October 19, 1965

Honorable Board of Supervisors
County of Los Angeles
383 Hall of Administration

Gentlemen:

PRODUCTIVITY IN COUNTY DEPARTMENTS

In establishing the Los Angeles County Citizens Economy and Efficiency Committee, one of the areas your Board specifically asked us to investigate was the utilization of manpower in County departments. Because of the potential savings which are indicated, we believe this area warrants careful attention.

As County government grows and becomes more complex, it is mandatory that the most effective management tools be applied to achieve efficient and economic operation. It is, therefore, particularly important that the County institute procedures that enable County management to control and measure the productivity of its work force.

Industry has recognized this problem and has developed and demonstrated techniques of work measurement which provide management with the means of securing the effective utilization of human resources. Such companies as North American
Aviation, Douglas Aircraft, and Lockheed in the aerospace industry have extensive work measurement programs. Most major oil companies have developed and applied work standards. In local banking institutions, most of which utilize advanced work measurement systems, the programs have proved to be exceptionally effective. In the Bank of America work standards are applied to all branch functions, from those of the lowest clerk to the senior lending officer.

Work Measurement Studies in County Departments

Before our committee began its review of manpower utilization, your Board had already taken steps to investigate the feasibility of work measurement in the County. On the recommendation of the 1964 Grand Jury, your Board in October 1964 approved two pilot work measurement studies, one in the County Recorder's Department, the other in the Department of Weights and Measures. Your Board contracted with Arthur Young and Company to conduct the studies using County analysts for data collection. Arthur Young submitted its report in May 1965. The study concluded that significant savings could be achieved in County operations through the application of work measurement techniques.

On June 3, 1965, your Board referred the report of Arthur Young and Company to the Chief Administrative Officer and the County Economy and Efficiency Committee to determine the extent to which the Arthur Young proposals should be implemented.
In conjunction with the Chief Administrative Office and the two concerned departments, we organized a special task force to evaluate the proposals. From the findings of the task force we conclude that full implementation of the program would permit a reduction of twenty-six employees in the County Recorder's Department and five employees in the Department of Weights and Measures from the 1965-66 budgeted levels. With appropriate changes in administrative procedures and work schedules, we believe this reduction could be accomplished within twelve months without impairing the department's quality of service. Projected annual savings are $183,700.

These results are more conservative than the staffing reduction recommended by Arthur Young. The difference is accounted for by re-evaluation of certain work standards and by providing more staffing to meet peak work loads and training needs.

We recommend that this program be put into effect.

Extension of Work Measurement

Although the County may conclude that certain modifications should be made in the approach recommended by Arthur Young, we believe that work measurement techniques are well suited to County operations. It should be emphasized that the program does not rate individual employees. Productivity standards are developed for the group, not the individual. These standards are developed from measurement of each departmental function.
They are thus custom suited to the particular circumstances and performance requirements of each department.

We, therefore, recommend that your Board direct the Chief Administrative Officer to establish a formal work measurement program to be extended to all appropriate functions in the County.

There are approximately 10,600 clerical positions in the County comparable to those which were measured in the Recorder’s Department and the Department of Weights and Measures. In addition, work standards appear to be applicable to approximately 7,000 employees performing non-clerical operations of a repetitive nature. Of the total clerical and non-clerical employees approximately 10,000 work in sufficiently large groups to permit economical measurement.

Because of the variations in departmental operation, it is difficult to accurately project the savings which could be achieved by such a program. Most private companies have experienced personnel savings of at least 10% in those areas where work measurement is applied. Our committee recognizes that government faces certain problems in the implementation of a work measurement program that are not characteristic of private industry. However, in those areas where work measurement appears applicable—that is, in the 10,000 or more clerical and non-clerical positions of a repetitive nature—we believe that personnel savings of around 10% is a valid goal for this County.

On this basis the program would save the County five to
six million dollars a year after it was fully implemented. These are net savings which include an estimated cost of one million dollars for implementation and a maintenance cost after implementation of approximately $150,000 a year. We believe this can be fully accomplished within five years.

Since the implementation of an effective work measurement program is necessarily a gradual process, it is anticipated that normal attrition of employees will avoid the need for laying off personnel. Employees who retire or leave the department for any reason would not be replaced in those positions where an excess was indicated.

The Chief Administrative Officer should be responsible for over-all administration of the program to insure effective and continuing application by departmental management. Currently, the Chief Administrative Office has one measurement specialist on its staff. We recommend that two or more specialists be hired at once to form the nucleus of the work measurement effort. May we emphasize by specialists we mean men or women skilled and experienced in work measurement techniques and their application. These specialists would be responsible for assisting the departments in establishing the program in their organization and in training additional personnel in the Chief Administrative Office and the departments to administer the program.

As the program is implemented in each department, the Chief Administrative Officer should incorporate in the depart-
mental budgets the staffing recommendations stemming from work measurement. The ultimate objective should be to incorporate the program as a part and parcel of the administrative responsibilities of each department head under the general supervision of the Chief Administrative Office. The Chief Administrative Office should be free to employ outside professional help to advise and audit the results of the departmental operations whenever such a course may be desirable.

It should be made clear that once standards are established, the actual personnel requirements would be adjusted to variations in work load either upward or downward.

The advantage of work measurement is that it provides a much more objective and reliable index to staffing requirements than the historical yardstick method currently in use in County departments. The fact that a given number of people were employed in the past to service a given work load is not necessarily a sound criterion for projecting future staffing requirements. There is no guarantee that the staffing in the past was not above or below actual needs.

With work measurement current experience is analyzed to determine the department's needs. A fully implemented work measurement program should thus assist appreciably in improving the County's ability to make realistic decisions on staffing requirements.
Management Audit

Work measurement, however is only one step towards improved productivity in County departments. Organization policies, operating systems, and personnel procedures are all involved in the efficient application of manpower to productive effort. We believe that the county needs a systematic and continuing evaluation of departmental operations in all these areas. Such an audit would provide your Board with increased visibility into departmental operations for improved budgetary control.

We, therefore, recommend that a management audit function be established in the Chief Administrative Office. The audit personnel would be responsible for conducting a department-by-department review covering the full scope of each department's operation. Their principal responsibility would be to identify problem areas and to assist departmental management in determining the best means to resolve them. They would investigate such areas as the need for work measurement, methods improvement, organizational realignment, personnel development or any operational problem affecting the department's productivity.

They would direct their investigation to these key questions: Is this function a proper responsibility of County government? If so, is it employing the best management practices? Would a consolidation of functions improve efficiency and economy? What criteria are needed to measure the department's operational effectiveness? Thus, the prime objective of the audit function
would be to establish effective standards to insure the most productive results from the management methods employed in the departments.

For each departmental audit we recommend that the audit team consist of two or three specialists from the Chief Administrative Office and at least one representative from the concerned department. We believe that the program should first be initiated on a limited scale without additional staffing. After procedures and methods have been established in practice, the need for additional staffing may then be determined.

It is impossible at the outset to estimate the savings which a management audit program may achieve, since the economies resulting from it cover such a wide variety of functions. However, they present many possibilities for substantial cost reduction. After the program is operating, however, dollar values can be assigned to some, if not all, of the particular improvements it generates. On the basis of this experience a proper balance can be established between administrative costs and program achievement.

Our committee believes that the establishment of these two programs will substantially assist your Board and departmental management in improving the economy and efficiency of County government.
RECOMMENDATIONS

In summary, we recommend for the approval of your Board:

1. That the results of the work measurement study in the County Recorder's Department and the Department of Weights and Measures be put into effect.

2. That your Board direct the Chief Administrative Officer to establish a formal work measurement program to be extended to all appropriate functions in the County.

3. That the Chief Administrative Officer be authorized to hire two or more specialists to form the nucleus of the work measurement effort.

4. That a management audit function be established in the Chief Administrative Office, the function to be initiated with existing personnel.

Very truly yours,

LOS ANGELES COUNTY
CITIZENS ECONOMY AND
EFFICIENCY COMMITTEE

A.C. Rubel

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