What’s Your Problem?
Overcoming the Obstacles to a High Performance Culture

Jane Washburn
Chief of Strategy Management
Our Government
My Background

“…”
GNB’s Performance Excellence Journey
Pioneering of performance excellence in GNB
Problem #1
New Brunswick’s fiscal reality and the need for change
Projected Total Expense
1990 through 2020

$0
$2
$4
$6
$8
$10
$12
$14
$16

1990
2000
2010
2020

$3.6
$4.7
$8.0
$15.5

Projected Revenue
All Other
Debt Service/Amortization
Education
Social Development/Seniors
Health

Source: Departments of Finance, Education, Health and Social Development
Solution #1
Adopt proven private sector practices to address fiscal challenges
Lean Six Sigma
Balanced Scorecard
Problem #2
How to gain buy-in to proceed with sweeping culture change?
GREAT IDEA
BUT WE'VE ALWAYS DONE IT THIS WAY
Solution #2
Showcase outstanding results from a relevant public sector organization
Canada's Top 100 Employers 2011
Palmarès des 100 meilleurs employeurs

IN-STOCK Partial
Q2 2007/08 –

Operating and Administration Expenses as a % of Sales

Public Customer Satisfaction

Net Income Trend

Total ANBL Health Cost as a % of Payroll
(ANBL actual vs 10% increase as per industry)

Engagement Index

Annual Assessment Rate Assignments

ANBL 2009 (I=145) ANBL 2007 (I=136)

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<td>$1.41</td>
<td>$1.90</td>
<td>$1.92</td>
<td>$2.12</td>
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<td>ANBL 2007</td>
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Performance Excellence Road Show
"Less than 10% of strategies effectively formulated are effectively executed"

- Fortune Magazine

“In the majority of failures – we estimate 70% – the real problem isn’t bad strategy…. It’s bad execution.”

- “Why CEO’s Fail”, Fortune Magazine
Principles of High Performance

**Purpose**
- **PURPOSE** is customer driven - solve their problems and create value.

**Process**
- 85% of problems are **PROCESS** not people - deliver faster, better, cheaper.

**People**
- Engage **PEOPLE** - involve employees, differentiate performance, develop leaders.
Problem #3
How to introduce private sector improvement practices to government?
But we’ve always done it this way
Solution #3

Pilot: Competitive process for “Early Adopters” and show early success
4.0 Requirements for Early Adopters

Early Adopter departments will demonstrate, by presentation, that they have:

a) A leadership team committed to adopting a continuous improvement culture;
b) A qualified employee for fulltime Alignment Champion;
c) A number of qualified employees with potential to be fulltime Process Improvement Facilitators;
d) The commitment to participate in the mandatory training sessions;
e) Potential process improvement projects to be selected in December 2011/January 2012; and
f) The funding to cover continuous improvement start-up costs.
Wave 1 (Pilot) Departments

- Environment and Local Government
- Natural Resources
- Service New Brunswick
- Transportation and Infrastructure
- Horizon Health Network
- Finance
Formal Management System

Strategy Management

Initiative Management

Performance Management

Daily Management

Process Management

LEAN 6σ

Define
Measure
Improve
Analyze
Control
Performance Excellence Training for Deputy Ministers and Executive Teams

PURPOSE
PROCESS
PEOPLE
Process Improvement Facilitators (Black Belts)

- Personal Attributes
  - Cognitive Ability
  - Leadership Potential
  - Knowledge & Experience
RESULTS
Hard savings through continuous improvement

Target: $2,500,000

Actual: $4,000,000
Launched Wave 1 with Pilot Departments

Strategy Map, Balanced Scorecard introduced and cascaded

Lean Six Sigma formalized + results

Alignment Champion Network established
Problem #4
How to fully implement Performance Excellence across government and position for the long-term?
Solution #4
Build on pilot success, deepen expertise, grow methodically
Increased “Market Penetration”

Clerk of Executive Council and Head of the Public Service

Deputy Ministers

ADM / VP

ADM / VP

Process Improvement Facilitators

Department Alignment Champion

All Departments

Office of Strategy Management

GNB

Initiative Management

Performance Management

Daily Management

Process Management

All Departments

(“OSM”)
Office of Strategy Management

Responsible for developing the *principles, methods and tools* by which NB Public Service leaders can:

- Enhance alignment and execution of strategy
- Drive improvement results
- Build a sustainable high performance culture
Wave 2 and Wave 3 Departments on Board

- Justice and Attorney General
- Education and Early Childhood Development
- Agriculture, Aquaculture and Fisheries
- Public Safety
- Post-Secondary Training, Education and Labour
- Social Development
- New Brunswick Internal Services Agency

- Health
- FaciliCorp NB
- Executive Council Office
- Economic Development
- Invest NB
- Healthy and Inclusive Communities
- Efficiency NB
- Human Resources
- Tourism, Heritage and Culture
- Energy and Mines
Lean Six Sigma Maturity

- Value Stream
- Project
- Kaizen
- 5S
- Waste Walk
- Daily Management

Complexity

organizational
project
day to day
IMPROVEMENT =

value of project $\times$ cycle time $\times$ # black belts

Benefits
GNB Project Examples

Sugarloaf Provincial Park

$345K increased revenue; +34% from base year

Operating Room Supplies and Equipment

Savings of $378,939 in first year
GNB Project Examples

Light Vehicle Driving Costs

$999,487 saved; 35% increased compliance with Travel Policy

Asphalt Leveling

Completed in 2 months instead of 3; $453,259 in procurement savings
Process improvement accessible to all staff:

- Basic training on Lean Six Sigma and wastes
- Coaching from a Black Belt
- Formal report-outs at 30, 60, and 90 days
Waste Walk Examples

Suppliers of IV Lines

Switched suppliers for 24,000 primary gravity IV lines; saved $87,000/year

Envelope Size

Reduced envelope size and decreased postage from $1.34 to $0.63/unit; saved $78,100/year
Cumulative Hard Savings

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<td>Q1</td>
<td>$3,998,435</td>
<td>$15,304,961</td>
<td>$32,776,264</td>
<td>$55,345,344</td>
<td>$69,440,918</td>
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<tr>
<td>Q2</td>
<td>$40,000,000</td>
<td>$60,000,000</td>
<td>$80,000,000</td>
<td>$100,000,000</td>
<td>$120,000,000</td>
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$77 million
Lean Six Sigma ROI

Lean Six Sigma Return on Investment (ROI)

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<th>Year</th>
<th>Total Estimated Costs</th>
<th>Hard Savings</th>
<th>ROI</th>
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<td>2013-2014</td>
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<td>2015-2016</td>
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<td>2016-2017</td>
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GNB Formal Management System
Driving Organizational Improvement

- Strategy Management
- Performance Management
- Initiative Management
- Process Management
- Daily Management

“IN” work

“ON” work
Provincial Government: What is our mission/purpose?

Taxpayers

Customers
Customers versus Taxpayers

Business
- Investors
- Board of Directors
- Chair of the Board
- CEO/President
- Business Unit (VP)
- Products or services

Government
- Taxpayers
- Cabinet
- Premier
- Clerk
- Department (DM)
- Programs or services

Adapted from “We don’t make widgets”
Ken Miller
What is our Mission?

GNB or Dept

Program or Service

Customer Outcomes

Taxpayer Outcomes

How?

Who? What?

Why?
Customers: What?

What customer outcomes (small y) will contribute to the taxpayer needs (BIG Y)?
Daily Management

- Strategy Management
- Initiative Management
- Performance Management
- Process Management
- Daily Management

- PLAN
- DO
- ACT
- CHECK

- Leader Standard Work
- Team Huddles
- Visual Management
Daily Management 101

Continuous Improvement

Act | Plan
Check | Do

Standard

Consolidation through Standardization

Quality Improvement

Time
### QUARTERLY RESULTS (Q3)

<table>
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<th>Region</th>
<th>2014-2015 # of referrals to PETL</th>
<th>2015-2016 # of referrals to PETL</th>
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<tr>
<td>Region 1</td>
<td>522 (18.1%)</td>
<td>467 (16.3%)</td>
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<tr>
<td>Region 2</td>
<td>329 (7.8%)</td>
<td>310 (7.8%)</td>
</tr>
<tr>
<td>Region 3</td>
<td>364 (13.8%)</td>
<td>521 (19.7%)</td>
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Region 3-Fredericton

- **Region 1**: Decrease of 11%
- **Region 2**: Decrease of 6%
- **Region 3**: Increase of 43%
EXTERNAL RECOGNITION:
GNB FORMAL MANAGEMENT SYSTEM

Atlantic 2013

[Image of an award for innovation in practice]

Canadian 2014

[Image of aLeadership Award:]
“providing improved public service at lower cost”

International 2014

[Image of a Palladium award]

GNB FORMAL MANAGEMENT SYSTEM
Remaining Departments on Board

GNB-wide adoption of Performance Excellence Process

Daily Management introduced

External Recognition and Awards

Process Management Introduced

Lean Six Sigma growth and maturity

Evolution of GNB’s Performance Excellence Process
Problem #6: How to maintain momentum in building a high performance culture?
Solution #6
Increase senior leader investment and further engage employees in Performance Excellence
'THE MAN WHO CAN UNLOCK THE SECRETS OF TURNING PROMISES INTO ACTION' Independent

ROBUST RESPONSE / BEST PRACTICE / POLITICAL BUY-IN / BIG SOCIETY / JOINED-UP GOVERNMENT / PUTTING UP OR SHUTTING UP / THINKING OUTSIDE THE BOX / ALL IN THIS TOGETHER / ANY THINKOATE / COMMON SENSE SOLUTIONS / HIGH-LEVEL INITIATIVE / WINDOW OF OPPORTUNITY / NO GLASS CEILING / FROM THE GET GO / MISSION CREEP HOW TO RUN A GOVERNMENT SO THAT CITIZENS BENEFIT AND TAXPAYERS DON'T GO CRAZY BY MICHAEL BARBER
GNB Priority Delivery Units (PDUs)

✓ Made in New Brunswick solution
✓ Informed by other jurisdictions’ success
✓ Recognizes lead role of ministries
✓ Frequent reporting to Premier
✓ Deputy Minister accountability for delivery
✓ Cross-ministry collaboration a must
✓ Aligns talent with priorities
✓ Leverages Formal Management System
Priority Delivery Units

ON work

Strategy Management

Performance Management

Daily Management

Process Management

Initiative Management

Priorities (choice)

Accountability (ownership/reporting)
Monthly Accountability Meetings

Month 1
Review progress on initiatives and Input Measures

Repeat for all 12 months

Month 2
Review progress on initiatives and Input Measures

Month 3
Quarterly Review: progress on initiatives and Input Measures

Month 12
Annual Review: progress on initiatives, Input Measures and Outcome Measures

“Be honest on progress. Tell us when you need help.”
Strategic Portfolio Management

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<th>Risk</th>
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Project Type Assessment Matrix

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<td>300</td>
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<td>400</td>
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- Impact: Comment on strategic status of the project
- Risk: Comment on project resources (People) on the project
- Economic: Identify any new risks or significant risks coming into view
- Social: Comment on the financial status of the project
- Environmental: Comment on scope and any changes on the project, consider including impact statement for any proposed change
- Legal: Comment on the status of technology for the project
- Risk: Comment on the status of Change leadership for the project
- Operational readiness: Comment on the client / customer organization and its readiness to adopt the solution or new capability the project will deliver.
Better Business Intelligence
“Our long term objectives are clear, and we have added greater discipline around achieving these objectives. The focus is on good planning, teamwork across departments, and accountability. Our departmental leadership teams review progress on these priorities regularly. This joint discussion has led to enhanced collaboration even between branches within my Department. We are also seeing that the highest levels of leadership are asking for true progress on priorities and seeking ways in which they can help remove any roadblocks. As a result, we are seeing movement in our initiatives in order to achieve the desired taxpayer outcomes.”

Jean-Marc Dupuis,
Deputy Minister, Post-Secondary Education, Training and Labour, and Education PDU Lead
GNB Formal Management System
Driving organizational improvement

Find your Alignment Champion, learn about the Priority Delivery Units, and more...

Excellence

Family
A bundle of quick links to help you find what you need for you and your family.

Re-cap 2016 Civil Service Tour
Information about the Civil Service Tour and read the "what we heard" report.
The Performance Excellence Process (PEP) is the New Brunswick Public Service’s award winning approach to delivering value to NB taxpayers and customers.

Our goal is to achieve:

- Aligned execution of government’s strategic priorities;
- Focused continuous improvement results;
- A sustainable high performance culture.

Our approach to performance excellence is built around three high performance principles:

Principles of Performance Excellence

- The GNB FMS: what, why, how?
- The five components of the FMS
Other Recent Advances

✓ Budget aligned to strategy/priorities

✓ Deputy Minister Performance Agreement

✓ Alignment of annual report process

✓ Demand for/promotion of practitioners
✓ ADM/DM leadership development pilot
✓ 20 new Process Improvement Facilitators (Lean 6σ Black Belts) in budget
Priority Delivery Units Introduced

GNB Priority Map launched and cascaded

Performance Management better defined/aligned

Enhanced focus on delivery of horizontal government priorities
Who is Better Off?
Deficit Reduction

<table>
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<th>Year</th>
<th>Surplus/Deficit ($) millions</th>
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<tr>
<td>2013-14</td>
<td>-700</td>
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<tr>
<td>2014-15</td>
<td>-500</td>
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<tr>
<td>2015-16</td>
<td>-300</td>
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<tr>
<td>2016-17</td>
<td>-200</td>
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Community Volunteer Income Tax Clinics

- **Why?** Indirect impact of poverty reduction

- ** GN B partnered with Canada Revenue Agency to help vulnerable citizens file income taxes (enabling access to other government benefits)**

- **Target:** 30 organizations to host clinics in under-served communities.

- **Result:** 40 organizations hosting clinics
Immigration Pilot

• **Why?** Increase economic immigrants invited to NB per year, linked with full-time job

• More employers to fill hard-to-fill vacancies with immigrants

• **Early Result:** 359 employers expressed interest, identified 2,000+ vacant positions

• **Early Result:** 246 employers made full-time job offers this year (up 47% over 2016)
Performance Excellence School Districts*

- **Why?** Improve literacy for all learners and develop a competency-based approach

- Apply Formal Management to improving literacy

- **Result:** 69% improvement in % grade 2 students at right reading comprehension level

- **Result:** strategy maps, balanced scorecard, daily management all in use

- **Result:** 50 Lean 6σ projects complete + 42 more underway province-wide

*based on pilot in Francophone sector
GNB Formal Management System
Driving Organizational Improvement

- **Strategy Management** (Choice)
- **Initiative Management** (“ON”) (Lean, 6σ)
- **Process Management** (Standard Work)
- **Performance Management** (Disciplined leaders, teams and actions)
- **Daily Management** (“IN”)

Organizational flow:
- Project management
- Process management (Process Map, Standard Operating Procedure)
- Leadership, standard work, visual management, 5S
- Daily management (PLAN DO ACT CHECK)
- Initiative management (LEAD, DEFINE, MEASURE, ANALYZE, IMPROVE, CONTROL)

Citizen-focused flow:
- Project management
- Process management
- Leadership, standard work, visual management, 5S
- Daily management (PLAN DO ACT CHECK)
- Initiative management (LEAD, DEFINE, MEASURE, ANALYZE, IMPROVE, CONTROL)