

**OFFICE OF FINANCIAL MANAGEMENT
BUDGET DIVISION**

2009-11 Biennium
OPERATING BUDGET INSTRUCTIONS, PART 1
STRATEGIC PLANS

DECEMBER 2007



2009-11 OPERATING BUDGET INSTRUCTIONS, PART I
Strategic Plans

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About the Instructions

The Strategic Planning Instructions are part of the budget instructions

The 2009-11 Operating Budget Instructions will be issued in two parts:

Part I: Strategic plan instructions

Part II: Operating budget request instructions
(Targeted for release in April 2008)

Look for this symbol



for tips on tools and guides

Throughout the instructions we have provided links to resources and tools that may help you with the strategic planning process.

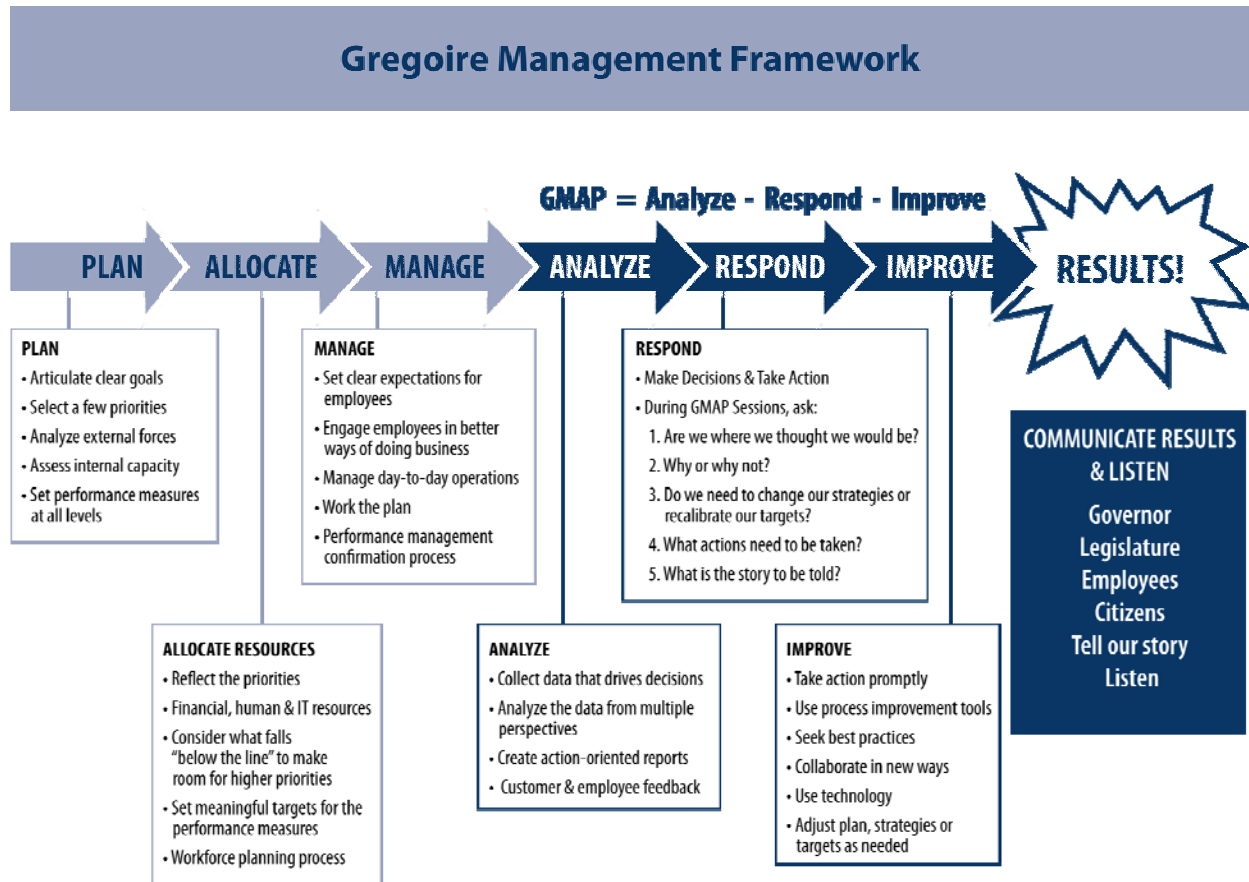
Key changes from the 2007-09 instructions

- The due date for strategic plans has been moved to June 13.
- Performance measure targets should be included in the strategic plan.
- Although it remains important that agencies with proprietary accounts prepare business plans, there is no longer a requirement to submit them to OFM. (See Section 1.4 and Appendix A-3 for more information.)



SECTION 1
Strategic Plans

1.1 Why a strategic plan?



The strategic plan is the foundation for all other management actions

The Management Framework is a tool to help managers understand Governor Gregoire’s expectations for excellent performance. It captures what most agency leaders recognize as the process and tools necessary to achieve results.

Strategic planning creates the foundation for all other management activities. Resources can’t be properly allocated without goals and priorities. Goals can’t be achieved without understanding how external factors and internal capacity affect them. Strategic planning is an agency’s blueprint for results.

Strategic planning asks and answers key questions

A successful agency needs to regularly ask and answer these critical questions:

- Where do we want to be?
- Where are we today?
- How do we close the gap?

The agency strategic plan provides a means to communicate these answers with people inside and outside of the agency.

The strategic planning process

Answers to these questions depend on data, research, analysis and collaboration. A good strategic plan process will:

- Articulate specific goals and values
- Identify a limited number of clear priorities
- Analyze external forces that influence your agency mission
- Assess your capacity to deliver services and manage effectively
- Provide understanding about customer and constituent expectations
- Develop strategies and tactics, from high-level results to your expectations for each employee
- Establish performance measures and targets: How will you know if you are achieving your goals?

External parties use the strategic plan

While the strategic plan guides the agency's management activities, it can also help those outside the agency. Central service agencies, like the Department of Personnel and the Department of Information Services, turn to strategic plans to learn about agency challenges, and plans for program growth or change. The strategic plans can be very helpful in developing statewide strategies to meet workforce, technology and facility needs.

Budget analysts, policy analysts, legislators, auditors and the public also read agency strategic plans to learn about an agency's purpose, strategic direction, performance targets, opportunities and challenges.

If your strategic plan is clear and complete, you may be able to avoid preparing duplicate information for these audiences. OFM posts the agency strategic plans on the internet.

Strategic plan information is crucial for budget decisions

The Office of Financial Management expects agency budget requests to be anchored to the strategic plan and clearly support the implementation of these strategies and achievement of the performance targets. Budget proposals that are inconsistent with the strategic plan are unlikely to fare well.

Supplemental budgets tend to be limited to emergencies, technical corrections, and mandatory items. Therefore, it is important that the biennial strategic planning process be a thorough analysis of the agency's needs, challenges and opportunities. This approach allows the agency to request in the biennial budget what is needed to support the initiatives it deems essential to carry out its mission and contribute to desired statewide results.



Tip— Use Plain Talk principles in the plan

Your strategic plan will only benefit readers if they can understand it. Use Plain Talk principles when writing the plan. Avoid jargon and acronyms where possible. Organize information to make things easy to find. Keep it brief and clear.

Find more information about Plain Talk at <http://www.accountability.wa.gov/plaintalk/default.asp>.



Tip—Leverage the work of other planning efforts

We encourage agencies to take advantage of the products already developed for other plans and assessments. For example, state agencies are now required to regularly complete a Washington State Quality Award assessment. Much of the analysis and assessment material could be used in the strategic planning process and product. A simple update to your current strategic plan may be all that is needed if it still accurately describes your agency's objectives, challenges and opportunities.

1.2 Your strategic plan should support the state's top priorities

Agency plans should support the statewide strategic direction

Today's complex challenges often call on the expertise and collaboration of multiple state agencies. Therefore, the agency strategic plan must consider how the agency can best achieve its mission and how it can best contribute to the achievement of important statewide outcomes.

Governor Gregoire has established the top priorities for her administration. The Governor's cabinet has developed a strategic action plan to track progress on these priorities. The Governor's budget and management initiatives build on these priorities to further define statewide goals, strategies and indicators of success.

- The Governor's biennial budget process includes a results-based prioritization of all state activities. This prioritization process, the Priorities of Government (POG), helps ensure that the budget focuses on investments most likely to achieve the statewide results citizens want.
- The Governor's Government Management Accountability and Performance (GMAP) process helps monitor whether the results we hoped to achieve are actually being realized.

How will your agency plan contribute to these statewide priorities?

The list below provides examples of the high-priority statewide goals and indicators established through the cabinet's strategic action plan, POG and GMAP. Your strategic plan should explain how your agency work supports these, where applicable.

High Priority Statewide Goals and Examples of Success Indicators
<p>Education</p> <p><i>Improve Student Achievement</i></p> <ul style="list-style-type: none"> • Increase the number of students ready for kindergarten • Improve test scores • Decrease gaps in student achievement between ethnic and income groups • Increase high school graduation rate <p><i>Improve the Value of Postsecondary Education</i></p> <ul style="list-style-type: none"> • Increase the number of students who earn college degrees or who complete accredited job training programs • Increase the percentage of students prepared to meet workforce needs • Increase the number of graduates in high-demand fields

Education

Improve Student Achievement

- Increase the number of students ready for kindergarten
- Improve test scores
- Decrease gaps in student achievement between ethnic and income groups
- Increase high school graduation rate

Improve the Value of Postsecondary Education

- Increase the number of students who earn college degrees or who complete accredited job training programs
- Increase the percentage of students prepared to meet workforce needs
- Increase the number of graduates in high-demand fields

High Priority Statewide Goals and Examples of Success Indicators
<p>Economy <i>Improve the Economic Vitality of Businesses and Individuals</i></p> <ul style="list-style-type: none"> • Job growth • Employment rate • Median hourly wage • Median household annual income (adjusted for inflation) <p>Health <i>Improve the Health of Washingtonians</i></p> <ul style="list-style-type: none"> • Increase access to health insurance coverage • Decrease infant mortality rate • Decrease tobacco use • Increase life expectancy <p>Safe and Secure <i>Improve the Safety of People and Property</i></p> <ul style="list-style-type: none"> • Ensure the state is prepared for emergency response • Reduce the number of offenders who return to prison • Reduce highway fatalities • Decrease the number of property & violent crimes per 1,000 population <p><i>Improve the Security of Vulnerable Children and Adults</i></p> <ul style="list-style-type: none"> • Reduce instances of abuse and neglect • Reduce the percentage of individuals and families living in poverty • Increase the percentage of vulnerable children and adults living in permanent families and safe home or community settings • Increase the percentage of disabled adults who are employed <p>Transportation <i>Improve the Mobility of People, Goods and Services</i></p> <ul style="list-style-type: none"> • Deliver highway construction projects on-time and within budget • Maintain highways and bridges in good condition • Improve the reliable travel time in major corridors • Increase the percentage of population with connectivity to the public Internet

High Priority Statewide Goals and Examples of Success Indicators

Environment

Improve the Quality of Washington's Environment

- Improve water quality in streams, rivers, lakes and Puget Sound
- Improve air quality
- Reduce the amount of toxics released into the environment
- Maintain healthy fish and wildlife populations

Improve Cultural and Recreational Opportunities Throughout the State

- Increase the equity of participation in cultural and recreational activities
- Increase the percentage of users satisfied with their experience of cultural and recreational opportunities
- Increase the per capita participation in cultural and recreational activities

Accountability

Improve the Ability of State Government to Achieve Results Efficiently and Effectively

- Set priorities and measure performance
- Improve the overall performance and customer service of state government
- Increase citizen satisfaction with state government



**Tip – Where to find more
POG and GMAP information**

POG Statewide strategies and result indicators

In the Priorities of Government process, agency activities are assigned to the ten statewide result areas and evaluated on how they contribute to the desired outcomes. Over the years, teams of agency experts have identified indicators of success and the high-level strategies deemed most critical to achieving these outcomes. You can find this strategy and indicator information for each result area at <http://www.ofm.wa.gov/budget/pog/strategies.htm>.

Governor's GMAP Focus Areas

The Governor's GMAP focus areas and presentations can be found at: <http://www.accountability.wa.gov/reports/default.asp>

1.3 Strategic plan requirements

Submit a strategic plan by June 13, 2008

Agencies must submit a strategic plan by June 13, 2008. The goals and strategies proposed for the 2009-11 Biennium should be the basis for an agency's 2009-11 operating and capital budget requests. The plan should have at least a five-year outlook (Fiscal Years 2009-2013), and we encourage agencies to consider trends and strategies through Fiscal Year 2015.

We recognize that circumstances continually change and that any plan can only be based on the best available information at the time. Much of the strategic plan information is most valuable to OFM in the early stage of budget development, even though some of the elements described in the plan could change by the time the agency budget request is submitted.

Where do I submit the plan?

Please send an electronic version of your strategic plan to Laurie Lien at laurie.lien@ofm.wa.gov. OFM will post the plans to its Web site.

Please also send three printed copies of the plan to:

Operations Section, Budget Division
Office of Financial Management
300 Insurance Building
Post Office Box 43113
Olympia, Washington 98504-3113

What are the required components of the strategic plan?


While agencies may prepare more detailed plans for their internal use, the strategic plans submitted to OFM must contain the elements A through I listed in the table below.

Required elements A-F describe the agency and its strategic intentions. The last three required components help the reader understand why the agency has selected these goals, performance targets and strategies, and the opportunities and challenges it will face in the coming years.


Is a specific format required?

No specific format is required. However, many readers of the plan would appreciate a table of contents which would help them locate the required plan elements.


Required Components of the Strategic Plan

Required Element	Description	Example	Tips 
A. Mission statement	An agency's mission statement describes its reason for existence in general terms that capture its unique purpose and functions. It typically describes the organization, what it does, why it does it, and for whom.	The Department of Healthy Behaviors works to improve the health of the people of Washington State by promoting and supporting actions that individuals can take to improve their health	If you have already made an application to the Washington State Quality Award (WSQA), you may also want to include some of the organization description section from that document in the strategic plan.
B. Listing of statutory authority references	Please provide a brief reference to the statutes that authorize the establishment and operation of agency programs.		
C. Agency Goals	Goals are broad, high-level, issue-oriented statements of an organization's desired future direction or the outcomes that they strive to achieve. Goals elaborate on the organization's vision statement, articulating the overall expectations and intentions for the agency. They should fit well with the mission statement and values, and answer the question, "What must we achieve to successfully accomplish our mission?"	Reduce tobacco use among adults, pregnant women and children	
D. Agency Objectives	Objectives break down goals into smaller, more specific pieces. They describe the measurable results an agency is expected to accomplish within a given time period.	Decrease the proportion of current cigarette smoking among adolescents in 10 th grade	When writing objective statements, try to start each sentence with one of these words: Increase, decrease, or maintain.


Required Components of the Strategic Plan

Required Element	Description	Example	Tips 
<p><i>E. Performance measures and targets</i></p>	<p>At a minimum, agencies must include performance measure targets for the activity inventory measures they are tracking and reporting to OFM throughout the biennium as required by statute. The strategic plan may also include other performance measures and targets as needed to explain the strategic direction of the agency.</p> <p style="text-align: center;"><u>Frequently Asked Questions</u></p> <p>What is the activity inventory?</p> <p>The activity inventory describes all of the activities funded in the agency budget. Activity descriptions tend to be better than program descriptions at revealing the nature and purpose of the work performed by state government. The activity inventory is used in budget development to provide a citizen-oriented view of the budget investments.</p> <p>OFM finds the activity inventory useful because the activities can be sorted by the statewide priorities listed in Section 1.2. This enables a better understanding of which activity investments across the government contribute to health, education, economic vitality, etc. It allows us to construct a kind of budget logic model.</p>	<p>Outcome Measure: Percent of 10th graders who do not smoke</p> <p>Target: Reduce the proportion of 10th graders who smoke by two percent per year</p>	<p>OFM provides free consultation and training on performance measures. Please contact Brian Willett or Jeffrey Showman for assistance.</p> <p>Brian.willett@ofm.wa.gov Jeffrey.showman@ofm.wa.gov</p> <p>A performance measure usually starts with one of these phrases:</p> <ul style="list-style-type: none"> • The number of. . . • The percentage of. . . • The amount of. . . <p>For the most part, measures that tell the story about whether an activity is achieving its purpose will be found in the middle range of the logic model--measures of intermediate or immediate outcomes, and outputs. Appendix A-1 includes an example of the logic model.</p>


Required Components of the Strategic Plan

Required Element	Description	Example	Tips 
<p><i>Continued: Performance measures and targets—frequently asked questions</i></p>	<p>Why do we have to develop activity-related measures?</p> <p>OFM asks for activity-related performance measures to help assess the results achieved for budget investments. The Legislature also finds this perspective helpful and modified RCW 43.88.090 to require agencies to report at least one performance measure for every major activity in the agency’s activity inventory. Each measure should be able to be used to determine whether the agency is achieving or making progress toward the purpose of that activity and toward statewide priorities.</p> <p>Won’t the activity inventory limit us from including the kind of measures we want to include in the plan?</p> <p>It shouldn’t. The activity inventory covers everything an agency does. Thus, any kind of performance objective or measure you propose could be linked to one or more of these activities. Agencies may certainly include other performance measures in the plan. For example, an agency may want to include a measure related to a short-term project or initiative that is a key strategy in the strategic plan. It might not make sense to track that measure over a long period of time, but it is relevant to the strategic plan.</p>		<p>Where can I find the activity-related measures reported by my agency today?</p> <p>You may find your agency’s activity inventory for the 2007-09 biennium, and the performance measures currently reported for each activity at http://www.ofm.wa.gov/budget/activity/07-09/default.asp.</p> <p>What is a major activity?</p> <p>The Legislature recognized it may not be feasible to report the performance on every agency activity, and thus asked agencies to focus on major activities. As OFM conducts agency performance assessments, we work with agencies to identify where performance measures are missing for major activities. If you have questions, please contact your budget analyst or Brian.willett@ofm.wa.gov Jeffrey.showman@ofm.wa.gov</p>


Required Components of the Strategic Plan

Required Element	Description	Example	Tips 
<p><i>Continued: Performance measures and targets—frequently asked questions</i></p>	<p>May we modify the activity-related measures we’re reporting now?</p> <p>If you would like to propose alternative activity measures, you simply need to submit them to OFM via the Performance Measure Tracking System. OFM then can review and either approve them or follow up with the agency on a suggested alternative. If your agency has received recommendations in an OFM performance measure assessment for improving activity-related performance measures, please take the opportunity to implement those improvements in the strategic plan.</p>		<p>Agency performance measure assessments can be found at http://www.ofm.wa.gov/performance/pmassessment.asp.</p>
<p><i>F. Strategies</i></p>	<p>Strategies are statements of the methods for achieving goals. While goals and objectives state <u>what</u> the organization wants to achieve, strategies state <u>how</u> goals will be achieved. Strategies guide the activities that the agency uses to achieve goals and objectives. For the strategic plan:</p> <ul style="list-style-type: none"> • Focus on the most important strategies. • Describe how the strategy will help achieve both agency goals and statewide results. 	<p>Strategy Title: Conduct a statewide tobacco prevention and control program.</p>	


Required Components of the Strategic Plan

Required Element	Description	Example	Tips 
G. Performance analysis	<p>The strategic plan tells the story about how the agency intends to bridge the distance between where it is today and where it would like to be in the future. The performance analysis describes the nature of those gaps. Please review your most recent performance measure information and include an analysis of the performance measure gaps. Consider these questions:</p> <ul style="list-style-type: none"> • If your actual performance is different than expected at this point, why? • What is the agency learning from its internal GMAP process? • How do your performance results compare to those of other similar organizations, or to recognized industry standards, and why? • Which performance gaps are most important to close? • How will the agency try to close performance gaps? 		<p>Review your last strategic plan and answer these questions:</p> <ul style="list-style-type: none"> • What did you want to increase, decrease or maintain and by how much? • Did you meet those targets? What process element did you focus on to make that kind of change? • What is your hypothesis about why it didn't work? • What does that mean for the strategies you should now pursue to achieve performance targets? <p>If your agency has received an OFM performance measure assessment, review the findings and recommendations. Agency performance measure assessments can be found at http://www.ofm.wa.gov/performance/passessment.asp.</p>

Required Components of the Strategic Plan

Required Element	Description	Tips 
<p>H. Assessment of external challenges and opportunities</p>	<p>The strategic plan should describe the important external factors that will affect your ability to achieve your goals and performance targets. Agencies should consider these kinds of factors in their analysis.</p> <p>Changes in:</p> <ul style="list-style-type: none"> • The economy • Client populations • Client demographics • Client/citizen needs, preferences or expectations • The way citizens expect services to be delivered • Related markets or industries • The expectations of suppliers and partners • The law or regulatory environment • The costs of doing business • The natural environment <p>Do any of these changes affect partners upon whom you heavily depend?</p> <p>Are there other significant risks, barriers or opportunities?</p>	<p>If you have already submitted an application to the Washington State Quality Award (WSQA), you may want to consider including the applicable information from the organization challenges and customer and market focus sections.</p> <p>Helpful Sources</p> <p>Office of the Economic and Revenue Forecast Council’s quarterly economic and revenue forecasts at http://www.erfc.wa.gov/home.htm#Economic%20and%20Revenue%20Forecast%20Publications.</p> <p>Office of Financial Management’s population, demographic, economic, and other trend data at http://www.ofm.wa.gov/forecasting/default.asp. The information on the Washington Trends page, particularly the budget driver section, is especially relevant. It can be accessed at http://www.ofm.wa.gov/trends/default.asp.</p> <p>Office of the Caseload Forecast Council’s forecast and trend data for K-12 enrollment, social service caseload, and prison populations at http://www.cfc.wa.gov/.</p>

Required Components of the Strategic Plan

Required Element	Description	Tips 
<p><i>I. Assessment of internal capacity and financial health</i></p>	<p>In the strategic planning process, the agency should take stock of its strengths and weaknesses as an organization, examining factors within the agency that can affect its ability to accomplish its mission, goals, and objectives. The plan should describe the most important factors. For example:</p> <ul style="list-style-type: none"> • What are the key workforce issues that will affect agency performance? What workforce issues must be addressed to achieve your business goals? • Do you see a need or opportunity for changes in service delivery methods? • Will your strategies require an increase in staff and thus a need for more space? Will your strategies require a change in the type of space that you need? Does the agency have pressing facility maintenance and operations needs? • What technology investments will be needed in this time frame to achieve your goals? • Are there trends in revenue sources, fund balance changes, or cost pressures that may affect the agency's financial sustainability? 	<ul style="list-style-type: none"> • Appendix A-2 provides a workforce planning self-assessment. The Department of Personnel's HR Client Services Program can help you with these planning needs. www.dop.wa.gov. • The 2007 Legislature passed Substitute House Bill 2366 to strengthen state agency facility planning and oversight. A major component of this legislation is the development of a new process for the completion of a statewide six-year plan for facilities. OFM will provide more information and guidance about this new facility planning process over the next few months. • The Information Services Board (ISB) has adopted information technology (IT) portfolios as the planning and management process for IT resources. The Department of Information Services is in the process of updating the IT Portfolio process. Contact your assigned DIS staff for assistance or additional information. • If you have already submitted an application to the Washington State Quality Award (WSQA), you may want to consider including the applicable information from the organization challenges and human resource focus sections. • Agencies may find the Self Assessment tool, available from the GMAP office, helpful in preparing this section of the strategic plan. Find more information at http://www.accountability.wa.gov/resources/quality/default.asp.

Strategic plans should address capital and technology needs

The strategic planning process should identify emerging issues related to agency capital and technology needs. Changes in caseloads, customer expectations, agency strategies, facility or system age may create profound changes in an agency's facility and technology requirements.

Be sure that your strategic plan and/or your IT portfolio plan discuss the effects of your agency's strategy on these needs. **Budget proposals for major capital or information technology investments are unlikely to fare well in the budget process if they are inconsistent with the agency's strategic plan or the IT portfolio.**

1.4 Business plans should be prepared for proprietary funds

Agencies should prepare business plans for proprietary funds

A proprietary fund finances the services the agency provides through user charges or on a cost-reimbursement basis. Agencies with proprietary funds should prepare additional analysis and information during their planning process to ensure the financial health of these businesses.

Agencies should prepare business plans for the funds listed below. However, the agency is not required to formally submit the plan to OFM with the strategic plan. Please see Appendix A-3 for more guidance on preparing business plans.

Agencies should prepare business plans for these funds	
Agency	Fund
Office of Administrative Hearings	484 Administrative Hearings Revolving Account
Office of the Attorney General	405 Legal Services Revolving Account
Office of the State Auditor	413 Municipal Revolving Account
	483 Auditing Services Revolving Account
Department of Corrections	401 Correctional Industries Revolving Account
Office of Financial Management	419 Data Processing Revolving Account
Department of General Administration	422 General Administration Services Account
Health Care Authority	721 Public Employees' and Retirees' Insurance Account
Department of Information Services	419 Data Processing Revolving Account

Agencies should prepare business plans for these funds	
Agency	Fund
Department of Labor and Industries	881 Supplemental Pension Account 883 Second Injury Account
Liquor Control Board	355 Construction and Maintenance Account 501 Liquor Revolving Account
Washington State Lottery Commission	577 State Lottery Account 578 Lottery Administrative Account
Office of Minority and Women's Business Enterprises	453 Office of Minority & Women's Business Enterprises Account
Department of Personnel	415 Department of Personnel Service Account 419 Data Processing Revolving Account 455 Higher Education Personnel Service Account
Secretary of State	006 Archives and Records Management Account
Department of Transportation	410 Transportation Equipment Account
Public Printer	420 Printing Plant Revolving Account



Appendices

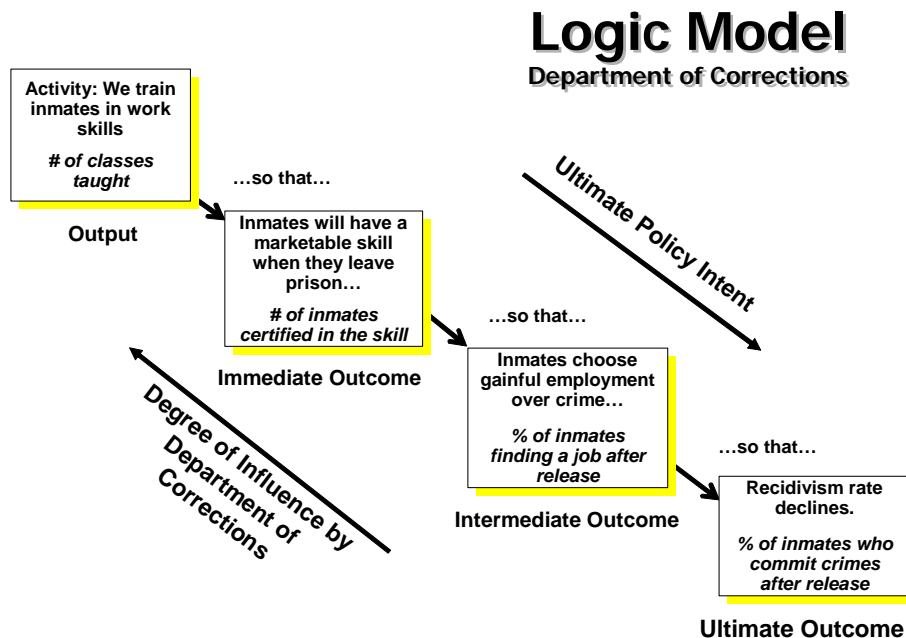
A-1 The logic model and types of performance measures

The logic model provides the context for performance measures

A sound logic model, value chain or similar descriptive tool illustrates the relationship between the agency activities and state’s strategic priorities. It maps the connection between agency activities (output measures) and high level outcomes. While an agency may not have complete *control* over a set of high level outcomes, the logic model summarizes the theory behind how the agency can *influence* the outcomes. Even in the rare instances when an agency exerts significant influence over an ultimate outcome, measurement cycles for ultimate outcomes are typically one year or longer. This is too long for effectively managing and evaluating the success of a strategy.

The logic model identifies the outputs and immediate outcomes that lead to ultimate, longer-term outcomes. Agencies usually develop different types of measures for each step in the logic model.

Here is an example:



In the example above, recidivism is the rate at which offenders return to prison after release. This may not be measured frequently enough to be meaningful for a quarterly report. But if we accept the premise of cause and effect that the links in the chain describe, then we can focus our attention on the employment rates or the certification rates. These can be measured more frequently.

Activity performance measures most likely found in the middle range

For the most part, measures in the middle range of the logic model tell the story about whether an activity is achieving its purpose—measures of intermediate or immediate outcomes and outputs. These are the performance measures that OFM is most interested in tracking through the biennium as a means of assessing the effectiveness of budget investments.

POG statewide strategy and result indicators

POG statewide result and strategy indicators are examples of “ultimate” and intermediate outcomes.

GMAP

The Government Management Accountability and Performance (GMAP) process focuses management attention to improve results on a specific problem or issue. GMAP measures should line up with measures reported to OFM through the Performance Measure Tracking System. However, GMAP measures may be reported more frequently, have more detail (regional versus statewide), or be linked to other data sources to allow deeper analysis of why results are what they are.

Assuming there is a logical and evidence-based connection between agency activities and near-term outcomes, GMAP focuses attention and resources on how well the agency is executing the activities and strategies that it can influence. If agencies are executing well, but the needle for longer-term results isn’t moving, it is appropriate to evaluate the assumptions in the logic model and whether the measures being monitored are the right ones.

What are the desired statewide results to which agency activities should contribute?

RCW 43.88.090 requires agencies, for every major activity, to track performance measures that can be used to determine whether the agency is achieving or making progress toward the purpose of that activity and toward statewide priorities and results. Section 1.2 provides examples of the statewide priorities and success indicators to which agency activities should contribute.

Performance Measure Definitions

Frequently used performance measure terms and definitions

The table below offers definitions and examples of the three basic types of measures: outcome, output and efficiency measures. The POG and GMAP processes have introduced some new performance measure terms, but not new measurement types. The terms below either describe the thing being measured or the forum in which a set of measures may be used. These designations are not mutually exclusive.

Activity measures – outcome, output or efficiency measures for an activity in an agency’s official activity inventory.

Result area indicators – outcome measures for one of the ten POG result areas.

Strategy indicators – outcome measures for a POG result area strategy defined by a POG results team.

POG measures – any activity measures, result area indicators or strategy indicators used in the Priorities of Government budget process.

GMAP measures – any measures used in the GMAP process.

Comparing Outcome, Output and Efficiency Measures

What It Does	Examples
Outcome Measures	
<ul style="list-style-type: none"> ▪ Shows the impact of agency activities on problems/issues they are designed to address • Answers the question “What is different about the world?” • Captures societal impact, changes in behavior, knowledge or attitude, customer satisfaction, or technical quality, or vital signs of a process • Measure goals and objective attainment 	<ul style="list-style-type: none"> • Overall employment rate • Employment rate for job training participants • Percentage of employers rating job training program placements as “good” or “excellent” • Percentage of children who get a communicable disease that is preventable by vaccination • Job training application processing time
Output Measures	
<ul style="list-style-type: none"> • Shows how much more or less of something was produced • Answers the question “What was done?” and “How did we get there?” • Measures success of strategies 	<ul style="list-style-type: none"> • Number of vehicle licenses issued • Number of vaccinations given • Number of students attending school • Number of offenders housed in correctional facilities
Efficiency or Effectiveness (Process) Measures	
<ul style="list-style-type: none"> • Shows relationship between inputs and outputs (efficiency measures), or inputs and outcomes (effectiveness measures) • Answers the question, “What are the unit costs?” • Can also be used to track timeliness of service delivery • Usually expressed as a ratio, such as cost per unit, or units per FTE 	<ul style="list-style-type: none"> • Cost per training class delivered • Investigations per FTE • Average cost per offender per day supervised • Administrative cost per retirement benefit provided • Time to process a permit

A-2 Workforce planning

Workforce planning is the process of linking workforce strategies to desired business outcomes. Key outcomes of workforce planning include:

- Projecting and responding to staffing needs.
- Organizing staff and designing work processes.
- Managing culture.
- Improving employee performance.
- Targeting training and development resources.

Consultation Resources

The Washington State Department of Personnel HR Client Services program provides consultation services and other resources to assist you with workforce planning. Contact information for the HR Client Services Manager assigned to your agency is available on-line at www.dop.wa.gov.

Self-Assessment Questions

As part of the assessment of internal capacity, the 2009-11 Strategic Plan Instructions ask agencies to respond to the following questions:

- What are the key workforce issues that will affect agency performance?
- What workforce issues must be addressed to achieve your business goals?

To assist agencies in responding, the Department of Personnel has developed the following self-assessment questionnaire. Questions are organized by the five logic-model categories used in your agency's HR Management Report.

Planning and Alignment

How will your environment impact your workforce?

- How are customer demands expected to change? (e.g. increase, decrease, or shift in focus)
- How will technology change the way you work and interact with and deliver services to your customers?

Is the agency reorganizing?

- Are you creating or expanding business lines or services? Are you eliminating or scaling back business lines or services?
- Are you consolidating or centralizing programs? Are you decentralizing programs?
- Will programs or people be relocated or redistributed?

Is the agency restructuring the work?

- Will your distribution of workload change? (e.g. will the use of overtime increase or decrease, will work process improvements alter the division of labor)
- Will your workforce be restructured? (e.g. the ratio of managers to employees, or the balance of generalists vs. specialists)

Are job functions and competencies changing?

- Which current job functions and workforce competencies are critical to the mission and goals of the agency? Which will no longer be required in 3-5 years?
- What new job functions and competencies will be needed in 3-5 years?

Hiring

- What factors affect the agency's ability to recruit and retain mission-critical knowledge and skills?
- How effective are current sourcing, recruitment, and selection strategies?
- What factors are affecting retention of high performers?
- How effective are current retention strategies? What does data from employee surveys and exit interviews show?
- How are workforce attitudes (e.g. factors affecting job satisfaction, level of engagement in the workplace, loyalty to employers) expected to change, and what impact do you expect those changes might have on your agency?

Deployment

- How well are agency goals cascaded through the agency and linked to individual employee key results expected?
- How engaged are employees in the success of the agency?
- What information/resources/technology must employees have to be successful?

Development

- How well are managers prepared to coach employees for new opportunities and career growth?
- How well are individuals identified, assessed, and developed for leadership roles?
- How well is information transferred among employees to retain mission-critical knowledge?
- What forms of training and development are needed to develop the mission-critical competencies that will be needed in 3-5 years?

Performance

- How does your current employee performance management system enable your workforce to be successful?
- How effective are your supervisors at dealing with poor performance?
- How well do managers provide formal and informal recognition?
- How well do agency leaders hold managers accountable for "managing" people?

A-3 Business Plan Guidelines for Proprietary Funds

Preparing a business plan is a good business practice for proprietary funds

A proprietary fund finances the services an agency provides through user charges or on a cost-reimbursement basis. Agencies with proprietary funds should prepare additional analysis and information during their planning process to ensure the financial health of these businesses.

Agencies should prepare business plans for the funds listed in Section 1.4, although the agency is not required to submit the plan to OFM with the strategic plan.

What are the components of a good business plan?

Many of the business plan components are the same as those in the strategic plan. Other elements, such as marketing and financial plans, speak to the extra planning needs for cost-recovery businesses. The key components of a business plan include:

Business Mission

What is the overall mission or purpose of the business?

Business Description

Provide a brief description of the business enterprise:

- What does the business do?
- What is the market niche or competitive advantage of the business?
- What is the nature of the business product and/or services?
- In what manner are the products and services produced or provided?

Marketing Plan

For each business line, describe or provide:

- Other organizations attempting to meet the same market need. Assess the strengths and weaknesses of the state business relative to other providers.
- The target market and customer characteristics
- The business' marketing strategy
- The key benefits and features of the product or service
- Sales or demand forecast
- Key changes in market trends or opportunities

Operational Production Plan

This component of the plan explains how the business is going to operate and identifies the key activities that must be performed to meet customer needs. The plan also identifies what resources are necessary to meet and complete these transactions.

For each business line, describe or provide:

- Facilities assessment
- Key equipment and technology requirements
- Labor requirements
- Management requirements
- Key supplies requirements
- Shipping/transportation requirements
- Quality control requirements
- Special workforce plans/programs
- Outline of daily operations
- Significant changes, challenges, or opportunities related to business operations

Performance Assessment

Assess the businesses performance progress and analyze the cause and remedy for key performance gaps.

Strategic Assessment

Describe the key problems and/or opportunities facing the business enterprise. Discuss key strategies the business is considering to address them.

The Financial Plan

For each business enterprise, prepare the following for the biennial budget period:

- Proposed pricing structures and strategy
- Projected annual Statement of Revenues, Expenses, and Changes in Fund Net Assets with assumptions and notes
- Projected annual Statement of Fund Net Assets
- Statement of Cash Flows
- A discussion of financial goals (annual sales, annual profits, current ratio, debt-net worth ratio, and other appropriate financial indicators and objectives) and any key financial requirements (i.e., working capital requirements)

Historical trend information can also provide useful context.

Performance Measures and Targets

Define performance measures and targets for each line of business.