



Where Connections Happen

MANAGED COMPETITION

A DECADE OF TRANSFORMATION



A key element of our Managed Competition program is the signing of “Operating and Service Agreements” between the operating units and the City Manager’s Office.

We started the Managed Competition transformation of our organization as the recession of 2001 was in its infancy. Today, ten years later, the world is in yet another recession experiencing a slow and unstable recovery. The latest national job reports reveal a trend in the private sector of adding back jobs lost during the worst economic downturn since 1929. However, the numbers also revealed that government is still reducing employees, while taxpayer demands for accountable performance from their government is not going to go away.

Over the last decade, I have been extremely proud of how our organization made difficult decisions to become competitive before economic calamity forced it upon us. We made painful decisions for the right reason: to better serve our customers, the taxpayers who live and do business in Carrollton.

You are looked up to and admired by local governments throughout the United States. The processes you have created to provide services cheaper, better, faster and friendlier are being adopted by other organizations that are mired in traditional government cultures whose taxpayers are in revolt over the waste and inefficiencies they see.

Congratulations on such admirable achievements. I look forward to our continued innovation to provide our customers even better valued services—the highest quality at the lowest possible cost. Thank you for your commitment to becoming the standard by which all other cities are measured.

Leonard A. Martin, City Manager

Managed Competition Ten Years of Progress

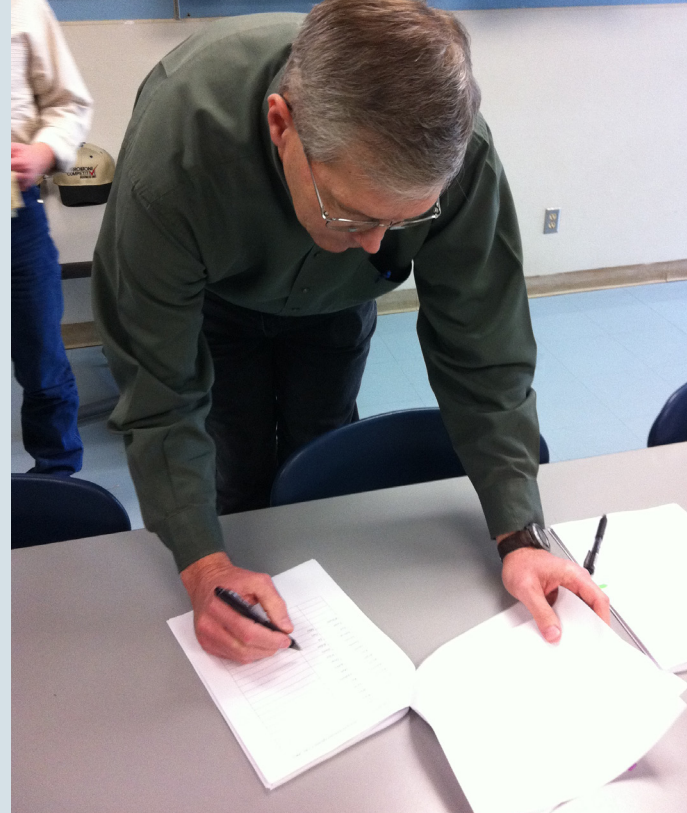
By Tom Guilfooy, Director of Competition

No one knows the exact date when managed competition started at the City of Carrollton. There were a lot of decisions made and actions taken during late 2001 and early 2002 that collectively made a big difference in the way our City has operated ever since. We have decided to celebrate March 20, 2012 as the tenth anniversary of the beginning of Carrollton's Managed Competition philosophy and program. Why March 20? This date marks the Vernal Equinox or the beginning of Spring. This season brings increasing daylight, warming temperatures and the rebirth of flora and fauna.

In many ways, managed competition was a rebirth for the City of Carrollton. It helped establish us as an innovator in local government operating methods and practices. Our approach to providing competitive services has received national recognition and has been imitated by other cities and counties around the country. We want to recognize this major milestone by reflecting on our progress to date, sharing some lessons learned and talking about the challenges that lie ahead.

How Our Journey Started...

Discussion of the 2002-2003 City budget began in April 2002 with a presentation to Council of the five-year financial forecast. While the City continued to see growth in the assessed valuation of property and new construction added to the property tax rolls, sales tax revenues saw a significant decline from previous fiscal years.



Council Point of View

“Managed Competition (MC) to me, is like a breath of fresh air for a government entity to embrace—to operate government like a business is not only a fresh idea, but one that is long overdue in coming.

As a taxpayer, I appreciate City staff, starting with the top, who had the concept that City government needs to be efficient. I am glad to see MC principles consistently applied from department to department.

I had hoped the MC process would identify operational weaknesses, and I think it did—I appreciated that fact the City staff did not try to hide the inefficiencies, but was transparent in providing an accurate assessment. Allowing the first department reviewed to be outsourced, when all of the facts were known, sent a clear message to all City functions that the City Manager's Office, backed by the Council, was serious in this attempt to be able to prove efficient operations.

When one of the departments went through the MC process, and were deemed to be operating efficiently, I believe the staff of that department experienced a feeling of pride in their work—a feeling of pride that could not be gained in any other way—I did not expect that to be as strong as I believe it was.”

*- Larry Williams
Carrollton City Council Member 2000-2009*



In June 2002, the Mayor and City Council met for their annual strategic planning retreat. These eight community leaders established a new long-range goal for City staff:

Transform the City organization to a service business

- Achieve high citizen satisfaction with services and organizational values
- Ensure services are provided in a cost-effective manner
- Establish a managed competition attitude and program
- Create a well trained and professional workforce focusing on performance and productivity
- Focus on providing essential services and core businesses

Key Action:

Establish a Managed Competition Plan

With the vision and leadership of City Manager Leonard Martin, the City began to change its culture, operate with a greater sense of focus and urgency and behave more like a competitive service business.

The Benefits of Becoming Competitive

- Transforms the organizational culture
 - Empowers employees
 - Cost savings = better value for customers
 - Reduces waste and inefficiencies
 - Increases focus and sense of urgency
 - Improved internal coordination and cooperation
 - Improves customer service and responsiveness
 - Frees up resources for other priorities
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Lessons Learned...

In their own words

Operating a successful and sustainable business is not easy. So what have our business unit leaders learned about creating and maintaining competitive service businesses?

- Never relax, always learn, grow, repeat the process.
- Empower staff to make decisions, don't belabor mistakes, encourage creative thinking and recognize and reward all successes.
- Have a vision and passion, make decisions and build a strong team of professionals. Then get out of the way and let them perform...
- Keep your partners close and your competition closer. Staying in touch with partners and customers ensures you know what's going on, on the front line. Don't manage/lead from your desk; get out in the field. Know and understand your competitors' business; how he makes a profit, what the obstacles are, how he stays competitive.

Carl Shelton, Director of Facility and Fleet Services

- Be supportive and positive about the process.
- Communicate with staff regularly.
- Ensure all levels of your operation understand the goals and how they individually and as a team impact the final outcome.
- Ongoing – continually review your operations practices and keep up with new technology and industry best management practices. Don't be afraid to try different ways to accomplish your mission.
- Impact on our operation – staff has a better understanding of what it takes to be competitive and take pride in being among the best at what they do.

Danny Stevens, Manager of Streets, Storm Drainage and Traffic Operations in Public Works



Back in 2002, traditional governments believed that there were only two ways of dealing with a budget shortfall:

1. Cut services, service levels or programs and/or
2. Raise fees and taxes

Carrollton thought there was a better way, and created a third option:

3. **Transform the culture to a Competitive Service Business** – reduce costs, streamline processes, adopt best practices, leverage technology, share resources and increase employee productivity.

The managed competition philosophy, program and toolkit helped leaders who embraced it follow this third option. Through the use of structured operational and competitive assessments, reengineering and right-sizing processes, and employee involvement and empowerment, many City business units were transformed into competitive service businesses. These units were able to increase service quality and customer responsiveness, eliminate waste and inefficiencies and provide essential services more efficiently and effectively with fewer resources.

Over the past ten years, the following Carrollton business units have achieved a mark of distinction and have been declared “substantially competitive” by City Manager Leonard Martin.

How We Changed the Culture...

- Educate to the need for change
 - Define the new culture (vision, values and behaviors)
 - Create alignment up and down the chain (“Get on or off the train”)
 - Build leadership/management skills and solve problems
 - Involve and empower front-line employees
 - Communicate continuously (never-ending)
 - Systematize (implement changes in measurements, systems and processes)
 - Reinforce and coach to the desired behaviors
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I’ve learned that we’ve seen a real culture change in Parks Maintenance. We no longer look at things the same way, but tend to make decisions based on good, solid business reasons. For example, if a piece of equipment is due for replacement we don’t just replace because it’s due. We evaluate thoroughly to see if there’s a real need. We also look at staff vacancies the same way. We’ve made some decisions not to fill open positions if we felt we could do without or supplement with “seasonal” workers. We also continue to look at contracting where it makes the most sense. We’ve been very successful using this model and even today are exploring new public-private partnership opportunities.

Bobby Brady, Manager of Parks Maintenance Operations

- When we started managed competition, I was in a hurry to get it over with and be done. I quickly learned, that you are never “done.” Managed competition is a way of operating a business unit; it is not an event that occurs once. It is the ongoing, reinvention of your operation to ensure you are providing the best services at the lowest cost for your customers...it never ends.
- Management doesn’t win managed competition, a hard working, committed team wins managed competition.

Erin Rinehart, Director of Workforce Services

The managed competition process has helped departments better understand their costs and what drives them and which costs are fixed and which are controllable. Additionally, the process has helped departments analyze the cost of providing services at various levels. Not only has the process created hard savings for the City, it has improved the budgeting process and freed up resources for other programs and projects.

Pamela Hodges, Controller

Managed competition should ultimately provide a level playing field for the various departments to function equitably with the same and equal allocation of resources. Hopefully, when managed competition is applied to all departments, the notion of the ‘haves and have-nots’ will no longer prevail.

Ravi Shah, Director of Building Inspection and Planning

Managed Competition “Honor Roll”

- Traffic Operations (2004)
- Parks Maintenance Operations (2004 and 2010)
- Water/Wastewater Operations (2005 and 2011)
- Utility Billing & Collections (2006)
- Facility Maintenance Services (2007)
- Workforce Services (2008)
- Payroll Accounting (2009)
- Building Inspection & Planning (2010)
- Streets & Storm Drainage Operations (2011)
- Accounts Payable (2012)
- Library Services (2012)

The Bottom Line...

While it is difficult to calculate the total cost savings and cost avoidance due to managed competition, we conservatively estimate that our managed competition program has saved the City at least **\$30 million** over the past ten years. That equates to about 40% of the City’s General Fund budget or \$38,000 per full-time equivalent City employee.

So, What’s Next?

The Next Frontier... More Innovation & Cooperation

Mike Eastland, executive director of the North Central Texas Council of Governments, said that in the future, cities may see more opportunities to merge services. Carrollton, Farmers Branch, Addison and Coppell are working together on a shared Public Safety radio system and regional dispatch center. The cities have also discussed opportunities to collaborate and share certain “back office” functions.

Will this be easy to do? No. Just like getting competitive is not easy. We know there is resistance in some cities to sharing services and facilities with others. These challenges can be overcome for the long-term benefit of our citizens and community. Just like we’ve seen with managed competition, the rewards are worth the struggle.

The library management team was very proactive and “volunteered” for managed competition several years before the formal process started in January 2011. We began making changes in our staffing structure and “service delivery chains” (a series of processes that support customer service activities) adding self-service technology to continuously improve customer service while reducing our operating costs.

Cheri Gross, Library Director

Managed Competition has broken down barriers between departments as we have learned to share resources, and built trust among council members and citizens as they see the value added proposition that it represents.

We are a completely different organization than we were when we started.

*Bob Scott, Assistant City Manager/
Chief Financial Officer*

It has been rewarding to watch leaders and teams continue to push themselves and embrace the culture of ongoing competition—self-initiation, continuing to look outside the box and tweaking business processes and saying “here’s what we have done lately! Peer-to-Peer support has strengthened the MC process and our organization as a whole.

*Beth Bormann, Assistant City Manager for
Culture, Leisure and Support Services*

Always drink upstream from the herd.

Most governmental agencies were forced to make tough choices because of the economic circumstances of the past few years. This organization and its employees made tough—yet sustainable—decisions to reduce costs and improve efficiencies over the last ten years because it was the right thing to do.

*Marc Guy, Assistant City Manager-
Development Services and Public Safety*

