**2013 Transforming Local Government Case Study**

**– Louisville, Kentucky –**

1. **COVER SHEET INFORMATION**

**Case Study Title: Better Than Best:** *How**Louisville Metro Embarked on its Dynamic Continuous Improvement Journey*

**Case Study Category:** Organizational Design (Culture Change)

**Jurisdiction Name:** Louisville/Jefferson County Metro Government

**City/County Manager Name:** Mayor Greg Fischer

**Consider for an Innovation Award?** No

**Consider for a Rapid Fire Session?**  Yes

**Project Leader: Presentation Team Member:**

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1. **SYNOPSIS**

**Intent of the project/program/service** – What does being the best mean in a world where no one’s really keeping score? “Best” is an end, a destination, a goal. And once achieved, what then? Isn’t it better, to be better? To strive after improvement, to seek another way, more efficient, more accessible, more open and transparent, this should be our focus. So believes Louisville Mayor Greg Fischer. After nearly a decade of false starts among earlier administrations, in January 2012, Mayor Fischer made good on his campaign pledge to develop a culture of continuous improvement within Louisville Metro Government and the community at large. That is when the Mayor established the Office of Performance Improvement (OPI) to help transform the culture within Metro Government from individual departments “just doing the basics” to a cohesive, dynamic and engaged improvement-driven organization.  His goal is to create the best, most efficient city government possible, and then to make it even better.

OPI brings the right resources together to help Louisville Metro departments drive towards effectiveness, efficiency and excellence. Through three areas
of focus, OPI is committed to answering three questions: What is Metro Government Doing? How well are we doing it? How can we do it better? And in the process, developing within Metro Government the mindsets, skills, plans, and processes necessary to continually improve:

1. **Planning** – OPI is the hub of a coordinated Metro-wide planning process that translates the Mayor’s multi-year vision and goals into a comprehensive strategic plan that cascades throughout Metro Government and aligns department strategic, operational and budgetary plans with the current administration’s goals.
2. **LouieStat** – LouieStat is a detail-oriented, systematic approach to implementing improvement department-by-department that facilitates open and transparent dialogue through the tracking and analysis of key performance indicators (KPIs) of success for each department. KPIs are not just data, but are the measures that matter most. Through LouieStat, information is gathered on an array of performance indicators: four metro-wide KPIs (i.e., unscheduled overtime, sick leave balance, hours lost to worker’s compensation, MetroCall/311 Complaints/Service Requests) and several department specific KPIs. Once an understanding of current performance is obtained, departments set goals for improving performance. Louisville is the latest of 19 cities to have instituted a “stat” system.[[1]](#footnote-1)

 Barriers to improvement or problems identified through the LouieStat process are approached using reactive problem solving, which drives departments to zero-in-on the causes impairing performance and impeding “best in country” status. Thus far, seven of 20 departments have been on-boarded to LouieStat. In intense and highly-focused sessions, departments meet with the Mayor and his Senior Leadership Team every six to eight weeks to discuss their progress, review and approve or modify recommended solutions to challenges, and identify opportunities to continually improve.

1. **Continuous Improvement** – While Metro Government is just beginning its Continuous Improvement Journey, OPI has already begun to embed the tools and methods of continuous improvement within departments, including instituting the core components of Lean and Six Sigma. Ten Metro employees from six different departments have gained Lean Process Improvement Certification through a training program with Humana Inc.
 So far, over 70 employees have expressed their desire to support continuous improvement and have been engaged in brainstorming sessions, cross-functional teams, and certification programs. Multiple cross-functional teams, with employees from across various functional areas and seniority levels address issues uncovered in LouieStat and critical to the financial and operational performance of Metro Government (e.g., Unscheduled Overtime, Hiring Process Cycle Time, etc.).

**Costs** – The costs include the salary of the Director of Performance Improvement and two full time staff, about $300,000 per year. Changing the culture means that staff members already working within the departments use existing technology resources to incorporate performance improvement in the way the departments conduct business.

**Savings** – Initial savings have been identified at approximately $3.6 million in year one ($3.1 million reduction in unscheduled overtime,  $500,000 increase in revenue brought in through better accounting and charge backs for special events).

**Innovative characteristics** –

* Forming short-term (2-3 month) cross-functional teams from diverse functional areas and different departments using an “all call” email asking employees interested to volunteer. Once established, the Office of Performance Improvement works with the team to:
	+ Identify the clear problem to be addressed.
	+ Follow the Plan-Do-Check-Act reactive problem solving approach to uncover root causes (through data analysis) of any issue, develop solutions, implement and review results, and revise solutions that are not having the anticipated impact. The teams use the Mayor’s “60%” concept, starting implementation when something is 60% “baked,” then learning by doing and improving as they go.
	+ Innovation occurs when these teams go beyond the “recommended solutions/implementation” step, continuing to work through the follow-up loop to assess success or outcomes.
* Implementing a “Stat”-like process (LouieStat) for identifying, tracking and analyzing key performance indicators (KPIs) of success for each department, and linking those KPIs to the Strategic, Operational and Financial plans of the departments. This process is expanding beyond departments to issues that cross multiple departments and community partners, like Vacant and Abandoned Properties (VAPStat).
* Using continuous improvement (Lean, Six Sigma) methodologies to make improvements in the quality, efficiency and effectiveness of each department and its key processes.
* Certifying a cadre of Metro employees in Lean Process Improvement through a pro bono partnership with a local business.
* Developing an internal Office of Performance Improvement to train, consult and coach departments through their continuous improvement journey.

**Obstacles** – Instituting a culture of performance improvement means dealing with potential roadblocks that include a strong union environment (approximately 75% of all employees are union members), an extremely diverse and politically polarized 26-member Metro Council, a constrained budget environment (the budget shortfall for 2013 was approximately $20 million), and a long-tenured, entrenched workforce.

**Outcomes** – In addition to savings mentioned earlier, the work of five cross-functional teams included:

1. **Hiring Process Cycle Time** (Non-civil service) – Took hiring process down from a maximum of 300+ days to maximum of 75 days (minimum of 26) by cutting out “waste” (e.g., redundant steps in process, multiple signatures from same office, unnecessary approvals, idle wait time between steps) and instituting more structure to the process (i.e., same process across departments, time limits on how long any one step can take).
2. **Unscheduled Overtime** – Identified the largest drivers of unscheduled overtime across Metro and targeted solutions within departments, as well as across Metro, to reduce the amount by an estimated $3.1 million over the next year (e.g., recommended language changes to union contracts, new monthly overtime tracking reports for department directors that shows just how much overtime is being paid out in their department, identifies the supervisors approving overtime, and how departments’ current totals stack up against previous year totals and estimated overtime budgets).
3. **Return to Work** – Identified through LouieStat time lost due to worker’s compensation claims as an issue that crossed several departments and developed a new cross-functional team to address the need for a “light duty” or “return to work” policy that would allow employees to work in a capacity suitable to their “injured state.” This provided a way for employees who previously had to sit home to return to work sooner (making for happier employees and increased productivity for Metro).
4. **Hiring Process Cycle Time** (Civil Service) – Building off work of the first Hiring Process Cross-Functional Team, which focused on non-Civil Service, a second team was established to identify ways to reduce the length of the hiring process in public protection departments (team work still in progress).
5. **Special Events** – Identified during earlier work as one potential driver of Unscheduled Overtime, a team was established to quantify just how much money Metro loses by supporting Special Events within the community and identify ways to recoup some of the costs. Initial moves include putting in place a pay structure for various types/sizes of events and beginning to accurately charge for services provided vs. charging a fee that does not cover the costs. Anticipated revenue approximately $500,000 over the next year.

**Applicable Results and Real World Practicality** – Mayor Fischer and The Office of Performance Improvement are using a multipronged approach to transforming Metro Government:

* Creating/ communicating the “why” around the need for continuous improvement so folks know what is expected of them, agree with it and find it meaningful.
* Putting in place reinforcement mechanisms (structures, processes and systems) that support the change in behavior people are being asked to make.
* Providing the skills, capabilities and opportunities necessary for employees to transform and adapt a continuous improvement mindset.
* Modeling new mindsets and behaviors at the top of the government (from Mayor and Chiefs down).
* Empowering employees to get engaged at all levels and become a part of a the continuous improvement movement through an “advocate” and “ambassador” program.
* Operating from the philosophy of “what gets measured, gets improved," Metro instituted the LouieStat process and armed departments with:
1. Knowledge of what is happening within their departments, and
2. Tools to diagnose the drivers of underperformance, address root causes, make data-driven decisions and analyze the impact of initiatives or strategies.

**Was a private consultant used?**  Metro has received pro bono support from local companies like Humana, Inc., YUM! Brands, and D.D. Williamson. For instance, Humana provided Lean training and certification for 10 metro employees at no cost to Metro.

**Additional Information** – Mayor Fischer’s background as a businessman and entrepreneur has led him to approach running government as a business. He lives and breathes performance management and approaches issues using a “weakness orientation” approach. Now in year two as Louisville’s second Metro Mayor, he is dedicated to infusing Louisville Metro – and its 6,000 employees – with a culture of continuous improvement.

1. **PRESENTATION STYLE**

To bring our case study to life and appeal to all the ways in which people learn and internalize information, we will utilize multiple presentation styles, including:

* “Gallery Walk” – Around the room will be visuals of inputs (e.g., current state process flow chart) and outputs (e.g., press releases on outcomes) from the various cross-functional teams, Lean projects and LouieStat meetings we’ve held.
* [Video](http://cvp.telvue.com/player?id=T01343&video=60677) highlighting the LouieStat process and meetings with testimonials from Metro employees and the Mayor.
* Live demonstration of the [LouieStat website](http://dev.louiestat.louisvilleky.gov/) with performance reports and metrics for each Metro Department in LouieStat (approximately 12 different departments by time of conference)
* Lean Process Improvement “game” – Audience participation required to experience the simple way Lean Process Improvement can be applied to a job with significant results.
1. *New York Times*, Feb. 5, 2012, <http://opinionator.blogs.nytimes.com/2012/05/02/armed-with-data-fighting-more-than-crime/> [↑](#footnote-ref-1)