

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
1	05/09/16	Open	Action	05/02/16

Subject: Visioning Retreat

ISSUE

Receive input from Board members for the purpose of drafting a transition vision and priorities plan for Regional Transit's (RT) new General Manager/CEO.

RECOMMENDED ACTION

None. Board Retreat for the purpose of drafting a transition vision and priorities plan for the new General Manager/CEO.

FISCAL IMPACT

None.

DISCUSSION

The purpose of the Board Retreat is to contribute to drafting a transition vision and priorities for the new General Manager/CEO. In support of this purpose, the consultant, Doug Carter of MBO Partners, has interviewed individual Board members, RT's General Manager/CEO and the Executive Management Team (EMT), Greater Sacramento, the Business Ad Hoc Working Group members, Sacramento Area Council of Governments (SACOG), and the media. Mr. Carter has also reviewed results of a recent employee survey, customer surveys, press clippings and recent internal and external reports relevant to RT's transition. Mr. Carter will share these observations and facilitate Board discussion and input regarding what success looks like in 2 to 3 years.

The format is intended to be less formal than regular Board meetings, allowing open discussion, exploration and idea sharing among Board members. This is not a decision making meeting. Using the results of discussions at the Retreat, Mr. Carter will draft a transition vision and priorities for Board review and potential approval in early June 2016.

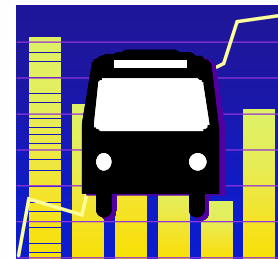
Approved:

Final 05/03/16

General Manager/CEO

Board Retreat

Regional Transit Vision for Transition



Sacramento, CA
May 9, 2016

Pressures for change are increasing.

- RT's reserves will be depleted this fiscal year.
- There is unity in demands for improved service quality (security, cleanliness and reliability).
- The opening of Golden 1 and downtown revitalization offer the opportunity for more and better transit for all.
- Transit has the potential to benefit from a ballot measure for transportation funding.
- RT staff at all levels desire a shift toward pursuit of excellence in place of seeking the most for the least.
- New leadership serves as an accelerant for change.

RT has begun the transition.

- Adopted fiscal responsibility policies to guide decision making.
- Approved the first fare increase in seven years.
- Scrubbed budget assumptions, seeking greater accuracy.
- Begun to expand partnerships (e.g., advisors, cleaning, fare collection).
- Captured a new revenue stream (e.g., carbon credits) and working with labor to build capability (e.g., transit agents).
- Hiring a new General Manager, and senior managers.
- Implementing initiatives to improve service quality.
- Begun improvements for Golden 1 opening.

Pressures are mounting, and more is needed more quickly.

It takes all of RT to deliver change and results.

- Board role: articulate a vision to guide the transition, and describe what success looks like at the journey's destination.
- Management role: define how we will get to the destination (strategy and plans) including tasks to be performed, resources assigned, how to measure progress, and our immediate priorities.
- Staff role: translate vision and priorities into action to align individual efforts with RT's success, and contribute to desired results.

Our goal today is to articulate a vision and immediate priorities for RT's successful transition with a new GM.

Input was gathered through one on one and small group interviews

- RT's Board – one on one's with each Director.
- External – Greater Sacramento, Ad Hoc Business Working Group, SACOG, and the Bee.
- RT Staff – the Executive Management Team representing all departments and functions.

Our Transition Vision

Describing success to be achieved in 2-3 years.

Success factors are common among input sources.

Goal Area	RT Board Members	External Stakeholders	RT Staff
Customer Service / Valued Partner	P	P	P
Fiscal Sustainability	P	P	P
Organizational Excellence / Culture	P	P	P
Capability Building	P	P	P

Let's explore each.

Who are our customers/stakeholders?

CUSTOMERS	STAKEHOLDERS
All riders	Funding entities
All trip purposes	Local jurisdictions
All economic classes	Other transit operators
All age groups	Business community
Potential riders	NGO's/non-profits
Customers shared with others	Community based groups
	Media/press
	Employees/labor
	Business/financial partners

Are there others to consider?

Customers/Stakeholders want...

“Clean, safe, and secure stations, stops, trains and buses.”

“Go where we want when we want.”

“Inviting look and feel. Appealing.”

“Excellence.”

“Valued partner. Party to solutions.”

“Listen & fast, accurate response.”

Aspirations

- Customers first in all things.
- Service is redesigned reflecting urban and suburban travel patterns.
- RT viewed as a valued community asset.
- Stop being defensive; we want improvements too!
- Many partners willing to mobilize for common causes.
- More communications channels and conversations.

Our transition priorities...

- Is customer service a top priority?
- Is successful partnering a desired element?
- What are a few words describing the change we need?
 -
 -
 -
 -
 -

Fiscal Sustainability Aspirations

What we need to do

- ▶ Right size the service and organization.
- ▶ Live within annual fiscal means.
- ▶ Improve budgeting/positive variance.
- ▶ Build operating and capital reserves.
- ▶ Only add service at high quality levels.
- ▶ Regular, smaller fare increases and efficiency measures.

What they experience

- ▶ Go where and when customers want.
- ▶ Predictable, quality, reliable service.
- ▶ Strong creditworthiness and ratings.
- ▶ Inviting, appealing, reliable system.
- ▶ Sustained high quality services and facilities.
- ▶ Predictable and affordable fares.

Success requires operationalizing RT's Fiscal Responsibility Policies.

Our transition priorities...

- Is fiscal sustainability a top priority?
- Fiscal responsibility policies provide significant direction forward.
- What are a few words describing the change we need?
 -
 -
 -
 -
 -

Organizational Excellence/Culture Aspirations

- Employees, managers and the Board all want cultural change (e.g., customers first, excellence, the best).
- Desire: relentless pursuit of excellence in all business activities (e.g., best practices, learning, exploring, improving).
- Alignment: everyone understands the vision, how they contribute, and works together to deliver results.
- Greater risk taking tolerance (we will make some mistakes when trying new ideas and approaches).
- Proactive marketing and sales (everyone has a role in sales).
- Open and frequent communications internally and externally.

“Culture eats strategy for breakfast.” – Peter Drucker

Internal and external stakeholders are ready, willing and able to embrace a cultural transformation.

Current	Desired
<ul style="list-style-type: none"> • Get the most from fewest resources • Focus on project/operations • Chasing different “goods” • Strong silos (protect my resources, my responsibilities) • “We can’t do it because....” • New activities seen as in addition to old activities • Weak communications linking action to goals and outcomes • Talk is cheap • Limited learning and growth opportunities • Little accountability for alignment with goals or results • Tired workforce 	<ul style="list-style-type: none"> • Deliver excellence (The Best) • Customer first in all things • All aligned to same outcomes • Team work for shared results (our resources, our priorities) • Explore different ways to do it • Be willing to stop doing some activities to focus resources • Clearly communicate how actions support goals and outcomes • Walk the talk • Create opportunities to learn, grow, develop and allow mistakes • Hold people accountable, with meaningful repercussions • Energized, valued workforce

Four business imperatives inspire heart and mind

Helpful



A desire to help others you feel empathy towards

Innovation



A desire to explore and embrace potential beyond convention

Excellence



A desire to contribute and perform at the highest levels

Efficient and Effective



A desire to deliver results quickly and reliably

Our organizational excellence/culture priorities...

- Is culture change a top priority?
- Should we modernize and improve business processes?
- What are a few words describing the change we need?
 -
 -
 -
 -
 -

We need to leverage all avenues to build additional capability to realize our aspirations.

Capability	Building Blocks	Future Potential
Employees	<ul style="list-style-type: none"> • Employee desire to contribute • Training programs 	<ul style="list-style-type: none"> • Transit agents on trains • Outreach to NGO's/non profits
Contractors	<ul style="list-style-type: none"> • Guards improve safety, security • Best practice expertise 	<ul style="list-style-type: none"> • Expanded cleaning opportunities • Participate in employee work out teams
Partners	<ul style="list-style-type: none"> • Partnerships for stop/area cleaning 	<ul style="list-style-type: none"> • University/college MOUs for cleaning and event staffing
Technology	<ul style="list-style-type: none"> • Connect card, mobile applications • Software applications 	<ul style="list-style-type: none"> • Customer 2-way communications • Outreach short videos

Fortune's Best Places to Work tells us...

- Fortune Magazine has engaged employees globally to help them identify the 100 Best Companies to Work For annually since 1997.
- The list contains technology, manufacturing, retail, investment, professional services, government and health care organizations, with no sector dominant.
- Fortune's analysis of the program, over its history, concludes that employees want several common things from employers:
 - Employees want to be connected to something bigger and good (most often described in terms of a supported vision and goals).
 - Employees respond to leaders who solicit and listen to their ideas; they want to be involved in making their company better.
 - Employees follow leaders who both expect them to perform, and demonstrate appreciation for their contributions.
 - Employees like organizations that rally the troops to meet challenges (engage employees in solving problems) and celebrate successes along the way.
 - Employees want to feel management cares about them, and not just as hired hands.

RT employees want to...

- Understand and support RT's vision, goals, priorities.
- See how their jobs/roles fit into system goals and performance.
- Be consulted and contribute part of the solution.
- Feel valued and recognized as important contributors.
- Be held accountable for results, with reasonable repercussions.
- Reduce silos in favor of working collaboratively toward common goals.
- Treat labor unions as a valued partner, engaged in solutions.
- Witness management and the Board walk the talk.
- Question decisions if they appear contrary to vision and goal results.
- Learn, grow, develop and be challenged.
- Be proud of RT and celebrate successes.

Our capability building priorities...

- Are enhanced capabilities required to meet our expectations for results?
- What sources of capability should we explore (e.g., employees, contractors, partners, technology)?
- What are a few words describing the change we need?
 -
 -
 -
 -
 -

Are there additional vision categories or topics to be addressed?

- Please offer any additional thoughts on major changes desired going forward.
 -
 -
 -
 -
 -

Shifting Gears: Immediate Needs

While pursuing the vision, some short term priorities need be completed by the new management team.

Does management also need to address any pressing issues near term?

Internally Driven	Externally Driven
<ul style="list-style-type: none">• Operationalize the Transit Agents, gain feedback and improve.• Safe, clean and secure improvements.• Balance the budget, build reserves, and operationalize fiscal responsibility policies.• Prepare strategies for labor negotiations.• Support Connect Card and mobile application implementation.• Wrap rail cars successfully.• Fill out the leadership team.• Implement the fare change.	<ul style="list-style-type: none">• Prepare for successful support of Golden 1 opening (capital and operating).• Leverage Golden 1 as an opportunity to improve RT for all riders and all trip purposes.• Support the vote on Measure B.• Support Street Car development.• Freshen up the look and feel of the system.

What are the “vital few” the new GM must accelerate now?

Changing the Board Dynamic

The transition offers an opportunity to advance the governance discussion and changes we want to explore.

Changing the Board Dynamic: Meetings

- Board meetings are weighted towards administrative/business tasks. Could we balance this with a richer mix of strategy/policy topics?
- Shifting to strategy may require more delegation of administrative duties. Can we review delegation opportunities?
- Can we add 3-4 retreats annually for in depth strategy exploration? Topics might include: budget, service restructuring, capital planning, partner outreach, customer communications, and labor strategy.
- If delegation is successful, can we reduce meetings to one per month? Consider committees to enforce policies, review and place on consent. Staff time, cost and focus supporting Board meetings is significant.
- Can meetings be held in the day (more transit service, higher energy) and at different locations (can we reduce facility needs to support)?
- Where issues are complex, can we have a preparatory call or meeting?

Changing the Board Dynamic: Engagement

- Management works closely with the Chair, and should do so forward.
- Senior management should meet with every board member on some regular basis (e.g., semi-annually, quarterly).
- Can Board members help with partner engagement (e.g., where they have an interest, act as a liaison with RT, contribute to building a bond)?
- Can management support Board outreach with cliff notes on topics of interest/outreach focus?
- Could RT staff support a speakers bureau which could be leveraged by Board members in building connections between local jurisdictions, NGO's, non-profits and businesses where they have relationships?

Changing the Board Dynamic: Structure

- The business community is interested in helping the Board in some official capacity. There are many options (e.g., appointed member, ex-officio, standing advisory committee with real work and authority, special topic advisory committee). Particular interests: financial, customer service, sales expertise.
- Board Committees offer the opportunity to reduce Board meetings, focus on strategy, and empower committees to address administrative duties. Many meet just before the monthly Board meeting.
- 11 members is a large Board. Given proportional voting, might we consider fewer members?
- An all elected board offers strong representation and transparency. Appointed board members can be designed to gain specific capabilities, and perspectives (e.g., sales, finance). Might we consider a combination of the two?

Should changes to governance be explored?

- What changes should be considered?
- Is the Board willing to work with the new GM to change how we work together?
- Are there some high priority changes for early discussion with the new GM and EMT?
 -
 -
 -
 -
 -

Next Steps

- Consultant will draft a vision (with goal areas) to communicate the success we seek in the coming 2-3 years. The vision is intended to communicate intent internally and externally and would be provided to Board members in two weeks.
- May we share the draft with Greater Sacramento and seek their support, given their investment in this process? May we send it to other input sources, inviting them to the Board meeting (June 13)?
- The Board would review the draft, modify as appropriate, and approve it for use by the new General Manager, staff and stakeholders (June 13).
- Consultant will prepare a brief list of immediate tasks to be provided the new General Manager and his team.
- As appropriate, the Board would schedule additional discussions about evolving the Board dynamic.

Appendix A: Using Vision to Change Culture

The vision can be used as an accelerant to change the culture, eliminate silos, align staff to common goals, increase collaboration, and build a bridge from actions to results.

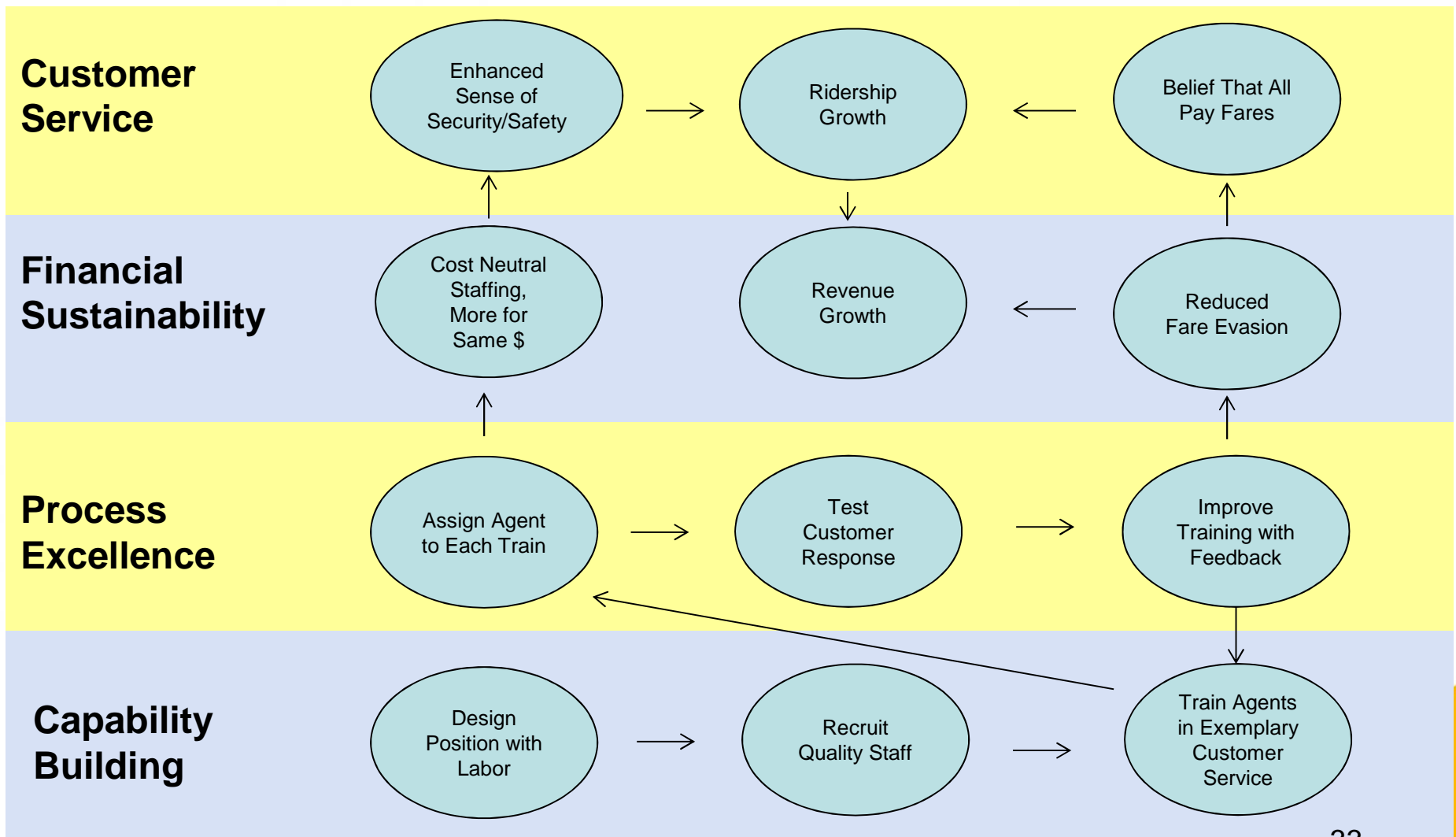
When vision and goals are well articulated, they elevate staff thinking/action to the full value chain

- Budgets, initiatives, proposals and plans need to address the full value chain of goal areas.
- Think “and” instead of “or”.
- Staff must collaborate outside their units (silos) to address the full value chain, building alignment toward realizing a common vision.
- Cause and effect become better understood and more important.
- Staff are more likely to stay engaged and adjust the program to achieve maximum results with responsibility for the full value chain.
- Working across functions and on the full value chain of projects accelerates positive change towards a performance based culture.
- This approach gives the Board greater insight and influence on the programs, resources and results authorized.

Example: Focusing on four goal areas.

- Customer service excellence (e.g., clean, safe, secure, inviting).
- Fiscal sustainability (e.g., live within resources, build reserves for capital and operating, improve budgeting and transparency).
- Organizational excellence (e.g., explore new ways to do business improving efficiency and effectiveness).
- Capability building (e.g., hire, train, develop, outsource and partner to raise talent pool, invest in systems/tools to improve performance).

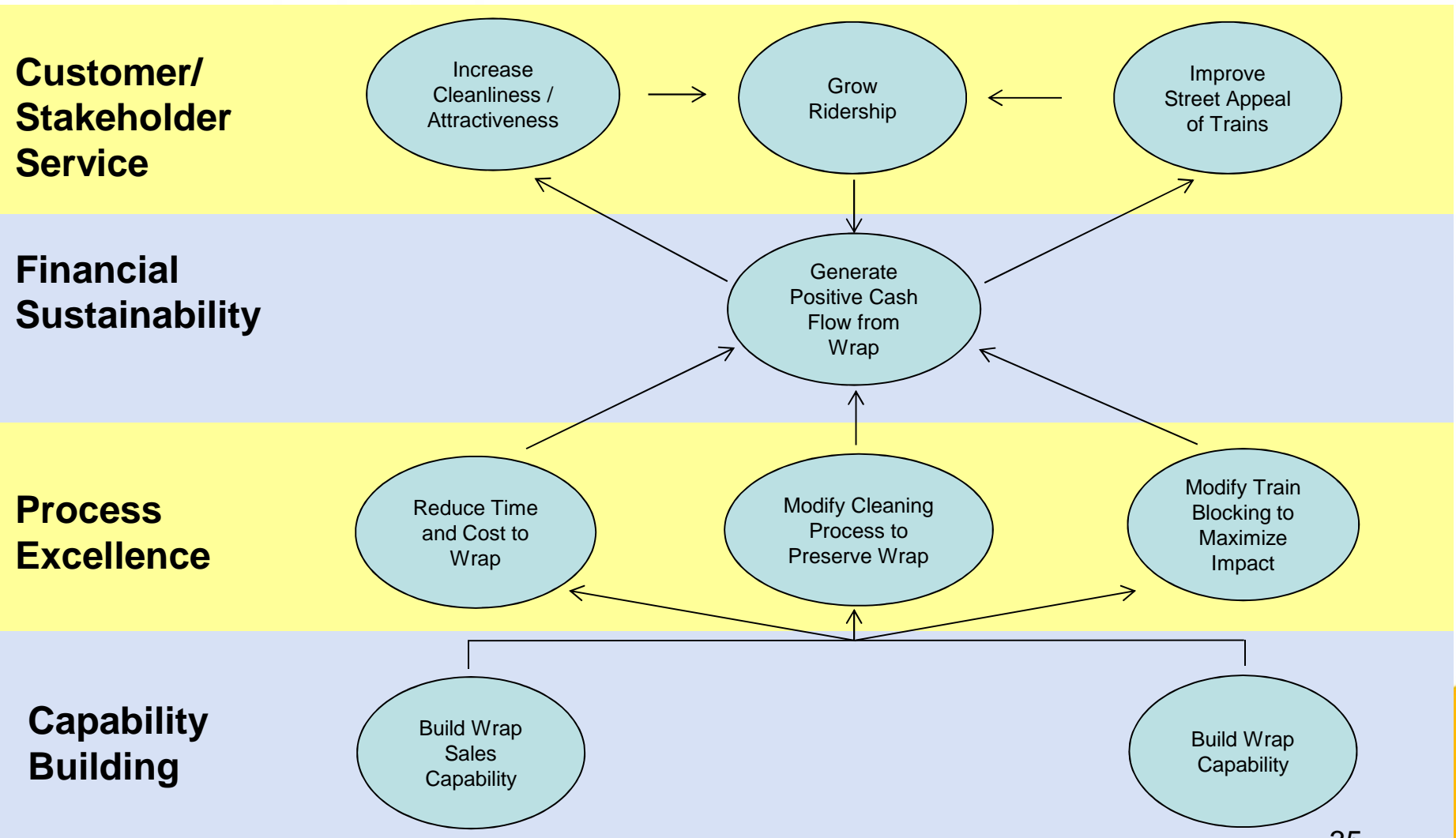
Building Value: Transit Agents



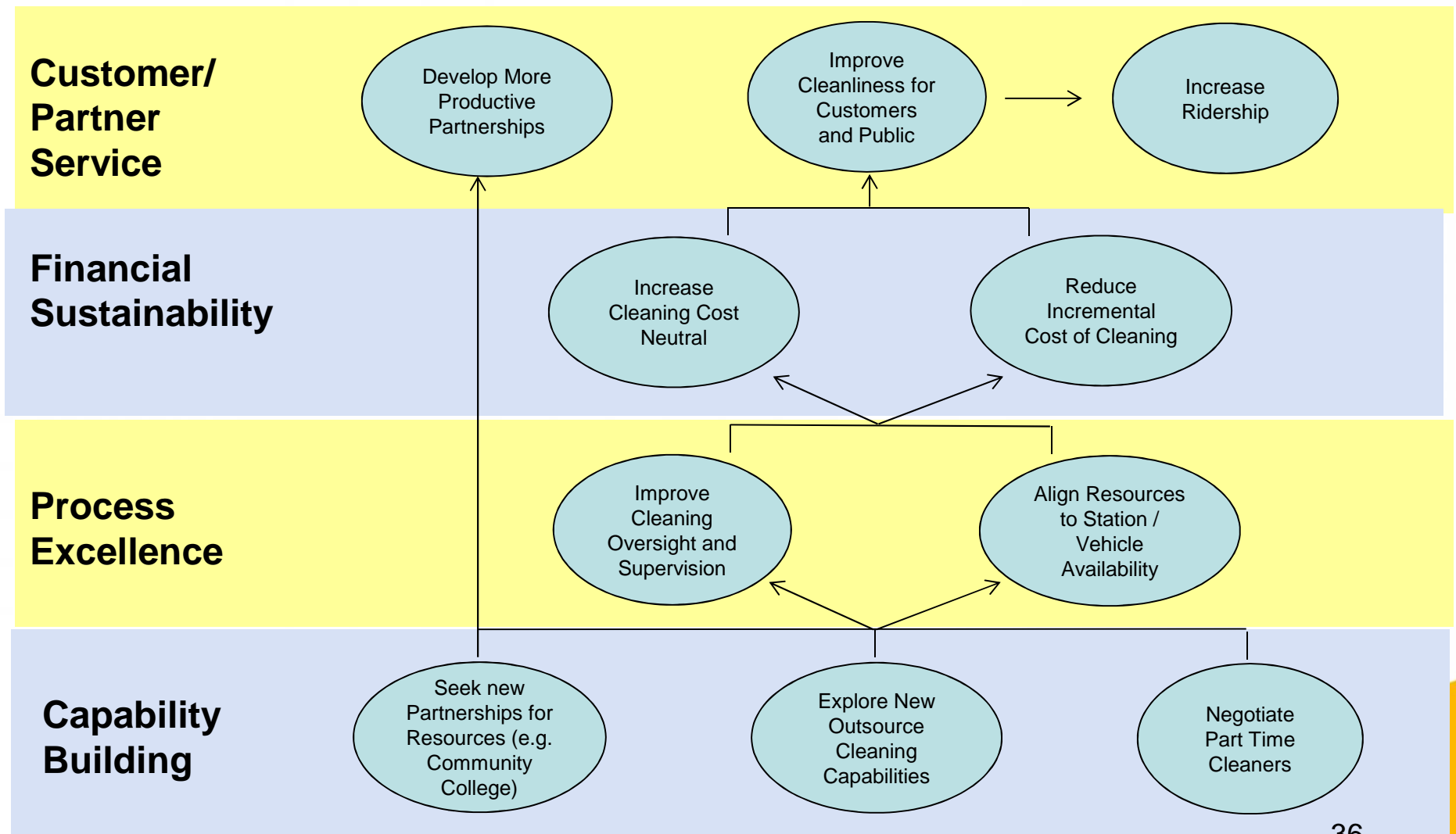
The Transit Agents implementation team builds alignment and collaboration at RT.



Building Value: Train Wraps



Build Value: Enhanced Cleaning



Appendix B: RT's Mission, Vision, and Values

The mission, vision and values from RT's 2015 Strategic Plan is provided as background information.

RT's 2015 Strategic Plan conveys a mission and vision statement.

- **Mission Statement:** The purpose of the Sacramento Regional Transit District is to promote and improve access in the Sacramento region by providing safe, reliable, and fiscally responsible transit service that links people to resources and opportunities.
- **Vision Statement:** The Sacramento Regional Transit District strives to connect people to resources and opportunities while stimulating livable communities and supporting economic development by providing an efficient and fiscally sustainable transit system that attracts and serves riders by offering an appealing transportation choice.

The 2015 Strategic Plan also lists values.

- Quality Service & Innovation: RT is committed to providing safe, reliable and cost efficient public transit services, and initiating innovative technologies to improve service effectiveness.
- Customer Service: RT places customers first by providing quality transit services and amenities with convenient and easily understood access at an affordable price.
- Respect & Professionalism: RT is committed to treating its customers and employees with dignity and respect, recognizing the importance and value of each individual.
- Fiscal Responsibility: RT is committed to the pursuit of efficient use of resources and of secure and stable funding sources.
- Integrity & Accountability: RT acknowledges its responsibility for actions and performance with an uncompromising commitment to truth, honesty and high ethical standards. RT is committed to compliance with regulatory requirements and industry standards and efforts to improve upon existing practices.
- Quality, Diverse & Positive Work Force: RT is committed to increasing employee effectiveness and satisfaction through effective communication, teamwork, appropriate resource availability, appreciation of varied abilities, and professional development opportunities.
- Regional Leadership & Coordination: RT is committed to work with area stakeholders to create a “world class” transit system that supports livable communities and related efforts.
- Health & Safety: RT is committed to achieve optimal level of safety for our employees, customers and the general public by minimizing risk of injury and property loss and promoting a sound safety culture throughout the organization.
- Sustainability: RT is committed to environmentally sensitive services and practices.