



# *The Way We Prosper* The City of Edmonton's Economic Development Plan Performance Measures Review

June 29, 2012





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# 1 PERFORMANCE MEASURES REVIEW

All organizations struggle with the question of how best to measure their performance. In the for-profit sector, organizations and businesses aim to ensure that resources are being utilized efficiently. Performance measurement is no less important in the public sector. With funding primarily coming from the public and higher levels of government, local governments and non-profit sector organizations are subject to public scrutiny over management and financial performance. In many ways finances are the driver for the performance measurement system in the private sector. In the public sector, finances are more of an encumbrance in the pursuit of service to the ‘customer’ – whether it is the local taxpayer or internal or external businesses. Public organizations track performance for a variety of reasons:

- Providing public accountability.
- Identifying areas for performance improvement on an ongoing basis.
- Identifying the ‘return on investment’.

Performance measurement in economic development presents a number of additional issues to consider. Perhaps the greatest difficulties lie in the nature of the economic development profession and industry. There is no single definition to incorporate all the different forms that economic development can take. All communities differ in their geographic, political, or economic strengths and weaknesses, and thus have a different set of challenges to improving community well-being. Achieving this goal requires a different strategy, policy, or program for each community. For that reason, there is still no single performance measurement method that is applicable to all economic development organizations across Canada.

This discussion paper looks at the question of how to measure performance within an economic development context. Though not intended to be a comprehensive answer for performance measurement in economic development at the City of Edmonton, the paper identifies themes, concepts, and examples that should be considered when developing performance measurement systems and indicators.

## 1.1 Challenges in Performance Measurement

Though the objectives of performance measurements are clear, there are a set of broad challenges that face organizations looking to implement systems to track and manage performance and improvement. The following section outlines a number of performance measurement challenges more specific to economic development organizations.

- **Balancing comprehensiveness with complexity**



If a measurement system is complex and time consuming, an organization risks spending too much time performing to address the system. In other words what is measured gets done while other areas of program delivery may not get as much emphasis. There is a challenge to keep the measurement system comprehensive, but reasonable in terms of time commitments needed to implement the system. For an economic development organization with constraints on time and money, an onerous system could take critical resources away from program delivery and the primary goal of assisting the local business community.

- **Measuring the tangibles and intangibles accurately**

Performance measurements require a baseline measurement of how an organization is meeting its intended goals and objectives. If the system does not measure results correctly, the organization is unable to tell success from failure and is thus it is unable to continuously learn. Quantifying the intangibles within an economic development program is a major challenge in this regard. Many of the outcomes pursued by economic developers are not easily quantified (e.g. quality of life), or are best measured using more qualitative tools that require judgements by those managing the system (thus introducing inherent biases, or opening the measures to questions of interpretation, attribution, or relevance). Whether it is municipal council or a board of directors, an economic development agency will always be required to ensure that those managing the agency see value in its actions, as well as genuine efforts towards improving on existing performance. Finding effective ways to measure the easily, and not so easily, quantified outputs and outcomes remains a critical challenge, especially with regards to demonstrating return on investment and justifying expenditure.

- **Attribution and assigning credit (or blame)**

Economic development performance measurement systems struggle with the challenge of attribution, or connecting actions and activities of the organization (outputs) with results (outcomes). Many of the measures upon which a local economy is assessed, such as number of jobs or non-residential tax revenues are influenced by a range of different factors. For example, a local economy may gain 100 new jobs in a month - the municipality and economic development organization might be able to infer that their activities influenced this increase. Perhaps external marketing activities or business retention and expansion programming led to the expanded employment base. To some extent these are just assumptions. Economic development programming likely assisted with the creation of new jobs, but it is difficult to assess the extent to which the agency had an influence.

Jobs, tax assessment, gross domestic product – all are quantifiable measures. Since the economic development agencies of a municipality have a primary role in creating prosperity for a community, councils and boards often ask the extent to which the economic development organization played a role in improving those measures. But it is difficult to assess the amount of influence the economic development organization had in positive change among those indicators. Developing processes to introduce a level of attribution within these easily quantified measures remains a priority for economic development performance measurement, and thus a continuing challenge.



- **Lack of universal measures and approaches**

Economic development programs struggle under the lack of universally accepted measures of performance or programs for performance measurement. There is no single form that an economic development organization can take, nor is there one discrete set of actions that all municipalities will pursue to achieve community prosperity. This diversity in program design and implementation limits the development of a universally applicable model for performance measurement that would cover the broad range of activities within economic development. As a result, economic development agencies often take elements from a number of different systems to create models more appropriate for their specific situation.

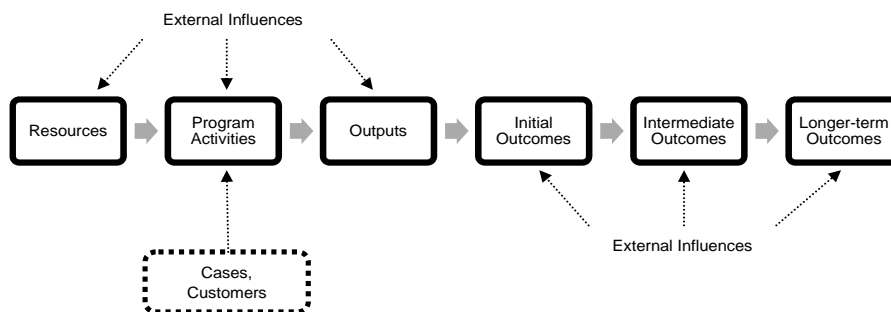
## 1.2 Performance Measurement Concepts

### 1.2.1 Logic Models and Intended Outcomes

At the base of performance measurement should be an understanding of what a program (economic development or otherwise) does and what results it is intended to yield. A program logic model is a graphical representation of this process (

Figure 1). In the model, resources or inputs are used to carry-out programs and activities that produce outputs, or the immediate products that represent what the program actually does. These outputs are intended to trigger desired results of the programming, or outcomes. Outcomes are the substantive changes, benefits, or improvements (in this case to the community or local economy) that are supposed to result from the program, such as lower unemployment or higher quality of life. These occur in sequence from initial outcomes to intermediate outcomes, and finally to long-term outcomes. It is also important to note that external influences, or those influences outside of the control of the program, have an impact on all stages of the program logic model, from resources to long term outcomes.

FIGURE 1: GENERIC PROGRAM LOGIC MODEL



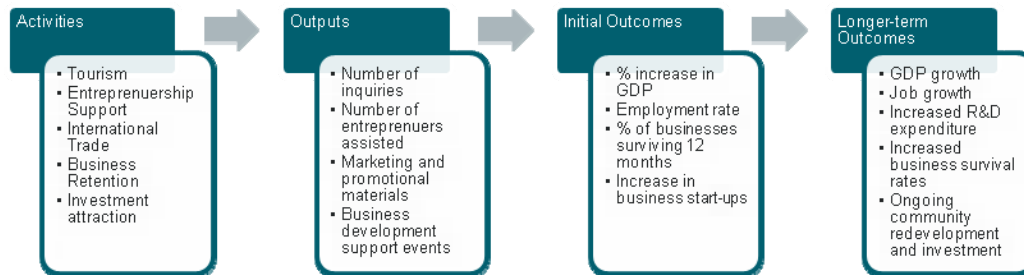
Source: Poister, T. *Measuring Performance in Public and Nonprofit Organizations*, 2003

The purpose of developing and identifying the logic model is to clarify the program, the customers and users of the program, what services are provided, what immediate products it generates (outputs) and the ultimate goals of the program (outcomes). If



that logic sequence is clearly outlined, such as through an economic development strategic plan, the measurement of the program can then be based on this initial understanding. The figure below outlines a simplified program logic model for an economic development organization.

FIGURE 2: SIMPLE ECONOMIC DEVELOPMENT PROGRAM LOGIC MODEL



In the case of economic development, the outcomes are primarily focused on different areas of economic prosperity. Over the short term, this could include incremental improvements in employment rates. Over the longer term, outcomes are slightly grander, having built on the outputs and initial outcomes. This could include on-going and larger scale investment in community redevelopment, or a more diversified local economy. In summary, an understanding of the goals of the program, and the cause and effect relationships that will achieve those targets and strategic goals is the critical component of planning for performance measurement.

## 1.2.2 Defining the Measures

A study completed by the Economic Developers Association of Canada (EDAC) in 2011<sup>1</sup> identifies the common measures and metrics being used by Canadian economic development organizations. Based on the disparate structures and priorities of Canadian economic development organizations, the survey found that no single metric was cited by all of the survey respondents. The most often cited indicator from the survey was “new businesses opened” (73.4%), followed by “population” (67.0%). Other frequently cited measures were “jobs created” (60.6%), “workforce” (60.6%) and “inquiries received” (59.6%).

It is important to set out measures that identify how well an organization’s programs are working. Typically, these are quantifiable measures of success, or matters of timeliness, cost-effectiveness, and compliance with standards like customer service. Though measures chosen will depend on the strategies, goals, and objectives of the organization or the community, the most common measures for public sector organizations in economic development are routinely focused on the ‘customer’, or effectively serving the user of the program within the constraints of the budget. For

One of the biggest challenges in performance measurement is terminology used. The terms output and outcome are routinely interchanged or used differently between communities. They are also sometimes referred to as goals or objectives. Whatever terms are used, there are four common parts to all logic models in performance measurement:

- A high level statement outlining the expectations of the community.
- An indicator of how the community will know if it is achieving the high level expectation.
- Identification of specific activities that will be undertaken by economic development.
- A measure of what that activity will achieve.

<sup>1</sup> Matthew Fischer and Associates. (2011). Performance Measurement in Economic Development.



example, a community may measure its business retention and expansion activities with the number of companies that were assisted in expansion plan development. Most importantly, these measures are within the direct influence of the economic development agency (as they relate back to a specific program despite being broader measures), rather than being the high level targets set for the community – over which the economic development office may have little influence.

Finding an effective mix of the types of measures used in order to provide a more balanced view of the program's service levels from a 'customer' perspective requires measurement of both outputs and outcomes. There are ideals that are common to all types of performance measures, which must be considered when selecting the specific measures for a community. The S.M.A.R.T. approach creates a set of themes for all organizations to follow when choosing their performance measures, in order to ensure that their measurement program is simple, and understandable. This approach recommends the development of measures that are<sup>2</sup>:

- 'S'pecific – to ensure that those people investing in the program have an adequate understanding of how the efforts will be measured.
- 'M'easurable – they either quantify efforts with specific numbers or verify efforts with some sort of reasonable qualitative assessment.
- 'A'chievable – measures that are aspirational, but are still reasonably achievable.
- 'R'elevant – with regards to the organization's mission and strategic objectives.
- 'T'ime-based – or achieved in a specified time period.

The following guidelines ensure that the measures are closely tied to the existing strategic plans of the organization and generate the interest of higher levels of management, while providing the transparency that is necessary for organizations that use public funds<sup>3</sup>:

- Work directly from goals, objectives, and service standards, with the assistance of the program logic model and strategic plans.
- Attempt to develop balanced measures that provide specific information related to programming, while avoiding overly redundant or only tangentially-related measures.
- Reject measures that have little relevance to managers, policy makers, and stakeholders in order to maintain interest, ownership, and buy-in.
- Define indicators with a high level of 'face validity' for external audiences and intended users, as well as clear 'data trails' to allow for effective quality assurance.
- Make judicious decisions about the trade-off between data validity and the cost to collect the data needed.
- Provide clear definitions for data sources and data collection procedures in order to minimize the issues associated with data reporting from multiple sites.

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<sup>2</sup> Doran, G.T. (1981). There's a S.M.A.R.T. way to write management's goals and objectives. *Management Review*, Volume 70, Issue 11.

<sup>3</sup> Poister, T. (2003). *Measuring Performance in Public and Nonprofit Organizations*.



Ideally, economic development performance measures have a strong connection to the output measures and outcomes that the community has defined. Demonstrating the link between the organization's performance and outputs and the broader community outcomes is often challenging, but it is necessary to provide the evidence that economic development activities are delivering on the goals of the community. In short, outcomes and outputs have to do with the ends the community is trying to achieve; performance measures have to do with the means by which the economic development organization is seeking to achieve them.

### **1.2.3 Models of Performance Measurement**

As noted previously, the disparate nature of economic development programming makes a universal model of performance measurement impractical. As a result, agencies and organizations often adapt existing models of performance measurement based on the concepts noted above. The following models offer concepts and practices that can be considered when developing economic development performance measurement processes.

#### **1.2.3.1 Balanced Performance Measurement**

The Balanced Scorecard (BSC) is a performance measurement framework that adds strategic non-financial performance measures to traditional financial metrics to provide managers and executives a more 'balanced' view of organizational performance. The BSC takes an organization's mission and vision, and provides a comprehensive framework to translate it into a set of performance measures. The core model of the BSC separates an organization's mission and strategy across a balanced set of four different perspectives: financial, customer, internal business processes, and learning and growth, as defined below:

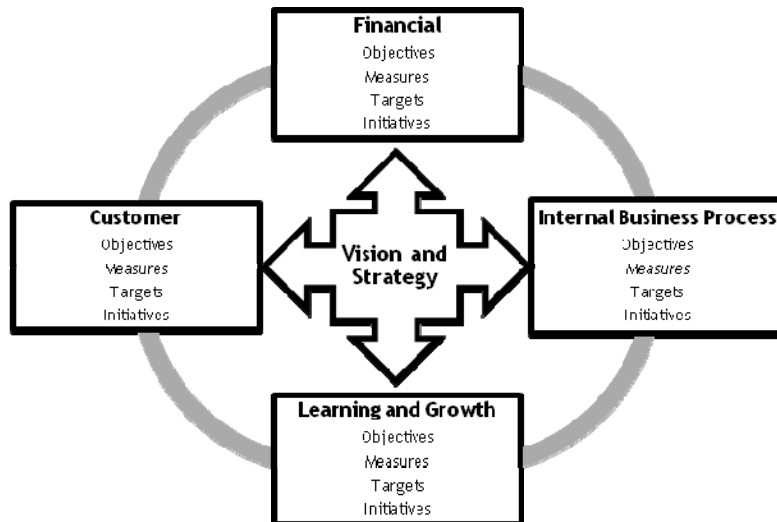
- Financial - articulates and evaluates if the strategy or initiatives are contributing to the bottom line.
- Customer – identifies the customer and market segments of concern for the organization, and also the measures of the business unit's performance within those segments.
- Internal Business Process - focuses on the internal processes that will have the greatest impact on customer satisfaction and achieving financial objectives.
- Learning and Growth – focuses on the infrastructure that the organization must build to create long-term growth and improvement, in light of global competition that mandates continuous improvement.

The 'balance' in the model is maintained by using a combination of 'lagging' and 'leading' indicators, which assess the extent to which an organization has had a more active or passive influence on performance.





FIGURE 3: BSC FRAMEWORK TO TRANSLATE A STRATEGY INTO OPERATIONAL TERMS



Source: Adapted from Kaplan and Norton. "Using the Balanced Scorecard as a Strategic Management System" *Harvard Business Review*, 1996

While the BSC was developed with the evaluation of for-profit businesses and organizations in mind, there have been some examples of the system being used in the public sector as well. This is based on pressures to continuously improve services to constituencies that those organizations serve. The major difference in implementation is from the "financial" perspective. The public sector must take a broader perspective on financial performance than the private/for-profit sector, which is often focused on lowering costs and staying on-budget. The ability to stay within or under budget, or even reduce the budget indicates little about the actual performance of a public sector or not-for-profit organization. This is especially relevant if the restrained or reduced budget comes at the expense of the services to the organization's constituencies. Financial objectives will play a role in performance measurement among not-for-profit and government organizations, but it will rarely be the sole motivating factor. Success should instead be measured by the ability to effectively and efficiently meet the needs of constituencies the organization serves. The distribution of performance measurements across multiple perspectives of the BSC is what often appeals to public sector organizations.

Working within the flexibility of the system, the figure below outlines modifications that could be considered in the development of an appropriate Balanced Scorecard framework to assess economic development programming from a municipal department or external corporation. Each of the perspectives that might be used in the private sector can be revised to meet the needs of a public sector economic development organization.



FIGURE 4: MODIFYING THE BALANCED SCORECARD FOR ECONOMIC DEVELOPMENT

	For-Profit Perspectives	Economic Development Agency Perspectives
Result	Financial <i>To succeed financially, how do we create value for our owners?</i>	Financial <i>Are we spending taxpayers' money wisely? Are we getting value for public money?</i>
Result	Customer <i>How well are we meeting our customer's needs?</i>	Citizen/Local Business <i>How well are we meeting our customer's (e.g. citizens and businesses) needs?</i>
Enabler	Internal Business Process <i>To improve our internal processes, what business processes must we excel at?</i>	Internal Process <i>To improve our internal processes and operate efficiently and effectively, what business processes must we excel at?</i>
Enabler	Learning and Growth <i>How can we support the internal processes through skills, abilities, tools, technology, leadership and other capacities?</i>	Learning and Innovation <i>How can we support the internal processes through skills, abilities, tools, technology, leadership and other capacities? Are we learning from our experiences?</i>

Overall, the adaptability of the system provides some potential to develop perspectives, objectives, and measures more specific to economic development program performance. However, the BSC requires that an organization have a clear strategy and direction, and a detailed understanding of what measures will accurately represent successes or failures in the pursuit of those goals. There is a lack of mechanisms for maintaining the relevance of the selected measures in the BSC, as well as no process for evaluating the measures once they have been chosen and used. Literature suggests that while determining what should be measured is easy, reducing the list to a manageable and relevant set was difficult for managers<sup>4</sup>. This counteracts the simplicity of only needing to check a few numbers, especially if the wrong numbers have been selected. Overall, use of the BSC demands that an economic development organization have a strong strategic plan and understanding of the best measures to assess success or failures towards achieving goals and objectives in that plan. From that perspective, the organization is then able to modify the BSC to the approach that best fits its particular needs.

<sup>4</sup> Akkermans, H. and Van Oorschot, K. (2002). Developing a Balanced Scorecard with System Dynamics.



### 1.2.3.2 Continuous Improvement Performance Management Systems

A continuous improvement performance management system (CIPMS) is a framework to effectively and efficiently manage organizational performance. Though specific implementations of CIPMS differ slightly, there is a common emphasis on managing for results – that is, a focus on what the organization actually achieves. Thus, any effective CIPMS must also be able to identify goals (or work within existing goals), and track progress towards meeting them. For an economic development organization, this should be an active – or continuous – process that can better assess how well the organization is meeting the economic development needs of the community.

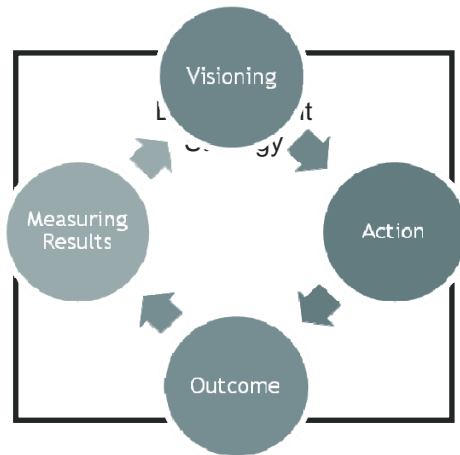
The development of a CIPMS must entail more than just a performance measurement system. It is a process that understands the activities of an organization, how it meets internal, external, and supervisory goals and expectations, and how those results are reported, internalized, and understood. The following summarizes the steps involved in an organizational CIPMS:

1. **Set Goals:** identifying areas of opportunity; defining the process; developing consensus on outcomes and indicators to measure outcomes.
2. **Develop Processes:** brainstorming plans around locally-based solutions and procedures to better achieve the identified goals.
3. **Monitor and Document Progress:** employing effective information & data management, agency assessment, and feedback tools to better measure and track ongoing performance efforts.
4. **Adjust Activities:** continuously identifying ways of aligning processes towards the more effective achievement of the identified results.
5. **Measure and Analyze Results:** evaluating achievement in relation to targeted results, and internal/external benchmarks, using consistent measurement tools.

As a continuous system, the process of measuring and analyzing results should then feed back into the setting of organizational goals. In an economic development context, the model mandates a continuous feedback of results towards achieving goals and visions for the community into the strategic planning process.



FIGURE 5: CONTINUOUS IMPROVEMENT MODELS WITHIN THE ECONOMIC DEVELOPMENT STRATEGY



A great benefit of results-based CIPM systems is that they can incorporate flexibility in allowing for modified processes and targets of different business units (or perhaps towards specific sector-based activities), while still measuring outcomes against overall organizational goals or mandates. The following principles can help inform a CIPMS for economic development organizations:

**System Use and Design:** A CIPMS should allow for effective collection of data in order to effectively assess progress and respond to change. It should be consistent in its desired goals for each economic development initiative within the organization. It should be scalable to different activities or projects, and use existing resources wherever appropriate to avoid redundancy.

**Indicator Selection and Design:** In order for partners and agencies to effectively monitor and report their performance, the method used to measure outputs and outcomes should be consistent across all economic development service delivery areas in the community and developed at least in part by consensus.

**Measurement and Results:** Effective CIPMS use and design should result in increased transparency and accountability of the organization's operations; this will allow its results to be more demonstrable to external stakeholders and reviewers.

### 1.2.3.3 Performance-based Funding Models

Performance-based funding (PBF) is an incentive-based approach based on the notion that changes in resource availability will encourage adaptation within an organization. The introduction of PBF models are meant to spur the development of measures to retain or enhance funding based on its availability. This may involve the more efficient allocation of resources, improvement of program performance, or achieving the goals of the organization providing core and incentive funding (e.g. producing students with degrees that reflect workforce needs). In an economic development context, PBF has implications on organizations that are funded from higher levels of government or



external sources but also on the allocation of resources across the organization, in different programming areas within economic development.

There are three major components to PBF models: goals, measurements, and incentives. Goals generally consist of priorities at the level of government providing core funding. From a municipal economic development perspective, this may be the municipality, or the provincial or federal government. However, project or program-based goals within the organization may also need to align with the broader goals of the organization to ensure resource allocation. The economic development strategy for the community can form the basis for goals in the model, even if core funding is coming from a higher level of government. The measurement component tracks outputs and progress towards goals and outcomes. The final component, incentives, can be financial or regulatory. They are the rewards provided to spur urgency and action on improving performance, and devising strategies to better utilize resources or achieve articulated goals. There are three common PBF models:

- **Output-based systems:** link performance-based funding to specified outputs of the program. In an economic development context, project-based funding may be linked to the number of clients served.
- **Performance contracts:** articulate a set of performance benchmarks and goals (specific to the organization or project under review) which must be met through service delivery.
- **Performance set-asides:** are separate portions of available funding designed to improve performance across different organizations funded from the same source; they are a bonus fund from which organizations, projects, or business units compete to receive money.

## 1.2.4 Case Studies in Performance Measurement

### 1.2.4.1 Regional Innovation Acceleration Network (RIAN)

In its 2011 study, EDAC highlights the approach recommended by the Regional Innovation Acceleration Network (RIAN) for performance measurement in Venture Development Organizations (VDOs) across the US. RIAN recommends a simplified structure of four impact measures for its VDOs (jobs created, wages paid, investments attracted, and revenues earned), as well as one performance measure for the organization (time in place) based on clients served. RIAN notes that it is important for VDOs to use other metrics beyond these four (or to refine metrics based on these four) that are appropriate and more customized to their particular operations, funding requirements, and regional needs.



FIGURE 6: RECOMMENDED PERFORMANCE AND IMPACT MEASURES



RIAN notes that benchmarking over time creates the most value for the organization in its impact measures. This alleviates the pressures of comparing one VDO to another, where the differences in operations or programming obligations may skew performance assessment. Benchmarking offers the opportunity for a VDO to compare its performance to more appropriate standards – national/state/regional averages, industry sector stats, control groups, or other normalized measures within the four impact metrics. It also offers the opportunity for a VDO to compare its performance against itself and its benchmarked results. Knowing the performance from year to year allows internalization of those results, and development of strategies and activities that can be employed to continue or improve success.

CincyTech, a public-private seed-stage investor based in Cincinnati with the mission of driving talent and capital into scalable technology companies in Southwest Ohio, has expanded on these recommendations to create performance measures more defined and relevant to their particular situation. Measures tracked include:

- Investment opportunities reviewed
- Companies given significant technical assistance
- Companies receiving CincyTech investment
- Jobs attributed directly to CincyTech investment
- Total invested by CincyTech
- Total invested in CincyTech companies by private sources (Co-investment)
- Leverage ratio of private dollars to CincyTech dollars
- Average Salary at CincyTech-backed company

Each of these measures are tracked on an annual basis, and reported as cumulative totals to assess the impact of the VDO on the economy of Southwest Ohio, which feeds directly into annual business planning activities.

#### 1.2.4.2 Newfoundland Labrador Regional Economic Development Association

The Newfoundland Labrador Regional Economic Development Association (NLREDA), in partnership with the Atlantic Canada Opportunities Agency (ACOA) and the



Department of Innovation, Trade and Rural Development (INTRD) has implemented a performance management framework and performance-based funding model for the Regional Economic Development Boards (REDBs) in Newfoundland and Labrador. The model is intended to produce outcome-based planning at the regional-board level, reward excellence and superior performance, promote meaningful municipal participation in the REDB process, and serve as a tool to provide targeted feedback on REDB initiatives and performance. The Funding Model is explained below.

Total Funding = Base + Performance + Municipal Match + Incentive, where:

- Base Funding (BF): is a fixed amount for each REDB based on current funding levels
- Performance Funding (PF): is calculated for each year using the PF evaluation score, to a maximum of \$80,000 per year
- Municipal Match Funding (MMF): Up to \$15,000 per year from INTRD/ACOA to match dollar for dollar cash contributions made by local municipal governments to REDBs for their core operations
- Incentive Funding (IF): is a fixed amount that is tiered based on a REDB's PF score and awarded only in years where funding partners realized savings based on funding levels from the previous year, which will encourage REDBs to collaborate on projects of mutual interest

The two key documents to be used in the PF evaluation process are the Annual Report and the Integrated Business Plan (IBP). Prior to a funding renewal meeting with the REDB, the funding partners meet to discuss these documents and determine a PF score for the REDB based primarily on the work included in the economic development strategic plans from the previous year and elements contained in the new IBP for the following year. When a REDB scores lower than the minimum acceptable standard in their PF evaluation, they are awarded Base and Performance funding for up to 12 months based on that score. However, the low PF score initiates a diagnostic regulatory process where a team composed of INTRD, ACOA, and other stakeholders as required maintains critical engagement with the REDB throughout the year to identify and resolve key issues.

Though more focused on the most effective way to disburse funds from higher-levels of government than measuring performance, the model provides an important structural example of how a performance-based funding model can be implemented in the public sector tied to implementation and development of strategic plans. It highlights the importance of measuring performance correctly, and using performance measures to effectively plan for implementation over the following year. REDBs have access to their core funding year after year, but excellent performance is rewarded by various financial incentives, encouraging REDBs to effectively use resources and performance measures in annual implementation planning.

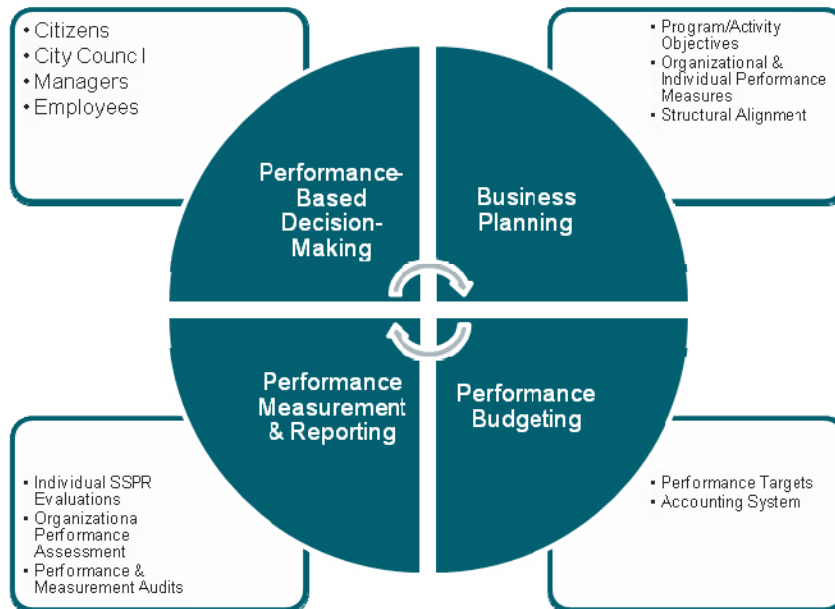
#### **1.2.4.3 City of Austin, Texas**

In an effort to sustain a high level of service and continued improvement, the City of Austin has implemented an operating strategy aimed at "Managing for Results" (Figure



7). This strategy of performance measurement and continuous improvement incorporates a comprehensive business planning process, which establishes the departmental activities that will pursue the broader departmental goals and objectives. The system includes all 31 departments within the City of Austin, as well as their associated programs<sup>5</sup> (e.g. economic development) or activities<sup>6</sup> (e.g. economic development services).

FIGURE 7: CITY OF AUSTIN MANAGING FOR RESULTS FRAMEWORK



Source: City Auditor, City of Austin, 2007

Performance measures in the system are broken down into performance measures and operational measures. Individually, these measures provide important information for making management decisions. When considered together, they provide the performance information that has been deemed essential to manage for results and make informed business decisions at the departmental level. Policy and budget decision focus primarily on the result measures (i.e. outcomes), while the full grouping of measures provides the context needed for managers to make good decisions. Each performance measure falls into one of the following categories:

- Demand: the amount of services requested or expected by customers of the activity.
- Output: Units of services provided, products provided or people served through the activity; outputs are counts of the goods and services produced or delivered.

<sup>5</sup> A program is a set of activities with a common purpose that produces results for citizens.

<sup>6</sup> An activity has a common purpose that produces outputs and results. This includes services to the public and to customers internal to the department.





- Result: The impact that an activity or program has on citizens (results measures are also known as outcome measures).
- Efficiency: The unit cost of an output or result.

The Economic Growth and Redevelopment Services Office's (EGRSO) mission is to create a cultural and economic environment that enhances the vitality of the community in a manner that preserves Austin's character and environment. There are five program areas within the EGRSO, broken down into seven activity areas, each with associated performance measures at the program level. Annual targets for each measure are approved through the departmental business planning and City budget process, with progress monitored on an ongoing basis. The following provides an overview of the reporting on performance for the economic development services activity within the City's economic development program.

FIGURE 8: SELECT PERFORMANCE AND OPERATIONAL MEASURES, CITY OF AUSTIN ECONOMIC DEVELOPMENT SERVICES

Activity Measures	FY 2011 Actual	FY 2011 Target	FY 2012 Target
Performance Measures			
Number of economic development projects	49	50	50
Number of emerging technology projects	86	55	55
Number of new jobs created through economic development efforts	1,689	500	500
Number of participants attending international business training classes	250	250	250
Operational Measures			
Number of economic development inquiries received	145	180	100
Number of emerging technology inquiries received	261	180	180
Cost per person trained in workforce development	684	250	250
Number of international inquiries received	351	351	350
Number of business-to-business meetings facilitated by the international program	499	20	20

Source: City of Austin, 2012

Similar measures exist for the other six activity areas within the EGRSO: cultural development and contracting services, redevelopment services, music, program management (small business development), program services (small business development), and department support services. The performance against the budget mandated annual targets play a key role in the business planning process for the following year, as well as the determination of new targets for performance measures, or the introduction of any new programming and associated performance measures.



The City of Austin's system, with associated measures for each activity and program area at the City, also illustrates the importance of measures at the departmental level. All measures align with the broader goals of the department and program area, but are found at only the most discrete levels of activity within the City. By limiting the assessment of measures to the activity area level, decision makers are able to effectively manage implementation planning and resource allocation based on comprehensive assessments of performance in very discrete areas. Activity-level measures provide a broad spectrum of information on programming that would be lost if measures were provided only at higher levels, and thus illustrate the appropriateness of local-level performance measurement.

### 1.2.5 Summary and Relevance for Edmonton

In developing measures for the Edmonton's economic development strategy, the City will need to develop a logic model to illustrate how the activities and actions under the strategic goals and objectives fit within the community's broader objectives for prosperity. This creates the connection between the outputs of the economic development strategy, and the outcomes for Edmonton articulated through the strategic goals for economic development and the City of Edmonton. There are no specific sets of measures that should be implemented; rather the measures defined must reflect the activities and projects that will result from the economic development strategy.

Given existing concepts and models in performance measurement, and case studies of successful implementation, there are several considerations for Edmonton in designing and implementing performance measures and measurement systems for economic development:

- Measures that clearly connect to intended outcomes of the strategy, the economic development program, and the City of Edmonton have the most relevance for decision makers and staff. In order to demonstrate the level of activity of the organization, measures focused on outputs should also be considered.
- Measures in which the economic development organization can illustrate influence on change, and where quantitative and qualitative data can be collected in a timely and cost-effective fashion should be prioritized. Data sources (quality) and availability (frequency) should be considered as well.
- Performance measurement at the activity level has the potential to introduce hundreds of measures and indicators to assess performance, but activity level measurements provide the most comprehensive assessment of a program's performance. The organization should establish a prioritized set of activity-level measures that align with departmental goals, rather than relying on measures at the broader program level. This is especially relevant for department-level resource and planning decisions.
- The process for transferring lessons learned from performance measurement into the departmental planning and budgeting processes annually, and on a more



ongoing basis, should be clearly outlined and developed. This illustrates value in the performance measurement system, and transparency in the efficient utilization of available resources.