



California Environmental
Protection Agency

QUALITY IMPROVEMENT PARTNERSHIP

Annual Report Pursuant to Senate Bill 1191
(Speier, Chapter 745, Statutes of 2001)

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Cal/EPA's Quality Improvement Partnership

Introduction

As part of Senate Bill 1191 (Speier, Chapter 745, Statutes of 2001), the California Environmental Protection Agency (Cal/EPA) was directed to institute “quality government programs” within the Agency and its six boards, departments, and office (BDO). The bill requires that the Agency provide an annual report to the Governor and the Legislature on the extent to which Cal/EPA has attained its performance objectives and continuous improvement efforts. This legislative mandate originated in Senate Bill 1082 (Calderon, Chapter 418, Statutes of 1993).

Known as the *Quality Improvement Partnership (QIP)*, this organizational improvement effort has evolved over the past few years and is synchronized with the growing maturity of the Agency, which celebrated its tenth anniversary this year. The early implementation stages of the QIP focused on building a foundation to support the successful start-up of a quality management program, and now, several years later, has been integrated organizationally as an ongoing business practice. This continuous organizational improvement approach supports the Agency in successfully accomplishing its mission – to restore, protect, and enhance the environment, to ensure public health, environmental quality, and economic vitality in California.

The core values and concepts used by the Malcolm Baldrige National Quality Program, a nationally recognized model for organizational improvement, serves as the framework to distinguish the Agency as a leader not only in environmental protection, but also as a model organization for state government. The Baldrige criteria (see Appendix C) are utilized by Cal/EPA to improve organizational performance practices and capabilities, serves as a working tool for understanding and managing performance, and guides planning and training efforts. As Cal/EPA celebrates and rewards improvement efforts, it has not lost sight that achieving overall organizational improvement is a day-to-day journey. Throughout this journey, the Agency must place a focus on involving internal and external stakeholders, improving and/or re-engineering processes, and committing top management support to the QIP.

Private and public sector organizations that have embraced an organizational improvement philosophy note the benefits in stronger partnerships (internally and externally), reportable measured performance, enhanced productivity, and an improved work environment. This legislative report highlights the Agency's high-level

plans and actions put in place over the past year in support of greater levels of organizational performance. These successes, in part, stem from the Agency's continued emphasis on proactive cross-media and cross-organization coordination in addressing environmental challenges, a commitment to measuring environmental results, and building partnerships with stakeholders both in the private and public sectors. Cal/EPA looks forward to achieving greater levels of success in the coming years and sharing its future accomplishments with the public.

Organizational Improvement: An Overview

To place into context our work in organizational improvement, it is important to first recount the concepts of quality management. Quality management is a philosophy for organizational change and continuous improvement. Inherent in its concepts are three fundamentals that apply in both the private and public sector environments:

- Focus on the customer, both internal and external;
- Long-term commitment and top management support; and
- Continuous analysis of work processes and attention to the way work gets done.

Implemented effectively, quality management helps an organization to:

- Accomplish goals more successfully;
- Measure performance;
- Meet or exceed customers' expectations;
- Enhance productivity;
- Focus on doing the most critical work;
- Build stronger relationships, both internally and externally; and
- Improve the work environment

Private sector organizations that are considered the forerunners in the area of organizational improvement – Xerox Corporation, IBM, Hewlett-Packard, Motorola, and Ford Motor Company, just to name a few – have been involved in organizational improvement activities for the last quarter century. Public sector organizations, like Cal/EPA, have made great strides in achieving their program mandates through the implementation of these management concepts and practices.

The Year in Review and A Look Forward

In July 2000, Cal/EPA published its first agency-wide Strategic Vision thereby crystallizing the Agency's vision, mission, and core values. The Strategic Vision outlined several goals and objectives focused on meeting California's environmental goals. This document reflects the ideas, challenges and opportunities identified during various thought-provoking conversations with stakeholders and the leaders of Cal/EPA's boards, departments, and office (BDO).

From an organizational improvement perspective, clarity of purpose and direction communicated by the highest levels of the organization provides the framework to deliver increased levels of service, efficiency, and value to Californians and the environment.

During the course of this report year, the Agency's organizational improvement efforts focused on three primary areas: 1) Agency-level initiatives and actions; 2) organizational improvement support from the Agency's Assistant Secretary for Quality Programs and the BDO's Quality Consultants; and, 3) programs administered within the BDOs.

Agency-Level Initiatives and Actions

With the Strategic Vision in place, each BDO mobilized to develop plans based on their own unique mission. Recognizing the need to create cross-media strategies for addressing environmental problems, BDO policymakers and continuous improvement representatives participated on a cross-agency team to apprise one another of respective priorities, challenges, and areas where collaboration amongst them would be essential to environmental success.

To help foster improved coordination and cooperation between the BDOs and better facilitate cross-media approaches to resolving issues, team members were briefed on key Agency initiatives including pollution prevention, environmental education, environmental justice, children's health, and cross-border environmental issues. The focused conversations brought to light specific, concrete areas where two or more BDOs could join forces, commit resources, and document their intent in individual BDO strategic plans.

This strategic planning approach not only resulted in a greater understanding and respect for each other's contribution to the protection of public health and the environment, but an increased commitment to ensure that strategies for success in

one media does not create a problem in another. The approach also helped align and connect the individual plans of the BDOs to the overarching Agency Strategic Vision.

In addition to supporting cross-media collaboration, the Strategic Vision also committed the Agency and the BDOs to focus on measurable environmental results to guide the state's environmental protection programs. To support this commitment, environmental indicators are currently being developed in a collaborative effort known as Environmental Protection Indicators for California (EPIC). The Office of Environmental Health Hazard Assessment is coordinating this project, which involves not only Cal/EPA's BDOs, but also certain programs in the Resources Agency and the California Department of Health Services. Over the past several months, EPIC project staff has been working on adopting a process and criteria for indicator identification and selection, and developing the initial set of indicators.

Environmental indicators convey complex information in a concise, easily understood format, and have a significance extending beyond that directly associated with the measures from which they are derived. These environmental indicators will support the continued development and implementation of a results-based management system for Cal/EPA. They will be used in communicating information about the California environment to the public and the Legislature.

Information technology (IT) enhancements are also part of the Agency's continuous organizational improvement efforts. Specific activities and projects are either underway, planned for, or merit testing, and will increase the integration among the BDO IT services and information both statewide and within the Cal/EPA Headquarters Building. These projects offer the promise of higher levels of IT capabilities and services that ultimately better serve the public in general, stakeholders, and staff. For example, a new, full-featured cross-BDO search capability has been implemented on the Cal/EPA external Web site and includes content from all BDO Web sites. Individual BDO Web sites offer their respective constituents a myriad of information, reports, and, in some cases, the ability to conduct on-line transactions. In another instance, the Department of Pesticide Regulation adopted an e-Government strategic plan and implemented strategies including the improvement of five key business processes, to deliver pesticide program services using cost effective, useful, and accessible e-Government technology solutions that support its environmental protection mission.

Organizational Improvement Support

In support of the Agency's Quality Improvement Partnership, the Assistant Secretary for Quality Programs and the Quality Consultants from each BDO offer their expertise in change management and organizational improvement. Specific areas this team supported during this report period include:

Cross-Agency Strategic Planning Team – As previously mentioned, these individuals participated in the cross-Agency strategic planning team. Their contributions focused

on facilitating collaborative approaches among the BDOs and providing guidance on effective strategic planning models. They also consulted with and assisted their respective BDO executive management team on the strategic planning process (gathering internal and external stakeholder input, facilitating leadership team involvement and performance measure development, and developing strategic plan deployment plans).

Cal/EPA Headquarters Building Co-Location – The Quality Consultants continued to assist with the transition of approximately 3000 staff members to the new Cal/EPA Headquarters Building between August and December 2000. Over 55 on-site orientation sessions (workshop and building tour) were conducted for staff. Once all staff had relocated to the new facility, the Quality Consultants shifted their focus to ensuring processes were in place for on-going communication to staff with respect to “living in the new building” issues. The Quality Consultants helped coordinate the flow of critical information to staff through the EPANet, an Agency-wide Intranet system they specifically designed for the building move. Using this vital communication vehicle, employees were kept abreast of new building procedures and policies, the status of the opening of employee services areas, and how to report building problems.

In orchestrating this change management project, the Quality Consultants team helped smooth the transition of staff to the new facility, contributed to increased communication between management and staff, and lessened the disruption of services to the public during the move. As a result of this successful change management intervention, the team has been approached for information, strategies, and materials by other state agencies facing similar efforts.

EPANet and On-line Employee Orientation – Prior to the move to the headquarters building, the Quality Consultants created the concept and framework for the EPANet, an internal Agency-wide Intranet site. The EPANet served as the hub of information for staff on the status of move dates, parking allocations, orientation sessions, and other building-related issues.

Once the move was completed, the Quality Consultants worked with information technology staff to transition the EPANet into a day-to-day communication tool. One of the new features added was an on-line employee orientation system. This program offers two types of information. For the staff member who is new to Cal/EPA, an overview of the Agency’s history, basic environmental laws, and organizational structure is provided on the EPANet. For the staff member who is a new occupant to the Cal/EPA Headquarters Building, a myriad of building information is available on the EPANet to acclimate the employee to their new surroundings. Information on building policies, building amenities, employee services, and neighborhood services is also available on this site.

In addition to these cross-Agency activities, each Quality Consultant provides internal consultation services to their respective BDO and supports their executive leadership with organizational improvement projects including conducting employee surveys,

meeting planning and facilitation, training interventions, and problem identification and assessment.

Programs Administered Within the BODs

Both the Agency and its BDOs made significant strides toward improving the quality of environmental health over the past year. These specific accomplishments and priorities are reported to the Legislature through reports entitled “Cal/EPA Accomplishments and Priorities Semiannual Report” and are published twice yearly for each six-month period. Reporting periods relevant to this legislative report include July – December 2000, January – June 2001, and July – December 2001. The most recent report (January – June 2001) is available to the public on the Cal/EPA Web site.

Appendix A - Statutes*Senate Bill 1082 (Calderon, Chapter 418, Statutes of 1993)*

(c) On and after December 31, 1998, the agency, and each board, department, and office within the agency, shall submit a yearly report to the Governor and Legislature, as part of the budget process, reporting on the extent to which they have attained their performance objectives, and on their continuous quality improvement efforts.

(d) Nothing in this section shall be interpreted to abrogate any collective bargaining agreement or interfere with any established employee rights.

(e) For purposes of this section, "quality government program" means all of the following:

(1) A process for obtaining the views of employees, the regulated community, the public, environmental organizations, and government officials with regard to the performance, vision, and needs of the agency implementing the quality government program.

(2) A process for developing measurable performance objectives using the views of the persons and organizations specified in paragraph (1).

(3) Processes for continually improving quality and for training agency personnel, using the information obtained from implementing paragraphs (1) and (2).

Senate Bill 1916 (Sher, Chapter 881, Statutes of 1998)

SEC. 12. Section 57000 of the Health and Safety Code is amended to read:

57000. For purposes of this division, the following terms have the following meaning:

(a) "Agency" means the California Environmental Protection Agency.

(b) "Council" means the California Environmental Policy Council established by Section 71017 of the Public Resources Code.

(c) "Secretary" means the Secretary for Environmental Protection.

SEC. 13. Section 57007 is added to the Health and Safety Code, to read:

57007: (a) The agency, and the offices, boards, and departments within the agency, shall institute quality government programs to achieve increased levels of environmental protection and the public's satisfaction through improving the quality, efficiency, and cost-effectiveness of the state programs that implement and enforce state and federal environmental protection statutes. These programs shall be designed to increase the level of environmental protection, while expediting decision-making and producing cost savings. The secretary shall create an advisory group comprised of state and local government, business, environmental, and consumer representatives experienced in quality management to provide guidance in that effort.

The secretary shall develop a model quality management program that local agencies charged with implementing air quality, water quality, toxics, solid waste, and hazardous waste laws and regulations may use at their discretion.

(b) Notwithstanding Section 7550.5 of the Government Code, the agency, and each board, department, and office within the agency, shall submit a yearly report to the Governor and Legislature, as part of the annual budget process, reporting on the extent to which these state agencies have attained their performance objectives, and on their continuous quality improvement efforts.

(c) Nothing in this section abrogates any collective bargaining agreement or interferes with any established employee rights.

(d) For purposes of this section, "quality government program" means all of the following:

(1) A process for obtaining the views of employees, the regulated community, the public, environmental organizations, and governmental officials with regard to the performance, vision, and needs of the agency implementing the quality government program.

(2) A process for developing measurable performance objectiveness using the views of the persons and organizations specified in paragraph (1).

(3) Processes for continually improving quality and for training agency personnel, using the information obtained for implementing paragraphs (1) and (2).

Senate Bill 1191 (Speier, Chapter 745, Statutes of 2001)

SEC. 143. Section 57007 of the Health and Safety Code is amended to read:

57007. (a) The agency, and the offices, boards, and departments within the agency, shall institute quality government programs to achieve increased levels of environmental protection and the public's satisfaction through improving the quality, efficiency, and cost-effectiveness of the state programs that implement and enforce state and federal environmental protection statutes. These programs shall be designed to increase the level of environmental protection while expediting decision-making and producing cost savings. The secretary shall create an advisory group comprised of state and local government, business, environmental, and consumer representatives experienced in quality management to provide guidance in that effort. The secretary shall develop a model quality management program that local agencies charged with implementing air quality, water quality, toxics, solid waste, and hazardous waste laws and regulations may use at their discretion.

(b) The agency, and each board, department, and office within the agency, shall submit a yearly report to the Governor and Legislature, no later than December 1 with respect to the previous fiscal year, reporting on the extent to which these state agencies have attained their performance objectives, and on their continuous quality improvement efforts.

(c) Nothing in this section abrogates any collective bargaining agreement or interferes with any established employee rights.

(d) For purposes of this section, "quality government program" means all of the following:

(1) A process for obtaining the views of employees, the regulated community, the public, environmental organizations, and governmental officials with regard to the performance, vision, and needs of the agency implementing the quality government program.

(2) A process for developing measurable performance objectiveness using the views of the persons and organizations specified in paragraph (1).

(3) Processes for continually improving quality and for training agency personnel, using the information obtained from implementing paragraphs (1) and (2).

Appendix B - Baldrige National Quality Program, Core Values, Concepts and Criteria for Performance Excellence

The Malcolm Baldrige National Quality Program and its core values, concepts, and criteria are recognized on all fronts as the premier model for organizational improvement. Cal/EPA is utilizing the core values, concepts, and seven Baldrige Criteria as a template to frame our organizational improvement activities. An organization that can compare itself to the highest Baldrige standards can legitimately claim achievement toward organizational excellence.

The program's criteria are built upon a set of core values and concepts that are the foundation for integrating key organizational requirements within a results-oriented framework. The following values and concepts are the embedded behaviors found in high performing organizations:

- Visionary leadership
- Customer driven
- Organizational and personal learning
- Valuing employees and partners
- Agility
- Focus on the future
- Managing for innovation
- Management by fact
- Public responsibility and citizenship
- Focus on results and creating value
- Systems perspective

The seven criteria are highlighted below:

- The **LEADERSHIP** category examines how the organization's senior leaders address values and performance expectations, as well as a focus on constituents and stakeholders, empowerment, innovation, learning, and organizational directions. Also examined is how the organization addresses its responsibilities to the public and supports its key communities.
- The **STRATEGIC PLANNING** category examines the organization's strategy development process, including how the organization develops strategic objectives, action plans, and related human resource plans. Also examined are how plans are deployed and how performance is tracked.
- The **CUSTOMER AND MARKET FOCUS** category (termed **EXTERNAL OUTREACH & RESPONSIVENESS** within Cal/EPA) examines how the organization determines requirements, expectations, and preferences of constituents and markets. Also

examined is how the organization builds relationships with constituents and determines their satisfaction.

- The **INFORMATION AND ANALYSIS** category examines the organization's performance measurement system and how the organization analyzes performance data and information.
- The **HUMAN RESOURCE FOCUS** category examines how the organization enables employees to develop and utilize their full potential, aligned with the organization's objectives. Also examined are the organization's efforts to build and maintain a work environment and an employee support climate conducive to performance excellence, full participation, and personal and organizational growth.
- The **PROCESS MANAGEMENT** category examines the key aspects of the organization's process management, including constituent-focused design, product and service delivery, support, and supplier and partnering processes involving work units.
- The **BUSINESS RESULTS** category examines the organization's performance and improvement in key business areas – constituent satisfaction, product and service performance, financial and marketplace performance, human resource results, supplier and partner results, and operational performance.

Related Reports and References

- Accomplishments and Priorities Semiannual Reports, Cal/EPA, January 2001 and January thru July 2001
- Cal/EPA Strategic Vision, July 2000

Note: The above referenced publications can be viewed on Cal/EPA's Internet site: www.calepa.ca.gov