When local governments bring Lean into their existing performance management frameworks and practices, they discover new synergies and challenges.

Performance Management and Lean: Frenemies?

By Michael Jacobson and Jim Chrisinger

The new normal is no longer new; it’s just reality. Governments simply have to generate more value to meet rising demands with the constrained resources that are available. Most jurisdictions have been using some form of performance management to help meet this challenge, with mixed results. Now, many organizations are exploring how Lean may be able to help us. Which begs the question: Are these two systems fundamentally complementary (friends), in conflict (enemies), or some combination of the two (frenemies)?

FRIENDS

Both Are Fundamentally about Better Results and Value. Lean’s imperative for action can inject energy into existing performance measurement initiatives because Lean makes measures both consequential and more immediate. The Plan-Do-Check-Act cycle, an underlying principle of both frameworks, requires regular measurement and data analysis.

Performance management starts by defining what outcomes we want to achieve, or asking “are we doing the right things?” Lean starts with defining the problems to solve, or asking “are we doing the right things well?” Performance management establishes the strategic direction, and Lean helps employees improve their processes to get there. You can also look at performance management as diagnostic tool to identify the key problem areas — but even after drilling down several layers, few performance management approaches fix the issue. At this point, Lean provides a remedy for processes that are slow or wasteful.

Performance management focuses on outcomes that we cannot always control, which can create frustration and lead to questions about accountability and attribution. Lean creates less of an accountability dilemma because it typically works on a department’s own processes, so the department can change them. Lean works on the problems of the government itself more than those of society in general. The corollary, however, is that Lean isn’t used strategically as often as performance management is.

Most of us have faced challenges in trying to get performance management working consistently on the front lines of the organization. This is because measurement is often seen as threatening. Lean is no magic bullet either, but the structure and discipline of Lean “daily management” is an effective form of front-line performance management. King County, Washington, has found that the employee empowerment that is inherent in Lean encourages daily management. In addition, the metrics required to inform daily management
are used first by the employees who are doing the work, so the process doesn’t seem like something that is used to report up the chain of command.

Lean’s commitment to listening to — and acting on — the ideas of front-line employees finally breathes life into the concept of employee empowerment, which might be the most abused buzz phrase of the last several decades in government. Performance management has typically been more of a tactic for management, and it has most often been imposed and managed from the top down. It’s not that performance management cannot empower employees, but that aspect isn’t as hard-wired into performance management as it is in Lean. It’s true that Lean does usually arrive as a leadership initiative, but that is followed by moments of true surprise when front-line employees actually drive the change. The transformative power of Lean culture is real.

A note: Performance management is not generally perceived as a direct threat to people’s jobs, but an initiative called “Lean” that seeks to eliminate “waste” naturally prompts suspicion. For that reason, and because people should not be asked to redesign themselves out of employment, many governments enter into agreements with their organized labor partners to ensure that participation in Lean will not result in the loss of employment, and unions do appreciate seeing their front-line members providing experience and ideas that result in improvements for both customers and employees.

ENEMIES

How Can Performance Management and Lean Create Challenges?
Employees can feel overloaded with improvement initiatives. They’re already trying to make change happen, and have been for some time, planning, creating performance measures, reporting on performance, improving public engagement, participating in Stat sessions, instituting dashboards, and so on. Now you want to add Lean? We have only so much time and energy for creating change, and neither performance management nor Lean will succeed without those resources. The same staff members who have performance management responsibilities are usually the ones who also have to find time for Lean, although King County is reaching out to new staff to add Lean skills.

Lean arrives in King County’s performance management environment with a vocabulary that is part the same, part
new, and half Japanese. Employees wonder, are they dealing with an output or a product? Program participants or customers? Is “going to Gemba” (a Japanese word used in Lean, meaning “the place where the work is done”) the same as a Stat session? None of the specific words are problematic in themselves, but both approaches require some standardization and education around core concepts and vocabulary. And the organization has to decide if employees will continue their performance management activities while adding a set of Lean activities.

While the fundamental goals of performance management and Lean are similar, their dynamics are different. Performance management’s focus on outcomes encourages a dynamic of building: What activities can we undertake that will best lead to these outcomes? Lean, in contrast, deconstructs: How can we eliminate as much waste as possible? Similarly, performance management tries to ask more fundamental questions about whether the organization should even be delivering a particular service, while Lean assumes the service can always be improved but doesn’t usually question the service itself. Are we asking people to hold two fundamentally different ways of looking at improvement in their heads at the same time?

King County is still trying to master performance management, and it is launching Lean. How do the county’s logic models compare to its Lean value streams? Do we look at the performance data of organizational units or those of multi-agency processes? Can we get the measurement expectations to align? Do we have the capacity to measure outputs and outcomes in addition to Lean’s measurements of quality, timeliness, and costs?

There is no one way to do performance management, which allows governments to readily tailor the approach to their leadership styles, circumstances, and cultures. There are also many “schools” to choose from: PerformanceStat, balanced scorecard, results-based accountability, managing for results, and more. King County has used both logic models and balanced scorecards without an issue.

Based on the Toyota Production System, Lean is much less open to customization — they don’t call it “standard work” for nothing. This “take it or leave it” quality turns some people off, and some King County employees have experienced Lean as a rejection of their prior process improvement work, even though it’s all based on the same principles. Employees also have to get past the “we don’t make cars” resistance. On the other hand, Lean’s discipline and proven effectiveness make it more reliable that performance management as a change methodology. There is a tremendous body of experience to guide the county’s adoption of Lean, though we are still very much working on adapting it to government.

CONCLUSIONS

Ultimately, King County sees performance management and Lean as fundamentally complementary approaches that can work well together. Both rely on data for learning and improvement; both require rigor in their application; and both depend on leadership — Fred Jarrett, Deputy County Executive

The Deputy County Executive’s Perspective

For governments to successfully negotiate the post-industrial, 21st century world, they must perform at world-class levels — world-class for all kinds of organizations, not just governments.

To do so, governments must understand both outcomes and outputs. Outcomes are the point: We create community organizations — governments — to work together to do things that individuals and markets cannot do. But achievement means measurement: Making a difference requires knowing what a difference is. And the difference is a change in outcome measures.

We make that difference by what we do and what we deliver: outputs, products, services. And we must manage how we transform the resources the public entrusts to us, creating products and services efficiently, continuously improving our performance, and learning if the things that we’re doing achieve the outcomes we seek. If we don’t know what we deliver, if we don’t deliver it consistently and effectively, we can’t learn how to make the difference we seek.

Outcomes and outputs are both important. Both must be measured, and we must use those measurements to learn and continuously improve.

— Fred Jarrett, Deputy County Executive
Performance management can take the lead strategically and build front-line measurement experience, and the metrics will in turn support Lean improvements. Lean can take the lead operationally, using measurement to improve processes, leading to improved service delivery and outcomes.

Even used together, performance management and Lean are not a panacea to all that ails public-sector management practices. The best logic model and Lean process may still be under-resourced or managed poorly. But together, these approaches provide insight about where the problems are and offer some tools for solving them.

Think about how you bring Lean to your organization. Don’t just layer it on top of everything else; integrate it with existing performance and other process improvement efforts and systems. There may be initial implementation challenges, given limited staff resources and know-how, but over time, performance management and Lean will serve each other and reinforce a culture of improvement and performance. King County is working to unite the two approaches into a single integrated system that yields benefits for the organization and more value for the public.

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