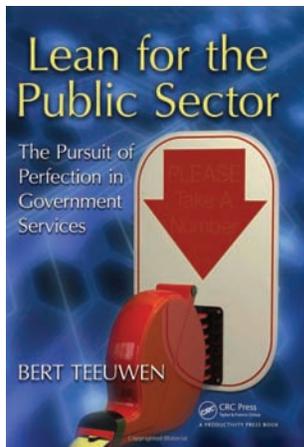




Lean Process Improvement

A Practical and Proven Performance Management System for the Public Sector

By Shayne Kavanagh



Lean for the Public Sector: The Pursuit of Perfection in Government Services

By Bert Teeuwen

Productivity Press
2010, 223 pages, \$29.95

Lean process improvement is a system for reducing or eliminating activities that don't add value to a business process. Doing so reduces cost, increases quality, and/or improves the customer's experience. Lean process improvement has its origins in manufacturing, but it has proven its effectiveness in service industries as well. Nevertheless, government organizations have some unique characteristics when it comes to applying Lean. Bert Teeuwen wrote *Lean for the Public Sector* as a guide to adapting the philosophy and techniques of Lean to government organizations. The book is organized around essential principles of Lean:

- Put the customer at center stage.
- Add value for the customer.
- Make sources of waste visible and eliminate them.
- Aim for employees to own the process.

PUT THE CUSTOMER AT CENTER STAGE

In the Lean philosophy, the value that a business process creates is defined by the customer — that is, the customer decides if a service is valuable to them. In government, however, the concept of a “customer” is not as straightforward as it is in the private sector. Governments look at the citizen, who can have many possible roles, including:

- **Customer.** Similar to a private-sector customer. An example would be a public utility, and the source of value is receiving a specific good or service in a satisfactory manner.
- **User.** Someone who uses public facilities — a park, for instance. Users want facilities to be clean, safe, and accessible.
- **Subject.** Government creates order, which is of value to the public, but it might also require citizens to apply for a permit or receive sanctions for breaking a law. These “subjects” want sanctions to be just, fast, and without administrative cost.
- **Taxpayer.** Citizens pay taxes for public services and want the tax levying process to be transparent, fast, and effective. They also want assurances that their money is not being wasted.

Distinguishing among the roles citizens play is important because it means that different citizens may define “value” differently for the same business process. For example, a citizen applying for a building permit will want the permit processed as quickly as possible. However, his neighbors might find value in some delays in the process — such as a public hearing where they can learn about the potential impact of construction and make their views known.

ADDING VALUE FOR THE CUSTOMER

From the standpoint of a customer, business processes contain a high degree of waste. Lean seeks to identify these sources of waste and reduce or eliminate them. Lean philosophy commonly identifies eight sources of waste (see “The 8 Sources of Waste and How to Eliminate Them” in this issue of *Government Finance Review*). Some of these include:

- **Rework.** Making corrections to work that has already been done or repeatedly performing the same task (for example, entering the same information into different systems).
- **Inspection.** Checking and re-checking work. Requiring so many checks implies that the organization does not trust its people and processes.
- **Over-processing.** Additional work put into a product or service that takes it beyond the quality stan-

dard that will satisfy the customer’s needs.

- **Waiting.** Delay caused by waiting for information from other departments, co-workers, or applicants.

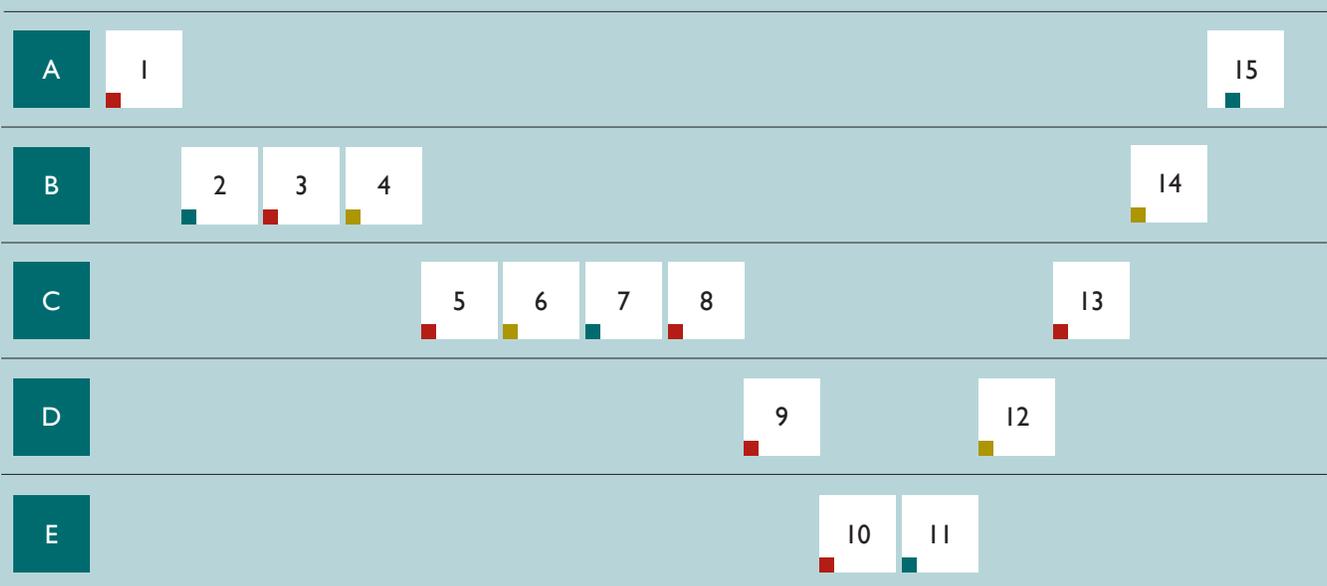
However, adding value is not just a matter of subtracting activities that don’t create value. In a profit-driven organization, an action creates value if: 1) the action is right the first time; 2) the product or service ultimately provides customers with the desired change in their lives; and 3) customers want to pay for the product or service. Teeuwen points out that the third criterion doesn’t always translate to the public sector. Many of the roles citizens play may not place them in a traditional “customer” role. Rather, public managers must consider other perspectives regarding this criterion. A more obvious one is if a citizen is willing to pay taxes for the service, but that might not always hold, either. For example,

a citizen in the role of a “subject” for a speeding ticket is probably not feeling especially good about paying taxes at that particular moment. However, subjects do care that the process of being sanctioned is fair, fast, and doesn’t involve a lot of administrative overhead. Hence, what constitutes value will depend on the citizen’s particular role in the process.

MAKING WASTES VISIBLE AND ELIMINATING THEM

Teeuwen observes that most processes are largely invisible — they exist primarily in the minds of their participants. Hence, an integral part of a Lean process improvement is to make the process visible by using a value stream map. Exhibit 1 depicts a value stream map; the letters along the left-hand side signify the participants in the process, while the numbered boxes are the steps in the process. The map provides a catalyst for discussion about where

Exhibit 1: A Value Stream Map



waste occurs in the current process, and which parts of the process create value for the citizen and which do not. Once wastes are identified, a new process is designed that eliminates or streamlines activities that don't add value, and a new map is created to depict the new process.

Lean in the Public Sector provides detailed guidance on how to develop value stream maps, including a number of more sophisticated mapping techniques than that shown in Exhibit 1. Additionally, the book provides broad guidance on getting the most from the mapping process. Three pieces of advice stand out:

- **First, Question the Necessity of the Process Itself.** Lean takes existing processes and improves them, but there is an implicit assumption that the process is, on some level, valuable. Teeuwen points out that some processes may not be valuable at all, perhaps because they are no longer needed, or because there is no evidence that they are making a positive effect on customers' lives.
- **Keep It Simple at First.** Lean can be performed at varying levels of sophistication, and even simple Lean tools can have a big positive impact.
- **Have a Clear Strategy for How You Wish to Design the Updated Process.** The updated process can be designed to be as close to ideal as possible, and the organization can take gradual steps toward it over an extended timeframe. Another approach is to set a deadline some months into the future and design an improved process that can be realistically implement-

ed, in full, by the deadline. Each approach has its pros and cons, but it is important to pick the approach that suits the situation.

AIM FOR EMPLOYEES TO OWN THE PROCESS

A defining characteristic of Lean is the close involvement of employees. Employees put together the value stream map, identify sources of waste, generate ideas for reducing waste, and design the new process. This is done using cross-disciplinary teams, known as "kaizen teams" in Lean parlance (from the Japanese word for "improvement" — see "Gwinnett County's Department of Financial Services Embraces Lean" in this issue of *Government Finance Review*). The job of the team members is to apply their knowledge and experience to improving a process. A kaizen team has a leader, but the leader's job is to facilitate constructive group processes and interactions, not necessarily to solve the process improvement challenge the team is faced with.

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Teeuwen advocates that kaizen teams follow the "plan, do, check, act" cycle to provide overarching structure to their work:

- **Plan.** The sponsor of the kaizen team (usually an executive manager) selects a subject he or she would like the Kaizen team to work

on and sets a clear objective for the team's work. The team reviews and refines the objective and then analyzes the current process (using a value stream map), finds solutions to problems and sources of waste, develops the new process, and creates an action plan for realizing the new process.

- **Do.** The team performs the action plan, or causes it to be performed, and monitors progress.
- **Check.** The team checks to see if the actions are having their expected impact. If not, it makes adjustments.
- **Act.** Once the new process is in place and proves to be working as expected, methods are developed to standardize and institutionalize the process.

CONCLUSIONS

In addition to the broader elements of a Lean performance management system, *Lean for the Public Sector* provides detailed advice on carrying out a Lean program (using numerous examples, case studies, and diagrams). Some examples are methods of designing compliance to new processes, Lean's role in organization design, and even Lean's role in workspace design. As such, Teeuwen has produced as comprehensive a guide to Lean as exists for government organizations, and it would be a worthy addition to the bookshelf of any public manager who is interested in process improvement. ■

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