

INNOVATION REVOLUTION:

CREATING AN INNOVATION TEAM, ONE STEP AT A TIME

CATEGORY: **ORGANIZATIONAL WELLNESS**

CITY OF SAN ANTONIO, TEXAS

POPULATION: 1,382,951

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Project Intent

The City of San Antonio's Office of Innovation & Reform was created in FY 2007 with a mission to "identify opportunities to improve the efficiency and effectiveness of City services and business processes." The basic focus of the group is to improve City operations at less cost. The budget savings enable the City to fund other needed services and new priorities for the City Council without raising taxes. Since the group's creation, the projects have resulted in savings of \$17.4 million.

While neither the mission nor the focus of the Office of Innovation & Reform (Innovation) have changed, the way it is achieved has evolved gradually over time. The group has been housed in various departments, overcome obstacles to change, learned tough lessons and adapted to changing City needs over the six years since its inception. Being open to change and challenge has allowed the group to grow and evolve. The group's evolution has led to a reputation as a problem-solving, future-oriented, change agent within the City.

Motivated by this year's Transforming Local Government conference theme "Twenty Years of Transformation from the Inside Out," our team took the opportunity to reflect on what the past six years has meant for the creation of a dedicated innovation team and the work we do for the San Antonio community. As internal consultants for the City, Innovation has worked from the inside out to improve City services by focusing departments on their mission and utilizing small achievements to build upon a big-picture movement of innovation, efficiency and effectiveness City-wide. The following presentation is an opportunity for San Antonio to share where we started, where we are now, and the lessons we learned along the way about how to create an innovation team and foster a culture of innovation within the organization. We have concluded that the key to our success and goal of a long-term, lasting transformation of government is dependent on a willingness to see a vision, set goals, and, most importantly, embrace the evolution process.

Innovative Characteristics, Obstacles & Outcomes

Since its creation in FY 2007, the Office of Innovation of the City of San Antonio has developed three coordinating elements which we have found to be significant to the success of an Innovation team: 1) willingness to keep evolving and change to the organization's needs; 2) "champion" buy-in and project initiation; and 3) team composition and structure. This report outlines the Office of Innovation's evolution and the lessons learned that can be applied to any organization looking to establish its own innovation team or revitalize current innovation initiatives by creating conditions which are most likely to foster successful outcomes.

Background: In FY 2007, the Office of Innovation & Reform was created by current City Manager Sheryl Sculley to "identify opportunities to improve efficiency and effectiveness of City service delivery and business processes." The group began with four talented staff and was established as a separate department outside of all other City Departments. For the first year of its existence, the Office of Innovation & Reform helped departments on an as-needed basis to perform in-depth best practice research studies, comparative analysis surveys, and performance analysis. This time as an independent department was the first of three distinct phases of evolution for the group.

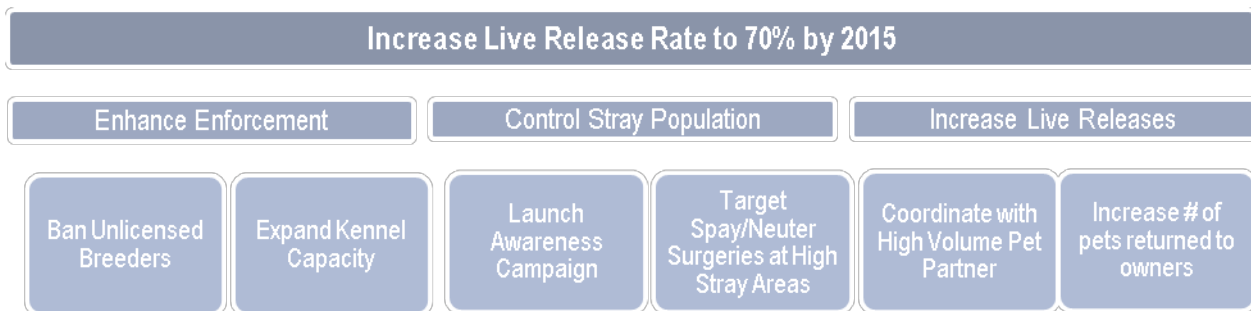
In FY 2008, Innovation was reorganized as a Division of Human Resources as part of a larger leadership restructuring. The projects accomplished during that time took on a stronger HR focus including staffing studies, organizational structure assessments and performance assessments. The addition of these HR focuses helped broaden and strengthen the group's approach and skill set for future projects. For the first time, Innovation also began to provide detailed analytical support for larger City-wide initiatives such as collective bargaining and the development of interlocal agreements.

In FY 2009, the City of San Antonio and most other communities around the nation began to feel the heightened effects of the economic downturn and real estate bubble. In response to the need to quickly reduce expenditures while still preserving quality service delivery to the community, City Manager Sheryl Sculley asked Innovation to team up with specialized staff in the Budget Office to conduct the first Comprehensive Budget Review. This new type of review was a rapid and complete assessment of departments with the goal of reducing expenditures through performance data

analysis, comparative research, and budget analysis. Within six weeks, these Comprehensive Budget Review teams achieved \$5.3 million in savings without impacting service delivery by automating outdated processes, eliminating duplicative services, and reducing overhead. Following the reviews in FY 2010, Innovation was reorganized as a division of the Budget Office where it has stayed for the last three years. As part of the Budget Office, the vast majority of projects initiated by the Office of Innovation & Reform are assigned directly by the City Manager. The group also doubled in size to include an executive-level position.

Evolution and Change to the Organization’s needs: As the economy and housing market gradually improved, the City’s approach to innovation began to shift. While the City still wanted to continue to reduce expenditures, it also needed to strengthen and improve service delivery to meet growing demand. Beginning in FY 2011, Innovation began to take on projects that would transform government by bridging the gap between concrete improvements and a broader vision of the future. The group—and consequently the City—learned that efficiencies and savings could be realized *while also* complementing and enhancing the department’s overall mission of serving the community. The Innovation team worked side-by-side with departments, helping to create a collaborate environment. Project results began to speak for the group’s reputation and buy-in from senior level executives increased which helped establish credibility and more successful projects. The major catalyst of this evolution for the Innovation team was the Animal Care Services project which helped highlight the tremendous benefit of executive-level “champion” support.

Champion Buy-in and Project Initiation: With the hands-on support of Deputy City Manager Erik Walsh, the Office of Innovation & Reform helped the Animal Care Services Department increase its Live Release Rate from 30% to over 80% in less than a year. The rapid success of this project is due to the comprehensive, mission-focused approach and big-picture vision which drove the work and got stakeholders motivated and on the same page. The community, Animal Care Advisory Board, and City staff all worked together helped to formulate a vision for the future. Once the vision was set, Innovation was able to work with the Animal Care Services Department to establish policies and procedures to implement those specific tasks that would set the Department up to succeed. The following visual illustrates the vision and sense of purpose created for the Animal Care Services Project:



A second major lesson learned is that just because the project seems to meet the goal of being transformative, doesn’t mean it will be successful. The key to getting the right projects is to have a strong start and knowing how to prepare department leadership for change. At the start of every project, Innovation meets with the Department Director to outline the project and determine if the right conditions are present to foster a successful outcome. A viable project has to meet the following conditions and expectations:

1. Department acknowledges that something isn’t working (or isn’t at the desired performance level)
2. Leadership has a vision of where they want to be in the future
3. The future vision is tied to the department’s mission
4. An understanding between Innovation and the Department of what constitutes a successful project
5. An realistic expectation of a Department Director’s willingness to implement change

Over the years, we have found that without those five starting conditions the project will have difficulty succeeding. If that is the case, it is the job of Innovation leadership to either garner the support for those conditions from a higher executive level or to shift focus entirely to other projects that have the right conditions to be successful. By focusing on

the right type of projects that have the support to be successful, Innovation is able to make the largest impact on City operations.

Team Composition and Structure: The third lesson we learned over the years is the importance of having a well-rounded team with a strong basic skill set. All of the team members have Master degrees with most majoring in Public Administration or Public Policy. In addition, members often start with experience in government either at the municipal, state or federal level. Finally, a number of team members have Lean Six Sigma and Project Management certifications and it is a goal to have all staff members trained in either or both disciplines. When hiring, we look for specific skill sets that will complement the other current members of the team. Some members of the group are stronger in analytics, while others excel in effective communication—and as a team we are able to present results with complicated analytical evidence that is easy to understand. We have found that finding and hiring a diverse group of experienced professionals with great attitudes, enthusiasm, and strong work ethic has been critical to fostering the positive energy and debate that leads to the most effective outcomes.

“Think of Business as a place to exchange ideas, not a place to sit down and crank out e-mails.”
— Alan Feltoon, Vice President and Director of Interior Architecture, Leo A Daly Company

The physical set-up of the space can play an important role in how the group works. Physical appearance and space influence operations, creative thought and interaction. We are most successful as a group when we engage each other next to a whiteboard, but with eight staff on the team we have found that office walls and cubicles regularly interfere with spontaneous discussion and teamwork. In September of FY 2013, the Office of Innovation will move to a separate space that was specifically designed to emulate the innovation spaces at Google, Microsoft and Rackspace. The open layout features a variety of collaborate work spaces; interactive conference rooms and informal areas; plenty of whiteboards; and a complete lack of individual offices or cubicles.

Costs & Savings

The costs of Innovation are primarily in staff costs and the additional costs related to office space and materials. There are eight team members with total personnel costs of \$795,000 in FY 2013. Over the last six years, Innovation has been responsible for: total budget savings of \$17.4 million; providing analytical support for collective bargaining negotiations and other high-profile initiatives such as PreK-4-SA; and dozens of smaller cost-neutral improvement projects.

Results & Real World Practicality

Having an Office of Innovation in your City provides dedicated staff to assist with improving the effectiveness and efficiency of the City. While having existing front-line staff improve processes seems like an easier solution, often those employees are so bogged down in the actual work they do not have the time or energy to focus on process improvement—at least not without some help. In addition, an Innovation Office can help research and implement programs to ensure you are always on the cutting-edge of best practices throughout the country. Finally, including an Office of Innovation that focuses on process improvement—if done effectively—can more than pay for itself in terms of cost savings from inefficient, ineffective and low priority programs.

The overall result of this case study is recognition that the innovation revolution is a process that involves continuous improvement and openness to change. We know that an innovation team composition, role, goals and tactics may look different for each entity and must be designed according to each city’s unique community and needs. Our experience and lessons are meant to serve as a framework to share various experiences with growing pains, evolution and transformation.

PRIVATE CONSULTANT USE

Private consultants were not used in this project.

PRESENTATION STYLE

If selected, the City of San Antonio would use a PowerPoint to introduce attendees to the history and evolving structure of our Office of Innovation. To illustrate the concept of evolution and also demonstrate a powerful process improvement tool, the City will teach attendees how to construct a “Current State, Future State, and Ideal State” document which they can then use in their own organizations. This document will help attendees understand how to visually show the current state of operations, imagine possibilities and establish vision, and then develop an attainable goal for future operations.