Performance measurements and benchmarking:
How does your township measure up?

Michigan's townships are faced with the bleakest fiscal outlook in recent memory. A culmination of problems—the decline in housing prices, rising foreclosures, and the diminishing market share for U.S. automakers, among other Michigan economies— have placed an increased strain on Michigan's township govern- ments. Now more than ever, it is important for local govern- ments to do more with less in an attempt to provide a consis- tent quality and quantity of services to the residents they serve.

Rather than resorting to accounting gimmicks or short-term, band-aid solutions, performance measurement provides an opportunity for townships to use data to monitor outputs and outcomes of township government, while benchmarking allows townships to learn effective cost-saving strategies from other local governments.

When combined, performance measurement and benchmarking can result in more efficient and effective service delivery.

WHAT IS PERFORMANCE MEASUREMENT?

Performance measurement is a tool that allows governments and other organizations, both public and private, to operate using actual results. Township officials can use performance measures to assess on a regular basis the results, efficiency and effectiveness of local services and programs. By measuring per- formance, officials, administrators and decision-makers are bet- ter informed on how well the township is operating and meet- ing residents' needs.

In **Delta Charter Township** (Eaton Co.), township departments have recently undertaken a more formalized performance meas- urement process. "Our township departments measure them- selves each year," said Manager **Richard Watkins**. "But we've never collected data to verify our thoughts about how we're doing.

"A lot of townships likely shy away from performance measure- ments, thinking that it takes so much time," Watkins contin- ued, noting that the township is beginning to tie performance measures to the annual budget. "You've got to make yourself do it. Once you get started, the easier it gets. You can pick the parameters that you want to track, selecting the areas where benefits will be gained from the information gathered."

WHAT SHOULD BE MEASURED?

Community priorities should drive the types of performance measures that township officials develop. The most useful performance measurement systems begin by identifying goals and objectives. Since there are potentially thousands of different types of performance measures, identifying goals and objectives will help townships determine which measures are the most valuable.

Performance measures often take the form of inputs, outputs and outcomes. Inputs measure the resources that are used, such as budgets or staffing levels, as well as materials, such as salt used for local roads. Output measures utilize the input data to uncover the results of the labor and resources. Output measures are typically very simple to calculate and can be very useful in assessing performance and making decisions based on data. Examples of outputs are:

- number of properties appraised
- number of road miles maintained
- number of phone calls answered
- number of building permits issued

Outcomes are a third type of performance measure and are usually more useful in providing performance information. Outcomes are defined as measuring if, or how well, a task or objective has been completed. For example, one objective of a township clerk may be to increase the turnout of registered voters in an upcoming election. Outcome measures for the clerk could then be the percent change in turnout from the previous election or the overall percent of registered voters voting in the election. For a township assessor, the accuracy and fairness of appraisals would be a top priority. One way to measure this goal would be to monitor the number of board of review appeals.

In **Meridian Charter Township** (Ingham Co.), after the township's police or fire department responds to a call, the township follows up with the resident to garner feedback about the service. "We are monitoring our own service levels," explained Manager **Jerry Richards.** "We survey our 'users' to get feedback for those departments."

Performance measures provide many benefits to township officials, citizens and even other stakeholders, such as the municipal bond community. The three primary uses are for management, reporting and benchmarking. In performance-based management, managers focus on results rather than the process, which may lead to greater flexibility for employees in using creative strategies to achieve outcomes. The measures that are collected can be used to inform management, budgetary and other strategic decisions in order to deliver improved services. Performance-based budgeting may also be adopted to ensure that monetary resources are allocated to the departments and programs as determined by measures and results.

A newer trend in performance management is a system of frequent reporting of measures in order to make timely decisions.

The city of Lansing recently implemented this reporting model into their monthly meeting structure to help the mayor and managers be aware of changes in performance. For example, by increasing the frequency of reporting, the sheriff or police chief may realize that there has been a sharp rise in the number of accidents at a certain intersection. In previous models, this information may not be apparent until the year-end report; however, frequent reporting can serve to deter trends that may be detrimental to a community.

Another aspect to performance measurement is reporting results to the public. This reporting can be used to educate voters and the business community on how efficient and effective their tax dollars are being used. For prospective businesses, performance reporting serves as a tool that can identify the township as an efficient, well-run entity. It becomes part of the township's overall economic development strategy.

This transparency of government provides a much-demanded sense of accountability. Performance management and reporting can—and should—create a feedback stream within the township, as well as with both current and future voters. ▶

Quantifying results

Performance measures in some service areas, such as road maintenance and police or fire protection, are easy to develop since many of these departments already have to submit measures and data to state or federal organizations. However, several other service areas may have more difficulty in quantifying their results simply because of the nature of the service. Here are some examples of performance measures from departments of this type:

Treasurer
- Delinquency rate on water and sewer bills
- Percent of real and personal property tax levy collected
- Average rate of return on investments
- Average cost to process a billing invoice

Clerk
- Percent of registered voters voting
- Election cost per registered voter
- Average processing time of official documents
- Average retrieval time for township records

Assessing
- Number of processed assessment notices
- Average cost to appraise a residential parcel
- Percent of site plans reviewed within a certain number of days
- Equalization factor

WHO MEASURES PERFORMANCE?

The federal government, as well as many state governments, utilize performance measures for many of the reasons previously discussed. In 1993, President Bill Clinton enacted the Government Performance Results Act requiring each federal agency to have a mission statement and strategic objectives, as well as to identify several performance measures. To complement this act, President George W. Bush implemented the Performance Assessment Rating Tool to evaluate the results from these agencies. These efforts are designed to create accountability of taxpayer dollars as well as some transparency of Washington agencies. *(For more information, visit www.expectmore.gov.)*

Some 47 U.S. states have some form of performance measurement system in place; one-third of these integrate performance measures into the budgeting process. Several states have programs that offer incentives for good performance in state departments, while two states specify disincentives for poor performance.

Nationally, performance measurement is being implemented by governments of all sizes. Already, 30 percent of governments with a population between 25,000 and 50,000 use performance measurement data. However, performance measurement use is in place among both large and small governments. A recent Michigan local government survey conducted by Michigan State University (MSU) revealed the following results *(see Table 1 below)*:

Table 1. Performance Measurement Use in Michigan

Government type	Total respondents	% of total that measure
Counties	40	25.0%
Townships	597	17.1%
Cities	123	43.1%
Villages	105	16.2%
Total	865	21.0%

In Michigan, about 21 percent of local governments measure performance. About 17 percent of townships currently measure performance versus more than 43 percent of cities.

But what about the characteristics of each of these governments? At a national level, larger municipalities tend to measure performance more than smaller governments. In Michigan, however, this scenario does not hold: As shown in Table 2 *(above right)*, nearly 75 percent of governments measuring performance have populations less than 10,000. The median population of the townships that participated in the MSU survey was 3,683 persons, demonstrating that it is not only larger townships that are adopting performance measurement systems.

Table 2. Population of Local Governments in Michigan Using Performance Measures

Population	Total #	% of total
<2,500	61	34.7%
2,500-9,999	71	40.3%
10,000-24,999	22	12.5%
25,000-49,999	9	5.1%
50,000 +	13	7.4%
	176	100.0%

BENCHMARKING: UTILIZING PERFORMANCE MEASUREMENT

A final major utilization of performance measures is benchmarking. Benchmarking is the process of comparing performance measures of one organization to those of another. The predominant motivation of benchmarking is to learn where your township is operating efficiently or inefficiently and to make changes accordingly. Through benchmarking, townships can learn best practices, find opportunities to cooperate, and other ways to make service delivery improvements through a learning process.

Until recently, benchmarking was a tool used predominantly in the private sector to decrease costs, and increase product quality, operational efficiency and profits. It is typically the private sector that is known for innovation and constant adaptation to the demands of consumers, while the public sector is commonly seen as being slow to integrate new management philosophies. This local government strategy has led to wasted resources, inferior public services, displeased citizens, and unpreparedness in measurement and management. But thankfully, in recent years, this has changed.

State, local and federal governments around the world are using benchmarking as a key tool for administering services and even budgeting. For example, Great Britain uses a national performance measurement system to monitor all public services, as do other countries, including Australia and New Zealand.

Domestically, the International City/County Association launched a benchmarking project in the 1990s that allows comparison of cities and counties on a national level. Another trend is the creation of benchmarking consortiums at a state or regional level to help create a venue for comparisons among more similar governments.

One of the first of these state consortiums was the North Carolina Benchmarking Project administered by the North Carolina School of Government. This project has 16 members and benchmarks 10 service areas, including residential refuse collection, household recycling, yard waste/leaf collection,

police services, emergency communications, asphalt maintenance and repair, fire services, building inspections, fleet maintenance, and human resources. This benchmarking project is unique perhaps due to its full cost-accounting approach. The cost data process collects more than 70 specific line items to ensure that the total, or the full cost, of the service provision is accounted for. The other advantage of this approach is that its members are assured that their costs can be fairly, accurately and reliably compared with those of the other members.

More recently, Florida kick-started an in-state benchmarking project. The Florida Benchmarking Consortium, which has nearly 40 members consisting of cities, counties and even special districts, is primarily run by the performance managers of the member governments with some assistance from the University of Central Florida's Institute of Government. This consortium, which began in 2004, benchmarks 12 service areas, including fleet maintenance, water and wastewater, planning and growth management, information technology and purchasing, among others. Compared to the North Carolina project, the Florida project uses a less vigorous accounting method, making membership to the consortium much more affordable. Despite this, the data that is collected is quite reliable and allows for beneficial utilization of benchmarking by all of its membership.

In practice, benchmarking consists of many steps, namely:

1. *Evaluating township performance.* It is important to survey your township's performance level to identify the areas that need to be focused on and improved.

2. *Identifying other local governments with similar service delivery requirements.* Benchmarking is most valuable when comparisons are made across similar governments. This does not mean that townships should only benchmark with other townships; cities and villages perform many of the same services and can provide valuable insights and learning opportunities. In seeking comparable governments, issues to consider include scale of delivery and the quality of services.

3. *Identifying and visiting governments with best practices.* Officials should focus on the areas where their township found evidence that improvements were needed and make a field visit. Many service area leaders have efficient processes that help keep costs down and service quality up.

4. *Implementing learned best practices.* Benchmarking, like performance measures, is only valuable when the new knowledge is put into use.

BENCHMARKING BENEFITS
Benchmarking provides an opportunity to decisively measure how well your township and its departments are performing relative to other Michigan governments. It provides an avenue for

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Residential survey offers additional ways to benchmark

One way that townships can benchmark their performance and gauge resident satisfaction is to take the survey right to the people. **DeWitt Charter Township** (Clinton Co.) did just that, when it partnered with a Lansing-based non-profit organization in the spring to survey 2,000 residents on their thoughts and opinions of the community.

"We hadn't done a survey in quite a long time, and felt it was prudent to obtain additional information to make sure the township is going in the direction that we think it is," said DeWitt Charter Township Manager **Rodney Taylor**. The township board is also undertaking a new strategic planning process, and the survey was a means to ensure that that process was aligned with residents' needs and expectations.

Continued Taylor, "It's good business practice—whether you are a company or a local government—to make sure that you are meeting the needs of your 'customers,' in our case, our residents. A survey is the best way to do that."

The survey was part of a new program, the Cobalt Citizen Satisfaction Index, that gives local governments solid, citizen-based data to support resource decisions, improve services, measure progress and build public trust. Administered through Cobalt Community Research, the survey was sent to a random sample of township residents.

"The survey allows local governments to identify citizen satisfaction and priorities," said William SaintAmour, executive director of Cobalt Community Research. "Officials know residents' expectations and opinions, and can harness that resource and look at how resident satisfaction drives behaviors, such as staying in a community, establishing a local business start-up, volunteering or support for local government initiatives."

The township was able to compare survey findings with Cobalt's 2008 baseline study data, which identifies services and community best practices from local governments across Michigan. Roughly 200 Michigan local governments are part of the baseline study, which will soon include information from local governments across the nation.

The township's results came back "phenomenal," according to Taylor, but the township didn't rest on its laurels. "Although we didn't see any significant 'red flag' areas with residents' concerns, we did follow up with a focus group of about 15 residents, so that we could ask more specific questions about certain areas," Taylor said.

Conducting a residential survey is "critical for all townships, to know that what they are providing is meeting residents' needs and expectations," Taylor said.

For more information, visit www.cobaltcommunityresearch.org or call (877) 888-0209.

learning among neighbors in order to save money or better deliver services. However, the benefits of benchmarking can only be realized if a local government implements a perform-ance measurement system—meaning township officials actually *use* the performance measures rather than just generating the measures for tracking purposes.

Benchmarking benefits include:

- Allowing for organizations to learn from one another and build upon the work of others rather than develop their own strategies to improve efficiency.

- Improving the efficiency of local government service delivery.

- Evaluating program outcomes.

- Offering accountability within the department and to the consumers, when used openly.

- Providing data that can be utilized during labor negotiations and new or continued service contracts.

- Providing a solution to combat rising costs and declining resources. By benchmarking to implement best practices, work functions can be streamlined for cheaper, higher quality services.

- Finding opportunities to collaborate to deliver services.

- Informing voters and the business community.

- Grant opportunities are available for benchmarking communities.

"This is a way to compare our services with other local govern-ments, and see if we are in the same ballpark, in terms of quality and costs," Watkins said. "If not, it gives us an oppor-tunity to ask, why? It offers us an opportunity to look at our community for how to do better."

In a survey of the North Carolina Benchmarking Project partici-pants, members shared that:

- Among managers, benchmarking increased the emphasis on performance measurement, therefore changing the organizational culture.

- Benchmarking has provided program managers and directors a broader perspective on how services are provided.

- Managers are more connected with data accuracy and reliability, and are more open to data analysis.

- Benchmarking has served to help progression toward per-formance-based budgeting.

(Source: "Benefiting for Comparative Performance Statistics in Local Government" by William C. Rivenbark, David N. Ammons, and Dale J. Roenigk)

MICHIGAN BENCHMARKING CONSORTIUM CREATED

To assist Michigan's local governments to benchmark their performance measures in a formal, organized and cooperative manner, Michigan State University (MSU) Extension's State and Local Government Program has created the Michigan Local Government Benchmarking Consortium (MLGBC). MLGBC's pur-pose is to bring together townships, cities, villages and coun-ties from across the state and produce meaningful and relevant performance measures for the purpose of benchmarking.

The MLGBC is administered and facilitated by MSU, which works in conjunction with an executive board consisting of 11 managers and administrators from the consortium's town-ship, city, village and county members. This board is crucial in determining the direction of the consortium and ensuring that members are being served through consortium efforts.

On an annual basis, MSU will collect the data necessary to formulate these benchmarks for each of its members. Once the data is gathered, MSU will organize, analyze and distribute this data for consortium members. The data will be kept private amongst members, so that each local government can use the data for its own purposes. However, a generalized report will be made available to nonmembers.

The MLGBC currently is benchmarking in eight service areas:

- Fire and Emergency Medical Services

- Police and Sherriff

- Parks Maintenance

- Road Maintenance

- Water and Sewer Treatment and Distribution

- Fleet Maintenance

- Information Technology

- Emergency Dispatch

The performance measures used to benchmark in each of these service areas are determined by teams consisting of member volunteers who are experts and/or practitioners in these areas. New service areas will be added as interest is identified. There has already been a high demand for assessing, building inspec-

tion and code enforcement, treasury, clerk's office and human resources benchmarking, so many of these service areas may be added shortly.

For the 2008 fiscal year, benchmarks for the currently established service areas have been chosen. *(See sidebar at right for sample 2008 performance measures.)* However, each year, the teams will meet to re-evaluate what they wish to measure over the course of the next year. Most of the measures will remain the same in order to track progress and improvements made by local governments.

"Benchmarking is a way of looking at best practices," said Richards, who is on the consortium executive board and heads its fire/EMS service team. "The real value is in the sharing of how things are done. We can look at specific performance measure numbers and see how the numbers fall out. For those local governments that excel in certain areas, what are they doing? This gives Michigan local governments some idea of how they are doing relative to other local governments, and is a way to make all local governments more efficient and effective.

"This is a way to self-evaluate and see where we are excelling, and where we can be more efficient."

TOWNSHIPS URGED TO JOIN CONSORTIUM
If benchmarking is a route that your township wishes to pursue, there are many benefits in joining the MLGBC. More than 30 townships, cities, villages, and counties from all over the state are taking part in the consortium, and membership is expected to continue to grow. A large membership is encouraged, as it provides a greater wealth of data from which to benchmark.

If your township does not currently measure performance but would like to do so, MSU will provide the resources necessary to help your township develop a performance measurement system by providing training for the township staff and additional consulting as needed.

The MLGBC is affordable compared with the benefits that may accrue from participation. For $500 a year, MSU will provide

Example benchmarks for 2008

Below are some examples of performance measures that have been chosen by the Michigan Local Government Benchmarking Consortium service area teams to benchmark for 2008. When choosing performance measures, service area teams chose measures and data that accounted for both cost and quality of service to make comparisons across local governments easier.

Parks Maintenance
- Number of full-time employees per park acre
- Average seasonal employee cost per hour, including benefits
- Operating budget per active park acre

Information Technology
- Operating expenditures per workstation
- Average number of hours spent on personal computer maintenance per workstation
- Internal customer satisfaction rate

Fleet Maintenance
- Total cost per gallon of fuel by fuel type
- Average open work order time
- Cost per job by vehicle/equipment type

data analysis for your township, and township officials and staff will also have access to MSU staff and faculty, as well as other resources, including training and consulting.

The MLGBC will also hold an annual conference highlighting various issues related to the consortium as well as benchmarking in general. Service area teams will have an opportunity to meet and discuss the results of the benchmarking analysis and "best performers" in each of the service areas will be available to share their experiences and strategies. The first conference is scheduled for April.

The consortium receives invaluable support from its local government association partners, including MTA. MTA staff, and other local government association staff, sit on the executive board as consultants and also provide the consortium with much of the information it needs to run effectively.

VALUABLE FOR ALL
When performance measures are implemented rather than merely collected, local governments have been able to successfully reduce service costs and/or improve the level of service quality delivered to their residents. The benefits of performance measurement implementation, such as through benchmarking, are valuable for local governments of all types and sizes. ▶

Unlike many local government management and budgeting trends, performance measurement has a long, enduring history, and will continue to help challenge the current management system while shaping the future of local government operations, budgeting and service delivery for the benefit of the residents whom townships serve. ■

For more information or to become a participant in the Michigan Local Government Benchmarking Consortium, visit www.msue.msu.edu/slg and click on "Benchmarking," or call (517) 353-1619.

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MTA's *Township of Excellence* can be benchmarking tool

MTA's new designation program—*Township of Excellence*—serves as a tool for townships desiring to provide the best service to its residents. Outside of statutory duties, there is no real job description for the way the township should operate or the items on which elected officials should focus. That's where the *Township of Excellence* program can help you.

If your township is just beginning to consider areas to benchmark how you serve your community, the *Township of Excellence* program can provide a place to start. The purpose of *Township of Excellence* is to help townships better serve their residents and create a larger sense of place for community members and business leaders. This designation program is designed to encourage townships to go above and beyond what is required by law to provide the best possible service to their residents.

For more information or to download an application and guidelines, visit www.michigantownships.org/excelaward.asp.