

Techniques for Effective Management of Program Operations: Comprehensive Performance Management Approach for Child Support Programs

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CONTENTS

INTRODUCTION.....	1
ELEMENTS OF A COMPREHENSIVE PERFORMANCE MANAGEMENT APPROACH.....	4
Element #1 – Engaging in Cyclical Strategic Planning	5
Manager’s Checklist for Engaging in Cyclical Strategic Planning	7
Element #2 – Setting Targets for Goals	8
Manager’s Checklist for Setting Targets for Goals	16
Element #3 – Allocating Program Resources	17
Manager’s Checklist for Allocating Program Resources.....	21
Element #4 – Measuring Performance.....	22
Manager’s Checklist for Measuring Performance	25
Element #5 – Monitoring Progress.....	26
Manager’s Checklist for Monitoring Performance	29
Element #6 – Improving Processes.....	31
Manager’s Checklist for Improving Processes	34
THE PERFORMANCE MANAGEMENT MIND-SET	35
CONCLUSION	38
APPENDIX A: HISTORY OF CHILD SUPPORT PERFORMANCE INCENTIVES.....	39
APPENDIX B: STATE AND LOCAL JURISDICTION BEST PRACTICES	45
APPENDIX C: GLOSSARY OF SELECTED TERMS	56
APPENDIX D: COMMON PERFORMANCE MANAGEMENT FRAMEWORKS	58
APPENDIX E: STRATEGIC PLANNING STEPS AND RESOURCES.....	61
APPENDIX F: WORKS CITED	66

INTRODUCTION

Large urban jurisdictions face unique challenges in providing child support enforcement services due to factors such as their size, diverse populations, and urban poverty, to name a few. Caseload size and amount of collections received in the largest jurisdictions can exceed those of many States. What is more, the performance of large urban jurisdictions can heavily weight a State's overall performance, which impacts the amount of incentives the State receives. A large jurisdiction needs an effective performance management approach and regular and frequent management reports from the State child support program in order to improve its own, and typically its State's, performance level.

Recognizing these needs, the Federal Office of Child Support Enforcement (OCSE) commissioned a task order to provide technical assistance to urban jurisdictions and States for improving their performance management approach and their data reporting capacity. The task order was in response to the needs expressed by managers of child support programs in large urban jurisdictions who indicated that few of them have been able to utilize performance management techniques, particularly in obtaining the full range of management data for their jurisdictions from the State systems. The lack of data limits their ability to make informed management decisions to maximize performance incentives.

OCSE has limited data on child support program performance in large urban jurisdictions. But it is known that a significant portion of the national caseload is located in these jurisdictions. Improved performance of these jurisdictions would have a significant impact on national performance. In order to improve the performance of the large urban jurisdictions, OCSE held two meetings—known as Urban Academies—to bring together managers from 16 large urban jurisdictions. The Academies were designed to help identify solutions for many of the issues faced by urban jurisdictions. The Academy participants continue to hold follow-up calls to discuss topics of interest and to update each other on progress made to improve performance since the Academies.

At these Urban Academies, a key challenge raised by local managers was the ability to access complete and reliable data for the local program on a timely basis. Local managers generally needed to request data from the States' systems in order to gauge their jurisdictions' performance as indicated by the Federal incentive measures. Since local data for the Federal incentive measures was generally not readily available as a matter of course, almost all of the jurisdictions participating in the Urban Academies had to make a special request to their respective State agencies for data. The ability to respond to these requests in a timely and comprehensive manner varied from State-to-State. All but two of the Urban Academy jurisdictions were able to provide annual data for FY 2002. However, when requested to provide more recent data from March 2003, participating counties had more difficulty. (For example, among the nine counties participating in the Chicago Academy, four could not provide data on paternity establishment and five could not report on current support.)

This report is based on the proven practices of local agencies that receive substantive program data on a timely basis from their statewide system. It demonstrates how local agencies have improved performance levels by basing management decisions on data.

Meeting the Performance Management Challenge

“Improve program results”... “Do more with less”... “Increase customer satisfaction”...

These are just a few of the demands child support program managers hear from their customers and stakeholders. We know that most child support program managers instinctively understand that they have to use performance management principles to respond to these challenges—good managers have been practicing performance management throughout their careers. They plan work routinely, set goals, and measure progress toward those goals while giving feedback to employees along the way. In the past, managers were limited by a lack of current, reliable data they could use to plan and measure performance. It often took months before they had access to productivity and performance reports—a time-frame that did not necessarily impede long-term strategic planning, but which certainly limited short-term measurement, decision-making, and tactical planning. Appendix A provides more background on child support programs' challenges to improving their performance.

Today, child support agencies are able to take advantage of new technologies that allow them to collect and store vast amounts of program data and then obtain a wide range of timely reports. This has led program managers to consider a variety of new performance management concepts and a corresponding large volume of written material about them. With all of this new information, many child support managers find it a challenge to incorporate all of these concepts into their short-term and long-term planning, much less their daily approach to program management. This TEMPO (Techniques for Effective Management of Program Operations) is designed to help them determine how to adapt their current performance management approaches through a discussion of six key performance management elements:

- ◆ Element #1—Engaging in cyclical strategic planning
- ◆ Element #2—Setting targets for goals
- ◆ Element #3—Allocating program resources
- ◆ Element #4—Measuring performance
- ◆ Element #5—Monitoring progress
- ◆ Element #6—Improving processes

For each element, the TEMPO takes concepts from the performance management literature and applies them to the child support environment through narrative or case study. Included in the following discussion of each performance management element are two tools: a) a set of steps for implementing the element and b) a manager’s checklist of implementation tips and organizational capacities needed for the element. Also, Appendix B has examples of how urban jurisdictions and States have implemented the elements. Although the discussions of some of the steps go into specific implementation details, the primary purpose of the discussions is to explain why a step within an element is important. The discussions of the steps also provide general guidance that child support managers might consider in developing their specific approaches to implementing the step within their respective programs. See Appendix C of the glossary for help in understanding the performance management terms used in this report.

ELEMENTS OF A COMPREHENSIVE PERFORMANCE MANAGEMENT APPROACH

A performance management approach is comprehensive when the phases of that approach form a continuous feedback loop. These phases are:

- ♦ Planning phase, which includes the strategic planning, target setting, and resource allocation elements;
- ♦ Monitoring phase, which includes the measurement and monitoring elements; and
- ♦ Process improvement phase.

The information learned from one cycle of this feedback loop in turn informs the planning phase of the subsequent cycle. While it may be easier to keep the elements of this learning cycle connected during times of relative stability in the program, it is just as important, and perhaps even more important, to keep the elements of this cycle connected during times of drastic change. In an environment of drastic and rapid change (such as implementing the program requirements from the Deficit Reduction Act of 2005), programs need an ingrained performance management approach for ensuring that program staff understand the program's goals and that staff are making progress towards achieving those goals. This approach needs to withstand the effects of the change and help the program methodically adapt to the change.

Appendix D provides an overview of some of the more well known comprehensive performance management approaches (sometimes called "frameworks") from the literature. The literature for a given framework provides even greater detail on how to implement it in an organization. While this TEMPO does not endorse a particular approach, it is intended to encourage program managers to ensure that their approach includes all of the six elements.

Element #1 – Engaging in Cyclical Strategic Planning

Cyclical strategic planning is oriented to the future in the sense that it lays out a desired future state for the program, assesses the current state of the program, and describes the methods for how the program will bring about the desired state given its current condition. Even though a program’s managers are responsible for the results of a strategic planning process, they may gather input from program stakeholders and staff representatives from all levels of the program. This input should be designed to provide a complete perspective of the program’s current state and the barriers that the program would need to overcome in order to bring about the desired state. Further, managers are responsible for ensuring that the level of resources does not dictate the program’s priorities. Instead, the resources should first fund the program’s top priorities and then lesser priorities.

As managers consider the desired state for their programs, answering the following questions (as phrased by Mark H. Moore) can help managers describe in more detail how the desired state should “look:”¹

- ◆ *What services and products should the program be providing or creating for its customers and stakeholders?* From a traditional perspective, the products and services of a child support program are well known: establish paternity and support orders and enforce support orders. However, program managers could consider offering some non-traditional services (e.g., coordinating referrals of noncustodial parents to employment services agencies and supporting community efforts to strengthen families) that would help the program achieve its strategic goals. Rethinking who are the program’s customers and stakeholders often prompts a new perspective on what products and services a program should provide.
- ◆ *How should the program position itself politically to achieve the appropriate levels of authority and funding?* For much of its history, the program has been thought of as a cost-recovery program for public assistance benefits. More recently, the national strategic plans cast child support enforcement as a means to assist families in achieving and maintaining self-sufficiency.² This recharacterization of the child support program mirrors a national strategy to change public human service programs from providers of basic needs to partners in helping families achieve self-sufficiency. Given the unique political climates in States and local jurisdictions, program managers need to figure out how to keep their programs relevant to policy makers and funding authorities.
- ◆ *How should the program be structured in terms of operation and administration in order to create value for customers and stakeholders?* Child support managers are responsible for creating the structures within a program that maximize its effectiveness. A “structure” is any aspect of the program that facilitates or enables the program to deliver its products and services to customers. Structures can be as

¹ Mark H. Moore. *Creating Public Value: Strategic Management in Government* (Cambridge, MA: Harvard University Press, 1995), 71.

² Three generations of the national strategic plans are summarized in Appendix A.

varied as developing protocols for internal communications or defining the value system that guides the conduct of the program staff with respect to customers, stakeholders, and fellow workers.

Child support program managers are likely to already have an established method of strategic planning, so we will not provide the detailed discussion of implementation steps for this element in this section but rather in Appendix E, which includes a list of strategic planning resources. In developing their strategic plans, program managers should ensure that their strategic plans do not conflict with the strategic plan set by a higher-level agency. In other words, a local jurisdiction's strategic plan should support the State's strategic plan, and a State's strategic plan should support the national strategic plan.

Following is an overview of the strategic planning step:

Step 1: Develop Vision, Values, and Mission

A vision statement helps staff, customers, and stakeholders see the managers' ideal future for the program. The values (or guiding principles) of the organization clarify for staff how they should interact with people internal and external to the program as they go about their work. A mission statement defines the purpose that the program fulfills.³ The mission of the program should be consistent with the vision and values of the program.

Step 2: Conduct SWOT Analysis

The purpose of conducting a SWOT analysis (SWOT stands for strengths, weaknesses, opportunities, and threats) is for program managers to gain a sense of which environmental factors can help the organization realize its vision and accomplish its mission; and which environmental factors might limit the organization from realizing its vision and accomplishing its mission.⁴

Step 3: Set Goals

Whereas the mission statement may be broadly stated, setting goals helps to define the reach of the program's mission. For instance, the mission statement in the national strategic plan talks about establishing paternity and support, but the goals state all children have established parentage and all children have support orders that need them.

Step 4: Develop Strategies

For the purposes of discussion in this TEMPO, a strategy is a logical proposition, or a series of logically connected propositions, for how a program will achieve its vision

³ Leonard Goodstein, Timothy Nolan, and J. William Pfeiffer. *Applied Strategic Planning: How to Develop a Plan That Really Works* (New York: McGraw-Hill, 1993), 169.

⁴ As an alternative to the ordering of steps presented in this TEMPO, Goodstein, Nolan, and Pfeiffer argue that the SWOT analysis should be conducted after the "Setting Goals" and "Strategy Development" steps lest the realities discovered during the SWOT limit the creativity of the planning team.

and accomplish its mission.⁵ A strategy tends to be a higher-level statement of how a program will reach its goal, whereas an operational plan provides the specific detail of how the program will execute a strategy.

Step 5: Conduct Gap Analysis

At a minimum, a gap analysis evaluates what operational barriers would prevent a program from executing its strategy. This evaluation may be based on the weaknesses identified in the SWOT analysis, but the weaknesses would need to be stated in terms of operational capacity.

Step 6: Develop Operational Plans

An operational plan needs to address two factors: a) how the program will “close the gaps” identified in the gap analysis, and b) how the program will sequence the steps in executing the strategies.

Manager’s Checklist for Engaging in Cyclical Strategic Planning

- Involve representatives from all levels of program staff in developing strategic and operational plans.
- Seek input from customers and stakeholders in developing a strategic plan.
- Focus strategic goals on achieving outcomes customers and stakeholders care most about.
- Ensure strategic goals balance management perspectives (e.g., business process results, customer service, organizational development, and fiscal accountability).

⁵ Robert S. Kaplan and David P. Norton. *The Strategy-Focused Organization: How Balanced Scorecard Companies Thrive in the New Business Environment* (Boston, MA: Harvard Business School Publishing, 2001), 69.

Element #2 – Setting Targets for Goals

Setting targets for goals and objectives is like setting the “pace” for an organization as it carries out its mission. The more aggressive a target, the greater the effort needed to accomplish it.

Regardless of whether child support managers set targets for the long-term (three years and more) or the short-term (two years and less), the targets should be based on a set of logically connected propositions that form the plan for how the program will reach them.⁶ Annual targets give managers a standard by which to compare the program’s actual performance for both the long-term and short-term. Further, milestones set before the start of the annual period help staff self-monitor the program’s performance by comparing actual reported performance levels for a month to the milestones. If a program is not “keeping pace” with the monthly milestones, program personnel know that they have to identify the barriers that are keeping them from reaching those goals. Then they have to address them and consider how the program will get back on its pace. Finally, setting long-term and short-term targets is helpful in planning for resource levels needed to reach the performance target.

This section of the TEMPO provides instructions on how to set the annual targets and develop the monthly milestones for reaching the annual targets. Steps 1 and 2 identify the building blocks for constructing the program targets in Step 3. Step 4 apportions program-wide targets to individual offices, or units within an office (which we will refer to as “teams.”)

Step 1: Validate Caseload and Workload Assumptions

When a program is accountable for outcomes, it is important for that program to be proactive in understanding how factors beyond its direct control will affect its ability to achieve desired outcomes in the future. Therefore, a program needs a process for developing realistic, validated assumptions about the following:

- ◆ Number and mix of cases (i.e., current assistance, former assistance, and never assistance cases) in the caseload for the future;
- ◆ Turnover in the caseload (the number of cases with orders and without orders that are opened or closed);
- ◆ Volume of work that the projected caseload will generate for the program in the future; and
- ◆ Vacancy rates of positions that would be assigned to the process.

If it is possible, the program may also consider historical trends in the caseload and changes in policies, economics, and demographics likely to occur in the future that may affect caseload and workload.

⁶ For an approach to developing logically connected propositions, see the Federal Office of Child Support Enforcement’s guidance on creating a logic model:

http://www.acf.dhhs.gov/programs/cse/grants/resources/logic_model/

Our example focuses on establishing support orders. Even so, program managers can take a similar approach to setting targets and milestones for the other performance incentive measures. Table 1 gives an example of how the interactions of the number of cases and turnover in the caseload affect the volume of support order establishment work to be done. The *Formula* column provides instructions for reaching the result shown in the *Sample Result* column.

Table 1: Setting Goals
Example of Validating Caseload and Workload Volume Assumptions
for Establishing Support Orders

Condition	Formula*	Sample Result	Comment
a. Monthly average of new cases without orders	Calculate average	1,600	Need a monthly report that counts the cases becoming active during a month that doesn't have an existing support order; changes in the nonmarital birth rate and TANF caseload may cause the projection to deviate from the historical trend.
b. Monthly average of new cases with orders	Calculate average	100	Need a monthly report that counts the cases becoming active during a month that already has a support order.
c. Monthly average of closed cases without orders	Calculate average	1,000	Need a monthly report that counts the cases closed during a month that didn't have a support order.
d. Monthly average of closed cases with orders	Calculate average	200	Need a monthly report that counts the cases closed during a month that did have a support order.
e. Net monthly impact on caseload	$a + b - c - d$	$1,600 + 100 - 1,000 - 200 = +500$	A positive number leads to a projected growth in caseload.
f. Net monthly impact on support ordered caseload	$b - d$	$100 - 200 = -100$	A negative number means that the support ordered caseload would decline without establishment work.
g. Caseload at end of previous annual period	OCSE 157 Report Line 1	100,000	Needed to calculate support order percentage.
h. Caseload projected for end of current annual period	$g + (e \times 12 \text{ months})$	$100,000 + (500 \times 12) = 106,000$	Assumes that the historical trend in caseload growth continues throughout the annual period.

*The letters in the Formula column refer to the Sample Result in the row labeled with that letter. For example, the formula letter “a” refers to the Sample Result 1,600 in row “a.”

The example in Table 1 shows that the caseload trend has been increasing through the net effect of case openings and closings. It also shows an end-of-period projection for the period of 106,000 cases (row h)—a 6,000 net gain in cases from the end of the previous annual period.

Although more cases are opening each month than are closing, the number of cases with orders is declining (see row f). This trend implies that reaching the performance target for support orders would require that the program first “make up” for the net loss of cases with orders by establishing more new orders before it can move towards increasing the support order percentage.

Step 2: Determine Process Capacity

A child support program needs a process for determining: a) the capacity of the program’s work processes to produce outputs that lead to performance improvement, and b) whether that capacity is enough to handle the projected workload determined in Step 1. To project future productivity levels, managers may consider historical trends in productivity and staffing patterns (e.g., vacation time, vacancy rates, etc.) plus anticipated efficiencies gained from improved technology, training, and process design. Table 2 gives an example of how to calculate the capacity of a program’s support order establishment process. A similar approach may be used for other processes, such as enforcement or modifications.

Table 2: Setting Goals
Example of Determining Process Capacity for Establishing Support Orders

Condition (cont.)	Formula	Sample Result	Comment
i. Cases with orders at end of previous annual period	OCSE 157 Report Line 2	75,000	Needed to calculate support order percentage.
j. Support order percentage at end of previous annual period	$i \div g$	$75,000 \div 100,000$ = 75%	Calculated by dividing OCSE 157 Report Line 2 by Line 1.
k. Average number of cases without an order	$g - i$	$100,000 - 75,000$ = 25,000	If the program runs a monthly version of the OCSE 157 Report, take an average from a three-month sample. Otherwise, take the difference from the two most recent OCSE 157 Reports for the program.
l. Cases with an order established during the previous annual period	OCSE 157 Report Line 17	10,000 orders	Ideally, for the purpose of projecting the support order percentage, the count should only include cases that did not previously have an order.
m. Historical rate at which the program establishes support orders relative to the number of cases without support orders	$l \div k \times 100$	$10,000 \div 25,000 \times 100$ = 40 newly ordered cases per 100 unordered cases per year	If the data are available by team, calculate a separate productivity rate for each team.

Condition (cont.)	Formula	Sample Result	Comment
n. Adjustment to the historical rate at which program establishes support orders	Estimate adjustment to productivity rate	0.2 newly ordered cases per 100 unordered cases per year	E.g., a new automated feature in State’s child support computer system makes the establishment process more efficient.
o. Projected rate at which the program establishes support orders with the current resource allocation	$m + n$	$40 + 0.2 = 40.2$ newly ordered cases per 100 unordered cases per year	Add the efficiency gain to the historical trend.

Program managers may also consider determining process capacity based on orders established per full-time equivalent (FTE) worker per month. A simple formula for calculating this productivity measure would be to divide Line 17 of the annual OCSE 157 Report by the average monthly number of FTEs in the establishment function (if the program specializes its establishment function) or all FTEs (if staff work cases from “cradle to grave”) and then divide that number by 12 months. One caution in using the FTE productivity measure for determining process capacity is to realize that the closer a program gets to 100% of cases with a support order, the harder it is to maintain the same productivity level with the same number of FTEs. Therefore, program managers who use this measure of productivity may also consider using a formula for scaling the number of FTEs in establishment to the number of cases without a support order.

When a program experiences a significant change in staff resources available to perform the work, program managers would need to account for this effect on process capacity. A simple way to project this effect would be to calculate the percentage reduction (or increase) in staff working on a process and decreasing (or increasing) the number of newly ordered cases (from row l) by the same percentage.

The method in Table 2 connects process capacity to the number of cases without orders at row “m;” it calculates a rate of newly ordered cases per 100 cases without an order. The smaller (or larger) the number of cases without orders, the smaller (or larger) the expected number of newly ordered cases during the year. Step 1 of the “Allocating Program Resources” element (found on page 17) shows how to connect this productivity measure to the number of establishment FTEs needed to achieve the performance target.

While row “m” calculates the historical productivity trend, row “n” factors in productivity gains through increased efficiency of the process. Program managers should take into account that some factors may also decrease efficiency, such as additional legal requirements for a process. The example assumes the increased efficiency comes from a new automated feature in the State’s child support computer system, but efficiency gains can also come from additional establishment training for staff, standardizing best practices for establishment throughout the program, eliminating redundant steps within the establishment process (perhaps reducing the

number of supervisory approvals for a document being sent to a noncustodial parent), and reallocation of existing establishment FTEs among the various functions within the establishment process. Program managers would need to project the additional number of orders gained by increased efficiency and add this gain to the historical trend.

Step 3: Establish Program Targets

A program needs a method for establishing program-wide performance targets for each goal based on realistic, validated assumptions about caseload, workload, and process capacity.⁷ Table 3 gives an example of how program managers might set the program-wide target for the support order percentage. Managers may consider using the methodology from the logic model literature to build a justification for how performance will be improved.⁸

Table 3: Setting Goals
Example of Establishing Program-wide Target for Support Order Percentage
for Current Resource Allocation

	Previous Annual Period	Projection for Current Annual Period
Open cases at end of annual period	100,000 (from g)	106,000 (from h)
Rate of orders established per cases needing an order during the annual period	40 cases ordered per 100 cases needing an order (from m)	40.2 cases ordered per 100 cases needing an order (from o)
Cases needing a support order established at end of the annual period	25,000 (from k)	
Orders established during the annual period		$40.2 \div 100 \times 25,000$ cases = 10,050 cases with new orders
Net change in ordered cases from cases opening and closing with and without orders	-100 (from f) \times 12 months = $-1,200$ ordered cases closed during the year	$-1,200$ ordered cases closed during the year
Ordered cases at end of the annual period	75,000 (from i)	$75,000 + 10,050 + (-1,200) = 83,850$
Support Order Percentage with current resource allocation	$75,000 \div 100,000 = 75\%$	$83,850 \div 106,000 = 79.1\%$

For the purpose of the example, suppose that a program has three teams that have caseloads of varying sizes. Further, suppose political pressure has caused the program managers to push for reaching the 80% level for support order percentage by the end

⁷ Some managers like to set “stretch goals,” which are set at higher levels than what the program can achieve at its current level of capacity. The purpose for setting a stretch goal typically is to challenge program personnel to rethink and significantly improve the approach to getting the work done. However, in setting a stretch goal, managers need to ensure that the organization’s culture and processes allow staff to also “stretch” in reaching for the goals. Otherwise, a stretch goal is like a quota for staff and becomes an exercise in frustration.

⁸ For background information for creating logic models, see OCSE’s resource at: http://www.acf.hhs.gov/programs/cse/grants/resources/logic_model/section1.html

of the annual period, and they set a period-end target of 80.5%. Based on the work from their logic model, they believe this higher level can be achieved by allocating additional full time equivalent staff (FTE) to the lowest performing establishment team, assuming that this team's process capacity is close to the program-wide capacity of 40.2 orders per 100 unordered cases. Also for the purpose of the example, suppose that the additional staff are put in place in advance of the start of the current year so that the lagged outputs from the "ramp up" period for the new staff do not affect the projected output level for the current year. Step 1 of the "Allocating Program Resources" element (found on page 17) will develop the number of additional staff that need to be allocated to the team.

Step 4: Prorate Program Targets to Team Level and Set Milestones

To set performance monitoring standards, a program needs a method for prorating program-wide targets for performance outcomes to its teams (and when possible, to a worker level within a team) and to set monthly milestones for the annual performance targets.⁹ Depending on various characteristics of a program and its caseload, it may want to prorate performance targets between teams evenly or unevenly. For instance, if one team works only public assistance cases and a different team works non-public assistance cases, a manager may set different performance targets. Even so, the accumulated effect of the teams' performance targets needs to equal the program-wide performance target.

Also, a manager would set monthly incremental milestones for the performance targets. These monthly milestones would be compared to actual performance levels at the end of each month to determine if the program is on pace to meet its year-end performance targets.¹⁰

In addition to setting standards for performance, a program also needs a method for setting program, team, and worker monthly targets for output and efficiency metrics that lead to achieving the performance outcome targets by the end of a given time period. Given the program, team, and worker performance targets, a manager would then need to project the number of process actions that a worker, team, and program would need to perform at each key step during a given time interval (e.g., the number of successful services of process on a worker's cases per month) in order for the program to achieve its performance targets.

Table 4 gives an example of how a program prorates program-wide targets to the team level, assuming program-wide caseload growth and productivity rates apply across all teams.

⁹ Some managers take the monthly milestones and subdivide them into weekly or daily milestones for their staff.

¹⁰ If a program falls off the pace, the discussion for the "Improving Processes" element (found on page 30) goes into more detail about how a program would go about getting back on track for reaching its performance goals.

Table 4: Setting Goals
 Example of Prorating Program-wide Targets to the Team Level for
 Establishing Support Orders

Condition (cont.)	Formula	State	Team A	Team B	Team C
p. Caseload at end of previous annual period	State total From g	100,000	10,000	30,000	60,000
q. Actual number of ordered cases at end of previous annual period	From i	75,000	9,000	23,000	43,000
r. New orders established during the annual period	40.2/100 (from o) x (p – q); assume rate is the same for all offices	9,648	402	2,814	6,834
s. Net change in ordered caseload due to cases opening and closing	-100 (from f) x 12; assume that the case turnover rate is the same for each team	-1,200	-120	-360	-720
t. Projected ordered caseload	q + r + s	83,850	9,282	25,454	49,114
u. Projected caseload at the end of the annual period	State total from h	106,000	10,600	31,800	63,600
v. Target for Support Order Percentage	t ÷ u	79.1%	87.6%	80.0%	77.2%
w. Support Order Percentage at end of previous annual period	q ÷ p	75.0%	90.0%	76.7%	71.7%

Continuing the example, the program managers decide that the performance expectation for Team A is that it will be able to maintain the 90% performance level because specific data for Team A shows that its process capacity is greater than 40.2 orders per 100 unordered cases. Therefore, the period-end support ordered caseload for Team A is expected to be 9,540 (90% x 10,600 = 9,540). This support ordered caseload total implies Team A would then need to establish 660 (9,540 – 9,000 – (-120) = 660) support orders, which is more than the 402 that had been projected in row “r” of Table 4. When this example continues in the discussion for the “Allocating Program Resources” element (found on page 17), we will address how the additional orders from Team A would affect the program-wide target for the support order percentage.

Table 5 shows the monthly milestones for both the number of orders established and the performance measures for Teams A and B. We will address how the milestones are calculated for Team C in the discussion for the “Allocating Program Resources” element (found on page 17).

Table 5: Setting Goals
 Example of Setting Monthly Milestones for
 Support Order Establishment for Teams A and B

	Team A	Team B
Monthly increment for Support Orders established*	$660 \div 12 = 55.0$	$3,109 \div 12 = 234.5$
Monthly increment for Support Order Percentage	0.0%	$(80.0\% - 76.7\%) \div 12 = 0.28\%$
Cumulative orders and Support Order Percentage at end of first month	55 orders and 90%	234.5 orders; $76.7\% + .028\% = 76.95\%$
Cumulative orders and Support Order Percentage at end of second month	110 orders and 90%	469.0 orders and 77.23%
Cumulative orders and Support Order Percentage at end of third through eleventh months	Monthly increments plus previous month's accumulations for both orders and CO%	Monthly increments plus previous month's accumulations for both orders and CO%
	.	.
	.	.
	.	.
Cumulative orders and Support Order Percentage at end of twelfth month	660 orders and 90%	2,814 orders and 80.0%

* While this example assumes a constant rate of growth for all months, some programs may be able to calculate the average rate of growth for each individual month, which reflects the natural ebb and flow of work throughout the reporting period.

Program managers would then share this information at the beginning of the annual reporting period with staff from the teams so that the staff can self-monitor their progress and make adjustments as needed in order to track with the milestones. They would also track on whether the underlying assumptions reflect actual experience as they progress through the annual period. For instance, the caseload may grow more slowly than expected, which may prompt team managers to increase their end-of-period targets.

Manager's Checklist for Setting Targets for Goals

- Involve expert staff resources from all levels of the program in identifying the potential for efficiency gains in processes.
- If the program does not have access to output reports, consider determining process capacity by having a sample of workers manually track their productivity for a short period of time and then extrapolate the results.
- Keep abreast of demographic and economic trends affecting families in the caseload.
- Ensure the program can produce a caseload dynamics report that tracks each month the number of cases opening and closing with and without orders.

Element #3 – Allocating Program Resources

Without devoting enough resources to reach a target for a strategic goal, it is unlikely that the program would achieve it. A key underlying assumption for this element is that resources are allocated to various functions according to the level of commitment needed to achieve the strategic goals. That commitment can take the form of: a) investing in making a business process more efficient (e.g., improving technology and eliminating redundant steps in the business process) or b) bringing more resources, often personnel, to bear on the process.

Typically, program managers have to consider many initiatives for improving program performance that require additional resources or a reallocation of existing resources. The benefits and costs calculated for initiatives give an objective basis for comparing the merits of the initiatives to pursue.¹¹

For some programs, the managers are able to present to their respective funding authorities budget requests that are tied to the resource needs identified in the operational plans and then receive and allocate those resources accordingly. For other programs, the total resource level is a given, and program managers must allocate resources to the priorities identified in the strategic plan.

To plan for resource levels, a program needs a method for: a) proposing the resources needed to maintain current performance and also increase performance levels, and b) estimating the program revenues (i.e., incentives, retained collections, Medicaid savings, etc.) generated at the proposed resource levels. Further, the program must be able to communicate the costs and benefits of various alternatives to the appropriate decision-makers who authorize additional or reallocated resources. This process may be used for a formal appropriation process or for a resource reallocation plan internal to the program. See Element #3 of Appendix B for an example of how one State develops this information.

The purpose of this subsection of the TEMPO is to allocate resources for reaching the annual targets. Step 1 talks about specifying the resource levels needed. Step 2 talks about the need for estimating additional revenues generated by a given combination of resources. Step 3 talks about prorating targets to reallocated resources.

Step 1: Plan for Resources Needed to Reach Targets

In this example, the focus is on allocating more personnel resources to the process, but program managers may also need to project resources needed for technology, equipment and supplies, training, or office space. For instance, the efficiency gain from automating a feature of the system in row “n” from Table 2 of the “Setting

¹¹ This approach does not preclude subjective factors from affecting the final decisions on which initiatives to pursue.

Targets for Goals” element (found on page 11) required programming resources. In our example, we assumed that programming resources were already authorized and that the program managers went through a process to prioritize system enhancements that the programming resources would work on. However, some program managers may need to request additional programming resources.

Continuing the example from Step 3 of the “Setting Targets for Goals” element, Table 6 calculates the number of orders Team C needs to establish to reach the program-wide target of 80.5%.

Table 6: Example of Projecting Resource Needs to Achieve Higher Performance Level

Condition (cont.)	Formula	Team C Given State Target of 79.1%	Statewide Given Target of 79.1%	Team C Given State Target of 80.5%	Statewide Given Target of 80.5%
x. Caseload at end of previous annual period	From p	60,000	100,000	60,000	100,000
y. Number of ordered cases at end of previous annual period	From q	43,000	75,000	43,000	75,000
z. Projected caseload at the end of the annual period	From u	63,600	106,000	63,600	106,000
aa. Target for Support Order Percentage	From v	77.2%	79.1%		80.5% (as determined by program managers)
bb. Program-wide projected ordered caseload	$z \times aa$		83,850		85,330
cc. Additional orders program-wide to reach the 80.5% target	Difference between the State support order totals from the 80.5% target and the 79.1% target				$85,330 - 83,850 = 1,480$
dd. Projected ordered caseload for Team C	Putting the additional staff in Team C means more additional orders will come from Team C	49,114 (from t)		$49,114 + 1,480 = 50,594$	
ee. New orders established during the annual period for Team C	$r + cc$	6,834		$6,834 + 1,480 = 8,314$	

Condition (cont.)	Formula	Team C Given State Target of 79.1%	Statewide Given Target of 79.1%	Team C Given State Target of 80.5%	Statewide Given Target of 80.5%
ff. Establishment FTEs allocated to Team C	The additional staff needed is in the same proportion to the additional orders needed to reach the 80.5% program-wide target	19 (Take as a given for the example)		19 + 19 x ((8,314 - 6,834) ÷ 6,834) = 23	
gg. Target Support Order Percentage for Team C	dd ÷ z			50,594 ÷ 63,600 = 79.55%	

Rather than factoring into the calculation for Team C the additional orders Team A will produce to maintain its 90% performance level, the program managers decided to plan for Team C to produce all the additional orders needed to reach the 80.5% program-wide target. The additional orders from Team A will give the program some flexibility in meeting its target in case the program-wide caseload grows more than expected or Team C does not produce as many orders as expected.

The calculation from row “ff” in Table 6 shows that Team C needs four additional FTEs (23 – 19 = 4) to meet its target.¹² The program managers then need to determine how to reallocate their existing funded FTE count.

In considering the costs of reallocating staff, program managers might look at:

- ◆ The potential loss of collections by shifting staff away from certain activities, especially if the FTEs are drawn from enforcement activities.
- ◆ The cost of funding the positions if they are set up as limited term employment.

Step 2: Estimate Program Revenues

A budget request for new resources can be strengthened by demonstrating new revenue generated or greater cost efficiency gained to offset additional costs.

In considering the benefits of reallocating staff, program managers might look at:

- ◆ The additional collections that would come from the new orders attributed to the additional staff, perhaps assuming that the average rate of current support collected in the month would apply to the new orders. Program managers would need to factor the monthly incremental increases of orders established into the estimate.
- ◆ The residual benefits of collections continuing on orders beyond the annual

¹² In an environment of a declining caseload or of a net gain in ordered cases from caseload turnover, the method in Table 6 could yield a reduced number of FTEs needed for establishment that could be reallocated to other processes.

- period in which the orders were established.
- ♦ The retained collections expected from public assistance cases.
- ♦ The additional Federal incentives earned from maximizing an incentive measure and increasing the collections base.
- ♦ Costs avoided in other public programs on account of increased child support collections.

Step 3: Prorate Program Targets to Reallocated Resources

Table 7 shows how program managers might determine the monthly milestones for Team C, using the same method for Team B in Step 4 of the “Setting Targets for Goals” element.

Table 7: Example of Setting Monthly Milestones for Support Order Establishment for Team C

	Team C
Monthly increment for Support Orders established	$8,314 \div 12 = 693$
Monthly increment for Support Order Percentage	$(79.55\% - 71.7\%) \div 12 = 0.66\%$
Cumulative orders and Support Order Percentage at end of first month	693 orders; $71.7\% + .066\% = 72.36\%$
Cumulative orders and Support Order Percentage at end of second month	1,386 orders and 73.02%
Cumulative orders and Support Order Percentage at end of third through eleventh months	Monthly increments plus previous month’s accumulations for both orders and CO% . . .
Cumulative orders and Support Order Percentage at end of twelfth month	8,314 orders and 79.55%

Program managers would then share this information at the beginning of the annual reporting period with staff from Team C so that the staff can self-monitor their progress and make adjustments as needed in order to track with the milestones. They would also track on whether the underlying assumptions reflect actual experience as they progress through the annual period. For instance, the caseload may grow more slowly than expected, which may prompt team managers to increase their end-of-period targets.

**Manager's Checklist for
Allocating Program Resources**

- Focus program resources on achieving strategic goals.
- Ensure that the resource level does not alter the program's mandated or required activities.

Element #4 – Measuring Performance

Management reports help track the on-going progress the program is making toward reaching the targets set for its goals. A key assumption for this element is that routine measurement reports should provide staff with a focused set of data specifically related to activities that lead to achieving strategic goals. Putting too much data in a report may make it unwieldy for program personnel to use and could distract them from the critical information needed for improving performance.

Our review of reports used by programs in States and local jurisdictions shows that the “performance report” has a variety of meanings. Following is a list of various types of performance reports programs use:

- ♦ *Performance Measure.* Provides status on how effective the program is in producing outcomes consistent with the strategic goals (e.g., support order percentage incentive measure). Performance measures are also called lag indicators in the sense that they give the perspective of what impact the program’s completed work has had on customers.
- ♦ *Productivity Measure.* Provides status on the outputs produced by the program that have an impact on the outcomes the program wants to achieve (e.g., number of support orders established per worker).
- ♦ *Process Measure.* Provides status on the program’s efficiency, accuracy, and timeliness in producing outputs. Process measures are called lead indicators in the sense that they provide an early indication of whether the program is doing enough work to produce the targeted level of productivity.
- ♦ *Ad Hoc.* Provides case-level information that meets a set of criteria specified by the person requesting the report. Program personnel often use these reports to generate “work lists” or “clean up reports.”

Each report type has a useful purpose for program personnel, and programs should utilize all the types. In thinking about the inter-relationships and hierarchy of the report types, program personnel would look first at performance and productivity levels each month. If performance and productivity levels are not satisfactory, the process and ad hoc reports can help identify if the lower productivity is attributable to process inefficiency. In many instances, the process measure reports can help program personnel target steps in the process responsible for the inefficiency, and then the ad hoc reports might be able to locate where the inefficiency is occurring within the process.

Given that the process measures are lead indicators, program personnel may also want to regularly review the process measure reports each month regardless of whether performance and productivity levels are satisfactory. That is, the process measures provide them with data on whether program personnel should expect a continued productivity or performance level.

The purpose of this subsection of the TEMPO is to describe how to create measurement tools for program personnel to use in monitoring the program's progress towards achieving its strategic goals. Step 1 looks at determining the set of metrics to use for the strategic goals and related processes. Step 2 talks about the importance of a State's child support computer system being able to track reliable data and routinely providing automated reports. Step 3 talks about the importance of an ad hoc query tool. Step 4 talks about using a performance-based budget monitor report.

Step 1: Determine Set of Metrics for Strategic Goals and Related Processes

A set of metrics should be able to demonstrate how daily, individual worker activities connect to a program's strategic goals. The Federal performance incentive measures should be included for measuring strategic goals. To connect activities to the goals, program managers need to establish a "chain" of workers' activities in a process that leads to an output affecting a performance incentive measure. By measuring the number of these activities and outputs that occur over a given time period, the program is able to measure the amount of work flowing through the processes as it relates to performance outcomes.

In addition to having the capability to measure the *amount of work* that flows through the processes, the program should have the capability to measure *how quickly and accurately* work flows through the process. The rate at which work flows through a process (that is, its timeliness) can be determined by measuring the amount of time it takes to complete a measured step of a process. The accuracy rates can include both the percent of actions completed that were completed correctly and the percent of actions planned that were completed. The latter type of accuracy rate could also be termed a "success rate" and is valuable in determining whether the efficiency of a segment of the process could be improved. For instance, a 50% success rate for attempted services of summons in the support order establishment process may prompt the program to look for ways to increase the likelihood of successful service for future attempts at serving summons.

Step 2: Create Automated Reports for Metrics

The performance, productivity, and process measure reports typically are monthly reports generated from the State's child support computer system. Program personnel would review these on an on-going basis to monitor whether the business processes are operating as expected. Ideally, the State's child support computer system would have a method to track whether a process step or output identified in Step 1 has been completed on a case and when it has been completed. These system data would then be compiled into the reporting format.

Program managers need to decide if their staff would benefit from updated performance, productivity, and process data made available more frequently than monthly. Also, program managers would need to decide whether their staff would benefit most from timeliness and accuracy measures captured in monthly reports, ad hoc reports, or perhaps the annual results from a self-assessment review.

Step 3: Create Ad Hoc Query Tool

In contrast to the automated monthly reports, ad hoc reports by definition are intended to assist program personnel in addressing an immediate reporting need. For example, suppose a program wants to focus on raising its current support percentage by increasing the number of income withholding notices sent to income providers during the month. An ad hoc report could identify cases where the income provider is verified on the system but an income withholding notice has not been sent. This work list could then augment the regular volume of income withholding notices generated by staff. However, program managers should consider that an ad hoc report might indicate the need for process improvement. For instance, continuing with the income withholding notice example, a manager might ask, “Why is the system not automatically generating income withholding notices on these cases with a verified income provider?”

Child support programs may choose from a variety of software packages available for making ad hoc queries. Some child support programs’ ad hoc query tools require program personnel to submit a report request to a specialized team that has expert knowledge of the database structure and query language. Other child support programs use ad hoc query tools that make the database and query language transparent so that program personnel are able to write their own queries.

Step 4: Create Performance-Based Budget Monitor Report

As with performance management frameworks, there are a variety of budgeting frameworks that link resource expenditure to performance results. Some authors even argue that “performance management” and “budgeting” could be used interchangeably.¹³ Regardless of the specific budgeting method, program managers would benefit from being able to demonstrate to customers, stakeholders, and the funding authority the connection between expending the program’s resources and achieving strategic goals. Demonstrating this connection shows that the child support program is able to turn resources into results, which could prove useful in the funding authority accepting future budget requests. A performance-based budget monitor is a tool that can help demonstrate this connection.¹⁴ Also, the budget-monitoring tool tracks how the team is expending its resources relative to the rate of increasing performance levels.

¹³ Jeremy Hope and Robin Fraser. *Beyond Budgeting: How Managers Can Break Free from the Annual Performance Trap* (Boston, MA: Harvard Business School Press, 2003), 4.

¹⁴ For a more in-depth discussion of performance-based budgeting in the public sector, see: United States General Accounting Office, *Performance Budgeting: Initial Agency Experiences Provide a Foundation to Assess Future Directions* (US GAO: Washington, D. C., July 1999 [GAO/T-AIMD/GGD-99-216]).

Manager's Checklist for Measuring Performance

- To the extent possible, use the State's child support computer system to track data needed to calculate lead and lag indicators. If data are not on the system, program managers may need to have a sample of workers manually track their results for a short time and then extrapolate these results to the program as a whole.
- Ensure that the system is able to generate reports with lead and lag indicators.
- Ensure that the ad hoc query tool is able to generate reports.
- Ensure that the system provides reliable data for the reports.
- Update system reports on a timely basis when changes to the system affect a data field compiled in a report.
- Fix errors in the reports on a timely basis.

Element #5 – Monitoring Progress

With frequent and regular monitoring of performance, a program is able to adapt more quickly to a changing environment. Moreover, monitoring is more than simply looking over performance reports. Report users also need to analyze the data and determine what adjustments need to be made in the way the program is doing its work. Report users should also analyze data for evidence of process inefficiencies such as “bottlenecks” and “failed handoffs,” which may prompt a process improvement project.

The purpose of this subsection of the TEMPO is to determine the responsibilities for monitoring program performance. Steps 1 and 2 discuss making measurement reports available to the managers, supervisors, and staff who use them. Step 3 defines the responsibilities of executive management in monitoring program performance; Step 4, the responsibilities of supervisors, and Step 5, the responsibilities of staff; Step 6 discusses monitoring the budget relative to performance levels.

Step 1: Produce Reports of Lead and Lag Indicators on a Regular Basis

Reports developed as part of the “Measuring Performance” element should be distributed to managers, supervisors, and staff as soon after the close of the month as possible to allow program personnel to adjust more quickly the way the work is being done. Uploading data from the update/transaction database to a data warehouse tool is one way some State programs use to cut the lag time in distributing reports.¹⁵ Some State programs distribute the system reports via e-mail or post them on an intranet for download rather than printing them on paper and distributing through the mail or a courier service.

Step 2: Produce Ad Hoc Reports as Needed

As program personnel work through the performance, productivity, and process measure reports, they may discover apparent process inefficiencies that prompt them to research the issue further through the ad hoc reporting tool. They would then follow the protocols for generating ad hoc reports that were established in Step 3 of the “Measuring Performance” element.

Step 3: Executive Management Reviews Program Performance

Executive management needs to demonstrate the importance of the program’s performance management approach. Some ways for executive management to model monitoring of progress are for them to:

- Analyze overall program performance, interpret the analysis as it relates to performance management, and be prepared to talk in depth about the program’s performance level at any time with anyone who asks about it. In addition to current progress, executive management needs to understand the historical perspective of the program’s performance levels and to be able to put current performance levels in their

¹⁵ A data warehouse tool would also be able to provide ad hoc query capability to program personnel.

historical context.

- ◆ Ask questions of mid-level managers and supervisors regarding why particular teams are performing better or worse than otherwise expected.
- ◆ Encourage the sharing of best practices from the higher performing teams with other teams and also direct technical assistance resources to lower performing teams to help them improve.
- ◆ Regularly communicate to all staff observations and interpretations of program performance.

Throughout the monitoring phase, executive management has to trust the staff, processes, tools, and structures they have put in place in order for the program as a whole to manage to its performance targets. This trust is particularly crucial as mid-level managers, supervisors and staff make decisions to adjust resource allocations and take actions to improve performance that they deem necessary to achieve the program's strategic goals.

Step 4: Supervisors Review Staff Performance and Productivity

A supervisor has a variety of roles in monitoring a team's performance:

- ◆ Identify staff within the team utilizing best practices and help other staff adopt the best practices.
- ◆ Identify staff who have gaps in program knowledge and skills. Then work with these staff to help them further develop their abilities, whether by scheduling them for training, coaching them, or directly overseeing their activities as warranted.
- ◆ Encourage and allow staff to work in problem-solving teams to streamline work processes within the team when performance and productivity levels consistently do not meet targets. Allow them to request additional resources to work through a problem and provide those resources when possible.
- ◆ Coach staff on how to use the measurement reports to self-manage their own performance and productivity.
- ◆ Adjust how the team is using its resources in order to reach performance targets.

With respect to overall program performance, supervisors are conduits for providing information and observations to executive management about specific issues affecting the team's performance. Supervisors also need to provide critical feedback on executive management's interpretations of performance data and need to determine the validity of assumptions upon which those interpretations are based.

Step 5: Staff Self-Manage Performance and Productivity

When staff take on performance targets and milestones, they should be given the reports that measure their performance, the knowledge of how to use the data in the reports, and the authority to make decisions as appropriate over day-to-day casework that can improve their performance, productivity, and quality levels.

Step 6: Monitor Budget Relative to Performance Targets

One of the roles of the supervisors is to adjust the way assigned resources are being used in the team in order to achieve strategic goals. This role implies that executive management has given supervisors a set amount of resources to work with and the authority to make changes to their staffing allocations in a manner that is consistent with the strategic goals.

A budget-monitoring tool allows managers and supervisors to determine how they could adjust those resources—perhaps shifting staff from an enforcement function to an establishment function in order to increase the support order percentage. The budget monitor should also be distributed as soon after the end of the month as possible.

Manager's Checklist for Monitoring Performance

- Dedicate a team of staff who has the responsibility to ensure that reports are produced timely, to troubleshoot and coordinate the correction of errors on the reports, and to provide technical assistance to report users in the analysis of data.
- Give team managers and supervisors the responsibility to manage their portions of the budget in order to meet their team's performance targets.
- Give team managers and supervisors budget parameters and performance targets before the start of the annual period.
- Give team managers and supervisors appropriate discretion to reallocate their resources to meet performance targets.
- Ensure that the program as a whole is able to account for how expenditures produce results.
- Produce reports that compare monthly milestones and actual results, provide trend lines for results, and provide results for the same period of the previous year for comparison.
- Share data with staff at all levels of the program.

- Be proactive in updating interested parties (stakeholders, advocacy groups, etc.) with program results.

Element #6 – Improving Processes

When a process measure report signals a potential problem existing between two measured steps of the process, the ad hoc query tool allows program personnel to closely examine the flow of work between the two measured steps in order to narrow further where the problem occurs. With the problem identified, the program can work on improving the process.

Most process improvement approaches are based on the Plan-Do-Check-Act cycle, which was developed by Walter Shewhart and popularized by Dr. W. Edwards Deming.¹⁶ The steps of the cycle are:

Plan: Conduct research and analysis of the existing process and data to identify the problem; then develop a solution.

Do: Implement the solution from the “Plan” step on a smaller scale to test it.

Check: Gather data from the “Do” step and determine if the solution produced the desired result.

Act: Make any changes to the solution based on information learned from the “Check” step and make the solution part of the program’s regular routine. Return to the “Plan” step to find another way to improve the process.

The purpose of this subsection of the TEMPO is to outline the approach to process improvement. Step 1 talks about identifying the root cause of a problem. Step 2 talks about developing a plan to overcome the root cause. Step 3 talks about implementing and testing the recommended change from Step 2. Step 4 emphasizes the importance of routinizing process improvements throughout the program.

Step 1: Analyze Process Data for Root Causes of Barriers to Process Efficiency

A critical element of success for a process improvement project is that the improvement addresses the root cause of the identified problem. Even though an ad hoc report may pinpoint where the problem occurs in the process, it does not necessarily explain why the problem occurs.

A common tool for identifying root causes is a “Cause and Effect Diagram,” sometimes called a “Fishbone Diagram.” With a cause and effect diagram, program personnel can brainstorm the possible causes of the problem in the process and group the possible causes into categories. Each category should have a name or description to explain the relationship between the possible causes within the category.

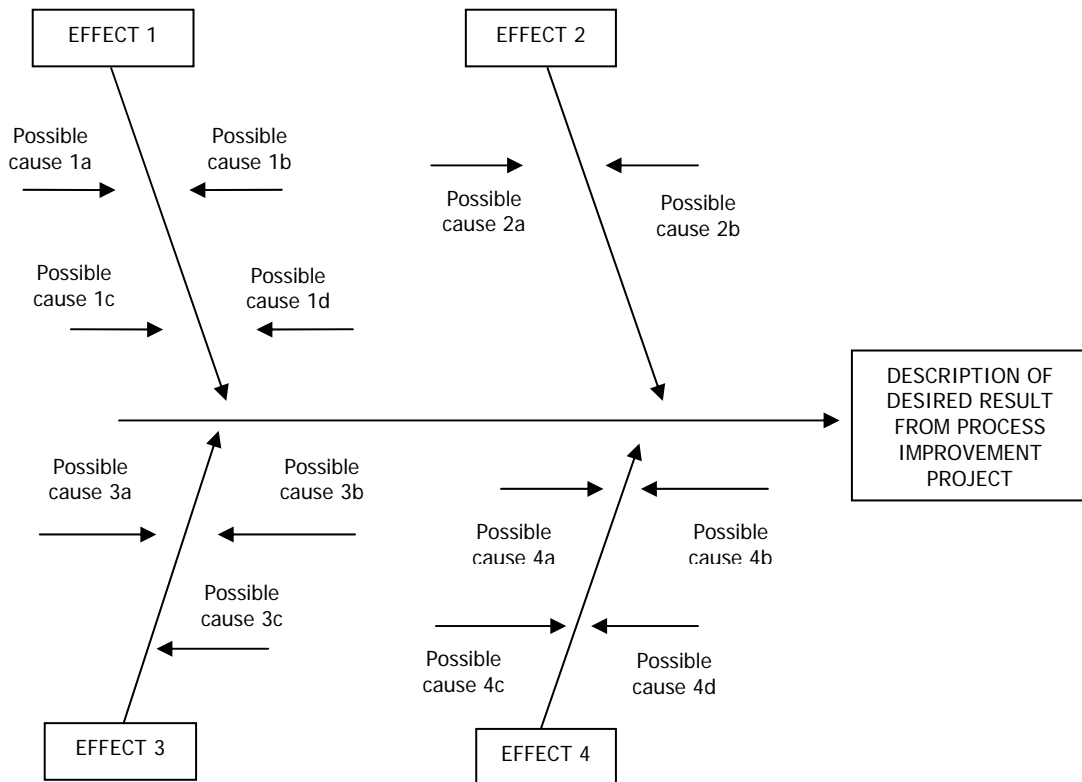
¹⁶ Mary Walton, *the Deming Management Method* (New York, NY: Berkley Publishing Group, 1986), 86-88.

A sample cause and effect diagram is illustrated in Exhibit 1 on this page. The desired effect of the process improvement project is at the “head” of the diagram with a “spine” extending to one side of the head. The category names are arranged above and below the spine with arrows connecting them to the spine. All of the possible causes are arranged near their respective categories with arrows showing the direction of the relationship.

Once the basic structure of the diagram is set up, program personnel begin an exercise of adding more “bones” to the diagram by putting each possible cause through the “5 Questions” test, which asks the question “Why is this a problem?” five times. For example, suppose that we have a possible cause of A. Then we would ask, “Why is A a problem?” and the answer might be, “because of B.” Then you ask, “Why is B a problem?” and the answer might be, “because of C,” and so on until we have asked this question up to five times. By this time, the root cause is likely to have surfaced.

This process is repeated for each potential cause within the categories. Each answer to the question “why” adds to the bone structure.

Exhibit 1: Cause and Effect Diagram



Program personnel may also use this analysis step to improve a process’s efficiency by identifying and eliminating redundant steps in a process. An example of a redundant step can be multiple approvals for a single document whose additional approvals do not add value to the output. These additional quality checks may have

made sense in the past, but perhaps an upgrade in the system has significantly improved the initial quality of the document and makes multiple approvals unnecessary.

Step 2: Develop Plan to Overcome Root Cause Problem

After identifying the root cause of the problem, program personnel need to develop a solution that addresses the problem and a plan to implement the solution. Program personnel should first develop a range of potential solutions that vary by complexity of implementation, immediacy of impacts, and requirements for resources and then narrow down which ones to implement.

With the selection of which solutions to implement, program personnel should develop an implementation plan to clarify what needs to be done by whom and when in order to implement the recommended solution.

Step 3: Implement and Test the Changes

Following the steps of the implementation plan, program personnel should roll out the improvement plan on a pilot basis. They would continue to gather data in order to determine if the changes at the pilot site have the desired effect.

Step 4: Standardize Successful Changes throughout Program

If data show that a change was successful, program personnel should move to standardize the change throughout all teams of the program doing the same kind of work. Typically, standardizing process improvement changes would follow the program's regular protocols for implementing new policies and procedures.

**Manager's Checklist for
Improving Processes**

- Have in place a permanent process that uses expert staff resources from all levels of the program for identifying and overcoming barriers to process efficiency.
- Seek best practices from other jurisdictions.
- Utilize data reports to identify barriers to process efficiency.
- Minimize the cycle time for identifying and implementing process improvements while ensuring a thorough analysis of the problem and solution.
- Update official manual and desk aides when process improvements are implemented program-wide.
- Conduct training for staff on new or revised procedures when process improvements are implemented program-wide.

THE PERFORMANCE MANAGEMENT MIND-SET

The focus of this TEMPO is primarily on explaining why a given step is important and how the step can be put into practice. However, these steps have less of a chance to succeed when the culture of the organization does not support the rationale for implementing these steps. Listed below are several themes taken from the performance management literature that describe an organization's performance management mind-set that can maximize the effectiveness of the steps. These themes are:

- ♦ *Learn what results the program's customers care about and focus the program's resources on achieving those results.* The results customers care about should be the primary focus, and all program goals should support the results customers care about.¹⁷ For example, if a program goal is to increase training for staff, the training should be focused on making staff more productive in producing results customers care about.
- ♦ *Use the Plan-Do-Check-Act (P-D-C-A) cycle as the basic framework for how program managers manage and continuously improve program performance.* In general, continuous improvement performance management approaches are modeled after the P-D-C-A cycle. Traditionally, the P-D-C-A cycle has been used at the business process level, but its perspective of continuous improvement can be applied to strategic management of a program as a whole.
- ♦ *Connect individual, daily worker activities to strategic goals and customer satisfaction.* Showing the connection of how individual daily worker activities affect strategic goals and customer satisfaction serves two purposes: a) it can motivate staff as they see how their efforts make a difference in families' lives, and b) it helps staff focus their energy on accomplishing those activities that produce desired outcomes.¹⁸
- ♦ *Define performance standards and manage according to the standards.* Not only do workers need to see how their activities lead to accomplishing program goals, but they also need to know in advance the level of effort and quality they have to demonstrate in order for the program to reach its strategic goals. After managers set program-wide performance targets, performance and quality levels should flow down to the worker level—involving workers in setting their performance standards

¹⁷ Kate Williams, *Creating a Customer Focus* (Burlington, MA: Elsevier Limited, 2004), 19.

¹⁸ Robert Bacall, *Performance Management* (New York, NY: McGraw-Hill, 1999), 3. Also, John C. Maxwell, *Leadership 101* (Nashville: Thomas Nelson, Inc., 2002), 92. Also, Mary Walton, *the Deming Management Method* (New York: Berkley Publishing Group, 1986), 87.

given the program's targets.¹⁹ Once the standards are set, managers and workers need to monitor performance and quality levels to keep the program on track for meeting its goals. Further, given rising performance expectations combined with the volume of work facing child support programs, it is imperative for all personnel within a program to self-manage their workloads in order to maximize the program's efficiency in processing the work. Therefore, decision-making responsibilities need to be distributed broadly throughout the program as appropriate for each decision-maker's level of authority, allowing the organization to adapt more quickly to changes in the environment.²⁰

- ♦ *Have executive management focus on program performance.* Upper level management needs to be in the habit of regularly reviewing and analyzing program-wide performance and quality—looking for both successes and problems.²¹ This focus at the executive level goes far in encouraging managers, supervisors, and workers at all levels to also pay attention to the program's performance.
- ♦ *Create an organization that enables staff to meet and even exceed the program's goals.* Managers have the responsibility to create an organization that maximizes the potential for staff to meet the program's goals. Two critical aspects of the organization are: a) organizational culture, and b) condition of the physical workplace and tools available to staff.²² A culture whose management publicly recognizes staff who exhibit exemplary workplace behaviors (in terms of both output and quality) and whose management trusts staff and encourages them to innovate (without punishing and blaming staff for failures) provides more motivation for staff than a culture whose exemplary workplace behaviors go unacknowledged and whose staff are blamed for program failures. In addition, staff need physical workspace and technology that enhance their productivity. For instance, if staff have to rework erroneous computer system outputs, their productivity will be negatively affected.
- ♦ *Involve staff doing the work in planning how the work should be done and give them data to self-manage their work.* Involving workers in improving a process serves three purposes: a) it fosters workers' pride in what they do, b) it gains the

¹⁹ Richard C. Grote, *The Complete Guide to Performance Appraisal* (New York, NY: American Management Association, 1996), 19.

²⁰ United States General Accounting Office, *Managing for Results: Strengthening Regulatory Agencies' Performance Management Practices* (Washington, D. C.: US GAO, October 1999 [GAO/GGD-00-10]), 38-40. The model of distributed decision-making authority is in contrast to a command-and-control approach in which the organization has relatively few people making all the decisions and is also in contrast to a rule-bound approach that prevents staff from adapting to a changing environment. However, a model of distributed decision-making does not mean that the organization is without structure. Managers of a program with distributed decision-making authority need to ensure that all people in the program know what work needs to be done, how to do the work, to what quality level, the allowable variations in how to do the work, when the work needs to be done, and what types of decisions are appropriate for a given level of authority.

²¹ United States General Accounting Office, *Managing for Results: Strengthening Regulatory Agencies' Performance Management Practices* (Washington, D. C.: US GAO, October 1999 [GAO/GGD-00-10]), 10.

²² Mary Walton, *The Deming Management Method* (New York: Berkley Publishing Group, 1986), 51.

input of the people who are the experts in how the work currently gets done, and c) it gains workers' support for the new way of doing the work.²³ Managers should also provide measurement reports to workers so they can self-manage their own performance. In conjunction with this, managers should give direction to workers on how to use report data for improving outcomes; they should define parameters for the kinds of activities workers may change; and managers should provide staff with systems and processes that routinize the methods for making changes to work processes.

- ♦ *Benchmark against peer organizations and consider adopting their best practices.* Program managers can learn from other organizations that operate within the same program. Benchmarking against others' performance levels demonstrates what level of performance is possible and seeking best practices can bring new perspectives on how to operate and manage a program.²⁴
- ♦ *Seek and develop coalitions with organizations outside the program.* A program can expand its ability or capacity to achieve its goals by coordinating its activities with the activities of partner organizations that serve a similar customer base or have similar goals.²⁵ These partner organizations may be public, nonprofit, or private.

²³ William Winchell, *Continuous Quality Improvement: A Manufacturing Professional's Guide* (Dearborn, MI: Society of Manufacturing Engineers, 1991), 53.

²⁴ Robert C. Camp, *Benchmarking: The Search for Industry Best Practices that Lead to Superior Performance* (ASCQ Quality Press: Milwaukee, WI, 1989), 3.

²⁵ United States General Accounting Office, *Managing for Results: Strengthening Regulatory Agencies' Performance Management Practices* (US GAO: Washington, D. C., October 1999 [GAO/GGD-00-10]), 24.

CONCLUSION

For the purposes of this TEMPO, a comprehensive performance management approach consists of six elements:

- ◆ Engaging in cyclical strategic planning
- ◆ Setting targets for goals
- ◆ Allocating program resources
- ◆ Measuring performance
- ◆ Monitoring progress
- ◆ Improving processes

If even one of the elements is missing from the feedback loop, proactively managing the performance of an organization becomes difficult for any manager because the connection between planning and results is broken.

Measuring performance typically has been the weakest element for many child support programs. However, with data warehouse technology becoming more commonplace in child support programs to generate timely reports, this element is quickly becoming a strength. Therefore, a program manager should review the other elements of the performance management approach, as well as the program's culture, to ensure that the data in the performance report are used optimally.

APPENDICES

APPENDIX A: HISTORY OF CHILD SUPPORT PERFORMANCE INCENTIVES

The need for a child support program to have a comprehensive performance management approach became increasingly important with the development of a national performance-based incentive formula from 1993 – 2000. To give a historical perspective on the importance of this need, the following are several milestones in the history of the performance incentive formula.

Government Performance and Results Act

In 1993 Congress passed and the President signed the Government Performance and Results Act (GPRA). The main purpose of this Act was to improve the confidence of the American people in the capability of the Federal Government by systematically holding Federal agencies accountable for achieving program results.

The Act required the Office of Management and Budget to designate pilot Federal agencies to develop a five-year strategic plan by September 30, 1997, with regular updates following the initial plan. Topics covered in the plan included:

- ◆ A mission statement for the Federal agency
- ◆ General goals and objectives of the agency
- ◆ A description of the approach and resources needed to achieve the goals and objectives

The Act also required Federal agencies to develop an annual performance plan, which covered:

- ◆ The performance indicators for measuring achievement of the agency's goals
- ◆ The targeted performance levels for each performance indicator for the year
- ◆ The operational procedures and resources needed to achieve the goals
- ◆ A method for comparing actual performance to the targeted levels

The results of the annual performance plan would then be summarized in an annual program performance report.

National Child Support Strategic Plan

The Office of Management and Budget selected the Federal Office of Child Support Enforcement (OCSE) as one of the Federal agencies to pilot this performance management approach. In 1994, OCSE began to engage leaders from the State child support agencies in developing the national child support strategic plan, finalizing it in February 1995. The goals reflected the critical needs of families and children in securing child support.²⁶

The strategic plan has been updated twice since the initial five-year plan. Table A-1 compares the goals and strategies as they have evolved through the strategic planning process.

Table A-1: Comparison of Goals and Strategies in Three Generations of the National Child Support Enforcement Strategic Plan

	1995-1999 Strategic Plan (OCSE-IM-95-02)	2000-2004 Strategic Plan (OCSE-DCL-00-76)	2005-2009 Strategic Plan (OCSE-DCL-04-44)
Goals	<ul style="list-style-type: none"> All children have established parentage All children in IV-D cases have financial and medical support orders All children in IV-D cases receive financial and medical support from both parents 	<ul style="list-style-type: none"> All children have established parentage All children in IV-D cases have financial and medical support orders All children in IV-D cases receive financial and medical support from parents as ordered The IV-D program will be efficient and responsive in its operations 	<ul style="list-style-type: none"> All children have established parentage All children in IV-D cases have support orders All children in IV-D cases have medical coverage All children in IV-D cases receive financial support from parents as ordered The IV-D program will be efficient and responsive in its operations
Strategies	<p>The Plan has been developed by OCSE in partnership with the IV-D State agencies. Approaches which establish how particular objectives will be accomplished will be developed by the State IV-D program personnel who operate the Program in partnership with OCSE. Those strategic and tactical planning efforts continue the process that the strategic plan begins.</p>	<p>Specific strategies for meeting national strategic goals and objectives rest with Federal, State, local and tribal child support agencies depending on their individual roles.</p>	<ul style="list-style-type: none"> Emphasize prevention of arrears and early intervention in cases Provide proactive case management to ensure reliable payments of support Simplify distribution of collections and pay families promptly and first Ensure that health care coverage for children is a primary consideration Eliminate barriers associated with multi-state cases

²⁶ For a full account of the development of the first strategic plan, see the report titled, "Implementation of GPRA at the Office of Child Support Enforcement," located on OCSE's Web site: <http://www.acf.hhs.gov/programs/cse/gprindex.htm>

	1995-1999 Strategic Plan (OCSE-IM-95-02)	2000-2004 Strategic Plan (OCSE-DCL-00-76)	2005-2009 Strategic Plan (OCSE-DCL-04-44)
			<ul style="list-style-type: none"> • Use specific collaboration protocols with other agencies that serve our clients, emphasizing timely and accurate data exchange • Use time-sensitive, specific customer service protocols for TANF clients • Customize approach to customer service • Develop more effective locate, service of process, and establishment tools • Expand and improve enforcement and collection tools

After defining the child support program’s mission, goals, and strategies for the first strategic plan, representatives from OCSE and State child support agencies continued to meet periodically to reach consensus on which performance measures to use for determining whether the program was achieving its goals.

Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996

Building on the direction of the strategic plan, Congress mandated that the Secretary of the Department of Health and Human Services consult with State representatives to develop a performance based incentive formula. Congress also specified that the incentive formula must include a paternity establishment percentage (PEP) as one of the measures.²⁷ Congress provided two methods for calculating this measure at a State’s option:

- ♦ *IV-D PEP:* Total number of children in the program’s IV-D caseload the paternity of whom has been established or acknowledged at the end of the fiscal year, or at State option on an open case at any time during the year, divided by the total number of children in the program’s IV-D caseload who were born out of wedlock as of the end of the preceding fiscal year.
- ♦ *Statewide PEP:* Total number of minor children in the State who have been born out of wedlock and the paternity of whom has been established or acknowledged during the fiscal year divided by the total number of children born out of wedlock during the preceding fiscal year.

²⁷ Before PRWORA, section 452(g) of the Social Security Act did have a PEP measure, but it was geared more towards ensuring a state program’s substantial compliance with the Federal mandate for paternity establishment rather than related to performance incentives.

Child Support Performance Improvement Act of 1998

In accordance with PRWORA's mandate, OCSE formed a work group of Federal and State members to develop and recommend an incentive formula. The work group chose one performance measure for each of the four goals other than paternity establishment and developed a formula to allocate performance incentives based on performance and collections levels. The four performance measures in addition to the PEP measure were:

- ♦ *Support Order Percentage:* The total number of a State's IV-D cases in which there is a support order at the end of a fiscal year divided by the total number of a State's IV-D cases at the end of the same fiscal year.
- ♦ *Current Support Percentage:* The total amount of current support collected for a State's IV-D cases during the fiscal year divided by the total amount of current support owed on a State's IV-D cases during the same fiscal year in all cases.
- ♦ *Arrearage Payment Percentage:* The total number of IV-D cases in a State in which payments of past-due child support were received during the fiscal year and part or all of the payments were distributed to the family to whom the past-due child support was owed (or, if all past-due child support owed to the family was, at the time of receipt, subject to an assignment to the State, part or all of the payments were retained by the State) divided by the total number of a State's IV-D cases in which there is past-due child support at any point during the same fiscal year.
- ♦ *Cost-Effectiveness Ratio:* The total amount of IV-D support collected by a State during the fiscal year divided by the total amount of a State's IV-D expenditures during the same fiscal year.

The Secretary accepted the work group's recommendations and began to work with the House Ways and Means and the Senate Finance committees to adopt the formula into legislation. After some negotiations, Congress mandated in the Child Support Performance Improvement Act (CSPIA) that the Secretary implement the performance-based incentive formula.

Implementation of Performance Incentive Formula

OCSE collected baseline levels of performance measures in 1999 and instituted a data reliability audit process to ensure the accuracy of the performance measures, collections, and expenditures reported by the States. Then the new incentive formula was phased in over the period of federal fiscal years 2000 – 2002. OCSE continued to audit each State's data for reliability each year.

Increasing Sophistication of Performance Management Technology Tools

OCSE and States recognized that the imperative of improving performance required a more sophisticated approach to reporting data. Program personnel needed timely reports to monitor progress towards strategic goals and to identify opportunities in the caseload to improve overall performance.

In response to this need, several States had integrated child support data with an enterprise-wide data warehouse or had developed a child support specific relational database. In 2001, OCSE hosted a series of conference calls to share information with States about these newer relational databases.

APPENDIX B: STATE AND LOCAL JURISDICTION BEST PRACTICES

Appendix B provides examples of how States and local jurisdictions have applied some of the performance management elements.

Element #1 – Engaging in Cyclical Strategic Planning

Washington State Division of Child Support Enforcement

Development of Strategic and Operational Plans: Washington State’s child support program follows instructions given by the State’s Office of Financial Management for developing a strategic plan. The instructions from the executive branch also include guidance in developing a business plan.

Resource: Budget Operating Instructions—Part 1, Section 1, Subsection 2.2, and Appendix A-1

<http://www.ofm.wa.gov/budget/instructions/operating.asp> (2 Oct. 06)

Florida Department of Revenue

Development of Strategic and Operational Plans: Florida’s Department of Revenue, which includes child support enforcement, uses a strategic leadership system to guide strategic planning. Child support local offices build operational plans using a template to show how they will implement parts of the strategic plan.

Resource: Strategic Leadership System: http://www.myflorida.com/dor/sls/sls_chart.pdf (2 Oct. 06) and Operational Plan Template; see Exhibit B-1

Exhibit B-1: Florida Department of Revenue Operational Plan Template

Name of Program - Name of Process or Region/Service Site, etc - FFY 2006-07

Program:	Child Support Enforcement
Core Process/ Region:	
Business Process/ Service /Site:	
Goal Statement:	
Outcome Measure:	

5-year Projected Targets	FFY 2003-04 (Baseline Actual)	FFY 2004-05 (Actual)	FFY 2005-06 (Projected/ Actual)	FFY 2006-07	FFY 2007-08	FFY 2008-09	FFY 2009-10	FFY 2010-11				
2006-07 Quarterly Outcome Targets	Q1 O,N,D		Q2 J,F,M		Q3 A,M,J		Q4 J,A,S		Target			
Output Measure:												
5-year Projected Targets	FFY 2003-04 (Baseline Actual)	FFY 2004-05 (Actual)	FFY 2005-06 (Projected/ Actual)	FFY 2006-07	FFY 2007-08	FFY 2008-09	FFY 2009-10	FFY 2010-11				
2006-07 Quarterly Output Targets	Q1 - O,N,D		Q2 - J,F,M		Q3 - A,M,J		Q4 - J,A,S		Target			
Percentage Reached												
2006-07 Monthly Output Targets	Q1 - O,N,D			Q2 - J,F,M			Q3 - A,M,J			Q4 - J,A,S		
	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.

Name of Program – Name of Process or Region/Service Site, etc - FFY 2006-07

Related Performance Indicators

Related Performance Measures		2003-04 Standard	2003-04 Actual	2005-06 Targets					Year End Targets
				Annual Standard	Q1 O,N,D	Q2 J,F,M	Q3 A,M,J	Q4 J,A,S	
KP1									
KP2									
KP3									

Initiatives, Projects, Strategies	Begin Date / End Date	Measure Impacted	Lead	Associated Core, Business, Sub-process	% Completed	Support & Resource Needs	Business Results

Texas Child Support Division

Development of Strategic and Operational Plans: Texas’s Child Support Division uses a strategic leadership system to guide strategic planning. Child support local offices and other units in the division build operational plans using a business plan template to show how they will implement parts of the strategic plan and what resources are needed to carry out the business plan.

Resource: Operational Plan Template; see Exhibit B-2.

Exhibit B-2: Texas Child Support Division



ATTORNEY GENERAL OF TEXAS
GREG ABBOTT
CHILD SUPPORT DIVISION

Business Plan Project Template

Project Title			
Project Manager			
Business Section			
Estimated Start and Completion Dates			
Project Description			
Project Scope			
Resource Needs			
Child Support Strategy			
IT Support Required			
Source of Funding			
Anticipated Benefits			
Current Status			
FY06 Planned Activities			
Outsourcing Opportunities			
Estimated Project Cost	FY2006	FY2007	FY2008

Federal Office of Child Support Enforcement

Development of Operational Plans: The Federal Office of Child Support Enforcement gives guidance in using logic model methodology. A logic model is a useful tool for linking what a program does to what it hopes to achieve and how to measure that achievement.

Resource: Instructional Guide - Creating and Using the Logic Model for Performance Management; Worksheets #1-3

http://www.acf.hhs.gov/programs/cse/grants/resources/logic_model/section1.html (2 Oct. 06)

Element #2 – Setting Performance Goals

Federal Office of Child Support Enforcement

Development of Performance Targets: The Federal Office of Child Support Enforcement gives guidance in using logic model methodology. A logic model is a useful tool for linking what a program does to what it hopes to achieve and how to measure that achievement.

Resource: Instructional Guide - Creating and Using the Logic Model for Performance Management; Worksheets #4-9

http://www.acf.hhs.gov/programs/cse/grants/resources/logic_model/section1.html (2 Oct. 06)

Element #3 – Allocating Program Resources

Washington State Office of Financial Management

Connection of Achieving Performance Goals to Resource Request: The Washington State Office of Financial Management budget instructions explain how performance targets for a program are connected to resource needs and how to build a justification for the request.

Resource: Budget Operating Instructions—Part 2

<http://www.ofm.wa.gov/budget/instructions/operating.asp> (2 Oct. 06)

Element #4 – Measuring Performance

Hennepin County, MN, Child Support Program

Development of Set of Metrics: Hennepin County has its staff specialize in a general business process, such as establishment or enforcement. Within a general business process are various functions for staff, such as following up on cases based on payment status, barriers faced by noncustodial parents, and next required actions on the case. A statewide work team of enforcement workers developed success plans that identified the Federal performance measures, expected results, internal indicators, and program strategies associated with each function. This tool helps staff connect their daily activities to the overall program results and identifies the strategies they should primarily use to achieve the results.

Resource: See exhibit B-3 for sample success plans for the paying and nonpaying cases functions.

Exhibit B-3: Hennepin County Success Plan for Paying and Nonpaying Cases

VISION STATEMENT

We (Instate Enforcement) will be a leader in ensuring that each child's case is worked to the fullest extent possible.

PAYING:

Federal Performance Result: 80% of current support due collected and disbursed

Federal Performance Result: 80% of cases with arrears have a disbursed collection on the arrears

Federal Performance Result: To increase IV-D Collections

Enforcement Result: Success in Paying Case Management is defined as court-ordered support payments being collected and disbursed in a timely manner for children with the percentage of collection remaining static or increasing.

Indicators:

Dollar amount of current support due

Dollar amount of current support collected

Number of cases with arrears

Number of cases with an arrears collection

Measure of Performance:

Percentage of current support collected for children

Percentage of cases with an arrears collection

Total dollars collected contributing to the IVD collection rate

Strategies:

Suspended payments are reviewed and/or processed within 48 hours of appearance.

Nonpayment work lists are processed monthly according to the paying team case management initial actions in “no payment in 1 - 3 calendar months” flow chart.

Cases eligible for closure or transfer to another team are processed within 30 days of identification of change.

NON-PAYING:

Federal Performance Result: 80% of current support due collected and disbursed

Federal Performance Result: 80 % of cases with arrears have a disbursed collection on the arrears

Federal Performance Result: To increase IV -D Collections

Enforcement Result:

Success for non-paying cases is achieved when each case has been worked to the fullest extent possible; all work that is appropriate for that case has been completed

Indicators:

The monthly number of cases with current support due

The monthly number of cases with current support collected and disbursed for children

The monthly number of cases with arrears due

The monthly number of cases with arrears collected and disbursed for children

The monthly number of cases closed

The monthly number of case plans completed

The monthly number of cases transferred out of the nonpaying function

The monthly number of payment agreements negotiated

The monthly number of cases with FIDM payments received

Measure of Performance:

Percentage of current support collected and disbursed to children/agency monthly

Percentage of cases with arrears collected and disbursed to children/agency monthly

Percentage of cases closed monthly

Percentage of cases with case plans completed monthly

Percentage of cases transferred out of the nonpaying function monthly

Percentage of cases with payment agreements negotiated monthly

Percentage of cases with FIDM payments received monthly

Strategies:

Assess each nonpaying payor's ability to pay child support as follows:

Interview locatable NCPs and CPs, request a credit bureau report, check PINs, Maxis records, locate interface records, start to build a payor profile, and create a case plan.

Work or modify the case plan until the payor is paying; the case is closed, or the case may be transferred to another function.

Determine if the court order is appropriate to the payor's current circumstances.

When appropriate, educate, encourage and provide resources to the payor to file a motion to reduce or suspend child support.

Use all appropriate enforcement remedies to force child support payment compliance for those payors able to pay their support.

Various States

Development of Set of Metrics: Policy Studies Inc. has used an approach with various States to develop a set of metrics that connects daily, individual worker activities to a program's strategic goals. The first step is to associate one to three business processes with each performance measure. Selecting the processes to associate with a given performance measure would be based on how much influence a program has on a performance measure via the outputs of that process; managers would select the ones with the greatest influence on a given performance measure. Then, using "maps" or flow charts of these processes, managers would identify the starting, key intermediate, and ending steps of each process. Typically, the program's final output, such as a support order, is the ending point of a process. However, managers should also consider whether there are steps to a process that come after the program's final output.

For instance, the income withholding process is typically a program's primary influence on the current support percentage incentive measure. While the income withholding notice sent to the income provider is the program's final output of the process, the process isn't complete until the income provider responds to the notice by sending the child support payment. Therefore, the managers may want to measure income providers' compliance with income withholding notices in the event the program needs to conduct additional outreach to income providers. In selecting the intermediate steps, the intent is to track only the steps that are critical for the case to continue to move through the process rather than to track all of the intermediate steps. To some degree, the number of intermediate steps to measure depends on the total number of intermediate steps in the process—the more intermediate steps in a process, the more that should be measured. However, managers need to guard against measuring too many intermediate steps, which can lessen the focus of the reports. In deciding whether or not to measure a particular intermediate step, managers may want to consider whether the step could be measured with the ad hoc query tool, and if so, then not include the step in the routine report. This approach then identifies the performance, productivity, and process measures related to a given strategic goal.

Resource: See Exhibit B-4. States first match business processes to each performance incentive measure and then identify the starting, key intermediate, and ending points of the processes. These points in the process then become the basis for the monthly measurement report for the volume of work passing through each step and for the timeliness of the activities.

Exhibit B-4: Defining Key Business Processes Impacting Performance Measures

Performance Measure (Performance Results)	Process Name	Starting Point of Process (Process Measures)	Intermediate Point(s) of Process (Process Measures)	Ending Point of Process (Productivity Measures)
Percent of IV-D Children with Paternity Established				
Percent of Cases with Orders				
Percent of Current Support Collected on Time				
Percent of Cases with Arrears Collections				
Percent of Cases with Medical Coverage or Health Insurance Obtained after Ordered				

Element #6 – Improving Processes

Los Angeles County Division of Child Support Services

Description of Process Improvement Approach: Los Angeles County, CA, instituted a Change Management Division to lead its process improvement effort. Although regular operations staff are tapped to work on specific process improvement projects, the Division has staff assigned full-time to facilitating the work of the project teams. Los Angeles County focuses its improvement efforts on processes that affect the Federal performance measures. The County targets so-called "strategic processes," that is, processes that cross lines in the table of organization. Strategic processes create or deliver key work outcomes, such as the establishment of court orders, and are critical to the success of the organization. In other words, Los Angeles County expects staff within a team to improve on their own the processes for which they are solely responsible. The Change Management Division focuses on the processes that may require negotiation between work units that potentially have competing interests.

Staffing Process Improvement Approach: The process in Los Angeles County is carried out on three levels. An executive management team provides general direction and oversight for all projects and helps secure resources and authorization needed for a specific project. A Campaign team is assembled from supervisors and frontline workers who work on different aspects of the process targeted for improvement. They identify which parts of the process need to be improved. Then, a tactical team consisting of frontline staff (who work on the process) design and test the improved process. Los Angeles County forms new Campaign and tactical teams for each new process improvement project so that a wide-range of workers have the opportunity to make changes to the way they do their work. Managers and supervisors are responsible for arranging coverage of the regular work for the staff who are participating on the Campaign and tactical teams.

Basic Steps of Process Improvement Approach:

Identify Problem: Once the executive management team determines which strategic process to work on, it sets an objective (for example, decrease the time required to open a case by 5 days). The Campaign team "maps" or makes a flow chart of the current process, and gathers data on the outputs and quality or quantity of the outputs from the process. Depending upon the process, the team may also gather comparative data and practices from other jurisdictions. They use this information to identify the "sticking points" in the process that need to be changed or parts of the process where greater efficiency or quality improvement can be achieved.

Develop and Test Improved Process: Once the Campaign team identifies the problems in the process, the tactical team then "remaps" these parts of the process by amplifying the Campaign team's flow chart in greater detail and developing a new set of procedures for moving the work through the process. Then they implement the new process on a limited test basis to determine if the new procedures make sense in practice. They also gather output and quality data from the pilot project to determine if the modified process indeed produces the intended better results. If the results are not significantly better, they revisit their work and try something else.

Standardize the Change: If the change is successful, the new process goes to the County's unit that coordinates the division-wide implementation of new policies, procedures, and system changes. The Campaign and tactical teams are disbanded and staff go back to their regular work. Once back in the regular work setting, the members of these teams advocate for the new process and lead their co-workers in adopting the new process.

Process Improvement Approach in Practice: Los Angeles County recently targeted its process for securing payments in cases where noncustodial parents are receiving or are eligible for workers' compensation benefits. Executive management identified this area based on comparative data with other California counties that suggested that Los Angeles County was not collecting proportionately as much as its counterpart agencies. Using projections from caseload demographics, an objective was established to double the average quarterly collections attributable to workers compensation. A Campaign team identified two points in the existing process that contributed to the lower than expected collections: first, withholding orders were not routinely sent to workers' compensation providers in every eligible case; second, automation screens used to notify the SDU of the county's eligibility to receive workers' compensation payouts were not being updated appropriately. In addition, two best practices were identified: one to maximize the utility of software used to interface with the State Worker's Compensation Appeals Board and the other to limit the need for comprehensive financial audits of cases prior to filing liens in workers' compensation cases. New procedures to correct the identified problems and to take advantage of the best practices were designed and tested by tactical team members in three line operations offices. After validation of the successes in the pilot offices, training in the new procedures was conducted for employees throughout the office. Staff of the Change Management Division monitored success for a period of time thereafter to ensure that the new procedures were properly implemented.

The Campaign succeeded in achieving the objective established by the executive team. Los Angeles County's quarterly collections from workers' compensation payouts climbed dramatically throughout the 2006 Federal fiscal year. Collections for the fiscal year quarter ending September 30, 2006, were 102% higher than the same period in the prior fiscal year.

APPENDIX C: GLOSSARY OF SELECTED TERMS

Effectiveness - The degree to which an activity or initiative is successful in achieving a specified goal.

Efficiency – The degree of capability or productivity of a process over a set time period, such as the number of cases closed per year.

Goal - A specific intended result of a strategy; used interchangeably with objective. [Note: the term “goal” is used in a wide variety of ways in performance management; e.g., as a strategic result or outcome; an objective, a measure, a target, etc.]

Lag Indicator - A measure of what has already taken place in terms of the program’s performance in accomplishing strategic goals. Outcome measures are examples of lag indicators.

Lead Indicator - A measure of the activities taking place that indicate whether the program is on track to accomplish its strategic goals. Output and process measures are examples of lead indicators.

Measurement - An observation that reduces the amount of uncertainty about the value of a quantity.

Metric - The definition of what is to be measured in a process.

Mission Statement - A description of what a program needs to do in order to bring about the future described in the vision statement.

Objective - An aim or intended result of a strategy.

Outcome - A description of the intended result, effect, or consequence that will occur from carrying out a program or activity.

Output - A description of the level of activity or effort that will be produced or provided over a period of time or by a specified date, including a description of the characteristics and attributes (e.g., timeliness) established as standards in the course of conducting the activity or effort.

Productivity - Similar to “output,” a level of activity measured over a time period for a specified work unit, e.g., orders established per month per worker.

Performance Management - A system to: a) define what work is important for a program to accomplish, b) determine how the work should be accomplished, c) determine what resources are needed to accomplish the work, d) measure and monitor progress towards accomplishing the work, and e) improve the way the work is done.²⁸

²⁸ Robert Bacall, *Performance Management* (New York: McGraw-Hill, 1999), 3-4.

Performance Measure/Indicator - A particular value or characteristic used to measure an output or outcome.

Performance Measurement - The process of developing measurable indicators that can be systematically tracked and subsequently monitored to assess progress made in achieving predetermined goals.

Process - A set of activities that takes an input from a supplier, adds value to it, and produces an output to a customer.²⁹

Standard - A set of criteria (some of which may be mandatory), voluntary guidelines, and best practices that define expected behavior or level of performance.

Strategic Goal - An elaboration of the mission statement, developing with greater specificity how a program will carry out its mission. The goal may be of a programmatic, policy, or management nature and is expressed in a manner that allows a future assessment to be made of whether the goal was, or is, being achieved.

Strategy - A logical proposition, or a series of logically connected propositions, for how a program will achieve its vision and accomplish its mission.³⁰

SWOT Analysis (Analysis of Strengths, Weaknesses, Opportunities, and Threats) - A process of assessing the strengths and weaknesses internal to the program and the opportunities and threats external to the program.³¹

Target - A quantitative measurement of a performance metric that is to be achieved by a given time.

Values - Guiding principles that govern how members of a program accomplish their work, interact with each other, and interact with people outside of the program.

Vision Statement - A description of what the desired future will “look” like as a result of the program’s activities.

²⁹ H. James Harrington, K. C. Esseling, Van Nimwegen, *Business Process Improvement Workbook: Documentation, Analysis, Design, and Management of Business Process Improvement* (New York: McGraw-Hill, 1997), 1.

³⁰ Robert S. Kaplan and David P. Norton. *The Strategy-Focused Organization: How Balanced Scorecard Companies Thrive in the New Business Environment* (Boston, MA: Harvard Business School Publishing, 2001), 69.

³¹ For more information on conducting a SWOT analysis, see: Leonard D. Goodstein, Timothy M. Nolan, and J. William Pfeiffer. *Applied Strategic Planning: How to Develop a Plan That Really Works* (New York: McGraw-Hill, 1993), 226-259. Also, <http://www.netmba.com/strategy/swot/> and <http://www.quickmba.com/strategy/swot/>.

APPENDIX D: COMMON PERFORMANCE MANAGEMENT FRAMEWORKS

A performance management framework helps organize the way a program tells the “story” of its performance management approach.

Specifically, it provides the theoretical underpinnings for:

- ◆ Defining relationships between the performance management elements
- ◆ Defining program success
- ◆ Determining which data are essential to assessing the positive effects of a program’s activities given the definition of success
- ◆ Giving staff members throughout a program a uniform standard for gauging which activities are appropriate to pursue in order to make the program successful

Performance management frameworks fall in three general categories:

- ◆ Quality management/customer driven
- ◆ Business excellence
- ◆ Strategy focus through performance measurement

While the frameworks have the ideal elements of a performance management system in common, they differ in their key assumptions and primary points of emphasis. Table D-1 shows the differences between categories.

Table D-1: Comparison of Categories of Performance Management Frameworks

Category of Framework	Characteristics
Quality Management/ Customer Driven	Key Assumption: The program as a whole system (i.e., personnel, technology, business process, and facility) is responsible for producing the quality and timely outputs demanded by customers.
	Primary Point of Emphasis: The program focuses on producing quality as defined by customers. ^a

Category of Framework	Characteristics
	<p>Category Example—Total Quality Management: ^b</p> <ul style="list-style-type: none"> • Key management principles: • Create constancy of purpose toward improvement of product and service • Eliminate the need for inspection on a mass basis by building quality into the product • Improve constantly and forever the system of production and service • Institute training on the job • Institute leadership • Drive out fear from the workplace • Break down barriers between units • Put everybody in the program to work to accomplish the transformation • Process improvement is guided by constant reiteration of the plan-do-check-act cycle
Business Excellence	<p>Key Assumption: Understanding customers’ demands for quality is the basis for setting the strategic direction of the program.</p>
	<p>Primary Point of Emphasis: The program’s leadership aligns resources and processes with key strategies.</p>
	<p>Category Example—Baldrige National Quality Program:</p> <ul style="list-style-type: none"> • Key management criteria:^c • Leadership • Strategic Planning • Customer and Market Focus • Measurement, Analysis, and Knowledge Management • Human Resource Focus • Process Management • Business Results • Leadership sets strategies based on customers’ expectations. • Leadership aligns resources and processes with strategy. • Feedback on business results is critical for improving performance and competitiveness.
Strategy Focus through Performance Measurement	<p>Key Assumption: A performance measurement system clarifies, communicates, and manages a program’s strategies.</p>
	<p>Primary Point of Emphasis: The program needs to simultaneously manage according to measures from a variety of perspectives in order to allocate resources as appropriate to meeting all of the program’s responsibilities.</p>
	<p>Category Example—Balanced Scorecard:</p> <ul style="list-style-type: none"> • Key management perspectives:^d • Customer • Financial • Internal Processes/Systems • Innovation and Learning • A strategy is a set of logically connected cause-effect statements that describe how the program will get from its current state to the desired state. • By measuring critical junctures of the cause-effect chain, the program knows if its strategies are leading it to the desired state

a William Winchell, Continuous Quality Improvement: A Manufacturing Professional’s Guide (Dearborn, MI: Society of Manufacturing Engineers, 1991), 53.

b The W. Edwards Deming Institute; <http://www.deming.org/theman/teachings02.html>

c Baldrige National Quality Program; “2006 Criteria for Performance Excellence”; 7-8. http://www.quality.nist.gov/Business_Criteria.htm

d Robert S. Kaplan and David P. Norton, the Balanced Scorecard: Translating Strategy into Action (Boston: Harvard Business School Press, 1996), 8, 15.

APPENDIX E: STRATEGIC PLANNING STEPS AND RESOURCES

Cyclical strategic planning is oriented to the future in the sense that it lays out a desired future state for the program, assesses the current state of the program, and describes the methods for how the program will bring about the desired state given its current condition. Even though a program's managers are responsible for the results of a strategic planning process, they may gather input from program stakeholders and staff representatives from all levels of the program. This input should be designed to provide a complete perspective of the program's current state and the barriers that the program would need to overcome in order to bring about the desired state. Further, managers are responsible for ensuring that the level of resources does not dictate the program's priorities. Instead, the resources should first fund the program's top priorities and then lesser priorities.

As managers consider the desired state for their programs, answering the following questions (as phrased by Mark H. Moore) can help managers describe in more detail how the desired state should "look:"³²

- ♦ *What services and products should the program be providing or creating for its customers and stakeholders?* From a traditional perspective, the products and services of a child support program are well known: establish paternity and support orders and enforce support orders. However, program managers could consider offering some non-traditional services (e.g., coordinating referrals of noncustodial parents to employment services agencies and supporting community efforts to strengthen families) that would help the program achieve its strategic goals. Rethinking who the program's customers and stakeholders are often prompts a new perspective on what products and services a program should provide.
- ♦ *How should the program position itself politically to achieve the appropriate levels of authority and funding?* For much of its history, the program has been thought of as a cost-recovery program for public assistance benefits. More recently, the national strategic plans cast child support enforcement as a means to assist families in achieving and maintaining self-sufficiency.³³ This recharacterization of the child support program mirrors a national strategy to change public human service programs from providers of basic needs to partners in helping families achieve self-sufficiency. Given the unique political climates in States and local jurisdictions, program managers need to figure out how to keep their programs relevant to policy makers and funding authorities.

³² Mark H. Moore. *Creating Public Value: Strategic Management in Government* (Cambridge, MA: Harvard University Press, 1995), 71.

³³ Three generations of the National Strategic Plans are summarized in Appendix A.

- ♦ *How should the program be structured in terms of operation and administration in order to create value for customers and stakeholders?* Child support managers are responsible for creating the structures within a program that maximize its effectiveness. A “structure” is any aspect of the program that facilitates or enables the program to deliver its products and services to customers. Structures can be as varied as developing protocols for internal communications or defining the value system that guides the conduct of the program staff with respect to customers, stakeholders, and fellow workers.

The purpose of this appendix is to describe how to create measurement tools for program personnel to use in monitoring the program’s progress towards achieving its strategic goals. Step 1 looks at developing a program’s vision, values, and mission. Step 2 talks about conducting a SWOT analysis to identify the program’s strengths, weaknesses, opportunities, and threats. Step 3 talks about the importance of setting goals for the program. Step 4 talks about identifying strategies that the program will use during the upcoming period. Step 5 explains the usefulness of conducting a gap analysis of the program. Step 6 looks at developing operation plans that provide the details of how strategies will be implemented.

Step 1: Develop Vision, Values, and Mission

A vision statement helps staff, customers, and stakeholders see the managers’ ideal future for the program. The values (or guiding principles) of the organization clarify for staff how they should interact with people internal and external to the program as they go about their work. A mission statement defines the purpose that the program fulfills.³⁴ The mission of the program should be consistent with the vision and values of the program.

The National Child Support Strategic Plan provides a model for State and local jurisdictions to pattern their respective vision statements, values, and mission statements.³⁵ Program managers of State and local jurisdictions are encouraged to borrow material from the national strategic plan and to ensure any customization of their strategic plans do not conflict with the vision, mission, and values of the national strategic plan.

Step 2: Conduct SWOT Analysis

“SWOT” is the acronym for strengths, weaknesses, opportunities and threats. Conducting a SWOT analysis is the process of assessing the strengths and weaknesses internal to the program and the opportunities and threats external to the program.³⁶ The purpose of conducting a SWOT analysis is for program managers to

³⁴ Leonard Goodstein, Timothy Nolan, and J. William Pfeiffer. *Applied Strategic Planning: How to Develop a Plan That Really Work* (New York: McGraw-Hill, 1993), 169.

³⁵ For a copy of the national child support strategic plan, see: http://www.acf.dhhs.gov/programs/cse/pubs/2004/Strategic_Plan_FY2005-2009.pdf

³⁶ For more information on conducting a SWOT analysis, see: Leonard D. Goodstein, Timothy M. Nolan, and J. William Pfeiffer. *Applied Strategic Planning: How to Develop a Plan That Really Works* (New York: McGraw-Hill, 1993), 226-259. Also, <http://www.netmba.com/strategy/swot/> and <http://www.quickmba.com/strategy/swot/>.

gain a sense of which environmental factors can help the organization realize its vision and accomplish its mission and which environmental factors might limit the organization from realizing its vision and accomplishing its mission.³⁷ To help assess the importance of a factor's potential impact on a program's ability to achieve its vision and accomplish its mission, managers should rank the lists for each category by magnitude of impact on the program and the likelihood of occurrence. This view helps managers in formulating goals and strategies that are appropriate and relevant to the environment.³⁸

Step 3: Set Goals

Whereas the mission statement may be more broadly stated, setting goals helps define the reach of the program's mission. For instance, in child support enforcement, the mission statement from the national strategic plan is: "To enhance the well-being of children by assuring that assistance in obtaining support, including financial and medical, is available to children through locating parents, establishing paternity, establishing support obligations, and monitoring and enforcing these obligations." The goals from the national strategic plan provide more detail of the expectations from the mission statement: a) all children have established parentage, b) all children in IV-D cases have support orders, c) all children in IV-D cases have medical coverage, d) all children in IV-D cases receive financial support from parents as ordered, and e) the IV-D program will be efficient and responsive in its operations.³⁹

Program managers should then select a limited number of performance measures that indicate whether the program is achieving its strategic goals. Again, the national child support strategic plan provides performance measures program managers may use, and the Federal incentive measures should be included in each program's set of performance measures. In summary, the mission statement clarifies what the program will do, and the goals clarify whom the program will affect and the desired extent of that effect.

Step 4: Develop Strategies

For the purposes of discussion in this TEMPO, a strategy is a logical proposition, or a series of logically connected propositions, for how a program will achieve its vision and accomplish its mission.⁴⁰ A strategy tends to be a higher-level statement of how a program will reach its goal, whereas an operational plan provides the specific detail

³⁷ Goodstein, Nolan, and Pfeiffer argue that the SWOT analysis should be conducted after the "Setting Goals" and "Strategy Development" steps lest the realities discovered during the SWOT limit the creativity of the planning team.

³⁸ Leonard D. Goodstein, Timothy M. Nolan, and J. William Pfeiffer. *Applied Strategic Planning: How to Develop a Plan That Really Works* (New York: McGraw-Hill, 1993), 226.

³⁹ "National Child Support Enforcement Strategic Plan, FY 2005-2009." U.S. Department of Health and Human Services, Administration for Children and Families, Office of Child Support Enforcement, 6-9. The national strategic plan may serve as a model for the goals of state and local child support programs, and state and local child support programs may consider additional goals that do not conflict with the stated national goals.

⁴⁰ Robert S. Kaplan and David P. Norton. *The Strategy-Focused Organization: How Balanced Scorecard Companies Thrive in the New Business Environment* (Boston, MA: Harvard Business School Publishing, 2001), 69.

of how the program will execute a strategy. For instance, the National Child Support Enforcement Strategic Plan offers a variety of strategies for managers to consider in accomplishing the various goals. The strategy of “emphasizing prevention of arrears and early intervention” logically supports the goal of “all children in IV-D cases receive financial support from parents as ordered.”⁴¹ If resource limits are of a particular concern, program managers may want to focus on executing a subset of the strategies listed in the National Child Support Enforcement Strategic Plan rather than attempting to execute all of them.

Although the dollar amount of collections is not one of “the Five” performance measures used in the Federal incentive formula, in effect it is a performance measure given the role of the collections base in calculating incentives. Therefore, program managers should also consider strategies that specifically increase distributed collections or that increase the other performance measures in such a way that increased distributed collections are a by-product of the strategy.

Step 5: Conduct Gap Analysis

At a minimum, a gap analysis evaluates what operational barriers would prevent a program from executing its strategy. This evaluation may be based on the weaknesses identified in the SWOT analysis, but the weaknesses would need to be stated in terms of operational capacity. For instance, if a program weakness was, “hold times on calls to the customer service center are too long,” the gap analysis would rephrase the weakness in terms of operational capacity—perhaps an outdated voice response unit prevents more customers from doing automated “self-service” in checking case information or the customer service center is understaffed given the increasing call volume over the past several years.

Additional subjects to evaluate in a gap analysis include:

- ◆ What is the management structure of the program?
- ◆ How does the program’s current culture affect the program’s ability to achieve the vision and accomplish its mission?⁴²
- ◆ What is the current performance level of the program as indicated by the performance measures, and what are the implications of the current levels for the new strategies?⁴³
- ◆ How successful was the implementation of the program’s current strategies, and what lessons were learned from previous implementations? Similarly, do the current strategies give insight into the potential success for the proposed strategies?⁴⁴

⁴¹ “National Child Support Enforcement Strategic Plan, FY 2005-2009.” U.S. Department of Health and Human Services, Administration for Children and Families, Office of Child Support Enforcement, 10.

⁴² Leonard D. Goodstein, Timothy M. Nolan, and J. William Pfeiffer. *Applied Strategic Planning: How to Develop a Plan That Really Works* (New York: McGraw-Hill, 1993), 264.

⁴³ Ibid.

⁴⁴ Ibid.

Finally, the gap analysis gives managers an opportunity to do a “reality check” on the strategies developed in Step 4. Information learned from the gap analysis may cause managers to reconsider the appropriateness of pursuing a given strategy in the current planning cycle.

Step 6: Develop Operational Plans

An operational plan needs to address two factors: a) how the teams within a program will “close the gaps” identified in the gap analysis, and b) how the teams will sequence the steps in executing the strategies. To facilitate the coordination of the teams’ individual operational plans, managers may consider prioritizing the order in which to implement the strategies.

Individual teams within the program would then consider the priorities in developing their operational plans that close gaps and execute strategies at the team level. The plans should address the steps needed to close the gaps and execute the strategies, the sequence of those steps, time frames for completing the steps, staff training needs, and nonpersonnel resource needs. Teams within the program include local child support offices, offices for centralized operations and administration, and information technology. To the extent possible, managers and supervisors of the teams should coordinate their plans where they are aware of interdependencies between the teams. For instance, if a local office’s plan calls for new computer equipment to be operational by a certain date, this step would need to be coordinated with the group responsible for purchasing and installing the equipment.

Program managers then need to integrate the individual operational plans into a single operational plan for the entire program. This work should ensure that all steps identified in the various operational plans are coordinated and confirm the timeframes. They would also develop a coordinated training plan.

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