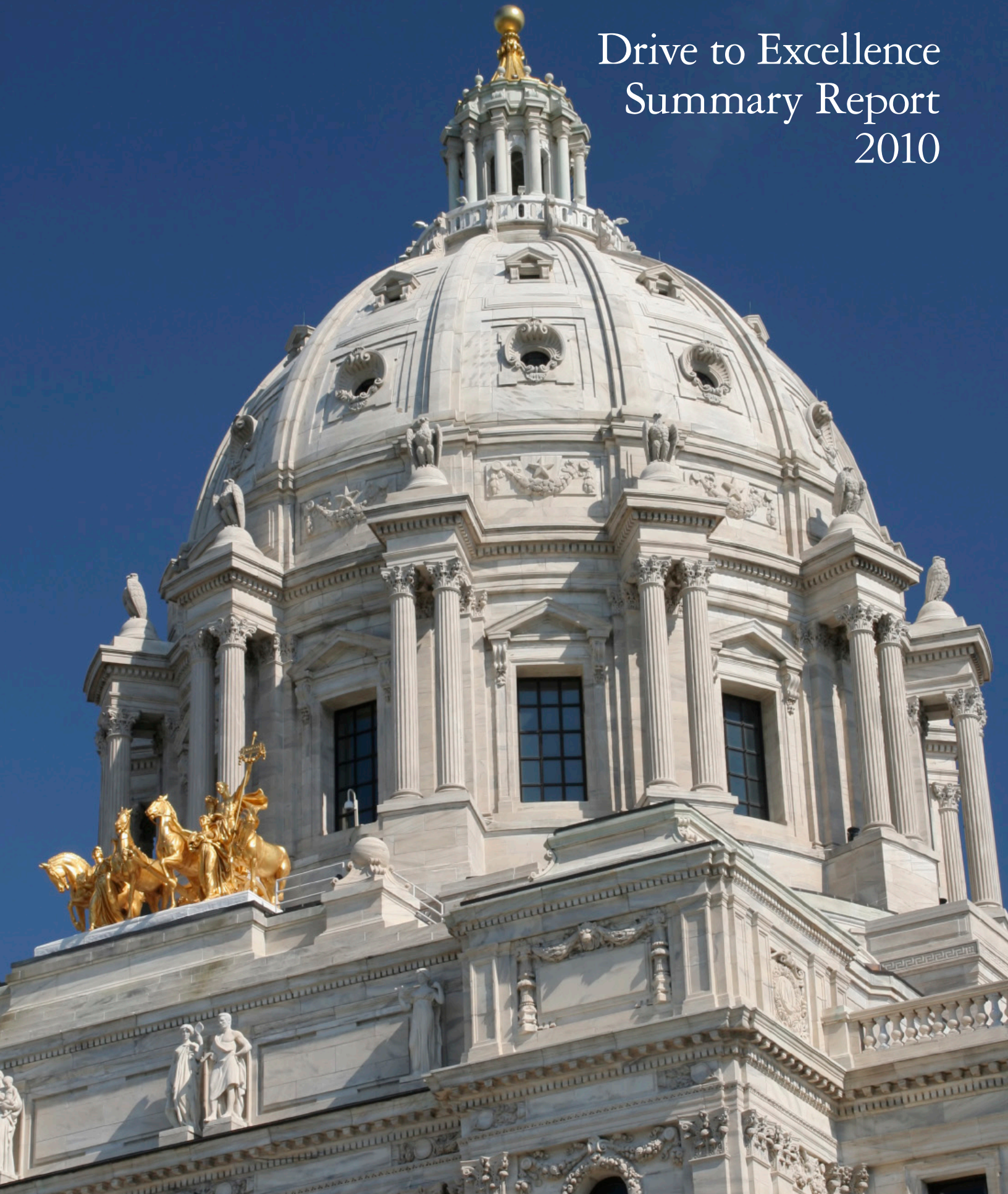


Drive to Excellence Summary Report 2010



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Mission statement



The Drive to Excellence mission is to enable the effective, efficient and economical delivery of state government services.

"Our agenda is not just about balancing the books. It's also about retooling, reforming, and improving government so we reinvigorate our quality of life."

— **Governor Tim Pawlenty**

February 6, 2003

Drive to Excellence Sub-Cabinet		
Member	Department	Years Served
Dana Badgerow	Sub-Cabinet Chair; Commissioner, Department of Administration	2005-2009
Sheila Reger	Sub-Cabinet Chair; Commissioner, Department of Administration	2009-2010
Scott Brener	Commissioner, Department of Labor and Industry	2005-2007
Michael Campion	Commissioner, Department of Public Safety	2005-2010
Joan Fabian	Commissioner, Department of Corrections	2007-2010
Kevin Goodno	Commissioner, Department of Human Services	2005-2006
Tom Hanson	Commissioner, Minnesota Management and Budget	2007-2010
Peggy Ingison	Commissioner, Department of Finance	2005-2007
Gopal Khanna	Commissioner, Office of Enterprise Technology	2005-2010
Cal Ludeman	Commissioner, Department of Human Services	2006-2010
Dan McElroy	Commissioner, Department of Employment and Economic Development	2005-2010
Dan Salomone	Commissioner, Department of Revenue	2005-2007
Glenn Wilson	Commissioner, Department of Commerce	2007-2010

Introduction

Over the course of six years, the Drive to Excellence has sought to reform the State of Minnesota's Executive Branch of government through enabling effective, efficient and economical delivery of state government services.

In April 2005, Governor Tim Pawlenty launched the first Drive to Excellence projects calling for reform in six specific areas, with an over-arching objective of modernizing state government from an agency-centric culture to one in which the citizen is at the center of every decision and service and where change is continuous.

From early successes in consolidating construction codes oversight and creating a new state information technology agency to streamlining and simplifying internal business processes through the application and practice of Lean principles and tools, the Drive to Excellence is delivering qualitative and quantifiable improvements throughout state government. Additional reforms include:

- Developing an enterprise-wide, web-based, one-stop shop for state-issued professional, occupational and business licenses
- Adopting strategic sourcing best practices, which are realizing substantially lower costs, along with better terms and conditions, for goods and services used by government
- Implementing enterprise information systems for real estate and fleet management
- Replacing, in July 2011, the state's mission-critical accounting and procurement information systems
- Establishing the Office of Grants Management to standardize and simplify state grants procedures and improve the public's access to grants information



The reforms delivered by the Drive to Excellence represent the work of more than 2,000 state employees from over 75 agencies, boards and commissions, with leadership and direction from a sub-cabinet of eight commissioners appointed by Governor Pawlenty.

This report details the reforms, via Drive to Excellence projects, which are continually increasing quality and customer service while reducing costs in the delivery of government services to Minnesota's 5.3 million citizens. The report also includes a brief overview of the development of the Drive to Excellence, along with projects that have evolved from the initial initiatives.

The estimated cost savings/cost avoidance as a result of the current Drive to Excellence initiatives is over \$330 million.

Vision and drivers

The Drive to Excellence vision is a call for retooling, reforming and improving government to augment Minnesotans' quality of life. For six years, the Drive to Excellence has been identifying opportunities and implementing solutions for enhancing, innovating and streamlining the business of state government while building a culture of continuous change.

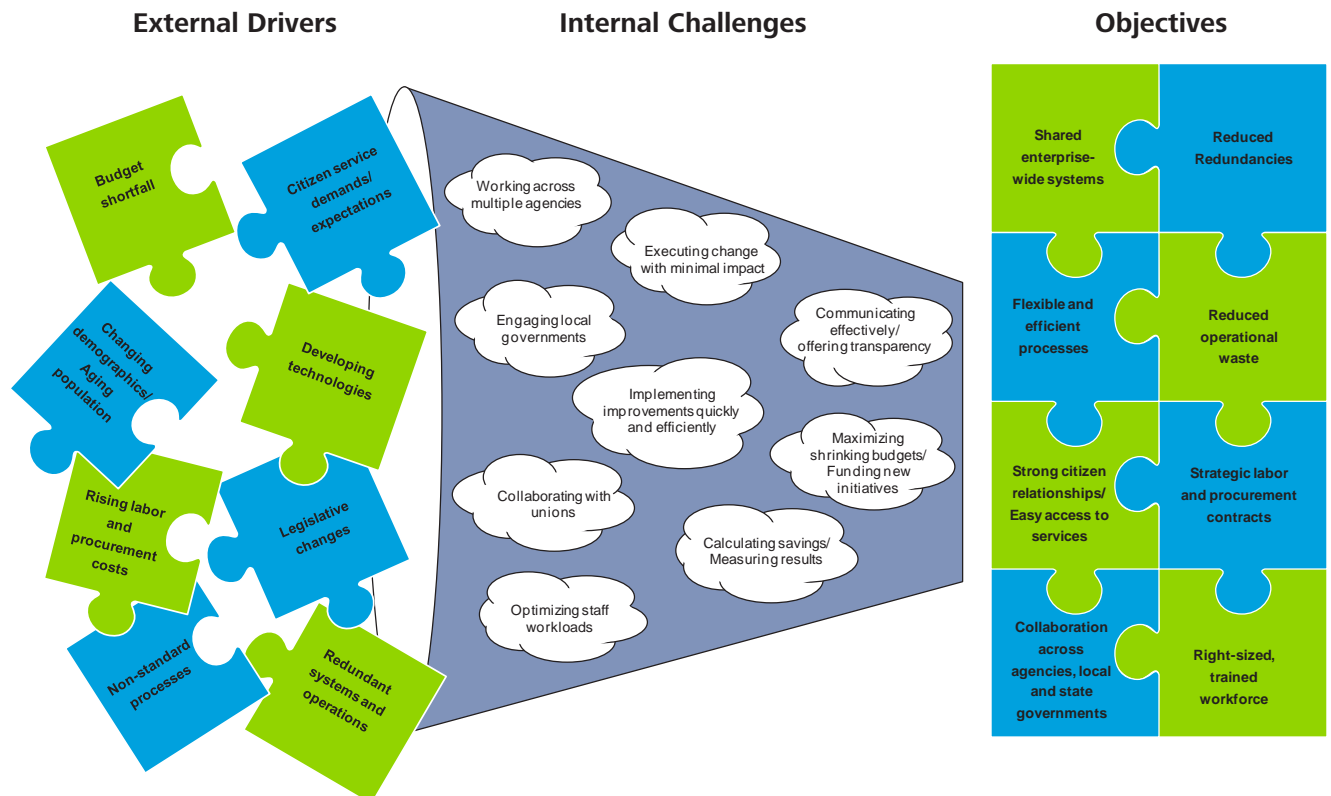
The fundamental objectives of the Drive to Excellence are to serve the citizen by:

- Creating more "one-stop shop" opportunities for easier access to government services.
- Increasing the electronic delivery of government services.
- Streamlining state government business operation functions.
- Optimizing the size of state government.
- Reducing costs.

Key drivers of the Drive to Excellence are:

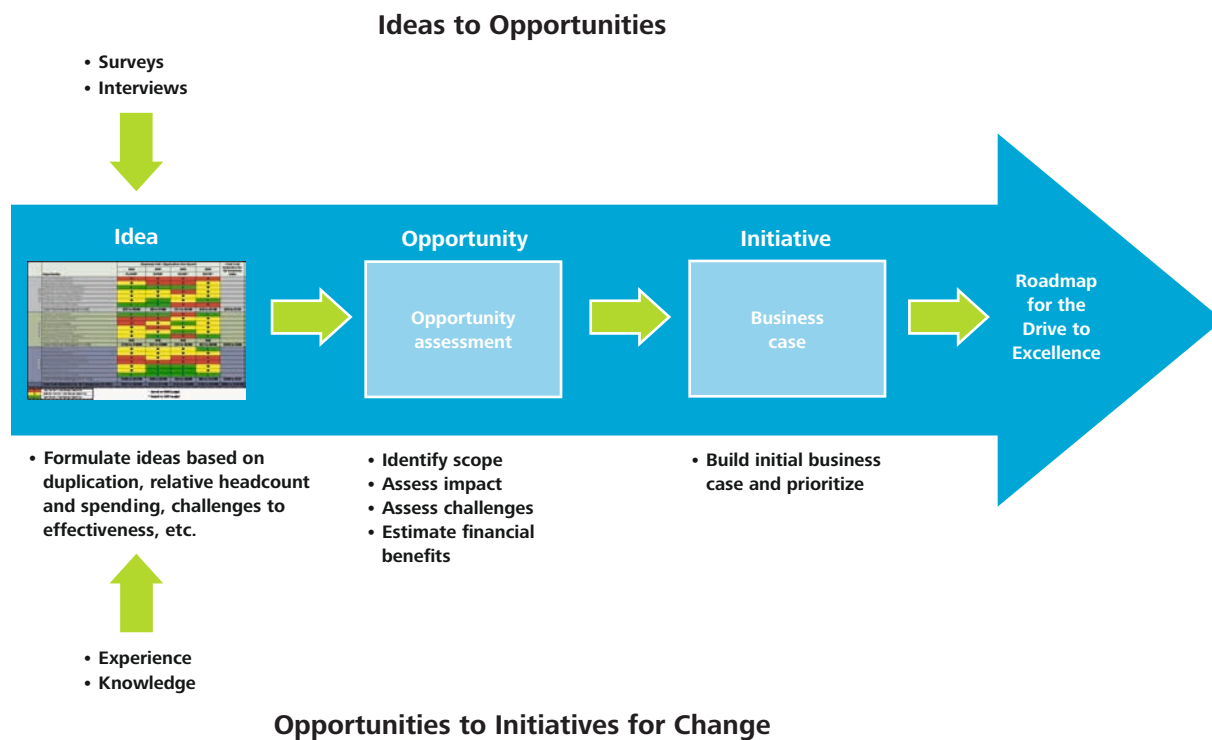
1. Citizens are demanding more accessible government services with shorter delivery times and at lower cost.
2. State government is facing unprecedented workforce demographic changes through retirements and a smaller pool of potential workers.
3. Unrelenting budgetary pressures, driven in part by rising health care costs, an aging population and the Great Recession.

These challenges demand a leaner, more effective state government that consolidates support and administrative services while preserving resources for core responsibilities in education, transportation, health care, the environment and other areas.



Foundation – ideas and design

The Drive to Excellence unfolded with more than 650 “ideas” for foundational change from across the Executive Branch. Over five months in late 2004/early 2005, an extended team of over 200 state employees narrowed this list to form the basis of the Drive to Excellence Transformation Roadmap. A project team then evaluated and aggregated these ideas into eight Business Transformation Areas, with the 24 most viable ideas – as determined by the team – expanded into extensive business cases for change. In April of 2005, six of these ideas became actionable projects via Governor Pawlenty’s Executive and Reorganization Orders. Over the next six years, nine new projects would be added.



Results

Strategic sourcing/procurement

The State of Minnesota purchases more than \$2.4 billion in goods and services each year from over 25,000 vendors. Through the Strategic Sourcing project, Minnesota is leading the nation in the deployment of strategic procurement practices. These practices include:

- Aggregating demand through the development of enterprise, or primary, contracts for high-volume items such as computers, vehicles, office supplies, food, information technology services and more.
- Negotiating throughout the contracting process to obtain better terms, including pricing, for the state, and providing training that empowers procurement officers to negotiate terms for new and renewal contracts.
- Increasing the emphasis on pricing in vendor proposal evaluations.
- Expanding buying power through cooperative purchasing programs that allow local governments, other states and some nonprofit organizations to purchase from contracts established by the state purchasing office.
- Focusing state procurement office efforts on the enterprise while delegating relatively low-dollar, low-risk procurement to agencies.
- Streamlining the procurement process through the widespread use of purchasing cards for small purchases.

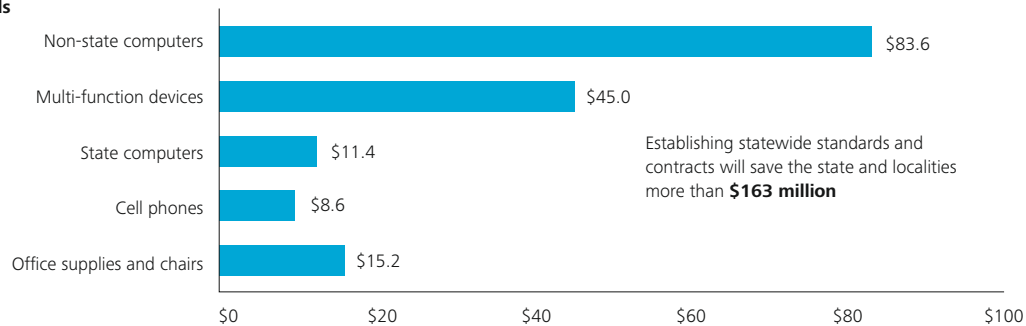
Results: Fundamental changes in state procurement strategies have streamlined procurement, delivered lower costs for goods through product standardization, negotiations and increased emphasis on pricing, and led to legislative changes that have institutionalized these principles. Specific achievements include:

- A projected \$95 million in costs avoided through FY11 for personal computer hardware and software through standardization, with 88 percent of these reductions accruing to local governments, school districts and colleges and universities.
- Over \$155 million in cost avoidance over time through negotiating commodity and professional/technical contracts, plus unquantifiable benefits for the state from more favorable contract terms and conditions.
- More than \$1.3 million in cost avoidance by increasing the emphasis on pricing.
- An online construction bid-document system that features immediate access to specifications, drawings and other materials, which previously were available only in paper form at substantial cost to both the state and prospective bidders.
- A waiver of the annual \$500 membership fee for the state's Cooperative Purchasing Venture, which now includes more than 1,000 local governments, school districts, colleges and universities and other eligible entities in Minnesota and Wisconsin.
- Minnesota's pioneering use of "spend analysis" in state procurement practices, which proved vital in identifying opportunities for aggregating needs and lowering costs through volume purchasing and negotiations. Because of this success, spend analysis tools are being incorporated into the state's new accounting and procurement information system.

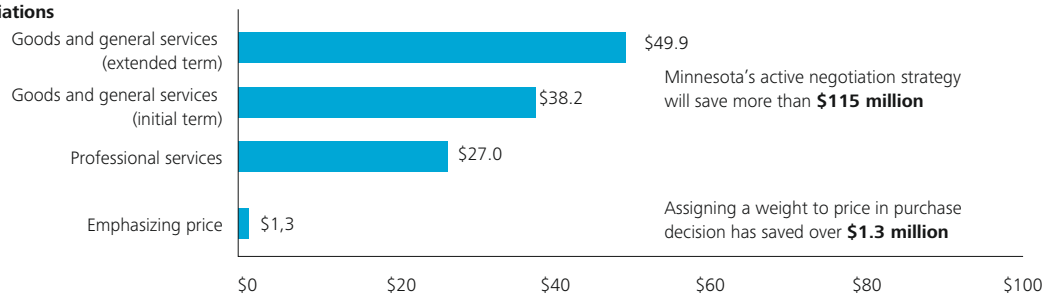
Estimated procurement savings in Minnesota

Actual and projected cost savings and avoidance in millions since December 2005

Standards



Negotiations



Drive to Excellence at-a-glance

Project		Results
Mail center Consolidation	Target: 2011	Projected \$1.4M in 3-yr rent savings. Co-locate and consolidate operations to eliminate duplication & reduce costs
e-Licensing	Target: 2009-2015	License MN website providing easy access to license information; two State Boards piloted; Human Services ongoing online; Rollout plan developed for remaining agencies
SWIFT	Target: 2011	Implementation underway to replace obsolete accounting and procurement systems; projected \$12.5M in staff productivity and \$14M avoided system costs
Fleet management	Target: 2010-2012	\$49K annual fuel card rebates to agencies; \$288K savings from reduced invoice processing; enterprise vehicle database underway; improved vehicle reporting
Real property management	Target: 2011	Enterprise facility management framework complete; building work orders automated; nearly 30% of all building schematics are online
Lean continuous improvement	Completed 2010	160 Kaizens in 17 agencies with average \$90K cost avoidance per event; 345 trained facilitators; Lean Symposium, Quality Fair; partnership with General Mills
Grants management	Completed 2009	Enterprise Grants Office established; 13 statewide policies; centralized one-stop websites
Enterprise GIS	Completed 2009	MnGeo Office established; 20-25% savings with new enterprise software agreement
Enterprise print	Completed 2009	Projected \$440K savings through equipment, maintenance, inventory, leased space and staff from consolidating print operations to two agencies
Strategic sourcing	Completed 2007	\$280M 5-year savings: \$163M on standards for PCs, cell phones, office supplies, etc.; \$115M from better negotiations; \$1.3M from emphasis on pricing
Workforce planning / enterprise training	Completed 2007	State Workforce Planning Policy & Guidelines issued; proposal for central training function with standardized employee training available online
Disability minnesota	Completed 2007	Website providing access to programs, products and services related to disability issues
IT governance	Completed 2006	Office of Enterprise Technology established; \$4.15M savings on enterprise email licenses; security and architecture policies; data consolidation planning
Construction codes consolidation	Completed 2005	\$103,000 annual rent savings from consolidating five sites into one Construction Codes and Licensing Division



Information Technology (IT) governance

Beginning with the consolidation of state information technology oversight and leadership in 2005 with the creation of the Office of Enterprise Technology (OET),



Minnesota government is improving internal operations and service to citizens by leveraging technology policy, resources and assets across the state enterprise. With its greater authority, and under the leadership of the state's first chief information officer, OET is implementing shared systems, architecture, tools and technologies that are reducing redundancy, increasing security, ensuring compatibility across the state government enterprise and lowering costs.

Website: www.oet.state.mn.us.

Results: With its strong mandate from both the legislative and executive branches, OET is advancing its mission of providing leadership and services that improve government through the effective use of information technology across the state enterprise. Through a series of projects, OET is leading innovation, change and transformation in Minnesota government. These projects include:

- The **Enterprise Email Project**, which replaced 21 agency-based email systems on four platforms with one statewide system for more than 32,000 users. This single system improves and simplifies communications and calendaring through a statewide directory and a highly secure and redundant email system. As a result, the state's total cost of ownership for messaging decreased and it is now easier to implement new functions.

- The **Enterprise Print Project**, which consolidated printing operations of several agencies to improve cost effectiveness. OET printing operations – with 17 customers and nearly 5 million printed pieces annually – successfully transitioned to the departments of Administration, Employment and Economic Development and Human Services. By eliminating one print function, the state realized a savings of approximately \$440,000 through equipment, maintenance, inventory, leased space and staffing reductions. Other benefits include standardized warrants and notifications, which in turn is reducing postage costs while optimizing paper stock volume discounts.
- The **Minnesota iGov Project**, which seeks to establish a more stable, secure and function-rich information technology infrastructure for the state; better align technologies with agency business needs; and integrate technologies and services at best cost and value for the state. Minnesota iGov focuses specifically on two crucial areas of information management, **IT Foundational Building Blocks and Efficient IT Service Delivery**, encompassing seven specific initiatives (below) that together will result in an efficient, effective, stable and secure environment that delivers IT solutions to the business of the state.

Foundational Building Blocks

1. Standards and Enterprise Asset Procurement
2. Architecture
3. Project and Portfolio Management
4. Information Security Tools and Services

Efficient IT Service Delivery

5. Unified Communication and Collaboration
6. E-Licensing
7. Data Center Consolidation

- The **Enterprise Security Program Project**, led by the State Chief Information Security Officer, which is developing and implementing a two-year tactical plan that establishes an Enterprise Security Program (governance, planning, policies, standards and guidelines) and security services for the state enterprise. Security initiative priorities will address the most critical concerns, including monitoring, access controls, vulnerability management, computer forensics, continuity of operations planning and incident response.

- The **e-Licensing Project**, which is implementing a one-stop electronic licensing system where citizens, professionals and business owners/operators can quickly



and easily obtain, in one place, state-issued professional, occupational or business licenses through the Internet. The new

system will further enable the state's transition from manual to automated licensing processes while providing access 24 hours a day, every day. Other benefits include:

- Faster processing
- Improved security
- Reduced waste through the elimination of paper and transportation
- Less-burdened internal operations through increased citizen self-service
- Better reporting and business data analysis

With successful pilots in 2009-10 at the Peace Officers Standards and Training Board and the Emergency Medical Services Regulatory Board, e-Licensing will be available beginning in early 2011 to service providers of 22 types of Department of Human Services (DHS) programs including child care, foster care and chemical dependency and mental health treatment. Historically, DHS issues approximately 24,600 licenses annually for these programs.

The project obtained over \$7 million in funding for FY08-09 to pilot a web-enabled business and professional licensing system. In 2009, the Legislature approved a temporary surcharge on licenses from FY10 through FY15 to recover \$35 million in development and implementation costs for the statewide system. A master rollout plan calls for implementing the system throughout state licensing agencies over five years.

In addition, citizens can easily find the licensing information they need through the one-stop "License Minnesota" website, which has access to nearly 600 licenses administered by over 45 state agencies.

Website: www.license.mn.gov

The **Data Center Consolidation Project**, which is anchored by a recent third-party review that concluded a highly dispersed Executive Branch data center environment has resulted in a footprint that is three times larger than necessary with less-than-optimal ratings for security, safety, disaster recovery and operations. A 2010 state directive instructs agencies to consolidate the more than 36 data centers into two to four centers within five years.

LEAN continuous improvement

Enterprise Lean has a simple goal of helping state government work better for its customers and employees. In three years, state agencies have streamlined more than



160 business processes in dozens of areas from the issuance of duplicate birth certificates to the processing of State Soldiers Assistance grant requests. These improvements represent the work of more than 1,400 employees at 17 state

agencies. Additionally, over 345 state agency personnel are now trained facilitators fully capable of advancing improvement in their respective organizations.

Results: By focusing on a single business function within an agency and streamlining its steps, the state is realizing significant results, including an average 66 percent reduction in lead time, 45 percent reduction in task time, an average of \$90,000 in productivity savings and an 80 percent implementation/sustainment level. Examples of recent process improvements include:

- A 93 percent improvement in the disbursement of community development business and block grants.
- A 96 percent reduction in issuing corn refunds to farmers.
- An 87 percent improvement for personal care attendant enrollment applications.
- More than a 55 percent improvement for closing out federal transportation projects.
- A 97 percent reduction for filling Minnesota National Guard vacancies.

In 2009, Minnesota and General Mills Inc. initiated a partnership in which the two organizations are sharing their experiences and successes in the application of Lean tools and principles for reducing costs and improving productivity.

Additional details about the Lean program, along with more results, are online at www.lean.state.mn.us.

Construction codes consolidation

Prior to this project, state construction regulation operations were spread across five agencies. The multiple contact points, with inconsistent rules and no formal coordination, created inefficiencies and time-consuming processes for contractors, homeowners, labor representatives and others to interact with the state regarding construction administration and regulation.

Results: The consolidated Construction Codes and Licensing Division of the Department of Labor and Industry, created in mid-2005, is a “one-stop shop” for the construction community and citizens. The unit provides a more transparent operation, offering more efficient services and quicker resolution of problems for industry professionals and the public. The consolidation also reduced space lease costs by \$130,000.

Website: www.dli.mn.gov/cclid.asp.

Grants management

Minnesota state government agencies distribute and monitor more than 11,600 grants annually, comprising more than \$1 billion distributed through



685 programs. The Grants Management Project sought to create standardized general grants management policies and procedures

and to provide a central point of contact for the public, the grants community and state grants administrators for information, assistance and reporting violations, fraud and waste in grants processes.

Results: The Office of Grants Management, established in late 2007, continues to work with 30 Executive Branch agencies, boards and commissions and the non-profit community. Since opening, the office has developed and implemented 13 statewide grants policies and created two websites. The first of these websites provides a single point of entry for the public and non-profit community for competitive grant opportunities; a second website is a resource for state employees who are responsible for grant processing.

In 2009, the legislature approved a funding structure to recover office costs via deductions of up to 2.5 percent from individual grants. In 2010, the Office of Grants Management completed a report to the legislature focusing on opportunities for improving collaborative activities between the state, not-for-profit organizations and the private sector. The report is available online at http://www.admin.state.mn.us/documents/reports/collaborative_activities_study.pdf.

Websites: <http://www.grants.state.mn.us>; <http://www.admin.state.mn.us/ogm>

Real property management

Through this project, which includes the development and implementation of an enterprise-wide information system, the state will be able to better manage its 5,000-plus buildings. The system includes modules for managing building space and operations, fixed assets, moves/additions, and condition assessment, with the capacity for additional modules such as energy management. Among the anticipated benefits are:

- Lower costs through preventive maintenance;
- More efficient use of space by minimizing/eliminating vacancies and leveraging consolidation/co-location opportunities; and
- Better capital budgeting.

The enterprise-wide system will help facilities managers better utilize building space and avoid vacancies, issue maintenance work orders, track equipment, supplies and personnel, and assess building conditions.

A \$1.439 million appropriation from the 2009 Legislature is currently funding system support and maintenance, while custodial agencies are contributing almost \$400,000 for operational costs.

Results: Agencies are initiating work orders and tracking fixed assets via the system, with system rollout to the 18 agencies responsible for managing the state's real property continuing through the 2010-11 biennium. As of mid-2010, schematics for nearly 30 percent of the state's square footage are accessible electronically via the new system, enabling better facility maintenance, space management (with reduced rental space) and emergency planning.

Fleet management

The state is achieving better utilization of its approximately 8,000 on-road passenger vehicles through the centralization of common fleet management services such as vehicle acquisition and disposal, contracted maintenance and fuel purchasing.

Results: In September 2009, Minnesota completed the migration of more than 13,000 fleet fuel cards to a new program developed under a partnership agreement with the State of Wisconsin. In addition to leveraging the purchasing volume of both states for increased rebates (\$49,000 in fiscal year 2010 for Minnesota), benefits include streamlined billing and accounting and a uniform policy across state government.

Furthermore, a new managed-maintenance and repair program, also a joint venture with Wisconsin, reduced monthly maintenance invoices from 800 to just one, eliminating annual invoice processing costs of \$288,000.

As a final note, quarterly fuel reports are helping state managers easily track the use of E85 fuel, which has increased from 100,000 gallons in 2005 to a projected 1 million gallons in 2010.

Statewide Integrated Financial Tools (SWIFT)

Underway since 2009, the SWIFT Project will replace the state's antiquated and obsolete accounting and procurement systems with a web-based enterprise resource planning system. SWIFT will improve the efficiency and effectiveness



of Minnesota's financial and procurement operations by adopting best practices and leveraging technology delivered by an integrated enterprise system.

SWIFT is integrating all administrative functions across state agencies, including financials, procurement, reporting and the current SEMA4 human resources/payroll system.

SWIFT has an estimated five-year return on investment of \$20 million through better vendor pricing via e-procurement and improved reporting, \$3 million by reducing inventory and \$12.5 million in increased staff productivity. SWIFT received a critical boost in May 2009 through a \$7 million legislative appropriation for the development and implementation of the new system, with a "go-live" date of July 1, 2011.

Results: As of November 2010, agencies had achieved the halfway point in completing their individual assignments for system architecture, development and implementation. Some of the assignments, such as business process implementation (BPI) and the job task survey, which ties directly into the security role mapping assignment, are comprehensive. Others, such as confirming agency locations, take just a few minutes.

Agency personnel will begin SWIFT system training in the spring of 2011.

Website: www.swift.state.mn.us.

Enterprise Geographic Information Systems (GIS)

Over the past five years, GIS growth within state government and public awareness of GIS has exploded. As the cost and complexity of the technology has decreased,



and as Google Earth, MapQuest and navigation applications have grown in popularity, GIS activity and interest within all levels of

government have increased steadily. The Enterprise GIS project, initiated by the state's GIS community, proposed a fundamental transformation of how Minnesota plans, implements and supports GIS. This transformation replaces an "ad hoc" model with one in which an enterprise organization complements departmental GIS efforts through active coordination and by facilitating the development of a common and shared GIS infrastructure of systems, data and services.

Results: Minnesota for the first time has a central office with authority and responsibility for planning, coordinating and guiding the implementation of geospatial technology across state government. Created in 2009, the Minnesota Geospatial Information Office (MnGeo) is improving coordination and accountability of state GIS; leveraging opportunities for consolidated software and equipment investments, standardization and expanded access to GIS resources; and enhancing customer service. For example, MnGeo recently provided crucial coordination assistance in the state's response to flooding in northwestern and southeastern Minnesota.

Additionally, MnGeo negotiated an agreement with the world's largest commercial geospatial software provider. State agencies pooled nearly \$600,000 they were paying for individual software licenses and financed a single license that is providing the state with licenses valued at more than \$1.1 million.

Website: www.mngeo.state.mn.us.

Disability Minnesota

This project developed the Minnesota Disability website, which provides a single online entry point for all state-agency programs, products and services dedicated to



disability issues. The site is a collaborative effort of numerous state agencies, led

by the Governor's Council on Developmental Disabilities and the Commission Serving Deaf and Hard of Hearing People.

Results: Minnesotans can now find information online about disability resources without knowledge of which agency is the sponsor. The first-stop MN Disability website consistently receives an average of nearly 3,300 visitors monthly.

Website: www.mndisability.gov.

Mail center consolidation

Print-to-mail operations within the state will co-locate at one state-owned facility and consolidate operations to increase efficiency in print-to-mail handling and to reduce costs. By sharing space and utilizing Lean Continuous Process Improvement methods, the project will reduce duplication of effort, redundant equipment and space and excess inventory and processing.

Results: The state anticipates cost reductions exceeding \$1.4 million over a three-year period by eliminating duplicate functions.

Conclusion

On September 9, 2004, Governor Tim Pawlenty wrote to all state employees: “Each of us entered public service for a reason: to improve the lives of Minnesotans. Over the past few months, you may have heard about a plan to provide faster, more reliable and cost-effective services to Minnesota’s citizens called the Drive to Excellence.”

It would be the first time most state employees would hear about Drive to Excellence, but not the last. Twice more, the Governor would reach out to employees, first to seek additional innovative ways for making government better, and then, on April 6, 2005, to announce the official start of the project phase of the Drive to Excellence. Over the ensuing six years, teams of employees would tackle 15 projects – and numerous others that would be influenced by Drive – with the ultimate goal of improving the lives of Minnesotans by improving service to those citizens.

Because of the Drive to Excellence and the work of more than 2,000 state employees:

- Citizens can now begin their searches for state licenses, disability information and competitive grants through first-stop web portals.
- The building industry has a convenient “one-stop-shop” in state government for construction codes regulation and information.
- Police officers and emergency medical technicians – and soon child care, foster care and chemical dependency and mental health treatment professionals – can complete their state-required licensing online at anytime from anywhere.
- State and local governments are paying less for vital goods and services.
- State government is streamlining business processes, often with dramatic results, through the application of Lean principles and tools.
- State government is implementing modern, web-enabled financial and procurement management tools that will increase government accessibility and transparency for stakeholders and simplify business processes for managers, employees and vendors.

“Each of us entered public service for a reason: to improve the lives of Minnesotans.”

— Governor Tim Pawlenty

The Drive to Excellence has also achieved inroads into the agency silo culture and is delivering results for the benefit of Minnesota state government and for citizens. Today:

- Minnesota has a lead agency, the Office of Enterprise Technology, setting statewide technology policy and direction.
- Agencies are working together on technological solutions for delivering government services effectively, efficiently and economically in real estate and fleet management, online licensing, financial management, purchasing and more.
- The Minnesota Geospatial Information Office, headed by the state’s first geospatial information officer, now has the responsibility and authority for coordinating statewide geospatial information technology and data.
- The state now has a well-defined workforce planning policy that is helping agencies prepare for the smaller workforce of the future.

Although the Drive to Excellence ends when Minnesota’s new governor takes office in January 2011, many of its programs and initiatives – together with the cultural awareness of the benefits of working across government to improve the lives of Minnesotans – live on.



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