

CHANGING ORGANISATIONAL CULTURE THROUGH CUSTOMER SERVICE AND CONTINUAL IMPROVEMENT

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Abstract

The Murrindindi Shire Council in Victoria was recently recognised as a leader in the field of customer service in the Victorian Local Government Super Service Magazine. This paper addresses the issues relating to how Murrindindi Shire Council turned an inwardly focused organisation to an outwardly focused quality service provider. Since amalgamation to create the Shire in 1995, the organisation has undertaken a major transformation. It has since been recognised as a leader in the field of service measurement and complaints handling.

Council's approach to quality service is through integrated systems of accountability, control and measurement. This paper will highlight the need for an integrated approach to service delivery particularly in the infrastructure maintenance area. It can be best explained using a balanced score card approach. It will give a practical view of changing the culture of a work place to deliver improved service. The author will also highlight many real examples of how he went about this process for the Engineering Services area of the Shire.

Key Words: organisational culture, balanced scorecard, customer service

Introduction

The paper I am presenting is one that has been learnt by experience rather than from a textbook. It is one where I have highlighted my experiences as well as observation and measurement. It is not meant to be a paper where what is written down is gospel, as every culture is different and needs to be observed for what it is, not what the text books say it should be.

Murrindindi is a Municipality in North East Victoria, which has a population of about 12,000 and operating budget of eight million dollars. It was formed in 1994 through the amalgamation of two whole Shires and parts of four others. Its main focus is on agriculture and tourism, including one of the largest exporters of hardwoods.

The communities' culture is based on hard work and the desire to achieve, over the past number of years it has become one of the key areas for retirement of wealthy business people from Melbourne. So in effect, you

have a mix of grass root workers and aristocrats.

The workforce

I was prior to amalgamation, the Works Engineer with one of the amalgamated Shires, we were predominantly a budget driven workforce, where little planning was undertaken from a strategic perspective and the works program and maintenance were core business and not subjected to any competition.

There was very little written information and the jobs that were undertaken from a maintenance perspective were mainly in the head of the employees and job instructions were written down on sticky yellow bits of paper that always seemed to get lost.

Works were programmed, budgets were met and generally the workforce was well skilled and competent.

I would summarise its traits as one of:

- Dedication
- Hard work
- Loyalty to the organisation
- Confidence in the way it has always been done
- Confidence in leadership
- Trust
- Respect

However there were differences in the confidence in leadership. This was not helped by a constant change in engineering staff and the local press.

What is Culture?

Now having set the background lets define culture.

Stephen P. Robbins defines culture as “*a system of shared meaning held by members that distinguishes the organisation from other organisations*”.

Another definition I have come across is that of Schien’s which is “*a pattern of basic assumptions that a given group has invested, discovered or developed in learning to cope with its problems of external adaptation and internal integration, and that have worked well enough to be considered valid, and, therefore, to be taught to new members as the correct way to perceive, think and feel in relation to those problems*”.

The difference between the two definitions is that Robbins is a system of shared meaning of what the business is about whereas Scheins is a pattern of basic assumptions shared by the group.

In essence, culture is about what the group is and how it will act in a given set of circumstances (its predictability).

My Experience

The Commissioners who operated as Council for two years opted for a complete change in leadership rather than appoint one of the existing CEO’s. It was evident that through their appointment they were trying to bring to the organisation a breath of fresh air and a new beginning, a new way of doing business.

The appointment was bold and somewhat risky in that the CEO was a person from private industry, with a background in continuous improvement and customer service. She had no knowledge in local government, so came with no baggage. Firstly, she appointed officers with Local Government experience and relayed her vision to us.

The usual workshops, etc., developed the vision, mission and corporate plan, but what was most important is that the Senior team was to focus on the Customer rather than the job. Training was given by the Australian Quality Council and suddenly the light was turned on.

Throughout the next twelve months staff were introduced to concepts they had never heard of and it started to become second nature. Document, measure and review were starting to become part of everyday work practices.

Coupled with this, of course, was compulsory competitive tendering. I could discuss my thoughts on it for hours, however what it did do was force us to document what we do, in order to write contracts. Through this process, questions began to arise such as, why do we do this?

What I will say though, is the State Government, I believe, was using CCT as the driver for improvements in service, whereas the real driver is continuous improvement. I believe there have been increased efficiencies in some cases, however a reduction in rate income combined with another level of administration, has all but broken some smaller rural municipalities.

Having said this you must look to the future, but take with you the learnings and experiences of the past.

The New Culture

One could have taken on the new role as Director in a number of ways, including rip and tear. What I was aware of however was the vast knowledge and experience we had and how huge a competitive advantage this was. What I needed to do was to harness my enthusiasm and to listen for the first part of my job. One of Coveys principles of leadership is to “seek first to understand before being understood”.

There was, as previously discussed, a rather poor understanding of quality service, continuous improvement and systemic thinking. Quality to some staff was “doing a good job”. In crude terms this was right, however after some time the thoughts have changed to delivering VALUE. Value being defined as driving the quality up whilst reducing the cost of that service or product.

Early in the process as mentioned, we enlisted the help of the Australian Quality Council, who undertook training of a wide section of the workforce, varying from rates to home help to parks and gardens. All leaders including CEO, Directors and Managers were also involved, with us all becoming qualified quality facilitators with the skills necessary to aid workgroups in re-engineering processes to eliminate re-work and to dispense with non-value adding steps.

Staff from depots to administration learnt such terms as ‘moments of truth’, ‘gold nuggets’, ‘value adding’, ‘waste’, ‘systemic thinking’ and end to end process. These terms and skills were the beginning of our new culture, that of a **Learning Organisation**.

It was the start of an organisational culture that was inwardly focused to externally focused and one were your level of existence was determined by your ability to deliver “Value”.

Utilising TQM Principles

By taking on the TQM philosophy the following principles were beginning to emerge:

- We were continuing to manage in a way that sort continuous improvement in all activities.
- We were becoming concerned with all processes in the organisation (not just our workgroup) that impinged on our effectiveness.
- Creative involvement from CEO to base line staff.
- Team activity created pride in performance to all levels of the organisation, which showed increasing support for managers and supervisors, which created a more harmonious work place.
- Non performers were not supported by the workgroup as a whole and Union dominance was eliminated.
- Resources were being optimised.
- True cost was understood through the workforce.
- Leadership qualities were emerging from all levels of the organisation.

For staff to take on something new, they usually have to get something in return. In this case it was market place pressure and the fear of losing your job through the CCT process. Some staff saw it as new skills that would make them more ‘saleable’ in the market place, but in essence it was all about what do we need to do as a group to stay viable.

The underlying principle was that quality would pay, in that it would increase customer satisfaction, lower costs, increase productivity, it would be a sustainable and long-term competitive advantage and would maximise the utilisation of our resources.

Customer Focus Driver:

- The customer determines the quality of the product and service.

- Quality will ensure consistency and predictability of service.
- We must aim to please customers at all stages of the process, with the external customers being the most important.

Continuous Improvement Driver

Process thinking

- Everything we do is tied to a process. By analysing the process we have the ability to remove non-value adding steps and waste.
- Focus on the process. If the process does what is supposed to, the outcome will be right.
- Don't vary from the process as the outcome is not guaranteed.
- Review the process from time to time especially if its not delivering value.
- Remove hierarchy barriers.

Variation and Waste

- Variation creates waste.
- If variation exists its usually the process not the user that is the problem
- (e.g. using a mud bucket on the backhoe for digging drainage pipe trenches).
- Much of the waste in our work will never be seen as a problem as they are imbedded in the accepted way we do things.
- Do it right and follow the process will eliminate unnecessary checking and the outcome is predictable.
- Standardisation is the best way of reducing waste.

General

- There is always a better more efficient way of doing things.
- Your suppliers are critical to you r success so involve them in processes.
- Reduce suppliers.
- Product purchase should be based on quality and price not just price alone.

A good example of this is guideposts. Think of the number of suppliers from recycled plastic to fiberglass etc. What is the effect of using a low cost, poor quality guidepost on a job? Under maintenance contract there is significant rework in replacement that could far outweigh the extra cost for a better quality product in the long term.

Involving and empowering people

This I believe was one of the most powerful tools and drivers for organisation culture change.

- Quality and best practice is the responsibility of all people involved in the process.
- People who do the work know the work best.
- Resist the temptation to tell rather than ask.
- People are a critical and key resource to the organisation. Recognise this and invest in their education and skill development and then empower them to make decisions.
- Encourage teamwork at all levels. This could involve, as we have done, making a team responsible for a whole activity for example the bridge crew. My bridge crew has control of the maintenance budget and the programming of works. They advise, through weekly meetings, their weekly program of works and 99% of the time it is ticked off no questions asked.

- Always aim to work smarter rather than harder to get the desired outcome.

Collect the Data

- Information must be collected along the way to measure performance. You will not be able to sell the ideas for too long if the data is not there to support the talk.
- Ensure data is fed back regularly to staff in a relaxed atmosphere and allow the data to stimulate discussion.

Policy and Future Plans

- Quality must be a part of all organisational functions from Councillor to Staff.
- Ensure quality is mentioned in key documents. For example Corporate Plan, Mission, Vision, Strategic Statement, newsletter and is on key staff agendas for discussion.
- Communicate policies throughout the organisation.
- Involve staff in the development of policies.

Leadership

- Management must be embracing of the TQM principles and support the introduction of them into the organisation.
- If managers are not supportive then make changes at this level of the organisation.
- Develop a commitment to knowledge and learning throughout the organisation and ensure a mechanism for dissemination of learnings.
- Break down barriers between departments.
- Develop trust.
- Remove barriers that impinge the progress of people.

- Review.
- Lead by example, walk the talk.

I suppose the most important thing to do after embarking on such a journey is to celebrate. In this I mean where key goals have been reached, appropriately recognise those achievements.

The above is a quick snapshot of the TQM implementation strategy. The following are some of the things we do as the Engineering arm of the organisation to encourage this culture.

- Regular Superintendent and Engineers meetings.
- Process Improvement teams have facilitators from other departments.
- Newsletters include:
 - Quality
 - Feedback letters from customers
 - Information
 - Toolbox sessions.
 - Access to all staff is easy.
 - Customer satisfaction surveys (discussed further later).
 - Annual (mid year) reflection dinner with guest speaker.
 - Regular staff meetings highlighting performance.
 - Staff involvement in bid preparation.
 - Staff involvement in major specification preparation.
 - Delegations.
 - Empowerment.
 - Win / Win enterprise bargaining agreement.

One aspect that has been hard to do, but that has been very effective, is that when a group of staff highlight problems continually in their workgroup (a poor performer) you must take action. This sends the message that you support their views and will support their recommendations.

In taking any action it is important that the staff member does not lose face with his peers as it may involve a demotion and all parties conduct themselves with dignity throughout the process.

Be prepared to take some heat from the union. Ensure you have the Union Rep. well briefed on why the changes are being made. If a staff member is a non performer and not a team player with the best interests of the organisation at heart, be prepared to let them go and take the union on.

To be **successful** in a competitive environment you **cannot carry dead weight**.

Measurement

A key component of how we conduct our business is measurement.

In order to improve and to keep focused and aligned with our customers needs, we measure what we do in two ways? Value as previously discussed is related to price and quality.

Price is determined through means such as activity based costing and tender price.

Quality is determined through number of defects and our ability to meet our customers needs and have our service predictable.

What I aim to focus on is measurement of our customers.

What we have to be careful of with a population of 12,000 people, is that we don't survey people out. If you took a sample size of say 500 you would be sampling 4% of your total population. There is also the possibility of the 500 not using your service.

What we undertake is to survey the users of that service i.e. stakeholders. This will ensure the data is relative and is quantitative.

The data is used to not only measure where we are and progress made, but more importantly it extracts information on opportunities or areas requiring improvement. A strategy is then implemented to address these areas and the survey conducted at a later date.

Results are presented to Council and staff through appropriate information dissemination avenues. Teams are developed to work on areas of improvement and to relay information back to peers.

It is an important and very exciting concept and one, which is totally embraced by the workforce.

Some examples will be given during my presentation.

Summary

I have tried to make this paper as practical as possible. The following outlines in summary, what the organisation is about and is termed the balanced scorecard. This is a tool that can be used to ask questions of the organisation and workgroup, this in turn will stimulate appropriate actions.

The balanced scorecard approach when developed, will ensure the practices you put in place to develop the Culture you want, are aligned with the Organisations Vision and Strategy.

Remember that an organisation culture is defined as "a system of shared meaning held by members that distinguishes the organisation from other organisations".

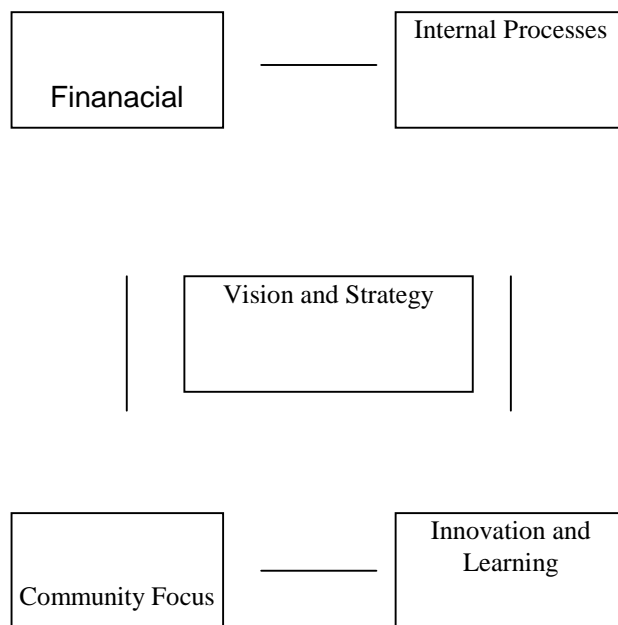
A culture can be developed and changed, it is up to the leaders within an organisation to have a clear sense of purpose and direction and to believe in and support the people within that business.

Appendix A

Purpose of Performance Management

- Monitor
- Diagnose
- Co-Ordinate
- Improve

The Balanced Scorecard



Financial

To be a success in the eyes of our stakeholders?

- Effected by the strategies we have in place?
- What should we measure?
 - Budgets
 - Revenues
 - Costs
- What initiatives are we planning for?
 - Five year plans
 - Forecasts

Community Focussed

To achieve our vision how should we relate to our community?

- What strategies do we have in place to both inform and receive feedback from our community?
- What do we measure?
- What initiatives are in place to improve community involvement in local governance?

Internal Processes

To satisfy our stakeholders and customers what must we excel at?

- What strategies do we use to assess our competitiveness and effective use of our resources?
- What do we measure?
- What plans do we have for improving our internal processes?

Innovative and Learning

To achieve our vision, how will we change and improve the way we work as an organisation?

- What strategies do we have in place to develop employees, and improve information systems and organisational culture?
- What measures do we use?
- What initiatives are in place?

Author Biography

David Beard currently holds the position of Director Engineering Services with the Murrindindi Shire Council. Over the past three years since amalgamation, a restructuring of the organisation has taken place. David has been part of a management team that has instituted a culture change within the organisation. The workforce is now well advanced in total quality management and customer service.

His qualifications include a Bachelor of Engineering, Municipal Engineers Certificate, Graduate Diploma of Municipal Engineering and Management and a Certificate of Water Engineering. He is currently studying a Masters in Business Administration with emphasis on Total Quality Management and Continuous Improvement. He is an accredited quality facilitator.

David attended the Works Officers Conference in the United States in 1997 and prepared a paper on Waste Management in the United States. He is thirty four years of age and have delivered numerous papers to conferences in Victoria.

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