



Iowa DOC Leaders

Turn to Staff for Cost-Saving Solutions

By Kevin Heisler and Gary D. Maynard

Redirecting 5 percent of the Iowa Department of Corrections budget did not seem feasible a year ago, but today, the plan to achieve those potential savings is in the midst of being implemented. The source of the savings ideas — the department's own employees.

The effort started in late 2004, when the Iowa DOC laid out a vision to transform itself into an organization better equipped to proactively address and implement risk management and risk reduction strategies to achieve its objectives of increased public safety and reduced recidivism.

Although the governor and state legislature supported the department's efforts with the first new monies for corrections in several years, it would only be a start. To be successful, additional resources would need to be devoted to this effort. And if resources were to be found, it would have to come from within the existing corrections budget. However, this was no small task since budget cuts had already reduced the number of staff by 186 during the previous two years and because the DOC was already recognized as one of the more efficient correctional departments in the country.

Despite being a well-run organization (or perhaps because it was), the department's leadership team understood that there was significant potential to better spend its limited resources. Its highly independent institutions

had strong wardens and business managers and these leaders shared and coordinated well.

Even with much collaboration, there remained much of the organization's expertise that was not being used. Major projects that could benefit the entire department would start and then bog down. Work on opportunities that everyone in the DOC recognized as attractive kept getting pushed back in favor of fighting immediate-need "brush fires." Isolated successes in one or two of the institutions would fail to reach implementation in all of the others. The low-value, vestigial work processes that naturally accumulate in any large enterprise began to consume more and more of the department's staff and administrative human resources. Although far from entering a crisis situation, it was clear significant opportunities for improvement existed.

Identifying Low- and No-Value Work Steps

The solution chosen was presented as part of the state of Iowa's "Reinvent Government" initiative. Administrators sought to transform the department into one that put greater emphasis on risk assessment, risk management and risk reduction strategies by focusing on reducing recidivism and increasing public safety. Their drive to do so captured the attention and support of the governor and

legislative leaders. However, to succeed in this effort, the department needed to devote additional resources to key risk management and risk reduction strategies. The Public Strategies Group, assisting the state in its reinventing government strategy, recommended the services of a boutique-consulting firm, Reference Point, to assist the DOC in identifying internal resources to support its transformation.

One of the company's specialties is an externally led 360-degree review of every detail of an enterprise's operations, culling out the low- or no-value work steps, and enabling the client to reallocate the resulting human resource and financial savings to higher-priority needs.

Referred to as Sustained Fiscal Improvement, these projects entail managers (including the director and all deputy directors and wardens), supervisors, correctional officers and administrative staffers being encouraged to review everything they do and identify opportunities to cut costs or reallocate resources. Most often these opportunities consist of doing away with work steps that continue to be performed even though no one remembers why, or when many know that there are better, less expensive alternatives for achieving the same result. All entities of any size accumulate no- and low-value work steps over time, and while not completely exempt, Reference Point found that the DOC was in better shape than most entities of its size. Still, the department was anxious to launch the project and see what could be found.

Reference Point's experience showed the keys to success were:

- Highly capable management, correctional officers and administrative staff;
- The support and active participation of the staff within the department, since it is the staff who identify the opportunities for improvement; and
- The direct involvement and leadership of the director.

Communicating the Project's Value

Department staff had clearly proved over the years their expertise, professionalism and dedication to the department's mission, so the first key was in place. The director devoted his full energy and leadership to the effort, as it would be crucial for the success of the agency's transformation. However, garnering the support and active participation from a diverse body of employees turned out to be a nontrivial task.

Multiple communications were required with each of the institutions. The project was explained via every communication channel available:

- In the regular periodic (monthly and weekly) meetings held with deputies, wardens and wardens' staff;
- In memos signed by the director, distributed to every individual in the DOC;
- In meetings arranged and moderated in person by the consultants, held at every institution during each shift; and
- Personal calls from the director, in the couple of isolated cases where a more detailed discussion with a

manager/supervisor was needed for him or her to see the value of the project and importance of his or her personal participation.

With regard to the meetings with the consultants, separate meetings were held between the consultants and each of the three levels of staff — managers, correctional officers and administrative staff. This was done so that no one would feel undue pressure from his or her boss to submit or not submit potential cost-saving input.

The opportunity for every employee to submit his or her ideas with complete anonymity was a major factor that was established immediately. This is one of the main reasons for involving an independent party such as Reference Point; employees could submit their cost-saving ideas to a neutral third party and not worry about potential repercussions. Employees are also assured that the third party will take their ideas (once validated) to executive management and not allow mid-level managers and supervisors to squelch the suggestions prematurely.

The American Federation of State, County and Municipal Employees (AFSCME) represents a significant portion of DOC employees. Until the nature of the project and the integrity of the process were fully understood, there was some difficulty in winning the support and participation of AFSCME members. After hearing the explanation that this project was a great opportunity for the rank and file to have a material effect on future operations, participation from this body was so great that more than 80 percent of the total input for the project was from AFSCME-covered employees.

Not only does the input from AFSCME ensure a truly thorough review of all DOC operations and the highest-quality suggestions for process improvement and resource reallocation, it also gives a big boost to the ease with which findings will be implemented. With AFSCME members being the source of so many of the opportunities, it is expected that the practical aspects of the new work steps and processes will have been well thought through even before submission.

In the end, the DOC had wide participation, resulting in more than 1,200 submissions from the 3,000 employees in the department. The wide participation in this process from all staff — supervisory and nonsupervisory, union and nonunion, sworn and civilian — gives a big boost to the implementation phase of the project.

Examining Staff's Suggestions

Once the staff support was established, input was sent to interoffice mail, e-mail and voicemail boxes specially set up by DOC technology support staff. These separate channels reminded everyone of the confidentiality of the input process and the overall integrity of the input validation process.

Once there, each input suggestion was validated with the immediate supervisor of the source and with the next level manager/supervisor. Each level of the DOC gained a more detailed understanding of its operation and a renewed appreciation for its staff. Supervisors who had never performed certain tasks within their areas discov-

ered new opportunities for improvement. The supervisors and managers gained an appreciation for the forthrightness among their staff as inefficiencies were revealed and superior alternatives proposed.

As the submissions were being validated, dollar values were attached. Each submission was supposed to come with an estimate of the dollar savings. Normally, this estimate would require only review and an occasional adjustment.

In the case of the Iowa DOC, though, this step proved more difficult. A high proportion of the inputs came in with no dollar estimate at all. For the Reference Point representatives who had done this work extensively in the private sector, this came as a surprise. The staff members had insufficient basis upon which to estimate the dollar value of their ideas, either because of their lack of access to financial information or their experiences and skills. For DOC leadership, this finding in itself was telling: a significant portion of this staff could not directly associate dollar costs and benefits to their work. This shortcoming will be addressed over time in the continuing training plan for all levels of DOC employees. For the project, dollar values were projected using statistical reports and reviewed with the deputy director.

During the input gathering and validation steps, significant findings were being presented to DOC Director Maynard and his primary project sponsor, Deputy Director John Baldwin. This was done for two purposes:

- To give them the option to implement significant savings opportunities immediately instead of waiting for the end of the project; and
- To give them both a sense of how the project was going overall and an early indication of whether the project would produce change proposals the size of tidal waves or just a few small ripples.

Although the decision was made to defer implementation decisions to the end of the project, the interim reporting more than accomplished the second purpose. Only three weeks into the 12-week project, it was clear the project would exceed initial expectations, not just in dollar savings, but also in helping the department become a more responsive organization.

The next crucial step in the process was for the consultants to summarize the input into a form usable by the department's leadership. The 1,200 ideas were consolidated into nine major tasks. Receiving the final report, Maynard officially had in his hands the culmination of the project, the tangible manifestation of the expertise he knew lay uncaptured in the Iowa DOC — \$16 million in annual, recurring, hard-dollar reallocation opportunities.

On the Path Toward Transformation

As this article is written, the final job of implementation lays in front of DOC. To position the department for success, the following steps are being taken.

Continuing the proven philosophy of thorough communication, the director is meeting with prominent stakeholders both within and outside the department. Internally, Maynard is meeting with the leadership at each institution to make sure they understand the overall goal of the changes proposed and their individual roles and responsibilities in making them happen, and the operational and financial rewards that will accrue to the department as a whole as well as their individual centers.

Externally, Maynard has met with and received support from the governor's office and the Board of Corrections. He also met with the newly elected state president of AFSCME, Dan Homan, and received agreement from him and his local union presidents to participate on the steering committees to review and consider the priority projects.

Another step being taken includes establishing a project management position within the department. That position will be dedicated to taking the blueprint laid out by the Sustained Fiscal Improvement project, implementing the changes already thoroughly described and installing measurement devices to ensure that expected savings are occurring as expected.

The plan was for the implementation of each of the major priority projects to begin during 2005, with projected completion dates spread from October 2005 through June 2006.

The Iowa DOC was already a well-run operation, one that had fulfilled its vital and difficult mission successfully and with a good deal of operational and financial efficiency. However, by not accepting that it was doing as good as it could, the department discovered new improvements that will enable it to accomplish its transformation and promises to result in greater safety to the citizens of Iowa. Not satisfied with the intangible benefits of maintaining a well-trained management, correctional officer and administrative staff, DOC administrators made a conscious effort to unlock that underlying experience and expertise and turn it into tangible dollars for reallocation. Their reward: The potential savings could total almost 5 percent of the Iowa DOC operating budget freed up for higher priority needs.

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