

STRATEGIC REVIEW HANDBOOK

Management Information Series

STRATEGIC REVIEW HANDBOOK

One of a five-part Management Information Series

Priorities and Planning Secretariat
May 1984

PREFACE

Strategic reviews are a one-time assessment or enquiry into the effectiveness or relevance of a policy or program carried out by an independent evaluation team under the direct authority of the Executive Council. Their purpose is to provide a means for Executive Members to review government programs or practices in response to concerns raised by members themselves, by MLA's or the public; these concerns may originate for any number of reasons including:

- changes in public needs resulting from such factors as population growth, changes in the economic structure, and so on.
- a concern over the relevancy of program goals and objectives.
- a feeling the program is not achieving desired results or is wasteful of resources.
- a concern over the program's impact on higher priority activities.

The approach for conducting a strategic review varies according to its scope and client requirements. If the review is initiated by departmental management and if its scope is limited to departmental programs, then responsibility for conducting the review rests with the appropriate Minister and his departmental managers. If, however, a review is initiated through the Executive Council or if it concerns more than one department, then an independent "strategic review team" may be required.

For Executive Council Members and departmental managers this guide will assist in identifying:

- when to conduct a strategic review;
- what type of review process is most appropriate.

For the individual (strategic review team leader) assigned responsibility for conducting a strategic review this guide provides a reference for:

- assessing the issues and problems;
- deciding upon an appropriate methodology and design;
- submission procedures and requirements; and
- addressing any special problems which may arise.

CHARACTERISTICS

Objectivity

Strategic reviews will normally be conducted by staff which are outside the organizational component or program being examined, thereby ensuring objectivity.

Quality

Since the review team is temporary, analysts will be unencumbered by administration tasks and responsibilities while their organizational placement within the Executive ensures an awareness of and responsiveness to political realities within a department. This principle can be maintained when conducting comprehensive evaluations by using departmental policy staff.

Cost Effectiveness

The approach being used will be cost effective primarily because each strategic review team is a temporary unit. This innovation will set a positive and co-operative tone in a government subject to financial restraint.

Integration

The reporting relationship of the strategic review team to an Executive Member will facilitate access to diverse sources of information. It will also result in the team being more sensitive to the needs of the Executive as a whole as well as being more aware of related activities occurring throughout the government.

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AN INTRODUCTION TO STRATEGIC REVIEWS, EVALUATIONS AND PERFORMANCE MEASUREMENT

Industrial development, technological change, urbanization and population growth are just some of the factors influencing the demand for public programs. As the public's need for programs change, old programs must be phased out, revised or replaced. Program evaluation, either through strategic reviews or internal departmental evaluations, provides the information necessary to anticipate and plan for these changes.

OBJECTIVES

The objectives of a strategic review or a comprehensive evaluation are to enable the government to:

1. More fully account for the efficiency and effectiveness with which public funds are expended;
2. Make more informed decisions regarding resource allocations between departments and priority areas.

Program assessment is the responsibility of every government manager; the three major types of program assessments carried out within the GNWT are:

	Initiation	Approval Required
1. Strategic Reviews	Executive Council	Priorities and Planning Committee
2. Program Evaluation	Minister	Financial Management Board
3. Performance Measurement	Program Manager	Department

1. Strategic planning encompasses the process of formulating the goals and policies of the government and allocating resources. Accordingly, strategic reviews measure the degree to which pro-

grams or policies further the achievement of strategic plans; in short, strategic reviews question the relevancy of a program's continued existence.

Since strategic planning encompasses the entire government, it is the sole responsibility of the Executive Council.

2. Program planning is carried out within the context of established strategic plans. Thus, program managers are accountable for the measurement of program results and for ensuring that programs continue to be delivered efficiently and effectively and if they are not, that resources are reallocated to meet higher priority needs.
3. Program delivery is the process of providing goods, programs and services directly to the public. Managers are in constant contact with program clientele and receive regular feedback on their success in meeting intended needs. Performance measurement systems are nothing more than a means of monitoring the feedback received from clients and relating that to the extent and amount of services provided.

**EXAMPLES OF RESPONSIBILITIES WITHIN
THE THREE PLANNING FRAMEWORKS**

(Executive) Strategic Planning	(Senior Departmental) (Management) Program Planning	(Program Managers) Program Delivery
Establishing government policies objectives and priorities.	-Program design and implementation strategies.	-Workload allocation -Performance Measurement -Implementation strategy
Evaluation of governmental organization and structure.	-Departmental organization -Departmental staffing	-Personnel management
Measuring senior manager performance.	-Allocation and management of departmental resources	-Measuring staff performance

WHEN TO CONDUCT A STRATEGIC REVIEW

A strategic review or comprehensive evaluation may be recommended to the Executive Council or senior departmental management for any number of reasons; including a concern over:

1. Program Rationale

The relevancy of a program's objectives, accountabilities and tasks.

- To what extent do the objectives, scope and mandate of the program take into account changing needs, technology and circumstances?
- Are the activities and output of the program consistent with its accountabilities and Executive direction, and are activities plausibly linked to the attainment of those accountabilities?
- Is the program consistent with the GNWT's priorities?

2. Program Impacts

Concerns over the intended and unintended effects of a program may also indicate a need to evaluate what is actually occurring.

- What impacts and effects, intended and unintended, resulted from carrying out the program?
- In what manner and to what extent does the program complement, duplicate, overlap or contradict other programs within and outside the GNWT?

3. Achievement of Objectives

Has the program achieved what was expected by departmental management, the Executive or the public?

- In what manner and to what extent were program accountabilities achieved?
- Are there more cost effective programs which might achieve the same or similar objective?
- Can the program be delivered in a more cost-effective manner?

GETTING STARTED

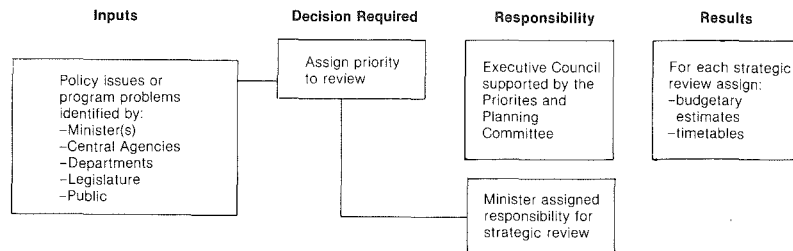
When a problem or issue has been identified which is beyond the scope of a particular department or agency, *Executive Council approval must be received* prior to conducting a strategic review.

The request for approval should be accompanied by a work plan, a preliminary budget and timetable. In order to ensure a complete consideration of all proposals it is also recommended that each include a number of options; for example, the cost of each review will vary substantially with the scope of examination, and the type of methodology.

Once a proposal has been developed, the Priorities and Planning Committee will consider it and recommend to the Executive Council a Minister to be assigned responsibility for conducting the review.

The following diagram summarizes the development of a strategic review work plan.

DIAGRAM 1
DEVELOPING THE ANNUAL STRATEGIC
REVIEW WORK PLAN



PLANNING THE STRATEGIC REVIEW

Once a strategic review team or a departmental official has been assigned responsibility for conducting a program or policy review, a detailed work plan must be prepared. Although there is no prescriptive formula for preparing to evaluate a program or a service, the following section may be used as a general guideline. The appropriate model depends upon a number of factors including resources, time available and the quality of available information. The design must also be flexible. If, for example, an initial survey of the program reveals that major components have never been implemented, then there may be no need to proceed with an in-depth analysis.

Typically, the strategic review process should proceed through the following stages:

1. Describe the Program

A review of accountabilities and tasks, focused interviews with program managers (Deputy Ministers, Chiefs, Heads, etc.) and a thorough document search are the best means of determining what the program hopes to achieve; a possible approach to the interview process is outlined on page 11. Other possible information sources include Legislative Assembly and Committee debates, budget justifications, program guidelines or regulations, audit reports, Executive briefs, and other published and unpublished materials.

2. Define the Program's Objectives and Activities

Occasionally, through the passage of time program objectives may change so that they are quite different than the objectives that were originally approved. Consequently it is necessary to ensure the Executive's expectations regarding the program correspond with program managers; program managers should be immediately notified of any discrepancies. Significant disagreement on program accountabilities, if not reconciled, would jeopardize the credibility of any strategic review or evaluation.

Since many government programs lack appropriate data for evaluation, it is also necessary to develop a consensus regarding social needs and program responses to those needs. Existing information will rarely identify all program cost activities. To delineate these issues, four basic questions must be addressed:

- (i) What need is the program responding to? The social problem being addressed through the program(s) should be carefully defined.

- (ii) What are the various activities and services that combine to make up the program?
- (iii) What effect is the program having on those it is serving, and what is their perception of the program and its activities?
- (iv) What are the total resources required by the program, including administration and overhead charges (i.e. office space, computer requirements, etc.)

3. Determine Program Evaluability

Prior to committing time and resources to a full scale evaluation it is first necessary to determine whether program success can be measured and if so, is it reasonable to expect the program to meet its objectives.

If the Executive and senior management have reached an agreement on what measures gauge program success, then there is strong likelihood evaluation results will be accepted. If an agreement regarding program objectives is lacking the evaluation should be deferred. An evaluation which proceeds without agreed upon criteria may only result in program supporters and detractors arguing about the relevancy of the goals and objectives used to measure success.

The second issue which must be addressed prior to proceeding is whether the program can realistically achieve its stated goals. Although comprehensive statistical evidence may not have been gathered at this stage, the strategic review team should carefully assess the value of proceeding if it is evident that major components of the program have not been implemented or if the agreed upon objective is clearly unrealistic.

If it is decided not to proceed then recommendations should be made on:

- (a) how to improve program efficiency and effectiveness (if sufficient information exists);
- (b) how to specify the program's accountabilities and tasks in measurable terms; and
- (c) appropriate and realistic program accountabilities.

4. Identify Evaluation Options

As a first step, the Strategic Review Team should develop optional evaluation approaches, clearly specifying the information yield and resource requirements of each alternative. Options could range from a simple monitoring of program performance to an in-depth analysis of program activity: a sampling of available methodology is outlined in section H on page 8.

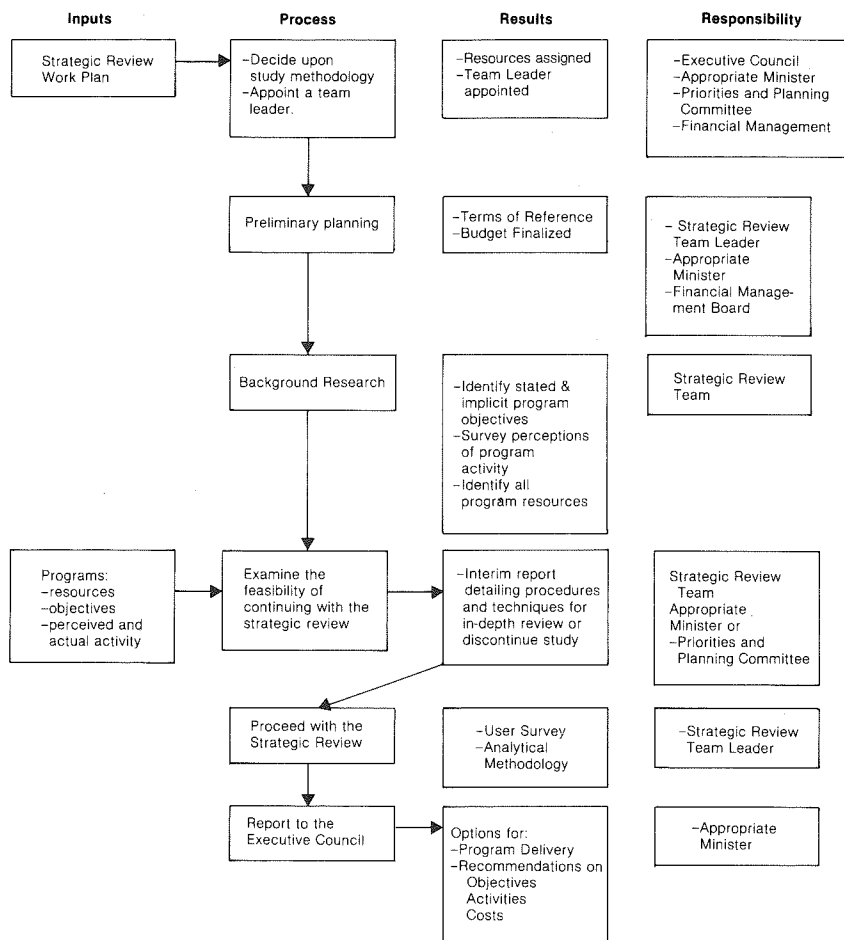
5. Develop the Terms of Reference

The strategic review's terms of reference are extremely important for two reasons. First of all, they provide necessary direction on methodology, reporting relationships, resources, timetables, and problems to be addressed. Secondly, they represent a commitment by the Executive Council to support the review process.

Typically, the terms of reference should include the following:

- (i) Title: Name of the strategic review proposal
- (ii) Problem: A brief statement of the problem to be addressed.
- (iii) Issues: What issues must the strategic review consider.
- (iv) Tasks: Within resource and methodological constraints, specific tasks and associated completion times should be specified. It is also recommended that a critical path network (CPN) be developed.
- (vi) Reporting Relationships: The Minister responsible for supervising the strategic review should be identified; if any other consultation is required, such as with the FMS, these should also be listed.
- (vii) Authorities: The strategic review team's authority to second personnel, review restricted information, or to receive the support of staff or government services should be specified.

DIAGRAM 2
**STEPS TO BE FOLLOWED IN
 CONDUCTING A STRATEGIC REVIEW**



METHODOLOGY

The methodology for conducting a strategic review should not only reflect the "state of the art" but be cost and time effective as well; there is little point in adopting an expensive and time consuming methodology if the results are unavailable when "decision-makers" require them. In deciding upon an appropriate approach advice should be sought from knowledgeable staff within the government such as the Statistics Bureau, Executive Secretariats, the Audit Bureau, the Financial Management Secretariat and other agencies. Other possible sources of information include procedures used in other jurisdictions and earlier evaluations within the Government.

The following section outlines a number of methodological approaches.

Evaluation Concerns	Possible Questions	Appropriate Instrument
(a) Target Group (Who is it intended for?)	Size? Distribution? Characteristics?	-survey -document review
(b) Program Description (What need is being met?)	What is delivered? Quantity? Quality? How? By whom?	-observation -questionnaires -interviews with clients, management and Executive
(c) Measurement of Results	Are intended results achieved? What are the side effects	-Econometric models -Statistics -Client Survey
(d) Impacts	What effect does the program have?	-questionnaire -time series -analysis of statistics -socio-economic indicators

(e) Inference	Why does the program work or not work? Is it (replicable)? Is it transferable?	-multivariate analysis -interviews with management -questionnaires
(f) Valuing	Who benefits? Who pays? Which values are promoted? What are the policy options?	-observation -debate
(g) Costs	What are the total costs, including rent and other overhead? Cost effectiveness? Cost benefit?	-cost/benefit analysis -accounting opportunity -opportunity (hidden)

USER SURVEYS

Every evaluation, at some time, will have to conduct a user or client survey. Usually prior to the finalization of an evaluation work plan, the strategic review team must obtain as much information on program components and relationships as possible. Reliance only on documentation will probably not be sufficient insofar as it may not reflect perceptions of the program's actual activities or objectives. A possible approach to conducting a user survey is outlined below:

- (a) What are the program's objectives, both in the short and long run?
- (b) What would be considered as evidence of program success?
- (c) What mechanisms are in place to achieve these objectives; for example: policies, staff directives, regulations, etc.?
- (d) Why will these mechanisms achieve the desired objectives?
- (e) What does the Executive, Legislative Assembly or general public expect of the program?
- (f) What are the impediments to program success?
- (g) Has a performance monitoring system been established in accordance with ABBS guidelines? If not, what performance information does management require?
- (h) What does the Executive and management perceive as the most important thing the program should accomplish within the current year?

CONSTRAINTS

Constraints on conducting a strategic review include any impediment to the conduct or implementation of a review. Within the GNWT, the strategic review team will face three major constraints:

- (a) Cost
- (b) Methodology
- (c) Psychological

1. Cost

The budget available for conducting a strategic review will impose obvious limitations on expenditures and time availability. This may result in the evaluation team being forced to use less rigorous analytical techniques or narrowing the scope of the study.

2. Methodological

Major methodological impediments to conducting a strategic review are:

- (i) Learning to deal with poorly stated and vague program objectives.
- (ii) Finding agreement on which measures may be used to measure program success.
- (iii) Determining to what degree second and third round effects and other extraneous factors should influence the study.
- (iv) Developing viable policy alternatives to the programs under review.
- (v) Determining what programs constitute a given policy and separating the impacts of these programs from complementary initiatives.
- (vi) Many programs cannot be easily defined according to function or client groups thus making them difficult to evaluate. There may also be a problem of overlapping programs managed by different levels of government or departments.

3. Psychological

Some psychological barriers which may be encountered include:

- (i) Many government officials have been subjected to various management systems which have been less than inspiring. Consequently, it may be expected that some will only reluctantly support the evaluation process.
- (ii) Conflict may develop between line managers and evaluators who are skeptical of a program's worth. Therefore, the evaluator, as an outside agent must win the support and co-operation of line management since they control a good portion of the information necessary for conducting a review.
- (iii) Managers may perceive unfavourable reviews as a potential threat to their status and pay level.

APPENDIX

DEFINITIONS

1. **Strategic Review**

A one time assessment of the efficiency and effectiveness with which government policies, programs or services contribute to the achievement of political objectives and government priorities.

2. **Performance Measurement**

The regular monitoring of indices which indicate the efficiency and economy of program delivery.

3. **Program Evaluation**

Measures the effectiveness of a program(s) in achieving departmental goals. Evaluations may be conducted on a periodic basis through performance measurement or periodically on a more comprehensive basis. Within this handbook, periodic comprehensive evaluations conducted by a department will be referred to as comprehensive evaluations.

4. **Strategic Review Team**

A team assembled for the purpose of conducting a strategic review.

5. **Strategic Review Team Leader**

An individual appointed by the appropriate Executive Member to manage a specific strategic review.

6. **Strategic Review Work Plan**

An annual work plan approved by the Executive Council for the conduct of strategic reviews.

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