The diagram to the right illustrates the relationship of performance measurement to other parts of the results-based management process. The focus is on ministry strategies for meeting government priorities or serving another important public interest. Performance measures for these strategies demonstrate the contribution that their results make to government priorities.

The results achieved at the activity level, in the form of outputs or short-term outcomes, will be used to support project plans, quarterly reporting and Management Board of Cabinet and Cabinet policy submissions. However, the latter submissions should also be supported by evidence that demonstrates intermediate term outcomes.

The performance measures that ministries report centrally will be a combination of:
   a) measures related to public reporting and,
   b) intermediate level outcome measures that demonstrate the contributions of ministry strategies to meeting government priorities or serving other important public interests.

- Public results measures and high level indicators
- Intermediate-term outcome measures
- Outputs and short-term outcomes
- Project Plans and milestones
Developing performance measures is not easy. Poorly integrated performance measurement systems can be worse than no system at all and may actually support poor decision-making. There are six steps to establishing good performance measures.

**Step 1**  Use a logic model to define the ministry’s strategies in relation to government priorities

Ministries should use logic models to illustrate relationships among activities, strategies and the results to be achieved.

**Step 2**  Identify and consult on cross-ministry or horizontal initiatives

Ministries should consult with third party service providers, broader public sector organizations and other ministries to align performance measurement systems to promote greater coordination and avoid duplication.

**Step 3**  Identify individual performance measures

Developing performance measures is an iterative process and it is rare to get a satisfactory product the first time. It may be helpful to research measures that have been developed for similar activities elsewhere.

**Step 4**  Check the measures for pitfalls

A number of pitfalls can compromise the value or usefulness of a performance measure. The most common pitfalls are attribution and measurement corruption.

**Step 5**  Establish baselines

A baseline is the level of results at a given time that provides a starting point for assessing changes in performance and establishing objectives or targets for future performance.

**Step 6**  Set performance targets

A target is a clear and concrete statement of planned results (including outputs and outcomes) to be achieved within the time frame of parliamentary and departmental planning and reporting against results which can be compared. Every ministry is asked to use comparative data to set targets based on its own performance, established industry standard, articulated customer preference and/or performance of a comparable organization. Reasonable targets are challenging but achievable.

Once established, measures are used to measure progress, take corrective actions and adjust targets where applicable.

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### Logic Model

The logic model provides a foundation for developing performance measures that will support decision-making. A logic model is a tool that can help define strategies and activities in relation to government priorities. It clearly shows the relationships among government priorities, ministries’ strategic objectives, and how ministry activities contribute to achieving those objectives and priorities through their expected outcomes. The process of creating a logic model and making the linkages among inputs, outputs and outcomes can help build common understanding of what is expected, prioritize activities and identify appropriate performance measures.

Many people will be familiar with program logic models, but they can also be used at a strategic level or created for the work of an entire organization. Everyone who uses logic models adjusts them to meet their own purposes, but a standard logic model is shown at right.

**The important points to remember when creating a logic model are:**

- A logic model is an iterative process that involves many people working together rather than a product which one person can produce.
- The information entered into the logic model at the early stages may need to be revised as new information is entered.
- It’s not just the information in the boxes that counts, but the relationships between the boxes.

### Standard Logic Model Diagram

<table>
<thead>
<tr>
<th>Inputs</th>
<th>Activities</th>
<th>Outputs</th>
<th>Desired Short-Term Outcomes</th>
<th>Desired Intermediate Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>List all inputs</td>
<td>List all activities</td>
<td>List the tangible products of the activities</td>
<td>List the changes in participation, awareness, behaviour, compliance or capacity that are expected to result from the activities in the short term</td>
<td>List the benefits or changes in conditions, attitudes and behaviour that are expected to result from the activities in the intermediate term</td>
</tr>
</tbody>
</table>

### Logic Model Process - How Each Component Leads To The Next Stage

- **Inputs**
- **Activities**
- **Outputs**
- **Outcomes**
- **High Level Change**

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“There is nothing so useless as doing efficiently that which should not be done at all.”

Peter F. Drucker
Meaningful performance measures should subscribe to the following criteria:

- Show how ministry activities contribute to achieving results
- Use reliable, verifiable and consistent data collection methods
- Provide key information for decision-making
- Capture all areas of significant spending
- Identify and track impact as well as progress towards meeting desired outcomes
- Incorporate consideration of risks and act as “thermometers” for risk management.

The Ontario government uses three levels of performance measurement:

### Output measures

Output measures should be developed to demonstrate the short-term progress that ministry activities make towards achieving the objectives of ministry strategies.

### Outcome measures

Outcome measures (short-term and intermediate term) should be developed to demonstrate the achievement of ministry strategies and/or the contribution of ministry strategies to meeting government priorities.

### High level indicators

High level indicators measure social, environmental or economic conditions for which government alone is not accountable, but which reflect the extent to which the government’s priorities are being achieved.

Identifying output measures and high-level indicators is relatively easy but identifying good outcome measures can be difficult. The Ontario government uses three types of outcome performance measures.

#### Efficiency:

The extent to which a strategy is producing its planned outputs in relation to use of inputs.

#### Effectiveness:

The extent to which a strategy is producing its planned outcomes and meeting intended objectives. At least one outcome effectiveness measure is required for each ministry strategy.

#### Customer satisfaction:

The degree to which the intended recipients or beneficiaries of a product or service indicate that the product or service meets their needs and expectations for quality and efficiency.

Ministries should use outcome measures of effectiveness, efficiency, and customer satisfaction wherever possible.

### Measures Checklist

- **Relevance:** Is the measure actually a good measure of the objectives the strategy intends to achieve?
- **Validity:** Does the measure actually measure what it is supposed to?
- **Reliability:** Do different users of the same measure report the same result?
- **Verifiable:** Will the measure produce the same data if measured repeatedly?
- **Attribution:** Does the measure relate to factors that the ministry can affect?
- **Clarity:** Is the measure clearly defined and easily understood?
- **Accuracy:** Does the measure provide correct information in accordance with an accepted standard?
- **Cost Effectiveness:** Is the value of the measure greater than the data collection costs?
- **Sensitivity:** Is the measure able to measure change?
- **Timeliness:** Can data be collected and processed within a useful timeframe?
- **Comparability:** Can the data be compared with either past periods or with similar activities?
- **Consistency:** Does the data feeding the measures relate to the same factors in all cases at all times?
- **Integrity:** Will the measure be interpreted to encourage appropriate behaviours?

### Conclusion

In order to demonstrate results we need to measure our performance and use that performance information for planning and on-going management of government activities. Reporting performance is important to guide decision-making and support continuous improvement efforts.

Your Management Board Secretariat advisor on performance measurement can be reached through Kevin Perry, Manager, Performance Measurement and Evaluation, Program Management & Estimates Division, 416-325-1290; Kevin.Perry@mbs.gov.on.ca.

The Program Management & Estimates Division website includes links to:
- The Performance Measurement Guide
- Web links to international Performance Measurement literature, resources, and cross-jurisdictional comparisons
- Web links to OPS Ministry materials about their own performance measurement and management systems.

For a full glossary of performance measurement terms or be used across the Ontario Public Service, see Appendix 2 of the Guide.

Modern Controllership Training unit, Fiscal and Financial Policy Division, Ministry of Finance offers free courses on performance measurement to support ministries in their efforts to develop performance measurement systems and monitor and report on performance. Details and registration information are available at: [http://intra.mc.fin.gov.on.ca](http://intra.mc.fin.gov.on.ca).

