



# Creating Change Starts with an Organizational Assessment: *A Field-Tested Approach*

---

**2018 NEWEA Annual Conference**

January 22-24, 2018

# Why Change?

- » The world is changing, we must change with it.
  - Changing customer expectations
  - Changing regulations
  - Changing technology
  - Changing workforce
- » We can always do a better job.

**CHANGE**  
*is the only*  
**CONSTANT**

# In the Old Days...

***If a customer asked you to prove that your utility is doing a “good job” how would you respond?***

***“Trust me, I’ve been doing this job for 30 years. I can assure you we meet all of the regulations and we’re doing a good job.”***

# Today's World

***“Why do we replace 3 miles of pipe every year?” That seems like a lot.***

- New City Manager

***“That was the amount we negotiated with the City Council about 15 years ago. That number fit into the capital budget.”***

- Utility Manager

***“Well, all the departments are taking a hit so let's cut that number in half unless you can show me a reason why 3 miles makes sense.”***

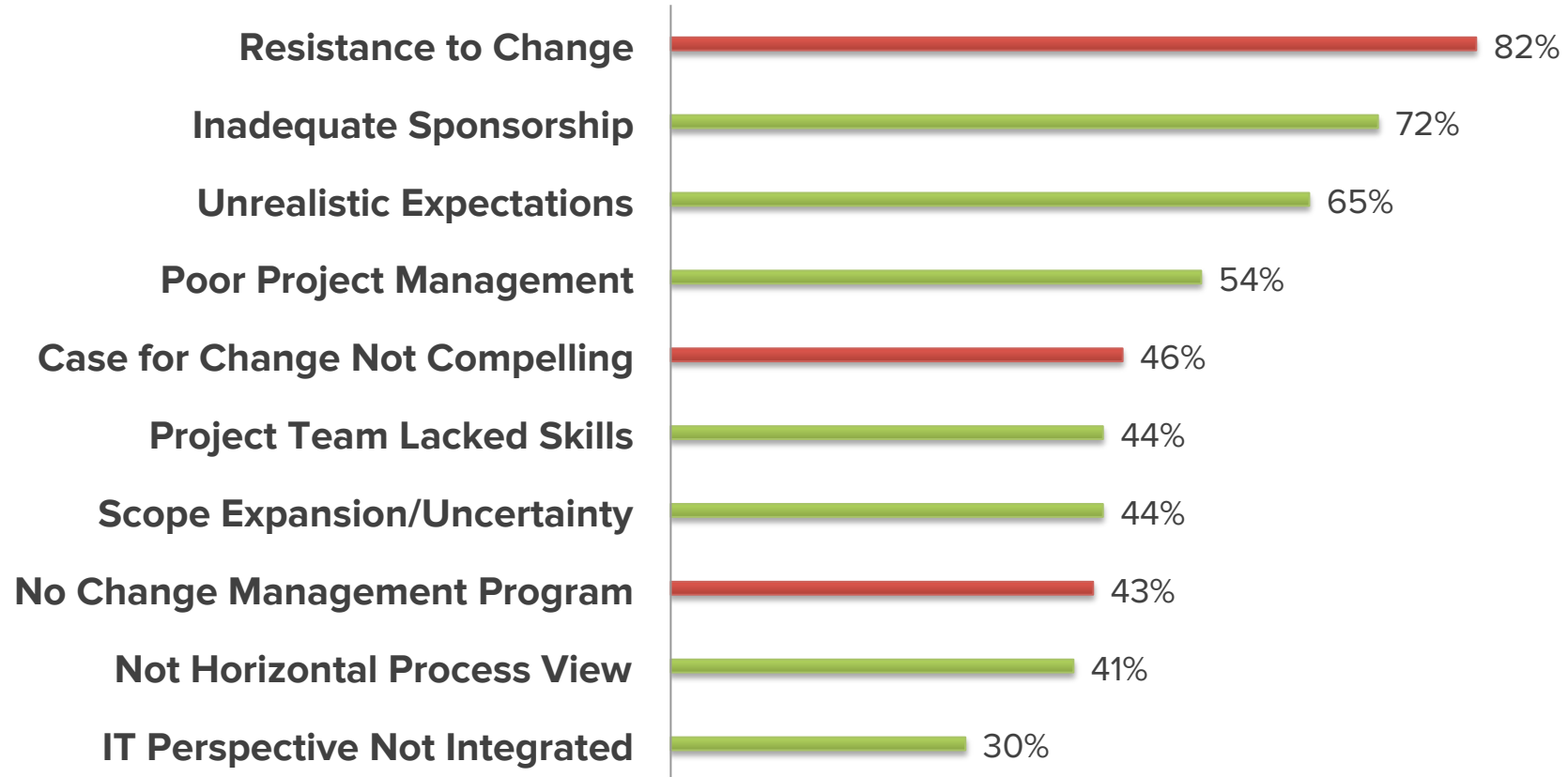
- New City Manager

THIS IS HOW WE WOULD GET TO WORK  
IF WE BELIEVE THE SAYING:



“IF IT AINT BROKE,  
DON'T FIX IT!”

# Change Initiatives Often Fail

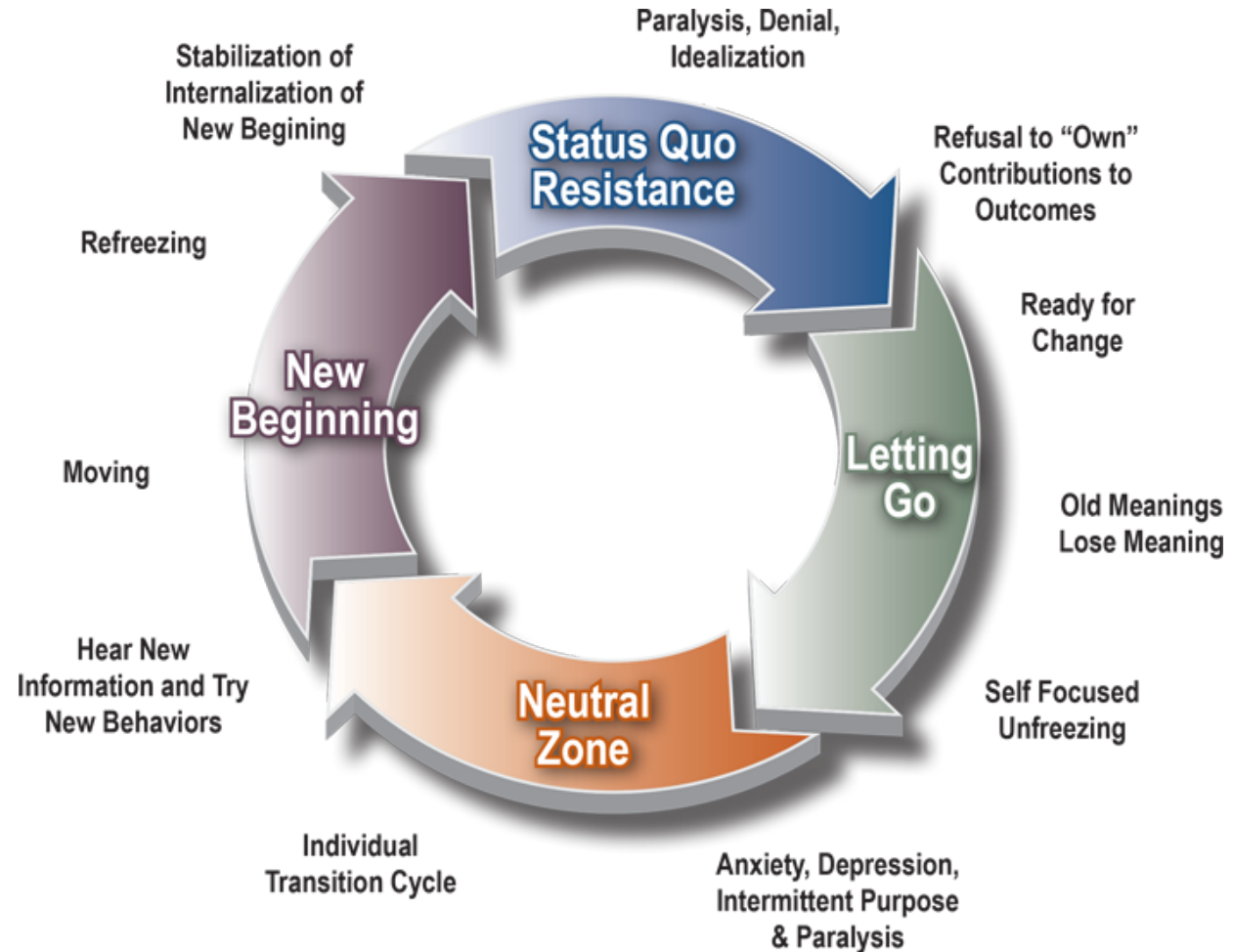


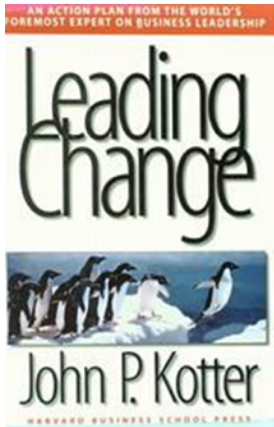
Source: Deloitte & Touche Survey of CIOs Regarding Business Transformation: Barriers to Success

# Change is Hard

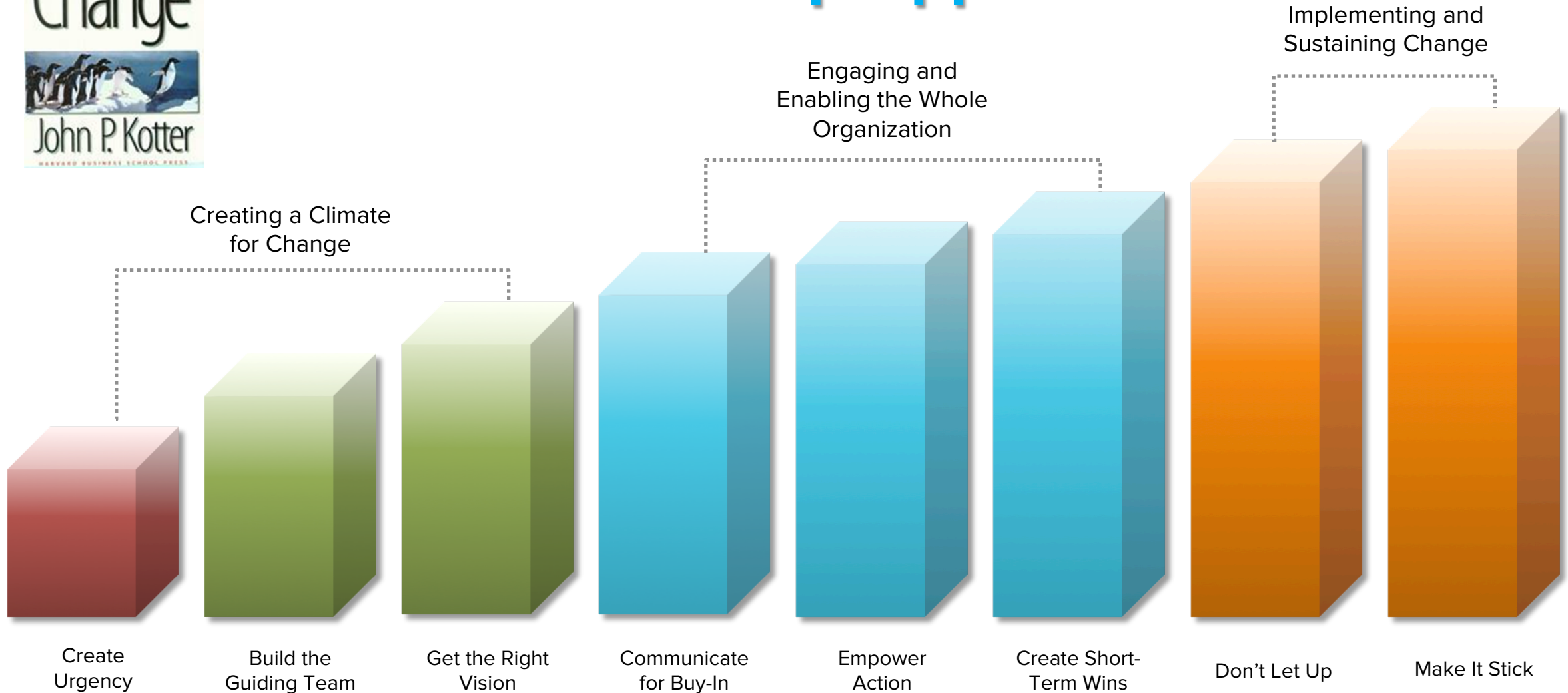
## The Stages of Change

Improvement always involves change, which must be thoughtfully managed with proven approaches.





# Kotter's 8-Step Approach





# Creating Urgency is the Most Difficult Step



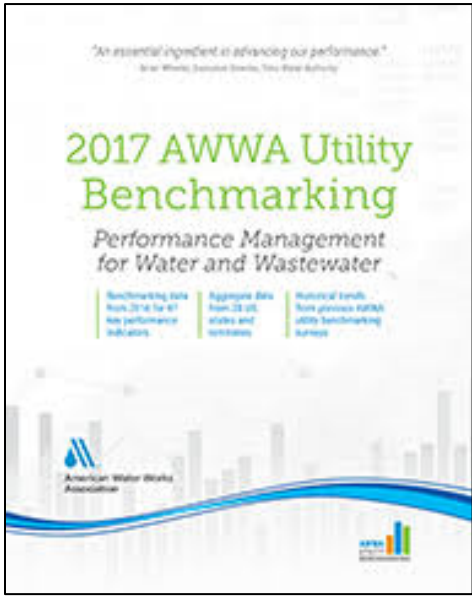
## Satisfy the Head, but Aim for the Heart

- ✓ **Create a Thoughtful Experience** – Be sensitive to presentation, when its delivered and by whom. Is the message coming from a trusted supervisor during a meaningful one-on-one session or delivered via email? How it's delivered can be as important as the message.
- ✓ **Appeal to All the Senses** - Effective messaging works on all our senses. Consider talking about and showing what needs to happen. Let people experience the change by going through the motions to see what it feels like.
- ✓ **Don't Shoot for Just Any Emotional Reaction** – A convincing change message is a call to action, a motivator. It shouldn't elicit anger or frustration, hopelessness or contempt. Look to create positive, motivational messaging.
- ✓ **No Need to Explain Feelings** – The messaging will lose meaning if it appears contrived or robotic. The director who explains to workers that he is visiting their job site so they can see that he's interested in what they're doing has missed the point. The feeling from the change messaging should be obvious and unspoken.
- ✓ **The Message Must Be Inspirational** - The change experience must motivate people to raise their aspirations, emotionally embrace goals, and ditch the status quo.

# **Organizational Assessment**

# Elements of an Organizational Assessment

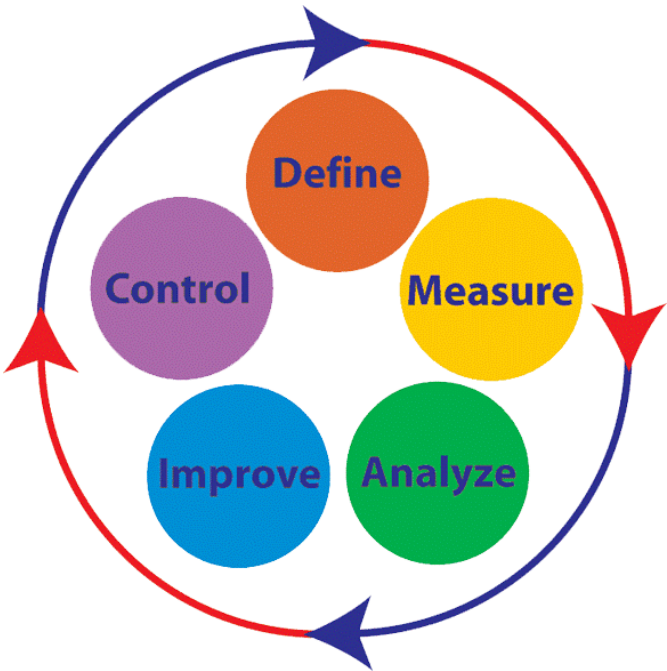
## Satisfy the Head



Metric Benchmarking



Practice Benchmarking



Business Process Analysis



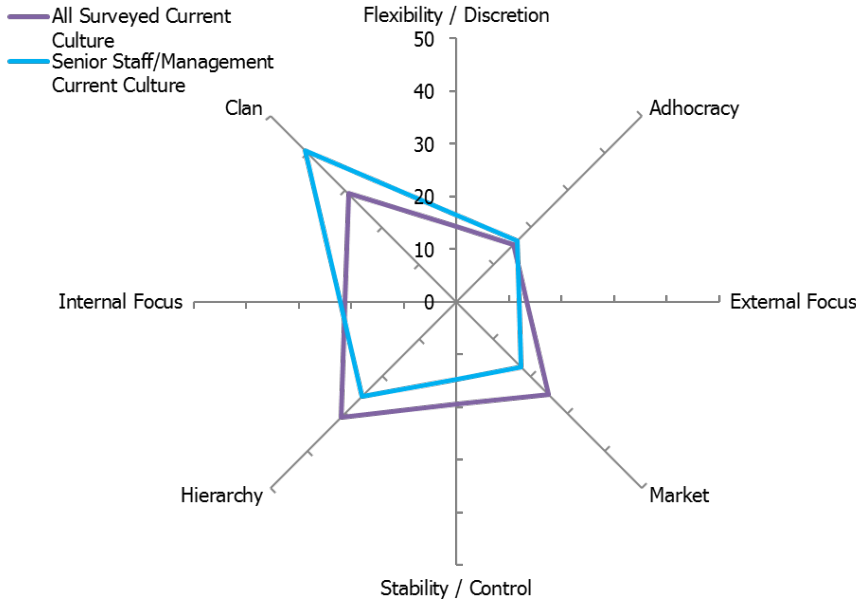
Expert Opinion

# Elements of an Organizational Assessment

## Aim for the Heart



Environmental Scan



Cultural Assessment



Surveys (Internal/External)

# Elements of an Organizational Assessment

## Aim for the Heart

|  |   |
|--|---|
| <b>STRENGTHS</b><br><i>(What are our greatest assets?)</i>   | <b>OPPORTUNITIES</b><br><i>(What can we improve or innovate?)</i> |
| <b>ASPIRATIONS</b><br><i>(What is our preferred future?)</i> | <b>RESULTS</b><br><i>(How do we know it when we see it?)</i>      |

S.W.O.T. or  
S.O.A.R.



Interviews



Group  
Exercises

# Big or Small – The Same Principals Apply

## Big Systems

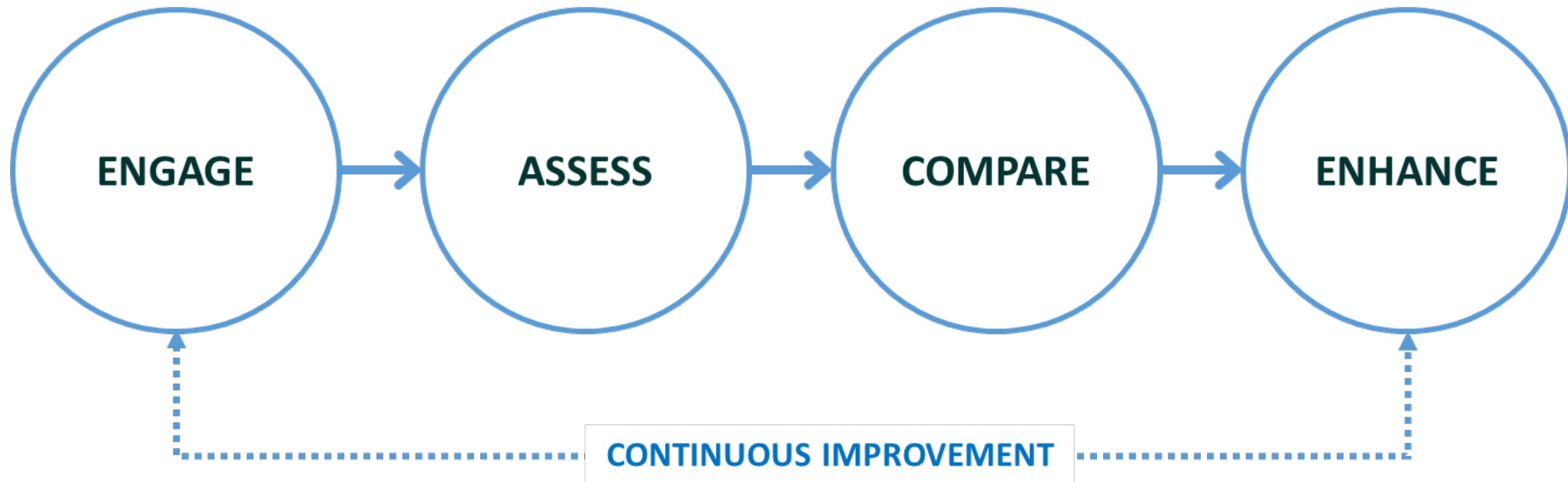
Pittsburgh Water and Sewer Authority  
Cobb County-Marietta Water Authority  
(Georgia)  
Puerto Rico Aqueduct & Sewer  
Authority (PRASA)  
North Texas Municipal Water District  
Metro Water Services (Nashville)  
Boston Water and Sewer Commission  
Polk County Utilities (Florida)  
Orange County (Florida)



## N.E. Systems

Portland, ME  
Portsmouth, NH  
Concord, NH  
Lowell, MA  
Lawrence, MA  
Haverhill, MA  
Waterbury, CT  
Connecticut Water Co.

# General Assessment Methodology



# Case Study #1 - NTMWD

## » Water, Wastewater and Solid Waste Wholesale Utility

- Service area bigger than Rhode Island north of Dallas
- Population served ~1.6 Million
- 750 employees

## » Big Issues

- New senior management
- Changing culture
- Rapid service population growth
- Weather challenges and water resources
- Regulatory issues
- Member communities don't always agree, especially about financial issues





# Case Study #1 - NTMWD

## » What Did We Do?

- Extensive interviews ~175 employees and board members
  - S.O.A.R.
  - Benchmarking and practices assessment
  - Employee surveys
  - Environmental Scan
  - Group validation and discussion
- » Made over 40 individual recommendations



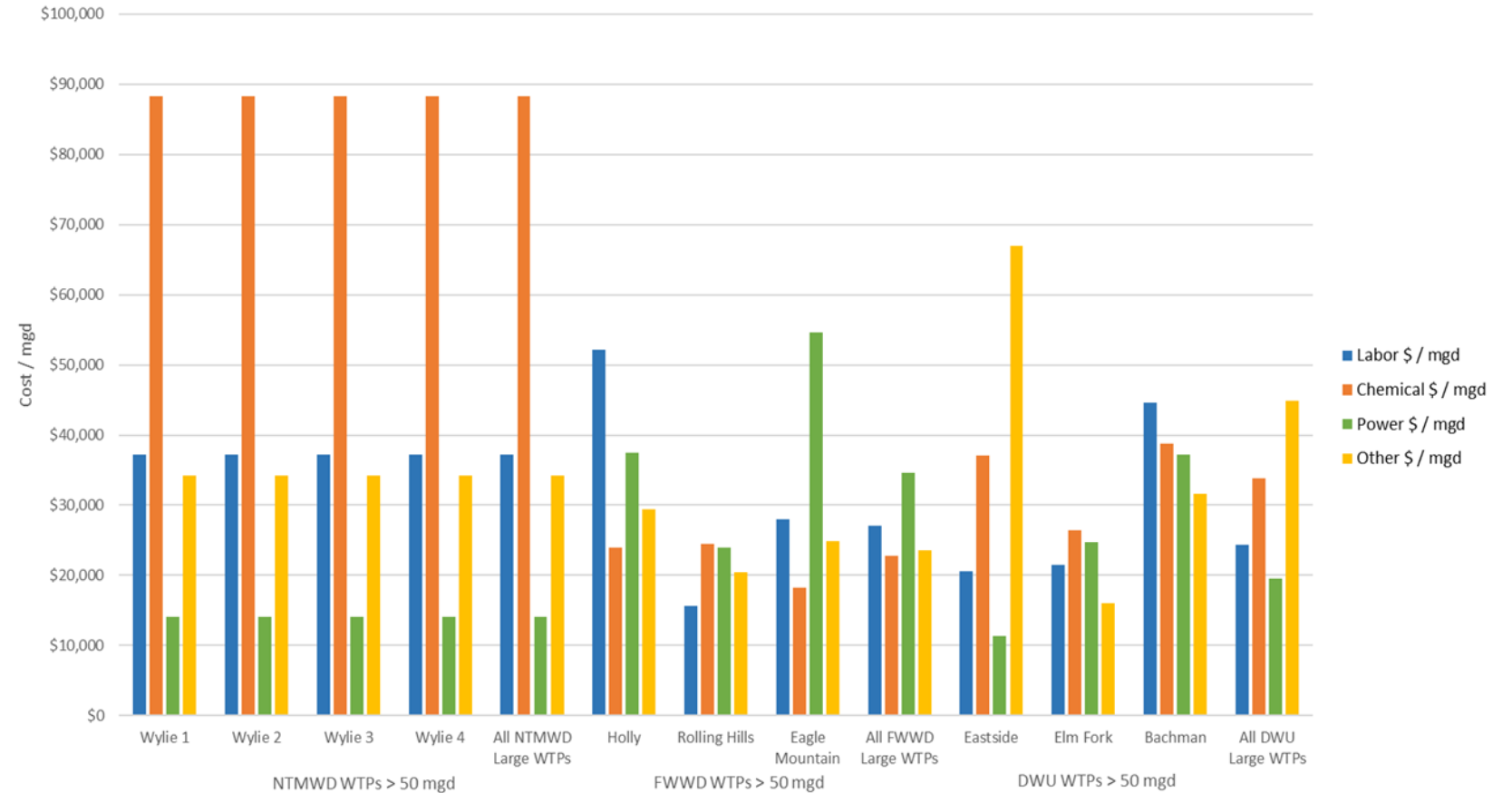
800 MGD NTMWD Wylie Treatment Facility

# Case Study #1 - NTMWD

## » Results

- Identified potential opportunity for chemical savings through benchmarking
- Potential savings over \$6 million per year
- NTMWD is investigating further

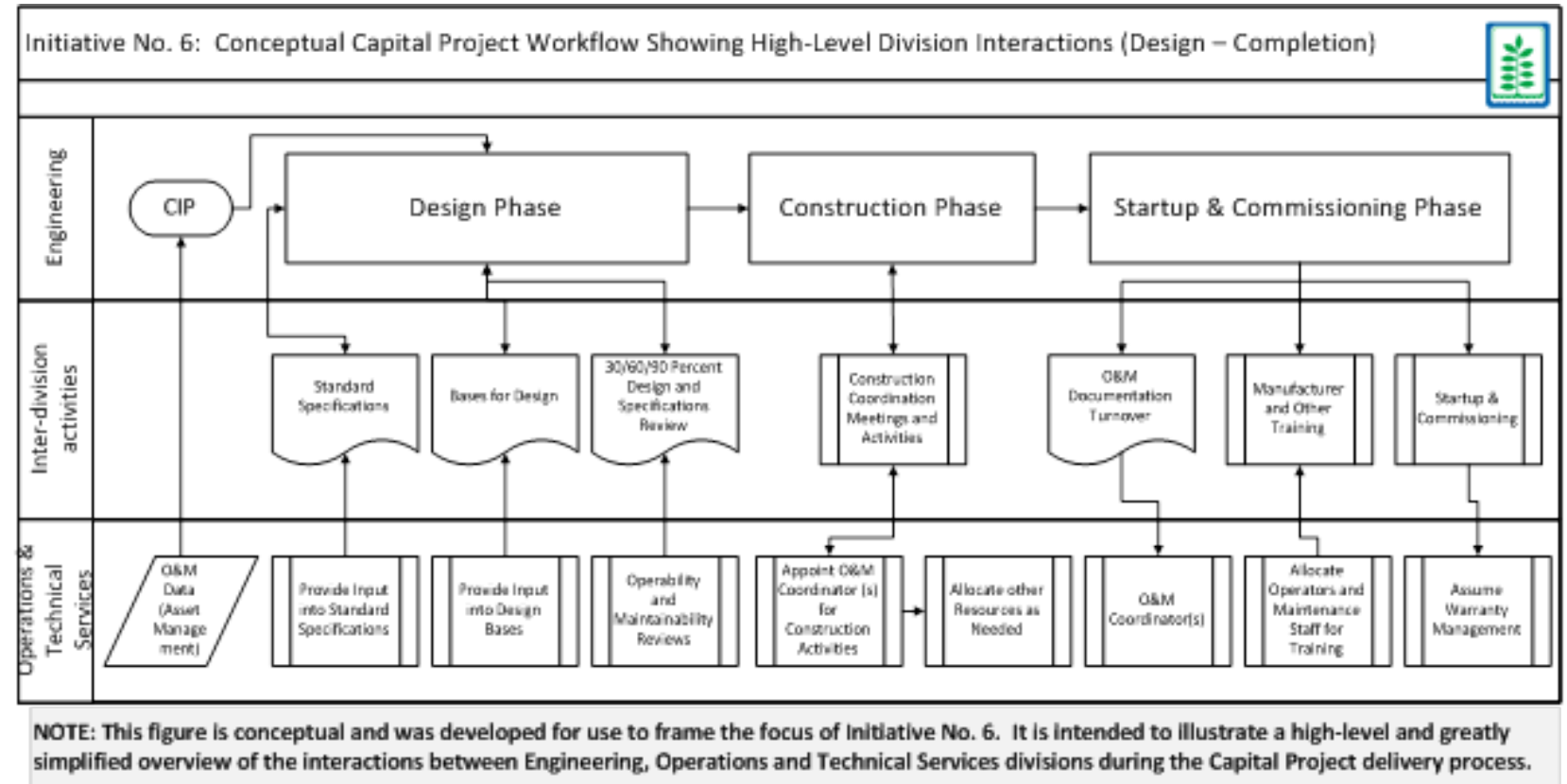
NTWMD, FWWD, DWU Comparison:  
Budgeted Unit O&M Costs



# Case Study #1 - NTMWD

## » Results

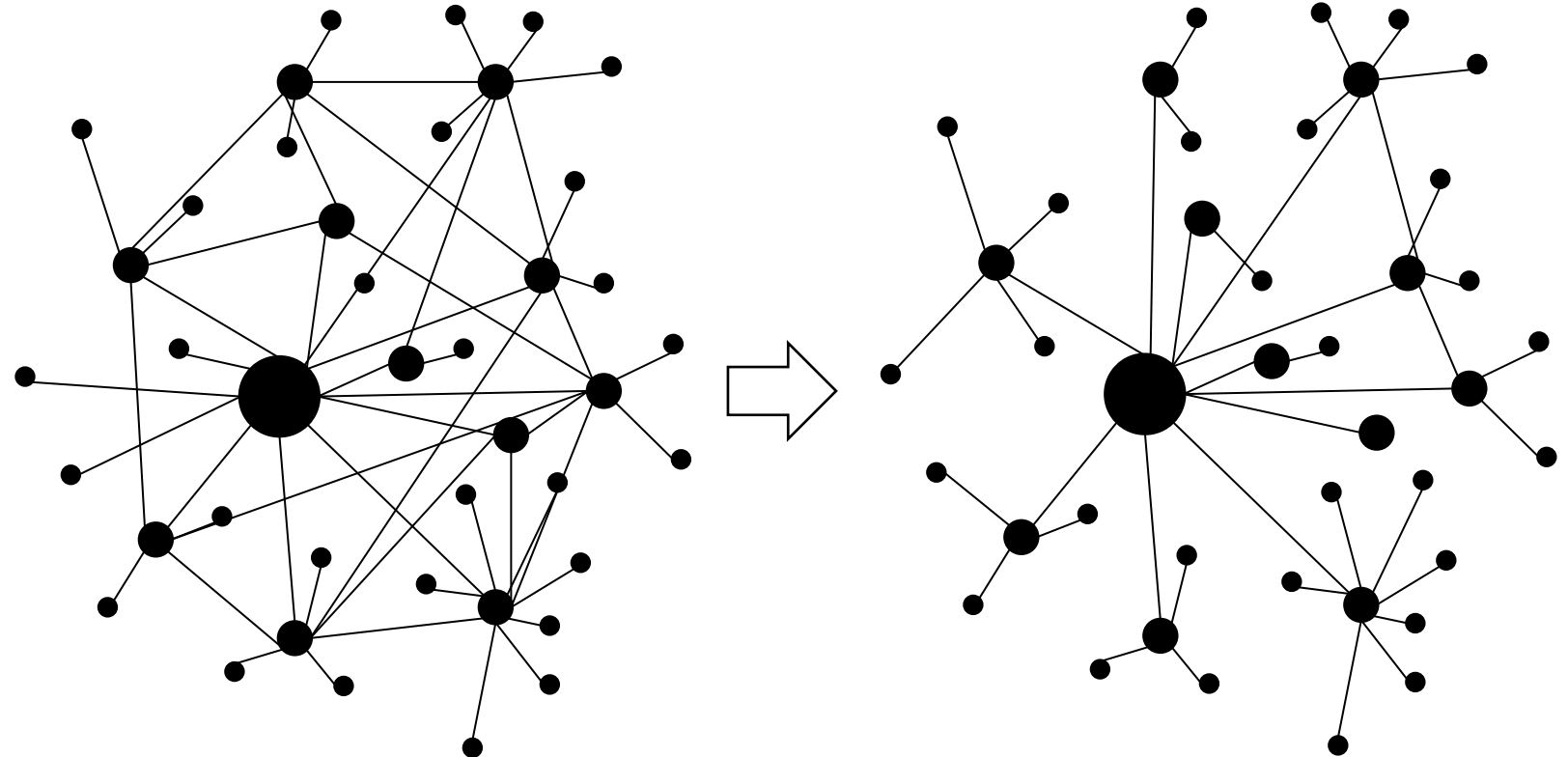
- Suggested process changes to improve capital project delivery and operability
- Potential savings: millions over the lifecycle of the assets
- NTMWD is hiring staff and realigning activities



# Case Study #1 - NTMWD

## » Results

- Recommended cultural shift in Wastewater Division from “federated” model to more centralized approach
- Helped justify 75 additional staff



# Case Study #2 - PWSA

## » Water, Wastewater Collection and Stormwater Utility

- Population served ~300,000
- 175 employees

## » Big Issues

- Old infrastructure
- Chronic underfunding
- High senior management turnover
- Changing culture
- Arcane municipal arrangements and policies
- Regulatory issues
- Changing business climate
- Recently regulated under Pennsylvania PUC



Pittsburgh  
Water & Sewer  
Authority

# Case Study #2 - PWSA

## » What Did We Do?

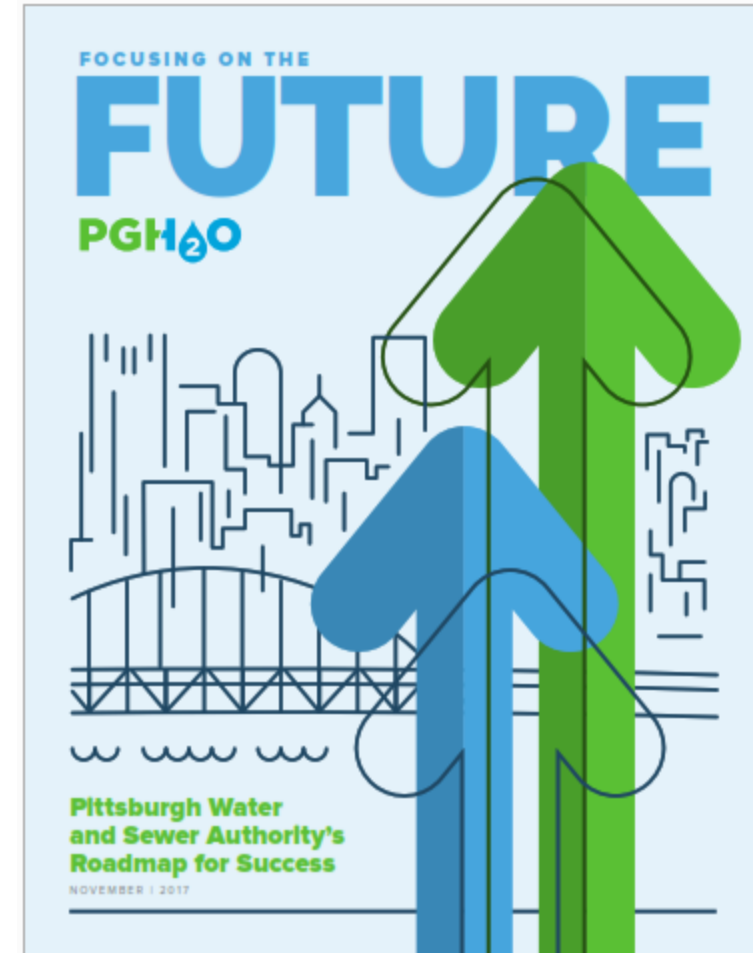
- Benchmarking and practices assessment
- Rate analysis
- Process improvements
- Organizational and Compliance Plan
- Governance Assistance
- PUC Compliance Assistance



# Case Study #2 - PWSA

## » Results

- Developed an *Organizational and Compliance Plan* to deter privatization and contract operations
- Provided a series of organizational goals and benchmarks with timeframes
- Helped guide PWSA toward governance changes to address lingering issues
- Justified a 48% rate adjustment over the next three years – 28%, 10% and 10%



# Case Study #2 - PWSA

## » Results

- Established a Performance Improvement Office (PIO) with the following duties:
  - Monitor metrics
  - Assist with performance improvement projects across the organization
  - Train staff of perf. improvement techniques
- Projects underway
  - Metering
  - Maintenance management
  - Process optimization





**THANK  
YOU**

**Seth Garrison**

207.303.0138 / [sgarrison@raftelis.com](mailto:sgarrison@raftelis.com)



**NEWWEA**  
WORKING FOR WATER QUALITY



**RAFTELIS**  
FINANCIAL CONSULTANTS, INC.