

TRANSFORMING A TRADITIONAL PUBLIC SECTOR BODY INTO A MODERN QUALITY ORGANISATION

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Introduction

In 1994 the Victorian Government, Australia, initiated reform in local government when it reduced 210 Local Government Councils to 78. All elected Councillors were sacked and the Government appointed three Commissioners in each new City to reduce Council rates for citizens by 20 percent and introduce modern management practices, including the introduction of compulsory competitive tendering (CCT) and labour reforms.

The twin aims of reform of local government in Victoria were to reduce the cost and size of government and thus enable the private sector to undertake more of the activities previously operated by government. At the local level there were hundreds of such activities (amounting to approximately \$300 million per annum) involving engineering, road maintenance, domestic garbage collection, recycling and waste management, parks maintenance, regulation of development, care for older people and people with disabilities, maternal and child health services, and recreation and leisure services.

The new Victorian Local Government Act 1993 contained key reforms in relation to openness, accountability and performance, with Councils being encouraged to adopt a more commercial approach to conducting their businesses. The impact of these reforms included:

- staff reductions and lack of job security, as all employees first had to reapply for their positions in the amalgamated cities and then compete as part of their business units with private enterprise to continue offering services
- low job satisfaction for many employees who had little motivation for carrying out efficient, effective and productive work in these circumstances
- fear of change, especially fear of not winning CCT bids
- a critical need to maintain levels of service with reduced resources
- introduction of new and unfamiliar systems and processes
- a review of all traditional Council services
- many citizens feeling disenfranchised with government-appointed Commissioners
- community uncertainty about the benefits of amalgamation and CCT.

Background

The Cities of Box Hill and Nunawading were combined in January 1995 to become the City of Whitehorse, the fourth largest city in Victoria. The three appointed Commissioners recruited Dr Shirley Randell, an experienced Quality CEO and distinguished adult educator to lead the new city. She in turn recruited a Quality manager, Amal Nasralla, from Kodak, which had won the only Australian Quality Prize awarded by the Australian Quality Council (AQC), along with a team of general managers and managers with Commonwealth and State government and industry experience to complement experienced local government managers.

In its first 18 months of life, the City of Whitehorse had to steer its way through a minefield of amalgamation, new management, restructuring, relocation, CCT, budget cuts, downsizing and outsourcing. The speed and extent of the changes that characterised the Victorian local government reform process presented all our people

with enormous challenges on a daily basis and together we undertook the task of creating a new organisation. In an environment where so many previous certainties disappeared and where there were new and increasing demands on everyone, we faced the fundamental challenges of building openness and trust, engaging the commitment of people to the organisation's vision and values, and helping individuals and groups to strive for excellence.

The new vision of the City was to achieve world best practice in municipal government by the year 2000. We knew that realising that vision depended on a planned, Quality approach to developing the organisation. The Executive Team (the CEO and four general managers) committed itself to introduce Quality management in alignment with Quality principles.

Quality Policy and Program

The Executive Team, Commissioners and senior management underwent a two-day familiarisation course on Quality philosophy and principles with AQC facilitators. A team of 23 staff facilitators, including middle managers and team leaders, was recruited from volunteers to become change agents in leading process improvement with work teams in every department. Our Quality Policy was developed with input from a cross-section of management and staff: *To implement Quality management principles as a primary means of driving our business and organisational performance to achieve world best practice.* This would be ensured by:

- delivering Quality services to meet the needs of our customers
- having clearly defined organisational, business and management unit objectives
- continuously improving our processes
- measuring our performance and using this data for our decision making
- achieving quality certification to a recognised standard of service in those areas where such certification would provide a business advantage
- creating a learning organisation that encouraged continuous employee development, teamwork, innovation and breakthrough performance
- maintaining a strong commitment to supporting Council's employees to attain sustainable competitive advantage in the market place
- recognising the contributions of our employees
- treating our suppliers as business partners and recognising their efforts.

A Quality approach demanded a paradigm shift in culture (Table 1) and an Organisation Performance Strategy. At the heart of this Strategy was the need to manage change effectively. Challenges included:

- ensuring employees understood that change did not mean that everything done in the past was bad or poor
- attaining employee trust and commitment to the new directions
- shifting local government to be more customer focused
- changing the paradigm that making a profit was not adhering to community values
- breaking down bureaucracy which impeded flexibility and responsiveness, to enable business units to be productive, efficient, effective, commercially oriented, and competitive in the market place
- educating the community on the changes, to manage their expectations.

Table 1: Necessary paradigm shift to manage change

Old Culture	New Culture
Management/funding/politically driven	Customer driven
Hierarchical	Networked
Bureaucratic	Flexible/responsive
Manager as inspector	Manager as leader/coach
Centralised/functional	Decentralised by business unit/cross functional
Suppliers as enemies	Suppliers as trusted partners
Control systems	Support systems

The CEO and Manager Organisational Performance were responsible for driving the Quality policy and program which emphasised leadership, policy and planning, information and analysis, people, customer focus, and Quality of processes, products and services. These areas coincide with the categories of the AQC framework and are discussed in detail below.

Leadership

A key selection criterion for general managers and managers in the new organisational structure (Figure 1) was leadership capacity. Council and the Executive Team developed the City's mission, vision, goals and values through a process of extensive staff and community consultation in 1995 (Table 2). The corporate model termed Systems Thinking was adopted as the model for all business planning and review in the organisation (Figure 2). This model examined the City of Whitehorse and each of its units as systems requiring the interests of all the various stakeholder groups to be considered. Quality Management strategies were aggressively pursued on several fronts to ensure sustainment of the change strategy initiatives. These strategies included the establishment of an Organisational Performance Unit in the CEO's office to lead change; the inclusion of generic and particular Quality specifications in contract documents; the training of Quality facilitators as an internal consulting resource; working with suppliers as partners; and active involvement in external organisations such as the Whitehorse Quality Network.

The Executive Team and CEO's office modelled use of the Systems Thinking planning and alignment framework. The city legend, *The City of Learning* was adopted, policies were developed on Community Consultation and Competitive Services and Businesses, and an Enterprise Agreement was negotiated. The Whitehorse Quality Performance Matrix was created to measure key aspects of Quality philosophies and methods and this was monitored monthly. The Matrix named the team manager and Quality facilitator, and detailed each team's performance by monitoring progress reached in each step of the Quality process (Table 3).

Figure 1: City of Whitehorse Organisational Structure, 1996

Table 2: Whitehorse City Council's Vision, Mission, Values, Goals, Activities

Vision

By the year 2000 the Whitehorse community will:

- achieve its goals,
- be proud of its successes,
- celebrate its heritage and culture, and
- enjoy and enhance the beauty of its environment.

The City will achieve world best practice in municipal government for:

- standards of livability,
- environmental quality,
- economic prosperity, and
- governance.

Mission

Whitehorse City Council provides accountable local government, and service delivery standards so its community is highly satisfied with living, visiting, working and investing in the City.

Goals

- Improved Financial Performance
- Consultation and Compliance
- Customer Satisfaction
- Community Wellbeing and Participation
- Asset Management
- Economic Performance
- Staff Achievement

Values

- Outstanding Service
- Innovation and Creativity
- Teamwork
- Community and Employee Wellbeing
- Performance
- Equity and Access
- Integrity

Activities

Whitehorse City Council's activities include:

- engineering,
- road maintenance,
- domestic garbage collection,
- recycling and waste management,
- parks maintenance, regulation of development,
- care for older people and people with disabilities,
- maternal and child health services, and
- recreation and leisure services.

Figure 2: City of Whitehorse Systems Thinking Model

Table 3: Whitehorse Quality Performance Matrix

Each team in the organisation was listed on the vertical axis, eg

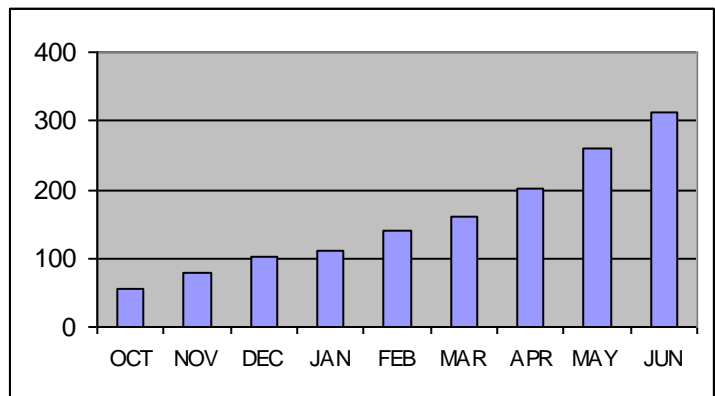
Provider Side

Community Services
 Domestic Garbage
 Aquatic Centre
 Box Hill Community Arts Centre
 Maternal and Child Health
 etc

Client Side

Commissioners
 Executive Team
 Records Management
 Information Technology
 Public Relations
 etc

Progress October 1995 to June 1996



The responsible Manager and Quality Facilitator, and Performance indicators were listed on the horizontal axis, eg

Performance Indicators

1. Awareness presentation
2. Completed quality training
3. Quality in business planning
4. Strategic framework deployed
5. Key processes flowcharted
6. Process improvements and process owners identified
7. Process improvement plans in place
8. Scheduled team meetings held at least monthly
9. Benchmarking linked to KRAs and key processes
10. Results linked to benchmarking
11. Customer satisfaction measures in place
12. Improvement trend in customer satisfaction measures
13. Six monthly self assessment conducted
14. ISO or appropriate standard achieved
15. Annual morale survey conducted
16. Performance appraisal linked to KRAs and key process improvements
17. Majority of measures on or above target
18. Financial performance on target

Scoring Procedure

As each team completed one of the performance indicators they received one point and these were added each month to reach a total for the team. All totals were added to calculate the index for the City. Each of the 46 teams could achieve 18 points and the maximum possible total for the City was 828. Monitoring commenced in October 1995 with a score of 56 and by June 1996 the established target of 300 was exceeded (see Figure above).

A Staff Morale Survey provided a clear monitor of staff morale, confirming that many staff were finding the enormous amount of change difficult. These staff indicated that improvement opportunities existed for management in clarifying direction and focus, maintaining staff support and confidence, and spreading leadership responsibilities throughout the organisation.

Conceptually the system and structure put into place encouraged such leadership, decisiveness and responsibility across the organisation based on linking Personal Development Plans to the Corporate Plan by using the Systems Thinking model. Business (provider-side) teams and work teams gained specific productivity benefits and/or savings that originated from grassroots leadership within their units by using this model. Some examples of these savings include:

Engineering Services: \$7,000 saved by minimising lost time travelling and other non-value adding activities (estimate of 36 person days)

Children's Services: \$15,000 saved through staff reallocation by cycle time reductions in administration

Parks Services: \$67,500 per annum saved through work practice change (productivity gains of 45 minutes per person per day)

Disability Services: \$113,000 of additional resources won by the release of \$100,000 from the Commonwealth Health and Community Services funds, and \$13,000 from a new fee structure

Family Support and Counselling Services: Productivity increased by 40 percent (from a caseload of 15 cases to 21 cases), and the cycle time in responding to clients reduced from 168 hours (seven days) to 10 minutes.

Considerable effort was also invested in leadership in the community by sharing the City's experience and expertise in concert with the *City of Learning* legend. Staff regularly spoke at community forums. Whitehorse established a community-focussed Learning Development Group. The City's active leading profile in the areas of Adult Day Activity and Social Support and Older Persons Social and Community Support was seen by the Victorian Government as the benchmark for service provision in the State. Nevertheless, the local press, under pressure from ex-Councillors and special interest groups, failed to appreciate the achievements of the organisation and provided constant distraction for the Commissioners and Executive Team.

Strategy, Policy and Planning

Integration of Values

A key strategy to achieving our vision and mission in a constrained and changing environment was the intent to use Quality concepts to enable improved service delivery despite the environment. The values that underpinned our vision and mission, that reinforced these concepts were developed with staff and community input and incorporated into all policy documentation. The corporate values and some of the initiatives they generated were as follows:

Outstanding Service. Work teams at all levels of the organisation identified their customers and their customers' needs through the Systems Thinking model and strategies were put in place to meet those needs

Innovation and Creativity. We actively sought new ideas via our monthly *Ideas over Lunch* forums. A cross-section of staff were selected from different areas and levels of the organisation to share their ideas with the CEO. These ideas were logged and followed up where appropriate, and feedback on progress was given through the weekly *Whitehorse Memo*.

Teamwork. Teams were created at all levels beginning with modelling by the Executive Team and CEO's Office, and extending to work teams involved in CCT bids and process improvement teams to improve cross-functional processes.

Community and Employee Wellbeing. All staff were encouraged to take personal responsibility for ensuring a safe and healthy work environment, with an Occupational Health and Safety Coordinator and Policy, and a Safer Community Program in place.

Performance. We aimed to ensure that our staff had the skills, equipment and resources to carry out their roles. Personal Development Programs provided staff and supervisors with an opportunity to seek and receive regular and honest feedback on performance. Business Units created workplans for each of their workteams translated from their business plans that were developed using the Systems Thinking framework.

Equity and Access. Whitehorse is a diverse cultural community and this diversity was respected. Internally we had an Equal Employment Opportunity policy that promoted and required EEO in practice. Implementation of EEO was demonstrated by the makeup of the senior management team with eight women in 22, a record for local government in Victoria. This team also represented different ethnic and professional backgrounds. Public access to documents and data as well as Council meetings was provided to the community.

Integrity. Both staff and the community indicated a priority for integrity as a key value. The Competitive Services and Businesses Strategy ensured that the organisation maintained integrity and probity with respect to the CCT process.

Planning Process

The Corporate Plan was designed to show staff and the community where the organisation was headed so that they could contribute in a conscious and informed way to the overall corporate objectives. The corporate management processes which were carried out using the Systems Thinking framework included:

- strategic objectives from the Corporate Plan
- operational plans derived from the Corporate Plan developed by general managers of divisions and the managers reporting directly to them
- specific organisational business plans at the business unit level developed by managers and the staff reporting directly to them

- work plans developed by team leaders and the staff reporting directly to them.

The Systems Thinking framework always provided a crosscheck that every key area and process improvement was aligned to overall corporate objectives. This process ensured that employees at all levels of the organisation were involved in the planning process as well as in monitoring their own performance and progress. The effectiveness of the planning process would be measured ultimately by the success of the organisation in meeting its declared objectives.

Expenditure decisions were made within the budgeting process by program (activity-based costing). The Executive Team intended to refine its budgeting process where competing items were ranked in order of priority according to their contribution to key stakeholders. As a result, all competing demands for resources would be integrated and given priority according to the corporate objectives and strategies.

The Enterprise Agreement (EA) and Local Work Area Agreements provided a framework for team performance, which was aligned with Council's values and objectives while stimulating individual and group initiative in continuously reviewing and improving processes and outcomes. Performance against the EA initiatives, which underpinned TQM principles, were linked to the rewards under the agreement. Thus each work team had a vested interest and incentive to participate in these initiatives.

One important lesson we learned about planning was that it is an interactive and dynamic process. The environmental factors, particularly the political factors, can change and it is important to be prepared for this. Realising that external forces could have a much greater impact on our organisation in the future, we planned to introduce scenario planning, also taking account of the community's changing needs.

Information and Analysis

The key indicators of the success of the organisation were selected as the best measures of performance in each of the corporate objectives. We considered the City's goals to be our key result areas (KRAs). Key performance indicators therefore related directly to the vision, mission and values in our daily lives. They included:

- Customer Satisfaction Indices derived from our annual survey
- Staff Morale data for satisfaction levels derived from our annual survey
- Human Resource data on payroll, superannuation, absenteeism, number of accidents/time lost, number of workcover claims, number of industrial disputes
- The budget
- Level of external income
- Level of savings
- Number of consultation sessions and attendance profiles
- Number of community partnerships
- Level of volunteer participation
- Environmental indicators.

Monthly Management Reports were prepared to show progress against business unit KRAs and were reviewed by the Executive Team on a monthly basis. Managers and Team Leaders also reviewed progress on workplans in regular meetings where

Quality was an agenda item. Some work teams used charts and statistical tools to check progress in relation to these indicators and in-process measures.

The City entered contracts with seven market research Quality-accredited firms for the purposes of conducting community surveys on various aspects of Council activity. Studies completed by June 1966 included a census of 250 sporting clubs; a customer measurement survey of 400 residents; exit surveys of people coming and going from Customer Service Centres; a survey of users of Senior Citizens Centres; business surveys, including compilation of an extensive Whitehorse Business Register of 2500 firms; and focus groups with residents on health and livability issues of concern to them. A survey of community reaction to electoral options attracted over 1500 survey responses.

Service Reviews were a feature of the City's approach to data collection and analysis. Each area of Council was timetabled for a Service Review which included analysis of customer needs and service delivery information to determine future directions for all services and service improvements. Bid teams benchmarked their activities with other Councils to ensure they were competitive, eg in the Allocation of Community Grants process, Community Consultation processes and strategies, and the Electoral Options and Reform process.

Social profiles and mapping of services available within Whitehorse were features of the City's social and community development agenda. This included analysis of Census information to produce demographic, economic and social profiles and collation of information on service directory formats on major themes, eg health, housing and education.

The Whitehorse Performance Matrix also monitored each work team's progress with respect to Quality activities, eg training, business planning via the Systems Thinking model, meeting regularly to review progress, benchmarking, customer feedback, performance with respect to key result measures, budget performance, morale survey completion and follow-up. If performance was below target then corrective action was taken. Even the performance of individuals was partly measured by the key data relating to their personal objectives/performance indicators, and these were ultimately linked to the organisation's objectives set out in the Corporate Plan.

Extensive use of computers throughout the organisation ensured that most of the data could be captured. The Information Technology system also ensured that the data was standardised and timely. Particular attention was given to the Customer Request System so that all employees had access to the same current data and could handle any customer queries.

The Records Management area had an elaborate storage system for all documentation and correspondence. This area ensured compliance to all legislative requirements with respect to information and documentation storage. The Human Resources area stored employee data, and tracked Human Resource statistics for the organisation. These were reviewed monthly by the Executive Team as part of the key performance indicators linked to the Staff Achievement corporate objective.

Data collected by Council was used to inform policy development, review existing performance planning and decision making. The increasing use of in-process measures with respect to process improvements produced a broader approach to data collection. For instance, the payroll team identified major improvement opportunities for removing rework and increasing their productivity. In one pay cycle, the team identified 40 hours of waste through rework due to the nature of incoming data. This project resulted in improvement of the team's skills as well as reducing rework.

In the Human Resources area, analysis of safety data and accident statistics showed that at a time of unprecedented change within local government the period May-December 1995 saw an increase in time lost through injuries. Investigation pointed to increased levels of stress within the organisation which may have had a significant bearing on work procedures/practices, with a commensurate increase in this type of lost time incident. A concerted approach to awareness raising of health and safety issues by the organisation led to a definite downward trend in serious incidents during the period January-June 1996. Council's successful Return to Work Program enabled injured staff to be gainfully employed while recovering from their injuries.

The extent of data utilisation and its quality needed to be further progressed. The organisation was merely in its infancy in this regard.

People

Human Resource Planning

The process of bringing together two culturally different organisations into one workforce posed particular challenges. The long-term task was to clearly communicate to all our people a vision of where our organisation was going and the contribution that each person could make to that journey. The immediate task was to create a new organisational structure and coordinate a managed spill of all positions across the organisation. The profound implications for all 1300 staff at the amalgamation of the two cities cannot be overstated. The management of this period involved ensuring structures and appointments were appropriate to achieving organisational objectives while minimising the negative impacts on our people. An early initiative was the 'Discovering Whitehorse' bus tour that proved successful in promoting a sense of the physical boundaries of the new organisation, the extent of services provided, as well as enabling employees to get to know each other.

The recognition that people are the key to organisational performance underpinned the Human Resource Management Plan. The Plan aimed to present in simple terms an integrated view of how people should be managed at the City of Whitehorse and sought to align this with the values which the organisation espoused in its Corporate Plan. It functioned as a conceptual tool for managers and provided an explanation of how the components of people management fitted together in an integrated organisational framework. The Plan also clearly established that good people management was not the sole responsibility of the Human Resources Department, but rather the collective responsibility of all staff.

Employee Involvement

The City developed several mechanisms, both formal and informal to encourage the increased involvement and responsibility of staff in the workplace.

- The Personal Development Plan (PDP) was the primary mechanism for clarifying each person's role by helping them to see that what they did impacted on their business unit, department, division and the organisation as a whole. Through the formulation of individual development plans, employees at all levels were able to align personal career goals with the vision and objectives of the organisation.
- Council adopted through its Competitive Tendering Policy and Enterprise Agreement a commitment to support and educate staff to succeed in the new competitive environment.
- The Management Staff Consultative Committee provided a forum in which equal numbers of management and union/employee representatives could consult, investigate, advise and make recommendations on employee relations matters.
- Quality facilitators received specific training in Quality techniques and additional Quality training was delivered throughout the organisation on a just-in-time basis pursuant to the CCT schedule, providing an opportunity for teams to put into practice what they had learned immediately. By June 1996, 40 percent of workteams had participated in formal Quality training.
- Several active committees encouraged staff involvement through volunteer representatives: the Occupational Health and Safety, Equal Employment Opportunity, and Training and Development Committees.
- Regular team meetings at all levels of the organisation were held to review progress towards agreed KRAs and process improvements, make decisions and take appropriate corrective action, without unnecessary supervision.
- The Social Club provided for the more informal aspect of employee involvement, holding regular functions that ensured that we recognised the importance of fun in the workplace and that the lines of informal communication were alive and well.

Performance Management

While performance management is a continuous process and it was expected that informal discussions would take place regularly between staff members and their supervisors, the PDP was the mechanism for encouraging groups and individuals to develop their own skills and to manage their own performance. When the program was introduced, all managers and team leaders attended a full day workshop to establish a common approach. Staff were encouraged to attend a half-day session which focussed on individual responsibility for managing performance. The City recognised the need to nurture, acknowledge and reward high performance. Each person was required to undertake an assessment of their own performance (PDP) and to discuss and compare that assessment with that of their immediate supervisor during the PDP interview. Annual salary increments or bonuses were awarded on the basis of a consensus view of that performance. By June 1996, one third of staff had completed PDPs and all these included a development plan.

The Enterprise Agreement (EA) also linked best practice and continuous improvement activities to the rewards under the agreement. This was ensured via the EA Implementation and Monitoring process. It was expected that all workteams would complete 30 percent of all activities identified in the EA scoresheet by

September 1996 in order to be entitled to their reward increment. All workteams which had submitted their results by the end of June 1996 had exceeded the 30 percent target.

Quality badges were awarded to teams for improving processes. The CEO personally handed out the certificates and badges at recognition ceremonies reported in the internal staff memo. By June 1996, 40 badges had been awarded at two levels of achievement – process improvement initiatives leading to incremental improvement and initiatives leading to significant improvement.

Education and Training

By adopting the *City of Learning* concept, Council acknowledged that learning is a lifelong process that occurs both within and outside formal learning environments. We knew that for the organisation to achieve its vision by the year 2000 it needed people who were open to change and learning. Funds for learning were committed in the corporate training budget as well as for job specific learning in departmental budgets. By June 1996, 135 people had been involved in computer courses followed up with on-the-job computer training, and over 300 people had attended performance management workshops. It was expected that as 80 percent of services would have gone through the CCT process by December 1996, a substantial proportion of staff would complete just-in-time CCT training. Through the Training and Development policy the city supported 20 staff to undertake higher education with either time off during their working day or partial reimbursement of fees on satisfactory completion. Another 20 staff received Council funding for on-site education through Box Hill Institute of TAFE towards a jointly developed Associate Diploma/Advanced Certificate in Social Science (Local Government).

As well as formal training courses, secondments were used to meet both organisational and individual needs. For example, a Customer Service officer worked as Executive Assistant to the CEO, a Finance officer in Customer Service, and a Public Relations officer in Strategic Planning and Economic Development. A Leadership Program was developed aimed at changing the role of managers to coach/enabler rather than the more traditional role of supervisor/inspector.

The Human Resources Development Unit developed a comprehensive collection of books, videos, cassettes and other learning materials available for staff loan. Publications like *Executive Excellence by Covey Leadership*, *The Leadership Letter*, *Harvard Business Review* and *Vision Book Summaries* were circulated around the organisation.

Opportunities for young people to learn in the City were actively promoted through the development of creative links with secondary schools (35 students were provided with work experience from February-June 1996), TAFE systems, universities and group training organisations.

Communication

The City had 39 designated workplaces including two main offices, ten child care centres, seven recreation and culture centres, three hostels for older people, eight

maternal and child health centres, a horticultural centre and a waste transfer and recycling centre. To establish effective communication between Commissioners, management and employees at all sites the following strategies were implemented:

- Internal mail system with a courier system to most outposts daily and to departments within the main offices twice a day
- One to one communication - e-mails, telephone or face to face
- Employee newsletter – *Whitehorse Memo*, distributed weekly
- Departmental meetings – weekly between managers, supervisors and employees
- Staff forums – monthly between CEO and staff
- Social club – regular activities/functions for members of the social club
- Performance review – annual formal two-way communication between employee and supervisor with three monthly progress reports
- Staff Climate Survey – annually
- Sharing and Learning lunches – monthly
- Ideas over Lunch – monthly.

An Open Door Policy ensured that all employees who had a concern or idea for improvement were encouraged to take the opportunity to approach their supervisor, team leader, manager, general manager or CEO for support and assistance.

Wellbeing and Satisfaction

The City stated publicly in several documents that its employees, both individually and collectively were its most valued asset and acknowledged its commitment to providing an accident free, healthy working environment. The Employee Assistance Program provided a counselling service for staff for 12 hours per week, serviced by two Counsellors. The model was proactive and preventative in nature, allowing employees easy access to the service which was independent, confidential and free of any cost to all staff and families. Counsellors could be contacted 24 hours a day, seven days a week.

A Health Promotions Program, consisting of a blood test, a follow-up fitness check and one-on-one counselling session, was initiated as a proactive holistic approach towards performance at work. The program was an investment in increased employee productivity and worked towards continuously improving the things we do, moderating stress, and increasing the ability to be flexible and responsive to change. It furnished employees with knowledge of how to go about achieving a healthier, more positive and productive lifestyle. Over 150 staff had taken advantage of this program by June 1996.

The City received a VicSafe Award for its Safer Community Program, which reduced hazards and injury incidents and facilitated the wellbeing of the community. Five safety audits identified areas of improved safety needed at local level and attention was given to street lighting, traffic management, overhanging trees and raised footpaths.

The 1996 Staff Morale Survey indicated that staff were loyal and caring, and overall saw the City as a good employer which treated them well and encouraged input. Positive responses included a pride in working for Council, satisfaction with training programs, and a strong sense of teamwork. Nevertheless opportunities for

improvement were highlighted, including not enough recognition and lack of faith and trust in senior management, no consistency or clear direction, a feeling that employees did not get the opportunity to sit down with their immediate supervisor, stress and overwork, and poor overall communication. The Executive Team explored ways of addressing the specific issues raised and agreed to undertake a similar survey on an annual basis, using the initial results as a benchmark against which the organisation could continuously monitor and improve its performance as an employer.

Customer Focus

Knowledge of Customer Needs and Expectations

The City gathered information about the current and future requirements of both internal and external customers from a wide range of sources, including market research, consultations and its own activities. The first annual Customer Survey was conducted in April 1996 to determine the organisation's performance with respect to various services it delivered. The Whitehorse Business Council also conducted surveys. Whitehorse had external recognition as having in place one of the most extensive community consultation processes in Victoria and the output of the community forums was used to determine trends in order to meet the future needs and expectations of customers. An integrated Customer Request System to capture customer enquiry data was to be put in place by December 1996.

At both the corporate and the business unit (BU) level, inputs to each corporate and business plan included Systems Thinking analysis and service reviews where the BU's customers and the needs of those customers were identified and verified via individual customer surveys. This data enabled the development of robust business plans to ensure BU competitiveness as well as adding value for their customers. We also benchmarked customer processes with other service providing organisations, eg our telephone response service with Optus, a clear State leader in customer service.

Our studies of customer requirements and how well we were satisfying them enabled a paradigm shift to occur. Originally we saw ourselves as a municipal organisation providing basic requirements to the community at a cost largely determined by factors beyond our control. The CCT process as well as our Enterprise Agreement and Quality program showed us that there was a good deal we could do to meet customer requirements for the supply of reliable, efficient and effective services at a reduced cost.

Customer Relationship Management

Under the corporate KRA *Customer Satisfaction*, staff were encouraged to take personal responsibility for ensuring a high level of customer service. A Customer Services Team consisting of 12 staff in three different locations dealt with immediate enquiries, and some departments designated Customer Service staff of their own. Various Council facilities such as swimming pools and art centres were all viewed as part of the Customer Services network. However, each staff member was expected to be aware that every external contact was a customer and should be treated with respect, courtesy and consideration. Some staff found this difficult given the

adversarial nature of the relationship that existed with particular members of the community.

Recognising that a high proportion of enquiries would come from people with a negative view, eg people who wished to contest parking fines, people who found that their proposals did not meet building, health or town planning regulations, and people in difficult circumstances seeking community services assistance, special emphasis in customer service training was placed on techniques for dealing with 'difficult' customers. Once anxiety was taken out of the dialogue, the customer could be assisted through the particular process they required.

Staff empowerment to assist customers and resolve problems without necessary reference to supervisors was encouraged where possible. A particular example was the garbage cart replacement system. Previously, to obtain a lost replacement bin customers had to report the loss, obtain the necessary paperwork, take the paperwork away to obtain a statutory declaration, return the paperwork and declarations, and only then be issued with a bin. To streamline this process, staff were empowered to assess the validity of the customer's claim at the initial contact and to issue a replacement cart.

In the past there was a tendency to treat suggestions and particularly complaints as a nuisance. Staff began to realise that such feedback was a valuable source of quite specifically targeted information which could be utilised in the search for the optimum approach to delivering relevant and effective services in the most efficient manner.

To ensure that contractors placed the same emphasis on resolving problems as Council staff, strategies were inserted into their contracts and agreements to ensure this. It was found that reward was a greater stimulant than the prospect of a penalty. The contract garbage collectors could claim a bonus if they met the target of an agreed percentage of missed bins being collected within a set timeframe for return. Customers contacted Whitehorse to complain of a missed bin and these were compiled and faxed to the bin company on a daily basis. This then provided a clear set of data for assessing performance.

Other strategies for managing customer relations included a Customer Focus Coordinating Group, Customer Request Forms, an emergency out-of-hours service, a telephone log of enquiries, a correspondence data base with a time limit for action, provision of names and phone numbers of contact officers and executive staff, distribution of a *Community Resources Guide*, a bimonthly *Whitehorse News* for residents, pamphlets, brochures and handbills.

Customer Satisfaction

Customer satisfaction, one of the seven corporate KRAs, was a prime motivating force in our City. Over 80 percent of the organisation was involved in direct service delivery. Customer satisfaction information obtained from activities described above was communicated to employees in a variety of ways – organisationally via e-mail, staff forums and the *Whitehorse Memo*, and by Divisions and BUs via team meetings.

The annual Customer Survey conducted by external consultants was benchmarked against 34 other Councils and demonstrated that Whitehorse was in the top quartile of performance, demonstrating the success of customer relationship management practices and customer satisfaction.

Quality of Process, Product and Service

Design and Innovation

The Systems Thinking model involved identifying key process/service improvements or redesigns aligned to customer needs. Similarly the Enterprise Agreement encouraged work redesigns and breakthrough improvements. The organisation was involved in various good practices involving the design and innovation of services and improvement in performance. These included the following:

- The sponsored Falls Prevention Project instigated in February 1996 in order to minimise injuries to senior citizens, identifying home hazards and variables in vision and balance
- The Disabled Persons Social and Community Support Program
- Computer installation in Maternal and Child Health in March 1996 to improve information and statistical data collection
- Education on waste and recycling throughout May 1996 to improve community awareness. The introduction of a weight tonnage device to achieve maximum load in transfer trailers led to a reduction of trips needed to transfer loads.
- An immunisation program to increase immunisation rates
- Installation of a Council Budget Access system to decentralise responsibility to line managers, accompanied by a manual and staff training
- A Community Grants process review in November 1995 which encouraged financial responsibility, identified all Council support to community groups both cash and in-kind, and ensured the prioritisation of grant allocations with formal selection criteria
- An environmentally sensitive plant propagation system installed in the Horticultural Centre to enable plants to grow with minimal chemicals as well as soil-free using recycled materials (an environmentally sustainable process that won Victorian and Australian environmental awards).

Supplier Relations

The City's generic Quality Specification required a mechanism our suppliers would use to work in cooperation with Council, indicating the desire for the City to build long term relationships with its suppliers. It required suppliers to outline their Quality Policy and philosophy and detail their continuous improvement plan. In-house suppliers were also encouraged to participate in the Quality process according to AQA criteria. Some examples of developing supplier relations included:

- Our professional services suppliers (eg lawyers, public relations and strategic management consultants) were required to provide Quality professional relationships and services at a reasonable price
- Our specific Home Care supplier was required under contract to provide flexible and responsible services that met clients' needs, working in partnership and mutual respect with Council to make client assessments

- Council's Food Supply contract developed in June 1996, specified the supply of Quality foods at competitive prices that met the City's requirements.

Management and Improvement of Processes

The corporate and operational planning processes were key to managing the organisation, cascading as follows:

- Corporate Plan
- Corporate Operational Plan
- Divisional plans
- Business Unit plans
- Work team plans
- Personal work plans/contracts/personal development plans.

All these plans were in alignment and illustrated to work teams the linkage of their activities to overall corporate objectives. The plans included performance measures linked to the overall Corporate Plan which were reviewed annually.

Process improvement opportunities were identified and linked to work team objectives. In addition to achievements listed above the following are some examples of the process improvement results achieved:

- Reduced cycle time in the process for recruiting staff for Children Services in August 1995
- Reduced cycle time for the issuing of land information certificates from two weeks to three days
- Reduced rework by ensuring a consistent approach to Council reporting from June 1995
- Reduced customer complaints from 12 to two per month in administering Commonwealth Health and Community Services processes
- Substantial reduction in work across the organisation through process improvement in correspondence handling, increased accuracy of mail allocation, reduction in delivery times, flexibility in response timelines, and elimination of many redundant and checking procedures.

An overall productivity gain of 20 percent was achieved, given that staff reductions of 20 percent had little impact on the quality of services, and customer satisfaction was high.

Quality of Products and Services

The Systems Thinking framework was used to encourage a culture of continuous improvement. Some areas of the organisation achieved particular industry standards. For example, all child care centres received accreditation to national industry standards, maximising funding and ensuring that our market position was maintained. Residential Services also maintained their industry standard. Other areas ensured performance was monitored through key performance indicators related to corporate KRAs. Table 4 gives an example of this in relation to the KRA *Staff Achievement*.

Table 4: Monitoring of key performance indicators

Key Result Area	Performance Indicators	Significant Developments
Staff Achievement	Training needs gap analysis	Training needs for one third of all staff identified
	Number of accidents/time lost	Accident rates declined after initial rise (see Table 5)
	Morale survey results	Negotiations with unions on key issues such as Local Area Work Agreements
	Performance and Develop. Program measures	Quality improvements with 20% productivity gain
	Whitehorse Quality Performance Matrix	Progress from a measure of 56 in October 1995 to 312 in June 1996

Table 5: City of Whitehorse accident rates, 1993/94 to 1995/96

Accident Data	1993/94	1994/95	1995/96
Lost days	458	655	204
\$ costs incurred	149 378	193 175	139 957

Organisational Performance

Achievements

Favourable results were achieved in each of the City's key organisational objectives.

Improved Financial Performance. Whitehorse exceeded its targeted expenditure reduction of \$12.8 million by 1996, including reducing rates by 25 percent, while still managing to achieve good results in its overall organisational Customer Survey. The June 1996 legislated target of 30 percent of expenditure falling within the CCT legislation requirements was achieved.

Consultation and Compliance. The Corporate Manual was updated and audit procedures developed. The electoral plan was implemented.

Customer Satisfaction. The customer satisfaction levels described above were achieved despite major cost and budget cuts.

Community Wellbeing and Participation. In addition to the consultation processes and achievements listed above we had commenced investigations into areas of significance to community wellbeing, including the development of volunteers, the establishment of an arts and cultural development strategy and the Whitehorse Livability Study.

Asset Management. Whitehorse had physical assets with an estimated value in excess of one billion dollars, the major items being roads, parks, drains and buildings. Processes were in place to record all assets at the Australian standard AAS27 by June 1997, and develop management systems to ensure long term viability.

Economic Performance. The Whitehorse Business Council was established and wholehearted support given to the Whitehorse Quality Network which facilitated ongoing growth and viability of Whitehorse businesses.

Staff Achievement. The Whitehorse Quality Progress Matrix was used from October 1995 as a monitoring tool for this objective, monitoring progress of all work teams in TQM and related disciplines. Progress improved six-fold from October 1995 to June 1996 . Three out of four in-house teams won their tender in the CCT process.

Factors Affecting Business Performance

The major factors affecting business performance were political in origin:

- Victorian State Government reform initiatives and their interpretation through the Office of Local Government and Council
- Changing Government Policy, eg rate capping
- Commissioners' and elected Councillors' ability and willingness to adapt to the changes and the rate of change
- Former Councillors, lobby groups and the media's capacity to affect organisational process and direction.

Conclusion

At Whitehorse we built some solid foundations upon which the new organisation and its culture could grow. Our Quality approach facilitated this. The City of Whitehorse was recognised in the 1996 Australian Quality Awards process as the only City in Australia to achieve a Certificate of Commitment to Quality for its progress in the short space of 15 months, a stunning reward for the efforts of staff and community, and one which could be replicable in Fiji, given the combined support of the Fiji National Training Council, its Productivity and Quality Training Board and the AQC.

Significant reform of local government in Victoria has led the way in Australia, and arguably gone beyond the comparative English and New Zealand experiences. Since the reforms were introduced and Councillors returned to Whitehorse and other cities during 1996, there has been an adjustment of roles and responsibilities with varying degrees of acceptance (Dore 1998). Quality processes have been introduced in a large number of Councils and will require continued cultural change to maintain their effectiveness and a wider focus of responsibility for elected members to rise above the 'pothole' mentality. The City of Wollongong in New South Wales has been working with the Australian Quality Council longer than Whitehorse and has reaped the benefit of support from its elected members. This wholehearted endorsement was not forthcoming at Whitehorse from either appointed Commissioners or the new CEO and elected Councillors, however the impressive progress made in the first 15 months of the new City's operations is a key model for what is possible. As the Australian Quality Award assessors noted, facilitating the CCT process through a Quality approach resulted in structural, operational and work practice changes that were largely irreversible. Many staff involved in that enterprise are continuing to drive process improvement in Whitehorse, local government generally and beyond.

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