



ACHIEVING A MORE EFFICIENT PUBLIC SECTOR WITH LEAN MANAGEMENT PRINCIPLES

LEAN MANAGEMENT PRINCIPLES WERE PIONEERED IN THE PRIVATE SECTOR – BUT THEY HOLD EQUALLY TRANSFORMATIVE PROMISE FOR GOVERNMENTS. IN THE FACE OF EVER-CHANGING BUDGETS, MINISTRY STRUCTURES AND CONSTITUENT NEEDS, PUBLIC SECTOR ENTITIES OF ALL TYPES CAN CAPTURE THE BENEFITS OF LEAN THINKING TO IMPROVE CUSTOMER SERVICE, SAVE TIME, REDUCE WASTE AND MINIMIZE BACKLOGS.

Governments come in various sizes and shapes, from local to state and national, each with a unique combination of departments and responsibilities. *“Lean principles are highly adaptable and can be implemented to improve a diverse array of government processes, ranging from rulemaking to education and health care service delivery,”* says Seif Shieshakly, Co-Founder & Managing Partner at Four Principles. *“Public sector entities are continually asked to deliver more for less. Implementing Lean thinking can help governments achieve sustainable and profitable efficiencies by reducing waste and adding value for its citizens.”*

Here, we explore the ways in which Lean management can generate meaningful results for one model value stream: The processing of permits, an essential bureaucratic function managed by governments around the world.

IMPLEMENTING LEAN PRINCIPLES TO BRING EFFICIENCY TO PERMITTING PROCESSES

“At its core, every change that Lean brings about must satisfy one key criterion: It must benefit the customers – in this case, the citizens,” says Patrick Wiebusch, Co-Founder & Managing Partner. *“Based on this concept, Lean perceives value from the customer’s perspective and gears everything toward optimizing that value.”* When it comes to the permitting process, value stream mapping is a critical component of the Lean philosophy.

Value stream maps illustrate every step involved in the work needed to bring a service from order to delivery. For permits, this entails the steps from application to approval. The map diagrams the flow of information, services, materials and value from start to finish. Most importantly, it serves as the starting place to identify opportunities for improvement by employing Lean methods, such as reducing waste and utilizing right-sized tools.

TANGIBLE IMPROVEMENTS IN PERMIT PROCESSING

Let’s take a look at four government entities which applied Lean thinking to permit processes:

State of California, U.S. – Central Valley Regional Water Quality Control Board, pollutant discharge elimination system permits

In 2014, the state of California began offering a six-month Lean Six Sigma training program to employees of various state departments, designed to address process-based issues causing service delays. In the following years, program participants have completed dozens of Lean implementation projects, including the Central Valley Regional Water Quality Control Board.

This government entity set out to reduce the average time required to issue preliminary drafts for pollutant discharge elimination system permits, which regulate the discharge of certain pollutants into water. At the project's outset, the average permit completion time was 170 calendar days, with no permits completed in less than 45 days. As the drafting process was mapped and analyzed for value and efficiency, wastes were identified and eliminated.

Total steps in the process were decreased from 31 to 26, and review steps were cut from 11 to 5. Processes were standardized across offices and key steps were moved to earlier in the flow. With these adjustments, the department now completes 95% of permits within 45 days.[1]

City of Melbourne, Australia – Redesign of sporting and busking permit processes

The city of Melbourne embarked on its Lean journey in 2009. Within several years, all 30 branches of its government have successfully applied Lean within their value streams to create improved experiences for customers, staff, the organization and the community at large.

"The key purpose of the transformation at City of Melbourne is clear: supporting the organization in delivering more value-adding services in response to increased population and community demand within the existing staff base, wherever possible doing more with existing resources.", Denise Bennett, Lean Program Manager, City of Melbourne

The city focused on bettering high-volume services and processes, which includes permit processing. Approximately 52,000 permits are processed each year by the city, making it one of the ten most common activities for the government.

Thanks to its Lean initiatives, the city reduced the waiting time for customers seeking busking permits from 10 days to zero – permit requests receive immediate action. The city also redesigned its process for granting sporting permits, whereby it reduced the waiting time from six weeks to two weeks.

State of Wisconsin, U.S. – Department of Natural Resources, wild game serving permits

In 2012, the state of Wisconsin launched a Lean initiative aimed at reducing workload, accelerating permitting timelines and improving efficiency within its Department of Natural Resources. One of the key projects was to improve the process for wild game serving permits, which regulate the serving of certain foods at specific locations, such as restaurants or hotels.

With the objectives of simplifying the process, making it more customer-friendly and reducing staff work time, the Lean project began with a thorough mapping of the current process. A close examination of the value stream revealed several steps that could be eliminated or streamlined. It also revealed circumstances under which permits weren't necessary by law – and could thus be removed from the queue – while pinpointing the key causes for delays.

Over the course of six months, the department achieved substantial success. Staff workload for each permit, measured in minutes, was cut in half. The approval process was simplified to involve only one agency instead of two. Lead time for permit processing was reduced from seven days to two days, and customer satisfaction improved from mixed or indifferent sentiment to positive sentiment.

State of Iowa, U.S. – Department of Natural Resources, air quality permits

Iowa's Lean journey began in 2003 within its Department of Natural Resources. The department set out to improve its process for reviewing and issuing air quality permits under the new source review program, which applies to newly built or modified factories, industrial boilers and power plants. These stationary sources of air pollution are required to obtain permits before construction can begin.

When the Lean initiative began, the department issued around 2,000 permits under the program each year, and it took an average of 62 days for a new permit to be approved. By implementing Lean principles, the department reduced the permit cycle time to just six days, without changing any regulatory or compliance requirements. The department also eliminated a backlog of 600 applications over the next six months.

A key component of the department's success was its close relationship with the private sector:

"The support of our private sector partnership has been tremendous," says Teresa Hay McMahon, performance results director for the Iowa Department of Management. "They have provided training and allowed us to send people to participate in events at their facilities. They've mentored us from day one."

Another important component has been the department's dedication to continuous improvement and sustained momentum. Program leaders commit to 30-, 60- and 90-day follow-up meetings to ensure plans are moving forward as scheduled and establish timelines for additional tasks.

After the success of the permit project in the Department of Natural Resources, the state undertook several other Lean initiatives. In fact, in 2006, the state's legislature approved funding to establish an Office of Lean Enterprise and hired a full-time Lean staffer in 2008.

Lean in the public sector: Potential implementation pitfalls and remedies

Successful implementation of Lean thinking in government entities requires careful attention to managing change in an effort to circumnavigate the natural tendency to return to the way things were in the past.

Common challenges and pitfalls to Lean implementation in government include:

- **Inadequate support from sponsors** – To be successful over the long run, Lean initiatives require commitment and support from key leaders. In many governments, Lean projects require approval from commissions and other administering bodies.

Strategies for managing this challenge include involving leadership early in the planning process and selecting a sponsor who is well positioned to advocate for the improvement efforts. It's equally important to secure buy-in from middle managers, who play an important role in inspiring culture change and championing project implementation.

- **Concern over job losses** – The city of Grand Rapids faced this particular issue in 2006 and 2007, when flat tax revenues and rising health care costs were driving ongoing budget shortfalls. Making matters worse, the state government was struggling with its own deficit and froze revenue-sharing agreements with municipalities like Grand Rapids. As a result, Grand Rapids had eliminated hundreds of government jobs in recent years.

When the city set out on an initiative to implement Lean thinking, it faced pushback from people who feared the goal was to identify more ways to reduce personnel. Eric DeLong, the city's deputy manager, mitigated the issue with proactive communication. He and his staff consistently talked about the program in speeches, wrote about it regularly in public materials and held ongoing discussions with employees about the importance of the initiative.

"I think we've overcome the misconception that it's about eliminating people. If you're an adventuresome organization, you have probably tried a lot of things because you're always working to get better. It's important to prove to the organization that [Lean] is how we intend to do business."

Eric DeLong, deputy city manager for Grand Rapids

As we have demonstrated here, Lean thinking can bring transformative results to government processes, however, improvements to permit processes should be considered only the beginning.

When your government is ready to embark on a transformational journey, Four Principles is here to deliver tangible Lean Management Expertise, not idle talk. We develop sustainable Lean Solutions across various industries throughout the world. We implement. We are passionate about what we do. We are Lean experts. Learn more at <https://fourprinciples.com>

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