



Improvement & Innovation

Continuous Improvement at the City of Fredericton

*Presentation to
Canadian Association of Municipal Administrators*

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City Departments

- Chief Administrative Officer, including City Clerk / City Solicitor
- Seven Departments:
 - Corporate Strategy & Safety Services
 - Engineering & Operations
 - Finance, Innovation, & Technology
 - Fire
 - Growth & Community Services
 - Police
 - Consulting & Human Resources
- Employees – 640 full-time / 300 seasonal
- Deliver 60+ municipal services to the citizens of Fredericton.



***Contributing to quality of life in our community,
In a planned and financially-responsible manner.***

Budget 2018

- General Fund Budget:
 - \$116.9M general operating fund
- Water & Sewer Budget:
 - Self-funded from user rates
 - \$21.2M water & sewer utility fund



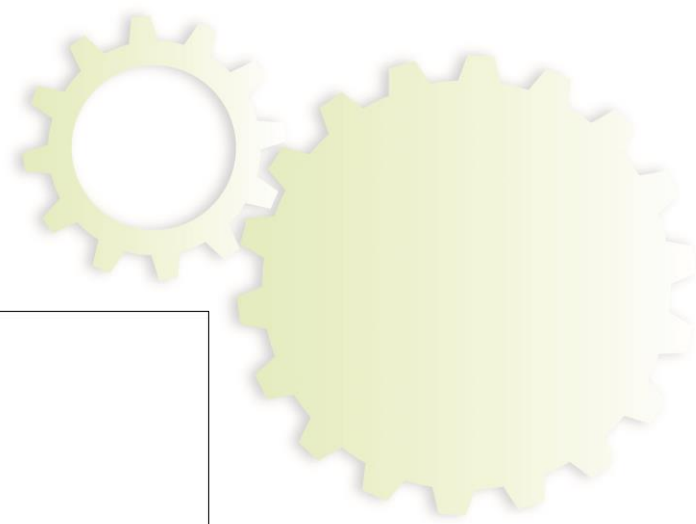
Total Value of Assets:
\$1.533 Billion
(2017 Statistic)

Fiscal Responsibility – this is where we are today



- Understanding the status of all infrastructure – PSAB/Asset Management
- Long-Term Financial Plan (General Fund)
- Long-Term Financial Plan (Water & Sewer Utility)
- Our debt ratio currently stands at 3% (\$9M)
- No tax increases for the past 10 years.



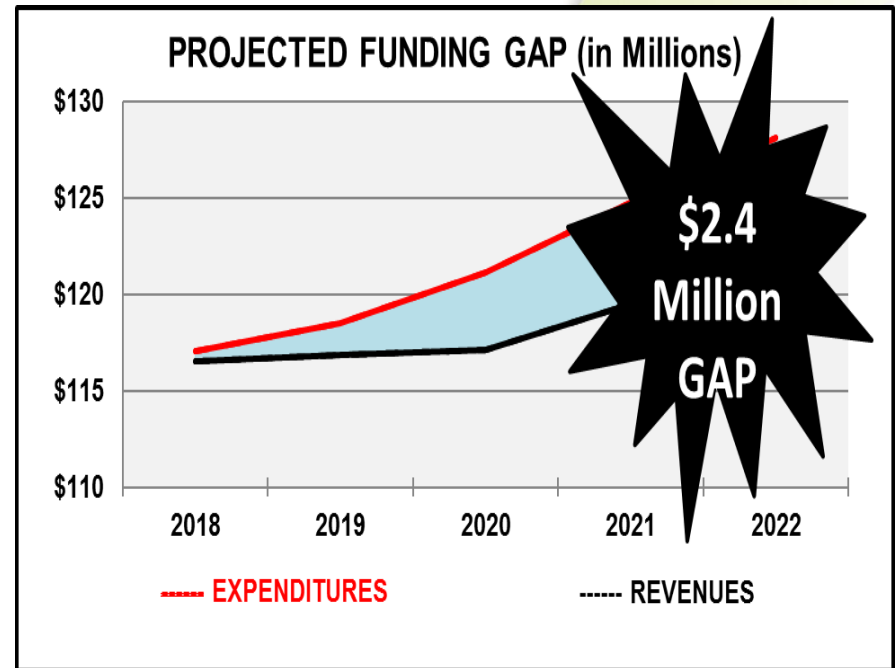


Fredericton
OUR TRADITION IS INNOVATION

How and why did we need to change our ways?

Funding Gap

- Like governments around the world, the COF is facing financial challenges.
 - Unconditional Grant cut (\$4.5M) – 2012 - 2015
 - Expenses were rising faster than revenues (economy slow to recover)
 - The cost of Public Safety
 - Infrastructure and Pension Deficits
 - Long term debt capped at 8%
 - 53% of Budget is personnel



How did we change direction?



- Series of interviews with Council, senior staff & external stakeholders
- Heard their comments; observed, weighed them against corporate knowledge
- Little opportunity for staff input, complacency, set in our ways, silo's, wake up call was in order.
- Announced restructuring in June 2012
 - Goals of reorganization:
 - Facilitate rapid change, there needed to be urgency (layoffs)
 - To reduce workforce by 5% over three years (2013-2015)
 - Improvement & innovation efforts using Lean Six Sigma



Improvement & Innovation (I&I) Purpose



- Change the culture of work
 - Continuous improvement is what everybody does every day
 - Seek out innovative ideas
 - `no new money`
 - Everyone must know what waste is and how to shed it from our processes.
 - Bias towards “yes” and “action”
 - Adopting standard work
 - Give people opportunities to grow and develop



I&I: Support System



- Steering Committee from the CAO office with Department Heads
- Strong and clear direction with supporting budget to fund training
- Mayor & Council support
- Support from the top is mandatory if you are to succeed.



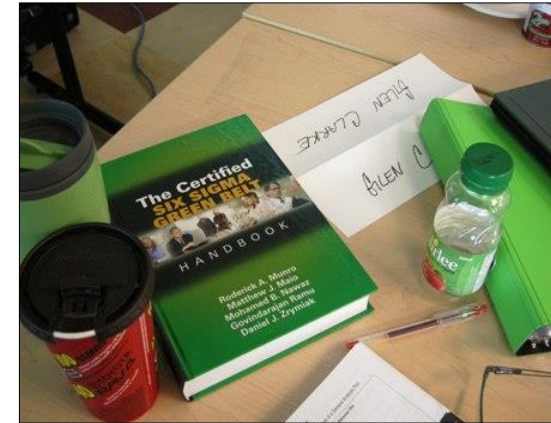
I&I: Building Capacity

- To achieve success, needed to build capacity to support I&I efforts – lets build an army.
- Brought in experts to train staff and build internal capacity
- Training delivered to:
 - Directors (7 LSS Belts)
 - Management (27 LSS Belts)
 - Front Line Staff (26 LSS Belts)
 - 180 employees took Waste Walk training (management and front line)



I&I: Current Structure

- 1 Master Black Belt
 - Manager of I&I
 - Sets Strategy, Certifies trainees, and is a senior coach / mentor
- 3 Black Belts
 - Seconded full-time from Fire, Parks & Trees, City Clerk's office
- 1 Green Belt (Permanent)
- 10 Part-time Black / Green Belts
 - Secondments with 25% time commitment for two years
- “Alumni” called upon as needed



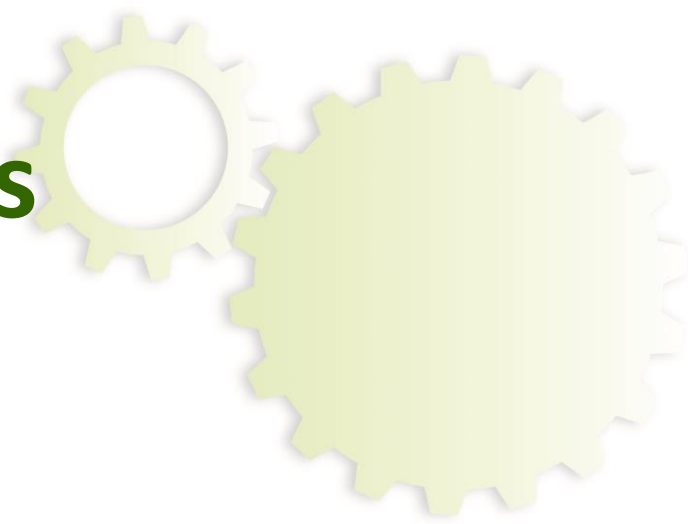
I&I: 2018 Five Point Strategy



1. Annual Improvement Rate \geq Municipal Inflation
2018 target of 2.25% (hard & soft savings, revenue increases from non-residents, customer improvements)
2. High Quality Hopper of Improvement Opportunities via Value Stream Mapping (VSM) exercises
3. Projects completed faster
Rapid Improvement Events completed within 90 days
4. Track and report results achieved
5. Monitor project success and sustainability



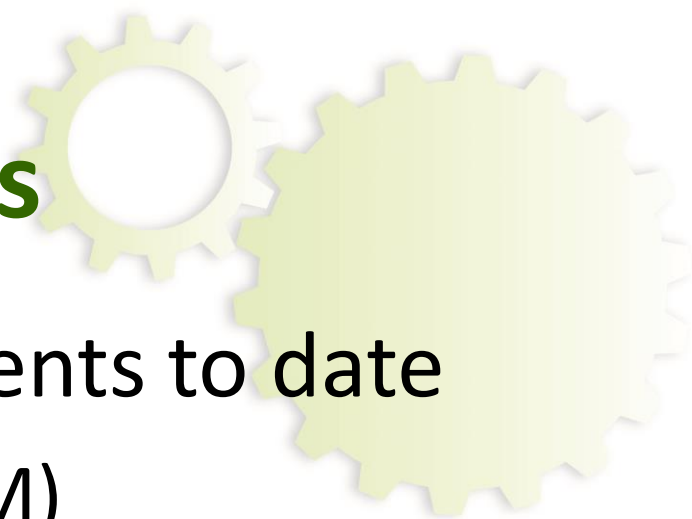
I&I: Results



- Over 160 projects completed
- 24 more underway
- >220 staff trained to date
- Over 300 staff involved in improvement opportunities



I&I: Results



\$10.2 Million in improvements to date

- Hard dollar savings (\$8.5M)
- Capacity savings
- Net revenue (tax and non-tax) growth
- 10% reduction in staffing
- Improved services



I&I: What Did We Learn?



- This takes commitment from the top
- Talk “Continuous Improvement”, not “Lean”
- Training and support are critical.
- Must honour commitments – no layoffs
- Employees are motivated to deliver exceptional customer service while eliminating frustrations, not by trying to find savings
- Not everyone will buy in from the start – it takes leadership and time



What would we do differently?



- Improvements:
 - Focus the initial projects on employee frustration to get their buy-in and show them the benefit (6S)
 - Constantly coach management on dealing with change
 - Monitor project outcomes to ensure we are taking time to implement solutions
 - Dedicate time to working “on” the business each week



I&I: What Employees are Saying?



- I&I Employee Video...
 - Staff have become decision makers
 - Creating a more efficient and effective COF
 - Improving services for exceptional Customer Service with less employee frustration
 - Teamwork / Culture Change



Questions?



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