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July 14, 2005

TO: The Honorable Mayor and City Council Members

FROM: John Szerlag, City Manager

SUBJECT: Public Management Article

Attached is a copy of the article I wrote for Public Management Magazine regarding the methodology we use in Troy for setting goals and objectives, and how that segues into performance evaluations. I have received positive comments from my colleagues across the United States relative to our process. And I wish to thank Mayor and Council for allowing me to have the latitude to develop this system, and more importantly, for your participation and ownership of this process.

c: Department Heads

JS/bt\AGENDA ITEMS\2005\07.18.05 – Public Management Article

# It's (gulp) Evaluation Time

Manager John Keller went back to his office after the weekly council meeting. Thankfully, there were no extreme problems on the council's agenda, and the meeting appeared to have gone smoothly. But his thoughts couldn't help but stall on the short but meaningful statement of councilmember John Parker, who had ended one of his remarks on a new downtown redevelopment project with the comment "We probably don't know half the problems that are going on with this project."

He remembered that he'd heard a similar comment several weeks earlier, when the council was discussing how successful the snow removal operations had been during the winter months. One councilmember had alluded to the possibility that maybe they were hearing only the good reports from staff and not the ugly facts on snow removal problems.

To add to Keller's growing unease, the previous month, two of the community's five councilmembers had wanted Keller to plot out the effects and costs of a new skateboard park that they wanted built in two years. But another two members wanted him to determine how much a new swimming pool would affect the community's budget. He felt he was receiving conflicting messages about priorities and direction from the council.

Everything else seemed to be going peacefully, and the council was set to decide on his annual salary increase in two weeks. But Keller was anxious about this upcoming review because there was no evaluation process in place for his management position and no way to get accurate feedback on whether he was meeting councilmembers' expectations. With the negative comments and the conflicting messages about priorities, he knew it was time to suggest that an evaluation process for his position be put into place.

**What kind of performance evaluation plans should the council consider? Two practitioners offer their advice.**

The council-manager partnership is like a marriage in that it's sometimes hot and sometimes not. Just as spouses should know what to expect of each other, so, too, should the manager and governing body. This requires a balanced relationship in which not only does the council advise the manager on how he or she is doing toward measurable objectives, but also the manager advises the council on how it's faring against agreed-upon expectations.

I've outlined the model used in Troy, Michigan, for judging the city manager's performance. First and foremost, the model is outcome-based, as in "This is what you wanted, this is how I did it, what do you think?"

While getting to an outcome-based manager review takes some work, it does yield positive external data for community visioning. This is because we fold in the performance review as part of our ongoing strategic planning process. This process incorporates goals adopted by the city council, objectives and tasks that are subsets of goals, and organizational accomplishments that tie it all together.

## GOALS, OBJECTIVES, AND TASKS

Succinctly put, goals are generic and reflect community values pertaining to a preferred future. Objectives are more specific in relation to these goals, and tasks are a direct subset of objectives and involve the most specificity. For example, Troy could adopt a goal calling for improving public infrastructure. An objective could thus be widening Main Street, and the task would be to allocate resources and manpower toward developing a project budget, including design, right-of-way acquisition, and construction.

### Goals

Indeed, one of the goals advanced by Troy *is* to "Improve public infrastructure," which we'll refer to as Goal 1. We have also agreed on five other goals:

Goal 2: Minimize cost, and increase the efficiency of city government.
Goal 3: Retain and attract investment while encouraging redevelopment.
Goal 4: Communicate effectively and professionally.
Goal 5: Protect life and property.
Goal 6: Improve the strategic plan annually.

About seven years ago, we asked a facilitator to help frame our goals. We reexamine our goals each year; sometimes we bring in a facilitator to help us, and sometimes we don't. In the Troy experience, our goals have pretty much remained constant. I believe that most communities have goals similar to ours because, as I've indicated, goals represent community values. They just need to be articulated so the manager and council can agree on objectives.

### Objectives

When framing objectives, you shouldn't need or want an outside facilitator, as this phase ideally brings the most balance to the council-manager relationship. Because councils should be community value– or goal-oriented, and the manager's role is results-oriented, the delineation of objectives is the bridge between these two perspectives. This calls for the governing body and manager to be of equal voice when determining objectives, meaning that all parties share in the ownership of the objectives.

Bridging goals to tasks means that the objectives need to be subsets of one or more goals. In Troy, for instance, the council and I agreed that the objective to "Enhance the flow of information" is specific to Goal 4, which is to communicate effectively and professionally. And our objective to "Promote a culture of professionalism" is germane to all of our goals.

Here are the other objectives we have agreed to, along with their corresponding goals:

- Address citizen input and concerns (Goals 1, 4, 6).
- Maintain high level of service (all goals).
- Determine appropriate staffing levels (Goals 1, 2, 3, 6).
- Expand electronic functions (Goals 2, 4, 6).
- Prioritize capital projects (Goals 1, 2, 5, 6).
- Promote economic development and redevelopment (Goals 1, 2, 3, 6).
- Uphold fiscal integrity (Goals 1 and 2).
- Recognize diversity, and encourage participation (Goal 4).

You may say that the subsets of objectives to goals in Troy may not be as other localities would arrange them. But that's not a problem because the salient point here is the ownership of the goals and objectives arrangement, resulting from a balanced discussion among all members of council and with the manager. Once this has been accomplished, the manager can go back to the drawing board and work on tasks.

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### Tasks

Here in Troy, I find it useful to view tasks within a rolling three-year time frame that is tied to our fiscal-year calendar. Thus, addressing council in this format to get concurrence on tasks also eases subsequent budget sessions. Examples—our three-year task schedules for capital projects and for the expansion of electronic functions—are shown in Figures 1 and 2.

## IDENTIFYING THE NATURE OF YOUR RELATIONSHIP WITH ELECTED OFFICIALS

In addition to the community benefit you get from working with council to identify goals, objectives, and tasks, you also benefit by gaining a sense of the type of relationship that exists between the council and manager. The types of partnerships are better explained by looking at the examples shown in Figure 3, where areas left of the balance point are more council-oriented and areas right of the balance point are more manager-oriented.

In keeping with our underpinning subject of goals, objectives, and tasks, line a-a-a in Figure 3 delineates a functional relationship between the council and manager. Goals that represent community values are more council-oriented. A balance between the council and manager is achieved by agreeing on objectives; tasks that segue into outcomes and budgets fall more in the area of the manager.

Line a-b-b denotes a weak manager in the council-manager relationship. And as any manager who has the misfortune of working in an environment similar to line a-b-c knows, the relationship is dysfunctional, and the dysfunction extends to the local organization and the community. Of course, there are many more combinations that can be shown on the illustrative matrix, but I'm sure you catch my drift, so I'll move on.

## ORGANIZATIONAL ACCOMPLISHMENTS

In preparation not only to hold a performance evaluation but also, more important, to address in part the overall state of the city, I compile organiza-

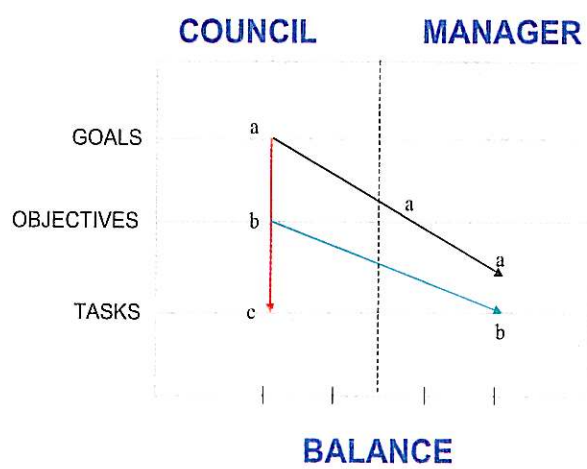
**Figure 1. Objective 7: Capital Projects (Goals 1, 2, 5, 6)**

| Road Projects | 2005 | 2006 | 2007 |
|---|---|---|---|
| CMAQ Projects | Construction | Construction | Complete |
| Maplelawn | Complete | | |
| Crooks Road from Square Lake to South Boulevard | | Construction | Construction |
| Rochester from Torpey to Barclay | | Right of Way | |
| Rochester from Barclay to Trinway | | | Right of Way |

**Figure 2. Objective 6: Expansion of Electronic Function (Goals 2, 4, 6)**

| | 2005 | 2006 | 2007 |
|---|---|---|---|
| E-Procurement Initiative | Complete | | |
| In-House Hosting of Web Site | Review and update information | Review and update information | |
| Staff Review of Web Site Services and Information | Review and update information | Review and update information | |
| Online Permit Applications | Investigate software options | Implement program | Further enhancement |
| Electronic Inspection Process for Field Inspectors | Purchase equipment | Implement program | Further enhancement |

**Figure 3. Types of Council-Manager Relationships**




a-a-a = FUNCTIONAL RELATIONSHIP
a-b-b = WEAK MANAGER RELATIONSHIP
a-b-c = DYSFUNCTIONAL RELATIONSHIP

tional accomplishments related to the goals, objectives, and tasks that have been framed through the council-manager partnership. This is accomplished through an electronic PowerPoint presentation to the council. Here is a sampling of what the council sees:

**Objective: Fiscal Integrity**

- Maintained AAA bond rating.
- Defeased the 2000 Recreational Facilities Bond, resulting in interest savings of $2.9 million.
- Purchasing department received the Achievement of Excellence in Procurement Award from the National Purchasing Institute.

**Objective: Major Capital Projects**

- Completed the widening and reconstruction of Long Lake, from Carnaby to Dequindre streets, to five lanes. This project was selected by the Michigan Concrete Paving Association as a top project in the "urban arterial road" category.
- Sanctuary Lake Municipal Golf Course opened for play in July 2004.

**Objective: Communication**

- Revamped the city Web site to approve its appearance, functionality, and ease of use. One of the major additions was public access to GIS data.
- Received the national Clarion Award from the Association for Women in Communications for the "Diversity in Troy" entry.

## EVALUATION TIME

Once we've assembled all of our goals, objectives, tasks, and accomplishments, I put them all together and schedule an evaluation. And what I've spoken about so far more or less constitutes the empirical side of the evaluation, or, in other words, *what* we want. Now, it's time to evaluate the manager in terms of *how* it was accomplished. As long as the manager does a good job and instills a culture of professionalism in his or her staff, this system should serve you well.

Now, if your partnership with council is functional, as illustrated earlier, you can take this evaluation process one step further. You can evaluate each other against previously agreed-to, reasonable expectations. This will involve a discussion of what the council should expect of the manager, what the manager should expect from the council, and what councilmembers should expect of each other. And it's a pretty good idea to use a facilitator if this exercise is a first-time experience. In Troy, we used a facilitator and came up with the following:

**What Council Should Expect of the Manager**

- Objective, professional work product that gives council adequate information to make informed decisions.
- Same information going to all councilmembers.
- Efficiency and effectiveness.
- Respect, support, trust, and decisiveness.
- Willingness to work to implement the decisions made.
- Support for council's decisions when dealing with staff and community.
- Provision of relevant information before council has to make a decision, and advice about the ramifications of a bad decision.
- Equal treatment of all councilmembers.

**What the Manager Should Expect of the Council**

- Consistency.
- Ownership of decisions by the governing body.
- Recognition of council's role as policymaker, not micromanager.
- Respect, support, trust, and decisiveness.
- Defense of staff members when they are being attacked publicly for carrying out council's policies.

**What Councilmembers Should Expect of Each Other**

- Respect, understanding, and support.
- Acceptance and support of decisions made by the governing body as a whole.
- Timely decisions (no "paralysis by analysis").
- Uninterrupted consideration when someone is making a point.
- Consistency.
- Opportunity for council debate.
- Thought process shaped by a policy framework.

While not a quantifiable element of the evaluation procedure, a discussion between council and manager about reasonable expectations should be an integral part of the process. This gives both parties a chance to calibrate their attitudes and behaviors, to enhance their work-related strengths, and to recognize their weaknesses.

By the same token, if a council-manager partnership has evolved to permit an open dialogue on reasonable expectations, this dialogue should not be relegated to a once-a-year event. Rather, it needs to be an ongoing process, both collectively and individually, that will nurture both parties—pretty much as in a good marriage.

The system we used in Troy involves more than 100 PowerPoint slides, and I'm happy to forward them to readers, should someone want to take a look at the entire process. Just e-mail me at szerlagaj@ci.troy.mi.us. My only request is that you let me know if you improve on the process.

*—John Szerlag*
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Effective organizational leadership requires a shared vision of the future, specific goals, clear expectations of employees, a strong team of people who work collaboratively, and accountability for achieving objectives. Local government managers seek annual feedback on their own performance from their councils as part of the process of strengthening the core leadership team and ensuring that they are on track with council expectations.

This article was written following interviews in 2004–2005 with managers, councilmembers, and consultants who have participated in

performance evaluation processes. Managers who have annual evaluations typically say they cannot imagine things otherwise. Years ago, this was not the case, just as until the last decade or two, manager employment agreements were uncommon.

One manager had this to say: "Most managers get into this profession because they are high-performing. The performance evaluation can validate and document that we're doing a good job. It also can point out areas we need to improve. As professional managers, we should want to do that."

Councilmembers said that the annual performance review gives them an organized method of setting direction, evaluating progress, and raising issues that otherwise may not be voiced, even in a positive council-manager relationship.

Various reasons were cited by both managers and councilmembers for holding an annual performance review:

- It is a sound business practice that fosters excellence in professional management.
- It is an essential part of helping a council to succeed in setting and achieving ambitious goals for the community.
- Evaluations are part of the council role as the governing board, ensuring that clear direction is established and that the council and manager assess their effectiveness in achieving goals.
- Managers want to know what their councils are thinking. They believe that speculating about the council's opinion is dangerous and hinders any efforts at course correction.
- In addition to hearing the individual opinions of councilmembers, a manager wants to know how the council *as a group* views his or her performance.
- It is useful for councilmembers to hear each other's views on the manager and on council priorities.
- It is an opportunity to discuss sensitive issues and ways in which the council/staff team can be strengthened.

## Evaluation Tip

In selecting a facilitator, choose someone:

- With strong experience in working with councils and managers.
- Who, other managers say, has successfully facilitated evaluation processes for them.

- Evaluations are opportunities for the manager to inform the council about the range and complexity of work for which he or she is responsible, including day-to-day operations, staff performance, and major projects in the pipeline that will require a significant commitment of resources and leadership.
- A performance review gives the council a basis for making compensation decisions. A manager's employment agreement may in fact call for an annual review, with compensation decisions tied to that process.

Some managers may hesitate to initiate a performance evaluation because of strains in the council-manager relationship and concerns about what may result from the process. This strategy can work if there will be a change in council makeup, but it can be risky to assume that this will solve a troubled situation.

One consultant interviewed for this article said, "If problems exist in the relationship, dodging them will only make them larger. Only by confronting them early can weakened relationships be mended." Consultants who have assisted managers in making a transition out of a job once the council has decided to fire the manager note that often the situation is one in which mismatched expectations between the council and manager, or aspects of the manager's style or approach, were not addressed early enough; it simply became too late for adjustments to be made and for the relationship to be saved.

The costs are high to both the locality and the manager when a termination is involved. Regular opportunities for the council and manager to discuss expectations, communications, and performance can help prevent serious problems in the relationship.

### A VARIETY OF MODELS

Managers and councils use a variety of approaches to performance evaluations. The process needs to be tailored to the needs, personality, and interests of the individual community. What works well in one situation may not be effective or well received in another.

**Internal facilitation.** A number of managers handle their annual performance reviews informally, with the mayor, a councilmember, or the manager serving as process facilitator. Normally, an evaluation form is completed by each councilmember, summarized by the mayor, and discussed by the entire council in a closed session with the manager.

Most of the managers interviewed said they prepare a written report for the council on their accomplishments for the prior year and on goals for the coming 12 months. Typically, managers discuss performance outcomes of the organization, projects in the pipeline, and council priorities, and seek feedback in those areas, among others, that are important to themselves individually.

**Third-party facilitator.** In this approach, an outside consultant is hired to assist with the evaluation process. Councilmembers and managers who have used facilitators reported that, even when there is an excellent council-manager relationship, the evaluation process is one of their most difficult tasks. It might be that councilmembers are not experienced in conducting evaluations and are more comfortable with a facilitator.

A third party can help councilmembers talk about difficult subjects and focus the discussion on important matters, whether pertaining to the council-manager relationship or to goals. Some managers have engaged facilitators when there has not

## Resources

**Web Site**

Articles of interest to managers and examples of manager-performance evaluation forms can be found on the California City Management Foundation Web site, at www.cacitymanagers.org.

**Articles from *Public Management* Magazine (*PM* Index at ICMA.org/pm)**

- Caravalho, George, and Jo Anne Darcy. "Manager Appraisals Can Be Nothing But a Benefit" (December 1999).
- Carlson, Margaret S. "How Are We Doing? Evaluating the Performance of the Chief Administrator" (March 1997).
- Mathis, R. William. "What Councils Want from Managers . . . But Do Not Tell Them" (September 1993).
- Marshall, John. "Building a Working Relationship with Your Elected Officials" (August 1992).

been a performance evaluation in several years, in order to set a successful tone and structure for the evaluation.

When compensation is to be discussed, some managers find it helpful to have someone who is able to inform the council of industry standards and the competitiveness of the manager's current compensation package. The cost of a facilitator ranges from $5,000 to $10,000, depending on the number of interviews and meetings to be held and the amount of follow-up work desired.

### ELEMENTS OF THE PERFORMANCE EVALUATION

Interviews with managers, councilmembers, and consultants suggested that there are five key elements to the evaluation process:

**1. Organization and management of the process are decided.**

- Everyone involved should understand what will occur at each step.
- Guidelines should be given to councilmembers on conducting an evaluation.
- Whoever facilitates the process must have credibility with all parties.
- There should be a commitment to a time frame so the process can be completed on a timely basis.

**2. Comments are collected from councilmembers and manager.**

- An evaluation form is derived.
- Each councilmember completes the form and gives it to one person (typically, the mayor or an outside facilitator) to summarize the ratings and comments in a combined, confidential document.
- When a facilitator has been engaged, each councilmember, as well as the manager, is interviewed privately to hear comments on the manager's effectiveness, accomplishments, issues that should be addressed in the relationship, and other concerns that should be discussed by the council and manager.
- The evaluation form should be easy to use and tailored to the unique interests of the local government and the responsibilities of the manager. Typical categories for evaluation are:
  - Vision and strategy
  - Accomplishment of goals
  - Organizational effectiveness
  - Personal performance
    - Management skills
    - Communication
    - Leadership
    - Judgment
  - Areas for improvement or change
  - Manager's goals for the next year.

**3. Manager prepares a written report.**

- Key organizational accomplishments and challenges are listed.
- He or she summarizes accomplishments of his or her goals for the prior year.
- Goals for the next year are clarified.

**4. Closed session of council with manager is held.**

- An agenda is outlined for the discussion, often by the manager.
- The mayor or facilitator reviews the agenda with the council at the start of the closed session and sets the ground rules for the discussion in the closed session. Typical guidelines are:
  - Each person will have an equal opportunity to speak.
  - A council consensus will be reached on specific items and on overall performance. And, while the general consensus may not be unanimous, it will ultimately reflect the council's position and direction to the manager.
  - Everyone will treat each other with respect.
- The mayor or facilitator goes through the combined evaluation report, pointing out areas of agreement and disagreement among councilmembers regarding the manager's performance.
- Each councilmember is asked to comment on the manager's performance, including what is going well and what he or she would like to see changed. The mayor or consultant facilitates a discussion, seeking to reach a council consensus on the manager's overall performance and on particular items of importance.
- When there is disagreement among councilmembers on the manager's performance or on some specific issue, the mayor or facilitator asks each councilmember to comment, so that everyone hears all perspectives. The mayor or facilitator seeks a council consensus (not

necessarily unanimous) on the manager's performance on this item, so that the entire council and the manager are clear on the council's position.

- The manager discusses sensitive issues and/or areas in which the council can assist the manager and organization in carrying out the council's work program.
- Goals for the manager in the coming year are discussed, and a council consensus is reached on these goals.
- Compensation considerations may form part of the process.

**5. A post-evaluation report is prepared by the mayor or manager that contains:**

- A summary of the council's view (as a group) of the manager.
- A summary of items to be addressed in the coming year (personal performance and goals).
- Any follow-up actions agreed to during the closed session.

Councils and managers can make an opportunity each year to hold an open conversation about vision, goals, council direction, and performance. This is considered a sound management practice that leads to clear direction to the staff through the manager, and stronger relationships between the manager and council.

*—Jan Perkins*
*ICMA Senior Adviser*
*Leadership Trainer*
*Laguna Beach, California, and*
*Former City Manager*
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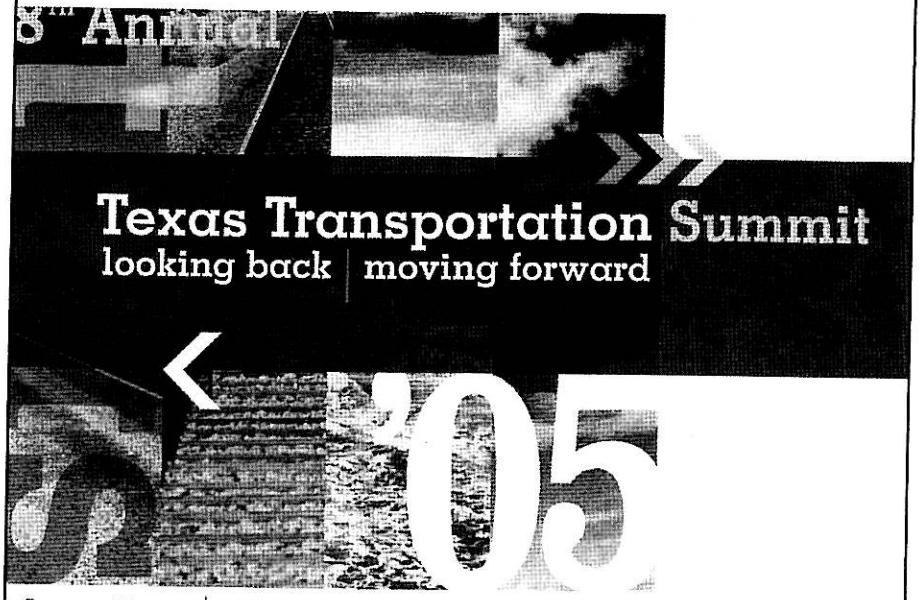
**Coming in PM**

**The First 45 Days of a New Council**

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