Transformation Office

Progress and Priorities

January 24, 2023

Transformation Office combines 8 unique elements to help agencies work together more effectively and ensure execution and sustainability

Transformation expertise
- Provide in-house transformation leadership with experience, knowledge and oversight to drive change
- Outside-the-agency leverage and advice to effectively scope and manage third-party resources to deliver results

Cross-silo collaboration
Identify and share best practices across government, facilitate collaboration across Secretariats, Agencies, and intra-agency departments, personally coach transformation leaders at all levels to execute

Proven process
Standardized, structured approach to problem solving and project management (including project manager resources) to drive varied and complex initiatives (rapidly) to completion

Tools
Stage-gates to track initiatives progress, Transformation Management System (TMS), dashboards, standard agendas

Accountability
Set-up and lead governance (Steering Committees), ensure there is individual, personal ownership of initiatives, publish scorecards, create transparency on initiatives' progress and problems to solve

Aspiration
Set new performance goals, inspire to be "best-in-class", identify out-of-state benchmarks, ensure rigorous follow-up

Metrics
Institutionalize OKRs in all Secretariats and within Agencies: "what gets measured gets done"

Training
Capability and skill building for Agency leaders, common language and processes to help individuals execute and teams to sustain improvements

Transformation Office provides and coordinates resources, including TO personnel and targeted third-party expertise, to work with Agency personnel to get things done
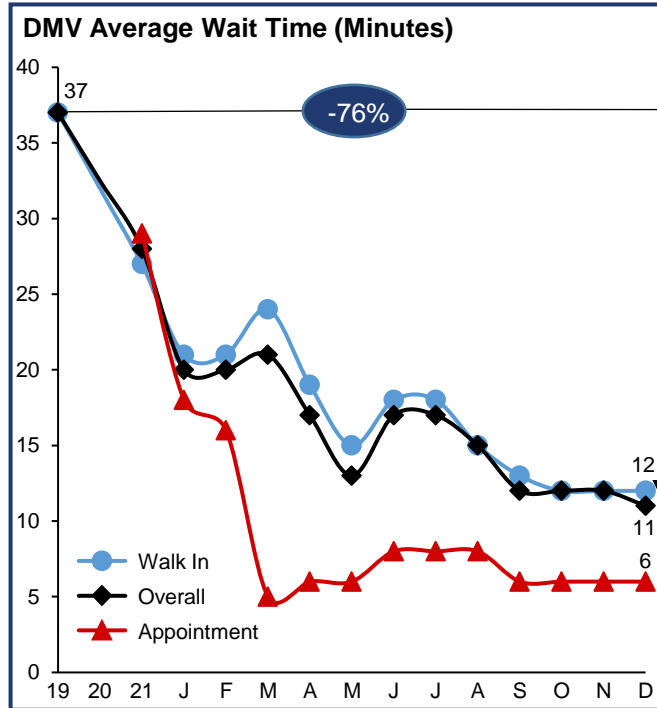
Example Results: DMV

Transformation is delivering dramatically improved customer service at the DMV

50+ initiatives reduced customer wait times by more than 70%

DMV Average Wait Time (Minutes)

-76%

37

12

11

6

- Walk In
- Overall
- Appointment

19 20 21 J F M A M J J A S O N D

In 2023 we are expanding efforts to drive new initiatives

Further speed up services

Improve customer experiences

Move more transactions online, complete new website

Lower operating costs, improve utilization

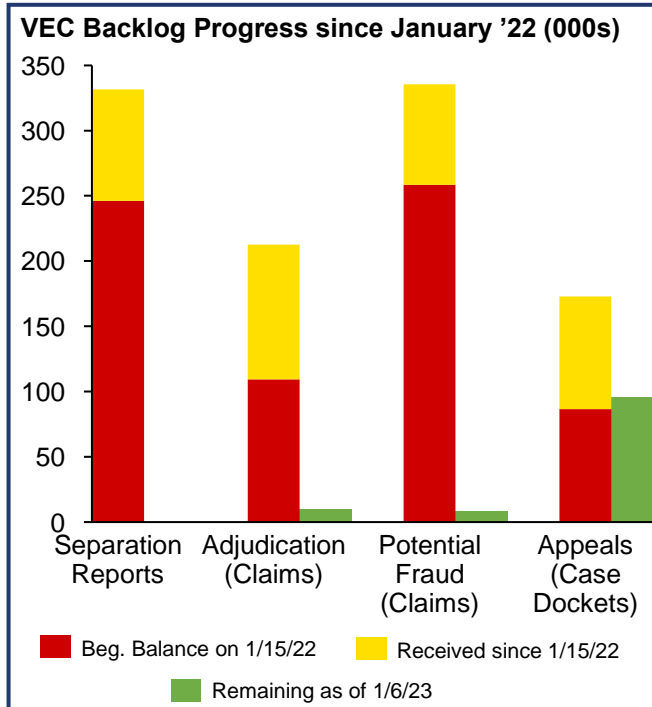**Upgrade talent & performance management**

Example Results: VEC

Transformation significantly increased processing speed and customer responsiveness at the VEC

"War room" teams cleared most claims backlogs in Phase 1

VEC Backlog Progress since January '22 (000s)

- 🟥 Beg. Balance on 1/15/22
- 🟨 Received since 1/15/22
- 🟩 Remaining as of 1/6/23

In Phase 2 five workstreams working towards best-in-class

Optimize call center

Redesign claims intake process

Redesign first-level appeals

Upgrade talent & performance management

Management accountability scorecard

Completed over 938,000 work items. Identified $1.6B in paid claims as identity theft and prevented another $1B+ in identity theft claims from being paid

Transformation in 2023-24 plans to build on 2022 success

2022 focus was primarily on improving citizen experiences…

- DMV, VEC
- Cross-disciplinary project management (e.g. Partnership for Petersburg, behavioral health)

…And laying the groundwork for future improvements

- OKRs across government, behavioral health assessment and transformation plan, procurement assessment, economic development strategy, workforce development, re-entry dashboard

2023-24 priorities will be to sustain and expand on these initial gains…

…With increased focus on identifying and capturing significant financial savings…

- Procurement, real estate, organization

…While building sustainable organizational capabilities within and across agencies

- Talent and performance management

FY 2023 Transformation Funds - Current Status

Transformation Initiative	($000s)	
	Revised 2022 Plan	**Transferred**
Procurement Reform	2,495	495
Behavioral Health Transformation	1,040	1,040
Economic Development	970	970
VEC	860	380
DMV	500	0
Employee Talent Management	500	0
SOC – Process Improvement	250	0
Contracted Staffing Support (e.g. Project Management)	1,560	868
Transformation Office Resources (Term Staffing)	1,310	170
Executive Search	220	220
Travel, Software, and Other	190	18
Unallocated Projects	105	0
TOTAL	**10,000**	**4,161**

Transformation funding supports one-time investments to help ensure the Governor's priority initiatives succeed without increasing ongoing agency budgets

FY 2024 Transformation Priorities and Cost Allocation

Transformation Initiative	($000s) 2023 Plan
Cost-Cutting Procurement Reform	2,500
Cost-Cutting State Building and Real Estate Portfolio Optimization	3,000
State Employee Talent Management – Best In Class Process Improvement	3,000
Economic Development	1,500
Behavioral Health Transformation	2,000
Contracted Staffing Support for Key Initiatives (e.g. Project Management)	1,000
Small Business and Supplier Diversity	1,000
Prisoner Re-entry Optimization (Department of Corrections)	1,000
Workforce Development Transformation (funded separately)	0
TOTAL	**15,000**

Transformation funding supports one-time investments to help ensure the Governor's priority initiatives succeed without increasing ongoing agency budgets

Appendix

FY 2023 Transformation Funds – Current Status of Third-Party Expertise

Transformation Initiatives Identified by the CTO	($000s)		Agency	Intended Uses and Objectives
	Original Plan 10/1/22	Revised Plan		
Procurement Reform Phase 1: assessment and initial planning	495	495	DGS	Third party expertise to assess operating model and identify opportunities for process improvement, transparency, accountability, and savings
Procurement Reform Phase 2: detailed planning & implementation	1,500	2,000	DGS	Third party expertise to help implement operating model improvements and capture opportunities for process improvement , transparency, accountability, and savings (revised +500)
DMV Phase 1: quick wins, focus on customer experience	0	0	n/a	CTO, Deputy, and Associates working directly with Agency personnel to reduce in-person wait times and improve customer experience
DMV Phase 2: digital/IT, operating model, costs, & performance mgmt	500	500	DMV	Third party expertise to help internal teams further reduce wait and service times, improve customer experience in person and online, improve dashboards, website & management tools, lower operating costs
VEC Phase 1: backlog reduction and best-in-class roadmap	370	360	VEC	Third party expertise to help reduce backlogs, improve customer service, & prioritize key improvement levers to reach best-in-class (b-i-c). (revised downward to reflect lower actual cost)
VEC Phase 2: streamline front-end intake process, redesign first level of appeals, best-in-class implementation, resiliency plan design	500	500	VEC	Third party expertise, legal and/or technical resources to help reduce appeals backlogs, eliminate manual processing, move towards b-i-c in all areas, develop resiliency plan, reduce costs
Behavioral Health Transformation	1,300	1,040	HHR	Third party expertise to work with Secretary of HHR and internal teams to develop the overall 3-year transformation plan ("Right Help, Right Now") to transform Virginia's behavioral health system (revised to reflect -260 moved to Project Management (PMO) pool for Behavioral Health Project Manager position)
Economic Development - strategy & roadmap	1,000	970	VEDP	Third party expertise to help design the strategy and roadmap to develop a best-in-class economic development approach and organization to help achieve the Governor's 400,000 employment growth goal (revised downward to reflect lower actual cost)
Employee Talent Management	300	500	DHRM	Third party expertise to help DHRM and Agency HR develop common tools, metrics and processes for improving and streamlining recruiting, training and employee performance improvement (revised +200)
SOC - process improvement	250	250	SOC	Process improvement expertise and tools to help streamline, standardize and automate core processes
Subtotal Third-Party Expertise	**6,215**	**6,615**		

FY 2023 Transformation Funds – Current Status of Manpower and Other Expense

Transformation Initiatives Identified by the CTO	($000s)		Agency	Intended Uses and Objectives
	Original Plan 10/1/22	Revised Plan		
Project Management (PMO) pool	1,300	1,560	Office of the Governor	Provide project managers (PMs) to help lead and manage Transformation projects prioritized by the Governor and CTO (revised +260 for Behavioral Health Project Manager)
Transformation Office Resources	1,310	1,310	Office of the Governor	Provide internal team members to help CTO support priority transformation projects
Executive Search	220	220	Office of the Governor	Executive search firm services to find key leadership positions
Subtotal Manpower	**2,830**	**3,090**		
Travel, software, and other	190	190	Office of the Governor	Travel to learn from best-in-class states on key processes and purchase tools to increase productivity and track transformation initiatives
Unallocated - project(s) TBD	750	105	n/a	Additional resources for current project(s) or others yet to be named (revised balance to reflect all net changes from Original to Revised Plan, incl. 500 to Procurement)
Subtotal Travel, Software, and Other Expenses	**940**	**295**		
Grand Total	**9,985**	**10,000**		
Balance Remaining	**15**	**0**		

FY 2024 Transformation Priorities and Cost Allocation

Transformation Initiative

Cost-Cutting Procurement Reform $ 2,500
This is the number one priority for 2023, because there is huge financial savings potential paired with numerous process improvement opportunities. In 2022 The Transformation Office ("CTO") and Secretaries of Administration and Finance worked with third-party experts and an internal team to complete a comprehensive diagnostic of Commonwealth procurement practices that identified the potential for significant savings of time, money ($500-700mm / year), and opportunities to improve process controls. This team is currently working on procuring assistance for the next phase of the Procurement reform, which is focused on detailed planning and implementation, and are happy to brief staff at your convenience.

Cost-Cutting State Building and Real Estate Portfolio Optimization $3,000
In May we began working with a third-party to analyze the Commonwealth's real estate portfolio in the Richmond Capitol Square Area. This revealed that the state has an incredible opportunity to consolidate our state-owned footprint (in both locations and density), avoid new construction of costly buildings, and optimize, refurbish, and re-fit a consolidated real estate portfolio that will improve the work environment for the state's personnel. As the Governor has discussed, while this is an opportunity to save significant money over the long-term, this comes with the added benefit of creating economic development opportunities in many of the spaces and/or empty lots currently owned or leased long-term by the state.

State Employee Talent Management – Best In Class Process Improvement $3,000
Across all agencies, we have received feedback that recruiting, hiring, training, developing, and retaining state personnel have been persistent and growing challenges. This initiative will develop a comprehensive "people management process" to transform current personnel and HR approaches to create a more competitive and effective HR management system. This would incorporate best practices and tools through the employees' career with the Commonwealth. Beyond the Governor's announcement at the JMC speech, this is the third key third key priority with massive potential to improve the quality and effectiveness of our workforce by improving how we attract, train & retain the right/best people for the job and do so with less total cost.

Economic Development $1,500
Current funding ($1M) is supporting our overhaul of economic development efforts. This work has been critical to understanding which industries/sectors represent the greatest opportunity for economic-development agencies across the Commonwealth to strategically prioritize and consolidate efforts. From this analysis, there will be significant work required to define and operationalize the strategies and organizational implications needed to win in the identified target sectors.

Behavioral Health Transformation $2,000
$1.3M+ of funding was utilized this year to help develop the overall 3-year transformation plan ("Right Help, Right Now") to transform Virginia's behavioral health system. The current third-party team is contracted through June to help us build out the implementation plan. To fully deliver on the implementation plan will require significant additional analysis and problem solving to assess how, tactically, to set up, for example, public-private hospital partnerships and analyze additional policy and legislative initiatives. This is work which the agencies cannot complete without help due to capacity constraints.

FY 2024 Transformation Priorities and Cost Allocation

Transformation Initiative

Workforce Development Transformation   (funded separately) $0

CTO will work closely with the Secretary of Labor to ensure timely and effective implementation of the Workforce Development Transformation using the phased approach laid out in separate materials. We will continue collaborating with the Secretary, his team, agencies, and third-party experts to ensure standup of the new Virginia Department of Workforce Development and Advancement (VDWDA). We will define new metrics to measure performance and efficiency, with baselines and targets, that are standardized but reflect program and regional differences. Funding to help with this work is being addressed separately.

Contracted Staffing Support for Key Initiatives $1,000

Current funding ($1.6M) has been used to contract program and project management experts to help lead and manage Transformation projects prioritized by the Governor and CTO. Additional funds allow us to continue funding these resources.

Small Business and Supplier Diversity $1,000

This is a new initiative to work jointly with the Secretary of Commerce and Trade and her team to conduct a rigorous assessment of the current performance and opportunities for improvement within SBSD and align on a broader transformation framework. We plan to utilize third-party help.

Prisoner Re-entry Optimization (Department of Corrections) $1,000

In 2022 we used Transformation office and Department of Corrections personnel to build a new dashboard to begin tracking re-entry outcomes for released prisoners. Going forward we will work with VADOC and other agencies to leverage this tool, along with existing and new (pilot) programs, to create a solid re-entry program that measures, tracks, and improves outcomes for released prisoners.

Executive Order #5

Established the Commonwealth's Chief Transformation Officer and Office of Transformation

Build a culture of **transparency**, **accountability**, and constructive **challenge** across government

Remind employees that our **government works for the citizens of Virginia**
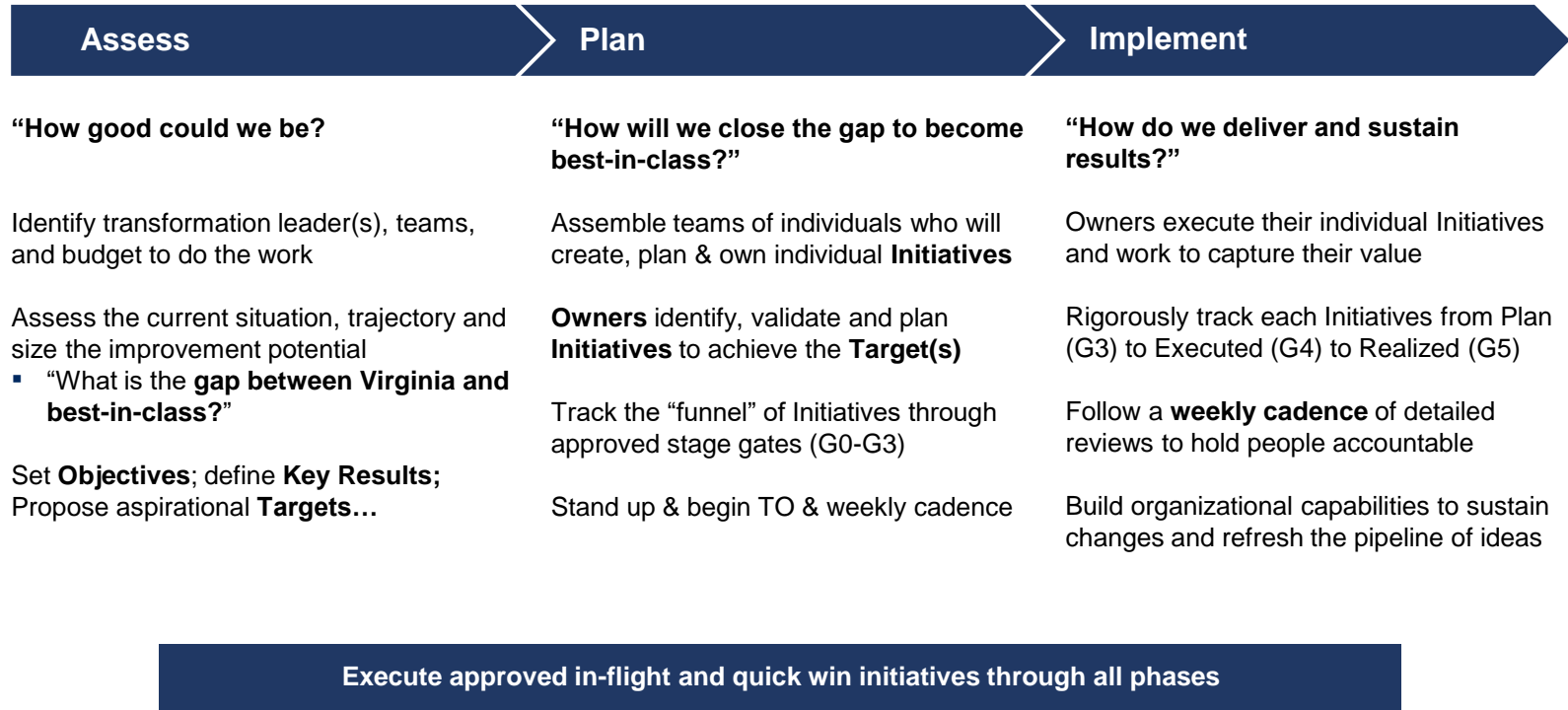
Drive changes improving **effectiveness** and **efficiency** by tracking key performance **metrics** (scorecards)
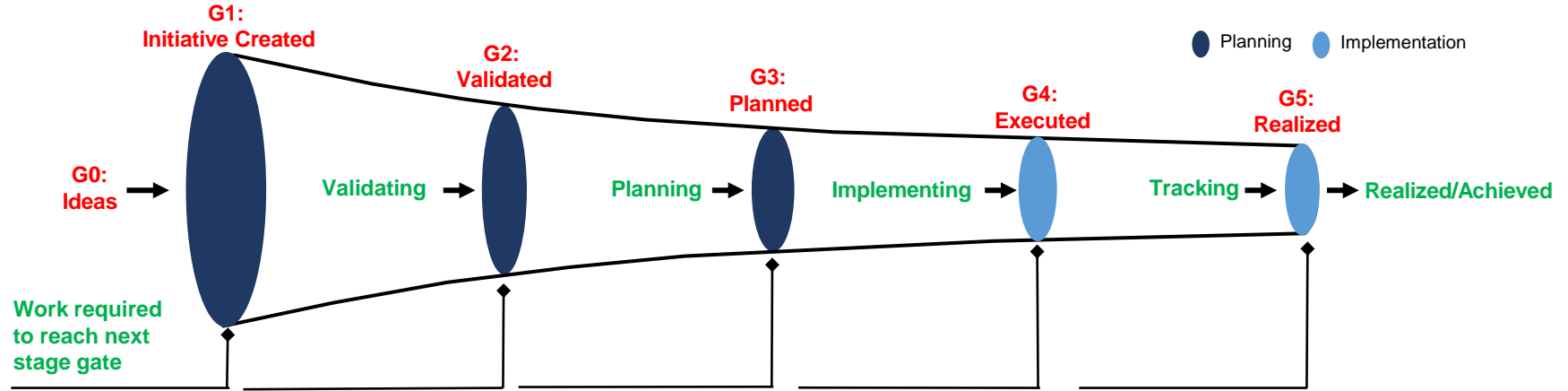
Identify, coordinate, and lead **targeted transformation efforts** beginning with **DMV** & **VEC**

We use a comprehensive, three-phase approach to ensure Transformations deliver *and* sustain results

Assess	Plan	Implement
"How good could we be?	**"How will we close the gap to become best-in-class?"**	**"How do we deliver and sustain results?"**
Identify transformation leader(s), teams, and budget to do the work	Assemble teams of individuals who will create, plan & own individual **Initiatives**	Owners execute their individual Initiatives and work to capture their value
Assess the current situation, trajectory and size the improvement potential ■ "What is the **gap between Virginia and best-in-class?**"	**Owners** identify, validate and plan **Initiatives** to achieve the **Target(s)**	Rigorously track each Initiatives from Plan (G3) to Executed (G4) to Realized (G5)
	Track the "funnel" of Initiatives through approved stage gates (G0-G3)	Follow a **weekly cadence** of detailed reviews to hold people accountable
Set **Objectives**; define **Key Results;** Propose aspirational **Targets…**	Stand up & begin TO & weekly cadence	Build organizational capabilities to sustain changes and refresh the pipeline of ideas

Execute approved in-flight and quick win initiatives through all phases

Structured stage-gate process ensures validated ideas translate to results

Planning ● **Implementation** ●

G1:
Initiative Created

G2:
Validated

G3:
Planned

G4:
Executed

G5:
Realized

G0:
Ideas →

Validating →

Planning →

Implementing →

Tracking → **Realized/Achieved**

Work required to reach next stage gate

- Turn an **idea into a clearly stated Initiative (**action**)**
- **Roughly estimate** impact
- Name the **Initiative Owner**

- **Analyze** for feasibility, impact, and risks
- **Validate** the value
- Estimate **dates** by when it will be planned **(G3)** and executed **(G4)**

- Build detailed **Implementation Plan** w/ milestones
- **Define KPIs** to track impact
- **ID resources** required
- **Forecast impacts** (amounts and timing)

- **Complete all Milestones (**to ensure initiative delivers its full impact)

- **Track value to ensure:**
  - **Value accruing at run rate** (recurring)
  - **Full value accrued** (one-time)

← **Approvals required to reach each Stage Gate** →

Progress tracked rigorously using (new) Transformation Management System (TMS)