

# Making Value Manageable

Roundtable with Professor Scott Douglas

8 August 2017



# Background and intent

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Scott Douglas, Assistant Professor of Public Management at Utrecht University School of Governance, shared his research findings and insights on making value (including public sector contributions to society) manageable. This includes new challenges and different tools for performance management, and how to better balance innovation between them. The roundtable was hosted by the Australia and New Zealand School of Government and the Policy Project.

The intent was to facilitate reflection on how New Zealand's public sector performance management processes could be more sophisticated and add more value. This is important for both the policy and public management systems, which are interconnected. Performance management happens for performance to be improved, including to better achieve policy objectives, and a high performing policy system supports and enables government decision-making to steer towards its policy objectives.

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## Participants

### **Anneliese Parkin**

Department of Prime Minister  
and Cabinet

### **Sindy Potter**

Ministry of Social Development

### **Peter Alsop**

Ministry of Social Development

### **Clare Ward**

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### **Rodney Scott**

State Services Commission

### **Ross Boyd**

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### **Steven Youngblood**

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### **Harvey Steffens**

Ministry of Health

### **Professor Claudia Scott**

Victoria University,  
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Victoria University,  
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### **Policy Project team**

#### **Diane Owenga**

Programme  
Director

#### **Simon Olsen**

Senior Advisor

# New challenges for performance management

These challenges are inherent in problems that are almost impossible to solve (e.g. climate change and obesity).

Citizens tend to look to government to solve such problems, but government needs to collaborate and targeted (not universal) interventions may be needed.

So how to manage this?  
And what tools are needed?

- a) Capture performance beyond narrow organisational parameters
- b) Convert performance information to insights for diverse partners
- c) Craft flexible yet aligned collaborative operational environments



“It is a challenge to set targets for the whole society as they are perceived to be an indicator of [just] government performance.”

## ...and the group reflected on New Zealand’s experience

New Zealand is at the forefront with our Better Public Service (BPS) Results:

- ✓ Capturing broader public value through a focus on outcomes that cross boundaries is a key design principle of BPS Results.
- ✓ Public BPS Results reporting conveys performance through simple data stories and graphs, case studies and videos.
- ✓ BPS Results enable public sector, NGO and community groups to organize around outcomes, with supporting governance and funding arrangements.

# How to capture broader public value?

The group discussed new tools and instruments to capture value beyond narrow organisational parameters...

## New tools and instruments

- Bigger, longer, richer indicators
- Closer to subjective experience of citizens
- Shift from opinions towards judgements

New Zealand's experience suggests preconditions for broad public value targets to work include:

- ✓ basing efforts on measurable improvements to people's lives (for populations, like disadvantaged children)
- ✓ using motivational measures; impact-level measures and targets that are meaningful for all involved
- ✓ ability to understand how to get there, and each party's part in that – BPS Result action plans include intervention logic and partnering arrangements
- ✓ organising agencies and systems around the targets
- ✓ showcasing success (which gives cover for some failure).

“Big data is great for discerning what ultimate outcomes should be.”

“Initial investment approaches focus on fiscal costs (as a proxy for outcomes) but could focus on broader wellbeing measures over time by adapting existing models, such as the Living Standards Framework”

“Do we need to consider non-traditional public value definitions, such as sense of control, pleasure, avoidance of pain?”



# How to convert into meaningful insights?

The group discussed new tools and instruments for converting information into meaningful insights for diverse audiences...

## New tools and instruments

- Shift towards joint sense making
- Explore general issues through specific examples
- Rescaling the appropriate 'unit of success'

The challenge is to use data to frame action, which requires sense making. Use story telling so people know what impacts mean for them, including in their cultural contexts.

We need to learn about systems with specific concrete examples (e.g. how children's success is enabled or hindered by family/whānau systems).

Find archetype examples or anecdotes but be careful to avoid false inferences (e.g. from neighborhood to society)  
– officials should use deductive analysis to complement inductive analysis (including with Ministers).

"We need to sit together and discuss what this means – rather than reviewing, we are learning – being careful that 'evaluation' is not only seen as a one-off event".



# How to craft flexible yet aligned processes?

The group discussed new tools and instruments for crafting flexible yet aligned operational processes...

## New tools and instruments

- Management back in support role
- Focus on frontline dilemmas, not central standards

“How to get a ‘servant leader’ or ‘policy entrepreneurial’ model to work, especially in New Zealand’s more centralised settings?”

Senior management may need to be ‘re-wired’ for a greater focus on supporting operations. This is not about revering their (‘front line’) freedom, but understanding their key dilemmas and enabling them to solve their own problems (rather than pushing standardisation). Shifting from a top-down to a bottom-up perspective is challenging as leaders can see standardisation as a way to manage reputational risks.

We need a future focus on unifying ‘collective value’, and formal and tacit legitimacy for this, including through:

- ✓ Greater focus on clarifying/hypothesising intervention logic or a theory of change (and subsequent monitoring and evaluation questions).
- ✓ Building capability and capacity to move towards this value with diverse parties.

Relevant efforts to apply these ideas include:

South Auckland Social Investment Board; Children's Teams; and Whānau Ora



# How to balance innovation between tools?

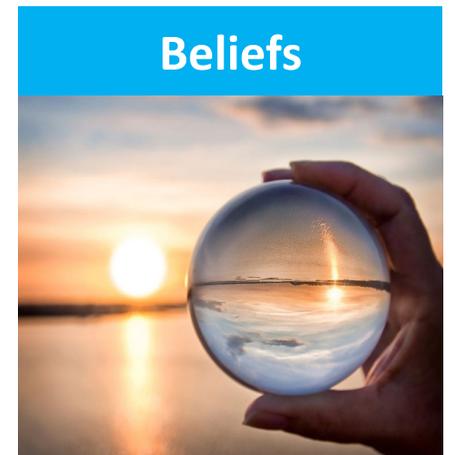
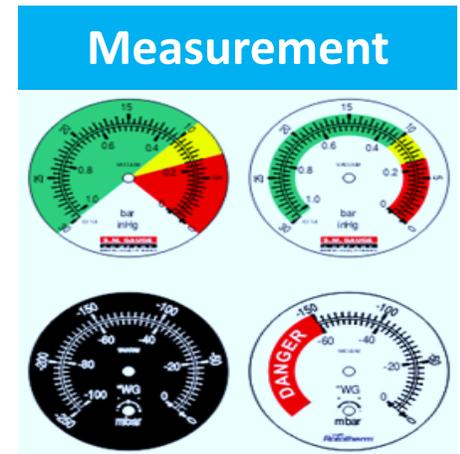
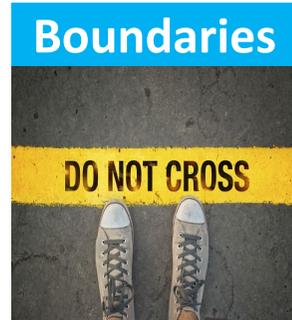
The group discussed how the performance toolkit is focused more on beliefs and measurement than on boundaries and interaction...

There are roughly four different ways of managing performance in an organisation:

- Measurement – approach performance through numbers and targets, rewarding people accordingly.
- Beliefs – make clear the values you are trying to achieve, put them on the wall, etc.
- Boundaries – set strict borders and rules for what is not accepted, check and police them.
- Interaction – find ways to discuss performance with your people.

These four rely on each other, but since New Public Management's emphasis on networks and collaboration most innovation (globally) has been with measurement and beliefs.

This means we are getting better at spitting out numbers, but not talking about them (sense making), and better about naming our beliefs, but not judging what is acceptable or not. It helps to be explicit about what needs to be achieved, define indicators of success and how you will know they are achieved. This enables better collaborative judgement about progress and when (and how) to take action to influence performance.



# Concluding thoughts

## Insights on making value manageable

- 1. Collaborative performance improvement** – seek network ownership of performance reviews, rather than individual managers, but be careful to find the sweet spot between too much or too little ‘control’ or legitimacy.
- 2. Complex performance improvement** – the nature of public sector and policy performance is dynamic and multi-dimensional, so be careful to convey performance in terms of concrete citizen needs, rather than abstract notions of value.
- 3. Ongoing performance improvement** – build ongoing learning loops, rather than ‘standard recipes’, and be careful to avoid cosmetic changes in conversations that do not drive real actions or change.

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## Acknowledgements

Special thanks to Professor Scott Douglas and all participants for their engagement and insights.

## Want to know more or get help?

For more information on successful public governance from the Utrecht University’s School of Governance, including research and presentations, see [www.successfulpublicgovernance.com](http://www.successfulpublicgovernance.com)

For more information on New Zealand’s BPS Results programme see [www.ssc.govt.nz/better-public-services](http://www.ssc.govt.nz/better-public-services).

Check out a case study video on community innovation in early childhood education: [www.youtube.com/watch?v=0uWj5raxGGI](http://www.youtube.com/watch?v=0uWj5raxGGI)

A case study report on New Zealand’s BPS Results programme, including experiences and lessons with interagency performance targets, is available at [www.ssc.govt.nz/interagency-performance-targets-case-study-new-zealands-results-programme](http://www.ssc.govt.nz/interagency-performance-targets-case-study-new-zealands-results-programme)

To share any reflections on how these insights relate to your experience, especially in a policy context, email [Policy.Project@dpmc.govt.nz](mailto:Policy.Project@dpmc.govt.nz)