

Performance Measurement for Managers (PUAD 720)

Tuesdays 7:20-10:00

Arlington, Room 267

Fall 2005, 3 credits

Professor Lehn M. Benjamin

Department of Public and International Affairs

George Mason University

Arlington, Original Building, Room 327

3401 N. Fairfax Drive, MS 4D5

Arlington, VA 22201-4498

Office Hours: Tuesdays 4:00 – 7:00 p.m. and by appt.

e-mail: lbenjami@gmu.edu

phone: 703-993-8240

COURSE DESCRIPTION

This course introduces students to performance measurement. Performance measurement refers to the ongoing process of defining, monitoring and using performance indicators to improve organizational effectiveness and efficiency (Poister 2003: 1). Efforts to measure the performance of public and nonprofit organizations are not necessarily new. Attempts to measure the performance of the public sector can be traced back to the turn of the century and nonprofits have been measuring certain aspects of performance since the late 1960s/early 1970s. However, current performance measurement systems emphasize outcome measures and the use of this data to ensure accountability. Outcomes are the expected results or benefits for individuals, families or communities as a result of certain actions. Today, public and nonprofit managers across the country, and indeed around the world, are learning how to design, implement and use performance measurement systems.

By the end of this course, students will:

- (1) Be familiar with the central theoretical ideas informing performance measurement in the public and nonprofit sectors, as well as the critical debates surrounding these ideas.
- (2) Develop competencies in defining and developing performance measures. This will be accomplished through in class case studies and applied assignments.¹
- (3) Understand how performance information can be used in:
 - a. Strategic planning
 - b. Benchmarking performance against comparable entities
 - c. Budgeting
 - d. Contract Management

The instructor reserves the right to make adjustments to the syllabus as the course progresses.

¹ NOTE: This is not a survey methods or measurement course. This course will introduce students to surveys as one data collection method, but this course does not cover measurement topics, e.g., true score theory, reliability and validity tests.

COURSE EXPECTATIONS and EVALUATION

Students will be evaluated based on their active participation and the quality of two written assignments and two presentations. These expectations are described in more detail below.

I. PARTICIPATION (15%).

Participation increases what is remembered, how well it is assimilated and how the learning is used in new situations. Your participation is a critical and an important part of how you will be evaluated. Effective class participation depends on a variety of skills including: active listening, respect and openness to everyone's ideas and contributions, concise questioning, and purposeful discussion. Student participation will be evaluated on the following criteria:

- ✓ **Quality Participation.** Quality participation demonstrates that a student has read the material AND thought through the implications of the material for improving the performance of nonprofit and public organizations.
- ✓ **Web Postings.** Starting in week 2, students will post 1-2 questions and/or analytical comments to the class website (<http://webct41.gmu.edu>) each week (unless instructed otherwise). The postings should relate to the topic being discussed that week and could include comments about one's own experience, the readings, related current events, another article and/or another student's posting. The postings must be submitted at least 24 hours prior to class time.
- ✓ **Preparation and contribution to case discussions.** Most class sessions will involve discussing a case related to the week's topic. Students will be expected to read the case and come to class prepared to discuss it.

II. ASSIGNMENTS (85%)

Theoretical Memo (20%). Based on the material covered during the first 3 weeks of the course, students will write a memo to a colleague introducing performance measurement. The memo should explain the potential benefits and limitations of using a performance measurement system, in light of the theoretical assumptions and critiques covered in class (approximately 5 pages).

Mini Case Presentation (25%). Students will identify a nonprofit or public organization, other than their own, that currently claims to have a performance measurement system. Starting in the fourth week one or two students will make a 7-10 minute presentation to the class (including handouts, references, etc.) on this performance measurement system. The presentation should address the following:

- the mission, goals and objectives of the organization
- the performance metrics used
- when, how and by whom those metrics were developed, including how key stakeholders were involved
- how the metrics are used by management
- how performance is reported to and used by outside entities (like the public)
- how well the system seems to be working:
 - are the measures sound?
 - do they adequately capture organizational performance?
 - do they align with the mission and objectives of the organization?
 - do they measure results/outcomes?

Students will sign up for a time during the first class. While some of this information may be available on the Internet, students will need to conduct at least one telephone interview to really understand how the system was developed, how it is currently used by management and how well it is working. Students will hand in a paper copy of their presentation and their interview notes.

Final Paper (30%). Students will prepare an in-depth case analysis of a performance measurement system in a public or nonprofit organization. This organization cannot be the same organization the student examined for the mini-case. Students may use their own organization but the work prepared for this class must be completely new work. The analysis should focus on one of the following:

- an evaluation of an existing performance measurement system and recommendations for how to improve this system
- a proposed process for developing performance measures in a selected organization that does not currently have a performance measurement system or
- a management and reporting plan for incorporating performance measures more fully into the management of the organization.

The analysis should draw on the course readings, class discussion and organizational material (documents and/or interviews). Papers should be about 15 pages in length and should be suitable for distribution to the head of that organization.

Final Presentation (10%).

Students will present the results of their final paper to the class. Students will describe the organization and present their analysis and recommendations. Presentations will be approximately 10 minutes.

NOTE: For written papers, students are required to follow the APA citation style. You can find detailed information on using the APA citation style at <http://www.wisc.edu/writing/Handbook/DocAPA.html>.

IV. OTHER EXPECTATIONS

Late Policy: Assignments will automatically be marked down 2 points for each day that they are late.

Attendance: If at all possible, students should let me know if they will miss a class. If a student does miss a class, it is his or her responsibility to collect handouts, notes, new deadlines, etc. from classmates.

Communication with the Instructor: E-mail is the best way to communicate. If you do send an e-mail, please put the PUAD 720 in the subject header. I will make every attempt to get back to you within 1-2 days.

V. GRADE POLICY

Grades earned for major course products, participation, and final grades will be calculated using the following grading structure:

Grading Scale:

A+ = 98-100
A = 94-97
A- = 90-93
B+ = 87-89
B = 83-86;
B- = 80-82
ETC.

VI. ACADEMIC INTEGRITY George Mason University Academic Policies

George Mason University policies are in effect. All your work must be your own, unless the instructor for this course authorizes collaboration, in which case you must, in writing, acknowledge the help you have received. Presenting as one's own the words, ideas, or expression of another in any form is cheating through plagiarism, and will not be tolerated. The claim of ignorance is no excuse.

Honor Code: The Honor Code Policy endorsed by members of the Department of Public and International Affairs relative to the types of academic work indicated below is set out in the appropriate paragraphs.

- 1. Quizzes, tests, and examinations.** No help may be given or received by students during the taking of quizzes, tests, or examinations, whatever the type or wherever taken, unless the instructor specifically permits deviation from this standard.
- 2. Course Requirements.** All work, submitted in fulfillment of course requirements, is to be solely the product of the individual(s) whose name(s) appears on it. Except with permission of the instructor, no recourse is to be had to projects, papers, lab reports or any other written work previously prepared by another student, and except with permission of the instructor. No paper or work of another type submitted in partial fulfillment of the requirements of another course may be used a second time to satisfy a requirement in the Department of Public and International Affairs. No assistance is to be obtained from commercial organizations that sell or lease research help or written papers. With respect to all written work as appropriate, proper footnotes and attributions are required.
- 3. Required Reading.** A signed pledge that reading required for a course has been completed may be made a condition of receiving credit in this course. Inability to sign the pledge when required on the final exam will result in the assignment of a grade of "I."

VII. STUDENTS WITH DISABILITIES:

Students with disabilities are responsible for making their needs known to the instructor before the second week of class and seeking assistance from the Disability Resource Center, SUB I, Room 222, 993-2474.

REQUIRED COURSE TEXTS

Poister, Theodore H. 2003. *Measuring Performance in Public and Nonprofit Organizations*. San Francisco, CA: Jossey-Bass.

Case Material:

A couple of the cases are available through the electronic course reserve. Other cases can be directly downloaded from the relevant websites and paid for with a credit card. If you have problems downloading the cases you can contact customer care number listed below:

Kennedy School www.ks.g.harvard.edu. (1-888-640-4945)

Harvard Business School (1-800-545-7685)

http://harvardbusinessonline.hbsp.harvard.edu/b02/en/cases/cases_home.html

ALL OTHER REQUIRED READINGS AVAILABLE ON ELECTRONIC RESERVE

(oscr.gmu.edu. Enter the course number or my name and the password given out in class and via e-mail)

NOTE: The additional references are not on reserve but are available from the instructor upon request.

COURSE SCHEDULE

August 30, 2005: Course Introduction and History of PM

Required Readings:

- 📖 *Measuring Performance. Chapters 1 and 2.*
- 📖 Williams, D. W. 2004. Evolution of performance measurement until 1930. *Administration & Society* 36(2): 131-165.

September 6, 2005: Theories Informing PM: Production Theory and Principal Agent Theory

Required Readings:

- 📖 Apgar and Brown, 1987, *Microeconomics and Public Policy*, chap 3
- 📖 Hendry, John. 2002. The Principal's Other Problems: Honest Incompetence and the Specification of Objectives. *Academy of Management Review* 27(1): 91-112.
- 📖 Frey, B. S. 1993. Does Monitoring Increase Work Effort - the Rivalry with Trust and Loyalty. *Economic Inquiry* 31(4): 663-670.
- 📖 CASE: Dall W. Forsythe (Ed.). 2001. *Quicker, Better, Cheaper? Managing Performance in American Government*. Albany: Rockefeller Institute Press. Chapter 4 (The Economics of Performance Incentives in Government with Evidence from a Federal Job Training Program by Gerald Marschke).

Additional References:

- 📖 Speckbacher, Gerhard. 2003. The Economics of Performance Management in Nonprofit Organizations. *Nonprofit Management & Leadership*, Vol. 13, No.3: 267-279.
- 📖 Selden, S. C., G. A. Brewer, et al. 1999. The role of city managers - Are they principals, agents, or both? *American Review of Public Administration* 29(2): 124-148.

September 13, 2005: Theories Informing PM: New Public Management

Required Readings:

- 📖 Kettl, Donald. 1997. The Global Revolution in Public Management: Driving Themes and Missing Links. *Journal of Policy Analysis and Management* 16(3): 446-462.
- 📖 Light, Paul. 1999. Making Nonprofits Work: A Report on The Ties of Nonprofit Management Reform. Washington D.C.: Brookings/Aspen Press, Chapter Three

- 📖 Jos, P. H. and M. E. Tompkins. 2004. The accountability paradox in an age of reinvention - The perennial problem of preserving character and judgment. *Administration & Society* 36(3): 255-281.
- 📖 CASE: Dall W. Forsythe (Ed.). 2001. *Quicker, Better, Cheaper? Managing Performance in American Government*. Albany: Rockefeller Institute Press. Chapter 16 (Performance Management in New York City: Compstat and the Revolution in Police Management by Dennis Smith and William Bratton).

Additional References:

- 📖 Behn, Robert D. 1999 The New Public-Management Paradigm and the Search for Democratic Accountability. *International Public Management Journal*. 1(2): 131-165.
- 📖 Terry, Larry. 1998. Administrative Leadership, Neo-Managerialism, and the Public Management Movement. *Public Administration Review* 58(3):194-200.
- 📖 Edwards, Michael and David Hulme. 1996. *Beyond the Magic Bullet: NGO Performance and Accountability in the Post-Cold War World*. West Hartford, CT: Kumarian Press, Inc.
- 📖 Lynn, L. E. 1998. The new public management: How to transform a theme into a legacy. *Public Administration Review* 58(3): 231-237.
- 📖 Denhardt, R. B. and J. V. Denhardt. 2000. The New Public Service: Serving rather than steering. *Public Administration Review* 60(6): 549-559.
- 📖 Durst, Samantha L. and Chardean Newell. 2001. The who, why, and how of reinvention in nonprofit organizations. *Nonprofit Management and Leadership*. 11(4): 443-457.
- 📖 Davis, J. H., F. D. Schoorman, et al. 1997. Toward a stewardship theory of management. *Academy of Management Review* 22(1): 20-47.
- 📖 Dicke, L. A. 2002. Ensuring accountability in human services contracting - Can stewardship theory fill the bill? *American Review of Public Administration* 32(4): 455-470.

September 20, 2005: Measuring Performance: Thinking about Goals, Identifying Outcomes

Required Reading:

- 📖 *Measuring Performance*. Chapters 3 and 4
- 📖 Behn, Robert. 2004. Performance leadership: 11 better practices that can ratchet up performance. *Managing for Performance and Results Series*, IBM center for the Business of Government. www.businessofgovernment.org
- 📖 CASE: Team Read: Case A (Available through electronic course reserve)

September 27, 2005: Measuring Performance: Defining Performance Indicators

Required Reading:

- 📖 *Measuring Performance*. Chapters 5
- 📖 Thiel, Sandra van and Frans L. Leeuw. 2002. The Performance Paradox in the Public Sector. *Public Performance & Management Review*. 25(3): 267-281
- 📖 Bohte, John and Kenneth J. Meier. 2000. Goal Displacement: Assessing the Motivation for Organizational Cheatin g. *Public Administration Review* 60(2): 173-183
- 📖 CASE: Callahan, Kathe. 2002. Montclair, New Jersey. Rutgers University, National Center for Public Productivity. (Case available through electronic course reserve).

October 4, 2005: Evaluating Performance: Analysis and Benchmarking

Required Reading:

- 📖 *Measuring Performance*. Chapters 6 and 13

- 📖 Dence, Roger. 1995. Best Practices Benchmarking. In Jacky Holloway, Jenny Lewis and Geoff Mallory, eds., *Performance Measurement and Evaluation*. London: Sage Publications, pp 124-152
 - 📖 Tinsley, Susan Gooden and Samuel Michael McCreary. 2001. That Old-Time Religion: Efficiency, Benchmarking, and Productivity," by. In *Public Administration Review*. 61(1): 116-120.
 - 📖 CASE: Mayor Anthony Williams and Performance Management in D.C. KSG 1647
- GUEST SPEAKER**

Additional References:

- 📖 Ammons, David N. 2001. *Municipal Benchmarks: Assessing Local Performance and Establishing Community Standards*. Thousand Oaks: Sage Publications, Inc.
- 📖 Benchmarking as a Performance Management Tool: Experiences among Municipalities in North Carolina," by David N. Ammons. In the *Journal of Public Budgeting, Accounting, and Financial Management*, Vol. 12. (Spring 2000): 106-124.

October 11, 2005:

Official University Break – NO CLASS

October 18, 2005: Evaluating Performance: Reporting

Required Reading:

- 📖 *Measuring Performance. Chapters 13*
- 📖 Fountain, James et al. 2003. *Reporting Performance Information: Suggested Criteria for Effective Communication*. Governmental Accounting Standards Board.
- 📖 CASE: Worcester Case. The Citizen Driven Government Performance Project at Rutgers University. (Electronic Reserve)
- 📖 **GUEST SPEAKER**

October 25, 2005: Evaluating Performance: Involving Citizens/Clients

Required Reading:

- 📖 *Measuring Performance. Chapters 12*
- 📖 *Meeting the Challenges of Performance-Oriented Government. Chapter 7* (Engaging Citizens in Achieving Results that Matter: A Model for Effective 21st Century Governance by Paul Epstein et. al.).
- 📖 Pegnato, Joseph A. 1997. Is a Citizen a Customer? *Public Productivity and Management Review*. 20(4): 397-404.
- 📖 Irvin, Renee A. and John Stansbury. 2004. Citizen Participation in Decision Making: Is it Worth the Effort? *Public Administration Review*. 64(1): 55-65.
- 📖 CASE: *Citizens Identifying Performance Measures: The Experience in Iowa*. By Alfred How and Paul Coates, Program of Public Policy and Administration, Department of Political Science, Iowa State University (Available through electronic course reserve).

Additional References:

- 📖 Walters, Lawrence et al. 2000. Putting more 'Public' in Policy Analysis. *Public Administration Review*. 60(4): 349-359.
- 📖 Vigoda, Eran and Robert T. Golembiewski. 1999. Citizenship Behavior and the Spirit of New Managerialism: A Theoretical Framework and Challenge for Governance. *American Review of Public Administration*. 31(3): 273-295.

- 📖 Holzer, M. and K. F. Yang. 2004. "Performance measurement and improvement: an assessment of the state of the art." *International Review of Administrative Sciences* **70**(1): 15-31.
- 📖 Callahan, R. F. and G. R. Gilbert. 2005. "End-user satisfaction and design features of public agencies." *American Review of Public Administration* **35**(1): 57-73.
- 📖 Kelly, J. M. and D. Swindell. 2002. "Service quality variation across urban space: First steps toward a model of citizen satisfaction." *Journal of Urban Affairs* **24**(3): 271-288.

November 1, 2005: Using Performance Data to Manage: Strategic Planning/Balanced Scorecard
 Required Reading:

- 📖 *Measuring Performance. Chapters 9*
- 📖 Kaplan, Robert S. and David P. Norton. 1992. The Balanced Scorecard: Measures that Drive Performance. *Harvard Business Review*. January-February 1992: 71-79
- 📖 Kaplan, Robert S. 2001. Strategic Performance Measurement and Management in Nonprofit Organizations. *Nonprofit Management and Leadership*. Vol. 11, No. 3: 353-370
- 📖 CASE: Boston Lyric Opera (Harvard Business School Case: 101-111).

November 8, 2005: Using Performance Data to Manage: Performance Budgeting
 Required Reading:

- 📖 *Measuring Performance. Chapters 10*
- 📖 Melkers, J. and K. Willoughby. 1998. The state of the states: Performance-based budgeting requirements in 47 out of 50. *Public Administration Review* **58**(1): 66-73.

GUEST SPEAKER

November 15, 2005: Using Performance Data to Manage: Performance Contracting
 Required Reading:

- 📖 Liner, Blaine et al. 2001. Performance Contracting Chapter 5 in *Making Results-Based State Government Work*. Washington D.C.: Urban Institute.
- 📖 Heydt, William L. 2002. Contracting out the Management of the City Garage. Chapter 21 in *The New Public Management: Lessons from Innovating Governors and Mayors*. Boston. Kluwer Academic Publishers.
- 📖 Sklar, Elliot. 2000. Public vs. Private Production: Is One Better and How Would You Know? Chapter 3 in *You Don't Always Get What You Pay For: The Economics of Privatization*. Ithaca: Cornell University Press.
- 📖 CASE: Oklahoma's Milestone's Reimbursement System: Paying for What you Get (KSG 1477)

November 22, 2005: Using Performance Data to Manage: Employee Pay for Performance
 Required Reading:

- 📖 *Measuring Performance Chapter 11*
- 📖 Brumback, Gary B. 1993. Continuing Evolution of MBR and Related Developments. *Public Administration Review*, 53 (3): 213-219.
- 📖 Ingraham, Patricia W. 1993. Of Pigs in Pokes and Policy Diffusion: Another Look at Pay for Performance. *Public Administration Review*. 53(4): 348-356.
- 📖 Coutu, Diane L. 2002. Interview with Edgar H. Schein. The Anxiety of Learning. *Harvard Business Review*, March: 100-106.
- 📖 CASE: Division of Water Resources: Performance Pay (Available electronic course reserve)

November 29, 2005: Implementing Effective Performance Measurement Systems

Required Reading:

- 📖 *Measuring Performance. Chapter 14*
- 📖 Moynihan, Donald P. 2005. Goal-based learning in the future of performance management. *Public Administration Review*. 65(Mar/Apr, 2): 203-216
- 📖 Wang, X. H. and E. Berman. 2001. Hypotheses about performance measurement in counties: Findings from a survey. *Journal of Public Administration Research and Theory* 11(3): 403-427.
- 📖 Case 1: The Oregon Benchmarks Program: The Challenge of Restoring Political Support (KSG 1554)

December 6, 2005: Final Presentations

📖 **PERFORMANCE MEASUREMENT PRESENTATION**

Summary of Class Schedule and Assignment Due Dates

Date	Topic	Assignment Due
8/30/05	Introduction and Overview	
9/6/05	Theories Informing PM	
9/13/05	Theories Informing PM	
9/20/05	Identifying Goals and Specifying Outcomes	
9/27/05	Performance Indicators	Theoretical Paper DUE
10/4/05	Analysis and Benchmarking	
10/11/05	No class	
10/18/05	Reporting	
10/25/05	Citizen/Client Input	
11/1/05	Strategic Planning and the Balanced Scorecard	
11/8/05	Performance Budgeting	
11/15/05	Contracting	
11/22/05	Employee Performance Systems	
11/29/05	Effective PM systems	(may need to schedule some presentations here)
12/06/05		Presentations and Final Paper Due

Selected Course Web Sites

Fairfax County Performance Measurement

http://www.co.fairfax.va.us/gov/omb/perf_measure.htm

United Way Outcome Measurement: What, Why, and How?

<http://national.unitedway.org/outcomes/pgmomres.htm/>

United Way Outcome Measurement Resources

<http://national.unitedway.org/outcomes/publetns.htm#It0989>

Government Performance Measures/Benchmarking

<http://www.financenet.gov/finance/start/topic/perf.htm>

Foundation for Performance Measurement

<http://www.fpm.com>

Government Accounting Standards Board Performance Measurement

<http://www.rutgers.edu/Accounting/raw/seagov/pmg>

OMB Performance Measurement

<http://www.npr.gov/library/resource/measure.html>

A Brief Guide for Performance Measurement in Local Government

<http://andromeda.rutgers.edu/~nepp/edgp/Manual.htm>

GPRA-Integrating Performance Measurement into the Budget Process

<http://www.financenet.gov/financenet/fed/cfo/gpra/ipmibp.htm>

Internet Performance Measurement and Analysis project

<http://www.merit.edu/ipma>

The Journal of Performance Measurement

<http://www.spauldinggrp.com/prod01.htm>

Citizen-Driven Government Performance

<http://andromeda.rutgers.edu/~ncpp/cdgp/manualref.htm>

International City/County Management Association (ICMA)

<http://www.icma.org/go.cfm?cid=1>