Rightsizing: Using Lean to Make It Real

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THINK GLOBALLY, ACT LOCALLY, PANIC INTERNALLY
Objectives of the Session

1. Discuss what is meant by “right sized” organizations;
2. Identify specific ways that Lean concepts and approaches are applied to transform municipal service delivery within modified staffing or organizational structures;
3. Describe how others have managed the human side of rightsizing and lean-based service delivery modification;
4. Present the Appleton Journey in creating a culture of change.
5. Identify specific steps taken to “straighten the pipes.”
A March 2011 Baker Tilly survey of Midwest governmental leaders indicated the following approaches to resolving budget deficits:

- Staff benefit reductions
- Wage freeze
- Staff reductions
- Shared Service arrangements
- Increased revenue
- Consolidation
- Outsourcing

The likelihood of pursuing each of these varied significantly, but the message was clear – the current fiscal situation requires nonconventional approaches.
Approaches to Rightsizing

Future State Options

- **Eliminate Service or Activity**
  - Service Delivery Modifications
  - Change how service is provided

- **Maintain Internally**
  - Shared or Consolidated Service Model
  - Partner with other public sector entity

- **Externally Resource**
  - Outsource
  - Privatize service delivery

Define High Level Delivery Model
Quantify Cost / Benefit
Articulate Potential Impacts
Outline Potential Labor Agreement Issues
Two in three governmental leaders surveyed by Baker Tilly anticipate staff reductions.
Definitions

**Downsizing**
To undergo a reduction in size.

**Rightsizing**
To undergo a reduction to an *optimal* size.

*Source: Merriam-Webster*
Right-sized Organizations – It is a Journey

**Quick fixes**
- Reengineer internal processes
- Delay filling vacancies
- Reduce service hours
- Enhance master contract approaches

**Strategic structuring**
- Centralize procurement activities
- Expand internal shared services (e.g. collections, 311)
- Combine departments

**Major transformation**
- Consolidate with other entities (functional focus)
- Create external shared service partnerships
- Eliminate programs/services
Rightsizing is **necessary** because of:

> Higher demand for customized public services
> Lower level of funding available to do so

Adoption of Lean within the Public Sector is **necessary to**:

> Deal with the impacts of rightsizing
> Meet the growing service demands of communities
Applying lean in the Public Sector is **different** because of the:

> Perceived need to maintain equity does not align with need for creativity and flexibility

> Lack of competitive incentives

> Innovation and union representation not often always synonymous

> Efficiency can equate to unpopular short term decisions for long term improvements
Common Principles of Lean

- A change/shift to a learning, continuous improvement culture enterprise-wide
- Eliminates waste (focus on the value add)
- Assumes the most direct way of doing things (straighten the pipes)
- Focused on getting the most out of employee resources
- Demands employee engagement
- Customer centric – assumes enhanced service
- Results focused – measure what matters
We have always done it this way - the customers won’t like it

I am NOT going to implement these changes – it is ridiculous

I don’t know how to do my job anymore – this is too hard – I’ll retire

How about if we change this one step. I am willing to try to use the...

Our new approach has reduced our workload how about if we automate...

Your job is to create a culture that allows employees to work through these stages and incentivizes getting to acceptance/innovation.
Human Side of Rightsizing & Adopting Lean

Sarasota County, FL – CSI Alliance

Challenges, Innovations & Solutions

> Cross section of 150 employees
> Focus on “how” to implement actions
> How to communicate key layoff information
> Work on areas of interest

Results
Determine what process/service changes should take place, how to support impacted employees (i.e. training, job counseling, job search support), what performance frameworks are necessary
Wisconsin Department of Commerce

- Trained all employees on accelerated process improvement approach
- Bottom-up approach – employee suggested initiatives
- Committee selects final
- Three meeting process
- Report to Division heads

**Results**

Several process improvements made resulting in significant reductions to processing time and positive impact on overtime
In Search of Excellence

Search for Best Practices

> Private Industries
> Other Government Entities
> Hands-on Involvement (Fresh Eyes)

What We Learned
LEAN Lessons Learned

> Be Deliberate/Strategic
> Embed It In Your Culture
> Customize It to Your Needs
> Don’t Promise No Job Loss
> Technology is Not Always the Answer
> Focus on the Process, Not the People
“Government is a bunch of hardworking people, trapped in dysfunctional systems, who produce invisible things for people who do not want them, on behalf of others who do want these things for reasons we rarely articulate and can hardly measure.”

--Ken Miller

“Six percent of the problems we experience can be traced back to people. Ninety-four percent are inside the system.”

--Deming
So How Do You Fix the Systems?

“The significant problems we face cannot be solved at the same level of thinking we were at when we created them.”

--Albert Einstein
City of Appleton LEAN Journey

Straightening the Pipes During Rightsizing

Return to Your Mission

Identify the Services Your Customers Value the Most (Prioritize)

Determine How to Deliver Those Services as Efficiently as Possible

> Map the Process

> Identify Waste
Straightening the Pipes (con’t.)
Create Accountability to Ensure Standard Work
Support Your LEAN efforts with Change Management
Ensure Sustainability of your LEAN Journey
## Required Factors for Successful Rightsizing Efforts Implemented Using Lean

### Critical Success Factors

| Clear Fiscal Benefit | Improved Service Delivery |

### Additional Success Factors

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<tr>
<th>Leadership</th>
<th>Performance Management</th>
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<tr>
<td>Capacity Building</td>
<td>Customer and Staff Acceptance</td>
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Rightsizing – Using Lean to Make It Real

> Introduce concept carefully – have vetted champions at all levels of organization (management, staff, elected)

> Recognize that it is Journey for the long term – be willing to take political risks

> Do your homework – be sure the feasibility is vetted and impact quantified in terms of service levels, costs and impact on staff

> Be prepared for roadblocks and resistance – often those who you need cooperation from are the same employees who will experience significant change

> Proactively manage where you want to go – dedicate sufficient staff time and resources to problem identification, solution development, process reengineering, results monitoring, process refinement

> Ensure you can dedicate adequate resources for culture change, performance management and capacity building relative to Lean
Questions & Comments