



LEAN GOVERNMENT

What Leaders Need to Do to Lead From the Front

Creating Your Agency Game Plan

LESSONS IN LEADERSHIP SERIES

March 20, 2013





“Today we begin a multi-year effort to bring disruptive change to Olympia, starting with the very core of how we do business.”





EFFECTIVE EFFICIENT ACCOUNTABLE LEAN GOVERNMENT



WHAT

Leaders Leading the Way
Results- and Data- Driven Operations

HOW

Customer-Focused Service
Clear Accountability & Responsibility
Employee Engagement
Continuous Improvement

WHY

Improved Citizen Outcomes

CREATING AN ENDURING CULTURAL SHIFT



PRESENTING



Marcie Frost

DIRECTOR, DEPARTMENT OF RETIREMENT SYSTEMS

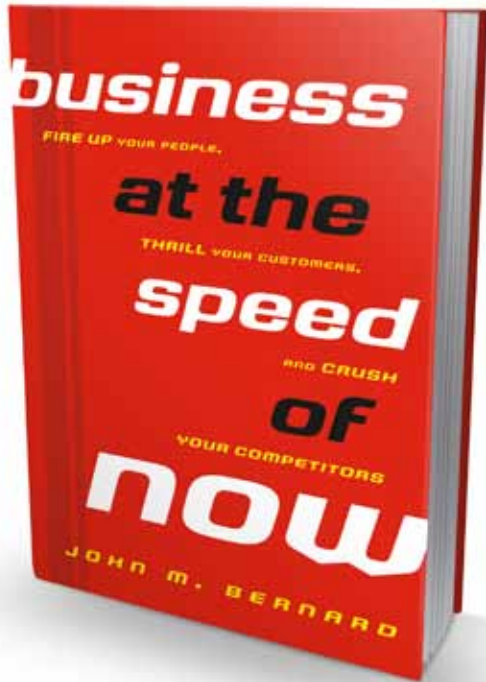


- 20-years public leadership, & planning & operations
- A career noted for a focus on outcomes, strategy and alignment
- Three years into major customer-focused/team engagement transformation at DRS



John M. Bernard

CHAIRMAN & FOUNDER, MASS INGENUITY



- Participated on the first U.S. team to implement Lean in 1981
- Translated Lean concepts into plain English and applied them to the service sector and government agencies
- Architect of the **Now Management System**[®], a systemic solution to create a Lean culture and to optimize Lean







THE CHANGE IMPERATIVE

“Today we begin a multi-year effort to bring disruptive change to Olympia, starting with the very core of how we do business.”



Today: Leave With a Plan

- 1 Leading the Way
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THEN

NOW

DRIVER

Managerial Hierarchy

Customer Need

ORGANIZATION

Functional

Process Centric

DECISIONS

Centralized

Decentralized

IMPROVEMENT

Big Ideas

Micro-Improvements

USE OF DATA

Management

Everyone

PROBLEM SOLVING

Ad Hoc, Intuitive

Standardized, Fact Based

SPEED

Slow

Fast

*TRADITIONAL
MANAGEMENT
THINKING*

*LEAN
MANAGEMENT
THINKING*



Customers

Meet or Exceed Customer Expectations

Processes

*Align Core Processes to Key Goals and Outcomes
Lean/Six Sigma*

People

*Right People
Working on the Right Things*

Leaders

*Supportive
and
Engaged*





LEAN MANAGEMENT

“In the weeks to come, I will be taking action to transition to a results- and data-driven government, with continuous quality improvement, engagement and clear accountability.”



The Washington Game Plan

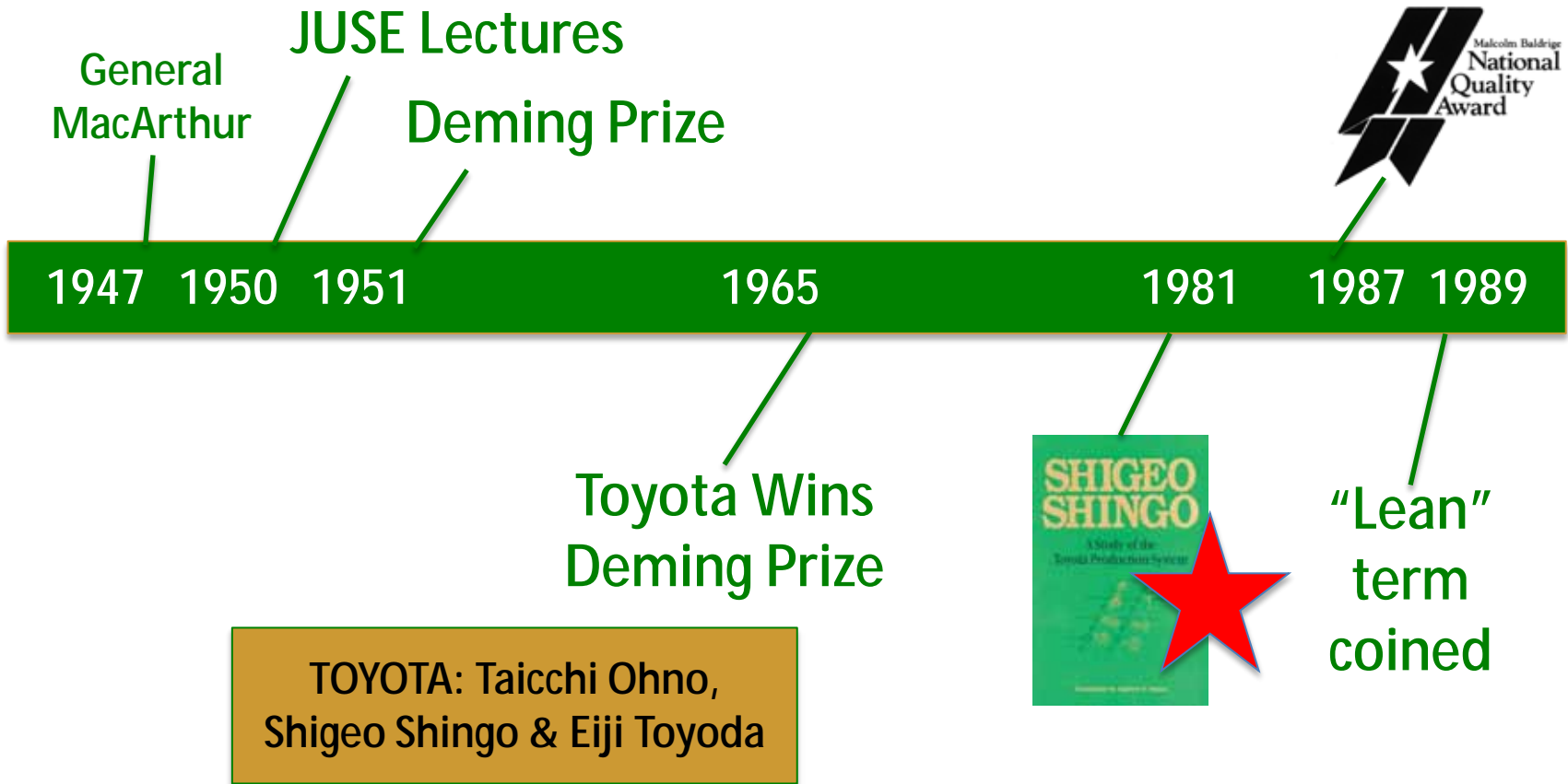


EFFECTIVE EFFICIENT ACCOUNTABLE
LEAN GOVERNMENT



Origins of the Journey

Dr. W. Edwards Deming



Organizing Principles

Every process has a customer

Customers define what value is

People are our most valuable asset

People who do the work know it best

We work to serve customers not satisfy bosses

Facts reveal truth about how effectively we are meeting customer needs

Focus on Customer
Determine Value

Respect for People
Create Value

People want to be a part of something bigger than themselves

People want to do good work

People need to have the skills to do their work well and to improve it

Continuous customer feedback drives continuous process improvement

People will engage if they feel safe making decisions



Big “L” Lean

1. Lead from the front
2. Focus on serving the customer
3. Respect the gifts of people
4. Drive out all forms of fear
5. Use measures to find improvement opportunities
6. Engage everyone in achieving outcomes
7. Break down barriers to pride and collaboration
8. Think processes; make improvement a constant
9. Eliminate waste at its root cause
10. Focus on the long-term



Small "I" lean

- Reduction of overtime
- Reduction of time/cost to process background checks
- Reduction of time-to-lease office space
- Reduction in inmate assaults
- Improved on-time permit issuance
- Permit streamlining
- Reduction in uncollected revenue
- Improved on-time report issuance
- Reduction in hiring cycle
- Streamlined regulatory compliance
- Reduced cycle time to close the monthly books
- Reduced time to process payroll
- Reduced medication errors
- Reduced cost-per-vehicle mile



EXERCISE #1

1. Review slides 15, 16, & 17:
Central Themes of Lean, Big "L" Lean and Small "l" lean
2. With 2-3 people around you, answer the question: Take 2-3 minutes
What are the implications of these principles to the agency leader team?
3. Have someone prepared to share your conclusions (we will call on a few teams)





LEAN MANAGEMENT

“It’s about instituting a cultural shift that will endure well beyond my administration.”



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THE PLAYBOOK

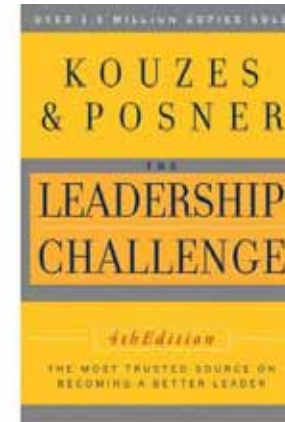
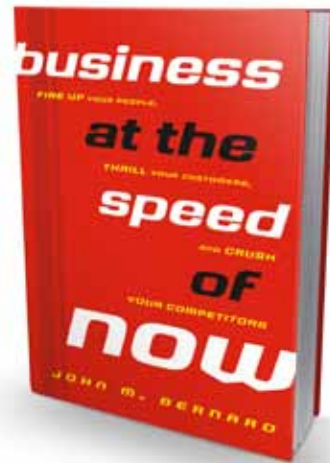
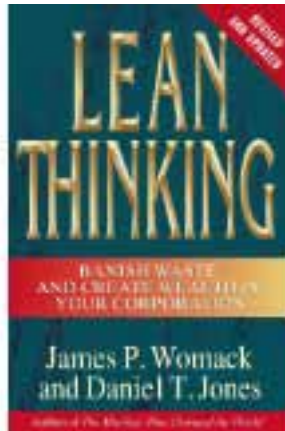
1. Leading the Way

1. Lead the learning
2. Assess your management waste
3. Get the right leaders on the bus and in the right seats
4. Prepare the culture



Lead the Learning

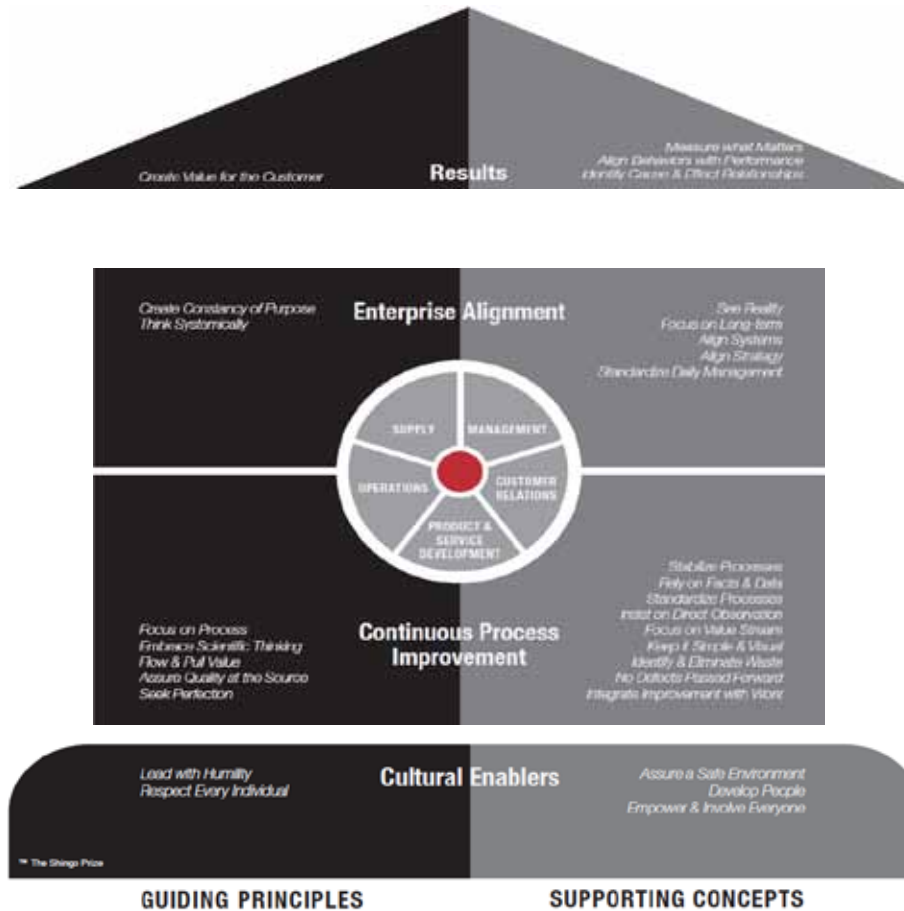
- Host book study teams



- Lead study visits
 - DRS, Oregon Agencies, Boeing, Virginia Mason



Shingo Model



Remove Management Waste



1. Unclear Direction
2. No Line-of-Sight
3. Unclear Accountability
4. Inconsistent Language
5. Poor Issue Transparency
6. Inappropriate Resources
7. Inadequate Tools/Skills



Prepare the Culture

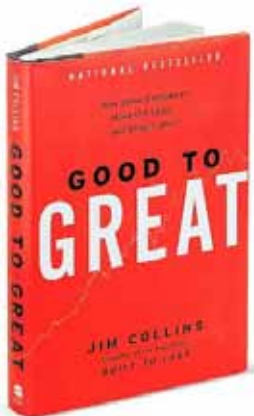
An organization's culture...



...is reflective of the behaviors of its leaders



Right People, Right Seats



Your Game Plan

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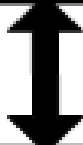


THE PLAYBOOK

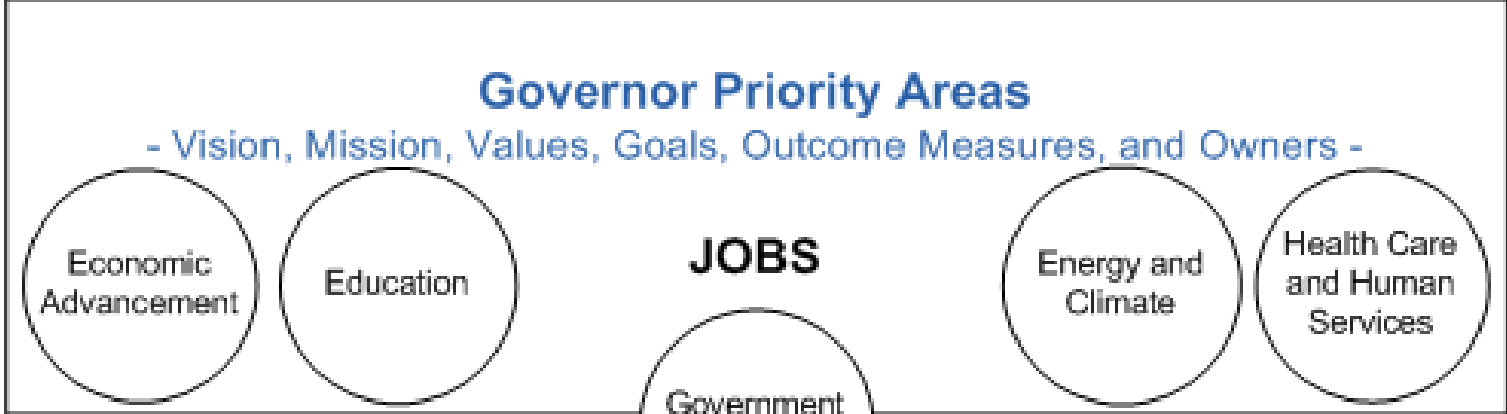
2. Focus on Outcomes

1. Understand the Governor's Priorities
2. Align your agency's outcomes
 - Translate goals to outcome measures
 - Establish scorecards for each measure





Strategic Direction and Alignment

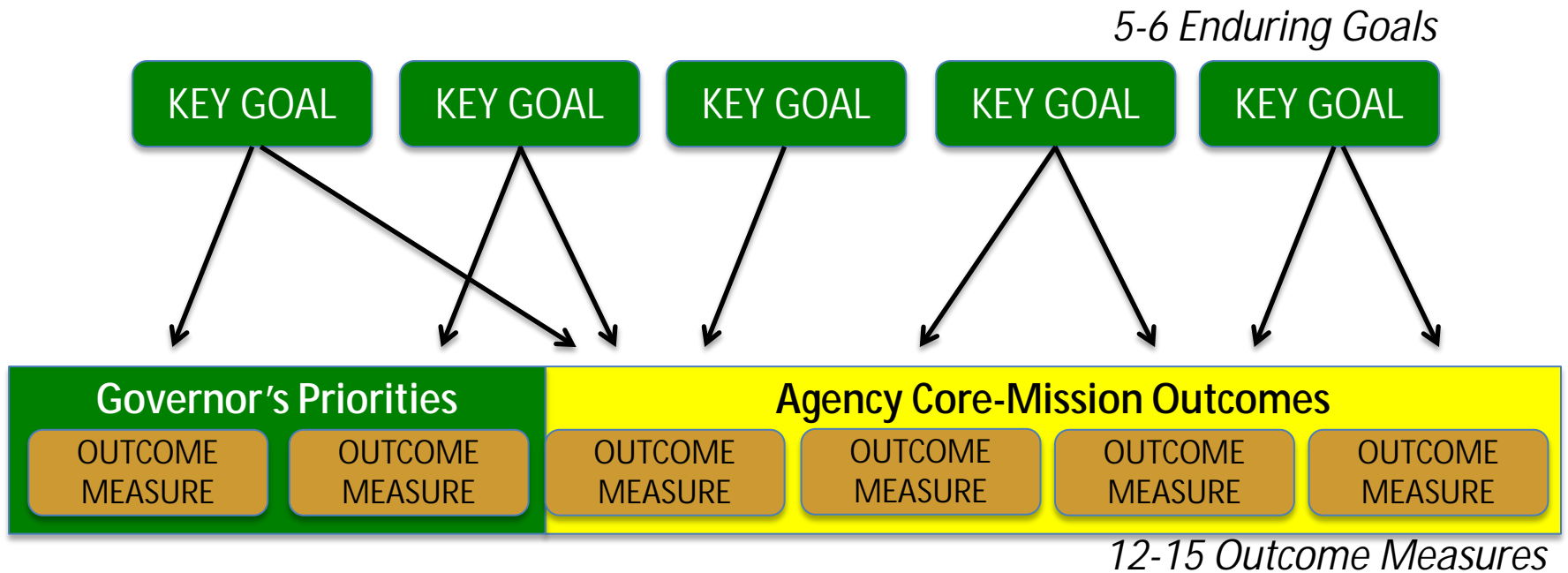


Align Your Agency Outcomes

- Understand the Governor's Strategic Direction
- Define Agency Core-Mission Measures
 - This is the foundation of ownership
- Study Governor Inslee's inaugural address understand his thinking
- Clarity will continue to emerge



Align Agency Outcomes



See pages 90-93 for definitions:



Your Game Plan

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THE PLAYBOOK

3. Results- and Data-Driven Operations

1. Create clarity about how your agency works
2. Understand the core work you must be good at in order to achieve your outcomes
 - Map your Fundamentals
 - Understand your core processes
 - Establish measures to gauge effectiveness



Eliminate Fear

ORDER

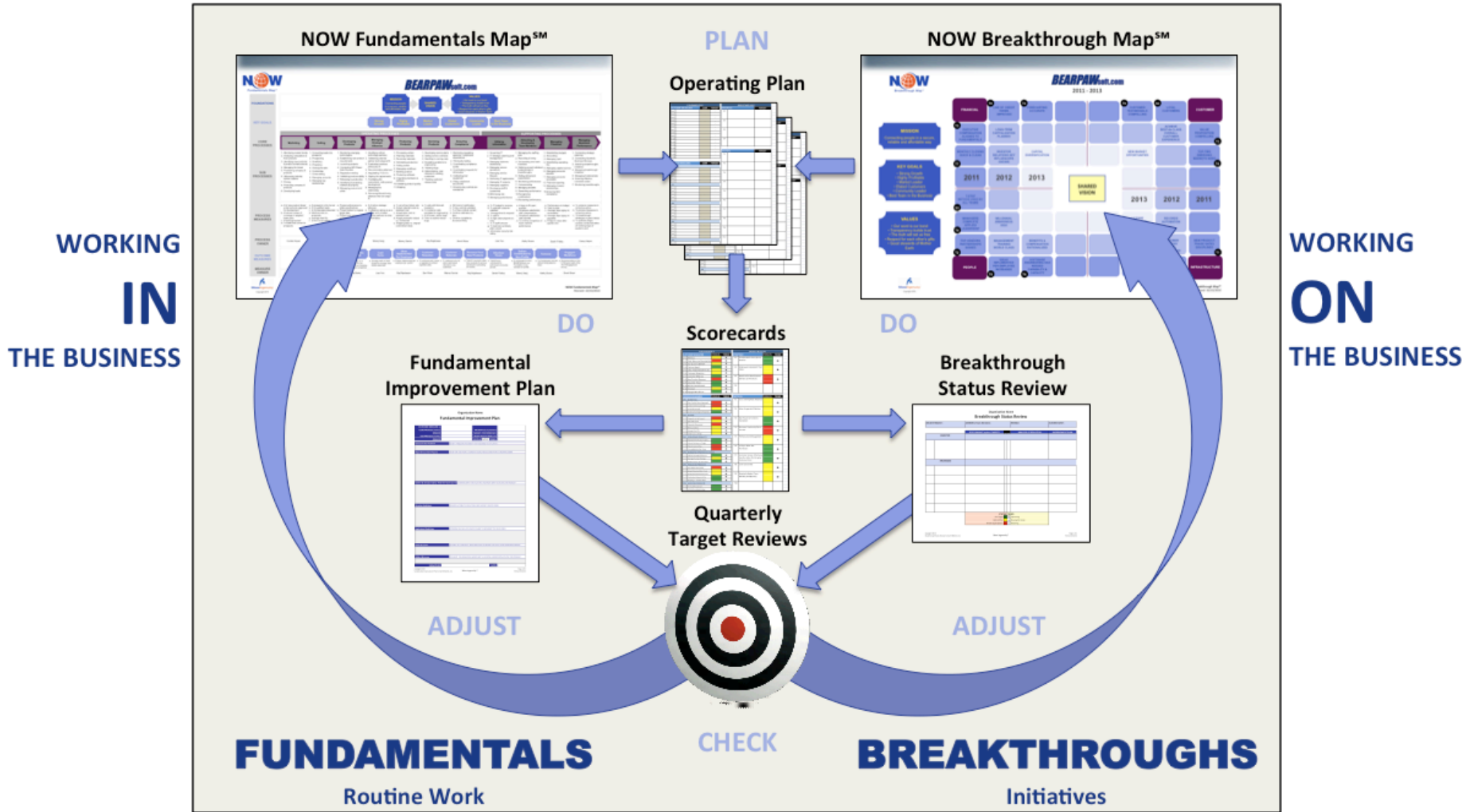
People understand and respect the way the organization functions

T
R
U
S
T

FREEDOM

People know how to seize opportunities and solve problems





FOUNDATIONS

KEY GOALS

Department of Retirement Systems

Fundamentals Map



OPERATING PROCESSES

SUPPORTING PROCESSES

CORE PROCESSES

PROCESS OWNER

SUB PROCESSES

PROCESS MEASURES

OUTCOME MEASURES

MEASURE OWNER

Core Process	Operating Processes	Supporting Processes
Developing & Implementing Policies OP1	Maintaining Member & Employer Data OP2	Accounting for Retirement Funds OP3
Promoting Retirement Readiness OP4	Paying Benefits OP5	Managing Organizational Performance SP1
Supporting Team Members SP2	Providing Information Technology SP3	Leading Innovation SP4
Purchasing & Acquisition SP5	Listening & Informing SP6	Managing Risks SP7
Supporting Community SP8		
Process Owner	Dave Nelsen Chris Lamb Mike Ricchio David Brine Jennifer Dahl	Marcie Frost Lee Strehlow Chris Lamb Shawn Merchant Mike Ricchio David Brine George Pickett Dave Nelsen
Sub Processes	<ol style="list-style-type: none"> Monitoring policy environment Analyzing external policy ideas Informing policy makers Determining policy and/or rule needs Developing policy and/or rule Implementing policy and/or rule 	<ol style="list-style-type: none"> Enrolling & maintaining employer data Educating employers Collecting & updating member data Managing documents Auditing employer processes Auditing member data Sharing data
Process Measures	<ol style="list-style-type: none"> Participate at policy meetings Rule development Fiscal notes 	<ol style="list-style-type: none"> Self service account maintenance transactions Employer corrections Verification of employment Late employer reporting
Outcome Measures	<ol style="list-style-type: none"> Customer Satisfaction O1 Team Satisfaction O2 Employer Satisfaction O3 Stakeholder Satisfaction O4 Operational Health O5 Retirement Readiness O6 Benefits Paid O7 Ideas Implemented O8 Charitable Participation O9 Performance to Budget O10 Cost Effectiveness O11 	
Measure Owner	Jennifer Dahl Lee Strehlow Mike Ricchio Dave Nelsen	Marcie Frost David Brine Mike Ricchio Shawn Merchant Steve Hill Mark Feldhausen Mark Feldhausen



Benefits of a Fundamentals Map

- Shared understanding of how the agency creates value (a common language)
- Clear ownership for results
- Visibility as to what is working and what is not
- Foundation for connecting every employee to the part they play



EXERCISE #2

1. Review the handout:

DRS Fundamentals Map

2. Review the DRS Fundamentals Map. With 2-3 people around you, take 5 minutes to answer the question:

If we had a map like this, how could we use it to help us achieve our agency outcomes?

3. Have someone prepared to share your conclusions (we will only call on a few teams)



Your Game Plan

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BREAK



THE PLAYBOOK

4. Customer-Focused Service

1. For each core process, identify your primary customers
2. Ask them what they need from you
3. Establish measures that indicate success in meeting their needs
4. Work to continuously improve results



Identify Core Process Customers



CORE PROCESS WORKSHEET

Revised: 04/08/13

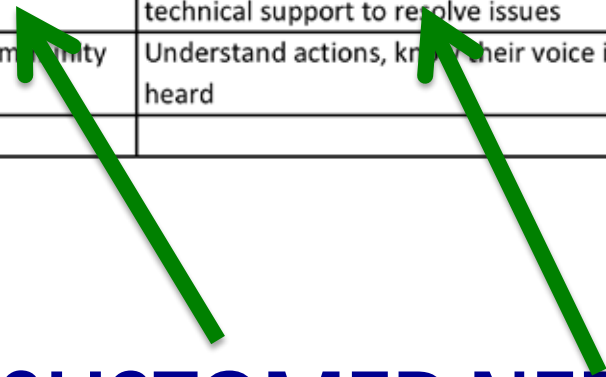
SUB PROCESS [Tier 1]	
No.	Name (1)
O-3	Issuing permits

OWNER	DEPARTMENT/DIVISION
Kathy Dindia	Air Quality

SUB PROCESSES [Tier 2]	
No.	Name (2)
3.1	Scheduling inspections
3.2	Preparing inspection checklist
3.3	Conducting inspection
3.4	Writing up improvement suggestions
3.5	Mitigating problems/resolving open issues
3.6	Completing permit paperwork
3.7	Issuing permits
3.8	Scheduling next inspection

PROCESS' PRIMARY CUSTOMER(S)	
Customer	Needs
Manufacturers	Clear expectations, ease of scheduling, technical support to resolve issues
Surrounding community	Understand actions, know their voice is heard

CUSTOMER NEEDS



Customer-Driven End State

We understand who our customers are

We know every process has a customer

We know what our customers value

We measure effectiveness in meeting customer needs

Customer feedback drives our improvement focus

We focus on satisfying customers not bosses

We find satisfaction in being of service



EXERCISE #3

1. Identify your agency's primary customers
2. With 2-3 people around you, for 4-5 minutes, answer the question:
What are five things you as leaders can do to accelerate your journey to the Customer-Driven end state?
3. Have someone prepared to share your conclusions (we will only call on a few teams)



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THE PLAYBOOK

5. Clear Accountability & Responsibility

1. Assign ownership
 - For outcome measures
 - For process measures
2. Establish Quarterly Target Reviews
 - Accountability for improvement
 - Triggers for action (red/yellow/green)
 - Safety = True Transparency



FOUNDATIONS

Department of Retirement Systems Fundamentals Map

MISSION
We provide information, tools, expertise and services that ensure our members receive the retirement benefits they earn while in public service

VISION
Satisfied customers
Valued team members

VALUES
Customer Focus
Team Member Engagement
Valued Relationships
Performance Excellence
Resource Stewardship



KEY GOALS

- Engaged Team Members
- Vigilant Resource Steward
- Best Practice Leader
- Reliable Partner
- Eliated Customers

OPERATING PROCESSES

SUPPORTING PROCESSES

CORE PROCESSES



PROCESS OWNER

OP1	OP2	OP3	OP4	OP5	SP1	SP2	SP3	SP4	SP5	SP6		
Dave Nelsen	Chris Lamb	Mike Ricchio	David Brine	Jennifer Dahl	Marcie Frost	Lee Strehlow	Chris Lamb	Shawn Merchant	Mike Ricchio	David Brine	George Pickett	Dave Nelsen

SUB PROCESSES

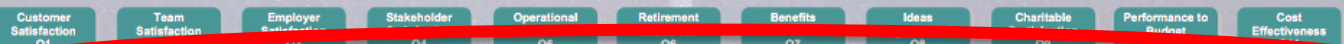
<ol style="list-style-type: none"> Monitoring policy environment Analyzing external policy ideas Informing policy makers Determining policy and/or rule needs Developing policy and/or rule Implementing policy and/or rule 	<ol style="list-style-type: none"> Enrolling & maintaining employer data Educating employers Collecting & updating member data Managing documents Auditing employer processes Auditing member data Sharing data 	<ol style="list-style-type: none"> depositing contributions Directing funds Creating & managing receivables Reconciling general ledgers Accounting for benefit deductions Creating financial reports Accounting for benefit payments 	<ol style="list-style-type: none"> employee Educating member Promoting online a Promoting retiree planning tools Marketing DCP Providing 1-1 assistance Providing presentations & resources Targeting reminders to waypoints Working with education partners 	<ol style="list-style-type: none"> Calculating payment Issuing payment 	<ol style="list-style-type: none"> Connecting employees to targets Creating organizational understanding Managing operations Managing strategic initiatives Reviewing organizational performance Making performance corrections 	<ol style="list-style-type: none"> evaluating performance & behavior Creating development plans Recognizing accomplishments Maintaining employee information Equipping employees Managing facilities Fostering safety & wellness 	<ol style="list-style-type: none"> Maintaining portfolio Managing requests Providing business systems analysis Conducting operations Developing & maintaining applications Administering data 	<ol style="list-style-type: none"> Researching & monitoring Establishing requirements Determining solution cost Managing projects Testing solutions Releasing to production 	<ol style="list-style-type: none"> business needs Managing purchase of goods and services Managing inventory 	<ol style="list-style-type: none"> contracts Managing purchase of goods and services Managing inventory 	<ol style="list-style-type: none"> reputation/ brand Building relationships Enabling feedback & identifying needs Staying current on pension issues Developing communication strategies Creating informational content Delivering information Managing communication channels 	<ol style="list-style-type: none"> Evaluating & assessing risk Addressing & treating risk Monitoring & reviewing risk & treatment plans Adjusting as needed 	<ol style="list-style-type: none"> Creating community support teams Evaluating & selecting charitable opportunities Implementing charitable opportunities
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Process Owners

PROCESS MEASURES

<ol style="list-style-type: none"> Participate at policy meetings Rule development Fiscal notes 	<ol style="list-style-type: none"> Self service account maintenance transactions Employer corrections Verification of employment Late employer reporting 	<ol style="list-style-type: none"> Timely deposits Credit redistributions Cash flow Alternate benefit payments Receivables Certified CAFR Timely deposits Reconciliations 	<p>Capability Breakthrough (Under Development)</p>	<ol style="list-style-type: none"> Online retirement applications Benefit calculation accuracy Estimate accuracy Estimate turnaround Benefit timeliness 	<ol style="list-style-type: none"> Continuous improvement Process measures in good health Strategy execution Days to initiate repair 	<ol style="list-style-type: none"> Learning & growth Safety & Wellness Turnover Present to win Time to fill positions 	<ol style="list-style-type: none"> Request backlog Systems intervention Estimate variance Hours to resolution 	<ol style="list-style-type: none"> On budget Project effectiveness Adoption rate On time Time to market 	<ol style="list-style-type: none"> Contract costs Contract purchases Goods & services Timely inventory Timely vendor payments Timely deliverables Timely procurements 	<ol style="list-style-type: none"> Online reach Effective engagement Content & materials review 	<ol style="list-style-type: none"> Risk management reviews Risk status Risk identification model Risk assessment model Progress to green status 	<ol style="list-style-type: none"> Events sponsored Charitable opportunities
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OUTCOME MEASURES



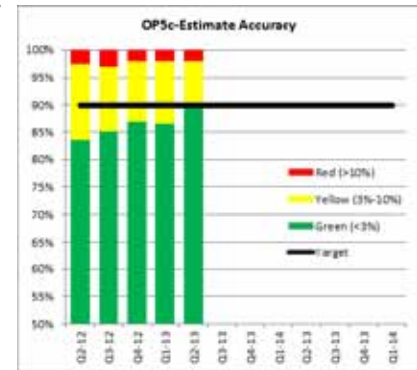
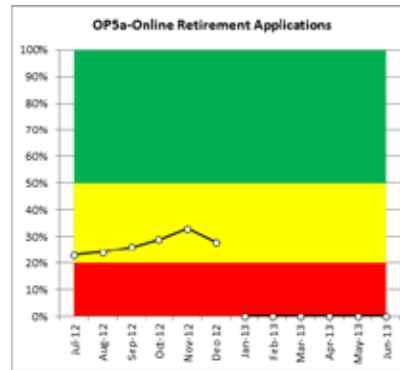
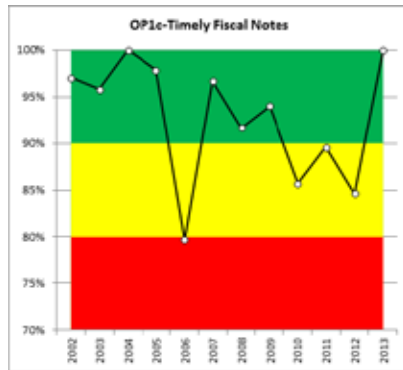
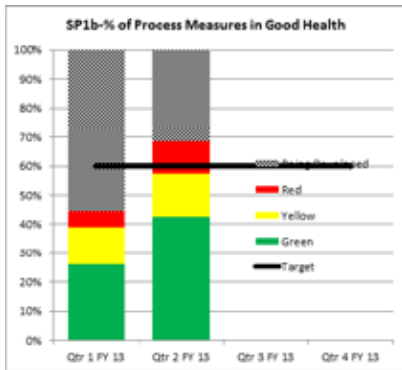
MEASURE OWNER

OP1	OP2	OP3	OP4	OP5	OP6	OP7	OP8	OP9	OP10	OP11	OP12
Jennifer Dahl	Lee Strehlow	Mike Ricchio	Dave Nelsen	Marcie Frost	David Brine	Mike Ricchio	Shawn Merchant	Steve Hill	Mark Felthausen	Mark Felthausen	

Outcome Owners



Quarterly Target Reviews



SAFE = TRANSPARENT



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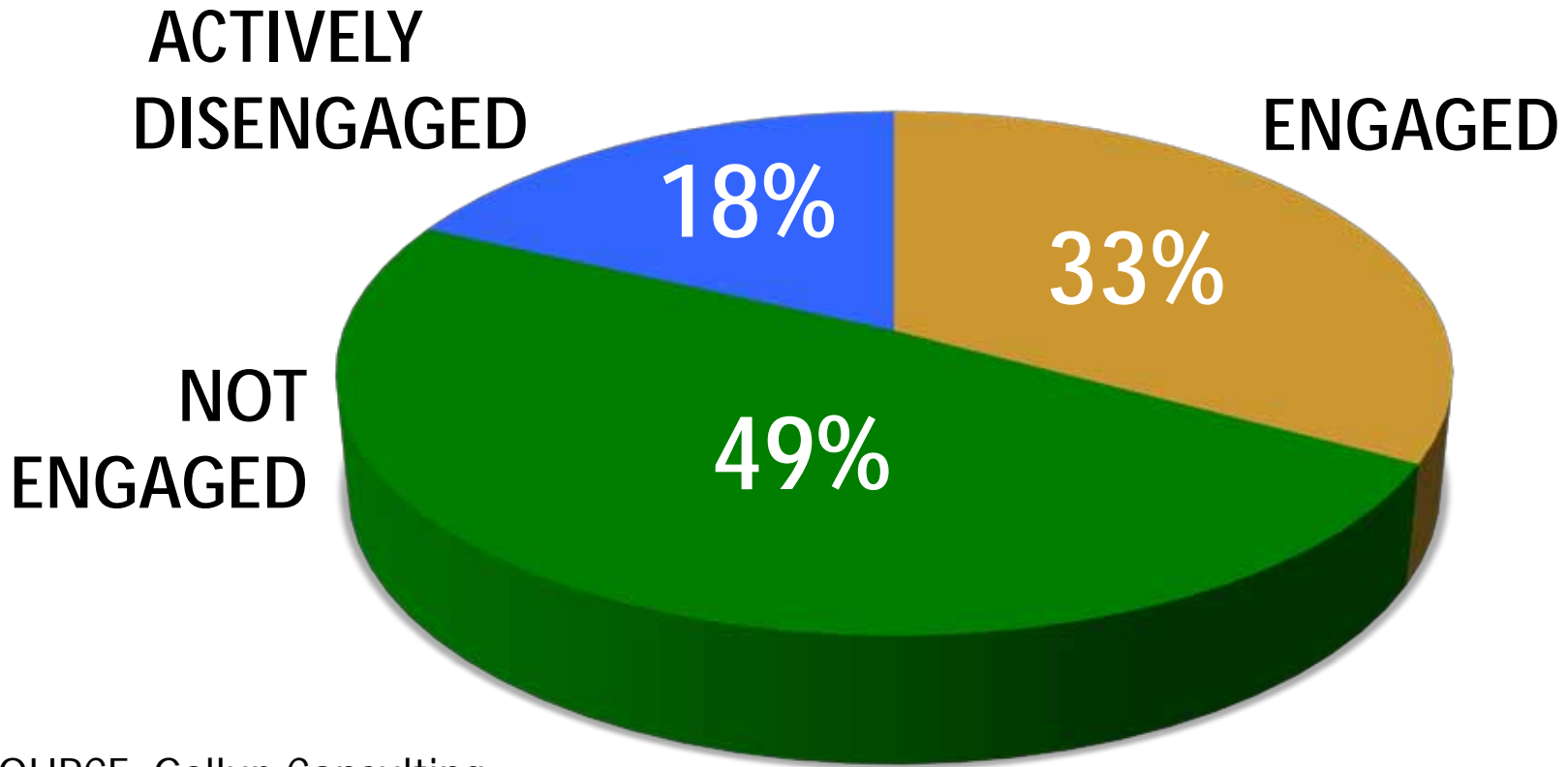
THE PLAYBOOK

6. Employee Engagement

1. Understand the impact on results of engagement
2. Assess where we are today with the engagement
3. Determine what is required by leadership to move to the ideal state



Our Alienated Workforce



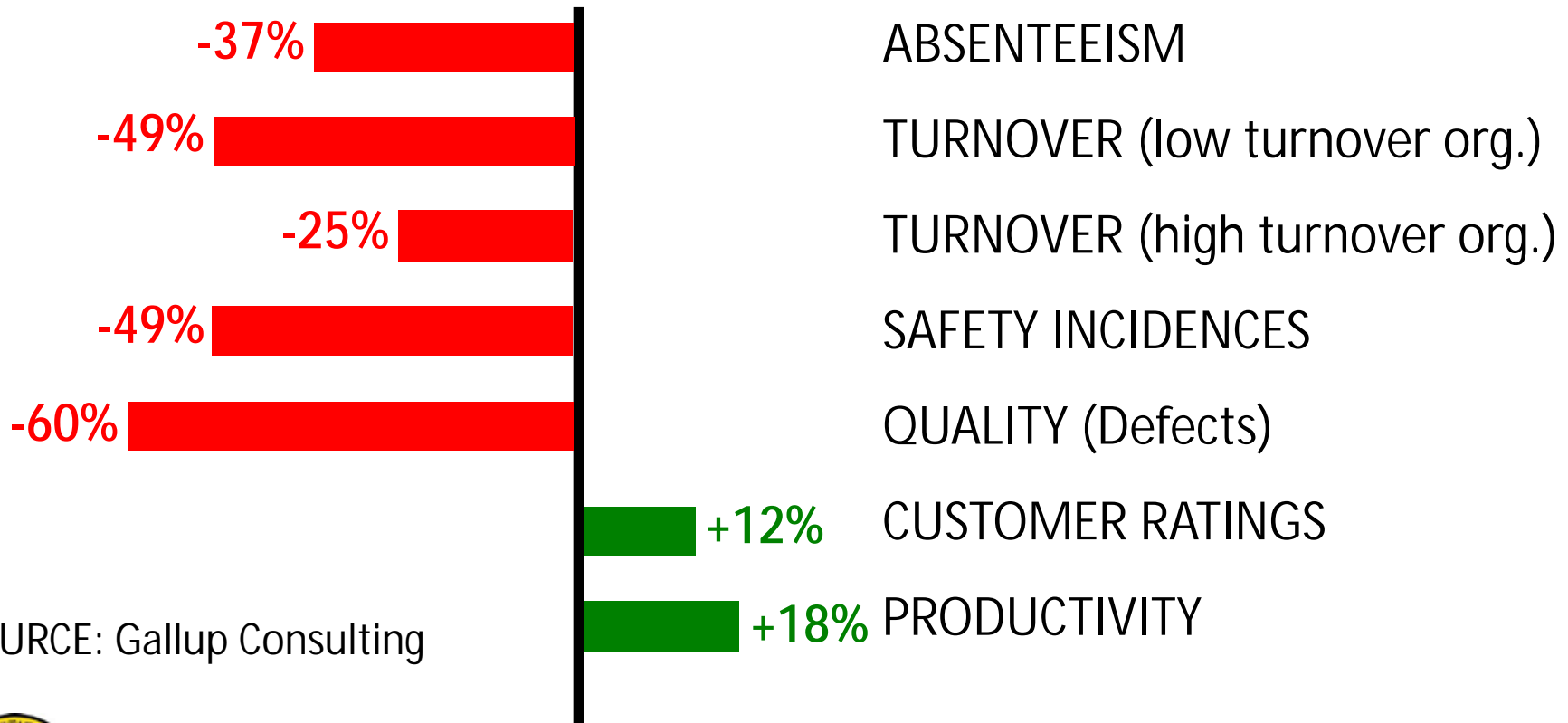
SOURCE: Gallup Consulting

Failing Miserably



Engagement = Results

Difference Between Top and Bottom Quartile Performance



SOURCE: Gallup Consulting



Engagement End State

I understand where my organization is going

I see how my work fits into our goals

I understand what processes I am accountable for

I have the skills/resources to do my work effectively

I always know how well my processes are working

I am skilled at solving the problems I encounter

I feel completely safe to take action to improve things



EXERCISE #4

1. Open *Business at the Speed of Now* to pages 51 & 52

Review the 9 rules of THEN and the 11 rules of NOW

2. With 2-3 people around you, answer the question: Take 3-4 minutes

What will it take to achieve NOW vs. THEN engagement?

3. Have someone prepared to share your conclusions (we will only call on a few teams)



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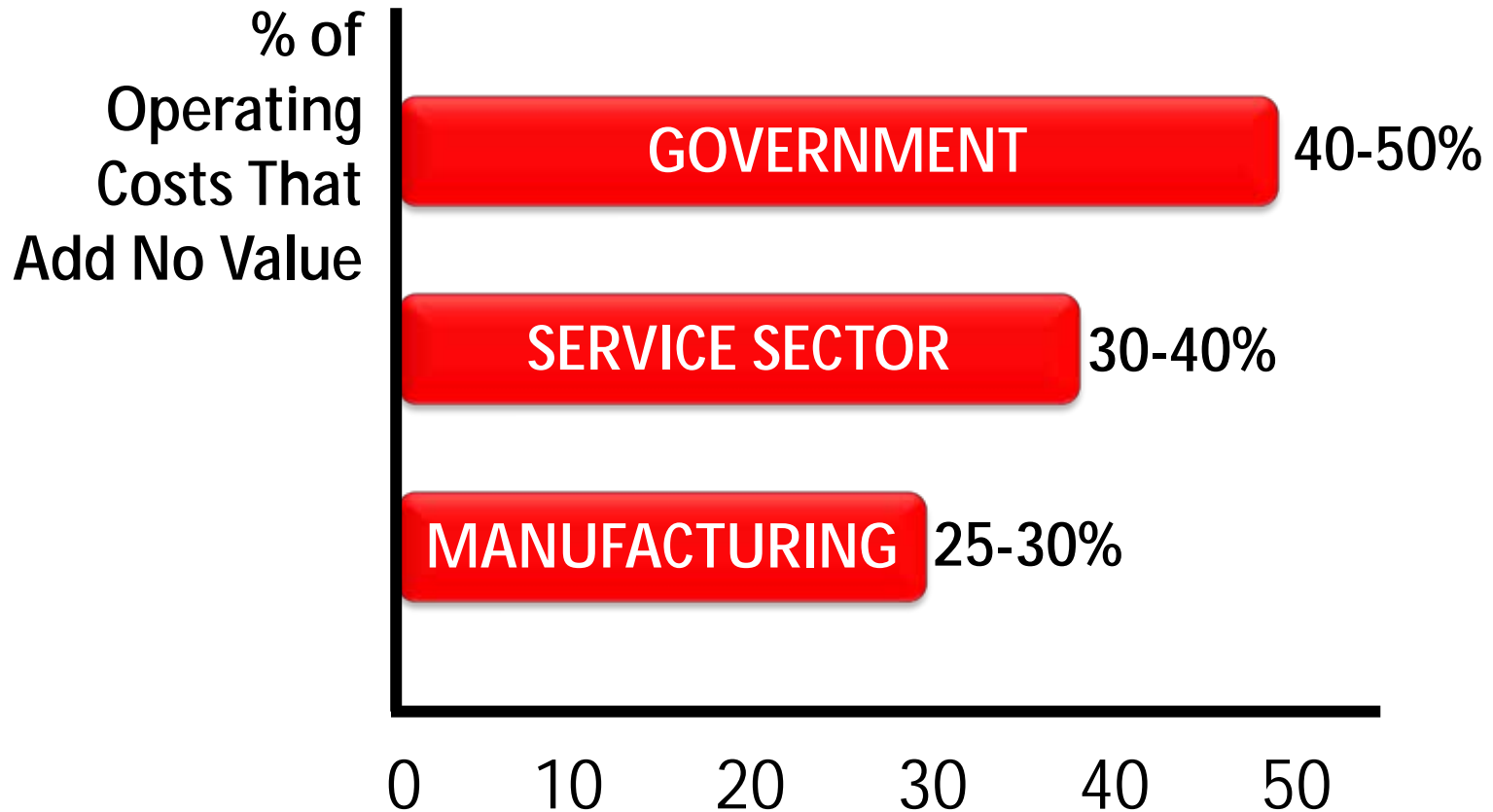
THE PLAYBOOK

7. Continuous Improvement

1. Estimate the waste costs in your organization
2. Understand the critical nature of a common problem solving/process improvement methodology
3. Select a problem solving/process improvement methodology
4. Rollout the methodology to every employee



Process Waste



Uncovering Resources

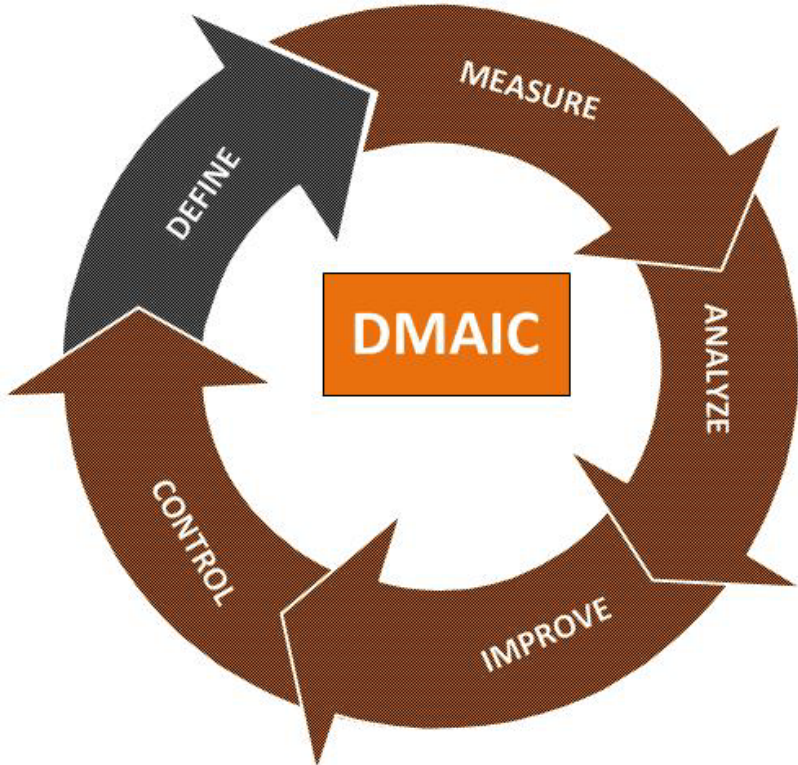
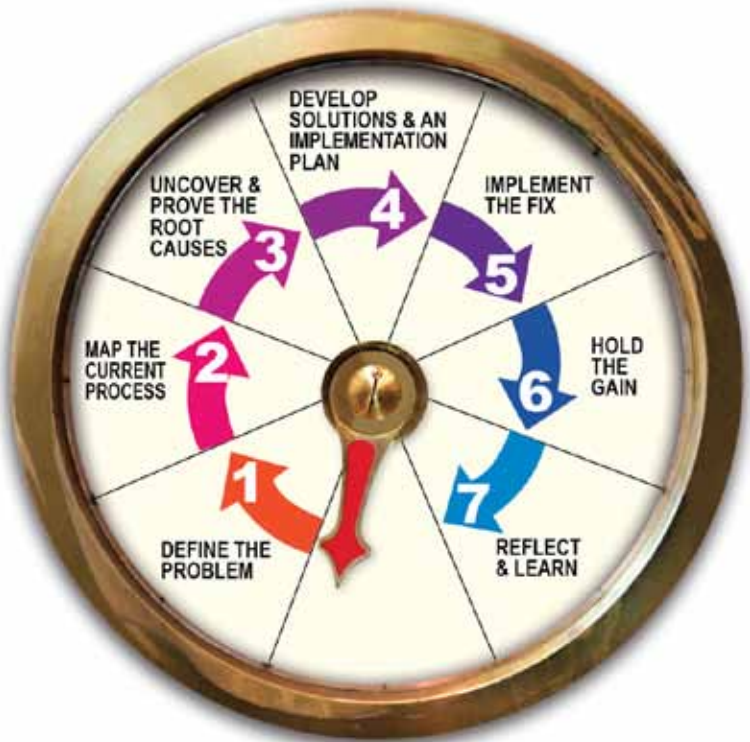


We can spend more time on the work that delivers **NEW VALUE** to our Customers

If we can reduce the time we need to spend on the **ROUTINE** work of the business



Common Language/Common Toolset



Your Game Plan

- 1 Leading the Way
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The 10 Factors

That Transmit and Embed Culture

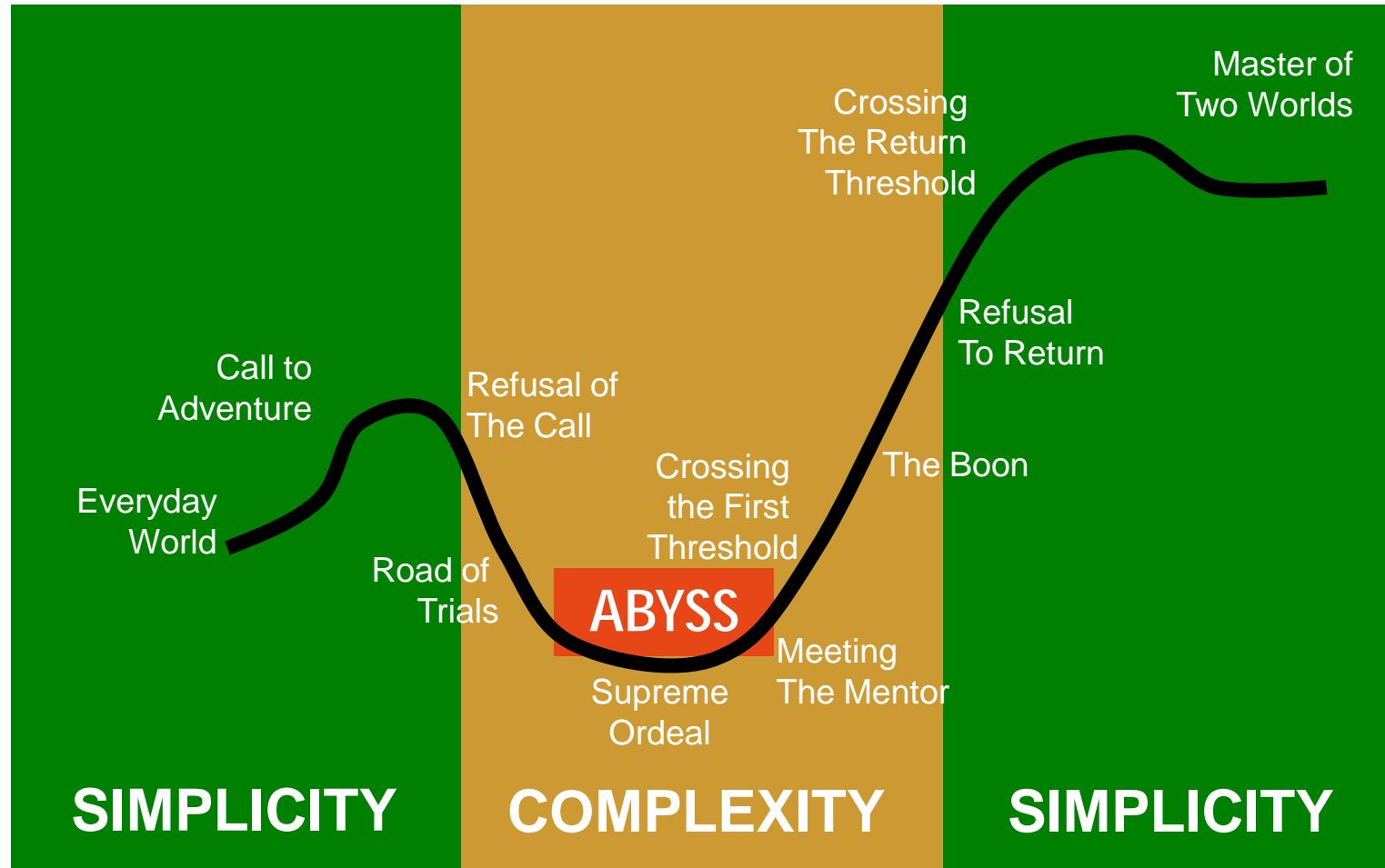
CREATING AN ENDURING CULTURAL SHIFT

1. Formal statements of organizational philosophy
2. Design for physical spaces
3. Deliberate role modeling, teaching, and coaching by leaders
4. Explicit reward and status system, and promotion criteria
5. Stories, legends, myths and parables about key people and events
6. What leaders pay attention to, measure, and control
7. Leader reactions to critical incidents or organizational crisis
8. Organization design and structure
9. Organizational systems and procedures
10. Criteria used for recruitment, selection, and promotion

Dr. Edgar Schein, MIT



Hero's Journey





We Serve

