

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

WASHINGTON STATE GOVERNMENT LEAN TRANSFORMATION CONFERENCE



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Mass Ingenuity



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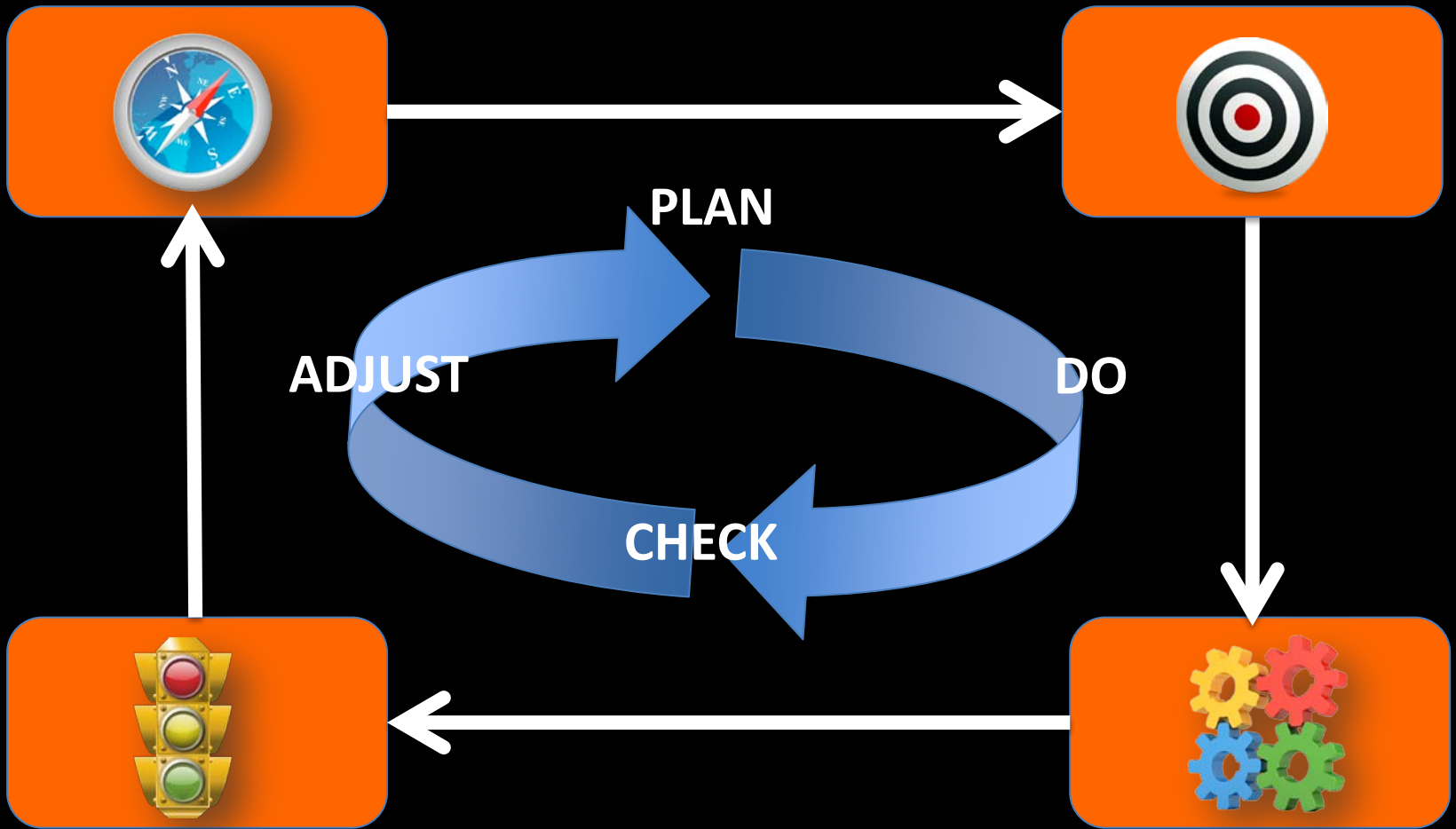


SUSTAINABILITY





80% failure rate





Mindset



Toolset

LEAN MANAGEMENT

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**

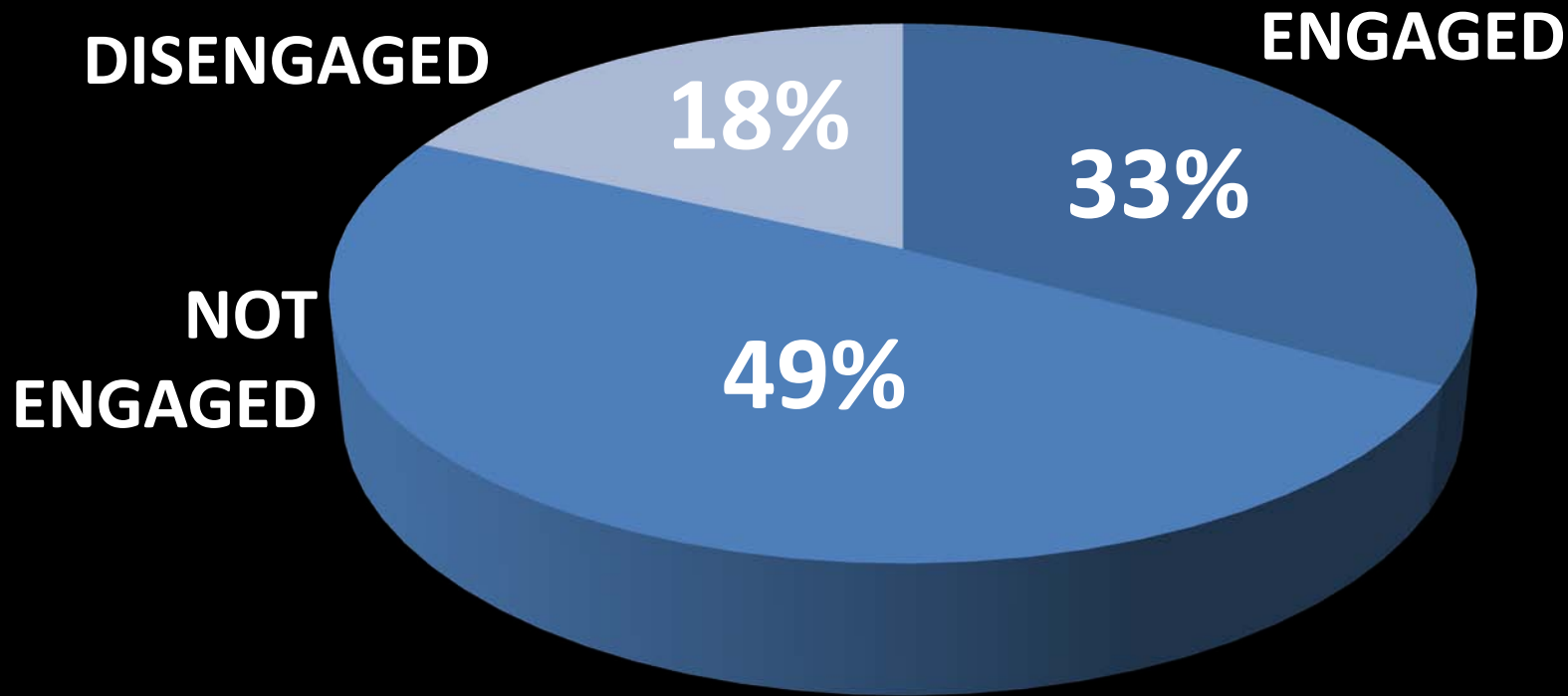
Daily work, initiatives



7 Deadly
Sins
of
Management

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



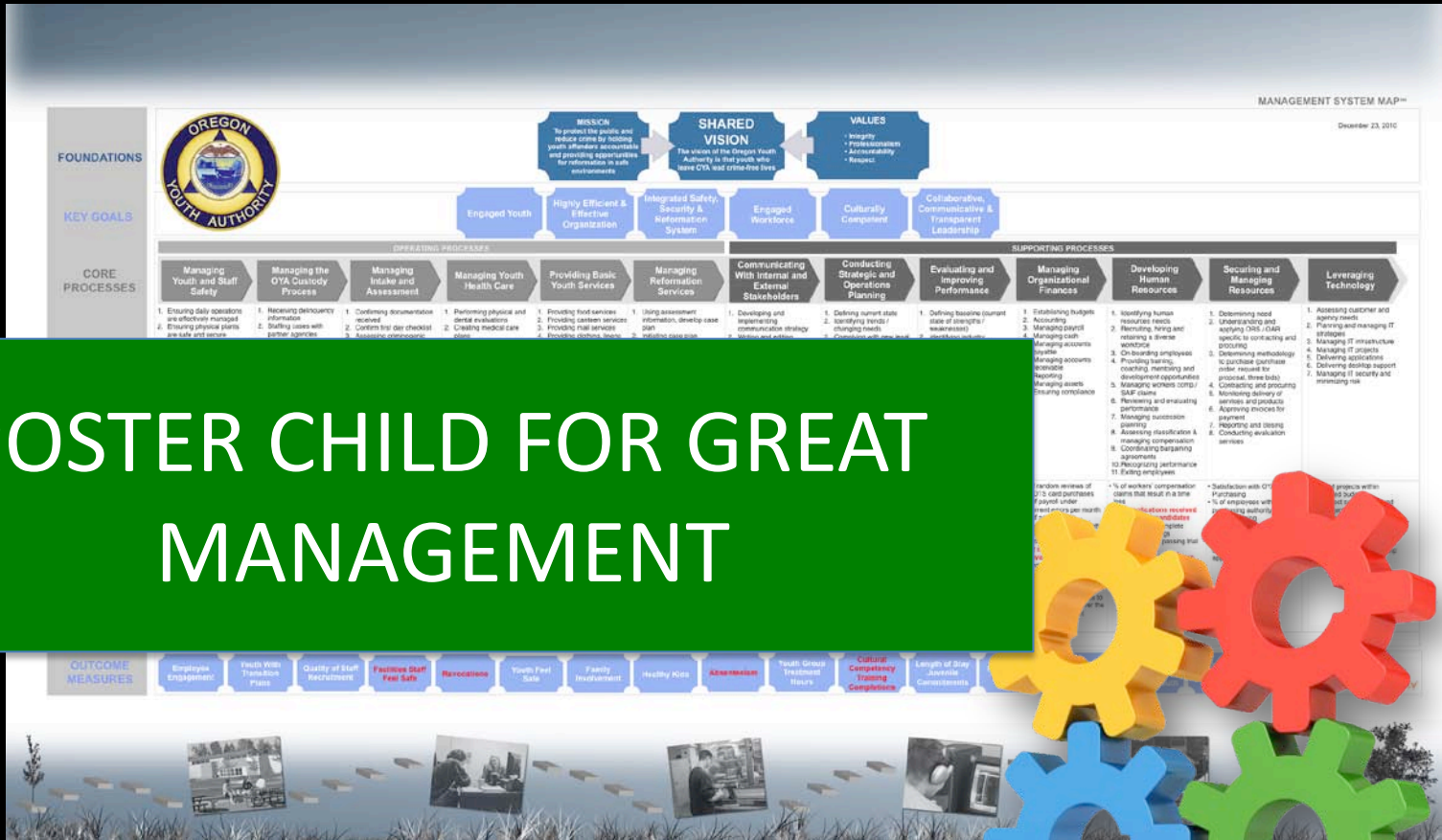
Connected, engaged

LEAN PERFORMANCE

Eliminate management waste

REAL WORLD





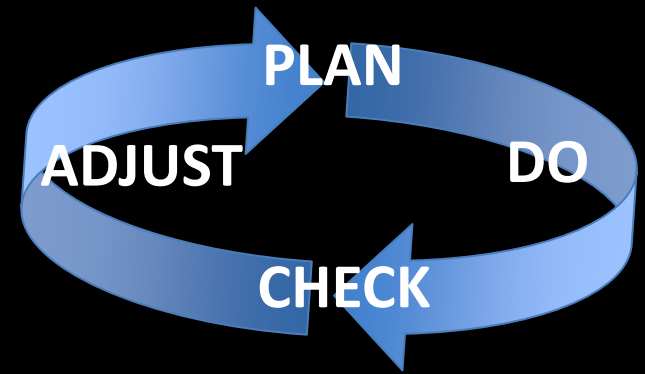
POSTER CHILD FOR GREAT MANAGEMENT



ROUTINE, DAILY WORK



STRATEGY, INITIATIVE WORK



Transformational CULTURE CHANGE

QUARTERLY TARGET REVIEWS



State of Oregon
Department of
Environmental
Quality



LEAN TRANSFORMATION

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

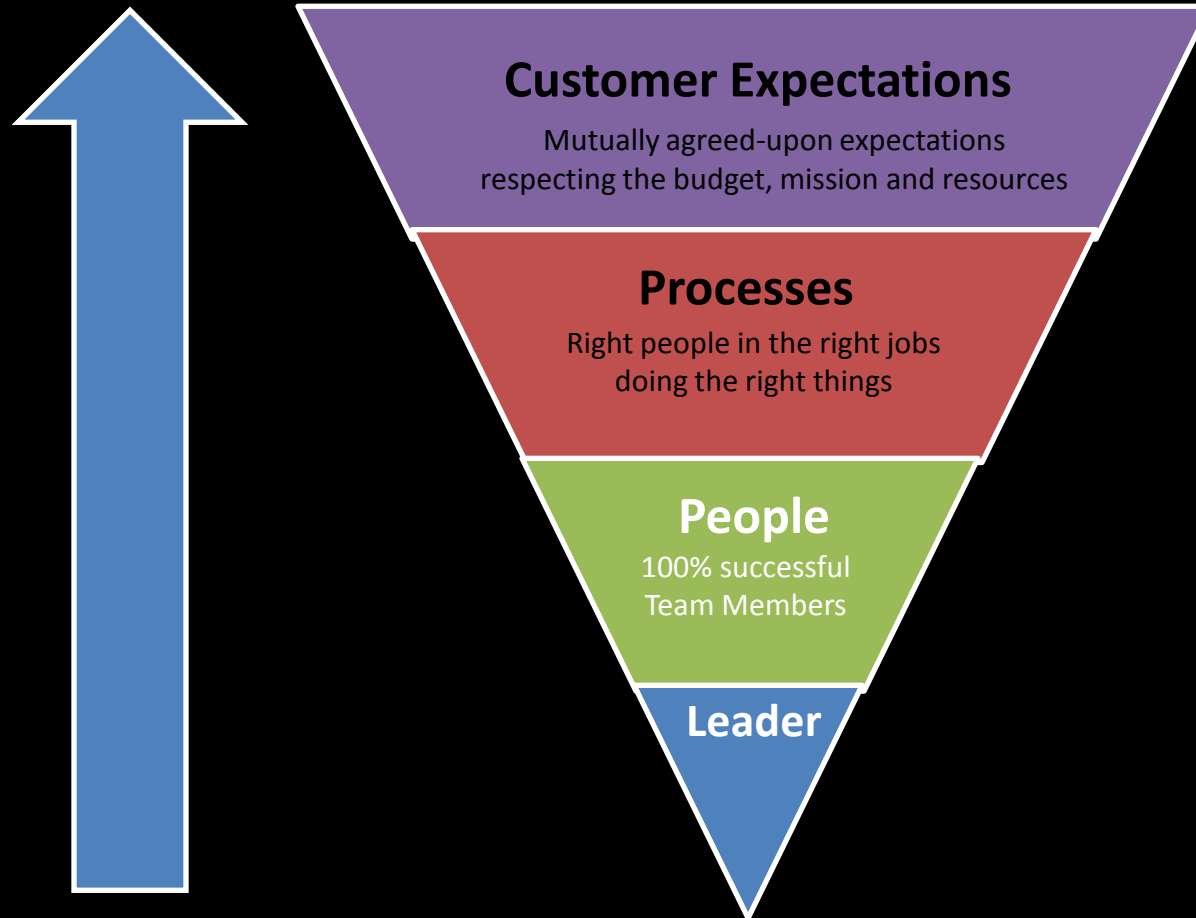
However...

- 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



The 9 Rules of Then	The 11 Rules of NOW
<ul style="list-style-type: none"> • Follow orders even when they make no sense • Keep your mouth shut and your opinions to yourself • Please your boss because he/she controls your future • Do not challenge management or you will be labeled a troublemaker • Blame others when things go wrong • Do not waste company time on social media • Punch the clock and leave your work at the office • Never complain, never explain, except after work • Say no to customers who demand an exception to company policy 	<ul style="list-style-type: none"> • Listen carefully to your customer • Keep the company goals in mind • Measure your performance • Access the data you need • Use data to make good and speedy decisions • Understand what your decision costs • Do not hide problems or they will go unsolved • First please the customer, not your boss • Do not be afraid because your boss has your back • Honor the process not the department • Strive always to say yes to customers

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

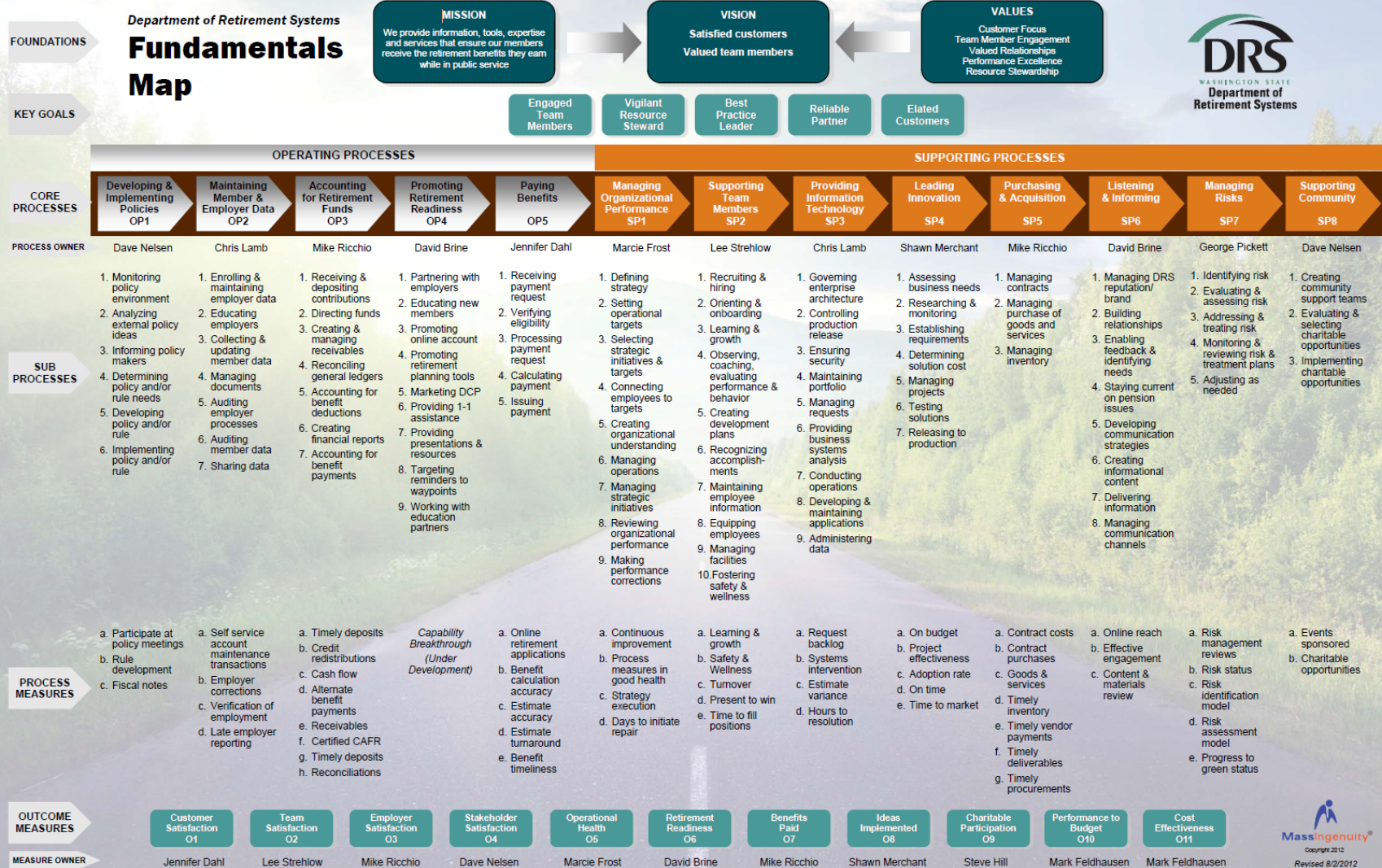
- High percentage of leaders have made the turn
 - More listening than telling
 - More coaching than doing
- Management System is in place...
 - Common language
 - First QTR performance review on October 29
- Team members understand their “box” for

The results

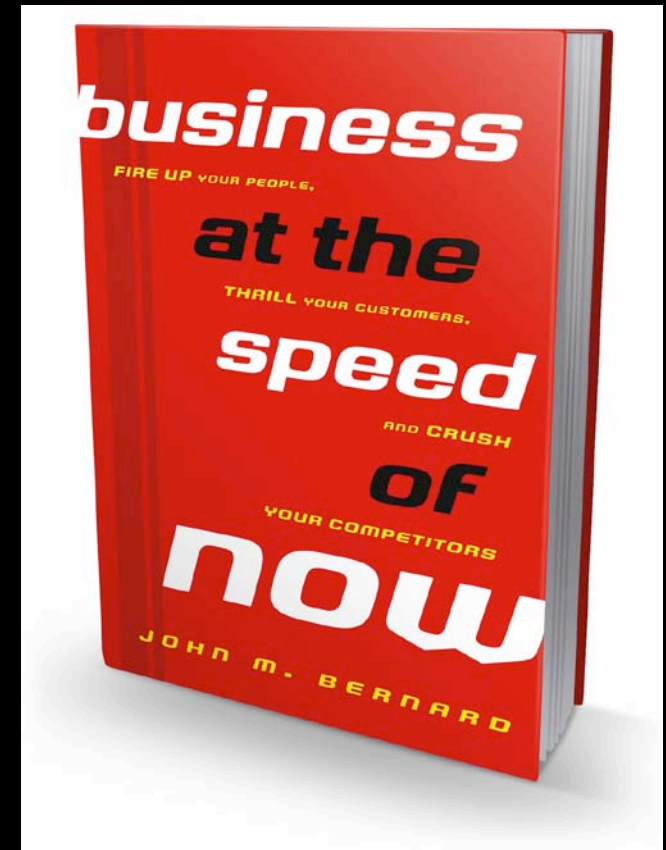
- Using Lean - Green and Black Belts are focused on processes with primary constraints
 - Solving problems with the highest customer value and those interfering with accomplishing key goals and outcomes
 - Agile processes in Information Technology have also made the turn
 - Priority Quadrant & IdeaScale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