



INTER-OFFICE MEMORANDUM

February 8, 2019

SUBJECT: JEA'S ORGANIZATIONAL HEALTH INDEX (OHI) SURVEY

FROM: Aaron F. Zahn, Interim Managing Director/CEO

TO: Board of Directors - Alan Howard, Chair

BACKGROUND:

JEA is committed to continuous performance improvement and the achievement of goals set forth in the organization's strategic framework. In order to gain a clear understanding of the current state of organizational health, JEA engaged McKinsey to conduct an Organizational Health Index (OHI) Survey. This tool provides JEA a baseline score of overall Organizational Health that can be used to measure performance improvement.

DISCUSSION:

Organizational health is defined as how an organization aligns itself, executes itself with excellence, and renews itself to sustainably achieve its performance aspirations. Organizational health is made of up nine "outcomes" that measure what people believe about the organization and how it operates. These nine outcomes are organized in three dimensions:

- Alignment (Direction, Work Environment, and Leadership)
- Execution (Accountability, Coordination & Control, Capabilities, Motivation, Leadership)
- Renewal (Innovation & Learning, External Orientation, Leadership)

A companywide survey was launched on January 15, 2019, for a two-week period. The survey received nearly 1700 completed responses, which surpassed our 85% stretch participation goal. The OHI survey analysis produced a score that benchmarks to the nearly 900 organizations in the OHI database to show relative strength with measures and outcomes being "quartiled" – first or top quartile means the organization is in the top 25% of all surveyed organizations, while fourth or bottom quartile means an organization is in the bottom 25%. JEA's overall organizational health score is 56, which puts JEA in the bottom quartile of the global OHI database.

The outcome and data analysis from the survey provides reference points from which to launch initiatives for improvement. Next steps include conducting focus groups to gain more personalized insights into the survey results. We must then narrow the outcomes most important to target to achieve the organization's strategic goals. A comprehensive improvement plan will be developed as part of JEA's strategic planning work.

RECOMMENDATION:

This item is submitted for information. No action by the Board is required.

Aaron F. Zahn, Managing Director/CEO

AFZ/MHD/ARH

Ver 2.2 02/01/2014

The big idea: leaders need to measure and manage organizational health with the same rigor as performance

Performance



Health

What an enterprise *delivers to stakeholders in financial and operational terms* through systems and process change

Deliver Results

How an organization *aligns itself, executes* with excellence, and *renews* itself to sustainably achieve performance aspirations

Run the Place

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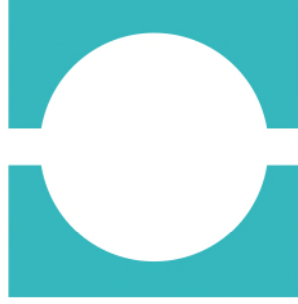


Organizational Health Update

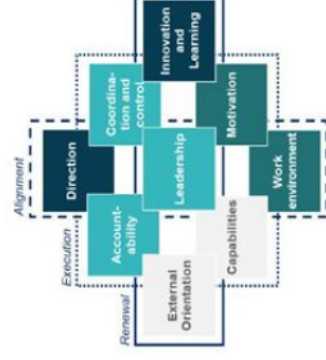
SOURCE: Organization Practice, McKinsey & Co.

Along with overall health, the outcomes and practices create a common language to discuss “culture” and organizational health

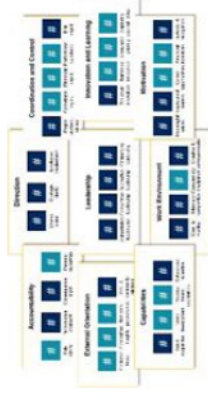
Overall Health



Outcomes



Practices



- An assessment of the overall health of the organization
- Color indicates health relative to other organizations in the OHI database
- “What you see” in an organization
- Based on questions asking whether respondents agree with certain statements about the organization
- Example: “Employees here are highly motivated”
- “What people do” – behaviors that drive each outcome
- Different questions from the outcomes, asking how often respondents see certain healthy behaviors done at the organization
- Example: “Managers in my company provide praise, thanks, or other forms of recognition to high performers”

SOURCE: Organization Practice, McKinsey & Co.

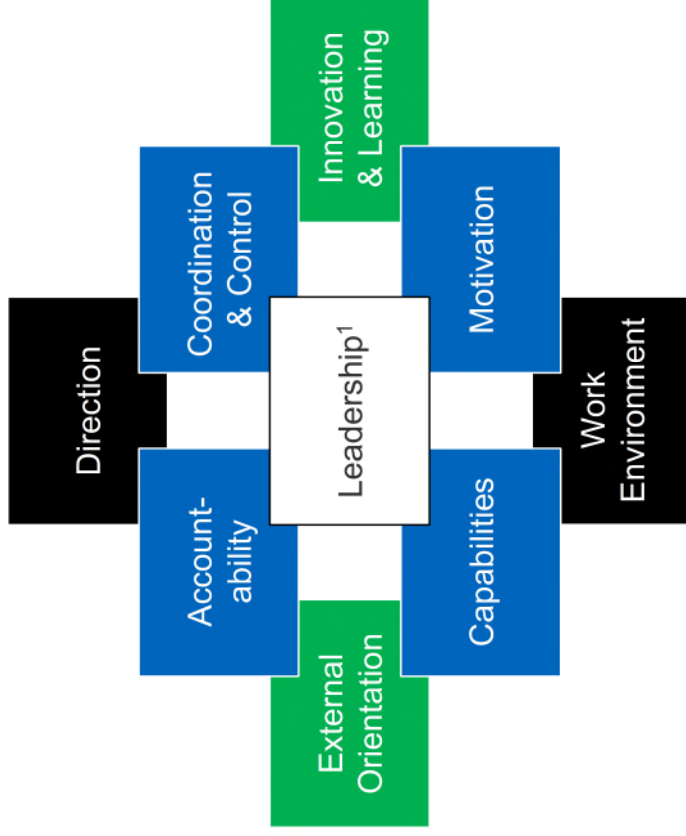
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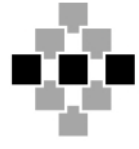
Organizational Health Update

The nine outcomes measure the “soft” and “hard” building blocks of the organizational ecosystem across three dimensions

Measure agreement, from “strongly agree” to “strongly disagree”



Alignment



Are people aligned around the organization’s vision, strategy, culture and values?

Execution



Can employees deliver on their roles with the current capabilities, processes and motivation level?

Renewal



How does the organization understand, interact, respond, and adapt to its situation and external environment?

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Organizational Health Update

¹ Leadership, as a central component to organizational health, is part of all 3 dimensions of health
SOURCE: Organizational Health Index, Organization Practice, McKinsey & Co.

Definitions of the 9 OHI outcomes

Outcomes How effective and in what ways does the organization ...

	Outcomes	How effective and in what ways does the organization ...
Alignment	Direction	... communicate a clear and compelling vision of where the organization is headed, how to get there, and what it means for people
	Leadership	...use effective leadership styles to shape the actions of people in the organization to drive high performance
	Work Environment	...cultivate a clear, consistent set of values and working norms that foster effective workplace behavior
Execution	Accountability	...ensure individuals understand what is expected of them, have sufficient authority and feel accountable for delivering results
	Coordination & Control	...consistently measure and manage business and risk, and act to address problems when they arise
	Capability	...ensure the institutional skills and talent are in place to execute the strategy and create competitive advantage
	Motivation	...develop employee loyalty and enthusiasm, and inspire people to exert extraordinary effort to perform at their very best
Renewal	Innovation & Learning	...encourage and harness new ideas, including everything from radical innovation to incremental improvement, so the organization can effectively evolve and grow over time
	External Orientation	...engage with important external stakeholders (customers, suppliers, partners, and others) to more effectively create and deliver value – both now and in the future

NOTE: Leadership is shaded as part of the "alignment" dimension of health but technically is part of all three dimensions (alignment, execution, renewal)
 SOURCE: Organizational Health Index, Organization Practice, McKinsey & Co.

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Organizational Health Update

The 37 practices offer tactical insights by looking at the behaviors, actions, and processes that create these healthy building blocks

Practices (Measure frequency, from “often” to “rarely”)

<p>Direction</p> <ol style="list-style-type: none"> Shared Vision Strategic Clarity Employee Involvement 	<p>Accountability</p> <ol style="list-style-type: none"> Role Clarity Performance Contracts Consequence Management Personal Ownership 	<p>Coordination & Control</p> <ol style="list-style-type: none"> People Performance Review Operational Management Financial Management Professional standards Risk Management
<p>External Orientation</p> <ol style="list-style-type: none"> Customer Focus Competitor Insights External Partnerships Gov’t & Community Relations 	<p>Leadership</p> <ol style="list-style-type: none"> Authoritative Leadership Consultative Leadership Supportive Leadership Challenging Leadership 	<p>Innovation & Learning</p> <ol style="list-style-type: none"> Top-Down Innovation Bottom-Up Innovation Knowledge Sharing Capturing External Ideas
<p>Capabilities</p> <ol style="list-style-type: none"> Talent Acquisition Talent Development Process Based Capabilities Outsourced Expertise 	<p>Work Environment</p> <ol style="list-style-type: none"> Open and Trusting Performance Transparency Operationally Disciplined Creative & Entrepreneurial 	<p>Motivation</p> <ol style="list-style-type: none"> Meaningful Values Inspirational Leaders Career Opportunities Financial Incentives Rewards & Recognition

SOURCE: Organizational Health Index, Organization Practice, McKinsey & Co.



Definitions of the 37 OHI outcomes (1/3)

Outcome	Practice	Description
Direction	1. Shared Vision	1. Setting the direction by creating and communicating a compelling, vivid image of what the future will look like
	2. Strategic Clarity	2. Articulating a clear direction and strategy for winning, and translating it into specific goals and targets
	3. Employee Involvement	3. Engaging employees in dialogue on the direction of the organization and discussing their part in making it happen
Leadership	4. Authoritative Leadership	4. Leaders emphasize hierarchy and managerial pressure to get things done
	5. Consultative Leadership	5. Leaders involve and empower employees through communication, consultation and delegation
	6. Supportive Leadership	6. Leaders build a positive environment characterized by team harmony, support, and caring for employees' welfare
	7. Challenging Leadership	7. Leaders encourage employees to take on tough challenges and do more than they thought was possible
	8. Open & Trusting	8. Encouraging honesty, transparency and candid, open dialogue
Work Environment	9. Performance Transparency	9. Emphasizing results and achievement, with a healthy sense of internal competition to drive performance
	10. Operationally Disciplined	10. Fostering clear behavioral and performance standards, with close monitoring of adherence to those standards
	11. Creative & Entrepreneurial	11. Supporting innovation, creativity, and initiative-taking

NOTE: Leadership is shaded as part of the "alignment" dimension of health but technically is part of all three dimensions (alignment, execution, renewal)
 SOURCE: Organizational Health Index, Organization Practice, McKinsey & Co.



Definitions of the 37 OHI outcomes (2/3)

Outcome	Practice	Description
Account-ability	12. Role Clarity	12. Driving accountability by creating a clear structure, roles and responsibilities
	13. Performance Contracts	13. Driving accountability by creating clear objectives and formal, explicit performance targets
	14. Personal Ownership	14. Driving accountability by linking rewards and consequences to individual performance
	15. Consequence Management	15. Driving accountability by creating a sense of individual ownership and personal responsibility
Coordinati-on & Control	16. People Performance Review	16. Using formal performance assessments, feedback, and tracking to coordinate and control flows of talent
	17. Operational Management	17. Focusing on operational KPIs, metrics and targets to monitor and manage business performance
	18. Financial Management	18. Focusing on financial KPIs and the effective allocation and control of financial resources to monitor and manage performance
	19. Professional Standards	19. Using clear standards, policies and rules to set behavioral expectations and enforce compliance
	20. Risk Management	20. Identifying and mitigating anticipated risks, and responding rapidly to unexpected problems as they arise
Capabilities	21. Talent Acquisition	21. Hiring the right talent
	22. Talent Development	22. Developing employees' knowledge and skills
	23. Process Based Capabilities	23. Embedding capabilities and 'know-how' through codified methods and procedures (e.g., training manuals, SOPs)
	24. Outsourced Expertise	24. Using external resources to fill capability gaps (e.g., consultants, vendors, business partners)

SOURCE: Organizational Health Index, Organization Practice, McKinsey & Co.



Definitions of the 37 OHI outcomes (3/3)

Outcome	Practice	Description
Motivation	25. Meaningful Values	25. Appealing to compelling and personally meaningful values to motivate employees
	26. Inspirational Leaders	26. Inspiring employees through encouragement, guidance and recognition
	27. Career Opportunities	27. Providing career and development opportunities to motivate employees
	28. Financial Incentives	28. Using performance-related financial rewards to motivate employees
	29. Rewards & Recognition	29. Providing non-financial rewards and recognition to encourage high performance
Innovation & Learning	30. Top-down Innovation	30. Driving innovation and learning through high-priority initiatives sponsored by senior leaders
	31. Bottom-up Innovation	31. Encouraging and rewarding employee participation in the development of new ideas and improvement initiatives
	32. Knowledge Sharing	32. Enabling collaboration and knowledge sharing across the organization
	33. Capturing External Ideas	33. Importing ideas and best practices from outside the organization
External Orientation	34. Customer Focus	34. Understanding customers and responding to their needs
	35. Competitive Insights	35. Acquiring and using information about competitors to inform business decisions
	36. External Partnerships	36. Building and maintaining a network of external business partners
	37. Business & Community Relations	37. Developing strong relationships with the public, local communities, government and regulatory agencies

SOURCE: Organizational Health Index, Organization Practice, McKinsey & Co.



JEA employees were also asked to assess practices that drive performance and organizational health in public institutions

What is the Public & Social Sector OHI Module?

- Core OHI practices apply to all organizations – however governments, inter-governmental organizations, non-profits, and other public institutions often face complex and unique challenges requiring different solutions
- A set of additional sector-specific practices are tailored to the behaviors and actions most linked to performance in non-commercial entities¹
- Complementing the core OHI with these practices can allow public & social sector entities to identify tailored insights relevant to them, and the right path to their own health aspirations
- The Public & social Sector module questions are not benchmarked and “quartiled” like the core OHI questions – their results are shown as numbers and are incorporated into the themes

Additional practices in the OHI Public & Social Sector module

Direction

1. Clear Mission

Motivation

2. Compelling Mission
3. Intrinsic Motivation

Coordination & Control

4. Efficiency
5. Evaluation
6. Budgeting

Accountability

7. Decision Making

Capabilities

8. Sustainable Funding
9. Subject-matter Expertise

Work Environment

10. Multiple Viewpoints
11. Organizational Connectivity

External Orientation

12. Stakeholder Management

¹ New PSS practices were designed based on extensive SME interviews, literature reviews, and feedback from multiple pilots
SOURCE: Organizational Health Index, Organization Practice, McKinsey & Co.

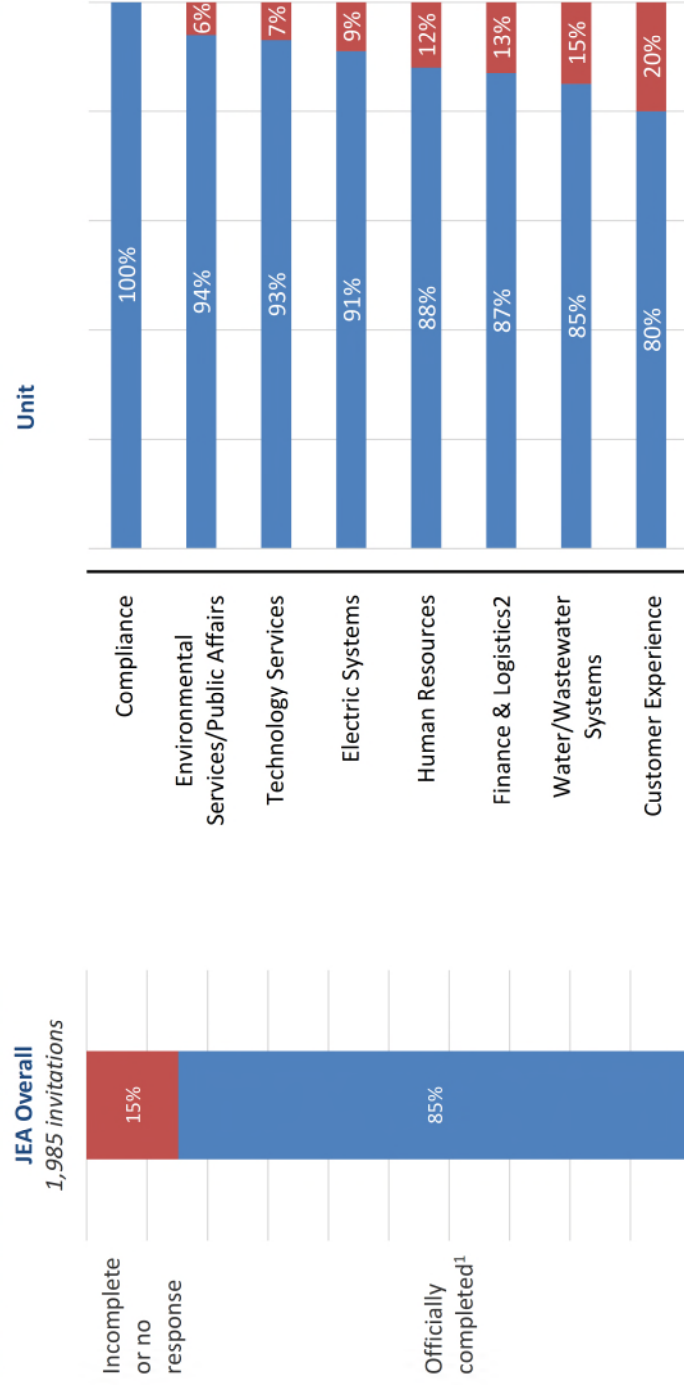
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**Organizational
Health Update**

JEA's response rates – overall and by unit – were well above average, indicating strong engagement and successful deployment by the JEA team

Breakdown of completed responses

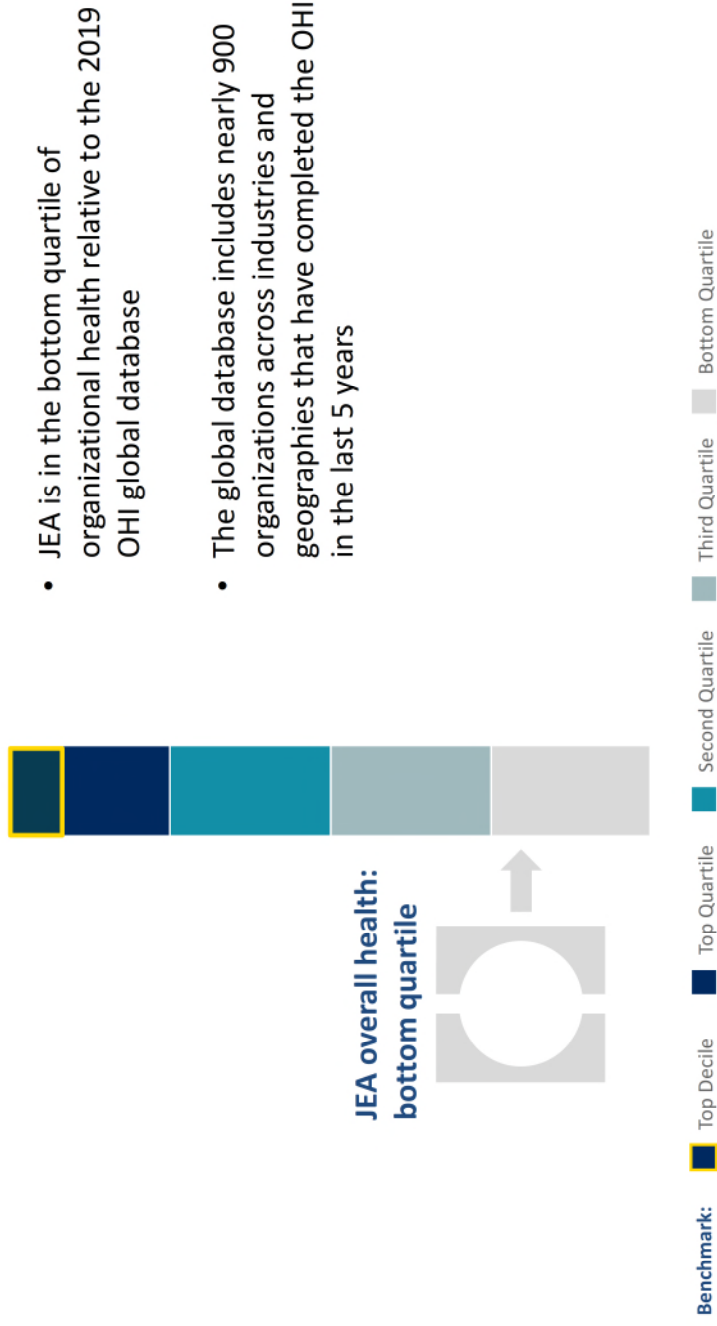


¹ "Finance" and "Logistics Services" were merged for the purposes of reporting, as these two units were recently separated and respondents may have identified themselves as part of the other unit incorrectly in the survey. ² In total 87% of recipients completed the survey but 2% were removed for responses that were flagged as potentially inaccurate (e.g., completing the survey in less than 2 minutes)
SOURCE: JEA (n=1,685)



JEA has an overall health in the bottom quartile compared to the OHI global database

Overall health

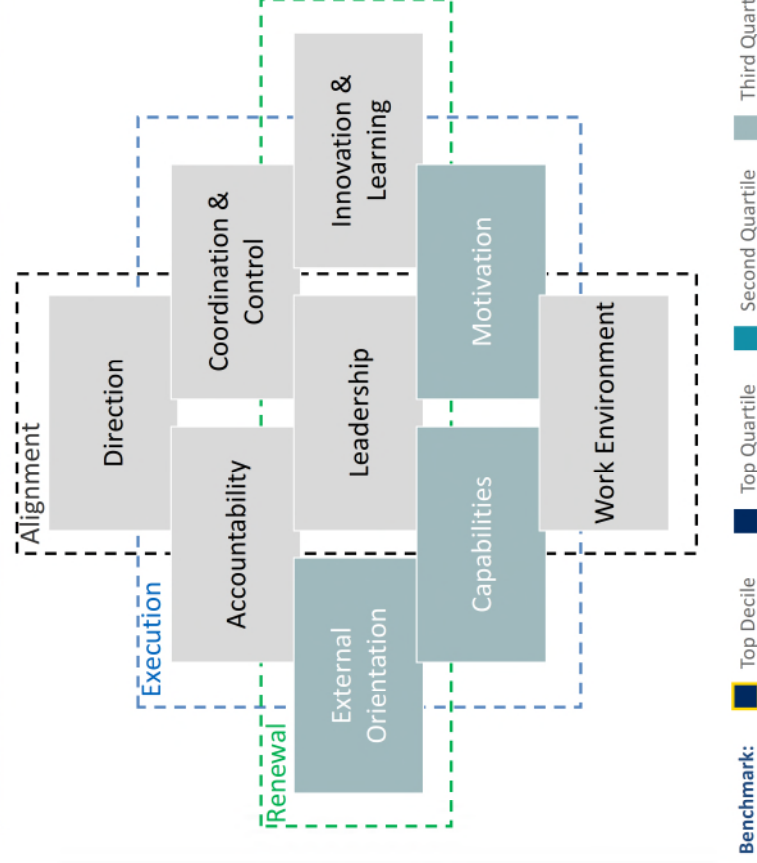


SOURCE: JEA (n=1,685); Organizational Health Index Global Database, McKinsey & Company



All of JEA's health outcomes are below the global database's median, with three in the third quartile and six in the bottom quartile

Percentage of respondents who selected 'agree' or 'strongly agree'



- All three outcomes in the alignment axis are in the bottom quartile (Direction, Leadership and Work Environment) for JEA
 - That axis might be the first and most critical place for JEA to focus to improve its health
- Two of JEA's healthier outcomes are Capabilities and Motivation – indicating employees believe they have the right “raw people materials” to work with
- External Orientation is strong for JEA relatively, not surprising given its relationship with the community it serves

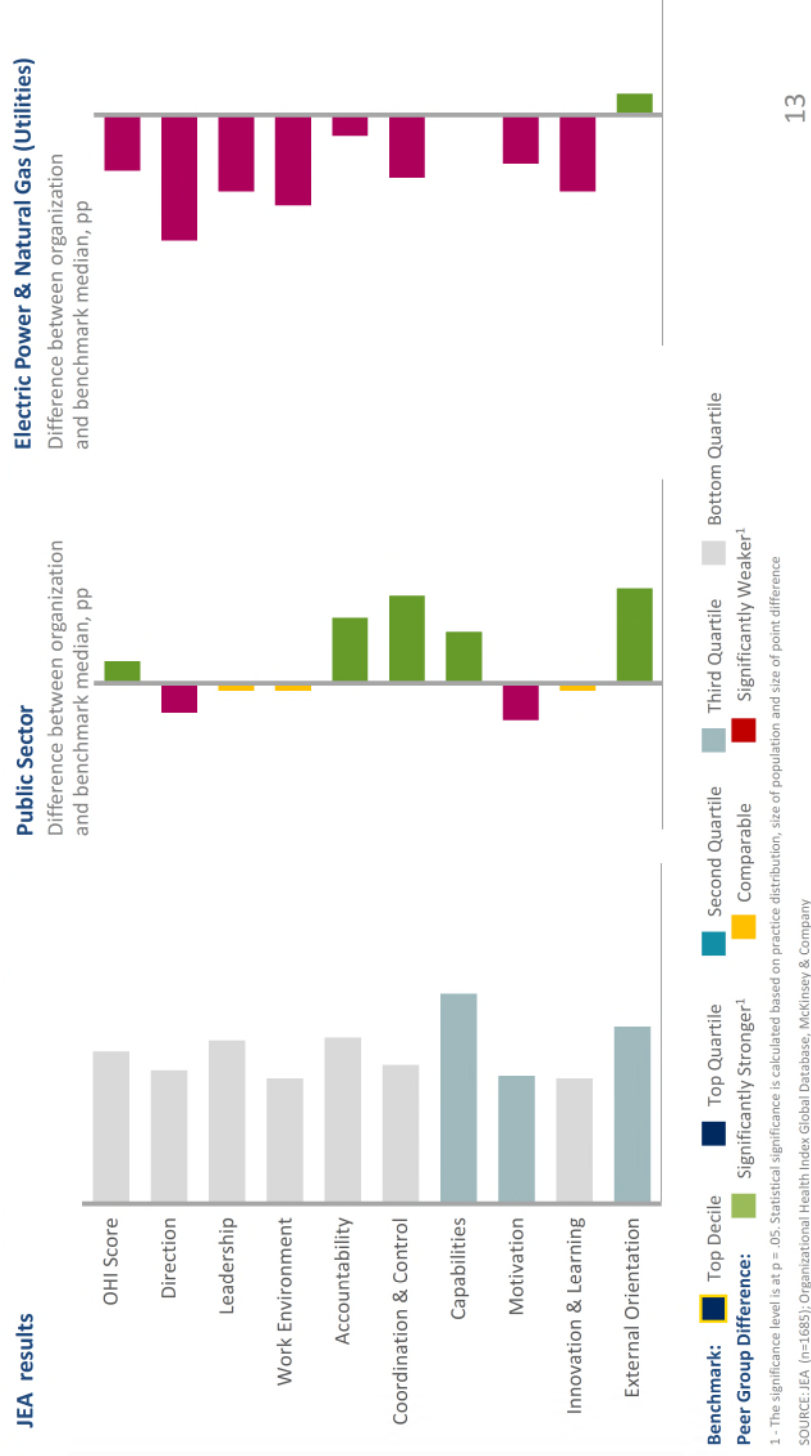
Benchmark: Top Decile (yellow), Top Quartile (dark blue), Second Quartile (medium blue), Third Quartile (light blue), Bottom Quartile (grey)

SOURCE: JEA (n=1,685); Organizational Health Index Global Database, McKinsey & Company



When compared with peers groups who also tend to have weaker health, JEA's health is still low – especially relative to other utilities

Percentage of respondents who selected 'agree' or 'strongly agree'



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Organizational Health Update

JEA's practices are primarily in the 3rd and bottom quartile, with one – Government & Community Relations – in the top quartile

Relations – in the top quartile

Percentage of respondents who selected 'often' or 'almost always'



Benchmark: Top Decile (Dark Blue), Top Quartile (Dark Teal), Second Quartile (Medium Teal), Third Quartile (Light Teal), Bottom Quartile (Lightest Teal)

SOURCE: JEA (n=1,685); Organizational Health Index Global Database, McKinsey & Company



Themes that emerge from JEA's practices

- 1** Employees perceive JEA prioritizes actively engaging its partners and other players in the market in order to serve the community
- 2** Employees say JEA has a relatively open and supportive culture, but say a sense of belonging and healthy work environment aren't there yet
- 3** JEA maintains clear performance standards and trainings to achieve them, however employees want coaching and personal development
- 4** Employees don't see a clear strategy at JEA – they want leaders to set the direction, and decisively push themselves & the organization to get there
- 5** There's an opportunity to bring in new ideas from outside JEA, and establish processes to share those ideas across the organization
- 6** Employees currently lack clarity around how JEA is structured, what is expected of them, and what authority they have to make decisions
- 7** OHI results suggest a need to better motivate people, especially high performers, using multiple methods to drive sustained performance

SOURCE: JEA (n=1,685); Organizational Health Index Global Database, McKinsey & Company



A summary of JEA's organizational health today

Overall Health



- JEA has an overall health is in the bottom quartile compared to the current OHI global database of nearly 900 organizations
- All of JEA's health outcome are below the global database's median, with three in the 3rd quartile and six in the bottom quartile
- JEA's practices are primarily in the 3rd and bottom quartiles, with 15 in the former and 21 in the latter, with just one – Government & Community Relations – in the top quartile

Outcomes & Practices

Direction	Shared Vision	Accountability	Role Clarity	Meaningful Values
	Strategic Clarity			
Leadership	Employee Involvement	Coordination & Control	Performance Contracts	Career Opportunities
	Authoritative Leadership		Consequence Management	Financial Incentives
	Consultative Leadership		Personal Ownership	Rewards & Recognition
	Supportive Leadership		People Performance Review	Top-down Innovation
Work Environment	Challenging Leadership	Capabilities	Operational Management	Innovation & Learning
	Open and Trusting		Financial Management	Bottom-up Innovation
	Performance Transparency		Professional Standards	Knowledge Sharing
	Operationally Disciplined		Risk Management	Capturing External Ideas
	Creative & Entrepreneurial		Talent Acquisition	Customer Focus
			Talent Development	Competitive Insights
			Process Based Capabilities	External Partnerships
			Outsourced Expertise	Business & Community Relations

Benchmark: ■ Top Decile ■ Top Quartile ■ Second Quartile ■ Third Quartile ■ Bottom Quartile

SOURCE: JEA (n=1,685); Organizational Health Index Global Database, McKinsey & Company



Organizations should pick a set of priority practices to work on to improve their health – the OHI provides principles to determine your short list



A. Foundational “Power Practices”

- Of the 37 practices, four “power practices” disproportionately drive health and should not be in the bottom quartile:
 - **Competitive Insights**
 - **Personal Ownership**
 - **Role Clarity**
 - **Strategic Clarity**
- JEA is in the bottom quartile for all but Strategic Clarity (third quartile) and could focus on these first

B. “Who Do We Aspire to Be”

- Consider practices aligned to JEA’s strategy and plans for the organization¹, especially those in the bottom quartile which need to be improved
- For JEA this might suggest:
 - **Bottom-Up innovation**
 - **Capturing External Ideas**
 - **Customer Focus**
 - **Top-Down Innovation**

C. Other Considerations

- As you reflect on the OHI results, does your own **judgment and knowledge of JEA** suggest any other priority practices?

It’s important to focus on just a few practices – organizations that try to drive too many practices at once find their health does not improve as they get unfocused and overextended

1. OHI research identifies four “recipes” that health organizations typically follow – selecting a recipe aligned to the organization’s strategy is one way to select priority practices that should help fast-track health improvements
SOURCE: Organizational Health Index, Organization Practice, McKinsey & Co.

