

ORIGINAL

The Washington Advisory Council on State Government Productivity

A Case Study

U.S. Department of Housing
and Urban Development

Office of Policy Development
and Research

Washington, D.C. 20410



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A CASE STUDY OF THE
WASHINGTON ADVISORY COUNCIL ON STATE GOVERNMENT PRODUCTIVITY

Prepared For The
Office of Policy Development and Research
The U.S. Department of Housing and Urban Development
Washington, D.C. 20410

Under Contract H-2398

April 1977

Prepared by
Office of the Governor
State of Washington

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PREFACE

This is a case study of the Washington Advisory Council on State Government Productivity. The Council was created by Governor Daniel J. Evans on May 28, 1974 under Executive Order 74-09. This study was completed in partial fulfillment of a contract between the State of Washington and the Department of Housing and Urban Development (HUD Contract No. 2398).

The study was prepared by Carole Korelin who was hired by the Office of the Governor to conduct the study. Her work was directed by Raymond M. Ryan, Special Assistant to Governor Evans and George L. Bousliman, Staff Director of the Council. The conclusions and recommendations in this study are those of Ms. Korelin and Messrs. Ryan and Bousliman as well as those of John C. W. Cadoo, Jr., a member of Governor Dixy Lee Ray's staff. Mr. Cadoo was responsible for final revision and editing.

EXECUTIVE SUMMARY

In May 1974, the Governor of Washington State, Daniel J. Evans, created an Advisory Council on State Government Productivity to seek out problem areas and to make recommendations to the Governor for improving the efficiency and effectiveness - the productivity - of Washington State Government. The following report represents a case study of the Council's impact on the process and work of the legislative and executive branches of Washington State Government comprising an objective evaluation of the Council's recommendations as well as a subjective assessment of the Council's effectiveness as a means for productive change in government.

Section I of the report provides an overview of the problems uncovered and the recommendations proposed by the Council. Its organization allows for quick reference to Section III if the reader desires greater detail.

Section II of the report deals with the concept of a Council, its development, organization, and staffing as well as its placement in the executive branch. Particular emphasis is given to the Council's approach to productivity improvement which consisted of attempting to address those issues in state government which were beyond the reach of agency management and of involving representatives of all impacted groups. This approach represented a radical departure from previous efforts in this and other states where "business task forces" critiqued the management and direction of individual agencies or individual managers banded together in self-help organizations. Section II concludes with a tabulation of the Council's recommendations.

Section III provides greater detail on the specific work plans followed within each organizational subgroup of the Council in preparing findings and developing recommendations for the Governor and, ultimately, the Legislature. It describes Council activities during the two and one-half years of its existence. These included:

- establishing a basic approach to productivity improvement in state government (as described in Section I)
- an ongoing familiarization process with productivity-related programs in Washington and other governmental jurisdictions
- conducting interviews with managers and rank and file employees to gain their insights on productivity improvement
- surveying the 50 largest agencies in state government to identify potential inhibitors to enhanced productivity

- surveying over 3,000 employees in the state's major civil service system (a ten percent random sample) to measure the effectiveness of employee communications
- sponsoring various efforts to measure productivity in state government including historical activity measures and engineered work standards as well as client and employee surveys

Subjective orientation of individual Council members to productivity enhancement are examined wherever they were pertinent to understanding directions taken.

Section IV describes the survey mechanism employed during the closing weeks of the Council's activities to obtain a subjective evaluation of the Council's activities. In this section and in Section V, the report presents an evaluation of the Council. Tangible improvements as well as perceptual changes resulting from the Council's activities are considered. In these sections, it is evident that final evaluation of the Council's effectiveness will only be possible in the long term.

The reader should approach this study not solely as an evaluation of the immediate significance of the Council's recommendations, or even as an evaluation of the productivity consciousness-raising associated with its very existence, but as an evaluation of the Council as an effective change mechanism for initiating more productive government.

Having read this report, the reader should recognize that productivity enhancement in government means more than greater governmental efficiency or simply cost cutting. Productivity enhancement means greater effectiveness combined with improved efficiency. Achievement of these two goals entails substantial change, change which must be understood and accepted by state workers, clients, managers, and taxpayers alike. The Council provided a mechanism to accomplish this change and, at the same time, achieve the desired degree of understanding and acceptance.

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I. OVERVIEW OF COUNCIL RECOMMENDATIONS

A. SUMMARY

In May 1974, the Governor of Washington State, Daniel J. Evans, issued Executive Order 74-09 creating the Advisory Council on State Government Productivity. During the two and one-half years of its existence, it presented 28 recommendations to the Governor. These recommendations were intended to further the productivity of state government and dealt with personnel policies, operations and methods, resource management, work measurement, and other issues which the Council considered significant for productivity enhancement.

B. PERSONNEL POLICIES

The people in state government received the greatest degree of Council consideration. Employees were clearly the most significant resource of state government. Their wages took the greatest share of the state's operating budget. Most agencies spent between 65 and 70 percent of their operating funds for salaries and wages. Studies conducted by the Council indicated that deficiencies in personnel management constituted the single greatest inhibitor to state government productivity. State government lacked viable means of offering incentives to state employees and there was little or no overall coordination in the training and development of employees. The Council's report entitled "Creating Understanding in Washington State Government" disclosed significant gaps as well as overlaps in communication with state employees. Labor relations were found to be handled on an agency-by-agency basis with very little in the way of centralized coordination.

Recognizing that these problems exceed the capacities of individual agency managers, the Council recommended that the Governor establish an overall policy on employee communications and that the Office of the Governor take a more active role in coordinating labor relations policy in state government. Legislation to strengthen the state's civil service system, the Merit System, as well as the Higher Education Personnel System, was drafted and sponsored in the Legislature and legislation to provide for coordinated training and career development was prepared. A new and stronger employee suggestion awards program was designed and lobbied to successful passage in the Legislature and recommendations for further implementation of agency team building were supported.

C. OPERATIONS AND METHODS

The day-to-day operations involved in running state government were also considered by the Council as a fruitful area for productivity enhancement. Responding to an inhibitors survey conducted in the 50 largest agencies of state government, the Council recognized the need to address the state's budget process. The Council understood the legal requirement to prepare a conventional "line item" budget but saw greatly enhanced productivity resulting if the state could eventually adopt a form

of program budgeting. Improved management techniques, including increased use of internal management auditing, were supported by the Council as holding significant potential in state government. Particular techniques such as value engineering and quality assurance were considered to hold great potential for better management if appropriate state employees could be trained in their use.

The Council noted the large numbers of agencies in state government. This large number of individual entities in state government adversely impacted the state's organizational structure and function. Studying the problems and processes involved in state government organization led to the development by the Council of six standards for a productive state government organization covering the authority of the Governor and the Legislature, elimination of duplication of effort, functional integrity, citizen accessibility and proper functions for plural bodies. The Council also noted that state government agencies, particularly as they relate to business licensing and regulatory functions, failed to share common data. In fact, each agency which related to the business community was found to be maintaining separate files, each keyed to a different numbering system. The Council recommendation, in this instance, pointed to the development of a common business identifier and ultimately a common business data base in state government.

The Council sponsored a project to test a Total Performance Measurement System in an agency of state government. The results of this survey, in most instances, indicated that productivity in this agency, at least, was on the upswing, but that considerable improvement could be made. These findings added further credence to recommendations developed in the areas of personnel management, improved employee incentives, etc. In addition, this study suggested that implementation of a more comprehensive system for agency management based on conventional historical activity measures, plus client and employee attitude surveys, might lead to more extensive productivity gains.

The Council also supported the basic notion involved in "sunset" legislation recommending that the Legislature enact such legislation covering certain selected programs or agencies.

D. RESOURCE MANAGEMENT

The Council noted that between 40 and 60 percent of the real productivity improvements that had taken place in the United States during the previous 50 years had sprung from technological advances. Controlled technology transfer had produced substantial yields in the private sector and the Council reasoned that similar results could be expected through technology transfer in state government. Particular instances of the effective application of cost-beneficial technology developed and implemented on a centralized basis in local government were evident, but

the Council found no centralizing or coordinating activity in state government which might foster technology transfer, in spite of the fact that individual agencies had made notable achievements through use of new technology.

The Council endorsed the establishment of a technology transfer function as a part of the immediate staff of the Governor. The Council also supported application of cost-benefit techniques, adoption of procedures to ameliorate the potentially negative impacts associated with the introduction of new technology, and development of a funding mechanism which would encourage the introduction of new capital-intensive technology without personally penalizing management.

E. WORK MEASUREMENT

The recurrent theme of measurement, discussed by the Governor at the Council's very first meeting, led the Council to survey those agencies which had programs of engineered work measurement. This survey disclosed that some 2,000 state employees were already covered by engineered work standards. Further, the results of this survey suggested that the state would benefit from establishing work measurement programs in all agencies. This led the Council to recommend that the Governor set objectives as to the number of employees state-wide to be covered by work standards and provide for a cadre of work measurement professionals to staff this program.

F. OTHER ISSUES ADDRESSED

Considerable attention, in the Council, was focused on specific problems. Problem solution, in particular areas, resulted in the formation of two ad hoc subgroups. One group focused on the issue of agency perception of legislative intent as it related to the establishment of operating goals. No viable methodology for the objective translation of law into operating goals was discovered.

Another possible problem, that of the popular perception of the state being chronically late paying its bills, also led to the formation of an ad hoc subgroup devoted to problem analysis. This group produced recommendations that led to monitoring the length of time required for the state to pay its bills. Actual monitoring disclosed that while a few agencies were seriously late in meeting their obligations, the overall turnaround time for bill payment was reasonable. These same investigations, however, did lead to substantial simplification of the state's vendor payment process. On the strength of the work done by the problem analysis subgroup, the Council also recommended that the state introduce the use of prepaid purchase orders for purchases of small denomination. This last recommendation was eventually found to violate a provision of the state's Constitution and, therefore, could not be implemented.

The magnitude of Council effort in specific endeavors was not always proportional to the degree of success obtained. Simple and sincere concern by Council members for the needs and interests of state employees and taxpayers alike frequently proved to be the most effective force in producing recommendations for productive change.

II. A PRODUCTIVITY COUNCIL

A. A NEW APPROACH

In the State of Washington, the development of programs to increase state government efficiency and effectiveness evolved out of continuing attention to improving the overall management of agency operations. In the 1960's at least two different approaches for improving efficiency and effectiveness were implemented. One approach considered that state government might suffer from a lack of expertise in dealing with organization, staffing, funding, and the multitude of other problems which confront state management. It was assumed that competent managers from the private sector could provide new perspective and new capability that state managers might lack. Operating on this premise, leaders in the Executive branch convened "business task forces" composed of public-spirited citizens with acknowledged expertise in the private sector. Their task was to examine the functions of government somewhat like a consultant might, frequently on an agency-by-agency basis with a high degree of detail, and to make specific recommendations for improving individual agency operations. A certain degree of improvement did result from this approach. Possible duplication or overlap in agency operations was recognized, similar functions in different agencies were consolidated, and internal organization and function were frequently improved.

Another approach was that managers from different agencies, by working together, could "pull themselves up by their bootstraps." Frequently acting without costly outside assistance, managers joined together in a "management improvement council" to address common concerns. This process also led to certain improvements. For example, manager A recognized some particular advantage to manager B's approach to a particular problem, one that he or she had not thought about. Managerial communications and understanding throughout state government improved markedly as managers addressed their own agency problems on a collective basis.

Both the collective self-help concept and the business task-force concept when applied to state government produced tangible benefits, but neither concept provided for addressing those problems beyond the reach of individual agencies and their managers, nor did either concept involve substantially all of those parties to be impacted by any change. For example, a business task force might recognize organizational or functional overlap between two agencies, which would prompt a corrective recommendation to the chief executive. In turn, the chief executive could request passage of legislation to amend this deficiency. The Legislature, for its part, might not recognize the significance of the problem or might propose an alternative solution. Citizen groups, for example, could misinterpret consolidation for centralization of power and object. Neither group would have been involved in developing a

solution to the problem and naturally each could be expected to be skeptical. Employee organizations, taxpayers, agency clients -- all interested parties -- might share in this skepticism or at least be less than enthusiastic. A manager self-help group within state government, because it was even more narrowly based, could experience this problem to an even greater degree. What was needed was a different approach one that would allow for addressing problems that crossed agency boundaries and one that involved all interested parties in problem definition as well as solution. Increased efficiency and effectiveness was clearly desirable, but a more effective mechanism for accomplishment was needed.

Late in the 1960's and into the early 1970's, Washington experienced severe economic setbacks. At the same time, Washington, like other states, experienced substantial increases in citizen demands for service while at the same time experiencing diminishing sources of revenue. Unlike many other states, Washington lacked a flexible source of increased revenue such as an income tax. The principal revenue sources -- a business and occupation tax and the state sales tax -- were highly regressive. This circumstance combined with the recession to make improved efficiency and effectiveness in state government more than desirable; it became mandatory.

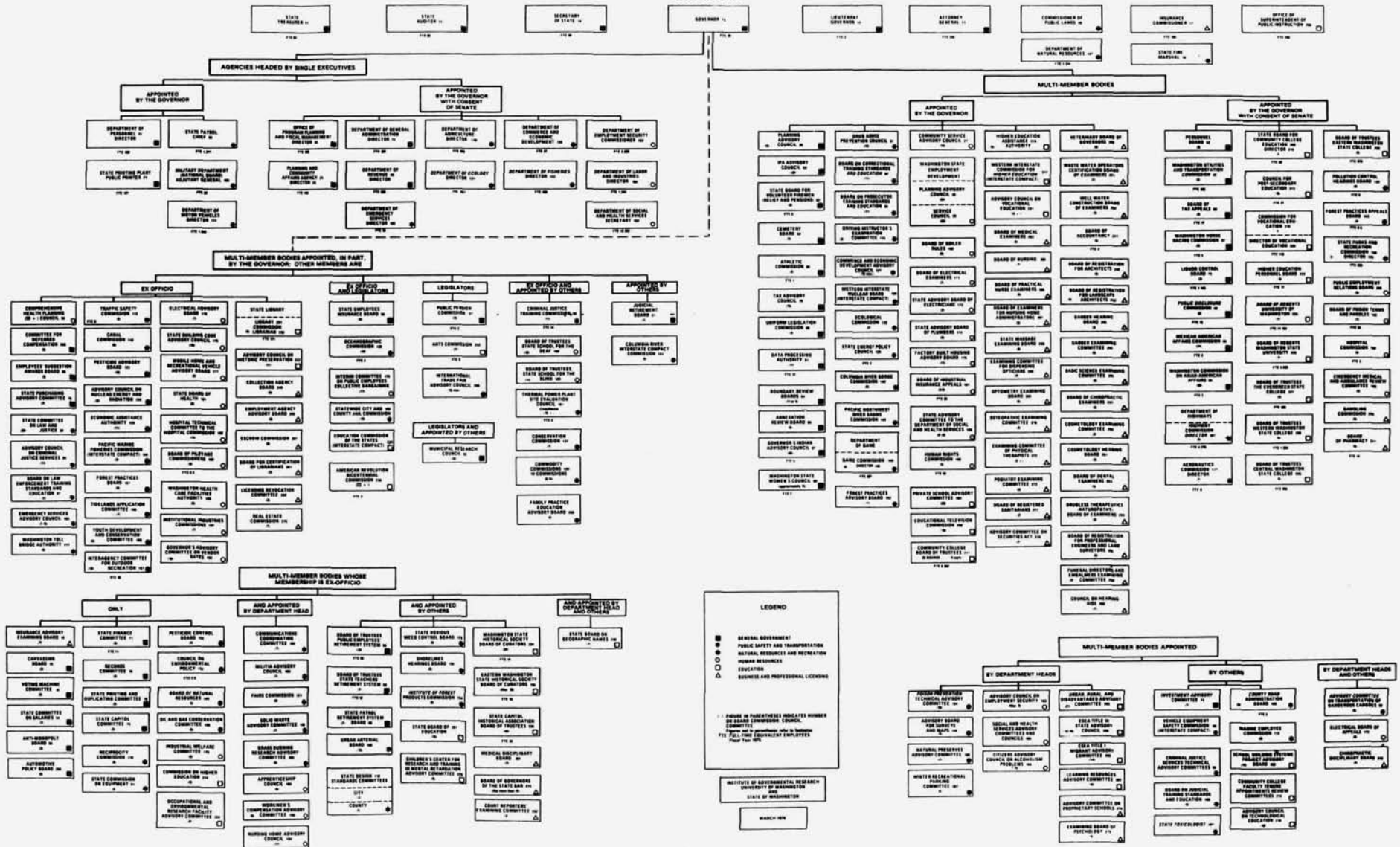
B. BACKGROUND

The Governor had first spoken of the need for improved state government productivity in the course of his campaign for re-election in 1972. In a 1973 memo to the Governor from Wallace Bunn, President of the Pacific Northwest Bell telephone company, it had been suggested that a working task force of business people might serve the government by studying it function-by-function and providing specific productivity-related recommendations. The need for a productivity improvement program was also supported by Wallace G. Miller, then Director of the State Office of Program Planning and Fiscal Management. The ideas proposed by Bunn and Miller did not question or reflect upon the ability or output of state employees or managers. They centered around the rapidly increasing costs of running an organization that involved some 50,000 people organized into more than 250 boards, agencies, and commissions with a total biennial budget in excess of \$7 billion (see chart on following page).

Responding to the Governor's request that he develop a productivity program, Miller employed a consultant, Raymond M. Ryan, to develop specific recommendations for implementation of a productivity program. Following considerable research at the federal level and in other state and local government units, the consultant identified three basic models for a productivity council: a task force of high level business people; employment of management consultants; or some mixture of business people, state managers, and representatives of other interested groups. The purely business task force, though previously successful, was considered too narrowly based to ensure general acceptance of its recommendations. The second alternative, employment of management consultants,

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was considered to be too costly and, again, too narrowly based for general acceptance. The consultant's recommendation to Miller was that the state implement a productivity council based on the third model -- with a mixture of interests and expertise -- to serve in an advisory capacity. Based on his research, the consultant also identified five characteristics which might be expected to further the impact of such a council in improving state government productivity. These characteristics were as follows:

1. Limit the council to an advisory capacity only with no administrative responsibilities to avoid conflict with operating agencies.
2. Ensure high visibility of council activities and interests by involving prominent individuals in business, labor, education, government, etc., to enhance the credibility of the council and provide for representation of a community of interests.
3. Provide for a continuing involvement by the Governor.
4. Develop adequate staff support for research report preparation, conduct of meeting, and general service to the council.
5. Establish a definite end point in time for the council's activities to ensure adequate evaluation before committing the state to an ongoing program.

Finally, the consultant indicated that despite the fact that there was no precedent in other states for an advisory council with this make-up and characteristics, it was his recommendation, based on data received from the preponderance of productivity experts contacted and programs evaluated, that the Governor should move to implement such a council. Miller endorsed the consultant's recommendation and presented it to the Governor.

C. INITIATING COUNCIL ACTIVITIES

On May 28, 1974, the Governor signed an Executive Order creating the Advisory Council on State Government Productivity. The purpose of the Council as defined in the Executive Order was to study and advise the Governor on means by which state resources could be put to their most productive use to counteract the rapid rate of inflation which was adversely affecting the cost of state government.

"Productivity" in state government was defined by the Governor as the relationship between achievement of objectives and the resources used - effectiveness (the impact of programs on objectives) plus efficiency (the conduct of programs at minimum cost).

The Executive Order outlined five official functions for the Advisory Council as follows:

1. Advise on ways to improve the efficiency and effectiveness of state government.
2. Review present state government productivity plans and programs.
3. Provide technical advice and guidance to staff groups working at the Governor's direction on productivity measurement and improvement.
4. Report to the Governor's Office on productivity progress and problems in state government.
5. Advise on public employment policies as they relate to state government productivity.

D. OPERATING GUIDELINES

Governor Evans was insistent that certain guidelines be followed in the Council's operations. There were three principles he demanded.

1. That no state employee lose employment because of the Productivity Program.
2. That the program emphasize working "smarter" rather than working harder.
3. That employees be kept informed of the activities of the Council and the results of the program.

In addition, by the nature of his appointments to the Council, the Governor clearly indicated that the Council would have a catholicity of interests. Amongst the 30 members that he ultimately appointed to the Council were educators, labor leaders, business leaders, representatives of federal and state government, legislators, professional and clerical employees of state government, and representatives of citizen interest groups.

Many of those appointed were experienced in dealing with state government and most clearly expected that the Governor would give them explicit direction in terms of what parts of state government they should or should not consider in their deliberations. In this regard, the Governor was not directive; clearly, he was challenging the Council by placing no restrictions on the areas they could investigate.

E. STAFF PLACEMENT

The Executive Order creating the Council specified that staff support for the Council was to be provided by the Office of Program Planning and

Fiscal Management (OPP&FM). No provision was made for an independent Council budget, as such. The Executive Order provided that Council members be reimbursed for travel expenses, but there was no provision for additional compensation. Subsequently, Council members became eligible for additional reimbursement at the rate of \$25 per meeting day because of statutory changes impacting all boards, agencies, and commissions in state government.

OPP&FM met immediate staffing requirements by hiring two permanent full-time professionals who, working with the consultant, were assigned the responsibility of staffing the Council. Part-time use of one permanent full-time clerical position was also made available. Subsequently, Council staffing was augmented with the addition of one permanent full-time clerical position, and two additional temporary part-time professional positions ultimately were actively involved in Council-related projects, but did not directly staff Council activities.

Late in 1974, Governor Evans was appointed to the National Commission on Productivity and became chairperson of the Commission's Public Sector Committee. In view of his new responsibilities at the national level, and his ongoing desire for input from the state's productivity program, the Governor placed the productivity program's consultant, Raymond M. Ryan, on his staff. As a result of this move, productivity program staff no longer enjoyed close proximity nor direct access to the management of OPP&FM. Reporting through several layers of agency management further hindered staff in responding to Council member initiatives during 1975.

Had the Council continued to function under these constraints, its program would have been considerably weakened and its membership greatly decreased because of continued frustrations in bringing Council activities to the Governor's attention. Governor Evans became aware of these difficulties, and in March of 1976 the staff was moved to the Office of the Governor under Ryan's general direction. This move re-established direct communication with the Governor and rekindled a new commitment on the part of Council members and staff.

F. COUNCIL ORGANIZATION

As indicated in Section D (above), many Council members expected the Governor to be more directive in specifying areas or topics within state government for the Council's consideration. Clearly, some members were waiting for "the other shoe to fall" before committing to a particular organizational format. Partly as a result of this expectation for stricter control and also because of its size and diversity of member interests, the Council experienced considerable difficulty in reaching a consensus on what issues to address and how best to address them. The Governor's initial appointment of Dean Hanson as Chairperson of the Council was particularly fortuitous in this regard.

Chairperson Hanson, convinced that the Council had to interpret its own role in the light of the Governor's mandate, deliberately avoided assuming the role of decision maker himself. Instead, he chose to act as a moderator, allowing the diversity of interests represented in the Council to be expressed, debated, examined, and then re-examined. At the Council's first meeting, staff suggested four principal areas for consideration in terms of improving state government productivity. These included management, measurement/evaluation, incentives, and technology. These and other topics were discussed extensively. Governor Evans, in his initial presentation to the group, indicated that simply increased government efficiency was not enough. The ability of government to enhance its effectiveness was equally important. The phrase "doing the right things the right way" was frequently mentioned in early discussions.

At subsequent meetings of the Council a clear direction began to emerge. Staff arranged for representatives of key agencies to appear before the Council. Labor representatives, themselves Council members, presented some of the personnel issues that faced state government, business people stressed their perception of the state's need for engineered work standards, and state agency heads alluded to numerous conflicting rules and regulations that they felt frequently impeded state government productivity. In order to develop an objective basis for evaluating those areas of greatest need, the Council commissioned staff to conduct a productivity inhibitors survey.

Results of the inhibitors survey, taken among the 50 largest agencies in state government, clearly focused the Council's attention on specific issues. Most prominently mentioned by agency managements were issues pertaining to the various state personnel management systems. The difficulties encountered by state managers in all personnel actions such as hiring, firing, promotion, training, and so forth, demanded inordinate amounts of time and diminished productivity, they said. Agencies also clearly felt that there needed to be wider use of new and innovative technology, but financing such technology frequently proved to be a problem. Many administrators suggested methods improvements; eliciting improved methods and facilitating the sharing of improved methodologies developed in other agencies appeared to be areas of concern.

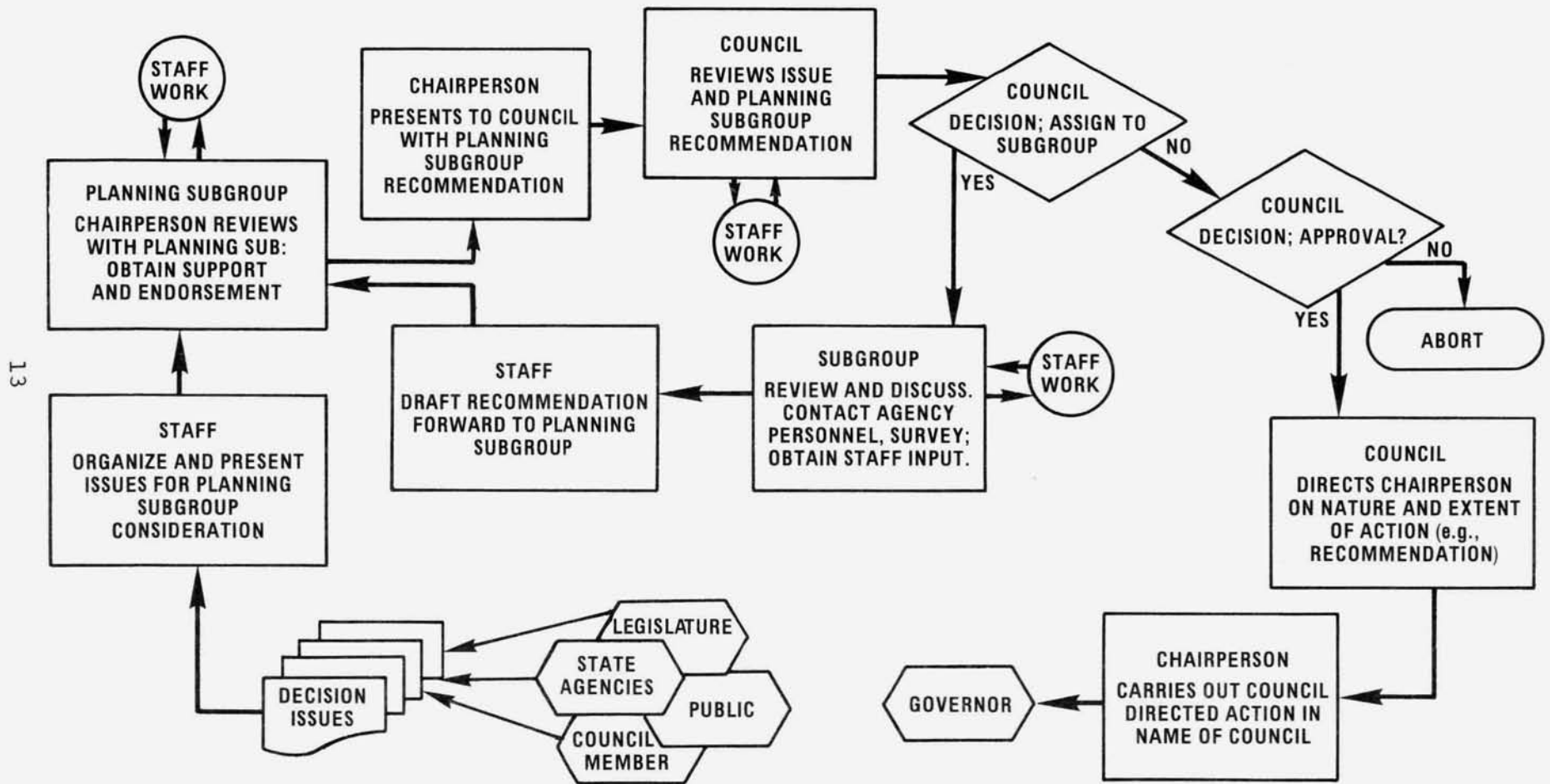
Council members also voiced their concerns more clearly. Specific programs to institute engineered work measurement were supported, as well as an effort to relate agency goals to legislative intent. Also, many Council members felt that a demonstration project would be appropriate; one that would define productivity improvement in a real-life situation as well as address some pressing problem in state government.

As a result of continuing Council discussions, members eventually concluded that they could organize in six functional areas. These included

Personnel Policies, Operations and Methods, Work Measurement, and Resource Management subgroups, as well as two ad hoc subgroups devoted to Agency Goals and Problem Analysis.

Chairperson Hanson moved to establish a subgroup of key Council people to work with him to organize and coordinate overall Council activities. This group, the Planning Subgroup, in conjunction with the chairperson, reviewed subgroup work plans and recommendations prior to submission to the full Council. It was, in effect, an executive committee. Chairperson Hanson also insisted that decision procedures, utilized in Council deliberations, be documented. (See following chart.)

DECISION PROCESS IN CURRENT ACSGP ORGANIZATION



III. SUBGROUPS AND ACTIVITIES

A. OPERATIONS AND METHODS SUBGROUP

The Operations and Methods Subgroup met for the first time in October 1975. Bill Donaldson, City Manager of Tacoma, and Maxine Krull, President of the League of Women Voters of Washington, were selected as co-chairpersons. The group reviewed and modified the goals and objectives suggested by the staff and agreed to the following goal:

Review operations and methods of state agencies and develop recommendations to enhance productivity, with particular attention to productivity-inhibiting laws, rules, and organizational structure, the need for changes crossing departmental lines, and inhibitors to people performance.

The initial statement of purpose for this group identified several issues relative to its stated goals. These included personnel rules and procedures, resources available to agencies, paperwork and reporting requirements, limitations imposed by statute or policy, disincentive of low salary, purchasing practice, employee participation and morale, training, communication, Federal law and regulations, and inordinate numbers of meetings.

Subgroup members soon realized that such a broad grouping of subject matter would prevent them from giving substantive consideration to any issues. Clearly it was necessary to prioritize these concerns.

Inhibitors Survey

Co-chairperson Bill Donaldson voiced the opinion that a great deal of useful information might be gained from agency managers through a survey of inhibitors to state government productivity. After much discussion, the group approved a questionnaire prepared by staff to be sent to executive heads of state agencies. This questionnaire requested managers to identify the major external inhibitors to productivity improvement, that is, the system-wide constraints which were beyond the control of the individual agencies.

The result of this survey was to prioritize this subgroup's concerns. It clearly indicated that personnel rules and procedures were regarded as the greatest inhibitors to state government productivity. Other inhibitors included salaries, employee morale, training, and communications. The information gathered in the survey was passed to other Council subgroups. Many subsequent subgroup activities, in fact, were based on the findings of the inhibitors survey.

Employee Attitude Survey

A major activity of the Operations and Methods Subgroup was an employee attitude survey. Bill Donaldson had a great personal interest in employee attitude surveys, generated through his successful experience with such a survey in his position as City Manager of Tacoma. Donaldson's rationale was clear and was agreed to by the other group members: the belief that the success of a productivity program would depend largely upon the input and benefits received by state employees, and the realization that the employees themselves are the best source of information concerning the impact of current policies and procedures.

In June 1975, a recommendation was made to Governor Evans requesting authorization for pilot productivity-related surveys in the Departments of Agriculture and General Administration. These departments were chosen because Keith Angier, the Director of the Department of General Administration, and Garry Hull, the Personnel Manager of the Department of Agriculture, were Council members.

Governor Evans approved this recommendation, and Council staff sought funding for the attitude survey. In their research, they learned of the "Total Performance Measurement System" (TPMS).

TPMS is a system developed by a consortium of federal agencies which integrates employee attitude surveys (reflecting the causes of less than perfect performance), customer attitude surveys (reflecting the degree of customer satisfaction), and efficiency and effectiveness measures (reflecting performance gauges). Funding for a pilot TPMS survey in the Department of General Administration was made available by the Office of Policy Development and Research, Department of Housing and Urban Development (funding was not available for a duplicate study in the Department of Agriculture).

The TPMS project survey was completed in 1976 and, on the basis of positive preliminary results, the Council made the following recommendations to the Governor concerning its TPMS activities:

A complete analysis of the impact of the Total Performance Measurement System on the Department of General Administration should be conducted and, to the extent the results are positive, other agencies of Washington State government should be urged by the Governor to incorporate successful features of such systems in their operations.

Future action on this recommendation is dependent upon its implementation by subsequent administrations.

Internal Management Auditing

In general the chairpersons and members brought to the Council a direction based upon prior experiences and convictions. In June 1975, Bob Arndt, management consultant with Price Waterhouse and Company, replaced

Donaldson as chairman of the subgroup. Because of the differences in Mr. Arndt's priorities, the direction of the subgroup moved from the attitudinal toward the mechanical aspects of operations and management.

In a subgroup meeting in October 1975, Arndt expressed his interest in performance auditing as a productivity-related concern. Upon review of performance auditing in state government, the subgroup found that external auditing was adequately covered by the Legislative Budget Committee, the Office of Program Planning and Fiscal Management (OPP&FM), and the State Auditor.

Further staff research indicated that internal auditing (performed by an agency for its own management objectives) was insufficient based on generally accepted standards. The state employed 76 persons in internal management positions -- one for every 750 employees. This was in contrast, for instance, with the ratio used by the Department of Defense of one internal auditor for each 200 employees or the National Center for Productivity's suggested standard of 1:500.

The Council, through its staff, prevailed upon OPP&FM to include additional language in the budget instructions to state agencies. The instructions stated that agencies, in preparing the budget requests for 1977-1979 biennium, were encouraged to include provisions for internal auditing personnel.

In addition, the Council presented the following recommendations to the Governor in its final report:

The Office of Program Planning and Fiscal Management should establish an internal management auditing policy for state government to encourage agencies to increase the number of internal management auditors and to place such personnel in staff positions, performing management audits, program evaluations, and budget formulation.

It should also assist agencies in developing and utilizing internal management auditing personnel, providing staff for agencies which do not have their own auditors.

Aside from including language on internal auditors in the budget instructions, no formal action has been taken on this recommendation.

Management Techniques

The subject of quality assurance -- a recognized management technique designed to control production of a service to assure compliance with pre-established standards -- was introduced to the Council through the American Society for Quality Assurance, which contacted the Governor and offered its services. The Operations and Methods Subgroup proposed a

pilot program, and staff secured the approval of the Parks and Recreation Commission to serve as a test agency. This pilot program, conducted by a volunteer quality assurance team consisting of professionally trained members of the American Society for Quality Assurance, set out to determine the benefit that might be realized by state government through implementation of a quality assurance program. As of this writing, the final results of this pilot program are not available.

Another management technique researched by the Council was value engineering. Value engineering is a discipline intended to achieve a required function at lowest cost. It encompasses techniques designed to identify the function of a product or service, establish a value for that function and provide that function reliably at the lowest cost.

Value engineering was explained to the subgroup by a value engineer from the private sector (who subsequently joined the group as a resource member). The subgroup learned that the Department of Highways was testing the utility of value engineering in its road design work. Preliminary reports received by the subgroup led it to believe that this technique -- successfully used in the private sector -- could probably be used more extensively in state government.

On the basis of its exposure to quality assurance and value engineering, the subgroup concluded that there should be a continuing responsibility for the evaluation of management techniques and the dissemination of the information about these techniques and their potential application to other agencies. Thus, the Council recommended the following in its final report:

The Office of Program Planning and Fiscal Management should:

1. Continuously evaluate management techniques for achieving greater efficiency and effectiveness of agencies' operations.
2. Train its staff, as required, in the use of management techniques such as quality assurance and value engineering, and provide expert assistance to agencies wishing to utilize these techniques.
3. Encourage operating agencies to utilize advanced management techniques such as quality assurance and value engineering to improve their operations.

The Budget Process

At several early meetings of the Council, the staff of the Office of Program Planning and Fiscal Management presented a proposed budgeting system which was then in the design stage. Termed the "Program Decision System" (PDS), it was intended to serve as a comprehensive productivity

measurement system. Agencies would be required to develop performance measures of both efficiency and effectiveness, link these measures to budget requests for each program, and report on planned versus actual performance and expenditures. (The PDS was initiated by the Office of Program Planning and Fiscal Management and had no relation with the Total Performance Measurement System described in Section B.)

The Council viewed the PDS concept with considerable enthusiasm; it appeared to be an ideal substitute for the private sector's profit and loss statement. As agencies prepared both their traditional budget and the PDS budget requests for the 1975-1977 biennium, Council involvement was confined to periodic information on progress of the new system.

The PDS concept was "too much too fast." During the 1975 session, the Legislature virtually dismissed the PDS document because of the legal requirement to prepare a "line item" budget. Following the 1975 session, the Office of Program Planning and Fiscal Management, in allotting funds to agencies, adopted a modified PDS system for future budgeting. It required agencies to submit planned efficiency measures together with dollar requests -- and to report on planned versus actual performance during the biennium.

The Operations and Methods Subgroup concluded that further reforms in state budgetary practices and procedures were necessary and developed the following recommendations which were included in the Council's final report:

1. The Office of Program Planning and Fiscal Management should clearly define its policies and procedures in budget execution to include periodic reporting on agency fiscal and program performance in relation to pre-established goals and objectives.
2. The Office of Program Planning and Fiscal Management should continuously analyze budgeting and program evaluation techniques -- such as the multi-disciplinary approach to budget preparation and execution -- and introduce these techniques to other state agencies.
3. The Governor and the Legislature should provide financial rewards, promotions and nonfinancial incentives for agencies and managers achieving performance goals and objectives within budgetary limitations.

Organization Structure of the Executive Branch

At the second full Council meeting, staff suggested that the Council examine the productivity implications of the organization structure of state government. Because of the political nature of the subject, the Council chose not to become involved. As Council members became more knowledgeable of the functions of state government, however, it became

clear that the organization structure acted as an inhibiting factor in productivity improvement.

The Operations and Methods Subgroup began reviewing prior studies of the state organization structure and requested that staff prepare a current organization chart. Based on the information it gathered, the subgroup developed criteria for a productive state organization structure. The Council used these criteria to evaluate Washington State organization.

Previous to and concurrent with the Council's work, a committee of the Legislature had, independently, undertaken a comprehensive study of state government organization. Based on early results of the legislative study and its own efforts, the Council concluded that the state's organization structure hampered efficiency and effectiveness. The Council considered a mechanism by which the structure of the executive branch could be revised. Council conclusions were presented to the Governor in the form of recommendations in October 1976.

State government organization was actively discussed by both gubernatorial candidates during the 1976 election campaign demonstrating that the need for reorganization was well recognized. No action has yet been taken, however, on the Council recommendations, and the Council has reiterated them in its final report:

1. The Governor should propose to the 1977 Legislature a constitutional amendment to the voters in the November 1977 general election which would:
 - a. Place a limit of 20 on the number of principal executive departments, excluding elected constitutional offices, with a requirement for full implementation no later than July 1, 1979; and
 - b. Authorize the Governor on an ongoing basis to reorganize the executive department of state government (excluding other elected constitutional offices) by executive order, subject to legislature approval.
2. The Governor and Legislature should consider additional constitutional changes which would reduce the number of separately elected officials in the executive department of state government.

Information Sharing

Early in 1976, the Washington State Legislature enacted landmark legislation, identified as the Business Coordination Act, to ease the burden of "red tape" placed on the business person. Recognizing the potential for improvement in productivity for state government as well as parallel benefits for the business community, the Governor requested productivity

staff to act in a coordinative role in implementing the act. As a result of staff involvement, the Council became aware of the lack of a comprehensive means of information-sharing in state government.

The Business Coordination Act required that the Department of Commerce and Economic Development consolidate all licenses issued to grocery stores into one master license. The previous procedure had included up to 20 separate licenses required by 13 different state agencies. It was found that each agency had a different identification system, separate applications, and independent licensing and renewal procedures. Application forms, collectively, totaled 37 pages. Through consolidation of similar information on different applications, the Department reduced the application to five pages, with no loss of information.

The Council, recognizing the lack of coordination in information-gathering systems among agencies as a main factor inhibiting increased productivity, concluded that a common business data base should be established for all state government agencies using existing computer systems. The selection of a common business identifier (i.e., a common numbering system to identify private businesses in the state), assurance of privacy of information, and methods of consolidation could be resolved, and the end result would be improved efficiency and effectiveness in state government as well as a lighter burden on the business community.

The Council made the following recommendations to the Governor in its final report:

1. The Governor should direct the Data Processing Authority to conduct a feasibility study by December 1977, utilizing agency personnel on a project basis, of a common business identifier.
2. Upon completion of the feasibility study, the Governor should propose and the Legislature adopt legislation requiring agencies to share data through the common identification system found to be most feasible with consolidation of state agency inspections and audits of businesses.
3. Until this system is implemented, the Legislature should place a moratorium on new systems of identifying or numbering businesses.

Sunset Laws

"Sunset" legislation provides that certain agencies of state government will cease to exist as of a specified date unless the Legislature, after rigorous analysis, finds sufficient justification to continue them. The basic notion of termination rather than continuance is a reversal of traditional practice.

The Operations and Methods Subgroup gave its full support to the Sunset legislation which was being considered by committees of the Washington Legislature. This support was confirmed by the Council in a recommendation included in its final report:

The Governor should urge legislative enactment of a Sunset bill directed on a pilot basis toward selected programs or agencies.

National Science Foundation Project

In addition to providing support to the Council, staff had developed a grant proposal for a productivity measurement project in social service programs (for foster care, nursing homes, and community college educational services) within the Department of Social and Health Services and the State Board for Community College Education. Funding for the foster care and nursing home studies was obtained from the National Science Foundation (NSF). NSF chose not to fund the project in the community colleges.

During the course of the design and development of this project, staff had kept the Council apprised of its progress. The basic notion behind the project was that of conducting a rigorous experiment to test the productivity impact produced by following various management practices in the delivery of certain social services; test populations, control groups, and similar techniques were to be used.

Based on its knowledge of this project, the Council made the following recommendations in its final report:

The Office of the Governor should pursue to conclusion the National Science Foundation funded project to develop productivity measurement systems in social service programs and evaluate the utility of project results for wider application in state government.

B. PERSONNEL POLICIES SUBGROUP

The Personnel Policies Subgroup was formed in direct response to Governor Evans' executive order which specified that one of the Council's functions was the review of productivity-related employment policies. Ingrid Hougen, Personnel Director of Seattle's Virginia Mason Hospital, became the subgroup's chairperson.

Because of the vast complexities of the state's personnel policies and because the subgroup members were not generally familiar with state personnel policies, this group initially required a good deal of time to organize and determine its goals. The staff prepared and submitted a paper on "Productivity Related Personnel Problems and Questions" to aid in the organization of objectives. A workshop was subsequently held in February of 1975, in which the personnel system was discussed and analyzed, and a subgroup work plan was developed. Four areas of concern

were discussed and these became major areas of subgroup activities: employee incentives, the state personnel system, training and career development, and employee communications.

Employee Suggestion Awards Program

A basic practice, frequently followed in private industry, is that employees will improve their performance if they are offered incentives to improve. The subgroup, believing incentives to be essential to any productivity program, was prompted to look into the suggestion awards program through a request by the Employee Suggestion Awards Board. Because many of the subgroup's members were experienced in administering incentive programs in private industry, the subgroup was interested to find that the only such program of employee incentives in existence in state government was the Employee Suggestion Awards Program. These members of the subgroup believed that this program was poorly designed. It offered no real incentives for employees and it did not have sufficient staff or funding. The program, in fact, yielded so little annual savings that it was viewed by the subgroup to be almost worse than no program at all.

A report written by two subgroup members, Richard Adams (Assistant to the Corporate Director of Personnel for Boeing) and Diane Willett (State Training Administrator for the Department of Personnel), approved by the subgroup and subsequently by the Council, suggested several major revisions of the program, including removal of the artificial statutory ceiling on the maximum amount of the award, streamlining of the administrative process involved, and inclusion in the program of the heretofore excluded employees under the Higher Education System.

To this end, the Council presented a recommendation to the Governor which included the following:

1. Proposed legislation on the Employee Suggestion Awards Program which would, among other provisions,
 - a. Permit participation of employees of higher education.
 - b. Provide for review of those suggestions which could impact more than one agency.
 - c. Increase required post-audits of suggestion savings or benefits.
 - d. Increase maximum suggestion award from \$300 to \$1,000.
2. Budget request by the Governor to cover costs of the program.
3. Direction by the Governor to agency heads to be aware of the program and its impacts within their agencies.

This legislation was enacted by the 1976 Legislature and is now in effect.

Since the legislation was passed, the Employee Suggestion Awards Program has undergone a drastic change. The Governor and Director of Personnel have appointed a new four-member board. This board is in the process of obtaining approval of a completely revised administrative code. Funding is adequate for the first time in the existence of the program and most agencies are now participating in the program. The following recommendations were contained in the Council's final report:

1. The Governor should encourage agencies to actively support the Employee Suggestion Awards Program.
2. The Governor should provide for an annual review of the Program's progress and employees' suggestions for improvement.

State Merit System

In a follow-up to the inhibitors survey findings that the personnel system was the single greatest inhibitor to productivity, the subgroup gave its attention to the state's Merit System. The staff researched and presented to the subgroup a flow chart and an explanation of the state's Merit System process. The subgroup determined that the system was cumbersome, time consuming in operation, and not likely to produce the most qualified candidates; it required both legislative and executive action for improvement. This opinion was supported by agency managers who reported that delays under the current system could effectively prevent them from performing personnel functions within their departments. Finally, a Legislative Budget Committee performance audit of the Merit System, conducted partly in response to the Council's findings, corroborated Council findings.

The Council concluded that a complete review and overhaul of the state's personnel system was essential to the improvement of productivity. A recommendation was presented to the Governor that he provide the resources for a review of all personnel management systems in cooperation with the appropriate legislative committees. The review was designed to determine ways and means for enhancing productivity through a revision of personnel systems.

In response to this recommendation and the conclusion of the Legislative Budget Committee, the Board and Department of Personnel adopted certain specific measures to revise the personnel systems. As a result of these actions, there have been indirect changes that have impacted Merit System operations. For example, hiring on the basis of "rule of three," was viewed to be an inhibitor to personnel management. This rule limited personnel hiring to the top three scorers in a performance competition and did not take into account other variables. As a result, at

least partially on account of the Council's intervention, steps have been taken to introduce more flexibility in the hiring system. For example, the State Printer, upon hearing of the Council's concern over revising the Merit System, contacted Council staff for information. As a result, the Printer designed and implemented a productivity incentive program in his agency. This program was initiated in July 1974. Program results for fiscal year 1975 show that, with a productivity base of 100 percent, the Department increased its productivity from 77.3 percent (before implementation of the program) to 82.6 percent for 1975. This is an increase of 6.9 percent, representing productivity savings of \$169,828. Of this amount, \$49,823 was paid to employees in premiums, the net value of increased production was \$120,005.

Based on its recognition of the need for Merit System reform, the Council made the following recommendations in its final report:

1. The Legislature should amend the Merit System Law to provide opportunity for merit pay or productivity bonuses, based on performance evaluation. Implementation of such systems should begin with management and other exempt personnel with appropriate periods for assessment of effectiveness before application to other employee classifications.
2. The Department of Personnel should implement, as currently provided by regulation, a uniform system of performance-based evaluation through periodic supervisor/employee conferences. The system should be designed to improve job performance, enhance supervisor/employee communications, and determine appropriate action concerning employee retention, advancement, and merit recognition.
3. The legislative and executive branches, as applicable, should eliminate the artificial constraints to effective employee selections, such as "rule of three" and multiple eligibility rosters. They should establish simplified systems, allowing more latitude in selection of qualified employees. Any action should be consistent with findings and recommendations of the U.S. Civil Service Commission, Advisory Council on Intergovernmental Personnel, and the National Civil Service League. It should emphasize demonstrated employee performance as the primary factor for promotional opportunities.
4. The Legislature should redefine the roles of the Director and Board of Personnel, charging the Director with the administration of the Merit System, including policy-making and adoption of rules, and the Board with the conduct of hearings on appeals from state agencies and employees regarding dissatisfaction with specific administrative actions taken under existing policies and rules.

Training and Career Development

One of the findings of the inhibitors survey was that the state needed a comprehensive program of training and career development. Subgroup

chairperson Ingrid Hougen, and members Stan Schmuckler (Senior Vice President for Personnel, First National Bank), and Larry Goodman (Director, Personnel Board Activities, Washington Federation of State Employees) prepared a work plan for a program of training and career development.

Legislation was considered to be the only effective means to gain funding for and policy approval of a training and career development program. As a result of their studies, the subgroup drafted two bills on training and career development -- one for employees under the Department of Personnel, and a virtually identical bill for employees under the Higher Education Personnel Board. Upon receiving approval and support from the Governor, several public hearings were sponsored by the Council concerning the bills. The legislation was submitted to the 1976 Legislature but no action was taken. There appeared to be two reasons for this. First, the concerns of the Legislature over a near-crisis situation in school funding gave the training and career development bill (and virtually all other legislation introduced in that session) a low priority. Second, the bill encountered opposition from politically powerful groups, including state employee organizations, who disagreed with the way in which it was written.

In the interim, certain administrative actions were taken by the Department of Personnel. It created a "General Manager" series in the Merit System. Under this program, the tests for potential managers were to be based more upon management abilities rather than technical abilities. Methods of management selection and classification would be better structured under the series. A comprehensive management development plan was also prepared by the Department of Personnel. Under this plan, management development would encompass both conventional managerial training programs and a conscious effort by agencies to develop their resources of management talent.

The Council recommended in its final report to the Governor that the training and career development bill developed for employees under the Department of Personnel be introduced to the 1977 Legislature, and that similar training and career development legislation for higher education be considered at a later date. It should be noted that other states have had similar difficulties in passing legislation of this nature. The state of Wisconsin tried for seven years before it was successful and the state of New York likewise tried for several years without success.

Communications

As it became involved with state managers and employees, the Council became aware of a general lack of understanding of the concept of productivity on the part of agency managers and state employees. Furthermore, intra- and inter-agency communication patterns were not adequate

to provide a reasonable exchange of information. Because productivity improvement would require changes in the running of state government and because change could not be successfully implemented without an adequate communication system, the Council developed the hypothesis that the degree of effectiveness of employee communications in state government would be one measure of the state's ability to make productivity related change. Based on this premise, the Council determined that a survey of employee communications was necessary and applied to the U.S. Civil Service Commission for funding under the Intergovernmental Personnel Act. It was awarded \$10,000 to perform a communications survey.

The Council reasoned that conducting a survey in a state agency on state premises might place the survey in a position of competition with other programs; responding through normal supervisory channels might also inhibit employee response. Therefore, the Council determined to issue a request for proposal for a skilled consultant to conduct a direct mail survey of state employees.

In its attempts to hire a consultant to conduct the survey, the Council discovered that it did not have adequate funding, and that it could not find a consultant who was willing to perform a direct mail survey. Therefore, the Council performed a survey of its own, aided by staff.

The survey entailed extensive contact with many agencies and employees, development of a survey questionnaire to test the Council's hypothesis, direct mail contact with a statistically valid, randomly selected 10 percent sample of the 32,462 employees of civil service at their home addresses, and computer-based statistical analysis and cross-tabulation of employee responses. Survey response exceeded 84 percent of the total sample.

The Council findings, which have been published in a report entitled "Creating Understanding in Washington State Government," can best be summarized in terms of the employee's basic orientation and his or her relationship or "interface" with other employees, with supervisors, with management, with the employee's agency, and with the state.

The Council found a significant need for supervisors to recognize the relationship between good employee communications and enhanced productivity and to educate themselves as effective communicators. The survey indicated employee confidence in their supervisors but showed that feedback from supervisors was not adequate in regard to employees' performance, agency status within state government, and general agency information.

The Council reached the following conclusions:

1. That state managers were conscious of the need for further productivity improvement, but were unwilling to commit resources necessary to achieve improvements through better communications.

2. That employees did not identify with state government, but rather with their individual agencies.
3. That the principal sources of information sharing for employees about state government were the public news media and "word of mouth" from fellow employees.

The Council concluded that state government's ability to communicate within and among its various units at the employee level directly related to its ability to make productive change. With that knowledge, the following recommendations were included in the Council's final report to the Governor:

1. The Governor should issue a policy statement on employee communications prescribing guidelines for effective communications among individuals and agencies in state government.
2. The Governor should include in the executive budget and the Legislature should appropriate monies in the 1977-79 biennium for the design, development, staffing, and periodic dissemination of information pertaining to all branches of state government, either as a separate publication or as an insert in individual agency publications.

Team Building

Team building involves all levels of an organization in a constructive ongoing dialog designed to address organization concerns. In team building, employees and their supervisors mutually agree on objectives and determine who in the group or "team" will address objectives and when and how objectives will be accomplished by the team.

The Council first became aware of team building through the program's successful implementation at the Department of Agriculture. The Department's director, Stewart Bledsoe, and its Personnel Manager, Council member Garry Hull, familiarized the Council with the team building concept, and the program support offered by the Department of Personnel. The Council learned that staff from the Department of Personnel was available to work with internal coordinators in helping agencies to address issues, initiate improvements and provide support to the team building process. This was accomplished through workshops conducted for agencies which expressed an interest in team building.

Council staff followed the progress of team building in agencies, and kept the Council informed. The Personnel Policies Subgroup studied the subject and concluded that it served to improve efficiency and effectiveness of state employees.

To support further implementation of the team building program, the Council included the following recommendation in its final report to the Governor:

1. The Governor should include in the executive budget and that the Legislature appropriate monies in the 1977-79 biennium for the team building programs coordinated by the Department of Personnel and successfully established by agencies such as the Department of Agriculture.
2. The Governor should encourage agency heads to introduce team building in their agencies, support interagency team efforts, and periodically review the progress of team building programs.

Labor Relations

The close relationship between labor relations and productivity improvement became evident to the Council in its dealings with such issues as work measurement and incentives. Business members of the Council were particularly concerned at the highly decentralized and uncoordinated nature of state government labor relations. They felt that separate negotiations conducted in different agencies could lead to inequities for employees and management alike.

The Council, recognizing the importance of a healthy relationship between management, employees, and employee organizations in the improvement of productivity, included the following recommendations in its final report:

The Office of the Governor should coordinate labor relations policy in state government and advise agency management and employee organizations on labor relations policy problems and questions.

C. RESOURCE MANAGEMENT SUBGROUP

The first few meetings of the Resource Management Subgroup, chaired by Jim Ryan, Vice President of Business and Finance, University of Washington, focused on the formation of goals and objectives. Information was received from agencies such as the Data Processing Authority and the Purchasing Division of the Department of General Administration. Discussions were also held with the City of Tacoma's technology office concerning the many considerations involved in the transfer and use of technology. After discussion and consideration, the following goal statement was presented to the Council:

Review policies, practices, and procedures relative to the acquisition and utilization of capital intensive technology, innovative investment management, and fiscal policies; develop specific recommendations in these areas, fostering productivity enhancement in agencies of state government.

The Subgroup spent several months discussing the benefit of technology advancements in productivity improvement, exploring the negative reactions of many people concerning technology, and determining the most effective means by which the acquisition and transfer of useful technologies might be successfully implemented within state government. A complete listing of technologies of concern to the state was prepared by the staff, and the subgroup decided to limit its considerations to business-related technologies -- those which the state uses rather than those it regulates.

Examination of the Technology Transfer Center at the City of Tacoma led the subgroup to identify the need for such an office within state government. In December of 1975 a recommendation was made to Governor Evans that resources be made available for establishment of a state technology transfer center. The purpose of the center as defined in the recommendations was to "...assist agencies in identifying, locating, securing, or implementing solutions to agency perceived operating problems by providing a link between agencies and technological resources." A staff person to act as facilitator and annual review of the center's progress were recommended. Recommended functions of the technology transfer center were specified as follows:

1. Provide a noncoercive brokerage service between agencies and technologists, with no effort to establish or maintain extensive competence in a particular technology nor to compel agency acceptance of a specific approach.
2. Conduct surveys of successful applications of technology in state agencies for replication elsewhere.
3. Attempt to share resources and obtain common solutions in concert with other governmental jurisdictions when in the interest of Washington State.
4. Assist agencies in reducing possibly adverse personnel reactions in implementing technological solutions.
5. Provide project evaluation for determining future potential for application of subject technology in state government.
6. As time and resources permit, assist agencies in obtaining necessary funding where applicable to technological needs.

The Governor approved the recommendations and the Washington State Technology Office was created in April 1976, funded in part by money from the Office of Policy Development and Research, Department of Housing and Urban Development. The office was placed under the Office of the Governor, and a coordinator was hired.

State Technology Office activities emphasized development of an effective technology transfer mechanism for state agencies. Efforts were divided between program development and program implementation.

Program development constituted a planning mechanism to overcome barriers to change. This included development of an orientation and education program, preparation of a slide presentation for state employees, creation of a technology bank from which information on technology could be made available, and the establishment of professional relationships between the State Technology Coordinator and technology experts across the nation.

Program implementation involved specific projects which were developed or introduced to state government and which, if continued, could lead to substantial savings for the state. The office's two major projects at the time of this writing are in the areas of word processing and telecommunications.

When evaluating the functions of the State Technology Office, it is important to note that this office does not, itself, generate dollar savings. Its function is to serve state agencies by helping them to develop ways for meeting their goals more efficiently and effectively.

The activities of the State Technology Office in its short lifespan were primarily directed at the design of a program. Detecting a measureable impact on the agencies which benefit from operation of the transfer function will require long-term evaluation. Preliminary recommendations of the State Technology Office concerning revisions in the telecommunications and word processing systems could lead to savings of up to \$100,000 each, according to the Technology Coordinator for the State Technology Office.

The Council, enthusiastic about the establishment of the State Technology Office and concerned that it continue to function, has made the following recommendations concerning the future of the office:

1. The Governor should include in the executive budget and the Legislature should appropriate monies in the 1977-79 biennium for continued operation of the State Technology Office. The Office should continue to operate as part of the immediate staff of the Office of the Governor, employing a director and sufficient staff funded by the state, and other staff as needed for special projects and local government involvement, to be funded by participating local governments and the federal government.
2. The Governor should encourage all agency heads to use the State Technology Office as a resource for new technological tools to enhance operations and service delivery.

3. The Governor should appoint a committee of representatives from business, education, and other government levels to monitor State Technology Office activities.
4. Provision should be made for an annual review of the Office's operations, with a management decision to continue or dissolve the operation.

D. WORK MEASUREMENT SUBGROUP

Prior to the creation of the Work Measurement Subgroup, a meeting was coordinated by Council staff to which all Council members and agency managers using work measurement were invited. The purpose of this meeting was to acquaint the Council with a specific productivity-related activity. This activity then became the subject for discussions by a new Council subgroup. The Council learned that of various forms of work measurement in use in state government, engineered work standards provided the most reliable and useful tools for improving productivity. Historical standards as well as standards based on yardsticks such as "caseload" proved arbitrary and inconclusive as aids to management.

The first action of the Work Measurement Subgroup, chaired by Mr. Joe Hunt, was the definition of the following goal:

To determine the need for objective standards of work quality and quantity; review current work measurement applications; develop recommendations for future applications to measure and enhance productivity.

It then approved a staff-prepared work measurement questionnaire and mailed it to state managers. The purpose of the questionnaire was to determine the extent to which engineered work standards were used in state government. The response indicated that many agencies did not understand the meaning or the goals of work measurement, and that work measurement programs were not extensively used in state government. Where work measurement was in use, however, it was apparent that management saw it as a useful tool.

Following receipt of the questionnaire results, the subgroup's objective, set in 1975, became the coverage of a total of 20 percent of the state's full-time work force by work measurement standards. The questionnaire had indicated a then-current total of 2,000 employees covered by work standards; based on the 20 percent target, the Council supported extending work measurement standards to a total of 11,000 state employees. A recommendation to the Governor was formulated, stating those goals. In addition, the Governor approved a Council recommendation that four professional staff members be placed in the Office of Program

Planning and Fiscal Management (OPP&FM). The recommendation was forwarded to OPP&FM. In turn, OPP&FM held work measurement training sessions for agency managers in April 1975; included in the sessions was the dissemination of work measurement guidelines.

However, OPP&FM did not follow through on the recommendation to employ four full-time work measurement staff persons to coordinate a comprehensive state program. According to one manager of OPP&FM, this was not due to a lack of funding.

Instead, OPP&FM conducted a study on work measurement using existing staff. The resulting report to the Council, dated September 1976, stated that 11,868 state employees would be covered under work standards by December 1976, but that only 8,159 would be covered under engineered work standards. The Office of Program Planning and Fiscal Management took the position that the budget process presented a better tool for productivity improvement and measurement than work measurement programs while the Council looked with favor on increasing the number of employees covered by work measurement programs.

The Council's final recommendations as presented to the Governor in its report, stated the following:

1. The Governor should set objectives for the number of state employees to be covered by work standards.
2. The Governor should provide for a professional staff of four or five persons to work with other agencies to achieve these objectives and to validate agency standards.

E. AD HOC SUBGROUPS

Agency Goals

Marianne Norton (President, Washington State Chapter, American Association of University Women), believed that if productivity issues were to be addressed, an effort should be made to determine if perceived agency goals were compatible with the statutory mission of the agency, and if those activities in which an agency was engaged were actually beneficial to the state. An objective was to recommend appropriate changes in the process of agency goal setting and in the content of agency goals.

After the selection of an agency and discussions with personnel of that agency, the subgroup came to the conclusion that only the Legislature was in the position to influence agency goals.

The subgroup disbanded, and its members joined other subgroups.

Problem Analysis

Senator Daniel Marsh, Council member, raised a concern in the Council that had been called to his attention by his constituents, regarding the state's vendor payment system. According to Marsh, the problem of late vendor payment by state agencies was apparently serious enough to be costing the state money and credibility, and imposing a substantial burden on the small business person. At the request of the Senator, an ad hoc subgroup -- the Problem Analysis Subgroup -- was created to look into the matter.

The subgroup learned that agencies often did not take discounts offered to them by vendors -- a fact that was costing the state thousands of dollars in unnecessary payments, that a forest of paperwork often accompanied payment of one bill, and that other factors were involved in creating an inadequate vendor payment system.

Upon completion of its research and review of the situation, the subgroup recommended that the Governor implement steps to insure prompt vendor payment; that the Office of Program Planning and Fiscal Management submit a resolution to the Legislature to remove the constitutional limitation on lending the state's credit to allow for prepayment of certain purchase orders of small denomination, and that OPP&FM keep the Governor aware of its progress in correcting the situation.

Since that time several state agencies have been requested to report monthly to OPP&FM on their turn-around time for payment of bills. Further, several corrections were made in the vendor payment systems, including a reduction in the number of forms required. However, OPP&FM determined that a comprehensive improvement in the vendor payment system necessitated an overhaul of the state's entire purchasing, accounting, encumbrance, and vendor payment systems. At the date of this writing, no such comprehensive change has occurred. Further, no attempt has been made to amend the Constitution to enable prepayment of certain purchase orders.

IV SUBJECTIVE ASSESSMENTS

Because of the timing of this case study and because many of the activities of the Council do not offer hard measurement data at this time, an evaluation of Council activities must be largely subjective. In the circumstances, it was decided that the best assessment attainable would be by means of questionnaires sent to state agency managers and Council members.

MANAGEMENT QUESTIONNAIRE

A management questionnaire was designed with five multiple choice questions intended to determine the degree of contact and impact the Council had with the Agency, and the attitude of the Agency managers toward the Council. A sixth question gave managers the opportunity to discuss independent productivity efforts of their agencies, and the last question asked for managers' opinions of the concept of an advisory council. One hundred-fifteen questionnaires were sent to managers and to productivity coordinators (persons previously designated by the agencies as official contacts with and sources of information for the Council). Of the questionnaires sent, 73 responses (63 percent) were received. The questions asked and a distribution of responses to the questions are as follows:

1. TO WHAT EXTENT ARE YOU AWARE OF THE ADVISORY COUNCIL ON STATE GOVERNMENT PRODUCTIVITY AND ITS ACTIVITIES?

<u>Number of Responses</u>	<u>Percent of Total Response</u>	<u>Answers</u>
14	19	1. I am quite aware of the Council and all of its activities.
50	68	2. I am aware of the Council and some of its activities.
7	10	3. I have heard of the Council, but know little about its activities.
<u>2</u>	<u>3</u>	4. I have never heard of the Council.
Total 73	100	

The two respondents who had never heard of the Council were from newly formed agencies.

2. HAVE THERE BEEN ANY OCCURRENCES THAT HAVE MADE YOU MORE AWARE OF INCREASED PRODUCTIVITY (increased efficiency and effectiveness) AS A STATE GOAL?

Number of Responses	Percent of Total Response	Answers	
29	40	1. Yes, and these occurrences were directly related to the Productivity Council.	..
24	33	2. Yes, but I don't know if these occurrences were related to the Productivity Council.	-
8	11	3. Yes, but these occurrences had nothing to do with a Productivity Council.	
7	10	4. Not that I can recall.	
<u>4</u>	<u>6</u>	5. Absolutely none.	
Total 72	100		

3. HOW DO YOU VIEW THE ROLE OF AN ADVISORY COUNCIL ON STATE GOVERNMENT PRODUCTIVITY IN STATE GOVERNMENT?

Number of Responses	Percent of Total Response	Answer	
4	6	1. As a highly effective agent for the improvement of productivity.	
46	70	2. As an agent that could be more effective if others in the governmental process took it more seriously.	
12	18	3. No opinion.	
3	5	4. Just another bureaucratic council wasting taxpayers' money.	
<u>1</u>	<u>2</u>	5. A detriment to our agency because (please state reasons).	
Total 66	100		

Five respondents added narrative responses to this question. Of these, one replied that an Advisory Council would be unnecessary if agencies were well-managed; three answered that the Council would serve to create more awareness in state agencies; and one doubted the effectiveness of any advisory group.

4. IN YOUR OPINION, DOES THE STATE OF WASHINGTON NEED AN ADVISORY COUNCIL TO DETERMINE BETTER WAYS TO IMPROVE PRODUCTIVITY?

Number of Responses	Percent of Total Response	Answer
22	31	1. Yes, I definitely see this as a useful concept.
37	52	2. I think it could be useful.
3	4	3. No opinion.
9	13	4. This is already being done (or should be done) by another group (name _____).
<u>0</u>	<u>0</u>	5. The state government does not need to consider increased productivity.
Total 71	100	

Those nine respondents who chose Answer No. 4 listed the following groups:

1. Individual, well-managed agencies.
2. The Office of Program Planning and Fiscal Management.
3. Legislative Budget Committee.
4. The Governor's cabinet
5. Legislative committees and audits.
6. Combinations of the above.

5. PLEASE RATE THE DEGREE OF BENEFIT YOU FEEL THE PRODUCTIVITY COUNCIL HAS BEEN TO YOUR AGENCY.

Number of Responses	Percent of Total Response	Answers
1	1	1. Very beneficial.
35	49	2. Somewhat beneficial.
10	14	3. No opinion.
26	36	4. Of no benefit.
0	0	5. Detrimental.
Total 72	100	

6. ARE THERE PRODUCTIVITY ACTIVITIES THAT YOUR AGENCY PERFORMS WITHOUT THE HELP OF THIS COUNCIL?

Of the 73 respondents, 12 did not answer this question. Of the remaining 61, all but one answered that there were productivity activities performed by their agencies. The listing of these activities was wide in range and covered everything from "ongoing review and evaluation" to long listings by some of the larger agencies of activities, many of which the Council was also actively involved in. The one who answered the question in the negative explained that the agency was too small to be concerned with productivity.

7. PLEASE BRIEFLY DISCUSS YOUR CANDID OPINION ABOUT THE CONCEPT OF AN ADVISORY COUNCIL ON STATE GOVERNMENT PRODUCTIVITY.

Several areas of concern were discussed in response to this question, some of them showing lack of understanding of the Council and its goals. Most answers seemed to be thoughtful, honest responses.

One of the most frequent responses defined the Council as an effective means by which state employees were made aware of the issue of productivity as a major concern.

Another frequent response defined power as an issue. In order to be effective, some said, the Council needed some recognized authority. Others defined support of key state persons who hold power as fundamental. Support from the Governor was mentioned, and visible support from the Legislature and from state managers was defined as a missing component. Another respondent discussed the need for such a Council to be independent of any political authority so as to make candid observations.

An additional major response was that, if the state's managers were doing their job properly, there would be no need for a Productivity Council. Similarly, some respondents defined the budget process and the Office of Program Planning and Fiscal Management as proper vehicles to handle productivity improvement.

Concern was shown about members of a Productivity Council -- that they be able and knowledgeable, and that they understand state government. One respondent said outsiders would lack understanding, and others indicated that citizen involvement was good and that outside business people would be beneficial.

The need to remain objective was discussed, and there was some concern that the Council might be self-serving; by effectively improving productivity the Council would be working itself out of a job. Linked with this response there was some concern that the Council be in existence for a specific period of time.

Additional issues of concern to respondents were the "nebulous goals" of the Council, and the difficulty in defining the effectiveness of such a program. The need for a specific savings goal, in dollar figures, was discussed.

One respondent emphasized the need for analysis of individual agencies, and the impossibility of judging all agencies in a single package; and another respondent discussed the need to analyze problems that were common to all agencies.

The need for publicity was indicated as an important element to the success of a Productivity Council.

Of the 67 respondents to this question, only a few were negative. Among these, attitudes were expressed about the creation of another governmental body to be supported by taxpayers with no real benefit to them, and another burden placed on agencies which already have large workloads.

On the whole, responses to this question gave constructive suggestions and indicated support for the concept of the Productivity Council.

COUNCIL QUESTIONNAIRE

The Council questionnaire was sent to 33 Council members and resource members. Responses were collected through returned questionnaires and by telephone. The purpose of this survey was to get direct feedback from those who were most aware of Council activities, goals, and shortcomings, and to receive an account of the validity and importance of the existence and activities of the Council. There were 17 questions, most of which required written answers. Summaries of answers to the questions are as follows:

1. WHAT IS YOUR OVERALL REACTION TO THE COUNCIL AND ITS EFFECTIVENESS?

The general reaction of Council members who responded was positive, although most of them qualified their response. A few of the members specified that the Council created a needed awareness of productivity issues, one member viewed it as an excellent vehicle by which to identify and discuss productivity and recommend improvements, and another member stated that considering the complexities of state government, the Council had made a "good start." The personal contact that Governor Evans maintained with the Council, and the abilities of Chairman Hunt were both viewed as positive influences on the Council.

The general reaction to the question of effectiveness was that it was too early to tell. The treatment of Council recommendations by the 1977 Legislature and decisions of the new administration were listed as possible deterrents to the effectiveness of the program.

2. WHAT DID YOU PERCEIVE THE COUNCIL'S GOALS TO BE, AND HOW WELL DO YOU THINK THE COUNCIL REALIZED THOSE GOALS?

This question was answered in a number of different ways. A few of the respondents viewed public awareness as a primary goal; others said advice and recommendations to the Governor on methods by which to increase productivity was a primary goal; others named the increase in productivity through identifying areas of potential productivity improvement, initiating and testing programs, supporting current programs, making recommendations to the Governor, and proposing legislation. One respondent viewed a primary goal as the utilization of private accomplishments in state government.

Most respondents stated that it is too early to determine whether the Council's goals have been realized. The attitude of the respondents was cautiously hopeful. One private business person stated the following: "The inertia of bureaucracy and the legislative process frustrated complete accomplishments of these goals, but at least a foundation was laid."

3. DID YOU PERSONALLY CONSIDER THOSE ISSUES WITH WHICH THE COUNCIL DEALT TO BE OF PRIMARY IMPORTANCE?

All responses to this question were, at least in part, positive. About half of the answers were simply yes answers, and the others were qualified with concerns.

Those issues dealing with blanket concerns -- management inhibitors such as personnel and organization -- were seen to be of more importance than the specific, project-oriented issues.

One response was less positive: "Although I felt the Council was dealing with issues that were either too difficult to work effectively and/or were not that important, I felt that there were critical leverage points vis-a-vis Washington State productivity that could have been identified at the outset, e.g., standards of performance, motivation/compensation and reward system, selection criteria, etc., that would have been worth more of the Council's time.

4. WHAT INTERNAL PROBLEMS WERE ENCOUNTERED? WERE THEY RESOLVED? WHY OR WHY NOT?

A few responses listed no internal problems. The internal problem most frequently mentioned by the others was the fact that the Council was slow in determining its course of actions. Related to this, the diverse background of members caused communications difficulties and impaired the process because of differing perspectives. The fact that the Council was composed of volunteer people with little time to give was listed. And the special interests of some members was listed as a minor problem.

The organizational problems with the Office of Program Planning and Fiscal Management and the small size and lack of authority of the staff were mentioned. One respondent said the Council needed a more structured approach.

5. DO YOU THINK THE COUNCIL'S OVERALL RELATIONSHIP WITH STATE AGENCIES WAS POSITIVE, NEUTRAL, OR NEGATIVE?

Most of the responses to this question described the relationship as positive. Some chose a neutral response, and many of these explained that most agencies had little or no contact with the Council. None of the respondents viewed the relationship to be purely negative.

Combinations were also listed, including all three possibilities, with explanations that different agencies responded differently to the Council.

6. a. PLEASE DISCUSS THE POSITIVE ASPECTS OF THE RELATIONSHIP BETWEEN THE COUNCIL AND STATE AGENCIES.

The majority of the answers focused on the fact that agency managers were on the Council, and that these members had a good understanding of state government and of the Council's goals. The willingness of agencies to work with and support

the Council and the good lines of communication between agencies and the Council were mentioned several times. The fact that the Council employed a helping rather than a regulatory tone in its dealings with agencies was also cited as a positive factor.

The good staff work in supplying information to agencies and stopping rumors was mentioned by one respondent.

- b. PLEASE DISCUSS THE NEGATIVE ASPECTS OF THE RELATIONSHIP BETWEEN THE COUNCIL AND STATE AGENCIES.

Some respondents listed no negative aspects of this relationship. Of the others, the most frequent response was that agencies viewed the Council as an outside force which threatened, demanded time, and told agencies what to do. The concern existed that many agencies were not interested and did not participate, or participated only to give lip-service to performance, and not to seriously discuss needs.

Lack of direct lines between managers and the Council, and between agencies and the Governor (causing lack of control over agency managers) were also listed.

7. DO YOU THINK THE COUNCIL'S RELATIONSHIP WITH THE LEGISLATURE WAS POSITIVE, NEUTRAL, OR NEGATIVE?

Most members viewed the Council's relationship with the Legislature as either positive or neutral. Only one respondent described it as negative.

A few respondents had difficulty trying to simplify the relationship between Council members and legislators to answer this question. One respondent said, "...it is difficult to generalize -- perhaps a bit of each."

8. a. PLEASE DISCUSS THE POSITIVE ASPECTS OF THE RELATIONSHIP BETWEEN THE COUNCIL AND THE LEGISLATURE.

The positive aspects of this relationship, according to almost all of the respondents, came from the legislators who were Council members. These people were seen as key figures who were able to exert needed pressure in support of the Council, and who offered the benefit of their knowledge of state government. One respondent mentioned that early Council members who were legislators were prone toward inactivity for political reasons, but that these persons soon dropped out of the Council.

Another positive aspect was the relationship developed between the Council and legislative committees. This type of rapport, according to one respondent, should have been encouraged and further developed by the Council subgroups in their individual activities.

- b. PLEASE DISCUSS THE NEGATIVE ASPECTS OF THE RELATIONSHIP BETWEEN THE COUNCIL AND THE LEGISLATURE.

Lack of interest in or knowledge of the Council on the part of the Legislature due to the low priority status of the Council was the major complaint of Council members. A reluctance of legislators to take a position because of political ramifications, and the fact the the Council could not document specific dollar savings were additional reasons given for the lack of a good relationship between the Council and the Legislature.

9. IN YOUR OPINION, WHAT WERE THE THREE MOST IMPORTANT THINGS THE COUNCIL ACCOMPLISHED (List in order of importance).

Several respondents to this question listed specific Council activities as most important. Of these, work measurement, investigation of the personnel system, and creation of the State Technology Office were listed most often. Other specific activities mentioned were training and career development, the employee attitude survey, revision of the Employee Suggestion Awards Program, recommended revisions of the state's organization structure, and vendor payment.

Of those who gave more general answers to the question, the majority listed increased awareness of the need to improve productivity as one of the most important accomplishments. Other accomplishments mentioned by more than one respondent included the creation of a mechanism by which productivity could be increased and an environment established for change; the identification and recommendations of specific measures; the opportunity for employees to provide input; the creation of a common goal and better understanding between state and private business people; the identification of inhibitors to state government productivity; and the education of Council members concerning the workings of state government.

10. WHAT IS YOUR BIGGEST CRITICISM OF THE COUNCIL?

Many of the criticisms of the Council centered around time issues -- the slow beginning that the Council experienced, the occasional deviations from Council goals (involvement in trivia), and the lack of time members could or would devote to the Council.

Other criticisms considered a number of areas. The vested interests of some members, limited citizen representation, and the lack of outside volunteer help from specialists. The false assumption that a good understanding of the overall issue of productivity already existed was discussed as a problem. The frustrations involved with dealing in a political environment with a large bureaucracy and the Legislature were complaints. One member summed up Council efforts to be "like pushing a wet noodle." This member concluded that the Council probably could not have accomplished more than it did.

11. WHAT DO YOU THINK WILL BE THE PROBABLE LONG-RANGE IMPACT OF THE FOLLOWING COUNCIL RECOMMENDATIONS:*

Vendor Payment

Most Council members responded favorably to this issue. Others were not as optimistic. A few predicted moderate improvement; some saw little possibility of positive impact. One of these said, "the people who are responsible do not seem to share the Council's concern. This one may fade away."

It seems that, on balance, Council members were more pleased with their own performance than with the reaction by state government to this recommendation.

Merit System Reform

Most respondents viewed Merit System reform as a major, significant issue, and most of these qualified their optimism with the acknowledgment that revisions and legislative changes are necessary first. A few respondents saw no chance of change.

Training and Career Development

The work done on Training and Career Development was generally viewed to be a "step in the right direction." One respondent said that, although it was significant, there were too many special interest groups involved to be too optimistic. Another saw no impact coming from Council activities on the subject unless the Council's final report pushed it. Another respondent said, "Doubtful that legislation or the dollars that are needed to implement this will be made available."

*This question covered only the eight formal recommendations the Council had already made to the Governor at the time the questionnaire was sent. The Council's final report to the Governor contains a number of additional recommendations.

Employee Suggestion Awards Program

Several respondents viewed this program to be effective, and one of these said that because of the lack of significant political overtones, it would probably be the most successful of the Council's activities. A few believed the program would have moderate success, and one said that although it should affect employee morale, "much of the impact will be determined by the degree to which agency heads support and promote the program..." Another respondent said the program probably would not last, and another, that it was a waste of time and money.

The State Technology Office

Most responses to the State Technology Office were favorable with qualifications. Concerns were that quality of personnel be good, that agencies using the office get good visibility, that "human values" not be lost, that a good leader is important, and that an advisory board would improve its functions. Two responses saw little or no impact from this function.

Employee Attitude Survey -- TPMS

Responses to this were mixed and most stated that the degree of success of the program would depend entirely upon follow-up and future activities. One member viewed this survey as the most significant contribution of the Council because it generated improved sharing of ideas.

Work Measurement

Many respondents viewed work measurement to have a positive impact, but qualified their responses with concerns for continued management and budget support, and improved standards. Others saw no benefit here -- one of these stated that the program was not being properly implemented. Three responses were negative.

Internal Management Auditing

Success was considered to be dependent upon a number of variables: Governor's support, proper implementation and staffing, the extent to which agencies will feel "rewarded" for their efforts, and the extent to which it can be kept nonpolitical. One respondent raised the following questions: "Who will the auditors report to? How objective is the Director, and what are his motivations and rewards?" Another respondent viewed it simply as an addition to state overhead.

12. PLEASE DISCUSS WAYS IN WHICH THE STAFF SUPPORT WAS:

a. EFFECTIVE OR HELPFUL.

Staff support was viewed by respondents as being good in a number of ways. The organization, research, and writing of reports were most often listed as being most helpful. Other effective qualities listed were staff ability to communicate with a variety of people, staff guidance of Council, the digging out of details, writing of meeting minutes, guidance at meetings, and the pushing of Council recommendations through governmental channels for acceptance.

b. INEFFECTIVE OR HARMFUL.

The early lack of strong direction or focus of the Council was mentioned by a few Council members to be the responsibility of staff. One respondent felt the ineffectiveness occurred as a result of the staff being housed in the Office of Program Planning and Fiscal Management, and disappeared when staff moved to the Office of the Governor. Another respondent felt the staff had "hidden agendas" during the early part of the Council, which soon disappeared. Other members felt staff tried to manipulate the Council in varying degrees. One member mentioned "preconceived solutions" that staff had for subgroup issues. The staff's use of inside language which was not understood by others was also a concern. Several respondents listed no ineffective or harmful characteristics.

13. DO YOU BELIEVE THAT THE COUNCIL HAD THE PROPER MIX OF MEMBERS? HOW WOULD YOU CHANGE THE MEMBERSHIP, AND WHY?

The majority of the respondents felt the mix of members was generally good. The need for more state employees, minorities, and women was mentioned as a concern. Conversely, other respondents mentioned the need for stronger executive and manager types because of the fact that the employees and citizens did not contribute much.

One special issue was discussed here concerned the relationship of the union representatives to the Council. The importance of the membership of union representatives was great according to respondents, but the union Council members tended to be silent during Council discussions and voiced disapproval only at the point when active support of the Council's recommendations was needed.

14. UNDER WHAT CIRCUMSTANCES WOULD YOU RECOMMEND THAT THIS TYPE OF ADVISORY COUNCIL ON PRODUCTIVITY BE INITIATED IN STATE GOVERNMENT?

Most of the respondents to this question said that such an Advisory Council should be an ongoing process as long as productivity improvements can possibly be made. Other respondents listed desirable characteristics that would aid in the success of such a program. Included in these were: such a program should be supported by the executive and legislative branches of government but independent of their control; it should be authorized and funded for a specific period. Other respondents said that such a program would insure continual improvements in productivity and would offer the expertise of private business experience to state government.

15. WHAT WOULD YOU DO DIFFERENTLY IF YOU WERE RESPONSIBLE FOR BEGINNING A PRODUCTIVITY COUNCIL?

The following statements were made in response to this question:

"Provide more staff support early in the Council deliberations."

"...more P.R. in the beginning -- a little more time and effort in the hope of dispelling some of the 'fears' of state employees, which might include some specific suggestions as to when and how any interested person might provide input or suggest names for Council membership."

"More clearly define the goals of the Council and distinguish between making recommendations and suggestions relative to productivity as opposed to the implementation and administration of productivity programs."

"Seek more commitment from private sector -- loaned executives that could be more involved. Make it more visible to state agencies and employees."

"...constitute the committees differently by recruiting on a voluntary basis members with more expertise in the subject under review."

"Make sure the areas that are going to be studied by the Council are the critical areas that can be analyzed effectively and efficiently to maximize the possibility that the state could take the recommended actions to increase productivity."

"Try to get it to establish its own accountability system to evaluate itself...focus more on means to reduce the red tape of the system so management could control their own productivity better, ...a council should be free to establish its own goals. I don't believe this council has ever faced up to this issue."

"...I think the Governor's style and personal involvement in this Council is a model for others to follow."

16. PLEASE GIVE YOUR UNDERSTANDING OF THE DEFINITION OF "PRODUCTIVITY IN STATE GOVERNMENT."

All members gave variations of the definition of productivity as given in the introduction to this report indicating that they had a firm understanding of the concept.

17. ANYTHING ELSE YOU WISH TO SAY:

"My real hope -- that we have left a platform for positive programs that will be continued and that future participants will not lose heart because of the complexity and frustrations involved."

Joseph E. Hunt, Chairman

As a whole, the Council members who responded to this questionnaire, in spite of their honest concerns and criticisms, found the experience to be a positive one, and viewed an advisory council of this or of a similar type as beneficial to state government.

V. EVALUATION

CONCLUSIONS ABOUT THE EXPERIENCE

The Environment

Included in an evaluation of the Productivity Council should be some discussion of the environment in which that Council existed. This environment is defined as the state government.

The Governor of the state perceived a need for a productivity program. He attempted to create an atmosphere of ongoing acceptance and awareness of the Council through his active support. As an entity, however, state government is a difficult and complex environment for productivity improvement efforts.

A new organization such as the Productivity Council is very much dependent for its success on the receptivity of the regular government departments to new and better methods, particularly of that part of the governmental structure where it may be administratively located. In its early days, the Council was located in the Office of Program Planning and Fiscal Management (OPPFM). Unfortunately, the Council did not receive strong support from the OPPFM. Rather the OPPFM questioned the concept and goals of the Council and judged its activities to be of low priority, making it difficult for the Council staff (employees of OPPFM) to be responsive to Council members. As a consequence, the Governor decided to transfer the Council directly to his Office, where it took a new lease on life and performed more effectively.

The Concept of a Council

The concept of the Productivity Council had a number of specific, deliberately planned characteristics; it was purely advisory in nature with no power of implementation, closely linked to the Governor with visible support from him, comprised of 28 high-level, high-visibility members, and it existed for a specific period of time. The creators of this Council, having had experience with business task force groups and management self-help groups, chose the advisory concept because they believed it would specifically meet the criteria necessary to make the effort a success.

In judging the success of the Council, it is apparent that the most positive impact the Council has had was an increased awareness of productivity as a concern in state government. This awareness has permeated every level that has had exposure to the Council, and is directly attributable to its existence. In specific implementation of recommendations or in effecting or creating any major changes in state government productivity, however, it is too early to determine the Council's success.

Contact With State Employees

Although the Council was very concerned with its relationship with state employees, it did not organize an effort to maintain ongoing contact with state managers and employees. Productivity coordinators were established in most agencies to act as go-betweens. A meeting was held in 1974 to solicit support from productivity coordinators, but beyond that effort no organized ongoing activities were initiated to utilize this valuable contact with state employees. A short periodic newsletter might have served the purpose of occasionally reminding state employees of the purpose of the Council and informing them of Council activities (see recommendation on Communications above).

Council Members

Some critical remarks have been made about the make-up of the Council -- the fact that it consisted primarily of management and executive people, with little representation from minorities or typical employees. However, upon close examination of the types of people on the Council, the purpose of the Council, and the philosophy behind this type of Council, it is apparent that the decision to build its membership from high-level, knowledgeable, highly-respected managers and executives who would represent all interest groups was a sound one. Council members were apparently selected for their ability to understand employee needs and represent them, for their high degree of respect and exposure, and for their abilities to influence the decision-making process.

There has been some criticism about the large number of people from private industry. Perhaps, if more agency managers had been Council members, the Council would have maintained a better rapport with more state employees.

The time and dedication needed for a voluntary commitment of the nature of the Council was an issue. One unavoidable drawback to the use of high-level people was the limited time their schedules often permitted them for involvement in extra activities. Although most Council members were dedicated to Council goals and to the opportunity to serve state government, it seems apparent that not all members shared this dedication. It was unfortunate that, as Council members became frustrated with the seeming inability of the Council to be effective, and as others disagreed with Council goals and/or activities, a few of them quit attending meetings.

Another complaint was the use of the Council by some members to further political interests. Although it is impossible to come to an informed judgment on the validity of this complaint, it is sufficiently important to warrant mention.

Despite some shortcomings, the most impressive characteristic of the Council was the degree of energy and dedication with which a large percentage of Council members from both the private and public sectors worked with one another for the betterment of state government. Had it not been for the commitment of these people, the Productivity Council would not have survived the difficulties it confronted.

Council Staff

The Council staff provided most of the work and many of the ideas to the Council. It was responsible for doing research, writing the minutes, organizing meetings, and keeping Council members aware of what was happening. Whereas staff was praised extensively by Council members for its abilities, its dedication to the Council and its influence, there was some question as to the role the staff played. Many Council activities were instigated by staff, and staff played a significant part through the Planning Subgroup. Some members questioned the right of the staff to influence the business and priorities of the Council to the extent that it did. Others viewed the staff role to be purely supportive.

Confusion over the role of the Council staff was a problem that was probably unavoidable in the implementation of this new concept. As the Council began to work effectively as a body, some friction was probably inevitable due to the controversial subjects the Council chose to address. When friction did occur, staff members were frequently faced with balancing the conflicting views of Council members.

It seems clear that Council staff was instrumental in the survival of the Council. The Council was able to establish and maintain effective direct contact with the Governor only through staff efforts, and the staff devoted a good deal of energy to the implementation of Council recommendations.

RECOMMENDATIONS FOR REPLICATION

Based upon the Washington State experience, the following are recommendations to other public jurisdictions which may wish to create a similar council.

Composition of Council

An advisory council should be comprised of representatives from groups which are able to implement council recommendations. Membership should include executives, managers, employees, legislators, labor representatives, and citizen groups.

Identification With Governor

The location of a productivity council in the office of the Governor is needed to give it credibility in the eyes of agency managers. The Governor is the primary authority figure and close identity with him/her, with his/her full, active, support is desirable in implementing Council goals. A close identity is also critical in terms of the Governor's ability to marshal additional state resources in support of the Council.

Council Leadership and Staff

The chairperson and staff provide the Council with the support and guidance necessary in meeting goals. The chairperson should be a decisive, competent, well-liked person. A staff of at least two or three professionals would be necessary to provide support services. Staff persons should be knowledgeable about the workings of state government.

Executive Planning Group

A group comprised of a small number of key people which would meet regularly in an executive capacity should promote effective organization of the council and an effective decision-making process. Such a group is particularly desirable if the full council is comprised of a large number of members.

Council Meetings

The council should meet at regular and frequent intervals. This would provide the council with momentum, continuity, and an active membership.

Council Membership

Members should be chosen for the Council based upon their knowledge, interest, and ability concerning state government and Council goals, and

not primarily on the basis of their prestige. There should be minimum attendance standards for members which, if not met, allow for the replacement of inactive members. Inactivity seems to be the easiest way for members of a group of this type to show disagreement; members are needed who would be willing to provide input and to work towards the success of the Council experience.

Contact With Citizens and Use of Resources

The Council should remain actively involved with outside sources -- state managers, employees, citizen groups, and members of the legislative and executive branches of state government. These contacts are important because of the knowledge they can provide to the Council, and because the Council would need the active support of all these groups in order to be entirely successful. A periodic newsletter and special invitations to attend or to speak at Council meetings are two effective methods of involving others. Above all, other groups, managers, and state employees should receive continuous feedback from the Council.

Support of the State

Much of the success of a council will depend upon the degree of support it receives from other areas of state government. A council should be given recognition and respect as the Governor's program from those agencies with which it must work. And it should be able to expect a commitment from state agencies -- which come to it asking for advice -- to follow through on its recommendations.

VI. A POSTSCRIPT

At this time, a complete and quantifiable evaluation of actual changes that will occur in Washington State government as a result of the Council's existence is premature. Most Council recommendations are long-range in nature and will not even be acted upon before the 1977 Legislative session.

It is important to note that Washington's Governor, Daniel J. Evans, fully supported Council efforts and viewed the experience to be highly beneficial. He approved every recommendation forwarded to him by the Council and has indicated that his only regret concerning the Council was that it did not receive appropriate support from state agencies.

The growing concern about productivity in state government is apparent in the communications Washington's Council has had with several other states. In fact, North Carolina has recently created a Productivity Commission constituted similarly to that in Washington. It seems reasonable to expect that other states will be creating productivity programs in the near future, and that the Washington State experience will serve as a useful guide for those states.

For further information concerning the Council or its various recommendations, please contact:

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October 1977
HUD-PDR-254