

**New Jersey Department of Environmental
Protection**

Compliance and Enforcement

Development of a Strategic Management System

White Paper

June 1, 2011

Topic: Development of NJDEP Compliance & Enforcement's Strategic Management System

A. Description of Issue

The New Jersey Department of Environmental Protection's (NJDEP) Compliance and Enforcement Program (C&E) operates to improve public health and protect New Jersey's environment. Over time, new challenges and issues have arisen that require C&E to evaluate the ever-changing environment, economic situations and advancing technology. An entire paradigm shift is required to address these dynamic current conditions in accordance with NJDEP's transformation initiative. In response to such challenges, C&E proposes to dramatically overhaul their operations by developing a Strategic Management System (SMS) to improve overall effectiveness and efficiency.

In simple terms, a SMS is a framework created to convey and reinforce C&E's strategic mission throughout staff, across divisions, and link the mission to all activities. Additionally, this SMS framework will provide a means to drive these activities according to researched science and data and measure the specific outcomes of individual activities. By providing a defined strategic framework of communications and measurements, efforts towards transparency and accountability are greatly simplified. Further, the SMS will provide C&E with the means to link with the overall strategic planning goals of the State and the Department as well as the means to most effectively carry out these goals.

B. Background

Environmental Enforcement in New Jersey and across the nation has accomplished much in its roughly 40-year history. Early on the problems were more obvious, and the environmental gains were correspondingly more tangible. Many of the accomplishments were the result of instances of thoughtful planning and strategic thinking that allowed the Department to abate serious pollution problems involving air, water, land and other natural resources. For the most part, these natural resources were targeted independently of one another leading to "silos" of individualized activity that did little to foster communication between divisions or programs. Funding methods and specific mandates have reinforced the silos resulting in tunnel vision.

In recent years, declining budgets and staff, and a decline in practices of blatant disregard for the environment are prompting a push for more strategic planning, greater return on C&E efforts, and more precise measurements of success and progress towards goals. Exponential leaps in environmental improvement will not be the norm in the present era, and for C&E, strategic planning, data analysis and effective measuring of results become the critical difference between being busy, and being effective. While examples of planning and strategic thinking continue to occur in the NJDEP's C&E program, there is a general consensus that clear priorities, effective use of data, and measurements of success are lacking.

There have been some impressive efforts by the NJDEP and C&E in the past to achieve strategic planning and measure progress towards goals. There are a variety of reasons why these efforts could not be sustained including but not limited to: changes in administration and planning formats, large numbers of success measures, and frequency of reporting. Some planning efforts listed a number of priorities or goals with no clear strategies, measures or success indicators. Essentially, the absence of a SMS resulted in an inability to execute these valid relevant goals, a lack of a framework to tie them to our core mission values, and an inability to properly measure our efforts towards them.

In 2005, C&E developed a Strategic Plan which described a vision, a set of values and five important goals to be pursued. While this was not developed with public input, it has been shared with the public each year as part of C&E's annual "Highlights" report that portrays enforcement statistics as well as significant cases and initiatives that are contributing to the protection of the people and environment of the State of New Jersey. The vision, values and goals in C&E's previous Strategic Plan, while largely unfulfilled, remain important, and have been incorporated into the present efforts to transform the enforcement program within the NJDEP.

In January 2010, it was clear that New Jersey was facing an unprecedented fiscal crisis that impacted all levels of government, and all citizens of the State of New Jersey. State agencies were ordered to focus on "mission critical" functions and transform themselves to remain relevant. For the NJDEP, this meant remaining true to its mission of environmental safety for the public, and restoring and protecting the environment, while focusing limited resources on issues truly important to the mission, and recognizing the inherent ties between environmental protection, societal needs and the economy in creating a "Sustainable State".

Stakeholders

For C&E this meant a top-to-bottom reevaluation of itself via the formation of an internal Transformation Steering Group which encouraged employee participation and held external stakeholder meetings to remain transparent during its efforts. This steering group identified nine "systems of work" that are responsible for all of C&E's efforts. System rankings were determined through scoring of a system's ability to deliver results that the Steering Group and stakeholders agreed upon as well as strategic goals of the NJDEP and C&E. Ranked at the top of this list of systems is a "Strategic Management System" to set enforcement priorities within and across C&E programs, adapt to emerging issues of importance to the NJDEP and C&E's mission, and measure and communicate results effectively. This top ranking recognizes that all other work in the program flows from figuring out what enforcement work is most important to the environment and safety of the people of the State of New Jersey, and measuring progress towards achievement of these goals.

Additional noted outcomes from the stakeholder meetings were the necessity to embody a C&E program:

- that focuses on high but meaningful compliance,

- ensures and maintains deterrence, institutes behavior changes resulting in environmental improvements (including changes not driven by rules and regulations) with emphasis on stewardship and sustainability; and,
- finds and fixes problems.

The stakeholder sessions gave C&E the support needed to re-evaluate and to expand upon its current activities and efforts. As previously noted, a goal-oriented strategic approach creates the accountability necessary to measure results expected by the stakeholders

Thus far, efforts at strategic planning and priority-setting have not resulted in C&E becoming the most effective organization it can be. Current severe fiscal conditions, lack of resources and diminishing environmental returns with present efforts, require fundamental change for environmental enforcement in New Jersey. There is no other option; it is for this reason that the C&E transformation effort must become an integral part of the everyday work of every program employee. Changing the systems of work starting with the Strategic Management System will weave changes into the daily, weekly and annual work processes within the program, ensuring that effective change can be sustainable.

A Balancing Act, Howard Rohm, from “Perform”, volume 3, issue 2

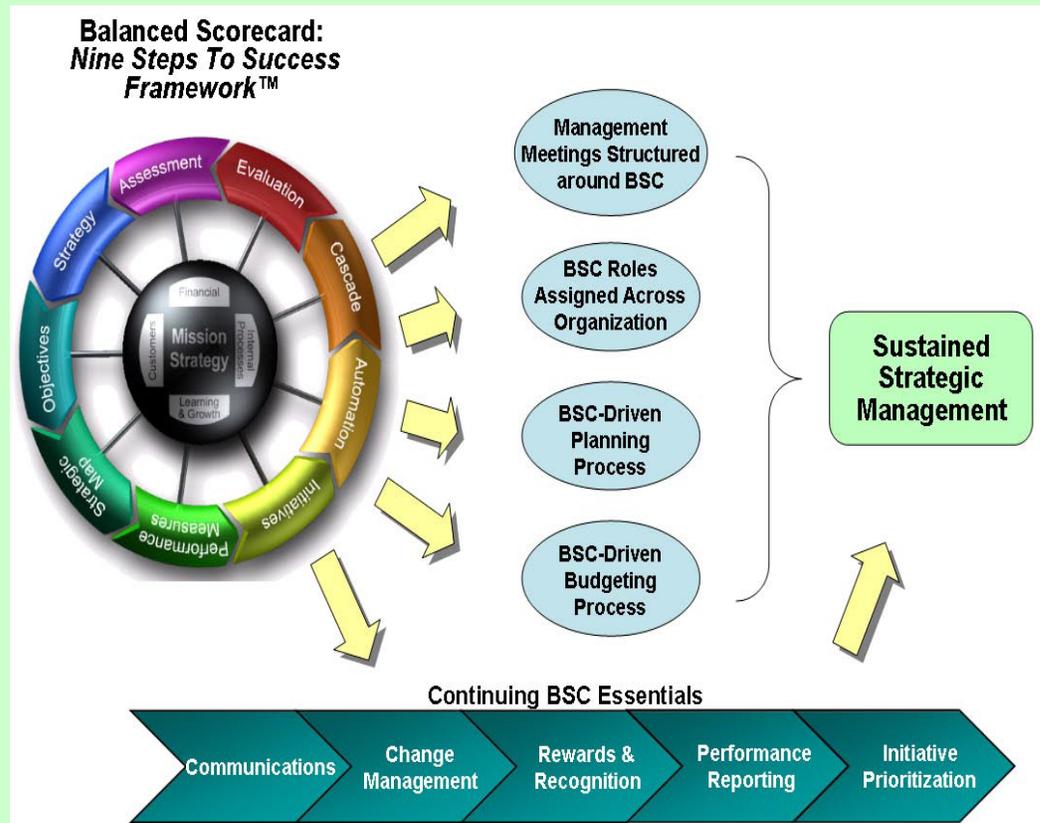


Figure 1 is a model of a SMS in the form of a Balanced Scorecard, displaying a generalized view of the processes and functions.

Development

Research was conducted into current trends in strategic management in the private sector as well as government and non-profit organizations. A number of stakeholders specifically expressed interest in the “Intelligence Led” strategic management employed by the NJ State Police.

Research included literature review, internet research, current NJDEP management expertise, and a team field trip to observe and interview NJ State Police at the Regional Operations and Intelligence Center (ROIC). Among the specific examples studied were the U.S. Department of Justice’s strategic plan, a critique of the Swedish police force’s strategic efforts, and the GMAP model prepared by the National Governor’s Council.

This research led to the decision to adopt a “Balanced Scorecard” (BSC) and Strategy Mapping style of strategic management formulated by Kaplan and Norton for the Harvard Review. Papers by Howard Rohm and Paul R. Niven provided the guidance and templates for this Strategic System development.

The decision was based on the success of this SMS type in the private sector in the past few decades as well as increasing use in the government and non-profit sector more recently. The BSC has a proven record of success overall and is current industry standard. Further, for the increased accountability, transparency, and metrics usage identified by the current administration as priorities to occur, a framework of some sort must be employed. The BSC and the accompanying strategic map provide a perfect vehicle for metrics usage and identify key items and timing for accountability and transparency initiatives.

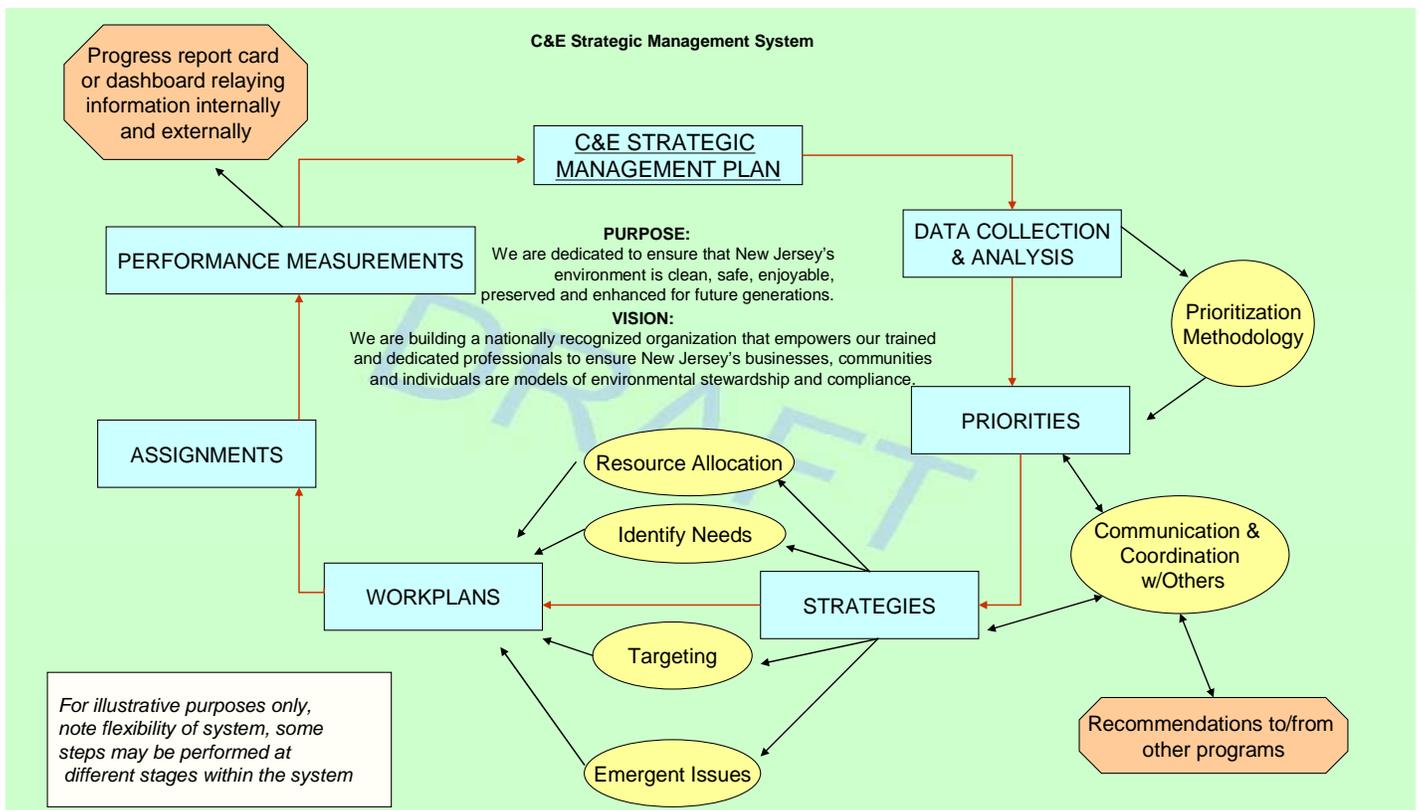


Figure 2 is based on a series of stakeholder meetings and illustrates the SMS loop within C&E

C. New Visions

The SMS will allow for C&E to design a dynamic system that can set priorities within and across its programs. The SMS will enable C&E to measure and communicate results effectively. It is flexible in adapting to emerging issues for the benefit of C&E employees, the regulated community, and the general public to improve upon our past success to meet the needs of the future and to achieve the best environmental outcome.

The course of action undertaken by the New Jersey State Police to develop and succeed within an intelligence-led policing model provided insight to ensure the development of a SMS that fits C&E's needs. The SMS will allow for a C&E approach that responds to issues quickly, effectively and consistently and will allow for enforcement relevancy. Expedited decisions will be made program wide based on data, intelligence and science.

Examples of Possible Specific Changes, Strategies and Future Endeavors

A suitable developed SMS with attainable goals and reachable strategies and objectives will allow for C&E to, once again, expand upon its current efforts and activities. Some examples of possible outcomes and ventures are noted below:

- Establishment of an intelligence-led enforcement system dedicated to receiving data, intelligence and input, and filtering that information to the appropriate staff.
- A SMS is anticipated to affect many other C&E systems of work.
 - An incident response system utilizing a multi-media approach dedicated to finding and fixing problems, and responding to issues and incidents quickly and effectively.
 - An inspection system dedicated to sustaining deterrence and maintaining high but meaningful compliance utilizing media specific expertise and experience to focus on the most relevant regulations and permit conditions.
 - An enforcement system dedicated to streamlining the enforcement process allowing for consistency and relevancy.
- Collaborating with partners to explore the future possibility to effectively produce strategic alignment of comparative enforcement programs, including those programs not currently managed under C&E.
- Explore the possibility of certain permitted facilities producing self penalty liability assessments, not unlike current Internal Revenue Service procedures. This may entail the development of an audit process to ensure consistency and preciseness.
- A Supplemental Environmental Project System (SEPS), and a compliance assistance educational system are already underway and will continue to be implemented within the framework of the SMS. These are pre-existing systems that are being greatly expanded. This will increase the tools C&E has at its disposal leading to an increase in environmental improvement.
- Sustain a program that focuses on divided geographic regions with broad environmental focus on specific areas, water sheds or air sheds. This approach would allow for focus on generalized environmental impacts rather than facility specific issues. This system could comprise of:
 - Smaller diverse enforcement patrols which embraces media specific expertise but allows for a multi-media approach.

- Weekly “huddling” of enforcement patrols to discuss issues, hazards and threats.
- Allows for geographic expertise, improved contacts with the public and other government agencies within and assigned to that region and the ability to find and fix problems and issues.
- Patrols assigned to a region to assess the environmental concerns and given the resources, including a wealth of unused available data, needed to alleviate those issues.
- Ability for lateral mobility as situations arise while maintaining media specific experience and expertise.

D. Goals

The overall importance of developing goals, with strategies and objectives to support those goals is critical to success.

In referencing the Department’s 2010 vision statement, taking into account both internal and external stakeholder input and coupling that information with numerous C&E self assessments, goals were developed which when pursued program wide will contribute to a C&E program that operates strategically and effectively to improve internal processes and contribute to broad environmental improvements. Previously developed goals, specifically goals developed as a result of the 2005 C&E strategic efforts, were integrated and amended to fit the current issues at hand facing the program.

These five (5) goals, as outlined below, will serve as a guiding system to ensure our actions will continue to move us toward the Department wide vision statement.

- Build and maintain organizational excellence.
- Achieve high and meaningful compliance and foster sustainability.
- Determine priorities and measure progress through the use of science and data analysis to achieve meaningful environmental health and safety objectives.
- Collaborate with partners critical to C&E’s mission.
- Communicate effectively to ensure transparency and accountability.

E. Measures

The importance to incorporate meaningful and effective measures into the SMS that promote accountability cannot be overstated. It has been a historical challenge of C&E to identify appropriate measures that are relevant to quantify broad environmental impact.

Effective use of staff time and resources is hindered by inconsistent data collection on various data systems that otherwise hold considerable potential to aid C&E operations. Also, C&E has not taken full advantage of analyzing and using information that is

available to help target and improve operations and focus resources on high value environmental outcomes.

Four performance measures currently published on www.yourmoney.nj.gov to measure success across the program are compliance rates and trends, number of facilities participating in the Stewardship program, time between discovery of violation and issuance of enforcement document and time between discovery of violation and a return to compliance. These measures are not currently utilized to measure success, were developed in haste with little or no staff input and may not be appropriate for measuring the execution of a SMS. The measures that are utilized today are only those as noted in the highlights report, such as tracking number of inspection, and those measures may not be the most relevant.

Through the developed goals, supported by the forthcoming objectives and strategies, performance measures will be developed to provide accountability and to pursue both strategic and operational progress.

F. Summary

The resultant SMS will ensure improvements are realized not for their own sake, but aligned with and in the pursuit of high-level environmentally focused goals. These goals will be consistent with clear objectives and defensible strategies to be implemented throughout the various programs and staff levels of C&E. A measurement of success will be determined for each significant new activity through surveys, monitoring data, or any relevant measuring process. Periodic re-evaluation of the management system operations and success will necessitate revisiting our assessments, strategies, goals and objectives for continued adaptation to environmental issues and Departmental goals. Implementing a C&E SMS will build on C&E's history of success by pursuing high compliance while implementing intelligence led enforcement – i.e. utilizing data to target critical environmental issues, address problem areas, and establish priorities.

By setting goals and objectives aimed at these results and committing to methodically pursue them in a strategic fashion, C&E will identify opportunities to improve internal processes as the execution of strategy demands. This goal-oriented strategic approach thus creates accountability for results expected by stakeholders and an ongoing customer-centered continuous improvement process leading to organizational excellence.

Acknowledgements

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