

Lean in the Public Sector: Panacea or Paradox?

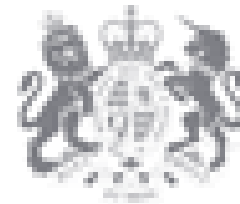
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Not just for Private Sector...



Her Majesty's
Inspectorate of
Constabulary



Plus Local Government, Fire and Rescue
Services.....

A Brief History of Lean

- ❑ Who “invented” Lean?
- ❑ Taiichi Ohno
Vice President of Manufacturing,
Toyota Motor Corporation
- ❑ Toyota Production System
 - ❑ 1950s, after WW2
 - ❑ External factors; small market, culture and difficulties in equipment purchase.
 - ❑ Inspired by USA supermarkets



Understand Value

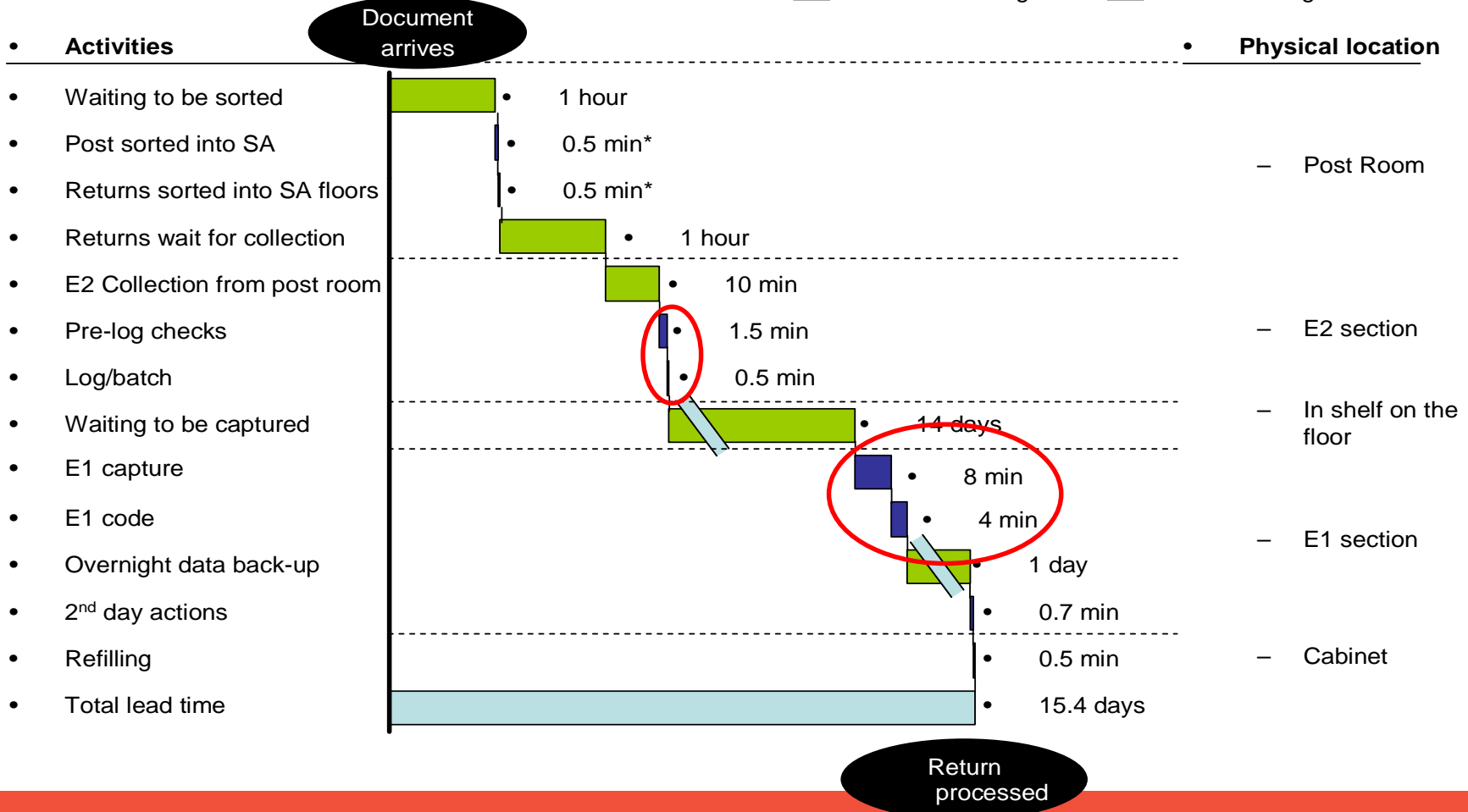


Value-Stream Thinking

The SA processing lead time for documents received during January was 15.4 days, of which 14 minutes was spent processing (0.05%)

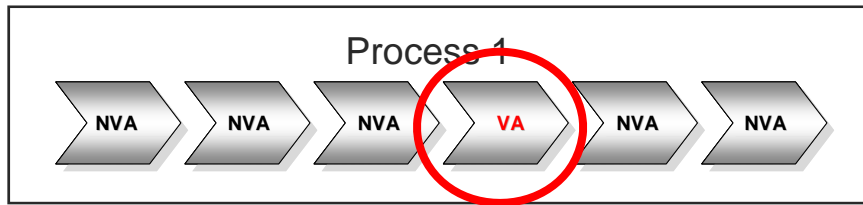
Time to process an SA return

■ Processing time ■ Waiting time



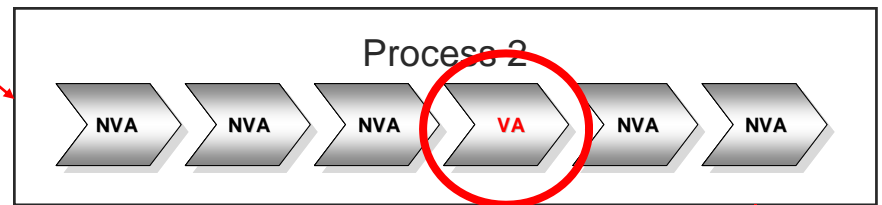
Flow

Place A

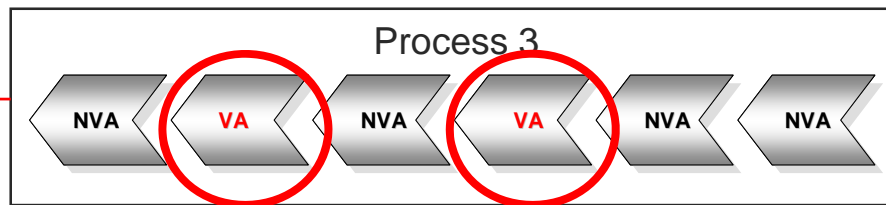


Current State

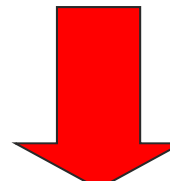
Place B



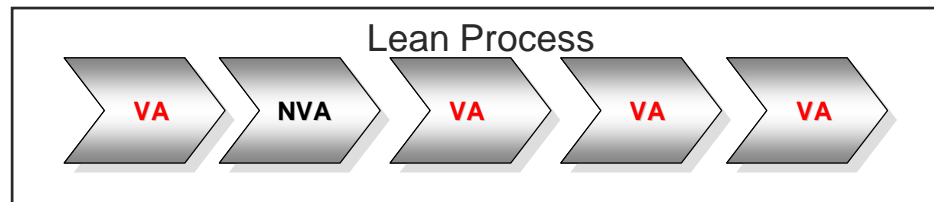
Place C



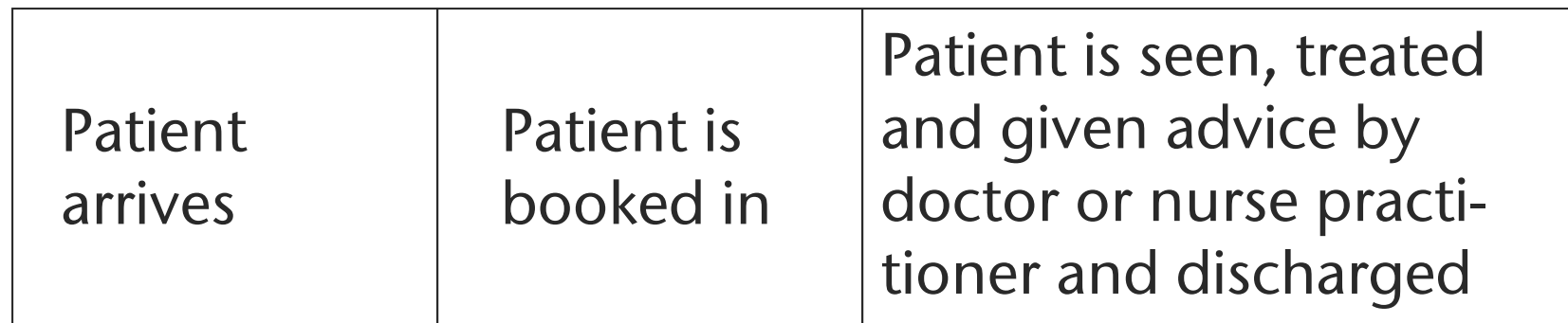
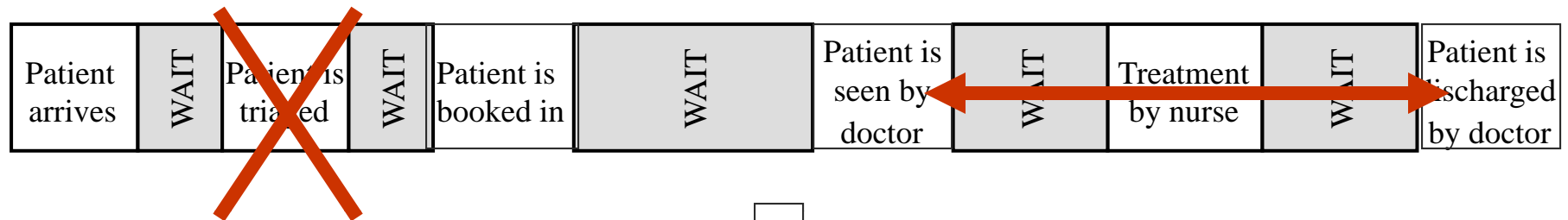
Customer



Future State



The Process for assessment, minor treatment discharge was redesigned to achieve lower waits



Reduction of Waste



1 Over-production - 60% of computer generated post printed in the post room was discarded



2 Waiting - Post delivered by Royal Mail did not always arrive at 7:45 am



3 Transport - Post moved 500 metres before any value-added work was performed



4 Over-processing -Sorting post in 21 categories when 4/5 were enough



5 Inventory – 15+ days of work on shelves



6 Rework - Post transferred between offices; Frequent redirection due to mis-sorting



7 Motion - In post room the operator moved from desk to scales to measure a single item of post

The 8th waste - *Untapped human potential...*

- ❑ Not listening
- ❑ Not asking
- ❑ Not empowering
- ❑ Not doing anything with generated ideas



Lean in Public Services

- Lean within Public Services can be considered in the broadest sense to be a philosophy, which aims to develop good practice of process/ operations improvement that allows a reduction of waste, improvement of flow and better concept of customer and process view through a culture of continuous improvement involving everyone. (*Scottish Executive Report, 2006*)

Approaches to Lean Implementation

- ❑ The approach often used is a Kaizen-type approach, often described as a ‘Kaizen Blitz’ or ‘Rapid Improvement Event (RIE)’ .
 - ❑ *“Kaizen provides a way of making improvement manageable by cutting problems into bite-sized chunks. Kaizen works because it is a process which delivers quick and visible but also sustainable wins.”*
- ❑ Full Implementation of the philosophy is embedding the principles and broad use of the tools.

The Public and Commercial Services union said the moves were "dehumanising" staff. The HMRC said the aim was to "provide improved service".

Being reduced to 'robots'

The HMRC Pacesetter Programme is an innovative example of public service lean thinking

The HMRC's Lean programme, which aims to improve efficiency, has already resulted in a work-to-rule and overtime ban among 14,000 civil servants.

New working practices are leading to staff reporting that they have to work in a culture of corporate bullying

They think they are doing 'lean' when they are actually perpetuating a worse command and control, mass-production system.

HM Revenues and Customs (HMRC)

- ❑ What HMRC was:
 - ❑ Relatively new department with 100k people, over 800 sites and more than 200 *supporting* IT systems
 - ❑ Key Departmental Target – deliver a better customer experience
 - ❑ Gershon & Lyons reviews
- ❑ *“The Department estimates that implementing Lean across processing will deliver increased productivity of 30-40% in processing. By 2011,... the programme as a whole to deliver FTE staff savings of 6,870....This amounts to £440 million cash savings, the majority of which will be achieved through implementing Lean.”* (NAO, Accuracy in Processing Income Tax report 2008)

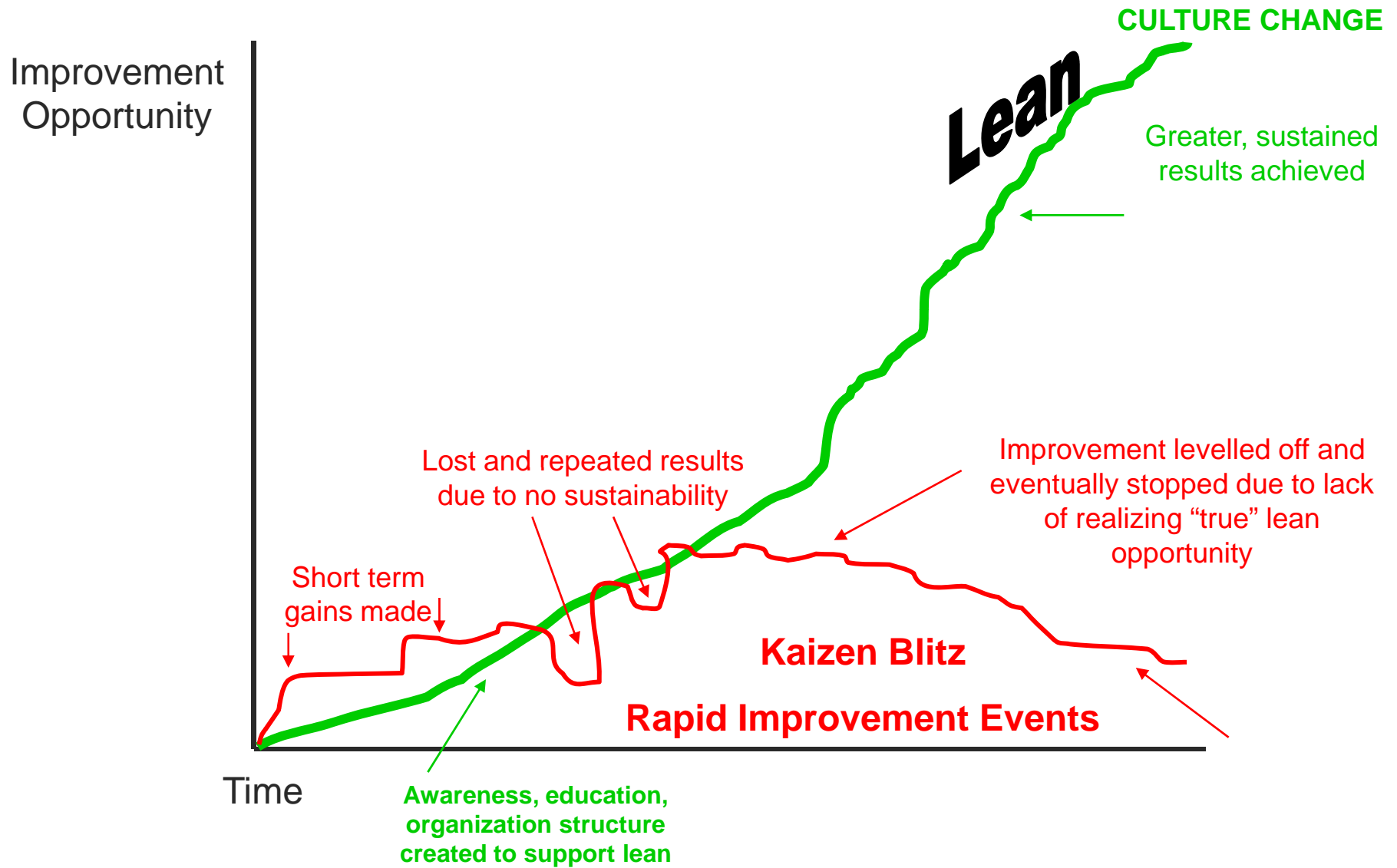
What is Lean in HMRC?

- *“Reviewing processes from the customer perspective to eliminate waste, inconsistency and duplication”*
- Diagnostics - Standard Processes
- 5 S's
- Visual Management – Performance Boards
- Daily Meetings
- Structured Problem Solving
- Workplace Audits
- Skills transfer from the external consultants to HMRC:
- Running Lean Training Academies
- Lean Leadership – ‘Go and See’

Some Key Findings from HMRC Evaluation

- ❖ Direct correlation between the engagement of the senior leaders and the attitude of staff towards Lean.
- ❖ Senior leaders had a better understanding of PaceSetter, Lean and OM/SL, compared to front line staff, who were influenced by unions.
- ❖ Lean has impacted upon tools, structure, practices and behaviours leading to improved quality and productivity, clearer processes and practices and new ways of working.
- ❖ Some staff felt that working in a process was a negative aspect of Lean leading to deskilling and inflexibility.
- ❖ There was more structured problem solving, but this was seen as frustrating when actions were not followed through.
- ❖ Managers have become more visible and accountable. They collected statistical information, look at productivity and challenge performance.
- ❖ Teamworking was seen to be better under Lean with better team spirit. At some sites competition between teams was driving improvements rather than demoralising teams.

RIEs Vs. Full Implementation



What is emerging as key elements to support Lean in Public Services?

- Visual Management
 - Make the implicit explicit, the invisible visible
 - Reduces the ‘gaming’ on measures and targets
- Focus on the simple tools and techniques
- Engaging ‘professional’ staff and Senior Management
 - Go and Do and Go and See!
- Creating an understanding....
 -about demand – types and patterns.
 - Is variation produced by the demand or the system?
 -of policy deployment.
 - ... of process and customer/ value
- Start with a programme or a project?

What is emerging as key elements to support Lean in Public Services?

Visual Management

- Make the implicit explicit, the invisible visible
- Reduces the 'gaming' on measures and targets – focus on relevant ones

Focusing on the simple tools and techniques

Engaging 'professional' staff and Senior Management

- Go and Do not just Go and See! (but Go and See others!)

Use of Tools and Techniques within Lean in Public Services

■ Assessment:

- To assess the processes at organisational level e.g. value stream mapping, process mapping

■ Improvement:

- Tools implemented and used to support and improve processes e.g. RIEs, 5S, structured problem solving

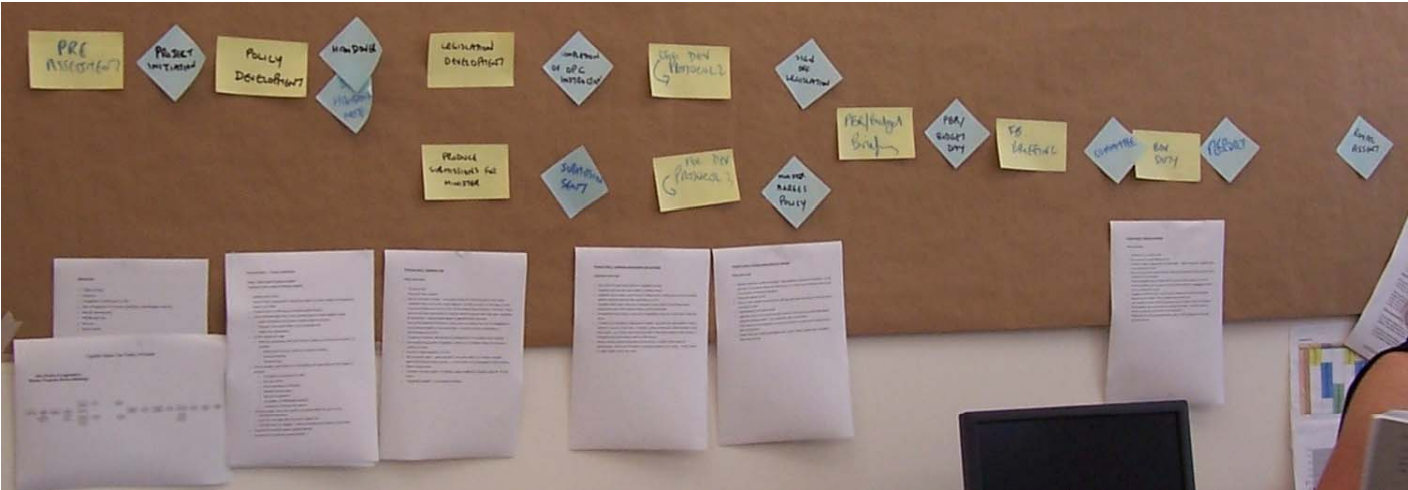
■ Monitoring:

- To measure and monitor the impact of the processes and their improvement e.g. control charts, visual management, benchmarking, work place audits
- Measures in terms of quality, time, costs, satisfaction levels

Assessment: Reviewing the work



From
Current State
to
Future State



Improvement: The Five-Step Kaizen Movement

SEIRI
Sort

SEITON
Set in order

SEISO
Sweep and Shine

SHITSUKE
Standardise

SEIKETSU
Sustain

Improvement: Structured and systematic use of problem-solving

Day-to-day problem solving: 3Cs document

HM Revenue & Customs						
Problem Solving - 3Cs						
Team	Concern	Cause	Countermeasure	Resp	Date Due	Status
						⊕
						⊕
						⊕
						⊕
						⊕
						⊕

This is the basic method of Problem Solving used by teams to address day-to-day issues affecting performance. The process has 3 steps:

Concern:

Define the Problem clearly – doing this is essential, as it will help to ensure that you don't try to put the whole world right in one go.

Cause

Think carefully – try to get to the “*ROOT CAUSE*” of the problems, rather than just dealing with the symptoms.

Countermeasures

Try to fix the problem once and for all, but if that's not possible, then do everything you can to mitigate the impact on the customer.

These are some of the Problem Solving tools that are available, but there are many more



- 3 C's Document
- Brainstorming
- Kipling
- SMART
- Open Questions
- 5 Why's
- Timing Plan
- Fishbone Diagram
- Web Chart
- Like & Must
- Check Sheet
- Action Plan
- Pareto Analysis
- Interviewing

More challenging problems: Structured Approach

1 - Problem

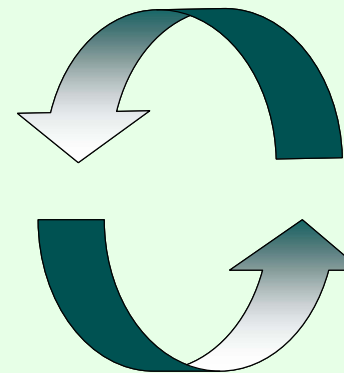
WHAT DO WE WANT TO IMPROVE AND WHERE DO WE WANT TO BE?

2 - Causes

WHAT'S STOPPING US FROM ACHIEVING OUR DESIRED STATE?

3 - Options

WHAT CHOICES DO WE HAVE ?



6 - Results

HOW GOOD WAS THE SOLUTION ?

5 - Implementation

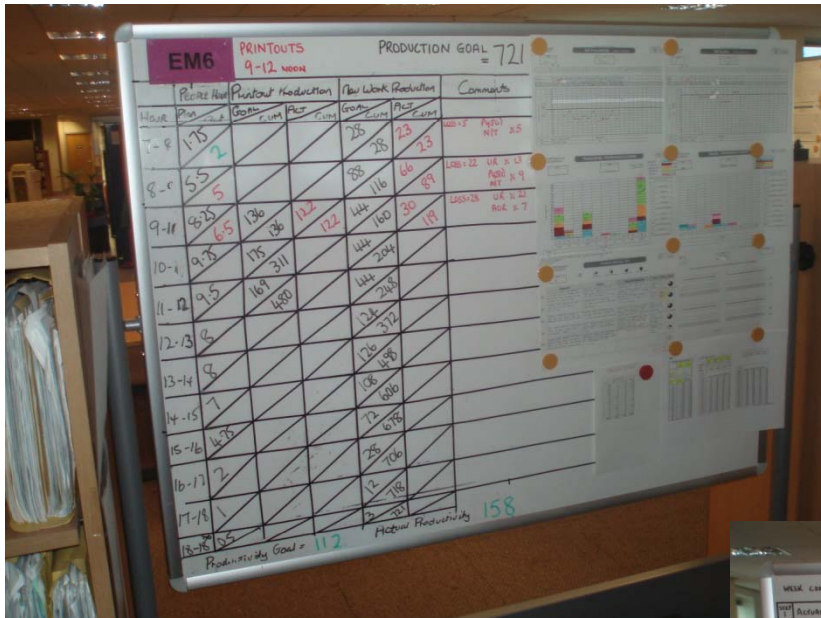
WHAT IS OUR ACTION PLAN ?

4 - Solutions

WHICH IS THE BEST WAY TO SOLVE OUR PROBLEM ?

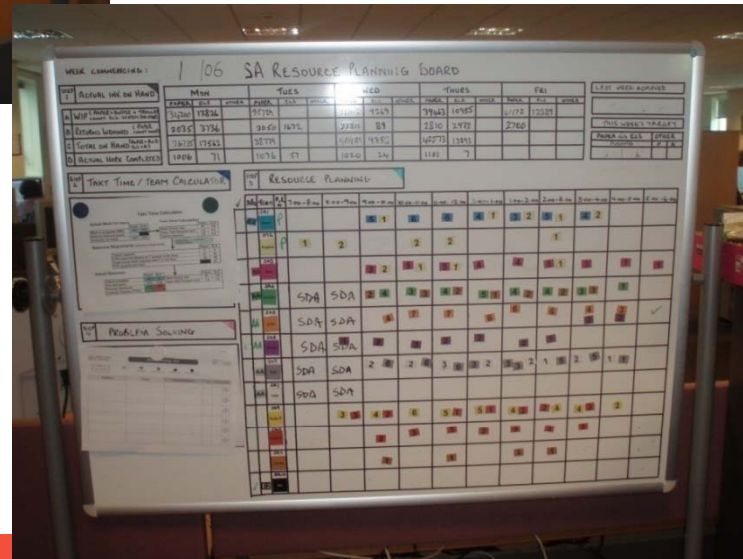
Monitoring: Visual Management

Team Board



Team Communications Hub

Resource Planning



Lean Transformation – A Two Pronged Attack



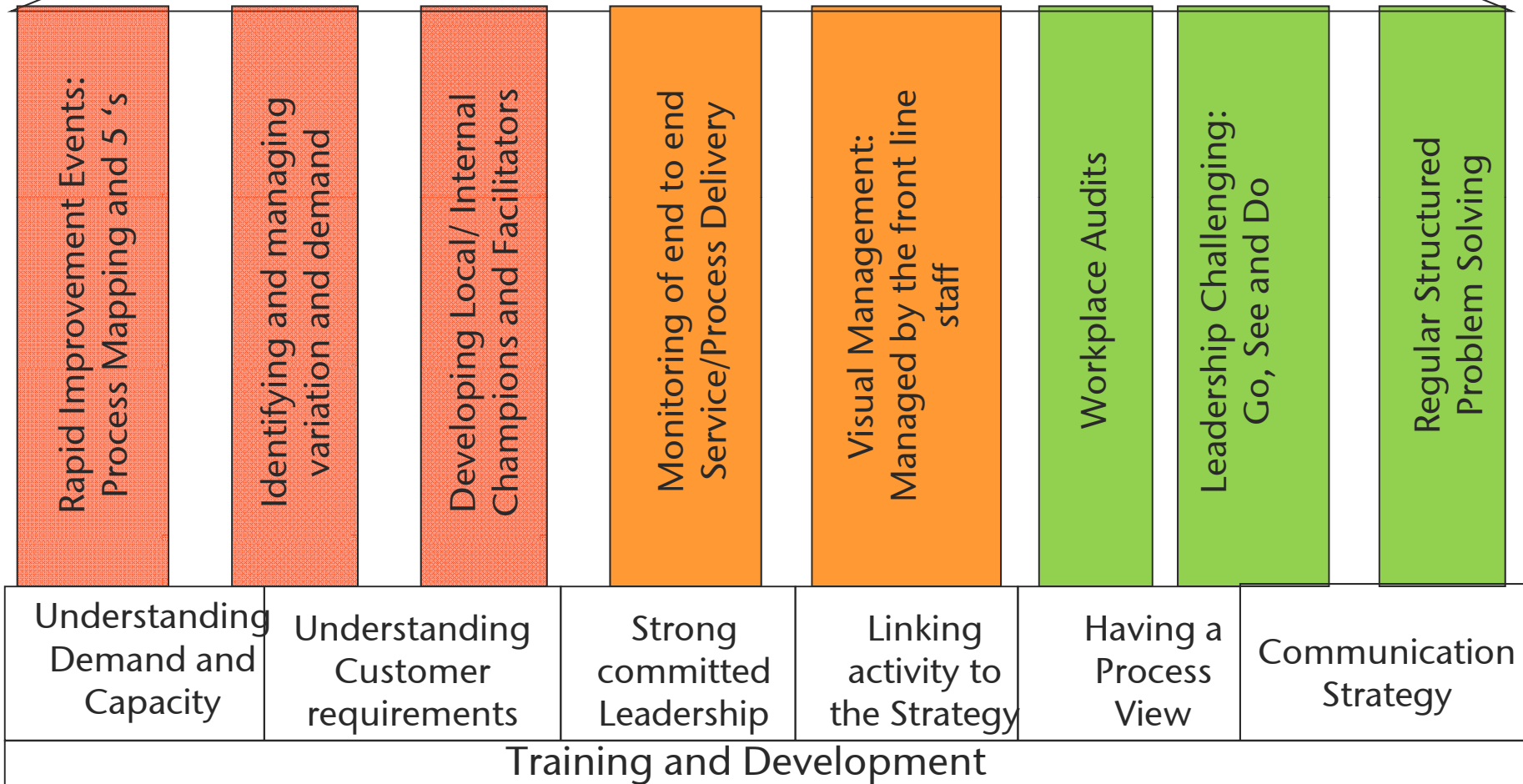
Barriers and Issues of the Lean Approach in Public Services

- ❑ People - attitude that 'it was all about money' and cost reductions. Although results often show that headcount and cost reduction is not a primary objective.
- ❑ Lack of ownership - *"My job as a doctor is to just make sure that the patient gets better. This is more of a management exercise"*
- ❑ Failure of leadership – need clear commitment from senior management
- ❑ Compartmentalisation of lean initiatives – over focus on RIEs/ Kaizen events
- ❑ Weak link between improvement programmes and strategy
- ❑ Lack of resources - Also concerns about the lack of capacity, knowledge, experience and skill to drive and implement improvement.
- ❑ Poor communication - use of jargon, lack of a clear message about improvement, and over-control of information released
- ❑ Lack of understanding of the effect of variation, relationship between capacity and demand, systems thinking, customer focus and process flow

House of Lean for Public Services

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Whole system approach
 Embedded improvement behaviours
 Focused stable robust processes



Success Factors for Implementing Lean in Public Services

- ❖ **Organisational culture** where staff accept initiatives and develop a sense of ownership.
- ❖ **Organisational readiness** implies being realistic about the timescales; helping staff to understand the impact of Lean; understanding capacity and demand; and having a process and customer view.
- ❖ **Senior management** are critical in implementing any change programme. Failure to do so, leads to a lack of attendance at events, partial engagement in the change process and a visible reluctance to implement.
- ❖ **Adequate resources** are necessary for implementation with commitment of a large amount of financial and staff resources to implement Lean.
- ❖ **Clear and effective communication** is important for the successful implementation of Lean. Need to communicate messages to staff across all sites, disseminate success stories and facilitate the transfer of knowledge within and between departments/sections/sites.

Lean in Public Services

- Need to consider Lean not as a quick fix but as a implementation philosophy.
 - “A series of RIEs does not Lean make!”
- There is a need to **develop a mindset** within the organisation of process and customer view.
- Move thinking from **task/ policy to value/ process**.
 - Opportunity to redefine the end to end process
- Need to develop an awareness of **variation, demand and capacity** relationships.
- Create and focus on improving **stable processes**
 - ‘Customisation from standard offering’
- Need to ensure that there is **strong and committed leadership and, link with strategy**.
 - Policy/Strategy Deployment