

Overview of the Shared Challenges of the Internal Services: A new, corporate ZBR

June 5, 2018



In line with the recent shift in the focus and approach for Zero-Based Reviews (ZBRs, PFC 2016-0883), the program is increasingly targeting – and discovering – more strategic improvement opportunities that cross business unit and service lines.

This report documents the creation of a new ZBR: Shared challenges of the Internal Services and presents the first two selected opportunities:

1. Internal Services' Role; and
2. Internal Recoveries.

Together, these opportunities illustrate how the new program approach is operating in practice and inform the Corporation of work done on these areas so far, and propose a coordinated organizational approach going forward.

The program focus has shifted to The City's internal services

The primary focus of the ZBR program in 2018 is on The City's internal services. The internal services are more powerful focal points for large efficiency gains at the whole-system level than their own (relatively small) budgets suggest.

As such, the maximum value to be gained from these reviews lies not inside each business unit but in the business relationships and processes between them – and those they serve. The program focus is therefore now on the cross-organization issues no one BU can tackle alone to **improve the efficiency & effectiveness of the Corporation**, not just specific business units.

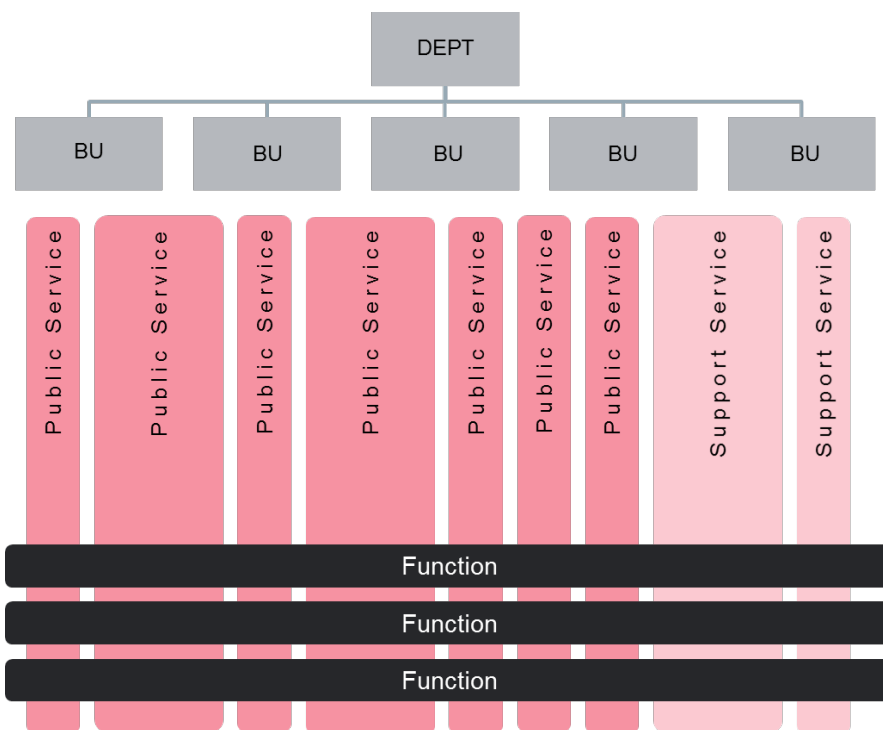
A new program approach is needed to maintain results in the face of changing circumstances

The economic downturn has increased the pressure to deliver substantial efficiency improvements, fast, and service delivery costs are one area Administration is intentionally managing to keep the tax rate low. The ZBR program is well placed to help address this.

A new program approach that increases the focus on results was discussed by ALT (ALT2016-0821) and approved by PFC in November 2016 (PFC 2016-0883).

Determining the right type of review is a key choice during review scoping

ZBRs start at the business unit level. Business units are the way we organize our operations, and therefore form a natural entry point to begin discussions. But, increasingly, a review will not remain confined to a business unit.



BUSINESS UNIT REVIEW:

Review the operations of a contained organizational unit

SERVICE REVIEW:

Review a service provided to customers including key partners in delivering that service

FUNCTIONAL REVIEW:

Review a function that crosses multiple service lines and business units

In some cases, it makes most sense to review the organizational unit. Examples of past business unit reviews include:

- **Fleet Services ZBR:** Focused on the optimal financing structure for the business unit (and was not about reviewing the entire fleet management function across the corporation).
- **Calgary Fire Department ZBR:** Focused on optimizing resources within the business unit including some restructuring.

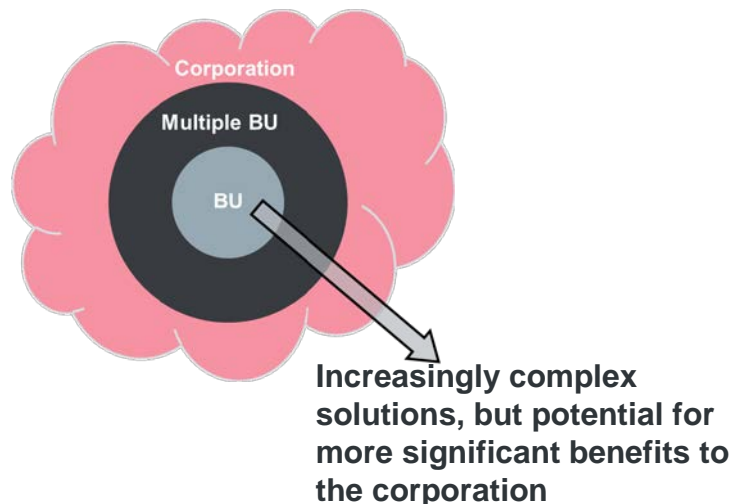
But customers don't care how we are organized. If the focus is on improving customer value then a service review will be most appropriate. Service reviews will typically involve a few business units that are key partners in delivering a service. Examples of service reviews include:

- **Calgary Building Services ZBR:** Approached from a customer perspective, it therefore involved other business units within Planning & Development.
- **Calgary Transit ZBR:** Included significant involvement from Supply (particularly warehousing) given their role in enabling transit service delivery.

Internal service ZBRs are more likely to lend themselves to functional reviews. Their budgets are small relative to public-facing services so there is less potential benefit in simply optimizing their operations. There is typically greater value in improving how the internal service functions to better enable public service delivery, or how those functions are coordinated and optimized across the organization. This type of review is the most complex as it crosses many business units and services. An examples of a functional review is:

- **Information Technology ZBR:** In contrast to the Fleet Services review, the IT ZBR is focused more on 'how we do technology' at The City than how the IT business unit operates.

Two corporate opportunities have emerged as the new approach is applied to the internal services



The program therefore gives priority to opportunities in the following order:

- 1) Opportunities where the solution requires a corporate-wide undertaking and commitment
- 2) Opportunities where the solution requires coordination among multiple business units
- 3) Opportunities where the solution resides within a single BU

This is the reverse of the previous approach.

The IT ZBR, which is currently underway, is the first of the internal service ZBRs. Two of the opportunities discovered in this review were referred on by the IT ZBR Steering Committee because they are not confined to IT but are rather corporate opportunities that relate to challenges shared by many internal functions:

Internal Services Role

Clarify and communicate each internal service's mandate and authority over decisions and strategic corporate direction related to their areas of expertise.

Internal Recoveries

Determine the circumstances in which internal recoveries are the best method for achieving business objectives, and how they can best be applied.

Additional foundational work with some other internal services has confirmed that these opportunities are broadly applicable. It also suggested that there are other corporate opportunities that will apply to many, or even all, of the internal services.

Therefore, a new ZBR has been created to oversee the broad issue of the challenges shared by the internal services, including the initial two opportunities and any others identified through further work.

Timing and next steps

Progress on this proposed ZBR will be dependent upon the availability of resources. As is usual for ZBRs, there will also be a requirement for BUs to commit resources in the form of time from their staff to contribute to the identification and development of opportunities (e.g. by providing information, comment and other input, participating in pilots), in addition to the resources provided by CI.

This will be especially challenging in 2018 due to the current constraints on resources across the Corporation, and the competing demands of other priorities – most notably One Calgary.

The **first steps** would therefore include:

1. Identifying resources
2. Finalizing the governance arrangements and convening the Steering Committee

Ongoing

As work progresses on these opportunities and elsewhere in the ZBR program, it is expected that other 'shared challenges' will be discovered. With CI's support, such opportunities will be prioritized by the Steering Committee, and business cases and recommendations will be presented to them for decisions.

As for all ZBRs, progress reports will be made to the Priorities and Finance Committee as part of the regular ZBR program status update reports.