



PATHFINDER

Guidance on Outcome Focused Management

Learning Paper : Managing for Outcomes in Complex Policy Environments

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This document provides guidance for agencies integrating outcome information into their decision-making processes. The document was produced by New Zealand's Pathfinder Project. More Pathfinder guidance documents are available on <http://io.ssc.govt.nz/pathfinder>.

We hope other outcome-based initiatives continue to develop the material presented in this suite.

Managing For Outcomes In Complex Policy Environments:

Some challenges and opportunities

Purpose Statement

1. This scoping note identifies challenges that agencies face in pursuing outcomes focused management within complex policy environments. We highlight some of the uncertainties that need to be managed or, if possible, resolved in complex environments. Towards the end of this paper we suggest approaches that may be useful to agencies when considering how to address these challenges.

“Even relatively small increments of knowledge about how and why programmes work or fail cannot help but improve programme effectiveness.”

Carol Weiss (2000)¹.

Management Overview

2. Central government is frequently involved in policy and operational decisions in complex environments. Typically, complex environments are dynamic, involve many actors with many different perspectives, give rise to problems with multiple and conflicting definitions, and that have no obvious solutions — often there may not even be agreement on the exact nature of the problem. These characteristics make applying outcomes focused management techniques challenging.

3. In most agencies this means accepting that many factors may influence the change we seek. In some agencies, this may mean acknowledging the uncertainty in our understanding of “what works” and manage for that. In others, this may mean that we focus attention on reducing uncertainty where we can.

What makes environments complex?

4. There are at least three characteristics of the policy environment that make applying outcomes focused management techniques challenging.² They are:

- ***Policy often has conflicting outcome goals.*** Whole of government approaches to policy development mean tensions often arise. What benefits one group or agency may negatively impact another. Economic, social and environmental goals are often in conflict.
- ***Policy-making is subjective.*** In the best of worlds policy will be informed by data and evidence, but in many of the areas in which we work, evidence is sparse, can be indirectly related, and inconclusive. Even with a strong evidence-base to inform our decisions, critical decisions are framed by opinion, judgement, experience and context.³

¹ Carol Weiss (2000), in Rogers et al, eds. Program Theory Evaluation: Practice, Promise, and Problems, *New Directions in Evaluation*, 87.

² These characteristics are not restricted to the New Zealand policy environment. See, for example, Mark Schacter, *What Will Be, Will Be: The Challenge of Applying Results-based Thinking to Policy*, Institute on Governance, Ottawa, Canada, 2002.

³ Geoff Mulgan provides a useful way to think about the “state” of policy and evidence, namely: stable, flux and novel. See for example, <http://www.publicnet.co.uk/publicnet/fe021122.htm> We acknowledge that what constitutes “evidence” is, itself, framed by opinion and judgement.

- ***Policy is interdependent.*** Many factors — known and unknown, predictable and unpredictable, controllable and uncontrollable — affect whether or not a policy gets the results we seek. This is further complicated by time delays between implementing policy and observing its presumed effects, and by the “human factor” where the diversity of individual preference and reaction makes the environment in which policy operates dynamic, tangled, adaptive, and emergent.

5. Most departments face these issues at some stage or in some area(s) of their business. The search for solutions is not confined to one area of government activity.

What then are the challenges for outcomes-based management in complex environments?

6. Pathfinder’s approach to outcomes-based management seeks to create a management culture that is fact based, results oriented and open, and where agencies are accountable for:

- understanding and clearly articulating what results are intended, how programs and policies are designed to achieve these results, and how achievement of results will be demonstrated;
- managing for these intended results in a manner consistent with public service values, while meeting service standards of timeliness, quality, accuracy, etc; and
- modifying the output mix in response to what we learn from success and failure.

7. The realities of complex policy environments suggest that:

a Understanding and clearly articulating what results are intended can be difficult:

- i The intended results of our actions can have unintended (and sometimes undesirable) results for others. By focusing only on the results we are seeking from our activities, we can miss the impact that policies in one area may have in other areas. We also risk losing sight of the bigger picture as to what overall results are desirable. Vigilance is needed
- ii Access to services, quality of life, well-being, or personal safety are often results that people really want. These may not be fully reflected in the outcomes departments are pursuing or articulated in a way that makes this obvious. So where possible, we make policies and strategies more tangible by stating clear outcomes goals.
- iii The concept of the ‘vital few’ is a prioritisation tool. We should not ignore other important outcomes. We need to monitor what citizens see as other desirable results, and check for unintended consequences — both positive and negative.

b There are limits to understanding and clearly articulating how programs and policies are designed to achieve these results:

- i Links between outcomes and outputs are not necessarily linear. Outcomes do not always fall naturally into hierarchies with innate order and priority. Many-to-many links between outputs and outcomes may make attribution and causation unclear and contested.
- ii Intervention logic⁴ does not always explain why a certain intervention will work for one individual compared with another. There may be many competing views about what works best for whom and under what circumstances. Equally there may be uncertainty about the cause of any change — with no single “correct” answer.

⁴ An evidence-based, systematic and reasoned description of the links between outcomes and outputs.

c Not all results can be measured or assessed:

- i Not everything lends itself to measurement or assessment. In many areas it is ethically and technically challenging to assess the impact of what we do, or the cost of collecting this information is prohibitive. By focusing only on what we can “measure”, we may miss the whole – and it is usually the whole (person, community, entity) that we are interested in.
- ii Evidence of impact may not be visible for a long time and proxy measures may not give us robust information sufficient to inform decisions. We often amend our interventions in the meantime. A broad range of assessment tools and evaluative techniques, including formative and process evaluations, may be necessary (see Building Block 5).
- iii In many areas of our work, knowledge about what works and what doesn’t, is inside people’s heads. It is a combination of experience, intuition, and context. There are methods that allow us to access this knowledge, but, as with any method, the benefits of doing so must outweigh the costs.

What does this suggest for outcomes-based management?⁵

8. Complex policy environments are uncertain environments, but —at the very least— we should find out if we cause harm through our interventions.
9. Our goal is to identify where there is uncertainty, and then manage it appropriately. In some agencies, this may mean acknowledging uncertainty about “what works” and managing for that. In others, this may mean focusing attention on reducing uncertainty where we can. Adapt your approach to match the state of knowledge in your area, the systems you work in, and the potential of research and evaluative techniques to help inform decisions.
10. This suggests:
 - ✓ *Accepting uncertainty.* We rarely get all of the feedback on performance that we want. We can aim to get feedback at the level of certainty we want at a price that we can afford. Decisions can be informed by evidence, but are rarely based entirely on evidence.
 - ✓ *Acknowledging that our models/theories or “intervention logics” require testing,* frequent revisiting and redesigning, and that ideas will be discarded. We will protect what works, try new ideas and ways of working, and allow innovation at a local level.
 - ✓ *Identifying potential causal relationships.* Causal relationships may change, or new evidence of potential causality may emerge. It is important to identify the relationships and assumptions an intervention is based on – and to revisit these frequently. The evolution of the model over time may provide insights into systemic aspects of change.
 - ✓ *Focusing on the ‘vital few’ without being blind to other necessary results.* The concept of the ‘vital few’ is a prioritisation tool. Do not ignore the important.
 - ✓ *Identifying areas which are less complex,* and acting decisively where linkages between outcomes and outputs are more certain.
 - ✓ *Learning from unexpected behaviours.* Meaningful information may come from unexpected system behaviours. Try to capture diverse data — about the unexpected as well as the expected, the long-term and immediate outcomes, near term results, and varying points of view — that reflect the complexity of the system.

⁵ See, Eoyang, G. & Berkas, T. (1999) Evaluating Performance in a Complex Adaptive System, in *Managing Complexity in Organizations*, Lissack, M. & Gunz, H.(eds.) Westport, Connecticut: Quorum Books. Discussion draws on ‘Evaluating Performance in a CAS’, July 5, 1998. Article available at: <http://www.complexod.com/eval%20article-1.html>

- ✓ *Accepting that “evidence” comes in many forms and is usually context specific. What we are seeking is not always “proof”. We generally want to improve our confidence that interventions work.*
- ✓ *Accepting that sustaining an outcomes focus in management takes effort – but also recognising that hard-won analytical insights can reduce undeniable complexity to organisationally workable dimensions.*

“Performance is not...frozen in time. A performing [organisation] is one that continuously reads its environment and adjusts how and what it does in response to new information.”

Allen Schick, 2003.⁶

11. There are no perfect management solutions. We use approaches that make the best sense of the information we have, but also set out to improve our evidence base and approach over time. Even partial gains in knowledge about how and why programmes work or fail helps us make better decisions about if and how programmes should be delivered and funded.

⁶ Allen Schick, ‘The Performing State: Reflection on an idea whose time has come but whose implementation has not’, OECD, May 2003, p.4. GOV/PUMA/SBO(2003)17.