



# PATHFINDER

Guidance on Outcomes Focused Management

## **Learning paper : Operational Systems that Enhance Outcomes**

Version 2.1, July 2003

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.

# Operational Systems that Enhance Outcomes

## Purpose Statement

1 This note outlines activities that can help align business systems to improve outcomes. Options are based on individual participants' actions. The options help embed an outcomes focus at all levels of organisation and in all areas of work.

2 In the following discussion we assume that outcomes have been defined and that performance monitoring systems are in place.

## Management Overview

3 Strategy must be translated into action at all levels in an organisation. To do this we must align interventions, budgets, information and decision-making systems to improve outcomes. People at all levels – individually and collectively - are decision-makers. People supported by good systems, incentives and information make better decisions and deliver the best results.<sup>1</sup>

4 Some agencies have found the following approaches very useful:

- ensuring people throughout the hierarchy are clear about roles and responsibilities;
- matching high value interventions to clients (or areas) of high risk and likely benefit;
- using empirical approaches to identify a robust intervention mix and apply best practice;
- using decision support tools to capture expert knowledge and make it accessible to staff;
- harmonising business processes in the quest for improved outcomes; and
- two-way communication with internal and external stakeholders.

5 Short-term performance is strengthened by a culture that sustains best practice, and systems that embed best practice within the organisation. In the medium-term, culture needs to sustain systems and interventions that work, but encourage innovation where results are more modest.

## Management Issues Going Forward

- Clear communication to internal and external stakeholders about 'what works', and the changes in decision-making systems and operational practices needed to enhance outcomes.
- Building staff belief, commitment and enthusiasm, and promoting collaborative behaviour.
- Using resources to best effect through a clear, evidence-based management framework.

## What are the Management Applications?

- Translating strategy into action in hierarchical and segmented organisations.
- Transferring expert knowledge, skills and responsibilities to front line staff.
- Delivering interventions where they can produce the greatest gain in outcomes.
- Improving planning, capability assessment, budgeting and micro-level resource allocation.
- Building and communicating an 'action plan' of what must be done to enhance outcomes.

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<sup>1</sup> e.g. performance appraisals that recognise results, and aligning cost and performance information

## Success Factors for Management

6 Work by individual agencies on modifying business proceedings to enhance outcomes is in its early stages. Their experience suggests success factors include:

- *Operational systems* that at all levels in the organisation are driven by the outcomes we seek.
- *Ownership, good decision-making and action 'at the coalface'*.
- *Decision support and planning frameworks* that embed best practice.
- *Allowing time* to align plans to outcomes, deliver services, show results and change for the better.
- *A culture* that protects what works, that tries new ideas and ways of working where results are less than impressive, and that tests new ideas in a disciplined, structured way<sup>2</sup>.

## Hurdles

7 The main barriers appear to include:

- Integrating activities to produce genuine improvement.
- Improving allocation decisions to magnify results from good interventions.
- Tensions between operational discretion and consistent use of best practice.
- Influencing events beyond our direct control.

## Some Promising Approaches

8 The strong, explicit focus on outcomes is still a recent phenomenon. We are not yet at a stage where we can write precise guidance on how operational systems should be reconfigured to support the outcome focus. But actions should be pursued from the following smorgasbord:

- Translate strategic vision and concepts into plans, budgets, actions and day-to-day decision-making. Specify roles, responsibilities and accountabilities for different levels and areas in our organisation, and work to role. Monitor performance in each role. It takes sustained effort to broaden mindsets, and align accountabilities and processes to outcome goals.
- Take a strategic approach to selecting what results will be assessed, how and when. Use performance monitoring and formative, process and impact evaluation where the benefits of improved performance outweigh the costs of gathering additional performance information.
- Use empirical approaches to identify best practice. Then spread it. Clarify operating philosophies and decision-making frameworks and improve them over time.
- Use decision support tools to ensure interventions reach the people that can benefit most. Use expert knowledge to improve allocation systems and tools, as well as interventions. This may drive analytical work on risk assessment, needs analysis and factors limiting the effectiveness of existing interventions, as well as tests of new interventions.
- Use conceptual and quantitative modelling approaches to find the best intervention mix.
- Use logistical analysis to identify the mix of interventions that maximises outcomes within logistic and funding constraints, for a given area. The most cost-effective interventions were matched to the risk and needs of local populations, allowing for delivery constraints.
- Harmonise all our business processes in the quest for improved outcomes. Incentives and implicit messages matter. We must ensure that every action as providers, planners, IT specialists, recruiters, performance managers, budget managers (etc) support our mission.

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<sup>2</sup> i.e. by using performance monitoring and evaluation to show that the intervention logic is 'working as planned'

- Work in productive networks to improve outcomes by influencing events beyond our immediate control. Networks may need to extend across internal and agency boundaries.

9 Through all these processes, the focus is on selecting, designing, allocating and delivering interventions on the basis of need for improvement, evidence of results and value-for-money.