



KH Responds to Human Resources Needs

KH SERVICES OFFERED

KH is a full-service management consulting firm. We offer services in:

- Human Resources
- Strategic Planning
- Organizational Design
- Business Process Re-engineering
- Information Technology (IT)

In the public sector, KH focuses on improving performance for a wide range of essential services, programs, operations, and administrative functions. We work with client organizations to create new visions of success, and we deliver the tools and support to make these visions real.

KH Know-How

Inquiries about our services may be directed to:

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REPRESENTATIVE KH HUMAN RESOURCES PROJECTS

The following projects show the size and scope of projects we can manage. We conduct small and large studies – both in terms of dollar amount and complexity of management issues. KH has performed more than 200 consulting studies in 25 states and 6 foreign countries.

We have a track record of providing our clients with a thorough and well-documented set of alternatives for their consideration. The detailed processes that lead to conclusions ensure that the alternatives developed are all feasible and applicable. Our approach to sharing developing ideas throughout the study ensures “buy-in” and commitment to the final recommendations, thus facilitating implementation.

County of Los Angeles, Department of Human Resources (DHR)

Under KH’s master agreement with the County of Los Angeles, KH has performed a number of studies and services for DHR.

► DHR: Strategic Planning

PROJECT DATES: MAY 2006- MAY 2007

PROJECT SIZE: \$100,000

KH was retained to assist DHR with identifying key strategic issues and developing Action Plans to address those issues. The strategic planning process included several meetings and a retreat with DHR senior staff members to complete an environmental scan and identify strategic priority areas. Interdivisional work groups developed objectives and Action Plans to address the key strategies, and develop measures to assess their success.

▶ **DHR: Management Appraisal and Performance Plan (MAPP) Study**

KH designed MAPP for approximately 1,300 top level County managers. The new plan, replacing an outdated individually-oriented, performance-based pay plan (PBP), focused on defining County- and department-specific priorities and the achievement of related goals. Throughout the study, KH worked closely with the Ad Hoc Panel charged with developing the plan and with DHR, which would administer the plan.

The fact-finding component of the study included the review of all documents relating to the old plan, as well as structured interviews and focus groups with all groups involved with or affected by the plan, including plan participants, their department heads, the Board of Supervisors, the CAO, and DHR. As part of consensus building throughout the plan design component, KH consultants presented findings and plan concepts to the Ad Hoc Panel, department heads, the CAO, and other key constituents to ensure the plan met broad department, County, and participant requirements.

As a result, MAPP was designed to address current County concerns, including management accountability for individual and departmental performance, recognition and reward for outstanding performance, and compensation and appraisal fairness. Furthermore, it is designed to enhance and complement departmental planning efforts, the development of relevant and measurable goals, and the communication of department and County priorities.

▶ **DHR: Implementation Assistance Through Training**

The County retained KH to implement a comprehensive training program to ensure successful plan implementation, as well as periodic refresher training. KH conducted MAPP Orientation Training with 800 County managers and 150 human resources professionals. The County managers were trained in small group sessions of 20 to 30 managers so that particular attention could be given to customizing the development of their respective performance objectives to their departmental strategic, budgeting, and operational plans.

KH was retained mid-year to train all managers (approximately 400 people) who would be conducting interim performance reviews of MAPP employees.

County of Orange (California)

PROJECT DATES: JANUARY 2007- JANUARY 2008
PROJECT SIZE: \$215,000

KH has performed three projects for the County of Orange – the first during bankruptcy (whose findings helped the County to demonstrate to Wall Street that it was fiscally

sound in how it compensated its employees), the second after bankruptcy for motivating those managers who remained with the County, and the third to develop strategies to attract a quality workforce.

▶ **Orange County: Compensation Survey**

During the County’s bankruptcy, KH conducted a Confidential Compensation Survey to compile compensation market comparisons for 57 specific benchmark positions for the County of Orange. The objective of the KH report was to provide an *objective and comprehensive comparison of compensation* among a wide variety of employers. Therefore, data reflected both public and private sector employers in three market areas: local Orange County, Greater Southern California, and All Other California.

The 24-page survey instrument requested general information about the participating employer and salary information for the benchmark positions, presented as capsule position descriptions. It further requested a wide variety of information about the other components of compensation in terms of their cost to the employer, and about recruitment experiences and compensation policies.

In identifying potential survey participants, KH ensured adequate representation from the private and public sectors, as well as firms of different sizes,

An Orange County Perspective:

DEBUNKING THE MYTH OF OVERPAID COUNTY WORKERS: Study Should Reduce Skepticism for Civil Employees

“...The Board of Supervisors was right to order the study Even without a bankruptcy, government needs to spend taxpayers’ money wisely. Monitoring private sector salaries can help ensure that county staff are not overpaid....”

“Supervisor William G. Steiner said the salary study, done by KH Consulting Group, was probably the most comprehensive examination of pay comparisons done in the county.”

Los Angeles Times
 Orange County Edition
 June 2, 1996

Additional coverage was reported in other issues of the **Los Angeles Times** and the **Orange County Register**.

different industries, and different California market areas in which County of Orange competes. We also contacted organizations, that would be able to match some of the less common benchmark positions. The report categorized the potential and actual participants by market area, sector, and size.

The KH team mailed survey instruments to 1,204 potential organizations to participate, and systematically followed up every contact by telephone, letter, or fax to encourage participation, answer questions, and request completed surveys.

In the final analysis, survey participants provided base salary data for the 57 benchmark positions, for a total of **1,604 matches representing more than 45,938 incumbents**. We believe that this high participation rate was a direct result of the intense and personal contact with potential participants. Simple and weighted averages were provided for the base salary for each position. More than 35% of all matches were from the Public Sector. Of the 103 private sector matches, 51.5% were from “large” firms (more than 500 employees), 32.0% from “medium” firms (between 100 and 500 employees), and 16.5% were from “small” firms (fewer than 100 employees). Specifically, 43.7% of all private sector matches were from Orange County businesses.

This project was widely published in the *Los Angeles Times* and the *Orange County Register* and discussed on National Public Radio (KFWB) and other venues. Taxpayers, community groups, and investors were concerned about whether the County was overpaying its employees. Moreover, the data were useful for the County of Orange to approach Wall Street in documenting prudent fiscal controls to come out of bankruptcy.

Each survey participant received a complimentary copy of the 150-page **Confidential Compensation Benchmark Survey: Participant Report**, supplemented with a customized report showing their pay levels relative to survey findings. Several hundred additional copies were sold to the public.

▶ Orange County: Pay-for-Performance and Performance Appraisal for Managers

KH designed a new pay-for-performance and performance appraisal system for more than 800 County managers. The process involves interviewing all department heads; conducting focus groups with a stratified, random sample of managers, administrators, and staff analysts; sharing findings and design options with a task force; and designing a new plan.

▶ Orange County: Compensation, Recruitment, and Retention Study

The County of Orange Human Resources Department retained KH to conduct a three-phase workforce-focused project.

- **Phase 1:** As a follow-up to the earlier compensation survey, KH designed, created, facilitated, and analyzed an online Confidential Compensation Survey of Public and Private sector organizations throughout the State of California. Compensation data and benefits information were collected on 54 benchmark positions representing 67,312 incumbents.
- **Phase 2:** KH designed, organized, and facilitated a Recruitment and Retention Workshop. The purpose of the workshop was to discuss strategies to strengthen the County’s ability to address these challenges. The workshop consisted of expert presentations on the workforce issues, recruitment, and retention; an expert panel discussion; and a brainstorming session.
- **Phase 3:** KH worked with County of Orange Human Resources personnel to develop an ongoing compensation analysis program as part of the County’s strategic goal of “attracting the best and the brightest” to the County of Orange workforce.

City and County of Denver

DENVER, COLORADO

▶ Human Resources Performance Management Audit

The City and County of Denver (referred to as “the City”) retained KH to identify ways to improve specific human resources practices that affect Career Service employees. This undertaking was part of a series of management review initiatives that the Mayor spearheaded through the Management Review Oversight Committee (MROC).

The scope of this project was based on the human resources issues that Career Service employees identified in an Employee Opinion Survey (EOS). As a result, the project scope involved the following human resources areas: hiring and promotion; supervision and training; evaluation of the Performance Enhancement Program (PEP); discipline, grievances, and dispute resolution; communications; and benefits. KH assessed how these functions were both designed and delivered by: (a) the Career Service Authority (CSA), an independent authority established in 1954 in Denver to provide personnel services, and (b) the City’s departments and agencies.

In conducting this project, KH reviewed human resources documents and interviewed more than 70 individuals, including department and agency heads,

managers and personnel assistants, key CSA managers and staff, the Mayor, and City Council members. In addition, KH conducted 9 focus groups with 99 management and employee representatives (randomly selected from the earlier EOS project) to discuss alternative approaches. All employment categories of Career Service employees were represented in these focus groups. Of the 99 focus group participants, 93 individuals completed a brief KH survey. KH also met with the Ad Hoc Human Resources Panel, which served as a review panel on behalf of the MROC. The Ad Hoc Human Resources Panel consisted of 17 members, including external human resources experts from the private sector, a City Council member, department management, CSA management, Career Service employees (also randomly selected), and an American Federation of State, County, and Municipal Employees (AFSCME) representative. KH's findings and recommendations were subjected to multiple reviews with this Panel, the MROC, CSA, Finance, the Mayor's Cabinet, City Council representatives, and Career Service employees. The Mayor and City Council adopted these recommendations in concept and CSA has proceeded in developing strategies for their implementation.

City of Los Angeles, Personnel Department

▶ Training Needs Assessment

KH worked with City employees to evaluate the training needs of managers. Skill areas studied were computer technology, human relations, and administration. Working with panels of employee work groups, KH developed dictionaries of skills to assess the current skill repertory, the criticality of the skills, and the frequency of use of the skills among a sample of managers from a variety of City departments. Skill repertories of the same managers were also evaluated by their supervisors. Areas of deficiency were identified and training recommendations across the 38 departments were developed. KH retained ETI and Slaughter and Associates to assist on this project.

▶ Review of Personnel Practices (SUBCONTRACT TO DAVID M. GRIFFITH AND ASSOCIATES)

KH was a member of the team that performed a management audit of the City's Personnel Department. KH's primary focus was on the City's Human Resources Information Systems (HRIS).

City Council of Los Angeles

▶ Update of Merit Pay Plan for Department Heads

During the mid-1980s, the City of Los Angeles retained KH because of prior work Dr. Kraetsch Hartsough, KH President, performed while with

Towers Perrin. With Towers Perrin, she designed and implemented a merit pay plan for motivating general managers to improve City departments' operations and productivity. She also developed individual goals and performance standards with each of the general managers. As part of the study, she presented the study results and responded to Council members' questions during three executive closed sessions and one open session of the City Council. At the time, this study was considered to be innovative for large governmental operations because of the application of private sector pay concepts to top City officials.

Since then, the City Council retained KH for Dr. Kraetsch Hartsough to reassess the Merit Pay Plan after it had been in place for four years. The Phase I assessment involved extensive interviews with the Mayor, Deputy Mayor, City Council members, Commissioners, General Managers, and City Administrative Office staff. After a formal presentation in an open session before the City Council, the Council adopted all 12 of KH's recommendations for improving the Plan. For Phase II, KH prepared a manual on the Merit Pay Plan for internal City use.

County of Los Angeles, Internal Services Department (ISD)

In 1987, the Board of Supervisors in the County of Los Angeles merged six departments to form the ISD, offering County departments a range of services, including purchasing, data processing, telecommunications, architecture and engineering, construction project management, real estate, warehousing, fleet and parking management, safety police, maintenance, custodial services, and mail services. A part of this new department's mandate was the requirement that it become customer service oriented and entrepreneurial – the net result was to be “zero net added cost” to the County. Simultaneously, the other County departments – ISD's customers – were told that they could purchase services from ISD if they desired and found their costs and services competitive; otherwise, they could contract for such services with outside vendors and suppliers.

▶ ISD: Organizational Structure

As an outgrowth of the Management Audit, KH analyzed approximately 320 management positions and restructured the first four management levels under the Executive Director. By widening spans of control, a management level was eliminated, resulting in \$2.6 million in savings.

▶ ISD: Generic Job Classifications and Compensation

The overall objective of this management study was to minimize and “deep class” a number of classifications in ISD. The scope of the study was limited to 63 management classes with 209

incumbents, 18 marketing classes with 20 incumbents, 116 professional and technical classes within ISD's Information Technology Service (ITS) organization with 1,352 incumbents, and all 21 purchasing and contracting classes with 88 incumbents. In total, the 320 classes were reclassified into 65 new generic or "deep class" classifications. Prior to implementation of the generic job classifications, KH developed a Broad Pay Band (BPB) approach to compensation.

► **ISD: Organizational Structure of ISD's Facilities Operations Service (FOS)**

KH conducted a retreat to explore and analyze different organizational models for improving customer service for maintenance operations, alternations and improvements, and custodial services in ISD's Facilities Operations Service.

Orange County Transportation Authority (OCTA)

GARDEN GROVE, CALIFORNIA

► **Efficiency Review of the Employment Section**

OCTA employed 1,600 individuals to manage, maintain, and operate its transportation system, serving Orange County, California. Each year, approximately 340 individuals were recruited for either new positions or vacant positions. KH was retained to improve the overall efficiency of OCTD's recruitment activities because of the lag-time in filling vacant positions. As part of the review, KH analyzed hiring trends, interviewed hiring authorities, met with departments that routinely interfaced with Employment Section personnel, and surveyed 340 employees who were hired within the last year. Using a participatory approach, KH reviewed its findings at various stages with Employment Section staff, resulting in uniform acceptance of our recommendations. The efficiency review resulted in changes in recruitment strategies and consolidation of previously fragmented work activities, thereby simplifying the recruitment process and shortening the turnaround time.

The California Children and Families Commission (Proposition 10)

The California Children and Families Commission, created by Proposition 10, supports children from prenatal to age 5 by creating a comprehensive and integrated system of information and services to promote early childhood development and school readiness. The initiative, approved by voters in November 1998, added a 50 cent-per-pack tax to cigarettes and a comparable tax to other tobacco products. Proposition 10 generates approximately \$700 million annually, which supports the State initiatives and all of the counties.

Each county has set up agencies to administer their share of Proposition 10 revenues and develop innovative solutions to address the unique issues faced by prenatal to 5-year-olds in their jurisdictions. KH has worked with two of these agencies.

► **First 5 LA: Multiple Tasks**

KH has supported First 5 LA since its inception through a variety of assignments: an organizational review, a senior management development program, a compensation review, executive coaching, and facilitation of the Board's annual performance review of the Executive Director.

► **First 5 Orange County: Management Audit and Strategic Planning**

KH has undertaken two assignments with First 5 Orange County: 1) a management audit and reorganizational study and 2) the facilitation of a human resources strategic plan.

Federal Home Loan Bank of Boston

► **Organizational Design Study**

The Federal Housing Finance Board had mandated that the Federal Home Loan Bank of Boston reduce its budget by \$2 million. As a result of this mandate, the Federal Home Loan Bank of Boston retained KH to assist with restructuring its management structure to respond to these cost reduction requirements while ensuring the achievement of its mission. In response, KH developed a short-term organizational structure and then outlined its organizational options in the longer term.

Metropolitan Water District (MWD) of Southern California

MWD of Southern California is one of the largest water districts in the world and is known for its quality and innovation.

► **MWD: Performance Appraisal and Pay Plan for Management and Professional Employees**

KH designed a new Performance plan for approximately 225 members of the Management and Professional Association (MAPA) – the mid-level management group at MWD. The new plan furthers the District's goal of rewarding top performance with pay and provides a framework for linking group and individual objectives to District-wide strategic goals. Throughout the study, KH worked closely with the MAPA Pay-for-Performance (PFP) Team charged with developing the plan and with the Human Resources Division, which will administer the plan.

The fact-finding component of the study included the review of all documents relating to the prior plan, as

well as structured interviews and focus groups with all groups involved with or affected by the plan, including plan participants, their Division Heads, the Executive Committee, and the District General Manager. As part of consensus building, throughout the plan design and implementation processes, KH consultants presented findings and plan concepts to the MAPA PFP Team and other key constituents to ensure the plan met broad MAPA, District, Division, and Human Resources requirements.

- ▶ **MWD: Linkage of Performance Pay Plan for Management and Professional Employees to Confidential Employees**

KH was subsequently retained to assist with implementation (via training) and to expand the Plan to include ACE (confidential) employees.

Edison International

- ▶ **Strategic Planning for the Health Department**

KH surveyed 220 staff members regarding their job responsibilities and requirements. KH then developed position descriptions for a new organizational structure for the Health Department.

The Gas Company

LOS ANGELES, CA

- ▶ **Review of the Discretionary Bonus Program**

The Gas Company was considering whether to extend its existing Discretionary Bonus Program to include all management employees. KH conducted focus group interviews with approximately 100 management representatives, representing distribution, operations, and corporate. In addition, KH conducted a written survey of previous discretionary bonus recipients. The results of the study assisted Company management in determining not to extend the Program in the near term and establishing some guidelines for making future awards.

Getty Conservation Institute (GCI) of The J. Paul Getty Trust

LOS ANGELES, CALIFORNIA

KH was retained to design a matrix structure and human resources tools to support the new strategic directions of GCI, one of five institutes at The J. Paul Getty Trust.

- ▶ **Design of a Matrix Organizational Structure**

The GCI concluded that its mission should be to manage conservation projects through international partnerships and contracted experts. Therefore, given the new project orientation, a matrix structure model was determined to be the optimal approach.

KH worked closely with GCI executives, project managers, and employees to understand what had worked in the past, what were the unique project challenges, and what kinds of organizational structures would help manage the complexities of operating more than 100 projects worldwide. The outcome was a matrix structure designed along discipline lines (science, conservation, communications and information, and administration) and projects themes (heritage recognition, monuments, artifacts, new knowledge about the field (“think” tank).

- ▶ **Accountability and Decision-Making Matrices, New Job Descriptions, and Performance Appraisal Plan**

After the adoption of the new structure, KH revised the job descriptions, worked closely with the Operations Committee to develop accountability and decision-making matrices for the new structure, and designed a new performance appraisal plan that linked performance to the Strategic Plan and project initiatives.

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World Vision International (WVI)

- ▶ **Worldwide Distributed Human Resources Functions**

KH determined which WVI human resource functions were best performed centrally; which should be performed in the donor nations (primarily in North

America, Europe, and Australia); and which should be performed in the field in Asia, Africa, and South America. As part of this study, KH conducted a survey worldwide, performed extensive interviews, and identified what functions could best be performed on a decentralized focus.

Note: While with Towers Perrin, Dr. Kraetsch Hartsough developed a strategic plan for worldwide recruitment of expatriates and contract employees, particularly in the health care professions, to meet staff shortages in undeveloped countries. These systems allowed WVI to recruit ten times the number of individuals recruited in the past by increasing current recruitment staffing levels by three.

Los Angeles City Employees Association (LACEA)

► Compensation and Merit Pay Plan

For the LACEA Board, KH developed a Merit Pay Plan, applying pay-for-performance concepts, for all LACEA management and employees. KH also established a new pay plan, with base pay scales competitive with local market conditions.

WHY HIRE KH?

In these dynamic times, boards, corporate executives, educational leaders, elected officials, and public sector administrators retain KH because of their need to:

- Bring about change from within
- Accomplish specific initiatives despite internal time pressures and staff constraints
- Remain or become a regional, state, national, or international leader
- Acquire special expertise and tools
- Solicit a fresh perspective, as well as independence, objectivity, and discretion
- Bypass both “politics” and natural resistance to examination and change, particularly in environments with diverse agenda
- Solicit external, professional opinions without the risk of prejudice (i.e., internal managers may be defensive when their operations are under review)
- Obtain insights into “best practices” and “lessons learned” at other comparable organizations
- Have nothing taken for granted, including data that might otherwise be overlooked or unused (e.g., consultants can ask “naive questions” such as “why are you doing that task that way?”)
- Leverage respected external authorities before their boards or executive team

Additional descriptions of KH firm capabilities, including a general KH firm brochure, are available upon request.

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