

# Organizational Excellence

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Stimulating Quality and  
Communicating Value

Joseph S. Wholey

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*Stimulating Quality and  
Communicating Value*

*Edited by*

**Joseph S. Wholey**

University of Southern California  
Washington Public Affairs Center



E8861372

**Lexington Books**

*D.C. Heath and Company/Lexington, Massachusetts/Toronto*

*Library of Congress Cataloging-in-Publication Data*  
Organizational excellence.

Includes index.

1. Administrative agencies—Evaluation. 2. Public  
administration—Evaluation. 3. Organizational  
effectiveness. I. Wholey, Joseph S.  
JF1411.074 1987 350.007'6 86-45790  
ISBN 0-669-14304-9 (alk. paper)

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transmitted in any form or by any means, electronic or mechanical,  
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system, without permission in writing from the publisher.

Published simultaneously in Canada

Printed in the United States of America

Casebound International Standard Book Number: 0-669-14304-9

Library of Congress Catalog Card Number: 86-45790

The paper used in this publication meets the minimum requirements of  
American National Standard for Information Sciences—Permanence of  
Paper for Printed Library Materials, ANSI Z39.48-1984.



87 88 89 90 8 7 6 5 4 3 2 1

# Organizational Excellence



# Preface

**I**n government, excellence goes beyond efficient, effective performance. Excellent government organizations have feedback systems that provide credible information on resources consumed, tasks accomplished, services provided, and the value of services provided.

Constructive feedback on organizational performance and value can help motivate managers and staff, reduce burnout, and stimulate high-quality performance.

Credible feedback on organizational performance and value can help convince policymakers to provide the flow of resources that government organizations need to continue functioning.

This book shows how, even in turbulent political and bureaucratic environments, those responsible for government organizations can clarify performance expectations, assess organizational performance and value, stimulate high organizational performance, and credibly communicate the value of the organization to those within and outside the organization. Though it can be difficult to get agreement on performance expectations and to get feedback on organizational performance and value, the examples presented here show how policymakers, managers, and staff can overcome the difficulties and demonstrate excellence in government.

We thank all those who have contributed the resources and feedback needed to bring this book to our readers, including faculty, staff, and students in the University of Southern California's School of Public Administration; colleagues who participate in the informal "brown bag lunch" seminars that have resulted in this publication; constructive critics Christopher Bellavita, Helen J. Wholey, and Margaret S. Wholey; our excellent manuscript typist, Susan Kilgore; our editors, Margaret Zusky and Susan Cummings; and the entire staff at Lexington Books.

*Joseph S. Wholey*

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# **Part I**

## **Introduction**



# 1

## Stimulating Quality and Communicating Value

*Joseph S. Wholey*

**I**n times of important public needs and scarce government resources, improving government performance—improving the quality, efficiency, and value of public services—is important to all of us. For the past two years, several of the contributors to this book have been meeting in an informal “brown bag lunch” seminar at the University of Southern California’s Washington Public Affairs Center. At these sessions, the contributors have examined leadership strategies, management practices, and analytical approaches that government policymakers, executives, managers, and staff can use to stimulate high-quality performance in government organizations and to communicate the value of an organization’s activities to key people outside the organization. We play a variety of roles in and around federal, state, and local governments: policymaker, government executive, policy analyst, management consultant, evaluator, program manager, manager of analytical staff. Many of us are involved in graduate work in public administration; all of us have had years of practical experience in government.

The ideas that we have discussed, refined, and now present explore political and bureaucratic constraints that inhibit high performance in government organizations and show how government organizations have acted to stimulate, achieve, and communicate organizational excellence. The following chapters show how managers and staff at headquarters and at service delivery levels can work with legislative and executive branch policymakers, other managers, and key interest groups to achieve and demonstrate excellence in government organizations and programs.

The book is organized in terms of the four steps on a scale that can be used to measure the extent to which government organizations and programs have demonstrated excellence:

*Step 1:* Getting policy and management agreement on the definition of “performance” for the organization or program: establishing plausible outcome-oriented organizational goals, objectives, and quantitative or qualitative measures of performance.

*Step 2:* Assessing the productivity, timeliness, quality, and value of the organization's activities in terms of those goals, objectives, and performance measures.

*Step 3:* Stimulating high-quality organizational performance by providing feedback on organizational performance in terms of those goals, objectives, and performance measures.

*Step 4:* Credibly communicating the quality and value of the organization's activities to key stakeholders, to those who control or influence the allocation of needed resources, and to the public.

The following chapters suggest potential roles for evaluators in each of these steps toward excellence. They explore uses of evaluation and performance monitoring using a framework that includes (1) the political and bureaucratic context (political and bureaucratic support for the organization or program, and political and bureaucratic constraints); (2) how organizational performance was measured; (3) primary uses of evaluation (to agree on ambitious but realistic objectives and measures of performance, to change the organization's activities, to communicate organizational performance); and (4) results (improving organizational performance, improving organizational credibility, reallocating resources in the direction suggested by evaluation; in particular, maintaining or expanding an effective organization or program).

The authors grapple with problems of leadership, management, and evaluation in environments in which it is difficult to get agreement on appropriate definitions of "organizational performance." They also address the central issue of the cost of information on program performance, showing how performance measurement and the use of performance information can be accomplished at reasonable costs in time and money. A number of the authors suggest proceeding by successive approximations, using a "sequential purchase of information" strategy that moves through evaluability assessment, short-term or rapid-feedback evaluation (a study in which the means of evaluations are tested and refined for replication on a larger scale, if warranted), and performance monitoring (periodic measurement of inputs, activities, or outcomes) before proceeding (if one proceeds at all) to methodologically rigorous full-scale evaluation.

## **Defining and Assessing Organizational Performance**

The first task of leaders is to clarify and communicate goals. In government, where managers and staff are constantly being given conflicting signals as to what is important, this leadership task is especially challenging.

The chapters in part II show how managers and staff at federal, state, or local level can work together to clarify performance expectations and establish systems for monitoring and evaluating performance. Although the cost of valid, reliable performance measurement is always an issue, the authors of these and succeeding chapters show that useful measurements of program and staff office performance can be obtained at reasonable cost—capitalizing on available data, using ratings by knowledgeable observers, or conducting sample surveys when necessary.

In chapter 2, Michael Fishman describes a results-oriented planning and management system implemented in the Office of Human Development Services (HDS), the principal social services component of the U.S. Department of Health and Human Services. Assistant Secretary Dorcas Hardy used this system to redirect headquarters and regional office activities toward Reagan administration priorities; to stimulate improved internal management; and to stimulate improved performance in HDS-funded programs, most of which are operated at state and local levels.

The HDS operating plan includes objectives (stated in terms of desired target-population outcomes wherever possible), leadership goals (targets) for each objective, specific initiatives that describe what HDS will do to move toward achievement of each objective, and indicators that explicate and measure accomplishment of each initiative.

The agency's operational planning system is automated: agreed-on goals, objectives, and performance targets are entered into a computer; all reporting is done through computer terminals at headquarters and in the field; managers can easily generate preprogrammed reports. The system includes quarterly management reviews of planned and actual accomplishments, problems, and actions needed. Quarterly and annual reports on accomplishments and priorities for the future are widely shared throughout the agency.

Fishman examines problems that arise in implementing an operational planning system—in setting performance goals, in measuring performance, and in communicating organizational performance—and describes how HDS has addressed those problems. He reports the assessments of HDS executives, managers, and staff on the costs and value of the agency's operational planning system—including Assistant Secretary Hardy's assessment and her advice to other executives seeking to implement or refine such systems.

The operational planning system helped Hardy to manage a fragmented federal agency. She now serves as commissioner of the Social Security Administration.

In chapter 3, Judith Hays notes that operating-level managers tend to resent monitoring and evaluation—and then suggests an agenda for collaboration between evaluators and human services managers in local social service agencies, with managers taking more responsibility for contributing to the

agenda. The proposed agenda would include efforts to clarify intended uses of evaluation before evaluations are undertaken and to specify appropriate measures of agency and program performance. In Hays's view, one of the most important purposes for such collaboration would be to provide agency staff with information on what they are accomplishing, to help reduce burnout and staff turnover.

For each of four increasingly complex types of social service programs, Hays suggests specific types of performance measures and evaluation strategies. She advocates the use of client records as a potentially rich source of relatively low-cost qualitative and quantitative data on agency, program, and employee performance. For services to clients whose problems are difficult to analyze and solve, Hays suggests the use of client surveys to get feedback on the quality, timeliness, and appropriateness of the services provided.

Hays notes that statewide reports comparing the performance of local agencies have stimulated improved local performance. She suggests that such reports can often be prepared at relatively low cost, since much of the basic information is already being collected for accountability purposes.

In chapter 4, Joseph Wholey describes evaluability assessment, a diagnostic and prescriptive process that evaluators can use to involve key policymakers, managers, and staff in identifying and solving problems that inhibit the use of evaluation to improve organizational and program performance. Evaluability assessment clarifies program goals and objectives from the points of view of key policymakers, managers, program staff, and interest groups; examines the plausibility of program objectives, the feasibility of potential measures of program performance, and potential uses of information on program performance; and identifies changes in program resources, activities, objectives, and uses of information that would improve program performance. Evaluability assessment helps program staff, managers, and policymakers to agree on evaluation priorities and intended uses of evaluation.

Wholey presents case studies illustrating the use of evaluability assessment in designing an evaluation of Tennessee's prenatal care program and in developing a management initiative designed to improve the performance and credibility of a nonprofit organization responsible for forty service, education, and charitable programs. Evaluability assessment of Tennessee's nineteen-county demonstration program resulted in an interim evaluation that was used in preparation of the state health department's plan to expand prenatal care throughout Tennessee and was used in budget deliberations that led to a statewide program. Evaluability assessment of the Aid Association for Lutherans (AAL) forty-program "fraternal benefit program" resulted in policy and management agreement on four objectives as a framework for managing and evaluating AAL's fraternal benefit programs, and agreement to undertake a

three-year results-oriented management initiative in which small-sample rapid-feedback evaluations were an important factor in decisions as to whether to promote, modify, or phase out each of the individual programs.

In chapter 5, Gerald Barkdoll and Anne Greene describe a collaborative Food and Drug Administration (FDA) effort to develop systems for monitoring the contributions of FDA staff offices, beginning with the Public Affairs Office. One purpose of such monitoring systems would be to make staff offices more responsive to the needs of the line managers. A second purpose would be to reduce unwarranted criticism of staff offices by line organizations. Using two evaluation teams consisting of staff from within and outside the Public Affairs Office and soliciting inputs from a wide variety of sources (including public relations firms, trade associations, public affairs units in other agencies, and the press), the FDA evaluation staff built consensus on performance indicators that reflect the varying expectations of top FDA executives, line managers, and managers and staff in the Public Affairs Office itself.

The authors report that, although the initial focus of the project was on the development of management indicators that would rely on existing data and focus on outcomes over which public affairs managers have control, the public affairs team pressed for inclusion of a broader set of performance indicators that would allow assessment of the impacts of the office's activities and initiatives. The evaluation system finally developed included (1) a set of ongoing performance indicators that were based primarily on agency and staff records and could be sampled at any time; (2) sets of intermittent and one-shot indicators based on surveys and independent raters' assessments of staff products; and (3) plans for occasional special studies to meet other information needs of the Public Affairs Office.

Barkdoll and Greene report that benefits of the effort to develop performance indicators for the Public Affairs Office included clarification of the role of the Public Affairs Office and the appropriate relationship of this office to the agency head; increased understanding of the difference between active and reactive activities (for example, informing the public of fraudulent health products versus responding to Freedom of Information Act requests); and the surfacing of basic policy issues that may result in the redirection of scarce resources. They note that the director of another FDA staff office has requested evaluation staff help in developing performance indicators appropriate to his staff's functions and activities.

### **Stimulating High-Quality Performance**

A second task for leaders is to lead: to motivate activities that will contribute to progress in a particular direction. In government, information comparing expected and actual performance can be a powerful incentive.



The chapters in part III show how policymakers and managers can use feedback on organizational performance to stimulate improved performance. By comparing organizational performance with prior performance, with performance targets, or with the performance of similar organizations, policymakers and managers can motivate higher performance.

In chapter 6, Mead, Rasmussen, and Seal describe how the Equal Employment Opportunity Commission (EEOC) has used a long-range quality assurance program to stimulate improved performance in district office and headquarters functions. EEOC's total quality management approach encourages: (1) definition of quality standards for the products of operating and staff units and careful statistical measurement of product quality; (2) development of participative management, including the establishment of management quality circles that guide the quality assurance efforts in an EEOC office and the involvement of supervisors and staff in measuring their work and identifying solutions to problems in the work units; and (3) assessment of client perceptions of service quality, whether clients are internal (for example, EEOC attorneys using products from investigative units) or external.

The authors present examples of quality assurance program activities and improvements in unit performance in a number of EEOC's district office and headquarters functions. In EEOC's Baltimore District Office, two years of quality assurance efforts have resulted in reduction in the defect rates for the key products of its intake units (for example, interview notes and affidavits) and increases in the quality of the key products of its investigative units. Through the quality assurance process, the Baltimore District Office can now pinpoint which products are most in error, which errors are most problematic, and which of the local area offices are having the most problems with quality. Similarly, in the Travel Disbursement section at EEOC headquarters, the management quality circle has defined quality characteristics for key products, measured the defect rates of samples of travel vouchers, and developed a strategy to solve the problems thus identified and to improve the efficiency of its operations.

The authors note that resource constraints have hampered their efforts to get feedback from EEOC's external customers (citizens with complaints, employers, the courts, and other constituency groups) and that it has been difficult to institutionalize the quality assurance program. They report encouraging results from quality assurance efforts to date, however—strong support from office directors, improvements in communication among work units, improved morale, and better delivery of service.

In chapter 7, Christopher Wye and Harry Hatry show how operating managers of local housing and community development programs have used inexpensive, unsophisticated performance-monitoring systems and special evaluation studies to obtain data on service quality and efficiency. Managers