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LEAN GOES PUBLIC

Reflecting on the application of lean in the public sector.

Organisations and interviews featured in this edition include:

Eaton Hydraulics, the UK Ministry of Justice, Solihull Council, UK Police Force, the British Library, Torbjørn H. Netland, John Bicheno, Debbie Simpson and Joseph Paris.

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From capability to practice: Head of Business Change at the UK Ministry of Justice, Rhian Hamer, examines continuous improvement in the public sector and how a balanced contribution of capability, meaningful practice and evidence is the key to transforming it.

Going lean the Solihull way: As the public sector tries to pay off a budget deficit, many councils are taking matters in their own hands by cutting waste and making sensible savings using lean practices. Kim Silcock, head of lean transformation at Solihull Metropolitan discusses.

Lean enforcement: Harry Barton, professor at Nottingham Business School shares his findings from his 2013 study of implementing lean in five police forces across the UK, highlighting lean as a mechanism to reinstate trust and confidence in policing, while enhancing police employee engagement.

The leaning library: Budget cuts and increased customer expectations are compelling the public sector to deploy lean nationwide. Head of document delivery and customer services at the British Library, Andy Appleyard, documents part of the 42-year-old institution's lean journey.



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INTRODUCING YOUR
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Our experienced editorial board members contribute to the journal providing comment against articles and guiding the coverage of subject matter.



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More information on our editorial board, their experience, and views on lean is available on the *LMJ* website: www.leanmj.com

Why isn't government lean?



LMJ board member *Joseph Paris*, weighs in on the role of lean in government.

In a global marketplace, companies have a primal motivation for continually improving the value-proposition of their offering. They have to outpace the competition and offer more and more, for less and less, or risk losing the customer.

To meet these demands companies constantly seek to increase the velocity of throughput (lean), as well as, improving process quality (Six-Sigma) – to drive out waste and leave only value.

The innovation benefit premium (IBP) to a company is fleeting. We need look no further than Apple and the iPhone. When the iPhone first came out, it was a game changer. It pushed the former leading companies like Nokia and Blackberry to the edge. But other companies such as Samsung and HTC were quick to respond and now Apple's IBP on smartphones has all but vanished. For a company to rely upon IBP for its strategy, requires a constant stream of transformational innovation – which is very difficult, as Apple has discovered.

But what if a company didn't have to worry about competition or innovation to gain or retain customers? What if it

knew the customer had no choice but to purchase or otherwise engage with them? What if the company knew if it needed more cash, it can just raise it with little real accountability? What would be the incentive for a company to make improvements? Would it even try?

Such are the circumstances enjoyed by governments around the world.

According to the Organization for Economic Co-operation and Development (OECD), the governments (national, state, and local) of the average OECD-32 country employs 15% of the workforce (with the United States employing approximately 15.3% and the United Kingdom employing approximately 17%). These numbers only include direct employees of government and exclude any contractors.

I own the Operational Excellence Group on LinkedIn with over 40,000 members worldwide, and enjoy a close relationship with the owner of the Lean Six-Sigma Group on LinkedIn with over 250,000 members worldwide. An analysis of the group memberships showed only 175 of 40,000 (0.43%) in the Operational Excellence Group, and only 2,039 of 250,000 (0.82%) in the Lean Six-Sigma

“There is a lack of interest on the part of government as indicated by the percentage of persons in government who are members of groups dedicated to the disciplines of continuous improvement //”

OPINION

J O S E P H P A R I S

Group, identified themselves as being in government. Given that government employs 15% of the workforce, a person might expect both of these numbers to be much higher.

The United States Department of Labor's Bureau of Labor Statistics (BLS) released their Job Openings and Labor Turnover (JLT) report for February 2014 on April 8. It showed for government in February the total job openings were 393,000, total hires were 300,000 and the total separations were 295,000. It is important to note total separations include both voluntary and involuntary separations.

A further analysis of the DLS's JLT report showed involuntary separations (layoffs and terminations) in government was 0.4% of the workforce versus the private sector which had a 1.3% rate of involuntary separation. In other words, the government had a third the level of involuntary separation as compared to the private sector.

In December of 2012, the Society for Human Resource Management (SHRM) released an executive brief entitled: Examining Relationship Between Turnover (separation), Average Tenure, and HR Investments. It showed the average annual involuntary separation in government was 3% with an average tenure of 12 years versus the private sector's average annual involuntary separation being 6% with an average tenure of 8 years.

When was the last time you heard of a government project coming in on-time and on-budget?

I know a lot of people who fill various roles in governments; from clerks, to foot-soldiers, to heads of departments, to national leaders – and each has a fiefdom they command. I can tell their power by the size of their territory, as determined by the budget they control. And perhaps here



WHAT MIGHT BE INFERRED BY ALL OF THIS?

- There is a lack of interest on the part of government as indicated by the percentage of persons in government who are members of groups dedicated to the disciplines of continuous improvement.
- The number of people employed by government remains static to slight growth over time even as services are cut – generating less with more, instead of generating more with less.
- The people who work in government must be stellar producers and entirely necessary as indicted by the fact they work for the government far longer than those who work for private companies and are involuntarily separated two-thirds less than in the private sector.

lies the greatest perversion of the system; people are rewarded for mediocrity.

If one person accomplishes almost all of their objectives for just a little over the amount they were budgeted, they are almost always rewarded in budget increases for the following year to cover their needs. Whereas a person who accomplishes all of their objectives and comes in under-budget is penalised by having their budget reduced for the following year.

So the game played is as follows; a department head, seeing they are under budget, will ask everyone under them to develop a wish-list so the monies can be spent (read: wasted) for the sole purpose of preserving their budget for the following year (plus the annual upwards adjustments for inflation). Improvements and efficiencies are not prioritised.

“ In the end, government might spin-up the rhetoric about improvement initiatives to placate the plebiscites ”

Government acts as a community. The individual members of the community have a shared commitment and affinity to its core values, beliefs and traditions. The members will behave in a predictable manner since there is nothing to gain by any individual changing their position unilaterally, to disturb this predictability does not cross the mind of the members.

In essence, a Nash equilibrium exists; named after John Forbes Nash, who proposed it (and became a Nobel Laureate because of it). A Nash equilibrium summarily states each member of a community is supposed to know the natural objectives of the other members of the community, and no member is able to gain by deviating from a predicted behavior on their own. If all members of a community share these common beliefs and no member can gain an advantage by changing their behavior while other members continue on as they always have, the existing state perpetuates and constitutes a Nash equilibrium.

The equilibrium in a community will not be disrupted by a threat originating from within the community, but rather an outside disruption introduced to the community. For a disruptor to be transformational, it needs to possess the power to destroy the community (but not necessarily having to use that power). Without possessing this destructive power, the community will rally and unite to repel the disruptor to preserve the community.

In the end, government might spin-up the rhetoric about improvement initiatives to placate the plebiscites. But until a credible external disruptor is introduced, not much will change in behavior or efficiencies, certainly nothing near the potential.

Each of us has a need, as does every company or government. And it is obvious there is a desperate need in government for lean and continuous improvement, and for governments to recognise and pursue the potential. But alas, they lack the want.

And without the want, the desire, the compelling reason, nothing changes.

FOR MORE INFORMATION ON THE TOPICS DISCUSSED IN THIS PIECE, PLEASE VISIT:

www.bls.gov/news.release/pdf/jolts.pdf

www.bls.gov/emp/ep_table_201.htm

www.shrm.org/Research/benchmarks/Documents/Turnover%20by%20Type_FINAL.pdf

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<http://www.businessinsider.com/chart-of-the-day-government-sector-employment-2011-11>

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<http://www.forbes.com/sites/realspin/2012/09/09/lean-government-six-sigma-why-do-politicians-ignore-it/>