Grant Report

January 2000

San Diego County's Innovation Program:

Using Competition and a Whole Lot More to Improve Public Services

William B. Eimicke
Director, Picker Center for Executive Education
School of International and Public Affairs
Columbia University

The PricewaterhouseCoopers Endowment for
The Business of Government

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About The Endowment

Through grants for Research, Thought Leadership Forums, and the SES Leadership Program, The PricewaterhouseCoopers Endowment for The Business of Government stimulates research and facilitates discussion on new approaches to improving the effectiveness of government at the federal, state, local, and international levels.

Founded in 1998 by PricewaterhouseCoopers, The Endowment is one of the ways that PricewaterhouseCoopers seeks to advance knowledge on how to improve public sector effectiveness. The PricewaterhouseCoopers Endowment focuses on the future of the operation and management of the public sector.

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Foreword

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On behalf of The PricewaterhouseCoopers Endowment for The Business of Government, we are pleased to present this report by Professor William B. Eimicke, "San Diego County's Innovation Program: Using Competition and a Whole Lot More to Improve Public Services."

In this report, Professor Eimicke sets forth criteria for successful innovation in government and grades San Diego County on how well it fared on five major innovation initiatives. The purpose of the report is not simply to grade San Diego County but to better understand the innovation process and why some innovative government initiatives fail and why others succeed. This report by Professor Eimicke should be a valuable document to executives at all levels of government who are attempting to innovate and change the way their organization operates.

This report significantly adds to the body of knowledge on innovative public managers and public management that The PricewaterhouseCoopers Endowment for The Business of Government is attempting to build. Recent Endowment reports by Professors Robert Denhardt and Janet Denhardt ("Leadership for Change: Case Studies in American Local Government") and Professors Paul Teske and Mark Schneider ("The Importance of Leadership: The Role of School Principals") also made significant contributions to our understanding of innovation and leadership in the public sector. In the future, the Endowment plans to continue building this crucial body of knowledge. As government at all levels continues to be under intense pressure to innovate and improve performance, it is crucial that we better understand the ingredients of successful innovation.

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Executive Summary

Why is competition so often touted in the government innovation and self-help literature but so seldom used in practice? San Diego County, California, embarked on a major competition-based reform of every aspect of its government more than two years ago. While competition remained the theme, most of the program improvements came from other innovations, such as reengineering, reorganization, privatization, and contracting out. How much did competition contribute to the San Diego County turnaround? Are there lessons for other communities in what most observers agree is an amazingly rapid reversal of fortune for San Diego County taxpayers? This paper examines why San Diego chose competition and other innovation tools, seeks to grade the performance of the projects to date, and reports on how the county has sought to sustain the gains after the leader of the innovation movement moved on.

San Diego County is one of the larger local governments in the United States, encompassing 4,255 square miles (about the size of the state of Connecticut) and a population of just over 2.6 million people. As recently as 1995, the county government faced a $65 million operating budget deficit. During that troubled period, county reserve funds fell to only $5 million and bankruptcy was under serious consideration by the County Board of Supervisors. Today, the fiscal 1999-2000 county budget is balanced at $2.67 billion, with $300 million in reserves, and funds a number of program enhancements and new initiatives.

County officials credit competition with driving a comprehensive management reform program that balanced the budget, lowered taxes, fully funded reserves, eliminated a major maintenance problem, and helped fuel a growing regional economy. At the same time, competition and innovative management has enabled the county to "move money to do good." Since the depth of its fiscal woes in 1995, the county budget has risen by more than $470 million, funding five new libraries, expanded health coverage for poor children, and new public safety initiatives.

This reports profiles five projects in San Diego's three-year effort to use innovative management tools to create a county government that operates better, faster, and cheaper. To assist other governments seeking best practices and lessons from the San Diego experiment, we graded the projects on the basis of five factors that are essential to the success of a public sector innovation.

1. The need for innovative change is well established and communicated widely.
2. Innovation advocates make a strong case for their solution.
3. Implementation is accomplished fairly and efficiently.
4. The innovation produces meaningful, measurable outcomes.
5. The beneficial impact of the innovative change can be sustained.

We graded each innovation on a letter grade scale according to each of the five criteria: A (outstanding results); B (better than expected); C (acceptable); D (disappointing); or F (a mistake). The five criteria grades were then averaged to create a composite indicator of success for each innovation. While completely subjective, the grades will hopefully provide some yardstick by which other governments can assess whether similar innovations are advisable in their community.

The first innovation, the privatization of the county's solid waste system, helped the county avert bankruptcy and created the momentum and resources for the projects that followed. This project earns an **A**.

The bonus program has been the most problematic of the innovations implemented to date. Former Chief Administrative Officer (CAO) Larry Prior argues the bonuses were essential to motivating managers to move a reluctant bureaucracy. However, Prior also concedes — and later told county employees — that he did a poor job of explaining the program and misjudged the reaction of county workers, the media, and the general public. Given these problems, this project rates a **C.**

The most comprehensive management reform program is ongoing in the county's largest department, the $1 billion (annual budget) Health and Human Services Agency (HHSA). Over the past three years, HHSA has simultaneously initiated and completed a comprehensive reorganization, several reengineering projects, and the county's most significant competition effort — the CalWORKS welfare-to-work managed competition. As a result, HHSA has been able to expand health and support services to its clients, reduce its welfare caseload by more than 40 percent (second best among the state's 10 largest counties) and increase to 47.2 the percentage of CalWORKS families reporting earnings from wages. While it is difficult to fairly assess a program in progress, the accomplishments to date merit an **A.**

The Competition and Reengineering Group was set up by CAO Prior to spread the discipline and spirit of innovation to every county department and agency. The group's charge was to use competition to improve customer service and lower costs. Designed to stimulate change and then disband, the group actually closed several months in advance of its 18-month sunset. During its brief tenure, it helped launch eight competitions and 13 reengineerings, saving the county nearly $35 million in recurring annual savings. While the dollar savings are modest compared to the solid waste privatization or the welfare caseload reductions, the group's work engaged large numbers of county workers in the potential power of innovation and helped assure the public that its government was being managed well. While sustaining the gains is in question with the group in sunset, the enormous positive impact of ending a government program on time, as promised, merits an **A.**

The outsourcing of information technology and telecommunications services is the county's largest and potentially most controversial innovation. Large computer contracts have not gone well for California governments in the past decade, and this contract certainly qualifies as being large. In late October 1999, the County Board of Supervisors authorized the CAO to execute a seven-year agreement with Computer Sciences Corporation of El Segundo, California, for information and telecommunications services (and associated costs including contract administration, space, and employee transition services) of $596,674,421. Cost comparisons submitted to the board demonstrate that the total cost of contracting out is $87,218,194 less than it would cost the county to provide these services in-house (as it is now doing). While the potential benefits of this innovation are enormous, the status of the innovation as this paper is written can only be graded **Incomplete.**

A number of important lessons emerge from the San Diego County experience that can also help to guide other local governments considering a competition-based innovation strategy.

Strong leadership from the top is essential. The elected County Board of Supervisors were unanimous in their support for selling the resource recovery plant, hiring a strong CAO to implement the sale and the entire management innovation program, and in their votes to implement the program over the next three years. Their public statements have been strongly in favor of change, no matter what forum, and they backed CAO Prior when he was under attack.

Just as the board supported Prior, he supported his managers. Prior fought hard for large performance bonuses and distributed them generously to managers throughout county government. Most promotions were made from staff already on board, and Prior shared credit and publicity with a large group of usually invisible public managers. Performance was rewarded to individuals and collectively, by reinvesting the savings achieved in programs for people in need.

Competing out public services is difficult and not always best. The CalWORKS competition took over a year to become fully operational, and it is still too soon to draw conclusions about overall contractor performance. Only one of the eight managed competitions designed by the Competition and Reengineering Group was won by an outside contractor, but the group's 15-month effort produced about $35 million in annual savings for the county. Overall, the county's innovation program used reengineering, privatization, and outsourcing more often and to achieve greater savings than it accomplished through competition.

What works well in the private sector does not always work as well in government. The management bonus system developed by CAO Prior provoked strong opposition from the union leadership, resulted in a fair amount of bad press, and hurt the morale of non-managers. Also, public employee unions will probably oppose competition and related management innovation programs. San Diego County officials learned that an extensive employee outreach and communications effort and options to layoffs can mitigate employee resistance and negative media coverage. However, public employee union leaders may still seek to undermine these programs as a threat to their organization's survival as managers and workers begin to work more as a team.

The greatest benefit of competition may be the change in public employee attitudes and behaviors. San Diego County won seven of the eight managed competitions, and senior managers report a new atmosphere in their offices characterized by analytic thinking, a constant search for meaningful, measurable program outcomes, and an ongoing commitment to continuous improvement.

Introduction*

San Diego County Government and the Need for Management Innovation

San Diego County is a large, multi-purpose local government encompassing most of California south of Los Angeles. The county has a long, relatively open border with Mexico, making immigration and international trade important and often politically volatile issues. About 24 percent of county residents are of Hispanic origin.

Known for its excellent climate, large military installations, and as a popular retirement destination, San Diego has become California's second largest urban area, with a county population in excess of 2.6 million. It ranks 16th in population among all metropolitan areas in the United States. The largest city in the county is the City of San Diego, with a population of 1.2 million. The county's Gross Regional Product for 1998 was estimated at $88.7 billion.

The County of San Diego was established by the State Legislature in 1850 as one of California's original 27 counties. A five-member Board of Supervisors established by the State Legislature in 1852 governs the county. At that time, the county population is believed to have been about 3,500 — 2,692 of whom were Native Americans. At creation, the county covered about 40,000 square miles, including the present counties of San Diego, Imperial, Riverside, San Bernardino, and portions of Inyo. Today, San Diego County covers 4,255 square miles, 65 miles from north to south and 86 miles from east to west.

Despite the region's long tradition of conservative politics and active taxpayer associations, the county government teetered on the brink of bankruptcy in 1995. A cyclical slowdown in the area economy was exacerbated by a poor decision to construct a public solid waste resource recovery plant in the northern part of the county. The plant was a major money loser from day one, and five new members of the County Board of Supervisors were forced to face the dire fiscal consequences of their predecessors' poor judgment.

The 1995-1996 county budget projected a $65 million deficit, had only a few million dollars in reserves for a $2.2 billion operating plan, and was covering both debt service and daily operating losses from the resource recovery plant. The five members of the Board of Supervisors independently reached the same conclusion regarding the fiscal crisis and what to do about. While the crisis was not of their making, they agreed to take "ownership" of the problem. Dramatic steps were needed to avert bankruptcy, but such steps were politically risky and might not work.

* *The author acknowledges the expert consultation and assistance of his colleague Steven Cohen and his research assistant at Columbia University's School of International and Public Affairs, Jennifer Mitchell. Patricia Frosio, Chief of Staff for San Diego County CAO Walt Ekard, provided access to the key actors and documents as well as her own insights without which this paper would not have been possible.*

The supervisors essentially decided they were more concerned about their place in county history than the results of the next election. They would use the fiscal crisis as an opportunity to comprehensively improve the county's service delivery system and decaying infrastructure, as well as its finances. They agreed on a simple but radical three-step plan:

- Pursue a market-based solution to the solid waste system crisis;
- Hire a new chief administrative officer (CAO) to get that done; and,
- Empower the CAO to overhaul the entire county government and make it run as if it were a private company.

Agreed that the solid waste system was a financial and management disaster, the supervisors decided privatization, if possible, was a critical first step in the county's fiscal recovery effort. To accomplish that objective, they sought a new CAO with the expertise, vision, energy, and leadership to bring market discipline to the operation of county government. A national search produced a pool of 229 candidates.

The successful applicant and unanimous choice of the board members sent in his resume after seeing an advertisement in *The Wall Street Journal*. Lawrence B. Prior III was vice president and general manager of TRW's Tactical Systems Division when he applied for the CAO position. A former Marine, Prior had also worked as a congressional staff expert, so he was familiar with politics and public processes. Nevertheless, Prior intended to bring market principles and business practices to county government if he got the job.

Current board member (and board chair at the time of Prior's selection) Ron Roberts comments, "Larry was our unanimous choice because we wanted an innovator, an agent for change." The appointment was universally well received. The media characterized Prior as hands-on, high energy and a man of 12-hour days. Business groups, taxpayer associations, chambers of commerce, and the convention and visitors bureau endorsed his private sector standards and ideology, including his plan for performance-based bonuses for county managers. He was praised in the press and by county managers as well. Even union leader Mary Grillo, who was to become Prior's most ardent critic, initially approved his selection: "I think one of his biggest strengths is that he realizes county employees are our strongest asset."

About Lawrence B. Prior III

Lawrence B. Prior III served as Chief Administrative Officer of the County of San Diego from September 1996 to May 1999. As the chief executive for the fourth largest county in the United States, Mr. Prior managed a workforce of 17,000 employees and an annual budget of $2.39 billion.

Mr. Prior was appointed to this post by the five-member San Diego County Board of Supervisors after an extensive nationwide search. He assumed the post on September 3, 1996.

Mr. Prior brought a unique combination of private and public sector experience to his post. Before joining the County, Mr. Prior served as Vice President and General Manager for TRW Inc.'s Tactical Systems Division in Sunnyvale, California. Earlier in his TRW career, he served as Vice President of Strategic Planning, Business Development and Government Affairs for TRW's Avionics and Surveillance group based in Rancho Bernardo, California.

From 1989 to 1992, Mr. Prior served as a professional staff member to the House of Representatives' Permanent Select Committee on Intelligence, where he evaluated multi-billion-dollar technology programs. Mr. Prior also served 11 years in the United States Marine Corps as an Intelligence Officer and as an analyst for the Office of Naval Intelligence.

Born in Chicago, Illinois, Mr. Prior holds a Bachelor's degree from Loyola Marymount University and a Master of Arts degree in government from Georgetown University.

The Innovation Process

Selling Solid Waste

Prior's first priority was to solve the county's solid waste crisis. The decision to build the $134 million North County Resource and Recovery Facility proved to be wrong almost from the outset, and the plant was closed only 18 months after opening to mitigate mounting operating losses. The new board members considered a variety of options to deal with the problem, including contracting out management, partnerships, and direct sale.

The mid 1990's proved to be an excellent time to sell a public solid waste system. Interest rates were relatively low, the stock market prices of the publicly traded companies in the business were high, and the solid waste industry was in a consolidation mode. The concern for consumers was mitigated by the county's continuing role as industry regulator. Eight companies responded to the county's initial solicitation and four ultimately submitted a formal bid.

Prior managed the bid and negotiation process, and received high grades in handling his first major challenge. He selected Larry Aker to head his internal "tiger team" of experts. (Aker would become the first director of the County's Competition and Reengineering Group.) Prior also hired J.P. Morgan and the law firm of O'Melveny and Myers to help oversee the financial and legal terms of the divestiture. By August of 1997, Prior had a deal with Allied Waste Management that met or exceeded all of the board's expectations.

Innovation Report Card

Selling Solid Waste

Criteria	Grade
1. Communication	A
2. Strength of Case	A
3. Implementation	A
4. Outcomes	A+
5. Sustainable	A+
Final Grade	**A**

The county received $184 million for a solid waste system that was costing it money to operate. The public liability for future losses and debt from the system were strictly limited. Provisions were made to keep user fees affordable and the county retained the power to regulate the industry. Perhaps equally important, proceeds from the sale funded an environmental trust fund, built operating budget reserves to a responsible and safe level, jump-started the county innovation agenda, and enabled the county to finance a zero deferred maintenance infrastructure investment program. No proceeds were used as one-shot revenues to close the county's operating budget deficit. With the solid waste crisis averted and the county's fiscal affairs in order, Prior set out to achieve the board's third key objective — to make the county government run like an efficient private enterprise.

The Bonus Program

One of the tools CAO Prior used to bring private management efficiency to his new public management job was an incentive bonus program for managers. Prior was convinced — and remains so to this day — that providing significant financial rewards to his top performers and innovation allies was the only way to break through years of bureaucratic inertia and a civil service mentality.

Prior persuaded the Board of Supervisors to set aside $1.34 million for top managers and certain senior staff. However, when the first year bonus decisions were announced, a major internal and media firestorm began.

The management bonus system developed by CAO Prior provoked a violent reaction from public employee unions, which produced a fair amount of "bad press" and hurt morale among non-managers. Prior's management bonus system grew out of the performance-based pay methods he learned in the private sector. For Prior, that meant the bonuses had to big enough to make a difference to those receiving them and diverse enough to separate the top performers from the average and the poor managers.

And it was the size and discrimination of Prior's program that made it real and extremely controversial. For the first year (1997-1998), Prior recommended and the Board of Supervisors approved performance bonuses as high as 30 percent of one's base salary. When the dust cleared, one manager's pay was cut, 40 received no bonus, and 156 received bonuses. Most bonuses were in the $5,000 to $10,000 range, but 42 received more. Prior's bonus was highest — $32,580.

While some editorial boards praised the program, union leaders were predictably outraged, and most news stories played the "Wall Street"-sized bonus angle. The worker grapevine news was also very negative, since only a few managers received relatively large rewards while the first employee raises in several years would not come until the summer of 1998. The most outspoken union leader, Mary Grillo, seized the bonus issue as a weapon against Prior personally and his innovation program generally. Her position was that bonuses pit workers against managers and require regular employees to work harder to earn big rewards for their bosses and nothing for themselves.

Innovation Report Card

The Bonus Program

Criteria	Grade
1. Communication	C
2. Strength of Case	C
3. Implementation	C
4. Outcomes	B
5. Sustainable	B
Final Grade	**C**

Prior later told an employee town meeting assembly that he did a poor job explaining the program and misjudged how it would be received. Subsequently, the maximum bonus was capped at 18 percent and a much larger group of employees are eligible for bonuses. But the relationship between organized labor and Prior, initially quite positive, never recovered.

Real pay for performance systems discriminate — there are winners and losers. This intense win/lose competition is fundamental in the private sector. The San Diego County experience raises the question of how far government can go in bringing market practices to public organizations.

The CalWORKS Competition at HHSA

The wide range of health and social service programs delivered by San Diego County comprise its largest and most critical responsibility. After a comprehensive assessment of its delivery service, the county decided to merge five separate funding and service silos into a single Health and Human Services Agency (HHSA) in late 1996. Led by Dr. Robert B. Ross (recently named one of the 10 Public Officials of the Year for 1999 by *Governing* magazine), HHSA managers proceeded to shape and reengineer the agency's major systems to improve customer service, cut administrative costs, speed decision-making and information flow, and emphasize prevention.

Innovation Report Card

The CalWORKS Competition at HHSA

Criteria	Grade
1. Communication	A
2. Strength of Case	A
3. Implementation	A
4. Outcomes	A
5. Sustainable	B
Final Grade	**A**

Among the strategies HHSA employed to achieve these improvements were: a regional service delivery structure; a "no wrong door" client access system; increased outreach; contracted networks for community-based service; and a managed competition program to fine-tune efficiency and effectiveness. A significant aspect of the HHSA innovation program was the commitment of the Board of Supervisors and CAO Prior to reinvest savings from management innovations into health and human service program enhancements. This public pledge to "move money to do good" seems to sustain the commitment to change in an agency that has been innovating for nearly four years.

The most interesting HHSA innovation is the CalWORKS competition. In response to federal and state welfare reform laws, the San Diego County Board of Supervisors approved a strategy plan in 1997 emphasizing private sector jobs as the goal for most welfare families. It sets out targets of 40 percent of all CalWORKS families in unsubsidized jobs, and 100 percent of able-bodied recipients in work or work-related activities by June 30, 1999.

To help achieve these goals, HHSA decided to divide the county into six regional service delivery districts and compete out approximately two-thirds of its welfare-to-work case management workload. Through the competition, the county hoped to increase community involvement, stimulate new service delivery ideas, foster partnerships and collaborations among service providers, and encourage economies and efficiencies through pay-for-performance contracts. To select its service providers, HHSA chose a Request for Proposals (RFP) process.

The competition was managed in several respects. First, two of the six districts were kept in county management, but under a new, reengineered regional organization. Second, a goal of two nonprofit and two for-profits contractors was established for the other four districts, but HHSA made clear it would look for "best value" regardless of the bidder's legal status. Providers could bid on all four districts and collaborations were encouraged, however, no bidder could manage more than two regions.

An independent board recommended the two districts assigned to the county and the Board of Supervisors affirmed their recommendation. It also approved HHSA's assessment of the RFP responses, awarding two districts to Lockheed Martin, a large national for-profit company; one district to Maximus, also a national for-profit company; and one district to Catholic Charities, a regional nonprofit organization. All three contractors have partnership agreements and collaborations with a wide variety of community-based organizations, support service providers, and neighborhood multi-service centers.

By mid-August 1998, all four contractors and the two county organizations were fully operational and continue to operate as this report is written. All contracts were designed to be paying for performance, with the highest incentives for placement and retention of clients in unsubsidized, private sector jobs. During the start-up period and during some computer and data verification problems, contractors were paid on a cost-reimbursement basis. The shift to pay for performance began in August of 1999.

Some major milestones associated with the CalWORKS competition merit comment here. Overall, the county's welfare caseload continues to decline, dropping by 18 percent in 1998-99 and 43 percent since 1996, from 63,300 to 36,500 families in June 1999. This decline is the second largest among the state's most populous counties. Annual assistance payment costs to the county have dropped from $421 million in 1995-96 to $231 million in 1998-99.

There were 24,625 welfare-to-work participants being served by the CalWORKS providers as of June 30, 1999. At that time, 47.2 percent of the employable families reported some earnings from wages, with all regions meeting or exceeding the strategic plan target of 40 percent. Contractors identified 18,329 job opportunities for CalWORKS participants in 1998-99, up substantially from 12,966 in 1997-98.

It is too soon to make meaningful comparisons of contractor performance. An automated performance tracking system was just coming on line in September 1999 and an independent evaluation of the regions is scheduled to be completed during the fall of 1999. HHSA administrative reviews found the need for corrective action by all three contractors in the areas of documentation, record keeping and data collection. Overall performance as measured by client earnings and caseload declines is relatively uniform and positive across all six regions. By 2000-01, the county expects to have the definitive performance data required to make decisions on the re-bidding of the welfare-to-work case management services for 2001 and beyond.

The Competition and Reengineering Group Projects

On February 17, 1998, the Board of Supervisors formally approved the creation of the Competition and Reengineering Group to foster and oversee a countywide innovation effort. The group was given a $3 million budget and a strict 18-month life. Larry Aker, project manager for the solid waste system privatization, was chosen to head up the project. His top deputy and successor, Lana Willingham, was a key player in the HHSA synergy, reengineering, and competition efforts.

CAO Larry Prior championed the creation of the high level team to push departments to improve customer service and lower costs. Competition was Prior's preferred improvement tool. When competition was not possible, reengineering was applied. Prior encouraged the team to "think outside the box" and push county agencies to run their operation as if it was their own business.

Prior, Aker, and Willingham all cited Indianapolis Mayor Stephen Goldsmith's competition initiatives as their ideal type. They brought Goldsmith to San Diego, read his book on the Indianapolis experiment, talked to his staff, and applied many of the same methodologies. For example, Aker hired an outside consulting firm to help the county develop an activity-based cost accounting system to facilitate competition comparisons. San Diego also adopted Goldsmith's Yellow Pages test to choose competition targets — if there were five or more private businesses in the telephone book selling the same service as a county agency, that service was added to the group's priority list.

Innovation Report Card

The Competition and Reengineering Group Projects

Criteria	Grade
1. Communication	A
2. Strength of Case	A
3. Implementation	A
4. Outcomes	A
5. Sustainable	B
Final Grade	**A**

The group developed managed competition and cost comparison guidebooks to make sure that county teams and outside vendors were equally well informed about the services out for bid and how proposals would be evaluated. The group also provided grants to the county teams so that they could hire expert consultants to analyze costs, develop business plans, and construct a proper bid. An important part of the Competition and Reengineering Group's mission was to create as level a playing field as possible for the public-private competitions.

Remarkably, on May 26, 1999, the Final Report of the Competition and Reengineering Group was submitted to the Board of Supervisors and the group disbanded. During its short life, the group managed eight competitions and 13 reengineerings, creating nearly $35 million in annual savings. The Board of Supervisors chose to reinvest those savings to expand and improve county services or to reduce user charges. (A list of the projects and results are included in the Appendix.)

As in Indianapolis, the county faced the unexpected — and in some ways unhappy — prospect of awarding the first competition to the county team. Many senior officials had hoped that an early private contractor award would encourage outside interest and spur county teams to be more aggressive. The county team victory was even more surprising than the Indianapolis situation (there the road repair contract was retained by the public employees) because the County Alternative Public Defender won the contract to provide defense services for juvenile dependency cases from the private attorneys previously doing the work.

County teams won six of the other seven competitions. The only outside vendor to win a contract, California Forensic Medical Group, Inc., was selected to provide medical services in Juvenile Hall, three camps, and a work furlough facility. The contract saves the county about $3.5 million over its four and a half year term, the second largest annual savings produced from the eight competitions.

The direct savings resulting from the work of the Competition and Reengineering Group are modest compared to the proceeds from the solid waste privatization. The HHSA CalWORKS competition and synergy projects are much larger in scale and employ more “cutting edge” methodologies. Nevertheless, the group’s work played a major role in the overall innovation process.

Lana Willingham, the competition group’s second director, comments, “Our work was really about restoring the confidence of the public that government services are being well-run. Our commitment was to eliminate waste and use the savings to do good — move the freed-up funds to enhance critical public services. And we wanted to expand the program from a few big victories — solid waste and HHSA — to a countywide initiative that involved every department and thousands of public employees.”

Our conversations with county employees, vendors, and citizens indicate that the most significant benefits of the group’s work are the changes in the attitudes and behaviors of county workers. Joan Zinser, deputy HHSA administrator, told us, “The discipline of the competition and reengineering process has dramatically altered the way we do our work. County employees are much more analytical and cost-conscious, day to day. It is not an exaggeration to say that many of us now act as if we are operating in a highly competitive market atmosphere with customer service our top priority.”

The Outsourcing of Information Technology and Telecommunications Services

As the Competition and Reengineering Group concluded its work, it set into motion the largest project in the county’s innovation program — information and telecommunications outsourcing. The county’s outdated and poorly functioning computer and telecommunications infrastructure frustrated the public, employees, vendors, and even the media. It seemed particularly problematic in a region where computer and Internet businesses were growing rapidly and public utilization of the new technologies was high compared to the rest of the nation.

The group’s information and telecommunications team assessed the county’s current capacity, interviewed a wide array of private vendors, and examined best practices from the public, private, and nonprofit sectors nationwide. The team recommended and CAO Prior agreed that outsourcing was the best method of securing and maintaining a state-of-the art information and telecommunications infrastructure for the county.

A Request for Statements of Qualifications (RFQ) was sent to over 150 information technology and telecommunications companies in November 1998. The county required that vendors meet the following criteria: participation in similar outsourcing contracts of at least $50 million annually; management of service bundles comparable to San Diego’s needs; and corporate revenues in excess of $1 billion annually for the past three years. Thirteen responses were received and eight were deemed qualified to serve as a prime contractor for the county by the source selection committee.

As the process moved forward, three qualified vendors withdrew and several of the other candidates formed partnerships. When the Request for Proposals was issued in February 1999, three eligible bidders sought the prime contract — Computer Science Corporation (CSC), in partnership with SAIC; Electronic Data Services (EDS); and IBM, in partnership with Lockheed Martin. Final negotiations are currently underway and the county expected board approval of a contract by late 1999. The new vendor is expected to take over operations in December 1999. As this paper is

Innovation Report Card

The Outsourcing of
Information Technology and
Telecommunications Services

Criteria	Grade
1. Communication	A
2. Strength of Case	A
3. Implementation	A
4. Outcomes	Incomplete
5. Sustainable	Incomplete
Final Grade	**Incomplete**

being written, the CAO is expected to recommend approval of the proposal by CSC. The total seven-year cost of the contract plus related contract administration, county space, and the cost of transitioning employees is $596,674,421, or $87, 218,194 less than the county estimates it would cost to provide the same services itself.

The IT outsourcing is the largest and most controversial of San Diego's innovation initiatives. The county's expert consultant estimated baseline information technology and telecommunications costs at $98.5 million annually, increasing at an annual rate of 6-8 percent. Needed infrastructure improvements are estimated at $100 million over the next five to seven years, and another $150 million will be needed for software and systems applications. This will be a very large outsourcing.

Large computer contracts have not gone well in California, with severe problems developing in the state's motor vehicles, child-welfare, and child-support systems. In April 1999, the federal government rejected the state's proposal for an automated statewide child-support system, the second time California has encountered serious difficulties with child-support automation.

Perhaps even more ominous for the county's outsourcing is Connecticut Governor John G. Rowland's decision in late June 1999 to kill his own "billion dollar" information technology outsourcing. Rowland made the project one of his top priorities and had pushed it hard for four years as a key strategy to improve government performance and save money. Public employee unions and some of their influential allies in the state legislature staunchly opposed the proposal.

The explanation was that the governor's IT staff and prime contractor, EDS (one of the finalists in San Diego) could not agree on the total cost of the project or what would be included in the basic service package. However, the state declined to open negotiations with the second place bidder, IBM (also a San Diego finalist). Connecticut will now modernize its systems using state employees and contract out with private vendors on a more selective basis. The reaction in San Diego has been muted. Lana Willingham, who now heads the IT outsourcing team, said simply, "We have the wherewithal to do this and do it well."

Public employee unions have opposed the entire innovation effort in San Diego, and the IT outsourcing has become their central focus. Unlike Connecticut, the elected members of the Board of Supervisors have resisted the political pressure and instead sought to establish programs and policies to protect public employees who are affected. On December 8, 1998, the board approved an employee transition program that encourages affected employees to accept positions with the vendor selected.

The board required that the vendor selected offer employment to all in-scope employees, and offer employees whose positions fall within the scope of the RFP at least 150 days' employment in San Diego at least equal to their existing salary plus 30 percent for benefits. The county also offered affected employees the option of a retirement credit of two years or a severance payment of 20 percent for any county employee who decides not to take the contractor offer, is laid off by the county, and does not take another county position upon layoff.

Grading the Programs

What Goes into a Successful Innovation?

Many government managers and elected officials face circumstances where incremental change will not suffice. Perhaps the situation is not as drastic as the near bankruptcy faced by the San Diego County Board of Supervisors in 1995, but nevertheless, the situation calls for more dramatic change than the traditional tools of management can produce. In such circumstances, the tools of innovation may be the answer.

Throughout the 1990s, governments around the world have used tools borrowed from the private sector and created new tools to induce substantial changes in the standard operating procedures and outcomes of the public organizations they were seeking to turn around. (See Cohen and Eimicke, *Tools for Innovators*, 1998). San Diego County officials frequently characterize their innovation program as bringing the discipline of market competition to the public sector. However, as we have described, competition-based changes represent a relatively small part of the innovation program in San Diego. Reengineering, privatization, contracting out, reorganization, benchmarking, performance management, and strategic planning have all been used to reduce costs, increase productivity, improve customer service, and "move money to do good."

Comparing the five San Diego County innovations profiled in this report, clear differences emerge in terms of the results, ease of implementation, and perception of the success (or failure) of the innovation. As we observed and assessed the five initiatives, a series of key criteria emerged. From those criteria, a simple evaluation protocol was developed to assist other public managers who might be interested in using similar innovations in their community. The criteria we used to assess the innovations are:

1. The need for innovative change is well established and communicated widely.
2. Innovation advocates make a strong case for their solution.
3. Implementation is accomplished fairly and efficiently.
4. The innovation produces meaningful, measurable outcomes.
5. The beneficial impact of the innovative change can be sustained.

We graded each innovation on a letter grade scale according to each of the five criteria: A (outstanding results); B (better than expected); C (acceptable); D (disappointing); or F (a mistake). The five criteria grades were then averaged to create a composite indicator of success for each innovation. While completely subjective, the grades will hopefully provide some yardstick by which other governments can assess whether similar innovations are advisable in their community.

The first innovation, the privatization of the county's solid waste system, merits an **A.**

Grading Box for Each Project					
	PROJECT				
	Solid Waste	**Bonus**	**CalWORKS Competition**	**Competition and Reengineering Group**	**Information Technology and Telecommunications**
Criteria					
1. Communication	A	C	A	A	A
2. Strength of Case	A	C	A	A	A
3. Implementation	A	C	A	A	A
4. Outcomes	A+	B	A	A	Incomplete
5. Sustainable	A+	B	B	B	Incomplete
Final Grade	**A**	**C**	**A**	**A**	**Incomplete**

All five members of the County Board of Supervisors agreed that public management of the solid waste system was a disaster and that it was the primary cause of the county's fiscal problems. They also agreed that it was highly unlikely that a public managed system could succeed in the foreseeable future. Just as important, they were able to clearly communicate those conclusions to the media, business leaders, taxpayers groups, and the general public. Measured against the first criterion, we gave this project an **A.**

The solution was equally well considered, documented, and communicated. New CAO Larry Prior assembled a "tiger team" of top talent in-house and brought in leading financial and legal consultants to come up with the best possible terms of sale for the county. The timing was right and the media covered the process extensively and in depth. By the time the Board of Supervisors was ready to vote on the sale, they were already being praised for their vision — an **A** measured against the second criterion.

The process was accomplished through a formal RFP process. Dismissal of the only lawsuit by a losing bidder documented the fairness and objectivity of the implementation stage. The major companies in the industry submitted proposals. Another **A** for solid waste, using the third criterion.

Prior's wise decision to hire the best outside counsel and financial advisor he could find and the competitive interest in the sale produced revenues well in excess of the county's initial expectations. As a result, the solid waste transaction alone helped avert bankruptcy, balance the county operating budget, restore reserve accounts to prudent levels, fund a deferred maintenance program, and finance the development costs of the rest of the innovation program. Not only are the results measurable, they generated enough dollars and goodwill for the rest of the innovation program. We decided to give an **A+** on this criterion.

The sale of the solid waste system relieved the county of an escalating operating loss, provided a substantial cash infusion to balance the budget, fill reserve funds, and eliminate deferred maintenance throughout county government, and provided the venture capital for the rest of the innovation program. Not only have the benefits of this innovation been sustained, they have increased over time — another **A+** is earned, creating a composite grade of **A** for the solid waste privatization.

The bonus program doesn't do as well in our grading system. While bonuses may have gotten top managers behind the innovation effort, Prior himself concedes that the program was poorly explained and not marketed well. Therefore, the bonus program graded poorly against our first two criteria in particular. Overall, we gave it a grade of **C**. It must be said that the county subsequently sought to correct its mistakes, apologizing for its poor communication, expanding the number of managers and staff eligible for bonuses, and capping the maximum bonus for any individual. The program is ongoing and becoming more popular, so there are positive and negative lessons to be learned from the San Diego County experiment with incentive-based pay for public managers.

The CalWORKS competition was developed with substantial baseline research, extensive outreach, and a very formal and well-documented selection process and ongoing, widely disseminated monitoring reports. Coupled with the major reductions in the county's welfare caseloads and substantial employment earnings gains among those still receiving assistance, a grade of **A** is clearly warranted.

CAO Prior set up the Competition and Reengineering Group to spread the discipline and spirit of innovation to every county department and agency. Created by an act of the Board of Supervisors and financed by the proceeds of the solid waste privatization, the group received substantial media attention. Group members also worked closely with every county office to help develop procedures for fair and meaningful competitions.

The group's extensive outreach to county employees and private vendors, the competition and cost comparison guides they developed and the fact that most competitions were won by county agencies reinforced their well-deserved reputation for fairness and efficiency. Nearly $35 million in documented, recurring savings represent meaningful, measurable outcomes. The risk that the benefits might not be sustained while the group is in sunset are more than offset by the enormous positive impact of ending the group ahead of schedule — instead of creating a new bureaucracy to fit bureaucracy. This innovation also deserves an **A.**

Finally, the outsourcing of information technology and telecommunications services could become the county's most successful innovation. It could enable every department to work better, faster, and cheaper while saving the county more than $87 million, compared to an in-house version of the same services. However, as we write this, the contractor has not even begun operation. Therefore, we gave this innovation an overall grade of **Incomplete** at this time.

Making It Stick

What Happens When the Innovative Leader Leaves?

On May 4, 1999, the San Diego County Board of Supervisors announced that Assistant Chief Administrative Officer Walt Ekard would succeed departing CAO Larry Prior. The board moved quickly to replace Prior (who took a chief executive officer position in the private sector), deciding against the national search process they had used to find Prior. Board Chairperson Pam Slater commented, "Larry Prior is a top administrator. But if anyone can match his performance, Walt Ekard can do it."

Prior and Ekard seem to be total opposites. Prior is obviously driven and has high energy and high intensity, with an in-your-face style. He is very much a family man, but you can see him as General Patton coaching his girls' soccer club. Ekard is calm, soft-spoken, open and friendly, a consensus-oriented people person. He too is a family man, with a passion for opera and baseball (he sang the National Anthem at a San Diego Padres professional baseball game).

The board chose Prior, a man with an excellent resume but a new face to them and county government. He was hired to shake things up with his no-nonsense style and focus on "the bottom line." Ekard was chosen from inside, with a long history of government service in the county, having previously served as manager for the wealthy Rancho Santa Fe Association and as a staff advisor for several county supervisors. Ekard acknowledges the difference; "I really do have a different approach toward things. Larry was more confrontational."

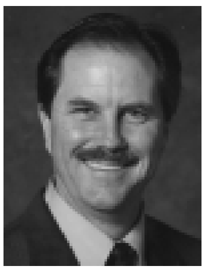
However, Ekard strongly supports the entire innovation agenda, including the controversial IT outsourcing. Interestingly, Ekard finished second in the board's national search to find Prior. Prior then chose Ekard as his number two — "his strengths are my weaknesses." Prior also pushed the board to select Ekard as his replacement. Some media observers even dubbed him as Prior's "hand-picked successor." Ekard reinforced the message of continuity by appointing Helen Robbins-Meyer, whom Prior recruited from TRW, as his second in command. And he said early on, "It's my desire, and the board's desire, to leave here with the changes we have made since 1996 still in place." His top priority for 1999-2000 is to make the innovations "stick" and make the changes part of county culture.

Still, the transition from Prior to Ekard represents more than just a change in style. Ekard will not back off past changes, but he intends to consolidate past gains rather than push for even more change. Ekard's second and third priorities, a focus on employees and leveraging the benefits of their diversity, signal his desire to reduce fear and uncertainty among county workers.

The message is already getting through. Union leader Mary Grillo, who hadn't spoken to Prior in two years, credits Ekard with negotiating the July 1998 contract with her union — "Walt is someone who will meet with me and will discuss issues."

While there is a better labor atmosphere, Grillo is still suing to stop the IT outsourcing and CalWORKS competition and filing a flurry of freedom of information act requests to disrupt HHSA's innovation initiatives.

Strengthening the county's health and human services safety net is Ekard's top policy priority. In many respects, this represents the true purpose of the entire innovation effort. As Supervisor Diane Jacobs said, "We inherited a fiscal crisis. Turning that around so quickly was great, but helping kids and seniors is what makes me smile." The phrase we heard so often from all the key players in the change process was "it's all about moving money to do good."



About Walter F. Ekard

Walter F. Ekard is the Chief Administrative Officer for the County of San Diego. Mr. Ekard was appointed to this post by the five-member Board of Supervisors on May 4, 1999. He previously served as the assistant chief administrative officer and was the Board's "first and only choice" for the job because of his experience and strong leadership skills.

As the county's CAO, he provides policy-based program and financial decision-making support to the board and oversees the operation of 40 departments that provide a myriad of services to the region — from health and human services to criminal justice programs, land use planning, public works, parks, libraries, animal control, and voter registrar services. He also manages the allocation of personnel, capital, and budgetary resources within the county organization.

Since he began working for the County in 1996, Mr. Ekard has been a part of its dramatic transformation, including creation of a structurally balanced budget and the implementation of a general management system. Working closely with the board and the county's executive team, Mr. Ekard will continue this comprehensive effort to institute private business management practices throughout the county, stressing customer service, fiscal accountability, and teamwork. Current and future efforts will focus on ensuring that recent positive changes become a part of the culture in county government. He will also oversee the successful conclusion of an information technology outsourcing project begun in late 1998.

Mr. Ekard brings a unique combination of qualifications and experience to this post. He has worked with legislators — service as a senior policy advisor to former County Supervisor Paul Fordem (1981-1984), then as chief of staff to former Supervisor Brian Bilbray (1985-1987). He also managed the Rancho Santa Fe Association from 1987 to 1996, transforming this 70-year-old organization into a smooth-running, productive, and powerful regional influence. During his tenure with the association, he worked in a capacity much like a city manager, developing linkages between the association and other community organizations, creating a long-term strategic plan to secure needed support from local and regional government agencies, and reducing administrative staff while streamlining the budget process and privatizing certain association functions.

A native of San Diego County, Mr. Ekard received his Bachelor of Arts degree from San Diego State University and a Juris Doctor degree from the University of San Diego School of Law. He is a member of the State Bar of California and has served on a number of community boards and commissions.

Concluding Thoughts

San Diego County is one of the larger local governments in the United States. However, its size had little to do with the innovation tools chosen or the results achieved. In that sense, the San Diego experiment has relevance for most local governments in the United States. Did competition save the county from fiscal disaster and free up nearly half a billion dollars in annual spending for new libraries and health care for poor children?

County officials concede that a healthy national economy hasn't hurt their efforts. But they also point out that the county nearly went bankrupt only four years ago. In our view, the innovation initiatives made a substantial contribution to righting the county government. And there are a number of important lessons that emerge from the San Diego experiment that can help to guide other local governments considering a competition-based improvement strategy.

Strong leadership from the top is essential. The elected County Board of Supervisors were unanimous in their support for selling the resource recovery plant, hiring a strong Chief Administrative Officer to implement the sale and the entire management innovation program, and in their votes to implement the program over the next three years. The huge budget deficit created by the county's failing solid waste business helped the Supervisors to gain public support and positive media coverage for their dramatic changes. The complete success of trash privatization strengthened their political will and the public's resolve to stay the course of innovation.

Just as the board supported Prior, he too supported his managers. Prior fought hard for large performance bonuses and distributed them generously to managers throughout the county. Most promotions were selected from in-house staff, and Prior shared credit and publicity with a large number of usually invisible public managers. Similarly strong messages were sent from those managers to their top people that change was both necessary and beneficial. Performance would be rewarded.

At HHSA, multiple innovation initiatives — reorganization, downsizing, reengineering, and competition — made the work life particularly stressful. Administrator Dr. Robert Ross kept his message simple, consistent, constant, and honest — "The risk of standing pat is great. And if we are successful, the savings will be invested in programs to help people in need."

Competing out public services is difficult and not always best. The CalWORKS competition took over a year to become fully operational and it is still too soon to draw conclusions about overall contractor performance. Only one of the eight managed competitions designed by the Competition and Reengineering Group was won by an outside contractor, but the group's 15-month effort produced about $35 million in annual savings for the county. Overall, the county's innovation program used reengineering, privatization, and outsourcing more often and to achieve greater savings than it accomplished through competition.

What works well in the private sector does not always work as well in government. The management bonus system developed by CAO Prior provoked strong opposition from the union leadership, resulted in a fair amount of bad press, and hurt the morale of non-managers. Also, public employee unions will probably oppose competition and related management innovation programs. San Diego County officials learned that an extensive employee outreach and communications effort and options to layoffs can mitigate employee resistance and negative media coverage. However, public employee union leaders may still seek to undermine these programs as a threat to their organization's survival as managers and workers begin to work more as a team.

The greatest benefit of competition may be the change in public employee attitudes and behaviors. San Diego County won seven of the eight managed competitions, and senior managers report a new atmosphere in their offices characterized by analytic thinking, a constant search for meaningful, measurable program outcomes, and an ongoing commitment to continuous improvement.

The change process has been stressful. Jobs have been redefined (often dramatically), and there are fewer employees to get the work done. Media criticisms, freedom of information requests, and lawsuits by unions make day-to-day administration much more difficult. Yet, managers and workers report a new level of energy, creativity, and effectiveness above, below, and beside them. Even with the many victories it is very clear to everyone in HHSA that the battle is far from won.

Yet the commitment to do even more at HHSA and elsewhere in county government is stronger than ever. Joan Zinser, HHSA deputy administrator in charge of their massive innovation program, comments:

> Despite the stress, we now operate more like a team. We think outcomes before action, analysis before judgment. Competition, outsourcing, reengineering, reorganization, and incentives are all tools we can use, not slogans to live by. To me, the best news for the public is we are all working harder and smarter.

Appendix

Competition and Reengineering Group Projects

1. **HHSA Synergy, Phase 1 & 2.** Multiple reengineering efforts and welfare caseload reduction have created annual savings of $21,515,000 and a reduction of 468 full-time equivalent positions. Savings have been reinvested in expanded services to abused and neglected children, home visiting, child immunizations, mental health access for wards and dependents, and the Black Infant Health Initiative.

2. **Correctional Facilities Health Services.** An outside vendor won the managed competition, saving $795,000 annually. A total of 44 positions were replaced, but the vendor hired some of the employees. Savings represent the difference between the lower contractor price and higher employee bid. In that sense, this represents an avoidance of higher future costs rather than budget savings.

3. **Workers' Compensation Claims Administration.** Improved efficiencies were achieved through reengineered processes, elimination of unnecessary forms and paperwork, and use of performance-based outcome measures. Annual savings of $230,000 were achieved, and 4.5 full-time equivalent positions were eliminated.

4. **Office of Financial Planning.** Introduction of an Automated Budget Reporting and Analysis Support System produced more accurate spending and revenue estimates and projections. Annual savings total $300,000 with five positions eliminated.

5. **Revenue & Recovery.** Government agency won managed competition with a combination of cost savings and revenue enhancements, freeing up $575,000 annually for the county.

6. **Alternate Public Defender, Dependency.** Public agency was successful in competing to provide defense services for juvenile dependency cases, saving $235,000 annually and freeing up funding to reinvest in dependency court enhancements.

7. **El Cajon Municipal Court Pre-Arraignment Services.** The Public Defender won the managed competition to provide pre-arraignment indigent defense services, previously provided by the private bar, and was able to reduce county costs by $133,200 annually.

8. **Public Defender.** The Public Defender's Dependency Division was reengineered to enable attorneys to focus on the courtroom and legal issues while paralegals and investigators concentrate on the social welfare of the child. Three attorney positions were replaced by three legal assistants, saving $220,000 annually.

9. **Mental Health Services in the Jails.** Services previously provided by HHSA were reorganized and integrated into the Sheriff's Medical Service System. This reengineering resulted

in better coordination of health services and elimination of duplication. The sheriff was able to eliminate 13 positions, saving $500,000 annually.

10. **Air Pollution Control District.** The district reengineered business processes using automation and other systems improvements. The annual savings of $630,000 enabled the agency to reduce fees charged to businesses by $380,000, provide additional assistance to small businesses, and automate other district operations.

11. **Environmental Health.** Annual savings of $1.3 million were accomplished through reengineering, which consolidated nine divisions into four, increased management ratios from 1:5 to 1:7, and financed the creation of six new positions to improve customer service.

12. **Parks and Recreation, Fallbrook Community Center.** The Department of Parks and Recreation won the competition to operate this community center, freeing up $33,800 annually for related program enhancements.

13. **Parks and Recreation, Spring Valley Center.** The department won this competition, freeing up $30,000 for related program improvements.

14. **Public Works.** The department used reengineering to reduce staffing levels consistent with current workload and divest itself of several non-core functions. Savings of $3.2 million are being used to offset previously projected increases in sewer service fees and to finance needed capital improvements.

15. **Wastewater Management.** Reengineering and contracting of certain tasks to the City of San Diego resulted in a reduction of $74,000 in annual commercial/industrial wastewater permitting and monitoring costs.

16. **Facilities Maintenance.** The Department of General Services used reengineering to reduce the number of steps in the work order process and more efficiently deliver maintenance services through five regional operations. Annual savings of $800,000 were achieved, in part through the elimination of 27 positions.

17. **General Services Management and Administration.** The department used reengineering to consolidate six divisions into three and reduce the number of overhead support positions. Annual cost reduction of $1.3 million provided $800,000 to fund other priorities in the agency.

18. **Rental Assistance Program.** The Housing and Community Development Department reengineered its Section 8 rental assistance program using automation, reorganization, and staff reductions reflecting a reduced workload to save $500,000 annually. The savings are being used to finance low and moderate income housing initiatives.

19. **Fleet Services.** The Department of General Services won the managed competition by reducing staffing, consolidating 10 garages into six, and forming partnerships with public agencies and private vendors. The annual savings total $1 million.

20. **Probation Department.** Using reengineering, the department consolidated five divisions into three, eliminating 24 positions and downgrading 62 others. Annual savings of $2.3 million are being reinvested in front-line services to juvenile offenders and a new juvenile hall.

21. **Office of Financial Planning.** The Budget Office was restructured, consolidating 10 positions into five. Savings of $300,000 annually were reinvested in a new budgeting, projecting, and strategic planning automated system.

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Interviews: Much of the information reported here was gathered through a series of semi-structured interviews conducted by the author in San Diego, California. Interviews were conducted with all five members of the Board of Supervisors, their senior staff, the current and previous CAO of the county, their chief of staff, both directors and most staff of the Competition and Reengineering Group, senior staff of the Health and Human Services Agency, and a wide variety of middle management and line county staff (who spoke primarily on the condition of confidentiality). The author also reviewed confidential working papers made available by county managers and media coverage of the competition experiment between 1995 and 1999. Drafts of the report were shared with the county for comment but the author accepts full responsibility for the material presented and its interpretation.

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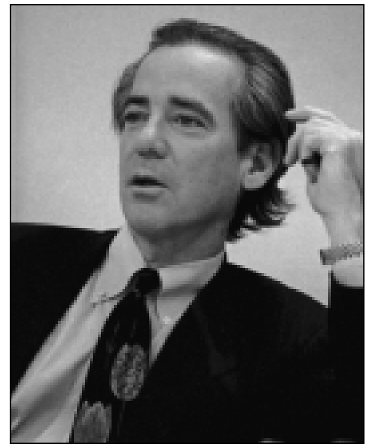

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Dr. Eimicke has also served as management consultant to a wide array of public, private, and nonprofit agencies seeking to improve their performance, reorganize, develop strategic planning, and improve their productivity.

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