Operational Excellence in Utah Government

“More value for every taxpayer dollar”

Presented by: Steve Cuthbert
Utah Governor’s Office of Management and Budget
Agenda

➔ Background
➔ SUCCESS roadmap
➔ Case studies
➔ Lessons learned
Target and Vision

“Our target is to improve government operations and services by at least 25% by January 2017.”

- Governor Herbert
Basic conflict (why change)

demand for government services

revenue
Office of Management and Budget

CFO / COO

- Budget
- Operational Excellence
- Performance Measurement
The SUCCESS Framework

✓ Set measurable goals and targets
✓ Use thinking and analysis tools
✓ Create your strategies
✓ Create your organization
✓ Engage employees and customers
✓ Synchronize your policy and projects
✓ Stay focused
What SUCCESS is not

• Employee training
• Reorganization
• Budget Requests
• IT/Automation?
SUCCESS in action

Department of Insurance improves 46%, reduces new hires

Using the SUCCESS Framework tools and processes, the Department of Insurance’s Captive Insurance Division has enhanced accountability and increased productivity by 46%. On top of that, the division was able to hold off hiring three new FTEs while providing the framework necessary to justify any future personnel requests and technology investments. Above all, the SUCCESS tools have allowed the captive insurance team to collectively focus on critical functions and assist Utah in maintaining its leadership standing in the global captive insurance world by efficiently serving stakeholders with well-trained professionals.

In 2003, the Utah Legislature passed the Captive Insurance Companies Act and created the Captive Insurance Division. The division regulates captive insurance companies—insurance companies established and owned by a non-insurance parent company to insure risks for which the parent company is exposed. Over the past seven years, the number of captive insurers that call Utah home has grown 26%, year over year, making Utah the

Governor: No better place to experience the outdoors than Utah

Governor’s Priorities

- Air Quality
- Budget
- Corrections
Integrated tools

THEORY OF CONSTRAINTS

LEAN

SIX SIGMA
Theory of Constraints

- Every system has at least one constraint (or weak link) that limits the performance of the entire system
- If you increase capacity at the constraint, system performance will improve

FOCUSING STEPS:
1. Identify the constraint
2. Maximize the constraint
3. Subordinate to the constraint
4. Elevate the constraint
5. Start over
Constraints vs Local Optimization

Units/Hour

Inputs 20 → A 16 → B 10 → C 14 → D 18 → E

System Throughput
Management Philosophy

- Systems are inherently simple
- Every system has at the capacity for improvement
- Every conflict can be resolved
- People are good
- Never say “I know”
Quality (how well we do our work)

Throughput (focus of our work)

Operating Expense (how much it costs)

“The improvement ratio”
Portfolio of Improvement

• Medicaid claims processing
• Fleet operations
• Data security
• Business registration and licensing
• Child protective services
• Crime lab
• Unemployment Insurance
• National Guard education assistance
• Crime victim reparations
• IT procurement
• Fraud investigations
• Adjudication/Fair Hearings
• Adult Probation and Parole
• Eligibility determination
• IT development
SUCCESS ROADMAP

1. Identify, classify and prioritize major systems
2. Map the system
   - articulate system goal
   - develop work flow
   - identify constraint(s)
   - apply TOC focusing steps and other tools
3. Develop performance measures (QT/OE)
4. Identify improvement strategies (sprints)
5. Manage ongoing improvement and build internal capacity
WORK ENVIRONMENT: TRANSACTION

BEFORE the SYSTEM CRITICAL ACTIVITY
- Controls for demand variation
- Customer facing applications are mistake proof
- Customer inputs provide a full kit for decisions
- Inputs are triaged for appropriate service tracks
- Customer information is available for process steps and current elapsed time
- Minimize batching, linear sequencing, non-value-added work steps

SYSTEM CRITICAL ACTIVITY
- Non-system critical activities are monitored
- Workload is reviewed regularly for balance
- Controls to detect backlogs (CFD)
- Specialization is minimized
- Resources are cross-trained
- Critical process steps are standardized (standard work instructions)
- Performance is measured at the team level and is real-time / visible

AFTER the SYSTEM CRITICAL ACTIVITY
- Defects are routinely tracked and prioritized (control chart, pareto)
- Defects are resolved prior to customer notification
- Regular team meetings identify process improvements
- Backlog escalation pathways and strategies are implemented
- Review timeframes are controlled to minimize future variation
- Portfolio management and business cases for large process changes

RECOMMENDED SUCCESS CURRICULUM:
- SYSTEM MAP
- MEASURE
- ACCELERATE
- MISTAKE PROOF
- PROJECT MANAGEMENT
- EVIDENCE BASE
- ONGOING FOCUS
Case Study: Adult Probation and Parole

Department: Corrections
Total Budget: $269,442,000

Systems:
• Adult Probation and Parole – 27.9%
• DIO (institutional prison) – 51.3%
• Programming – 8.2%
• Medical Services – 11.1%
GOAL: Protect the public and reduce recidivism through evidence based practices

**Throughput** = Supervised offenders that are discharged from AP&P

**Quality** = Percentage of offenders discharged as low risk or with a 15% or greater reduction in their risk assessment score

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**Utah Department of Corrections**
**Adult Probation and Parole**
**Strategy Map**

**Control Point:**
*Agents are spending a higher percentage of time properly implementing evidence based practices*
*Necessary condition: Agent, public and offender safety*

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**Referral** (prison, court, PSI, Interstate Compact)

1. **Assess Risk Score**
2. **Monitor/support progress**
3. **Court/BOPP**
4. **Termination**

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**Progress or Violation Reports**

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**Prison/Jail**

**System Exit**

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**Feeding the Control Point:**
*Agents have a completed and fully accessible case file*
*Offender databases are complete and updated*
*Case Action Plans are effectively transitioned between institution and community supervision*
*Restitution is determined prior to supervision*
*Supervision of offenders is prioritized according to EBP*
*Data entry required by agents is minimized*
*Case appropriate risk assessments are available and utilized*

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**Following the Control Point:**
*Timely updates of legal status and location occur*
*Courts and BOPP provide immediate/appropriate sanctions and responses*
*Revolves/Restarts are updated in case set up*
*Courts apply standards consistently*
*Offenders have post supervision plans and are accessing supportive resources when needed*
*AP&P staff is providing offenders with positive reinforcement*
Maximize the constraint

- Inter-Court transfers
- Streamlined court cases
- Multiple databases
- Report duplication
- Buy in
- Allied agency requests
- Committees/Meetings
- PSIs for non-intake staff
- BOPP fines/fees
- Office disruptions
- Training
- Audits
- Certification
- Driving
- Kiosks
- Caseload size
- Incorrect data entry
- Searches
- Telecommuting
- UCJIS
- Evidence process
- Office locations
- No O/T
- Non-essential paperwork
- Warrant recalls
- Inter-regional transfers
- Lack of vehicles/tools
- Inter-regional communication
- Mapping
- Extraditions
- Booking/Transports
- Waiting Lists
- Length of supervision
- No shows
- Violation Matrix
- Data entry
- Drug testing
- Feedback loops
- Probation special conditions
- Restitution
- Treatment providers
- Offenders not home
- Vehicle logs
- Programming/DIO
- VIACK
- Budget
- Covering other agents
- Turnover
- Lack of Flight
- No Misdemeanors
- Outdated policies
- Feedback
- Torts
- RVs
- Pits
- Turnovers
- Restitution
Strategies

- Case action plans are updated/complete prior to AP&P referral (also available in the field)
- Risk scores are prioritized and updated regularly for agents (dashboard)
- Develop consistent sanctions/incentive matrix
- Utilize probationary staff to give agents more time in the field
- Fill vacancies faster by over-hiring positions
- Review/offload non-critical tasks
Results

Change in Q
From Jul 2013 to Mar 2015

- AP&P Regression Line
- AP&P
Case Study: Eligibility Determination

System Goal: Provide timely and accurate benefits

Throughput: eligibility determination (SNAP, Medicaid)
Quality: reliability standard (speed)
Necessary condition: maintain accuracy level

Target: Increase the percentage of decisions made within 14 days to 75% (baseline 60%)
Reliability Standards

Applications Approved (Cumulative Percentage)

Applications Approved (Daily Percentage)

Days to Approval

74.5% (21 days)
Why speed matters

Work volume entering system vs Work volume entering system

System out of balance vs System in balance

Backlog
Cumulative Flow Diagram
Think systematically
Strategies

• Increase the number of applications that are fully completed (increase usability)
• Increase applications that are completed on the first touch (decrease pending rate)
• Align verification and accuracy expectations (don’t over verify and increase collateral contacts)
Results

ESD's "Q" Measure

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FS/MED Baseline
Results

Days to Decision
Food Stamps/Medical

- Days to Decision: 0, 2, 4, 6, 8, 10, 12, 14, 16, 18, 20
- Lines: FS (blue), MED (brown)

Graph shows a decrease in days to decision over time for both Food Stamps (FS) and Medical (MED) categories.
Case Study: IT Development

Department of Technology Services
Application Development
*Throughput Operating Strategy final*

**Before the control point:**
- Business processes are optimized and documented
- Business need is reviewed to determine if solutions already exist at the enterprise level

**GOAL:**
Increase business value by providing the best technology at a competitive rate

**Throughput:** Development Projects (non-maintenance)
**Quality:** Percentage of Business Requirements Achieved (scorecard)

Business Need → Analysis (what) → Business Case (why) → Project Prioritization (when) → Implementation (how) → Exit meeting/validation → Completed Project

**Maintenance/Lifecycle plan defined**

**At the Control Point:**
- Business cases are directly linked to business objectives and outcomes
- Business cases identify the most cost-effective solutions, as well as total cost of ownership
- Project managers and business owners are identified and have necessary capacity and expertise
- Agencies have governance models to review (approve/deny) business cases

**Following the Control Point:**
- Agencies have governance models to prioritize projects
- Projects are started only when there is available capacity
- Project plans outline all project phases and resources
- Business requirements are clearly identified
- Projects risks/issues are actively monitored and resolved
- Projects are reviewed upon completion to validate if business requirements were met/gather lessons learned
- Maintenance, upgrade and lifecycle plans are developed and integrated into future prioritization
Strategies

- Develop consistent business case requirements
- Require business process review prior to automation (discretionary projects)
- Pipeline or “choke and release” projects
- Full kit of requirements/project planning
- Single task developers/reduce multi-tasking
- Break out expert from day to day work to help roadblocks
Lessons Learned

We have limited management time and attention- the trick is to ensure every change:

- Delivers big results for the ENTIRE system
- Is a win for customers, employees, taxpayers
- Is low risk and cost vs potential benefits
- Makes work simpler not more complex
- Has indicators to deliver fast feedback
- Is separated in “what can we do today” vs longer term changes
What can you do today?

- Identify and prioritize your major systems
- Introduce the concepts – read The Goal
- Develop common measures around cost, quality and throughput
- Challenge staff to reduce multi-tasking
- Start applying change criteria
- Identify team (consultants, data analysts, project managers)
- Conduct R&D (rob and duplicate)
- Just start – real learning comes from application
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The Governor’s Office of Management and Budget’s second annual UtahOPS conference is designed to support organizations in improving service, quality, and cost. The conference is a must attend for public sector employees at all levels of government—state, county, local/city, and education. Private and non-profit organizations interested in improving performance are also encouraged to attend. Attendees will learn how to implement operational excellence fundamentals that will help your organization reach its peak performance.
Questions?

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