

Business Re-engineering - Organisational Restructuring

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SUMMARY

Brighton Council, in southern Tasmania, utilised value management techniques to restructure and downsize its office staff. This was a novel approach for such a reorganisation in local government who traditionally use human resource and business consultants for such projects. Most participants were generally satisfied with the process and appreciated being consulted. However, post project follow up and evaluation was insufficient and could be improved in other such applications.

INTRODUCTION

Brighton Council forms the northern suburban area of metropolitan Hobart. It has some 13,000 residents and contains the largest industrially zoned estate in the south of Tasmania, as well as a large government housing estate development. With an area of only 168 square kilometres, its plant and staff levels are small in comparison with other Tasmanian councils of a similar population.

As Manager Engineering Services I was introduced to value management for the route selection of a section of the National Highway which passes through our municipality. I was struck by the rational and disciplined process offered by value management.

When our council was faced with a radical and painful restructuring of its office staff I immediately thought of value management. With Tasmanian facilitator, John Lennon, I put a proposal to Council's General Manager to use this method. We were fortunate to have a manager who was willing to try something new for this restructure, particularly since only one councillor, one other staff member and myself had even heard of value management.

BACKGROUND

Four years prior to the study the office staff was restructured from a traditional pyramid structure to a flattened management structure as shown in Figure 1. While this was in accordance with other local government changes in Tasmania at the time, it was largely created to accommodate the personalities within the organisation

Local government throughout Australia was under great pressure to comply with the National Competition Policy and varying degrees of competitive tendering. Councils were measuring performance and benchmarking in the search for best practice. Brighton was not immune to this pressure and it prepared to compete with the private sector.

The outside work force was dramatically reduced in size and scope over the next couple of years. We were the first council to sell its road plant; just imagine a council with no trucks, rollers or graders. We reduced the number of registered plumbers from four to one, closed the mechanical workshop and contracted out reserves maintenance.

While these dramatic changes were occurring in the outside work force the inside numbers were actually increasing. It is not difficult to understand the discontent this created with the outside workers. This discontent eventually spilled over to the elected councillors and it was clear to senior staff that unless an organised restructuring process was undertaken the Council itself would step in and impose a change. An internal audit was proposed to examine the current procedures and the relativity of the existing structure. The value management process was chosen as the vehicle to address these issues and improve the way the Council did its business.

Naturally the staff felt threatened and the relationship between them and the elected members was fairly strained. It was under this condition of suspicion and mistrust that the value management study began.

VALUE STUDY METHODOLOGY

The value management process brought together relevant stakeholders which included representatives from:

- a local progress association
- the major industry in the area
- ratepayers
- Local Government Association of Tasmania
- elected Council
- office staff
- outside work force

This was certainly the first time in Tasmania that any council had involved outsiders directly in the decision making process of how the council is structured. It was probably the first occasion that a Mayor, Deputy Mayor and two other councillors were on an equal footing with ordinary office staff in any major decision making that directly affected the staff.

There was some initial concern in bringing outsiders into the process and having more staff than councillors in the workshop, but to its credit, Council agreed to participate.

VALUE STUDY OBJECTIVES

Preliminary Objectives

The workshop objectives as included in the background papers were:

- to review the existing organisational structure
- to develop a new organisation structure that
 - provides the community with the most cost effective quality service
 - enables Council to comply with the principles of the National Competition Policy

Agreed Study Objectives

The preliminary objectives were reviewed by the Value Study Group with new study objectives agreed as follows:

- to develop an organisation structure that provides customers with the most cost effective quality service
- to develop an organisational structure that accommodates the National Competition Policy requirements for a separation of the regulatory and service delivery functions of the Council
- to identify discrete business units and associated high level functions

It is interesting that the participants immediately became proactive in expanding the objectives from those proposed by the General Manager. The workshop was off to a good start with strong and meaningful participation.

PROBLEM SITUATION

The workshop permitted an open and frank discussion of the problem situation and key issues facing Council. This was probably the first time elected officials, staff members and ratepayers had such discussions together. As the workshop progressed this became a real strength of the study as participants gained mutual respect for the opinion of others; while not necessarily agreeing with all of these opinions.

Project givens and assumptions were heartily challenged and it was interesting to find that the staff and councillors were really not that far apart in most issues.

KEY ISSUES

Some of the key issues identified were:

- the need for a customer oriented approach that embraces elected members and staff to ensure the needs and expectations of members of the community are met
- the recognition of Council's community service obligations
- the maintenance of a high level of staff morale

I selected these issues to demonstrate how far we had come in such a short time. The workshop had begun under a cloud of suspicion with a “them and us” mentality. Now the focus had changed to one of determining the best outcome for the community that Council serves. This was the first time that such customer focus had been articulated and that staff morale was acknowledged as an important ingredient in delivering quality service to our customers.

OUTCOMES

The workshop participants:

- **Agreed** on the need for the creation of a position of Deputy General Manager to assist the General Manager in the running of Council and to deputise for the General Manager in his absence.
- **Agreed** on a new organisation structure (as shown in Figure 2) that had the potential to satisfy the requirements of the National Competition Policy. Key aspects of this agreed structure are:
 - the structure allows for the separation of the regulatory and service delivery functions of Council
 - the Deputy General Manager to come from the Corporate Services area
 - the Customer Services Desk will be able to handle some 80% of all ratepayer or community enquiries, calling on expertise from specific Council functional areas for those enquiries they cannot handle
- **Agreed** that consideration be given to an elected member induction program to educate new members on their role and the operation of Council
- **Endorsed** the principle that the role of the elected member is to provide the **steerage** for Council and the community in developing policy and strategies while leaving the Council staff unimpaired to perform the day to day operations of Council, ie the **rowing**.

The last point is very ambitious. It has been and will continue to be quite difficult to have democratically elected persons stay away from the oars. I must admit, however, that some councillors have embraced this concept and have been very supportive of staff at the same time; perhaps the two go together.

ACTION PLAN

The following action plan was agreed by the participants at the end of the workshop.

WHAT	WHEN
Present workshop outcomes to Council for endorsement	20/5
Arrange staff meetings to present Key Points from Workshop	20/5
Notify Unions	21/5
Re-do job descriptions - convene Working Groups	21/5
Assign staff numbers to Organisational Structure Chart - Review current structure	21/5
Implement staffing strategy for new structure	1/8
Request Council to delay budget to July meeting	20/5
Identify consequential amendments to By-Laws	1/8 At same time as staffing strategy
Identify/Implement physical consequence for Office	30/6
Communicate workshop outcomes to customer	Next Newsletter
Check back with customers on the effectiveness of change	6 months after implementation

The above action plan is simple and easy to understand. However, it is at this point that value management let us down. We moved from a structured and disciplined process, managed by competent facilitators, back to our normal work routine with another action plan to implement.

Through no fault of the facilitators we seemed to believe that most of the work was done. The staff and councillors had been impressed with the study and looked forward to positive outcomes.

All but the last of the action items have been completed. However implementation of the new structure was a month late. More importantly was the poor communication between management, staff and elected councillors during the implementation phase. People were about to be made redundant, new positions were being created, office renovations were under way and the councillors expected immediate results. It was a time of uncertainty and the value study had not dealt with the potential problems.

From this experience I have drawn some recommendations and conclusions that may be relevant to potential users and practitioners of value management techniques. Some of my observations will reflect my ignorance of the process and I don't intend to blame any participants or facilitators for any shortcomings in our study and its implementation.

RECOMMENDATIONS

- The stakeholders should have ownership of the action plan and subsequent outcomes.

While the workshop drew on the collective input of the participants, for most the process had finished. All participants and even those affected but not directly involved had great expectations following the value study. A mechanism should be established for stakeholders to monitor and review progress.

- Value management techniques should be promoted in a wider variety of applications.

In Tasmania value management is not a household term or even recognised in a broad array of industries. Perhaps Tasmania is slower than other states but I doubt if it is that far behind. Therefore a large part of society is missing out on the benefits and resultant gains from utilising value techniques.

- The practitioners or facilitators should revisit the workshop as part of the study process.

To the workshop participants and stakeholders, the study facilitators' role ended at the close of the workshop. There was a perception that the facilitators walked away from the process at this stage. Part of the basis of engagement for the facilitators should include formal involvement scheduled after the action plan implementation. It would be incumbent on the facilitators to recommend this at the outset of study discussions.

- The action plan for implementing the study results should be seen as the beginning of a new process rather than the end of a workshop.

Determining the action plan after an intensive two days seems an anticlimax. Its importance was certainly stressed by the facilitators but at this stage of the workshop, participants and stakeholders were getting tired and anxious to go home. Perhaps the implementation could be considered during the objectives, analysis, creativity and development phases of the study.

- More emphasis should be placed on the outcomes rather than the process during the workshop.

In my opinion the destination was more important than the journey for our study. The process was essential but the focus seemed to be more on going through the steps and meeting the schedule rather than actually meeting the agreed objectives. I'm sure that the value techniques cater for this and the facilitators did attempt to keep us on track. I'm also sure that many participants got caught up in doing the steps rather than achieving the results. This ties in with the previous recommendation in that even the action plan itself is only a means of achieving the objectives.

CONCLUSION

- Value management is a valid technique for business reorganising and restructuring.
If it worked for us it can work for others in disparate industries and locations. Most people were satisfied with the way the restructuring was done. The complaints revolved around its implementation, not the process.
- Value management enables and utilises input from nontechnical and unskilled stakeholders.

Our study included a wide range of people with differing levels of education, skills and experience. All were treated equally and all input was valued and given equal consideration. Not only did this foster mutual respect but it gave many a good insight into previously unknown issues. Many other restructuring attempts have excluded such input either directly by not involving such people or indirectly by using jargon and complex analysis techniques.

- Value management facilitates results derived from the inherent skills and knowledge of those closest to the situation.

Value facilitators actually help stakeholders determine their own solutions. This is in stark contrast to many human resources and other consultants who will very happily provide their own expert solutions. We were especially impressed with the value study and facilitators in this regard.

- Value management gives credible results by involving a wide cross section of stakeholders.

Our value study included persons external to the organisation which was a novel concept to both elected councillors and staff. After some initial trepidation it was embraced by most if not all participants. This in itself was an extremely important feature of our study and showed a level of maturity that we hadn't realised of ourselves. These external stakeholders not only appreciated the invitation to participate but also the extent to which their input was valued. At the end of the workshop we all felt that the project outcomes were truly credible and easy to defend.

We were very satisfied with the value management techniques used for our restructuring process and would strongly recommend that they be used by others for similar projects.

Figure 1

**BRIGHTON COUNCIL
ORGANISATION STRUCTURE**

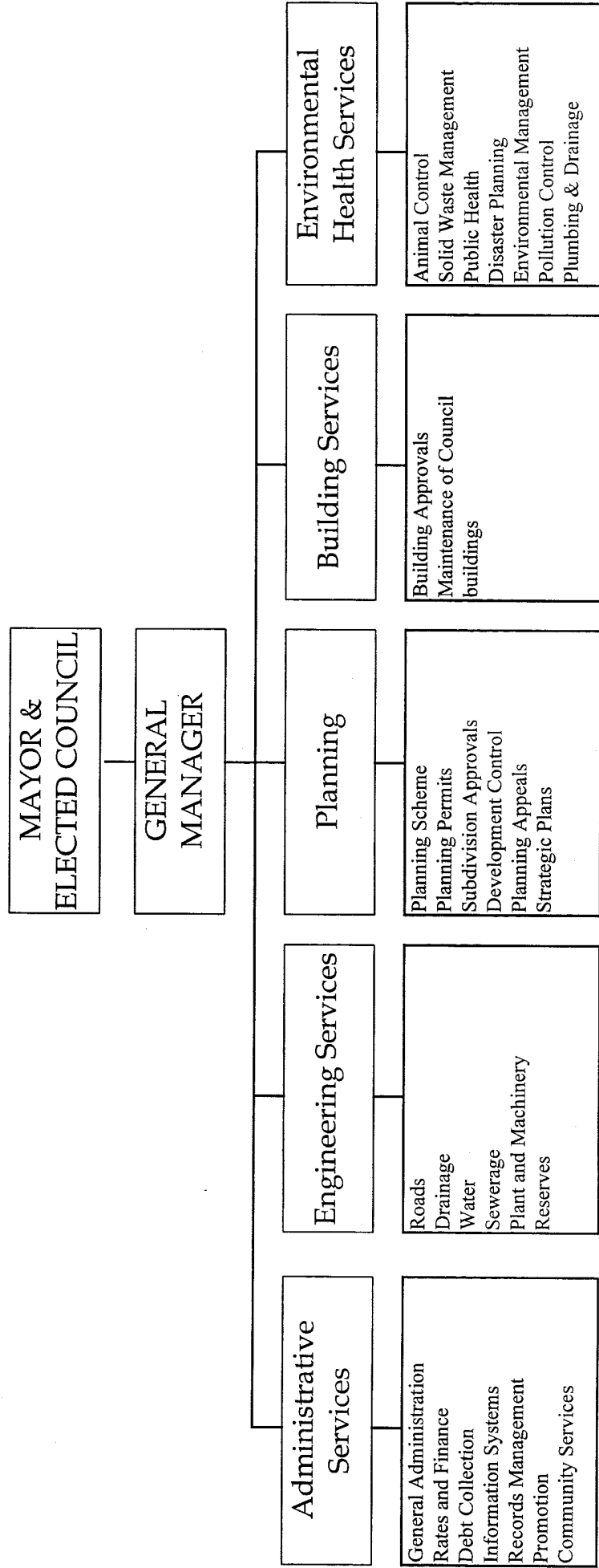


Figure 2

PROPOSED BRIGHTON COUNCIL ORGANISATION STRUCTURE

