

## 2007 Innovations Awards Program APPLICATION

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ID # (assigned by CSG): 07-S-15LACHANGEMANAGEMENT

**Please provide the following information, adding space as necessary:**

State: Louisiana

Assign Program Category (applicant): Government Operations - Administration (Use list at end of application)

1. Program Name – Change Management Program
2. Administering Agency – Louisiana Department of Transportation
3. Contact Person (Name and Title) – Gerrie Penn, Director, Change Management Program
4. Address – P. O. Box 94245, Baton Rouge, LA 70804-9245
5. Telephone Number – 225-379-1099
6. FAX Number – 225-379-1848
7. E-mail Address – GerrieAPenn@dotd.la.gov, AnnWills@dotd.la.gov
8. Web site Address – www.dotd.louisiana.gov

9. Please provide a two-sentence description of the program. The Governor of the State of Louisiana charged the Secretary of the Louisiana Department of Transportation and Development to improve efficiency and streamline work processes within the Louisiana Department of Transportation and Development. The governor's request resulted in DOTD's launch of the Change Management Program whose purpose was to establish a culture of continuous quality improvement and to institutionalize a culture of change department-wide.

10. How long has this program been operational (month and year)? Note: the program must be between 9 months and 5 years old on April 2, 2007, to be considered. The Change Management Program, which was initiated in the fall of 2004, has been in place for approximately 2-1/2 years.

11. Why was the program created? What problem[s] or issue[s] was it designed to address?

A study by the Washington, D.C. based Road Information Program, or TRIP, found that Louisiana has the second-worst roads in the country. TRIP estimates that Louisiana faces a \$14 billion backlog in new projects that grows approximately \$300 million/year. Prior to this report, this was a view shared by the public in Louisiana as well.

More than three-fourths of respondents in the Citizens for a Better Louisiana (CABL) 2001 People's Agenda survey rated Louisiana's roads as "not very good" or "poor". The Louisiana Good Roads & Transportation Association has estimated that the state will need an additional \$500-\$600 million a year to make meaningful progress.

DOTD also received a significant amount of feedback from its stakeholder community in the areas of the efficiency of department operations and the responsiveness of DOTD. The major concerns were identified as:

- Challenges in consistently meeting project budget estimates
- Overall responsiveness to customers and stakeholders
- Perception of DOTD as a bureaucratic and slow-moving organization

Identifying actions for improving DOTD processes and detailing an implementation plan to streamline these processes is critical for satisfying stakeholder demands

## 12. Describe the specific activities and operations of the program in chronological order.

In the fall of 2004, DOTD retained a process-improvement consultant who had coordinated similar projects with state transportation agencies across the country. The consultant interviewed approximately 100 DOTD personnel and transportation partners. Using information obtained from the interviews, the DOTD executive team short-listed 30 processes to review and improve under this initial effort. The executive team further narrowed the processes to 12 business-critical initiatives. These 12 processes were identified as Tier 1.

The consultant worked on the 12, Tier 1 processes. Employees were assigned to the teams and team leadership was assigned. The consultant was charged to lead the teams through the following tasks:

- Assessing major DOTD business functions
- Identifying opportunities for process simplification and streamlining those that have the largest potential payback
- Prioritizing improvement opportunities based on a number of factors including return on investment, risk, and time to implement
- Developing conceptual models of the recommended new processes and barriers to implementation

The next step was ensuring successful implementation and institutionalization of the process teams' recommendations. Standard procedure would have been for the consultant to continue through the implementation phase, but Secretary Bradberry wanted to institutionalize the culture of change. Therefore, once the consultant identified the tasks ahead, DOTD took a forward-thinking step by formally structuring the Change Management Program (CMP) and designating a Change Management Team (CMT).

DOTD leadership initially assigned the department's deputy undersecretary to monitor and provide direction for implementation activities. Under his direction an internal unit was commissioned in June 2005 to facilitate change within the organization. This unit, the Change Management Team, was tasked with the implementation phase of the process improvement which included creating action plans and timelines, as well as monitoring, supporting, and reporting the progress of the teams to the executive staff.

This team consisted of four employees - high performers selected from diverse sections of the department - who would work within the program for two years. During this temporary assignment these project facilitators would gain project-management skills, learn to use project-tracking software and expand their organizational knowledge. Once the two-year assignment was complete, the team members would ideally return to their respective positions with first hand experience managing change and thus better positioned to support their agency sections.

In addition, a control/communication person was recruited as the fifth team member. This individual brought experience from industry, primarily the use of SixSigma tools and lean methodology, to support the program and mentor the team into a dynamic business. Working together the team adopted a Vision, Mission and a set of Values by which they operate.

## **Program Vision**

*To be the catalyst of quality change*

## **Program Mission**

*To lead, facilitate, support, enable, and communicate the continuous quality improvement of DOTD*

## **Team Values**

*We perform with excellence and quality in all endeavors*

*We work in harmony as a team towards a common goal*

*We promote an opportunity mindset through creative thinking*

*We provide assistance and support for maximum achievement*

*We respect others and ourselves in an atmosphere of trust.*

The CMT also developed and mapped the improvement process used to support the project teams. Though the consultant directed the initial teams to the implementation phase, the CMT needed to be prepared for new processes. The mechanism they identified for improving a new process consists of several steps. First, process teams mapped the current or “as-is” process. Then each team conducted validation meetings for each process, developed and validated solution design plans, and developed and approved implementation plans. Finally the teams assigned responsibilities and accountabilities for implementation and implementation progress was tracked, measured and reported.

At the “as-is” process validation meetings, DOTD personnel - along with industry and other government partners involved in each process - reviewed the documented processes for accuracy, identified process problem areas and made recommendations for improvement.

To avoid the feeling of chaos, which normally accompanies large-scale change activities, the teams prepared detailed communication plans which were approved by executive leadership and implemented. In addition, the CMT developed an intranet site, a quarterly newsletter and displayed scorecards throughout the headquarters facility to depict current performance measures and results.

In the fall of 2005, Louisiana was ravaged by two hurricanes. The deputy undersecretary was tasked to lead several recovery teams. As a result, the CMT’s control/communication team member stepped up to lead the Change Management Team. She coordinated the establishment of an emergency call center and then helped support the department’s recovery efforts by running the newly established call center and supporting the CMT facilitators in their recovery assignments.

The Change Management Team worked through the end of the year on recovery efforts which included performing SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis to support the development of proactive planning for potential future business needs during the time of natural disasters. The team members then resumed their tasks of process improvement for Tier 1 project teams. To fulfill their commitment to the department, they initiated the selection of the Tier 2 process-improvement project teams and solicited approval of the executive staff.

The facilitators brought the teams through the team identification, team leader identification, and champion identification process, as well as through the “as is” and “to be” recommendation processes. The teams are now in the recommendation implementation phase. The program status shows that all Tier 1 processes will soon be completed and the Tier 2 processes which are currently in process have many recommendations that will be complete.

As the CMT members gain experience and knowledge, they are constantly reviewing and revising their standard operating procedures. Some of these revisions are in the selection of team members, interaction with the champions, and the size of the teams. (The champions are members of the executive staff who serve as advocates for specific changes in department process with responsibility for leading and supporting all team activities - including, but not limited to building

coalitions, communication, managing resistance and constraints, celebrating successes, and setting priorities.)

Resistance to the change was initially experienced by members of the Change Management Team. However, through perseverance, the team is slowly winning the DOTD employees' acceptance and more importantly their trust. Employees are now contacting the CMT asking them to assist in performing process improvements in areas that the employees feel are important to the efficiency of their specific business units. The CMT reviews and recommends the requests to the executive staff when a major change will occur. The team will begin working on requests critical for current activities occurring within the Department as their workload shifts occur.

## 12. Why is the program a new and creative approach or method?

This program was new to DOTD because the department did not have a mechanism to support continuous improvement. Many of the process-improvement recommendations that have recently been implemented are ideas and suggestions that have been expressed in the past. However, without the Change Management Program, these ideas and suggestions were never implemented. The program is important because it provides employees with a vehicle to implement solutions to problems. By having a Change Management Facilitator work full-time to encourage participation, track progress, and hold team participants accountable the team has succeeded in implementing the initial 30 process teams and numerous other ideas and suggestions.

One team leader was questioned on whether the newly formed ITS (Intelligent Transportation Systems) Section would have been created without the Change Management Program. He replied that it would have been created, but not as quickly - it would have taken several years instead of several months.

An added benefit from this program is that it allowed the process improvement areas to be brought to the attention of the executive leadership committee. This not only provides them with knowledge but it also affords them opportunities to support business-critical initiatives and to work across business lines to achieve positive results, thus breaking down the silo's that are prominent in most government-run bureaucracies.

13. What were the program's start-up costs? (Provide details about specific purchases for this program, staffing needs and other financial expenditures, as well as existing materials, technology and staff already in place.)

The consultant contract cost was approximately \$950,000. The contract scope-of-work included gathering information from DOTD personnel and transportation partners. When the program transitioned into a department based program the initial costs were

- Adding a position in a dual capacity of control/communication resource
- Moving the facilitators from their existing positions with a 10-percent pay incentive (The facilitator assignments did not result in an increase in departmental personnel, because these jobs were considered short-term assignments for the chosen employees. The facilitators were placed on a leave of absence from their permanent positions.)
- Purchasing laptop computers for the facilitators
- Purchasing computer programs - MS Project and Visio for the facilitator's computers
- Providing training for facilitators in facilitation skills, leadership institute training, introduction to MS Project, and introduction to Visio

14. What are the program's annual operational costs?

This program is not considered to add any additional cost to the annual DOTD operating budget

15. How is the program funded?

The program is funded through the Operations Budget of the Louisiana Department of Transportation

16. Did this program require the passage of legislation, executive order or regulations? If YES, please indicate the citation number.

No legislation was required to establish this program

17. What equipment, technology and software are used to operate and administer this program?

MS Project and Visio are used to track team activities and process mapping. Scorecards are published and placed in the headquarters facility and used in meetings to measure the teams' progress and hold the teams accountable.

18. To the best of your knowledge, did this program originate in your state? If YES, please indicate the innovator's name, present address, telephone number and e-mail address.

This Change Management Program did originate in Louisiana. While quality improvement efforts are happening across the country, DOTD's methodology of mapping, validation, tracking, communication, and particularly the temporary assignment of top performers, as facilitators, is unique. The champion for the entire process-improvement endeavor is DOTD Secretary Johnny B. Bradberry.

19. Are you aware of similar programs in other states? If YES, which ones and how does this program differ?

Other state's departments of transportation are pursuing process-improvement initiatives. North Carolina which has an outstanding program has the closest program to ours. Their program differs from Louisiana's in that it has permanent staffers working in the program.

Louisiana's program is unique it has employees that will rotate through the program, learning the skills and thought-processes of change and bringing them back to their respective jobs. We have personalized this program to meet the needs of our employees and that of our state. Although other states may have similar programs, the Louisiana DOTD's program has been significantly designed to meet the needs of our department and it allows for flexibility in the model to allow quick changes should business demands require a shift in direction.

20. Has the program been fully implemented? If NO, what actions remain to be taken?

The program has been fully implemented under this administration.

21. Briefly evaluate (pro and con) the program's effectiveness in addressing the defined problem[s] or issue[s]. Provide tangible examples.

Pros

The program has been very positive in addressing the issues identified by the stakeholders. Examples of accomplishments and measures include:

## **Overall DOTD Implemented Initiatives**

- Strategic performance measures of success to date were developed for demonstrating DOTD's ability to perform effectively and efficiently. Numerous sessions were led by the Change Management Program (CMP) leaders to support the development of DOTD's vision and mission statement.
- Dashboard measurements were set up on a page of DOTD's website to provide the following information for viewing by our internal and external customers. The components are:
  - Percent of construction projects bid when scheduled
  - Percent of construction projects bid within 5 percent of the estimate
  - Percent of construction projects completed on time
  - Percent of construction projects completed less than 110 percent of bid
  - Fatalities to date

## **Initiatives Implemented in Operations**

- An Intelligent Transportation System (ITS) Section was created to consolidate the management of the technology and devices were consolidated into a central section. Key positions were assigned, a business plan developed, an ITS delivery plan was created. Memorandums of Understanding were executed with the State Police that developed and real-time operation procedures and traffic incident management procedures. This section is also responsible for the coordination of the contraflow and hurricane evacuation as well as normal traffic flow.
- The overall project delivery process has been streamlined and standardized with the Road and Bridge Design units. A newly revised Project Delivery Manual has been created and the use of a gating process has been implemented to effectively move projects through the defined stages of the project. Project manual training has been provided statewide. To ensure that the importance of this newly defined process was communicated effectively, members of DOTD's management staff participated in the delivery of the training. Streamlining the process affected support sections such as Real Estate and Utility Relocation. These sections underwent a process review that resulted in their earlier involvement in each project.
- Citizen focus groups were conducted and used to determine maintenance levels of service criteria to more accurately forecast future budgets. A Data Collection Manual and work standards were created to give the maintenance crews guidance on how to measure each of the maintenance elements and list how many man-hours and what equipment is required to do each of the work functions used to perform the maintenance activities.
- The Financial Section and IT worked together on a pilot program which evaluated the effectiveness of using the state's purchasing card, the Louisiana 'LaCarte' procurement card. It is a Visa® credit card intended for use by authorized state employees for the purpose of making purchases on behalf of their department. It does not affect established purchasing rules and regulations, but provides an alternative method for payment.

## **Initiatives Implemented in Engineering**

- To assist in the timely distribution of information DOTD has implemented several programs. Electronic bidding was established in January, 2005. ProjectWise™ (a data management system) was established as an e-collaboration environment for sharing design and other project data. Implementation of Falcon™ (a Web Publishing System) created an electronic plan room to publish, store, and post construction plans.

- A Plan Quality Assurance /Quality Control Manual was developed to improve the quality of plans. A quality assurance/quality control checklist and a certification plan, which ensures that plans meet DOTD quality standards are required from both in-house and consultants designed plans.
- A separate Project Management Section was created to manage the high risk projects. The section includes establishing a project estimator and a value-engineering position.

## Cons

Change can create an uneasy feeling among employees. Some of the concerns expressed were as follows:

- Will a process change so much that I will not have a job?
- How will the organizational changes affect me?
- We have been doing it this way for years and it is working fine. Why do we need to look for ways to improve the process?

The above thoughts and attitudes can hinder the effectiveness of a program such as this one because team members are hesitant to actively participate and are resistant to any changes. Effective and consistent communication is a key to overcoming employee's concerns regarding change.

Once a process has been revised, the individual departments are responsible for holding employees accountable for following the revised process. In a few cases, after a change in a process has been implemented, a CMT audit a few months later revealed that employees were not consistently following the revised process. One example is the constructability review. The construction division is responsible for performing a constructability review of plans at a certain stage in the design process. Unfortunately, this review is not always taking place. The Change Management Team is now performing audits consistently to ensure that the new processes are being followed.

### 22. How has the program grown and/or changed since its inception?

The program initially appointed members to teams. We have changed this philosophy to request participants to be a part of a team. We found if individuals feel they are volunteering to support the project teams, they are supportive of the initiatives, versus undermining the efforts. It is very important to involve the people who will receive the most impact from the change as they will ultimately need to embrace the changes to make their duties more efficient.

We have also encouraged employees to submit daily problems they encounter that they feel can be improved by a process evaluation. We have had many requests and many people have started to embrace the program seeing it as a value to them personally and professionally. Each request is evaluated and discussed. The request will be brought to the executive team if necessary for approval and will be worked into the facilitator schedules as time permits.

### 23. What limitations or obstacles might other states expect to encounter if they attempt to adopt this program?

Employees resist changing at all levels - from the frontline to the middle and senior managers and even at the executive level. Communication and support at each level is critical. Breakdown in communication at any level can be detrimental to the acceptance of the program.

## **2007 Innovations Awards Program Program Categories and Subcategories**

Use these as guidelines to determine the appropriate Program Category for your state's submission and list that program category on page one of this application. Choose only one.

### *Infrastructure and Economic Development*

- Business/Commerce
- Economic Development
- Transportation

### *Government Operations*

- Administration
- Elections
- Public Information
- Revenue

### *Health & Human Services*

- Aging
- Children & Families
- Health Services
- Housing
- Human Services

### *Human Resources/Education*

- Education
- Labor
- Management
- Personnel
- Training and Development
- Workforce Development

### *Natural Resources*

- Agriculture
- Energy
- Environment
- Environmental Protection
- Natural Resources
- Parks & Recreation
- Water Resources

### *Public Safety/Corrections*

- Corrections
- Courts
- Criminal Justice
- Drugs
- Emergency Management
- Public Safety

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CSG Innovations Awards 2007  
The Council of State Governments  
2760 Research Park Drive, P.O. Box 11910  
Lexington, KY 40578-1910

### **Contact:**

Nancy J. Vickers, National Program Associate  
Phone: 859.244.8105  
Fax: 859.244.8001 – Attn: Innovations Awards Program  
The Council of State Governments  
E-mail: [nvickers@csg.org](mailto:nvickers@csg.org)

This application is also available at [www.csg.org](http://www.csg.org), in the Programs section.

**Deadline: April 2, 2007**