COUNTY OF MILWAUKEE
INTER-OFFICE COMMUNICATION

DATE: July 2, 2007

TO: Supervisor Richard D. Nyklewicz, Jr., Chairman, Committee on Finance and Audit

FROM: Rob Henken, Director, Department of Administrative Services
Jerome Heer, Director, Department of Audit
Steve Cady, County Board Fiscal and Budget Analyst

SUBJECT: REPORT ON COUNTYWIDE STRATEGIC PLANNING IN RESPONSE TO RESOLUTION FILE NO. 07-182

Issue

In May 2007, the County Board of Supervisors adopted Resolution File No. 07-182, which, among other things, directed the Director of the Department of Administrative Services (DAS), the Department of Audit and County Board staff to "submit a report to the Committee on Finance and Audit by the July 2007 meeting as to a recommended plan of action on how to revive, and possibly modify, the strategic planning process that was set aside in 2002." This report responds to that directive.

Background

In the late 1990s, Milwaukee County government embarked upon an effort to conduct countywide strategic planning as part of a strategy for addressing longstanding fiscal problems that called into question the County's ability to continue to provide and/or properly fund its existing array of services and that suggested the need to prioritize those services. After the 1998 County Budget included an appropriation in the DAS-Fiscal Affairs Division to develop a strategic plan for Milwaukee County, the County utilized a process called "Strategic Simulation" as the initial step toward full development of a strategic planning initiative. A "Strategic Simulation" exercise was conducted over two days during November 1997 for the purpose of identifying the strategic priorities for Milwaukee County beginning in 2000. This exercise included active participation of 70 County government officials, advocates, business and community leaders, state and municipal officials and other key stakeholders.

A key suggestion of many "Strategic Simulation" participants was the creation of a steering committee appointed by the County Executive and County Board Chairman to provide overall direction and structure to the County's strategic planning process. On May 21, 1998, the County Board of Supervisors adopted Resolution File No. 98-323, which created the Milwaukee County Long-Range Strategic Plan Steering Committee to implement that suggestion. Membership on the Long-Range Strategic Plan Steering Committee included the following individuals:

- Rich Abelson, Executive Director, AFSCME, District Council 48
- Milwaukee County Supervisor Kathy Arciszewski

- M. Kathleen Eilers, Administrator, Mental Health Division
- Earl Hawkins, Jr., Director, Department of Administration
- Milwaukee County Supervisor Terrance Herron
- Milwaukee County Supervisor Lee Holloway
- Donald Natzke, Director, County Executive's Office on Persons with Disabilities
- Milwaukee County Supervisor Linda Ryan
- Devon Turner, Metropolitan Milwaukee Association of Commerce

The Long-Range Strategic Plan Steering Committee, with the assistance of County Board and DAS staff, prepared and issued a request for proposals (RFP) for a consultant to assist the County in formulating its strategic planning efforts. A consulting contract was awarded to the firm of Matthews Fitzgerald on October 1, 1998.

With the assistance of its consultant, the Long-Range Strategic Plan Steering Committee initiated a planning process that involved the formation of three Design Teams comprised of county employees, key stakeholders and interested community representatives. The Design Teams were charged with developing plans in three key areas: Develop Future Priorities, Implement Outcome-Based Services and Foster Intergovernmental Cooperation. The Design Teams met during the first six months of 1999, and submitted a report and recommendations to the Long-Range Strategic Plan Steering Committee.

In September 1999, the County Board approved a strategic planning document forwarded by the Long-Range Strategic Plan Steering Committee entitled "*Charting the Course: Milwaukee County's Goals, Strategies and Actions*" (see attached). *Charting the Course* included a mission, vision, guiding principles and priority outcomes. It consisted of three sections: 1. Setting Priorities; 2. Outcome Based Services; and 3. Intergovernmental Cooperation.

Per *Charting the Course*, in 2000, the County devoted considerable focus towards Outcome Based Services. Outcomes, indicators and targets were developed for each county department and included in the 2001 Adopted Budget. In 2001, departments worked to refine their initial work and began the data measurement process. County Board policy committees received progress reports from departments beginning in May 2001.

The process of setting priorities was begun in January 2000 with the establishment of Functional Groups as prescribed in *Charting the Course*. The five Functional Groups were Parks, Recreation and Culture, Public Works and Transportation, County Support Services, Health and Human Services and Public Safety and Judiciary. These groups were designed to play an ongoing key role in Milwaukee County's Strategic Planning and Managing for Results efforts. The Functional Groups met throughout 2000 to develop critical issues, goals and strategies.

The work of these groups was a key component of a two-day strategic planning session to develop County priorities held on January 22 and 23, 2001. The planning group consisted of the Cabinet Officers, the Functional Group Chairs and the Operations Team (established as part of *Charting the Course* as the implementation team for the Long-Range Strategic Plan Steering Committee). The planning group developed eight priority goals for Milwaukee County for 2001-2003, and those goals subsequently were modified slightly by the Long-Range Strategic Plan Steering Committee and

mostly adopted by the full County Board on April 12, 2001. The Milwaukee County Priority Goals for 2002-2004 were:

Fiscal Stability

1. Improve County's bond rating.
2. Identify and establish alternative or dedicated funding sources, including fees, for programs such as Parks and Mass Transit.

Mandate Relief

3. Full State/Federal funding of Courts, Delinquency Services and other mandated services.

Enhanced Infrastructure

4. Milwaukee County's top capital budgeting priority will be to maintain and upgrade existing physical and technology infrastructure.

Partnerships

5. Expand and develop cooperative partnerships with Milwaukee County municipalities, other governmental units and private entities pertaining to parks, recreation and culture, transportation, public health, public safety and economic development.

Seamless Human Services

6. Milwaukee County will engage the State and community to plan, help implement and obtain funding for a seamless, community integrated human services system that emphasizes prevention and early intervention.

Governmental Efficiency

7. Increase managerial flexibility and accountability by streamlining administrative processes and reporting.

The County Board referred the adoption of the goal to "identify and establish alternative or dedicated funding sources, including fees, for programs such as Parks and Mass Transit" back to the Committee on Finance and Audit. The Committee took no action on this referral prior to the term ending in April 2004.

The *Charting the Course* initiative stalled in 2002 primarily due to the significant political and administrative leadership changes resulting from the pension controversy. The loss of key training staff due to reorganization and retirements also slowed the momentum that the initiative had built in late 2001. Performance outcomes and indicators were included in the 2003 Adopted Budget, but were becoming less of a priority for departments to measure and refine. In the County Executive's 2004 Budget, outcomes were deleted amidst the "major changes in funding and operation of county

services." In cooperation with the County Board, a new strategic planning effort was envisioned to begin following the adoption of the 2004 Budget. That initiative has not yet been started primarily due to other challenges requiring policy maker attention and staff resources.

Lessons Learned from Previous Strategic Planning

There were a number of significant "lessons learned" in the previous strategic planning effort. These include:

- An effective plan requires strong and sustained leadership from the County Board and the County Executive. While strategic planning can be an effective tool for day-to-day management, its most significant value lies in enhancing policy making and oversight and in providing a basis for difficult budgetary decision-making.

- A two-tiered implementation structure provided an effective blend of guidance and action. Guidance was provided by a steering committee. Action was assured through a task-driven Operations Team.

- The likelihood of success is enhanced when outside consulting resources are coupled with dedicated in-house resources. Milwaukee County's prior efforts blended a mix of external and internal expertise in a way that drew on strengths and talent in the community and within County government. At that time, external resources were also essential in allowing County staff to manage daily workload. The condition of Milwaukee County government today is such that external resources will be even more critical than they were before.

- A phased in, incremental implementation of full-blown strategic planning is more likely to result in success than a fast-tracked plan. Leadership of the prior effort spent a considerable amount of time discussing the pace of implementation most likely to ensure success. It was determined that a multi-year approach would work best.

- Training for the original strategic planning effort followed a "train the trainer" model. The development of in-house expertise within major departments provided administrative capacity and leadership as an alternative to a purely consultant driven model.

Recommendations for Reviving and Modifying Strategic Planning

1) **The County Executive and County Board Chairman should re-appoint the Strategic Planning Operations Team.**

The Long-Range Strategic Planning effort that took place in the late 1990s and early 2000s was guided by an Operations Team that consisted of high-level staff from the County Executive's office, County Board, Department of Audit and DAS. This group met on a regular basis to review and direct the work of project consultants, set the agenda for the LRSPSC, prepare reports for the County Executive and full County Board, and work with departments to implement outcomes-based budgeting. It is recommended that a similar entity be established to reinvigorate the County's strategic planning efforts and ensure that there is buy-in and full

participation by both the Executive and Legislative branches of County government.

Specifically, it is recommended that the new Strategic Planning Operations Team consist of the following members:

- Director, Department of Administrative Services
- Fiscal and Budget Administrator
- One department head to be appointed by the County Executive
- County Executive Chief of Staff
- County Board Chief of Staff
- County Board Fiscal and Budget Analyst
- Director, Department of Audit
- One County Board Supervisor to be appointed by the County Board Chairman

2) **The Strategic Planning Operations Team should be charged with reviewing Charting the Course and the County's priority goals, as well as recently developed departmental five-year goals and 2008 Budget objectives, and making recommendations on future strategic planning initiatives.**

The critical question for the County to answer as it contemplates a new strategic planning framework is whether it wishes to embark on a traditional, "top-down" strategic planning approach, under which departmental priorities and outcomes flow from an overall County strategic plan that includes clearly articulated County priorities and strategic goals, or whether it simply wants to return to an outcomes-based budgeting approach, under which departments essentially establish their own priorities and outcomes. In order to make that determination, policymakers should first have the benefit of a review of the work that was performed earlier this decade in order to determine whether that is a logical starting point for future strategic planning. That review should be accompanied by a review of the five-year departmental goals that the County Executive asked departments to prepare earlier this year, as well as the strategic goals and objectives that the County Board has directed departments to include in their 2008 budgets.

Consequently, it is recommended that the Operations Team consider these materials and develop recommendations for the County Board to consider in the January 2008 committee cycle regarding an overall approach to strategic planning. Those recommendations should include answers to the following questions:

a) Should the County again attempt to formulate a true strategic plan consisting of a clear set of achievable strategic objectives and a prioritization of its various services, as it set out but failed to do during the Charting the Course effort? Or, should its focus instead be to return to outcomes-based budgeting and performance measurement, but with a firmer commitment to doing this right?

b) What types of resources will be needed for either approach, including potential need for consultants, trainers and dedicated staff within departments?

c) Should the County re-establish the LRSPSC to guide its new strategic planning effort and, if

so, what should be the Committee's composition?

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