



# CITY OF HAYWARD

Hayward City Hall  
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## Cover Memo

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**DATE:** June 21, 2016

**TO:** Mayor and City Council

**FROM:** Assistant City Manager

### **SUBJECT**

Adoption of a Resolution Authorizing the City Manager to Execute a Professional Services Agreement with Moves the Needle for Lean Innovation Training for City Executives and Staff, in an Amount Not to Exceed \$104,020.

### **RECOMMENDATION**

The City Council approve the attached resolution (Attachment I) authorizing the City Manager to execute a professional services agreement with Moves the Needle for lean innovation training for City executives and staff.

### **SUMMARY**

The City is in the process of facilitating an organizational cultural shift toward utilizing Lean Innovation methods and values to drive program development and evaluation. Lean Innovation encompasses developing values, processes, and an overall philosophy in existing corporations in a way that eliminates waste during the pursuit for scalable business models. Facing a persistent structural budget deficit and competitive human capital market, the City is engaging Moves the Needle to help facilitate executive team and staff trainings to aid in the organizational shift.

### **BACKGROUND AND DISCUSSION**

Moves the Needle (MTN) is a firm dedicated to helping organizations implement lean innovation principles and strategies to “act bolder, move faster and become more customer-focused.” The group was founded by Brant Cooper, author of the New York Times Bestseller “The Lean Entrepreneur,” and Aaron Eden, who co-founded Intuit’s internal LeanStartIn which led to the education, enablement, and empowerment of thousands of Intuit employees. The team has facilitated bootcamps with a variety of organizations like Intuit, CapitalOne, General Electric, LexisNexis and many other private sector companies. The City of Hayward is their only municipal client.

*The Lean Innovation Methodology*

“Lean Innovation” encompasses developing values, processes, and an overall philosophy in existing corporations in a way that eliminates waste during the pursuit for scalable business models. The framework teaches employees how to search for innovative opportunities by combining aspects of design thinking, business management, entrepreneurship and the scientific method. Put simply it enables employees to quickly search for tactics that work and immediately test those tactics through rapid experimentation and feedback.

A fundamental component to the lean innovation philosophy is the cultivation of customer empathy-generating information and data from the real behavior of customers to be used in order to make more informed decisions. The methodology affords staff to fail small through rapid experimentation to determine whether they should persevere, pivot, or abandon their proposed solution rather than spend the resources to fully develop a solution that may not even work.

#### *Prior City Engagement*

In September of 2015, the City engaged Moves the Needle to conduct the first Lean Innovation Boot Camp. The Boot Camp took place over three days and involved 25 employees in seven smaller project based teams. Over these three days, employees worked their ideas through the Lean Innovation process of program development. You can view a short video recapping the three-day boot camp here:

<https://www.youtube.com/watch?v=nsuWnGvCY84&feature=youtu.be>

In the spring of 2016, the City engaged Moves the Needle for two 12-week Lean Accelerator programs addressing internal Employee Engagement and Hoarding problems in the community. During the Accelerator, each team had a designated Lean Innovation coach to help guide them through the process. Both teams had two very different, challenging yet rewarding experiences.

The Hoarding team spent the 12 weeks completing empathy work-conducting numerous interviews with city staff, county agencies, and other municipal jurisdictions. Through this empathy work, the team discovered that while other cities and counties have enacted formal hoarding policies and programs, none have proven to be successful because the root of the problem lies within the hoarder’s own mental illness. Hoarding is not so much a problem but rather a symptom of a larger problem. Additionally, the team identified that the agencies that would normally handle these cases are severely understaffed and that hoarding cases rarely become a priority for them due to resource constraints.

Rather than spend 15-20 months of staff time developing a program and protocol for dealing with hoarders (which would yield no tangible result, as the empathy work unveiled), this team was able to identify that there is not much the City can or should do to abate hoarding related issues at this particular time. Moreover, financial analysis of the Hoarder Policy Accelerator Project revealed that the Lean Startup process saved well over 1,800 hours of cumulative staff time when compared to the normal program/policy taskforce development process. The team also discovered that there was a need to improve data collection around hoarding in the community within our own internal systems so that we can actively engage in dialogues with County staff if and when training and resources become available at that level.

As a follow up to the recently conducted survey of City employees, the Employee Engagement team began by conducting empathy interviews with 48 employees to learn what they enjoy specifically about their

jobs, what challenges they face, and the projects they are most passionate about working on. They discovered that employees wanted to feel more connected to department and City leadership, and that employees have ideas on how to improve city operations but feel they do not have opportunities to share their ideas. Lastly, the group discovered employees do not want to feel ignored or dismissed when they ask for what they need to do their job.

The group developed “Game On,” an initiative that pairs line staff members with various department level directors and managers with the goal of making City leadership more accessible to staff. The group also plans to continue the lean innovation process in the months ahead to continue to explore additional ways to enhance employee engagement.

### *What Are the Trainings?*

This package includes two training components, one for city executives and one for city staff.

City Executives will undergo a one-day leadership session which will cover the Lean Innovation approach and ways to work differently to educate, enable, and empower their staff to discover and create value for customers. This session will enable these leaders to gain empathy for their teams by experiencing the impact of the methodology first-hand, and then learn how to support their staff through the process. It is imperative that City executives understand the core elements of the methodology and how to support and enable it within the organization.

In addition, select City staff will take part in another fully-intensive, three-day experiential bootcamp where they will be empowered to operate at the speed of a startup, accelerating and strengthening the City’s ability to serve its many customers. Staff will experience the Lean Innovation principles first hand through the bootcamp, covering lean innovation principles such as customer development, rapid experimentation, and business model development. These principles will be applied to existing problems or projects within the organization. They will receive individualized attention from various Moves the Needle coaches over the three-days as they learn the lean innovation process and apply it to City initiatives.

### *Why This Is Worth It?*

There are a number of reasons why the City needs, and is embarking on, an organizational cultural transformation utilizing Lean Innovation. The first of which is purely financial-facing a persistent structural deficit over the near future, the City must find a way to provide services and programs in a more efficient manner. This also means identifying programs and services that are not providing efficient and effective value for our residents. Developing a culture of Lean Innovation values and expectations will help city staff, managers, and executives identify ways to iterate, fine tune, or eliminate programs and services in a manner that saves time and resources.

Secondly, developing a fast paced, start-up like culture with roots in Lean methodologies will help to make the City an attractive workplace, making it easier for the City to recruit and retain top talent, especially in the Bay Area’s hyper-competitive municipal staff market.

Lastly, as evidenced by numerous comments from managers down to line staff, rolling out Lean

Innovation initiatives through the city has sparked curiosity and excitement through all levels of the organization. Staff want to learn these methods because they recognize Lean Innovation's value. It will help them do their jobs better, save time and stress, and engage employees with their work in a way they have not engaged before (i.e. customer empathy, rapid experimentation, etc.)

### **FISCAL IMPACT**

The programs included in this training package will cost \$94,562.50 and will be paid for by the City Manager's Office FY2017 Budget. There is an additional 10% for MTN staff travel costs. The total cost of these trainings will not exceed \$104,020.

The long term fiscal impact of these trainings will recover the cost of this training. As mentioned earlier in the staff report, the Hoarding Policy Accelerator project financial analysis revealed that the process saved over 1,800 hours of cumulative staff time, which translates into a savings of at least \$164,000 (assuming the average salary/benefit hourly wage per each employee in the calculation). Having a workforce well versed in Lean Innovation will help the City provide more effective services at a higher level of efficiency.

### **NEXT STEPS**

Following contract execution, the additional training sessions are tentatively scheduled for the late summer/early fall.

*Prepared by:* John Stefanski, Management Analyst I

*Recommended by:* Kelly McAdoo, Assistant City Manager

Approved by:



Fran David, City Manager

Attachments:

Attachment I

Resolution