

**Breakthrough Change Initiative:  
Phase II: Opportunities and Recommendations  
Team: Organizational Restructuring/Consolidation**

Team Leader: Rod Kerlake

Members: Lilly Aguilar (Subcommittee Lead), John Briebl, Leslie Rowen, Mike Fitzgerald, Michelle Lewis-Hodges, Gwen Kopetzky, Donald Ramsdell, Craig Sivley, Susan Odenchantz, Ron Rosi; Facilitator: Mary Morrison; Resources: Kurtis Kingsolver, Gary Cantu, and external consultants Christine Veit and Paul Lewis

Span of Control/Layers of Management Subcommittee Recommendations

A. High Potential Opportunities	B. Recommendations/Alternatives	Analysis	Short-Term Outcomes	Projected Longer Term Outcomes																	
			2005-2006	2007-2008	2009-2010																
<p><b>#1 SPAN OF CONTROL</b> Increase span of control</p> <p><i>Span of Control Data:</i></p> <table border="1"> <tr> <td>Ratio Supervisor #**</td> <td>GF</td> <td>NGF</td> <td>Sp</td> </tr> <tr> <td>&lt;3:1</td> <td>120</td> <td>97</td> <td>21 2</td> </tr> <tr> <td>&lt;4:1</td> <td>50</td> <td>34</td> <td>15 1</td> </tr> <tr> <td>&lt;5:1</td> <td>45</td> <td>30</td> <td>11 4</td> </tr> </table> <p>**Span of control numbers are not cumulative. Span of Control refers to the number of employees supervised by any one individual. For the purpose of this review the number of employees does not include temporaries or volunteers.</p> <p>Notes: The review includes the use of the span of control assessment instrument.</p> <ul style="list-style-type: none"> <li>For these scenarios, all City departments, including public safety, must be considered.</li> <li>When eliminating positions in support services, General Fund savings are calculated, on average, at 50 percent.</li> <li>The City's current span of control average is 5.4:1.</li> <li>The City currently has 430 positions classified as supervisors.</li> </ul>	Ratio Supervisor #**	GF	NGF	Sp	<3:1	120	97	21 2	<4:1	50	34	15 1	<5:1	45	30	11 4	<p><b>Option #1 (MODERATE):</b> TARGET – RATIO OF DIRECT REPORTS TO MANAGEMENT Submit for review and potential elimination or reclassification positions with &lt; 3:1 ratio.</p> <p>TARGET – MANAGEMENT ACCOUNTABILITY Department plan to achieve span of control approved by City Manager.</p> <p>COST SAVINGS Based on total cost of \$75K per position. 5 positions in 05/06, 5 positions in 07/08, and 5 positions in 09/10. Less saving if positions are reclassified.</p> <p>Depending on implementation, this option could increase the City of Tacoma's overall span of control average from a range of 5.6:1 to 5.7:1.</p>	<p>Pros of moderate approach:</p> <ul style="list-style-type: none"> <li>Allows departments' time and flexibility.</li> <li>Consistent with deliberative process.</li> <li>Possibly greater potential for acceptance.</li> </ul> <p>Cons of moderate approach:</p> <ul style="list-style-type: none"> <li>Does not guarantee and may not achieve the level of savings the City is seeking.</li> <li>May potentially allow departments too much flexibility and time to achieve success.</li> </ul>	<p>Cost Savings: \$375,000</p> <p>GF: \$375,000</p> <p>Elimination of 5 positions in 2006.</p> <p>Other: Decreased savings if positions are reclassified.</p> <p>Non-financial Outcomes: Organizational philosophy advocates higher spans of control for increased efficiency of operation, faster decision making, and greater focus on end customer outcome.</p>	<p>Cost Savings: \$1.5 million cumulative total</p> <p>GF: \$750,000, elimination of 5 positions in 2007-2008 budget. \$750,000 additional savings from 2006.</p> <p>Other: Decreased savings if positions are reclassified.</p> <p>Non-financial Outcomes:</p>	<p>Cost Savings: \$2,250,000 cumulative total</p> <p>GF: \$750,000, elimination of 5 positions in 2009-2010 budget \$1.5 Million additional savings from 2006-2008.</p> <p>Other: Decreased savings if positions are reclassified.</p> <p>Non-financial Outcomes:</p>
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A. High Potential Opportunities	B. Recommendations/Alternatives	Analysis	Short-Term Outcomes	Projected Longer Term Outcomes	
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#1 SPAN OF CONTROL (cont.)	<p><b>Option #2 (MAJOR): Preferred option</b>                      TARGET – RATIO OF DIRECT REPORTS TO MANAGEMENT                      Submit for review and potential elimination or reclassification positions with &lt;4:1 ratio.</p> <p>TARGET – MANAGEMENT ACCOUNTABILITY                      Department plan to achieve span of control approved by City Manager.</p> <p>COST SAVINGS                      Based on total cost of \$75K per position. \$750K for 10 positions in 2006; \$375K for 5 positions in 07/08.</p> <p>Depending on implementation, this option could increase the City of Tacoma’s overall span of control average from a range of 5.6:1 to 5.9:1.</p>	<p>Pros of major approach:</p> <ul style="list-style-type: none"> <li>Allows departments’ time and flexibility.</li> <li>Consistent with deliberative process.</li> <li>Possibly greater potential for acceptance.</li> </ul> <p>Cons of major approach:</p> <ul style="list-style-type: none"> <li>Does not guarantee and may not achieve the level of savings the City is seeking.</li> <li>May allow departments too much flexibility and time to achieve results.</li> <li>Significant impact on service levels, including public safety.</li> </ul>	Cost Savings:\$750,000	Decreased savings if positions are reclassified Cost Savings: \$2,250,000 cumulative total	Cost Savings: \$4,500,000 cumulative total
			GF: \$750,000 Elimination of 10 positions in 2006.	GF: \$750,000, elimination of 5 positions for 2007-2008.  \$1,500,000 additional savings from 2006.  Decreased savings if positions are reclassified.	GF: included in cumulative total          Decreased savings if positions are reclassified
			Non-financial Outcomes: Organizational philosophy advocates higher spans of control for increased efficiency of operation, faster decision making, and greater focus on end customer outcome.	Non-financial Outcomes:	Non-financial Outcomes:

A. High Potential Opportunities	B. Recommendations/Alternatives	Analysis	Short-Term Outcomes	Projected Longer Term Outcomes	
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#1 SPAN OF CONTROL (cont.)	<p><b>Option #3 (DRAMATIC):</b>  <b>TARGET – RATIO OF DIRECT REPORTS TO MANAGEMENT</b>                      Submit for review and potential elimination or reclassification positions with &lt;5:1 ratio.</p> <p><b>TARGET – MANAGEMENT ACCOUNTABILITY</b>                      Department plan to achieve span of control approved by City Manager.</p> <p><b>COST SAVINGS</b>                      Based on total cost of \$75K per position. Elimination of 15 positions in 05/06.</p> <p>Depending on implementation, this option could increase the City of Tacoma’s overall span of control average from a range of 5.6:1 to 6.0:1.</p>	<p>Pros of dramatic approach:</p> <ul style="list-style-type: none"> <li>• May provide greater potential to achieve the level of savings the City is seeking sooner.</li> </ul> <p>Cons of dramatic approach:</p> <ul style="list-style-type: none"> <li>• Does not allow for a deliberative process.</li> <li>• Greater potential for resistance.</li> <li>• May result in loss of institutional knowledge and intellectual property.</li> <li>• Significant impact on service levels, including public safety.</li> </ul>	<p>Cost Savings: \$1,125,000</p> <p>GF: \$1,125,000 from 15 positions eliminated in 2006.</p> <p>Other: Decreased savings if positions are reclassified</p> <p>Non- financial Outcomes: Organizational philosophy advocates higher spans of control for increased efficiency of operation, faster decision making, and greater focus on end customer outcome.</p>	<p>Cost Savings: \$3,375,000 cumulative total</p> <p>GF: \$2,250,000 additional from 15 positions eliminated in 2006.</p> <p>Other: Decreased savings if positions are reclassified</p> <p>Non-financial Outcomes:</p>	<p>Cost Savings: \$5,625,000 cumulative total</p> <p>GF: \$2,250,000 additional from 15 positions eliminated in 2006.</p> <p>Other: Decreased savings if positions are reclassified</p> <p>Non-financial Outcomes:</p>

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<p><b>#2 LAYERS</b> Decrease layers of management</p> <p><i>Current Layers Data:</i></p> <table border="1"> <thead> <tr> <th># Layers</th> <th># Departments</th> <th>Size of Staff</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>2</td> <td>&lt; 5</td> </tr> <tr> <td>2</td> <td>2</td> <td>&lt;11</td> </tr> <tr> <td>3</td> <td>3</td> <td>11 to &lt;100</td> </tr> <tr> <td>3</td> <td>1</td> <td>101 to &lt;200</td> </tr> <tr> <td>4</td> <td>3</td> <td>11 to &lt;100</td> </tr> <tr> <td>4</td> <td>2</td> <td>101 to &lt;200</td> </tr> <tr> <td>5</td> <td>1</td> <td>11 to &lt;100</td> </tr> <tr> <td>5</td> <td>3</td> <td>101 to &gt;200</td> </tr> </tbody> </table> <p>Layers of management is identified as the highest number of layers the non-supervisory staff would have to report through to reach the top manager. That method was used to count the “longest leg” –or greatest number of layers—separating frontline staff from each department’s director, including the director.</p> <p>Notes: The City of Tacoma management layers are flatter than other comparable entities when they started similar reviews and studies. Radical and proactive approaches used by other entities resulted in the achievement of a layer structure equivalent to the City of Tacoma. Never the less, continued efforts toward a flatter structure can result in non-financial outcomes.</p> <p>The review includes the use of the span of control assessment instrument.</p>	# Layers	# Departments	Size of Staff	1	2	< 5	2	2	<11	3	3	11 to <100	3	1	101 to <200	4	3	11 to <100	4	2	101 to <200	5	1	11 to <100	5	3	101 to >200	<p><b>Option #1 (MODERATE):</b> Recommendation for SIZE OF DEPARTMENT</p> <ul style="list-style-type: none"> <li>Establish policy that sets the layers of management based on the number of employees in the department.</li> <li>Review departments for compliance with policy</li> </ul> <p>Consider</p> <ul style="list-style-type: none"> <li>5 maximum layers for departments &gt;100 (0 departments)</li> <li>4 maximum layers for departments &lt;100 (0 departments)</li> </ul> <p>Recommendation for ACCOUNTABILITY</p> <ul style="list-style-type: none"> <li>Department director provides recommendations to, and obtains concurrence of, City Manager or the City Manager directs.</li> </ul> <p><b>COST SAVINGS TARGET</b></p> <ul style="list-style-type: none"> <li>Achieved primarily through improvements in spans of control.</li> </ul>	<p>Pros of moderate approach:</p> <ul style="list-style-type: none"> <li>More gradual approach.</li> <li>Establishing and adopting targets allows the City to control and manage appropriate management structures (layers) for the organization.</li> <li>Socially responsible.</li> </ul> <p>Cons of moderate approach:</p> <ul style="list-style-type: none"> <li>Not immediate.</li> <li>May not achieve savings.</li> </ul>	<p>Cost Savings: GF: 0</p> <p>Other: 0</p> <p>Non-financial Outcomes: Organizational philosophy advocates a flatter organization for increased efficiency, less distortion of communication/accountability, quicker and more responsive customer service.</p>	<p>Cost Savings: GF: 0</p> <p>Other: 0</p> <p>Non-financial Outcomes:</p>	<p>Cost Savings: GF: 0</p> <p>Other: 0</p> <p>Non-financial Outcomes:</p>
# Layers	# Departments	Size of Staff																														
1	2	< 5																														
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#2 LAYERS (cont.)	<p><b>Option #2 (MAJOR):</b>                      Recommendation for SIZE OF DEPARTMENT</p> <ul style="list-style-type: none"> <li>Establish policy that sets the layers of management based on the number of employees in the department.</li> <li>Review departments for compliance with policy</li> </ul> <p>Review and consider</p> <ul style="list-style-type: none"> <li>5 maximum layers for departments &gt;100 (0 departments)</li> <li>4 maximum layers for departments of 100 to 200 (0 departments)</li> </ul> <p>Recommendation for ACCOUNTABILITY</p> <ul style="list-style-type: none"> <li>Through attrition.</li> <li>Reviewed with City Manager to obtain concurrence or the City Manager directs.</li> </ul> <p>COST SAVINGS TARGET</p> <ul style="list-style-type: none"> <li>Gradual through attrition and through improvements in spans of control.</li> </ul>	<p>Pros of major approach:</p> <ul style="list-style-type: none"> <li>Socially responsible.</li> <li>Provides the City ability to control and manage appropriate management structures (layers).</li> </ul> <p>Cons of major approach:</p> <ul style="list-style-type: none"> <li>Right positions may not be vacated when needed.</li> <li>May not achieve savings.</li> </ul>	Cost Savings: 0 GF:	Cost Savings: GF:	Cost Savings: GF:
			Other: Savings need to be determined based on further review.	Other:	Other:
			Non-financial Outcomes: Organizational philosophy advocates a flatter organization for increased efficiency, less distortion of communication/accountability, quicker and more responsive customer service.	Non-financial Outcomes:	Non-financial Outcomes:

A. High Potential Opportunities	B. Recommendations/Alternatives	Analysis	Short-Term Outcomes	Projected Longer Term Outcomes	
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<b>#2 LAYERS (cont.)</b>	<p><b>Option #3 (DRAMATIC):</b>                      Recommendation for SIZE OF DEPARTMENT</p> <ul style="list-style-type: none"> <li>Establish policy that sets the layers of management based on the number of employees in the department.</li> <li>Review departments for compliance with policy</li> </ul> <p>Review and consider</p> <ul style="list-style-type: none"> <li>5 maximum layers for large departments &gt;200 (0 departments)</li> <li>4 maximum layers for departments of 100 to 200 (0 departments)</li> <li>3 maximum layers for &lt;100 (Legal, Human Rights and Human Services, Public Assembly Facilities, and Tacoma Economic Development)</li> </ul> <p>Recommendation for ACCOUNTABILITY</p> <ul style="list-style-type: none"> <li>City Manager directs.</li> </ul> <p>COST SAVINGS TARGET</p> <ul style="list-style-type: none"> <li>Further study of four departments</li> <li>Savings achieved through City Manager directed reductions in layers.</li> </ul>	<p>Pros of dramatic approach:</p> <ul style="list-style-type: none"> <li>More immediate action.</li> <li>Cost savings more likely to be achieved.</li> </ul> <p>Cons of dramatic approach:</p> <ul style="list-style-type: none"> <li>May result in negative impact to service levels or operations.</li> </ul>	Cost Savings: GF:	Cost Savings: GF:	Cost Savings: GF:
			Other: Savings need to be determined based on further review.	Other:	Other:
			Non- financial Outcomes: Organizational philosophy advocates a flatter organization for increased efficiency, less distortion of communication/a ccountability, quicker and more responsive customer service.	Non-financial Outcomes:	Non-financial Outcomes:

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<p><b>#3 CLASSIFICATION</b>                      Conduct further review as may be warranted to address questions or issues related to the appropriate classification of positions.</p> <p>Carry out any applicable classification actions.</p> <p>If opportunity presents itself as a result of classification review, reorganize the department in order to achieve layer/span targets.</p> <p>Categories for further review include:</p> <ul style="list-style-type: none"> <li>• Positions whose classifications are reflected in one or more layer of management; determine if position is appropriately classified.</li> <li>• Positions not referenced in the management layers whose classification description indicates a supervisory role; determine if position is appropriately classified.</li> <li>• Positions that do not fit the definitions for the layers in which they are currently identified; determine if position is appropriately classified and whether a middle management definition/layer is warranted.</li> <li>• Positions referred to as supervisors or managers that have few or no direct reports; determine if position is appropriately classified and whether a subject matter expert category is warranted for these positions.</li> <li>• Addressed in more detail in Compensation and Benefits Breakthrough Change team.</li> </ul> <p>Note: This recommendation was also addressed in the 2004 Personnel</p>	<p><b>Option:</b>                      Reclassify positions in accordance with duties. This may dictate a lower rate of pay.</p> <p><b>TARGET – COST SAVINGS (MODERATE)</b>                      Leave pay at current level for incumbent and do not provide any further pay increases until such time that the salary range of the position reaches or exceeds the current pay of the incumbent.</p>	<p>Pros of moderate approach:</p> <ul style="list-style-type: none"> <li>• No immediate impact to employees.</li> <li>• May reduce the number of City classifications.</li> <li>• Opportunity to appropriately classify positions.</li> </ul> <p>Cons of moderate approach:</p> <ul style="list-style-type: none"> <li>• Does not achieve immediate savings.</li> </ul>	Cost Savings: GF:	Cost Savings: GF:	Cost Savings: GF:
			Other: Savings need to be determined based on further review.	Other:	Other:
			Non-financial Outcomes: Increases efficiency in the management of human resources and the classification system; creates clearer career paths for technical experts and supervisors, thus enhancing retention and recruitment efforts; creates an organizational structure that is reflective of standard supervisor/management definitions; allows for more comprehensive strategic human resource management to respond to emerging needs.	Non-financial Outcomes:	Non-financial Outcomes:

**Organizational Restructuring/Consolidation**

**Span of Control/Layers of Management Subcommittee Recommendations**

<b>A. High Potential Opportunities</b>	<b>B. Recommendations/Alternatives</b>	<b>Analysis</b>	<b>Short-Term Outcomes</b>	<b>Projected Longer Term Outcomes</b>	
			<b>2005-2006</b>	<b>2007-2008</b>	<b>2009-2010</b>
Management Systems Audit. The cost to conduct a classification and compensation study is estimated to be \$250,000 to \$300,000 per biennium.					

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#3 CLASSIFICATION (cont.)	<b>TARGET – COST SAVINGS (MAJOR)</b> Leave pay at current level for incumbent and do not provide any further pay increases until such time that the salary range of the position reaches or exceeds the current pay of the incumbent. Once position becomes vacant then reduce the salary range of position concurrent with its appropriate classification.	Pros of major approach: <ul style="list-style-type: none"> <li>• No immediate impact to employees.</li> <li>• May reduce the number of City classifications.</li> <li>• Opportunity to appropriately classify positions.</li> </ul> Cons of major approach: <ul style="list-style-type: none"> <li>• Savings achieved in the future.</li> </ul>	Cost Savings: GF:	Cost Savings: GF:	Cost Savings: GF:
			Other: Savings need to be determined based on further review.	Other:	Other:
			Non-financial Outcomes: Increases efficiency in the management of human resources and the classification system; creates clearer career paths for technical experts and supervisors, thus enhancing retention and recruitment efforts; creates an organizational structure that is reflective of standard supervisor/management definitions; allows for more comprehensive strategic human resource management to respond to emerging needs.	Non-financial Outcomes:	Non-financial Outcomes:

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#3 CLASSIFICATION (cont.)	<b>COST SAVINGS (DRAMATIC):</b> Reduce the level of pay of the incumbent to the top step of the appropriate classification.	Pros of dramatic approach: <ul style="list-style-type: none"> <li>• Immediate savings can be achieved.</li> <li>• May reduce the number of City classifications.</li> <li>• Opportunity to appropriately classify positions.</li> </ul> Cons of dramatic approach: <ul style="list-style-type: none"> <li>• Immediate negative impact to employees.</li> </ul>	Cost Savings: GF:	Cost Savings: GF:	Cost Savings: GF:
			Other: Savings need to be determined based on further review.	Other:	Other:
			Non-financial Outcomes: Increases efficiency in the management of human resources and the classification system; creates clearer career paths for technical experts and supervisors, thus enhancing retention and recruitment efforts; creates an organizational structure that is reflective of standard supervisor/management definitions; allows for more comprehensive strategic human resource management to respond to emerging needs.	Non-financial Outcomes:	Non-financial Outcomes: