

Down with Dysfunctional Measurement!

A CED Framework for Improving Policy & Program Effectiveness

BY MIKE LEWIS

“*M*easure what matters,” we’ve all heard it said. But do you? Can you?

These can be sticky questions for people struggling in the trenches of community-based development. They know there is no quick fix. They know isolated projects motivated by good will and hard work alone cannot reverse the deterioration. A great variety of things must change and multiple, integrated resources and initiatives are required to bring these changes about.

But you would never know it from the terms of the service contracts many of these people sign with government. By and large, the civil servants who write them appear at best unclear (at worst, clueless) about how these programs are supposed to contribute to more vital, liveable, workable communities. The chosen criteria for the program’s success – the measures of its (and the contractor’s) effectiveness – bear no evident relation to such an outcome. Nor do they relate to the success criteria of other programs in the realms of community and economic development.

To my mind, in fact, three factors dominate when bureaucracy decides which program inputs and outputs are to be measured. First, little or no attention is paid to what other programs might be trying to achieve. Second, process generally matters more than

substance. Third, things that are easy to measure get priority over things that are difficult or controversial to measure.

Taken together, these three factors mean that, most of the time, what gets measured is inconsequential in terms of community revitalization. The formula is turned on its head: “What’s measured is what matters.”

What’s worse, this mentality is replicated in the communities themselves. Community organizations struggle to fulfill contract obligations that they know are irrelevant, or elect to find some meaningful ways in which the service contract can be made contribute to a change in local conditions. Truly awful, though, is when Turf Wars break out. Community organizations get preoccupied with positioning their relationships with the government funder, rather than co-operating among themselves to achieve better results.

What would happen if we changed economic development policies and programs so they would demand a more integrated approach from department managers and service contractors? Better still, what if we reshaped public investment in community revitalization based on the characteristics of initiatives that have actually produced enduring social and economic results? What if this experience became the basis for defining the outcomes that programs were to achieve, and for measuring their progress?

Key to the vitality of towns like Cambridge Bay, Nunavut, are policies of public investment that recognize business development as integral to, not equivalent to economic development. Photocredit: Darrell Ohokannoak, PolarNet.

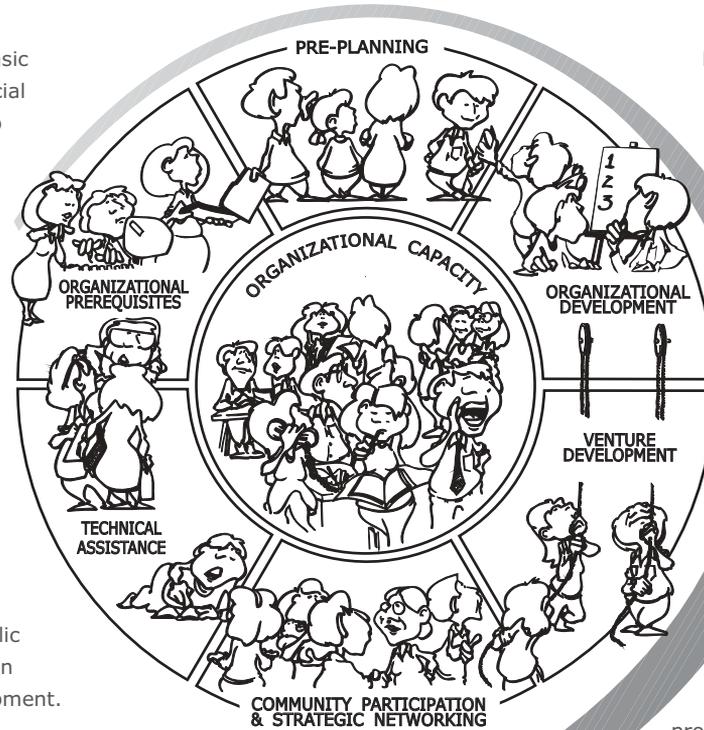


What if we reshaped public investment in community revitalization based on the characteristics of initiatives that have actually produced enduring social & economic results? Make sense? It makes more than sense to me.

Organizational Prerequisites: basic administrative, planning, and financial abilities as well as a commitment to develop business management and entrepreneurial skills, and give economic initiatives time to come to fruition.

Technical Assistance: acquiring and controlling quality advice and training from outsiders in order to further local development.

Community Participation & Strategic Networking: fostering community engagement in the planning process and establishing relationships in the private and public sector that can be brought to bear in support of the community's development.



Pre-Planning: the creation of a local economic development strategy, including a well-informed assessment of strategic options, local human resources, and the role that constituents want the organization to play in the development process.

Organizational Development: building the internal policies, skills, systems, and division of responsibility to support a serious economic development agenda.

Venture Development: creating a system through which the most promising and strategic businesses or opportunities are identified and fostered.

THE DEVELOPMENT WHEEL

The hub around which all six components revolve is **Organizational Capacity**. Organizational capacity is central to managing the community economic development process over time. When understood in relationship to each other and over time, these components build a community's capacity to expand the scope and complexity of local initiative.

Make sense? It makes more than sense to me. It is essential to base public policy and programs respecting CED – and CED practice in general – on what we already know about achieving meaningful outcomes at the community level. In the last 15 years practitioners in Canada have cast this experience in terms of a number of conceptual frameworks. This article explains a framework that the Centre for Community Enterprise and its antecedents developed in work with Aboriginal Canadians, and what it revealed about the programs that were supposed to be improving the vitality of their communities.

Building Self-Reliance?¹

In the late 1980s the Yukon Indian Development Corporation asked Westcoast Information and Research Co-operative (predecessor to the Centre for Community Enterprise) to do a major analysis of all federal and territorial programs relevant to Aboriginal economic development in the Yukon. A lot of money was getting spent, but community economies were not getting significantly stronger.

Why was this so? How might resources be re-aligned to get better results? This second question required that we find an answer for a third: What factors are involved in building stronger, more self-reliant economies in disadvantaged communities?

Our whole experience and knowledge of CED said local organizational capacity was decisive to such a turn-around. To put it another way, one or more organizations that are accountable to local people have to acquire the know-how and other resources necessary to make, carry out, and monitor wise decisions regarding local development.

To break down the concept of “organizational capacity” into more readily understandable pieces, we at Westcoast designed the Development Wheel. It might be best described as a diagnostic and planning framework for assessing an organization's capacity for CED in terms of six components (see diagram, above).

Almost all First Nations have an organization that has at least a general concern with strengthening their economic base. Sometimes it is the First Nation government itself, sometimes it is a development corporation or some other entity created specifically for the purpose. On the one hand, these organizations could use the Development Wheel to assess their own strengths and weaknesses and to prepare for a CED agenda. On the other hand, we could use it to analyze whether or not government programs and expenditures were aligned in ways supportive of these six components. If they were in fact the outcomes that public programs should help bring about in the name of building more self-reliant economies, were governments making adequate money, time, and talent available for each component?

We reviewed and analyzed countless documents and conducted scores of interviews. Combined, this information enabled us to assess the extent to which government was investing wisely.

Our conclusions were dramatic, to say the least. Out of the \$12.5 million spent over the four years we analyzed, \$10.5 million went to venture development in the form of business-related studies, grants, or loans. (Moreover, much of the technical assistance spending was essentially about venture development.) A meager 10% of the budget was invested in the other four components. Here is the breakout:

Organizational Prerequisites	\$166,000
Pre-Planning	\$401,000
Organizational Development	\$301,000
Community Participation & Strategic Networking	\$21,000
Technical Assistance	\$895,000
Venture Development	\$10,500,000

Ironically, the neglect of the other four components compromised the capacity of local people to manage many aspects of the venture development process. So even the large investments in venture development bore little fruit in terms of profitable businesses and employment opportunities. As our interviews confirmed, government officials had committed the cardinal error of equating economic development with venture development. It was from that policy-level confusion that the imbalance in government investment priorities primarily stemmed.

So did some other practices that bordered on the bizarre. Federal and territorial government agencies often competed to finance business opportunities. After all, with such an emphasis on venture development, that was the prime measure of program performance and agency staff were motivated to spend budgets accordingly. If they didn't, the logic of the system kicked in and punished the "low achievers" with a reduced budget in the next fiscal year or even worse, cancellation.

The only data that officials tracked were business starts, loans provided, jobs created, and financial leveraging, that is, how much money from other sources went into a project. No data tracked performance over time, like business survival and expansion rates. Nor did any data apply, of course, to aspects of the other four vital components for building a strong community economy. (For more on performance measures, see "What Really Works" in this edition, p. 15.)

So the Development Wheel, as a summary of what we at Westcoast had learned to date about organizational capacity for CED, proved an incisive way to analyze and critique the investment of public resources in Aboriginal economic development. Rather than building local economies, public policy and programs were urging people to create or expand businesses but neglecting the organizations that would give those businesses a better chance of survival, and their home communities a greater stake in that survival. The policy-makers and program designers were measuring only a

fragment of "what mattered," blowing its significance to the outcome all out of proportion, to the detriment of the entire investment.

Thus the quizzical way we entitled the report: "Building Self-Reliance?" As the old saying goes, if all I know is how to use a hammer, the whole world is a nail. Not a very bright prospect if what I want to do is build a house.

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CED in the High Arctic²

In 1997 the Centre for Community Enterprise was hired to analyze the evolution and practice of three regional community economic development organizations in Nunavut over an 8-year period. The focus was on the CED organizations (CEDOs) themselves, rather than government programs, but our analysis was to include a detailed examination of government expenditures. In the eastern arctic, with its colossal geography and dispersed hamlets, government is writ large.

The crucial distinction between the circumstances for this research and that in the Yukon was the commencement of the Canadian Aboriginal Economic Development Strategy in 1990. Under CAEDS, multi-year funding to CEDOs became available through INAC.

This was a major and welcome policy breakthrough. Until this point, there had been no direct support for building Inuit institutions specializing in economic development. Services had been provided directly by federal Aboriginal programming or by territorial government agencies with no special mandate in economic development.

CAEDS, by contrast, demonstrated an understanding of the importance of investing in local and regional organizational capacity to manage and co-ordinate the development process. CAEDS also recognized that building that capacity required sustained learning over time. Funding was flexible yet required attention to planning. CEDOs could use the money for planning, staff, equity, credit, capacity building – almost anything that would support economic development at the local or regional level. The only criterion was to have in place an operational plan setting out goals, specific objectives, and a budgeted action plan. Moreover, funding was guaranteed for five years.



Three federal departments with interests in aboriginal economic development – Industry Canada, Human Resources Development, and INAC – agreed to work together and provide a more integrated suite of resources tailored to CED in Aboriginal settings.

All this represented an unprecedented policy and program context for building an infrastructure supportive of communities and economies in disadvantaged areas. Wisely, the Inuit decided to design CEDOs that would operate at the sub-regional, rather than at the local level. Resources flowed from INAC directly to a pan-Inuit intermediary and to three regional CEDOs.

Just how the number of businesses started, people trained, loans made, or new jobs were going to contribute to a new & strategic level of local equity or ability was never spelled out. The performance, not the outcome, sufficed.

Unfortunately, the years to follow would reveal a big gap yawned between the government's intention and execution.

As in the Yukon research, we created an analytical tool. It combined into a single framework some features of the Development Wheel, with its focus on the CED organization, with the six key functions that occur, to greater or lesser degree, in any healthy local economy:

- access to credit
- building equity
- human resource development
- infrastructure
- planning, research and advocacy
- strategic networking and partnerships

We then created six lenses through which to track and analyze the evolution of the three regional CEDOs over a period of eight years. Essentially, each articulated an outcome in terms of organizational development in light of the qualities of highly-effective CEDOs in other parts of the country:

1. How comprehensive is the CEDO's mindset and how strategic its approach to strengthening performance of the six key economic functions?
2. How transparent are governance and accountability?
3. What is the degree and nature of community participation?
4. How competently are technical assistance and other external resources used and leveraged?
5. How strong is the orientation towards outcomes in the implementation of functions, programs, and tools?
6. Does CEDO leadership display social entrepreneurial qualities?

Examining all six economic functions made apparent the scope of work and the priorities that CEDOs face. It also helped us map the policy and programs of both the federal and the territorial governments and track their interplay and impacts on the CEDOs over time. Similarly, we could identify more adequately the role of other Inuit organizations, both at the territorial level and in the various communities.

In short, we designed our framework to unearth what you might call the CED mosaic, with all its nuances, confusion, strengths, and challenges. It did just that.

We were able to pinpoint the strengths and weaknesses of each Inuit CEDO in terms of the qualities that are salient in organizations with similar mandates but excellent track records. That kind of information makes it possible for a CEDO to chart a specific course for remedial action, and to track its improvement.

All the tension that derives from policies and assumptions operating across jurisdictions, departments, agencies, and cultures

(above) Carpentry training in Kugaaruk (Pelly Bay), Nunavut, a program offered by Kitikmeot Economic Development Commission (KEDC). Of three regional CEDOs in Nunavut, KEDC demonstrated the greatest capacity in terms of all six development functions. Photo credit: KEDC.

was starkly revealed. CAEDS was clearly an advance in the federal policy arena. The Government of the Northwest Territories (prior administrator of Nunavut lands), by contrast, displayed the same confusion about economic development and business development as we had found in the Yukon. This policy and program conflict was one of the dilemmas that shaped the environment in which the three CEDOs were trying to operate.

Lastly, our analysis revealed that at every level – CAEDS, the territorial governments, and the CEDOs – articulation of outcomes was weak, and generally confused with performance measurement. Even with all the advantages that CAEDS brought to bear, people still tended to judge performance primarily in terms of inputs: how much money they spent, in what categories, on what projects, etc. Outputs too were described in terms of quantity, not quality, and never in relation to the outcomes suggested by the analytical framework. Just how the number of businesses started, people trained, loans made, or new jobs were going to contribute to a new and strategic level of local equity or ability was never spelled out, for example. The performance, not the outcome, sufficed.

That spells trouble in the long run. When people don't define outcomes, they get consumed with performance measurement only. Just what real change in local living and working conditions results from all that work is never clear. People literally can't figure out if what they are doing is accomplishing anything meaningful. They can't learn, in other words.

Learning to Learn

But then who could blame them? CEDOs across the country are in the same spot.

We in the CED field have yet to make the effort to digest all that has been learned to date with respect to strengthening disadvantaged communities. As a result, there is a lack of conceptual frameworks and outcomes to help staff and board members think about what must happen to strengthen the local economy and the particular role that their organization might take in that process. Planning loses focus. By default, CEDOs instead become driven by program guidelines and funders' ill-informed notions of "what counts." CEDOs, which should be in the forefront of community revitalization, end up tracking their accomplishments in terms of inputs. Their notion of outputs mirrors those of their funders – narrow, with little linkage to change in community conditions. Having not learned from the experience of others, the CEDO can't even learn from its own experience. What a morass of dysfunction.

An important step forward would be for policy-makers, program designers, and CEDO managers to create or use frameworks like the ones outlined here. However, we need to go much further. We should be using frameworks such as these to guide a joint effort to design outcomes, and to formulate the

attendant indicators and measures. Inevitably, they will be imperfect. But at least they would stimulate stakeholders to focus on measuring what matters.

Given a serious commitment from people at different levels to use these outcomes, indicators, and measures as a basis for reporting and learning, I believe we would see the evolution of more accountable, transparent, productive public investments. We would also see more CEDOs taking action that incontrovertibly and steadily improves the economic and social vitality of our communities.

References

- ¹ Lewis, Michael T. "Building Self-Reliance? A Strategic Assessment of Economic Development Programs Affecting Yukon Indians" (Port Alberni, B.C.: Westcoast Information and Research Cooperative, 1988). 265 pages. Reprints of this report are available from the Centre for Community Enterprise.
- ² Lewis, Michael T. & Lockhart R.A. "CED in the High Arctic: Progress and Prospects" (Port Alberni, B.C.: Centre for Community Enterprise, 1999). This report is available in portable document format (PDF) from the CED Digital Bookshop at www.cedworks.com, the website of the Centre for Community Enterprise.



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Celebrating 20 years of
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1984
2004

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