



Photos courtesy Richard Carson

Changing the Culture of

All this from one performance audit: A report card based on our customer service evaluations; improvements at the Customer Service Center, t

A performance audit is one way to do it.

Have you seen the bumper sticker that says, “Make welfare as hard to get as a building permit”?

C

ity and county employees who work the permit counter may not find the message very funny, but there is some truth to it. People who arrive to ask for a land-use or building permit are accustomed to hearing, “No, you can’t do that.”

In the past decade, since the publication of books like *Reinventing Government*, many local governments have struggled to become more customer-friendly—and to operate more like private businesses. Most have met with dubious results.

That may be because government agencies

have many different customers and need to balance their various interests. These include neighborhood associations, environmental groups, and taxpayers who want to make sure that developers stick to the letter of the law.

This is a story about one government agency that succeeded in reinventing itself by using a tool called a performance audit.

Culture shock

Clark County, Washington, is part of the Portland-Vancouver metropolitan area (pop. 2.4 million). The region—and the states of



...r, the real front line for changing public perception; and achievement of our target of returning 95 percent of all calls within 24 hours.

“NO”

By Richard H. Carson

Oregon and Washington—are physically and politically divided by the Columbia River. The 2000 Census showed that Clark County was the fastest growing county in Washington. Today it has a population of 534,191 and is adding about 28 people every day. That means 10 new families a day need homes, schools, offices, and retail outlets.

The 150 employees of the county’s community development department are responsible for long-range planning, code enforcement, and land-use, engineering, and building plan review for roughly \$500 million a year

in new development. When I became department director in January 1999, the board of county commissioners and the county administrator told me that my highest priority was to “change the culture” of the department.

The public perception was that the department was inefficient, indifferent, and unresponsive to the needs of its customers. It didn’t really matter if this perception was real or not.

But what is organizational culture and how do you change it? The authors of the 1996

book, *Improvement Driven Government*, define organizational culture as “the set of formal and informal beliefs, norms, and values that underlie how people in an organization behave and react to change.” The authors go on to say that change can occur only when you define your objective and understand the variables that can be changed to achieve it.

I knew I would have to make tangible changes in how the department did business—but what steps should I take? In their classic management book, *In Search of Excellence*, Tom Peters and Robert Waterman note

that “some of the riskiest work we do is concerned with altering organizational structures. Emotions run wild and almost everyone feels threatened.” I knew I couldn’t simply issue an edict commanding the staff to change. That would make me the bad guy, indifferent to the needs—and plight—of my staff.

First I needed to assess the situation, and the best way to do that was through a performance audit, an objective, systematic examination of government organizations, programs, and activities. An audit is typically used when a government agency appears to have difficulty in carrying out its mission, but audits can also be used to fine tune existing operations.

To start the process, I decided to bring in a neutral third party. The first person I enlisted was Greg Kimsey, who was elected county auditor in 1999 on a platform that called for performance audits. I had been involved in two similar audits and believed them to be an important management tool. That’s why I stopped Kimsey on the street, introduced myself, and asked him to audit my department.

I am sure he thought I was a little crazy. But I had three good reasons for the request. First, I knew it would be to my credit if I asked for a performance audit early in my tenure—and a discredit if one were forced on me later. Second, I believed that the new county auditor would want his first performance audit to be a resounding success. It would be the only way to show the other county agencies that performance audits were a good thing. Third, I believed the performance audit was the best vehicle for achieving real cultural change.

I had some very strong ideas about how to make such an audit successful for everyone. I pitched the county administrator, the board of county commissioners, and the county auditor on my proposal, saying that we would hire an outside team of experts whom the staff would respect and accept as their peers.

Bringing in the troops

In February 1999, the county hired the firm of Citygate Associates, based in Folsom, California. Citygate’s principals were former employees of city and county government. One of the team members was Bruce McClendon, FAICP, the director of the Community and Environmental Services Department in Orange County, Florida, and a former president of the American Planning Association. The

recommendations could change the department for years to come.

Everyone knew there were some real risks involved. If such a high-profile and expensive enterprise failed to produce tangible results, there would be serious political repercussions. In other words, I could lose my job.

At the start, we all agreed that the audit would not be a witch hunt, but a positive team effort. This basic understanding became

the key to the audit’s success. It was critical to eliminate the fear inherent in any such endeavor. In time, everyone started to work together to identify substantive, quantifiable improvements.

In December 2000, Citygate issued its final report with 44 different recommendations. Some of the recommendations addressed basic customer concerns:

No one calls me back. Every person in the department, including me, started keeping phone logs. We set a target and achieved a 24-hour callback rate of 95 percent.

You lost my file. We established a document control system and closed off the non-public areas of the building so all documents would come over the counter and could be tracked. We let staff know that losing files was as bad as chronic absenteeism. We also began to digitize all our documents so that they could be linked through our computerized permitting system. There was less paper to lose and less staff time spent hunting through the records department.

What’s going on with my application? We hired a full-time ombudsman (in this case an ombudswoman) to serve as a customer advocate. She is equal

in status to every division manager and reports directly to me. If someone is needlessly holding up a permit, she has the authority to move it. We also started posting project updates on our website so people didn’t have to call us to learn the status of their applications.

Getting permits is inconvenient. Our new motto is “Don’t stand in line. Go online.” We are currently working to allow electronic cash



A staff party, a sign of a healthy organization. Below: department director Rich Carson (right) reviews the performance audit report with David DeRoos, the president of Citygate Associates.



caliber of the consultant team immediately got my staff’s attention.

This would be one of the most comprehensive performance audits of this kind of agency ever done in the U.S. The county budgeted \$240,000 to carry it out. That sounds like a lot of money, but my entire budget is about \$12 million annually. The audit amounted to only two percent of total budget, and the

transactions so people can get some basic permits through the Internet.

You don't understand the private sector! We invited bankers, title company officers, real estate brokers, contractors, developers, land-use attorneys, and others to speak to the staff about what they do.

Other recommendations were to:

- Develop useful performance measures.
- Create a less onerous, “fully complete” process.
- Institute a case management system for permit processing.
- Make customer service a reality.
- Use more administrative processes with staff approvals and no hearings examiner.
- Reduce engineering review cycle times down to three, or hold group meetings.
- Rewrite the county's development regulations.
- Increase building inspection staffing to improve the quality of inspections.
- Invest in new technology for building, fire, and engineering field inspectors.
- Improve cost accounting so everyone would know what it costs to process a permit.

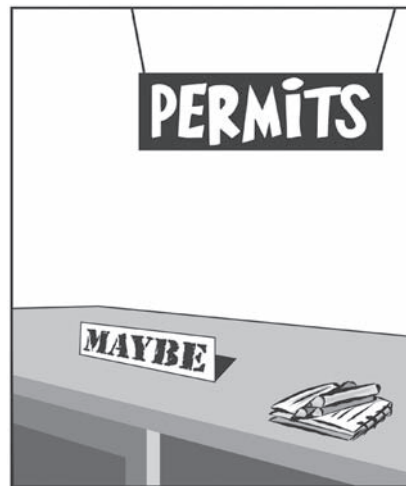
Working out a system

Unrelated to the performance audit, I reorganized the department to achieve matrix management. Matrix management is widely used in industries such as construction, health care, and research. The key ingredients are participation, good internal communication, and mutual trust.

Most government agencies depend on a vertical flow of authority. This is especially true for the command-and-control structures of a county sheriff's office or a corrections or fire department. With matrix management, communication goes in both directions. Such a system could work very well for a depart-

ment like mine, where a collaborative model is already in place.

The result was one set of division program managers (long-range planning, current planning, engineering, building, fire marshal, code enforcement) and another set of department-wide function managers (budget, human resources, quality control, strategic planning). This change greatly enhanced my ability to understand and manage such a large depart-



ment. The two groups of managers also created an interesting set of checks and balances. It meant that I started getting two sides of every management issue.

There is a tendency for program managers to tell their director that everything is just fine, even when it isn't. Function managers can cut through all that by identifying potential problem areas concerning personnel, performance, or finances.

Outcomes

In April 2001, the board of county commissioners accepted the department's first five-year strategic plan, an outgrowth of the performance audit. The resolution is framed and hangs just outside my door.

One immediate result was a promise from the board that it would consider raising our fees and resources if we followed our own recommendations. We did that, and complaints to the board dropped dramatically. That was the single most important indicator of our success. Within a short time, the board agreed to let us charge fees high enough to recover our full costs.

Last January, the county's major newspaper, the *Columbian*, carried a positive editorial and a long article entitled “The Office of

‘No’ is Changing.” The article was published just as the county auditor was wrapping up a review of our efforts to implement the performance audit recommendations. Numerous land-use attorneys, developers, environmentalists, and neighborhood activists were quoted saying they had seen significant cultural change in the department.

But it takes more than an audit to change a culture. Cultural change is about people and their values. As one of my managers pointed out early in the process, “You can either get on the train or get off the train.” In the last five years, I have seen a 50 percent turnover in my management team. There have been a lot of changes in the line staff, too. Now we are very careful when hiring, and the line staff has become the department's major source of innovation and change.

I tell my staff never to say “never.” Instead, I tell them to tell the customer that there is always an option—a conditional use permit, a rezoning, an amendment to the comprehensive plan, or new zoning code language. Such options may involve a hearings examiner, the planning commission, even the board of county commissioners, but the message is that the applicant always has real options.

We still embrace the idea of continuous improvement. In fact, we just finished beta testing a new streamlined permit process called express permitting. The goal is to process major economic development projects, from a fully completed application to actual construction, in 90 days or less.

Ironically, the biggest complaint I get these days, from developers and citizens, is that our pace of change is too fast. We have gone from being an inflexible bureaucracy to one that is too flexible. Now that's a complaint I can live with.

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Resources

Readings. *Reinventing Government; How the Entrepreneurial Spirit Is Transforming the Public Sector*, by David Osborne and Ted Gaebler (1992). *Improvement Driven Government: Public Service for the 21st Century*, by David Carr, Ian Littman, and John Condon (1996). *In Search of Excellence: Lessons from America's Best Run Companies*, by Tom Peters and Robert Waterman (1982).

On the web. Learn more at www.clark.wa.gov/comdev.

Keys to a Successful Performance Audit

- Understand that you need to invest in evaluating your performance. Continuous improvement has a cost, but the returns are worth it.
 - Hire a firm that can understand the processes and challenges of your department.
 - Make it a collaborative effort. A hostile audit results in hostile recommendations. Realize that an occasional self-evaluation is a good thing in your life and your job.
 - Make sure you follow through with implementation. Your strategic plan should detail each recommendation, when it will be done, and who is accountable for it.