Improved Customer Service Through Improved Business Process

Monroe County
Department of Social Services
and Health Department

Assessment and Recommendations
Final Report - August 22, 2002

Introduction

Monroe County faced severe fiscal challenges in the fall of 2001. The stumbling economy and rising jobless rate, combined with an increased demand for services forced the County to tap its reserve funds to make ends meet and, at the same time, institute a hiring freeze. County departments and their employees were required to do more with fewer resources.

In early 2002, County leadership called for a fresh look at its own service organization and those of other leading counties around the United States. In order to do so, it engaged Altreya Consulting to "provide a current review of the operating efficiency" of the County's Department of Social Services (DSS) and Health Department (HD), whose combined budgets represent 62% of the entire County Budget. County Executive Jack Doyle noted publicly that we were charged with identifying "where real savings can be realized by streamlining operations, utilizing technology and eliminating duplicated services." Performance would be measured within the context of the objectives of each department and against the best practices of world-class services providers, and our findings would be the basis for recommendations for improvement. Ultimately, those recommendations themselves would become the basis for a long-term strategy for each department and a plan for implementation of that strategy.

The report that follows, then, is a document of our findings and recommendations for developing the processes within each department that will lead to both improved customer service and reduced costs.

This account of our work is organized as follows:

1. Our objective
2. Our methodology
3. Our findings and their implications
4. Our recommendations
5. Implementation and transition

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Our Objective

Altreya Consulting was engaged by the County to assess the performance of its Department of Social Services and Health Department and make recommendations for improvement. Altreya, is a Rochester-based business process management consulting firm with an expertise in designing technology solutions to the problems faced by an international roster of Fortune 500, not-for-profit organizations and government clients.

In particular, our mandate from the County was to:

- Identify operating inefficiencies, in the form of duplicate duties, program overlaps, organizational structure or methods of operation and suggest improvements.
- Identify controls or operational improvements, including consolidation between units or DSS and HD themselves, that could improve efficiencies and lower operating costs.
- Identify outsourcing opportunities for programs and services better managed by private concerns.

We were additionally asked to:

- Consider the impact of findings and recommendations on the consolidation plans for Finance, Human Resources (HR) and the Information Systems (IS) Departments.
- Consider how the DSS and HD recommendations could positively impact the Office of Mental Health (OMH), the Office For the Aging (OFA), and the Youth Bureau (YB).

Targeted Services[1]

Department of Social Services	Health Department
Staff Development	Operations/Finance
Finance	Maternal and Child Health
Temporary Assistance	• Early Intervention
Medical Assistance	• Education for Children with Disabilities
Child and Family Services	• Child and Family Health Services
Welfare Management System Support	• Women, Infants and Children
	• Facilitated Enrollment

[1] The targeted services for DSS account for 100% of its budget. Those for HD account for the 60% of its budget.

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Our Methodology

Our experience tells us that the key drivers of service organizations such as DSS and HD are a strong focus on their objectives and how they are designed to function. Accordingly, we constructed the framework for our assessment to address the components of each of the key drivers:

Monroe County-established Result Measures (Objectives)	**Critical Functional Factors**
• Customer/Client Satisfaction • Employee Satisfaction/Productivity • Economic Growth • Quality of Services • Quality of Life • Fiscal Responsibility	• Contract/Contractor Management • Key/Major Business Processes • Technology and Applications • Financial and Other Data

Our assessment methodology included:

- Data gathering, through internal sources (correspondence, records and other documents) and external sources (state and federal government reports, articles and information from other municipalities)
- Extensive interviews with DSS, HD and other Monroe County staff
- Extensive interviews with contractors and vendors
- Operational surveys completed by senior staff

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Our Findings

Our experience with organizations of all types over the past ten years confirms the assertion of Dr. W. Edwards Deming, the noted statistician and quality evangelist, that the majority of operational issues an organization faces are caused by process, not people. For the most part, organizations are filled with hardworking, able employees dedicated to doing the right thing. Consultant Michael Hammer, the heir to Deming's process mantle, agrees; he suggests that most employees of struggling organizations are "quality craftsmen" limited by "poor tools."

The employees of DSS and HD are no exception to Deming's and Hammer's views, as our interviews with more than 100 of them revealed. As the two departments have added internally and externally generated programs over the years, however, there has been a concomitant growth in systems devised to manage each program due to guidelines and mandates that accompany them. As a result, employees find themselves serving many masters—a difficult enough task—and are expected to do so without the tools, processes and systems in place to effectively and efficiently complete their work.

In particular, DSS, HD and their employees are hamstrung by five significant operational issues:

- **An inefficient organizational structure**, which focuses on individual programs instead of departmental goals. At DSS and HD, for example, decisions have taken place at the program, rather than the organizational level to address changes in environment, complexity of operations and dramatic developments in technology over the past ten years. Progressing in this fashion, administrators typically have little knowledge of the changes in other programs, creating artificial walls between groups. As a result, there is no fertile context for organization-wide improvements and creative problem solving.
- As illustrated in Figure 1: TANF: Program Driven Approach, the core processes of Eligibility Screening, Client/Case Management and Closings are executed differently by each program because changes (such as new eligibility requirements) are made at the program level and not at the process level.

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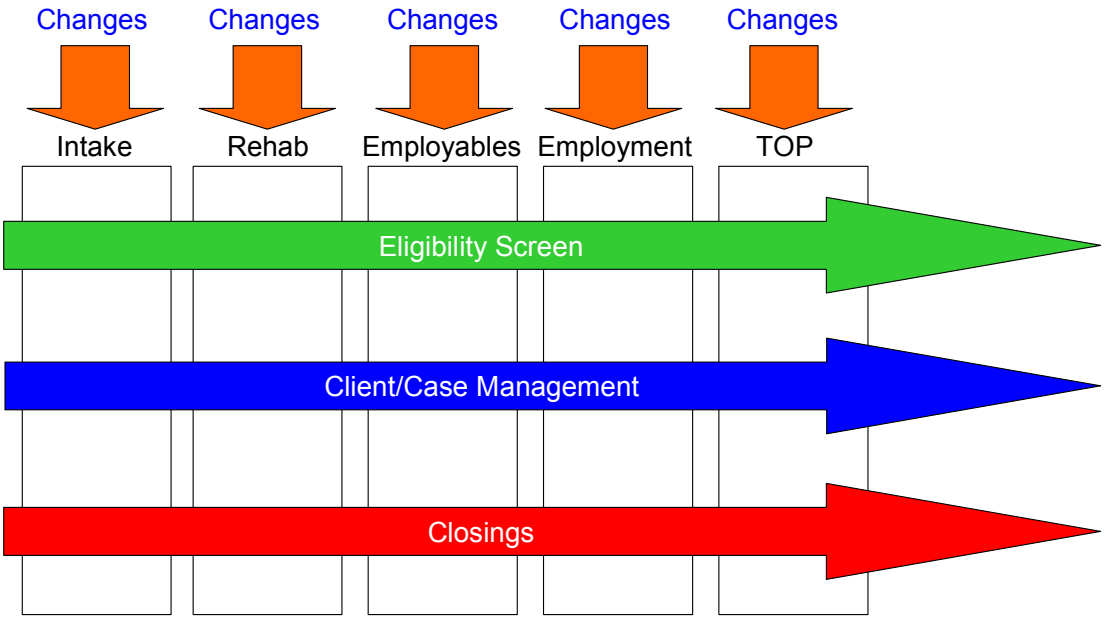
Our Findings

Figure 1: TANF Program Driven Approach



- **Multiple redundancies and duplication of effort**, caused by unnecessarily decentralized management and operations. At HD, for example, over 40% of front-line staff time is dedicated to completing clerical tasks, work that could be minimized and completed through a more process-oriented organizational structure. This lack of alignment prevents the County from taking full advantage of its human and financial resources, resulting in sub-optimal levels of job satisfaction and customer service.

  See Figure 2: Disjointed Process – an example,
  Figure 3: Disjointed Process – an example and
  Figure 4: Manual Processing – Daycare Payment Processing

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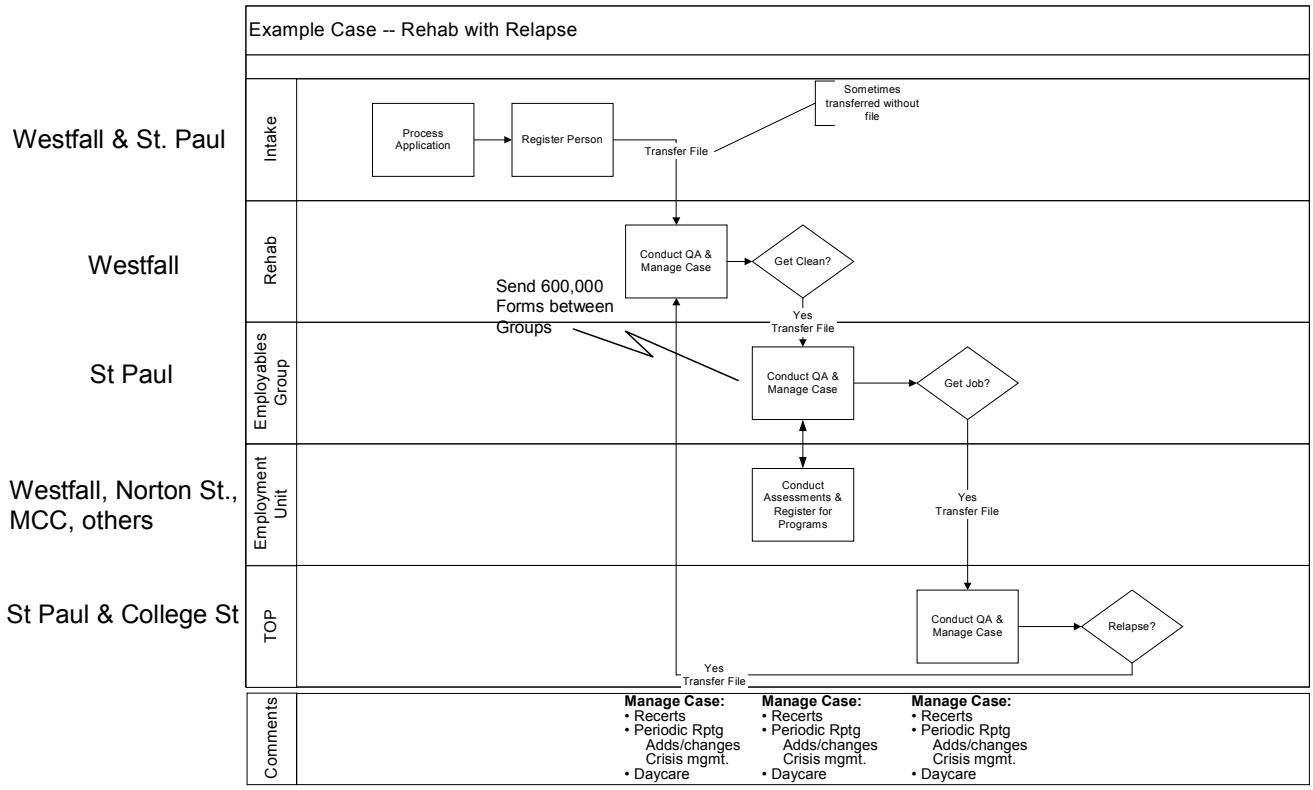
Our Findings

In this example, the same client is served by 5 different examiners, often at different locations. The more handoffs in a process the greater the chance for errors or lost files. The goal of an efficient and effective process is to have as few handoffs and quality checks as possible.

Figure 2: Disjointed Process – an example



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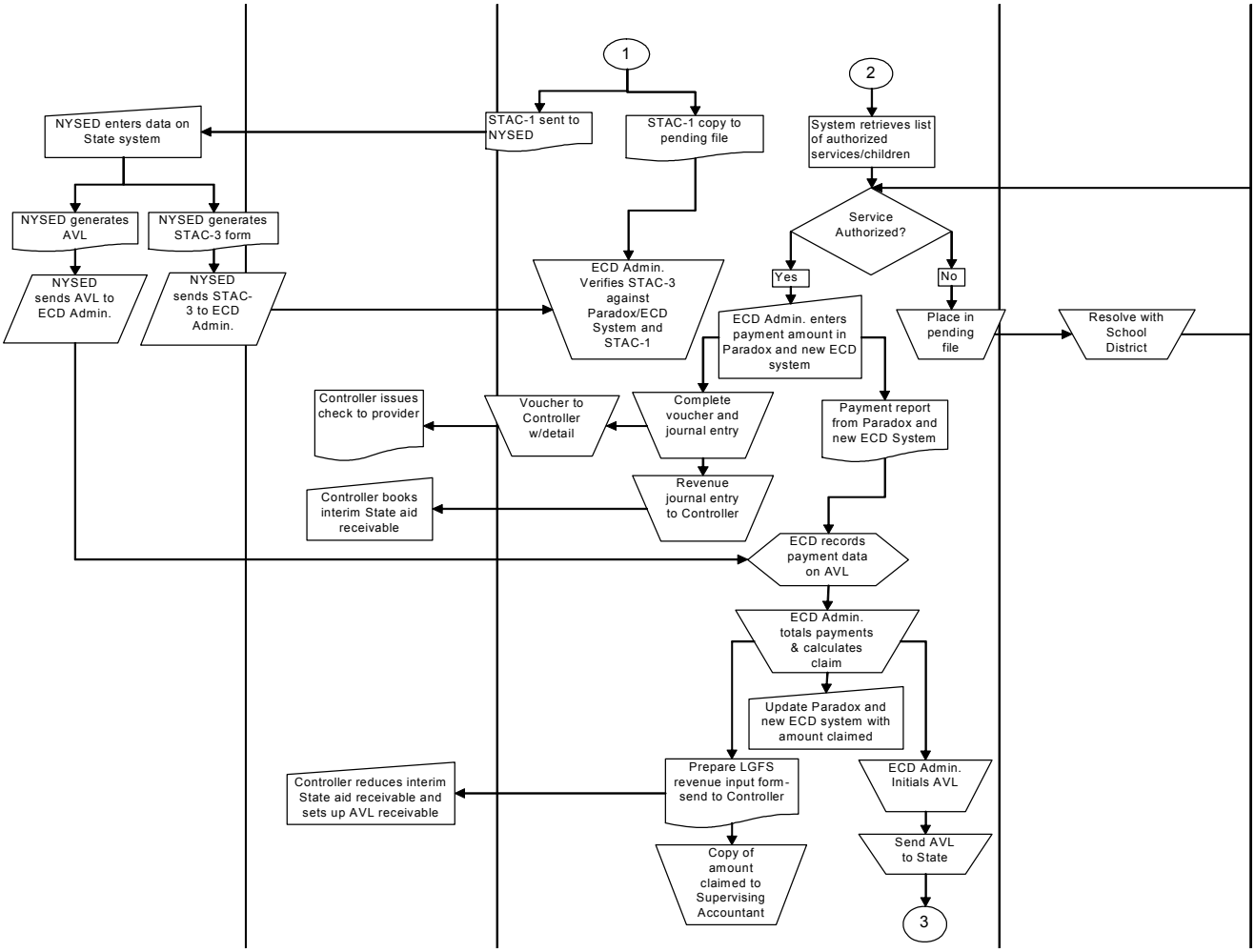
Our Findings

In this example from ECD, the process zig-zags through the group in order to process a reimbursement. Additionally, the process is highly manual, with labor-intensive reconciliations. The net effect, aside from lengthy processing times, is that the ECD staff has little time to spend on more value-added tasks.

Figure 3: Disjointed Process – an example



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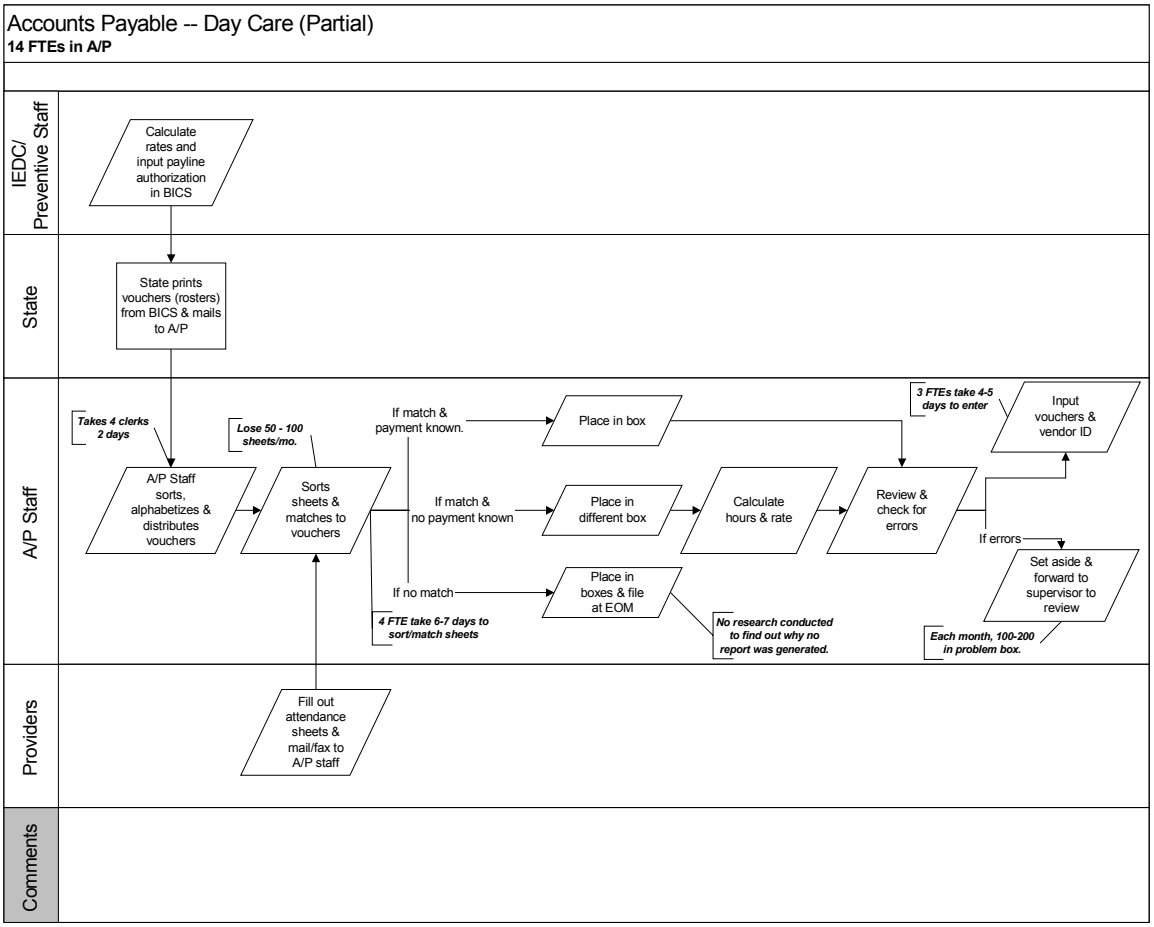
Our Findings

Figure 4: Manual Processing – Daycare Payment Processing



- **Inadequate and inconsistent contract/vendor management**, caused by disparate, program-driven systems. This issue was never more clear than after our interviews with DSS employees, some of whom suggested that many clients received excessive contracted services, while others felt that some clients hadn't received those to which they were entitled. Many DSS employees believed that the most expensive contractors did not necessarily provide the highest level of service. This lack of a documented, comprehensive and uniformly adopted contract/vendor management process limits the departments' ability to manage costs and guarantee client satisfaction.

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Our Findings

- **Misaligned and disparate information systems**, which reflect the inefficient organizational structure of the departments. Because of the program-driven nature of DSS and HD, there is no documented baseline architecture for the information technology systems that support each and no clearly defined individual whose responsibility it is to maintain architectural coherence. The current reliance on a large number of stand-alone, homegrown applications and a larger number of paper-based systems creates unnecessary work for employees and limits the flow of information across the organization, increasing administrative costs and reducing the quality of customer service.

  See Figure 5: HD and DSS Application Inventory Summary and
  Figure 6: IT Challenges in the Back-Office.

Figure 5: HD and DSS Application Inventory Summary

	DSS	HD	DSS + HD
Separate Applications	34+	45+	79+
Additional/Notables Apps	70 smaller (DOS) apps	Several, "tiny" applications	
Total Applications	125+	50+	≈200
Mandated Applications	2	5	7
Notes	WMS has several sub-programs. Temporary Assistance has to learn and use 40 different applications.	Environmental Health needs to learn and use 16 different applications	Additional functional overlap

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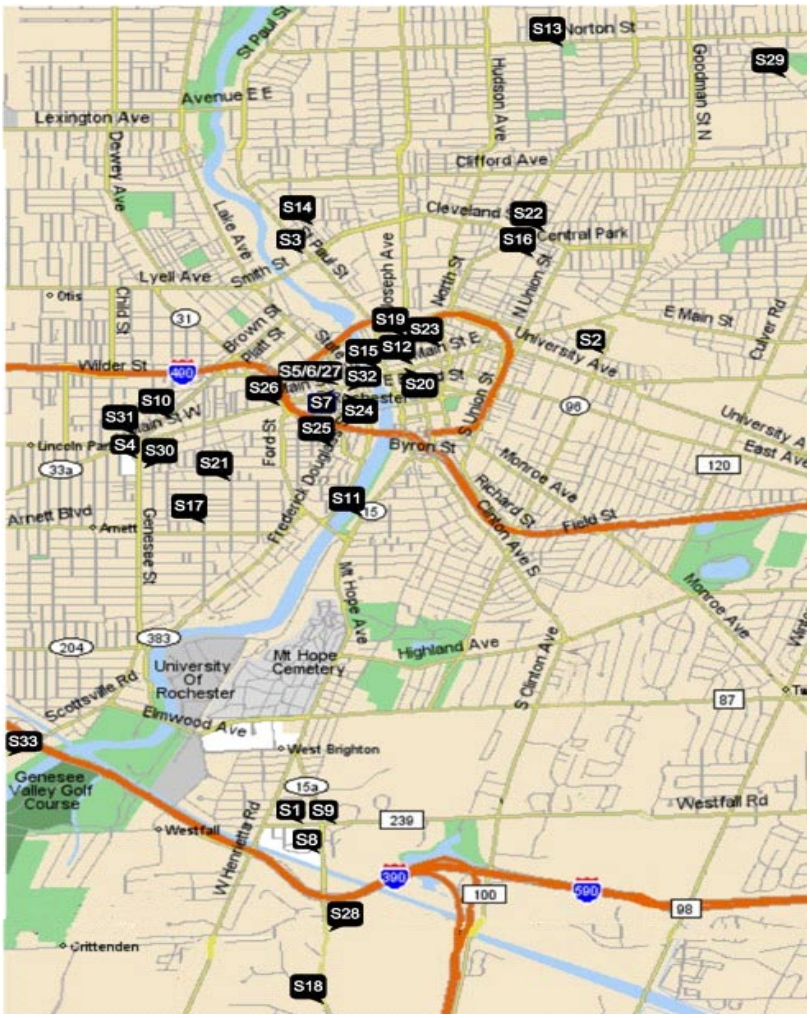
Our Findings

Figure 6: IT Challenges in the Back-Office
- Logistics -

Underlying Factors at DSS, HD & County IS

- Computers operations
  - 33 rooms.
  - 30 buildings.
  - All require support from either DSS, HD, or County IS. Computer room space is under utilized in many buildings.
  - Stretches out across County.
- Why so scattered?
  - County did not always have high-speed network – it does now (thanks to new fiber).



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Our Findings

- **A culture of non-confrontation and poor collaboration,** with constituents such as the, employees, customers, unions and contractors. Expediency rather than negotiation drives decision-making. The result, again, is increased administrative and program costs.

These operational issues, as business experts Deming and Hammer suggest, arise from an organizational structure that has evolved to address immediate concerns, rather than long-term outcomes. The State, for example, creates a new program and issues a mandate that all counties must support it; in the interest of time and compliance, the counties install the program in an appropriate department. With this new program comes a staff and a new set of processes, regardless of whether similar processes are already being performed "down the hall" for another program. With this structure, the power to deliver superior customer service rests with the leaders of each program, who must compete with each other for the resources to perform similar functions. Only by shifting organizational power away from the programs and toward processes can the County begin to eliminate its operational issues at their root cause.

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Our Recommendations

As they exist, the County's Department of Social Services and Health Department can derive only incremental benefits from the traditional approaches to problem solving within an organization. Indeed, those benefits, while they might very well improve some of the measures of financial performance and customer service in the short term, will likely be reduced or eliminated soon thereafter as the demands of the community become more complex and fewer employees are asked to accomplish more with fewer resources. When that occurs, the same issues that face DSS and HD today will reveal themselves again as the obstacles to effective and financially prudent customer service.

It is incumbent upon the County leadership to address these issues at their root cause: the organizational structure of these departments and the program-oriented culture that rises from them and blocks dramatic, long-term improvement. We think it essential that the first step should be to:

Merge the Department of Social Services, the Maternal and Child Health division of the Health Department, the Office of Mental Health, the Office For the Aging and the Youth Bureau into a new "Department of Human and Health Services". Based on a process-oriented structure to centralize intake, care management and transition services within departments as well as centralizing finance, human resource and information technology functions. This dramatic step is designed to create true long-term improvements in fiscal performance and customer service. These consolidated departments, reoriented as process-based organizations rather than assemblages of programs, will ensure the efforts and resources of the County are focused on outcomes, rather than programs.

See Figure 7: New Process-Oriented Structure and
Figure 8: New Department of Human and Health Services
Figure 9: New Department of Public Health Services

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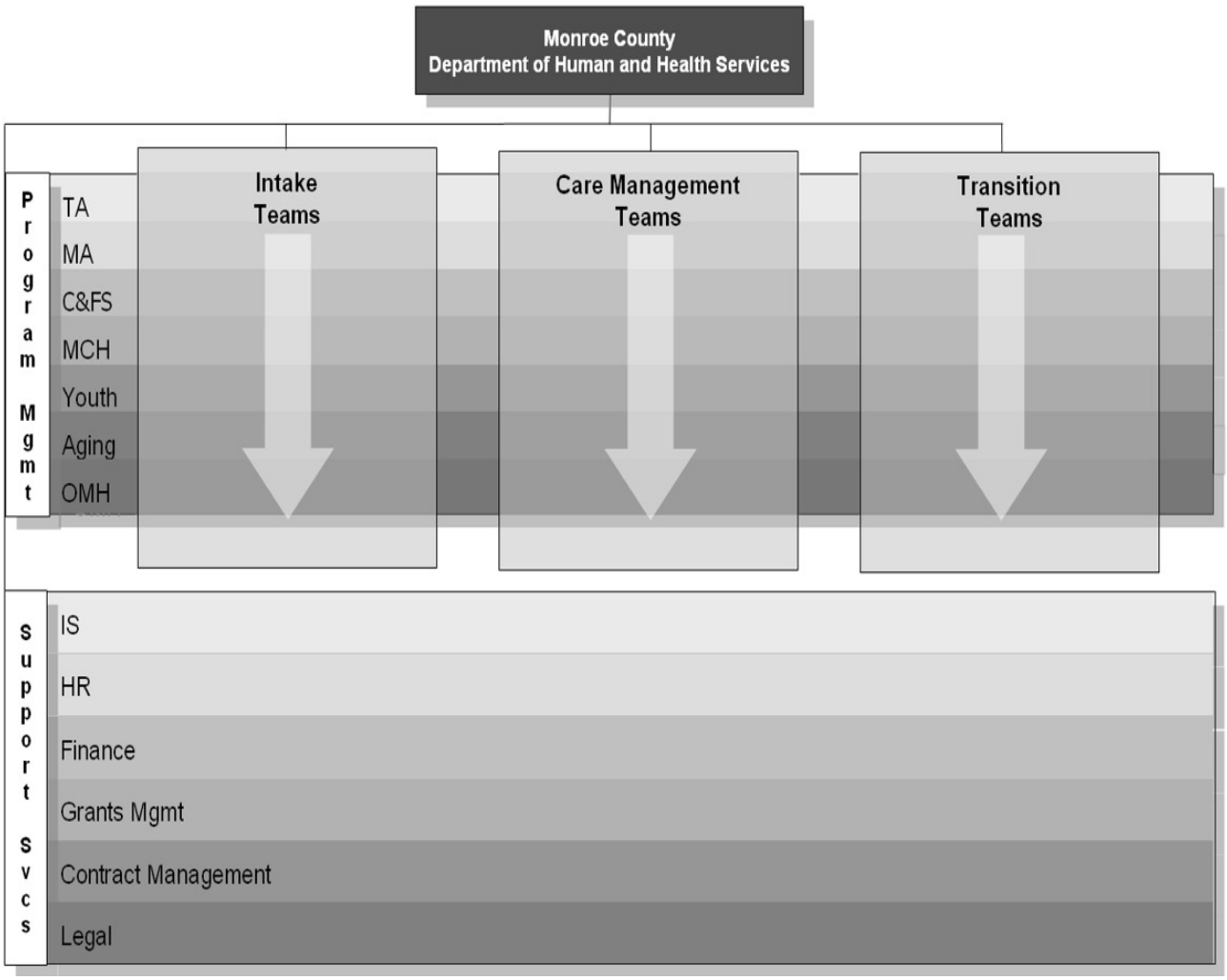
Our Recommendations

Figure 7: New Process-Oriented Structure



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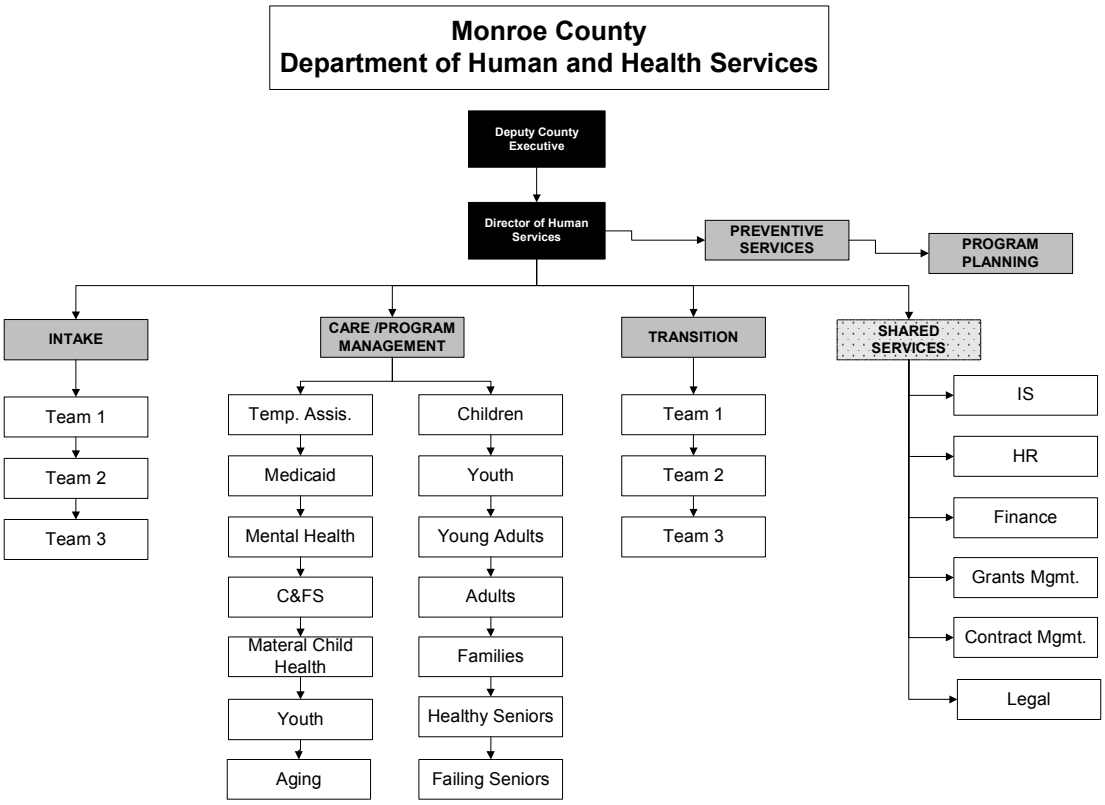
Our Recommendations

Figure 8: New Department of Human and Health Services



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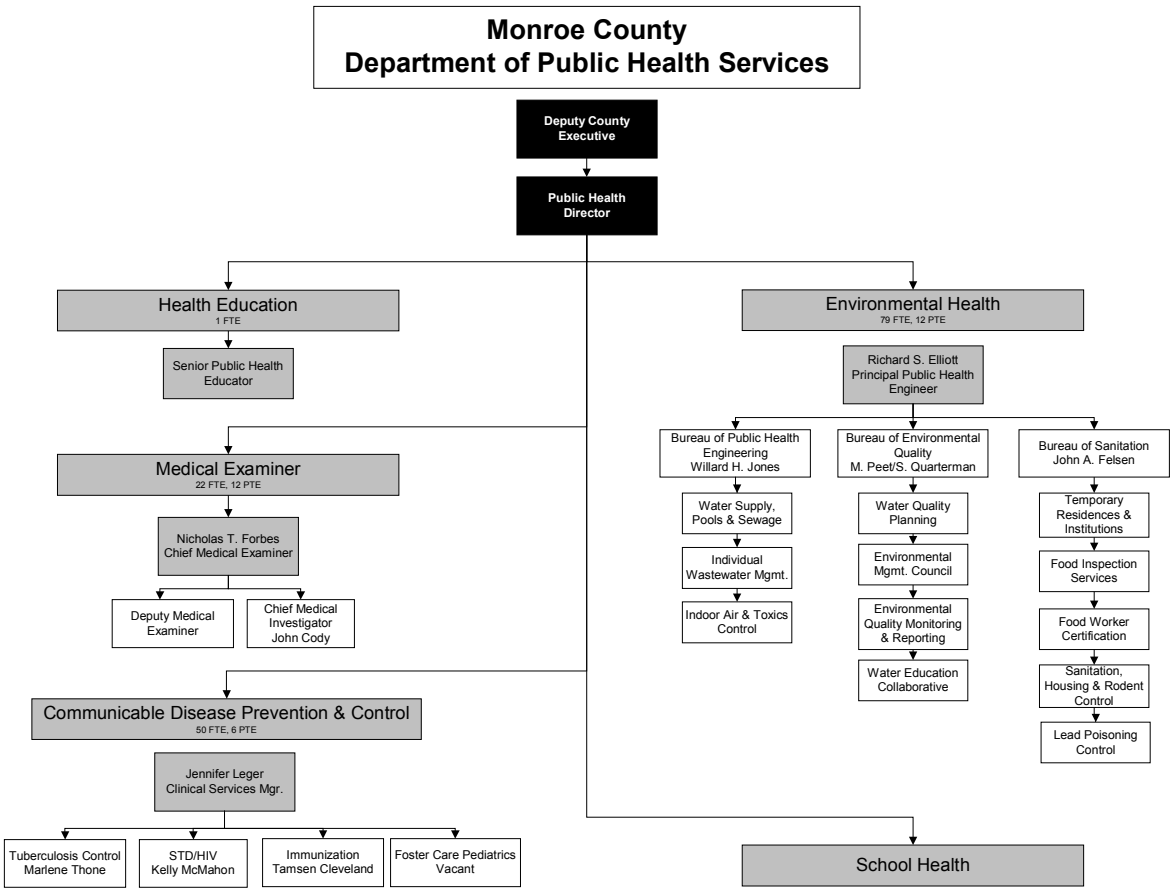
Our Recommendations

Figure 9: New Department of Public Health Services



In addition to addressing difficult issues at their root cause, this first step also addresses the crucial issue of employee buy-in. While departmental consolidation of this sort will almost certainly require some staff reduction, it is essential that the new department retain many of the skilled, dedicated employees who currently work in DSS and HD. If the old structures remain, the old artificial walls between employees and programs remain as well. The new structure, on the other hand, encourages alignment, rather than division.

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Our Recommendations

In order to effectively pursue this new outcome-oriented strategy, the new department must:

- **Design and implement a performance management system** that incorporates the measuring and tracking of key data.

- **Create detailed intake, care management, and transition business processes** that will enable County employees to focus on value-added and customer-focused work. These new processes will eliminate duplication of effort and streamline the workflow within and across divisions, departments, and teams.

- **Create a best-of-class technology infrastructure** that will serve the entire department. This initiative requires developing short, medium, and long-term investment plans aligned not only to the new department's objectives but those of the entire County.

- **Create a centralized contract/vendor management function** that coordinates and monitors the quality of all outsourcing contracts and services. Consider outsourcing the contract management itself to an experienced consultant.

- **Centralize finance and budgeting** in order to gain greater control over expenses and reduce costs and improve the budgeting/forecasting process.

- **Outsource functions which are better performed by the private sector and discontinue support of non-mandated services** such as those which were initiated based on grant funding and for which no more grant funding exists. The goal should be to focus the new departments on doing only that which they must do, and doing for themselves only those things they do best.

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Our Recommendations

An organization whose processes are focused on outcomes will inspire its employees to do their work more effectively, which will increase the quality of the product or service they offer. In addition, this focus will likely create significant opportunity for reducing costs as well. The changes we recommend above suggest considerable savings in:

	Gross Savings	**Net to County**
Contractors/Services/Vendors • Negotiated rates • Administrative fees • Redundant programs	$10-11M	$3-5M
Workforce Productivity • Caseload reductions • Daycare overpayments	$22-25M	$6-12M
Program Rationalization • Clinics, Lifeline, CDR, RAMS • Family Assistance	$3-5M	$1-2M
Total	$35-42M	$10-19M

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Implementation and Transition

We suggest that the creation of new social and health services organizations begin immediately and be completed by January 1, 2003. The components of this implementation are:

- Develop framework for reengineering and change

- Merge and reorganize five departments (DSS, HD, OMH, OFA and YB)
    - Transition activities include: headcount reductions, centralization of information services, finance, human resources, contract management, grants management
    - Discontinue redundant and non-mandated tasks and programs
    - Outsource appropriate functions

- Renegotiate contracts

- Develop interim information technology architecture (pending development of a county-wide, long-term strategy)
    - Develop and implement new IS approach and process

While this entire document serves as the foundation for what we envision as a new standard in community-provided services, the key to its success is the team that will execute it. We suggest, then, that as soon as possible, the County leadership make the following appointments:

- **An interim director** who will ensure that current programs' customers will continue to be served during the transition

- **An external affairs director** to ensure prompt and accurate communication with the community and other constituents

- **An operations manager**

- **Nine implementation teams** with full and part-time staff

    - **A steering committee, headed by the Deputy County Executive,** whose scope will cover both the Human and Health Services Transition and the Public Health Services Transition activities. The steering committee will be accountable for transition oversight, filling key leadership positions, and union collaboration.

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Implementation and Transition

- **An operating committee including representatives of the processes that make up the structure of the new department** (intake, care management, transition, information services, human resources, finance and contract management). The operating committee's scope will be limited to Human and Health Services Transition activities, and this committee will be have final responsibility for the development and implementation of the creation of that department.

- **An Intake process team** whose scope will cover all Human and Health Services programs and client segments, and who will be accountable for the definition and reengineering of new intake and eligibility processes and tools.

- **A Care/Program management team** whose scope will be all Human and Health Services programs and client segments, and who will be accountable for the definition and reengineering of new care management processes and tools.

- **A Transition process team** whose scope will be all Human and Health Services programs and client segments, and who will be accountable for the definition and reengineering of new transition processes and tools.

- **A Finance transition team**, the scope of which will be all centralization and consolidation activities for the finance organizations within DSS and HD. The finance team will be accountable for the development and implementation of finance (including budgeting and billing) workload transition plans.

- **An HR transition team**, the scope of which will be all centralization and consolidation activities for the personnel organizations within DSS and HD. The HR team will be accountable for the development and implementation of personnel (including reporting and training) workload transition plans.

- **An Information Services transition team**, the scope of which will be all centralization and consolidation activities of IS functions within DSS and HD. The IS team will be accountable for the development and implementation of IS (including applications, network, and systems support) workload transition plans.

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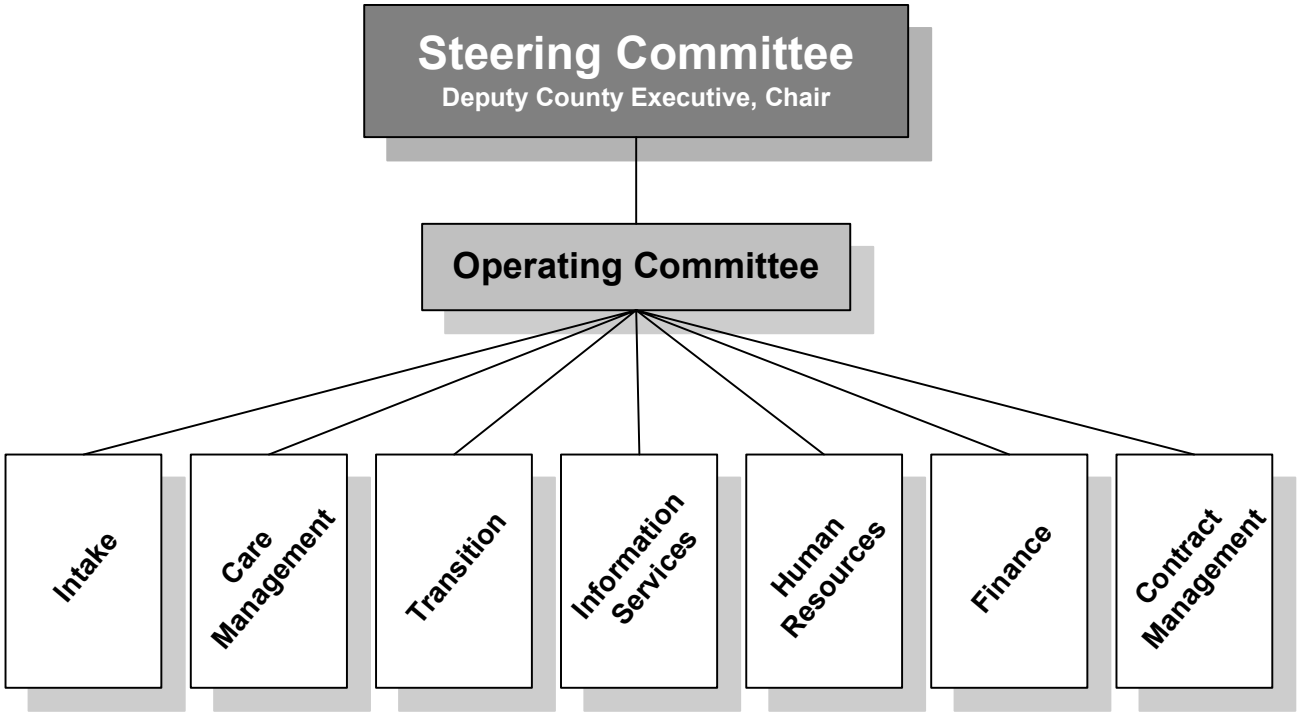
Implementation and Transition

- **A Contract/Contractor management team**, whose scope will be contracts and contractors within DSS and HD (limited to Maternal and Child Health). The Contract/Contractor team will be accountable for the design of an optimal contract management process and contractor management procedures/policies, as well as assistance with the renegotiation of high priority contracts.

This team structure is illustrated by Figure 10: Implementation and Transition Teams.

Figure 10: Implementation and Transition Teams



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Summary

External economic drivers have pushed Monroe County into a financial position which is no longer viable. While the County has already initiated efforts on a number of fronts as part of a broad based response, it is our belief that a fundamental restructuring of the departments examined in this report into new Human and Health Services and Public Health Services organizations is a critical step towards the goal of a County financial position which is sustainable over the long-term. The people who will run these new organizations must be given tools and processes which will enable them to focus on clearly defined organizational objectives. The management of these new organizations, and their functional design, must be aligned with processes designed to deliver breakthrough performance.

The primary goals of this effort are:

1. **Improved service for clients**

   The County has a clear responsibility to serve clients well. With this project Monroe County seeks to create a Human and Health Services department driven by client centered intake, care management, program management and transition processes. This fundamental shift in focus away from a program-management approach proposes to increase responsiveness to client needs and improve consistency and cohesiveness in delivery of client services. The clients stand to benefit directly and on multiple fronts.

2. **Increased job satisfaction for workforce**

   Monroe County organizations are filled with hard-working, able employees dedicated to doing the right thing. The program-management approach coupled with the duplicative and excessive paperwork required by the current processes frustrate the employees in their quest to serve clients. An optimized and process-oriented organization will give employees the tools they need to serve clients well.

3. **Sustainable reduction in cost of programs to taxpayers**

   Monroe County faced severe fiscal challenges in the fall of 2001. The national economic situation and rising jobless rate, combined with an increased demand for services have forced the County to tap its reserve funds and institute a hiring freeze. While these steps were necessary, more action is required. With this project, Monroe County seeks to make the delivery of Human and Health Services and Public Health Services more cost effective over the long term.

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Summary

These project objectives are mutually supportive. Increased job satisfaction results in improved consistency and cohesiveness in the delivery of services to the client, which improves client satisfaction. By the same token, the optimization of organizational structure and process enhances employee job satisfaction by removing non-value added work, which results in a sustainable reduction in the cost of programs to taxpayers.

Monroe County is not alone in facing severe fiscal challenges. The private sector, not-for-profit organizations as well as virtually every other county in New York State face similar difficulties. By taking the bold actions required to meet this project's objectives, Monroe County will set itself apart as a leader.

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