MANAGING FOR RESULTS (MFR)
"QUICK" GUIDE TO STRATEGIC BUSINESS PLAN DEVELOPMENT

The criteria and guidance in this document are to be used to develop a Strategic Business Plan (SBP) and to perform a general assessment of components of the agency's SBP. This methodology is not intended to direct a thorough review of an agency's performance reporting system, although it may identify issues that deserve additional in-depth attention in a follow-up review. This guidance provided is based upon the Franklin County Managing for Results (MFR) Guide to Strategic Business Plan Development. Agencies should refer to the MFR Guide to Strategic Business Plan Development for details about components of the SBP.

Business Environment Review

Departments must perceive and anticipate what is ahead for their customers and their employees to effectively influence the future. The Business Environment assessment provides the information and perspective that gives context for the development of Strategic Results, the Mission, and Programs that will focus resources on desired results.

Each agency/department should identify community indicators that have an impact on the **demand** of programs/services and describe these issues in the Business Environment section of the strategic business plan. Web links that may assist with this process are www.communityresearchpartners.org, www.odod.state.oh.us/research/, www.census.gov/. OMB staff can provide support with this requirement if desired.

Examples of community indicators that might affect demand for Franklin County services include but are not limited to:

Population
- Migration
- Population characteristics
- Employment Profile

Substance abuse and crime
- Homelessness
- Rental assistance
- Subsidized housing units

Health
- Births to teens
- Insurance coverage status
- Use of tobacco, alcohol & drugs by youth

Income and Employment
- Household income
- Unemployment rate
- Economic growth

Education
- Graduation rates
- Literacy

Safety
- Juvenile delinquency
- Juvenile detention
- Substance abuse and crime

The result of a Business Environment assessment is a set of briefly worded Strategic Issues. These issues summarize the community indicators, other factors and trends that will have a major impact on customers and the demand for department services over the next two to five years. Each issue should be based on verifiable data and/or sound professional judgment that describes influences and/or trends anticipated from inside and outside the department over the next two to five year period.

- Review Steps:

  1. Using the MFR Guide to Strategic Business Plan Development, conduct an updated Business Environment assessment and identify any new strategic issues that have emerged in the past year. Utilize resources to examine critical community indicators, other factors and trends that have the potential to affect demand for services and/or ability to deliver those services to customers.

  2. Review the business environment issue statements listed in your 2004 business plan. Are the issues listed in your 2004 plan still relevant? If not, remove them from the plan. If the statements are still relevant, update (as necessary) to reflect new information or an improved understanding of the issue.

  3. From the new issues resulting from step 1 and the list resulting from step 2, develop brief two to three sentence descriptions of issues that are likely to have significant influence on your agency's operations in 2005 and beyond.

  4. Check: Do Strategic Issues address key criteria?
     a. Does each Strategic Issue identify a factor or trend that will prevail or emerge over the next 2 to 5 years?
     b. Does each Strategic Issue identify an impact on the agency, it customers, and/or the demand for it services?
     c. Is each Strategic Issue clearly stated so that internal and external stakeholders can easily understand the issue and its impact?
     d. Is each Strategic Issue a statement of fact and expected impact, rather than an action statement or recommendation?
     e. Are the factors, trends and community indicators identified based on verifiable data and analysis, and/or the sound professional judgment of staff?
     f. Is the link between the factor or trend and agency impact reasonable? Logical? Plausible?
     g. Have any important issues or trends been omitted?

     <u>Note</u>: It is recommended that each agency have no more than 8-10 Strategic Issues and/or Community Indicators in their Business Environment section; however, this is meant only as a guideline, not a requirement.

  5. Revise any Strategic Issues that do not satisfy all key criteria. Insure that the list of issues is complete, based on criterion in # 4 (above).

  6. Report these Strategic Issues in the Business Environment section of your plan.

Strategic Results Review

- The purpose of reviewing your agency's strategic results is to update your goals and objectives for the next five years. A good review and update will allow you to better respond to factors in your business environment, and enable you to maintain/improve quality, cost-effective service(s) to your customers.

- Review Steps
  1. Review the updated Business Environment section of the SBP. Identify any new strategic results that your agency needs to accomplish in the next two to five years.

     Using the MFR Guide to Strategic Business Plan Development, develop brief (2 to 3 sentence) and measurable strategic results for each line of business. Guidelines recommend each agency have no more than five (5) strategic results for each line of business.

  2. Identify strategic results listed in 2004 that have been accomplished. These can be removed from the 2005 plan.

  3. Review progress on 2004 strategic results that still need to be accomplished. Revise as necessary.

  4. Check: Do Strategic Results Satisfy key criteria?
     a. Does the result express how the department/agency intends to respond to major issues and trends (identified in the Business Environment section) in a proactive manner?
     b. Is there a clear relationship between the result and one or more strategic issues listed in the Business Environment section?
     c. Are the strategic results focused on the future (long-term, 2-5 years)?
     d. Are the majority of the results focused on achieving the department's/agency's mission for customers?
     e. Does accomplishment of the result represent significant change and effort on the part of the department/agency?
     f. Is the result measurable, directly or indirectly?
     g. Is the result reasonably achieved through one or more programs and/or lines of business?
     h. Taken together, do all the results provide a way to evaluate the department as a whole?

  5. Revise any strategic results that do not satisfy key criteria and report these in the Strategic Results section of your plan.

Mission Review

- The purpose of reviewing your Mission is to insure that your Department/Agency has the most up to date statement of its primary purpose, the type of service offered, the primary customers served, and the expected benefits of your service.

- Review Steps
  1. **Examine your existing mission statement using the following key criteria:**
     a. Does the existing mission still align with current strategic results? Specifically, will executing your mission help you accomplish your strategic results?
     b. Does the existing mission still communicate effectively and clearly the purpose and scope of the department/agency?
     c. Does it clearly describe the type of service the department/agency provides?
     d. Does it clearly identify the department's/agency's primary customers?

   e. Does it clearly state the results or benefits the customer receives?

2. If your existing mission statement does not satisfy all key criteria, update your mission statement using the Managing for Results template (below).

3. Report the mission statement in the Department Mission section of your plan.

Managing for Results Template

The purpose of the _____
(AGENCY/DEPARTMENT)

is to provide _____
(SUMMARY OF SERVICES PROVIDED)

to _____
(CUSTOMER[S])

so that they can_____
(PLANNED BENEFIT— EXPERIENCED BY CUSTOMER)

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Structural Review

- The purpose of reviewing the structure of your plan is to insure that your department/agency is organized to achieve both strategic and operational results. A sound plan structure will align the strategic part of your plan – mission and strategic results – with the operational part of your plan – lines of business, programs, and services. Such an alignment will help you identify the resources needed to cost-effectively accomplish results for your customers.

- Review Steps
  1. **Review your current operational structure by considering the key criteria:**
     a. Is your plan currently organized into the lines of business and programs that will maximize your ability to monitor how well you are accomplishing your mission? If not, consider reorganizing.
     b. Are you currently defining programs that are no longer relevant to your mission? If so, consider eliminating these programs.
     c. Do you need new lines of business and/or programs to more fully monitor your operations? If so, consider adding new lines of business and/or programs using the MFR Guide to Strategic Business Plan Development.

  2. Based on the review of your existing structure, update your agency structure to reflect the lines of business and programs needed to accomplish your mission.

  3. Communicate the updated structure in the “Managing for Results (MFR) Organizational Structure” section of your Plan.

  4. Summarize your Lines of Business
     a. Line of Business Purpose Statement
     b. Line of Business Key Results

IMPORTANT: The organizational structure is the basis for establishing your agency's chart of accounts in BRASS (the budgeting system) and MUNIS (the accounting system). If your proposed 2005 organizational structure is in any way different than your 2004 structure, you must notify your OMB Analyst(s) of your organizational structural revisions to insure that the budgeting and accounting systems reflect your most up to date organizational structure.

Program Review

(Complete the following for <u>each</u> program you plan to operate in 2005)

- The purpose of reviewing your programs is to insure that program purpose statements are aligned with the agency mission statement, to insure that program performance measures are aligned with program purpose statements, and to insure that program performance measures provide information needed to support performance-based management and budgeting.

- Program Purpose Statement Review Steps:
  1. Review each Program Purpose Statement against key criteria:
     a. Does accomplishing the program purpose help the agency accomplish its mission?
     b. Does the statement identify program services, the customer(s) for these services, and the measurable benefits derived from receiving program services?
     c. Are the benefits identified in the purpose statement valued by customers, stakeholders and/or the community?

  2. As necessary, modify program purpose statements to align with the Department/Agency mission statement. To insure that every purpose-statement element is included, use the MFR template to communicate program purpose.

  3. Insert the program purpose statement in the appropriate section in your plan.

  4. Insert the services that comprise the program in the appropriate section in your plan.

Managing for Results Template

The purpose of the _____
(PROGRAM)

is to provide _____
(SUMMARY OF PROGRAM SERVICES PROVIDED)

to _____
(PRIMARY PROGRAM CUSTOMER[S])

so that they can_____
(PLANNED BENEFIT— EXPERIENCED BY PROGRAM CUSTOMER)

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▪ Identify Primary Performance Measures

1. To facilitate performance-based budgeting in 2005, OMB is requiring that each program have a set of primary performance measures.

   Definition: a set of five aligned measures – one primary demand, one primary output, one primary result and two efficiencies (output and result), which provide a comprehensive measure of total program activity.

   The primary measures will greatly simplify the definition and calculation of efficiencies, and also help focus budget review on the key measures of program performance rather than a variety of detailed measures.

2. **Identify Primary Demand**

   a. **Definition:** a primary demand measure reflects the *total* number of customers requesting/needing service or the *total* amount of service requested. It can be an aggregation of more detailed secondary demand measures, or a more general measure of demand that better captures the *total* amount of customers seeking service or *total* amount of service requested. For examples, see page 27 – 29 of the MFR Guide to Strategic Business Plan Development.

   b. Edit/Update the demand measure from your 2004 plan, or develop a new primary demand measure that satisfies the following criteria:
      - ✓ Gauges the total amount of service requested/required/needed
      - ✓ Over time, all else equal, decreasing values imply a lower need for total program resources
      - ✓ Over time, all else equal, increasing values imply a higher need for total program resources

   c. List the primary demand measure in the space provided on the program plan template. **For the initial development of your 2005 plan, you only need to define the measure. You do not need to list a specific number that reflects estimated 2005 demand. You will provide this estimate when you submit your 2005 budget request.**

3. **Identify Primary Output**

   a. **Definition:** a primary output measure reflects the *total* number of customers receiving service or the *total* amount of service provided. It can be an aggregation of more detailed output measures, or a more general measure of output that better captures the *total* amount of customers served or *total* amount of service provided. For examples, see page 27 – 29 of the MFR Guide to Strategic Business Plan Development.

   b. Edit/Update the output measure from your 2004 Plan, or develop a new primary output measure that satisfies the following criteria:
      - ✓ Gauges the amount of demand that is satisfied
      - ✓ The unit of measure is identical to the unit of measure used for Primary Demand
      - ✓ The measure is strongly and positively related to *total* program expenditure; higher values imply higher expenditure; lower values imply lower expenditure

   c. List the primary output measure in the space provided on the program plan template. **For the initial development of your 2005 plan, you only need to define the measure. You do <u>not</u> need to list a specific number that reflects estimated 2005 output. This estimate will be provided when you develop your 2005 budget.**

4. **Identify Primary Result**

   a. **Definition:** a primary result measure reflects the *percent* of *total* customers receiving service that experience the intended benefit of the program. Alternatively, a primary result can reflect the *percent* of *total* service that provides the intended benefit of the program. For examples, see page 27 – 29 of the MFR Guide to Strategic Business Plan Development.

   b. Edit/Update the result measure from your 2004 Plan, or develop a new primary result that meets the following criteria:
      - ✓ Reflects the percent of primary output that achieves the program's purpose statement
      - ✓ The numerator of the percent is the same unit of measure as the Primary Output unit of measure
      - ✓ Does *not* measure Primary Output divided by Primary Demand
      - ✓ Is strongly and positively related to the quality or effectiveness of program services; a higher percent implies higher quality or effectiveness; a lower percent implies lower quality or effectiveness.

   c. List the primary result measure in the space provided on the program plan template. **For the initial development of your 2005 plan, you only need to define the measure. You do <u>not</u> need to list a specific percentage that reflects the estimated 2005 result. This estimate will be provided when you develop your 2005 budget.**

5. **Efficiencies**

   a. **Definitions:** Within the performance-based budgeting framework, two types of efficiencies are defined: *output efficiency* and *result efficiency*. Output efficiency is the ratio of total program expenditure to primary output, and is used as an indicator of cost-efficiency. Result efficiency is the ratio of total program expenditure to primary result, and is used as an indicator of cost-effectiveness. Neither of these measures will reflect the true unit cost of producing an output or result, but are still useful to gauge cost-efficiency and cost-effectiveness within a program over time.

   b. Each efficiency is determined based on your definition of primary output and primary result. Edit/Update the efficiencies in the 2004 plan as appropriate. Please recall, output efficiency is "total program expenditure per (*insert definition of your primary output*)"; result efficiency is "total program expenditure per (*insert definition of your primary result*)". **In developing your initial 2005 plan, you do not need to identify specific values for either efficiency. These values will be calculated based upon program budget estimates in the 2005 budget request.**

- **Identify Secondary Performance Measures**

1. In some cases, primary performance measures may not be sufficient to completely describe program demand, output, or results. In such cases, additional measures may be needed to more fully communicate program activities and better manage program operations. **The purpose of identifying secondary performance measures is to insure that needed information will be available to best describe and manage a program**.

2. Review the list of primary demands, outputs, and results identified for each program.

   - Are additional measures needed to tell the program's story?
   - Do primary measures need to be disaggregated to facilitate better program management?
   - In short, are primary performance measures sufficient to satisfy your program performance information needs?

3. If additional information is needed, develop the necessary secondary demand, secondary output, and secondary result measures. In most cases, these measures have already been developed in your 2004 Plan.

4. List each secondary measure that you plan to report to BRASS (the performance-based budgeting system) in the space provided on the program plan template.

Stakeholder Input – Conduct a Stakeholder Review

Another initiative of the process to continually improve strategic business planning is enhancing stakeholder input. In this instance, stakeholder feedback would be utilized to enhance the development and review of 2005 Strategic Business Plans.

Definitions:

A stakeholder is anyone who has a stake in what happens. This includes those who will be directly or indirectly affected by a project, proposal or decision. They are organizations and individuals, both internal and external to Franklin County, who have an interest in County services and their success. Stakeholders can include, but are not limited to: citizens, clients, county staff, elected officials, other community businesses, economic development organizations, private funding organizations, and others.

Collaborative stakeholders might include:

- The Sheriff's Office and the Prosecuting Attorney's Office
- The Levy Review Committee and ADAMH, Aging, FCCS, and MR/DD
- The Board of Commissioners and all County agencies
- Domestic/Juvenile Court, FCCS and ADAMH

Techniques for Obtaining Stakeholder Feedback:

- **Interview:** One-to-one meetings with stakeholders to gain information, concerns and perspectives
- **Public Meetings**: Formal meeting with scheduled presentations
- **Focus Groups:** A forum with randomly selected members of a target audience to obtain input on planning decisions
- **Workshops:** An informal public meeting that may include a presentation, but end with interactive working groups

* The attached Stakeholder Review Form can be utilized as a guide in any of these techniques

Benefits of Stakeholder Reviews:

Stakeholder reviews can lead to decisions that maximize benefits, minimize negative impacts and satisfy a wide range of stakeholders. Successful stakeholder involvement can also:

- Inform the public about Agency issues, processes, and decisions which might affect them;
- Obtain information about community priorities and possible impacts of decisions;
- Identify diverse values, opinions and concerns, and the strength of stakeholder support for each;
- Help decision-makers make sensitive trade-offs among priorities;

- Increase stakeholder acceptance of plans, which in turn can facilitate greater public cooperation in implementing decisions and plans;
- Improve communication and relationships with stakeholders and communities; and
- Ensure that services are provided in a way that is consistent with stakeholders' values and priorities.

Stakeholder involvement needs to be clearly linked to decision-making, not simply an end of the planning process. Careful front-end analysis is necessary to determine what kind of stakeholder involvement is needed and how to ensure that stakeholders are involved in ways that will provide the greatest value both to the agency and the stakeholders.

Note: It is important to note that different stakeholders may want to be involved at different stages in the process. You should identify which stakeholders are most likely to want involvement at each, any or all stages of the strategic business plan process.

Although we are requesting that each Agency/Department identify key stakeholders who might volunteer to review their 2005 Draft Strategic Business Plan, it is not required. OMB staff may also identify stakeholders (in coordination with each Agency/Department) to participate as volunteer reviewers of Strategic Business Plans.

Develop a Performance Measurement Plan

The purpose of a Performance Measurement Plan is to insure that measures defined in your program plans will be available to monitor and manage your programs, and be valid and reliable indicators of program performance.

1. Steps to Plan Development:
   a. Identify data collection processes for each measure: **data sources** (reports, surveys, etc.), **measurement methods** (samples, full counts, etc.), measurement frequency (weekly, monthly, etc.), **data validation** and **quality control** procedures.

   b. If data is not currently available for each measure, develop a plan to obtain it. What information systems (electronic or otherwise) need to be implemented? When will necessary systems be implemented? Who is responsible for implementation?

2. Use the Performance Measurement Worksheet form to summarize your 2005 Performance Measurement Plan. OMB requires that this form describe your measurement plan for each primary performance measure. You can also summarize your measurement plan for secondary measures, but this is optional.

Performance Measurement Worksheet Guidelines

1. Terms used in performance measures must be precisely defined so that the measures are correctly understood and calculated.

2. Formulas for calculation of the measures should be defined.

3. The definitions of measures should be documented.

3. When defining measures, sources for the data must be identified and documented.

(Performance Measurement Worksheet – Template with instructions follows and additional information is included in MFR Guide to Strategic Business Plan Development, pages 31-34.)

<u>Note</u>: The Performance Measurement Worksheets for each primary performance measure are due at the *<u>same</u>* time as your strategic business plan submission.

Performance Measurement Worksheet – Template

PROGRAM NAME	Name
PROGRAM PURPOSE	Purpose
Measure Type: PRIMARY DEMAND *Total* number of customers requesting/needing service or the *total* amount of service requested.	Insert Primary Demand from program plan template.
Source(s)/Method(s) of Data Collection	Describe from where and how the data are gathered.
Method(s) of Calculating the Measure	Describe how the source data are used to estimate primary demand.
Frequency of the Measure	How often is the primary demand measured and reported?
Verification Process/Quality Control	Describe internal audit procedures used to validate accuracy of both source data and primary demand measure.
Comments	Describe any additional information about this measure.
Measure Type: PRIMARY OUTPUT *Total* number of customers receiving service or the *total* amount of service provided	Insert Primary Output from program plan template.
Source(s)/Method(s) of Data Collection	Describe from where and how the data are gathered.
Method(s) of Calculating the Measure	Describe how the source data are used to calculate primary output.
Frequency of the Measure	How often is the primary output measured and reported?
Verification Process/Quality Control	Describe internal audit procedures used to validate accuracy of both source data and primary output measure.
Comments	Describe any additional information about this measure.
Measure Type: PRIMARY RESULT *Percent* of *total* customers receiving service that experience the intended benefit of the program	Insert Primary Result from program plan template.
Source(s)/Method(s) of Data Collection	Describe from where and how the data are gathered.
Method(s) of Calculating the Measure	Describe how the source data are used to calculate primary result.
Frequency of the Measure	How often is the primary result measured and reported?
Verification Process/Quality Control	Describe internal audit procedures used to validate accuracy of both source data and primary result measure.
Comments	Describe any additional information about this measure.

Performance Measurement Worksheet – (EXAMPLE)

PROGRAM NAME	*Water Quality Program*
PROGRAM PURPOSE	*Provide pollution corrective action plans and engineering services to the residents of affected areas so they can live free of health hazards that result from failed home wastewater disposal systems.*
Measure Type: PRIMARY DEMAND *Total* number of customers requesting/needing service or the *total* amount of service requested.	**# of homes expected to be identified as unsanitary**
Source(s)/Method(s) of Data Collection	Pollution Activity Log.
Method(s) of Calculating the Measure	Review the Pollution Activity Log and count the number of houses identified as being unsanitary.
Frequency of the Measure	Monthly
Verification Process/Quality Control	Pollution Activity Log is reviewed/signed off by Department Director. This log is reviewed for accuracy of houses being identified as unsanitary.
Comments	Department utilizes Federal Checklist and definitions to determine if a house is unsanitary.
Measure Type: PRIMARY OUTPUT *Total* number of customers receiving service or the *total* amount of service provided	**# of homes brought into compliance**
Source(s)/Method(s) of Data Collection	Job Completion Database. Review report of completed service tickets.
Method(s) of Calculating the Measure	Review Monthly Job Completion Report and count the number of houses brought into compliance.
Frequency of the Measure	Weekly and monthly reports are completed.
Verification Process/Quality Control	Pollution Supervisor inspects all jobs after service tickets have been completed to ensure home meets Federal compliance standards.
Comments	State inspectors have final authority to determine if a house is brought into compliance.
Measure Type: PRIMARY RESULT *Percent* of *total* customers receiving service that experience the intended benefit of the program	**% of unsanitary homes brought into compliance within a specified period of time.**
Source(s)/Method(s) of Data Collection	Review Monthly Job Completion Report.
Method(s) of Calculating the Measure	Divide the number of houses brought into compliance within the required period of time by the total number of houses brought into compliance.
Frequency of the Measure	Monthly
Verification Process/Quality Control	Director reviews calculation of primary output and result measures for accuracy.
Comments	The Department usually has 180 days to bring a home into compliance.