Monterey County Looks to LEAN:
A Transformational Tool for Improving Organizational Efficiency and the Customer Experience

Victor D. Longoria

EXECUTIVE SUMMARY

Change is the only constant in social services and adapting is necessary to serve our customers. Monterey County's Social Services Community Benefits (CB) branch is currently reviewing their business model in an effort to improve current processes and functions implemented in 2013 due to the change initiated by the Affordable Care Act and the transition to a tasked-based business model. As a result, the branch is considering various perspectives, methods, and tools to identify a more efficient way of conducting business for a better customer experience. One such tool is LEAN, which focuses on the customer and minimizing waste. LEAN has been successfully utilized in other counties and is widely accepted in both the public and private sectors. Having visited San Mateo County, learning how LEAN worked for them, and how they put the theory to the test, it seems clear that Monterey County's CB branch may also benefit from LEAN through this business remodel.

Victor D. Longoria, Program Manager II,
Monterey County Social Services

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Introduction

All social services agencies in any county can always count on one thing: change. Change can occur based on new federal, state, or local laws. Change can also occur due to economic fluctuations at the national, state, or local level. What each county must do is figure out how to adjust so that they can be available for their customers. Monterey County is no different and must make the necessary adjustments to meet the needs of their customers.

In 2013, changes with the Affordable Care Act (ACA) resulted in Monterey County's change in their business processes in hopes to better meet their customers' needs. The change to the ACA resulted in an increase to Medi-Cal (MC) caseloads. Our business process changed from a caseload-carrying model to a tasked-based model. As a result of the business model change, the increase in Medi-Cal cases, and delays in state guidance and system programming, Monterey County fell into a backlog of work with no end in sight. As of March 2019, Monterey County continues to have a significant number of overdue Medi-Cal Renewals and tasks. Having conducted business for the past five years following the task-based model, management recently initiated a new task, aimed at all staff: to revisit the processes put in place due to the ACA. Monterey County's Department of Social Services Community Benefits (CB) Branch is now in a complete business process remodel.

What exactly does a complete business remodel mean and how is it done? The purpose of a business remodel is to take a look at all business processes and functions in an effort to become more efficient and effective for the customer and their experience. The thought of doing more with less is a reality we often face, but our goal in this case is to be more effective and efficient and to better meet our customer's needs. With all the various business tools to problem solve in today's market, only one really stands out to support the kind of change Monterey County is now embarking on. The tool is known as LEAN. LEAN supports the idea of maximizing customer value by minimizing waste.

San Mateo County Case Study

The San Mateo County Human Services Agency (HSA) implemented LEAN in October 2015. Although the population that the San Mateo County HSA serves is much larger than that of Monterey County, their actual Economic Self Sufficiency caseloads are comparable to that of Monterey County. Therefore, their agency is an ideal partner to learn from.

San Mateo, like Monterey, had issues with their MC renewal backlog. They were able to use the LEAN model to eliminate their backlog of more than 15,000 overdue renewals in just over a year. Timely application processing was another project they focused on. Between June 2015 and June 2016, their timely application percentage had dropped in Cal Fresh, CalWORKs, and General Assistance programs. By utilizing the LEAN tool, they were able to improve their timely application rate one year later.

San Mateo County hired an outside consultant agency to assist with the training and implementation of the projects identified to follow the LEAN model. An internal team was put together made up of LEAN Champions. Each member of this team was responsible for championing a project within their respective areas. A lead individual was appointed to facilitate and guide the team while also taking part in the projects. The team was directed by goals that the agency wanted to achieve. Some of these goals included clearing of the casework backlog, meeting processing timeframes, and improving the call center experience. They have utilized LEAN for multiple projects and continue to do so to this day. Having proof of concept in a local government agency, LEAN would appear to be an effective and value-adding tool.

LEAN

There are many different ideas about what LEAN is, depending on who you ask or where you look for research. According to the consulting agency utilized by San Mateo County, Kone Consulting, LEAN is the following:

- LEAN is a set of principles. Any organization can seek to maximize customer value through eliminating waste, with respect for people.
- LEAN is a way of thinking that focuses on optimizing the flow of work from a customer's perspective, rather than optimizing siloed departments.
- LEAN is a collection of tools that apply these principles and thinking to the challenge of identifying and removing problems and waste.

According to the Lean Global Network, LEAN is defined as embracing the challenge of creating more value for each customer and prosperity for society. Alternatively, the Lean Enterprise Institute believes that the core idea is to maximize customer value while minimizing waste. Simply, LEAN means creating more value for customers with fewer resources. With any of these ways of understanding, LEAN is about simplifying processes. There has been a misconception that LEAN means you need to cut the fat by cutting jobs. This is not the case. LEAN thinking is removing unnecessary steps in a process to get the work done in a shorter and simpler way.

So where did LEAN come from? LEAN originated in the 1920s and was later refined by the Toyota Motor Corporation in the 1960s in what they called the Toyota Production System. Since then, the manufacturing and service industries have implemented LEAN thinking to become more efficient. Some examples of LEAN within these industries include the following:

- Renting movies from Blockbuster Videos vs Redbox. This was a huge change in how a customer is serviced. If you look at how the services were delivered at Blockbuster Videos, the customer had to go to a storefront and search through multiple movies all lined up. Redbox eliminated the large storefronts and utilized technology to allow the customer to have the option of searching for a movie at home on their phones or go to a Redbox kiosk. In doing so, they saved on cost of space and overhead, and passed the savings on to the customer.
- Taxi cab vs Uber. Taxi cabs require the purchase of vehicles, storage, maintenance, and drivers, which adds to the price of the service. Uber figured they could eliminate the purchasing of vehicles, storage, and maintenance parts and distribute the service part to contractors that have their own vehicle.

These two examples provide some insight at what LEAN can do for an organization. The benefits depend on the type of services that are being provided.

LEAN has five principles that should be considered to improve the process. These principles are:

- Defining value
- Mapping the value stream
- Creating flow
- Using a pull system
- Pursuing perfection

There are several concepts that make up LEAN that support these principles. Each one works together with the others to support the user in achieving their goal. These concepts are as follows:

- **PDSA Cycle** – Plan, Do, Study, Adjust. This is a four-step process to support control and continuous improvement.
  - Plan – Plan what you are going to do
  - Do – Implement by conducting a pilot
  - Check or Study – Identify if the new process worked
  - Act or Adjust – What's next. If the pilot failed, find out why. If the pilot is successful, congratulate your team.
- **The 5 Why's** – By simply asking why to every response starting with the problem, this concept aids in drilling down the root cause of a problem. The 5 whys tie in to the planning stage of the PDSA cycle.
- **Objective Metrics** – Utilizing data to aid in decision making.
- **Standard Work** – The standardization of processes. Allows the same process to take place in different locations, creating consistency.
- **Value Stream Map** – A method used to document, analyze, and improve the flow of a process. In this process we are looking for where we are now and where we want to go. Value stream mapping is also part of the planning phase of the PDSA cycle. It is also the second principle of LEAN.
- **Value Added** – This is when a customer wants it and is willing to pay for it or there is change to the service that eliminates waste. It is also a LEAN principle.
- **The 8 Wastes** – Waste is any action or step in a process that does not add value. Defects, Overproduction, Waiting, Unused Talent, Transportation, Inventory, Motion, and Extra-Processing have been identified as the 8 Wastes in the manufacturing industry and are most commonly associated with LEAN. John Bicheno and Matthias Holweg, authors of *The LEAN Toolbox*,

suggest that there are seven wastes in the service industry. They are similar to the 8 Wastes.

1. **Delay** on the part of customers waiting for service, for delivery, in queues, for response, or not arriving as promised. The customer's time may seem free to the provider, but when they go elsewhere the pain begins.
2. **Duplication.** Having to re-enter data, repeat details on forms, copy information across platforms, or answer queries from several sources within the same organization.
3. **Unnecessary Movement.** Queuing several times, lack of one-stop, or poor ergonomics in the service encounter.
4. **Unclear communication**, the wastes of seeking clarification, confusion over product or service use, or wasting time finding a location that may result in misuse or duplication.
5. **Incorrect inventory.** Being out-of-stock, unable to get exactly what was required, or substitute products or services.
6. **Opportunity lost** to retain or win customers, a failure to establish rapport, ignoring customers, unfriendliness, or rudeness.
7. **Errors** in the service transaction, product defects in the product-service bundle, or lost or damaged goods.

Putting LEAN to the Test

Based on the research conducted, LEAN is not a fad or fly-by-night quick-fix to an organization's problems. LEAN has been around for decades and has stood the test of time and shaped organizations. The San Mateo County HSA has shown successful utilization of the model to address the same issues faced by Monterey County and should be used during its business remodel efforts.

To test LEAN, I applied the knowledge gained through my visit and research to a process performed by Social Services Aide II (SSA) clerical staff within Monterey County's CB Customer Service Center. The idea was to apply some of the LEAN tools to

the clerical Determination Change process, as there has been some thought that this process has too many steps and should be performed by a separate job class of employees. I identified a small group of SSA staff and managers and we started with creating a value stream map for our received Determination Change process. In doing so, we mapped out every step taken from the point the clerical staff received the Determination Change request to the point it is assigned out for Eligibility action. While mapping it out, the "why" questions were being asked, most of which were due to the steps being taken. For example, why would we review at this step and again at the next step? We also included an estimated time it took to complete each step in the entire process. During the mapping phase alone, we found duplication of work, what appeared to be unnecessary steps, and wasted time. The process of mapping out the Determination Change process took a few hours over a period of four days. The value-mapping process identified that the Determination Change clerical process split twice before streamlining to the end. For someone working at an average processing pace, it would take them between 18 to 22 minutes to complete a Determination Change depending on the household composition size. The average is based off the speed of the current Monterey County SSA clerical unit.

I then formed a second group of individuals, comprised of managers and SSA staff, to further discuss where there might be items listed in the 8 Wastes. What we found was somewhat surprising. There was some duplication which added time to the process, but only at the end when tracking the Determination Change. Tracking was being completed twice for an unknown reason. We decided to remove the duplication by tracking in a shared location. We also found that the Determination Change process could possibly be performed by a different classification of clerical staff, Office Assistant II (OA), which would mean we would be able to free up some SSA staff time. Based on our findings, we decided to begin training the identified OA clerical classification group, with plans to move the

work to a group that has more availability. Following some of the LEAN methods was a success in this test.

Recommendation

In order to meet the needs of Monterey County customers and perform at an efficient and effective level while adapting to the constant change in the human services industry, there is a great importance to have some form or type of tool to aid in guiding us through the changes. It is important to have a tool that will show both positive and negative outcomes and that has options in regards to what, where, when, and how to look at a process or project. More importantly, we need a tool that has been a go-to tool repeatedly throughout many years and many organizations. This tool is LEAN.

There are a number of options to consider before settling for the right one on how to begin utilizing LEAN. The following are a few options:

1. Contract an outside agency to come and facilitate the processes and projects that will be applying LEAN. This is similar to what San Mateo County did when implementing LEAN. There would be a cost associated to hiring a consultant group. Factors such as time, project type, and the number of consultants would be considered in calculating the cost. According to a case study on San Mateo County LEAN Design conducted by Regina De Melo, the cost of a consultant group is $3,000 per day.

2. Hire a skilled point person knowledgeable in LEAN so that they can oversee all major projects and processes. As part of their assignment, the individual would follow the LEAN processes while leading teams made up of the staff. The adding of a new position would be a cost. Also, whether the individual selected has knowledge or not in LEAN tools would make a difference on the cost of LEAN training. According to Monterey County's Human Resources, the annual base salary for this individual can range from $83,352 to $103,284,

plus benefits. The actual salary would depend on level of management.

3. The management team can be trained in the LEAN tools through a number of outside agencies and educational facilities. This would place the knowledge and responsibility on the managers. As with all trainings, there would be a cost and time associated with this option. CalHR was charging $5,500 per participant. The price can range from the low hundreds to several thousand dollars. The cost depends on who is conducting the training.

It is my recommendation that the Monterey County CB hire one point person who is skilled and knowledgeable in LEAN as identified in option two. This individual will oversee all major projects and changes to processes. This individual will also provide a LEAN training to the management team so that the team can begin to apply the LEAN concepts in each of their areas while working to improve the CB through the business remodel.

This recommendation ensures there is one method being used to identify and improve the CB business model resulting in a better customer experience. The method also ensures everyone involved will know exactly which tool is being followed, allowing for ease of communication at each step of the business remodel. Often, we find that when there is no clear guidance or direction, everyone will follow what they think they know, which may not result in the most efficient process.

Conclusion

The main objective in improving business, organization, or production processes is to ensure that whatever is done, is done for the benefit of the customer, whether the customer is internal or external. This is a core concept in LEAN. The use of LEAN in Monterey County's CB business remodel can only benefit and streamline the project for the benefit of our customers.

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