Lean Innovation in Government

Lean Enterprise and Lean Start-up In Government
The Promise of Lean

- Increase customer value with fewer resources
- Eliminate waste
- Continuous improvement
- Honor employees intelligence
  - From blame to fixing the system
  - Horizontal communication to fix root causes
The Promise of the Lean Startup

• Faster, cheaper, better innovation
• Better fit with customer needs
  – Testing rapid prototypes with customers
  – Measure progress
  – Rapid learning from inexpensive mistakes
• A home for the entrepreneurial spirit
Reinventing the Forest Service
1994
Enterprise Team System
Implemented in 1998

- Teams of internal service suppliers
- Freedoms much like entrepreneurs
- Regulated by pull from the forests

1.8 Times as Productive
The Forest Service

- 9 Regions
- 154 National Forests
- 20 National Grasslands
- 8 Research Stations
Forest Service Enterprise Teams

- Restoration biology
- Recreational planning
- Conflict resolution
- Road and trail building
- Wildlife biology
- IT services
- Archeology services
- NEPA assessments
Forest Supervisor Choice

• Ways to fill a need
  1. Hire someone directly
  2. Service from regional or national staffs
  3. Hire external contractor
  4. Hire an Enterprise Team

• Enterprise Teams
  – No allocated budget
  – No mandated customers
  – Full cost accounting

Applying science of fire Business services Planning
How it Works

• Teams may sell to anyone in the agency
• The teams set their own prices
• The teams choose what services to sell
• The teams choose their customers
• Teams choose their members.

• Full cost recovery
• Customers have several alternatives
The Enterprise Bank

• The team stores revenue in an internal bank account

• Funds remain until spent: Not zeroed out at end of year
  – Heijunka: leveling the flow

• Use the funds for any legitimate business purpose.
  – Doers decide
  – HR sets salaries and bonuses.
Team Freedom

• Solvent teams can’t be fired
• Insolvent teams dissolved
• Control by customers, not bosses
• Freedom is the great reward
Enterprise Reduces Muri: Overburden

• Reduces peaks and valleys
  – Multiple customers
  – Cross training
• Scale & standard processes
  – Learning curve
  – Efficiency
• Customers, not power games
  – Each service is valuable – or else
  – Free from hierarchical stagnation
  – Can adapt to changing demand
CARS Team

• Analyses road maintenance challenges
  – Prevents erosion
  – Reduces landslides
  – Prioritizes maintenance

• Standard process
  – Fieldwork, data entry forms, analysis, report
  – 4 Kilometers of road analyzed in a day: $2500

• Standardization & Scale
  – Reduce errors and cost
Enterprise Reduces Mura: Variation

• For Customers: JIT services for the agency
  – Pull “What you need when you want it”
  – Avoid purchasing dept. delay
  – Takt time of agency
Load Leveling Inside Internal Services

• 80 % of work in any large organization provides services to an inside customer

• Demand for services fluctuates

• Enterprise levels load
  – Multiple customers
  – Cross training
  – Process improvement
Reduces Muda: Waste

• 1.8 times as productive as average employee
  1. Clear service specifications
  2. Pull and load leveling
  3. Customer vendor relationship
  4. Fast, honest feedback
  5. Freedom to innovate
  6. Full cost accounting

• Carry learnings from forest to forest
Rocky Mountain Research Station
Hoshin Planning

• Forest Service Strategic Goals
  1. Sustain Our Nation’s Forests and Grasslands.
  2. Deliver Benefits to the Public.
  3. Apply Knowledge Globally.
  4. Excel as a High-Performing Agency

• Every team’s business plan includes how serving those goals
• Enterprise creates high-performance
Enterprise and the Lean Start-up

• Frequent experiments
  – Rapid prototypes
  – Minimal Viable Products
  – Striving for perfection

• Validated Learning
  – Test your assumptions
  – Learn what works; discard what doesn’t
  – Accelerate the feedback loop

• Innovation Accounting
  – Measure learning
  – Set milestones
  – Measure progress
Enterprise Embodies Many Lean Principles

- Specify customer needs
- Governed by Pull
- Rapid feedback loops
- Leveling workload
- Collaborative teamwork across boundaries
- Kaizen

Digital Visions
Using software to solve complex Business Problems

1.8 Times as Productive
The Benefits of Free Intraprise to a Government

- Innovation in services
- Lower cost
- Less waste
- Better service to public
- Elimination of the excess capacity needed to staff for peaks
- Employee enthusiasm and energy
The School for Intrapreneurs

Purpose

From employee → Intrapreneur

From group → High performance team

From concept → Business plan

Launched 800 Products and Businesses
Centralized Staff Services
Staff Service Moved to Divisions
Choice

CEO

CORPORATE STAFF GROUP

DIVISION

DIVISION

DIVISION

DIVISION

USER
Centralization with Choice
The Intelligent Organization