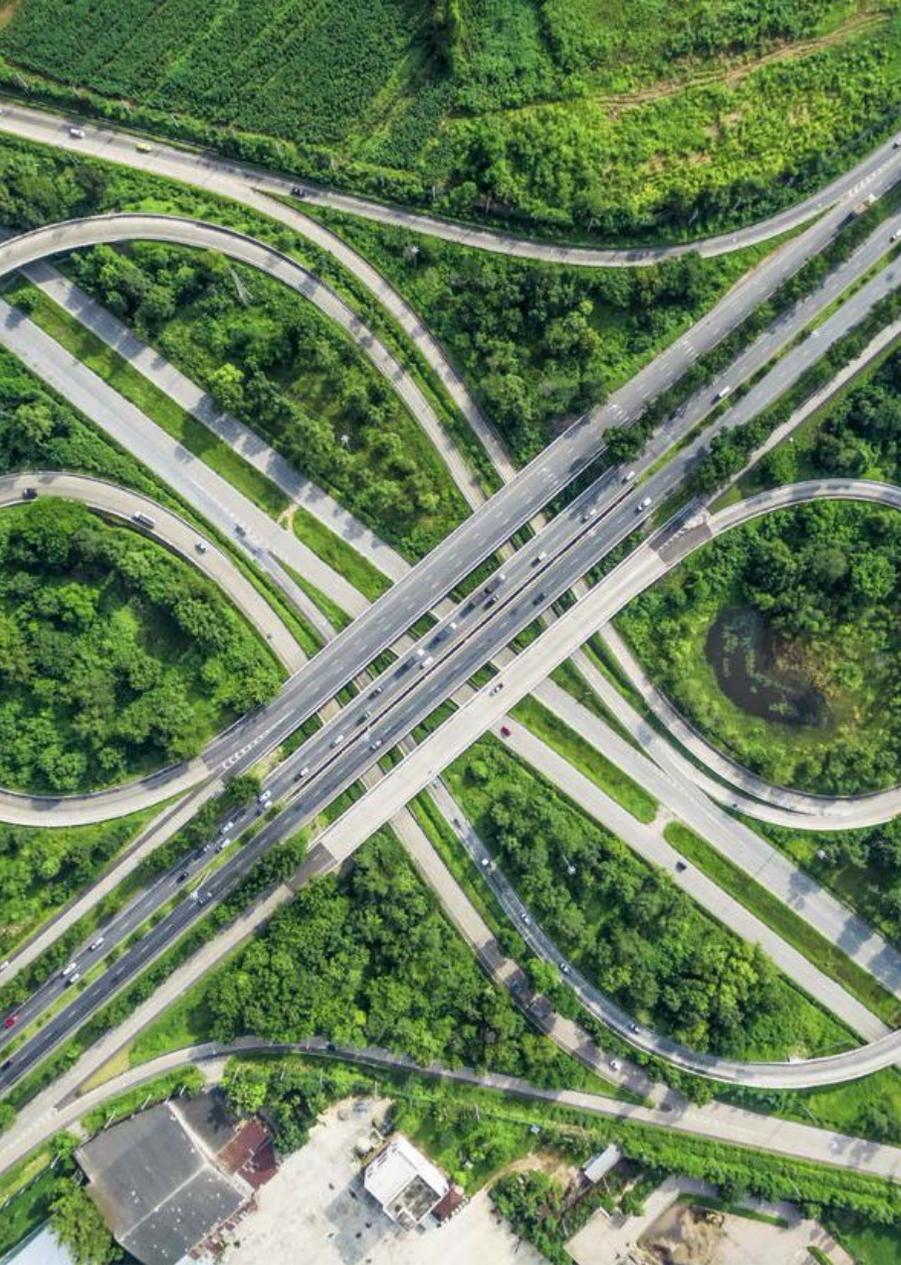




Arkansas Highway Commission Review and Advisory Subcommittee Meeting

Recommendations Report
Presentation:
Organizational Structure and
People Capabilities

July 22, 2020



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Executive Summary

Future State

A Vision Forward



Strategic

Adopting a portfolio view to optimize investments and resource deployment; ensuring accountability

> What It Looks Like

- Performance-based investments
- Resource planning to meet objectives
- KPIs to ensure internal accountability



Efficient

Documenting outcomes and analyzing trends to inform best practices; standardizing procedures for consistency

> What It Looks Like

- Direct & indirect cost savings / avoidance
- Optimizing practices based on data analytics
- Policies and procedures repeatable efficiency



Optimized

Strengthening human capital and information technology to align with current and future business needs

> What It Looks Like

- Maintenance of core institutional knowledge
- Engaged staff who are retained by ArDOT
- IT service that supports business objectives



Transparent

Communicating proactively with the traveling public, ArDOT employees, and other key stakeholders

> What It Looks Like

- Visibility into goals, process, and progress
- Awareness of decision-making priorities
- Closing the loop on all public inquiries

Recommendations

Overview

		Recommendation	Strategic	Efficient	Optimized	Transparent
Organizational Structure	1	Finalize KPIs and implement performance management	✓	✓		✓
	2	Strengthen knowledge management in anticipation of increased retirement			✓	
People Capabilities	12	Ensure staff can develop in their careers at ArDOT	✓	✓	✓	
	13	Improve staff capabilities to align with current / future organization needs	✓		✓	

Recommendations

Organizational Structure



Organizational Structure - Current State Findings

**Recommendation 1:
Finalize KPIs**

**Recommendation 2:
Strengthen
Knowledge
Management**

Key Finding(s)

OS2.1: Current Key Performance Indicators (KPIs) are limited to system condition. Operational effectiveness is not yet being measured

OS3.1: SOPs are extensive, but not regularly updated

OS3.2: Minimizing knowledge loss is a strategic priority for ArDOT, but efforts are not mature

Supporting Evidence

- Of ArDOT's **41 Performance indicators**, **17 emphasize on system condition**; **~18** are focused on operational effectiveness with **~12 under development**
- **Strategic goals** and objectives **lack performance targets**
- **District and Division KPIs do not exist.**
- There is **no operational plan to implement the Strategic Plan**

- ArDOT has **50+ SOP documents**
- There are **no standard protocols for developing and maintaining SOPs**. Instead, each division and district has their own internal protocol
- ArDOT has identified **knowledge transfer a High Priority Risk in it's TAMP**
- HR has developed a matrix to **identify key positions at risk for knowledge loss**, but the **next steps have not been finalized**



GLOSSARY

KPI: Key Performance Indicators SOP: Standard Operating Procedures

TAMP: Transportation Asset Management Plan

1. Finalize 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.



Anticipated Impact

- **Greater public transparency and accountability** related to Department goals
- **Assist the legislature** in informed policy and **budget decisions**
- Actionable insights into **initiatives that can achieve increased operational effectiveness**



Considerations

- **Long term initiative** that should be approached in phases
- **Focus on Department improvement** and enhancing **collaboration**
- **May require change management** to usher in implementation

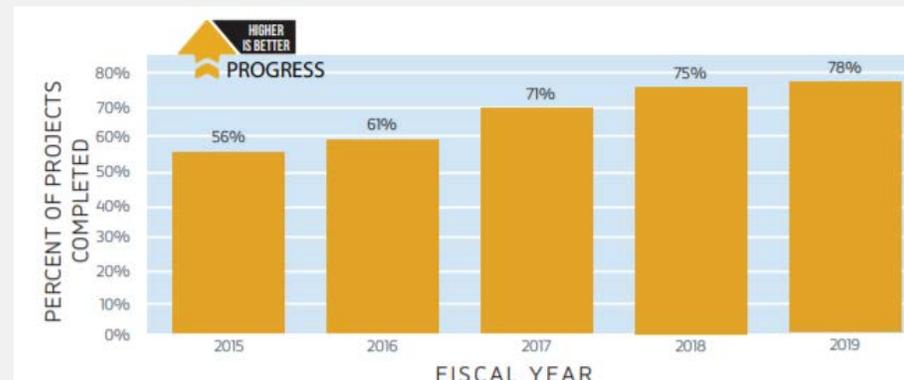


Implementation Summary

- **Finalize existing KPIs**, and establish **preliminary dashboard**
- Establish **baseline performance targets**; connect to strategic plan
- **Create and implement a roadmap** for a comprehensive performance management plan

Leading Practices

- **FHWA offers a comprehensive TPM framework** that links strategic planning, performance reporting, and continuous improvement.
- **Nine of the 10** comparison DOTs maintain a **performance scorecard** not exclusively tied to system condition
- Although not a comparison group DOT, Maryland DOT has one of the more mature reporting systems (see right).



Why Did Performance Change?

- Increased coordination with contractors and utilities
- Encouraging contractors to develop detailed plans prior to construction
- Adopting strategies such as A+B Bidding, which factor completion time as well as price in evaluating bids
- Utilizing Time of Year Letting strategies, which foster economies of scale
- Review active projects on an ongoing basis for adherence to completion schedule

What Are Future Performance Strategies?

- Continue to conduct a post-completion “lessons learned” process
- Continue to monitor the design process to account for potential challenges and define the project scope
- Continue to ensure that prior contract obligations are completed, such as coordinating with affected communities and utility companies

Source: Maryland Department of Transportation

GLOSSARY

KPIs: Key Performance Indicators TPM: Transportation Performance Management

The recommendations and findings included in the presentation are a point in time representation and are subject to change. Also, Anticipated Impacts are estimates, directional in nature. Please see the assumptions slide in the appendix for further details.

Implementation Roadmap



1

FINALIZE EXISTING KPIS

Benchmark KPIS against other peer states and verify relevance of KPIS with ArDOT stakeholders

Finalize ArDOT's identified KPIS¹ incorporating benchmark findings, stakeholder feedback, and a review of remaining report recommendations (and monitoring obligations)

Identify frequency of measurement and reporting

Establish preliminary dashboard to track performance on a regular basis

Consider making preliminary dashboard publicly available

2

ESTABLISH TARGETS

Establish Department-wide baseline targets and connect to the Department's strategic plan

Identify preliminary objectives that will yield identified performance targets

Translate goals and objectives to specific divisions and districts

Establish ArDOT leadership working group to monitor performance against targets with regular frequency; course correct as needed

3

CREATE A ROADMAP

Complete FHWA's TPM maturity level self assessment (or other comparable maturity assessment)

Identify gaps in key performance management components and in the underlying organizational and IT infrastructure

Create long-term roadmap to address gaps and achieve target maturity level

Establish a communications and change management plan to ensure staff members are informed and supported, and that performance framework meets stakeholder needs

Establish an annual review of KPIS to determine which ones truly measure and enhance Department performance

2. Strengthen knowledge management in anticipation of increased retirement

ArDOT’s efforts to address knowledge management (KM) 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.



Anticipated Impact

- **Minimize institutional knowledge loss** due to the **~26% of staff eligible to retire** in 10 years
- **Help identify operational efficiencies** such as **VDOT’s \$1.4M in cost avoidance due to better resource sharing**



Considerations

- **New IT systems** and software may be required
- Creating a comprehensive SOP inventory will help **ArDOT prioritize efforts in what could be a significant undertaking**
- **Leadership support** and change management may be needed for **lasting change**



Implementation Summary

- **Identify near-term “At Risk” business practices**
- **Initiate near-term succession planning activities**
- **Lay groundwork** for more formal knowledge management system
- Implement systems and processes to **sustain the desired change**

Leading Practices

- A 2014 National Cooperative Highway Research Program (NCHRP) study reveals **that key drivers** for DOT knowledge management initiatives are **minimizing knowledge loss due to staff turnover, and driving efficiency and innovation.**
- In addition to \$1.4M in cost avoidance savings, VDOT realized a **\$500k Return on Investment** by leveraging it’s KM system to launch a Project Record Keeping System

KM Drivers

- ✓ Loss of most experienced staff
- ✓ Organizational efficiency and innovation
- ✓ Workforce desire for electronic learning
- ✓ Management of exponential increase in information

KM Value

- ✓ Resilient and effective structures to share knowledge
- ✓ “Intelligent” decision making
- ✓ Effective and innovative organizational policies and practices

Source: NCHRP

GLOSSARY

KM: Knowledge Management SOP: Standard Operating Procedures NCHRP: National Cooperative Highway Research Program

Implementation Roadmap



1 IDENTIFY NEAR-TERM “AT RISK” BUSINESS PRACTICES

Expand existing initiative to identify “at risk of separation” employees by:

- Identifying districts and divisions with greatest likelihood of turnover
- Cataloging high-risk processes, applications, and areas of subject matter expertise

Inventory existing Standard Operating Procedures (SOPs) and training mechanisms to understand documentation and knowledge transfer gaps

2 INITIATE NEAR-TERM SUCCESSION PLANNING

Designate candidate staff members and teams to be new owners of “at risk” business process knowledge and expertise

Identify pathways for effective knowledge capture and transfer:

- SOP creation
- Job shadowing
- Cross-training
- Communities of practice

Identify and execute on implementation timeline

3 LAY GROUNDWORK FOR FORMAL KM SYSTEM

Designate a knowledge management team (i.e. SIR)

Identify POCs within each district and division to:

- Catalog existing SOPs
- Identify SOP owners, users, and contributors
- Oversee SOP development and revision
- Lead Communities of Practice (CoP)

Create a centralized hub for Department-wide SOPs, policies, and training materials; link appropriately to public website

4 IMPLEMENT SYSTEMS TO SUSTAIN CHANGE

Conduct annual review of hiring and workforce data (e.g., at the 1-, 3-, 5-, and 10-year tenure marks)

Create and rollout a standardized system for regular SOP review

Provide staff with a formalized approach to coaching, mentoring, and CoPs for continuous knowledge management

Consider employee incentives, where possible

People Capabilities



People Capabilities - Current State Findings

Recommendation 1:
Ensure Career
Development

Recommendation 2:
Improve Staff
Capabilities

Key Finding(s)

- PC1.1:** Recruitment and retention are challenges
- PC2.1:** Dissatisfaction with compensation
- PC2.2:** Strong Competition for talent
- PC3.2:** Flexible work strategies exploration
- PC4.1:** Career paths not defined nor communicated
- PC4.2:** Performance evaluations not understood or trusted

- PC3.1:** Staff have positive relationships with managers
- PC5.1:** Training is offered, but lack formal learning pathways
- PC5.2:** On-the-job training is preferred, but difficult to institutionalize

Supporting Evidence

- **Turnover rate has increased** from ~6% (2016) to ~9% (2019), with average tenure of Central Office staff **dropping from 6 to 2.5 years** (FY15 – FY19)
- **54% of staff definitively agree** that **“Employee retention is important at the Department”**
- Although *career paths are known informally*, staff **lack clarity** on precisely how their *career can develop*
- **53% of staff definitively believe that they can advance** their careers at ArDOT

- **74% of staff definitively trust their manager**
- A **~10% gap** exists in **measures of favorability** between **division/district and executive leadership**
- **58% of staff** definitively agree that they have **received an adequate amount of training** and only slightly more found the training useful
- There are **no formal learning pathways** that align training with job competencies, performance evaluations, or career ladders.



12. Ensure staff can develop in their careers at ArDOT

Approximately half of ArDOT staff definitively agree that 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.



Anticipated Impact*

- For ArDOT, improved retention could **increase cost avoidance** per year by ~\$5M
- **Adopting leading practices** in career development may **increase likelihood** ArDOT **staff are retained** to seek promotion at the Department rather than at a competitor by ~5.0%

*See Appendix for calculation assumptions



Considerations

- **Consider career lattices** when traditional career ladders are inaccessible
- **Align career development** activities with **training and knowledge management**



Implementation Summary

- **Verify roles at high risk of turnover** and important to succession planning
- **Conduct compensation study**
- Develop and **publicize career, skill, and salary progression**
- **Promote buy-in** among staff for the **performance-based pay and evaluation practice**

Leading Practices

- **Workforce development interventions are tailored** to the skills, culture, and goals of the implementing organization.
- ArDOT can consider **strategies used by other DOTs to strengthen growth opportunities for employees** (see right).

State DOT

Intervention

Oklahoma

- Commissioned compensation study of all DOT roles
- Implemented pay raises averaging 7%
- Turnover fell from 12% to 11% in first year

Texas

- Supervisors responsible for career planning with reports
- Financial assistance for engineers training to obtain licensing
- Special bonuses for high performers and long tenured staff

Montana

- Implemented career ladders in: engineering, construction contracting, info services, maintenance, motor carrier services, and safety & health

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 may be able to take on greater responsibility within the Department.



Anticipated Impact

By implementing “opportunities to learn and grow” ArDOT may increase:

- **Job satisfaction and retention**
- Staff **confidence and motivation**
- Staff **ability** and interest in **taking on more work and assuming greater responsibility**



Considerations

- Consider **updating training** over time to account for **changes in programs and equipment**
- **Provide training at all levels above entry-level roles:** senior level employees can benefit as well
- **Prioritize training** to areas that will deliver the **greatest impact**



Implementation Summary

- **Align trainings** to job descriptions and **career planning activities**, and fill any training gaps
- Reinstigate **manager training**
- **Assign trainings** as part of **performance evaluation process**
- **Consider cross-training** in high turnover positions and formalizing **on-the-job, practical training**

Leading Practices

- A report from the Transportation Consortium of South-Central States identified the cost of turnover as exceeding 100% of the annual compensation of the resigning employee
- **Pennsylvania DOT** uses a **standardized approach to identify the skills, knowledge, and competencies** for each key component of a role. It then identifies all related training opportunities available, and **provides a suggested curriculum** from a selection of these trainings (see right)

SUGGESTED CURRICULUM FOR DISTRICT BRIDGE INSPECTION MANAGER/SUPERVISOR

Phase One	Phase Two
Alkali-Silica Reactivity Workshop-Lithium Impact	Advanced Section 4(f)
APRAS	Context Sensitive Solutions Training
Basic Bridge Safety Inspection Course	Environmental Permit Requirements for
BMS	Maintenance/Inspection Around Streams: The
Bridge Scour Evaluation	Dos and Don'ts
Business Writing	Fundamentals of Project Management With Open
Crystal Reports for BMS Users	Plan
Design and Operation of Work Zone Traffic Control	LRFD for Highway Bridge Substructures

Source: Pennsylvania Department of Transportation

The recommendations and findings included in the presentation are a point in time representation and are subject to change. Also, Anticipated Impacts are estimates, directional in nature. Please see the assumptions slide in the appendix for further details.

Implementation Roadmap*



1

IDENTIFY TALENT NEEDS

Identify the skills and roles essential to the Department's success, based on:

- ArDOT's strategic plan
- Over- and under-utilized teams across districts and divisions

Validate current and anticipated talent gaps via:

- Analysis of high turnover positions and teams
- Finalizing succession planning analysis

Conduct compensation study to validate appropriateness of salary bands

2

DEVELOP CAREER PATHS

Identify existing career paths within ArDOT, based on:

- Existing job descriptions and detailed competencies
- Data on past promotions
- Interviews with District Engineers and Division Heads

Identify gaps in career pathways, and determine if new roles should be created

Adjust compensation as needed based on study; ensure salary progression along career paths is competitive and appropriate

3

PUBLICIZE CAREER PATHS

Document steps required for advancement along career paths, including:

- Competencies
- Years of experience
- In-house trainings
- External certifications

Develop materials for staff, supervisors, and recruiters to facilitate understanding of the steps required and, for supervisors, be able to support direct reports through the process

4

ALIGN WITH TRAINING & EVALUATION

Training:

- Catalog training resources by related competency
- Develop suggested curriculum for roles
- Consider training performance in evaluation

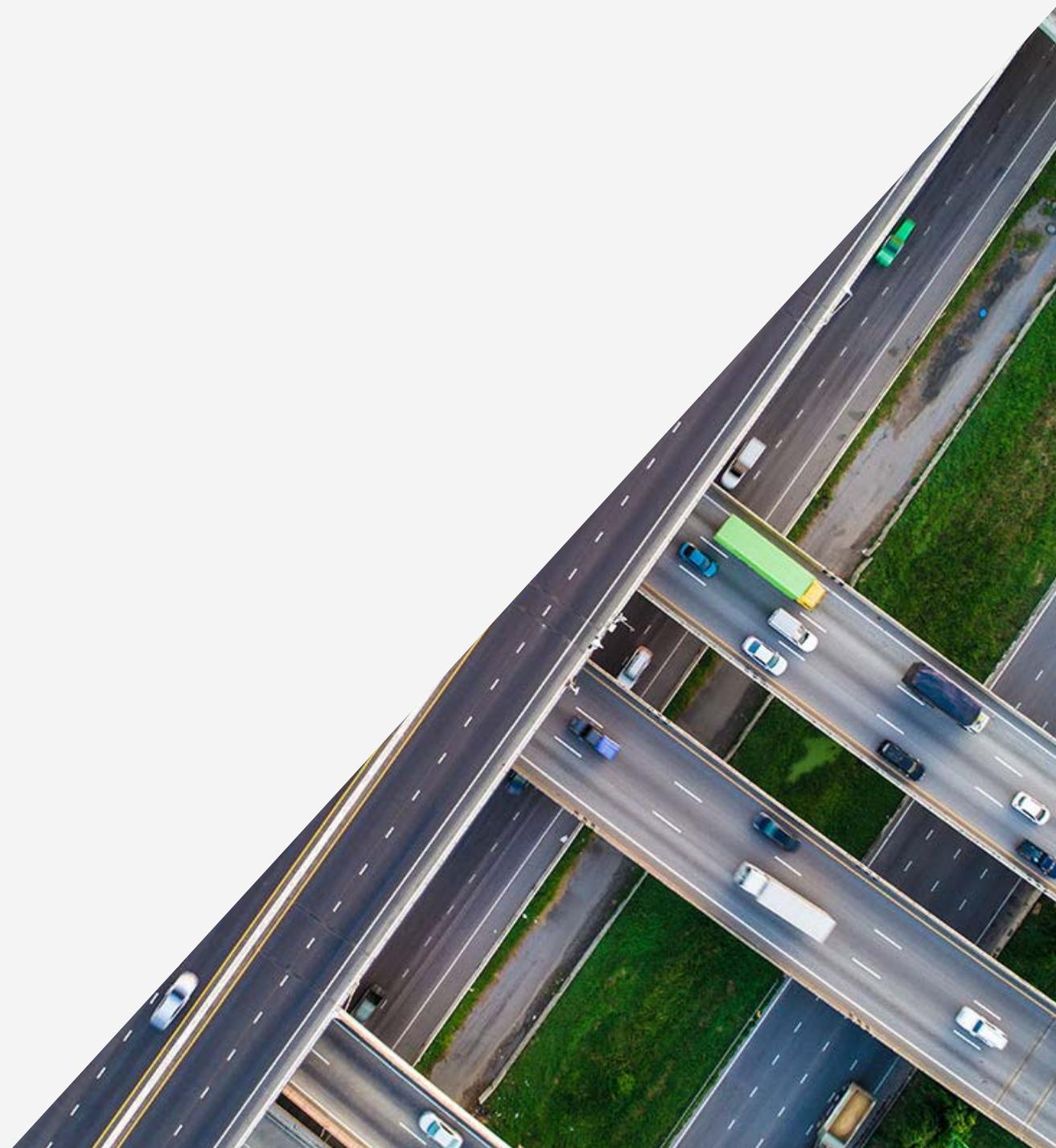
Evaluation:

- Formalize career planning with supervisors as part of annual evaluation
- Refer staff to specific training resources for performance improvement

Questions?



Appendix





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Assumptions

1. The recommendations included in the presentation and in the corresponding Recommendations Report are based on a point in time Current State Report delivered to the Highway Commission and Advisory Subcommittee on March 13, 2020. This Current State Report was based on interviews conducted with the Arkansas Department of Transportation (ArDOT) staff members and various external stakeholders and a review of documents ArDOT provided to Guidehouse from September 2019 – February 2020. Recommendations and Findings are subject to change based on mitigating documentation and clarifications provided by ArDOT subsequent to the publication of this report.
2. The Anticipated Impacts identified within this presentation and the corresponding Recommendations Report are estimates, directional in nature, and represent the upper end of the savings range

Recommendation 12 - Anticipated Impact Assumptions



1

~\$5M in cost avoidance per year by averting projected turnover increases (instead maintaining current 8.6% rate), based on cost estimates from [Tran-SET](#)

A report from the Transportation Consortium of South-Central States identified the cost of turnover as exceeding 100% of the annual compensation of the resigning employee. Applied to ArDOT, this yields a 2019 turnover cost of ~\$11.8M (320 staff, \$36.9K salary). Based on available data for 2015-2019, the turnover rate is increasing ~15.3% annually. If unchecked, the rate will rise from 9.6% in 2020 to 14.9% in 2024. This translates to:

- \$13.3M in 2020, \$14.9M in 2021, \$16.7M in 2022, \$18.7M in 2023, \$21.0M in 2024; 5-year total: \$84.6M
- If ArDOT maintains the current rate of turnover, it will instead spend \$11.8M per year; 5-year total: \$59.2M (a difference of: \$25.4M, or ~\$5M/year)
- Note: We assume no change in salary, as between 2014 and 2019, salaries remained fairly flat at -0.58%
- Note: MoDOT has reported an even higher cost: ~\$54K per person, with annual costs ~\$32.5M (as of 2019)

2

~5.0% increase in likelihood staff are retained to seek promotion at ArDOT rather than at competitor, by adopting [HBR's](#) best practices in career development

A study published in Harvard Business Review found that raising a company's Glassdoor "career opportunities" rating by one star (out of five) was "associated with a five-percentage-point higher chance that workers would stay for their next role."

- ArDOT's current "career opportunities" score is 3.6; raising it by 1 star to 4.6 would be associated with a 5% higher chance that staff will remain at ArDOT for their next role, rather than leaving to pursue advancement elsewhere

Organizational Structure Current State Findings

OS 1.1: ArDOT shares several characteristics with other state DOTs; some are unique to Arkansas.

- About half of state DOTs have a commission, board, or other independent body with some level of oversight over the DOT. In Arkansas, this is the Highway Commission.
- Arkansas is one of only 6 states in which the DOT Director is appointed by the commission without any input from the governor or legislature, and one of only 2 states in which DOT Directors are not members of the Governor's cabinet (among states that use cabinet systems).
- Federal funds are allocated to ArDOT through legislative appropriation, rather than directly to the Department. About two-thirds of states share this practice.
- HCRAS reviews proposed rules from the Highway Commission. Most states have a similar practice to ensure proposed rules from DOTs comply with relevant statutes.
- HCRAS reviews progress reports from the Commission on ArDOT projects exceeding \$10M+. Half of other state legislatures play a more substantial role in approving projects.
- Arkansas requires a financial audit of the state DOT (by Legislative Audit), as do most states.

OS 2.1: Current Key Performance Indicators (KPIs) are limited to system condition. Operational effectiveness is not yet being measured.

- ArDOT has KPIs in support of its 2017-2022 Strategic Plan and 2040 Long Range Intermodal Transportation Plan. Many align with federal reporting requirements, and accordingly reflect FHWA's and FTA's emphasis on system condition and safety.
- However, there is no formal implementation plan to operationalize the Department's Strategic Plan.
- The Department is required to meet federal performance targets in Pavements, Bridges, Travel Time Reliability, Freight Reliability, and Congestion Mitigation and Air Quality. ArDOT is on track to meet targets in all areas with financial penalties attached to below-target performance.
- Department KPIs on operational effectiveness are in development, but have not been finalized or tracked and analyzed. This includes: rate of employee turnover and percent of customers who feel ARDOT provides clear information.
- Division- and district-level KPIs have not been identified.
- Identifying and tracking performance metrics is essential to accountability, and may in some cases facilitate improvements, as demonstrated by some DOTs who saw such changes after implementing mature performance management systems.

Organizational Structure Current State Findings

OS 3.1: Standard operating procedures (SOPs) are extensive, but not regularly updated.

- ArDOT has 50+ Standard Operating Procedures documents, including job-specific manuals, approved criteria and specifications, and policies and procedures.
- Yet there are no standard protocols for developing and maintaining SOPs. Instead, each division and district has their own internal protocol, filling gaps as identified.
- Anecdotally, district staff report benefitting from network building and idea sharing with peers, although few such events are held frequently for most staff.
- The recently published construction inspector's manual, which "fills in the blanks" for new hires, is an example of this. It was developed from the ground up by districts.
- Knowledge management gaps may not be readily apparent to staff, who leverage positive working relationships to fulfill work tasks. 82% of staff say: "I know who/where to go to get the information I need to do my job effectively."
- However, with retirement and turnover issues common at state DOTs, knowledge management practices are needed to maintain institutional knowledge.

OS 3.2: Minimizing knowledge loss is a priority for ArDOT, but efforts are not mature.

- About 26% of staff are or will be eligible for retirement within the next 10 years. On par with broader demographic trends, about 74% of these staff are based in districts.
- As such, the 2019 TAMP rated knowledge transfer a High Priority Asset Management-Related Risk, and identified high priority actions to mitigate this risk.
- However, these efforts are not yet mature. HR has developed a matrix to identify key positions at risk for knowledge loss, but the next steps have not been finalized.
- ArDOT advertises anticipated open positions due to retirement well in advance to allow time for retiring staff to train their replacements, but it is not always possible.
- The Department does not have a policy of hiring back retired staff for temporary, part-time roles, as there is no enabling legislation to allow such a practice.
- Some DOTs have enacted such policies: Facing recruitment challenges for qualified bus operators, the City of Annapolis DOT began hiring retirees part-time. With capacity needs met, the DOT could promote existing part-time operators to full-time.

People Capabilities Current State Findings

PC1.1: Employee engagement and retention are challenges for ArDOT.

- The 2019 Transportation Asset Management Plan (TAMP) identified maintaining experienced staff as a High Priority Asset Management-Related Risk, and recommended flexible work strategies, improved staff training, and employment incentives. However, these efforts are not yet mature.
- Only 54% of staff definitively believe "Employee retention is important at the Department," and only 47% definitively say ArDOT "values its employees."
- Just one-third of staff are likely to recommend ArDOT as an employer to friends and family – a common measure of job satisfaction.
- The Department has seen an increase in turnover, potentially driven by staff choosing to leave earlier in their tenure than previously.
- This is most pronounced among central office staff: average tenure of resigning staff dropped from 6.0 to 2.5 years between FY15-19.5
- Accordingly, surveys indicate engagement among staff with employment tenure of 3 to 5 years is the lowest of any group.
- Yet staff shared anecdotally it takes ~5 years to fully train new hires. ArDOT may be losing staff just as they become fully capable.
- However, the Department has a foundation from which to build on to improve its retention challenges: 63% of ArDOT staff who responded to the survey reported being unlikely to leave the Department in the next five years, compared to 45% at Oklahoma DOT.

People Capabilities Current State Findings

PC 2.1: ArDOT staff value the Department's benefits, but dissatisfaction with compensation is widespread.

- Most staff cite benefits and stability as the main reasons they joined ArDOT.
- More than 80% view the annual leave, sick leave, and retirement plan favorably, though only half are satisfied with the Department's insurance benefit.
- ArDOT employs a leading practice by quantifying its benefits package, showing applicants how the combined salary and benefits package compares to competitors.
- Despite this effort, lack of satisfaction with compensation is widespread. Less than half of staff are satisfied with their compensation and even fewer expect pay increases.
- Only 56% believe the Department's performance-based pay practice will translate to wage progression, if their job performance meets or exceeds expectations.

PC 2.2: ArDOT faces strong competitors who offer higher wages for both entry-level and experienced professionals.

- Staff believe other employers can offer better compensation, with only 38% definitively agreeing "My salary is competitive with similar jobs I might find elsewhere."
- Labor market reports validate this claim, particularly for the two position categories reported to have the worst retention issues: engineering and maintenance.
- The gap between public and private sector engineering salaries has been estimated to be \$15,500 on average. For oil and gas specifically, the gap increases to \$47,500.
- ArDOT's engineer salaries are above average in the majority of Arkansas cities and nonmetropolitan areas surveyed in this report. However, Arkansas has the lowest civil engineer salaries of neighboring states, on average, as depicted in the graph.
- Competitors for maintenance staff span many industries. DOTs in the region report that some private sector jobs with low barriers to entry have salaries that are much higher than DOTs', although few provide the same level of benefits as DOTs.
- These DOTs report losing staff to the oil and gas industry. ArDOT district staff have also reported losing entry-level staff to high-paying pipeline jobs.
- ArDOT's Maintenance Aide salaries are at or below average compared to similar positions in Arkansas cities and nonmetropolitan areas

People Capabilities Current State Findings

OS 3.1 Staff have positive relationships with managers, but lack confidence in leadership.

- Nearly 70% of staff definitively believe in ArDOT's mission, yet fewer than 60% definitively believe the Department can execute to have "a bright future."
- Favorability of division and district leadership exceeds that of executive leadership: there is a ~10% gap in measures of trustworthiness, decision-making, acting on employee feedback, and recognizing employees.
- In contrast, staff report positive relationships with managers in measures of: fairness, trustworthiness, communication, and addressing conflicts.
- Most staff credit ArDOT's culture for these positive relationships.
- One investment has been sponsorship of employees to complete Dale Carnegie courses. About 1,000 courses were completed per year over the past 5 years, roughly equivalent to a minimum of 68 staff participating.
- However, ArDOT recently discontinued this practice. The Department instead plans a new leadership development program involving mentorship, executive coaching, and 1-2 years of online coursework. Yet the planned program will serve many fewer staff: 20-30 per year.
- In support of district managers and leaders, the Department has also hired HR specialists for staff disciplinary issues and 1:1 coaching.

PC 3.2: ArDOT is exploring flexible work strategies to alleviate staffing challenges.

- ArDOT joins many regional DOTs in offering flexible schedules to retain staff. Such practices have been shown to be widely well received by employees and to positively impact moral, productivity, and retention.
- Three-quarters of staff definitively believe "My manager allows for flexibility in how work is accomplished" and even more report having work-life balance.
- Based on employee feedback, ArDOT expanded flex-time in 2019.
- District staff shared positive anecdotes from their use of the 4/10 model, in which employees work 4 days per week, 10 hours per day, with any additional coverage provided on Fridays eligible for overtime. This practice is widespread and formalized across the Department.
- This practice yielded nearly \$20K in cost savings when implemented by Texas DOT for maintenance crews. With fewer days, staff spent more time per week on productive tasks, and less time staging equipment and traveling. The result was 52K fewer vehicle and equipment miles logged, which reduced fuel and supplies costs, as well as vehicle wear and tear.
- District staff have struggled to make use of other flexible work strategies like telecommuting given the field-based nature of many roles.

People Capabilities Current State Findings

PC 4.1: Career pathways are not defined or clearly communicated to staff.

- Just over half of staff definitively believe they can advance their careers at ArDOT or that they are encouraged to pursue such career development activities at the Department.
- The reported low engagement among staff with tenure of 3 to 5 years, and the increase in staff resigning with 3 years of tenure on average, support the need for career pathways that allow staff to grow within and beyond their roles.
- As one example, district managers shared that entry-level staff cannot advance until there is an opening, which means that staff may remain in entry-level roles beyond the appropriate amount of time if staff above them do not leave until retirement.
- Central to this issue is the lack of documentation and communication of accessible career pathways. Although career paths are known informally, staff lack clarity on precisely how their career can develop over time with the Department.

PC 4.2: Staff lack confidence in the performance evaluation process.

- District staff shared during interviews that their direct reports found the performance evaluations difficult to understand, and were unsure how they related to their roles.
- While 65% of staff definitively state that they understand how their performance is evaluated, less than half definitively say that “I believe it is worth my time and effort to complete the self-evaluation.”
- This likely connects to the previously reported observation that staff do not definitively believe that a positive performance evaluation will translate to an increase in compensation
- About half of staff definitively agree that good work is recognized and rewarded, yet only 38% definitively say “If I exceed expectations, I receive rewards that I value.”
- Exemplifying this disconnect: only 42% of ArDOT staff definitively agree “Promotions in my division/district go to those who deserve them the most.”
- Although staff have negative perceptions of the formal evaluation process, they speak positively of informal assessments: 62% of staff definitively report that their manager regularly provides useful feedback related to their work product.

Organizational Structure Current State Findings

OS 5.1: While training is offered, there are no formal learning pathways that define training plans.

- 6,160 optional trainings were completed by staff in FY19.
- This represents a decline following years of increasing trainings from 3,786 in FY15 (1 per employee) to 9,486 in FY18 (2.6 per employee).
- The largest training area is maintenance and construction with an average of 2,600 trainings completed yearly. Most trainings include courses related to Commercial Driving Licenses (CDL) and national programs like NPDES, as well as the Center for Training Transportation Professionals.
- Only 58% of staff definitively agree "In the last year, I have received an adequate amount of training," and only slightly more found the training useful.
- Yet there are no formal learning pathways that align training with job competencies, performance evaluations, or career ladders.
- Managers are unsure which courses should be required for staff at various points in their development, and will informally assign Achieving Career Excellence (ACE) trainings or on-the-job learning as needed.
- The maintenance training academy may provide this in later phases, but those are not yet defined. The current focus is entry level training.
- In a survey of 14 DOTs, Arkansas was the only to not provide project management training. Most developed in-house trainings.

OS 5.2: On-the-job training is often preferred, but difficult to institutionalize.

- Staff perspectives on ACE are mixed: while 65% report having used the system, only 46% definitively say it provides valuable learning opportunities.
- Managers shared that ACE offers generalized introductions to topics, but is not specific to ArDOT construction and maintenance plans.
- Many reported a preference for training new staff by pairing them with experienced staff for on-the-job training and mentorship, which they find particularly useful given lack of computer literacy among some staff.
- Staff find this approach useful: 65% of staff definitively agree "My manager works with me to develop my skills to do my job effectively."
- Yet on-the-job training is difficult to schedule and prioritize amid ongoing demands of construction and maintenance work.
- Some districts make use of the at-times lighter project schedules in winter to conduct training then, but this is not a formalized practice.
- There are alternative strategies to meeting training needs of district staff. For example, Minnesota DOT deploys a van equipped with technical equipment to deliver hands-on, practical training directly to maintenance crews. Courses cover maintenance of asphalt pavement, culverts, gravel roads; managing vegetation and erosion sediment; and several more.