



2013 Transforming Local Government Conference Case Study

Case Study Title: City of Phoenix Organizational Review – Service Enhancements through Streamlining

Case Study Category: Organizational Design

Jurisdiction: City of Phoenix

City Manager: David Cavazos

Submittal for Innovation Award and Rapid Fire Session

Project Leader:

Dennis Murphy, Assistant to the City Manager
(602) 495-5467

dennis.murphy@phoenix.gov

City Manager's Office, 200 West Washington Street, 12th Floor, Phoenix, AZ 85003

Presentation Team:

Janet Smith, Human Resources Director
(602) 534-3600

janet.smith@phoenix.gov

Human Resources Department, 135 North 2nd Avenue, 5th Floor, Phoenix, AZ 85003

Mario Paniagua, Budget and Research Director
(602) 262-4805

mario.paniagua@phoenix.gov

Budget and Research Department, 200 West Washington Street, 14th Floor, Phoenix AZ 85003

Case Study Synopsis

Due to a budget shortfall of over \$200 million in 2010, the City of Phoenix needed to develop and implement innovative processes that resulted in more efficient delivery of services, while at the same time maximizing the use of limited taxpayer dollars. Borrowing a page from the private sector board on which he served, the City Manager developed an organizational review process of each city department, as one component for reducing the budget shortfall. The City Manager's initial goals for this process were to eliminate layers of supervision, broaden span of control, streamline services, identify efficiencies, and reduce the size of government. Through these goals, the City Manager aimed to improve services to residents by providing for faster decision making and enhanced organizational flexibility and communications, while at the same time identifying cost savings. Over a two-year period these goals were attained, achieving a structurally balanced budget, maintaining the City's AAA bond rating, and leading to the smallest City government in 40 years, measured by employees per capita.

Innovation/Creativity

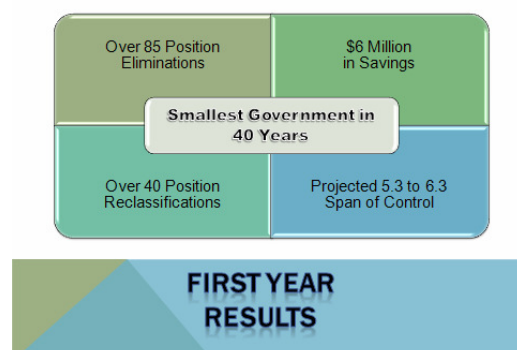
Each of the City's 27 departments was asked to evaluate its organization and consider the following:

- Think differently about department structure, given that headcount has been reduced over the last few years.
- Design a department structure that removes layers within the organization, increases employee empowerment and delegation, speeds decision making, improves communications, and reduces personnel/overhead costs.
- Design a new structure to be achievable through reorganization and attrition while also supporting the department's mission and enhanced service delivery.
- Identify which short and long term actions need to take place in order to implement the new structure.

Departments were then asked to present their findings in a one-hour meeting with the City Manager. This included quantitative analysis of span of control and supervisor to employee ratios throughout departments, as well as qualitative assessments of service delivery. Through these meetings, departments recommended removing layers from their organizational structures, increasing the span of control and leadership to employee ratios, and eliminating one-to-one reporting relationships. Many departments proposed organizational restructuring to better reflect core mission activities and enhanced service delivery.

Outcome Achieved

The initial results of the organizational review process were extremely positive, resulting in the elimination of over 85 positions and over 40 positions reclassified. These changes not only achieved nearly \$6 million in savings, but also resulted in attaining the smallest City government per capita in Phoenix in over 40 years.

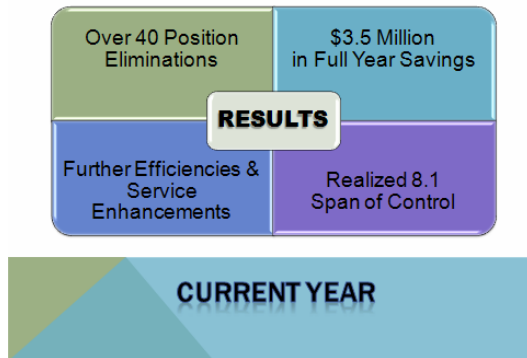


Based on the success of the initial process, the City Manager committed to making this review an annual process with the goal of ensuring continuous improvement and proper focus of resources on efficient service delivery.

For the 2011 organization review, in addition to finding continued efficiencies and innovations, departments were asked to address the following subjects:

- Enhancing customer service
- Assessing outsourcing activities and exploring right-sourcing opportunities
- Ensuring that department initiatives are aligned with and support the City's Strategic Plan

Following the completion of the second year's efforts, an additional 40 positions were identified for elimination and over 50 positions were reclassified. These reductions resulted in \$3.5 million in personnel-related savings. Also realized was a change in the City's span of control, from a supervisor to employee ratio of 1 to 5.3 in 2010 to a ratio of 1 to 8.1 in 2011.



Even with the reduction of City positions, City employees continued to provide exceptional customer service as was evidenced in the 2011 Customer Service Survey. The City received a 95% satisfaction rating in the following areas: (1) Customers were treated in a professional and courteous manner, (2) Customers were promptly directed to the appropriate individual, and (3) Customer needs were handled in a timely fashion.

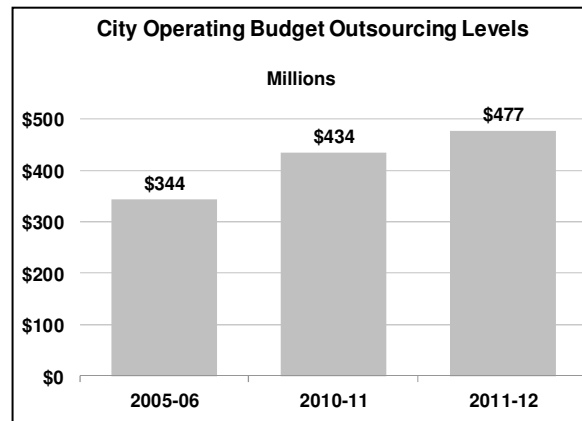
Other Information

The City implemented other cost savings measures including:

- Reduction of a lobbying contract resulting in \$60,000 in savings
- Reduction in temporary contractual services resulting in \$72,000 in savings
- ePRO Electronic Discovery in Law resulting in \$100,000 in savings

As departments met with the City Manager during the Organizational Review process, their presentations identified the following customer service enhancements: a "How's My Driving" program for non-public safety vehicles; same day service for trash/recycling; "QR" codes for park/center signs; and, iPhone and Droid apps to report neighborhood blight.

Other savings were realized over the past two years as departments focused on areas of service that could be outsourced to private-sector firms. The result was that the City experienced an upward surge of \$43 million or 9.8% in outsourcing from 2010 to 2011. This effort of City departments identifying outsourcing opportunities has become a new constant for the City. Increased outsourcing has provided more opportunities for private-sector firms to be awarded contracts while enabling the City to procure services at a competitive price.



Applicable Results/Real World Practicality

As like many cities across the nation that faced budget shortfalls and strived to maintain their financial stability, the City of Phoenix enacted measures to ensure its stability in the current economic climate. The streamlining measures the City took and the innovative ways to provide customer service were successful two-fold, in that savings were realized along with enhanced services for customers.

Presentation Style

Presentation of this innovation will be made by City executives directly involved in the two-year process. The presentation team will discuss the challenges and benefits of implementing such a dynamic change to a large organization. This presentation will be supported with PowerPoint.