

Achieving Lean Culture

An Implementation Roadmap Using
The Four Pillars of Operational Excellence

A White Paper by Integris Performance Advisors



Contents


Defining Lean Culture	3
Before You Start: Understand the Flywheel Effect.....	6
Roadmap for Achieving Lean Culture	7
Intentional Culture.....	9
Enterprise Alignment	13
Continuous Improvement	16
Customer Focus	18
About Integris Performance Advisors & Contact Info.....	22

Defining Lean Culture

Why Is Lean Culture Valuable?

Many of the organizations we serve use the term “Lean Culture” interchangeably with the phrase “Being a Healthy Organization.”

Organizations that exhibit a high percentage of the “Lean Culture characteristics” shown in the graphic are commonly described as “healthy,” “high-performing,” and “great places to work.” While the individual *personalities* of healthy organizations of course vary a great deal, something they all share is a focus on achieving three key outcomes:

Characteristics of Lean Culture			
High Levels of...		Low Levels of...	
◆ Customer Satisfaction		◆ Turnover and Absenteeism	
◆ Employee Engagement		◆ Safety Incidents	
◆ Trust and Respect		◆ Internal Politics	
◆ Collaboration/Teamwork		◆ Departmental/Functional Silos	
◆ Quality		◆ Gossip	

1. Engaged Employees

2. Delighted Customers

3. Satisfied Stakeholders

What Is Lean Culture?

In the world of Lean improvement, organizational development and operational excellence, terms associated with “Lean improvement” and “Lean Culture” can have a wide variety of meanings and interpretations. Some people view Lean very positively, and associate it with concepts such as effectiveness and efficiency. Even within the realm of *positive opinions*, the definition of what Lean includes varies greatly. Some see Lean as a complete management system, while others choose to define Lean more narrowly as a set of tools for conducting process improvement projects. On the other end of the spectrum, some people view Lean as a “flavor of the month” initiative designed only to cut costs. Some individuals at the farthest end of this spectrum think Lean is all about head count reduction, referring to “LEAN” as an acronym for “Less Employees Are Needed.” We expect that individual readers of this paper will fall in different positions along this spectrum.

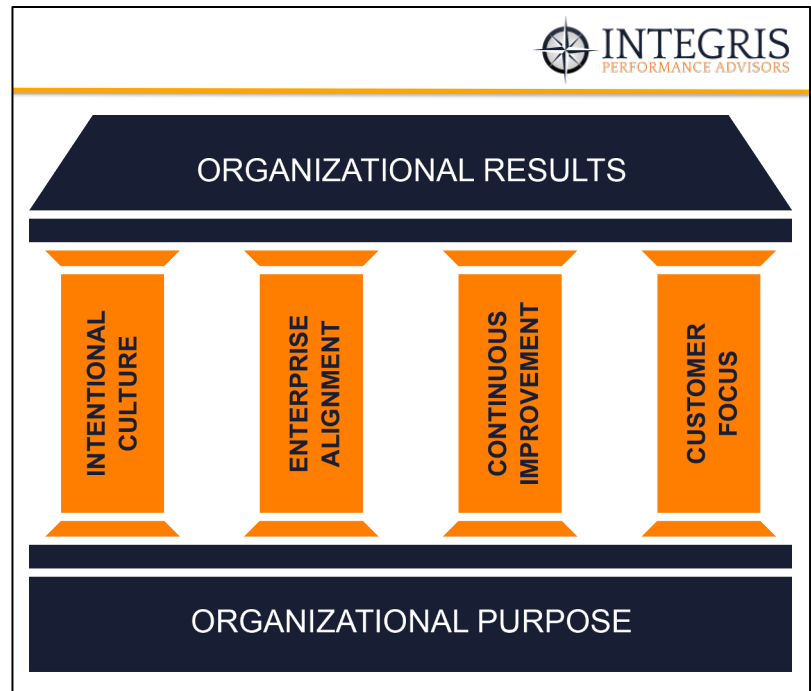
Are any of these opinions “wrong?” After all, people define Lean largely by their personal experience, and it is true that organizations have applied Lean in a variety of ways (including some that have been anything but healthy or aligned with a great place to work!). Given that all of these opinions have some level of merit, arguing about a “right” definition of Lean Culture is a futile effort. Instead, what is crucially important – for government agencies and other organizations – is that there is clear agreement on what Lean Culture means to you. Agreeing on a shared definition will enable everyone to speak a common language and work towards a common goal.

The Four Pillars of Operational Excellence®

The Four Pillars of Operational Excellence offers a highly effective framework for structuring holistic organizational change efforts. The Four Pillars model defines Lean Culture as *an organizational culture in which the values and behaviors are aligned with the guiding principles of Lean Management, in which employees are engaged, customers are delighted and stakeholders are satisfied.*

To bring greater clarity to this definition, we turn to two undisputed experts in the field of organizational design. First, according to John Kotter, Harvard Business School professor and author of the best selling book *Leading Change*, organizational

culture consists of “group norms of behavior and the underlying shared values that help keep those norms in place.” Second, Stephen Covey, author of *The Seven Habits of Highly Effective People*, described principles as “fundamental truths.” Building on these explanations of *culture* and *principles*, we can outline a set of guiding principles for Lean Management, with the understanding that when an organization consistently reflects these principles in their values and behaviors, a Lean Culture can be achieved. These principles – shown in the graphic below – form the foundation of The Four Pillars of Operational Excellence model.



Why Four Pillars?



To Live Our Principles

To Achieve Desired Outcomes



We Have Respect For All People

(Pillar: Intentional Culture)



We Are Aligned Around
Common Purpose

(Pillar: Enterprise Alignment)



We Can Always Do Better

(Pillar: Continuous Improvement)



Customers Matter to Us

(Pillar: Customer Focus)

- Engaged Employees

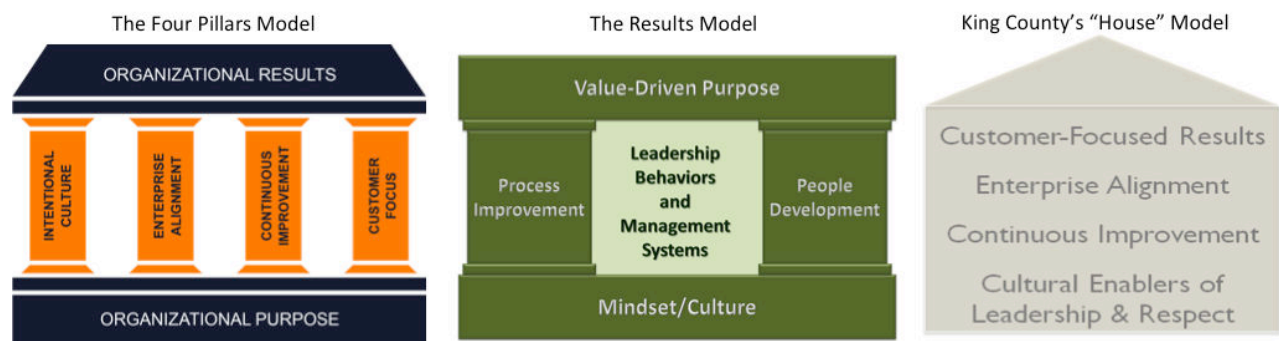
- Delighted Customers

- Satisfied Stakeholders

A Final Note About Adopting the Four Pillars Model

The overarching purpose of the Four Pillars of Operational Excellence model is to provide a framework that entire organizations can use to unify their culture change activities. By establishing a common language, different groups within the same agency can more successfully align their individual efforts.

We at Integris recognize that these Four Pillars (Intentional Culture, Enterprise Alignment, Continuous Improvement and Customer Focus) can be adapted into other visual models. For example, in 2014, Integris supported Washington State's implementation of a framework they call the "Results Model." During the prior year, Integris helped King County adopt a similar model with a house visual.



As shown in the graphic, the core elements of these models match up with each other very well. With this in mind, Integris' overall advice to anyone reading this white paper is to use the concepts contained herein as a guide for launching and/or continuing your organization's own Lean Journey. If the Four Pillars model works for you "as is," we invite you to adopt it. If you'd prefer to adjust the details to better fit your organization's specific needs, we invite you to adapt it.

Adopt or Adapt?



If the Four Pillars model works for you "as is,"
we invite you to **adopt** it.

If you'd prefer to adjust the details to better fit your
organization's specific needs, we invite you to **adapt** it.

Before You Start: Understand the “Flywheel Effect”

The techniques presented in this paper have proven to be effective. However, it is critical that this roadmap not be seen as a “magic pill” for organizational change. To help explain how culture change really happens, we turn to Jim Collins, author of *Built to Last* and *Good to Great*. Below is an excerpt from a Fast Company magazine article, in which Jim explains a concept called **the Flywheel Effect**.

How Change Doesn't Happen

Picture an egg. Day after day, it sits there. No one pays attention to it. No one notices it. Certainly no one takes a picture of it or puts it on the cover of a celebrity-focused business magazine. Then one day, the shell cracks and out jumps a chicken.

All of a sudden, the major magazines and newspapers jump on the story: “Stunning Turnaround at Egg!” and “The Chick Who Led the Breakthrough at Egg!” From the outside, the story always reads like an overnight sensation—as if the egg had suddenly and radically altered itself into a chicken.

Now picture the egg from the chicken’s point of view. While the outside world was ignoring this seemingly dormant egg, the chicken within was evolving, growing, developing—changing. From the chicken’s point of view, the moment of breakthrough, of cracking the egg, was simply one more step in a long chain of steps that had led to that moment. Granted, it was a big step—but it was hardly the radical transformation that it looked like from the outside.

It’s a silly analogy, but then our conventional way of looking at change is no less silly. Everyone looks for the “miracle moment” when change happens. But ask the good-to-great executives when change happened. They cannot pinpoint a single, key event that exemplified their successful transition.

How Change Does Happen

Now picture a huge, heavy flywheel. It’s a massive, metal disk mounted horizontally on an axle. It’s about 100 feet in diameter, 10 feet thick, and it weighs about 25 tons. That flywheel is your organization. Your job is to get that flywheel to move as fast as possible, because momentum—mass times velocity—is what will generate superior economic results over time.

Right now, the flywheel is at a standstill. To get it moving, you make a tremendous effort. You push with all your might, and finally you get the flywheel to inch forward. After two or three days of sustained effort, you get the flywheel to complete one entire turn. You keep pushing, and the flywheel begins to move a bit faster. It takes a lot of work, but at last the flywheel makes a second rotation. You keep pushing steadily. It makes three turns, four, five. With each turn, it moves faster, and then—at some point, you can’t say exactly when—you break through. The momentum of the heavy wheel kicks in your favor. It spins faster and faster, with its own weight propelling it. You aren’t pushing any harder, but the flywheel is accelerating, its momentum building, its speed increasing.

This is the Flywheel Effect. It’s what it feels like when you’re inside an organization that makes the transition from good to great.

Why does the Flywheel Effect work? Because more than anything else, real people want to be part of a winning team. They want to contribute to producing real results. They want to feel the excitement and the satisfaction of being part of something that just flat-out works. When people begin to feel the magic of momentum—when they begin to see tangible results and can feel the flywheel start to build speed—that’s when they line up, throw their shoulders to the wheel, and push.

And That’s How Change Really Happens!

Roadmap for Achieving Lean Culture

In the pages that follow we present tools and concepts that organizations can use to help drive Lean Culture. The information is organized into four sections, with each section aligning with one of The Four Pillars of Operational Excellence:

- **Intentional Cultural**
- **Enterprise Alignment**
- **Continuous Improvement**
- **Customer Focus**

The Four Pillars of Operational Excellence Assessment

The 32 statements below represent ideal characteristics and behaviors that are present in a Lean Culture. These statements are presented here to provide a quick snapshot of what a Lean Culture looks like. Simply by reviewing the statements, anyone can quickly gain a better understanding of what achieving Lean Culture is all about.

For organizations that want to use the assessment more formally to evaluate their current state, Integris offers an online version. The online assessment asks respondents to indicate how frequently the organization exhibits these characteristics and behaviors, using a 10-point scale. Results are tabulated by statement, by Pillar and as an overall Lean Culture Score.

Intentional Culture

1. People throughout my organization treat others, including co-workers and customers, with respect and dignity
2. Leaders at all levels of my organization listen to diverse points of view
3. In my organization people are empowered to act
4. Leaders support the decisions others make in my organization
5. Leaders at all levels of my organization praise team members for a job well-done, and show appreciation for people's contributions
6. There is a high level of trust between the employees of my organization (across departments and management levels)
7. People in my organization offer unprovoked, constructive feedback to one another
8. Leaders are good role models for the way people should behave and treat others in the organization

Enterprise Alignment

1. People throughout my organization know, understand and can speak to our organization's Vision, Mission, and Values
2. Leaders in my organization effectively communicate a shared vision of what we are trying to accomplish as an organization
3. People here are clear about the organizations top priorities
4. My organization uses data (e.g., scorecards, dashboards, visual management) to measure our performance against what is important
5. Leaders discuss the linkage between daily work and strategic objectives frequently throughout the year

6. People throughout my organization clearly understand how their daily work contributes to the ability to serve our customers
7. People in our organization understand how they contribute to our ability to meet our strategic objectives
8. People throughout my organization work across team, departmental and organizational boundaries to achieve results

Continuous Improvement

1. When problems occur, people throughout my organization focus on fixing the process versus blaming the individuals involved
2. My organization is effective at identifying problems, and deciding where to allocate resources and focus improvement efforts
3. People throughout my organization understand the concepts of Lean Thinking
4. In our organization, people work together to use Lean tools to solve problems and improve efficiency
5. My organization implements change effectively
6. My organization actively measure the on-going impact of our improvement efforts
7. My organization uses visual management to make processes and problems visible
8. In my organization, people are encouraged to challenge the status quo

Customer Focus

1. People throughout my organization have a clear understanding of who our customers are
2. People in my organization know what customers expect/require from us
3. People throughout my organization have a clear understanding of the core processes that deliver value to the customer
4. My organization gathers direct feedback from our customers about how well we are performing
5. My organization reports performance metrics against customer requirements regularly
6. Leaders in my organization use customer feedback when making decisions about strategy
7. My organization makes it easy for customers to work with us
8. The customers of my organization are highly satisfied

Intentional Cultural

“Respect is a principle that enables the development of people, and creates an environment for empowered [employees] to improve the processes that they own. Respect must become something that is deeply felt for and by every person in the organization. When people feel respected they give far more than their hands; they give their minds and hearts. A leader’s willingness to seek input, listen carefully, and continuously learn creates an environment where [employees] feel respected and energized, and give freely of their creative abilities.”

- Shingo Institute

The Connection Between Lean Culture, Employee Engagement and Leadership

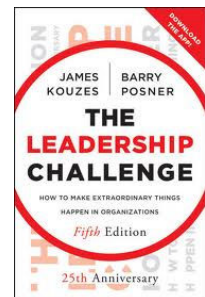
Having high levels of employee engagement is critical for achieving a Lean Culture. In organizations with high levels of employee engagement, Lean concepts tend to be welcomed by the workforce as tools they can use to improve the effectiveness and efficiency of the work they do. But in organizations where a large number of workers are not engaged, Lean initiatives are anything but welcome. Instead Lean tends to be viewed as something management is doing “to them,” not “with them.”

If increasing employee engagement is a key input to establishing a Lean Culture, where should an organization start? Research by companies such as Gallup, Towers Perrin and the Metrus Institute helps to provide an answer. Studies from these and other firms confirm that four specific factors have a particularly strong influence on creating more engaged employees (interestingly, all four are directly connected to leadership behavior and/or team dynamics):

1. **Respect**, generated by Leaders who treat members of their team with dignity and respect.
2. **Empowerment**, established by Leaders who are willing to listen to other people’s opinions, and who empower the people on their team rather than control or restrict them.
3. **Clarity**, created by Leaders who provide a strong narrative about where the organization is heading, and how every role fits into that vision.
4. **Shared Values**, confirmed by Leaders who build trust with the team by aligning their daily behavior with organizational values.

Defining Leadership

While some believe that “being a leader” is reserved only for those charismatic personalities in the corner office, Jim Kouzes and Barry Posner, named by The Wall Street Journal as two of the 12 most influential leadership experts, have spent over 25 years proving otherwise. Their research – reported in the best-selling book *The Leadership Challenge* – examines the collective activities and processes associated with leading, and shows that leadership is actually an observable set of skills and abilities that are accessible to any person, at any level, in any organization. With this in mind, the term “leader” can be used to describe anyone with the ability to influence the work of others, regardless of role or title.



Kouzes and Posner have collected thousands of leadership stories from people at all levels of organizational life – from CEOs to front line supervisors. Despite differences in title, age, gender, race, and other variables, these stories revealed that the process of leading follows a very consistent set of behaviors. Kouzes and Posner categorized these behaviors into five easy-to-grasp practices. Further research shows that exhibiting these practices more frequently enables leaders to make progress against the four factors shown above (Respect, Empowerment, Clarity and Shared Values), which in turn is the foundation for building Lean Culture.

The Five Practices of Exemplary Leadership®

The Five Practices of Exemplary Leadership® is a clear, evidence-based path to achieving the extraordinary used by over 3,000,000 people and organizations around the globe. It turns the abstract concept of leadership into understandable Practices that can be learned by anyone – from Supervisors to Managers to Directors – willing to step up and accept the challenge to lead. Ongoing studies consistently confirm that The Five Practices are positively correlated with both the effectiveness of leaders, and the level of commitment, engagement, and satisfaction of those that follow.

Of the hundreds of leadership development models that exist, *The Five Practices of Exemplary Leadership* stands out as a proven approach to shaping organizational cultures aligned with the guiding principles of Lean Management.



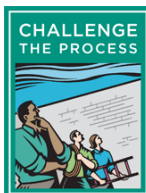
Model the Way

Leaders establish principles concerning the way people should be treated and the way goals should be pursued. They create standards of excellence and set an example for others to follow. They unravel bureaucracy when it impedes action, and they create opportunities for victory.



Inspire a Shared Vision

Leaders passionately believe that they can make a difference. They envision the future, creating an ideal and unique image of what the organization can become. Leaders enlist others in their dreams. They breathe life into their visions and get people to see exciting possibilities for the future.



Challenge the Process

Leaders search for opportunities to change the status quo. They use Lean Thinking to look for innovative ways to improve the organization. In doing so, they experiment and take risks. And because leaders know that risk taking involves mistakes and failures, they accept the inevitable disappointments as learning opportunities.



Enable Others to Act

Leaders foster collaboration and build spirited teams. They actively involve others. Leaders understand that mutual respect is what sustains extraordinary efforts; they strive to create an atmosphere of trust and human dignity. They strengthen others, making each person feel capable and powerful.



Encourage the Heart

Accomplishing extraordinary things is hard work. To keep hope and determination alive, leaders recognize contributions that individuals make. In every winning team, the members need to share in the rewards of their efforts, so leaders celebrate accomplishments. They make people feel like heroes.

Measuring the Behaviors of Effective Leadership

Because *The Leadership Challenge* (aka “TLC”) is built around observable behaviors, it should be no surprise that TLC includes a highly credible measurement instrument. *The Leadership Practices Inventory (LPI)* is one of the most widely used leadership assessment instruments in the world.



From our knowledge of Lean we know that “what gets measured gets done.”

This concept applies to *leadership development* as much as it applies to process improvement.

With the LPI, leaders rate themselves on the frequency with which they believe they engage in the behaviors associated with each of *The Five Practices of Exemplary Leadership®*. A group of “observers” (direct reports, managers, peers, etc.) also complete the survey, indicating the frequency with which they *experience* the leader engaging in the same behaviors. Combined, these

different perspectives provide valuable insight into how the participant views him/herself, how others view him/her, and what actions can be taken to improve the individual’s ability to lead.

Notice that the LPI is not a “yes she does that” or “no she does not” survey. The research shows that most leaders practice these behaviors at least some of the time. In fact, the findings are very clear that *frequency* of behavior is what differentiates the most effective leaders from their less effective counterparts. The data undeniably shows that when leaders more frequently exhibit these behaviors, customer-focused results improve, organizational alignment and accountability increases, process improvement efforts thrive and employee engagement rises.

Learning and Applying the Behaviors of Effective Leadership

In addition to the LPI assessment, there is a suite of *Leadership Challenge* products and services to help individuals and organizations internalize the concepts and tools, including guided development programs, books, workshops and personal coaching. Most organizations use an in-person workshop as a foundational learning event, during which participants learn about the *Five Practices*, receive LPI feedback, and begin to construct a personal development plan. While workshop agendas are typically customized to meet the needs of the given organization, common highlights include:

- Receiving and reflecting on a personal LPI feedback report
- Sharing “personal best” leadership stories
- Activities designed to help clarify personal values
- Working with other participants to define and refine your own vision of the future
- Learning new techniques for challenging the status quo
- Discussing how to build competence in others and influence collaboration
- Becoming familiar with innovative ways to recognize others and celebrate group accomplishments

But the real learning does not happen in a classroom; it occurs over time, as leaders execute their development plans, evolve their behaviors and engage with others. The two-way interaction that takes place between leaders and their direct reports is a critical piece of the growth process. The concepts of TLC and the results of LPI evaluations are meant to be shared and used to set new, more productive expectations between leaders and team members.

In line with the practice of “Modeling the Way,” as leaders more consistently exhibit the behaviors associated with *The Five Practices of Exemplary Leadership*, they will set a standard for how *other* leaders in the organization should act. This builds momentum towards achieving Lean Culture, and helps turn the flywheel of organizational change.

The Importance of Healthy Team Dynamics

“Not finance. Not strategy. Not technology. It is teamwork that remains the ultimate competitive advantage, both because it is so powerful and so rare.”

- Patrick Lencioni

Author of *The Five Dysfunctions of a Team*

An “organization” can be defined as a group of people who have joined forces to achieve some form of shared purpose. In other words, an organization is just a large team, most likely made up of many smaller teams called divisions, departments, functions, etc. So it follows that the *culture* of an organization will be shaped largely by how people on teams interact with each other. With this in mind, any organization looking to develop a Lean Culture must take the time to define some common practices around building cohesive teams.

Research shows that highly cohesive teams consistently outperform other groups of people. Why? Because cohesive teams:

- Make better, faster decisions
- Tap into the skills and opinions of all members
- Avoid wasting time and energy on politics, confusion and destructive conflict
- Have more fun while being more productive

But how does a “normal” team become a highly cohesive team? They do it by dedicating time and effort to instilling five key behaviors:

1 – Cohesive Teams Trust One Another

Members of great teams trust one another on a fundamental, emotional level, and they are comfortable being vulnerable with each other about their weaknesses, mistakes, fears, and behaviors. They get to a point at which they can be completely open with one another, without filters.

2 - Cohesive Teams Engage in Conflict Around Ideas

Members of teams who trust one another are not afraid to engage in conflict around ideas that are key to the organization’s success. They do not hesitate to disagree with, challenge, and question each other, all in the spirit of finding the best answers, discovering the truth, and making great decisions.

3 - Cohesive Teams Commit to Decisions

Teams that engage in conflict around ideas are able to gain commitment to decisions, even when some members of the team initially disagree. That is because they ensure that all opinions and ideas are put on the table and considered, giving confidence that no stone has been left unturned.

4 - Cohesive Teams Hold One Another Accountable

Teams that gain commitment to decisions and standards of performance do not hesitate to hold one another accountable for adhering to those decisions and standards. What’s more, they don’t rely on the team leader as the primary source of accountability; they go directly to their peers.

5 - Cohesive Teams Focus on Achieving Collective Results

Team members who trust one another, engage in conflict around ideas, gain commitment to decisions, and hold one another accountable are more likely to set aside their individual needs and agendas and focus on achieving collective results. They do not give in to the temptation to place their departments, career aspirations, or status ahead of the collective results that define team success.



Enterprise Alignment

Defining Enterprise Alignment

Any group of people that wants to work together to achieve a shared objective needs to march in the same direction. This is true of any group of people, be it a sports team, an orchestra or a government agency. People need to know where the group is going and every person needs to know what they are supposed to do to contribute to the group reaching its destination.

To achieve Lean Culture, there must be clarity around the vision, mission and values of the organization. Moreover, goals and metrics must be transparent, aligned and interconnected, from the organization's strategic plan down to departmental, team and individual levels. Doing so ensures that every employee – top to bottom – understands what the organization is looking to accomplish, and how their individual role contributes to the achievement of that vision.

The importance of alignment can be explained with a sports analogy. Think of a football team preparing to walk onto the field. How ineffective would the Seattle Seahawks be if...

- No one knew the rules of the game
- Nobody understood how to play their position
- The field was unmarked, and there was no way to know if they were making progress toward the goal line

This would not be a very effective team. A government agency is no different. Every member of the team must understand the rules, know the goals, and know how to play their position. If they do – like the members of a football team – the employees of the agency can use their unique skills, knowledge and creativity to help achieve the vision of the organization.

As Jim Collins explains in his book *Good to Great*, the best results come when leaders give employees the freedom to act within the framework of a well-designed system. By establishing shared values, clear goals and understandable success metrics, leaders enable employees to use their skills and knowledge to innovate, take calculated risks and assume responsibility for results.

Creating Enterprise Alignment

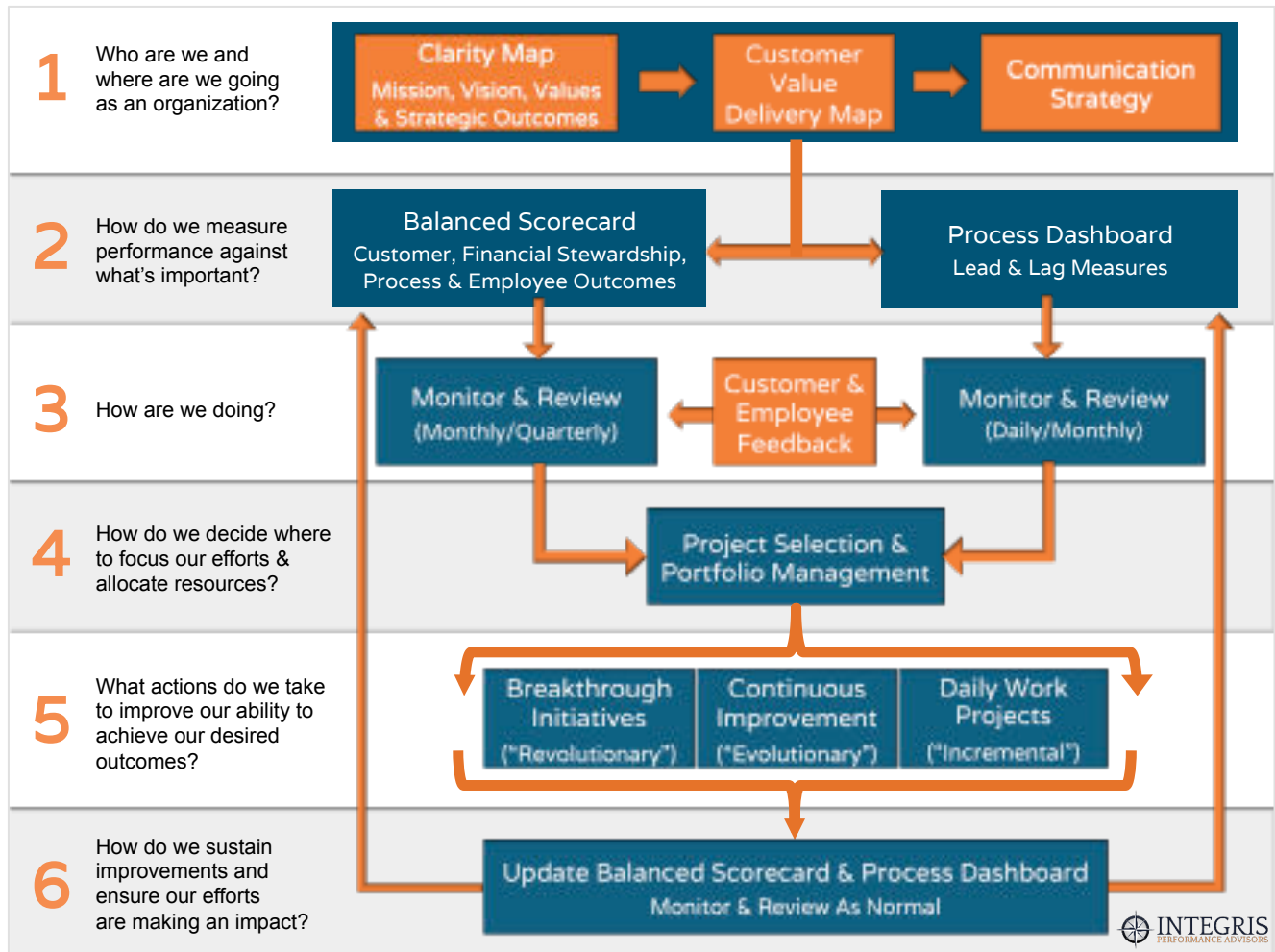
Drawing on the proven concepts associated with Hoshin Planning, the Balanced Scorecard, Value Stream Mapping, Lean Process Improvement and the Leadership Challenge, organizations can work through the Six Critical Questions and establish a management framework that establishes greater levels of alignment and accountability.

The Six Critical Questions



- 1 Who are we and where are we going as an organization?
- 2 How do we measure performance against what's important?
- 3 How are we doing?
- 4 How do we decide where to focus our efforts & allocate resources?
- 5 What actions do we take to improve our ability to achieve our desired outcomes?
- 6 How do we sustain improvements and ensure our efforts are making an impact?

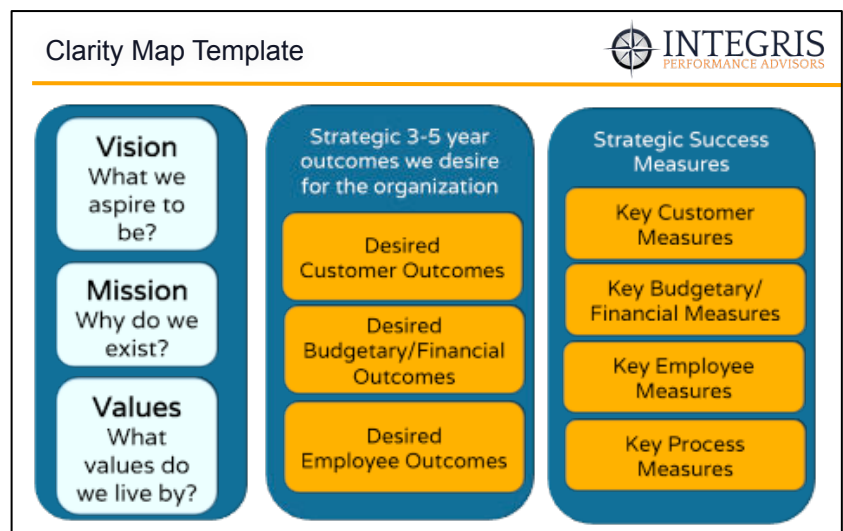
The model below presents an easy to use, step-by-step approach for answering the Six Critical Questions.



“True North” and Clarity Maps

An organization’s “True North” is the vision of the ideal state. It represents what the organization should be and should accomplish. When pursuing Lean Culture, having (and communicating) a clear definition of True North will help align the workforce and will provide a compass that leaders and employees can use for making decisions.

One of the tools organizations often use to set True North and establish a refined sense of enterprise alignment is called a Clarity Map.



Sample Clarity Map

As the name suggests, the purpose of a Clarity Map is to bring clarity to the organization. On a single page, this map captures the vision, mission and values of the organization, lists the top goals and shows the key metrics that will be used to assess performance and measure success.

Because the Clarity Map will serve as a compass for all parts of the organization, it is critical that leaders seek multiple perspectives as it is created. Some common inputs to Clarity Map design include: Four Pillars of Lean Culture assessment, Customer Feedback and Satisfaction Surveys, SWOT assessments that describe the Strengths, Weaknesses, Opportunities and Threats of the organization, and Employee Engagement Surveys. The activities involved with creating the Clarity Map – such as discussions about Shared Values – build trust and unity across the team, in addition to bringing clarity to the vision. For employees throughout the organization, the Clarity Map provides a clear understanding of where the organization is heading and how success will be measured.

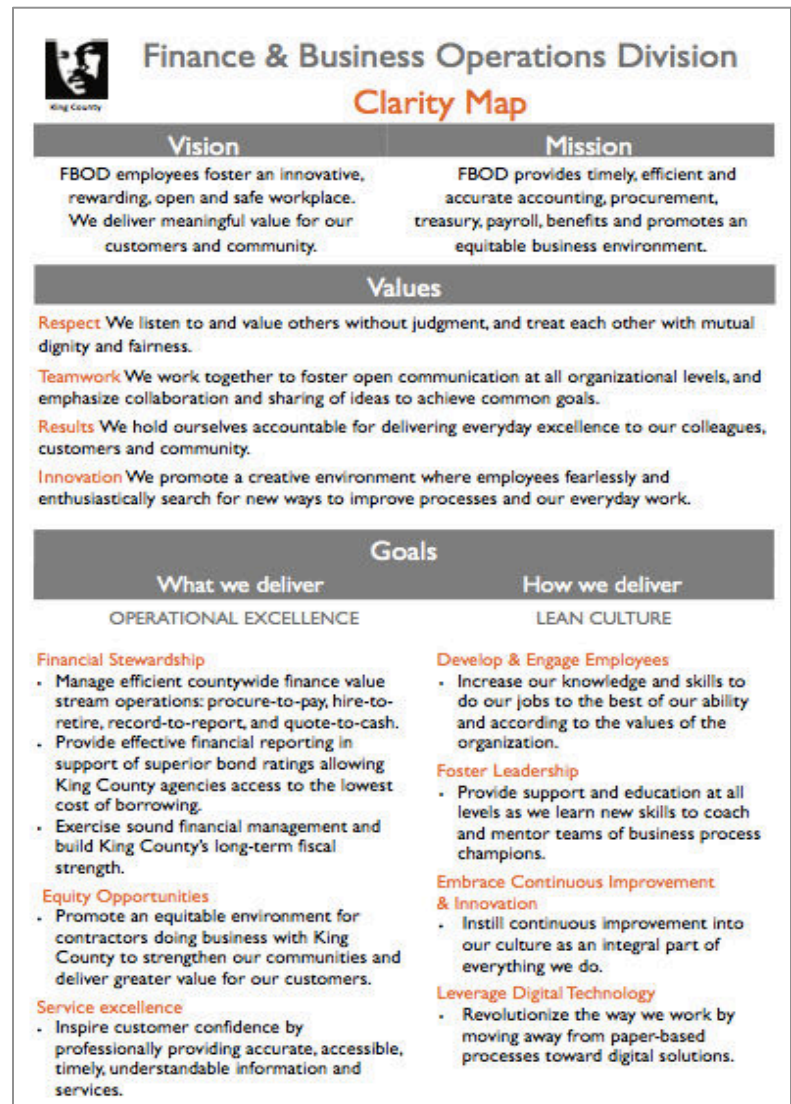
Cascading Goals and Measures (By Playing “Catch Ball”)

With a revised management system, agencies can begin cascading goals and measures deep into the organization. Catch ball is a back-and-forth communication process whereby key stakeholders socialize ideas and come to agreement on objectives and strategies. This technique is highly effective at increasing commitment to actions and results, and at expanding the understanding of what needs to be done and why.

The outcome of the cascading process is that every department, team and individual gains a clearer understanding of their own goals and success measures, and how their roles fit into the larger organizational vision. The organization can then establish operational procedures for using the performance data during management reviews and other team meetings to track and discuss progress against objectives.

Communication and Change Management

Communication and change management is not a separate stream of work, but rather a series of activities to be embedded into every other activity involved with establishing enterprise alignment and achieving Lean Culture. The rule of thumb is that people need to hear a message at least 7 times before internalizing it. This means that agency leaders and communication experts must be prepared to pursue a sustained communication strategy.



Continuous Improvement

Defining Continuous Improvement

Continuous Improvement (CI) has many definitions. Some people narrowly refer to CI as a set of tools for improving how work gets done. Others prefer a more broad description, defining CI as a philosophy that enables organizations to deliver maximum value to customers in the most efficient way possible. Organizations that embrace the more comprehensive definition of CI understand that improvement efforts will result in long-term, sustained changes only when the use of CI tools are coordinated, standardized, and aligned with broader organizational goals. Establishing common language and common practice enables people at all levels to quickly and effectively come together – across departmental and functional lines – to work as teams on improvement efforts that move the organization forward toward the achievement of the strategic vision.

CI Tools, Training and Projects

Improvement projects are where the value of CI comes to life. By using CI tools, such as those included in the Lean toolkit (see graphic at right), organizations can investigate and improve the effectiveness and efficiency of any process. These techniques bring proven techniques for identifying waste and uncovering the root causes of errors, quality defects and unwanted variation.

Agencies should expose all employees to the basic concepts of CI, and should train some employees to be “Lean experts,” capable of leading complex improvement projects. When training employees on CI techniques, agencies should be sure that workshop participants come prepared to work on an actual project. Training combined with actual project work results in both a better learning experience for participants, and greater value generated for the organization and its customers.

CI Concepts for Leaders

“Those who do the work should improve the work” is a common mantra in Lean Cultures. As such, it makes sense to have front line employees take ownership for improvement projects. So where does that leave supervisors, managers and other leaders who aren’t directly involved with the daily work of delivering products or services? The mantra of “those who do the work should improve the work” still applies. It’s just that these leaders must use CI concepts to improve the work *they* do.

Leaders’ responsibility is simple: Transform the organization! To do this, leaders must ask themselves, “What should I be doing differently to lead in a Lean Culture?” and “How can I evolve my own personal behaviors to align my actions with the principles of a Lean Management System?” The good news is there are proven leadership practices that support the development of a Lean Culture. Taken together, they are called *Leader Standard Work*. Leader Standard Work is a set of actions, tools and behaviors incorporated into the daily work of leaders at every level in the organization: from Front Line Supervisors, to Middle Managers, to Agency Directors.

The Lean Toolkit



Lean provides a proven suite of tools and concepts for increasing efficiency and enhancing effectiveness

Example Tools:

- | | |
|---------------------------|----------------------------------|
| • 5S | • One-Piece Flow |
| • Kaizen Event | • Batch Size Reduction |
| • Spaghetti Chart | • Standard Work |
| • Process Walk/Gemba Walk | • Pull Production |
| • Value Stream Mapping | • Kanban |
| • Value Analysis | • Mistake Proofing (“Poke Yoke”) |
| • Visual Workplace | • Cell Layout |

Leader Standard Work



When learned and exhibited by leaders at all levels, Leader Standard Work serves to promote the acceptance and sustainability of Lean thinking throughout the organization.

Example tools:

- Process Performance Boards / Tier Boards
- Kanban Boards
- Idea Boards
- Daily Management Boards
- Pulse Point Maps
- A3 Problem Solving
- Huddle Meetings
- Leaders Gemba Walks/ Roundings
- The Coaching Routine
- The Five Practices of Exemplary Leadership

The concept of “Standard Work” is ubiquitous in a Lean environment. It refers to the documented and current best way to do a certain task, procedure or process. Leader Standard Work follows this same idea. They are proven current best practices for leaders to drive transformational thinking and behavior throughout an organization. Using Leader Standard Work, leaders install and follow a management system to make processes and problems more visible, keeping improvement efforts at the forefront of worker’s focus.

CI Infrastructure

A frequent comment Integris has heard from government employees involved with Lean efforts is that a high percentage of projects are not targeted at opportunities that are strategically relevant, and that there seems to be some misalignment between senior leadership, top-level objectives and project-level activities. This scenario is common in the early stages of Lean implementation, as most organizations begin the CI journey by getting familiar with “tools” and completing some early “quick hit” improvement efforts. These *small wins* can be quite valuable, as they can prove the relevance and applicability of CI techniques, providing motivation for the organization to invest greater amounts of time and resources in improvement efforts. But if CI is to be sustained over the long-term, organizations must implement CI infrastructure.

A thoughtfully designed CI infrastructure serves to keep improvement projects focused on areas that matter to the organization. Moreover, the infrastructure provides techniques for tracking the progress of improvement efforts, enabling the organization to assess what is working and what is not. Course corrections can be made when needed, and successes can be celebrated as they happen.

Continuous Improvement Infrastructure



Every agency should have agreed upon methods for:

- ◆ Prioritizing/selecting meaningful improvement opportunities
- ◆ Tracking and managing the overall portfolio of projects
- ◆ Communicating CI results to the broader organization
- ◆ Monitoring and sharing key metrics that track progress of CI efforts
- ◆ Defining clear CI roles and responsibilities for all employees
- ◆ Establishing a Steering Team to provide oversight to CI efforts

By establishing CI infrastructure, agencies can continue to build momentum, get more employees connected to the Lean journey, and experience more impactful results from their Lean efforts – which all contributes to “turning the flywheel” of organizational change.

Customer Focus

“Why does customer satisfaction matter in government? After all, we really don’t have customers; we have hostages. They didn’t choose us, they don’t want to be with us, and given a choice they wouldn’t come back.”

- A humorous perspective by Ken Miller, author of *We Don’t Make Widgets*

In spite of Mr. Miller’s humorous observation, government agencies really do exist to serve customer needs. Serving customers is a crucial part of every organization’s purpose. To achieve their missions, agencies must be clear about who the customers are and what they expect. Delivering value to the customer – which for government can take many forms – is one of the most important principles of Lean. Government is not alone in struggling to provide great service to their customers. We can all think of times when we as customers were let down by a company serving us.

Customers Versus Stakeholders

In government, it is sometimes confusing to differentiate between a customer and a stakeholder. Customers are any entity or individual that either a) goes through the process, or b) receives a primary output from the process. Customers use the product or the service. An important note is that customers can be external or internal to the agency. For example, departments such as Human Resources and Information Technology serve other agency employees (in other words, *internal customers*).

In contrast to Customers, Stakeholders do not use the process, the product or service. Rather, they have a vested interest in how the process runs or the output of the product or service. Examples of stakeholders are lawmakers and people responsible for fiscal compliance or code enforcement.

To create clarity, customers and stakeholders should be identified by process, not by agency. Why? Because a person or entity could be the customer of one process but a stakeholder in another.

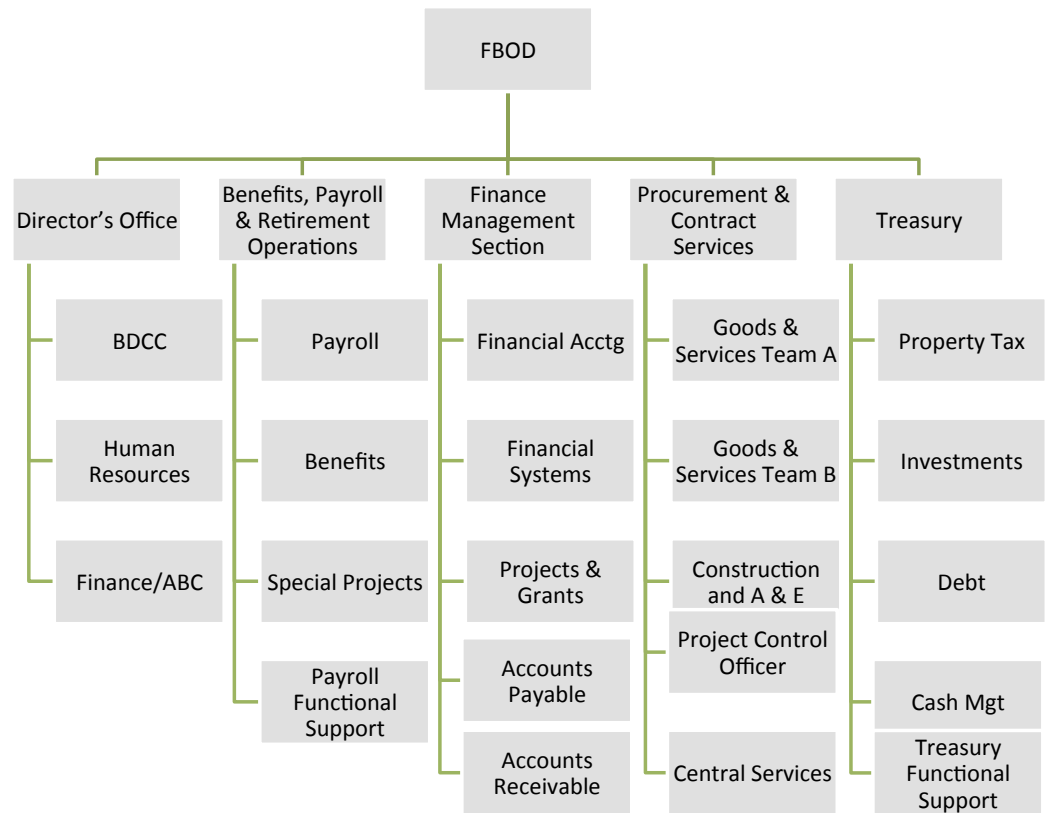
Identifying the Real Customers

Let’s start by changing our perspective of the organization. By moving away from a vertical (think “department silos”) perspective and adopting a horizontal perspective (think “processes flow”), we can more easily identify customers and differentiate them from stakeholders.

The vertical perspective aligns with the organizational chart – who reports to whom, and what department. This vertical perspective limits our ability to see the end-to-end processes that customers ultimately experience. The horizontal perspective aligns with the work required to deliver a product or service to an end customer. The horizontal perspective frequently cuts across various departments.

Below are two views of the same organization. On the top, is the typical “vertical” org chart view. With this perspective it is impossible to see the process streams that add value for customers. On the bottom is a “horizontal” process view. By accentuating this horizontal view, leaders and employees gain more visibility to the cross-functional nature of end-to-end processes and the customers they serve.

“Vertical” View



“Horizontal” View



Understanding Customer and Stakeholder Requirements

Finding and listening to the Voice of the Customer can be challenging for agencies, where multiple customers – and stakeholders – clamor for attention. Answering the following questions can help agencies take a horizontal view and thus gain clarity about this important topic:

1. What are our core processes, and who are the key customers and stakeholders we serve?
2. What do our customers and stakeholders care about?
3. How do we measure what our customers and stakeholders care about?
4. How are we doing compared to what customers and stakeholders care about?
5. What are we doing about the gaps between what customers and stakeholders care about and our current performance?

By answering these questions, agencies inevitably improve the organizational focus on customers and the quality of products and services that are delivered. According to ACSI (American Customer Satisfaction Index), the level of customer satisfaction associated with government entities is rooted in customers' expectations and the "perceived quality" of the product or service delivered. In this context, ACSI defines "perceived quality" using four categories:

1. Ease and timeliness of government processes
2. Clarity and accessibility of information
3. Courteous and professional customer service
4. Ability to access information quickly and easily

Using these categories as a starting point, agencies can uncover what is most important to the customers they serve. Always remember that quality is in the eye of our customers, and defining it based on what we currently provide is no guarantee that the customers will agree.

By increasing the focus on customer requirements, agencies will also be attuned to changing requirements. After all, customer needs do not remain static; they change over time. Think of how the issue of responsiveness has changed in the last decade. Getting back to a customer via mail within two weeks seemed acceptable not so long ago.

Establishing Customer Feedback Loops

It should be apparent that the only way for an agency to *know* if customers are being satisfied in is to receive direct feedback from customer representatives. Agency employees must not rely on *assumptions* when considering customer satisfaction. Even if internal performance measures are designed to track outputs associated with customer wants and needs, these internal metrics are still incapable of accurately measuring customer satisfaction. The only way to truly know if customer value is being delivered is to *ask customers*.

Some common customer feedback techniques that generally work well include customer surveys, focus groups, customer observation and customer interviews.

Surveys

A specific approach that is gaining popularity and may be useful to some agencies (depending on the type of service delivered) is called *Net Promoter Score (NPS)*, which measures customer satisfaction largely through a customer's willingness to recommend or "promote" an organization's products or services to others. The focus on "willingness to recommend" is a higher standard than merely satisfaction. It puts the focus on building a fan base of customers who see the value of the service you provide.

Focus Groups

Focus groups are usually live feedback sessions with specific groups of customers. The idea is to create a social environment that involves targeted questions that gather anecdotal customer feedback that would be difficult to gather on a survey. When done well, focus groups can be enjoyable, informative and productive. It is important to follow up with the customers to let them know what was changed or improved as a result of their feedback.

Customer Observation

Observing customers using a product, filling out a form, or using an online tool can give teams insightful discoveries about what is working and what needs improvement. Observation can help employees see where customers might struggle with instructions, forms, information or process.

Customer Interviews

Although they can be time intensive, one-on-one customer interviews can be a great way to check on your customer's experience, especially if significant efforts have been made to improve a process and you would like feedback on how those improvements are affecting the customer.

Regardless of the technique(s) used, agencies must establish their customer feedback programs as *closed loop systems*. For any customer feedback effort, agencies must design procedures for:

- Handling any immediate or critical issues that are brought to light
- Examining and addressing longer term trends and issues
- Demonstrating to customers that their feedback is being heard and put to good use
- Follow-up communication with the customer to inform of what has been done as a result of their feedback.

As you plan your Customer Focus efforts, remember that the ultimate goal of collecting customer feedback should not be just to *measure* customer satisfaction, but rather to *gain insights* into customer expectations and experiences, and to *use those insights* to set appropriate organizational goals and to identify opportunities for improvement.

About Integris Performance Advisors & Contact Info

A Purpose-Driven Organization

Integris was founded for the purpose of expanding the existence of healthy organizations and great places to work. All our services are designed to drive innovative thinking, meaningful results and personal growth. We have an excellent track record helping organizations implement successful organizational change.

Our Guiding Philosophy

Trust. Passion. Service. These are our values. We strive to build collaborative and trust-based relationships, where every member of our team blends passion and expertise to serve our clients' desire to build a healthier organization.

Core Service Areas

Of all the factors that contribute to organizational health, three rise to the top: **Leadership Practices**, **Team Behaviors**, and **Operational Excellence**. Integris offers both hands-on consulting and “Do It Yourself” support to help clients achieve success in these three critical areas.

We'd Love to Speak with You!

Please contact us with any questions you have. We look forward to speaking with you.

Brett Cooper, Co-Founder & Managing Partner
609-630-0601

Brett.Cooper@IntegrisPA.com

IntegrisPA.com

