

Beyond “Business As Usual”

How one Illinois village saved millions – and improved services for its citizens

Cover Sheet

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Synopsis August 2009

Overview

Historically, public sector agencies have operated on a fairly standard model, one that relies primarily on in-house staff providing a traditional range of services (which varies based on the governmental unit), supported by a steady stream of tax revenue and various fees. In recent years, however, many communities have begun to question this approach, as it is becoming clear that simply increasing property and sales taxes to generate additional revenue is not politically tolerable – or necessarily sustainable -- and may not be relied upon to support the growing cost of government.

Additionally, in Illinois, there are over 6,800 separate governing bodies, including many that overlap the same geographic area, further exacerbating this challenge. At the Village of Glenview, new Board priorities coupled with reduced opportunities for revenue growth, increasing personnel costs, and a challenging economic environment has prompted management to change the way it does business. In order to continue providing the services its residents expect, the Village has chosen to adopt a number of new guiding principles and best practices. These include:

- **Long-range planning for budgeting and programming.**
- **Defining core competencies.** What is the organization designed to do and what does it do well? For what purpose does it exist?
- **Ongoing, in-depth analysis of programs, services, and processes.** Management must ask: do programs, services, and processes make sense? On what basis were program standards established? Are service levels appropriate for the needs of the customer (in the Village’s case, the community/residents)? What are the true costs involved? Is the service necessary? Is this the best way to provide this service?
- **An organizational structure that flows out of organizational goals.** Staffing levels, service delivery methods, positions and department structure must be justified in terms of the organizational objectives achieved.
- **Cost-efficient service provision** that doesn’t compromise quality.

This piece examines the impetus behind this change and detail the specific changes Village management has made over the past four and a half years. It will outline some of the challenges Glenview has faced in making these changes and describe possible steps other public sector agencies could take to follow a similar path.

Impetus for Change

A number of factors drove change at the Village of Glenview, but the original impetus came from the Village's elected officials.

Board of Trustees

In the early 2000s, the Village was emerging from nearly a decade of intense focus on planning and development initiatives in response to the 1993 Base Realignment and Closure (BRAC) decision to shutter the former Glenview Naval Air Station. Glenview's then-Board of Trustees began turning their attention back to core services and determined the Village needed to overhaul its day-to-day operations, budgeting practices, and "corporate climate" in order to begin planning for sustainability.

A fiscally conservative group, most of whom worked in the private sector, they believed that many of the best business principles and practices they had successfully used in the private sector should be considered – and might benefit Glenview. **The bottom line for the Board was: What are our residents getting for their money?** They believed in some cases, tax dollars could be spent more efficiently and that the Village wasn't operating efficiently in all areas. Among other things:

- The Village tended to operate on a "that's how we've always done it" philosophy and did not have strong business cases to support current service levels.
- Technology was way behind the curve – internal IT staff did not have the knowledge or experience to manage the necessary, large-scale improvements to eliminate inefficiencies.
- Although Village finances were very strong based on long-standing, conservative, financial practices, few clear, written financial or budget policies existed.
- Village staff did not carry out any long-range financial planning for operations, although 5-year planning for capital improvements had been established for over a decade.
- Personnel policies were 20 years old.
- Some Village funds were operating in the red.
- Village facilities were deteriorating with no plan for management.

In 2004, as they began the search for a new Village Manager, the Board deliberately evaluated candidates in light of their determination to bring a more businesslike, performance-driven perspective to Village operations.

Once the new Manager came on board, the Board began to question everything: why services were offered, what they cost, and why they were offered in a particular way. And they gave the Manager his marching orders:

- Maintain and expand excellent customer service.
- Put together a workplan for yourself and hold staff accountable for performance.
- For every program and service, ***prove*** it's the most efficient, effective way to operate.
- Address "That's the way we've always done it" philosophy.
- Open up the budget process and undertake long-range financial planning.
- Be willing to implement up-to-date business policies.
- Ensure that Village salaries/benefits make sense and fit in with the market.
- Minimize property taxes and debt.
- Maintain the Moody's AAA bond rating.
- Stabilize funding sources for the Capital Improvements Program (CIP).

- Improve transparency in all Village operations.
- Establish justification for fund balance policies and maintain fund balances in accordance with established policies (i.e. Corporate Fund 33 to 40 percent of expenditures).

It became imperative to think ahead and develop long-term plans for covering the costs of service delivery. Traditionally, this had been solved through natural growth in the community, which brought in higher taxes and fees each year. However, as mentioned above, without significant new areas available for development, this option was no longer available.

Economic Downturn

Although the Village was well on its way to instituting modern business practices into management of municipal operations by 2008, the global economic downturn was impacting Glenview, as it was impacting almost every other institution – public, private and nonprofit. Several historically strong revenues including sales tax, home rule sales tax, income tax, and utility tax experienced large reductions between 10 and 20 percent. Equally as detrimental to the Village’s budget were the record losses in pension fund portfolios resulting from the catastrophic losses in the stock market, which would require significant extra contributions during the upcoming years. This only increased the need to think “outside the box” and challenge accepted public sector practices in order to continue serving residents effectively.

By the fall of 2008, it became apparent if the Village took no action it would have a \$3.9 million deficit in 2009 – seven percent of its \$53.7 million Corporate Fund budget. Worse, by 2010 the Village would face a \$5.5 million deficit – ten percent of its \$57 million Corporate Fund budget.

Village Response: Steps Taken

The biggest change at the Village – and the change from which all other changes flowed – was, in fact, a shift that completely changed the corporate culture. Now, there was only one vision: **provide appropriate, high-quality, cost-efficient public services that have been fully justified through business case modeling and are based on comprehensive, long-range planning.** Further, like any business, Village operations had to incorporate:

- **Accountability:** departmental business plans; individual work plans and performance reviews.
- **Customer Focus:** verification of customer desires and priorities through aggressive customer surveying, focus groups, and other feedback methods.
- **Efficiency:** are our residents getting the most for their money?
- **Transparency:** provides clear picture of what residents’ tax dollars are paying for and shows whether programs are working well or poorly.

Any Village program or service must be examined through a lens ensuring it was:

- **Appropriate and necessary.** Just because a service had been provided in the past was not a good enough reason to continue providing it or to continue providing it at a particular level. The need for the service itself – and service levels -- needed to be justified. An example of this approach was the review of its street sweeping services in late 2006. An internal review team

analyzed the effectiveness and efficiency of the service, developed a full cost accounting of the service, studied alternate methods of delivery, established new performance and productivity standards, and conducted a managed competition where the Public Works department submitted a bid to perform the service and was compared to private sector proposals. Ultimately, the private sector won the bid by producing an annual \$100,000 savings.

- **Provided in a high-quality manner.** Once service standards were defined, excellent service provision was non-negotiable. Cost cutting resulting in poor quality service wasn't acceptable.
- **Provided in the most cost-efficient manner possible.** The way services were provided needed to be questioned – was there another way to operate? Could it be handled with fewer staff or resources without compromising quality? Sometimes, the answer was yes, sometimes no, but the question needed to be asked.

What would have happened if we didn't take this path?

In reviewing the total cost savings that have been created during the last four to five years, it has been projected Glenview would be facing budget deficits in excess of \$10 million per year, or approximately 20% of the Corporate Fund budget. Without the ability to raise revenues of this magnitude, it is likely the Village would have had to make deep cuts (reductions and eliminations) to services. This would have been accompanied by major staff reductions that could have represented nearly one-third of the staff.

Conclusion

What does the future hold for municipal operations? The Village of Glenview believes that for many municipalities facing rising costs and slowing revenues, some of the approaches outlined in this piece will become more commonplace – part of their new business approach to local government operations. Privatization, as well as service consolidation between municipalities, may also play an increasing role.

The approach to public sector service delivery and management described in this piece works for the Village of Glenview. Rigorous process improvement drives cost-efficient provision of high-quality services, and the Board of Trustees generally knows as much as a year ahead of time what the future might hold and can use that information to guide decision-making. Finally, such a model enables the Village to provide timely, meaningful information and feedback to its ultimate customers: the residents and taxpayers that it serves.

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Presentation Components

August 2009

1. Innovation/Creativity

How did the program/project/service, etc. improve the organization?

Some improvements include (but are not limited to):

- The Village now makes decisions based on strong business cases as opposed to operating based on a “that’s how we’ve always done it” philosophy
- The Village now has knowledgeable and experienced staff capable of managing large-scale IT projects. Before the Village implemented these organizational initiatives, technology was way behind the curve and internal IT staff did not have the knowledge or experience to manage the necessary, large-scale improvements that were needed to eliminate inefficiencies
- The Village now abides by clear financial and budgetary policies. Whereas before, although Village finances were very strong, few clear, written financial or budgetary policies existed
- The Village now updates personnel policies every year as opposed to operating on twenty (20) year old personnel policies
- Personnel policies were 20 years old. Now, personnel policies are updated annually.

Were new technologies used? If yes, what methods and/or applications did you implement?

In many cases, new technology assisted in the shift to a new way of doing business. A Support Services Division was created to oversee all technology upgrades. These include:

- Gov Q/A 311 software by Web Q/A Inc.
- Microsoft SharePoint
- New World Systems

Was a private consultant used?

Although the village routinely employs consultants for various services (financial services, information technology management etc.), the village did not employ a consultant to aid or guide the Village through the organizational initiatives described in the case study. Instead, as various components were defined, if necessary, the Village sought consultants.

2. Citizen Outcomes

What customer/community needs and expectations were identified and fulfilled?

Four major customer/community needs and expectations were identified and fulfilled:

- **Accountability:** departmental business plans; individual work plans and performance reviews.

- **Customer Focus:** verification of customer desires and priorities through aggressive customer surveying, focus groups, and other feedback methods.
- **Efficiency:** are our residents getting the most for their money?
- **Transparency:** provides clear picture of what residents' tax dollars are paying for and shows whether programs are working well or poorly.

Did the initiative improve access to your government? If yes, how?

Yes, citizen access has been improved in particular, the Village's Resolution Center (which ensures that citizen inquiries/requests are tracked from start to finish) is solid evidence of improved access to our organization.

Has the health of the community improved as a result? If yes, how?

Yes, in many areas the overall health of the community has improved or remained strong. One of the ways the Village ensures this is by contracting with the Northern Illinois University Public Opinion Laboratory for Community Satisfaction Surveying. In the 2008 Community Satisfaction Survey, when asked the question "How do you rate the Village of Glenview as a place to live?" 94.9% of those surveyed rated the Village as "good" or "very good."

3. Applicable Results and Real World Practicality

What practical applications could you share if selected?

The Village of Glenview would be able to share a number of aspects of its Business Model, including:

1. How to develop guiding principles and best practices

- **Long-range planning for budgeting and programming.**
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- **Cost-efficient service provision** that doesn't compromise quality.

2. How to undertake Program/Service Evaluation

Ensure programs/services are:

- **Appropriate and necessary.** Just because a service had been provided in the past was not a good enough reason to continue providing it or to continue providing it at a particular level. The need for the service itself – and service levels -- needed to be justified. An example of this approach was the review of its street sweeping services in late 2006. An internal review team analyzed the effectiveness and efficiency of the service, developed a full cost accounting of the service, studied alternate methods of delivery, established new performance and productivity standards, and conducted a managed competition where the Public Works department submitted a bid to perform the service and was compared to private sector proposals. Ultimately, the private sector won the bid by producing an annual \$100,000 savings.
- **Provided in a high-quality manner.** Once service standards were defined, excellent service provision was non-negotiable. Cost cutting resulting in poor quality service wasn't acceptable.
- **Provided in the most cost-efficient manner possible.** The way services were provided needed to be questioned – was there another way to operate? Could it be handled with fewer staff or resources without compromising quality? Sometimes, the answer was yes, sometimes no, but the question needed to be asked.

3. How to undertake Analysis and Evaluation of Services and Processes

Each government entity is different, but the Village of Glenview believes that every municipality can benefit from examining its business model. However, this is not a traditional approach and so key building blocks toward success include:

- **Defined core competencies.** Department Directors were asked which services they felt the Department provided efficiently and well – and which it didn't. If a particular service wasn't defined as a "core competency," other avenues of service provision were explored.
- **Established PREET (Process Evaluation and Efficiency Team).** Chaired by upper-level management and representatives from each Department, PREET is charged with putting Village services under the microscope. Each process involved in a particular service is analyzed in detail and hard questions are asked. Do we need this service? If so, are we providing it in the best manner possible? Can we provide it more efficiently? Services and programs examined by PREET to date have included street sweeping, social service provision, water tapping and more.
- **Established a Program Review Committee** in response to financial challenges the Village is facing in light of the economic downturn. Made up of employees from all levels and all departments, this group focuses specifically on cost-cutting measures. Examples include consideration of outsourcing of fire/police alarm services, exploring a possible volunteer corps to undertake some basic office work, and even evaluating the way the Village provides coffee service for employees. Even key programs that are central to Village operations were reviewed. For example, the group has worked to identify creative and less expensive ways to manage a meaningful employee recognition program.

- In some cases, **Departments established their own PREET-like independent self-evaluation teams** for programs.
- **Conducted a number of in-depth studies** to evaluate costs, service quality, whether or not standards were appropriate, and what might be the best way to provide services. Among other things, the Village has closely studied its utility systems, fleet operations, health insurance offerings, community parking, and building permit process.
- **Tested the market with Requests for Proposals (RFPs).** In some cases, the Village put RFPs “on the street” for various in-house services – for example, accounting – in order to compare in-house and external costs associated with providing that service.

How applicable is the project/program/service to other local governments?

The Village of Glenview believes that although each government entity is different, a few general elements include:

- **Board support and clear direction regarding expectations.** A mandate to research and recommend the most efficient and cost-effective services. A paradigm shift to a **culture that balances continuous improvement, services, and the “bottom line.”** As noted above, this isn’t always easy to achieve. However, without it, major changes are much more difficult to implement. A **Chief Executive Officer/Village Manager who wishes to lead his/her organization in this direction** – and who builds a leadership team that can help realize this vision.
To that end, a **full commitment from top management** (including department heads) to making these changes -- and a **strong leadership structure.**
Ongoing, careful **annual and long-term planning and budgeting.**
Clearly defined **annual goals** for top management and every department. This way, everyone is on the same page and knows what is expected.
Clearly defined **employee work plans** and a **comprehensive feedback and evaluation system.** Used correctly, these tools can actually reduce anxiety, as each employee understands exactly what they need to do – and how they’re doing.
A **willingness to take chances** – and sometimes fail. Your next attempt will usually be better because of the learning process.
- When the choice is made to partner with the private sector, **contracts should be careful and extremely specific.** Clearly delineate work products, standards, deadlines and expectations. Set firm boundaries on expenses and overruns.
- **Strong contract managers** who are well equipped to oversee vendors, ensure they are abiding by the terms of the contract, and troubleshoot any difficulties.
- An **expectation of excellence**—from employees and vendors. The best employees and vendors will rise quickly to the challenge and often exceed expectations.
- **Patience.** Such major changes don’t happen overnight.

What results/outcomes will you be able to share? Please include any performance measures if applicable

The Village is able to share the annual performance indicators and performance targets of each village department. A recent example from our Support Services department is shown below.

Department Goals & Performance Measures

Core Goals:

- Manage customer service requests for information technology support.
- Guide the analysis, design and implementation of information assets leveraging projects across multiple departments to support the technology goals of the Village.
- Govern Village information assets to control standards and ensure reliability and security.
- Manage technology to enable effective collaboration and communication.

New Goals:

- No new goals for this budget cycle.

Performance Indicators and Targets:

Performance Measure	2007 Actual	2008 Target	2008 Actual (unaudited)	2009 Target
Percentage of IT service level agreement response for Helpdesk support (ticket response, back-up completion and security patch update)	99%	99%	99%	99%
IT Helpdesk service satisfaction and courtesy rating	N/A	4	4	4
Internal customer rating on whether Microsoft Office training matched the employee skills and needs	4	4	4	4
Internal customer service rating that show staff's desktop mapping and GIS queries are being met	N/A	4	4	4
Percent time project tasks remain on schedule	90%	90%	90%	90%
Percentage of system and service availability	95%	95%	95%	95%
Percentage of IT service level agreement one-hour Priority One response	100%	100%	99%	100%
Percentage of environmentally friendly registered products (EPEAT) technology products purchased	95%	95%	99%	95%
Management team's satisfaction rating on the pilot management dashboard	N/A	4	4	4
Percent efficiency gained on document scanning volume and value	N/A	25%	25%	25%
User satisfaction rating on the new folder structure developed for the Village document archival system	N/A	4	4	4

4. Case Study Presentation

Briefly describe what your case study presentation might include.

A case study presentation would include (at the very least) a PowerPoint presentation and handout materials.