Finance & Facilities

UNIVERSITY of WASHINGTON

F2 LEAN

Alignment of Strategy and Operations
Maturity Model for UW F2's Lean Implementation

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Who are We?

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UNIVERSITY of WASHINGTON

Our Profile

- The UW comprises three campuses, a world-class academic medical center, several hospitals and clinics, and a presence in over 50 locations worldwide
- $1,471,012,997 in total grants and contracts (FY ‘12)
- 20M+ Square Feet of Built Space
- 5th largest employer in Washington State

Our People

- UW Educates 51,579 Students
- 4,300 Faculty
- Over 25,000 Staff

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Our Staff

- Over 1,400 employees in 6 major units
- Diverse Skill Sets – accountants, landscapers, electricians, architects, investment advisors, truck drivers, graphic artists, project managers, tax experts, investigators, custodians, analysts…

F2 Lean

- 69% participation
- Teams Launched (3-day events) – 115 as of this week
- 27 embedded Lean coaches
- Over 18,000 employee-generated ideas
- Customer involvement: 130 on F2 Lean teams, 20 launches for external teams

A Legacy of Process Improvement

- 20-year focus on process improvement, efficiency and QI orientation in Finance areas
- BSC (Kaplan & Norton)-based Strategy Map and F2-level Dashboard (campus-facing)—2009
- Operational Dashboards (FM, Treasury, CPO); Scorecards (FS)—Metrics & Reporting Team launched in 2008 to coordinate
- PI teams were initiative-focused; long-term

F2 History: 2008-2012

Budget reductions of 34% (net)

Layoffs of permanent positions; loss of all vacancies

Business impacts to self-sustaining units

Shrinking capital-project budgets

Increasing workload in many areas (more students; more research dollars)

Heightened customer expectations

F2 Strategy Map—2008-2013

Mission
We help people who change the world

Vision
We are a global leader able to deliver outstanding service anywhere, anytime

Values: Collaboration • Diversity • Excellence • Innovation • Integrity • Respect • Teamwork

Value to You, Our Customer

- Provide value for your money
- Help solve complex University-wide problems
- Provide clear, timely, accurate, consistent communications from knowledgeable staff

Enhance Resources

- Manage resources to support strategic priorities
- Provide key input for informed decisions on financial & physical assets
- Grow and steward UW's assets

Improve Operational Excellence

- Improve, streamline and innovate
- Develop customer value proposition
- Lead strategic UW-wide projects
- Champion environmental stewardship

Attract and Retain a Talented and Diverse Staff

- Create and maintain collaborative relationships
- Enhance leadership effectiveness
- Develop individuals to their full potential
- Recognize performance excellence

Early Attempts to Link Strategy to Lean

How to Start?

- Scoping advice and guidance from Mike Martyn
- "Burning platforms" based on budgets and business cases
- Each F2 Senior Executive identified teams/opportunities from their areas
- Looked at low-scoring areas on scorecards and dashboards
- Backlogs in transactional areas
- Financial deficits in self-sustaining units
- No clear linkages to strategy, but focus on survival

How Strategic Were the "Early Adopters"?

- **Grant & Contract Accounting**
  - Customer Complaints
  - Backlog
- **Creative Communications**
  - Self-sustaining unit
  - Nine years of losses
  - Industry trend in the reduction of their business
  - Lagging in technology
- **Humanities**
  - Layoffs were likely
  - Efforts duplicated across departments

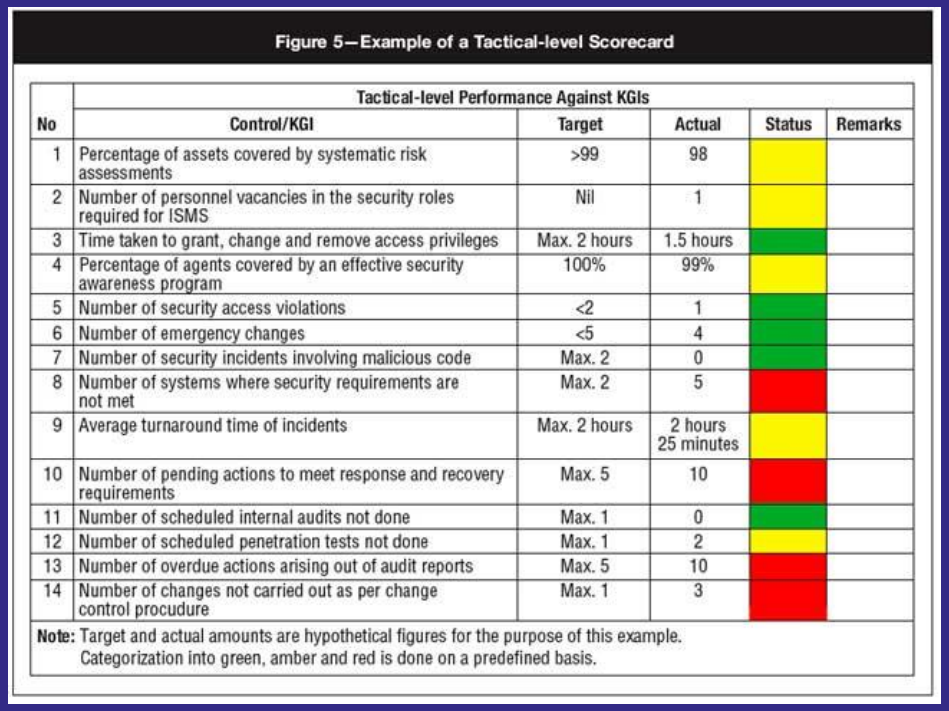


Figure 5—Example of a Tactical-level Scorecard

No	Tactical-level Performance Against KGIs				
	Control/KGI	Target	Actual	Status	Remarks
1	Percentage of assets covered by systematic risk assessments	>99	98		
2	Number of personnel vacancies in the security roles required for ISMS	Nil	1		
3	Time taken to grant, change and remove access privileges	Max. 2 hours	1.5 hours		
4	Percentage of agents covered by an effective security awareness program	100%	99%		
5	Number of security access violations	<2	1		
6	Number of emergency changes	<5	4		
7	Number of security incidents involving malicious code	Max. 2	0		
8	Number of systems where security requirements are not met	Max. 2	5		
9	Average turnaround time of incidents	Max. 2 hours	2 hours 25 minutes		
10	Number of pending actions to meet response and recovery requirements	Max. 5	10		
11	Number of scheduled internal audits not done	Max. 1	0		
12	Number of scheduled penetration tests not done	Max. 1	2		
13	Number of overdue actions arising out of audit reports	Max. 5	10		
14	Number of changes not carried out as per change control procudure	Max. 1	3		

Note: Target and actual amounts are hypothetical figures for the purpose of this example. Categorization into green, amber and red is done on a predefined basis.

There was a disconnect between what we measured (quarterly and annually) and our Lean success

As teams progressed, common links and issues were discovered

Need For Alignment

The Issues

- Teams focused on one process through 90-day improvement cycle; their goals didn't relate to the organization
- Objectives on Strategy Map didn't connect to team-level work
- What was measured quarterly didn't connect with daily measurements teams were taking

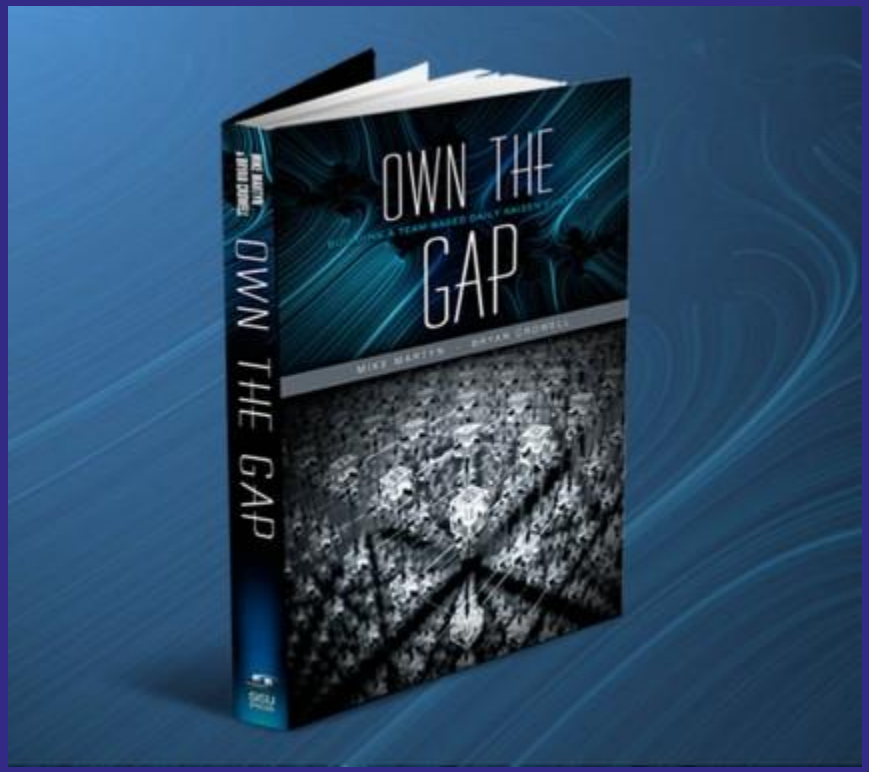
Correcting the Issue

- Our consultant started discussing industry standards for balanced measures. SMQDC
  - Safety
  - Morale
  - Quality
  - Delivery
  - Cost

- 4-Key Systems
  - Strategy Deployment
  - Visual Management
  - Standard Follow-Up
  - Daily Kaizen

Own the Gap

Mike Martyn and Bryan Crowell



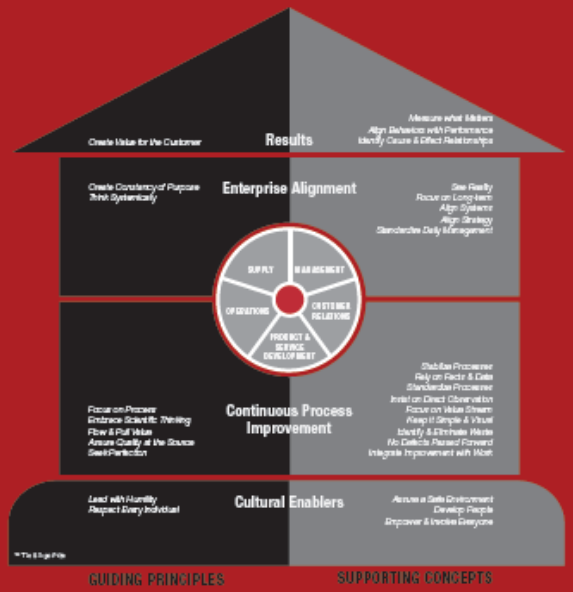
Strategy Deployment

"Answers the question, "What does it mean to win or lose?" When every member of every team is able to do this in alignment with one another and with the organization, there is alignment and expectations are clear."

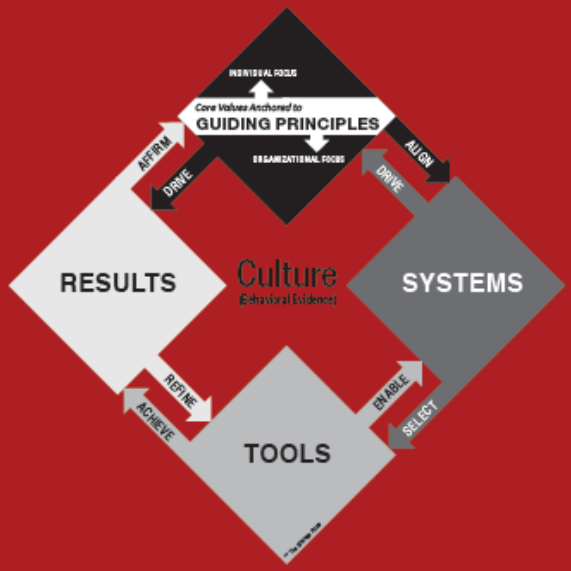
-Mike Martyn
Own the Gap

The Shingo Model

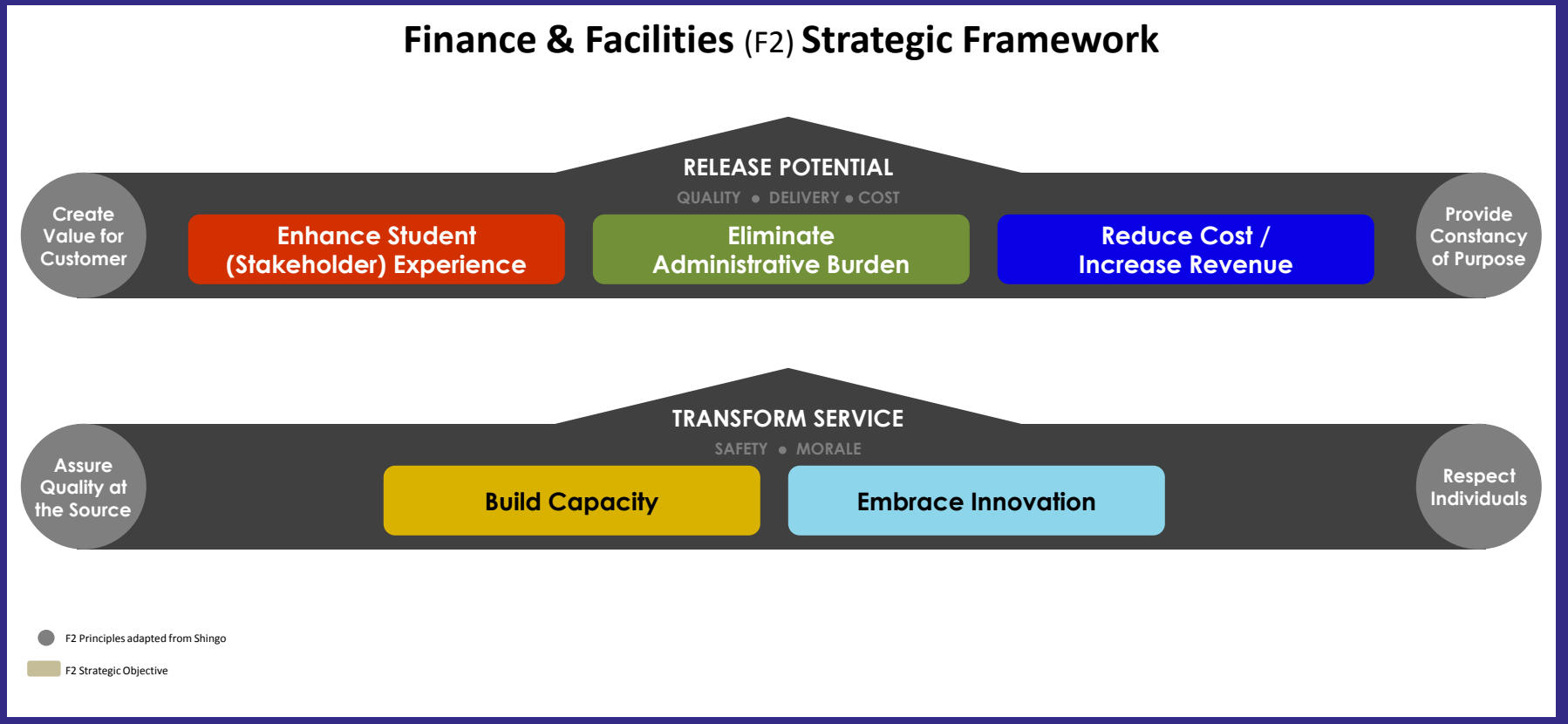
The Shingo Principles of Operational Excellence



The Shingo Transformational Process



Strategic Framework



How F2 Aligns Strategy

- Create a vision: *We Help People Who Change the World*
- Focus on ‘customer voice’—serving the customer (students)
- Set aggressive goals that match up with vision with Transforming Service and Releasing Potential
- Align Goals to the Strategic Objectives (SMART)
- Clarify and Prioritize Goals
- Create Meaningful Measures that Link to Goals
  - Do they allow us to see and close gaps?
  - Are they Balanced? (SMQDC)

Strategic Framework

- Five Guiding Principles from the Shingo model were chosen to best connect our vision and directly shape our goals
- To best serve campus we must Transform Service by:
  - Building Capacity
    Be able to handle the growing size of campus without increase overhead
  - Embracing Innovation
    Use our varied and skilled work force to drive daily change
- Once we have transformed our service, we can finally Release our Potential to:
  - Enhance Student (Stakeholder) Experience
  - Reduce Administrative Burden
  - Reduce Cost/Increase Revenue

  - **…ALL F2 EMPLOYEES CAN ALIGN TO THESE OBJECTIVES**

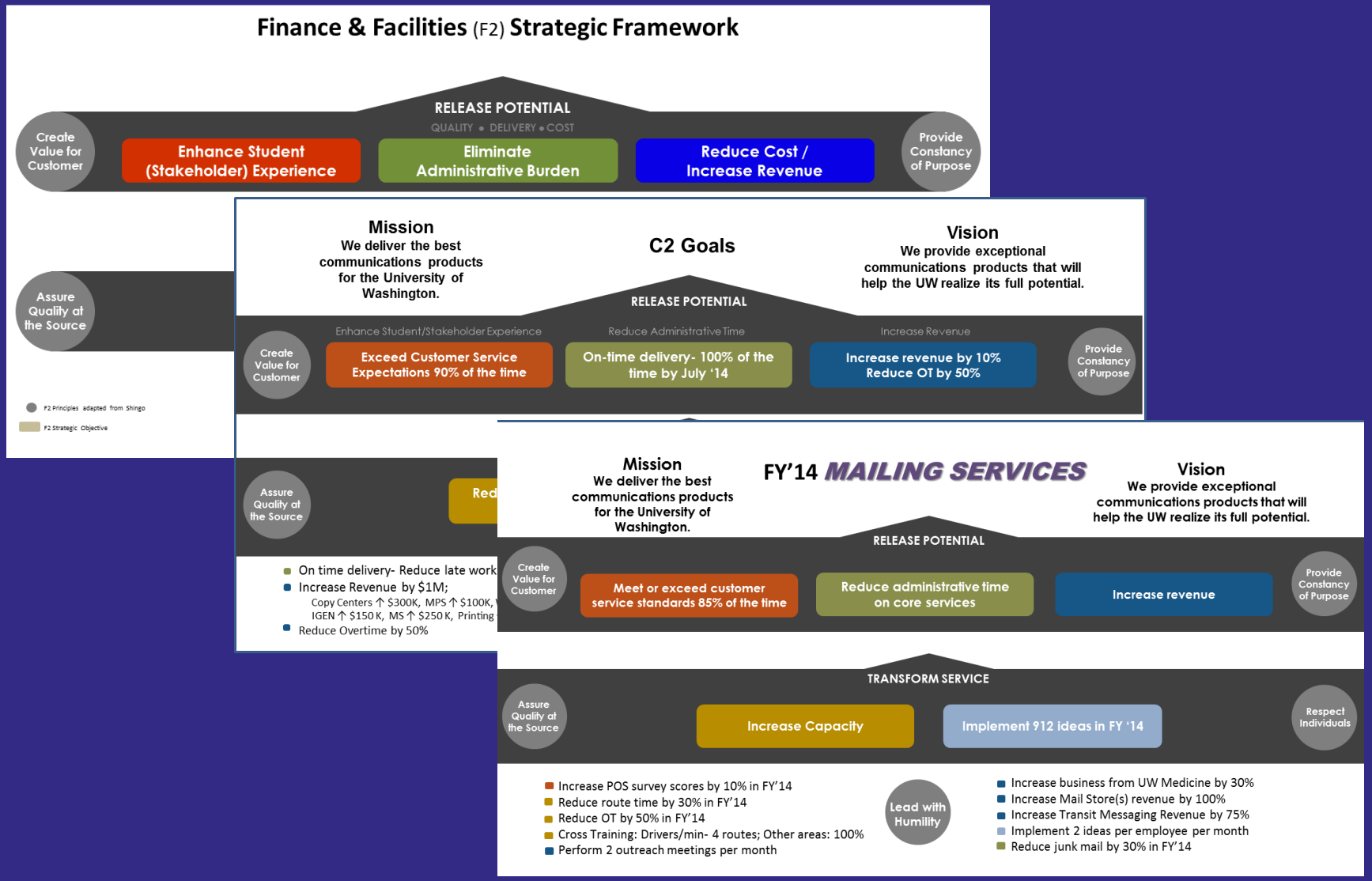
Strategic Framework

As Designed

Framework Starts at Top

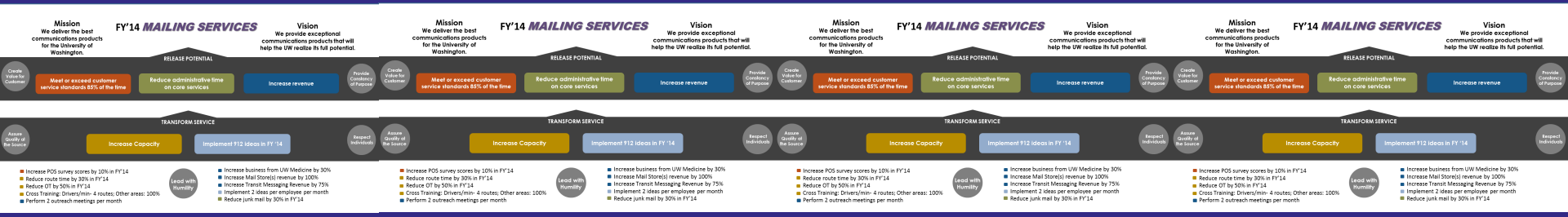
- F2 executive leaders create vision and goals that any department or employee can connect to
- Framework passed down to departments
- Directors and Managers translate F2 goals into what it means for them to align to F2 goals and principles = “catchball”

A Cascading Strategy: Creative Communications



The Benefits

- Creates one look and feel among F2 departments
- Promotes camaraderie in a siloed environment
- Provides clarity on what it means to “win or lose” each day
- Easy to escalate issues and successes up throughout the organization on a daily basis
- Improvements translate to better service for end-users



Strategic Framework

In Practice – Our Challenges

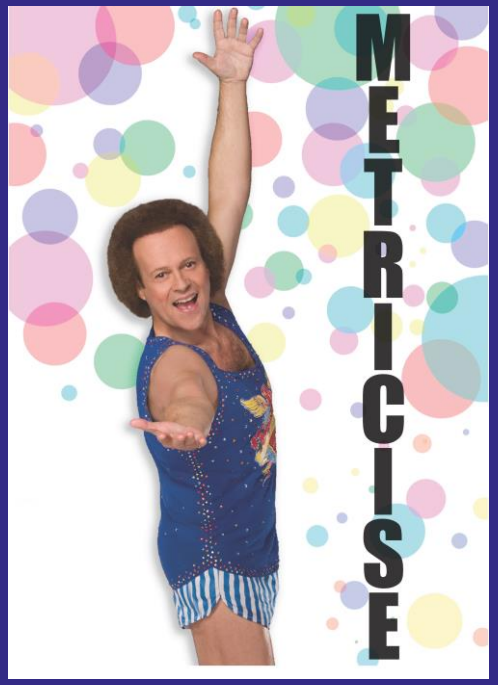
The Current State

- Over 500 active measures in F2
  - These 500 measures don't relate to F2 Goals
  - Some areas don't use customer feedback to set goals
  - Units still trying to integrate quarterly measures with their daily measures
- The 'middle' is empty
  - Lean teams have goals, but their departments have not set goals…so the team aligns to the F2 level
- Teams aren't used to setting aggressive goals
  - Need to overcome culture of seeing 'red' as negative

How We Are Addressing Our Challenges

How We Will Win

- Target problem areas in relating to Strategic Framework and address with focused trainings
  - Goal Setting
  - Speed Scoping
  - “Metricising”



One-on-One Coaching

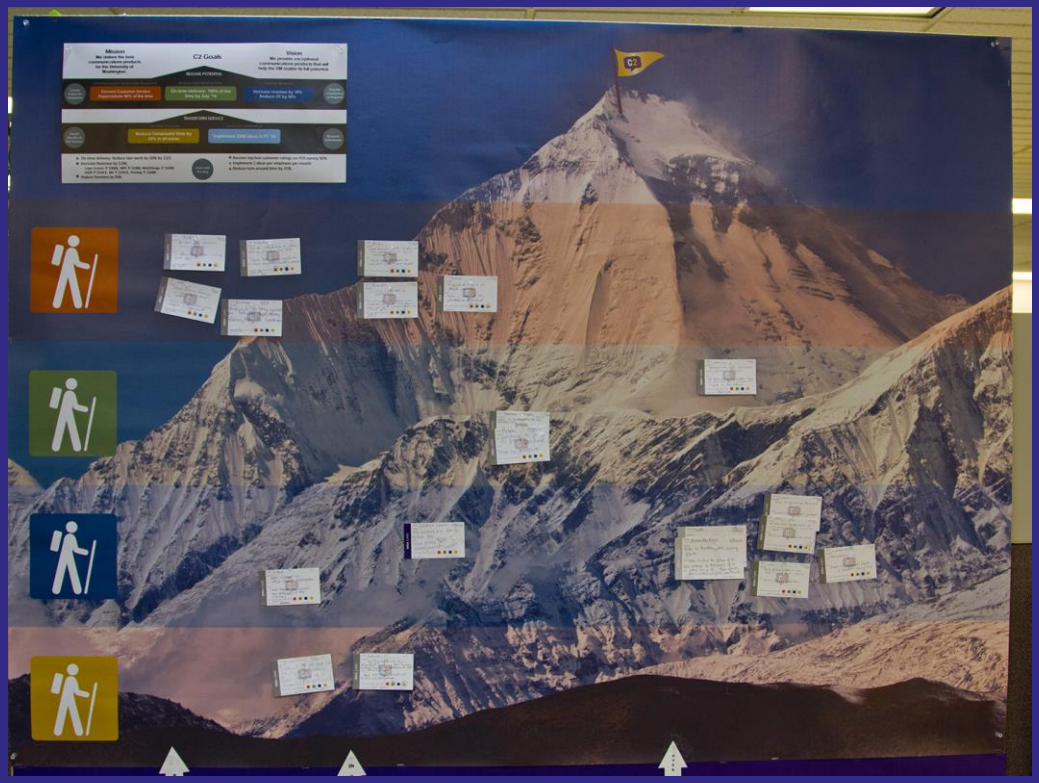
- Train F2 Lean Coaches
- Give employees the tools to help drive change and contribute to the organization goals
- Listen to and embrace input from all levels

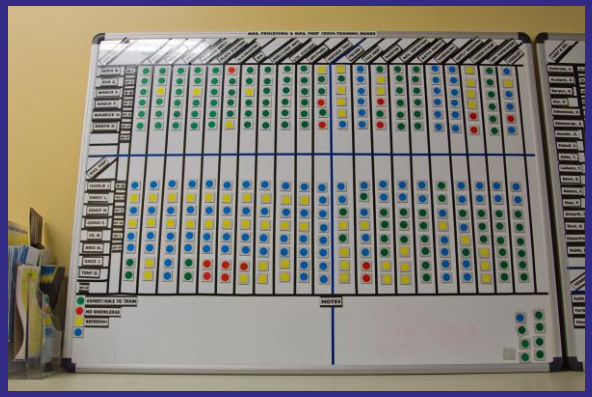
Tour Groups

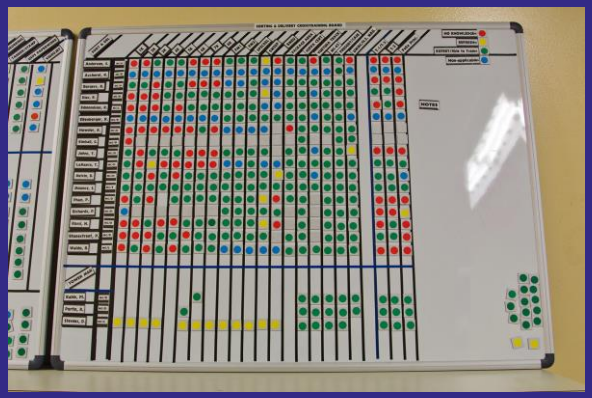
- Giving tours to outside organizations presents a unique opportunity
  - Ability to receive feedback from a different background and those without ‘purple-tinted-glasses’
  - Chance to show pride in what we do to those outside our workgroups
- Go on benchmarking tours of our own to learn from peers and other industries

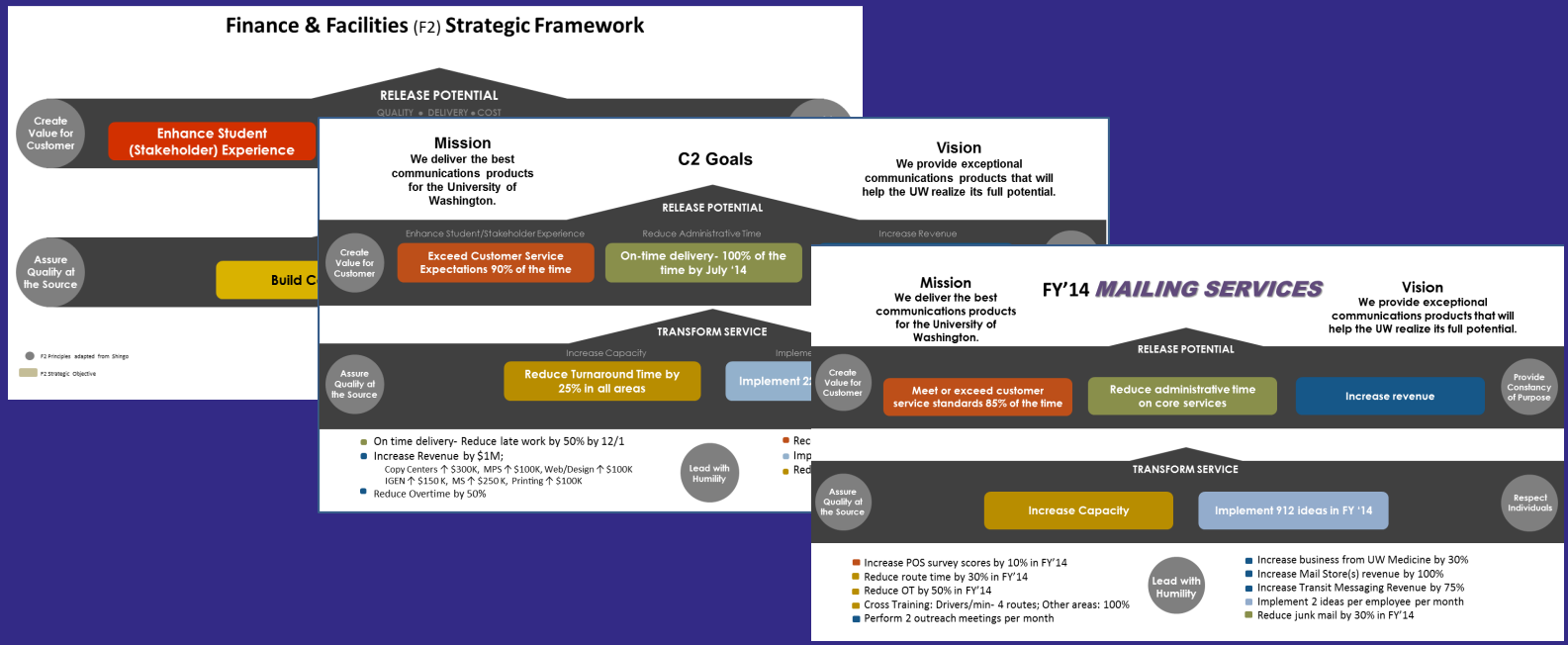
Focus on Visual Management

- Visual management allows all to see the gap; metrics are no longer available only to management level
- Allows us to see if we are winning or losing daily
- Drives ability to accept ideas and input from all levels







The Future, continued

- Attack areas with the most opportunity
- Give each level a say in setting their goals and contribution to the organization
- Emphasize F2's framework and ideal behaviors by following up regularly