



PUBLIC SECTOR

The Case for
Change:
Transforming
Manitoba Housing

FINAL REPORT

Executive Summary

October 2007

OPERATIONS IMPROVEMENT



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Executive Summary

1.0 Introduction: Defining the Business Case

1.1 Introduction to the Operational Review

The Business Case report provides a comprehensive plan for transformation of provincially managed and funded public housing and associated operations in Manitoba. The Business Case is based on an Operational Review conducted in the period December 2006 to July 2007, representing detailed assessment of opportunities for change in three core areas of operation: governance and organization, supply chain management and capital asset management.

The Operational Review comprised two distinct stages: a current state analysis that assessed opportunities and established priorities for service and organizational improvements for MHRC/MHA, and a future state analysis that developed a set of recommendations for organizational and management renewal of Manitoba Housing. As part of the second stage, KPMG assisted the MHRC/MHA in developing an action plan and in undertaking preliminary steps to implement the Review's recommendations.

1.2 Objective of the Business Case

The Business Case is offered as a basis for internal and external decision-makers to approve the recommended future state of Manitoba Housing. The Business Case provides justification for changes to three core dimensions of the operational framework of MHRC and MHA: the organizational structure, supply chain management strategy, and capital asset management strategy. In addition, assessment of alternative governance structures is presented. A transition plan for the Business Case is also presented.

The Business Case is framed as a decision-making document. Its primary objective is to facilitate understanding of current overall performance, and to identify and recommend opportunities for change that are appropriate, feasible, and manageable. Recommendations are made on the basis of their likelihood to improve overall performance of Manitoba Housing. The Business Case reflects a strong desire of senior leadership of MHRC/MHA and FSH to enhance public service delivery, efficiency, accountability, and risk management, with the additional strong expectation of improved organizational culture.

It is important to note that while the Business Case recommends changes to the current organizational structure of MHRC/MHA and management of supply chain and capital asset frameworks, considerable attention and effort will need to be paid to implementing recommendations. For this reason a Project Management Office is also recommended to develop the specific details of the implementation, and to manage the transformation over the coming months.

1.3 Analytical Framework

The Business Case rests on an analytical framework comprising a number of dimensions, which when considered together, provide a qualitative and/or quantitative assessment of the expected impact of recommended changes. The analytical framework focuses on helping to ensure that recommendations enhance Service Performance, Organizational Management, and Financial Impact, and is summarized in Table I.

Table I – Business Case Analytical Framework

Core Dimension	Sub-Dimension	Measurement
Service Performance	Enables Vision, Mission and Values. Vision, mission and values are defined, communicated and understood clearly throughout the organization. Vision, mission and values are translated clearly into priorities and objectives at a working/budget level. All management and staff exhibit the vision, mission and values of the organization through their daily actions.	Documented approval of vision, mission and values; documented communication plans; assessment of management and staff behaviours over time.
	Impact on Client Service. Documented approval of vision, mission and values; documented communication plans; assessment of management and staff behaviours over time.	Client outcomes analysis; periodic client satisfaction surveys.
	Consistency with Government Policy. Degree to which proposed transformation reflects and supports the delivery of government policy. Application of government policy should be achieved through conscious, demonstrable structures and/or processes, including through policy- and program-specific memoranda of understanding/service level agreements.	Organizational analysis; process analysis; analysis of service level agreements or MOUs; periodic policy/program evaluations.
	Impact on Broader Community Participation. Degree to which transformation affects ability of the organization to connect with its community of stakeholders. This connection is facilitated by communication, both outward and inward. Similarly, impact is measured as outward impact (i.e., effect on the community), and inward impact (i.e., community effect on the organization).	Organizational analysis; process analysis; communication planning; periodic policy/program evaluations; periodic stakeholder surveys.
Organizational Management	Enhanced Financial Management and Controls. Governance, organization and business processes are designed to enhance the ability to institute appropriate internal controls and comptrollership practices.	Controls are documented and communicated to management and staff. Controls and behaviours satisfy periodic internal and/or external audit procedures.
	Time to Realization of Full Benefits. Length of time to achieve the full 'to be' organization and its associated benefits.	Expected time, as determined through detailed implementation planning.
	Impact on Risk Management. Degree to which proposed transformation affects the organization's ability to identify, measure, and manage risks. Degree to which new risks are introduced or existing risks are mitigated.	Documented enterprise risk management framework.
	Ease of Implementation. Measure of the likelihood of achieving transformation objectives – effectively a measure of the 'probability of success'.	Qualitative assessment of the probability that objectives will be met – based primarily on senior management judgment.
	Avoidance of Negative Public Relations. On-going level of public, media and political acceptability achieved by the transformation.	Media analysis; number of ministerial inquiries; periodic stakeholder surveys.
	Consistency with HR Policies. Degree to which proposed transformation is consistent with existing HR policies, and/or the degree to which policy change is required.	HR policy analysis.
	Impact on Managerial Autonomy. Degree to which Housing controls decisions over all managerial decisions, including administration, budget levels, policy direction, financial management, staffing, reporting, organizational design, and planning.	Assignment of roles and responsibilities; level and autonomy of decision-making authority.
	Impact on Staff. Degree to which proposed transformation will affect staff work load, morale, and organizational culture, both during and after the transformation.	HR policy analysis; work load analysis; periodic culture/staff satisfaction surveys; pre- and post-transformation compensation analysis.
	Span of Control. Number and level of direct reports, accounting for business and management processes. Span of control is measured at multiple levels of the organization (e.g., all managerial and supervisory levels).	Organizational and business process analysis.
	Degree of Change. Level to which the organization must change – level of disruption. Captures all relevant management and staff positions and associated work activities. Degree of change is related to the incremental effort required to affect the change itself, but is not a measure of the activity levels of the 'to be' organization.	Time and level-of-effort measures of the change increment; comparison/difference of business practices in the 'as is' and 'to be' organizations.
	Clear Lines of Accountability. Degree to which proposed transformation will facilitate the assignment of clear lines of accountability, with corresponding and requisite levels of control. Lines of accountability are both structural and procedural, and are supported by organizational and individual performance agreements.	Organizational analysis; process analysis; analysis of service level agreements; individual performance management analysis.
	Requirement for new Skills/Competencies. Skills/competencies required to achieve expected performance levels for 'to be' organization. Relates to training and development requirements.	Work load and organizational analysis; labour market analysis; position descriptions.
	Integration with other Departmental Programs. Degree to which transformed organization allows for, or is driven by, other departmental programs (e.g., Integrated Service Delivery). Integration can be identified as a clear objective or priority that is consistent with organizational mission, vision and values. Integration should be on the basis of service level agreements or memoranda of understanding.	Organizational analysis; process analysis; analysis of service level agreements or MOUs; periodic policy/program evaluations.
	Consistency with Modern Management Principles. Organizational analysis; process analysis; analysis of service level agreements or MOUs; periodic policy/program evaluations.	Periodic organizational culture surveys; management reviews; process analysis; communication plans.
	Impact on Quality of Housing Stock. Degree to which proposed transformation affects the quality and value of the housing stock on a life-cycle basis. The use-value of the housing stock is important for support to client service.	Technical assessment of the assets (e.g., building condition reports; inspections); financial assessment of the assets; process analysis.
Impact on Organizational Efficiency. Level of efficiency achieved by the transformation. Efficiency is conceived of in a broad sense as the balance between resources allocated per level of outcome achieved, and can be measured both internally to the organization, and externally through service levels.	Organizational analysis; financial analysis; value-for-money assessment; policy/program evaluation.	
Financial Impact	Costs/Savings. Financial impact of transformation as measured by one-time, on-going and transition costs/savings.	Financial analysis.
	Impact on Staffing Levels. Staffing levels per organization/business process design.	Work load and organizational analysis.

“The objective of this business case is to facilitate understanding of current overall performance, and to identify and recommend opportunities for change that are appropriate, feasible, and manageable.”

1.4 Report Outline

The Business Case report is presented in five (5) sections: 1.0 Introduction: Defining the Business Case; 2.0 The Operational Review: A Case for Change; 3.0 Renewal of the Manitoba Housing Corporate Strategy; 4.0 Defining the Future State: Recommended Changes for Manitoba Housing; and 5.0 Manitoba Housing Transition Strategy.

1.5 Report Limitations

The Business Case is primarily an assessment of change opportunities for Manitoba Housing. By project mandate, a detailed evaluation of historical organizational performance has not been conducted. However, in order to develop recommendations for change, an analysis and risk assessment of current operational practices was necessary.

The recommendations offered in the Business Case reflect the judgment of those people most significantly involved, including senior MHRC/MHA managers, and KPMG advisors. Judgments reflect a degree of ‘point-in-time’ analysis, and others may have different opinions. And while care and attention has been paid to presenting appropriate, feasible, and manageable recommendations, effort beyond the scope and control of the Business Case project will affect the ultimate outcome of recommendations offered by it.

2.0 The Operational Review: A Case for Change

2.1 MHRC/MHA Background

The Manitoba Housing and Renewal Corporation (MHRC) is a crown corporation created by statute (the Housing and Renewal Corporation Act) in 1967. The MHRC operates pursuant to the Act and is governed by a Board of Directors. The Board of Directors acts under the provisions of the Act and under policy direction as set forth by Cabinet and Treasury Board. A description of the Act’s objectives and the MHRC’s mandate are outlined in the report.

2.2 Operational Review

In June 2006, the Board of Directors of MHRC authorized the Chief Executive Officer (also the Assistant Deputy Minister of Housing) of the MHRC to launch an RFP process to engage the services of an independent professional consulting firm to help conduct the Operational Review of the MHA. The Review was looking to achieve a number of objectives, including assessing existing MHA management practices and systems, and assessing housing operations including vacancy management, physical asset tracking, maintenance and capital improvement programs, and other related policies and processes. KPMG LLP was chosen as the successful proponent of the competitive proposal process.

The Operational Review was conducted in two stages during the period December 2006 to July 2007. During Stage 1, which was completed in March 2007, KPMG gathered information through interviews, workshops, presentations, and a review of background documents. Site visits were made to offices in Brandon, Portage La Prairie, Dauphin, Thompson, and Leaf Rapids. A confidential virtual suggestions box was open to all MHRC/MHA staff. The results of the first stage of the review revealed eight (8) preliminary themes for change, summarized in Table II.

Table II – Stage 1 Operational Review: Preliminary Themes for Change

Theme	Potential Areas for Change and/or Enhancement
Housing Strategy	Long-Term Housing Strategy, Inter-Organizational Agreements, Competition with other Housing Programs, Social Housing Agreement Funding Deferral
Capital Asset Management	Preventative Maintenance Program, Asset Management System, Five Year Asset Management Plan, Inspection Process and Policies, Defining 'Repair' and 'Capital', Overall Funding
Board/ Organizational Structure	Board Structure and Membership, Organizational Structure, Rural/Maintenance Reporting Relationships, Family Services and Housing Relationship, Communication, Organizational Performance Management
HR Strategy	Multiple Collective Bargaining Agreements, Vacancies and Acting Positions, Aging Workforce, Assignment of HR Resources
IT Services	IT Application Support, Simplification and Automation; TMS/MMS Functionality, Family Services and Housing System Compatibility, e-Services
Client Services	Ministerial Inquiries, Tenant Appeals Process, Tenant Intake Application Process, Make-Ready Process
Supply Chain Management	Supply Chain Management, Equipment Standardization
Enterprise Risk Management	Enterprise Risk Management

The eight (8) preliminary themes for change provided a basis for judging the current state performance of Manitoba Housing, while at the same time identifying new directions for exploring organizational renewal. To facilitate subsequent analysis, these eight themes were summarized into three (3) core dimensions:

Governance and Organization – covering dimensions of Housing Strategy, Board/Organizational Structure, HR Strategy, IT Services, Client Services, and Enterprise Risk Management

Supply Chain Management – covering dimensions of Supply Chain Management, and IT Services

Capital Asset Management – covering dimensions of Capital Asset Management, IT Services and Client Services

During Stage 2 of the Operational Review, KPMG developed a set of detailed recommendations for improvements related to the three core dimensions identified in Stage 1. In addition, KPMG assisted MHRC/MHA staff in preparing business case analyses related to many of the recommended changes and in instituting some initial transformation processes to achieve “early wins”.

2.3 Current State Performance: A Balanced Scorecard Approach

A key aspect of the Operational Review was to develop a balanced scorecard approach to performance management, as a means to assist in the on-going assessment of Manitoba Housing performance. A framework was developed in cooperation with senior management that captures five (5) key performance dimensions scored on a weighted five-point scale. The following table outlines each dimension, and its core objective.

Table III – Balanced Scorecard Approach

Dimension	Core Objective
Adequacy of Housing Stock	To manage appropriately the value of housing stock assets for taxpayers and clients
Adequacy of Client Service	To provide appropriate housing service to Manitobans in need, and to meet associated client service objectives
Resource Allocation	Effective and efficient administrative management and policy/program delivery
Good Governance and Public Accountability	To deliver policies and programs in an accountable manner, governed by publicly acceptable mechanisms that represent shareholder and taxpayer interests
People	Achieve status and recognition as an "Employer of Choice"

A workshop was held for senior MHRC/MHA managers to establish a current state assessment of Manitoba Housing against the balanced scorecard. This assessment confirmed the requirement for organizational change.

2.4 Current State Risk Assessment

In addition to assessment by the Balanced Scorecard, a high-level risk assessment was also conducted of the current state. This risk assessment was applied for the three core dimensions of change characterized in the Business Case, and mitigation strategies were outlined. These strategies were approved by senior departmental management, and informed much of the work presented in the Business Case. Table IV summarizes.

Table IV – Current State Risk Assessment

Core Dimension	Key Risks	Mitigation Strategies
Governance and Organization	<ul style="list-style-type: none"> • Staff indicate current governance structure does not provide desired level of strategic direction • Two organizations with overlapping mandates and duplication of tasks and efforts, exhibiting managerial tensions, lack of clarity in mission and responsibilities • Multiple collective agreements resulting in inconsistent salary and classification levels, low staff morale, and direct costs for management • Absence of clear, long-term housing strategy (where this reflects government-wide housing policy, as opposed to annual business plans or strategies) • No framework for organizational performance management across housing 	<ul style="list-style-type: none"> • Develop and confirm Manitoba Housing Mission, Vision and Values • Achieve higher level of performance for MHA and MHRC through organizational re-design • Establish a new governance structure that strengthens the role of the Board and its membership • Establish an HR Strategy that harmonizes collective agreements at very little cost • Establish a 10 year Housing Strategy for Manitoba, including long-range goals.
Supply Chain Management	<ul style="list-style-type: none"> • Purchasing is de-centralized, and is conducted independently by each Maintenance Coordinator • A lack of policy for standardization of equipment prevents the development of service agreements • A lack of service agreements and central procurement result in lost economies • Major impediment to cost savings and quality service delivery in the short term 	<ul style="list-style-type: none"> • Conduct full spend analysis to identify short-term productivity enhancements and cost savings • Implement program for standardization of equipment and supplies, and the development of standard service agreements • Full procurement policy review including benchmarking analysis • Complete procurement process and technology review and re-design
Capital Asset Management	<ul style="list-style-type: none"> • Lack of a preventative maintenance program in line with leading practice limits the useful life of capital assets • 5 year asset management lacks data integrity, and has no method for prioritizing capital budgeting and expenditures • Lack of capacity (systems and resources) to deliver a robust capital program in line with leading practice • Poor inspection and maintenance processes contribute to the deterioration of housing stock • Weakness in capacity to make necessary capital investments 	<ul style="list-style-type: none"> • Complete inventory and analysis of existing housing stock and capital program for coming fiscal year • Implement renewed procurement model in the coming fiscal year • Conduct multi-year capital management process re-design to improve asset management • Implement new programs related to preventative maintenance

2.5 The Case for Change

As a result of the preliminary themes for change identified in Stage 1 of the Operational Review, Stage 2 focused on three core dimensions: Governance and Organization, Supply Chain Management, and Capital Asset Management. These core dimensions form the basis of the Manitoba Housing renewal, proposed in the Business Case.

Focusing on three core dimensions of change allows for consolidation of recommendations stemming from the Review. The overall case for change reflects the historical context from which Manitoba Housing is emerging, and the clear opportunities for enhancement to future performance.

The output of the various streams of analysis is presented in the form of key recommendations for change at Manitoba Housing, which reflect opportunities to improve service performance, organizational management and financial impact of housing operations. They are offered both as a reflection of current challenges faced by the organization and, much more importantly, as the basis for a new future state for Manitoba Housing.

“The recommendations are offered both as a reflection of current challenges faced by the organization and, much more importantly, as the basis for a new future state for Manitoba Housing.”

3.0 Renewal of the Manitoba Housing Corporate Strategy

At the time the Operational Review got underway in late 2006 neither MHRC nor MHA had a corporate strategy that could be articulated as a well-defined vision, mission and set of values. In response, and to ensure that all recommended changes to MHRC/MHA are tied to a common framework, a new corporate strategy was developed. This strategy reflects a renewed vision, mission and set of values.

3.1 Defining a Renewed Housing Vision, Mission, and Values

Vision, mission, and values play an important role in defining business decisions for any organization. Not only do they act as guiding principles that drive performance, they have the ability to identify a common goal for a variety of stakeholders, including staff and management. KPMG facilitated a workshop of key MHRC/MHA staff and managers throughout the organization in which participants were asked open ended questions as a basis for defining a new vision, mission and set of values, outlined in Table V. It is hoped that the development and implementation of the vision, mission, and values will provide a strong level of guidance to the staff and management throughout Manitoba Housing.

Table V – Renewed Vision, Mission, and Values

Manitoba Housing’s Renewed Vision, Mission, and Values	
Vision	All Manitobans live in healthy communities.
Mission	<p>The Mission of Manitoba Housing is to provide Manitobans access to safe, healthy, and affordable housing by:</p> <ul style="list-style-type: none"> Ensuring an adequate supply of housing stock in Manitoba; Ensuring the affordability of, and accessibility to, adequate housing for Manitobans, particularly those of low and moderate income or those with specialized needs; Maintaining and improving the condition of existing housing stock; Stimulating and influencing the activities of the housing market to the benefit of Manitobans as a whole; and Creating partnerships across governments and communities to provide quality programs and services.
Values	Respect, Community, Leadership, Collaboration, Accountability, Responsiveness, and Transparency

4.0 Defining the Future State: Recommended Changes for Manitoba Housing

4.1 Governance and Organization

There are fifteen (15) recommendations related to Governance and Organization. The recommended organizational structure is designed to address challenges of the existing structure, and is based on several workshops held with the management team at both MHA and MHRC to develop a consolidated entity (Figure I).

This structure places emphasis on the development of assets and strategic initiatives and, in concert with design of appropriate business process improvements and management frameworks, will address current issues such as low employee morale stemming from multiple collective agreements, duplication of effort between MHRC and MHA, separation of closely linked activities under different senior executives, and the budget allocation for integral functions. The recommended structure will also facilitate higher levels of performance in supply chain management (e.g., appointment of a Director of Procurement), and establish a new organization for client services based on the principles of modern asset and property management. By helping to design the proposed structure, the senior management team ensured all functions and activities related to client services, such as third party agreements, asset management and property services are closely aligned, while all program design and development activities are also consolidated,

“The recommended organizational structure is designed to address challenges of the existing structure, and is based on several workshops held with the management team at both MHA and MHRC to develop a consolidated entity.”

allowing for the appropriate stakeholder involvement. The recommendations for Governance and Organization are outlined in Table VII.

The issue of governance structure is addressed through an examination of the strengths and weaknesses of three options:

As-Is – i.e., current structure with Board members comprising the Deputy Minister and Assistant Deputy Ministers of the Department of Family Services and Housing;

Departmental Organization – i.e., direct policy and management accountability within the Department of Family Services and Housing; and

Corporate Board – i.e., Board comprising members appointed from outside the current organization.

Figure I – Recommended Organizational Structure

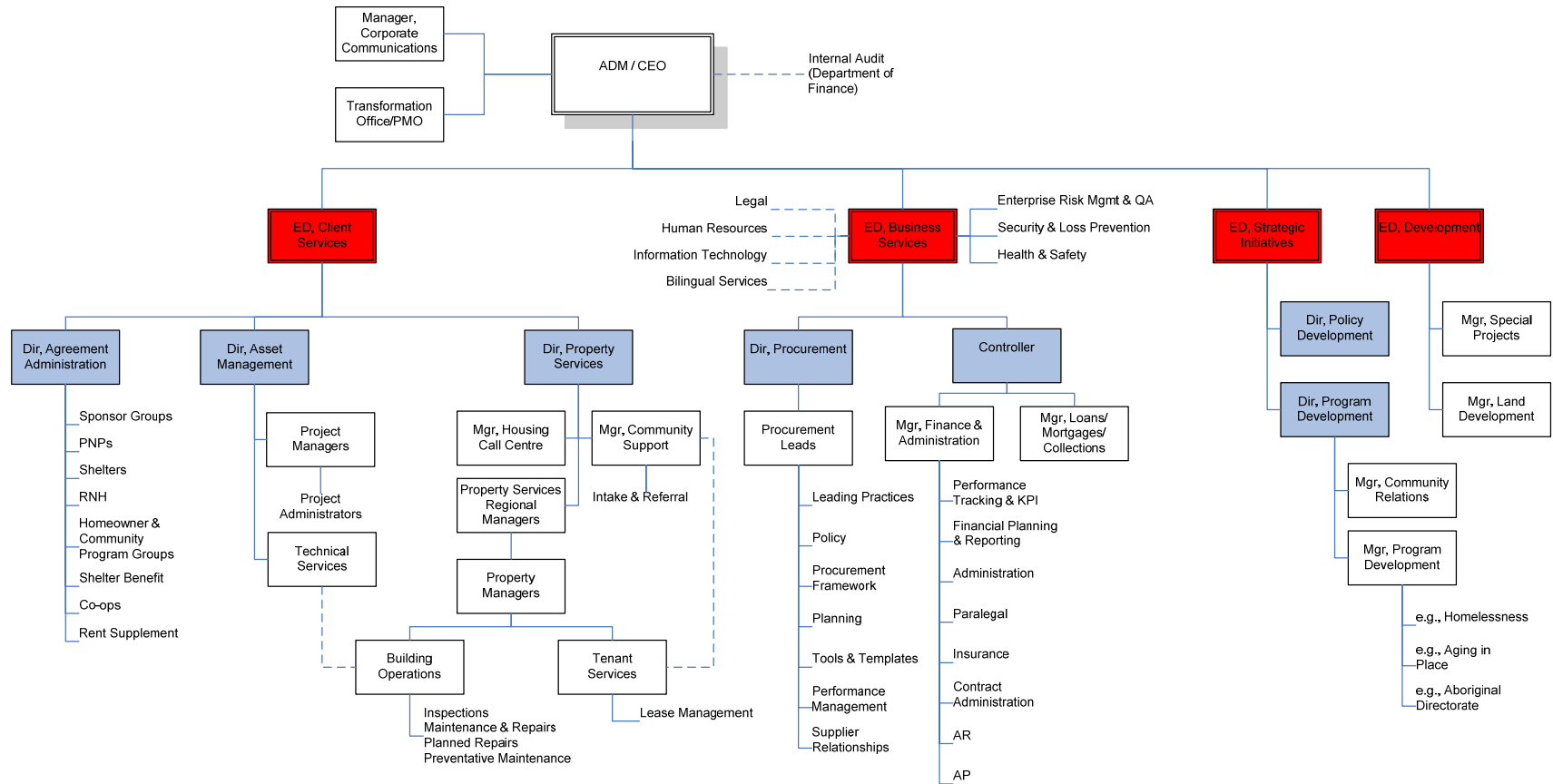


Table VI – Governance and Organization Recommendations

Recommendation Number	Description
1	Government needs to decide its preferred Governance Structure reflecting all recommendations of the Housing transformation.
2	Four (4) Executive Directors reporting directly to the ADM Housing: Client Services, Business Services, Strategic Initiatives, and Development.
3	Reporting directly to the Executive Director Client Services will be the Directors of Agreement Administration, Asset Management, and Property Services
4	The Director, Agreement Administration will be responsible for all housing agreements with 3rd party providers, homeowner and community program groups, shelters, co-ops, rural and northern housing, etc.
5	The Director, Asset Management will be responsible for the project management of large building projects and technical services. This function is discussed further in the Capital Asset Management section of this report.
6	The Director, Property Services will be responsible for all aspects related to property management, including lease management and maintenance.
7	The creation of Director, Procurement position falling under the ED Business Services, as discussed in the Supply Chain Management recommendations.
8	The Executive Director, Business Services will have responsibilities for Enterprise Risk Management and Quality Assurance, Security and Loss Prevention, and Health and Safety, as well as two direct reports focusing on Controllership, and the aforementioned Procurement.
9	The Executive Director, Business Services will also own the relationship with departmental shared service providers, including legal, HR, and IT.
10	Once a program has been developed, sufficiently tested and is mature, the responsibility for the program will shift from Strategic Initiatives to Client Services for implementation.
11	The future framework for an Aboriginal Directorate in partnership with Aboriginal Affairs would be borne out of Strategic Initiatives.
12	The Executive Director, Development will have the responsibility for land development, as well as special projects such as new builds, land disposal and acquisition.
13	Move all MHA and MHRC staff to a single collective agreement structure, of which the potential net financial benefit of collective agreement harmonization could be as high as \$216,000 per year, on a total salary and benefit basis.
14	Create a Transformation/Project Management Office to fulfill project management responsibilities throughout the transformation period, empowered by and reporting directly to the ADM.
15	Creation of an office of Community Liaison to connect with external stakeholders, reporting directly the Assistant Deputy Minister.

4.2 Supply Chain Management

There are ten supply chain management recommendations presented, grouped into six (6) Process and Organization Recommendations, and four (4) Strategic Sourcing Recommendations. Quick-win opportunities have also been identified and listed.

Table VII – Supply Chain Management Recommendations

	Recommendation Number	Description
Quick - Wins	1	Change the current Maintenance Coordinator financial delegation of authority limit for un-tendered purchases from \$700 to \$1000.
	2	Increase the lifecycle for new standing offers from the current standard of 1 year plus 1 optional to terms of 3 – 5 years.
	3	Develop a communication plan to create improved communications and coordination between programs.
	4	Reduce change orders on future contracts by conducting site meetings with the contractors to go through the scope of projects.
	5	Establish a standard for tenant suites incorporating guidelines for aesthetics (e.g., use of multi-coloured tiles, make ready painting, etc.).
Process and Organization	6	Manitoba Housing should establish a role for a senior procurement officer who can provide professional procurement direction within housing.
	7	Manitoba Housing should clarify the roles and responsibilities for key procurement processes by identifying the main steps in the procurement process and clearly determining who is responsible for each task within the processes.
	8	Manitoba should develop and deliver a training plan and materials for staff about their role and responsibilities in the procurement process.
	9	Manitoba Housing should establish a procurement planning process that combines both capital and maintenance procurement planning.
	10	Manitoba Housing should enhance the tendering process by expanding the selection criteria beyond a primary focus on lowest bid.
	11	Manitoba Housing should develop and implement a measurement process for supplier performance.
Strategic Sourcing	12	Manitoba Housing should competitively tender selected commodities in each of the following spend areas; Contractors, Building, Services, Professional Services, Supplies & Appliances.
	13	Establish common standards and specifications that apply across the organization for selected commodities
	14	Establish agreements with selected hardware/ building materials suppliers with geographic reach across the province that can provide the broadest range of currently used materials – there may need to have multiple agreements due to geographic coverage.

	Recommendation Number	Description
	15	There are a number of existing agreements in place and under development, many with specific regional coverage. There is an opportunity to renegotiate to expand the use of standing agreements to a broader set of commodities.

4.3 Capital Asset Management

There are a total of twenty-two (22) recommendations on Capital Asset Management presented, grouped into the major components of the asset management framework.

Table VIII – Capital Asset Management Recommendations

	Recommendation Number	Description
Needs Analysis	1	Convert data from the 'Housing Project Listing' Excel spreadsheet into Access database for easier query, multi-user read access and for eventual export into a more robust enterprise system.
	2	Reconcile building information in the Property Inventory (PI) system against the Project Listing to ensure all MHRC owned housing projects as well as Private Non-Profit (PNP) housing projects are contained in the system so they can be referenced to further Building Condition Assessments.
	3	In order to calculate the Facility Condition Index, an indicator of state of repairs of a building, MHRC/MHA should obtain the latest property assessed value and develop a process to maintain this information up to date in a centralized system (e.g., PI).
	4	Continue to accumulate gross square footage information on each building within a housing project in order to build up this data for cost benchmarking purposes.
	5	As part of the Building Condition Assessment (BCA) process, continue to identify major building equipment, structures and systems to build up the inventory of building assets.
	6	Manitoba Housing should develop an Inspection or Building Condition Assessment (BCA) policy describing the set cycles for building review, skills & experience profile, inspection best practices and procedures, checklists and definitions (e.g., capital vs. operating), and quality assurance and peer review procedures.
	7	Identify building inspection cycle in the PI database or other similar building information database.
	8	Provide a copy of the BCA policy to Sponsor-managed and PNP managed housing projects to encourage adoption of the policy.
	9	Issue building level condition assessment scores (excellent, good, fair, and poor) in addition to major equipment class level.
	10	Consolidate BCA inspection activities, practices, templates and skills from MHA's Maintenance Coordinators and MHRC's Capital Planning branch into a broader inspector pool to leverage different area of expertise, area of coverage and cross-training opportunities.

	Recommendation Number	Description
Options and Trade-Offs Analysis	11	Employ key indicators such as Facility Condition Index.
	12	Add building type or other factors (e.g. building system ranking - risk adjusted ranking among various building components in order to differentiate critical items between sidewalk and HVAC) in the project scoring process to help further refine the list of critical projects in order to meet funding requirements.
Investment/Project Prioritization and Funding Strategy	13	In order to properly match issues identified during BCA with appropriate funding sources, Separate these issues into three categories: capital projects qualified under the Loan Act, major repair & improvement projects under the Planned Repair Program, and operations.
	14	Develop an internal guideline with examples on various items classified under the Loan Act.
Investment and Project Delivery	15	Manitoba Housing should use RACI (Responsible, Actionable, Consulted and Informed) charts to identify significant stakeholders and their involvement in the project planning, funding and delivery process.
	16	As discussed under Identify Issues/ Needs in the Current State section, MHA's project delivery team has been able to deliver approximately \$8 - \$12million worth of projects each year based on current staffing levels and complexity level of projects. An alternate strategy is to consider a different resource sourcing strategy, such as partnering with a project management company to handle some of the volume of work
Tools and Systems	17	Develop BCA database to capture, maintain and report on assessment data by year.
	18	Develop an asset management database or acquiring an off-the-shelf software tool to house housing project data, major equipment data and building systems data.
	19	Develop project tracking database to assign unique project numbers and to retain critical project information: scope, timing, alternatives, funding source and link projects to records tracked in the BCA database.
	20	Enhance/ replace existing Maintenance Management System (work order and PO system) to incorporate functionalities required for managing large projects (e.g. cross-reference to project number, holdbacks, building level chart of accounts, commitment capturing, etc.).
Oversight, Performance Measurement, and Reporting	21	Adopt the peer review procedures at the MHRC Capital Planning branch to ensure consistency and adherence to the BCA policy manual.
	22	Monitor vendor/ contractor compliance during and after the project delivery process.

4.4 Summary Business Case Assessment

The recommendations offered in the Business Case are expected to lead to significant improvements in the managerial and performance outcomes of Manitoba Housing. From an analytical perspective, these improvements are captured in Table IX, and reflect the judgment of KPMG and the senior management of MHRC/MHA.

Table IX – Analytical Framework: Expected Outcomes

Core Dimension	Sub-Dimension	Measurement		
		Worse	Same	Better
Service Performance	Enables Vision, Mission and Values			✓
	Impact on Client Service			✓
	Consistency with Government Policy		✓	
	Impact on Broader Community Participation			✓
Organizational Management	Enhanced Financial Management and Controls			✓
	Time to Realization of Full Benefits			✓
	Impact on Risk Management			✓
	Ease of Implementation			✓
	Avoidance of Negative Public Relations			✓
	Consistency with HR Policies		✓	
	Impact on Managerial Autonomy			✓
	Impact on Staff			✓
	Span of Control			✓
	Clear Lines of Accountability			✓
	Requirement for new Skills/Competencies			✓
	Integration with other Departmental Programs		✓	
	Consistency with Modern Management Principles			✓
	Impact on Quality of Housing Stock			✓
Impact on Organizational Efficiency			✓	
Financial Impact	Costs/Savings			✓
	Impact on Staffing Levels			✓

5.0 Manitoba Housing Transition Strategy

5.1 Importance of Change Management

Establishing a formal change management program, especially during a multi-year, multiple initiative implementation, provides benefits integral to success. Key stakeholders are engaged in the implementation; they are mobilized and aligned with the transformation effort. One of the key pillars of a change management program will be to develop and execute a communication strategy. Managing change is an important integrator and enabler. Together with a rigorous project management discipline, the change management program for Manitoba Housing will channel resources towards successful implementation of the recommended initiatives.

“Manitoba Housing should monitor vendor/contractor compliance during and after the project delivery process.”

5.2 Recommended Change Management Strategy

The recommended changes represent a high degree of change. Communication and participation are required to generate and operationalize commitment at all levels of Manitoba Housing to the recommended changes. In addition to strong individual leadership, key elements of the change management plan are summarized in Table X.

Table X – Key Elements of the Change Management Plan

Elements	Objectives	Risks	Requirements
Project Management Office	Schedule Milestones Performance Indicators Regular monitoring and updates Issue management Budget and resource control Project governance	Implementation Timing Budget / Resources	Authority Resources Commitment
Communication Plan	Stakeholder identification Stakeholder engagement strategy Tools / templates Feedback	Cultural upheaval Transparency Implementation	Resources
Leadership Strategy	Define roles and responsibilities Coaching sessions Create Leadership engagement schedule Tools / templates	Buy-in Political commitment	Resources
Culture Assessment	Understand current and desired culture Identify cultural change levers	Buy-in Manage cultural risks Unions	Resources Survey Costs
Implementation Plan for each Work stream	Sequencing of actions Resource allocations and responsibilities Timing Refine focus Mobilize leaders Engage people Define culture	Barriers to implementation Budget Timing	Resources Subject matter experts Authority Commitment
Monitoring	Post implementation review Track benefits realization Revise the change Resources Strategy	Resources	Resources Commitment

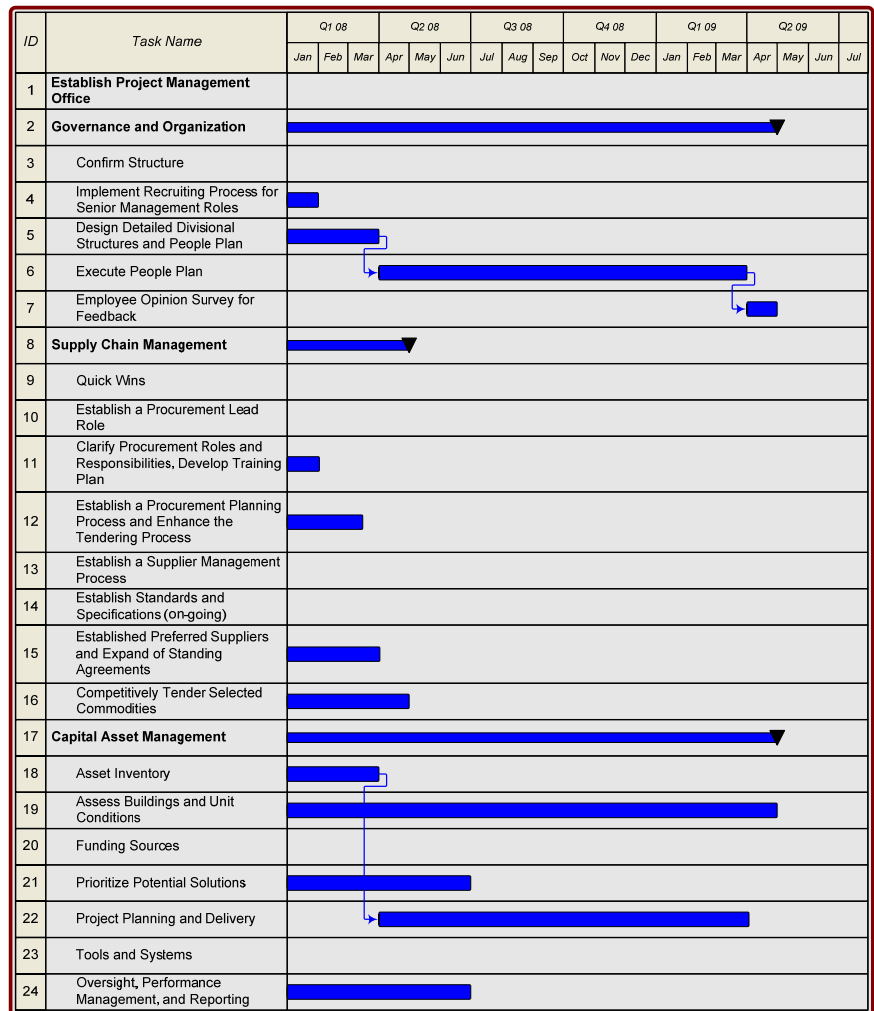
“The recommendations offered in the Business Case are expected to lead to significant improvements in the managerial and performance outcomes of Manitoba Housing.”

5.3 Implementation Schedule

The first step in implementing the Business Case is to establish a Transformation/Project Management Office (PMO) under the direction of a well-qualified Project Manager. The PMO would house all activities related to the detailed development and roll-out of working-level implementation plans. The Project Manager would have executive responsibility for implementing the vision of senior leaders, and would establish all working protocols, KPIs, and project governance structures, and would be responsible for budget and resource control (including time and effort) for activities relating directly to implementing the Business Case.

The Business Case itself is expected to take eighteen-to-twenty-four (18-24) months to fully implement including monitoring (Figure II).

Figure II. Implementation Schedule



5.4 Risk Management Plan

As part of the transformation process, it is critical to note the importance of identifying potential risks and outcomes in order to proactively address the issues and ensure that the implementation timeline is minimally affected. Early identification and mitigation strategies addressing risks will aid in a successful implementation. As well, it is important to continually monitor and highlight risks as they become apparent during implementation. Table XI outlines the high-levels risks and potential mitigation strategies that need to be considered, if the recommendations offered in the Business Case are to achieve their intended effect.

Table XI – Overall Business Case Risk Management Plan

	Risk	Possible Mitigation Strategies
Political	<ul style="list-style-type: none"> Commitment needs to be maintained over implementation timeline 	<ul style="list-style-type: none"> Will require DM/ADM planning Communication Plan Strong involvement from the sponsor
Investment	<ul style="list-style-type: none"> Significant resources and time required for successful implementation 	<ul style="list-style-type: none"> Requires commitment over implementation time period through the Treasury Board submission by the Department of Family Services and Housing, and Treasury Board
Schedule	<ul style="list-style-type: none"> Implementation timeline is met 	<ul style="list-style-type: none"> Requires set up of Project Management Office to manage implementation Requires cooperation between programs to develop timelines and activities May require specialized skill set in key implementation areas Communication Plan
HR Management	<ul style="list-style-type: none"> Union and staff will be required to support the implementation 	<ul style="list-style-type: none"> Communication Plan Work closely with unions early in process to gain support for implementation Involve staff in development of new work processes and activities Involve Treasury Board / Civil Service Commission in process early
Labour Market	<ul style="list-style-type: none"> May require new skill sets for executive, management and staff positions 	<ul style="list-style-type: none"> Retain professional services firm to do executive search Consider open recruitment process
Organizational	<ul style="list-style-type: none"> Requires strong commitment from staff to meet timelines and implementation plans 	<ul style="list-style-type: none"> Develop Workforce Transition Strategy Communication Plan Involve staff in development of new work processes and activities