
Business Process Improvement Model

Update on ISO

Briefing to the Finance, Audit & Accountability Committee

April 10, 2006

Purpose

- ❑ To present the implementation of a long range business process improvement model utilizing International Organization for Standardization (ISO) principles for City departments
- ❑ To present an update on implementing an Environmental Management System (ISO 14001) for 11 City Departments
- ❑ To present an update on implementing a Quality Management System (ISO 9001) for Street Services

Background

- ❑ The City Council identified five focus areas of concentration for FY 2006:
 - Public Safety
 - Neighborhood Quality of Life
 - Economic Development
 - Staff Accountability
 - Trinity River Project

- ❑ Additionally, the City Manager launched an initiative to focus on *Customer Service* throughout the organization

Background, continued

- ❑ In April 2005, implementation of an Environmental Management System (EMS) was mandated by the CMO in 11 City Departments
- ❑ By September of 2005, City Departments began experiencing benefits from the EMS including improved compliance, collaboration between City Departments, and identification of efficiencies
- ❑ The Transportation & Environment Committee was briefed in October 2005 with an update on the work to identify the ways the City impacts the environment

Background, continued

- ❑ City Management encouraged the Street Services Department to investigate the potential benefits of partnering with the University of Texas at Arlington and their Texas Manufacturing Assistance Center (TMAC) to improve the City's street repair operation

Background, continued

- ❑ Recall that you were briefed in November 2005 with an overview of the Department of Street Services, objectives of the ISO 9001 initiative, and the implementation status of the QMS within one Division of the Department
 - One of the primary goals of this project was to implement a closed-looped network of processes resulting in an effective, efficient, and customer oriented business model
 - Historically, ISO principles were mainly adopted by manufacturing companies seeking to reduce cost and increase efficiency ultimately to remain competitive
 - Our results include a documented quality management system; improved internal communication, consistent and repeatable processes, corrective and preventive action systems to facilitate continual improvement and employee buy-in

Background, continued

- ❑ As Street Services began to see the benefits of standardizing business processes, the City Manager and her staff expressed an interest in expanding this initiative to multiple City departments
- ❑ The benefits of ISO registration for many organizations include:
 - Improved consistency of performance
 - Higher customer satisfaction levels
 - Improved customer perception
 - Improved productivity and efficiency
 - Reduced costs
 - Improved communications, morale and job satisfaction

Background, continued

□ Testimonials for ISO registration

- "The discipline and consistency to processes that came with ISO registration and certification have affected not only our corporate culture, but our frontline employees who now have complete written work instructions to enhance job performance and reduce mistakes. Using ISO 9001 guidelines, employees also have the opportunity to submit corrective actions and feedback for improvement in any phase of our operation. We even encourage our customers to submit corrective action requests. All of this has resulted in higher productivity and better employee morale as they understand where they fit into the organization." - Linda Nolden, Texas Star Express, an ISO 9001 certified transportation company, Rockwall, TX

Background, continued

- Testimonials for ISO registration, continued
 - “The ISO 14001 Environmental Management System is the tool we decided to use to show our Berkeley citizens and businesses that we voluntarily do the right thing – walk the walk – and not to just pass legislation mandating that they do the right thing. The EMS provides ongoing opportunities to improve public image for us as a government agency and helps provide a positive image for the whole organization.”
 - Wanda Redic-Bland, City of Berkeley, CA Solid Waste Management Division

Background, continued

- ❑ The Texas Manufacturing Assistance Center at UTA has worked with more than 575 organizations, including:
 - Motorola
 - Pilgrim's Pride
 - Texas Nameplate (Dallas-based manufacturing company; Malcolm Baldrige Award recipient)
 - City of Waco
 - City of Garland
- ❑ The City Manager directed a number of department executives and managers to form a **Task Force** to bring various initiatives that support the five focus areas together to achieve a united approach in meeting goals

Actions Taken

- ❑ The Task Force determined that these initiatives could be integrated and furthered by an initiative to improve business processes through the implementation of a Quality Management System in major departments
- ❑ Because EMS and QMS functions overlap, it is efficient and logical to move forward with a broad, combined perspective
- ❑ As validation of the improvements were made, the Task Force recommended that these departments seek registration according to the International Organization for Standardization principles

Actions Taken, continued

- ❑ The goal is to position City departments to:
 - Reduce waste
 - Utilize repeatable and consistent processes
 - Set and achieve goals
 - Provide accountability
 - Seek registration from the International Organization for Standardization (ISO)

Implementation Approach

- ❑ Embark on a strategic Citywide approach (multi-year) for business processes improvement
- ❑ Use efficiencies gained to enhance or extend customer service activities
- ❑ Contract with the University of Texas at Arlington and their Texas Manufacturing Assistance Center (UTA-TMAC) to provide professional services including development of policies, procedures, work instructions, records and forms and follow-up audits

Implementation Approach, continued

- ❑ Efficiency Team responsible for overseeing this initiative
 - Experience analyzing, recommending, and implementing organizational and process improvements
 - City-wide perspective increases cooperation and integration between departments

- ❑ Future opportunity to hire resources internally and build in-house capability to take responsibility, reducing role of UTA-TMAC

Implementation Approach, continued

- ❑ The proposal outlined by the Texas Manufacturing Assistance Center at UTA includes plans to work on 2 or 3 departments at a time, with a total of 14 departments ready for registration by May 2009
 - In addition to Street Services, the first planned department is Equipment and Building Services, followed by Dallas Water Utilities
- ❑ Integrate the implementation of an EMS for 11 departments with an expected completion date of April 2007

Implementation Approach, continued

- Each department will follow the same basic plan
 - Phase I – Conduct research to fully understand the problem and the uncertainties of the current operation environment
 - Phase II – Design and develop a solution to the problem (includes documentation requirements for ISO registration)
 - Phase III – Install new processes or implement improvements to existing processes

What is Needed

□ Commitment

- Heavy involvement and buy-in from department executives and employees
- Direct connection to performance plans

□ Consistent leadership support for a long-term, phased approach

- Cannot expect immediate results in all cases
- Following initial certification, it is a perpetual, continuous improvement process

Next Steps

- ❑ Continue the implementation of an EMS with an expected completion date of April 2007
- ❑ Continue work done in Street Repair Division by implementing QMS and obtaining registration for entire Street Services department by late 2006
- ❑ Brief Council Committees:
 - Transportation & Environment
 - Finance, Audit & Accountability
 - Quality of Life
- ❑ Prepare City Council agenda item to approve \$496,750 for first year of UTA-TMAC contract on May 10, 2006

Next Steps, continued

- ❑ Communicate progress with regular briefings to:
 - City Council/Appropriate Committees
 - City Staff
- ❑ Foster peer-to-peer connections between Street Services employees and counterparts in other departments to increase anticipation and acceptance

Funding

- The cost of the proposal outlined by the Texas Manufacturing Assistance Center at UTA for a Quality Management System (ISO 9001) in 14 departments and the proposed source of funds are identified in the table below

	Estimated Cost	Proposed Funding	Departments Included
Year 1	\$496,750 ¹	Contingency Reserve	STS, EBS, DWU
Year 2	\$382,000 ^{1,2}	FY 06-07 Budget	CCS, CTS, DEV, EHS, SAN
Year 3	\$443,000 ^{1,2}	FY 07-08 Budget	LIB, PKR, PBW, CIS, AVI, DCC

1 Additional cost of third party auditor for ISO registration not included

2 Cost may be reduced if internal staff is hired and UTA-TMAC role decreased