
**FINANCE DEPARTMENT
MEMORANDUM**

To: Department Heads and Assistant City Coordinators
From: Nancy Hoy, Strategic and Business Planning Coordinator
Heather Johnston, Director, Management and Budget
Subject: 2006-2010 Business Plan Update Guidance
Date: April 14, 2005
Cc: Independent boards, City Council, Mayor

The purpose of this memo and its attachments is to provide guidance that will help you update your department's business plan. The basic direction has not changed. The Executive Summary is due on **May 27, 2005**. You will receive a template for the Executive Summary by April 27, 2005. All changes should be incorporated into your business plan and the revised plan should be submitted by **September 12, 2005**.

The priority for this round of business planning is to focus on narrowing down the number of performance measures and identifying meaningful measurements. We need to ensure the time spent maintaining the data results in improved decision making. Good measures improve the quality and speed of decision-making. The departmental focus should be on identifying the essential and critical few measures most essential in evaluating the quality of your departmental work.

The following three items will improve the business planning process.

- **Executive Summary (Attachment 1)**

- We are committed to integrating business planning with the budget process. To this end, this year's business plan presentation will be in the form of a business plan Executive Summary. This Executive Summary will be used for your budget narrative and for your department's performance review. Please submit your department's Executive Summary to Nancy Hoy on **May 27, 2005**.

2006-2010 Business Plan Update Document = Executive Summary = 2006 Budget Narrative

- In the Executive Summary, you should include only the key trends and challenges which you plan to address in 2006. Here are some dimensions to consider when deciding what should be included.
 - What is the urgency of addressing this trend or challenge?
 - How critical is it to the success of the department?
 - What is the risk of taking action or not taking action now?

- What level of opportunity does this represent for the department?

- **Enterprise Projects (Attachment 2)**

It is important to note that the efforts on the part of departments to address these enterprise projects will need to occur within the constraints of the five-year financial direction. The following enterprise projects should be addressed briefly in the Executive Summary:

- Limited English Proficiency Planning,
- Community Engagement,
- Minneapolis One Stop,
- Minneapolis One Call, and
- Enterprise Information Management Policy.

Department actions responding to the Employee Survey should become a part of the Workforce Plan. Loss Prevention strategies should be incorporated into the Finance Plan. (Each of these initiatives is described in further detail in Attachment 2.)

- **Performance Measurement Guidance (Attachment 3)**

- Due to the sheer volume of measurements which have been identified (650+ noted in the business plans), a three-phase approach to improving the performance measures is suggested.
 - Phase I Option A (*due May 27*): Identify an outcome measure for each objective and driver measure when appropriate. *OR* Phase I Option B (*due May 27*): Identify an outcome measure for each Key Initiative.
 - Phase II (*June – August*): Identify required measures. These may be required because of regulations, contractual commitments, or by special requests.
 - Phase III (*due September 12*): Review the identified Service Activity measures. Determine which measures are used to make decisions and drop the measurements that are redundant, too labor intensive or otherwise not helpful in gauging progress toward results.
- Developing good performance measurements is a difficult task, but once the measurements have been developed and the baselines established, the process of reviewing and tracking progress toward the desired result (or outcome) will become a routine part of your business. For

departments that have established measures, you should begin work on establishing targets for your outcome measures. Be sure to include your 2006 projections (or targets).

- We have been working with some of you to reformat your business line strategies and service activities to assist you in linking strategies and outcome measures. This approach will be piloted with some departments this year, and, if successful, will be implemented with the remaining departments in the future.

Next Steps

Although all departments operate in a changing environment, this update format should result in less duplication in the information that departments are asked to provide. Over the next year, we will work collaboratively with an inter-departmental review team to consolidate the guidance for business plans, budget documents, and department performance reviews.

Nancy has already had the opportunity to meet with many of you and will meet with the remaining departments soon. She will follow up with an email detailing individual feedback on your plans based on those meetings.

Attachment 1: Creating the Executive Summary

CHARACTERISTICS OF A GOOD EXECUTIVE SUMMARY:

Content

- ◆ Clearly identifies the most important accomplishments you expect to achieve; priorities should be clear
- ◆ Addresses significant trends and challenges that may arise
- ◆ Identifies how results will be measured
- ◆ Identifies who will be accountable for results
- ◆ Concise and economically written
- ◆ Focus on the short term or current year

Usefulness

- ◆ Regularly and systematically used as a tool to monitor actual performance and keep performance on track
- ◆ Modified and updated as situational changes require

Format (*Finance will provide a template for the Executive Summary by April 27, 2005*)

Department Overview

Vision, Values, Mission

Used for: Business Plan, Mayor's Budget Meetings, Budget Books

Business Lines

Business line listed with 1 – 2 sentence descriptions.

Used for: Business Plan, Mayor's Budget Meetings, Budget Books

2006 Departmental Focus

- ◆ In 2006, what key trends and challenges will the department address and what actions will be taken?
- ◆ What departmental actions will take place in 2006 to meeting the 5-year financial direction or target strategy?

Used for: Business Plan, Mayor's Budget Meetings, Budget Books

2006 Departmental Strategies, Objectives, Measures and Tactics or Key Initiatives

- ◆ Option A: Pilot Strategies, Objectives, Measures and Tactics Charts
- ◆ Option B: Performance Measurement Grids with projections (same as last year)

Used for: Business Plan, Mayor's Budget Meetings, Budget Books

Organizational Chart

Used for: Business Plan, Mayor's Budget Meetings, Budget Books

Attachment 2: Descriptions of Enterprise Projects to include in Business Plans

Limited English Proficiency (LEP) Planning:

In November 2003, the City Council and Mayor directed the City Coordinator to form an interdepartmental LEP Planning Task Force to create an LEP Plan for the City and to ensure meaningful access and a consistent, comprehensive and efficient approach to language access issues. The inter-departmental team has created templates to guide the development of objectives to address LEP in Department Business Plans. For more information please contact Kristin Keller x 3737.

Community Engagement:

In February 2004, the City Council and Mayor directed future department business plans to include a Community Engagement section. Communications staff is working to develop a process to guide departments in this effort. A key component of this effort will be the development of standard protocols to ensure consistency across departments, based on the different levels of community engagement. Clear expectations for the level of consultation (cooperative decision-making, input into planning, response seeking on plans, or information sharing) will guide departments and provide continuity. Once this template is complete, departments will have the guidance necessary for developing objectives to address Community Engagement in Department Business Plans. The project is expected to be complete in May of 2005. For more information please contact Gail Plewacki x 3763.

Minneapolis One Stop:

The Minneapolis One Stop effort is targeted to improve citizen access to City development services and information, to enable City employees in delivering services consistently and effectively, to track requests for development services from inception to completion and to enhance management reporting capabilities. Although this project started in the previous planning cycle, please remember to include strategies and objectives as the project continues into 2006. For further information please contact Steven Bosacker x 3161.

Minneapolis One Call

Minneapolis One Call will serve as the single point of contact to the City of Minneapolis for all non-emergency requests for information and services. The effort is targeted to simplify citizen access to City services and information, enable City employees to deliver services more effectively, track requests for service delivery from inception to completion, and enhance management reporting capabilities. Although this project started in the previous planning cycle, please remember to address how this project will affect your department in 2006. For further information please contact Steven Bosacker x 3161.

Enterprise Information Management Policy

Beginning in 2003, the City Clerk's Office and BIS identified the need to address information management issues in departments and enterprise wide. In partnership they developed the City of Minneapolis Enterprise Information Management Policy (EIM). The policy provides guidance for managing City Information in a comprehensive and strategic manner. It sets boundaries, establishes direction and identifies responsibilities for addressing information management requirements. The policy specifically includes the requirement that the departments need to integrate information management requirements into Department Business Plans and other strategic planning activities. For more information please contact, Craig Steiner x 3282.

Items to be incorporated into Workforce and Finance Plans:

Employee Survey Response:

The Employee Survey project began in May 2004. Survey questions measured employee attitudes at the individual, work unit, department and city-wide levels. Results from this survey will be used to enhance and expand the City's business planning process, assess and address employee working conditions and further engage employees in planning for the future. Strategies and objectives to address any areas of departmental concern should be included in the Departmental Business Plans. For more information, please contact Nancy Hoy x 3258 or Ilena Lonetti x 2591.

Loss Prevention

Loss of City assets and workplace-related injuries represent a significant financial burden on the City. By using the Strategies, Objectives, Measures, and Tactics Tool, department business plans will define the tactics to be performed to attain the enterprise defined objectives. By measuring completion of Loss Prevention Tactics, departments can steadily reduce this financial drain on their internal operating budget and Enterprise-wide resources. For more information please contact Ron Bjork x 3203.

Attachment 3 –Performance Measure Guidance

Evaluating the Performance Measures

Source: Page 10, 2004 version “Updating the Business Plan”

Ask the following questions to assess whether the measures are appropriate:

- Does the performance measure enable one to know about the expected result or condition? (*Think about measures as indicators of progress toward a defined end state.*)
- Is the measure defined the same way over time? Is data collected the same way over time?
- Does the measure lead to a specific action in order to improve performance?
- Is the measure easily understood?
- Will data be available for the measure?
- If not, can cost effective methods for data collection be developed?
- If not, is there an acceptable proxy for this measure?

Measurement Basics

- Measurement is for communicating not controlling.
- Measurement gives clarity to what matters, *what to do* and just as important *what not to do*.
- It is not enough to know the level of service activity or the cost of activities. It is more important to know outcomes and results from the activities which tend to provide the full context of what was accomplished or the value derived from the resources spent on the activity.
- Too many measures will cause people to lose focus and create confusion as to leadership expectations.
- Identify the measures most appropriate for review by the Leadership team which supports their decision making.
- When more than one measure is applicable for an objective, the one that best tracks and communicates the intent should be used.

Definitions and Examples of Performance Measures:

Outcome measures are a numeric indicator of program results, typically from the perspective of the customer or policymaker:

 % of Minneapolis residents with access to health care

Effectiveness measures identify the quality of service indicator, typically from the perspective of the customer:

 % of customers expressing satisfaction with a particular service

Efficiency measures dictate the relationship between inputs and outputs, typically expressed as \$ or FTEs per unit of output:

 Average number of days to fill a position

Process for Selecting Outcome Measures

Outcome measures can also be thought of as “results indicators”. These types of measures indicate performance results for a period after the activity or tactic has been undertaken. Examples include percent crime reduction targets in chronic hot spot areas; percent of rezoning that are consistent with adopted land use plans and policies.

For each objective or Key Initiative in your plan:

- Determine the desired result, or what did you want to accomplish
- Every objective or Key Initiative requires an outcome measure. Only assign a second outcome measure if the first measure cannot adequately track the completion of the objective.

Process for Selecting Driver Measures

“Efficiency” and “Effectiveness” measures are sometimes called “Driver” measures. They provide some indication of whether programs, services and objectives are “driving” toward an ultimate outcome.

Driver measures assess intermediate processes and activities. Driver measures evaluate performance during implementation or service delivery and are often used to test cause-and-effect relationships. Examples of driver measures include number of fair housing complaints investigated or completion of EPA self-audit.

For each objective in your plan:

- Review outcome measure(s) selected
- Estimate gap between current and future performance
- Define driver measure for cases where
 - There is a large performance gap and / or,
 - A big behavioral change is required by department.