City of Fredericton
Building an Organization for Sustainable Improvement

Canadian Public Sector Lean Summit April 2016
Overview

Building for Sustainable Improvement
- Background
- Compelling Drivers
- Strategies
- Why Lean Six Sigma
- Leading Change

Improvement and Innovation
- Built Capacity
- Communicate
- Set Realistic Goals

- Schedule and Deliver projects

Sustain the Results
- Daily Management
- Budget for Results
- Integration
- Change the Culture
Building for Sustainable Improvement

Background

Starts with Solid Management Practices

– Strong foundation in managing by service
  • MRM model 1998
– ISO registered 2004-2010
– Adopted pay as you go 2000
– Lean Six Sigma 2011
– Budget for Results 2014
Building for Sustainable Improvement

In 2012 we had some compelling drivers:

• Deal with the loss of the unconditional grant ($1.5M per year), resulting in an annual loss of $4.5M after 3 years, with no diminishment of service
Building for Sustainable Improvement

• Reduce staff to allow a more sustainable staffing level of 680 versus the peak of 720 (attained through attrition).

• Eliminate inefficiencies while improving service delivery.
Building for Sustainable Improvement

Our Strategies

• Commitment from Council to stick to Long-Term Financial Plan

• Organizational Restructuring
  – Less employees
  – Creation of Information, Improvement and Innovation Department
Building for Sustainable Improvement

• Change approach to Improvement and Innovation
  – Lead the change from ISO to Lean Six Sigma
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Why Lean Six Sigma?

- Proven to reduce costs and increase customer satisfaction
- Not just a project methodology
- Focus on Continuous Improvement = everyone, everyday always looking for opportunities to improve
- Supported our Management practices
Building for Sustainable Improvement

Leading the Change

• CAO, Assistant CAO, Chief Information Officer trained as Black Belts
• Steering Committee from the CAO office
• Implementation Committee with reps from all Departments.
• Strong and clear direction from CAO with supporting budget.
Building for Sustainable Improvement

“We will improve services to our customers, find efficiencies, be innovative and accountable for results. With the participation of employees who will use Lean Six Sigma and other improvement tools within the City of Fredericton’s Quality Management System, we will add value to all our work.”

Chris MacPherson  City Administrator  
June 2012
Lean Six Sigma - Drivers for Deployment

(VOB) Voice of the Business

(VOC) Voice of the Customer

(VOP) Voice of the People and the Process

Connect...
“What is Required by the Business and the Customers”
To...
“How Programs and Services are Delivered”

Plan the Business

Improves the Business

Strategy
Business Plan and Objectives
Tools: Balance Scorecard/Strategy Maps

GAPS in Performance
GAPS in Meeting Customer Demand

Sustain the Business

Improve and Innovation. By Design.
Lean Six Sigma - Drivers for Deployment

• Translate an Organization’s Vision to Work Performance
  – How Do We Know if We Are High Performing?
  – What is High Performance for us?
  – Why Do We Need to be High Performing?
  – Are We Delivering the “Right” Programs/Services?
  – According to Who are We High Performing?
  – How Good Are we at Delivering our Services?

How to Get There...
Lean Six Sigma - Drivers for Deployment

"This is the "Way" We Manage the Business
- Major Shift in how the organization works
- Culture Alignment

"We Need to 'New' Way to Work"

Activities are Driven by the Top Leadership with focus on Strategic Deployment
- Efficiency Gain ($)
- Customer Satisfaction

"Let's Move from Here to There"

Projects are Internally focused
- Efficiency Gain
- Cost Reduction Focus

"We Need to do More for Less"

Local Efforts
- Problem-solving
- Focused Improvements
- Fixes of Specific Areas

"We need to Reduce Costs"

Initial Leadership Commitment

1  2  3  4  5

Years

"We Need to 'New' Way to Work"

"Let's Move from Here to There"

"We Need to do More for Less"

"We need to Reduce Costs"
Improvement and Innovation Strategy

• Build capacity for Lean Six Sigma
• Develop a Communication Strategy
• Set reasonable but achievable goals
• Schedule and deliver improvement projects
• Sustain the results through the COF management practices
• Change the work culture
Improvement and Innovation

To achieve success, you need to build capacity.

Project Sponsors - all Directors
Money Belts - Finance staff-12
Waste Walk - 126 employees
Staffing to Demand - Managers -40
Improvement and Innovation
Building Capacity
– Black Belts-14 employees have been trained to deliver results
– Green Belts- 27 employees have been trained to deliver results
Improvement and Innovation
Building Capacity

• Complex, cross organizational projects are led by employees trained as Green Belts or Black Belts.
• Employees are seconded for a 2 year period and trained as belts
• Green Belt trained employees work part time 30% of their week is given to improvement projects.
• Black Belt trained employees work full time and in the I&I Division and deliver 5 to 6 projects/year and mentor Green Belts.
Improvement and Innovation
Building Capacity

- Managers must be able to sustain improvement results
- Need training and support to be successful
  - Waste identification
  - Data collection
  - Measuring service performance
  - Staffing to Demand
Improvement and Innovation Communicate
• Focus on Voice of the Customer and continuous improvement - what do our customers want and what are they prepared to pay for?

• Select good projects - understand where there is waste and variation. Money will follow!!
Lean Six Sigma - Drivers for Deployment

Strategy

- Financial Results
- Customer Focus
- Innovation & Learning
- Internal Processes
- Staff Satisfaction
- Community & Environment

Operational – Critical Success Factors

- Key Result Indicators <10
- Performance Indicators 80...
- Key Performance Indicators <10

Measurers

Targets

Infrastructure...Plans and People

Improvement & Innovation. By Design.
Improvement and Innovation
Schedule and Deliver Projects
Improvement and Innovation Projects

• Choosing Lean / Six Sigma Projects
  – Initial focus was admittedly focused on the cost of service delivery and on potential savings
  – Benchmarked with other groups
    • Kawartha Lakes, Ontario
    • GNB
    • NB Power
Improvement and Innovation
Projects Delivered

Corporate
- Goods and Service Acquisition
- Cell Phone Provision
- Lifecycle Management
- Technology Assets
- Tire Utilization

Public Safety
- Reduction in Overtime Fire Reporting
- Crime Reporting
- Responding to EMS calls

Community Services
- Arena Utilization
- PAC Process
- Sports Field Management

Engineering and Operations
- Curb and Gutter Construction
- Salt Optimization
- Water and Sewer Installation
- Water Meter Reading
Improvement and Innovation Schedule and Deliver Projects

• 104 projects completed; 39 underway
  – 10  6S projects
  – 54  WW
  – 79  I&I projects
General Fund Savings 2012-2016 = 6.5 million (achieved through I&I projects and workforce reduction)
Water & Sewer is an additional $279,190 for a total of $6,859,120.
Sustain the Results
Integrate I&I with Management Practices
Managers spend far too much time working \textit{in} the business when we should be spending most of our time working \textit{on} the business.

Daily Management - ties objectives from Budgeting for Results and Improvement and Innovation together in the workplace.

• Allows employees to see how their work impacts results.
Sustain the Results
Budgeting for Results

City of Fredericton Municipal Plan

Strategic Plans
- Programs (Results)
- Goals
- Strategies
- Success Measures
- Service Levels

Long Term Financial Plan
- Forecast and Analysis
- Financial Policies
- Asset Management Strategy & Plans
- Financial Strategies
- Financial Sustainability Indicators

Service Delivery Plan

Annual Budget / Reporting
Lean Six Sigma - Drivers for Deployment

Measurers

Planning

Corporate Level

Strategic Plan

Leadership Team

Continuous Improvement Plan

Accountability

Department

Business Plan

General Managers

Performance Process Management

Improvement (Rate and/or Financial Savings)

Department or Function

Management Plan

Directors

Performance Process Management

Process Level

Process Plan

Functional Managers

Employee Engagement

Alignment
Sustain the Results
Change the Work Culture

• Cultural Change
• [link](http://link.brightcove.com/services/player/bcpid307704708?bctid=2809173654001)

or put savings amount here to include savings from staff reduction