

Commentary – Chris Conrad¹

Performance Management for Environmental Managers

Environmental managers, especially those charged with environmental planning and analysis under NEPA are often asked to find a way to perform their missions “faster, better and cheaper.” It is a rare federal agency whose leadership hasn’t at some time blamed the environmental planning process for slowing down a project. Environmental planners, on the other hand, know that when projects are delayed, it is just as often the agency actions, or lack thereof, that are the cause for delays rather than the environmental analysis process itself. The following commentary describes one of the latest approaches to performance management that could be useful to environmental managers and planners in their continuing struggle to improve effectiveness and efficiency in meeting their mission.

Environmental Planning and Efficiency

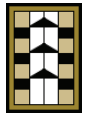
Environmental planning is a part of the agency decision-making processes in which, the primary element is the relationship between natural systems and human systems. Driven by the National Environmental Policy Act (NEPA), the purpose of environmental planning is to provide the decision-making process with an orderly, rational and transparent method for reaching decisions that benefit all constituents of both systems, today and in the future. The primary elements of current environmental planning practices include: natural resources and management, land use, social and economic development, infrastructure systems, regional and urban development, protection of human health and property and governance frameworks. Planning assessments often include such areas as air, noise and water pollution, natural habitat and endangered species, flood zones, land use, socio-economics, transportation, coastal zone erosion and visual studies, among many others. For any project, environmental planners deal with the full range of environmental regulations from federal to state to local.

To integrate the compliance with all environmental laws and regulations, NEPA regulations specify that, to the fullest extent possible, agencies must prepare NEPA analyses concurrently with any other environmental requirements. For the purposes of simplifying this discussion then, NEPA, as the driving and umbrella statute, is a useful proxy for environmental planning in general.

Courts have consistently held that NEPA requires all federal agencies to take a “hard look” at the environmental impacts of all major federal actions and include a detailed statement on the environmental impacts by the responsible official. Regulations by the Council on Environmental Quality, multiple other environmental and historic property protection regulations and forty years of case law have transformed this seemingly simple hard look requirement into a complex endeavor, generally requiring specialized expertise and extensive implementing guidance. To add further complexity, NEPA requires meaningful public participation before any major project can move forward. Certain federal actions such as highway construction, permitting for mining operations or energy projects may require compliance with dozens of laws and regulations which may then require input from an even greater number of local, State, tribal or other federal agencies.

The complexity and length of the process has often generated calls for a “streamlining” of NEPA. A call that proponents claim is necessary to cut through bureaucratic red tape, but that others see as an attempt to

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weaken environmental protection and lessen public participation in federal decision-making. Environmental planners and managers are almost continuously under pressure to improve the efficiency of their process. The 108th and 109th Congress, for example, introduced numerous bills with provisions to streamline NEPA, some of which were enacted for specific projects and agencies. As recently as March 2011, CEQ has called for pilot projects to improve the efficiency of environmental reviews.

Multiple studies, assessments, reviews and task forces have addressed the issues associated with the calls for “streamlining”². Their recommendations have ranged from changing the law in order to codify CEQ regulations, to detailed procedural changes in the production of the analyses themselves. Typically, these reviews found that NEPA processes took too long and cost too much; resources and agency senior leadership training were inadequate, the agency decision-making process was flawed; management systems for performance measures, tracking and analysis were inadequate; and there was no way to formally identify or share “best practices.” There were no surprises here for the experienced environmental manager.

The issue for the environmental manager in the era of the 112th Congress is how to continue to improve the effectiveness and efficiency of environmental planning within his or her agency with the expectation of reduced resources. The good news is that many answers are already known within the agency and that powerful analytic tools are available to help reveal them.

Performance Improvement and Management

Measurement, reporting and improvement of performance have been of particular and increasing interest to the federal government for decades. In 1993, for example, Congress passed the Government Performance and Results Act (GPRA) that directed the federal government to undertake results-oriented performance planning, measurement and reporting. Since then the Office of Management and Budget has steadily made performance management an integral part of federal budget planning process. The current administration has taken this approach one step further by appointing a Chief Performance Officer and requiring all agencies to do the same.

Performance improvement in business processes has been an active area of interest, study and implementation for over a century. It involves measuring the output of a process, then identifying a procedure to increase output, efficiency, or effectiveness. Early in the last century, businesses often looked at the front end of the process, measuring input or the efficiency of a particular process to improve performance. More recently, approaches such as TQM and Six Sigma have undertaken to measure the output itself, to glean ways to improve performances that would impact the bottom line. The primary elements in Six Sigma that advanced the state of the art was the integration of the use of verifiable data in decision-making, the direct link to dollar returns and the requirement for strong, high-level leadership and support. More recently, a methodology called Comparative Effectiveness Research, or comparative

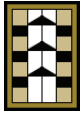
² Typical examples of NEPA process reviews:

Council for Environmental Quality (CEQ), 1997, *The National Environmental Policy Act: A Study of Its Effectiveness after Twenty-Five Years*.

Smythe, Robert and Caroline Isber. 2003 NEPA in the agencies: A critique of current practices. *Environmental Practices: Journal of the National Association of Environmental Professionals* 5(4): 290-297.

Gaines, Lisa and Sue Lurie. 2007. *NEPA for the 21st Century: A Comparative Analysis of Other Organizations' Environmental Review Structure*.

Congressional Research Service, 2007, *The National Environmental Policy Act: Streamlining NEPA*.



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analysis in short, has been used in large organizations to affect performance. Comparative analysis uses many of the same statistical tools used by Six Sigma, but undertakes to measure outcomes, rather than output. In short, rather than measuring the cost, quality or function of the output, the question for outcomes is, “Did the process make a difference?” The linkage then is made to managerial performance rather than to procedures or processes. The result of this performance management approach has been extraordinary, for example, in the development of supply chain management, research and development and quality control in very large companies.

As an example of relevance to the environmental professional: an environmental planning organization for a large agency has produced a very complex and detailed environmental impact statement – its output. The question would be, “Did it make a difference?” Did it, as part of the decision-making process actually affect the decision and if so, how? If not, why not? The results and implications of this type of analysis are broader than previous performance improvement methodologies. For example, the question of outcome could lead to the managerial and organizational procedures of the agency itself. Perhaps the environmental analysis was never integrated into the actual decision-making process of the agency, but was viewed as a procedural requirement to be finished before the project could be started.

Another aspect of the performance management approach using comparative analysis is that it focuses on what is already known within the organization and compares outcomes of the top-performing groups with the average performing groups. Often, performance metrics focus on the “average.” When average performance lags, we may assume all performance lags. As a consequence, we risk ignoring the lessons learned that are unique to top performers and how they could be applied to improve performance overall. Comparative analysis finds the top performers and discovers the actual best practices, which may differ from the best practices of conventional wisdom.

In short, the performance management approach establishes benchmarks and compares outcomes; learns from the high performers; copies the knowledge learned to the core of the organization; and shifts the performance curve toward better outcomes.