

Strategic Lean Project Report



For Reporting Period: January 1, 2016 through June 30, 2016

I. General Information:

Lead agency name: Washington's Lottery

Improvement project title: Improve process of shredding unsalable scratch tickets

Date improvement project was initiated: 2/4/2016

Project type: New Project

Project is directly connected to:

- Results Washington performance measure

If applicable, specify the alignment:

Goal 5: Efficient, effective & accountable government

Report reviewed and approved by: Jim Warick, Deputy Director

II. Project Summary:

The Washington Lottery improved the unsalable scratch ticket shred process, resulting in a 40% reduction in touch time from 303 minutes per hundred packs of tickets down to 180 minutes of touch time per 100 packs. It has resulted in an annual savings of 1,845 hours. Once the improvements are completely implemented the reduction will result in a time savings of 2,880 hours each year. The Lottery destroyed over 90,000 packs of old tickets in 2015.

III. Project Details:

Identify the problem:

The current process as of February 2016 for taking unsalable tickets from retailers, crediting the retailers, and destroying the tickets consumed about 5 hours of time per 100 packs of tickets handled.

Background: All scratch tickets must be shredded once the tickets are unsalable. The current process to return and shred tickets takes at least 3 scans per pack, 3-4 changes of custody, and up to 9 state employees to complete. Of note, after the first scan the scratch tickets have no value and cannot be redeemed.

Problem statement:

Currently, It takes 302 minutes per 100 packs of tickets, compared to our target of 150 minutes per 100 packs, which we want to reach by 3/24/2016.

Improvement description:

- Empowered the District Sales Representatives to make decisions about product viability and removed redundant scans.
- The IT department is in the process of redesigning software to introduce internal controls that will not require multiple scans of each ticket prior to destruction which will reduce the processing time to 111 minutes per 100 packs of tickets.

Customer involvement:

The project lead worked with the Assistant Director of Sales, District Sales Representatives, scratch product manager, and the regional sales staff to get customer feedback. Customer feedback is gathered on a surveys and to monitor how the process is working.

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IV. Project Details:

Improved process as measured by: <i>(Click those that apply)</i>	Specific results achieved: <i>(Complete the narrative boxes below)</i>	Total Impact: <i>(Actuals; Current Reporting Period)</i>	Results status:
<input checked="" type="checkbox"/> Time	Decreased time spent to shred unsalable Lottery tickets by 40% from 303 minutes per 100 packs to 180 minutes per 100 packs resulting in an annual savings of 1,845 hours.	Reduced process cycle time by 40% and saved 615 hours in the first 4 months. 2,880 hours of projected savings after full implementation	Preliminary

V. Contact information:

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SHRED PROCESS

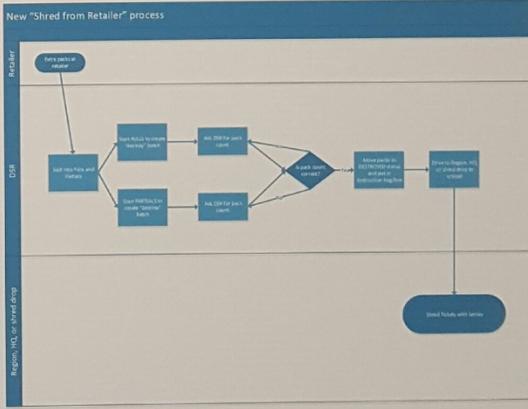
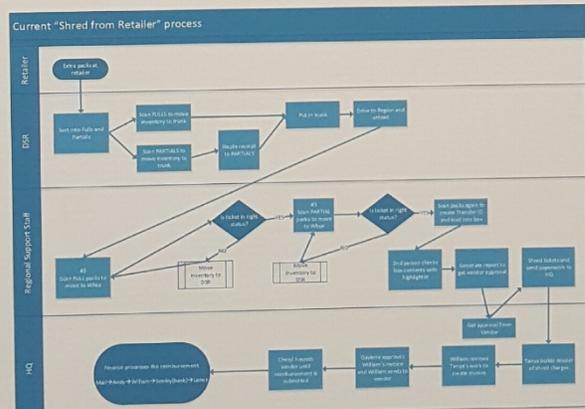
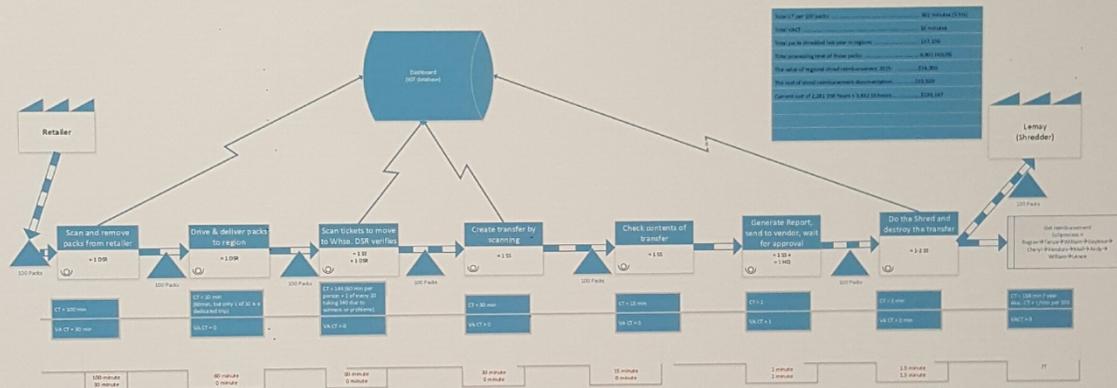
TEAM: Sam, Lance, Rich, Stephen | February 2016

PROBLEM STATEMENT:

The current process to return and shred tickets takes at least 3 scans per pack, 3-4 changes of custody, and up to 9 state employees to complete, which is unnecessarily costly.

GOAL STATEMENT:

Create a new process that cuts costs by 50% without increasing risks beyond an acceptable level.



CURRENT SHRED PROCESS	
Total Packs Returned by DSRs for shred in 2015	90000
CT for DSR	182 minutes
CT for others (SS/HQ)	121 minutes
Employee cost of 2015 shred returns	\$101,828
Current Lemay bill:	50
Total expense.....	\$101,828

Support Staff hourly wage
DSR hourly wage

WHAT	Feasibility w/NOT	Write SRS	Share w/ Regions	Train SS on "OFT" Plan	Eliminate Shred Reimbursement	Develop Standardized Work
WHO	Rich F	Rich F	Team	Team	Team	Lance
WHEN	3/4/16	7/16/16	3/24/16	3/24/16	Immediately	1 Month Prior to Release

PROPOSED SHRED COST	
Projected Annual Packs Returned by DSRs for shred	90000
CT for DSR	110 minutes
CT for others (SS/HQ)	1 minutes
Employee cost of 2015 shred returns	\$41,528
Proposed Lemay bill (577 fund)	14,000
Total expense.....	\$55,528

How much would this cut costs?
45.47%

FOLLOW-UP ITEMS

- Functionality to move all "DEAD" games to Destroyed Status
- 7007 Shred Process
- Quarterly Inventory Assessment