

A Shining Example of Future-Focused Change at the State of California

The changes the State Controller's Office (SCO) made to further improve timely and accurate pay for civil service and exempt, state court, and California State University (CSU) employees should serve as a model for all state agencies. It is a story that involves dedicated, skilled leaders crafting a shared vision and strategizing the plans, metrics, and actions necessary to achieve that vision; the ability to successfully transition staff to different ways of looking at their work and doing business; and the perseverance of all to see it through to fruition.

Background

The Uniform State Payroll System (USPS) was launched in the early 1950s. Departments entered on a flow basis and, by 1954 most state agencies and CSU campuses were making personnel and payroll changes, adjustments, and corrections within USPS. Today, the USPS is used in partnership with the Administration and Disbursements and State Accounting and Reporting divisions at SCO, while Personnel and Payroll Services Division (PPSD) prepares and releases all payroll warrants and related reports.

PPSD's business model includes both centralized and decentralized human resources (HR) professionals who share responsibility in multiple end-to-end business processes for maintaining personnel data and processing payroll. PPSD provides information required to manage the personnel resources of the state and to properly account for salary and wage expenditures, provides data to the retirement systems necessary for calculation of employee retirement benefits, and manages the state's automated travel expense claim system.

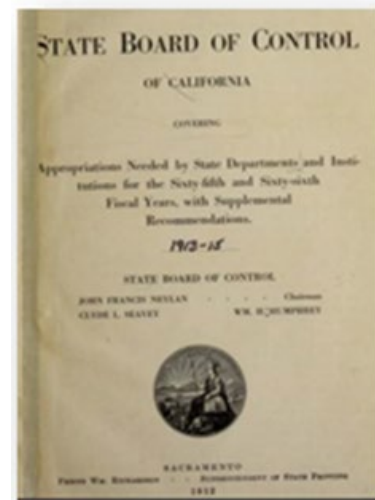


Figure 1— Report from the State Board of California, 1912 (California State Library)

Legacy Culture

The legacy culture of the SCO's Statewide Personnel and Payroll Programs emerged as a structured, methodical, personnel transactions and payroll processing division. At that time, SCO's cultural style supported that of "Order," honoring long-established and trusted process of addressing personnel and payroll changes, adjustments, and corrections in a transactional fashion. While unintended, these orderly processes created some challenges for customers and HR offices, arising from retroactive processing, as well as new and changing business requirements. In order to provide the quality customer service of accurate and timely personnel and payroll processing to nearly 300,000 state government employees, PPSD recognized that

the inefficient business practices and backlogged workloads needed addressing, while the human resource management and payroll system needed modernization and automation.

Vision

The dilemma posed by the legacy culture continued until the State Controller put some of the “right people on the bus in the right seats” as Jim Collins, business advisor and author of *Good to Great*, might say. Moving into senior leadership positions were professionals with robust experience in operations, human resources, project management, and technology management. These leaders had both a thorough understanding of SCO processes, and an intuitive knowledge of customer needs. With similar ideologies about running a more efficient and effective business that made the customer “whole,” these leaders embarked upon a venture to turn around antiquated processes and mentalities. They put in place their vision of SCO as a streamlined, technologically-adept deliverer of accurate and timely personnel and payroll services through quality customer service. Driven by this vision, they jointly developed a business plan. Embedded in that plan were their values of accountability, collaboration, customer service, professionalism, and trust.

In the first steps, these change leaders collected data to determine where, why, and how the present state came to be. To gather the data, they reviewed the division’s core responsibilities, held brainstorming sessions with staff, surveyed external and internal customers, and interviewed members of the most- and least-successful teams. This equipped the change leaders with the knowledge of what to change, how to change it, and where and what type of resistance they could expect to encounter. The results of their investigation were compiled into an Executive Action Plan—a corrective blueprint meant to provide direction for optimizing SCO operations. Prior to implementing this plan, they ensured they had complete buy-in and support from SCO executive leadership. Those executives committed to being the “Tone at the Top,” exhibiting behaviors intended to model this change. This even meant, when deadlines were at risk of not being met, executives stepped in and volunteered their time to help process documents.

Phase 1 (January 1 – December 31, 2020)

The PPSD change leaders followed the People, Process, and Technology (PPT) framework for change. Starting with the people, they sought to help their staff understand the rationale for making these changes. They asked employees to empathize with customers and try to better relate to customers’ frustrations so that it would be clear why there is a need to improve customer service.

For their next steps, the change leaders identified and leveraged potential change agents within the organization to help rally people around the new vision. Mindful that some employees may be anxious about how these changes might affect their job or identity, the change leaders introduced reform incrementally, often supported by technological innovations.

Communication Was Key

The change leaders drove the evolving narrative by proactively managing communication. They began holding management meetings where they shared their communication strategy and taught supervisors and managers how to implement it within their teams. They held all-staff meetings to announce the changes, followed by email confirmation of the shared messages. They held daily stand-ups to ensure everyone received the same information at the same time. In addition, they established numerous communication avenues, including an internal informational bulletin providing immediate information and resources, an online division-wide collaboration workspace, and the habit of opening and closing each division meeting by reviewing the new expectations.

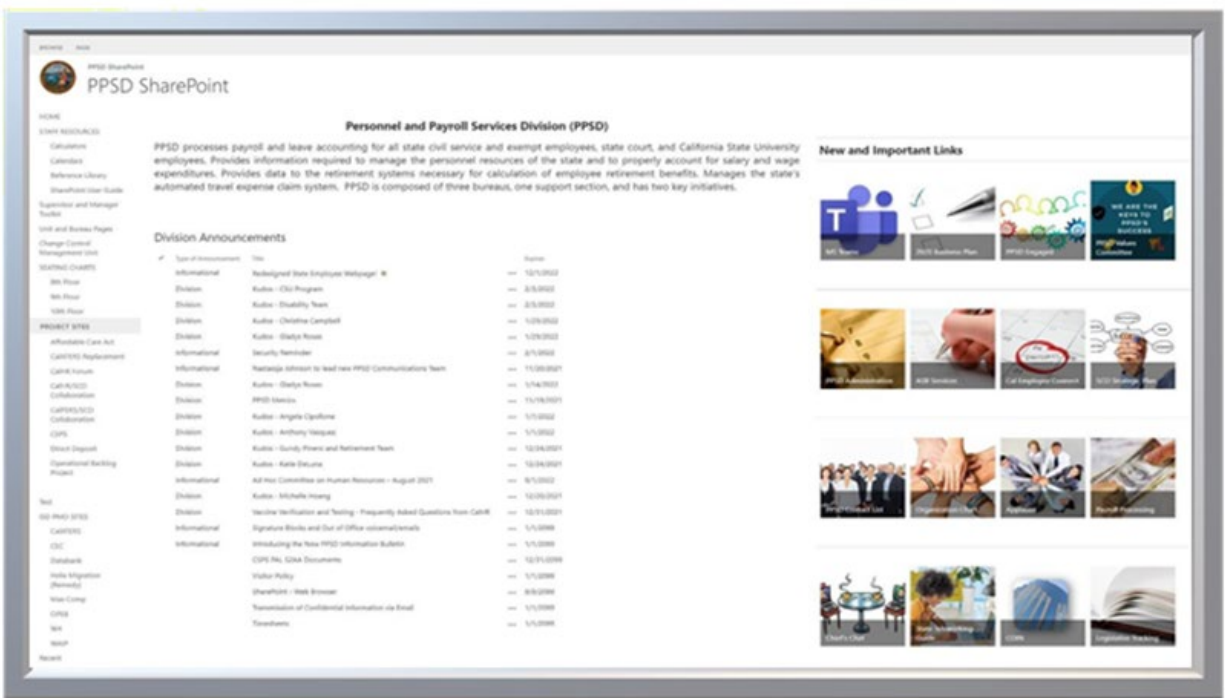


Figure 2—Picture of SCO's online collaborative workspaces

People, Process, Technology

From their earlier research, PPSD change leaders had identified staff who made adaptations to their work in order to increase personal productivity. They took those individual innovations and incorporated them into division-wide standard processes. As in the example just noted, all staff participated in the conversation of process improvement, and the resulting ideas were reviewed in group forums.

The PPSD change leaders met regularly with their technology partners, whose expertise guided the development of the technological component to the solutions. Cal Employee Connect (CEC), an innovative self-service internet portal designed and built by SCO staff, provides customers with accurate pay and leave balance data, as well as the ability to change their direct deposit and address. The same team also developed and launched ConnectHR, a self-service portal that serves department and campus human resources staff as a more efficient channel for conducting paperless payroll and personnel transactions. Through ConnectHR, personnel, payroll, and benefits staff are able to upload forms which are then automatically routed to the appropriate SCO team, streamlining the payroll and benefits documents submission process. To further support a paperless and increasingly remote workforce, PPSD also began accepting all forms of digital/electronic signatures from HR office employees authorized to sign personnel and payroll documents. With these new home-built technologies, SCO was beginning to realize their vision of system modernization and automation.

Finally, the PPSD change leaders worked to ensure division-wide incorporation of the new processes and tools by conducting independent team audits and requiring all units to produce Business Plans to be housed in the transparent SharePoint collaboration workspace.

From Challenges Arose Opportunities

Change did not come easy. SCO's legacy culture had attracted employees who sought the routine and safety of a steady, predictable career. Some employees contently held the same position for years, even decades. For many of these established employees, it was a struggle to transition from the ordered legacy culture to one of open communication and change in the quest for quantifiable progress. In addition to the variety of communication channels that were developed, teams, supervisors, and managers were being held accountable through the reporting of performance metrics. Inevitably, these changes and accountability monitoring led to some supervisor and management retirements and movement. For the PPSD change leaders, this created opportunities to select new hires who would embrace the new processes and customer-focused mindset from the start. Slowly, SCO began to see the first seedlings of an emerging culture where more staff were willing to speak up and take risks.

Phase 2 (January 1—December 31, 2021)

In the second phase of this effort, the change leaders reflected upon Phase 1, noting and documenting lessons learned. Communication enhancements continued through eLearning and instructor-led virtual training sessions. They also continued to monitor progress though team

audits with a focus on the teams with the most backlogged workloads. Most importantly, they began to see results: Backlogs that had been reduced in Phase 1 were now eliminated, as were 92 percent of backlogs identified in Phase 2. The remaining backlogs were on track to be completely caught up before the close of this phase, as planned.

In the midst of this phase, SCO leaders reported staff were pleasantly surprised to find they had more time to focus on their work as they were no longer overwhelmed with customer inquiries and complaints. The leaders also noted improved relationships with their business partners. With the newfound time, leadership was able to focus on documenting new processes and procedures across the division for business plans, project portfolio management, communications management, and change control management, while continuing to fine-tune process improvements. These efforts were important because the goal was to have new products and processes firmly established, documented, and refined; and backlogged workloads completely caught up.

Phase 3 (January 1 — December 31, 2022)

In the final phase of this project, change leaders evaluated staff, business processes, and technology in order to support and maintain service levels and meet the goals of the division. This maintenance mode is key to a successful transition to the future state that the California State Payroll System (CSPS) Project will bring.

During this three-year project, the team has embraced new and improved processes, introduced new technology, and adapted a customer-focused mindset leading to the elimination of workload backlogs. The team continues the transition of statewide training programs to eLearning and virtual offerings. The training team is excited to report that they now offer 78 eLearning modules and 11 virtual training classes. The training team also kicked off a certificate program allowing department HR staff to earn an all-encompassing certificate at different stages of training. Team members continue to focus on improving retirement reporting with the Public Employees' Retirement System (CalPERS) and the State Teachers' Retirement System (CalSTRS).

The division has achieved many accomplishments during this project, including transitioning business practices to fully support the hybrid work model, developing comprehensive staff training plans by role, and converting over 85 paper reports to Mobius/View Direct.

PPSD introduced a new intake option to submit Direct Deposit Enrollments directly to the USPS and allowed for paperless submittal. CEC and ConnectHR introduced a new file upload business process for submitting personnel and payroll processing forms. Additionally, the leadership team enhanced internal and external communication by establishing daily standups and all-staff information bulletins, while increasing participation in multiple State Human Resources User Group Forums.

This work did not stop when the project ended. The Change Leaders have and will continue to improve business processes and support a hybrid work model. They have numerous goals for augmenting communication, education, and outreach in 2023. These include delivering new

CEC and ConnectHR administrative features and functionality, completing the transition to a fully paperless environment, and participating in CSPS project readiness activities.

Solidifying the Change

Managing expectations and reaction to change can be the difference between success and failure. In order to ensure the hard work and progress made endures, PPSD change leaders have taken precautions, following the PPT model, to cement processes and nurture the emerging new culture.

Another example of PPSD's culture of change in action is the change leaders' support of the CSPS Project. This project will modernize human resource management, travel and business expense, and payroll for nearly 300,000 state government employees in order to provide accurate and timely personnel and payroll services with quality customer service.

The CSPS Project supports SCO's organizational goal to "deliver core services and products more effectively through innovative business processes and technology solutions." Implementing this new technology will result in a reduction of manual/paper submissions, improved reporting capabilities, and more efficient processes and workflow. The change leaders knew that even with the best technology, people are the key to realizing the project goals. To manage the people-focused transition needs, the CSPS Project began organizational change management activities early to pave the way toward implementation. Without the rigorous preparatory work of data collection, documentation, and communication conducted during each of the three phases, the CSPS project would not have such a strong foundation to build upon. The change leaders were instrumental in providing a pathway and roadmap to success.

Internally, the team continues to refine requirements and update project plans that govern processes. The development of toolkits and training modules continue to promote a collaborative environment that encourages knowledge sharing and partnership between all civil service departments/agencies and CSU campuses. Project objectives have been revised in preparation of the chosen solution vendor, and new resources will be added to assist during the execution phase of the project. The combined efforts of each work stream are focused on a successful development and implementation of the CSPS Project.



Figure 3--Picture of SCO's online monitoring, tracking, and training administrative functions

People

For the next phase of the project, the change leaders continue to motivate their teams by celebrating wins toward progress. At employee recognition events, the State Controller recognizes and congratulates the team, adding significance to individual efforts. With these continued behaviors and traditions, a growth mindset is cultivated, promoting the values of curiosity, openness, risk taking, ingenuity, energy, honesty, and integrity. This has created an environment in which issues are addressed immediately when they arise.

In addition to the cultural changes, there are many new mechanisms for tracking and oversight to mitigate the risk of loss of staff or a degrading of the skills or knowledge of staff. Several daily, weekly, and monthly reports are reviewed to monitor ongoing progress of staffing, staff and management workloads, and development of best practices. For example, a weekly vacancy report tracks progress made on hiring, probation reports are tracked for completion and timeliness, and production performance is tracked weekly and monthly. All employees now have a training plan and are encouraged to complete an annual Individual Development Plan to aid in their continued professional development and advancement.

Process

Processes within PPSD are monitored through a variety of reports and monitoring mediums. Daily processes include a review of customer inquiries. Weekly processes include communication meetings, processing dates report reviews, Statewide Customer Contact Center performance reports, and legislative impact reports. Monthly reports include user group forum participation, feedback and suggestions, inventory reports, metrics reports of all known workloads, and monitoring for use and compliance of business management plans.

Technology

The challenges posed by use of new and improved technologies, including technologies brought by CEC/ConnectHR and eventually the CSPA Project, are addressed in monthly change-control meetings and documented with monthly Executive Project Performance Reports. The compilation of these reports helps ensure the USPS remains in compliance with federal and state laws and bargaining agreements/contracts.

Conclusion

The story of change at SCO represents the best of what can be done in state service, even in the most established of organizations. It starts with savvy, determined leadership; complete executive support; the knowledge of where you want to be and how you plan to get there; and the fortitude to see it all through, regardless of how much time and effort it takes. As this example demonstrates—even with the bureaucratic and political hurdles encumbering change in state service—nothing is impossible. The changes embodied by SCO prove public sector organizations can create the modifications they need to produce the results they desire.

Similar to her dedication in modernizing California's property tax system while in her previous role at the Board of Equalization, State Controller Malia M. Cohen will advance the state's payroll system by leading the CSPS Project to implementation. Executing essential details will enhance the work experience for all customers. Testing, tracking, and monitoring data will evolve into data analytics with the growth and modernization of the future state. Under Controller Cohen's leadership, both CEC and the CSPS project will continue their forward progress to achieve the vision set forth by her administration for these initiatives.