2012

Strategic Planning Workshop

Commonwealth of Virginia

The Executive Progress Report and National Rankings

September 17 & 27, 2012

Office of the Secretary of Finance
Department of Planning and Budget

EXECUTIVE PROGRESS REPORT & NATIONAL RANKINGS

Facilitators and Subject Matter Experts

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Workshop Description

This module covers the purpose, audience, use, and format of the *Executive Progress Report* and information on how to produce the report through the performance budgeting system. Also covered is information on the inclusion of national rankings in your strategic plan.

Agenda

- Introduction
- *Executive Progress Report* (EPR) Overview
    - Purpose, Audience, Use
    - Evolution of the Executive Progress Report
    - Where It Fits in the Planning Cycle
- EPR Structure: Section-by-Section Review
- EPR Development Process
- National Rankings
- Performance Budgeting System
    - Module Demonstrations
    - Report Demonstrations
    - Known System Issues
- Lessons Learned and Tips from the EPR Pilot
- Summary

Learning Objectives

At the end of today's session, you should be able to:

- Explain the purpose and value of the Executive Progress Report
- Define the audiences for your Executive Progress Report
- Describe the structure of the Executive Progress Report
- Explain the purpose of the National Rankings section of the Strategic Plan

Executive Progress Report - Purpose

The purpose of the *Executive Progress* Report is to provide a concise, strategic profile of a state agency that describes the agency's responsibilities, challenges, performance highlights, and priorities. It is a document designed to succinctly tell your agency's story in a common form across Executive Branch Agencies.

Executive Progress Report - Audience

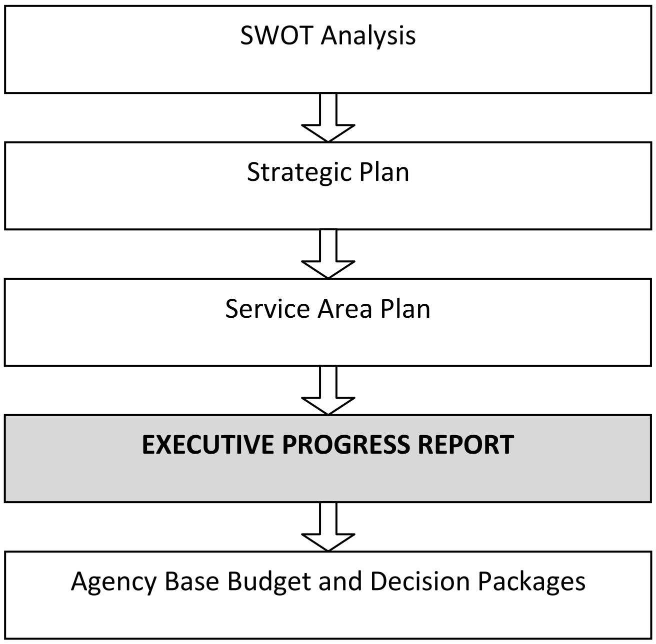
Some of the intended audiences for the Executive Progress Report are as follows:

- General Assembly Members and Staff – The report will provide context for communications with the General Assembly.
- Governor and Secretary – The report will provide an overview of the agency, its accomplishments, challenges, and opportunities.
- Incoming Administrations – The report will provide a synopsis of each agency in a consistent format to help members of an incoming administration become acquainted with the agency.
- Citizens of the Commonwealth – The report will provide an avenue for state agencies to help citizens understand an agency's functions and associated budget.

Evolution of the Executive Progress Report

PRIOR VERSION	NEW VERSION
Published as part of the agency's strategic plan	Should be published as a standalone document; narrative portions can be incorporated into the strategic plan as well, if desired
No limitations on length	4-5 pages maximum; character limitations in specific fields
Structure consisted of the following sections: Current Service Performance Productivity Major Initiatives & Related Progress Virginia Ranking & Trends Customer Trends & Coverage Future Direction, Expectations & Priorities Impediments	Structure consists of the following sections: At a Glance Background & History Key Risk Factors Performance Highlights Management Discussion & Analysis
Freeform narratives	New, standardized format
Updated at the discretion of the agency within the normal planning cycle	Regularly scheduled updates plus on-going updates as needed to convey new or critical information
Static financial and staffing data	Latest financial and staffing data

Where the EPR Fits in the Agency Strategic Planning Process



EPR Structure

- 5 sections
- 2,000 character limit for all narrative sections
  - CAUTION: Please do not put a return (i.e., do not hit “enter”) at the end of a narrative section. Instead, tab to the next narrative field to prevent issues with the report.
- Dropdown menus for some sections and tables
- Some information automatically populated

EPR Structure – “At a Glance” Section

PURPOSE – The purpose of this section is to provide an overview of the agency by answering frequently-asked questions. What is the mission of the agency? What is the agency’s budget? How many people are employed there? How productive is the agency?

SUBSECTIONS

Secretariat

- Automatically populated

Agency Name

- Automatically populated

Agency Mission

- Automatically populated

Staffing

- Number of employees
- Automatically populated

Financials

- Total budget for the current fiscal year
- Percentage of budget from the General Fund
- Automatically populated

Trends (Trend Name and Trend Value)

- Trend names are general tendencies/patterns of key factors affecting your agency or the agency’s industry (e.g., healthcare) that have an impact on performance, volume of work, and/or strategies.
    - Limited to three.
    - These trends should be measurable.
    - Examples include: number of customers, revenue collections, information technology costs, gender gap.
    - Trend name is entered by the user.
- The trend value should illustrate the direction the trend name is moving – usually increasing or decreasing.
    - Indicate the direction of the trend as follows: increase, steady, decrease.
    - Trend direction is selected from a dropdown menu.
- Possible sources for identification of trends: Virginia Performs website, SWOT

Key Performance Areas (Measure Name and Current Trend)

- These measures are selected from strategic and program/service area agency key and other measures.
  - Requirement is to have three. Limited to three.
  - The measures selected should reflect the most important activities of the agency and/or those activities that receive the most funding. They may relate to items listed in the Key Risk Factors section.
  - Measures are selected from a dropdown menu of agency measures.
  - The short description is limited to 35 characters for each measure name.
- The direction of the trend is selected from a dropdown menu.
  - The direction should illustrate how the current performance is trending.
  - Trend options are “increase, decrease, and steady.”
  - For instance, an increase in the number of young smokers would be labeled “increase.”

Productivity (Measure Name and Current Trend)

- These measures are selected from strategic and program/service area productivity measures.
  - Limited to three.
  - The measures selected should reflect the most important activities of the agency.
  - The short description is limited to 35 characters for each measure name.
  - Measures are selected from a dropdown menu of agency measures.
- The direction of the trend is selected from a dropdown menu.
  - The direction should illustrate how the current performance is trending.
  - Trend options are “increase, decrease, and steady.”
  - For instance, a decrease in the cost to process an application would be labeled “decrease.”

EPR Structure – "Background & History" Section

PURPOSE – The purpose of this section is to convey what the agency does, for whom, and at what cost.

SUBSECTIONS

Agency Background Statement

- Narrative that explains what the agency does and why the agency exists – its purpose, who it serves, what it does for its customers, and key statutory requirements
- Possible sources for background information: Prior agency strategic plan background information, statutory authority
- Information entered by user
- 2,000 character limit (including spaces)

Primary Products & Services

- A concise summary (narrative and/or list) of the mission-critical products and services provided by the agency; information about any factors impacting the product and services, and any anticipated changes in the current or next biennium
- Possible sources for product and service information: Prior agency strategic plan background information section, products and services subsection; SWOT analysis
- Information entered by user
- 2,000 character limit (including spaces)

Customer Summary

- A high-level overview of the key customers served by your agency; any factors impacting your customer population and any anticipated changes in the current or next biennium
- Possible sources for customer information: Prior agency strategic plan background information section, customer subsection; SWOT analysis
- Information entered by user
- 2,000 character limit (including spaces)

Customer Data Table

- Table of customer groups selected from a dropdown menu; lists the categories of customers, the number served annually and projected trends
- Can select up to eight of your key, pre-defined customer groups (pulled from your strategic and program/service area plans)
- Refine your pre-defined customer groups, if desired, by entering a user-specified customer group (a more refined definition of the pre-defined user group).
    - Example: a pre-defined customer group may be "Aged."
    - You may wish to further define this as individuals over the age of 80.

- Enter the number of customers served annually and the potential number of customers for each customer group.
- Select from a pre-defined dropdown menu the projected trend in the number of customers served annually (i.e., increase, decrease, stable).

Statistical Summary

- High-level discussion of key statistics in your agency that show the breadth and/or depth of the agency's work
- This should be something other than what is being measured by your performance measures.
- Examples of these statistics include: total gross collections, total license plates sold, number of licensed drivers, and number of applications processes.
- Information entered by user
- 2,000 character limit (including spaces)

Statistical Data Table

- Data that help to describe the magnitude of the agency's operations, some or all of which may be discussed in the narrative section that precedes the table
- Can enter up to 16 actual statistic descriptions and values; values are for the latest completed fiscal year

Activity – Statistical Data Table

1. Work with others who are seated near you.
2. Take a few minutes to identify statistics that could be included in this table for your agency's EPR.

   Remember that the statistics should help you characterize the breadth and depth of your agency's work. It should not be about performance (i.e., how well your agency did with respect to a particular process or program).

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Finances Summary

- A high-level discussion of the agency's total spending budget and any other information that explains the source, nature, and/or destination of funds
- This section should include information on expenditures, how Virginia compares to other states with respect to budget or spending, and factors that are likely to affect the budget.
- Explain anything not self-explanatory in the Fund Sources Table.
- Information entered by user
- 2,000 character limit (including spaces)

Fund Sources Table

- The agency's operating plan for the current biennium
- Automatically populated from the performance budgeting system
- You must hit the "save" button in the Finances tab to get this information to populate in the report.

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Revenue Summary Statement

- A high-level discussion of the revenues received by the agency and any other information that explains the sources, nature and/or destination of the revenues
- The narrative should explain anything not self-explanatory in the Revenue Collection Table.
- Information entered by user
- 2,000 character limit (including spaces)

Revenue Collection Table – *Change in Process*

- Actual collections for the most recently completed fiscal year
- Automatically populated from the performance budgeting system
- Will not appear if agency does not collect revenue

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EPR – “Key Risk Factors” Section

PURPOSE – The purpose of this section is to provide information on <u>three</u> to <u>five</u> factors that will have the most significant impact on the agency over the next few years.

- This section is similar to a brief SWOT analysis in that it should address the agency’s internal weaknesses and external challenges (threats).
- Each factor should have its own title and paragraph.
- Agencies should compare their risk factors to the trends and key performance areas in the *At a Glance* section to ensure they align.
- Actions the agency plans to take to address key risk factors should be discussed in the Management Discussion & Analysis section.
- Information entered by user
- 2,000 character limit (including spaces)

EPR – "Performance Highlights" Section

PURPOSE – The purpose of this section is to show critical performance data over time, with explanations and trend information, as appropriate.

SUBSECTIONS

Performance Highlights Summary Statement

- A discussion of key performance metrics within your agency
- Should include any major changes in performance and the factors contributing to these changes
- Source: Virginia Performs website
- Information entered by user
- 2,000 character limit (including spaces)

Performance Statistics Table

- Data that help to describe the outputs and outcomes of the agency's operations, some or all of which may be discussed in the narrative section that precedes the table
- You can select no more than eight agency key or other performance measures from your strategic and program/service area plans.
- You should consider selecting all of the measures included in the "At a Glance" Key Performance Areas section.
- Performance data and targets will be populated upon selection of the measure.
- Performance data and targets are read-only.

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EPR – "Management Discussion & Analysis" Section

PURPOSE – The purpose of this section of the EPR is to explain the agency's priorities and plans for maintaining or improving performance and addressing the key risk factors. It is an opportunity to communicate critical information to key stakeholders about what the agency is doing and plans to do to generate results and the highest return possible. The discussion should be based on funding levels in the current Appropriation Act.

SUBSECTIONS

General Information about the Ongoing Status of the Agency

- A high-level discussion of the strategically most important initiatives within your agency for the next biennium (or longer) aimed at improving performance, dealing with executive and General Assembly priorities including enterprise priorities, and addressing key risk factors
- Information entered by user
- 2,000 character limit (including spaces)

Information Technology ***– Change in Process***

- A high-level discussion of key technology initiatives underway and/or issues your agency is facing
- Should begin with a synopsis of the current state (technology issues and initiatives underway)
- Then, should address the agency's most significant future technology needs and plans
- Information entered by user
- 2,000 character limit (including spaces)

High-level Estimate of Technology Funding Needs

- This section will be deleted. Leave it blank or delete anything that was pre-filled.

Workforce Development

- A description of important issues related to your workforce and the agency's plans and priorities for addressing those issues; descriptions of plans as appropriate for enhancing knowledge and skills, strengthening succession planning, and dealing with factors such as recruiting and aging of the workforce (e.g., succession planning)
- Information entered by user
- 2,000 character limit (including spaces)

Physical Plant

- A high-level discussion of issues and priorities for the agency's owned or leased office space and other physical plant; description of major current projects and longer-term needs necessitated by condition, new mandates, changing customer needs, etc.
- Information entered by user
- 2,000 character limit (including spaces)

EPR – Development Process

The *Executive Progress* Report enables an agency to tell its story. Thus, it is vital to determine the most important messages to convey in that story.

The following steps are suggested for developing the *Executive Progress Report*.

- Obtain and review pertinent data and information, such as:
    a. SWOT analysis
    b. Prior strategic plan; other agency plans
    c. Information technology plan
    d. Enterprise-level priorities and strategies
    e. Project list
    f. Measurement results
    g. Results of studies
    h. Anticipated legislation or regulatory changes
- Consult with agency leaders to obtain guidance on key messages and themes for the EPR.
- Prepare a draft of the EPR using Microsoft Word (recommended) or the performance budgeting system.
    a. Enter information for the EPR to that module in the performance budgeting system.
    b. Print a draft report.
    c. Distribute for review and approval by the agency head and other leaders he/she may designate.
- Obtain feedback and finalize the EPR.
- Submit it to the Department of Planning and Budget for review and publishing.

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Considerations for Preparing the Executive Progress Report

There are several important things to consider when developing the EPR.

- The EPR is a management document that can focus attention on critical factors affecting the agency's performance. It provides an opportunity to present the agency's most important strategic challenges and opportunities.
- The EPR tells the agency's story to thought leaders outside of the agency. Write the EPR in a manner that can help the Governor, Cabinet Secretaries, and the General Assembly make decisions by telling the agency's story of effectiveness and efficiency and how the agency plans to shape the future.
- Use the EPR to provide a holistic view of the agency, highlight <u>strategic</u> issues, and communicate challenging issues faced by the agency.
- The EPR should be written at a higher level than the agency's strategic plan and have enough depth to ensure its value.
- Use the EPR to convey information about how resources are being used and about the key activities of an agency. Provide information that is relevant to the decision process.
- The EPR should be written, at the least, with a two-year time horizon that coincides with the planning/budget biennium. However, use the time horizon that makes the most sense for your agency.

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Tips

- Your strategic plan must be in a "published" state before you can start using the EPR module in the performance budgeting system.
- Narrative sections of the EPR will be pre-populated with information from your 2010-2012 strategic plan.
    - The information will truncate when it reaches 1,500 characters.
    - You can delete or use the information as you deem appropriate.
- You must "submit" all sections of the EPR for review by DPB.
    - Once all sections have been submitted for the first time, you can simply "save" a section and DPB will be able to see the changes. You do not need to re-submit.
    - However, once the EPR has been published to external audiences, you will be to use the "submit" button again for changes.

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Strategic Plan – National Rankings Module

PURPOSE: Within the agency strategic plan, there is a place where you can show how your agency's activities compare to similar activities at a national level. The purpose of this section is to help you build your business case for initiatives that are vital to the achievement of your agency's mission and goals. It also provides an opportunity to demonstrate positive results achieved by your agency.

- National rankings should only be prepared for measures where comparable national data are readily available.
- You will need to select Virginia and enter data for Virginia.
- You can select a particular group of states for comparison or all states.
- The performance budgeting system module requires that you select the best and worst states among those you selected for comparison.
- You will enter the ranking data, comparison year, and additional information (if needed) to explain the comparison.

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Activity – National Rankings

1. Try to identify one or more performance measures for which you could get comparative data at a national level. What would be the source of the data?
2. If you have national rankings that are not consistent with specific measures, you can present and discuss those rankings in the narrative portion of the Performance Highlights section of the EPR. What additional national rankings could you include in the Performance Highlights section?

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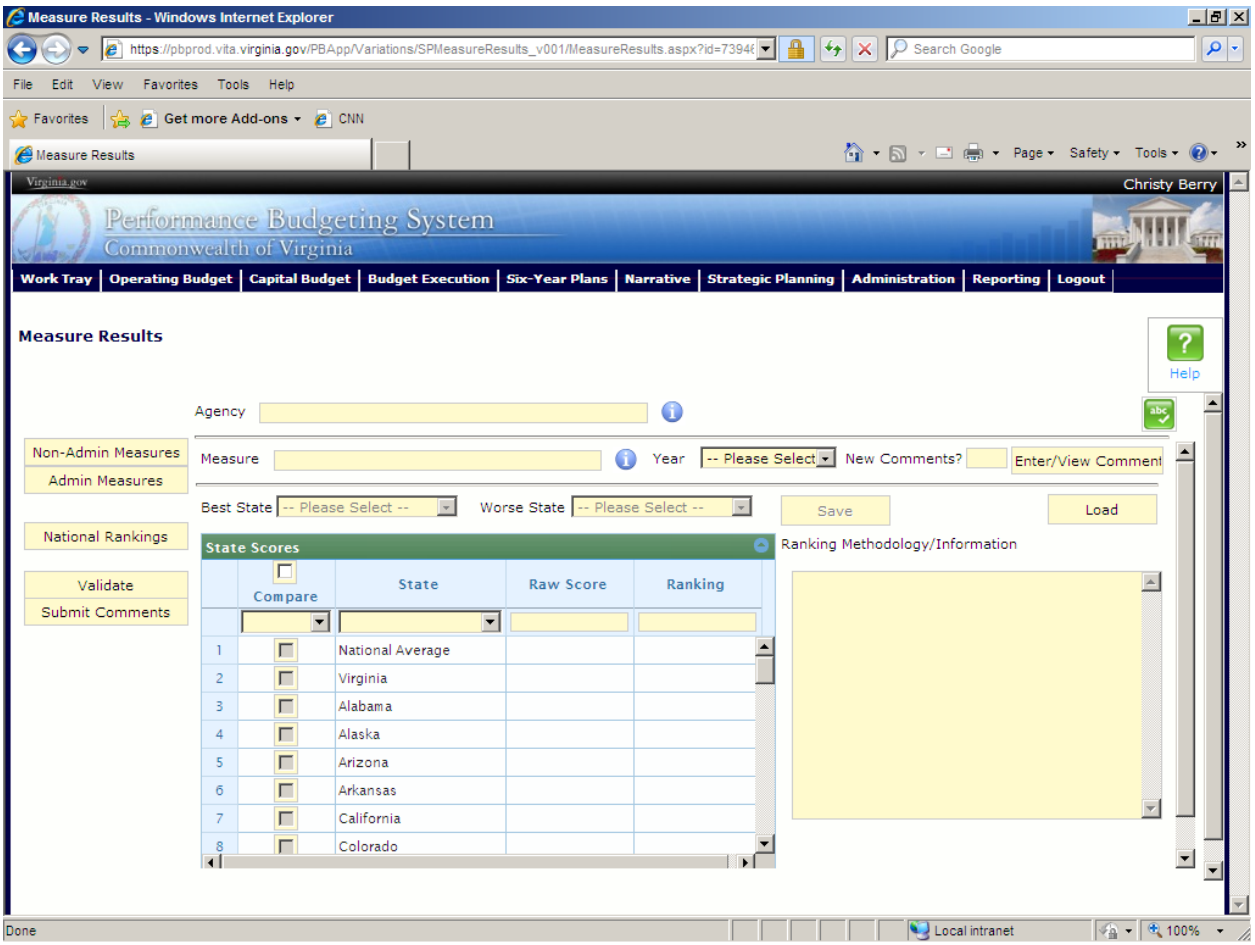
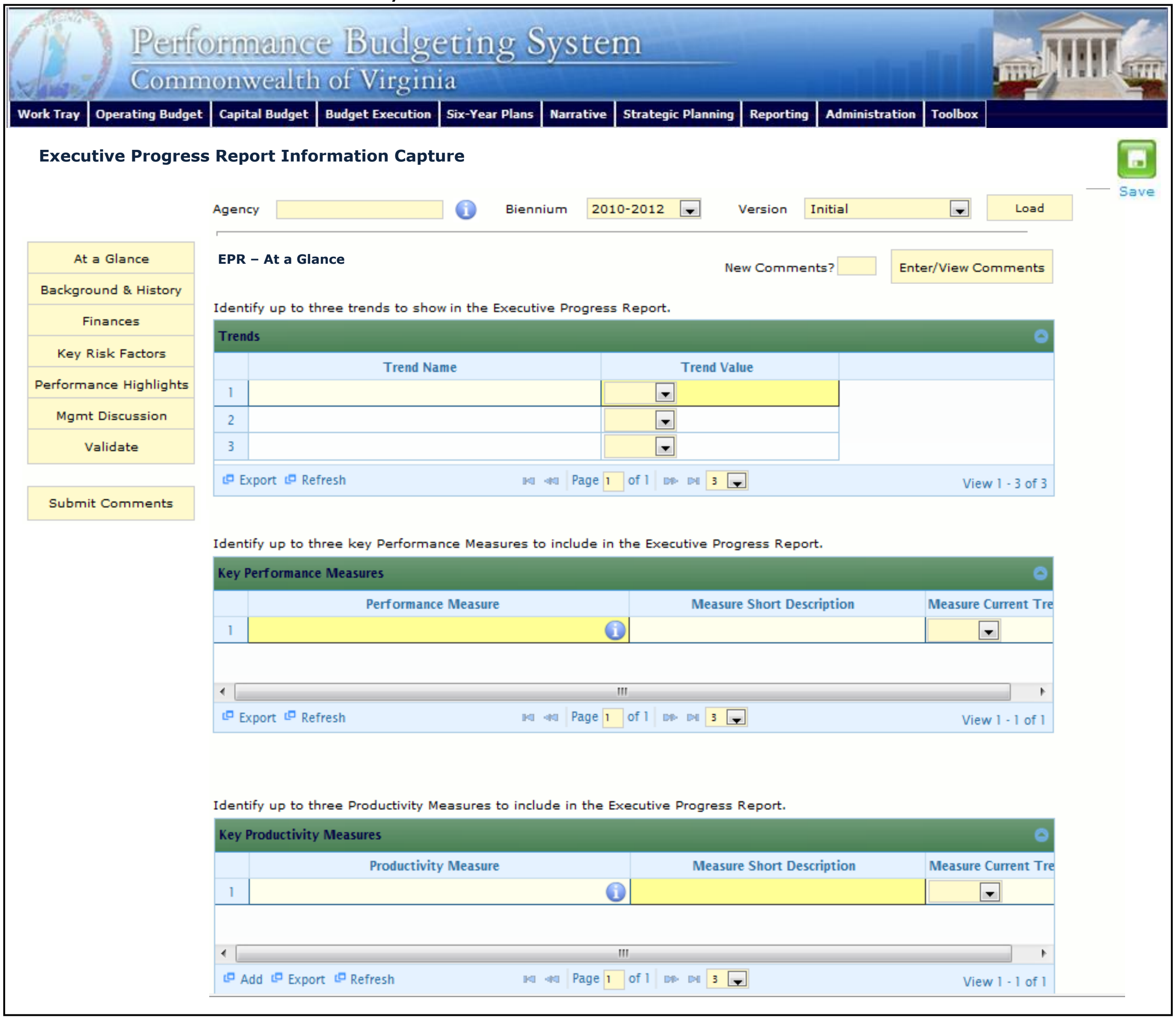
Performance Budgeting System Module

The National Rankings Module is pre-populated with your agency's measures (agency and program/service area). Once you have selected the measure that most directly ties with the national ranking you are comparing, you should select the appropriate year for the latest results, and then select the "best" and "worst" states for comparison.

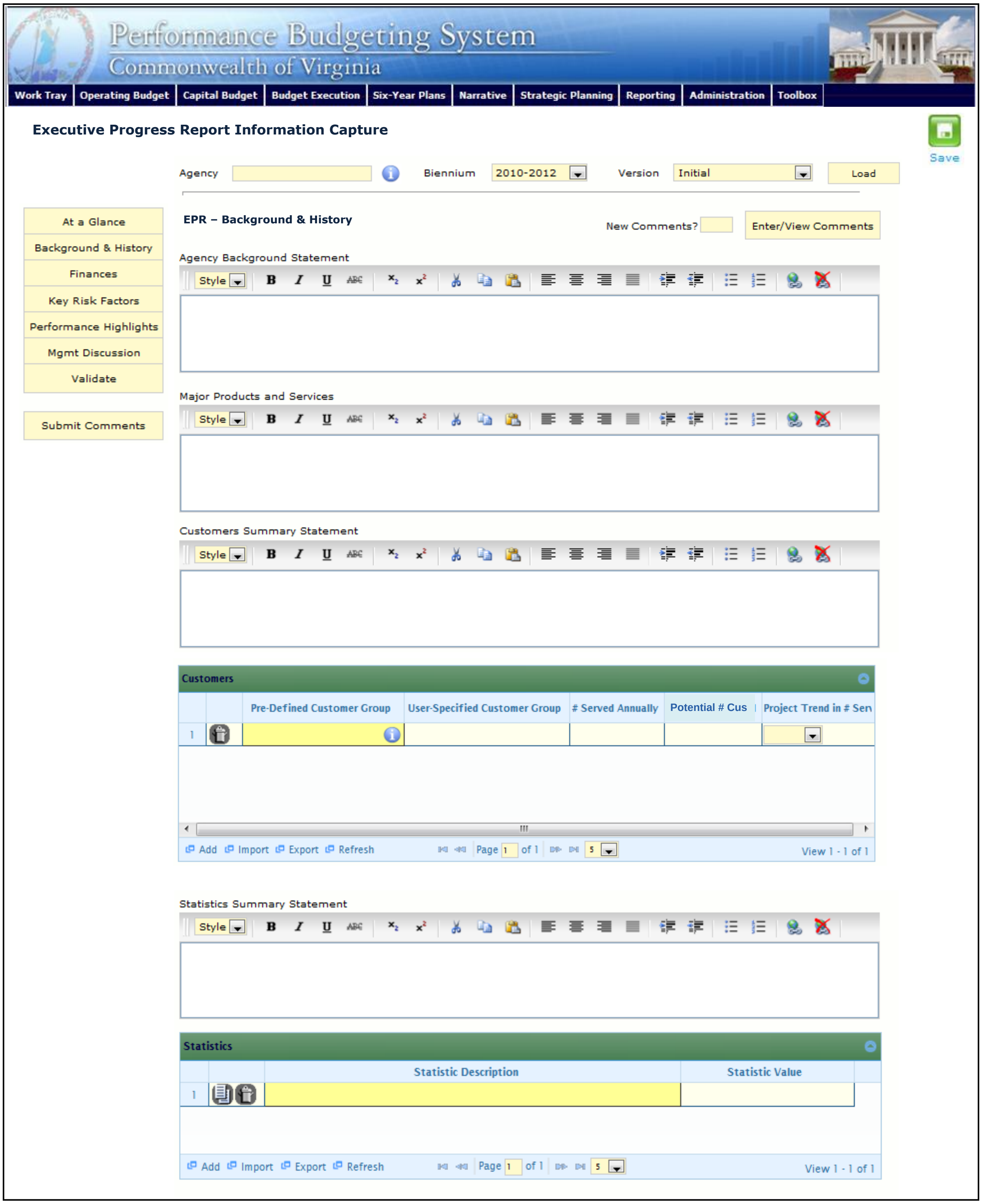
Once the dropdown selections have been completed, you are able to work in the grid entering "raw scores" and "ranking" where appropriate. Next to the grid you have a free-form narrative box to enter the comparison's methodology and any other pertinent information.



EPR Module: Data Entry Preview – At a Glance Section

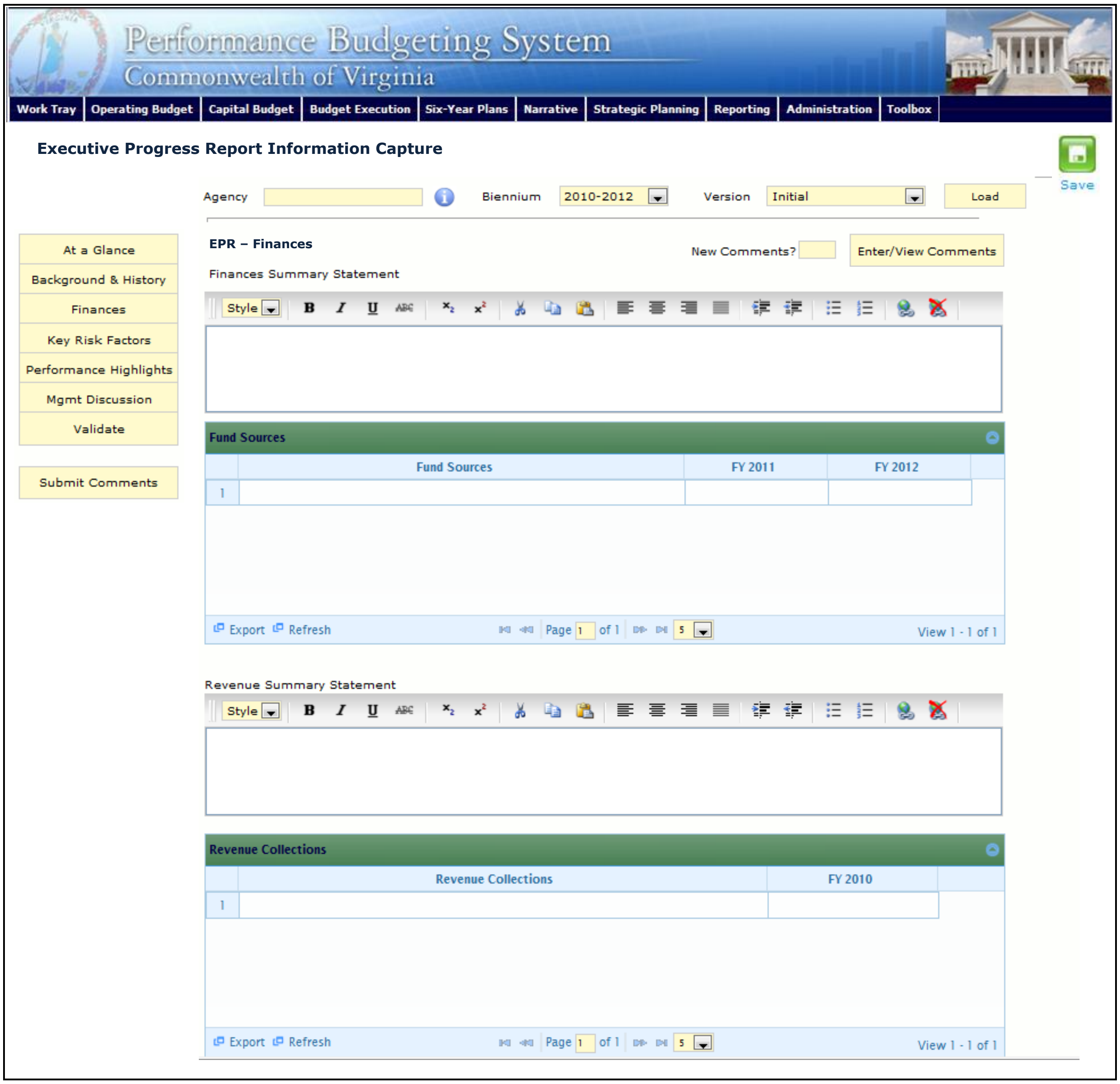


EPR Module: Data Entry Preview – Background & History



EPR Module: Data Entry Preview – Finances

The finances information will consist of the agency's appropriation from the previous year and the current year's current appropriation (including processed Budget Execution Adjustments), by Fund Source, and the agency's revenue collections for the previous year. This information will be populated from the PB system and displayed on the screen for the user's reference when completing narrative statements about the agency's budget and revenue collections. It will be updated each time the report is run.



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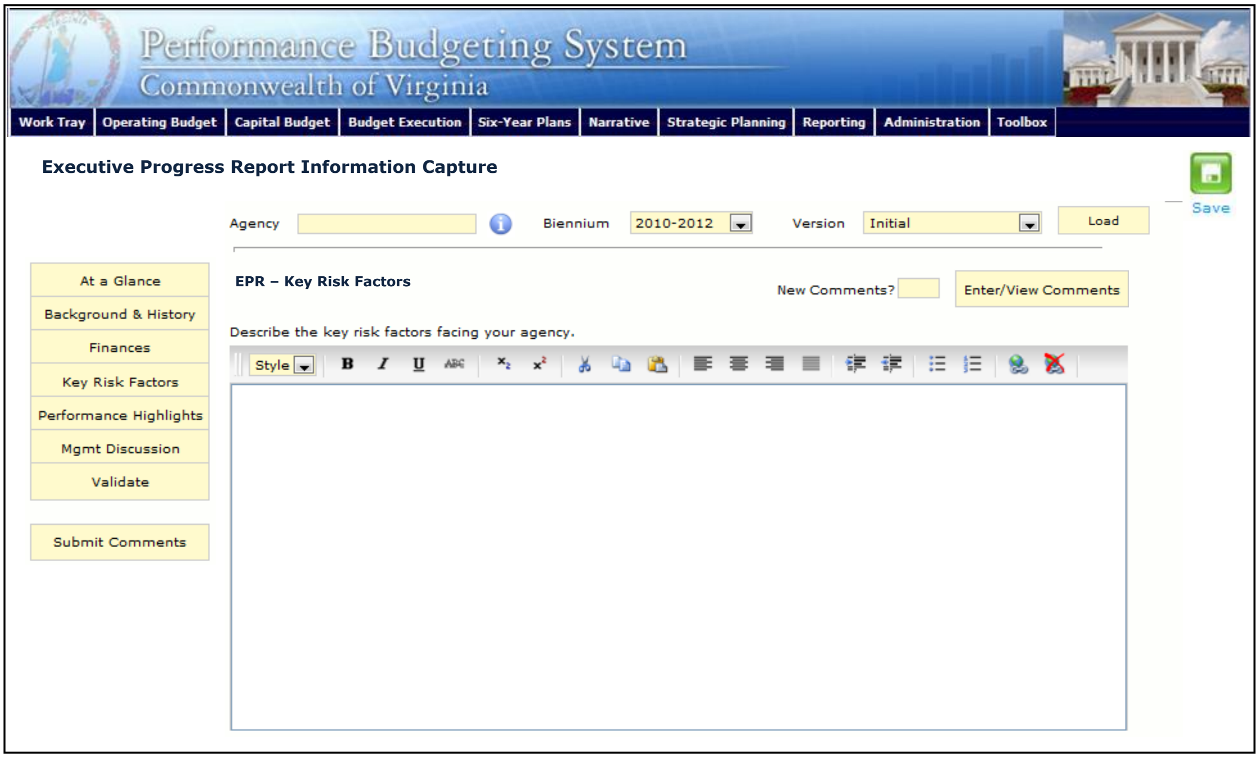
EPR Module: Data Entry Preview – Key Risk Factors



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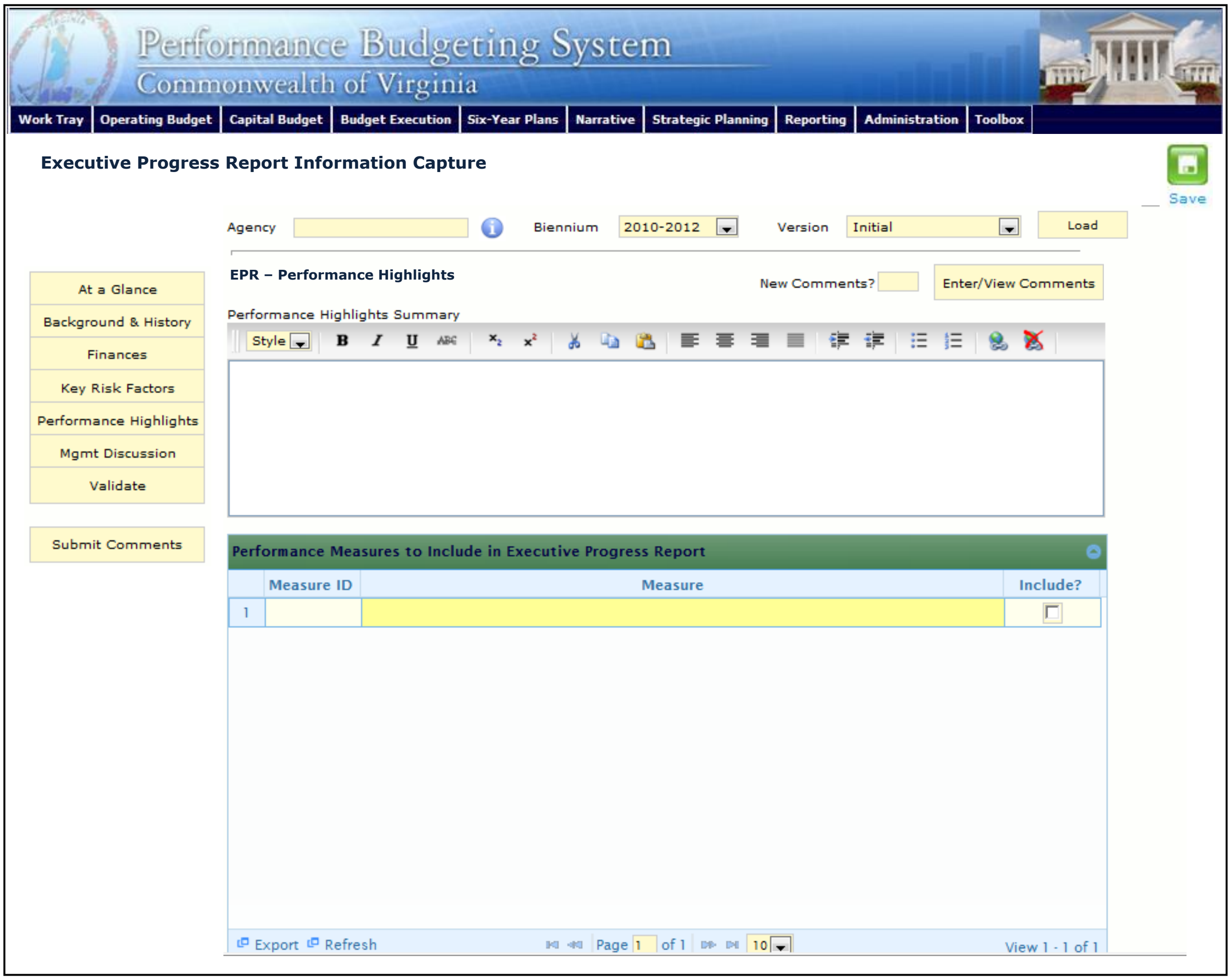
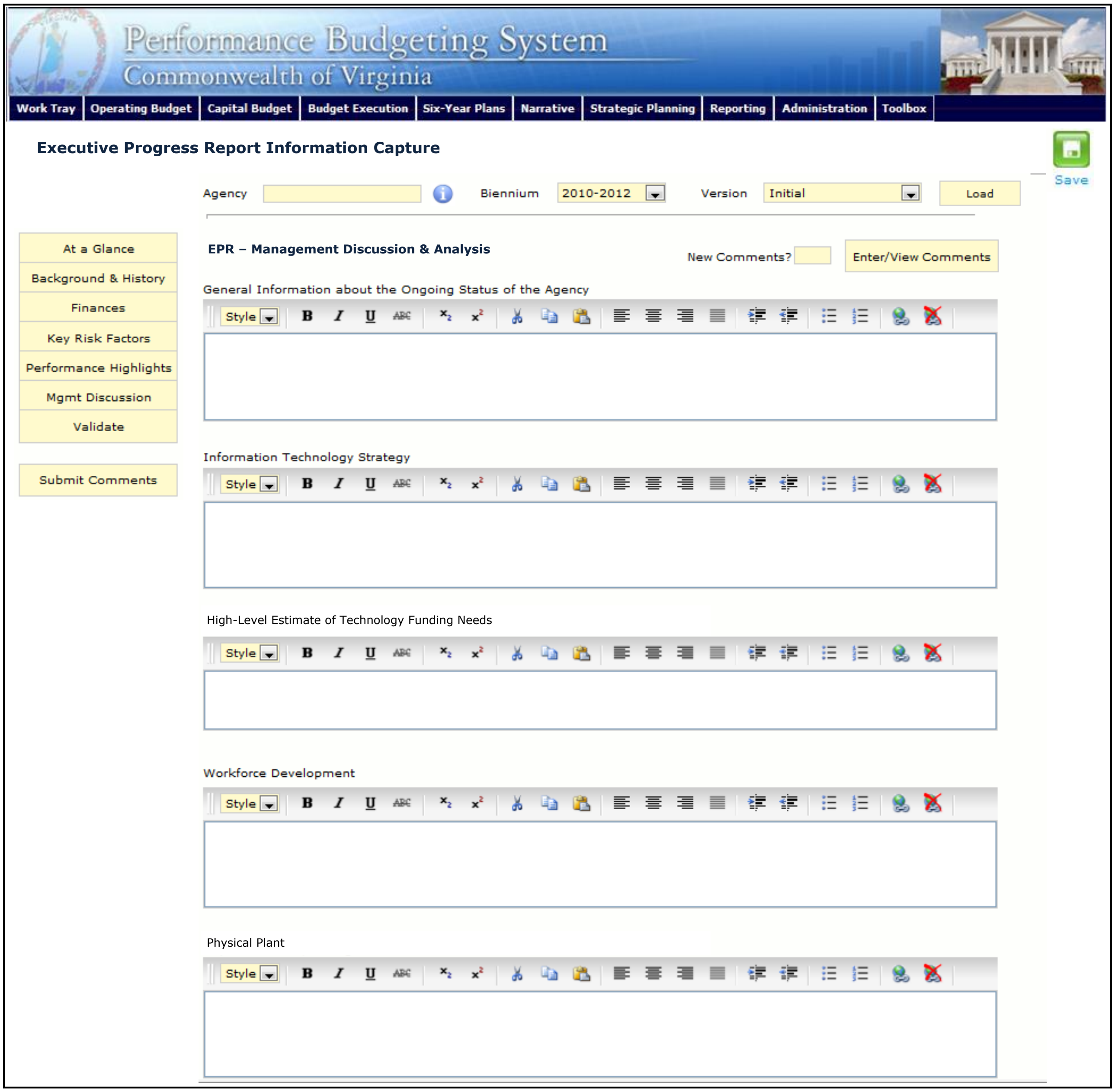
EPR Module: Data Entry Preview – Performance Highlights



EPR Module: Data Entry Preview – Management Discussion & Analysis



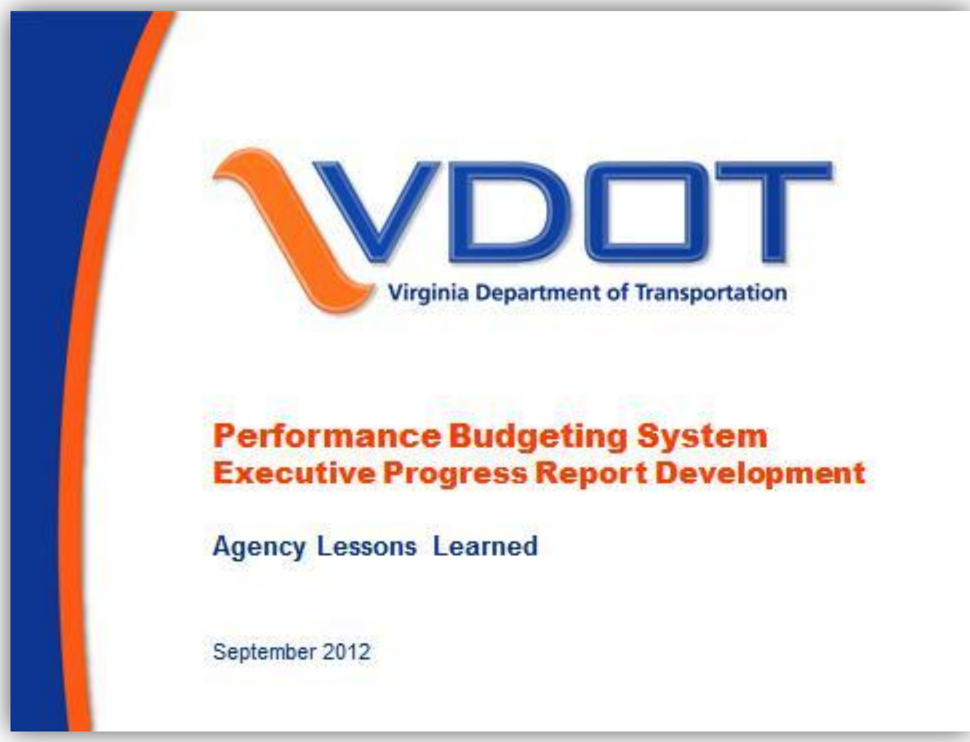
EPR Module: Additional Data Capture Information

There will be one "comments" field for each of the five main sections of the Executive Progress Report and for the "finances" section.

EPR Development Tips from the Pilot Group

The following four agencies participated in a pilot group to develop the new *Executive Progress Report* and enter the EPR information to the performance budgeting system.

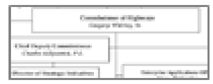
- Department of Criminal Justice Services
- Department of Motor Vehicles
- Department of Social Services
- Department of Transportation



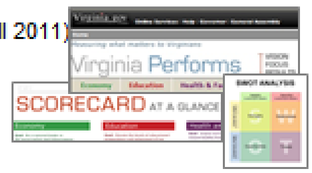
PBS EPR – Agency Lessons Learned

Leadership Support & Input

- **Agency leadership support is key**
  - Executive time crunch; must fit this in with priorities
  - Avoids flavor-of-the-month treatment



- **Leadership note (pilot acceptance) facilitated effort**
- **Reinforce this is not a reinvent-the-wheel exercise**
  - Virginia Performs 2012-14 Biennial Plan (Fall 2011)
  - Change in landscape (SWOT)
  - Commonwealth Strategic Priorities



- **Help set the EPR's tenor**

  Frame the tone & content of message using Background & History, Risk Factors and Management & Discussion sections

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PBS EPR – Agency Lessons Learned

EPR Development

- **Tactics – with EPR fields (HR, Finance, Capital, IT, Business Performance, etc…) pre-populated, either:**
  - Send individual section to pertinent division executive
  - Send entire EPR draft with specific request (our method)
- **Development Process – work with division executives**
  - Send leadership's note, EPR pre-populated draft (we created a Word template), SWOT analysis, timeline and in-person meeting request
  - In-person review; follow-up as needed
  - Compile complete EPR draft
  - Leadership review; work through revisions; final draft approval
- **CoVF / DPB Review – final draft review (Jackie Anderson); work through suggestions; leadership approval to input into PBS**

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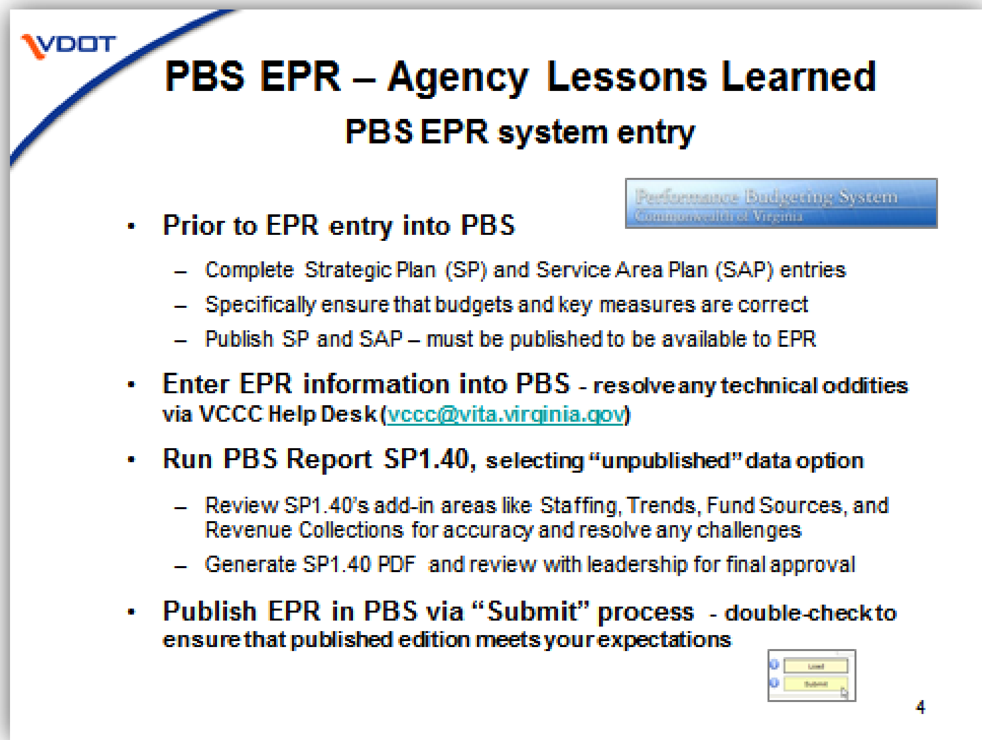
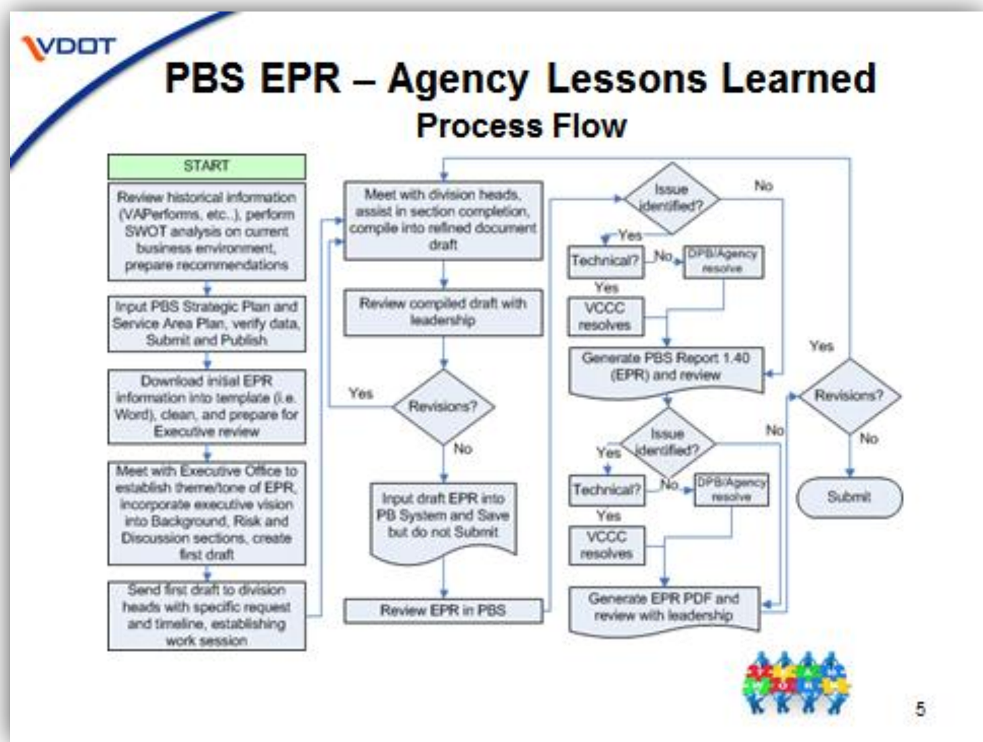

VDOT
PBS EPR – Agency Lessons Learned
PBS EPR system entry
Performance Budgeting System
Commonwealth of Virginia
• Prior to EPR entry into PBS
– Complete Strategic Plan (SP) and Service Area Plan (SAP) entries
– Specifically ensure that budgets and key measures are correct
– Publish SP and SAP – must be published to be available to EPR
• Enter EPR information into PBS - resolve any technical oddities via VCCC Help Desk (vccc@vita.virginia.gov)
• Run PBS Report SP1.40, selecting "unpublished" data option
– Review SP1.40's add-in areas like Staffing, Trends, Fund Sources, and Revenue Collections for accuracy and resolve any challenges
– Generate SP1.40 PDF and review with leadership for final approval
• Publish EPR in PBS via "Submit" process - double-check to ensure that published edition meets your expectations
4


VDOT
PBS EPR – Agency Lessons Learned
Process Flow
START
Review historical information (VAPerforms, etc..), perform SWOT analysis on current business environment, prepare recommendations
Input PBS Strategic Plan and Service Area Plan, verify data, Submit and Publish
Download initial EPR information into template (i.e. Word), clean, and prepare for Executive review
Meet with Executive Office to establish theme/tone of EPR, incorporate executive vision into Background, Risk and Discussion sections, create first draft
Send first draft to division heads with specific request and timeline, establishing work session
Meet with division heads, assist in section completion, compile into refined document draft
Review compiled draft with leadership
Revisions?
Yes
No
Input draft EPR into PB System and Save but do not Submit
Review EPR in PBS
Issue identified?
Yes
No
Technical?
No
DPB/Agency resolve
Yes
VCCC resolves
Generate PBS Report 1.40 (EPR) and review
Issue identified?
Yes
No
Technical?
No
DPB/Agency resolve
Yes
VCCC resolves
Generate EPR PDF and review with leadership
Revisions?
Yes
No
Submit
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Where to Get Help

There are help features built into the performance budgeting system.   You can also run a report that will show all of the help for a particular module.

If you have policy-related questions, please contact your DPB budget analyst.

If you are having problems with the performance budgeting system, please contact VITA's Customer Care Center to open a ticket.