



ALLEN + CLARKE

MASTERING MEASUREMENT

What to Measure, How, and Why



Where to start – begin with the end in mind

The top factors to consider when measuring performance are ensuring your measures reflect progress and generate quality insights, minimising unintended consequences and the likelihood of perverse behaviours, and ensuring your data collection and analysis will be feasible. Before starting, your team should ask the following questions:

- Do we need to do this? One way to frame this is to hypothesise what would happen if you elected to not formally put a measurement in place.
- Who will be the audience?
- Who will you need buy-in from, and how will you get them on board?
- What constitutes 'good enough' in your data collection? In other words, what trade-offs are likely to be acceptable?
- What will you need to consider when designing measures e.g, data availability, data maturity in your organisation?
- Who owns the data?

Who owns the data is typically referred to as data sovereignty. The issue of data sovereignty is important, both in general, and especially Māori data sovereignty. Understanding measurement from a data sovereignty perspective can prevent many unintended consequences.

Getting clear about the answers to these questions as early as possible will help shape your decisions. and ensure you have pragmatic fit-for-purpose performance measures.

Ensuring your measures reflect progress and generate quality insights

The current political environment is impacting the way we think about measurement with a stronger focus on quantitative measurement, establishing targets and showing return on investment. Governments putting a strong emphasis on transparency, accountability, and efficiency within public sector operations is not new - it has always been important to show impact via good performance measurement.

Expectations for measurement of performance

Organisations such as the New Zealand Treasury and the Office of the Auditor-General (the OAG) provide useful guidance for developing effective measurements. The OAG in particular provides some great guidance including highlighting some good examples from recent agency reporting.



Planning your measures

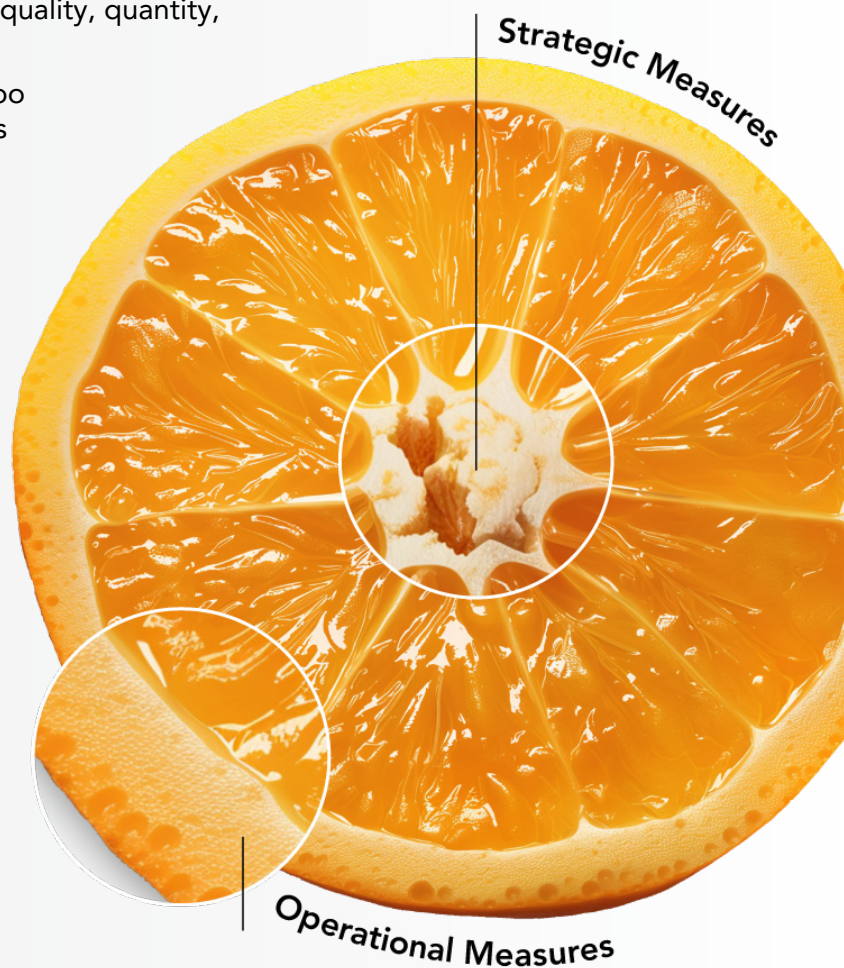
Increasingly public organisations are needing to tell a 'good' performance story. There are two sides to this story – operational performance and their strategic outcomes.

You can think of this like an orange. The inside of the orange is the operational measures. These, are inward-looking, typically with a focus on measuring for example timeliness, quality, quantity, efficiency.

An important point the OAG raises is that too many public agencies focus on activity levels – in other words, the number of times an activity has been completed or delivered. While quantity may tell you the level of demand for a service, it doesn't provide any information about the value of the activity and/or the difference delivering that activity has made.

The outer part of the orange is your strategic outcomes. These are outward focused and should enable you to track the difference you're making. To be able to do this well, it's important to plan, to identify what is strategically important to measure. Tools such as outcomes frameworks and intervention logics based on a theory of change are really helpful for identifying and articulating the sequence of events from outputs through to long-term outcomes. In doing so, they provide a useful basis for determining what needs to be measured and the level of influence an organisation has over its desired outcomes.

Like public agencies, it's increasingly important that NGOs can demonstrate the difference their work programme is making, particularly the impact on communities.



Designing robust measures

Here are a few tips to help you design robust measures:

- As it takes several data points to create a trend, it's important that measures remain relevant over the medium- to long-term, so that progress can be tracked and compared.
- Measures need to be free of perverse incentives and should contribute to telling a balanced story. They should be nuanced enough to capture the whole picture.
- Make sure you correctly identify what counts as a measure. Case studies or surveys are data sources, not measures. Additionally, case studies aren't generalisable, so while they are an important source of evidence, they're insufficient on their own.

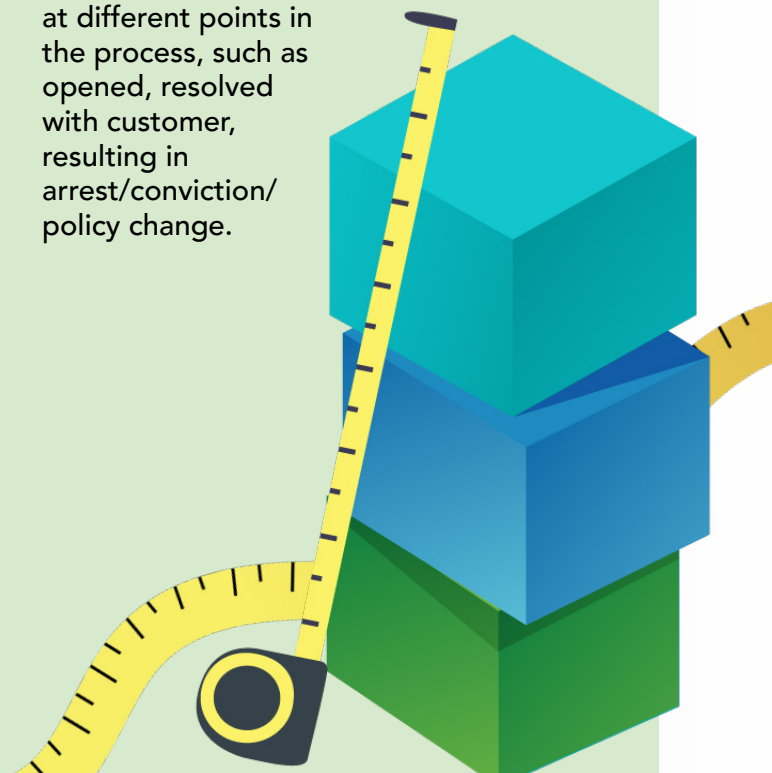
For measuring outcomes there are a few specific points to consider:

- Make sure your outcomes measures are linked to your strategy or strategic framework.
- Plan for results – identify what difference you expect to make in the short-, medium- and long-term. To support this process, ; i.e., develop a logic map. A logic map will enable you to develop a coherent link between what you're seeking to achieve and its supporting outputs.
- Focus on what is in your sphere of control – that which you have most control over – rather than areas of influence and/or interest which have a much higher level of reliance on external factors.

Example: Investigation output measures

To give you bit more of a sense of the types of things you need to consider when developing measures, here is an example – compliance investigations or audits. While it may be tempting to measure how many investigations are completed, any insights will be limited. This is in part because each investigation is a different size and scope, some might be more strategically important than others. In addition, if a target is set for the number of investigations completed each year, there is a risk that this could encourage perverse behaviours. For example, progress may be shown by closing investigations early or conducting more smaller and less complex investigations.

To tell a more nuanced story, there are a number of aspects of investigations that could be relatively easily measured. For instance, investigations could be classified by size, complexity, average cost or type; extent of coverage within selected risk areas, by industry, and/or population. In addition, investigations could be measured at different points in the process, such as opened, resolved with customer, resulting in arrest/conviction/ policy change.



Working with limited resources

Often, ineffective measurement arises when there's a misalignment between the expected outcomes from an initiative and what is being measured. This reflects an organisation losing sight of what is important, the expected outcomes from an initiative. Instead, they collect a range of data and produce measures that don't actually provide any useful insights about whether the initiative is making the desired difference and for whom.

These decisions about what matters are crucial. When you are constrained in what can be measured due to limited resources, how you choose what to measure and who makes these decisions becomes even more important. It is usually best to begin with, and possibly end with, qualitative data, as understanding comes before measurement.

Unintended consequences

Unintended consequences can arise when certain populations are privileged or focused on in data collection. A good example is the tyranny of the majority. This occurs when a broad, all-of-population measure paints an overall positive outcome or improvement. However, smaller sub-groups within the wider data set may be experiencing negative outcomes, but this is masked by the overall positive trend in the larger population.



Another unintended consequence of data collection is when the measure becomes the target. This is known as Goodhart's law – when a measure becomes a target, it stops being a useful measure. It is important not to focus on achieving the measure – you need to remember that the measure is an indicator of how well you're progressing towards your desired overall outcome.

|| *When a measure becomes a target, it ceases to be a good measure*

A good example of when a measure has become a target are emergency department (ED) wait times. Wait times are a crude indicator of the actual outcomes, such as reduced suffering, shorter recovery times, and increased wellbeing. This runs the risk of turning the system into an efficiency exercise, where the goal is to get patients through the system as fast as possible, focussing too much on triaging, prioritising, and actual time spent with the nurse or doctor. However, this focus on efficiency can lose sight of the bigger drivers that are pushing unsustainable numbers through the ED and may come at a cost to lasting health outcomes and wellbeing.

Measures can also have unintended consequences on the behaviour of staff within organisations. For example, a salesperson may be motivated to hit their sales targets but may also be tempted to mis-sell a product so they can achieve incentive payments; a person may become stressed or demotivated because they feel targets are unachievable or unfair. There is also the risk that important work may get less attention if it isn't reflected in the suite of performance indicators.

Avoiding unintended consequences

Unintended consequences can in part be minimised by following a good measure design process, such as that proposed by [Stacey Barr](#) in her book Practical Performance Measurement. Stacey's approach encourages the systematic assessment of potential measures against strength and feasibility criteria. This is a perfect time to try and identify possible unintended consequences by asking questions such as:

- Who will be interested, involved or affected by the implementation of this measure?
- In what ways might this measure have a direct or indirect impact on them?
- What interests of these groups need to be considered?
- Can the groups most affected be seen in the

