

Welcome to the Washington State Government Lean for Dummies book review. I am Darrell Damron with the Governor's Office of Accountability and Performance. And glad that you have joined us today. So each week we're reviewing one chapter of the book Lean for Dummies on our current schedule we will have finished this book on May 29, and as you can see from our schedule here we're fortunate to have special guests joining us just about every week on this schedule and our special guest today is Cara Bailey who is the Vice President of Continuous Improvement at Seattle Children's Hospital and Cara we are fortunate to have Seattle childrens' partnership on this journey. Employees are still talking about the keynote presentation by Dr. Verver delivered at our conference back in October. And we're still sending folks employees up to Seattle Childrens' that are going on tours of the hospital to see Lean in action and our privilege work recently with Barbara Boche to developing our capacity to bring leaders and leadership coaching to state government and Toyota. It's just an amazing privilege to have your support and guidance on this journey, so thank you for all your support Cara and being with us today.

Thank you Darrell and I also want to thank all the people that have visited us because they're also giving us fresh eyes to see our efforts and ways that we can learn from you too so it's a great partnership.

Awesome. Okay. So just a reminder for everyone we record these sessions and post the recordings on our website the link of which is here in the Prezi. Also available 24/7 is the Prezi information so that you can watch the recorded session or simply navigate the Prezi on your own to review material from the previous weeks. Now remember again the purpose of the book review is to help you understand more about Lean so you're ready to actively participate in Lean activities in your agency and here are a couple of tips for getting the most out of this book review session. If you read the chapter before we get together each week then write down any questions that come to mind. Then you can listen to the answers to those questions in the session or also use the chat feature to submit your question. Additionally when you take time to explain what you're learning and reading about in the book to your co-workers, friends or family it can really deepen your learning.

I wanted to mention that the past two weeks we experimented with giving you the opportunity to send questions ahead of time, but we only got a few questions with that method so I am abandoning that strategy. You can however use the chat feature while we're on today if you have questions during the session feel free to use the chat, and remember to send to everyone. Select "everyone" in the drop down menu when you send your question in. That way all the facilitators here, we can all see it and deal with the question, so during the session we'll put everybody on mute. Get rid of that background noise and we already covered the question stuff in the chat. If you haven't already answered the poll questions go ahead and do that and type in the city where you are and the number of people at your location right now. We're just under 600 state employees participating in this book review from Spokane to Vancouver so I am glad you're all here and doing the poll. If you want to see the course objectives you can go to the Prezi and navigate through all of those, but I'm going to slide us out to the information for this week's chapter which is chapter six, Seeing Value Through the Eyes of the Customer.

Here's a table of contents for this week's chapter. It starts off with the definition of "value". What is it? And then the distinction between value added and non value added activities and two more sections on the customer and the consumer, so that's where this chapter heads this week. Let's get into the key points for this week's information. The chapter starts with defining value which in general is the worth placed on something, but specifically in Lean thinking two important points here is that the customer should be the one that defines value, and that value is created in a process. The idea here is that in all of our processes the activities need to lead to an end result that has value for the customer or the recipient or the consumer of our products and services, so the question for us all really is is the activity being done in this process adding value for the customer or not? The book offers a way for you to test your activity, and if this activity -- so there are three parts here. If the activity is something the customer is willing to pay for, if the activity changes the form, fit, or function of the thing you're producing, and if the activity is done right the first time then you can declare it value added.

In any kind of organization whether it's government or private sector somewhere in the neighborhood 90% of the activities in any process don't actually meet all three of this criteria, so 90% of the activities that we do are non value added activities. Now, that doesn't mean that the person doing the non value activity is a bad person. We have smart people and dumb processes. That's how we like to look at it, but making a distinction between value added activities and non value added activities gives us a simple way to prioritize where we need to make improvements in our processes. Cara, have you found that to be true as well?

Absolutely. And we have intentionally made a distinction that just because most of us really aren't at the point where we're adding the value to the customer with this definition doesn't mean that the people involved in the process aren't important, and that's really a key in getting engagement and buy in to your Lean activities. I guess a couple of other things to add we use this definition in our organization we sometimes find people getting stuck on number one about being something that the customer is willing to pay for because that idea of what they pay for and what they might be willing to pay for are really two different things so understanding if you're looking at something to determine whether it's value added will the customer be willing to pay for it if you're doing it?

And secondly is that activity transformational in some way? We try not to get too hung up on this, but recognize that when all is said and done activities are either valued added or not value added, and we sometimes have arguments I would say over at what point would the customer say this adds value to me? So for example in a process where a patient is being admitted and they're telling us their medical history and what their symptoms are we believe that value is added at the point we can transform that information that the patient has given us into a diagnosis. That is value added. And then the next point probably isn't until we start treating them. But as you see the information they gave us was transformed. It wasn't the process of giving us the information. It was the process in which it was transformed into what we could do something with.

So all those activities up to that point are in that non -- you view those in the non value added category; right?

Right. But they're critical. If we're not getting the right information, if we're not doing the right things with the information then that value added activity can be the wrong activity. It can be violating number three. It has to

be done over again, so it's not saying those other activities aren't important but they're not value added.

Okay. Great. Well, then on -- so it looks like at the next key point that's really made in the book here and on the slide four, this idea of types of waste, so any of that non value added activity that you're talking about is really comes in three types, but the whole point here is to look for opportunities to get rid of the stuff that doesn't add value that is in that waste category, and Cara you and I talked at Seattle Childrens the distinction between these three and not getting too hung up on that. I would like you to share that.

Yeah. A couple of things. We've tried to stay away from some of the distinctions that we think make Lean more confusing and less accessible to the front line staff, so we can't talk about muda versus mura versus muri, but we really think about unevenness and over doing or over burdening people as part of the overall types of waste that are in the system. Just to simplify it and we really believe that all of these wastes can be either type one or type two. They maybe non value added but necessary or non value added and not necessary, so we simplify this a lot in our environment just to make it easier for people to understand. I think one of the key points though that we emphasize is that our job is to try to eliminate non value added and not necessarily work, the type two and try to reduce the non value added but necessary. And when we say but necessary we mean but necessary at the current time because as times change and things change you have to keep looking at that non value added but necessary to really question why is it necessary?

Great. Thank you. I am actually looking at the chat question here that maybe we will try and take now. So here's the question "How do we look at the first value criterion when our customers are applying for benefits. The customers often think they don't have alternatives but to come to us for benefits. How do we determine value in that scenario?" Does that question make sense Cara? How you look at the first -- so the customer willing to pay for it I think as what they mean by the first criterion is the customer willing to pay for it that we showed on the previous slide Step one of the value added test, so the question is customers think they maybe don't have alternatives but to come to us for benefits or whatever the product or service is.

Yeah, that's a good example of where we've tried to -- this number one, people do tend to get hung up about that because in some cases we have the same situation that customers sometimes don't have a choice but to come to us because we offer a unique service that they're getting, and the other thing that is kind of unique in health care is that for the most part the end customer isn't really paying for the service? The insurance company is paying for the service, Medicaid is paying for the service. There are some parts of it are paid by directly by the customer, but that's what we try to say what it really means is does the customer think whatever they're trying to achieve when they contact you or using your services. Do they think this part of it is valuable? And often saying would they be willing to pay for it is a proxy for that.

Of course the low hanging fruit moment when we're first getting started on the Lean journey is even caring and thinking about the fact that what would the customer think here or asking the customers what they really want to pay for is adding value as opposed to ignoring it completely and thinking that I know best about my process because I have been doing it a long time.

Right.

For some folks that is a starting place and then as we go along the journey we have the opportunity to involve the customers more and think more deeply about all of our processes. Well good okay. Let's go to the next slide about the next section of the book talking about customer value or understanding what customers value. The customer being the person or entity who is the recipient of the product or services that you produce, and here it's important to I guess keep in mind the whole what we call side pack, the acronym. The suppliers and the processes and outputs that we produce and the customer and think about that in entire chain of events there, and Seattle Childrens Care you've come to a definition of customer that works I guess well, but it wasn't easy getting there; right?

Right. We came to over some years of discussion and trial and error we came to the conclusion that the patient and the family is always our customer regardless of the process that we're working on. We found that if we focus on what the patient and the family values is really helps us to focus in the right place, so for example whether we're working on a process that directly touches patients or families or whether we're working on an administrative process. For example a few years ago we put in a time and attendance system that was done through our HR department. Even in working in processes like that we keep the patient and the family as the ultimate customer in our thinking because it tends to help us link back to what is the most important, what are we ultimately trying to accomplish, so in the example of the time and attendance system what we were trying to ultimately accomplish make sure that our employees were obviously paid; that they were paid accurately because they customer wants to be sure our employees are engaged. That they're fully paying attention to the patient and family and not worried about whether their paycheck was correct. That we have the right number of people scheduled for that day.

All of the reasons why we do everything else is ultimately in service of the patient and the family, so that has been a real important point for us and a way to anchor all of our improvement efforts. Now, that doesn't mean that we don't have a lot of stakeholders in our processes that are very important especially in our setting where like I said the insurance companies maybe the ones that are actually paying for the service. The doctors are the ones who are referring patients to us or working within our setting but they're not employees, so we think of those people as key partners and stakeholders, but they're not our customers and that's been a really important point for us.

All that leads you to the -- sounds like all of that leads to the focusing in on where the non value add really is and without a clear definition of customer has it been your experience Cara that the idea of figuring out what is non value added just gets mixed up because you're focused on delivering this thing that you're making to the wrong person.

Right.

I think it's how government processes get bloated.

Right.

We look at ourselves as the customer.

Right.

A common scenario in health care is we often play to a very key audience which would be our doctors, and so early on in the Lean efforts we were doing work in

our operating room, and when we were thinking about how operating time is scheduled when we were approaching it from the standpoint of the surgeon being the customer it would lead us to be thinking more about what the surgeon wanted in terms of how the room was set up, or how much time was blocked for each set of surgeries, et cetera instead of thinking about what are the patients need? And then how do we support the surgeon to take care of those patients in the best way? And that's the way to really both engage people and also to make sure that you're not building in the individual variation in those preferences for from what is really important from the patient and family's perspective.

Seems to me that our equivalent -- state government's equivalent to the patient family is the Washingtonian who is the recipient of government's products and services. It's a an interesting complicated discussion here in state government but that is to be expected on getting the started on the Lean journey.

Yeah, and one of the benefits maybe we didn't know it at the time of really declaring that as our sort of line in the sand about the patient family was it really does speak to the staff who choose to work here regardless of what they're doing, whether they're taking care of patients directly, or work in the mail room, or they work in our revenue cycle, or work in our grounds crew. Most of our employees choose to work here because that want to be associated with the mission of taking care of children, and so when you make the patient and family the ultimate customer it really engages that sort of psychological commitment that our staff has and sort of speaks why they went into this pediatric health care to begin with.

That's awesome.

Good.

Well, let's look at the next section in the book here. It talks about the idea of fulfillment versus satisfaction in the Kano model. I think the point here -- or one point to take away from this is just the idea to understand the difference between what's delighting our customers or fulfilling their wants or just fulfilling their needs and what's the difference is this concept of asking them, talking to them and involving them in the improvement efforts. Cara, in terms of involving patient and family in improvement efforts at Seattle Childrens how deep does that go? How much involvement of patient and family do you have?

We require that patients and families be directly involved in all of our improvement efforts that directly touch them, so for example you know we're going to be opening a new in-patient building this spring, and patients and families were involved intimately in the design of that building. They're involved in all of the clinical areas in the design of new processes, or certainly in helping us to fix processes that aren't working well, but one of the things that we learned is that we really have to be sure we never assume that we know what the customer wants, because we had so many examples of processes that we were working on where we thought we knew what the families wanted only to find out when we brought them in we were totally off base, and so for example in our orthopedic clinic we were trying to improve access to the clinic and getting patients in faster, and one of the things we thought the patients and families wanted was a perfectly orchestrated visit where in which they are matched right away with the right subspecialist for whatever was ailing them, and so with that assumption we had designed a very complicated process for

getting into the clinic so you could be matched with the right doctor, and when we brought patients and families into the discussion they said no. They said "When we have an issue we want to get in and see a doctor. That's our first step.

That's value added for us" and then if you believe that maybe they need to see somebody who is even more specialized that is fine but just get us in because we're so anxious to get in that's our first need, so you really have to be careful about assuming that you know what they want especially because a lot of our employees are also patients and families, and so it's easy for us to say a number of us in the room have experienced this, but if you're not bringing in fresh eyes that are direct recipients of your service then you're not really hearing from the customer.

The need to turn it into a discipline disciplining ourselves to ask and involve the recipients -- for us it's the recipients of state governments products and services and just having the discipline to both talk to those recipients and involve them in our improvement efforts.

Yeah, I think one other thing I would add about this particular slide is that you want to be careful that you don't get hung up on what are the delighters before you really understand what are the basic wants because the delighter items aren't going to be very fulfilling to your customers if you're not first focused on what they're basically wanting from you, so they tell us this a lot that that we don't really -- you know, yeah, okay. Some hospitals might put a grand piano in the lobby. Well, that's nice but the fact of the matter is we're not coming here to buy shoes at Nordstrom. We are coming here because we have a sick child, and we want the basics for caring of that child to be done right as a minimum. Now if all of that is going well and you can bring the soothing classical music in on the side that's great. That might delight us, but if you don't get the basic wants part right then the delighters actually become irritants.

Yeah makes sense.

Very good advice. Cara there is a question here that really ties into our last slide. Well, it goes back and ties in here, and the question was the distinction between what the book calls a customer and consumer but the question is don't we need to be concerned adding value for internal customers, and I think our participants and folks throughout state government are seriously struggling with in a good way of thinking about it and yes we want to deliver value to Washingtonians, but we also don't want to just accept or create defects or send junk to each other. It's an important distinction to make. What advice do you have for us on making that distinction working through that.

Yeah I think that's a really important point because yes we believe that for every process that you have whether it reaches the final customer or just the internal start of the next process that you need to be delivering the appropriate product or service to the next point in the process, and that it needs to meet that internal customer's needs. The reason that we decided not to use the term "internal customer" we found it tended to confuse people, and that we found ourselves getting so busy fulfilling our internal customers needs that we would lose track of who the ultimate customer was from a total process design perspective. So those hand offs within the system within between parts of a process are key. We just don't call them customers.

Cara, what term do you use internally to refer to before going out to the patient and the family of the product and services that are delivered on the way to that. Do you have a term how you refer to each other?

Well, we call our internal people partners to be engaged, but I don't have a good term for you to say instead of customer use the term whatever, so I'm trying to think --

I think a lot of use partners as well but there is a lot of variation in state government because we have a lot of hand offs before things hit 16Washingtonians and lots of different ways to refer to it.

Right.

Well, we are almost out of time. I am invite our participants to send me questions that you have on the chat, and maybe while we're waiting on that Cara just to open it up to you for any last words of wisdom or advice to our participants who are listening participating now or those that might be watching it later on.

I would say bottom line this concept is really at the core of the Lean philosophy and system, and that making this seem value to the eyes of the customer, making it as straightforward as you can for your staff and those that you work with I think really goes a long way in really helping to engage them in this work, so that's why I would say with this concept as well with other Lean concepts especially as you're starting a Lean journey to simplify it, so that it doesn't sound so foreign or sound complicated really making it approachable is a key, so that's why when I talk about using the Japanese terms or getting into the difference of a customer and a consumer. To me that is some complexity is interesting, but I'm not so sure it's helpful in engaging people.

Keeping it simple and focusing on the delivering value -- in our case it's delivering better value to more Washingtonians.

Right.

Well, we are at the end of our time together here. I would encourage everyone to go and take the quiz. There's a quiz each week and you can hit the 17link and go to Survey Monkey and take the quiz on the last section of the quiz on Survey Monkey you can see the answers, but the answers are also posted at our website so whichever way you want to do it. Take the quiz. Reinforce the learning and check your answers. Thank you again Cara for joining us this week and for all your help from Seattle Childrens as well. We just appreciate in helping us learn to use Lean and deliver value to more Washingtonians so thank you very much.

Great. Thank you.

Everyone go out and do great things and we will see you next week as we review chapter seven.