Operational Excellence in Utah Government

"More value for every taxpayer dollar"

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

SUCCESS

Agenda

➔Background

➔SUCCESS roadmap
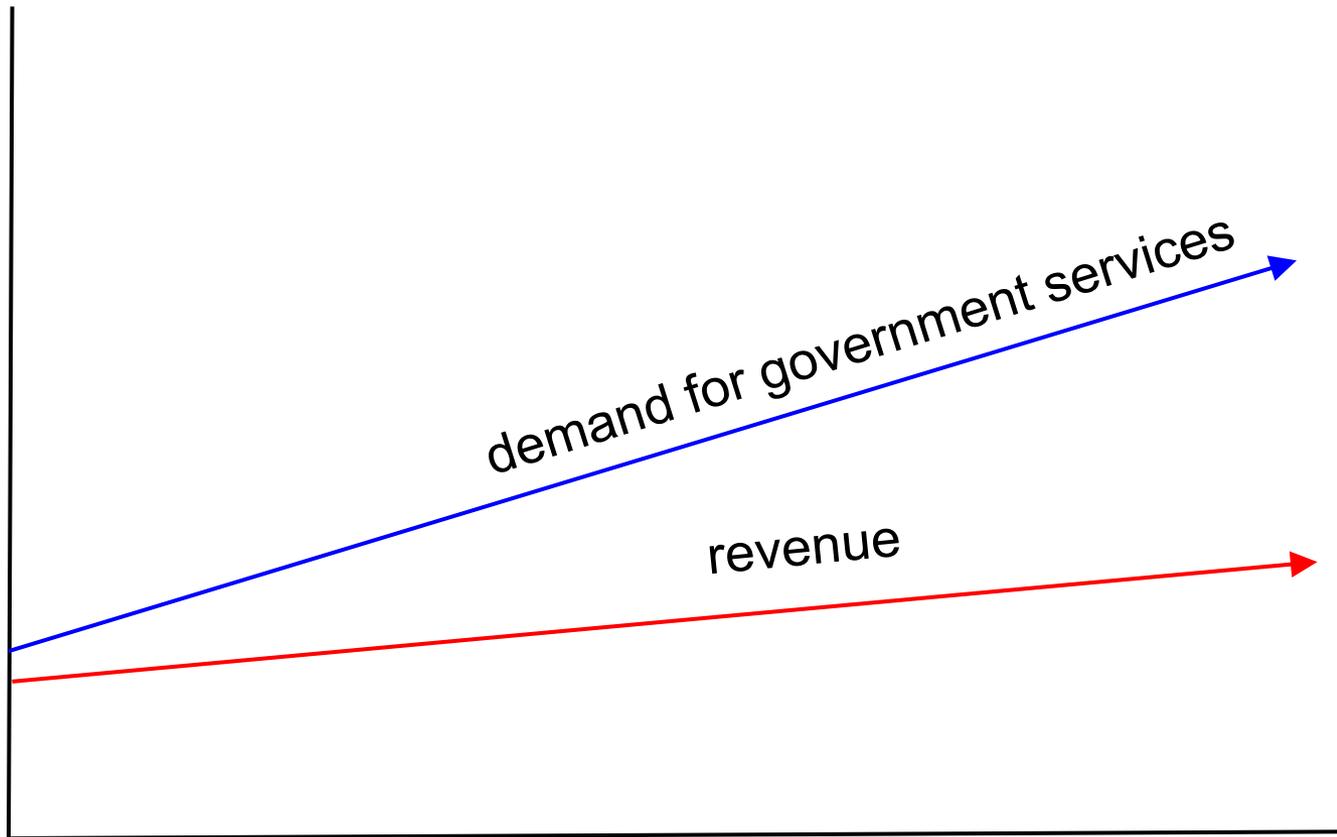
➔Case studies

➔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)

Office of Management and Budget

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                    │    CFO / COO     │
                    └──────────────────┘
                             │
          ┌──────────────────┼──────────────────┐
  ┌───────────────┐  ┌───────────────┐  ┌───────────────┐
  │    Budget     │  │  Operational  │  │  Performance  │
  │               │  │   Excellence  │  │  Measurement  │
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The SUCCESS Framework

- ✓ **S**et measurable goals and targets
- ✓ **U**se thinking and analysis tools
- ✓ **C**reate your strategies
- ✓ **C**reate your organization
- ✓ **E**ngage employees and customers
- ✓ **S**ynchronize your policy and projects
- ✓ **S**tay focused

SUCCESS

What SUCCESS is not

- Employee training
- Reorganization
- Budget Requests
- IT/Automation ?

SUCCESS in action

Integrated tools

THEORY OF CONSTRAINTS

LEAN
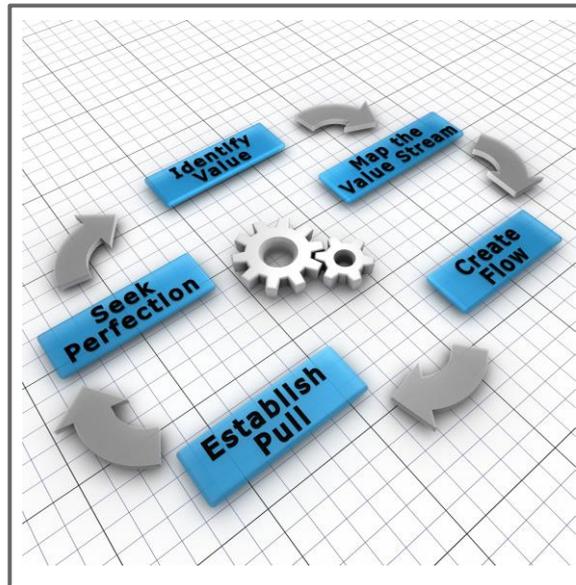
SIX SIGMA

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
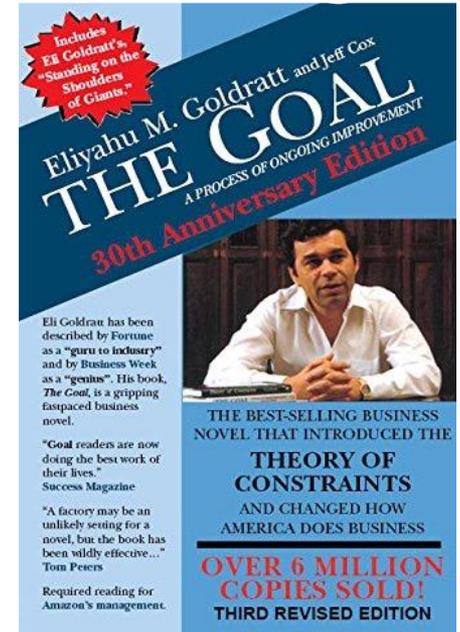
Constraints vs Local Optimization
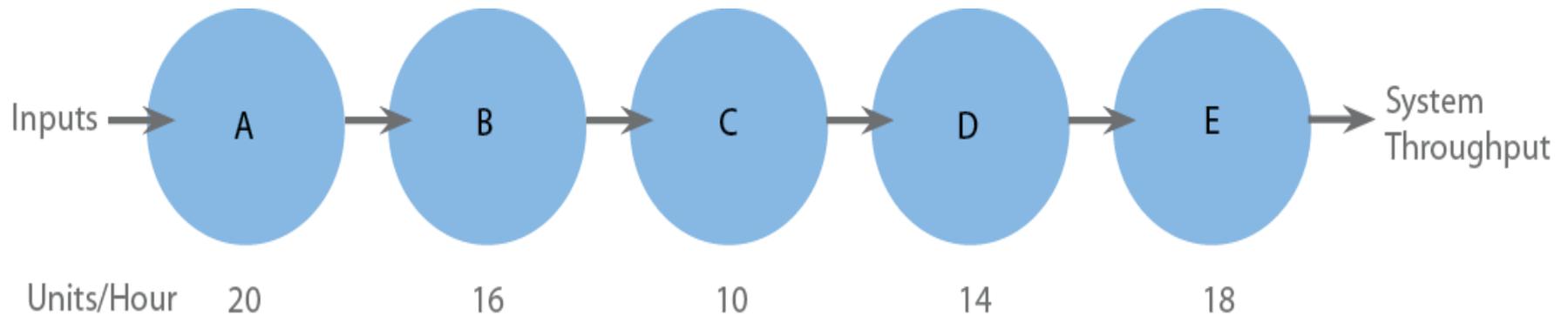
Management Philosophy

- Systems are inherently simple
- Every system has at the capacity for improvement
- Every conflict can be resolved
- People are good
- Never say "I know"

Performance Measures

Q ↑ Quality (how well we do our work)
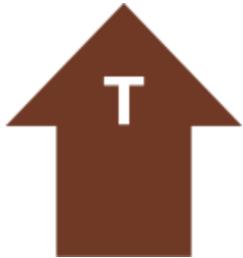
T ↑ Throughput (focus of our work)

OE ↓ Operating Expense (how much it costs)
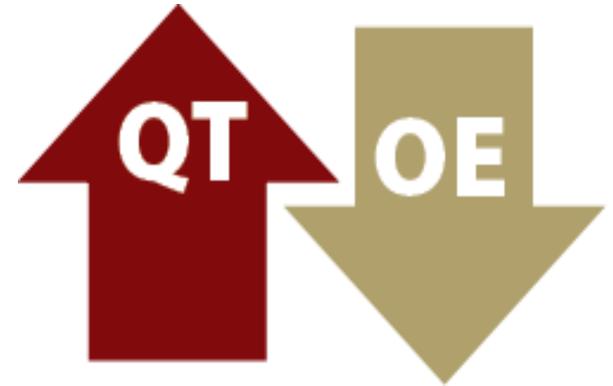
QT ↑ OE ↓

"The improvement ratio"

State of Utah
SUCCESS Framework QT/OE Results
(as of April 7, 2015)

Indexed Change in QT/OE (Baseline = 100) (e.g., 110 is 10 percent above baseline)

Monthly Aggregate values:
- Jan-13: 109.3
- Feb-13: 109.4
- Mar-13: 109.4
- Apr-13: 96.6
- May-13: 96.8
- Jun-13: 97.5
- Jul-13: 124.0
- Aug-13: 119.6
- Sep-13: 128.9
- Oct-13: 116.1
- Nov-13: 113.5
- Dec-13: 114.0
- Jan-14: 118.4
- Feb-14: 123.4
- Mar-14: 135.5
- Apr-14: 119.0
- May-14: 112.5
- Jun-14: 110.3
- Jul-14: 127.5
- Aug-14: 122.5
- Sep-14: 135.9
- Oct-14: 122.5
- Nov-14: 126.0
- Dec-14: 127.8, 125.2

B A S E L I N E

Count of Systems Reporting:
- Jan-13: 14
- Feb-13: 14
- Mar-13: 14
- Apr-13: 14
- May-13: 14
- Jun-13: 14
- Jul-13: 33
- Aug-13: 37
- Sep-13: 38
- Oct-13: 40
- Nov-13: 40
- Dec-13: 41
- Jan-14: 43
- Feb-14: 44
- Mar-14: 46
- Apr-14: 45
- May-14: 45
- Jun-14: 46
- Jul-14: 50
- Aug-14: 50
- Sep-14: 50
- Oct-14: 50
- Nov-14: 50
- Dec-14: 49

Legend: Monthly Aggregate | Linear Trend (Estimate) | Count of Systems Reporting

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**

Service Request → **Triage Input** → **Assign Work** → **Validate Requirements** → **Make Decision** → **Notify Customer** → **Assign Review Time Frame**

Sample Accuracy (connected to Make Decision)

Service Received (from Notify Customer)
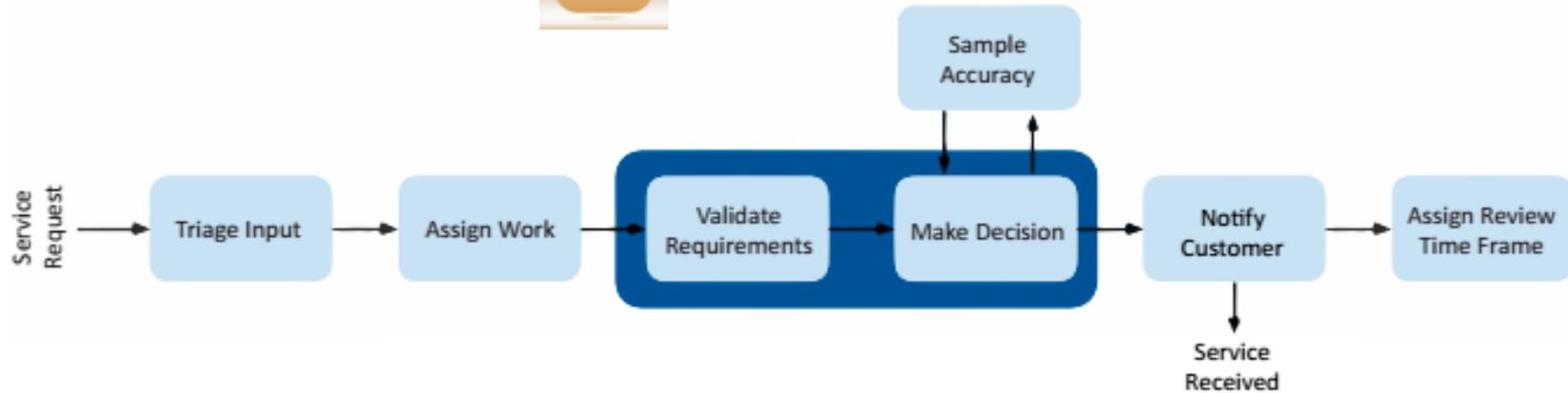
BEFORE the SYSTEM CRITICAL ACTIVITY

- 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 indentify 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

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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%

Utah Department of Corrections Adult Probation and Parole Strategy Map

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

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

Referral
(prison, court, PSI, Interstate Compact)

→ Assess Risk Score → **Monitor/support progress** → Court/ BOPP → Termination

Progress or Violation Reports

Prison/Jail

System Exit

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

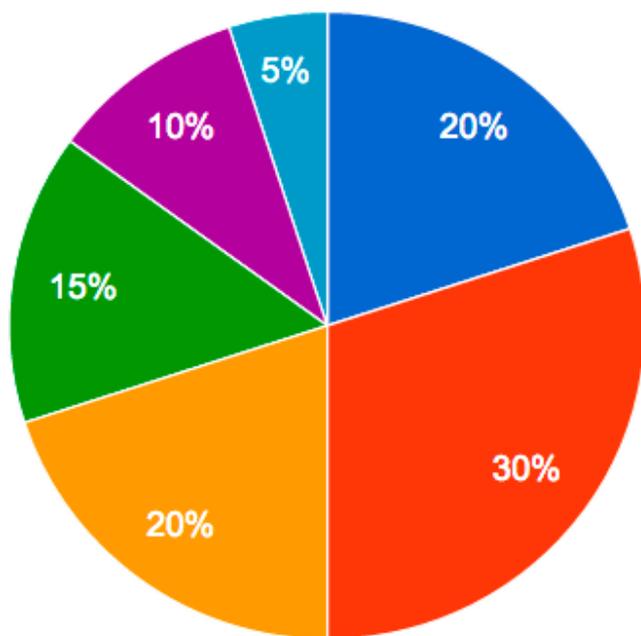## Following the Control Point:
*Timely updates of legal status and location occur
*Courts and BOPP provide immediate/appropriate sanctions and responses
*Revokes/Restarts are updated in case set up
*Courts apply standards consistently
*Offenders have post supervision plans and are accessing supportive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

Maximize the constraint

Inter-Court transfers

Certification

Driving

Kiosks

Caseload size

Turnover

Lack of Fulfil

Incorrect data entry

Fees

No Misdemeanors

Outdated policies

Searches

Streamlined court cases

Restitution

Feedback loops

Telecommuting

Probation special conditions

Multiple databases

UCIJIS

Monitor and Support Offender Progess

Data entry

Report duplication

Office locations

Violation Matrix

Buy in

Evidence process

Drug testing

Allied agency requests

Office Coverage

No O/T

Budget

VIACK

Covering other agents

Programming/ DIO

Non-essential paperwork

Staffing cases

Treatment providers

Offenders not home

Committees/ Meetings

Warrant recalls

Inter-regional communication

Booking/ Transports

Waiting Lists

Training

Vehicle logs

PSIs for non-intake staff

Inter-regional transfers

Mapping

Extraditions

Length of supervision

No shows

BOPP fines/fees

Office disruptions

Audits

Lack of vehicles/tools

Gap

AP&P Gap Analysis

Legend:
- 🔵 Case Managing with Evidence-Based Practices
- 🔴 Work Processes
- 🟠 Other Agencies
- 🟢 Staffing Issues
- 🟣 Public Safety
- 🔵 Other

Pie chart values: 20%, 30%, 20%, 15%, 10%, 5%

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
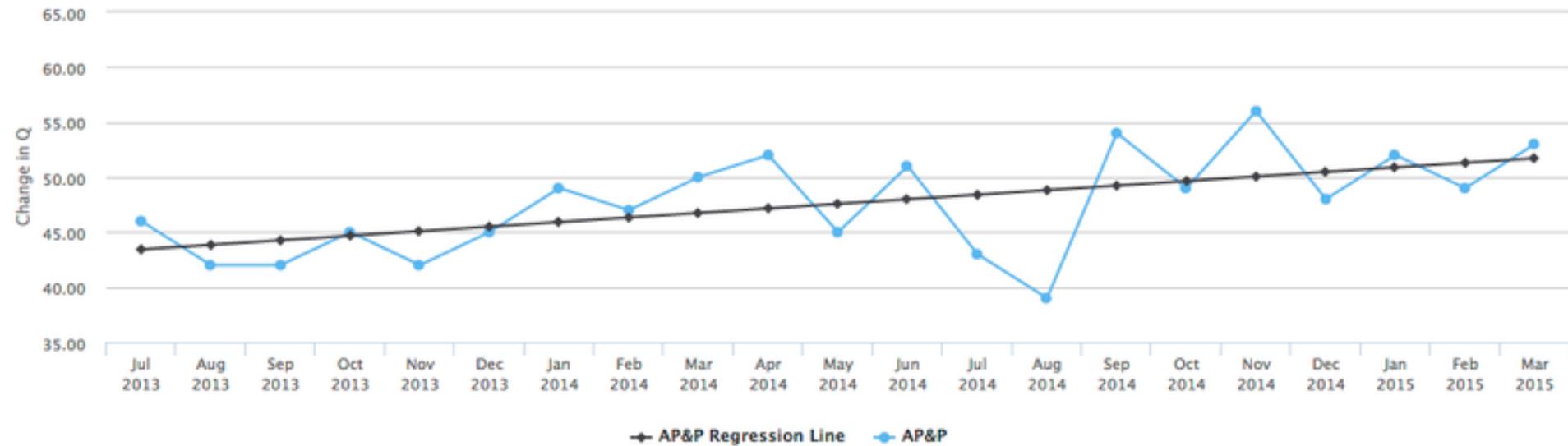
Case Study: Eligibility Determination

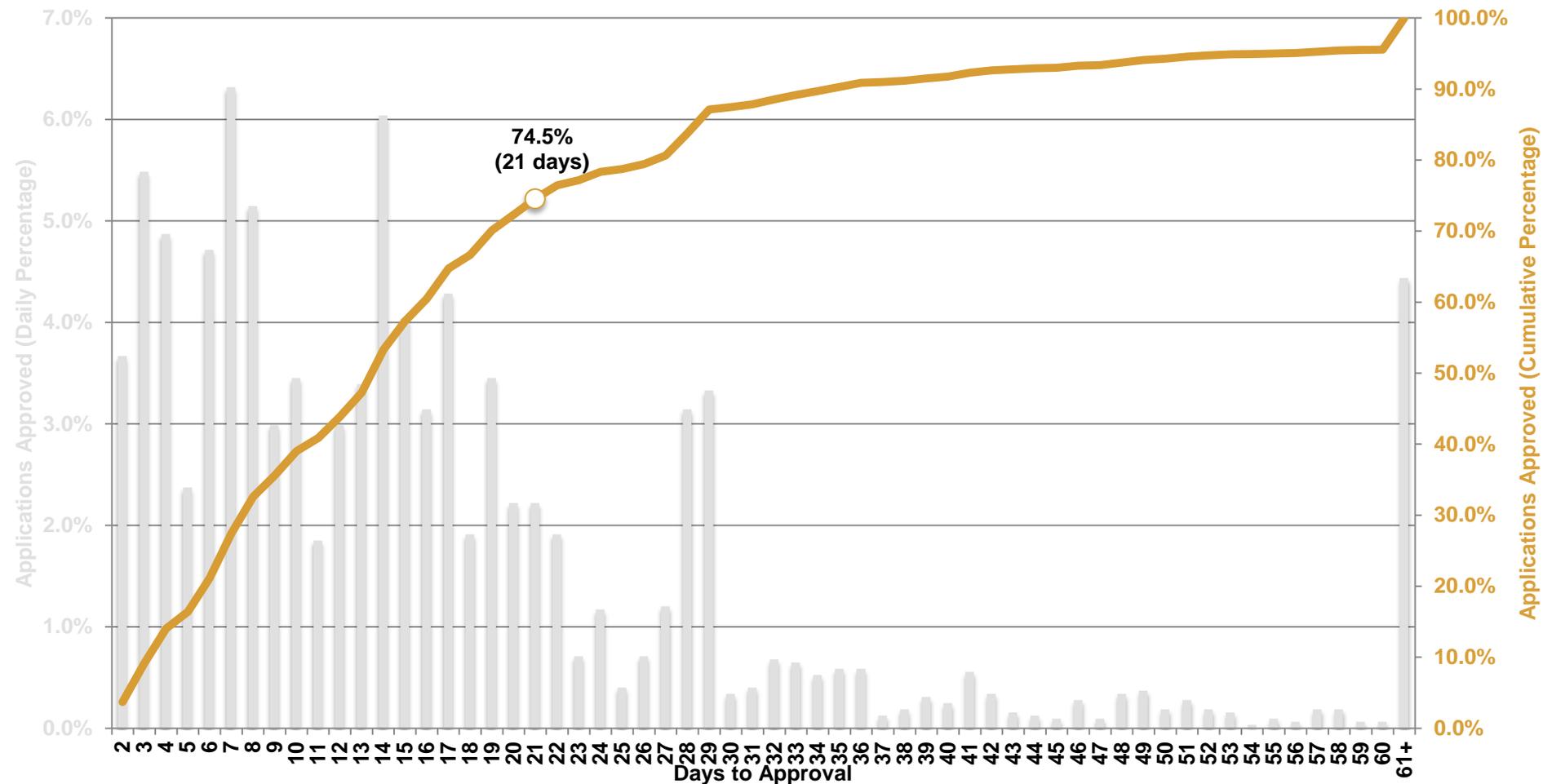System Goal: Provide timely and accurate benefits

Throughput: eligibility determination (SNAP, Medicaid)

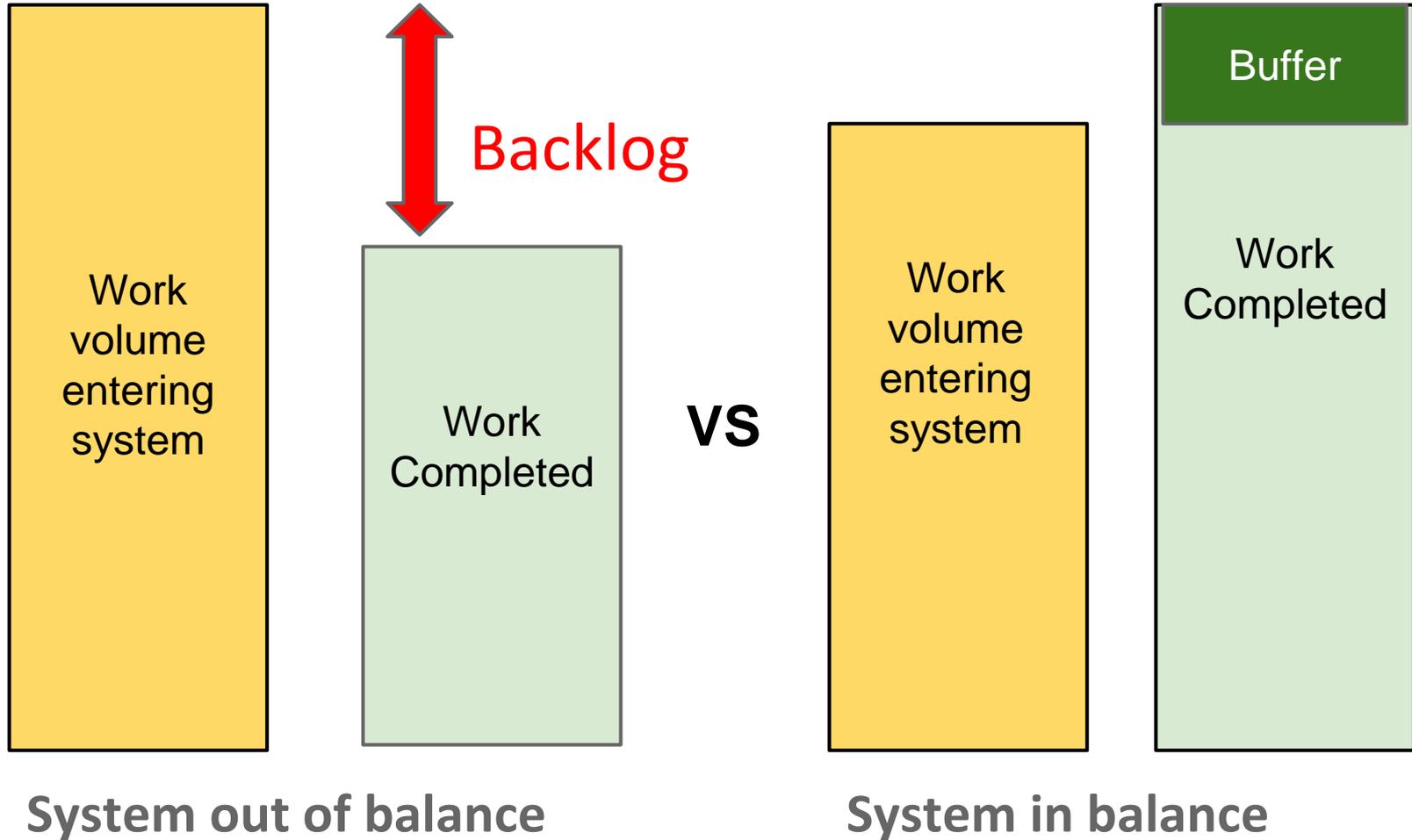Quality: reliability standard (speed)

Necessary condition: maintain accuracy level

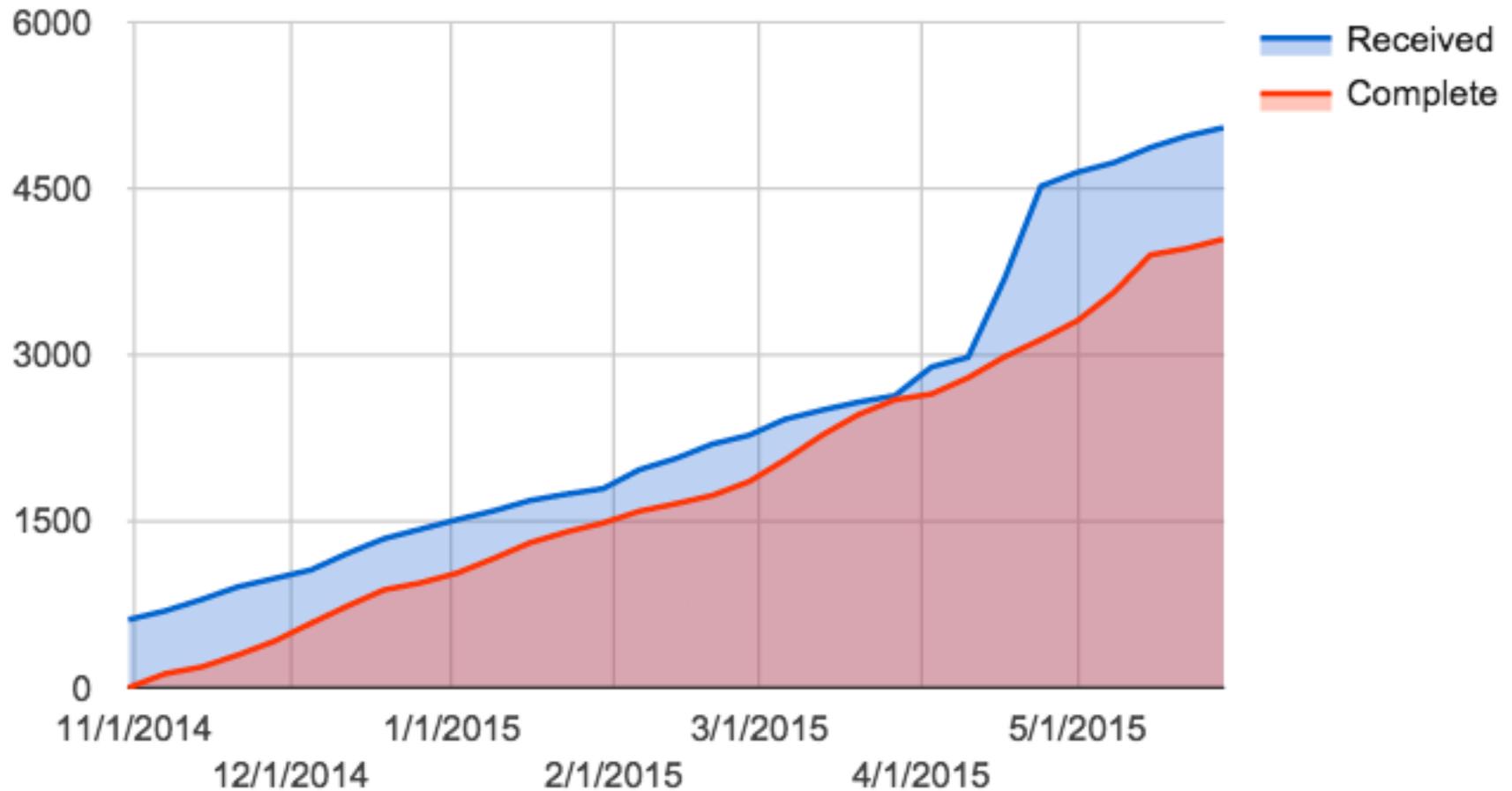Target: Increase the percentage of decisions made within 14 days to 75% (baseline 60%)
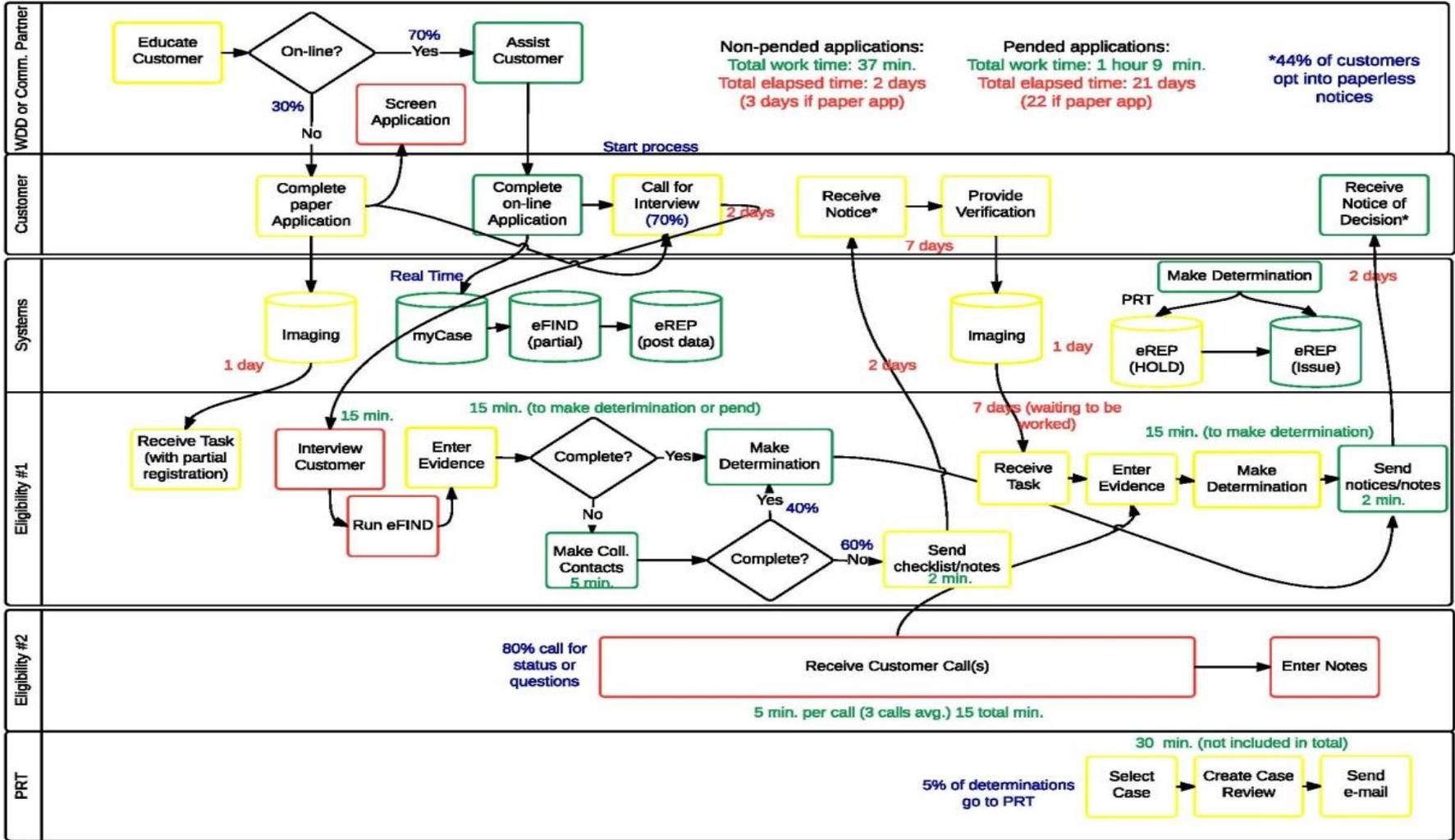
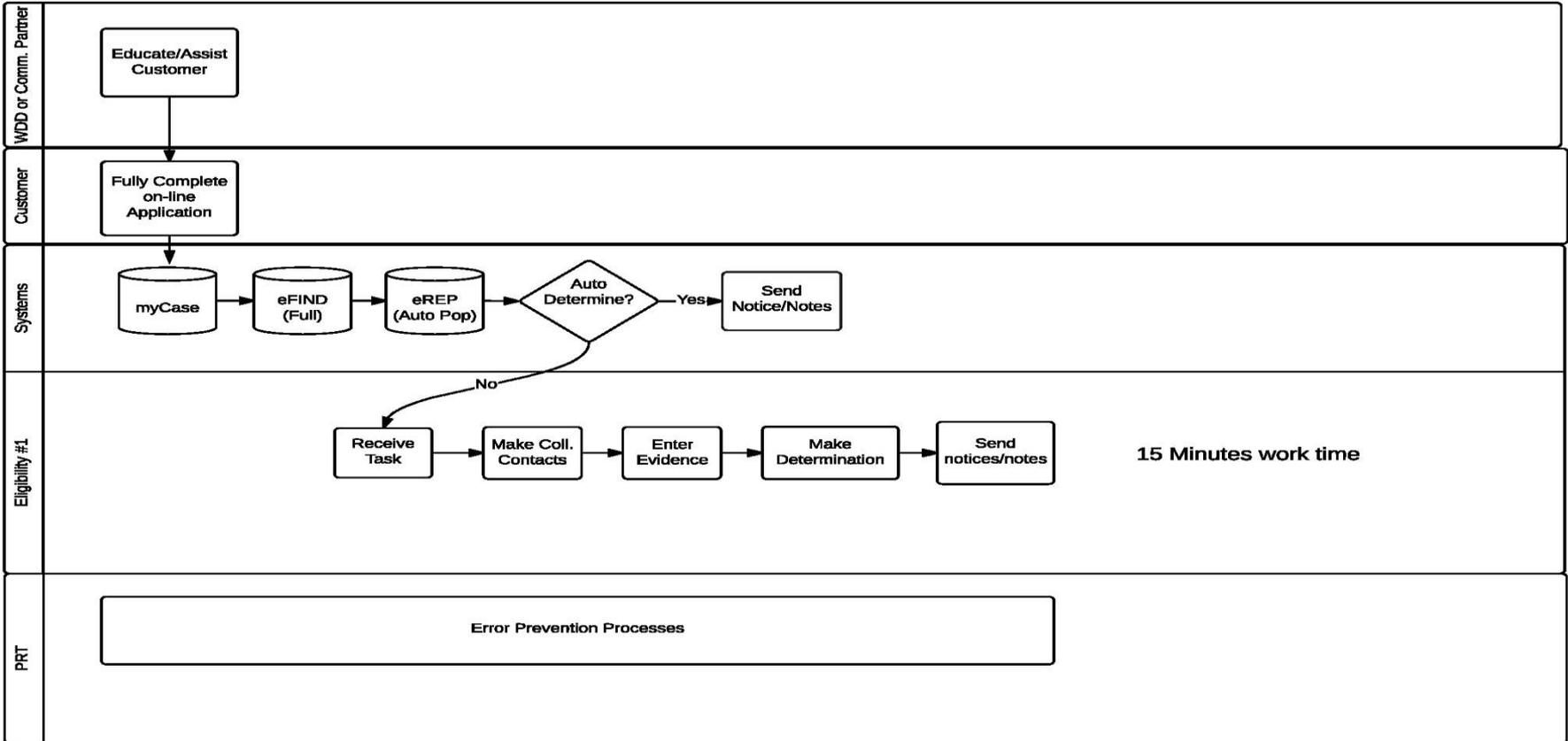# Reliability Standards

Why speed matters

Cumulative Flow Diagram

ESD- ESO
Fast Diagram DRAFT.V1
Value Stream

WDD or Comm. Partner

Educate Customer

On-line?

70% Yes → Assist Customer

30% No

Screen Application

Non-pended applications:
Total work time: 37 min.
Total elapsed time: 2 days
(3 days if paper app)

Pended applications:
Total work time: 1 hour 9 min.
Total elapsed time: 21 days
(22 if paper app)

*44% of customers opt into paperless notices

Start process

Customer

Complete paper Application

Complete on-line Application

Call for Interview (70%) — 2 days

Receive Notice*

Provide Verification — 7 days

Receive Notice of Decision*

Systems

Imaging — 1 day

Real Time

myCase → eFIND (partial) → eREP (post data)

Imaging — 1 day

2 days

Make Determination

PRT

eREP (HOLD) → eREP (Issue)

2 days

Eligibility #1

Receive Task (with partial registration)

15 min.

Interview Customer

Run eFIND

Enter Evidence

15 min. (to make determination or pend)

Complete? — Yes → Make Determination

No

Make Coll. Contacts 5 min.

Complete? — Yes 40% / No 60% → Send checklist/notes 2 min.

7 days (waiting to be worked)

Receive Task → Enter Evidence → Make Determination

15 min. (to make determination)

Send notices/notes 2 min.

Eligibility #2

80% call for status or questions

Receive Customer Call(s) → Enter Notes

5 min. per call (3 calls avg.) 15 total min.

PRT

30 min. (not included in total)

5% of determinations go to PRT

Select Case → Create Case Review → Send e-mail

ESD- ESO
Fast Diagram DRAFT.V1
Ideal State

WDD or Comm. Partner	Educate/Assist Customer

Customer	Fully Complete on-line Application

Systems: myCase → eFIND (Full) → eREP (Auto Pop) → Auto Determine? —Yes→ Send Notice/Notes

—No→

Eligibility #1: Receive Task → Make Coll. Contacts → Enter Evidence → Make Determination → Send notices/notes

15 Minutes work time

PRT: Error Prevention Processes
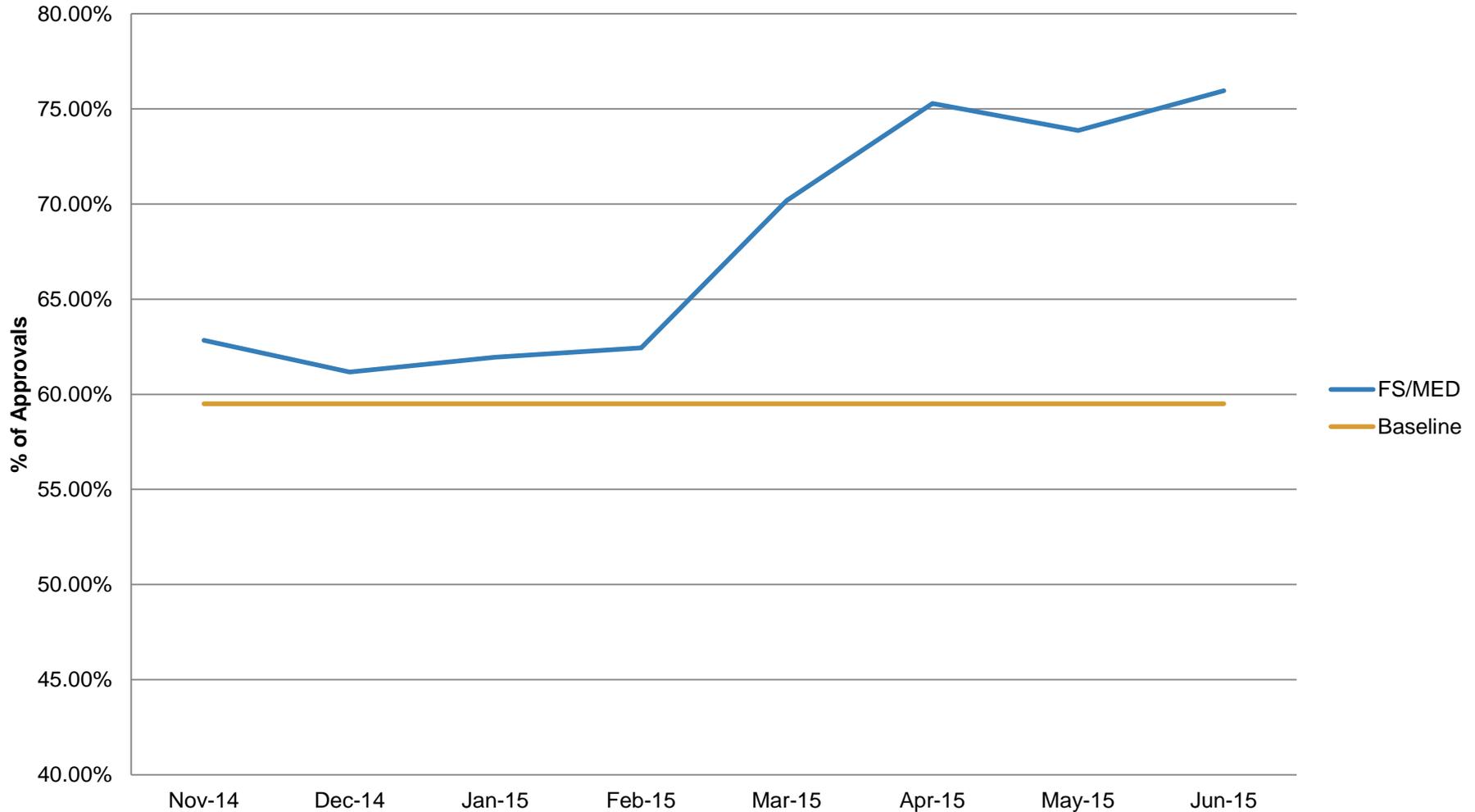
Strategies

- 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)
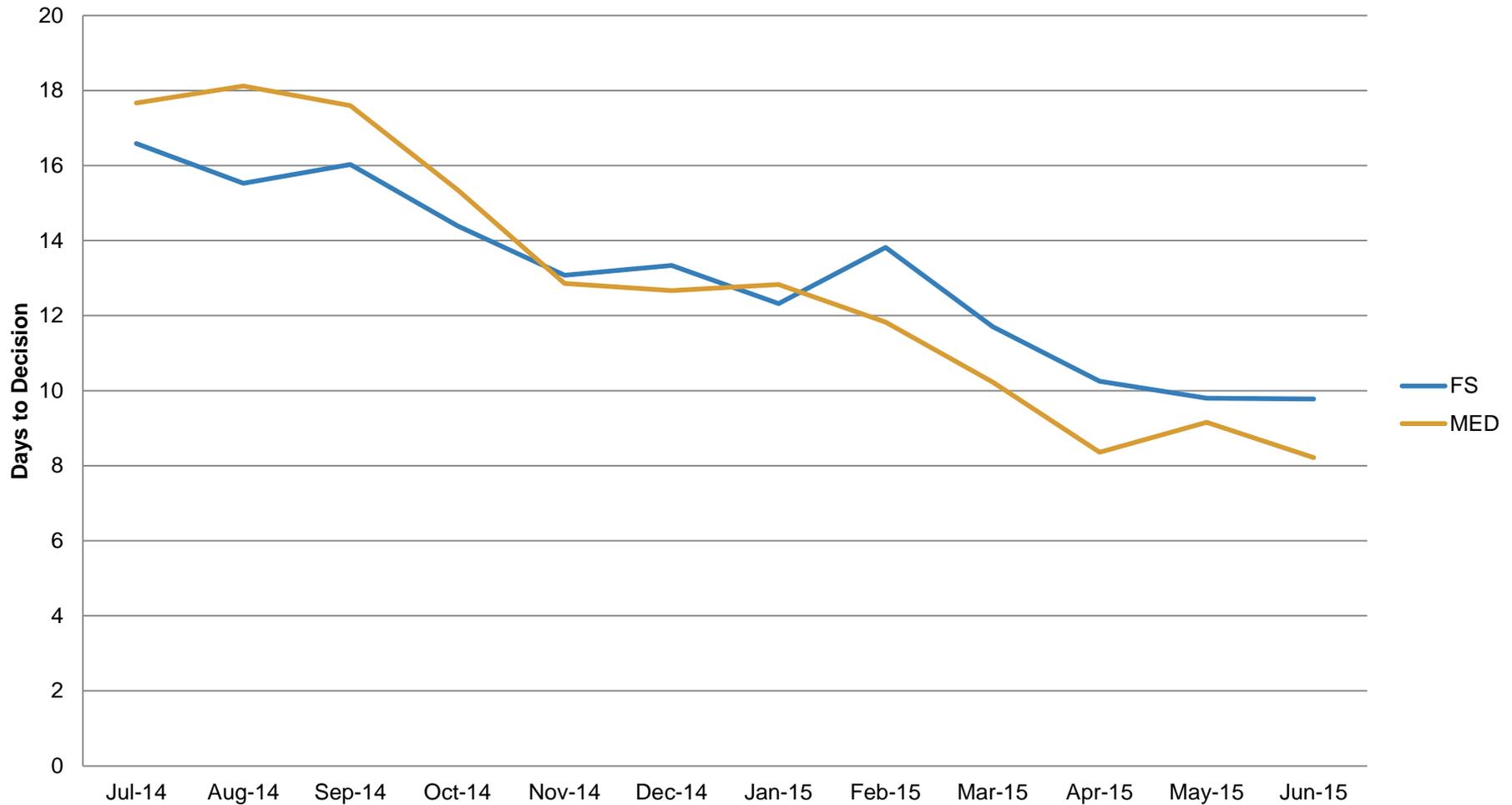
Results

ESD's "Q" Measure

Results

Days to Decision
Food Stamps/Medical

Case Study: IT Development

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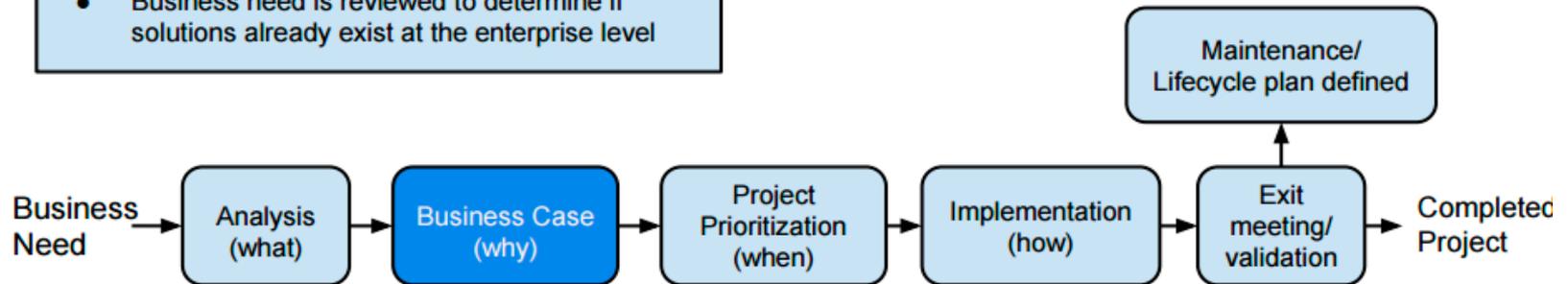**Application Development**
Throughput Operating Strategy
final

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)

Maintenance/ Lifecycle plan defined

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

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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Building on SUCCESS

PRESENTED BY GOVERNOR GARY R. HERBERT

SEPTEMBER 2, 2015
Salt Palace Convention Center, Salt Lake City

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IMPROVING OPERATIONAL EFFICIENCIES THROUGH THE SUCCESS FRAMEWORK

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?

Contact Steve Cuthbert
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