

# Compliance and Enforcement Transformation

External Stakeholder follow-up meeting  
(Phase 2)  
Feb 18th, 2011

State Police Auditorium  
Horizon Center  
1200 Negron Drive  
Hamilton, NJ 08691

# Today's Objectives

1. Clarify our challenge and approach
2. Confirm support for expansion of our role and the results we will seek to deliver
3. Explain our steps and thinking so far
  - From big ideas to effective, specific actions
  - How we arrived at current priorities
  - How you can be involved
4. Get input on priorities to move ahead

# Our Challenge: making sense of things

Lots to consider...



- 300+ staff suggestions throughout 2010
- 61 ideas/comments in notes from stakeholder session Dec 13<sup>th</sup> 2010
- More input via email and informal comments
- DEP leadership and manager perspectives
- DEP Transformation Plan, Vision and Mission
- Red Tape Commission, executive orders

# In Over Our Heads?

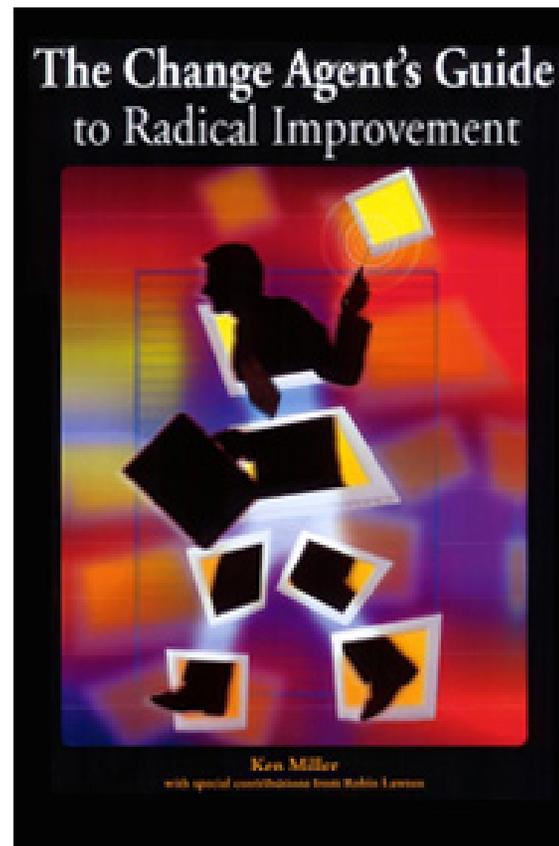
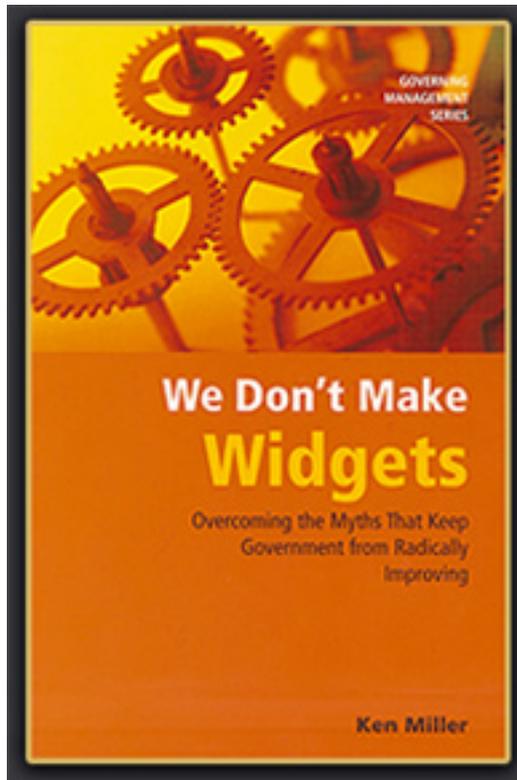
- 70% of large scale change initiatives fail
  - What are we doing differently than the 70%?
  - What is different from our own past?
- Change efforts are well studied
- Change management becoming a science
- People are key, but so is process
- Help exists

# What Help Did C&E Find?

- Ken Miller
  - Veteran Change Agent
  - Governing Magazine contributor
  - Over 100 large scale *government* initiatives
  - Concrete results
- Conceptual framework for change in government
- Detailed Practical guidance (a “How To”)
- Draws on the best of many other “business” frameworks
  - Statistical process control
  - Six Sigma
  - LEAN manufacturing
  - Illuminates when to use each specific tool or approach

# Ken Miller

- <http://www.wedontmakewidgets.com/>



videos at: <http://www.wedontmakewidgets.com/videos.htm>

# Change Concepts

We only get change in three ways:

1. Improve a widget
2. Improve a process
3. Create a new process or widget

All change is affected by teams working on discrete projects, with deliverables and deadlines.

# Widget:

- Something created by work, which can be given to someone else to achieve a desired outcome.
- Widgets must meet the following four rules:
  - Widgets are things – cars, permits, contracts, licenses, NOVs
  - Widgets are deliverables – rules, regulations, articles, pamphlets
  - Widgets can be counted – invoices, permits, vendor lists, meetings
  - Widgets are specific – inspection reports, training classes
- Widgets come in two types: those you can see such as reports, permits, licenses; and those that are invisible such as answers, meetings, assessments.
- Widgets are the link between our “factory” and our customers.

# Systems:

Processes (including the inputs, suppliers, and employees who work in the processes) that produce widgets for customers in order to achieve some desired result or outcome.

# Customers:

- End users of our widgets
- The people we had in mind when we designed the widget.
- They will personally use the widget to achieve a desired outcome.
- There could be multiple customers who have competing interests.
- The customer is the link between our widgets and our outcomes.
- *Note that “the public” or taxpayers are only our customers when they use our widgets. More often our customers are those we regulate.*

# Investors or Shareholders:

- The public, taxpayers

# Stakeholders:

- All those with an interest in our actions and especially our success.
- These will include customers, employees and investors/shareholders/taxpayers.

# C&E's Approach

## A. Stakeholder sessions

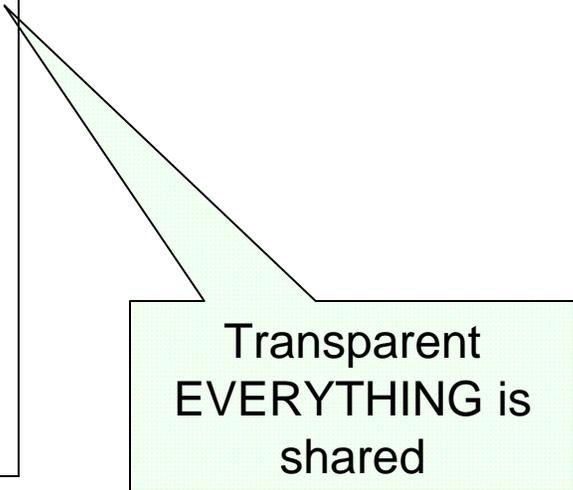
- authority to change
- results/measures

## B. Steering group

- understand our world
- key systems

## C. Teams

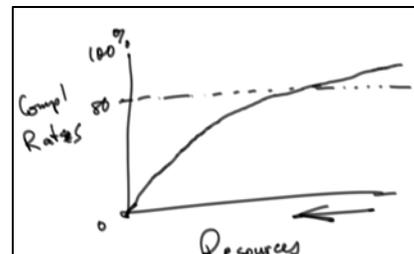
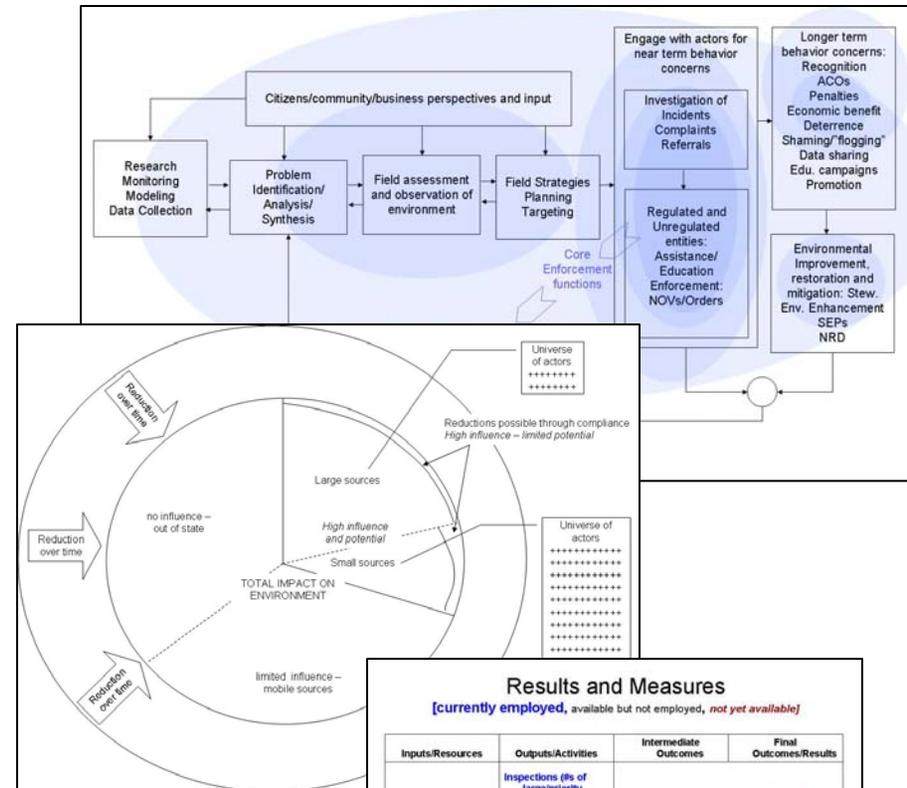
- analysis, project priorities
- customer focus
- implementation



Transparent  
EVERYTHING is  
shared

# A. Stakeholder (shareholder) sessions mid-Dec 2010

1. Obtain useful feedback on possible changes to, and expansion of our role
2. Develop measures or results that we are empowered to seek and capable of delivering



Results and Measures [currently employed, available but not employed, not yet available]			
Inputs/Resources	Outputs/Activities	Intermediate Outcomes	Final Outcomes/Results
staff	Inspections (# of large/priority sources)	compliance rates	reduced pollution
vehicles	enforcement action	stewardship participation	cleaner air
computers	penalty appropriateness	behavior changes	cleaner water
phones	Complaint resolution times	People trained	sufficient and clean water supply
GPS tools	Inspections at high risk, unmanaged sites	Improved knowledge	healthy communities
monitors		Improved practices	
cameras			

# A.1. Authority to Change or Expand Our Role?

- more resources aimed at finding and resolving environmental problems directly
- more resources devoted to collaboration with others both in and beyond the Department
- saving resources through shifts away from lower risk sites (potential, history, performance, etc.)
- saving resources by moving away from regulatory minutiae toward greatest environmental concern and benefit

## A.2. Results C&E is expected to deliver and “authorized” to achieve?

- High but meaningful compliance
- Better behavior from others resulting in better environmental protection or outcomes (whether mandated or not)
- Finding, clarifying and fixing environmental problems as directly as possible.

Did we get A.1. and A.2. right?

Alternately,

Do you have major objections to us moving ahead openly and transparently under these guiding principles?

# B. Steering Group

Charter- Jan 7, 2011 :

- To manage the large scale change initiative within C&E
  - Keep focus on measures and results
  - [Understand our world]
  - Understand systems of work
  - Define key systems that deliver results
  - Ensure a focus on the customer
  - Adjust for political and management demands
  - Prioritize projects for changes to deliver results
  - Possible oversight of specific projects
- To formalize the group's work into C&E's continuous improvement system

# B. Steering Group

Charter- Jan 7, 2011

- The group will be successful if...
  - selected projects address key systems; are supported by solid analysis, clearly showing why they are the priority; and especially how desired results are maximized.
  - selected projects are realistic and feasible

# B. Steering Group

- Must understand the world of compliance and enforcement:
  - Articles, papers, benchmarking against others
  - High level data of our own
  - Key systems - how our work is done
- Must ensure big thinking, innovation, new direction
- Must connect to practical steps for concrete changes

Limited time, demanding schedule

## Resources

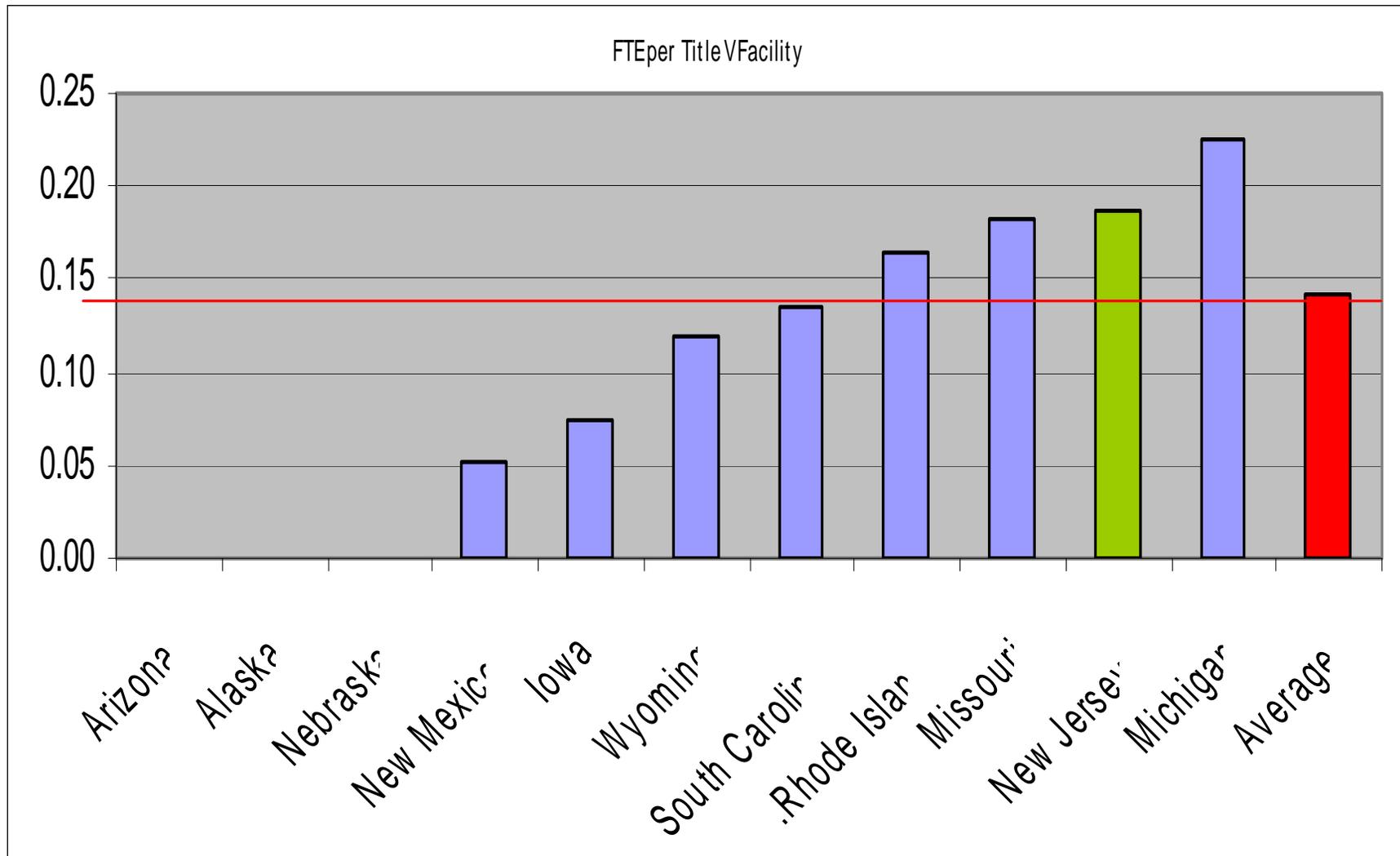
- **Compliance, Enforcement and Innovation** - Neil Gunningham, *Australian National University*
- **Perceptions of the Regulated Community in Environmental Policy: The View from Below** Michelle C. Pautz *University of Dayton*
- **Monitoring, Enforcement, & Environmental Compliance: Understanding Specific & General Deterrence** State-of-Science White Paper, Jay P. Shimshack *for USEPA- ORD & OECA*
- **The New Environmental Regulation** Daniel J. Fiorino
- **Performance Measurement Guidance For Compliance And Enforcement Practitioners** International Network for Environmental Compliance and Enforcement

## Examples in practice

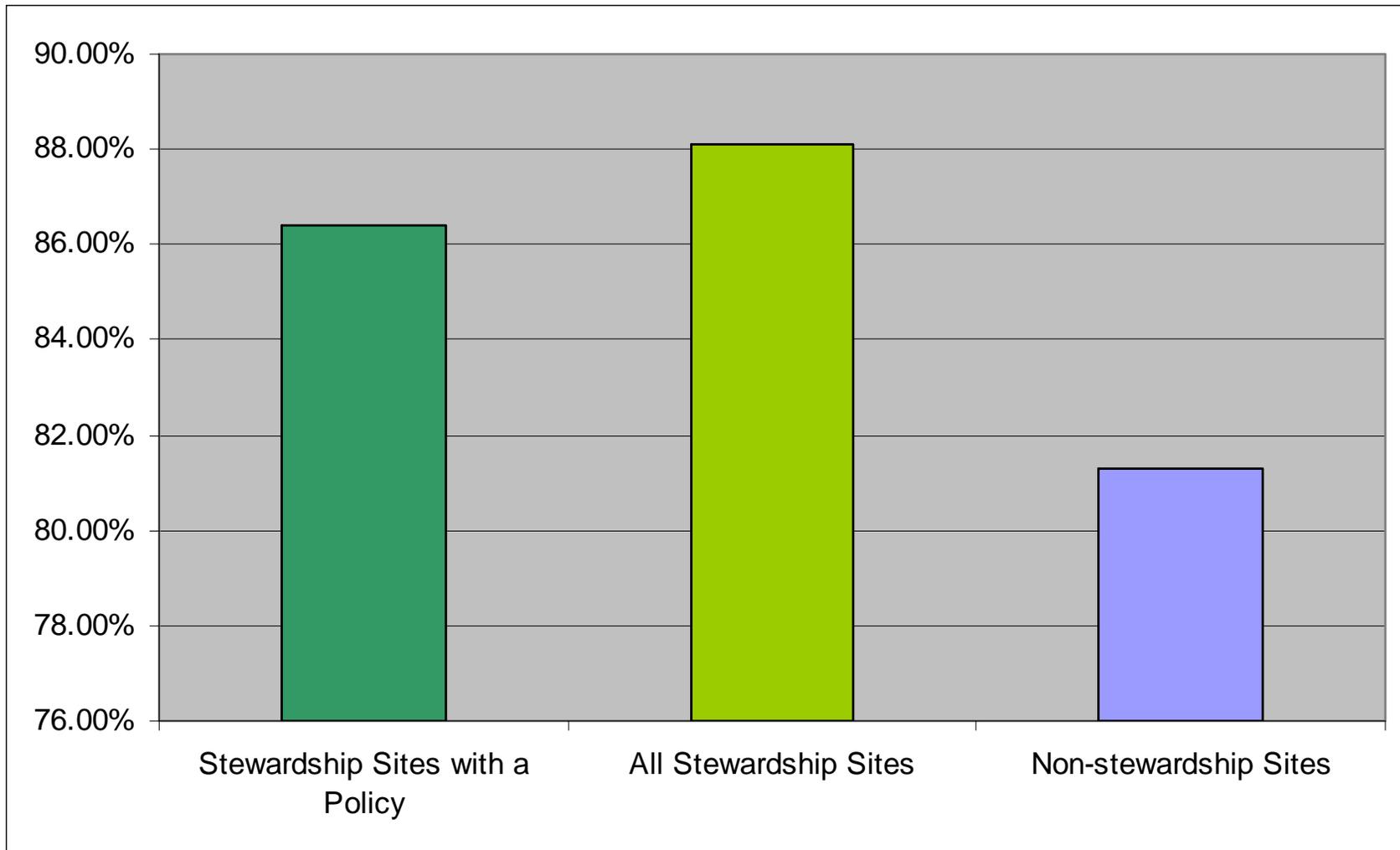
- UK Modern Regulation
- Washington State –Government Management Accountability and Performance process (GMAP)
- Citistat – Baltimore and 10 other US cities
- COMPstat – NYC Police Dept

# FTE Per Title V Air Permit for Each State.

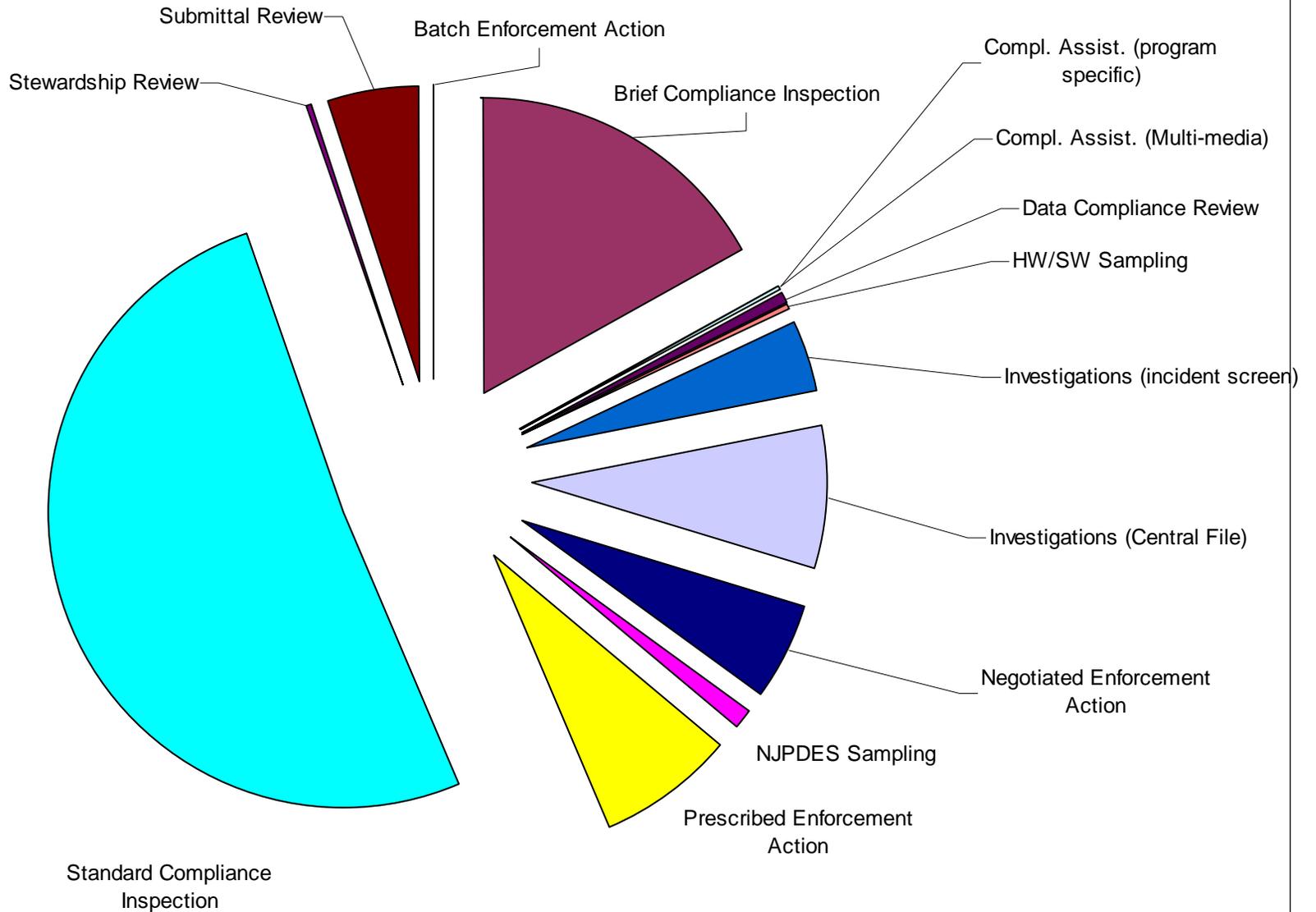
(Redline represents the average for the combined states)



## 2009 Compliance Rates of Stewards vs. Non-stewards Using published, inspection-based, compliance rate report



# 2009 C&E time investment from NJEMS by Activity Class





# Systems of Work, Widgets, Customers...

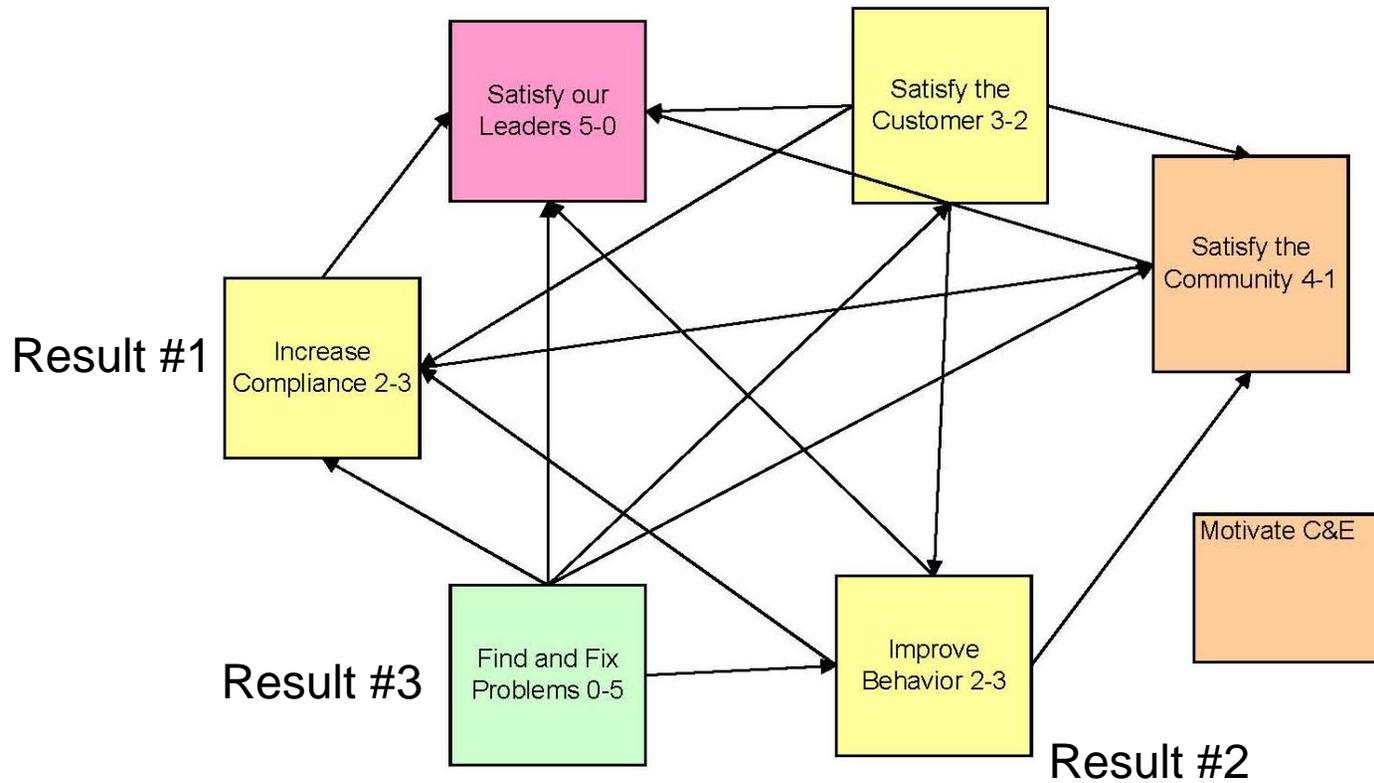
combined individual ranking		System Descriptions and details				
		The Order - what drives and initiates production of widgets	The Process - who does what, and how?	The Widget - what is produced, delivered and used by the customer?	The Customer - who uses the widgets?	The Purpose - what does the customers's use of the product achieve?
1	Strategic Management system (targeting, ensuring deterrence, prioritization, workplans, consistency, measuring and communicating success)	annual planning and budgeting demands from leaders. Inquiries from the public on the quality and consistency of NJ's oversight of environmental concerns.	Dedicated analysts or managers produce monthly or bi-weekly collection of observations, performance indicators and measures employed in a facilitated discussion with middle managers and our AC about what is working and what is not. Monthly data gets translated into annual summaries for annual trends and longer term planning. Tools used include, balanced scorecard, pressure-state-response models and citi-stat type forums.	Workplans, budgets, staff allocations, strategic plans and monthly or bi-weekly targeting or lists of objectives and assignments. Also must produce reports of results that are both clear and well supported.	Legislature, Commissioner and Assistant Commissioner (AC), also our middle managers and staff, citizens, community and environmental groups	we currently have no system for evaluating our impact on genuine environmental results. Up until now we have followed directives of others (mainly the Federal gov't or regulations) that spell out some default number of inspections, regardless of what we achieve or improve during their execution. This would change that to be managed for environmental improvement (but also ensuring deterrence, compliance, consistency and the communication of results). This system must recognize and be prepared to counter objections over breaking convention that will be seen as undermining laws or creating an uneven playing field. These objections could threaten federal funding or prompt citizen lawsuits.
2	Education system (training sessions, on-site assistance, guides and materials online)	when multiple people violate the same regulation, or when pollution is recognized to come from a common activity.	Regular (quarterly) information gathering to identify the "orders", teams specific to the problem identify the target audience, make contact, devise the best vehicle for delivery of information, develop content and distribute or teach it, and check its impact.	Training courses, clear guides and materials describing requirements and best practices	Those subject to regulation or whose behavior adversely affects the environment	Many customers (mostly aimed at small business) tell us they would do the right thing if only they knew what it was and how to do it. We provide education but lack any consistent means to uncover such knowledge gaps, address them methodically or measure their effectiveness.

# How to Prioritize Systems?

## Criteria

- To what degree can each system deliver results demanded by stakeholders?
- To what degree can each system satisfy key stakeholders specifically?
  - Community and environmental interests
  - The customers (those we regulate)
  - Our leaders: Commissioner, Governor, Red Tape Commission
  - Our staff

# Identify “drivers”: Result #3 - Find and Fix Problems



Direction of arrow: A causes B

A → B

(X-Y) X-arrows IN Y-Arrows OUT

Goals with max. arrows out are "drivers" or goals that affect other goals the most.

# System Priority Matrix

## Rank Key systems on all Criteria

Matrix shows rank from 1 (best) to 9 (worst) down each criteria column of the ability of the best improvements to each system of work below to deliver that criteria	Criteria for evaluating systems of work								
	Results expected of C&E			Sub-total for delivering results	Additional criteria				Total for all criteria
	Higher but meaningful compliance	Better behaviors from others leading to environmental improvement (stewardship, beyond compliance)	Discovery or clarity about, and direct improvement of, environmental problems (walking streams, SEPs)		Advances EJ or community concerns	High customer satisfaction or problem resolutions	Paradigm shift for C&E (Big/noticable/culture changing reform)	Motivated staff that will support the effort	
Criteria shorthand	Increase Compliance	Improve Behavior	Find and Fix Problems	Satisfy the Community	Satisfy the Customer	Satisfy our Leaders	Motivate C&E		
Inspection system (prep, on-site, interview, compliance and stewardship, report, novs)	60	57	72	189	92	93	94	62	530
Investigation/Problem ID system (managing and responding to complaints and referrals, community input, Strategic Management system (targeting, ensuring deterrence, prioritization, workplans, consistency,	81	89	42	212	40	89	67	52	460
Enforcement system (follow-ups, penalties, case management, settlement, ADR, "conversions" of bad guys	36	72	30	138	40	85	29	33	325
Education system (training sessions, on-site assistance, guides and materials online)	80	68	72	220	88	91	90	77	566
Bulk Processing (licensing, fees, billing and collections)	29	26	71	126	70	31	71	73	371
Self-reporting system (self-cert, disclosure, monitoring, audit schemes, etc.)	129	124	129	382	123	62	125	115	807
Information system for behavior change (devising collection or development of new information, building	89	89	105	283	104	72	102	96	657
DEP Strategic Management System (aligning all areas with mission, DEP-wide prioritization, re-allocating resources, ensuring communication and collaboration)	64	38	83	185	85	96	79	102	547
	107	111	68	286	33	56	18	20	413

Grey shading is a NEW system

Outside C&E control

Yellow Shading represents lowest three choices

# Key Systems

1	Strategic Management system (targeting, ensuring deterrence, prioritization, workplans, consistency, measuring and communicating success)
2	Education system (training sessions, on-site assistance, guides and materials online)
3	DEP Strategic Management System (aligning all areas with mission, DEP-wide prioritization, re-allocating resources, ensuring communication and collaboration)
4	Investigation/Problem ID system (managing and responding to complaints and referrals, community input, observation, research & analysis, DEP science input)
5	Inspection system (prep, on-site, interview, compliance and stewardship, report, novs)
6	Information system for behavior change (devising collection or development of new information, building reports or materials for direct or third party influence)
7	Enforcement system (follow-ups, penalties, case management, settlement, ADR, "conversions" of bad guys to good guys, SEPs)
8	Self-reporting system (self-cert, disclosure, monitoring, audit schemes, etc.)
9	Bulk Processing (licensing, fees, billing and collections)

# Key Systems

1	Strategic Management system (targeting, ensuring deterrence, prioritization, workplans, consistency, measuring and communicating success)
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7	Enforcement system (follow-ups, penalties, case management, settlement, ADR, "conversions" of bad guys to good guys, SEPs)

## Projects

1. Strategic Management System
  - Major undertaking, brand new
  - requires team to devise projects or steps
2. Series of Seminars – all programs
  - Modeled on existing training
  - To be established soon, offerings ongoing
3. SEP rule/policy and process

# Concerns on Priorities?

- Do you understand:
  - how we arrived at them?
  - our selection and balancing of criteria?
- Our process acknowledges that stakeholders will vary in priorities.

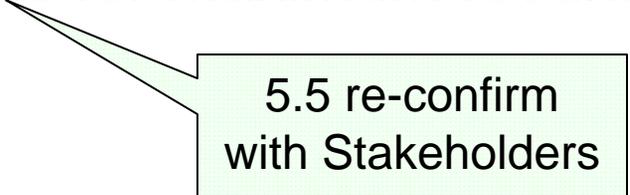
In spite of concerns or differences, do you have major objections to us moving ahead openly and transparently with these priorities?

# Next for “large scale” change:

- Communicate!
  - Sharing progress and details with staff and stakeholders
  - new website, unprecedented transparency
  - meetings, messages, materials, audio and video

## Step C: Form Teams (probably just one to start)

1. Deliberate team selection
2. Clarify each team charter and mission
3. Brainstorm but also consider wealth of existing ideas
4. Analyze systems, customer focus groups, etc.
5. Recommend discrete projects for maximum results
6. Execute/implement projects
7. REPEAT and EXPAND!



5.5 re-confirm  
with Stakeholders

# Other Change?

- Actively seeking more “Quick Wins”
- Compiling some “Recent Wins”
- Cautiously enabling multiple “Small scale” change projects”
  
- Institutionalizing Transformation/Innovation
  
- Our approach and process is culture change
  - Thinking big
  - Collaborating
  - Customer focus (only way to results)
  - Unprecedented transparency
  - Ensuring progress through rigorous project management

# Recap:

## C&E's Transformation Framework

- Need for change?
  - burning platform
    - staffing, remaining problems getting harder, etc.
  - desire to excel (Monitor article)
  - Miller's notion of public service and giving
- How to change?
  1. focus on results (demanded by stakeholders)
  2. understand widgets, systems and customers
  3. prioritize systems based on results
  4. form effective teams to test, refine and deliver projects
  - change must live within the bounds of stakeholder expectations, but focus on the customer
  - employ proper change process and team tools

Define results with Stakeholders

Steering Group

reconfirm with Stakeholders

# How to be Involved

- Teams to actively engage with customers within projects
- Team to consider all logged suggestions relevant to project
- Steering group to continue seeking stakeholder confirmation of all new priorities and large scale team projects
- Continuous sharing and transparency

<http://www.state.nj.us/dep/transformation/enforcement/index.html>

- Follow our progress
- Working to improve postings, summaries
- Raise concerns/objections immediately  
[knute.jensen@dep.state.nj.us](mailto:knute.jensen@dep.state.nj.us) (609) 292-6549
- Collect concepts, advice, ideas for checkpoints/sessions
- May need to call full stakeholder sessions on concerns
- May test issues with stakeholders via email or survey
- Concerns may prompt research or data gathering
- May request stakeholder assistance or external teams

# Today's Objectives (How did we do?)

1. Clarify our challenge and approach 
2. Confirm support for expansion of our role and the results we will seek to deliver 
3. Explain our steps and thinking so far 
  - From big ideas to effective, specific actions
  - How we arrived at current priorities
  - How you can be involved
4. Get input on priorities to move ahead 