

### 03-20-13 Governor's Office of Accountability and Performance Tape 3-6

Hello everyone welcome to the Washington State Government Lean for Dummies book review. I am Darryl Damron with the Governor's Office of Accountability and Performance, and I am glad you joined us today. Also in our studio behind the scenes we have Heidi Loveall and Scott Baird helping out. Thank you very much. I couldn't do it without you. So each week we review one chapter of the book Lean for Dummies and on our current schedule that will have us finishing all 20 chapters here May 29, and as you can see on the schedule we're fortunate to have special guests joining us each week, and this week our special guest is -- let me pull it up on the screen here, Tom Cahill, who is the Director of Lean at Premera Blue Cross and Tom oversees strategic development and execution of key Premera wide process and improvement initiatives including Lean concepts rapid process improvement workshops and quality initiatives. Tom also leads the Kaizen Promotion Office which is responsible for enabling the company to think and act in a Lean way everyday. Tom, I appreciate your friendship and guidance on our Lean journey and especially I want to thank you for joining us on the book review today.

Oh you bet. Thanks for having me.

So just as a reminder for everyone we record these sessions, and we post the recordings on our website, the link to which is right here in the Prezi as soon as I get you to it. At the top of the graphic there you can see the link to the book review. Also this Prezi is available 24/7 online, and you can either watch the recorded session which you can get off the links here on the website or you can simply navigate the Prezi online on your own if you want to review the materials from the previous weeks. Remember 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, whatever those might be, so do all you can to get the most of the book review time together. During the session we have everyone on mute to avoid that background noise, and if you have a question then use the chat feature, and make sure you select "everyone" from the drop down menu in the chat feature. That way our facilitators and special guest can see the questions you submit. If you send it to us privately we might not actually catch it. If you haven't already answered the poll question please do. Type in the name of the city where you are right now and the number of people participating, and we are keeping track of that to celebrate the fact that we have just under 600 state employees participating in the book review from Spokane to Vancouver all over the state. It's a pleasure to have everyone join. Okay.

If you want to more information about the course objectives how this goes it's in the Prezi. You can review that. I'm going to slide us out to the content of this week chapter seven which is You are Here, Mapping the Current State. And here's the table of contents for the chapter. As you can see this chapter covered quite a bit of ground in terms of content in the book from the fundamentals of value stream maps through getting started and hitting the road and actually creating that current state map and then summing up what the team has identified in the current state map.

Well, let's get into the key points for chapter seven this week. So the first key point here is the chapter starts out defining value stream which is the flow of materials and information through a process to deliver a product or a service to a customer, and the graphic in the book depicts a stream or a river

flowing from the mountains down through the valley. The analogy here of course is that the materials and information have a similar flow from natural resources through to suppliers through those that make things through those that sell things, and ultimately the thing made gets delivered to a customer, and of course in state government work while while we do hand off products and services to each other in our processes, state government's ultimate customer is the Washingtonian who is the recipient of our products and service, but Tom at Premera how do you view this concept of value stream? What's your take on it?

So the value stream -- it's evolved over time, but in the beginning when we start the value stream we looked at is a particular process, so for us it was claims, so we did a value stream on claims, but as we evolved we found that the value stream was really more about the end to end process which is for insurance all the way from there's a need to a person shopping to purchasing to enrolling using it on through, so I think through your journey you will find that value stream means different things as you evolve much like this river here, so there's no right or wrong answer. It's just kind of where you're at and then what you're looking at so now how glandular are you? Are you at the process level or are you at a higher level? So just think of that as when you say value stream and you speak to somebody else it's really the end to end process, and within that what's value added and what's not value added?

Right. So when you were getting started in the Lean journey and mapping things out did you notice it tended to go to a little more deeper level of detail rather than the higher 60,000 view of the processes, and is that okay?

Exactly. For us to really understand it took us to be very tactical, so we took a process and broke it down into -- I would almost call it a process map then it was a value stream map, but it got us to see really how is the information and material flowing through our organization? And it's something that we could relate to because if you start at the very highest level like what is Premera in the business to do? It's a leap to get there because it's so high level that you lose -- you can't relate it to anything, so I would advise that if you're going start start at a smaller process and go into that and really get good at that and work your way up. It's not that you can start at a higher level. You certainly can do that but this approach seemed to work for us.

Okay. And the next -- I mean we talked about that quite a bit. Are we going too deep or way too high? Let's go to the next key point here which is the definition of value stream map, a graphical representation of how the steps in a process line up to produce a product or service as well as the flow of information that triggers that process into action, and we kind of touched on that I guess Tom at the level of detail difference that you found in getting started, and I think we experience the same thing. We have it all over the map from -- no pun intended; right? All over the map from really discrete process mapping levels to much higher 60,000 actual value stream levels but that's okay. It sounds like your experience and your advice is that we don't have to get too worried about what level we're at and you get better at it over time?

Right. And I would still caution you where it says "How all the steps in any process line up." I would caution you there and think more about -- okay. Maybe it's more of the functions or the bigger steps so even in a glandular process say for customer service answering a phone call don't go all the way down to each step in the process. Just look at the bigger blocks, and to help with that if I was to compare this to the car industry think about the example would be okay if raw materials are coming in now we're welding. Now we're painting. Now we're assembling. Now we're inspecting, and now we're shipping, so think about

your material that way because I think you will get a lot further in seeing the waste at the level that you want to see it at, and not have this turn into a process map.

Yeah, as opposed to putting up on the map the sticky that says here is where we sharpen pencils. Turn off the computer.

Exactly. Turn on the computer. Go to screen one, screen two. That is going to be the minutia. You will be interviewing people along the way to get from that first step. When you say "research" what do you mean by that but research maybe one box.

Okay good. So in the next key point slide here the book makes a few points about the value stream map that it provides information that is useful to many people that work in or related to the process, and the basic element of value stream map are the process steps or those activities. The indications of where the inventory maybe stacked up or held along the way. Indications of how information flows like the computer systems that we use. Data related to the process steps or activities. Data about how long things take in those processes or activities. How long it takes to deliver to the customer, and that is often referred to as lead time, the total time from the beginning to end, and then data about the pace of customer demand for the products or services which is often referred to as takt time but it's just at what pace are the customers wanting this service? What pace do we have to produce to get there? Ultimately however the value stream map will show where you're activities add value and where they don't, and of course activities that don't add value are a waste from the customer's perspective, so Tom I invite you here. What's the primary purpose of the value stream maps that you make at Premera and how do you use these current state maps that you create?

Sure. So the primary purpose of value stream maps here is really we're teaching our leaders how to see waste, so when we started out we were very tactical -- hold on just a moment. All right. I just had to minimize the noise here on this side, but it's about teaching leaders how to see waste, so that they can do something about it. So often we sit in conference rooms and hear about problems, and we create a lot of assumptions from that. This is an opportunity for the leaders of the areas to actually go to the floor, talk to the people who are doing the work to see first hand what's really the problem here? And you will find that a lot of the people doing the work are going to be very open and sharing here's what is going on, so there is so much more to be learned there, and I actually use value stream mapping as a way to do my annual planning, so if you look at this it may seem very tactical and well that seems administrative, and make I could delegate that. Well, if this is delegated it will not be used for that reason. This is really an opportunity for all of you to kind of see the forest through the trees and be able to kind of work and define an annual plan that is more meaningful for you and your staff.

Okay. Makes sense because when you looking at the places to get waste out some of those are efforts that are going to take some time and resources to get to, and in that sense it helps with your planning for the year.

Exactly. And another thing through this process what you're going to find is you're going to hear -- you're going to see morale. You're going hear morale. You're going to hear the problems with the people maybe not being willing to share stuff, or maybe they're sharing it, but they're sharing it with the wrong people so there is much more beyond the process itself.

All right. So moving on in the book in this next key point slide here the idea of getting started, so how do you get started? And at the high level the topics the book covered were identifying the value stream owner or who is the process owner here who is really charged with paying attention to whether or not the process is working well or poorly. Making sure you understand who that person is one of the first steps because then the next step creating the charter which is I guess maybe the language that we use here in state government for value stream mapping events. We expect that a charter is created, and that charter has worked and developed with that value stream owner or the sponsor of the value stream mapping effort, and then of course gathering the team, and gathering supporting information all before you've entered into the workshop itself, and once you're in the workshop itself, and once you're in the workshop using standard icons and mapping at a level that lets you see waste. In terms of chartering Tom or anywhere you want to go on this, but I wanted to ask you to comment on how important the chartering part of pre-work or VSM starts how important is that in your experience?

So chartering is probably the one, if not the most important, because what you want to understand is from that leader -- okay what is that leader's responsibility and what are they really trying to do? Are they trying to see the waste in all their processes or this bigger process or a smaller process? Because depending what that is that will drive how much time, how many days this event should be. So something quite small it could be do a current state in two hours or it could take you one and a half days so very, very important.

And in terms of the standardization as we're getting started we have quite a bit of variation I believe in using standard icons and some folks word all the way down do we have to use the same colored sticky notes in our maps? But this idea of standardization where is the sweet spot of importance for like using the same icons or sort of the Bible for VSM is the learning to see book ; right?

Right.

And a general set of icons used there. How important is that in your view to fine standard work or having us all do it together versus accepting a bunch of variation?

So I would recommend kind of a hybrid of those, so basically what learning to see has I would recommend that you follow that and use though icons. But you're going to be coming across things that don't fit any of those, and that's an opportunity for that group to come up with their own icons, so it's almost allowing them to customize it to their situation, and so if it doesn't fit don't try to make it fit. Just put it up there like we put in some cases a problem is like a lightning bolt or something or something like that, so don't get overly lopped into that, and one other thing you could use stickies to save you a little bit of time so instead of saying information and materials maybe you use one color sticky for information and one color sticky for material, and later as you have noted here you come back and then you redo the whole map, and that's where you put the icons in.

Got it. And just for those listening we mentioned the Learning to See book which is a different book. The Lean for Dummies -- the icons here in table 7.1 are well aligned with the learning to see which is sort of the standard book on value stream mapping so no worries there and point well taken start with those standards, but don't become a slave to the icons; right?

Right.

Okay. The next key point here is about creating that current state map, so the big rocks here are identifying the activities, quantifying the things that are important about those activities like how long it takes to complete the activity, and qualifying the activity by determining whether value is added and where the activities are non value added from a customer's perspective and of course figuring out and depicting how the information flows. Now, Tom I noticed that this idea of designing or designating activities on the map as non value added when we make that designation this is non value added sometimes makes employees uncomfortable. The initial reaction is sometimes "Hey why are you calling my work non value added? Does that mean that you don't need me or I'm not important? I am working my tail off here and how come you're calling my stuff non value added? In the beginning of your journey did you have similar experiences, and what do you say to employees that are coming to this the first time feeling that way about this designation?

Sure. Actually that was one of the probably the most sensitive topics when we communicated out these value stream maps pretty much during the initial phases because they felt like they were being under valued but before we actually went into that it was more about 12what we're sharing here when we say non value added non value added we know that everybody has the right intent here, but over time processes develop this waste to nobody's blame. It just happens over the course of time, so just it's natural for that to occur. It's just that now that we have to see is that value added? Is it not value added? So if it's not something your customers are willing to pay for that's a simple way to determine whether or not it's value added. So maybe you as a customer of your own business are you willing to pay for this? And if the answer is no it's possible that it's necessary to stay in business or to do this, but in some cases it's not necessary, and it's the not necessary that we want to get rid of it, and then later we can work on the stuff that say necessary waste that we can really start challenging that.

Yeah. So it's that first shot of deciding where to go to work and like we've seen 90 plus percent of all processes are really made up of non value added activities no matter where you look, whether it's government or I'm sure Premera is no exception and better to start diving into the non value added rather than the traditional focus on the value added activities, or things that people see all the time as a way to focus our efforts.

Right. And just a comment. That's why it's so important as the roll out of Lean across the board is -- people has to be noted as number one in this process. It's a people system. It's about doing more with the 13same amount. Not to work them harder to actually reduce the burden, and you do that by reducing waste, so when you do value stream mapping that just makes sense to them, so understand you may have that as something kind of a precursor in going into this.

Yeah, and it's a tremendous respect to an employee to give them the opportunity and the expectation, everything necessary to reduce that over burden and fix things that are broken in the processes that they're a part of everyday because it's not their fault. It's not personal like you mentioned earlier. It's not personal that it's broken. It's just non value added activity that emerged over time, and will again if left alone; right? Like that second law of Thermodynamics thing.

Right. And another thing when you're out you're out on the floor talking to these folks when you're asking them you can tell what they're frustrated with. Okay. Does that step add value? Are you willing to pay for that? They're

"absolutely not". Okay you're the president today how would you solve that? And just through that you will get many different things. You will get emotion in it. You will get tactical and technical stuff, so it's just really more of a discussion as you're working along the value stream with the people on the floor.

Right. So I have a question here from one of our participants that's related to this key point. The question is "In determining value added activity how do you depict 14 competing activities that traditionally and maybe culturally are seen as necessary?" And I think the question speaks right to the whole point of giving it the value added non value added test and does it pass all three? It's something the customer willing to pay for? Is the change form, fit, or function? Is it done right the first time. Any other thoughts on that Tom?

Another thing is this activity getting at any closer or preventing problems down the road? So if it's taking you backwards or there isn't anything adding value at that point I think they will see it there.

Certainly they want to put it up on the map, get it out there, even if it's a sensitive block of history or culture behind the activity itself. Put it up on the map. Get everyone to engage in it.

Exactly. And when you come back around there will be differences all the way through, and again that's another reason why you come back and walk through the whole thing, so once you see the forest through the trees in the bigger scheme of things is this really worthwhile or not? Because you have to start determining okay where are we going to start eliminating waste?

You know Darrell -- thanks Tom. This is Scott here. I wanted to point out as well next week we will be talking more about that how to use the value stream maps, and some of the points from chapter eight actually go into some of the questions that help us identify 15 the value versus non value and whether it's necessary from that point of view. I think that's a great question that Darrell brings up, and that hopefully we will touch on that for next week.

Excellent. Nice plug for next week. True story. Well, we have two more in terms of key points. We're onto slide seven of the key points summing up the process. You know the common metrics that are sought after here in summing up once you have your current state are depicted on the slide. Things like relating to time. Well, we talked about the value added and non value added and the lead time or cycle time, or how long do things take, the whole metrics related to time, and then stuff related to defects and how many occur where? Another time element is how much equipment up time or how often your tools or equipment are available in allowing you to produce? And of course the takt time producing to the customer demand figuring out what is the pace of customer demand that we have to meet to stay on track? In terms of metrics Tom at Premera anything different here in general or advice you have about metrics collections in the current state?

These are pretty much what we pull from, but the only thing I would add is be careful about how much you take on because it's not so much about the details of the map. It's really about the learning that is occurring while you put the map together, so sometimes if you get so locked into the icons and the dotting the I's and crossing 16 the T's you're really missing the whole point so use this information as a check list that may drive you to this is the most important stuff that we want to go after is really lead time, and maybe this process doesn't really lend itself to cycle time because it's not something you do in

two minutes. It maybe two weeks, so and a lot of activities over that, so kind of pick and choose and that is all a part of scoping.

And not letting the process -- the tail wag the dog, or the process --

Yeah, right.

Use it as a tool. Well, let's look at our final key point here is about validating and that is walking the process, or actually going out to where the work is done, and walking that process to validate the things you have on your map, and of course once you have done that the idea is to come back to literally the map that's on the wall where you're working as a team to create the current state map, and make those changes based on the validations that you've observed while going out to walk the process, and Tom in your work, your experience the idea of walking the process to validate something that you guys do as well?

Yeah. Most of what we do as -- before we put the map together we're out walking the floor, so we have a series of questions we ask, so that is another thing back when you are getting started. Make sure that your area is prepped, and what I mean by that is how many people are coming? When are they coming? Where are they stopping? For how long? What types of questions are they going to ask? Do we need some material or output that we need to share? So understand that is all set up, and as you're walking through and doing all these interviews you're putting it altogether and creating that map. That first stickies and stuff, and then the way I see walking the process afterwards now that you have that on the map now start putting pencil or pen to paper with the appropriate icons, so it makes more sense for you as well as anybody else that is going to be using it after that, and my closing comment on this is value stream mapping is more of an art than it is a science, so a lot of people get so caught up in the details that they lose the purpose of the map, and so I just say this is really more about learning, so if your audience, your team is not learning, something is going wrong. Either you're getting too detailed or maybe it's too high level but you will see that as you go.

Great advice and thank you so much Tom for joining us today. That is all the time that we have. I will remind our participants to remember to take the quiz and you can do that through the link Heidi sent you, the quiz on chapter seven, and otherwise we will see you again next week to review chapter eight. Tom thanks again for your help today. I appreciate your partnership and you joining us.

Thanks for having me.

Take care everyone. We will see you next week. 18

All right. Bye bye.