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# 'Lean' in public services: panacea or paradox?

## Speaker

**Professor Zoe Radnor**

Dean, School of Business & Professor of Service Operations  
Management  
University of Leicester

## Moderator

**Dr Michael Macaulay**

Associate Dean, Executive Education  
Victoria University of Wellington

# 'Lean' in public service: panacea or paradox

Professor **Zoe Radnor**

*Professor of Service Operations Management*

*Dean, School of Business, University of Leicester*

*@ZoeJRadnor*

There is evidence of the benefits of Lean but need to be careful... as this may be due to poor service design and an over focus on efficiency.

ABS



SCOTTISH EXECUTIVE

Evaluation of the Lean  
Approach to Business  
Management and Its Use  
in the Public Sector



HM Revenue  
& Customs

Evaluation  
Lean

Evaluation of the Lean  
in HMCS  
Final Report



Review of Business  
Process Improvement  
Methodologies in  
Public Services

Associate Professor (Reader) in Operations Management  
Warwick Business School, University of Warwick  
Dr Zoe Radnor  
May 2010

# The History of Lean...

## ❑❑❑ **Taiichi Ohno**

Vice President of Manufacturing,  
Toyota Motor Corporation

## ❑❑❑ Toyota Production System

❑❑❑ 1950s, after WW2

❑❑❑ External factors; small market,  
culture and difficulties in  
equipment purchase.

❑❑❑ Inspired by USA supermarkets



# Lean Transformation – A Two Pronged Attack

*'I always say to people, that doing Lean, continuous improvement, is fifty percent science, you've got the toolbox; and fifty percent art.'*

Cultural change

Technical change



# Lean in Public Services: Power of 3

## 3 Principles:

- Value, Flow and Reduction of Waste

## 3 Types of tools:

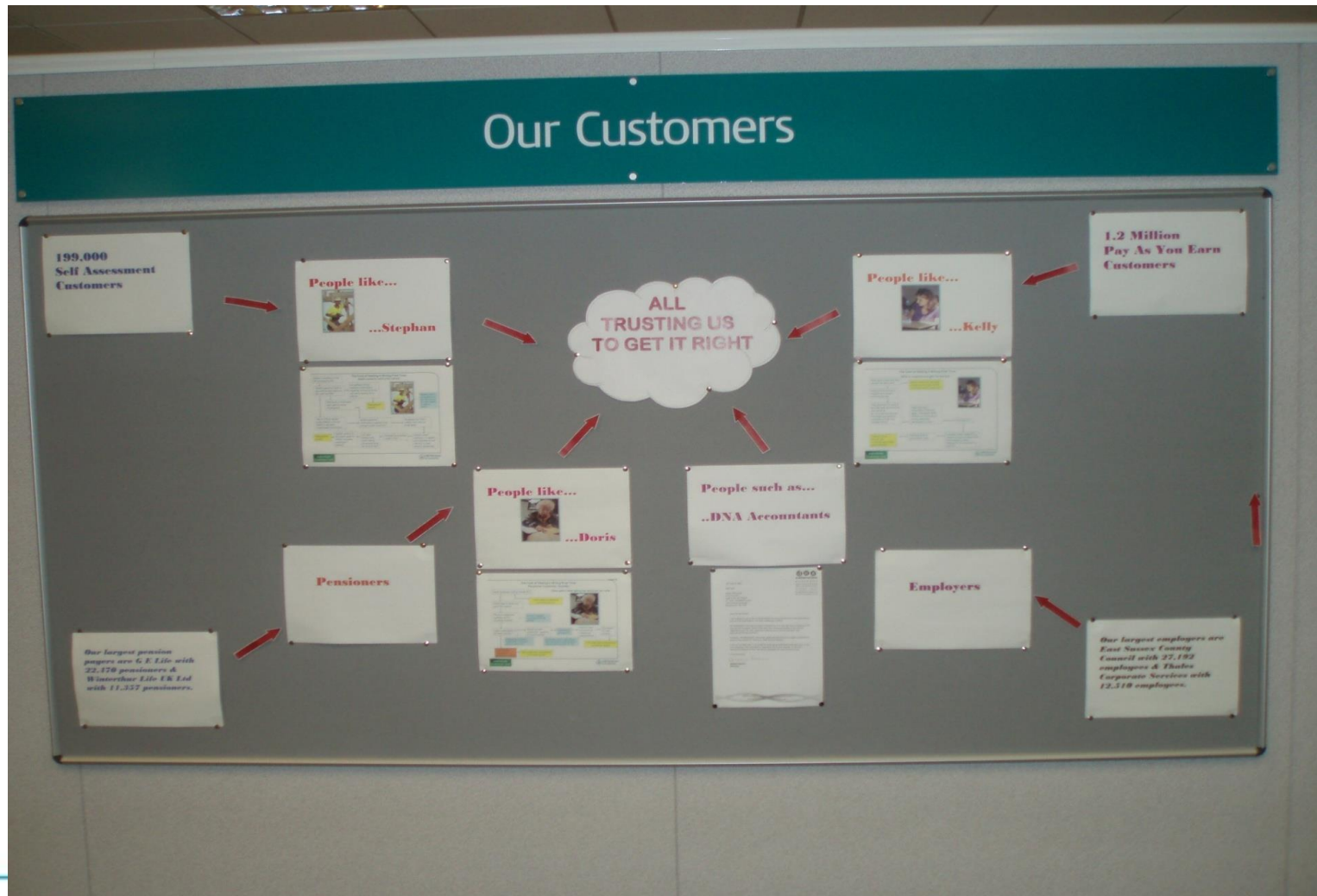
- Assessment, Monitoring and Improvement

## 3 Stages of the Lean journey:

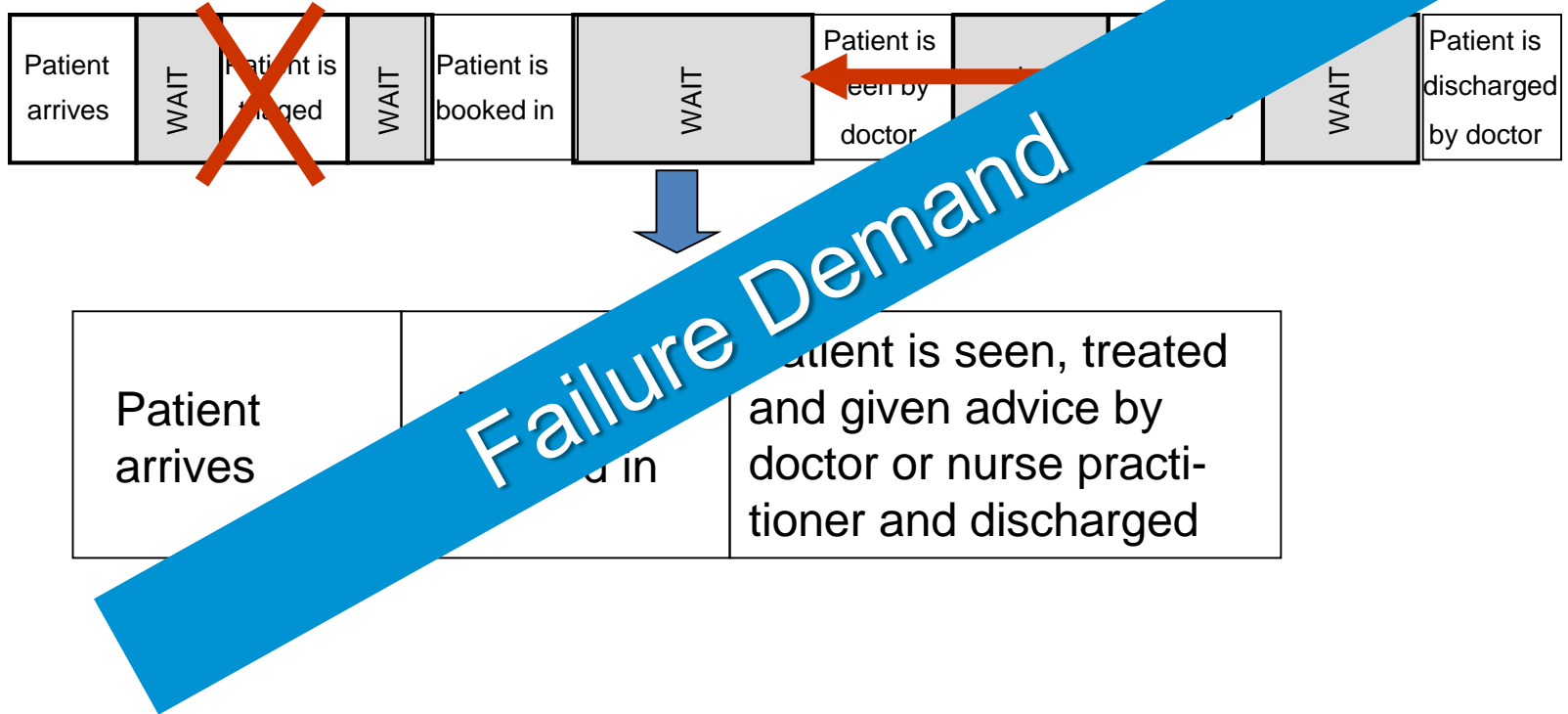
- Engage, establish and embed



# Understand Value



# Flow: Understanding and Managing Demand Types and Patterns





# Reduction of Waste



**1** **Over-production** - 60% of computer generated post printed in the post room was discarded



**2** **Waiting** - Post delivered by Royal Mail did not always arrive at 7:45 am



**3** **Transport** - Post moved 500 metres before any value-added work was performed



**4** **Over-processing** - Sorting post in 21 categories when 4/5 were enough



**5** **Inventory** - 15+ days of work on shelves



**6** **Rework** - Post transferred between offices; Frequent redirection due to mis-sorting



**7** **Motion** - In post room the operator moved from desk to scales to measure a single item of post

The 8<sup>th</sup> Waste ... Untapped human potential

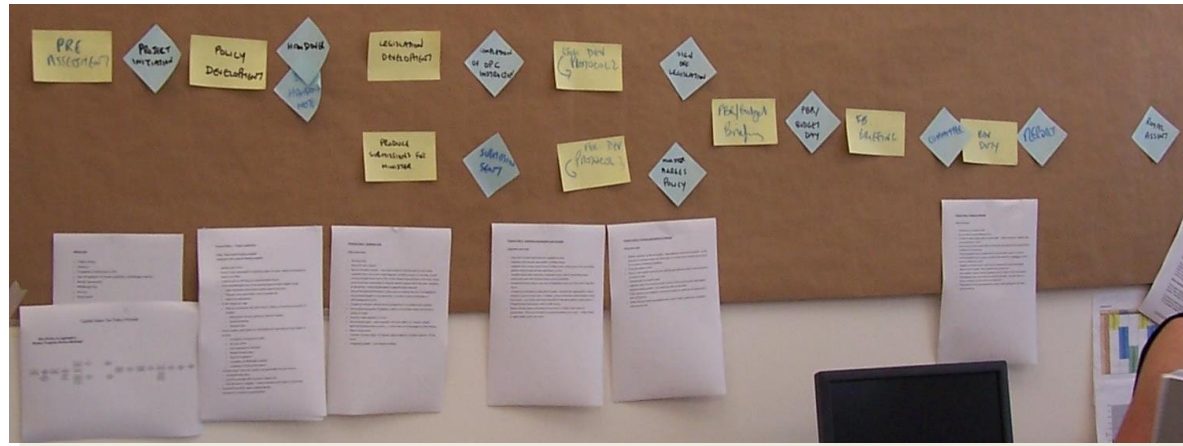
# Use of Tools and Techniques within Lean in Public Services

- Assessment:
  - To assess the processes at organisational level e.g. value stream mapping, process mapping
- Monitoring:
  - To measure and monitor the impact of the processes and their improvement e.g. control charts, visual management, benchmarking, work place audits
  - Measures in terms of quality, time, costs, satisfaction levels
- Improvement:
  - Tools implemented and used to support and improve processes e.g. RIEs, 5S, structured problem solving

# Assessment: Reviewing the work



From  
Current State  
to  
Future State



# Monitoring: Visual Management

## Team Board



## Resource Planning



## Team Communications Hub

# Improvement: The Five-Step Kaizen Movement

**SEIRI**  
*Sort*

**SEITON**  
*Set in order*

**SEISO**  
*Sweep and Shine*

**SHITSUKE**  
*Standardise*

**SEIKETSU**  
*Sustain*





# Whole system view

Embedded continuous improvement behaviours

Stable robust efficient and effective processes

Rapid Improvement Events:  
Process Mapping and 5 's

Visual Management:  
Managed by the front line  
staff

Developing Local/ Internal  
Champions and Facilitators

Monitoring of end to end  
Services/Processes: Quality,  
Cost and Delivery

Identifying and managing  
variation and demand

Workplace Audits

Leadership Challenging: Go,  
See and Do

Regular Structured Problem  
Solving

Strong  
committed  
Leadership

Create Value

Link to  
Strategy

Understand  
Demand

Process  
View

Co-  
Production

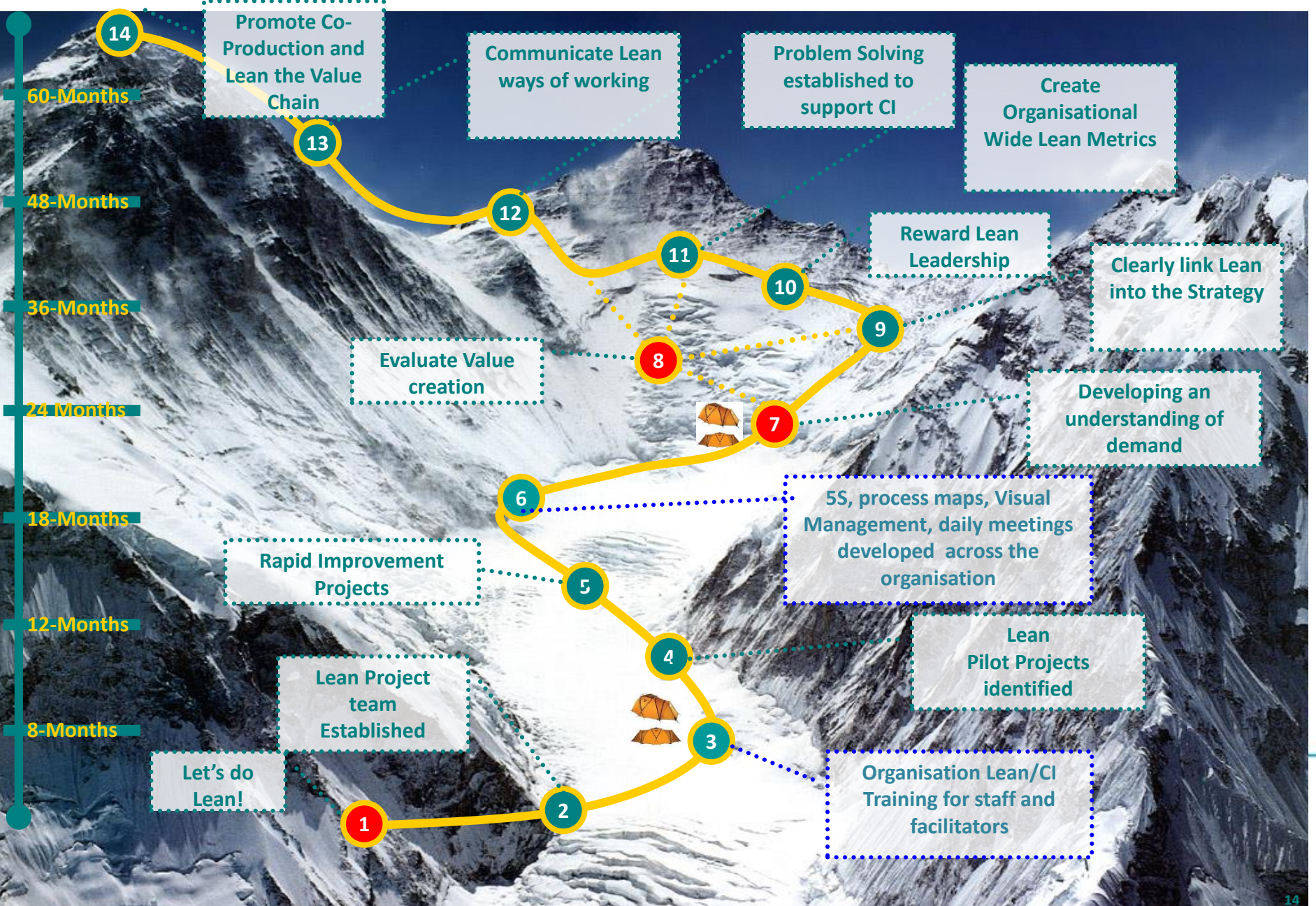
Communication

Training and Development

Steering Group and Project Team



# Lean in the Public Sector Is An Expedition



# Institute for Continuous Improvement in Public Services (ICiPS) Report

**“to explore the current and future issues of continuous improvement (CI) in UK public services.”**

Aims to:

- highlight the current landscape of CI in the UK public sector; and
- thoughts and analysis of the possible future CI agenda for public services.

Consist of:

- CI storyboard challenge;
- analysis of the ICiPS members’ survey; and
- interviews and visits with 6 case study sites.
  - English police authorities
  - Central government data agency
  - NHS specialist agency
  - Devolved UK government department
  - British University

Report published Spring 2017

# Overview of Findings

- General well established themes:
  - Success of CI projects
  - Resistance or lack of support at top and middle management level as well as some sections of staff
  - Public sector major motivation for CI is driven by a desire to maintain quality of service in an environment of budgetary constraint
- Emergent themes:
  - An awareness of where the organisation is in terms of maturity
  - Changes to organisational structure and strategy to accommodate CI
  - Ability to deliver in-house training

# CI tools and techniques

## Organisations are using a range of CI tools and techniques

- Visual management most commonly cited and associated with successful activities
  - *People are starting to think about process, viewing the value stream across the institution rather as pieces of work within a department. There is ongoing demand for CI training, RIEs, process mapping workshops etc'. (Quotes from ICiPS members survey)*
- Quantifying benefits – identified as important but not often successfully used
  - Does public sector need to develop expertise here?



# CI Structure

- **Majority of organisations have Central CI Teams:**
  - Focus on end-to-end processes
  - Supporting projects and teams
  - Training and developing capability and expertise across the organisation
  - Improvement Strategy
  - Improvement activity addressing policy challenges
  - *“In our liaison roles [as nominated CI group point of contact], [it] is [our role to] say to them [the CI groups] we’ve been allocated to yourselves as the department ... [to] start the long journey to embedding continuous improvement, it’s nothing new, ... It’s just to, maybe add it a bit more structure to it*
- Challenge of not being centralised:
  - *“Each department has its own CI strategy. There is one strategy for training across xxxx, at a corporate level. The rest of the CI is not joined up at directorate level and not joined up into corporate value streams”*



# CI Strategy

- **Majority of sites had organisational wide CI strategy**
  - Two focused only on one department
- Key principles of continuous improvement strategies:
  - Improving efficiency (27)
  - Improving customer experience (25)
  - Reducing waste (19)
  - Standardizing processes (19)
  - Streamlining processes (18)
  - Problem solving (18)
  - Improving flow (17)
  - Creating value (14)
  - Right first time/perfection (14)
  - Pull rather than push (11)
  - Creating a value stream (7)





# Success Factors and Challenges

## Success Factors:

- **Staff engagement (7 sites)**
- **Leadership (6 sites)**
- Demonstration of successful projects (5 sites)
- Adopting an incremental approach (5 sites)
- Building relationships (4 sites)
- Role of facilitators (4 sites)
- Knowledge transfer (4 sites)
- Training (4 sites)
- Micro-level of engagement (3 sites)

## Challenges:

- **Lack of cohesion (7 sites)**
- **Staff resistance (6 sites)**
- **Lack of leadership (5 sites)**
- Problems with measuring success/quantifying benefits (4 sites)
- Lack of understanding/organisational mistrust (3 sites)
- Lack of resources (2 sites)

# Lean in Public Services

Need to consider Lean not as a quick fix but as a implementation philosophy.

“A series of RIEs does not Lean make!”

There is a need to develop a mindset within the organisation of process and customer view

“Public Service not Public Sector ethos”

Move thinking from task/ policy to value/ process.

Opportunity to redefine the end to end process

Need to develop an awareness of variation, demand and capacity relationships.

“See the variable as the work not the demand/ customer”

Create and focus on improving stable processes

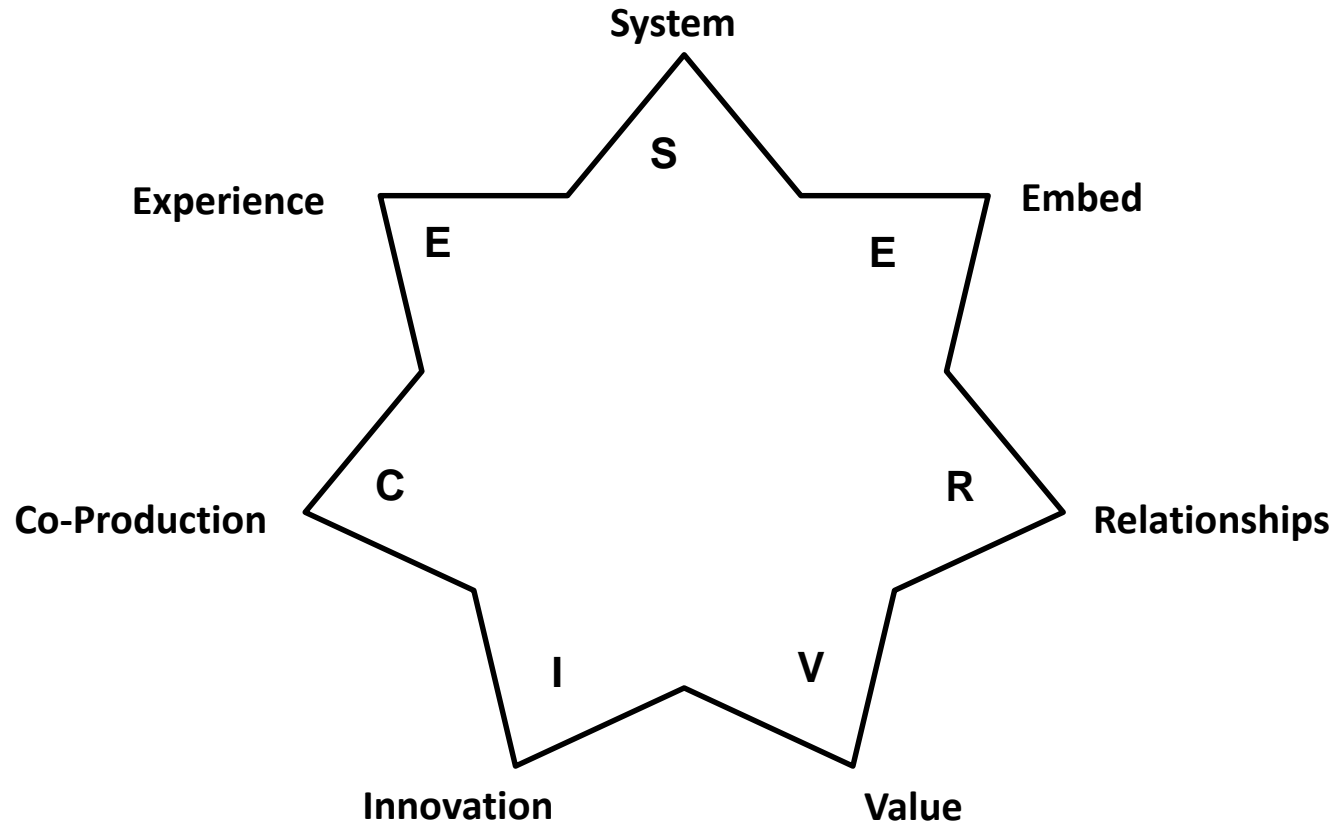
Standardise the process not the outputs and outcomes

Need to ensure that there is strong and committed leadership and there is a link to strategy.

Not just about cost cutting and efficiency but about effectiveness

## Develop a Public Service Dominant Logic

# The Service Model





- **S** - *public service **system** as the unit of analysis*
- **E** – ***embed** in genuine sustainability*
- **R** – *work at **relationships** as a key resources*
- **V** – *focus on creating external **value***
- **I** – ***innovation** is essential for effectiveness*
- **C** – ***co-production** is the core of public services*
- **E** – *use knowledge to drive service **experience***



# Breaking the Rules for Better Care: In Search of the “Bicycle Book”\*

- 24 North American hospitals asked their patients and staff a simple question:
  - **“If you could break or change any rule in service of a better care experience for patients or staff, what would it be?”**
- In one week **342 rules** surfaced which were perceived to provide little or no value to patients and staff.
- Three types:
  1. Habits; 57 (16%)
  2. Myths; 211 (62%)
  3. Actual statutory and regulatory requirements; 74 (22%)
- **The vast majority (78%) of obstructive and wasteful rules** identified by patients and staff **were fully within the administrative control of health care executives and managers to change.**

\* Berwick, Donald; Loehrer, Saranya; Gunter-Murphy, Christina (2017); *Journal of the American Medical Association*, 317(21):2161-2162 (June 6<sup>th</sup> 2017)



1. Where are your Bicycle Books & which rules are you going to break?
2. How are you going to engage or support Lean/Effective Leadership?
3. Which Value are you creating and for whom?





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## Upcoming Thought Leadership Seminars

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*Diversity, inclusion and interculturalism*

Speaker: Dr Glenda Ballantyne, Swinburne University

Wellington

TBC

Building organisations of integrity

Speaker: A/Prof Zeger van der Wal, LKY Singapore

Wellington

TBC

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## Upcoming Executive Education Workshops

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***Better Evidence for Better Programs***  
**George Argyrous and Zina O'Leary**

**25-26  
October**

**Wellington**

***Influencing Human Behaviour***  
**BehaviourWorks**

**15-16  
November**

**Brisbane**

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#### ANZSOG alum Darren Foster to become WA's top public servant

Published Date: 27 July 2017

WA's public service will be headed by a ANZSOG alum after the state Governor officially confirmed the appointment of Darren Foster last week. Mr Fo...

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#### How New Zealand got government agencies working together to deliver real results

Published Date: 26 July 2017

A recent experiment in New Zealand has shown how clearly defined outcomes, targets and an approach that calls for government agencies to take collecti...

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#### Education & Events

#### Workshop



#### Lean Thinking in Government

Event Date : 17 August 2017  
Location : Canberra