

# Performance Excellence in Local Government

## The award-winning City Planning Group, Auckland City Council, New Zealand

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### ABSTRACT

The City Planning Group (CPG) is an award-winning unit of the Auckland City Council. Its mission is to provide the planning and resource management framework behind council policies for heritage and environment, quality of living, city growth and development, and public transport.

Apparently organised in a conventional divisional structure, the CPG is actually run by three cross-divisional teams with web-like inter-relationships, and ad-hoc teams are created for special purposes.

Leadership teams meet frequently, follow well-established agenda, share common members, report significant activities to all staff and routinely use performance reviews to improve their performance.

The CPG's strategic planning dovetails with and integrates key elements of the city council's highly developed strategy and planning processes. Its statement of purpose, critical success factors and group values cascade (from mission to metrics) to seven group pathways, then to families of strategies, each with key performance indicators.

Customers are segmented by the nature of their relationship with the CPG, and a wide variety of listening and learning techniques capture customer and interest-group preferences.

Relationship management is identified as a critical success factor, and there is a well-established complaints management process. Customer satisfaction and dissatisfaction are measured, and the data drive improvement activities.

The CPG's measurement system spans a comprehensive suite of direct and indirect (proxy, or 'perceived') metrics linked to business plans, strategic plans and customer groups. Data are collected once and used often, aggregated to simplify reporting and identify trends in core activities, and progressively reviewed on a three year cycle.

Human resource management incorporates a strategic approach to recruitment, induction, training and professional development, multi-skilling and cross-functional flexibility, competency-based assessment, and support for home, family and minority ethnic interests.

Performance appraisal is collaborative, aligned with group priorities and involves review and coaching processes. High performance is recognised through bonuses, education and training opportunities, and by a system of formal and informal awards. Well-being and satisfaction are measured annually, and influence strategic and business planning decisions.

The processes which deliver the CPG's products and services are underpinned by the relevant Acts and Regulations of Parliament, and often involve extensive public consultation. There is a strong emphasis on process clarity and transparency, and on review, refinement and continuous improvement. Support processes, reflecting the interdependence of the CPG and the council, are embedded in all primary processes. Supplier and partner costs (for legal services, professional and technical advice and printing publishing and transport, for example) are a large part of the group's budget.

The CPG reports both 'perceived' and directly measured results for customer focus, finance and markets, human resources, supplier and partners and organisational effectiveness. In almost all cases trends, while of short duration and rather weak, do show improvement and/or good performance, and if they fairly represent the organisation, there are no patterns of adverse trends or poor results.

With some benchmarking, some very good results, and with most key customer, market, and process requirements apparently addressed, the CPG's results fall near the bottom of the 50% to 60% band of the standard Baldrige scoring guidelines.

## Introduction

New Zealand's Business Development Quality Award (BDQA) is an entry-level, Baldrige-derived scheme, open to all New Zealand organisations, public and private, regardless of size. Since its inception in 1993 the scheme has attracted applications from a wide variety of organisations – among them very small family-run businesses, cooperatives and not-for-profits, museums, public and private hospitals, nursing homes, schools and education service providers, local authorities, units of the core public sector, tourist operations, recreational organisations, primary producers and commodity extractors, and a number of manufacturers. All applicants which exceed a threshold core receive an award, and the top scoring public and private sector organisations are invited to send one representative each on a two-week study tour of US Baldrige winning organisations.

In 1999 the top-scoring public sector organisation was the Auckland City Council's City Planning Group (CPG). This case study is based on the CPG's application, but it is not an application summary – some sections have been severely abbreviated. Rather it concentrates on those areas where public sector organisations might be expected to find the Baldrige approach particularly challenging, with the intention of explaining how the city planning group approached and resolved those challenges.

### *Auckland city*

Auckland is New Zealand's largest city, with a population of just under 346,000 within the city boundary and 1.06 million (about one third of the national population) in the seven territorial local authorities which constitute the greater Auckland region.

The city generates about \$17.0 billion worth of economic activity per year, 17% of the nation's GDP.

Non-residential building activity worth \$620m was authorised in the year to August 1998, a 62% increase from the previous year. Planning for the future is at a critical and publicly contentious stage in the city as it approaches its zoned capacity and begins to deal with an urgent need for new infrastructure development.

For more detail about the city's scenery, geography, demographics and system of local government go to [www.akcity.govt.nz](http://www.akcity.govt.nz).

### *The city planning group*

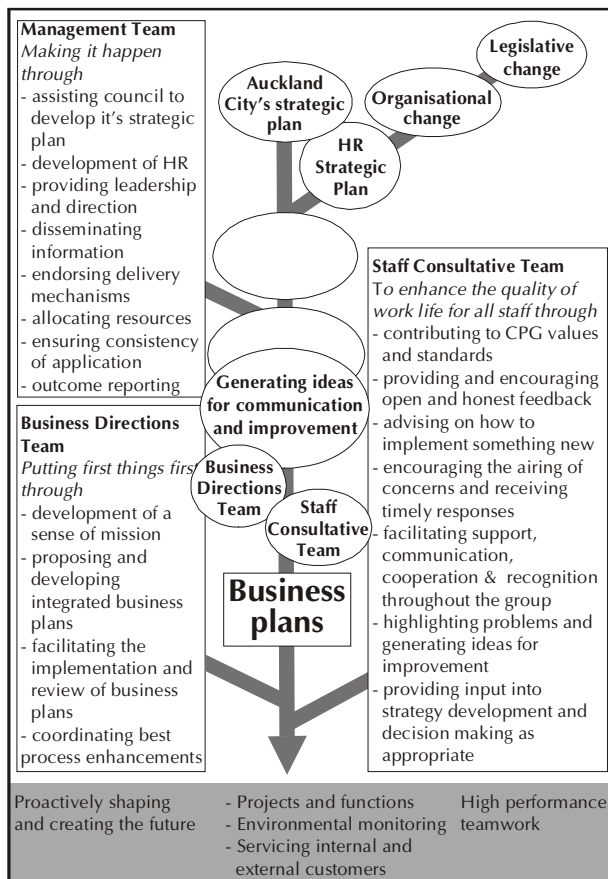
The council is divided into five directorates. The city planning group (CPG) is part of the planning services directorate – whose purpose is transportation, recreation, land use, community and environmental planning. The CPG, which has 67 full time equivalent employees, develops and reviews council policies for sustainable growth, and assumes responsibility for a number of central government statutes, including the Resource Management Act, the Historic Places Act, the Buildings Act, the Sale of Liquor Act and the Health Act. This legislation can be both *mandatory* and *permissive* – there are things that council has to do, and things it does because it believes they are in the public interest. The CPG has a major role in determining these matters and making recommendations to the council.

The CPG's mission, reflecting the council's ("... excellent leadership and sustainable service to improve the quality of life for people in Auckland City") is to provide a planning and resource management framework which, among other things, promotes excellence through leadership and advocacy; protects the city's heritage character and natural environment; encourages and enhances the quality of living; provides opportunities for business to establish and prosper; and helps facilitate a safe, convenient and affordable public transport system.

## Leadership

The CPG's organisation chart – a flat but conventional inverted tree – reflects the formal council-approved delegations necessary in a unit of local government. Five divisional managers answer to the group manager and take responsibility for specific functional and/or geographical areas. But three cross-divisional leadership teams – *Management*, *Business Directions* and *Staff Consultative* – actually run the CPG, with web-like organigraphic relationships (Mintzberg and Van der Heyden, 1999), summarised in Figure 1.

Team principles (structure, functions, declarations, ground rules – in effect, team constitutions) are updated annually and posted as on meeting room walls and published on the group's intranet. Semi-formal and temporary special-purpose "spoke teams" are also set up when needed, with members drawn from across the CPG's five divisions.



**Figure 1 The CPG's leadership system**

The management team shares members with the two other teams, for consistency of purpose and values, and to allow each team to be accountable for its own actions with no need to defer to another. Members of all three teams are also involved in the business planning team, ensuring staff involvement in strategy development and deployment. Team activities are reflected in performance records, part of the performance appraisal system.

The leadership teams meet regularly to review organisational performance. The management team – which has overall responsibility for the achievement of operational goals and which meets weekly – focuses on the achievement of goals against objectives at monthly meetings, when the monthly report is reviewed. At this level, performance measures relate to the achievement of specific projects in areas such as: environmental and heritage planning; sub-regional policy and projects; business plan development; best practices; work programme development; customer service; financial data; human resources; information technology operations and projects; information management (records and research); and geographical information systems, design and publications.

Organisational performance is reviewed using feedback from, for example, the Business Development Quality Award, self assessments based on the Baldrige criteria, staff attitude survey data and customer survey information, leading to an action plan which details improvements to be made within one month, three months, one year and three years, and which is integrated into the business plan.

*Public responsibility and citizenship*

Community involvement, understanding and support is one of the CPG's business plan objectives, to be actioned by: effective partnerships with elected representatives, the community, customer groups, agencies and other council groups; a public education programme to promote greater awareness of planning and resource management issues; and the encouragement and support of community planning initiatives and environmental projects.

With its legislative responsibilities for resource guardianship, the CPG has to balance sometimes conflicting demands for the conservation and utilisation of resources. This potential conflict emerges, for example, in district plan and city bylaw issues, in regional project advocacy, when involved in inter-agency projects, in waste minimization, when planning for growth, in environmental health issues, and when monitoring water quality.

The CPG sponsors and supports a wide variety of community activities, including: organising and supporting World Environment Day – providing a venue, promoting the event and providing an opportunity for interest groups to display their promotional material and goods; facilitating and organising a Waste Group event on Waiheke island; sponsoring Energy Auckland in June 1999, and sponsoring the Waste Minimisation Magazine. Staff are encouraged and supported to donate blood, perform jury duty and complete first aid courses.

The CPG also 'walks the conservation talk' in two highly visible ways. It has performance measures and targets for an assertive recycling policy – which includes recycling waste paper, purchasing recycled products and adopting energy-efficient office practices. It also maintains and heavily promotes a worm bin – a hygienically sound and odor-free inside composting system which disposes of organic waste and produces byproducts such as 'worm tea,' for gardens.

Public education and awareness activities include maintaining education kits on current projects – the Viaduct Basin (the America’s Cup village) and the Eastern Corridor (a public transport project), for example; educational visits and presentations to schools – the Auckland Museum’s school area contains a display provided by the group; sponsorship of student projects – with funding as well as staff time and support; and funding an annual planning bursary at the University of Auckland.

Citizenship activities were reviewed in the 1999/2000 annual planning cycle, and a need for measures of effectiveness linked to group goals was identified.

## Strategy

The CPG’s strategy – developed within the overarching framework of the city council’s strategy – has to dovetail with that of the council as a whole, and account for those constraints imposed by its role as part of a political organisation, as a regulator, and as a provider of a broad range of policy and project information.

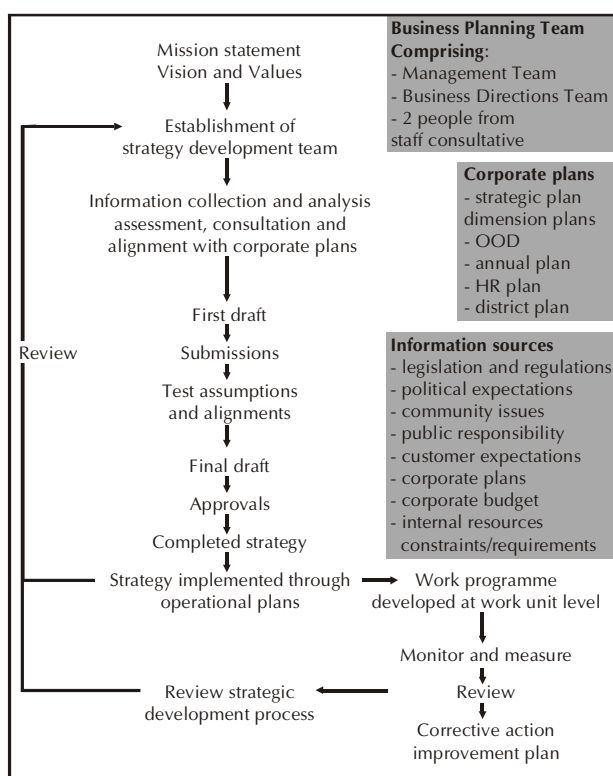
The CPG’s strategy development processes integrate six key city council activities which account for customer and market needs, business risks and the resources and capabilities of both the council and the CPG:

- 1 The 1999 Strategic Plan Review for the City of Auckland (“Auckland 2020 – The way forward for Auckland”) – first developed in 1993 and reviewed every three years
- 2 The Dimension Business Plan which supports the strategic plan and identifies how that plan will be implemented
- 3 The city council’s annual plan – which includes the operational and financial implications for the year as well as three year projections
- 4 The Auckland City Outstanding Organisation Dimension Plan which identifies how the internal organisation of Auckland City will be managed
- 5 The district plan – which establishes long term planning parameters for management of the city’s environment, and which is designed to deliver the goals of the long term strategic plan (this is the CPG’s key accountability and core business)
- 6 The business planning process which relates to the strategic and business planning activity at group level within Auckland City, with resulting business plans which support the annual plan

The *Auckland City Strategic Plan* development process, applied every three years with a forecast horizon of 20 years, has three goals: an outstanding city; an outstanding organisation; and outstanding governance.

The *Outstanding Auckland Plan* was developed by surveying people who live, work and visit the city. Five customer-oriented dimensions and 13 goals were identified, essentially grouping together the features that would make Auckland an outstanding city from the perspective of its customers (residents, community groups, visitors and tourists).

The *Dimension Business Plan* transforms the long term focus of the strategic plan into shorter term strategies. It is divided into the five dimensions of the strategic plan and is the work of organisation-spanning teams. The CPG has a manager on each of the five dimensions because of the breadth of the CPG’s business and because it values the communication and networking opportunities this allows. Membership of these teams provides an opportunity for input into the city’s dimension plan and to gather information relevant to CPG’s own strategic direction.



**Figure 2 Strategy development processes**

Primary focus	Group strategies (for Pathway 1)
Auckland's future	1.1 Take a leadership role for the city in planning projects and resource management
Auckland's cultural environment	1.2 Develop ongoing planning strategies for the city that recognise the need to balance growth and development with character, environmental amenity and social and physical infrastructure
Neighbourhoods	
Economic growth	1.3 Advocate the city's needs and position in relation to central and regional government on planning and resource management issues and strategies
Community involvement	1.4 Develop a policy for both the funding and expenditure of contributions collected to mitigate adverse effects of development
Transport	
Business	1.5 Ensure regulatory mechanisms are effective delivery tools to achieve Outstanding Auckland
Core	

The five dimensions of the dimension business plan are:

1. Alive and exciting
2. Great community to belong to
3. Good for work and business
4. Clean and green
5. Easy to get around

The *Annual Plan* provides direction for the budget year and allows citizen input – through a formal submission process – on service delivery, major projects and initiatives, funding and financial performance as well as people policies and human resource strategic funding. Performance against this plan is reported quarterly and published annually.

The *Outstanding Organisation Dimension Team* identifies how the city’s internal organisation will be managed. Led by the city’s chief executive officer, with a membership of council directors and group and divisional managers, this team produces the *Outstanding Organisation Plan* – and key performance indicators. The CPG’s business projects manager is a member because that person has key accountabilities for the CPG’s strategies.

The *District Plan* provides the fine print for managing the city’s environment. The CPG has primary responsibility for the production and management of this plan. It is divided into three territorial parts – **Hauraki Gulf Islands, Isthmus** and **Central Business District**.

The *Outstanding Auckland Strategic Framework* provides strategic direction for the CPG’s own business planning. The *Outstanding Dimension* plans specify what the council will achieve while *Outstanding Governance* and *Outstanding Auckland* specify how the council will operate. The CPG’s desired outcomes and strategies are directly aligned with a large number of the council goals – verified in practice by a detailed alignment matrix.

The CPG’s strategies cascade down to specific projects and initiatives, each with performance measures and timetables, which collectively become the work programme for the year (Figure 3). Resources are allocated to projects during the planning process. Performance measures (percent complete, progress to timetable and cost against budget) are developed.

## Customer and market knowledge

### Customer segmentation

The CPG recognises three key groups of customers (Figure 4) – internal, direct external and indirect external, and uses a variety of listening and learning approaches to determine their requirements (Figure 5).

The CPG also has relationships with:

- Local Maori (who are equal constitutional partners)
- The planning agencies of neighboring authorities
- The Property Council (a developers’ interest group)
- business and civic associations
- Waste industry interests.

<b>Internal customers</b>	
Elected city councillors	A small but influential group of customers requiring technical and policy advice, participation in corporate responsibilities and elected member support
Elected community board members	
The council’s chief executive	
Council directors	
Other council groups	
<b>External customers- direct</b>	
Members of the public	A small group of customers who generate much of the CPG’s work - expecting direct access to decision-makers, timely and accurate information, responsiveness, commitment and understanding from service providers
Applicants and submitters	
Special-interest lobby groups	
Other councils	
Agencies and organisations	
<b>External customers - indirect</b>	
Members of the public	The bulk of the CPG’s customers - with little or no interaction with it, but with high expectations of service and of the CPG’s stewardship roles.
Businesses and investors	
Business visitors	
Recreational visitors	
Community groups	

**Figure 4 Customer segmentation**

Different approaches are used to determine customer’s requirements for different products and services. For example *city growth* and *waste management* strategies promoted by the CPG involved community board workshops, focus group sessions with key customers and interested parties, public displays and meetings, questionnaires and ‘listening posts’ at a Sunday flea market.

Projects where changes resulted from research, consultation and information gathering include:

- The district plan – submissions by citizens and interest groups are account for in the plan
- The *State of the Environment* report gathers information from public consultation and debate before mitigating strategies and interventions are agreed by the council

Customer surveys	- Annual survey of city residents and ratepayers - Annual satisfaction survey of CPG customers - Consultation with interest groups associated with specific projects, submission processes for specific plans and waste management plans
Focus groups	- Liveable Communities strategy workshops - Centre Plan consultation - Monitoring plan development - Waste management plan workshops
Direct customer contact	- Information plan bulletin to customers - Specific training given to other council groups - Planning application sub-committee involvement with other city council customers and the public - Front counter reception of Central Area Development applications
Customer visits	- Public meetings for plan developments - for example Heritage Review Gulf Islands, Waste Management, Liveable Communities
Correspondence	- Mayoral letter and other query responses - Email within and external to the CPG and council - Reports to other council committees - Advocacy of council's interests with external agencies such as the Parliamentary Commission
Publications	- Specialist publication circulation system - Production of own documents such as the district plan, monitoring report.
Best practice visits	- Best-practice visit to the USA by the CPG manager - Circulation of best practices journals and documents - Benchmark enquiries of other comparable or perceived excellent organisations

**Figure 5 Listening and learning - examples**

- A “City Trends” personal safety project, where a questionnaire of particular customer groups clarified CPG staff perceptions of personal safety levels.

Project debriefs also precipitate operational changes. Debriefing after publication of the Isthmus plan revealed benefits from the lodging of submissions via the internet, for example, and this is now done.

### *Customer relationships*

Developing and nurturing partnerships with the community, other stakeholders and other council units is identified as a critical success factor in business plan documents and this approach is supported by budget line items for advocacy, public enquiries and political support. Project codes include, for example:

- Council and community board support
- Public enquiries and public presentations
- Student enquiries and student presentations
- Support to other council groups
- Advocacy to government agencies
- Advocacy to other local authorities

<ul style="list-style-type: none"> <li>- <b>Customer call centre</b> - providing information and advice to all incoming telephone callers using the main number</li> <li>- <b>24 hour incident response</b> with direct access to contractors and staff who can provide assistance</li> <li>- <b>Surveys</b> to determine satisfaction and customer value</li> <li>- <b>Focus groups</b> - by targeted group or open forum</li> <li>- <b>Annual Plan</b> submissions</li> <li>- <b>Strategic Plan</b> review workshops</li> <li>- <b>Reception points</b> at level 11, Civic Centre</li> <li>- <b>Internal mail</b></li> </ul>
<ul style="list-style-type: none"> <li>- <b>Representation</b> to elected representatives through: <ul style="list-style-type: none"> <li>- public forums at community board meetings</li> <li>- written submissions, complaints and compliments</li> <li>- attendance at public meetings</li> <li>- direct representation at a personal level</li> <li>- lobby/interest group approaches</li> </ul> </li> <li>- <b>Application forms</b> - for example consent application forms</li> <li>- <b>Brochures and pamphlets</b> on council facilities, features and services provide contact details encouraging feedback, further questions and other response options</li> <li>- <b>Conferences and seminars</b></li> <li>- The Hauraki Gulf Islands service centre customer coordinator manages customer/policies/staff/interest group interactions</li> </ul>

**Figure 6 Customer access mechanisms**

Figure 6 summarises the options customers have for direct input to the CPG, to ask about current activities, conduct business, seek information, complain, suggest improvements.

Changes are made when customers indicate a need. Two examples: an inadequate reception area which failed to meet customers' requirements to view large-format plans, make copies and view documents on-line was modified after consultation in the 1997/1998 year; the CPG's telephone service has been improved by using the council's call centre, with incoming calls now switched directly to the most appropriate staff member. In both cases customer value research identified the need and verified improved performance. The CPG receives monthly feedback on time to answer telephone calls and lost calls.

### *Complaints management*

The CPG's complaints management process is summarised in Figure 7. Explanations for staff are included in process manuals. Practice statements about reporting to the council and to committees, and a publications policy, provide further advice.

The processes shown in Figure 7 ensure complaints are resolved efficiently and by the right person.

Complaints are registered when received and time to reply is monitored and reported.

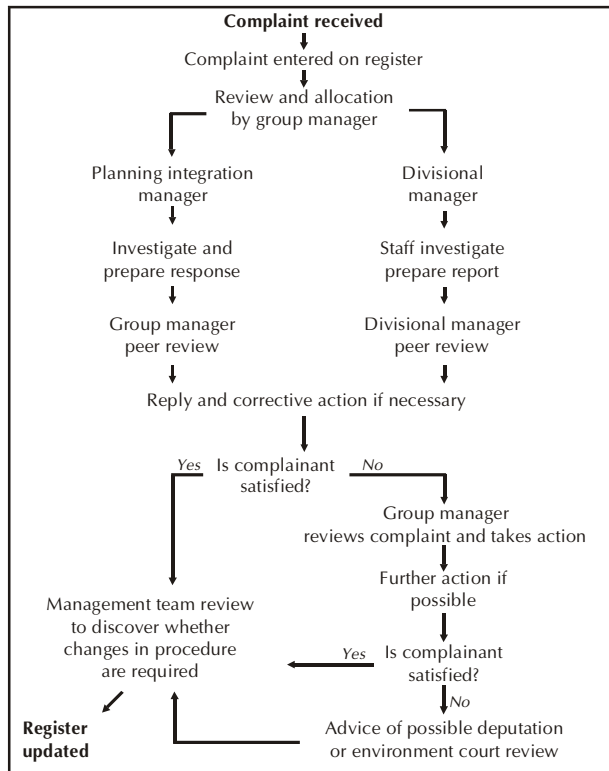
Elevation of unresolved complaints to a higher level in the organisation occurs if necessary.

Complaints are aggregated to identify trends.

## Customer satisfaction

Customer satisfaction/dissatisfaction is determined by:

- An annual city council survey
- An annual survey by the CPG
- Feedback from council committees and community boards



**Figure 7 Complaints management processes**

The council measures satisfaction and dissatisfaction against the goals set out in *Outstanding Auckland*. Residents and businesses are asked, for example, whether they regard Auckland as a city: with plenty of recreation and sport; with plenty of arts, culture and entertainment; which values its natural features; which is healthy; which is exciting; which values its special buildings; which has water services which are environmentally friendly; which is safe; and so on. Residents are also asked whether they have used a service or visited particular city attractions in the previous 12 months, and if not, why not. This information is analysed by dimension teams and by the CPG’s management team and posted on the council intranet.

The CPG’s own surveying involves interviews with 40 representative customers, segmented onto three groups: partners from within the council; external partners; and customers. The interviews take approximately one hour and include comparisons with

‘competitors’ – other groups within the council, other councils and government agencies. Questions provide information on the CPG’s service performance, relationship management, and potential for improvement, identifying their importance to the customer and focusing on the CPG’s performance.

Resource consent applicants are asked additional questions which target specific aspects of their transactions such as: reasonable cost for service; pre-application contact; communication on progress; and follow-up processing.

When commissioning the external agency which conducts the survey, the initial brief includes; advising on the methodology and a review of the questions to be asked, ensuring that the methodology and approach is appropriate for the CPG’s business needs and that the information will be useful for analysis and improvement – building on a debriefing at the end of the process the previous year.

Changes made in the 1999 survey provided information at group and division level for the first time, for example, allowed better targeting of improvement efforts.

## Information and analysis

The CPG has a comprehensive measurement programme, based on the following principles: Key measures target critical issues; data are collected once but used many times, collected monthly to allow rapid response to adverse events, and aggregated to identify trends in core business requirements; data collection is explicitly linked to business plans, strategic plans, and customer groups; and all measures are reviewed on a three year cycle.

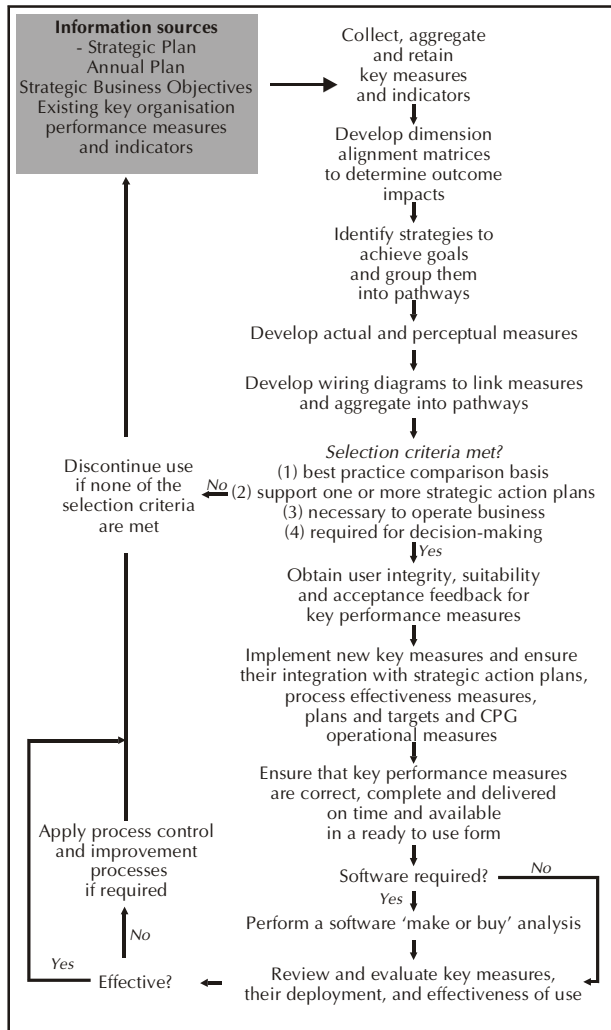
### Analysis of organisational performance

Performance is analysed by the three leadership teams. Business results are collected monthly, and are reported to all managers, posted in staff tea rooms, and on the CPG’s intranet. Managers report against strategic and operational targets at divisional (workgroup) level and report on group measures for which they are responsible.

At the weekly meeting following publication of the monthly report the management team analyses the report, noting exceptions against targets and resulting actions. The accounting manager and human resources manager also attend these meetings to assist with any professional input in their areas.



Each division holds weekly meetings within two days of the weekly management meeting, ensuring management analysis and decisions link back to daily operations, and minutes of these meeting are also posted on the CPG intranet. Because weekly management team meetings primarily focus on day to day operations or functional level operations, the team has an optional whole afternoon booked for the third Thursday of every month for strategic level analysis.



**Figure 8 Selection and use of performance**

The business directions and the staff consultative teams, which both meet fortnightly, have members from each division and at least one manager is involved, ensuring that their analyses are fed back into daily operations. The minutes of these two teams are also posted on the CPG's intranet.

Measure	Pathway	Type of result	Type of measure	Frequency	Accountability	Source
1 Effective leadership	1.1/5.1	CFR	L	Annual	Group Manager	Outstanding Auckland Survey
2 People being involved	5.1/5.2	CFR	C			
3 City is exciting	4.2	CFR	C			
4 Sport and recreation opportunity	3.1	CFR	C			
5 Valued natural features	2.2	CFR	C			
6 Valued buildings	2.2	CFR	C			
7 Environmental perception	2.1	CFR	C			
8 City is Safe	3.2/1.5	CFR	C			
9 City is Healthy	3.2/1.5	CFR	C			
10 Environmentally Friendly services	2.1	CFR	C			
11 Good for Work and Business	4.1	CFR	C			
12 Networking opportunities and excellent information systems	5.1	CFR/SPR	C			

CFR = customer focused results. SPR = supplier/partner results. Other categories, documented on the large-format versions of these tables include finance and market results, organisational effectiveness results, and human resource results. Types of measures include leadership, strategy, customer, information, human resource, and process.

**Figure 9 City of Auckland perceived measures**

City of Auckland actual measures - summary	City Planning group measures - perceived measures
1 Water quality	1 Customer satisfaction/service provided
2 Air quality	2 Customer satisfaction/information
3 Waste production	3 Meeting commitments
4 Contamination	4 Cooperation
5 Economic well-being	5 Timeliness
6 Population growth	6 Understanding organisational needs
7 Heritage protection	7 Customer perception of best practice
8 Commercial floorspace	8 Staff satisfaction with leadership
9 Precinct pedestrian counts	9 Staff knowledge of CPG goals
	10 Staff satisfaction with 'reporting to'
	11 Staff job satisfaction
	12 Staff satisfaction with conditions
	13 Staff satisfaction with work/home balance

**Figure 10 Actual and perceived measures**

City planning group - actual community and environment measures	City planning group - actual group measures
1 Zoning capacity	1 Quality assessment
2 District Plan development	2 Staff wellness
3 District Plan appeal success	3 Training and development
4 CBD floor space bonus	4 Health and safety
5 Completed Centre plans	5 Rewards and recognition
6 Completed Isthmus	6 Chargeable time
7 Coastal plans	7 Project time
8 Financial contributions	8 Advocacy time
9 CBD development potential Monitoring report	9 CFMS measure
	10 Objective/work
	11 Cleaner production
	12 Financial measure
	13 Mail response time
	14 Best practice evaluation: Spoke Team Projects and staff ideas

**Figure 11 CPG actual measures**

## Human resource focus

The CPG's human resources (HR) plan, linked to the council's HR plan, identifies seven key development areas:

1. A strategic approach to training and development
2. Coordinated recruitment with departmental autonomy
3. Cross-functional work in all areas of strategy, project design, and planning
4. Enhanced support to foster work and family practices and networking for targeted groups
5. Group-level flexibility for HR resourcing
6. Key competencies and strategic objectives as the key measures of individual performance
7. A strategic approach to change management

The CPG's HR plan:

- Sets a standard of leadership and excellence for people working together for the betterment of each other, themselves, their professional development and the CPG
- Demonstrates support, promotion, and implementation of EEO Policy, recognising, appreciating and valuing the diversity of skills and backgrounds within the group.
- Contains all the information on human resource systems and processes in one place

- Has ensured that high quality human resource systems and information are available to all within the group providing knowledge regarding, for example, reward systems, EAP, EEO, induction, training, and exit procedures.

Staff have the opportunity (and are encouraged) to give feedback on the effectiveness of the HR plan through the annual attitude survey (Figure 12), and can make suggestions for improvement at any time direct to the staff consultative team through the staff suggestion box.

### Performance appraisal

At the start of each financial year objectives are agreed between staff members and their managers (Figure 13). These align with the business plan as well as the manager's objectives which in turn align with the group manager's objectives. Progress is reviewed at 4, 8 and 12 months – the first two are a review of progress and coaching sessions while the 12 month review summarises overall performance, and is reflected in the individual's salary.

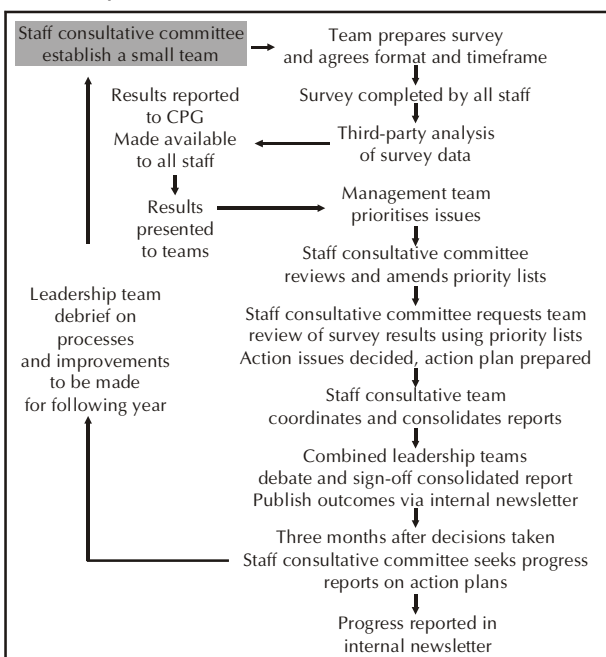
Managers and staff are also appraised against a set of competencies which provide a backdrop for personal development and self evaluation. To ensure best use is made of this programme there are courses for both managers and staff, which new recruits attend within three months of starting work .

Performance appraisal is a key part of the reward system. Following each appraisal the manager makes a decision as to whether the employee will receive an increase, recognising achievement against objectives, and overall performance.

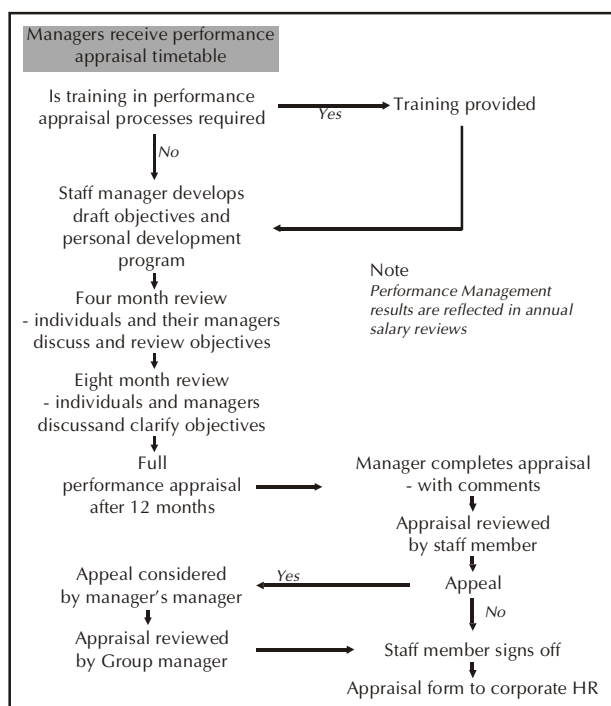
All council pay scales are 'broad band,' allowing flexibility for managers to recognise high performance. At managerial level bonuses can also be paid to recognise superior performance. All positions within the organisation are job evaluated to ensure equity. The CPG reviews these annually, and checks market relativities.

### Awards and recognition

The CPG has a reward and recognition policy which provides guidelines to both informal and formal recognition. Informal recognition includes positive verbal and written feedback which is supported by specially designed



**Figure 12 Staff attitude survey processes**



**Figure 13 Performance management system processes**

“thank you cards” that staff may use to thank one another. Formal recognition includes divisional recognition with items such as a bottle of wine, movie passes or book vouchers and are awarded at divisional meetings. Group awards are made where staff exert extra effort to meet and exceed customer needs, go above and beyond job requirements, or consistently meet job standards and have a positive work attitude.

These awards can be recommended by any staff member (with a seconder) providing clear reasons why a staff member should receive an award. The business directions team makes the decisions and at the next group meeting the award – which includes a group excellence T-shirt and up to \$100 for a restaurant meal – is awarded. Names are posted on best-practice boards on each floor.

The council’s chief executive also recognises high performance through letters to staff members and awards at the outstanding managers forum held every three months.

While training opportunities are available to all staff, they are also acknowledged as a way of rewarding staff who perform at a high levels, with training targeted so that it will benefit both the individual and the organisation.

## Employee education, training and development

The CPG’s training programme and processes have been designed to support the city’s Outstanding Organisation Dimension Plan, its requirements to deliver the current business plan strategies, its anticipated future needs, and the needs of its staff, as shown in Figure 14.

The process involves a template of expected competencies for each position to assist managers and staff to identify gaps and develop an appropriate training plan and to help determine expected minimum competencies for new employees. A training and development plan is incorporated into each staff member’s objectives – they and their managers are accountable for its progress.

In late 1998 the management team decided to pilot a two year programme with the New Zealand Institute of Management for all managers and selected senior staff. This programme included the development of group training to fill identified gaps as well as an individual programme for each participant.

New employees go through an induction process, and are issued with an induction manual. The HR manager oversees this process, which is integrated closely with the council’s induction course to avoid duplication. Included is material on:

- *Setting Sail* - an introduction for all new staff
- *Outstanding Customer Service* – for all new staff, on the principles of customer service.
- *Principles of an Outstanding Organisation* – which reinforces the council’s commitment to the Baldrige performance excellence criteria (packaged for internal assessments by the New Zealand Quality Foundation) and new managers are introduced to the criteria and the most recent assessment.

Everyone attending training completes an evaluation form, used to review course outcomes and training providers. Staff who attend seminars or conferences make notes available to the whole CPG and reporting-back presentations may also be given. Details of all training are recorded in a database and reported in the monthly management report, for review by the management team.

## Employee well-being and satisfaction

### Work environment

The CPG's commitment to workplace health and safety – set out in a health and safety manual and supported by a formal statement by the council's CEO – is displayed on every floor within its premises.

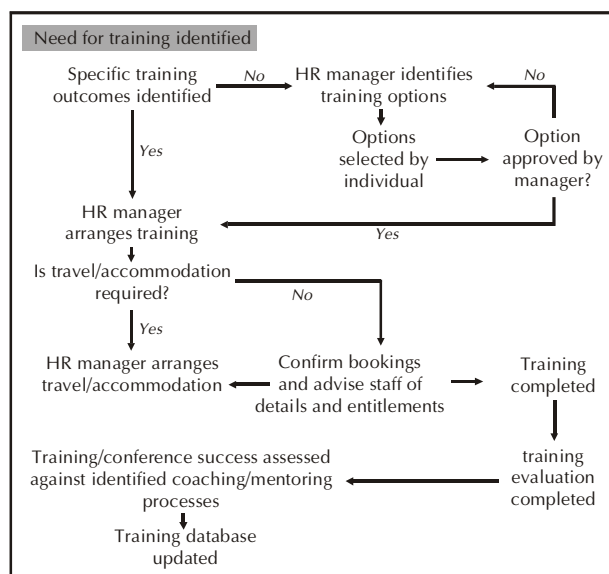
Managers have a primary responsibility for the provision of safety in their workplace, including appropriate equipment, training and support – implemented through a health and safety management plan.

Health and safety audits occur every three months (by the HR manager), every year (by an external assessor) and every two years by a joint team from the council's HR and risk and assurance groups.

### Employee support climate

Initiatives and systems which support the CPG's workplace values (openness, honesty, high consultation, empowerment and people who are valued and enjoying their work) are:

- Work and life balance
- Parental Leave
- Paid domestic leave
- Job sharing
- Free tickets to the council-operated zoo for staff and their families
- Staff wellness – healthy lifestyle
- Birthday cards – staff are remembered and valued
- Support of women's network
- Workplace support – chaplains who provide support
- Outplacement services
- Discounted medical insurance



**Figure 14 Training and skills development**

- Two branded superannuation schemes are available, with administration costs covered by the CPG

### Employee satisfaction

The factors that affect employee well-being, satisfaction and motivation are determined from the annual staff attitude survey. The initial questions – developed by a team of managers and staff with consultation with all staff – cover:

- Attitudes to the CPG
- Employee-related issues
- Employee relations and leadership
- Organisational issues
- Personal satisfaction

Survey findings are used in the CPG's strategic planning and business planning processes.

## Product and service processes

The introduction or need for a product or service may be market driven, customer driven, a strategic imperative or be a response to a change in legislation (for example, proposed changes to the Resource Management Act). The CPG's product and service design processes are summarised in Figure 15.

The management team leads and coordinates the improvements or redesign of larger scale business processes (the delivery of a district plan or the production of a waste management policy for example) while the business directions team leads improvements which involve the whole CPG.

An example of a new service introduced with documented delivery processes, developed after extensive benchmarking, customer research and technology investigation is the Isthmus District Plan and the production, publication and communication methods adopted. This project is also a good example of the involvement of a number of staff from different disciplines.

The group is structured so that no stage of the business process is neglected. This structure also provides an organisational approach to dealing with customers which ensures service planning and delivery is consistent and of high quality. The structure has been designed to emphasise process rather than function, and high quality relationships between staff, divisions within the group and also with other groups within the council.

Beneath each key process there are a number of sub processes. A recent improvement has been to identify and document these processes, which has led to continuing refinement and design changes.

In the past processes have often been documented and then 'filed and forgotten,' raising issues of validity and value. A more rigorous and robust system has been developed with all documentation accessible on the CPG's intranet.

Accountability for both processes and improvement is identified as well as provision for users to suggest improvements by email. While still in its early stages of development the new system has received very positive feedback from staff.

The value of the CPG's use of the Baldrige criteria for monitoring process improvement has been reinforced by assessors' feedback from its 1998 BDQA application as well as feedback from a council-wide self assessment process.

Teams across the group used the feedback (as well as other direct customer feedback) to make their own assessment of their current

position, drilling down to identify approach, deployment and results issues within each criteria. This included identifying areas for improvement, and drawing up action plans prioritised and divided into quick wins (one month), short term (2-3 months), medium term (within one year) and long term (2- 3 years).

**Support processes**

The CPG has a well developed range of support services, both internally supplied and available from the council. Key process requirements are determined by:

- Internal and external customer requirements and feedback
- Process requirements
- Statutory-Regulatory requirements
- Best practice knowledge and research
- Participation on project teams designing or redesigning service delivery processes

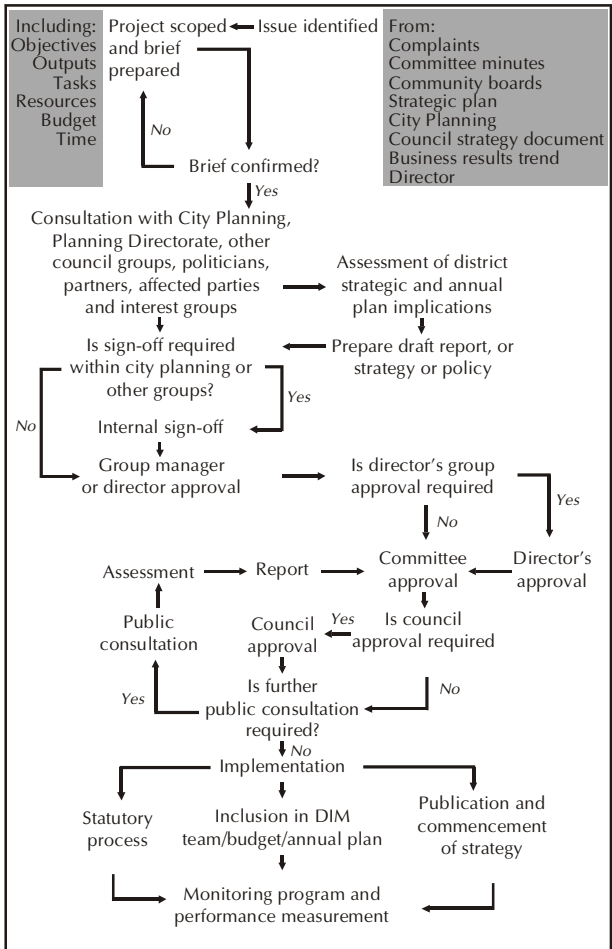
All internal support staff are housed in one division (business projects). Procedure manuals exist for key support processes such as HR management, financial procedures, contract management, delegations and risk management, ensuring consistency across the group and with external providers. Wherever possible this information is available on the Intranet.

Staff from business projects are involved with the leadership teams and in key project teams when appropriate. This degree of involvement ensures they are aware of what is required from a support perspective and can respond proactively.

In March 1999 the business projects division carried out an inaugural customer survey, using an independent research agency and one to one interviews with a cross section of its customers as well as managers of the different support sections. All staff were also surveyed.

The feedback has provided information on service characteristics and their importance to customers, identifying particular areas for improvement. The survey will be undertaken annually.

Key performance indicators for all support functions are monitored and performance is continually reviewed.



**Figure 15 Policy development and project processes**

## Supplier and partnership processes

The nature of the group's work means that it deals with a wide variety of suppliers, including:

- legal services
- professional consulting services normally of a technical nature – for planning, urban design, heritage advice, policy analysis, and project management
- printing, publishing and design services
- office and stationary supplies
- temporary staff – normally administrative
- support services internal to the parent organisation
- fleet services
- office equipment and furniture

As a result the group spends a considerable amount on contracts and suppliers each year and has well established contract management procedures – based on the following principles:

- Value for money – emphasising the total cost of all transactions as well as the total ownership costs of the contract (management, supervision, issue management and administration, for example)
- Outcomes – with an emphasis is on the overall outcomes of contractual relationships
- Risk management – with a move towards greater flexibility
- Fairness – with more attention paid to documenting why decisions were made.
- Relationships – moving towards more collaborative partnerships with a focus on the business success of both parties
- Communications – paying attention to critical areas of communication at all stages
- Competency – linking contract management with staff development and competency, consistent policies across the group and continuous improvement.

These procedures are detailed in a contract management manual adopted by the group in March 1999. The overall coordination of purchasing and procurement is managed by

the manager of the business projects division, with the other four divisions working directly with their key suppliers and business partners.

The business projects division manages the suppliers of support related services for the whole group. Where an ongoing relationship has been identified and the expenditure is significant the arrangement is formalised through a service level agreement. For example the group's solicitors have a negotiated agreement which is reviewed every six months, with timeliness and quality of delivery performance measures.

There are formal agreements with the following:

- City design - consulting services
- Fleet services
- Provision of specialist information technology advice
- Internal service providers – for IT, the call centre, finance and administration services, HR, property services, and the municipal reference library

Each division has its own database of consultants and the CPG is developing a unified database which will provide consistent detail on satisfaction with service provided, when last used, key features of service and other characteristics.

Key suppliers and partners are included in an annual customer/partner survey, seeking information on relationships and areas for improvement.

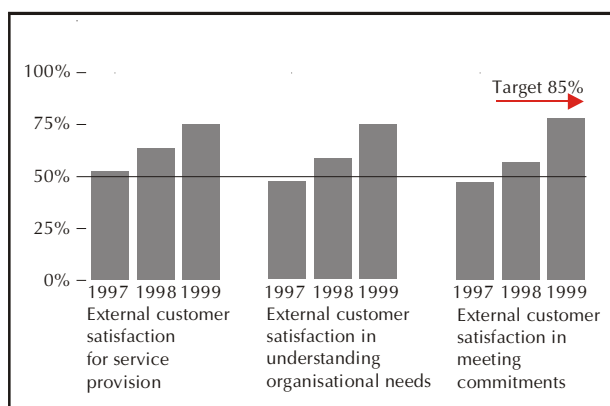
## Results

### Customer focused results

The CPG's key customer results are the perception measures headlined in Figures 9, 10 and 11.

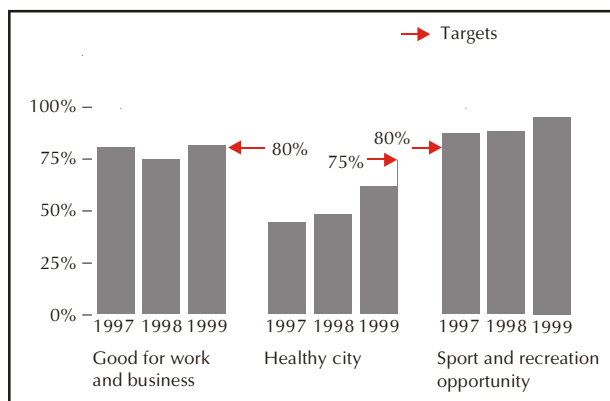
Prior to the establishment of the CPG in February 1997 the customer satisfaction results of the previous planning and regulatory services department were unsatisfactory. High standards of customer service was a key focus of the new CPG.

The aggregate measures (originally segmented by core customer groups, by residents and by businesses) shown in Figure 16 all show improvement for the three years 1997-1999.



**Figure 16 Customer focused results**  
External customer satisfaction

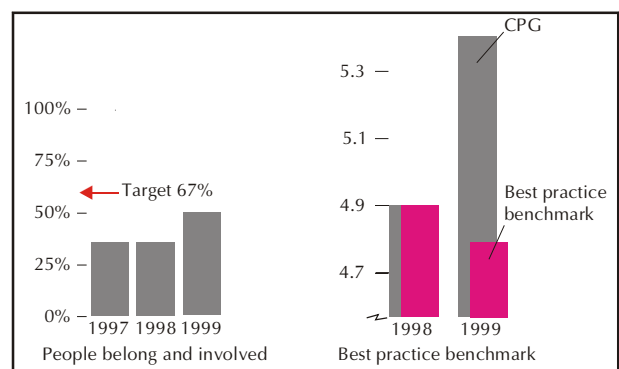
*Good for work and business* (Figure 17) is a measure of business confidence in the city, whose economic well being is fundamental to that of the greater region and to the nation. The *healthy city* concept (also Figure 17) has been an important policy initiative in Auckland and other cities throughout the western world. This result is believed to reflect both an improvement in the actual environment of the



**Figure 17 Customer focused results**  
Work and business, healthy city, sport and recreation

city and an increase in people's knowledge of what contributes to a healthy city. In *opportunities for sport and recreation*. (also Figure 17), the CPG reports shared accountability with other council groups for the provision of sport and other recreational facilities, interpreted to demonstrate "working with partners to achieve high customer satisfaction results."

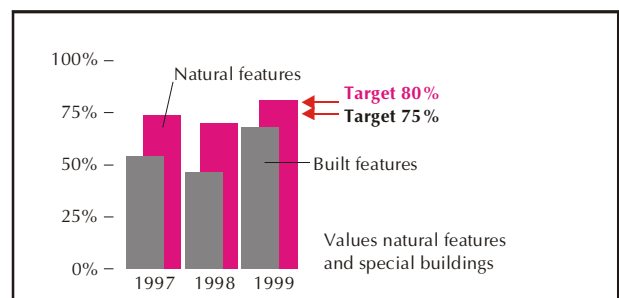
*People feel they belong and are involved* (Figure 18) is a measure of resident's sense of belonging and involvement in their community and neighborhood. The expansion of infill housing in the mid 1990s resulted in a loss of confidence in the council's planning approach. The new CPG was tasked with restoring this confidence. While there is some way still to go, satisfaction is improving.



**Figure 18 Customer focused results**  
Involvement and belonging, benchmarking

For its *Best practice comparisons* (also Figure 18) the CPG commissions an external survey of comparable organisations. Participants are asked to assess the performance of these organisations, then provide a comparable rating for the CPG. The CPG continues to outperform those organisations

Auckland city experienced a loss of *natural features and special buildings* during the boom of the late 1980s.



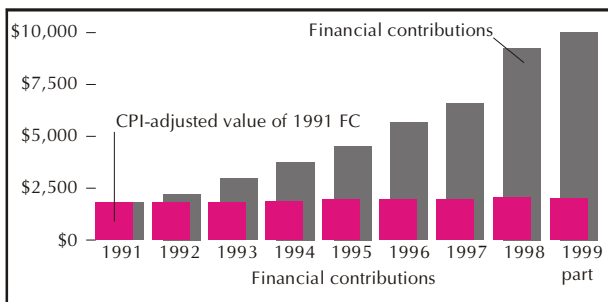
**Figure 19 Customer focused results**  
Value of natural features and special buildings

A core strategy of the CPG was to bring a comprehensive heritage protection strategy to the city and to raise public awareness and support for heritage protection.

The result summarised in Figure 19, if it is reinforced in the year 2000 survey, will indicate a reversal of the historical trend.

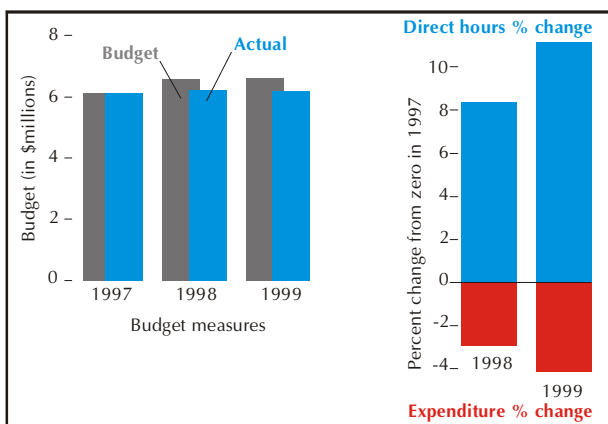
### Financial and market results

*Financial contributions* (Figure 20) is a measure of the degree to which new development contributes to the cost of open space and other city infrastructure.



**Figure 20 Financial and market results**  
*Financial contributions*

In the early 1990s it was recognised that developers were paying too little and ratepayers too much. The city sought a more equitable arrangement, with a target of \$8 million annually from developers. Since 1997 the CPG has reinforced this approach, exceeding the council's target.



**Figure 21 Financial and market results**  
*Budget success, cost reduction, productivity*

*Budget measures.* Figure 21 shows that the CPG consistently beats its budget, returning a surplus to the council and ratepayers, with a 4% reduction in running costs and an 11% increase in productivity, since inception.

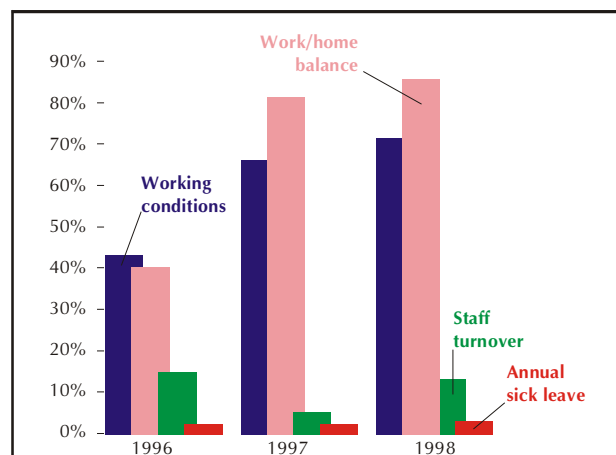
### Human resource results

*Staff job satisfaction, training and development* (Figure 22) results demonstrate the significant improvement in job satisfaction with the establishment of the CPG. The 1998 result reflects a restructuring of support service staff throughout the council. It has led to closer communication and specific change management interventions with the staff who might be directly affected. The new CPG targeted significant investment in people and in staff training and this is reflected in the results. The 1998 result demonstrated that while the number of courses increased markedly, satisfaction with them declined slightly. This has led to the development of a new training and development policy



**Figure 22 Human resource results**  
*Job satisfaction, training and development*

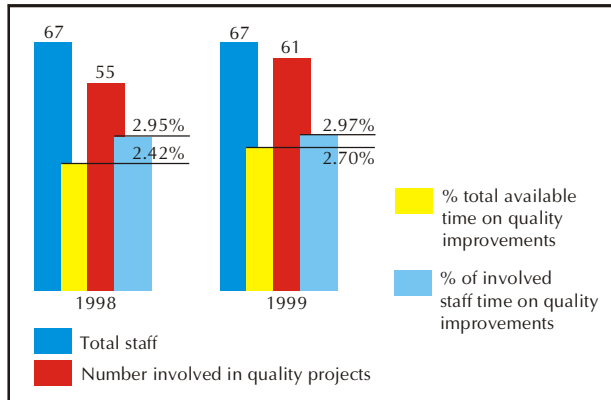
*Staff wellness* data (Figure 23) are drawn from the staff attitude survey. Early concerns about the working environment and the imbalance between working life and home life have been reversed by new policies, reflected in the improving results. Sick leave and absenteeism are below whole-council norms and less than benchmarked organisations



**Figure 23 Human resource results**  
*Staff wellness*



*Staff involvement in quality projects.* Figure 24 shows increasing commitment by the CPG to staff involvement in best practice with more staff involved, but that easy gains in business improvement have now been achieved and new initiatives are more complex and time consuming. The number of suggestions which are not actioned have reduced to zero.

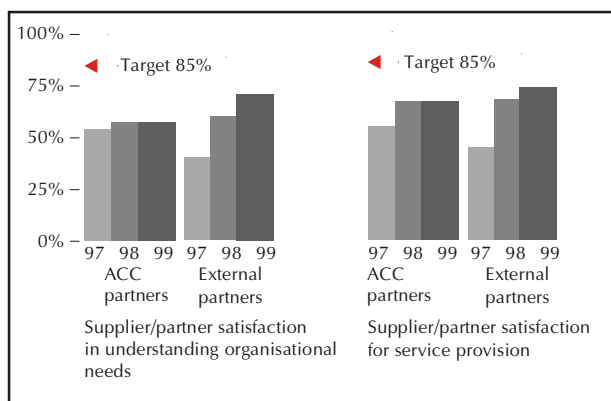


**Figure 24 Human resource results**  
*Staff involvement in quality projects*

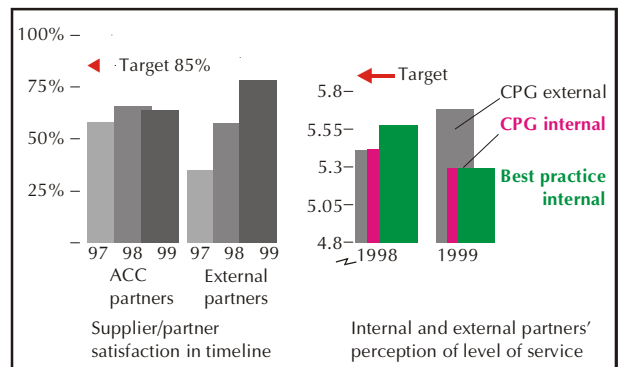
### Supplier and partner results

External partner satisfaction is improving (Figures 25 and 26), but the satisfaction of internal (city council) partner groups is not. These results also show that the CPG's internal and external partners believe that best practice standards have declined amongst comparable organisations. The CPG's external partners consider that service has improved compared to best practice organisations, but internal customers perceive that service has declined.

*District plan appeal success* (Figure 27) impacts directly on the costs of legal services, which are the CPG's largest supplier cost centre. Service agreements are reviewed every 6 months by the senior partner for the council's solicitor and the CPG's group manager. Improvements have been identified in communication and billing

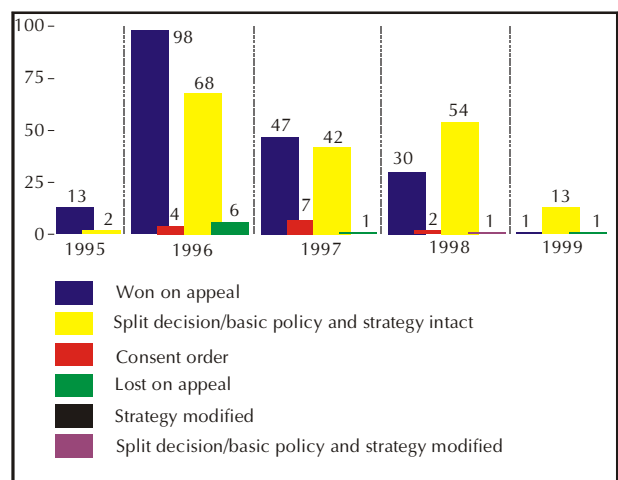


**Figure 25 Supplier and partner results**



**Figure 26 Supplier and partner results**  
*Satisfaction with timeliness, perception of service*

systems. The quality of legal advice is closely monitored, the result exceeds the target and New Zealand best practice.

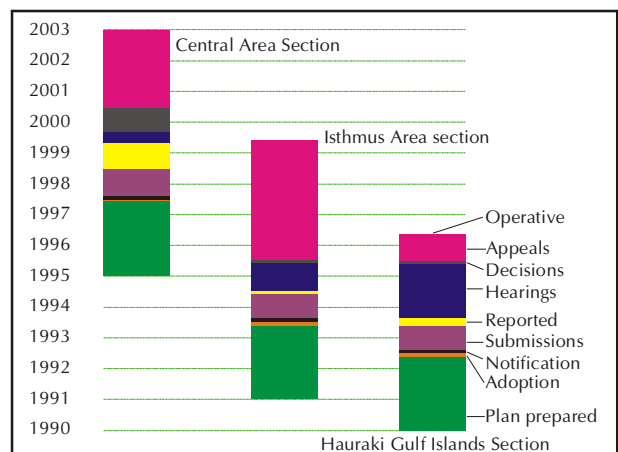


**Figure 27 Supplier and partner results**  
*District plan appeal success*

### Organisational effectiveness results

#### District plan development

District plan processes (summarised in Figure 28) consume 40% of the CPG's staff resources. As the three plan sections have progressed, efficiencies have streamlined the process.

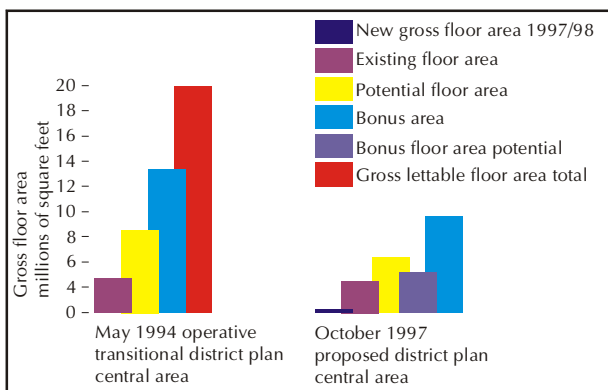


**Figure 28 Organisational effectiveness results**  
*District plan development*

The core improvement was the introduction of a major computerised system for dealing with submissions.

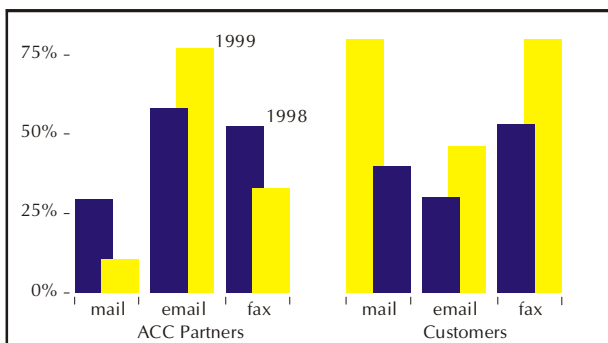
The zoning capacity of the city determines much of its social and economic success. Too much capacity results in expensive and under utilised infrastructure. Too little capacity creates a scarcity value for land and destroys the market. The council targets a capacity of 10 years but works within a band of 5-15 years.

The CPG's policies have brought zoning capacity from a state of imbalance to one which meets the council's target. Similarly, *central business district development potential* (Figure 29) results demonstrate a significant start towards balance.



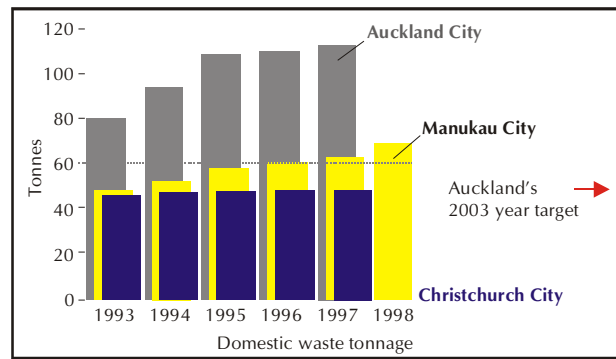
**Figure 29 Organisational effectiveness results**  
*CBD development potential*

*Use of mail, email and fax* – a measure is designed to test the effectiveness of the CPG's communication strategy – all show 'improvement' trends (Figure 30).



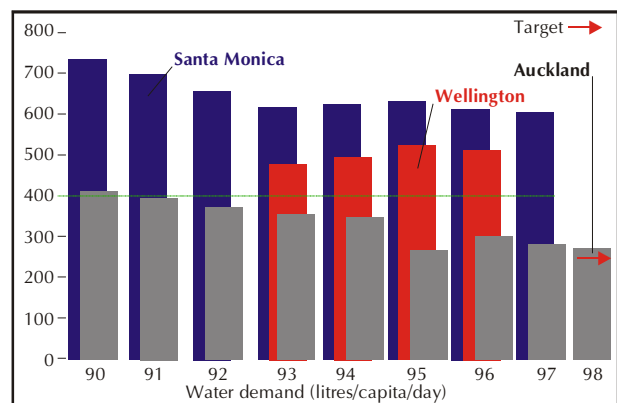
**Figure 30 Organisational effectiveness results**  
*Use of mail, email and fax*

*Waste production* results (Figure 31) show poor performance in waste management compared to a neighboring authority (Manukau City) and the South Island's largest city, Christchurch. Major new policy initiatives, with ambitious targets, are currently the subject of public consultation.



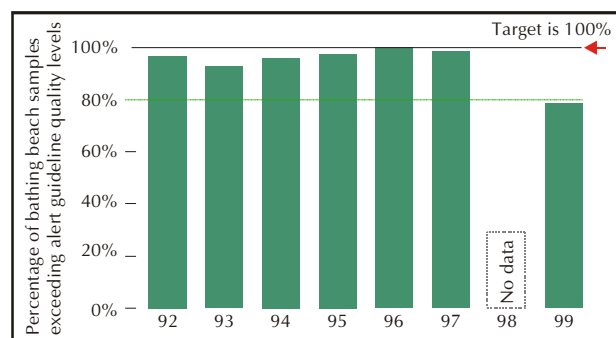
**Figure 31 Organisational effectiveness results**  
*Domestic waste*

*Water efficiency* results (Figure 32) show continued improvement, good comparisons to another New Zealand city (Wellington – the capital) and to Santa Monica, CA, reflecting user charges targeted at environmental efficiencies, as well as infrastructural improvements. The unusual 1995 result was due to that year's supply crises.



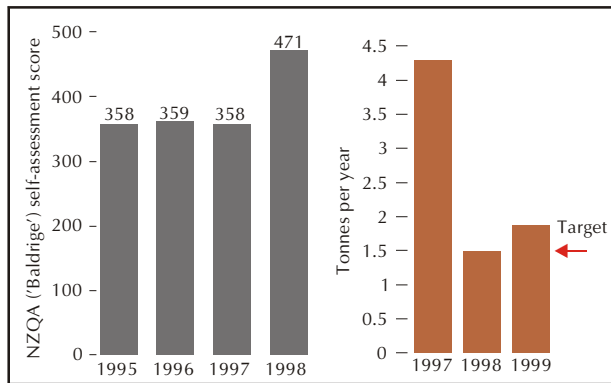
**Figure 32 Organisational effectiveness results**  
*Water efficiency*

*Bathing beach water quality* was measured at a depth of 1.2m prior to 1997 and most beaches met the required standard (Figure 33). A 97/98 pilot study showed that a more relevant depth for a critical group - children playing in shallow water - was 200mm. The programme was changed to meet the new standard.



**Figure 33 Organisational effectiveness results**  
*Bathing beach water quality*

'Baldrige' assessment. The CPG (and its predecessor) has been assessed against the Baldrige criteria for four years. In 1998 a self assessed score of 471 points (Figure 34) indicated a step up from the previous three years, and in that year the CPG was also the highest scoring public sector organisation in New Zealand's Business Development Quality Awards. In 1999 it exceeded the threshold, received an award, and again achieved the highest public sector score. The BDQA does not reveal individual results.



**Figure 34 Organisational effectiveness results**  
Self assessment scores, cleaner production

The CPG has implemented a cleaner production program for cost efficiency purposes, and as a pilot to demonstrate environmental good practice to other organisations. The 1997/98 results (Figure 34) showed a 66% reduction but this was not sustained the following year. A re-activated awareness campaign is designed to produce improved outcomes in the current year.

## Discussion

Circumscribed by Crown statute and regulation, local policy and long-established practice, subject to sometimes intense scrutiny by their local media, special-interest groups and citizen watchdog organisations, not to mention elected councillors and community board members, local government managers often struggle with the notions of leadership, independent strategy and innovation that are second nature in the private sector.

There is little incentive to be entrepreneurial, and leadership teams are understandably risk-averse. There's also a common belief that "best practices always originate in the private sector and then, slowly and against great resistance, filter down to ... local governments" (Grote, 2000).

In the writer's local government experience (elected councillor, Central Otago District Council, 1990- ), the CPG's approach to leadership, strategising, customer focus, human resources and process management is unusual, if not unique.

The use of performance excellence language and philosophies, as represented in the Baldrige criteria, is also unusual. Yet there is ample evidence in their own narrative that the CPG walks the talk, and their three-year results trends support a contention that, as in the private sector, performance excellence pays.

Why are performance excellence principles so rarely applied in local government? Here are some reasons:

- There are **perverse incentives** aplenty. For example, increases in efficiency and productivity may result in calls for lower rate takes and smaller budgets. A continuously sinking lid can be a poor motivator for improved performance.
- There are also plenty of opportunities for **leadership conflict**. In theory elected councillors make policy, the chief executive and his/her managers implement it. In fact the process is collaborative, political – sometimes party-political, occasionally politicised and potentially very messy.
- There are **competency mismatches**. Elected councillors (and the members of influential but un-elected interest groups) come from a variety of backgrounds, and are frequently not as skilled, well trained or educated as local authority senior managers. There is often little tolerance or understanding around the council table for management innovation and entrepreneurship.
- Local government in New Zealand performs a **variety of functions**, acting as it does with both delegated central government authority and local decision-making powers. Clarity of mission and purity of purpose are hard to achieve.
- **Rates**, collected from all citizens who own property, and the principle source of local government revenues, **are a tax** rather than a fee for service. Functional connections between service standards and rate demands are not plain to see.
- Most ratepayers want to go to heaven, but few of them want to die. There are pressures for more services, better facilities and higher spending, but rate increases are deeply

unpopular and bitterly opposed. If quality is 'what your customers tell you it is,' then what are a local authority's customers telling it?

### **What is 'quality' in local government?**

#### *Definitions*

Quality has two common organisational meanings, which may be summarised as either *quality assurance*, focusing on control, compliance and auditable standards (such as the internationally applied ISO 9000 standards, for example); or *quality improvement*, typically labeled Total Quality Management (TQM), continuous improvement or performance excellence (for example Deming, 1993; Baldrige National Quality Program, 2000). Business Process Reengineering (BPR), Continuous Quality Improvement (CQI), Six Sigma and other similar methodologies, and the products and services of brand-name suppliers all fall under the TQM, quality improvement, umbrella (although the term itself is now rather dated).

However defined, the concepts of assurance and improvement may refer to both means (processes) and ends (products). The Baldrige criteria, for example, with their (now distant) roots in TQM, assign 550 points from a possible 1,000 to 'means' (leadership, strategy, customer and market focus, human resource focus, and process management) and 450 points to 'ends' – results. Assurance may focus on in-process measures (through statistical process control methods, for example) and/or end-of-process pass or fail testing.

While there is almost a decade of experience in New Zealand local government with ISO 9000 (for example, see Macpherson, 1995), usually in semi-independent single-purpose business units, the use of Baldrige-derived approaches has only recently been actively promoted by government ministers with portfolio interests in the local government area, and Business Development Quality Award applications have been uncommon.

Because local government is a 'process' business (in some respects its most important 'products' – continuously evolving district plans, the granting of development and resource-use consents, provision of technical advice, compliance measurement and enforcement, and so on – are actually service processes), it seems intuitively better suited to an improvement rather than an assurance approach to high performance.

#### *Language*

There have been attempts to redefine and rewrite the Baldrige criteria to better reflect local government language and practices, but these appear to have been abandoned, and the 1999 Business Development Quality Award criteria exactly copy the US Baldrige wording, (Application Booklet, 1999). With each major two-yearly revision, the generic criteria become more accessible, their universality more obvious, and the incentive to re-write them for specific sectors is reduced.

#### *Measuring success*

Defining success in category seven (results) terms will remain contentious in local government (and in the core public sector), mainly because of the difficulties of making explicit linkages between council action and community or environment reaction. The CPG study highlights this dilemma – linking residents' sense of belonging and involvement in their community and neighborhood (p15) to specific council initiatives is a brave call, for example – but demonstrates that it is far from a lost cause. With trial and error experience, the cause and effect linkages are likely to be better defined, and to provide ever better indicators of the effectiveness of a council's activities in the more difficult to measure but strategically important areas.

Councils which are accustomed to reporting in 'service performance' formats – essentially a compliance regime – may find the setting of ambitious (stretch) targets a challenge, both operationally and politically. Exceeding customer satisfaction targets of 60%, however easy and meaningless that may be, is more acceptable to both managers and politicians than setting (and perhaps not achieving) targets of >90%. Similarly, the concept of continuous improvement, of every year raising the performance standard 'bar,' may discomfort many in the politicized and understandably risk-averse local government environment.

### **Acknowledgements**

This case study has been prepared and published with the permission of CPG manager John Duthie, and is based on the CPG's 1999 Business Development Quality Award application.

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See the on-line version of this paper at [www.baldrigeplus.com](http://www.baldrigeplus.com) for a full list of source material

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