
Trashing Results-Based Management
or
Throwing Out the Baby with the Bath Water



by Mark Schacter
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Mark Schacter Consulting
5 Linden Terrace
Ottawa, Ontario Canada
K1S 1Z1**

**www.schacterconsulting.com
mark@schacterconsulting.com**

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Trashing Results-based Management; or, Throwing Out the Baby with the Bath Water

1 “Surreal and unhelpful”

Much has been said and written over the past decade advising on, and promoting, the implementation of results-based management (RBM) in the public service. Experts and practitioners from inside and outside government (including me, in the latter category) have spoken at workshops and conferences, led training sessions, advised organizations and produced articles – all citing the virtues of RBM and providing advice on how to make it work.

It’s fair to say that an aura of “political correctness” surrounds RBM in the public service, and it’s easy to understand why. At the level of principles, who could oppose it? What reasonable person would argue against managing public programs and measuring their performance in relation to social and economic results that will improve the lives of Canadians?

And yet, propositions as compelling as RBM is in principle have a way of delivering considerably less than 100% of advertised benefits once put into practice. Anyone who has worked with RBM understands that it is not – and cannot – be a panacea for the management of public programs. I think it’s reasonable to assume that most consultants who – as I do – make a living from providing advice on RBM, are honest with their clients and themselves about its limitations.

Some critics of public administration in Canada have taken a more strident view. Recent and prominent among them have been two former federal deputy ministers, Ian Clark and Harry Swain. They argued in *Canadian Public Administration* last year that the “modern management” reforms – including RBM – underway in Canada’s federal public service are “surreal and unhelpful”¹, and may be doing more harm than good. The core of their thesis is that the reform agenda spearheaded by the Treasury Board Secretariat is founded on an idealized, hyper-rational view of public management that is “divorced from the realities with which public administrators have to deal.”² To wit:

As a deputy minister you have to manage in a political environment replete with demanding ministers, energetic political staff, skeptical opposition MPs, headline-seeking reporters, impatient stakeholders, human employees, late night calls from the Privy Council Office, and limits on money, time and people ... As it adapts to changing circumstances, an elected government plans and acts in ways that, for a period at least, may be less than completely described in public pronouncements. As a deputy you must, within the limits of law and professional conscience, support the government in so doing. ... In the real world

¹ “Distinguishing the real from the surreal in management reform: suggestions for beleaguered administrators in the government of Canada,” by Ian D. Clark and Harry Swain, *Canadian Public Administration*, Vol. 48, No. 4 (Winter 2005), pp. 453-476, at p. 457.

² Clark and Swain (2005), p. 455

of government, management is less a rational undertaking than a human skill adapted to the institutional context and the personalities at play. There is a fundamental tension between actually getting the job done and trying to demonstrate adherence to the precepts of utopian management frameworks.³

Clark and Swain's assessment of performance management, which is at the core of RBM, was especially harsh. "We believe that the extensive resources required to try to advance the requirements of a performance management framework would do little to improve management in a real department."⁴

Their advice to "beleaguered administrators" on coping with these management reforms is to:

- quarantine all work related to compliance with "surreal" management requirements;⁵
- figure out the most expeditious and inexpensive way to keep the central agencies at bay⁶; and, above all
- recognize that at the end of the day, a public administrator's performance in relation to "surreal" management requirements has little bearing on recognition, reward and career progression in the Canadian federal public service.⁷

2 The Criticism Rings True . . .

Clark and Swain's analysis strikes a chord with many public servants, buffeted as they have been by successive waves management requirements in a climate of budget cuts, public and news-media antipathy toward the public service, high profile public-administration "scandals" (some real, some imagined) and an aggressive Office of the Auditor General.

And, to be sure, there is much to criticize about the way that RBM has been implemented in the Canadian federal public service since the mid-1990s. Speaking privately, officials in the Treasury Board Secretariat acknowledge, among other things, that:

³ *Idem.*

⁴ *Ibid.*, p. 464.

⁵ *Ibid.*, p. 467. "Each department should consider creating a special unit to take care of all surreal management requirements."

⁶ *Idem.* "The [special] unit should be staffed with a few very bright officers who can write well and are knowledgeable about the concepts of management reform ... We suggest that the department commit to reducing the cost of complying with surreal requirements by 50 percent in the next year."

⁷ *Ibid.*, p. 473. "Among the most tolerable lapses [when assessments are made of senior executives] are those stemming from unenthusiastic adherence to surreal requirements. ... (T)he matters that count when performance is assessed, bonuses recommended, and promotions arranged are the real, deep, permanent matters of character, judgment, toughness, energy, and quality of mind."

- the “Modern Comptrollership” initiative, rolled out in 1997, was diffuse and poorly explained to public servants;
- the introduction of “Reports on Plans and Priorities” and “Departmental Performance Reports” into the annual Estimates process has generated much in the way of administrative overhead, but precious little in terms of meaningful results;
- the introduction in 2000 of “results-based management and accountability frameworks” (RMAFs) for Grants and Contributions programs was poorly handled; little guidance was provided by TBS to Departments on how to develop RMAFs, which led to confusion and frustration;
- the requirement for Departments to produce “Program Activity Architectures” (PAAs) was introduced hurriedly in 2003 in a way that sowed yet more confusion and frustration, and the PAA remains a conceptually flawed instrument.

3 . . . But it is Only Part of the Story

In short, RBM has, not unreasonably, been greeted with consternation by many public servants. But there is more to the story than just this. The state of RBM in the Canadian federal public service is not, in my view, as dark as Clark and Swain would appear to believe.

I say this in view of my own experience, since 1997, of working on RBM with individuals at all levels – from analysts to executives – in Canadian federal Departments and Agencies. This experience has shown me that public servants’ attitudes with regard to RBM are complicated, to say the least. While often resenting the burden of compliance with RBM requirements, and frequently questioning the rationale behind Treasury Board analysts’ interpretations of RBM policies, most public servants that I have known are quick to endorse the rationale that underpins RBM and performance measurement. They do not regard RBM as a “surreal” management reform, nor are they clamoring for it to be terminated, or be downgraded from a system-wide requirement to an optional management “guideline”.

Indeed, many public servants with whom I have worked are quick to appreciate that the discipline of developing and using logic models, performance measures and other component pieces of RBM pays dividends in terms of both public accountability and program management. They have seen that a well designed, well implemented performance measurement system provides a framework for gathering valuable program information, creating results-oriented discipline around the design and implementation of programs, and for telling a compelling story to Parliament and the public about how a given program is expected to improve the lives of Canadians. They have also observed that the discipline of developing a performance-measurement framework can be instrumental in building broad-based consensus within and across Departments and Agencies about the overarching social or economic purposes that a particular program is intended to serve.

4 Don't Throw Out the Baby . . .

Clark and Swain's advice to public administrators – (a) isolate the implementation of RBM and other management reforms; (b) focus primarily on satisfying the needs of central agencies rather than on the management principles that underpin the reforms; and (c) assume that having a reputation for not taking the management reforms seriously will not harm one's career – is not only cynical, but also risks doing harm. It is a prescription for throwing out the RBM “baby” with the “bathwater” of flawed implementation.

Their recommended approach – superficial adherence to management requirements that are supposedly ill adapted to their environment – might have merit if a case could be made that the requirements were indeed wrong-headed. In the case of RBM (my purpose is to focus on this particular component of the reform agenda) the case is weak. Clark and Swain's reasoning, though correct and familiar, does not lead to the conclusion that they propose. They argue that⁸:

- RBM works best when applied to “repetitive industrial activities”, and so, if applied in government, should be limited to operations such as “sorting mail, producing passports or delivering pension cheques”;
- most Departmental activities serve multiple objectives, many of which are “impossible to measure”;
- it is difficult to attribute social/economic outcomes to public programs and policies;
- there is a long time lag between a publicly-funded intervention and the outcomes to which the intervention is supposed to be linked;
- performance measures are subjective and value-laden;
- performance measures may cause perverse effects;
- performance management frameworks can be costly to design and administer.

This analysis accurately describes the key challenges that a public administrator will face when designing and implementing a performance management framework. But there is no acknowledgement of well known approaches for dealing with these challenges. Rather than go into details here, I refer interested readers to papers that I have written on the subject⁹ – papers based upon experience working with Departments and Agencies as well as on the wisdom of other practitioners.

⁸ *Ibid.*, pp. 457-459.

⁹ “Not a Tool Kit. Practitioner's Guide to Measuring the Performance of Public Programs,” by Mark Schacter, Ottawa: Institute on Governance, 2002; “What Will Be Will Be. The Challenge of Applying Results-based Thinking to Policy,” by Mark Schacter, Ottawa: Institute on Governance, 2002a.

To assert that RBM is an imperfect approach to the management of public programs, and that any serious attempt to implement it will bring you face to face with difficult challenges is fine. But there are no grounds for leaping from these propositions to Clark and Swain's conclusion that RBM is "surreal and unhelpful", and that any right-thinking public administrator should treat it as a necessary evil rather than a robust instrument for accountability and management.

One of Clark and Swain's objections to RBM deserves special treatment. They argue, as I've noted, that RBM works especially well for "repetitive industrial processes". This is correct. They go on to state that difficulties therefore arise when RBM is applied to "unique, creative, or highly discretionary activities, or to activities that are causally distant from the desired outcomes." This is also true. They cite policy-making as an "extreme example" of the kind of activity that is ill-suited to performance measurement. This, again, is a reasonable proposition.¹⁰

But the argument breaks down when Clark and Swain state that

(m)any of the activities of the federal government are more like policy work than they are like industrial processes, and the application of performance measurement techniques in those cases is at best wasteful and too often downright perverse.¹¹

My experience of working with federal Departments and Agencies tells me otherwise. Much government activity – everything from programs that support fish farming, to aboriginal entrepreneurship to cultural industries – is far enough removed from the nature of pure policy work to allow for the development of viable, meaningful performance frameworks. Are these performance frameworks perfect? No. Are they significantly better than nothing? Yes. Must they be applied with discretion, flexibility and regard for the environment in which they are implemented? Of course. Are they perceived as useful by program managers? Yes, if what clients tell me can be believed.

5 Understand What Not to Do

Clark and Swain's critique has the power to persuade because it contains an important grain of truth. RBM does have the capacity to do more harm than good. If misused, it will inevitably cause frustration, waste time and money, and produce no net benefits for either the public service or for Canadians.

¹⁰ Clark and Swain (2005), p. 457. I have made the same argument. See "The Worth of a Garden. Performance Measurement and Policy Advice in the Public Service," by Mark Schacter, Ottawa: Mark Schacter Consulting, 2006. I go on to argue, though, that this is no reason to exempt the policy-advising function in government from occasional assessment of its effectiveness. Although performance measurement is not well suited to this task, evaluation is.

¹¹ Clark and Swain (2005), p. 457.

But it's not inevitable that RBM be misused. If we're going to save the "baby" – avoid treating RBM as a useless administrative requirement, and, instead, extract from it the maximum possible benefit for public administration – it must be well implemented. Experience has taught me that it is as important to understand what *not* to do with RBM as it is to know what *to* do. I have observed patterns in the way that RBM and performance management are commonly misused or misunderstood. They are summarized below. If these errors and misconceptions can be avoided, then the odds are good that RBM will work as intended, and provide administrators with a credible basis for gathering and analyzing information on program performance, improving the design and implementation of public programs, and reporting to Canadians on the social and economic contributions of programs.

(i) When told to develop performance measures for a program, do not immediately proceed to develop performance measures.

This sounds paradoxical, and yet is critically important to developing a good performance measurement framework. It is axiomatic that public programs are intended to contribute to social or economic outcomes that will make life better for Canadians. These outcomes determine our understanding of "good" or "bad" program performance. Performance must be measured in relation to the outcomes with which a program is linked.

This common-sense idea is too often overlooked. Public administrators frequently rush headlong into developing performance measures before articulating the outcomes to which a program is supposed to be contributing. And even if outcomes are identified, the question of ensuring that there is consensus about outcomes is often overlooked. I have seen – within a small group of people involved in the same program or set of programs – heated debate emerge once the question of outcomes was raised. Government support for "cultural industries" provides one excellent example of this phenomenon (though the potential for disagreement about program outcomes is present to a significant degree across a variety of public programs). I have heard arguments among public servants about whether cultural industries programs are meant to stimulate the production of Canadian cultural content, enhance the careers of Canadian creators of cultural content, build audiences for Canadian cultural content, or create more jobs, revenues and profits in Canadian cultural industries. Each outcome entails its own set of related performance measures.

Assuming, nevertheless, that consensus can be reached regarding outcomes, there is still more work to be done before proceeding to develop performance measures. Ultimate outcomes are usually a long way off in the future. Much has to happen before they are likely to occur. Before agreeing on performance measures, it is important therefore to build a "logic model" which describes the assumptions inherent in a public program about how program "outputs" are expected to lead to social or economic outcomes over the short, medium and long term. A logic model provides a sound basis upon which to develop a set of performance measures.¹²

¹² For a more detailed discussion, please see Schacter (2002).

(ii) Do not sow confusion with sloppy language.

Discussions and documents about performance measurement in the Canadian government often remind me of this passage from *Through the Looking Glass*:

“When I use a word,” Humpty Dumpty said, in rather a scornful tone, “it means just what I choose it to mean -- neither more nor less.”

“The question is,” said Alice, “whether you can make words mean so many different things.”

“The question is,” said Humpty Dumpty, “which is to be master -- that's all.”¹³

In many corners of the public service there is still:

- confusion between outcomes themselves and the means by which outcomes are achieved;
- inconsistent discussion of outcomes in related documents (DPRs, RPPs, RMAFs, Business Plans) produced by the same Department;
- inability to produce performance reports that make a clear case about contribution to outcomes.

The situation has not been helped by the common lexicon related to RBM. Terms such as “objective”, “goal”, “impact”, “outcome”, “result” – sometimes preceded by adjectives like “key” or “strategic” – often appear side-by-side in Departmental reports, or are heard in the same breath in discussions with public servants.

This issue here, as Humpty Dumpty rightly put it, is “which is to be master”. Are we going to have mastery over the language we use to discuss and implement RBM, or is the language going to be master over us, clouding our thinking, creating confusion and frustrating everyone?

Public servants use these various terms – outcome, result, objective, goal, impact, etc. – in a manner that suggests important nuances between them. In fact, they are all ways of talking about the same idea, namely that public programs are supposed to contribute to social and economic benefits for Canadians. In the interest of clarity, we need to agree on a standard, limited vocabulary for all RBM documents, and make deliberate choices about what the words will mean. In my view, the standard vocabulary should be built around four words:

- public programs are endowed with **inputs** (money and human resources);

¹³ *Through the Looking Glass*, by Lewis Carroll, Chapter VI.

- once endowed with inputs, public servants can undertake **activities** required to run programs;
- the consequence of program activity is the production of **outputs** – valuable resources, goods and services that are delivered to beneficiaries;
- as a consequence of delivering outputs, programs contribute to positive social or economic changes, or **outcomes**, in Canadian society; (outcomes, in turn, may be subdivided into “immediate”, “intermediate” and ultimate).

(iii) Don't use the wrong tool to assess performance.

While I disagree with the view that RBM and performance measurement are generally inapplicable to the public service, I do believe that performance measurement is not appropriate in all circumstances.

Apart from the design and implementation of programs that deliver goods, services and resources, another core function of the public service is to advise Ministers on policy. The policy advisory function is a good example of a public service function where performance measurement does not work well.

The key factor distinguishing a policy unit from a program unit for the purposes of performance measurement is that the former's work is characterized by “low specificity”¹⁴ – i.e. it is difficult if not impossible to specify (i) a standard routine by the which the work is done; (ii) a standard set of quality criteria for outputs; and (iii) a standard and well-defined path, or logic, by which outputs are assumed to lead to outcomes. Low-specificity tasks pose especially difficult problems for performance measurement – problems so significant that it may be impractical (if not impossible) to apply standard performance measurement in a way that yields useful results.

This does not mean that one should not attempt to assess the quality of a policy unit's performance. But it does suggest that evaluation, rather than performance measurement, may be the more appropriate tool. Evaluation, though related to performance measurement, differs from it in ways that may provide a better fit with the subtleties and ambiguities of the policy-advice process.¹⁵

Policy advice, though an important case, is a special one. When it comes to the general run of government programs, it is normally possible to apply standard performance measurement techniques out to the level of immediate outcomes, and then to make assumptions about the contribution to higher-level outcomes.¹⁶

¹⁴ This concept is addressed in *Institutional Development. Incentives to Performance*, by Arturo Israel, Baltimore: Johns Hopkins University Press, 1987.

¹⁵ For a more detailed discussion, please see Schacter (2006).

¹⁶ See Schacter (2002).

(iv) Don't take the credit (blame) for saving (not saving) the world.

“Corporate culture” – the unwritten rules and norms about how things are done in an organization – has an important impact on the practice of performance measurement in the Canadian government. Because public servants are ultimately responsible to elected officials, the political interest that Ministers have in being re-elected has a profound impact on the corporate culture of the public service. This, in turn, affects the way in which the performance of public programs is measured and reported upon to the public.

Ministers want the government to receive credit for the realization of social or economic outcomes related to the government's programs and policies. Public servants may therefore feel compelled to imply, through performance measurement and reporting, a direct connection between program/policy outputs and ultimate outcomes. So, to take one example, a Minister might want to attribute a decrease in cigarette smoking to the government's campaign of anti-smoking health warnings and public-service advertisements on television. Most public servants will understand that reality is more complicated than this. The government, through its publicity campaign, may indeed have a significant a direct impact on immediate outcomes such as public awareness of the dangers of smoking, or public attitudes toward smoking. It might be legitimate to measure the government's performance in relation to these outcomes, and then make assumptions about the probable eventual contribution of attitudinal change to the ultimate outcome of reduced smoking¹⁷. A Minister, however, is unlikely to find this kind of nuanced reasoning appealing.

One would hope that officials will be encouraged to develop credible performance frameworks based upon reasonable assumptions about the capacity of any given public program to affect outcomes. If it appears to officials that RBM is being misused in order to tell an exaggerated performance story, and as a basis for holding them to an inappropriate standard of accountability, then it would be reasonable for them to question the value of RBM as a tool for improved management and governance.

(v) Don't mistake a leadership problem for an RBM problem.

I have occasionally heard comments of the following nature from public servants:

“How am I supposed to develop a logic model for this program when in fact the program doesn't have any logic (isn't contributing to any outcomes)?”

“What is the point of developing a performance measurement framework when in reality no one pays attention to it?”

“We were told that we had to have certain outcomes and measures in the performance framework, whether or not you may think they make sense.”

¹⁷ The term “contribution analysis” was introduced into the RBM literature in “Addressing Attribution Through Contribution Analysis: Using Performance Measures Sensibly,” by John Mayne, Ottawa: Office of the Auditor General, 1999.

The situations that give rise to these kinds of comments are sometimes treated as evidence that RBM is irrelevant and impractical in the public service. It would be closer to the truth to say that these situations are signs of a management problem. They suggest that RBM is operating in an environment where Departmental executives are not showing leadership in relation to it, either because they do not understand RBM or do not believe in it. Clark and Swain's three-part recommendation – quarantine RBM, expend minimum resources on it, and delink one's record of commitment to it from assessment of personal performance – is thus a prescription for a self-fulfilling prophecy. Executives are encouraged not to take RBM seriously; therefore staff perceive that their bosses are not interested in RBM; therefore RBM becomes regarded as a “surreal and unhelpful” administrative requirement that has no bearing on “reality.”

(vi) Don't mistake a Treasury Board problem for an RBM problem.

As noted above, the Treasury Board Secretariat has made its share of mistakes in leading the implementation of RBM in the Canadian government since the mid-1990s. The validity of the RBM message should not, however, be confused with the lapses of the messenger.

6 Conclusion

Clark and Swain do a service by reminding us of the harm that can be done by RBM if it is poorly implemented. But their arguments are exaggerated and their prescription – to dismiss RBM as a hollow administrative requirement – is cynical and counterproductive.

The notion of systematizing RBM across the Canadian government is neither “surreal” nor “unhelpful”. It amounts to operationalizing a management philosophy that compels public administrators to be rigorous about the design and implementation of public programs. Its core precept is that program outputs – be they cheques, research reports, information campaigns or any other good or service that a Department may deliver – should be logically linked to outcomes that matter to Canadians, and that Departments should be able to demonstrate credibly that program outputs funded by taxpayers are contributing to outcomes.

It goes without saying that administrators will not always be able to live up to the standards of RBM. For one thing, the public sector, though formally neutral from a political perspective, is by its very nature infused with politics. Politics has a logic all its own – one that resists expression in the neat boxes and arrows of a performance measurement framework. For another, Departments work on long-term programs, the outcomes of which are affected by many issues that Departments cannot control, and which do not materialize in synchrony with the neat annual cycles mandated by performance reporting.

These simple facts mean that RBM must be tailored to the special circumstances of the public service. To the extent that the Treasury Board Secretariat may have been rigid and unrealistic in its implementation of RBM, Clark and Swain's analysis is relevant, even if

their conclusion is not. The shortcomings we have witnessed so far are an argument for taking implementation of RBM more seriously, rather than for relegating RBM to the management periphery.

My own experience persuades me that, for the most part, public servants who work every day with the requirements of RBM find them relevant and helpful, rather than surreal and unhelpful. My experience has also made me aware of common patterns of misuse or misunderstanding of RBM and performance measurement that continue to create implementation problems. Some of these can be corrected with relative ease. Others will require convincing and repeated expressions by senior executives of their belief that RBM is a valid and valuable approach to pursuing program effectiveness.

The spotty record of RBM to date in the public service is not a reason to back away from operationalizing it in Departments and Agencies. To do so would amount to throwing out the baby with the bath water. Clark and Swain argue that although the principles behind RBM are sound, the attempt to mandate its implementation across the public service is misguided. But in reaching this conclusion they fail to address the proposition that RBM is only likely to realize its potential if it *is* implemented in a systematic way throughout the government.

The Author

Mark Schacter is an acknowledged leader in Canada in the application of results-based management and performance measurement concepts and techniques to public programs. Mark has worked with a diverse range of Canadian and international organizations on the design and implementation of performance measurement frameworks, and on broader challenges related to governance and accountability. He provides advisory, analytical and facilitation services and professional development workshops.

Mark has published widely on performance measurement, results-based management, governance and accountability. His written work, oriented to practical aspects of these subjects, has been widely read and used by practitioners throughout the Canadian public service and elsewhere. His publications are available at no cost from his website, www.schacterconsulting.com

Mark can be reached at mark@schacterconsulting.com or at 613.277.6777.