

Compliance and Enforcement Transformation

DEP/internal stakeholder meeting

Feb 7, 2011

Public Hearing room
NJDEP Headquarters 401 E. State St.

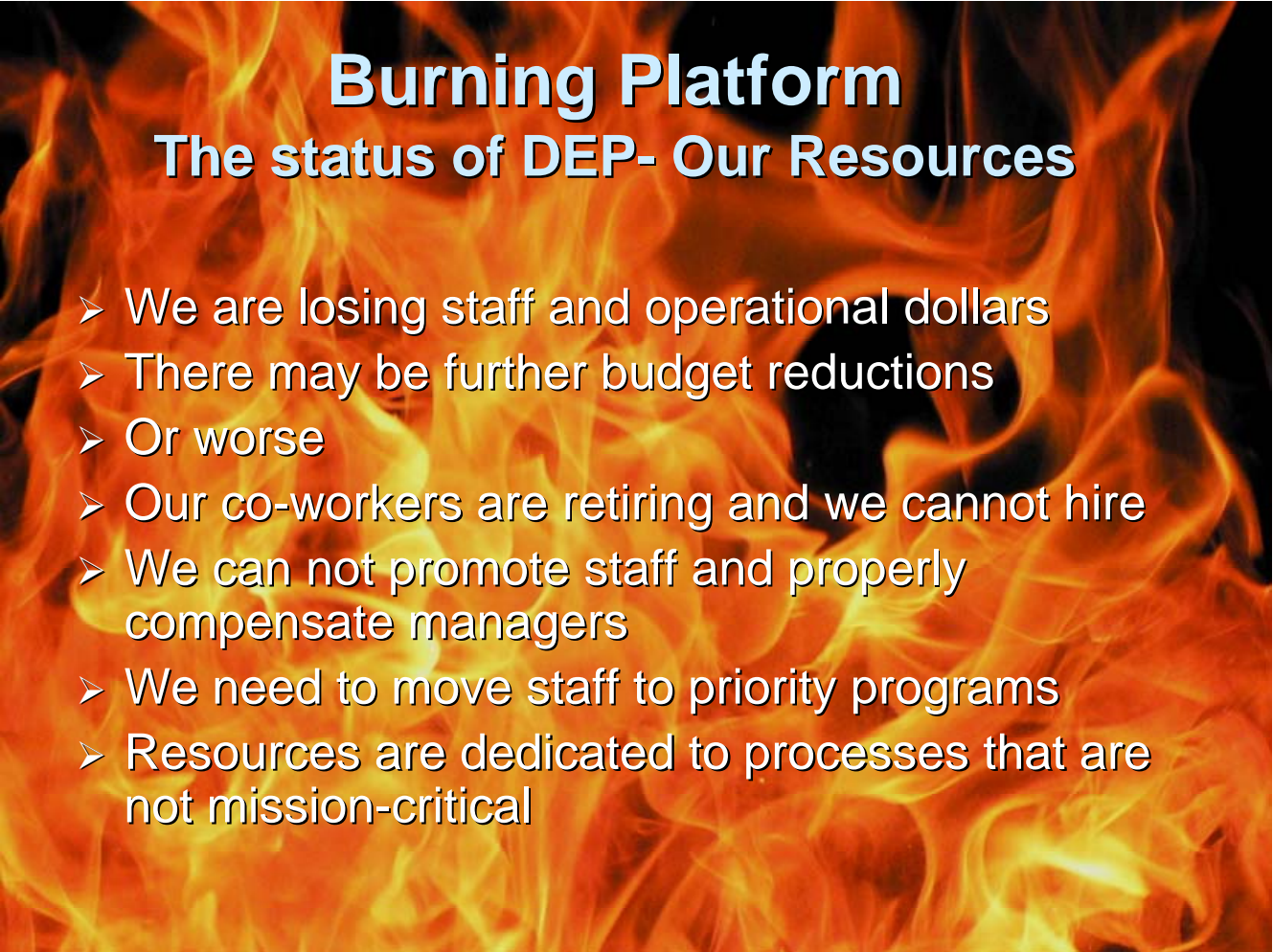
C&E's Approach

Steps:

1. Panic
2. Struggle
3. Get real
4. Find help

Panic?

- Yes. You are on fire!



Burning Platform
The status of DEP- Our Resources

- We are losing staff and operational dollars
- There may be further budget reductions
- Or worse
- Our co-workers are retiring and we cannot hire
- We can not promote staff and properly compensate managers
- We need to move staff to priority programs
- Resources are dedicated to processes that are not mission-critical

Panic?

Yes. YOU have to find
your program's
paradise and build a
bridge to it!



Panic?

Yes. YOU have to get most of YOUR staff to agree with ALL of these statements:



1. I believe this organization needs to change. (burning)

2. I understand where this change effort will take us. (paradise)



3. I believe this effort will make us more successful.



4. I am confident we can accomplish this.



Struggle?

- 30 page Transformation Plan
- 124 page Red Tape Review report
- 300+ suggestions for C&E alone

- High expectations
- Short timeline
- Staff who've "heard this all before"
- What's critical?
- What's a priority?
- Which ideas are best? Are these all the ideas?
- What criteria do I use?
- Who decides?
- What are the results we are expected to deliver?
- How much can we change and in what ways?
- What authority do I have?
- Who do I involve, when and how?

Get Real

Recognize the opportunity

- “Transformation” is not new, circumstances are new
 - Economy (biggest decline since 1945)
 - Tools and information advancing exponentially
 - New players, lots of turnover
- Leaders have empowered us to make the changes
 - No top-down solutions
 - Big ideas welcome! New players welcome!
 - Superb people are in charge of the change
- We have Amazing people!
 - We need both a culture change and a culture release
 - Many were already burning inside, find them
- We have enough people (if we do this right)
 - True empowerment multiplies capacity

Get Real

Recognize our limitations

- Honestly assess our abilities, history, etc.
- 70% of large scale change initiatives fail
 - What are we doing differently than the past?
(to answer the “been there, done that” crowd)
 - What are we doing differently than the 70%?
 - How would we know?
- Change efforts have a rich history
- People are key, but so is process
- Help exists

Get Real

- Irene Kropp is a superb Change Agent



- I am not Irene and neither are you



Change Agents

CRITICAL to successful transformation
VERY RARE!

Any of these outcomes sound familiar? What's your history with change?

Table 1.1 Change agent skills.

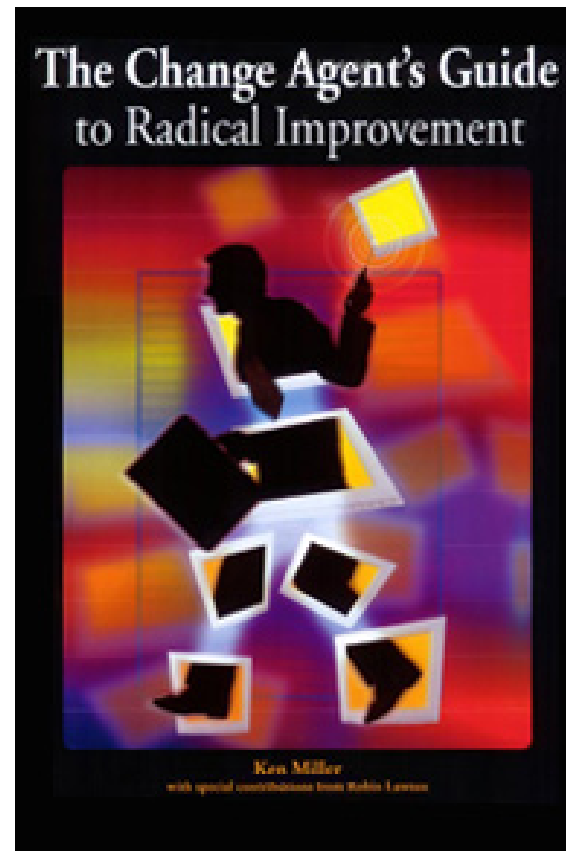
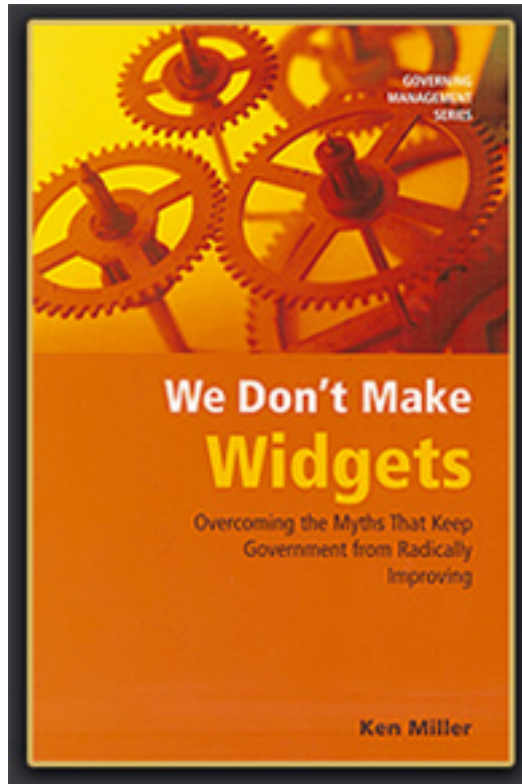
Business knowledge	Change processes	Facilitation skills	Tools	Politics of change	Result
✓	✓	✓	✓	✓	Radical improvement
0	✓	✓	✓	✓	Minor improvement with little bottom-line impact
✓	0	✓	✓	✓	Wrong solution for situation
✓	✓	0	✓	✓	Mediocre ideas with little consensus or passion
✓	✓	✓	0	✓	Lots of talk, little progress
✓	✓	✓	✓	0	Good ideas that never get implemented

What Help Did C&E Find?

- Ken Miller
 - Veteran Change Agent
 - Governing Magazine contributor
 - Over 100 large scale *government* initiatives
 - Concrete results
- Conceptual framework for change in government
- Detailed Practical guidance (a “How To”)
- Draws on the best of many other “business” frameworks
 - Statistical process control
 - Six Sigma
 - LEAN manufacturing
 - Illuminates when to use each specific tool or approach

Ken Miller

- <http://www.wedontmakewidgets.com/>



videos at: <http://www.wedontmakewidgets.com/videos.htm>

Change Concepts

We only get change in three ways:

1. Improve a widget
2. Improve a process
3. Create a new process or widget

All change is affected by teams working on discrete projects, with deliverables and deadlines.

Widget:

- Something created by work, which can be given to someone else to achieve a desired outcome.
- Widgets must meet the following four rules:
 - Widgets are things – cars, permits, contracts, licenses, NOVs
 - Widgets are deliverables – rules, regulations, articles, pamphlets
 - Widgets can be counted – invoices, permits, vendor lists, meetings
 - Widgets are specific – inspection reports, training classes
- Widgets come in two types: those you can see such as reports, permits, licenses; and those that are invisible such as answers, meetings, assessments.
- Widgets are the link between our “factory” and our customers.

Systems:

Processes (including the inputs, suppliers, and employees who work in the processes) that produce widgets for customers in order to achieve some desired result or outcome.

Customers:

- End users of our widgets
- The people we had in mind when we designed the widget.
- They will personally use the widget to achieve a desired outcome.
- There could be multiple customers who have competing interests.
- The customer is the link between our widgets and our outcomes.
- *Note that “the public” or taxpayers are only our customers when they use our widgets. More often our customers are those we regulate.*

Investors or Shareholders:

- The public, taxpayers

Stakeholders:

- All those with an interest in our actions and especially our success.
- These will include customers, employees and investors/shareholders/taxpayers.

C&E's Approach

Steps:

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2. Struggle
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Transparent
Share EVERYTHING

5. Stakeholder sessions

- a. authority
- b. results/measures

6. Steering group

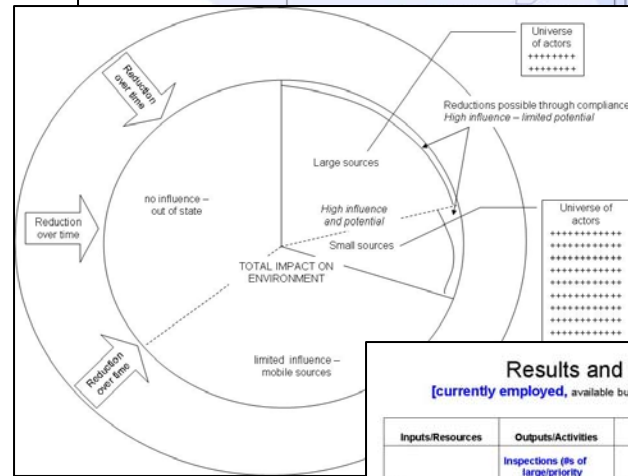
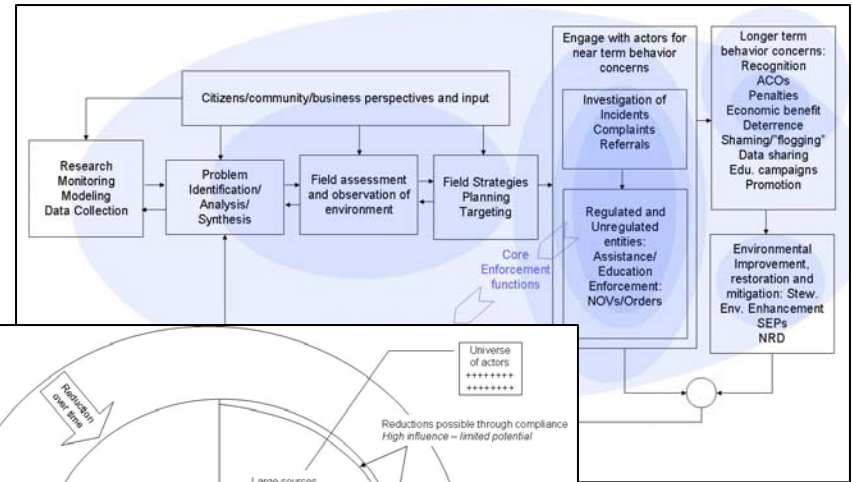
- a. Key systems

7. Teams

- a. analysis, project priorities
- b. customer focus
- c. implementation

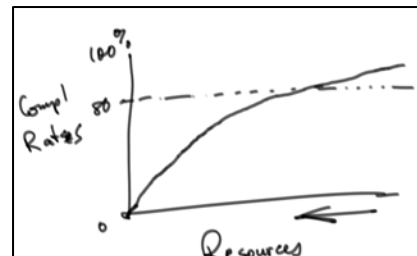
5. Stakeholder (shareholder) sessions mid-Dec 2010

1. Obtain useful feedback on possible changes to, and expansion of our role
2. Develop measures or results that we are empowered to seek and capable of delivering



Results and Measures
[currently employed, available but not employed, not yet available]

Inputs/Resources	Outputs/Activities	Intermediate Outcomes	Final Outcomes/Results
staff	Inspections (# of large/priority sources)	compliance rates	reduced pollution
vehicles	enforcement action	stewardship participation	cleaner air
computers	penalty	behavior changes	cleaner water
	appropriateness		
	Complaint resolution times	People trained	
phones	Inspections at high risk, unmanaged sites	Improved knowledge	sufficient and clean water supply
GPS tools		Improved practices	healthy communities
monitors			
cameras			



Results C&E is expected to deliver and “authorized” to achieve

1. High but meaningful compliance
2. Better behavior from others resulting in better environmental protection or outcomes (whether mandated or not)
3. Finding, clarifying and fixing environmental problems as directly as possible.

6. Steering Group Charter

(Jan 7, 2011)

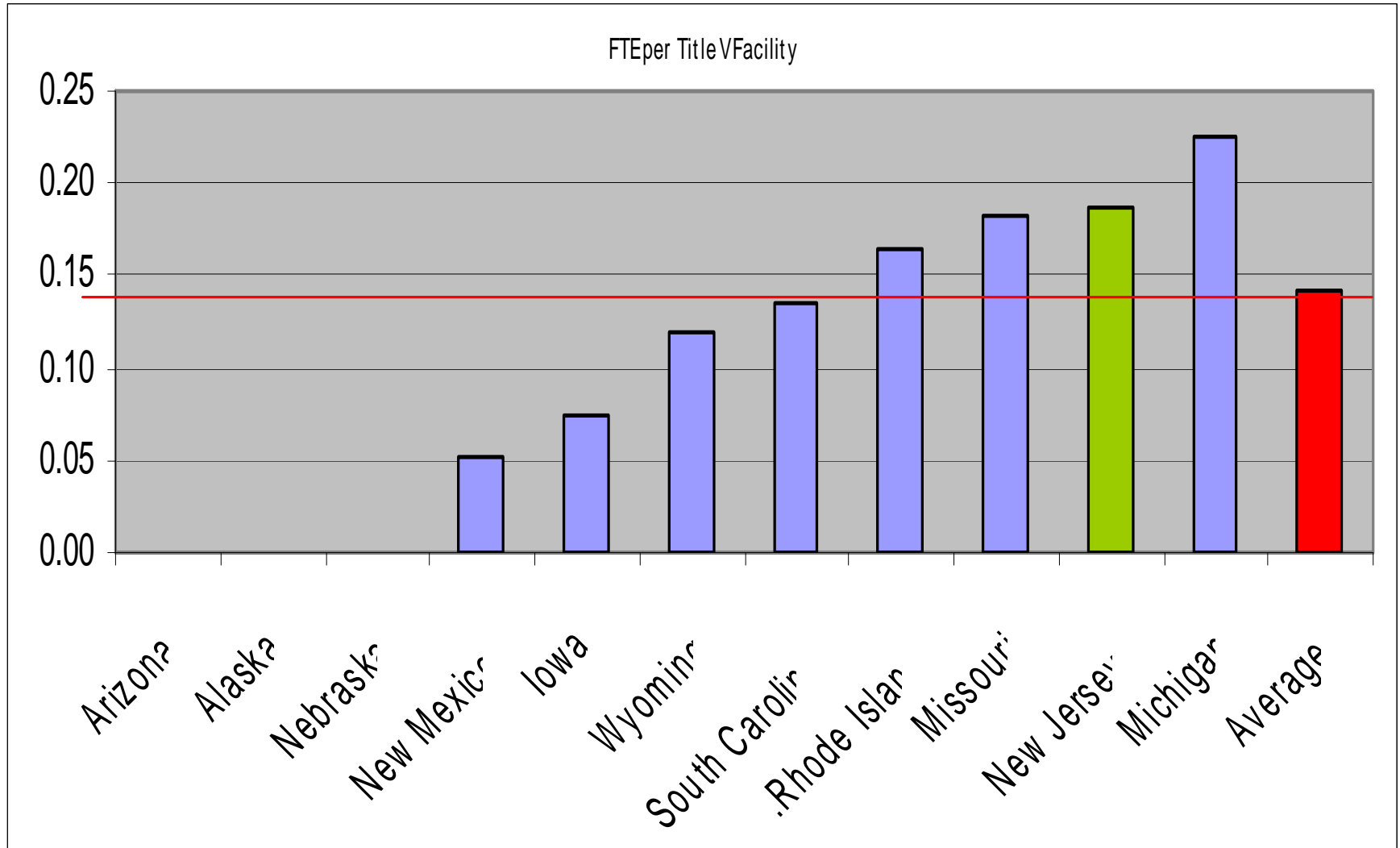
- To manage the large scale change initiative within C&E
 - Keep focus on measures and results
 - Understand systems of work
 - Define key systems that deliver results
 - Ensure a focus on the customer
 - Adjust for political and management demands
 - Prioritize projects for changes to deliver results
 - Possible oversight of specific projects
- To formalize the group's work into C&E's continuous improvement system

Steering Group Charter

- The group will be successful if...
 - selected projects address key systems; are supported by solid analysis, clearly showing why they are the priority; and especially how desired results are maximized.
 - selected projects are realistic and feasible

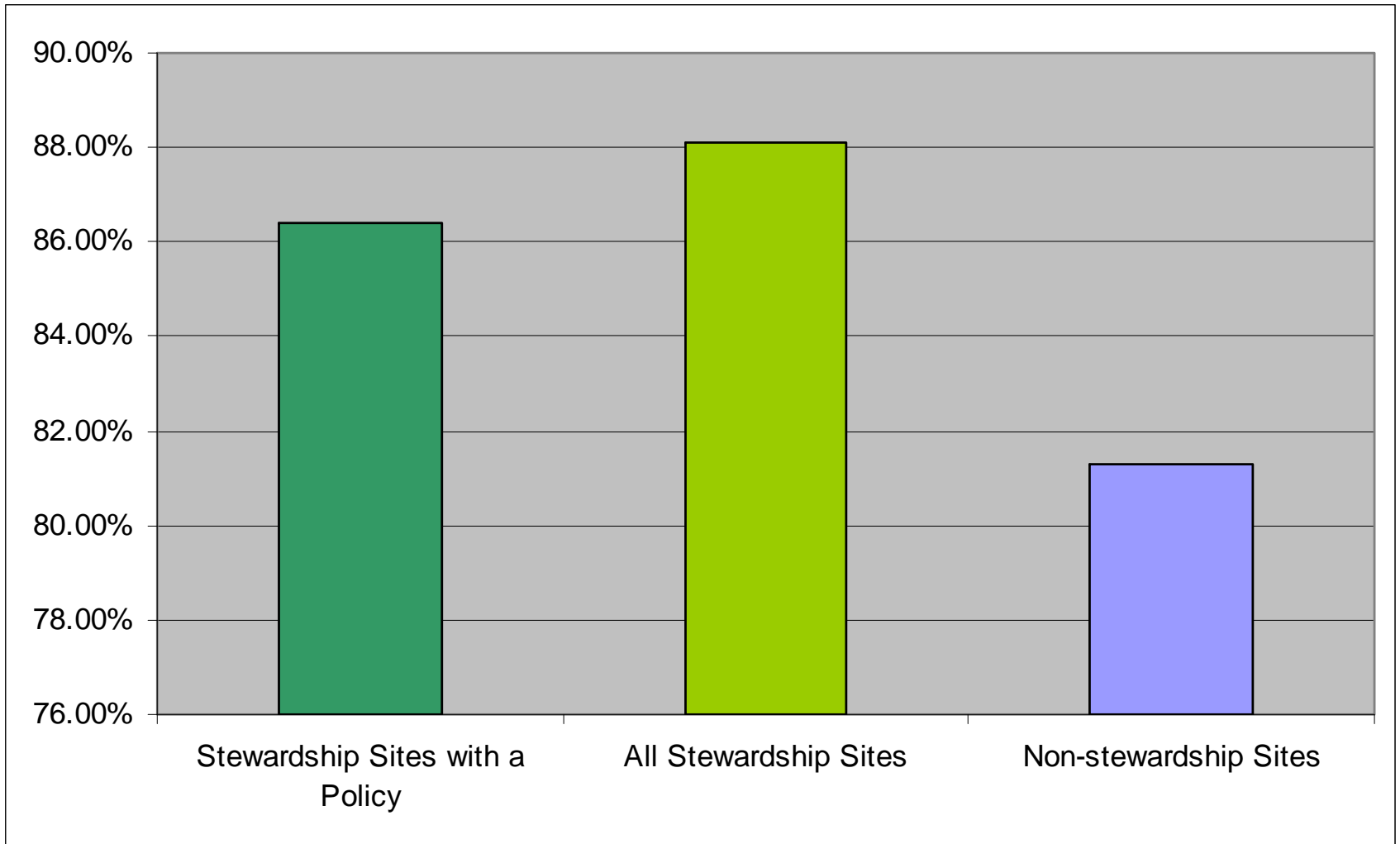
FTE Per Title V Air Permit for Each State.

(Redline represents the average for the combined states)

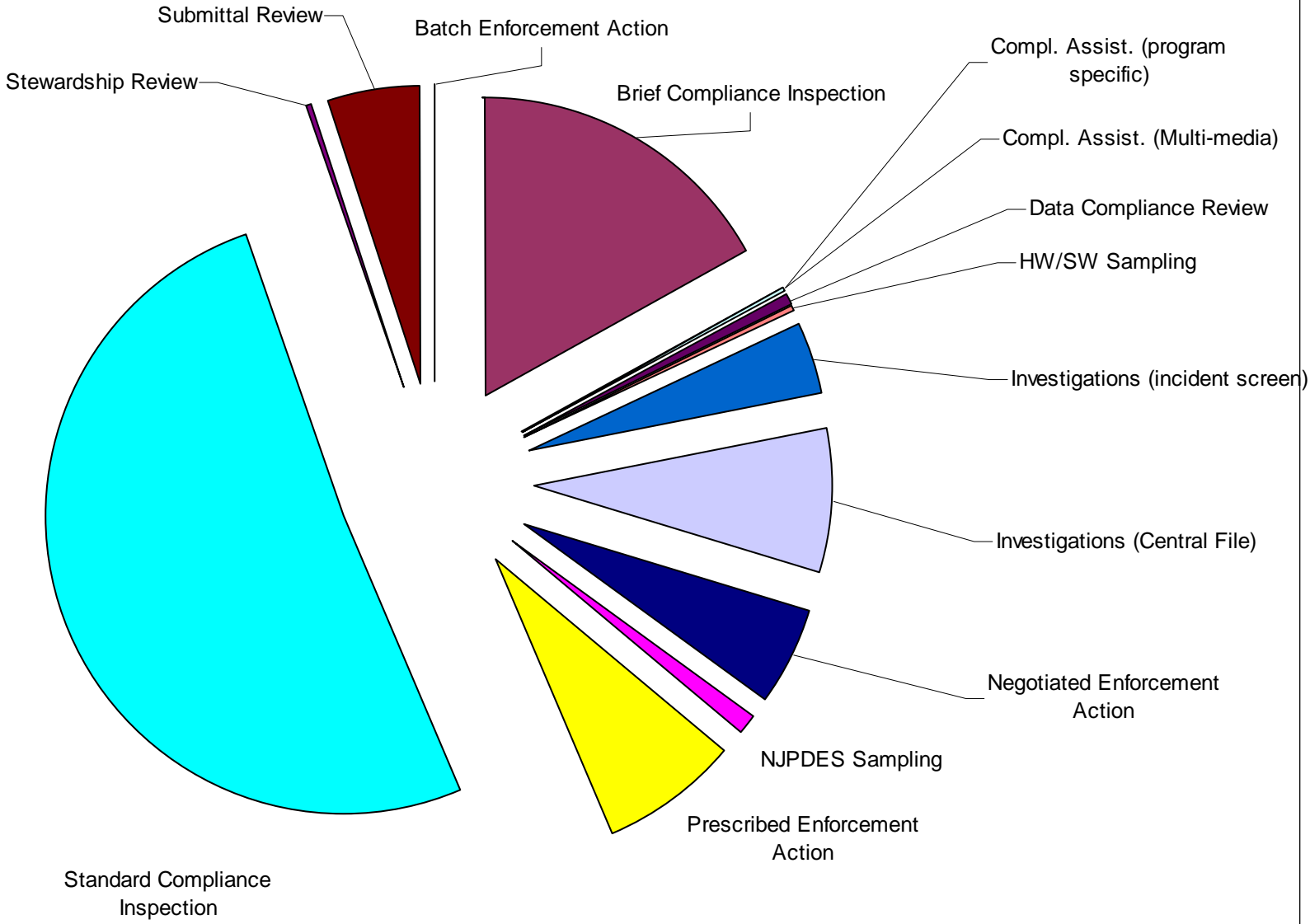


2009 Compliance Rates of Stewards vs. Non-stewards

Using published, inspection-based, compliance rate report



2009 C&E time investment from NJEMS by Activity Class



Systems of Work, Widgets, Customers...

combined individual ranking		System Descriptions and details				
		The Order - what drives and initiates production of widgets	The Process - who does what, and how?	The Widget - what is produced, delivered and used by the customer?	The Customer - who uses the widgets?	The Purpose - what does the customers's use of the product achieve?
1	Strategic Management system (targeting, ensuring deterrence, prioritization, workplans, consistency, measuring and communicating success)	annual planning and budgeting demands from leaders. Inquiries from the public on the quality and consistency of NJ's oversight of environmental concerns.	Dedicated analysts or managers produce monthly or bi-weekly collection of observations, performance indicators and measures employed in a facilitated discussion with middle managers and our AC about what is working and what is not. Monthly data gets translated into annual summaries for annual trends and longer term planning. Tools used include, balanced scorecard, pressure-state-response models and citi-stat type forums.	Workplans, budgets, staff allocations, strategic plans and monthly or bi-weekly targeting or lists of objectives and assignments. Also must produce reports of results that are both clear and well supported.	Legislature, Commissioner and Assistant Commissioner (AC), also our middle managers and staff, citizens, community and environmental groups	we currently have no system for evaluating our impact on genuine environmental results. Up until now we have followed directives of others (mainly the Federal gov't or regulations) that spell out some default number of inspections, regardless of what we achieve or improve during their execution. This would change that to be managed for environmental improvement (but also ensuring deterrence, compliance, consistency and the communication of results). This system must recognize and be prepared to counter objections over breaking convention that will be seen as undermining laws or creating an uneven playing field. These objections could threaten federal funding or prompt citizen lawsuits.
2	Education system (training sessions, on-site assistance, guides and materials online)	when multiple people violate the same regulation, or when pollution is recognized to come from a common activity.	Regular (quarterly) information gathering to identify the "orders", teams specific to the problem identify the target audience, make contact, devise the best vehicle for delivery of information, develop content and distribute or teach it, and check its impact.	Training courses, clear guides and materials describing requirements and best practices	Those subject to regulation or whose behavior adversely affects the environment	Many customers (mostly aimed at small business) tell us they would do the right thing if only they knew what it was and how to do it. We provide education but lack any consistent means to uncover such knowledge gaps, address them methodically or measure their effectiveness.

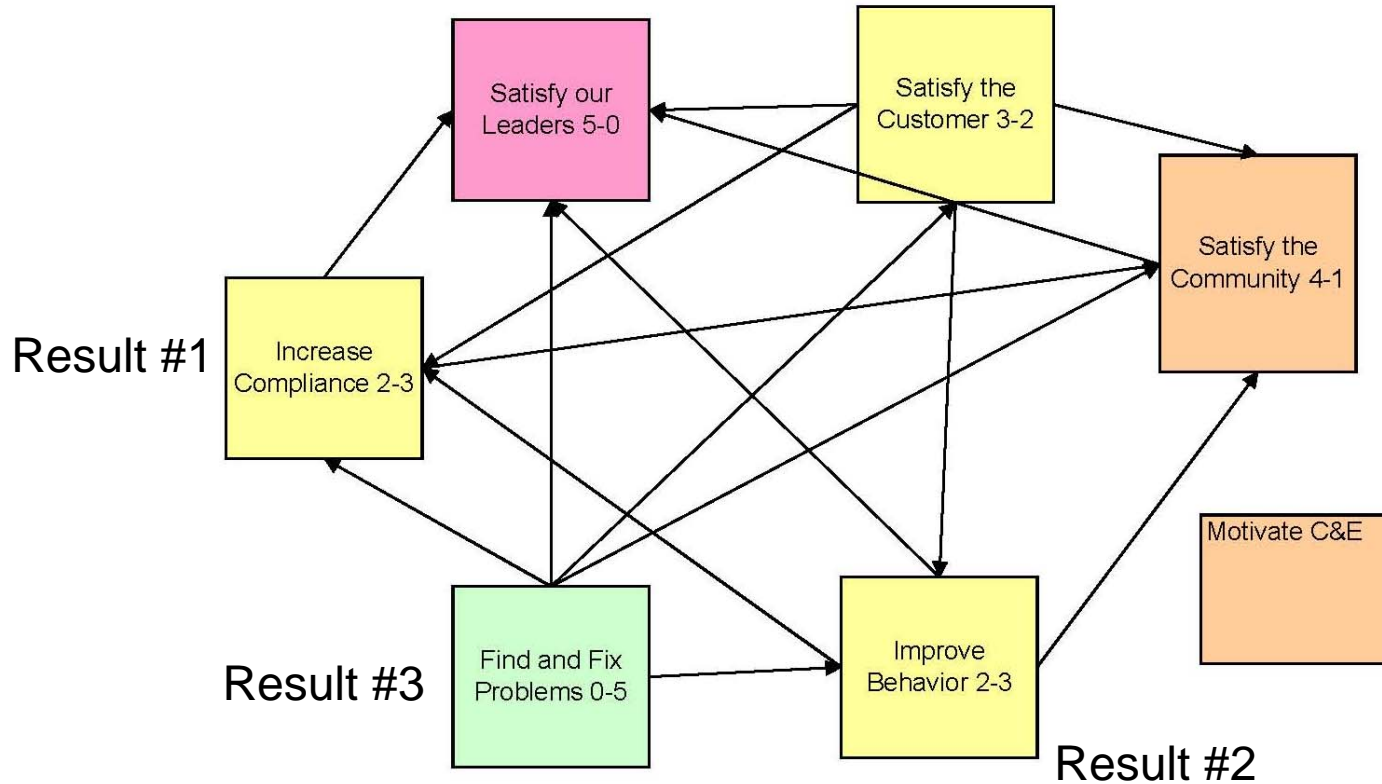
How to Prioritize Systems?

Criteria

- To what degree can each system deliver results demanded by stakeholders?
- To what degree can each system satisfy key stakeholders specifically?
 - Community and environmental interests
 - The customers (those we regulate)
 - Our leaders: Commissioner, Governor, Red Tape Commission
 - Our staff

Identify “drivers”:

Result #3 - Find and Fix Problems



Direction of arrow: A causes B

A → B

(X-Y) X-arrows IN Y-Arrows OUT

Goals with max. arrows out are "drivers" or goals that affect other goals the most.

System Priority Matrix

Rank Key systems on all Criteria

		Criteria for evaluating systems of work								
		Results expected of C&E			Sub-total for delivering results	Additional criteria				Total for all criteria
		Higher but meaningful compliance	Better behaviors from others leading to environmental improvement (stewardship, beyond compliance)	Discovery or clarity about, and direct improvement of, environmental problems (walking streams, SEPs)		Satisfy the Community	Advances EJ or community concerns	High customer satisfaction or problem resolutions	Paradigm shift for C&E (Big/noticable/culture changing reform)	
Criteria shorthand	Increase Compliance	Improve Behavior	Find and Fix Problems	Satisfy the Community	Satisfy the Customer	Satisfy our Leaders	Motivate C&E	Total for all criteria		
Key Systems of Work for C&E	Inspection system (prep, on-site, interview, compliance and stewardship, report, novs)	5	3	6	14	5	6	6	4	35
	Investigation/Problem ID system (managing and responding to complaints and referrals, community input, observation, research & analysis, DEP science input)	6	6	1	13	3	9	8	3	36
	Strategic Management system (targeting, ensuring deterrence, prioritization, workplans, consistency, measuring and communicating success)	2	7	2	11	2	8	2	2	25
	Enforcement system (follow-ups, penalties, case management, settlement, ADR, "conversions" of bad guys to good guys, SEPs)	7	4	3	14	6	7	7	5	39
	Education system (training sessions, on-site assistance, guides and materials online)	1	2	5	8	4	2	4	6	24
	Bulk Processing (licensing, fees, billing and collections)	9	9	9	27	9	3	9	7	55
	Self-reporting system (self-cert, disclosure, monitoring, audit schemes, etc.)	4	5	8	17	8	4	5	9	43
	Information system for behavior change (devising collection or development of new information, building reports or materials for direct or third party influence)	3	1	7	11	7	5	3	8	34
	DEP Strategic Management System (aligning all areas with mission, DEP-wide prioritization, re-allocating resources, ensuring communication and collaboration)	8	8	4	20	1	1	1	1	24

grey shading is a NEW system

Top priorities - lowest score

Outside C&E control

Key Systems

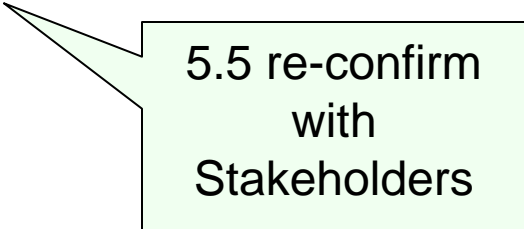
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NEXT

- Communicate!
 - More stakeholder confirmation of priorities
 - Sharing progress and details with staff
 - new website, unprecedented transparency
 - meetings, messages, materials, audio and video

Step 7: Form Teams

1. Deliberate team selection
2. Clarify team charter and mission
3. Brainstorm but also consider wealth of existing ideas
4. Analyze systems, customer focus groups, etc.
5. Recommend discrete projects for maximum results
6. Execute/implement projects.



5.5 re-confirm
with
Stakeholders

Recap:

C&E's Transformation Framework

- Need for change?

- burning platform
 - staffing, remaining problems getting harder, etc.
- desire to excel (Monitor article)
- Miller's notion of public service and giving

- How to change?

1. focus on results (demanded by stakeholders)
2. understand widgets, systems and customers
3. prioritize systems based on results
4. form effective teams to test, refine and deliver projects

- change must live within the bounds of stakeholder expectations, but focus on the customer
- employ proper change process and team tools

Define results
with
Stakeholders

Steering
Group

reconfirm
with
Stakeholders

“While improving performance is an uphill battle, it is also a surmountable one,

as long as the leaders are armed with a robust diagnostic of the state of their organization

and the tools to develop and execute on a roadmap to improved performance”

Monitor Group article: The Path to High-Performance Bureaucracy