

**Ohio**

**Rehabilitation Services  
Commission**

**Kaizen Event Report Out**

**Contract Invoice Process  
March 19-23, 2012**



# Team “Billing Buddies”



# The Team

- ▶ Debbie Beard, RSC
- ▶ Scott Blake, RSC
- ▶ Deb Ditty, RSC
- ▶ Jarett Roush, RSC
- ▶ Stacy Snyder, RSC
- ▶ Shelly Fitzhugh, RSC
- ▶ Jenny Jones, RSC
- ▶ Kevin Milstead, OSS
- ▶ Scott Marks, OACB-VRP3 Partner
- ▶ Vicki Friesland, RSC
- ▶ Stacy Williams, RSC

Facilitators: Bill Demidovich, Rich Martinski , and Tom Terez

# Leadership

- ▶ **Senior Leadership:** Director Kevin Miller and Chief of Staff Brenda Cronin
- ▶ **Sponsors:** Marc Protsman, Chief Financial Officer
- ▶ **Team Leaders:** Stacy Williams, Finance AP Supervisor
- ▶ **Subject Matter Experts:** Steve Tribbie- Mgr Fiscal Monitoring, Debra Honore- Fiscal Monitoring
- ▶ **Others:** Christina Wendell, Legal; Harvey Sukienik, Legal

# Background

The Ohio Rehabilitation Services Commission (RSC) has over 500 agreements, many of which are for purchased services or goods critical to serving individuals with disabilities through multiple programs, including vocational rehabilitation and services for the visually impaired.

RSC has a legal and fiduciary responsibility to ensure that all requests for payment of goods and services related to these agreements are 1) processed within a 30-day timeframe from the day that RSC receives an invoice; 2) ensure that requested payments are within the scope of allowable purchases (per contract, purchase order, and/or applicable laws/policies); and 3) allowable invoices are accurately documented and within set budgeted amounts per the contract/agreement.



# Stakeholders



- Ohio Shared Services
- Ohio taxpayers
- RSC Contractors/Vendors
- Individuals Served

# Reasons for improving this process:

## Process Goals

- Establish a standardized process that will ensure all requested billings are allowable purchase
- Develop an internal process in which invoices are processed within 14 days from the day the invoice is received from a vendor
- Reduce the number of invoices that are rejected

# Scope of Event

## **Event Scope:**

This event will evaluate the RSC process from the time a non-case service invoice is received by RSC to the final approval and processing by OBM; when an electronic fund transfer (EFT) or warrant is issued.

## **Out of Scope:**

Ohio Payment Card purchases

Shared Services internal process

Case Services (single payment vendors)

RSC internal payments

# Out of Scope

## **Areas that will NOT change as a result of the Kaizen event :**

- ▶ No one loses their job because of the Kaizen event, but duties may be modified.
- ▶ Need for additional personnel is independent of the process.
- ▶ Need for additional money is independent of the process.
- ▶ No legislative changes or changes to collective bargaining agreement.
- ▶ IT solutions are independent of the process.

# Voice of the Customer

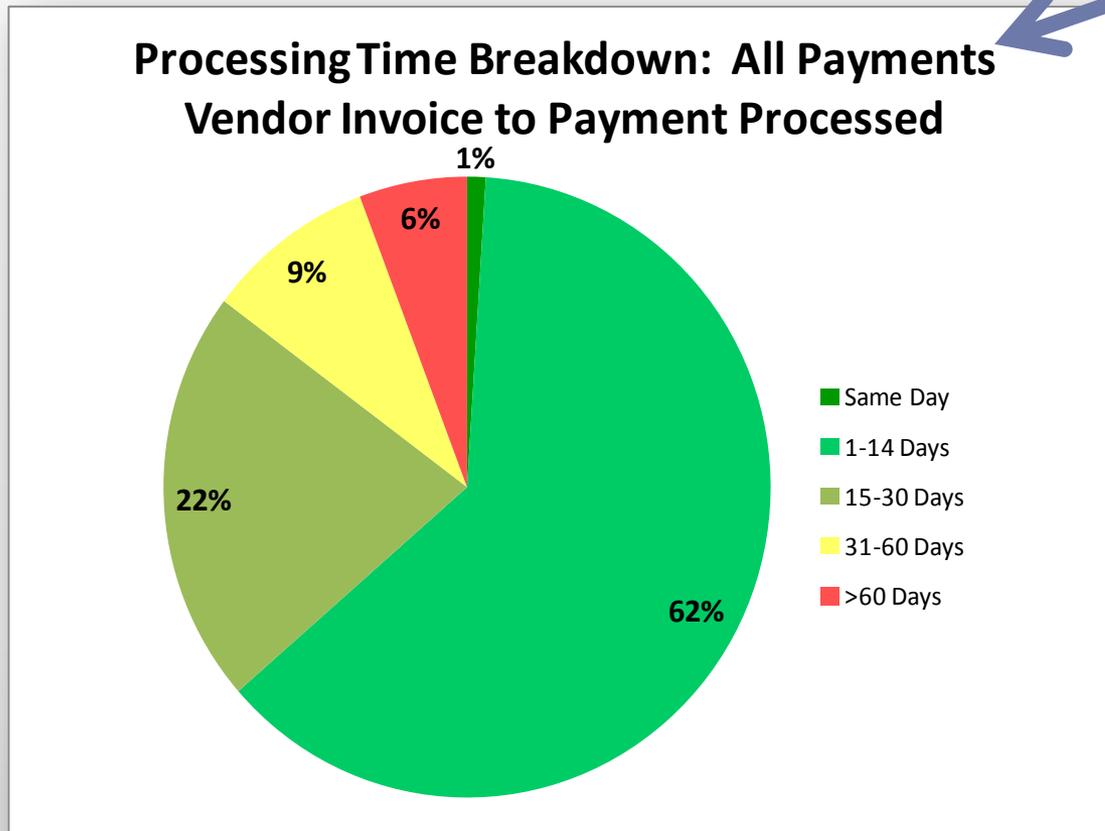
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- ▶ On a 5 Point Scale (1=NOT Satisfied 5=Extremely Satisfied)
  - ▶ Communication, Professionalism, Responsiveness, Knowledge 4
  - ▶ Overall satisfaction with RSC invoice processing 2.8
  - ▶ Overall Quality of RSC invoice process 2.7
  - ▶ Time to process invoices >45 days 39.5%

**“The People are Great – the Process is Broken”** ~ a customer

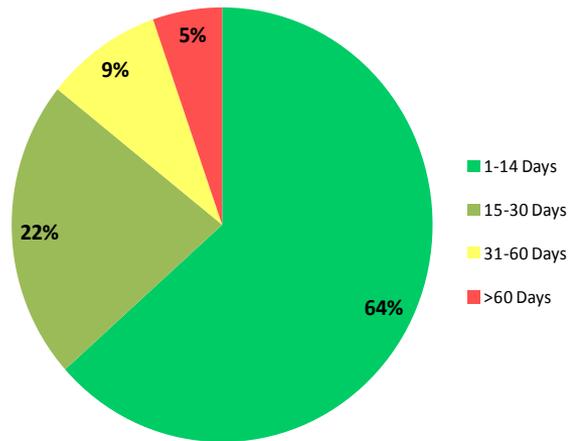
# Lead Time to Process Invoices

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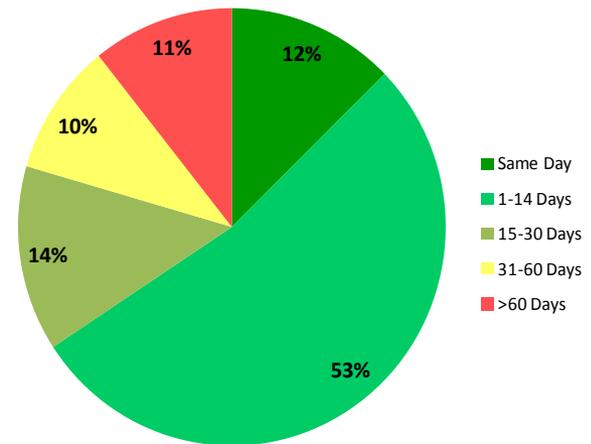


# Lead Time to Process Invoices

Processing Time Breakdown: OSS Payments  
Vendor Invoice to Payment Processed



Processing Time Breakdown: RSC Payments  
Vendor Invoice to Payment Processed



# Payments by Fund Type

Analysis of Payments by Fund							
		All Payments		OSS		RSC	
Fund	Fund Name	# Payments	Average # Days	# Payments	Average # Days	# Payments	Average # Days
3790	Consolidated Federal-VR	3215	26.8	2945	27.3	270	21.7
3L10	Social Security Reimbursement	95	26.9	88	22.8	7	78.1
3L40	Independent Living/Voc Rehab	485	25.1	459	22.2	26	77.7
4670	Stand Concessions	135	13.4	133	11.2	2	161.5
4W50	Indirect Costs	628	19.1	584	18.7	44	24.9
GRF	General Revenue	19	30.1	12	35.1	7	21.6
<b>Grand Total</b>		<b>4577</b>	<b>25.2</b>	<b>4221</b>	<b>25.0</b>	<b>356</b>	<b>28.1</b>

# Questioned/Rejected Invoices

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90% of the errors are related to the vendor submitting inadequate supporting documentation.

# The Kaizen Approach

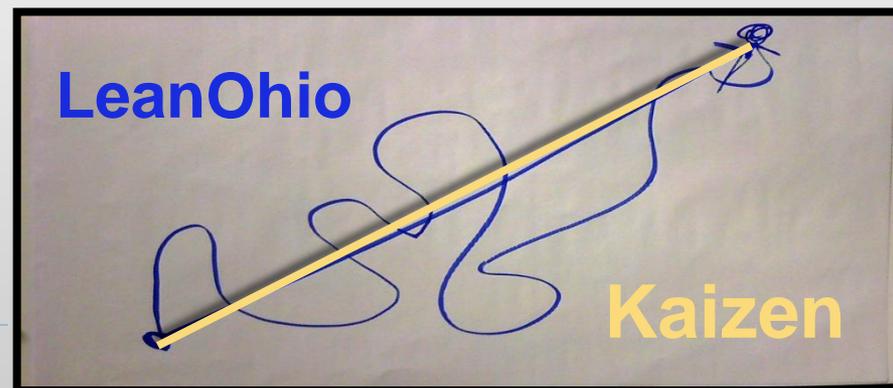
Team-based energy and creativity drives immediate process improvement

DAY 1	DAY 2	DAY 3	DAY 4	DAY 5
Day of Learning	Day of Discovery & Developing Improvement Ideas	Day of Improvement & Creating the New process	Day of Design Implementation & Documentation	Day of Celebration & Results  Schedule 30-60-90-day follow-ups

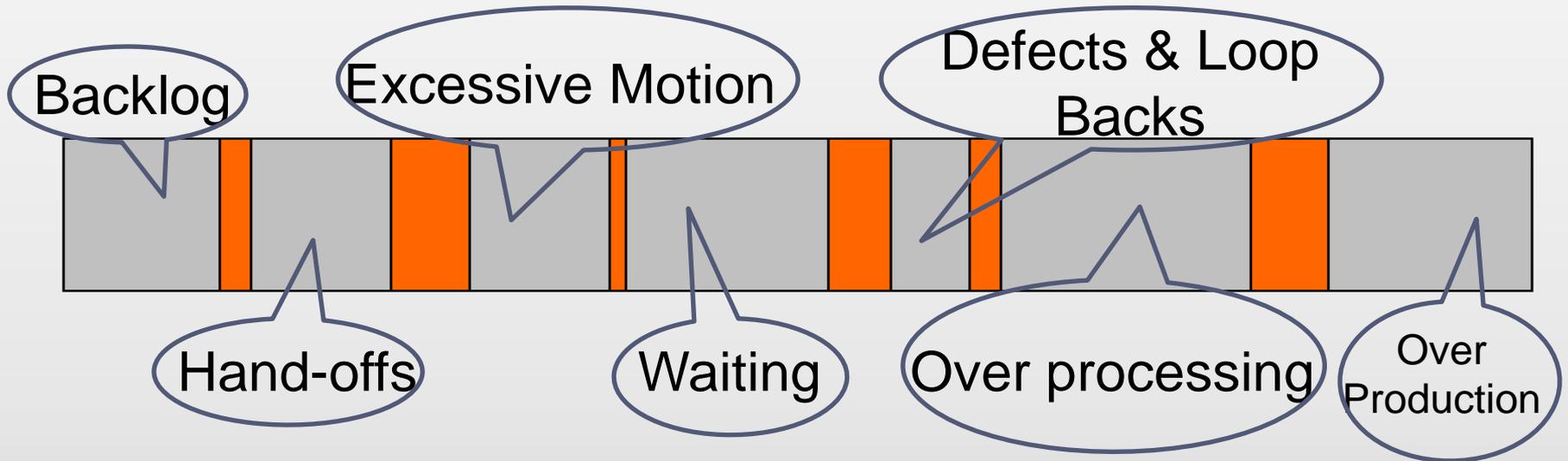


# KAIZEN: To Break Apart for the Better

- ▶ Clear objectives
- ▶ Team process
- ▶ Tight focus on time (one week)
- ▶ Quick and simple, action first
- ▶ Necessary resources available right away
- ▶ Immediate results (end of week)

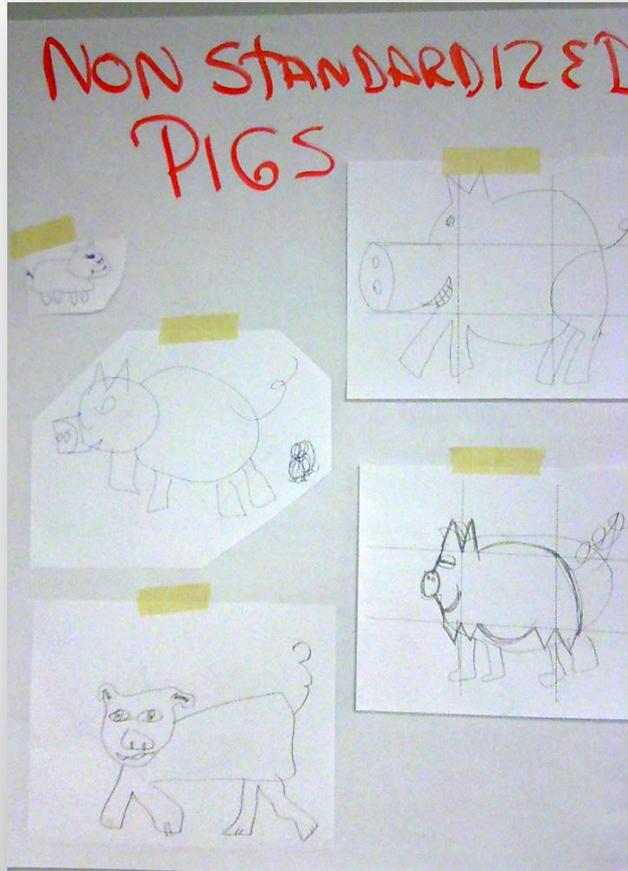


# Lead-time Reduction

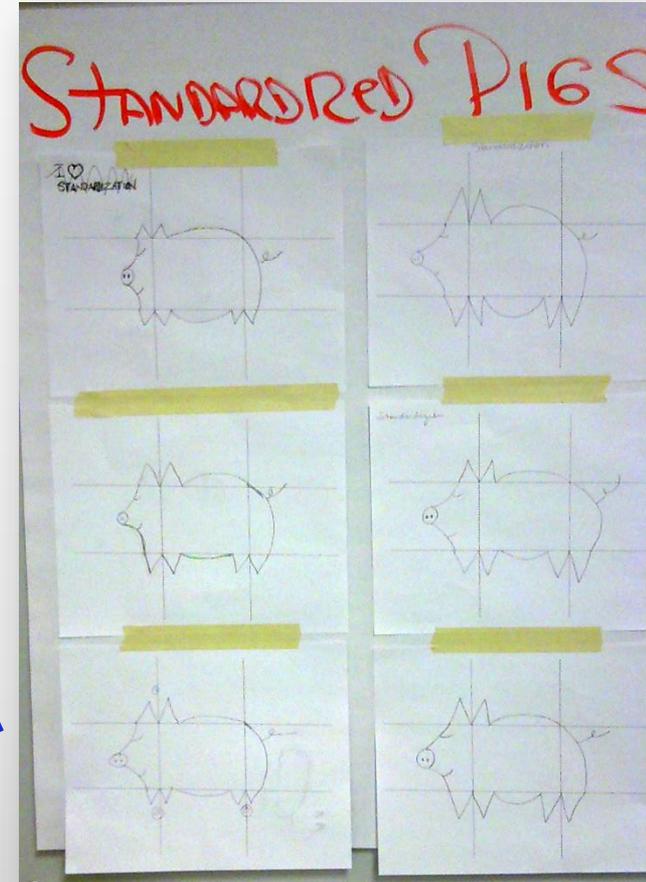


**TIM WOOD** — Transportation, Information, Motion, Waiting,  
Overproduction, Over processing, Defects

# A Standardized Invoice Process

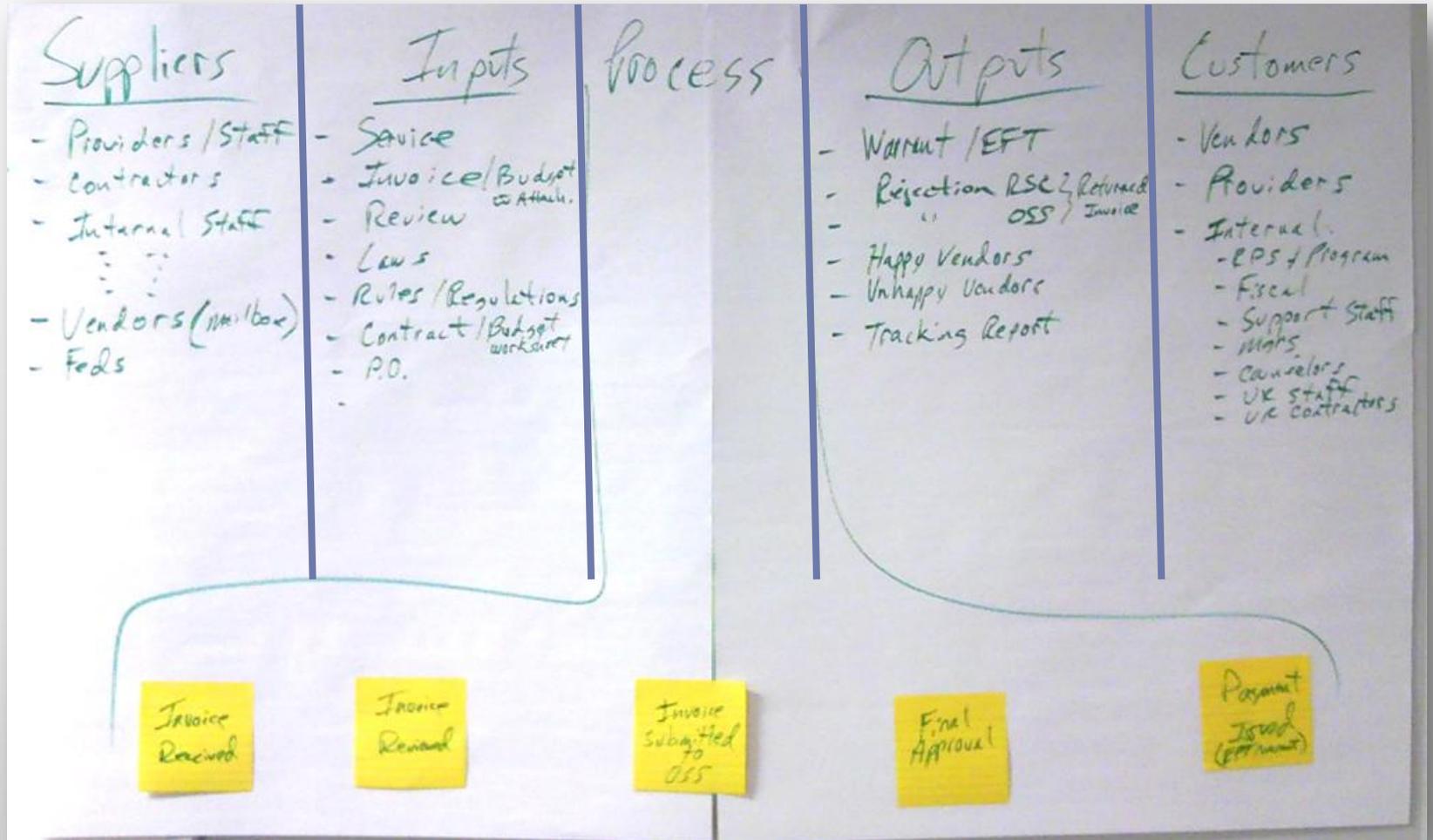


- ▶ Better service to our customers in responding to invoices
- ▶ Reduced job frustration; revitalizing job satisfaction through faster response.
- ▶ Buy-in from all levels of staff
- ▶ Much improved and more consistent service delivery



**Eliminates Variation**

# SIPOC



# Current Process

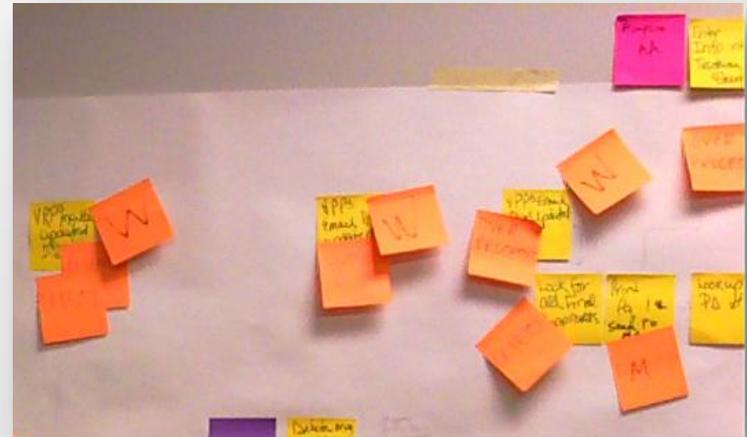
75 Steps – 14 Decisions – 24 Handoffs



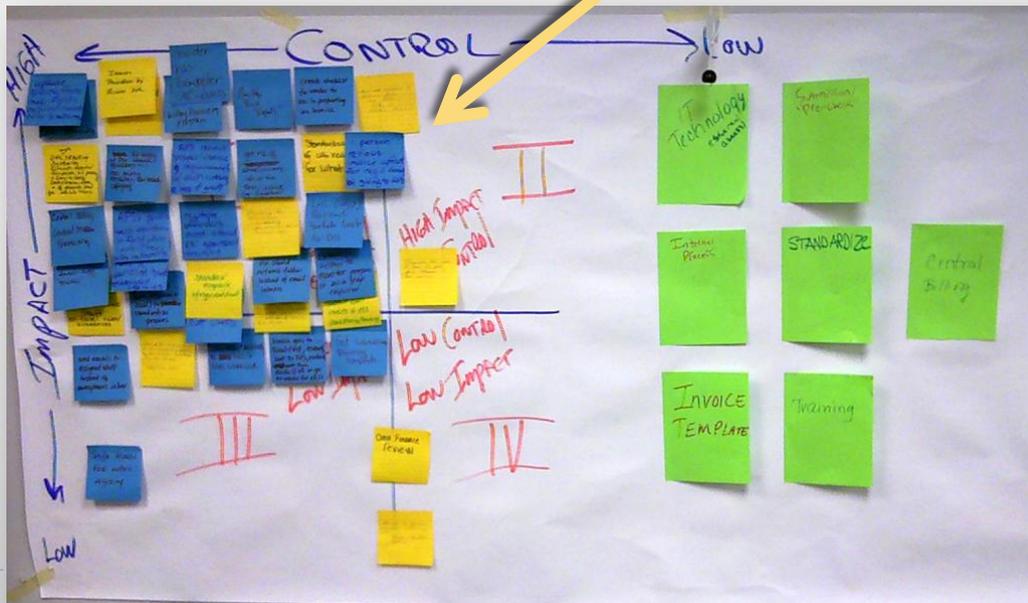
57 Points of Waste Identified (TIM WOOD)

# The original processes had:

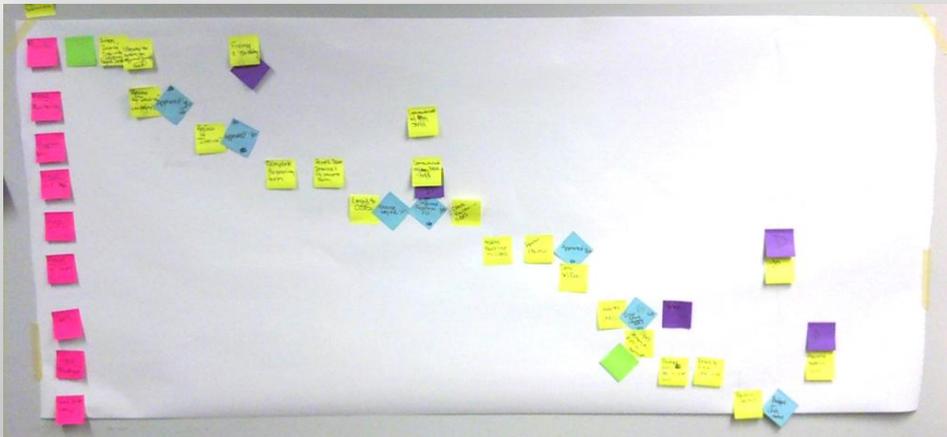
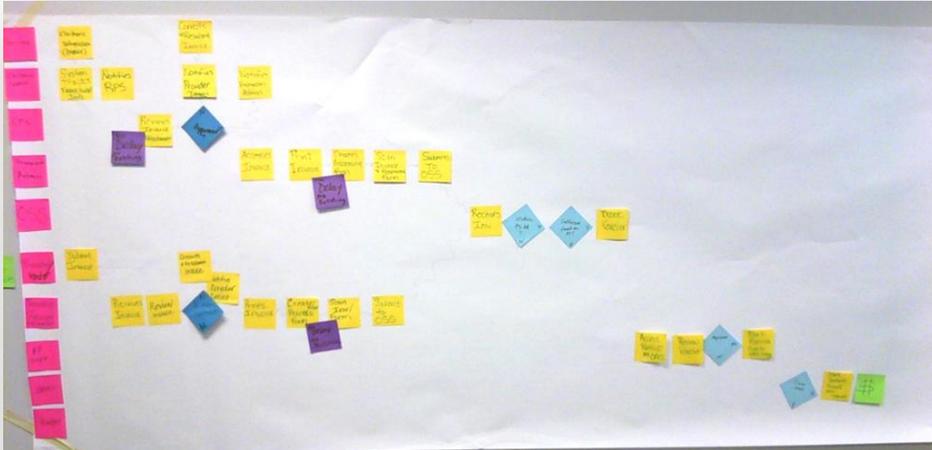
- ▶ Too many steps
- ▶ Too many decisions
- ▶ Too many delay points
- ▶ Too much TIM WOOD
- ▶ Caused too much process lead time
- ▶ Resulted in long process times



# The Team “Brainstormed” and analyzed 52 Fresh Ideas



# Clean Sheet Redesign - 3 Teams



# Common Ground and Unique Ideas

## UNIQUE ITEMS

- Standardized checklist w/ RPS and fiscal elements
- Checking cash and budget
- Diff way to submit for usmail.  
~~Fiscal Monitor~~
- Fiscal Monitor review 1<sup>st</sup>
- PO changes
- Auto populate pre-proc form
- Separate Inv. proc. for diff. programs

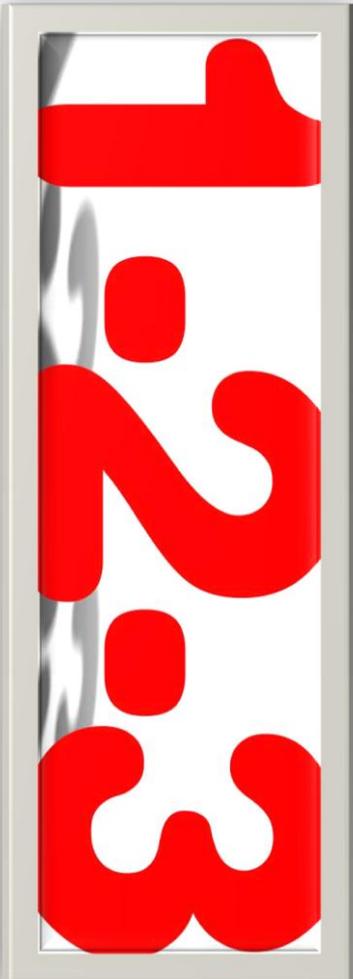
## Common Ground

- No Program Admin

- online submission
- RPS reviews invoices for fiscal + programmatic requirements
- RPS approves or denies
- Common for team 2 + 3 :  
A/c prepare PPF + submit to BSS
- Vendor can re-submit online
- monitoring built-in (team 1 + 2)
- RPS remains POC for provider

# Transformational “Phased” Approach

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## Phase 1

1. Invoices templates updated
2. Develop “checklists”
3. Action Registers
4. Developed Monday process flow model

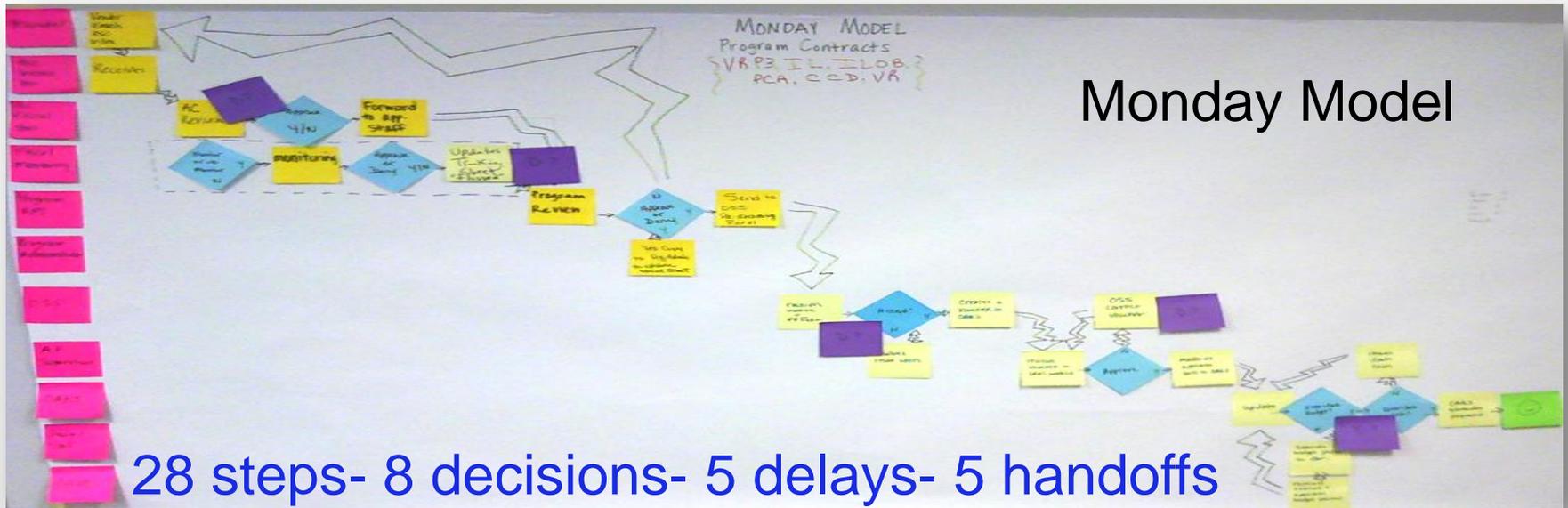
## Phase 2

1. Planning for Electronic Invoices
2. Planning for Web based system

## Phase 3

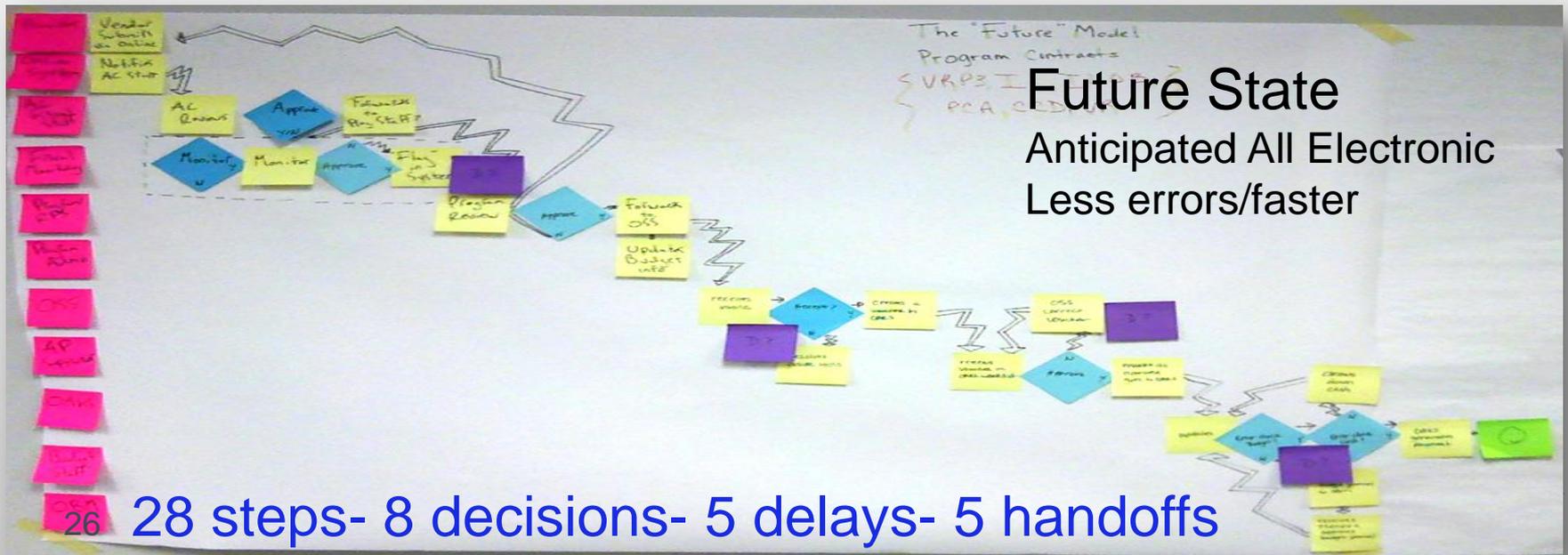
1. Full function Web based system

# The New, Improved Process(s)



Monday Model

28 steps- 8 decisions- 5 delays- 5 handoffs



Future State  
Anticipated All Electronic  
Less errors/faster

28 steps- 8 decisions- 5 delays- 5 handoffs

# Measures of Success - Scorecard

Measure	Current Level	Target	New (projected)
Average Processing Time for Invoices	Average 25 days (from proper invoice)	50% reduction	<u>Monday</u> 16 days (avg.) <u>Future</u> 13 days (avg.)
Process Steps	75		<b>28 – 60%</b>
Handoffs	24	50% reduction	<b>5 – 79%</b>
Decision Points	14		<b>8 – 43%</b>

# Cost Savings – Cost Avoidance

<b>RSC Annual</b>	<b>Current</b>	<b>New Model</b>	<b>Savings</b>
<b>Supply Cost</b>	\$1080	\$0	\$1080
<b>Staffing Cost</b>	\$95,000	\$65,000	\$30,000
<b>Staffing Hours</b>	2600	1100	1500
<b>Totals</b>	<b>\$96,080 +2600 hours</b>	<b>\$65,000 +1100 hours</b>	<b>\$31,080 +1500 hours</b>

## Additionally

- Better educated vendors = fewer QC\$'s
- Fewer Invoice re-submissions = time savings
- Increased monitoring = fewer future QC\$'s
- Fewer audit findings (QC\$'s)

# Beginning Monday...

- Phase 1 implementation
- Working on training schedule
- Developing procedure on invoicing process
- Work on Invoices revisions

Monday Model Requirements - <u>What</u> (Action Register)	<u>Who</u>	<u>When</u>
• Fiscal + Program Admin Staff have access to Invoice mailbox	IT-Deb (ticket) <sup>mailbox / Fax #</sup> ASAP.	3/26/12 <sup>entered request</sup>
• Create central RSC mailbox 'invoices' →	Vicki F.	3/26/12 <sup>request</sup>
• Program Admin + AC, <sup>+ monitoring</sup> need access to Spreadsheet ( <del>intranet</del> ) <b>Shared Drive</b> →	Stacy W. / Kevin <sup>Complete</sup> (4/6/12)	
<ul style="list-style-type: none"> <li>• RPS / Program person is 1<sup>st</sup> point of contact</li> <li>• <b>OAKS E-Supplier - vendor self service</b></li> <li>• Coverage for staff that are out.               <ul style="list-style-type: none"> <li>• extended - gain access to acct.</li> <li>• any - notify AC for distro purposes.</li> </ul> </li> </ul>	mgt / training	
• RPS completes pre-processing form (Stacy W. + Kevin P. to work out from)	Kevin / Stacy W.	3/26/12 Answer by 4/27/12

# Implementation Plans

- Overall Implementation Plan
- Information and Technology Plan
- Education and Training plan
- Communications Plan
- Invoices Plan
- Checklists



# Overall Implementation Plan

Phase I Implementation Model	
* Request Outlook Email Box for Invoice Submission	3-26-12
① Identify Training Groups (e.g. VRP, IL, etc)	4-4-12
② Training "Save the Date" Sent	4-6-12
③ Invoice Forms Revised	4-6-12
④ Checklists Created	4-6-12
⑤ Training "Specifics" Sent (e.g. Time, Location, Agenda)	4-16-12
⑥ Training Plan / Curriculum 68 Complete Policy Procedure	4-27-12
⑦ Dry Run Training	4-30-12
⑧ Finalize Training Presentation	5-8-12
⑨ Training for Internal Staff	5-14-12
⑩ Training for External Staff	5/15-19/12
⑪ Implementation Date (Invoicing for May Sves)	6-1-12

# Information Technology Plan



IT REQUIREMENTS		
What	Who	When
Cadillac Storyboard	Stacy S. Dev	90 days 6/30/12
Business Requirements - user needs	, , ,	6/30/12

Onbase Project

Consultant Cost -  
TBD / charged by  
task not hourly

License Cost -  
\$967.20 each  
plus maintenance  
fees (yrly)

# Education and Training Plan



Action Register: Educ/Training

What	Who	When
- grant mgmt	- providers - new acctg staff	- Aug/Sept
- fiscal mgmt	- program staff	- prior to new grant period
- acctg system GL, Double entry acctg	- RPS - Program Mgr - Dep Dir	- after programmatic audit
- Supportable documentation	- who else touches invoice?	- as needed
- top 10 common findings	- monitoring staff - fiscal staff	- all new contractees - new acctg staff
- resources: Circulars, Fed + State rules, etc		- changes in fed/state regs
- RSC Contract		- new internal staff
- State requirements for proper invoice	Responsible for action? Monitoring/Compliance Group Auditors, Supr	
- new form/invoice		
- concept of federal match		
- technical assistance		

# Communications Plan



Action Register Communication

What	Who	When
Kaizen results (Report)	Facilitators	Friday 3/23
updates to process	<del>A</del> going team	on-going 30, 60, 90 day follow up
publish in <sup>weekly focus</sup> <del>newsletter</del> update post on intranet	Communications (Drew or Robin) fixed	Friday 3/23 ?
publish updates in weekly focus + post on intranet	Communications (Drew or Robin) fixed	on-going 30, 60, 90 day follow up
training notice to providers - Save the date notice	Stacy S / Kathy B " "	4-16-12 4-4-12

# Invoices Plan

**OHIO REHABILITATION SERVICES COMMISSION**  
**VRP3 INVOICE**  
Note: All yellow fields MUST BE completed!

Contractor Name: \_\_\_\_\_ P.O. Number: \_\_\_\_\_  
 Project Name: \_\_\_\_\_ Invoice No: \_\_\_\_\_  
 Billing Address: \_\_\_\_\_ Date: \_\_\_\_\_  
 City, State and Zip: \_\_\_\_\_ Billing Period: \_\_\_\_\_ to \_\_\_\_\_  
 Phone: \_\_\_\_\_ Fax: \_\_\_\_\_ Email: \_\_\_\_\_  
 Contact Name: \_\_\_\_\_

Forward invoice via one of the following:  
 Email to: **RSC VRP3Unit@rac.ohio.gov** Note: Indicate Contractor Name and Invoice Month in the "Subject" line of the email.  
 Fax to: 614-985-9634  
 Mail to: Ohio Rehabilitation Services Commission  
 Attention: VRP3 Unit  
 400 E. Campus View Blvd., 3CS  
 Columbus, OH 43235

\*\* RSC reserves the right to request additional documentation to support the items billed.

OPERATING EXPENSES	LINE TOTAL
<b>A. Direct Costs for Contractor and Sub-contractor(s)</b> <small>(If faxing or emailing, attach "Direct Cost Billing Details")</small>	
1. Salary and Fringe Costs	\$0.00
2. Travel	\$0.00
3. Supplies	\$0.00
4. Equipment	\$0.00
5. Staff Development	\$0.00
6. Occupancy	\$0.00
<b>SUBTOTAL DIRECT COSTS</b>	<b>\$0.00</b>
<b>B. Indirect Costs</b>	
1. Contractor Administrative Cost <small>(Based on Approved Certificate of Indirect Cost or Actual Expenses)</small>	
2. SUBcontractor(s) Administrative Cost <small>(Based on Approved Certificate of Indirect Cost or Actual Expenses)</small>	\$0.00
<b>SUBTOTAL INDIRECT COSTS</b>	<b>\$0.00</b>
<b>TOTAL BILLED</b>	<b>\$0.00</b>

Signature of Partner/Contractor: \_\_\_\_\_  
Note: If invoice is being E-mailed, a signature must appear on the above line by electronic placement or by printing, affixing signature and then scanning.

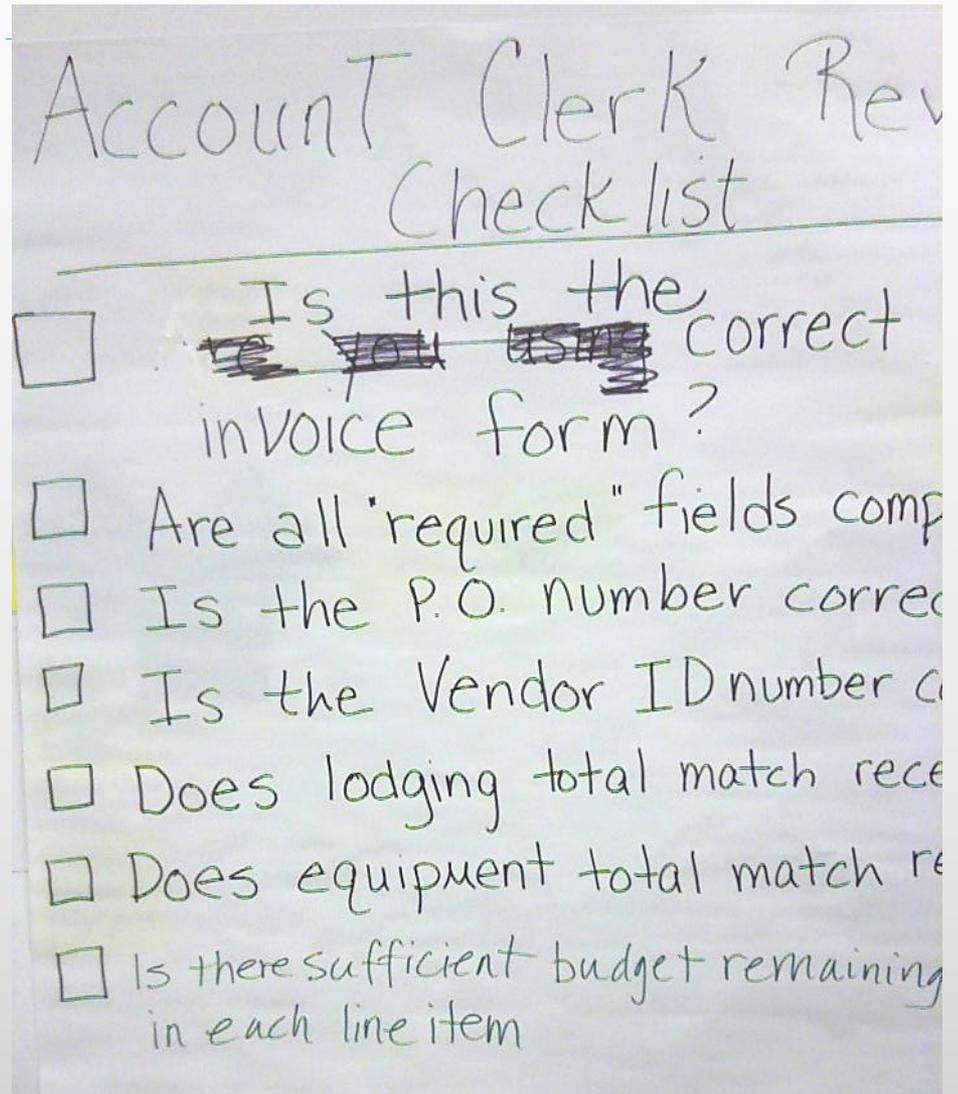
For RSC use only

Approved by: _____	Date: _____
Printed Name: _____	Phone: _____

Revise Instruction sheet to reflect changes.

WHAT	WHO	WHEN
Revise "Budget Based" Contract Invoice (VRP3 IL, ILOB, CED)	Vicki & Stacy & Fisc Mon Staff	Within 2 wks
Invoice for other providers Basic	Vicki & Debbie & Deb	Within 2 weeks

# Checklists Plan



## Original Goals of this Process

Standard Invoice Process	Developed standard invoice process
Process Invoices- 14 days	Projected 10-17 days
Reduces Rejected Invoices	New process expected to dramatically reduce rejected invoices

***"No problem can stand the assault of sustained thinking"***

~Marc Protsman's fortune cookie

# Benefits of the New Process

Vendors to receive timely payment

Monitoring built in to new process

Monitoring occurs on front end

Enhanced Fiscal review included

Improves staff productivity



# Personal Lessons Learned

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Exhausting

Enlightening

Teambuilding atmosphere

Cross department involvement

When more people are involved, you get better results

Important to stay focused on the goals and refocus

Challenging

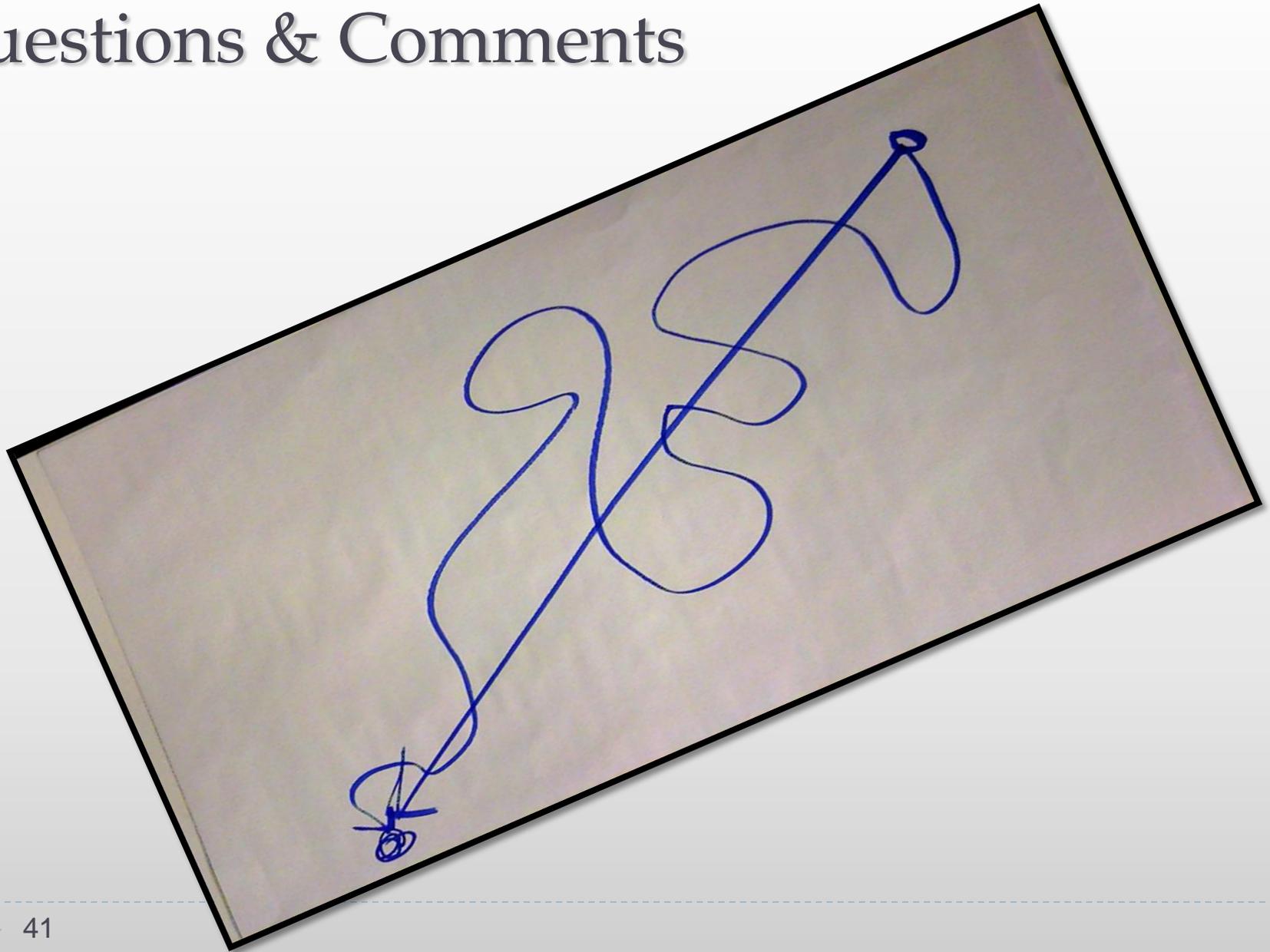
Process mapping helped me visualize the “unknown”

Perseverance prevails

# Life as a member of a Kaizen event Team...



# Questions & Comments



# Special *THANKS* to...

Tim Nguyen, RSC/IT  
April Bagley, RSC  
Janine Ashanin, RSC/HR  
Karen Benson, RSC/HR  
Katie Scheetz, RSC  
Becky Halstead, RSC  
Nicole Thompson Mills, RSC  
Steve Moore, RSC



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