OSBM

PLANNING GUIDELINES FOR NORTH CAROLINA STATE GOVERNMENT

September 2011

Office of State Budget and Management

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PLANNING IN NORTH CAROLINA STATE GOVERNMENT

What Is Strategic Planning?

Strategic planning is a long-term, future-oriented process of assessment, goal setting, and decision-making. A strategic plan defines what an agency will do over the next three to five years and how it will achieve its desired results. At its core, strategic planning is about influencing the future rather than simply preparing or adapting to it. In preparation for development of the 2012-13 budget, state agencies will work with the Office State Budget and Management (OSBM) to develop a strategic plan in order to evaluate agency-specific operations, identify areas where progress is most essential, and create and execute a plan for the future.

What Is the Planning Process?

The planning process in North Carolina state government is driven by the four questions below:

1. *Where are we now?*
2. *Where do we want to be?*
3. *How do we get there?*
4. *How do we evaluate our progress?*

These basic questions prompt agencies to assess their current environment, develop what they wish to achieve, determine how to achieve it, and track progress along the way. This group of questions also treats the planning process as a continual cycle where changes can and should be made as new issues emerge and performance deficiencies are identified.

The planning process should also incorporate a broad range of perspectives from across an agency. An agency's strategic plan should not be the product of an individual or a small group of individuals; rather, a collaborative effort that is driven by the top executive with contributions and support from all employees often produces the best results. Similarly, individual program performance plans should be developed through collaboration among program managers and staff.

> **TAKEAWAY:** A successful planning effort requires teamwork and obtains perspectives from many sources. Although planning often begins at the top, leaders should seek the input of employees throughout an agency to gain information from those who may know the customers and services best, and will carry the planning process into the program level.

Figure 1 details the recommended planning process for North Carolina state government. Each step is discussed in greater detail in the next sections of these guidelines.

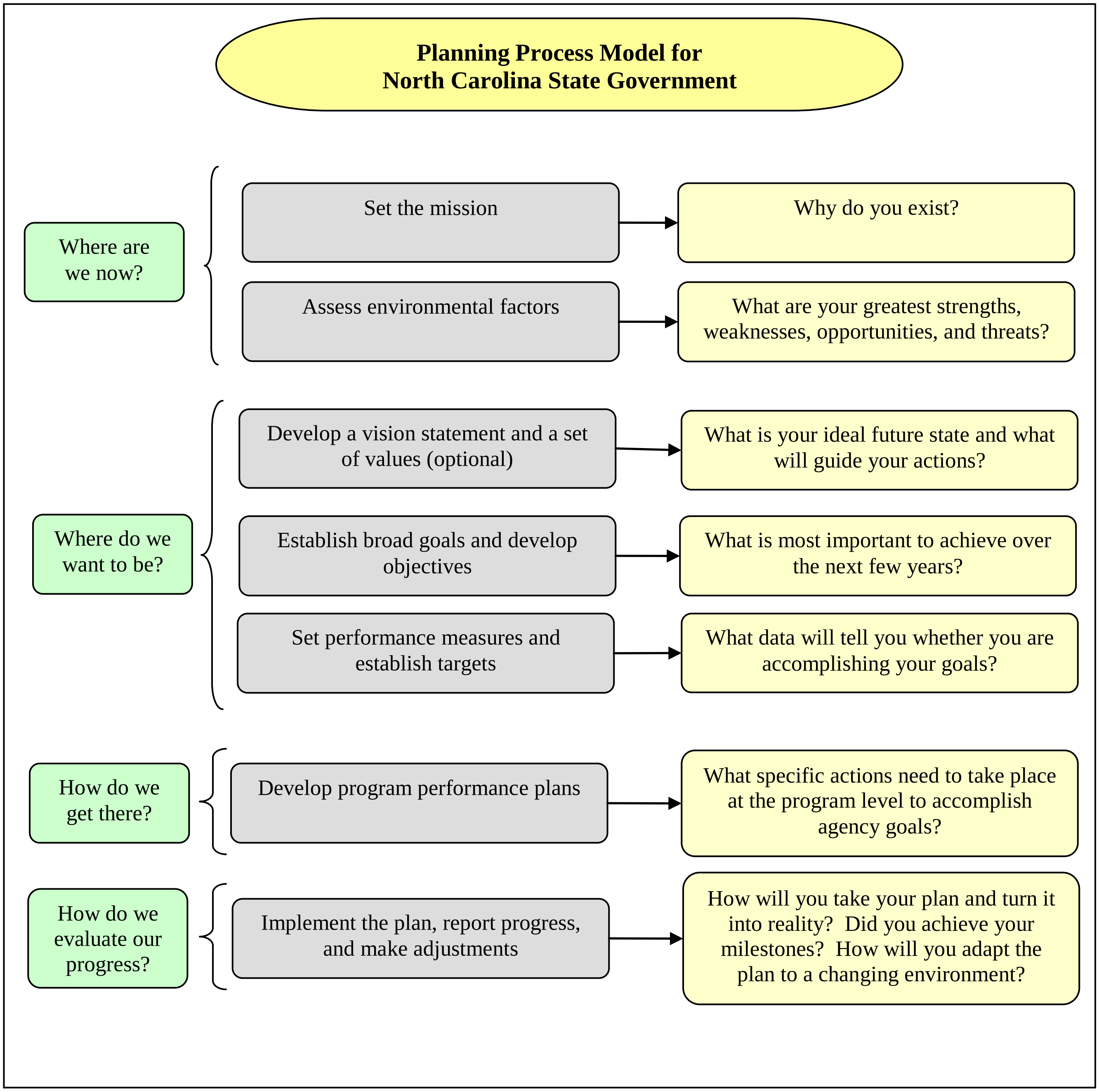


Figure 1

The purpose of this planning process model is to provide guidance to agencies starting the strategic planning or program planning for the first time and assistance to those reviewing or updating existing plans. The steps outlined in this document represent a simplified approach to strategic planning. This simplicity should allow agencies some flexibility in their planning efforts while also maintaining a minimum level of standardization across state government.

What Agencies Are Required to Have a Strategic Plan and Program Performance Plans?

All agencies covered by Executive Order 3 are required to have an updated strategic plan that supports the Governor's priorities. However, **all** agencies will be required to submit certain elements of their strategic plan to OSBM for inclusion in the Governor's budget. Agencies not covered by Executive Order 3 are encouraged to review and update their plans in accordance with this guidance to ensure all information required for the budget is readily available this fall.

What Should the Product Look Like and How Will It Be Made Public?

Strategic plans should contain, at a minimum, a mission statement, agency goals, management goals, objectives, and performance measures. A suggested planning template is provided in Appendix I. In addition to submitting plans to OSBM, each plan should be posted on the agency's website. As in past years, certain strategic planning elements will be included in the Governor's recommended biennial budget.

What Is the Timeline for Completion?

The final submission date for agency plans is **October 24, 2011.** It is highly recommended that each agency engage in its planning process as soon as possible to ensure that work is completed by the required date. To facilitate the timely completion of the plans, agencies should collaborate with OSBM on an ongoing basis.

PLANNING STEPS

Step One: Set the Mission Statement

The mission statement is the common thread that describes an agency's basic purpose and concisely identifies what the agency does, why, and for whom. It reminds everyone, including the Governor, legislators, and the public, of the unique purposes promoted and served by the agency and provides a clear answer to the question, "Why do we exist?"

An agency should review its mission statement and determine if revisions are required. It may be necessary to develop a new mission statement; however, an agency will most likely only need to make moderate revisions to its current mission (or no changes at all) since mission statements often remain appropriate for long periods of time.

The mission statement should be easy to understand and should answer the following questions:

- Who are we as an organization and who do we serve?
- What are the basic purposes for our agency's existence?
- What makes our purpose unique?
- Is our mission consistent with the agency's enabling statute?
- What do we hope to achieve?

HELPFUL TIPS: While mission statements are direct statements of what an agency does, they can be difficult to write. Here are a few recommendations for writing a mission statement:

- Keep it short and simple. A mission statement should generally be no more than one to three sentences in length. It should be short and simple enough for employees to recite it easily from memory.
- Keep it focused and relevant. The mission statement binds the agency's organizational structure and its activities together. All agency employees should be able to identify their specific working relationship to the defined mission.
- Generate it cooperatively. A mission statement usually benefits from input by staff at all levels of the agency. Invite staff to brainstorm ideas for the first draft or current statement. Turn to seasoned editors for refinement. Submit the final draft to others for review before considering it finished.

The following are examples of mission statements from North Carolina state government:

- (Office of the State Auditor) To provide citizens and North Carolina's state leadership with independent, unbiased and professional assessments of whether public resources are being properly accounted for.
- (Department of Cultural Resources) To enrich the lives and communities, creating opportunities to experience excellence in the arts, history, and libraries in North Carolina that will spark creativity, stimulate learning, preserve the state's history and promote the creative economy.
- (Division of Medical Assistance) To provide access to high quality, medically necessary health care services to eligible North Carolina residents through cost-effective purchasing of health care services and products.

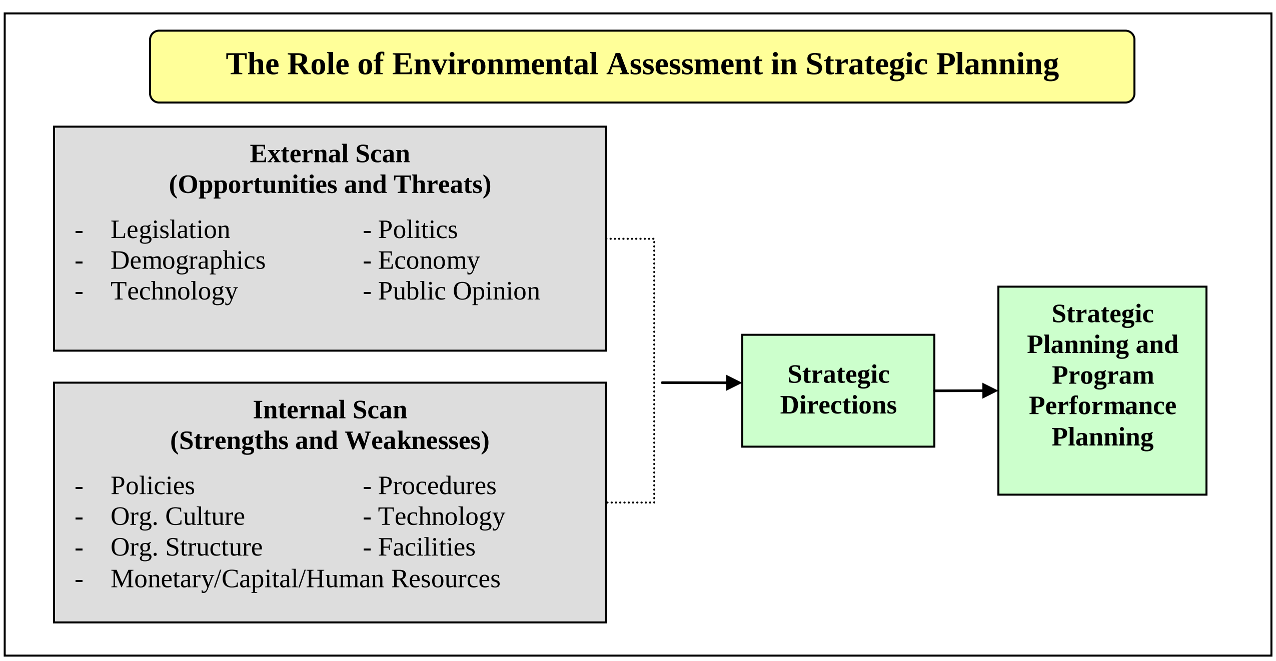
- (Department of Revenue) To administer the tax laws and collect the taxes due the state in an impartial, uniform, and efficient manner.

Step Two: Assess Environmental Factors

Each agency should be able to understand and describe the internal and external factors that affect the capacity to effectively pursue its mission. Assessing environmental factors that may affect operations and results is essential to an effective planning process. The information gained from assessing environmental factors provides the groundwork to develop agency-wide and program-specific plans within an informed environment.

> **DEFINITION:** An environmental assessment is a process of analyzing factors that present opportunities for improving service delivery or present major obstacles to carrying out an agency's mission. By gathering and analyzing internal and external data available to an organization from a variety of sources it answers the question, "Where are we now?"

The results of the environmental assessment process help an agency identify gaps between current and expected service delivery efforts and enable decision-makers to understand current and potential changes taking place in their agency. This information should be collected, analyzed, and summarized for use in an agency's planning efforts as shown in Figure 2. At its core, the environmental scan should provide a basis for a compelling argument for an agency pursuing a particular course of action.



SWOT ANALYSIS		
INTERNAL	**Strengths**	**Weaknesses**

Figure 2

A key component for a successful environmental assessment process is the inclusion of diverse stakeholders to obtain a broad array of perspectives on the critical work and key objectives of an agency. Agencies should be sensitive to the fact that unless this process of obtaining the perspectives of stakeholders is carefully managed, it can politicize what is designed to be a method for obtaining information useful for sound decision-making. All stakeholders should understand that planning requires difficult choices in the use of the agency's limited resources. Discussions with the stakeholders, therefore, should focus only on reaching agreement on outcomes that will enable the agency to add the greatest value to its constituents and to the state.

The environmental assessment process will identify internal **S**trengths and **W**eaknesses, and external **O**pportunities and **T**hreats (SWOT analysis), as these relate to an agency's ability to effectively pursue its mission. Identifying these areas is essential because subsequent steps in an agency's planning process are dependent on this information. Additionally, it is important to effectively organize and report ideas obtained from the SWOT analysis. Figure 3 shows a useful way to organize and record such information.

	Opportunities	Threats
EXTERNAL		

Figure 3

In order to successfully assess environmental factors, a series of questions should be addressed by each agency. Listed below are questions to consider for each environmental assessment area.

The **external assessment** should consider the following questions:

- What strengths, weaknesses, opportunities, or obstacles characterize the agency's external relationships? What opportunities are available that have not been previously explored?
- What progress has been made by the agency toward achieving its current goals? To what extent are customers satisfied with the services provided?
- Who are the agency's target populations and what changes, if any, are anticipated within the time frame of the strategic plan? What is the level of customer demand and public need for the agency's products or services? To what extent does the agency interact with its customers to identify those demands and needs?
- What major issues, conditions, or problems in the external environment are relevant to the delivery of the agency's goods and services? What conditions could affect or alter key elements of the environment? What implications do specific environmental changes, such as changes in state or federal law, hold for the agency?
- What relationships exist between the agency's programs, programs in other agencies, and statewide initiatives with related target populations? What opportunities may exist for improving coordination or eliminating duplication between programs?

The **internal assessment** should consider the following questions:

- What strengths, weaknesses, opportunities, or obstacles characterize its internal operations?
- In what ways has the agency grown, remained the same internally, or changed, and why? What programs or activities are expected to grow or decline, and how has the agency planned to accommodate those changes?

- To what extent has the agency analyzed the best practices of other jurisdictions and adopted those practices internally? What are reasonable expectations for the impact of such changes on performance levels?
- What are the agency's internal accomplishments? What has the agency failed to accomplish internally and why?
- How successful are internal agency processes for meeting the needs of target populations and other agency customers?
- What is the public's perception of the quality of the agency's products and services? What is it doing well? What is it doing poorly? How does the agency's products and services and internal processes compare with recognized standards for program accreditation or other evaluative criteria?
- What are the agency's employees' attitudes toward the organization? What are the significant issues identified by employees as internal weaknesses? How can the agency address those issues? How can it support employees as they are called on to accept more responsibilities and meet more challenges?
- What steps are being taken to ensure taxpayer dollars are used most effectively and efficiently within the agency?

While environmental assessment information will not be submitted to OSBM, detailed records should be kept recording the information gained through the process for documentation and planning purposes. Recognizing the abundance of information that is likely to emerge from such a process, the data should be prioritized, organized, and presented effectively for internal use. For clarity and ease of understanding, the information should be specific and concise, providing only the essential information needed to understand the key points and develop a strategic direction going forward.

> **TAKEAWAY:** The environmental scan should include an assessment of the opportunities and threats provided by the political environment in which an agency operates. The strategic direction that will flow from the results of the environmental assessment will then specify what it is the agency needs to accomplish in specific terms.

Step Three: Develop a Vision Statement and a Set of Values (optional)

A vision statement is a coherent and powerful statement of what an agency can and should be in the future. A vision statement articulates a view of a realistic and creditable future for an agency and helps form the foundation upon which to develop a strategic plan. It helps agency employees articulate all of the possibilities that are available, resulting in a distinctive path that no other organization is likely to have.

Note: A mission statement differs from a vision statement in that a mission statement tells who or what an agency is now and a vision statement tells what an agency hopes to become in the future.

There are many key elements of quality vision statements, which include, but are not limited to, the following:

- Setting high standards and ideals
- Identifying a clear purpose and direction
- Strengthening enthusiasm and commitment
- Promoting change
- Reflecting uniqueness

The process of developing a vision takes an organized group effort and it may be helpful to follow the same process used for defining the agency's mission statement to develop a vision statement. During the visioning process, it is also important to review the information gathered through the environmental assessment and determine what factors will drastically affect the future of the agency. This will help ground the vision in reality and help address what is likely to happen in the future.

An effective way to for an agency to develop a vision statement is to answer the following question: What would our agency look like in ten years if we are successful between now and then? The answer should not be a description of the methods that were used but rather a description of what the agency has become.

Visioning is not an easy process. It takes time and energy by all agency staff. The end result, though, portrays an image of the future and sets an ideal for an agency. Examples of vision statements in North Carolina state government include:

- (Department of Environment and Natural Resources) Through innovation, teamwork, customer focus and partnerships, we lead the way to accomplish our mission and to secure the future of: a cleaner environment; sustained natural resources; healthier lives; thriving ecosystems; a stronger economy; and a valued state agency.
- (Department of Correction) To be respected by the citizens of North Carolina for our effectiveness in responding to the problem of crime in our society and working collaboratively with others to prevent crime through community involvement.

Values are the principles that govern behavior within an agency. They effectively communicate to employees how to interact with each other and guide how to conduct business and execute day-to-day operations. Consistent with an agency's mission, vision, and goals, values should be integrated into all levels and functions of an agency to influence behavior, provide a moral compass, and help employees make tough decisions.

Effective values are clear and succinct and are widely and frequently communicated. They also remain consistent and relevant over long time periods and provide substantial guidance for carrying out individual responsibilities. Values are typically listed as words, but phrases or sentences that describe the value may help explain to employees and others why the values are important. While many values may be applicable to define an agency's work and culture, it is recommended to keep the number of values to a minimum; establishing four to eight core values is usually sufficient. After values are finalized and approved, they should be widely visible throughout an agency and re-affirmed by leadership and management on a continuous basis.

Examples of values include:

- Act Ethically: Do what is morally right.
- Be Respectful: Hold others in high esteem.
- Teamwork: We will succeed through cooperative, effective communication, trust, and promotion of new ideas.

> **Note:** It is optional for an agency to develop a vision statement and values as a part of its planning process.

Step Four: Establish Broad Goals and Develop Objectives

Goals are broad statements of what an agency wants to achieve over a long period of time. They stretch and challenge an agency while being realistic and achievable, and help provide answers to the question, "Where do we want to be?" Objectives are clear targets for specific action that define where an agency will be by a particular date. Linked directly to agency goals, objectives are specific, quantified, and time-based statements that outline measurable steps toward achieving an agency's mission. Objectives represent the extent to which agency goals will be achieved at the end of the time period covered by the strategic plan.

The development of agency goals is one of the most critical aspects of the planning process because goals chart the course for the agency. The goal development process begins to focus the agency's actions toward clearly defined purposes. Within the scope of the stated mission and using the environmental assessment as a basis, goals specify where the organization desires to be in the future through broad, issue-oriented statements.

Goals should be clear and focused, address the primary external and internal issues facing the organization, and be easily understood by the public. Although there is no established limit, the number of goals the agency develops should be kept to a reasonable number in order to clearly establish the agency's direction and define a set of manageable priority issues. While developing goals, the agency should begin identifying the desired results of its efforts and considering performance measures that will demonstrate accomplishment of those results.

During the goal development process, an agency should answer the following questions:

- Are the goals in harmony with the agency's mission and will achievement of the goals fulfill or help fulfill the agency's mission?
- Are the goals derived from the environmental assessment and do they reflect responses to identified factors?
- Do the goals provide a clear direction for agency action?
- Do the goals reflect agency priorities?

The following are examples of goal statements from North Carolina state government:

- Maximize tax compliance and State tax revenue for the citizens of North Carolina by leveraging analytical tools and repositories of tax data to improve return on investment of the Department's compliance programs.
- Work to improve air quality of the state for the health and well being of all its citizens by using sound science, monitoring and input from the public and regulated community
- Ensure safe, efficient transportation on our streets and highways

In order to carry out Section 2 of Executive Order 3, cabinet agencies' strategic plans will also include statewide management goals in the following areas: human resources; information technology; capital/infrastructure; and budget and financial management. These are core management functions that every state agency must perform well to ensure that the organization runs properly and solid performance in these critical management areas is necessary not only for an agency to achieve its goals, but to ensure prudent use of public resources. Non-cabinet agencies are encouraged to incorporate these management goals into their own strategic plans.

OSBM will set standard goals and measures for these management functions, but each agency will establish its baseline data and have the flexibility to set its own performance targets. Agencies can also include additional goals in each management area to address other agency management issues. The standardized goals and measures are provided in Appendix III of this guidance.

Objectives are measurable, time-based statements of intent that should be derived from and directly linked to a stated goal. Objectives should help to prioritize resource allocation and shape the results of agency actions. It is important to be Specific, Measurable, Achievable, Realistic, and Timely (SMART) when developing key objectives. The following questions should help an agency assess its objectives:

- Is the objective clearly related to the stated goal?
- Does the objective clearly state what the agency intends to accomplish?
- Does the objective have specific targets and time frames? Can progress toward completion of the objective be measured?
- Is the objective aggressive and challenging, yet realistic and attainable within available resources?
- How does it compare with the objectives of other states?
- Will someone unfamiliar with the program understand what the objective means?

Objectives are not synonymous with budget requests. Therefore, they should not generally include information about dollars, numbers of position or equipment or space required unless such information is necessary to explain a particular strategy which will be employed to address an objective.

Examples of Objectives: (Agencies should list in priority order.)

- Reduce low weight births in the state by 15 percent by January 2012.
- Increase delinquent tax collections by 20 percent annually by June 2011.
- Reduce the incidence of child abuse by 12 percent by January 2011.
- Reduce the number of speed-related collisions by 20 percent by January 2012.
- Increase the level of building maintenance by 20 percent each fiscal year until the deferred maintenance backlog is eliminated.

In each of these examples, the objectives are specified in a manner that clearly expresses specific, quantified, and time-based statements of accomplishment or outcomes.

Step Five: Set Key Performance Measures and Establish Targets

Performance measurement is a key element in achieving the actions that are outlined in an agency's planning process. Identifying performance measures and establishing targets further refines the answer to the question, "Where do we want to be?" Performance measures also provide the basis for continuous monitoring and evaluation of progress towards the agency's goals and objectives. The Performance measures should be developed for all agency goals and serve as the feedback loop in the planning process. Each measure should also have a performance target that clearly defines what level of work is desired and acts as a guidepost for judging whether progress is being made on schedule and at the levels originally envisioned.

Performance measures give life to the mission and goals of an agency and its programs by providing a focus that lets each employee know how they contribute to its success. Measures should be viewed as effective agents for change, and a strong set of measures should answer the following:

- How well are we doing;
- Are we meeting our goals;
- Are our customers satisfied;
- Where are improvements necessary; and
- What has been missed?

A performance target should be associated with each measure to track progress toward established goals and objectives. Targets should help bring an agency's work into focus by describing in concrete terms what will be produced and by orienting stakeholders to the tasks to be accomplished.

Caution should be taken when setting performance targets to make sure that they are neither too ambitious nor too easy to attain. Targets can cause serious problems if they are not grounded in good baseline data; Historical data helps ensure that each target is appropriate and realistic. Listed below are tips for setting performance targets:

- Gather baseline data: It is difficult if not impossible to establish a reasonable performance target without some idea of the starting point. Baseline data demonstrates the level of performance at the beginning of the planning period.
- Identify the underlying historical trend: In addition to establishing a single baseline value, it is

also helpful to understand the trend of performance over time. Determining the pattern of change in performance over the past five to ten years should help formulate a more appropriate performance target.

- Determine customer expectations: While targets should be set on an objective basis of what can be accomplished given certain conditions and resources, it is useful to get input from customers regarding what they want, need, and expect from agencies.
- Conduct benchmarking studies: Looking at what is being done by another agency or business that has a reputation for high performance in the particular program area can help determine levels of expected performance. Targets may be set to reflect the "best in the business" experience, provided that consideration is given to the comparability of operating conditions, resources, and other factors likely to influence performance levels.
- Involve program staff: Engaging program staff involved in carrying out programs often provides insightful information on what is possible in terms of work performance. Involving program staff in setting performance can also gain buy-in, establish ownership in the process, and help create higher quality targets.
- Use information from the environmental assessment: Using information from the agency environmental assessment will shed light on program strengths and weaknesses as well as its external opportunities and threats. It may be helpful to revisit this information when setting targets.

There may be difficulty establishing performance targets that are realistic and introduce a "stretch" factor. As such, using a well-rounded approach to set performance targets should help determine the best expectations for performance.

There are many different types of performance measures that agencies can and should use to track how well tasks are being accomplished. While the types and definitions of performance measures are not universal, Figure 4 provides definitions and examples for the most common measures.

Type of Measure	Definition	Examples
Input	Value of resources used to produce an output.	• Dollars budgeted/spent • Staff hours used
Output	Quantity or number of units produced.	• Eligibility interviews conducted

		• Library books checked out • Purchase orders issued • Patients transported
Efficiency/Process	Inputs used per unit of output (or outputs per input).	• Cost per appraisal • Plans reviewed per reviewer
Quality	Degree to which customers are satisfied with a program, or how accurately and timely a service is provided	• Error rate per data entry operator • Frequency of repeat repairs • Average days to address a facility work order
Outcome	Actual impact or effect on a stated condition or problem. Outcome focuses on the ultimate "why" of providing a service.	• Reduction in fire deaths/injuries • Percent of job trainees who hold a job for more than six months • Percent of juveniles not reconvicted within 12 months

Figure 4

Figure 5 describes the performance measurement process recommended by OSBM. It is advisable that agencies follow this process to develop a strong set of measures that ensure effective tracking of performance and clear reporting. The elements of the process include establishing and updating what to measure, establishing who is accountable, collecting and reporting data properly, analyzing data to gauge performance, using data to improve operations, and reporting performance to both internal and external stakeholders.

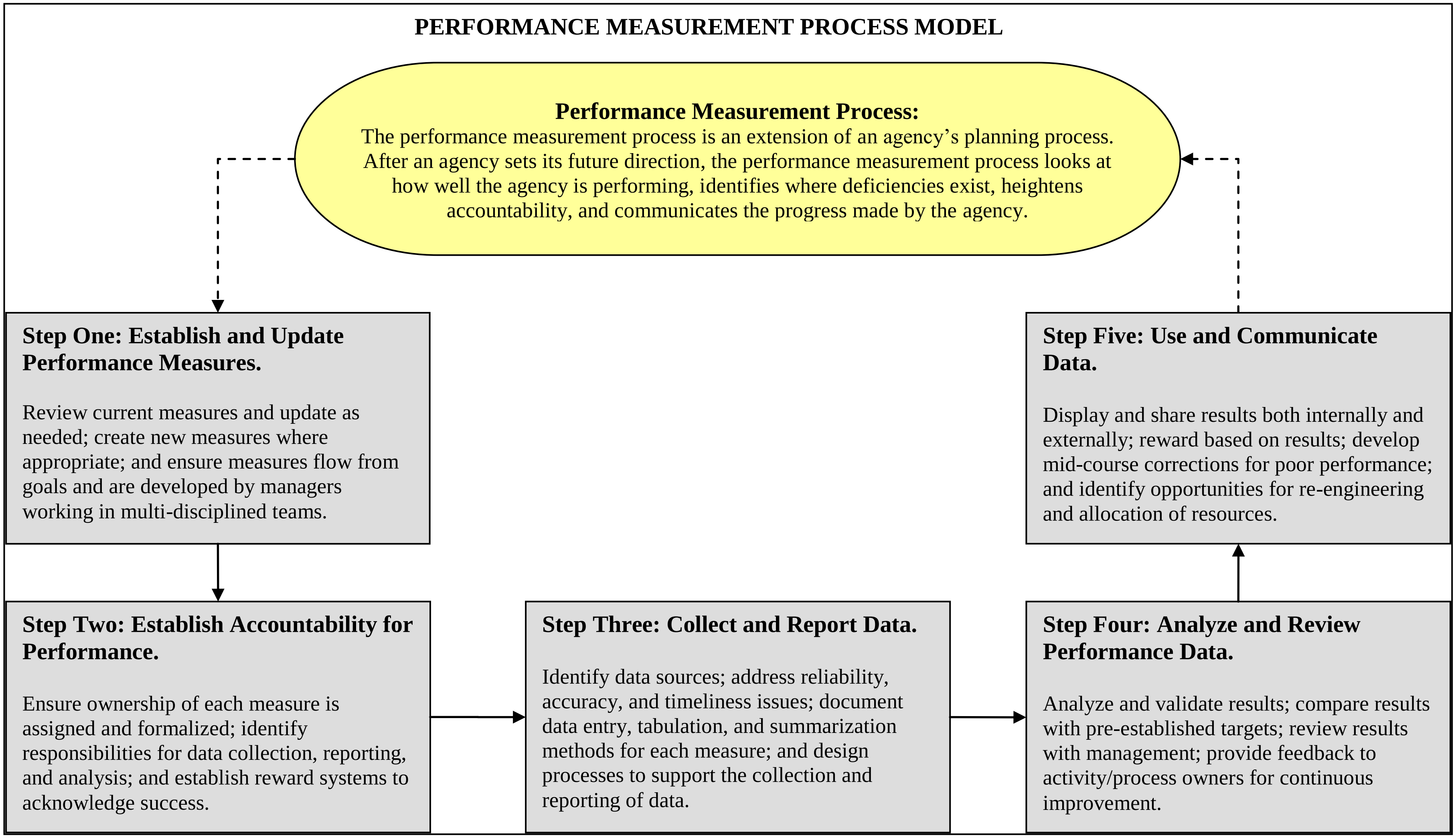

PERFORMANCE MEASUREMENT PROCESS MODEL
Performance Measurement Process:
The performance measurement process is an extension of an agency's planning process. After an agency sets its future direction, the performance measurement process looks at how well the agency is performing, identifies where deficiencies exist, heightens accountability, and communicates the progress made by the agency.
Step One: Establish and Update Performance Measures.
Review current measures and update as needed; create new measures where appropriate; and ensure measures flow from goals and are developed by managers working in multi-disciplined teams.
Step Two: Establish Accountability for Performance.
Ensure ownership of each measure is assigned and formalized; identify responsibilities for data collection, reporting, and analysis; and establish reward systems to acknowledge success.
Step Three: Collect and Report Data.
Identify data sources; address reliability, accuracy, and timeliness issues; document data entry, tabulation, and summarization methods for each measure; and design processes to support the collection and reporting of data.
Step Four: Analyze and Review Performance Data.
Analyze and validate results; compare results with pre-established targets; review results with management; provide feedback to activity/process owners for continuous improvement.
Step Five: Use and Communicate Data.
Display and share results both internally and externally; reward based on results; develop mid-course corrections for poor performance; and identify opportunities for re-engineering and allocation of resources.

Figure 5

Step Six: Develop Program Performance Plans

While not part of an agency strategic plan, each agency should develop program performance plans that reflect the strategic plan. Each program performance plan should specify what the program hopes to achieve in the near future, how it will achieve these goals, who is responsible for action, and how well the program is progressing toward its desired outcomes. Tied into the larger mission of an agency, program performance plans are where "the rubber meets the road;" where goals turn into action.

A program performance plan focuses on a particular program within an agency and the products it produces or services it delivers. Directors, managers, and supervisors within an agency should use the program performance plan as a management tool to initiate and guide activities through the use of goals and measures and to assist the leaders in monitoring the performance of the program or service area. It should also be used to identify budgetary requirements in support of those activities. The goals and objectives developed will also demonstrate alignment to the agency-wide mission and goals.

Step Seven: Implement the Plan, Report Progress, and Make Necessary Adjustments

Everyone throughout the agency should work together to implement the strategic plan and program plans. Attainment of the agency's mission and goals is not possible without the cooperation, hard work, and dedication of employees throughout an agency. Managers should clearly identify the individuals responsible for tasks, ensure work is done, and promote accountability through the use of performance measures. Reporting progress is also an essential component to ensure that plans are properly implemented and executed.

Implementing and executing an agency's plans requires a continual focus and daily action. In order to successfully implement its plans, an agency may consider doing the following:

- Making goals and performance visible in each agency division, section, or program area;
- Integrating the execution of initiatives into staff work/performance plans;
- Sharing plan highlights and achieved milestones on its web site;
- Using existing meetings to check progress against plan objectives; and/or
- Developing a dashboard to track performance and display it in a simple manner.

> **KEY POINT:** Strategic planning has no value unless the plan can be implemented and executed properly. Thinking has to be translated into action.

Performance information also needs to be communicated to a diverse set of stakeholders to ensure that agencies are meeting expectations and are taking the necessary actions to correct poor performance. Not only do internal managers and front line workers need to know how well they are performing, the Governor, legislators, OSBM, the media, and the public have a right and a need to know as well.

It is important to remember that strategic plans are not final, untouchable statements; rather, they are the best ideas of today's leadership team in view of today's realities. Due to an ever-changing environment that is affected by technology, new laws, and other unanticipated events, it is essential that strategic plans are reassessed and changed to accommodate the new landscape.

Therefore, strategic plans should be reviewed annually by the agency. In the annual review, all elements of the plan should be revisited; however, this does not mean that a full strategic planning process needs to be undertaken. The major points of emphasis in the review should be briefings by staff specialists about any major environmental changes; the status of goals and objectives and any necessary adjustments; the need to revise old or develop new strategies; and important performance information. A thorough review allows the agency to effectively update its goals, objectives, and strategies and keep management current with its environment.

Appendix I: Planning Template

[Department Name]

MISSION

VISION (optional)

VALUES (optional)
•   •

AGENCY GOALS		
Goal 1 –		
Alignment with Governor's Priorities (if applicable) –		
Objective 1.1		
Objective Measure	Baseline	Target
Objective Measure	Baseline	Target
Objective 1.2		
Objective Measure	Baseline	Target
Goal 2 -		
Alignment with Governor's Priorities (if applicable) -		
Objective 2.1		
Objective Measure	Baseline	Target
Objective Measure	Baseline	Target

Objective 2.2		
Objective Measure	Baseline	Target

MANAGEMENT GOALS						
HUMAN RESOURCE MANAGEMENT						
	Baseline	Q1	Q2	Q3	Q4	Target
Goal 1 -						
Measure -						
Goal 2 -						
Measure -						
INFORMATION TECHNOLOGY						
	Baseline	Q1	Q2	Q3	Q4	Target
Goal 1 -						
Measure –						
Goal 2 -						
Measure -						
BUDGET AND FINANCIAL MANAGEMENT						
	Baseline	Q1	Q2	Q3	Q4	Target
Goal 1 -						
Measure -						
Goal 2 -						
Measure -						
CAPITAL PLANNING						
	Baseline	Q1	Q2	Q3	Q4	Target
Goal 1 -						
Measure -						
Goal 2 -						

Measure -						

Appendix II: Glossary

Activities: The daily tasks, either programmatic or administrative, which in combination comprise the strategies by which a program unit contributes to the accomplishment of an objective.

Baseline: The level of performance at the beginning of the planning period. Baseline data provides a starting point to develop appropriate performance targets for a measure.

Benchmark: A "best practice" standard against which performance measures can be compared to evaluate progress toward the "best-in-field" level of performance. The quantified standard against which achievement of a stated goal, objective, or strategy can be measured.

Efficiency Measures: Indicators of the input resources required to produce a given level of output. They measure resource cost in dollars, employee time, or equipment used per unit of product or service output. An efficiency measure relates agency efforts to agency outputs.

Goals: Broad statements of what an agency wants to achieve over a long period of time. Goals stretch and challenge an agency, but they are realistic and achievable. A single goal may be subdivided into multiple objectives.

Key Agency Indicators: Outcome-based measures that are inclusive of various programs, activities, and funds in order to provide stakeholders, both internal and external to the agency, a clear message of what is important and how the agency is progressing toward achievement in those identified areas.

Mission Statement: The reason for an agency's existence. It succinctly identifies what the agency does, why, and for whom. A mission statement reminds everyone – the public, the Governor, legislators, the courts, and agency personnel – of the unique purposes promoted and served by the agency.

Objectives: Clear targets for specific action. They make interim steps toward achieving an agency's long-range mission and goals. Linked directly to agency goals, objectives are measurable, time-based statements of intent. They emphasize the results of agency actions at the end of a specific time.

Outcome Measure: Indicators of the actual impact or effect on a stated condition or problem. They are tools to assess the effectiveness of an agency's performance and the public benefit derived an agency's undertakings.

Output Measures: Indicators to count the services and goods produced by an agency. The number of people receiving a service and the number of services delivered are often used as measures of output.

Performance Measures: Enable agencies to objectively gauge and report progress in carrying out their mission and goals. Careful performance measurement provides the information necessary to make management decisions. Reports on performance measurement also provide clear, objective means of meeting the State's obligation for effective and efficient use of resources.

Program Evaluation: The systematic analysis of the impact of service delivery to a targeted population to determine if the desired goals and outcomes of the program are being achieved.

Results Based Budgeting: Commitment to emphasizing measurable results as an integral part of budgeting is a key strategy being introduced by the Office of State Budget and Management to encourage the efficient and effective management of state resources. The General Assembly has endorsed this concept in budgeting in G.S. 143C-3-5(b), which states that goals and performance information are required components of the Governor's recommended state budget.

Stakeholder: An individual who has or feels they have a stake in the future success of the agency or unit in question.

State Budget: The total requirements for North Carolina state government agencies and institutions consists of General Fund dollars, Highway Fund dollars, federal funds, and various other receipts and funds. The state budget includes state aid funding for local public school units and local community colleges and institutions. A summary of the state budget can be found on OSBM's website.

Strategic Planning: A long-term, future-oriented process of assessment, goal setting, and decision-making. A strategic plan defines what an agency will do over the next three to five years and how it will achieve its desired results.

Strategies: Methods to achieve goals and objectives. Formulated from goals and objectives, a strategy is the means for transforming inputs into outputs and, ultimately, outcomes, with the best use of resources. A strategy reflects budgetary and other resources.

SWOT Analysis: Evaluates the strengths, weaknesses, opportunities, and threats of a particular agency. It is a technique employed in the collection of background data from which an agency's key objectives are developed. The technique focuses both on internal and external factors affecting the successful operation of an agency.

Target: The level of performance that is tied to a measure and should be reached within a specified period of time.

Appendix III: Management Goals and Measures

All agencies subject to Executive Order 3 must include the following management goals and measures in their strategic plan. Agencies should evaluate their past performance for each of these goals and identify reasonable targets for improving performance in each area. Agency specific goals may also be included, but at a minimum the following must be tracked and submitted with the agency's strategic plan:

Budget and Financial

Goal 1: Agency financial reports are accurate and complete by the required due date at the end of every month.
Measure: Timeliness of month end reporting

Data Source: OSC report on close-out status
Methodology: Each agency is responsible for certifying that the month end reports on transactions from appropriations and/or receipts are accurate and complete by the 10th working day of the following month (unless an alternate due date is defined by OSC). Agencies should track the number of days past the due date on a monthly basis and establish a reasonable target based on past performance.

Goal 2: Agency is effectively monitoring expenditures and managing resources to ensure accounts are not overexpended.
Measure: Percent of accounts overexpended at the end of each quarter

Data Source: North Carolina Accounting System, Monthly budget report (C-D-GL-BD701-CERT-REPORT)
Methodology: Over-expenditures should be calculated at the end of each quarter as the difference between actual expenditures and the authorized budget (BD 307 plus all approved budget revisions) at the certified level of detail for each fund. The measure should apply to all general fund operating codes.

Capital/Infrastructure

Goal 1: Design contracts are signed within the same fiscal year funds are authorized for capital projects. (G.S. 143C-8-11)
Measure: Percent of capital projects under a design contract within the same fiscal year that funds are authorized

Data Source: Agency records & monthly revenue/expenditure report (BD 725)
Methodology: Measure should include all appropriated, repair and renovation, and debt funded capital projects in the previous two fiscal years. The measure should not include the current fiscal year because agencies and institutions have until the end of the fiscal year to award a design contract.

Goal 2: Capital projects funded from the Repair and Renovation Reserve are completed within three years of authorization.
Measure: Percent of R&R projects completed within three years of authorization

Data Source: Agency records & monthly revenue/expenditure report (BD 725)
Methodology: Measure should include all Repair & Renovation (R&R) projects that have been authorized for at least three years and not more than five years.

Goal 3: 85% of capital projects are completed within original State Construction project cost estimate (OC-25).
Measure: Percent of capital projects completed within the original (OC-25) cost estimate.

Data Source: Agency records, monthly revenue/expenditure report (BD 725), & project cost estimate certified by State Construction (OC-25).
Methodology: Measure should include projects that were authorized in the current and previous biennium and are completed. The agency should identify all projects that are completed and use the original OC-25 cost estimate to establish the baseline budget.

<u>Human Resources</u>
Goal 1: Agencies are targeting retention efforts to reduce voluntary turnover.
Measure: Voluntary turnover rate

Data Source: BEACON Business Intelligence (BI) Report (B0043)
Methodology: The agency should use the BEACON BI Employee Turnover from State Government report to obtain data on total number of employee separations and rate of separations by agency; The report includes voluntary vs. involuntary vs. retirements, but agencies should only use voluntary turnover for this measure. The measure should be annualized to reflect the most recent twelve month period. If a position is eliminated, it does not count as a separation and is not reflected in this report.

Goal 2: Agencies are effectively retaining new employees.
Measure: Turnover rate of new employees

Data Source: BEACON Business Intelligence (BI) Report (B0090)
Methodology: The agency should use the BEACON BI New Employee Turnover Rate Report to obtain data on separations of "new" employees (defined as 0-2 years) and is based on employee's original hire date with the State, so transfers between agencies are not counted. The measure should be annualized to reflect the most recent twelve month period.

Goal 3: All separations are processed within 30 days, avoiding unnecessary costs to the state through incorrect payments.
Measure: Percent of separations processed within 30 days

Data Source: BEACON Business Intelligence (BI) Report (B0098)
Methodology: The agency should use the BEACON BI Time to Process Separations Report to calculate the percentage of separations processed more than 30 days retroactively. The report determines the number of days retroactive by taking the difference between the date on which the transaction was entered and the effective date of the transaction.

Goal 4: All position pay changes are processed within 30 days, avoiding errors in employee pay and reducing unnecessary costs to the state.
Measure: Percent of position changes processed within 30 days

Data Source: BEACON Business Intelligence (BI) Report (B0152)
Methodology: The agency should use the BEACON BI Time to Process Position Changes Report to calculate the percentage of position changes processed more than 30 days retroactively. The report determines the number of days retroactive by taking the difference between the date on which the transaction was entered and the effective date of the transaction.

Information Technology

Goal 1: Critical applications have adequate back-up and have been tested successfully.
Measures: Percent of critical applications with adequate back-up
Percent of critical applications successfully tested

Data Source: Agency reported data in the Application Portfolio Management (APM) tool; agency business continuity plans; ITS operational disaster recovery test records
Methodology: The agency should analyze data reported in the APM tool to calculate the percentage of critical applications with back-up and the percent that have been successfully tested.

Goal 2: IT projects will be completed on time and on budget.
Measures: Variance from original baseline budget
Variance from baseline end date

Data Source: Office of Information Technology Services (ITS) Project and Portfolio Management (PPM) tool
Methodology: The agency should use data reported in the PPM tool to determine the cost variance for all active projects (use variance between the forecasted budget and the original baseline budget as determined after the planning and design phase); The agency should also use data reported in the PPM tool to determine the variance from the baseline end date for all active project (use variance between the forecast end date and original baseline end date). The agency should establish target variances for all projects to meet (e.g. no projects exceed baseline budget by more than 10%; all projects on track for completion within 180 days of baseline end date) and report number and percentage of total projects meeting targets.