

QUALITYDIGEST

Published on *Quality Digest* (<https://www.qualitydigest.com>)

[Home](#) > Printer-friendly

Lean in the Public Sector

Making better use of taxpayer dollars



Dirk Dusharme @ Quality Digest

Published: 02/05/2020

Government bureaucracies are inefficient. They waste taxpayer dollars, and they have no incentive to improve. We've all heard and probably repeated these axioms about wasteful government spending.

And it's often true; you don't have to look far to find examples of government overpaying for products or services, contracts going to companies ill-equipped to handle the job, or just outright wasted money. According to the Government Accountability Office (GAO), we waste tens of billions of dollars each year because of what amounts to process inefficiencies. Take a quick look at the GAO's "[2019 Annual Report: Additional Opportunities to Reduce Fragmentation, Overlap, and Duplication and Achieve Billions in Financial Benefits](#)" to get an idea. But, conventional wisdom aside, at its roots, the issues pointed out by the GAO are really no different than those found in the private sector. Just more visible.

Governments, from the federal level to the city level, do in fact try to make tax dollars stretch. Like any organization, they have to produce a deliverable for the customer (taxpayer) using a budget that may vary drastically from year to year. It's the way they go about stretching those dollars when budgets get slashed that could perhaps use some scrutiny. Some use the tried-and-true (shortsighted and ultimately wasteful) "cut workforce" method. Or the taxpayer-be-damned, "cut services" method. Or the ever-favorite "cut corners" method. In other words, governments may take the same actions as their private-industry counterparts.

The same often holds true for our public education system. Writing in *USA Today*, authors Michelle Rhee and Susan Combs note that the United States is spending more than \$600 billion a year in public schools across the country, and that between 1992 and 2009, administrative staffing rose nearly three times as fast as the number of students. "There's no evidence," write that authors, "that this astonishing increase in administrative overhead did anything to improve student achievement."

"Between 1992 and 2009, administrative staffing rose nearly three times as fast as the number of *students*." — Michelle Rhee, Susan Combs

Further, they note that only 51 percent of education dollars actually make their way into classrooms. A 2015 U.S. [Census Bureau](#) report puts the number at roughly 60 percent, but when good overhead is considered to be between 10 percent and 35 percent for a nonprofit (i.e., 90% to 65% directly spent on programs), the authors' point still seems valid. A more efficient school system could shift a higher percentage of tax dollars to teachers and classrooms without raising taxes or impacting services.

So there is no lack of need for improved efficiencies in the public sector. But just as businesses across the United States have looked to the Toyota Production System and [lean Six Sigma](#) techniques to reduce waste, so have

governments and educational systems. Using the same [methods](#) employed by private-sector businesses across the nation, governments are learning to make better use of taxpayer dollars.

City of Fort Collins, FC Lean

Fort Collins is a city in northern Colorado with a population of about 167,000. In 2017, it created its continuous improvement program, FC Lean, with the goal to “methodically evaluate city services for opportunities to improve customer service, shorten service delivery, increase organizational effectiveness, drive efficiency, reduce costs, and gain staff capacity.”

The program was an outgrowth of preparing for the Malcolm Baldrige National Quality Award, which it was awarded in 2017.

“Most of what FC Lean focuses on is how to increase capacity for our colleagues, reduce errors, and improve the experience with internal and external customers,” says FC Lean program manager Roland Guerrero, who frequently refers to the people his department serves as “customers.”

FC Lean breaks improvements down into two categories: short-term projects called “Just Do Its” and long-term “Projects,” and then uses lean tools to address those issues.

“Just Do Its are small projects that we empower every employee to accomplish,” says Guerrero. “Those impacts are felt more in their work areas. However, some Just Do Its impact residents and businesses. For example, our recreational team took a four-page reduced-fee application down to one page and simplified what they needed in order to eliminate the errors it was creating. Both modifications reduced staff rework and improved the customer experience.”

Long-term lean projects can range from medium to complex in scope, says Guerrero. Meaning, as the process under review starts incorporating other departments, the scope becomes greater. These are the projects FC Lean facilitates. Two recent examples Guerrero points to are the city’s wireless reimbursement process for employee cell-phone plans, and the Locates department, which is responsible for locating underground utilities prior to construction.

Fort Collins’ FC Lean program realized a saving in soft costs alone of about \$193,000 in 2018 and \$255,000 in 2019.

The wireless reimbursement process is an annual requirement that renews employee cell-phone reimbursement agreements. The process was riddled with redundancies, errors, and rework; took seven months to process all employees; and consumed 0.5 FTE (full-time equivalents) of work. The new process is projected to shave four months or more off the process and reduce the demand on staff.

The Locates department spends 16 hours a day performing administrative processes among eight employees. The new process is projected to reduce that administrative time to less than three hours a day, and as a bonus reduce overtime costs and improve morale.

According to Guerrero, FC Lean began tracking savings due to the program in 2018 and realized a saving in soft costs alone of about \$193,000 in 2018 and \$255,000 in 2019.

Iowa, Lean Enterprise Office

In 2003, a key issue for Iowa business owners was the amount of time it took for businesses to secure an air quality construction permit from the state’s department of natural resources, an important step that was needed in order for those businesses to continue to grow.

According to Marcia Tope, lean enterprise administrator for Iowa's Office of Lean Enterprise, to address the business community's lead time concern, the Iowa Coalition for Innovation and Growth approached the department and presented the idea of conducting a kaizen event. The event included a cross-functional team of those who do the work, those familiar with the work, and the customer. The team was able to decrease lead time from 62 days to six days as well as reduce a backlog of 600 permit applications within six months.

"Due to the success of this event, the potential impact lean methodology can have on processes was realized, and State of Iowa's lean journey began," explains Tope.

The early stages of Iowa's lean program began with the support and partnership from private entities. Companies like Pella, Vermeer, Rockwell Collins, and Alliant Energy provided a facilitator for events and assisted in training state government staff. "The goal was to build internal capacity so that state employees could begin facilitating the lean efforts themselves," says Tope.

Iowa's lean journey continued to gain momentum when in 2005, Iowa's Department of Management took the lead to extend lean across the executive branch.

Then, based on the success of these earlier endeavors, in 2009, [Senate File 98](#) was signed by Gov. Thomas Vilsack, which established the [Lean Enterprise Office](#) within the department of management.

Of course, change doesn't come easy for any organization, perhaps more so in government institutions where there is a certain amount of inertia that maintains the status quo.

"Lean requires support from the top, with ideas for improvements coming from those who do the work," says Tope. "This often requires a change in thinking for both leadership and those doing the work. Therefore, there is an adjustment period for everyone to understand and grasp using this proactive methodology to address root causes, vs. a more reactive approach of just fixing the problem."

In addition, says Tope, when involving the customer in an improvement process it can be intimidating knowing a customer will see the actual process, good or bad. "But without the customer being a part of improving the process, the most effective improvement strategies may not be identified."

A few of the results of Iowa's lean program include:

- Reduced processing for air-quality new construction permits from 62 days to six days.
- Reduced processing time for Iowa Public Employee Retirement system lump sum refunds from five days to two days
- Cut the billing process for Iowa's utilities board from 16 hours per month to two hours per month
- Cut the certification process for [targeted small businesses](#) (those that are 51% owned by a minority, women, disabled persons, or service-disabled veterans) from 30 days to two days.

Bureaucracies exist for a reason, says Tope, but they don't have to be inefficient.

"Government was designed as a bureaucracy so that big changes impacting millions of lives don't happen without a lot of thought and input going into recognizing the outcomes of that change," Tope points out. "That being said, Iowa has embraced an approach that recognizes that while the adoption of policy and law is a slow and deliberate process, it does not mean that government cannot and should not work to streamline and improve services for our customers."

"While the adoption of policy and law is a slow and deliberate process, it does not mean that government cannot and should not work to streamline and improve services for our customers."—Marcia Tope

Lean in public education

Within education, lean is showing up not only as a means to improve efficiencies within support operations, but also for shaping and continuously improving curriculum delivery within the classroom itself.

The 4,000-student school district of Menomonee Falls, Wisconsin (population 37,000), is using lean to improve not just support services, but classroom instruction as well.

According to Menomonee Falls school district superintendent Patricia Greco, in most school districts, support staff members are [rarely involved](#) in professional development. “Yet, these individuals are most often the staff members working most closely with district data and budgets, and are usually on the front end of experiencing where current processes are breaking down,” says Greco. “By developing their skills to examine current processes and learning how to apply the problem-solving skills, the overall capacity of the system improves.”

By involving those closest to the work in process improvement, the district is tackling the need for rework when a process breaks, says Greco. “This saves on staff time and allows us to refine our efforts to the priorities of the system,” she says. “We can take on priorities and efficiently align our staff members rather than adding staffing to tackle new challenges to the system.”

This has led to tens of thousands of dollars being redirected from the district’s operational costs to its instructional budget “because our operations are becoming more effective and more efficient,” says Greco.

Lean tools aren’t used just within administrative and support services. Within the classroom, the district has developed an eight-step process that employs a standard process improvement model that impacts [classroom learning](#).

“We have trained every classroom teacher to use quality tools to improve the cycles of learning,” explains Greco. “The Continuous Classroom Improvement (CCI) process has changed our ability to monitor student progress and adjust the plan for instruction based on student feedback and performance. CCI is the most efficient and effective way to improve classroom learning results.”

A close look at the eight steps shown in the sidebar reveals something that looks a lot like PDSA (plan, do, study, act). The process helps teachers accelerate their response to student learning needs, says Greco. “Students clearly understand the learning expectations, where they are currently performing, and how to improve their own results. The process is working.”

According to Greco, within three years of implementation, school performance across the district rose to an all-time high for the system. “Most dramatically, the high school went from the state designation of ‘in need of improvement’ four years ago to ‘exceeding state expectations,’” says Greco.

The school district of Menomonee Falls now performs in the top 5 percent of the 424 Wisconsin school districts.

Conclusion

There is nothing mystical about lean, the Toyota Production System, or any other [continuous improvement](#) system. It’s simply a methodical way to examine processes to look for waste, variation, and opportunities for improvement. And, it’s not just for manufacturing. In the same way we have seen healthcare, government, and educational institutions embrace the Baldrige Award process, we are seeing continuous improvement programs, such as lean, make their way into those same institutions.

Lean for classroom learning

Step 1: Clearly define the learning requirements for students in a student-friendly language.

Step 2: Publish and post the learning goals for the class and content area that are specific, measurable, attainable, and aligned to the priority standards.

Step 3: Chart and analyze the learning results for the class on common assessments.

Step 4: Collaboratively write and live a mission statement that defines how the class will work together to achieve their results and support one another.

Step 5: Plan short-term learning targets in 10–15 day cycles.

Step 6: Do the plan to ensure everyone learns the targets and is using the high-yield strategies for instruction.

Step 7: Study the results of student performance.

Step 8: Act on the results and create an immediate action plan for intervention and to adjust the next cycle of learning.

Source: "Cranking It Up," Pat Greco, Ph.D. Wisconsin Association of School Boards, December 2013 [abridged].

For publicly funded organizations whose budgets can vary drastically from year to year, you could argue that these programs hold even more value. Certainly, with the scrutiny given to any use of taxpayer dollars, anything that streamlines public services and ensures that those dollars go where they should and with maximum impact, more public entities should consider looking to lean and other process improvement programs.

About The Author



Dirk Dusharme @ Quality Digest

Dirk Dusharme is Quality Digest's editor in chief.



© 2020 Quality Digest. Copyright on content held by Quality Digest or by individual authors. [Contact](#) Quality Digest for reprint information.

"Quality Digest" is a trademark owned by Quality Circle Institute, Inc.

Source URL (retrieved on 07/28/2020): <https://www.qualitydigest.com/inside/lean-article/lean-public-sector-012820.html>

Links:

- [1] <https://www.gao.gov/reports/GAO-19-285SP/#Highlights>
- [2] <https://www.usatoday.com/story/opinion/2014/02/09/michelle-rhee-susan-combs-wise-school-spending/5259291/>
- [3] <https://www.census.gov/newsroom/press-releases/2017/cb17-97-public-education-finance.html>
- [4] https://goleansixsigma.com/what-is-lean-six-sigma/?utm_campaign=partner-share&utm_medium=blog&utm_source=external_qualitydigest&utm_content=article_lean-in-public-sector&utm_term=text_lean-six-sigma
- [5] https://goleansixsigma.com/free-lean-six-sigma-templates/?utm_campaign=partner-share&utm_medium=blog&utm_source=external_qualitydigest&utm_content=article_lean-in-public-sector&utm_term=text_methods
- [6] <https://www.legis.iowa.gov/legislation/BillBook?ga=83&ba=SF%2098>
- [7] <https://dom.iowa.gov/lean-enterprise>
- [8] <https://www.iowaeconomicdevelopment.com/Business/tsb>
- [9] https://wasb.org/wp-content/uploads/2017/04/learning_lean_dec_2014.pdf
- [10] https://wasb.org/wp-content/uploads/2017/04/cranking_it_up_dec_13.pdf
- [12] https://goleansixsigma.com/register/?utm_campaign=partner-share&utm_medium=blog&utm_source=external_qualitydigest&utm_content=article_lean-in-public-sector&utm_term=text_continuous-improvement