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UK/US SHINGO SUMMIT

2009

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2009
16-18 MARCH 8-10 AM

The beginner's guide to elephant wrestling

THE BARNUM & BAILEY GREATEST SHOW ON EARTH
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DAILY EXPENSES
\$6,500.

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\$3,000,000.

Contents

- The DWP Lean Journey – the first steps
- Early learning
- The challenges
- Acceleration plan
- Progress so far
- Current reality
- The next steps on the journey



DWP context

- Significant Government Department
- 120,000 staff (100,000 f.t.e)
 - 66,000 Job Centre Plus, 15,000 Pensions Disability and Carers Service 25,000 central and support functions
- 22 million customers
- Over 2004-7 already reduced headcount by 30,000
- 2008-11 tight settlement, increasing customer expectations and pressures on staff
- A significant departmental change programme established of which Lean is one component



How do you eat an elephant?



Timeline

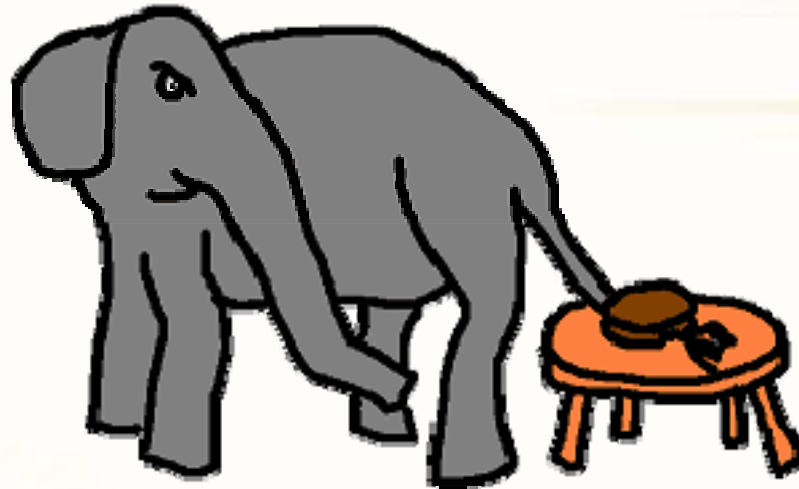
2006

Established 3 small
isolated Pathfinders

- Proving methodology actually produced results
- Learning ourselves as we went refining tools and developing approaches



In terms of an elephant



Starting with a bite sized chunk
and working our way up!



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Pathfinders The outcomes

Customer

Carer's Allowance
Claims Clearance
time dramatically
reduced

Cases dealt with in
date order value
added transactions

Improved **accuracy**

Staff

Empowered to make
changes

Not easy at first quite
a degree of
scepticism

Once change
embedded less
pressure/ more **in
control**

“would not go back to
pre Lean ways of
working”

Efficiency

In best case scenario
20% efficiency
improvement in first
year

What did we learn ?

- Lean is **infectious**
- Customer service **improved**
- Staff **engaged and empowered** - making a difference
- Managers led and supported their staff using **Lean behaviours**
- We were able to deliver much **more for less**



Progress to date

2006

Established 3 small isolated Pathfinders

- Proving methodology actually produced results
- Learning ourselves as we went refining tools and developing approaches

2007

Established 7 Tranche 1 Initiatives
Developing “mini” initiatives

- Leveraging early results to:
- Gain “buy in” and shift ownership of Lean to business units
- Grow national capability
- Extend areas of activity beyond the core delivery agencies
- Establish centres of expertise to assess and develop nationally scalable opportunities



Tranche 1 The outcomes

Customer

In Lean initiative sites

Average actual clearance times for claims and changes of circumstances **reduced by 50%**

Sign-up rates to join the new deal for lone parents programme, **increased from 15% to 43%**

*'Last time I had to **wait 3 weeks** now I can sort everything in **a day**'*
[Chesterfield]

Staff

Staff engagement on average **increased by 25%**

Better understanding and engagement in end to end processes, supported by Info Centre meetings

Reduction in days lost through absence

*'7 months on and there is still a **buzz** in the room'*
[Blackpool]

Efficiency

Savings - £2,300,000

Efficiency gains across sites/initiatives

Savings on average ranging across sites from **15% to 40%**

'.....and continuing'

What did we Learn?

- All 7 major initiatives gave efficiency benefits in the range of **20-40%**
- Staff engagement and customer service **improved** dramatically
- Mini initiatives (less than 10 weeks) achieved short term benefits **but did not stick**
- It was taking about 6 months intensive work in a location to **break habits**



The Challenge

- How to take the overwhelmingly positive results from the early work and embed the approach across the entire enterprise.
- At that time:
 - Lack of understanding
 - Lack of cohesion
 - Lack of belief
 - Considerable scepticism
 - A project doing “stuff” to the organisation



The Acceleration Plan

- Passing ownership of Lean to businesses units
- **Seven principles:**
 1. Businesses will own the delivery of Lean going forward
 2. A tailored view of what Lean means to DWP
 3. Initially focus on delivery agencies. Central functions to follow
 4. Use existing infrastructure
 5. Clearer allocation of duties
 6. Central project to retain expertise for future planning
 7. Develop improved communications



The Deal

- In exchange for ownership and control the business units must deliver against 3 things:
- **Benefits - Customer, staff and efficiency**
 - Pursued and returned
- **Capability build**
 - Experts and practitioners
- **Lean Standards Framework**
 - What are claimed as Lean environments meets DWP expectations



Progress to date

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2008

Geared up for major acceleration

- Building on Pathfinders
- More significant scale of projects
- Identifying areas of high volume activity
- Cutting and pasting process opportunities across entire businesses
- Building an incontrovertible trail of evidence



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Tranche 2 The outcomes

Customer

In Lean initiative sites

Improved customer service delivery across all sites

Improving processing times through reducing Internal handoffs **by 60%**

International Pension Centre]

Staff

Increased local management action on ideas generated through 'bottom up approach'

'Less stress - no big bundle, more motivation and problems are getting sorted'

[International Pension Centre]

Efficiency

Savings - **£1.5m**

13% - 37% across the T2 sites

Annual local savings of **£167,000 - £700,000**

Progress to date

2006

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2008

Geared up for major acceleration

- Building on Pathfinders
- More significant scale of projects
- Identifying areas of high volume activity
- Cutting and pasting process opportunities across entire businesses
- Building an incontrovertible trail of evidence around the effectiveness of Lean

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4 more Tranche 2 Initiatives established encouraging early signs

Building capability through an accredited development path creating Lean Practitioners and Experts to build our own sustainable expertise



Where are we now

Customer

Customer service improvements identified at a local level rolled out nationally

Rapid reclaim – interview times reduced
[improvement identified by St Marylebone initiative]

Disability Living Allowance Renewals are now processed faster.
[Blackpool]

Change of address action is over **40% quicker** *[change of address improvement identified by Wrexham initiative]*

Staff

Staff engagement on average **increased from 22% to 38%**

Start of self sustained Lean growth – local Lean Tranche 1 experts coaching 3rd generation Lean sites

88% staff feel supported by their managers in suggesting improvements for the customer, staff spurred on to trial **100 new ideas** *[Blackpool]*

Efficiency

financial efficiency of **£34m**

These efficiencies are mainly from JCP Roll-out of Opportunities identified by Local Lean Initiatives

Today's issues

- Narrow view of Lean
- Growing, embedding and sustaining
- The need for Leadership
- Removal of consultancy support



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Narrow view of Lean

- Concerns:
 - Process dominated approach
 - Cut and paste
 - Smash and Grab



Process dominated thinking

- Historically process focussed organisation
 - Standard operating models
- More comfortable with tangible measurable aspects of process mapping and visual management techniques
 - Mass ordering of white boards thinking that if everywhere has a white board we will be Lean
- Less comfortable with flow, culture and quality
 - External audit threw up lack of application of flow



Cut and paste

- Taking a good idea from one site and using “old thinking” approaches to roll it out across the country
- Not Lean but a necessary evil



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Smash and Grab

- Short term gains are irresistible
- Especially at these difficult times
- Lack of commitment to Continuous improvement
- Lack of belief in ongoing savings hence limited targets



A Narrow view of Lean Benefits

Tools

Process

Benefits

Efficiency

Outcomes

Lower Costs
Reduced Headcount



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A Narrow view of Lean Benefits

Tools

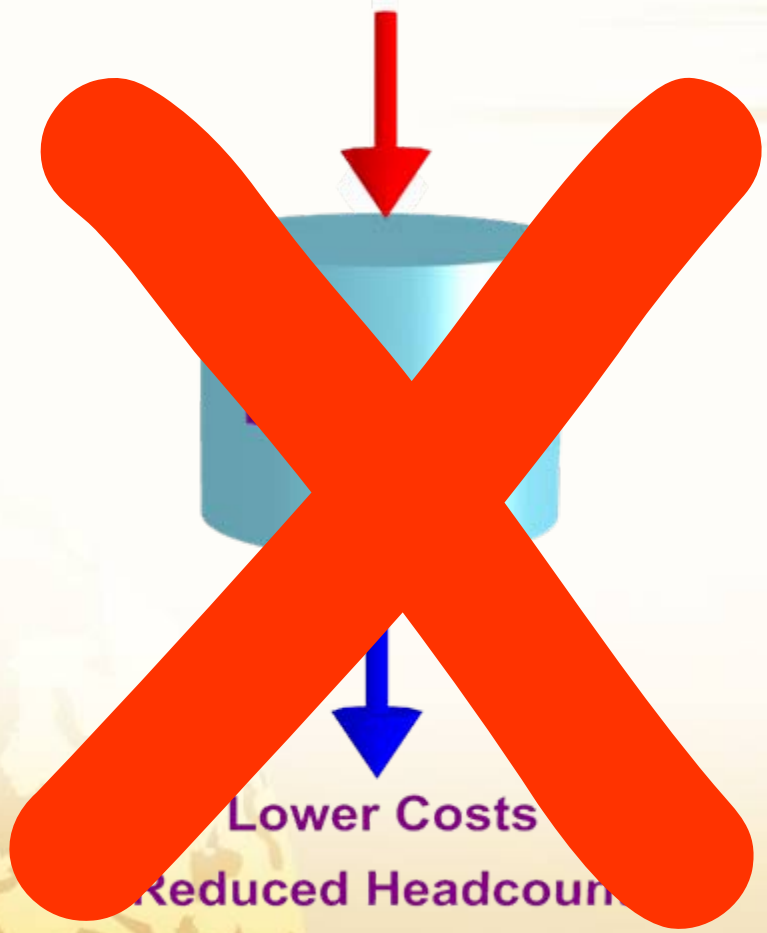
Process

Benefits

Outcomes

Lower Costs

Reduced Headcount



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A broader view than just process changes driving efficiency

Tools

Process

Benefits

Customer Service

Staff Experience

Efficiency

Outcomes

Faster Delivery
Easier to deal with

More inclusion/value
Simplified work
Clearer work steps

Lower costs
Reduced head count

A broader view than just process changes driving efficiency

Tools

Process

Benefits

Customer Service

Exper

Efficiency

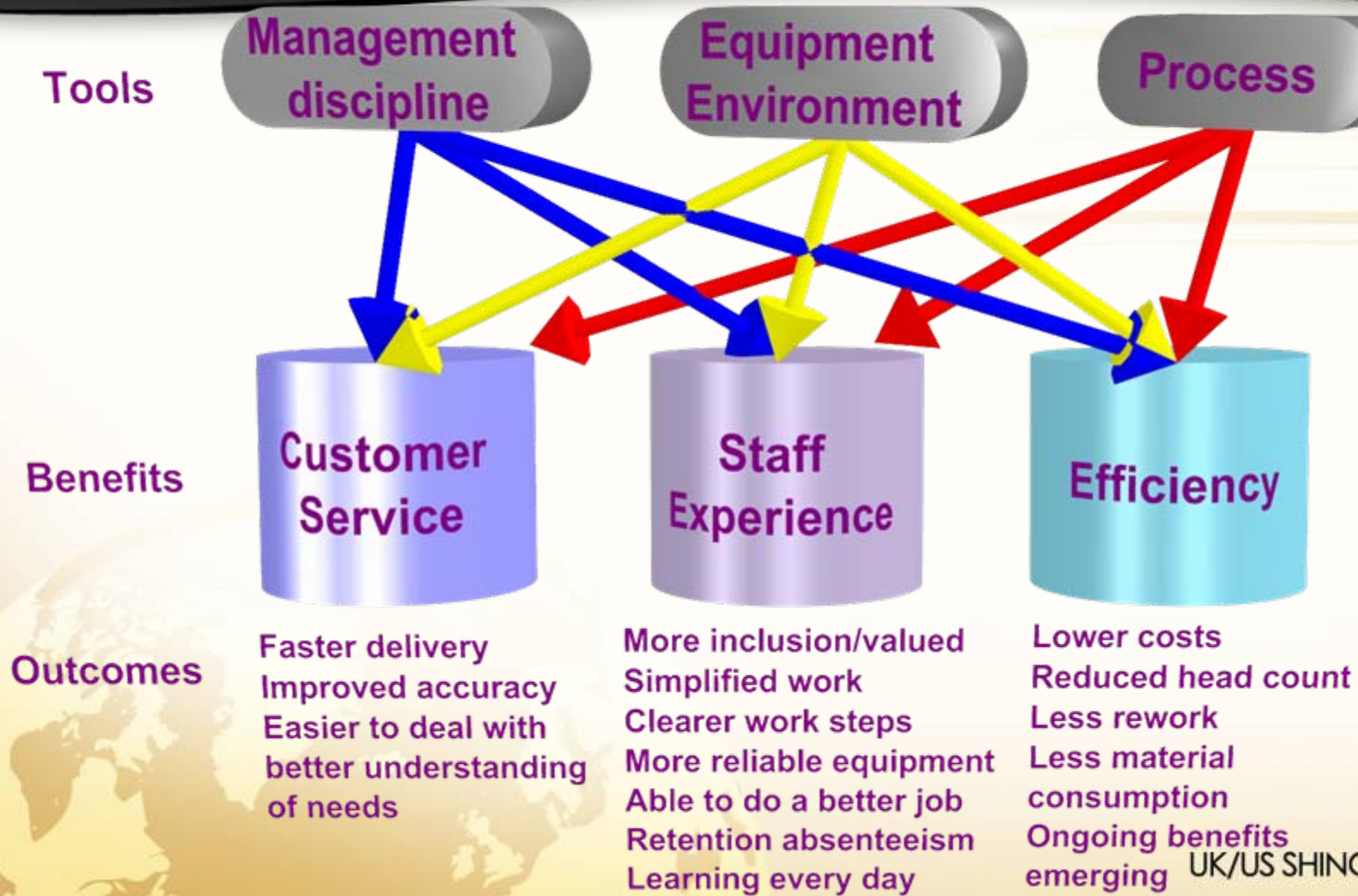
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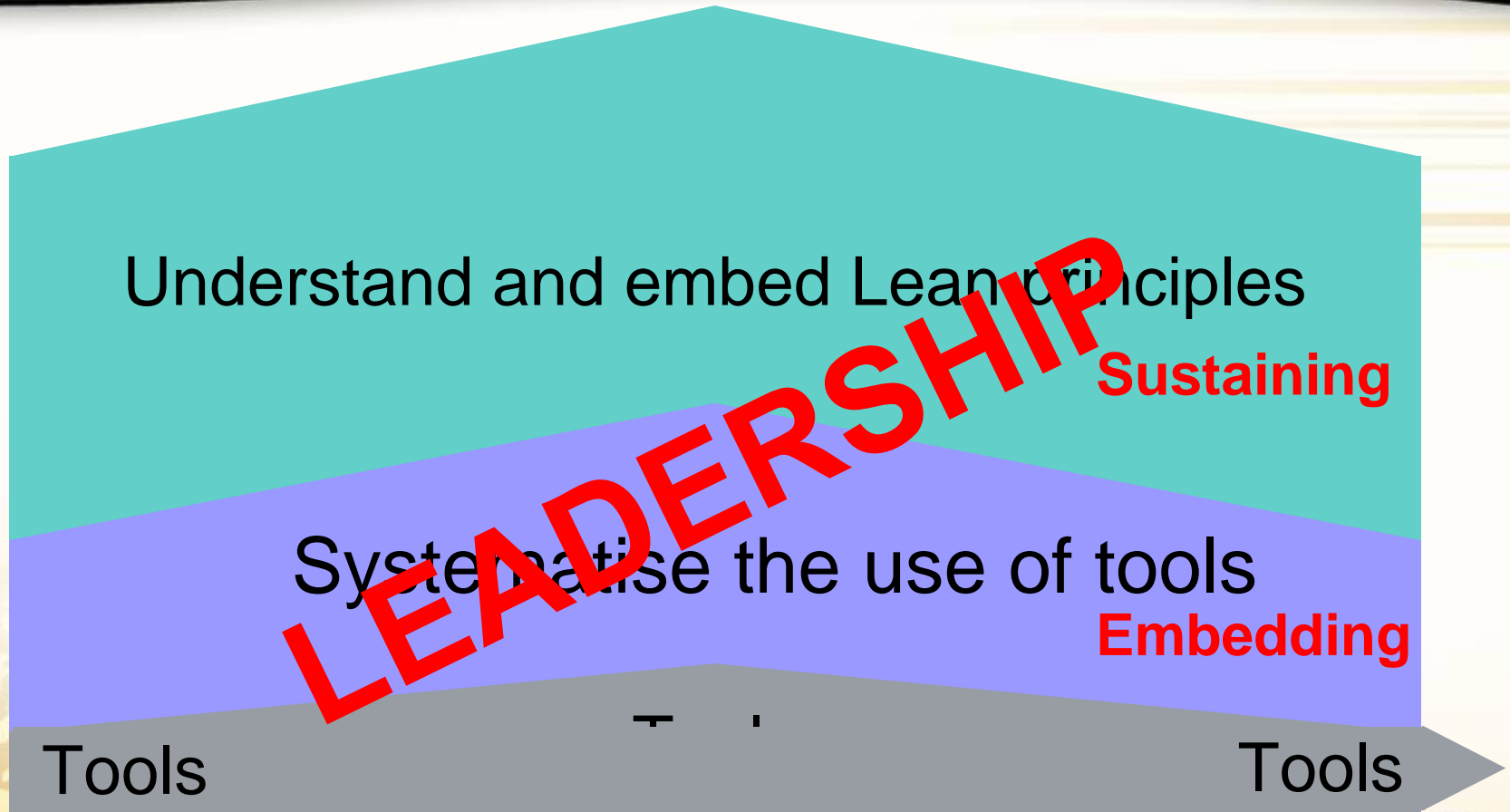
More
inclusion/value
Simplified work
Clearer work
steps

Lower costs
Reduced head count

22 Tools - The DWP Lean Way



Growing, embedding and sustaining



The need to engage leadership

- Leaders like the outcomes Lean delivers
- Of 250 senior leaders 6 described themselves as having a thorough knowledge of Lean
- Until now Lean programme has driven Lean forward, this can not continue:
 - Insufficient capacity
 - Will not develop sustainability



The leadership challenge

- Vital to take Lean forward
- To gain engagement - shifting from talking about tools to talking about systems and principles
- Challenging current behaviour
 - Testing knowledge and (mis)understanding
 - Suggesting specific leadership actions
- Offering intense support package
- Make or break



Removal of consultancy support

- After 3 years limited support we have decided to proceed without external consultancy support
- Built up internal capability
 - 62 experts 250 practitioners
 - 2011 target; 200 and 2000
- Accredited Experts have technical knowledge to establish a Lean initiative anywhere in DWP.



20/20 hindsight

- **If we would have known then what we know now...**



Lessons

Learned

1. The pressure for quick wins is almost irresistible
2. Don't get dogmatic about terminology stick to methodology
3. Don't confuse simplicity of the tools with ease of implementation
4. Bring the businesses on board at an earlier stage
5. More focus required on capability build
6. Embark when you can, don't wait until you have to
7. Work in the fertile ground first
8. Stamina is essential