Citizen Advisory Group

**REPORT OF THE
PERFORMANCE MANAGEMENT
SUBCOMMITTEE**

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Tonight's Agenda

- Introduction and background
- Objectives, scope and approach
- Major findings
- External perspectives
- Recommendations
- Conclusion and next steps
- Q&A

Introduction and Background

- The Citizen Advisory Group reports

- Recognition and thanks to all involved

- The rationale for Performance Management
  - Recommendations from other CAG reports (e.g. increased capital spending)
  - High expectations of services from citizens
  - Escalating costs (especially salaries and benefits)
  - Anticipated revenue shortfall
  - Citizen reluctance to use overrides
  - Need to "achieve more with less"

- Overview of the Report (including Appendices)

Objectives and Scope

- CAG mission included: "To help identify...innovative ways of increasing short- and long-term operational efficiency and effectiveness".

- Scope of Performance Management
  - Strategic and operational planning
  - Monitoring and control
  - Performance appraisal and feedback
  - Personal development planning
  - Compensation policy and management
  - Top management structure
  - Public participation in Performance Management

Approach

- Interviews with management at the City and the Schools

- Consultation with other CAG subcommittee members involved in prior reports

- Review of relevant internal and published documents

- Research into what other communities have done

- Perspectives from the business world
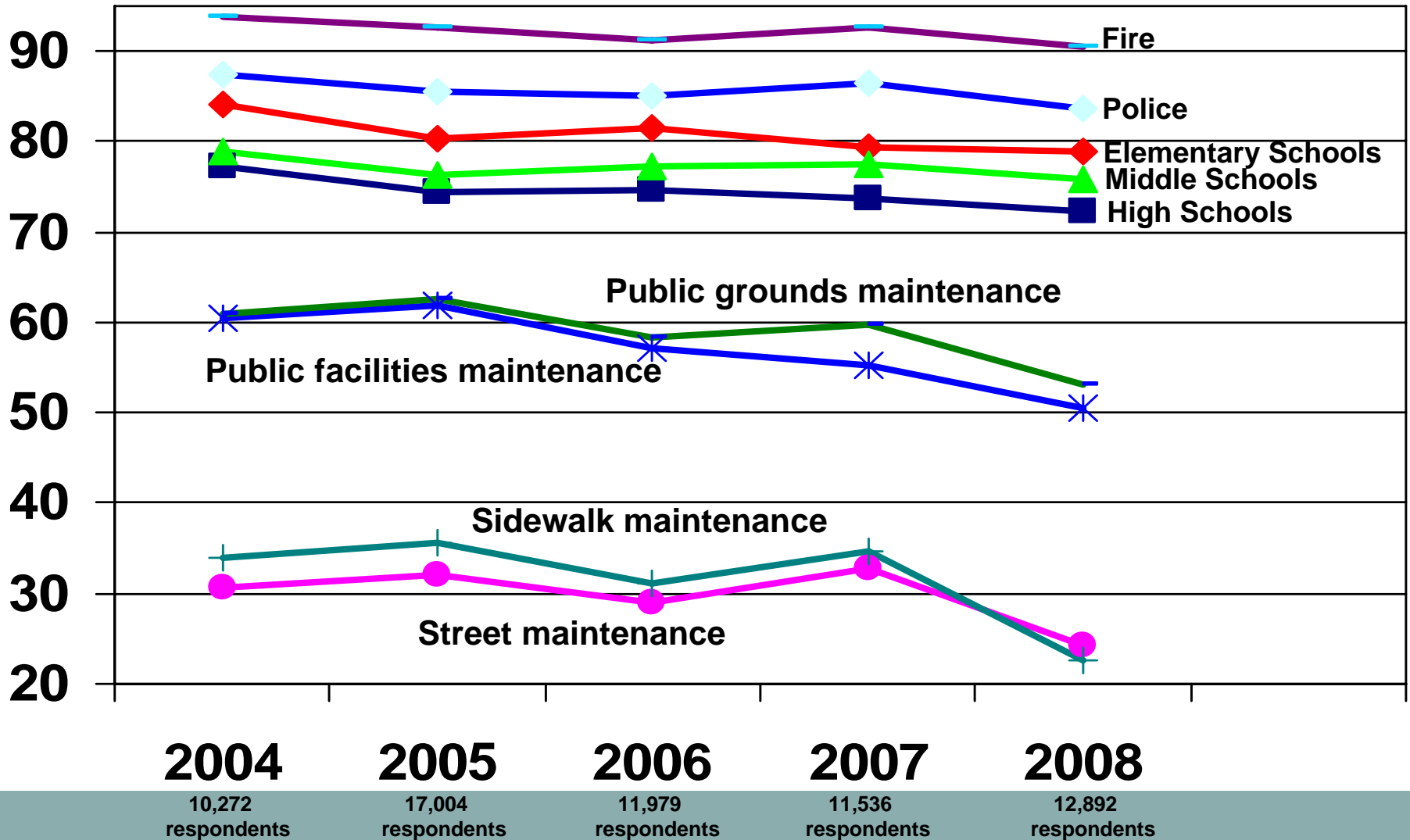
- Synthesis based on a *future focused* perspective

Major Findings

- Informal planning and reporting style (although schools quite different than municipal operations)

- Management processes and structure not optimal for continuous improvement

- "What got us to here won't get us to where we need to go"

- Perfect storm approaching

- Need new approaches and tools to guide us through difficult choices and times

- Other communities have experiences from which we can learn

Trends in Citizens' Perceptions of Services
2004-2008
(Percent saying service is "Good")

Fire

Police

Elementary Schools

Middle Schools

High Schools

Public grounds maintenance

Public facilities maintenance

Sidewalk maintenance

Street maintenance

2004	2005	2006	2007	2008
10,272 respondents	17,004 respondents	11,979 respondents	11,536 respondents	12,892 respondents

Recommendations

1. **STRATEGIC & OPERATIONAL PLANNING**
2. **MONITORING ORGANIZATIONAL PERFORMANCE**
3. **PERFORMANCE APPRAISAL & FEEDBACK**
4. **PERSONAL DEVELOPMENT PLANNING**
5. **COMPENSATION POLICY & MANAGEMENT**
6. **TOP MANAGEMENT STRUCTURE**
7. **PUBLIC PARTICIPATION IN PERFORMANCE MANAGEMENT**

#1 Strategic and Operational Planning

- **Develop a living document that represents a full and complete statement of the Mayor's vision for Newton**
  - Serves as a strategic plan
  - Connects annual and longer term department specific goals
  - Identifies performance metrics related to the vision
  - Revised periodically based on changing priorities and fiscal realities
  - Takes advantage of the *Newton Comprehensive Plan*

#2 Monitoring Organizational Performance

- **Develop and use a system for monitoring organizational performance on a continuous basis to ensure that departmental goals and other elements of the City's strategic and operational plans are met.**
  - Provides actionable and timely information for management decision making on a regular basis
  - Uses a balanced set of metrics to report against strategic operational and financial goals
  - "Relentlessly incremental" based on Mayoral day-to-day involvement
  - PerformanceStat as one tool to consider

#3 Performance Appraisal and Feedback

- Develop a personnel performance appraisal process for the City that assigns clearly defined goals to individual managers and then holds them accountable for their achievement.
  - Process to assess both goal achievements and competencies of personnel,
  - Provides timely and actionable feedback,
  - Integrates with personal development planning.
  - Developmentally focused initially,
  - Potentially used in future to determine eligibility for appropriate, merit –based salary increases.

#4 Personal Development Planning

- Design a career development and succession planning process
  - Assesses the talent available,
  - Manages the risk of losing key individuals,
  - Provides career development paths for high talent/high potential individuals.
  - A challenge in current no-growth environment.

#5 Compensation Policy & Management

- Develop a compensation philosophy for municipal and school personnel that balances two necessities:
  - the *competitive necessity* of using pay as an important tool for recruiting and retaining excellent personnel with
  - the *economic necessity* of limiting the average, long-run rate of salary and benefit increases to the average, long-run growth rate of City revenues.

- Issues:
  - If competitive pay, or an inability to control benefit cost increases through collective bargaining, means that total employee compensation grows faster than current and predicted growth in City revenues, then a combination of productivity increases and decreases in scope and scale of service will be required—unless residents are willing to commit to perpetual tax overrides.

- Issues (cont):

  - To guarantee a competitive level of pay, Newton should set a goal of paying Municipal and School employees so they fall, for example, into a targeted percentile (say, top quintile) of total compensation paid to employees in cities of comparable size and commitment to education.

  - Recognition of achievement: Investigation of team-based recognition for achievement of agreed-upon goals, but no general move to "Pay for Performance" at the present time.
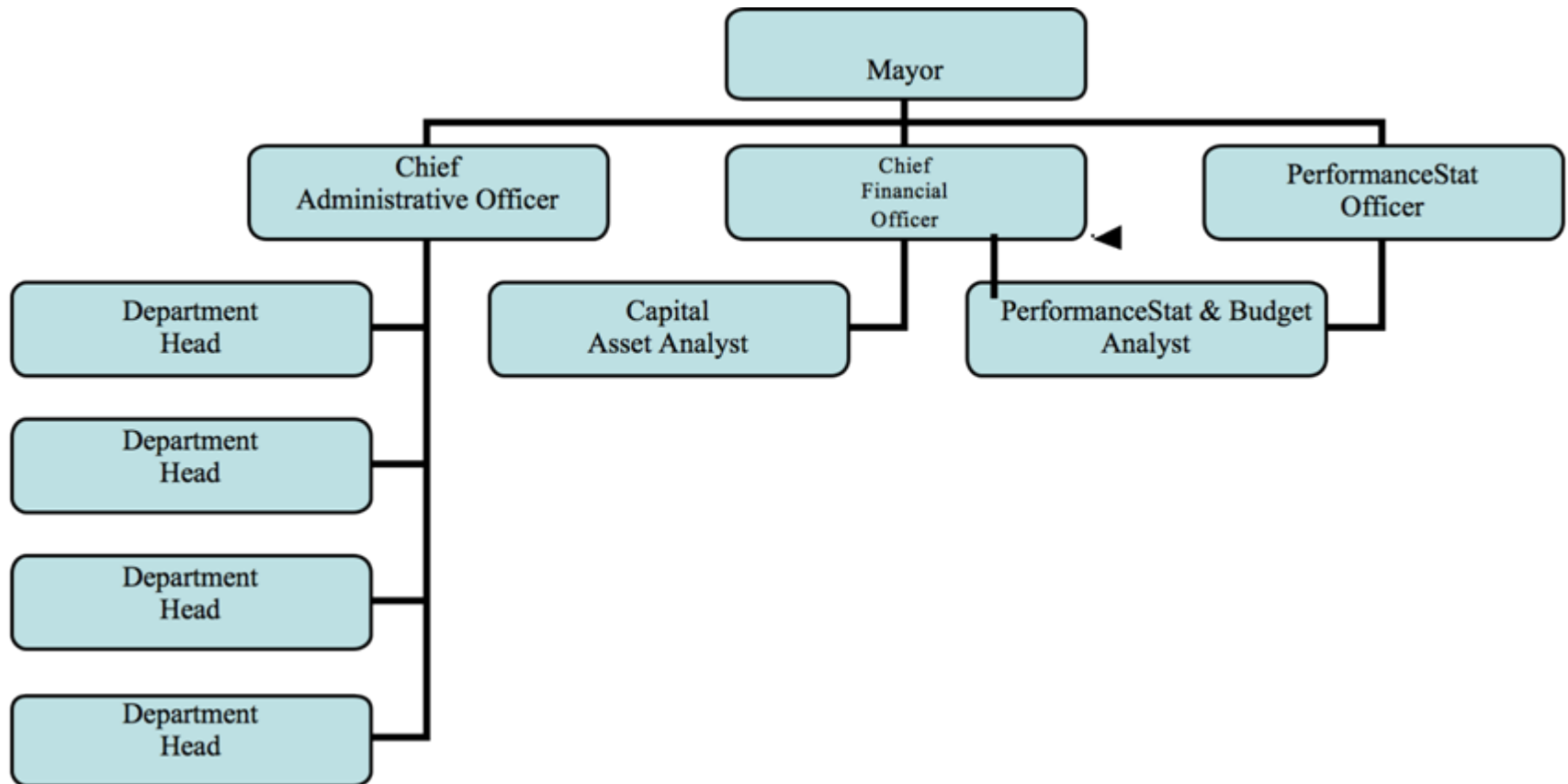
#6 Top Management Structure

- **Modify the current management structure of the City to include a:**
  - Chief Financial Officer (CFO) position (to work with the Chief Administrative Officer)
  - PerformanceStat officer
  - Budget Analyst
  - Capital Asset Analyst (already recommended by The Capital subcommittee)

Potential Organization Structure

#7 Public Participation in Performance Mgmt.

- ## Commit to incorporating public participation efforts in Newton's performance management process

  - The key to sustaining democracy is giving citizens meaningful participation in processes and decisions that affect their lives.

  - "Good public participation practices can help governments be more accountable and responsive, and can also improve the public's perception of government performance and the value of the public receives from local government."

  - Process must be explicit and seen to be taken seriously with formal feedback on how input is being used.

  - Means include: surveys; focus groups; interviews; structured public hearings; the creation of public or neighborhood advisory groups; newsletters, public notices in community media, and public reports such as "Budgets in Brief" or "Annual Financial Reports."

Conclusions and Next Steps

- Organizational changes as critical enablers
- Willingness of all key stakeholders to embrace the need for change
- Public participation in the decisions to be made
- Legacy for the outgoing Mayor…
- …springboard for the incoming one
- Charter an implementation team to further evaluate ideas and recommend specific solutions