

# Making the State Sector more efficient

In Sri Lanka, we have got used to a slack service from most government organizations. There are exceptions – for instance the passport office which has service standards for the provision of passports where they provide a normal and express service. The RMV is also efficient in issuing driving licences with its new clean offices offering the public the opportunity of receiving the driving licence within stipulated times. The reason why both institutions can offer a service standard is because they have transparent and measurable processes which are reliable and have used IT to automate. It is not by chance that the service offered adheres to service benchmarks. They have achieved operational efficiency by using Lean Six Sigma techniques.

Used properly, Lean and Six Sigma can help all public sector organizations maintain a cost effective and high standard of service. Lean Six Sigma is a discipline which considers business processes to be strategic assets of an organization that must be understood, managed, and improved to deliver value added products and services.

There are two ways to increase value: one, by reducing waste and thus reducing the cost of a product or service (ie providing units of electricity at a lower cost where this benefit is passed onto the consumer as well) and the other, by increasing value-adding activities by delivering a service faster or adding more features to it. The problem in Sri Lanka is that as of late, the public sector has been used as a job/salary bank to provide employment and votes for the government. This means that the ruling government and the staff themselves are the main beneficiaries and not the other stakeholders such as the customer or the public, who have to pay for it.

## Offer a benefit system

To make any organization efficient, we need to consider both the process and the staff. The staff have to be qualified for the job. We need to maximize output per job and we need to maximize this for each and every staff member. Given the level of overstaffing in most government departments, it is difficult to implement Lean Six Sigma in the Sri Lankan public sector but not impossible. It may require a paradigm shift in thinking at the top levels. Due to insufficient jobs in the private sector, the public sector has and is used as a job bank to provide income. However, the same can be done with a 'benefit system' which is practiced in Europe, which enables people who are not employed to receive benefits and to be free to develop new skills. In Sri Lanka, jobs in the public sector are virtually offered as a 'benefit.' But this leads to overstaffing which results in a detrimental effect on the level of service as excessive staff means more steps and approvals which slows down the whole process. This is further aggravated by absent staff who take *ad hoc* and high amounts of leave.

Hence a possible solution to the issues mentioned above is a 'Benefit System' which also can be offered to those who are currently in the government sector on a phased out basis. It will give them the time off to re-skill and lead to more small businesses in the private sector over time. The benefit system will target a different sector of people than those identified under the Samurdi Scheme. It will be open also to people in towns – and it will be based on non employment. Hence even if they have a certain level of wealth in terms of houses and vehicles, they would still be entitled to income benefits whilst searching employment and re-skilling.

## Service standards in the public sector

Lean Six Sigma has barely been used in the services sector in Sri Lanka because it is currently not known much as a management technique, unlike in manufacturing where it is well-known and delivers many benefits. In services, it is very hard to see a physical product and follow it through its key processing, from beginning to end and hence the management do not see it clearly or understand the issues. The service product is hidden within many interconnected departments – which is why it can take weeks to complete a simple service and leads to a waste of resources. Ideally each and every stage of a process should be clearly known and have its associated time lines and minimal defects. For instance, in the public sector banks, customers should know beforehand how long it takes to open an account or receive a credit card or loan, ie one, two days or one week for instance.

## Challenges in implementation

There are various challenges in implementing lean in the government, foremost perhaps, is the mindset of staff. Since an important aspect of a lean organization is its ability to improve itself constantly by bringing problems to the surface and resolving them, the public sector often finds itself in a weak position in this regard as there are gaps in skills and management and employees have an entrenched mind-set and are not looking for change or efficiency.

Defining value for customers in the public sector is also difficult to conceptualize. Costs, quality, and lead times are all important considerations in a lean system, but social value and the equitable provision of services are more difficult to measure. One way to do



Lean Six Sigma has barely been used in the services sector in Sri Lanka because it is currently not known much as a management technique, unlike in manufacturing where it is well-known and delivers many benefits. In services, it is very hard to see a physical product and follow it through its key processing, from beginning to end and hence the management do not see it clearly or understand the issues. The service product is hidden within many interconnected departments – which is why it can take weeks to complete a simple service and leads to a waste of resources

implement these tools. Successful Lean transformations must close the capability gap early in the process once commenced, so managers and staff can make the transition to a new way of working. Closing the gap typically involves hiring a few people with lean expertise and experience from outside the public sector to seed the transformation and build new internal capabilities. The drive for change must come from the top. Ideally staff should then also be trained in Business Process Management – a basic form of Lean Six Sigma for them to assist in the transformation process.

## Lean Six Sigma success in governments overseas

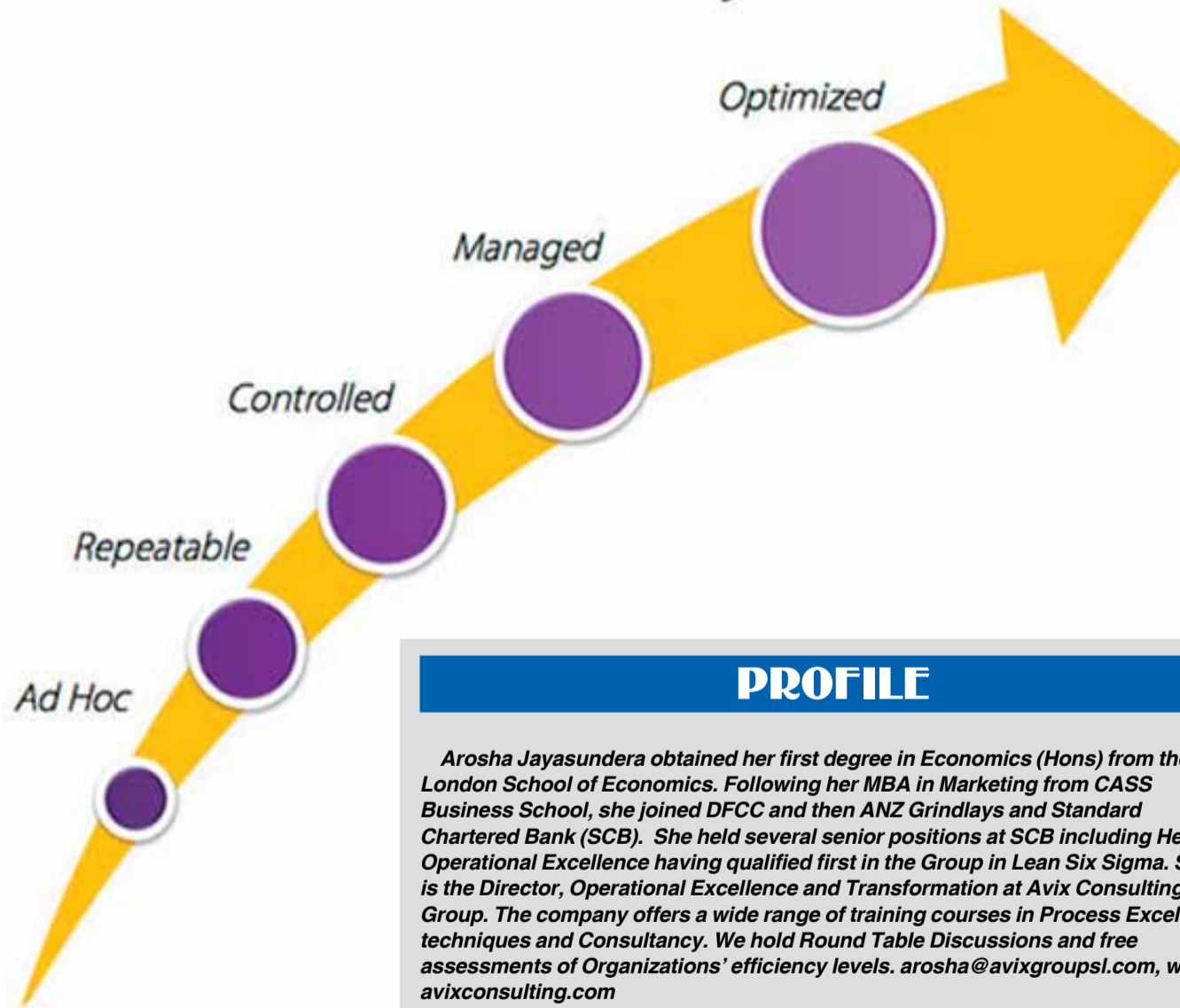
Overseas, many public services – military logistics, employment agencies, hospital tests, social-security benefits, airport security checks – have implemented changes at the process level that has led to efficiency and quality improvements. Lean principles even apply in specialized fields such as legal casework and the development of policy. For instance at a trial, an effective process must deliver the defendant and all the relevant case information to Court at the right time. The activities of the arresting officer, prison officials, prosecutors, victims, witnesses, and defence lawyers must be coordinated. Where this does not happen, this can lead to postponements, delayed judgments, and high opportunity costs.

The US Government has been using Lean Six Sigma since 2000. The Iowa Department of Management adopted Lean Six Sigma in 2003. The State saw dramatic results across the board including a 50% reduction in most process lead times in the Department of Natural Resources. The US Army and Navy implementations of Lean Six Sigma in 2005 and 2006 saved a combined US\$2.45 billion as of 2008. Since 2007, the UK Government has been using Lean Techniques in many sectors. For instance, a government office processing large volumes of standard documents which implemented lean techniques achieved double-digit productivity gains in the number of documents processed per hour and improved customer service by slashing lead times to fewer than 12 days, from about 40, thus eliminating backlogs. The proportion of documents processed correctly the first time increased by roughly 30 per cent; lead times to process incoming mail decreased to 2 days, from 15.

## Efficiencies can lead to a higher GDP

Lean Six Sigma has been used successfully by many governments overseas. Hence there is no reason why it cannot be successfully implemented here in Sri Lanka. With focused and additional effort and the right leadership, Lean Six Sigma can be used in the public sector ideally with an IT platform to reduce waste, drive efficiencies thereby making Sri Lanka an easier place to start and do business, to save significant State expenditure and overall to increase our GDP.

## Process Maturity Curve



this is by identifying and then focusing on the customer who will be asked to discuss their issues with the staff, ensuring that any improvement effort is framed with the customer very much in mind. Even in processes, such as the criminal-justice system, it is possible to consider the accused person as the customer which means that it is necessary to reframe and challenge traditional ideas and approaches.

All activities must be tested to ensure that they add value for the customer. Double-checking to be sure that they do, reminds the Public Sector Institutions of their purpose and ensures that processes are efficient.

Due to lack of competition, customers of the government (ie those who require planning approvals) usually have no choice of provider. The demands of the customer, who may never even appear in the office, rarely come into focus. Much of the public sector remains supplier led, not customer led and therefore, do not have the agility or

frontline empowerment to respond to the changing demands of their customers. For instance, although there are long waiting lists at the General Hospital, it is not possible to build another ward to cater for this or turn patients away.

Public sector managers don't always see themselves as supervising or managing an 'operation,' and it is unusual for a single person to be responsible for an entire process. Departments work as silos and not as teams and this slows the whole process down. However, productivity can increase through structured problem solving in teams, a more flexible allocation of resources, and a more sophisticated approach to managing knowledge. From an operational viewpoint, the aim is to smooth out the work flow.

Understanding customer demand and how this can vary will mean that staff have to develop greater responsiveness and flexibility to meet customer needs providing a

more effective service delivery at reduced cost. When this is understood, it will result in whole systems' improvement through more capable end-to-end processes, sustainable changes in culture, improved communication and morale, higher levels of customer satisfaction and improved productivity and efficiency.

On a broader basis, the government sector faces a different set of challenges compared to the private sector which needs to be borne in mind. This covers issues such as leadership motivation, a high number of employees, unions, an election cycle and term limits, a different and *laissez faire* attitude of employees due to stability and job security, current legal practices, no proper performance appraisal system with promotions based on seniority and not merit. This poses an interesting challenge but nevertheless with the right approach Public Sector Organizations can benefit greatly and