



Metropolitan Government of Nashville and Davidson County, Tennessee

Organizational Snapshot

In 1963, the City of Nashville, Tennessee, consolidated its government with Davidson County and became the Metropolitan Government of Nashville and Davidson County (Metro Nashville).

- Population (2006): 576,382
- Operating budget: \$1,334 (millions)

The City of Nashville serves as the state capital and is the largest and fastest-growing metropolitan area in the state. It is located on the Cumberland River in Davidson County, in the north-central part of Tennessee. Nashville is a major hub for the health care, music, publishing, and transportation industries and consistently scores high in national rankings of preferred business locations, best places to live and favorable environments for the creation and development of businesses.

Vision

“Our vision is to be the best managed local government anywhere”- Mayor Bill Purcell

Mayor’s Core Functions and Goals

- Funding public education
- Assuring public safety
- Providing a quality of life that enhances our community and neighborhoods
- Providing a fair and sustaining income for our employees

Background

Historically the Metropolitan Government of Nashville and Davidson County (Metro Nashville) made limited use of strategic business planning before the early 1990s, when it introduced performance management to its budget process by requiring departments to provide performance measures with their annual budget requests. This initiative proved disappointing, however. With few exceptions, performance measures in the budget document described only departmental outputs and covered just a narrow spectrum of operations, according to an assessment conducted by the Office of Management and Budget to determine the effectiveness of performance measures in the organization. The survey responses by budget coordinators revealed:

- 57 percent did not monitor actual performance against stated objectives
- 45 percent said existing measures did not reflect services provided
- 59 percent did not make performance measures data available to all staff
- 42 percent used performance measures only for the budget book
- Less than 10 percent of departments had strategic plans in place

While some departments were using performance measurement constructively, Metro Nashville concluded that the initiative had not succeeded in transforming the organizational culture and had not been embraced by every Metro employee as intended.

In 2000, the citizens of Nashville elected a new mayor, Bill Purcell, who was committed to making changes to achieve a better-managed government. He found support in the finance director, who was already performing aggressive performance audits in core functional areas, such as police, fire, and public works. In addition, Metro Nashville hired an experienced professional in the field of change management to head the “managing for results team” and drive Nashville’s performance measurement efforts.

In FY 2002, Mayor Purcell defined it as his mission to make the Metro Nashville “the best managed local government in the country.” Toward this end, the Office of Management and Budget began developing a government-wide strategic planning and performance measurement initiative. The program, Results Matter, introduced the managing for results methodology into the systems and culture of all parts of Metro Nashville government.



Performance Management in Metro Nashville

In 2000, Nashville was rated poorly in a *Govern-ing* magazine study that evaluated cities based on their managing for results initiatives. Eager to identify ways to improve its services, Metro Nashville recognized that departments lacked goals and strategic planning and saw this as one such opportunity. Officials noted that performance management was gaining traction in many other jurisdictions, and hoped to replicate the successes of Maricopa County, Arizona, and the City of Austin, Texas, by seeking the guidance of Weidner Consulting in developing a comprehensive performance measurement system.

Development

In an effort to build accountability and credibility, Mayor Purcell and Finance Director David Manning worked with the consultants to design, develop, and implement a managing for results program that would span all agencies in the Metro Nashville government. The program’s goal was to successfully bring about a cultural shift in the organization and to implement a systemic focus on achieving results.

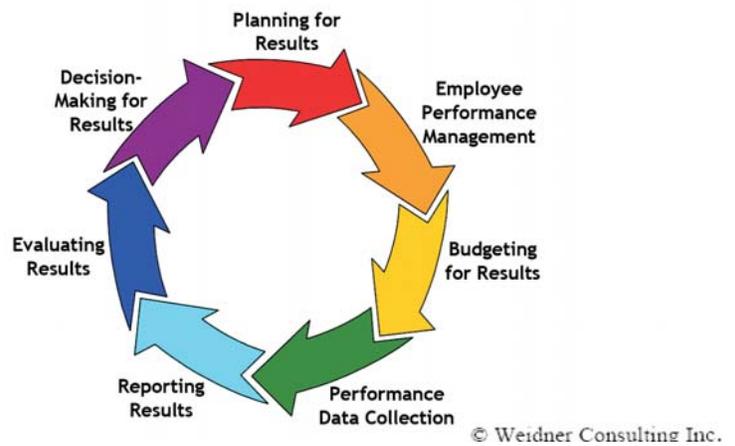
The consultants developed a comprehensive, three-phase implementation plan for Nashville. The initiative, Results Matter, was based on the managing for results methodology (see the accompanying illustration). Results Matter is a cyclic process meant to ensure that all agencies are focusing on producing results the community values in every step, from planning to decision making.

Most importantly, the process encourages the organization to critically examine its actions and to make necessary adjustments in response to performance information. Put simply, the program seeks to create a culture where every employee can answer:

- Am I doing the right thing?
- Am I doing it well?
- Are resources being invested in a way that will achieve the best results?

Description

Results Matter was implemented in stages over several years beginning in FY 2003. In the first implementation phase, the goal was to create strategic business plans for each Metro department. Initially, eleven departments began strategic planning. By the end of the first phase, officials expect that twenty-five departments will be participating, representing 90 percent of Metro Nashville’s overall total operating budget.



Departments have been developing their performance budgets in waves: the first five participating departments presented their first performance budgets in FY 2005. The final wave of departments is expected to implement its performance-based budgets in FY 2008. Performance-based budgets can be identified in the budget document by the Results Matter logo that appears in the upper-right corner of the page. Typically, a department maintains several programs and each program presents only one key result measure in the budget book.

Before Metro Nashville began to implement Results Matter, the managing for results deployment team made a critical decision that the wide-ranging effort to create strategic business plans would be led, not by consultants, but by Metro Nashville employees. These leaders, called Black Belts, are recruited from all levels of departments/agencies. At the beginning of each wave of implementation, the finance director would extend each department an invitation to participate in Results Matter training. Although departments received guidelines con-



cerning who to send to the training, they were not required to select only high level officials. The optional training was free to those willing to devote their time to the process. Over the four waves of implementation, about 90 Black Belts were been trained. Participants have found the training to be invaluable and rewarding. Others have praised the

program for creating advocates and leaders from individuals working within the government, rather than having outsiders leading the change.

Black Belt candidates receive intensive training on the managing for results tools and methods, change management, and facilitation techniques.

08 Human Resources-At a Glance

Budget Change and Result Highlights FY 2007

Recommendation	Result
Facilities Maintenance & Security Charge	\$ 55,200 Delivery of facility maintenance and associated security functions.
Shared Business Office Charge	7,900 Delivery of administrative support functions.
Shared Services Charge	12,300 Delivery of centralized payment services.
Customer Call Center Charge	6,400 Telephone access to information for Metro employees, the residents of Nashville, and other callers.
Fleet Management Charge	1,400 Delivery of fleet management, fuel services, and maintenance functions.
Postal Service Charge	(2,200) Delivery of mail across the Metropolitan Government.
Surplus Property Charge	2,200 Handling and disposition of surplus property.
TOTAL	\$ 329,600 (3 FTEs)

Performance Information Highlights

Performance Measure Certification
The Performance Measure Certification Unit reviewed all key result measures for the Human Resources Department for FY 2004-05. Measures were either certified, meaning the measure was aligned, documented, and reliable or not certified (NC), meaning the measure did not meet the established criteria. For FY 2005, only certified measures appear in the Operating Budget Book.

	Certified	Reported, Not Certified	Not Reported
Number of Programs:	47%	38%	15%
Program Budget Dollars:	13%	33%	54%

If reductions were made by improving efficiency, this may be short. If reductions affected results or achievement of goals, they will be longer.

Performance Measure Certification : this is an internal audit procedure to assure that measures are valid, data is accurate, and that the overall integrity of the program is protected.

08 Human Resources-At a Glance

Workforce Development Line of Business - The purpose of the Workforce Development line of business is to provide education and leadership development product to Metro departments so they can maintain an informed and high performing workforce.

Performance and Productivity Support Program

The purpose of the Performance and Productivity Support Program is to provide performance management products to Metro departments and agencies so they can complete employee performance evaluations in a timely manner.

Results Narrative

The proposed budget for the Performance and Productivity Support Program includes maintaining funding at the current level for FY07. This program provides education and leadership development products to Metro departments so they can maintain an informed and high performing workforce. With its current level of funding, the Performance and Productivity Support Program will continue its mission to train and assist Metro departments in adopting the Performance Management system.

Program Budget & Performance Summary	2005 Budget	2005 Actual	2006 Budget	2006 1 st Half	2007 Budget
Program Budget: Internal Service Fund	\$172,100	\$140,952	\$109,200		\$109,200
FTEs: Internal Service Fund	2.3	2.3	1.0		1.0
Results					
Percentage of employee performance evaluations submitted in a timely manner	100%	NC	100%	69%	90%

A table presents the department's budget, full-time-equivalent (FTE) positions by fund type, and its key result measure (KRM).

A narrative describing the results expected through this year's budget

Examples taken from Metro Nashville's budget book.



They then work in teams to coach departments through the Results Matter process. To ensure objectivity, no employee can lead his/her own department through the procedure. Ultimately, Black Belts play a vital role in the success of Results Matter. They serve as the catalysts for organizational change and are role models that demonstrate the language, attitudes, and beliefs that focus everything on results for customers. Voluntary participation and training helped to demonstrate that the Results Matter approach was one of partnership and cooperation. Metro's Black Belts have helped power the successful implementation of managing for results and have influenced across the board adoption of performance measurement practices.

The budget helps Metro Nashville and its agencies to demonstrate accountability by being willing and able to tell taxpayers what results they are getting for their money. Results Matter requires that agencies' budgets be reorganized into program budgets that directly link to the agencies' strategic business plans. Those agencies' budget book pages have been formatted to emphasize their strategic business plans, lines of business, programs, and results for customers, while demonstrating the link from dollars to results at the program level. (See figure on previous page.)

Each department has key result measures (KRM). Currently, there are 19 departments participating in the program, with 305 programs among them; each has a KRM, which is included in the budget document. KRMs are outcome measures and one per program is designated as most important; each one of these is certified and all data is reviewed.

Metro Nashville has developed a system to audit performance information to assure the measures are valid, the data is accurate, and that information is reported in a timely manner. Through the performance measure certification process, the internal audit department produces a report for the mayor and council that lists all measures as either certified or not certifiable, along with an explanation. This report is presented during the budget process and helps to protect the integrity and credibility of the Results Matter program.

Other highlights of the process include:

- In an effort to be transparent and accountable directly to the Nashville community, Metro developed the *Citizens Guide to the Budget*, an award-winning application that makes budget documents and performance information easy to access and understand. Citizens can watch videos explaining the budget process or read news articles related to how budget dollars are being spent. The *Citizens Guide to the Budget* helps engage the public in an ongoing conversation about how the government is performing and what is actually being achieved.
- Results Matter University is a voluntary training program developed by Nashville to prepare Metro employees to become internal coordinators and leaders within their respective departments. Building internally helps reduce dependence on outside consultants and helps to further ensure that performance measures are used consistently throughout Metro government to make operational, policy, and budget decisions.
- WEBudget is innovative technology developed by Nashville to streamline budget preparation. A Web-based tool, it allows departments to submit budget requests online, so that the Office of Management and Budget can review and consolidate the budget information into a single budget format.

Results

Since Metro Nashville began implementing Results Matter and requiring key result measures in budget requests, attention to the quality of data collected has increased. By clearly defining what ought to be measured, many departments have been inspired to make changes resulting in streamlined processes and reductions in the costs of service delivery. The following anecdotes demonstrate some of the positive outcomes Nashville has experienced since implementing its performance management system:

- The program-based budget design allows the council to evaluate its priorities more clearly. This budgeting technique has helped change the nature of budget discussions in council. While previously it was not uncommon for debate to center around line-item expenses, now council members more often discuss the outcomes that



are being pursued and their relative importance. For example, during presentation of the budget to the council the first year following the performance management changes, a well-known advocate for increased spending on animal control questioned the head of the health department about planned funding in this area, a question that had come up in previous years. For the first time, the department head was able to clearly demonstrate just how large a priority this was for the city.



- The Nashville public library system allows a customer to request a book from any branch in the county. In the process of developing performance measures, it was determined that the library system wanted to measure how often customers received what they requested within 24 hours. Once that target was clearly defined, one public library employee took the initiative to engineer a more efficient process for moving books. When asked what had been the catalyst, the employee noted that because he understood what was to be measured and its goal, he was better able to understand his role and what he was going to be held accountable for achieving.
- At one time, the code department in Nashville was experiencing huge backlogs, which were having rippling effects on other departments. With the support of performance information, the department was able to make a successful case concerning what resources were needed to reduce the backlog and gain funding at a time when few departments were receiving increases in funding. As a result, the department was able to reduce the backlog in two weeks with no additional staff or overtime.

Opportunities for Improvement

In the beginning, the focus for Metro Nashville was on changing the management system. Over time, however, officials realized that changing or-

ganizational culture was also a challenge. One approach that Metro Nashville implemented to combat resistance was to change its budgeting and accounting structure to align with the performance management system so that they now support one another. Currently, 39 out of 59 departments are using performance information and performance-based budgeting. In addition, Nashville incentivizes change by annually recognizing those individuals or departments that have used performance information to improve a business process. The Results Leader Awards allow individuals to be recognized in front of their peers by their managers and the mayor.

Nashville would like to see improvement in communication with citizens, employees, and managers about how performance information is being used. The Managing for Results team and the Black Belts throughout the government are intentionally trying to make performance management an integral part of operations and not an add-on feature that could be dropped with a change in administration.

In addition, Nashville would like to continue to update and improve the technology that it uses to collect, report, and analyze performance data. Currently, it is looking to procure software that would report performance information in a dashboard format. This new software would replace the per-



formance measurement component of the WEBudget system and make it easier for departments to maintain future access to the information that they input.

Lessons Learned

- **Communication:** Communication is key to having everyone working toward the same goal.
- **Networking:** The development of the performance management system benefitted from site visits and networking with other jurisdictions. For example, officials from Nashville visited Austin, Texas, and Maricopa County, Arizona, and networked with several other governments, including Santa Barbara County, California; Des Moines, Iowa; and Fairfax County, Virginia. Nashville first gathered information on best practices and lessons learned, and then incorporated various components of other programs into the design of its Results Matter system.
- **Clarify the Purpose:** Because this initiative speaks to increasing accountability, it is necessary to explain that performance management is not a punishment or indication that departments are underperforming. Rather, it provides em-

ployees with the tools to demonstrate how well they are doing.

- **Skillful Leadership:** A government should pay particular attention to the skill set of the individual chosen to lead the implementation of a performance management system. The leader must have experience not just in financial accounting or budgeting, but also in communication and change management. In addition, a leader must bring a high level of energy and commitment to the process.
- **Hiring for Results and Executive Sponsorship:** Solid support from the top is crucial. Without it, no performance management program will get very far.

For more information on the Metro Nashville performance management program, please contact:

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*This case study is based on interviews conducted by GFOA staff in 2007.
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