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**“DEFENSE RESOURCES MANAGEMENT
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**THE USE OF PERFORMANCE INDICATORS IN THE
EVALUATION PHASE**

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Abstract

The concept of performance management has evolved over time, adapting to changes in organizational structures, management theories, and technological advancements. While formal performance management systems may be relatively recent developments, the principles of managing and evaluating employee performance have roots in early organizational management practices.

Throughout history, performance management has evolved from simple measurement and control systems to more holistic approaches focused on aligning individual and organizational goals, fostering employee engagement, and driving continuous improvement. As organizations continue to adapt to new challenges and opportunities, performance management will likely continue to evolve to meet the needs of modern workplaces.

Key words: *performance management; organizational structures; improvement*

1. Introduction

Performance management is a vital aspect of organizational success, encompassing the processes and strategies employed to optimize employee performance and achieve overarching goals. At its core, performance management involves setting clear objectives, measuring progress, providing feedback, and implementing actions to enhance performance.

Key Performance Indicators (KPIs) serve as essential tools within this framework, offering quantifiable metrics to evaluate the effectiveness of decision-making processes. By utilizing KPIs, organizations can assess the impact of decisions on performance outcomes, identify areas for improvement, and make data-driven adjustments to enhance efficiency and effectiveness.

Whether measuring productivity, quality, customer satisfaction, or financial performance, KPIs provide valuable insights into the alignment of decisions with organizational objectives. In this study, we'll explore the role of KPIs in the evaluation phase of Planning Programming Budgeting Execution Evaluation System (PPBEES), highlighting their role in driving informed decision-making and fostering continuous improvement within organizations.

2. Introduction to PPBEES and Key Performance Indicators (KPIs).

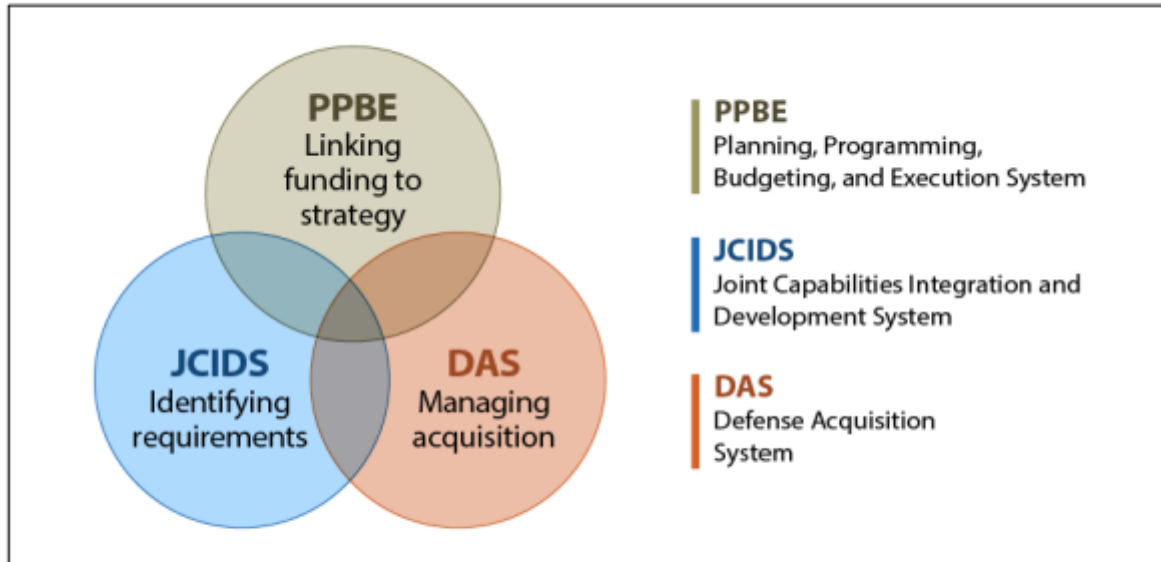
According to Congressional Research Service, the PPBEES is a cyclic process containing four distinct, but interrelated phases: planning, programming, budgeting, and execution. In addition to establishing the framework and process for decision making on future programs, the process permits prior decisions to be examined and analyzed from the viewpoint of the current environment (threat, political, economic, technological, and resources) and for the time period being addressed. The ultimate objective of PPBEES is to provide operational commanders the best mix of forces, equipment, and support attainable within fiscal constraints.



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Figure 1. DOD Decision-Support Systems



Source: Figure created by CRS based on DOD, *Defense Acquisition Performance Assessment Report*, February 2006, p. 4, archived at <https://www.airforcemag.com/PDF/DocumentFile/Documents/2006/DAPA-Rpt-012706.pdf>.

Notes: JCIDS is Joint Capabilities Integration and Development System; PPBE is Planning, Programming, Budgeting, and Execution; and DAS is Defense Acquisition System.

Figure 1: DOD Decision Support System

In the evaluation phase of PPBEES, programs are rigorously assessed to determine their effectiveness and impact. This evaluation provides crucial insights into the success or shortcomings of implemented initiatives. Decision-makers rely on this data to inform future resource allocation, program adjustments, and strategic planning. By analyzing program outcomes, decision-makers can make informed choices to optimize resource utilization and improve program performance. The evaluation phase plays a pivotal role in fostering accountability, transparency, and evidence-based decision-making within the PPBEES framework.

Key Performance Indicators (KPIs) are a type of measure used to evaluate an organization's performance against its strategic objectives. KPIs help to cut the complexity associated with performance tracking by reducing a large amount of measures into a practical number of 'key' indicators.

KPIs are essential for monitoring the performance of companies, departments, or individuals in relation to specific targets or goals. They are a reliable measurement tool, aiding decision-making and offering valuable insights into efficiency and productivity. KPIs can be categorized into various types based on their focus and relevance (financial, operational, customer, quality...).

Effective use of KPIs requires selecting indicators aligned with organizational goals, regularly tracking and analyzing data, and using insights to drive continuous improvement and informed decision making.

Performance measurement is essential in program evaluation as it provides quantitative data to assess the effectiveness and efficiency of interventions. It allows stakeholders to track progress, identify areas for improvement, and make informed decisions about resource allocation. Moreover, it facilitates accountability by demonstrating the impact of programs on intended outcomes and enables comparisons across different interventions or time periods. Overall, performance



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measurement enhances transparency and informs evidence-based policymaking, ultimately leading to more impactful and sustainable programs.

Key Performance Indicators (KPIs) are quantifiable metrics used to evaluate the success of an organization, department, or individual in achieving specific objectives. Lagging indicators are retrospective measures that assess past performance, such as revenue, profit, or customer satisfaction scores.

Leading indicators are predictive metrics that provide insight into future performance trends, such as customer retention rates, employee engagement scores, or new product adoption rates. Both types of indicators are essential for comprehensive performance evaluation and strategic decision-making.

Elements of Key Performance Indicators (KPIs)

Specificity: Clearly defined to focus on particular aspects of performance

Measurability: Quantifiable and allow for objective assessment over time

Achievability: Realistic and attainable within organizational resources

Relevance: Aligned with strategic objectives and critical to organizational success

Timeliness: Offer timely information for prompt action and decision-making

KPIs play a crucial role in evaluating performance by providing quantifiable measures of success against predefined objectives. They help identify trends by tracking performance over time, revealing patterns and deviations that require attention.

Additionally, KPIs inform decision-making processes by offering actionable insights based on real-time data, enabling organizations to make informed choices to optimize performance and achieve strategic goals.

KPIs serve as valuable tools for evaluating decision processes across various organizational functions. In strategic planning, KPIs can assess the effectiveness of strategic initiatives by measuring progress toward long-term goals, such as market share growth or revenue targets. In resource allocation, KPIs provide insights into the efficiency and effectiveness of resource utilization, helping identify areas of over or underinvestment. For risk management, KPIs track key risk indicators to assess the likelihood and impact of potential risks, enabling proactive mitigation strategies.

By aligning KPIs with decision-making objectives, organizations can evaluate the success of decision processes, optimize resource allocation, and mitigate risks to achieve strategic objectives effectively.

KPIs provide insight into the effectiveness of decision processes in various organizational functions, helping companies make informed decisions to achieve their strategic objectives.

Decision Process	KPI	Description
Strategic Planning	ROI (Return on Investment)	Measures the profitability of strategic investments relative to their cost. A higher ROI indicates more effective strategic decisions.
Resource Allocation	Time-to-Market	Tracks the time taken to develop and launch new products or services, reflecting the efficiency of resource allocation decisions.
Customer Engagement	Customer Satisfaction Scores	Gauges customer perceptions of products, services, or experiences, reflecting the effectiveness of decisions related to customer engagement and service delivery.

Table 01: Examples of KPIs



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3. KPIs used in the evaluation phase

In the evaluation phase of the Planning, Programming, Budgeting, Execution, and Evaluation System (PPBEES), Key Performance Indicators (KPIs) play a crucial role in assessing the effectiveness and efficiency of various processes and activities. The evaluation phase typically involves three main sections:

Performance evaluation KPIs are vital for assessing the effectiveness and efficiency of programs and projects within the PPBEES framework. These KPIs provide insights into the achievement of objectives, the quality of deliverables, and the overall impact of activities.

Two key categories of performance evaluation KPIs include process metrics and outcome metrics, process metrics focus on measuring the efficiency of workflows and procedures, such as cycle time, error rates, and adherence to standards. These metrics help identify areas for improvement in processes and resource utilization.

Outcome metrics, on the other hand, assess the tangible results and impacts of programs and projects, such as customer satisfaction, revenue generation, and market share. Outcome metrics provide stakeholders with a holistic view of the value created by activities, guiding decision-making and resource allocation.

Additionally, performance evaluation KPIs often include benchmarks and targets against which actual performance is compared. Establishing clear benchmarks and targets enables stakeholders to monitor progress and identify deviations from expected outcomes.

KPIs also facilitate performance reporting and accountability, ensuring that stakeholders are informed about the effectiveness of programs and projects. By leveraging performance evaluation KPIs, organizations can drive continuous improvement, optimize resource allocation, and enhance the overall efficiency of operations within the PPBEES framework.

Performance documents: Performance monitoring and evaluation require, to be of value operational, sufficient structured computerization validly allowing the establishment of projects, decision-making and exchanges and comparisons between various public policy stakeholders.

For that, Tunisia for example in its budget management system by objectives (BMBO: it is similar to PPBEES) uses Annual Performance Projects (APP) and Annual Performance Report (APR), they are a documents which contains KPIs that used to measure performance result for each program or sub program:

The annual performance plan (APP): is designed to better reflect the results of the public action, based on a model drawn up by the BMBO unit and the working group on program management based on performance.

The APP contains indicators aimed at monitoring the dimensions of performance of a program relating to:

- Management efficiency.
- The quality of the services provided to the user.

The annual performance report (APR): the ministries drew up the annual performance report at the end of management, and justify the non achievement of objectives fixed.

The APP and the APR are presented according to an identical structure in order to facilitate reconciliation of documents. As important as the presentation of the results, the analysis and interpretation of these: explanation of the differences between objectives (or targets) and achievements, weight of the context, new action levers to be mobilized.



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In addition to performance documents, there is performance tools that enable to track and check activities such as:

IS Performance: The head of the mission and The program manager needs to have a dashboard merging the operational results of the structures in charge of the execution of public policies, and giving him the possibility of an instantaneous follow-up of the evolutions relating to the strategic results of the mission and program at which he is accountable.

Enterprise Resources Planning :(ERP): The ERP aims to standardize the state financial IT system and to comply with the new provisions introduced by the LOB (organic budget law promulgated in February 2019). Concretely, it is a question of simplifying a very heterogeneous existence, grouping several applications by an information system which allows an integrated financial management.

INJEZ: The program manager needs to have instantaneous information about the projects which are inscribed in the (APP). This system can provide an instant report on the financial and physical realization of the projects.

All these documents and tools contain performance KPIs that enable decision-makers to take the good decisions in the good time.

Financial evaluation KPIs are essential for assessing the fiscal aspects of programs and projects in the PPBEES evaluation phase. These KPIs provide stakeholders with insights into budget utilization, cost management, and the financial performance of activities.

Two primary categories of financial evaluation KPIs include budgetary metrics and cost-efficiency metrics. Budgetary metrics focus on tracking budget allocations, expenditures, and variances, ensuring that resources are used in accordance with financial plans. Examples of budgetary metrics include budget utilization rates, expenditure trends, and adherence to budget constraints.

Cost-efficiency metrics measure the effectiveness of resource utilization in achieving desired outcomes. These metrics include cost per unit of output, cost per beneficiary served, and cost per outcome achieved. Cost-efficiency metrics help decision-makers identify opportunities to optimize resource allocation and improve the cost-effectiveness of programs and projects. Moreover, financial evaluation KPIs often includes ROI (Return on Investment) analysis and cost-benefit analysis results..

These financial KPIs provide stakeholders with insights into the financial performance and sustainability of programs and projects, guiding investment decisions and resource allocation.

Strategic evaluation KPIs focus on assessing the alignment of programs and projects with organizational goals, mission, and strategic priorities. These KPIs provide insights into the contribution of activities to the achievement of strategic objectives and the overall success of the organization.

Two key categories of strategic evaluation KPIs include alignment metrics and impact metrics. Alignment metrics measure the extent to which programs and projects align with strategic priorities and objectives. Examples of alignment metrics include the degree of alignment with strategic plans, the relevance of activities to organizational goals, and stakeholder engagement levels.

Impact metrics assess the tangible outcomes and benefits generated by activities in support of strategic objectives. These metrics include market share growth, customer retention rates, and the attainment of strategic milestones. Impact metrics help stakeholders gauge the effectiveness of programs and projects in driving organizational success and competitive advantage.

Additionally, strategic evaluation KPIs often include indicators related to innovation and stakeholder engagement. Innovation metrics measure the level of innovation within programs and projects, such as the number of new products or services developed, patents filed, or process improvements implemented. Stakeholder engagement metrics assess the degree of involvement and satisfaction



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among key stakeholders, including customers, employees, and partners. These KPIs help organizations understand their competitive position, identify opportunities for innovation and growth, and enhance stakeholder relationships.

By leveraging strategic evaluation KPIs, organizations can ensure that resources are allocated in alignment with strategic priorities, driving sustainable growth and long-term success.

4. Conclusions

In conclusion, Key Performance Indicators (KPIs) serve as indispensable tools in the evaluation phase of the Planning, Programming, Budgeting, Execution, and Evaluation System (PPBES). Across three crucial sections—performance evaluation, financial evaluation, and strategic evaluation—KPIs offer quantifiable metrics to assess the effectiveness, efficiency, and alignment of programs and projects with organizational objectives.

In the performance evaluation realm, KPIs enable stakeholders to gauge the success of activities by measuring operational efficiency and outcome achievement. Financial evaluation KPIs provide insights into budget utilization, cost-effectiveness, and the overall financial health of initiatives. Meanwhile, strategic evaluation KPIs focus on assessing alignment with organizational goals, innovation impact, and stakeholder engagement.

Through the judicious application of KPIs, decision-makers can make informed choices, optimize resource allocation, and drive continuous improvement within the PPBES framework. By leveraging these metrics, organizations can ensure accountability, transparency, and strategic alignment, ultimately fostering sustainable growth and long-term success. Thus, KPIs stand as indispensable instruments in the evaluation phase of PPBES, guiding organizations toward their desired outcomes and strategic objectives.

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