

**Guidehouse Efficiency Review Recommendations
Organizational Structure and People Capabilities**

ARDOT Response

July 22, 2020

Opening Statement

The Arkansas Highway Commission and the Arkansas Department of Transportation (ARDOT) appreciate the Highway Commission Review and Advisory Subcommittee (HCRAS) for making this Efficiency Review possible and for giving us the opportunity to respond to the recommendations.

The Efficiency Review process has been a very positive and productive experience for the ARDOT staff. In an agency our size, there is always room for improvement. The review, findings and recommendation phases were both educational and informative. A better insight into current industry standards and possible ways to improve operations was achieved.

Guidehouse was professional at all times and was truly a pleasure to work with. They successfully combed through a tremendous amount of data, procedural documents, and staff responses to interview questions and were able to compile a comprehensive and thorough report in a compressed amount of time.

The Recommendations Report will provide ARDOT with direction on how to improve as well as give us confidence that we are headed in the right direction with some of the initiatives that are currently under consideration, under development or in the early stages of implementation.

In summary, the Recommendations Report will be an excellent tool for moving forward.

Organizational Structure

Guidehouse Recommendation 1:

Finalize Key Performance Indicators (KPIs) and implement performance management.

ARDOT has mature KPIs primarily for system condition and preservation. Adopting leading performance management practices will allow ARDOT to expand, track and act on operational effectiveness KPIs.

ARDOT Response:

Now that ARDOT has established KPIs that measure and track system condition and preservation, we agree that the next step is to finalize development of operational effectiveness KPIs that focus on performance management practices. This will allow tracking and reporting on successes in efficiency and effectiveness as well as areas that need improvement. This information will increase our transparency and thus enhance our credibility with Arkansas taxpayers and the legislature, the value of which is hard to measure. We will develop a preliminary dashboard, establish baseline performance targets, and create and implement a roadmap for a comprehensive performance management plan.

ARDOT is in the early stages of redesigning our public website, which provides a great opportunity for us to build in the ability to create dashboards that report on both system condition and operational effectiveness KPIs that measure our progress.

Operational effectiveness KPIs will be an effective way to quantify the progress that is being made towards executing ARDOT's Strategic Plan. The Strategic Plan is used as a guide for directing priorities and resources and includes our Mission Statement, Vision Statement, Core Values and Strategic Goals (see Appendix 1).

We will begin to devise a plan to implement this recommendation. As Guidehouse reported, this a long term initiative that should be approached in phases. The plan will include investigating the leading practices identified by Guidehouse, possibly obtaining the services of a consultant, hiring additional employees and purchasing needed software. The plan will be contingent upon funding availability and legislative approval of additional employee titles within ARDOT's appropriation budget request.

Organizational Structure

Guidehouse Recommendation 2:

Strengthen knowledge management in anticipation of increased retirement.

Knowledge management will be a key issue for ARDOT, yet their efforts to mitigate this challenge have not been fully implemented. Aligning these efforts to leading practices may allow ARDOT to mitigate knowledge loss due to turnover, identify operational efficiencies, and improve succession planning and training.

ARDOT Response:

ARDOT's strategic goal to accomplish our mission with a focus on stewardship has been the driving principle for developing our knowledge management (KM) program. Institutional knowledge is an asset that must be preserved. We agree that continuing our progress in implementing our KM program is vital for the future. We will create and implement a roadmap for a comprehensive KM program.

ARDOT will continue development and implementation of the following KM strategies to minimize the impact of employee turnover:

- *Knowledge Risk Matrix* that identifies key positions to target for knowledge interviews.
- *KM Steering Committee* to guide and oversee ARDOT's KM program, and hold employees accountable for implementing KM principles and processes.
- *Communities of Practice (CoPs)*, which are groups of people who share a job title or project, and learn how to do it better through regular interaction.
- *KM Library* so that information can be shared and accessed easily through electronic means.
- *Participation in the American Association of State Highway and Transportation Officials (AASHTO) KM Subcommittee* where state DOTs share best practices, resources and lessons learned as each develops its own KM program.
- *Formal Mentoring Program, Leadership Development Program, and Succession Planning Program.*
- *Systems and processes to sustain the desired change.*

As mentioned in the Guidehouse Report, the Virginia DOT (VDOT) has a mature KM program which was driven by the establishment of a Knowledge Management Office, staffed with researchers and analysts dedicated solely to KM. VDOT's KM Office has an annual operating budget of approximately \$1 million. VDOT has shared information and best practices with ARDOT and other DOTs through the AASHTO KM Subcommittee, and we have been committed to formalizing our KM strategy since 2018. However, developing a robust KM program takes time and resources. This is a long-term initiative that will be approached in phases and could require new technology and additional staff to fully accomplish. Future implementation of this recommendation will be contingent upon funding availability and legislative approval of additional employee titles within ARDOT's appropriation budget request.

People Capabilities

Guidehouse Recommendation 12:

Ensure staff can develop in their careers at ARDOT.

Approximately half of ARDOT staff definitively agree they can advance their careers there, and turnover is rising. By developing career ladders and lattices, ARDOT may increase retention, reduce turnover-related costs, strengthen its talent pipeline, and improve morale.

ARDOT Response:

We agree that we must continue to invest in workforce and career development. We will investigate possible strategies to align career development activities with training and knowledge management. We will create and implement a roadmap for a comprehensive employee career development program. Our goal is to increase employee confidence and satisfaction and reduce turnover. A confident, engaged, and skilled workforce is the first and most important component in being able to deliver ARDOT's Strategic Plan.

ARDOT is committed to building on our progress as follows:

ARDOT has hired an experienced Classification and Compensation Specialist to analyze the latest compensation trends, develop a compensation strategy, continually monitor market conditions, and conduct ongoing job analysis to ensure pay and job duties are in line. Part of this effort will include investigating ways to enhance our existing career ladders and lattices in an effort to increase employee confidence in ARDOT career opportunities.

ARDOT has hired HR Specialists that are assigned to each District office to give employees direct access to someone who can help with career development, coaching, and general personnel issues.

A performance-based pay strategy has been instituted to focus on developing the individual employee. This allowed employees to earn more money based on performance rather than tenure. We will continue to investigate ways to increase employee buy-in of this strategy.

*Employee engagement surveys were conducted in 2015, 2017 and 2019 with the large majority of employees participating. Based on the survey results, we identified the most common reasons for turnover and those groups of employees which appear to be the least engaged. As a result, the **Workforce Strategic Plan** was developed to allow employees, after one or two years of employment, to choose a career path – either the leadership tract or the technical tract. A limited number of employees are given the opportunity to enroll in the Leadership Development Program. All new maintenance employees will be enrolled in Phase 1 of the Maintenance Training Academy.*

While competition is strong for maintenance and engineering professionals, we believe that if we continue expanding on the initiatives listed above, we will reduce turnover, strengthen our talent pipeline and improve morale. However, funding continues to be a constraint in how we manage compensation and workforce development. More competitive compensation and enhanced career ladders and lattices will be contingent upon funding availability and legislative approval of additional employee titles within ARDOT's appropriation budget request.

People Capabilities

Guidehouse Finding 13:

Align staff capabilities with current and future organizational needs.

ARDOT staff and supervisors report that training resources are limited. By strengthening training, ARDOT may improve job satisfaction and retention, increase productivity, and instill confidence in staff who then become more willing and able to take on greater responsibility within the Department.

ARDOT Response

We agree that strengthening employee training is very important. Expanding on the progress we have made, we will investigate effective ways to update current training and implement additional training opportunities to align with our future needs. We will create and implement a roadmap for a comprehensive employee development program.

ARDOT is in the process of hiring a Workforce Development Coordinator and a Learning Management System Administrator who will be dedicated to expanding and enhancing our training programs that will include manager training. Other duties will be publishing learning paths, developing curriculum for online and classroom training, and coordinating the Maintenance Training Academy and Leadership Development Program.

Maintenance Training Academy was developed for the large portion of our workforce that works outside of the standard office environment. This work is manual labor and/or requires specialized skills such as equipment operation. On-the-job training is often the most effective means of teaching these skills, and efforts are underway to develop more formal training for employees in these positions.

Leadership Development Program began with a series of Dale Carnegie leadership courses over a two-year period. We have since developed our own internal program. The internal program includes the same foundational elements from the Dale Carnegie classes, as well as higher-level leadership concepts. It was designed to be a long-term program, which will develop leadership skills early in the careers of our high potential employees and build upon those skills as their careers progress.

Mentorship Program - ARDOT is nearing the implementation phase of a formal mentorship program for high potential employees as a part of the leadership development program. Additionally, for new employees, we formalized what we call the "Buddy Program", which pairs a new hire with a more experienced staff member for guidance and mentorship.

The ARDOT University has been implemented. This is a learning management system which enabled us to significantly expand online learning opportunities.

ARDOT is constantly seeking new methods and opportunities to strengthen our training offerings to employees. As a manual labor driven and engineering organization, hands-on training is necessary to ensure employee safety, efficiency and effectiveness. Training assignments as part of performance evaluation process is underway and will be encouraged and expanded. Cross-training in high turnover position and formalized on-the-job training will be investigated and implemented as practical. As the training programs expand, additional staff may be required to effectively implement, which will be contingent upon funding availability and legislative approval of additional employee titles within ARDOT's appropriation budget request.

Appendix 1

The Strategic Plan was developed through an extensive public involvement process which included a total of 14 public and stakeholder meetings with nearly 1,400 people in attendance, over 6,000 social media reaches were also made and nearly 1,800 surveys responses were received. We also involved our own employees by issuing a Department wide survey where we received over 1,000 responses. All of this input was used to develop the Department's mission, vision, core values, and strategic goals, which are:

Mission Statement

Provide safe and efficient transportation solutions to support Arkansas' economy and enhance the quality of life for generations to come.

Vision Statement

Continue to preserve and improve Arkansas' transportation system emphasizing safety, efficiency, quality, trust, and stewardship with a public service focused workforce.

Core Values

- Safety – Safety first in all we do.
- Public Service – Focus on the greater good.
- Teamwork – One vision through collaboration and communication.
- Quality – Deliver reliable transportation solutions.
- Integrity – Commitment to ethics and transparency.
- Efficiency – Achieve maximum benefit through fiscal responsibility.

Strategic Goals:

- Provide Safe and Efficient Transportation Solutions
- Accomplish our Mission with a Focus on Stewardship
- Champion Transportation Solutions that Promote Quality of Life and Economic Development
- Continually Improve Transportation Services and Solutions through Employee Engagement
- Maximize External and Internal Customer Satisfaction