

Performance Management and Economic Development

Adrian Moore
Reason Foundation

Starting and Sustaining

1. Make Results the Bottom Line

2. Compare Results and Push Improvements

3. Use Results for:

- **Oversight**
- **Making Management Decisions**
- **BUDGETING**

Who is it for?

- So that *you* understand your government's relative performance

&

- So that citizens will understand your government's relative performance.

Citizen Visibility is Key

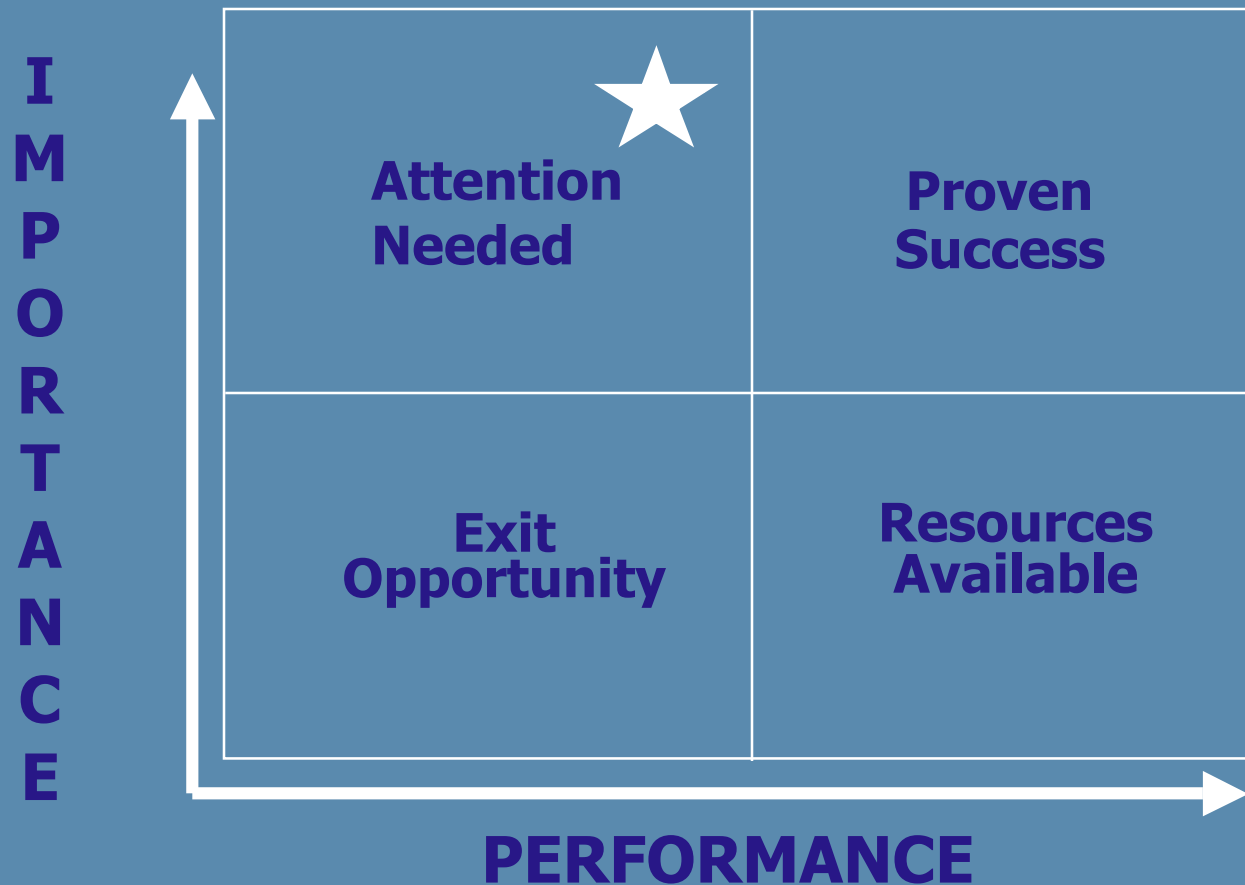
What is the ultimate performance criteria?

⇒ Citizen's perceptions

**That's your handle on the quality of growth
of your jurisdiction**

***AND* there is an apparent loop between
transparency and performance!**

Evolution to Performance: Setting Priorities



The Fundamental Question!

“If we weren’t already doing this today, would we start doing this tomorrow?”

--Peter Drucker

A question successful businesses ask on a daily basis! A question rarely asked, and almost never answered in government.

Integrating Budget and Performance Goals

List all activities

**Divide activities among
“purchasing” priorities
regardless of who provides the
activity**

**Focus on programs that deliver
the greatest result and
purchase those, not work for
its own sake.**

How Government *Should* Budget

Performance Based

- Focus is on entire budget
 - All spending is analyzed
 - Buy what works
 - Those that produce the greatest good, based on the goals set by the community – setting priorities
- Focus is on the “purchase”
- Need to make tough choices – “kitchen table economics”
- “Nice ideas” – there’s never enough \$

Budget and Performance Integration: Federal PART

- Does the program meet the nation's priorities?
- Does the program meet the President's principles for appropriate use of taxpayer dollars?
- Does the program produce the intended results?
- **How: Performance Assessment Rating Tool**
 - Clarity of purpose and quality of design
 - Value of strategic planning / results-orientation
 - Quality of management
 - Level of results and accountability

Pitfalls

- **Wrong performance measures**
- **Failure to USE performance measurement information**
- **Exposing ill-defined, conflicting, & duplicative program purposes**
- **Not changing budget allocations based on performance**

Performance Measurement and Economic Development?

**Why do people choose to live in
your community?**

**Why do businesses choose to locate
in your community?**

**Why do entrepreneurs stay in your
community?**

Performance Measurement and Economic Development?

It's a bundle, baby!

Quality of life

--schools

--crime

--jobs

--amenities

--job friendly

**--entrepreneur
friendly**

--investment friendly

Public and Private roles

- **Public roles are policy (taxes, regulation, etc), infrastructure, and public spaces.**
- **Private roles and investment, risk taking, job creation.**
- **Community roles are cooperation and volunteerism**

5 Principles of Economic Development Success

- **Focus on the achievable**
- **Private sector participation is key**
- **Core services create long term success**
- **Private investment à sustainable economies**
- **Leadership requires focus, drive, and simplicity**

Focus on the achievable

- **Reality, political and economic, often gets in the way of grand plans**
- **Vision provides context, but it is not a workable action plan.**
- **A practical key to successful economic development is the ability of local leaders to be realistic in their expectations and in the programs they create to achieve them.**

Private-sector participation is key

- **Direct investment by government to create jobs doesn't work.**
- **Seeding projects or catalyst projects have not fared much better.**
- **Success comes when gov't policy actions are leveraged by private participation, including private understanding of markets and risks.**
- **In part that means confronting that downtowns are not longer regional economic engines, but are boutique markets and serve a specific niche.**

Efficient core services are key to long-term success

Little else matters if the services and products local government provides that no one else can (or will) provide are lacking or failing.

- local infrastructure
- certain kinds of regional planning
- law enforcement
- criminal justice
- education

Transparent superior performance in core functions speaks right to a community's quality of life.

Private investors create sustainable economies.

- **Government investment does not create long-term job growth.**
- **Jobs mostly come from local small businesses starting up, expanding and diversifying over time.**
- **Local officials rarely can pick and choose among those private businesses to determine which will be successful.**
- **Wealth creation, from a public official's perspective, is largely a spontaneous process where the logic and rationale of the success of a particular business can be determined only in retrospect.**

Leadership requires focus, drive and simplicity

- **Avoid the shotgun approach to economic development**
 - a lot of waste
 - diffused accountability
 - initiatives work at cross purposes
- **Better to identify two or three key areas and goals, and then develop a timed, phased action plan to achieve them.**
 - results are easier to measure
 - implementation is clear to participants
 - success is more likely

The Main Street Approach

- **National Trust for Historic Preservation program**
- **A volunteer/community based program working with local government**

Main Street Clear roles

Government

- services**
- infrastructure**
- public spaces**
- streetscapes**
- incentives**

Private/community

- investment**
- private space improvements**
- events**
- marketing**
- cooperation**
- volunteer efforts**

Contact Information

Adrian Moore

adrian.moore@reason.org

661-477-3107