Business Process Reengineering and Managed Competition

Business Process Reengineering (BPR)

An organization creates value through its processes. BPR provides a method for work groups to identify and prioritize issues and concerns in work processes. It also provides a structure for employees in all levels in the organization to have open dialogue regarding those issues and concerns. BPR causes an organization to become introspective in assessing how it does its business and utilizes its staff. BPR also helps City departments prepare for managed competition by streamlining processes and optimizing the use of employees.

The process used by the City for its BPR efforts has been standardized and documented through a guide entitled the Business Process Reengineering Guide. The process begins by establishing a project team, identifying a team lead and Steering Committee, which is responsible for drafting a project schedule and project charter, the former articulating an expected completion date and the latter delineating the objectives for the project. Through the BPR effort, the project team maps processes, determines improved methods for completing those processes, benchmarks their methods and performance against other jurisdictions and service providers, and formulates recommendations for improvement. The Steering Committee finalizes the BPR report and briefs the recommendations to the Chief Operating Officer and Mayor before they are taken to City Council for approval.

Accomplishments

The City has completed or is in the process of completing 16 BPR studies for functions and/or departments. In cases where changes to organizational structures or staffing models are not necessary, implementation is able to be done immediately with quick results. In cases where significant organizational restructuring and/or budget adjustments are required, an implementation plan is developed and associated tasks are carried out as quickly as possible. If a function is moving directly from BPR to managed competition, results are considered procurement sensitive to protect
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the employee advantage in a competitive procurement. If the BPR results are implemented in advance of competition, there is a one-year delay from implementation to competition to allow employees the opportunity to normalize at their more efficient state in advance of becoming ever-more efficient for competition.

The following are a few of the significant accomplishments resulting from BPR.

**Fleet Services BPR**
Under BPR, the City consolidated its previously disparate Fleet Services operation into one cohesive unit. This important change realized savings for the City and allowed the City to meet the vehicle and equipment needs of the entire City, including those of the firefighters. Before BPR, Fleet Services had only one Type 1 fire engine in ready reserve. After the BPR process, Fleet Services was able to prepare all 20 of the Type 1 reserve engines for operation making them available to help fight the October wild fires.

**Engineering and Capital Projects BPR**
The Engineering and Capital Projects BPR standardized core engineering and management processes. It also made project delivery methodology more consistent and efficient while improving customer service. The BPR consolidated divisions and centralized engineering functions, streamlining the organization and improving its effectiveness. Savings were realized from this BPR in Fiscal Year 2008.

**Metropolitan Wastewater Department BPR/Bid-to-Goal**
The MWWD BPR/Bid-to-Goal effort consolidated support functions into a single division, streamlined many specific processes to improve efficiency and effectiveness, reduced the number of management and supervisory positions, and modified shifts and schedules to lower overtime and increase efficiency.

**Future Expectations**
All major functions within the City will be evaluated through the BPR process. This process is expected to realize additional cost savings and improve the services that we provide to our citizens in Fiscal Year 2009 and beyond.
Managed Competition

The voters expressed their enthusiasm for a managed competition program within the City of San Diego through their approval of Proposition C in November 2006. Accordingly, the City of San Diego is committed to delivering quality services to taxpayers, residents, and visitors in the most economical and efficient way possible. This commitment can also be expressed as delivering services through “competitive government,” defined as a government with processes in place to validate that service quality and costs are as good as, or superior to, any legitimate provider available.

Managed competition is a structured process that allows public sector employees to compete openly and fairly with independent contractors (normally private sector firms) for the right to deliver services. This strategy recognizes the high quality and potential of public sector employees, and seeks to tap their creativity, experience, and resourcefulness by giving them the opportunity to structure organizations and processes in ways similar to best practices in competitive businesses, while still being compatible with public sector realities. (Inherently governmental services are not considered for this strategy.)

The first step to managed competition is a pre-competition assessment in which a function is evaluated to determine whether it is eligible and appropriate to move forward to a competitive procurement. Functions are evaluated based upon the following criteria:

- Whether a function is inherently governmental
- Whether there are legal limitations to competing a function
- Whether there are risks associated with competition from either transitioning to an independent contractor and/or to the public welfare
- Whether there are reasonable alternatives available (i.e., does a market for the service exist and can the City reasonably expect two or more technically-acceptable and cost competitive proposals if service moves to competition)
- Whether competition provides the potential for efficiency or economic gain

Those functions deemed eligible and appropriate will move from pre-competition assessment into competitive procurement by developing Statements of Work and Requests for Proposals.
Accomplishments

During Fiscal Year 2008, significant progress was made to move the Managed Competition program forward. The Managed Competition Guide was developed and meetings were held with labor organizations to get their input on the Guide. A Labor Advisory Committee was established to provide a regular means for receiving input from the City’s labor organizations. In addition, the Managed Competition Independent Review Board (MCIRB) was established. The MCIRB will review proposals received through competitive procurements and will advise the Mayor on whether the proposal of City employees or that of an independent contractor will provide services more economically and efficiently while maintaining service quality and protecting the public interest. The Mayor will accept or reject (in total) the recommendation made by the MCIRB. If the recommendation is to secure the services of an outside entity, the recommendation will be taken to Council for their acceptance or rejection (in total).

Pre-competition assessments have been started for 26 functions. Of these, in excess of 16 pre-competition assessments have been completed. Those functions deemed eligible and appropriate will move from pre-competition assessments into competitive procurement by developing Statements of Work and Requests for Proposals.

Future Expectations

Additional functions will begin the pre-competition assessment process. Statements of Work and Requests for Proposals will be developed to solicit proposals for support of those functions deemed eligible and appropriate for competition.