



# California Survey Suggests Strategies to Enhance HR Partnership with City/County Managers

By Donna Vaillancourt and Frank Benest

A recent survey of city managers and county executives in California suggests that chief executives of local governments and their HR directors are developing stronger partnerships to address the organizational consequences of the economic meltdown.

The Great Recession has not only resulted in layoffs and significant service cuts by local governments but many agencies have experienced the following organizational impacts further threatening the viability of public programs:

- Productivity losses
- Severe morale problems
- Suspicion and fear on the part of employees and service recipients
- Declines in customer service
- Turfism and divisiveness within organizations
- “Hunkering down” by managers and line employees

## The Productivity Paradox

Based on these organizational consequences of cutbacks, local governments face a “productivity paradox.” At precisely

the point that the public agency needs giant leaps in productivity to overcome the cutbacks, productivity significantly declines. Organizational capacity is further threatened by the “retirement wave” of baby-boomer professionals, losses in institutional knowledge, and dramatic cuts in employee development budgets.

## The Two-Pronged Leadership Challenge

Given the productivity paradox, local government leaders face a two-prong challenge:

1. In the short term, how do local government leaders support employees experiencing distress?
2. In the mid- and long-term, how do leaders enhance organizational capacity to address ongoing needs and demands?

## Survey Results

The CEO survey was conducted by Donna Vaillancourt, the HR director of San Mateo County, Calif., in October 2010. Twenty-eight chief executives from 16 counties and 12 cities in California responded. Given the severe state of the economy,

the survey focused on identifying the overall strategic goals of the chief executive as well as finding out which high-value HR initiatives align with these goals.

The respondents primarily identified the following strategic goals:

- Eliminating structural deficits and stabilizing finances
- Identifying core businesses and prioritizing services
- Enhancing productivity and rebuilding organizational capacity
- Promoting innovative solutions
- Retaining and growing talent

The CEOs cited these five high-value HR initiatives along with several program examples:

1. Renegotiating labor agreements to cut costs

The county of San Bernardino, Calif., worked with labor to address its cost issues. As a result, it changed its health system cost sharing formula from a percentage-based system to fixed dollars, eliminated the county’s “pick up” of the employee’s share of

retirement prior to vesting, established a defined contribution program for retiree health, and reduced the percentage amounts of annual step increases.

2. Developing a comprehensive process to address layoffs and “bumping”

The city of San Jose, Calif., dealt with the consequences of downsizing by designing and delivering targeted training and offering other coaching and programmatic support for managers and supervisors to effectively manage the entire layoff process including how to successfully on-board displaced employees.

3. Identifying innovations, efficiencies and other creative budget solutions

The county of Santa Barbara, Calif., demonstrated the ability to create and implement leading-edge solutions that included establishing employee health clinics to promote employee wellness and manage health care costs and creating a new, more flexible, broad band classification structure and incentivized pay for performance program.

4. Enhancing organizational capacity through workforce development, learning programs, and succession planning

The city of Cupertino, Calif., implemented a strategic succession-planning program to build capacity throughout the organization that includes defining core training requirements for managers, utilizing internal staff to prepare and present training, and participating in a regional leadership academy.

5. Promoting employee engagement

The county of San Mateo, Calif., launched several collaborative initiatives to engage employees to find ways to close the structural budget deficit gap including conducting budget forums, launching an up-to-date, informative and interactive Web page called “SMC Budget Central” at [www.co.sanmateo.ca.us/budget](http://www.co.sanmateo.ca.us/budget), creating an online “Budget Idea Forum,” establishing “Employee Budget Workgroups,” and creating an incentive awards program for employees who submit innovative budget-related suggestions.

## More Of/Less Of

The CEO survey respondents were asked what they wanted “more of” and “less of” from HR departments. In terms of “more of,” the chief executives wanted:

- More flexibility in reinventing HR processes
- Employee development/succession planning
- Assistance in organizational restructuring
- Regional collaboration in shared services
- Promoting organizational health

In respect to “less of,” CEOs wanted a reduction in the “3 R’s”:

- Less rules
- Less rigidity
- Less reactivity

## Five Strategies

To develop a more powerful partnership with the CEO in times of economic meltdown, HR directors may wish to consider seven strategies:

1. Get involved in finance

Local government finance cannot be left to the finance people. The finance and budget team must include HR leaders. After all, approximately 70 percent of all budget resources are allocated to employees. If HR is not represented on the budget team, the HR director must volunteer or strongly make the case to participate.

2. Probe the CEO’s strategic vision

If the HR leader does not know the CEO’s strategic direction, HR cannot respond. The HR director must ask questions to clarify the direction. In the absence of strategic goals, the HR director can work with the rest of the executive team to develop direction and goals. As these strategic discussions occur, the HR leader can probe what the organization wants “more of” and “less of.”

3. Subtract, subtract, subtract

In order to free up time and attention to do “more of,” HR must “de-clutter” its organization. Over time, HR organizations have taken on ritualistic, non-value added activities that often involve rules and more process. To take on

high-value initiatives desired by CEOs, HR must subtract.

4. Emphasize the need to rebuild organizational capacity and “grow” talent

When everyone is talking about more cuts, on top of all the cutbacks already made, HR leaders must also promote the need for talent development and capacity-building programs.

5. Free up “slack resources”

In addition to reallocating some existing HR resources from “less of” activities to “more of” activities, the whole organization must free up “slack resources” to reinvest in learning and talent development initiatives. Often freeing up slack resources requires “over-cutting” or finding new resources (such as piecing together resources from several local governments to develop a collaborative training consortium).

## Partnering with the CEO

In summary, to create a powerful partnership with the chief executive, HR leaders must:

- Understand the CEO vision and align HR initiatives
- Focus on rebuilding organizational capacity as well as cutting labor costs

HR is uniquely positioned to take a leading role in helping local governments survive and thrive in the face of economic meltdown.

For a copy of the survey results, contact Donna Vaillancourt at [dvaillancourt@co.sanmateo.ca.us](mailto:dvaillancourt@co.sanmateo.ca.us).

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