

Public Management Report

An occasional (and maybe insightful) examination of the issues, dilemmas, challenges, and opportunities in leadership, governance, management, and performance in public agencies.

On the philosophical and practical:

Resistance to Measurement

The late Peter Drucker has influenced generations of managers with his unequivocal admonition: “If you can't measure it, you can't manage it.” If you want to manage your organization—be it an automobile assembly plant, or a child-welfare agency—argued Drucker, you have to be able to measure what you are doing. And **why measure performance?** Because such measures help managers do many tasks from evaluating how well the organization has done in the past to learning how to improve in the future.



“But wait,” cry those who work in child welfare. “We don't build automobiles. We rescue neglected and abused children. We don't work with machines; we work with people—real humans with all of their emotional complexity. We don't send children down some social-service assembly line. We don't tighten a family's psyche exactly two full turns and ship it out into the world. Each child is unique. Each each family is unique. Each requires a careful, individual, professional assessment of their underlying problems and of possible, long-term solutions.”

This caricature reflects a common attitude throughout government: “Our job is complicated. To pursue our mission requires a subtlety gained only through years of professional experience. You can't capture what we do with a single number—or even with a spreadsheet

of numbers. You can't just send in the number crunchers to crank out a few performance measures. It doesn't work that way.”

Whether their mission is to protect children, to put out fires, or to defend the nation, many public-sector professionals are philosophically resistant to measurement.

Underlying this direct assault on the spread-sheet guys who know nothing about the agency's mission or operations is a second, implicit message: “We're professionals. We know what we're doing. We have that tacit knowledge, that sixth sense that tells us when we're doing well and when we're not. So give us the money and leave us alone.”

“And, oh yes. Don't forget. Our mission is absolutely essential to the health of society. So next year, our budget has got to be bigger.”

For those with careers as substantive specialists—regardless of whether their specialty is child welfare, or fire fighting, or national defense—trying to capture the complexity of their business with one or several measures seems impossible and silly. In addition, they also discern a variety of practical reasons for not measuring performance.

The most obvious concern is that performance measures can expose a public agency

to criticism. Measures establish **expectations**. They provide outsiders—whether they are supportive stakeholders, neutral observers, or hostile critics—with a simple, clear basis for assessing, reproaching, or even maligning the agency. Why hand over to anyone such potent ammunition?

Moreover, measuring a government organization's performance is never easy. Public agencies (and nonprofits too) have complex mandates. A for-profit firm—regardless of whether it produces automobiles, bicycles, or cucumbers—can measure its performance using several, widely accepted financial ratios, such as return on assets. But what ratios can capture the performance of a public (or nonprofit) agency charged with protecting children from abuse and neglect? The answer is not at all obvious.

Measuring a government organization's performance is never easy. What ratios would capture the performance of a public agency charged with protecting children from abuse and neglect? The answer is not at all obvious.

In business, many of the standard financial ratios compare outputs with inputs. For example, return on assets compares how much net income a firm has generated with the value of the assets it used to generate that income. What makes this ratio of output to input so useful is that the output (the net income) is also the firm's outcome. In business, there isn't a big debate about whether net income is a useful measure of whether a firm has achieved its purpose: to earn money for its owners. The output measures the outcome.

Yes, even in business, the financial ratios leave lingering questions. For example, in addition to using its assets wisely to generate significant net income this year, the firm also needs to preserve and create assets that can generate significant income in future years. Still, for a business firm, return on assets is a very useful measure of its current success.

But what would be an equivalent measure for a public agency? For the child-welfare

agency, what is the parallel to net income? Given whatever assets the agency possessed, how should we measure its output?

Actually, there exist numerous output measures: number of homes visited; number of children removed from abusive or neglectful families; number of children returned to rehabilitated families; number of children moved to adoption.

None of these measures is perfect. All are output measures, and none connect precisely to the mission: ensuring that children can thrive in safe, healthy and caring families. Moreover, using outputs to measure the performance of an agency or an individual can drive public employees to maximize the outputs while ignoring the outcomes.

For any public agency, every performance measure can raise both philosophical and practical problems. Still, in all three sectors—private, nonprofit, and public—managers who seek to improve performance find it necessary to measure it. Even if they have never heard of Peter Drucker, they figure out that they cannot manage unless they engage in the mundane yet complicated task of measuring—somehow—what their organization is doing. **B**

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