The Indiana State Highway Commission's Management Improvement Project

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The management improvement activity on which we are engaged with the Indiana Highway Commission is a project, not a study. The activity is directed toward the establishment of a continuous process of adjustment and improvement rather than toward an analysis and report.

It is a three stage project directed toward (1) an analysis of existing management problem areas, (2) the development of desirable changes, and (3) the implementation of change.

We are particularly pleased to be associated in this project because the approach being made here in Indiana represents the kind of approach we have been advocating in our work with highway agencies for a number of years. It recognizes the need for a deliberate, analytical analysis of problems. It recognizes that while the problems, in general terms, may be the same as those faced by other organizations, the details are unique to Indiana and the most desirable solution must fit the local situation.

Recognition is given, too, to the need for managing or implementing change. This requires the understanding and support of the administrative personnel in the Commission—from top to bottom. In the final analysis it is they who will effect such management improvements as are initiated by this project. As consultants it is our responsibility to provide guidance—first in analyzing the problems, second in developing practical solutions, and third, in implementing such recommendations as may be accepted by the Commission.

Although some work was done in September last year, the project really got started last October when two one-week management seminars were held at Purdue University. Our organization was responsible for organizing and conducting the seminar program. The participants were 58 of the top management personnel of the Commission.

The seminars had two principal objectives:

First, the participants entered into discussions of modern concepts
of management principles and practice and were oriented to the management improvement project and their part in it.

Second, the seminars were helpful in pointing up management problem areas and in giving the members of the Consultant's staff an opportunity to get acquainted with the problems and with key personnel in the Commission.

Since the management seminars, the project activity has moved ahead in several areas. We have had three men continuously assigned in Indianapolis since about December 1.

I have emphasized highway commission employee participation in the project activity. This is being effected in a number of ways. First, the project director is Norm Shafer, Highway Commission engineer of special assignments. Second, the activities go forward under the control of an operating committee with a representative from each of the divisions and one of the field districts. Membership includes:

Fred Ashbaucher, Chief Engineer, who serves as Chairman of the committee; Norman Schafer, who also serves as Secretary of the Committee; Martin Hayes, Assistant Chief Engineer; Don Thomas, who represents the districts; Charles Sheets, Land Acquisition; Walter Frick, Planning; Clint Venable, Traffic; Nelson Steinkamp, Bridge; F. F. Havey, Materials and Tests; and F. S. Hill, Maintenance.

Other Commission personnel who are not on the Committee participate in Committee sessions when discussions involve their responsibilities. In addition, special sub-committees are being used to investigate specific problems and report back to the Operating Committee.

Our consulting staff works with the Operating Committee and sub-committees to develop recommendations in cooperation with the individuals directly involved in the function or unit being studied. These recommendations then are reviewed by the Operating Committee. After necessary revision, they are passed on to the Executive Director for his consideration, and for subsequent action by the Highway Commissioners. As consultants, we then are responsible for assisting the implementation of those recommendations which are approved by the Executive Director and the Commissioners.

By this procedure, all recommendations are developed in cooperation with operating personnel. Many Commission employees already have become involved in various phases of the Management Improvement Project. As the project progresses, more will be called on to contribute their talents and ideas. Ultimately, managerial, professional, and supervisory employees in all units will have an opportunity to participate in the development of new and improved practices affecting their functions.
The scope of the Management Improvement Project covers all engineering and allied functions of the Commission. Actually, because of the interdependency of each function on all others, we will be interested to some degree in practically all central office and district units. Such activities as accounting and personnel normally are not considered engineering functions, but they directly affect engineering activity and to that extent will be included in the project.

A thorough review and analysis will be made of the entire Commission organization, resulting in recommendations for certain organizational and functional changes more effectively to accomplish Commission objectives. As each organizational unit is reviewed, the supervisors in that unit will be directly involved in the analysis. Position descriptions will be prepared outlining the function, responsibilities, authority and principal relationships of each managerial and supervisory position.

Policies and procedures developed as the project progresses will be published in a "Management Guide," along with position descriptions. The "Management Guide" will be distributed to all personnel in supervisory positions. Provisions will be made to publish and distribute all Commission policies and procedures so as to keep the "Management Guide" up to date.

I want to say a further word about this Guide. The process of developing, publishing, and distributing the guide and of keeping it up to date in the future will help in attaining a continuing appraisal of the organization and how it is working. The importance of the continuing appraisal can not be over-emphasized. New programs, new techniques, and new people will require organizational adjustments in order effectively to maintain a high level of performance by the Highway Commission.

Tied into the organization review is another major objective of the project which is to develop and initiate a continuing appraisal of Indiana's highway needs, establish priority programs for highway construction and improvement, and effectively schedule the programs through all preconstruction phases. These are key elements in attainment of efficiency in Highway Commission activities.

The overall programming and scheduling process provides the framework on which an effective organization structure must be based. We need both a long look and a firm look ahead to see what manner and volume of work must be provided for and where and when it will develop. Only thus can individual functional and operating units get properly geared to do their job.

With three men on our staff continuously assigned to the project,
and many Commission employees participating in this work, we have been able to make considerable progress in several areas of Commission activity.

There is one area that we consider basic to the successful implementation of practically every phase of the Management Improvement Project—and it also is of prime importance in the conduct of an efficient highway program. This area is personnel administration. I would like to outline for you the philosophy and policies which we feel are essential to the establishment of sound personnel practices within the Highway Commission, and bring you up to date on the progress being made toward this objective.

A preliminary appraisal of Highway Commission personnel indicates there are many well-qualified and capable people who can accept more authority and responsibility than they now have. As the Commission now operates, much of the authority and decision-making is concentrated in the upper levels of the organization. This centralization of decision-making tends to impair the effectiveness of the Commission in a number of ways.

First, the skills and abilities of personnel are not fully utilized. This is particularly true of those people in middle management and lower level supervisory positions.

Second, top executives are overburdened. They are making many decisions which could be made at lower levels. Actually, this is a failure properly to utilize the abilities of these top executives. Much of their time is devoted to making decisions which should be made by subordinates, leaving insufficient time for top management to attend to those matters which properly should concern them.

The Operating Committee reviewed this problem and has recommended that the Commission officially adopt the basic philosophy that authority and responsibility be delegated to the lowest practicable level within the organization as a whole and within each operating unit. This recommendation has been placed in the hands of the Executive Director, and Commission action is expected in the near future.

This action will provide a starting point. It then will be the responsibility, not only of top management but of every supervisor, to accept and exercise that authority and responsibility which is delegated to him, to carefully examine his unit and activities, and then delegate to his subordinates the authority and responsibility which should be theirs and which they are capable of accepting.

In order for this basic philosophy of delegation of authority to become a day-to-day operating practice throughout the Highway Commission,
in both central office and district units, it immediately becomes obvious that Commission employees at all levels must be trained and developed to become completely capable of accepting and performing their assigned responsibilities. This includes administrative, technical, and sub-professional personnel as well as professional engineers.

Again, it immediately is apparent that people must be employed and retained on the basis of their qualifications to perform their duties; tenure must be established at all levels if the full potential to accept and execute authority and responsibility is to be developed throughout the organization.

The Operating Committee reviewed and discussed this problem in detail. It recommended that the Commission adopt a policy covering career employment to provide a stabilizing influence on all key administrative, engineering, and technical positions in the organization. The Committee recommended that the policy read as follows:

"All employees of the Indiana State Highway Commission whose duties require specialized knowledge or skill acquired by professional or technical education, training and experience will be employed solely on the basis of their qualifications to perform these duties, and all personnel actions affecting such employees, including promotion, demotion or dismissal, will be based on performance and ability. Political, religious, racial or fraternal affiliations will not be a consideration in actions affecting such employees.

"Positions covered by the Career Employment Policy will be filled by selection of personnel on the basis of the individual's qualification to perform the duties of the particular position. Adequate provision will be made to assure that employees selected possess the knowledge and ability, and can satisfy the minimum education and experience requirements as defined in the job specifications for their position.

Employees in the career service shall not hold political office while employed by the Commission; shall not solicit or receive funds for political purposes; and shall not be required to make contributions for, or participate in, political activities. Applications for positions under the Career Employment Policy shall not be required to declare their political, religious, racial or fraternal affiliations."

This policy, as recommended by the Operating Committee, is a necessary action on the part of the Highway Commission to implement the provisions of Chapter 324, ACTS OF 1951 of the Indiana Statutes, under which the Commission's present "professional merit" employment
plan operates. The recommended Career Employment Policy would expand the same protection presently afforded professional and graduate engineers to all positions requiring a bachelor's degree, as well as to those technical, administrative and supervisory positions requiring specialized training or experience. This would include construction and materials inspectors, draftsmen, engineering assistants, laboratory technicians, accountants, and similar positions.

The official adoption of a Career Employment Policy will provide a solid basis on which to build a sound, practical program of personnel administration.

Realizing the necessity of having a highly competent personnel staff develop and administer the personnel function, the Commission has taken steps to employ a professionally trained and experienced Chief of the Division of Personnel who meets the requirements set forth in the Indiana statutes. Indiana law requires the Chief of the Division of Personnel to have a bachelor's degree and six years of professional personnel experience. You can look forward to the early employment of an experienced professional, upon whose shoulders will fall primary responsibility for developing and directing an effective personnel function—including recruitment, training, and manpower development. In carrying out such a program he will need help from all administrative personnel.

As appropriate policies and procedures are developed and placed into effect, the benefits of sound personnel administration will become evident through lower turnover in affected positions, increased productivity by employees, and general improvement in results of recruiting and training programs.

We are confident that by achieving substantial progress in the next two years, future Highway Commissioners will find a soundly-administered and smoothly-operating personnel function which they will continue to support because of its obvious contribution to the carrying out of Commission objectives.

I would like to emphasize several points in closing.

This project is directed toward establishing continuing management improvement activities. For example, it is intended not only that basic policies be formulated and formally issued, but also and probably of more importance, that they be subject to continuous review and updating. Likewise, not only will position guides be developed to define duties, authorities, and responsibilities of all management positions, but provision will be made to use those guides in orienting department operations and training and developing people.
What the Indiana Highway Commission is undertaking in this project—critical appraisal of policies, organization, and procedures—is what big private businesses throughout the country generally are now doing. The rapid development of new techniques and the increasing use of highly trained specialists presents real challenge to management in order effectively to coordinate and carry forward the many activities required in attainment of the over-all business objectives. This is true of public as well as private business. It is particularly true in state highway agencies where new technical developments and expanding programs make the management job continually more challenging.

The Indiana project represents the most aggressive approach to management that has been undertaken by a state highway commission. We think this approach will set a pattern that many other state highway agencies will adopt in the years ahead.

We are delighted to be participating in this project in Indiana. We are enjoying our association with the many fine people who make up the highway commission organization.