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ISSUE PAPER

INCENTIVES FOR ORGANIZATIONAL EFFECTIVENESS
AND INNOVATION IN DSHS

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EXECUTIVE SUMMARY

Project Description:

Forty-one Department of Social and Health Services (DSHS) staff were interviewed about how to increase agency productivity, effectiveness, and innovation. In addition, 23 interviews were conducted with staff of innovative programs in other agencies and with members of the academic community involved in studying public administration.

Issue: What do managers in DSHS identify as ways to increase organizational effectiveness and innovation?

Findings:

- The majority of suggestions made by 41 DSHS managers were about the human factor, e.g., enhancing professional development, creating an employee skills bank, and increasing networking and information flow.
- Managers suggested using methods of recognition which reward all those who achieve excellence.
- Managers expressed a strong interest in having more control over budgets, e.g., to move dollars more freely among programs and among appropriations, and to decentralize budgets into macro-budgetary units.

CHAPTER 1: INTRODUCTION

As resources for public agencies diminish, there is a growing emphasis upon using these resources effectively to achieve organizational goals. This issue paper contains suggestions for improving organizational effectiveness at the Department of Social and Health Services (DSHS). The ideas presented can be grouped into two general areas. First, basic supports are the necessary underpinning of effective work. Although they may not directly stimulate productivity or innovation, their absence acts as a damper upon the organization's ability to deliver services and coordinate work.

Second, "idea power" is the backbone of an agency's ability to be responsive and to adapt to new circumstances. Current theory on organizational innovation is examined in The Change Masters by Rosabeth Moss Kanter.^{1/} Dr. Kanter identifies "change masters" as those people and organizations adept at the art of anticipating the need for productive change, and able to lead this change. Her research calls for a renewed recognition of the fundamental importance of people in an agency's success.

Organizational effectiveness, therefore, includes:

- . Adequate basic support, such as quiet work space, reliable equipment, well-designed forms, well-written and succinct manuals, and adequate employee benefits;
- . Generating and using new ideas to enhance morale, restructure work and create new programs.

Methods Used in This Study

The ideas presented in this paper come from 64 interviews conducted in fall 1986 with:^{2/}

- . DSHS staff who had been identified as examples of excellence by their colleagues.
- . Staff of other Washington State agencies and of several state boards.
- . College and university faculty, in particular those teaching in the Graduate Program in Public Administration at the Evergreen State College.

The interviews with persons outside DSHS covered a number of different topics ranging from describing their agency's experiences with Productivity Board Teamwork Incentive Projects to discussions of the budget process as it relates to organizational effectiveness.

^{1/} Quoted in Rosabeth Moss Kanter, The Change Masters: Innovations for Productivity in the American Corporation, New York: Simon and Schuster, 1983, p. 22.

^{2/} See Appendix A for a list of people interviewed.

The 41 DSHS staff were asked a series of open-ended questions to elicit their ideas about improving the operations of the Department. The results of these interviews are presented in Appendix B. We wish to stress that these in-house interviews tapped only a small portion of the talent available at DSHS. Time constraints, not lack of appropriate people, brought an end to the interview process.

One of our major findings is that all the people in DSHS we contacted had a positive interest in improving organizational effectiveness, and had a number of ideas to share. They were eager to look at early drafts summarizing others' ideas and had a "can-do" attitude regarding finding ways to implement these ideas.

CHAPTER 2: PEOPLE: THE KEY TO ORGANIZATIONAL EFFECTIVENESS

DSHS staff emphasized during interviews that people are the key to organizational effectiveness. This chapter summarizes their ideas on motivating and rewarding staff; see Appendix B for a full list of suggestions made.

Internally generated rewards are more meaningful than those conferred from outside.

- ° Employees value recognition from peers and supervisors who know their work.
- ° Encourage employees to create ways of rewarding their peers within their segment of the organization: "Everyone is responsible for morale."

EXAMPLE OF REWARDS: In one Community Services Office, a special parking space near the building entrance is awarded quarterly to an employee. This parking space is both useful and highly visible, an award much appreciated by staff.

Recognize, value, and reward existing professional competence of staff.

- ° The individuals interviewed expressed a strong desire that their professional competence be acknowledged and utilized, for example through an employee skills bank which is used for internal consultation within DSHS and for consultation with other agencies.

Find ways to recognize everyone who has achieved excellence.

- ° Nominate work groups for awards as well as single individuals.
- ° Use a lottery in which each group or person who has achieved excellence is eligible for a prize, as in the following example. This recognizes everyone. Prizes can be obtained through donations from the local community as well as through internal DSHS funding. Prizes in the lottery can be intangible: a personal thank-you call from the DSHS Secretary, for example, would be a meaningful reward to a work group or individual.

EXAMPLE OF LOTTERY FOR REWARDS: At Fircrest School, one of the difficult assignments is to help residents with dental hygiene. Staff who helped residents maintain a low plaque level received dental certificates and their names were put into a hat for a trip to Victoria.

Increase networking and information flow, both within DSHS and between DSHS and other agencies and professional groups.

- Encourage rotations between field and central office. Reserve some positions for such rotations.

EXAMPLE OF ROTATION: In the Division of Revenue, the assistant to the director is a person on rotation from the field. All nine field offices are being included in the rotation, which is voluntary, and lasts three to six months.

- Encourage participation in task forces, conferences, staff retreats. Include front-line staff in these opportunities.

Make training widely available.

- Make training a part of job expectations, and include field staff and clerical staff in these expectations.
- Provide educational leaves, internship programs, weekend courses at community colleges.

EXAMPLE OF INNOVATION: In the Division of Revenue, all employee training requests are funded, including evening and weekend classes. During the first quarter in which this option was offered, training requests were very high, but have since fallen to a steady level which can be accommodated by the Revenue training budget.

Recognize that many staff have reached a promotional plateau, and find ways to continue their professional development and capitalize on their experience.

- Rotate experienced employees into other jobs; provide paid sabbaticals; make a point of using these employees as consultants; continue to encourage these employees to enrich their skills.

Make feedback about performance a frequent event, rather than tying it primarily to performance evaluation sessions.

EXAMPLE OF INNOVATION: Fircrest School has developed a management system which creates daily feedback on job performance, and solicits evaluations from all visitors to the facility (see Appendix C for a detailed description). The results of this system include reduced staff turnover, reduced staff absenteeism, and increased adaptive behavior by residents.

Other Suggestions:

- Explicitly include field staff in all incentives which are developed; in general, increase communication with field staff.
- Find ways to make the personnel system more flexible, changing the merit system, allowing managers more leeway in delegating responsibilities, and allowing FTEs to be utilized flexibly.

- Reward employees who have gained new skills through training with higher salaries; allow managers to give bonuses to employees.
- Use leave time as a reward. Recognize outstanding performance with time off; extend leave options beyond one year.
- Promote department-wide awareness of the pressures on human services staff, and encourage self help support groups. Provide counseling services to employees. During crises such as the death of a child, provide time for staff support groups and counseling.
- Tie corrective action immediately to poor performance, and increase consistency between job expectations and the evaluation process.
- Contact clients during the first month of service to ask how their needs are being met.

CHAPTER 3: COMMUNICATION AND IDEA DEVELOPMENT

Creating a Culture of Pride and Idea Sharing

The underlying culture of an organization has a pervasive influence on activities within that organization. It is possible for top management to set a tone of pride in DSHS accomplishments and openness to the sharing of ideas within the agency.

- Continue the precedent set by the first issue of the Secretary's Notes, which expressed appreciation of DSHS staff and respect for our professional qualifications. Our work is necessary, important, stressful, and often undervalued. Because we are "the agency people love to hate," rewarding ourselves internally is particularly important.
- Choose terminology for this culture of pride and sharing which is meaningful and morale-building for DSHS staff. People interviewed for this paper felt, for example, that the term "productivity" applies best to an industrial setting. Other terms such as success, improved service delivery, effectiveness, efficiency, innovation, and client satisfaction can be used.
- Encourage active participation on the part of all staff in the sharing of ideas. "Each employee holds keys to organizational success." Make it an expectation that managers and the gatekeepers to these managers (executive assistants, secretaries) encourage other staff and deal tactfully with ideas, even if they do not agree with the content of suggestions.
- Encourage active participation of all staff in morale building. Make it part of everyone's job to find ways to promote the morale of peers, subordinates, and superiors. Front-line staff in particular have chosen a line of work which emphasizes interaction with people, and need personalized recognition and expressions of valuing them and their work.
- Recognize that staff vary in their need for recognition and feedback. Learn to look for such differences and interact accordingly.
- Mount internal as well as external public relations campaigns to encourage a culture of pride and idea sharing. Reinforce key values, publicize accomplishments.

Creating Ways to Share Ideas

Institutionalize ways to share ideas, and make it a clear expectation that people will also share ideas on an informal basis. The strong interest which DSHS staff took in this project on productivity and innovation indicates receptivity to the ideas of other staff.

- Create regular places for posting and sharing ideas. These could include computer bulletin boards, a regular newsletter. It is important to have an open, "brainstorming" policy for information-sharing:

sorting "good" ideas from "bad" ideas should be the responsibility of the reader rather than of the editor. There should also be an opportunity to ask for ideas about how to solve particular problems.

- Capitalize upon existing agency assignments to gather and disseminate ideas. For example, the December 1986 assignment to gather information for the Governor's State-of-the-Art Address on management accomplishments and policy improvements required the collection of information for external use; this information can also be shared internally.
- Utilize existing groups such as the Career Executive Program for identifying and publicizing agency accomplishments and innovations.
- Encourage job rotations as a means of sharing ideas and information within the agency.
- Create and use a skills inventory, utilizing employees as internal consultants.

Productivity Board Teamwork Incentive Program

One potential vehicle for creating innovation at DSHS is the Incentive Pay Program. This program began in 1984 and is part of the activities of the Productivity Board, which is chaired by the Secretary of State. In this program, a work group volunteers to participate for a year, during which they restructure their work and document any cost savings achieved. Staff of the Productivity Board help with the initial industrial engineering which sets a baseline for the year's achievements, and verify that actual savings have occurred at the end of the year. Twenty-five (25) percent of savings thus realized are distributed among work group members, 10 percent goes to the Productivity Board, and the balance goes to the participating agency.

Seventeen (17) Teamwork Incentive Program projects have been completed, of which 16 have realized savings, and an additional 15 projects are underway. The very process of involvement with a project for a year can yield important non-monetary benefits to participants. These can include the opportunity to reorganize work, the opportunity to be change agents, participatory decision-making, teambuilding, and the ability to use documentation effectively in interactions with management.

The Department of Transportation (DOT) has extensive experience with the Teamwork Incentive Program. From 1984 to 1986, DOT participated in 14 projects. One road maintenance crew in Toppenish has been part of the program for three years; in the photogrammetry laboratory, a half-million dollar savings was realized in 1986. According to John Davis, DOT Operations Analysis and Work Force Manager, the following preconditions are necessary for successful involvement in the Teamwork Incentive Program:

1. The request to participate must come from the employee group;
2. Care must be taken in selecting who will manage the project;

3. There is no 100 percent guarantee of success. The possibility of not documenting savings must be recognized;
4. The use of a good industrial engineer or someone with strong statistical skills is essential;
5. Management and employees must recognize that not every group will be able to participate in the program;
6. It is critical to relinquish ownership of the program to the participants, and credit them with successes.

When establishing a project, Mr. Davis recommends:

1. Rely on existing accounting systems; do not create new ones;
2. Supervisory staff must be prepared to make judgment calls;
3. The Base Year must be fair to both employees and to the state. It must take into account any unforeseen expenses such as pay raises;
4. Invest time at the start of the project in creating an effective computerized method of tracking key indicators. This requires intensive work for a short period of time, after which tracking is simple.

As of fall 1986, DSHS had not yet initiated a Teamwork Incentive project, in part because the kinds of services provided by the agency did not seem easy to quantify. John Mudge, the Management Analyst working with the Productivity Board, has examined current DSHS data summaries such as the Executive Management Summary. He believes that DSHS has sufficient data to establish baselines for Incentive Pay program projects, and that the real difficulty would be in deciding which items to track out of the various measures currently being collected.

There are several issues to consider if DSHS were to encourage participation in Teamwork Incentive Program projects. First, if DSHS were to have a number of projects, the staff of the Productivity Board might have to increase in order to handle workload, or DSHS would have to provide internal staffing for project monitoring.

Second, a narrow focus on productivity may deflect attention away from organizational effectiveness. Simply because a work group can perform their work more efficiently may not mean that the organization's objectives are being achieved to a greater extent. To quote management consultant and author Peter Drucker, "Efficiency is doing things right; effectiveness is doing the right things. Doing the wrong less expensively is not much help."^{3/}

^{3/} Quoted in Rosabeth Moss Kanter, *The Change Masters: Innovations for Productivity in the American Corporation*, New York: Simon and Schuster, 1983, p. 22.

Risk Capital for Innovative Projects

Make a minimum of one million dollars per biennium available to the Executive Team of DSHS as "risk capital" to encourage innovative projects within DSHS. Such money could be earmarked for specific types of projects throughout the agency, for example, to enhance interagency referral systems, or each Assistant Secretary could set priorities for his or her portion of the agency.

This type of financial incentive was first discussed during the regionalization effort in 1978, but was not implemented at that time. An example of a successful project, funded by federal rather than state dollars, is the Long-Term Care Planning Group. The grant was used for initial staffing and start-up costs. Now that the group is well established, it is run at a minimal cost.

Issues in Making Risk Capital Available:

1. How much money is needed for the stakes to be real stakes? The sum available for specific projects must be large enough to attract capable managers. A minimum of a million dollars per biennium has been suggested.
2. If innovation is to be encouraged, there must be some latitude for failure.
3. Projects funded in this manner would be expected to transition to other forms of funding, either through reallocation of program monies or through enhancements to program budgets in the next biennium.

CHAPTER 4: TECHNOLOGY AND WORK ENVIRONMENT

The people interviewed agreed that technological and work environment factors were important incentives for effective work. They suggested:

- Provide office equipment that functions well
- Improve information systems and increase computer availability
- Improve Office Building 2 as a work environment by improving visual and auditory privacy and personalizing work spaces
- Emphasize accuracy rates and talk of enhancing accuracy, rather than emphasizing error rates
- Create an attractive, well-maintained physical environment for client services

EXAMPLE OF IMPROVEMENT: In one CSO, the work environment for both clients and staff was improved by the provision of baked goods and coffee on a daily basis. The baked goods were donated by a major grocer, and CSO staff paid for the coffee. This small personal touch greatly improved morale.

- Reward staff with upgraded equipment
- Develop clear and concise manuals
- Allow field staff to write contracts for services and to hire personnel, submitting paperwork directly to central office contracts and personnel officers for implementation.
- Retrieve information for Accountability Reports from management reports, not the local office.

CHAPTER 5: THE BUDGET PROCESS

The people interviewed for this project emphasized three aspects of the budget process which could contribute to organizational effectiveness:

- ° Using budget building as a process to enhance internal collaboration and communication
- ° Treating savings differently by including them in current level budgeting and by allowing managers to keep a portion within their programs
- ° Decentralizing budget control to lower levels in the organization

Using Budget Building for Internal Teambuilding

Richard Thompson, Director of the Department of Community Development (DCD), and his budget staff use the budget development process for organizational development. Thompson believes:

- ° The budget process occupies a lot of agency time and should be turned to multiple uses.
- ° In a public agency, agency budget priorities are revised by OFM, the Governor, the legislature, and citizen groups. To focus the budget process only upon specific budget outcomes, therefore, is to place all one's emphasis "on something in which we probably have a 30 percent impact on outcomes."

At DCD, the budget process is part of teambuilding, including communication of organizational values, building of trust among staff, and creation of consensus about organizational priorities. Thompson feels that, on balance, these products of budget-building are more important than the question of who wins or loses in the setting of priorities.

Budget-building at DCD includes:

- ° A three-week budgeting class for all interested DCD staff. This class describes the budget process and communicates basic agency values. Staff are told that they will be given a very active advisory role in setting priorities, but that final decisions will be made by the agency director.
- ° Prioritizing by each division. The priorities are summarized in a book which is circulated to all staff.
- ° Voting on priorities at an off-campus retreat which includes approximately fifty staff.
- ° A half-day review of the priorities, followed by final decision-making by the director of DCD.^{4/}

^{4/} For a detailed description of Thompson's use of this model when he was City Manager of Puyallup, see an article by Lawrence E. Nash and Richard J. Thompson, "Team Building Through Budgeting: The Puyallup Experience," The Police Chief, November 1984, pp. 39-40.

Thompson believes that a process of this type is hard to pursue in any organizational unit with more than 600 staff. Within a large organization, he would start with values at the very top within the executive management team, create responsibility for resources at that level, validate this responsibility with actions, and pass values and responsibility down to other layers of the organization in stages.

How Savings are Treated

The managers interviewed noted that within the budget process currently employed in state government, there is a lack of incentive for frugal management of resources. Frugal management occurs most easily when tied to positive incentives. For an individual, savings made by careful management of income and assets become resources which can be used in the future. For private firms, savings accrued in one part of the firm can be used flexibly within the organization, and individuals in the work group which created the savings often share in these savings by receiving cash bonuses and/or the opportunity to use the savings for new projects.

In state government, these incentives do not apply. Rather than savings being tied to rewards, the reverse is true. During the current budget cycle, managers who have underspent their current budget allocation may not be able to use these funds before the end of the budget biennium. These underspent funds may be used to cover overspending by other parts of the organization, in particular those programs where entitlements exist and funding of services for all eligible clients is mandated by law. The ability to recapture funds and use them in other parts of the agency can be important for the agency as a whole; however, it can act as a disincentive for individual managers to use their budget allocations in the most efficient way possible.

A second type of disincentive has to do with building the budget for the next biennium. Those managers who create savings, rather than having enhanced assets to use in the future, are likely to have diminished resources when the next budget cycle begins. Savings realized during one biennium are not reflected in the current level budget for the next biennium. This means, for example, that a manager who has decreased staffing from 15 FTEs to 12 FTEs during the current biennium will be expected to begin the next biennium with 12 FTEs.

Managers within DSHS recommended the following modifications of the current system:

- ° Allow managers to keep some of the savings they create within their own programs.
- ° When calculating the current level step in the budget process, have an option which allows allocated money to remain the same, rather than automatically decreasing the level of resources allocated to a program.

Budget Decentralization

DSHS managers stated that they would like to have more control over their budgets. They recommended:

- Budgeting money at the most macro level within programs, allowing managers to move dollars more freely within the macro unit;
- Allowing dollars to move more freely among appropriations;
- Creating budgetary accountability centers.

In order to explore the pros and cons of centralized versus decentralized budgeting, we interviewed Jack Daray. Daray teaches classes on budgeting for The Evergreen State College (TESC) in the Graduate Program in Public Administration.^{5/}

Macro level budgeting, also called budget decentralization, refers to moving certain kinds of budgeting power down in the organization. For example, at The Evergreen State College, primary budget responsibility has been moved out of the President's office and the budget office, and into the hands of three vice presidents. These vice presidents operate within fixed budgets but have power to move money around within those budgets. It is this ability to use resources flexibly within a smaller budget unit, without central recapture of savings, which can be an incentive for management effectiveness and innovation.

Appendix D describes the features of centralized and decentralized budgeting in detail. According to Daray, no one budget structure is ideal for all situations. Rather, the choice between centralized and decentralized budgeting should fit organizational goals and conditions. "Many organizations make the mistake of forcing through a budget model which is attractive on a conceptual basis but which does not fit the realities of the situation," says Daray.

^{5/} Daray currently is an Associate Executive Director of the Higher Education Board. He has been Budget Director at The Evergreen State College. Previous to that, he was Senior Fiscal Analyst for the Washington State House of Representatives for five years, and Budget Program Analyst for the Office of Financial Management for four years.

Overall Issues in Choosing an Appropriate Budget Structure

1. What are DSHS options for determining the organizational level at which power to manage within a total budget can be located? Within current legislative parameters, in what ways can DSHS alter roles for budget management?
2. Some programs may be very complex fiscally and involve a high level of detail. Flagging problems early through close budget office monitoring may be preferable for these programs.
3. If the macro budget unit overspends, in what ways will the head of that unit be accountable?
4. How would a macro budgeting model accommodate the DSHS secretary's responsibility to fix the problem when a program is overexpended?

Appendix A

LIST OF PEOPLE INTERVIEWED

DEPARTMENT OF SOCIAL AND HEALTH SERVICES INTERVIEWS

Darlene Aanderud, Bureau of Nursing Home Affairs
Geraldine Allen, Long-Term Care Services Office, Region 4
Gail Baker, Long-Term Care Services Office, Region 4
Gladys Baldwin, Spokane CSO
John Brengle, Division of Juvenile Rehabilitation
Timothy Brown, Division of Developmental Disabilities
Pam Campbell, Budget Office
Lucille Christenson, Division of Revenue
Norman Davis, Division of Developmental Disabilities
Laurie Evans, Division of Income Assistance
Jack Gabler, Regional Administrator, Region 4
Denise Gaigher, Bureau of Nursing Home Affairs
Roger Gantz, Division of Developmental Disabilities
Don Gary, Bureau of Nursing Home Affairs
Virginia Hart, Division of Aging and Adult Services
Joyce Hopson, Secretary's Region 5 Representative
Les James, Health Services Division
Craig Jensen, Ph.D., Fircrest School
Steven Johnson, Ph.D., Fircrest School
Gary Johnson, Mental Health Division
Ed Klopping, Bureau of Nursing Home Affairs
Paul Lamm, Division of Aging and Adult Services
Irene McDougall, Division of Income Assistance
Becky Martelli, Division of Aging and Adult Services
Carol Morris, Bureau of Aging and Adult Services
Sid Olsen, Bureau of Nursing Home Affairs
Mary Lou Pearson, Division of Aging and Adult Services
Joyce Robertson, Division of Aging and Adult Services
Dan Rubin, State Health Coordinating Council
Wendy Seely, Division of Aging and Adult Services
Julie Selvo, Caseworker, Walla Walla CSO, Division of Medical Assistance
Mike Smith, Division of Administration and Personnel
Ralph Smith, Planning and Area Agency on Aging Services
Bill Spence, Division of Juvenile Rehabilitation
Vina Strachen, Division of Administration and Personnel
Lee Todorovich, Division of Income Assistance
Colleen Waterhouse, Division of Children and Family Services
Cathy Wiggins, Acting Regional Administrator, Region 5
Patricia Wilkins, Office of Parent/Child Health Services
Mike Wills, Division of Aging and Adult Services
Phil Wozniak, Division of Aging and Adult Services

OTHER INTERVIEWS

Bill Arney, Ph.D., The Evergreen State College (TESC)
Shirley Beelik, Washington State Library
Priscilla Bowerman, Ph.D., TESC
Linda Brownell, TESC
Charles Clark, Department of Community Development
Jack Daray, Higher Education Coordinating Board
Pamela Davidson, Department of Community Development
John Davis, Department of Transportation
Lawrence Danton, Ph.D., Central Washington University
Ken Dolbear, Ph.D., TESC
Stanley Finkelstein, Association of Washington Cities
Lucia Harrison, Ph.D., TESC
Gina Ingersoll, Ph.D., TESC
Dan Keller, Office of Financial Management
Pat LaVillet, Department of Transportation
Russell Lidman, Ph.D., Public Policy Institute
John Mudge, Productivity Board
Gary Robinson, Office of Financial Management
Carolyn Smith, Productivity Board
~~John Swannack, Department of Community Development~~
Thomas Sykes, Ph.D., Public Policy Institute
Richard Thompson, Department of Community Development
Mary Tuominen, TESC

Appendix B

INVENTORY OF PEOPLE-RELATED SUGGESTIONS MADE BY DSHS STAFF*

Index

People: The Key to Organizational Effectiveness

1. Organizational Culture
2. Recognition and Rewards
3. In-Home Expertise: Recognize and Use It
4. Networking Opportunities
5. Job Rotations
6. Training
7. Career Development

8. Personnel Systems and Staffing Patterns
9. Monetary Incentives
10. Leave Time
11. Counseling and Support
12. Evaluation and Corrective Action
13. Field Staff
14. Relationship with Clients

*Forty-one (41) DSHS staff were interviewed about how to increase agency productivity, effectiveness, and innovation. Their names are listed in Appendix A.

1. ORGANIZATIONAL CULTURE

The number of people who mentioned each item is listed after the item.

Find ways to create a climate that encourages innovations and effectiveness (28).

The department should use trained media people to present its activities to the public, increasing our positive image and our own morale (27).

Emphasize contact among staff, listening to ideas of staff, and the overall value of communication. Human services workers are people oriented, need feedback and recognition from peers and others (16).

Encourage an experimental attitude, allowing demonstration projects to test innovative ideas, and tracking outcomes (9).

2. RECOGNITION AND REWARDS

Public displays of recognition, such as awards that are reported in the media (30).

Recognition that there are highly qualified, outstanding professionals at DSHS. This is an attitude which can be conveyed in many ways by top management at DSHS (30).

Recognition which specifically cites the quality of work performed (29).

Find ways that groups of peers can recognize and reward their members. Peers really know one another's work and this kind of recognition is very valuable (28).

Mid-level managers should have rewards they can give to their employees legitimately such as time off, bonuses (28).

Prestige parking spot for an employee of the month; this kind of reward could be available at every DSHS office in the state (27).

Recognition tied to task completion, as at Fircrest School (see Appendix C) (24).

Recognition of programs/units if they reach an unusual threshold for their work, e.g., an unusually high accuracy rate (24).

Make sure that people's names are attached to the reports for which they provided information (23).

Use a lottery to reward employees. All employees who have achieved a specific goal are eligible, and all are recognized, even if only one receives a prize (21).

Verbal recognition in front of peers (18).

Recognition by the Secretary, in the form of a simple phone call or visit. Such recognition could be one of the lottery "prizes" (12).

Many CSOs maintain slush funds to help the needy; employees donate money and food for clients. Upper level management could contribute personally to these funds occasionally (5).

Give each division director a budget of \$200 per biennium to use in team building. This would fund several special events; buttons to hand out to staff; other creative ideas (2).

3. IN-HOUSE EXPERTISE: RECOGNIZE AND USE IT

Develop a "brain trust" and skill bank of employees who can consult internally in the agency and with other agencies (26).

Give employees opportunities to influence the agency (24):

- Participation in setting and revising program objectives (22).
- "Think tank" opportunities to help solve problems (20).

Give people special projects to do (22).

Directory of skills and expertise within DSHS (22).

If a proposal is implemented, give person who developed it a leave from regular work to tackle this project for a period of time (22).

4. NETWORKING OPPORTUNITIES

Extend opportunities to participate in outside task forces to staff lower in the organization (25).

Provide ample time in all training sessions, workshops, etc., for networking opportunities (18).

National conferences, and conventions (25).

Encourage site visits for state staff (23).

Encourage meetings and discussions between units (18).

Statewide conferences (17).

Retreats for staff (15)

Encourage consumer, constituency participation in problem-solving work groups (12).

Opportunity to audit meetings where broad policy is established that affects a program's future direction (11).

Encourage work groups and training participants to share information with everyone, including handouts, workbooks, small seminars conducted by participants (8).

Create an improved, functioning feedback loop to field services so that they know what happens to their input (1).

5. JOB ROTATION

Encourage job rotation within DSHS (30).

Opportunity to try another job for a week (26).

Encourage field staff to rotate into regional and central offices and vice versa. This would create a better flow of information within the agency, and would give field staff more visibility to be considered for promotions (24).

Special jobs at local, regional, and state level for career development rotations. These jobs would always be held open for this purpose (24).

Rotations to other agencies or the Governor's Office (23).

Encourage Central Office staff to go out into the field with caseworkers occasionally (12).

Mandate rotation of state-level program and management staff to field operations on a regular basis (1).

6. TRAINING

Content

Treat training as part of normal career development and expect employees to train in relevant fields (29).

Harvard level, first class management training (13).

Personal growth workshops (10).

Cross-training opportunities with private industry (8).

"Hostile Client Training" for field staff, including clerical staff (5).

Correspondence courses leading to bachelor's or master's degree (3).

Structured, adequate orientation program for new staff (1).

Structure

Educational leaves (20).

Six month internship program (12).

Support a set number of continuing education days a year for all staff (9).

"Weekend college" courses at community colleges (8).

Use University of Washington School of Social Work to provide training events and continuing education (1).

Whom to Train

Include field staff (23).

Clerical staff must have wide opportunities for training (21).

Supervisors and administrators should be involved in staff training (5).

Allow field staff a say in how training dollars are allocated (2).

Other

Adequate training budget (17).

Cookies, coffee, occasional lunches funded by DSHS for training events (12).

Develop a training center in Eastern Washington (6).

Ask staff for suggestions on content areas for workshops, and then encourage participation (6).

7. CAREER DEVELOPMENT

Establish clear career ladders (20).

Make Career Executive Program training available to all staff (15).

Provide career development and personal growth workshops (11).

Extend participation in the Career Executive Program down the ranks (10).

Recognize that not all employees can advance further on the career ladder, and provide opportunities for skills enrichment, rotations, a "Twilight Program " which gives special rotations to those within five years of retirement (6).

8. PERSONNEL SYSTEM AND STAFFING PATTERNS

Change the merit system, which limits managers' options severely (30).

Recognize the value of staff who have broad experience (23).

Allow managers more leeway in delegating responsibilities. Job classifications constrain what they can do (16).

Allow FTEs to be utilized flexibly, with an option to have positions open during down times and to fill them during busy times (18).

Place a high value on interpersonal skills when hiring and evaluating staff (13).

Keep local office size as small as possible, with several units (12).

Too few staff to serve clients, increase staffing (11).

Allow staff to specialize, rather than having to deal with too many areas. For example, allow a mental health staff person with expertise in geriatrics to work with the elderly mentally ill, rather than all age groups (11).

The registers for non-exempt positions should be more flexible (4).

Opportunities for part-time work (10).

Freeze over-staffed positions, not all positions (3).

Four day work week (2).

Give manager the option to hire five people at \$30,000 rather than seven at \$21,000; we will have less turnover, better staff (1).

Daycare for employee's children (1).

Have promotional tracks for people using technical skills (1).

Make staffing levels in the field the first priority of the organization (1).

9. MONETARY INCENTIVES

Reward employees who have gained new skills through training with higher salaries (23).

Awards based on service (18).

Allow managers to give bonuses to employees (17).

Seed money for projects that coordinate systems within the department or between DSHS and community based services (13).

Recognize that line workers and managers react differently to cash incentives. Line workers, with lower salaries, may need and appreciate extra money. Other incentives may mean more to mid- and upper-level managers (13).

Highly skilled technicians should be eligible for the same high salaries given to managers who supervise a large number of people (12).

Salaries for technicians competitive with the private sector. Otherwise, the state trains people, then loses them to private sector jobs (7).

Implement incentive pay programs (3).

Lid dollar awards at \$25.00 (3).

Rewards should be at least \$500.00 (1).

Make it possible to give increased salary to reward good performance (2).

10. LEAVE TIME

Time off as a reward for outstanding performance (30).

Paid sabbaticals (24).

Educational leaves (20).

Extend leave options beyond one year (20).

Leave days for employees who never use their sick leave (15).

Close the gap between federal and state leave plans (1).

11. COUNSELING AND SUPPORT

Department-wide awareness of the pressures on human services staff in general (30).

Self-help support groups should be openly sanctioned and encouraged (24).

Provide counseling services, not just drug and alcohol services (22).

Encourage and provide communication skill development (17).

Recognize that "burnout" is a common problem in some of the jobs within DSHS. Provide workshops for field staff on coping with burnout. Train managers in finding means to help staff with this problem (8).

During crises such as the accidental death of a child in a CSO office or the death of a child in a CPS caseload, provide time-out for staff support groups, and opportunities for counseling, rather than ignoring the stress and continuing work as usual (5).

12. EVALUATION AND CORRECTIVE ACTION

Tie corrective action immediately to poor performance (15).

Consistency between job expectations and the evaluation process (13).

Use evaluations to see that people carry out what they deem most important (7).

13. FIELD STAFF

Field staff should explicitly be included in all incentives that are developed (27).

Increase communication with field staff (17).

Allow field staff a say in how travel dollars are allocated (2).

14. RELATIONSHIP WITH CLIENTS

In the field, managers should contact clients in the first month of service to ask how their needs are being met (11).

Appendix C

FIRCREST SCHOOL: AN EXPERIMENT IN RESTRUCTURING

THE WORK ENVIRONMENT

Fircrest School has developed a management and motivational system which provides the direct care staff with regular, detailed feedback on their performance. The system was developed by Steven Johnson, Ph.D., and Craig Jensen, Ph.D. They wished to increase staff utilization of behavioral modification techniques in dealing with Fircrest School's mentally retarded residents. The results of their program have included:

- Reduced maladaptive behavior by residents
- Reduced staff turnover
- Reduced staff absenteeism (5 percent in 1985)
- An average 95 percent performance by staff of all their programmatic duties.
- Reduced time spent training new staff.

The four components of the management package are:

1. Self-generated Feedback: A Daily Checklist shows the major duties of the direct care staff and requires that the staff check off each duty as performed. This Checklist gives the staff person a sense of accomplishment as each duty is completed.
2. Supervisor-generated Feedback: The supervisor uses a Staff Performance Checklist, which is completed by direct observation of staff. This Checklist reinforces staff for performance of tasks, not the nebulous kinds of perceptions which are the basis of most staff evaluations.
3. Visitor-generated Feedback: Visitors to the residential units complete a form which evaluates specific aspects of the work being performed. The forms are regularly summarized and posted for all to see. In the past, visitors were frequently distressed by their close contact with a group of mentally retarded people, and were not focussing upon the actual services being offered by staff.
4. Tangible Feedback: The information collected in the Staff Performance Checklist is summarized bi-weekly. All staff with performance scores of 92.5 percent or better compete in a lottery for a prize. The prize is an in-kind item such as a certificate for a dinner or tickets to a sports event.

According to Drs. Johnson and Jensen, the success of this program is a result of six components:

1. Program Information is Accessible. All information from the feedback sheets is posted and readily available to staff and interested others.

2. Data Recording System is Accessible and Simple. Immediately following the resident-staff interaction, the staff record whether each resident's targeted behavior occurred during the preceding interval and whether the resident was positively reinforced for it.
3. Program is Responsive to Individual Resident Needs. The program ensures that a high number of resident-staff interactions take place throughout the day. This allows programs to be designed to meet the individual needs of residents, and allows changes to be made easily if the need arises. Bi-weekly meetings are held among the psychologist, direct care staff, and relevant professional and administrative staff to discuss resident programs. This provides a further opportunity to modify programs and give direct care staff additional training.
4. Professionals Provide Ongoing Supervision of Direct Care Staff. A psychologist and a Habilitation Program Director spend a significant portion of their time directly observing the programs and providing staff with feedback on their performance.
5. Staff is Accountable for Program Implementation. The various forms of feedback provide a high degree of accountability.
6. The Least Restrictive Model is Used to Reduce Maladaptive Behavior. The high frequency of reinforcement make it possible to handle most maladaptive behaviors with a minimum use of restrictive techniques. Over the past two and half years, only one resident has been placed in a restrictive program.

Steven Johnson and Craig Jensen believe that the restructuring of the work environment can take place in any work situation. They are happy to offer their assistance to other DSHS colleagues who wish to undertake such a project. They believe that several principles are necessary for successful implementation of change:

1. Pick a unit where success is probable. Start with one unit, not the whole organization.
2. Obtain support from the highest level of administration.
3. Don't establish a specific time frame. Stay with the project in a hands-on capacity for as long as it is necessary to get the program up, running, and self-maintained.
4. Relinquish all ownership to staff.
5. Include staff in decisions. Treat them as a project resource.
6. Have staff help define jobs and streamline them.
7. Give recognition to all parties who contributed to the success of the project.

Appendix D

COMPARISON OF CENTRALIZED AND DECENTRALIZED BUDGET STRUCTURES

Basic Structure

Centralized:

- ° The budget office and its director report along with operating divisions or subunits to the agency head or deputy head. The budget office sets allotments on the basis of detailed spending plans submitted by operating units. The budget office tracks expenditures, and recaptures any savings.

Decentralized:

- ° The budget office gives each macro-budgetary unit a target to spend towards. Each macro unit sets allotments, tracks expenditures, and recaptures any savings.

Authority to Monitor Expenditures

Centralized:

- ° The agency head and the budget office can question any subunit at any time.

Decentralized:

- ° The agency head and budget office have relinquished the right to do in-depth sampling on a day to day basis, and monitor only periodically. Lower level staff within the macro units conduct more frequent monitoring.

Relationship with the Legislature and the Press

Centralized:

- ° Questions are more frequently answered through the budget office.

Decentralized:

- ° Macro units often relate directly to the legislature and the press.

Where the Buck Stops

Centralized:

- ° The agency head and the budget office deal with the difficult questions.

Decentralized:

- ° The top level of the macro units deals with the difficult questions rather than referring them up.

Conditions for Success

Centralized:

- ° Experienced staff in the budget office who "know all the angles. People rarely lie to budget office staff, but heaven help them if they don't know the right questions to ask."

Decentralized:

- ° The leadership of the agency must create specific expectations about products and activities.
- ° A high level of trust between levels is necessary, but the leadership at the top must also be willing to be very tough with the heads of the macro units.

The budget office needs experienced staff who can ask good questions.

Advantages of Each Budget Type

Centralized:

- ° More day-to-day control
- ° Central recapture of savings can be used to cushion agency and/or to encourage innovations
- ° Can protect innovations by having control of legislative/media contacts, telling one single story.
- ° Can monitor innovations on a frequent basis

Decentralized:

- ° Frees policy makers at the top of the organization to deal with broad policy issues by setting aside day-to-day operations
- ° Compensates for high amount of turnover in social service budgeting by having budget managers be closer to actual program operations
- ° Allows more managerial control at a level closer to program operations
- ° Macro level recapture of savings can be used to improve programs, innovate within macro unit

Disadvantages of Each Budget Type

Centralized:

- In a large agency, the central budget office may not have enough information to make accurate and appropriate decisions (managers may exercise "malicious obedience," in the words of Richard Thompson)

The central recapture fund can be the excuse not to live within the subunit budget ("We'll just ask central reserve to cover our fiscal crisis.")

- Policy makers at the top are less free to deal with broad policy issues because they are more involved in day-to-day operations

Decentralized:

- By having lower level staff engage in budget monitoring, this may add to their workload
- When each macro unit relates independently to the media and legislature, conflicting stories are possible
- Budgets may be getting out of control without top management awareness that a problem exists
- Managers at the macro budget level may not want the high level of accountability and responsibility involved