Sustaining Lean and Creating a Culture of Continuous Improvement in Public Sector
## Agenda

1. Lean and Continuous Improvement  

2. Lean Management System  

3. Sustaining Continuous Improvement – Case Studies
1. Lean and Continuous Improvement
Lean and Continuous Improvement

Lean is...

A business philosophy based on the fundamental goal of continuously minimizing waste and maximizing flow...

How do you sustain a Lean culture and a new way of working?
Key issues in Public Sector today

- Limited funding/budgetary constraints
- Demographic changes – can’t easily replace people leaving
- Need for operational excellence/efficiency
- Focus on core and devolve non-core services
- Need to work across organizational boundaries to improve services and find efficiencies

- Cost reduction
- Increasing regulations and risk
- Greater transparency on expenditure and outcomes
- Increasing demand for services
- Employees at all levels need to be engaged in service delivery improvement
- Strategic culture change – need for culture of continuous excellence
How Lean addresses these issues

- Removes wasteful work from processes
- Allows an organization to impact culture – create a culture of continuous improvement and customer value
- Better utilize resources
- Enhances transparency and measures results
- Allows new capacity to be created
- Encourages senior managers to focus more on how work is getting done

Lean creates and engaged workforce, drives simplification and focuses on providing value to customers
Why Lean and Continuous Improvement fail?

1. **Perceived as a short-term program**
   - Restructuring approach, results left for tomorrow
   - No patience
   - No dedicated resources
   - No vision or targets

2. **Missing leadership**
   - Visible management and staff division
   - Lack of support from management
   - Assistant cares with part-time for lean

3. **Introduced as a management hype**
   - No clearly defined targets
   - Consequences not enforced
   - No clear answer on how to handle over-staff tomorrow

4. **Focus on tools only**
   - No dedicated team
   - Insufficient team qualification
   - Disconnect between tools and employees adopting Lean mindset

5. **Fight symptoms instead of root-causes**
   - Solve problems with “more people”
   - Resistance against transparency
   - Lack of focus on human factors
   - Firefighting for temporary solutions

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Effective Lean & Continuous Improvement (CI) capability building starts from the top

Lean & CI thinking and acting begins at management level
- Leaders that exemplify Lean philosophy
- Foster and celebrate performance

Lean & CI thinking is aligned to the whole value stream
- Identify key improvement priorities
- Cover all areas and interfaces
- Long term step-by-step journey

Lean & CI stands for going on the ground and “learning to see”
- Respect, encourage & challenge employees
- All staff exemplify Lean philosophy
- Foster a long term collaborative environment

Lean & CI means to emerge employees as problem solvers
- Learning organization
- Deep understanding of processes
- Prioritize and fact-based decision making
Mature Lean organizations have built their Lean and Continuous Improvement capability along four quadrants:

- **Processes**
  - “How your staff is working”

- **Knowledge, Skills, Behavior**
  - “What your staff knows and is keen on”

- **Tools & Systems**
  - “What supports your staff”

- **Organization**
  - “How your staff is organized into a company structure”
Sustainable Lean and Continuous Improvement

Knowledge, Skills & Behaviour

• Clearly understand corporate Lean strategy and vision
• Continuously seeking and eliminating waste
• Openness to change and trying new ways of working
• Systematically coordinated Lean training at all levels

Processes

• Clearly defined Lean roadmap
• Continuously improve established processes
• Regular waste analysis and elimination
• Periodic process improvement workshops
Sustainable Lean and Continuous Improvement

**Organization**
- Clear understanding of roles and responsibilities across all levels to drive sustainable improvements
- **Cross-functional organization** to enable full integration of Lean for all employees

**Tools & Systems**
- Easily accessible **Lean toolbox**
- Adherence to **defined standard work procedures**
- Active use of **visual management**
- **Processes closely monitored**, controlled, and actively rectified
2. Lean Management System – Making the change stick
**PwC Lean Management System**

*Our unique solution targets changing the mindsets and behaviours of staff to enable sustainable performance improvements*

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**New Behaviours**
- Management and leadership visibility and presence
- Team leader coaching and driving team performance.
- Team member control and responsibility

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**Management Systems**
- KPIs, performance boards, performance reviews, competitions, recognition, vision, coaching, training, work load balancing

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**Effectiveness**
- Understanding the quality of the work that is done, getting things right first time

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**Efficiency**
- Managing capacity and removing the unnecessary parts of the process to reduce the time taken to respond to clients and improve service levels

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A behavioral change methodology which delivers 4 outcomes in a team culture...

10 Elements of Lean Management System

1. Visibility of Performance

2. Management of Performance and workload

3. Cultural change leading to CI

4. Focus on capability
Need to optimize what managers do, how they do it, and the tools they use...

**Typical Challenges**

**Complexity in how we work**
“We seem to have measures for everything – I don’t know what’s important. Our processes are out of date and overly detailed, so nobody uses them. We get lots of reworks.”

**Disengaged Workforce**
“I’m not sure how I impact our department’s performance and there isn’t an agreed way of doing things. I’m not motivated by my line manager”

**The Blame Game**
“If only the front office would send us the right information, they just don’t understand”

**Fire-fighting**
“I work long hours fixing the latest issues. Going from meeting to meeting, it never seems to stop”

**New Way of Working**

**Simplicity in everything we do**
“We have a small number of KPIs which we constantly review. Following simple processes helps us do things quicker and right first time”

**Engaged Workforce**
“I know what is required of me on a day-to-day basis and can see how it impacts my department. We follow standard processes and I am regularly coached by my line manager”

**Working together**
“Our daily huddles help us to quickly see problems. We raise these as a team and work together to resolve them at our level. We are now much more of a team”

**Active Management**
“I understand issues before they occur because of increased visibility of performance and control at the business line. I now have time to visit sites to see for myself”
3. *Sustaining Continuous Improvement – Case Studies*
Case Study 1 – Government of Saskatchewan – first government in Canada to implement Lean government-wide

2006
Ministry of Health Pilot Projects

2009
Some Ministries

2010
Select School Divisions & Post-Secondary Institutions

2013-14
All School Divisions

2008
Five Hills Pilot Project

2008-9
All Regional Health Authorities & Ministry of Health

2012-13
All Ministries

2014-15
Student First initiated
For Saskatchewan, it was all about...

- Client Service – improve value for the customer
- Efficiency – minimize waste, increase productivity
- Safety – enhance safety for customers and employees
Results...

More than 1,900 improvement events

670 in ministries
1,100+ in health
170 in education

Top 100 list of improvement stories

28,000+ employees trained

$43M investment
$208M cost savings/ avoidance

270 FTEs productivity gains

Qualitative

Quantitative

Training
PROGRESS
Surgical Wait Times
As of January 31, 2014

Patients waiting > 3 months
↓ 70%

Patients waiting > 6 months
↓ 82%

MAR 2010
JAN 2014

PROGRESS
Sask Polytechnic
International Student Registration Process
As of February 2015

International students waiting 90 days

81% Improvement

International students waiting 17 days

FEB 2013
FEB 2015
PROGRESS
Student Loan Application Process
As of September 2015

10 days faster

Student loan applications processed in 2 - 3 days

Student loan applications processed in 12 days

Psychology Cycle Times

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Speech/Lang Path Cycle Times

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We work smarter, not harder, and the more we work with Lean, the more improvement we see.

- Saskatchewan Government Employee
**Case Study 2 – Healthcare Facilities Management**

**Client Challenge**
- Increasing work order backlog – impacted customer service expectations of the clinical partners, patient care and the stewardship of the physical assets
- Rising levels of customer complains
- Demand and preventative maintenance requirements exceeded capacity to deliver

**Our Approach**
- Increased *leadership visibility* at the shops to proactively lead their teams and walk the floor
- Improved *two-way communication* and provided staff with the opportunity to regularly *identify and develop solutions* for existing challenges
- Increased individual and teams’ performance *accountability* using *visible targets*

**What Was Accomplished**
- 72% increase in average daily preventative maintenance work order completions
- 29% improvement in average number work orders completed per week
- 42% reduction in total work order backlog
- 2 – 3 FTEs capacity gain

“I noticed an immediate increased level of communication among members of the group at the morning huddles and a sense of ownership as their problems and ideas were heard.”

-- *Maintenance Manager*

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October 2015
Case Study 3 – Driver Licensing

Client Challenge

• Backlog of road test appointments
• Long customer wait times at Driver Licensing Offices
• Large volume of transactions
• Lack of capacity to handle additional volume

Our Approach

• Aligned capabilities, identified skill gaps and drafted targeted training plans
• Standardized the work across the teams
• Provided tools to identify problems and developed solutions that addressed the root causes
• Provided visibility into key performance measures giving teams daily insight to respond to customer changes in real-time

What Was Accomplished

• 33% decrease in average customer wait time from 17 minutes to 11.4 minutes
• 60% reduction in processing variability for transactions, resulting in consistent customer experience
• 30% increase in operational capacity
• 13% increase in Driver Examiner productivity

“Morale is higher than it has been in a long time. My manager used to spend all of his time behind his computer; now I actually see him” -- Team Member
**Case Study 4 – Transit authority**

**Client Challenge**
- Lack of sufficient procurement management and staff capacity
- Managers had limited visibility of the work being executed
- Significant stakeholders complaints
- Problems were rarely fully solved with work-arounds continually being implemented

**Our Approach**
- Trained managers to **proactively lead their teams** and increase daily managerial **visibility**
- **Designed and implemented capacity management tools** to balance workloads and resources across individuals
- Developed a **supportive team dynamic**
- Supported **knowledge transfer** and planned next steps to facilitate the ongoing benefits realisation of the transformation project.

**What Was Accomplished**
- **22%** increase in overall productivity
- **43%** decrease in backlog
- **23%** increase in handle volume

“The Lean Management System we implemented with PwC's support has drastically improved the way we do business”

-- Director Procurement Transformation
Thank You

Haneef Chagani  
Partner  
PricewaterhouseCoopers LLP  
haneeef.chagani@ca.pwc.com  
(604) 806 7071

Shelley Whitehead  
Lean Project Office  
Government of Saskatchewan  
shelley.whitehead@gov.sk.ca  
(306) 787 7619