

Lean: Efficiency and Effectiveness?

Now that the Spending Review has been published, government departments are working on the detail of how budget cuts will be implemented. One key element to this must be a focus on Lean processes, according to **Professor Zoe Radnor**, a leading academic thinker on the subject. She points to several projects she has worked on which highlight the myriad benefits that Lean can deliver for the public sector.



"Is Lean just about cutting job and costs?" is something I am frequently asked especially at the moment in the public sector. My answer is "No – the spending review and budget cuts direct where and decide when cuts are made - not Lean." If used properly, Lean can help public sector organisations to maintain the high standard of services that they currently deliver, despite the cuts.

The call is to do 'more with less' – in other words, to be more efficient. But care must be taken to ensure that the focus is not solely on taking the money out – this to a degree is the easy bit. There are, in fact, two ways in which to increase value: one, by reducing waste and thus the cost of a product or service; the other, by increasing value-adding activities. The challenge for public sector organisations is to reduce spend whilst retaining or even improving service delivery. Getting 'the same or better for less' is to be effective as well as efficient!

I am an Advanced Institute of Management (AIM) Research Fellow considering the sustainability of Lean in Public Services. I have worked with the Scottish Government, HM Revenue & Customs (HMRC) and health trusts and am aiming to develop my thinking through further work with HMRC as well as HM Courts Services (HMCS), Department of Work and Pensions and local government. In this article, I want to share some highlights from my findings.

Evaluation of Pacesetter, Lean, Senior Leadership and Operational Management within HMRC Processing Radnor and Bucci, 2007¹

In 2006, HMRC began to roll out an organisation-wide programme across processing areas with the help of management consultants. In my study of this programme, it became clear that there was a direct correlation between how senior management engaged in Lean and how their staff then perceived it.

Where there was negative engagement or poor communication by senior management, staff were less likely to link Lean with improved quality and productivity, and customers were more likely to have a mixed understanding of the potential outcomes.

Where senior managers showed positive engagement, staff and customers were more likely to perceive increased quality, a structured approach to problem solving, better teamworking, as well as a well-supported process for transferring capabilities from the consultancy to HMRC.

Evaluation of the Lean Programme in HMCS Radnor and Bucci, 2010²

The HMCS Lean three-year programme was launched in Autumn 2008 and will have carried out an 'initial touch' of all jurisdictions of courts in England and Wales by December 2011. The programme, designed to be consultant-free, is developing internal capability in the form of change agents; HMCS staff having undergone training through a Lean Academy.

Each court starts with a Lean event to introduce the revised processes and new practices through

Standard Operating Procedures (SOPs). Like HMRC and DWP these practices include the introduction of Team Information or Performance Boards to manage workload allocation, identify problems within the skills of team members and report successes. There are also daily team meetings.

My main findings show that the Lean programme is having an exceptional impact – with break-even within six months. The positive elements are immediate or 'quick win' improvements in processes, with the use of performance boards and trays highlighting the current state of work. The role of the internal change agents is making a huge difference at sites where they spend significant amounts of time. As a result of these improvements, many staff have stated that they do not want to go back to the pre-programme processes.

Pan-government perceptions

Across government Lean is being introduced to improve service delivery by eliminating waste, simplifying processes and creating capacity to do more work with fewer resources. However, in my research into the effectiveness of Lean in the public services³, I found that there are a number of recurrent issues which could be better addressed:

1. Recognition of the importance of the commitment and understanding of senior managers. In all cases there is a direct correlation between the enthusiasm and drive of senior managers and the positive experience of Lean across the organisation.

2. Many staff, whilst acknowledging that Lean has improved their own working environment, could not quite see the impact it was having upon the delivery of the service to the customer.

3. Staff often used phrases such as “when Lean was here” or “after Lean had gone”, giving the impression that Lean is something external to the organisation, carried out by the change agents or management consultants. It is important to recognise that Lean is a long-term programme and not a short-term fix; it is about both tools and behaviours.

4. Lean is not a ‘one-off’ process redesign, Lean event or a Rapid Improvement Event (RIE). A series of RIEs does not Lean make! Although these events can result in a radical process redesign removing ‘low hanging’ waste (eg, moving from 14 shift

patterns to three, reducing six forms to one, removing tons of rubbish), if other Lean tools are not employed - particularly visual management and ongoing problem solving tools - then inefficiencies may slowly return.

The key elements of organisational readiness may well include: the engagement of staff through appropriate training and development; having an improvement strategy; having a process view; understanding customer requirements; strong, committed leadership; and understanding demand, capacity and variation.

Figure 1 below illustrates how these elements support the principles of Lean and the delivery of value. Together with a clear communication strategy and supported by a steering group and project team, they are the bedrock and foundation of developing Lean in Public Services.

Success Factors

Five key success factors have consistently emerged during my work on Lean in the Public Services. The most effective programmes are those where:

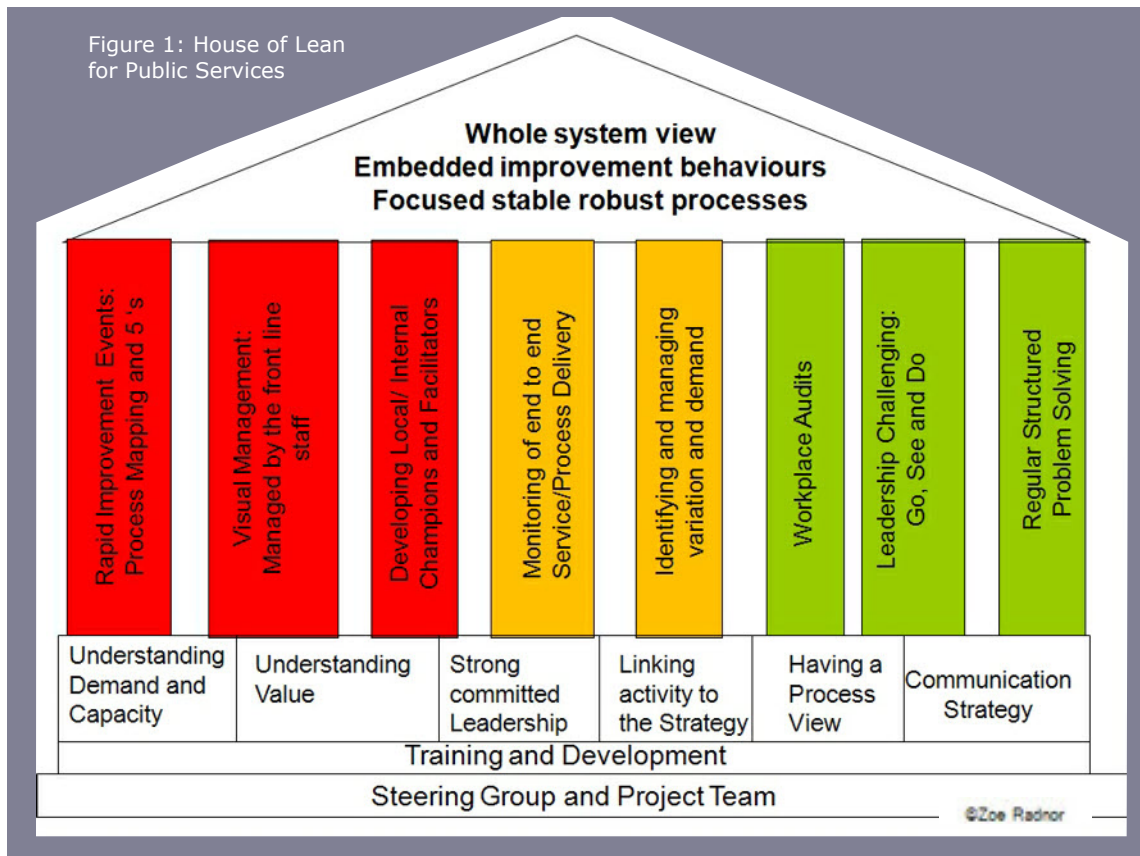
- a culture of continuous improvement has been developed
- there is senior management commitment and leadership throughout the organisation, in actions as well as words
- time and adequate, capable resources are committed
- a clear communication strategy has been developed and implemented through appropriate channels to ensure messages penetrate
- (perhaps the most significant) ensuring organisational readiness is in place to support the implementation.

In Conclusion

There is enormous pressure on the public sector to reduce costs and to become more efficient and there is no doubt that Lean can contribute to this. But, importantly, this must not give the wrong message about the aims of Lean. It should be seen instead as an approach which could turn a difficult situation into an organisational opportunity, allowing the ways in which public services are delivered to be re-structured.

The challenges outlined in the Spending Review can be addressed by Lean programmes across government - systematically and effectively.

Figure 1: House of Lean for Public Services



Professor Zoe Radnor
AIM Management Practice Fellow
 Email: Zoe.Radnor@wbs.ac.uk

References

- ¹Radnor Z. and Bucci G., (2010), *Evaluation of the Lean Programme in HMCS*, HMCS, London
- ²Radnor Z. and Bucci, G., (2007), *Evaluation of Pacesetter, Lean, Senior Leadership and Operational Management within HMRC Processing*, HMRC, London.
- ³Radnor ZJ (2010) *Review of Business Process Improvement Methodologies in the Public Sector*, AIM Report, London 2010 (May)