



REORGANIZATION MODEL

A NEW VISION FOR KELOWNA, BRITISH COLUMBIA



BY PAUL MACKLEM

Citizen satisfaction is the cornerstone of Kelowna's objectives.

In 2008, the city manager of Kelowna, British Columbia, was ready to undertake a reorganization to embody his vision for the organization: *to be the best mid-sized city pursuing the goals of sustainability (social, economic, and environmental) in its policy and actions*. Every change taken underscored the city's new focus: "People First." "People first" means that services and management focus on people, and that they consider everyone who is affected by a decision and treat them fairly, whether they are staff, citizens, or visitors.

The city's new strategic direction consisted of three main objectives. First, it wanted to provide superior service to citizens. The goals associated with that objective were satisfying citizen's services needs and delivering value for money. The city also wanted to attract and retain quality employees, with a goal of building and augmenting employee excellence and developing expertise to meet service standards. The third objective was to develop Kelowna as a sustainable community, which involved protecting and enhancing the city's natural environment, its economic health, and the quality of life of its citizens. Previously, the city had narrowly focused environmental sustainability in a single department, but it now wanted to develop a culture in which the concept of sustainability permeates every department.

THE VISION BEHIND THE CHANGE

Citizen satisfaction is the cornerstone of all three objectives. Employees who are treated well are satisfied and committed, and in turn treat their customers well, which leads to citizens trusting that the local government is working in their best interest. Factors that can lead to employee satisfaction and commitment are a clear career path, fair pay and benefits, the opportunity to do work that is of value to the community, a good work environment, and a positive perception of management. Factors



Kelowna, British Columbia

Kelowna, a city of 116,000 people situated in the Okanagan Valley of British Columbia, has a council-manager form of government, prevalent throughout Canada. The mayor and council are the only elected positions.

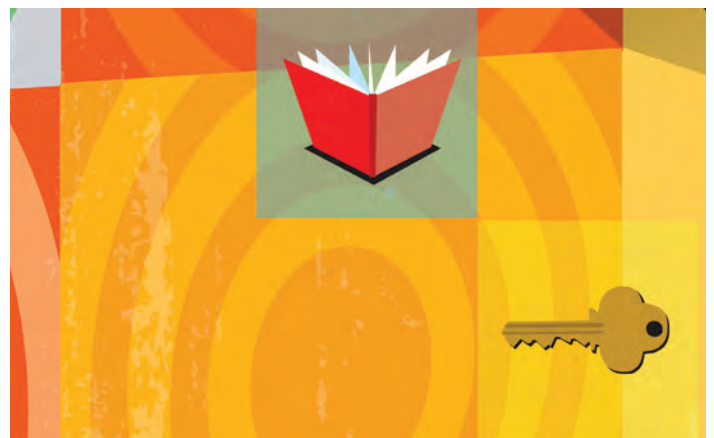
that make citizens satisfied with the service they receive include timeliness, competence, courtesy, fairness, and a reasonable outcome. Citizens' trust and confidence in public institutions is often directly associated with their most recent personal experience. Knowing this makes every touch point equally important, regardless of the expertise required or complexity of the service.

Citizen-Focused Services. Citizen-focused services are not limited to the basics of roads, parks, recreation, water, and sewer. They also extend to culture, affordable housing, and ensuring a sustainable community. The city has an important, emerging leadership role in more than just traditional local government services. Addressing a broad issue like climate change has moved the city to develop strategies and provide resources in the short term to achieve a long-term payoff. Staff are working to reduce the city's carbon footprint through a number of initiatives that set the pace for development and individual citizens.

An objective, still to come under the new structure, is linking more directly into neighborhoods. Healthy neighborhoods build great cities. Using surveys and other statistical data will help the city better target services to their needs. The concept of community building, where citizens accept some level of personal responsibility for their neighborhood, can be partnered with initiatives like recreation programming, alternative and recreational transportation corridors, and discussions about city plans for their areas.

People-Focused Management. People-focused management means always considering how staff is treated. The city seeks to recruit the best and to retain the employees it has invested in. Retention is the key to recruitment, an issue for all jurisdictions, as public service is not the first thing most people think of when planning their careers. Therefore, city officials knew they needed to consider:

- Needs and motivating factors for different generations. Kelowna is in the early stages of paying close attention to intergenerational differences. It is vital that managers are provided with the tools and freedom they need to recognize that treating staff members fairly does not mean treating them the same.
- Issues of work-life balance. The city has also worked hard to create a culture that encourages work-life balance and recognizes the diversity of employee habits. Many people still cling to the idea that their lives can be in balance when they are working a 50+ hour week.
- Flexible benefits and rewards. Kelowna offers flexible benefits and several recognition programs. These include semi-annual long service awards and the ability to recognize and reward good work with modest gifts, from a \$10 Starbucks card to a \$300 fishing rod.



Compensation. Another major factor in being a people-focused organization, of course, is compensation. The city pays well in order to recruit top-notch people. The city council has consistently supported remuneration at the 75th percentile relative to public-sector organizations nationwide. While there will always be criticism, “you get what you pay for” was the common theme of an on-the-street survey. Paying staff well is entirely consistent with Kelowna’s vision of being the best mid-size city in North America.

Programs that Appeal to Employees. The city has added a number of programs and practices to appeal to the different generations in the workplace. These include:

- *An earned day off program.* Employees can work an additional hour or half hour and add it to their available time off, providing flexibility. Individuals are allowed up to 17 leave days in the year.
- *Jeans day.* On Fridays, signs pop up on city service counter tops advising customers that staff members are allowed to wear jeans if they pay \$1, with all proceeds going to charities that are selected by different work groups each quarter.
- *Wellness programs.* The city organizes family activities, including skating, bowling, and picnics. There is a smoking cessation program and even an employee-led learn-to-run initiative.
- *Customer service awards.* Staff are encouraged to report their fellow workers for going above and beyond for customers or for just providing a consistently high level of service to both citizen and internal customers. Framed certificates, balloons, and a picture on the city’s intranet site follow.
- *Recreation.* The city sponsors employee dragon boat and slo-pitch teams.
- *Reward and recognition.* There is a modest budget in each department allowing managers the opportunity to recognize staff on an ad hoc basis.
- *Social network.* Groups of staff members go out walking during their coffee breaks every day.
- *Social media.* A newly launched social media policy and guidelines has opened up the business use of Facebook and Twitter, among others, to all employees. The downside? Allocating sufficient resources to allow us to be consistently immediate in our responses. The city sees it as an investment.

Exhibit I: Kelowna’s New Organizational Structure

Community Sustainability

Infrastructure Planning and Asset Management
 Land Use Management
 Sustainability Planning

Corporate Sustainability

Airport
 Corporate Services
 Community and Media Relations
 Financial Services
 Fire Department
 Human Resources
 Police

Community Services

Infrastructure Operations
 Design and Construction
 Real Estate and Buildings
 Recreation and Culture
 Development Services
 Regional Services

Strategic Initiatives and Intergovernmental Partnerships
 Customer Service Initiatives
 Emerging Issues
 Intergovernmental Affairs
 Quality Initiatives
 Strategic Partnerships and Initiatives
 (Business Contracts, Grants)

- *Exposure to city council.* City officials are making a conscious effort to get more staff members in front of the city council in “safe” situations to help them gain experience.
- *Sensitivity to generational issues.* Generation Y has “change the world for the better” on its agenda, and it’s hard to think of a place where they would have more opportunities to change the world at a grass roots level than local government. These individuals should be attracted to sustainability initiatives, transportation demand management, and taking the lead on social responsibility in many areas.

Recruiting. Recruiting is always an issue, even in an economic downturn. If governments want to attract high achievers from either the public or private sector, they must be ready. Government jobs were once highly respected posi-

Exhibit 2: All Things Supportive

Division: Corporate Sustainability

Departments

Airport

Corporate Services Information Services
Legislative Services (Bylaw Enforcement, Clerk, Records, Training)
Risk Management
Purchasing

Community and Media Relations Community Relations
(Neighborhood Development, Marketing, Education, Partner Communications)
Departmental Support
Corporate Communications

Financial Services Budget and Reporting
General Accounting
Investment
Revenue
Payroll
Police Administration Support

Fire Department

Human Resources Employee Relations
Contract Management

Police Liaison with RCMP Superintendent

tions, but they are now often the target of a sensationalizing media and an increasingly cynical public who demand more for less. This climate of skepticism and distrust, often written about as the loss of civility, makes it important to seek employees who are driven by their values, not public perception. Kelowna has a further challenge in having some of the highest housing prices in the country.

MAKING IT HAPPEN

The city manager hired a consultant to review its organizational structure in early 2008. His goal was to implement the reorganization in fall 2008, which was achieved. The process involved lots of consultation with key management staff as well as throughout the management ranks to develop a strategic plan (a process that is ongoing). An implementation team was identified to review the process and make recommendations on how to move from the old structure to the new one, including issues regarding loca-

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tions, budget, staffing requirements, and timing. A new corporate strategic plan will be rolled out in 2011 that will align the vision, mission, and values with our corporate priorities.

The New Structure. The city was previously organized under six directors, of human resources, financial services, corporate services, works and utilities, planning and development services, and recreation and cultural services. The areas of transportation, drainage, water utility, sewer utility, and electrical utility had evolved into silos, each with a different objective and a different timetable for infrastructure development. While project schedules were developed cooperatively, the new structure takes a fully integrated approach to the planning of all capital works prior to handing them off to the design and construction team for execution.

Kelowna is now organized into divisions, departments, and branches. Three divisions — community sustainability, community services, and corporate sustainability — reflect, respectively, all things related to planning, all things related to service delivery, and all things related to support. Through work with our consultant, this organizational model was arrived at to deliver on the city manager's vision of being able to adapt to a constantly changing environment by drawing expertise and forming cross-departmental teams in a "plug and play" process. Each division is led by a general manager, who reports to the city manager. The three divisions comprise a total of 16 departments, each lead by a director (see Exhibits 1 and 2). (One anomaly is the strategic initiatives and intergovernmental partnerships department, which reports directly to the city manager. Its role might best be described as focusing on continuous improvement through leadership of the corporate strategic plan development process, as well as working with individual departments on process improvement.)

This group — the city manager, the three general managers, and the 16 directors — makes up the leadership team. The leadership team meets every two weeks for the better part of an afternoon to review council initiatives; review government initiatives and their effects; create and develop policy; and discuss challenges, triumphs, priorities, new initiatives, and growing pains related to the reorganization.

The Major Challenges. The city faced a number of significant challenges. Staff members had to be physically relocated to their new departments, and staffing gaps had to be acknowledged. Departments had to work under budgets under the previous structure and then make the transition to new budgets. The city had to develop a way to create year-over-year comparables for budget and actual results. And everything had to be accomplished under a tight timeline, without burning people out. (This was particularly challenging for the financial services and other departments, who were less than a year into implementing a new integrated financial system.)

The Vital Role of Communication. Communication was crucial. Input was received from staff before structures were developed. Once the decision was finalized, announcements were made using the city’s intranet, and there were face-to-face meetings with every work group in the city. The Community and Media Relations Department was front and center in delivering the message (another important element to the city manager’s vision was to consolidate and centralize



this department to develop focused leadership and expertise in meeting both corporate and departmental needs, whether they be strategic or tactical). Finally, the city manager’s gift for communication was extremely valuable through all levels of the process. He made a commitment to meet with every single work group — involving about 800 employees — with his senior team by his side, wherever possible.

Building Skills. Kelowna takes the idea of highly developed leaders seriously. The city encourages leadership development in a number of ways:

- Bringing the city’s directors together for a half day every two weeks exposes them to the critical thinking of their colleagues, who are professionals in a variety of disciplines.
- All leadership team members can access coaching if they believe it is important in their development (and over time, the city plans to institute this practice for employees in middle management and supervisory positions).
- Peer groups, made up of subsets of the overall leadership team, meet monthly to discuss specific issues to be brought back to the overall leadership team meetings.
- Triads — groups that meet at least once a month to work on leadership and other development areas and hold each other accountable — encourage team members to join with and learn from colleagues who have different strengths.

Leadership team meetings bring together the learning of the peer groups, triads, and coaching sessions to make each other better.

Mentorship, both informal and formal, is also important. Kelowna’s city manager is an excellent informal mentor, making a point of getting around the organization and taking every possible opportunity to meet employees and get to know their names — and often their family members’ names

 The City of Kelowna logo features a circular emblem composed of many small, colorful triangles in shades of red, orange, yellow, green, and blue, arranged in a pattern that suggests a sun or a mountain range. Below the emblem, the text "City of Kelowna" is written in a clean, sans-serif font.

City of Kelowna

Symbol of a New Day

To symbolize the changes city government was undergoing, Kelowna officials decided to change the city’s logo. For the first time ever, the city also developed a visual standards guide and marketing templates to ensure citizens can easily identify city services, programs, facilities, and information.

The new logo symbolizes a new day. It captures the spirit, energy, and diversity of our dynamic organization while balancing a sense of heritage with our progressive service commitment.

The color palette symbolizes the diversity that exists in our organization, our cultures, our seasons, and our beautiful landscape. The sun, mountains, agricultural roots, lake, and sails are all represented in the icon.



Kelowna's Principles for Achieving Its Goals

Kelowna developed a set of principles for achieving the city's goals:

- Focus on core functions and do them well.
- Provide great customer service.
- Hire and retain the best staff in the industry.
- Listen to citizens, but do not be afraid to lead.
- Innovate when necessary, and steal good ideas whenever possible.
- Remember that the path to the city's goals should be flexible, but its basic principles should be fixed.

It is important to the city to provide principle-based leadership, which would allow it to withstand roadblocks and criticism while continuing on its chosen path.

— and ask about what's happening in their areas. The city is still in the early stages of developing a formal mentorship program. Step one is to build a cohesive leadership team, well versed in mentoring techniques. Some piloting is in progress, with more structure to follow next year.

Looking to the Future. The changes Kelowna has made will benefit not just the current staff, but future employees, as well. The city will be able to offer additional opportunities for personal and career growth. The path to a senior management position no longer seems so far away and so high up. Also, at the director level, the new departmental structure places more emphasis on excellence in management skills than in a person's technical or professional background. For example, the

city's corporate services director is an accountant; the regional services director is an engineer; and the general manager of community sustainability is a landscape architect.

Project Timeline. The first year of the reorganization was about communication and logistics. There was a lot of research, planning, and preparation. Year two was about making moves and finding equilibrium. (The moves have been made, and as for finding equilibrium — we're getting there.) During year three, the city was to let go of the past and determine any gaps. Breaking with the past has been challenging, but this has improved as budgets have been aligned to the new structure. The city is addressing gaps as they are identified or appear. Gaps were expected; what's important is to ensure they surface only once and are addressed. For years four and five, Kelowna is on track to seeing the vision in practice, not just as theory.

CONCLUSIONS

Kelowna's reorganization is a work in progress, but early signs of success can be seen throughout the organization. The city has a great vision that makes it more resilient — tearing down silos and eliminating turf protection necessitates the mobilization of expertise from across the organization in delivering services. So far, Kelowna has weathered the economic storm with no layoffs, no furlough days, and no hiring freeze — although a hiring "chill" continues (best efforts recruitment with existing modest resources). The city instituted a 1.6 percent municipal share property tax increase for 2010, with a stable assessment and taxation system (there is a high reliance on property taxation). Among British Columbia cities with populations of more than 75,000, Kelowna ranks 13th lowest out of 14 in municipal share of taxes on the average home. This, of course, is the other side of "being the best mid-size city" — providing services that enhance the community with taxes reflecting value received. The question the city continually asks is: Are we getting better? The answer is yes. This system might not work for all local governments, but Kelowna employees are rising to the challenge of this change. ■

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