MEETING SUMMARY
Performance Management Council
Meeting 19
Wednesday, August 31, 2011, 9 – 10:30 a.m.
University of Southern California State Capital Center
1800 I Street, Sacramento, CA

Announcements & Updates

1. **Legislative Updates: Performance-Based Budgeting.** SB 14 (Wolk) cleared the Assembly on August 30 on a 79-0 vote and is back in the Senate for final approval before going to the Governor for his signature.

   If enacted, this bill would phase-in a performance-based budget process for the state. Beginning in 2012-13, some departments would be required to develop and report performance measures to the Legislature. The bill also includes a process to integrate Fi$Cal into the performance-based budgeting process by 2018-19. For more details, visit [www.leginfo.ca.gov](http://www.leginfo.ca.gov).

2. **PMC Web Page.** The PMC currently stores many of its meeting summaries and other materials on the State Library’s Best Practices Wiki. The Library will be updating the Wiki, and temporarily removing it from the Web, and has generously offered to create and host a Web site for the PMC. Library staff are in the process of designing a Web page for the PMC.

3. **Living Library Update – Checking out a person instead of hiring an outside consultant.** The state has tremendous talent in its workforce. As a result of the learning environment created by the PMC network, several PMC members have offered and been contacted to serve as consultants for other departments. To market the expertise of individual PMC members, the PMC agreed in its revised charter to develop a formal program to link the Council’s volunteer “books,” or experts, with departments looking to further their performance management efforts. The Living Library Work Group is continuing to refine an implementation plan, gather people “books,” and develop resources for those interested in serving as “books” for state departments. A living library volunteer form is attached. For more information, please contact: Jodi Traversaro: (916) 324-3860 or joditraversaro@dpa.ca.gov.

4. **Successes.** The Department of Personnel Administration launched the state’s virtual training center in April, creating a cheaper, more accessible way for state managers and employees to tap into training resources. The PMC’s Jodi Traversaro and Joan Strohauer have used the virtual training center as a venue to implement the PMC’s goal to create a web-based library of performance resources.

   **Leadership Competency Development Guides.** Developed with input from the PMC and State Library, the guides focus on 16 skill areas designed to create organizational...
transformation, maximize performance results, build trust and accountability, promote a high performance culture and foster a team environment. Guides include an index of resources such as videos and podcasts, Webinars, links to academic journals and books, courses and more:

1. **Vision and Strategic Thinking**
2. **Change Leadership**
3. **Change Management**, featuring Joan Strohauer, Education Programs Consultant, HR Modernization Project
4. **Employee Performance Management**, featuring Jodi Traversaro, Statewide Learning and Performance Management Officer
5. **Employee Performance Management**, featuring Travis McCann, Chief, Professional Education and Development Section, CDCR
6. **Strategic Planning Webinar**, featuring PMC member Bev Augustine, acting deputy director, program and consumer services division, Department of Consumer Affairs.

Jodi and Joan are looking for feedback on these resources, including edits and suggestions; they also are seeking volunteers to provide a webinar or other Web-based product, such as the presentation developed by the Department of Toxic Substances Control that provides an overview of DTSC’s performance management program.

**Best Practices Workshop Series: Department of Health Care Services**

Presentation and discussion led by Dr. Neal Kohatsu, medical director, Department of Health Care Services (DHCS). For more information, please contact Dr. Kohatsu at (916) 440-7400 or neal.kohatsu@dhcs.ca.gov. Dr. Kohatsu’s presentation and background materials are attached.

**Background.** DHCS finances and administers individual health care service delivery programs, primarily for California’s low income and elderly populations. The department employees 3,000 individuals in approximately 30 offices across the state. Driven by Director Toby Douglas, the department is beginning to design quality improvement strategies to achieve its “Triple Aim” goals:

1. Improve the health of the population;
2. Optimize quality of care at the patient level; and
3. Reduce the per capita cost of care.

The department recently established a small executive-level office dedicated to guiding the department’s quality improvement efforts. Additionally, DHCS’ new Research and Analytical Studies Section will provide official statistics for the department as well as guide planning, oversight and strategic efforts. The department is in the process of revising its strategic plan in which it will incorporate quality and outcome measures, and has plans to team with UC Davis Health System’s Institute for Population Health
Improvement to provide leadership and consultation on managing the department’s strategic change.

Key Lessons For Building A Culture of Quality. Following Dr. Kohatsu’s presentation on the status of Department of Health Care Services’ efforts, the PMC discussion generated key lessons for building a culture of quality in state government:

Don’t let a crisis go to waste. When Dr. Ken Kizer, a former DHCS director, came to the U.S. Department of Veterans Affairs in 1994 to reform health care services, it was seen as too big a challenge. The data-driven VA turnaround, focusing on outcomes, is now regarded as a model for health care reform. California’s budget crisis might create opportunities for departments to rethink how they work.

MLK said, “I have a dream.” Not, “I have a plan.” Participants discussed the importance of understanding mission and vision before working on strategy. Highly successful organizations start with asking “why,” then figure out the “how” and “what.”

The stated organizational culture and the reality don’t always match up. A representative from one department said that while employees take pride in serving people who need services, they work on constant overdrive and are always asked to do more with less. The values are to serve the public, but the current culture is “keep your nose to the grindstone because if you turn away, you’ll get behind.”

Another participant observed that one department states that it values innovation, but its historic audit culture does not tolerate mistakes or risks.

A participant observed that some long-time workers who are the architects of the current system can be the biggest barriers to change.

There is often more value is in the discussions around measures, than in the measures themselves. One participant said his department initially monitored too many performance measures. Now, the department is reviewing what types of questions it wants to answer with performance data, then working backwards to identify the most appropriate measures; it has whittled the number of measures from 64 down to 13. He said the real value does not come from the measures, but from the weekly discussions around the measures at executive staff meetings.

A representative from a different department had a similar experience. The executive staff became overly enthusiastic about new “dashboard” software, but no one was asking “where are we going?” and “how will we know when we get there?” He said that it can be a challenge to get people to focus on defining the mission, but regular communication about common goals is essential to reinforce a culture change.

Build in quick wins.
A representative from a department that is undergoing a reorganization said that until recently, there always had been a wall between the director’s office and satellite offices. But in researching how the new department should operate, the director’s office staff scheduled multiple visits with field offices to solicit ideas about the new department structure. She said the first visit was well received – some satellite staff had already had suggestions for consideration – and the executive team came in with a strategy to identify action items they could easily address before the second meeting. Building in these “quick wins” helped show the field staff that the director’s office team was responsive and interested in their thoughts. It changed the dynamic of the second meeting for the better.

In another department, the executive team visited a selection field offices and set up open house-style meetings. In these meetings, staff talked about perceptions of the way the field offices or headquarters works. Some field staff met the executive director for the first time and appreciated the connection. The executive director learned that headquarters was seen as “the place that denies your request” or “the place where potential money doesn’t come from.” Seeing the field offices gave executive staff a clearer understanding of how the organization operates.

**Communicate across organizational layers.**
One representative said that communicating across organizational layers can be a challenge when there is not full support for reform. In her organization, the performance team receives strong support from executive level staff at the top, and from the line staff at the bottom, but the middle management is not on board. This is especially challenging, she said, for staff that are not getting support from their supervisors and deputies.

**Other Resources**
“Technology has transformed the VA,” *Fortune* (2006). Veterans’ hospitals used to be a byword for second-rate care or worse. Now, thanks to technology, they’re national leaders in efficiency and quality.


Steve Jobs *Commencement Address* at Stanford University (2005).

**Next Meetings – Save The Date**

October 2011: Date and topic to be determined.
December 7, 2011: presentation and discussion about Washington State’s performance management program, led by Joe Dear, CalPERS chief investment officer and former director of Washington State’s performance management program.

If you have anything to add to this summary, please contact the Commission staff, Tamar Foster or Eric Stern, at (916) 445-2125.
Performance Management Council  Living Library PILOT

SIGN ME UP!! I WOULD LIKE TO SERVE AS A RESOURCE TO STATE AGENCIES IN SUPPORT OF THE PERFORMANCE MANAGEMENT COUNCIL GOALS.

Name: 
Phone:  E-mail: 

Current Title, Department  Past Title(s), Departments:

Performance Management Topics of Expertise

- Performance Management (All)
- Strategic Planning
- SWOT Analysis
- Writing Vision, Mission, Goal, Objective statements
- Writing Metrics/Key Performance Indicators
- Program / Operational Planning and aligning programs with Strategic Plans
- Employee Performance
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- Marketing Performance and Change Management
- Technology and Performance Management (Organizational)
- Balanced Scorecard
- Implementation Plans
- Aligning Employee Performance with Organizational Performance
- Executive Sponsorship
- Training
- ______________________________
- ______________________________
- ______________________________
- ______________________________

Submit completed form to Jodi.Traversaro@dpa.ca.gov