

AMWA Annual Meeting

October 28, 2013

Enhanced Employee Engagement

Terry Brueck
CEO/President





Agenda

1. Introduction
2. Utility Profiles and Experiences
3. Q&A



SECTION 1

Introduction

Engagement Panel Participants

- ***Sue McCormick***, Director, Detroit Water and Sewerage Department
- ***Glen Gerads***, Assistant Director, Minneapolis Water Treatment and Distribution Services Division
- ***Cathy Bailey***, Joint Management-Transition Manager, Greater Cincinnati Water Works and Metropolitan Sewer District of Greater Cincinnati
- ***Pat Maxwell***, Human Resources Director, Southern Nevada Water Authority and Las Vegas Valley Water District

Your Employees Are A Significant Investment

- Annual Mean Wages for Water, Sewage and Other Systems (2012 BLS data)
 - All Occupations \$48K
 - Management Occupations \$107K
 - Plant & System Operators \$44K
- Benefits Coverage – healthcare, retirement plan/pension, sick leave, disability coverage, etc.
 - Estimate 30-50% of wages
- Median years of tenure is lengthy (Bureau of Labor Statistics)
 - Local Government 8.1 years
 - Utilities 9.5 years

Total Worker
Investment

$$\begin{aligned} \$48K + 40\% &= \$67K/\text{year} \\ &\times 9 \text{ years} \end{aligned}$$

\$603K

Why Is Workforce Engagement Important?

High Interest by AMWA Members

Highly rated topic in survey for annual AMWA meeting

One of Top 5 Water Industry Issues Each Year 2007-2013

State of the Water Industry: AWWA Survey

70% of American Workers Are “Not Engaged” or “Actively Disengaged”

2013 Gallup Research Report

High Employee Engagement Correlates With High Organization Performance In:

- Customer Ratings
- Productivity
- Profitability
- Safety Incidents
- Turnovers
- Absenteeism
- Quality (Defects)

(2012 Gallup Meta-Analysis Study)



How To Engage?

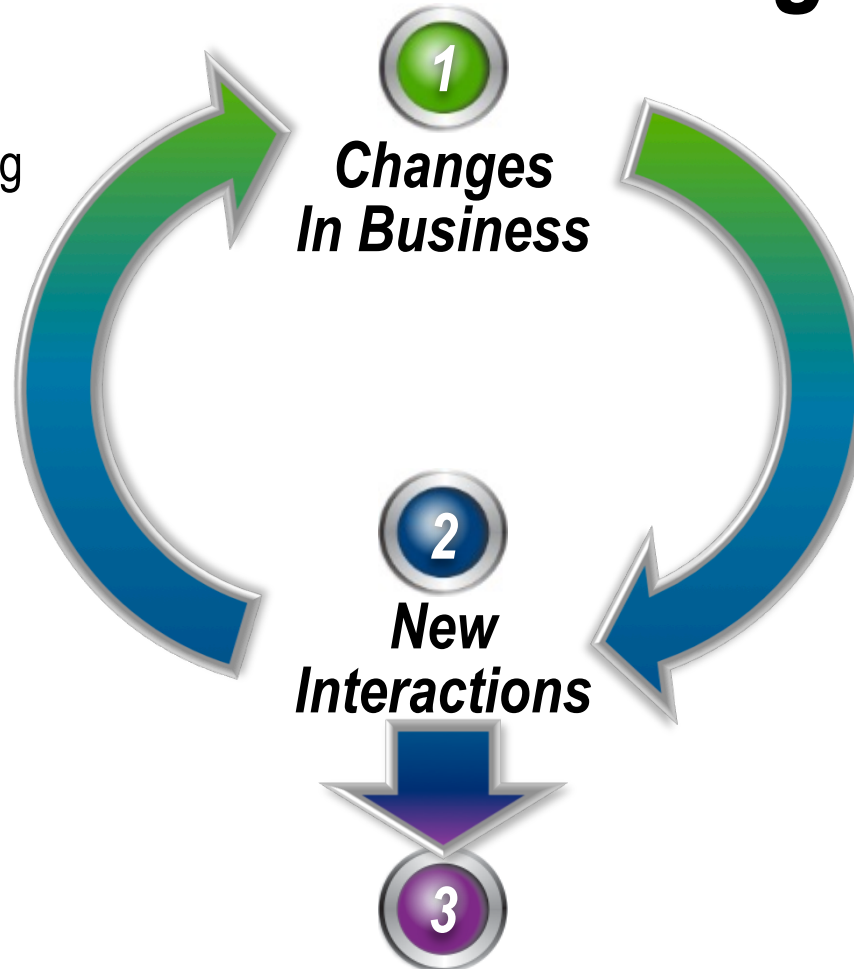


- Focus on your utility business
- Focus on employees you & they want to stay

A Model for Workforce Engagement

DRIVERS

- Strategic Planning
- Operational Improvements
- New Leaders



Changes In Behaviors

BUILD A NEW CULTURE

OPPORTUNITIES

- New Ways to Involve
- New/Different People Engaged

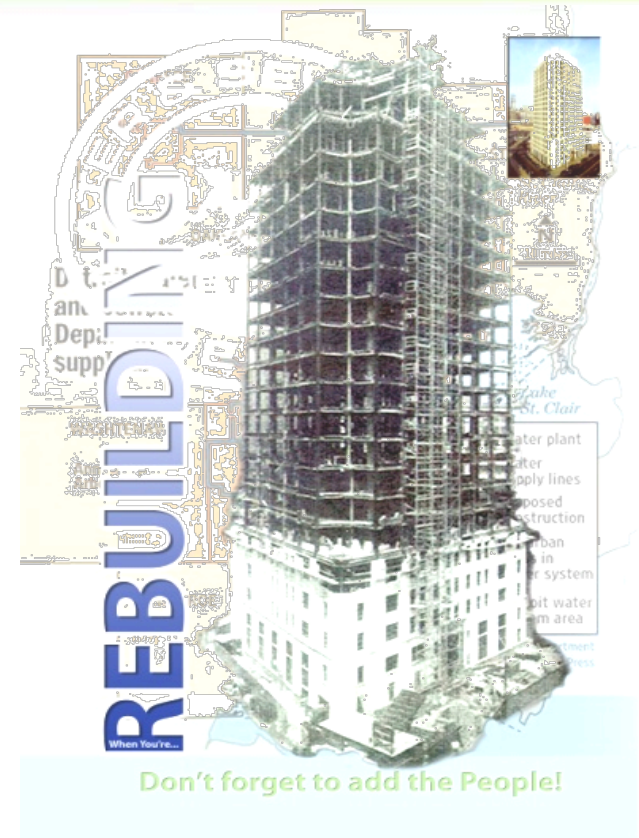


SECTION 2

Utility Profiles and Experiences



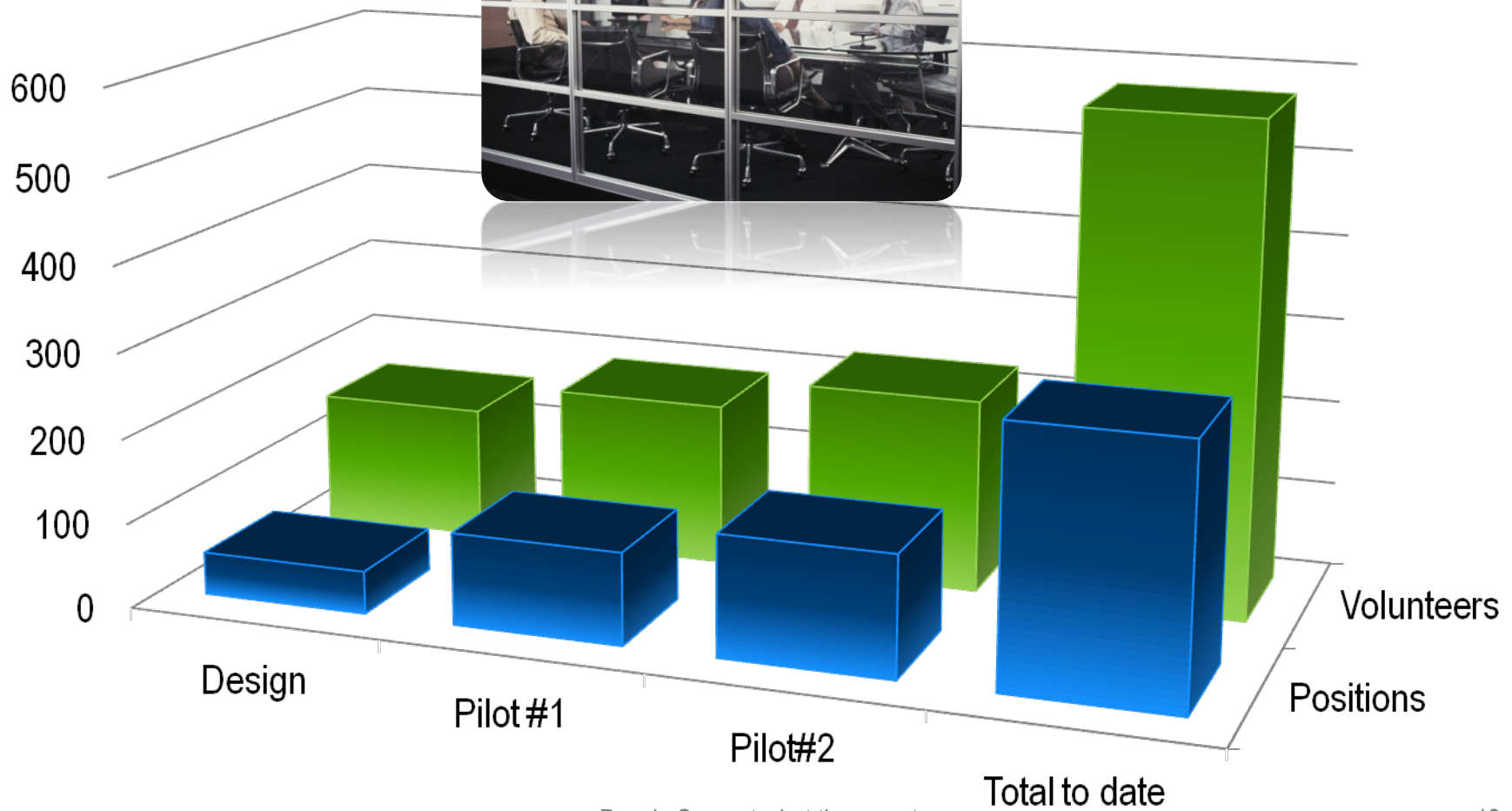
DWSD - Detroit Water and Sewerage Department



DWSD Organizational Optimization

- **Effort:** Reengineer the organization from the ground up
– new business processes, job designs, leverage technology!
- **Business Objective:** Affordable rates \$O&M ➡ CapEx;
Attract & retain talent by creating Career Opportunities
- **Large scale employee engagement:** Job and Business design teams; pilot teams; Asset Management Team; Communications Team, etc.

Phase II Employee Engagement



People Support what they create

Employee Developed Communication

WATER & SEWERAGE DEPT. DETROIT

DWSD ORGANIZATION OPTIMIZATION PROJECT UPDATE

ISSUE 04 SEPT 2013

this issue

- Wastewater P.2
- Westside CSC P.3
- Water Works Park P.3
- Information Technology P.4

MESSAGE FROM THE COMMUNICATIONS TEAM

The goal is to provide effective communication to the DWSD organization about the Optimization Project. To achieve that goal, a selected member from each job design team will participate in this newsletter. The communications team consists of:

- Cheryl Porter**
Project Manager
- Brenda Jamison-King**
Field Services Team
- Ivala Marie Allen**
Finance/Administration Team
- Gregory Smith**
IT/Support Team
- Valerion Farr II**
Water Team
- Sanjay Patel**
Wastewater Team
- S.R. Boland**
Editor-Writer

Wastewater team meets challenges

Three months into the pilot program in the secondary area at the Wastewater Treatment Plant (WWTP), the team realized that on-the-job and safety training activities, along with preventive maintenance tasks, were becoming more formidable.

So, the team recommended that the four-crew/12-hour shift system be reconfigured to a five-crew/eight-hour shift system. The team also recommended adding a person who would be responsible for planning the team's work.

The team put the five-crew/eight-hour shift system into action Sept. 3. Four additional plant technicians have been added to the team, as well as the planning person, which brings the total number of secondary area pilot team members to 27.

With a planning person now on the team, resource allocation is on its way to improving. Team members now have a better system to track their corrective and preventive maintenance work orders. And with an additional crew, the team will soon be able to accomplish more preventive maintenance and eliminate the work backlog.

The team now uses installed dissolved oxygen meters instead of taking manual readings using a handheld device. In addition, the secondary clarifier contractor has installed 11 sludge blanket meters; the meters eliminated the need for using Secchi disks. Another 14 sludge blanket meters are being installed ahead of schedule.

The team will get process training starting next month. The office area is being refurbished for the team's use and a lab will be added so that all lab functions pertaining to the secondary treatment can be consolidated there. Data will be collected to create key performance indicators.

Another WWTP facilitated pilot, in the dewatering area, started Sept. 3. That pilot team consists of five crews on eight-hour shifts for a total of 35 people, including a team leader and a lead maintenance technician who can lead the team if needed.

The team, with training under way, will operate from the second-floor Complex II dewatering area.

- How soon will the changes happen? How soon will the reductions be implemented?

- Time is of the essence, and continuing the forward movement will begin immediately. Reductions are a part of the process and will be addressed as changes are made.

IT charts successes in pilot

The goal for the IT Service Desk pilot was to improve customer service at the Service Desk. IT staff were encouraged to take ownership of a problem and were empowered to take it from the beginning to end (or as far as they could). Success was measured by an increase in the accuracy of problem reports, and a reduced overall need for problem reports.

The pilot team took great steps from the start. They began taking ownership of all tickets coming through the Service Desk before passing them on when necessary. When tickets were passed outside the pilot, team members requested that they be able to shadow the senior technicians for further training. All of the pilot members embraced the idea of being at the Service Desk to answer phones, as well as being in the field to resolve a ticket in person.

Team feedback has evolved from the beginning of the pilot. Initially, there was confusion and sometimes frustration as to who was doing what, when. As the team progressed, and through the use of daily meetings, coaching and lots of patience – from everyone – the team began to gel and work got done.

The increase in user-generated tickets allowed the pilot team to contact requestors faster, and to reduce the duplication of tickets significantly from the previous practice of using emails to create tickets. And, the flexibility of the remote-control tool set, PCAnywhere, provided the team a way to service requests remotely.

The team continues to regularly meet in person, work on tickets together while cross training, and collaborate on the ongoing process changes. Many members commented that they felt like they put in a full day's work and that the day was moving faster than before. Some members had to adjust to working in a non-linear way and prioritize work as situations changed – sometimes by the minute.

Every week, there will be new processes turned over to the Service Desk staff for incorporation into their standard operating procedures. As more new systems come online, the Service Desk will be a stakeholder in the project from "day one." A support structure will be built along the way so that when new systems are introduced, there is an established way to ask for help.

The team still requires access to many systems such as Identity Management, enQuesta, and EMPAC (soon to be WAM). The standard support processes need to be identified and handed over. The team needs to completely eliminate email-generated tickets. A basic "bag of tricks"/toolkit needs to be developed for all Service Desk staff. DWSD should replace the Helpline Service Desk tool set with something better supported and more flexible.

"Getting to a point of success is a journey that requires patience, willingness and trust from all stakeholders. We have great staff in DWSD IT, and if given the chance and a little training and coaching, they will shine!" said Dan Rainey, Information Technology Director.

Results to date.....

Engagement Examples:

- 42 improvement suggestions from first 5 pilots; employee ownership of process and employees volunteerism increasing

Business Result Examples:

- Lowest rate increases this century; ~25% FTE reduction in 2 years; Dramatic Increase in Customer Satisfaction based on survey results (comparing 2013 to 2004)! 278 to 47 JDs, 300 fewer vehicles so far....

Future Plans:

- Post and fill 'new jobs' through 1st quarter 2014;
- Replace major enterprise systems; HR/Finance/WAM;SCADA
- Focus on Common Organizational Behaviors in Perf. Management
- Evolve the culture: customer centric, team based, continuous improvement

Flexible Organization Approach





*Department of Public Works
Minneapolis Water Treatment and Distribution Services
Division (WTDS)*



WTDSD Strategic Alignment Initiative

- **Effort:**

- Develop a new Strategic Business Plan based on WRF Publication 4232 and the Scan-Plan-Do framework
- Develop an Information Technology Strategic Action Plan
- Develop Internal “Business Group”

- **Business Objective:**

- Set the direction for the future and grow the organizational and service capabilities of WTDSD
- Set the organization “form” of the organization to meet organizational “function”
- Eliminate organizational structural roadblocks to employee engagement

- **Broad Engagement:**

Strategic Business Plan development included stakeholders from across all divisions of Public Works, outside of Public Works including wholesale customer representation. Focus on broad based vertical representation from all sections of WTDSD. Other two efforts included major stakeholders

Potential Challenges

- **Time Frame:**
 - Short window of opportunity before the Director retires
 - An unorthodox approach
- **Consultants:**
 - Three separate consultants working on projects that depended on each other's "findings"
 - Collaboration among consultants essential to success
- **Staff Buy-in at all Levels**
 - Change, change, change
 - Required new way of looking at our organization



A Work in Progress



Engagement Examples:

- Unveiling new Strategic Business Plan in the next couple of weeks
- Laying the groundwork for enhance employee involvement in creating yearly WTDSO Operational Plans
- Opportunity to build leadership capacity in WTDSO

Business Result Examples:

- Creating a matrix organization structure that improves collaboration and removes barriers to employee involvement
- Validated need for new organizational group to support business and asset management based decision making.
- Focus on technology as a enabler to smarter infrastructure investment... allowing IT group to fully engage in the organization

Future Plans:

- Creating an organizational structure that supports the “Do” phase
- Charter teams built around the 5 broad strategic initiatives:
 - Customer, Workforce, Partnerships, Infrastructure, Technology



- Greater Cincinnati Water Works***
- Metropolitan Sewer District of Greater Cincinnati***

Strategic Business Plan Creation Process

- **Effort:** Created a new Strategic Business Plan for 2011-2014 for the Water Utility
- **Business Objective:** Identified the strategic choices and actions the organization needed to focus on for the next three years to improve operations and move the utility forward
- **Broad Engagement:** Involved over 55 employees (mostly senior and middle management) in a short period of time to research what other companies are doing and adapt it to the business in the form of action items; engaged a broader group of employees to then implement the action items

Joint Utility Integration-Task Teams

- **Effort:** Integrate Functional Areas across three utilities under shared services and joint management models (SS-Administration, HR, IT, Accounting, Communications, Financial Management, Safety; JM-Engineering, Laboratories)
- **Business Objective:** Change the way we are doing business to be more efficient, sustain the utilities, better coordinate construction efforts, ease rate increases and protect public health and the environment
- **Broad Engagement:** 100 day plan/Involved over 260 employees across three utilities from very different cultures to work on task teams-created recommendations on how to change processes in the functional areas for the integration

SBP Creation-Collaboration & Creativity

Engagement Examples:

- Teams-Researched on Internet, Called Companies to learn about their process and practices, Visited Local 'Top 10 Companies to Work for'
- Involved over 300 employees in values sessions to define the organization's values
- Held a very creative Open House to showcase the strategic plan and allow employees to sign up for Implementation efforts

Business Result Examples:

- New SBP, Engaged Employees with Ownership of the Plan-Motivated and Excited to be a part of Implementation
- Gave the leadership team insight to future leaders in the organization
- Infused energy and a huge boost to morale after the water district project

Future Plans:

- Some action items have started and are complete; continue this work
- Other action Items as they relate to the joint utility efforts and each utility will start soon

Joint Utility Integration-Task Team Efforts

Engagement Examples:

- Cross-utility task teams (over 50 teams at the same time) discussed AS-IS, defined TO-BE, and made recommendations for implementation of new processes and practices
- Moving team-organized move for over 300 employees in one weekend

Business Result Examples:

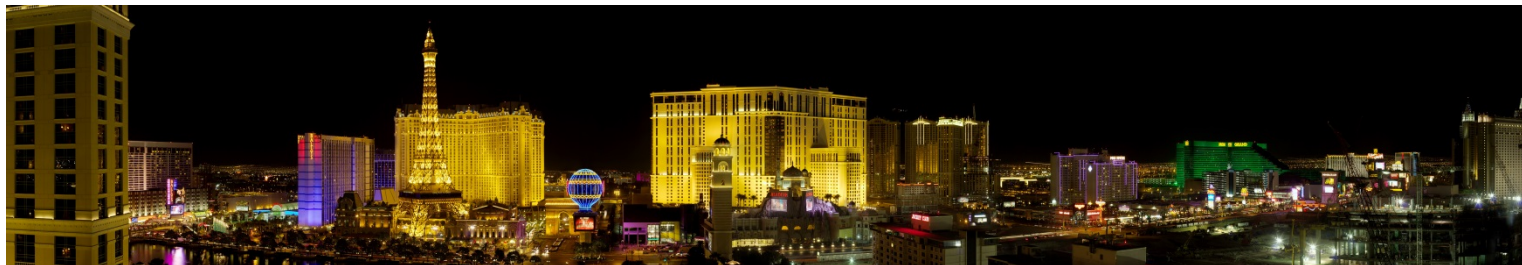
- List of changes to act upon to position the utilities for a successful future
- Identified obstacles and challenges for us to avoid
- More appreciation for planning and consistency in procedures
- Excited and motivated employees to get involved

Future Plans:

- Implement task team recommendations (62 -14 completed; 10 in progress; 20 to start before end of Q1 2014; 18 to start later)
- Start new task teams
- Begin more Employee Engagement Efforts

Ongoing Challenges

- **Maintaining Momentum**
 - Projects approved but gaps in between implementation
- **Communications**
 - Consistent, meaningful communications needed
- **Pension Changes**
 - Recent changes make it hard to retain and attract talent
- **Boosting Morale**
 - Change is difficult for all; anxiety, frustration, productivity slump



***Pat Maxwell, Human Resources Director
Southern Nevada Water Authority/
Las Vegas Valley Water District***



Formulating the 2014-2017 Strategic Plan for SNWA & LVVWD

- Engaging the workforce at all levels
- Formulate a new, comprehensive Strategic Plan that actively engaged the workforce in a relevant and timely manner (January – June 2013)
- Move from playing defense – reactive to being proactive – playing offense

Strategic Planning Effort

Starting Point

- General Manager's Director's Retreat November 2012 – three days.
- Recognized need to engage our entire workforce due to cutbacks, reductions, uncertainty of previous 3-4 years.
- Leadership (Executive Team/Directors) formulate the Vision, reconfirmed our Values. Established guidelines – “Engage entire workforce – all levels.”
- The Organization – clarify Mission, Goals, Strategies, Tactics.

The Process/Roles

- Project Leader: John Entsminger – SDGM.
- Directors: Establish/clarify Mission – facilitate as team leaders.
- Managers with Directors: Formulate Goals/Strategies – Managers lead.
- Supervisors: Formulate Tactics with Managers – Supervisors lead.
- Employees: Assist in developing Tactics – Employees provide input.
- Consultant: A Partner/Guide/Provides the Strategic Plan Template.

What's New or Different

The Process was Designed to Engage All Levels

- Employees, Supervisors, Managers provided in depth feedback through focus groups – consultant facilitated.
- Used Gallup 12 Questions on Employee Engagement.
- Shared feedback/results in open discussions.

Key Findings

Strengths

- Managers most engaged, then Employees, Supervisors least engaged.
- Strong leadership, quality, caring people, experience and expertise at all levels.

Weaknesses

- Communication – bottom up/across. No recognition for good work, limited feedback and lack of involvement in key decisions.
- “Playing defense”; silos, turfs, protective of resources.

What's New or Different (Continued)

- Training to develop Tactics for Strategies/Goals is being done in half day workshops – with whole teams from 4-6 departments per training session.
- New interviews with Directors/Managers to provide input on new 2014 development programs based on Strategic Plan focus group feedback.
- Created organization wide dialogue on key operating practices, fostering more communication and awareness of overlaps, duplication – in a positive/collaborative manner.

Highlights of Changes/Results

- Completed Strategic Plan: January – June 2013, as planned with entire organization involved and timely communications.
- General Manager's Annual Meeting July 9-11, 2014. Rolled out the plan.
 - Teams of Managers presented Goals/Strategies and “owned them.”
- Employees recognize Strategic Plan primarily evolved from bottom up.
 - Clear recognition that this was a different approach.
- First time – developing Tactics in whole teams with multiple departments.
 - Half day workshops – facilitated by consultant, Director of Human Resources, IT online system, three hours, lots of sharing, phenomenal feedback.
- Process of developing Tactics forcing everyone to look at what you're doing in a positive and strategic way.
 - How it adds value?
 - Are the resources required worth the results?
 - Does it contribute to strategic direction?

Conclusions and Implications

- People don't buy in unless they get a chance to weigh in.
(If you don't ask them to be engaged, they're not engaged.)
- The focus groups in combination with Gallup 12 survey, identified key factors blocking Employee engagement.
- Feedback results early in the strategic process helped adjust and tailor it to foster more engagement, e.g. Tactics Workshops.
- Sharing all results openly at General Manager's Employee Roll Out built credibility.
(The good, the bad, the ugly were discussed.)
- Implementation begins in January with a high level of support, energy, and enthusiasm.



SECTION 3

Questions and Answers

Thank You

Terry Brueck
tbrueck@ema-inc.com

