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ATTACHMENT B

**STRIVE
TOWARD
EXCELLENCE IN
PERFORMANCE
STEP**
STATE OF MINNESOTA

**RECOMMENDED
STRATEGIC PLAN**

1987 - 1988

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1986

FORWARD

Charge

In July, 1986, Governor Perpich and D. H. Ankeny, Jr., co-chairs of the STEP Steering Committee appointed a subcommittee to prepare a strategic plan for the STEP Program through 1988. The subcommittee was chaired by Sandra Hale. Other Steering Committee members are Peter Benner, James Brocksmith, Richard Braun, Marcia Bystrom, Karen Carpenter, Gordon Donhowe, Royce Hanson, Jay Kiedrowki, Dale Olseth, Terri Saario, and Nina Rothchild. Technical advisors who met with the subcommittee include James Ulland, First Bank System, Inc., Peter Hutchinson, Dayton Hudson Corporation, and Babak Armajani.

Process

As a result of that charge, STEP staff were directed to design a planning process. This process involved soliciting information from a variety of sources, among which were focus groups comprised of agency heads and liaisons, project managers, and other state managers. During the month of August, project managers and partners were surveyed about project results to date and their recommendations for changes in the STEP program.

In early September, a group of Steering Committee members, technical advisors, and staff met in a four hour session to explore the future of STEP. This session was facilitated by Dr. Ronald Lippett, an internationally recognized authority on large scale change. Following this session, Dr. Lippett met with STEP staff to develop the detailed plan. The following document is the product of these meetings and of all the data gathered since July 13th.

In the data gathering and meetings, it became apparent that the meaning of STEP has occasionally been obscured; that the main thrust of the program is sometimes overlooked while we concentrate on details and specific victories or set backs on the part of program participants. In response, this plan presents an expanded and clarified definition of STEP which should help to keep the program's goals and objectives in clearer perspective.

Summary

This plan covers two years: January 1, 1987 to December 31, 1988. The overall plan for the STEP program is to decentralize operations and assist agencies to integrate the STEP model into their ongoing management. This decentralization will occur gradually as agencies are ready to implement and incorporate STEP. At this time, it is difficult to pinpoint when the

decentralization might be complete. Within five years STEP could be decentralized within a majority of state agencies.

The plan includes several activities to support decentralization, particularly the advocacy role of the agency liaisons and development of instructional materials. Support for the development of materials and assistance needed for the decentralization and transfer will come, in large part, from the Ford Foundation grant which specifically provides funds for dissemination activities.

DEFINITION OF STEP

The purpose of management in state government is to maintain and improve the quality, quantity and cost effectiveness of services. STEP is a program involving managers and employees and designed to initiate long term improvements in state government management and service delivery. Some of the long term changes STEP seeks to bring about are:

- * measurable improvement in the quality, quantity and cost effectiveness of state government services
- * increased commitment by state managers and employees to redesign services to better meet the needs of their "customers"
- * increased customer satisfaction
- * increased attention by state managers and employees to the "bottom line", which is defined as measureable changes in service quality, quantity, and cost effectiveness
- * increased risk-taking and discretion on the part of state managers and employees in seeking new and better approaches to providing services
- * increased support for managers and employees to initiate useful, innovative changes in service delivery
- * increased collaboration between state government, labor, and the private sector (both profit and not-for-profit) to improve services

The STEP program seeks to experiment with a set of methods to achieve these improvements. These experiments are called STEP projects. A STEP project uses six methods to bring about these improvements. These methods are:

1. Closer contact and interaction with customers in order to better understand their needs.
2. Use of state of the art productivity improvement techniques to enhance the productivity of state agencies.
3. Use of increased employee participation to tap the knowledge, skills, and commitment of all state workers.
4. Improved work measurement to provide a baseline from which managers and their staffs can plan and implement service improvements, and measure their successes.

5. Increasing the discretionary authority of managers and employees to foster a greater sense of responsibility for the bottom line, for the quality, quantity and cost effectiveness of services.

6. The use of partnerships with the private sector and others in state government to share knowledge, expertise, and other resources.

SUCCESS for STEP projects, the experiments, consists of the following:

1. Having identified a bottom line and outlined a plan for testing the methods,
2. Having tested the methods, and measured the results of the tests on the bottom line, and
3. Having shared the results of the test with others.

SUCCESS for the overall STEP program consists of:

1. Acceptance and incorporation of the six methods into the ongoing management of state agencies.
2. An increase in the risk-taking occurring in state government and a corresponding increase in the discretion given managers and employees to find the most effective ways to meet the needs of their customers.
3. Long-term, measurable improvements in the quality, quantity and cost-effectiveness of state government services.

STEP
1987-1988

OVERVIEW

The long-term goal of the STEP program is to incorporate the STEP philosophy and methods into the ongoing management of Minnesota government. In the next five years, we will continue to experiment with pilot projects and begin to decentralize the operation of the STEP program to participating agencies. Each agency will become responsible for operating its own program and projects and for integrating STEP into its ongoing management. The role of the STEP staff currently housed in the Management Analysis Division will shift from working directly with pilot projects to one that provides assistance, information, and resource brokering to agencies operating STEP programs.

The continued demand on the part of the general public to have government operate more efficiently and effectively will lead governmental policymakers to seek ways to improve the operations of their governmental units. STEP provides a positive model that addresses that demand. Budget cuts and work force reduction will only partly meet the demands of the public. Eventually, improvement in the management and operations of government, through models such as STEP, will clearly be a priority.

STRUCTURE

STEP will continue its current organizational structure for 1987-1988. Oversight of the program rests with the Steering Committee appointed by the Governor. The program will remain in the Department of Administration's Management Analysis Division, and will be staffed by personnel from that division along with staff from other agencies on temporary mobility assignments.

Mobility assignments will be both long and short term. One expected outcome of mobility assignments will be the ability of staffers to return to their home agencies with an understanding of the STEP process and how it can be best adapted to the home agency. This should facilitate the integration of the STEP program into state agencies.

In decentralizing STEP, staff will develop several general approaches and work with the agencies to adapt STEP to each agency's objectives, priorities, and management systems. Decentralization will require that agencies incorporate the major components of STEP and assure that they have in place the methods for carrying those out, e.g., the means of recognizing and rewarding participation or supporting risk taking.

Each participating agency will continue to have an agency liaison. The role of the agency liaison should evolve into a more active internal coordinator, organizer and supporter of STEP in the agency. The liaison should be responsible for assessing the agency's readiness to adapt STEP and preparing for the eventual transfer of STEP program operations to the agency.

PROJECTS

The foundation of the program will continue to be the the agency projects, the STEP experiments. In the initial phase of STEP, projects were solicited at one time. From the many proposals submitted by managers and employees, agencies selected target projects and submitted them to the Steering Committee for review, and a final selection was made. It is important to note that the projects submitted were essentially idea summaries, some of which could have been done without STEP, and not always closely or clearly tied to the methods which STEP intends to test. In 1987 and 1988, the proposals accepted as STEP projects will indeed be experiments which focus on (a) an identified measureable change or bottom line, (b) application of the STEP methods in an attempt to positively affect that bottom line and (c) an identified plan for implementing the project.

Scheduling and developing projects will change. Not all agencies are ready to tackle new projects at the same time of year and not all projects proposed are ready for immediate start-up, so the program can be more responsive with an alternative approval process. In addition, projects may require extensive interaction with STEP staff and partners to start up, while ongoing projects tend to 'level off' in terms of the amount of support needed. To manage STEP staff resources more efficiently and to facilitate the success of projects, the following process and schedule is proposed:

1. Project proposals would be accepted on a continuous basis, reviewed by staff and those meeting selection criteria will be submitted to the Steering Committee for approval at their quarterly meetings. In advance of submitting a proposal, a project manager could request help from the STEP staff in identifying the bottom line, developing a proposal, and working through a plan for implementing the project. Then, when ready, the proposal would be formally submitted for review. Using this approach, projects which might otherwise not be undertaken for lack of expertise or support could receive assistance and projects which could in actuality be accomplished without STEP would receive lower priority.

2. A revised set of selection criteria would be installed. The elements of the criteria are:

- the project must include all the STEP methods
- the project must use a team approach
- the project must contain some element of risk
- the project must have a measurable outcome, to show whether or not the methods were effective

- the proposal defines the problem, identifies its significance, who it impacts, and the potential barriers to be overcome; the project has a preliminary plan of action; the project defines possible interim measurement checkpoints and strategies for celebration of successes (STEP staff will be available to assist project managers in preparing the proposal)
- the project has top management support, including a commitment to provide the time and personnel resources to accomplish the project

The Steering Committee might also choose to select projects which replicate specific techniques proven successful in previous STEP projects.

In addition, a number of the initial STEP projects remain active. These projects will require support and assistance in implementing their plans and evaluating results after January, 1987. Upon closure, all projects will be asked to submit a brief final report, which documents the project, methods used, and the results.

Some current project managers, whose pilot projects have ended, have requested that they be allowed to continue under the auspices of STEP and have access to training, recognition and networking events. Similar treatment will be available to those project managers who are undertaking follow-on projects which were identified during their initial STEP effort. By highlighting completed, successful efforts, continued association with the STEP program may assist in readying agencies to establish their own programs. Projects which request such status as STEP "alumni" may continue to be associated with STEP.

PROJECT SUPPORT

STEP staff will provide project support as needed. From now until STEP is decentralized into an agency, the role of the STEP staff will change from a primarily consultative and passive role to a more active facilitator role. To support project teams in their projects, STEP staff will provide the following:

- technical assistance, consultation, and training in STEP methods, project planning, and project management,
- assistance in facilitating groups and teams,
- assistance in measurement through training and technical assistance,
- acting as liaison with other groups to establish project teams, such as involving employee representatives to increase employee participation,
- brokering private and public sector partners,
- ongoing, informal training sessions in response to needs expressed by project managers and team members
- advocacy and support, including helping to cut red tape,
- networking opportunities with other project teams through meetings, training sessions, and written materials,
- recognition for project managers, teams, liaisons and partners.

Project support will begin even before a project is formally approved by the Steering Committee. STEP staff will assist project managers in defining projects, problems and strategies. This early involvement as described in the previous section, will allow STEP to enhance the formation and definition of a project, and to maximize the creativity and comprehensiveness of a project's approach. Once projects are approved, support activities will:

- aid the project manager and team in day to day implementation of their project
- enhance the management capacity of the project manager and team
- expedite projects by cutting red tape, establishing partnerships, providing links to networks and empowering the project manager and team
- assure that the projects are meeting timelines and measuring outcomes

PROJECT DOCUMENTATION AND EVALUATION

As stated above, one of the selection criteria for projects, and indeed the basis for any experimental project, is that projects must have specified measurable outcomes. Each project will be requested to provide periodic updates on the progress of the experiment, to describe the measurable results on an interim basis, and to provide a final report which describes the project and the effects of the STEP methods on services.

The documentation kept by a project team serves as an ongoing record by which the team can review its progress and performance. The project team can use the information to help in planning future activities, in reviewing other activities in the agency, and in telling their story to others. In addition, the documentation is critical to the Steering Committee so that it can assess the effectiveness of the STEP methods.

STEP staff will provide assistance in measurement and evaluation. All projects will be required to measure the improvements achieved in the quality, quantity or cost effectiveness of services. However, success or failure of these experiments is not dependent on the measurable impact on service, but on the testing of the six STEP methods.

OTHER ACTIVITIES AND SERVICES

There are three aspects to STEP in 1987-8. The first, experiments or pilot projects, has been discussed in the previous sections.

The second aspect is to support agencies as they prepare to operate their own STEP programs. In the coming two years, emphasis will be placed on working with agencies to determine their readiness and willingness to adapt STEP to their own organizations. STEP staff will work with the agency heads and liaisons to assess readiness, prepare staff, and establish programs in several agencies by the end of the two year period. While these agencies would still be able to tap the resources of the central STEP program, the aim is to establish and cultivate internal resources for fostering experimentation with delivery of state services.

The assistance needed in this transfer will be highly individualized depending on the agency and that agency's liaison. A target for the two year period is to transfer the STEP model to at least two agencies. These pilot agencies could then be used as examples and models to other agencies, in much the same way that completed projects are used as examples and models for other project teams.

Finally, the third aspect is the provision of general administrative and support activities to all participants by the STEP staff. Among the umbrella activities to be provided, the staff will:

- coordinate, in conjunction with the Department of Employee Relations, training activities for potential, new and current STEP projects.
- develop instructional materials to be used as part of a training and development program for STEP staff and project teams, and for officials and managers from other state agencies and other units of government
- design and conduct a workshop for Minnesota state managers and supervisors on how to replicate STEP in their agencies and work units
- sponsor and coordinate a "sharing fair" where completed STEP projects could be showcased by their managers, and where other interested parties could explore STEP through the experiences of the project managers.
- provide opportunities for networking between state managers, program participants, partners, and others

- disseminate information about projects and the STEP program through a newsletter, press releases, printed materials, videos, speakers, and other methods such as training sessions and workshops
- design and conduct a workshop for officials and managers of Minnesota local governmental units on how to replicate the STEP model in their jurisdictions
- develop an overall evaluation of the STEP program, documenting the activities to date and the outcomes

DOCUMENTATION AND EVALUATION OF THE STEP PROGRAM

Because STEP is a program aimed at long-term, large-scale change in government productivity, its results will be difficult to measure immediately. The goal of the program is measurable improvements in the quality, quantity and cost effectiveness of services through the adoption of certain management philosophies and practice in state government.

However, there are several measures which can, to some degree, provide short-term information regarding the success of the STEP program. Information will continue to be gathered through these means:

1. Project results which describe the experiments and their effect on state services
2. The number and types of participants in the program and their perceptions
3. A pre- and post-test survey developed by technical advisors and staff, to ascertain the diffusion of STEP philosophy and methods in state government

A major effort at documentation will be undertaken as a result of the Ford Foundation's award to Minnesota of the Innovations in Government grant. Funds from the award will be used, in part, to document the STEP program from inception through development and implementation. The management and organizational theory demonstrated in the STEP program will be described, and instructional materials (a "how to do it" guide, for example) will be written for use in state agencies and in other units of government. Information concerning critical incidents, decision points, and major lessons from the STEP program will be documented as well.