Continuous Improvement in Government: Applying LEAN Principles
Discussion Outline

• Firms Overview
• LEAN Overview
• Approach to Serving Clients
• Next Steps Discussion
About QPIC & Daniel Penn

- 55 Combined Years Consulting Experience
- Government Experience
- Diverse Multi-National Fortune 1000 and Government Client Base
- Wide range of LEAN Six Sigma and Process Improvement Services.
- Outstanding Rating by our Clients
- US-SBA certified SDB, GNEMSDC certified MBE, and DAS certified CT Businesses
- *Focused Approach for Addressing Client’s Needs*
Implementing & Sustaining Government LEAN Initiatives

The Elements of ACE
Having a champion who sponsors the change

- PROOF OF THE NEED: The motivation to change, whether driven by threat or opportunity, is installed in the organization and viewed shared values, shared goals, demonstration of change, the need for change must exceed resistance.
- THE VISION: The degree of change is clear, legitimate, widely understood and owns the leading change spearhead vision.

- DEVELOPING COMMITMENT: Gain the strong commitment from key constituents to invest in the change make it work and demand and receive management support.

- SUSTAINING CHANGE: Once change is starting, it involved, flowed back and learns and transferred throughout the organization. You must be able to sustain this long term.

- MONITORING PROGRESS: Progress is real, measurable, set and realizable, indicators essential to support accountability, progress change, performance, revenue, etc.

LEAN Tools

MWM – Measure What Matters

Kaizens
LEAN is based on:

**The Goal**
- To deliver continuously improving value-added services (quality and speed of service) to customers (taxpayers) at lower costs.

**Process Improvement**
- To be able to identify key processes, how they are performing and apply LEAN tools to make improvements in reducing costs/wastes and enhancing revenues.

**People are the Business**
- There needs to be a high respect for people. A constant search for how to improve things and reduce errors vs. who’s responsible for the error.
LEAN CONCEPTS

- Build on client skills to get faster results — more output from the same people
- Focus on continuously improving processes — both Internal & External
- Increase speed by eliminating waste and reducing errors — 50%+ improvements are common
- Is constraint free
- We are targeting the frequency (more) of doing things, not the person
The Classic Wastes

- Handling/Unnecessary Motion
- Inferior Methods
- Inspecting
- Transporting/Moving
- Counting
- Delaying/Waiting
- Storing
- All Rework Loops
- Multiple Signatures
- Waste of Underutilized People
Why is Money Saved?

- Target best $$ opportunities
- Less transaction times = more transactions
- Reduced cycle times = faster throughput, info, decision making, etc.
- Less errors = less rework and checking, accurate information
- Easier processes = greater employee satisfaction
The Foundation for Improvement is Built on Facts/Data

“In God We Trust” everybody else, please bring data.

“Just the facts, M’am. Just the facts.”

Sgt. Joe Friday
Achieving Change Effectiveness
To Successfully Implement and Sustain LEAN

The Elements of ACE
Having a champion who sponsors the change

PROOF OF THE NEED:
The reason to change, whether driven by threat or opportunity, is instilled within the organization and widely shared through data, demonstration or demand. The need for change must exceed its resistance.

THE VISION:
The desired outcome of change is clear, legitimate, widely understood and shared. The 90-second speech.

DEVELOPING COMMITMENT:
There is a strong commitment from key constituents to invest in the change, make it work, and demand and receive management attention.

SUSTAINING CHANGE:
Once change is started, it endures, flourishes and learnings are transferred throughout the organization. We must be able to sustain this long term.

MONITORING PROGRESS:
Progress is real; benchmarks set and realized; indicators established to guarantee accountability. Process Owners, Performance Reviews, etc.

INFRASTRUCTURE
Actions, Behaviors, Systems & Structures drive Culture

LEADERSHIP
Culture = “the way we do things around here”

CHANGING SYSTEMS AND STRUCTURES:
Making sure that the management practices are used to complement and reinforce change

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When something is new or a significant change use ACE Tools:

If something is new or a change, question #1 is:

*Should there be an elevator speech?*
- what is the change?
- why are we doing it?
- what do you expect from me?
- what's in it for me (WIIFM)?

This provides the unified "talking points" for consistency of message.

Question #2 is:

*Who are the stakeholders, where do they stand, and where do we need them to be?*
- stakeholder analysis sheet
- strategies to address key stakeholders - communications strategy, etc.
# Stakeholder Analysis

Getting Buy-In from the Key Stakeholders in the Process

## ACE – Achieving Change Effectiveness

### Stakeholder Analysis Table

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Strongly Against -2</th>
<th>Moderately Against -1</th>
<th>Neutra 0</th>
<th>Moderately Supportive +1</th>
<th>Strongly Supportive +2</th>
<th>Type of Resistance</th>
<th>Plan to Address</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>X</td>
<td></td>
<td>O</td>
<td></td>
<td></td>
<td>Skepticism; preconceived solutions</td>
<td>Communication throughout process; educate/train</td>
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<tr>
<td>2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Skepticism; change</td>
<td>Involve in solution; educate/train; clarify roles &amp; responsibilities - accountabilities; give credit for the change</td>
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<td>4</td>
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<td></td>
<td></td>
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<tr>
<td>5</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td>Potential resource impact</td>
<td>Involve in any technology solutions</td>
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</tbody>
</table>

**Key:**
- **X** = Current Support Level
- **O** = Level Stakeholder Needs to be
"Measure What Matters" (MWM)

- Focus on what are the key metrics to support our desired outcomes
- MWM creates a results based organization
- Metrics identify improvement opportunities
- Metrics drive higher accountability
### Some LEAN Government Metrics:

<table>
<thead>
<tr>
<th>Time Based:</th>
<th>Process Based:</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Lead Time - To Accomplish the Job</td>
<td>- # of Process Steps</td>
</tr>
<tr>
<td>- % On Time Delivery</td>
<td>- # of Decisions Required</td>
</tr>
<tr>
<td>- Total Processing Time</td>
<td>- # of Signatures Required</td>
</tr>
<tr>
<td>- Value Added Time</td>
<td>- # of Delays</td>
</tr>
<tr>
<td>- Non-Value Added Time</td>
<td>- # of Handoffs</td>
</tr>
<tr>
<td><strong>Organization Based:</strong></td>
<td><strong>Quality Based:</strong></td>
</tr>
<tr>
<td>- Employee Satisfaction</td>
<td>- Customer Satisfaction</td>
</tr>
<tr>
<td>- Turnover</td>
<td>- Rework Steps/Time</td>
</tr>
<tr>
<td>- Lean Events Conducted</td>
<td>- First Pass Yield - Done Right the First Time</td>
</tr>
<tr>
<td>- Lean Event Participation</td>
<td>- % Complete &amp; Accurate</td>
</tr>
<tr>
<td>- Lean Training</td>
<td><strong>Output based:</strong></td>
</tr>
<tr>
<td><strong>Cost Based:</strong></td>
<td>- Backlog</td>
</tr>
<tr>
<td>- Cost per Transaction</td>
<td>- Work in Process</td>
</tr>
<tr>
<td>- Total Process Cost</td>
<td>- Inventory</td>
</tr>
<tr>
<td>- Labor Savings</td>
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</table>
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Select the Targeted Process: Value Stream Mapping

Plan – What needs to be done.

Do – “Trystorming”

Check – Reflect on Results

Act - Adjust

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Lean
**KAIZEN**

**Kai**
- To break apart
- To modify
- To change

**Zen**
- Think
- Make good
- Make better

Kaizen

- Change for the better
- Improvement
- Continuous Improvement
Principles for Kaizen Improvements

1. Think about how the new ideas will work, not how they won’t work.
2. Don’t seek perfection – 80% right, 100% implemented.
3. Fix mistakes the moment they are found.
4. Make improvements with minimal investment.
5. Continue to ask “Why?”.
6. Don’t except excuses.
7. “Just do it” – make it happen.
Why is our approach different?

1. **We are driven by data and facts from what the process tells us. We like to use “visual techniques” as much as possible**
2. **We integrate Achieving Change Effectiveness (ACE) and Business Process Management (BPM – Measure What Matters)**
3. **We get the job done faster**
4. **We transfer sustainable skills to the Client organization much faster**
5. **We offer a comprehensive service – not just one “niche”**
Why is our approach different?

6. We have trained groups in LEAN globally – US, Europe, Japan, and China

7. We have “hands-on” developed, implemented and managed comprehensive LEAN initiatives

8. We have benchmarked best practices

9. We integrate LEAN, Six Sigma, and Specialized Techniques (Bhote), as appropriate – a unique tool set

10. We don’t use as many of the traditional “Quality Tools” – brainstorming, fishbones, NGT, SPC, etc. as often as others
Our LEAN Rollout Plan

1. Preliminary Meeting to review scope of work – no charge
2. One day Overview/Launch Session
3. Three day Leadership Team Session – 1 day for ACE and 2 days for LEAN
4. Five day Kaizen Events for each identified Project
5. On-going Project Management Support
## Project Results

<table>
<thead>
<tr>
<th>Kaizen or Project</th>
<th>Improvement Goal</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax Collection – time to put cash in the bank</td>
<td>30-&gt;3 days non lockbox checks</td>
<td>30-&gt; 1 day, cash in bank making $250K+/year</td>
</tr>
<tr>
<td>Pothole repairs - DPW</td>
<td>95% within 2 days of reporting</td>
<td>97% within 24 hours of reporting</td>
</tr>
<tr>
<td>Grants administration</td>
<td>Centralize and manage better – Generate $1M+ in useful spend</td>
<td>$4M+ of Grant monies “found” and able to be used</td>
</tr>
<tr>
<td>Police Overtime</td>
<td>Reduce by $250K/Qtr.</td>
<td>Reduced by $450K+/Qtr</td>
</tr>
<tr>
<td>Police Private Jobs</td>
<td>Collect $250K+ in back revenues</td>
<td>Collected $750K+ and streamlined the process</td>
</tr>
<tr>
<td>Purchasing Requisitions</td>
<td>Total process reduce from 89-&gt;70days</td>
<td>Reduced from 89-&gt;48 days – impact $600K+ - eliminated penalties, able to have time for more negotiations, etc.</td>
</tr>
</tbody>
</table>
What Do Clients Receive?

Knowledge…

• Transfer LEAN Six Sigma DNA into the organization
• Deliver right tools and techniques to solve business problems
• Train with simple, easy to understand intellectual material

Self-sustenance…

• Build and leave proven deployment strategy in place

Culture of excellence…

• Shape a data-driven employee base…every discussion, meeting, decision
• Produce a process-focus mentality…everything is a process
• Institute a common language…

Results…Results…Results
LEAN focuses on what are the key processes in all agencies, what services are they delivering, and how much of what is being done is value-added (what the taxpayer truly needs and is willing to pay for) vs. non-value added. It’s not unusual to find improvement opportunities on the order of magnitude of 50%+ where LEAN is applied.

QPIC, LLC has been working many years with State and Municipal Governments to focus on projects that reduce wastes and save money to close budget gaps.

A major misconception about LEAN is that with less people, services suffer. On the contrary, people working in processes that have gone through LEAN will be working on more value added activities, have greater depth and breadth of job responsibilities, have greater job satisfaction, and they will accomplish much more.

We focus on delivering sustainable results. We do this by educating people about LEAN concepts so they understand the benefits to themselves and their organization. This understanding helps them take ownership of the transformation. When there is ownership of the LEAN transformation, the entire organization can improve by driving performance towards an ideal state and increase employee acceptance of change.

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