



DWSD ORGANIZATION OPTIMIZATION PROJECT UPDATE

ISSUE
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MESSAGE FROM THE COMMUNICATIONS TEAM

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

Cheryl Porter
Project Manager

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Field Services Team

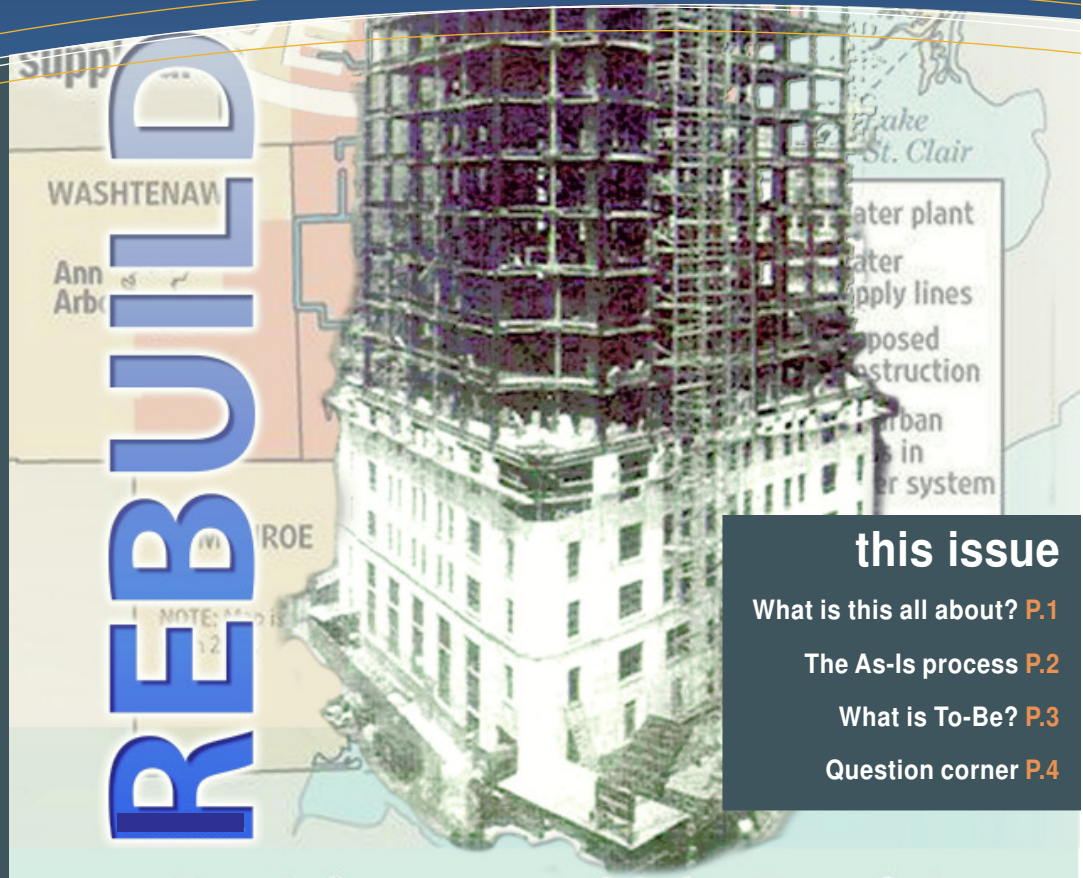
Ivala Marie Allen
Finance/Administration
Team

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IT/Support Team

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CURRENT | ENVIRONMENT

The mission of the Detroit Water and Sewerage Department (DWSD) is to be effective and efficient while working to be the water and wastewater utility of choice in this region. To create our future, DWSD is committed to engage the entire organization. The department faces a situation of increasing costs and declining revenues defined by the Director as the “perfect storm.” As the costs to treat water and wastewater increase at a rate greater than household incomes, water and sewer services will become less affordable. Federal regulations gauge water and sewer services as affordable if bills are less than 2 percent of the median annual household income. In June

2012, the bills for DWSD retail customers averaged 2.64 percent of the median annual household income for sewer services and 1 percent for water supply.

We cannot afford to do nothing if we desire to be affordable and sustainable as an organization. To achieve our mission, we partnered with consulting firm EMA to begin an organizational optimization through doing a 90-day assessment (Phase I), job designs, and piloting. Changes are required in DWSD to reduce the trajectory of rate increases and limit the impact upon the customer.

- How are we going to get from the current staffing levels to the target proposed in the EMA report? How long will it take to reach the target assessment levels? Is the number proposed by EMA final?

- The first step in the process is to validate the proposed target. If that validation occurs, we will work carefully to achieve that target. That will be accomplished both through attrition and the strategic implementation plan, which has not yet been established. The current plan calls for a minimum of 5 years, but we do not know how long the process will take.

'AS-IS' | PROCESS

Starting before the Christmas holidays of 2012, five job design teams were formed to complete Phase II of the Organizational Optimization Project, which included teams assigned for Water, Wastewater, Field Services, IT/Support and Administration/Finance. The Steering Committee, composed of executive management staff, formed job design teams from volunteers and additional employees who were nominated when necessary.

The "As-Is" Process was to document current operations and work practices. Each 10-member design team, created to encompass the scope of expertise within each discipline, collected documentation from the department as the basis for the business process development. The teams then gathered information from other staff within their departments and brought staff in to join the discussions.

The teams each documented their own "As-Is" business processes, operations, and procedures, resulting in more than 50 documented processes. The processes were documented to identify where inefficiencies may be present in the technology, procedures, or structure of the organization. Through analysis of the documentation from the teams, a number of common functions were identified. Some processes were redundant; other processes had the same label and functioned differently.

Weekly "take-back" messages, summaries of team progress that welcomed feedback, were provided by the teams to employees.

"Quick wins" were identified by each team. A quick win is an improvement that results from an easy, immediate change that brings efficiency or cost savings with very little (or no) investment. Some quick wins included additional training activities, changes in budget meeting procedures, alternative equipment, and investigations into equipment failures. The "As-Is" business process; quick wins; and communications, technology, and reporting requirements were developed in four weeks. Each team made a presentation to the Steering Committee in January for review.



'TO-BE' | PROCESS

During the “To-Be” process of the Organizational Optimization Project, it became evident that DWSD historically has been an organization where the employees had worked in “silos.” In other words, the organizational structure emphasized individual sections, divisions, and groups, instead of an overall, department-wide perspective. Having a broad perspective of the department – while understanding DWSD’s core business and how we serve our customers – will be critical in moving forward in optimization.

Each of the five teams facilitated by EMA and overseen by the Steering Committee created new job descriptions and recommended changes to “As-Is” processes. Those recommendations and new job descriptions focused on the “Perfect Day,” which would exemplify ideal, normal, daily work environments in the future DWSD. The “Perfect Day” would include the “right-sizing” of processes, job functions, and equipment.

Some current job functions and processes didn’t seem to fit within the scope of the DWSD of the future. Those processes fall outside of DWSD’s core business – water and wastewater services – and can be handled through contractors to achieve cost savings.

Certain areas were found to have job and process redundancies. Those redundancies can be eliminated to help achieve the “Perfect Day.” Although certain levels of redundancy are necessary, the focus was to streamline all areas, with no compromise of safety or quality, and while still allowing for potential emergencies.

- What does “highly valued jobs” mean?

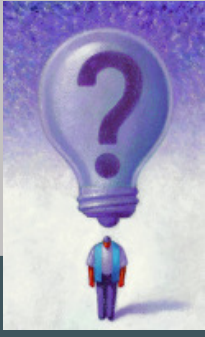
- These new jobs will be broader in scope, with focused training formulated within the boundaries of job progression and a succession plan. A market review of total compensation will be evaluated as part of the process. Recommendations will be made to adjust salaries according to Board policy, taking market compensation results into consideration.

PILOT | PHASE

The next phase of the Optimization Project consists of testing the recommended new job descriptions and processes that are designed to allow DWSD to operate as a flexible, team-based work environment. The pilot locations were determined during the “To-Be” process with input from the job design teams. Five departmental locations were targeted to pilot the new job descriptions and processes:

Field Services	West Yard
Finance and Administration	Customer Service Center (Water Board Building)
IT and Support	Help Desk Process
Wastewater	Secondary Liquids Process
Water	Water Works Park

The pilot teams are made up of current DWSD staff members with different skill levels, trades, and positions. Additional training will be implemented to ensure that each team member will be able to perform the new day-to-day operations within the new business model. The pilot phase allows necessary adjustments to the job descriptions, processes, and equipment to ensure positive change and success.



What is going to happen to me as an employee? What happens to the employees who stay after attrition occurs?

All current job descriptions will be obsolete. Every DWSD employee will have to apply for the new jobs. For those employees who are not in a new job classification, but are committed to moving forward with DWSD's transition efforts, DWSD will make work available via the Resource Group. In the Resource Group, employees will accept assignments for any work for which they are trained or qualified. There will be a need to address work backlogs, cover work assignments for others in cross-training, cover peak work periods, etc. DWSD anticipates that employees in the Resource Group will also receive training.

The November 4, 2011, Federal Court Order addressed the employee selection process. DWSD collective bargaining agreements shall provide that promotions in DWSD shall be at the discretion of management and based upon skill, knowledge, and ability.

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MESSAGE | FROM THE DIRECTOR



Sue F. McCormick

Our organizational optimization effort is well on its way! With over 150 volunteers, 50 employees from across DWSD joined together in five design teams to explore the way we work today and envision our future. Their efforts and the efforts of those they called upon to learn more about the way we work in all areas of the utility, led them to a series of recommendations that are different than those that EMA made at the close of their 90-day assessment. That was the plan: EMA is here to challenge our thinking about how we can do our work and facilitate our discussions as we create the DWSD of the future. This is our organization and when EMA's work is complete, we will have the knowledge and skill sets necessary to set about continually improving the way we work...for the benefit of our customers and the communities we serve.

We are engaging new groups of volunteer employees in test driving some of the new job designs and business processes as described in this issue. What we learn from piloting will help us refine the design team recommendations. We will be piloting recommendations on a schedule that takes us through November 2014, methodically and deliberately, managing the change effectively as we go. We will be speeding through this process, engaging more and more employees along the way to get the best results.

In this process I have observed LEADERS emerge along the way in every design team, in every pilot team and in every work area. This leadership throughout the organization will create that organization that is sustainable in providing outstanding and affordable service to our customers and to the region.

MESSAGE | FROM THE PROJECT MANAGER



Cheryl D. Porter

I am truly honored to serve as the Project Manager on the DWSD Organization Optimization Project. The task of overseeing such a tremendous effort to develop a new way of doing business has been challenging. However, working with dedicated DWSD employees who remain optimistic about the future of DWSD makes this opportunity a rewarding experience. I am very pleased with the level of employee interest and excitement since the implementation of this project. For example, our initial call for volunteers had an amazing response; we received almost three times the number of volunteers as positions available. I look forward to continuing the momentum as we move towards positive change at DWSD.