

KAIZEN RESULTS

Perseverance prevails:

Faster invoicing is on the way at RSC, thanks to phased-in changes that ensure high quality and wise spending

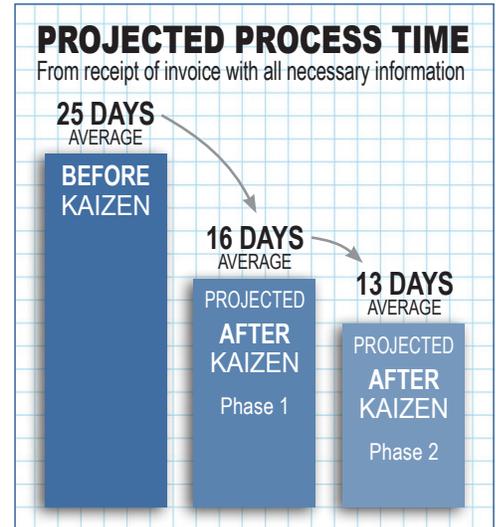
IN BRIEF: In its work serving individuals with disabilities, RSC buys goods and services that have a direct impact on service quality and outcomes. The invoicing process is a crucial part of this because it ensures purchase quality and safeguards spending. And it's about to get a big boost in efficiency thanks to improvements developed by a Kaizen team.

BUILDING IN SIMPLICITY: The team's redesigned invoice process involves 63% fewer steps – 28 steps with the proposed approach vs. 75 steps with the current process.

UNDOING THE DELAYS: The new process would reduce the number of decision points from 14 to 8 (a 43% reduction), and the number of handoffs from 24 to 5 (a 79% reduction).

SAVING TIME: Invoice processing time would be cut by up to a third with implementation of all first-round improvements – from an average of 25 days to 16. Second-round improvements would cut the time nearly in half – from 25 days (average) to a projected 13 days.

SPENDING TIME WISELY: Time savings throughout the invoicing process would allow more time for fiscal reviews and program reviews – which could yield improvements to these other areas.



Projections are based on team calculations and assume implementation of all improvements.

Team plans call for the Phase 1 redesigned process to go live approximately two months after Kaizen event, with the Phase 2 process to follow once IT improvements are in place.

DETAILS

The Ohio Rehabilitation Services Commission purchases critically important goods and services for its work with individuals who have disabilities. Examples include vocational rehabilitation and services for the visually impaired. RSC has more than 500 agreements for purchased services or goods – so the purchasing system in general, and the invoice process in particular, is called on to handle significant volume.

RSC has certain legal and fiduciary responsibilities that go with this. All invoices must be processed within 30 days. Invoices must be within the scope of allowable purchases, and they must be accurately documented and within set budgeted amounts as stated in the agreement.

With high volume and high standards, staff set out to achieve higher levels of process efficiency, and they used Kaizen to do it. Their aim was to reduce the processing time to a maximum of 14 days while also reducing the number of rejected invoices.

In advance of the Kaizen event, data were gathered to get a better understanding of the situation. A “voice of the customer” survey of vendors gave high ratings to RSC staff working the process (rating 4.0 on a 5-point scale for communication, professionalism, responsiveness, and knowledge). But customer ratings were significantly lower for overall quality of RSC invoice process (2.7 on 5-point scale). As one customer put it:



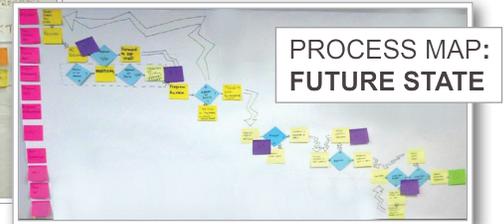
Team members: (left to right) Vicki Friesland, RSC; Stacy Snyder, RSC; Kevin Milstead, OSS; Shelly Fitzhugh, RSC; Jarett Roush, RSC; Debbie Beard, RSC; Scott Marks, OACB-VRP3 Partner; Jenny Jones, RSC; Deb Ditty, RSC; Stacy Williams, RSC; Scott Blake, RSC.

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PROCESS MAP: CURRENT SITUATION

The team's plan calls for a first round of improvements to the process two months after the Kaizen event – followed by a second round that involves IT and takes full advantage of electronic processing.

PROCESS MAP:
FUTURE STATE

“The people are great, but the process is broken.”

Analysis of other data led to another discovery. The numbers showed that most of the errors at various points in the process could be linked back to an early step – to when vendors first submitted their invoices. An estimated 90% of the process problems were resulting from inadequate supporting documentation being provided with the invoice. This was causing delays, loopbacks, rework – and frustration.

The RSC Kaizen team met for a full week of work, analyzing every aspect of the current situation – from the time a non-case service invoice is received by RSC to final approval and processing by OBM, when an electronic fund transfer or warrant is issued. Ultimately, two new processes emerged from the Kaizen event, allowing for the improvements to be phased in, with the easier changes being implemented first.

The team labeled the first of these the “Monday Model,” because it consists of quick-hit improvements to be developed and implemented beginning the Monday following the Kaizen event. Plans call for a two-month stretch in which the invoice forms are revised, with templates being updated to maximize completeness and minimize errors on incoming invoices; checklists are created to guide people through the submission process and ensure that incoming invoices have all required information the first time around; and training is developed, piloted, and rolled out to all internal staff and vendor customers.

Once this groundwork is completed, the “Monday Model” will be ready for implementation – and it has the potential to reduce process time by 38%. The team found that its current process involved 75 steps, 14 decision points, and 24 handoffs. The team's streamlined process consists of just 28 steps (63% reduction), 8 decision points (43% reduction), and 5 handoffs (79% reduction). According to the team calculations, the fully implemented new process would average 16 days from start to finish – compared to the current average of 25 days.

The team developed a second-round version of the process, which they labeled the “Future State,” because it would take more time to implement. In terms of process flow, this second iteration is largely the same in design as the “Monday Model,”

with the same reduced number of steps, decisions, and handoffs. But it makes greater use of online capabilities, automating various steps in the process in order to make things even simpler and faster. IT staff will of course be heavily involved in developing these longer-term enhancements.

The team estimates that when these second-round improvements are in place, process time will be further reduced – down to an average of 13 days vs. the current 25 days. So full implementation would effectively cut the current process time in half.

During their report-out presentation after a jam-packed week of work, team members explained the improvement plans and projected results. They ended by citing some of the personal insights that had been gained from their Kaizen experience.

“We learned how important it is to stay focused on the goals,” one person said. “It was of course a challenging week. We learned that when we mapped the (original) process, there was so much that we didn't know that was happening.”

Another person summed up five full days in two powerful words: “Perseverance prevails.” ●



During the team's report-out presentation, team member Scott Marks described some of the “lessons learned” from the Kaizen event. Scott is a staff member at the Ohio Association of County Boards, so he filled a key role throughout the week by providing a user perspective of the process.