

*from data to impact*  
Harnessing performance  
data to transform  
government effectiveness



### **About the author**

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He has written widely on ways that government agencies can use data to better establish the effectiveness of programs, and regularly speaks at public events in the U.S. and abroad on the subject. His recommendations form the basis of the new GPRA Modernization Act and his work on Social Impact Bonds helped the concept to take root in the United States. He has advised numerous agencies in the U.S. and internationally on government performance and budgeting reform. Prior to arriving in the U.S. in 2009, Jitinder worked as a senior official in a range of agencies in the British government including serving as the Chief Executive of the Better Regulation Executive and Head of the Productivity and Structural Reform Team in the British Treasury as well as roles in the Home Office and Cabinet Office.

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# Executive summary

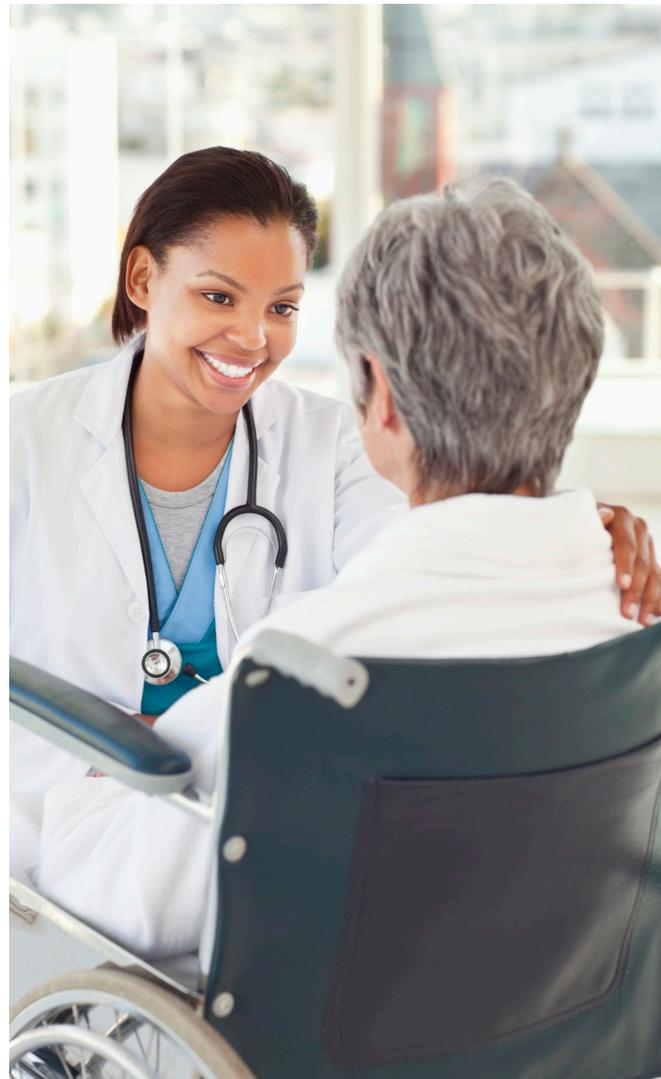
If there is one theme that is likely to dominate Washington over the next decade, it is that budgets are tight. As agencies increasingly face budget constraints, the natural assumption will be that to cope with smaller budgets the federal government has to scale back what it does and, as a result, deliver less for the American people.

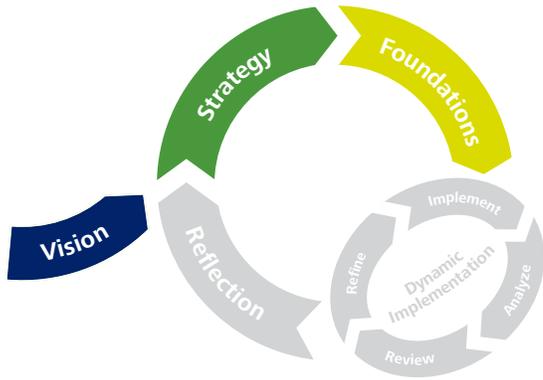
Government touches almost every aspect of our lives, and so the impact could be wide-ranging. Lower investment in housing programs could increase homelessness. Decreasing energy budgets could slow down progress towards new forms of clean energy. Tighter education budgets could hamper improvements in student achievement. Reducing spending on law enforcement could result in fewer police on the streets. And less money for defense could mean that our national security is put at risk as military capabilities are reduced.

It need not be that way. What if government were able to increase the efficiency of spending?

The approach described in this paper sets forth a framework that can help agencies increase the impact of their programs in tight budgetary times. The *from data to impact* framework sets out five steps: first, have a clear vision of what you are trying to achieve and set clear goals focused on real world outcomes; second, develop a

strategy that includes approaches that you think are most likely to work on the basis of the best available evidence; third, build the foundations for implementation with good data collection systems and an accountability framework that is focused on maximizing impact; fourth, adopt a dynamic implementation approach with an eye to constant improvement — analyzing data to understand what works and where improvements are needed; and finally, from time to time, step back and reflect on how to improve strategy for the next phase.





### Define a clear vision

A clear strategic vision is a vital first step when a government agency or bureau wants to make an impact. The vision should state what it is trying to achieve, and establish clarity around key priorities. When government agencies organize their work around goals rather than activities, they are incentivized to think hard about how best to accomplish these goals, as well as continually review progress toward them.

- Agencies should set clear goals focused on real-world outcomes which can be measured by real-world results.
- Goals should be an appropriate stretch for the agency — they should incentivize better performance for agency staff or programs, but should not be unrealistic.
- Agencies should avoid the risk of perverse or unintended consequences when designing goals.

### Create a strategy to achieve the vision

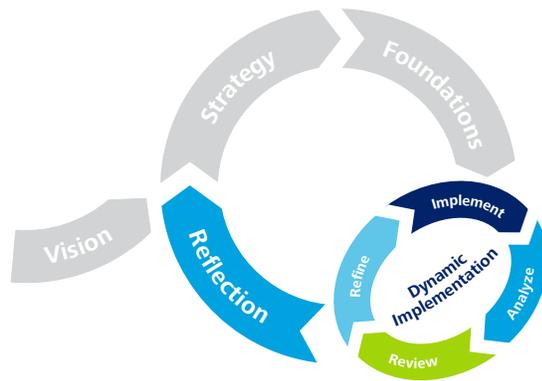
Once agencies have defined clear goals, they should create a strategy to focus on achieving them. In an environment of limited resources and limited time, creating a strategy will involve difficult choices. Agencies should adopt a set of actions they think are likely to have the greatest impact in the necessary timeframe at the least cost.

- Strategies should focus on achieving the clearly defined goals which were established in the previous step.
- Agencies should utilize the best available evidence base of what does and what does not work to inform strategy development.
- When developing a strategy, agencies should consider how the proposed strategy will lead to change, and be aware of underlying assumptions and seek to validate these assumptions.
- Seek to estimate the likely impact of different strategies over the timeframe.

### Build foundations for implementation

With a set of clearly defined goals and a strategy in place to achieve those goals, agencies are ready to build the foundations for implementation.

- **Accountability framework:** Agencies should build a strong accountability framework to implement strategy, accomplish goals, and promote accountability. There should be consideration given to who will be responsible for reviewing progress towards goals and how often the reviews will be held.
- **Data collection and analysis:** Agencies should consider how data will be collected, tracked, and analyzed. This may require common IT systems and standards to track and measure data. Agencies should ensure they are collecting the right data including from grantees and contractors. They should ensure data is timely and genuinely useful to decision-makers.



### Dynamically implement

Dynamic implementation is a repeated cycle of implementing interventions, analyzing data on their effectiveness to better understand what works and why, reviewing performance, and refining strategy. Agencies should develop a sophisticated understanding of what is driving success and what needs to be done to increase impact.

- **Implement:** Agencies should implement planned activities based on their strategy.
- **Analyze data:** Data should be analyzed to understand which aspects of a program work, which do not and the reasons behind these differences.
- **Review performance:** Progress should be reviewed often through a meeting of key decision-makers to understand the drivers of performance and refine the strategy.
- **Refine strategy:** Over time agencies will inevitably need to make significant changes to their strategies as they better understand the drivers of success.

There can be a range of barriers to dynamic implementation. Agencies can be constrained politically, legally and practically in their ability to refine their strategy as they go. They can also face cultural barriers to dynamic implementation. Often these barriers can be overcome by skilled leaders who help staff and others understand that dynamic implementation can be a particularly effective way to maximize the agency's impact.

### Step back and reflect

Agencies should, at regular intervals, step back and look at whether the original goals were the right ones and reflect on performance to date. By doing so, agencies will be able to decide whether they need to make changes to their overall goals, strategy and the foundations that form the basis of the implementation phase.

- Agencies should conduct comparative analysis across programs to determine relative effectiveness of programs.
- Agencies may wish to find ways to reduce overlap, fragmentation and duplication of existing programs.
- They may wish to revisit data needs and assess whether the data collected was timely, relevant and reliable.

After agencies have worked their way through this cycle, the process starts again — with a revised set of goals and a strategy that reflects new choices about the best way to accomplish them based on the latest available evidence. Often, agencies will find they do not need a new vision of what they are trying to achieve, but they are likely to need to hone their strategy and goals based on what they have learned during the process.

While the approach described in this paper appears simple, that does not mean that it is easy to implement. Implementation requires considerable focus and a commitment to constant learning that is hard in any organization. For government agencies, which often operate in the political spotlight, it can be even harder to implement these ideas.

Nevertheless, the rewards of applying them are potentially enormous. If government agencies are able to genuinely manage their programs in an efficient and effective way, they can have an enormous positive impact on the lives of Americans even in tighter budgetary times.

# Introduction

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“Just as families and businesses across the country are tightening their belts, so too must the federal government.”

— President Barack Obama, April 2013<sup>1</sup>

If there is one theme that is likely to dominate Washington over the next decade, it is that budgets are tight. As agencies increasingly face budget constraints, the natural assumption will be that to cope with smaller budgets, the federal government has to scale back what it does and as a result deliver less for the American people.

Government touches almost every aspect of our lives, and so the impact could be wide ranging. Lower investment in housing programs could increase homelessness. Decreasing energy budgets could slow down progress towards new forms of clean energy. Tighter education budgets could hamper improvements in student achievement. Reducing spending on law enforcement could result in fewer police on the streets. And less money for defense could mean that our national security is put at risk as military capabilities are reduced.

It need not be that way. What if government were able to increase the efficiency of spending?

The approach described in this paper sets forth a framework that can help agencies increase the impact of their programs in tight budgetary times. The *from data to impact* framework sets out five steps: first, have a clear vision of what you are trying to achieve and set clear goals focused on real world outcomes; second, develop a strategy that includes approaches that you think are most likely to work on the basis of the best available evidence; third, build the foundations for implementation with effective data collection systems and an accountability framework that is focused on maximizing impact; fourth, adopt a dynamic implementation approach with an eye to constant improvement — analyzing data to understand

what works and where improvements are needed; and finally, from time to time, step back and reflect on how to improve strategy for the next phase.

But while the steps are relatively simple and intuitive, for many government agencies, they amount to a significant culture change. Often, agency strategic plans are little more than documents summarizing what they already do. They rarely contain clear goals setting out the real-world impact they are trying to achieve. The primary focus of implementation can be ensuring that milestones are met and activities performed as planned without checking whether they are working. Programs often gather little data on their impact, and as a result find it difficult to analyze which aspects of their work are most effective. There can be a culture of defensiveness — where program managers focus on defending their dollars rather than establishing ways to course correct in order to increase impact. And while agencies often commission program evaluations, in many cases these evaluations have little impact on future strategy.

## A new opportunity

This idea of using data to drive greater impact for government programs isn't new — Congress passed legislation twenty years ago (the Government Performance and Results Act 1993) that mandated government agencies to develop performance indicators for each program. But those indicators tended to focus on the activities that agencies can control — e.g., the time it takes to release funds, the number of organizations who conduct work under a program, the number of people that a program has worked with or the number of activities funded (such as courses to help unemployed people to get back to work). They have tended not to focus on whether the program actually worked — such as a decrease in smoking, an improvement in educational attainment or reductions in joblessness. A recent Government Accountability Office (GAO) report found that in many cases, federal government agencies were more focused on program activities and processes than the results to be achieved.<sup>2</sup>

1 Budget of the United States Government, Fiscal Year 2014. “Reviewing the Budget in a Smart and Balanced Way,” p42 <http://www.whitehouse.gov/sites/default/files/omb/budget/fy2014/assets/reducing.pdf>

2 U.S. Government Accountability Office, “Managing for Results: Agencies Should More Fully Develop Priority Goals under the GPRA Modernization Act,” April 2013, <http://www.gao.gov/assets/660/654039.pdf>

Twenty years later, there is perhaps a renewed potential to see transformative change in this area. Encouraged by the White House and Congress, agencies have begun to adopt goals that are now more focused on outcomes. One reason is the GPRM Modernization Act of 2010. It requires agencies to define a small number of priority goals and then asks them to develop a plan to accomplish each goal with an accountable senior official. In addition, agencies are required to manage their programs and other initiatives so as to increase the chances of achieving goals. The Act recognizes that agencies will often need to change what they do in order to accomplish challenging goals — as they will find that some things work and others do not. The Act also mandates a reduction in the amount of superfluous performance information that agencies collect and publish. In short, the Act encourages Washington to use performance data to achieve outcomes that positively impact the American people.<sup>3</sup>

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## The GPRM Modernization Act 2010 encourages Washington to use performance data to achieve outcomes that positively impact the American people.

In addition, there is increased pressure from the White House on agencies to find ways to evaluate the effectiveness of different programmatic approaches. For example, in May 2012 Office of Management and Budget (OMB) released a memorandum that asked agencies to demonstrate that they are gathering evidence to establish the relative efficacy and cost effectiveness of programs. It called on agencies to use evidence to drive decisions across programs, including formula and competitive grants and regulatory enforcement. Notably, it also promised agencies that OMB is likely “to fund requests that demonstrate a commitment to developing and using evidence” even in tight budget times.<sup>4</sup> In its May 2013 budget guidance to agencies, OMB underlined how evidence-based decision-making can improve results and lower the cost of federal programs.<sup>5</sup>

The GAO has also increased pressure on agencies. The GAO now publishes an annual report that identifies program duplication, overlap, and fragmentation under legislation passed by Congress in 2010.<sup>6</sup> Not only does GAO identify areas where there might be an opportunity for consolidation, but it also reports on what the administration has done to address the issues raised in previous years’ reports.

Of course, one of the greatest pressures on agencies to really understand which of their investments are most effective comes from the prospect of tight budgets. Public officials are typically highly committed to their work. As they realize that budgets are likely to fall, they will want to demonstrate the impact of the work they are doing and find ways to increase the effectiveness over time of every dollar they invest.

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<sup>3</sup> GPRM Modernization Act of 2010, Sec. 3, §1115 and Sec. 4, §1116, 4 January 2011, <http://www.gpo.gov/fdsys/pkg/PLAW-111publ352/pdf/PLAW-111publ352.pdf>

<sup>4</sup> OMB Memorandum, Use of Evidence and Evaluation in the 2014 Budget, <http://www.whitehouse.gov/sites/default/files/omb/memoranda/2012/m-12-14.pdf>

<sup>5</sup> Fiscal Year 2015 Budget Guidance, Office of Management and Budget, May 29 2013, <http://www.whitehouse.gov/sites/default/files/omb/memoranda/2013/m-13-14.pdf>

<sup>6</sup> See GAO Testimony, More Efficient and Effective Government: Opportunities to Reduce Duplication, Overlap and Fragmentation, Achieve Savings, and Enhance Revenue: <http://www.gao.gov/assets/590/588900.pdf> required under the Statutory Pay-As-You-Go Act 2010.

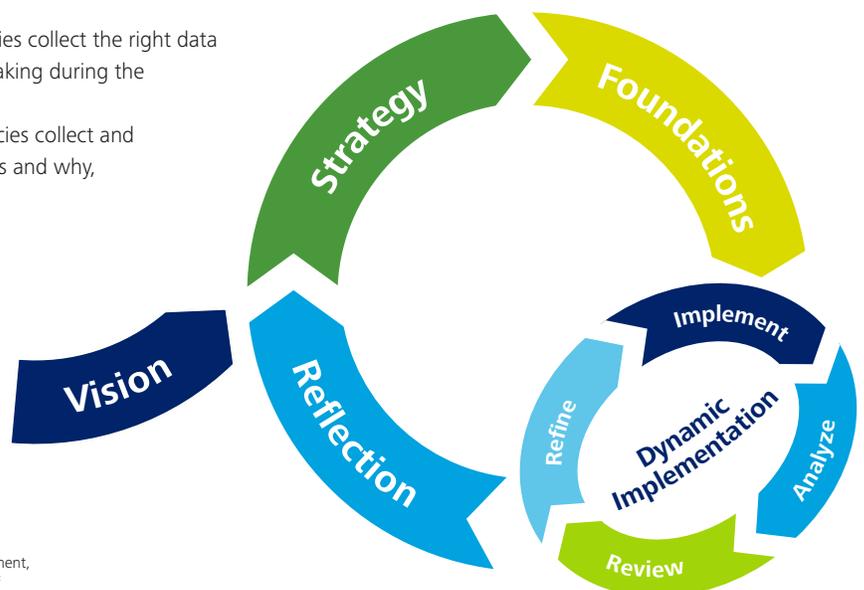
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“For far too long, many government programs have been allowed to continue or to grow even when their objectives are no longer clear and they lack rigorous assessment of whether the programs are achieving the desired goals. The result has been the profusion of programs that are duplicative, ineffective, or outdated — at a significant cost to taxpayers.”

— President Barack Obama, February 2012<sup>7</sup>

This paper sets out a five-step approach that can enable agencies to increase program impact in tight budgetary times:

- **Define a clear vision** focuses on establishing clarity about an agency’s key priorities. Agencies should set goals focused on real-world outcomes rather than activities, or inputs.
- **Create a strategy** that makes genuine choices about what approaches to follow in order to achieve goals.
- **Build foundations for implementation** — so that agencies collect the right data and have a clear accountability framework for decision-making during the implementation phase.
- **Dynamically implement** — a repeated cycle where agencies collect and review performance data to better understand what works and why, and use those insights to course correct.
- **Step back and reflect** — looking at whether the goals were the right ones, and understanding the relative effectiveness of different programs to devise a new strategy.



<sup>7</sup> Office of Management and Budget, Fiscal Year 2013 Budget of the U.S. Government, <http://www.whitehouse.gov/sites/default/files/omb/budget/fy2013/assets/ccs.pdf>

# Define a clear vision

Goals can provide tremendous focus for government and can allow government agencies to achieve the seemingly impossible. In May 1961, President John F. Kennedy announced to Congress and the nation that he wanted to put a man on the moon by the end of the decade. It was a signature moment for the country — the Russians had already put a man into space and the U.S. seemed far behind. The task seemed near impossible — but only eight years later, Neil Armstrong and Buzz Aldrin stepped foot on the moon.

Such clarity of purpose can be rare in government. All too often, agencies focus on administering programs effectively rather than ensuring that programs achieve real world outcomes that matter to the American people. It is not surprising that this happens; complex agencies with many hundreds of programs find that it is easier to focus on managing each program well rather than looking at the big picture. Put simply, they can struggle to “see the forest for the trees.” But with visionary leadership that defines a clear sense of what the agency is trying to achieve, agencies can infuse their work with the clarity of purpose President Kennedy gave the country and NASA in the 1960s. He was very clearly focused on the big picture.

## Setting goals in state government

A number of states have set goals focused on real world outcomes. Maryland, for example, has identified goals across six different focus areas. The state publishes easily accessible reports on its performance against these goals on its website. Citizens can easily track the state’s impact on key measures, such as the 11% and 12% increases in the percentage of 8th grade students scoring “proficient” or better in Math and Reading, respectively, that the state achieved from 2009 to 2013.<sup>8</sup>

Virginia has also adopted goals, and publishes a regular scorecard available on the Virginia Performs website. In Virginia, the goals are set by a bipartisan group drawn from the legislative and executive branches, with support from citizens and business leaders. These goals are long-term goals that address topics ranging from Education and the Economy to Transportation and Health. The consensus-driven nature of Virginia’s goal-setting process is a particular strength of the program, helping it to endure across changes in executive leadership.<sup>9</sup>

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## 83% of Americans surveyed want federal agencies to set clear goals measured by real-world results.

A 2010 survey by the Center for American Progress found that 83% of Americans want federal agencies to set clear goals measured by real-world results. When asked to choose between different ways to help improve government impact, asking agencies to set clear goals was the highest ranked idea among respondents.<sup>10</sup>

Across agencies, almost every aspect of the government’s work can be described in terms of a specific goal — from reducing smoking to increasing the number of small businesses, from reducing wait times for passports to increasing confidence in the Afghan police force, and from reducing reliance on foreign oil to increasing educational attainment for American children. When government agencies organize their work around goals rather than activities, they are incentivized to think hard about how best to accomplish these goals, as well as constantly review progress toward them.

8 Maryland Department of Budget and Management, “Managing For Results, Annual Performance Report,” February 2013, [http://www.dbm.maryland.gov/agencies/Documents/MFR\\_documents/MFR\\_Perf\\_Rpt2013.pdf](http://www.dbm.maryland.gov/agencies/Documents/MFR_documents/MFR_Perf_Rpt2013.pdf)

9 Center for American Progress, Kohli, Jitinder, “Golden Goals for Government Performance,” February 2010, <http://www.americanprogress.org/issues/2010/02/pdf/dwvwgoldgoals.pdf>

10 Center for American Progress, “Doing What Works Survey,” in “Better, Not Smaller: What Americans Want from their Federal Government,” July 2010, retrieved from [http://www.americanprogress.org/wp-content/uploads/issues/2010/07/pdf/what\\_americans\\_want.pdf](http://www.americanprogress.org/wp-content/uploads/issues/2010/07/pdf/what_americans_want.pdf).

Unfortunately, adopting a goal-driven culture in government is not easy. Program managers and political leaders often hesitate to set goals based on real-world results because they are reluctant to be held accountable for an outcome they cannot directly control. As a result, leaders tend to be much more comfortable setting goals related to agency activities, rather than outcomes they cannot control. It can also be hard to know how stretching goals should be — goals that would be achieved anyway are tempting for those worried about being held to account, but do little to incentivize better performance for agency staff or programs. But if a goal is too stretching, then agency staff and their stakeholders will not take it seriously.

It is also important to avoid the risk of perverse or unintended consequences. Perverse outcomes can occur in a number of different ways. Sometimes, individuals or organizations who are affected by a goal can try to game the system in order to appear to perform better, for example, by inflating school children’s test scores. Another risk can result when the easiest way to achieve a goal might be to focus on some of those in need at the expense of others (sometimes called “cream-skimming”). For example, if the objective is to help people enter work, then it can often be easiest to focus on those who have the greatest chance of securing a job anyway. There is also a risk that achieving a goal may do good in one policy area but harm in another area. So while reducing the cost of water for poor farmers in developing countries may seem to a laudable objective, there is increasing evidence that it can lead to wasteful use of water by other water users, such as businesses.<sup>11</sup> In order to manage these risks, agencies should give considerable thought to goal design.

- Select goals focused on real-world outcomes that can be measured by real-world results.
- Ensure that the goals are appropriately stretching enough for the agency.
- Manage the risk of unintended consequences when designing goals.

### **Making an impact in the Bureau of Indian Affairs**

When an agency is able to adopt a challenging goal and then focus its energy toward achieving that goal, the impact can be enormous. In 2009, the Department of the Interior set a goal of reducing violent crime on four high-risk Indian reservations by a combined 5%. The Bureau of Indian Affairs took this goal and ran with it — developing a holistic, performance-driven strategy that engaged local community leaders and youth, improved organizational infrastructure, and strategically deployed trained law enforcement in a more proactive approach to crime prevention. Two years later, violent crime was down by a combined 35% in the targeted reservations and the techniques that were used are being rolled out across the country.<sup>12</sup>

<sup>11</sup> Institute for European Environmental Policy, Environmentally Harmful Subsidies: Identification and Assessment, November 2009, <http://ec.europa.eu/environment/enveco/taxation/pdf/Harmful%20Subsidies%20Report.pdf>

<sup>12</sup> Department of the Interior, Bureau of Indian Affairs, Office of Justice Services, “Crime Reduction Best Practices Handbook: Making Indian Communities Safe,” 2012, <http://www.indianaffairs.gov/cs/groups/xojs/documents/text/dc-018678.pdf>

# Create a strategy to achieve the vision

Once agencies have defined clear goals focused on real-world outcomes, they should create a strategy to focus on achieving them.

Strategy involves difficult choices. Often, multiple different approaches look like they might help to achieve the goal, but with limited resources and time it's impossible to try everything. Agencies should adopt a set of actions they think are likely to have the most impact in the necessary timeframe at the least cost.

In some cases, there will be considerable evidence about what works, and agencies should direct their energies to those approaches. In other instances, the evidence base will be somewhat limited, and agencies will have to develop a strategy that is based on the best information they have. In such cases, they should focus on trying some approaches and improving the evidence base of what works.

When developing a strategy, agencies should also consider how the proposed strategy will lead to change. Imagine an agency wants to reduce the risk of salmonella. If its strategy is focused on working with restaurants, it is making an implicit assumption that the main cause of salmonella is poor food preparation in restaurants, rather

than in homes. But if the major cause of salmonella is that home cooked food is poorly prepared and stored, then the strategy is likely to fail. Let's take another example: consider a federal agency that wants to reduce the rate of HIV in a developing country. If the agency invests in distributing condoms, it is assuming people who receive condoms are fairly likely to use them and that they know how to do so. But if the people already have access to condoms and are reluctant to use them, it will likely make more sense for the agency to focus on ways to overcome cultural resistance to condom use.

Solid formative research can help agencies establish the applicable set of assumptions. But in some cases agencies need to proceed on the basis of a set of assumptions where the evidence remains limited; for example, when the issue is relatively new. That's fine — so long as agencies remain aware of these assumptions and constantly check to see if they remain valid.

Agencies should focus their energies on where government action is most valuable — sometimes it will make sense to target resources on particular geographical locations, sometimes it will be best to focus on particular types of individuals as their needs will be greatest or their propensity to respond to government interventions will be highest. Making these choices is part of strategy development, but can be difficult in politically charged environments where there can be pressure from political leaders to distribute resources evenly.

Agencies should also use available evidence to try to predict the extent to which each component of their strategy will 'move the needle' towards accomplishing the goal. If there are a dozen different initiatives that form the strategy, they should seek to understand the likely impact of each of these initiatives over the time period of the goal as well as at interim points.<sup>13</sup> These estimations are not easy, and often agencies may only be able to make an educated guess based on the available evidence of where similar approaches have been tried before. And for some more innovative approaches, agencies should adopt pilots to establish their likely impact before adopting at large scale.

<sup>13</sup> Center for American Progress, Kohli, Jitinder "Asking Questions like the British Do," 8 May 2010, <http://www.americanprogress.org/issues/open-government/news/2010/03/08/7372/asking-questions-like-the-british-do/>



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“Government programs, once launched, never disappear. Actually, a government bureau is the nearest thing to eternal life we’ll ever see on this earth.”

— President Ronald Reagan

In many instances, agencies will rely on others to implement the approaches that form part of their strategy — they might need to work with other public sector organizations or those in the private and nonprofit sectors. In devising strategy, agencies need to work closely with those responsible for implementation to check that the strategy takes full account of their views and any constraints that might get in the way of achievements. Agencies should not just consult these stakeholders, but also work collaboratively with them to shape strategies.

Perhaps one of the most important things to appreciate about a strategy is that it is likely to need adjustment. Some approaches will inevitably be more or less effective than originally expected. Often in government, agencies feel that once they have published an action plan, they need to stick to everything in it. Instead of monitoring whether the plan is working, they check whether everything in the plan is being implemented in the way that was originally intended. Agencies can fear that if they fall behind on implementing their action plans, the media and Congress will hold them accountable. Agencies worry that if they try to take dollars away from approaches that are less effective, they will encounter political resistance from those who stand to lose out. Ronald Reagan famously captured this issue when he noted, “Government programs, once launched, never disappear. Actually, a government bureau is the nearest thing to eternal life we’ll ever see on this earth.”<sup>14</sup>

It is much more sensible for agencies to treat the initial version of the strategy as the best strategy they can devise given the amount of information available at the time. Over time, agencies should develop a better appreciation of which approaches are more effective at driving change and which ones face the greatest barriers to having an impact. As they do so, agencies should adjust their strategies. This may seem somewhat countercultural, but the GPRA Modernization Act actually requires agencies not only to set strategy but to continuously review and adjust their performance plans.<sup>15</sup>

- Focus strategies on achieving defined goals.
- Utilize the best available evidence base to inform strategy development.
- Be cognizant of underlying assumptions.
- Monitor, review and adjust the strategy over time.

#### How can an agency find out what works?

Every year, academics produce scores of studies that seek to evaluate government programs. Some of the best studies offer incredibly valuable insights into what works and where agencies should direct scarce resources. But how can an agency access this information quickly and efficiently?

One helpful source is the Washington State Institute of Public Policy. Based in Olympia, WA, the Institute collates evidence of what works and produces accessible reports that help agencies decide where to focus resources. It has analyzed the effectiveness of approaches across policy areas including reducing crime, improving educational outcomes and health outcomes and increasing employment. The Pew Charitable Trusts have helped more than a dozen states use information from Washington state to help inform decisions on where to invest taxpayer dollars.

There are other sources that play a similar role — including the What Works Clearinghouse focused on education, the [crimesolutions.gov](http://crimesolutions.gov) website focused on criminal justice interventions, and the Top Tier Evidence Initiative run by the Coalition for Evidence-Based Policy.<sup>16</sup>

<sup>14</sup> Reagan, Ronald, “A Time to Choose,” October 1964 Speech transcript courtesy of The National Center for Public Policy Research, <http://www.nationalcenter.org/ReaganChoosing1964.html>.

<sup>15</sup> GPRA Modernization Act of 2010, Sec. 3, §1115 and Sec. 4, §1116, 4 January 2011, retrieved from <http://www.gpo.gov/fdsys/pkg/PLAW-111publ352/pdf/PLAW-111publ352.pdf>.

<sup>16</sup> Finding What Works in Education, Costa, Kristina, 9 February 2012 <http://www.americanprogress.org/issues/open-government/news/2012/02/09/11053/finding-what-works-in-education/>

# Build foundations for implementation

In government, it is normal to move quickly from writing an action plan to implementing it. Political leaders want to see that an agency is not just engaged in writing documents but focused on practical action such as grant dollars flowing or new rules implemented. That urgency is laudable, but often it means that agencies skip the crucial step of laying the foundations for success, resulting in sub-optimal outcomes further down the road. To improve outcomes agencies should build a strong accountability framework to implement their strategy and collect the right data to enable them to effectively monitor progress.

## An accountability framework

Agencies should build a strong accountability framework in order to implement strategy, accomplish goals, and promote accountability. The GPRA Modernization Act already requires agencies to nominate senior officials as goal leaders accountable for accomplishing agency priority goals.<sup>17</sup> These goal leaders should build an accountability framework that increases the chances of accomplishing each goal.

An important first step for agencies should be to establish who will be responsible for reviewing progress and how often will they conduct these reviews? The GPRA Modernization Act requires agencies to hold quarterly review meetings for every goal, led by the agency Chief Operating Officer and Performance Improvement Officer.<sup>18</sup> The Act does not, however, mandate who else needs to be present or how leaders should conduct these meetings. Agencies should make decisions on these issues right at the outset. Sometimes it will make sense to have large meetings that involve everyone leading implementation, while other times a meeting format with fewer participants who act like a corporate strategy board may be more effective. Agencies should also think about how those far from Washington — and closer to the actual implementation — play a role.<sup>19</sup>

Second, agencies should think hard about how they present and review information in review meetings. Information should focus on the progress made toward achieving the goal and identifying where action is needed to address issues or accelerate progress. That sounds simple but can be very challenging. There can be a tendency to have very little information available — data on overall performance towards accomplishing the goal without any sense of performance drivers. Conversely, detailed papers or slide decks that set out what each program has been doing may provide too much information and can often lead to a “show and tell” culture, rather than a culture of collective inquiry. Agencies should spend considerable energy thinking about how best to present information to facilitate real inquiry in review meetings.

Third, agencies will want to define a set of metrics that allow them to measure progress towards the goal and also hold to account those responsible for day-to-day implementation. These might define the expected level of performance at regular time intervals (for example, quarterly) across the goal as a whole, or they may be focused on more micro levels — such as intermediate indicators associated with each approach.

Fourth, agencies will want to make a decision about the extent to which transparency can help to improve accountability. In Maryland, for example, the Governor releases information on progress towards every goal on a regular basis. In addition, the papers for “Statestat” review meetings in Maryland are publicly available after the meeting even though the meetings themselves are not public. In Washington state the equivalent meetings are open to the public. There is a balance to be struck here — greater levels of transparency can make it easier to hold those leading implementation to account, but it can also lead to less stretching goals if they fear being publicly shamed. It can also make it difficult to have honest discussions about where improvements are needed as public officials may want to finesse information that is publicly available. The federal government has decided to release regular data on performance towards its priority goals but review meetings and the papers associated with them are not available publicly.

17 GPRA Modernization Act of 2010, Sec. 3, §1115, 4 January 2011, <http://www.gpo.gov/fdsys/pkg/PLAW-111publ352/pdf/PLAW-111publ352.pdf>

18 GPRA Modernization Act of 2010, Sec. 6, §1121, 4 January 2011, <http://www.gpo.gov/fdsys/pkg/PLAW-111publ352/pdf/PLAW-111publ352.pdf>

19 GAO, Managing for Results, Data-Driven Performance Reviews Show Promise But Agencies Should Explore How To Involve Other Relevant Agencies” February 2013, Report 13-228, <http://www.gao.gov/assets/660/652426.pdf>

## Data collection and analysis

For every goal, agencies should think hard about how they will collect data that allows them to monitor progress, as well as judge which approaches are most effective and where there is the greatest need for intervention to increase impact. There is enormous potential for better data collection and analysis to drive significant improvements in performance. With better data, agencies can track progress against their goals in a much more timely way. But even more importantly, they can better understand differences in performance, both between and within programs, and can use these insights to drive improved program performance.

The first step will be deciding what data to collect — agencies need to establish what information they need and at what frequency. Often they will need to ask other organizations which spend government funds to provide data — such as grantees, contractors, etc. They should look for data that is genuinely useful to inform decision-making, such as information that tests the assumptions that underpin the agency’s strategy or data that allows analysis of the relative effectiveness of different approaches. They should ensure that data is available at a timely enough frequency to inform decision-making and that the lag between data collection and availability is not too long. Data does not need to be of perfect quality but it does need to be reliable enough so that decision-makers can use it as the basis of decisions on how to increase the chances of accomplishing the goal. Agencies need to take account of the costs and feasibility of data collection — especially the burden that it can place on other organizations such as small non-profits.

A second step is ensuring that the data is genuinely usable. While government has historically collected large amounts of data, using this information can pose challenges. For grant programs, government agencies often collect large amounts of data on how grantees have spent the resources they received. Regulators also collect significant data from businesses and individuals, but all too often, data are gathered in forms that make aggregation

or comparison hard. Often, those collecting data will ask the same question in different ways or collect information on paper, making it hard to analyze. Additionally, data can sometimes be overly focused on inputs rather than impacts or outcomes. For example, a grantee is more likely to be required to record the number of hours they spent on grant-funded activities than to demonstrate the impact resulting from the grant.

To support good data collection and analysis, agencies may need common IT systems and data standards. Common systems and standards can build confidence that each data item is consistently defined, and that those responsible for implementing government programs are providing the right data in the most efficient manner.

There is enormous potential for better data collection and analysis to drive significant improvements in performance. With better data, agencies should be able to track progress against their goals in a much more timely way. They would be able to better understand differences in performance both between programs and within programs.

- Design a strong accountability framework to implement strategy, accomplish goals and promote accountability.
- Decide who will be responsible for reviewing progress and how often they will conduct review meetings.
- Define data needs and initiate collection and storage of good quality, usable data so that progress towards goals can be meaningfully analyzed.

# Dynamic implementation

Once agencies have built the foundations, they are ready for dynamic implementation. All too often, agencies think their role is merely to implement their strategy effectively and efficiently. As long as they get grant dollars out on time, or define and enforce regulations effectively, they are doing well. That is not enough — agencies should be constantly examining how they are doing against their goal by examining each strategy, developing a sophisticated understanding of what is driving success and what needs to be done to increase impact. In short, they should be using data to refresh their strategies in real time.

Dynamic implementation is not a linear process but a constantly repeated cycle of implementing interventions, analyzing data on their effectiveness, reviewing performance, and refining strategy. In some instances, it will make sense to repeat this cycle very frequently — for example, in emergency situations such as flood relief, it might make sense to do so every few hours — but in most cases, the right frequency is likely to be between one and six months. Because data on the performance of each different approach will not regularly be available at every review meeting, it will often make sense to focus on a subset of approaches at each meeting.

## Thinking of grantees as a “learning community”

Federal agencies administer a large number of grant programs. Often the first priority for grant officers is getting the money out of the door in a way that is compliant with OMB guidance on disbursing grant dollars.<sup>20</sup>

There is, however, potential to think about grantees in a different way. If agencies have good quality data on the impact that different grantees are having, they would be able to identify the techniques that the best performers are deploying and spread that knowledge across the grantee community. In addition, they would be able to adjust the criteria for the release of future rounds of grants so they are based on evidence of the most effective practices.

## Implement

The first stage in dynamic implementation is setting the strategy in motion. Agencies should implement planned activities based on the strategy and collect the quantitative and qualitative data required to evaluate performance. Some aspects of the strategy can be easier to implement than others — for example, when an agency can implement the changes itself, they should happen relatively fast. When an agency relies on others to implement, those approaches will inevitably take longer. Keep in mind that while implementation traditionally feels like the endgame, launching a program is only the first stage — it will likely be necessary to adjust the program during the dynamic implementation process.

## Analyze data

Analyzing data is essential to understanding what aspects of a program work and which do not, and more importantly, the reasons behind these differences.

Agencies should deploy a range of techniques to really understand performance. At the most basic level, they should be able to compare aggregate actual performance with expected performance. A more sophisticated analysis could also look at performance broken down by distinct interventions — allowing agencies, for example, to establish the relative impact of different programs or grant streams. Agencies should also look at the relative performance of programs in geographically and demographically discrete locations. A key priority is to build a detailed understanding of what makes some approaches successful and others less so.

Many government programs inevitably carry high levels of deadweight — they pay for things that could have happened anyway without the government program. By better utilizing data, it is possible to reduce such waste. For example, a job training program can direct its dollars to those people who are least likely to find work without support. A program to reduce homelessness can screen potential clients for risk factors and provide the specific support that individuals need most. Analyzing data can help organizations understand and reduce this deadweight loss.

<sup>20</sup> See [http://www.whitehouse.gov/omb/grants\\_circulars](http://www.whitehouse.gov/omb/grants_circulars)

## Review performance

The next stage in dynamic implementation is reviewing progress to understand the drivers of performance and what needs to be done to adjust the strategy.

### Data-driven reviews in action in the federal government

In 2008, the incoming Secretary for Housing and Urban Development, Shaun Donovan, adopted four mission-focused goals for the agency. For example, the agency committed to halving veterans homelessness by 2012 as part of wider objective of ending veterans homeless by 2015.

Secretary Donovan previously served in New York City and wished to bring some of the techniques that had been successfully applied there in the federal government. HUDStat is a meeting that brings together goal leaders with others in the agency to analyze whether the goal is on track. The meeting is about not about “show and tell,” or a “blame” culture. Instead, it is an opportunity to understand what the data shows about performance to date and agree what actions are needed to maximize impact over the coming months.

Each agency is required to hold a data-driven review for each agency priority goal every quarter under the GPRA Modernization Act and a recent GAO report examined agency progress in implementing the new requirements.<sup>21</sup>

Congress and the White House now require agencies to undertake quarterly in-person data-driven review meetings.<sup>22</sup> These review meetings are based on the very effective “stat” model applied in New York City and since emulated in a number of other U.S. cities.<sup>23</sup> The “stat” model is a type of meeting that brings together goal leaders with others in the agency to analyze whether the goals are on track. A number of other countries have adopted review meetings as the means to increase the chances of achieving a goal.

Successful review meetings should bring together key decision-makers and present them with useful information than helps them to understand the drivers of performance. Participants should be empowered to ask probing questions that allow them to form a view on the best way to improve the chances of the goal being achieved.

This discussion should be more detailed than simply discussing whether performance toward the goal is on track or not. For example, many federal agencies deliver programs in numerous locations and with various people and organizations. Each location will achieve a different level of performance. Some locations will find ways to use modest federal investments to achieve truly greater results, and others will be much less impactful. Another thing to consider is that different approaches rely on different assumptions — agencies should use the review process to test whether the assumptions appear to hold true in practice. So if there is considerable evidence that people are preparing food better in their homes than they were before, but the rate of salmonella is not coming down, that might imply that food prepared in restaurants are a much bigger cause for concern. It is important to build a detailed understanding of the factors that make some approaches effective and others less so.

22 Office of Management and Budget, OMB Circular No. A-11, Part 6, August 2012, [http://www.whitehouse.gov/sites/default/files/omb/assets/a11\\_current\\_year/a\\_11\\_2012.pdf](http://www.whitehouse.gov/sites/default/files/omb/assets/a11_current_year/a_11_2012.pdf)

23 Robert Behn, a Lecturer in Public Policy at Harvard, says “a jurisdiction or agency is employing a PerformanceStat leadership strategy if, in an effort to achieve specific public purposes, it holds an ongoing series of regular, frequent, integrated meetings during which the chief executive and/or the principal members of the chief executive’s leadership team plus the director (and the top managers) of different subunits use current data to analyze specific, previously defined aspects of each unit’s past performance, to follow-up on previous decisions and commitments to produce results, to examine and learn from each unit’s efforts to improve performance, to solve performance-deficit problems, and to set and achieve the next performance targets.” See Performance Leadership Report, Vol. 8, No. 3, November 2009.

21 GAO, Managing for Results, February 2013  
<http://www.gao.gov/assets/660/652426.pdf>

If federal agencies are able to understand this dispersion, they can direct funding toward growing the most effective approaches or understand the barriers to success in the weaker performing instances and use that information to enhance effectiveness.

A grant program might be able to adjust the criteria for releasing funding by learning from experience. Similarly, an administrative organization, such as one that issues passports or cuts social security checks, might be able to use the practices deployed at its most efficient location to help increase the performance of other locations. Positive deviance is an approach that improves performance by identifying successful outliers within organizations and applying their practices at scale (*see box*).

#### Refine strategy

Review meetings should deliver a clear set of conclusions on ways that agencies should refine their strategies. Over time, agencies will inevitably need to make significant changes to their strategies as they better understand what works and where implementers encounter barriers to achieving effectiveness. Some approaches that appeared to be promising early on will probably need to be abandoned, scaled back, or significantly reformed in order to be effective. Other programs are likely to prove so effective that it will make sense to grow them significantly.

Consider a program aimed at improving the academic attainment of Hispanic children. The program, administered through grant dollars to school districts, will likely work with children who have very different levels of English literacy and in places with very different contexts. Some school districts will have a high proportion of Hispanic children and others will not, and some districts will spend much more per child than others. Once the agency understands what impact the program is having and why, based on these and other factors, it can refine the program to scale up the most effective practices and address barriers to effectiveness. Additionally, it is likely that some school

#### The power of positive deviance

Drug-resistant staph infections, or MRSA, killed 19,000 hospitalized Americans in 2005<sup>24</sup> — people who had come to hospitals to treat other medical issues but contracted the deadly bacteria during their stay. Unfortunately, the number of MRSA hospitalizations in the U.S. had more than doubled in a six-year period.

The VA Pittsburgh Healthcare System understood the urgency of this issue and tried an innovative approach called positive deviance to reduce infection rates. Rather than simply handing out more gloves and soap, the Pittsburgh Healthcare Initiative tried to find out why some hospital wards had a lower rate of infection by aggregating data from 153 VA hospitals nationwide about the prevalence and transmission of MRSA. Working backwards from the outliers — those with unusually low rates of infection — the researchers tried to find out why some hospitals had better outcomes. Their research revealed that the places with the lowest infection rates used some innovative, and sometimes protocol-deviating practices, such as room-cleaning checklists and disposable slipcovers for Bibles. The researchers then worked to scale these practices across the healthcare system with very impressive results. MRSA infection rates in Pittsburgh dropped by 50% in a year and as a result the program to spread to other VA hospitals. From October 2007 to June 2010, MRSA infections in intensive care units across VA hospitals dropped 65%.<sup>25</sup>

districts will perform significantly better than expected. With few local resources and a large number of children in need of guidance, they deliver good results — if the agency is able to help other school districts with similar characteristics emulate these leading practices, it could improve performance across the board.

24 Boucher, Helen and Corey, Ralph, "The Epidemiology of Methicillin-Resistant Staphylococcus aureus," *Clinical Infections Diseases*, 46(5), 2008, retrieved from [http://cid.oxfordjournals.org/content/46/Supplement\\_5/S344.full](http://cid.oxfordjournals.org/content/46/Supplement_5/S344.full).

25 Rosenberg, Tina, "When Deviants Do Good," *New York Times*, 27 February 2013, retrieved from <http://opinionator.blogs.nytimes.com/2013/02/27/when-deviants-do-good/>.

### Barriers to dynamic implementation

Dynamic implementation is not easy. Agencies are constrained politically, legally and practically in their ability to refine their strategy as they go.

Paradoxically, agencies that do not establish the relative effectiveness of their different approaches can often face less political heat than those that do and who then try to move resources from the least effective approaches to those that are more effective. Those who stand to lose out complain bitterly, and political resistance to change intensifies. In addition, agencies face legal barriers to refining their strategy as they go along — sometimes, funds will be appropriated in narrow ways and they will not have the flexibility to make changes. There are also practical barriers — for example, altering the criteria for releasing funds under a grant program will inevitably take time.

Cultural issues within agencies can also prevent them from adopting a dynamic approach to implementation. Often, program managers want to defend their work, rather than analyze what is most effective and refine their approaches. This is a common issue in government — public officials are often fearful that they will lose budget dollars or face criticism internally or externally if they admit their approaches are not as effective as they might be. These cultural barriers can be overcome by skilled leaders who help staff understand that dynamic implementation is the better way to maximize the agency's impact.

For many agencies, the norm has been to start by developing a plan that includes a large number of diffuse actions, and then to implement the plan without any real reference to what is working and what is not. Some of the actions might be the subject of evaluation at a later date, but these evaluations can be disconnected from the decision-making process. Dynamic implementation is different — it is about agencies constantly keeping their “eyes on the prize” or goal they are trying to achieve and constantly assessing performance and refreshing strategies in order to maximize the chances of success.

Despite the challenges to executing dynamic implementation, the benefits can be enormous. Agencies that understand the drivers of performance in real time and use that information to refine their strategies as they go along should be able to create significantly more impact for the American people.

- Implement activities based on the agency strategy.
- Analyze data to understand what works and why.
- Review progress through a meeting of key decision-makers.
- Refine strategy to increase chances of success.

# Step back and reflect

Dynamic implementation is about rapidly learning from experience and using that information to refine strategy. It is an active, exciting and sometimes frenetic phase. But agencies should also step back and reflect on a bigger set of questions than is possible during the dynamic implementation phase.

Agencies and bureaus have to make decisions every year about where their budget priorities lie. Every 2–3 years, agencies will need to revise their priority goals in line with the GPRM Modernization Act. They should use those occasions to carry out more reflective evaluations.

Sometimes, it will be appropriate to commission longer, scientifically rigorous evaluations at the same time that programs commence. Using evaluative techniques — such as randomized control trials, quasi-experiments, observational studies, or propensity score matching — can provide powerful insights for agencies to establish what works. Agencies should time these evaluations carefully so that results are available at the time that agencies are determining future priorities, and the information needs to be presented such that policy makers can use it to make decisions.

Often, agencies will find that they need answers to a wider set of questions. In tight budget times and with increased pressure to address program duplication, a key question facing agencies will be the relative effectiveness of different approaches that tackle the same set of issues. This will call for comparative analysis across programs to establish what approaches are most effective, and the circumstances in which they work well. In some instances, it will make sense to build stronger linkages between programs in order to maximize impact. In others, it may make sense to narrow the scope of certain programs so they serve communities or situations in which they are most effective. In certain cases, it will make sense to terminate programs or approaches that appear less effective or duplicative.

Answering questions about relative effectiveness is not easy. Even when rigorous scientific techniques are not needed, in-depth analysis of historical performance data is essential to really understanding the drivers of success for programs. That may mean looking across the different places that the agency tried the approach, across the

different types of organizations that sought to implement it, or at the different populations served. These reflective analyses will help agencies to determine future direction.

Agencies will also want to consider whether the goals they set for themselves were the right ones and whether the data they collected was relevant and reliable. A good set of goals will have had few perverse or unintended consequences and will have addressed the key priorities of the agency and government. A poor set of goals, however, may have focused on a subset of the issues that matter or caused unintended impacts elsewhere in the agency or government. Agencies will also want to consider whether their data was timely enough to inform decisions and accurate enough to allow decision-makers to draw sensible conclusions.

By stepping back and reflecting, agencies will be able to decide whether they need to make changes to their overall goals, strategy and the foundations that form the basis of the implementation phase.

After this, in effect the process starts again — with a revised set of goals and a strategy that reflects choices about the best way to accomplish them based on the latest available evidence. Often, agencies will find they do not need a new vision of what they are trying to achieve, but they may still need to hone their strategy and goals based on what they have learned thus far.

- Conduct comparative analysis across programs to determine relative effectiveness.
- Find ways to reduce overlap, fragmentation and duplication of programs.
- Assess whether the data collected was timely, relevant and reliable.
- Revisit goals to assess whether they are still relevant and appropriate.

# Conclusion

The approach described in this paper sets forth a series of simple steps which can help agencies improve their performance management systems. Agencies should work out what they are trying to achieve; develop a strategy that includes approaches that they think are most likely to work; build the foundations for implementation; implement with an eye to constant improvement; and reflect before starting the cycle again.

Unfortunately, just because the approach is simple does not mean that it is easy to implement. Implementation requires considerable focus and a commitment to constant learning that is hard in any organization. For government agencies, which often operate in the political spotlight, it can be even harder to implement these ideas.

Nevertheless, the rewards of applying them are potentially enormous. If government agencies are able to genuinely manage their programs in an efficient and effective way, they can have an enormous positive impact on the lives of Americans even with the advent of tighter budgetary times.



