

Gwinnett County's

A large green maze with a yellow path leading through it. Three people are shown: one on a mobile phone, one with a chainsaw, and one with a power tool.

Department of Financial Services
EMBRACES LEAN

BY RICHARD REAGAN

Gwinnett County, Georgia, began its continuous improvement journey at the county-wide level in 2007, and over the past two years the county has concentrated on deploying Lean within the Department of Financial Services. Lean is often used in operational departments to great benefit, but the county was also interested in improving the services provided by support departments, which also have a significant impact on the quality of services all the county departments provide. (For more information about Lean, see “The 8 Sources of Waste: Eliminating Them with Lean Management Techniques” in this issue of *Government Finance Review*.)

All underlying administrative processes must be continually improved to deliver and sustain superior service to the county’s internal customers, and ultimately the county’s most important customers — its citizens. Gwinnett County has established a reputation of delivering positive outcomes, and it is committed to having the most effective and efficient processes to support its employees.

THE FUNDAMENTALS

The Department of Financial Services’ continuous improvement program has four pillars: educate, standardize, measure, and act.

Educate. Educate personnel to equip them with the technical skills and continuous improvement knowledge they need to enhance their work product and the county’s services. Some organizations invest in the technical training, but overlook valuable continuous improvement training. Gwinnett County believes that continuous improvement training is a key ingredient in personnel development.

Standardize. Solid policies and procedures standardize the work process, and standardization is critical to continuous improvement. An organization that doesn’t sufficiently document its policies and procedures relies on institutional knowledge as a means of accomplishing tasks. Instructions are passed from one generation to the next by something akin to folklore, and when one generation retires, the hope is that the knowledge has been transferred to the next genera-

tion in a comprehensive and accurate manner. Like whispering a statement from person to person in a circle, the original content can unfortunately become distorted by the time it reaches the last person. The Department of Financial Services does not rely on this approach, and instead works aggressively to strengthen its policies and procedures through a development strategy that conforms to the International Standards Organization (ISO) best practices and GFOA guidance.

Measure. Measure performance to improve outcomes, transparency, and accountability. “You can’t improve what you don’t measure” is an old adage, but it is unconditionally true. The finance department focuses on measuring outcomes to make sure it is supporting its vision and strategy. Every service outcome has a supporting process beneath it, so understanding how much we are improving over time is critical. Four years ago, the county began to deploy

the balanced scorecard performance measurement system, and this program became the standard performance reporting mechanism for all departments reporting to the county administrator. Financial Services developed a balanced scorecard for the department, each division within the department, and all department leaders.

Act. Financial Services deploys Lean in every part of its business and is relentless about pursuing perfection. Simply

completing a project is not enough, as mere completion does not ensure that the department is enhancing the way it gets things accomplished. The need to simply get the job done doesn’t distract us from pursuing the objective of improving the ways in which we get our jobs accomplished.

THE COUNTY’S PROGRAM

After considerable research and development, Gwinnett County deployed its own Lean program four years ago. The county engaged local universities and other consultants for guidance but decided to develop a program in-house, so it is both owned by staff and sensitive to the county’s unique organizational culture. The program was developed within six weeks, and a deployment strategy was complete within three months. The county continues to improve its Lean

The Lean philosophy is based on three simple tenets:

- Be humble enough to see the need to improve.
- Be courageous enough to improve.
- Be disciplined enough to never stop improving.

program with every class and project — what good would a continuous improvement program be if it was not improving as a program?

The county hosts at least two Lean classes a year. Class size is limited to ensure that the organization will be able to handle the demand the program puts on it. The class covers the Lean body of knowledge and includes quizzes, extensive hands-on exercises, team competition, and a heavy dose of Kaizen (improvement) team leadership skills. To date, 21 Department of Financial Services employees have received Lean training, and the goal is to train everyone in the department. After three and a half days of Lean training, class members are required to pass an exam covering the class material, after which they identify a potential Lean project in their respective work areas. Every project requires a project charter, which is completed by the trainee and then carefully critiqued by the county’s Lean experts to ensure that it represents a valid Lean initiative.

The charter provides a brief synopsis of the process that will be addressed in what is called a “Kaizen event,” and the scope, goals, and objectives of the event. (Kaizen, which was first implemented in Japanese businesses after World

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War II, refers to practices that focus on continuous improvement of business processes.) Behind the scenes, the trainee, now the “Kaizen leader,” has been busy sharing the idea with others and recruiting team members to participate in the event. Team members are identified in the document, as well as an executive sponsor. Team members

are typically individuals who are directly involved in the process on an everyday basis, as a contributor or a customer. This relationship to the process is imperative to the success of the Kaizen event. Projects also need to have an executive sponsor, who must have a stake in the success of the event beyond being a name on the charter. The executive sponsor should be a leader in the organization and a champion of the process that is being examined and transformed as the focus of the Lean project.

Each Kaizen event begins with a kick-off meeting with the team, executive sponsor, and a staff member who has extensive Lean experience to observe and coach. Kaizen events typically run from two and a half to five days. The Kaizen team is given a brief, concise overview of Lean concepts before launching into value stream mapping. Value stream mapping involves making a flow chart of the process that is being improved, and then establishing an “ideal state” flow chart that maximizes efficiency and minimizes waste. Once the team has reached a consensus on the wasteful steps that can be eliminated from a process, it is time to implement the process enhancements. If the Kaizen event and implementation phase are successful, the project is summarized to the internal audit department for review and certification.

As we redesign our processes, we constantly assess how the changes are affecting the internal control environment. At the same time, we are in favor of accelerated — but vigilant — implementation.

In building its Lean program, the county has developed some key takeaways:

- **No Process Is Untouchable.** Lean trainees are encouraged to survey the landscape of processes without limitation. All processes were originally designed with efficiency in mind, but subject to the organizational structure and capacity, capability to automate systems, governing poli-

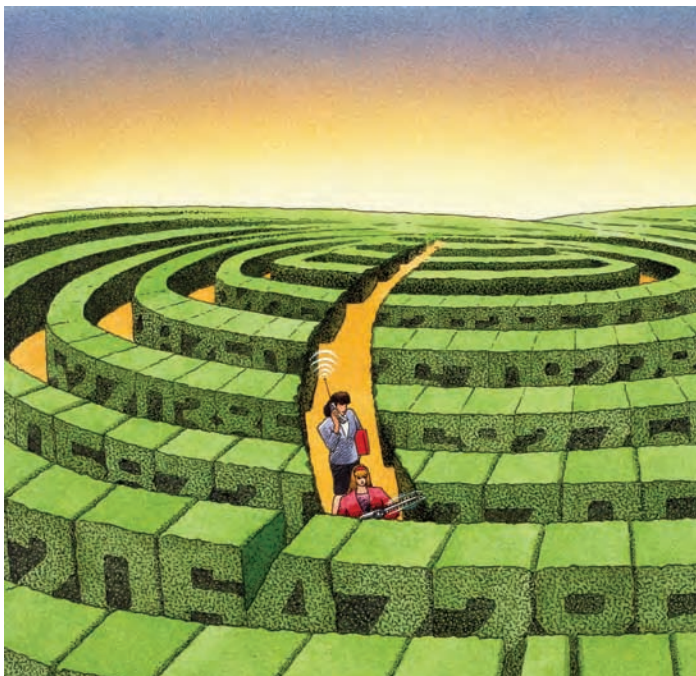
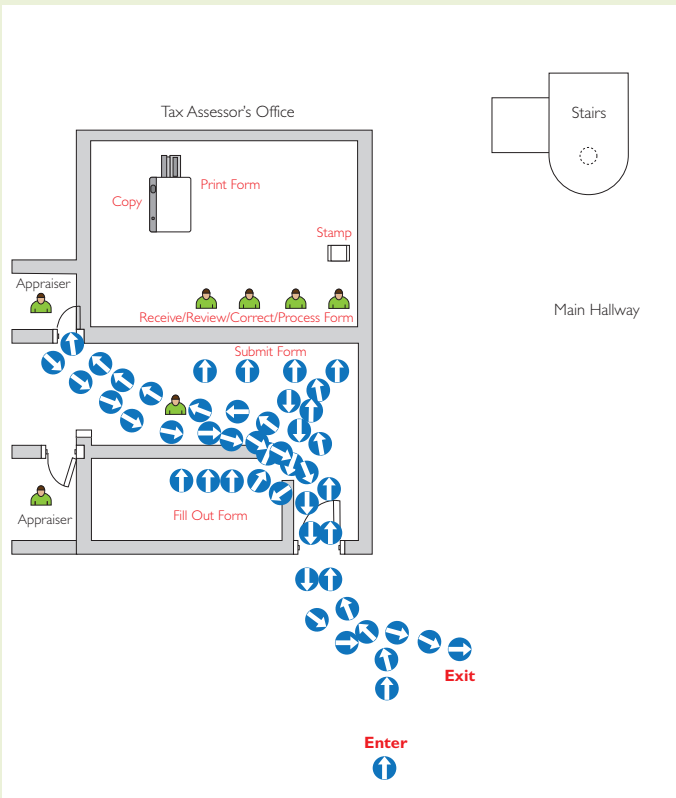
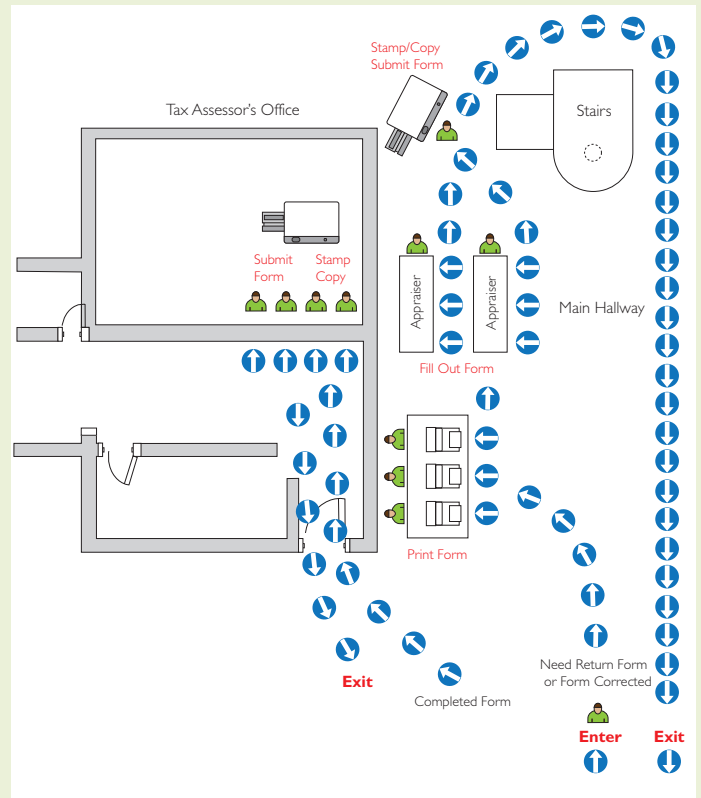


Exhibit I: Creating a Continuous Flow of Activity

Before



After



Waste Identified

- Wait time per taxpayer=average 37 minutes (estimated)
- Built-in backlog/error
- Taxpayer confusion concerning process
- Form error at service window
- Service agent away from window
- Walk time to print/stamp/copy forms



cies and procedures, and customer expectations at the time it was developed. Processes evolve over the years, but often do not keep pace with the changing environment. Hence, all processes, from the simple to the complex, are candidates for continuous improvement.

- **Pay Attention to Pace.** Moving too fast can create an unmanageable demand on the organization. Synchronizing the pace of program deployment with the organizational capacity is vital to the program's success — the county knows this from experience. Kaizen events take time away from staff members' daily tasks. In the long run, a newly designed process that incorporates Lean principles will

deliver exponential benefit, but organizations have limited resources. Approach your program with a realistic understanding of the demand it will have on your employees. The county advocates building the Lean enterprise slowly to make sure the organization doesn't choke on continuous improvement. The key to this challenge is making Lean instinctive — then, projects arise spontaneously and are addressed by all work teams as a natural reaction to any operational challenge.

- **Lean Fits Any Business Model.** From the practitioner's perspective, Lean can be applied everywhere — there are no exceptions because there is room for improvement in



any process. Business models basically depict how business activities flow and how a business creates value. The business model is a reflection of the organizational strategy. Every business needs to create flow and eliminate waste in order to deliver services or products that support the organizational strategy.

- **Lean Cannot Fix Every Problem.** Lean, like any continuous improvement strategy, has limitations. Every continuous improvement methodology has its value if applied to the right problem. Understanding which method to apply and where and when to apply it is crucial to building confidence in your continuous improvement program.
- **There Is No Perfect Way — Just Get Started.** Understand the academic requirements of the Lean methodology, but also understand that your program has to fit your organization. Aligning the program with the organization does not exempt you from following best program practices; it just means that you are sensitive to when, where, and how you undertake Lean. When you start out, gauge your organization’s tolerance for continuous improvement. As the Lean program sponsor, you don’t push Lean — you let the organization, as a customer, pull it.

IMPROVEMENT INITIATIVES

Tax Returns. In 2009, the Department of Financial Services’ first project addressed the tax return process within the tax assessor’s division. The tax asses-

sor expected to receive at least 20,000 returns in 2010, a 39 percent increase from the previous year. It was also assumed that citizens would face long lines and waiting periods because about 80 percent of tax returns are usually delivered in-person over the last two weeks of the 90-day filing period. At the same time, personnel had been reduced more than 30 percent over the previous 18 months. Between the two situations, the process needed to be addressed immediately. The issue was compounded by errors and omissions on required forms, as well as confusion about the process in general.

After a three-day Kaizen event and seven-day implementation period, the average taxpayer’s processing time was cut in half. Staff motion (known as “motion waste” in Lean terms) was reduced by an estimated 67 percent. The processing of defective return forms was almost completely eliminated. Even more impressive, the department achieved these results in a year when the amount of returns received increased by 107 percent.

The department was able to eliminate bottlenecks in the process and significantly reduce the overall processing time by simply creating a continuous flow of sequential customer service activity (see Exhibit 1). This Lean solution included multiple actions, including:

- Dedicating a staff of eight for four days during the return period to handle peak traffic flows.
- Better educating citizens about the process.
- Improving reporting.
- Standardizing processing steps.
- Reducing return handling and handoffs.
- Improving internal coordination.
- Minimizing batch processing.
- Using jidoka (error proofing techniques) to eliminate the production and passing of errors to the next department.

Educate personnel to equip them with the technical skills and continuous improvement knowledge they need to enhance their work product and the organization’s services.

- Aligning staff positions and responsibilities to maximize the value provided by the department’s limited resources.
- Creating a sequential step-through process with the appropriate personnel and equipment strategically positioned to create uninterrupted flow.

Citizen feedback was overwhelmingly favorable, including specific comments that processing returns was now much

easier than it had been in previous years. The cost of the project was \$295.

This Kaizen event led to two additional successful projects in the Tax Assessor's Office. As a result, the office developed an interactive online form that automatically fills in much of the information for citizens.

Residential Appeals. The second Kaizen event in the Tax Assessor's division addressed the residential appeals process, from the time the residential appraisal staff receives an appeal until all appeals are reviewed and forwarded to the Board of Assessors.

Before the 2011 appeal process began, the finance department knew it would have to redesign its back office process to meet the calendar deadline for processing residential appeals — close examination showed that the production rate would have to increase by 126 percent. The department achieved astounding results: Appeals were reviewed at a rate of 209 per day, dramatically more than the originally targeted improvement of 147 per day. That's 42 percent over the target, and 220 percent over the original production rate from 65 appeals per day. The department received 26,302 appeals, and all of them were processed 70 days ahead of the deadline. The previous process required 14 steps, and the new process only required 6 steps. The cost of the project was less than \$100.

Fleet Management. A recent Lean trainee identified an opportunity to address the invoicing process for Fleet Management. Current-state value-stream mapping revealed that the process required more than 35 steps and physical handling of the invoice as many as seven times before the vendor was paid. After a two and a half-day Kaizen event, the process was reduced to 16 steps. Valuable improvements are being realized, including strengthened internal controls, increased opportunity for incentives related to faster payments, and significantly less manual intervention. In the redesigned process, manual hand-offs were reduced by 50 percent, invoice handling was reduced by 70 percent, duplicate vendor invoices were virtually eliminated, and coordination and communication among divisions and departments was enhanced.

The finance department's portfolio of projects spans the spectrum of processes. Some involve other departments,

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and some are completely managed within Financial Services. Lean concepts have been used to address processes including:

- Production and distribution of W-2 forms.
- Vendor master maintenance.
- Sole source approval.
- Internal coordination of auditing response.
- Budget reconciliation.
- Performance monitoring of grant sub-recipients.
- Leveling of administrative support task loads.
- Annual leave applications.
- Voiding and reissuing of unclaimed property (escheat) checks.

The Lean Practitioner

Successful Lean practitioners know there is no end to the continuous improvement journey, and are invigorated by the idea that we can never reach our destination. An effective Lean practitioner is:

- A skeptic who is unwilling to accept either the status quo or the newly defined process that materializes from the from a Kaizen event — once in place, it becomes another target for improvement.
- An optimist who sees opportunity everywhere.
- A critical thinker who relies on substantiating data and information, and never assumes anything.
- An analyst who is able to dissect a process down to its core elements.
- A modest leader who is never overly impressed with success and is not deterred by failure — things can always be done better, and usually are, by someone else.
- A team player who doesn't rely on himself or herself.
- A servant who is willing to share knowledge for the most important reason — selfless servitude.

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- Coordinating and producing the comprehensive annual financial report.
- OPEB reconciliation.
- Payroll document retention.

As of October 2011, an additional eight project charters were being drafted by Lean trainees in the Financial Services department, to be initiated as Kaizen events within 180 days.

CONCLUSIONS

Early wins create interest and momentum for a new process, but in the mature stage, Lean becomes a way of life for the organization. The program will propel itself at this point, with dedicated practitioners who continuously seek Lean opportunities.

Lean practitioners need to be developed as well, and this is best accomplished through project involvement, benchmarking, and additional professional training. While Lean practitioners can spend a lifetime exploring Lean concepts, it's a good idea to get your Lean program launched immediately after you have provided your staff with the core body of knowledge basic training. If done appropriately, Lean programs can produce substantial return on investment in the first year of involvement.

Using Lean experts across departments helps Lean take hold. When Lean experts are exposed to other areas within the organization, the Lean team becomes more confident in the process. Lean experts don't have to be specialists from the area where the Kaizen event is being conducted. In fact, a new perspective is helpful because it requires the team to educate the Kaizen leader at the most basic level, ensuring that the most elementary question is asked and answered by the team: "Why?"

Every project has its own degree of success. The county is willing to accept marginal gains because Lean thrives on incremental improvement. These victories are no less important than the projects that yield dramatic returns on investment. This is the crux of the Lean experience. ■

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