

Little Hoover Commission Hearing
“Building a Strong Management Workforce in State Government”
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Testimony

My comments will rely heavily on examples from the California Department of Parks and Recreation within the larger context of state government, since that is where I spent my civil service career.

1. Hiring, compensation and promotions.

The current personnel structure in California state service *can* provide opportunities for executive benefits, including compensation, but it is managed with little flexibility and is subject to tampering as administrations change.

During the administration of Governor Pete Wilson, the “mood” of the Administration was one of accountability, and with that accountability came the ability to innovate and apply managerial techniques then common in private industry. For example, State Parks expanded its use of the Career Executive Assignment (CEA) to our 23 District Superintendents. Both the Department of Personnel Administration (DPA) and the State Personnel Board (SPB) approved that change. This afforded Parks tremendous flexibility in rewarding strong performance since the CEA classification allows for salary increases above structured compensation levels. While money is not the only motivator, it is certainly a strong one. There is a regulatory system in place which prevents agency abuse of this incentive since departments are held to salary caps based on the total CEA compensation.

With the election of Governor Davis, union concerns over potential erosion of the civil service merit system brought about a change in direction. The SPB required that State Parks re-institute the District Superintendent classification as quickly as possible, and terminate the use of CEAs at that level. This is what I meant by tampering. The regulations over the use of CEAs didn’t change. The political climate did, and that affected the civil service system. The problem is not with the regulations, but in their interpretation and application.

Certainly flexibility can be abused; but with appropriate accountability, it is a wonderful tool. Rigidity within personnel systems stifles innovation, other than the creative attempt to find ways in which to circumvent those systems.

2. Skills of effective public sector managers.

The skill sets required to be a good public sector manager are no different than the skill required of good private enterprise managers. Good managers motivate well; poor managers motivate poorly. There are tremendous resources available to executives and managers with regard to training. The real key is making a commitment to identify the training requirements associated with the gap between the core competencies required within an agency, and those possessed by individuals within that agency. Then find the resources. During a major reorganization within State Parks necessitated by severe budget reductions coupled with an overly bureaucratic structure, we *increased*, not decreased the training budget. In times of major change, training (new learning) becomes imperative.

3. Authority, autonomy and accountability.

There can not be true managerial accountability if there is no organizational accountability. I've been a proponent of performance measurement and management, as well as performance-based budgeting in government for more than a decade now. Without organizational measures tied to governmental programs by which the Administration and the public can gauge results, how do you hold management accountable? Risk is not encouraged. Often, risk is punished. I don't know how to take calculated risks without measures to calculate. Performance goals, when set, are set arbitrarily if there is no true measurement system. Decisions are based on "experience" which, without data, is not relevant.

State Parks was a member of California's Performance-Based Budget initiative. While the initiative failed, State Parks success was noted and rewarded. We developed performance measures for all of our core programs. Managers had contracts based on their piece of the pie in this measurement system. These contracts were tied to their personal personnel evaluations, and through the CEA process I already mentioned, to their pay. They were given tremendous authority to find innovative ways to succeed in their service to the public. Decentralizing authority to the lowest reasonable level provides for greater public responsiveness. The metrics tied to the contracts were reported quarterly so that at the highest executive level adjustments could be made if there was an issue. Poor performance was not necessarily based on poor management. It could be explained by other factors, but the manager had to articulate it based on performance data, not arbitrary dialogue. State Park managers appreciate the authority to manage efficiently, and with that authority comes accountability.

4. Relationship between political leaders and career civil servants.

Most career civil servants I have met at the highest managerial and executive levels are competent administrators. They know how to run effective programs. They know what it takes to succeed. They owe their allegiance to their agency and to the State. Political leaders -- exempt appointments -- owe their allegiance,

and rightly so, to the elected administration. The people of California elect governors based on their agendas, and those serve as mandates to incorporate the agendas into government. All of that said, a successful marriage can exist between career and political executives as long as there is continuity at the top. State Parks has very high level (Deputy Director level) CEAs. These individuals provide continuity between administrations, as well as providing new appointments with operational detail. These individuals have an *obligation*, prior to an election, to strategically plan scenarios which will be carried out after the election. They also have the obligation to support the new Administration. That is the key to striking the appropriate balance between control and consistency, and providing for change.

5. Passion for public service.

This is a tough one for me because I came from an organization which attracts passionate people. But maybe they all do. I know of few managers in state government that are not committed to service. In fact, when the playing field is level, I believe public servants in general are every bit as good as their counterparts in the private sector. Motivating performance means honestly caring about your workforce, and all that that implies. Effective training, a rewards system based on performance, a focus on problems in processes and in the system rather than on personnel problems, and a focus on the importance of the Mission of public sector agencies – all of this helps ignite passion. And passion does help with organizational effectiveness. Low morale organizations are costly organizations. High morale organizations are efficient.

Mission to Measurement

By

Denzil Verardo, Ph.D.

California State Parks transitioned from a stereotypical government bureaucracy to one with an award-winning performance management and measurement system. This system, with its heavy emphasis on the needs and wants of the customer, allows executives and managers to place or shift organizational resources to programs or projects that return the greatest value.

Introduction

The Mission of the California Department of Parks and Recreation (also called California State Parks), "is to provide for the health, inspiration, and education of the people of California by helping to preserve the state's extraordinary biological diversity, protecting its most valued natural and cultural resources, and creating opportunities for high-quality outdoor recreation." Since its origin in 1902 the Department witnessed growth, organizationally as well as physically, commensurate with California's population growth.

As the California Department of Parks and Recreation entered the 1990's, it consisted of some 285 parks comprising 280 miles of coastline, 625 miles of lake and river frontage, nearly 18,000 campsites, and 3,000 miles of trails on 1.3 million acres of land. Cultural holdings include 2.7 million artifacts in 1,445 historic structures. Annual attendance exceeded 70 million visitors. California State Parks represent the most diverse natural and cultural heritage holdings of any land management agency in California.

Due to an economic downturn in the state's economy the new decade saw a California governmental structure that could not be supported by a weakened tax structure and the resulting decline in revenues. The challenge for the California Department of Parks and Recreation, one of the agencies which relied on those dwindling dollars, was how to cope with the needed expansion and maintenance of a system that a burgeoning population demanded, while ensuring that those resources were available for future generations -- unborn "customers" of a system in whose name the park service held its resources in trust.

What follows are the strategic concepts in the conversion of California State Parks from a bureaucratic decision making system to one which is customer focused and performance measured. These concepts serve as a formula for governmental success. While the formula does not require a crisis as a catalyst, it does require leadership dedicated to the public good.

Restructure to put “Authority” Close to the Customer

Through the years, the California Department of Parks and Recreation had emulated the centralized "bureaucratic" hierarchy so common in government. Far from being efficient, the resultant layers of reporting relationships were also expensive to maintain. The “customer” was a great distance organizationally, from authority, which resulted in inflexible policies and rules and poor customer complaint resolution practices. A cross-functional team, the Phoenix Committee, symbolically named after the mythical bird that rose from its own ashes, was formed to look at the Department's organizational structure.

The Phoenix Committee was actually quite simple: simplify the reporting relationships within the DPR and make recommendations for change. It was made clear that any changes recommended by this cross-functional team in the way that the Department was to carry out its managerial responsibilities would be implemented -- a true "reinventing" of the Department of Parks and Recreation.

Originally, state parks were organized into fifty-five districts which reported to five regions, these regions in turn reported to the State Capitol headquarters chain-of-command in a traditional bureaucratic fashion. As a result of the Phoenix Committee recommendations, park districts were consolidated down to twenty-three, and the five regions were eliminated completely. The districts now report directly to a streamlined headquarters operation. Two resource service centers, one in the northern and one in the southern part of California, were created and staffed with specialists who could better meet district and resource needs by being closer to the issues at hand. The number of resource specialists, such as ecologists, were increased to allow their placement directly in a district operation. Restructuring also reduced the potential for park closure, and prevented the lay-off of field employees who directly served the visitor.

District Superintendents and departmental managers were given broader authority to manage their units while being held accountable for maximizing revenue through the practice of sound fiscal management. Instead of levels of approval for even the most routine determination, these managers were delegated the authority to make any and all operational decisions within the scope of their duties. Already known for their service, park employees such as rangers, lifeguards, and maintenance workers were, at the same time, directed to give renewed emphasis to "customer" expectations as critical to the future of the California State Parks. Administrative support to those front-line employees was geared toward meeting their internal customer's needs.

This consolidation of districts, decentralization of resource specialists, flattening of the organizational structure, and renewed customer focus, transformed the Department in such a way that quality management applications could be effectively integrated into the "culture" of the organization.

While businesses in the private sector had undergone similar transformations, the number of public agencies which had looked at the efficiency of their operations and which had *actually* implemented structural

improvements had been few and far between. There is little motivation in government for truly efficient operations, and in fact major structural changes can have a negative side effect for the agency if the political implications are not worked out in advance. When budget reductions occur in government, they traditionally occur "across the board" regardless of any efficiencies one agency may have introduced over another. However, with proper administrative and legislative support, and with budgetary stresses providing a degree of motivation, efficiency can be achieved in spite of the opposing pressures to leave the traditional governmental bureaucracy in place.

Implement Modern Business Practices & Adopt a Common Business Language

Concurrently with the restructuring efforts of the Department, modern business practices, at the time known as Total Quality Management (TQM), were adopted. Customer feedback, data collection and analysis, a continuous improvement system, team problem solving approaches, and systems thinking coupled with employee empowerment became the framework for the new management structure.

Customer Feedback

Customer feedback provides one method of determining the needs of the visitor. In California State Parks, visitors now give feedback formally through specially developed, measurable instruments, to the organization. Care is given to avoid mere satisfaction surveys which do not statistically correlate importance with satisfaction and thereby do not yield a measurable result on which decisions can be based and action taken. Employee -- internal customer -- surveys follow the same model. While customer driven quality is a foundation within the Department's management system, California State Parks was, and is, driven by influences other than the customer's expectations. The needs and demands of the State Legislature, the regulations imposed by state control agencies, and the essential "public-ness" of the government arena are examples of forces that impact customer driven quality decisions. Unless carefully and skillfully managed, these forces could pose a threat to the creative interaction necessary to institute change. However, even within that context, the voice of the customer is California State Parks most important influence.

Data Collection

Data collection is another important feature inherent in State Parks quality management implementation. Customer feedback was one source of data but, problem solving and sorting, eliminating the causes of problems and inefficiency, monitoring the progress of improvement, were other areas which also required the Department to collect valid data upon which to base decisions. So often, government agencies collect information, but not the type of data which would actually focus on a specific problem so that it can be mitigated or "fixed," and certainly not the data upon which continuous improvement could be based.

Continuous Improvement

Continuous process improvement is fundamental, and the method by which to identify these processes and select those which need improvement is taught to State Park employees. Government process improvement is not an oxymoron! Decentralizing decision making authority and centralizing process management allows for simplification and standardization of administrative processes while increasing flexibility. The elimination of unnecessary reporting levels in itself speeds up government; process management with an eye toward simplification supports and enhances that approach.

Team Approach

In TQM, problem solving utilizes team approaches. Of all governmental entities, resource agencies are especially good candidates for widespread use of team problem solving using the specific scientific approaches. California State Parks is not unique among governmental bodies in having a variety of resource specialists and managers who, when a problem is identified, all have a piece of the solution. By carefully selecting a true team of individuals to apply tools in a problem solving process, solutions are developed with a degree of accuracy and thoroughness not possible without such an approach.

Another type of team approach involves "partnerships" with our stakeholders, which have been developed where they did not before exist. Increased public sector agreements such as memoranda of understanding with governmental control agencies for more decentralized decision making; increased public partnerships with other government agencies such as the National Park Service; increased emphasis on private partnerships such as concession operations, corporate donations and joint, mutually-beneficial projects -- all have been explored and, those partnering possibilities that bore fruit, implemented. The California Department of Parks and Recreation even became one of four state government agencies to embark as a pilot program for performance based, rather than line item, budgeting -- a partnership with the Department of Finance, the State Legislature and the Department.

Systems Thinking

One of the more important concepts in TQM is the "total" part of Total Quality Management. Total implies the involvement of all sections within an organization. The cooperation of many parts of an organization to solve problems, to work together and resolve issues, to achieve continuously improving levels of quality for the customer, is essential to meet any agency's goals, let alone its mission. Working together for the common good -- systems thinking -- to achieve the mission and vision of the Department required a change of internal culture; one we are committed to achieving both for effective performance management.

Empowerment

Employee empowerment, the ability to effect change within an employee's sphere of influence as well as the ability to collaborate to "fix" problems, is important to the Department. Empowerment is a powerful word, and an even more powerful concept. Empowerment is easy to describe but requires commitment to practice. Creating an atmosphere which enhances employee self-esteem, while having staff take personal responsibility for an agency's success, leads to a quality organization. California State Parks has encouraged employees toward empowerment; to take responsibility for their own actions.

Balance Equity With Efficiency

Focus on the customer, data collection for problem solving, the concept of continuous process improvement, team problem solving with attention to results, and systems thinking, leading to employee empowerment are important concepts. However government agencies in general must keep another important concept before them in their quest for maximum efficiency and responsiveness. That concept is equity. Equity is more important than efficiency. Modern business strategies are geared toward efficiency. Decisions made are based on customer-driven input and data within a structure that can quickly react to a changing environment. But no matter what the impact on the organizational structure, California State Parks has a responsibility to be equitable rather than efficient, *if* that is the choice. Equal access to parks for all people, or protection of irreplaceable resources for future generations, regardless of economic or other pressures, are issues of equity which are inherent in the organization's mission, and are not violable by the concept of efficiency. All government organizations deal with equity issues. Unfortunately, issues of equity are often used as an excuse not to be efficient thereby weakening the ability of government to modernize its management processes.

Cultivate Human Potential: Train Continuously

When budgets are reduced and the economy tight, training becomes a target for reduction when in fact just the opposite should occur. Coping with change, whether societal, environmental, or political, requires constant training by the agency and learning by the employee. In order to implement the enumerated changes, California State Parks increased its commitment to training even while its overall budget was under reduction.

Create a Vision

California State Parks began with its mission and values, and created a vision based on a realistic projection of that organization's desired future state. This "visioning" was a necessity in order to build a performance measurement system geared toward achievable results. The application of measures without vision can result in some operational efficiencies, but that application certainly will not have any long-term substance or quality improvements. A vision

realistically projected and based on mission is an essential element in performance managed systems. The future of California's resources under the stewardship of California State Parks, the plight of the Department within the economic context of California, and numerous other factors by which to place the context of the Department within a planning framework, were all explored during visioning and the end-result published under the title *The Seventh Generation*. "In our every deliberation, we must consider the impact of our decisions on the next seven generations," from the Great Law of the Iroquois Confederacy, became a fitting statement of vision in California State Parks transformation from bureaucratic to performance managed decision making.

Plan Strategically

Strategic planning was begun by taking the Mission of the Department and identifying core programs. "What is your business and who do you serve?," is the critical question which should be addressed in a mission statement. If addressed properly, core programs or business values are more obvious than in a generic statement of mission. For California State Parks those core programs are resource management, education & interpretation, facilities, public safety and recreation.

This first strategic plan was a "top-down" plan, although it did take field input into account, because accurate measures had not been fully developed. Over time the planning process became a "bottom-up" data-driven strategic plan. While supplying a blueprint for Department operations, strategic plans are just that, strategies for the future. As the needs of the organization change, the strategic plan, or portions of it, change in order to meet progress toward the vision.

Performance Managed Strategic Planning (PMSP) is the application of measures, based on the identified core programs, to assess desired results or outcomes inherent in the strategic plan. Performance management is the use of valid statistics, data and measures by which to make decisions based on documented organizational performance. Change can not be managed if it is not measured.

Establish Measurement Systems

Performance measurement is an integral part of performance management, linking agency mission with data driven decisions. Performance measures are indicators of the degree to which an agency is meeting its stated desired outcomes. Without measures, some baseline or yardstick of how an agency is performing, management is relegated to decision making based on "best guesses," sometimes also called experience. In government, experience is only maximized when there is sufficient measurable data by which to make a management decision. There are numerous types and levels of measures. The measures discussed in this essay refer to the highest level organizational measurements, and not internal process measures, which have a place of their

own. They are measures which determine the degree to which an agency is meeting its stated mission.

Once California State Parks defined its major activities, or core programs, within the context of its strategic plan, the difficult work of selecting and developing the right measures was begun. Often agencies identify the correct outcomes or goals, but then measure them the wrong way. The work of developing organizational measures has been discussed in numerous professional papers and journals and will not be repeated here. However, for the purpose of this paper suffice it to say that California State Parks selected, tested, kept, discarded, reselected and ultimately refined measures which would, as accurately as possible, serve as tools by which to assess the stated desired outcome of a core program, measure customer satisfaction, and provide meaningful data by which to make decisions.

Assess and Evaluate Organizational Progress

There are many ways to assess and evaluate progress, but few evaluation tools provide a standard means by which to chart progress both internally, as well as with best-in-class organizations, based on a “balanced scorecard” approach. California State Parks chose the Malcolm Baldrige National Quality Award Criteria as its evaluation tool because it allowed internal comparative analysis and a universally accepted method by which to interpret results and improve organizationally. It also reflects a balanced approach to organizational measurement. Whatever the tool, evaluation and assessment of progress is critical to government agency effectiveness.

Conclusion

California State Parks transition from the image of a stereotypical bureaucracy to one which measures its performance relative to customer expectations was achieved through the development of a performance management system. This system relies heavily on the decentralization of authority and the centralization of process management through standard organizational performance measures. By following a set of strategic concepts, government can both change and more effectively carry out its mission.

KEY POINTS PARAGRAPH

California State Parks transitioned from the image of a stereotypical bureaucracy to one which measures its performance relative to customer expectations. This transition was accomplished by following a set of strategic concepts including:

- Restructure to put “authority” close to the customer
- Implement modern business practices & adopt a common business language
- Balance equity with efficiency

- Cultivate human potential: Train continuously
- Create a vision
- Plan strategically
- Establish measurement systems
- Assess and evaluate organizational progress

Note:

California State Parks received the Baldrige-based 1997 California Quality Award™ as “Best in Class” in the Government category.

California State Parks received the 1999 Capital Region Best Practices Award for Strategic Leadership. The Best Practices Awards program is sponsored by Arthur Andersen.