more than take the product off the shelf. John Tatam, the Borough Policy Officer, told us:

A year before we introduced the Balanced Scorecard we had no systematic performance management or monitoring system. This is difficult to admit but that was how it was. We were collecting enormous amounts of performance information but we were not using it.

The arrival of our new CEO coincided with the first best value performance plan (BVPP) and the need for local performance measures. We ended up with 470 performance indicators and a system to support that. Step 1 was getting regular presentation of the performance indicators right. Once we got that going, we thought, 'Where are these performance indicators coming from?' We had dreamt up many of them quickly for the BVPP but we were not sure if they were the measures that made most sense. We needed to start thinking what the most important indicators were for us and get away from what was essentially a ragbag.

...each organisation and its strategic goals are unique, so a ready-made framework may not suit, or support it effectively.

We then decided explicitly on a new beginning: we decided to start from what we wanted to achieve and then work out how we were going to measure it. We decided to use the Balanced Scorecard to help us do this because it makes things simple for an organisation. It structures a clear line of sight between local objectives and corporate objectives. We wanted a single and simple system across the whole council – and, as we had relatively little experience of using performance models then, we had to keep it simple. We also wanted to make sure that it worked for us. We decided that the original Kaplan and Norton model did not quite do that, so we have developed our own. A particular difference from the original model is that it reflects our community focus as well as our services. Our scorecard summarises 22 key performance indicators (quite a step from 470!).

Each head of service has responsibility for developing his/her own scorecard. The aim is to generate local ownership and eliminate the risk of the scorecard ‘sitting on the surface’ of the organisation. We have to be realistic – we cannot expect the organisation to work too hierarchically. Service scorecards have to reflect other things specific to them, and of course, things come in from the side all the time! We need some sense of getting the overall thread but we need to avoid getting obsessed about it. The key thing is that we have kept it simple so that people understand where they fit in.

People did recognise that by doing the Balanced Scorecard it meant that they did not have to do other things (for example, individual service plans, and individual performance measures) – these would fall out of the Balanced Scorecard. Coherence was a strong theme. Just having a system has helped in making connections. People realised that instead of doing three or four smaller plans, under the scorecard they just have to do one slightly bigger one – as they all flow from it. In addition, the process of developing it has encouraged people to have conversations about their services, and with colleagues that they might not have before.

It was important to sell the Balanced Scorecard in a relatively clear and simple way. There was a great amount of fear of ‘this management thing that I don’t understand’. We had reservations about calling it the ‘Balanced Scorecard’, but in some ways, it has been an advantage. It sounds important and therefore people give it attention. It may be slightly off-putting for those that do not understand it but very powerful for those who do. It has been a very helpful thing for people to hang things and conversations around. The new model with a management name can be positive in building up enthusiasm but we recognise that the model is not an end in itself, it has to work.

What are the benefits? It is too early to be sure. We have not had full first quarter results yet but the process has helped people to focus on what is important. Performance management now feels firmly on the agenda and there is a clearer focus on what will make a difference. We have already identified some things – for example, we are organising training in project management because the scorecard identified something needed doing. Overall, people feel positive and good.

We have made it clear that it is here to stay and it is not a whim, but we recognise this is a long haul. We will link it to personal performance targets and that will give added incentive. But we need to get it right, so it will take time.

The strengths in this authority's approach are that they set out for a simple approach and have put effort into keeping it simple. They have worked out how to make the system work for them and they have encouraged local ownership, emphasising flexibility rather than perfect alignment. They recognised that the discussions people had about services during the development process were as important as the framework itself, and they allowed thinking and conversations to blossom.



Measure what matters.

Breakthrough 7: Measure what matters

To make improvements we must be clear about what we are trying to accomplish, how will we know that a change has led to improvement, and what change we can make that will result in an improvement.

Donald M Berwick^I

- 53** Performance measures need to encourage effort around what is most important. When the system includes the right measures that reflect the organisation's strategy, people understand better what they have to do. This is particularly important when organisations face new external challenges or try to implement improvement programmes.
- 54** Some organisations are still just collecting what is collectable, or just collecting what government specifies nationally. Others try to move on from this and discuss what constitutes good performance with stakeholders: political leaders, non-executives, staff and users. They focus on outcomes as well as inputs and outputs. For example, it is easier to measure the number of telephone calls answered within a specified time, but more useful to measure how satisfied the customer was with the call. Measures for some of the 'softer' priorities, for example, culture change, staff development or diversity initiatives are also important – otherwise these things are less likely to happen. National accountability and local improvement initiatives may also require different data.
- 55** In some organisations, a large volume of data seems to provide a 'comfort factor', but it does not improve anything by itself. You need to interpret data intelligently to confirm that the actions have led to improvement.^{II}

^I Donald M Berwick, *Education and debate: a primer on leading the improvement of systems*. British Medical Journal volume 312, 9 March 1996.

^{II} The publication by the Audit Commission and the Improvement and Development Agency: *Acting on Facts* looks in more detail at the importance of good performance information and how to use it to improve services.

Case Study 11

Mid and West Wales Fire Authority

Margaret Rees, Service Development Officer at Mid and West Wales Fire Authority describes below some of the issues they have faced in developing intelligent and relevant performance information:

Our mission is to save lives and we have to make sure that everything we do furthers that aim. We have to focus to make sure that we are doing what is necessary to improve the quality of our service and not be distracted into other things. One example is that one national measure was the amount of time it takes to pick up an emergency call and mobilize a fire appliance. The problem for us is that we are a very rural fire service – our fire engines go to remote rural farms where even the different buildings on the same farm can be some distance away from each other. It therefore makes sense for us to spend some time with the caller to establish the exact location of the problem, otherwise we are in danger of either sending the wrong kind of support or of it ending up in the wrong place. If we try to speed up mobilization to the nth degree then, in fact, it affects our quality of service and therefore potentially our ability to actually save lives. What might work in a city does not necessarily make sense for us in what we are trying to do. We will measure the national indicator, but we will focus more effort on making sure that we get the service right and on using different measurement to help us do that. It does work – on an ‘all risk’ basis we are meeting 99.6 per cent of our targets in terms of dealing with incidents, and we are confident that we are focusing our energies in the right areas.

Mid and West Wales Fire Authority are now measuring what matters to them in terms of the service they provide. They work within the national framework but recognise its limitations and build information around it to tell the whole story.

Breakthrough 8: Help people to perform

We understand that people want to improve. I like measures not targets – people need to see a line of sight. Performance management is about trying to understand variation, not focusing on who is good and who is bad. It is also about trust. We trust our staff to tell us when they are doing something wrong. They know we will go and deal with the customer. We will sort it out for them and we will stand by them. I think it goes in pairs. The culture in this organisation is that mistakes are ok as long as they are rectified.

Alan Hughes, Chief Executive, First Direct

Actually, you can’t empower people: you can only create a climate in which they can empower themselves.

Managing Director, Engineering Company¹

¹ Managing Director, Engineering Company quoted in *Liberating Leadership*, The Industrial Society 1998.

⁵⁶ It is tricky to get the right balance between helping people to perform and spotting and dealing with situations where people are not performing.

- 57 The first part of the equation is vital – ensuring that your organisation or department is helping people to perform. This is about making sure you develop, train and support people to do a well-defined job, with clarity on what good performance looks like. You can achieve much by helping to create a culture that motivates staff and gives them responsibility, and by developing a framework for managing performance that links in individuals through some form of appraisal.
- 58 The other part of the equation is equally important – knowing what to do when good performance is not happening. Most managers find this area one of the most difficult parts of their job, as it will involve difficult situations, conflicts, embarrassment, and negative feelings. Fear of these can become ‘blocks’ for many people and mean that they avoid giving honest, critical feedback to people whose performance they are not happy with because they are afraid of how the discussion will go.
- 59 Giving people feedback that is straightforward about the problem but supports the individual to change is very difficult indeed. The employee may react badly and become angry and upset, particularly if the feedback is unexpected or if they are unused to having their manager talk to them in this way. It is easy for this kind of situation to escalate, where both people end up criticising each other, not listening and emerging from the discussion exhausted – and determined never to repeat the experience. Getting the most out of the discussion takes thinking and courage from both people. If a person does react badly it is often best for the manager to clarify that there are conflicting views, but to suggest continuing the discussion at a later point. It can then be easier to explore each person’s views and feelings, work out what is going wrong and how they both (and probably some systems and processes) need to change. The discussion will be difficult, but on reflection, the employee should see the feedback as accurate and useful. Many people find that it can lead to a breakthrough – in the employee’s performance and in the relationship between them and their manager.
- 60 Managers may fear that the employee will still not improve, and it is better to just avoid addressing the problem in the hope that some other factor will either improve performance or make the problem go away – for example: that an employee will move jobs, or that someone better will join the department. Managers need to be prepared to pursue the issue, and, if necessary, to start the disciplinary procedure. The problem is unlikely to go away by itself. If the employee moves jobs you may have given another manager in the organisation a problem, and you cannot guarantee that the person’s replacement will be any better.
- 61 These fears can be exacerbated if the manager has a good relationship with the person, which they do not want to destroy by addressing performance issues. It is also difficult if they do *not* like the person and are concerned that this may be influencing their views on the person’s competence. In addition, concern about racial and/or sexual harassment can stop people being as open and honest as they need to be. It is therefore very important to separate the person from their performance and to

make sure that you base your views on robust evidence. A manager's job is to make sure that the department or organisation is able to perform at its best – and if this involves tackling a personal performance issue, then they must do so.

62 Sometimes, managers may too easily focus on one 'problem' individual, when dealing with under performance. You should assume that most people do want to perform well and go through the following checklist:

1. Does our organisation have the right systems and process to support that person to perform well? Or does the IT system they have to work with, an inflexible policy or a bureaucratic process prevent them achieving? Is someone doing the wrong thing because other people have not shared lessons/knowledge? What can you do about this?
2. Does the environment that the person is working in support them? For example, how far do factors such as where they work, how far they have to travel and how this fits with their personal life affect their work? Is there any flexibility in these arrangements, that might suit the individual better?
3. Do the people around the individual – their manager, peers and staff – help them perform? Sometimes one person in a department can affect the performance of a number of individuals. Is the management style and culture of the department supportive? Does someone who is more senior or objective need to look at this?
4. If there is still an issue of competence, will additional support and training help? Is the person simply in the wrong job – and very likely to perform better elsewhere in your organisation? How can you help?
5. If you feel that none of the above will work, then you will need to look at addressing the issue seriously, making it clear that the situation cannot go on, and work towards moving the person on from the organisation.

63 Recognising that under performance is happening is the first step to dealing with it. David Stevens, the Chief Constable at Essex Police described to us how his Force tries to help people improve:

In our Force, the role of inspection and support go hand in hand. We see our review process as supportive, not confrontational. However, if necessary we can and do take corrective action, even to the extent of moving a senior manager if we feel that he or she is unable to do the job. We first put in all possible support but recognise that, as a last resort, a change of role may be the only way in which the individual and the organisation can achieve the maximum benefits from having the right person in the right job.

Essex Police try to help people improve through review and support, but they are prepared to take action and move people when this does not work.

4

What you can do

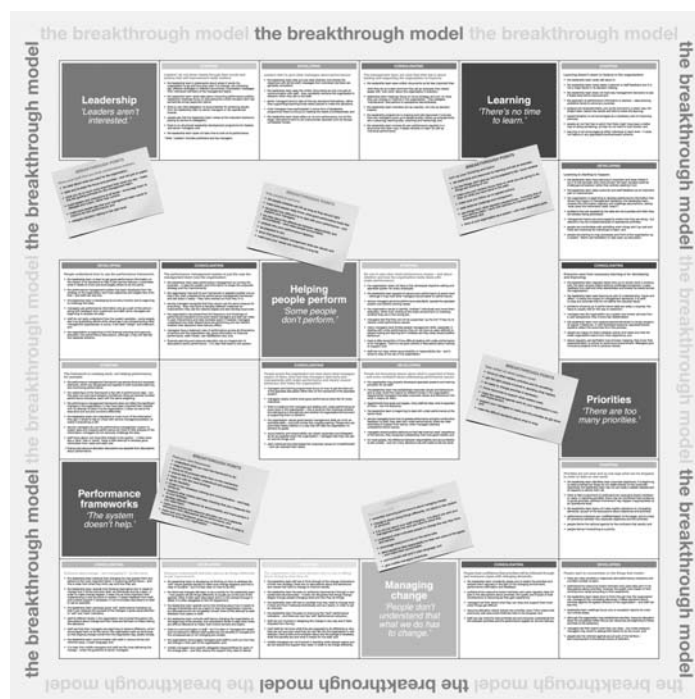
64 Through our case studies, we have looked at why managing performance is important and why people often find it difficult. We have explored the common barriers to managing performance and the most important breakthroughs that people have made. Our findings show that determined people will make progress.

Introducing the breakthrough model

65 We have developed a model for managing performance – produced separately as a wall chart. It will help you to assess where your organisation is and what you still need to do to improve the way that you manage performance. It is a practical tool rather than a scientific ideal; it is neither a formula to follow nor a scoring system. There are three parts to the model, based on the themes of this paper:

- the six common barriers to managing performance problems;
- three stages of development you might go through when addressing each problem; and
- breakthroughs you might find useful when thinking about how to move from one stage of development to the next.

66 You may be at different stages in tackling each barrier – your progress will not necessarily be at the same rate in each area.



Source: Audit Commission: Performance breakthroughs

...the breakthroughs tend to result from several small steps forward rather than from an overnight transformation.

The three stages

- 67 Organisations only make breakthroughs after a lot of hard work, and the breakthroughs tend to result from several small steps forward rather than from an overnight transformation. To reflect this, we have included three stages of development: 'starting', 'developing' and 'consolidating'. You may find that you can define the stages more clearly in some problem areas than in others and they inevitably overlap. Of course, 'consolidating' does not imply the end of the story!
- 68 For each stage of development, we have included some examples of what you might see in an organisation. These are examples based on our work rather than something 'written in stone'. The purpose of these examples is to help you to get some sense of how well your organisation or department can deal with some of the common barriers to managing performance.

Using the model

- 69 You should first think through how to use the breakthrough model in your organisation. Adapt it so that it becomes your own. You may want to revise the descriptors for each stage of development or develop your own. It may be helpful initially to concentrate just on one or two problem areas, to help you to assess how well you are doing and decide what action to take.
- 70 A good starting point is to use the model with your management team (although you can use it at any level of an organisation). The discussions around where your organisation 'fits' in the model are as, if not more, important as the final assessment. It can be helpful to have a structured workshop session with a facilitator for this, perhaps using the sample workshop structure that follows:
- (a) Explain the model and make sure that everyone understands.
 - (b) Individually assess what stage your organisation is at in dealing with each difficulty – with evidence of real behaviours and actions to support your assessment.
 - (c) Reach consensus in the team about what stage your organisation is at in dealing with each difficulty. Make sure that you challenge the evidence so that your assessment is realistic.
 - (d) Agree what stage you would like your organisation to get to. What are the three key actions that will take you there? (The breakthroughs might give you some ideas.) Who is responsible and accountable for making sure that these happen?
 - (e) Agree when to re-assess your organisation against the model.

- 71 Remember; the model is a starting point, not a solution. Use it flexibly, change it to suit your particular needs, or develop your own local version. We plan to develop the model further and to support it with workshops. We would be very interested in feedback on how you have used or adapted it in your organisation. Our email address is: performance-management@audit-commission.gov.uk
- 72 You can find information about additional resources on managing performance by visiting the Audit Commission website: www.audit-commission.gov.uk and clicking on the links to this paper.

Appendix 1: acknowledgements

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Case study organisations

Blackpool Council
North Bradford Primary Care Trust
Chelsea and Westminster NHS Trust
City Hospitals Sunderland NHS Trust
City of Wellington Council, New Zealand

East Riding of Yorkshire Council
Essex Police
First Direct Bank
Gateshead Council
Gloucestershire Police
Hinckley and Bosworth Council
London Borough of Barking and Dagenham
Mid and West Wales Fire Service
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The project team

Peter Thomas directed the project. The project team was Megan Meredith (project manager), Marilyn Lister, Karen Lowe, Hilary Keogh, David Phillips, Ann-Marie Walsh and Lisa Jones. Siobhan Coldwell, Jean-Paul Gaston, Barbara Gowland, Debra Kelly and Joanne McDonough also supported the project. Gareth Sully designed the report. The cartoons were drawn by Rupert Besley.

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