Lean Partnership Guide

City Performance Lean Program

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CITY PERFORMANCE

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What is the City Performance Lean Program?

The City Performance Lean Program strives to equip San Francisco City staff with tools to continuously improve City processes to deliver value to their customers. We offer training, coaching, and facilitated improvement partnerships to City departments.

City Performance, a division of the Controller's Office, acts as an internal consultant to City departments to ensure efficient, effective, and accountable government.

Lean is a system for continuous improvement and improves processes to deliver value defined by the customer, at the appropriate time it is needed, with minimal waste. The term "lean" was used to describe the Toyota Production System, a systematic rethinking of the assembly line and manufacturing management practices. From its origins in auto manufacturing, the Lean process improvement methodology has spread across multiple industries, including government.

Prior clients and results

Partner	Results
Recreation and Parks Structural Maintenance Yard	Complete blueprint reviews completed – increased from 47% to 78%.
	Reorganized yard space and identified 24 tons of broken, aged, and obsolete material.
Controller Administration	Time to prepare for civil service accounting exams reduced by 50%.
	Annual soft cost of conducting RFP panel evaluations reduced by 40%
MTA MUNI Customer Service	Standardized staff process for handling complaints; created templates for common customer responses.

Updated results available on our website.

What is a Lean partnership?

The City Performance Lean Team aims to build an organization's capacity to continuously improve and develop a problem-solving culture by training and coaching staff at all levels to innovate, implement, and manage change. Partner departments set a concrete improvement goal and measure their performance in achieving better results for their customers.

A Lean partnership is

- Time-limited
- Goal-oriented
- Focused on removing obstacles within the client's control to improve service delivery
- Focused on the partner's core business functions
- A professional development opportunity for client's staff
- An opportunity to transform your division or department into a Lean organization

A Lean partnership will not

- Require significant financial resources from the client. However, a significant investment of staff time and energy is required.
- Produce recommendations from City Performance. City Performance facilitates a process by which staff initiate improvements to their own work.
- Seek to reduce staffing to gain efficiency. Staff responsibilities or tasks may change, but efficiency gains should result in more meaningful work for staff and a higher level of service to customers.

PARTNERSHIP GOALS

- Measurable improvement on at least one key performance indicator (KPI)
- A culture of continuous improvement that thrives after the partnership is complete
- Staff view process improvement as an integral part of their job and regularly innovate
- Staff at all levels of the organization take steps to improve their daily work
- Staff leaders developed and identified at multiple levels of the organization

PARTNERSHIP BENEFITS

- Increased service capacity, work quality, and timeliness
- Decreases in backlogged work and frustrations for staff, improved morale.
- Better government services for customers
- Staff who are encouraged in their professional development and become change agents for the organization

Criteria for a good partnership

Adequate time investment

As a major strategic investment, a lean partnership requires a large commitment of staff time:

- All staff will need to devote time away from their daily work for training or small improvements.
- The work unit will be asked to commit to a regular stand-up meeting for all staff (huddle), typically for 10 minutes a day.
- Cross-divisional teams of 6-8 staff may be asked to participate in workshop series that include multi-hour meetings over a period of weeks.
- A few key staff should plan to spend 20% of their time (8 hours/week) on improvement work during the partnership.
- Sponsors and key managers must attend weekly or bi-weekly check-ins with City Performance
- Sponsors and key managers proactively engage with key staff leads in their unit to troubleshoot issues, discuss ideas, and remove barriers as needed

Capacity to measure performance

City Performance will not take on a partnership that does not include a measurable improvement goal. Signs of the organization's commitment and capacity to measure performance include:

- A clearly defined, measurable problem that is within the department's control
- Executive agreement on 1-4 key performance indicators (KPIs)
- Willingness to set a concrete future target for improved performance for customers and staff in the form of a Big Hairy Audacious Goal (BHAG)
- Available data and staff expertise to measure and report on KPIs, or a concrete plan to develop this capacity in the short-term

Enthusiastic sponsorship

Partnerships require a committed executive sponsor who:

- Considers major changes to the business process and pushes for them despite resistance
- Empowers front-line managers and supervisors to propose ideas and make change
- Gives staff the resources they need to make change (political cover, time, connections, budget)
- Is transparent about problems and willing to share lessons learned with leaders Citywide
- Makes herself available to City Performance and department staff as needed

Readiness for change

While City Performance can move the needle on organizational culture, change is easiest when:

- Organizations are stable, with bought-in existing leadership or new leaders ready to make a change
- Trust exists between line staff and management, in both directions
- Communication and collaboration are expected and rewarded between teams (i.e., not siloed)

What happens in a partnership?

A Lean partnership may last eight to twelve months from initial scoping to the end of the transition, with a level of effort between 750 and 1,250 hours from City Performance, depending on scope.

Throughout the partnership, the City Performance team will work with executives and managers to build continuous improvement into the culture and day-to-day functions of the work unit. Building blocks of a Lean cultural transformation include:

- **Setting the expectation that improvement efforts are not a one-time effort but an integral part of daily work**. This could include adding a standing agenda item at staff meetings to report on internal improvement efforts or implementing daily stand-up meetings with front line staff.
- **Supporting innovative staff and encouraging their professional development.** Celebrate staff who make improvements to their daily work, especially among the front line. Encourage staff who have exemplified Lean leadership to explore professional development opportunities. Coach front line staff to become problem solvers.
- **Focusing on results.** Establish practices to continuously review KPIs, both with leadership and with front line staff. When KPIs and other performance measures improve, celebrate and keep going! When they don't, keep asking why until you identify the root causes. Introduce visuals that highlight when the process is snagged and help front-line staff know how the unit is performing.

While the framework below holds for all partnerships, not all the pieces below may happen in every partnership, and phases may overlap.

1. SCOPING AND ASSESSMENT

City Performance sets aside 100 hours for initial scoping of lean partnership work. During this scoping period, the City Performance project manager works with executive stakeholders at the client department to identify the problem to be solved and key performance indicators to guide improvement. A City Performance analyst observes the department's process and builds relationship with staff.

Staffing: 1 Project Manager (PM), 1 analyst

Timeline: 2-3 months, 100 hours

Deliverables: Readiness assessment, Project charter

This phase is a chance for both City Performance and the client department to determine whether a Lean engagement is currently a good fit for the business unit. At the end of this phase, City Performance will assess the department's readiness for lean transformation. If City Performance and the partner agency agree to move forward, a project charter lays out activities through the current state phase.

Key questions to ask during initial scoping include:

- What are the strategic goals of the organization? How is progress measured against those goals?
- What business unit would City Performance work with?
- What are key problems that the business unit faces?
- What level of engagement or support is the client department looking for?

- Is the organization's capacity for change sufficient to be successful at lean transformation?

Gemba and relationship building

The City Performance analyst will spend significant time on the ground in these first few weeks to determine where Lean coaching and facilitation can provide the best support. They will walk through the department's key business processes from start to finish in the location where the work occurs (Gemba), with an emphasis on how customers experience the process. Gemba walks may include gathering basic data about the process, such as time observations or counts of common errors, as well as the creation of a simple process map.

The Recreation and Parks Structural Maintenance team conducts a Gemba walk of their work order process. Viewing the screens staff use to review work order requests gave line staff a clearer understanding of the work order submission process.

Build relationships

City Performance analysts will schedule coffee meetings, attend team meetings, and otherwise get to know staff throughout the business unit. They will interview a cross-section of staff, including executives and key stakeholders, but also middle managers and line staff. Analysts will gather information about common problems and organizational culture, identify potential leaders for future efforts, and build trust with staff.

Metric definition

The project manager and client sponsors will identify key performance indicators (KPIs) that are central to the customer-facing mission of the business unit. If the client does not already have defined metrics, or KPIs (Key Performance Indicators), the City Performance analyst may work with client staff to identify, obtain, and clean data and obtain agreement from sponsors. City Performance will assess the capacity of the client to monitor performance internally. If substantial capacity building is needed before performance can be monitored, it may not be the right time for a partnership. However, the analyst will also work to find creative low-effort ways of measuring performance.

With a metric identified, the sponsors will set a Big, Hairy, Audacious Goal for improvement (BHAG). This is an aspirational, easy to communicate goal that will serve as a north star for improvement. For example: "We will reduce our time-to-hire from 10 months to 5 months by August 2020."

Readiness assessment

City Performance will conduct a structured readiness assessment to gauge whether sufficient foundational elements are in place in the business unit for a Lean effort to succeed (see "Criteria for a Good Partnership" above). For executive leadership, City Performance will highlight areas of strength and possible emerging leaders, areas where growth is needed, and any issues of concern to be addressed before proceeding with improvement work. Simultaneously, the client department is developing familiarity with Lean and determining whether they can accommodate the culture change inherent in Lean transformation.

Develop partnership charter

If City Performance and client sponsors agree that the time is right for a partnership, City Performance will develop a partnership charter that outlines partnership goals, tasks, and commitments from both sides. The charter will clearly identify:

- Executive sponsor(s) and key stakeholders
- 2-4 key performance indicators (KPIs) and targets
- Key process to improve
- Initial problem statement
- Planned activities through current state phase, including timeline

2. CREATING THE CONTEXT FOR CHANGE

Staffing: 1 PM, 2 analysts

Timeline: 2 months, 150 - 200 hours

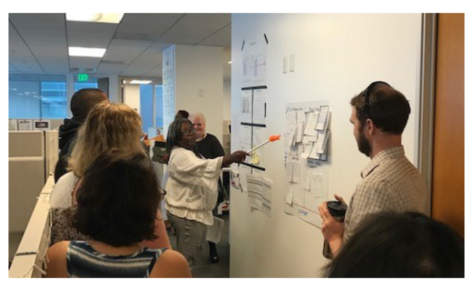
Deliverables: Daily huddle, Reporting on metrics

With clarity on partnership goals, City Performance will start to develop the organization's capacity for change through training, daily improvement huddles, and performance measurement.

Kickoff and Why Change is Needed

At the kickoff, we will assist sponsors and lead client staff to introduce the project to all the staff in the relevant business unit(s). At this time, we introduce the goals of the partnership, including the Big, Hairy, Audacious Goals (BHAG). We also set expectations for staff about their participation, encourage them to innovate, and ask that everyone implement at least one simple innovation over the duration of the partnership.

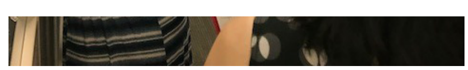
During the Why Change is Needed session, we explore the human impact of the current problem with staff. What pain do our customers feel from losing food stamps? What is the practical impact on staff of high complaint volumes? Using tools like empathy mapping, we help staff identify with their customers and remember what brings them into work in the morning.



The Health Services System team engages in their team huddle daily.

Huddles

A huddle is a short (10 minute) daily standing meeting that includes all the members of the business unit. Standing at a huddle board that provides visual management of in-progress work and performance measures, the team reviews in-progress innovations, discusses and prioritizes new ideas, reviews the unit's performance against measurable daily goals, and celebrates improvement victories.



Putting a huddle in place at the start of the partnership serves several purposes:

- Empower staff to Identify and rapidly implement small changes ("Just Do Its" or JDIs)
- Uses the impact-effort matrix to prioritize ideas
- Builds a habit among staff of coming up with new ideas, shows that those ideas are taken seriously and valued
- Gives leadership opportunities to staff
- Connects front-line staff to the unit's performance on strategic goals in real time
- Creates a collaborative team problem-solving culture

We launch huddles at the start of the partnership so that they can become a container for all the improvement work to follow. Ideally, the huddle identifies many small ideas from line staff that begin to "snowball" when implemented, demonstrating to staff that their ideas matter and freeing up time for larger-scale improvements to follow.

Sponsor check-ins

City Performance will establish a regular (typically bi-weekly) status report with the sponsor to report back on the progress of staff innovations, trainings, workshop planning and execution, and transition planning. The client sponsor will help remove roadblocks impeding progress and troubleshoot issues that arise.

Metric development

City Performance will work with client department staff to develop simple visual reporting tools for identified KPIs to show progress toward goals to leadership and line staff. Our staff may help with creating spreadsheets, dashboards, or manual charting for these measures but will aim to set up client staff for long-term ownership of the data collection, analysis, and reporting.

Additional data work may be needed to support root cause analysis (e.g., to segment the data into relevant subgroups).

Executive training

Client department sponsors and key middle managers should plan to take our Lean for Executives training, if they haven't already, to clarify the role of the sponsor and distinguish leadership in a lean organization from other forms of leadership.

3. UNDERSTANDING CURRENT STATE

Staffing: 1 PM, 2 analysts

Timeline: 2 months, 150 - 200 hours

Deliverables: All staff trained, map of process, improvement plan

The current state phase of the work focuses on developing client staff to have a deep understanding of the state of the process right now. What does the end-to-end process look like? How does it feel to our customers? What are our most common errors, and why are they happening? We will identify major pain points for future improvement and coach staff to identify root causes of problems, not only symptoms. We will also begin to build staff capacity through training.

Lean 101 training

City Performance will train all client staff at the Lean 101 (half-day) level to build familiarity with Lean principles and tools. **All trained staff will be expected to make at least one small improvement to their daily work.** Staff will be encouraged to apply the lean tools for diagnosing root causes of problems in their daily work, as well as use lean improvement tools such as standard work to come up with simple improvements, which may be implemented via the huddle board.

Lean 101 trainings introduce staff to the key concepts that form the foundation of Lean Thinking.

Additional training as needed

If earlier phases have revealed a gap in staff's skills needed to collect and monitor KPIs or to do their daily work most effectively, City Performance will connect key partner staff to Data Academy trainings to bolster skills in Excel, PowerBI, Tableau, or other relevant skills. As needed, City Performance may deliver standalone training modules to key groups of staff in relevant improvement topics, such as:

- Error proofing and quality
- Behavioral insights
- Flow and pull
- Personal productivity
- 5S (space and materials planning)

Voice of the Customer

In a Voice of the Customer session, we invite a small group of customers (for example, recent job candidates or health members who called customer service) to share their experience and input with the improvement team directly. Voice of the Customer is another form of Gemba, finding out what's happening by going and seeing directly, rather than relying on anecdote or a survey response.

When teams try to improve a process without keeping in mind the customer they are ultimately trying to serve, they can sometimes design solutions that minimize staff effort rather than improve the real performance of the process. We aim to help staff empathize with customers by interacting with them directly, asking them questions, and hearing their stories. These Voice of the Customer sessions cut through staff assumptions about the customer experience, reduce the tendency to blame the customer, and illuminate issues that would never have been found otherwise.

Process Mapping

The City Performance analyst may facilitate a process mapping session with a cross-section of staff from the business unit. Mapping a business process from the time a customer requests a service or product until the time that service or product is delivered allows for a team to begin to develop a shared understanding of their end-to-end process across silos and identify major sources of frustration or delay.

Public Utilities Commission staff created a map of their hiring process to illuminate bottlenecks and backlogs in their process.

During process mapping, we include staff from other divisions or departments who have a role in the process, as well as customers. Much of the value of these sessions is simply in getting people to speak to one another about their work. Sometimes simple solutions arise just by having visibility into someone else's process.

Areas of needed improvement identified in process mapping may be the focus of separate workshops or A3 projects during the partnership.

Root Cause Analysis

With problems identified, we encourage client department staff to investigate further to understand the root causes of problems rather than just the symptoms. *Why* do hiring managers always fill out that form wrong? We know the process has errors, but *what kind* of errors? *Why* are they occurring?

Root cause analysis takes many forms depending on the nature of the problem but can include:

- Facilitated sessions that use tools such as fishbone diagrams, five whys, or spaghetti diagrams.
- Additional data gathering, especially to segment the data into the top problem categories via a Pareto diagram or a tally sheet
- Talking to additional stakeholders or subject matter experts

Having a client-side team lead who can own the collection and synthesis of root cause findings is important.

4. CREATING FUTURE STATE

Staffing: 1 PM, 2 analysts

Timeline: 3-4 months, 250 - 500 hours

Deliverables: Completed A3s and JDIs, future state process

City Performance will support client staff to work independently on small improvements and will actively facilitate one to three larger improvement efforts.

Improvement plan

At the end of the Current State phase, the partnership will have yielded several major root cause problems or improvement areas for further work. City Performance will work with sponsors to prioritize these problems and solve for them using the tools below. An improvement plan will delineate next steps from the Charter.

Lean Leaders training

City Performance will train several key staff at the Lean Leader (3-day) level, with the goal of equipping those leaders to sustain improvement work after the end of the partnership. Lean Leaders may be from any level of the organizational hierarchy. Lean Leader trainees from the client department may be given responsibility over an identified problem area, further diagnosing and solving for the problem via an A3. Problems that are moderate in complexity and scope make good candidates for Lean Leaders A3 projects.

Future state mapping

City Performance may work with stakeholders to redesign the existing process from the ground up. Future state mapping sessions aim to streamline and shorten the process by:

- Focusing on value-added steps
- Removing unneeded steps, consolidating steps, or reordering steps to be done in parallel
- Minimizing handoffs, removing wait time between steps, and creating flow
- Identifying implementation steps required to achieve a planned future state

Rapid Improvement Events or Workshop Series

A rapid improvement event (RIE) is a structured, facilitated workshop that employs Lean tools to guide a team to make improvements to their work. In an RIE, a Lean facilitator leads an improvement team through an entire Lean (A3) thinking process to get a big-picture view of a process, identify major pain points, investigate the root causes of key problems, brainstorm solutions, run experiments, and develop an action plan to sustain change. The facilitator, in collaboration with the project and/or executive sponsor, designs and leads each meeting, but the analysis and solutions are driven by the team.

RIEs are sometimes run as standalone multi-day events, but we more often run them as a series of improvement workshops over a period of weeks. The structure of these events is highly dependent on the nature of the problem but generally includes:

- A team that represents stakeholders from all relevant process steps and all organizational levels
- Lead ownership from a member of the client department
- Development of prototype solutions during the event
- Drafting an action plan for steps to implement after the event
- Follow-up meetings with sponsors at regular intervals after the event (typically 30, 60, and 90 days) to monitor improvement on metrics and progress in implementing the action plan

Implementation support

Other improvement efforts will yield action plans with next steps to get to a future state. Though we want client staff to own improvements as much as possible, City Performance can provide support to increase the capacity of the organization to get implementation done rapidly. Examples of implementation support we might provide include

- Organizing a 5S project to clean and organize the work space and manage physical materials
- Facilitating a group to redesign customer communication like forms, letters, or emails via behavioral insights
- Developing dashboards or other reporting
- Coaching line staff to project manage improvement efforts
- Creating new visual management tools

5. TRANSITION

Staffing: 1 PM, 1 analyst

Timeline: 1 month, 50 -100 hours

In a successful partnership, process improvement does not stop when City Performance leaves. During the last month of the partnership, City Performance will seek to ensure that the client department is well equipped to continue the work of continuous improvement on their own.

Transition plan

City Performance and the client should discuss transition activities from the start of the partnership to ensure that sufficient capacity is built during the implementation phase. Elements of a successful transition include

- Developing a plan for the continued professional development of emerging leaders from client department, including participation in Lean Leaders training.
- Identification and initial scoping of future internal improvements.
- Providing City Performance's Lean Toolbox as a resource to the organization
- Providing consultation to client staff to continue to monitor KPIs internally
- Planning to sustain daily huddles in the long-term

6. POST-PARTNERSHIP

Staffing: 1 PM, 1 analyst

Timeline: 6 months, 25-50 hours

After a successful partnership, City Performance and the client department develop and review lessons learned from the engagement together. City Performance analysts may continue to attend a few key meetings, such as follow-up check-ins from RIEs or A3 projects. The partner department can support its continued improvement efforts and its staff's professional development through:

- **Lean Leaders network engagement**: Key leaders attend quarterly Lean Leaders Network meetings both to improve their own knowledge and skills, and to share about the results of improvement work in their department.
- **Continued involvement with trainings**: Additional client department staff may be trained as future Lean Leaders, and new staff may attend Lean 101 through Data Academy.
- **Hosting Gemba walks:** Client department hosts groups of Lean Leaders trainees 1-2 times/year as they practice Gemba walks and process analysis skills.
- **Assistance with trainings:** Key leaders from client department may be a guest leader or speaker at a Lean 101, Lean Leaders, or Lean for Executives training.