An Introduction to Lean
Parkinson’s Law

—or— How to Survive the Weird World of Management and the Workplace
Effectiveness

• Means task performance – meeting the challenges put to the department; solve problems. Converting task inputs to desired outputs.

Efficiency

• Defined in terms of processing costs. Converting inputs to outputs with less organizational effort – fewer people, dollars, equipment. Efficient organizations give more for the money.
Operational Excellence is a philosophy of leadership, teamwork and problem solving resulting in continuous improvement throughout the organization by focusing on the needs of the customer, empowering employees, and optimizing existing activities in the process.
Operational Excellence – A Definition

The Shingo Model

The Shingo model is based on the Lean management approach and model taught by Dr. Shigeo Shingo, as well as the thinking shared from Toyota and other companies that have achieved new levels of operational excellence. The Shingo model is comprised of two elements: the house and the diamond.

The house details the principles of operational excellence and the power of balancing effort across all the dimensions.

The diamond represents the transformation process for embedding the principles of operational excellence into the organizational culture.

The Shingo model is a robust model that characterizes the connections between Six Sigma, TQM, TPS, JIT, and Lean.
When people understand more deeply the why behind the how and the what, they become empowered to take initiative. Achieving operational excellence requires people to know why. The organization must be engaged in a relentless quest to make things better.

**Supporting Concepts**

- Stability in processes – create consistency and repeatability
- Standardize Processes – build control into the process itself
- Direct Observation – to truly understand the process
- Focus on Value Stream – all the necessary steps required to deliver value to the customer
- Keep it Simple and Visual – better results at lower cost by process simplification
- Identify and Eliminate Waste
- No Defect Passed Forward – take ownership and accountability
- Results – be responsible for results; ideal results require ideal performance.
What is Waste?

- Any activity that adds cost or time, but does not add value.
- Consuming more resources (time, money, space, etc.) than are necessary to producing the goods or services the customer wants.
- **Pure Waste**: Actions that could be stopped without affecting the customer.
- **Incidental Waste**: Actions that need to be done based on how the current system operates, but do not add value.
What is Waste in Government?

1. Delay – time spent in a queue, inbox, or waiting for information
2. Review – inspection of completed or partially completed work to check for errors or omissions
3. Mistake – re-doing work because of errors or omissions
4. Duplication – activities done elsewhere or can be done more easily in another part of the system
5. Movement – physically moving information, equipment, or personnel to accomplish a task
6. Processing inefficiency – performing a task in an ineffective manner (i.e. – reinventing the wheel)
7. Resource inefficiency – ineffective management of resources such as personnel, equipment, materials
Why Lean Fails

• No sense of urgency
• Looking for a quick fix
• No leadership commitment and support
• No education awareness among employees
• No understanding of Lean
• No implementation or sustaining plan
• No customer or supplier involvement in the improvement process
Government agencies are in a unique and enviable position when it comes to innovation.

They aren’t in direct competition with one another. They can borrow or change ideas from elsewhere.

Familiarity is no reason to cling to outdated processes and systems.
US Department of Veterans Affairs Police Department
Greater Los Angeles Area

• 790-acre campus; 126 buildings
• Houses 8,500 veterans suffering from a multitude of issues
• Works with 10,000 walk-in patients
• 80-person police department
• $18,000,000 annual budget
• High level of violence against staff and patients
• Police department contracts with private security firm for some buildings
• Police department morale, performance poor – worst rated department in the Greater Los Angeles Veterans Affairs organization
• The department decided to implement Lean and Lean Six Sigma; training was provided. Lean fully supported from top down.
Issues To Be Addressed

- Police department overtime
  - $489,000 in 2012 (5-year average $412,000 annualized)
- Sick leave use
  - 5719 hours used in 2012 (3-year average 6640 annualized)
- FTE count
  - 81 personnel on the department
  - Significant performance issues
    - Rated lowest in 6 of 8 categories by the VA
- Crime rate very high
  - Assaults
  - Thefts
  - Disorderly conduct
- Security Guard contract
  - $2,200,000 in 2012 (5-year average $1,715,000 annualized)
Police Department Overtime

- Went from $489,000 to $42,000
  - 91.3% reduction
  - $447,000 cost savings
Police Department Sick Leave Use

• Went from 5719 to 4559 hours
  • 20% reduction in sick leave
Police Department FTE Count

• Went from 81 to 70 FTEs
  • 14% reduction in FTE count
  • $674,000 in savings
Crime Rates

• Went from 114 assaults to 85
  • 25% reduction in assaults

• Went from 216 thefts to 123
  • 43% reduction in disorderly conduct

• Went from 428 disorderly conduct events to 202
  • 53% reduction in disorderly conduct events
Police Department Security Guard Contract

• Went from $2,200,000 to $675,000 annually
  • 69% reduction in annual spend
THE HIGHEST REWARD FOR A MAN’S TOIL IS NOT WHAT HE GETS FOR IT, BUT WHAT HE BECOMES BY IT.

JOHN RUSKIN
TREAT A PERSON AS HE IS, AND HE WILL REMAIN AS HE IS. TREAT A PERSON AS HE COULD BE, AND HE WILL BECOME WHAT HE SHOULD BE.

JIMMY JOHNSON
NONE OF US IS AS SMART AS ALL OF US.

PHIL CONDIT
MORROW POLICE DEPARTMENT
A CULTURE OF DISCIPLINE

DISCIPLINED PEOPLE

DISCIPLINED THOUGHT

DISCIPLINED ACTION

Build up...

Break Through!
MORROW MAXIM

The Way To Get Things Done...

DO IT

DO IT RIGHT

DO IT RIGHT NOW
STATE OF GEORGIA
OFFICE OF THE GOVERNOR
ATLANTA 30334-0900

Sonny Perdue
GOVERNOR

October 14, 2010

To. Chief Jeffery C. Baker
Morrow Police Department

GREETINGS:

Congratulations to the Morrow Police Department for its selection to receive a 2010 Georgia Focus Recognition Certificate! Having completed the Self-Assessment Tool, your organization joins an elite group using the Criteria framework for both self and third-party feedback to create and sustain excellence in service delivery.

Your team’s decision to use this application for assessment of the Department’s leadership system, customer focus and efficiency, supports my vision for our state. My goal is to have every Georgia organization become world-class! This process is an excellent place from which to improve your bottom line and continue to build upon current successes. I am grateful to the entire team for all you do to help make Georgia the Best Managed state.

Congratulations again on a job well done!

Sincerely,

Sonny Perdue
Sonny Perdue
Project Value Proposition

- $200,000 savings – one project
- 30 hours work
  - $30/hr/salary & benefits
  - $9,000 cost

Value Proposition = Benefits – Cost
$200,000 - $9,000 = $191,000

Ratio = $200,000/$9000 = $22 saved:$1 invested
Before - 225 minutes
After – 15 minutes
93% reduction in time
4 FTEs to .25 FTE

Before - $177,000
After - $12,000
93% reduction in spend
$165,000 freed

Cost and Time Transferred to other activities
$165,000
The significant problems we face cannot be solved at the same level of thinking we were at when we created them.

Albert Einstein
Lean Process Improvement Benefits

• Lean, when implemented, serves to reinforce that administrators have two essential jobs:
  • Managing
  • Improving
• A culture that actively supports process improvements

• Improvements follow a prescribed path and structure

• Problems are attacked using a sound and consistent methodology

• Addresses problems, not symptoms
What it Takes to Succeed

• Leadership must firmly establish the program within the organization;

• Involvement of all employees is essential to create enhanced credibility;

• Training be focused on a simple set of tools containing basic Lean skills;

• Skilled facilitators who are critical to success, are obtained externally or developed internally.
What it Takes to Succeed

- Initiate a constant purpose based on a consistent underlying methodology;
- Key leadership positions remain in place after election cycles;
- Employees, generally speaking, don’t lose their jobs based on Lean implementation;
- Time to success is measured based on the reality of the projects selected.
- Understanding that Lean is applicable to most anything.
Two Main Reasons Implementing Lean Becomes Problematic:

• Much of the terminology and many of the tools are designed for manufacturing rather than services.

• Second, services, by their nature, contain special characteristics different from manufacturing.