WMATA Organizational Assessment

Prepared by:

Gayland Moffat Consulting

April 2007

What Moffat Consulting Did

Time and money did not allow an in depth study

- Reviewed current organizational structure

- Identified organizational priorities

- Conducted executive interviews & employee focus groups

- Reviewed customer complaint data

- Base lined WMATA budget and staffing data

- Reviewed funding documents and studies

- Reviewed market and public opinion research

- Reviewed and critiqued current WMATA strategy and tactics

Findings

Structure

- Organization has excess administrative and managerial staff

- Organization is divided
  - Structurally
  - Culturally

- Operational resources are strained

Recommendations

Package of Savings - Increased Revenues - Costs

- Recommend a package containing the following elements
  - Savings
    - Administrative staff reductions
    - Cost reductions
    - Reallocate service hours of non-productive routes to overcrowded routes

  - Increased Revenues
    - Indexed fare increases in the future
    - Revenue enhancements - parking, advertising etc

  - Costs
    - Achieve and maintain market pay and benefits (ongoing)
    - Implement employee retention strategies
    - Invest in employee training and development
    - Review organizational process/policy and implement a management system

Structural Change

Successful organizational change will also require:

- Reductions are only one part of the recommended package

- To be successful these savings must be combined with the other recommended:
  - Cost reductions;
  - Additional revenues; and
  - New investments in the organization.

Potential Savings

$26 Million

Issue	Annualized Savings
Organizational Structure and reduction of 220 administrative positions	$22M*
Cut back on Professional and Technical Services	$4M
Increase Operations staffing to reduce high overtime payments	TBD
Total Net Savings	$26M
*Note: Actual savings will not be fully realized in the first year due to some positions that will be phased out.	

Future Considerations

- The emphasis of this study was a macro level look at the WMATA organization. The assessment indicates that an organizational study of each of the specific areas of the organization may prove helpful to WMATA.

- The consultants recommend a deeper analysis in each area of the organization. These analyses should focus on structure, skills, culture, processes, and management styles. These recommended studies would likely result in additional efficiencies and improvements for WMATA.
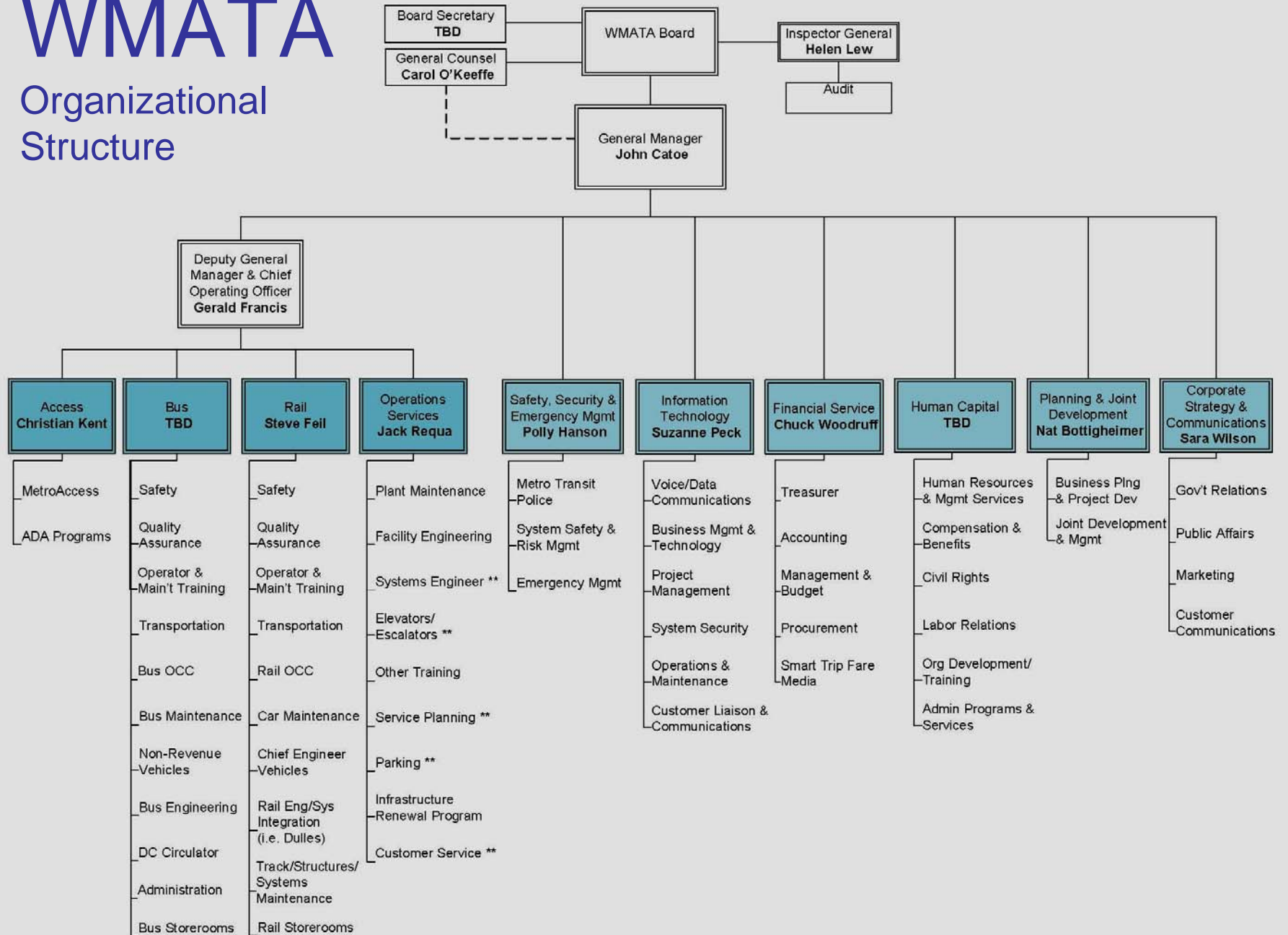
Organizational Structure

- The following organizational structure is designed to:

  – Re-emphasize the importance of operational functions

  – Reflect the change in WMATA's core business (moving from builder to operator)

  – Focus attention on the WMATA values of safety / security, customer service, operational efficiency, and communications

WMATA

Organizational Structure

Board Secretary
TBD

General Counsel
Carol O'Keeffe

WMATA Board

Inspector General
Helen Lew

Audit

General Manager
John Catoe

Deputy General Manager & Chief Operating Officer
Gerald Francis

Access Christian Kent	Bus TBD	Rail Steve Feil	Operations Services Jack Requa	Safety, Security & Emergency Mgmt Polly Hanson	Information Technology Suzanne Peck	Financial Service Chuck Woodruff	Human Capital TBD	Planning & Joint Development Nat Bottigheimer	Corporate Strategy & Communications Sara Wilson
MetroAccess	Safety	Safety	Plant Maintenance	Metro Transit Police	Voice/Data Communications	Treasurer	Human Resources & Mgmt Services	Business Plng & Project Dev	Gov't Relations
ADA Programs	Quality Assurance	Quality Assurance	Facility Engineering	System Safety & Risk Mgmt	Business Mgmt & Technology	Accounting	Compensation & Benefits	Joint Development & Mgmt	Public Affairs
	Operator & Main't Training	Operator & Main't Training	Systems Engineer **	Emergency Mgmt	Project Management	Management & Budget	Civil Rights		Marketing
	Transportation	Transportation	Elevators/ Escalators **		System Security	Procurement	Labor Relations		Customer Communications
	Bus OCC	Rail OCC	Other Training		Operations & Maintenance	Smart Trip Fare Media	Org Development/ Training		
	Bus Maintenance	Car Maintenance	Service Planning **		Customer Liaison & Communications		Admin Programs & Services		
	Non-Revenue Vehicles	Chief Engineer Vehicles	Parking **						
	Bus Engineering	Rail Eng/Sys Integration (i.e. Dulles)	Infrastructure Renewal Program						
	DC Circulator	Track/Structures/ Systems Maintenance	Customer Service **						
	Administration	Rail Storerooms							
	Bus Storerooms								

Recommendation

Resolution

- It is recommended that the Board accept the Moffat report recommendations and authorize the General Manager to make any additional changes to take advantage of additional efficiencies and organizational effectiveness in those departments that are direct reports.

WMATA Organizational Assessment

Prepared by:

Gayland Moffat Consulting

April 2007

Disclaimer

Given the need for immediate input on its organization structure and effectiveness, WMATA conducted an expedited procurement process to contract with Gayland Moffat Consulting. This expedited process only allowed for services valued at $150,000 to be obtained. With the limited size of the contract and short timeframe, it was agreed that Gayland Moffat, Consulting would make initial, preliminary findings and observations about the organization structure and would provide recommendations for additional efforts by internal or external resources. This final report therefore is not a complete and comprehensive review of WMATA organization issues. Rather, it provides some initial observations, general findings, and provides recommendations for future efforts.

Project Team

WMATA Guidance

- John B. Catoe
- Sara Wilson

Consultants

- Gayland Moffat
- Jerry Benson
- Andrea Burnside

WMATA

Organizational Assessment

- What we did

- What we found

- What we recommend

- What it saves

WMATA Request for Proposal

Perform an organizational assessment,
recommend a structure and identify potential
savings.

What We Did

Time and money did not allow an in depth study

- Reviewed current organizational structure
- Identified organizational priorities
  - Safety / security
  - Service to customers
  - Efficient organization
  - Communications
  - Board of Directors

- Conducted executive interviews
- Conducted focus groups
- Base lined WMATA budget and staffing data
- Reviewed funding documents and studies
- Reviewed customer complaint data

What We Did

(continued)

- Reviewed Board Minutes
- Developed leadership intervention tactics
- Reviewed and critiqued current WMATA strategy and tactics
- Reviewed WMATA media
- Reviewed safety - related documents

- Reviewed market and public opinion research
- Reviewed Metro Access documents
- Reviewed organizational life cycle

Organizational Structure

- The following organizational structure is designed to:

  - Re emphasize the importance of operational functions

  - Reflect the change in WMATA's core business (moving from builder to operator)

  - Focus attention on the WMATA values of safety / security, customer service, operational efficiency, and communications

WMATA

Organizational Structure

The final organization structure will be
presented at the Board meeting

Structural Change

Successful organizational change will also require:

- Reductions are only one part of the recommended package. In order to be successful these savings must be combined with the other recommended cost reductions, additional revenues and new investments in the organization

Structural Change

Successful organizational change will also require:

- Develop and implement a reduction in force methodology and post reduction healing strategy and plan which includes:

  - Do the reductions correctly, demonstrate proper dignity, respect, and caring for the people leaving. Include communications, outplacement help and financial bridging in the package

  - Develop and implement a plan for the care and reintegration of the survivors

Structural Change

Successful organizational change will also require:

- Continuous communications

- People involvement / investment

- Culture change

Structural Change

Successful organizational change will also require:

- Strong new vision, strategy and plans for the new organization

- Process improvement

- Additional resources and resource reallocation

Organizational Concept

- Staff functions that support operations should be "decentralized / matrixed" to increase accountability to internal customers

- The goal is to incorporate support functions into the business of their internal customers but keep them centralized for technical expertise, consistency and professional development

Potential Savings

$26 Million

Issue	Annualized Savings
Organizational Structure and reduction of 220 administrative positions	$22M*
Cut back on Professional and Technical Services	$4M
Increase Operations staffing to reduce high overtime payments	TBD
Total Net Savings	$26M
*Note: Actual savings will not be fully realized in the first year due to some positions that will be phased out.	

Recommendations

Package of Savings - Increased Revenues - Costs

- Recommend a package containing the following elements
  - Savings
    - Administrative staff reductions
    - Cost reductions
    - Reallocate service hours of non productive routes to over crowded routes
  - Increased Revenues
    - Indexed fare increases in the future
    - Revenue enhancements - parking, advertising etc
  - Costs
    - Achieve and maintain market pay and benefits (on going)
    - Implement employee retention strategies
    - Invest in employee training and development
    - Review organizational process/policy and implement a management system

Findings

Structure

- Organization has excess administrative and managerial staff

- Organization is divided
  - Structurally
  - Culturally

- Operational resources are strained

Findings

Structure

- Organization out of alignment with priorities
  - WMATA's business has changed from building to service provision but - structure has not kept up

- Organizational structure is not able to support internal or external expectations

- Some critical functions are not meeting needs of the organization

- Police are viewed positively internally and externally

Findings

Structure

- Some unnecessary functions

- Some functions in the wrong responsibility area

- Some duplications of functions

- Long range transportation planning could be more effective

Findings

Structure

- Strong core of dedicated staff

- Insufficient numbers of front line supervisors in operations

- Feelings that new hires are less skilled and under trained when they come to work

Findings

Structure

- General sense that represented (Union) employees have received better salary increases than non represented employees

- General sense of wage compression between supervisors and their represented (Union) employees

- 21 percent of WMATA employees are currently eligible for retirement (early or full). A loss of these employees would severely impact WMATA's ability to meet its mission.

21

Findings

Structure

Assume 5 employees each making $20 per hour in 1997
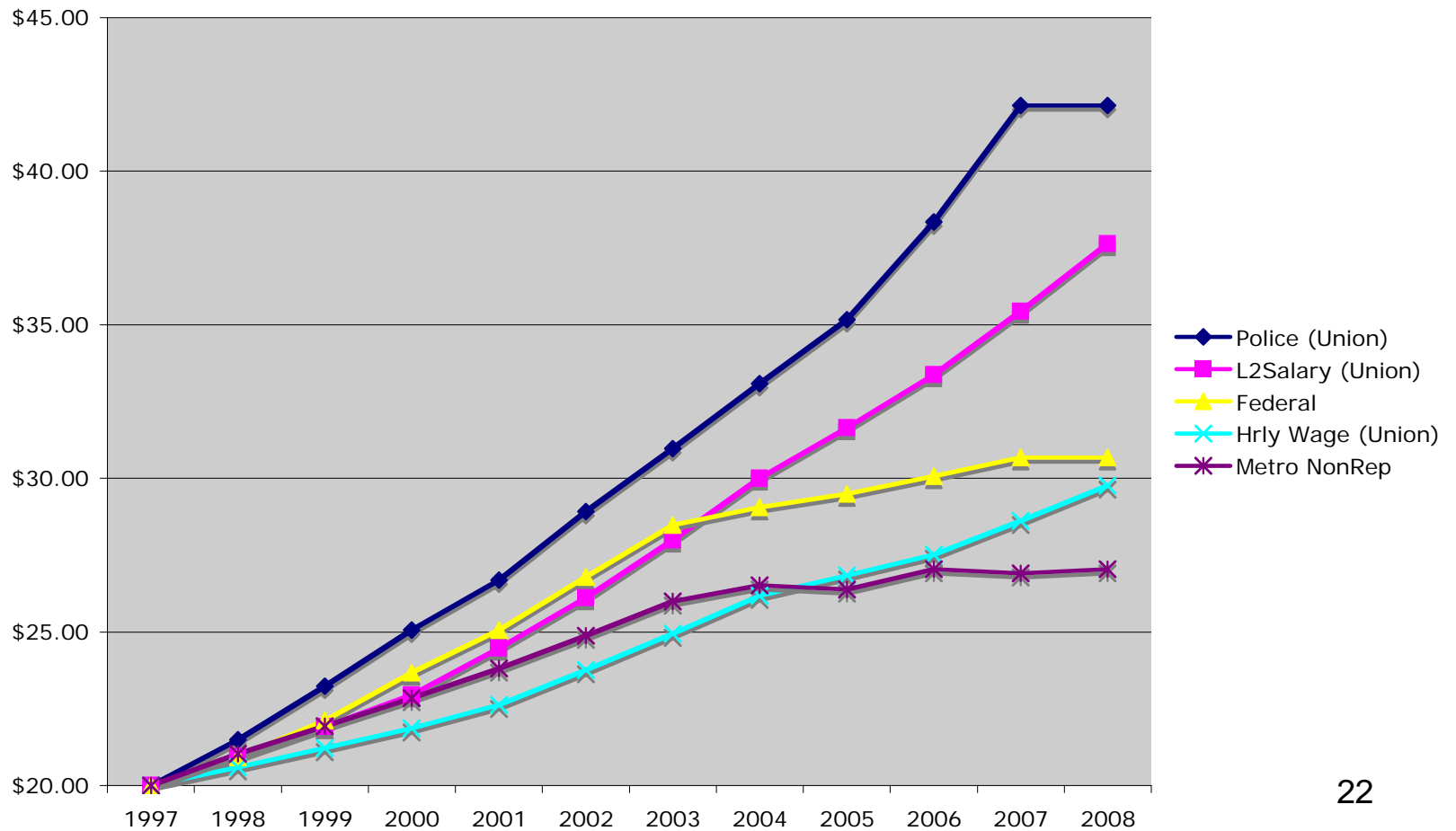
Recommendations

Structure

- Modify organizational structure to reduce silos

- Reduce and reallocate staff resources

- Staff maintenance and operations supervision completely
  - Will require examination and correction of compensation and benefit compression

- Analyze every functional area to find additional opportunities to improve efficiency and reallocate resources

23

Recommendations

Structure

- Understand then decide and manage the service portfolio and mix of services between rail - bus - access - capital programs

- Increased focus on and management of the bus system

- Determine what can be learned from the perceived high performance of the police department

Recommendations

Structure

- Regain "Employer of Choice" status
  - Pay - eliminate pay and benefit compression, examine and rebalance fairness internally and with the market

  - Benefits - examine and rebalance fairness internally and with the market

  - Invest in employee development

Recommendations

Structure

- Mitigate current retirement risks

  – Develop and implement a program that encourages "retirement eligible" employees to continue to work for WMATA.

  – Aggressively pursue succession and backfilling programs to replace organizational knowledge and critical positions that will be lost due to retirements.

Findings

Processes

- Inefficient processes in maintenance and operations
  - There are savings possible in these areas

- More and more maintenance needs to be done - with less and less time to do it

- Processes, programs, policies, procedures, projects and technology are launched without integration

Findings
Processes

- Absence of a "Management System"

- Organization at risk due to being non competitive in the labor market pay and benefits

- Inconsistent application of rules and processes

Recommendations

Processes

- Conduct a strategic integration of any new process, policy, or technology

- Decide on and implement a Management System (see description on slide #43)
  - ISO
  - TQM
  - SOPs
  - LEAN (Toyota)

Recommendations

Processes

- Apply policies, work rules, and processes consistently / fairly.

- Implement a non compliance process
  - When processes and process results are not in compliance with standards
  - Process to identify, track, route, analyze, fix and verify the fix

Recommendations

Processes

- Inventory existing policies, rules and SOPs to determine if they are up to date and adequate

- Initiate a program to systematically update and disseminate policies, rules, and SOPs

- Update training, efficiency testing, and training record keeping

Recommendations

Processes

- Improve accident incident investigation and resolution process - these determinations will feed the non compliance process

- Improve after action debriefing on major incidents - disseminate findings and actions - these determinations will feed the non compliance process

- Triage all internal and external input before deciding what is assigned for action

32

Recommendations

Processes

- Suspend pay for performance system until you get to internal pay equity and market pay - maintain a performance planning and feedback process

- Design and train employees in decision making to reflect WMATA's values

Recommendations

Processes

- Add a Long Range Transportation function and process

- Assign a group of internal and external people to creatively generate new solutions to existing infrastructure problems
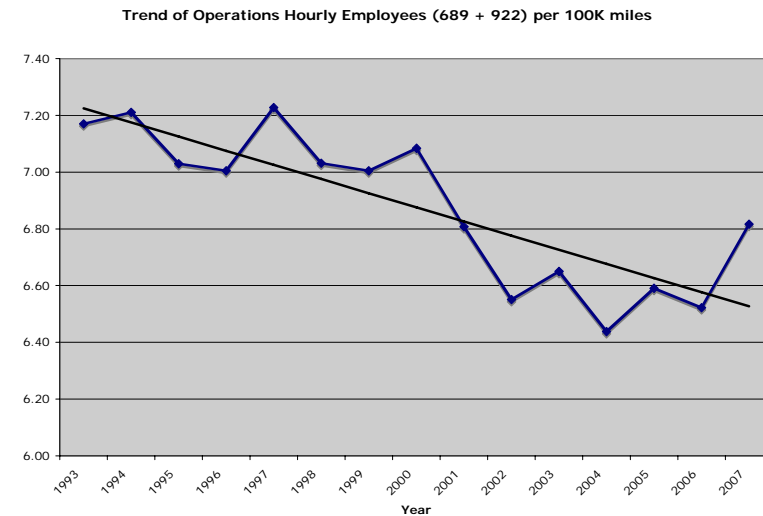
Findings

Funding / Money

- Satisfaction with fares on bus and rail is over 80%. Fare satisfaction increased on bus and held steady on rail*.

Findings
Funding / Money

- Operations' (Local 689 and Local 922) hourly positions per 100K miles) have trended down over the last 15 years.

Trend of Operations Hourly Employees (689 + 922) per 100K miles

Findings
Funding / Money

- Support positions (Non Represented and Local 2) per 100 Operations hourly positions have trended up over the last 15 years

Trend of Support Positions per 100 Operations Hourly Positions
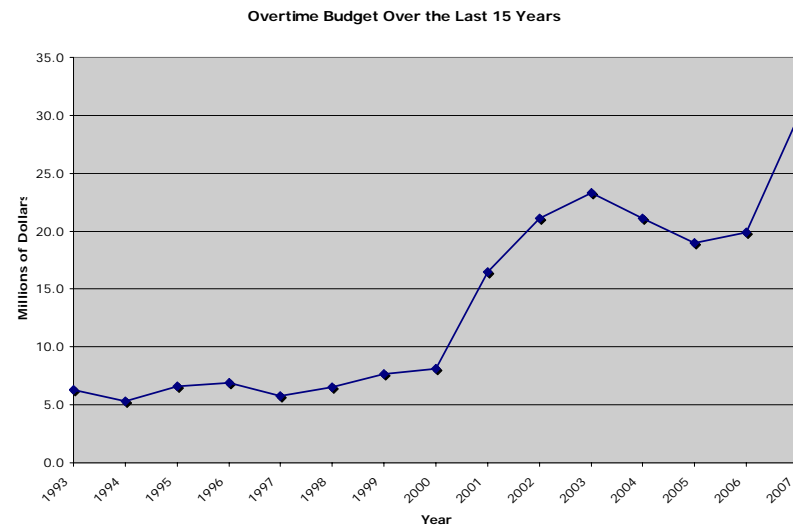("Support" = Non Contract + OPEIU - "Operations Hourly" = 689 + 922)
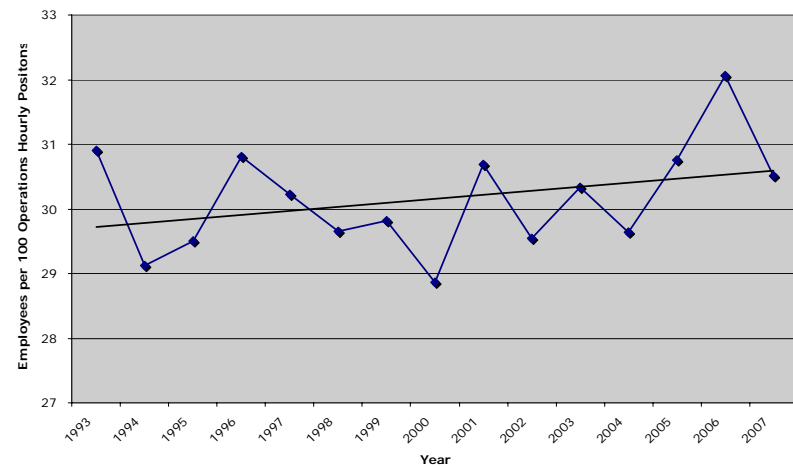
Findings
Funding / Money

- Overtime is increasing and may have become institutionalized

Overtime Budget Over the Last 15 Years

Findings
Funding / Money

- **Business model appears to have changed in 2000**
    - Prior to 2000, bus miles were being reduced as rail miles were added
    - After 2000, bus miles were added in addition to rail miles
    - May have resulted in systemic change to cost structure and service portfolio

Change in Strategy 2000
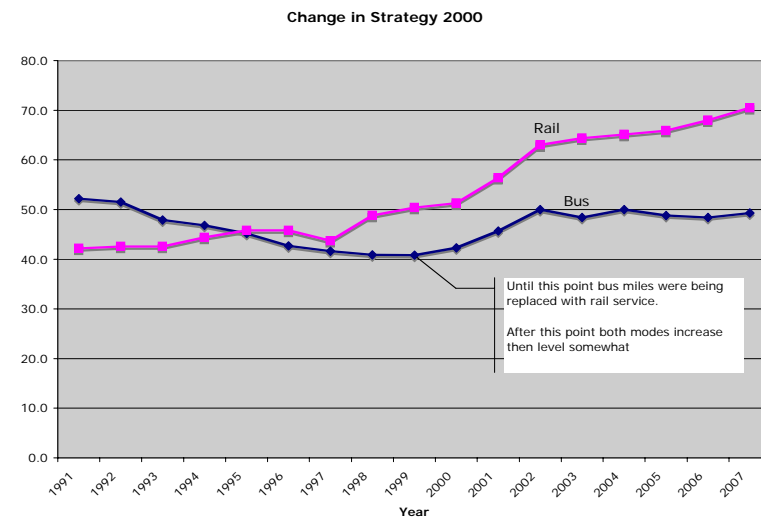
Recommendations

Funding / Money

- Consider all alternative revenue sources
  - New advertising models (sell impressions vs. space)

- Reduce and then contain growth in staff and support positions.

- Consider creative service delivery models and public private partnerships.

Recommendations

Funding / Money

- Study the historical budget and staffing levels to understand and evaluate why the portfolio of services changed and what has happened to staff allocations between operations and support positions

- Determine the appropriate support staffing levels

- Fully staff to reduce overtime

- Understand what drove costs up after the miles leveled out in 2002

Future Considerations

- The emphasis of this study was a macro level look at the WMATA organization. Our assessment indicates that an organizational study of each of the specific areas of the organization may prove helpful to WMATA.

- The consultants recommend a deeper analysis in each area of the organization. These analyses should focus on structure, skills, culture, processes, and management styles. These recommended studies would likely result in additional efficiencies and improvements for WMATA.

Management System

- A "Management System" is the framework of processes and procedures used to ensure that an organization fulfills all tasks required to achieve its objectives. The system should include: accountability (an assignment of personal responsibility), improvement objectives, scheduled activities, understanding and control of key processes, measurement of performance relative to objectives, monitoring of process failure points, a mechanism for identifying and correcting nonconformities, management review and creation of an upward spiral of continuous improvement.