QUALITY IMPROVEMENT PARTNERSHIP

Annual Report Pursuant to Senate Bill 1916
(Sher, Chapter 881, Statutes of 1998)

December 2000
Table of Contents

Section One:
- Introduction - 1 -

Section Two:
- A Year in Review and A Look Forward - 3 -

Section Three:
- Appendices - 7 -
  A. Statutes
  B. Baldrige National Quality Program, Core Values, Concepts and Criteria for Performance Excellence - 9 -
- Related Reports and References - 11 -
Cal/EPAs Quality Improvement Partnership

Introduction

This report responds to the legislative requirements of Senate Bill 1916 (Sher, Chapter 881, Statutes of 1998 – Appendix A) directing the California Environmental Protection Agency (Cal/EPAs or Agency) to institute "quality government programs" within the Agency and its boards, office and departments. Originally, Senate Bill 1082 (Calderon, Chapter 418, Statutes of 1993) required the development and implementation of this program. This is the third annual report.

Cal/EPAs legislatively established quality management program requires:

- Improvement in the quality, efficiency, and cost effectiveness of programs;
- Measurement of results;
- An employee-customer feedback system;
- Expedited decision-making; and
- Annual reporting to the Governor and Legislature on the extent to which Cal/EPAs has attained its performance objectives and continuous improvement efforts.

Other requirements of the legislation were accomplished and reported in the first two annual reports (e.g., creation of an external advisory board, development of a model quality management program for local environmental regulatory agencies, etc.)

Cal/EPAs Quality Improvement Partnership (QIP), the term we use for our organizational improvement effort, has evolved over the past few years along with the growing maturity of the Agency. While our early efforts focused on building a foundation to support the successful start-up of a quality management program, over the past several years, our focus has expanded and shifted as we continue to support the Agency in accomplishing its mission of protecting human and environmental health in California. Todays organizational improvement efforts aim to support Cal/EPAs and its constituent Boards, Departments, and Office (BDOs) in planning for and achieving greater levels of organizational achievements and performance excellence.
The core values and concepts used by the Malcolm Baldrige National Quality Program provide a model that guides our thinking about what it means to be a world-class organization. Specifically, this model (Appendix B) is used by Cal/EPA to help improve organizational performance practices and capabilities; and it serves as a working tool for understanding and managing performance, and guiding planning and training.

The information contained in the following report highlights Cal/EPA’s plans and actions implemented over the past year to support the achievement of greater levels of organizational performance. Specifically, the Agency has recognized, and is now acting upon, the need for improved cross-media coordination and the measurement of environmental results. We look forward to achieving greater levels of success in the coming years and sharing our accomplishments with you and the public we serve.

**Organizational Improvement: An Overview**

To place into context our work in organizational improvement, it is important to first recount the concepts of quality management. Quality management is a philosophy for organizational change and continuous improvement. Inherent in its concepts are three fundamentals that apply in both the private and public sector environments:

- Focus on the customer, both internal and external;
- Long-term commitment and top management support; and
- Continuous analysis of work processes and attention to the way work gets done.

Implemented effectively, quality management helps an organization to:

- Accomplish goals more successfully;
- Measure performance;
- Meet or exceed customers’ expectations;
- Enhance productivity;
- Focus on doing the most critical work;
- Build stronger relationships, both internally & externally; and
- Improve the work environment

Private sector organizations that are considered the forerunners in the area of organizational improvement – Xerox Corporation, IBM, Hewlett-Packard, Motorola, and Ford Motor Company, to name just a few – have been involved in organizational improvement activities for the last quarter century. Public sector organizations, like Cal/EPA, have made great strides in achieving their program mandates through the implementation of these management concepts and practices.
The Year in Review and A Look Forward

The turn of the century presented Cal/EPA with the opportunity to give thoughtful consideration to the Agency’s purpose, role and approach in charting the course for a new era of environmental protection. From a quality management perspective, focusing the dialogue this past year on the direction of the Agency represented a pivotal opportunity. The decisions made and actions implemented have and will continue to provide the foundation for building a new organization committed to Californians and environmental protection in California.

Our Agency’s organizational improvement efforts focus in three primary areas: 1) Agency level plans and actions; 2) organizational improvement support from the BDOs’ Quality Improvement Consultants and Agency’s Assistant Secretary for Quality Programs; and 3) programs administered within the BDOs.

Agency Level Plans and Actions

Since opportunities for the continued improvement of our programs always exist, our organization underwent an exhaustive evaluation conducted by external consultants, R&G Associates. Their evaluation was documented in A Structural and Fiscal Review of the California Environmental Agency. The ultimate goal of this assessment was to identify improvement opportunities that would support the Agency in achieving organizational excellence. The assessment evaluated our effectiveness in delivering environmental programs, current organizational structure, and funding mechanisms used to support environmental activities.

Not surprisingly, the final analysis revealed that in order to be successful, Cal/EPA and its BDOs must work more collaboratively and align our efforts to carry out the Agency’s mission. Key findings in the report centered on areas such as strategic vision, information management systems, cross-media coordination, structural organization, and physical co-location.

In order for our organization to ensure the successful protection of human and environmental health in California, we realized it would be critical to set a clear direction and provide guidance within the Agency. Our strategic visioning process, which included input from a broad representation of internal and external stakeholders, is based upon an approach that will serve to enhance collaboration amongst our BDOs as we pursue the protection of public health and the environment in California. Our approach will realign and connect the individual plans of the BDOs into a single and unified strategic vision. Two tenets underlie our Strategic Vision for the opening years of the 21st century – improve cross-media coordination in
addressing environmental challenges, and focus on measurable environmental results.

The Strategic Vision provides focus to our program and policy decisions across the Agency. The Quality Improvement Partnership helps support this integrated approach to the Agency's work. For example, the Quality Improvement Consultants and Assistant Secretary for Quality Programs are members of an Agency-wide strategic vision implementation team with BDO policy and program staff. With these varying perspectives, the team will guide an Agency-wide strategic planning process that will reflect a unified approach to environmental protection in California.

A primary area of our organizational focus and strategic planning process is to pursue effective cross-media coordination within the agency. While not every environmental issue is cross-media in nature, all environmental programs must consider cross-media issues in setting priorities and structuring solutions. Through its strategic planning process, Cal/EPAs is working diligently to seek better ways to improve information sharing and the coordination of work among its BDOs as a means of addressing some of the cross-media dimensions of environmental protection.

In this process, we are also partnering within the Agency and with other State, federal and local agencies to establish environmental performance indicators that are both meaningful and measurable. The indicators will enable regulators, scientists, lawmakers, and the public to better understand the underlying causes of environmental problems as well as the state of the environment and the effectiveness of Cal/EPAs's programs. The development of the environmental indicators is being facilitated by a cross-disciplinary team comprised of representatives from each of the Agency's BDOs. This group is responsible for developing a participative process involving various internal and external collaborators that will support the development of environmental indicators that will be used to gauge the impact of the Agency's actions on environmental conditions and trends.

**Organizational Improvement Support**

During the latter part of 2000, all six of Cal/EPAs's BDOs and the Office of the Secretary co-located in a state-of-the-art "green" headquarters building in downtown Sacramento. Given the direction and goals of the Agency and especially the focus on cross-media coordination, this physical co-location offers an opportunity to begin to create a stronger sense of community and a collaborative organizational culture within and across the Agency and its BDOs. Additionally, it was recognized that change of this magnitude needed to be consciously managed, especially the impact on the staff affected by this change.

As plans for this transition into the new building were developing, the Quality Improvement Partnership supported the effort with several initiatives. These initiatives focused in two areas: 1) managing the transition constructively while
creating a more collaborative work environment; and 2) assisting Cal/EPA employees to locate into their new workspace with a minimum of disruption to the public and a maximum of preparedness for the move itself. The Quality Improvement Consultants and the Assistant Secretary for Quality Programs formed a Transition Support Team to assist key personnel involved with the move. Specifically, these initiatives included:

- Developing and implementing of an Agency-wide Intranet site focused on providing all staff with current information concerning the move and the building’s amenities.

In support of open communication, building a stronger culture of collaboration, and in an effort to provide access to information of interest to all of the BDOs, an Agency-wide Intranet site was created. The Transition Support Team brought together many internal parties spanning the BDOs to develop the site as well as maintain timely, accurate, and easily accessible information for all staff about our Cal/EPA headquarters building and move details. An emphasis was placed on keeping all employees within Cal/EPA abreast of the latest plans and developments in preparation for the "move-in" to the new building. Foreseeing the value of this Intranet site once the physical move was completed, other services have been added such as online meeting room scheduling, access to electronic forms, staff directories, and current Cal/EPA news events of general interest to staff.

- Establishing processes for developing, reviewing, and approving issues and actions relative to administrative aspects of the relocation. Given the number of teams involved in the various aspects of the move, the Transition Support Team assisted these groups in strengthening their communication links and processes.

- Developing, scheduling, and conducting approximately 60 "Headquarters' Building Orientation" sessions for all 3,100 employees relocating to the new building.

A series of on-site new building orientation sessions for all Headquarters' building employees was developed and delivered by the Transition Support Team in order to ensure all staff had a smooth transition into the building. Prior to move-in, staff was provided information on the building's services, amenities, and features by means of a training presentation, a welcome packet, and a tour of the building.

In addition to supporting the move to the new Cal/EPA building, the Quality Improvement Consultants expanded their services to their respective BDOs. One of these areas was providing consultation services to natural (i.e. intact) work groups - sections, branches, or larger cross-functional workgroups. In this way, the Quality Improvement Consultants assist staff in blending their keen technical skills with skills
in continuous improvement and performance measurement methods thus enhancing their programs' effectiveness and fostering a culture of coordination, communication and collaboration. Enhancing individual and group performance is an incremental but steady approach to improving our organization and building capacity for successfully meeting our mandates.

Human resource processes also offer a significant opportunity to support the business needs of the Agency and, at the same time, expand the use of quality management principles and practices throughout the BDOs. The Quality Improvement Consultants have formed partnerships within the BDOs resulting in the incorporation of quality management practices and principles into the human resource function ranging from recruitment, training, and orientation, to hiring. The outcome is an improved recruitment, examination, selection, and promotion process that ensures the most qualified candidates for positions are selected. Ultimately, this effort will result in employees who are better prepared to work with others, both internally and externally, to collaboratively identify ways to improve work products and provide quality service.

Government agencies depend increasingly upon knowledge, skill and innovation to enhance the value they provide the citizens they serve. Cal/EPA's Quality Improvement Consultants continue to actively network and partner with representatives from federal, State, and local government agencies, and private industry through participation in quality management-focused associations, conferences, workshops and group meetings. Best practices and methods are shared between participants during these collaborative forums resulting in accelerated learning and innovation, and ever-increasing levels of service excellence to our communities.

**Programs Administered Within the BODs**

Both the Agency and its BDOs made significant strides toward improving the quality of environmental health over the past year. These specific accomplishments and priorities have been previously reported to the Legislature. The report, entitled "Cal/EPA, Accomplishments and Priorities Semiannual Report," was published in January 2000 and July 2000 and is available to the public on the Cal/EPA Web site.
Section 3

Appendix A - Statutes

Senate Bill 1082 (Calderon, Chapter 418, Statutes of 1993)

57000. (a) For purposes of this division, the following terms have the following meaning:

(1) "Agency" means the California Environmental Protection Agency.
(2) "Secretary" means the Secretary for Environmental Protection.

(b) On or before December 31, 1997, the agency, and the offices, boards, and departments within the agency, shall institute quality government programs to achieve increased levels of environmental protection and the public's satisfaction through improving the quality, efficiency, and cost-effectiveness of the state programs which implement and enforce state and federal environmental protection statutes. These programs shall be designed to increase the level of environmental protection while expediting decision-making and producing cost savings. The secretary shall create an advisory group comprised of state and local government, business, environmental, and consumer representatives experienced in quality management to provide guidance in that effort. The secretary shall develop a model quality management program that local agencies charged with implementing air quality, water quality, toxics, solid waste, and hazardous waste laws and regulations may use at their discretion.

(c) On and after December 31, 1998, the agency, and each board, department, and office within the agency, shall submit a yearly report to the Governor and Legislature, as part of the budget process, reporting on the extent to which they have attained their performance objectives, and on their continuous quality improvement efforts.

(d) Nothing in this section shall be interpreted to abrogate any collective bargaining agreement or interfere with any established employee rights.

(e) For purposes of this section, "quality government program" means all of the following:

(1) A process for obtaining the views of employees, the regulated community, the public, environmental organizations, and government officials with regard to the performance, vision, and needs of the agency implementing the quality government program.
(2) A process for developing measurable performance objectives using the views of the persons and organizations specified in paragraph (1).
(3) Processes for continually improving quality and for training agency personnel, using the information obtained from implementing paragraphs (1) and (2).

Senate Bill 1916 (Sher, Chapter 881, Statutes of 1998)

SEC. 12. Section 57000 of the Health and Safety Code is amended to read:
57000. For purposes of this division, the following terms have the following meaning:
   (a) "Agency" means the California Environmental Protection Agency.
   (b) "Council" means the California Environmental Policy Council established by Section 71017 of the Public Resources Code.
   (c) "Secretary" means the Secretary for Environmental Protection.

SEC. 13. Section 57007 is added to the Health and Safety Code, to read:

57007: (a) The agency, and the offices, boards, and departments within the agency, shall institute quality government programs to achieve increased levels of environmental protection and the public's satisfaction through improving the quality, efficiency, and cost-effectiveness of the state programs that implement and enforce state and federal environmental protection statutes. These programs shall be designed to increase the level of environmental protection, while expediting decision-making and producing cost savings. The secretary shall create an advisory group comprised of state and local government, business, environmental, and consumer representatives experienced in quality management to provide guidance in that effort.

   The secretary shall develop a model quality management program that local agencies charged with implementing air quality, water quality, toxics, solid waste, and hazardous waste laws and regulations may use at their discretion.

   (b) Notwithstanding Section 7550.5 of the Government Code, the agency, and each board, department, and office within the agency, shall submit a yearly report to the Governor and Legislature, as part of the annual budget process, reporting on the extent to which these state agencies have attained their performance objectives, and on their continuous quality improvement efforts.

   (c) Nothing in this section abrogates any collective bargaining agreement or interferes with any established employee rights.

   (d) For purposes of this section, "quality government program" means all of the following:

      (1) A process for obtaining the views of employees, the regulated community, the public, environmental organizations, and governmental officials with regard to the performance, vision, and needs of the agency implementing the quality government program.

      (2) A process for developing measurable performanceobjectiveness using the views of the persons and organizations specified in paragraph (1).

      (3) Processes for continually improving quality and for training agency personnel, using the information obtained for implementing paragraphs (1) and (2).
Appendix B - Baldrige National Quality Program, Core Values, Concepts and Criteria for Performance Excellence

The Malcolm Baldrige National Quality Program's and its core values, concepts and criteria are recognized on all fronts as the premier model for organizational improvement. Cal/EPA is utilizing the core values, concepts and seven Baldrige Criteria as a template to frame our organizational improvement activities. An organization that can compare itself to the highest Baldrige standards can legitimately claim achievement toward organizational excellence.

The program's criteria are built upon a set of core values and concepts that are the foundation for integrating key organizational requirements within a results-oriented framework. The following values and concepts are the embedded behaviors found in high performing organizations:

- Visionary leadership
- Customer driven
- Organizational and personal learning
- Valuing employees and partners
- Agility
- Focus on the future
- Managing for innovation
- Management by fact
- Public responsibility and citizenship
- Focus on results and creating value
- Systems perspective

The seven criteria are highlighted below:

- The **LEADERSHIP** category examines how the organization's senior leaders address values and performance expectations, as well as a focus on constituents and stakeholders, empowerment, innovation, learning, and organizational directions. Also examined is how the organization addresses its responsibilities to the public and supports its key communities.

- The **STRATEGIC PLANNING** category examines the organization's strategy development process, including how the organization develops strategic objectives, action plans, and related human resource plans. Also examined are how plans are deployed and how performance is tracked.

- The **CUSTOMER AND MARKET FOCUS** category (termed **External Outreach & Responsiveness within Cal/EPA**) examines how the organization determines requirements, expectations, and preferences of constituents and markets. Also
examined is how the organization builds relationships with constituents and determines their satisfaction.

- The **Information and Analysis** category examines the organization's performance measurement system and how the organization analyzes performance data and information.

- The **Human Resource Focus** category examines how the organization enables employees to develop and utilize their full potential, aligned with the organization's objectives. Also examined are the organization's efforts to build and maintain a work environment and an employee support climate conducive to performance excellence, full participation, and personal and organizational growth.

- The **Process Management** category examines the key aspects of the organization's process management, including constituent-focused design, product and service delivery, support, and supplier and partnering processes involving work units.

- The **Business Results** category examines the organization's performance and improvement in key business areas – constituent satisfaction, product and service performance, financial and marketplace performance, human resource results, supplier and partner results, and operational performance.
Related Reports and References

- A Structural and Fiscal Review of The California Environmental Protection Agency, February 2000
- Cal/EPA Strategic Vision, July 2000

Note: The above referenced publications can be viewed on Cal/EPA's Internet site: www.calepa.ca.gov