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Behn's Performance Leadership Report

An occasional (and maybe even insightful) examination of the issues, dilemmas, challenges, and opportunities for improving performance and producing real results in public agencies.



"What were they thinking?"

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On why all public officials need to remember that

Real Lean Is Not Just About Cutting Costs

Lean is huge—and growing. In the U.S., it is impossible to get an accurate count of how many cities, counties, states, and U.S. government agencies are using Lean. Nevertheless, many report they are doing so.

What, however, is "Lean"? Each jurisdiction and agency has its own variant on the concept. Still, many definitions include the eight-word phrase "continuous improvement through the relentless elimination of waste." Even more use an abbreviated phrase, "relentless elimination of waste." Moreover, these four words are quite popular in government.

This focus on waste is unsurprising. All organizations, including public agencies, have some waste.

Sometimes, this is "processing waste," the result of too many steps requiring too many people to sign off on a piece of paper or to click "approved" on a screen. The Utah Office of the Legislative Fiscal Analyst offers one example of "too many layers of approval." It is: "how many people have to approve just to get a \$49 software package." Such additional steps are infuriating to those who are trying to produce real results.

Such extra processing steps can result from (a) new systems that simply continue old protocols, (b) the priority given to today's work over rethinking how to do the work, or (c) unconscious, high-level decisions.

Indeed, many (wasteful?) steps are designed to prevent the repeat of some mistake that became a scandal. Thus, to "prevent this from ever happening again," the organization creates a number of additional clearances—approvals that hierarchical superiors must formally make before a simple (but once scandalous) activity can proceed.

Over time, this additional check—commonly called "red tape"—becomes waste. Originally, the extra check was considered quite reasonable, in fact necessary. Later, however, it morphed into waste. Time to get rid of this

unnecessary use of a busy manager's time and the accompanying delay.

Many people may agree that this additional clearance is no longer necessary? Yet, as Herb Kaufman wrote nearly four decades ago, "One person's 'red tape' may be another's treasured procedural safeguard."

No wonder the "wasteful" red tape is so durable.

It's been 25 years since Jim Womack, Dan Jones, and Daniel Roos wrote *The Machine that Changes the World: The Story of Lean Production*. Their book described three ways that we humans have manufactured automobiles and other products.

The first was "craft production": Skilled craftsmen made one item at a time to the customer's specifications. They result was—and still is—a customized and excellent product. An excellent and very expensive product.

When Toyota invented Lean, it focused on building not a cheaper car but a better one. When a public agency seeks to employ Lean, it needs to not merely eliminate waste but to ask: "How can we do a better job achieving our public purpose?"

Next, Henry Ford created "mass production." Skilled craftsmen designed the product (and the manufacturing process) using parts that were interchangeable and easy to install. Now, production required only semi-skilled (or unskilled) workers, greatly cutting manufacturing costs and thus consumer prices.

Third, Toyota invented Lean. But the firm's purpose wasn't solely to reduce waste and cost. Toyota sought to produce a *better* car—a much *better* car. (It took a while for Detroit to catch on, and then to catch up).

To do so, Toyota built relationships with its suppliers. After all, Toyota did not make many of a car's compo-

nents. Still, Toyota did not just create a set of specifications for its brakes and pick the low-cost bidder. Rather, it chose suppliers with a record of quality performance and with which it had an established relationship. In government, this is called "cronyism."

There are, however, other differences between the two sectors—specifically the nature of the purpose. The private sector's profit purpose is clear and can be measured with several well-established financial ratios.

Thus, in a business, eliminating "waste" will reduce costs and thus improve profits. But not always. After all, one business executive's waste may be a customer's valued feature. At a Day's Inn, a multilingual concierge would be a waste; at a Four Seasons it could be a necessity.

In government, however, an exclusive focus on "waste" ignores another, much more fundamental question: What are we trying to accomplish?

I don't object to efforts to eliminate public-sector waste. You might argue that I could benefit by eliminating the waste in my life. But eliminating waste is not a public purpose (nor mine either).

Government's purpose is not to cut costs. Its real purpose is to produce results that citizens value. And when doing anything, public executives must "always start with purpose."

If a public agency wants to do a better job at accomplishing its real purpose, it ought not to ask: "How can we relentlessly eliminate waste?" It ought to step back and ask: "How can we improve by focusing on what we are trying to accomplish?" That's what Toyota did. **B**

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