

DRAFT

PUBLIC PRIVATE CONTINUUM

(for understanding general terms and related issues)

Contracting In	Market Testing (Benchmarking)	Competitive Bidding	Outsourcing (Contracting out)	Contract Operations	Privatization
<i>Public Service Provision</i>					
Description:					
New or privately contracted services are brought in-house to be provided by public staff	Cost and value of public services are compared to likely private costs for providing the same service	Public and private service providers bid against one another for contracts	Services previously provided by a public entity are competitively bid among private providers only	Long-term operational contract of a public facility (i.e. waste water treatment plant)	Ownership and/or responsibility for the service function is leased or "sold" to a private provider
Some Issues:					
Decision can be made with or without cost comparison	Requires a cost-comparison methodology Public providers can be given time to meet or beat benchmarks	Requires defining a "fair playing field" and agreeing on cost comparison methodologies	Decision can be made with or without cost comparisons Public agency retains oversight / acceptance of work	Must clarify contract terms including costs, rates, maintenance of equipment, asset management, job transfer or displacement, etc	Must determine asset and service value, and contract terms - financing, length of contract, oversight roles, termination clauses, etc

Possibilities for Public Private Partnership

COP Service Improvement Assumptions: *(across the entire continuum)*

- **Overall Goal** - Provide the highest quality and most cost-effective services to the public over the long-term
- **Job Definition** - Service and work process improvement is the work of all City employees. This must be integrated into all jobs (The tools of work process and productivity improvement would be used across the spectrum including contract administration)
- **Opportunity to Improve** - Employees will be provided the opportunity to analyze and improve current service delivery using work process improvement methodologies prior to any decision to outsource or competitively bid work
- **Employment Security** - No employees will lose their jobs as the result of improving their work processes (i.e. Be asked to improve themselves out of a job)

3
5
8
0
5

MEMORANDUM

35805

DATE: December 4, 1997
TO: All City employees
FROM: The Labor-Management Leadership Committee
SUBJECT: Proposed Employment Security Agreement

Councilmember Tina Podlodowski, Co-Chair
Laure Brown, IFPTE Local 17, Co-Chair
Deputy Mayor Bruce Brooks, Co-Chair
John Masterjohn, PSIE Local 1239, Co-Chair
Council President Jan Drago
Bill Anderson Painters, Local 5
Councilmember Martha Choe
Sean Callahan IATSE, Local 15
Judy Bunnell OMP
Diana Douglas, IFPTE, Local 17
Sarah Welch Personnel
Clem Edwards WSCCCE, Local 21
Steve Lakoch Labor Relations
Mike Edwards, SPOG
Diana Gale Seattle Public Utilities
Dan Oliver, SPMA
Kenneth Bounds, Parks & Recreation
Virginia Anderson Seattle Center
Chief Norm Stamper Police

Labor and management have been working hard to make the City a better place to work and improve service delivery. As you know, the City faces many challenges and we're constantly on the lookout for better ways of doing business. We know some of the best ideas come from those people closest to the actual work.

In order to systematically gather and implement those ideas, we've set up Employee Involvement Committees (EICs) in several City departments. These EICs give employees an opportunity to get together and brainstorm ways to improve their own workplaces. We like this idea because employees know their "business" and can often provide innovative ways to increase efficiency and productivity. EICs give the City a way to utilize a valuable resource: the experience, knowledge and expertise of thousands of employees.

We also realized that when you're looking for ways to increase job satisfaction and efficiency, and provide better service, you'd better make sure the people coming up with the ideas feel safe — that they are not "suggesting" themselves out of a job at the City. That's why last month we adopted a joint recommendation to approve an employment security agreement. The recommendation states that no one will lose employment or equivalent rate of pay with the City of Seattle because of efficiencies resulting from EIC initiatives. In those rare instances where the implementation of an EIC recommendation does result in the elimination of a position, the parties will work together to find suitable alternative employment for the affected employee. This assurance of employment security reflects an earnest effort on the part of labor and management to respond to concerns about the potential for job loss, and to encourage creative and tangible results through the EIC process.

This proposed agreement applies to all employees who are represented by the unions that are members of the Coalition of City Unions and non-represented employees. While this agreement needs to be ratified by union members, the City will abide by the spirit and intent of the agreement until ratification votes occur.

The full text of the agreement appears on the other side of this memo.

We'd also like to let you know that plans to produce a regular publication highlighting our labor-management efforts are under way. And, if you want to know more about how you can get involved with EICs, contact either Employee Involvement Coordinator Jeanine Gallacci at 684-7976 or your union representative.

**Labor-Management Leadership Committee
Joint Recommendation on**

EMPLOYMENT SECURITY

Labor and management support continuing efforts to provide the best service delivery and the highest quality service in the most cost-effective manner to the citizens of Seattle. Critical to achieving this purpose is the involvement of employees in sharing information and creatively addressing workplace issues, including administrative and service delivery productivity, efficiency, quality controls and customer service.

Labor and management agree that in order to maximize participation and results from the Employee Involvement Committees ("EICs"), no one will lose employment or equivalent rate of pay with the City of Seattle because of efficiencies resulting from an EIC initiative.

In instances where the implementation of an EIC recommendation does result in the elimination of a position, management and labor will work together to find suitable alternative employment for the affected employee. An employee who chooses not to participate in and/or accept a reasonable employment offer, if qualified, will terminate his/her rights under this employment security agreement.

Nothing in this agreement takes precedence over civil service laws or rules and regulations, or current collective bargaining agreements between the parties.

This agreement will be in effect through December 31, 1998

EXHIBIT II

SERVICE IMPROVEMENT & LABOR-MANAGEMENT PARTNERSHIP

Section One

Plan for Action

City of Portland
Discussion Draft
January 1999

SERVICE IMPROVEMENT INITIATIVE
Labor-Management Partnership Sponsors

MANAGEMENT ADVISORY GROUP (MAG)

Tim Grewe, Director, Office of Finance & Administration*
Mike Rosenberger, Administrator, Bureau of Water Works*
Janice Deardorff, Director, Bureau of Human Resources*
David Judd, Deputy Director, Parks & Recreation
Dean Marriott, Director, Bureau of Environmental Services
Vic Rhodes, Director, Office of Transportation
Felicia Trader, Director, Portland Development Commission
Bob Wall, Chief, Fire, Rescue & Emergency Services*

CITYWIDE UNION LEADERS (CUL)

Tom O'Dea, Council Representative, AFSCME, Local 189*
Justin Dune, Recording Secretary, AFSCME, Local 189
Robin Mariani, Sec/Treasurer, AFSCME, Local 189
Dave Raahahn, Chapter Vice President, AFSCME, Local 189
Arlyn Stepper, President, AFSCME, Local 189
Dawn Hottenroth, President, COPPEA*
Tammy Munger, Vice President, COPPEA
Grant Zadow, DCTU, IBEW, Local 48*
Brian Severns, Business Representative, IAMAW
Jim McEchron, Business Manager, LIUNA, Local 483*
Richard Beetle, LIUNA, Local 483
Tom Chamberlain, President, PFFA

*Member of Joint Session of MAG and CUL

Table of Contents

Overview	<i>i - iii</i>
I Introduction	1
II History & Context	3
III Summary of Key Issues Raised by Stakeholders	7
Employee Interest in Partnership & Joint Goals	7
Readiness for Changes to Workplace Policy and Practice	8
Conditions needed for Employees to Engage in Partnership	9
Key Differences among Stakeholders	10
IV Employee Perceptions of Current Levels of Cooperation & Innovation	12
Perceptions of current levels of Labor- Management Cooperation	12
Current Innovative Efforts in the Bureaus	13
V Implications for SII Strategy	15
Critical Questions an Effective Strategy Must Answer	16
Description of Long-term Success	19
Recommendations for Action	22
In Conclusion	27
Draft Work Plan	28

SERVICE IMPROVEMENT & LABOR-MANAGEMENT PARTNERSHIP

OVERVIEW

In November 1997, two groups joined to sponsor the "Service Improvement Initiative" (SII). The Management Advisory Group (MAG) and the Citywide Labor Leaders (CUL) have arranged focus group research to guide development of their recommendations on partnership approaches to service improvement.

Following are the key conclusions and recommendations the Labor and Management sponsors have reached as a result of this feedback. Please read the complete **Plan for Action** for a more detailed discussion. To gain a deeper understanding of the stakeholder perspectives shared, please read the **Summaries of Labor and Management/Non-Rep Input**.

Sponsorship

1. **Council Commitment and Expectations** Most Bureaus have taken the initiative to begin improvement efforts on a "pilot" basis.² However, for most represented, non-represented and management personnel, readiness to engage in such efforts boils down to a clear, convincing commitment from Council. Long-term funding is an integral part of the commitment they need to see. It is critical that Council clarify the outcomes they need and their expectations of all parties.
2. **Management Practices and Policies** Belief in the seriousness of Management sponsors is dependent upon the demonstration of a change in management direction. This involves taking firm, visible steps to allow employees greater flexibility and influence over their own work at all organizational levels. This will involve formal changes to workplace policies, as well as a shift in management style.
3. **Union Style and Practices.** To capture the interest and commitment of employees in all roles, the labor union style needs to become more visibly inclusive. Employees want to see the leadership take firm, visible steps to improve communication with and involvement of their members. They want to see a clear

¹ These summaries are being distributed under separate cover as *Section Two - Represented Employees Input*, and *Section Three - Managers, Supervisors and Non-Represented Employees Input*. To obtain copies of these reports please call the HUB Resource Center at 823-5738.

² See Section IV, Perceptions of Level of Innovation in the bureaus.

alignment between members' interests and the official union direction. This would involve unions working to ensure the success of the organization as well as the success of their members.

Until the above changes are apparent, employees will not believe council, management or labor can deliver on any stated directions or goals for partnership or service improvement.

Leadership

1. **Council** - The behavior most employees in the focus groups want to see from Council is acknowledgment to the public that employees are doing excellent work. They want to hear them tell citizens that employees are, right now, delivering more service with fewer resources. Employees want to see the Council do more to lead citizens to understand the big picture, rather than being reactive to short term public perception (e.g., cell phone policy). Council should seize the opportunity to send the public the message that we are uniting to eliminate the weight and slowness of bureaucracy. "Accountability" should shift from control-oriented rules to direct communication of goals, strategies and results with the public.
2. **Management** - Employees we heard from said the behavior they want to see from managers is to do the policy development work that can bring about a new style of management and organization in the City. Leadership means changing the way the City operates, not just "doing the best we can" with cumbersome practices and bureaucracy. If we work together, we can find creative ways to deal with the 5% of employees for whom most rules were designed. To constrain the entire workforce is senseless and deadening to motivation. Leadership to remove these constraints is what will show true respect for the 95% of the workforce that is capable and takes pride in their work. Saying "we respect you" without providing the leadership that demonstrates that respect just results in cynicism.
3. **Labor** - Many of the focus group participants want to see the Labor Union leadership exploring new and more flexible ways to ensure employee protections *and* the success of the City. Creativity on issues that constrain the effectiveness of the workforce is what collaboration should be about. Members need clarity from their leadership on what represented employees will gain from collaboration and how they will be protected throughout joint improvement efforts.

Approaches and Methods

1. Employees do not want a centrally administered program to which their bureaus must comply. This is more bureaucracy. They are adamant that the Service Improvement Initiative (SII) needs to

acknowledge the special needs and circumstances of each bureau. Employees want to drive their own improvement efforts. This means providing support without providing a centralized control function. A central resource needs to "sell" its services to bureaus and become the "provider of choice."

- 2 Bureaus have done a good job taking the initiative to provide the same or greater level of service with the same or fewer resources. The SII needs to build on what has already been accomplished. Bureaus have a need for networking and sharing of efforts and ideas between bureaus. Provision of regular means for face to face communication on all the above issues and approaches will help leverage resources, avoid "reinventing the wheel," and prevent mistakes or duplicate efforts.
- 3 There is an obvious need to resolve citywide policies that constrain work effectiveness. This is a central responsibility that requires communication and collaboration among bureau managers. The centralized parts of the sponsorship role need to be balanced by the bureau-based parts of the role. The structure and strategy needs to facilitate this balance of influence and involvement between autonomous organizations. This approach reflects the culture and operation of the Commission form of government.

Summary of Conclusions and Recommendations ³

- ▶ Create a council resolution in early 1999 declaring commitment to partnership and joint sponsorship of improvement work that meet service, cost, and workplace goals.
- ▶ Dedicate long-term funding that will adequately support the Bureaus in achieving these goals.
- ▶ Council members actively educate the public on the goals and direction, and gain their support.
- ▶ Council charge management and labor sponsors with the tasks of creating new policies to expedite moving in this direction.
- ▶ Council charge management and labor sponsors with structuring and providing appropriate (customer driven) central support.
- ▶ Council charge management and labor sponsors with providing regular opportunities for citywide interaction to refine strategies, methods, and approaches, share successes, resolve conflicts, solve problems, and learn from experience.

³ For a full description and discussion of the recommendations and a draft work plan, please see Part V of the "Plan for Action."

I) INTRODUCTION

This report summarizes the feedback of participants in the 1998 "Orientation and Feedback (O&F) Sessions" and defines recommendations for action. The O&F sessions and this report are sponsored by management and labor leaders currently involved with the Service Improvement Initiative (SII) and improvement efforts in their own bureaus.

Goals

The primary purpose of the Orientation and Feedback (O&F) sessions was to gather data for decision making.

First, sponsors wanted to test the assumptions the labor and management partners have been exploring about collaboration. With the perspectives and feedback from all organizational levels, they will revamp the strategy to most effectively meet the bureaus' needs. Feedback from people involved in current improvement work will also help the labor and management sponsors design appropriate support services. Any central resource that is developed to support bureau-driven efforts needs to be based on the real needs of current and potential participants.

Second, the input of participants will help sponsors and the Council assess the degree of interest among stakeholders in taking joint approaches to improvement work. Employees at various levels (bureau managers, mid-managers, first line supervisors, represented employees and non represented employees) were asked to identify the conditions necessary to gain their commitment. Decisions about scope, funding, and the appropriate role for Council require a sense of the readiness and potential for involvement from the bureaus.

Third, the input process was needed to identify a network of people throughout the Bureaus who were involved or interested in joint improvement efforts. In the future, they may be able to link SII resources and services to existing or anticipated projects.

Fourth, the feedback from participants at all organizational levels should be helpful to the bureaus. People who have initiated or anticipate starting joint improvement projects in their bureaus may find the suggestions for structuring these efforts useful. Also of benefit is the increased awareness and linkage among participants from various bureaus who are working on similar projects.

Process Used

The first portion of the O&F sessions provided an overview of the Service Improvement Initiative (SII) and information on partnership efforts underway in other jurisdictions. Representatives of the Sponsoring Bureau Managers and Labor Leaders described how these sessions fit into the overall SII work plan. They shared their perspectives on partnership approaches to improvement work and their experience with efforts so far. Steven Deutsch, from the Labor Education and Research Center (LERC) at the University of Oregon, provided

information on the context for partnership efforts nationwide, public sector experience, labor and management goals, involvement, benefits, risks, requirements and pitfalls. Participant responses recorded during this portion of the session are available from the "Hub" Resource Center.⁴

The second portion of the O&F sessions followed a "focus group" design. Participants met in their same stakeholder groups to answer a series of questions on current bureau efforts. Responses focused on participants' sense of potential for expanded efforts, limitations and opportunities for partnership, and perceived minimum conditions for success. Ten sessions with a total of 206 participants were completed by October 21, 1998. These groups were facilitated by staff members of the City-wide Service Improvement Initiative.

Data gaps

The composition of the groups covered a diverse range of positions and levels, and reflected 22 of 28 bureaus. However, among the labor positions, no fair share employees were in attendance, and nearly all those who attended from labor held a steward or officer position in their union. To fill out the data and ensure the perspectives of employees not active in the union are also reflected, other means for gathering follow up data will be necessary.

Next Steps

This report will provide a basis for decision making regarding goals, roles, outcomes, measures, funding, and the level of commitment for joint improvement work. Sponsors will meet with the Council in early 1999 to propose actions Council must take if joint efforts are to have long-run success in the City. They will present a revised action plan for the work and commitment level of the Management Advisory Group (MAG) and the City-wide Union Leaders (CUL) group. In addition, they will outline conditions for long-term success that will be necessary at other levels of responsibility in the City – management, labor leadership, and operating level supervisory and represented personnel.

Sponsors will also provide opportunities for session participants to meet in mixed stakeholder groups to discuss the action plans and recommendations. At this time participants may also want to define the type and level of any additional follow-up or continuing communications they would like sponsors to provide.

Organization of the Report

This report consists of three parts. The first, "Plan for Joint Action," includes the sponsors interpretation of the results gathered from the sessions. It summarizes the key issues, criteria and questions sponsors must answer if joint improvement efforts are to succeed. This section details specific recommendations to the Council and specific actions the

⁴ Contact Elaine Hultengren at 823-6959 or Joan Hamilton at 823-5738 for this data and any additional information about the SII or resources on partnership and improvement approaches.

MAG and CUL will take, if Council sponsorship is secure. Longer term considerations for partnership and improvement work are also noted, in particular the conditions needed at bureau operating levels to ensure long term success.

The second and third sections are under separate cover. These sections summarize participant input from the O&F focus groups, describing the perceptions of represented employees (Section Two) and the perceptions of management and non-represented employees (Section Three)⁵. Identified are participants' perceptions of labor-management partnership, its benefits and risks, issues, concerns, ideas and suggestions for joint service improvement efforts, and perceived barriers to success.

II History and Context of Current Joint Efforts

In 1994 the Portland City Council adopted a goal to improve the credibility, affordability, effectiveness, and efficiency of City services. Recognizing the need to involve employees in developing new approaches, unions and city management worked together to define an appropriate process. That year, "Productivity Improvement Committees (PICs)," were negotiated into all collective bargaining agreements. The PICs were intended to create new opportunities for constructive dialogue between unions and management. PIC's would address policy issues, help resolve problems, or make specific recommendations for improvements in productivity and quality. In the fall of 1995, City Council members, bureau managers and labor leaders met together for the first time to develop organizational vision and values.

However, a 1995 assessment of Human Resource Services in the City found a high level of distrust between labor unions and management. Before the PIC process could be implemented, the 1996 contract negotiations with the City's largest bargaining unit, the District Council of Trade Unions (DCTU) broke down severely. The DCTU, with over 2,000 members, threatened to go on strike. The walkout was averted, but distrust increased on both sides and damaged the fragile beginnings of collaborative efforts. Members of both management and labor questioned the worth and effectiveness of the collaborative bargaining process that had been implemented in the early 1990's and describe by some as "highly successful".

In November of 1996 and May of 1997, the passage of Measures 47 and 50 resulted in substantial cuts to City revenues. Portland was also experiencing vigorous population growth. With that growth came increased demand for expanded city services. Yet in the political climate surrounding two tax limitation measures, public perception was that the current workforce should be able to do more with less. Various interests

⁵ Available by request to the Hub Resource Center are the transcribed notes recorded from the chart paper during the sessions, grouped by question.

proposed the privatization of City services. All these developments contributed to renewed interest in joint approaches to issues of service quality and competitiveness.

Creation of the Service Improvement Initiative

Many City bureaus had already initiated bureau-based joint efforts to improve services and demonstrate competitiveness. (See section IV for focus group perceptions of innovative efforts in at least fourteen bureaus.) Recognizing this, the Council approved a citywide initiative to examine how the city could best support the success of these efforts. In May 1997, the Council approved the budget for the "City of Portland Service Improvement Initiative (SII)." This effort is designed to define ways to support all promising areas for joint action and mutual gain.

As part of the budget reductions required by the passage of Measure 47, Council reduced the first year budget for the SII by 66%. This challenging budget process was the impetus for the formation of the Citywide Union Leaders (CUL). This group is a consortium of eight unions meeting together twice a month to consider common impacts of citywide issues and policies.

During the same time period, a group of Bureau Directors began meeting to develop management sponsorship of the SII. (They became known as the Management Advisory Group or MAG.) In November of 1997, the MAG invited the CUL to share sponsorship responsibilities with them. This "Joint Session" then began meeting twice monthly to develop and clarify the sponsorship role. All participants have begun or participated in bureau-based, joint improvement projects. Their jointly defined purpose is to explore the positive possibilities of acting together to improve city services, the workforce, and the quality of the workplace.

From the beginning, the sponsors have agreed the goal is to support and build on current efforts and successes. Creation of a centrally administered program or a set of standardized requirements for Bureaus is neither practical nor helpful. The task then, is to discover the best ways to create the conditions within which bureau-driven improvement efforts can thrive. To accomplish this, the MAG and CUL participants in the Joint Sessions have developed a four-phase plan.

SII Phases of Work

The first phase – from December 1997 to April 1998 - focused on clarifying the leadership roles of each sponsoring group, respectively. The two groups worked together to define the criteria for effective partnership in the City of Portland. They drafted guidelines and outlined issues of policy and procedure that may impede or support partnership efforts. Both groups have begun networking among the many collaborative projects in bureaus throughout the City. The group refined its work plan, milestones, and expected benefits and results. This

substance of this plan was packaged into a successful grant proposal to the Federal Mediation and Conciliation Service (FMCS) (See Section below for further information on this new resource)

The second phase – May 1998 to the present time – has involved data gathering from among the various stakeholders to this process. This phase included the series of "Orientation and Feedback (O & F)" sessions with city employees to gather feedback from all organizational levels which are summarized in this report. This phase provides a basis for further SII development utilizing the views and experience of stakeholders in the bureaus.

The third and fourth phases of the SII work plan focus on the steps for implementation (refined in light of data gathered from stakeholders in Phase 2). Details of this phase involve the steps sponsors and participants may take to remove barriers to success that exist citywide. Essential elements include a focus on networking among efforts, and the development of regular forums for sharing and refining successful improvement approaches. This phase also involves securing and organizing the delivery of appropriate services and resources to bureau-based efforts. In particular, assessment tools to help bureaus define and work through readiness issues would be a key component of these phases.

Federal Mediation and Conciliation Services Grant

The SII, housed in the Bureau of Human Resources, won a grant from the Federal Mediation and Conciliation Service. This grant provides a full time skilled facilitator to assist efforts on three levels: first, to bureau managers and their labor partners, to assist assessment of readiness for joint improvement work; second, to assist (or provide someone to assist) existing projects or help start new projects at operating levels; and third, to work with a citywide network of resource staff to help network and share resources among bureaus. As written, this proposal also includes the establishment of a regular citywide "conference" to which employees involved in joint efforts would be invited to present, discuss their work and learn about others' work, and engage in skills training sessions.

Nationwide Trends

In the past several years, many other jurisdictions throughout the country have faced pressures to confirm their service quality and competitiveness. Many have recognized the benefits of collaboration between labor and management to address these issues.⁶ Examples of

⁶ Secretary of Labor's Task Force on Excellence in State and Local Government through Labor-management Cooperation, "Working Together for Public Service," 1996, U.S. Department of Labor, 200 Constitution Avenue, NW, Washington, D.C.

how to initiate and sustain new management approaches and workplace practices are accumulating. In this context, both unions and management, as well as council members were encouraged to explore the changes in traditional roles and policies that would be necessary. Government offices and task forces formed to provide information and services to such efforts. Among them are the Secretary of Labor's task force on "Excellence in State and Local Government Through Labor-Management Cooperation."

CHRONOLOGY

1994

- Council adopts improvement goals and initiates Productivity Improvement Committees (PIC's)

1995

- Landmark meeting of City Council, Bureau Managers, and Labor leaders
- Labor-management relationship viewed with distrust by both labor leaders and managers

1996

- After contentious labor contract negotiations, Service Improvement Initiative (SII) is funded

1997

- SII funding cut due to property tax reduction ballot measure
- City-wide Union Leaders (CUL) and Management Advisory Group (MAG) begin meeting to assess current situation, define issues, roles and gather input
- MAG and CUL begin meeting jointly in November to share problem analysis, find solutions to current workplace problems involving MAG & CUL members, define roles, and develop preliminary guidelines and plans for joint action

1998

- MAG expands its membership among bureau directors
- The Joint Session participants design an informational discussion and feedback process for multiple stakeholders (the Orientation and Feedback Sessions)
- Sponsors convene 200 city employees in focus groups to generate data on readiness, common concerns, differing stakeholder perspectives, ideas, suggestions
- FMCS grants \$95,000 to the City for supporting operating level joint projects for service improvement. Sponsors begin recruitment for the funded position
- SII staff invite staff resource persons from throughout the city to regular networking meeting (Citywide Resource Staff Network)
- Sponsors define an internal Organization Development Consultant position to coordinate resource delivery to bureaus and assist sponsors in inter-bureau problem solving and policy development

III Summary of Key Issues Raised by Stakeholders

As SII sponsors and members of the MAG and the CUL, our intention in this section is to clarify what we heard from labor and management stakeholders. We will highlight the issues, suggestions and questions that have helped us clarify our strategy and next steps.

At this point, we want to shift from the "reporting" style of the previous sections to a more direct, personal "voice." *We want this section to read like a letter to stakeholders, as we see the point of this report to clearly communicate what we will do with the ideas people contributed.*

We have three primary goals:

- ▶ clarify to stakeholders how we heard and are interpreting their input
- ▶ demonstrate to stakeholders our own commitment to address the issues they raised, wherever they are in our area of responsibility and influence
- ▶ define the actions necessary from other key roles if long-term success at partnership is to be attained

First, we will distill key points we are learning from the views of both parties, and note differences in perspective, emphasis or direction. Our process has consisted of studying the records from the sessions, working on the summaries together, and discussing our interpretations. From a practical perspective, we think the key issues summarized in Sections Two and Three⁷ can be categorized in terms of:

- ▶ employee interest in partnership and joint goals
- ▶ readiness for changes to workplace policy and practice
- ▶ conditions needed for employees to engage in partnership
- ▶ key differences among stakeholders

In the discussion that follows, we will identify the messages we heard in these four areas. The next section outlines the strategic implications and the conclusions we have drawn.

Employee Interest in Partnership and Joint Goals

The message we heard from stakeholders is that "partnering" makes logical sense. The need and rationale are clearly apparent to both "sides" of the potential partnership. The "perceptions" sections of both the Labor Summary and the Management/Non-Rep Summary show clear and strong interest in the prospect of increased collaboration instead of traditional adversarial relations. The challenges the City faces affect everyone. While city employees may see themselves as "labor" and "management," the citizens view all as "public employees." You believe we are *all* accountable for

⁷ This content reflects the material in Sections Two and Three (under separate cover), where you will find a full account of the issues represented and management personnel raised.

providing quality and cost effective services In the eyes of the public, we succeed or fail *together*

Furthermore, you believe effective innovation with significant impacts on services, quality, and cost will require *broad* employee involvement Operating level employees are familiar with the work of their function in ways managers cannot be Managers with a broader picture of organizational functions will be in a better position to facilitate improved coordination *across* functions Together, they can examine all levels of potential improvement and savings

The positive potential you see is based on a belief in the need of most employees to make a significant contribution You see most employees as willing and able to have more involvement and influence over their level of work and their work environment

However, you all have *serious* reservations about partnership Some of you cite past history of conflict and distrust between unions and management Others are struggling with scattered efforts to improve the work and explore new approaches, and have encountered much frustration You are aware of the elements that need to exist for partnership to be successful "Readiness" means meeting enough of the conditions you have described that we all feel encouraged to proceed

Readiness for Changes to Workplace Policy and Practice

Stakeholders see 95% of the City workforce as talented, motivated and interested in trying new approaches that will benefit the City Equally loud and clear is your perception that bureaucratic, cumbersome practices constrain people at all levels The many hierarchical layers impose a time consuming, ineffective process for suggesting and implementing improvements

The solution, in the briefest of terms, is to entrust all levels with greater decision making and budget responsibility Those of you who work at operating levels need less control oriented practices You want managers to show more respect for your abilities by letting you make more of the decisions You want managers to state their goals, then get out of the way, and focus instead on removing barriers to success

Those of you who are managers and supervisors want the same flexibility as expressed above You want Council and Bureau Directors to set clear goals, then give you the autonomy to achieve them In particular, you want to be allowed the flexibility to select the best tools, training, and approaches to reach the goals within your budget limits You see your boss's role as being to connect the work with the big picture and help you adjust strategy accordingly You want your bosses to make sure the resources are there, and to advocate on cross functional issues that require their help

Conditions needed for Employees to Engage in Partnership

You have stated clearly, "do not waste our time if you will not see this through and commit resources to make this happen "

You are not interested in engaging in partnership efforts unless and until the Council

- 1 announces a long term commitment to labor-management partnership and service improvement, and attaches a realistic level of resources and funding
- 2 educates the public about its own service improvement goals and shows a willingness to take heat from critics of City government operations
- 3 actively and regularly educates the public about the good work being done now to reduce costs and improve services, and the legitimate constraints within which employees must operate
- 4 shows leadership by clearly defining the service improvement outcomes they need, both as a Council and as individual Commissioners
- 5 declares and proves they trust employees enough to leave the partnership and service improvement *methods* up to managers and labor ("don't micro manage ")
- 6 defines in specific terms how they view "partnership" and what their minimum expectations are to both parts of the partnership
- 7 holds managers accountable to follow up on "lip service" with actual behaviors that reflect the new work environment and direction from managers that is needed
- 8 provides employment security and protection from retaliation

You will believe the SII management sponsors (the MAG and the CUL) are serious and know what they are doing when you see they have

- 1 designed effective opportunities for management and labor to work on tough issues and gain confidence in each other
- 2 defined and communicated the new role they see for managers and supervisors working in partnership
- 3 acted consistently in alignment with their stated partnership policies and guidelines (i e , behavior matches verbal and written commitments)
- 4 shifted to your level the problem solving and decision making about work methods, budget expenditures and training (etc)

You will believe the MAG and other Bureau Directors involved in Joint efforts are serious when they have

- 1 created alignment between their goals and approach and the goals and approaches of mid-managers and supervisors in their own bureaus

- 2 defined improvement work into everyone's regular job description and expectations, and communicated it is an integral part of the job
- 3 defined the skills everyone needs in order to work in an environment where employees are involved in improving the performance of the bureau
- 4 committed bureau resources to provide those skills
- 5 held people accountable for working within the policies and groundrules stated for the partnership
- 6 been willing to look for efficiencies at the management level as well as at operating levels
- 7 selected tough, systemic issues with high potential for positive impacts on services, costs, and workplace (rather than easy projects with small impacts)

You will believe Labor Leaders are serious when they have

- 1 resolved serious conflicts in their unions and united opposing factions
- 2 captured the interest and involvement of a greater number of their members
- 3 ensured their representatives (stewards, etc) act in the best interests of the membership, rather than in their own individual or minority interests
- 4 ensured safety for represented employees to engage in any joint improvement work, so they don't "improve themselves out of a job "
- 5 ensured safety for represented employees who contribute ideas or give feedback that may not be well received ⁸

Key Differences among Stakeholders

In the sections above, we have attempted to reflect the views that seem to be shared in common by managers, supervisors, non-represented and represented employees. Now we will try to group the issues raised and points made that seem to reflect significant differences in perspective.

The following areas listed are those issues that either did not come up in all the groups, or that came up in a distinctive way. Also present were a few expressions of values, goals, and estimation of the urgency for change that did not reflect the input of most of you. Each role represented in the focus groups has a somewhat different vantage point, not all the "differences" suggest conflicts or contradictions. Those we have listed below are areas of difference that seem significant, and for which further attention and discussion is needed.

⁸

A full listing of questions employees have of Council, SII sponsors and bureau directors are included in the chart paper records of the focus group results.

- Viewing Labor as a Resource

Those of you who are represented expressed more strongly the idea that the labor unions are a resource to managers. Within a collaborative labor management relationship, you see strong unions and an organized workforce are an asset to the City.

Those of you who are managers, supervisors or non-reps did not directly express this view (or if you did, it didn't make it into the records). However, there were a few comments in a few of the sessions noting that an improved workplace might not need unions. While all groups were very articulate in describing conditions and criteria for effective partnership, this difference still seems significant.

- Power Differences between "employees" and management

Many of you who are represented see management as "safe exploring partnership," while labor is not. You see managers as able to pull back if the partnership is not working well. They will simply default to "business as usual." Their positions, from your point of view, give them an advantage if they want to make *sure* the partnership does not work out.

As represented employees, you see yourselves to be in a very different position. Union leaders are elected. If the partnership strategy does not address membership issues well, union leaders are at risk. In adversarial relations, the union leadership has better control over that risk than in this new situation, where power is inherently unequal. If the partnership enters a difficult period, union leadership may feel compelled to revert to adversarial practices.

A related concern among you who are represented is that some managers see "partnership" as meaning they will now direct individuals in their own work groups to participate. Your view is that management should be working with the labor organizations on improvement issues all the way from "the big picture" to front line service delivery. Both management and labor should decide together what the most effective participation will be. This is because individual represented employees cannot "just participate." Confronting the status quo is risky behavior. Getting useful participation that can result in effective changes to work practices requires the guarantees of safety and protection from retaliation.

Therefore you conclude that it is only if Council and managers recognize the unions as the official partners, will basic issues of inequality or unequal access be dealt with. Some of you who are in unions stated that the inability of managers to even recognize the problem is part of the problem. If employees are not participating, chances are the supervisor will say they just don't want to. If it is the case that they are afraid to, or they think it is futile, no one will know. If the unions are the partners, they can advocate for participation as a way of life. If they are not, the employees who are not in a position to advocate for themselves will not be part of the process.

On the other hand, those of you on the management and non-rep side do not make a consistent or clear distinction between "labor" involvement" and "employee involvement " Some managers and supervisors express discomfort making the distinction, as it seems to reinforce making status comparisons in a situation where we are trying to be more democratic and inclusive Others among you express confusion about the need for a labor union role, as long as the bureau has embraced employee participation For some of you, that confusion or hesitance reflects concern about the bridge between the leadership and the membership In addition, some of you note you have seen work groups just innovate naturally, depending on the leadership or the group dynamic Several emphasized there were many examples of service improvement and cost reduction efforts that did not happen with official joint sponsorship

While many across stakeholder groups acknowledge union sponsorship as appropriate, this basic perceptual difference seems very important This and the other issues listed here as "differences" are matters about which further direct discussion might be very helpful

- Discomfort with Different Priorities Among Partners

Some of you among management and non-reps express concern that labor may not focus on improving service, but may be in the partnership only to advance their own interests Those of you on the labor side view the partnership as working in the realm of service improvement, and resulting in employment security As represented employees, you emphasized the partnership should not put member interests at risk

Our perception is that there is a tension between historically and legally inherent role differences Management's accountability role emphasizes a focus on addressing service requirements, service levels, and organizational performance Labor's accountability role emphasizes a focus on work environment requirements — improving the quality of jobs and the quality of the work environment Perhaps some would feel more comfortable seeing more overlap in the two roles than they are seeing now

IV. Employee Perception of Current Levels of Cooperation and Innovation

Perceptions of current level of labor-management cooperation

Facilitators asked participants in all focus groups to describe the level of cooperation between labor and management in their bureaus Overall, the assessment seems to range between "adversarial" and "a good start " In some areas and with some unions, relations are adversarial, tense, confrontational and costly In other areas, participants in the focus groups described improvements as being from "a little" to "a lot "

However, most of the improvements noted seemed to be in *informal* relations—individual employees work together well in many work areas. Often, the divisions of “us” and “them” do not fall into union and management categories. Adversarial relations are instead often between different levels, positions, or departments. Some participants described the degree of labor-management harmony as “personality dependent.” One commented, “the relationship is directly proportional to the type of business agent.”

The assessments of the effectiveness of the more formal “labor-management committee” efforts seem generally low. Many expressed the view that the desire for more cooperative relations is widespread. However, the organizations seem not to have progressed very far beyond the stage of “talk,” i.e., describing hopes for the future in new ways. No bureau in the City seems to have established labor-management partnership as “the new way of doing business.”

Current Innovative Efforts in the Bureaus

Many Bureaus have in recent years taken action to improve services and contain costs. Because of the structure of the City, these efforts are poorly shared between bureaus and even between levels. Participants described some of the approaches that work groups, supervisors and managers (sometimes with formal union involvement and sometimes not) have initiated in the bureaus. This list is not comprehensive (either in terms of the number of approaches or the total number of bureaus using them), as no common entity exists at this time to enumerate, document, link or support projects.

Overall, participants observed that innovation and improvement efforts are not consistent across departments. This summary does not attempt to evaluate how well these efforts are meeting their goals, as this data gathering was not designed for that purpose. (See Introduction, pg. 1 for statement of goals.)

Role / Skill / Job / employment flexibility -- The Bureau of Buildings, the Water Bureau, Bureau of Information Technology, and Environmental Services are among the bureaus pursuing cross training between a few positions to expand the range of skills for each. One benefit expected is decrease in wait times. Currently, one position will be called to a work site, and further assessment of reveals a different or additional specialty is needed. Both positions could share a set of skills to increase flexibility. One participant observed, “cross training has increased flexibility and allowed a small close knit group to come up with creative solutions.” Parks has included “casual employees” to deal with seasonal peaks in work loads. The golf program in the Parks Bureau employs at-risk high school students who compete for scholarships. BOEC developed part time positions for more flexibility in the work setting.

Shift Flexibility – Maintenance is using flexible shifts on a small scale to more effectively work around traffic. Parks uses flexible shifts to work around public use of facilities, to work with volunteer groups and to coordinate construction activities with other jurisdictions. Other bureaus making shift changes to improve services or contain costs include BES, PDOT, & BOEC.

Labor-Management Committees -- Many of the bureaus use committees and teams with roughly equal membership from labor and management. Some focus on human resource issues such as classification, staffing,

retention, and hiring Others work to develop approaches that will increase use of internal and external customer feedback Others focus on safety issues One labor management team reduced back injuries by making changes to the equipment used Among the Bureaus with active committees are BOEC, BES, Water, General Services, Parks and Fire

Contracting in/out -- BOEC brought contractual services in house, and the Police Bureau will use in-house resources to train the 100 new officers During the past two years BES brought some construction inspection back in-house resulting in cost savings Parks saved costs by bringing irrigation installations in-house for bond funded park improvement work

Work Process Improvement -- Several bureaus, including BOEC, BES, Water, PDOT (maintenance), Risk Management, Accounting and Licenses, train and involve employees in review and restructuring work practices and procedures The analyzed processes have included quality assurance models, new facilities design, permit review process, billing, accounting, concrete, asphalt, sand and rock recycling Some work units have been doing process improvement for 5 - 10 years

"Benchmarking" -- "Bench marking" ranges from "looking at other organizations for new ideas" to "developing a comprehensive bureau-wide methodology for comparing service levels, work practices and costs between agencies of similar size and mission " Among the Bureaus engaged in bench marking or similar comparison methods are OFA, BES, Water, Parks and Risk Management

Collaborative strategic planning -- Among others, Parks, BHR, and Water are engaging employees at all levels in their strategic planning processes BES and OFA included new levels of employee involvement in their strategic planning

Eliminating management positions -- BES, Risk Management, PDOT, Maintenance and Parks are among the bureaus that have cut costs by electing not to fill vacated management positions, increasing spans of control, or combining sections

Hiring Processes -- Water has effectively involved employees in the recruitment and selection processes for at least two top level management positions Fire included labor in the selection of an HR manager position

Market testing/competitive bidding -- General Services, Parks and Water are among the bureaus who have used market tests and public-private competition for particular functions PDOT has used managed competition for the last ten years in street paving

Information Technology -- The Attorney's Office, BES, Risk Management, OFA, PDOT (maintenance), Water and the Fire Bureau are among those who are developing new IT capabilities expected to increase efficiency Applications range from automating and decentralizing accounting to replacing customer information system to preventive maintenance to on-line capacity for research, bonds, and grant seeking Most report involving end users in the development work to ensure the changes meet needs of customers and employees effectively

Fees for Service -- The BES lab has begun charging for services internally

BHR training and development also operates on this model. General Services has always operated on this model, and charges competitive market rates to city bureaus. This helps prioritization of needs and improves efficiency. BES is looking into the potential for contracting with other entities to perform their lab work. General Services is looking to expand to other agencies, and has already combined management of janitorial with the county.

"General creativity and inventiveness" – Wastewater employees are processing more than ever, now with reduced staff. Participants credited Parks employees with being entrepreneurial and inventive at the worksite.

Team-based work organization -- Among others, PDOT and OFA have developed team strategies to address issues of service, service level, quality and cost. PDOT's charter development process resulted in consensus on a statement of philosophy, shared values, rules of operating and implementing projects, in order to address long standing issues.

Budget Involvement -- Several budget processes involve labor and management working together on budget issues. Bureaus include PDOT, Parks, Fire, and Water.

Reorganization – PDOT, BES, Parks and Water have combined, centralized and/or contracted out some functions. General Services and Parks are in early efforts to partner with other agencies on service delivery.

Workforce Development – Water and Maintenance are among the Bureaus involving employees in planning for training, career development, and workforce development. Water has involved more than 200 employees in introductory training on competitiveness and market testing.

Employee Assistance -- Police has surveyed employees about on-site day care and parking issues, the bureau will be opening a day care center for personnel called in on emergency.

IV Implications for SII Strategy

This picture shared by 206 stakeholders from all bureau organizational levels is only a snapshot of perspectives on a limited range of issues. Also, as we have noted in the "process" portion of the Introduction, there is at least one significant data gap. Represented participants primarily included people currently active in the unions. Therefore the less active union member's voice is not well represented here.

Nevertheless, the information contributed is detailed and does reflect well the various levels and bureaus in the City. We are encouraged by the emphasis and value people place on the need for service and workplace improvement and on the merit of collaboration. At the same time, the level of cynicism and skepticism is daunting.

Clearly, if skepticism is to decrease, people first need to see consistent leadership and follow up in addressing the issues raised. Participants also hope for increased opportunities to work through issues directly with each other, relate to peers, and compare approaches.

Here, we will present the key conclusions and recommendations for specific actions we think are necessary for sponsors to take in 1999 to create an effective partnership to contain costs and improve services and the workplace. The following summarizes the minimum critical issues we believe our plans must address.

Immediate and Short-term Considerations

Critical Questions an Effective Strategy must Address

From participant feedback, we have identified three critical questions an effective strategy must address:

1. *Will there be long-term Council commitment, direction and funding?*

Readiness to engage in jointly sponsored improvement work for labor, management and non-reps boils down to a clear, convincing commitment from Council. In this form of government, the Council is the executive body for the organization. Ultimately, Council determines the priority and potential for any new direction or action. Many feel current joint efforts have gone about as far as they can without the continuity of citywide support. Dedication of long-term funding is an integral part of the commitment stakeholders want to see. It is critical that Council clarify the priority they place on joint improvement work, the outcomes they need and the expectations they have of all parties.

The behavior employees at all levels most want to see from Council is acknowledgment to the public that employees are doing excellent work. They want to hear them tell citizens that employees are, right now, delivering more service with fewer resources. Employees want to see the Council do more to lead citizens to understand the big picture, rather than being reactive to short term public perception (e.g., cell phone policy). Council should seize the opportunity to send the public the message that we are uniting to eliminate the weight and slowness of bureaucracy. "Accountability" should shift from control-oriented rules to direct communication of goals and strategies to and with the public.

2. *Will the Improvement Strategy reflect the reality of business within the Commission form of government?*

Due to perceived barriers introduced by the commission form of government, participants also want to see the commitment of individual commissioners. In this form of government, Commissioners function as executives, and are responsible for business outcomes. Ultimately, goals, outcomes, funding and priorities for any particular bureau are their responsibility. The will to address inter-bureau problems depends upon individual commissioners and their interests. It is critical that Commissioners clarify policy for their own commission that translates council commitment into bureau-specific terms. Key areas of concern include specific definitions of accountability and specific clarification of priority.

a. *Accountability*

In this form of government, Bureau Directors are accountable to their Commissioner for bureau performance, not to a central administration. Significant joint improvement work depends upon clear goals, measures and expectations from each Commissioner for each of their bureaus. No central administrative office can displace this accountability relationship in this form of government.

b. Priority

No other body in the City should set the priority for a particular bureau. The extent to which joint improvement work proceeds in any particular portfolio or bureau depends upon the extent to which their Commissioners expect them to pursue this direction.

3. *How will the strategy eliminate constraints to innovation and provide support for joint work?*

Belief in the seriousness of Management sponsors is dependent upon the demonstration of several key behaviors. Both represented and management/non-rep employees need to see a strong demonstration of a serious change in direction. This involves taking firm, visible steps to allow employees greater flexibility and influence over their own work level. This will involve formal changes to workplace policies, as well as a shift in management style.

The behavior employees at all levels most want to see from managers is to do the policy development work that can bring about a new style of management and organization in the City. Leadership means bringing the City up to date, not just "doing the best we can" with cumbersome practices and bureaucracy. If we work together, we can find creative ways to deal with the 5% of employees for whom most rules were designed. To constrain the entire workforce is senseless and deadening to motivation. Leadership to change this is what will show true respect for the 95% of the workforce that is capable and takes pride in their work. Saying "we respect you" without providing leadership that reflects that respect just results in cynicism.

To capture the interest and commitment of employees in all roles, the labor union style needs to become more visibly inclusive. Employees want to see the leadership take firm, visible steps to improve their communication and involvement of their members. They want to see a clear alignment between members' interests and the official union direction. Until these changes are apparent, employees will not believe either management or labor can deliver on any stated directions.

The leadership that many focus group employees want to see from Labor Union leadership is a commitment to flexibility on issues that constrain the effectiveness of the workforce. Exploring *new* ways to ensure employee protections is what collaboration should be about, not clinging to past, outdated forms. Clarity on what represented employees will gain from collaboration and how the leadership will ensure they gain it is what members need.

Key areas to address include policies and work practices, the structure of the partnership, and the structure and style of the support to be provided to bureaus

a. Policies and work practices

Critical action from the MAG and the CUL is to propose new policies that would enable work practices in alignment with innovation and participation. Areas include employment security, recruitment, performance review, and other human resources areas. Additional areas include policies and practice on achieving market competitiveness.

b. Partnership structure

There is an obvious need to resolve citywide workforce and workplace policy problems. This is a centralized responsibility that requires communication and collaboration among bureau managers. The centralized parts of the sponsorship role (e.g., policy development) need to be balanced by the bureau-based parts of the role (e.g., setting specific goals and approaches).

Bureaus have a solid need for networking and sharing of efforts and ideas between bureaus. Provision of regular means for face-to-face communication on all the above issues and approaches will be very productive.

The current partnership structure and strategy needs to facilitate this balance of influence and involvement between autonomous organizations.

c. Support/service structure

Employees do not want a centrally administered program to which their bureaus must comply. They are adamant that the Service Improvement initiative needs to acknowledge the special needs and circumstances of each bureau. This means providing support without providing a centralized control function. A central resource needs to "sell" its services to bureaus and become the "provider of choice."

Bureaus have done a good job taking the initiative to provide the same or greater level of service with the same or fewer resources. The SII needs to build on what has already been accomplished. Employees insist they do not need or want to all march through the same "program." This is more bureaucracy. Employees want to drive their own improvement efforts.

The use of these structural and service supports for innovation and partnership in any particular bureau depend upon the priority and direction of their Commissioner.

Long-term Considerations

Description of Long-term Success

Accomplishing a lasting shift to "high performance" practices may take considerable time. For long-term, significant effectiveness, these practices must become a part of the ongoing culture of the workplace.

The Recommendations for Action in the following section are intended to create the framework within which bureaus can more successfully develop new work practices if they choose to.

Listed below are the operating level conditions associated with innovation, work satisfaction, improved work climate, and improved performance. Focus groups referenced these conditions consistently. These specific descriptions reflect the characteristics defined in the past forty years of research on quality, participation/partnership, and performance improvement.⁹

1. Information

- ▶ Employees and their representatives regularly receive basic business and operating information that lets them know how the bureau is doing overall.
- ▶ Employees have access to the tools and training needed to understand and use this broad information effectively.
- ▶ Employees have access to the information they need to solve problems and make decisions effectively at their work level.
- ▶ Multiple means exist for two-way communication of information up, down, and across the bureau.

2. Participation

- ▶ Employees and their work groups can modify their own work processes to correct quality, safety, or other problems.
- ▶ Employees refine processes based on customer feedback that they actively and regularly gather.
- ▶ Employees are involved in the design and purchase of new technologies.
- ▶ When managers ask for input from employees, they let employees know exactly how the input will be used. They keep employees informed of the reasons for any changes from the initial expectations.
- ▶ On occasion, urgent or emergency situations may compel managers to make an executive decision in an area that would otherwise warrant participation. In these cases they would initiate a review of the decision and conditions that necessitated the exception.

⁹

See for example the "Road to High Performance Workplaces," U.S. Department of Labor, 1994.

3. Organization and Coordination

- ▶ Work teams have the option of developing increased team autonomy and self-direction
- ▶ Individuals and work groups have access to the support needed to improve work processes and work team functioning
- ▶ Work teams have processes for regularly determining coordination and service needs from other groups
- ▶ Means exist for quick problem resolution between groups or departments, and any group may initiate that problem solving process
- ▶ Employees and work teams can modify the technologies they use in order to improve the work process

4. Management and Leadership

- ▶ Management uses a systematic method and objective standards to assess the effectiveness and efficiency of management functions
- ▶ Management has a strategy for shifting the management role to coaching and facilitation of work groups
- ▶ Supervisors and managers have identified the behaviors and standards they want to see from employees. Managers and supervisors model and hold themselves and each other accountable for modeling and supporting these behaviors and standards
- ▶ Management has a strategy for flattening the organizational structure

5. Labor-Management Partnerships

- ▶ Employees and their representatives work with management on the full range of issues affecting their work and their workplace (For example, new technology, safety, customer feedback, long range goals, etc)
- ▶ Collective bargaining is based on interests (rather than positions), and employs creative problem solving and neutral facilitation for mutual gain
- ▶ Management recognizes the value, perspective and expertise the unions can provide for work and work place improvements

6. Employment Security

- ▶ Comprehensive workforce planning strategies are in place to prevent or minimize laying off employees, as skill requirements and other circumstances change
- ▶ If layoffs are necessary due to severe economic downturns, the organization helps laid off workers find and prepare for new jobs
- ▶ Stated policy and demonstrated practice ensures that employees will not suffer adverse consequences from improvements they suggest or make

7. Recruitment, Selection, Retention

- ▶ The organization is competitive in attracting and retaining the best qualified people from the labor market
- ▶ Data is collected to show where turnover, job satisfaction, and other indicators are highest and lowest. The bureaus know why people leave, and make changes based on this data
- ▶ Compensation reflects the skill, experience and knowledge of the employees
- ▶ All employees have access to skill development, education, and transition services, to keep pace with changing conditions (e.g., workforce changes, technology, etc.)
- ▶ The bureaus actively recruit, hire, train, retain, and promote a diverse workforce

8. Supportive Work Environment

- ▶ The workplace provides timely, safe, and easy access to help solve interpersonal conflicts and reduce workplace stress
- ▶ Employees are actively involved in designing and carrying out health and safety policies and programs. Accident and injury rates are below the industry average
- ▶ Family supportive policies and practices are in place (for example, flexible work schedules where the work allows it, child care, elder care, etc.)
- ▶ Opportunities for continuous learning are built into the work (e.g., team problem solving, performance tracking, etc.)

Recommendations for Action

The following recommendations are based on our experience of building our partnership over the past year, and your input from the O&F sessions.¹⁰ These are the actions we believe will address the three critical questions and create the conditions for long-term success summarized above. We have outlined the steps needed at this point in the process and who, specifically, should take those steps.¹¹

As sponsors of improvement activities in our own bureaus and unions, we will continue to pursue this work. In the process, we hope to provide greater opportunities to strengthen all efforts to work together for mutual gain.

¹⁰ Please refer to Summaries of Labor and Management/Non-Rep Input as well, for full understanding of participant perspectives.

¹¹ See the Draft Work Plan at the end of this report for the proposed timing for the implementation of the recommendations.

I) Recommendations involving Council Action

Executive level long-term commitment. The Council's role is to set the overall direction and create the framework within which joint service improvement can succeed and be sustained throughout the City. All stakeholder groups emphasized that demonstrated commitment at the council level is a critical requirement for them to invest their time, energy and resources to joint improvement efforts.

A. Set Overall Direction

1. Pass Council resolution in early 1999 to:

- a) declare commitment to joint sponsorship of improvement work that will have a positive impact on services, costs and the workplace; and**
- b) confirm the proposed SII approach to the roles and structure of the partnership.**

The resolution would define Council's overall goals, guidelines, criteria and expectations and include wording similar to the following

Our goal is to provide high quality services continually to the Citizens of Portland and to demonstrate the competitive value of every service we provide. We value the quality of our current workforce, and believe in their ability to meet the challenge of continually improving our services and work systems. We see improving work processes and the workplace as part of every person's job at the city. The Council charges the City's managers and labor leaders with working together to achieve these goals. The Unions, as organizations, are partners in this work because they are the legal representatives of 80% of our workforce. A partnership with unions also provides the security necessary for employees to fully engage in innovative approaches without the fear of "improving themselves out of a job." A collaborative problem solving approach is how we do business with all our customers, both internal and external, and includes how we approach collective bargaining.

Council confirms its role as

- Removing barriers to collaboration and innovation within and across bureaus including how the Council operates*
- Providing ongoing communication about goals, actions and results to the city workforce*
- Educating the public about the value and expected results from this approach*

Council confirms its support for

- *SII approach of developing the resources and creating the conditions to support bureau initiated improvement efforts*
- *MAG, CUL, and Joint Session as the primary structure for sponsorship of the SII*
- *Recommendations for action contained in this report*

Commissioners translate these broad goals and guidelines into specific measures and approaches for the bureaus in their portfolios (See recommendation II)

B) Commit Funding

Dedicate long-term budgetary support to create and maintain a city-wide resource to support bureau joint service improvement work. Budgetary support should be maintained at a level adequate to ensure support for projects in bureaus that need assistance.

C) Adopt and Support Proposed Policy

Council will utilize the expertise and knowledge of their bureau directors, labor leaders and employees by adopting and supporting the policies proposed by the MAG and CUL to enable and implement joint improvement efforts city-wide (See recommendation III B for more details including process for involving stakeholders)

II) Recommendations involving Commissioner action

Executive level long-term Commitment and Accountability. The Commissioners' role is to set the direction and create the framework within which joint service improvement can succeed and be sustained in the Bureaus in their own portfolios. Bureau directors are accountable to their commissioner for achieving the results and using the approach defined. All stakeholder groups emphasized that demonstrated accountability at this level was essential for them to engage in joint improvement efforts. Commissioners work with their Bureau directors and labor leaders to

A. Set Direction for Bureaus in their Portfolios

1. Clarify policy options for partnership and service improvement to meet particular bureau strategic goals

This will translate the Council's broadly defined goals into bureau-specific partnership criteria, guidelines, structure and conditions for success within each bureau. *(An example of minimum parameters a commissioner might define would be "Achieve bureau goal 'A' while ensuring no job loss, and retraining for any relocation, using a structure of labor-management partnership that involves all levels of the organization ")*

2. **Define expectations for Bureau Directors and Labor leaders** This will include clarifying who will be involved in what types of decisions and the decision making methods to be used, how extensive participation will be and on what type of issues, how, when, to whom and what types of information should be communicated (e.g. operating, performance, cost, policy data), etc
3. **Define goals for bureau performance.** Confirm or create bureau performance goals including service outputs, measures, customer ratings and improvement targets

B) Define Funding Priority

Commissioners will define the funding priority for the appropriate investment in service improvement and partnership work within their portfolios This work is not an expense or separate budget line item. Improving work processes and the workplace should be an expected part of everyone's job and as such should be part of each bureau's operating costs. In addition, commissioners will define appropriate inter-agency funding agreements to improve cross-bureau functioning.

III) Recommendations involving MAG and CUL action

Strategic Level. The primary role of the Joint Session of the MAG and the CUL is to develop and support the framework for improving services through labor-management partnership. The MAG and CUL take on the responsibility of designing a resource that reflects the reality of business within a Commission form of government. Services will align with the individual Commissioner's goals and bureau-specific needs and conditions. The MAG and CUL role is not to dictate what managers, supervisors or represented employees must do, or what approaches they must take. All stakeholder groups emphasized it would be counter-productive to be told what to do and how to do it. Following are the actions that the MAG and the CUL commit to taking.

A) Clarify Partnership Structure and Roles

1. **Confirm MAG, CUL and Joint Session membership criteria and responsibilities** The MAG and the CUL are not groups of representatives from each Bureau and Union. They are Bureau Directors and Labor Leaders that ensure good linkage (communication and problem-solving) with their peers and throughout the workforce in order to provide support for bureau initiated joint service improvement efforts.
2. **Align OFA and BHR on a customer-supplier model.** OFA and BHR, as primary internal service providers and sponsors of the SII, are in the process of defining the most effective strategy to accomplish this shift in how they operate. BIS is currently assessing customer needs and realigning services. By the end of 1999, BHR and other OFA services will involve internal

customers and other stakeholders to ensure their planning and services are relevant to bureau needs (See recommendation C-2 below for a description of a new OD position to help facilitate this planning and change)

3. **Provide opportunities for inter-bureau information sharing and problem-solving.** Create regular interactive events for workgroups throughout the city to network resources for service improvement. These would be open forums for sharing ideas, tools and successes, exploring opportunities and options, developing strategies, solving problems, and coordinating and integrating work efforts among bureaus
4. **Improve each Union's ability to participate in partnership work.** Work with the membership to clarify the reasons, benefits, pitfalls and conditions needed to ensure successful joint efforts. Engage the membership in developing the strategy and goals for joint work and to demonstrate an organized workforce is a critical asset for the success of the City

B) Propose Policy

1. **Redesign workforce and workplace policy development process to involve stakeholders early and consistently.** Continue work on creating a process that balances effective stakeholder involvement with effective and timely policy analysis and development. Include policy evaluation and updating on a regular basis
2. **Formulate City-wide policy proposals for Council approval:** MAG and CUL take the lead in involving stakeholders to formulate the following policies
 - a. "Cornerstone" policies - Reach agreement on the policies required for creating the conditions to begin successful joint efforts (Employment security, redeployment, "release" time, etc)
 - b. Competitiveness policies - Develop policies that clarify the City's approach to demonstrating the competitiveness of its services (Market testing approach, cost methodologies, fair opportunity to improve prior to bidding, etc)
 - c. Additional Workforce and workplace policies Policies that help equip and support the workforce for partnership and service improvement work (Job design, performance development, training, retraining, management practices, etc) Policies that result in fair, meaningful and consistent testing, hiring, compensation and promotion practices

C) Develop the Resource

1. **Engage bureaus in defining the appropriate resource to support their service improvement efforts.** The resource will be built on a market model. It will offer services requested and

selected by bureaus. It must be the "provider of choice" for bureaus. (Currently defined assistance includes direct facilitation, assessment and consulting services, technical assistance and tools for work process improvements, development of in-house staff, and locating and brokering additional services, etc.)

2. **Hire new OD personnel.** This new position in BHR will provide consulting resources, as requested by bureaus, to assist them in developing and implementing their continuous improvement and partnership approaches and skills. The position will also work with BHR leadership to define and implement an effective strategy for shifting BHR from a predominantly compliance role, to a role as a strategic partner to the operating bureaus. The position will also support and coordinate with Bureau OD and HR personnel, particularly training and development and workforce planning.
3. **Utilize mutually agreed on neutral resources to support joint labor-management work.** We have made progress together and recognize the high level of distrust between labor and management that was consistently reported by all stakeholder groups. We commit to utilizing mutually agreed on neutral external resources as we build the internal capacity and trust to move forward on our own.
4. **Implement the FMCS grant.** Develop customer-supplier agreements between bureau workgroups requesting assistance and the labor-management work process improvement facilitator.
5. **Seek additional grant funding and resources.** Continue to research and locate other sources of funding, assistance and resources for joint improvement efforts.

D. **Facilitate Networking**

1. **Share information and network existing resources and projects.** Create new, and utilize existing, interactive forums for linking projects, sharing successes, exploring opportunities, and solving problems (e.g. HR coordinators, City-wide Resource Staff Network (CRSN), bureau-wide and city-wide forums, etc.)
2. **Continue regional and national networking.** Continue to link with other agencies and jurisdictions doing joint improvement work (e.g. Oregon Partnership - a state wide network, and the State and Local Government L-M Committee - a national network.)

In conclusion

We want to affirm our belief that this work must be done for all of us to provide high value services to the citizens of Portland, *while* creating and maintaining a high quality workforce and work

environment This is difficult work We acknowledge, at times, we have all fallen back into old, familiar and no longer effective ways of doing business together We are committed to changing how we do business here at the City of Portland, and want to be held accountable to this commitment We believe, with these recommendations, we have designed a structure and process to help us achieve our goals We realize we can not tell anyone else to do, or how to do, this work We will work in our own organizations, and support and learn with others who are engaging in joint efforts to improve the City of Portland

We, the undersigned Bureau directors, commit to our commissioners and workforce that we will

- Follow-thru on the recommendations of this report
- Create the "conditions for success" defined in this report in our bureaus
- Create effective forums to bring people together to share learning and problem solve around issues of service and workplace improvement
- Create and maintain a resource to support all bureaus in their joint service improvement efforts
- Hold our managers accountable for achieving and supporting the above goals

Insert MAG signatures

We, the undersigned Labor Leaders, commit to our members that we will

- Follow-thru on the recommendations of this report
- Work to create the "conditions for success" defined in this report in all the City's bureaus
- Create effective forums to bring people together to share learning and problem solve around issues of service and workplace improvement
- Create and maintain a resource to support all bureaus in their joint service improvement efforts
- Regularly engage the rank and file of our membership about defining the goals of the partnership and opportunities for involvement

Insert CUL signatures

Draft Work Plan

Recommendations

	1999												2000					
	01	02	03	04	05	06	07	08	09	10	11	12	01	02	03	04	05	06

I) Council Action																		
A) Resolution on 1) L-M Partnership & Service Improvement, 2) Approach, Roles, & Recommendations	Ongoing interaction between the MAG, CUL, Stakeholders and Council																	
B) Commit Long-term Funding																		
C) Adopt and Support Proposed Policy																		

II) Commissioner Action																		
A) Set Direction for Bureaus in their Portfolios	Initial Bureau Strategy agreed on by Commissioners, Bureau Director's and Labor Leaders																	
B) Define Funding Priority																		

III) MAG and CUL Action																		
A 1) Confirm MAG CUL & Joint Session Membership	Share initial view of changes in OFA Service Operations at first city-wide event																	
2) Align OFA on customer-supplier model	Data Gathering																	
3) Provide opportunities for inter-bureau interactions	Align BHR on a customer-supplier model																	
4) Improve Unions' abilities to Participate in Partnership	Increase opportunities within & between bureaus																	
B 1) Redesign Policy Development Process	Increase involvement of members in goal setting & problem solving around issues raised in focus groups																	
2) Formulate City-wide Policies	MAG & CUL present proposal																	
a) "Cornerstone" Policies	Cornerstone agreements reached in sponsored bureaus																	
b) Competitiveness Policies	Workgroup defines criteria, methods etc. MAG & CUL work with Stakeholders																	
d) Workforce and Workplace Policies	BHR leadership team, with stakeholder input, sets priority and direction for these policies within their strategic planning process																	

C 1) Engage Bureaus in Defining Appropriate Resource	Obtain funding, recruit & hire																	
2) Hire New OD Personnel	Assist with BHR strategic planning, develop and provide OD consulting services as requested by Bureaus																	
3) Utilize Mutually Agreed on Neutral External Resource	Obtain funding, define scope of work, sign contract																	
4) Implement the FMCS Labor-Management Grant	Assessment & joint project work in bureaus																	
5) Seek additional grant funding and resources	City-wide event planning & prep																	

D 1) Share information & network existing resources/projects	Ongoing task for central and city-wide resource staff																	
2) Continue regional and national networking	Continue development of CRSN (City-wide Resource Staff Network)																	

SERVICE IMPROVEMENT &
LABOR-MANAGEMENT PARTNERSHIP

Section Two

Summary of Participant Input

Represented Employees

City of Portland
Discussion Draft
January 13, 1998

Table of Contents

I	Introduction	1
II	Summary of Participant Input	1
	A. Partnership Approach for Improvement Efforts	2
	Pressures Driving Change	2
	A Partnership Approach Makes Sense	2
	Union Goals	3
	An Ideal Partnership	3
	B. Doubt, Distrust and Skepticism	5
	What are Management and Council Motivations	5
	Don't Start if You Don't Intend to Go the Distance	6
	Support for Public Employees	7
	Labor or Employee Involvement	7
	Co-opting Unions and Collective Bargaining	8
	C. Commitment and Consistency	9
	Council Sponsorship, Support and Funding	9
	Consistency throughout Management Ranks	10
	Union Commitment and Consistency	10
	D. Additional Barriers and Opportunities for Moving Forward	11
	<u>Barriers</u> Fear of Change, Past History, Organizational Structure, Culture and Practice, Poor Communication	11
	<u>Opportunities</u> Initial Progress, Build on what is working, A Skilled Workforce	13
	<u>Continuing Changes</u> Technology, workforce, ballot measures, direct user fees, threat of privatization, growth	14
	E. Needed Next Steps	15
	Develop Labor Strategy	15
	Ensure safety for Labor Involvement	15
	Clarify and Communicate the Overall Plan	15
	Increase Opportunities for Clear and Honest Communication	16
	Demonstrate Council and Management Understanding and Commitment	16
	Final Comments	17

I Introduction

This report summarizes the feedback of represented employees who participated in the "Orientation and Feedback" (O&F) Sessions in June of 1998. These sessions were sponsored by management and labor leaders currently involved in service improvement efforts initiated at the bureau level. The "Service Improvement Initiative" (SII) is the partnership the Management Advisory Group (MAG) and the Citywide Labor Leaders (CUL) have formed to help build support for these joint efforts. The summary of management and non-represented employee focus groups input is contained under separate cover in section three of the full report. Together these two sections represent the core work of the second phase of the SII work plan. The MAG and CUL used the data from these and other feedback opportunities to form recommendations for continued joint action.¹

Sponsor's goals include

1. Gather data for decision making about scope, funding, and the appropriate role for Council
2. Revise strategy based on participant feedback
3. Refine the partnership guidelines and conditions for effective partnership, developed by the Management Advisory Group (MAG) and the Citywide Union Leaders (CUL)
4. Exchange information on current improvement work undertaken in the bureaus, increase awareness and linkage among participants from various bureaus who are working on similar projects
5. Define effective support services for improvement projects
6. Assess the degree of interest among stakeholders in taking joint approaches to improvement work
7. Identify a network of people throughout the Bureaus who may be able to link SII resources and services to existing or anticipated projects

II Summary of Participant Input

This section summarizes the data gathered from 15 focus groups of represented employees.² A total of 99 employees participated. The summary gives a "snap shot" of represented employee perceptions and concerns relative joint improvement efforts at this point in time. It offers constructive identification of issues that must be addressed by the SII.

¹ See Section One, "Plan for Action," for a more detailed discussion of purpose, goals, history and context of labor-management efforts in the City, a description of the process used with both management and labor focus groups, and the recommendations.

² Available by request to the Hub Resource Center (823-6959) are the transcribed notes from the sessions, a list of participants by bureau and union, and numerous additional resources on partnership and improvement approaches.

process. The sessions also generated many questions that provide a useful framework for continued strategic discussions and planning.

A. Partnership Approach for Improvement Efforts

Pressures Driving Change

All the groups discussed the changing environment the City is facing and the need to regain the confidence of citizens. Recent ballot measures to reduce funding express, at best, a strong public concern about costs and the effective use of tax dollars. At worst, they show a public hostile to government performance and public employees. Many emphasized the media's negative and sensational focus (i.e. Channel 8 exposé, Cell phone misuse) as helping to fuel the public's perception of the "City that *doesn't* Work." Participants also identified a growing national trend to privatize, driven by the private sector's "low wage strategy." Others wondered if Oregon, with an open initiative system, is becoming a national testing ground for attacks on labor and public employees. Population growth, changing technology, the increasing complexity and cost of providing services, reduced federal funding and increasing regulations were all cited as additional pressures that will require improvements to how the City conducts business. Overall, there is general consensus that many of the pressures driving change are primarily "fear based." These pressures result in fear of job loss for both managers and represented employees, through continued reductions in funding and increases in private sector contracting.

Participants also identified a strong personal desire as employees to provide great services to the public and demonstrate how effectively they do work. Most employees want to improve the quality of services they provide and the quality of their work life regardless of the external pressures to do so.

A Partnership Approach Makes Sense

Most agree that, given the unionized environment of the City, an effective partnership between labor and management makes sense as an approach to address the many challenges the City faces. A partnership approach could bring all the "parts" together to improve the functioning of the entire City. Participants see neither Labor nor management being able to make significant progress or improvements as long as they are working in isolation or without cooperation. Working together is the only way they see to create lasting change, break through the "red tape" and improve the systems that constrain us *all* from doing more effective work. From the represented employee perspective:

- Labor and management are inter-dependent. It is in our mutual self interest to work together.

- When people work together to anticipate and solve problems, accountability and follow-through increase
- Productivity gains and cost reductions are much more likely if we work together.

It is also evident to participants that the traditional adversarial labor management relations are not effectively achieving mutual goals or meeting the increasing challenges. There are many costs, both obvious and hidden, associated with conflict and constant battling. Participants describe past experience which consistently demonstrates the costs of poor coordination, communication and cooperation. If the workforce is not effectively included in the development of workplace changes

- efforts can be mis-guided, missing the real issues or causes of problems
- resistance is increased and implementation is ineffective
- time and money are wasted when projects need to be redone after managers realize labor needs to be involved
- trust is further eroded and resentments increase

Union Goals

Participants see a true partnership approach as one way to more effectively attain union goals for workplace improvements. Certainly secure jobs with living wages, good benefits and a quality work environment are primary goals for the unions. They are required elements of a good job. Represented employees also understand that to have secure jobs, the organizations in which they work must be cost-effective, efficient and competitive. An effective partnership would work to achieve both good jobs *and* good business. This approach could also help Unions attain their "non-wage" related goals such as

- involvement in the decisions that affect workers
- mutual respect and dignity in the work place
- recognition for a job well done
- meaningful work and pride in one's job
- effective support and resources to do one's job (including skilled and effective managers)
- opportunities to grow, improve and advance
- reduction of grievances and arbitrations

An Ideal Partnership

Following are the criteria any partnership efforts must meet from the perspective of represented employees

Ideally, an effective labor-management partnership would . . .

- a **Be a long-term commitment** from both sides. Partners would dedicate the necessary time and resources to make it work over the long haul. They would continually work to evaluate, improve and sustain the effort even with commissioner or bureau director changes
- b **Have clearly defined common goals**. Management and labor would agree on the goals and priorities that would benefit all parties and the citizens of Portland
- c **Have a clearly defined process to achieve mutual goals**. Partners have clear agreements about roles, strategy, decision making, stakeholder involvement, problem solving, conflict resolution, etc
- d **Change the City's culture and make partnership a natural part of the way we do business.** Working together for improvement would be a part of *everyone's* job. Teams, workgroups, divisions and bureaus would all be working for the greater good
- e **Be based on mutual respect and trust**. Involvement would be requested, respected, accepted and put to mutually beneficial use
- f **Give workers the highest level of autonomy possible**. Workers would be trained and trusted to make decisions and design work processes. There would be democracy in the workplace
- g **Increase accountability of all parties and individuals**. There would be clear consequences for managers and employees not following through on mutual agreements
- h **Have true management support, commitment and follow through**. This would include changing management systems or personnel if that is where the problem is
- i **Open communication channels between labor and management**. Regular forums for open discussion and a culture of sharing information without retribution for bad news
- j **Reduce the number of grievances**. Partners would be proactive, cooperatively solving problems when they arise and at the lowest level
- k **Create consistency in city-wide policies and work systems to support the partnership**. People would be rewarded and promoted for cooperating to improve work life and services. Policies would be interpreted equally for all employees
- l **Produce results and improvements, not just good talk**. Move the partnership down to the work group level. Increase efficiency, yield measurable results, improve services and quality
- m **Revitalize the labor movement**. Management would understand strong, visible unions and an organized workforce are a resource for improving services and meeting business goals

Key Questions:

- *How will the SII strategy ensure labor's criteria are met?*
- *What are management's criteria for an effective partnership?*

B. Doubt, Distrust and Skepticism**What are Management and Council Motivations?**

Most groups strongly agree and emphasize their fears that management may have hidden agendas in talking about "partnering" with labor

Because of the existing difference in power, management is safe exploring partnership, while labor is not. Managers can always pull back if things are not going well (their way?) and default to their existing decision making authority. There is a perception that management does not really want, nor intend to share, any real power or decision making. Participants fear this talk of partnering may be used more to "appease" or "pacify" labor with good words while manipulating or dominating the improvement process through their access to power, resources, education, etc. Some participants feel talk of partnership is an attempt at "bribery" because management still intends to direct and manage participation in the improvement process - not to engage with labor in participatory management. Managers may also try to use this as a way to "spread the blame" for their own poor performance. *Existing management practice and policy in the City seems to assume employees must be watched closely and controlled to be sure they are working and doing the right thing.* This practice does not lend itself to efficiency, cost-effectiveness or a motivated and self-directed workforce.

Participants question the Council's motivation and ability to sustain a partnership effort for improving services over the long haul

Many see Council as primarily acting on the need to "look good politically" and prepare themselves for the next election. This creates an emphasis on short term fixes (e.g. cell phone policy, "the City that works") without addressing long-term, genuine solutions. Also quick Council mandates in reaction to "squeaky wheels" or isolated problems often constrain the cost-effectiveness of the majority of the work force. Council is seen as giving "lip service" to partnering because it is the "politically correct" thing to do right now. With a council form of government, there is no structure to insure decisions are based on sound and consistent business reasons instead of changing political winds. Even if the present council understood and fully supported the partnership approach for improving services, the concern remains that the commitment would be vulnerable to future "political emergencies" and/or council member changes.

Key Questions

- *Trust is a critical component of building a partnership to improve services. How will trust-building be built into the process and consistently and openly addressed?*
- *Will council take the risk and heat of investing now for savings down the road? (The process may not provide immediate "media worthy" gains)*
- *How will council ensure and demonstrate that their commitment is long-term? How will they ensure it will last through commissioner changes or shifting priorities?*
- *How will council hold bureau managers accountable once they make a commitment to partnership? Will managers' participation be an integral part of their performance reviews?*
- *What are the real reasons current managers are involved? What are their goals, needs and concerns?*
- *Does the strategy intend to help shift management practices and beliefs from "watching" and "controlling" to "involving" and "empowering" employees? If so, how?*

Don't Start if You Don't Intend to go the Distance

Given the strong doubt and distrust of management and council motivations, participants feel cautious about even beginning partnership efforts to improve services. Participants emphasize management's access to power, resources, and decision-making authority gives them the luxury of safely exploring "cooperative" approaches. Managers can always stop and go back to the status quo if things are not going as they anticipated. It will create more damage to start and then stop the partnership than to never start it at all. This would not only serve to reinforce the distrust and cynicism, but more importantly decrease the possibility for any future genuine attempts to cooperate. Many represented employees within the DCTU feel "cooperative partnerships" already have one solid strike against them because of the last collective bargaining experience. For these reasons, participants want sponsoring managers to do the hard work among their own ranks to develop understanding of how a partnership approach will significantly change their roles and practices. Represented employees want to be sure sponsoring managers understand what they getting into before they approach or attempt to involve labor. A strong message to management is

If management is not committed to sticking with the partnership through thick and thin, they should not even think about starting it.

Key Questions

- *How do managers see a true partnership changing their role and practices? Are they ready to take real and consistent action to see that through?*
- *What assurance will be built into the process that management can't "change their mind" and stop the partnership once it has started?*

Support for Public Employees

One area of action that would help decrease some of the doubt and distrust would be for the Mayor, Council and managers to consistently demonstrate support for the good work public employees are doing now. Participants feel the council often "grandstands" by using public employees as convenient scapegoats for more complex organizational problems. The council should be taking the lead on actively educating the public about the good work being done now and the legitimate constraints employees must operate under (i.e. policy, regulations, etc.). Many have become disillusioned with the Mayor and Council's lack of active and vocal support. This disillusionment decreases everyone's motivation to continue working hard in the face of increasing challenges. Represented employees want to remind Council and managers of the following things:

- We are hard working and talented employees who care about the services we provide. As both tax payers and employees, we have a double interest in doing cost-effective work!
- The majority of employees want to and are working hard to do a good job.
- The existing ineffective systems, policies and management practices we are forced to operate under are the biggest constraints to our cost-effectiveness.

Key Questions

- *How do Council and managers see themselves being strong advocates for their public employees?*
- *What actions are being taken to remove the institutional barriers to cost-effectiveness such as outdated/ineffective policies, bureaucratic structures, poor management practices, etc.?*
- *What actions are being taken to educate the public about the legitimate constraints we operate under that might make us appear inefficient (regulations, federal or state laws, etc.)?*
- *Do we have the data to demonstrate we are doing a competitive job? If not, how do we plan to obtain it in a way that doesn't put represented employees at risk?*

Labor or Employee Involvement

Recent management behaviors indicate a low understanding of the "partnership" efforts they are claiming to be trying. This is also increasing represented employees' doubt and skepticism about the possibility of having effective partnerships. ***The most troubling and clearest example of management "not getting it" is the apparent confusion between labor and employee involvement.*** Participants gave many examples where managers have selected employees to be involved in improvement efforts and said, or implied they were involving "labor". This

is a critical issue for represented employees and a quick test to see if management "gets it " Labor should be selecting its own representatives for joint efforts Some managers, bureaus and programs were cited as being "delusional" if they think they are involving labor Participants describe that "even in the Water Bureau, where they have been attempting labor-management cooperation the longest, some managers fall into trying to select the employees for joint projects "

Because of the power difference, *individual* employees have little safety in working with managers and could easily "improve" themselves out of their own jobs In addition, union representatives are aware of how issues in one work area may impact the membership in another work area or bureau, where an individual employee may not be If management "involves" individual employees who have not been prepared by their unions to participate, it would be easy to make decisions that may benefit the individual employee or work group, but harm the larger membership.

- ***Management must understand the Unions' legitimate and necessary role in the partnership.***
- ***Strong, effective unions and an organized workforce will enhance this partnership to improve the city's functioning, not harm it.***
- ***There are good reasons this is called LABOR-management partnership and not employee-management partnership.***
- ***Managed participation is not the same as participatory management.***

Key Questions

- *What would help managers understand how the power difference makes it unsafe and unwise for individual employees to engage in "joint" efforts?*
- *What other key policies, in addition to "no lay offs," are necessary to insure employee safety in participating in improvement efforts?*
- *How can we insure labor-management committee members act on the needs and goals of the full union membership as they make decisions?*
- *How will the opportunity and resources for unions to prepare their members be built into the overall strategy?*

Co-opting Unions and Collective Bargaining

There is a larger concern related to the confusion between labor involvement and employee involvement An *employee* participation approach may appear to support union goals, but in practice could weaken worker protections afforded by the contract and organized unions Unions, as the collective voice of represented employees, are necessary to balance the inherent power difference between the employer and an individual employee

The partnership can not be used in anyway to weaken employees' collective strength or negotiated protections.

Many also express concern that labor leaders are being "seduced" by working with top managers. There is some distrust of union leadership from the rank and file. After so many meetings with management, labor leaders can sometimes be perceived as sounding and thinking like management. There has been little communication from union leadership about this effort to the rank and file. The union leadership must effectively involve the larger membership in their discussions and decisions to insure membership needs and goals are being met. Some participants are wondering if union leadership is "cutting deals behind closed doors" that they intend to then "sell" to the membership rather than involving the membership in issues and proposals up-front.

Key Questions

- *How can we insure partnership efforts do not weaken our collective strength and contractual protections?*
- *How will union leadership continue to involve the rank and file in this effort after they study the results of these sessions?*
- *How does the labor leadership plan to strengthen the union identity in the workforce?*
- *How will agreements end up in secure contract language? (Not just handshake agreements that can change when things get difficult)*

C. Commitment and Consistency

Council Sponsorship, Support and Funding

Many see support and sponsorship from the top as being critical for the success of partnership approaches for improvement. As already outlined, represented employees need to see clear demonstration of leadership and commitment from the Council before it makes sense for them to invest too much effort, energy and hope. The Council also has a critical role in helping insure consistent and active application of the approach between bureaus by involving and holding their top managers accountable.

Key Questions

- *How does Council see their role in this effort and what is their strategy to fulfill that role?*
- *Will Council commit the funding and support for this over the long haul? What are the plans for funding continuity with commissioner or bureau director changes?*
- *Will Council and management back labor participation in joint improvement efforts, realizing it may require some overtime because many work areas are currently understaffed?*

Consistency throughout Management Ranks

Most participants cited examples of the "huge gap" in understanding and action on collaborative approaches in the ranks of mid-managers and front line supervisors Even with Council and top management support, joint improvement efforts will go nowhere without clear accountability for following through. Managers must work with their own to understand what "partnering" means operationally. The message does not seem to be getting down the management "chain of command." As a result, there is a growing backlash and resentment in some bureaus and workgroups to "good talk," that has been followed by inconsistent understanding and unsupportive behaviors from management.

Another important element of needed management consistency is communication and problem solving across division or bureau lines. Represented employees are often in the best position to identify cross-functional inefficiencies and other problems. Managers are in the position to act on removing those barriers to effectiveness.

Key Questions

- *What are management plans for insuring all management levels understand and are accountable for acting on partnership approaches and goals?*
- *What are the plans for dealing with currently ineffective managers? What are your plans for improving and aligning management skills and practices?*
- *How will management reward and promotional practices reinforce and support cooperative efforts to improve services?*
- *How do bureau managers plan to work together to remove inter-bureau barriers to cost-effectiveness?*

Union Commitment and Consistency

Participants have many questions about why the unions are involved at this point in time and what they are hoping to get out of any involvement. The current perception is the unions' leadership have their necks stuck out on this and they are at risk. Many are also concerned that the process of deciding whether and how to engage with joint approaches to improvement could be divisive for union membership.

Key Questions

- *Why are the unions involved at this point and what do we want out of our involvement?*
- *Are the various unions in agreement about the goals and approach?*
- *What is labor's overall strategy and how will we coordinate across unions?*

- *Is union leadership willing and capable of doing the internal organizing required for a successful partnership effort?*
- *What have labor leaders agreed to so far?*

D. Additional Barriers and Opportunities for Moving Ahead

BARRIERS In addition to distrust of Council and management's motivation and ability to follow through, participants identify the following barriers to progress

Fear of Change and Past History

Changing behaviors, attitudes and approaches is often difficult. Many identify **fear of change** and the unknown as large barriers for both labor and management. Managers and supervisors will have the biggest changes to their jobs and roles if decision making moves down to the lowest appropriate level. Many managers have spent twenty or more years coming up through the existing system and participants wonder if they are willing and able to really change.

There is a long adversarial history and the **"us vs. them" attitude** runs very deep. There is currently no or **low trust and respect** in many areas of the city between labor and management. There is a great deal of baggage from previous negative experiences employees have had with management on the job and in the last DCTU bargaining session. There are also **personal agendas** of those who want to sabotage the process by being obstructive or refusing to look for mutual gains.

During this start-up/exploration phase of partnership, represented employees can find themselves in an interesting "Catch 22". Without clear agreements, guidelines and protections, they are **at risk with both managers and unions**. They can be seen as "trouble makers" trying to shake things up by management, and as "being in bed with management" by union members for trying to cooperate.

Key Questions

- *How does the SII strategy build in opportunities to develop mutual confidence in each others motivation and ability to work cooperatively?*
- *Do management sponsors have a plan for redefining the roles of their mid-level managers and supervisors?*
- *How will it be made safe for represented employees to participate, especially during the early phases of this work?*

Organizational Structure, Culture and Practices

Many experience current organizational structures in the City as extremely bureaucratic and hierarchical. There are many hurdles,

barriers, policies, red tape and inertia that must be overcome to institute even the most obvious or simple improvements. The many layers of management create a time-consuming and ineffective process for suggesting and implementing improvements. Ideas can be shot down or buried anywhere along the long journey up and down the "chain of command." This is especially true in a culture where managers are rewarded for building empires, protecting their "turf," and taking credit for others' work.

Existing civil service and budgeting systems stifle creativity and reward inefficiency. Competing goals and unclear priorities create confusion (e.g. EEO goals and need to hire highly qualified employees). There have been dramatic changes to many job requirements and few changes to existing policy, work processes, job descriptions or compensation. As a result of all this, represented employees are sometimes told by ineffective managers to "just do the best you can," "there's nothing that can be done about it," or "that's just the way it is." Some participants report being told to "look busy and not get caught" during the times ineffective systems or policies create work stoppages.

Key Questions

- *How will the overall strategy deal with existing ineffective structures, policies and work practices?*
- *Does management have the necessary skills, resources and perseverance to deal with these more difficult systemic issues?*

Poor Communication

Most bureaus and unions are not effective at ensuring even simple information is shared and understood throughout their organizations. How will they handle informing and involving employees in complex, changing and inter-dependent issues and efforts such as this? There has not been much communication about this throughout the city so far. Most employees are unaware anything is happening. The successes and problems joint improvement efforts are experiencing are not widely known or shared.

Key Questions

- *What are the mechanisms for ~~two-way~~ information sharing and feedback? (with council, managers, labor, between bureaus etc.)*
- *What are the plans to effectively communicate with, educate, and prepare 5,000 employees for involvement in joint efforts?*
- *Will joint improvement efforts be a part of our job so we have time to understand the implications of communications and respond to them? (Without having to do it on our own time or at home?)*

OPPORTUNITIES

Participants describe the following as opportunities they see for moving forward

Build on What is Working

Many see what appears to be a level of commitment on both sides. The jury is still out on whether this is "lip service," cautious exploring, or determined first steps in a long-term commitment. Some key bureau managers appear to be involved and active. In some areas, management is beginning to listen to labor's needs and concerns. Participants have experienced some improvements in communication and responsiveness from a few of their managers. Some managers are described as listening to problems and reacting quickly at an informal level prior to issues becoming grievances.

Labor unions want to make this work for their membership and have been meeting regularly to get the needed conditions and protections in place. Labor leaders and sponsoring managers have been meeting to learn about and define the approaches, agreements and resources necessary for successful joint efforts.

Participants see these O&F sessions as a great start and demonstration of some improvement. Represented employees were paid to be here to do this joint work. Some resources seem to have been dedicated to the effort and communication is starting to improve.

Additional examples of successes in labor-management cooperation include

- The DCTU classification and compensation study involved labor in preparatory training and design teams
- The jointly developed cost methodology for bidding on construction contracts in the Water Bureau provided a "level playing field"
- Printing and Distribution is working to resolve problems quickly and trying out a gain sharing program for cost-savings
- Bureau of Emergency Communications developed part-time employment options for retired workers and is beginning a quality assurance committee. Their labor management committee is beginning to improve communication
- The Water Bureau is involving employees in selecting new equipment (e.g. meter reading - \$4 million equipment purchase, new concrete truck, grounds maintenance, operating engineers), improving work processes (e.g. customer services-water shutoff, concrete truck, grounds maintenance-\$200K savings), and adding needed positions (e.g. construction crew, headworks)
- The Fire Bureau is slowly moving their labor management committee from "review and comment" to "actual involvement". They recently purchased new infrared equipment and automatic defibrillator
- The Communications division of BGS is cross-training and making sure everyone is licensed by the FCC

Key Questions

- *How can we best take advantage of the recent and current successes we are having?*
- *What are the plans for encouraging, supporting and rewarding managers and employees who are active in cooperative efforts to reduce costs and improve services?*
- *How can we most effectively communicate and leverage the lessons learned so we are not constantly re-inventing the wheel throughout the city?*
- *How can we continue to move joint efforts closer to the level of the workgroup? (Apply it to the real work we are doing at operating levels)*

Skilled Workforce

Many see the underutilized knowledge, skills, ideas and energy of the existing workforce as a significant opportunity. The City has a highly-skilled and motivated workforce. The workers know their jobs and have good ideas for how to improve effectiveness. Strong unions can organize and mobilize the workforce to engage effectively in positive improvement efforts.

Key Questions

- *How can we work together to best utilize the knowledge, skills, ideas, and energy of our existing workforce?*
- *What will it take for more managers and supervisors to see and use labor as the valuable resource it is for improving work practices, solving problems and resolving conflicts?*
- *What "safe" process will be used to bring forward employee ideas and involvement in improvement efforts?*

CONTINUING CHANGES

Participants identified the following changes that could affect joint efforts. Represented employees see them as potential barriers or opportunities depending on how effectively the partnership anticipates and deals with them.

Changes in technology - This can expand opportunities if labor is involved in choosing and using new technology. Technology will be a large barrier if it is used to replace workers.

Changes in the workforce - Retirements and other turnover can expand opportunities by bringing in new energy, ideas and skills. If changes are not anticipated we could lose a great deal of skills and knowledge through retirements.

Retirement of managers - This is a great opportunity if unneeded management positions are not filled and needed ones are filled with people with proven track records in supporting labor-management cooperation.

Continuing ballot measures to reduce funding - These can both increase the motivation to improve through partnering, and limit the available resources to provide quality services

Increasing use of direct user fees - This more direct connection between payment and service provides the opportunity to increase understanding of customer needs. Alternatively, it may pave the way to move to "lowest short-term cost" provider instead of the most cost-effective long-term approach

Increasing threat of privatization - This maintains the pressure and motivation to cooperate and demonstrate our cost-effectiveness. However, if we don't get our act together quickly enough, both management and labor could lose jobs.

Growth of metro area. - The greater demand for services, increase employee workload and strain the existing infrastructure could increase motivation to cooperate and possibly expand workforce and job opportunities. If we don't plan well and can't meet the increasing demands, this could increase work stress, strain relationships and decrease public perception of our effectiveness further

Key Questions

- *What are the current plans for dealing with these issues?*
- *How can we anticipate and use these coming changes to our advantage?*

E. Needed Next Steps

Develop the Labor Strategy

Unions need to develop their own goals, guidelines and strategies for joint improvement efforts. Union leadership needs to involve their membership in defining the criteria the unions will use to monitor results, measure success and guide decisions. Memberships skills and understanding must be developed so they will participate in ways that are good for both the membership and the City. This organizing and development work is needed and will be good for the unions whether or not management follows through.

Ensure Safety for Labor Involvement

There must be safety for represented employees to engage in any joint improvement efforts. Employees can not be expected to "improve themselves out of their jobs" or their collective protections. There are minimum conditions that need to be in place before labor can safely become involved

Clarify and Communicate the Overall Plan

Employees need a better understanding of the overall plan and strategy

as it stands now Resources should be put towards communication and expanding involvement The following questions need to be answered

- How will employees be regularly informed about what is happening, why, and how it may affect them?
- What are the time-lines and expected deliverables?
- How will the entire process be monitored for effectiveness?
- How will involvement and support be expanded?
- How and when will mid-level managers and front line supervisors become involved?
- How and when will union leadership start involving the rank and file?
- How will union membership be kept regularly informed of the labor perspective?

Increase Opportunities for Clear, Honest Communication

Labor and management need some face to face time with facilitation to increase our understanding of each others motives and goals for this effort We need to start building trust and agreement on where we are heading, why we need to go there and how we plan to get there We need to understand each others needs and perspectives These O&F sessions seem like a good start What else is planned? When will joint sessions be appropriate?

Demonstrate Council and Management Understanding and Commitment

Represented employees need to see some of the following

- Committed *long-term* funding from Council and management
- Increased accountability in management for effective management skills and consistent use of cooperative approaches
- Employee Relations team consistently acting in alignment with *mutual gain* approaches and principles
- Dedicated staff positions to support intra- and inter-bureau joint improvement work
- Council and managers consistently and actively supporting public employees in the media and in the bureaus
- Agreement to and use of labor's "minimum conditions" as specified in early partnership work in the SII
- Increased commissioner and top management direct contact with the workforce to share ideas, concerns and plans
- Increased cooperation and communication between bureaus

Final Comments

Following are composite participant comments that capture some of the main themes expressed in the sessions

- Working together for mutual gain makes sense - for labor, for management and for the citizens of Portland
- The power difference between the employer and individual employees must be taken into account in any cooperative efforts
- Organized labor has a *necessary* role in joint efforts. An organized and skilled workforce is an asset to the City and improvement efforts.
- We all need to be open to change. Our past does not have to dictate our future
- This is the right path. We need to stay the course and remember our mutual goals through the certain bumps and difficult times ahead
- There are examples of where joint efforts have been working. How can we build off these successes?
- There are examples where joint efforts have not been working. How can we learn from and not repeat these mistakes?
- *As employees we will be watching the leadership of all the partners to see if their behaviors consistently match their words and agreements. Our motivation to stay involved depends on it*

SERVICE IMPROVEMENT & LABOR-MANAGEMENT PARTNERSHIP

Section Three

Summary of Participant Input

Managers, Supervisors, &
Non-represented Employees

City of Portland
Discussion Draft
January 13, 1999

Table of Contents

I	Introduction	1
II	Summary of Participant Input	1
	▶ Common perceptions of issues, needs, barriers & opportunities ..	2
	▶ Common perceptions of criteria for success	7
	Criteria for an effective long-term partnership	7
	Criteria for an effective support to bureau-based efforts	9
III	Summary of Key Questions Addressed to Decision Makers	11

I INTRODUCTION

This report summarizes the feedback of managers, supervisors and non-represented employees who participated in the 1998 "Orientation and Feedback" (O&F) Sessions. These sessions were sponsored by management and labor leaders currently involved in service improvement efforts initiated at the bureau level. The "Service Improvement Initiative" (SII) is the partnership the Management Advisory Group (MAG) and the Citywide Labor Leaders (CUL) have formed to help build support for these joint efforts. The summary of represented employee focus groups input is contained under separate cover in section two of the full report. Together these two sections represent the core work of the second phase of the SII work plan. The MAG and CUL used the data from these and other feedback opportunities to form recommendations for continued joint action.¹

Sponsor's goals include

1. Gather data for decision making about scope, funding, and the appropriate role for Council
2. Revise strategy based on participant feedback
3. Refine the partnership guidelines and conditions for effective partnership, developed by the Management Advisory Group (MAG) and the Citywide Union Leaders (CUL)
4. Exchange information on current improvement work undertaken in the bureaus, increase awareness and linkage among participants from various bureaus who are working on similar projects
5. Define effective support services for improvement projects
6. Assess the degree of interest among stakeholders in taking joint approaches to improvement work
7. Identify a network of people throughout the Bureaus who may be able to link SII resources and services to existing or anticipated projects

II Summary of Participant Input

This section summarizes the data gathered from 15 focus groups of management, first line supervisors and non-represented employees. A total of 106 employees participated.²

¹ See Section One, "Plan for Action," for a more detailed discussion of purpose, goals, history and context of labor-management efforts in the City, a description of the process used with both management and labor focus groups, and the recommendations

² Available by request to the Hub Resource Center (823-6959) are the transcribed notes from each stakeholder group, a list of participants by bureau, and numerous additional resources on partnership and improvement approaches.

Common perceptions of issues, needs, barriers and opportunities

The three stakeholder groups – managers, supervisors, and non-represented employees – raised similar issues and concerns in several areas. Following are key themes that were common between the groups.

The Need and Rationale for Improvement Work: Participants discussed the changes the City is facing. Participants mentioned Ballot Measures 47 and 50, and the need to regain the confidence of citizens. There is a range of opinions about what message the public is really sending. However, participants agree that doing an excellent job meeting the citizens' needs is important. The groups also emphasized the media's often negative and sensational focus contributing to less positive public perception.

Accountability to Citizens is a Positive Motivator: Also common between groups of stakeholders is the reluctance to have "fear of privatization" or "fear of tax limitation measures" be the impetus. A positive motivation is the accountability to citizens that has always been ours. Creating positive results for citizens should be what drives our efforts to partner and to improve.

Constrained workforce: All groups view the City of Portland workforce as mostly consisting of talented, skilled, and dedicated employees. Participants see themselves (and 95% of the workforce) as dedicated people who take their work and the goals of their bureau seriously. They describe the workforce as motivated, dedicated, creative problem solvers who want involvement and who want to do their work efficiently and well. They take pride in their work and want that work to be meaningful.

The various groups emphasized they see interest and enthusiasm in the workforce for working differently, trying new ways to improve. Many express frustration that the structure of work and of regulations do not reflect this view of the workforce's potential. Being confined to operating within constraints that assume low skill and little ability for discretion is frustrating.

The general consensus on this issue is that most of the constraints to greater flexibility on the job exist because of the 5% of employees with conduct or performance problems. If the 95% are to do great work and help the City improve its performance overall, the workforce will need to be allowed more control. Currently, the cumbersome rules and procedures in place to prevent abuse also have the effect of constraining operating flexibility. In addition, some noted that the labor contracts have elements that also constrain employee's abilities to be more cost-effective.

Low awareness of existing demonstrations of success: Despite the difficulty, many bureaus have made operational changes in recognition of the need to demonstrate effectiveness to the public. These efforts have resulted in positive operational changes, cost savings, and/or service improvement. The groups emphasized that most of these efforts have not been shared and therefore some opportunities to build on success.

have been lost. Every level, starting with the Council, should note the progress that has been made and publicize it. Employees have maintained and lowered costs while meeting increased service demand.³

"Partnership" Makes Sense as an Overall Approach, not just between labor and management: All three groups acknowledged that joint action between labor and management makes sense. Although the benefits are far from guaranteed, the costs of traditional adversarial labor management relations are obvious.

Many point out the value of extending the partnership concept beyond labor and management, to other bureaus, agencies, customers and non-represented personnel. Participants note the Commission form of government creates a culture in the bureaus of competition and separation. Yet all acknowledge the extent of problems and policies that apply citywide. Approaches that create some consistency and collaboration will improve services to citizens. All three groups were adamant that this consistency and collaboration be structured in a way that does not constrain the creativity of the bureaus.

Strong Interest in Involvement "Employees always want a better place to work," is a common message from these three organizational roles. Employees want respect for their skills, effort and contribution. The most effective way for decision makers to show respect is to *allow employees to have greater influence over what they do and how they do it*. "Involvement" also means a process that helps us, as employees, understand how what we do contributes to the greater good. These are strong themes, expressed often by all the levels represented in the discussion groups.

In all three stakeholder groups the issue of a changing workforce came up. As a growing number of skilled workers leave over the next several years, bureaus will be challenged to transfer knowledge and skills. In some specialties, the incoming workforce is of lower skill than previously, increasing the ongoing challenge. Many see the upcoming bulge of retirements as an opportunity as well as. When the "old timers" retire, some of the old baggage and bad history will leave with them. In addition, as positions become vacant, managers have an opportunity to look at the work in new ways. Younger people with fresh ideas will fill new positions and probably be more open to innovation and partnership.

"Empowerment" is still only a word: Each group identified questions and suggestions they had for the level or levels above them, related to the partnership role they perceived they would fill. Facilitators asked them to answer, "What do we want Council/Bureau Directors/Managers/union leaders to know about us?" Each level would urge the level above them to make a shift to the following practices:

- ▶ Set clear goals for the work you need from us, then give us the flexibility and autonomy to achieve them. Be willing to take risks, let us make a few mistakes on the way to finding a better (more

³ See Section One, "Plan for Joint Action," Appendix for a summary of the efforts participants described during the sessions.

efficient, more effective) way to achieve the goal.

- ▶ Tell us *what* to do, not how to do it Don't force us to use just one approach.
- ▶ Set the overall policy or criteria for problem solving or decision making, then let people make decisions within that framework
- ▶ Allow us the flexibility to make decisions within our budget limits Let us decide what spending will help us best reach the goals
- ▶ Be resources to us, instead of micro-managing us Help us build our competence to achieve your goals effectively

Too Few Opportunities to Connect and Learn from One Another:

Groups pointed out there are few opportunities to do what this session is doing – that is, bringing people together from different parts of the City Few effective forums exist to encourage open discussion and sharing of information “Involvement” needs to be more than “giving input” in narrow ways A two-way exchange of information is needed Especially effective is the opportunity to share ideas, lessons learned, and problem solving with our peers across organizations We need to take actions that will build a culture of regular, substantive communication up, down, and throughout the City

All groups noted that the roles of the managers and supervisors change the most in this new form of participatory management For this reason, they in particular need a forum for sharing their insights and examples of a shift to a new way of managing “Accountability,” despite cumbersome policies originally designed to ensure it, is not a strong feature of the City culture Managers and supervisors state directions and do not follow up to see if any levels below them are coming along If we are going to change these ineffective patterns, we need to be able to examine them openly and define specifically what we are looking for Many suggested training on “participatory management” and “labor management partnership,” as well as the technical skills involved in improving work practices Assessment of these skills should be reflected in two-way and peer performance conferencing

Old Baggage and Low Trust: All groups were asked to identify the barriers they see in the way of developing an effective partnership that can get results. Everyone sees a lack of trust and a history of injurious experiences between labor and management How can the process deal with this reality effectively? A number of participants suggested an increase in informal, social contact in the context of working relations Other prevalent suggestions included SII sponsorship of opportunities to interact across bureaus and around common goals (see above), learning new approaches together, sharing successes and learning experiences

Turf, Silos, Competition and Quick Fixes: All sets of stakeholders identified the prevalent view that this form of government poses particular challenges for partnership The behavior of the Council within this form of government is also seen as problematic Competitiveness and separation between Commissions and bureaus result in service duplication and other inefficiencies Even where inefficiencies are apparent, addressing them may not be easy to consider in this form of

government

In such a competitive, divided environment, people are concerned that partnership may be a concept too unfamiliar to be workable here. In addition, this kind of effort requires a long term commitment. A new Commissioner may change the direction before longer term results can be achieved. And even with stable Commissions, the emphasis is still on short term fixes (e.g. cell phone policy) that are easily absorbed by the public and the media. Though the costs of this are steep, this is the prevailing organizational culture. Can the Council show leadership in addressing long-term, genuine solutions for the City organization? The Commissioners are executives, but they are also elected. So unlike private sector Executives, basing decisions on careful analysis is often less important than responding to short term political perception. Even if the present council fully supports partnership and is convinced practices should change in the direction employees propose, will they work with the public on this?

Commitment to new ways of working is still uncertain / undefined:

All the participant groups raised the issue of commitment. "Commitment" is something that is demonstrated through changed behaviors. Service improvement and cost-effectiveness, achieved through partnership, is about changing how we work, how we organize our work, and how we think about our work. It cannot be an "add on." It has to become the new way of doing the work we have now. If decision makers are serious, this new way of working would become "business as usual." The new way of working would be reflected in some of these ways:

- ▶ Involve people in the decisions that affect their work
- ▶ Share "big picture" information at all levels
- ▶ Provide timely feedback to people on how they are doing meeting their objectives

Participants emphasize that none of these behaviors are a core part of the city's work culture.

The groups described behaviors that would reflect commitment at each organizational level/role:

Council – A Council committed to this concept would

- ▶ Define clearly the outcomes they need
- ▶ Ask citizens about their service priorities and focus improvement efforts on those priorities
- ▶ Look to their managers and employees for creative ways to achieve the outcomes and good solutions to problems
- ▶ Trust their bureaus to implement joint efforts in a way that fits the particular bureau and hold bureau directors accountable for results
- ▶ Educate the public about their goals, commitment and progress and be willing and able to take "the heat"

Bureau Directors and Division Managers – Managers committed to this concept would

- ▶ Create the structures, support and resources needed in their bureaus
- ▶ Remove barriers to success
- ▶ Improve *management* processes as well as operating processes
- ▶ Increase efficiency at management levels before cutting positions or services
- ▶ Ensure their supervisors are involved and working in alignment
- ▶ Hold people accountable to working within the partnership goals and ground rules

Supervisors – Supervisors committed to this process would

- ▶ Go after available resources
- ▶ Respect, support, and genuinely involve their workers
- ▶ Start now (don't wait for "approval" to begin changing own behaviors and practices and supporting collaborative approach to improvement)

Labor Union Perspective and Commitment is Still Unclear: Many question the extent to which current labor leaders genuinely represent their members. All noted the extent to which involvement is limited to a few union members. Many of those who are involved are seen to be a "vocal minority" that is addressing its own interests, not necessarily broad or diverse interests. Will current union leadership begin to involve and empower its members, parallel to the involvement needed in management?

A second very common related theme concerns job classifications and seniority. As people collaborate together to define new, more flexible ways of working, will the unions be open to changing job descriptions? Will they want to diversify jobs, allow people to have broader skill sets? Will selection for particular projects have to be based on seniority?

Overall Commitment Needs to be Clear, Convincing, Unequivocal: Perhaps the strongest theme expressed by the groups was the need for clarity of commitment from those in key roles. Employees will not put time, energy and hope into a partnership approach until they see concrete demonstrations of commitment and engagement from the Council. If either the Council or the current management and labor sponsors of the SII drop the ball, any developing trust or involvement from employees will disappear. Here, the message is clear *do not proceed any further or waste our time if you will not see this through and provide the resources over the long term to make this happen*. Cynicism is high because people have observed how difficult it is to get beyond the "talk." Few leaders sustain the follow through necessary to implement, get results, or take things far enough that they can be "institutionalized."

Another aspect of "change efforts" that causes employees to question leadership commitment is the emphasis on "small or easy projects."

When bureaus do not touch the big needs but take credit for very small gains, employee cynicism increases. Also disturbing to employees is having enough endorsement from top management to get work groups re-designing their work, but not enough for them to make sure everyone else in a "gatekeeping" roles will not sabotage or refuse to allow the group to finish their implementation. This is a typical pitfall when a work group's recommendations involve other functions. Often, the "sponsors" will not dare address these cross functional problems, maintaining the silos even while they say they are working to bring them down.

People wonder if this effort will be different from other failed efforts in enough of the right ways. The first requirement is for a clarification of the level of commitment each leadership role wants to take. One group worked together to form this question of Council, bureau directors, and labor union leaders, "are you in the engine driving, a passenger just going along for the ride and waiting to see what happens, or in the caboose being dragged along by the others?"

Common perceptions of criteria for success

Overall, the degree of interest employees have in taking any new direction depends on their estimate of the potential for success. Focus group participants suggested criteria and conditions they thought to be necessary for this partnership approach to succeed. When asked to define what they expected from "partnership," they offered the ideas summarized below. They were also asked "what would you want from a city-wide resource to support the improvement efforts in your bureau?" Both elements of the SII are of clear concern to people. They do not want to waste their time on efforts that are poorly supported or poorly designed.

Typically, the follow up question from participants was, "what is really different *this time*?" If the SII as a partnership and as a resource is to succeed, it will have to avoid some of the mistakes of the past. Participants defined very similar themes regarding their expectations for both partnership and for resources to support the work of the partnership. In both cases, the features they emphasize suggest *fundamental*, not minor changes in work and administrative practices.

Criteria for an effective long-term partnership –

Participants completed the following sentence to define the criteria any successful partnership would need to meet:

An effective, long-term partnership for service improvement will . . .

- ***Be built on goals and priorities both labor and management share*** Involve *both* partners sacrificing and making tough decisions in hard times. Result in a collective rather than competitive view.
- ***Create an environment of teamwork and cooperation*** Eliminate competition between groups.

- **Ultimately enhance our effectiveness, productivity, and save the city money.** Improve the image of city employees and city services Increase public trust.
- **Make it easier to implement ideas, improve processes, and solve problems** Simplify work processes and hierarchy Break down barriers to problem solving (such as "chain of command")
- **Result in a culture that is sustained over time and changes in leadership** Create a culture of innovation as a natural way of operating
- **Be built on clear expectations, and clear understanding of roles.** Shift managers to a "coaching" role
- **Increase supervisor's flexibility to organize the work and the people doing the work**
- **Increase employee involvement in problem solving and decision making.** Increase employee influence over the work Promote a safe environment for raising issues
- **Hold people accountable for results, and for participating within the partnership groundrules.** Will not let people get by just with "lip service "
- **Resolve conflicts effectively and fairly.** Resolve issues and problems at the level where they occur
- **Reduce grievances, adversarial atmosphere and costs of arbitration** Improve morale
- **Prepare people and the workplace for the future** Turn impending changes in the workforce to the City's advantage

Effective Sponsorship and Implementation Roles

People offered their perspectives on what it takes to provide effective sponsorship of joint improvement work If the above-listed attributes are to be attained, strong leadership is required Specifically, they offered their ideas about the kind of policy and practical support they thought Council, management and labor sponsors should develop and provide

Affirm Council Direction and Commitment: Participants see clarification of Council support for this direction to be critical to any continuation of the efforts taken to date They want to see a resolution or equally significant expression of Council's consensus to take this approach First, participants want to know what specifically the Council expects from partnership and from the service improvement focus of that partnership Participants from every level suggested that part of the Council role is to educate the public about improvement efforts to date Many expressed a need to hear the Council let citizens know that employees have been maintaining and lowering costs while maintaining service levels Employees identify the Council as the entity that needs to be willing to take the political heat from critics and champion a long term investment

Establish Policy Foundation: Success at joint improvement work will require human resources and other policies that support that work. First, if employees are to take risks, analyze current methods and define new ways of working, they need to know they are not "innovating themselves out of a job." Some suggest a commitment to a basic level of stable operations. If job security is not an issue, people will be enthused about well structured efforts to improve services. The SII has to be based on a policy commitment to the well being of employees, as well as of the organization.

In addition, participants see a need for bureaus to budget some amount of time away from the "production" part of the job. To accomplish re-design tasks, employees need some amount of time away from their "regular work." If this time is not budgeted, the result is frustration and resentment, as schedules and responsibilities shift to others. Some participants see this as an issue of "release time" while others feel "work" needs to be redefined to include the time spent improving work processes. Improvement work would primarily be at the workgroup and bureau level. Involvement with jointly defined city-wide improvement efforts (e.g. DCTU class/comp study) would be less frequent.

Hold your own managers and supervisors accountable: Participants in all stakeholder categories raised the issue of "lip service." Many who are opposed to fundamental change will decide they can just "wait it out" until they retire or the effort stalls. Bureau Directors sponsoring efforts in their own bureaus need to insist on measurable results from the managers reporting to them. When managers who announce a new direction do not have the courage to set clear expectations in alignment with that direction, everyone assumes genuine commitment is not there. If they allow managers to work on issues with little potential for long term savings, other employees will question the quality of the leadership.

Criteria for effective support to bureau-based efforts

In the opening of the O&F event, sponsors briefly described their role to participants. A key part of the role they envision is to bring together information and expertise. In the focus groups that followed, participants responded to questions about how they regard "an ideal city-wide resource" for the bureaus. Perhaps the strongest point from the groups is that the resource needs to be on a "market" model. They need to strive to be the "provider of choice." If the central SII resource has the expertise and can deliver results for the bureaus and work groups, it will be used. If not, bureaus should select other providers. The key message here is that bureaus do not want to be confined to a "monopoly" provider. They also do not want to be required to comply with standards or goals that do not reflect their needs, their work, or their particular circumstances. The "resource" would not be a "program" imposed upon the bureaus. Bureaus would not go through a particular program at a pre-determined pace.

Participants offered their ideas about the characteristics of an effective "central resource" to the bureaus. The current SII resource, housed now in the Bureau of Human Resources, needs to gain the respect of its

prospective customers Engaging the people who have the need for the services is the first step Basing service design on the ideas of a few or simply from this report will not be satisfactory The need is to custom design services that will help support the specific needs and goals of the various bureaus

SII Resource - For the SII resource to succeed as the provider of choice for these participants, it will have to provide services in the following areas:

Information sharing – The ideal resource, according to participants, will provide forums in which people can share ideas between bureaus In these forums, people would compare approaches and consult with one another to solve problems They could decide which tools or approaches work best or may be applicable to a particular circumstance Resources, ideas, and successes can be networked directly, face to face "Peer mentoring" and assistance can help lower the learning curve "

In addition, a central "hub" can provide or facilitate communications that can support this effort citywide This may help create the corporate culture and goals that are lacking now in this commission structure If a central resource center has staff working with all the bureaus, it can also connect bureaus and help them share and learn from their experiences

Technical Services and Training—In house facilitators, mediators and trainers can help groups analyze problems and work processes, develop ideas, and stay on track Some of the skills training areas participants identified included

- ▶ Interpersonal skills
- ▶ conflict management
- ▶ facilitation
- ▶ problem solving
- ▶ team development
- ▶ process improvement
- ▶ new models of supervision
- ▶ new models of leadership
- ▶ loss prevention (injury claims)

III Summary of Key Questions Addressed to Decision Makers

Following is a list of questions that reflect the issues and concerns raised Some were articulated as questions, and deliberately addressed to specific decision makers Most of these were in response to the

facilitator's request that participants identify what they needed to know from the Council, the MAG, and the CUL, as sponsors. They also defined questions they have of one another, as stakeholders to this direction and approach. Other items translate important concerns from other parts of the meeting into question form. In most cases, the precise wording reflects a composite of many contributions.

Questions Addressed Primarily to Council

- 1 Do you view partnership and continuous improvement as approaches that are possible and desirable for the City of Portland?
- 2 If so, how will you agree and demonstrate that your commitment to this is long term?
- 3 Will you support creating policies and structures that will ensure this direction will last despite changes in Commissioners or the press of short-term issues?
- 4 Once you have committed to this direction in your bureaus, how will you hold your managers accountable to staying the course?
- 5 Will you advocate for public employees and educate your constituents on the value and results from this approach?

Questions Addressed Primarily to the SII sponsors (MAG & CUL)

- 1 How will the SII create opportunities for labor and management to work on tough issues, and to gain confidence in each other?
- 2 How will you ensure you and other sponsors develop the necessary skill and resolve to work on difficult systemic issues?
- 3 How will you ensure that in your own joint efforts (in MAG members's bureaus), improvement work becomes an integral part of the employee's job?
- 4 In your own bureaus, how will you ensure alignment between your goals and approaches, and the goals and approaches of mid-managers and supervisors?
- 5 How will you determine the level of support needed? (both funding and technical resources)
- 6 Relatively how much of the joint work should be at operating levels?
- 7 What are the most efficient and effective ways to involve employees to make best use of their skills and creativity?

Questions Addressed Primarily to Managers

- 1 How do you see this approach changing your role and style? What skills do you feel you need to fulfill the role?
- 2 How will you make changes to ineffective policy and practices? Who needs to be involved?
- 3 How will you work with other managers on inter-bureau problems that

limit our effectiveness and efficiency?

- 4 How can we build on current successes in the bureaus?

Questions Addressed Primarily to Labor Leaders

- 1 How will you ensure that your members are acting in the best interests of the membership, rather than in their own individual interest?
- 2 How will you involve your members?
- 3 How will you strengthen your relationship with your inactive members, resolve issues, share goals?
- 4 How will you resolve issues between unions?

RESOLUTION NO. 35805

Declare City Council's support for the Service Improvement Initiative, the labor-management partnership approach and structure (Resolution)

WHEREAS, in the 1994-96 Adopted Budget, the City Council outlined vision and goals for the City of Portland, including the goal to provide credible, efficient, affordable, and accessible delivery of public services, and

WHEREAS, in the 1996-98 Adopted Budget the City of Portland established within the Office of Finance and Administration a budget to support the joint labor-management Service Improvement Initiative (SII), and

WHEREAS, the Management Advisory Group (MAG) and the Citywide Union Leaders (CUL) agreed in November 1997 to meet regularly in Joint Sessions to develop a working partnership between Bureau Directors and the leadership of the unions of the City of Portland,

WHEREAS, the Joint Session of the MAG & CUL agreed to set goals and guidelines for the SII partnership, including

- 1) demonstrating competitiveness and value of city services in relation to other providers, in areas of cost, quality, service responsiveness, and the ability to provide positive workforce and workplace values as outlined in Exhibits I and II, and
- 2) establishing policy and resources to support bureau efforts at partnership development, service improvement, market testing, workforce development, workplace quality improvement, and collaborative efforts to solve problems and resolve grievances

NOW THEREFORE, BE IT RESOLVED that the City Council hereby declares its support for the Service Improvement Initiative, the labor-management partnership approach and structure as outlined in Exhibit III, Service Improvement and Labor-Management Partnership, Plan for Action, and

BE IT FURTHER RESOLVED that the Council will allocate long term budgetary support to create and maintain a citywide resource to support joint service improvement efforts in the bureaus, and

BE IT FURTHER RESOLVED that the City Council values the quality of the current workforce and believes in the ability of City workers to provide information and ideas to improve work processes, service delivery, and the quality of the workplace, and

BE IT FURTHER RESOLVED that the City Council confirms that continuous improvement of City services, work systems and the workplace are an integral part of the job of every Bureau and every person in the City workforce, and

BE IT FURTHER RESOLVED that the City Council charges the City's Bureau Directors with working collaboratively with labor union leadership to improve value for Portland citizens, and

BE IT FURTHER RESOLVED that each Commissioner will engage at least one bureau in his/her portfolio in a jointly sponsored continuous improvement effort, including

- 1) working with Bureau Director and labor leaders to develop bureau improvement goals, strategies, measures, priority areas, partnership criteria, guidelines, structures, and a work plan,
- 2) representing progress reports to Council, identifying cost savings and/or service improvements, and

BE IT FURTHER RESOLVED that Council clarifies that bureau directors are accountable to their commissioner, not to the MAG and the CUL or the SII staff, for achieving the results and using the approaches agreed upon between them, and

BE IT FURTHER RESOLVED that Council will prepare for this work by meeting periodically with Joint Session (MAG/CUL) members to clarify philosophy, goals, criteria, outcomes, and

BE IT FINALLY RESOLVED that the Council directs the SII management and labor sponsors (MAG and CUL) to produce regularly updated joint work plans and develop periodic (at least annually) progress reports thereafter to the Council

Adopted by the Council, JUN 30 1999

Mayor Katz
Office of Finance and Administration
Bureau of Human Resources
Tim Grewe-Janice Deardorff
June 23, 1999

GARY BLACKMER
Auditor of the City of Portland

By Britta Olson
Deputy

912

Agenda No

35805

RESOLUTION NO

Title

Declare City Council's support for the Service Improvement Initiative, the labor-management partnership approach and structure (Resolution)

INTRODUCED BY	Filed JUN 25 1999
Mayor Vera Katz/City Council	Gary Blackmer Auditor of the City of Portland
NOTED BY COMMISSIONER	
Affairs <i>[Signature]</i>	By <u>Cay Kershner</u> Deputy
Finance and Administration <i>[Signature]</i>	For Meeting of _____
Safety <i>[Signature]</i>	ACTION TAKEN
Utilities <i>[Signature]</i>	
Works <i>[Signature]</i>	
BUREAU APPROVAL	
Bureau Office of Finance and Administration- Bureau of Human Resources	
Prepared by Date	
Elaine Hultengren 6-23-99	
Budget Impact Review	
<input checked="" type="checkbox"/> Completed <input type="checkbox"/> Not Required	
Bureau Head Janice Deardorff Tim Grewe <i>[Signature]</i>	

AGENDA	FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS	
		YEAS	NAYS
Consent Regular <input checked="" type="checkbox"/>	Francesconi	✓	
NOTED BY	Hales	✓	
City Attorney	Saltzman	✓	
City Auditor	Sten [Signature]		
City Engineer	Katz <i>[Signature]</i>	✓	