

Prioritizing Your Values

Avoiding Slash and Burn in an Economic Downturn

■ BY KIMBERLY OLIVARES

Budgeting is just as much about values and priorities as it is about dollars. In times of fiscal distress, however, we often ignore those principles in favor of just getting the budget balanced. But in times of fiscal stress, it's even more important for governments to communicate their priorities and values to improve budget transparency, demonstrate fairness, and help justify difficult decisions. In this section, we will look at practical strategies to help you prioritize your organization's values and develop a framework to make those tough decisions and communicate them to those who are most affected.



Performance Management and Lean Keep the City of Austin on the Road to Continuous Improvement



One of the most exciting changes the City of Austin, Texas, has made over time has been instilling a performance management approach throughout the organization as we strive for continuous improvement. It has put the city in a much better position now and for the future.

Among the core components of performance management is making sure that the city has clearly defined strategic goals for the organization overall and that departments and teams align their programs and services accordingly. To assess achievement of the goals, performance measurement shows what is being done well and what isn't, and those data are used in performance and process improvement strategies, along with other data sources, to create objectives that the organization can rally around. Performance management can also provide focus and objectivity for making difficult decisions, so leaders aren't simply facing a huge list of questions.

Research conducted within the City of Austin organization in 2017 found four areas that needed to be addressed. There was a lack of clear, shared, citywide priorities; a shared sense that the city wasn't dealing with critical issues that would determine its future; a challenge in providing effective governance; and inadequate feedback and learning loops. To address these concerns and create a single playbook for the entire organization, the city created Strategic Direction 2023 (SD23).

Adopted in 2018, this plan lays out six strategic outcomes for the next five years. It uses an outcome-based approach to setting priorities and budgeting that enables the City to address multiple time horizons, assess performance more thoughtfully, and improve community outcomes.

Structure and focus

To support its strategic plan and related initiatives, Austin's Performance Management team, which is within the Center of Excellence and Innovation, includes three main work units: Administration and Change Management, Performance ATX, and Operational Excellence (OpEx). [This team was previously known as the Office of Performance Management, but it recently formed a partnership with the Office of Innovation to create the newly formed Center of Excellence and Innovation.]

1. Administration and Change Management

focuses on organizational culture related to the city's strategic plan, change management, and strategic professional development. It ensures employees throughout the organization understand what the strategic plan means and how each individual contributes to it.

2. Performance ATX is responsible for strategic plan implementation and organizational alignment. It manages the city's performance measurement program and leads large-scale data analytics and reporting efforts.

3. Operational Excellence is the city's Lean consulting team. It is in charge of collaborative partnerships, building the organization's improvement capabilities, and coaching. When the city takes on an improvement project, it also teaches everyone involved the why behind it.

The Strategic Direction 2023 plan was created as a framework for executive leadership to use in making operational and budgeting decisions in support of achieving the vision established in the Imagine Austin Comprehensive Plan. The city hadn't had an organization-wide strategic plan since the early 2000s. Austin had also experienced some fairly significant changes in leadership as the structure of the city council shifted from seven elected at-large members to 11 members, 10 of whom are elected by district, and the mayor, who is elected at large.

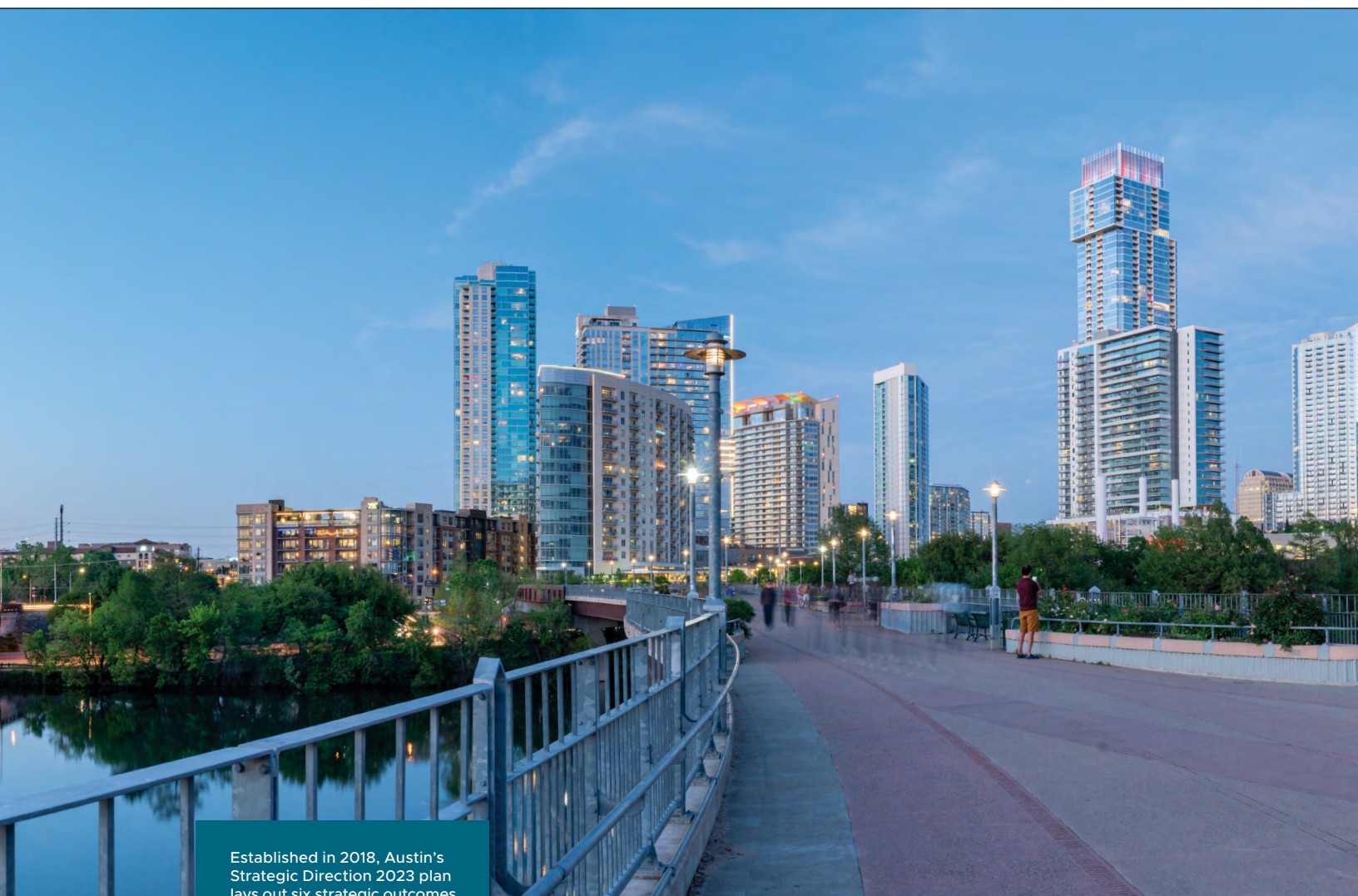
When that first council was elected, only one member had served on the previous council. Soon after, the city manager left the

organization, which led to a long period of interim and acting roles at different leadership levels. We needed something to bring the organization together and provide more direction as we dealt with all the changes.

To develop SD23, Austin started with the vision statement included in its Imagine Austin Comprehensive Plan, that Austin be a "beacon of sustainability, social equity, and economic opportunity..." This had to be the driving force behind the strategic plan. Then, through two workshops, the city council and executive team jointly agreed on six strategic outcomes: Economic Opportunity and Affordability; Mobility; Safety; Health and Environment; Culture and Lifelong Learning; and Government that Works for All. They also selected a series of indicator categories to guide development of related performance measures. Following these two workshops, teams of city employees were established to carry out the complete development of each outcome, under the leadership of an executive-level sponsor. It was important that employees play such an important role, as it has greatly supported buy-in by the rest of the organization.

To begin their work, each of the outcome teams reviewed in detail the city's extensive catalog of master plans and program-specific strategic plans to gain insights into community needs and to ultimately integrate that information into cohesive result-driven strategies. They also did field research to better understand the lived experience of our community members. Using the information learned from these efforts and various other resources, the teams completed a series of milestones for each outcome, including developing challenge statements (a diagnosis of problems and challenges in the community), performance measures, and strategies. Throughout the process, the teams took part in department director summits to serve as touchpoints with city executives and department leadership. Ultimately, they presented and received feedback on each deliverable through strategy workshops with council and executive leadership.

Because the council had been included throughout the entire process, there were minimal amendments by the time we reached adoption day.



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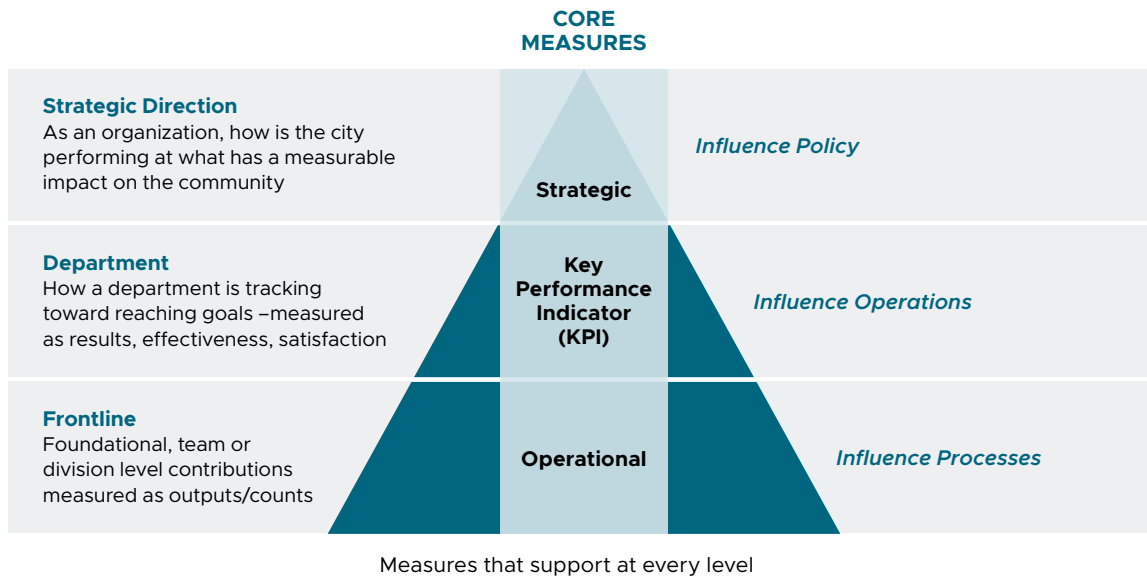
They had played a critical role at each stage of the plan's development and were given numerous opportunities to ensure their priorities were clearly present in the document.

After adopting Strategic Direction 2023, the organization quickly put it into action. First, the city council prioritized its top 10 indicators from the plan to provide clear direction on where they wanted staff to concentrate resources in the upcoming budget. In addition, the then-newly appointed city manager completely reorganized his leadership team so all of his assistant city managers would be directly aligned with the outcomes laid out in the plan. The Performance Management team also quickly went to work in developing a foundation for strategic alignment that would support the council and executive leadership in their decision-making.

Putting plans into action

The city had long used an annual business planning process to develop department missions, goals, and performance measures. The performance measure program had been in place since the late 1990s and it, along with the business planning process, had become stagnant. After SD23 was adopted, we recognized the need to refresh and rebrand the process to more closely align with the strategic plan and address current needs. We developed the Department Compass, which not only establishes department missions and goals but also a complete catalog of work and ensures clear alignment with SD23. The combination of strategic alignment and performance measures allows the city to make decisions about what it will and won't do in a more objective manner.

EXHIBIT 1
COA STRUCTURE OF PERFORMANCE MEASURES



- **Mission:** A statement that articulates the desired impact/benefit on residents (or the primary customer of your department's services) and why we exist as a department.
- **Goals:** A definable, desired result that drives both department direction and budget planning. Goals align to internal performance measures as well as elements of SD23—outcomes, strategies, strategic measures—and other city policy.
- **Catalog of Work:** An inventory of all programs and services the department offers to different audiences; also aligned to department goals, SD23, and other city policy.

The refresh of the performance measure program allowed us to more clearly show departments how our measurement types are structured and how they relate to each other. Exhibit 1 shows the pyramid of Austin's performance measures. At the top are the strategic measures from SD23, which directly influence policy decisions. The next layer is department-level key performance indicators that track progress toward reaching their goals, as described above. Finally, at the base of the pyramid are the more detailed,

process-oriented measures that can drive frontline continuous improvement efforts. These types of measures are incredibly useful for engagements facilitated by our Operational Excellence team as they initiate process improvement engagements with departments. Exhibit 2 illustrates the city's Compass Dashboard. The entire organization is able to view each department's mission and goals, all directly aligned with the strategies in the city's overall strategic plan. Each department also provides a goal owner (or more than one) and responsible divisions for each as a way to improve accountability and how often it is measured, as well as a statement of how each goal affects the Austin community. This takes the goals beyond a checklist of important items and establishes a stronger connection to how our work matters.

As previously noted, the catalog of work is an inventory of all the programs and services across the organization. The first iteration resulted in nearly 5,000 entries, ranging from accounts payable, to community policing, to the activities associated with managing water and wastewater plants. By collecting this information, departments are able to see and understand their programs and services in relation to the SD23

outcomes and strategies, legal requirements, audience served, and more. They are also able to see the catalogs of every department, which can drive opportunities for partnerships and more effective allocation of resources throughout the organization. While our budget structure has long had a certain level of detail in terms of programs, it did not have such a comprehensive listing of all the things the city does internally and externally. In times of financial challenge, having this information available to our leadership allows for more objective and comprehensive conversations around the services we provide to the community. To further support these conversations, our team is improving the information collected for each catalog entry to include which funding lines in the budget specifically support them.

The dashboard shows the audience for each service, whether that's another city department or the community. It also shows how each service aligns with SD23, along with a number of other factors such as whether something is a legal

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requirement and if there are partners—and if so, if the service is conducted in partnership with another department or with an external entity. This information can be used to inform conversations about whether a given service should be done by the department currently performing it, or if it's something that might be better shifted to another department or to an external organization.

EXHIBIT 2
FY21 COMPASS DASHBOARD – CATALOG OF WORK

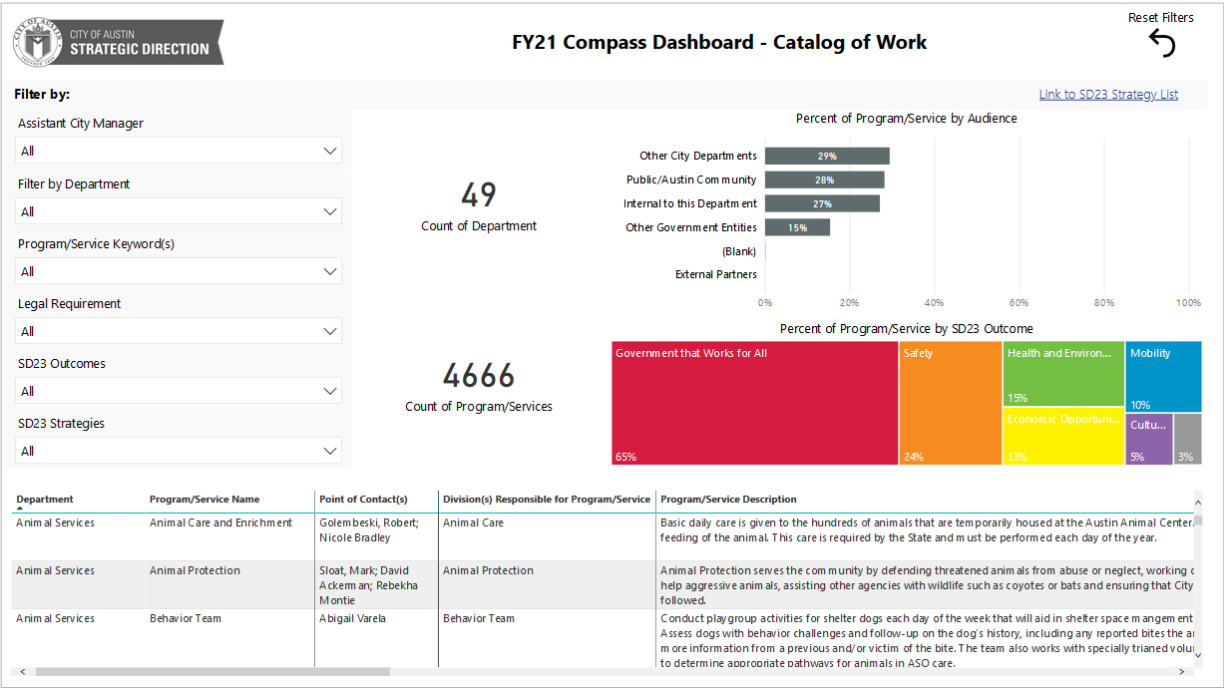
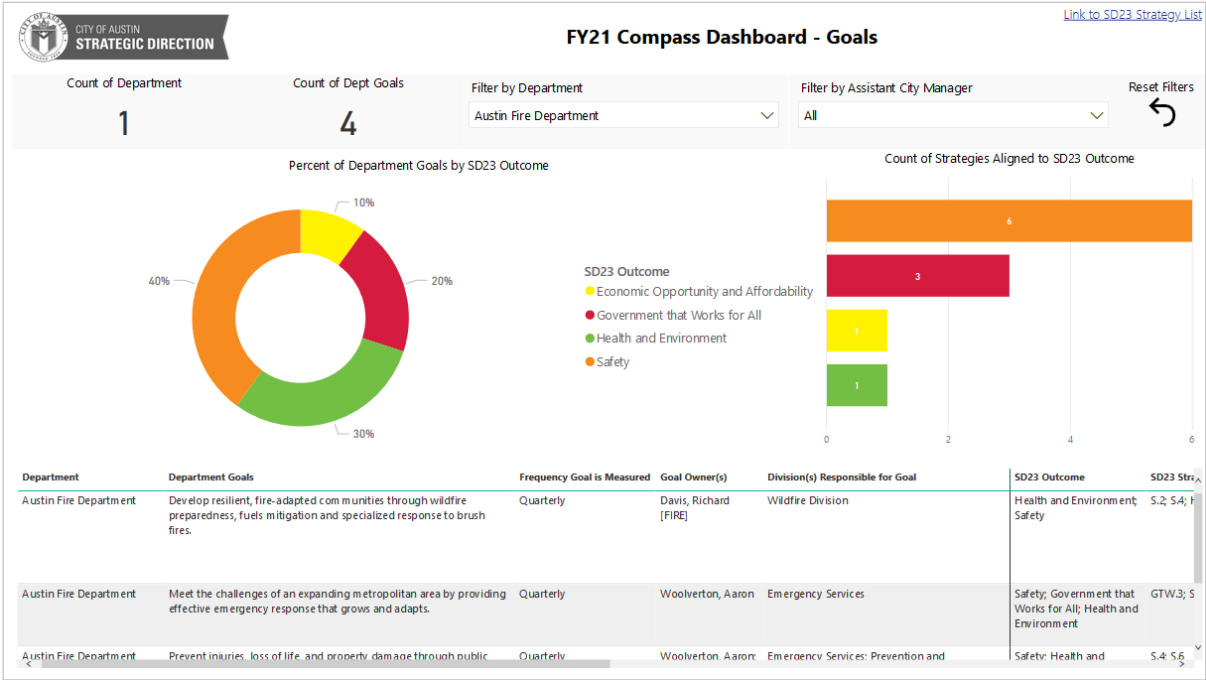


EXHIBIT 3
FY21 COMPASS DASHBOARD – GOALS



Finally, we have done extensive work throughout the organization to build our strategic performance dashboard, where all the measures from SD23 are tracked (see Exhibit 3). Previously, performance measures were reported on through a simple list of the measure name, prior year actuals, and the target for the upcoming fiscal year. There was no room for details about the measures to allow a better understanding of what they mean and how they relate to programs and services. Now, through this dashboard, measures are given extensive context—what they mean, how they’re trending, whether that’s good or bad, and what’s being done to address this. Further, the ability to visualize these data leads to more productive conversations about what directly relates back to the city’s strategic priorities.

A massive amount of work has gone into establishing a strong performance management-focused foundation for the organization in

support of continuous improvement. This work literally comes to life through the efforts of our Operational Excellence team, which is the organization’s Lean team. It focuses on making service delivery easier, better, faster, and less costly. [See Exhibit 4.] But at the core of all of this work is the customer. The Operational Excellence team is driven by partnerships, working with teams to implement systems and practices that help ignite and sustain a culture of continuous improvement. Staff wants to collaboratively solve challenging problems by helping departments identify and better understand the challenges faced in achieving their goals and facilitating problem-solving and sustainable solutions. Their work also revolves largely around process design partnerships, where the team helps improve the experience of both community and staff in defining how outcomes can best be delivered through process design. Governments tend to focus on the experience of residents, and rightly so;



A cross-departmental team worked for six months to develop recommendations to reduce Austin's site plan review process from twelve months to four.

but it is also important to address the experience of the staff member who is implementing that program or service. Not doing so misses out on an important component of that overall service.

Among the many Operational Excellence team engagements is improving the site plan review process. Austin's site plan review process involves 14 departments, and it was averaging approximately one year from beginning to end; before that, it had taken four months. This difference has a huge impact on the development community, which translates into additional costs for developers that get passed down to their residential or commercial customer. The city's goal is to get back to that four-month timeframe. A cross-departmental team worked together for six months to come up with a slate of recommendations to address site plan review.

The recommendations the team made are around issues that are very time sensitive. They're completely redesigning the completeness check process for when a developer brings in its site plan, for example, making sure that a much higher-quality product is submitted initially, which cuts down significantly on the back and forth. They

also looked at ways in which the applicant can more closely monitor the progress of the site plan review and the comments being made so they can address issues more quickly. The team also incorporates continuous improvement with things like daily management tools to help everyone involved see their progress on a daily basis, which keeps both sides from looking at the project six or 12 months down the line and realizing things had slowed down unexpectedly.

Then there's the city's animal services intake. Austin operates a no-kill shelter that takes in approximately 17,000 animals a year. The department asked for the Operational Excellence team's help to rethink the intake procedure, so the team did a complete process mapping to not only redesign the procedure but also rework the way the space is set up to better support the process used to bring these animals in. It resulted in a complete transformation of the space and the process, ultimately saving so much time it became possible to transfer one of the intake employees to another team that needed assistance within the Animal Services Department.

EXHIBIT 4

PARTNERSHIP PROGRAMS

CONTINUOUS IMPROVEMENT PARTNERSHIP

Equipping DIY continuous improvement

- Working with teams to implement systems and practices that help ignite and sustain a culture of continuous improvement.
- Providing guidance from experienced continuous improvement coaches to strengthen learning through practice.

PROBLEM-SOLVING PARTNERSHIP

Collaboratively solving challenging problems

- Helping teams identify and better understand the challenges faced in achieving their goals, facilitating problem-solving and sustainable solutions.

PROCESS DESIGN PARTNERSHIP

Designing processes to improve the experience of community and staff

- Supports teams in understanding the community outcomes they provide, and in defining how they can best be delivered through process design.

EXHIBIT 5

LIBRARY BOOK RETURNS WERE STACKING UP





A final example is one the Operational Excellence team finished recently to improve the process of library re-shelving. With the city's libraries closed because of COVID, we took this time to work with the department and complete a root cause analysis of the problems around circulation at one of the highest-volume branches. As you can see in Exhibit 5, the books are just constantly stacking up as employees try to get them re-shelved and sent back to where they're supposed to go. This analysis led to the library building a data management system that aligns its objectives and creates a better way for staff to measure and monitor their performance. It also makes it possible for them to easily determine the effectiveness of any experimental changes they make to the circulation process.

The Operational Excellence team is also working on a citywide continuous improvement initiative in response to the State of Texas reducing the rollback tax rate from 8 percent to 3.5 percent. It has two overarching objectives: making improvements to policies and processes between corporate groups and departmental counterparts that have equivalent business functions; and implementing best practices and innovative methods. The initiative is focusing on the Human Resources Department, Communications and Technology Management,

Communications and Public Information Office, Financial Services Department, Building Services Department, and Fleet Services. The city hopes the corporate groups emerge as functional Centers of Excellence through this effort. For example, the city has thousands of vehicles used by public safety departments and other department field operations, and we hope to apply new methods of fleet portfolio management that will improve lifecycle costing models and result in significant cost savings.

Conclusion

The performance management functions and tools the City of Austin has put into action are not rocket science. Any organization can adopt them. The challenge is taking that first step to dedicate resources to this work when there are so many competing and important needs. To ensure long-term sustainability of operations, regardless of fiscal conditions, a dedication to continuous improvement is imperative. Devoting a team to overseeing these efforts makes a clear statement to the organization and the community that the city is committed to ensuring it achieves the best possible outcomes for all. ■

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