



# County of Huron

## Service Review Part A

## Final Report

September 16, 2020



# Disclaimer

This report is subject to the terms and conditions in our engagement letter dated March 1, 2020. This report is intended solely to assist the County of Huron ("Huron County" or, the "County") with a service review. The comments and observations in our report are not intended, nor should they be interpreted, to be legal advice or legal opinion. This report is based on information and documentation that was made available to KPMG at the date of this report. KPMG has not audited nor otherwise attempted to independently verify the information provided unless otherwise indicated.

We had access to information up to August 28, 2020 in order to arrive at our observations but, should additional documentation or other information become available which impacts upon the observations reached in our report, we will reserve the right, if we consider it necessary, to amend our report accordingly. This report and the observations expressed herein are valid only in the context of the whole report. Selected observations should not be examined outside of the context of the report in its entirety.

Our observations and full report are confidential and are intended for the use of the County. Our review was limited to the procedures conducted. The scope of our engagement was, by design, limited and therefore the observations should be considered in the context of the procedures performed. In this capacity, we are not acting as external auditors nor value for money auditors and, accordingly, our work does not constitute an audit, examination, value for money, attestation, or specified procedures engagement in the nature of that conducted by external auditors on financial statements or other information and does not result in the expression of an opinion.

Pursuant to the terms of our engagement, it is understood and agreed that all decisions in connection with the implementation of advice and recommendations as provided by KPMG during the course of this engagement shall be the responsibility of, and made by, the County. KPMG has not and will not perform management functions or make management decisions for the County.

KPMG has no present or contemplated interest in the County. Accordingly, we believe we are independent of the County and are acting objectively.

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# Table of Contents

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Disclaimer

Project Overview

Summary of Findings From Consultations

Organizational Design

Structure Options and Development

Comparator Analysis: Structure Options

Corporate Services: Current State

Alternative Structure Options

Evaluation of Structure Options

**Page**

2

4

9

21

31

34

42

45

50



# Project Overview

County of Huron  
Service Review: Part A  
Final Report



## Introduction

This report was prepared to present observations and evidence to form a potential case for change arising from research, analysis and consultation with the staff of the County of Huron (the “County” or “Huron County”). This report will provide the foundation for possible opportunities to improve the overall effectiveness and efficiency of the County’s current service delivery model.

## Setting the Stage

Huron County is a county in Ontario located on the southeast shore of its namesake, Lake Huron. Huron County, often called, “Ontario’s West Coast” includes over 80km of coastline. The County is comprised of nine municipalities. The vibrant, rural community is among the most agriculturally productive in Ontario. Residents and visitors enjoy access to fifteen beaches, hundreds of parks and trails and world-class arts and culture.

Huron County has experienced limited population growth in recent years. Between 2011 and 2016 the County experienced population growth of just 0.3%. The County’s major industry categories are: agriculture, mining, manufacturing, health care, retail, and construction.

The County is governed by County Council, made up of 15 members from Huron County’s nine area municipalities. Each municipality within Huron County is represented at County Council by their elected representatives: Mayors or Reeves, Deputy Mayors and Deputy Reeves, with some exceptions. Biannually, County Council elects a Warden from among the Councillors. The Warden is the head of County Council. The Senior Management Team is comprised of the Chief Administrative Officer, eight Directors and the County Clerk. The County oversees a gross operating budget of approximately \$110 million and employs over 700 staff. The County offers a wide range of civic services includes transportation, planning and development, economic development, engineering, long-term care, museum and archives, libraries, and emergency services. The County also offers a number of social services including public housing, Ontario Works and children’s services.

As with all municipalities and other levels of government, the County is balancing community and stakeholder expectations and financial constraints. The current fiscal reality of municipal government in Ontario means the County is facing two distinct pressures that impact the delivery of services: capacity limitations and the threat of Provincial funding reductions as part of the larger cost reduction and modernization initiative. County Council has determined that it is necessary for Huron County to consider how municipal services will be delivered sustainably over the long term. Accordingly, the County has engaged KPMG to assist with a review of its current service delivery model and identify opportunities for greater efficiency and effectiveness and ensure value for money for its residents.

## Project Objectives

KPMG has been engaged by Huron County to undertake a service review (the “Project” or “Service Review”). The Service Review will help the County examine the delivery of municipal services to ensure that they are provided in the most effective manner to the public. The Service Review is an element of the County’s Continuous Improvement Process. Success for this Project will be defined by the identification of opportunities for the County to deliver services more effectively. The Service Review will include analysis and discussion on the following:

- Current services and delivery approaches;
- The performance of peer municipalities in Ontario;
- Public Works facilities and associated winter services;
- Organizational structure for aligning the corporate services with front-line delivery, including business processes and allocated resources; and
- New opportunities or directions for the purpose of improving services and reducing costs.

## Project Principles

The knowledge and expertise of County staff will be fully engaged to arrive at recommended actions through a transparent, participative and inclusive process facilitated by the consultant.

The framework and approach will be based on leading practice from municipal or other levels of government and/or private sector experience. The aim is to, wherever possible, transfer knowledge and necessary “tools” to County employees to enable them to better develop their own solutions to operational and process issues and challenges over time.

While these reviews often go by many different names – including service efficiency reviews, value for money audits and cost saving studies – they all share the same goal: to determine if a municipality is delivering its services to its customers in the best possible manner and further, to determine if there are more efficient, effective or economical means to delivering municipal services. For simplicity, this has been called a ‘Service Review’ for the purposes of this Project.

Lastly, this is not an audit. This Project constitutes a review to build on successes and identify opportunities to improve the efficiency of how the County delivers services to the community. The later phases of the Project will include implementation of the identified and recommended opportunities.

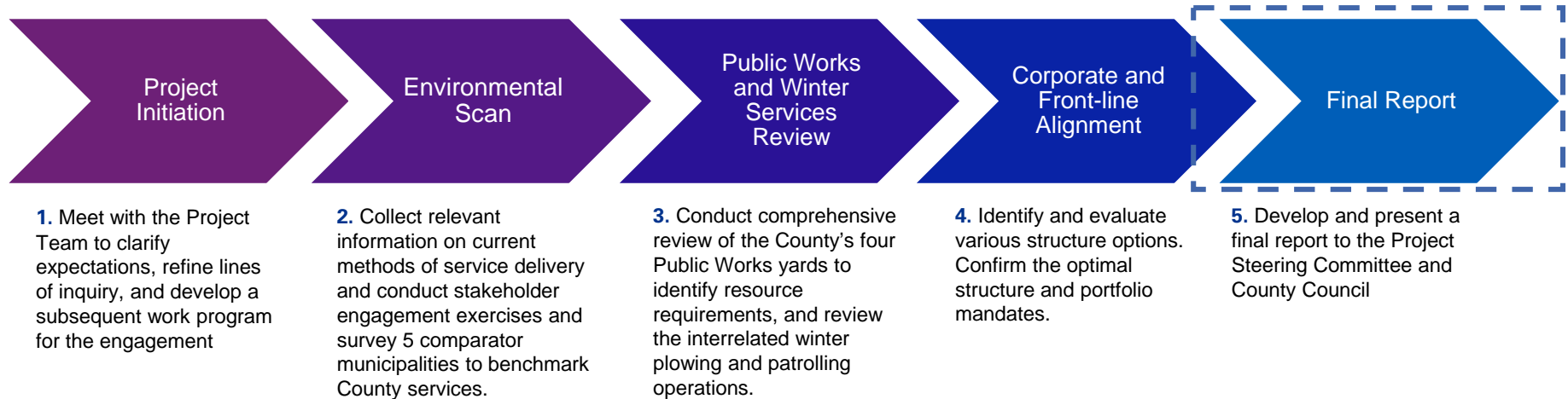
## Project Scope

- **Phase One: Project Initiation**
  - Kick Off Meeting with Project Team
  - Project Charter & Project Schedule
- **Phase Two: Environmental Scan**
  - Documentation review that provides insight into the County's organization environment, financials, and services delivered
  - Stakeholder engagement (37 interviews and 2 focus groups of 60-90 minutes each)
  - On-line survey distributed to the County's employees
  - Benchmarking against up to 5 comparator municipalities
  - Interim Report delivered to Steering Committee
  - Interim Report presented to Council
- **Phase Three: Public Works Facility and Winter Services Delivery Review**
  - Review the current state of facilities and winter services through documentation review, stakeholder engagement and analysis
  - Project and analyze future workload
  - Identify operational risks, and draft recommendations to optimize operations
  - Draft report presented to Steering Committee
- **Phase Four: Alignment Between Corporate and Front-Line Services**
  - Half-day working session: Review Interim Report and develop 5-6 design principles. The design principles will form criteria against which various structure options will be evaluated
  - Construct structure options through organization of County functions into work streams
  - Half-day working session: Evaluate identified structure options
  - Interviews with three comparator counties: Lambton County, Oxford County and Wellington County
  - Half-day working session: Confirm the optimal structure and portfolio mandates
- **Phase Five: Final Report & Presentation**
  - Delivery of Final Report to Steering Committee and Council

# Introduction and Context

## Work Plan and Progress Report

This engagement commenced on March 2, 2020, and will be completed when the draft final report is submitted to the County on or before September 16, 2020. The diagram below depicts the key phases as outlined in the Project Charters, and the progress to date.



The final report provides an analysis of the data and information collected from the County. The activities completed to date include:

- 39 interviews and two focus groups with the County's Senior Management Team, other management and staff and County Council;
- Financial analysis of the current and past state of the County;
- Benchmarking and analysis of performance metrics against five comparator Counties;
- Three half-day working sessions with the Project Team to determine an appropriate organizational structure to align corporate and front-line services;
- Interviews with three additional Comparator Counties regarding organizational structures: Lambton County, Oxford County and Wellington County; and
- Review of County documentation, including financial and non-financial reports and information.



# Summary of Findings from Consultations

County of Huron  
Service Review: Part A  
Final Report



## Summary of Findings

# The Engagement Process

As part of the Huron County service review, the Senior Management Team, managers and staff were interviewed in order for KPMG to obtain an understanding of the services provided by the County, to identify challenges, and to to identify opportunities for financial and operational efficiencies.

The County Warden, CAO, Clerk and Directors, as well as other County management and staff were interviewed in confidential one-on-one discussions.

### Interviews

#### Senior Management Team

Treasurer, Director of Corporate Services  
County Clerk  
County Warden  
Director of Social & Property Services  
Director of Economic Development  
County Engineer, Director of Operations  
County Librarian and Director of Cultural Services  
Director of Homes for the Aged  
Director of Human Resources  
Chief Administrative Officer  
Director of Planning & Development

#### Management

Human Resources  
Cultural Services (Library)  
Cultural Services (Museum)  
Home of the Aged  
Public Works  
Emergency Services  
Provincial Offenses  
Homes for the Aged  
Social Services  
Public Works  
Information Technology  
Homes for the Aged  
Treasury  
Planning and Development

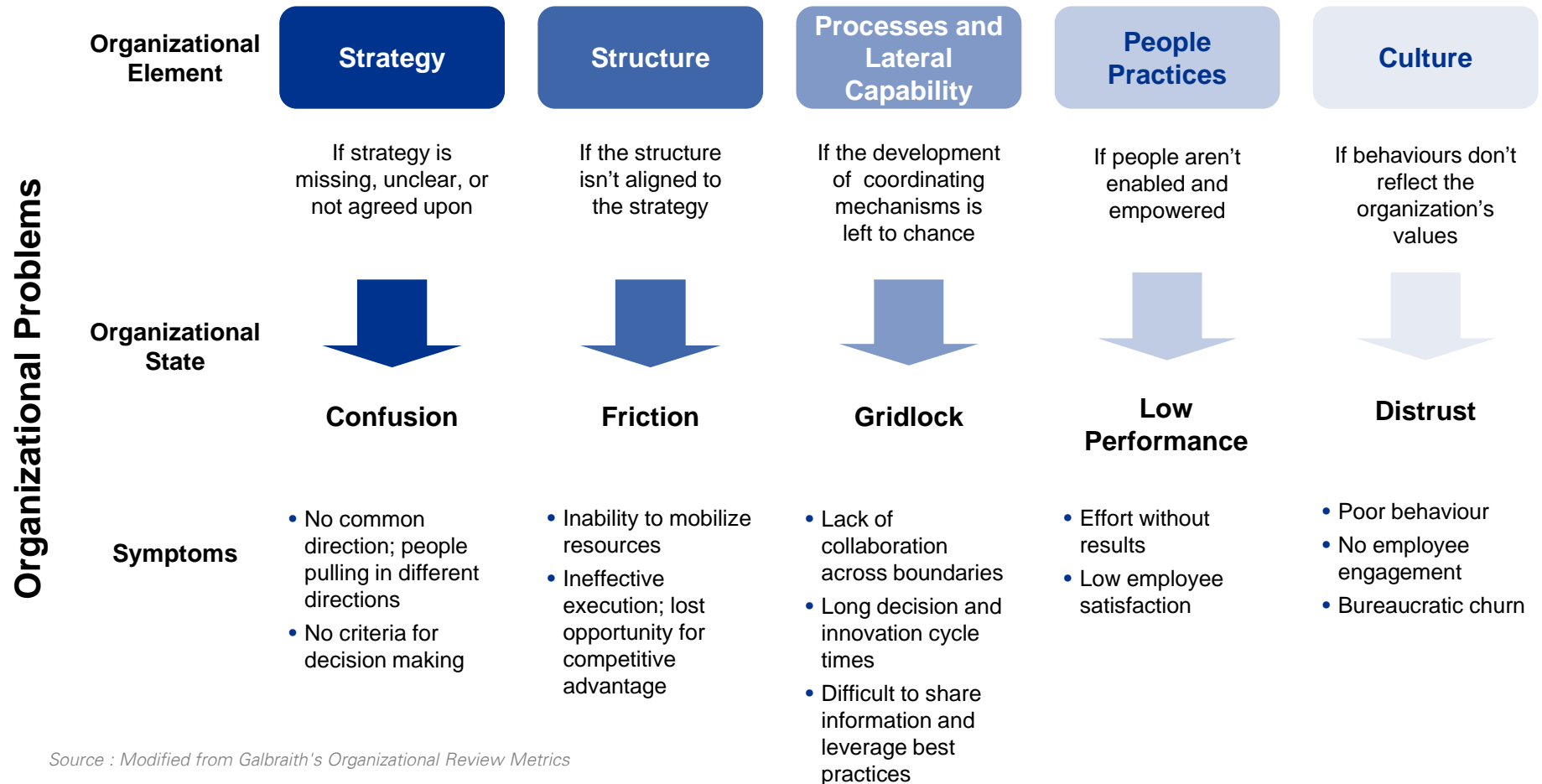
# The Engagement Process

In addition to the interviews, two focus groups of front-line municipal staff were held. The focus group participants were divided into long-tenured staff of the County, and recently-hired staff of the County.

Focus Groups	
<b>Long-tenured staff and management</b> Social Services Cultural Services (Museum) Emergency Services Information Technology Homes for the Aged Public Works Planning and Development Cultural Services (Library) Human Resources Treasury Economic Development	<b>Recently-hired staff and management</b> Social Services Human Resources Cultural Services (Museum) Information Technology Treasury Cultural Services (Library) Public Works Planning and Development Homes for the Aged Economic Development

# A Model for Analyzing Organizational Performance

We use the following model as a means of analyzing and understanding organizational performance and problems.



# Organizational Considerations

## Organizational Factor

### Strategy

- Understanding of strategy and mission
- Alignment to vision
- Agreement on priorities
- Clarity in performance measures

### Structure

- Structure
- Work alignment
- Delegation of authority
- Capacity

### Processes and Lateral Capability

- Decision making
- Communication
- Enabling technology
- Standardized operational processes and practices

### People Practices

- Staff engagement
- HR practices and policies
- Performance management
- Training and support

### Culture

- Values and beliefs
- Behaviours

# Emerging Themes from Consultations

Key themes have emerged from the interviews and focus group discussions, which are summarized below:

Strategy	
<b>Understanding of vision, strategy and mission</b>	<ul style="list-style-type: none"> <li>▪ From our consultations, all members of the organization have an awareness of their departmental mission and vision statements, where applicable.</li> <li>▪ It appears that staff follow priorities based on their own needs assessment and/or functional priorities within their respective teams and departments. It was noted that this is a result of both resource constraints and an organizational focus on meeting the short-term needs and/or service requests of citizens.</li> <li>▪ Consistent throughout all elements of stakeholder engagement was a commitment by members of the organization to ensure that the needs of citizens and the communities of the County are served.</li> </ul>
<b>Agreement on priorities</b>	<ul style="list-style-type: none"> <li>▪ Staff expressed mild frustration with multiple competing priorities within their roles.</li> <li>▪ Staff noted that some stated priorities, such as system implementations and/or the expanded use and integration of existing systems, are often ignored, being postponed or interrupted to address short-term needs.</li> </ul>
<b>Clarity in key performance measures</b>	<ul style="list-style-type: none"> <li>▪ Members of the organization are aware of the strategic priorities set by Council as they relate to their respective service areas.</li> <li>▪ Where key performance measures are not legislated, it is unclear from the staff perspective which performance measures should be utilized within their respective service areas.</li> </ul>

# Emerging Themes from Consultations

## Structure

The County of Huron has 9 main departments: Corporate Services (Finance, Business Technology Solutions, Geographic Information Systems, Provincial Offences Act), Administration, Social & Property Services, Planning & Development, Economic Development, Homes for the Aged, Operations, Human Resources and Cultural Services. The County's Senior Management team is comprised of the County Warden, the CAO, the County Clerk and eight Directors. The following is a high-level summary of the County's organizational structure:

- **Corporate Services** – Includes a Director (Treasurer, Director of Corporate Services) who is responsible for Business Technology Solutions ("IT"), Treasury and Provincial Offences. Within IT, a Senior Manager oversees IT Operations (Business Analysis, Client Services and Network Security), Programmer/Web Services and GIS/911. The Deputy Treasurer and Manager of POA oversee the operations within the Treasury and POA business units, respectively. Human Resources is led by the Director, Human Resources, and has a staffing complement of five including the Director.
- **Administration** – The CAO leads the Administration department. Reporting directly to the CAO is the County Clerk and an Executive Assistant. A Deputy Clerk/Information Coordinator, Records Management Coordinator, and an Administrative Assistant all report to the County Clerk. In early 2020 a one-year contract position for a Corporate Communications Specialist will be filled by a transfer from Cultural Services.
- **Social & Property Services** – These two departments are led by the Director of Social and Property Services. Three Managers report directly to the Director: Manager, Ontario Works and Children's Services, the Housing Services Manager and the Technical Services Manager. Each Manager is directly responsible for a business unit.
- **Planning and Development** – The Director of Planning and Development leads this Department. An Office Manager, Forest Conservation Officer/Weed Inspector, County Biologist/Stewardship Coordinator and Climate Change and Energy Specialist report directly to the Director.
- **Economic Development** – There are nine staff who report directly to the Director of Economic Development: An Entrepreneur & Business Coach, an Office Administrator, an Immigration Partnership Coordinator, a Communications & Marketing Officer, an Immigration & Partnership Support Officer, Two Economic Development Officers, a Digital Squad Team Member and Support Staff.

## Structure

# Emerging Themes from Consultations

## Structure

## Structure (continued)

- **Homes for the Aged** – The Director of Homes for the Aged oversees operations at both homes, Huronview and Huronlea. The Huronview Administrator and Huronlea Administrator are responsible for the operations at each of their respective homes. Each home has a Nutrition Manager and Director of Care who report to the Administrator of their respective home. Additionally, Huronview has a Business Manager, Programs & Social Services Manager, Environmental Services Manager and Associate Director of Care who also report to the Administrator.
- **Operations** – Operations is comprised of both Emergency Services and Public Works. The County Engineer, Director of Operations leads the Emergency Services Department as well as the Public Works Department. The Chief of Emergency Services reports directly to the Director of Operations. Reporting directly to the Chief of Emergency Services are: The Deputy Chief of Operations, Deputy Chief of Professional Standards, County Emergency Manager (CEMC), Emergency Services Administrative Coordinator, and Emergency Services Clerk. The Manager of Public Works reports directly to the County Engineer, Director of Operations (shared Director roll). Reporting directly to the Manager of Public Works are: The Road Superintendent, Fleet and Facilities Manager (currently vacant), two Engineering Project Managers (Roads and Bridges), a Bridge Foreman, a Work Management Technologist and an Office Coordinator.
- **Human Resources** – The Senior Manager, Human Resources report directly to the Director of Human Resources. A Supervisor, Safety & Wellness, a Talent Acquisition Specialist and a Total Rewards Advisor all report to the Senior Manager, Human Resources.
- **Cultural Services** – The Deputy Librarian and Curator report directly to the Director of Culture. Reporting to the Deputy Librarian are Branch Managers, Information Services, Technology Services and an Administrative Assistant. Reporting to the Curator are the Registrar, Dialogue and Engagement, an Archivist, a Collections Technician and an Administrative Assistant

For 2019 and 2020 the County budgeted for 487 full-time equivalents (“FTEs”) on staff. Homes for the Aged and Emergency Services are the two largest Departments at the County, with 182 and 85 FTEs respectively in 2020. There are currently four unions representing County staff: Service Employees International Union (at Homes for the Aged, primarily PSWs, RPNs, housekeeping and dietary staff), International Union of Operating Engineers (at Homes for the Aged, some members of maintenance staff), Ontario Nurses Association (at Homes for the Aged, RNs) and Canadian Union of Public Employees (Paramedics).

# Emerging Themes from Consultations

## Processes and Systems

<b>Decision making</b>	<ul style="list-style-type: none"> <li>Participants noted that the County does not currently have a formalized delivery model. Rather, a fractured approach is used, due in part to the operational isolation of departments and services spread across the County.</li> <li>Participants indicated that there is a need to review and streamline both decision making and business processes; however, resource constraints have made this process difficult as supervisors and staff have minimal time to devote to process improvement in addition to their core functions.</li> <li>Participants suggested that the County should develop a strategy around the better collection of information, in order to maintain accurate and actionable data for decision making.</li> <li>Some services which have a different strategic focus at the County level versus lower tier municipalities may benefit from delivery exclusively by the County.</li> <li>Participants noted that purchasing of some common significant equipment (e.g. copiers, postage machines) is completed in silos within departments. Centralizing this function may increase buying power and create both standardization and economies of scale.</li> </ul>
<b>Communication</b>	<ul style="list-style-type: none"> <li>Participants generally indicated that communication was strong within departments/service areas.</li> <li>Participants identified functional silos and the physical separation of departments as obstacles to efficient workflows and collaboration. Reducing these obstacles may facilitate better collaboration between service areas and catalyze a more holistic delivery of services.</li> <li>Participants noted that some deadlines (ex. budget and finance submissions) are loosely enforced, leading to rushed work, errors and inefficient use of staff time. Implementation and clear communication of hard deadlines may alleviate this pain point.</li> <li>Participants noted an opportunity for the County to strengthen its digital and online presence. Feedback noted that the County is falling behind comparators and best practices in terms of reach, frequency and consistency of online information and access.</li> <li>External communications were identified as a pain point by several participants, who indicated that crisis and contentious communication require significant time when handled by someone who is not an expert. KPMG understands that a one-year contract position of Corporate Communication Specialist was filled through an internal transfer, effective April 17, 2020.</li> <li>Participants suggested that greater transparency and increased communication between County and the lower tier municipalities is needed.</li> </ul>

# Emerging Themes from Consultations

## Processes and Systems

### Enabling technology

- Multiple respondents expressed the desire for improved remote access to County systems. It was noted that COVID has positively impacted the processes to facilitate remote work, but respondents are concerned that support may diminish once staff return to their respective offices for traditional styles of work.
- Frustration was expressed at the largely manual nature of some County processes (e.g. payroll, purchasing and payables, training and development). Several staff remarked that Laserfiche will potentially lighten the burden of manual documentation and processes, but staff are skeptical that the program will be used to its potential due to constraints on staff time needed for a fulsome implementation and training.
- It was noted that multiple departments manage their own IT budgets. Centralizing IT budgets within IT may save redundant administrative time and mitigate some cyber risks related to outdated hardware and software. We understand a malicious cyber attack against the County took place in April, 2019. Increased training and cyber preparation may help mitigate the risk of unnecessary damage from future attacks.
- Participants suggested that a deep-dive review of the existing payroll process, including the consideration of a third-party payroll processor (ADP, Ceridian) is required. Participants noted that the current process has inconsistencies across departments, relies too heavily on manual documentation, and limits ease of access to information for staff.
- Participants noted that tracking training and development of staff is done inconsistently. This pain point may be alleviated by implementation of the planned Human Resource Information System.
- Participants noted that the County will need to implement additional policies and processes, as well as related training to address risks related to cloud computing and newly adopted technologies.

### Shared services

- Participants suggested that the additional use of shared tenders and buying groups could benefit the lower tier municipalities and County through economies of scale, and the elimination of redundant administrative time.
- Participants noted that there is significant expertise at the County that could be leveraged in shared-service agreements with the lower tier municipalities (e.g. technical areas of Human Resources including investigations, GIS, grant and funding proposals).
- Some equipment of the County may have additional capacity for shared service agreements (ex. shoulder machine, line sprayer). Constraints on staff time may be a limiting factor.

# Emerging Themes from Consultations

## Processes and Systems

### Capacity

- We understand there has been limited growth in the County's staff complement in recent years. While population growth has been limited, staff often remarked that the demands and needs of the citizens and other stakeholders have increased, putting strain on existing resources. As a result, there is limited capacity in the County to absorb additional work, or to take on special projects or adoption of new technology.
- Participants noted that there are multiple positions within the County with no backup or cross-trained personnel to address unexpected capacity changes.
- Management and staff remarked that every vacancy is evaluated for other opportunities (including eliminating the position), prior to filling.
- Difficulties in attracting high-demand (e.g. Heavy equipment operator) positions may be alleviated by developing staff internally, including supporting external education. Staff could potentially be retained in long-term contracts to ensure recovery of these costs.
- A gap in project management skills across the County was identified. Participants suggested that an internal skills matrix may help departments identify staff with skills necessary to consult, collaborate on or lead their projects.
- Participants suggested that additional partnerships with community agencies, and potentially offloading some services delivered by the County to the private sector (Social and Property Services) may lead to better overall offerings for citizens.
- Participants noted that overnight emergency services coverage (number of vehicles on road) may be problematic in the event of an emergency. It was also noted that a community paramedicine team may alleviate demands on the health care system and emergency services by reducing the number of returns to hospital of recently discharged patients.

# Emerging Themes from Consultations

## People Practices

<b>Training</b>	<ul style="list-style-type: none"> <li>• Respondents noted that there is both a lack of training for experienced staff, as well as minimal tracking of personal learning and development plans. Staff noted that it is difficult for management to develop staff, and to monitor their progress against goals in the absence of a standardized system.</li> </ul>
<b>Succession planning</b>	<ul style="list-style-type: none"> <li>▪ Respondents noted that there is a lack of succession planning so that retiring long-term employees can transition their knowledge. We understand that departing employees sometimes take significant undocumented knowledge with them, which is lost from the organization. We understand that approximately 28% of the County's staff are eligible for full-pension retirement in the next five years.</li> </ul>
<b>Staff Engagement</b>	<ul style="list-style-type: none"> <li>▪ Staff at all levels of employees within the organization are proud of the work they deliver and are committed to excellence in municipal service delivery.</li> </ul>

## Culture

<b>Values and beliefs</b>	<ul style="list-style-type: none"> <li>▪ Participants across all levels of the County reported a culture of, "customer first" in delivery of services.</li> <li>▪ Some participants noted that less reliable paper-based processes sometimes reduce departmental accountability, and contribute to a culture of blame.</li> <li>▪ Overall participants noted a positive working environment at the County, where most employees are willing to help out within and outside of their service area.</li> </ul>
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# Organizational Design

County of Huron  
Service Review: Part A  
Final Report



# Alignment of Corporate and Front-line Services

From our discussions with County Senior Management, we understand that the County is currently experiencing a misalignment between Corporate Services and front-line or 'customer-facing' departments. Senior Management believes that this misalignment impacts the County in the following ways:

- There is a lack of formalized processes between Corporate Services and front-line departments
- There are challenges around planning resources for organizational growth

The following organizational design review and analysis has been framed by this misalignment.

# Introduction

*The organization is not an end in itself; it is simply a vehicle for accomplishing the strategic tasks of the business.*

*A well-designed organization helps everyone in the business do her or his job effectively.*

*A poorly-designed organization (or an organization by default) creates barriers and frustrations for people both inside and outside the organization.*

*Paul Galbraith*

- Organizational design is the deliberate process of configuring structures, processes, and people practices to create an effective organization capable of achieving the organization's identified strategy.
- **Form Follows Function** - strategy drives structure; processes are based on structure; and structures and processes define the implementation of people practices
- Structure is just one of several levers to be 'pulled' in organizations to optimize performance
- Effective organizational design considers the following:
  - Strategy
  - Structure
  - Processes & Systems
  - People Practices
  - Culture

# Common Organizational Design Pitfalls

Observations	Implications
Organizational design efforts often begin and end just with a structure chart.	Creating just structure charts is insufficient with respect to effective governance and collaboration within the organization and across boundaries. And it is inadequate if you want people to adopt new accountabilities, responsibilities and ways of working.
Many organizations evolve without conscious design choices from a holistic perspective.	Piecemeal tweaks over time can result in structures that become inefficient, with unclear accountabilities and suboptimal working relationships.
Creating an effective 'lean' organization doesn't happen by chance.	Focusing an organization on primary outputs and deliverables, and helping reduce non value-added activities is a common objective. However, lean organizations do not exist by chance. They have to be deliberately designed.
Today's organizations compete in rapidly changing environments.	Leadership should constantly rethink how their business is designed and how it can achieve and sustain increased levels of performance. No matter what is driving change, more rigor needs to be applied to ensure that structures, processes, systems, and capabilities all support the objective.
Organizational design can become a political compromise – undertaken to find jobs for existing people.	Senior teams need an opportunity to work outside of the current conventions, politics and mindsets to start again.

# Organizational Success Measures

**Benefits**

Set and clearly quantify key performance indicators

Define clear characteristics of success measures

Easily adaptable to any situation

Vital component of organizational performance measurement

**Success Measures are the drivers of performance.**

Organizations must employ methods and procedures that are measurable. Declaring success is difficult if there is nothing in place that can be measured to show proof of that success.

Three key criteria must be met in order to ensure that measures are critical and meaningful:

1. The information must be critical to the success of your company or organization.
2. It must be measurable and quantifiable.
3. A baseline must be established in order to measure progress or changes.

The Stakeholder	How they will measure success:
<b>Council</b>	
<b>Senior Leadership</b>	
<b>Staff</b>	
<b>External Partners</b>	
<b>Citizens</b>	

# Measures of Success as Provided by Participants

Stakeholder	How They Will Measure Success
Council	<ul style="list-style-type: none"> <li>- Positive immediate feedback from citizens</li> <li>- Achieving a reduction or reallocation of budget</li> </ul>
Senior Leadership	<ul style="list-style-type: none"> <li>- Reduction of complaints and/or inspections</li> <li>- Positive feedback from Council</li> <li>- Realization of cost efficiencies through a reduction in wasteful processes</li> </ul>
Staff	<ul style="list-style-type: none"> <li>- Improved transparency in decision making</li> <li>- Greater enablement of staff</li> </ul>
External Partners	<ul style="list-style-type: none"> <li>- County delivery on time and on budget</li> <li>- Increased success rate of regulatory inspections</li> <li>- Timely reporting (e.g. funding accountability)</li> </ul>
Citizens	<ul style="list-style-type: none"> <li>- Efficient and effective delivery of services</li> <li>- Timely and relevant responses to citizen inquiries</li> </ul>

# Design Principles

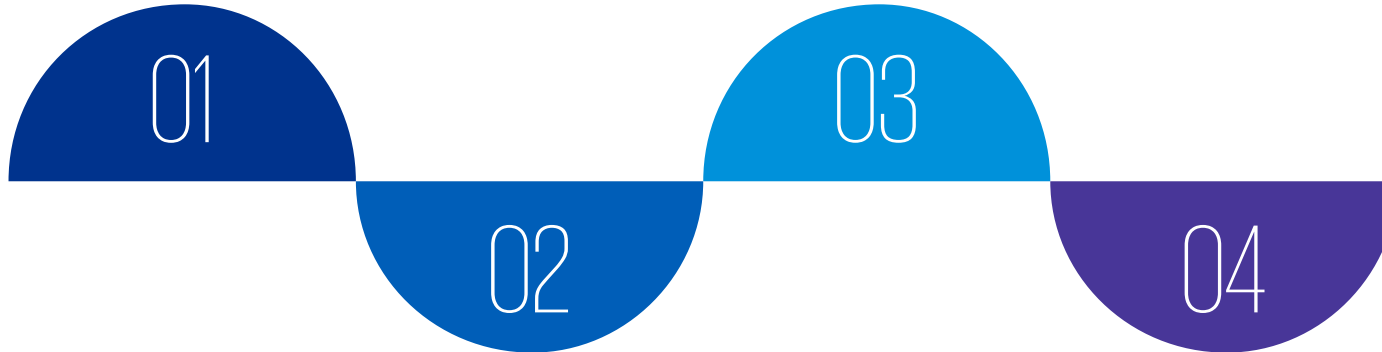
## Criteria

Design principles form the criteria against which to measure the organizational design.



## Efficiency

Design principles should reflect a focus on efficiency. An organization is efficient if it is doing things in a way that maximizes utilization of resources.



## Effectiveness

Design principles should reflect a focus on effectiveness. An organization is effective if it is doing the right things to achieve its mandate and vision.

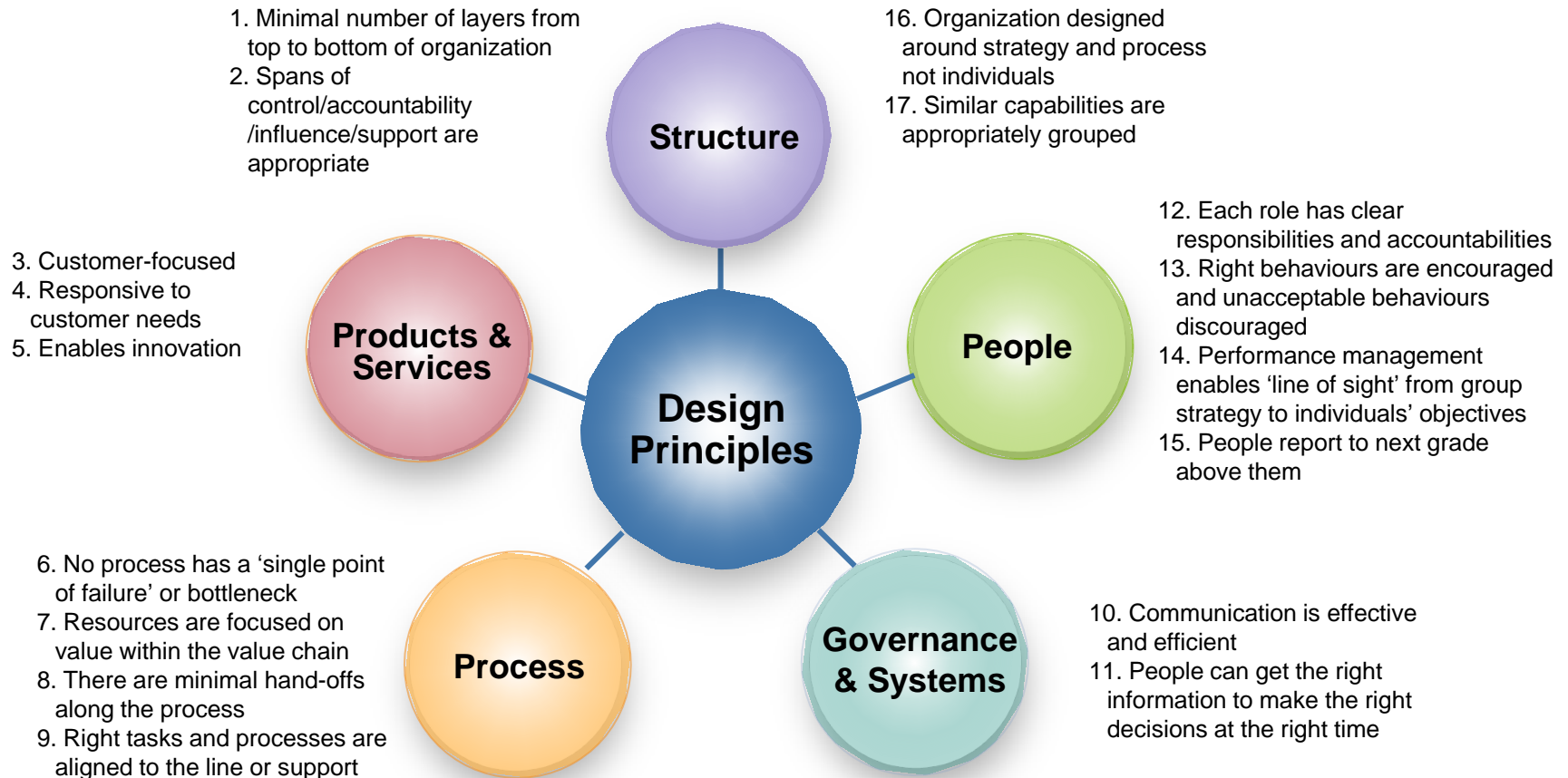


## KPIs

Design principles should reflect desired performance (success measures).



# Leading Practice in Design Principles



# Leading Practice in Design Principles

- 18. Form follows function** – Build an organization around its role and purpose – not around its people.
- 19. Single points of accountability** – There will be clear, well-defined accountabilities and decision-making authorities, supporting the concepts of single points of accountabilities for results
- 20. Future growth and change** – Organize to be flexible and adaptable to future growth and service needs.
- 21. Span of control** – Span of control should be as broad as possible without sacrificing efficiency. However, there is a limit to the number of positions one person can effectively be responsible for.
- 22. Specialization** – The activities for which a single individual is held accountable should be similar.
- 23. Simplicity** – The organization should be kept as simple as possible.
- 24. Layers of supervision** – The number of levels of authority should be held to a minimum.
- 25. Decision making** – The organization design should facilitate effective and timely decision-making in support of day to day operations.
- 26. Decentralize/centralize** – What to centralize and decentralize depends on the nature of the work being performed and the objectives of the organization relative to its customers and stakeholders. As a very general rule, decentralize customer-facing work and centralize enabling system work.
- 27. Consistent with strategic direction** – The overall organizational design should support the vision, direction and strategic priorities.
- 28. Customer driven** – The design of the organization should be accessible, responsive and easily understood by the customer.
- 29. Balance in scale and scope** – The scale and scope of operations across each layer in the organization should be comparable in terms of operational, political and financial complexity and risk.
- 30. Minimal organizational disruption** – The preferred organizational design should help minimize the potential service disruptions to the customer.
- 31. Reasonable workload** – The organization should be designed to balance reasonable workload, the ability to keep promised deadlines, and provide high service levels.

# Design Principles Selected by Participants

No.	Design Principle
1	Each role has clear responsibilities and accountabilities
2	Customer focused
3	People can get the right information to make the right decisions at the right time
4	Organization designed around strategy and process not individuals
5	Future growth and change: Organize to be flexible and adaptable to future growth and service needs
6	Simplicity: The organization should be kept as simple as possible



# Structure Options & Development

County of Huron  
Service Review: Part A  
Final Report



# Organization Types Comparison Chart

ORGANIZATION TYPE	ADVANTAGES	DISADVANTAGES	USE WHEN
<b>FUNCTIONAL</b> Individuals who do similar tasks are grouped together based on specialty Ex: Production, finance, HR, marketing	<ul style="list-style-type: none"> <li>• Hierarchy with clearly identified roles and authority</li> <li>• Knowledge sharing within unit</li> <li>• High functional specialization</li> <li>• Efficiency &amp; economies of scale</li> <li>• Standardization</li> </ul>	<ul style="list-style-type: none"> <li>• Limited decision making capacity</li> <li>• Communication across functions is difficult</li> <li>• Coordination across functions is difficult</li> <li>• Less responsive to end user needs</li> </ul>	<ul style="list-style-type: none"> <li>• Single line of business</li> <li>• Common standards are required</li> <li>• Highly regulated</li> <li>• Core capability is based in functional expertise or economies of scale</li> </ul>
<b>PRODUCT/PROGRAM</b> Defined by a grouping of departments Ex: public health, community services, infrastructure, corporate services	<ul style="list-style-type: none"> <li>• Speed of product development cycle</li> <li>• Product diversification</li> <li>• Operating freedom of individual units</li> </ul>	<ul style="list-style-type: none"> <li>• Duplication of effort</li> <li>• Lost economies of Scale</li> <li>• Multiple customer points</li> </ul>	<ul style="list-style-type: none"> <li>• Product features are competitive advantage</li> <li>• Large number of products for separate market segments</li> <li>• Short product life cycles</li> </ul>
<b>CUSTOMER</b> A customer structure is organized around market segments or specific customers Ex: students, traffic, home owners, businesses	<ul style="list-style-type: none"> <li>• Customization</li> <li>• Relationship building</li> <li>• Solutions not just products</li> </ul>	<ul style="list-style-type: none"> <li>• Knowledge sharing is limited</li> <li>• Duplication of effort</li> <li>• Lost economies of Scale</li> </ul>	<ul style="list-style-type: none"> <li>• Buyers/customers have power</li> <li>• Customer knowledge is a competitive advantage</li> <li>• Rapid customer service is key</li> <li>• Rapid product cycles are key</li> </ul>
<b>GEOGRAPHIC</b> A geographic structure is organized around physical location Ex: Rural, East Wards, West Wards, Centre Town	<ul style="list-style-type: none"> <li>• Responsive to regional customer needs</li> <li>• Relationship building</li> <li>• Selective centralization-decentralization</li> </ul>	<ul style="list-style-type: none"> <li>• Mobilization &amp; sharing resources is difficult</li> <li>• Sharing knowledge is difficult</li> <li>• Multiple points of contact for clients</li> <li>• Internal competition for resources</li> <li>• Client relationships belong to who?</li> </ul>	<ul style="list-style-type: none"> <li>• Smaller efficient scale exists</li> <li>• High cost of transport</li> <li>• Just-in-time delivery is critical</li> <li>• Need to locate close to supply source</li> </ul>

# Organization Types Comparison Chart

ORGANIZATION TYPE	ADVANTAGES	DISADVANTAGES	USE WHEN
<b>PROCESS</b> A process structure is organized around major processes	<ul style="list-style-type: none"> <li>• Process excellence</li> <li>• TQ (total quality)</li> <li>• Cycle time reduction</li> <li>• Continuous Improvement</li> <li>• Easy measurement</li> <li>• Cost reductions</li> </ul>	<ul style="list-style-type: none"> <li>• Coordination between processes is often difficult</li> </ul>	<ul style="list-style-type: none"> <li>• Short product life</li> <li>• Rapid development cycles</li> <li>• Cost reduction is critical</li> </ul>
<b>Matrix</b> Employees belong to at least two formal groups; one is a functional group and other is a project, product or program team. Employees have dual reporting relationships - generally to both a functional manager and a service manager.	<ul style="list-style-type: none"> <li>• Increased specialization of employees</li> <li>• Product/service focused</li> <li>• Value-added systems &amp; solutions</li> </ul>	<ul style="list-style-type: none"> <li>• Employees may receive mixed signals</li> <li>• Internal competition for resources</li> <li>• Conflicting metrics</li> <li>• More complex accounting</li> </ul>	<ul style="list-style-type: none"> <li>• Multiple service lines and multiple market segments</li> <li>• Global customers</li> <li>• Competitive advantage is in combined customer and product excellence</li> </ul>

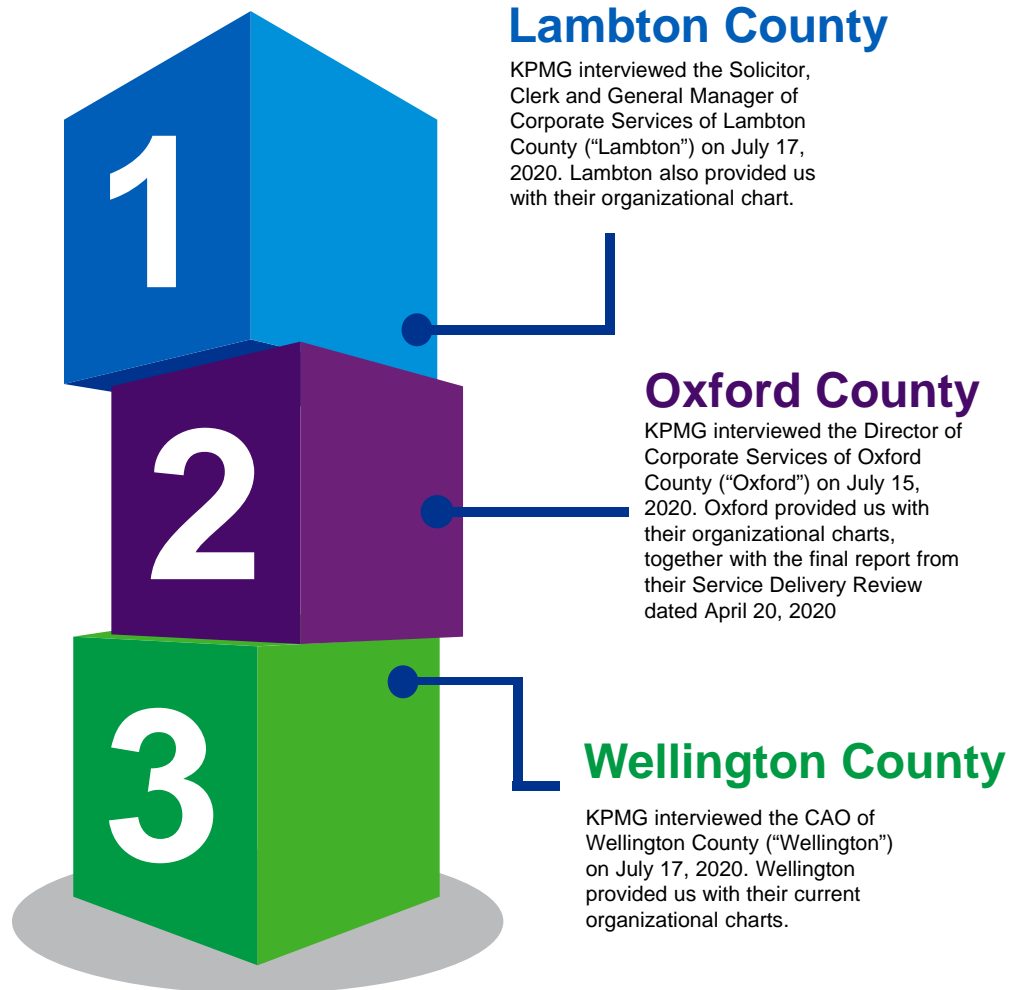


# Comparator Analysis: Structure Options

County of Huron  
Service Review: Part A  
Final Report



# Comparator Counties Interviewed by KPMG

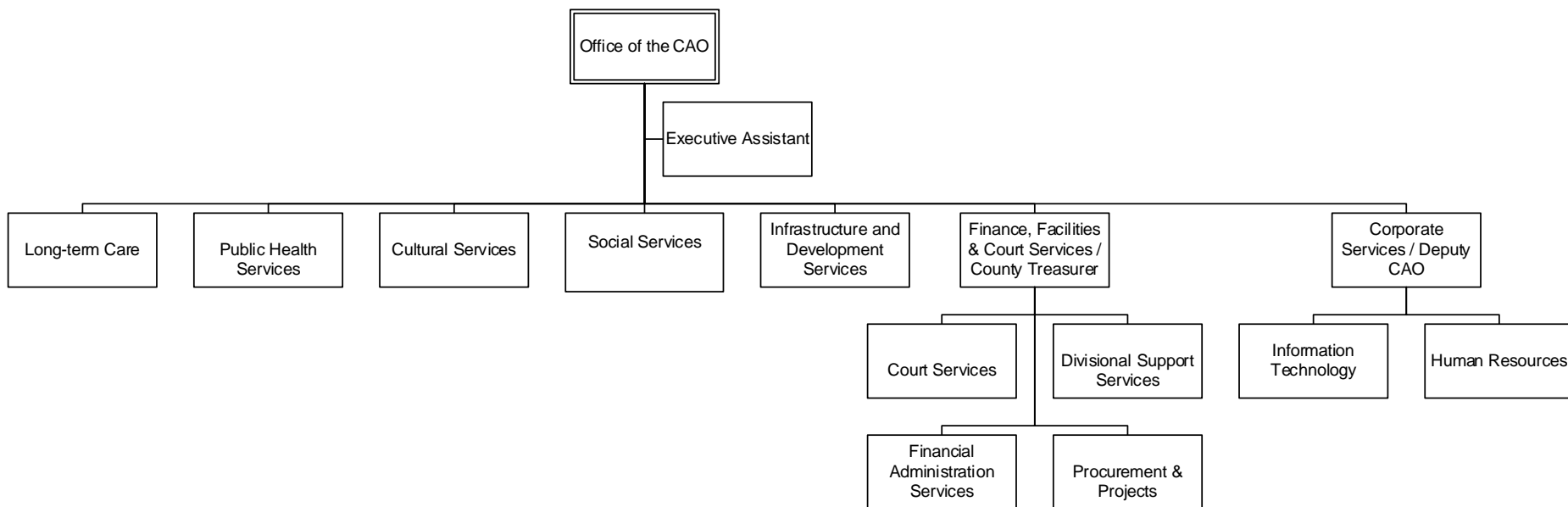


## Consultation with Lambton County

From our discussions with Lambton we understand the following:

- Lambton's current organizational structure is Functional
- Prior to 2010 Lambton had Corporate Services positions embedded within a number of departments.
- In 2010 Lambton underwent centralization of Corporate Services, and all staff completing the work of Corporate Services now reside within, and report to two departments' leadership
- Corporate Services (Information Technology, Human Resources) are a separate department from Financial Administration, Court Services and Divisional Support Services (together, "Finance, Facilities & Court Services / County Treasurer")
- Due to a large number of unions represented at Lambton (14) there are occasionally requests, which are given consideration, to embed labour relations staff within the various departments
- There are no analyst-type positions at Lambton who are dedicated to specific departments for financial reporting, budgeting, payroll, HR or IT
- Following succession planning in 2010, Lambton implemented a strategy of cross-training Corporate Services staff to facilitate replacement when vacations, departures or retirements take place
- The centralization of Corporate Services staff facilitates greater oversight and accountability, and helps ensure deadlines for activities such as budgeting are strictly adhered to

# Lambton County Organizational Structure

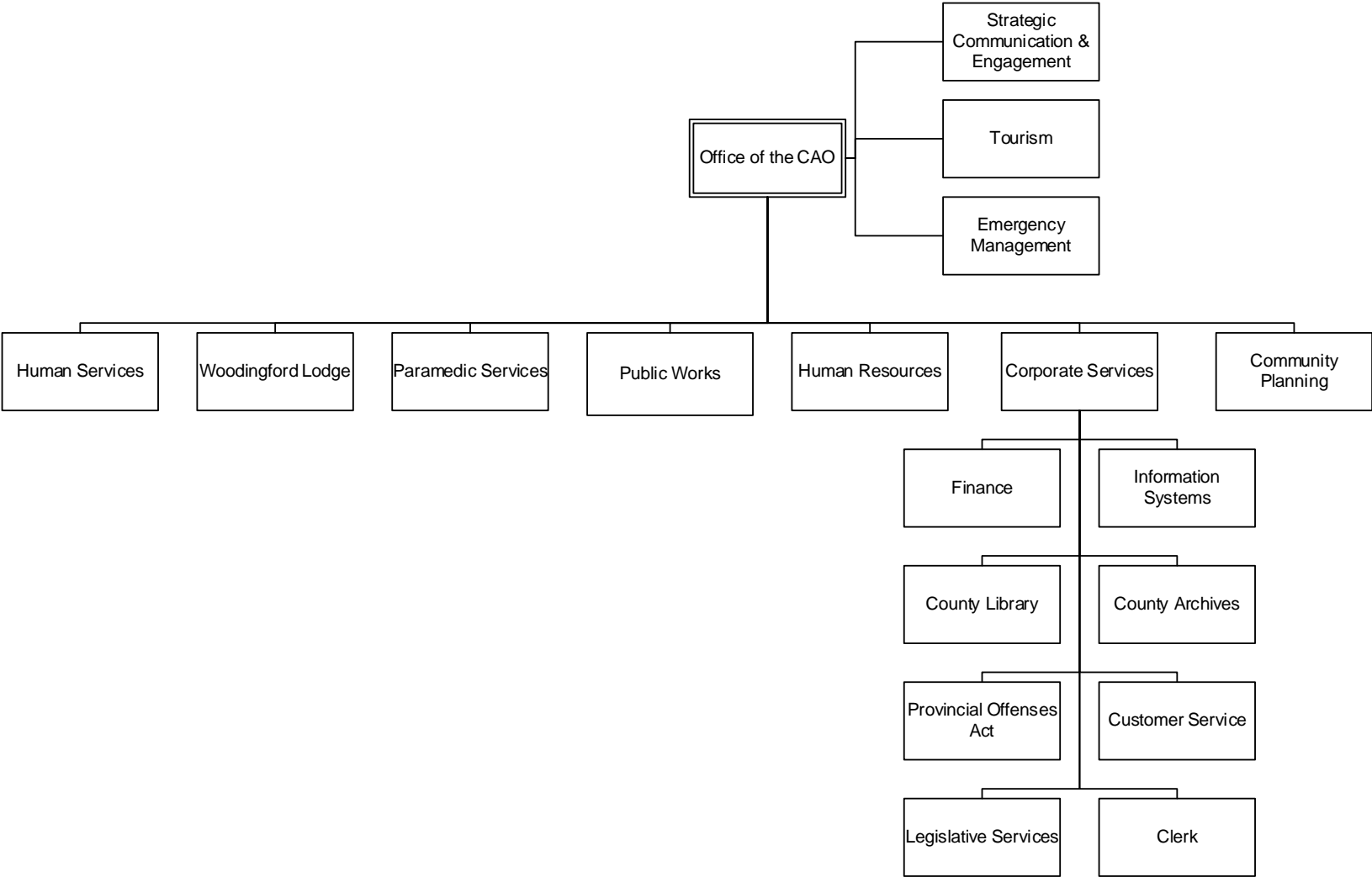


# Consultation with Oxford County

There are several parallels between the past organizational structure of Oxford, and the current organizational structure of Huron County. We understand the following:

- Oxford's current organizational structure is Functional, with ten departments reporting directly to the CAO
- Prior to 2002 Oxford used an organizational structure similar to Huron County's current state. At that time there was less centralization of Corporate Services, Oxford did not have a Communications department and customer service was lacking
- Oxford is comprised of the City of Woodstock with a population of approximately 35,000, three towns and five mostly rural farming communities.
- For nearly thirty years Oxford's Council debated the construction and location of a consolidated administration building. In 2008 a new administration building was constructed in Woodstock, ON.
- Beginning in 2002 Oxford underwent an intentional change to centralize all corporate services, with a focus on customer service
- When the new administrative building was completed in 2008 Oxford implemented a "one-stop" customer service desk. There was an opportunity to redeploy existing staff into Customer Service. Oxford utilized secretaries and administrative assistants from several departments, and used interviews and retraining to develop a customer service team. The diverse backgrounds of the team members facilitated natural cross-training within those roles
- All Corporate Services personnel now sit centrally. While some areas such as financial reporting for Woodingford Lodge (homes) require specialization, there are multiple staff cross trained on these roles. In order to facilitate succession planning and to alleviate boredom, analysts within Corporate Services are occasionally rotated through similar but different roles
- The centralization of Corporate Services is working well for Oxford. There are no longer staff embedded within Front-line departments that are doing work of Corporate Services
- The current structure facilitates efficient and effective deployment of resources in Oxford due to, among other things, a clear hierarchal structure, a defined reporting hierarchy, and open and regular communication between staff with similar roles (prior to COVID)

# Oxford County Organizational Structure

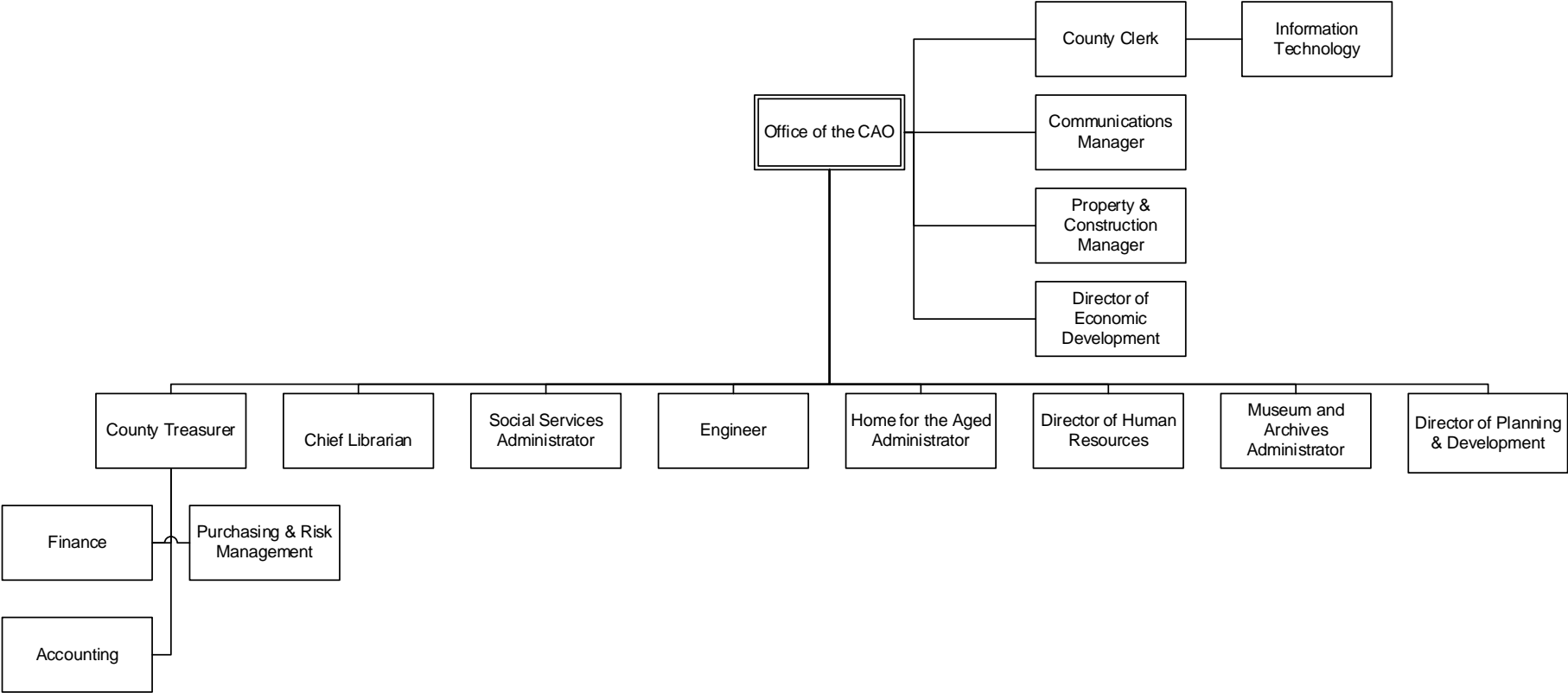


# Consultation with Wellington County

We understand the following from our discussions with Wellington County:

- Wellington County utilizes a Functional organizational structure with eight department heads reporting directly to the CAO
- In recent years some municipalities have added an additional layer of management between the department heads and the CAO with the title of Director, or General Manager. Wellington has resisted this change, since the County believes it would add unnecessary bureaucracy to the organization.
- Five additional staff (an Executive Assistant, the County Clerk, a Communications Manager, a Property and Construction Manager and the Director of Economic Development) also report directly to the CAO
- There is some specialization of Corporate Services staff, but there is no formal cross-training, succession planning or other mechanism in place to ensure redundancy of knowledge among staff performing the functions of Corporate Services.

# Wellington County Organizational Structure





# Corporate Services: Current State

County of Huron  
Service Review: Part A  
Final Report



# Huron County Current State

## Current Structure:

At a high level, Huron County is currently using a Functional organizational structure with elements of a Matrix organizational structure.

## Functional structure summary:

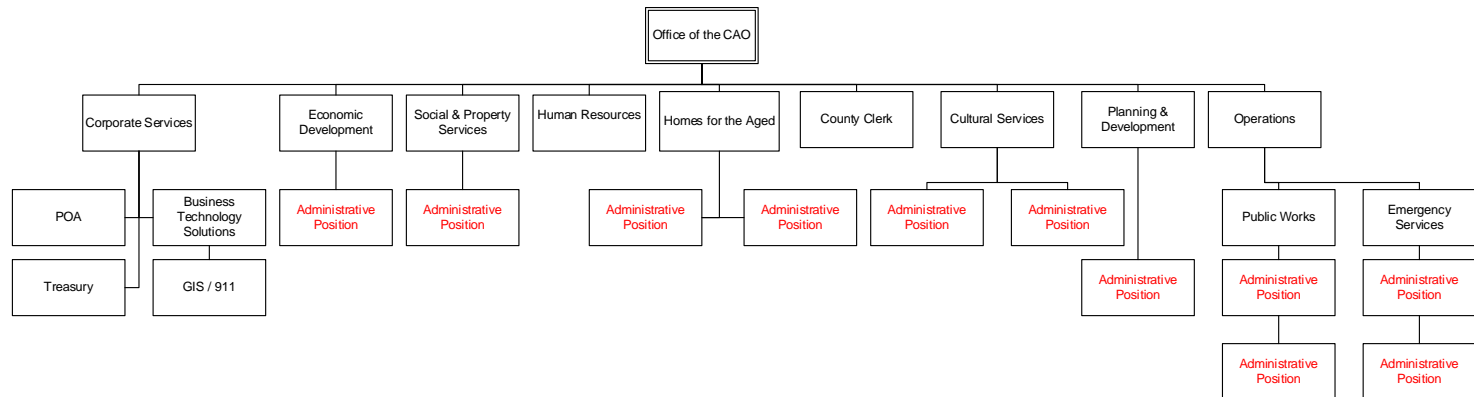
- Positions are grouped by similar roles
- Employees in each department fill duties not covered elsewhere

## Matrix elements:

In the Working Sessions 1 and 2 several positions were identified within Front-line departments which were performing Corporate Services functions.

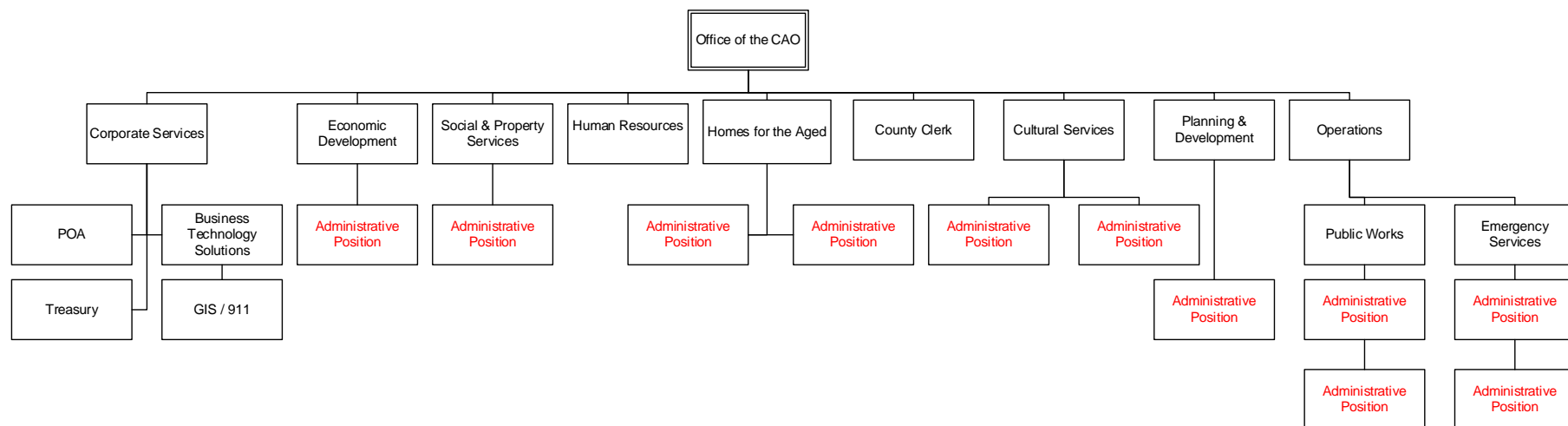
We understand these positions have developed over time and without specific consideration for the overall impact on efficiency and effectiveness of the organization.

In the high-level organizational design phase, the Project Team worked to identify staff embedded within the County's main departments who are currently performing Corporate Services such as AP/AR, Payroll, Financial Reporting, Budgeting and IT.



Positions identified in red font as 'Administrative Position' are business manager, or business analyst-type rolls identified by County which are embedded in the County's various departments

# Huron County Current State (enlarged)



Positions identified in **red font** as '**Administrative Position**' are business manager, or business analyst-type rolls identified by County which are embedded in the County's various departments



# Alternative Structure Options

County of Huron  
Service Review: Part A  
Final Report



# Option A: Centralized Back Office

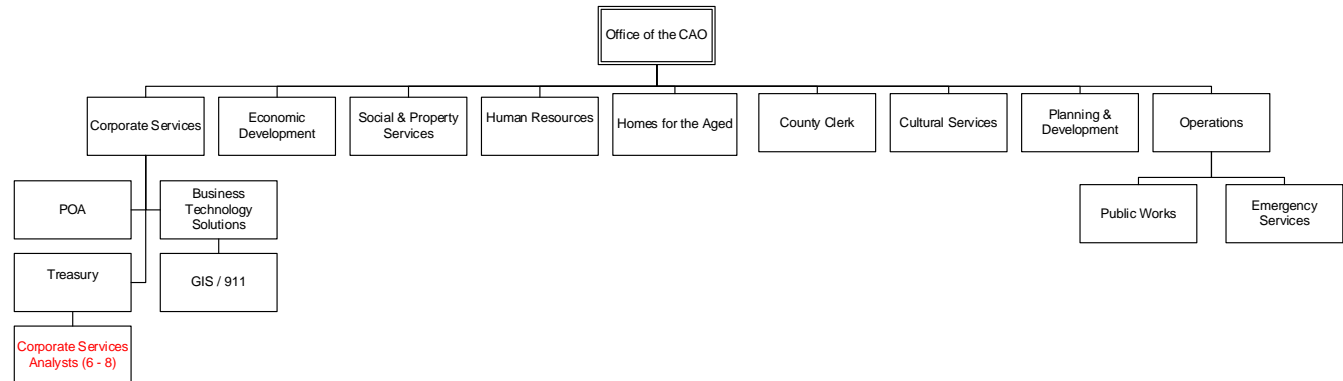
## Option A Structure:

Option A would employ a classic Functional organizational structure and centralize the analyst and business manager-type roles which currently reside outside of Corporate Services.

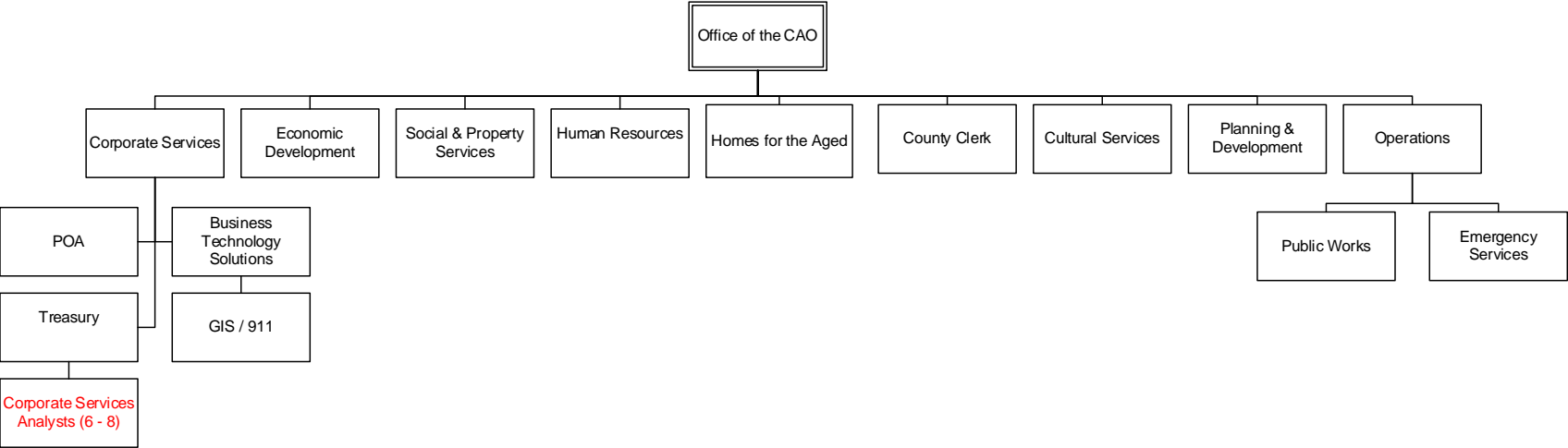
## Functional structure summary:

- Positions are grouped by similar roles and functional expertise
- The County would assess the activities of identified business managers and business analysts currently embedded within the County's various departments. Identified positions would be redeployed to Corporate Services. Some departments could retain work activities that are highly specialized e.g. financial reporting for Homes for the Aged.

In the high-level organizational design phase, the Project Team worked to identify staff embedded within the County's main departments who are currently performing functions of Corporate Services such as AP/AR, Payroll, Financial Reporting, Budgeting and IT. In Option A, the County's back office would be centralized and these positions would be moved from the front line departments to Corporate Services.



# Huron County Option A: Enlarged



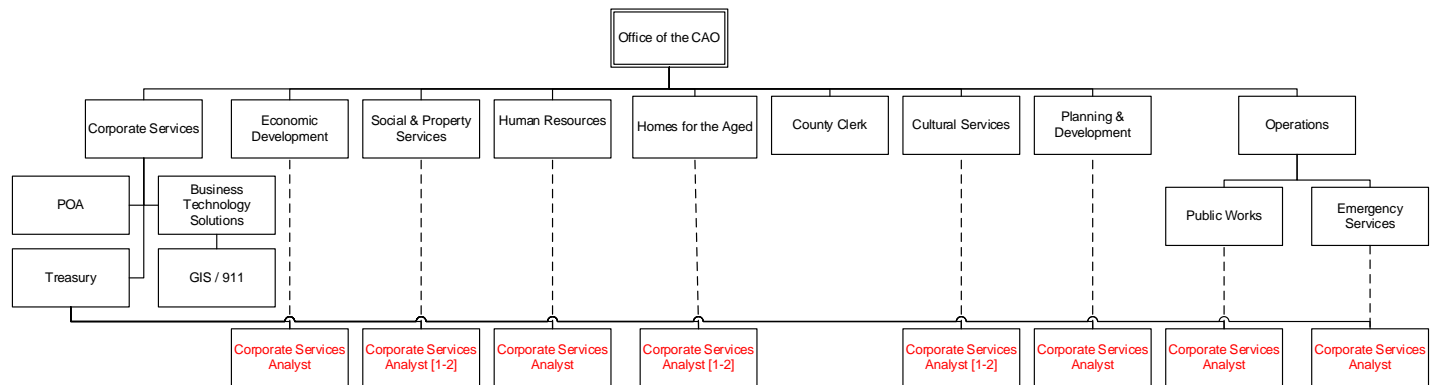
# Option B: Embedded Analysts

## Option B Structure:

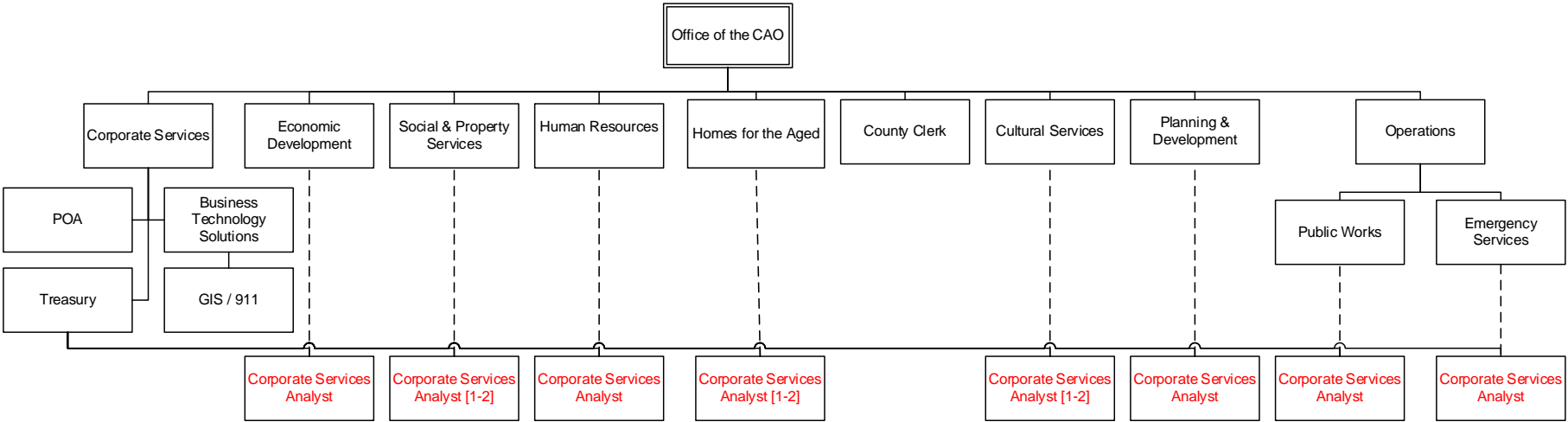
At a high level, Huron County is currently using a Functional organizational structure with elements of a Matrix organizational structure.

Under Option B the County would continue to utilize the elements of a Matrix structure; i.e. positions performing Corporate Services duties (e.g. Business Analysts), embedded in several departments of the County. However, those positions would adopt standardized roles and responsibilities with new clear reporting lines to both their departments as well as an appropriate member of management within Corporate Services.

In the high-level organizational design phase, the Project Team worked to identify staff embedded within the County's main departments who are currently performing functions of Corporate Services (such as AP/AR, Payroll, Financial Reporting, Budgeting and IT)



# Huron County Option B: Enlarged





# Evaluation of Structure Options

County of Huron  
Service Review: Part A  
Final Report



# Evaluation of Structures Using (6) Design Principles

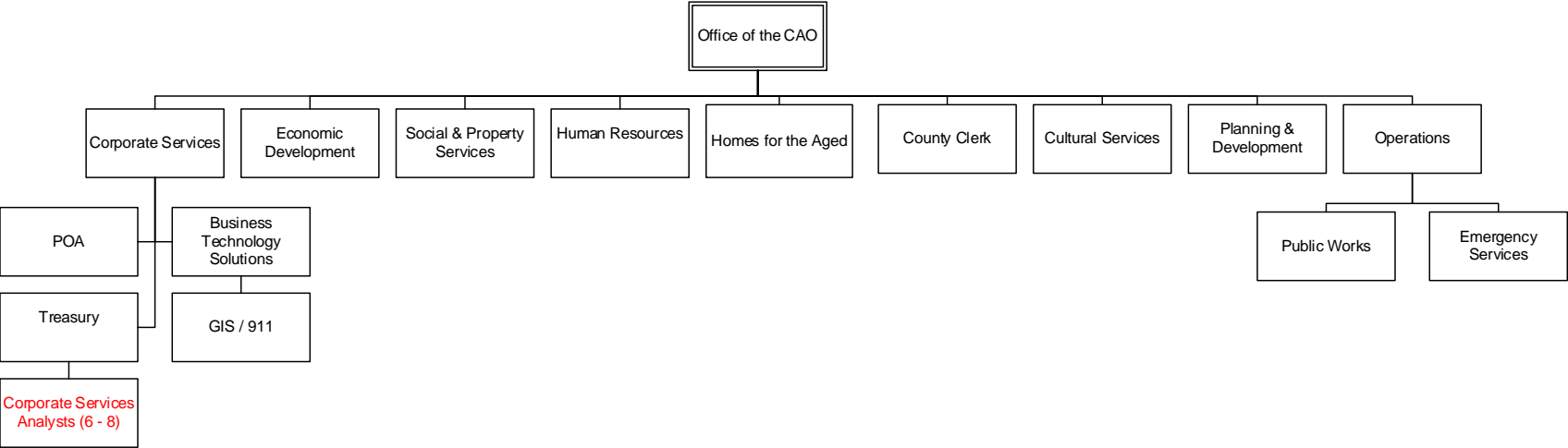
The Project Team analyzed the advantages and challenges of both organizational structure options in a half day working session. At the conclusion of the working session each option was evaluated against the agreed upon six design principles. The Centralized option was the preferred option with six design principles scoring equal or higher.

Design Principle	Supported by Structure?	
	Option A: Centralized	Option B: Embedded
Each role has clear responsibilities and accountabilities	Moderate	Moderate
Customer focused	Moderate	Moderate
People can get the right information to make the right decisions at the right time	Strong	Weak
Organization designed around strategy and process not individuals	Strong	Weak

# Evaluation of Structures Using Design Principles

Design Principle	Supported by Structure?	
	Option A: Centralized	Option B: Embedded
Future growth and change: Organize to be flexible and adaptable to future growth and service needs	Strong	Weak
Simplicity: The organization should be kept as simple as possible	Strong	Weak
<b>Total no. of Design Principles Scored Equal or Higher</b>	6	2

# Huron County Option A: Preferred Option





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