



10 Steps to Identifying Appropriate Performance Measures

As long as governments have tracked performance, there has been confusion about what to measure. Now that GFOA's Distinguished Budget Presentation award criteria require governments to include performance measures in their budget documents, the challenge of finding the most appropriate measures continues.

GFOA has a best practice on performance measures that identifies characteristics of a good measure (gfoa.org/materials/performance-measures), but how do you go about selecting one? Or more than one? Follow these ten steps to identify appropriate performance measures for your government and for specific purposes.

- 1 Know your audience.** Measures communicate performance, but not all measures are appropriate for all audiences. Before identifying measures, think about what your intended audience wants to know. Department heads, elected officials, and citizens all have different needs.
- 2 Consult with subject matter experts.** Finance staff should never identify measures without input and collaboration from subject matter experts and program staff in operating departments. Talk to the staff members who are involved in performing services to find what would add value.
- 3 Identify the outcomes.** Identify the purpose or goal of the programs and services your government is providing.
- 4 Identify the service level.** Describe what your government does to produce quality outcomes and think about how services can be performed (timeliness, error free, frequency, superior quality, etc.). Think about how your customers (be they citizens or employees) think about the service level being provided.
- 5 List factors that can influence outcomes.** A variety of factors can influence outcomes. Be clear about which ones (internal or external) could influence the outcome or service level. If necessary, use tools like a factor map to diagram them.
- 6 Select appropriate measures.** Select measures that will help your audience understand the situation. This can be more than one measure and can relate to factors that are or are not controlled by government programs.
- 7 Define your measures.** Be explicit about what you are measuring and how to collect information, and be consistent.
- 8 Determine the frequency of measurement.** Identify how often you will collect and report data. Also, specify who will be responsible for collecting, storing, and sharing data.
- 9 Consider how you will use data you collect.** Think through how the data will be used—for example, who will have access to this information? What decisions or processes does the data support?
- 10 Evaluate the usefulness of the data.** After a set period, evaluate whether the performance measure is useful information. If not, consider tweaking your approach or stop collecting that data in favor of a more useful measure.