



**Alliance for Innovation
2011 J. Robert Havlick and Thomas H. Muehlenbeck Awards
Application**

**Rob White
Economic Development Director
City of Livermore, California**

**1052 S. Livermore Avenue
Livermore, CA 94550**

**925-960-4145 (office)
925-337-5929 (cell)
925-960-4149 (fax)
mrwhite@ci.livermore.ca.us**

Project: Transforming Livermore 2010 Teams – A *Good to Great* Manifestation

Project Synopsis

Influenced by Jim Collins's *Good to Great* principles, the City of Livermore, California Leadership Team established five employee-centered work teams in July 2009 to transform service delivery. The project was named Transforming Livermore 2010 to reflect a goal of making significant changes within the organization by the end of 2010. Designed to empower and engage the whole organization, the primary project goals were to 1) excel in the present economic downturn, 2) prepare the organization for changes in long-term community service needs, and 3) provide an extraordinary employee professional growth opportunity. Each team consisted of seven-to-nine members and was typically made up of two managers and a mix of representatives from City departments. No department directors were included on the teams. Each team had an assigned category: Streamlining and Operations, Volunteerism, Greening Livermore, Information Technology, and Selling Services to Outside Agencies. These self-directed teams reported to a Leadership Team Committee. After just 12 months, significant changes to processes, consolidations, and revenue reductions occurred. Further, the organization took on a mindset reflecting the "flywheel" effect and developed a broad and growing risk-taking and engaged mindset, which impacted newer projects. These new mindsets can be seen in unrelated activities like planning for the City's new website and CMS and competing for significant tourism opportunities like hosting a stage start for the Amgen Tour of California professional cycling race.

Project Background

The City of Livermore, California is located in the "East Bay" area of the San Francisco Bay region of Northern California. With a population of 83,000 people, Livermore's arts, culture, western heritage and vibrant wine industry provide a unique blend of small-town ambience and metropolitan amenities. The City was founded in the 1869, yet it significantly impacts the 21st century through two premier national research institutions: Lawrence Livermore National Laboratory and Sandia National Laboratories, California. Not surprisingly, science and innovation play a big role in the City's clean tech and energy businesses and its recent designation as a California State Innovation Hub. Residents also appreciate year-round educational, cultural and civic events as well as outdoor activities such as cycling, hiking, golfing, horseback riding, swimming and sailing.

The directly-elected Mayor and four Council members determine the City's policy direction. Our City Manager, presently Linda Barton, an ICMA Credentialed Manager, oversees a four-hundred person staff that offers a full range of services, including an airport, police and fire services, and a library system with three locations. Ms. Barton utilizes a Leadership Team, made up of the directors of each of the City's departments, to strongly support employee growth and development and as a means to provide great customer service now and in the future for Livermore residents and businesses. Ms. Barton and the Leadership Team have also worked with staff at all levels to establish the Legacy Livermore program, started in November 2007, which provides learning

opportunities for all City staff and a nine-month annual leadership institute that further encourages staff to dream big and take risks.

Leading up to the Transforming Livermore 2010 project, the Leadership Team regularly selects books for reading and discussion; *Good to Great* was one of those books in winter/spring 2009. The synergy between Jim Collins's insightful principles, the economic downturn as a catalyst for reexamination of service delivery, and the City's employee development values led to a series of events that launched the Transforming Livermore 2010 project.

Project Details

In the follow-on book *Good to Great and the Social Sectors*, Jim Collins writes "This is where the Stockdale Paradox comes into play: You must retain faith that you can prevail to greatness in the end, while retaining the discipline to confront the brutal facts of your current reality. What can you do *today* to create a pocket of greatness, despite the brutal facts of your environment?" (p. 30) As if the author were directly speaking to Livermore, the economic downturn had a massive impact on Livermore's revenues (a total reduction of about 40%) and administrators and staff alike realized that business as usual couldn't continue. Other disconcerting factors also impacted the City environment, including staff layoffs which occurred in Livermore for the first time since the 1970's. Faced with this situation, *Good to Great* principles appeared beacon-like to the need to change the way Livermore conducted business:

- **Level 5 Leadership** focuses on institutional rather than one's personal gains. The recession provided a window of opportunity for staff to move from a traditional focus and knowledge of their departments to the "big picture" understanding of the entire City and its future.
- **Level 5 Leadership** also concentrates on making the "*right* decisions—no matter how difficult or painful—for the long-term greatness of the institution and the achievement of its mission, independent of consensus or popularity." Again, the recession's impact provided an opportunity for staff to suggest "game-changing" ideas and examine local government "sacred cows."
- **First Who, Then What** encourages managers to examine who is on the bus and if they are in the correct seats. Further, the "**Culture of Discipline**" encourages managers to hire self-disciplined people who enjoy freedom and responsibility within a framework. Livermore's leadership need to assess with some co-workers departing or retiring, how could managers better utilize remaining staff talents and their professional growth opportunities to match present people on the bus with future Livermore service needs?
- The **Hedgehog Concept** encourages examining an institution's core services and values – and determining the institution's passions, what resources of time, money and brand (emotional goodwill and community support) can be expended, and how the institution can excel. With shrinking staff and revenue, City leadership and staff needed to quickly

examine the costs, present needs, and alternative methods of providing City services.

- The severity of this recession necessitated looking at the City, its staff and traditional services through new lenses and implementing new methods of problem-solving. For the “new normal”, one-time fixes were not the answers. Instead, a new paradigm or mind-set was needed, and building small, successful steps towards a new reality were required – the **Flywheel**.

After reading the book and finding it of significant value in light of the current situation, the Leadership Team decided to distribute a copy of *Good to Great* to each of the managers in the organization, and the book was discussed at the May and July 2009 Management Networking Meetings. The managers brainstormed ideas about delivery of core services, employee empowerment and development, and achieving excellence. *Good to Great* provided managers with a common language for problem-solving and decision-making. References to “bus seats” and “hedgehogs” were common, as well as a need to tear down silos in order to view the big picture. While no universal whoops of joy occurred, managers inherently understood that difficult, unpopular changes and Level 5 Leadership decisions were necessary to move to the City’s new economic and social reality.

As an outgrowth of these managers’ meetings, the Leadership Team met and developed the five Transforming Livermore 2010 Teams. The goal of the project was to create broad organizational representation through a mix of staff levels and departmental representation, while challenging teams to achieve results in a set period of time. Teams were created by an organization-wide recruitment and application process that resulted in over 60 volunteers. Once the Leadership Team had created a steering committee for the project, the Transforming Livermore 2010 Teams were selected and began their work on July 2009. The teams were tasked with saving money, identifying needed procedural and process changes, and creating opportunities for employee engagement. Each of the five teams had a particular focus – 1) streamlining and operations, 2) volunteerism, 3) green and sustainability initiatives, 4) information technology, and 4) selling services to outside agencies. Over the period of the project, the teams of seven-to-nine members generally met weekly, developed work plans and made suggestions for “low hanging fruit” changes within the next six months, while also identifying longer-term changes that might require more significant time, assessment and effort to implement.

Project Impacts

The Teams varied in their successes at service delivery changes and cost savings. However, participation on a Team had a positive outcome that permitted many staff to engage more directly with the decision-making processes of the City, gain a broad understanding of the city-wide functions, increase their visibility within the organization, and further develop their reputations as risk-taking, idea-generating leaders. Teams were also encouraged to meet together to identify cross-collaborations amongst team areas. Highlights of each teams’ successes is outlined below.

Streamlining and Operations Team – Recognizing an unfunded fiscal liability of \$215,940 due to vacation accruals over the existing MOU limits, an accrual reduction program was designed and rolled-out by the team to city-wide staff in December 2010. This team also examined many request for proposals (RFPs) and contracts used by the various City departments and determined that the City could realize a savings of up to \$100,000 per year by evaluating contracted services and ensuring that contracts are necessary, represent the best value, and are not duplicated across the City.

Volunteerism Team – With staff reductions seriously affecting service delivery of desired City functions, this team worked with several existing City volunteer programs in Police and Human Services to identify ways for citizens to supplement service delivery. The team identified and implemented an inexpensive software package that allows for community members to review and sign-up for opportunities to work on projects across the City. The projects are identified and managed by the City departments.

Greening Livermore Team – Taking into account an important tenant of the Livermore culture, this team identified many ways for the City to save money and green the daily operations. Broad-ranging solutions have saved the City in excess of \$200,000 per year. One solution included removing bottled water service from the City facilities and encouraging staff to use reusable bottles. Other green efforts included moving from daily newspaper delivery to online news, double-sided printing as a default, and removal of desktop printers in favor of centralized printing.

Information Technology Team – As an example of cross-team collaboration, this team was part of the effort in assessing and implementing duplex printing City-wide for a savings of over \$125,000 per year in paper, elimination of desktop printers in favor of networked printer/copiers at a savings of \$9,000 per year, and implementing desktop computer power-offs in the evening to save \$40,000 in electricity.

Selling Services to Outside Agencies Team – Exploring how to provide coordinated services to outside agencies, this team quickly implemented an opportunity to provide contracted planning and permitting services to Sandia National Laboratories, which helps to defray staff and benefit costs for Livermore employees. This team has also identified ways for the City to offer contracted services to several agencies for permitting, landscaping, and transportation maintenance and discussions are underway.

Other Impacts

When new projects or issues arise, hiring consultants is a typical response for jurisdictions. As an outgrowth of the Transforming Livermore 2010 project, the City of Livermore has conducted several activities without consultants, including creating a reorganization plan and a service audit. City staff handled the responsibility based on principles, parameters, and support from City management. The expanded employee knowledge growth, skills and trust has also been deployed in other broad-sweeping areas: the development of the City's new website and CMS and attraction of a significant tourism event by hosting a stage of the Amgen Tour of California.

The City website was woefully out of date and did not provide for current delivery of technology services to the community. Additionally, the City desired to implement a customer management service (CMS) to allow the community to personalize technology delivery. Instead of hiring outside project managers for this effort, the City decided to select two individuals that had shown interest in the effort to manage the project. Their duties included working with management and each department to determine needs, features, and outcomes desired for the new website and CMS. They have successfully managed the 12 month process through many stakeholder meetings, content assessment, and build-out of the site for a launch in February 2011.

The Amgen Tour of California is a premier bike race like the Tour de France. In May 2011, Livermore will host a stage start. This is no small feat. The Local Organizing Committee mandated by the race organizers contains many staff who previously participated in a Transforming Livermore Team. With a need for logistics, public safety measures, marketing, volunteer recruitment, ancillary program development and more, staff are again building their skills in working with each other, the Chamber and Downtown Association, the public schools, community groups and big corporations. This athletic event nicely connects with the City's mission of customer service, economic vitality, and a high quality of life...and it again provides an opportunity for staff to strive for Level 5 leadership,

Lessons Learned

- It's ok to take time to develop good solutions rather than quick solutions—even in an economic crisis! Many cities quickly instituted furloughs, gutted training and travel dollars, and shut City Hall doors when revenues plunged. Livermore chose a slower, staff involved, team-building process for cutting costs. The Transforming Teams, in conjunction with other groups, developed a culture of responsibility – **or discipline** - for problem-solving. These teams contributed to overall staff “buy-in” for the enormity of the problem and a personal responsibility to mitigate it.
- Big picture views helped staff understand the differences between a core service and a sacred cow and the “cost” of “doing things the way it has always been done”. For example, taking a *little* more time to re-negotiate a contract renewal might just save a program or retain a service level desired by the community.
- Don't underestimate your employees – especially the ones who want to run with an opportunity. That's one sure way to discover who you want on the bus and which seat to give them!

Concluding Comments

Like jurisdictions all over the world, Livermore has been forced to deal with some difficult decision-making based on revenue reduction and layoffs. By engaging employees at all levels in a common language to determine the solution, the City was able to identify new ways of delivering services in a reduced revenue environment and the staff became engaged in problem-solving, empowered to implement new ideas, and challenged to move from Good to Great!