

Forging A Lean Government

By

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Purpose

- **To be informed and excited about**
- **the opportunity Lean in government can bring to the citizens of the State of Maine**
- **by improving services while**
- **reducing overall costs to provide them.**
- **Getting from ‘No’ to ‘Know’**

Our Challenge

- **The Increasing demand for services with reduced resources to pay for them.**
- **Employees work hard to manage increased workloads with fewer resources.**
- **Strengthen & support the development of a problem solving and continuous improvement workforce.**

**Maine Department of Health and Human Services
Governing Principles**

adopted by Commissioner Jack Nicholas, January 6, 2006

Vision

Maine people live safe, healthy, and productive lives

Mission

Provide integrated health and human services to the people of Maine to assist individuals in meeting their needs, while respecting the rights and preferences of the individual and family, within available resources.

Foundational Values

Honesty, Respect, Integrity, Responsibility, Accountability, Compassion, Empathy, Fairness

Guiding Principles

- Treat consumers with dignity and respect
- Deliver services that are individualized, family-centered, easily accessible, preventative, independence-oriented, interdisciplinary, collaborative, evidence-based and consistent with best and promising practices.
- Value and support departmental staff as a critical connection to the consumer.
- Engage staff, stakeholders, providers and customers in a collaborative partnership that continuously seeks excellence in service design and delivery.
 - Balance centralized accountability with regional flexibility.
 - Align systems, actions, and values toward a common vision.

Department Goals

1. **Protect and enhance the health and well-being of Maine people**
2. **Promote independence and self sufficiency**
3. **Protect and care for those who are unable to care for themselves**
4. **Provide effective stewardship for the resources entrusted to the department**

Department Outcomes

- **High Performing Staff**
- **Excellent Provider Partnerships**
- **Integrated Services**
- **Superior Customer Service**
- **Efficient and Effective Administration**

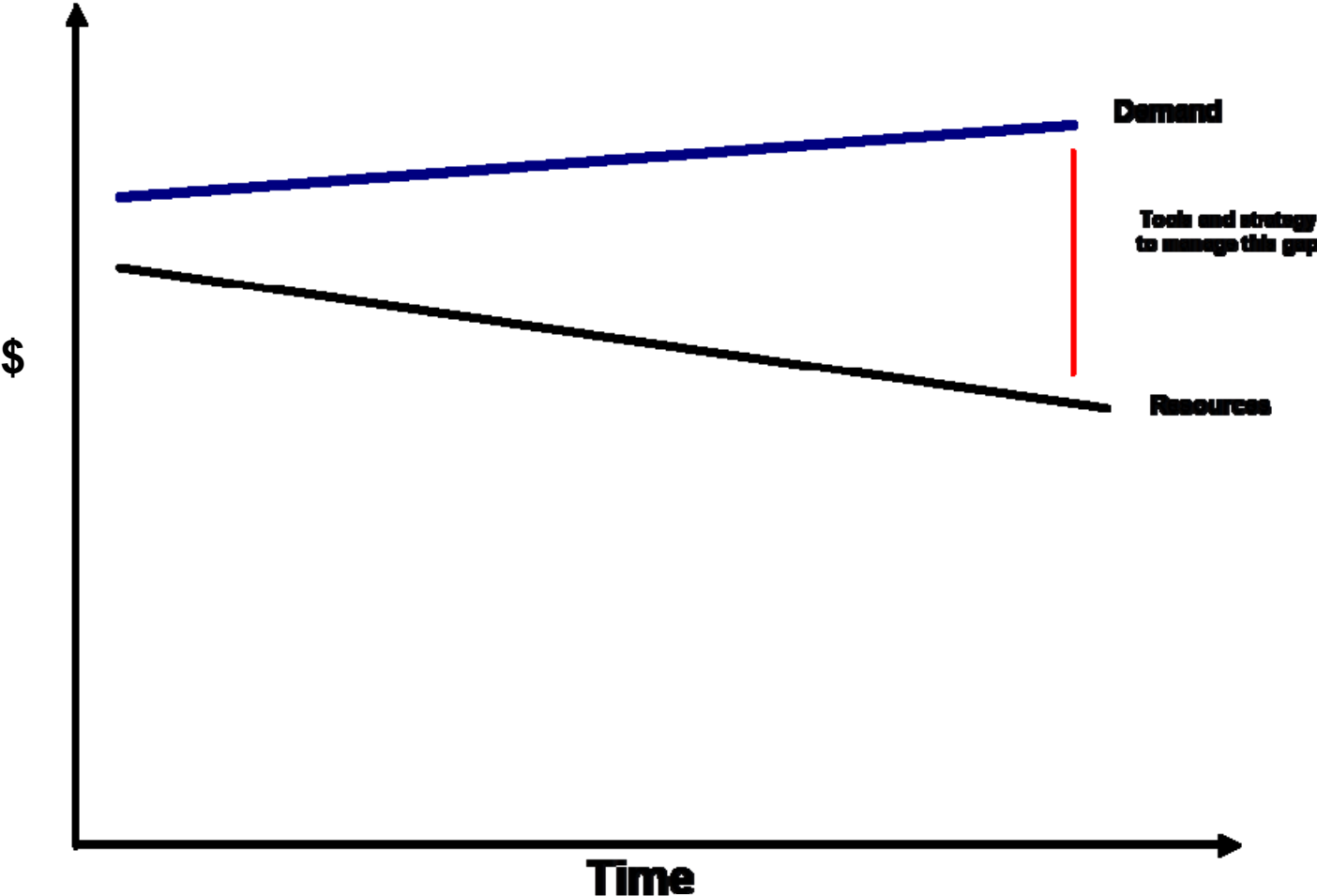
Program Objectives

Program Performance Indicators

Staff Performance Expectations

Our Challenge

Managing the increase in demand within existing or reduced resources



Common Government Change Strategies

Action

Result

- | | |
|-----------------------|-----|
| • Cut the work force | (-) |
| • Reorganization | (-) |
| • Process Improvement | (+) |

The Strategy

*Bend-the-Curve**

* With significant leadership support, BTC was coined and initiated at MDOL by Arthur S. Davis, Director of Operations, in 2004, at about the same time as a Lean initiative began in DHHS. BTC has grown to also include DOT, DAFS, DOE - under the now increasingly inter-departmental *Bend the Curve* banner.

Deploy the principles and proven methods of Lean management developed by Ford and refined by Toyota that are being used around the world to improve services, reduce non-valued-added work, and lower costs.

What is "Lean" ?

Lean philosophy

"is a disciplined approach that uses tools, measures and outcomes to create the most value from the customer's perspective while using the fewest resources and entails responsibility and accountability."

Government "Products"

What do we produce?

Kinds of Agencies

Products

Social Services	Child abuse investigation reports, food stamps, Medicaid claims processed
Legislature	Bills, laws, budgets
Environmental	Permits, notices of violations of rules
Revenue	Tax returns, refunds, collections cases
Mental Health	Treatment plans, treatment hours

A product is anything that

- is a noun
- is specific
- occurs in countable units
- can be made plural

Lean: Key Principles

“To create the most value while consuming the fewest resources.”

- ☑ Define value from the customer’s perspective.**

- ☑ Identify which process steps create value and which are waste.**

- ☑ Continually work to eliminate the root causes of waste.**

- ☑ Strive to create work flow at the demand of the customer.**

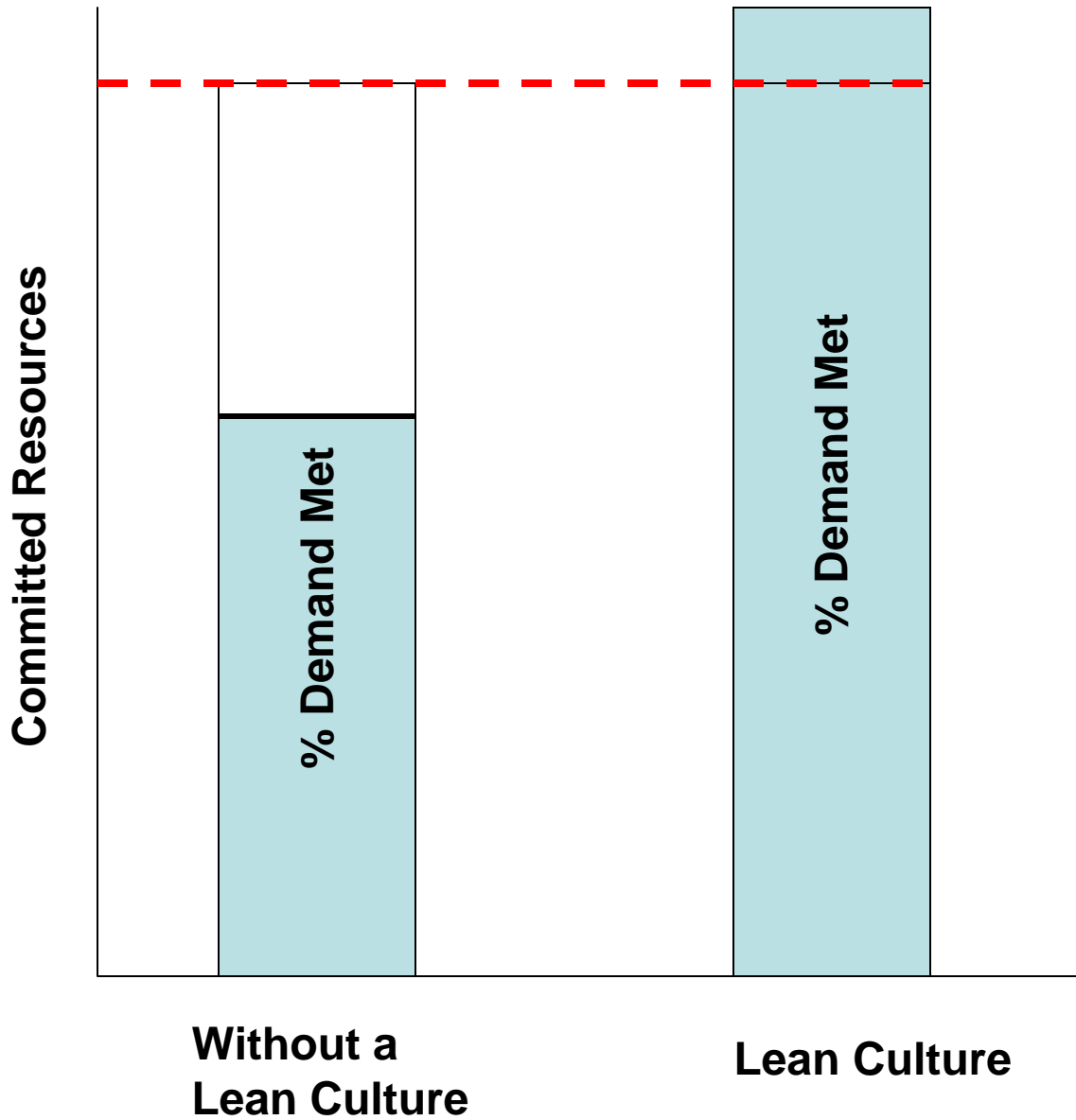
- ☑ Pursue perfection.**

How?

- **Directly observe work as activities, connections and flows.**
- **Systematic waste elimination.**
- **Establish high agreement of what an how.**
- **Systematic problem solving.**
- **Create a learning organization.**

Increase Productivity

“Efficiency and Effectiveness”



Doing more with the same resources

Enhanced Productivity

The Proven Results

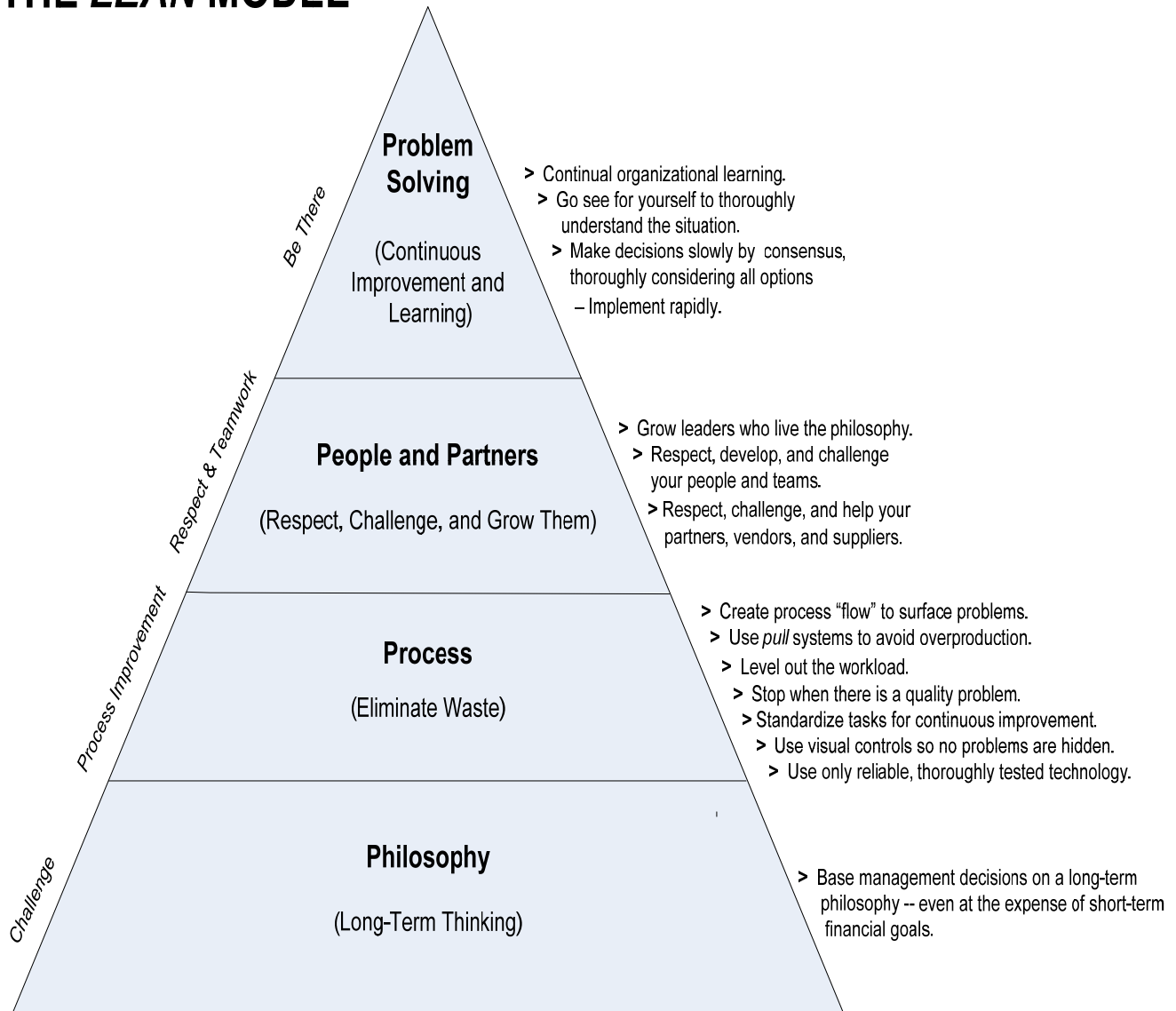
- **Cycle and process time reductions of 50-90%**
- **Defect reductions of 50%+ per year, with zero defects achievement**
- **New product development time reductions of 75%+**
- **Capitalization cost reductions of 50%+**
- **Delivery lead time reductions of 75%+**
- **On-time delivery improvements to 99%+**
- **Productivity (sales per employee) increases of 15- 35%+ annually**
- **Inventory (working capital) reductions of 75%+**

What are we doing?

- Work collaboratively with other state agencies (DOL, DOT, DAF, DOE)
- Utilize Development of Practitioner Training sponsored by DOL
- Recruit & Train Staff (CI-PS)
- On-going training & supervision
- Develop Infrastructure
- Continuous awareness through successes, newsletters and meetings

How do we get to a problem solving and continuous improvement workforce?

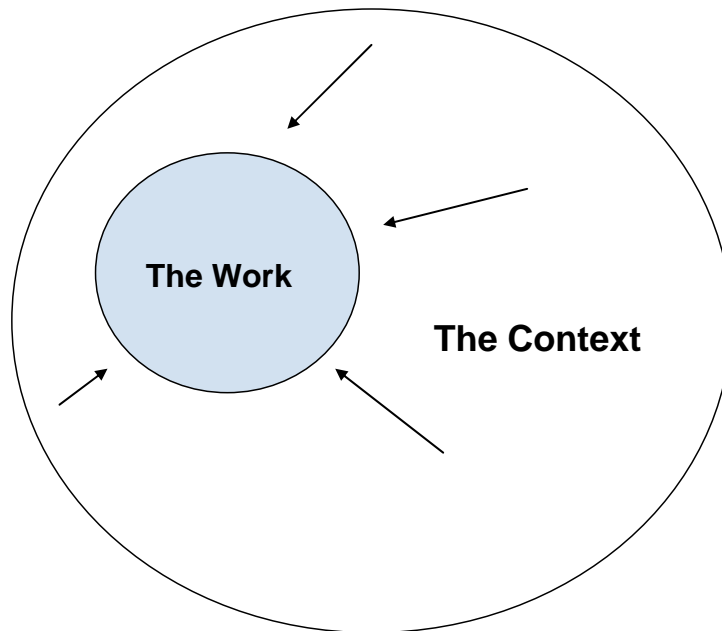
THE LEAN MODEL



Model the Way - Inspire a Shared Vision - Challenge the Process - Enable Others to Act - Encourage the Heart

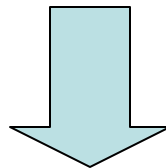
Adapted from The Toyota Way by Jeffery Liker

The Current State

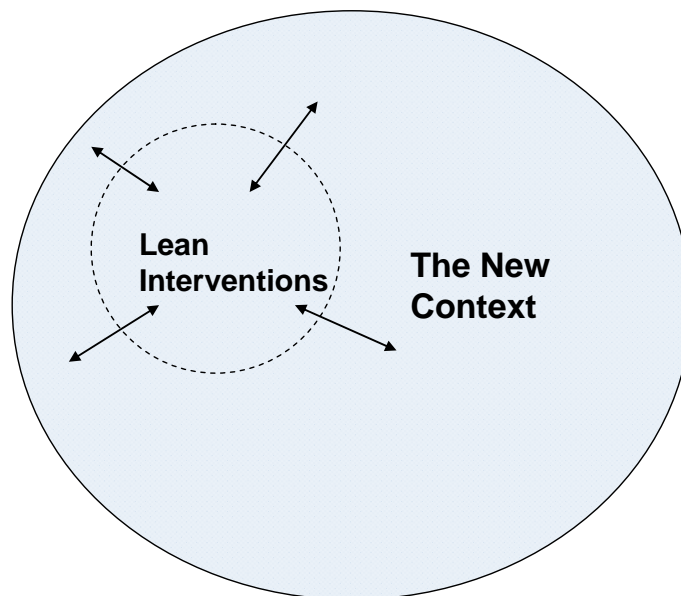


Barrier:
*Changing the work
without changing the context*

Concern: The work will go
back to *Business as Usual*
because the context does
not support change.



The Future State



The Strategy:
*Change the context
by changing the work*

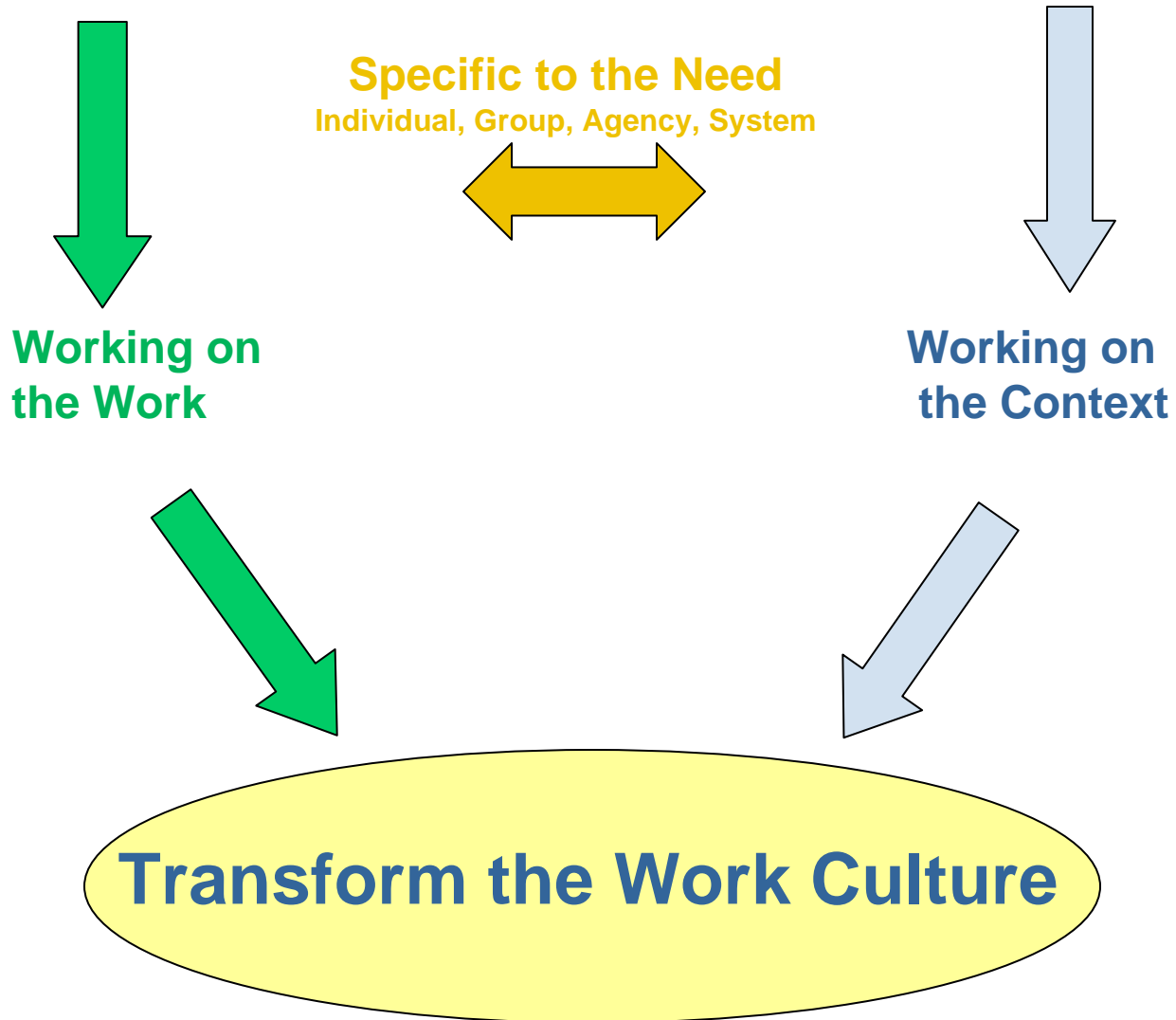
Break The Barrier:
*Change the work
By changing the context*

The Intervention Paths

Collaborative & Iterative

We need help now!
(the doing and the learning)

**Effective Management
in DHHS & State Gov't**
(the learning and the doing)



DHHS Selected Work

Process	DHHS Department	*Projected Annual Savings
Waiver Funding	OACPD	\$73,476.00
IR Access	DHHS-DAFS/OIT	\$318,841.00
In-State Travel	DHHS	\$7,395.00
Complaint Investigations	Licensing	\$96,523.00
Microbiology	HETL	\$120,582.00
Adoption Services	OCS	\$1,057,999.00
Child Day Care	OCS	\$700,000.00
Revenue Deposit	DAFS	\$14,616.00
<i>Totals</i>	<i>DHHS</i>	\$2,389,432.00

* Does not include other saving and related benefits

Benefits

- ❑ Reduction & standardization in forms and paper handling
(Vital Stats-death records, HETL, 9 forms to one)

- ❑ Simplifying work space
(HETL receiving and shipping)

- Improved work flow and turn-around time
(HETL- sample turn-around time)

- ❑ Reduced backlogs
(Licensing & HETL)

- ❑ Reduced wait times
(Vital stats - Death records)

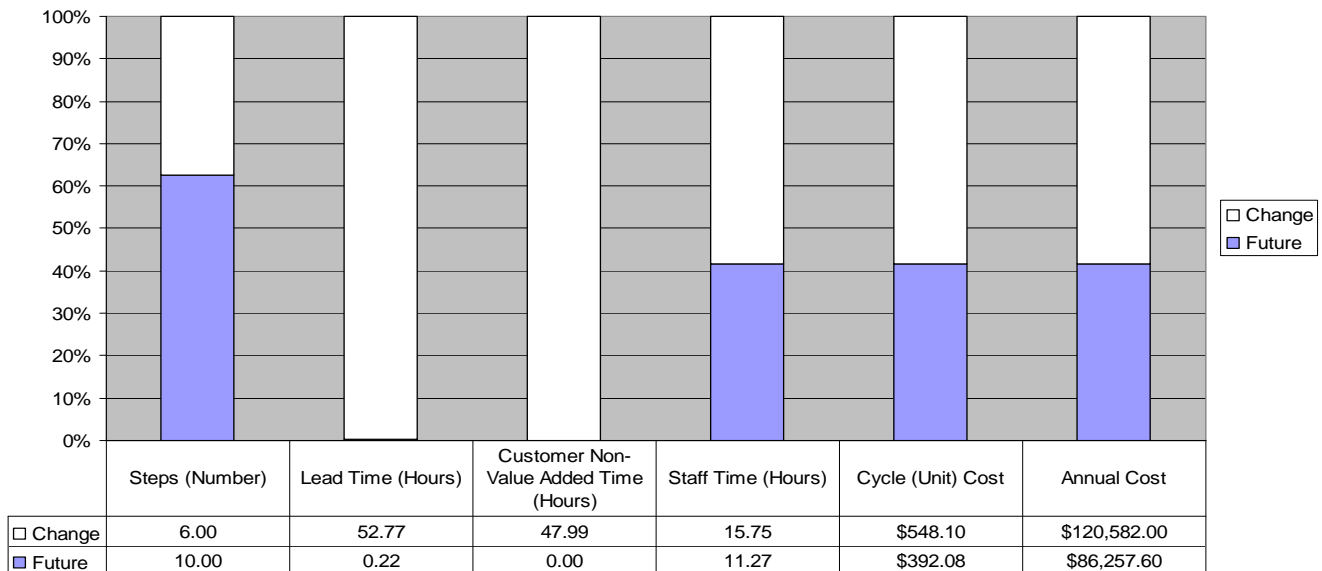
- ❑ Increased work space
(HETL - increased storage space)

- ❑ Reduced costs
(HETL, CO Waiver, Day care)

Benefits

Summary Statistics for Death Filing Process VSM*			
	Current State	Future State	% change
Number of Steps	23	11	▼ 48%
Lead Time	93 days	5 days	▼ 88 days
Value Added Time	63 minutes	80 minutes	▲ 23 minutes
* per death certificate			

HETL MICROBIOLOGY ACCESSION
Blue = Future State, White = Savings



C.O. Waiver Funding

	Current State	Future State	Variance	Percent Change
Number of Steps	14	9	-5	-36%
Total cycle time	630	194	-436	-69%
Value added time	206	150	-56	-27%
Non-value added time	89%	78%	-11%	-12%
Value added as a Percent of total process time	33%	77%	44%	133%
Time associated with inventory	902	247	-655	-73%
Staff Time	3,271	835	-2436	-74%
Unit Cost per cycle	\$1,897	\$484	-\$1,413	-74%
Annual Cost (52 cycles)	\$98,644	\$25,168	-\$73,476	-74%

Benefits: HETL

Lab Lauded for Lean



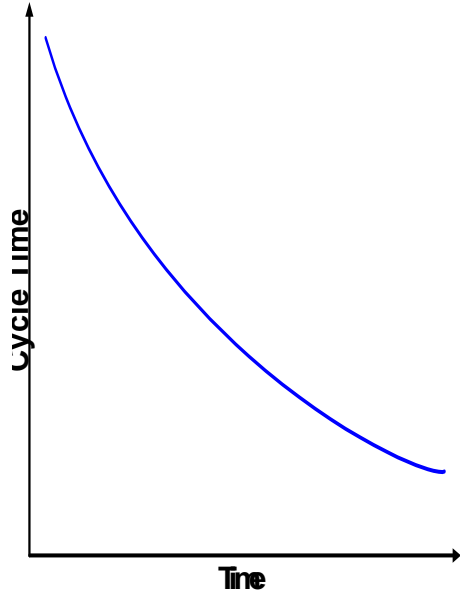
The Health and Environmental Testing Lab (HETL) of the Department of Health and Human Services' Maine Center for Disease Control and Prevention was recently honored by the Association of Public Health Laboratories. HETL volunteered to take part in a national performance standard project that measures quality improvement as a public health partner. This was a thorough review of lab processes and improvement and involved many steps. Don Ward, Lab Director Jack Krueger and many staff members undertook this project as a means of independent review of recent improvement, due to the incorporation of LEAN Production Management.

The Lab was recognized with the Performance Standard Pioneer Award for leadership in initiating quality improvement for the state public health system. Here, Krueger poses with the award with Dr. Dora Anne Mills, State Public Health Officer and Director of the Maine Center for Disease Control and Prevention and Commissioner Brenda Harvey. Krueger added that guidance from Walter Lowell, who leads the "Bend the Curve" initiative and Nancy Desisto, Director of Special Projects and a self-professed LEAN disciple, has been critical to the lab's success.

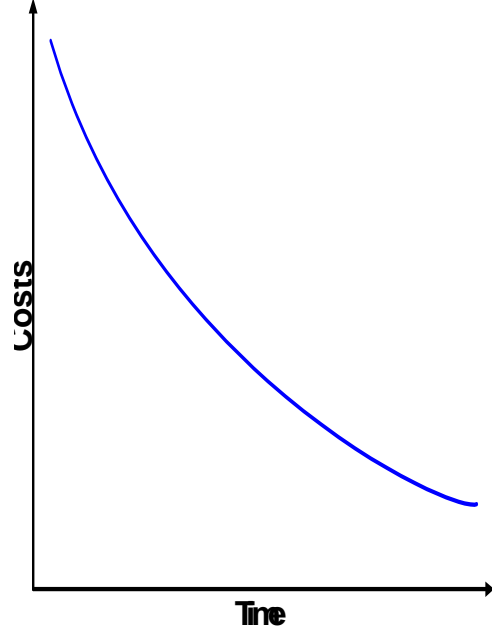
Benefits

Win, Win

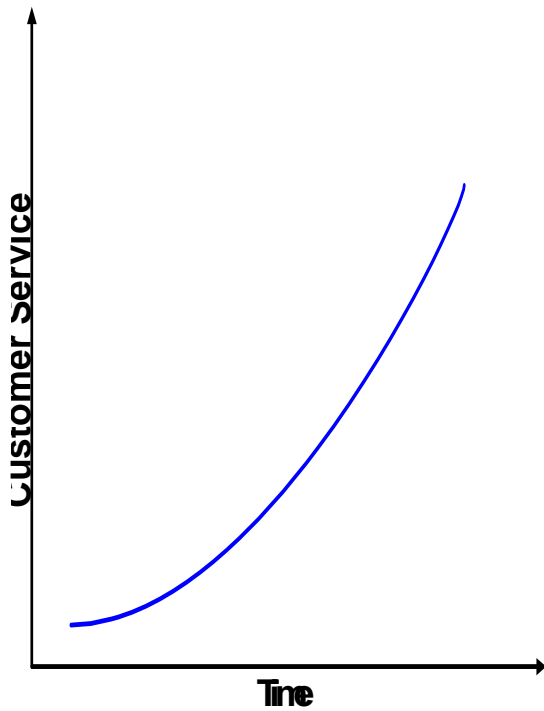
Timeliness of Services



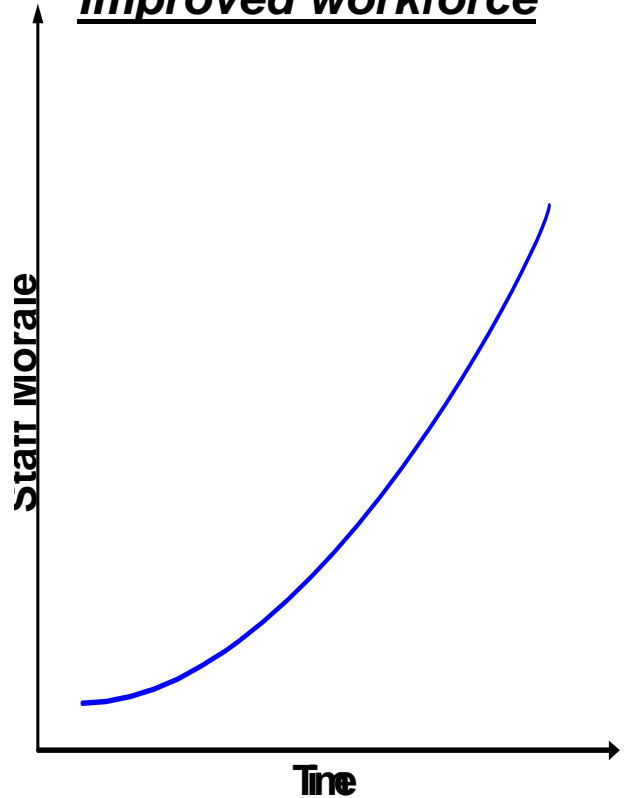
Reduced Cost



Improved Quality of services



Improved workforce



Opportunities

Better Government for Maine citizens by

- ✓ **Faster turn-around time**
- ✓ **Reduced errors**
- ✓ **More skilled work force**
- ✓ **Gains in workforce productivity**
- ✓ **Improved partnerships**
- ✓ **Reductions in costs**

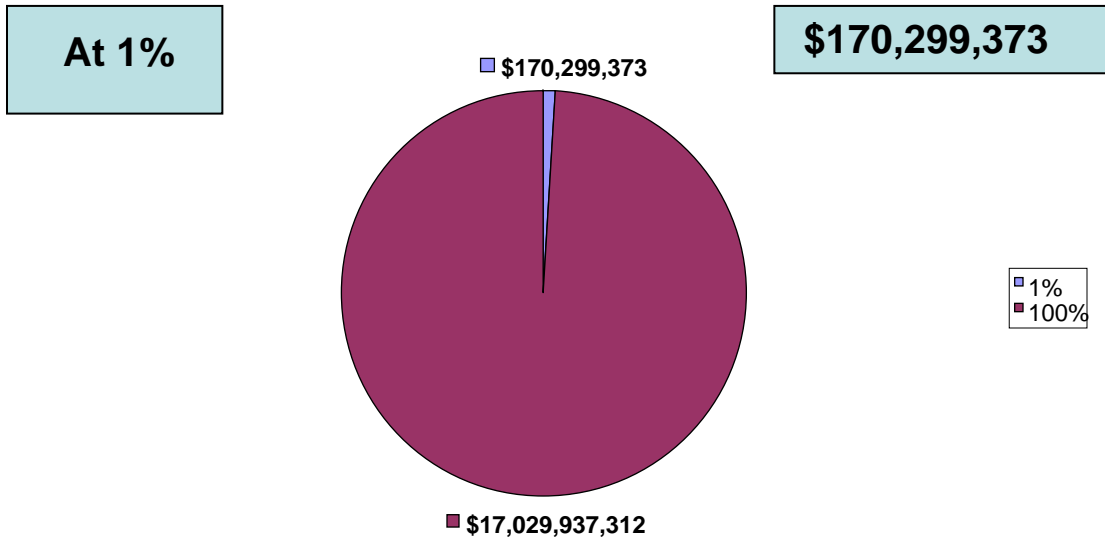
Opportunities

Government is -

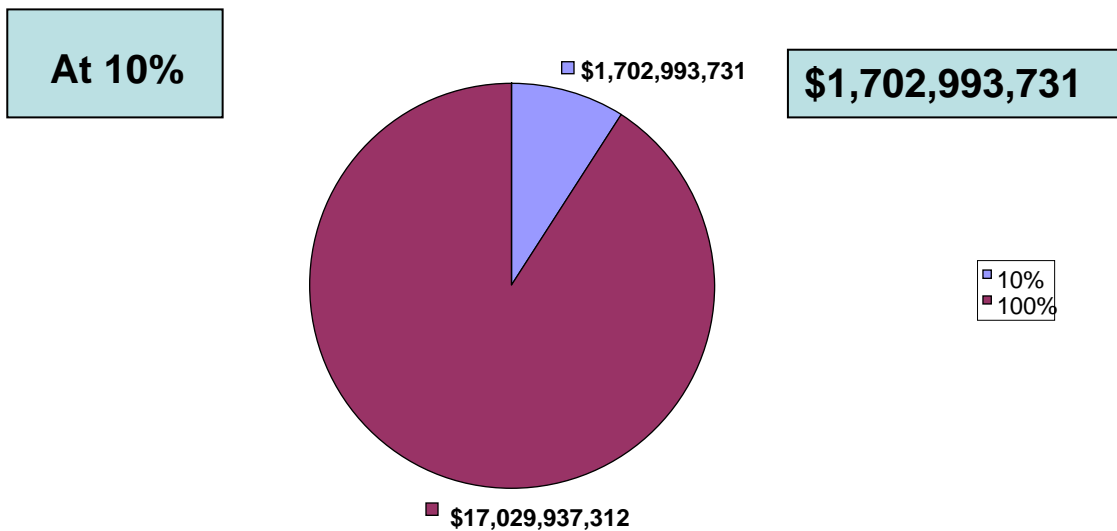
- **More visible as to how it works**
- **More accessible to citizens**
- **Easier to understand**
- **More available to meet citizens needs**
- **More cost-efficient
& more effective**

Example of Potential Cost Savings with Lean Implementation

Biennial Budget – 1% Savings with Lean



Biennial Budget – 10% Savings with Lean



DHHS Project Savings Example

Average saving per process:

\$298,679.00

X 20 processes =

\$5,973,580.00 per year

X 4 years =

\$23,894,320.00

Challenges

- **Not an event or program, but a continuous commitment to improvement**
- **Way of working, thinking and seeing work**
- **Incremental and continuous requires a change in culture and context**
- **Total commitment because it permeates everything**

How we use our time

How we train our workforce

How we hire staff

How we measure performance

How we manage

Challenges

Need overall strategy and plan for State Government including:

- **Employee training and time commitment**
- **Leadership commitment & support**
- **Resources**
- **Recognition**

Summary

Even in the best of times Lean is a fundamental and necessary approach to work.

Given the current challenges, it is a vital and critical opportunity for Leadership to be effective in improving services to Maine citizens.

"For the want of a nail the shoe was lost; For the want of a shoe the horse was lost; For the want of a horse the battle was lost; For the failure of battle the kingdom was lost; And all for the want of a horseshoe nail."