Meeting User Needs through Business Planning

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Abstract:

The evolution of ideas within the former NSW Department of Main Roads and now Roads and Traffic Authority about corporate mission and objectives may be seen as an attempt to grapple with user needs. By tracing the development of these notions into the recently published Corporate Plan, the unseen hand of users may be detected as an important consideration. Further, in the development of the Corporate Plan, all business units developed their own Business Plans. This process came on top of the merger of the former Traffic Authority, Department of Motor Transport and Department of Main Roads. The business planning process refocussed attention on the wider responsibilities of the merged organisation, and the flux of new ideas and interactions has generated a fresh approach to achieving objectives which will satisfy users at many levels. These processes are described and examples are given of how the new interactions are promising increased effectiveness.

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This represents a public extension of the Charter into a specific set of objectives which would set the direction for the organisation's activities. The impact of environmental and anti-discriminating legislation can also be detected.

Performance Indicators

The Charter and Objectives were carried forward unchanged over the next couple of years, and then in the 1982-83 Annual Report a section was included on Performance Indicators. It was reported that the DMR was "seeking performance indicators which will provide a quantitive measure of achievement", but that "this subject has been explored both here and overseas in the past with only limited success." (DMR, 1983).

Clearly, there was an acceptance of the need for quantification of output to give an objective measure of the degree to which the DMR was meeting its Charter and Objectives, but that the appropriate measures were as yet unclear and/or in need of a data-base of information over a time-series.

In spite of these difficulties, time-series of certain data were available in some areas, and graphs were included for travel speeds, road safety, pavement roughness, kilometres of roads completed, bridges completed, person-days lost through disputes and industrial safety.

The usefulness of performance indicators is clear for managerial purposes, but equally they are also of interest to those using the road system.

Obligations

In the 1986-87 Annual Report, the DMR replaced the previously described "Objectives" with a reassessed set of obligations and objectives. These were:

"Obligations

* Supporting actively Government initiatives for the development of the State.
* Responding to reasonable community expectations.
* Being sensitive to environmental issues.
* Providing satisfying work and non-discriminatary, safe and healthy conditions for the workforce.
* Working effectively and efficiently.

Objectives

* Traffic Management - increasing community satisfaction with the traffic performance of the road system.
* Value for Money - adopting programs which generate benefits to a value justifying investment.
* Road Safety - reducing accidents attributable to road conditions.
* Travel Time - reducing average travel times on major urban and rural roads.
* Road Condition - developing and preserving the road asset to prescribed standard.
* Guidance for Motorists - providing improved guidance information." (DMR, 1987)

The change demonstrates an evolution of the understanding that some points listed previously as objectives were in reality constraints or political requirements, or perhaps even represented a community expectation of the DMR's behaviour and activity.

The listed objectives demonstrate a move towards a disaggregation of responsibility based on activities - i.e. traffic management, road safety, route development, road condition and signposting, with value-for-money an overriding concern. This is in contrast to the earlier approach which disaggregated responsibility into the categories of the road system, community interaction, and human resources.

These objectives were carried forward to 1988-89 essentially unchanged, with some modification in minor ways to reflect the broader responsibilities of the RTA as compared with the DMR.

Key results areas

The RTA was created during 1988/89. Ten Key result areas (KRAs) were listed for the first time in the 1988/89 Annual Report of the RTA. These were:

"* Road and Traffic Safety
* Network Efficiency
* Road Conditions
* Pricing
* Project and Program Economic Viability
* Resource Use Efficiency
* Government Relationship
* Community Responsiveness
* Vehicle and User Information
* Personnel Development" (RTA, 1989)

An eleventh area, the Environment, was listed. This aspect presumably ran across all groupings of activities in the RTA.

The Annual Report stated that "the objectives of the RTA have been expanded and defined as ten Key Result Areas by which its performance will be measured."

The Annual Report then set out various Performance Indicators, which were tied back into the Key Result Areas. Performance Indicators were not given for all ten Key Result Areas. Clearly the ideas were still in a state of evolution, with considerable attention being needed to the identification and measurement of a complete set of appropriate indicators. Some may even require several years of data to identify meaningful measures.

These KRAs were partly addressing user needs. They also, however, addressed the needs of a wider audience, including Government.

Amalgamation

A package of legislation commenced in NSW on 16 January 1989, to establish the RTA to replace the DMR, the DMT and the TA.

The Chief Executive of the DMR became the Chief Executive of the RTA. Broadly speaking the RTA assumed the role of the DMR, and also the roles of the DMT and TA, including power to:

* Impose, assess and collect tax on the registration of motor vehicles.
* Register vehicles.
* License drivers.
* Make various traffic arrangements.

Regionalisation

The RTA embarked on a reorganisation of its operations into five Regions, two in Sydney and three in rural NSW.

Each Region is now generally autonomous, being under the control of a Director who is locally based. Strong moves were made to decentralise previously centralised functions to Regions. Thus each Region now controls its own activities including:

* Human resource management
* Financial accounting
* Motor Registry management
* Planning
* Road-based operations
* Acquisition of land
* Public relations

In the process of achieving this regionalised organisation, staff from all three former Authorities were drawn together to work as part of the one Regional Management Team. Dealing with one another on a direct basis highlighted opportunities for new initiatives using multi-disciplinary teams.

Business planning

The merger of organisations is never simple, and in this case the organisations were very large.

As has been described above, steps had been taken in the DMR over many years to gradually develop and clarify the role of the organisation in terms of a Charter, Obligations, Objectives, Key Result Areas and Performance Indicators. Gradual clarification of user needs was emerging.

The office of Public Management within the Premier's Department was driving a program through which Government Authorities would develop Business Plans for the Authority as a whole, and for all identifiable units within the Authority.

The preparation of Business Plans for each unit was now an opportunity to re-define roles within each Region, identify all of the new responsibilities fully, consider appropriate new Key Result Areas and Performance Indicators, and generally mould the new Authority into a coherent whole, with a clear sense of its place, direction and opportunities, as well as its responsibility to all road users.

It was foreseen that a "hierarchy" of Business Plans would be developed, with the umbrella Corporate Plan, feeding down to for example a Regional Business Plan, to a Divisional Business Plan, and then to say a Laboratory Business Plan.

As we go down each step in that hierarchy, the Plan would take on a little more local flavour and focus. The Corporate Plan would be necessarily general, with the Laboratory Plan for example being rather specific.

The unit managers and staff of each unit were, as a group, encouraged to prepare the business plans for that unit. In this way, various advantages were observable.

* Discussion clarified roles, identified potential overlaps and "unowned" areas, and mutually informed managers about the full role of other managers.
* Preparation of plans by groups encouraged good staff relationships, and mutually educated managers and staff about issues that might not otherwise have been discussed.
* In preparing Unit Business Plan, a searching analysis of the Business Plan which was at the next higher level in the hierarchy generated thought and discussion about the merged Authority, the new responsibilities, and the enlarged roles of all concerned, and the needs of all road users and stakeholders.
* There emerged a focus on problems and opportunities which were on the horizon, and possible solutions available to pro-active management.

Ultimately, these developments led to a new Charter in the 1988/89 Annual Report, namely "to manage the roads and traffic system for the people and Government of NSW" (RTA, 1989)

Although the evolutionary process described so far had proceeded without major formal input by the community of users, it clearly had been responding to a continuing informal interaction between the road authority and a variety of stakeholders. The changes were incrementally making explicit the needs of road users.

Corporate plan

Immediately after the establishment of the RTA, there was a vast amount of work to be done on the physical integration of the DMR, DMT and TA. The principle of regionalisation was embraced, but a great deal of senior management's time and energy flowed into the translation of the merger and regionalisation into a specific corporate and regional management structure, the filling of new positions and the redeployment of staff.

By 1990, most of the managerial positions had been filled, and business planning was pursued in earnest at appropriate levels in the organisation.

During 1990, major emphasis was placed on stakeholder views on the RTA, internal views of the organisation and problems in its environment, and the perceptions of the public and government. This was a totally new approach by the RTA.

All of the ideas generated were considered, and in March 1991 the RTA published the public document entitled "Direction '91" (RTA, 1991). In his Preface the Chief Executive commented that "Direction '91 reflects the opinion of both internal and external stakeholders in the RTA as to what the Authority's direction and priorities should be".

The Mission and Key Result Areas were then set out as follows:

"MISSION. The Roads and Traffic Authority's mission is to manage the State's roads and traffic system. That is, how the system is used, how it is maintained and how it is enhanced. The RTA is to provide a roads and traffic system which is safe and efficient, as an integrated part of a balanced transport system within the State.

KEY RESULT AREAS
Road Safety
Environment
Efficiency
Customer Service
Economic Development
Transport Efficiency
System Access
Program Concessions."

The document then exhaustively described the Key Result Areas, and the issues which are the Corporate Focus for 1991. For each KRA, description is given of Operating Environment, Objective, Strategies and Performance Indicators.

This comprehensive document therefore represents the culmination of over a decade of intellectual discussion in respect of the fundamental purpose, direction and accountabilities of the organisation. The gradual emergence of the concepts of Charter, Objectives, Performance Indicators, Obligations and Key Result Areas through to the Corporate Plan are illustrated in Table 1. Although users were not mentioned in the Mission, their needs flowed through the whole document.

Has this affected the outputs from the organisation? Has it re-focussed the attention of staff? Has it brought to attention particular issues? Has it revealed new opportunities? These questions are much more important than the mere placing of ink on paper, and we now need to consider these in more detail.

Year	78	79	80	81	82	83	84	85	86	87	88	89	90	91
Charter	***	****	****	****	****	****	****	****	****	****	****	****	****	*****
Objectives				****	****	****	****	****	****	****	****	****	****	****
Performance Indicators						****	****	****	****	****	****	****	****	****
Obligations										****	****	****	****	****
Key Result Areas												****	****	****
Corporate Plan													****	****

Table 1: Development of Strategic Direction by DMR/RTA

Implementing change

Having identified the changes that have occurred in formal planning, it is necessary to try to understand how the changes have been passed through the organisation to all levels of staff.

Business plans as a strategy for change

As already mentioned, the Office of Public Management within the Premier's Department had instigated the move towards Business Planning. But there were real advantages to the organisation in pursuing this work, beyond blind obedience of an instruction.

Mergers are always a challenge for management, and change generates a resistance of its own in human beings. Generally, we are rather content to see things go on as they are, with changes taking place gradually, and not disrupting present hierarchies and procedures. In a rapidly changing world, and particularly one in which three disparate organisations are being fitted together, management needs to utilise strategies that will reach down to all levels of the organisation, touch each person, and act as internal triggers for change from within.

The structural changes were for nought unless individuals in all three former organisations addressed and accepted their new accountabilities and role. Indeed, "organisation changes need to be planned systematically, despite all the difficulties of doing that, and .... people planning is at least as significant as techical and financial planning" (Dunphy, 1983).

According to Kotter and Schlesinger (1979), "participation leads to commitment, not merely compliance". This is the strength of unit Business Plans. In the context of the organisation's Mission, each unit has a role to play, and the unit manager and his team are the most appropriate ones to develop their Business Plan. They know the unit best. In preparing their Plan, they develop their own commitment to it in a natural and comfortable way. In every sense of the word, it is <u>their</u> plan.

While accepting that there are many (often valid) reasons for people to feel uncomfortable about change, Kotter and Schlesinger identified six ways of dealing with resistance to change, namely:

* Education and communication
* Participation and involvement
* Facilitation and support
* Negotiation and agreement
* Manipulation and co-operation
* Explicit and implicit coercion

A slightly different approach is described by Johnson and Fredian, 1986, who identified three critical success factors for complex change.:

"1. Gain the support of key people who have influence and authority in the organisation.
2. The development of a good project plan.
3. Gain the support of the employees who will be affected by the change."

No doubt all of these ideas were utilised formally and informally, to a greater or lesser extent, within the RTA. But the strongest force for genuine and permanent change will come through the commitment of individuals at middle management level. Where the organisation employs tens of thousands of people, the Business Planning method can be very effective. Instructions passed down from above rarely result in such understanding and commitment.

Turbulence and change

Large organisations involve large numbers of middle managers, and tend to have longer chains of command.

According to Formbrun and Ginsberg (1990), size inhibits "the propensity of firms to change their corporate aggressiveness", but note that "the propensity of firms to change their corporate aggressiveness suggests that intermediate levels of environmental turbulence facilitate change".

These conclusions seem to be borne out by our observations of the evaluation of Mission and Key Result Areas. Gradual change was occurring in the 1980's for the DMR, and then the establishment of the RTA in 1989 acted as a spark to set off a vigorous round of corporate re-assessment and questioning of function and accountabilities.

The merger of the three organisations generated the environmental turbulence necessary to send a wave of change through the staff of all three former organisations, and create a new awareness of threats and opportunities as well as user needs. It culminated in the production of the 1991 Corporate Plan, a comprehensive blueprint for action where previously such matters had been included only as introductory material in the Annual Reports.

Momentum for Change

Spontaneous change occurs at various times in an organisation's life-cycle, but for the RTA, the government triggered the need for change by passing legislation. The momentum for change at the top of the organisation was therefore created swiftly. Perhaps the realisation of the consequences was slow to occur lower in the new organisation.

Sometimes an organisation will slowly come under external (or even internal) pressure until a point is reached where "the costs of inaction are too high to forestall further consideration" (Dutton and Duncan, 1987). This can be a sudden, unwelcome occurrence.

But the identification of the need for change may be carried out through strategic issue diagnosis by dealing with Stakeholders. Dutton and Duncan, referring to Mitroff 1983 and Rhenman, 1986, defines stakeholders as "all those individual actors, parties, and organised groups and institutions that have bearing on the policies and actions of the organisation".

While the change was imposed on the three authorities from without, the fact of the merger and the flux of ideas it generated opened a window of opportunity for stakeholders to add to the momentum for change, to push change beyond the mere level required to effect the merger, to reach a further point at which the needs of special interest groups were accepted. Stakeholders and users had an input into the changes.

Some areas of great change include community consultation, multi-skilling of the workforce, seeking private funding for infrastructure, inter-modal transport planning, the user pays principle, anti-corruption planning, and identification of program concessions.

While there is clear evidence of evolutionary change in all these areas, the sum of them appears to show that a quantum-leap in the rate of change and the acceptance of change occurred in the late 1980's and early 1990's.

Speed of change

Major, sudden changes are risky. Instinctively we can accept that "if ...... a company follows an incremental approach to improvement, few of the steps it takes are highly visible or risky" (Hayes, 1985).

Although the DMR had been evolving its self-perceived role for ten years, the sudden creation of the RTA did not give it the luxury of such an approach to its Mission and accountabilities. There was a sudden increase in the rate of change.

The Regions

The commitment to Regionalisation can be seen in various lights. It may simply be the result of a perception that "head office" is too big, or too powerful, or generally stifling the initiative of line managers. Alternatively, it may be an opportunity to generate turbulence by establishing revised hierarchical structures. On either ground, it may have served its purpose in the RTA.

The creation of Regional Offices and Regional accountability led to the review of organisational structures. There was some pain in this process, but there was also some gain. If major and quick change is essential, the Chief Executive needs to be able to generate change not just in his own role, but in the roles of those further down the line. According to Beeretal, 1990 "the most effective way to change behaviour ..... is to put people into a new organisational context, which imposes new roles, responsibilities, and relationships on them. This creates a situation that, in a sense, "forces" new attitudes and behaviours on people". Those authors described six steps to effective change:

"1. Mobilise commitment to change through joint diagnosis of business problems.
2. Develop a shared vision of how to organise and manage for competitiveness.
3. Foster consensus for the new vision, competence to enact it, and cohesion to move it along.
4. Spread revitalisation to all departments without pushing it from the top.
5. Institutionalise revitalisation through formal policies, systems and structures.
6. Monitor and adjust strategies in response to problems in the revitalisation process."

The Business Planning process within the RTA has been consistent with these steps.

Strategic fit

What do organisations gain when they merge? In private enterprise, where managers and boards set direction, why would a merge be negotiated?

Private enterprise is driven by the creation of wealth, either through profits or capital. Thus a merger would be negotiated as an opportunity to increase profits, or to increase the capital of the merged company over the sum of the parts.

Commonly private companies pursue horizontal integration (where say one brewery purchases a brewery with a complementary product) and vertical integration (where say a toy manufacturer purchases a toy shop). As stated by Shelton (1988), "business fits in which the assets of either the target or the bidder are used more intensively - identical, related-complementary and related-supplementary - create value. However, acquisitions that permit expansion into new markets (related-supplementary) or within the same business (identical) create the most value".

In the case of the RTA, a government agency, do these conclusions have relevance? The merger of DMR and TA has a supplementing effect. Particularly in relation to road safety, the DMR's focus on road engineering and construction, when added to the TA's work on behavioural and legislative matters, results in an opportunity to carry out road safety programs on a very widereaching basis that extends effectiveness well beyond that achievable by the former organisations individually. Clearly the user will benefit.

Still within the road safety area, the regulatory and vehicle inspection responsibilities of the DMT, when added to the road safety responsibilities of the DMR and TA, further that opportunity significantly. Again, the user will benefit.

The merger of the DMR and DMT may also be considered as a vertical integration if the collection of road-related fees by the DMT were to flow to the former DMR for construction. Within government, that flow is constrained by legislation. Gains which might be achievable in private enterprise are therefore of uncertain value in this case. The future will test this arm of the merger for effectiveness. Perhaps road pricing, and the encouragement of more efficient or alternatively powered vehicles will ultimately emerge from this aspect of the merger.

New Culture

The structural changes and business planning exercises have engendered the beginning of a new culture in the merged organisation. Culture may be defined as "the way we do things around here". The structural changes have thrown players into new teams, generating new relationships, new ideas and new opportunities. There is a need to ask continually who will use our products and services, and which outputs by us will suite them best. this has been reinforced by the preparation of unit business plans.

A hierarchy of objectives

An example of cultural change is the emerging healthy debate about the interplay of objectives.

The Corporate Plan sets objectives for the RTA, and yet these must be achieved through the actions of many individual managers across the State. Whilst the attainment of objectives at the corporate level may be measured on a State-wide basis, individual managers need performance indicators that are relevant at the local level. Many of the performance indicators are user-focussed.

One of the Corporate Performance Indicators is for Ride Quality on State Roads, aiming to "increase the proportion of rural State Roads rated as "uncracked" from 52% to 56% by 1995", (RTA, 1991a). For a manager in an area where the proportion uncracked is say 40%, then he clearly has an obligation to implement strategies to improve the condition of pavements under his control over the five year period. Within the existing constraints, that manager may realistically only be able to reach a level of say 45% uncracked by target date. With contributions from other parts of the State, that may be sufficient to meet the overall corporate target. Clearly there is a direct benefit to the user.

Thus the Corporate Plan can be thought of as cascading down into Regional Plans, Divisional Plans and Works Office Plans in order to have effect. Each Plan must have its own flavour, and contain its own goals. It is a corporate responsibility to co-ordinate these Plans to ensure that the aggregate result is achieved.

This raises some important questions. For example, what is the responsibility of a Manager whose roads are currently 75% uncracked? Is it responsible of him to allow pavement condition to deteriorate a little, and to divert scarce resources into other areas? Should more be spent within that geographical area on say projects to achieve travel time improvements? More research and debate are required to resolve such questions.

Clearly, there is a structural hierarchy from corporate to local level for Key Result Areas, but equally at the local level there will be a needs hierarchy between various KRA's. For example, given the existing constraints a manager at the local level must balance say the improvement of travel time against the improvement of pavement condition. This highlights the need to balance the needs of various users, and the various needs of each user. The solution to these tensions will enable decision-makers to make trade-offs that will satisfactorily improve local conditions and also corporate indicators.

Generally, the achievement of corporate performance indicators can be achieved by concerted action by Regions. In the case of travel speed, the corporate target is for "75% of travel to be at 35km/h or better ..... on selected metropolitan State Roads in peak direction during peak hour". Because of the disparate road and traffic conditions in the two Regions accountable for metropolitan Sydney, this target can be met with Central Region attaining the level of 60% of travel at 35km/h or better. This is because of the "subsidising" effect of more efficient travel in the suburban fringe of the metropolis.

This hierarchical flow of objectives enables local managers to to identify specific local targets for future performance. It also assists managers to set priorities within overall planning frameworks to ensure optimal total results for the community, and offers a measure of performance overtime in the Key Result Areas.

A hierarchy of strategies

Another example of cultural change is the development of Regional Strategic Plans. The hierarchical flow of objectives described above may be paralleled by a hierarchical flow of strategic plans.

Corporate RTA has developed a five-year Road Safety Strategy. The implementation of road safety measures is largely a Regional matter. The success of the Strategy requires co-ordination and implementation through the five Regions and their sub-units.

The preparation of a Regional five-year Road Safety Strategy was an ideal follow-on from the Business Planning exercise. This process displayed the strengths of the RTA as compared with the separate DMR, DMT and TA. To develop the Regional Strategy, the managers were brought together from the fields of road building (DMR), licensing and registration (DMT) and behavioural safety (TA). The synergy of this team generated opportunities for sub-units of the Region to work together in a concerted fashion, to achieve a team goal. This co-ordination was undreamed of prior to the creation of the RTA, and the conceptualisation of the road safety problem as an integrated road-vehicle-driver problem can now be addressed more efficiently and effectively to provide superior results to the road user.

Conclusion

The Main Roads Board and its successor the Department of Main Roads were products of an "all new roads are good roads" mentality which was appropriate to its time. The corporate goals were blurred into this attitude, and served well so long as the development of the State's road grid was a prime priority. Reporting to Parliament was oriented towards providing an accountancy balance and a description of work in progress and completed.

By the 1980's, the maturity of the State's road network had generated a questioning of the role of the DMR. This is evidenced in the appearance of management-oriented content in the Annual Reports, and particularly the evolution of statements of objectives and mission. The organisation was slowly grappling with the needs of users.

In 1989 the amalgamation of the DMR, DMT and TA into the RTA produced a burst of environmental turbulence that led to a complete review of the role and obligations of the organisation. Urgency produced quick results, and Business Planning was promoted throughout the new organisation. The excitement and opportunities that this caused flowed into many areas, and have changed management practices, attitudes and culture profoundly.

As these processes proceed over the next four years, further evolution of ideas can be expected.

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