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Lean in the Public Sector: Panacea or Paradox?

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❑❑❑ I am not...

- ❑❑a management consultant
- ❑❑have a 'magic answer' about how to implement Lean in Public Services

❑❑❑ I am..

- ❑❑an academic
- ❑❑and have carried out evaluations across Central Government, Local Government and Health organisations
- ❑❑involved with a number of government groups and committees focusing on process improvement
- ❑❑ ...continuing to present and advise extensively on the adaptation of Lean in Public Services

Panacea or Paradox?

❑❑❑ Lean in Public Services is not...

- ❑❑a panacea
- ❑❑Lean Manufacturing
- ❑❑a set of tools and techniques
- ❑❑a quick fix

❑❑❑ Lean could.....

- ❑❑be a paradox
- ❑❑make Public Sector managers and staff think differently about processes and customers

❑❑❑ Lean is...

- ❑❑delivering some high level impacts

Examples of Impact of the Lean Approach

Case	Outcomes/ Achievements
Health Agency	48% reduction in throughput time and necessary contact time per patient. 80% reduction in the number of steps in a process.
Local Authority	The time taken for planning applications registration was reduced from an average of 5 days across the six areas to an average of two.
Local Authority	The removal of abandoned vehicles service moved from: An average of 28 days to remove vehicle reduced to 3 days Average 1000 enquiries per annum increased to 2500 enquiries
Government Agency	Decrease in the staff turnover which was now around 4% compared to previously 25 – 30%. Reduced the acknowledgement time to three days, with a lot of applications actually being acknowledged on the day of receipt.
RAF Base	Two Value Stream Analysis (VSA) events generated a 105 person reduction in manpower and £31m budget saving. A more recent estimate of the total savings for the programme to date was over £60m.
Central Government Department	Improved quality by + 4 percentage points Reducing lead times Standard, simplified, streamlined processes across the UK means greater consistency for customers

What would Taiichi Ohno say?

- ⌘ **Taiichi Ohno**

- Vice President of Manufacturing,
Toyota Motor Corporation

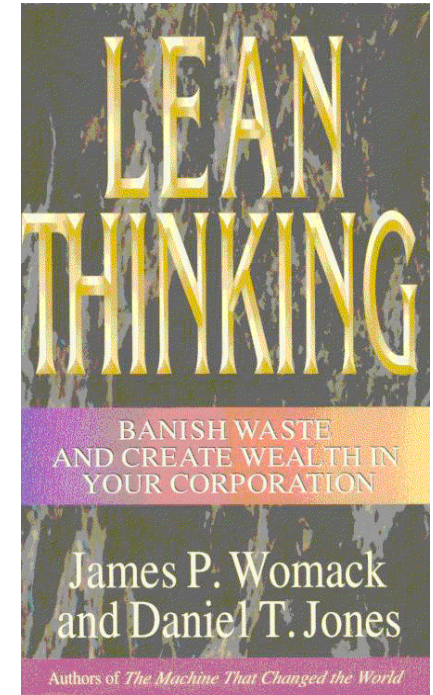
- ⌘ Toyota Production System

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



Five Lean Principles

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



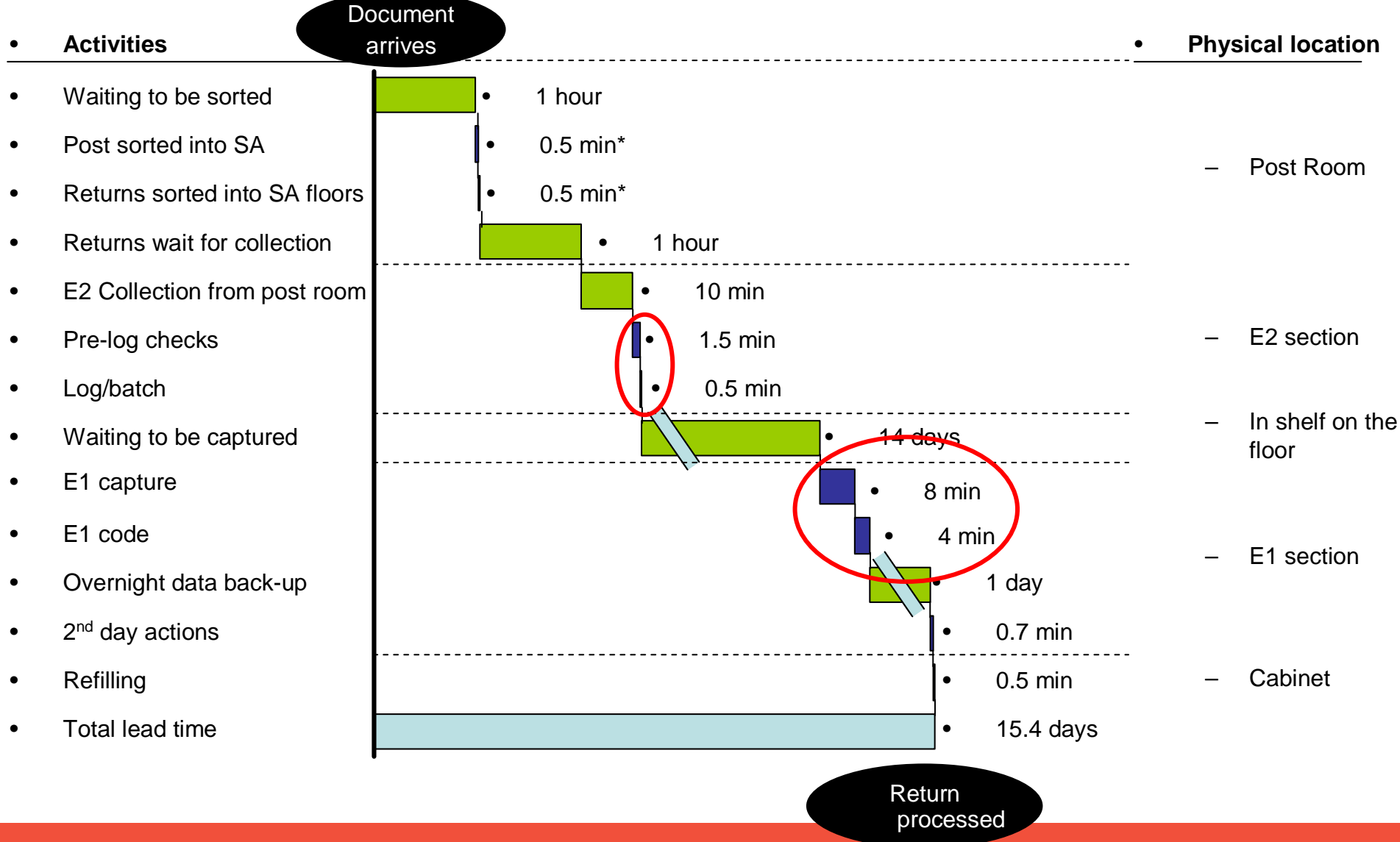
Principle 1: Value



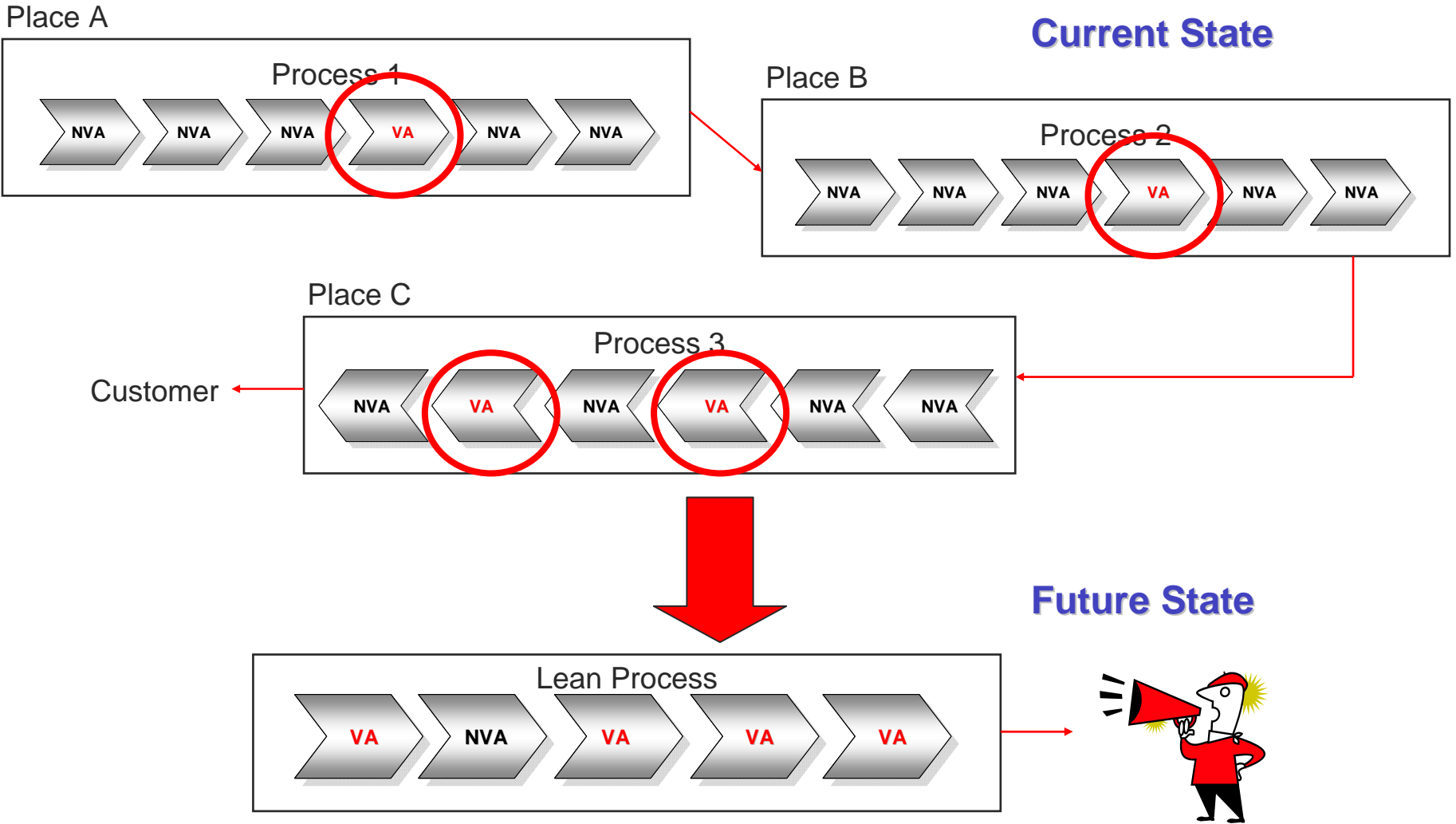
The SA processing lead time for documents received during January was 15.4 days, of which 14 minutes was spent processing (0.05%)

Time to process an SA return

■ Processing time ■ Waiting time



Principle 3: Flow

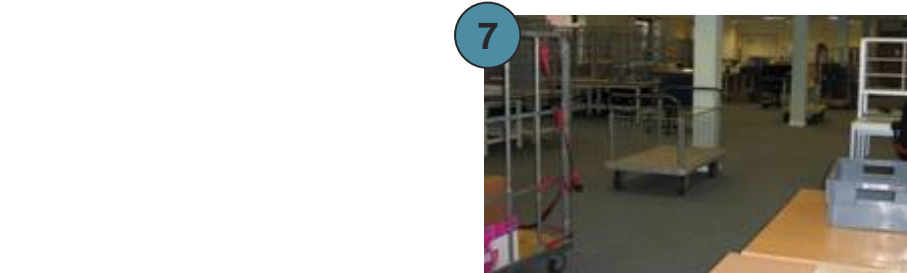
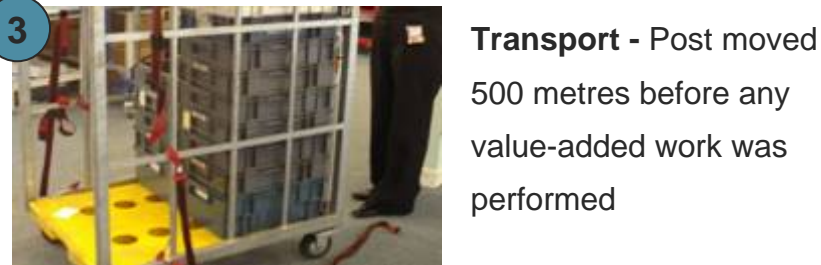
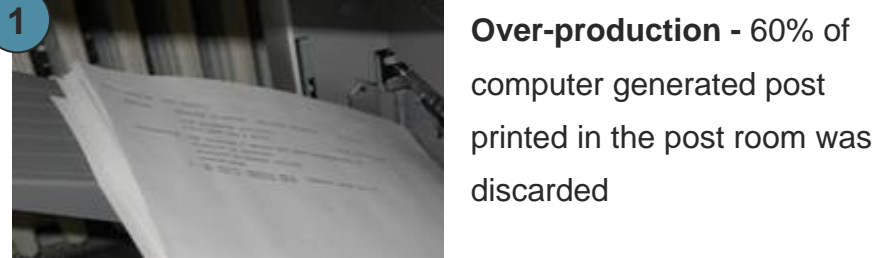


Principle 5: Lean Thinking

❑❑❑ Pursue Perfection

- ❑❑❑ The objective of improvement needs to be visible and real to the whole organisation
- ❑❑❑ Changing (and even breaking) mindsets to view the situation from a different perspective (usually the 'customer')

Some examples of waste in HMRC



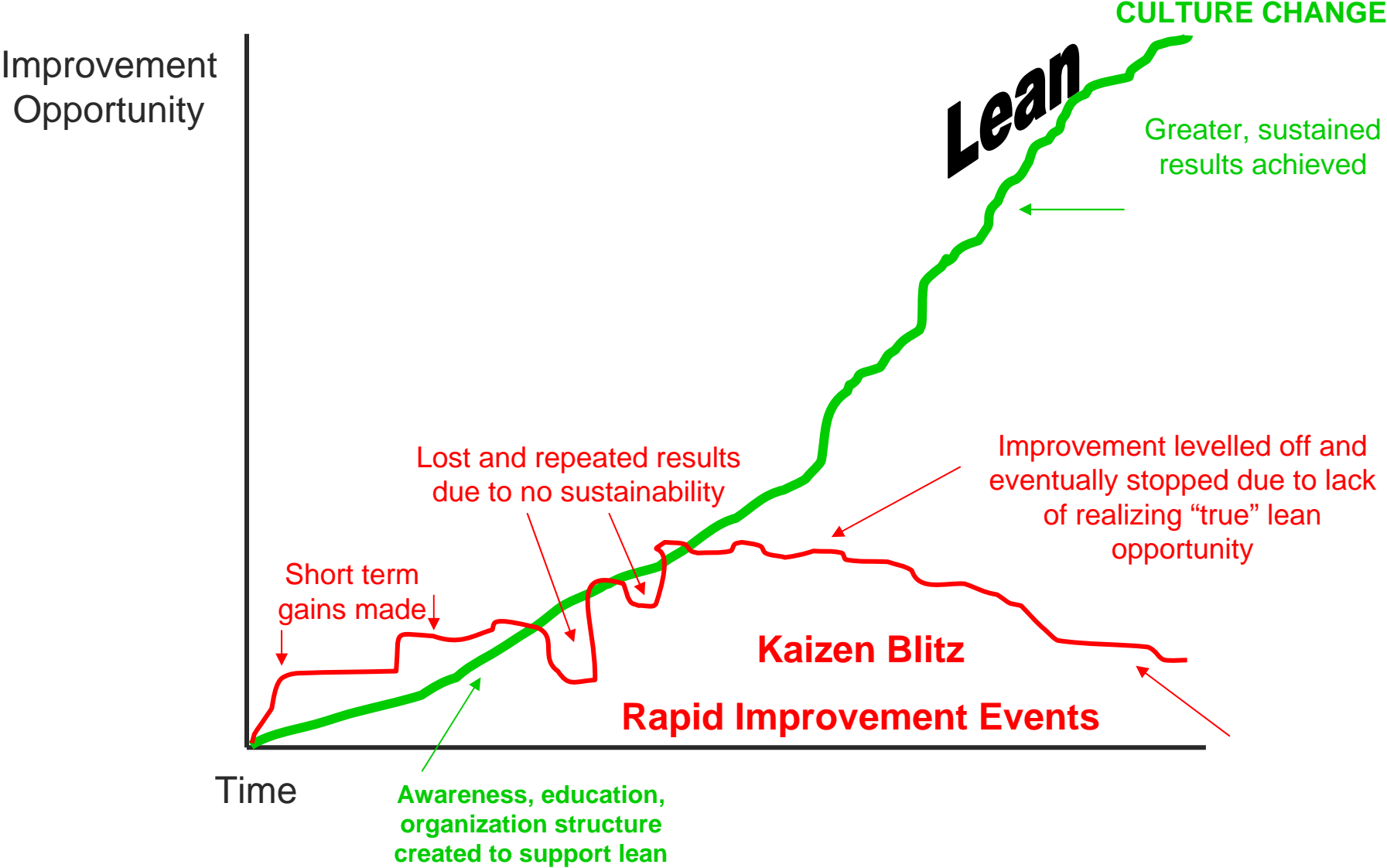
Lean in Public Services

- 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.

RIEs Vs. Full Implementation



Why and What is Lean in HMRC?

- HMRC – 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

“ Reviewing processes from the customer perspective to eliminate waste, inconsistency and duplication”

- Part of ‘Pacesetter’ programme
- Finding out what adds value for the customer
- Identifying what doesn’t add value in the current process and getting rid of it
- Creating a smooth flow of work - creating “pull”
- Striving for continuous improvement

What is Lean in HMRC?

- 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:
 - 100+ Operational Management Advocates
 - 200+ HMRC Lean Experts (Central and Local)
- Running Lean Training Academies
- Lean Leadership – ‘Go and See’

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

The Five-Step Kaizen Movement

SEIRI
Sort

SEITON
Set in order

SEISO
Sweep and Shine

SHITSUKE
Standardise

SEIKETSU
Sustain

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 and, Lean 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.

Barriers to a Lean Approach

- ⌘ **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 (i.e. RIEs)
- ⌘ **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

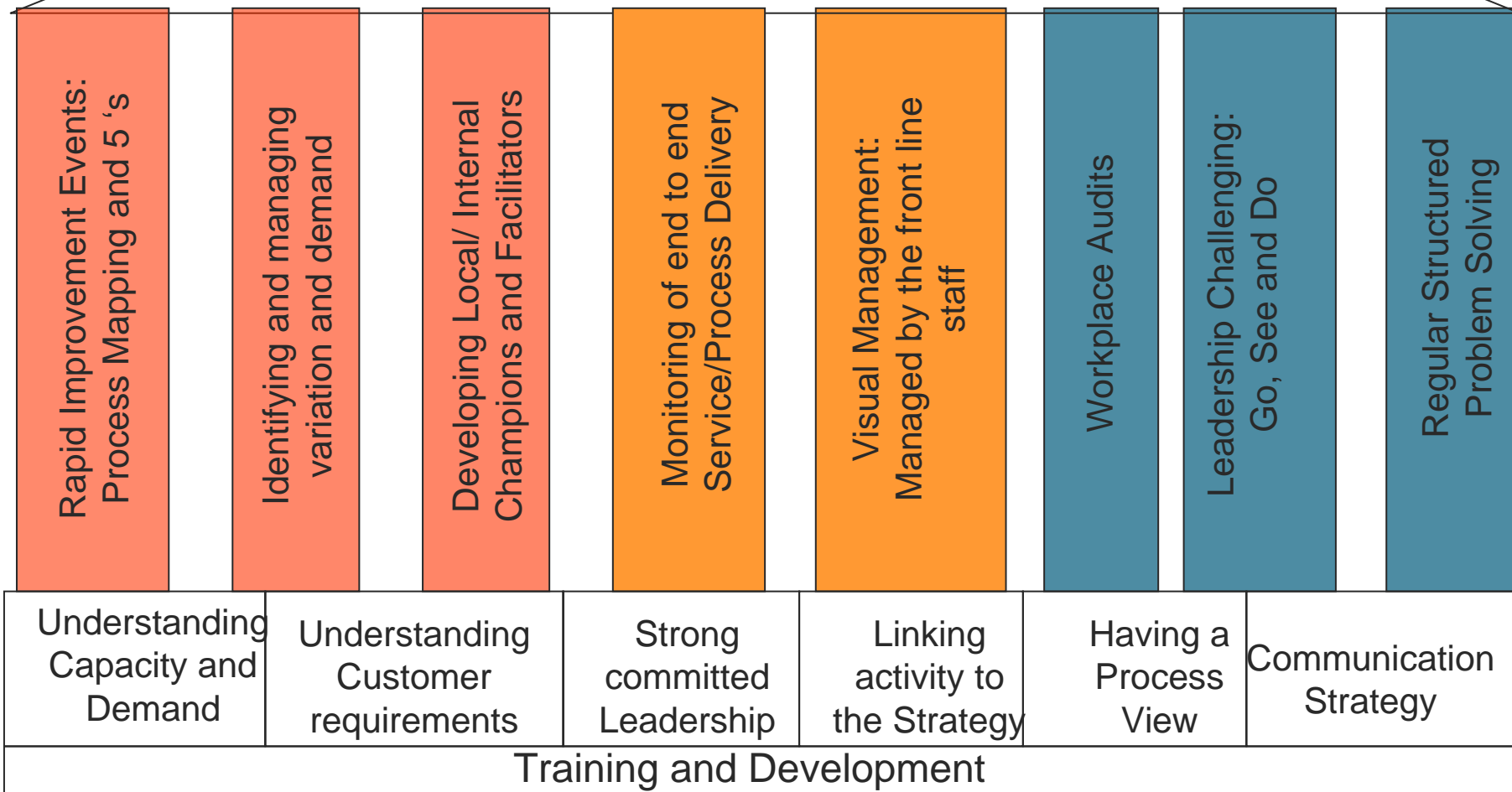
Success Factors for Implementing Lean

- ❖ **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.
- ❖ **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 **adapt not adopt** Lean Manufacturing and Lean Thinking concepts.
- ⌘ Need to consider Lean **not as a quick fix** but as a implementation philosophy.
- ⌘ There is a need to **develop a mindset** within the organisation of process and customer view.
- ⌘ Need to develop an awareness of **variation, demand and capacity** relationships.
- ⌘ Create and focus on improving **stable processes**
- ⌘ Need to ensure that there is **strong leadership, commitment and link with strategy.**
- ⌘ **Do not** have to call it 'Lean' (and maybe it is best not to!)

Whole system approach
Embedded improvement behaviours
Focused stable robust processes



Further information

- ⌘ Evaluation Of The Lean Approach To Business Management And Its Use In The Public Sector commissioned by the Scottish Executive:
 - ⌘ <http://www.scotland.gov.uk/Publications/2006/06/13162106/0>
- ⌘ Evaluation of Pacesetter (Lean, Senior Leadership and Operational Management)
 - ⌘ <http://www.hmrc.gov.uk/about/reports.htm>