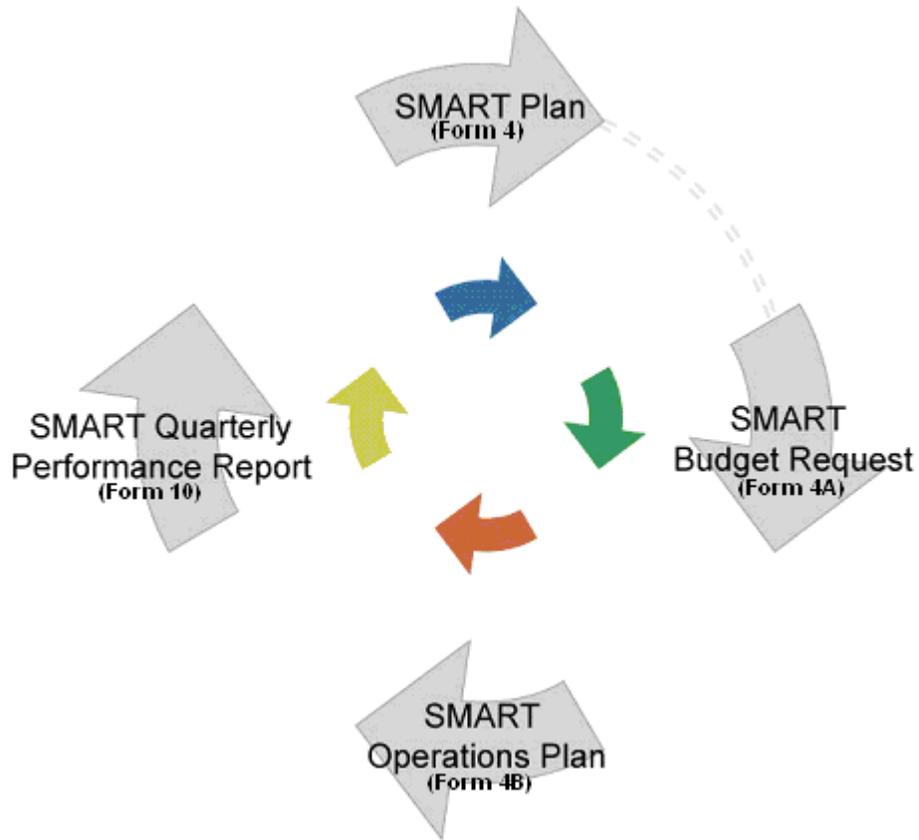


# *FY10 SMART Governing Manual for Agency Planning*



## *Planning with Purpose*



**State of Alabama**  
**Bob Riley**  
**Governor**

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## Section I

# SMART MANUAL CHANGES & HIGHLIGHTS

The SMART Planning Manual has been refined for FY 10 although very few changes have been made to the process. Revisions include the following:

1. **New, State Level Reporting-**

A new set of measures has been selected to describe improvements in the quality of life in Alabama. These measures together are called, “Alabama Scores.” Taken as a whole, the report helps to guide the planning process for the Governor and also helps state agencies to identify areas of the greatest need.

(See page 3-4)

2. **Expanded, Results -**

A section titled “Results” has been added to program/activity level Goals for multi-level agencies. A successful Key Goal should have some impact on the state of Alabama. If the impact is not self-evident, then another way to display that impact is by the “resulting” effect on the public. In the past, results have only been submitted at the agency level.

(See page 17)

3. **Revised, Critical Issues-**

There is no longer the requirement of distinguishing between “External” or “Internal” Critical Issues. Also, the “Funding” category for critical issues has been removed.

(See page 19)

4. **Objectives: Required Technical Information-**

To improve reporting and quality of Objectives, additional information about the Baseline, source, and calculation of each Objective is now required. (See page 21)

5. **Addition of Managing Performance Data-**

The Objectives section has been expanded to include information on managing data associated with Objectives. (See page 22)

6. **Revision of Government Functions-**

Transportation has moved into a separate function.

(See Appendix B)

7. **Addition of the *Capital Assets Manual*-**

(See Appendix C)

8. **Addition of the *SMART Guide to Defining and Managing Key Goals*-**

(See Appendix D)

9. **Addition of the *Assessment Process Flowchart*-**

(See Appendix E)

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## Section 2

# INTRODUCTION TO SMART GOVERNING

Specific Results

Measurable Key Goals

Accountable to Stakeholders

Responsive to Customers

Transparent to Everyone

The SMART process is designed to improve government performance by investing state resources wisely, promoting better planning and collaboration between agencies and holding all agencies accountable for their actions.

### **The Budget Management Act:**

SMART began in the summer of 2004 when Governor Bob Riley and the Department of Finance committed to fully implement the Budget Management Act of 1976, thereby requiring program planning in all state agencies. In summary, the Budget Management Act requires the following:

- ✓ State agencies<sup>1</sup> provide the Executive Branch with program plans, related budget requests, and performance data;
- ✓ Executive Branch collects and analyzes agency plans in order that the Governor may provide the Legislature with a statewide plan; and
- ✓ Legislature monitors performance to ensure that agencies are executing their plans.

### **Strategic Planning and Performance Management:**

The information collected and reported through SMART is a combination of concepts traditionally associated with strategic planning and performance measurement. SMART does not require agencies to submit comprehensive strategic plans nor does it report in-depth performance information. The data collected and reported through SMART should communicate summary level information to decision makers and to the public.

### **Statewide Planning:**

The Governor's Priorities (see pages 9-10) establish a statewide direction. These priorities provide guidance for agency planning and goal setting. Through the budgeting process, the Executive Branch proposes funding for agencies based on how well their plans align with the priorities for the state.

The priorities also establish a framework for interagency collaboration and reporting on statewide performance. To facilitate collaboration and evaluate broad performance data, state agencies are grouped into various Functions. Agencies are assigned a Function based on the primary services they provide although at times agencies may have Missions that relate to multiple Functions (see "Functions of Government" in Appendix B).

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<sup>1</sup> Throughout this document, the term "agency" refers to state agencies, regulatory boards, and any other organizations that participate in SMART. Institutions of higher education and organizations that use the EBO Postsecondary Budgeting Process should refer to the "**SMART Governing Manual for Higher Education.**"

### **State-Level Reporting:**

Both the Governor's Priorities and agencies' plans aim to improve the State of Alabama. To communicate this progress, a set of measures have been selected to describe improvements in the quality of life in Alabama. These measures together are called, "Alabama Scores." Taken as a whole, the report helps to guide the planning process for the Governor and state agencies to identify areas of the greatest need, as well as to identify areas where our plans are succeeding.

### **Agency Planning:**

Agencies participate in the SMART Cycle. In the SMART Cycle, agencies are required to submit summary strategic plans to the Department of Finance, and these plans help link the agency's goals to the Governor's Priorities. These summary plans are then linked to the agency's budget request and provide key information used in budgetary decisions. Once the Legislature passes the state budget, the plans are refined to establish a framework for tracking agency performance. Agency performance data are reported to the public, monitored by the Legislature and considered in future budgetary decisions (see "SMART Governing Cycle Overview" page 5).

During the planning cycle, agencies highlight their long-term plans for Capital Assets. These Capital plans are essential to long-range development of budget and planning priorities for both agencies and the state.

### **Accountability:**

The SMART process establishes accountability through the state's budgetary process, full reporting to the public and performance review by the Legislature and Executive Branch. The following accountability measures have been implemented:

- ✓ Public may access agency SMART planning and performance information through the website [www.SMART.Alabama.gov](http://www.SMART.Alabama.gov);
- ✓ Examiners of Public Accounts audit the performance of state agencies;
- ✓ Legislature is provided with copies of plans, performance information and with performance audits;
- ✓ Executive Branch considers performance information when formulating the Governor's recommended state budget; and
- ✓ Incentives are offered to state agencies that demonstrate success in managing performance and meet established criteria for High Performers. These incentives generally are flexible with the Department of Finance's administrative policies.

### **The Executive Planning Office (EPO):**

As a division of the Department of Finance, the EPO facilitates the development of statewide and agency level plans. The EPO strives to:

- ✓ Refine the SMART process including coordination with agencies, the Executive Budget Office (EBO) and the Examiners of Public Accounts;
  - ✓ Educate agencies on the SMART Process, collect agency plans and provide feedback to agency planners;
  - ✓ Analyze and report data from agency plans to the public, legislature and decision makers; and
  - ✓ Facilitate statewide planning and accountability efforts when needed.
-

## Section 3

# SMART GOVERNING CYCLE OVERVIEW

The SMART Cycle consists of four planning phases which agencies submit to the Finance Department each year. The process begins by establishing a summary plan that is refined during the budgeting process. Once the plan and budget are finalized, performance is tracked quarterly throughout the year. See “Appendix A” for timelines. The SMART process also includes a Capital Asset Plan submitted with the SMART Plan and refined with the SMART Budget Request.

### The Four Phases and Capital Planning

The four phases of the SMART Cycle and the Capital Plan are listed below with:

- ✓ a brief explanation of how each phase fits into the SMART Cycle;
- ✓ an approximate due date;
- ✓ the required planning components; and
- ✓ the source of the information.

#### **(1) SMART Plan (EBO Form 4)**

The SMART Plan is an agency’s summary strategic plan. It highlights an agency’s Key Goals for the next three to five year period. The Plan also expresses how the agency will accomplish these Key Goals and track performance.

- ✓ **Due Date:**
  - July
- ✓ **Components:**
  - Mission, Vision, Values, Workloads, Key Goals, FY Strategies, Critical Issues and FY Objectives;
  - Capital Assets Projects Summary and, if applicable, Project Detail Sheets
- ✓ **Source:**
  - Agency planning process, prior year SMART plans and/or the agency strategic plan

#### **(2) SMART Budget Request (EBO Form 4a)**

The SMART Budget Request is a refinement of the SMART Plan that adds the agency’s request for funds.

- ✓ **Due Date:**
  - November 1st
- ✓ **Components:**
  - May revise: Mission, Vision, Values, Workloads, Key Goals, FY Strategies, Critical Issues and FY Objectives
  - May Revise: Capital Assets Projects Summary and, if applicable, Project Detail Sheets
  - Additional component(s) introduced: Total funds requested (in Spending and Staffing Resources)
- ✓ **Source:**
  - The SMART Plan, EBO Budget Request, Capital Assets Projects Summary

### (3) SMART Operations Plan (EBO Form 4b and Form IO: Performance Targets)

The SMART Operations Plan is a refinement of the SMART Budget Request in response to the actual funds appropriated by the Legislature and signed by the Governor. Refinements may occur if the funding provided is different from the amounts requested or if other unanticipated, outside factors require adjustments to the agency's plan.

- ✓ **Due Date:**
  - Mid September
- ✓ **Components:**
  - May revise: Workloads, Key Goals, FY Strategies, Critical Issues and FY Objectives
  - Additional component(s) introduced: **Total appropriation** and **final performance targets** including quarterly projections
- ✓ **Source:**
  - The SMART Budget Request, the Appropriations Act, and EBO Operations Plan

### (4) SMART Quarterly Performance Reports (EBO Form IO: Quarterly Reports)

SMART Quarterly Performance Reports compare actual performance to the targets established in conjunction with the SMART Operations Plan.

- ✓ **Due Dates:**
  - January, April, July and October
- ✓ **Components:**
  - Actual data for Workloads and FY Objectives
- ✓ **Source:**
  - The SMART Operations Plan and actual performance data

### Capital Planning

The SMART Capital Assets Plan is a five-year plan designed to identify an agency's current and anticipated capital needs. Project summaries are submitted with the SMART Plan and refined with the Budget Request. If the total project cost exceeds a threshold of \$500,000, project details are required (see Appendix C).

- ✓ **Due Date:**
    - Draft due in July with SMART Plan
    - Final version due with SMART Budget Request on November 1
  - ✓ **Components:**
    - Project descriptions and long-range project cost
    - Detailed information for plans that exceed \$500,000 threshold
  - ✓ **Source:**
    - Prior year Capital Asset Plan and SMART Plan
-

## PLANNING PROCESS: PLANNING / BUDGET STRUCTURE & PLANNING PARTICIPANTS

### Planning/Budget Structure

To begin the planning process, an agency must first select the correct format for developing its SMART Plan. There are two formats:

#### (1) Multi-level Format

Agencies that select multi-level will submit plans at either the program or the activity level along with an agency level summary.

- ✓ An agency with more than one budgetary program must select multi-level.
- ✓ An agency with only one program and multiple activities may select multi-level or basic.

Multi-level agencies will create an overall agency summary along with additional plans for every budgetary program or activity. The overall agency summary should highlight the most important elements from the program or activity level plans.

#### (2) Basic Format

Agencies that select basic will submit only one SMART Plan for the entire agency.

- ✓ An agency with only one program and only one activity must select basic.
- ✓ An agency with only one program and multiple activities may select multi-level or basic.

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### Agency Planning Participants

SMART Governing begins with basic organizational decisions aimed at ensuring that the process runs smoothly and effectively. Planning decisions include deciding who will manage the process and who will participate on the agency's planning team. Some agencies have executive management teams that routinely meet and handle operational issues; this group may serve as the nucleus of the planning team. The following list provides an outline of essential team members.

#### **Agency Director:**

The chief executive officer, director, commissioner, etc., should provide overall direction and active support for the planning process. *Responsibilities include:*

- ✓ Appointing the Agency Planning Coordinator and the Agency Planning Team;
- ✓ Enabling the Agency Planning Coordinator to carry out his/her duties efficiently;
- ✓ Chairing the Agency Planning Team to ensure the development of a sound plan as the basis for SMART Budget Requests, SMART Operations Plans and SMART Quarterly Reports; and
- ✓ Reviewing all submissions for quality.

**Agency Planning Coordinator:**

The Agency Planning Coordinator (APC) role may be filled by the Director or may be a person appointed by the Director. The APC will be the primary contact for the SMART Governing process. *Responsibilities include:*

- ✓ Organizing the SMART Governing process for the agency;
- ✓ Scheduling meetings;
- ✓ Gathering and disseminating information;
- ✓ Moving the agency through the planning process; and
- ✓ Providing timely reporting.

**Agency Planning Team:**

The Agency Planning Team is appointed by the Director to develop the agency's SMART phases. This team should include senior executives who have broad knowledge of all the service and functional areas of the agency, non-management employees who may offer a more diverse perspective, and other internal and external individuals with skills that may assist the planning process. *Responsibilities include:*

- ✓ Conducting a thorough assessment of the agency;
  - ✓ Defining the agency's Mission, Vision, Values, and Workloads;
  - ✓ Setting Key Goals that provide direction for the agency;
  - ✓ Identifying Critical Issues that inhibit or enable agency performance;
  - ✓ Developing Strategies to accomplish the agency's goals;
  - ✓ Working with the agency's budget officer to determine the cost of implementing goals and the overall plan; and
  - ✓ Creating a 5 year Capital Plan connected with the SMART Plan.
-

## PLANNING PROCESS: GOVERNOR'S PRIORITIES

Agency Planning begins by reviewing the Governor's plan for the state and how an agency can plan to support the Governor's top priorities. The purpose of this section is to provide state agencies with a list of the Governor's Priorities. This list is not to be interpreted as an exhaustive list of the Governor's plans for Alabama. Where appropriate, agency goals should be developed that advance and measure the Governor's Priorities.

### **Governor's Priority 1: Create a World Class Education System**

*"Our education system will be able to prepare all Alabama students for the challenges of a new global economy."*

Functional Area: Education and Culture (K-12)

1. Provide four-year olds the foundation to succeed in school and life.
2. Provide more support for educators and improve teacher development.
3. Improve the quality of school facilities throughout the state.
4. Improve student achievement in Reading, Math and Science.
5. Reward schools and teachers for exceptional performance.
6. Increase the High School graduation rate.
7. Expand distance-learning opportunities and offer Advanced Placement courses in every high school.

Functional Area: Education and Culture (Higher Education and Postsecondary)

1. Improve and expand the state's workforce development programs.
2. Expand investment in institutions of higher learning, including strategic investment in research institutions as they create 21<sup>st</sup> Century jobs.

### **Governor's Priority 2: Reform State Government**

*"We will be recognized as the most open, honest, and accountable state in the nation."*

Functional Area: General Government

1. Establish and maintain the highest standards of ethical behavior and accountability.
2. Improve the services and efficiency of State Government by focusing on Key Goals identified through SMART Governing.
3. Ensure a healthy balance of power between the Executive and Legislative branches, foster a citizen legislature and limit special interest influence in Montgomery.

### **Governor's Priority 3: Expand Economic Growth**

*"We will create a favorable business climate and strong infrastructure that result in a prosperous and growing economy, providing greater opportunities for all Alabamians."*

Functional Area: Economic Development and Transportation

1. Decrease taxes for the working people of Alabama.
2. Increase the number of new jobs announced by new and existing companies.
3. Increase the number of Alabama entrepreneurs and provide assistance to small businesses.
4. Expand Alabama's economic opportunities abroad.
5. Improve the skills that Alabamians offer employers, especially in rural counties.
6. Encourage businesses to increase their investment in research activities in Alabama.
7. Protect and promote the farm economy.
8. Improve the quality of infrastructure across the state.

### **Governor's Priority 4: Protect Alabama**

*"We will improve the safety of people and property through an aggressive focus on preparedness, enforcement, and rehabilitation."*

Functional Area: Protection of Persons and Property

1. Reduce the number of traffic fatalities and make Alabama's highways safer.
2. Reduce the occupancy rate of prisons to meet national corrections standards.
3. Reduce recidivism rates through an increased investment in community corrections and other alternative rehabilitation programs.
4. Strengthen our response capabilities by preparing communities and emergency officials for crisis.

### **Governor's Priority 5: Secure our Quality of Life**

*"We will initiate programs to enhance our cultural and natural resources, and we will improve the delivery of human services for Alabama's vulnerable children and adults while promoting self-sufficiency."*

Functional Area: Health and Human Services

1. Offer better compensation for foster parents and more resources for Alabamians who adopt children.
2. Increase the number of counties with integrated health and human services delivery systems, including both public and private providers.
3. Improve access to community-based services for individuals with mental illness and mental retardation.
4. Control growth in spending in the state Medicaid program.
5. Provide a plan for veterans' long-term care.
6. Assist and inform faith-based groups as they seek federal funding to provide services to our citizens.

Functional Area: Natural Resources and Environment

1. Enhance natural resources with a Coastal Enhancement Fund.
2. Invest in alternative energy sources in order to decrease the state's dependency on foreign energy providers.
3. Protect and improve the vitality of Alabama's wildlife population.
4. Protect and improve Alabama's air and water resources.

Functional Area: Education and Culture (Culture)

1. Secure and maintain Alabama's cultural and historical resources for future generations.
-

## PLANNING PROCESS: THE FIVE BASIC QUESTIONS OF SMART PLANNING

The SMART Planning process addresses the following five questions:

**1. Where are we now?**

- ✓ Utilize an Internal/External Assessment to evaluate the agency's current standing;
- ✓ Define legal Mission(s) of the agency;
- ✓ Express the Values that govern the agency's actions; and
- ✓ Define the Workloads that consume the agency's resources.

**2. Where do we want to be?**

- ✓ Develop the Vision for carrying out the agency's Mission(s);
- ✓ State the Key Goals intended to improve the efficiency or quality of an agency's performance.

**3. How do we get there?**

- ✓ Outline the FY Strategies that will best enable the agency to succeed and move toward accomplishing Key Goals;
- ✓ Address the Critical Issues in order to accomplish Key Goals.

**4. How do we measure our progress?**

- ✓ Establish FY Objectives to mark interim steps for achieving Key Goals.

**5. What resources are necessary?**

- ✓ Summarize the Spending and Staffing Resources needed to implement the plan.
-

# Question I: WHERE ARE WE NOW?

## Internal/External Assessment, Mission, Values and Workloads

### Internal and External Assessment (see page 42-48 of Appendix E)

The first step in the planning process is to assess the agency's internal and external situation. This assessment lays a foundation for planning in order to address issues facing the agency and the needs and expectations of customers and stakeholders. The key purposes of the assessment process are to:

- Clarify the purpose of the agency, and identify its customers and stakeholders;
- Evaluate the agency's abilities to meet the needs and expectations of customers and stakeholders currently and historically;
- Identify internal and external issues, which may impact the agency's abilities to accomplish its mission and meet the needs of customers and stakeholders in the future;
- Consider how the strengths of both customers and stakeholders may be leveraged to improve services; and
- Prioritize the issues that need to be addressed in the agency's planning process.

### **Definition of the Internal / External Assessment:**

An internal / external assessment provides an agency with an accurate sense of its current situation through the gathering, analysis, and dissemination of internal and external data.

### **The Assessment Process**

The assessment process includes five steps. However, as issues are uncovered and feedback is provided steps may be repeated, such as collecting more data or doing more analysis.

#### **1) Define planning foundation and parameters**

The following are key steps to establishing a foundation for assessment and planning:

- Review the agency's statutory mission and any other legal mandates;
- Identify and define customers and stakeholders; and
- Determine the agency's major responsibilities and define how success is measured.

#### **2) Assess plans and performance**

The following should be considered when assessing performance and evaluating current plans:

- Current goals and progress toward those goals;
- Information about accomplished goals—performance data, costs and strategies;
- Prior year assessments, proposed goals and initiatives; and
- Other performance data: current and historical performance trends.

#### **3) Gather internal and external data**

The following are recommended tools to utilize and factors to consider while assessing the agency's internal and external situation:

##### **○ Data Collection Tools**

- **Surveys** – Assessment of performance and feedback for planning
  - Consider surveying customers, stakeholders and staff.
  - Methods: online tools, on-site feedback cards, direct mail or e-mail.
- **Focus Groups** – In-depth feedback on the specific issues.
  - Consider agency employees, customers, stakeholders, and the agency's board.
- **Interviews** – Insight into internal issues and priorities

- Consider interviewing agency management and other staff members.
  - **Internal and External Factors** (for an extensive listing of factors please see appendix D)
    - **Internal factors**  
The internal assessment is intended to provide the agency with an accurate understanding of strength and quality of its key resources, policies and capabilities.
    - **External factors**  
The external assessment is intended to provide the agency with an accurate understanding of the opportunities and threats facing the organization in the pursuit of achieving its Key Goals.
- 4) **Analyze, summarize, and prioritize internal and external data**
- **Analyzing:**
    - Evaluate current goals and the issues that may impact those goals.
    - Identify other key performance trends.
    - Identify major issues (internal or external) facing the organization to be addressed.
  - **Summarizing:**
    - Outline major issues.
    - Recommended goals, strategies and Objectives (and targets).
    - Distribute to agency staff and management for their review.
  - **Prioritizing:**
    - With feedback from staff and the planning team, priorities for the agency's plan can be set.
    - Some of the identified goals may be used in the SMART process, others may be tracked internally.
- 5) **Connect the Internal/External Assessment to the SMART process:**
- ✓ Define the agency's Mission based on the agency's legal responsibilities and the expectations of the customers and stakeholders,
  - ✓ Reinforce and refine Values by evaluating the culture of the organization,
  - ✓ Define the major responsibilities that drive the agency's Workloads and evaluate trends,
  - ✓ Cultivate a Vision by looking at desired outcomes, past accomplishments and future possibilities,
  - ✓ Establish agency priorities that would translate into measurable Key Goals,
  - ✓ Highlight strengths and opportunities to consider when formulating Strategies,
  - ✓ Identify weaknesses and threats that could become Critical Issues,
  - ✓ Identify the data necessary to gauge success and set performance Objectives and targets, and
  - ✓ Note historical and current budgetary issues that will factor into the request for financial Resources.
- 

## 2. Mission

### **Definition:**

A brief summary of an agency's unique purpose for existence within the parameters of its legal definition. It summarizes why the agency exists, what it does, whom it serves and identifies the source of its legal mandate. An agency's Mission creates the framework for the planning process.

**Guidelines:**

Because of its legal basis, an agency's Mission rarely changes. The Mission of an agency is founded in the legal mandates to which the agency responds. These may be constitutional, statutory or judicial. The Mission should describe the actual work and purpose of the agency within its legal context.

**A SMART Mission should...**

- ✓ Clearly and succinctly, identify the agency's purpose,
  - ✓ Demonstrate legal authority,
  - ✓ Identify the agency's customers,
  - ✓ Encompass contributions of all agency staff, and
  - ✓ Include statutory code cites.
- 

### 3. Values

**Definition:**

The core principles that govern behavior and the way in which the agency and its members conduct business.

**Guidelines:**

Values define the operating principles utilized in the fulfillment of the Mission and Vision. They are seen as a part of the agency's organizational identity and should guide decision-making at all levels. When properly identified and reinforced, Values can be used to shape an agency's organizational culture.

**SMART Values should...**

- ✓ Summarize the agency's principles for conducting business,
  - ✓ Express the way members and customers should be treated,
  - ✓ Define what is appropriate and ethical, and
  - ✓ Provide expectations regarding the quality of an agency's services.
- 

### 4. Workloads

**Definition:**

Measures of operating activity. Workloads approximate the magnitude of an agency's work.

**Guidelines:**

For many agency operations, counting the number of clients served or the number of events that occur may define Workloads. Clients may be people, but they also may be institutions such as hospitals or schools; events may include decisions or processes. These measures are tracked for multiple years to demonstrate any changes in the agency's work. Therefore, Workloads rarely change in order to allow for long-term comparison.

- ✓ **How many Workloads should be included?** The fewest possible measures or "Workloads Measures" should be included in a plan in order to provide a simple indication of the agency's work. For example, if an agency provides a service to a number of clients, the Workloads should either count the number of times the service is provided or measure the number of clients. Because the number of services depends on the number of clients and vice versa,

including both measures is not necessary. In some cases, multiple Workloads measures may be combined to form a composite index as long as the method for measurement is consistent from year to year.

**SMART Workloads should...**

- ✓ Provide a snapshot of agency operations,
  - ✓ Be limited to as few measures as possible, and
  - ✓ Rarely change to allow annual comparisons.
-

## Question 2: WHERE DO WE WANT TO BE?

### Vision and Key Goals

Vision and Key Goals make up the “Where do we want to be?” component of the SMART Planning Process. Vision symbolizes an agency’s future, and Key Goals establish the agency’s direction. Key Goals will drive the rest of the plan as you identify how the agency will accomplish its Key Goals with Strategies, how success will be measured with Objectives and what resources the Key Goals will require.

### 5. Vision

**Definition:**

A brief compelling description of a desired future to best meet the needs of the customers and stakeholders.

**Guidelines:**

A Vision statement creates a shared understanding of the nature and the purpose of an agency in order to move the agency forward. While the Mission provides purpose, the Vision adds inspiration.

**A SMART Vision should...**

- ✓ Provide a brief and memorable description of the agency’s ideal future (not more than one sentence),
- ✓ Clearly relate to the agency’s Mission, and
- ✓ Inspire and challenge the agency’s members.

---

### 6. Key Goals

**Definition:**

Multi-year targets designed to improve the efficiency and/or quality of an agency’s performance. The targets must be measurable, long-term, Mission-driven, and should be supported by benchmarking where possible.

- ✓ Initially, each goal should have an anticipated end date of roughly 3-5 years in the future (i.e. 2013). The target should stretch and challenge the agency, but it should be realistic and achievable. Key Goals should be limited in number, ranked to reflect the agency’s top priorities and where applicable, support one of the Governor’s Priorities.

**Guidelines:**

✓ **Governor’s Priorities:**

The Governor’s Priorities provide initial guidance for agencies in formulating Key Goals. The priorities set a direction for the entire state, and, when possible, agency Key Goals should directly support and measure progress towards one of the Governor’s Priorities for Alabama. (For a complete listing of the Governor’s Priorities, see Section 5).

- ✓ **Continuing goals:**

Because Key Goals span multiple years, they should be maintained until they are reached, refined or removed. Goals from previous years should be carefully reviewed considering the agency's current situation to ensure the agency is on track to meet its performance targets.
- ✓ **New goals:**

Formulating new Key Goals should begin with refining and prioritizing data during the Internal/External Assessment. The assessment process helps to identify priorities and service needs that are critical to accomplishing the agency's Mission. These priorities and service needs should be translated into measurable Goals to improve the agency's services.

  - **Benchmarking:**

Where possible, an agency should identify benchmarks to measure itself against organizations performing similar services. Seeking out best-in-class performers, both within and outside the agency can help identify Key Goals and provide national or professional standards (benchmarks) with which to measure the agency's performance.
  - **What should Key Goals measure?**

Key Goals should demonstrate the most important performance information about your agency. True performance goals are difficult to set without historical performance data that accurately reflects an agency's success in fulfilling its mission.
- ✓ **Fiscal Year Impact:**

The Fiscal Year Impact summarizes the new cost of pursuing the goal for the requested fiscal year in order to connect the Plan with the request for funds. Goals may not require any new funding and some Key Goals will free up resources. The Fiscal Year Impact should account for the total new cost or savings of implementing the FY Strategies associated with the goal and, when appropriate, any new costs from the capital plan that can be associated with the goal. FY Impacts will be broken down by the source of funds: General Fund (GF), Education Trust Fund (ETF), federal funds, and other.
- ✓ **Results:**

The attainment of a Key Goal should have some impact on the state of Alabama; we call this the "Result." For some Goals this impact will be self-evident, but for others it will be more difficult to relate the Goal to an outcome that will benefit or affect the public. For each Key Goal, you have the option to explain the "Results" of accomplishing your goal in a short, narrative statement.

#### **SMART Key Goals should...**

- ✓ Define a specific measurable improvement in quality and efficiency,
  - ✓ Establish a timeframe for completion (3-5 years or more),
  - ✓ Support the agency's Mission,
  - ✓ Include benchmarks when possible,
  - ✓ Create a challenge for the agency, yet be realistic and achievable, and
  - ✓ Together, provide a concise overview of the agency's top priorities.
-

## Question 3: HOW DO WE GET THERE?

### Strategies and Critical Issues

#### Planning For Action:

Successfully accomplishing a Goal will require a coordinated effort involving multiple Strategies over several years. A multi-year plan for action should be outlined from start to finish before individual FY Strategies and Critical Issues are identified. However, this outline is not required or submitted through SMART.

#### Outlining a long-range plan for a Goal:

- ✓ Identify best practices and proposed methods (for accomplishing the Goal).
- ✓ Gather feedback on proposals from staff and stakeholders.
- ✓ Compare costs and benefits of different strategies.
- ✓ Select methods that will achieve the best results.
- ✓ Outline a multi-year timeline:
  - Identify FY Strategies and costs for each year of the Key Goal;
  - Identify and address Critical Issues which will impede progress;
  - Review and refine the plan annually.

## 7. FY STRATEGIES

#### Definition:

What an agency will do during the fiscal year to move toward accomplishing a Key Goal and/or addressing a Critical Issue.

#### Guidelines:

A FY Strategy may entail any number of projects such as developing a new service, restructuring a process or coordinating efforts to change a statute. FY Strategies should be part of a multi-year plan (maintained within the agency) which maps out the major actions the agency will undertake to accomplish its Goal (see “Outlining a long-range plan” above).

- ✓ **Cost or savings of FY Strategies:**  
Implementing a FY Strategy will sometimes require new resources (Fiscal and other) or it may create a savings. Any new cost or savings of implementing a Strategy provides the basis for the Fiscal Year Impact of each Goal. Therefore, the Fiscal Year Impact of any Goal may be explained through the FY Strategies for that Goal (See “Fiscal Year Impact” page 178 and “Total Fiscal Year Impact of Key Goals” page 24).
- ✓ **Anticipating and addressing Critical Issues:** Strategies should also address any current and/or future Critical Issues. If there are Critical Issues that may impede the implementation of your plan, then additional Strategies should be developed in order to address those Critical Issues (see “Critical Issues” page 19).
- ✓ **Short-Range Planning: Action Steps:** Fiscal year Strategies outline what will be done during the year. When the plan is finalized, Strategies should be broken down into specific action steps that are maintained within the agency to track progress. Action steps should identify the specific task to be completed, the person responsible, the completion date and the resources required. Action Steps are not required or submitted.

### SMART Strategies should...

- ✓ Describe what the agency will do during the fiscal year,
  - ✓ Address each Key Goal and Critical Issue, and
  - ✓ Consider strengths and weaknesses from Internal/External Assessment.
- 

## 8. Critical Issues

### Definition:

A significant, manageable barrier or opportunity that affects an agency's ability to carry out its Mission or Key Goals.

### Guidelines:

#### ✓ Identifying Issues:

Identifying Critical Issues begins by discovering a problem/obstacle affecting a goal and developing a solution/Strategy. In order to identify a Critical Issue, you must have a Strategy that works toward resolving the problem. Critical Issues are very significant because failure to resolve the problem will prevent accomplishing an agency's Mission and/or Key Goals.

#### ✓ Critical Issue Classifications:

There are six classifications of external Critical Issues: coordination, information technology (IT), legislation/legal, personnel, state administrative policy/procedure, and other. Many Critical Issues could be categorized in more than one classification. In this instance, an issue should be classified according to the most basic solution for the issue.

- 1) **Coordination:** This includes coordinating or collaborating with other public or private entities, including state and federal agencies regarding policies or procedures that impact the agency.
- 2) **Information Technology (IT):** Solutions for issues in this classification include IT hardware, software, infrastructure, etc.
- 3) **Legislation/Legal:** Issues within this classification relate to needed state legislation or litigation in state or federal court. Resolution of these issues may include passage of legislation to address a problem, may provide an opportunity or may involve resolution of current litigation.
- 4) **Personnel:** Issues within this classification relate to the management of staff, including the need for staff, recruitment, retention, training, compensation, assignment of staff, succession planning, or any other issue related to staff.
- 5) **State Administrative Policy/Procedure:** The primary focus of this classification is policies and procedures that could change without legislation. These are rules developed by various state agencies that affect many agencies and that could be modified by an executive decision.
- 6) **Other:** This classification should be used as a last resort when the solution does not fit within the other broad classifications.

### SMART Critical Issues should...

- ✓ Clearly and concisely describe an issue and its effect,
  - ✓ Address issues that would prevent reaching a goal or implementing a strategy,
  - ✓ Be manageable by an entity within the state, and
  - ✓ Have Strategies to address them.
-

## Question 4: HOW DO WE MEASURE PROGRESS?

### FY Objectives

Key Goals define a destination, Strategies define the steps that will lead to that destination, and Objectives measure progress of the agency as it moves towards the Goal. Objectives reflect the key performance information for each Goal and should demonstrate the agency's overall performance.

## 9. Objectives

### **Definition:**

Specific and measurable performance targets set for *one fiscal year* that measure improvements in quality or efficiency related to a Goal. While a Goal may be supported by several Objectives, at least one Objective must measure each Goal directly.

Each Objective should be stated in a brief, easily understandable description of desired performance. An Objective should also include the following three parts:

- 1) **Objective Type**
  - ✓ Efficiency
  - ✓ Quality
- 2) **Unit of Measure**
- 3) **Baselines and Fiscal Year Targets**
- 4) **Technical Information**

### 1) **Objective Type:**

Similar to Key Goals, an agency's Objectives should describe a planned improvement in either efficiency or quality of work and services. There are two types of Objectives that allow the agency to show a balance between quality and efficiency for each goal.

- ✓ Efficiency Objectives describe an agency's ability to convert resources (staffing or spending) into results. Efficiency Objectives usually track either unit cost or staff productivity. NOTE: One efficiency Objective must be included for every planning unit so agencies are able to track its efficiency over time. This measure should be consistent and comparable over several years. An efficiency Objective may not always describe decreasing unit costs or increasing productivity. In some cases, simply maintaining unit costs or controlling increases may be appropriate, especially when there is a demonstrated increase in quality of services.
  - Unit Cost The average amount of money required to complete one unit of Workload. Unit cost can be measured directly by dividing total spending by a Workload Measure.
  - Productivity The average amount of Workload completed by the staff employed. Productivity can be measured directly by dividing Workloads by staff.
- ✓ Quality Objectives indicate an agency's success in meeting stakeholders' and customers' expectations. Generally, quality is measured in terms of timeliness, accuracy and completeness of services. The following are a few examples of what improvements might be measured in a Quality Objective:
  - Increase customer satisfaction;
  - Increase timeliness of services;
  - Increase the effectiveness or completeness of a service; and/or
  - Achieve professional standards.

## 2) Unit of Measure:

An Objective should contain a Unit of Measure that defines the metric to be used when tracking the Objective. For example, if an agency sets an Objective to “Improve customer satisfaction based on an annual customer survey”, then the unit of measure would be “average customer satisfaction rating”.

## 3) Baselines and Targets:

Baselines represent the performance level against which future measurements will be compared. Targets represent planned performance for the future. Establishing and evaluating the Baseline for each Objective is the first step in setting challenging and obtainable Targets.

If your plan involves a new Objective, performance data may not be available (N/A) for the current year. A tracking system should be created as soon as possible in order to accurately establish a Baseline and to project Targets prior to the beginning of the reporting period. Initial projections may be refined in the Budget Request and Operations Plan as more Baseline data becomes available.

- ✓ Baseline Value and Year: For each Objective, a value should be identified that represents the starting point of comparison, along with the year that value was established.
- ✓ Targets: Targets should be set for each fiscal year and may be revised at each planning phase prior to quarterly reporting

## 4) Technical Information

In order to ensure consistent tracking and a better understanding of each Objective, an explanation of how each Objective is calculated and a description of its source must be provided. (This information will not be published with the reports on the web; it will be available to the agency, used for creating reports, and evaluating information by the EPO and the Examiners of Public Accounts). The following technical information should be collected:

- ✓ Calculation: Specifically describes how the values reported in each Objective are calculated. If appropriate, specify how the measure is calculated for both annual and quarterly values.
- ✓ Source: Lists where the information comes from and how it is collected. For example: U.S. Census Bureau, reports from local partners (grantees, school districts, field offices etc.), internal document, survey, report or database. If appropriate, list the person responsible for collecting data. Be as specific as possible.
- ✓ Measurement Type: Provides the correct numerical format for each measure including percentage, decimal, dollar, time, integer and whole number.
- ✓ Desired Performance Direction: Identifies the ideal direction of performance (increasing or decreasing) so that accurate comparisons can be made between targeted, actual and previous years' performance data. **NOTE: Even if you plan to maintain current performance levels, identify whether** it is preferred to perform above or below targeted performance.
- ✓ Frequency: Quarterly or Annual
- ✓ Cumulative / Non-cumulative: Select one
  - Cumulative: Adding each quarter's performance together equals to the total annual performance (Q1 + Q2+ Q3+ Q4 = Annual)
  - Non-Cumulative: Adding each quarter does not equal the annual total. (Q1 + Q2+ Q3+ Q4 ≠ Annual)
- ✓ Notes: Any other information that may help explain an Objective such as its purpose, its limitations (such as the degree of influence the agency has on the measure) or if it is a nationally recognized measure.

### **Guidelines:**

Objectives measure annual progress towards a Goal on multiple levels. Although one Objective should measure the Goal directly, in many cases additional Objectives will be necessary to demonstrate the total value of a Goal.

- ✓ **Measuring a Key Goal directly:** Each Goal should define a measurable Target with an end point that is roughly 3-5 years away. At least one Objective should directly measure each Goal and establish FY Targets for the future. For example if the Goal is “decrease traffic fatalities from 1,208 people in 2006 to fewer than 1,000 by the year 2012” then one Objective should track the number of traffic fatalities, and each year targets should be set leading to the 2012 target of 1,000.
- ✓ **Measuring a Key Goal indirectly:** While one Objective may clearly measure the Goal, there may be other related performance information needed to explain the value of a Goal. Additional Objectives should be created to ensure that the Objectives, when considered together, create a balanced picture of performance related to the Goal. Generally, if the Goal focuses on improving efficiency, another Objective should show at least a maintained level of quality. If a Goal focuses on improving quality, another Objective should show the effect on efficiency.

### **Managing Performance Data:(see pages 46-48 of Appendix D)**

Consistently managing and reporting the data associated with Goals and Objectives is crucial to ensure that progress is monitored and achieved. The following are keys to establishing a effective performance management system<sup>2</sup>:

**1) Ensure data quality**

**2) Establish clear roles and ownership**

To ensure that reported data is accurate and that appropriate action is taken, clear roles must be defined for ensuring data accuracy, reporting, explaining and responding to performance issues.

**3) Review regularly and evaluate data**

Various types of analysis can help explain trends and make use of performance data.

**4) Report internally and externally**

Performance reports should be designed to provide clear and concise information to a variety of audiences. Consider including necessary explanations, focusing on highlights, utilizing visuals, and listing any corrective action (planned or currently in progress).

**5) Address problems and learn from successes**

Carefully investigating and responding to performance trends can improve overall management and assist in accomplishing plans.

### **SMART Objectives should...**

- ✓ Define measurable improvements in quality or efficiency,
- ✓ Communicate performance clearly, even to a non-expert,
- ✓ Establish realistic but challenging targets for one FY, and
- ✓ Together, demonstrate a complete picture of performance related to the Goal.

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<sup>2</sup> Adapted from a presentation by Joe Adams of the Public Affairs Research Council of Alabama: “Data Reporting Systems: Creating Integrity by Design”. Montgomery, Al. April, 2007.

## Question 5: WHAT RESOURCES ARE NECESSARY?

### Resource History / Spending and Staffing Summary

When formulating a strategic plan, an agency must consider what resources will be needed to successfully implement the plan. The Spending and Staffing Summary links the agency's request for resources with the SMART Plan; the Resource History component simply provides a comparison of the Budget Request to prior years' appropriations and expenditures.

#### Spending and Staffing Summary (SMART Budget Request Only)

##### **Definition:**

An executive summary that demonstrates the connections between an agency's SMART Plan and the requested budget.

##### **Guidelines**

In order to communicate your agency's needs, a clear connection must be shown between the SMART Plan and the EBO Budget Request. This connection is established in the agency level Spending and Staffing Summary of the SMART Budget Request.

This section summarizes the agency's Budget Request by categorizing the agency's increases and decreases. The following four elements should equal the total requested amount from the EBO Budget Request:

- 1) The Cost of Continuing at the current service level,
- 2) New cost or savings associated with the Key Goals for the planning year (above and beyond cost of continuing), known as the total Fiscal Year Impact,
- 3) Additional Capital Requests, and
- 4) Miscellaneous Costs or Savings that do not fit into a specific goal or the cost of continuing at the current service level.

(ALSO SEE CHARTS ON PAGE 24)

##### **I) COST OF CONTINUING LEVEL SERVICES (three components):**

This section calculates the total cost of continuing current services using the current-year's appropriated budget (the Operations Plan) as a base. The Cost of Continuing Level Services is equal to the total of: (a) the total appropriated budget from the current year, plus (b) any mandated and/or uncontrollable increases, and minus (c) any items included in the current budget not repeated in the request.

- ✓ **Total Appropriated Budget:** The total appropriated budget for the current fiscal year (the year preceding the Planning/Requested fiscal year).

- ✓ **Mandated/Uncontrollable Costs (SMART Budget Request only):** Total anticipated cost increases over which the agency has no control. In calculating the cost of continuing level services, these items will be added to the current year's appropriation. These may include, but are not limited to, costs in one or more of the following:
  - Retirement increases
  - Health insurance increases
  - FICA increases
  - Replacement of worn out or damaged equipment with like equipment
  - Items budgeted on a non-annual basis
  - New legislative mandates
  - Longevity and termination costs
  - Personnel Department increase
  - ISD and Telecom cost increases
  - Risk Management increases
  - Merit raises
  - Rent Increases
  - Debt service increases
  - COLA/ Across the board raises

- ✓ **Non-Continued Costs:** Total of any expenditure items or funding sources included in the current year's operations plan that will not be included in the requested budget. In calculating the cost of continuing level services, these items will be subtracted from the prior year appropriation.

- **Non-Continued Costs: One Time Expenses**  
One time expenses or purchases will not be requested again. Therefore, they are subtracted from the current-year budget.
  - ✓ Large equipment purchases
  - ✓ Purchasing a new vehicle
  - ✓ Large termination payments
  - ✓ Furniture
  - ✓ Extensive repairs to building or equipment
  - ✓ Start-up costs for a new program

- **Non-Continued Costs: Changes in Funding**  
Non-continued cost should also account for any anticipated changes in funding outside of the agency's control. These could be grants or funds that will decrease/expire as well as funding designated for specific projects that do not directly relate to the agency's Mission (if the agency will not request this funding again).

If funds decrease significantly from one source and you plan to seek funding from a different funding source, list a negative dollar amount for the fund that is decreasing and a positive dollar amount for the source from which you will request additional funds.

- ✓ One-time grants
- ✓ Decreases in grant amount
- ✓ Non-agency / Indirect funding

**2) TOTAL FISCAL YEAR IMPACT OF KEY GOALS:**

The total of any **new** cost or savings associated with all Key Goals. During the planning process, Key Goals that will result in a cost or savings are assigned a dollar amount labeled the "Fiscal Year Impact"; these FY Impacts are added together in this section to contribute to your agencies total budget request.

**3) ADDITIONAL CAPITAL REQUEST:**

If the agency has a capital plan with a new funding request which does not fit into the Fiscal Year Impact of a Key Goal, this request should be added as an Additional Capital Request. This should only be an increase in a project's cost or a new project.

4) MISCELLANEOUS/ ADDITIONAL REQUESTS OR CHANGES:

Costs, savings, or changes in funding that do not fit directly into the FY impact of a Goal or any other category available in the Spending and Staffing Summary.

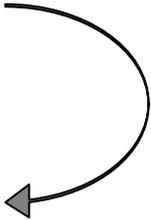
**Spending and Staffing Summary Layout:**

**(1) Cost of Continuing Level Services**

	<b>GF</b>	<b>ETF</b>	<b>Federal</b>	<b>Other</b>	<b>Total</b>
(a) Total Appropriated Budget	\$15,532,931	0.00	\$215,680,225	0.00	\$231,213,156
(b) Mandated/ Uncontrollable Increases	\$3,376,386	0.00	\$127,715	0.00	\$3,504,101
(c) Non-Continued Costs	(\$668,117)	0.00	(\$1,233,602)	0.00	(\$1,901,719)
<b>(1)TOTAL COST OF CONTINUING LEVEL SERVICES</b>	<b>\$18,241,200</b>	<b>\$0.00</b>	<b>\$214,574,338</b>	<b>\$0.00</b>	<b>\$232,815,538</b>

**Total Requested Budget**

	<b>GF</b>	<b>ETF</b>	<b>Federal</b>	<b>Other</b>	<b>Total</b>
(1) Total Cost of Continuing Level Services	18,241,200	0.00	214,574,338	0.00	\$232,815,538
(2) Total Fiscal Year Impact of Key Goals	420,000	0.00	0.00	0.00	\$420,000
(3) Additional Capital Requests	0.00	0.00	0.00	0.00	\$0.00
(4) Miscellaneous Requests	\$500,000	0.00	0.00	0.00	\$500,000
<b>TOTAL Request</b>	<b>\$19,161,200</b>	<b>\$0.00</b>	<b>\$214,574,338</b>	<b>\$0.00</b>	<b>\$233,735,538</b>



**11. Resource History**

**Definition:**

A multi-year comparison of the total budgeted and actual expenditures and FTEs. At the agency and program/activity level, this includes a breakdown of the total sources of funds for the year requested as well as the prior year appropriations. At the agency level, any funding that is not appropriated and does not pass through the state treasury (i.e. private contributions) may be listed if applicable. When necessary, use data from the most current EBO Operations Plan for years not yet finalized.

- ✓ FTEs are calculated as the total time employed divided by the total available work time. One employee utilized for the entire year represents one man-year of service (i.e. 1/1=1.00 FTE). Two clerical aides employed for six months are equal to one man-year of service (i.e. 6 months/ 12 months= .50 x 2 clerical aides = 1.00 FTE).

*Section 7:*

## FY10 SMART GOVERNING GLOSSARY

**Action Plan –**

A list of detailed steps necessary to implement each Strategy maintained within the agency. Each step will include description, person(s) & position responsible and expected completion date.

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**Activity –**

The budgeting unit directly below the Program Level. Agencies choosing a multi-level format may elect to plan at the activity or program level.

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**Agency Planning Coordinator (APC) –**

The person within the agency designated to facilitate the SMART Planning Process. He/she coordinates reports for submission, maintains and distributes the agency's SMART password and ensures that documents are completed and submitted in a timely manner.

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**Agency Planning Team –**

The group within an agency charged with the development of the agency's SMART planning materials to include the agency director, management team, planners and financial staff.

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**Baseline –**

The performance level against which future measurements will be compared.

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**Benchmarking –**

Rating an agency's services against the "best" in order to measure success and improve performance. Benchmarking entails looking for best-in-class performers inside or outside of the agency, determining why they are the best at what they do, and applying what is learned. Benchmarking can help an agency formulate Key Goals (identify specific improvements that should be made), build Strategies (find the best methods for improvement), and define their Objectives (find the best measures being used to assess improvements).

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**Capital Assets Plan -**

The SMART Capital Assets Plan is a five-year plan designed to identify an agency's current and anticipated capital needs (See Capital Asset Manual).

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**Critical Issue –**

A significant, manageable barrier or opportunity that affects an agency's ability to carry out its Mission or Key Goals.

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**Critical Issues Classification –**

A list of Critical Issues based on potential Strategies for resolution of an issue. The classifications include coordination, funding, information technology, legislation/legal, personnel, state administrative policy/procedures and other.

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**Customers –**

The primary intended recipients or beneficiaries of an agency's services, the group(s) of individuals whom the agency exists to serve. The products and services an agency provides directly impact them. They may be either internal or external to the agency. They are often referred to by different names (e.g. client, citizen, patient) depending on the type of service.

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**Fiscal Impact –**

The estimated new cost or savings associated with each goal for the planning year.

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**Full Time Equivalent (FTE) –** This is calculated to represent the agency's staffing resources as total time employed divided by the total available work time. One employee utilized for the entire year represents one-man year of service (i.e.  $1/1=1.00$  FTE). Two clerical aides employed for six months are equal to one man-year of service (i.e.  $6\text{ months}/12\text{months} = 0.50 \times 2\text{ clerical aides} = 1.00$  FTE). One clerical aide employed 20 hours a week for a year (if 40 hours per week is full time) is equal to a one half man-year of service (0.50 FTE).

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**Functional Categories (Functions) –**

Clusters of state agencies that provide similar or related services. These categories were created to facilitate interagency coordination while improving statewide planning and service delivery. Functions of state government include: Economic Development and Transportation, Education and Culture, General Government, Health and Human Services, Licenses and Regulation, Natural Resources and Environment, and Protection of Persons and Property.

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**High-Performers**

A designation available to agencies that meet established performance and compliance criteria with respect to the SMART Process. High Performers are eligible to receive incentive(s) for each fiscal year they apply for and retain this designation.

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**Internal/External Assessment—**

A candid analysis and evaluation of internal and external data that provides the agency with a clear sense of its situation as well as the impact this standing will have on the agency and its ability to achieve its Mission, and accomplish its goals.

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**Key Goals –**

Multi-year targets designed to improve efficiency and/or quality of an agency's performance or operations. The targets must be measurable and should be supported by benchmarking if possible. Key Goals should be set while considering data from the Internal/External Assessment. Key Goals should have an anticipated end date roughly 3-5 years in the future (i.e. 2013).

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**Mandated/Uncontrollable Costs—**

Total net cost increase over which the agency has no control. These may include cost increases in one or more of the following: Retirement, health insurance, FICA, longevity and termination costs, rent, new legislative mandates, changes in match rates for federal funds, Personnel Department, Information Services Division costs and Telecommunication costs, Risk Management or debt service.

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**Mission –**

A brief summary of an agency's unique purpose for existence within the parameters of its legal definition.

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**Non-Continued Costs (savings)-**

Total of any expenditure items from the previous year that will not be continued into the budgeted year; these items should be decreases. For example, if an agency replaced a copier or a vehicle, this is a one-time expense that will not be repeated for the next year. This should also include any anticipated decreases in funding designated for specific projects such as a reduction in federal funding for hurricane relief. These non-continued costs might include one or more of the following: Large equipment purchases, one-time grants or decreases in grant amount, large termination payments, extensive repairs to building or equipment, furniture, start-up costs for a new program or purchasing a new vehicle.

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**Objectives –**

Specific and measurable performance targets set for one fiscal year that measure improvements in quality or efficiency related to a goal. While a goal may be supported by several Objectives, it is important that at least one Objective measures the goal directly.

**Efficiency Objective:** describes an agency’s ability to convert resources (staffing or spending) into results. Efficiency Objectives usually track unit cost or staff productivity.

**Quality Objective:** indicates an agency’s success in meeting stakeholder and customer needs and/or expectations. Quality Objectives primarily track the accuracy, timeliness, and completeness of services.

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**Program –**

The budgeting unit directly below the Agency Level (also known as an “appropriation unit”). Agencies with more than one program may choose to plan at the activity or program level.

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**Result-**

The impact or benefit of attaining a Key Goal is called the “result.” For some Key Goals, this impact will be self-evident, but for others it will be more difficult to relate the goal to an outcome that will benefit or affect the public. This is optional for each Key Goal. The “results” of accomplishing a goal can be explained in a short narrative statement.

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**SMART**---Specific, Measurable, Accountable, Responsive, and Transparent.

Specific Results

Measurable Key Goals

Accountable to Stakeholders

Responsive to Customers (internal & external)

Transparent to Everyone

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**SMART Budget Request ( Form 4a) –**

A summary plan plus the annual funds request.

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**SMART Cycle –**

Consists of Plan (4), Budget Request (4a), Operations Plan (4b) and quarterly performance reports (Form 10).

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**SMART Operations Plan (Form 4b) –**

A revision of the SMART Budget Request to reflect the actual appropriation.

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**SMART Plan (Form 4) –**

An agency's summary strategic plan, which includes: Mission (or purpose), key multi-year goals, Vision for the future and a summary plan of how they will achieve the stated Key Goals. It serves also as a foundation for subsequent SMART Budget Requests, Operation Plans & Quarterly Performance Reports.

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**SMART Quarterly Performance Report (Form IO) –**

A quarterly comparison of an agency's actual accomplishments to its planned performance Targets. These reports will track an agency's FY progress toward its multi-year Goal.

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**Spending and Staffing Resources Summary –**

An executive summary of how the plan aligns with the budget. It is composed of three major factors: (1) the cost of continuing at the current service level, (2) the cost or savings associated with implementing the Key Goals in your strategic plan for one fiscal year, and (3) additional capital requests that do not fit into a FY Key Goal Impact and also any miscellaneous costs or savings that do not fit into the plan.

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**Strategy –**

Defines "what" an agency will do in the FY to move toward accomplishing the multi-year goal or to address a Critical Issue.

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**Target –**

The projected performance for a fiscal year stated numerically.

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**Unit Cost –**

The average amount of money required to complete one unit of Workloads. Unit cost can be measured directly by dividing total spending by a measure of Workloads.

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**Values –**

Core principles that govern behavior and the way in which the agency and its members conduct business.

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**Vision –**

A brief compelling description of desired future to best meet the needs of its stakeholders.

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**Workloads -**

Measures of operating activity. Workloads approximate the magnitude of an agency's work. Workloads may include number of clients, number of events, and/or number of processes.

Appendix A: SMART Due Dates and Timeline for FY '09 & FY '10.

Appendix B: Listing of Functional Categories

Appendix C: Capital Assets Manual

Appendix D: SMART Guide to Defining and Managing Key Goals  
(Internal/External Assessment and Managing Performance Data)

Appendix E: Executive Planning Office Contact List

## APPENDIX A: SMART DATES AND CALENDAR

### SMART DUE DATES AND TIMELINE FOR 2008-2009

- ✓ Jan. 30, 08.....FY08 SMART 1<sup>st</sup> qtr Quarterly Performance Report due
- ✓ April 30, 08.....FY08 SMART 2<sup>nd</sup> qtr Quarterly Performance Report due
- ✓ July 30, 08.....FY08 SMART 3<sup>rd</sup> qtr Quarterly Performance due
- ✓ Oct. 30, 08.....FY08 SMART 4<sup>th</sup> qtr Quarterly Performance & Annual  
QPR due
- ✓ June 08.....FY09 Appropriations projected to be complete
- ✓ July / Aug. 08.....FY 10 SMART Plan and Capital Assets Plan due
- ✓ Sept. 08.....FY09 SMART Operations Plan due
- ✓ Oct. 1, 08.....FY09 SMART Operations Plan effective
- ✓ Nov. 1, 08.....FY10 SMART Budget Request due

JAN '08	APR '08	JUL '08	SEP '08	OCT '08	NOV '08	JAN '09
Jan. 30 1st FY08 QPR due	April 30, 2nd FY08 QPR due	July 30, 3rd FY08 QPR due		Oct. 30, 4th FY08 QPR due		
			FY09 SMART Ops Plan			Jan. 30, 1 <sup>st</sup> FY09 QPR due
	FY10 Training	FY10 Plan			FY10 Budget Request	

## APPENDIX B: LISTING OF FUNCTIONAL CATEGORIES

### Function Descriptions:

State Government is responsible for many functions for the benefit of its citizens. These major functions may be categorized according to the primary Mission or purpose of the state agency or institution.

#### **Economic Development**

Providing resources directed at developing the state's economy and promoting the marketing of Alabama products, services and workforce and regulating economic activities related to development.

#### **Transportation**

Constructing, maintaining, and managing the roads and bridges of the state as well as facilitating the development and promoting safety in aeronautics.

#### **Education and Cultural Resources**

Promoting access to quality education from early childhood through post graduate studies including targeted support of fine arts, and math and science through schools, libraries, educational television; and enhancing the quality of life by supporting diverse, rich artistic resources and preserving historic records, artifacts and places.

#### **General Government**

Providing administrative and support services for the legislative and executive branches of state government including financial management, personnel management, information technology, and enforcement of management and ethical standards and election laws.

#### **Health and Human Services**

Providing social services and health related services to all citizens.

#### **Licenses and Regulation**

Enforcing standards of practice for a wide variety of professions and businesses for the protection of all citizens.

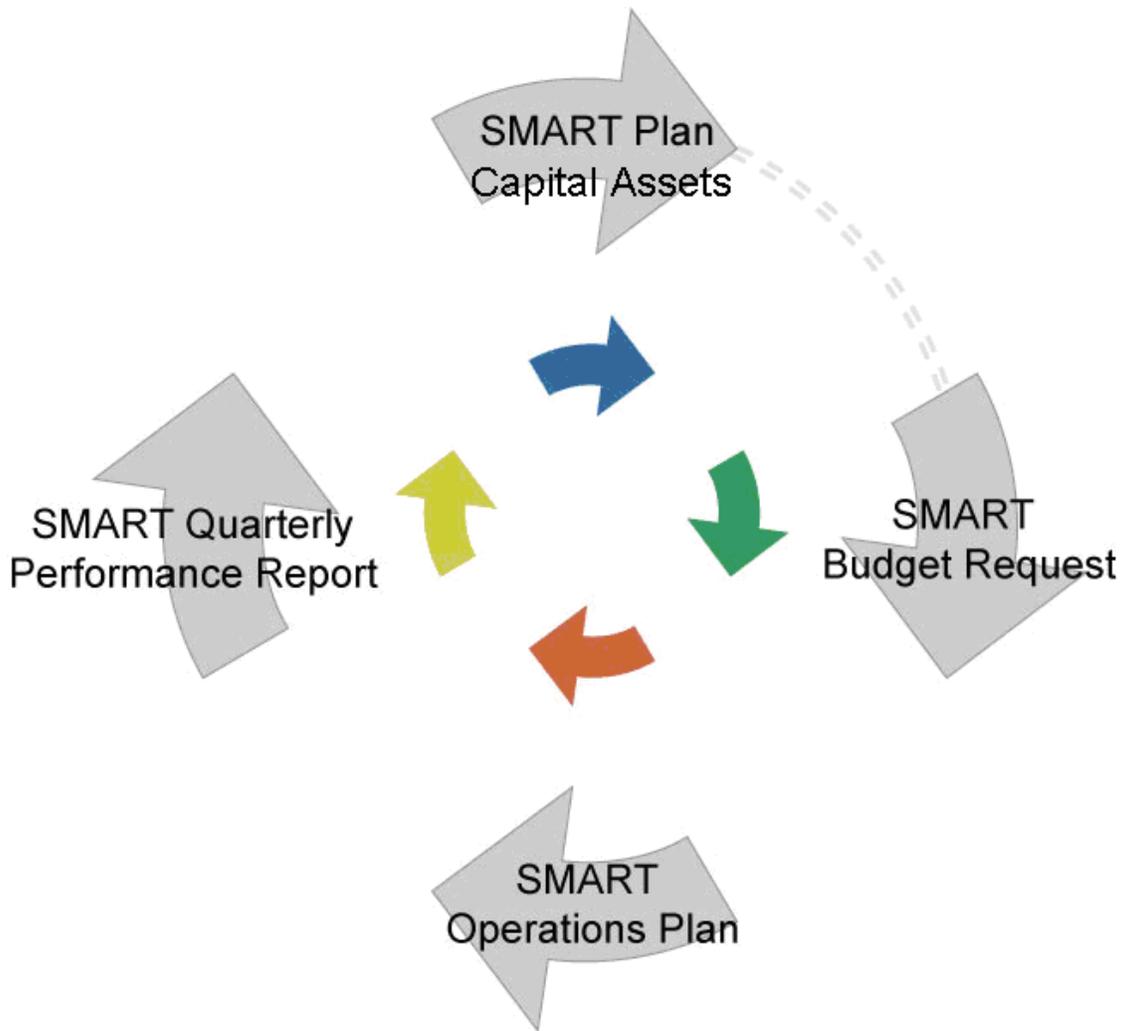
#### **Natural Resources and Environment**

Preserving and conserving the natural resources and the environment of the state for its long-term future.

#### **Protection of Persons and Property**

Providing judicial services through courts and other legal entities, law enforcement and correctional services including information management and crime victim response, and planning, preparing and responding to natural or manmade disaster.

APPENDIX C: *FY10 CAPITAL ASSETS MANUAL*



*Planning with Purpose*



State of Alabama  
Bob Riley  
Governor

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*Section I:*

## INTRODUCTION TO CAPITAL ASSET PLANNING

The SMART Capital Asset Plan is a five year plan designed to identify an agency's current and anticipated capital needs. Decisions of what to build, how to finance and how to maintain existing assets have long-range implications for the fiscal health of both the agency and the State. Insufficient planning and managing of capital assets can have a detrimental effect on the State's ability to accomplish its goals and mission.

When devising a Capital Asset Plan, the following factors must be addressed:

- ✓ A systematic method to rate or prioritize multiple capital projects;
- ✓ Specific operating costs for each capital project over a multi-year period; and
- ✓ Relationship between capital project outcomes and overall state goals.

Capital asset projects are labeled by the phase of their existence into one of the following status categories: new, recurring or continuing. Capital asset projects include any additions to or improvements in capital assets. This includes land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in an operation and that have initial useful lives extending beyond a single reporting period. For the State of Alabama, a single reporting period is one fiscal year (October 1 through September 30). The total cost of a capital asset project should include all costs incurred to place the asset in service for its intended use. Capital assets classified in the same category and status may be grouped together as one "project".

## *Section 2:*

# CAPITAL ASSET PLANNING PROCESS

### Overview

- ✓ Agencies are required to report all capital asset projects for the current year as well as anticipated capital projects for the next four years. Capital assets are first identified at the summary level. When the aggregate sum of an agency's 5-year capital asset projects meets or exceeds the \$500,000 threshold, a detailed description must be completed for each project. The summary and detailed description, if applicable, should be submitted during the first phase (Plan) of the SMART Planning Cycle. When the SMART Budget Request is submitted, agencies will be required to update or confirm their capital summary and/or detail information and then re-submit their 5-year Capital Asset Plan.

### Web Application

- ✓ **SMART Plan/ Capital Asset Plan**  
Before submitting your SMART Plan, you will be prompted to complete the Capital Asset Summary Plan. All agencies are required to complete the summary level plan. Agencies that do not have capital requests will indicate within the web application that there are none. Should the sum of all an agency's 5-year capital asset projects meet or exceed the \$500,000 threshold, the agency must complete the next step which includes providing details of each project. After you have completed the required steps, submit your Capital Asset Plan and proceed to submit your final SMART Plan.
- ✓ **SMART Budget Request/ Capital Asset Plan**  
Before submitting your SMART Budget Request, you will be prompted to review your Capital Asset Plan and make any changes or updates if needed. If no changes are to be made, simply confirm that your Capital Asset Plan is complete and proceed to submit. If changes are necessary, make the changes and then move on to submit your final Capital Asset Plan. Once you have submitted your CA Plan, proceed to submit your final SMART Budget Request.

### Timeline

- ✓ **July, August – SMART Plan & Capital Asset Plan**
  - 1<sup>st</sup> submission Capital Asset Summary and Detail (if required)
- ✓ **November I – SMART Budget Request & updated Capital Asset Plan**
  - 2<sup>nd</sup> submission Capital Asset Summary and Detail (if required)

*NOTE: Agencies that do not have any capital asset projects are still required to report on the web application that they do not have any.*

### Section 3:

## CAPITAL ASSET PROJECT COMPONENTS

### A. SUMMARY INFORMATION

The summary level plan consists of basic information collected for each capital asset project. Projects are classified by status (recurring, continued or new) and broken down into six capital asset categories (Acquisition of Land/ and or Buildings, New Construction, Improvements, IT assets/projects, Equipment/Non-IT related, and Transportation Equipment). The list of terms below defines each component that makes up the summary level and provides instructions for entering the data on the web application.

#### 1. FY Project Began

✓ **Definition:**

The fiscal year the project began or is expected to begin.

✓ **Web Application:**

Enter in the last two digits of the fiscal year.

#### 2. Agency Priority

✓ **Definition:**

The rank of importance for each project in priority order with “1” being the highest.

- ✓ Priority rankings cannot be duplicated. For example, only one project can be ranked number “1”.

✓ **Web Application:**

Enter the number that corresponds with each project’s priority rank. The web application will not accept duplicate priority numbers.

#### 3. Governor’s Priority

✓ **Definition:**

The link that associates each project with one of the Governor’s Priorities (See the SMART Manual, pages 9-11, for a list of the Governor’s Priorities).

✓ **Web Application:**

Select the link from a dropdown list.

#### 4. Status

✓ **Definition:**

The phase of a project:

- **New-** Capital asset project that has not previously received funding.
- **Recurring-** Capital asset project that has a routine schedule replacement plan.
  - ✓ Example: A department may replace  $\frac{1}{4}$  of their computers every year.
- **Continuing-** Capital asset project that has received funding in prior year(s), but has not been completed.

✓ **Web Application:**

Select the status from a dropdown list.

## 5. Category

### ✓ **Definition:**

The classification that best describes each project:

- **Acquisition of land and/or buildings**- the cost of land, right-of-way, and any incidental acquisition cost related thereto; the cost of purchases of buildings, and the land on which they stand.
- **New construction** –the cost of new construction for the following: roads, highways, bridges, airfields, buildings, parking lots or any other facility that meets the definition of a capital asset. Intangible costs such as architectural and engineering fees should be included.
- **Improvements** – an addition made to, or change made in, a capital asset, other than maintenance, to prolong its life or to increase its efficiency or capacity.
- **IT** – replacing, creating or implementing IT infrastructure, IT hardware, or applications. It does not include maintenance or repair of equipment, infrastructure. Major upgrades in application software or function are considered projects.
- **Equipment (Non-IT related)** - all other equipment item purchases, except those related to transportation equipment and/or IT equipment assets/projects. Such cost should include freight, installation or the cost of modifications necessary to place the asset into use.
- **Transportation equipment** – the cost of all types of transportation equipment, including all costs necessary to place the asset in service. Such costs should include: freight, installation or the cost of modification.

\*\*All categories include capital assets acquired by capital leases.\*\*

### ✓ **Web Application:**

Select the category from a dropdown list.

## 6. Project Description

### ✓ **Definition:**

A brief narrative that explains the purpose of the project.

### ✓ **Web Application:**

Enter description in the text field.

## 7. SMART Key Goal Link

### ✓ **Definition:**

Identifies those projects that address SMART Key Goals.

### ✓ **Web Application:**

Check YES or NO.

## 8. Total Estimated Capital Asset Cost

✓ **Definition:**

All costs incurred to place the capital asset in service for its intended use.

✓ **Web Application:**

Enter whole dollar amount.

## 9. FY 10 Project Cost

✓ **Definition:**

The estimated dollar amounts that will be requested in FY 09 from each of the following funds:

- |  |                                       |
|--|---------------------------------------|
| <input type="radio"/> General Fund         | <input type="radio"/> Federal Revenue |
| <input type="radio"/> Education Trust Fund | <input type="radio"/> Bond Proceeds   |
| <input type="radio"/> Special Revenue      | <input type="radio"/> Other Funds     |

✓ **Web Application:**

Enter whole dollar amounts in the appropriate fund.

- The sum of funds requested will be auto calculated to populate the “Amount Requested in FY 09” field. DISPLAY ONLY

## 10. FY 10 Operational Impact

✓ **Definition:**

The estimated FY 10 operational cost or savings incurred as a result of placing the capital asset in use (broken down by source of funds).

- |  |                                       |
|--|---------------------------------------|
| <input type="radio"/> General Fund         | <input type="radio"/> Federal Revenue |
| <input type="radio"/> Education Trust Fund | <input type="radio"/> Bond Proceeds   |
| <input type="radio"/> Special Revenue      | <input type="radio"/> Other Funds     |

Cost Examples: Building a new prison would require additional staff, and maintenance costs; buying new cars would include buying insurance and maintenance costs.

Saving Examples: Replacing cars could reduce repair costs; buying new computers could reduce maintenance and downtime.

✓ **Web Application:**

Enter whole dollar amount. Enter reductions or savings as a negative number.

**NOTE:** *If the sum of your 5-year Capital Asset Projects is less than the \$500,000 threshold, submit your summary level plan and do not complete the detail portion of the web application. However, if the sum of your Capital Asset Projects meets or exceeds the threshold, submit your summary level plan and proceed to complete a Detail Description for each project.*

## B. DETAIL DESCRIPTION INFORMATION

The detail level adds in-depth information for each project to the data collected in the summary to create a more comprehensive 5-year Capital Asset Plan. Data collected in the summary will pre-populate the fields in the detail portion of the web application. In the detail level, projects will be more clearly defined and sources of funds and operational impacts will be projected for the following four years. The amount requested in FY 09 is also broken down by program and activity (if applicable). The list of terms below defines the additional components of the detail level and provides instructions for entering the data on the web application.

### I. Project Dates

#### ✓ **Definition:**

Specific dates marking the beginning and ending dates of a project.

- **Start Date-** Actual or estimated start date of the project.
- **Scheduled Completion Date-** Estimated completion date of the project.

#### ✓ **Web Application:**

Enter dates in appropriate fields. Format: MM/DD/YYYY

### 2. Justification

#### ✓ **Definition:**

A brief explanation of why an agency is requesting the capital asset.

- Example: "Capital Asset Project" is requested due to the result of a court settlement, federal mandate, or other authoritative/regulatory requirement.

#### ✓ **Web Application:**

Enter information in the text field.

### 3. Alternatives

#### ✓ **Definition:**

A statement listing alternatives considered by the agency to the requested capital asset.

#### ✓ **Web Application:**

Enter information in the text field. If you do not have any alternatives enter "Not applicable".

### 4. Required Steps

#### ✓ **Definition:**

A brief list of necessary actions to accomplish acquiring a capital asset.

- Examples: Legislation required, federal grant award, or approval from a board.

#### ✓ **Web Application:**

Enter information in the text field. If there are no required steps enter "Not applicable".

### 5. Project Cost Source of Funds

#### ✓ **Definition:**

The actual prior and projected future costs associated with each project broken down by source of funds.

- General Fund
- Education Trust Fund
- Special Revenue
- Federal Revenue
- Bond Proceeds
- Other Funds

- **All Prior Costs-** The actual expenditures by source of funds for all prior fiscal years.
  - ✓ Not required for recurring capital asset projects.
- **Future Year Projections-** The estimated amounts needed over the next four years, by fiscal year, to complete the project.

✓ **Web Application:**

Enter whole dollar amounts.

- The sum of prior cost and funds requested by fiscal year will be auto calculated to populate the “Total Source of Funds” field for each fiscal year. DISPLAY ONLY

**6. Operational Impacts**

✓ **Definition:**

The estimated annual operational costs or savings incurred over the next four years as a result of placing or keeping the capital asset in use (broken down by source of funds).

- General Fund
- Education Trust Fund
- Special Revenue
- Federal Revenue
- Bond Proceeds
- Other Funds

Cost Examples: Building a new prison would require additional staff, and maintenance costs; buying new cars would include buying insurance and maintenance costs.

Saving Examples: Replacing cars could reduce repair costs; buying new computers could reduce maintenance and downtime.

✓ **Web Application:**

Enter whole dollar amounts. Enter reductions or savings as a negative number.

**7. FY 10 Amount Requested by Program**

✓ **Definition:**

The requested funds for FY10, broken down by appropriation unit(s)/program(s). A project may address or impact up to six different programs.

- If a project impacts/addresses more than six programs, choose the six programs that will be affected the most.

➤ **Web Application:**

- **Program-** Enter the program number and name.
- **Costs-** Enter whole dollars only.

# APPENDIX D: SMART GUIDE TO DEFINING AND MANAGING KEY GOALS

## *Internal/External Assessment & Managing Performance Data*

The SMART Governing Process provides an executive level summary of each agency's strategic planning and performance management materials. The identification and implementation of Key Goals is a central component of the SMART Governing process. Therefore, to effectively participate in SMART, each agency should have (1) a well developed planning process to define Key Goals (based on an internal and external assessment), and (2) a system for managing Key Goals by regularly reviewing, evaluating and reporting performance information. The following document provides a basic guide to the assessment process and managing Key Goals.

---

### **Internal and External Assessment Guide**

The first step in the planning process is to assess the agency's internal and external situation. This assessment lays a foundation for planning in order to address issues facing the agency and the needs and expectations of customers and stakeholders. The key purposes of the assessment process are to:

- Clarify the purpose of the agency, including its customers and stakeholders;
- Evaluate the agency's abilities to meet the needs and expectations of customers and stakeholders currently and historically;
- Identify internal and external issues, which may impact the agency's abilities to fulfill its mission and meet the needs of customers and stakeholders in the future;
- Consider how the strengths of both customers and stakeholders may be leveraged to improve services; and
- Prioritize the issues that need to be addressed in the agency's planning process.

### **Definition of the Internal / External Assessment:**

An internal / external assessment provides an agency with an accurate sense of its current situation through the gathering, analysis, and dissemination of internal and external data.

### **Organizing for planning and assessment:**

Preparation is a critical element in a successful assessment process and includes establishing a planning team and setting a timeline for the assessment.

- **Establishing a planning team**

The Agency Planning Team collects, analyzes, and distributes the information from the internal / external assessment and is responsible for coordinating the SMART planning process. Appointed by the Director, this team should include senior executives who have broad knowledge of all the services and functional areas of the agency, as well as non-management employees who may offer a more diverse perspective. The team may also include, but is not limited to the following:

  - Division directors, regional managers (if applicable), field workers, and administrative support.
  - If available, internal or external individuals with skills that may assist the planning process such as budget/accounting specialists facilitators, data analysts, experts and writers.

- **Setting a timeline for assessment**

The assessment process may include multiple stages, various participants and extensive data review. To ensure the process is tailored to the needs and resources of the agency, the team begins by setting an agenda for the assessment process that identifies what data (see list of data resources in following section) is needed for the assessment, how that data will be collected and reviewed, and how the data will be distributed to the rest of the agency for use in establishing the agency's plans.

### **The Assessment Process**

The assessment process includes five steps. However, as issues are uncovered and feedback is provided steps may be repeated, such as collecting more data or doing more analysis:

#### **1) Define planning foundation and parameters**

Prior to gathering external data, it is important to define and agree upon the agency's mission, core responsibilities, values, customers and stakeholders. Some of this information rarely changes and therefore may be available if assessments have been conducted in prior years. The following are key steps in defining the parameters of planning:

- Review the agency's statutory mission and any other legal mandates.
- Determine the agency's major responsibilities and define how success is measured.
- Identify and define customers and stakeholders.
  - *Customers* are the persons, groups, or organizations that receive or benefit from an agency's services and/or products.
  - *Stakeholders* include individuals and organizations that have direct involvement, an investment or interest (that is, a stake) in the success or actions taken by an agency. Stakeholders do not necessarily use the products or services of an agency. They include clients, volunteers, managers, employees, *public and private partners*, suppliers, *board members*, legislators, the executive branch and the community. Their input should help in clarifying purpose, assessing performance and identifying priorities in the agency.
    - *Public and Private Partners*: Working with public and private partners during the establishment of the plan can provide greater resources and opportunities for improving services to citizens. By including their perspective throughout the planning process, it may be easier to gain financial support and manpower for your agency's plans.
    - *Boards*: As essential stakeholders, it is important that all agencies include their board of directors, and/or advisory boards (as appropriate) in the assessment process, regardless of their role or function. It is particularly important for smaller agencies with few employees to use their boards and/or board members to complete the assessment.

#### **2) Assess current plans and past performance**

The assessment will help you refine current plans and address any new priorities or issues for the agency. As the process begins, current SMART documents and other planning materials should be considered by the planning team as internal and external data is collected and reviewed. Information gathered and reviewed in this step should include, but is not limited to:

- Current goals and progress toward those goals.
- Information about accomplished goals—performance data, costs and strategies.

- Prior year assessments, proposed goals and initiatives, current and historical performance trends.
- Other performance data: current and historical performance trends.

### 3) **Gather internal and external data**

Each agency uses different tools and sources to collect data and develop an assessment of its internal and external situation. The following are recommended tools to utilize and factors to consider while assessing the agency's internal and external situation:

#### ○ **Data Collection Tools**

These tools may assist in collecting both internal and external feedback.

##### ▪ **Surveys**

- Surveying customers/stakeholders will provide insight into the need for improvement in the services currently provided.
- Surveying staff can help identify internal strengths and weaknesses of the organization.
- Surveys can be administered in various ways: online tools, on-site feedback cards, direct mail or e-mail.
- Good surveys don't just rate the agency's performance, they ask why respondents feel the way they do which may help the team later develop strategies.

##### ▪ **Focus Groups**

- These groups can provide in-depth feedback on specific services, plans, and management issues.
- May include, but not limited to:
  - Agency employees, customers, stakeholders, and the agency's board.

##### ▪ **Interviews with agency leadership and staff**

- Interviewing agency management and other staff members can give insight into internal issues that may be addressed during the planning process.

#### ○ **Internal and External Factors**

The following is a list of internal and external factors to consider in the assessment process.

##### ▪ **Internal factors**

The internal assessment is intended to provide the agency with an accurate understanding of strength and quality of its key resources, policies and capabilities. Factors to be considered in the internal assessment include:

- Organizational and budgetary structures,
- Workload data (growth or decline in demand for services),
- Financial situation (trends in funding sources, appropriations, and expenditures),
- Human resources (training, experience, compensation, benefits, and turnover),
- Recent audit findings,
- Capital needs and plans, and
- IT Planning—Technological developments and opportunities; also consider the impact of ERP / SMART Business Systems.

- **External factors**

The external assessment is intended to provide the agency with an accurate understanding of the opportunities and threats facing the organization in the pursuit of achieving its Key Goals. Issues that should be considered in this assessment include, but are not limited to:

- Statewide indicators and Governor's Priorities,
- Peer agencies' Key Goals and public / private partners' plans,
- Anticipated changes in government actions, priorities, statutes, mandates and regulation,
- Key legislation, policy issues, or events (state or federal),
- Demographic changes in customers,
- Economic variables (impact on customers, budget, etc.),
- General economic outlook, and
- State and/or federal budget(s) outlook.

#### 4) **Analyze, summarize, and prioritize internal and external data**

The next step in the assessment process is analyzing and summarizing the gathered data. This will provide the foundation for setting the agency's priorities and plans and will help the agency identify any gaps between the resources, processes and capabilities that are needed to achieve Key Goals, and those that are currently available.

- **Analyzing:** By reviewing the data collected, the team should be able to identify key trends and major issues facing the organization. The following questions provide a framework for this analysis:
  - Are customers' and stakeholders' needs and expectations being met?
  - What are the major internal and external issues facing the agency, and its customers and stakeholders?
    - Are there major opportunities or threats?
    - How will these impact the organization and its customers?
  - Are current plans relevant and successful?
    - Are goals and targets being met? Should targets be revised?
    - Are current strategies successful? What other strategies should be considered?
    - What measures/goals should be refined or removed?
    - If a goal has been accomplished, what was successful and what could be improved?
    - What are other major, ongoing projects?
- **Summarizing:** Once the planning team has completed an analysis of the internal and external issues facing the agency, a summary report with recommendations may be developed for distribution to agency staff and management for their review. This documentation will also help with future assessments.
- **Prioritizing:** Once a summary of the analysis has been created and distributed, the planning team identifies key issues and priorities to be addressed in the plan.
  - Annually, the most important step in the assessment process is evaluating current goals based on the internal and external data, identifying goals for the future based on the needs and expectations of customers and stakeholders, developing the strategies that will accomplish these goals, and setting Objectives to measure progress.

- Some of the identified goals may be used in the SMART process. These Key Goals must be measurable and have an end-point. Other goals should be maintained and tracked internally by the agency.

5) **Connect the Internal/External Assessment to the SMART process:**

- ✓ Define the agency's Mission based on the agency's legal responsibilities and the expectations of the customers and stakeholders;
- ✓ Reinforce and refine Values by evaluating the culture of the organization;
- ✓ Define the major responsibilities that drive the agency's Workloads and evaluate trends;
- ✓ Cultivate a Vision by looking at desired outcomes, past accomplishments and future possibilities;
- ✓ Establish agency priorities that would translate into measurable Key Goals;
- ✓ Highlight strengths and opportunities to consider when formulating Strategies;
- ✓ Identify weaknesses and threats that could become Critical Issues;
- ✓ Identify the data necessary to gauge success and set performance Objectives and targets; and
- ✓ Note historical and current budgetary issues that will factor into the request for financial Resources.

**Guide to managing Key Goals and other performance data:**

The internal/external assessment lays the foundation for the planning process. However, to successfully implement and use the data gathered for better management of performance, it is necessary to establish a process for regularly evaluating and reporting the data. During the assessment process, your agency will determine priorities and Key Goals which will need to be accomplished. Consistently managing and reporting the data associated with those priorities is crucial to ensure that progress is monitored and achieved. Without supporting your plans with performance management and reporting, there is no accurate way to determine which areas are succeeding and which areas are falling behind.

**NOTE:** The data submitted to SMART provides summary information about your agency's performance; however, effectively managing your agency and monitoring your plans may require other performance data not submitted to SMART.

**Keys to establishing a performance management system<sup>3</sup>:**

1) **Ensure Data Quality**

From the development of measures to regular reporting, performance data should represent reality and provide valuable information about your organization. Reliability and validity are two factors to continually consider as data is used to manage:

- RELIABILITY
  - Consistency – Can your data be replicated?
  - Accuracy – Is it true to the facts?
- VALIDITY

<sup>3</sup> Adapted from a presentation by Joe Adams of the Public Affairs Research Council of Alabama: "Data Reporting Systems: Creating Integrity by Design". Montgomery, Al. April, 2007.

- Relevance – Is the data related to your agency goals?
- Usefulness - Does the data provide a basis for making decisions?

## 2) Establish Clear Roles and Ownership

To ensure that reported data is accurate and that appropriate action is taken, clear roles must be defined in every step of the process. The following are three major roles:

- There should be an individual responsible for gathering data for each measure, ensuring the accuracy and backing up the data.
- A manager should be responsible for reviewing, evaluating and explaining data on a regular basis.
- Other relevant managers/executives may regularly review summary data for the entire agency to be aware of agency performance trends and provide guidance in response to those trends.

## 3) Review Regularly and Evaluate Data

Performance data can provide valuable insight into trends and progress towards goals. It may be necessary to investigate causes of trends (both positive and negative) in order to fully understand the data. <sup>4</sup>The following types of analysis may assist managers while reviewing and explaining performance data:

- Compare against previous time periods.
- Compare against targets.
- Compare against similar programs and/or agencies (state, local, federal, or regional).
- Break out data into characteristics (demographics, location etc.) and compare against previous period or targets (compare call center in Montgomery to the call center in Mobile).
- Examine indicators together to evaluate consistency and relationships between performance information.
- Evaluate how fluctuations will impact workloads in other areas.

## 4) Report internally and externally

Performance data provides information about the agency that should be disseminated to various audiences who have a stake in the agency. Reports should strive to provide clear and concise information tailored to the needs of each audience.

- **Developing reports**
  - Consider the audiences' role when selecting information to report.
  - Provide explanations where appropriate (i.e. substantial variance from targets); consider internal and external factors.
  - Use visuals (charts, graphs and dashboards) if possible.
  - Summarize and highlight performance (balance successes and failures).
  - If report identifies problems, listing corrective actions may be helpful.
- **Appropriate audiences**
  - Agency Staff – reports should provide staff with updates on progress and performance; allows opportunity for explanation and feedback.

---

<sup>4</sup> List adapted from Performance Measurement by Harry Hatry (Washington, DC; The Urban Institute, 2006).

- Management - reports should provide executives with an overview of performance trends and an explanation for unexpected outcomes; provides opportunities for pro-active responses.
- Other concerned entities (i.e. boards, customers, stakeholders and public); external reporting increases transparency, understanding, and support.

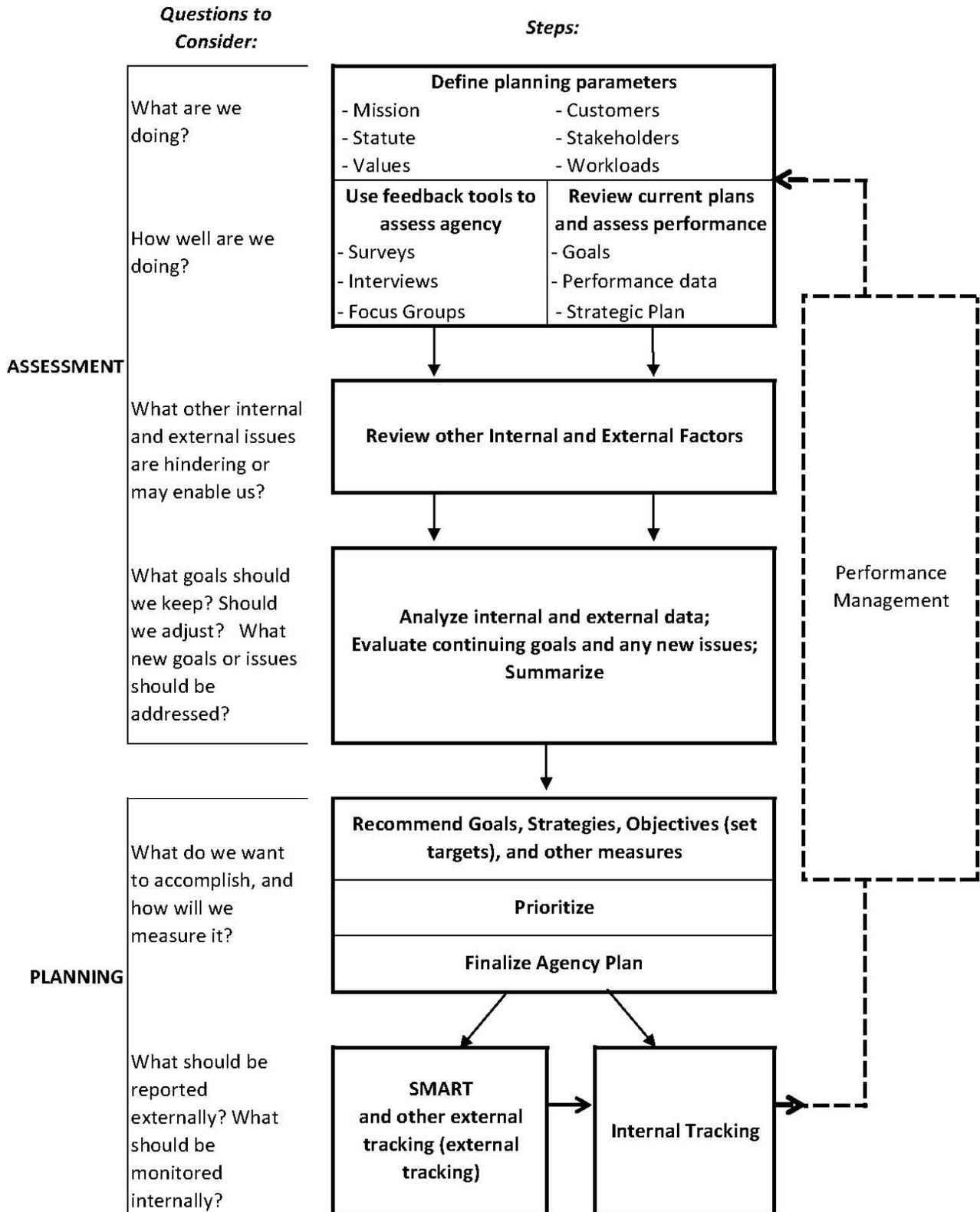
**5) Address problems and learn from successes**

Performance data provides information about the effectiveness of programs, the success of plans, and changes in the work environment. This information should, at times, raise questions and prompt action.

- When problems or success are identified, carefully investigate the cause.
- Consider and/or identify any new actions required to address problem areas or learn from exceptionally high performance.

# APPENDIX E: THE ASSESSMENT PROCESS FLOWCHART

## Defining Key Goals Through an Assessment Process



## APPENDIX F: EXECUTIVE PLANNING OFFICE STAFF

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