

LEAN Ohio



2011 was a year of big results

In 11 major Kaizen events, improvement teams overhauled key processes – making them simpler, faster, better, and less costly.

RESULTS SUMMARY

GAINS IN EFFICIENCY: 48% fewer process steps, 42% fewer handoffs, 59% fewer decision points
22 redundant processes eliminated

TIME SAVINGS: Start-to-finish process time reduced by 42% to 96%
22,000+ years of reduced waiting time for all customers of all 11 processes

BACKLOG ELIMINATION: Total backlog reduced by 99%

COST SAVINGS: \$1.2 million in savings for state government

RETURN ON INVESTMENT: For every \$1 invested in a Kaizen event, the state gains \$13.25 in savings

LEARNING: 244 state employees received training in Lean, Kaizen, and/or Six Sigma

2011 KAIZEN EVENTS See summary below. Go to lean.ohio.gov for complete stories, stats, and photos.

Rehabilitation Services Comm. Vocational Rehabilitation	92 days cut from average time to process service applications (71% reduction). Allows people with disabilities to get back to work up to 92 days faster. 5 application processing models reduced to 1.
Public Safety Bureau of Motor Vehicles	Time to issue new-dealer licenses cut 83%, so new dealers can start selling 184 days sooner (valued at \$300,000+ in profits for a big dealership). Renewal wait down 80%. \$62,600 in automation savings.
Insurance Consumer Services Division	Complaints regarding insurance companies/agents now fully processed in 12.5 days on average vs. 100 days before (88% improvement). Backlog gone. Number of cases resolved each week has nearly tripled.
ODOT Office of Aviation	Aircraft registration up to 96% faster (average 11 days vs. 275 days). New process has 60% fewer steps. Backlog eliminated. \$33,000 annual savings and \$60,000 additional revenues.
Highway Patrol Drug Chemistry Lab	Forensic testing for drug cases processed 83% faster, averaging 14 days vs. 83 days with previous process. Backlog eliminated (4,069 cases). OT eliminated (\$45,000/year). \$22,300 automation savings.
Attorney General BCI DNA Lab	For evidence testing, 3 processes at 3 labs consolidated into 1. New process has 103 fewer steps. Time from evidence submission to final report down by as much as 83%. Online reporting saves \$57,000/year.
Attorney General Purchasing	12 purchasing processes reduced to 2. Overall processing time will be 58-65% faster due to 53% fewer steps, 56% fewer decision points, and 33% fewer handoffs.
Attorney General BCI Lab	3 processes to analyze specimens consolidated into 1. 30% reduction in turnaround time as of December 2011. Improved process has 31 fewer steps and 32 fewer days of delay/storage.
Taxation Tax Appeals, Compliance	Tax-appeal wait time down to 8 days (avg.) from 100 for most cases. 97% of backlog eliminated. 93% cut in work time for 5,400 cases (\$529,200 in labor cost). \$63,000 in automation savings.
Administrative Services Information Technology	At least 5 core IT processes consolidated into 1. Procurement of IT end-user assets to be done by 1 office instead of 3. End-user desktop equipment requests processed up to 80% faster.
Administrative Services Employee Development Fund	Employee education reimbursements taking just one-tenth the time to process. Many processed the same day. 270-volume backlog eliminated. Annual savings of \$23,000 in OT.

\$
\$1,200,000
SAVED

BACKLOG
99%
GONE

22
redundant
processes
ELIMINATED

GAINS IN EFFICIENCY

REDUCING PROCESS STEPS BY 48%

In 2011, 11 Kaizen teams analyzed and overhauled their complex processes – and went on to create swift, streamlined, customer-friendly ways of doing business. These new processes are models of efficiency. On average, they have 48% fewer process steps, 42% fewer hand-offs, and 59% fewer decision points.

NUMBER OF PROCESSES FROM 35 TO 13

Teams found a tangle of duplicative processes that had grown like weeds over the years. They cleared out 22 of these (63%), leaving behind 13 processes that are streamlined and efficient.



EXAMPLE When Taxation used Kaizen to overhaul the tax-appeals process, it went from this...



...to this



AS A RESULT: When citizens appeal tax assessments, their wait in most cases averages 8 days – compared to the 100 days it took with the previous process shown on the left. 97% of the backlog has been eliminated.

TIME SAVINGS

CUTTING PROCESS TIME BY AT LEAST 42%

For the 11 Kaizen events in 2011, reductions in lead time ranged from 42% to 96%. “Lead time” is a key Kaizen measure that shows the start-to-finish process time experienced by customers – from first contact with a process to service completion.

REDUCING THE WAIT BY MILLIONS OF DAYS (yes, millions)

When a process is full of handoffs and rework, it takes longer than it should. Customers end up waiting...and waiting...for the license, the registration, the test results, the analysis, the resolution, or whatever else they need. With the 11 major Kaizen events in 2011, the total amount of reduced wait time adds up in a big way.

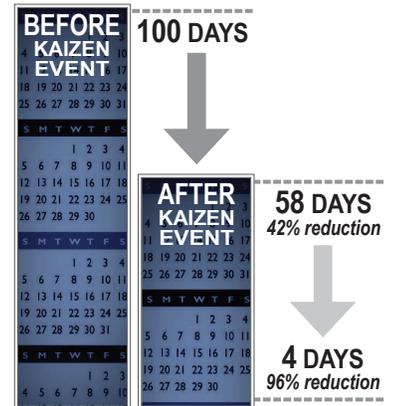
Example: The Department of Insurance reduced its time to resolve consumer complaints from an average of 100 days to 12.5 – a big drop of 87.5 days. When you add in the fact that the process was called into action 8,220 times in 2010, you get:

$$(87.5 \text{ fewer days spent waiting for a resolution, per citizen}) \times (8,220) = 719,250 \text{ days}$$

In other words, the new process is reducing the total wait time across all citizens in a year by some 700,000 days. For all 11 major Kaizen events, the estimated total reduced wait time for all customers is 8 million days – and that’s a low-end estimate!

LEAD TIME:

For the 11 Kaizen events in 2011, lead time was reduced by at least 42% and as much as 96%. Here’s the impact on a process that used to take 100 days:



BACKLOG ELIMINATION

GOODBYE TO THE BACKLOG

Six of the 11 Kaizen teams had back-ups of work in process. Five of them eliminated their backlogs within a few months of putting their improvements to work. A sixth team has cut 97% of its backlog as of December 31, 2011. In terms of quantity, the backlog has been reduced from 31,911 units to 400. “Units” includes files, cases, licenses, and resolutions that had been awaiting processing and causing delays to customers – but are now finalized.

COST SAVINGS

DIRECT SAVINGS OF \$1.2 MILLION

State government is saving an estimated \$1.2 million per year due to process improvements developed in the 11 major Kaizen events in 2011. Most are direct savings from streamlining and automation. Extra savings are from cost avoidance, in which resources are redirected to other processes for direct benefits to customers.

LEVERAGING STATE GOVERNMENT'S INTERNAL EXPERTISE

By using internal staff to lead its biggest Kaizen events in 2011, instead of bringing in consultants, the state made good use of its own resources. Kaizen consultants cost five times as much as state staff: about \$250 per consulting hour vs. \$53.48 per staff hour. On average, each Kaizen event cost the state \$8,236 in wage expense – far below the consultant cost of \$11,000 to \$20,000.

RETURN ON INVESTMENT

SPEND \$1 TO SAVE \$13.25

For every \$1 invested in planning and conducting a Kaizen event in state government in 2011, the state gained \$13.25 in savings. That's based on an average investment of \$8,236 per Kaizen event and estimated total savings of \$1.2 million.

LEARNING

STRENGTHENING OUR SKILL SET

244 state employees received training in Lean, Kaizen, and/or Six Sigma. Included are 158 people who received just-in-time briefings that are built into every week-long Kaizen event. 81 people attended two-day Champion Training, and 5 people earned Lean/Six Sigma Black Belt certification through a five-week process of mentor-led learning, an extensive real-world project, and various tests along the way.

The great thing about LeanOhio is that it gives new tools to state employees – tools they can use to simplify their work processes and their lives. By treating each other as customers, state employees are able to reach across silos and make things better for each other and ultimately for Ohio taxpayers.

– Paul Madix, Six Sigma Master Black Belt, Cintas Corporation

TEAMWORK & MORALE

WORKING TOGETHER

It can't be quantified, but a big increase in unity is experienced by Kaizen team members as their week together unfolds. One team member expressed it this way during her team's end-of-week presentation: *I want to be perfectly honest with you, I came into this asking, Kaizen what? This was an experience. When we came in every day, it was like we were running up Mount Everest. But my goodness, what has come out! I'm so excited about Monday. I can't wait till I get here on Monday.*



RETURN ON INVESTMENT:

In **2011**, for every



\$1 that was invested in planning and conducting Kaizen events in state government, the state gained **\$13.25** in savings



ALSO IN 2011...

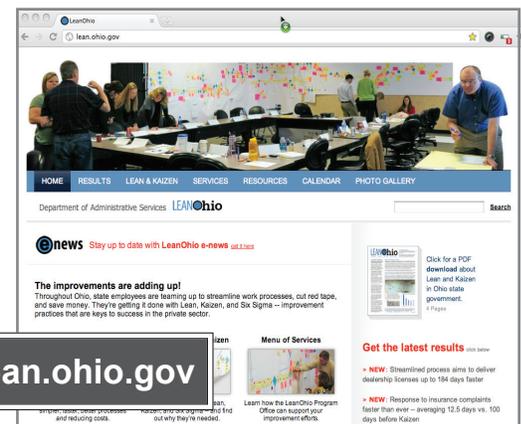
RECOGNITION FROM THE GOVERNOR: Governor Kasich met with Kaizen teams to acknowledge them for their hard work and great results. Two events were held at separate Cabinet meetings, for teams from Taxation (tax-appeals process) and the Ohio State Highway Patrol Drug Chemistry Lab. All team members attended, explained their projects to the Cabinet, and received formal certificates of recognition from the Governor.

NATIONAL LEADERSHIP: Organizations across the country are contacting Ohio state government for guidance in achieving major improvement and savings through Lean and Kaizen. For example, the Washington Department of Revenue sought advice from the Ohio Department of Taxation after hearing about Ohio's huge reduction in its tax-appeal backlog. The Los Angeles Police Department is planning a visit to gather ideas and best practices. And LeanOhio leaders have been invited to present at the Lean Network Annual Conference for Honda suppliers, which is attended by 350-400 people ranging from company CEOs and Presidents to continuous improvement coordinators and industrial engineers.

PRIVATE-SECTOR PARTNERS: Ohio has an active partnership with Lean/Six Sigma experts from Cintas Corporation and Parker Hannifin Corporation. Both Ohio-based companies provide practical advice and training aimed at strengthening state government's improvement efforts. In addition, when Kaizen teams set out to streamline processes that affect Ohio businesses, private-sector leaders are included as team members. Alan Harding, President of the Ohio Aviation Association, served on an ODOT team to improve the aircraft registration process. *I'm really impressed, Mr. Harding said during the team presentation. I recommend it be used throughout the state.* Another perspective was shared by James R. Mitchell, Executive Director of the Ohio Independent Auto Dealers Association. Following a Kaizen event to improve the state's licensing of motor-vehicle dealerships, he said: *The team's final report was nothing short of miraculous. All licensed motor vehicle dealers will benefit greatly, as will the State of Ohio, thanks to the efforts of everyone who was involved in this successful project. Congratulations, LeanOhio.*

ONLINE OUTREACH: The Office of Efficiency & Results launched a Web site to showcase team success stories, share the results, provide resource materials, offer learning opportunities, and more.

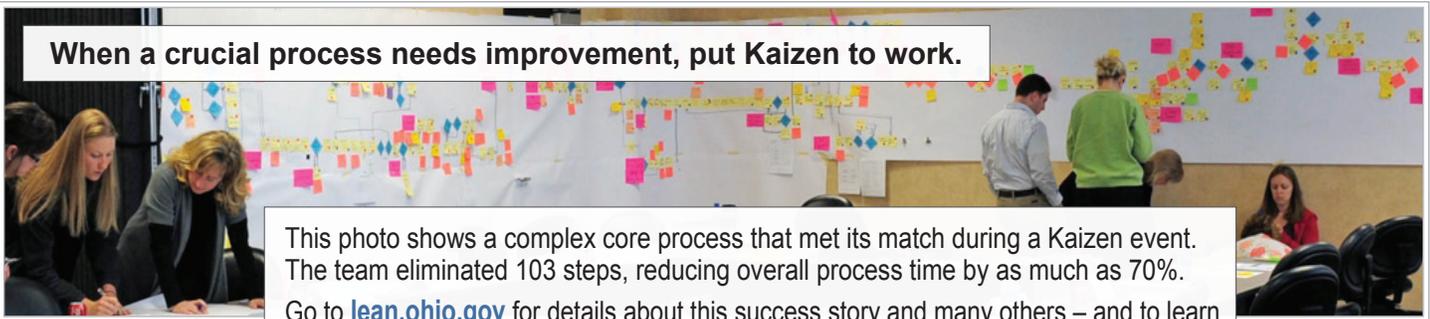
lean.ohio.gov



ADDITIONAL WORK IN 2011: Staff from the Office of Efficiency & Results accomplished the following in 2011 in addition to their work on major Kaizen events:

- Planned and facilitated seven smaller improvement events using Lean/Six Sigma approaches and tools.
- Coordinated and led the first two days of two additional Kaizen events, to be completed by the end of March.
- Provided facilitation services for high-level interagency projects.
- Assisted DAS leadership in developing and analyzing surveys of external customers and employees, facilitating the DAS strategic planning process, and guiding efforts to strengthen the workplace culture.

When a crucial process needs improvement, put Kaizen to work.



This photo shows a complex core process that met its match during a Kaizen event. The team eliminated 103 steps, reducing overall process time by as much as 70%. Go to lean.ohio.gov for details about this success story and many others – and to learn more about the mission, services, and people of the **Office of Efficiency & Results**.