

MFR: An Overview of the Basics

What is actually involved in developing a comprehensive MFR approach to governance? Some have called it “managing by common sense.” Essentially, the approach to MFR presented in this chapter involves seven basic steps (see Chart 3.1). Although they are presented here as discrete and separate, the steps are in fact interwoven and should feed back, forth, and across. Governments have implemented the MFR process in various ways and to varying degrees; there is no hard-and-fast formula. The key is to understand the basics: plans that focus government on real needs and desired outcomes, programs and services that address those needs, performance measures for gauging how efficiently and effectively government is working toward fulfilling the needs and achieving the desired outcomes, and adjusting strategies (programs and services) and budgets based on what needs to be done and the data flowing back to decision makers.

Chart 3.1: Managing for Results Process



1. *Planning for results (strategic planning)*. This includes developing a broad set of goals and objectives for government, based on a clear understanding of the needs government is supposed to be addressing as established by policymakers, ideally in response to constituent inputs about their concerns. Such goals and objectives may come in the form of a mission statement based on identified needs or may simply be a list that sets out the principal areas where government wants to see progress. Such a planning process may also include developing clear policy directions and directives that begin to push the overall plan down to the operational level.
2. *Program planning*. This includes looking at how departments deliver services and whether those services contribute to achieving the government’s broader goals and objectives. It may also include departmental strategic plans, including mission statement, needs assessments, a set of specific departmental and program goals and objectives, and a set of services (strategies) for producing outputs necessary for achieving those goals and objectives.
3. *Developing meaningful performance measures*. This involves working with the relevant departments (from director, to front-line staff, and in some cases to citizens/customers/clients) to come up with meaningful measures aimed at judging progress (or lack thereof) in meeting goals and objectives. A full set of measures also will include data on activities (the type and amount of work being done) and on costs (including direct costs of providing

services or doing other work, along with indirect and overhead costs). Governments generally develop input, output, efficiency, service quality, and outcome indicators to track the extent to which program and activity goals and objectives and desired outcomes are being achieved.

4. *Budgeting for results.* This involves allocating resources based on some set of negotiated priorities that take into consideration the government's stated goals and objectives. To accomplish this, the line-item budget is normally reformatted to allocate resources based on strategies for achieving outcomes associated with the goals and objectives that the government has determined it wants to achieve.
5. *Collecting and using the data to manage work processes.* This involves developing systems (for example, databases, accounting) for collecting data at the desired program or activity level and then assessing the data and regularly (weekly, monthly) monitoring them for indications of the extent to which goals and objectives are being achieved and how efficiently and effectively programs are operating. The results of these continuing assessments are then used at the operational level to make adjustments to programs and services and spending.
6. *Evaluating and responding to results.* This is a more formal, overall assessment of what the data are telling government about the effectiveness and efficiency of the programs and services—both provided internally and through outside contracts. Such assessments typically are in the form of formal periodic reports to upper-level career and appointed officials, and elected officials. Often these evaluations, which are used in setting policies and budgets for future operating years, are made quarterly or less frequently.
7. *Reporting results.* This involves communicating to elected and appointed officials and constituents a comprehensive set of clear, decipherable performance measures. Reporting generally involves communicating the extent to which the government's goals and objectives are being achieved with information to assist users in assessing the efficiency and effectiveness of the program(s).