ADS Chapter 597

Operations Performance Policy

New Edition Date: 06/09/2014
Responsible Office: M/MPBP
File Name: 597_060914

Functional Series 500 – Management Services
ADS 597 – Operations Performance Policy
POC for ADS 597: Margaret Strong, (202) 712-0775, mastrong@usaid.gov

Table of Contents

This is a new ADS chapter.

597.1 OVERVIEW 3

597.2 PRIMARY RESPONSIBILITIES 7

597.3 POLICY DIRECTIVES AND REQUIRED PROCEDURES.... 7

597.3.1 Operations Management Plan (OMP) 8
597.3.1.1 Stage One: Conduct Business Analysis..... 9
597.3.1.2 Stage Two: Formulate the Operations Management Plan 9

597.3.2 Execution and Performance Plan (EPP) 11
597.3.2.1 Stage Three: Monitor and Assess Functions and Processes..... 11

597.3.3 Communicating Results 13
597.3.3.1 Stage Four: Communicate Results 13

597.4 MANDATORY REFERENCES 13

597.4.1 External Mandatory References 13

597.4.2 Internal Mandatory References 14

597.5 ADDITIONAL HELP 14

597.6 DEFINITIONS 15

ADS 597 – Operations Performance Policy

597.1 OVERVIEW

Effective Date: 06/09/2014

The President's New Management Agenda[1] focuses on realizing a smarter, more innovative, and more transparent government. The Presidential Policy Directive on Global Development[2] also specifically outlines the need for a more efficient and effective approach to global development. These directives emphasize the need for USAID to deliver services more quickly and effectively by establishing goals and strategies to ensure that all Agency investments support development outcomes.[3]

Figure 1:

This policy is mandatory for the following Operating Units:

- Bureau for Management, Office of the Chief Financial Officer (M/CFO);
- Bureau for Management, Office of the Chief Information Officer (M/CIO);
- Bureau for Management, Office of Management Policy, Budget and Performance (M/MPBP);
- Bureau for Management, Office of Management Services (M/MS); and
- Bureau for Management, Office of Acquisition and Assistance (M/OAA).

This policy is recommended for Operating Units and offices whose primary functions are management and support in Washington and the field.

USAID's operations performance is important to the Agency's ability to achieve its development objectives; ensure that resources are aligned with priorities; and institutionalize USAID Forward reforms.

Studies in the private sector have shown[4] that improving procurement processes improves strategic planning within an organization. By improving USAID's procurement systems we are able to more effectively shape how we do business, and with whom we do business. The same is true for other operation functions such as information technology (IT) services. IT optimization reduces costs,

---

[1] **Cross-Agency Priority goals. 2014.**
Remarks by the President Presenting New Management Agenda. July 8, 2013.

[2] Presidential Policy Directive 6: Global Development. September 2010.
https://fas.org/irp/offdocs/ppd/ppd-6.pdf

[3] There are many strategic planning requirements for external and internal reporting from the Office of Management and Budget. A few to note are the Government Performance and Results Modernization Act of 2010 (external reporting) and OMB A-123.

[4] **KPMG. 2012.The Power of Procurement A global survey of Procurement functions.**

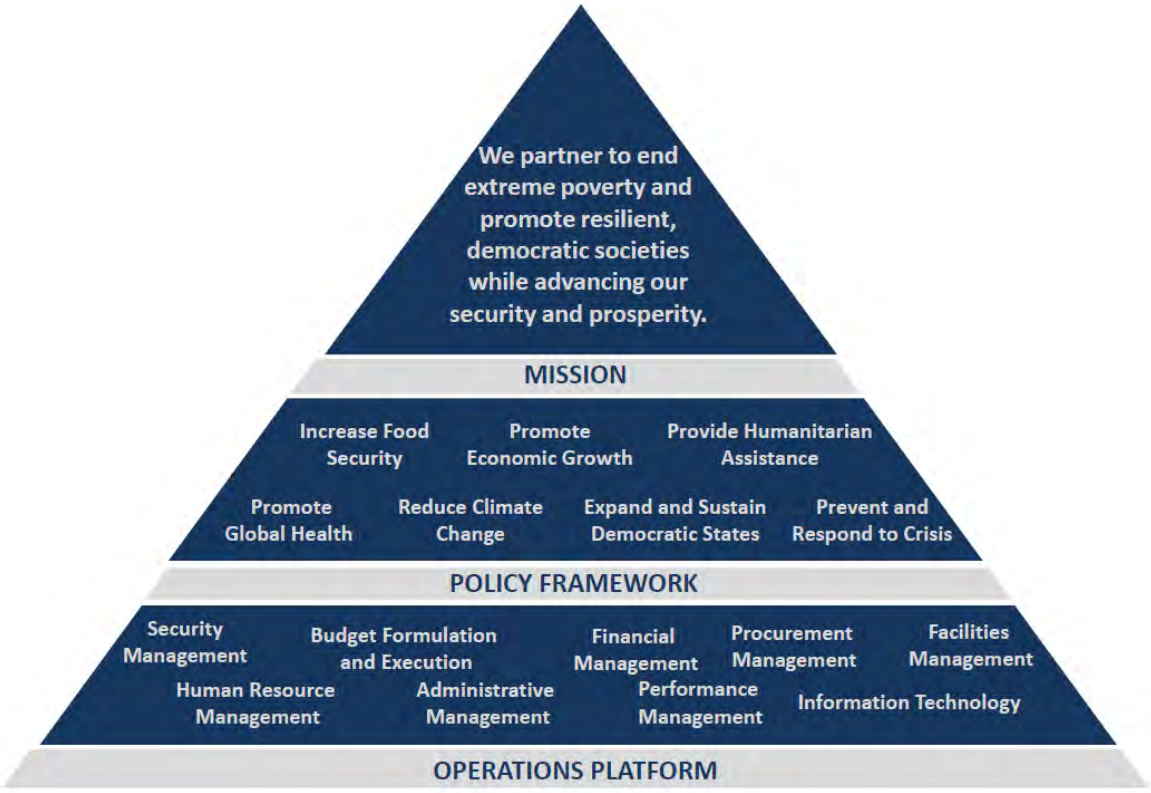
increases efficiency by automating business processes, and provides improved access to information which results in better decisions within USAID and from our partners[5].

Our approach as an Agency is to work as one team to innovate and deliver results. This policy is intended to ensure that USAID's platform uses a strategic management process to improve our efficiency and effectiveness. Figure 2 provides a graphic rendering of how our operations platform supports our policy framework and country development cooperation strategies to achieve our mission.

effectiveness
The extent to which a unit achieves the desired outcome. This is measured by the concepts of quality and customer satisfaction.

efficiency
The extent to which a unit achieves the maximum possible outputs, outcomes, and impacts with as few resources as possible. This is measured by the concepts of time, cost, and process.

Figure 2: USAID's Platform



[5] For additional information on IT optimization and strategies please see **ADS 542, Planning and Budgeting for Information Technology Resources**.

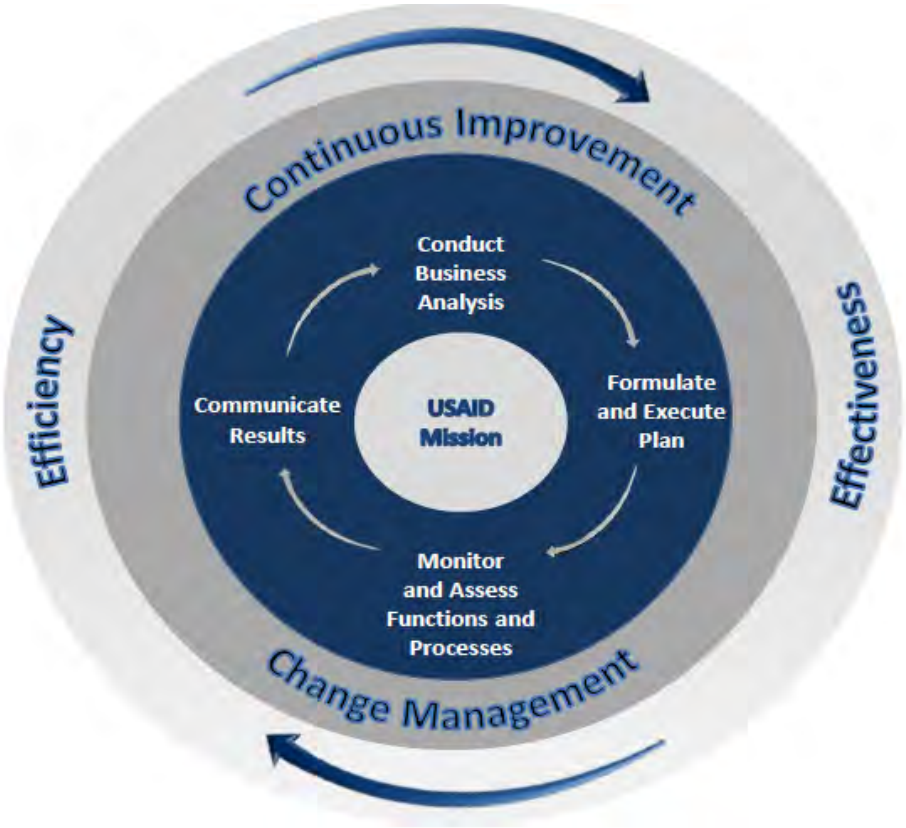
The strategic management process outlined in this chapter provides tools for Operating Units to communicate priorities and streamline business process and consolidate reporting requirements.

USAID's Strategic Management Cycle, shown in Figure 3, illustrates that strategic planning is not a linear process; it is continuous, with feedback loops. The dark blue circle highlights the ongoing steps needed to strategically manage an Operating Unit's activities for the best possible results. Please see section **597.3** for more detail on these steps.

The steps highlighted in dark blue are encircled by the concepts of continuous improvement and change management. Continuous improvement is an ongoing effort to improve products, services, or processes using data driven decisions. Change management is the process of institutionalizing these changes. These steps and concepts drive the increase in efficiency and effectiveness shown in the outer circle of the graphic.

The center point for strategic management reflected in the middle of the circle, is our Agency's mission. Operating Units need to align their strategies with the Agency Mission so that the Operating Unit's success of more efficient and effective processes can result in the Agency's success in achieving our goals.

Figure 3: USAID's Strategic Management Cycle



This policy is mandatory for Operating Units in the Bureau for Management.

USAID strongly encourages other Washington-based Operating Units that have operations as their central function to use the guidance and standards presented in this chapter to employ best practices for operations management. Missions can use this guidance in conjunction with Country Development Cooperation Strategy (CDCS), USAID Forward, project design, monitoring and evaluation activities, and Mission Management Assessments to increase the efficiency and effectiveness of business processes to support their development objectives and align all resources with their goals.

A strengthened and evidence-based strategic management process, implemented with robust stakeholder participation, better enables Operating Units to support USAID's development outcomes. The process benefits Operating Units in multiple ways, directly and indirectly, as shown in Figure 4.

Figure 4: Benefits Strategic Management

DIRECT	INDIRECT
• Translates the mission statement into tangible objectives and activities, with clear timelines. • Uses management and support staff's knowledge and experience to chart internal priorities and course of action and links them to overall USAID objectives. • Improves customer service by making management and staff more accountable. • Defines the steps and actions necessary to reach an operations objective and achieve results. • Helps management and support staff justify their resource requirements and quantify results.	• Highlights trade-offs associated with responding to changing demands. • Illustrates that some types of improvements require a long-term commitment (that is, three years or more). • Inspires and challenges staff to achieve and measure performance goals. • Keeps staff focused and productive, even in times of uncertainty. • Identifies and integrates cross-functional team responsibilities. • Clarifies staffs roles/responsibilities in meeting goals and targets. • Boosts the practice of teamwork.

597.2 PRIMARY RESPONSIBILITIES

Effective Date: 06/09/2014

a. **Operating Units**, whose primary functions are management and support, should plan and manage performance to strengthen the efficiency and effectiveness of their business processes. They should formulate and execute an Operations Management Plan (OMP); monitor and assess performance; and communicate results in a transparent manner. (This policy is mandatory for the Operating Units listed in Figure 1.)

b. The **Assistant Administrator, Independent Office Director, or Mission Director** approves the Operations Management Plan for their offices and ensures communication regarding the plan at all organizational levels.

c. The **Bureau for Management, Office of Management Policy, Budget and Performance, Performance Division (M/MPBP/PERF)** provides technical assistance and training on policy and provides access to the Transparency, Accountability, and Performance Project contracting mechanism for additional technical support.

d. The **core team**, which includes relevant subject matter experts and any significant stakeholders from within or outside the Operating Unit, should facilitate the Operations Management Plan development process (for example: conducting business analysis, consulting with stakeholders). This process is further discussed in section **597.3.1**.

597.3 POLICY DIRECTIVES AND REQUIRED PROCEDURES

Effective Date: 06/09/2014

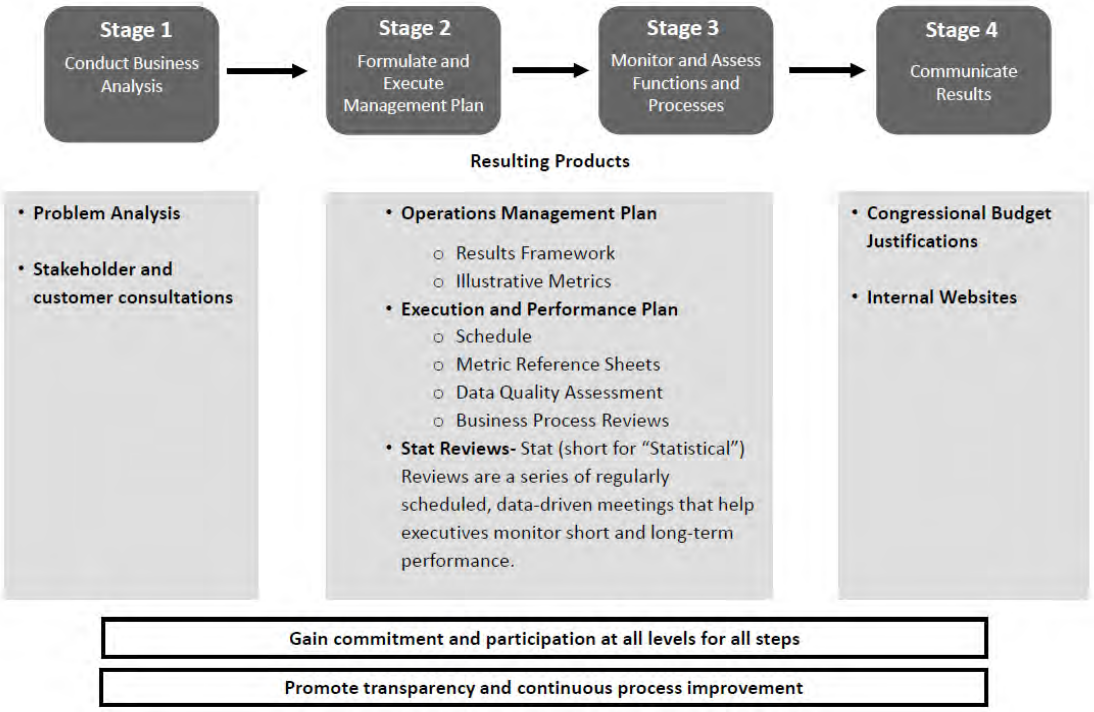
The dynamic and iterative concepts presented in the Strategic Management Cycle (Figure 3) are presented in greater detail below in Figure 5. The activities related to strategic management include:

- Consulting with stakeholders and identifying the problem (stage one);
- Addressing the identified problem (through the use of a results framework) and presenting a roadmap to achieve results (stage two);
- Monitoring the metrics associated with your results framework, and assessing progress made (stage three); and
- Communicating results through internal Web sites and the congressional budget justification (stage four).

These stages are discussed in more detail in section **597.3.1**.

The process results in a three-year Operations Management Plan, its associated Execution and Performance Plan (EPP), and the practice of sharing information in a transparent manner.

Figure 5: The Strategic Management Process



597.3.1 Operations Management Plan (OMP)

Effective Date: 06/09/2014

The Operating Units identified in Figure 1 must develop a three-year OMP based on the fiscal year presenting forward-looking details of their objectives, priorities, and targets for advancing efficiency and effectiveness in their operations. As each Operating Unit develops their OMP, they should bear in mind USAID core values and how they should be reflected.

USAID Core Values

- Passion For Mission
- Excellence
- Integrity
- Respect
- Empowerment
- Inclusion
- Commitment To Learning

Senior leadership should manage the process for OMP development and execution. Senior leadership should establish a core team and designate a team leader to guide all steps in the OMP development process (for example: conducting business analysis, consulting with stakeholders). Based on Agency experience, each Operating Unit should plan for the core team to allocate 60 hours of their time over a five to six week period to develop the OMP and the EPP.

597.3.1.1 Stage One: Conduct Business Analysis
Effective Date: 06/09/2014

The Operating Unit should analyze available quantitative, qualitative, and trend data to identify the operations challenges and opportunities for improvement. The Operating Unit should also consult with stakeholders who have influence, impact, interest, and an investment in their products and services (for example: line managers, senior leadership, customers, and other process related owners). The team should synthesize the data collected based on its desktop reviews, any mapping of processes (or other diagnostics and analyses), and consultations (see **Types of Business Analysis**).

597.3.1.2 Stage Two: Formulate the Operations Management Plan
Effective Date: 06/09/2014

The OMP must include the following:

- **Executive Summary:** Briefly summarize the Operating Unit's function and the operations objectives and intermediate results expected at the end of the three-year OMP.

- **Background:** Briefly describe the Operating Unit's mission, organizational context, roles, and responsibilities in relation to both Washington backstopping functions in the field.

- **Stakeholder Analysis:** Summarize needs expressed by stakeholders in consultations with stakeholders who are invested in the Operating Unit (for example, line managers, senior leadership, customers, and other process related owners).

- **Problem Analysis:** Describe key challenges or opportunities that the Operating Unit will address. Include anticipated improvements in operations performance based on a complete discussion of the current situation. Highlight the consultative process, research, and analyses used to identify problems and solutions. Explain how planned improvements address the Operating Unit's efficiency (for example: cost, time, and process) and effectiveness (for example: quality and customer service). Discuss how proposed operations objectives contribute to Agency or federal initiatives.

- **Results Framework:** A results framework presents a hypothesis that describes the cause and effect linkages between an operations objective and its intermediate results (see **Results Framework Checklist**). A results framework must include the following:

    - **Operations Objectives (OOs):** The OO is the highest level result within the manageable interest of the Operating Unit and for which it is willing to

be held accountable. An OO should be stated as a result or desired outcome, not as an activity or process. Operating Units should frame their OOs in terms of improved efficiency and effectiveness outcomes. For example, "efficient recruitment and staffing services" is preferable to "update policies on local hire recruitment" (see **Results Statement Checklist**).

- **Intermediate Results (IRs):** List the IRs (and sub-IRs where needed) that represent results, which together, are necessary and sufficient to achieve the OO. IRs serve as the basis for activities that the Operating Unit will undertake to achieve the objective (for example, new or revised policies or procedures).

- **Illustrative Activities:** List key activities the Operating Unit will undertake to achieve the IRs. Examples are: drafting and updating policies; launching new efforts; researching new systems and methods; and executing new work or procedures.

- **Illustrative Metrics:** List performance metrics that will be used to measure progress and document the intended results and outcomes by OO and IR (see **Metric Selection Criteria**). For example, the result "better functioning long-term storage" can be measured using several quantitative metrics, such as, "annual dollar amount spent on Agency long-term storage" and "average weight of storage per person over standard allowance." Include baseline values, if available.

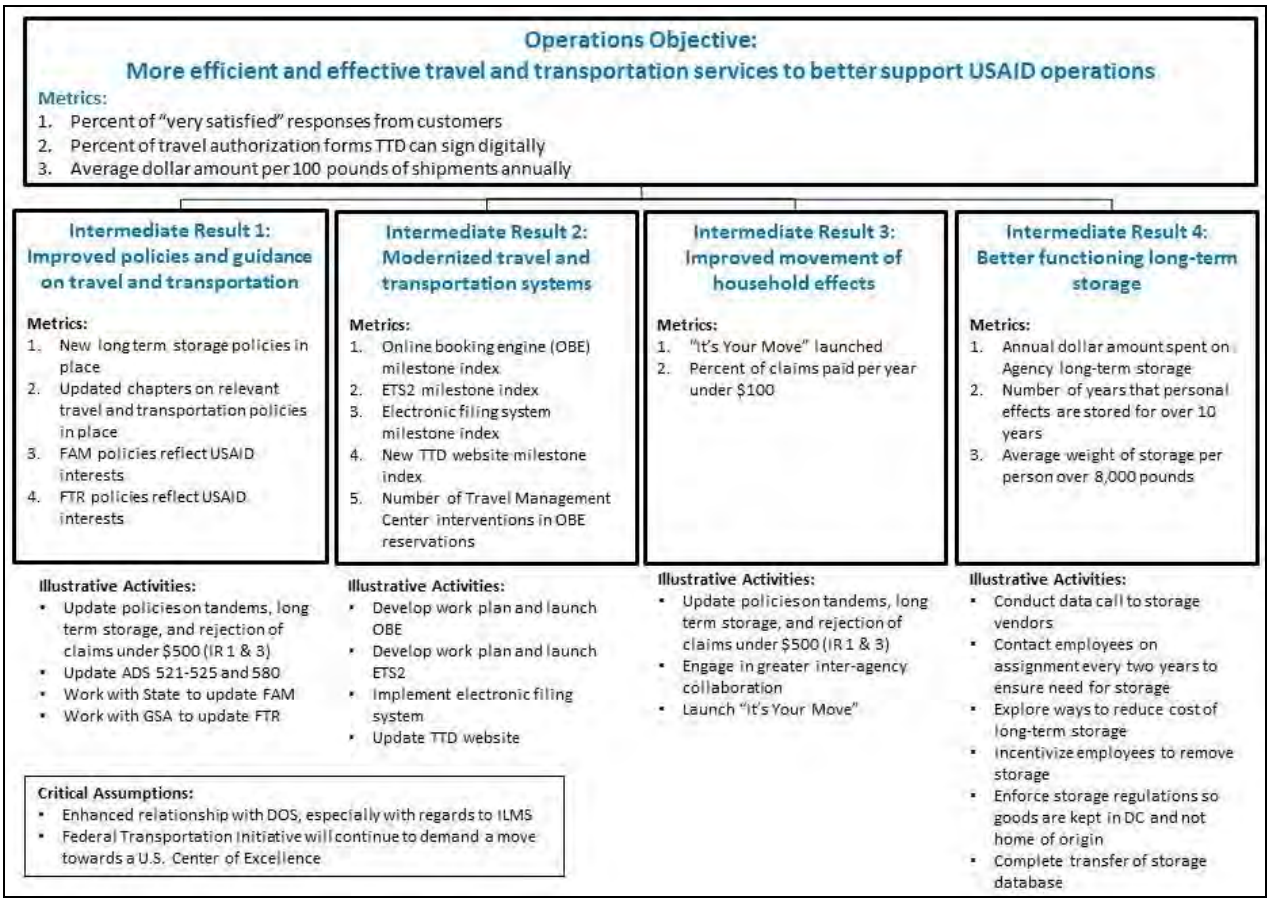
- **Critical Assumptions:** List any critical assumptions and their linkages to the OOs. Critical assumptions are conditions outside the Operating Unit's control or influence that might impinge on its ability to achieve its objective(s) (for example, constant staffing levels). Where identified, describe the steps or alternative strategic courses the Operating Unit could take to mitigate risks and avoid jeopardizing the achievement of the OO.

- **Graphic:** Provide a one page graphic representation of the results framework outlining the above elements as listed below in Figure 6. Figure 6 is an example of a results framework for travel and transportation services at USAID.

- **Management requirements:** Describe how the Operating Unit plans to direct its activities and resources (such as staff, funding, space, and equipment) to achieve the OMP.

- **Change Management:** As Operating Units complete their OMP they should plan their approach to implementing and communicating changes necessary to achieve their objectives.

Figure 6: Illustrative Results Framework



597.3.2 Execution and Performance Plan (EPP)

Effective Date: 06/09/2014

Operating Units are responsible for implementing, monitoring, and assessing the OMP in accordance with their EPP (see **EPP Template**). This management tool helps operating units:

- Establish a foundation for evidence-based decision making and reporting,
- Alert staff to imminent tasks, and
- "Tell its story" with evidence.

597.3.2.1 Stage Three: Monitor and Assess Functions and Processes

Effective Date: 06/09/2014

An EPP must be developed within three months of the OMP approval. The EPP's format can vary and the details of the plan can be developed in three to six month

phases to include: a list of critical tasks, a responsible officer for each task, and timelines for completing the tasks.

The EPP must also include performance metrics for each OO and IR (with baseline data and periodic and final targets). Each metric should have a **Metric Reference Sheet** that describes:

- The method for collecting data (for example: surveys, desk top reviews) and data sources;
- The method for establishing targets;
- The process and timing for collecting data;
- Any data quality limitation issues;
- The process for assessing data quality; and
- Persons responsible for performing related tasks.

During the three-year life of the OMP, an Operating Unit must conduct at least one data quality assessment (DQA) of all performance metrics in their EPP to document the strengths and weaknesses of the data (see **Data Quality Assessment Checklist**). For any metric reported to external stakeholders, for example, the Office of Management and Budget, the Operating Unit must perform a DQA within six months after the EPP has been approved. The Operating Unit's task managers are responsible for conducting DQAs. These reviews serve to verify that the data collected are of reasonable quality and that the data collection, maintenance, and processing procedures are consistent and adequate. The DQA examines the data in relation to five standards of quality: validity, integrity, precision, reliability, and timeliness (see **ADS 203, Assessing and Learning** for more details).

Operating Units must organize and document formal semi-annual Statistical Reviews following the **AIDStat process** to monitor and assess the performance of an OMP. The senior-most executive responsible for the Operating Unit should chair the Stat Review meeting, and participants should include subject matter experts, person(s) responsible for any key execution plan tasks, and decision-makers. The typical Stat Review meeting agenda covers:

- Overall progress during the past performance period;
- Verification of the operations hypothesis;
- Status of planned targets, critical assumptions, and results;
- Status of DQAs;

- Any intended or unintended consequences;
- Adequacy of the level of effort; and
- Recommendations for any mid-course adjustments needed to achieve the planned results.

597.3.3 Communicating Results
Effective Date: 06/09/2014

The Operating Unit's senior leadership is responsible for ensuring that the OMP is communicated to stakeholders. Managers and staff need to have a clear understanding of the plan, its priorities, and their expected roles in its implementation.

597.3.3.1 Stage Four: Communicate Results
Effective Date: 06/09/2014

The primary objective when implementing a communications plan for the Operating Unit's OMP is to convey the benefits of the new framework and address key stakeholder concerns. The Operating Units should communicate their progress in a transparent manner to advance organizational learning and continuous improvement and hold themselves accountable for achieving results. For more information on communication plans, please see USAID's Development Outreach and communications Forum's "How to Guide".[6]

To further ensure transparency, within two months of its approval, the Operating Unit must post the OMP on its internal Web site. The Operating Unit must:

- Submit the final external version of the OMP to the Agency's Development Experience Clearinghouse (see **ADS 540, USAID Development Experience Information**);
- Post any associated underlying data on the Development Data Library; and
- Post key business processes, success stories, and summaries of Stat Reviews on its intranet Web site.

597.4 MANDATORY REFERENCES

597.4.1 External Mandatory References
Effective Date: 06/09/2014

a. OMB Circular A-123, Management's Responsibility for Internal Control

[6] McCarty, Lauren. 2014,"Communications How-To's". https://programnet.usaid.gov/library/communications-how-tos

b. OMB M-11-17, Delivering on the Accountable Government Initiative and Implementing the GPRA Modernization Act of 2010

c. Standards for Internal Control 1999 ("Greenbook"[7])

597.4.2 Internal Mandatory References
Effective Date: 06/09/2014

a. ADS 203, Assessing and Learning

b. ADS 540, USAID Development Experience Information

c. ADS 542, Planning and Budgeting for Information Technology (IT) Resources

d. ADS 592, Performance Audits

e. ADS 596, Management's Responsibility for Internal Control

f. ADS 620, Financial Management Principles and Standards

597.5 ADDITIONAL HELP
Effective Date: 06/09/2014

a. ADS 597saa, Results Statement Checklist

b. ADS 597sab, Results Framework Checklist

c. ADS 597sac, Metric Selection Criteria

d. ADS 597sad, Data Quality Assessment Checklist

e. ADS 597sae, Metric Reference Sheet Template

f. ADS 597saf, Execution and Performance Plan

g. ADS 597sag, AIDStat One-Pager

h. ADS 597sah, Types of Business Analysis

i. ADS 597sai, Transparency, Accountability, and Performance Project Overview

[7] The internal control "Greenbook" is in the process of being revised. For the draft copy please see http://www.gao.gov/products/gao-13-830sp.

597.6 DEFINITIONS

Effective Date: 06/09/2014

adequate
One of the seven criteria for selecting a quality metric: a metric is adequate if it and its companion metrics are sufficient to measure the stated result. (**Chapter 597**)

attributable
One of the seven criteria for selecting a quality metric: a metric is attributable if it can be plausibly associated with the Operating Unit's interventions. (**Chapter 597**)

baseline
A baseline is the value of a performance metric before the implementation of projects or activities. (**Chapter 597**)

cause-and-effect linkages
The concept of causality, in which one action or event produces a certain response in the form of another event. If a and b happen then c should happen. (**Chapter 597**)

core team
The core team leads and supports all aspects related to formulating and producing the Operations Management Plan. (**Chapter 597**)

critical assumptions
A general condition under which the operations hypothesis will hold true. Critical assumptions are outside the control or influence of an Operating Unit (in other words, they are not results), but they reflect conditions likely to affect the achievement of a Results Framework. (**Chapter 597**)

data quality assessment (DQA)
DQAs verify the quality of the data collected based on the five standards of validity, integrity, precision, reliability, and timeliness. DQAs ensure that decision-makers are fully aware of the data strengths and weaknesses, and the extent to which data can be trusted when making management decisions and reporting. (**Chapter 597**)

direct
One of the seven criteria for selecting a quality metric: a metric is direct if it is straightforward and a valid measure of the result. (**Chapter 597**)

effectiveness
The extent to which a unit achieves the desired outcome. This is measured by the concepts of quality and customer satisfaction. (**Chapter 597**)

efficiency
The extent to which a unit achieves the maximum possible outputs, outcomes, and impacts with as few resources as possible. This is measured by the concepts of time, cost, and process. (**Chapter 597**)

execution and performance plan (EPP)
A management tool used to implement the Operations Management Plan and monitor, assess, and report progress toward achieve operations objectives. (**Chapter 597**)

impact
The highest order effects, generally achieved over medium and long-term. The impact can be intended or unintended, positive or negative. (**Chapter 597**)

integrity
One of the five standards of data quality assessments: data that have integrity have established mechanisms in place to reduce the possibility that they are intentionally manipulated for political/personal reasons. (**Chapter 597**)

intermediate result (IR)
A component of a results framework, IRs are measurable, specific results that are seen as essential to achieving the Operations Objective. (**Chapter 597**)

manageable interest
A result is within an entity's manageable interest when there is sufficient reason to believe that its achievement can be significantly and critically influenced by interventions of that entity. (**Chapter 597**)

objective
One of the seven criteria for selecting a quality metric: a metric is objective if it is unambiguous about what is being measured and which data are being collected. (**Chapter 597**)

Operations Management Plan (OMP)
A three-year strategic plan that presents forward-looking details of their objectives, priorities, and targets for advancing efficiency and effectiveness in their operations. (**Chapter 597**)

operations objective (OO)
The most ambitious result that an Operating Unit can materially affect, and for which it is willing to be held accountable. (**Chapter 597**)

outcome
A higher level or end result resulting from a combination of outputs. Operations Objectives should be outcomes. For example, improved guidance on procedures, modernized transportation systems. (**Chapter 597**)

output
A tangible, immediate, and planned product or consequence of an activity (that is, an input) that is within the Operating Unit's control. Examples of outputs are: mid-level

managers trained, information systems installed, and financial procedures revised. (**Chapter 597**)

performance metric
An observable or measurable characteristic that shows or "indicates" the extent to which an intended result is being achieved. (**Chapter 597**)

practical
One of the seven criteria for selecting a quality metric: a metric is practical if it can be collected at a reasonable cost and in a reasonably timely fashion. (**Chapter 597**)

precision
One of the five standards of data quality assessments: data that has precision present a fair picture of performance, give an appropriate level of detail, enable management decision-making at the appropriate levels, and have a margin of error less than the intended change. (**Chapter 597**)

reliability
One of the five standards of data quality assessments: data that has reliability reflect stable and consistent data collection processes and analysis methods over time. (**Chapter 597**)

result
A significant and measurable change in a condition. (**Chapter 597**)

Results framework (RF)
A graphical representation of the operations hypothesis that includes the Operations Objective (OO), Intermediate Results (IR), sub-IRs, and performance metrics. RFs show a cause-and-effect linkages between levels of results. (**Chapter 597**)

stakeholders
Those who have influence, experience impact, interest and an investment in the Operating Unit's processes. (**Chapter 597**)

Strategic management process
A continuous, holistic process that involves ensuring that business operations are efficient and effective by: 1) conducting business analysis; 2) formulating and executing a management plan; 3) monitoring and assessing performance; and 4) communicating results. This is an inclusive process, implemented with robust participation and collaboration of stakeholders. It is also grounded on the principles of effective change management and continuous improvement of operations. (**Chapter 597**)

target
The specific, planned level of result to be achieved within an explicit timeframe. (**Chapter 597**)

timeliness
One of the five standards of data quality assessments: data that are timely are current and available frequently enough to inform and influence management decision-making at the appropriate levels. (**Chapter 597**)

timely
One of the seven criteria for selecting a quality metric: a metric is timely when it can be obtained frequently and in time to be useful for decision-making. (**Chapter 597**)

useful
One of the seven criteria for selecting a quality metric: a metric is useful to the extent that it provides a meaningful measure of change over time for management decision-making. (**Chapter 597**)

validity
One of the five standards of data quality assessments: data that has validity are clear of bias and provide a clear and adequate representation of the intended result. (**Chapter 597**)

597_060914