



Rapid Process Improvement at TWC

June 3, 2014



Agenda

- Origins of RPI
- Theories of Constraints Methodology
- Throughput Operating Strategy (TOS): Alignment
- The Projects and Their Results
- TWC's RPI Culture: Training, Practitioners, & Employee Participation
- The Way Forward
 - A Data Driven Organization: Metrics and Dashboards
 - QT/OE, Operational Efficiency, and Cost Savings
 - Continuous Improvement Ethic.
- What Can We Tell You More About?



Origins of RPI: SB 563 & WOTC

- Senate Bill SB 563, enacted by 82nd Texas Legislature in 2011
 - TWC was to establish a pilot program:
 - To improve the efficiency and quality of operations while reducing costs.
 - That follows a structured and defined methodology, a continuous improvement technique, and a measurement system analysis associated with Lean Six Sigma.
 - TWC selected Work Opportunity Tax Credit (WOTC) program.
- Utah's Department of Workforce Services
 - Benchmark Organization, Colleagues, and RPI Advocates

WOTC – Work Opportunities Tax Credit program



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- **Need** – Funding ↓7.4%. Applications ↑45%. Backlog: WOTC processed only 60% of 262,356 2010 Apps.
- **Method** – Integrated TOC & LSS via Novaces & Viable Vision. Constraint 5-step. TOS. Legislative mandate.
- **Story** – WOTC: a distressed, overworked team.
- **Challenge** – Staff conviction: we would make the team run faster in a zero-sum world.
- **Surmount** – improvements=proof; 194 days to 27 days. 3 staff request into a 2 staff surplus. 25% ↓ OE.



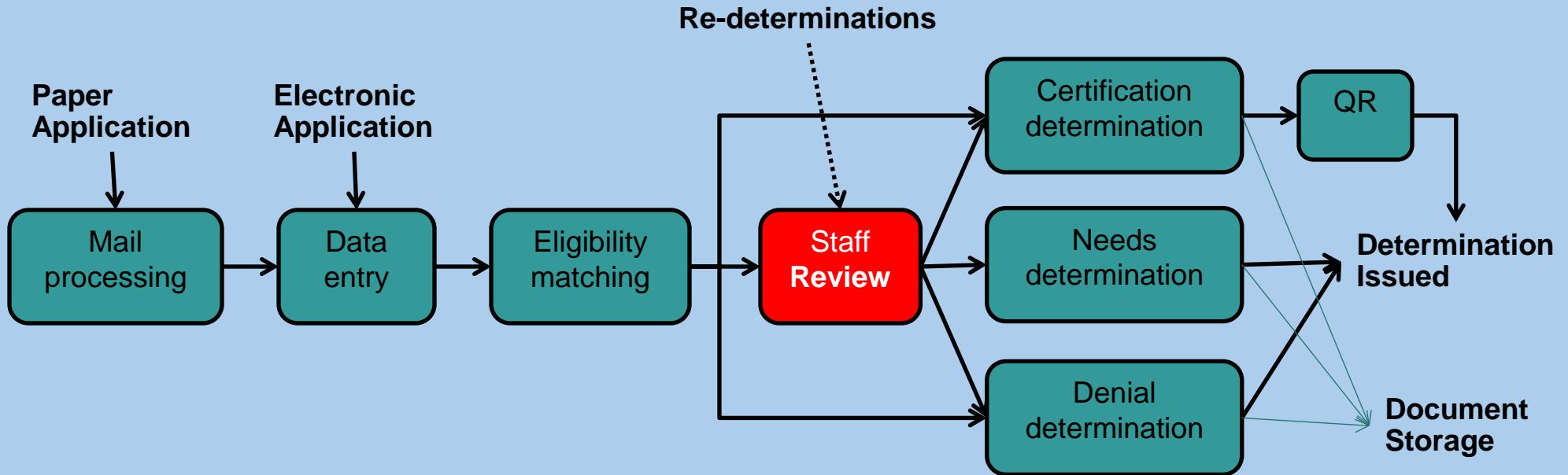
WOTC Throughput Operating Strategy (TOS)

Feeding

- We always have applications ready for review
- We are getting the correct data entered into the system faster and faster

Control point

- Analysts are spending their time processing applications
- More and more “correct” determinations are being made



Measures

- Turn around time on determinations (in days)
- Determinations per day/week
- Quality rate (accuracy)
- Value of certifications in dollars

Following the control point

- Determinations made are issued quickly (no back log)
- Determinations are issued faster and faster

Results: WOTC Days to Process Application and Issue Tax Credit

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Table 1. Avg Days to 1st Determination (CY 2012)

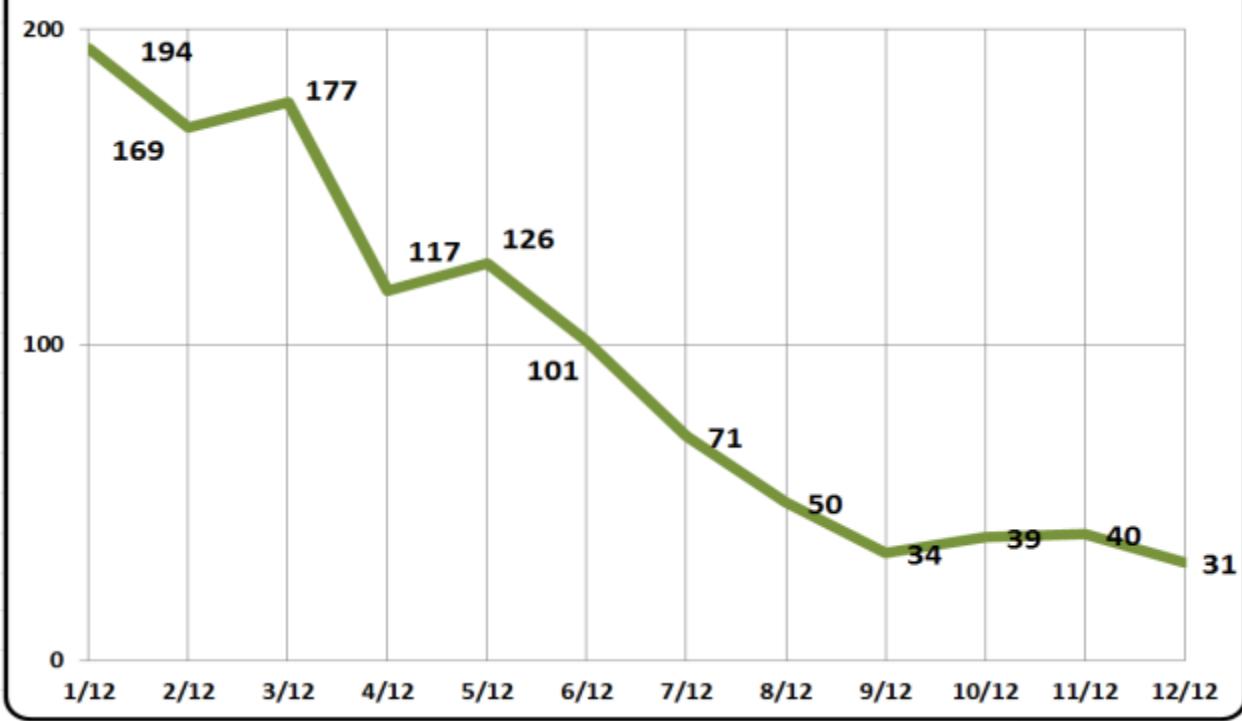
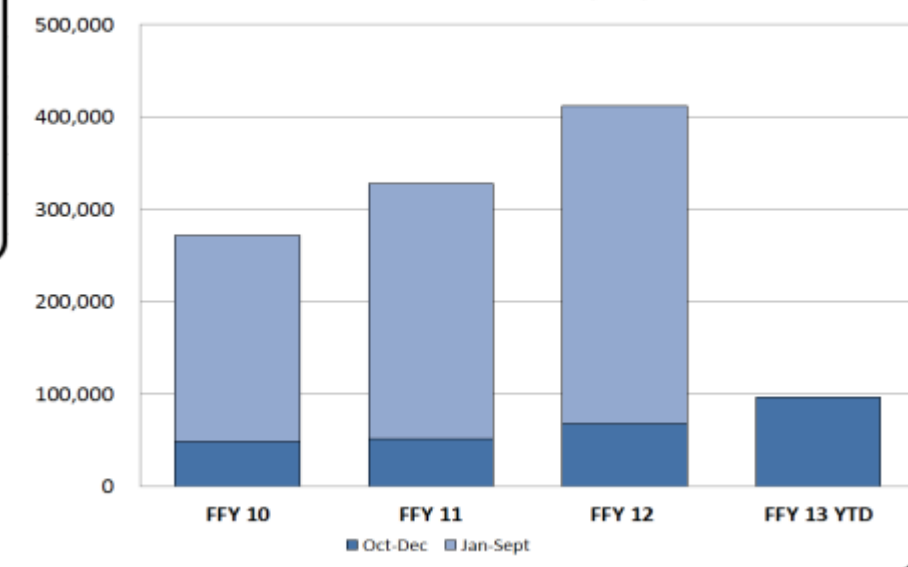
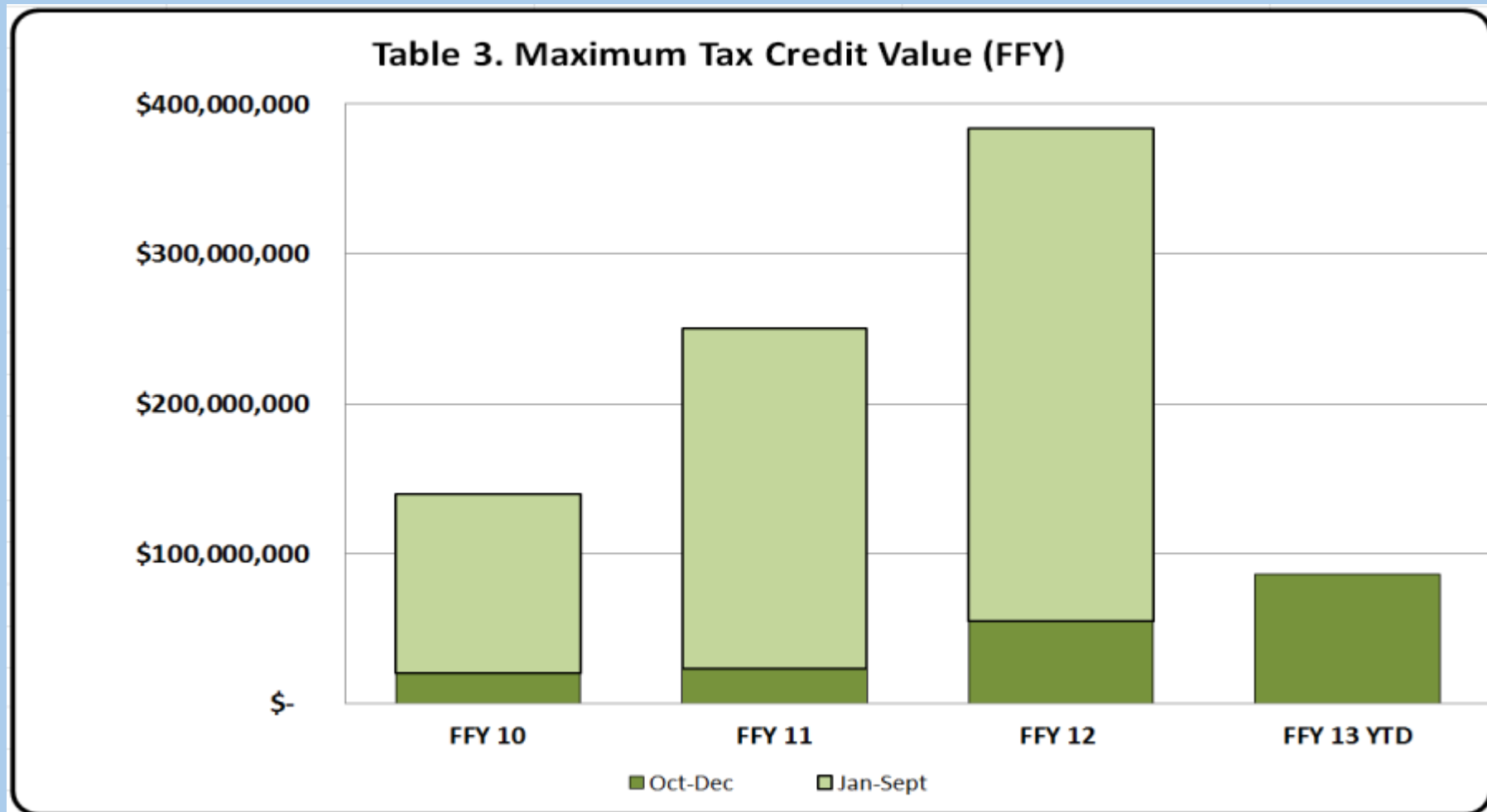


Table 2. # Determinations YTD (FFY)



Results: WOTC -Value to the Customers - Timely and Responsive

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WF RFP Contracts

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- **Need** – Took to long: 220+ day average.
 - Consensus took over 3 weeks.
 - 7 Contract Capacity.
 - Communication by exception.
- **Method** – ITLS; TOS = enterprise north star; integrated review; reduce redundancy
- **Story** – 4 budget forms for one contract. Local optima.
- **Challenge** – No enterprise view. Tendency to jump back into old wagon ruts. Longstanding friction and frustration.
- **Surmount** – TOS inspired process unity. Use of progressive resolution. Measures = behaviors.



Rapid Process Improvement

Example: Work Force Request For Proposal Contracts



- Problem Statement: Contracts took too long to put out for bid and select.

- Old Process:

- 220+ day average.
- Consensus took over 2 weeks.
- 7 Contract capacity.
- Communication by exception.

- New process: Focused on Constraints (Finalize RFP and Contract Development)

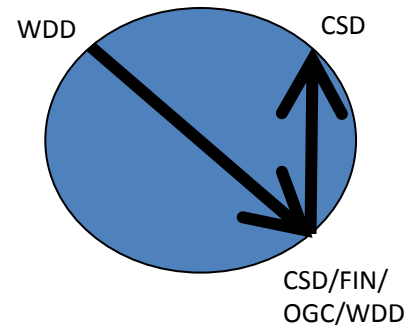
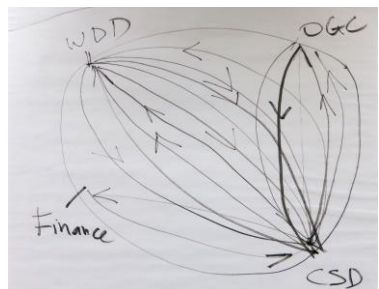
- 132 day average.
- 2 week legal process into 34 minutes. Consensus achieved in 1 integrated meeting.
- 14+ contract capacity.
- Governance council ensures proactive communication

RFP Throughput Stream Analyses

Legend: Optimistic (Green), Realistic (Yellow), Pessimistic (Red)

Contract ID	RFP Development	Finalize RFP	RFP Published	Manage and Receive Responses	Evaluate and Score	Select Winner	Contract Dev.	Final Contract and Bid	Total Days from RFP Published	Total Days
120-18-01	Realistic	Realistic	Realistic	Realistic	Realistic	Realistic	Realistic	Realistic	132	132
120-18-02	Realistic	Realistic	Realistic	Realistic	Realistic	Realistic	Realistic	Realistic	132	132
120-18-03	Realistic	Realistic	Realistic	Realistic	Realistic	Realistic	Realistic	Realistic	132	132
120-18-04	Realistic	Realistic	Realistic	Realistic	Realistic	Realistic	Realistic	Realistic	132	132
120-18-05	Realistic	Realistic	Realistic	Realistic	Realistic	Realistic	Realistic	Realistic	132	132
120-18-06	Realistic	Realistic	Realistic	Realistic	Realistic	Realistic	Realistic	Realistic	132	132
120-18-07	Realistic	Realistic	Realistic	Realistic	Realistic	Realistic	Realistic	Realistic	132	132

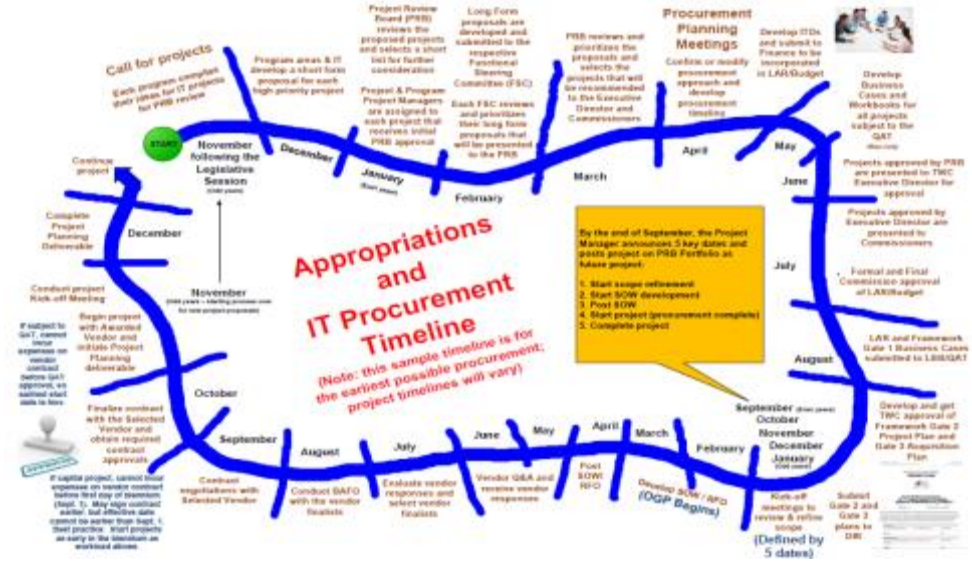
TOC Method Applied to Tracking Tool



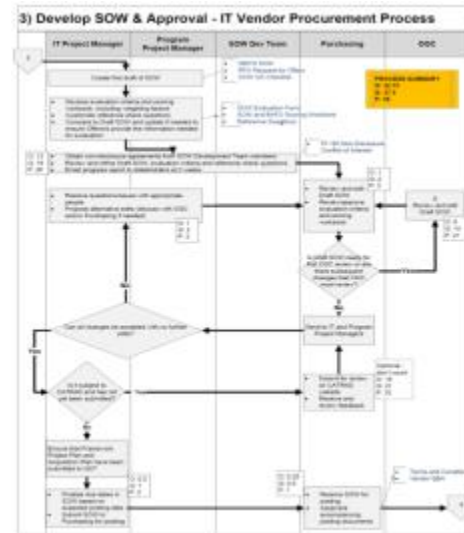


Major IT Vendor Procurement (Capital Projects)

- Problem Statement: IT Contracts took too long – 439 day average.
- Old Process:
 - Took 62 weeks to procure.
 - No workflow tracking system
 - Many circular touch points
 - Documents in multiple locations
 - No validated measures.



- New Process: Focused on Constraint (S.O.W.)
 - Takes 36 weeks to procure (252 days)
 - Now uses a workflow & contract management tool
 - Reduced touch points (saving dozens of days)
 - Documentation now in dedicated directory
 - Validated measures tracked on a dashboard



Our Riddle to Ponder

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- **Why has TOC proven to be so powerful in government? Why is it able to provide focus where Lean and Six Sigma have struggled?**

“Lean Six Sigma is often counterproductive in government; . . . The adoption of Six Sigma as a methodology does not allow for sufficient flexibility to work in a very political world.”

Rich Mallory and Denzil Verardo, “When Lean Six Sigma Sinks the Ship,” ASQ’s *Government Division News*, Summer 2013.

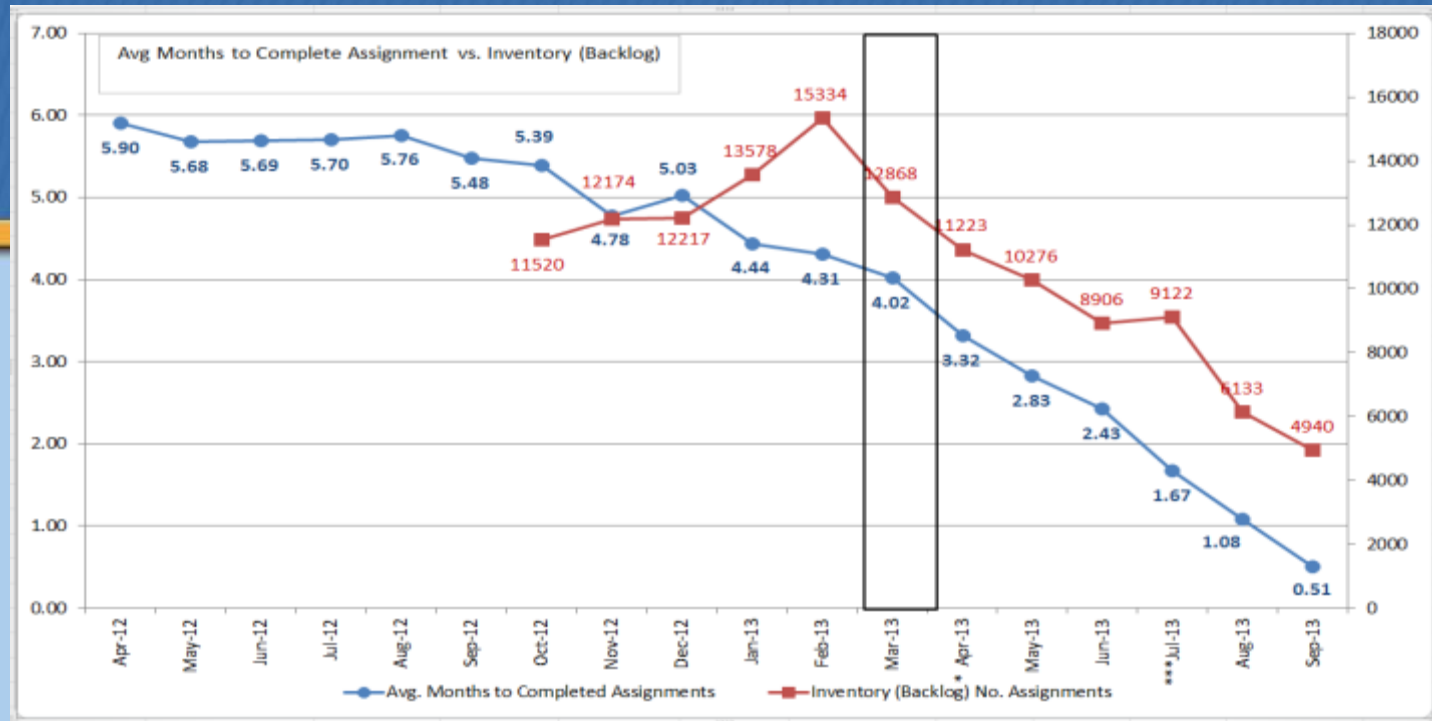
Building In-house Expertise and Support for POOGI-

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- RPI Director, RPI Project Manager, RPI Admin
- Never-missed-a-kickoff ExDir & Chief of Staff
- Steering committee
 - Commissions RPI's – RPI's often “follow” audits
 - Tracks RPI implementation & results for a year +
- Champion & Sponsor engagement!
- 46 Trained Practitioners (40 hour course)
- 3 “senior” practitioners who coach & mentor
- Local practitioner pairs with “fresh eyes” practitioner in PM-facilitator teams
- Quarterly training and support network
- 8 hour orientation course and² RPI evangelization

Tax Adjustments Backlog:

Great RPI results w/o a consultant or RPI Director



- Old process:
 - Backlog inventory was 10,276 in May 2013.
 - Took 5 months to complete a tax adjustment.

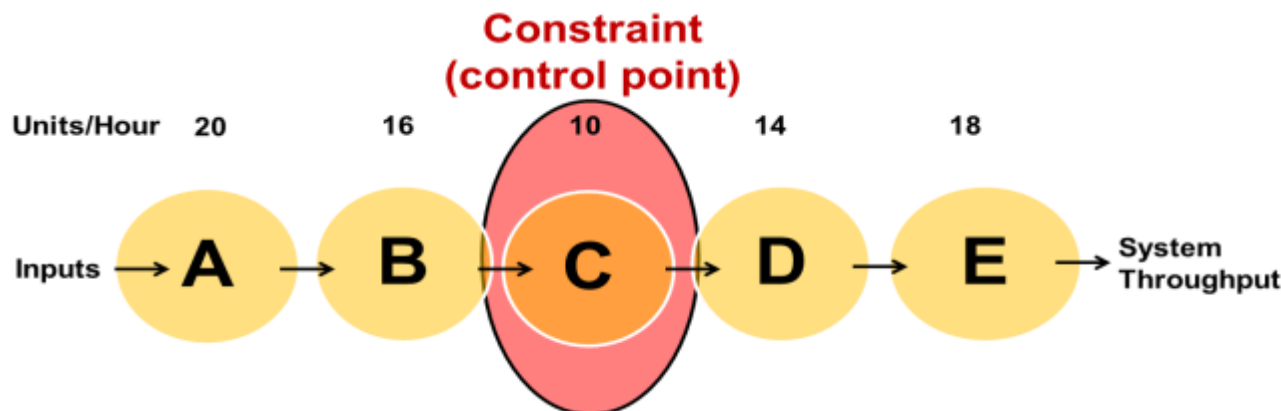
- New Process
 - Backlog inventory) is now 4940. A 52% reduction from May 2013.
 - Takes less than one month to complete a tax adjustment.

Back to Our Riddle: Power of TOC in Government Enterprises?

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- Provides focus on the constraint.
- It is a substitute for the “bottom line.”
- Helps you distinguish what K. Cox calls “the important from the urgent.”
- TOC = foundation. Lean 6 σ have additional tools.

Theory of Constraints (TOC): identify the bottleneck



Unifying the many parts: TWC- Agency TOS

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- **Selecting IT projects and RPI project was difficult before Agency and Division TOS's.**
- **All departments have touchstones for their mission, contributions, and their own TOS's.**
- **TOS-build sessions were great team-building sessions.**
- **TOS's are now**
 - **How we explain ourselves & our purpose to the world**
 - **Basis for Dashboards**
 - **Training tools**
 - **Launch pads for future RPIs and other continuous improvements**



ENTERPRISE CONTRACTING Enterprise Flow

Measures

- Time to contract WP & RFP
- Contract due date performance (some contracts)

Feeding the Control Point
Staff are focusing on delivering clearer program designs and program evaluation criteria faster

Goal: To create contracts that achieve workforce objectives faster and faster.

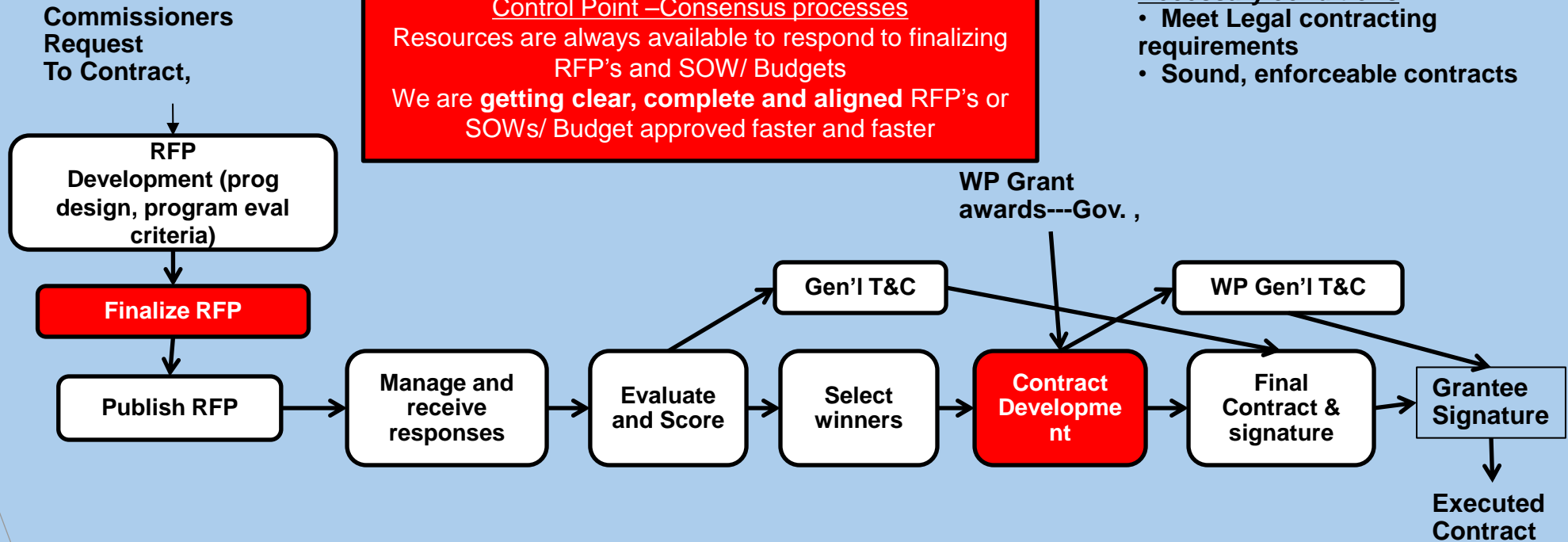
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Control Point –Consensus processes

Resources are always available to respond to finalizing RFP's and SOW/ Budgets
We are **getting clear, complete and aligned** RFP's or SOWs/ Budget approved faster and faster

Necessary conditions

- Meet Legal contracting requirements
- Sound, enforceable contracts

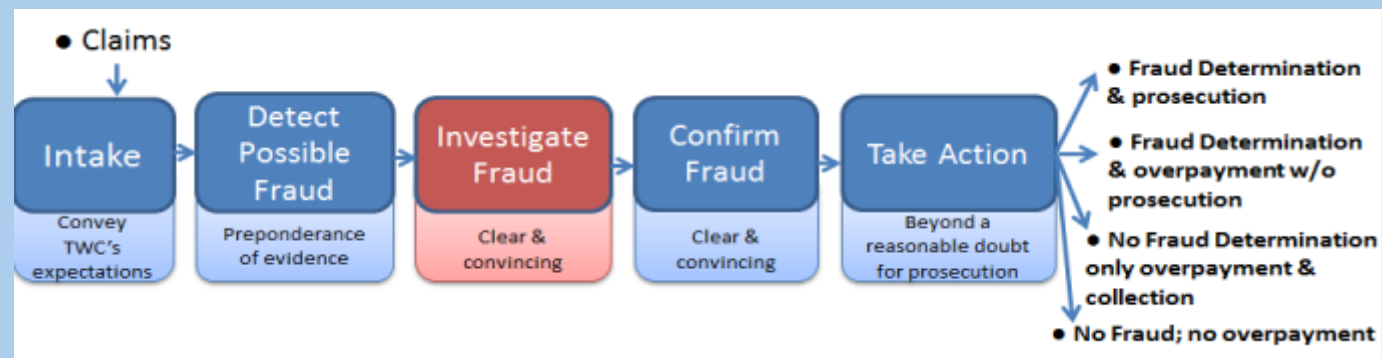


After the Control Point
Work flows quickly through the rest of the process, no bottlenecks, no build ups.
We are increasing speed, flexibility and capacity to move work faster and faster

Fraud Determination

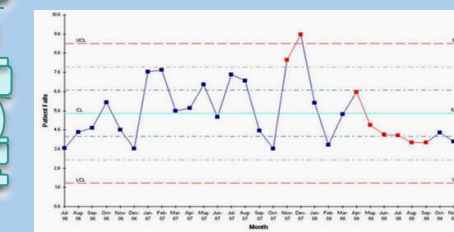
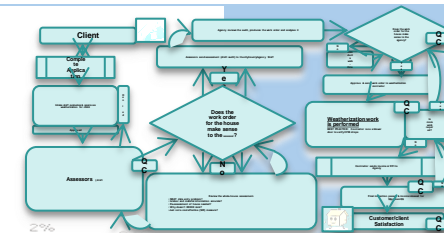
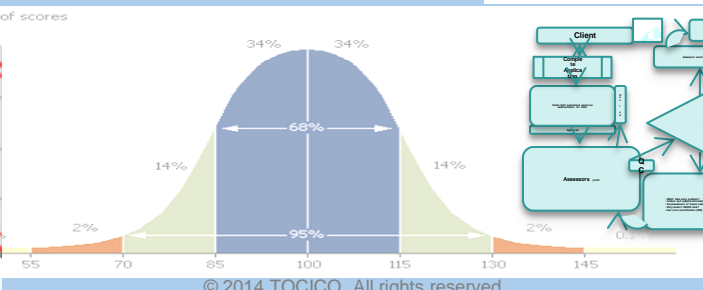
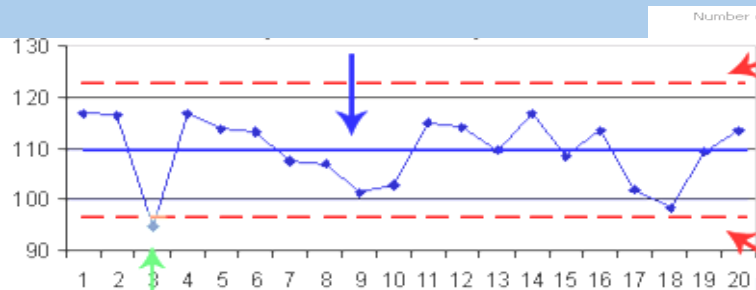
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- **Old process:**
 - Similar functions in different organizations drifted over time.
 - Some processes provided no value; none could recall why we did the process.
- **New process:**
 - Fraud Criteria Mandate is unified and consistent.
 - Common core tools, check-sheets, and questions.
 - Legal bridge document.
 - Common training course.
 - Detection systems right-sized to capacity in the model.



Questions and Observations

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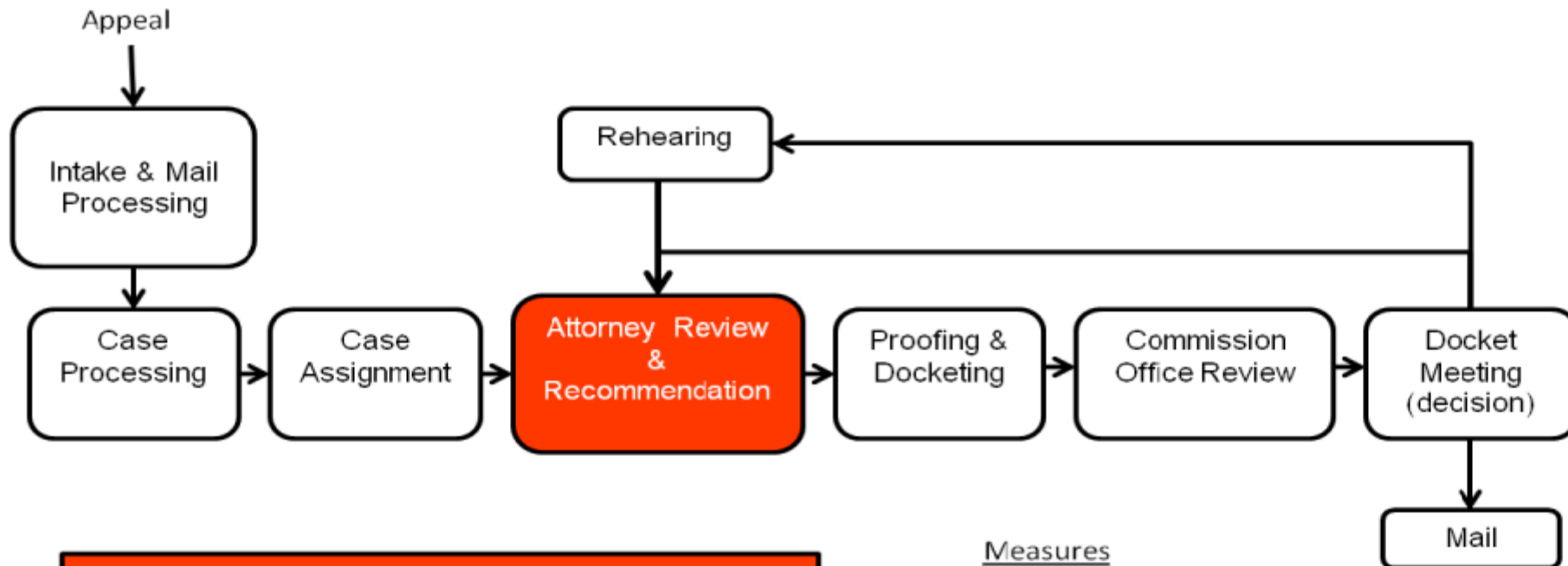
Commission Appeals TOS

Feeding the Control Point

- We always have plenty of the right cases to assign to attorneys
- We are reducing the time to get cases to attorneys

Following the Control Point

- Cases move swiftly, no backups in the flow
- Cases are mailed quicker and quicker



Control Point

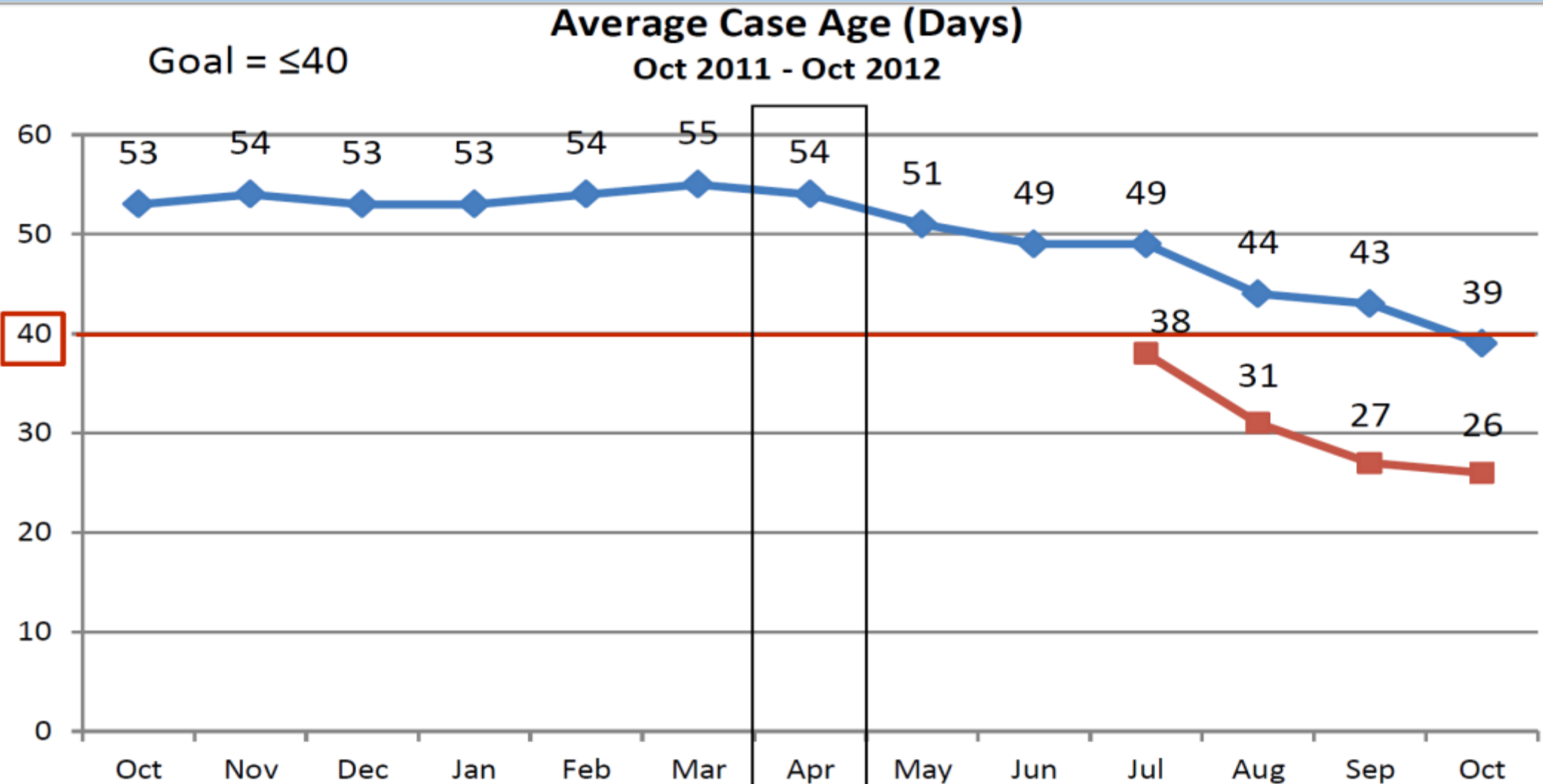
- Attorneys are fully assigned and spending their time producing accepted recommendations
- We are making more and more accepted recommendations

Measures

- Average case age
- Age at 1st Assignment
- % mailed in 45 days
- Inventory (work in progress)
- Decisions mailed
- Weekly No. Rec's/Docket Size

Results! Commission Appeals – Days to Process, Recommend, Decide, & Close

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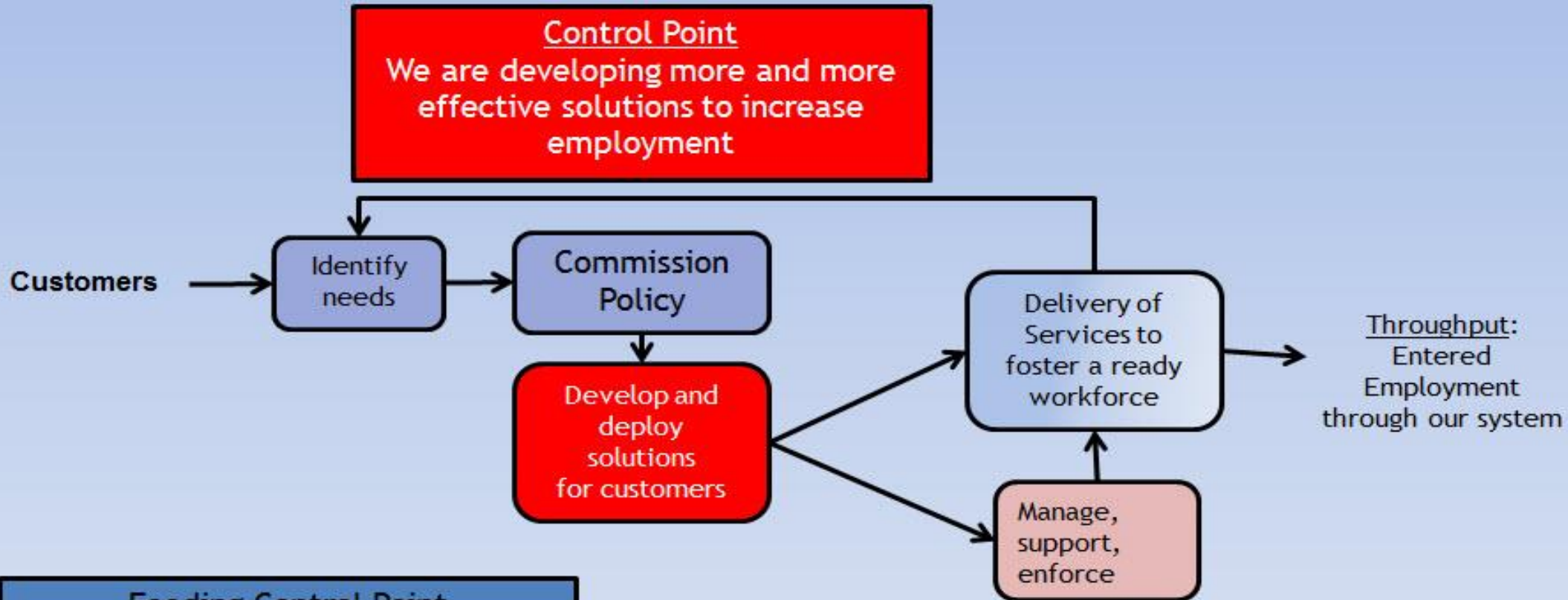
A TOS for Every Division

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- Need – Alignment. Silo-busting. Transition from local optima to a unified strategic vision.
- Method – TOS's for every Division. Ultimately develop an Agency TOS.
- Story – Local optima and local focus. Focus: up to Feds but rarely across to division silos.
- Challenge – 1) Chicken and the egg. Division, department or Agency TOS first? 2) Should throughput include external partners?
- Surmount – 1) Division, Agency, *then* Department. 2) Guidance throughput vs. mission throughput

TWC Agency TOS 8/30/2013

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Feeding Control Point
Needs are well identified, comprehensive, accurate and sufficient to support solution development in a timely fashion, and policy is clearly communicated.

Following the CP
Work should flow quickly, no bottlenecks, solutions should be effectively and fully implemented.

Workforce Division's Throughput Operating Strategy

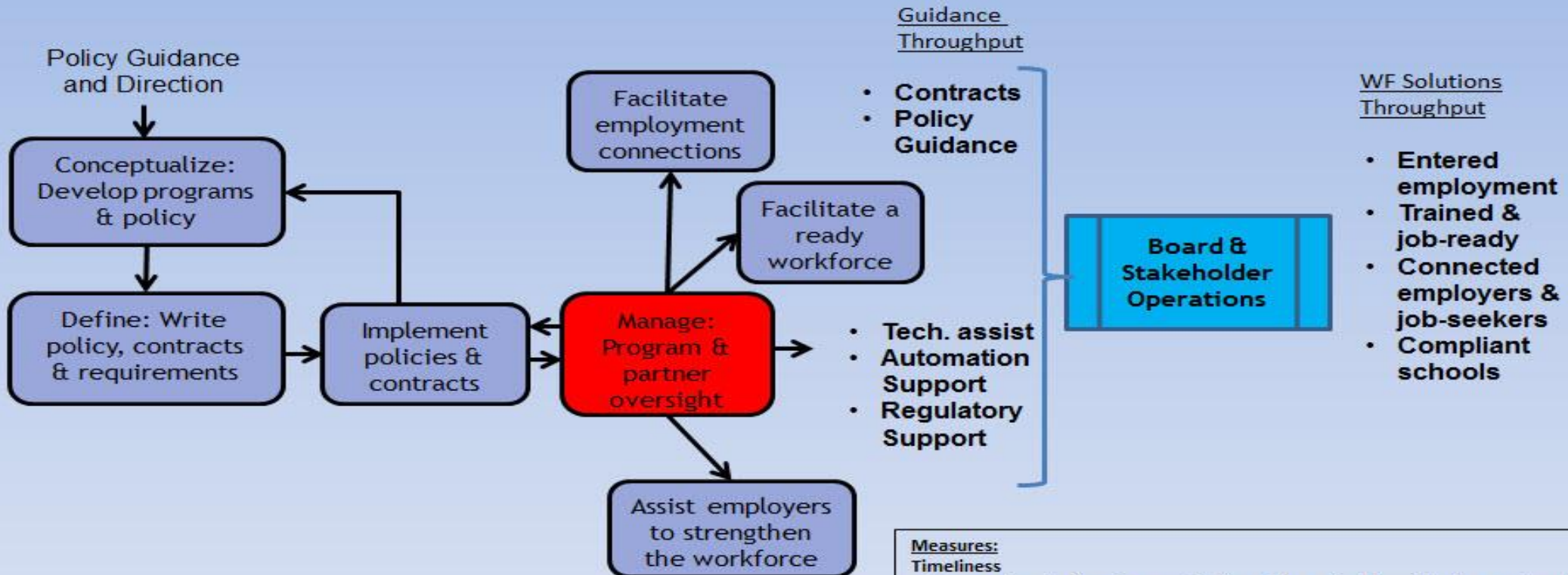
WF TOS September 10, 2013

Goal

Strengthen the Texas workforce to better meet employer needs.

Feeding Control Point

Programs and policies are clearly communicated, aligned (internally and externally), effective, responsive, timely, and built to enable smooth successful execution.



Control Point

We are closely observing and analyzing the execution of our programs for effectiveness and compliance. We are actively engaging in a dialogue with all partners to facilitate systemic improvement.

Measures:

Timeliness

- Average Days to Development Guidance Throughput Products (e.g., contracts, WD Letters, IT modification requests, technical assistance products, etc.)
- Number/Percent of Guidance Throughput products implemented prior to established deadline
- Number/Percent of Guidance Throughput products issued at least 30 days prior to required board/stakeholder implementation

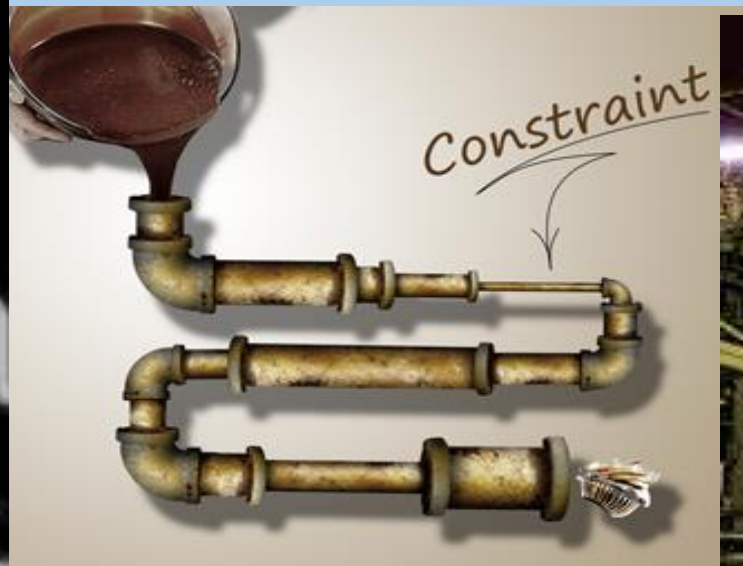
Quality/Effectiveness

- Percent of Guidance Throughput products requiring clarification or amendment (e.g., products requiring policy clarifications, amendment, change resulting from error or incomplete information)

Efficiency/Cost

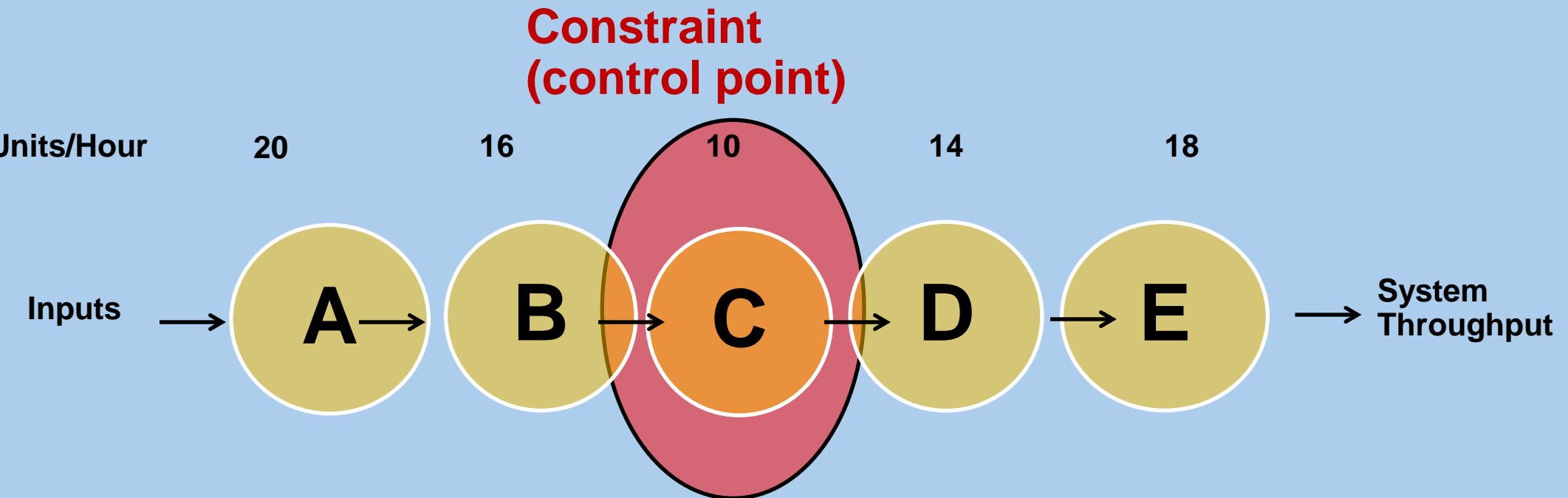
- Average Cost per Guidance Throughput Product

We have been building the pipes of government throughput for a long time. . . Rust? Sediment?



Theory of Constraints (TOC): identify the bottleneck

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Why Government Improvement via TOC is Such an Awesome Mission

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- **Better, faster, cheaper goods and services for the taxpayer and beneficiary.**
- **Enabling managers to achieve their goals.**
- **Empowering the people who actually do the work.**
 - Their ideas and creativity are unleashed
 - Throughput rounds engender buy-in from all
 - Workplace environment improves
 - Internal, grassroots **DRIVE** to implement the RPI!



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Rapid Process Improvement Efforts at Texas Workforce Commission *A Texas-Sized Undertaking*

Prepared by Alfredo Mycue, Director of Business Transformation and Kevin Fox of Viable Vision

The Mandate for Excellence in Government

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- **Government is necessary.**
- **Taxpayer is the base customer.**
- **Government should provide goods and services rapidly, effectively, and efficiently.**
- **Larry Temple mandate:**
 - **“As employees of the Texas Workforce Commission, we are entrusted by the taxpayers to use their tax money efficiently and effectively.**
 - **We must be prepared to question the assumptions of “We’ve always done it that way.” We must look at our processes in a fresh light, and generate new, innovative ways to reach our goals.**
 - **We must work together as a team to eliminate waste, increase our responsiveness, and reduce our costs.**
 - **Simply put, Rapid Process Improvement is just the right thing to do. It represents a deep and enduring commitment from all of us to the people of Texas. We owe it to the taxpayer to get the most out of the dollars they entrust us with.”**



Challenges of Continuous Improvement in Government

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- Why change?
- Perception: *improvement efforts* are “top down”
- Why are you measuring me??!
- Lack of focus: focus everywhere = focus nowhere.
- Often an environment with an unclear goals & priorities.
- Lack of resources and lack of ability is conflated.
- Lack of control causes “hands up” capitulation.
- Perception: lack of control = inability to influence external stakeholders and make them aware.
- Parkinson’s Law.
- Data-poor environment: no reasons for late or defect.
- Listening to Voice of the Customer is not a priority.