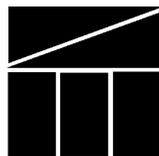


Commonwealth of Virginia

Agency Strategic Planning and Performance Measurement Phase I Guidelines

May 2004



Virginia Department of Planning and Budget

Agency Strategic Planning and Performance Measurement Guidelines

Background

These performance management guidelines are designed to assist state agencies in conducting their strategic planning and performance measurement efforts and in carrying out the requirements of *Code of Virginia*, Title 2.2, Chapter 55.1, the Government Performance and Results Act. The act was created as part of House Bill 2097, which was passed by the legislature during the 2003 General Assembly session. A copy of this act is provided in Appendix A.

Process

Agency strategic planning and performance measurement efforts to comply with the legislation will be conducted in two phases:

Phase I. Phase I will be conducted between May and August of 2004. During this phase all executive branch agencies will:

- Review, and revise as necessary, agency mission statements and customers/service populations as shown currently on the Virginia Results web site (including the directional trends in service populations; and
- Prepare quantifiable (measurable) agency objectives with targets (no more than five per agency), which will guide the agency over the next four fiscal years (FY 2005 through FY 2008).

Deadline for submitting Phase I requirements is June 23, 2004. All planning and performance measurement information should be entered or confirmed by the required due dates on the *Virginia Results* web site: dpb.virginia.gov/VAResults/Index.cfm.

Phase II. Phase II will require agencies to develop strategies to operate their various services and achieve prescribed objectives, as well as refine performance measures to gauge progress toward achieving these objectives. Phase II will begin in August 2004. A separate set of instructions will be issued at that time.

In addition, since employees are critical to the success of the Commonwealth programs, workforce planning is an important part of the strategic planning process. The Department of Human Resource Management (DHRM) will send out an electronic Workforce Planning Survey to each agency head by May 26, 2004, and it should be completed and submitted to DHRM by June 11, 2004. This information should assist the agencies in planning, budgeting and updating their Agency Workforce Plan, which is due to DHRM by August 1, 2004.

Key Dates Calendar

Date	Activity
May 17, 2004	Strategic planning and performance measurement instructions issued to all agencies for Phase I of the process
Prior to the end of May	The Department of Human Resource Management (DHRM) provides Workforce Planning Survey to each agency head to update their Agency Workforce Plan
June 11, 2004	Agencies submit Workforce Planning Survey to DHRM
June 23, 2004	Phase I planning submissions entered by agencies on the <i>Virginia Results</i> website
August 2004	Agency Workforce Plans due to DHRM by August 1 Strategic planning and performance measurement instructions issued by DPB to <i>Group One</i> agencies for Phase II of the process
Fall 2004	Agency budget submissions
January 2005	<i>Group One</i> agencies enter Phase II planning and performance measurement submissions on the <i>Virginia Results</i> website
April 2005	Strategic planning and performance measurement instructions issued by DPB to <i>Group Two</i> agencies for Phase II of the process
October 2005	<i>Group Two</i> agencies enter Phase II planning and performance measurement submissions on the <i>Virginia Results</i> website
Fall 2005	Agency budget submissions

Resources

In preparing this submission, agencies are encouraged to use existing planning and performance information where applicable. A recent survey conducted by the Department of Planning and Budget (DPB) indicates that a majority of state agencies have already developed many of the strategic planning and performance measurement components referenced in these guidelines.

For your reference, Appendix B provides definitions for key strategic planning and performance measurement terms.

Also, during the strategic planning process, as you develop your agency's objectives, strategies, and performance measures, you should review the following materials for

incorporation where appropriate. There may be other resources that you may wish to consult, including previous planning and performance materials, board priorities, commission recommendations, and related studies. The priorities and initiatives contained in the resources listed below may assist you in selecting your core objectives, developing strategies to achieve the core objectives, and creating performance measures to measure progress toward the core objectives.

1. State-level strategic plans

Economic development: www.commerce.virginia.gov/Initiatives/StratPlan/StrategicPlan.cfm

Transportation: <http://www.transportation.virginia.gov/VTrans/home.htm>

Information technology: <http://www.techplan.virginia.gov/>

2. Governor's Executive Agreements available from your agency head

3. Existing agency strategic plans and performance measures available on the *Virginia Results* web site: <http://dpb.virginia.gov/VAResults/Index.cfm>

4. Related legislation such as HB 1043 *Competitive Government Act* approved by the 2004 General Assembly available at the Virginia General Assembly web site: <http://legis.state.va.us/>

Requirements for Phase 1 submission

The Phase I submission consists of the review and, as appropriate, the update of your agency's mission statement and customers/service populations and the development of no more than five measurable objectives with targets for your agency. The Phase I submission is due June 23, 2004.

1. Mission Statement

You already have a mission statement in *Virginia Results* that was updated last December. You need to review this existing mission statement to see if any changes are needed, including changes related to legislation passed by the 2004 session of the General Assembly. In most cases, we do not anticipate that you will need to make any changes. Revisions to mission statements should normally be made only as the result of significant statutory changes impacting the overall purpose or role of the agency.

You should confirm that the mission statement on the *Virginia Results* website is:

- Clear and concise
- Consistent with needs/expectations of key customers, core values, and agency mandates
- Realistic
- Can be easily understood and concise enough to be remembered by all levels of agency personnel.

A “mission statement” defines the primary purpose of the agency: the reason for its existence. The statement is intended to guide all organizational decisions, policies, and activities (internal and external) on a daily basis. The agency mission statement should clearly and succinctly describe the agency’s primary purpose(s). The statement should be broad enough to provide agency-wide strategic direction, yet specific enough to communicate the reason for the agency’s existence to those not familiar with the agency’s work.

The mission describes the overall role of the agency as it relates to the state as a whole and is the thread tying the agency’s organizational structure and its activities together. The agency’s mission may link to several program areas, depending on the nature of the agency. All agency employees should be able to identify their specific working relationship to this defined mission.

The mission statement should be clearly understandable to the public and should, at a minimum, answer the following questions:

1. Who are we as an organization and whom do we serve?
2. What are the basic purposes for which we exist, and what basic problems are we established to address?
3. What makes our purpose unique?
4. Is our mission in harmony with the agency’s enabling statute?

As noted above, the mission statement succinctly identifies agency purposes by distilling from enabling statutes or constitutional provisions the most important reasons for an agency’s work. In developing the mission, the agency should also examine other relevant sources (e.g., board policies and program descriptions). The mission should generally be no more than one paragraph in length.

Examples of mission statements

The following are examples of good mission statements:

The Children’s Bureau provides a safe, caring environment for children placed in our care, and finds loving parents for each child.

The library anticipates and meets the community’s information needs, facilitates lifelong learning, provides reading and learning materials that meet the interests of all ages, and nurtures a desire to read in young people.

2. Customers and Service Populations and Anticipated Changes in Service Populations

You have already entered a list of your agency’s key customers in *Virginia Results*. Prior to the Phase I submission deadline of June 23, 2004, review and make any changes necessary. Be sure again to reflect any changes resulting from legislation passed by the 2004 session of the General Assembly. There should be at least one and no more than six key customers for your agency.

In addition, you should update, if necessary, the growth trend for your list of customers; i.e., whether you expect them to increase, decrease, or stay about the same. Below is an example.

Customers/Service Populations	Anticipated Change
Motor vehicle drivers	Increase
Motor vehicle dealers	Stay the same
Vendors	Decrease

“Customers” are any person, group, or organization that have a vested interest in the agency's attention, resources, or services or is affected by what the agency does or the service it provides. In addition, your agency should be able to rank the relative importance of each customer segment. In phase 2 of the strategic planning process, you will be asked to quantify how you expect the service populations to change over the next four years.

Questions you should address in identifying customer/service populations include:

1. Who are our target populations and what changes, if any, are anticipated within the time frame of the strategic plan?
2. What are the most significant indicators of customer demand and public need?
3. What trends have been identified?
4. What is the level of customer demand and public need for our agency's products or services? And what programs or activities are expected to grow or decline as a result of customer changes?
5. To what extent do we interact with our customers to identify those demands and needs? How do we determine if we should attempt to meet them and how do we assess our progress in meeting them?

3. Quantifiable (measurable) objectives -- no more than five per agency

A quantifiable objective is a specific and measurable target for accomplishment during a stated time frame. Targets should be stated as a number or percentage and have a specific date of completion. (Note: This is the only information required for this submission that you have not already submitted previously through *Virginia Results*.)

These objectives should:

- Focus the agency on the highest priority initiatives and results that must be accomplished over the next four years
- Support agency key service areas
- Describe what success would look like when the objective is accomplished
- Allow logical sub-division into action plans, responsibility assignments, and timetables for accountability purposes

The most effective objectives are:

- **Specific.** Objectives reflect the accomplishments to be achieved, but do not outline the specific steps to accomplish them. (The strategies your agency will develop to operate services lay out the steps needed to meet the objective.) Objectives are action-oriented. They should be specific enough to provide clear direction so they can be understood by both agency staff and the public.

- **Measurable.** Objectives should be either quantifiable (“The percentage of Task A completed on time will be increased from 65 percent to 80 percent”) or verifiable (“A study will be completed by August 31, 2005”). Your agency must be able to monitor its success in achieving each objective. While developing objectives, focus on accountability for performance, at both an individual and an agency-wide level.
- **Aggressive, but attainable.** Objectives should be challenging while at the same time attainable. Realism must be imposed in deciding targets. For example, it may be reasonable for a health department to adopt the objective of reducing infant mortality by a measurable amount; however, it may not be realistic to promise to eliminate it. Each objective should be consistent with current and anticipated appropriations.
- **Results-oriented.** Objectives focus on desired outcomes, not on the method your agency will use to achieve that outcome. The latter is included in strategies. To illustrate, a wildlife department may adopt an objective to reduce the number of hunting accidents by a given percentage within a specific time frame. Associated strategies might be to impose requirements for hunters to wear blaze orange, to provide hunter safety education, or a combination of the two. Strategies (methods) will be addressed in Phase II of the strategic planning process.
- **Time-bound.** Since objectives serve as milestones for monitoring progress, it is imperative that accomplishment be achieved within a specified time. The chosen time frame for this purpose is the next four fiscal years (FY 2005 to FY 2008). Wherever possible, interim milestones should be established so that the agency may review its progress and the effectiveness of its methods as early and as frequently as possible.
- **Targets.** All objectives must contain targets, which are the desired performance level that must be accomplished by a specific point in time. Targets should be stated as either a number or percent. Targets and designate time lines will be imbedded within each objective.

Examples of objectives

The following are examples of good objectives:

Increase to 75 the percentage of school districts that meet the Virginia School Improvement Program performance standards at the “accredited” level by the end of the 2005-2006 school year.

Decrease the number of classroom teachers teaching outside of their field of certification by 10 percent by the end of FY 2008.

Hold the rate of increase for fees charged to undergraduate resident students taking 15 credit hours per semester or 30 credit hours for an academic year to three percent or less through FY 2005.

Increase the number of driver’s license renewals completed in 15 minutes or less by 10 percent from July 2003 to July 2005.

Decrease by five percent the number of errors on 2005 individual income tax returns, as compared to 2004 tax returns.

Here are some examples of how to improve on poorly written objectives.

Needs Work: Reduce license processing time

(Does not describe the impact on the customer/client, or specify a time frame)

Better: Reduce the average cost per license renewal for businesses by 5% by 2005.

Needs Work: Eliminate highway fatalities

(too broad, unachievable, not time specific)

Better: Reduce the highway death rate by 10% by 2008.

Needs Work: Complete 750 weapons background checks this year

(does not describe the impact on the customer/client, more appropriate as a strategy)

Better: Reduce the number of criminal offenses by concealed weapons permit holders by 25% by 2005.

Appendices C and D show more examples of good and bad objectives

Establishing targets

To establish targets for your objectives, your agency will need baseline data or information. While developing objectives and targets, consider the type of baseline information needed, how readily available it is, how it could be collected, and the cost of collecting data that is currently available.

The targets and timeframes that you establish for each of your objectives will serve as the basis for performance measures you develop to measure the progress you are making toward achieving your objectives. Performance measures will be addressed in Phase II of the strategic planning process.

How to submit the Phase I data

All Phase I data will be entered on the *Virginia Results* website located at <http://dpb.virginia.gov/VAResults/Index.cfm>.

Step 1: Enter your User Id and Password

Step 2: Click on “Managing Agency Planning and Performance Information

Step 3: Click on “Manage Your Data”

Step 4: Enter the required information for each of the planning and performance measurement components

For agency objectives, the order just indicates the sequence the items are displayed in *Virginia Results* and does not necessarily indicate a priority. Objectives are limited to 255-characters.

Step 5: Click on “Save”

Appendix A
Title 2.2, Chapter 55.1.
Government Performance and Results Act

§ 2.2-5510. Strategic plan.

- A. *Each agency shall develop and maintain a strategic plan for its operations. The plan shall include:*
1. *A statement of the mission, goals, strategies, and performance measures of the agency that are linked into the performance management system directed by long-term objectives;*
 2. *Identification of priority and other service populations under current law and how those populations are expected to change within the time period of the plan; and*
 3. *An analysis of any likely or expected changes in the services provided by the agency.*
- B. *Strategic plans shall also include the following information:*
1. *Input, output, and outcome measures for the agency;*
 2. *A description of the use of current agency resources in meeting current needs and expected future needs, and additional resources that may be necessary to meet future needs; and*
 3. *A description of the activities of the agency that have received either a lesser priority or have been eliminated from the agency's mission or work plan over the previous year because of changing needs, conditions, focus, or mission.*
- C. *The strategic plan shall cover a period of at least two years forward from the fiscal year in which it is submitted and shall be reviewed by the agency annually.*
- D. *Each agency shall post its strategic plan on the Internet.*

§ 2.2-5511. Review of strategic plan information.

The Governor shall develop an implementation plan providing for each agency to develop a strategic plan. Such implementation plan shall provide for agency submission of individual strategic plans over a three-year period beginning December 1, 2003, and ending December 1, 2006, and require, at a minimum, one-third of state agencies each year to so submit. Thereafter, each agency shall submit, on a biennial basis by December 1 in even-numbered years, its strategic plan including goals, strategies, and performance measures for consideration and review by the Council on Virginia's Future. After review, the Council may submit comments to the Governor regarding any concerns about the strategic plan or recommendations to improve the plan.

2. *That the second enactment of Chapter 424 of the Acts of the Assembly of 2000 is repealed.*
3. *That the provisions of this act shall expire on July 1, 2008.*

Appendix B

Performance Management Definitions

Quantifiable (measurable) objective. A quantifiable objective is a specific and measurable target for accomplishment during a stated time frame.

Customers/service populations. Customers are "any person, group, or organization that have a vested interest in the agency's attention, resources or services or is affected by what the agency does or the service it provides. In addition, your agency should be able to rank the relative importance of each customer segment. They are the primary intended beneficiaries of agency services, the group(s) of individuals whom the agency exists to serve.

Efficiency measures. Efficiency measures track the amount of outputs or outcomes produced in relation to inputs used. They are typically expressed as cost or time used per output/outcome (i.e., outputs/outcomes ÷ by inputs).

Input measures. Input measures track the resources dedicated or consumed by the service area (e.g., appropriations, staff, capital, technology).

Mission. A mission statement is the primary purpose of the agency: the reason for its existence. It is intended to guide all organizational decisions, policies, and activities (internal and external) on a daily basis.

Outcome measures. Outcome measures track changes/benefits experienced by intended beneficiaries at least partially because of agency services provided to them. Changes/benefits typically relate to beneficiaries' behavior, condition, knowledge, attitude, skills, and values (e.g., change in reading ability, employment status).

Output measures. Output measures track the direct products of agency activities. They are usually reported as the number of units of service provided (e.g., number of training sessions held, miles of road repaired).

Performance Measures. Performance measures are a specific description of some aspect of a product, service, or activity which is systematically calculated and measured by quantitative data. Performance measures should be:

- Relevant to the organization's mission.
- Understandable to the non-expert.
- Specific
- Feasible in regard to the cost and viability of data collection.
- Balanced and mutually consistent.
- Acceptable to key stakeholders

Quality measures. Quality measures track the responsiveness, accuracy, and completeness with which services are provided, and how well clients/customers are satisfied with the services (defect/failure rates, cycle times, response rates, customer satisfaction).

Services. Services are distinct endeavors that an agency undertakes to comply with its mission and to meet the demands or needs of its customers.

Strategic planning. The systematic clarification and documentation of what an organization wishes to achieve and how to achieve it. A strategic plan should be documented (written), clear (specific ideas, procedures, or actions are discussed), and systematic (organized and regularly reviewed).

Strategy. Specific actions or tasks an agency intends to carry out to accomplish its objectives within a specified time frame. A strategy specifies the methods of achieving an objective.

Target. The desired level of performance for an objective which can be measured within a specific point in time, usually expressed as a number or percentage.

Appendix C

Examples of Good Objectives

Increase by five percent the number of Virginia high school graduates who have completed the sixteen-unit high school core curriculum by June 2005.

Increase by five the percentage of roads and bridges with a successful safety rating by June 2005.

Increase by three the percentage of commuters using RideFinders by June 2005.

Attain 10 percent Minority Business Enterprise (MBE) and 5 percent Women Business Enterprise (WBE) expenditures of total operating expenditures by July 1, 2005.

Decrease by 10 the percentage of turnover in the state workforce by December 2005.

Increase by five percent Office of Administration employee satisfaction with training and career development programs by June 30, 2005.

Decrease the percentage of animal care facility reinspections due to noncompliance from 10.8 percent to two percent by July 2006.

Increase the sale of Virginia wine to 420,000 gallons by December 2006.

Decrease by five percent the number of crimes against property at state parks and historic sites by June 2005.

Increase by five percent the number of tons of waste tires reused beneficially by July 2007.

Decrease by five the percentage of public water systems with acute violations by July 2008.

Increase by 10 percent the cost savings of Virginia businesses after being provided assistance from the Department of Business Assistance programs by December 2005.

Increase by five percent Virginian's awareness about consumer rights, responsibilities, and issues regarding public utility issues by July 2006.

Decrease by five the percentage of uninsured motor carriers on Virginia highways by December 2005.

Increase to 100 the percentage of managed care provider networks in compliance with established network adequacy standards by June 30, 2005.

Increase to 100 percent the number of consumer complaints that are responded to within forty-eight hours from the date of receipt to the inquiry date with the insurance company by June 30, 2005.

Increase by 15 percent the number of people who find jobs through the Virginia employment assistance program by June 2005.

Increase by 10 the percentage of unemployed claimants receiving payments within two weeks by June 2005.

Increase the percentage of Virginians living in jurisdictions, which actively participate in disaster preparedness and recovery programs by 10 percent over the next three years.

Increase by five percent the number of communities that have eliminated at least two of the conditions that give rise to crime by FY 2006.

Increase by five percent the number of offenders who complete treatment programs who remain substance free by June 2005.

Increase by 10 percent the number of offenders with a high school diploma or GED by December 2005.

Increase from 280 to 500 the number of childcare facilities that are accredited by FY 2006.

Increase the percentage of adults whose daily intake of fruits and vegetables is five or more servings from 21 percent in 1999 to 25 percent by June 30, 2005.

Increase from nine percent to 34 percent the proportion of HIV-positive persons receiving appropriate treatments according to accepted guidelines by January 2005.

Increase by five percent the number of Department of Mental Health, Mental Retardation, and Substance Abuse clients able to maintain households by FY 2006.

Annually maintain at four percent the rate of individuals in Department of Mental Health, Mental Retardation and Substance Abuse custody who are charged with repeat offenses.

Increase the number of troubled students productively involved in education and/or employment at the time of discharge to 85 percent by FY 2005.

Appendix D

Examples of Poor Objectives

Increase the number of inspections by 2006.

Not quantifiable

Reduce the crime rate.

Not quantifiable

Increase the number of marketing contacts.

Not quantifiable

Eliminate world hunger.

Too broad, not quantifiable

Decrease the number of repeat offenders by five percent.

Not specific enough

Decrease turnover in the state workforce by 2006.

Not quantifiable