NЗ State Services Commission & the Australia and New Zealand School of Government present:

‘Lean’ in public services: panacea or paradox?

Speaker
Professor Zoe Radnor
Dean, School of Business & Professor of Service Operations Management
University of Leicester

Moderator
Dr Michael Macaulay
Associate Dean, Executive Education
Victoria University of Wellington

Do you have a question for today’s speaker?
Send this through to: 021 0268 5305 to be answered at the end of the presentation

Slides from today’s presentation will be available on the ANZSOG website
‘Lean’ in public service: panacea or paradox

Professor Zoe Radnor
Professor of Service Operations Management
Dean, School of Business, University of Leicester

@ZoeJRadnor
There is evidence of the benefits of Lean but need to be careful... as this may be due to poor service design and an over focus on efficiency.
The History of Lean...

Taiichi Ohno
Vice President of Manufacturing, Toyota Motor Corporation

Toyota Production System
- 1950s, after WW2
- External factors; small market, culture and difficulties in equipment purchase.
- Inspired by USA supermarkets
'I always say to people, that doing Lean, continuous improvement, is fifty percent science, you’ve got the toolbox; and fifty percent art.'
Lean in Public Services: Power of 3

3 Principles:
  • Value, Flow and Reduction of Waste

3 Types of tools:
  • Assessment, Monitoring and Improvement

3 Stages of the Lean journey:
  • Engage, establish and embed
Understand Value

Our Customers

159,000 Self Assessment Customers

People like...
...Stephan

ALL TRUSTING US TO GET IT RIGHT

People like...
...Kelly

People like...
...Doris

People such as...
...DVA Accountants

Pensioners

Employers

1.2 Million Pay As You Earn Customers

Our largest pensioners programs are J.C. Coles with 22,419 pensioners, Waterline Ltd & F.F. Ltd with 20,127 pensioners.
Flow: Understanding and Managing Demand Types and Patterns

Patient arrives

WAIT

Patient is triaged

WAIT

Patient is booked in

WAIT

Patient is seen by doctor

WAIT

Patient is discharged by doctor

Patient arrives

Patient is booked in

Patient is seen, treated and given advice by doctor or nurse practitioner and discharged
Reduction of Waste

1. Over-production - 60% of computer generated post printed in the post room was discarded.

2. Waiting - Post delivered by Royal Mail did not always arrive at 7:45 am.

3. Transport - Post moved 500 metres before any value-added work was performed.

4. Over-processing - Sorting post in 21 categories when 4/5 were enough.

5. Inventory - 15+ days of work on shelves.

6. Rework - Post transferred between offices; Frequent redirection due to mis-sorting.

7. Motion - In post room the operator moved from desk to scales to measure a single item of post.

The 8th Waste ... Untapped human potential
Use of Tools and Techniques within Lean in Public Services

• Assessment:
  – To assess the processes at organisational level e.g. value stream mapping, process mapping

• Monitoring:
  – To measure and monitor the impact of the processes and their improvement e.g. control charts, visual management, benchmarking, work place audits
  – Measures in terms of quality, time, costs, satisfaction levels

• Improvement:
  – Tools implemented and used to support and improve processes e.g. RIEs, 5S, structured problem solving
Assessment: Reviewing the work

From Current State to Future State
Monitoring: Visual Management

Team Board

Team Communications Hub

Resource Planning
SEIRI
Sort

SEITON
Set in order

SEISO
Sweep and Shine

SHITSUKE
Standardise

SEIKETSU
Sustain

Improvement: The Five-Step Kaizen Movement
Visual Management:
Managed by the front line staff

Regular Structured Problem Solving

Workplace Audits

Leadership Challenging: Go, See and Do

Whole system view
Embedded continuous improvement behaviours
Stable robust efficient and effective processes

Rapid Improvement Events:
Process Mapping and 5’s

Developing Local/ Internal Champions and Facilitators

Monitoring of end to end Services/Processes: Quality, Cost and Delivery

Identifying and managing variation and demand

Workplace Audits

Regular Structured Problem Solving

Strong committed Leadership

Create Value

Link to Strategy

Understand Demand

Process View

Co-Production

Communication

Training and Development

Steering Group and Project Team
Lean in the Public Sector Is An Expedition

1. Let’s do Lean!
2. Lean Project team Established
3. Organisation Lean/CI Training for staff and facilitators
4. Lean Pilot Projects identified
5. 5S, process maps, Visual Management, daily meetings developed across the organisation
6. Rapid Improvement Projects
7. Developing an understanding of demand
8. Evaluate Value creation
9. Reward Lean Leadership
10. Create Organisational Wide Lean Metrics
11. Problem Solving established to support CI
12. Communicate Lean ways of working
13. Lean Project team Established
14. Promote Co-Production and Lean the Value Chain
Institute for Continuous Improvement in Public Services (ICiPS) Report

“to explore the current and future issues of continuous improvement (CI) in UK public services.”

Aims to:

– highlight the current landscape of CI in the UK public sector; and
– thoughts and analysis of the possible future CI agenda for public services.

Consist of:

– CI storyboard challenge;
– analysis of the ICiPS members’ survey; and
– interviews and visits with 6 case study sites.
  • English police authorities
  • Central government data agency
  • NHS specialist agency
  • Devolved UK government department
  • British University

Report published Spring 2017
Overview of Findings

• General well established themes:
  – Success of CI projects
  – Resistance or lack of support at top and middle management level as well as some sections of staff
  – Public sector major motivation for CI is driven by a desire to maintain quality of service in an environment of budgetary constraint

• Emergent themes:
  – An awareness of where the organisation is in terms of maturity
  – Changes to organisational structure and strategy to accommodate CI
  – Ability to deliver in-house training
CI tools and techniques

Organisations are using a range of CI tools and techniques

• Visual management most commonly cited and associated with successful activities
  – People are starting to think about process, viewing the value stream across the institution rather as pieces of work within a department. There is ongoing demand for CI training, RIEs, process mapping workshops etc’. (Quotes from ICiPS members survey)

• Quantifying benefits – identified as important but not often successfully used
  – Does public sector need to develop expertise here?
CI Structure

- **Majority of organisations have Central CI Teams:**
  - Focus on end-to-end processes
  - Supporting projects and teams
  - Training and developing capability and expertise across the organisation
  - Improvement Strategy
  - Improvement activity addressing policy challenges
  - “In our liaison roles [as nominated CI group point of contact], [it] is [our role to] say to them [the CI groups] we’ve been allocated to yourselves as the department … [to] start the long journey to embedding continuous improvement, it’s nothing new, … It’s just to, maybe add it a bit more structure to it

- **Challenge of not being centralised:**
  - “Each department has its own CI strategy. There is one strategy for training across xxxx, at a corporate level. The rest of the CI is not joined up at directorate level and not joined up into corporate value streams”
CI Strategy

- **Majority of sites had organisational wide CI strategy**
  - Two focused only on one department

- **Key principles of continuous improvement strategies:**
  - Improving efficiency (27)
  - Improving customer experience (25)
  - Reducing waste (19)
  - Standardizing processes (19)
  - Streamlining processes (18)
  - Problem solving (18)
  - Improving flow (17)
  - Creating value (14)
  - Right first time/perfection (14)
  - Pull rather than push (11)
  - Creating a value stream (7)
Success Factors and Challenges

Success Factors:
• Staff engagement (7 sites)
• Leadership (6 sites)
• Demonstration of successful projects (5 sites)
• Adopting an incremental approach (5 sites)
• Building relationships (4 sites)
• Role of facilitators (4 sites)
• Knowledge transfer (4 sites)
• Training (4 sites)
• Micro-level of engagement (3 sites)

Challenges:
• Lack of cohesion (7 sites)
• Staff resistance (6 sites)
• Lack of leadership (5 sites)
• Problems with measuring success/quantifying benefits (4 sites)
• Lack of understanding/organisational mistrust (3 sites)
• Lack of resources (2 sites)
Lean in Public Services

Need to consider Lean not as a quick fix but as a implementation philosophy.

“A series of RIEs does not Lean make!”

There is a need to develop a mindset within the organisation of process and customer view

“Public Service not Public Sector ethos”

Move thinking from task/policy to value/process.

Opportunity to redefine the end to end process

Need to develop an awareness of variation, demand and capacity relationships.

“See the variable as the work not the demand/customer”

Create and focus on improving stable processes

Standardise the process not the outputs and outcomes

Need to ensure that there is strong and committed leadership and there is a link to strategy.

Not just about cost cutting and efficiency but about effectiveness

Develop a Public Service Dominant Logic
The Service Model

• **S** - public service system as the unit of analysis
• **E** – embed in genuine sustainability
• **R** – work at relationships as a key resources
• **V** – focus on creating external value
• **I** – innovation is essential for effectiveness
• **C** – co-production is the core of public services
• **E** – use knowledge to drive service experience
Breaking the Rules for Better Care: In Search of the “Bicycle Book”*

• 24 North American hospitals asked their patients and staff a simple question:
  – “If you could break or change any rule in service of a better care experience for patients or staff, what would it be?”

• In one week **342 rules** surfaced which were perceived to provide little or no value to patients and staff.

• Three types:
  1. Habits; 57 (16%)
  2. Myths; 211 (62%)
  3. Actual statutory and regulatory requirements; 74 (22%)

• **The vast majority (78%) of obstructive and wasteful rules** identified by patients and staff were fully within the administrative control of health care executives and managers to change.

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* Berwick, Donald; Loehr, Saranya; Gunter-Murphy, Christina (2017); Journal of the American Medical Association, 317(21):2161-2162 (June 6th 2017)
1. Where are your Bicycle Books & which rules are you going to break?
2. How are you going to engage or support Lean/Effective Leadership?
3. Which Value are you creating and for whom?
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Upcoming Thought Leadership Seminars

Diversity, inclusion and interculturalism
Speaker: Dr Glenda Ballantyne, Swinburne University
Wellington TBC

Building organisations of integrity
Speaker: A/Prof Zeger van der Wal, LKY Singapore
Wellington TBC

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### Upcoming Executive Education Workshops

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