Getting Better at Managing for Outcomes

A tool to help organisations consider their progress in results-based management and identify development objectives
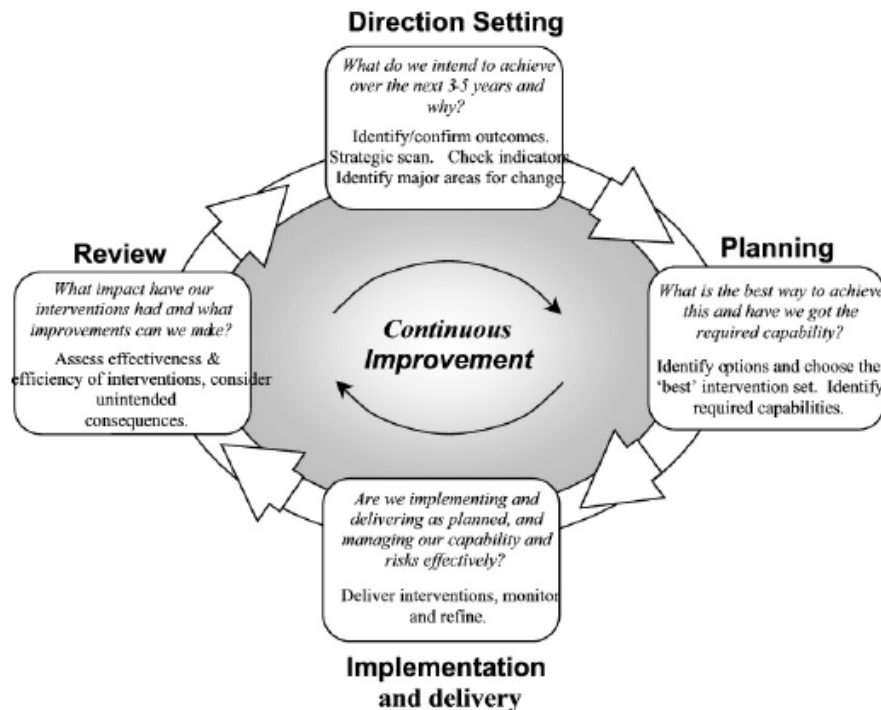
Managing for outcomes – what does it mean in practice?

Outcomes are influenced by many factors. Some are in our control: others are not. Because of this, chief executives are not accountable for achieving outcomes but are held accountable for 'managing for outcomes'. In other words they continue to be accountable for the delivery of outputs and for altering the mix of outputs as circumstances dictate. Good information on results, on what is working and what is not helps in decisions about what to start, what to stop and what to continue or expand.

In practice, managing for outcomes means focusing on outcomes (results) in every aspect of management. Organisations that are managing for outcomes:

- have a clear vision of why they exist, what they want to achieve and how well they are achieving against this;

- plan their work keeping in mind a clear set of objectives, activities, outputs, outcomes and measures of success;

- deliver what they have planned, and in a manner that is consistent with public service ethics, values and standards while meeting standards of timeliness, quality, accuracy, etc;

- take stock of their progress by monitoring, measuring, reviewing and evaluating as they go;

- learn from success and failure and modify what they do and how they do it in response;

- report publicly on their results, promoting transparency to Parliament and the public and providing a basis for dialogue about future decisions; and

- have an adaptive and innovative culture and seek continuous improvement.

A representation of the "continuous improvement" cycle that a focus on managing for outcomes creates is shown below.

Direction Setting

What do we intend to achieve over the next 3-5 years and why?

Identify/confirm outcomes. Strategic scan. Check indicators. Identify major areas for change.

Review

What impact have our interventions had and what improvements can we make?

Assess effectiveness & efficiency of interventions, consider unintended consequences.

Continuous Improvement

Planning

What is the best way to achieve this and have we got the required capability?

Identify options and choose the 'best' intervention set. Identify required capabilities.

Are we implementing and delivering as planned, and managing our capability and risks effectively?

Deliver interventions, monitor and refine.

Implementation and delivery

This document provides a tool to assist Chief Executives and their managers to assess aspects of organisational progress and potential for progress in elements of managing for outcomes.

Key points about this assessment tool

The tool[1]:

- is intended as an organisational self-assessment tool. It is <u>not</u> an accountability mechanism. The results are subjective and are not comparable between organisations;

- is intended to be flexible and applicable at a departmental, programme, branch or unit level;

- is intended to be used iteratively in order to gauge actual progress made as well as opportunities for further progress;

- is intended to encourage debate and development where necessary. There may be differences of views between different users within a department, and these provide opportunities for further discussion and thinking;

- is not intended to be all encompassing. Not all aspects of managing for outcomes – for example, change management - are covered; and

- will continue to evolve on the basis of experience and feedback from user groups.

---

[1] The Self-Assessment Tool is after a Canadian Treasury Board tool that is currently used by government agencies in Canada. The Canadian example can be found at: http://www.tbs-sct.gc.ca/rma/account/transmod/tm_e.asp

How will this tool assist departments in assessing progress?

Chief executives and managers will be better able to identify:

- where and how well the organisation is managing, embedding and practising outcomes-based management;
- what needs to be done to gain further progress; and
- what the organisation's development priorities are.

Why produce this tool?

Managing for outcomes means focusing on all parts of the management cycle: not just on planning and reporting. Feedback from departments is that there is a need for examples, tools and assistance that can be adapted in progressing an outcomes focus in their organisations. This self-assessment tool responds to that feedback. This tool aims to assist departments with assessing how well they are making progress in managing for outcomes and delivering better results for New Zealanders.

What is in it for central agencies?

A process of learning and improvement is involved in embedding an outcomes focus in departmental management – but the focus on outcomes is now not a new one for the New Zealand public service. Because of this, there is a strong expectation that departments will be able to demonstrate material progress as time goes by.

This tool aims to assist departments with assessing and demonstrating how well they are making progress in managing for outcomes. The results can form the basis for ongoing discussion within agencies but also with central agencies, Ministers and key stakeholders on progress and the potential for progress in delivering better results for New Zealanders.

How does it link with other MfO-related initiatives?

The tool assumes agencies are familiar with the basic concepts of managing for outcomes. The following reference material provides the wider context within which this tool sits:

- Managing for Outcomes: http://www.ssc.govt.nz/managing-for-outcomes
  - The Pathfinder Project: http://io.ssc.govt.nz/pathfinder/
  - Getting Better at Managing for Shared Outcomes
    http://www.ssc.govt.nz/mfso-guidance
- Integrity and Conduct
  This material can be found at: http://www.ssc.govt.nz/integrityandconduct

Who produced it?

The Managing for Outcomes Programme Office produced the tool.[2] A small group of agencies tested the tool and provided feedback. The tool is not the "final word" on managing for outcomes. The tool will be modified on the basis of feedback and experience, and as current thinking on managing for outcomes evolves.

Overview of the assessment tool

Becoming an outcome-focused organisation entails leading, managing and embedding change. With simplicity in mind, the broad focus of the tool is on:

1   the organisation's clarity about its outcomes;

2   the organisation's capability for managing for its outcomes; and

3   the organisation's progress in managing for its outcomes.

For each of the above elements, there is a description of stages of development and some prompts or questions to help identify, in a rough and quick manner, the organisation's current stage, and what it needs to do to progress to the next stage.

To get a sense of an overall progress of the organisation and potential areas for improvement, an overview assessment chart is included at the end.

---

[2]   The MfO Programme Office took over the large part of the responsibilities of the former MfO Steering Group in early 2004. The MfO Programme Office comprises a group of officials from the State Services Commission, the Treasury and TPK.

Getting better at managing for outcomes: Assessment Elements, Questions, Stages of Development

A: Clarity about outcomes and how best to achieve these Do we know what results we need to deliver the outcomes we contribute to and how we can best achieve these?	What is our current stage of development? (1-5)	Do we need to do anything further? Y/N/?	What's the priority for this? H/Med/L	Who will lead it? By when?
• Are we clear about our organisation's role and purpose? Are staff clear? • Have our key stakeholders been involved in identifying the results we want to achieve? If not, how clear are we on what they expect of us? • Do we have a clear set of outcomes that are clearly attributable to what we do? • What's the extent of the evidence, research or other supporting information on our current major/significant outputs and their results? Should we continue to deliver what we have been delivering? What alternatives have we explored? • Have we identified who else shares or makes a significant contribution to our outcomes? If so, have we explored opportunities with them to join up our efforts and resources towards the shared outcome? • Are staff roles, responsibilities and accountabilities at different levels and areas (including regional staff) clearly linked (e.g. through business or project plans) to our outputs and our outcomes? • Are staff clear on the standards for integrity and conduct that the organisation needs to uphold in order to deliver the results we want to achieve? Do staff know what is unacceptable behaviour? And where inter or cross departmental teams come together for joint/shared outcomes, how differences in perception (and practice) are identified and managed?				

Stages of Development

Stage 1	Stage 3	Stage 5
• In general staff and key stakeholders are not clear about the results the organisation wants to achieve and their own contributions to these results. • Outcomes are poorly defined (e.g. are ambiguous, are processes, or are "vision" statements). • There is a focus on delivering "what we have always delivered" but there is limited or no information available on results of these interventions or outputs. There are few outcome measures/indicators; performance information is largely focused on inputs & outputs; and we're not clear why we have been collecting some of this information. • There is not much clarity about who else contributes to the same outcomes, or how these are influenced by factors external to the organisation. • State Services standards for integrity and conduct are stated in corporate documents but management do not actively talk about or monitor what is not acceptable behaviour.	• Staff and key stakeholders have a good understanding of the results the organisation wants to achieve and their own contributions to these results. They are involved in identifying the desired results and interventions/activities to achieve them. • The organisation has a reasonably clear and coherent set of outcomes. Most outcomes have been clearly and unambiguously defined. • Performance information on current major or significant outputs and results is being collected and analysed and is used to support decisions on actions, priorities and resource allocation. • Organisation knows how its outcomes fit with those of other key contributors in the sector, particularly at a central and local government level. • State Services standards for integrity and conduct and their link to achieving the outcomes are understood and upheld.	• Staff and key stakeholders are clear about the results the organisation wants to achieve, and their own contributions. They are regularly involved in reviewing results and providing feedback on performance, and input to plans. • Organisation's outcomes are clearly and unambiguously defined. • The selection of interventions/outputs, decisions on priorities, resourcing and action are supported by evidence and data on both outputs and outcomes. This data is regularly collected and routinely used in decisions. • Organisation has considered and has prioritised how it will work with agencies with similar outcomes or whose activities influence the outcomes it is trying to achieve. Joint work is being progressed in priority areas. • State Services standards for integrity and conduct are consciously promulgated by management. Performance in this area is monitored, and lessons are shared across the organisation for learning and performance enhancement.

B. Capability for managing for outcomes **Do we have the right capability to deliver our desired results and achieve our outcomes?**	What is our current stage of development? (1-5)	Do we need to do anything? Y/N/?	What's the priority for this? H/Med/L	Who will lead it? By when?

• Do staff have a good understanding of what is expected, both in terms of the results they should deliver, the outcomes we want to achieve and our way of doing business to achieve these outcomes?
 	
• Have we identified what our organisation needs to achieve results, particularly:
 	
  - what needs to be put in place or change, what resources are/would be required, and with what priority?
 	
  - how efficiently are we using the current mix of resources at our disposal? Are we aware of better practices elsewhere? Can we demonstrate to our stakeholders what value they get from our use of public money?
 	
  - what (ongoing) training or support is necessary to help our staff achieve desired results?
 	
  - what systems or support is necessary to help us learn and share what we learn with others (internally and externally)?
 	
  - as management, what are we doing to gain staff commitment to results–based performance?
 	
• Have we clearly outlined and prioritised our course of action through our strategic and operational plans? Are these plans linked and focused on our outcomes?				

Stages of Development

Stage 1	Stage 3	Stage 5
• Staff understanding of the organisation's direction and outcomes is poor. Commitment to and understanding of intended results/outcomes is limited to the management team, and is mainly evident in SOI and annual report production. • Limited evidence of alignment of capability (people, systems, processes, culture, structure, relationship, etc) with desired outcomes. • Strategic and operational plans do not show a set of integrated/connected actions, clearly focused towards outcomes	• There is a general understanding among staff of the results the organisation is trying to achieve, and the outcomes that these contribute to. Commitment to and understanding of outcomes includes senior staff and is evident beyond the production of SOI and annual report. • There is an emerging attention paid to the alignment of some aspects of capability such as systems and processes with desired outcomes. Plans are in place to collect performance information. • There is a limited focus on identifying cost effective practices through systematic comparisons and benchmarking either within the organisation or with similar organisations. • Strategic and operational plans are interrelated and aligned with outcomes in places, but with few priorities identified.	• Staff understand the results the organisation is trying to achieve, the outcomes that these contribute to, and their role in achieving / contributing to these. Commitment to and understanding of outcomes is prevalent across the department (including in regions). • Senior managers demand and use performance information for improving results. Such information is used to identify implications for systems and processes; people and culture; and relationships. • Performance information is regularly used to identify cost effective practices through systematic comparisons and benchmarking either within the organisation or with similar organisations. The results are used to identify areas for potential improvement or to identify promising practices so they can be analysed, documented and spread throughout the organisation. • Strategic and operational plans connect together coherently and in line with outcomes. Plans explicitly identifying cross organisation priorities, courses of action, and capability towards achieving outcomes.

C. Progress in managing for outcomes **Do we know if we are producing the right results?**	What is our current stage of development? (1-5)	Do we need to do anything? Y/N/?	What's the priority for this? H/Med/L	Who will lead it? By when?
• What evidence do we have that shows how our major outputs and interventions contribute to our outcomes? Can we justify to the public why we currently deliver what we do or how we currently do it? What alternatives to these outputs or activities have we investigated? • To what extent are our interventions delivered as planned? How do we know? How often do we review and test the quality/reliability of the measures we use for our outputs (including coverage, impact on outcomes, and awareness of unintended consequences)? How often do we review our output plan or similar documentation? • How much evidence of progress towards our desired outcomes do we have? • Are we able to adapt our approach if our current approaches, efforts and resources are not achieving the desired results – or progress is not fast enough? What changes have we recently made that demonstrate this ability? • How well do we work with other agencies that share our outcomes? • What lessons have we learned so far? Have we shared these with staff or other organisations? • Are we reporting our plans and our progress against these plans in a way that demonstrates to staff and to stakeholders our priorities, how we are using our resources towards our outcomes — and with what results? Have we clearly identified for key stakeholders the risks and opportunities facing our organisation?				

Stages of Development

Stage 1	Stage 3	Stage 5
• Organisation has little/no evidence on whether it is achieving or contributing as planned to its stated outcomes. Its understanding of how its outputs contribute to immediate, intermediate and strategic/end outcomes is mainly based on theory or conjecture.	• Organisation has some evidence on how it is progressing towards its outcomes, and has reassigned resources as a result. It has developed an understanding of how some outputs contribute to immediate, intermediate and strategic/end outcomes.	• Organisation has a good understanding of how it is progressing towards its stated outcomes. Its understanding of how the outputs it delivers influence immediate, intermediate and strategic/end outcomes is central to planning, and is routinely reviewed and updated on the basis of lessons learned and changing circumstances.
• Management's focus on outcomes is mainly at planning times, and is not consistently maintained thorough ongoing management of resources, priority setting, capability considerations, etc.	• Some areas or activities are subject to review by management, but the results of these reviews are not generally shared for organisation-wide learning and performance enhancement.	• Results of integrated risk (opportunity) management are used to support learning and continuous performance improvement.
• Little attention is paid to exploring what can be done together with other organisations that share the outcome(s).	• Organisation has identified shared outcomes and key partners, and is beginning to explore how to work with them.	• Organisation is working appropriately / effectively with its partners towards shared outcomes.
• Management time and effort put into the review and evaluation of the results of planned actions seems negligible.	• There is an active process of testing new ways to improve outcomes. Management time and effort put into the review and evaluation of the results of planned actions is increasing but is uneven. There are some identifiable "champions" or leaders who promote outcomes –focused practices but they are not a majority.	• Management focus on outcomes drives action, prioritisation, resource allocation and capability decisions at planning and on an ongoing basis across the organisation. Focus includes core business (baselines) and new ways of working.
• Reporting does not enable staff and stakeholders to clearly see how the organisation is using its resources towards outcomes and how it is progressing with its priorities. There are statements made about progress being made "next year" – but progress is never reported or demonstrated. Risks and opportunities facing the organisation are also not clear.	• Reporting provides some assurance to staff and stakeholders that the organisation is committed to and focused on outcomes, and is progressing its priorities. There is limited discussion on risks and opportunities facing the organisation.	• Organisation clearly communicates with its staff and stakeholders on its purpose and desired results, its way of managing for outcomes, and how it is anticipating and responding to risks and opportunities. The culture is supportive of learning from mistakes, of trying new solutions — and of safeguarding its ethics, values and standards.
• There is a general awareness of the broad risks to the organisation but risk management (while also capturing opportunities) is not focused on outcomes. Surprises (positive and negative) are not monitored for or shared with staff for learning.	• Some outcome data is collected that together with output information enable some testing of assumptions, interventions, and progress towards outcomes. In few areas of operation priority setting, action plan and resource allocation are supported by data on results, but this is not organisation-wide.	• Data collected on outcomes and outputs provide sufficient coverage to perform organisation-wide evaluative activity. Review and evaluation is embedded as an integral part of management and is used to manage performance, and drive and embed necessary changes.

Overview Assessment Chart

This overview chart is intended to provide a sense of progress to date, and where action plans for further progress might usefully be focused. It is intended to encourage a more detailed assessment of relative strengths and weaknesses, where required.

Elements∗	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5
A: Clarity about our outcomes					
B: Capability for managing for our outcomes					
C: Progress in managing for our outcomes					

For presentation purposes you could use this like a histogram and shade the boxes up to the level assessed.

∗ You can either take an average of your rating from your responses to the questions under each element to give you an indication of current level, or take the most common rating under each element. We have provided descriptions of Stage 1, Stage 3 and Stage 5. If your assessment falls in between these, then shade stage 2 or 4 as appropriate.

No department is expected to fit neatly into any one stage. Rather, the self-assessment may show that a department is at different stages with respect to various elements. It is also expected that progress is cumulative. That is, activity and output information from the earlier stages will continue to be produced in the more advanced stages. The increasing use of information on results at the more advanced stages will supplement activity and output information used in decision-making.

Please provide feedback

Please let us know how useful you find this assessment tool along with any comments you might have on how to improve it. (This assessment tool is published online at: www.ssc.govt.nz/getting-better-mfo-tool)
Email address for comments: MfO@ssc.govt.nz