Intellectual Capital for Communities
in the Knowledge Economy
Nations, Regions, Cities and Emerging Communities

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Promoting knowledge and learning for a better world

World Conference on Intellectual Capital for Communities
- Fourth Edition -

Strategic Performance Management

In Government and Public Sector Organizations

Bernard Marr
The Advanced Performance Institute

**World Conference on Intellectual Capital for Communities**
- Fourth Edition -

1. About the Study

2. Key Findings

3. 10 Principles of SPM

4. Conclusion / Discussion

The Advanced Performance Institute

The world's leading research and advisory organization
on organisational performance

What we do:

- Research
- Consulting
  - design, audit, optimise performance management and scorecard approaches
  - software selection
- Performance measurement
- Training
- Advanced Performance Network

Performance Management Imperative
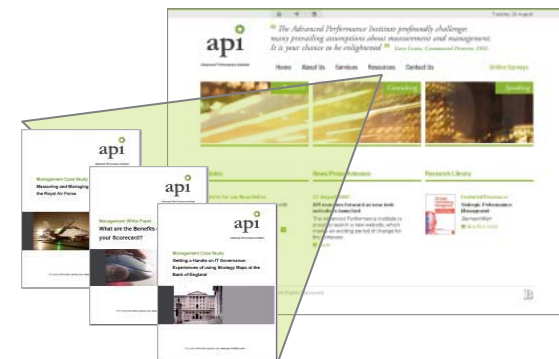
- President's management agenda
- Government Performance & Results Act
- Executive Branch Scorecards

- Government targets
- League tables
- Best Value Performance Indicators
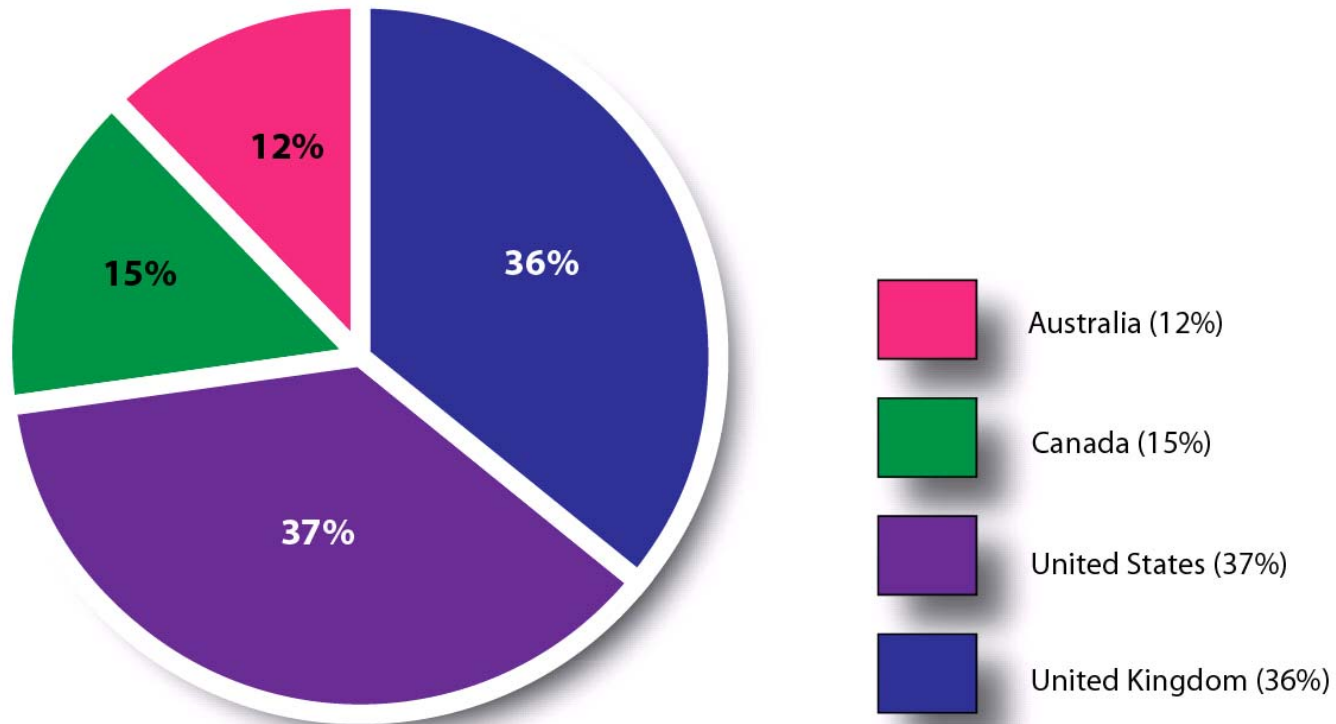- Comprehensive Area Assessment

Motivation

- Increasing number of initiatives
- Increasing stories of dissatisfaction

"We measure everything that walks and moves to 8 decimal places of accuracy, but nothing that matters"

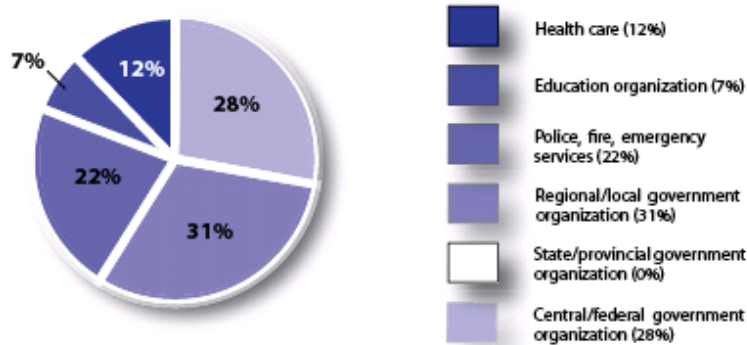$$A = \frac{\sum_{js} QASAS_{js} \times W_{js}^{S} + \sum_{jL} QATAS_{jL} \times W_{jL}^{T} + \sum_{kL} QATAS_{kL} \times W_{kL}^{T}}{\sum_{js} W_{js}^{S} + \sum_{jL} W_{jL}^{T} + \sum_{kL} W_{kL}^{T}}$$
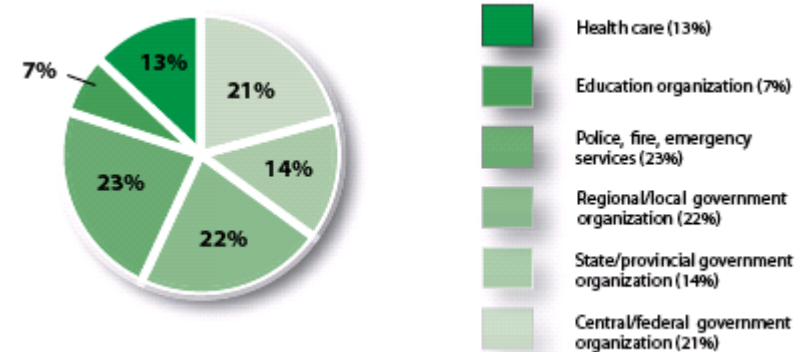
Largest Survey to date

1104 Respondents, 33% Response Rate

Australia (12%)

Canada (15%)

United States (37%)

United Kingdom (36%)

Chief Executives and Performance Managers,
507 Organisations

Comprehensive Study

United Kingdom

- Health care (12%)
- Education organization (7%)
- Police, fire, emergency services (22%)
- Regional/local government organization (31%)
- State/provincial government organization (0%)
- Central/federal government organization (28%)

Canada

- Health care (13%)
- Education organization (7%)
- Police, fire, emergency services (23%)
- Regional/local government organization (22%)
- State/provincial government organization (14%)
- Central/federal government organization (21%)

United States

- Health care (0%)
- Education organization (8%)
- Police, fire, emergency services (20%)
- Regional/local government organization (19%)
- State/provincial government organization (25%)
- Central/federal government organization (28%)

Australia

- Health care (14%)
- Education organization (7%)
- Police, fire, emergency services (22%)
- Regional/local government organization (24%)
- State/provincial government organization (11%)
- Central/federal government organization (22%)

Key Findings
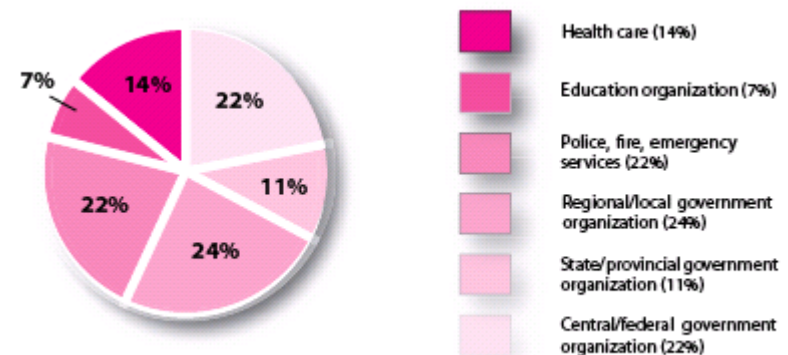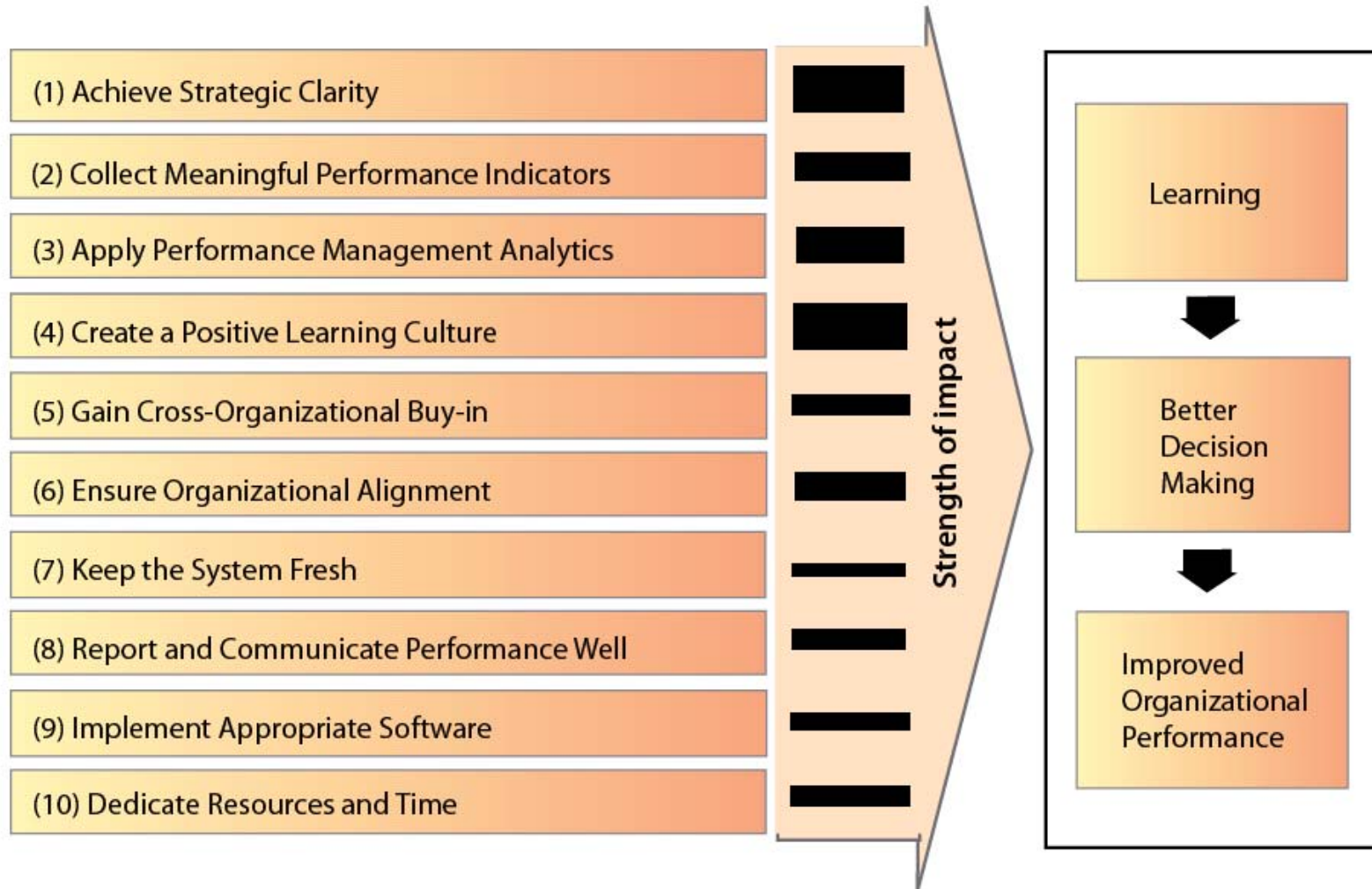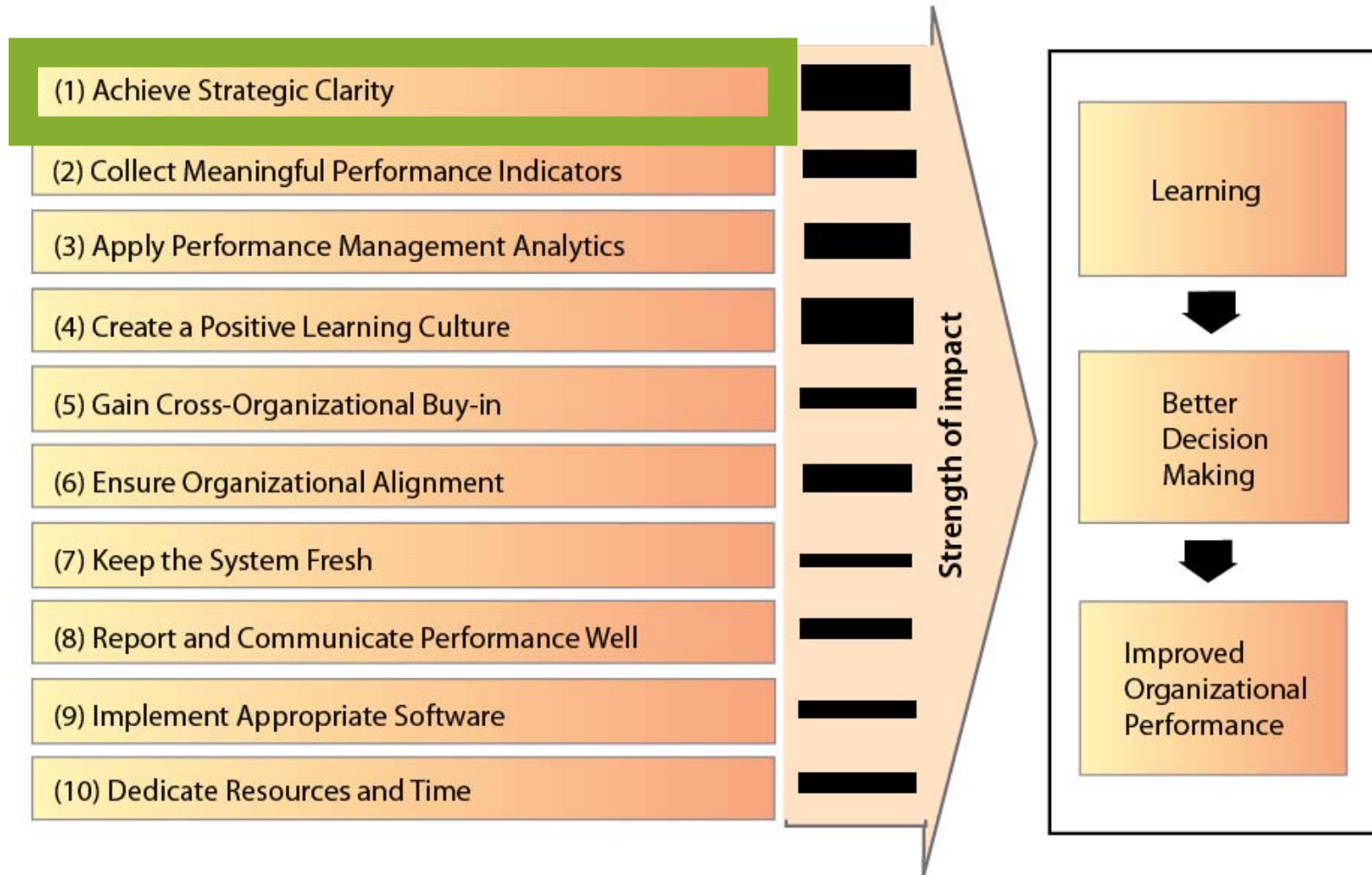
- Performance management helps to improve performance

- However, implementations are too mechanistic and numbers focused, which prevents improvements

- Drowning in data but thirsting for information

- Perverse and dysfunctional behaviour: sub-optimisation, target fixation and data manipulation (68% admit to it!)

10 Principles of Good Perf. Mgnt.

(1) Achieve Strategic Clarity

(2) Collect Meaningful Performance Indicators

(3) Apply Performance Management Analytics

(4) Create a Positive Learning Culture

(5) Gain Cross-Organizational Buy-in

(6) Ensure Organizational Alignment

(7) Keep the System Fresh

(8) Report and Communicate Performance Well

(9) Implement Appropriate Software

(10) Dedicate Resources and Time

Strength of impact

Learning

↓

Better Decision Making

↓

Improved Organizational Performance

1. Achieving Strategic Clarity

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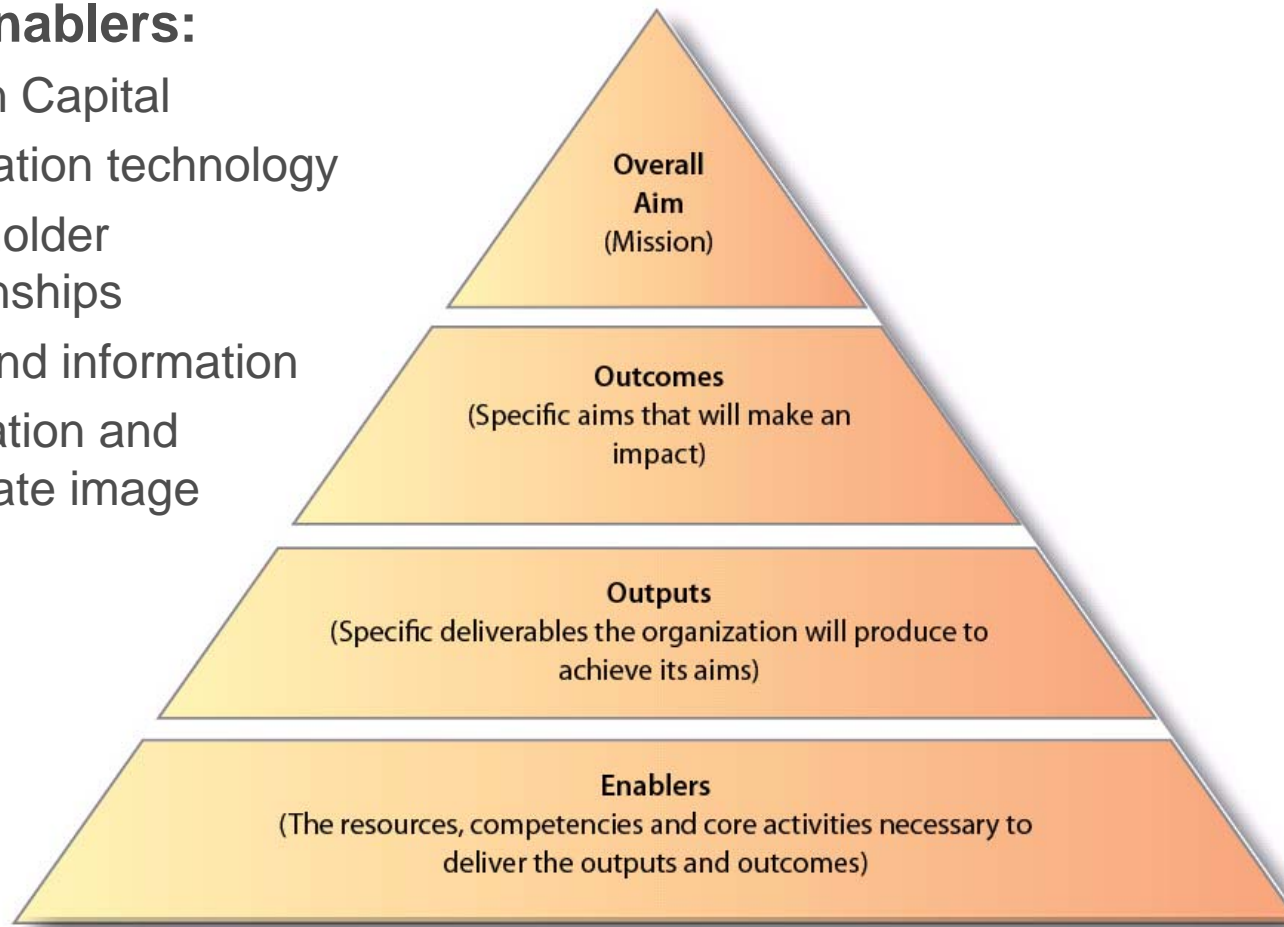
Intangibles in Public Sector

- Research clearly shows that intangible elements are critical for public sector organisations to attain their goals and accomplish above-normal performance

- Organisational culture and perceived organisational reputation appearing to be far more important than the other intangible resources.

- Labour relations, human capital, internal auditing, and managerial capabilities are also important in achieving above-normal organisational performance.

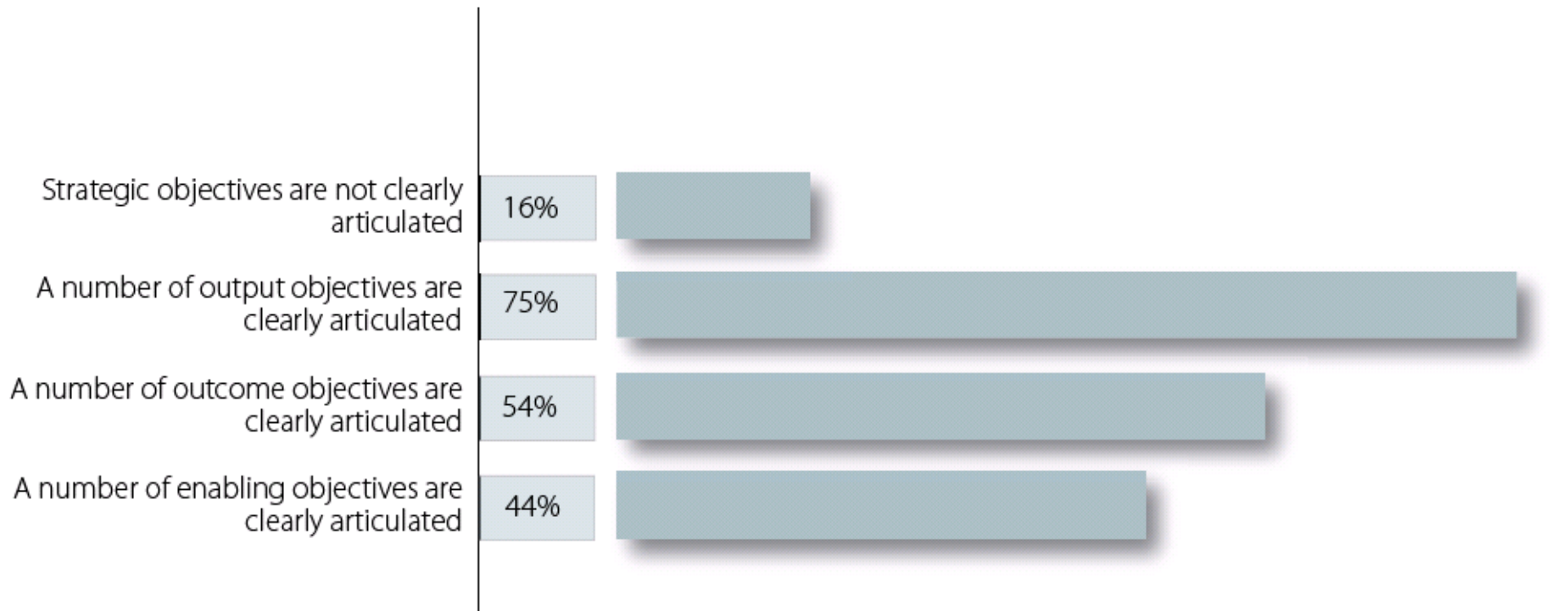(Carmeli and Tishler, Strategic Management Journal, 2004)

Top five enablers:

1. Human Capital
2. Information technology
3. Stakeholder relationships
4. Data and information
5. Reputation and corporate image

Pyramid diagram:
- **Overall Aim** (Mission)
- **Outcomes** (Specific aims that will make an impact)
- **Outputs** (Specific deliverables the organization will produce to achieve its aims)
- **Enablers** (The resources, competencies and core activities necessary to deliver the outputs and outcomes)

Strategic objectives are not clearly articulated	16%
A number of output objectives are clearly articulated	75%
A number of outcome objectives are clearly articulated	54%
A number of enabling objectives are clearly articulated	44%

*Multiple responses possible

1. Achieving Strategic Clarity (3)

Strategy Map

- Financial Perspective
- Customer Perspective
- Internal Processes Perspective
  - Information Capital
  - Human Capital
  - Organizational Capital

Value Creation Map

- Outcomes/Stakeholder Value Proposition/Output Deliverables
- Core Activity
- Core Activity
  - Human Resources
  - Relational Resources
  - Structural Resources
  - Financial Resources
  - Physical Resources
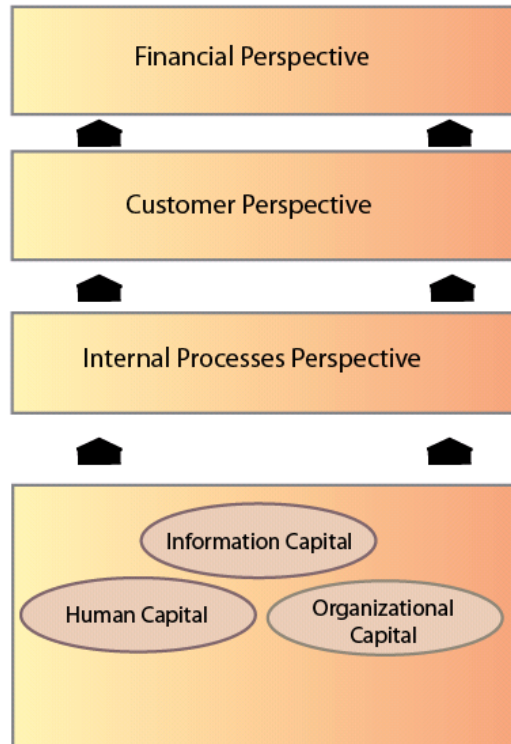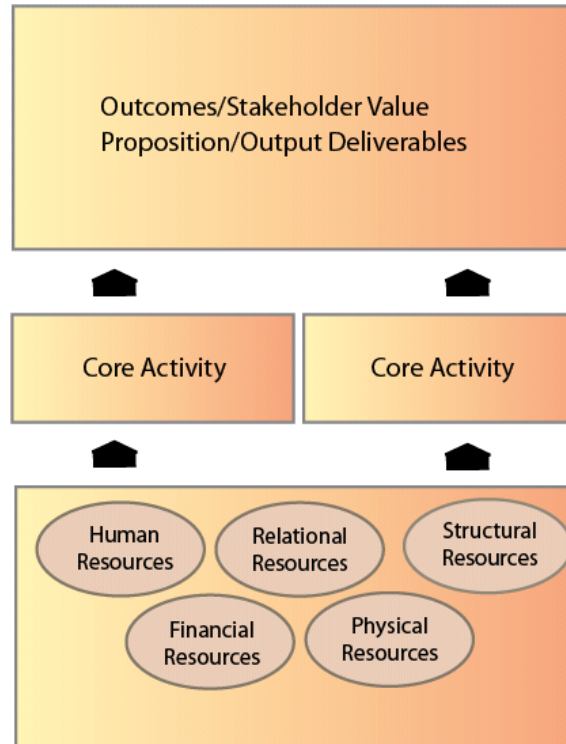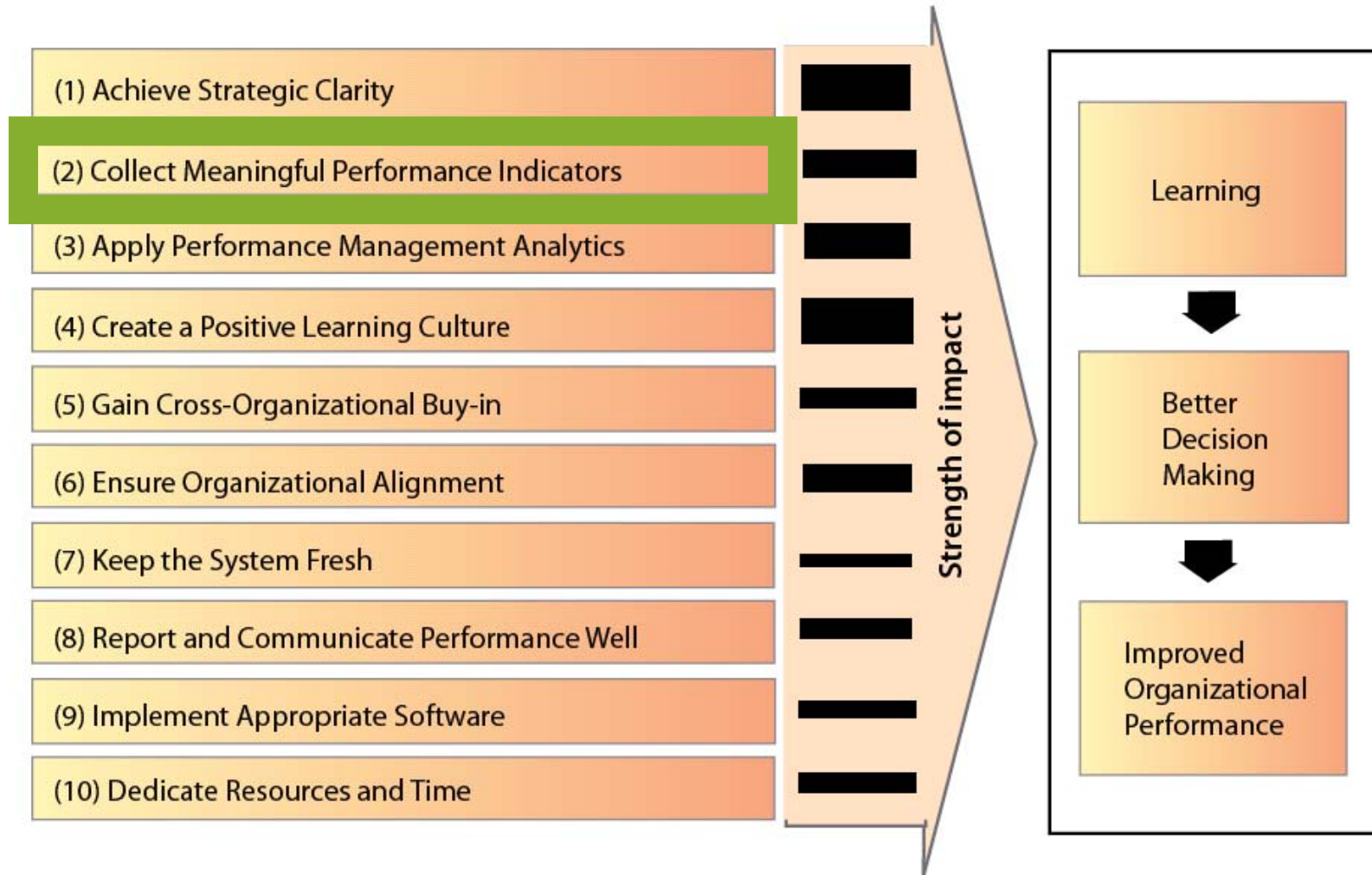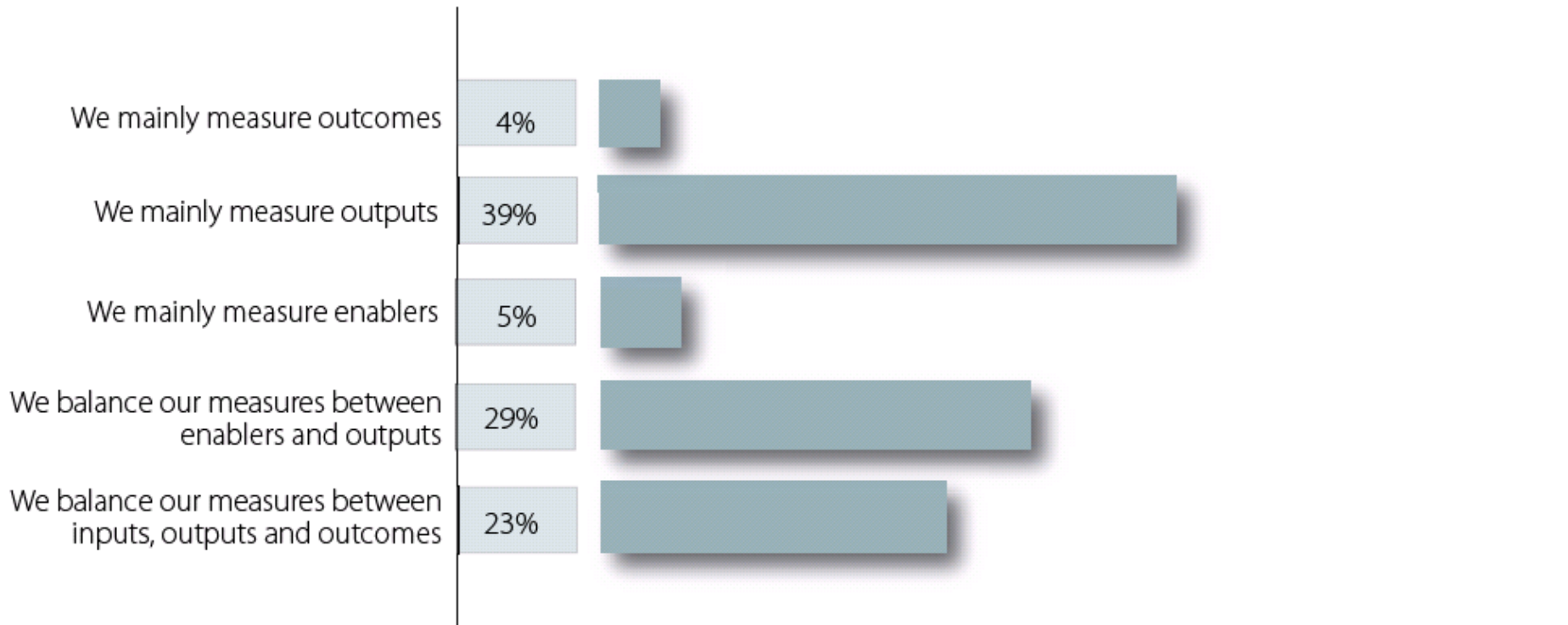
Only 14% apply strategic mapping approaches

Leaving 86%, who are not yet using these powerful tools

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Better Decision Making

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Improved Organizational Performance

We mainly measure outcomes	4%
We mainly measure outputs	39%
We mainly measure enablers	5%
We balance our measures between enablers and outputs	29%
We balance our measures between inputs, outputs and outcomes	23%

Multiple responses possible

2. Collect Meaningful PIs (1)

Category	Percentage
People/human capital related	98%
Resources related (financial, tangible and intangible)	76%
Regulator related	68%
Customer related	57%
Internal processes related	52%
Environmental and social related	48%
Supplier related	33%

*Multiple responses possible

Efforts

Clarify Strategic Objectives → Measure Performance → Manage Performance

Identify and agree what matters → Collect the right management information → Learn and improve performance

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