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# **THE PURSUIT OF EXCELLENCE**

Changing the Culture for Sustainability

Mike Caston, P.E.

***“Where there is no vision, the people perish: but he that keepeth the law, happy is he” (Proverbs 29:18 KJV).***

- King Solomon believed when people had no word from God, no moral clarity, no clear direction, they were doomed for failure.
- The purpose of this presentation is to **explore ideas that shape organizational culture** so that the pursuit of excellence and sustainability can be realized and failure **minimized**.



# THE PURSUIT OF EXCELLENCE

- EXCELLENCE: Being the best you and your organization can be with a **constant** pursuit of improvement.
  - Achieving excellence does not mean all failure is avoided.
  - The **pursuit of excellence will include many failures**, but these failures will teach us a better way.
  - **WE WILL NOT BE DOOMED BY THESE FAILURES**
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The background features a light gray gradient with several realistic water droplets of various sizes scattered in the corners. The droplets have highlights and shadows, giving them a three-dimensional appearance.

**KNOW WHAT SUCCESS IS**  
(AND WHAT IT IS NOT)

# WHAT SUCCESS IS NOT

- It is not someone else's definition of success
- "**Wealth:** Industrialist John D. Rockefeller, was once asked how much money would it take to satisfy him. His reply: "**Just a little bit more**" (Maxwell). "**He who loves money will not be satisfied with money, nor he who loves abundance with its income**" (Ecclesiastes 5:10 NASB).
- "**A Special Feeling:** The continual search for happiness is one of the main reasons that so many people are miserable. **If you make happiness your goal, you are almost certainly destined to fail**" (Maxwell).

# WHAT SUCCESS IS NOT

- “**Possessing something specific and worthwhile:** ...Possessions are **at best a temporary fix**. Success cannot be attained or measured that way” (Maxwell).
- "**Power:** 'Power is usually recognized as an excellent **short-term antidepressant**'" (Maxwell quoting Charles McElroy).
- "**Achievement:** ...the progressive realization of a predetermined worthwhile goal. It is not reaching a destination. Success is a journey” (Maxwell).

# WHAT SUCCESS LOOKS LIKE

- **Perpetuating** the values that lead to success.
- People in the organization are successful.
- The **results are evident** (internally and externally) in the attitude, service and product.
- Success is...playing the game...being in the midst of the process...**SUCCESS IS A JOURNEY"** (MAXWELL)

# HOW DOES AN ORGANIZATION ACHIEVE SUCCESS?

- **“START WITH THE END IN MIND”** (Stephen Covey).
- Organizations recognize success when **individuals** in the organization are willing to improve themselves and the systems and processes they work within.
- “much of the potential for success...depends upon two things:
  1. Your ability to effectively function physically, mentally, and emotionally.
  2. How well you balance where the business stops and your personal life starts” (Jim Blasingame, Forbes Magazine).
- Work and life are woven together. **Life is more than work.**

# HOW DOES AN ORGANIZATION ACHIEVE SUCCESS?

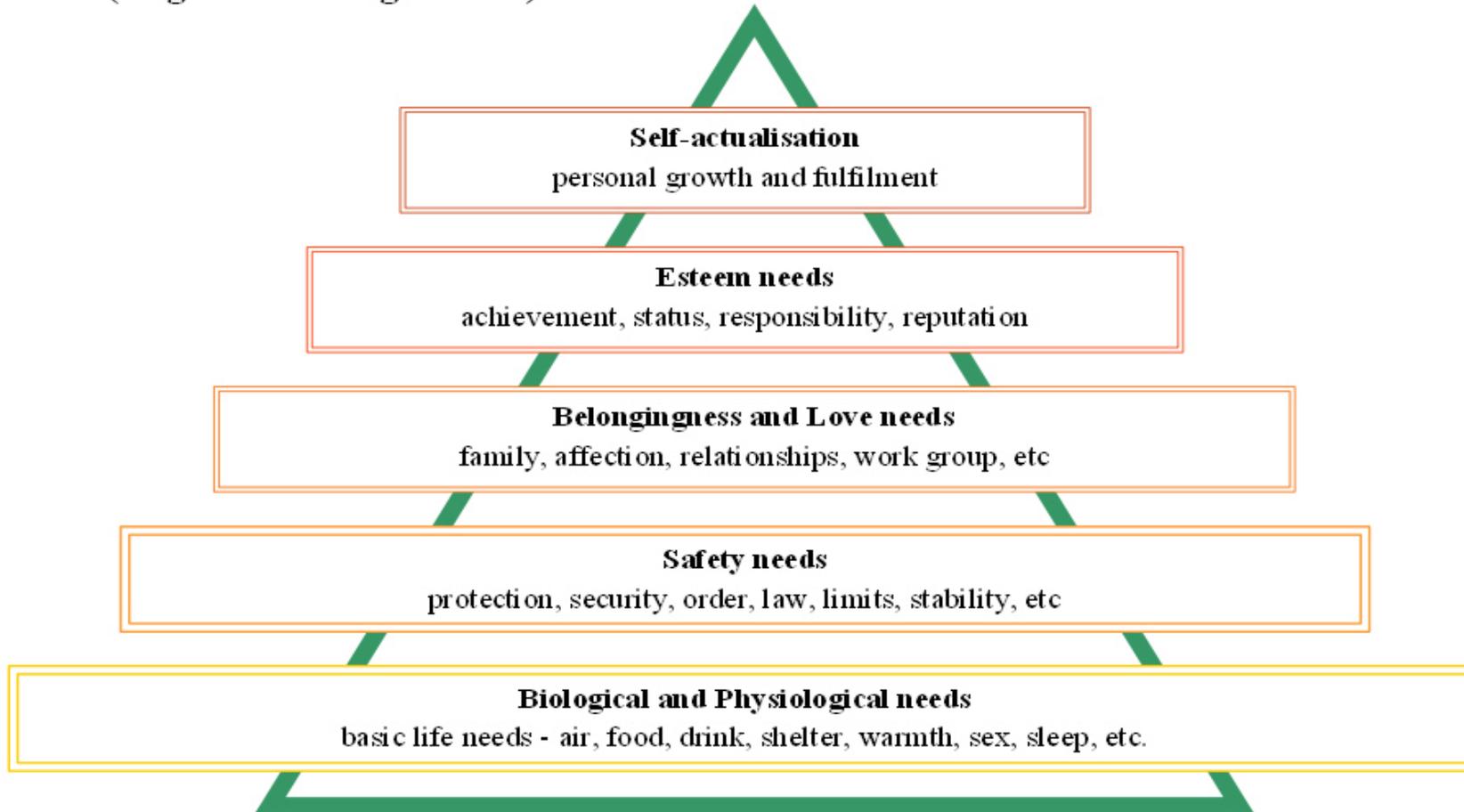
- Material goods, promotion and recognition still matter.
- Adequate compensation is a reflection of the value of team members.
- Organizational success cannot occur unless people believe they have value and are part of the success.
- When people know you truly care, you can pursue challenging tasks
- **THE GOLDEN RULE: Treat others the way you want to be treated.**

# HUMAN NEED AND SELF-WORTH

- Everyone has a basic human need of self-worth and a purpose in life.
- Most people want to be a part of something bigger than themselves.
- People are motivated by unsatisfied needs, and that certain lower needs had to be satisfied before higher needs could be satisfied (Abraham Maslow, Hierarchy of Needs).

# HUMAN NEED AND SELF-WORTH

## Maslow's Hierarchy of Needs (original five-stage model)



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# HUMAN NEED AND SELF-WORTH

- Successful organizations are filled with people who have realized the higher order of self-esteem and self-actualization.
- Simply put, every organization consists of people with certain beliefs, ways of thinking and behaving.
- Anyone in an organization can affect a culture (good or bad),
- But the greatest potential influence on culture resides in those in leadership.

# ORGANIZATIONAL CULTURE

- **CULTURE: *the beliefs, customs, arts, etc., of a particular society, group, place, or time; a particular society that has its own beliefs, ways of life, art, etc.; a way of thinking, behaving, or working that exists in a place or organization*** (Merriam-Webster's Collegiate Dictionary, Tenth Edition)



# ORGANIZATIONAL CULTURE

- Organizational culture is nothing more than the prevailing attitude of the people in the organization.
  - Cultural attitude is the foundation for excellence or doomed failure.
  - Attitude can be difficult to define, but most people know it when they see it.
  - Attitudes are shaped by what people believe about themselves, not so much what they believe about others.
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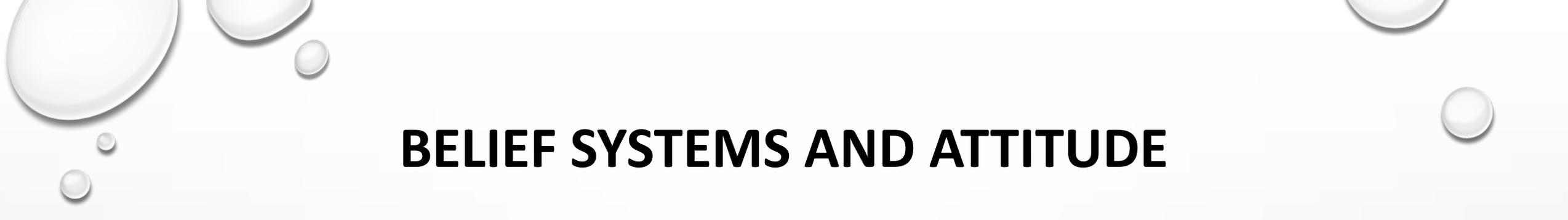


# BELIEF SYSTEMS AND ATTITUDE

- **“When you change what you believe, you change what you do”** (Spencer Johnson, M.D., *Who Moved My Cheese?*)
  - Our belief system shapes who we are and what we do.
  - *All I Really Need to Know I Learned in Kindergarten* (Robert Fulghum)
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## BELIEF SYSTEMS AND ATTITUDE

*“The longer I live, the more I realize the impact of attitude on life. Attitude, to me, is more important than education, than money, than circumstances, than failures, than successes, than what other people think or say or do. It is more important than appearance, than giftedness, or skill. It will make or break a company...a church...a home. The remarkable thing is we have a choice everyday regarding the attitude we embrace for that day. We cannot change our past...we cannot change the fact that people act in a certain way. We cannot change the inevitable. The only thing we can do is play on the one string we have, and that is our attitude...I am convinced that life is 10% what happens to me and 90% how I react to it. And so it is with you...we are in charge of our ATTITUDES.” (Chuck Swindoll)*



# BELIEF SYSTEMS AND ATTITUDE

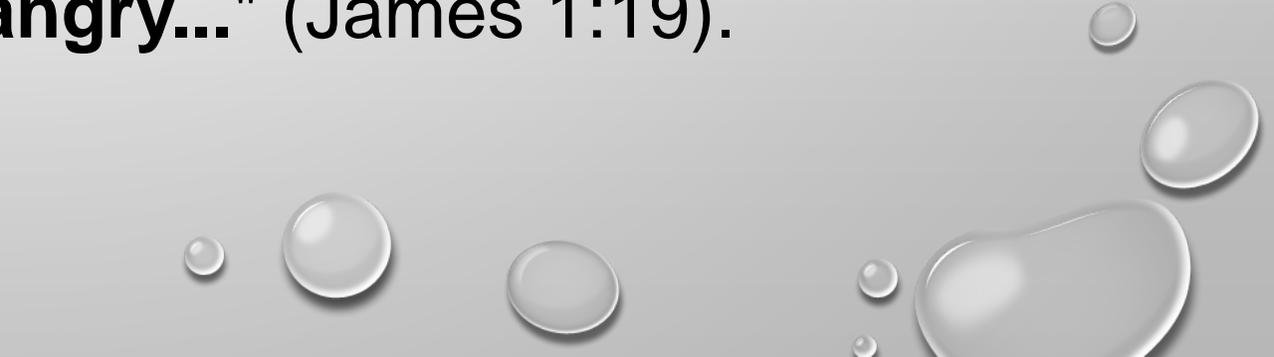
- **Attitude is a choice.**
  - Leaders and team members establish the organizational culture by the attitude they choose.
  - For continued improvement and a legitimate pursuit of excellence, a cultural attitude must exist that encourages creativity and self-worth.
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# **SUCCESSFUL LEADERSHIP**

**"Seek to understand before seeking to be understood" (Old Chinese Proverb).**

**"...take note of this: Everyone should be quick to listen, slow to speak and slow to become angry..." (James 1:19).**



# SUCCESSFUL LEADERSHIP

- A good definition of leadership: ***the ability to take people to a place where they couldn't (or wouldn't) go themselves and/or to accomplish things that they could not or would not accomplish by themselves.***
- Leadership is not just the “guy at the top.” It's every position in the organization.

# SUCCESSFUL LEADERSHIP

- Our view of successful leadership depends on our definition of a successful leader.
- A narcissistic leader may have successful endeavors.
- Sustained success requires a **selfless leader**.
- Sustained organizational improvement must occur through and by people.

# SUCCESSFUL LEADERSHIP

- Leadership is not making all decisions.
- All wisdom does not reside with the king (or CEO).
- Wise leaders listen, seek to understand, and seek counsel from those around him:

**“For lack of guidance a nation falls, but victory is won through many advisors” (Proverbs 11:14 NIV)**

**“A gentle answer turns away wrath, but a harsh word stirs up anger” (Proverbs 15:1).**

# THE LEVEL 5 LEADER

- Why do some companies make the leap to **sustained great performance** while other similar companies remain only good or achieve greatness for a short time?
- First factor identified was organizational leadership specifically achieving Level 5 leadership.

# CHARACTERISTICS OF LEVEL 5 LEADERS

Level 5 Leaders	Non Level 5 Leaders
Ambition first and foremost for the company and its success	Personal riches and renown
Want to see greater success in the next generation. Unconcerned about receiving recognition for being at the root of the success. Choose capable successors.	Set up successors for failure or choose weak successors
Avoid becoming “larger-than-life heroes” and being placed on a pedestal, ordinary people getting extraordinary results	Often charismatic, ego driven, able to bring about a short term leap in performance that evaporates when they leave.
Often grew up as insiders in the company	Outsiders riding in to “save” the company
Look to others or good luck when credit for success is to be given; take responsibility when things don’t go well	Look to others when things don’t go well and take personal credit when they do

## LEVEL 5 LEADERS

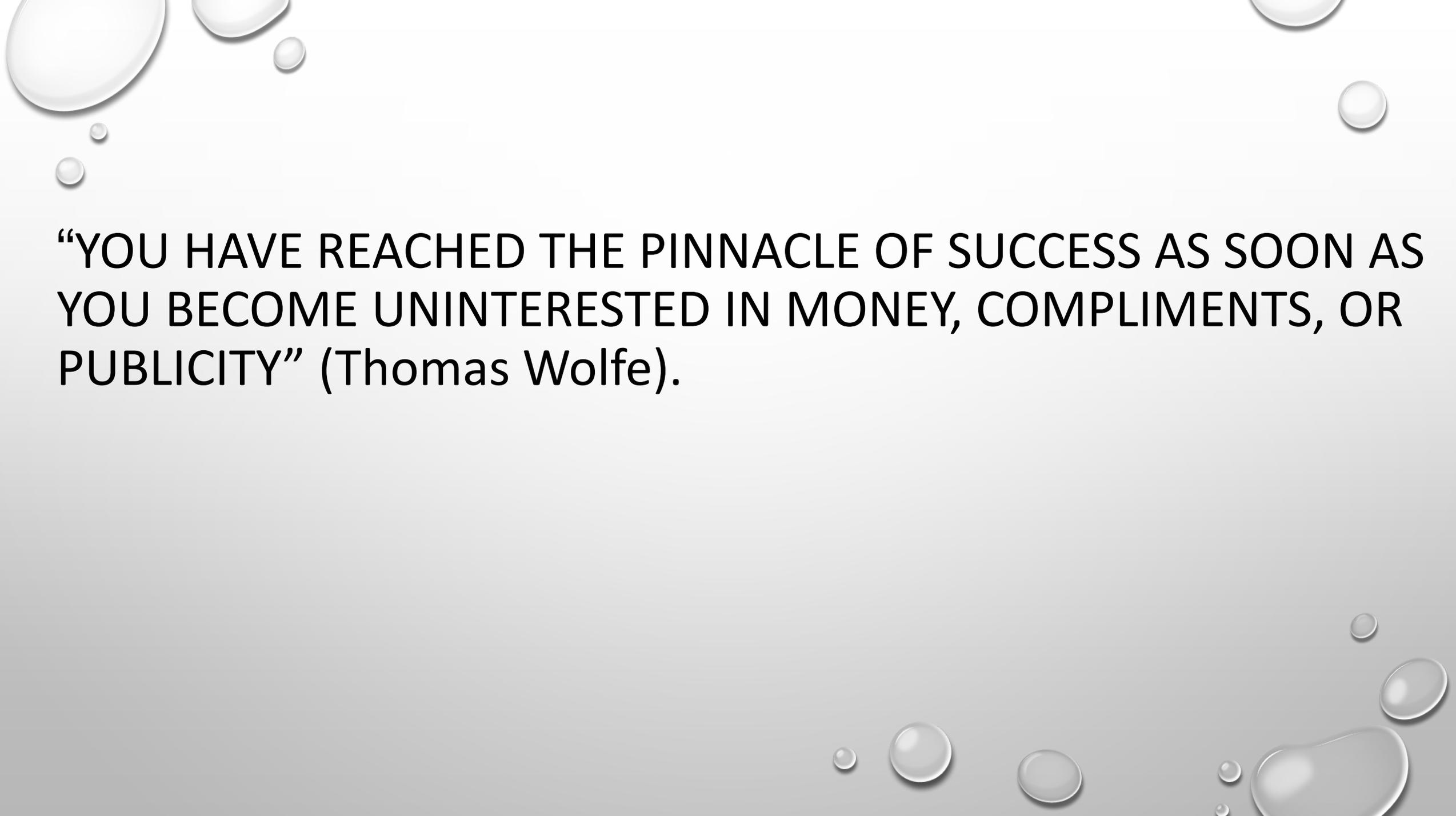
- “It’s not that Level 5 leaders have no ego or self-interest. Indeed, they are incredibly ambitious-*but their ambition is first and foremost for the institution, not themselves...*Level 5 leaders are a study in duality: modest and willful, humble and fearless” (Jim Collins, Good to Great).
- The majority of people have the potential to develop into Level 5 leaders: “...under the right circumstances—self-reflection, conscious personal development, a mentor, a great teacher, loving parents, a significant life experience, a Level 5 boss, or any number of other factors—they begin to develop” (Jim Collins).
- To do so, a **transition from management to leadership** roles must be emphasized.

# FROM MANAGEMENT TO LEADERSHIP

From Manager	To Leader
Tell	Ask
Boss	Partner
Accountable for results and people	Hold people Accountable
Chain of command; hierarchy	Openness, flexibility
Direct people	Develop people
Decision-maker	Consensus-builder
Maintain status quo	Change, innovation
Build followers	Builds leaders
Fire fighter	Coach
Delegates	Empowers
Dependence	Interdependence

# SUSTAINED SUCCESS AND HUMAN RELATIONSHIPS

- Level 5 leadership in an organization can result in an environment where egos are secondary to results and organizational success and **empowerment and collaboration thrive.**
- In effect, sustained success can only be achieved when there is a **trust in leadership** and their concern for the good of others and the organization.
- “The more convinced people are that you care about them, the more demanding you can be” (Ed Gubman, *Fortune Small Business* cover story).



**“YOU HAVE REACHED THE PINNACLE OF SUCCESS AS SOON AS YOU BECOME UNINTERESTED IN MONEY, COMPLIMENTS, OR PUBLICITY” (Thomas Wolfe).**

# WHAT IS SUSTAINABILITY?

- The word of the day: mondegreen: ***a word or phrase resulting from a misinterpretation of a word or phrase that has been heard*** (coined by Sylvia Green, a U.S. writer, in 1954, from a line in a Scottish ballad).
- Sustainability: ***of, or relating to, or being a method of harvesting or using a resource so that the resource is not depleted or permanently damaged; of or relating to a lifestyle involving the use of sustainable methods*** (Merriam Webster's Collegiate Dictionary (tenth edition)).
- Many in the water/wastewater industry believe sustainability is only about water resources.
- This is unachievable if our organizations are not functioning in a sustainable way.

# WHAT IS SUSTAINABILITY?

- The second part of this definition: *relating to a lifestyle involving the use of sustainable methods.*
- I believe this directly relates to an organizational culture and leadership that perpetuates the organization on a path of excellence and sustainability.
- If organizations and governing bodies (boards, cities, counties, states, and nations) don't function in sustainable ways, there is little hope of wise resource management and sustainability.

# • SJWD's PURSUIT OF EXCELLENCE AND SUSTAINABILITY

- SJWD Water District began its journey of continuous improvement in 1997 with a vision we called our **Pursuit of Excellence**.
- We knew we needed a focus on our infrastructure and water resources, but we also knew we needed a culture that would **focus on the right things for the right reasons** now and in the future.
- We didn't know what to do or where to start, but we asked many questions and **sought the truth**, whether we liked what we learned or not.

### *Fall, 1997– Summer, 1999*

- Initiative/Event: **Introduced to employees and Commission SJWD’s “Pursuit of Excellence” initiative**
- Purpose: Develop a culture of doing things the right way for the right reasons so that SJWD can become the best it can be.
- Outcomes: Held a series of meetings with individual staff, work groups and commission to share facts of privatization and what “best-in-class” public and private utilities were doing, did personality assessments, “survival tests”, and team building workshops and exercises.

### *August, 1999*

- Initiative/Event: **Organizational Assessments**
- Purpose: Assess the need for change
- Outcomes: SJWD participated in the Qual Serve Self-Assessment & Peer Reviews and EMA Assessment processes followed by a series of interviews by Priority Performance Group.

### ***September, 1999***

- Initiative/Event: **Leadership Retreat**
- Purpose: Develop a Mission, Vision & Guiding Principles for the organization. Lay the ground work for changing the culture & environment to one of continuous improvement.
- Outcomes: The commissioners and organizational members collaborated to agree on the Organization's Mission, Vision and Guiding Principles

### ***1st Quarter 2000***

- Initiative/Event: **Update Job Descriptions & pay grades**
- Purpose: Ensure that expectations for jobs are clearly defined and compensated fairly.
- Outcomes: Completed job descriptions for all jobs in the organization. All jobs placed into appropriate pay grade. Established a methodology for competitive review of pay scales.

### ***1<sup>st</sup> Quarter 2000***

- Initiative/Event: **Established Key Performance Indicators**
- Purpose: To identify, monitor and communicate critical performance measures (KPIs) for the organization.
- Outcomes: KPIs established and reviewed with all employees monthly. KPI trends assist with decision making and prioritizing.

### ***1<sup>st</sup> Quarter 2000***

- Initiative/Event: **Business Process Reviews**
- Purpose: To improve the organization's key business processes and eliminated non-value added steps.
- Outcomes: Identified improvement in Meter Reading and New Tap processes.

## ***2nd Quarter 2000***

- Initiative/Events: **Identify Objectives**
- Purpose: Establish intermediate objectives and accountabilities for achieving the 5 year Vision.
- Outcomes: Assigned responsibilities for specific milestones and objectives.  
Established a performance management system for measuring and evaluating performance

## ***3rd Quarter 2000***

- Initiative/Event: **360° Reviews**
- Purpose: Provide feedback to those in supervisory roles.
- Outcomes: Each person in supervisory role received feedback from direct reports, peers and their supervisor.

### **3rd Quarter 2000**

- Initiative/Events: **Hiring/Selection Process**
- Purpose: Develop and implement a systematic and consistent process for approval of and hiring or promotion of candidates for specific positions.
- Outcomes: Process developed, company leadership trained in the use of the process, process implemented.

### ***End of Year 2000***

- Initiative/Event: **Implement Pay-For-Skills in Operations**
- Purpose: Provide method for rewarding increased learning and contributions through opportunity for higher pay rates.
- Outcomes: Pay-for-skills program designed and implemented and certifications and pay adjustments made. Criteria and process for further progression established.

## 1st Quarter 2001

- Initiative/Event: **Capital Planning**
- Purpose: Establish a methodology for identifying and systematically prioritizing and re-prioritizing capital expenditures.
- Outcomes: Identified and segmented all capital funding sources. Agreed upon and ranked criteria for evaluating priorities of capital projects. Established a Capital Project Review committee.

## January 2002 – Dec. 2003

- Initiative/Event: **Governance Policy**
- Purpose: Develop the process for effective governance of the organization by identifying Commission and Executive director roles, responsibilities, and expectations.
- Outcomes: Workshops were held with Commission to develop effective governance based on the “Carver Model” of governance for elected/appointed officials. The Commission developed and approved mission, goals, executive limitation and governance process policies.

## **2nd Quarter 2003**

- Initiative/Event: **Organizational Staff & Succession Planning**
- Purpose: To project and plan for the staffing needs of the organization and to develop a succession plan for key roles in the organization.
- Outcomes: Staffing plan submitted to Commission and Succession Plan submitted to Commission for their information.

## **January 2004 – July 2004**

- Initiative/Event: **Vision Update**
- Purpose: Update the Organizational Vision to reflect progress and new challenges
- Outcomes: Revised Vision. Established new intermediate objectives and responsibilities.

## 1<sup>st</sup> Quarter 2005

- Initiative/Event: **Improved Hiring/ Selection Process**
- Purpose: Improve the hiring/selection process for key jobs in the company.
- Outcomes: Implemented the use of the Profile XT whole person assessment for hiring in key jobs. Established a Job Match Pattern for the Water Plant Operator Position. Measured all members of the leadership team and all Water Plant personnel to identify strengths and areas for development.

## 2<sup>nd</sup> Quarter 2005

- Initiative/Event: **Revised Performance Management System**
- Purpose: To improve the efficiency and the effectiveness of SJWD's performance management system.
- Outcomes: Polled employees and supervisors about the system and made changes to address concerns. Added career development process to system.

### 3<sup>rd</sup> Quarter 2005

- Initiative/Event: **Executive Director Evaluation**
- Purpose: Establish a systematic and consistent method for evaluating the performance of the Executive director based on Commission approved governance process and executive director limitations.
- Outcomes: Assessment process and criteria developed and reviewed by Commission and mutually agreed by Commission to use for the Executive Director's evaluation. Established but not effectively utilized.

### 1<sup>st</sup> Quarter 2006

- Initiative/Event: **Supervisory Development**
- Purpose: Develop the Supervisory and Leadership skills of those in supervisory and crew leader positions.
- Outcomes: Completed a 7 session course in supervisory and leadership development.

## 2<sup>nd</sup> Quarter 2006

- Initiative/Event: **High Performance Problem Solving**
- Purpose: Provide the training and skills needed to implement a systematic and collaborative approach to problem solving in the organization.
- Outcomes: Trained SJWD's leadership team in High Performance Problem Solving.

## 3<sup>rd</sup> Quarter 2006

- Initiative/Event: **Vision Update**
- Purpose: Updated the Organizational Vision to reflect progress and new challenges
- Outcomes: Revised Vision. Established new intermediate objectives and responsibilities.

### **4<sup>th</sup> Quarter 2006**

- Initiative/Event: **Water Plant Vision**
- Purpose: Develop a five year vision for the SJWD Middle Tyger Water Plant.
- Outcomes: Visited and benchmarked appropriate facilities. Developed 5 year vision. Established intermediate objectives and assigned responsibilities. Initiated knowledge capture and development of standard operating procedures.

### **December 2008**

- Initiative/Event: **In-house organization-wide ethics training**
- Purpose: Help develop skills and provide tools for making ethical decisions.
- Outcome: All staff participated in ethics training.

## Spring 2009

- Initiative/Event: **In-house leadership training**
- Purpose: Build leaders
- Outcome: Conducted “Good-to-Great” in-house training for all

## 2011 – 2013

- Initiative/Event: **SJWD’s Strategic Plan: the Path to the Future**
- Purpose: Clarify SJWD’s organizational mission and guiding principles and to **focus on long-term needs (sustainability)**
- Outcome: A strategic plan and annual planning process that uses the principles of Effective Utility Management (EUM) and its 10 Attributes of Effectively Managed Utilities. Our primary focus was on 5 attributes (**Water Resource Adequacy, Operational Resiliency, Infrastructure Stability, Financial Viability, and Employee and Leadership Development**). These improvement priorities have strongly influenced decisions on staffing, work assignments and goals, operational budgets, and capital budgets.

# CONCLUSION

- Achieving organizational excellence and real sustainability is not exclusively for the organization filled with gifted and ambitious people.
- SJWD has achieved **extraordinary results with ordinary people.**
- We have simply applied the principals of “**The Golden Rule**” and truthfully sought and pursued excellence.

# TANGIBLE RESULTS

- Gone from **bimonthly** meter reading (5 full-time readers) to **monthly** (one full time reader). This is with SJWD's customer base increasing from approximately 11,000 customers in 1996 to approximately 22,000.
- Using technology as a strategy and performing honest assessments of business practices, we have **decreased number of employees from 56 to 41** (primarily through attrition). It is anticipated to be reduced by **3 – 5 more within the next 5 years**.
- No base rate increase since 1996

# TANGIBLE RESULTS

- Reduction in customer service fees
- Changed from a declining block rate structure to an **inclining block rate** over 15,000 gallons/month
- Tax millage for general obligation bonds remains steady (10-12 mils) and has been so since 1996
- Establishment of a capital reserve fund to self-fund the bulk of our capital expenditures (currently around \$8M).

# TANGIBLE RESULTS

- Low debt: \$1.3M revenue bond that will be paid off July 2020, \$8.7M general obligation bonds that will be paid off by March 2018.
- Installed approximately \$60M of infrastructure since 1997.
- Developed a strategic plan entitled, **Path to the Future**, that focuses on long-term needs (**sustainability** of water resources, infrastructure, finances and organizational/operational human resources and business practices).