Initiative #2: Business Process Improvements

INITIATIVE INFORMATION

Business Unit/Division	Customer Service/Customer Energy Solutions						
Initiative Executive Sponsor	Kelly Enright						
Initiative Project Manager	Joyce Miceli						
Legally mandated/Required?	No						
($000's)*	2019	2020	2021	2022	2023	2024	Total
O&M $ Amount	1.5 m	1.5 m	1.5 m	1.5 m	1.5 m	1.5 m	1.5 m
CIP $ Amount							
Total $	1.5 m	1.5 m	1.5 m	1.5 m	1.5 m	1.5 m	1.5 m
FTEs assigned	7	7	7	7	7	7	7

* Please note these are existing budget $ and FTEs. No additional budget or staff is requested

INTIATIVE SUMMARY

A. Description:

This initiative seeks to address the following three issues that impact the Utility's ability to evaluate and improve its enterprise-wide operational functionality.

a) Deficit of work standards and documentation of procedures
Many of the operational processes that Utility work groups use are not standardized or documented. This makes it difficult to verify that procedures are uniform and that the service delivered to our customers is consistent and of good quality. This lack of consistency and documentation makes it difficult to effectively train new employees for their jobs. The lack of documentation is also felt as many experienced workers are retiring, and their knowledge is not transferred to the employees that take their place.

b) Lack of baseline and operational metrics to track performance and improvements
Many groups throughout the Utility are unable to quantify what they produce. This makes it hard to see the work, set goals, and evaluate performance.

c) Lack of knowledge of end to end processes
There are many processes that are the result of work that travels between multiple business units. Often the people doing the work are only familiar with their part of process and are

unaware of how their work impacts business partners in the work flow. This makes it difficult to work together effectively and produce a service that is timely and accurate for our customers.

B. <u>Context</u>: Customer Care has been supporting business process improvement efforts for more than ten years. It represents 3% of Customer Care's total O&M budget. The Business Process Improvement group has primarily focused on providing process improvements when Customer Care implemented new technologies or when business processes or performance metrics had dipped below target.

C. <u>Component(s) of initiative</u>:
This initiative proposes that Seattle City Light cultivate a sustainable, enterprise-wide process improvement program. Program objectives are:

a) Document existing process as a basis to standardize work practices. Capturing processes can help align how groups do the work. Performance is enhanced when a team has clear, consistent procedures with which to deliver reliable and quality service.

b) Develop a system for process improvements that is sustainable. Sustainability will be achieved by:

o Facilitating business process improvement workshops and coaching teams in the methodology of process improvement so they can begin to make improvements on their own.

o Using change management processes to assist teams with implementing revised business processes following business process improvement workshops.

o Working with teams' post-workshop to create visual management tools and measurements with which to monitor ongoing performance.

c) Develop metrics and key performance indicators (KPIs) across the Utility using team-based performance management tools. This enables improvements to be measured, maintained and consistently improved upon.

d) Develop groups from cross-functional work streams to collaborate in the work they do together. An example of a cross functional process would be delivering electrical service to new construction. The flow of this service crosses three business units organizationally and each is dependent on the other to deliver this service to the customer.

D. <u>Business Value:</u>

a) **Enhance Service Delivery -** Business process improvement will always use the customer as a reference point. What is the service that they are asking for? What would we need to do to be able to deliver it? Work groups have been very responsive to prioritizing the customer's needs and adjusting their processes to that effect.

b) **Reduce Costs -** Many improvements reduce expenses by streamlining their business process in ways that eliminate inefficient processes.

c) **Optimize Resources** - When the processes are streamlined and improved, work is expedited, and labor resources can be reallocated to meet other business needs. One recent workshop with Engineering has saved time equivalent to one FTE that can be redeployed.

d) **Employee Development** - Through business process improvement, employees will be able to improve the quality and efficiency of their processes. Employees and their managers will learn how to identify work problems as they arise and how to solve them in a standard and effective way. Employees who have participated in business process improvement workshops have responded enthusiastically to the experience and report that learning business process improvement skills has improved not only their performance, but also their job satisfaction.

E. Opportunity for increased revenues and/or decreased costs: The expectation for every process improvement would target a minimum decrease of 5% in labor costs. Improvement results from 2018 will serve as a baseline for 2019 goals and specific projected savings. In addition to the self- selection approach, a second approach used by the City Light Leadership team would require an evaluation of any org unit who in the previous three years had:

- not met its budget or overtime targets
- Submitted a BIP for new positions

2019 – 2024 INITIATIVE MILESTONES AND DELIVERABLES

2019 Improvement results from 2018 will serve as a baseline for 2019 goals and specific projected savings. (eg cost savings, cost avoidances, quality improvements and delivery-of-service improvements, etc.)	Q1	• City Light Business process improvement (BPI) Cross Disciplinary Committee formed for processes documented • BPI SharePoint site developed to track effort Implement business process improvement process for Technical Metering Operations: • Document existing processes • Facilitate BPI workshops • Metrics for improvement developed ○ i.e. Reduction in labor costs • Implement revised business processes
	Q2	Implement business process improvement process in Customer Accounts: • Document existing processes • Facilitate BPI workshops • Metrics for improvement developed • Implement revised business processes
	Q3	Implement Performance Management in Customer Engineering • Document existing processes • Facilitate BPI workshops • Metrics for improvement developed • Implement revised business processes

	Q4	Implement business process improvement for ETI (Energy and Technology and Innovation) - Document existing processes - Facilitate BPI workshops - Metrics for improvement developed - Implement revised business processes Annual Business Process Improvement Team planning session for 2020 efforts

Subsequent years' goals and specific projected savings will be based on prior years' baseline savings analysis. Seven studies will be completed annually.

SOCIAL EQUITY

Race and Social Justice Initiative impacts will be noted at the beginning and the conclusion of improvement engagements to identify any effects that the work change, and the team collaboration has had. Work groups will be surveyed at the beginning of the workshop and at the end of the implementation. The survey will include questions related to these social justice impacts, as well as other questions about employee morale and the amount of control participants feel they have over their work. Employee empowerment has significant impacts on the quality of work and the health of the workplace.

The Business process improvement program has an on-call consultant roster that consists of vendors who were selected based on five scope areas of business process improvement. These vendors are useful in adding capacity and expertise to the business process improvement program. We keep track of the WMBE status of the vendors that we contract with and will report on it quarterly.

METRICS FOR SUCCESS AND METHOD FOR MEASURMENT

The success of this program will be measured by:
- Processes modified.   The number of business processes reviewed and modified (quarterly reporting)
- Cost avoidance. The numbers of dollars saved by creating efficiencies (quarterly reporting)
- Work groups utilizing performance management. KPIs and metrics established by group (quarterly reporting)
    Workgroups will be reporting on:
    - Work Volume: the volume of work associated with a business function e.g. streetlight repair (daily)
    - Process time: the amount of time to complete a process (daily)
    - Completion rate per individual/team (daily)
- Employee morale improvement. Survey done pre-and post- business process improvement engagement (quarterly reporting)

The metrics gathered for the first year (2019) will be captured as a cumulative, 3-year rolling metric for cost avoidances from each of the improvement projects. This will enable us to set a benchmark, so we can predict what

savings the future years will produce. We will be reporting quarterly the first year so that the savings will be shared with sponsors and stakeholders.

STAKEHOLDER OR CUSTOMER IMPACT

Positive impacts:

Seattle City Light will be able to improve organizational and workforce performance which will directly impact our customers and the services we provide. Internal stakeholders will:

- Better understand end-to-end business processes and how to effectively collaborate with other work groups to improve the final service or product;
- Know best practices for initiating and implementing changes to their own work processes; and
- Benefit from having current metrics which will enable them to focus on the areas to improve.

We intend to create a spark with the progress of business process improvement that will interest the Mayor, Council and other City departments.   City Light's CI Program successes will serve as a model for Business process improvement throughout the City.

Negative impacts:

Our business units have demanding work and competing priorities. It could be difficult to set aside time for process improvement activities. We have confidence once a group does a process workshop, the value it creates is very clear; reducing time spent on inefficient processes, improving worker satisfaction with their jobs, and reducing costs. In the three workshops this past year, the business leaders confirmed the value of putting resources into process improvement activities and anticipate doing more process improvement activities in the future.