Build Your Management System First, Then Optimize Lean: The DRS Case Study

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80% failure rate
Mindset

Toolset
Apply Lean to management
MOTHER OF ALL PROCESSES
Focus, focus, focus
1. Relentless focus on goals
2. Everything in the way is waste
3. Engage everyone in removing waste

Daily work, initiatives
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

Permanently eliminated
Connected, engaged

ENGAGED: 33%

DISENGAGED: 18%

NOT ENGAGED: 49%

SOURCE: Gallup Consulting
Eliminate management waste
POSTER CHILD FOR GREAT MANAGEMENT

ROUTINE, DAILY WORK
$2.0 Million Savings in OVERTIME

STRATEGY, INITIATIVE WORK
Transformational CULTURE CHANGE

QUARTERLY TARGET REVIEWS
Transform citizen impact
Implementing a Management System

Marcie Frost, Deputy Director

October 23, 2012
• Public Pension Administrator
  – 700,000 customers (active members, annuitants, inactive members and DCP participants)
  – Data from more than 1,300 public employers
  – Administrate a very complex group of public pension systems
    • PERS 1, 2 & 3; TRS 1, 2 & 3; SERS 2 & 3; LEOFF 1 & 2; WSPRS 1 & 2; PSERS; JRS; Judges; and JRA and DCP

• At the end of FY 12:
  – The pension trust funds contained $63B in assets
  – Contributions in FY 12 totaled $2.1B
  – Disbursements in FY 12 (to over 144,000 annuitants) exceeded $3.4B

• Close partnerships with WSIB, OSA, OST and our recordkeeper

Introduction to DRS
• Highly complex – Ranked 3rd in national benchmarking
• Separate and distinct organizational improvement efforts
• Strategic planning cycle
  – Is the organization working on the right things?
  – Focused on the critical few?
• Process improvements done by department
• Long history of performance management – based on how quickly customers were being served
  – Phone calls answered by knowledgeable team member within 30 seconds
  – 5 day turnaround on correspondence and estimates
  – 4 minute response time to walk-ins with or without appointment

**DRS – Solid performer relative to peers**
• Entire organization missing a clear line of sight to goals
  – Team members can’t be fully engaged
• Missing data about “what adds value” from the customer perspective
• No single owner of processes across the agency
• Leaders who historically worked as knowledge workers
• Decision making wasn’t happening at the point of service
• Processes were improved but not necessarily solving the root cause
  – Incremental improvements were lost

However...
• Leaders who coach/develop teams
• Gain a full understanding of customer needs/expectations
• Every DRS team member must understand the organization’s goals and key outcomes
• Complexity must be understandable to everyone
  – Context critically important
• Connect ALL the work of the agency
• Move more decision making to the point of service
  – Solve customer problems immediately
  – Create engagement and accountability

The Plan
100% CUSTOMER NEEDS MODEL
100% TEAM SUCCESS MODEL

Customer Expectations
Mutually agreed-upon expectations respecting the budget, mission and resources

Processes
Right people in the right jobs doing the right things

People
100% successful Team Members

Leader
<table>
<thead>
<tr>
<th>The 9 Rules of Then</th>
<th>The 11 Rules of NOW</th>
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</thead>
<tbody>
<tr>
<td>• Follow orders even when they make no sense</td>
<td>• Listen carefully to your customer</td>
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<td>• Keep your mouth shut and your opinions to yourself</td>
<td>• Keep the company goals in mind</td>
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<td>• Please your boss because he/she controls your future</td>
<td>• Measure your performance</td>
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<td>• Do not challenge management or you will be labeled a troublemaker</td>
<td>• Access the data you need</td>
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<td>• Blame others when things go wrong</td>
<td>• Use data to make good and speedy decisions</td>
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<td>• Do not waste company time on social media</td>
<td>• Understand what your decision costs</td>
</tr>
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<td>• Punch the clock and leave your work at the office</td>
<td>• Do not hide problems or they will go unsolved</td>
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<tr>
<td>• Never complain, never explain, except after work</td>
<td>• First please the customer, not your boss</td>
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<td>• Say no to customers who demand an exception to company policy</td>
<td>• Do not be afraid because your boss has your back</td>
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<tr>
<td></td>
<td>• Honor the process not the department</td>
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<td></td>
<td>• Strive always to say yes to customers</td>
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**Leaders as Coaches/Guides**
• Business at the Speed of Now Study Groups
  – Early understanding for your critical change agents
  – Guiding Team – team members from across DRS
  – Leaders
• “An organization’s culture is reflective of the behavior of its leaders”
• Adopted marketing strategies
  – People need to hear clear and consistent messages multiple times/channels
  – Podcasts, team meetings, visual management, etc.
• Trained 19 green belts and 2 black belts
  – “Just do it”

Creating a guiding coalition
• High percentage of leaders have made the turn
  – More listening than telling
  – More coaching than doing

• Management System is in place...
  – Common language
  – First QTR performance review on October 29

• Team members understand their “box” for

The results
• Using Lean - Green and Black Belts are focused on processes with primary constraints
  – Solving problems with the highest customer value and those interfering with accomplishing key goals and outcomes
  – Agile processes in Information Technology have also made the turn
  – Priority Quadrant & IdeaScale

• Breakthrough Initiatives (Strategic Planning)

Constantly improve
Core Business Processes
• Come by our booth
• Free copy of Chapter 5 & a Study Guide
• Engage your leadership team in a 90-minute dialogue about how to begin the journey

*Lean Management Action Item*