

Alliance for Innovation Case Study Application
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Managing the People Side While Reducing the Workforce

City of Virginia Beach, Virginia

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SYNOPSIS

Budgeting in a tough economy is a challenge for any City. With rising costs and declining revenues, the Virginia Beach FY10/11 budget required steep cuts for every department and the elimination of 170 positions. How do you retain the knowledge and expertise when there is the potential of losing these individuals? How do you help employees work through the loss of a job or career? How do you help those that retain their jobs but experience a sense of loss? How do you support the staff that has the responsibility to manage these issues?

The City of Virginia Beach has a Reduction-In-Force Policy (RIF) that includes three possible options: invoke lay-offs, utilize the Employee Transition Program (ETP), and/or utilize the Managing Attrition Program (MAP). The City has never resorted to layoffs; through use of the ETP and MAP all affected employees (exclusive of retirees and voluntary terminations) have been successfully placed in alternative positions.

In 2010 the City again utilized the Employee Transition Program (ETP) and the Managing Attrition Program (MAP) to retain employees whose positions were eliminated in the budget process. These programs are administered by the Human Resources Department and were first established in 1991. Recognizing that this year's budget would significantly challenge the established transition program, elements of the program required refinement and the addition of new features. In particular, greater emphasis was placed on providing coping assistance to employees and supervisors. In support of these efforts, the Organization Development Office partnered with Human Resources to provide workshops for employees and supervisors who were impacted by the budget on how to manage the personal impact of change.

The goal of the ETP is to retain employees whose positions are no longer supported in the operational budget and to place them in alternative positions prior to elimination of their current position. This goal is achieved by identifying funded positions requiring knowledge, skills, and abilities similar to those held by employees whose positions have been eliminated. Vacant positions with the employee's current department are automatically reviewed for possible placement opportunities. If no positions are available there, then all other city-wide vacancies are reviewed for placement opportunities.

In the event that an employee is not moved to an alternative position in the organization by the beginning of the fiscal year, the City Manager can authorize the use of the Managing Attrition Program and employees are placed in MAP. This program is similarly structured to ETP and primarily provides for an extended designated period of time for the organization to identify possible placement.

Supporting the ETP and MAP were workshops designed to help individuals who were losing their current position. The *Managing the Personal Impact of Change* workshops were designed to increase the employee's ability to work through change with less disruption and distress.

The outcomes for the session were to help employees:

- ◆ understand how change impacts them individually
- ◆ develop strategies to help them manage the personal impacts
- ◆ learn about resources available to help them cope more effectively with the impact of this change.

The work done in this session offered personal reflection and planning time for employees to focus on how they were managing the change in their lives.

Costs/Savings and Outcomes

The City reduced the operating budget by 170 positions in FY10/11. Approximately half of these positions were vacant. Additionally, some of these employees successfully applied for other positions in the City, and yet others exercised retirement options. Sixty-two employees were placed in the Employee Transition Program, which began with the passage of the budget in mid May 2010. By June 30, 2010 when the program ended, 55 of the 62 employees were successfully transitioned to funded positions. The remaining 7 were placed in the Managing Attrition Program.

Innovative Characteristics

There are several innovative components to this program which helped ensure success.

1. The City requires external advertising (open nationally) to fill virtually all of its vacancies. In anticipation of position reductions in this budget, the City Manager authorized the departmental option of advertising internally (within the City organization or within the department) to fill vacancies. This reduced the number of new employees being brought into the organization, and provided enhanced opportunities for employees to compete for positions, particularly those who knew their position would be eliminated.
2. There was no “hiring freeze” while we were waiting for the budget to be adopted. Department Directors maintained control over their positions and how they would be filled.
3. As soon as Departments identified the positions for possible elimination and prior to budget adoption, communication briefs were developed and provided to department directors to ensure all employees were receiving a consistent message. Updated briefs were provided at designated intervals to keep employees informed of the status of their positions.
4. In November, Department Directors and Middle Managers were introduced to a model that describes the psychological stages of adapting to change. A follow-up discussion was held in January. This conversation was about the current work environment and provided the forum for them to share strategies on how they were helping individuals cope.

Obstacles/Results

There has always been a challenge to ensuring fairness by departments in determining which positions would be eliminated. Departments are challenged with providing services with fewer staff and reasonably seek to retain the best performing employees. The RIF Policy provides two options for selecting positions for elimination: programmatic reduction or elimination, and seniority.

An exemption process was implemented to provide departments some needed flexibility in the selection process. Departments could ask for an exception if a less senior person in the position to be eliminated possessed skills critical to the success of the program. Three to five

Departments requested exceptions, not all were approved. The process included a meeting with the Department Director, a Deputy City Manager, City Attorney, and representatives from Human Resources.

Another obstacle was the general discomfort people have in talking about feelings and the emotional impact of losing jobs. The brief presentations at the Leadership Meetings on managing people in times of change laid the groundwork for Leadership to openly talk about how everyone was managing.

Similarly, employees in targeted positions were feeling isolated and alone in their situation. The *Managing the Personal Impact of Change* workshops created a safe environment where they could speak freely about what they were experiencing, vent, and discover that they were not alone. The importance of a supportive environment was further underscored by the participants themselves - several of them created their own email group to “check-in” with each other about how they were doing and how their placement was progressing.

New Issues/Problems/Unintended Consequences

The timeline for our budget process, in conjunction with the public nature of municipal budgeting, presented a unique challenge. City Departments had to submit their budgets in early December and it would be five months before City Council adopted the budget. The serious nature of the budget reductions and the overall economic situation facing employees created the desire for more transparency. It was decided employees would be notified of the “possibility” of their position being cut in December. This presented several unintended consequences:

1. The protracted period from December to May was hard on the employees in targeted positions.
2. It was also difficult for fellow employees and decision-makers.
3. Not all targeted positions were cut; until mid-May, those employees had the same level of stress and uncertainty as those whose positions were permanently eliminated.
4. Maintaining communication between December and May, when there was “no news,” was difficult on all concerned.
5. There was an increased use of the Employee Assistance Program (EAP).

Presentation Components

Innovation and Creativity

- Exemption Meetings prior to final budget decisions provided the directors with the opportunity to demonstrate why a less senior individual had the critical skills necessary to provide a service over someone with seniority who could not provide the same level of service.
- Conversations were held at two Leadership Meetings with Directors and Middle Managers focusing on managing the people side of the budget reductions. It included:
 - Acknowledging the impact on all levels of the organization, those losing positions, those left behind, and those who were making the decisions
 - Identifying some of the typical behaviors and feelings people experience
 - Learning how to support individuals, work units and themselves
 - Assessing the work environment two months into the “proposed budget”
- Assignment of a Coach from the Human Resources Department to serve as the point of contact for employees whose positions were eliminated.
 - The coaches developed an employee profile to aid in identifying the type of position that would be appropriate for the participant
 - The coaches researched vacancies which were kept open for potential ETP candidates, and worked with department owners of positions to discuss transition opportunities
 - Utilizing a collaborative process, the cadre of coaches met and discussed potential placement matches
 - Once an appropriate transition opportunity was identified, the employee and placement department manager/supervisor met to further discuss the position to help ensure the success of the placement
- There were two workshops open to any employee impacted by the budget on *Managing the Personal Impact of Change* prior to the budget being adopted. There were three full-day workshops for employees who entered into the Employee Transition Program. A separate session was held for supervisors who would be receiving employees through the Employee Transition Program.
- The duration of the ETP is approximately 45 days. It was inevitable that all employees could not be transitioned in this period of time. Therefore, the Managing Attrition Program was activated July 1, 2010. The budgeted position for employees in MAP was eliminated with the start of the new fiscal year; however, the employees continue to work for the City for a predetermined amount of time. While in MAP, the coach continues to work with the employee to find a suitable position.

Outcomes Achieved

- Fifty-five employees continued their employment through the Employee Transition Program. By August 15, 2010 seven remained in the Managing Attrition Program.
- The organization retained the knowledge and experience of skilled workers.
- Moving seasoned employees to other departments allowed for more consistency in service delivery.
- Departments worked across boundaries to assist in placing employees.
- Retaining employees demonstrated the organization's support and commitment to the workforce.
- The City's budget target was met.

Results and Applicability

- The Human Resources Department can demonstrate the practical application of the Reduction in Force Policy through ETP and MAP programs
- Share lessons learned from the last two years of using the ETP and workshops on "Managing the Personal Impact of Change"
- The City's Reduction-In-Force Policy has been shared with other municipalities who have adapted it for their use in managing the loss of employees

Case Study Presentation

- Team presentation from Human Resources Department and the Organization Development Office
- PowerPoint
- Video with personal anecdotes from employees and leadership
- Handouts