



Positive Employee Practices

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REINVENTING GOVERNMENT

Quality and Customer Focus Revives, Streamlines 'Worst-Run' Organizations

When the U.S. House of Representatives decided to take a new look at its structure and operations, one of the independent auditors hired called it "one of the worst-run organizations ever reviewed in the history of the company." It was operated more like an afterthought than as a management exercise, says Scot M. Faulkner, chief administrative officer for the House.

"The administrative services, for

example, had no rationale to their system, no sense of bottom line, no documented procedures, no position descriptions, no equipment inventories, and no organizational flow charts. Some structures had been in place since 1790. They were not serving the customers."

Restructuring was obviously needed. The Speaker of the House and a Congressional transition team set into motion a strategic plan for

change in early 1995. They realized that they had to view the House as a business rather than in the standard way of seeing it as a political body, Faulkner says. As a political body, they saw House members, committees, leadership offices, and House employees. As a business, they perceived 500 separate business units with "CEOs," office staffs, and separate pools of money.

They also looked at the administrative services of the House in the new context of serving the 500 individual business units. The entire operation was to be run as a bottom line-driven, customer-

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focused business enterprise.

Reorganizing Services

Faulkner, formerly vice president of Philip Crosby Associates, was recruited as chief administrative officer, and he, in turn, hired an expert team of permanent and temporary change managers from companies such as Disney, Toyota, and IBM. To implement the plan:

□ The team analyzed the 1,100-employee administrative services operation, and asked, "Which services support the individual business units?" They planned to abolish those that didn't and to outsource those which could be handled more effectively by vendors.

□ Instead of trying to revamp the 1,100-person operation, they created a new 600-person parallel organization, which would eventually replace the original structure. All remaining administrative services were consolidated into one central office, known as the Office of the Chief Administrative Officer (CAO), directly reporting to the Speaker. The parallel organization also cut 12 previous management levels down to two, a model taken from top service providers in the hospitality, convention, and meetings industry.

□ Communication was crucial, says Faulkner, so management quickly presented the new organization chart and a list of reforms to all employees. Coverage of legislative authorization hearings for the restructuring by C-Span, the congressional TV network, and local media also served to explain the "how's" and "why's" to employees.

□ "We didn't downsize with a preordained number of cuts in mind. We included the people we needed to do the work and cut where we discovered extraneous activities, excess paperwork, and work which technology could handle more efficiently. Outsourcing also led to large numbers of cuts.

"We recruited for the CAO within the old organization, and, generally, employees whose experience matched our now-standardized position descriptions automatically won the new jobs." However, half

of the CAO's 50 managers were recruited from outside.

Vendors that won contracts for House services were also encouraged to recruit from its employee pool. In the end, 87% of the original 1,100 people were employed by the new organization or vendors.

Introducing New Organization

Faulkner then rolled out the new organization by visiting all 600 employees and holding one-hour, small-group awareness sessions. Every employee also got a half-day of quality management principles training. The old organization was phased out after several months.

Rewarding Environment. "We set up a proactively supportive management structure and a vibrant personal development environment, which quickly showed employees the new culture's benefits. For example, we started establishing individual development plans and training to help employees meet specifically created core competencies. We also introduced recognition programs, linking rewards like luncheons, free parking, and plaques to performance achievements."

Open Forums. Associate administrators sponsored brown-bag lunches and round-table discussions,

Scot M. Faulkner shares two key lessons learned from the reorganization process in the U.S. House of Representatives:

Move quickly. "If you don't rapidly put a sense of stability in place and show results, such as customer satisfaction or personal employee benefits, morale will plummet."

Establish clear guidelines. "Know where you're heading and have constant support from the top. We had that, so we could focus on the mechanics of the process, not get bogged down in its politics."

The new structure includes a front line of direct service providers and a layer of manager-facilitators, who are task leaders coordinating resources required by the front line.

While separate areas such as finance and human resources still exist, the CAO really performs like a cross-functional problem-solving team, structured around specific tasks and issues. Every employee is empowered to take the lead on customer needs and requests.

Morale Issues

Management also addressed morale issues during reorganization:

where groups of employees regularly dialogued about transition issues and alleviated rumors. Management also emphasized that cuts were not personal or because of incompetency, says Faulkner.

Counseling. An employee assistance program provided counselors to help employees deal with feelings about the transition. An internal outplacement service, modeled after other organizations' best practices, offered job counseling and training for displaced employees.

Contact

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Results of Restructuring in Congress

- Administrative costs fell from \$69 million to \$44.1 million.
- Work cycle times and accuracy are now tracked weekly and monthly. Cycle times decreased in some instances from weeks to days, and in others, from days to hours.
- Vendor payment accuracy rates increased from 50% to 100%.
- Focus groups and satisfaction surveys were introduced to ascertain what new services the House wanted and how existing ones could continue to be enhanced.