

## ORGANIZATIONAL CHANGE

## EMPOWER KENTUCKY

*In 1996, Kentucky Governor Paul Patton inaugurated EMPOWER Kentucky, an ambitious program that challenged all state agencies to improve the way they conduct business. EMPOWER Kentucky concentrates on refining the systems and processes that deliver services to citizens and introduces high-tech thinking and equipment to the government workplace. The Kentucky Transportation Cabinet embraced the challenge and used self-directed process teams to effectively redesign its operation and streamline procedures. The Cabinet's progress was recognized when it became the first state agency honored with two Commonwealth of Kentucky Quality Awards, a Level 2 Award for Quality Commitment in 1998, and a Level 3 Award for Quality Achievement in 1999. The Kentucky Quality Award, a four-level award modeled after the Malcolm Baldrige Award, recognizes organizations as benchmarks for quality and improved productivity. The two Quality Awards acknowledge the Cabinet's ongoing employee training program, enhanced cooperation with private sector partners, and innovations in project management.*

### Closing the Gap

A principal tenet of empowerment is that employees are best qualified to identify changes that will improve processes and save resources. Former Kentucky Transportation Cabinet (KYTC) Secretary Fred Mudge welcomed Governor Patton's challenge and championed the Cabinet's commitment to EMPOWER Kentucky.

To begin empowerment in the Cabinet, former Secretary Mudge and his staff identified seven cross-functional teams of 6 to 12 creative employees who were regarded as not afraid to take risks. Employees represented the different Cabinet functions of vehicle regulation, engineering, information technology, and administrative support. Some employees were from field offices and others represented the central office.

The concept of redesigning processes struck a responsive cord with the Transportation Cabinet. Redesigning began by analyzing current work processes and management practices—defining the *as is*, identifying efficient, economical alternatives, defining the *to be* state, and mapping the most efficient way to close the gap between the two. Between June and December 1996, the teams literally mapped each process using blocks and circles on long rolls of brown wrapping paper to identify the needed improvements. Closing the gap was the work of Cabinet cross-functional teams.

Former Secretary Mudge assigned Chuck Knowles, now Director of the Division of Operations, to coordinate the work of the process engineering teams. He was the only Transportation Cabinet

employee assigned full time to the EMPOWER Kentucky initiative. "But," says Chuck Knowles, "all the while our staff worked on the teams, they were also responsible for their original workload. It was an exciting time, but it was also difficult, especially for those team members who drove three hours each way to attend meetings. But they did it, and their commitment is evident in the processes they helped to create."

### Private Sector Partners

Because of the important partnership role of the private sector, especially in transportation, the Cabinet invited private highway and bridge consultant and contractor associations to identify representatives to serve on the project development and



construction management process teams.

Bob Lewis, a Construction Engineering Branch Manager from the central office, worked with the two process teams. “We have a long history of working with contractors on many projects,” he says, “but we gained a new insight into how differently we’re affected by decisions or delays on the job. The process helped us realize that we view the bottom line from different perspectives. For example, I’d never thought about how often contractors get paid. We want a cost-effective project; the contractor wants a profit, but we both want a successful project.”

### *A Redesigned Cabinet*

At the end of the six-month mapping process, each process team presented its findings, recommendations, and costs associated with the changes to current Secretary James Codell. The recommendations envisioned a dramatically decentralized, more flexible Transportation Cabinet. Secretary Codell reviewed each team’s recommendations from a strategic perspective and, with few

exceptions, approved the process changes for implementation.

“When I became Secretary of the Cabinet, I was already familiar with the EMPOWER initiative, having been Deputy Secretary since its inception,” says Secretary Codell. “I was thoroughly convinced of the need for the process changes recommended to me after the six-month mapping process, as the Empower Team clearly demonstrated the value that could be derived from the proposed changes. We then committed funding to initiate the process.”

The result is a decentralized KYTC of front-line employees empowered with the knowledge and means to make thoughtful decisions. The organization is more attuned to the needs of its partners and customers, and new technologies support the streamlined processes by making information accessible in the field or the central office.

### *Accountability, Responsibility, Authority*

The KYTC is pleased with the result of pushing decision making to the lowest organizational level and empowering front-line employees to

resolve problems. As a result of the EMPOWER Kentucky initiative, KYTC innovations include:

- Resident engineers can approve change orders on construction projects up to \$25,000. There is still a review, but the Cabinet trusts the engineers to make equitable decisions.
- Cross-functional project teams in each district office assume responsibility for project delivery. Prior to EMPOWER Kentucky, the central office assumed that responsibility.
- The KYTC has changed from using methods-based specifications to performance-based construction specifications. Moving to a quality control/quality assurance approach, the districts establish project goals and contractors identify the best means to accomplish them. These same QA/QC project teams conduct post-construction reviews to identify lessons learned from the experience.
- Department and industry personnel train together in construction inspection classes and work side-by-side on projects.

## The EMPOWER Kentucky Timetable

**January 1996**

Governor Paul Patton unveils the EMPOWER Kentucky initiative.

**January to May 1996**

Former Transportation Cabinet Secretary Fred Mudge and his staff assess work processes to be reviewed and identify employees to serve on seven process teams—Motor Vehicle Titling and Registration, Motor Carrier Tax Collection, Motor Vehicle Enforcement, Construction Management, Highway Operations, Project Development, and Highway Rest Areas.

**June to December 1996**

Seven process teams define *as is* operation and apply a business process redesigning methodology to develop the *to be* work processes.

**April 1997**

Current Transportation Cabinet Secretary James Codell proceeds with implementation.

**May 1997**

Implementation teams established.

Full implementation will take anywhere from 1 to 5 years, depending on the process.

- Front-line maintenance and traffic employee positions were traditionally difficult to fill because of low pay scales, especially in urban areas, and limited career paths. The KYTC increased entry-level salaries and instituted an eight-step career path for these employees. In 1999, maintenance employees received base pay increases and minimum requirements were raised for new employees.
- A maintenance rating program measures the maintenance condition of the highway system. An operations management system, currently in the software modification and training phase, will track maintenance activity costs and productivity.

Chuck Knowles feels that changes serve maintenance employees well. “We see benefits to the program and a lot of our employees get promoted as a result,” he says.

### Purchasing Power

An example of empowerment at work is the Cabinet’s new approach to purchasing. Philip Howard is a resident engineer in District 11 who thinks that EMPOWER Kentucky “did a lot of good things.” Consider the example of purchasing supplies. “Little things,” he says, “make our lives easier.”

With the EMPOWER Kentucky approach, resident engineers use a procurement card, much like a credit card, to buy small supplies. “Before,” continues Philip Howard, “we always had to ask when we needed something, simple things like lumber or cleaning or office supplies. We had to fill out forms and depend on equipment garages or the district to get supplies. All too often, what we needed, they didn’t have. The state has shifted the power down and put its trust in lower level employees. Of course, with it comes the responsibility.”

## An Empowered Manager

I wasn’t a developer of EMPOWER Kentucky, but I am a believer. I was just doing my job as a resident engineer. One day I realized that the state had implemented EMPOWER Kentucky, but I hadn’t.

I’d heard about EMPOWER Kentucky, but my motivation to adopt and advocate it came after I attended a partnering and leadership training course geared toward improving the relationship between resident engineer and contractor. I took a red-eye flight back from Arizona but couldn’t sleep because I was so wired from the course. I started thinking about a project that I was managing. I had five employees who simply couldn’t get along—they seemed to be unable to work together. The project was suffering because no one seemed interested in ensuring that important duties were being performed. The group was making excuses for failures and placing blame for project problems on others. When I arrived at the office I called them in and told them that I was changing the way I’d been managing. Starting then and there, they were to make all decisions affecting the project. My only requirement was that they had to get together to discuss every significant problem and reach consensus on their decisions as a group. I’d provide technical advice when asked, but they assumed total ownership of the project. The caveat, of course, is that they also had to ensure that the decisions were implemented. And they did it. Their attitudes changed 180 degrees it seemed because they were carrying out their decisions, not mine.

The hardest part of EMPOWER Kentucky is the willingness to give up control. It’s easier to *tell* employees how to do their jobs than it is to *help* employees do their jobs. It’s a change in attitude. When employees feel that they are in charge they want to work harder because they have a stake in the success of a project.

That’s the freedom and responsibility that comes with EMPOWER Kentucky. Managers pass responsibilities and job decisions to employees and hold them accountable for the success of a project. It creates an atmosphere, which motivates people to perform at higher levels and gives them the opportunity to use their talents. It’s the old football philosophy of RAD—the coach expects players on the field to make decisions that are Responsible, Accountable, and Dependable. As each member of the team adopts this philosophy, the team is able to achieve more.

EMPOWER Kentucky works. It works in my office and I’ve seen it work well around the state. I recently became a branch manager for construction and was fortunate to have James Ballinger as my predecessor. He’s a big believer in the empowerment philosophy. I came into an office where employees believe in it, so in a sense I’m just reemphasizing it.

### Brian Billings

Branch Manager, Construction  
District 7, Department of Highways

## *A Field-Based Organization*

As part of the organizational initiative to move decision making to the field, and the Cabinet's commitment to environmental quality, EMPOWER Kentucky allocates resources and positions to the districts to help facilitate environmental aspects of project development. The Cabinet established an environmental coordinator position in each district office. These coordinators work closely with district officials and consultants in the preconstruction phase of projects. They also may work closely with operational aspects of storing snow and ice chemicals, normally chlorides, and other chemicals. Additionally, an environmental leadership team works with the environmental community, the public, and construction contractors to find common solutions associated with construction projects.

Realizing the EMPOWER Kentucky goals would be difficult, if not impossible, without the investment in state-of-the-art information technologies, the Cabinet will soon use Internet technology to post bids and revise pay estimates. The KYTC can post construction drawings for review, but "not to the degree we need to," admits Bob Lewis. He anticipates that the Cabinet will be able to conduct two-way bidding on the Intranet within a few years.

In the field, resident engineers use laptop computers and digital cameras. They can photograph field conditions for a project, post images to the KYTC Intranet, and confer online to reach decisions. As resident engineer Philip Howard says, "technology has made life in the field easier and speedier."

## *A Communication Environment*

Any organizational initiative, whether long or short term, intended to change operations meets resistance. Communication, however, has eased the Transportation Cabinet's experience and continues to play a key role in the success of EMPOWER Kentucky.

Secretary Codell continues to be a vocal and visible proponent of EMPOWER Kentucky implementation. During the redesigning and implementation phases, he visited each district and talked with employees about EMPOWER Kentucky and what it could mean for their jobs and their future. As Chuck Knowles says, "The Secretary is very forward thinking and that came across in his visits to the districts and meetings within the central office. He was always available if we needed him."

The Cabinet used newsletters to share experience and provide status reports throughout the process. The process teams used their rolled maps to give employees a sense of their thinking and approach to their mission.

And Chuck Knowles admits that he was the "king of email. Even though I visited every district several times and participated in countless meetings and planning sessions, I used email to keep track of each process team's progress, answer their questions, and pass on information."

To ensure the technical information exchange continues, the KYTC hosts an annual two-day retreat for its resident engineers. It's an opportunity for the engineers to get policy and procedures training, to address problems, and to share insights into innovative approaches or problems with operations or procedures.

Bob Lewis observes, "The annual meeting is a convenient way for the resident engineers to talk about the

year, to share what they've learned on projects, to improve the state-of-the-practice. Kentucky is a state with a myriad of topology and geology features. If there's been a problem with sink holes in District 8, you can bet that someone in another district is facing a similar circumstance."

## *Continuing EMPOWERMENT*

The Transportation Cabinet is a very different organization than it was in 1996. It is a decentralized agency with streamlined processes. But EMPOWER Kentucky also met with resistance because change is always difficult. Process changes seemed to be most disturbing to middle management employees. Long-time employees had their duties changed and, in some cases, jobs were eliminated and the employees were reassigned. The commitment and compassion of senior KYTC managers, however, helped overcome much of the resistance and smooth the transition.

EMPOWER Kentucky is an ongoing operation. Processes continue to be reviewed and revised. The nature of the Cabinet's business is also changing to incorporate new work processes or changing technology.

Bob Lewis views EMPOWER Kentucky as progress. "We made changes that make us a more efficient organization. We see it working every day."

### *For more information:*

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