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Hillsborough's SEA Report Becomes Tool for Improved Communication, Management

All governments seem to have too much to do and too few resources to tackle everything.

Hillsborough, NC, population 6,700, was no exception. Town Manager Eric J. Peterson said it's the same everywhere: 95 percent of the time is spent on low-priority items, "and that's just wrong."

Looking for a better way to keep everyone focused on the town's most important goals, leaders adopted a performance management system and incorporated the results in an annual Service Efforts and Accomplishments Report. The town's Fiscal Year 2009-2010 report received a gold award from AGA's review program earlier this year.

It's somewhat unusual for a town the size of Hillsborough to implement a performance management system, but today, with just a few years of experience behind them, government officials say the benefits are many.

Decision-makers have better information to evaluate government services. Administrators can more easily ensure the town's top goals are being addressed. Managers and employees can concentrate on the big picture instead of being constantly distracted by the crisis of the day. Citizens can use the information contained in the SEA report to determine whether the quality of life in Hillsborough is improving.

Peterson, who, has called the performance report everything from a springboard for conversation to a good decision-making tool, to a reality check for everyone in town government. He has the support of the Board of Commissioners, some of whom had worked with performance measures in the private sector.

The town laid the groundwork for a new management model by talking with the budget director and other officials in nearby Charlotte, which has been called the "public-sector mecca" of the balanced scorecard method by *Governing* magazine.

The balanced scorecard measures four areas: financial, internal business, innovation and learning, and customer service. While Hillsborough already had goals and objectives in place, being more specific about how to achieve them and tracking progress systematically was new. A vague objective like "provide superior service" was defined, in one example, by aiming to fill all potholes within 48 hours.

While Peterson did not hear any major objections to using a balanced scorecard, some of the managers questioned whether a new system would be an improvement. Peterson responded that he was willing to scrap the whole program if it didn't work.

The town enlisted the help of William C. Rivenbark, a professor at University of North Carolina at Chapel Hill's School of Government. Rivenbark helped managers figure out what to measure and how to describe the measures in a report.

Here are some examples of how the SEA Report is used in Hillsborough:

- Program reviews—The report revealed that the town's safety rewards program wasn't working, for example. It was eliminated and a new one put in place. The data is more meaningful because it's linked to an organization-wide strategy, Peterson said.
- Goal-setting—The Fleet Maintenance Division was able to show during a budget retreat that stretching the life of town equipment was increasing per-vehicle maintenance costs and delaying service for citizens. Town leaders decided to make the investment in new equipment, Peterson said.
- Data for citizens—Resident discussing a proposed residential development referenced the report in a public hearing to point out whether the proposal matched the town's goals for its future.
- A learning tool—Peterson said the report helps everyone in government do a type of "post-game analysis" by debating and questioning the results. The town can change priorities if something isn't working.
- Performance evaluations for managers— Achievement on scorecard items are part of the criteria used to set raises.

The strategic goals and priorities, set in 2007, have been remained unchanged, Peterson said. "What has changed is we get more specific in our initiatives and in getting measures to be more accurate and meaningful." Peterson encourages managers to throw out initiatives that don't work. "This isn't a paper pushing exercise."

He added, "We still have a long way to go, but we've also made great improvements. The measures have improved each year to be more valuable."

Citizens have an important role as well. About 25 percent of citizens are regularly surveyed on their impressions of city services to establish benchmarks. Comments go to every town employee. "It's a grounding experience to remind us of why we're here," Peterson said.

Residents told town leaders through the survey that they want to interact more closely with law enforcement. Now, the town ensures that one police officer is in attendance at every meeting of all 10 neighborhood watch groups. The survey this year showed an increase in the number of respondents who had a chance to interact with police. ([Read the survey results online](#). Check under Town Budget and Town News.)

The entire process has given Peterson a deeper understanding of what residents expect from their local government. "It really hammered home the point with me, citizens really want to experience a close working relationship with the people in their town government." They want to feel comfortable contacting town hall with questions. They want services that are convenient and are offered at a reasonable cost.

Has the quality of life for citizens of Hillsborough changed since the town began measuring its performance?

Taxes and water rates have not risen for two years, Peterson said, because managers and employees have paid close attention to the scorecard and implemented cost savings. Keeping an eye on top priorities of residents allowed the town to focus on funding a major park and two-mile river walk project, he added.

The report also goes far to instill public confidence in government. Town leaders report to citizens every year on how well services are being provided. "We said we were going to do this, and it shows how it turned out—good, bad or indifferent," Peterson said.

It also instills confidence in the decision-makers. Mayor Tom Stevens said, "A hungry man thinks only about food, the well-fed are free to think about anything. By analogy, if we didn't trust the financial information we were getting, the board's thinking would be consumed with speculation about every decision we make. We worry about money, but we don't particularly worry about the information we are getting about finances, thanks to the good work of staff."

Performance measurement also gives managers a clear sense of what's important. While crises will arise, staff members aren't pulled in too many directions as priorities are laid out on a scorecard after department budgets are approved. Peterson said, "I don't have to nag departments because it gives them more freedom and latitude," Peterson said.

Some governments are interested in measuring performance but don't know where to begin. Peterson says that whatever performance and planning methodology is chosen, the work is more meaningful if leaders think like citizens first. Take a customer's perspective on town government. This is different than looking at what you're already doing and trying to make it better, he says.

Start somewhere, Peterson said. Don't wait to find the perfect system, although waiting is smart if the government's decision-makers aren't fully supportive. "Start with a small number of measures connected to your most critical organization-wide goals. Run that through the cycle for one year, then expand it and adjust it as you learn." Build slowly, he said. Doing too much too soon dilutes the impact.

Don't be afraid to make a mistake, he said. He says performance measurement can sound complicated but it's actually as simple as providing a service, seeing if it worked well, and then deciding whether to keep doing it or not.

"The report plays a critical function in that. "If the report's not there, there's a gap in how you're running the organization," he said.

Learn more:

Read the [executive summary of Hillsborough's SEA Report](#).

[Read the entire report.](#)

Read an article written by Peterson and Rivenbark, "[A Balanced Approach to Implementing the Balanced Scorecard](#)."