

# Applying Learning Organization Concepts to Public Institutions: The Mexico City Story

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In an era of sweeping political and economic change, public institutions all over the world are feeling pressured to make their societies more open and competitive and, thus, to make themselves more responsive and efficient. In the United States, a Democratic president has proclaimed that „the era of big government is over.“ In Mexico, a process of major political and economic liberalization, similar to those in many other countries around the globe today, is bringing about dramatic changes in the country’s public sector.

The government of Mexico City is a case in point. With a population of 12 million people (about two-thirds are residents and one-third live in the suburbs, but most of them use the city’s infrastructure), Mexico City is today not only one of the largest but also one of the fastest-growing cities in the world. It is, in addition, in the midst of a major political transition. In July 1997, the citizens of Mexico City will elect the new head of the city government, a post previously appointed by the Mexican president. The city’s current *Jefe del Departamento del Distrito Federal*, or mayor, Oscar Espinosa Villarreal, was appointed for a three-year term in 1994 by Mexican President Ernesto Zedillo as part of his new administration. President Zedillo gave Mayor Espinosa Villarreal a mandate to implement what the Mayor himself has called a new „vision for Mexico City.“

This new vision entails a profound transformation of the Mexico City government. To provide a much higher level of service to 12 million increasingly demanding „customers,“ this organization – which has over 130,000 employees, not including the police force – will need to be much more efficient and effective than it has been in the past. Within the political and economic world of the future, it will also need the capacity to engage in continuous, productive change. In other words, it will have to be a learning organization.

In many respects, the pressures for change now being faced by the Mexico City government resemble those that private-sector organizations have confronted in recent years and continue to face today. *Yet*, while businesses have made great progress in creating flatter, more empowered organizations, many government institutions have been insulated, until quite recently, from the need to change. Government organizations remain particularly hierarchical. They also tend to remain more bureaucratic and functionally oriented than most private companies can afford to be nowadays. These are generalizations, but they reflect real conditions in the Mexico City government, which now constitute significant barriers to change.

In fact, the Mayor’s administration has had to launch its efforts for organizational change from a starting point far behind where most such private-sector initiatives begin. When the city’s current government took office, bureaucratic systems prevailed, the quality of services was poor, employees’ workloads were very high, and employees were constantly firefighting, so morale was low. The leaders of the Mayor’s program, together with Arthur D. Little, saw a challenge here: to develop a change program based on employees’ participation, in which employees would develop the learning skills to sustain improvement by themselves, while at the same time designing and implementing more efficient working practices and delivering higher-quality services. In short, the change program would implement the concept of the learning organization – a notion developed and most often applied in work with private companies.

The Mayor and his Cabinet worked to develop the vision and the objectives of the program, consisting of three central aims. First, it would bring about visible improvements in the quality of city services. Second, the program would design and implement new processes for the city government. Third, the program would actively involve as many city employees as possible. We believed that the last of these aims was critical, because we knew that a real change in attitude toward quality of service can only be generated through the people who deliver that service.

To help develop the strategy for the change program, we then worked with an Executive Committee consisting of six officials: the Mayor, the city’s Secretary of Internal Administration, the General Director of Administrative Modernization (who reports to the Secretary of Internal Administration), the Secretary of Economic Development, the Secretary of Finance, and the City Comptroller. The change program had a three-year time frame – not a long time for putting a very large government organization on the path of learning and improvement. The Mayor’s administration has had to strive for the greatest possible speed and efficiency consistent with meaningful and sustainable change. Rather than attempt a change program for the entire municipal government in only three years, the Executive Committee decided to focus its effort on carefully selected areas.

With this objective in mind, the Executive Committee established three main areas of focus. One was the city government’s 11 secretariats, which provide centralized services and administration; for each, the Cabinet Secretary in charge selected one or two processes within his or her purview (provision of birth certificates or driver’s licenses, for example) for redesign. The second focus area was the city’s 16 precincts, which provide

direct services and citizen-liaison on a decentralized basis. Here the Executive Committee chose four processes common to all precincts: customer service; provision of „urban services“ such as *water*, sewers, paving, and lighting; licensing and permits; and maintenance of public buildings. The third area of focus encompasses four horizontal, or „corporate,“ processes: payroll, performance evaluation, purchasing, and budgeting.

Having chosen which processes and functions would be redesigned, top officials in the secretariats and precincts then set up teams to discuss problems in specific processes and to design solutions. These design teams were composed of top managers, middle managers, and line workers. Team members were encouraged to discuss problems openly. When the design teams had come up with their solutions, additional members were incorporated to implement the redesigned processes. Unlike the design teams, to which lower-level employees were appointed by management, the implementation teams included line workers selected by their peers. This feature of the program, like the inclusion of line workers on the design teams, attempted to enhance the depth of employee involvement; at the same time, the team structure itself increased the breadth of involvement, progressively enlarging the numbers of participants at each new stage (strategy, design, and implementation).

Early response to the program included considerable skepticism. Some members of middle management, in particular, had doubts about the relevance of an approach that had been applied most often to private companies. „It’s not going to work,“ they said. „Who do you think we are, Procter & Gamble? We have to deal with politics and pressure groups. How is your program going to help us with such things?“ We responded by telling these officials that, although only they knew how to deal with the politics, we could help them to manage the city government as a service-providing organization.

Across the city government’s 16 precincts, the quality of customer service was below either citizens’ wishes or government expectations. The design team assigned to this process noted, for example, that there was no single, initial point of contact in the precincts for citizens who had questions, complaints, or requests. (This problem was particularly egregious given that, in the Mexico City system, the precincts are, after all, intended to be the point of liaison between citizens and the municipal government.) Except in the case of requests for permits, for which there were established channels of communication, a phone call to the precinct would be handled by anyone who was available to answer the phone; a note about the phone call would then be passed along from one employee or department to another, with no one responsible for serving the citizen who had placed the call. There were no measurements of response time and no way of knowing how many communications got lost in the shuffle. (Many did.)

Working with the design team to analyze these problems, and drawing on best practices gleaned from our work in service industries and in developing customer management processes, we helped the team arrive at some effective solutions: one-stop customer-service centers for the precincts; automated systems for recording, routing, and following up on communications from citizens; and ways of measuring response time and obtaining customer feedback. Implementation teams in the precincts are now putting these solutions into effect: four of the one-stop centers are already up and running; response time is being measured for 90 percent of all communications from citizens to the precincts; and there have been significant reductions in response time for reports of breakdowns in urban services. In designing and implementing these solutions, management and staff in the precincts are learning to look beyond their own specialized functions and see the workings of their precincts and the city government as a whole. This kind of integrated perspective will be invaluable for future process redesign.

Yet achievements such as these, although impressive (especially after less than 18 months of effort), do not begin to tell the whole story of what is being accomplished in Mexico City. The goal of the change program is not just to achieve one-time process redesign or improvements in city services but to create a public institution that engages in continuous learning and improvement. And, as one of the basic concepts of the learning organization reminds us, processes don’t learn, people do. Although good processes deliver results, only the people in an organization can cause processes to improve. In view of these principles, we recognized that we had our work cut out for us in trying to apply learning-organization concepts to the Mexico City government.

In any organization, people must be motivated to learn and change, and we expected motivation to be a challenge in the government of Mexico City. Most of the initial skepticism that some middle managers expressed about our program centered on this question: could public-sector workers, working shifts of 10 to 12 hours a day and constantly firefighting, be motivated to devote any time at all – let alone personal time – to generating a meaningful change? Having seen such programs work in the private sector, we were confident that we could succeed with the Mexico City government, provided that we could actively involve enough employees. *Yet*, as the design teams gave line workers a chance to talk about the problems they experienced every day, we began to see for ourselves how bureaucratic systems and processes had eroded these employees’ morale and self-esteem. One woman, whose job was to process permit applications, told us, „I work close to 12 hours a day, but my image in the eyes of my customer is the image of a bureaucrat.“ Her discouragement was typical, and this kind of demoralization could easily have posed a major problem for our program.

Instead, a miraculous thing occurred: city employees embraced the opportunity for change with an enthusiasm that was truly stunning. Almost from the moment they were invited to talk openly with their managers and peers about their problems, needs, and ideas for solutions, line workers responded with overwhelming eagerness. (Ironically, the level of enthusiasm was higher than in some current change programs in the private sector, where workers may have been inoculated against what they view as yet another management fad.) On one design team, for example, members of maintenance crews got up at their first meeting and gave presentations about what their problems were. A month later, they had their own list of solutions they wanted to work on, and soon afterwards they were requesting resources ranging from uniforms to computer systems.

These workers, we should emphasize, were offering constructive ideas in a totally positive spirit. They appreciated someone asking for their input, not just telling them what to do. They and others like them are learning to work in teams and to communicate across hierarchical and functional boundaries. Those who have had the most trouble adjusting to this new way of proceeding have tended to be the middle managers – a reaction that we often see in the private sector, as well. In the meantime, the Mayor and his top management team have seen what ordinary government employees can accomplish when given a chance to learn and improve. The team is now working to recognize and encourage their efforts.

As the example of customer service in the precincts suggests, this kind of employee involvement in a program of learning and change is yielding other visible and measurable results. In urban services and the maintenance of public buildings, new scheduling systems are increasing productivity in corrective maintenance jobs, while preventive maintenance routines are also being developed. New processes for the issuing of licenses and permits have already reduced both permit requirements and response time. The government secretariat responsible for the city's Public Registration Office is implementing a pilot program for making birth certificates obtainable in 15 minutes. Again, Mexico City has achieved these concrete improvements in city services less than halfway into a three-year program.

Since the ultimate purpose of the change program in the Mexico City government is to make this kind of learning and improvement sustainable and continuous, it is important not just to document improvements in city services or the quality of employees' contributions but to look at how the structure of the program itself is solidifying and expanding. All 11 secretariats, and 5 of the 16 precincts, have completed a six-month launch phase devoted not only to team development but to the training of facilitators in each secretariat or precinct to manage subsequent stages of the program. (Our consultants, using Arthur D. Little's Pathway to Performance model, have also trained a central team for managing the program as a whole.) In the meantime, the change program has been launched in three additional precincts and will soon be introduced in the remaining eight precincts. The gradual introduction of the program in the precincts is part of a plan to allow them to learn from one another's experiences, thus increasing efficiency while also producing richer solutions. The system of integrating design and implementation teams, for its part, has so far created more than 60 teams directly staffed by approximately 900 city employees – an impressive realization of our goal of maximizing employee involvement.

These developments are all part of establishing a learning-and-change process that can be implemented throughout the city government when our three-year program (along with the Mayor's term in office) is over. This process, of course, can never be entirely self-sustaining. The current administration and the newly elected one that will take over in December 1997 will need to continue to support learning and constructive change in the city government. They can do this by providing the necessary infrastructure and resources. Even more importantly, they can provide leadership.

The importance of leadership in encouraging public-sector organizational change is one of the most striking lessons of our experience in Mexico City. There is an immense amount of inertia in any large, bureaucratic public institution, and much of it can be overcome only by will and leadership from the top. Our program could have stalled at many points; it hasn't done so because the Mayor and the senior management in charge of the program have been following up and pushing hard when things get stuck.

Our other most important lesson has been that public-sector employees can accomplish extraordinary things when they are allowed and encouraged to unleash their energy, enthusiasm, and creativity. In terms of both the role of leadership and the potential of employees, public institutions are not so different from their counterparts in the private sector. Clearly, there is every reason for confidence that the government bureaucracy of today can become the learning organization of tomorrow.

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