

## **Lean Government – What does it take to really be Lean in Government?**

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Lean, Lean Thinking, Lean Manufacturing, Lean Office, Lean Agriculture, Lean Construction.

Whichever term you use will probably depend on which sector you work in.

The term Lean which describes a business management philosophy based on principles and practices aimed at the elimination of activity that results in processes and staff to waste time and effort, is widely used throughout Australia.

I started my research into Lean manufacturing when I started work in the Victorian Public Services during 1999. It was then I first researched Lean Manufacturing and how I could adapt it to benefit government service delivery. Over the next few years, I began to apply these same principles into a government department. From my humble beginning in 1999, I started to deliver millions of dollars of savings and performance improvement across one government department. Twenty years later, I never would have imagined how widespread my concept of Lean Government would grow, and how rapidly it has been adopted.

In 2007, I chaired the first Lean Government conference in Canberra. Then in 2010, I presented a paper at the International Conference on Public Administration. Together these events created widespread awareness and interest in the need and benefits of implementing a Lean Thinking process improvement mind-set across Government.

So, what is it and how does it work?

A key to embedding continuous improvement in an organisation is by developing people's capability to learn to see process waste (activity that is causing time and effort to be wasted). By working in tandem with both senior executives and the general workforce, transformation of business processes and the organizational mind-set using Lean Thinking principles, methods, tools and techniques is now possible.

Processes are performed in all sectors of our economy. Processes are used to produce goods in the manufacturing sector, and they are used to produce goods or services in the public sector. The public sector directly delivers programs and services as well as

the provision of office-based administration. All these are performed using processes.

All business processes contain a percentage of wasted time and effort or non-value adding activity. It is commonly accepted that business processes prior to the application of Lean Thinking improvement activity contain on average 30% waste or non-value adding activity.

High levels of wasted time and effort exist, and this offers a vast pool of opportunity for improvement and scope to reduce process elapsed time, input costs and waiting time. From the customer's perspective, the deployment of Lean Thinking in Government has a wider application through focusing on value from the customer's point of view and the minimisation of errors, defects and variation in service delivery.

Lean Thinking is an evolving philosophy based on the proven principles and practices aimed at the elimination of process wastes. Lean Thinking is a set of concepts and tools used to create and deliver the most value from the customer's perspective while consuming the fewest resources.

Lean Thinking is a continuing process of change involving everyone in the organisation. Therefore, it is more than just a set of tools used to cut costs. Lean, through eliminating all forms of process waste, becomes a way an organisation thinks.

There are five underlying principles of Lean:

- Specify value (can only be defined by the ultimate customer)
- Identify the value stream (exposes the enormous amounts of waste)
- Create flow (reduce batch size and rework, release bottlenecks)
- Let the customer pull product through the value stream (make only what the customer has ordered)
- Seek perfection (continuously improve quality and eliminate waste)

Private sector businesses have widely embraced the adoption of a Lean Thinking culture or mind set in their organisation because it offers a range of organisational improvement opportunities. The "burning platform" or drivers for change and the adoption of a systematic and contemporary productivity improvement methodology is widely different between private sector businesses and the government sector.

In the private sector, businesses compete for survival and market share. The private sector faces rapidly moving challenges such as COVID-19, competition both nationally and internationally, currency fluctuations, profitability and export and import replacement.

The drivers for private sector businesses to improve productivity, reduce costs, improve quality is far different from government organisations.

Whilst the drivers for government improvement are different to the private sector, the public sector does face several competing challenges. The costs to operate government is growing at a rate faster than the supply of revenue. Demand for government services is continuing to escalate. An ageing population is having and will continue to have an adverse impact on the systems capability to meet growing demand for more services, and services that are more costly to deliver. Consumer demand for faster and more online services means Government must transform the way it conducts business. There is a growing need to continually meet evolving expectations. As the demand for faster services will continue to grow, Lean process improvement provides the tools to meet the challenges ahead.

In Victoria, a One VPS is a whole-of-Government initiative making it easier for the Victorian Public Service (VPS) to work together by driving a culture that encourage mobility, collaboration, and innovation. Despite this initiative, there remains an absence of a single whole of government approach to achieving efficiency. Agencies are left to their own devices as to how they will deliver productivity improvements or savings targets.

The traditional approach of the public sector to meet cost pressures and budgetary savings targets have tended to focus on downsizing, rationalising services, amalgamating, or cutting services to meet budget pressures or savings targets.

An alternative to this traditional approach is to adopt and deploy a Lean Thinking mind-set which focuses on engaging the workforce to learn to see the eight forms of process wasted time and effort, and then building business process problem solving capability to know how to fix waste and problems they identify.

Public sector agencies at all levels have achieved success in the past in improving the way they do business. However, they do this as individual agencies and not in a consistent and standardise way, using a consistent framework, methods, tools and techniques. Even within a Department, there can be various ways of approaching continuous improvement and performing parts of a process.

Lean Thinking offers the service sector and public sector organisations with an opportunity to develop a consistent approach to building a NEW culture of continuous improvement by transforming the way the workforce thinks and the way the workforce sees the work they perform. Creating a workforce with the capability to see the eight forms of process waste and learning how to distinguish between Value Adding and Non Value Adding activity from their customers point of view in the services they perform, empowers the organisation with the foundations for significant transformation.

There are eight forms of process waste. Internationally, the term “TIM WOODS” is commonly used to refer to the eight forms of recognised business process wastes.

- T - Transportation
- I - Inventory
- M - Motion
- W - Waiting
- O - Over processing
- O - Over production
- D - Defects
- S - Staff (ideas for improvement not captured)

Value Adding activity is all the activities that transform a good or service in a way the customer is prepared to pay for it, and it is correct the first time. Non-Value Adding activity is any activity that consumes resources which is not adding value to the good or service as defined by the customer.

Experience across 65 state, federal, local government, statutory authorities, not for profits and healthcare providers has shown that there is a significant volume of labour which can be released and reinvested back into value adding front line services. Experience with our government clients has identified enormous opportunity to improve workflow and reduce the time it takes to complete everyday processes by; eliminating unnecessary waiting and delays, removing overly complex and time consuming activity, prevent the need to chase outstanding information, error proofing processes to remove double handling, rework and errors. Once you review and together with staff redesign and improve processes, you will have a more productive and satisfied workforce, improved customer experience and capability to deliver on performance targets.

When the workforce learns to see steps that cause delay and frustration, they tend to want to make changes which will improve flow and improve performance. This change in the way they look at process steps is a foundation stone for significant transformation.

Building the internal capability to not only see process waste but knowing how to fix business process problems is the next step to creating the internal capability to sustain longer term change.

Once the workforce begins to see business process waste and knows who in their organisation they can speak to so that the process is considered for an improvement activity, you then have the elements of long term change through collaboration, engagement and empowerment of the workforce.

Lean Thinking is a philosophy, a way of thinking, a mind-set where everyone in an organisation learns to see process waste and knows how to fix business process problems or at least knows who to speak to about addressing a problem.

Lean Thinking uses a range of tools, techniques, and methods to improve process flow by:

- eliminating or reducing duplication of effort
- eliminating waste and non-value adding activity
- simplify processes
- minimise delays and waiting
- preventing re-work
- error proofing processes
- preventing errors from becoming defects

Lean Thinking process improvement is relatively easy to understand and quick to deploy and implement. Implementing Lean Thinking techniques is not capital intensive and often leads to quick wins which can be easily implemented at no or little costs. Value Stream Mapping process improvement tools and techniques are a highly engaging method to achieve significant productivity improvement, cost containment and workplace safety outcomes.

Value Stream Mapping is a visual representation of the end-to-end process. A highly effective business improvement tool used globally to chart the flows of information, processes, and physical goods. It exposes sources of process waste in order to eliminate or minimise it. This technique is most frequently performed using a paper-and-pencil representation of every Value Add and Non Value Add process step in the material and information flow as well as the “doing and waiting time” of the end-to-end process as the value stream progresses.

Creating detailed process maps provides a visualisation of where problems occur. It enables visualisation of the steps performed, the way information is communicated and the areas of delay, re-work, double handling and over processing. Assigning the time and value to each process step enables quantification of the amount of non-productive effort and time wasted in an end-to-end process. Once staff learn Lean Thinking principles and learn how to see the eight forms of wastes (TIMWOODS), they will look at the process map in a way that will generate ideas for improvement.

Training staff in learning to see the eight forms of waste will go a long way towards creating a better process. Training your staff in a suite of process mapping analytical and problem-solving skills will empower an organisation with the mind-set to redesign processes that will improve process flow and create faster, more consistent, standardised, and higher quality processes.

For a government agency contemplating introducing a single, systematic way of approaching business process improvement in their organisation, then Lean Thinking based on a “Learning to See” process waste and Value Adding activity should be their first port of call.

Begin your journey by teaching your workforce to see the eight forms of process waste (TIM WOODS), process analysis and problem-solving skills. Then identify key business processes that are not achieving target performance and learn to prepare Value Stream Maps so that improvements can be identified.

Teach your staff how to create a future and improved process. Base improved processes on the learning from the past. Teach your staff faster, higher quality processes which avoid the problems of the past and are capable of achieving performance targets.

To effectively deploy Lean Thinking across a government department is an enormous challenge. It may seem difficult, but it is not insurmountable. There must be something in it for all stakeholders. For government it is about valuing every dollar spent, improving performance and productivity, containing cost growth, minimizing exposure to unnecessary risk, and doing more with less. Government also has a desire to retain a quality and high performing workforce. Engaging the workforce, capturing their ideas for improvement, and improving the way they work will contribute to higher levels of retention, morale, and productivity. Lean Thinking offers government the opportunity to release staff capacity to do more elsewhere.

The Lean Thinking engages staff to make work easier. For the workforce, they gain respect and empowerment to have a say in the way they do business. The workforce receives personal and professional development. The workforce will gain a greater commitment and enjoyment in the work they perform.

For the customer, they receive better services, more reliable, consistent, and higher quality services. Everyone is a winner.

Start by taking bite sized first steps in your team, branch, division or region. Start by training staff in Lean Thinking principles, to see steps in processes that are contributing to waiting, delays, rework, double handling, errors and chasing of information. Train your staff in how to create fast flowing, higher quality processes capable of achieving performance targets.

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Virtual Lean Thinking training and consulting is available during COVID-19 to upskill staff, create internal capabilities and make process improvements. On site face to face training and consulting is also available.

Doing Business Better is Australia's most experienced Lean for Government consulting and training company. Contact Stephen Grech on email [sgrech@doingbusinessbetter.com.au](mailto:sgrech@doingbusinessbetter.com.au) or telephone Stephen Grech on 0448403094 to discuss a Lean Thinking training and process review consulting services.

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