



MADISON WATER UTILITY

STRATEGIC PLAN

February 2007



EMA

*Improving Performance Through
PEOPLE & IDEAS*

MADISON WATER UTILITY

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OUR BUSINESS PURPOSE, DIRECTION, AND VALUES

Introduction and Purpose

Madison Water Utility underwent a participatory process to assess the organization and identify opportunities for improvement. During the project several areas were identified where the Utility would like and needs to improve performance. These areas should be balanced against other areas where the utility performs well. Overall the Utility scored well when compared to other Utility operations. Areas of comparison focused on efficient and effective operations, maintenance and business processing. The assessment identified an opportunity gap of 11.8 percent. EMA has performed over 400 assessments of utilities and the gap identified across these utilities averages 23 percent. Also, Utilities with a gap of 7 percent are considered world class. This means the opportunity for improvement within the utility is in the range of 5 percent. The gap was calculated as follows:

13	FTEs in O&M
+ 9	FTEs in Business Services
<hr/>	
22	FTEs improvement potential
x \$69,286	
<hr/>	
\$1,524,292	Productivity opportunity/gap

- $\$1,524,292 / \$12,890,000$ total controllable budget = 11.8% overall opportunity/gap based on final calculation above
- MWU should reduce its gap to 7% to be "World Class." That would require a productivity improvement equal to 13 FTEs.
- Those 13 FTEs should be redeployed to support new technologies and to address current O&M and Business Services challenges

The areas of weakness are primarily internal and external communication and leadership. In order for the Utility to close the opportunity gap these areas will need to be addressed. The strategic plan outlined below is designed to build on the areas of strength while addressing the areas of weakness.

Every employee in the organization had multiple opportunities to participate and offer their views. The process also included input from the Mayor's Office, Board of Water Commissioners, and customers. Multiple areas were evaluated including Management, Organization, Communication, Work Practices, and Technology. The results of this work were analyzed and incorporated into a strategic plan as outlined below. The recommendations were classified into to six overall strategies.

The Process

The initial step was the selection of EMA by a team representing Water Utility Management, AFSCME Local 60, Mayors Office, and the Board of Water Commissioners

The overall process for this project was composed of four major activities. These include:

- **Facilitated Self-Assessment** – Comprised two parallel assessments:

1. O&M (core field services within Distribution and Engineering)
2. Business Services (all other support services)

The assessment used proven methodologies that EMA has developed for the industry (Association of Metropolitan Water Agencies, National Association of Clean Water Agencies, American Water Works Association, Water Environment Federation) and used in hundreds of similar utility assessments.

- **Leadership Development** – This task activity included a day long workshop with the management staff followed by one on one interviews. The task identified leadership and communication styles and the strengths and weaknesses associated with each style. Understanding the preferred style for each person is key to adapting for specific situations. Staff were put through a series of exercises that identified their specific characteristics. These discussed in terms of how they can best be utilized by the Utility and what areas will need further development.
- **Strategic Initiative Review** – This task consisted of ongoing conversations with staff and a strategic readiness survey that identified the drivers for change within Madison and the Utility’s experience or capability for each of 18 specific drivers.
- **Strategic Plan Development** – This task consisted of taking the information that has been collected to date and developing the plan to identify specific objectives and recommendations and developing tactics and measures to support the realization of these objectives.



Madison Water Utility Vision

Vision is the way an organization sees itself in the future. During the various steps of the project several recurring themes were expressed by Utility staff. These have been condensed into the statements below. While Madison is good at many of these things there are also areas that need work. Madison should leverage the things it does well to help improve on the things it does not.

Customer Focused

- We put customers safety and interests first
- We ensure customer satisfaction by providing the highest quality products and services at the best possible cost
- We work to understand and fulfill customers' needs
- We follow the Infrastructure Management Plan to maintain the Utility assets for future generations

Community Leadership

- We participate and contribute toward the betterment of our community
- We work with regional entities to achieve common goals
- We are actively involved in water industry organizations

Integrity

- We are dedicated to a standard of values that promotes honesty and openness
- We maintain fair and equitable practices with all of our employees
- We are dependable in delivering high quality water

Employee Oriented

- We respect and value our employees by providing:
 - Opportunities to develop new skills
 - A positive and safe work environment
 - Training and advancement opportunities
 - Quality benefits

Environmental Stewardship

- We work to execute a water conservation program and responsibly use and care for water resources and infrastructure
- We provide leadership to maintain the integrity of the watershed and work in coordination with other water utilities and high-capacity well owners in Dane County to develop a regional Groundwater Management Plan
- We comply with or exceed mandated state and federal regulations

STRATEGIES AND SUPPORTING RECOMMENDATIONS AND ACTIONS

Recommendations and Objectives

The Strategic Plan outlines the recommendations identified during this project. Each recommendation has been grouped into one of the six key strategies. Each strategy contains a statement that elaborates the strategy.

The recommendations outlined below were developed to assist the Utility in addressing the current internal and external communication issues, closing the effectiveness gap identified in the assessment¹, and moving the Utility to operate in a mode of continuous improvement.

Tactics are the programs, actions, and initiatives needed to implement the recommendation and accomplish the objectives. They translate the strategy into a course of action that will be measured based on targeted performance levels.

Business Strategies

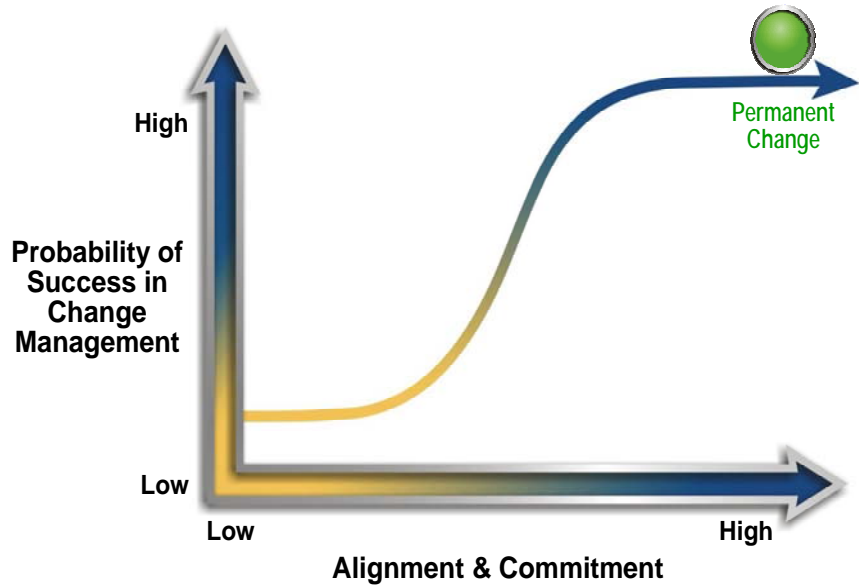
Madison Water Utility's six key strategies:

- **Strategy 1:** *Improve Organizational Effectiveness*
- **Strategy 2:** *Enhance Customer Satisfaction*
- **Strategy 3:** *Strengthen Regional Economic Potential*
- **Strategy 4:** *Leverage Technology*
- **Strategy 5:** *Optimize Infrastructure Performance*
- **Strategy 6:** *Develop Sustainable Workforce*

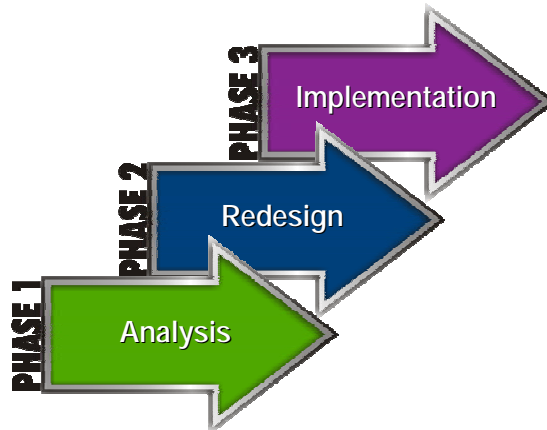
Details regarding each of these strategies are found on the following pages.

¹ Details on how the effectiveness gap was calculated are included at the end of this section and in the attached PowerPoint presentation.

Our work with other clients confirms that moving to higher level of performance will be realized only by involving the majority of management and labor staff throughout the project. By involving employees, they learn what industry “best practices” are and the importance of maximizing effective communication and productivity and understanding the issues facing MWU. Everyone will also learn leadership and teamwork behaviors and be introduced to new ways of thinking and doing their work. The truth of change is “no involvement, no commitment,” so the involvement process is the fundamental way of getting commitment from across the organization. The involvement process started in the development of this plan and must continue throughout the remainder of the program.



All of the tactics outlined below are structured to maximize employee involvement, understanding, and commitment and to follow the three phased approach of Analyze, Redesign, and Implementation.



STRATEGY 1: IMPROVE ORGANIZATIONAL EFFECTIVENESS

Strategy Statement

Improve effectiveness of the organization by conducting activities that improve performance while building trust among employees.

Goals, Objectives, Measures, and Tactics

GOAL 1: BUILD COMMUNICATION AND LEADERSHIP SKILLS AND IMPLEMENT THE STRATEGIC PLAN		
Recommendations/Objectives	Measures	Tactics
<ul style="list-style-type: none"> Form a steering team to manage organization wide improvement. The Steering Team should have overall project success responsibility and will be involved in all steps of the project. <p>Steering team will define all sub teams to implement recommendations outlined below</p>	<ul style="list-style-type: none"> Monitor progress of implementing the Strategic Plan Updates on various project tracks and activities 	<ul style="list-style-type: none"> Use a Utility-wide nomination process to identify a small group (5-8) of individuals that are: <ul style="list-style-type: none"> ✓ Good communicators ✓ Well respected by co-workers ✓ Representative of the organization ✓ Forward thinkers Other factors to consider: <ul style="list-style-type: none"> ✓ Include a mix of senior managers and staff ✓ Depth (levels of expertise) ✓ Breadth (representatives from a cross-section of MWU) ✓ Long-term commitment Create a Steering Team Purpose Statement <ul style="list-style-type: none"> ✓ Sample Purpose Statement - To guide and communicate the future of the organization through team-based decisions, utilizing the latest technology to promote a multi-skilled, highly-competitive organization thereby providing timely and efficient services for the citizens of Madison. Create vision statement, mission statement, guiding principles, metrics, sub teams as needed with charters, etc.
<ul style="list-style-type: none"> Develop Internal and External Communication Improvement Plan 	<ul style="list-style-type: none"> Communication Plan Training Results 	<ul style="list-style-type: none"> A communication plan will be developed that improves utility communication. The result will be to change this area of weakness into an area of strength, turning communication into a habit instead of an afterthought Communication skills training Develop Media-relations / communication training

GOAL 1: BUILD COMMUNICATION AND LEADERSHIP SKILLS AND IMPLEMENT THE STRATEGIC PLAN

Recommendations/Objectives	Measures	Tactics
<ul style="list-style-type: none"> • Improve leadership skills throughout the organization 	<ul style="list-style-type: none"> • Leadership Coaching Results 	<ul style="list-style-type: none"> • Conduct Leadership and Communication Coaching including: <ul style="list-style-type: none"> ✓ assessment of participants ✓ followed by personal action plan development ✓ bi-monthly coaching ✓ quarterly group workshops to share lessons learned. • Clearly define role of both the Management Team and Management Group

STRATEGY 2: ENHANCE CUSTOMER SATISFACTION

Strategy Statement

Use effective customer service relationships and approaches to achieve “Total Lifetime Customers” (TLC).

Recommendations, Objectives, Measures and Tactics

GOAL 1: RESPOND TO CUSTOMER REQUESTS AT THE POINT OF CONTACT		
Recommendations/Objectives	Measures	Tactics
<ul style="list-style-type: none"> Respond to and resolve routine customer requests within established service standards Customer-courtesy training (phone and face-to-face). Develop customer contact feedback cards Regular, planned customer satisfaction surveys. 	<ul style="list-style-type: none"> Percent of customer work order requests completed within established service standards Customer training completed Number of surveys completed within specified timeframe 	<ul style="list-style-type: none"> Form a cross-functional team of MWU employees to define the issues and identify specific recommendations and steps. <ul style="list-style-type: none"> ✓ Establish service standards and SOPs ✓ Define methods to measure response times ✓ Evaluate ways to improve and implement changes if needed
<ul style="list-style-type: none"> Enhance a culture that all employees are customer service providers 	<ul style="list-style-type: none"> Percent of employees who receive TLC training within established time Number of employees other than Customer Service initiating work order requests 	<ul style="list-style-type: none"> Define who is customer service representative (broadly) and what work processes/activity they conduct <ul style="list-style-type: none"> ✓ Measure and analyze workloads ✓ Evaluate ways to improve (implement if needed) and measure results
<ul style="list-style-type: none"> Broaden external points of contact for customer service 	<ul style="list-style-type: none"> To be determined 	<ul style="list-style-type: none"> Leverage resources outside MWU for additional customer service <ul style="list-style-type: none"> ✓ Identify and assess potential “contractors” ✓ Evaluate and determine services to be provided ✓ Get agreement and implement ✓ Measure results
<ul style="list-style-type: none"> Enhance and strive for maximum utilization of technology-based customer service capabilities 	<ul style="list-style-type: none"> Define by sub team 	<ul style="list-style-type: none"> Evaluate current technology and determine if additional is needed. Options might include IVR, pay online, initiate and track work requests online <ul style="list-style-type: none"> ✓ “Advertise” what is available for customers to use

GOAL 2: UNDERSTAND CUSTOMER AND STAKEHOLDER PERCEPTIONS AND EXPECTATIONS

Recommendations/Objectives	Measures	Tactics
<ul style="list-style-type: none"> Regularly collect, analyze and act on customer feedback 	<ul style="list-style-type: none"> To be determined 	<ul style="list-style-type: none"> Continue and potentially expand customer surveys and focus groups <ul style="list-style-type: none"> ✓ Record, track and analyze customer inquiries and complaints (e.g., non-routine requests) ✓ Identify schedules ✓ Identify stakeholders (use sub-team previous work) ✓ Collect stakeholder input via interviews and focus groups ✓ Evaluate and take appropriate action
<ul style="list-style-type: none"> Regularly collect, analyze and act on stakeholder feedback on a periodic basis 	<ul style="list-style-type: none"> Number of stakeholder interviews Number of identified issues obtained versus number of issues resolved/addressed (ratio) 	<ul style="list-style-type: none"> Identify stakeholders <ul style="list-style-type: none"> ✓ Collect stakeholder input via interviews and focus groups ✓ Evaluate and take appropriate action ✓ Identify schedules

GOAL 3: COMMUNITY UNDERSTANDS MWU MISSION

Recommendations/Objectives	Measures	Tactics
<ul style="list-style-type: none"> Public is educated about MWU products and services 	<ul style="list-style-type: none"> Website hits: types of requests/complaints Percent of customers surveyed receiving passing score on MWU knowledge questions 	<ul style="list-style-type: none"> Identify and evaluate public education/outreach activities <ul style="list-style-type: none"> ✓ Use data collected (from Goal 2) to evaluate effectiveness of education efforts ✓ Determine changes (if needed) and implement ✓ Update webpage for customer information ✓ Involve stakeholders in development of security/Emergency Response Plan
<ul style="list-style-type: none"> Increase communication channels for informing customers 	<ul style="list-style-type: none"> Customer Survey – questions about how people are receiving information 	<ul style="list-style-type: none"> Identify and evaluate other channels (TV spots, bill inserts, open houses, Speaker’s Bureau, news releases, website hits [advertise], billboards) <ul style="list-style-type: none"> ✓ Determine appropriate actions

STRATEGY 3: STRENGTHEN REGIONAL ECONOMIC POTENTIAL

Strategy Statement

Expand MWU influence and increase regional service opportunities.

Goals, Objectives, Measures and Tactics

GOAL 1: POSITION MWU AS A TRUSTED SOURCE ON WATER ISSUES		
Recommendations/Objectives	Measures	Tactics
<ul style="list-style-type: none"> Demonstrate and present successful utility solutions 	<ul style="list-style-type: none"> Number of technical presentations Number of business presentations 	<ul style="list-style-type: none"> Develop successful utility solutions identified as an area of MWU improvement <ul style="list-style-type: none"> ✓ Evaluate previous papers, research projects demonstrating MWU as a trusted resource ✓ Select successful utility solutions for presentation ✓ Identify water-using industry to support business relocation efforts
<ul style="list-style-type: none"> Achieve industry/business credentials and certifications 	<ul style="list-style-type: none"> Certification showing MWU as a continuous improvement organization 	<ul style="list-style-type: none"> Identify all possible certification opportunities <ul style="list-style-type: none"> ✓ Develop list of possible Quality Programs and MWU plan ✓ Identify team to develop Program
<ul style="list-style-type: none"> Collaborate with organizations and institutions to advance knowledge 	<ul style="list-style-type: none"> Water collaboration Regional collaboration 	<ul style="list-style-type: none"> Track AwwaRF and AMWA Project Plans <ul style="list-style-type: none"> ✓ Meet with universities and technical colleges within region to determine possible expansion of collaboration
GOAL 2: INCREASE WATER SERVICES AND IMPROVE EFFICIENCY		
Recommendations/Objectives	Measures	Tactics
<ul style="list-style-type: none"> Expand customer base 	<ul style="list-style-type: none"> Total and net change in the number of customers or volume delivered or treated 	<ul style="list-style-type: none"> Work with regional communities to explore plan for regional service
<ul style="list-style-type: none"> Close gap identified in assessment 	<ul style="list-style-type: none"> Monitor efficiency gap and effect on operating budget 	<ul style="list-style-type: none"> Form Redesign teams to analyze areas for improvement and design improvements (see attached presentation for details on improvement areas)

GOAL 3: POSITIVELY INFLUENCE LEGISLATION AND REGULATIONS

Recommendations/Objectives	Measures	Tactics
<ul style="list-style-type: none"> Identify and impact pending legislation and regulations that positively impact MWU 	<ul style="list-style-type: none"> Percent of legislation/regulations positively influenced in MWUs favor (out of total attempted to be influenced) Number of targeted bills passed/not passed Number of targeted regulations adopted/not adopted Total value of grants received (\$) 	<ul style="list-style-type: none"> Obtain state/federal grants for MWU programs/projects Evaluate using lobbyist to increase influence
<ul style="list-style-type: none"> Formulate new legislation and regulation actions for MWU benefit 	<ul style="list-style-type: none"> Number of new bills introduced by MWU and enacted 	<ul style="list-style-type: none"> Identify specific issues to be addressed <ul style="list-style-type: none"> ✓ Draft legislation to get support ✓ Develop a list of poor legislation and target for amendment

STRATEGY 4: LEVERAGE TECHNOLOGY

Strategy Statement

Provide technology capability to realize benefits of improved organizational effectiveness and efficiency with enhanced work practices and to insure business continuity.

Goals, Objectives, Measures and Tactics

GOAL 1: DELIVER TECHNOLOGY CAPABILITIES EFFICIENTLY AND EFFECTIVELY		
Recommendations/Objectives	Measures	Tactics
<ul style="list-style-type: none"> Develop and regularly adjust technology plans based on changing business requirements 	<ul style="list-style-type: none"> Percent of action items implemented - effectiveness 	<ul style="list-style-type: none"> Develop and Implement IT Master Plan <ul style="list-style-type: none"> ✓ Review and update annually
<ul style="list-style-type: none"> Complete current Supervisory Control and Data Acquisition (SCADA). Modify Operations practices to take advantage of new technology 	<ul style="list-style-type: none"> Percentage of process loops in automatic control Number of advanced control strategies Options for maintaining SCADA system long term 	<ul style="list-style-type: none"> Analyze SCADA design to reach maximum benefits in: <ul style="list-style-type: none"> ✓ Automating control ✓ Improving operational performance ✓ Controlling energy costs (e.g., variable speed pumps, bio-diesel fuels, optimized operational strategies, other.) ✓ Improved water quality ✓ Minimized operational costs Implement SCADA standards and develop multiple maintenance personnel
<ul style="list-style-type: none"> Centralized Electronic Document Management System (EDMS) 	<ul style="list-style-type: none"> To be determined 	<ul style="list-style-type: none"> Store SOPs, drawings maintenance manuals, as-built drawings in EDMS Design practices for maintaining documentation
<ul style="list-style-type: none"> Expand Email for field personnel 	<ul style="list-style-type: none"> To be determined 	<ul style="list-style-type: none"> Investigate opportunities to make email available
<ul style="list-style-type: none"> Acquire a Computerized Maintenance Management System (CMMS) to help plan maintenance of facilities, so that MWU becomes more proactive 	<ul style="list-style-type: none"> To be determined 	<ul style="list-style-type: none"> Design CMMS to support maintenance of all MWU assets. Include: <ul style="list-style-type: none"> ✓ Practices improvements ✓ Asset management program ✓ Integration with City GIS ✓ Reliability Centered Maintenance
<ul style="list-style-type: none"> Review all technology recommendations from the assessment and determine how to improve practices if technologies adopted 	<ul style="list-style-type: none"> Develop ROI for all technologies 	<ul style="list-style-type: none"> During practice improvement projects identify how technologies will add to improvement

GOAL 1: DELIVER TECHNOLOGY CAPABILITIES EFFICIENTLY AND EFFECTIVELY

Recommendations/Objectives	Measures	Tactics
<ul style="list-style-type: none"> Meet or exceed defined IT implementation criteria 	<ul style="list-style-type: none"> Percent of utilization of new/upgraded technology with targeted users Percent of user satisfaction with new and updated technology Percent of IT projects within budget 	<ul style="list-style-type: none"> Define criteria for selected projects (including expectations, deliverables, schedule, budget) <ul style="list-style-type: none"> ✓ Track and maintain schedule and budget ✓ Implement projects defined above

GOAL 2: MINIMIZE ASSET LIFE-CYCLE COSTS WHILE MEETING CUSTOMER DEMANDS

Recommendations/Objectives	Measures	Tactics
<ul style="list-style-type: none"> Justify significant IT investments based on business case 	<ul style="list-style-type: none"> Ratio of dollars returned by dollars invested Aggregate ROI of IT project portfolio (excluding projects legally required with no or negative ROI) 	<ul style="list-style-type: none"> Evaluate and adopt business case approach (use CIP and business investment/business case process as applicable) <ul style="list-style-type: none"> ✓ Apply to appropriate IT projects ✓ IT Steering Committee updates and maintains data related to projects submitted and approved
<ul style="list-style-type: none"> Maintain optimal IT life-cycle expenditures 	<ul style="list-style-type: none"> Ratio of IT assets expected life by actual life 	<ul style="list-style-type: none"> Establish life-cycle cost using equipment records based on industry or MWU standards <ul style="list-style-type: none"> ✓ Use cost analysis to determine least-cost ways to review/replace

GOAL 3: SUPPORT USERS AND MAINTAIN SECURE AND RELIABLE TECHNOLOGY TO REALIZE BENEFITS

Recommendations/Objectives	Measures	Tactics
<ul style="list-style-type: none"> Provide appropriate training and ongoing user support 	<ul style="list-style-type: none"> Response time to user request Percent of repeat work required due to insufficient user training 	<ul style="list-style-type: none"> Identify training and support needs and resources <ul style="list-style-type: none"> ✓ Evaluate options and cost and select best approach ✓ Provide training and support and track results

STRATEGY 5: OPTIMIZE INFRASTRUCTURE PERFORMANCE

Strategy Statement

Optimize asset functionality, condition, and operational performance to provide “Best of Class” customer satisfaction.

Goals, Objectives, Measures and Tactics

GOAL 1: MEET OR EXCEED ENVIRONMENTAL COMPLIANCE AND CUSTOMER REQUIREMENTS WITH CONSISTENT/RELIABLE PERFORMANCE		
Recommendations/Objectives	Measures	Tactics
<ul style="list-style-type: none"> Comply with all applicable local, state, federal regulations 	<ul style="list-style-type: none"> Permit and standards compliance 	<ul style="list-style-type: none"> Create a mechanism for identifying all current and proposed regulations Develop a program for tracking and reporting progress toward compliance Implement groundwater management plan Update implement and maintain Security/Emergency Response Plan
<ul style="list-style-type: none"> Implement Infrastructure Management Plan 	<ul style="list-style-type: none"> To be determined 	<ul style="list-style-type: none"> To be determined
<ul style="list-style-type: none"> Develop a comprehensive Water Efficiency/ Conservation Program 	<ul style="list-style-type: none"> To be determined 	<ul style="list-style-type: none"> To be determined
<ul style="list-style-type: none"> Continue to tune financial model 	<ul style="list-style-type: none"> To be determined 	<ul style="list-style-type: none"> To be determined
<ul style="list-style-type: none"> Operate to minimize adverse impacts 	<ul style="list-style-type: none"> Water Quality Complaints Customer H₂O outages 	<ul style="list-style-type: none"> Ensure contingency plans are in place Identify and track adverse impacts Identify best management practices Develop a communications plan to inform customer prior to or during activity
<ul style="list-style-type: none"> Deliver products and services to meet or exceed quality standards 	<ul style="list-style-type: none"> Customer Satisfaction Index 	<ul style="list-style-type: none"> Identify existing quality standards ✓ Evaluate cost effectiveness of meeting or exceeding quality standards

GOAL 1: MEET OR EXCEED ENVIRONMENTAL COMPLIANCE AND CUSTOMER REQUIREMENTS WITH CONSISTENT/RELIABLE PERFORMANCE

Recommendations/Objectives	Measures	Tactics
<ul style="list-style-type: none"> Meet or exceed defined IT implementation criteria 	<ul style="list-style-type: none"> Percent of utilization of new/upgraded technology with targeted users Percent of user satisfaction with new and updated technology Percent of IT projects within budget 	<ul style="list-style-type: none"> Define criteria for selected projects (including expectations, deliverables, schedule, budget) <ul style="list-style-type: none"> ✓ Track and maintain schedule and budget ✓ Implement projects defined above

GOAL 2: MINIMIZE ASSET LIFE-CYCLE COSTS WHILE MEETING CUSTOMER DEMANDS

Recommendations/Objectives	Measures	Tactics
<ul style="list-style-type: none"> Identify and prioritize critical assets for repair/replacement 	<ul style="list-style-type: none"> Critical asset average age ratio (summation for all critical assets of current age divided by depreciation life expectancy age) Current system utilization ratio (summation for critical assets of current average daily flow divided by projected five year average daily flow) Percent of critical assets with acceptable condition rating or better 	<ul style="list-style-type: none"> Implement Asset Management Program <ul style="list-style-type: none"> ✓ Improve the CIP priority rating process ✓ Provide adequate infrastructure to support industrial/commercial/residential expansion ✓ Develop or adopt system for condition rating ✓ Determine service levels for critical assets
<ul style="list-style-type: none"> Ensure capacity to meet future customer demand 	<ul style="list-style-type: none"> Ratio of System Capacity by Peak Day 	<ul style="list-style-type: none"> Keep hydraulic models up-to-date
<ul style="list-style-type: none"> Minimize critical asset failures 	<ul style="list-style-type: none"> System Integrity rating 	<ul style="list-style-type: none"> Develop and implement a comprehensive plan for utility-wide planned maintenance <ul style="list-style-type: none"> ✓ Expand the planned maintenance program ✓ Replace meters on scheduled basis

GOAL 3: MAINTAIN COMPETITIVE POSITION AND ADVANTAGE

Recommendations/Objectives	Measures	Tactics
<ul style="list-style-type: none"> Operate efficiently to maintain competitive advantage 	<ul style="list-style-type: none"> Ratio of Employees per Million Gallons Ratio of Employees per Miles of Pipe 	<ul style="list-style-type: none"> Periodic review of marketplace competitiveness Participate in research projects Close competitive gap identified in assessment
<ul style="list-style-type: none"> Review performance periodically to monitor continuous improvement 	<ul style="list-style-type: none"> To be determined 	<ul style="list-style-type: none"> Implement utility-wide continuous improvement program

STRATEGY 6: DEVELOP SUSTAINABLE WORKFORCE

Strategy Statement

Build, retain, and maintain the current workforce and its capabilities while ensuring transfer of organizational knowledge.

Goals, Objectives, Measures and Tactics

GOAL 1: FACILITATE THE DEVELOPMENT OF EMPLOYEES BY CREATING AN ENVIRONMENT THAT ENCOURAGES PERSONAL AND PROFESSIONAL GROWTH		
Recommendations/Objectives	Measures	Tactics
<ul style="list-style-type: none"> Develop/increase pool of leadership talent 	<ul style="list-style-type: none"> Percent of leaders trained Training hours per employee Cost per training hour Engagement survey results by manager / leader 	<ul style="list-style-type: none"> Implement the succession/leadership development process <ul style="list-style-type: none"> ✓ Develop plan of action to create program ✓ Develop a communication plan ✓ Ongoing review and evaluation of the program ✓ Identify internal/external employee development resources and opportunities; research foundations, community activities, partners in education ✓ Determine the types of supporting programs that will create the environment for employee development (e.g., mentoring, on-the-job training, peer learning groups, etc.) ✓ Develop/adopt HRIS to capture training cost ✓ Document SOPs for all optimized work practices ✓ Administer Talent Assessment (Strengthsfinder) on current and future leadership ✓ Assess the engagement of the workforce through regular administration of the engagement survey
<ul style="list-style-type: none"> Continually improve the effectiveness of employee performance 	<ul style="list-style-type: none"> Hours of training per employee 	<ul style="list-style-type: none"> Implement ongoing training program for all employees Formalize training opportunities so that everyone knows what is available and encourage training Develop a workforce training plan

GOAL 2: RETAIN ESSENTIAL INTELLECTUAL KNOWLEDGE OF EMPLOYEES

Recommendations/Objectives	Measures	Tactics
<ul style="list-style-type: none"> Identify critical information for knowledge capture, develop mechanism for capturing and transferring knowledge and implement knowledge transfer 	<ul style="list-style-type: none"> Current SOPs and Continuity Manuals Implementation of knowledge gap closure plan 	<ul style="list-style-type: none"> Perform "Utility-wide" SOP inventory <ul style="list-style-type: none"> ✓ Complete utility-wide SOPs ✓ Perform initial and refresher training on SOPs Determine critical knowledge <ul style="list-style-type: none"> ✓ Identify what knowledge is critical ✓ Identify who has critical knowledge ✓ Determine knowledge gap ✓ Create plan to close the knowledge gap

GOAL 3: OPTIMIZE THE OVERALL EMPLOYEE BENEFIT, COMPENSATION, WELLNESS, AND SAFETY PROGRAM

Recommendations/Objectives	Measures	Tactics
<ul style="list-style-type: none"> Maintain a safe workplace 	<ul style="list-style-type: none"> Ratio of Workers Comp Cost by Total Payroll Cost Ratio of Health Benefits Fair Cost by Utilization Expense Total accident rate per 100 employees Vehicle accidents per million miles 	<ul style="list-style-type: none"> To be determined
<ul style="list-style-type: none"> Total compensation (salary and benefits) is competitive while balancing cost 	<ul style="list-style-type: none"> Salary and benefit cost Salary and benefit cost as compared to labor market 	<ul style="list-style-type: none"> Evaluate marketplace competitiveness
<ul style="list-style-type: none"> Provide improved process for retirement 	<ul style="list-style-type: none"> Percent of total salary dollars contributed to voluntary retirement programs 	<ul style="list-style-type: none"> Develop a communications plan Evaluate the attractiveness of the benefit program Increase employee participation in voluntary investment plans

IMPLEMENTATION

Implementation Teams

Each strategy will be carried out by a team responsible for ensuring that the strategy goals and objectives are achieved. Teams will be formed for various activities by the steering team. The steering team will develop a list of specific selection criteria for members of each team. The teams will monitor progress by regular tracking of the strategy measures. Team members will include those directly involved in implementing the tactics to support the strategy, so that adjustments to the tactics can be made as needed to meet the targeted measures of performance. Key roles and responsibilities for each strategy team include:

- **Team Leader** – The leader, working with the steering team will create the team charter, implementation plan, and schedule; assign resources, and track and communicate progress. The leader will work with team members and mentor/coach on a regular basis to adjust plans and tactics as needed to accomplish the strategy goals and objectives.
- **Mentor/Coach** – As a member of the Senior Management Team, each mentor/coach will provide guidance and direction for the team leader and members. The mentor/coach will help the team by removing obstacles or raising issues as appropriate with the other Senior Managers to allow the strategy team to realize warranted progress.
- **Team Members** – Members of each strategy team will implement tactics for the strategy as assigned, in coordination and collaboration with other team members and all MWU staff needed for strategy implementation. Members will report progress and work with the team leader to adjust the plan and tactics if needed.

Timing Considerations

Each strategy will be ongoing in its implementation; however, the urgency of each strategy may dictate adjustments in resources or schedules to carry out the most pressing tactics for that strategy.

Several of the strategies may require additional organizational capacity, skills, knowledge, or resources external of the Utility to meet the timing or implementation requirements. These include:

- Leverage Information Technology
- Close Competitiveness Gap
- Improve Leadership/Communication Skills
- Optimize Infrastructure Performance

BACKGROUND

MWU Assessment Teams Identified Opportunity/Gap of 11.8%

13 FTEs in O&M
+ 9 FTEs in Business Services
22 FTEs improvement potential
x \$69,286
\$1,524,292 productivity opportunity/gap

\$1,524,292/\$12,890,000 total controllable budget = 11.8% overall opportunity/gap based on final calculation above
MWU should reduce it's gap to 7% to be "World Class". That would require a productivity improvement equal to 13 FTEs

Those 13 FTEs should be redeployed to support new technologies and to address current O&M and Business Services challenges