

Process Improvement Tools:

*Progressive Techniques to Simplify
Government Processes*

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Craig Rapp, LLC

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Introductions

- **Craig Rapp**- President Craig Rapp, LLC
- **Heather Grimes**- Pasco County, Florida
- **David Krings**- TechSolve, former County Administrator
- **Leonard Martin**- Carrollton, Texas

The Title is Not the Whole Story

This is about Reinventing,
Continuously Improving and
Optimizing

Objectives

Educate

Provoke

Discuss

Flow of the Session

The Challenge



Concepts



Examples



Discussion



Q & A

Ripped from the Headlines

- *Central Falls, Rhode Island, **Declares Bankruptcy.***
- *Pinal County, Arizona, Board Votes To **Privatize Training Program.***
- *Foster City, California, **Rolls Back Public Safety Retirement Benefits.***
- *Muskegon County, Michigan, Administrator Makes Departments **"Facilitate Teamwork" Over Budget Measures***
- *Costs Have Public Officials **Considering Consolidating Municipalities.***
- *Frederick County, Maryland, Looking Into **Privatizing Government Functions.***
- *Cities **Closing Public Pools,** Calling Them "Costly Extravagances."*

“The greatest danger *in times of turbulence* is not the turbulence – it is to act with yesterday’s logic.”

– *Peter Drucker*

Two Mandates-

-often seen as mutually exclusive

1. Build great communities
2. Deliver efficient and effective services

Do you have a Great
Community?

Do you have a Great
Organization?

(an “okay” organization?)

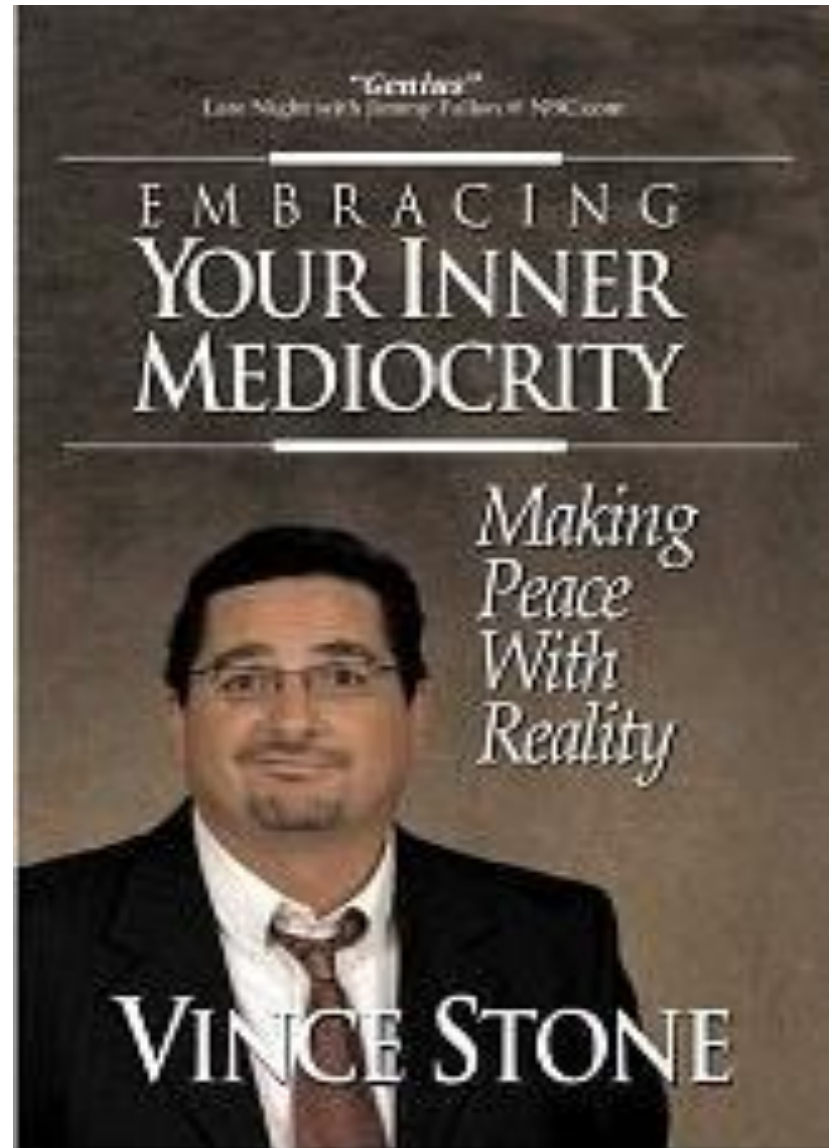


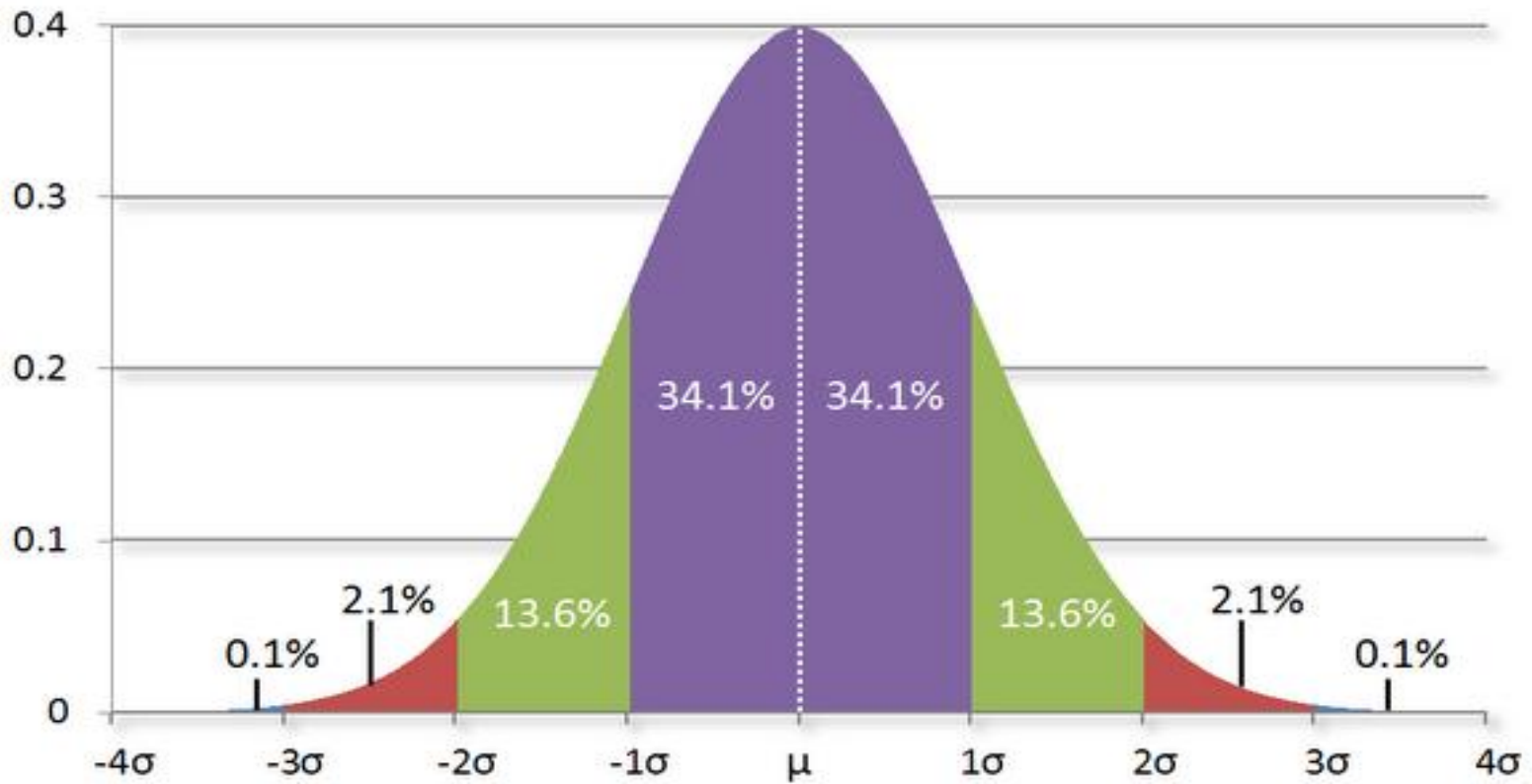
How Do You
Know?

Compared to What?



You do
have
choices





A Bulging Middle

We all want performance-
We chase shiny balloons



50 years of shiny balloons

- **The 60's**
 - Quality – “0” Defects
 - The Managerial Grid
 - Toyota Production System
- **The 70's**
 - Management by Objectives
 - Team (Quality Circles)
 - Situational Leadership
- **The 80's**
 - Theory of Constraints (TOC)
 - Total Quality Management (TQM)
 - Malcolm Baldrige Award
 - Portfolio management – strategic thinking
- **The 90's**
 - Continuous Process Improvement (CPI)
 - Reengineering
 - The Balanced Scorecard
 - Reinventing Government
- **The 'latest' movements**
 - The Price of Government
 - Six Sigma (DMAIC)
 - Lean Thinking
 - Baldrige for Government

Think About:

- Performance systems you've tried
 - Systems still in place
- Reasons why the others aren't

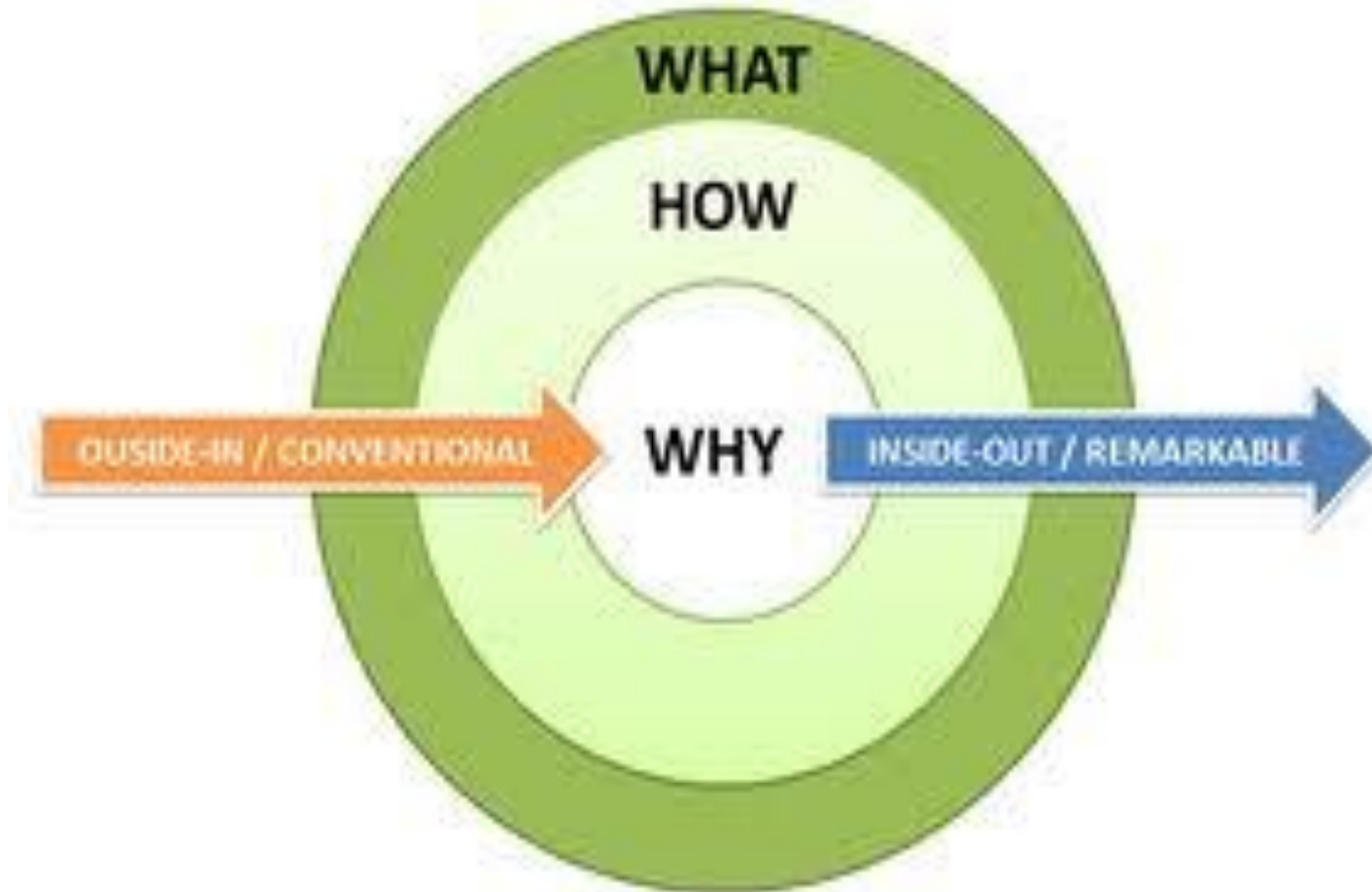
The Problem

- Performance not defined
- Roles not clear
- Flavor of Month initiatives
- Approaches not well deployed
- Little best practice learning
- No alignment -strategy, customer, skills, measures

Just Three Things

The Golden Circle - *Simon Sinek*

“Start with Why”



V O C

Volume of Crap

-or-

Voice of the Customer?



Fix the Pipes *-Ken Miller*



The Golden Triad

Start with Why

VOC

Fix the Pipes

Purpose & Direction

A large, light blue downward-pointing arrow is positioned to the right of the first box, pointing towards the second box.

Needs & Expectations

A large, light blue downward-pointing arrow is positioned to the right of the second box, pointing towards the third box.

Deliver Results

Purpose &
Direction

- Start with Why

Needs &
Expectations

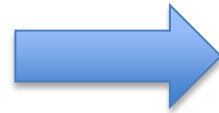
- VOC

Deliver
Results

- Fix the
Pipes

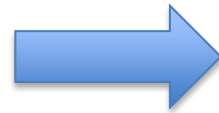
Where Are You?

Can't Do



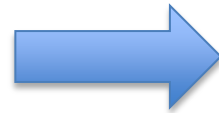
Learn

Won't Do



Manage

Chance To



Change

Optimizing

- If you know Why- lots of ways to get to How
 - Make vs. Buy Analysis
 - Leading Practices/Benchmarking
 - Enterprise-wide approach
 - Service level approach
 - Cooperate, Collaborate, Consolidate
 - Managed Competition
 - Privatize, PPP

Three Different Approaches

- Pasco County, Florida – Sterling/Baldrige-enterprise approach
- TechSolve- Lean Process improvement – leveraging service level change
- City of Carrollton, Texas – Managed Competition – organizational change

LEAP into Excellence



*Heather Grimes, Performance Development Administrator
Pasco County, Florida*

ICMA Conference, Milwaukee
September 21, 2011

About Us

- Tampa Bay Area
- 464,697 residents
- Total Budget of \$1.1 Billion
- BCC Stats:
 - 19 departments, 53 divisions/sections
 - 1,900 FT employees
 - 48 PT employees
 - 5,000 volunteers



LEAP Introduction

- Fall of 2007, the County launched the **LEAP Initiative** (Lean, Efficient, Accountable Pasco)
 - County Administrator John Gallagher recognized the need to refocus County Government.
 - Michele Baker hired as Chief Assistant County Administrator and tasked with administering the initiative.

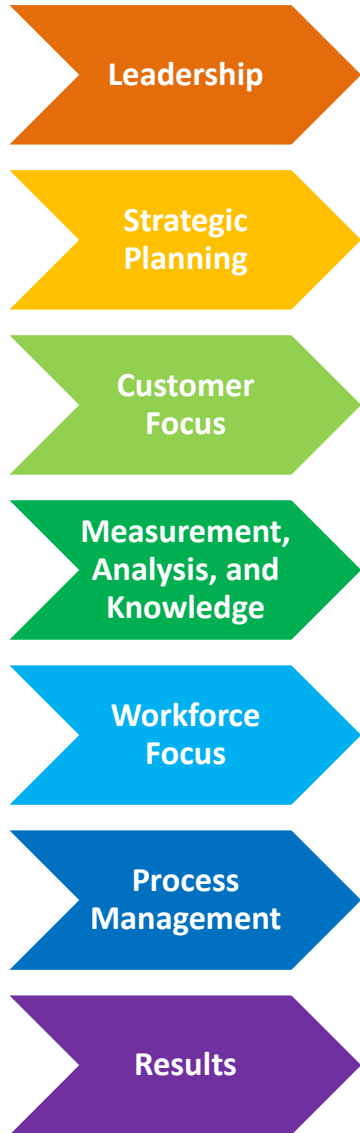


LEAP Introduction (Cont.)

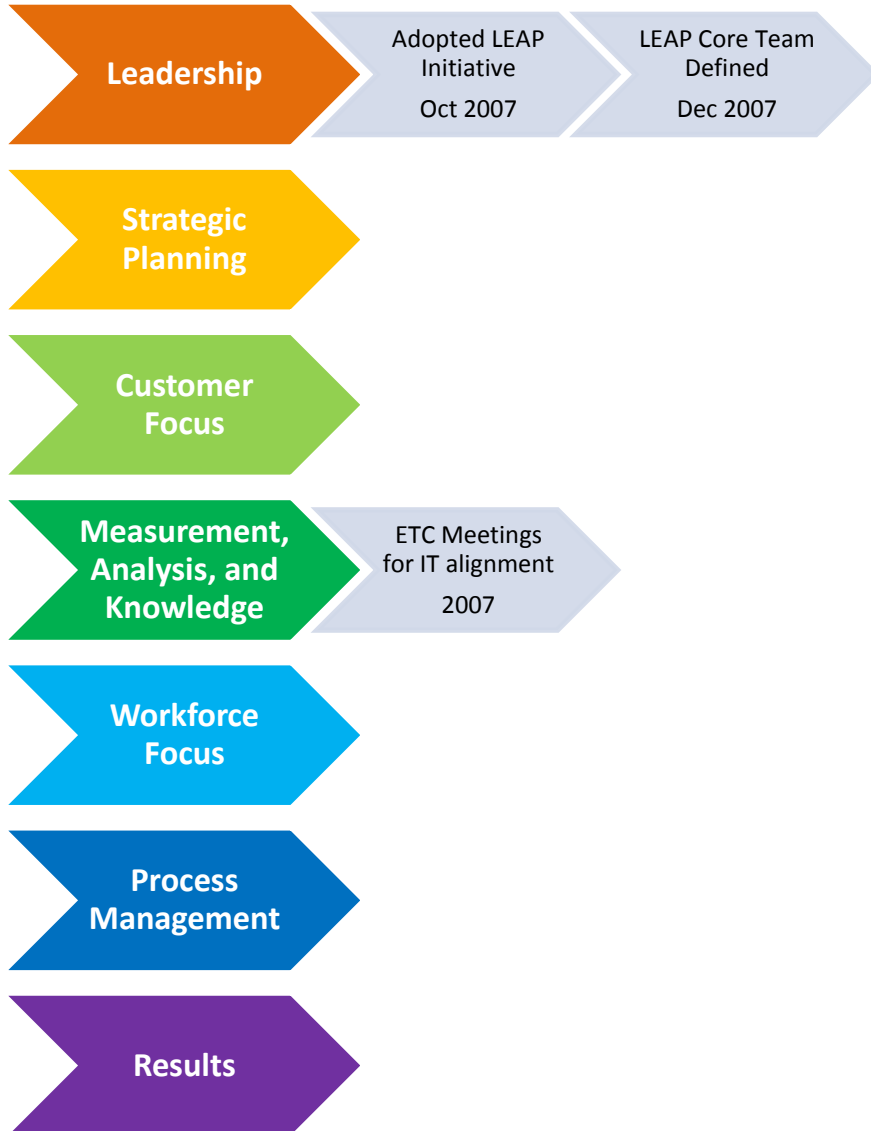
- Initial focus on Internal Process Improvement
- Using the Sterling Business Model for Performance Excellence
- ICMA provided excellent guidance in the early stages of our journey
- Additional guidance provided by a study conducted by the Urban Land Institute



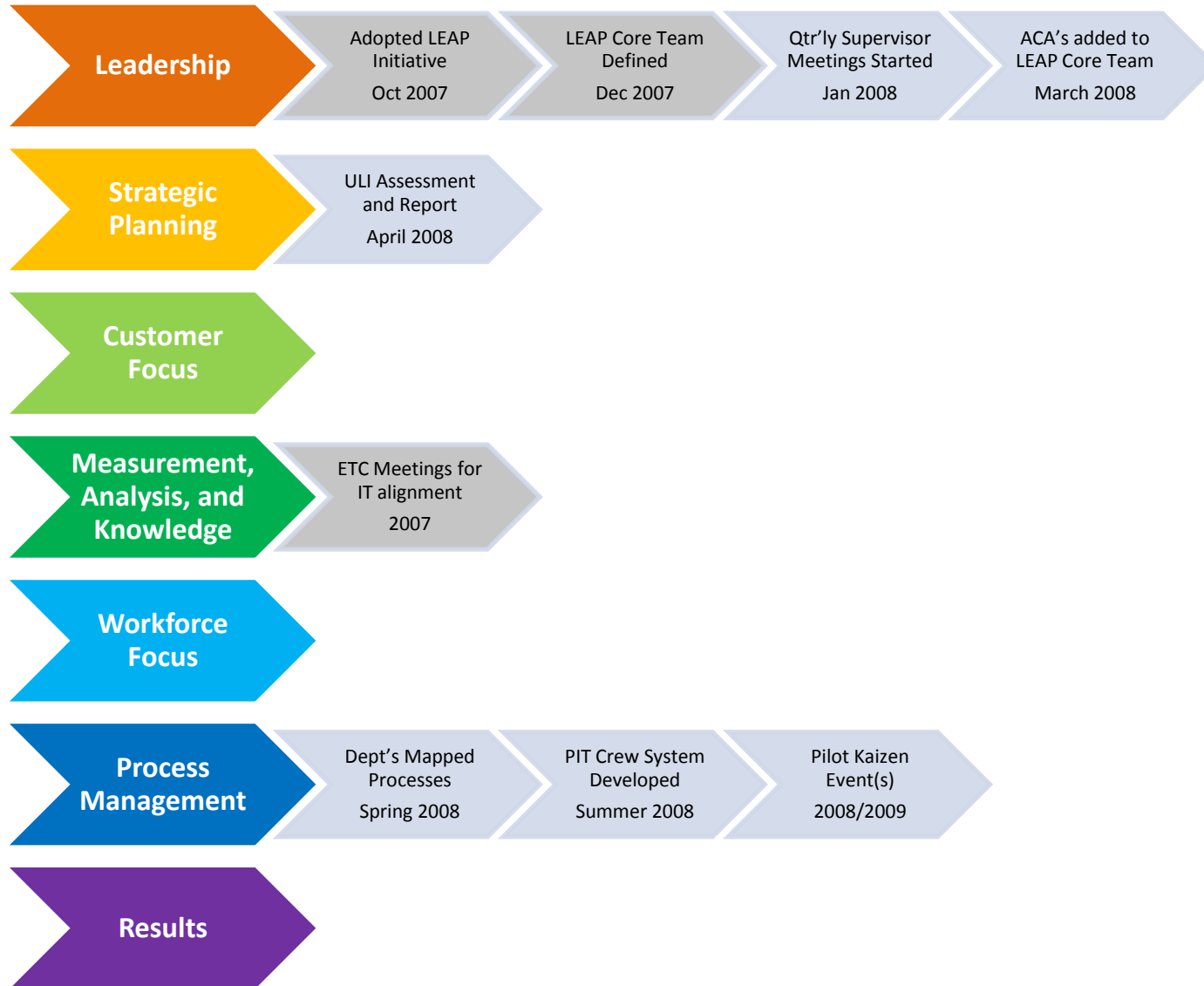
Pasco County's Journey



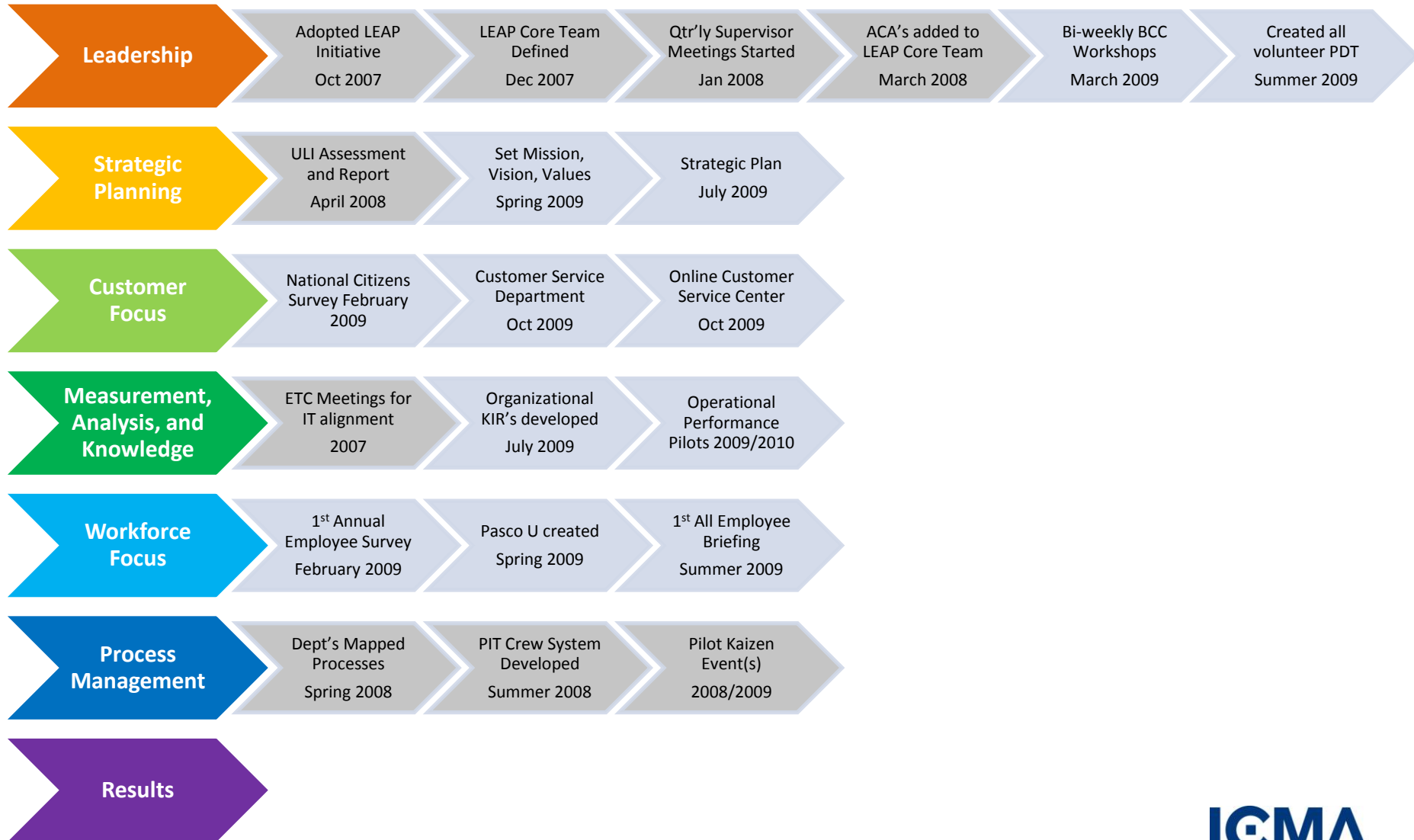
Pasco County's Journey



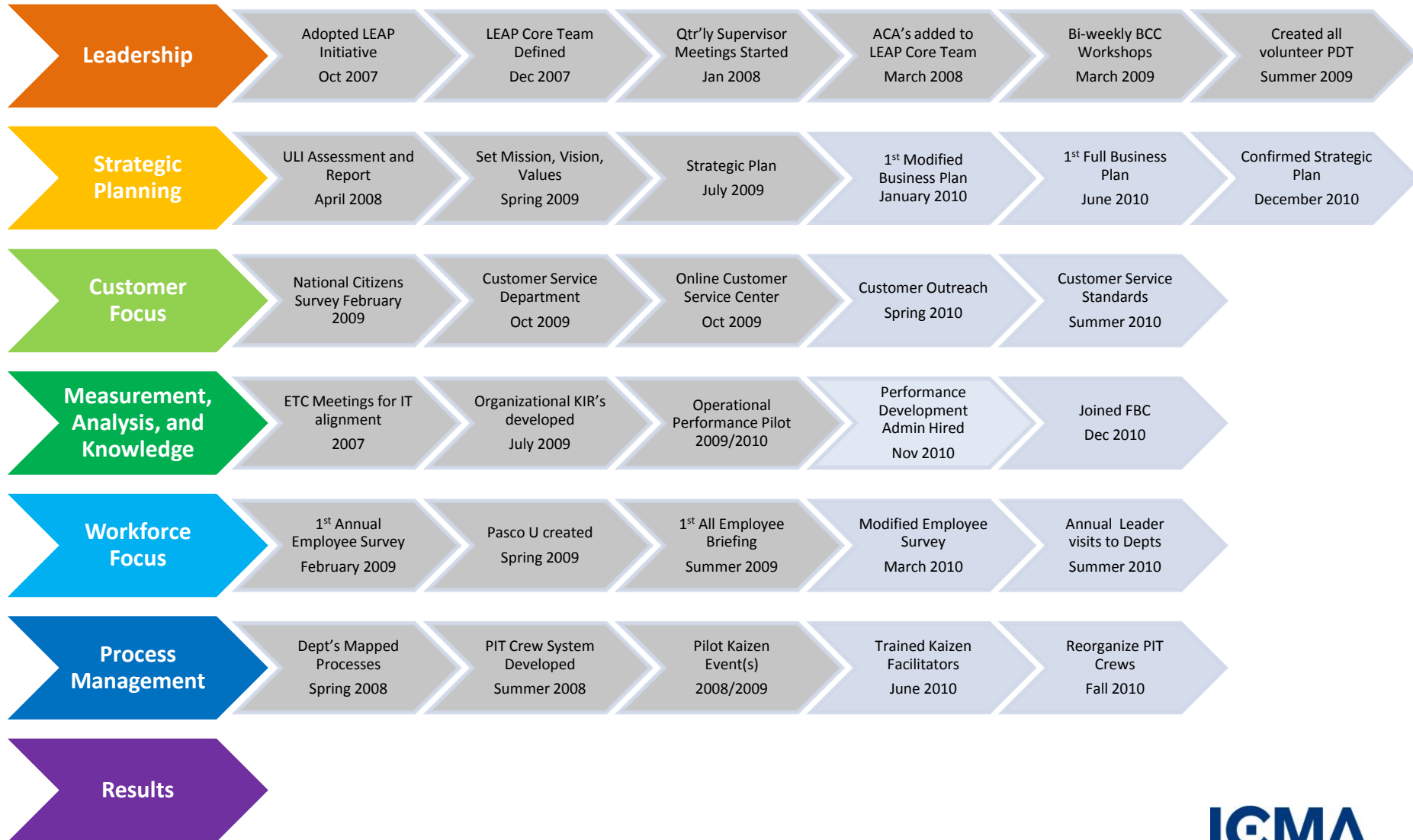
Pasco County's Journey



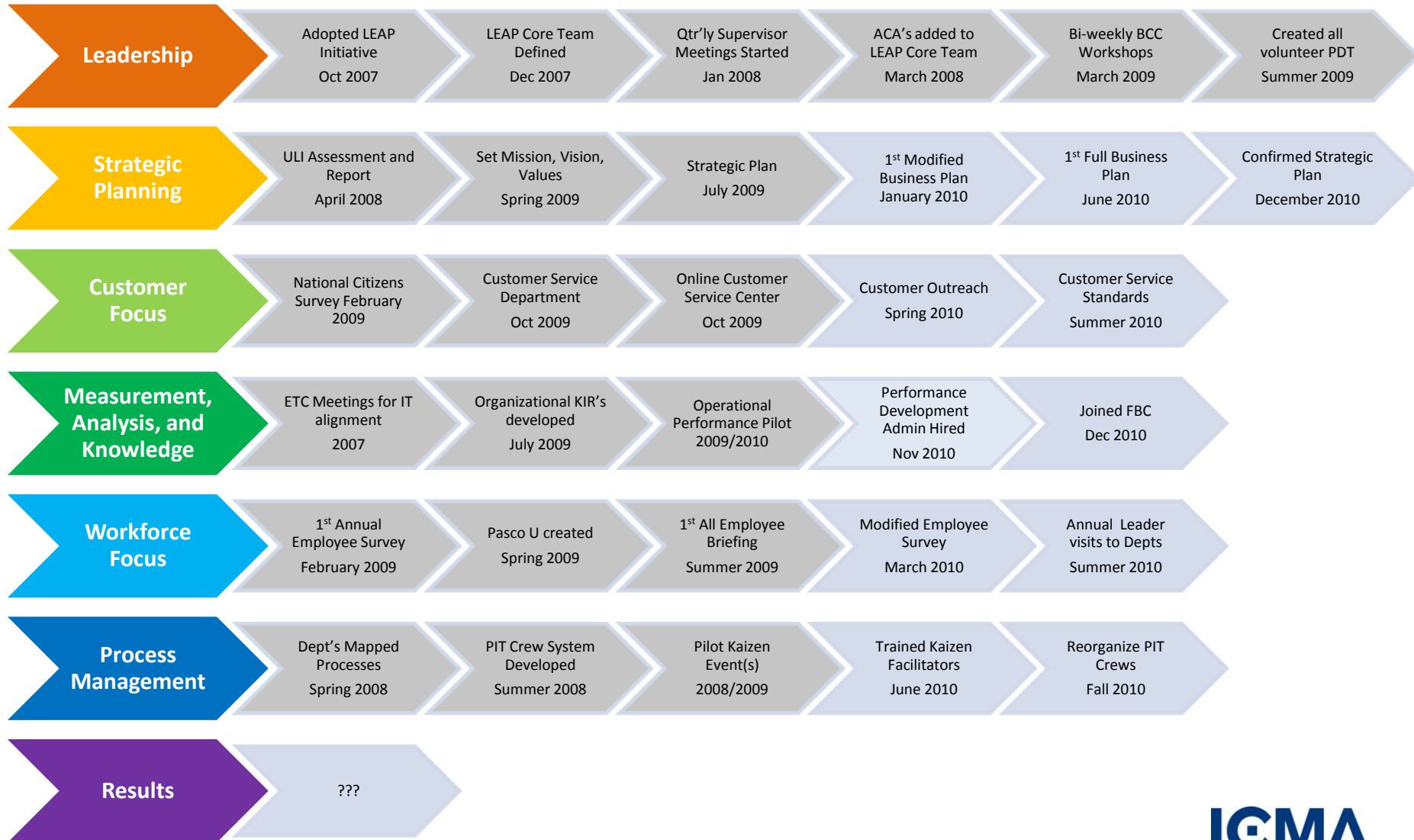
Pasco County's Journey



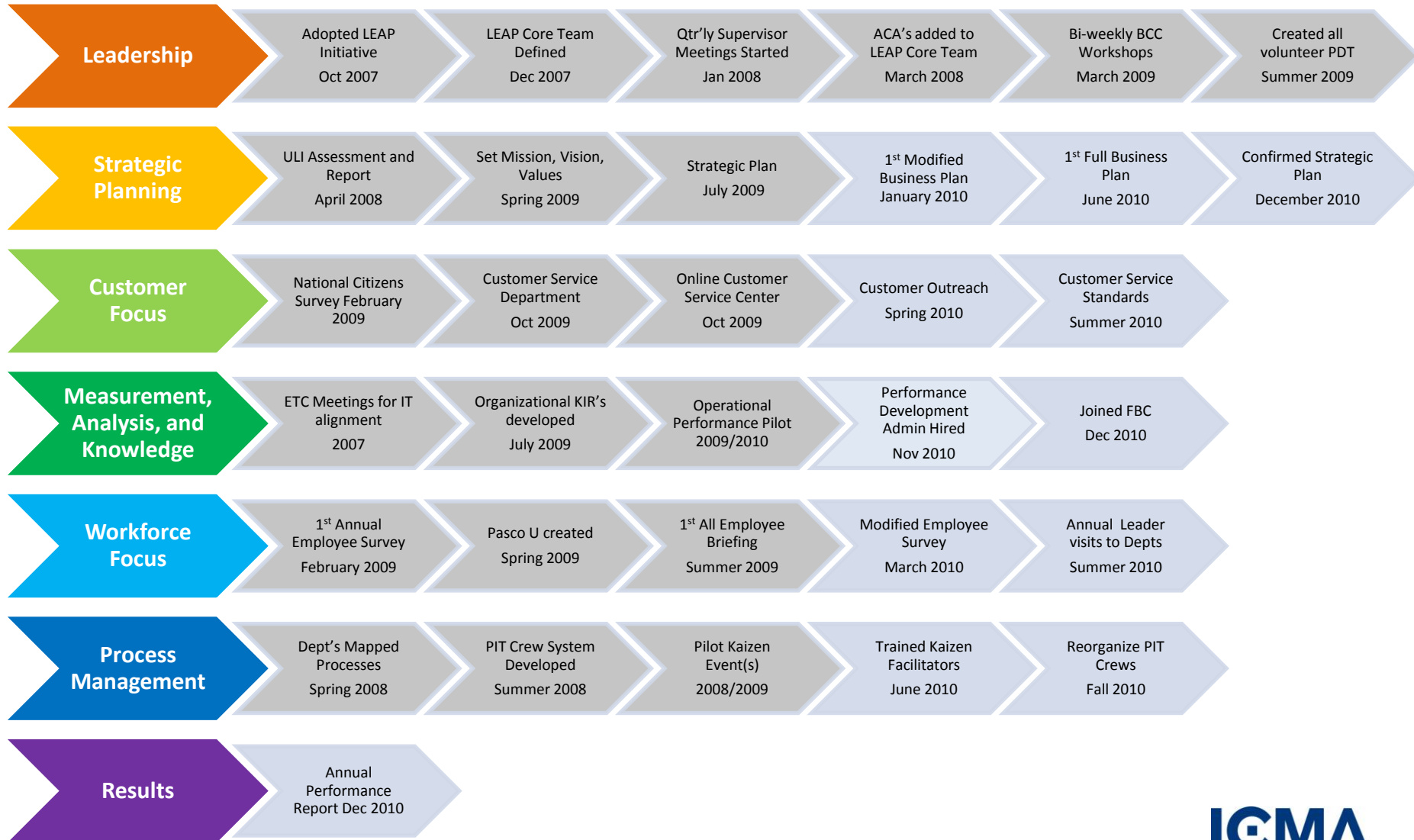
Pasco County's Journey



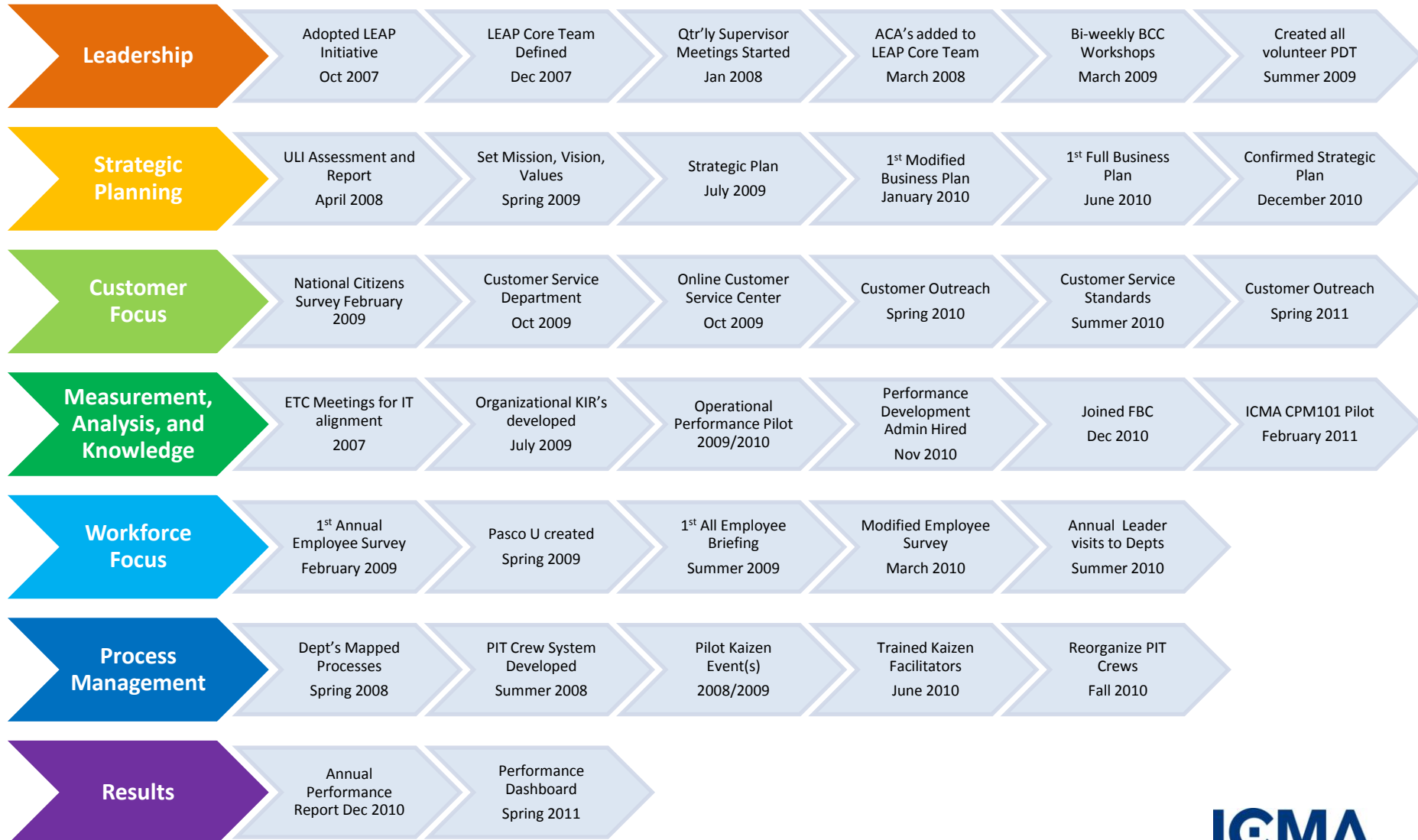
Pasco County's Journey

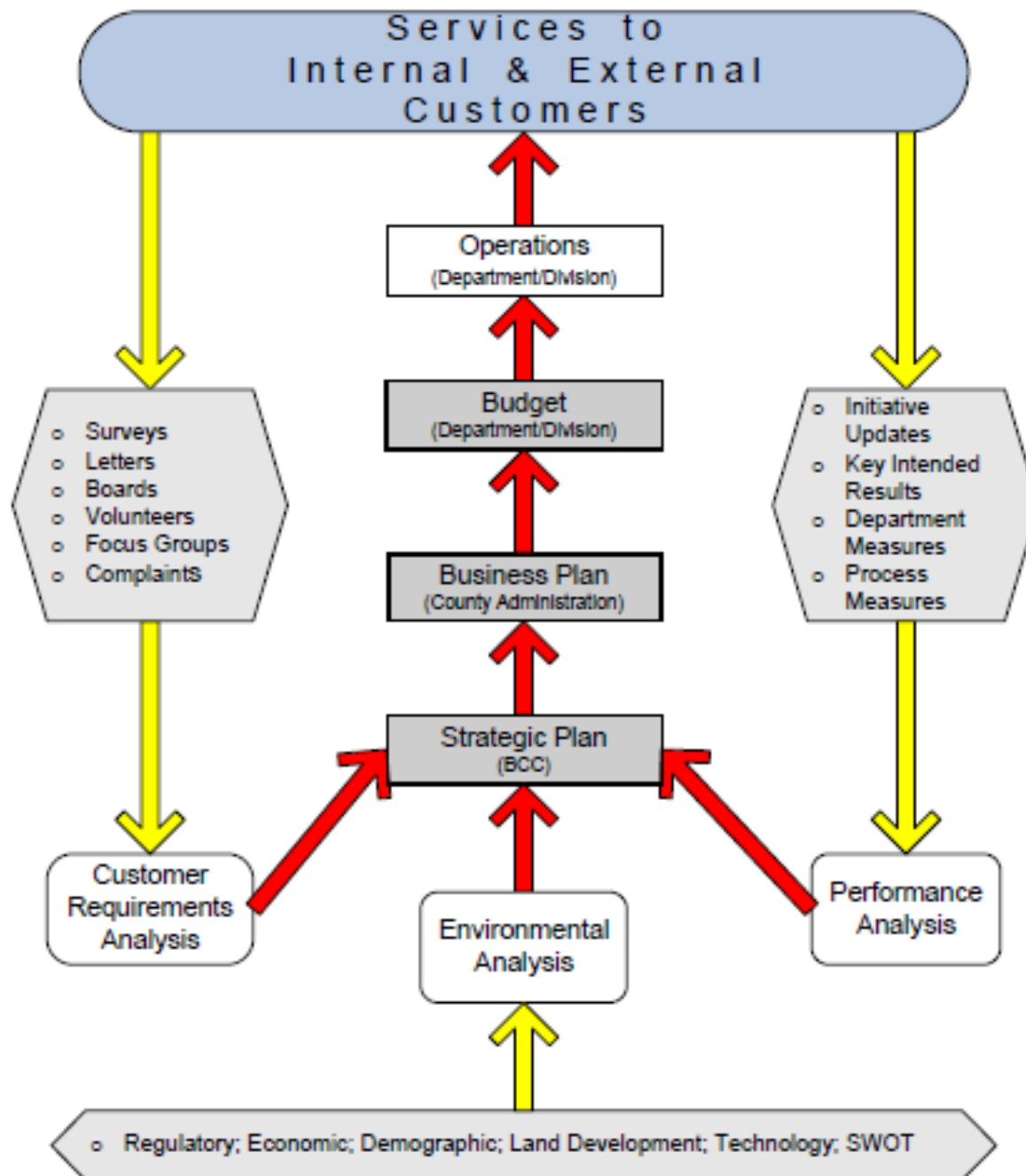


Pasco County's Journey



Pasco County's Journey







ICMA'S 97TH ANNUAL CONFERENCE

Milwaukee
WISCONSIN SEP 18-21 2011



Process Improvement Tools

Lean Thinking for Local Government



"It is not the strongest of species that survives, nor the most intelligent, but the one most responsive to change."

~ Charles Darwin



Satisfy our Customers!!!

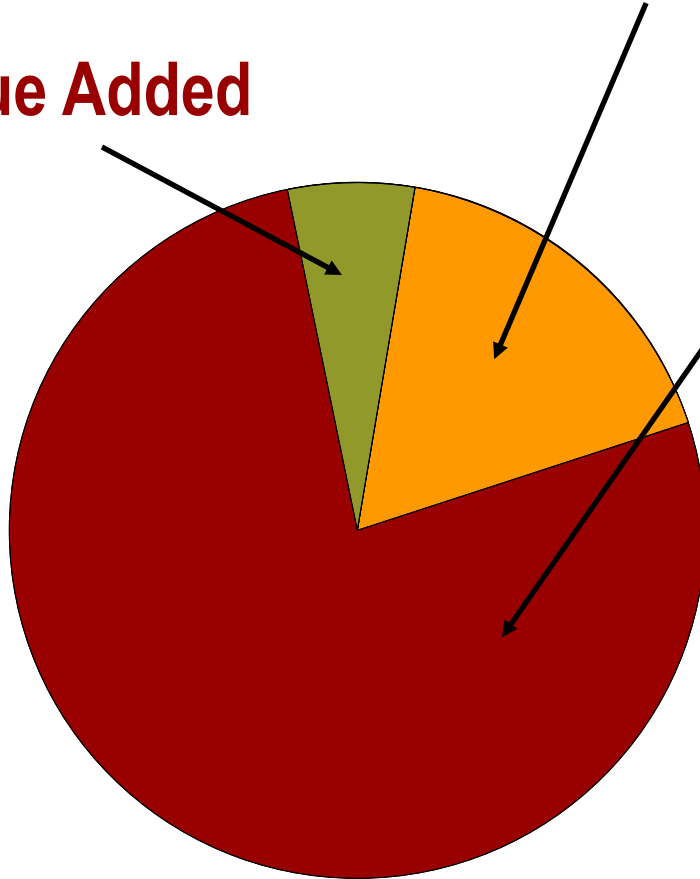
- Minimize Cost
 - Eliminate unnecessary expenses
- Maximize Quality
 - Continuous improvement using all available knowledge and capabilities
 - 100% quality, 100% of the time
- Minimize Time
 - Lead Time < Customer Delivery Expectation

Lean can be used to:

- Shorten the time required to hire
- Reduce the complexity of your building permit process for the development community
- Cut the lead time for making purchases
- Reduce expenses in your judicial system
- Allow you to provide more or better services at the current costs
- Improve processes to “better”

Non-Value-Added but Necessary

Value Added

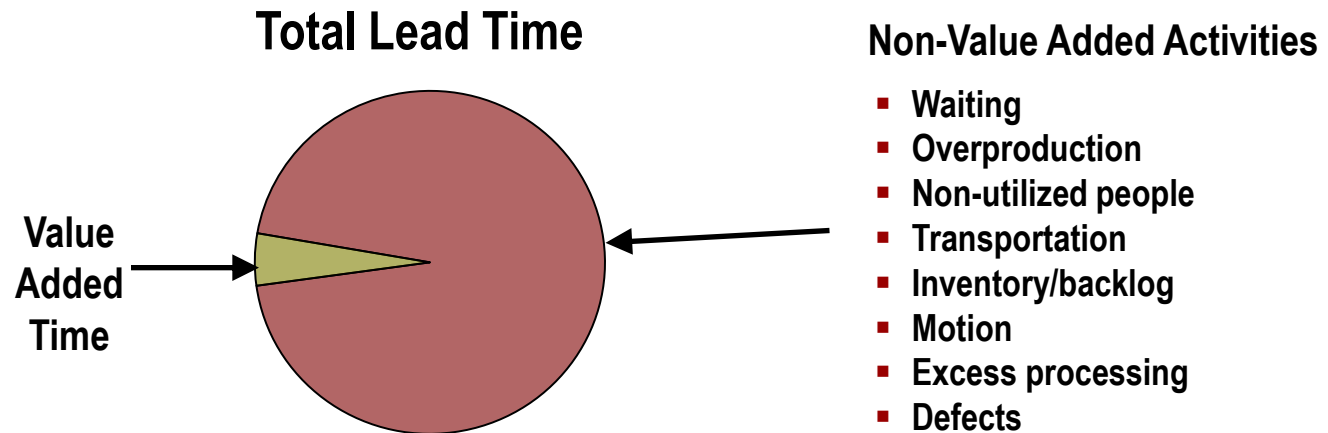


Non-Value-Added (Wastes)

- Defects
- Overproduction
- Waiting
- Not Utilizing Employees
- Transportation
- Inventory/backlog
- Motion
- Excess Processing

Typically 75-98% of lead time is non-value-added.

The Public Service Arena: Increase the quantity and quality of services in the face of the public's declining ability/willingness to pay



Typically 95% or more of lead time is Non-Value Added!

Value Stream Mapping

a simple yet effective tool



Value-Added Definitions

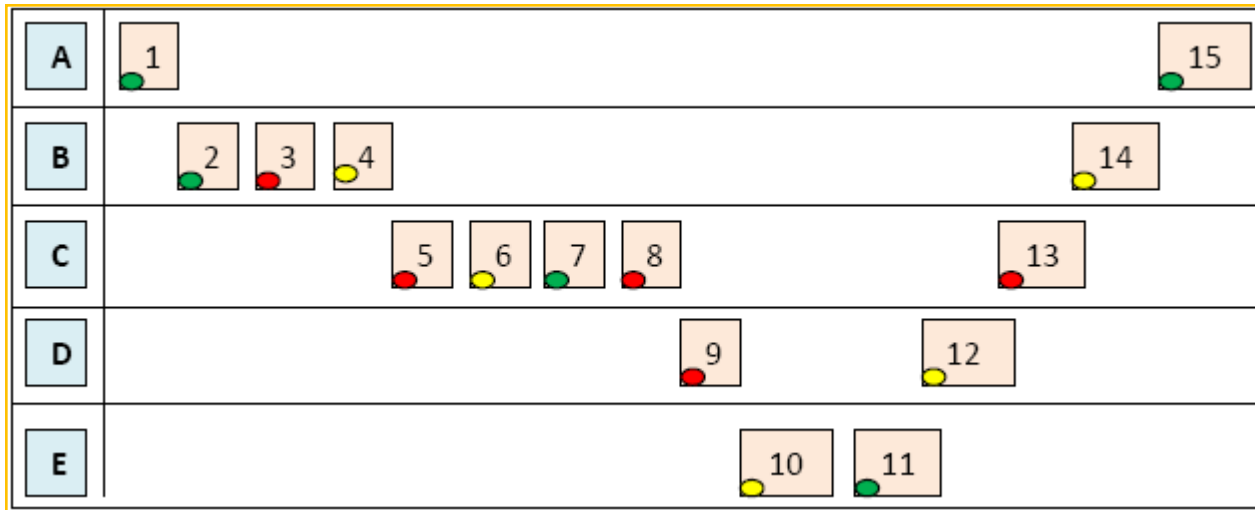
- Value-Added
 - Any activity that increases the market form or functionality of the product or service.
 - *These are things a knowledgeable customer is willing to pay for.*

- Non-Value-Added
 - Any activity that does not add market form or function and is not necessary.
 - *These activities should be eliminated.*

- Non-Value-Added but Necessary
 - Any activity that does not add market form or function but is necessary with the current process.
 - *These activities should be eliminated, simplified or reduced.*

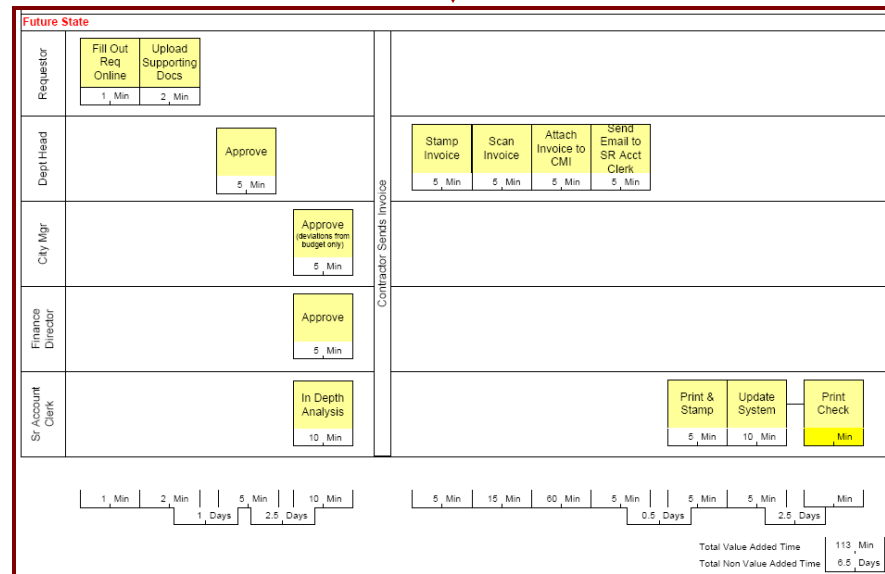
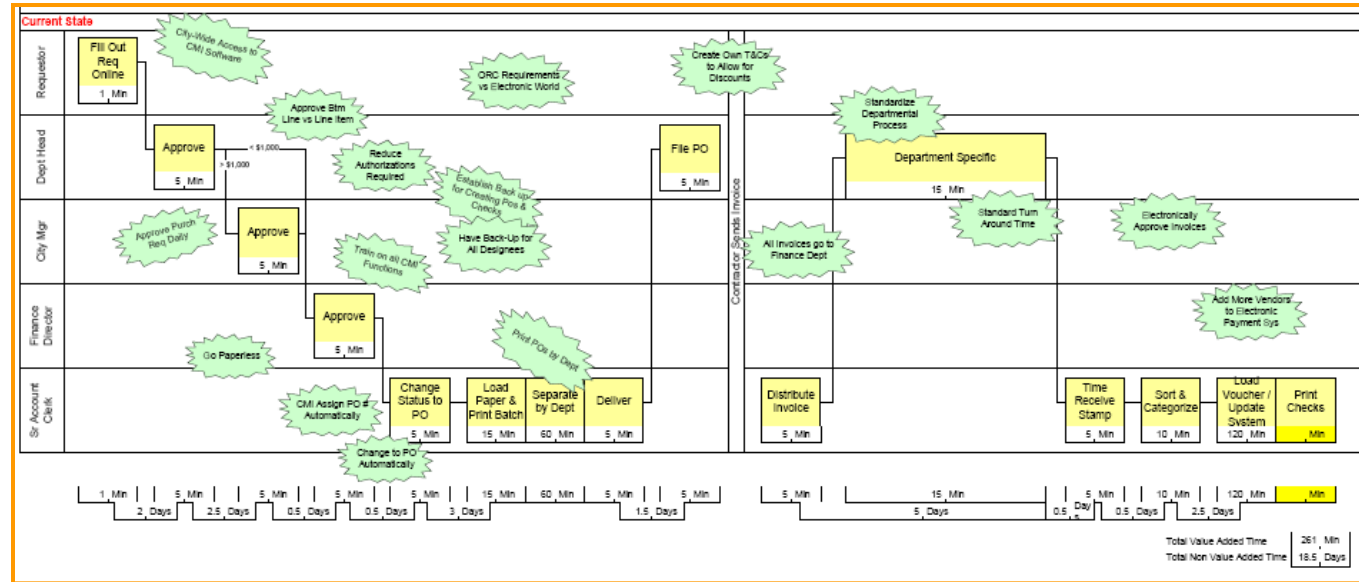
VSM - Current State

- Documented:
 - Steps
 - Timing
 - VA / NVA / NVAN
 - Improvement opportunities

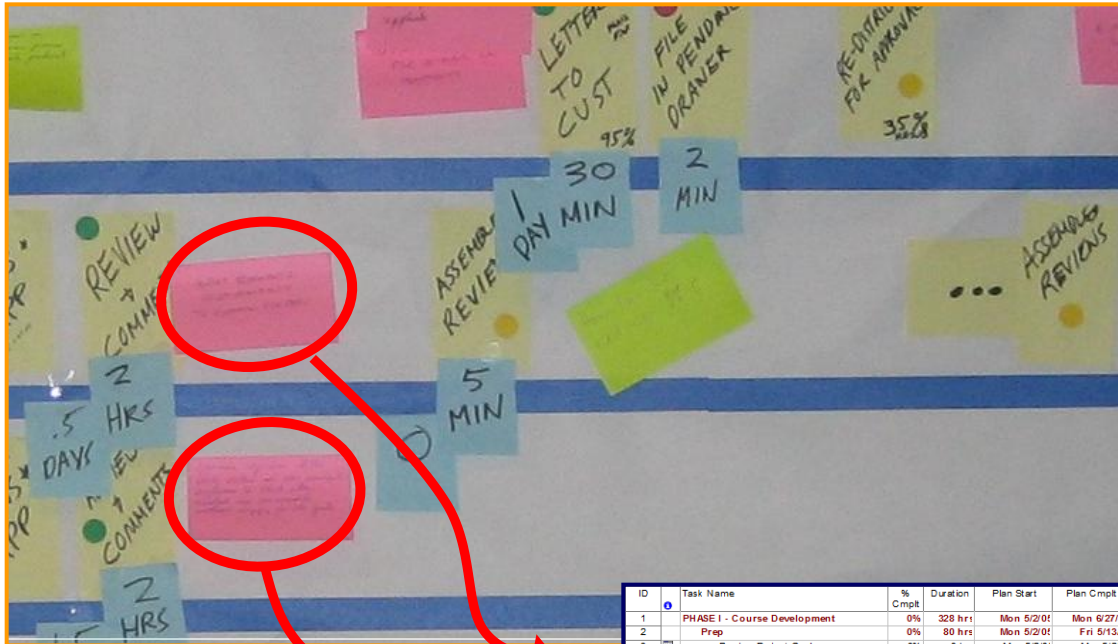


VSM - Future State

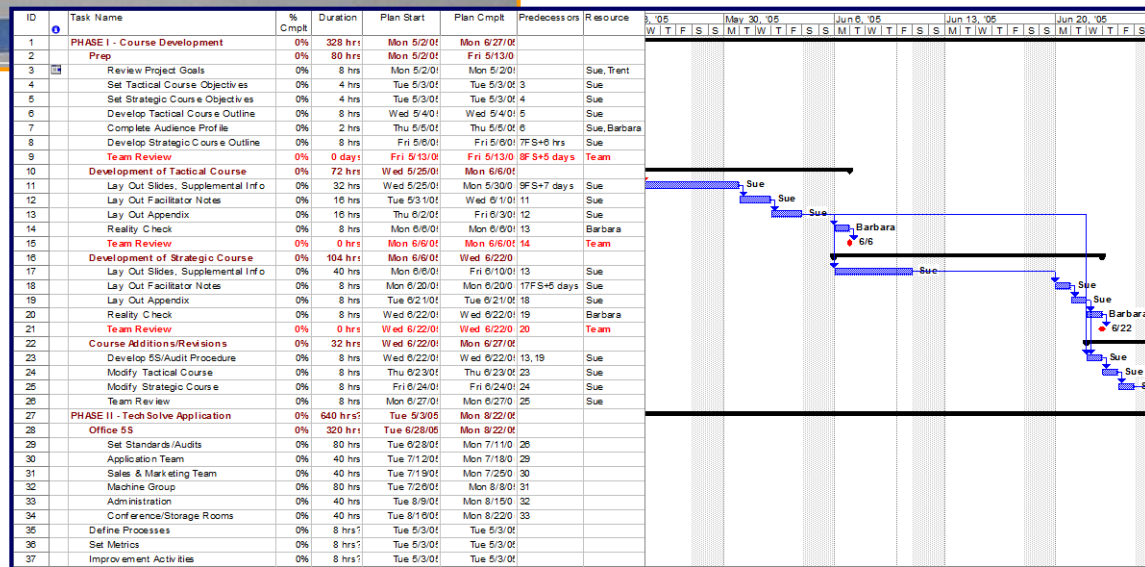
Where do we want to go?



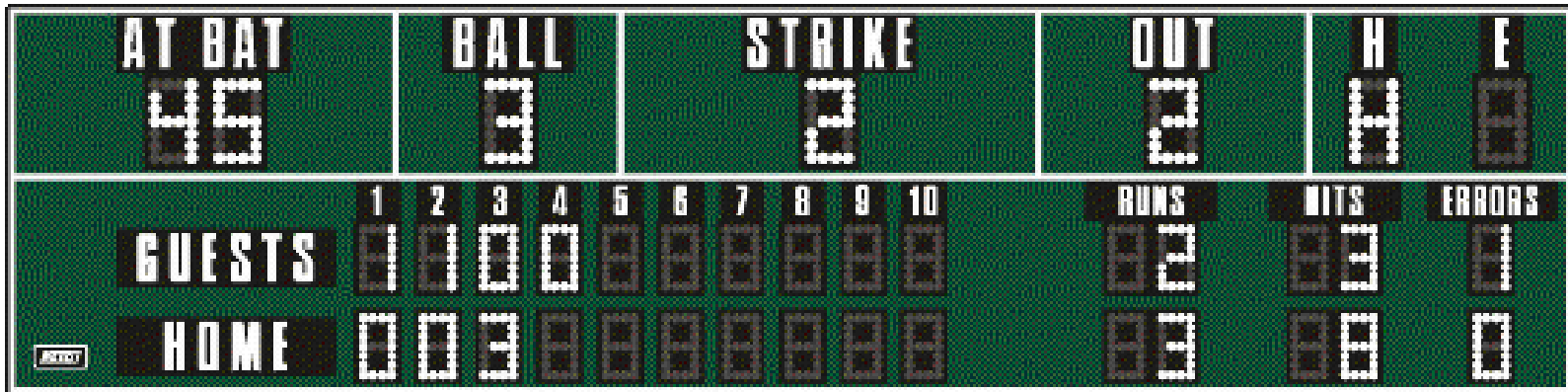
VSM – Implementation Plan



- Opportunity
- Impact
- Timing
- Resources



- Simple signals that provide an **immediate understanding** of the situation or condition





Starting a Lean Program /Creating a Lean Culture

Starting a Lean Program

■ **Must:**

- Communicate ground rules and goals upfront
 - Including that no one will be laid off as a result of Lean improvements
- Recognize that the line workers are the process experts
- Not imposing “management solutions”
- Require top management support

■ **Suggested:**

- Training for management and/or staff

■ **Optional:**

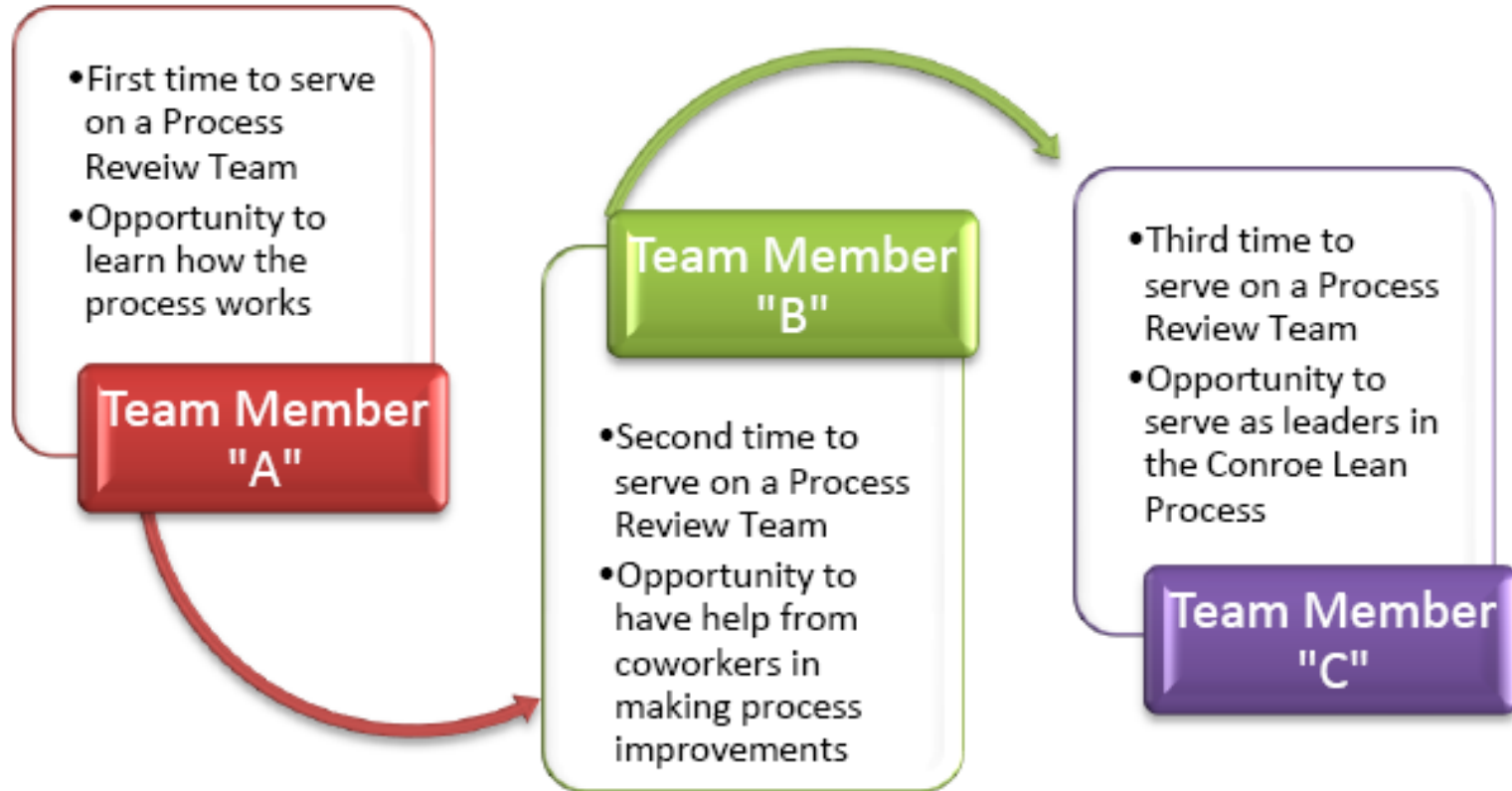
- Lunches, picnics, etc.

Focus Areas

- Typical processes with potential for improvement:
 - Hiring Process
 - Procurement Process
 - Building Permit Process
 - Municipal Court Process
 - I.T. Project Prioritization Process
 - Accounts Payable and Accounts Receivable

- # Composition of a Lean Team
- **Cross Functional**
 - Across the organization
 - Members from outside the department / process
 - Process Owners
 - Up and down through the organization
 - Management level
 - Operational level
 - **Ideal Size**
 - 7 to 14
 - Depending on process

Participant Involvement



From the Conroe Lean program

Case Study – City of Conroe, TX

Created Lean Culture

■ Situation

- Rapid increase in population
- High sales tax revenue
- Ensure good stewards of public funds
- Created Lean Champion

■ Results

- Over 30% reduction in permitting process lead time
- PR win by restructuring swim lesson sign-up process
- Over \$2,000,000 of savings from project improvements

Case Study – Sewer District

Receivables Process

- Before process improvement event
 - Sampling and permit fees collected separately
 - Up to four bills per customer per year
 - Up to 2.5 years to collect sampling fees
 - Billed for permit at end of the permit year

- After process improvement event
 - One bill at the beginning of the year
 - Reduced processing time by over 50%
 - Millions of dollars in increased cash flow

Quotes

- “The process brought out several small changes that are easy to implement, yet have a significant impact and savings.”
 - Process Owner, Texas

- “People come away with a much better understanding of our role as ‘stewards’ of public funds.”
 - City Manager, Ohio

- “Our staff was apprehensive and skeptical...[now] we are well on our way to many lean thinking successes.”
 - City Manager, Texas

Public Relations

- How some jurisdictions are gaining positive PR from Lean efforts:
 - Determine what is “better”
 - Measure to ensure results
 - Share results with elected officials
 - Invite elected officials and possibly local media to participate in celebrating results
 - **Be careful not to turn an administrative process into a political process**

Questions

?

Alternative Service Delivery Options Workshop

ICMA Conference
September 21, 2011

Leonard Martin
City Manager, Carrollton, Texas
CEO, Martin Management



Rethinking business as usual



CARROLLTON
TEXAS

Where Connections Happen

Only Two Choices?

1. Cut services or programs?

OR

2. Raise Taxes?

OR

3. Transform culture to a competitive Service Business -- reduce costs, adopt best practices and increase employee productivity...

“Change is a law of life. Those who live only for the past or present are sure to miss the future.”

--President John F. Kennedy



“When the rate of change outside the organization is moving at a faster pace than the rate of change inside the organization, the end is in sight.”

--Jack Welch, General Electric CEO (retired)



How is MC different than Outsourcing and Privatization?

- In **outsourcing**, the organization has already made the decision to use an outside contractor but is still responsible to ensure customer satisfaction
- In **privatization**, the organization sells the operation's assets and exits the business
- In **managed competition**, in-house units restructure, innovate and compete against external contractors to provide services under contract

Benefits of Becoming Competitive

- Transforms the organizational culture
- Empowers employees
- Cost savings = better value for customers
- Reduces waste and inefficiencies
- Increases the sense of urgency
- Improves internal coordination and cooperation
- Improves customer service
- Frees up resources for other priorities

Managed Competition Process

The Goals

- Provide services that are competitive in quality and price (“**best value**”)
- Adopt industry best practices
- Continuous improvement over time

The Approach

- In-depth competitive & operational assessment
- Identify competitive gaps
- Competitive readiness period
- Select “best value” provider for the city
- Sign a service contract (SLA)

Steps To Competitiveness

1. Encourage an external focus
2. Be proactive not reactive
3. Educate employees so they shift from entitlement to ownership
4. Management commitment to win; make the tough decisions
5. Increase employee communications; empower good employees
6. Reorganize work teams- drive accountability down to the front-line
7. Understand and learn from your competition
8. Continuously improve

Shifting the Paradigm...

Traditional Gov't

- Entitlement attitude
- Professional driven
- Special interest driven
- Monopoly (closed)
- **Morale obsessed**
- **Process oriented**
- **Wanting to be liked**



Service Business

- Productivity/results
- Market driven
- Customer focused
- Competition (open)
- Performance driven**
- Results oriented**
- Bottom line focused**

Shifting the Paradigm...

Traditional Gov't

Single business unit focus

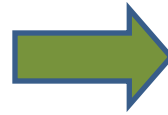
Specialized job/skill silos

Risk aversion

“Safety net” staffing

Service based on tradition

Compare to other cities



Service Business

Efficiency + Effectiveness focus

More versatile generalists

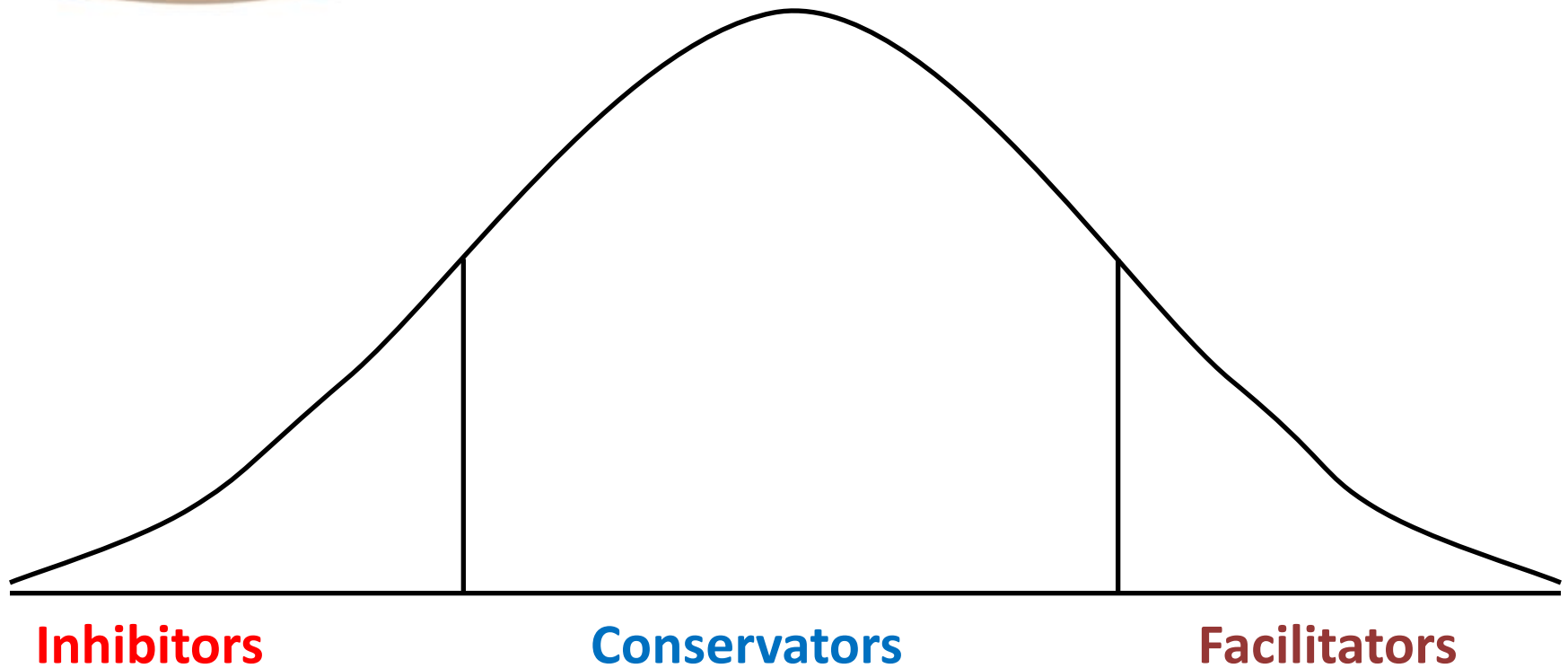
Smart risk-taking/try it

Low/Avg demand; add temps

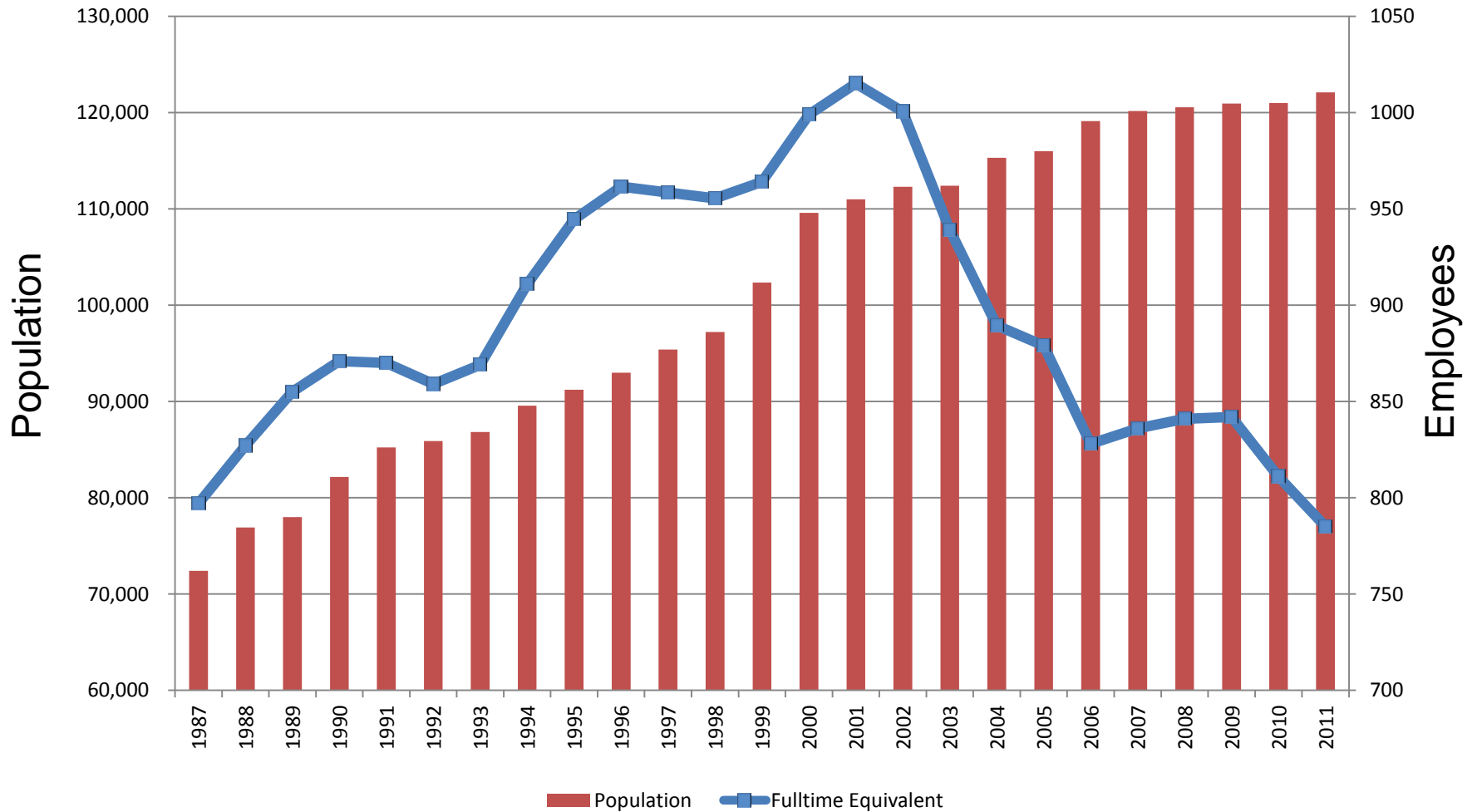
Customer need based services

Market competitiveness

Typical Organization Culture



Meeting Customer Needs with Fewer Employees



Department Service Agreements

- Departments declared “Substantially Competitive” execute service agreements
- Agree to same inputs & outcomes a private vendor would be required to sign
- At victory celebration all employees sign along with City Manager
- The performance standards are monitored & business unit is held accountable for performance

Why Managed Competition Works

- Political leadership is committed and involved
- Community political climate is open to change
- Marketplace dynamics
- Management must be courageous and leaders of change
- Employee communication, involvement and motivation are important

Challenges of Becoming A Competitive Service Business

- Threatens the “Inhibitors”
- Takes Time to Change Mind-sets
- Requires a Dedicated Resource
- Requires Commitment and Action
- Can Impact Morale in short-term
- May Cause Reductions in Staffing
- May Increase Employee Turnover--a good outcome



Rethinking business as usual



Where Connections Happen

Leonard Martin
City Manager, Carrollton, Texas
CEO, Martin Management



“It is common sense to take a method and try it. If it fails, admit it frankly and try another. But above all, try something.”

- Franklin Delano Roosevelt

“If you always do what you’ve
always done, you’ll always get
what you’ve always got”

Anonymous

Additional Information

- City of Carrollton, Texas – <http://www.cityofcarrollton.com/>
- County of Pasco, Florida, LEAP into Excellence – http://portal.pascocountyfl.net/portal/server.pt/community/county_administration/220/leap_into_excellence
- TechSolve – <http://www.techsolve.org/>

Additional Information

- Lean Enterprise Institute (LEI) - <http://www.lean.org/>
- GFOA Publication- Make or Buy? - <http://www.gfoa.org/downloads/GFRAug04.pdf>
- Malcolm Baldrige National Quality Award- <http://www.nist.gov/baldrige/>
- Baldrige- State Quality Programs- <http://www.baldrigepe.org/home-portal.aspx>
- ICMA IQ Report: Privatization: Strategies for Success- [http://bookstore.icma.org/InFocus formerly IQ Reports C35.cfm?UserID=6523037&jsessionid=4e30f558671f73557770&Page=3](http://bookstore.icma.org/InFocus_formerly_IQ_Reports_C35.cfm?UserID=6523037&jsessionid=4e30f558671f73557770&Page=3)

Q & A



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