

Lean in the Public Sector: What, What, What?

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What is Lean?

Toyota Production System

- ❑ 1950s, after WW2
- ❑ External factors; small market, culture and difficulties in equipment purchase.
- ❑ Inspired by USA supermarkets

Five Principles (Womack and Jones)

1. Specify what creates *value* from the customers perspective
2. Identify all steps across the whole *value stream*
3. Make those actions that create value *flow*
4. Only make what is *pulled* by the customer just-in-time
5. Strive for *perfection* by continually removing successive layers of waste

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. (*Radnor et al, Scottish Executive Report, 2006*)

Not just for Private Sector...



Her Majesty's
Inspectorate of
Constabulary



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

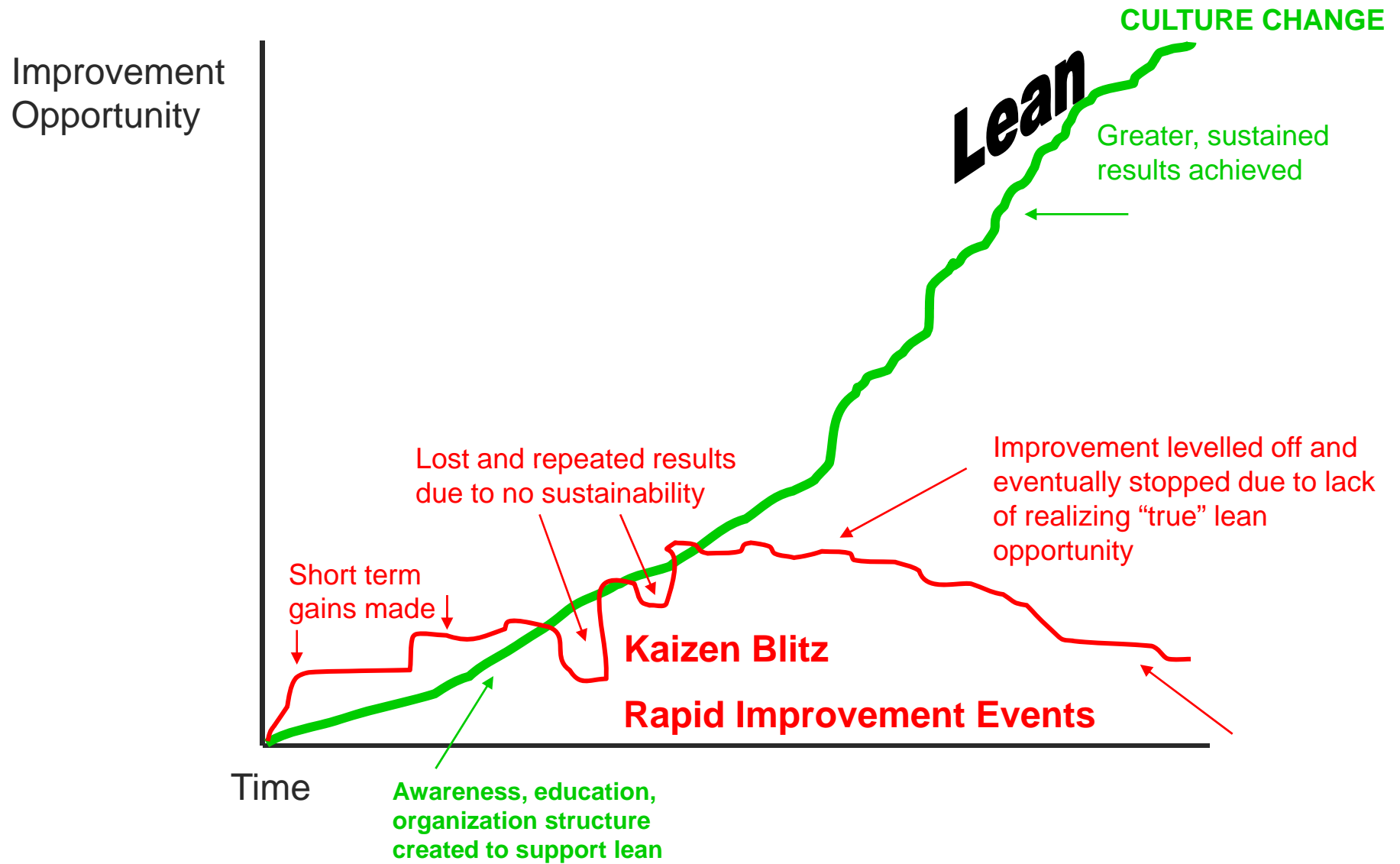
Barriers and Issues of the Lean Approach in Public Services

- ❑ **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

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.

RIEs Vs. Full Implementation



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’

Methodology

❑❑❑ First Evaluation 2007

- ❑❑❑ 10 Site Visits: 7 Tax Offices and 3 National Processing Centres
- ❑❑❑ 100 Interviews and Focus Groups
- ❑❑❑ Secondary Data; PaceSetter Documents, PCS Documents, Lean Academies, Strand Documents

❑❑❑ Second Evaluation 2009/ 2010

- ❑❑❑ Revisiting 2 National Processing Centres and Large Tax Office
- ❑❑❑ Reinterviewing some staff plus others (30 completed so far)

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.

Principles of Lean related to HMRC PaceSetter

Principle	HMRC Approach/ tools
1. Specify the value desired by the customer	The word customer is recognised but the requirements have not been qualified nor is the role of the customer fully understood.
2. Identify the value stream	Business diagnostic Location diagnostic Process diagnostic
3. Develop a continuous flow	Standard Work Visual management – KPIs (quality and productivity) Line Balancing
4. Introduce pull between all steps where continuous flow is impossible	Flag system in the teams
5. Manage toward perfection so that the number of steps and the amount of time and information needed to serve the customer continually falls	Work Place Assessment 7 wastes and 5 S's Structured problem solving Stretch targets and timings Visual management/ performance boards – 3 Cs, pareto analysis Process Hubs Go and See

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

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



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!)
- Diary time and commitment

Start with a programme or a project?

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

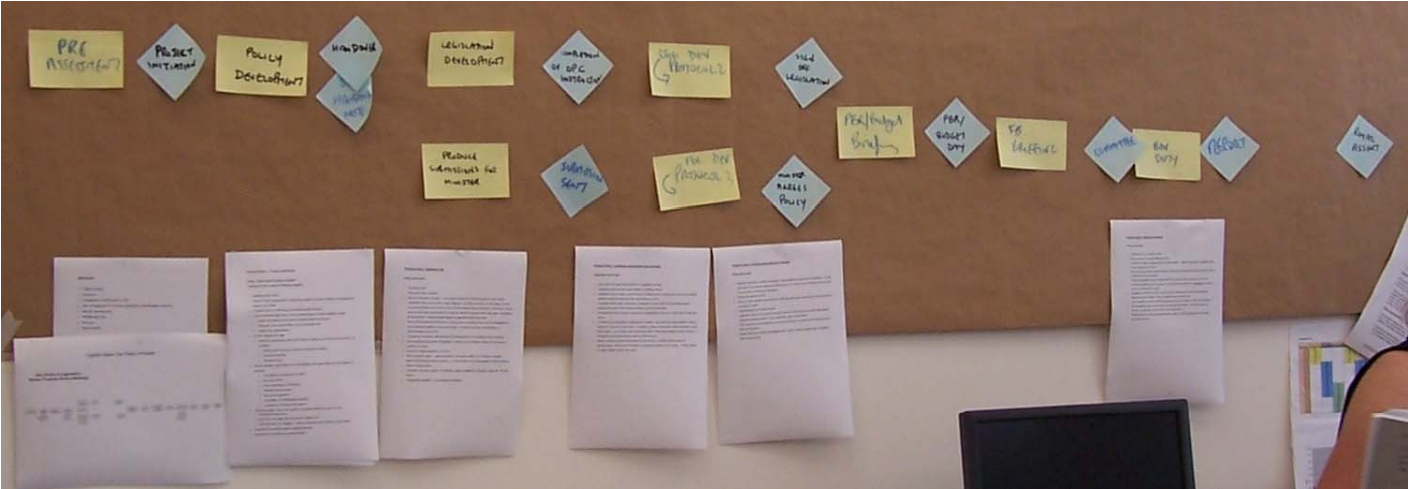
▣▣▣ Monitoring:

- ▣▣▣ 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

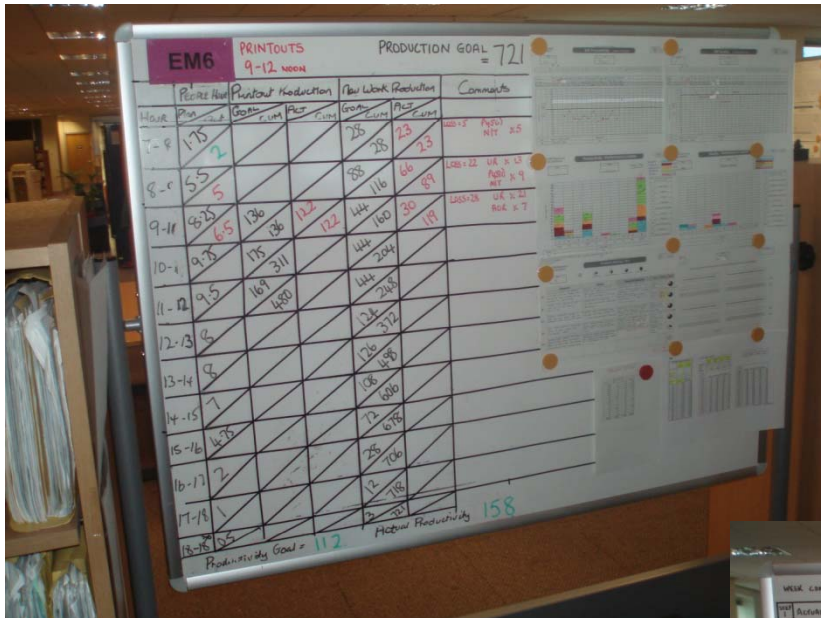


Improvement: The 5's and 7 forms of Waste e.g. Productive Ward



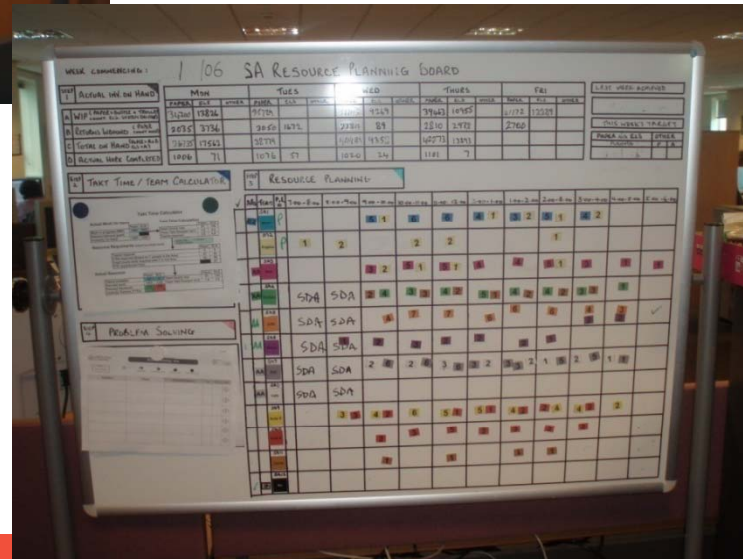
Monitoring: Visual Management

Team Board



Team Communications Hub

Resource Planning



Lean Transformation – A Two Pronged Attack



What is different about Lean in Public Services?

- Make NO assumptions about level of understanding!
- Need to create an understanding....
 -about demand – types and patterns.
 - Is variation produced by the demand or the system?
 -of policy deployment.
 - ... of process and customer/ value
- Need to move thinking from task/ policy to value/ process.
- ‘Standardisation’ not easily accepted – maybe need to package as ‘customisation from standard offering’?

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.

House of Lean for Public Services

