ID # (assigned by CSG): 12-S-16-NC

Please provide the following information, adding space as necessary:

State: North Carolina

Assign Program Category (applicant): Government Operations and Technology (Use list at end of application)

Program Name: NCDOT’s Strategic Performance Management Program
Administering Agency: North Carolina Department of Transportation
Contact (Name and Title): Ehren Meister, Director of Performance Metrics
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1. How long has this program operated (month and year)? July 2008
   Note: the program must be between 9 months and 5 years old as of April 5, 2012 to be eligible for this year’s award.

2. Describe the program:
   - Why was it created?
   - Why is it a new and creative approach or method?
   - What are the specific activities and operations of the program in chronological order?
   - Is it effective? Provide tangible results and examples.

In 2008 the North Carolina Department of Transportation (NCDOT) recognized that it could no longer manage the organization’s performance like it had over the last thirty years. Demand on our transportation system was growing due to the extreme population growth in our state, yet transportation funding was rapidly declining. Our performance management system was no longer respected and utilized effectively by managers and employees. There was not a clear department mission and project priorities shifted routinely. Beyond requirements, actual performance measurement results were rarely examined and reported. Furthermore, the public and media no longer portrayed NCDOT as an efficient and well performing organization. The bottom line, NCDOT had to be innovative and reform the way it managed business and performance.

To address these challenges NCDOT began an internal process of changing its management culture to a new results-based, accountable, performance-focused organization. To identify the root causes of the department’s deficiencies, an internal team was appointed to conduct a thorough review of the
organization and its processes. The foundation of this review was a detailed assessment and survey of our 13,000 employees, which reaffirmed that the department was not focused on performance and strategic prioritization, yet had the talented and dedicated employees to succeed if empowered.

Following the assessment, the department focused on improving four areas -- developing a uniform organizational mission with clear goals, reforming our project planning and prioritization process, reinventing our performance accountability systems and culture, and improving the way we recruit, develop and retain our talented employees. Most notably, the department adopted a new organizational mission that included five clearly understood goals, developed a tactical comprehensible strategic planning process, and completely reinvented the performance management process. The department recognized a new responsibility to directly attribute individual employee production to the overall performance of the organization. Employees had to recognize that how they perform daily can affect the organization in meeting mission, goals and performance metrics. Therefore employees are also held accountable for the successes or failures of the organization in meeting established performance metrics.

Performance Strategy at NCDOT
---How Managing Performance Fits Together---

![Diagram showing the relationship between planning, measuring, and monitoring performance](image-url)
In 2010 following the transformation of the department, NCDOT began using innovative strategic planning tools and on-going performance monitoring to accomplish its mission of connecting people and places in North Carolina -- safely and efficiently, with accountability and environmental sensitivity. Our adopted goals are to make our transportation network safer, move people and goods more efficiently, make our infrastructure last longer, and to be an organization that works well and is a great place to work. These goals enable us to achieve our mission and are the outcomes that the new performance management and strategic planning process seeks to achieve. To track our expectation a series of key performance measures with targets were established annually. Ultimately, performance data is now directly tied to our project priorities and decision-making processes.

In state fiscal year 2010 NCDOT implemented multiple innovative initiatives in order to shift to a data driven, results based, performance organization. Today, NCDOT’s innovative strategic planning framework is governed by a statewide comprehensive plan and then evolves into a ten-year and five-year transportation work program, known as the “policy to projects” approach. Inputs into the programs are data-driven, prioritized, fiscally constrained and the results of significant public and professional involvement. The resulting programs are carried out in NCDOT’s core divisions and programs. Prior to this transformation projects were not categorized by data and were often carried out in vacuums. Each division and program now has performance measures that are tied to every dollar accounted for within our new five-year transportation spending program.

The five-year work program contains both programmatic and project level information and accounts for the state’s multi-billion dollar annual transportation program. Unlike historical budget documents, every dollar that NCDOT spends is accounted for and transparent within this new document and process. The work program is NCDOT’s commitment to deliver the projects and services we plan to offer over the next five years. It is reliable, stable, fiscally constrained and easily understood by the public. Prior to creation in 2008 and full implementation in 2010, NCDOT was only delivering twenty-five percent of its programmed transportation projects statewide. Today, the department is delivering seventy-five percent of its programmed transportation projects with the ultimate target of achieving a realistic ninety-five percent.

Furthermore, NCDOT has implemented a framework of strategically nested performance planning elements to enable us to meet our goals and deliver the five and ten year transportation work program. To ensure that NCDOT is delivering the outputs and achieving desired outcomes, a series of accountability tools have been created, including our Executive Performance Metrics (and subsequent quarterly performance scorecards), the Executive Performance Dashboard, the Internal Management Dashboard, Business Unit Work Plans, and the Performance Dashboard and Appraisal (our new annual employee performance evaluation system).

In order to track annual performance of meeting our goals and mission described above, the department identifies a list of critical performance indicators and outcomes to gauge annual success. These performance measures with targets, called the executive performance metrics, are the indicators of whether we are achieving our department goals. Results are monitored routinely by managers and presented to our Board of Transportation quarterly so that decisions can be made to enable success and improve our outcomes. Many employees, including most senior managers, are held accountable during periodic employee evaluations whether expected results were achieved.

The executive performance dashboard, available at www.ncdot.gov/performance, was created first in 2008 to report real time results to the public and our external stakeholders. This tool displays dynamic performance results that are easily understood by citizens. Navigation menus are available to enable data views at increasingly granular levels, both geographically and functionally.

NCDOT’s internal management dashboard (IMDB) is a web-based set of critical business performance metrics depicted in an automated, user friendly means, that allows DOT managers the
ability to see real-time performance information in an interactive manner. Prior to its delivery in 2010, an extensive process to integrate hundreds of performance data into a central repository was completed in order to automate results. The IMDB is significantly more detailed than the executive performance dashboard and is also organized around our five goals and executive metrics. Managers now have the ability to see real-time performance results at their work stations.

NCDOT has over eighty individual “business units” that are responsible for the day-to-day outputs that enable the department to meet its performance metrics and goals. At the start of each state fiscal year each business unit creates a business unit work plan that forecasts the operational performance measures and activities produced during the year. These elements are all linked to the department’s goals. These work plans show the depth and breadth of the activities across the department. Elements range from number of drivers’ licenses issued, number of feet of guardrail repaired, number of on-time ferry departures, number of project milestones met, and the timeliness of financial closings. All business units combined, the department has over 800 operational metrics that are tracked and managed by various functions and specialties.

In addition to the performance management tools described above NCDOT has implemented an innovative and new employee performance management system that now ties organizational performance to individual performance evaluations. The tool, called the Performance Dashboard and Appraisal (PDA), is used to document expectations for employees that align to the expected outcomes of NCDOT. PDA’s contain a combination of outputs and outcomes depending on the employee’s position in the organization. Many employees share metrics such as crash rates and project delivery rates which foster teamwork and improve collaboration. Unlike many public
agencies, NCDOT has been able to effectively connect the organization’s ability to perform successfully all the way down to the production of the front-line workers, engineers, business analysts, motor vehicle examiners and receptionists.

3. Did this program originate in your state? If YES, please indicate the innovator’s name, present address, telephone number, and e-mail address.
   
   Yes. However, there was no single person that led the effort. The effort was undertaken and implemented under the guidance of an executive leadership team with hundreds of employees and supervisors assigned various activities to champion.

4. Are you aware of similar programs in other states? If YES, which ones and how does this program differ? Yes. Every local and state government agency has some kind of performance management system in place, whether to gauge the performance of individual employees or the agency and department; however NCDOT’s holistic and strategic performance management program differs by directly connecting employee performance to agency results, and vice versa. Therefore, all employees are held accountable for achieving the agency goals. This approach is unique to almost all government agencies. Often the chief executive is ultimately held accountable for achieving results, but rarely is the entire workforce of an agency held accountable for the same results. In its simplest form, if employees successfully meet their expectations, then the agency will succeed and meets its goals. Furthermore, NCDOT has specific agency goals with clear performance measures tied to each of them. These performance measures are given annual targets and are included on the majority of employee annual work plans (called the Performance Dashboard and Appraisal). All performance results are based on objective, quantifiable data. Each employee has his/her own “performance dashboard” that gauges their performance towards the organizational goals. In order to effectively hold employees and managers accountable, the department recognized the need to provide tools and solutions to gauge performance. Many tools, including the creation of automated web-based dashboards were adopted using employee and operational data to track results.

5. What limitations or obstacles might other states expect to encounter when attempting to adopt this program? The most challenging obstacle will be to affect the culture of the organization. It’s a new way of doing government business (i.e. “we’re all in this together”) and requires significant attention to alter the mentality of the workforce. Historically, performance was subjective and not data-driven. Today, performance is data and result-driven, transparent, and accountability of the workforce is now emphasized. Other limitations include time and resources. NCDOT’s effort was a multi-year process that took a tremendous amount of staff time. In addition, financial costs can be associated with the new technologies implemented (dashboards, management systems, web tools, software, etc.).

Note: A 10-minute video developed for employee education titled Performance Management at NCDOT can be found here. This short educational video (published in 2011) frames all aspects of NCDOT’s new performance management system that was implemented in 2008. The video can also be found on YouTube at http://www.youtube.com/watch?feature=player_detailpage&v=v0ec8V5Q-IQ.

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Use these as guidelines to determine the appropriate Program Category for your state’s submission and list that program category on page one of this application. Choose only one.

**Infrastructure and Economic Development**
- Business/Commerce
- Economic Development
- Transportation

**Government Operations and Technology**
- Administration
- Elections
- Information Systems
- Public Information
- Revenue
- Telecommunications

**Health & Human Services**
- Aging
- Children & Families
- Health Services
- Housing
- Human Services

**Human Resources/Education**
- Education
- Labor
- Management
- Personnel
- Training and Development
- Workforce Development

**Natural Resources**
- Agriculture
- Energy
- Environment
- Environmental Protection
- Natural Resources
- Parks & Recreation
- Water Resources

**Public Safety/Corrections**
- Corrections
- Courts
- Criminal Justice
- Drugs
- Emergency Management
- Public Safety

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