

Lean in the Public Sector

Getting Fit to meet Customer Demand



FROM POSSIBILITY...

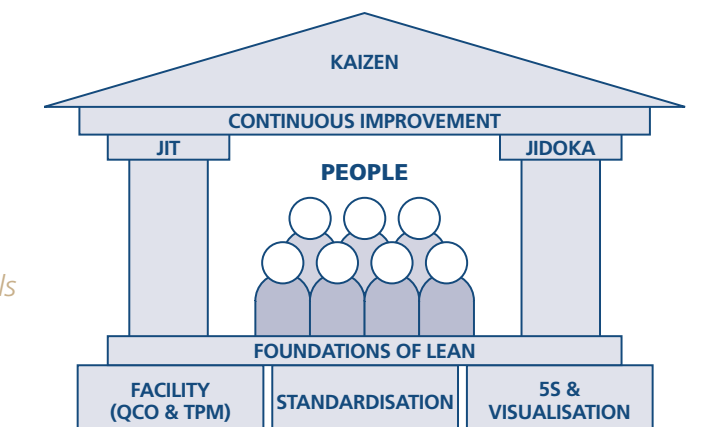
Ad Esse are currently supporting a 5 year Lean implementation project within a central government department. The Department is committed to developing a culture of continuous improvement using Lean Thinking that enables them to meet both current and future government spending reviews and forever increasing customer expectations. The original contract placed in July 2007 was to support seven internal business areas delivering a variety of front and back office services. Customer facing, primary processes, along side departmental shared services were selected to demonstrate the applicability of Lean to the department as a whole.

Based upon the results of these initial seven projects in May 2008 the contract for our support was further extended until May 2009. This case study focuses on the progress made within one of the Department's back office (shared service) functions, currently employing 130 people.

THE BUSINESS CHALLENGE

The business function had been experiencing an unprecedented demand for their services and it was projected that this demand would not be met with the existing level of resource. With no option to increase their headcount, they applied Lean Thinking to release capacity to deal with this immediate challenge while also embedding an ongoing capability to continuously improve their service.

*The Lean Philosophy -
More than just a set of tools*



ad esse
consulting

TO ACTUALITY...

An internal improvement team was set-up to work with our Lean Experts. The team consisted of a cross section of the business including frontline staff and key managers. During the project lean knowledge and skills were transferred into the office via the improvement team ensuring continuing support long after the external experts had left.

Using a 5 stage implementation process (based upon the original Toyota Production System (TPS) model), the team set about working with frontline staff to understand and analyse the current (As Is) process.



During the diagnostic stage the processes were Value Stream Mapped highlighting visually any waste or non value-added activities. Data was collected as part of the mapping process which enabled us to baseline the current processes while identifying improvement opportunities.

INITIAL FINDINGS

This diagnostic stage identified two key issues;

Firstly, the main input into the process (an Excel form) contained a high level of errors when received from the supplier. As a consequence the business undertook additional checks and rework prior to beginning their process of entering onto their computer system. This was contrary to the documented route of sending such cases back to the supplier, which was perceived to result in the cases not being returned. This, with the disproportionate amount of time the returns process took when compared to the rework and checking, had influenced operators in developing their work around. Unfortunately it had also given their suppliers an inaccurate picture of their products' quality currently being delivered.

Secondly, the work was handed off to another operator half way through the process and this enforced split of accountability was driving 100% checking of all work that had previously been conducted.

These two factors alone were adding considerable time, cost and employee dissatisfaction to the process.

PROVIDING FOCUS AND COMMITMENT

During Stage 2 the diagnostic findings were presented to the management team to agree high level outcomes and improvement objectives based upon the waste and opportunities identified. It also served as an opportunity to acknowledge the hard work completed during the previous stage and a demonstration of ongoing commitment to Lean.

Immediately following this event a 'To Be' design workshop was held with frontline staff to build a new process with less waste including the removal of excessive checking and any rework. By putting themselves in the shoes of the customer they were able to see the process very differently. Process steps, thought previously to be important were viewed with a completely new perspective. The team, striving for perfection, thought creatively about how to deliver their services more efficiently. Sacred cows were challenged and immediate and longer term steps taken to remove or reduce any cost adding activities such a rework.

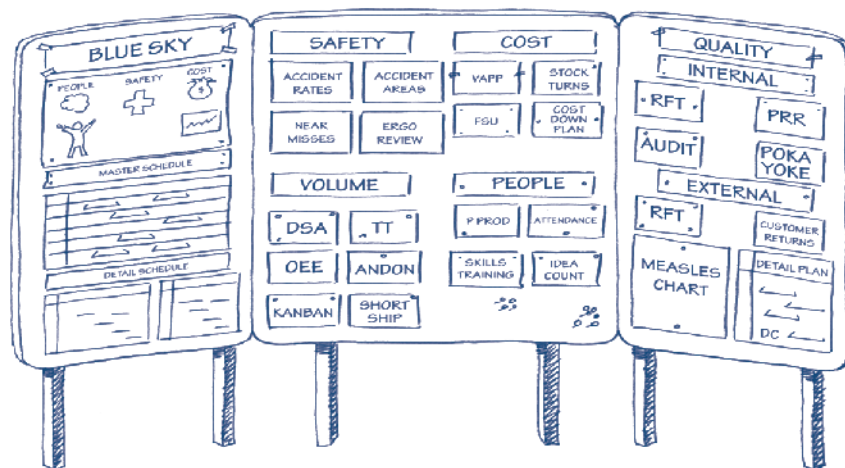
With this customer focused mindset a process was developed along with a detailed implementation plan.

Stage 3 focused on introducing Improvements in a controlled manner by running short trials. Each trial ranged from one to six weeks depending on the complexity of the process and all were then evaluated against reselected control groups.

Preparing for trial required each sub-process to be critically reviewed to ensure everyone involved understood how each process should be executed to ensure a predictable outcome every time. This was achieved by using the Lean stability tools such as Standardised Work, Equipment Reliability and Visual Management.

Interim results were collated and any concerns or ideas managed through trial team information centres.

The information centres provided a focal point for 10 minute team meetings at the start of each working day and were critical to the overall success of the project. Information cascaded quickly up, down and across the business. Progress could be tracked and any deviations from the standard identified and understood. Teams worked together to meet targets and team leaders were given additional training to ensure they were able to support the new ways of working.



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SUSTAINABILITY - SETTING OUT WITH THE END IN MIND

This stage was embedding the improvements and developing a self sufficient capability to support ongoing benefits for the department. This was ensured by providing internal change agents with adequate training and consolidation as part of the overall implementation plan. The organisation put greater emphasis on this aspect of the benefits realisation than on immediate efficiency savings again demonstrating a long term approach and commitment to developing a continuous improvement culture. Notwithstanding the implementation approach has delivered on all fronts.

Quote from Internal Improvement Team member

"This has been a genuine case of skills transfer. Often mentioned in consulting contracts but seldom delivered. We can see, feel and measure it on this project."

BENEFITS REALISATION

The Benefits delivered from this individual project;

- Six Lean Practitioners capable of implementing Lean in new areas of the business
- Within weeks of project completion this resource is already supporting other areas of the business to begin their Lean journey
- 75% of business employees using Lean to deliver improved performance to customers
- Improvement Plan in place to progress this to 100%
- Increased visual management resulting in a clearer picture of activities, roles and responsibilities for both the teams and their team leaders
- Better information sharing practices through use of Information Centres both internal and external to the immediate business area
- Standardised Work leading to better informed planning
- Predictable execution of processes. Ongoing changes can quickly be put into place
- Productivity increased by average of 130% across three main processes
- Teams have new skills to help them look for and implement process improvements
- Clear understanding of each process. Unsatisfactory or broken processes can immediately be identified by the teams
- £2.5m savings demonstrated during trial and £900k delivered during life of project
- Further £300k delivered since end of project demonstrating the sustainability.

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