

**PERFORMANCE AND  
OUTCOME MEASURE  
REVIEW: DEPARTMENT  
OF COMMUNITY, TRADE  
AND ECONOMIC  
DEVELOPMENT**

**REPORT 04-2**



**REPORT DIGEST**

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## Overview

This report reviews the performance measurement system of the Department of Community, Trade and Economic Development (CTED). This review focuses on CTED's **Economic Development** and **International Trade Divisions**. The Economic Development Division provides technical and financial assistance to communities and businesses for economic development. The International Trade Division helps Washington businesses enter export markets or increase their exports.

Our overall conclusion is that CTED has many elements of a good performance measurement system, including some strong measures that reflect the work it does. At the same time, CTED needs to place a higher priority on using performance measures as a management tool and developing targets for its measures.

## Study Background

JLARC's 2003-05 work plan includes an examination of issues pertaining to the state's fiscal reporting, accountability, and performance tracking systems. As part of this effort JLARC is conducting performance and outcome measure reviews of a number of state agencies. Through these reviews, JLARC will assess the accountability of state government to the public.

## CTED's Performance Measurement System

The "Balanced Scorecard" is the primary tool CTED uses to monitor its performance. The scorecard lists key measures for each of CTED's eight goals, which are outlined in its strategic plan. The divisions or programs responsible for achieving each goal are identified next to each measure. These measures often reflect the efforts and achievements of multiple programs or units.

In addition to measures on the Balanced Scorecard, CTED uses and reports many other performance measures, but does not have a central list or process for identifying these additional measures. This makes it difficult to understand if a larger performance measurement system exists and how measures are used to manage internally.

## Overall Findings

- CTED is one of **many players setting priorities** and working to improve the state's economic competitiveness. Within this environment, CTED establishes performance measures that reflect this larger spectrum of goals, but are still indicative of only those outcomes over which CTED has control.
- CTED staff have made a good effort to create performance measures that **reflect their work** and over which they can claim control. For example, instead of measuring the total number of jobs created in the state, they count only the number of jobs created or retained by the businesses they assist that are attributable to CTED's involvement.
- CTED has put considerable effort into creating and using **efficiency measures** because they seek to "achieve the greatest return on investment." These measures include the "comparison of state tax revenue to the General Fund State portion of the budget" and "dollars lent per job created or retained."
- Under the direction of the Governor, CTED has made useful **regional distinctions** in their achieved performance. For example, the International Trade Division distinguishes between "Puget Sound" and "Non-Puget Sound" activity.
- The Economic Development Division tracks **measures that reflect the efforts of multiple programs and units** within the Division.
- Several programs and units rely on **self-reported data** from the businesses they assist to learn about the impact of their programs. This is **consistent with recommendations in the literature** on this topic.

## Areas of Concern

- Although many components of CTED's performance measurement system are useful and meaningful, **the overall system is disconnected**. There is no focused effort to improve the performance measurement system. CTED could pay more attention to providing technical assistance to develop measures, collect data, and share best practices among programs and units.
- Apart from the Balanced Scorecard, there is **little evidence that performance data is routinely conveyed to staff internally or to external stakeholders**.
- CTED establishes **performance targets** for the measures that are listed on the Balanced Scorecard, but it is unclear how the targets are determined. Often CTED does not set targets for individual programs or units.

## Recommendations

To address the issues noted above, CTED should take the following steps:

1. Put greater focus on promoting the continuous improvement of the performance measurement system by **making technical assistance available** to program managers and **sharing best practices**;
2. In its goal to improve internal and external communications, **develop a strategy for conveying performance measures and results**; and
3. Encourage managers to **establish targets for all performance measures** at the program or unit level, and to base performance targets on external standards or benchmarks whenever possible.