Being a Stronger and More Effective Organization: Strategic Planning, Performance and Risk Management

n4a 42nd Annual Conference & Tradeshow

Jennifer Klocinski, Performance Team Leader
US Administration for Community Living

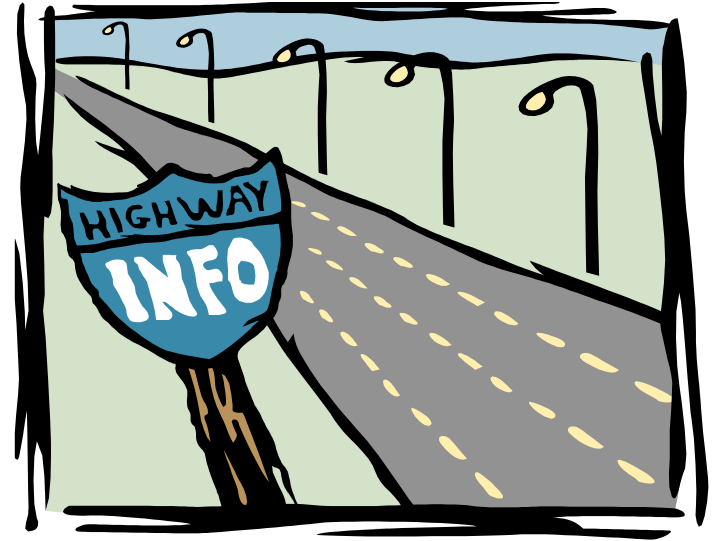**Mary Tonore Blumberg, Manager**

Strategic Planning and Development Unit, Aging and Independence Services

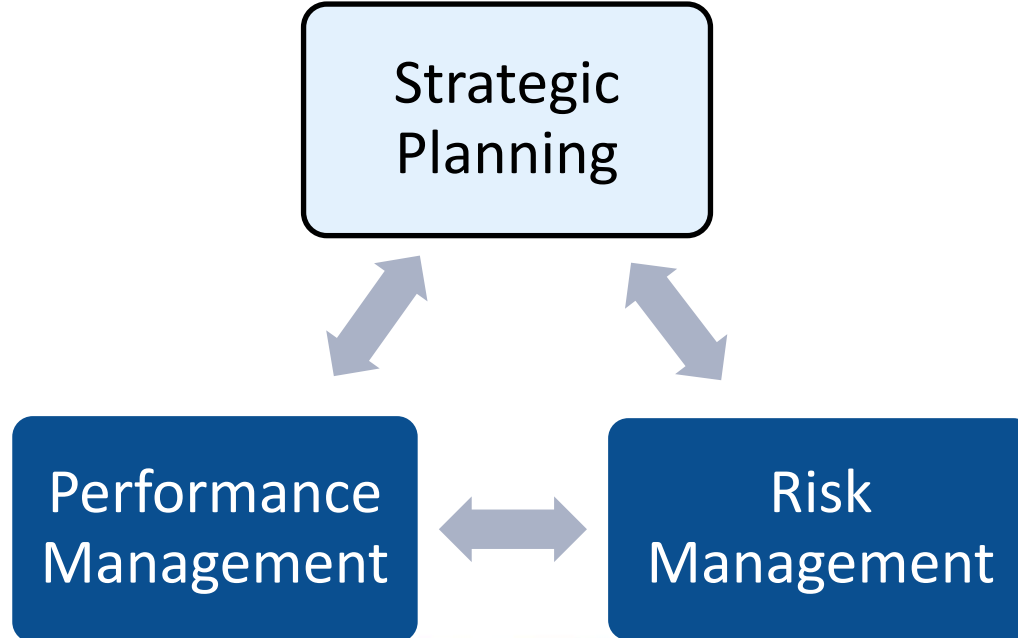Atlanta Regional Commission

July 31, 2017

Roadmap

- Overview
- Strategic Planning
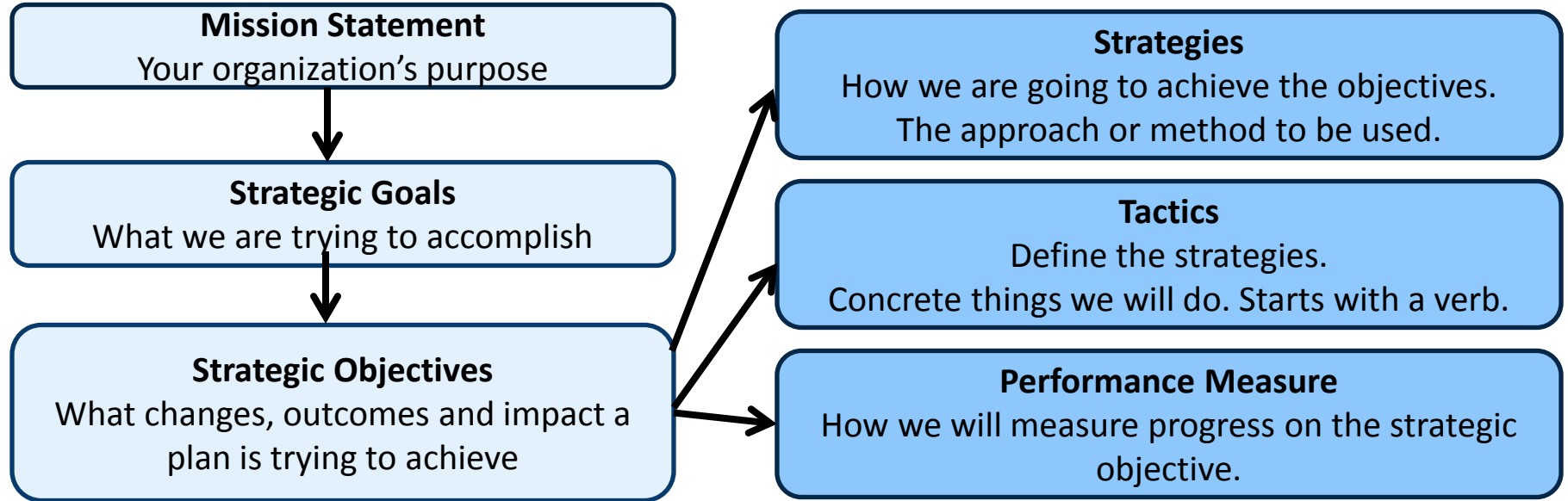- Performance Management
- Risk Management

Systematic Approach toward Achieving your Mission

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                    │    Strategic     │
                    │    Planning      │
                    └──────────────────┘
                       ↙          ↘

┌──────────────────┐              ┌──────────────────┐
│   Performance    │   ←──────→   │      Risk         │
│   Management     │              │   Management      │
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STRATEGIC PLANNING

Elements of a Strategic Plan

Mission Statement
Your organization's purpose

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Strategic Goals
What we are trying to accomplish

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Strategic Objectives
What changes, outcomes and impact a plan is trying to achieve

Strategies
How we are going to achieve the objectives.
The approach or method to be used.

Tactics
Define the strategies.
Concrete things we will do. Starts with a verb.

Performance Measure
How we will measure progress on the strategic objective.

Resources and Frameworks

Example Resources

- Community Tool Box developed by U of Kansas:
- The Free Management Library
- Simply Strategic Planning

Frameworks/Tools

- SWOT
- PEST Analysis
- Balanced Scorecard (3rd gen)
- Result Based Management

Strategic Planning Practices: Development

- **Highly Successful Organizations:**
  - A consistent, periodic process
  - More likely to engage in all the recommended preparatory activities
  - Identified practices used to work through challenges

- **Less Successful Organizations:**
  - Struggle more with leadership participation and making difficult decisions

McNerney D, Perri D, Reid M. "Strategic Planning Practices in High Performing Nonprofit Organizations (501c3)" –research results from national survey sponsored by Association for Strategic Planning (ASP) with University of Arkansas. Presented April 23, 2013, ASP National Conference. Atlanta GA. For further information contact dmcnerney@ibosswell.comor ASP

Strategic Planning Practices: Implementation

Highly Successful Organizations:
- Monitoring of plan and reporting outcomes is systematic
- Report out at least 3-4 times/year to monthly.
- More likely to say that strategic planning plays a positive roll in their success.

Staffing and financial resources were a challenge for all:
- Highly successful organizations may be more aware and working to address these challenges.

McNerney D, Perri D, Reid M. "Strategic Planning Practices in High Performing Nonprofit Organizations (501c3)" –research results from national survey sponsored by Association for Strategic Planning (ASP) with University of Arkansas. Presented April 23, 2013, ASP National Conference. Atlanta GA. For further information contact dmcnerney@ibosswell.comor ASP
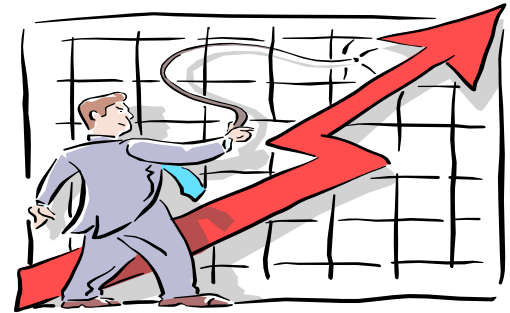
Strategic Planning: Experience from the Field

Atlanta Regional Commission Area Agency on Aging

PERFORMANCE MANAGEMENT

Performance Measurement: What is it?

Performance measurement is the *ongoing* monitoring and *reporting* of program accomplishments, particularly progress towards pre-established goals. (GAO)

Performance Management: What is it?

- The ***active use*** of performance information by members of leadership and by extension all members of an organization to focus efforts on achieving a specific purpose, through the development of a performance strategy that addresses a performance deficit(s), defines targets, tracks and analyzes performance, ***to learn and use analysis to make program/organizational changes to achieve program goals***. (Bob Behn)

- As targets are achieved the process is repeated.

How is Performance Management Different from Evaluation and CQI?

Program Evaluation

- Science-based study

- Focus: a program's merit or worth.

- Purpose: Explains how and why programs are effective or not

Performance Management

- Goal setting

- Focus: key processes and outcomes

- Purpose: Active use of data to achieve organizational objectives

(Continuous) Quality Improvement

- Data collection for quick feedback and rapid cycle improvements

- Focus: workflow design and process improvement

- Purpose: incremental change but can lead to big change (innovation)

Performance Management: Unintended Consequences

- All good things have a dark side.
  - People will behave in undesired ways to achieve unattainable performance goals
  - Wells Fargo
  - Veterans Affairs
  - Georgia public school achievement testing

Performance Measure Criteria

- **SMART:**
  - specific; measurable; achievable; relevant; time-bound

- **Appropriate (DOT):**
  - focused; collaborated; maintainable; impactful; track-able; feasible

- **Meaningful Measures (CDC):**
  - relevant & results oriented; measurable; limited & focused, aligned

SMART criteria are commonly associated with Peter Drucker's management by objectives concept. The first-known use of the term occurs in the November 1981 issue of *Management Review* by George T. Doran.

Example Framework: CDC

PUBLIC HEALTH PERFORMANCE MANAGEMENT SYSTEM

VISIBLE LEADERSHIP · Customer Focus · Transparency · Strategic Alignment · Culture of Quality

PERFORMANCE STANDARDS
- Identify relevant standards
- Select indicators
- Set goals and targets
- Communicate expectations

PERFORMANCE MEASUREMENT
- Refine indicators
- Define measures
- Develop data systems
- Collect data

REPORTING PROGRESS
- Analyze and interpret data
- Report results broadly
- Develop a regular reporting cycle

QUALITY IMPROVEMENT
- Use data for decisions to improve policies, programs, outcomes
- Manage changes
- Create a learning organization

Example Approach: Results-Based Accountability™

- Starts with questions: "What do you want? How will you recognize it in measurable terms when you get it?," "What will it take to get there?"

- Makes a distinction: between results for whole populations and results for people served by particular program, agency or system.

- Measure categories based on the quantity and quality crossed with effort and effect.

- It starts with the data you have and works towards better data in future.

Source: Clear Impact, Results-Based Accountability™ and "Trying Hard Is Not Good Enough." by Mark Friedman

Results Based Accountability: Ideas/Definitions

- *Results* **(or outcomes or goals)**: conditions of well-being for the population you serve, stated in plain English, e.g. older adults living in their homes and communities.

- *Indicators* **(or benchmarks)**: measures which help quantify the achievement of a result. They answer the question "How would we recognize these results in measurable terms if we fell over them?" E.g. The number of months living in the community after becoming eligible for nursing home care.

- *Strategies*: coherent collections of actions which have a reasoned chance of improving results. Strategies are made up of our best thinking about what works.

- *Performance Measures:* measures of how programs and agencies are working. The most important performance measures tell us whether the consumers of the service are better off.

Source: Adapted from Clear Impact, Results-Based Accountability™ and "Trying Hard Is Not Good Enough." by Mark Friedman

Measurement: Attributes/Types

All performance measures fit into one of four categories, derived from the intersection of Quantity and Quality vs. Effort and Effect.

	QUANTITY	QUALITY
EFFORT (output)	*How much did we do?* 10,000 rides to doctor's offices?	*How well did we do it?* 80% of rides were on-time?
EFFECT (outcome)	*Is anyone better off (#)?* 2,000 people had no missed doctor appointments	*Is anyone better off (%)?* 70% of riders did not miss doctor appointments?* 50% of diabetic riders have "good" management of their diabetes

*Research shows that people who have difficulty managing their diabetes miss one or more doctor visits each year.

Source: Adapted from Clear Impact, Results-Based Accountability™ and "Trying Hard Is Not Good Enough." by Mark Friedman

Measure Development Considerations

- Frequently can't measure outcomes directly

- Different types of programs will likely use different types of measures:
  - Systems change and advocacy
  - Services to individuals

- Outward facing measures and inward facing measures.

Connecting Performance Management and Strategic Planning

- Are your Strategic Plan goals reasonable and achievable with anticipated resources?
- Have you defined what success looks like?
- Do staff have the resources and strategies to affect change?
- Have you identified a small number of meaningful measure to track progress?
- Do you have a routine process for reviewing and reporting progress?
- Are decisions being made based on performance information?

ENTERPRISE RISK MANAGEMENT

What is Risk Management?

- **Risk**: Effect of uncertainty on objectives. (ISO 73:2009)

- **Risk Management**: The identification, analysis, assessment, control, and avoidance, minimization, or elimination of unacceptable risks.*

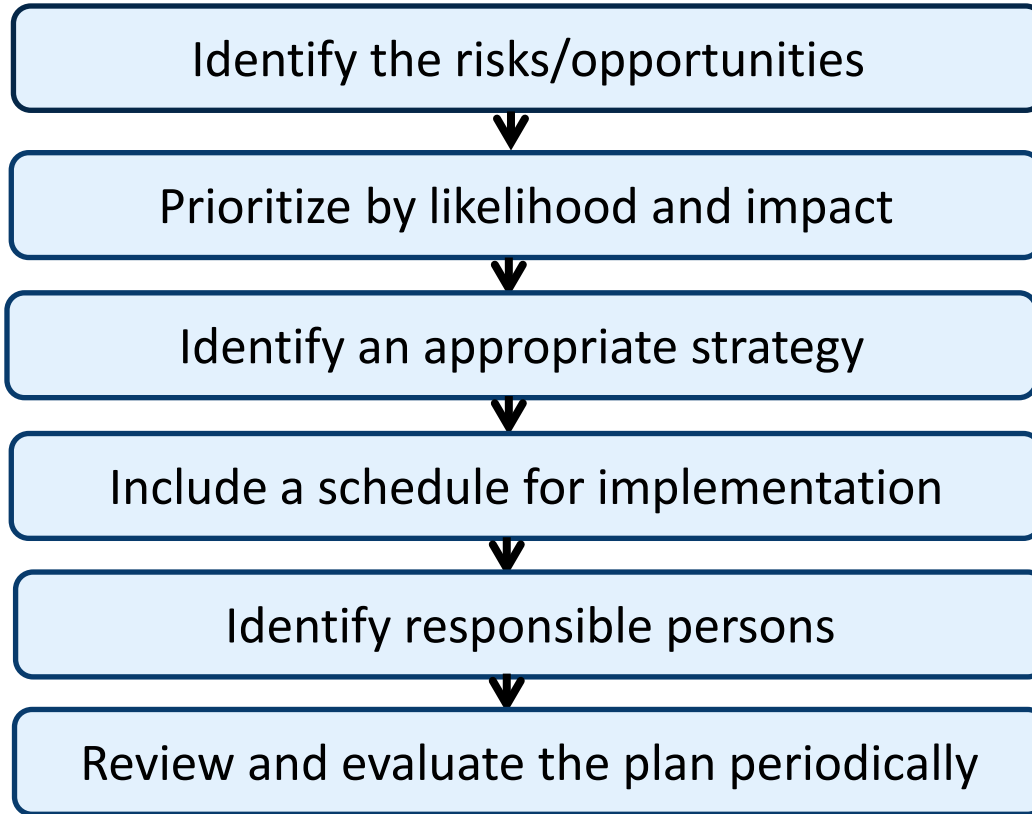- **Enterprise Risk Management (ERM):** Focus is on achievement of organizational objectives.

  * http://www.businessdictionary.com/definition/risk-management.html

Risk Management

- Consider your strategic goals and ask what events (risks/opportunities) could affect achievement.

- Create a plan for addressing risks/opportunities

- Manage to the plan - Implementation

Risk Management Process/Plan

Identify the risks/opportunities

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Prioritize by likelihood and impact

↓

Identify an appropriate strategy

↓

Include a schedule for implementation

↓

Identify responsible persons

↓

Review and evaluate the plan periodically

Types of Risks/Opportunities

- **External**: Events that your organization may view as having little control over
  - Natural Disaster
  - State Budget
- **Internal**: Events that your organization may have more control.
  - Key staff member retiring

Managing Risk

- Avoidance (eliminate, withdraw, don't initiate)
- Reduction (optimize/mitigate)
- Sharing (transfer – outsource/insure)
- Retention (accept and budget)

- DoD uses acronym: ACAT = Avoid, Control, Accept, Transfer

Limitations

- Risk management can become too burdensome in terms of time and resources.

- Balance between being better prepared for the unexpected and expending scarce resource that could go toward accomplishing the organization's mission.

Tying it all together

A Stronger and More Effective Organization

Strategic Planning

Performance

Risk Management

n4a 42nd Annual Conference & Tradeshow

Thank You

Jennifer Klocinski, Performance Team Lead

Office of Performance and Evaluation

US Administration for Community Living

E-mail: jennifer.klocinski@acl.hhs.gov

Mary Tonore Blumberg, Manager

Strategic Planning and Development Unit

Aging and Independence Services

Atlanta Regional Commission