Driving organizational improvement

- Context
- Top 10 Critical Success Factors
- Results
NB Government
10 Critical success factors

1. Have an executive champion
2. Demonstrate what is possible
History

2012-2013
- GNB and Pilot Departments
- Wave 2 Departments

2013-2014
- Wave 3 Departments

2014-2015
- Office of Strategy Management

pre 2011
- NB Liquor
- NB Power
- Service New Brunswick
- Department of Natural Resources
Office of Strategy Management (OSM)

...responsible for developing the principles, methods and tools by which NB Government leaders can:

– enhance alignment and **execution** of strategy,
– drive **improvement** results,
– build a sustainable continuous improvement culture.
10 Critical success factors

1. Have an executive champion
2. Demonstrate what is possible in government
3. Initial framework – integrate best practices—don’t wait for perfection
The Strategic Change Journey

“Less than 10% of strategies effectively formulated are effectively executed”

- Fortune Magazine

“In the majority of failures – we estimate 70% – the real problem isn’t bad strategy…. It’s bad execution.”

- “Why CEO’s Fail”, Fortune Magazine
Principles of High Performance:

1. **Purpose** is customer driven...  
   ...solve their problems.

2. 85% of problems are **process** (not people)...  
   ...deliver faster, better, cheaper.

3. Engage **people**...  
   ...involve employees, differentiate performance, develop leaders.
Focusing for Results

Initial Model

PRIORITIZE

EXECUTE

ENABLE

+  +  +

Performance Excellence Culture
GNB Formal Management System (FMS):
10 Critical success factors

1. Have an executive champion
2. Demonstrate what is possible in government
3. Initial framework – integrate best practices—don’t wait for perfection
4. Partner with carefully selected pilots with committed leaders
Departments (at time of launch)

Wave I
- Environment & Local Government
- Natural Resources
- Service New Brunswick
- Transportation & Infrastructure
- Horizon Health Network
- Finance

Wave II
- Justice & Attorney General
- Education and Early Childhood Development
- Agriculture, Aquaculture & Fisheries
- Public Safety
- Post-Secondary Training, Education & Labour
- Social Development
- New Brunswick Internal Services Agency

Wave III
- Health
- Facilicorp NB
- Executive Council Office
- Economic Development
- Invest NB
- Healthy & Inclusive Communities
- Efficiency NB
- Human Resources
- Tourism, Heritage & Culture
- Energy & Mines
4.0 Requirements for Early Adopters

Early Adopter departments will demonstrate, by presentation, that they have:

a) A leadership team committed to adopting a continuous improvement culture;
b) A qualified employee for fulltime Alignment Champion;
c) A number of qualified employees with potential to be fulltime Process Improvement Facilitators;
d) The commitment to participate in the mandatory training sessions;
e) Potential process improvement projects to be selected in December 2011/January 2012; and
f) The funding to cover continuous improvement start-up costs.
10 Critical success factors

1. Have an executive champion
2. Demonstrate what is possible in government
3. Initial framework – integrate best practices– don’t wait for perfection
4. Partner with carefully selected pilots with committed leaders
5. Select key staff for leadership potential to build sustainable capacity
Alignment Champion Network

Clerk of Executive Council

Deputy Ministers

ADM/VP
ADM/VP

Department Alignment Champion

Dept.

Office of Strategy Management

GNB

Strategic Management
Initiative Management
Performance Management
Daily Management
Process Management
Build Capacity for Sustainability

Future Leader?

Personal Attributes

Cognitive Ability

Leadership Potential

Knowledge & Experience
Cultural Sustainability = Building Improvement Leaders

**Improvement Roles**

- Lean Six Sigma Black Belt (2yrs)
- Change Champion
  - lead significant organizational change

**Operational Roles**

- Individual Contributors
- Managers
- Directors
- Assistant Deputy Ministers
- Deputy Ministers
10 Critical success factors

6. Evolve and improve the framework
   (Formal Management System)

7. Align organizational accountability
GNB Formal Management System (FMS):
Formal Management System
Driving Organizational Improvement

Initiative Management
“ON” work

Strategy Management
CHOICE

Performance Management
Disciplined Leaders, Teams, Actions

Process Management
Standard leadership, operational and enabling processes

Daily (or Plan) Management
“IN” work

Strategic Improvement (ON)
Operations (IN)
Formal Management System
Driving Organizational Improvement

Strategic Management (choice)
Priorities and speed

Initiative Management (ON work)
Program, project, process improvement

Performance Management
Disciplined leaders, teams and actions

Daily/Plan Management (IN work)
Hold the gains

Process Management (Standard Work)
Standardized leadership, operational and enabling processes

January 9, 2015
Measuring to improve or control?

Working “ON” the business (prioritized improvement)

Working “IN” the business (day-to-day operations)

Improvement Plan

Initiatives

Action Plans

“change, add or delete processes”

Strategy Map

Measure for IMPROVEMENT:

Measure for process CONTROL:

VISION

MISSION

Balanced Scorecard

Value Stream

Processes

“individual responsibilities (process owners)”

Operating Plan

DASHBOARD:
Key Process Indicators (KPI)

REVIEW RESULTS
Calendar of Commitments

MISSION

MISSION

MISSION
Formal Management System
Driving Organizational Improvement

"ON" work

Disciplined Leaders, Teams, Actions

"IN" work

Standard work

CHOICE

Strategy Map
Balanced Scorecard

February 2, 2015
The DMAIC Cycle

better, faster, cheaper
A well designed process should flow like a river.

“Lean” is a systematic method for the elimination of waste (“Muda”) within processes and systems, from the perspective of the client who consumes a product or service.
Six Sigma seeks to improve the quality of the output of a process by identifying and removing the causes of defects and minimizing variation.
Project Kaizen 5S Waste Walk Daily Management

Value Stream
Project
Kaizen
5S
Waste Walk
Daily Management

Complexity

organizational
project
day to day
Improvement = 

value of project \times \text{cycle time} \times \# \text{blackbelts}
Lean Six Sigma
History at GNB

Black Belt classes

Wave 1
Jan 2012

Wave 2
Oct 2012

Wave 3
Oct 2013

Wave 4
April 2014

Wave 5
Jan 2015

Wave 6
April 2016

Office of Strategy Management

pre 2011

NB Liquor
NB Power
Service New Brunswick
Department of Natural Resources

PERFORMANCE EXCELLENCE PROCESS
PROCESSUS D'EXCELLENCE DU RENDEMENT
10 Critical success factors

6. Evolve and improve the framework (Formal Management System)
7. Align organizational accountability
8. Get early successes
9. Deliver results = permission to carry on
<table>
<thead>
<tr>
<th>Quarter</th>
<th>Actual</th>
<th>Stretch Target</th>
<th>Target</th>
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<td>$218,480</td>
<td>$52,988</td>
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</table>

Cumulative Hard Savings
Actual vs. Target

LSS Savings - Cumulative including carry-forward savings (after 12 months reporting) *to Dec 2015

<table>
<thead>
<tr>
<th>Year</th>
<th>Carry Forward</th>
<th>Actual In-Year Savings</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td>2012-2013</td>
<td>$5,000,000</td>
<td>$2,000,000</td>
<td>$7,000,000</td>
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<tr>
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<td>$1,000,000</td>
<td>$5,000,000</td>
<td>$6,000,000</td>
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<tr>
<td>2014-2015</td>
<td>$2,000,000</td>
<td>$3,000,000</td>
<td>$5,000,000</td>
</tr>
<tr>
<td>2015-2016 up to Q3</td>
<td>$3,000,000</td>
<td>$2,000,000</td>
<td>$5,000,000</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>$25,000,000</td>
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</table>
Projects

270+ projects

2300+ involved

Top $ project
$1.58M
GNB formal management system:
How to drive Initiative and Action Plan success?

1. **Charter:**
   - What is the problem?
   - Need to “see” process to improve it.
   - “A problem well defined is half solved.”

2. **Leading Change Plan:**
   - Why we are doing it?
   - Kotter’s 8 steps +
   - Proven method

3. **Project Plan:**
   - Who does what by when?
   - Managing commitments and risks.
Success through Lean Six Sigma projects…

Sugarloaf Provincial Park

$345,000 increased revenue (34% increase from base year)

Asphalt Leveling

Work completed in 2 months instead of 3; $453,259 in procurement savings.
Success through Lean Six Sigma projects…

Veterinary Pharmacy inventory

$270,000 in hard savings

Assessment Re-inspection Process

$330,000 hard savings; number of properties inspected increased
Success through Lean Six Sigma projects...

- Intake assessment wait period reduced from 14 to 3 business days
- Routine ECG wait times
- $999,487 in savings; 35% increased compliance with Travel Policy

Community Mental Health & Addiction Services
Success through Lean Six Sigma projects...

Cash Balances at Regional Health Authorities & FacilcorpNB

Bank interest savings of $719,900

Operating Room Supplies & Equipment

Savings of $378,939 in first year
Problem: When the Department of Transportation and the Infrastructure division of the former Department of Supply and Services merged, additional office space was required at the Kings Place head office.

Solution: To avoid leasing new office space, a 5S was conducted on existing office space.

Cost Avoidance = $300,000 per year
Problem: Amalgamation of DNR district offices required movement of some staff, vehicles and equipment to other DNR office locations. In some cases, the DNR locations were not adequately equipped to receive the additional staff, vehicles and equipment.

Solution: Organized warehouses and created space to avoid building new storage spaces.

Cost Avoidance = $980,000 per year
Waste Walks

$4,700,000+ hard savings

$3,800,000+ soft savings
Waste Walks

Process improvement accessible to all staff:

- Introductory training on Lean Six Sigma and wastes
- Coaching from Black Belt
- Formal report-outs at 30, 60, and 90 days
Waste Walk

- High inventories
- Wasted materials
- Absenteeism
- Late deliveries
- Rework
- Invoices
- Returns to Suppliers
- Repackaging
- Inspecting
- Expediting
- Moving
- Counting
- Sorting
- Loading / Unloading
- Receiving Report
Waste Walk: IV Lines

Horizon Regional Health Authority

Improvement: Switched suppliers for purchase of 24,000 primary gravity IV lines per year.

Savings = $87,000 per year
Waste Walk: Phone Contract

Environment and Local Government - Local Service District fire stations were added to the GNB contract and the rates decreased substantially.

Savings = $26,000 per year
Waste Walk: Postage

Service New Brunswick

Tape 2 boxes of licence plates together and ship at same cost as shipping 1 box!

Savings = $16,800 per year
Waste Walk: Equipment

Department of Transportation and Infrastructure – Sold spare sweeps, wings and v-plows to Vehicle Management Agency (VMA) auction or for scrap.

$40,050 from 1 yard; cancelled contract for new products for that year for cost avoidance savings of $200k.
Waste Walk: Interest Costs

Department of Finance – Changed the payment schedule to nursing homes from 3 days prior to due date to 1 day prior to the due date, saving interest costs.

Savings = $23,589 per year
Formal Management System
Driving Organizational Improvement

Strategic Management (choice)
Priorities and speed
- Strategy Map
- Balanced Scorecard

Initiative Management
(ON work)
Program, project, process improvement
- LEAN 6σ

Performance Management
Disciplined leaders, teams and actions

Daily/Plan Management
(IN work)
Hold the gains
- Plan
- Do
- Check
- Standardization

Process Management
(Standard Work)
Standardized leadership, operational and enabling processes
- Priorities and speed
Processes – Standard Operating Procedures

START

1. Wet hands
2. Soap (20 seconds)
3. Scrub backs of hands, wrists, between fingers, under fingernails.
4. Rinse
5. Towel dry
6. Turn off taps with towel

HAND WASHING STEPS
• Achieved 82% improvement.
Formal Management System
Driving Organizational Improvement

Strategic Management (choice)
Priorities and speed

Initiative Management (ON work)
Program, project, process improvement

Performance Management
Disciplined leaders, teams and actions

Daily/Plan Management (IN work)
Hold the gains

Process Management (Standard Work)
Standardized leadership, operational and enabling processes

Leadership, operational and enabling processes

Performance Map
Balanced Scorecard

Control
Define
Measure
ANALYZE
LEAN

Plan
Do
Act
Check

Standardization

Organizational priorities
Project
Day to day
Citizens (Customers)
Daily Management

A focused team approach to regularly monitor and improve work.
Daily Management – How to do it!

A regular, short meeting with process team to discuss metrics.

Standard structure for management to monitor, coach and report on progress of the team.

All 3 pieces fit together like a wheel…if one piece is missing it will not turn…

A Display Board including visual measurements against targets.
Daily Management – Career Development Opportunities (CDO) Team

- Implemented in the summer of 2015
- The CDO team is focused on two key metrics
- Key metrics are connected to 4 Balanced Scorecard Measures
- Metrics are improving
- The team is implementing improvement ideas to improve their work processes
Alignment

- Daily Management metric (Fredericton)

- SD Regional & Departmental BSC measure (contributory to Labour force size)

- PETL measure

- GNB objective

- Support/Develop the workforce

- Labour force size

- % of referrals to PETL

- Missed appointments

- More Jobs
Quarterly results, Q3

<table>
<thead>
<tr>
<th>Region</th>
<th>2014-2015 # of referrals to PETL</th>
<th>2015-2016 # of referrals to PETL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Region 1</td>
<td>522 (18.1%)</td>
<td>467 (16.3%)</td>
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<tr>
<td>Region 2</td>
<td>329 (7.8%)</td>
<td>310 (7.8%)</td>
</tr>
<tr>
<td>Region 3</td>
<td>364 (13.8%)</td>
<td>521 (19.7%)</td>
</tr>
</tbody>
</table>

Region 3-Fredericton
Formal Management System
Driving Organizational Improvement

Strategic Management (choice)
Priorities and speed

Initiative Management (ON work)
Program, project, process improvement

Performance Management
Disciplined leaders, teams and actions

Daily/Plan Management (IN work)
Hold the gains

Process Management (Standard Work)
Standardized leadership, operational and enabling processes

- Strategic Management (choice)
  - Priorities and speed
  - Strategy Map
  - Balanced Scorecard
- Initiative Management (ON work)
  - Program, project, process improvement
- Performance Management
  - Disciplined leaders, teams and actions
- Daily/Plan Management (IN work)
  - Hold the gains
- Process Management (Standard Work)
  - Standardized leadership, operational and enabling processes
Quarterly Performance Review Meetings

1. Overview of GNB BSC Measure Performance

2. Strategy Execution Barriers
   – Review on track and off track measures and initiatives
   – Discussion and decisions

3. Successes to recognize
   – What happened, who did it, how should we recognize?

4. Review of Readiness Heat Sheet

5. Feedback on the meeting
### 2016-2017 Department Calendar of Commitments - English / Calendrier des résultats relatifs aux engagements des ministères - Francais

#### Monthly Commitments / Engagements mensuels

<table>
<thead>
<tr>
<th>Nom de l'Activité ou de la mesure</th>
<th>Responsabilité</th>
<th>Août</th>
<th>Sept</th>
<th>Oct</th>
<th>Nov</th>
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<td>Chef du Projet</td>
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<tr>
<td>Projet de modernisation du service</td>
<td>Chef du Projet</td>
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<td>Projet de développement de l'infrastructure</td>
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<tr>
<td>Projet de mise en place de l'information</td>
<td>Chef du Projet</td>
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#### Quarterly Commitments / Engagements trimestriels

<table>
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<th>Nom de l'Activité ou de la mesure</th>
<th>Responsabilité</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
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#### Annual Commitments / Engagements annuels

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#### Performance Excellence - Processus d'excellence du service

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### Total Complété / Total activities and measures completed

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<tr>
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<th>Total Complété</th>
<th>Total activités et mesures (MOA)</th>
<th>% Complétées (MOA)</th>
<th>% Complétées (MDO)</th>
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### Total et Objectifs

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### Notes

- Pour évaluer, communiquer et examiner notre stratégie.
Sample Department Results

FMS Maturity Index (%)

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Strategy Management %</td>
<td>81</td>
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<tr>
<td>Initiative Management %</td>
<td>88</td>
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<tr>
<td>Process Management %</td>
<td>38</td>
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<tr>
<td>Daily Management %</td>
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<tr>
<td>Performance Management %</td>
<td>68</td>
</tr>
<tr>
<td>FMS Maturity Index</td>
<td>71</td>
</tr>
</tbody>
</table>

Strategy Management

- Strategy Map
- Improvement Initiatives
- Strategic Accountability
- Balanced Scorecard

Performance Management

- Percent of Employees With Improvement or Process Level KPIs Incorporated into Their Workplans
- Frequency of Individual Performance Reviews
- Percent of Processes Reviewed at Least Annually for Control
- Strategic Communications
- Celebration of Successes
- Frequency of Strategy Review Meetings at Executive Level
- Effectiveness of Strategy Review Meetings at Executive Level

Initiative Management

- Improvement Methodology
- Strategic Impact
- Percent of Projects Which are Charterred
- Improvement Initiative Resources

Process Management

- Process Identification, Standardization, Documentation
- Measurement and Control

Daily Management

- Visual Management
- Team Huddles
- Leader Standard Work
External Recognition

Atlantic 2013

Canadian 2014

International 2014

Leadership Award:
“providing improved public service at lower cost”
Employee Engagement that Works
Continuous Improvement in New Brunswick

Alan G. Robinson, Ph.D. and Dean M. Schroeder, Ph.D.
Merci! Thank you!

Questions?