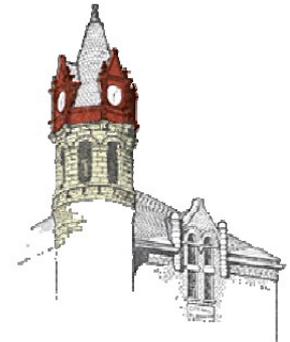


City of Stoughton Budgeting for Outcomes Initiative

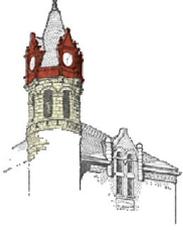
Organizing Teams, Creating Indicators and Mapping Causes and Effects



Results Team Training
March 8, 2011

The Government Finance Officers Association





Introductions

- Presenters
- You
 - Your name
 - Your job
 - What is the most meaningful thing for you about working for or being a citizen of Stoughton?
 - What you hope to gain from participating in this initiative?



Check-in question

On a scale of 1 to 5:

How well do you feel you understand the Budgeting for Outcomes process now?

How excited are you about participating on a results team?

0 = not at all.....5 = a lot

Whole numbers only, please!



Today's Purpose

- For the training session, to have you leave the session...
 - With a reasonably good understanding of how to develop indicators and cause and effect mapping
 - Understanding your team's assignments
 - Having practiced cause and effect mapping
 - Having had your questions answered (assuming you ask them)
 - Knowing where to go with questions after today
- For the team meetings, to
 - Discuss team purpose, assignments, norms
 - Establish draft indicators for your Priority
 - Get a good start in developing cause/effect maps, including primary and secondary factors (a first draft, we hope)
 - Decide how you team will complete the strategy map
 - What additional information your team will need to improve your for cause and effect map and where to get it and make individual assignments
 - Meeting schedule



Training Agenda

- BFO – what and why
- Stoughton BFO key steps and progress so far
- Organizing your team
- Developing indicators
- Creating cause and effect maps
- Practice the process (if time)
- Troubleshooting/questions



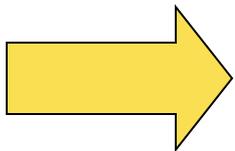
What Exactly is Budgeting for Outcomes?

- A completely different approach to public budgeting
- Most important goal: spending in the best way to maximize results within the money we have to spend



Traditional Budget Approach

- Start with last year's costs/"current service levels"
- Add in inflation for those costs, plus, maybe, enhancements, or make arbitrary "cuts"
- Argue about cuts

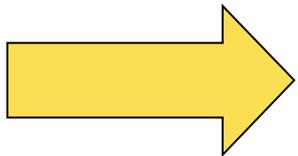


Traditional budgeting is about justifying needs and costs, not about producing Outcomes



Budgeting for Outcomes

- Start with available revenue
- Agree on results (priorities) that matter *most* to Stoughton's citizens
- Discuss, debate, disagree, decide how best to achieve results with the money available
- Purchase programs/services/activities based on their contribution to results



Budgets are about buying results, not just paying for programs or services.



Stoughton's Goals for the New Process

- Donna, please complete



The Overall Process

1. Determine total revenues
2. Decide the main Priorities (results) and indicators of progress or success
3. Allocate revenues to the Priorities
4. Develop strategies to address Priorities and invite proposals for programs/activities that will affect outcomes
5. Prepare offers
6. Rank offers
7. Prepare a unified proposed budget
8. Review/revise/adopt the budget



Activities to date

- Leadership Team
 - Training - December
 - Other (Laurie, please complete)
- Public Input
 - Community Leaders' Appreciative Inquiry Summit - February
 - Other (Laurie, please complete – as I recall some of your leadership team members were going to provide data from their planning initiatives, & also status of the web survey?)
- Results Teams
 - Selected
 - Team leaders, evidence coordinators identified (Laurie, please confirm)
 - Other (Laurie, if there's anything else, please add)



The Five Priorities

- Laurie, please complete



Roles in the Budget Process

Laurie, please review and add/change to suit

- Mayor and Council – same as in past, except with better information on relationship between desired results and spending decisions
 - Mayor propose unified budget based on Priorities
 - Council review and adopt budget
- Project Manager – Laurie Sullivan
 - Day-to-day coordination and management
 - Resource support for process
- Leadership Team – Mayor and Department Directors
 - Develop Priorities for review by Mayor, Council
 - Review recommendations of Results Teams
- Results Teams
 - Identify, recommend indicators for respective Priority outcome
 - Create Request for Results
 - Indicators
 - Cause and Effect Maps
 - Purchasing Strategies
 - Rank offers



Results Teams

Laurie, we will put team Priority names in blocks below



- Selected based on your abilities and “global” outlook
- Charged with taking a citizen perspective – always
- Responsible for preparing budget instructions (RFRs)
- Designated to evaluate/rank all budget proposals



Wearing the citizen hat

- Seeing things from the perspective of those we serve
- Discussion
 - What is the citizen perspective?
 - Is that different from a City Hall perspective? How? Examples?
 - What are some ways teams can “wear the citizen hat”?
 - How can teams check to see whether they’re reflecting a citizen perspective?



Responsibilities of the Results Teams

- Represent citizens and the results citizens expect
 - Understand the Priorities and identify indicators
 - Develop a Request for Results that includes:
 1. Statement of the Priority as a citizen-based statement
 2. Key Performance Indicators – How do we measure success in relation to the Priority outcome?
 3. Cause and Effect Mapping – What causes the Priority outcome to happen?
-
- 1. “Purchasing Strategies” – What matters most?
 - 2. Ranking Criteria (purchasing strategy and citywide strategies)

Today's Training

Tomorrow's Training





Responsibilities of the Results Teams

Future Training

- Ask for offers from departments that will influence the Priority outcome
- Evaluate and rank the proposals according to their contribution to the Priority outcome
- Use negotiation and re-ranking to create the best “package” of proposals to recommend that will move us closer to achieving the Priority outcome



Products

- Indicators
- Cause and Effect Maps
- Requests for Results
- Review and Ranking of Proposals



Major Milestones

Strategy Maps & Indicators

1. Training – March 8
2. Complete your Maps & Indicators – XXXXXX
3. Present to Leadership Team – XXXXXX
4. Revise if appropriate by -- XXXXXX
5. Presentations to Council – XXXXXX



Major Milestones - Tentative

Requests for Results

1. Training on preparing RFRs – March 9
2. Complete Development – XXXXXX
3. Review by Leadership Team – XXXXXX
4. Instructions to Departments – XXXXXX



Major Milestones - Tentative

Offers

1. Training on development and selection – XXXXX
2. Offers Submitted – XXXXX
3. Ranking Training -- XXXXX
4. First Ranking -- XXXX
5. Feedback to departments - XXXXX
6. Presentation to Leadership Team – XXXXX
7. Second Ranking – XXXXX
8. Presentation to Leadership Team (tentative) – XXXXX
9. Final Recommendation – XXXXX
10. Notification to departments XXXXX
11. Combining Rankings into Proposed Budget -- XXXXX
12. Budget Review and Approval -- XXXXX



Organizing Your Team

- Roles
 - Team Leader
 - Team evidence coordinator
 - Team members
- Charter
- Meeting schedule



Identifying Indicators

- Quantifiable measures that indicate progress toward Priority outcomes
- Existing measures or “coming attractions”
- Mixture of objective and subjective measures
- Data may be collected by/available from a third party



Without indicators, Priority outcomes are just good intentions!



To create indicators, understand the Priority

- Review and discuss
 - What does the Priority mean?
 - How does it relate to the other Priorities?
- Do you think the Priority statement should be revised? Its ok to propose a revised statement
 - (Think about words and phrases that fill out the picture)
- What information about the Priority could tell us whether we're getting better or getting worse?
 - (Good indicators lead to questions – “why?” “how?” “what else?”, etc.)



Sample Indicators

Sample Priorities	Sample Indicators
Public Safety	Perception of safety, Crime rate, Fire insurance rating, auto or pedestrian accidents/1000 residents
Well planned and developed community	Residential property value changes, satisfaction rankings
Public health	Vaccination rates, infant mortality rates, # communicable disease outbreaks, satisfaction rankings
Economic vitality	Unemployment rate, assessed value change, # business licenses issued, \$ value new construction
Successful families and youth	Median family income, graduation rates, children's readiness for school
Effective, efficient government	Bond rating, satisfaction rates, "clean" audits, employee turnover, satisfaction



Indicator guidelines

- No more than 3 indicators per Priority
- Must be meaningful to Uncle Bob
- Focused on outcomes, not activities or current services



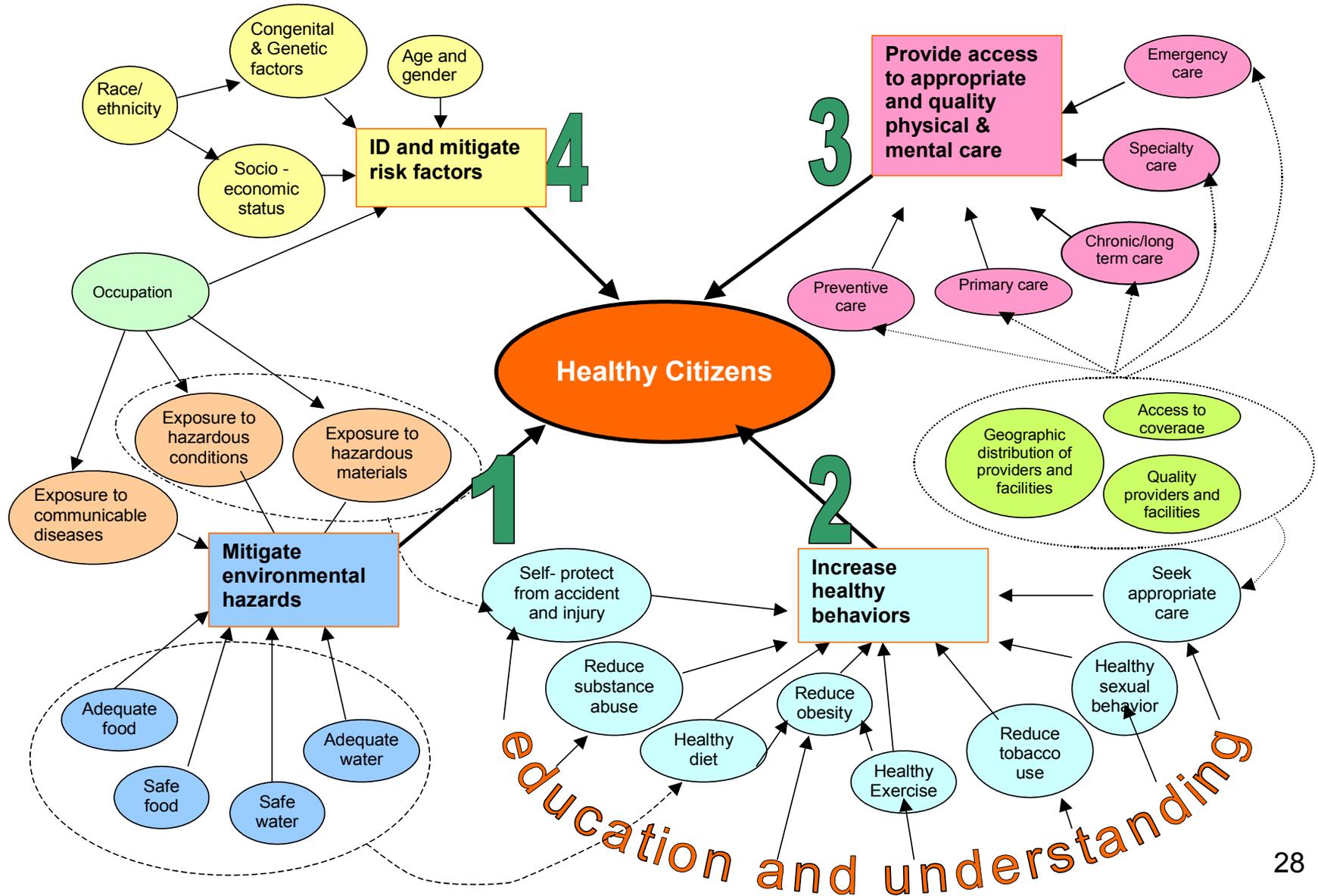
Uncle Bob



Creating Cause and Effect Maps

- Visual representation of the causal factors that contribute to the Priority outcome
- Includes factors that matter most, regardless of who addresses them – City government, as well as others
- Backed by evidence
- Communicates what we know about what it takes to accomplish the Priority outcome for the community

Sample Cause and Effect Map



3c. RESULT: “I want to live in a thriving community, one with infrastructure sufficient to support planned growth”





Brainstorming factors

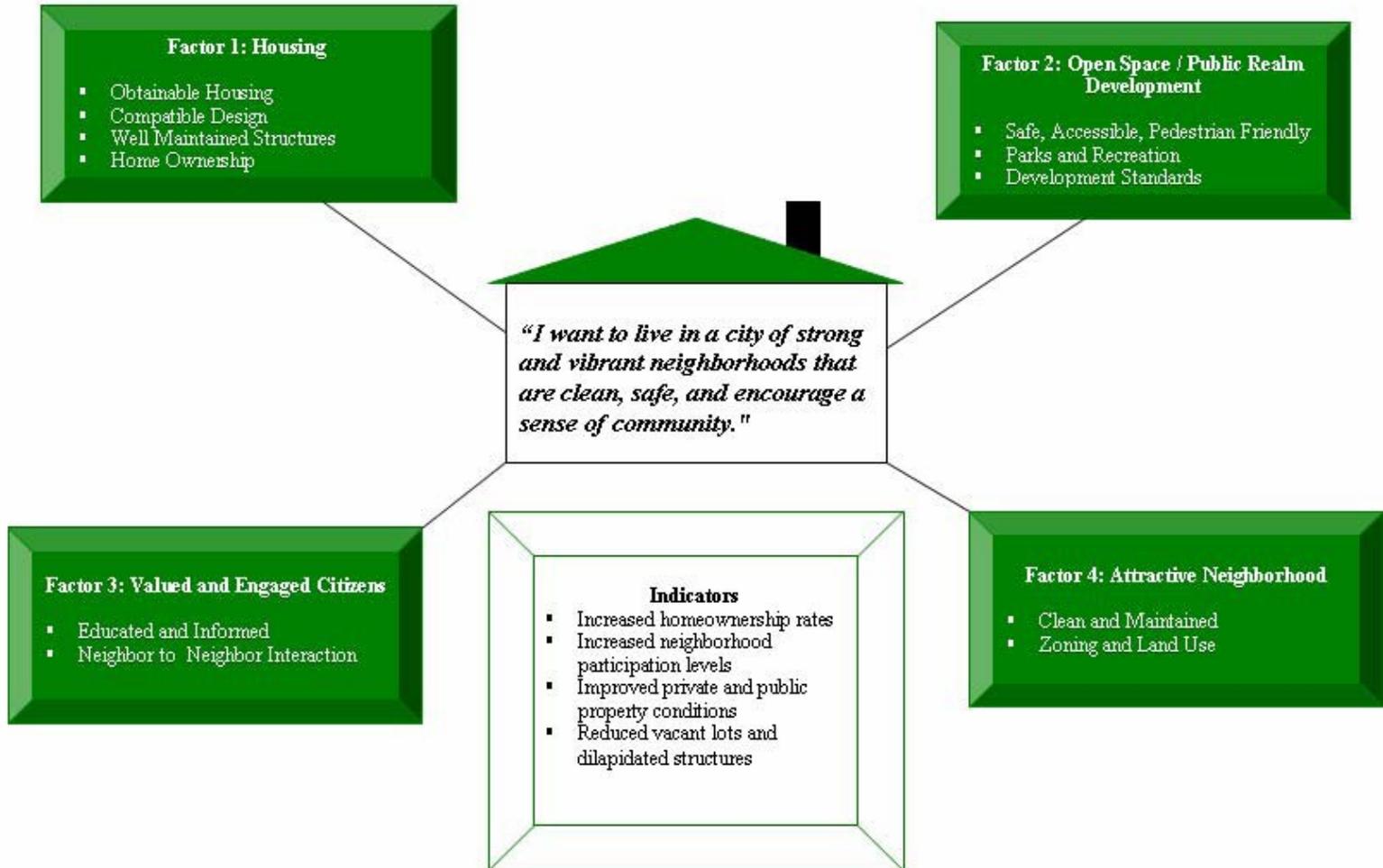
- Include ALL factors, not just those the City government controls or influences
- Some factors matter more than others
- At first, just think of factors
- Then, decide on primary factors, then add secondary factors
- Factors may contribute to more than one Priority, that's ok
- Base map on evidence of effectiveness
- Try to use nouns, not verbs (because verbs usually indicate an activity)
- As much art as science
- Team members always know more than they think they do



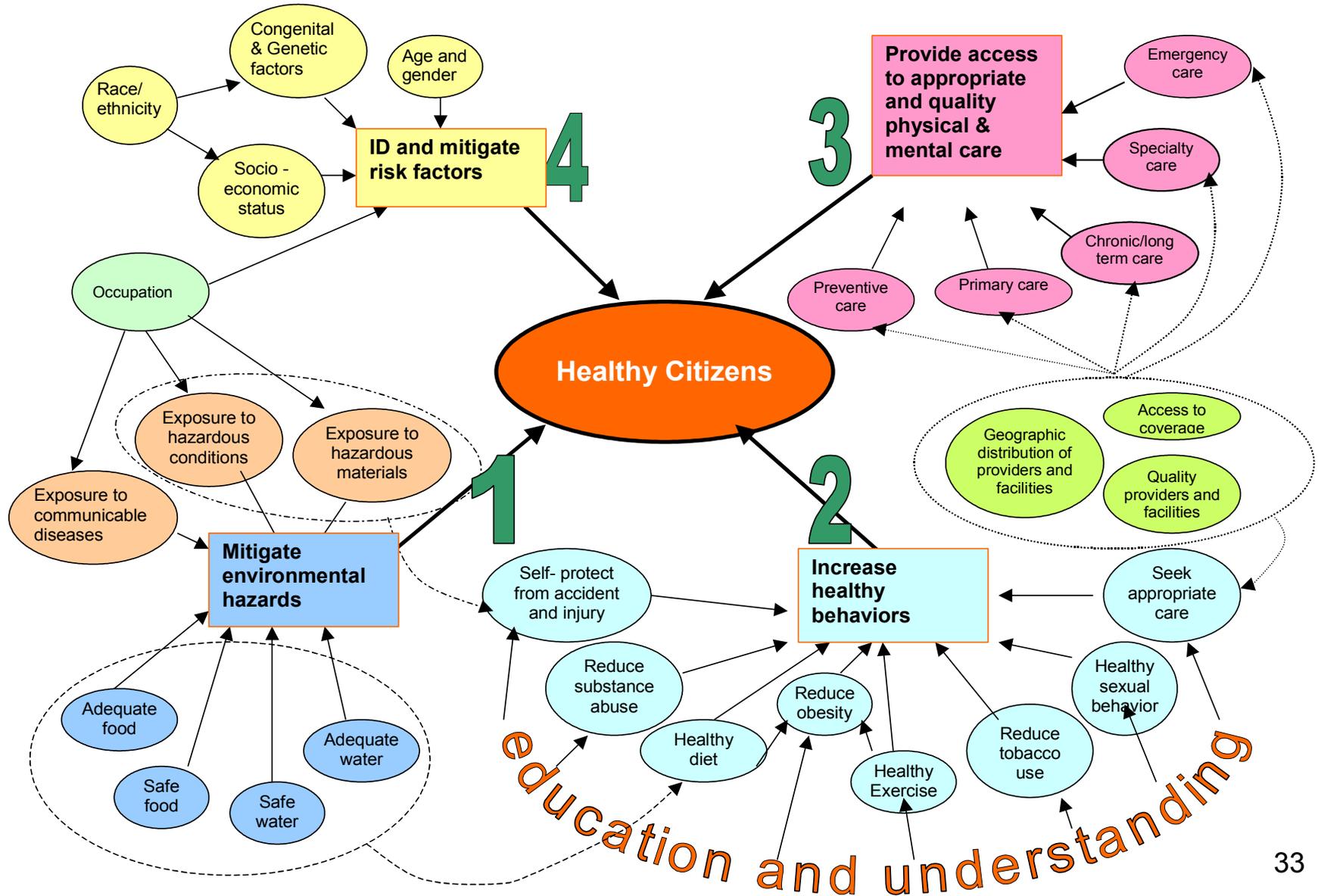
Strategy map examples

- Things to notice
 - It didn't start out this neatly
 - Shape doesn't matter, understanding cause and effect relationships does
 - Eventually, factors will be prioritized
 - Test: does your map enable you to tell a story (that's logical, based on evidence)?

NEIGHBORHOOD VITALITY



Sample Cause and Effect Map





Review

- They didn't start out this neatly
- Shape doesn't matter, understanding cause and effect relationships does
- Eventually, factors will be prioritized
- A map needs to tell a story (that's logical, based on evidence)



Practice mapping: brainstorming factors

- Priority outcome: “My family will enjoy a great holiday dinner”
 - Work in groups, identify factors (nouns, not verbs)
 - Wear the “family member” hat, not the Party Planner Hat
 - Draw it



Prioritizing Factors

- Which factor (levers) have the most impact?
- Where does the City have more leverage at a price?
- If you could only make an impact via one or two factors, which ones would best achieve the priority outcome, fulfilling the citizen-based statements?

SAFER COMMUNITY RESULTS MAP

People in Fort Collins are safer at home, work and play.



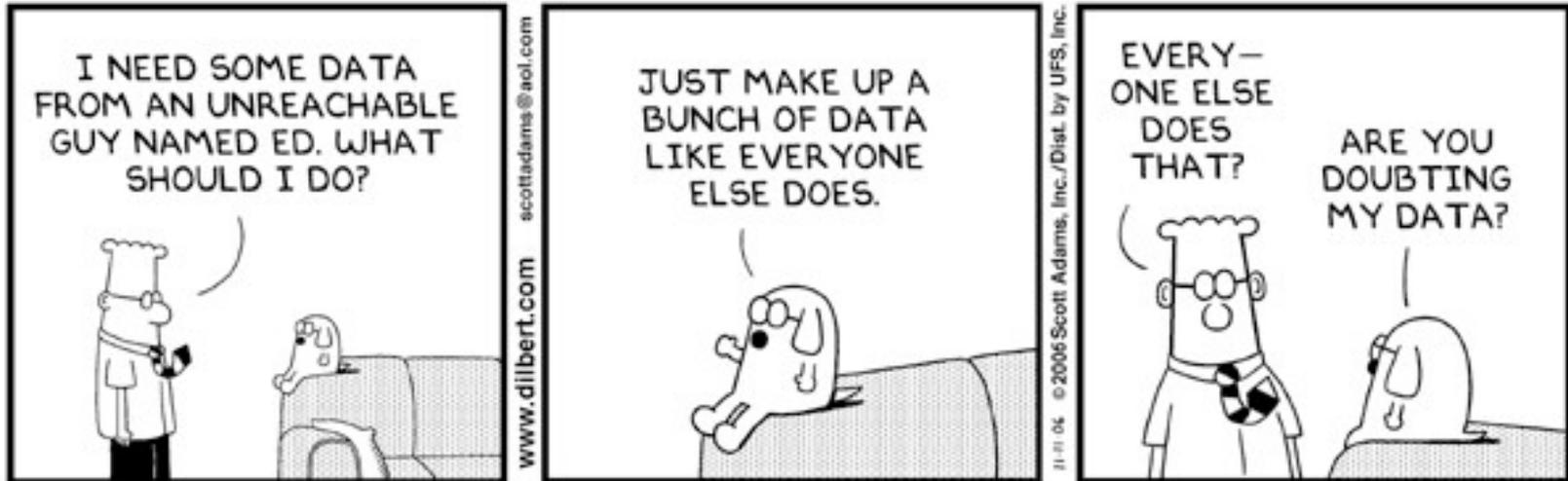


The role of evidence

- Key question: what works?
 - In terms of factors that drive the condition you are working toward (the Priority outcome)
- What constitutes evidence?
 - Empirical results based on actual experience in a setting like your
 - The City's own experience
 - Research or pilot programs conducted in other settings or contexts
 - Sound logic and informed judgment

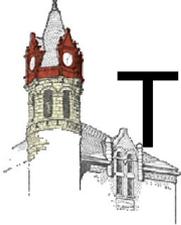


DILBERT ON EVIDENCE



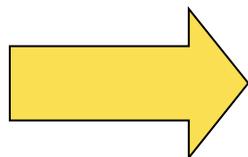
© Scott Adams, Inc./Dist. by UFS, Inc.



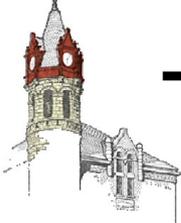


Think strategically vs. operationally

- In this phase, focus is on understanding cause and effect relationships (strategies to achieve outcomes), not on understanding the operations of departments and agencies
- Team members **do** need to know what the evidence says and think strategically about cause and effect; they **don't** need to become “shadow” operations managers



Team members should not become “mini-me’s” of departments’ staff. You don’t have to understand operational details to understand evidence of effectiveness. Example – knowing how information technology will make a difference versus knowing how the bits and bytes work.



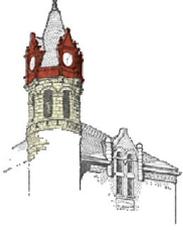
The role of Evidence Coordinator

- To identify resources (including other people) that can help with evidence
- To maintain evidence team members has collected
- Not to explain departmental operations



Accessing Research and Best Practice

- You know more than you may think you do
- Brainstorm potential sources of research and evidence (use the form provided)



Progress question

On a scale of 1 to 5:

How well do you feel you understand the Budgeting for Outcomes process now?

How excited are you about participating on a results team?

0 = not at all.....5 = a lot

Whole numbers only, please!



Divergent and Convergent

Thinking: Use Both - Appropriately

- Divergent Guidelines (for brainstorming)
 - Defer judgment
 - Go for quantity
 - Piggy back on other ideas
 - Seek wild and crazy ideas
- Convergent Guidelines (for prioritizing factors and doing the map)
 - Affirmative judgment
 - Check against criteria
 - Be deliberate
 - Seek novelty
 - Improve ideas



Challenges You Will Face

- “We don’t have enough time”
- “We don’t know enough about this”
- “This isn’t what the _____ want to hear”
(staff - managers - administrators)
- “I don’t want to get blamed by people whose programs get less funding”
- “This won’t make any difference”
- “We aren’t sure if we are doing it right”



Troubleshooting

- Managing evidence collection and review
- The challenges of being the Evidence coordinator
- Outside influences on the Results Teams (and how to handle them)
- How transparent is this process?
- Overlapping Priority outcomes
- Standardization and variation among team products
- The ambiguity trap – “Is it or isn’t it?” “Yes.”



Keys to Success

- Wear your citizen hat
- Act as the purchasing agent for Priorities
- Challenge assumptions
- Be open to new ideas
- Don't be constrained by status quo
- There is no "right" answer
- Share relevant information
- Keep the enterprise perspective



Other questions





Today's team meetings

- Organize the Team
- Discuss and consider the Priority
- Identify Indicators (draft 1)
- Brainstorm factors
- Organize primary and secondary factors
- Prioritize the factors
- Draw the strategy map (draft 1)
- Discuss evidence needs (if time; if not, do it tomorrow)



THE END

Thank you!

