LEAN GRANTS & CONTRIBUTIONS

70% FASTER

Summary

- A Federal government department used Lean thinking to speed up their Grants & Contributions process from a 24 week cycle to just seven weeks, a reduction of 70%

- They did this without anyone working harder, without heroics, contributing to 300% increase in staff morale

- Further, getting successful applicants their funds so much faster gave them more time to implement programs, delivering more value to their target communities

LEAN AGILITY

This is the story of one federal government department who wanted to improve how they delivered grants and contributions.

The department was faced with this situation: it had a 24-week service standard to respond to applicants, which it generally met but not without employee heroics and frustration. It also had to deal with complaints both from its proponents and the Canadian government. Applicants reported that delays in responses to funding requests negatively impacting their ability to plan and run programs, and that its funding program requirements were unclear. The Canadian government – this organization's "boss" – was pressuring the department to reduce its service standard to 10 weeks, which at the time, was viewed as "impossible". Employees felt caught in the middle, resulting in increasing levels of stress and tension, as well as a feeling of being under-appreciated.

To address the problem, the organization ran a training course on Lean fundamentals and a 5-day improvement workshop. The goal was to document, fully understand and identify blockages to flow, with a view of removing non-value-added activities embedded within the application process from all perspectives: applicants; employees; and management. The objectives were to:
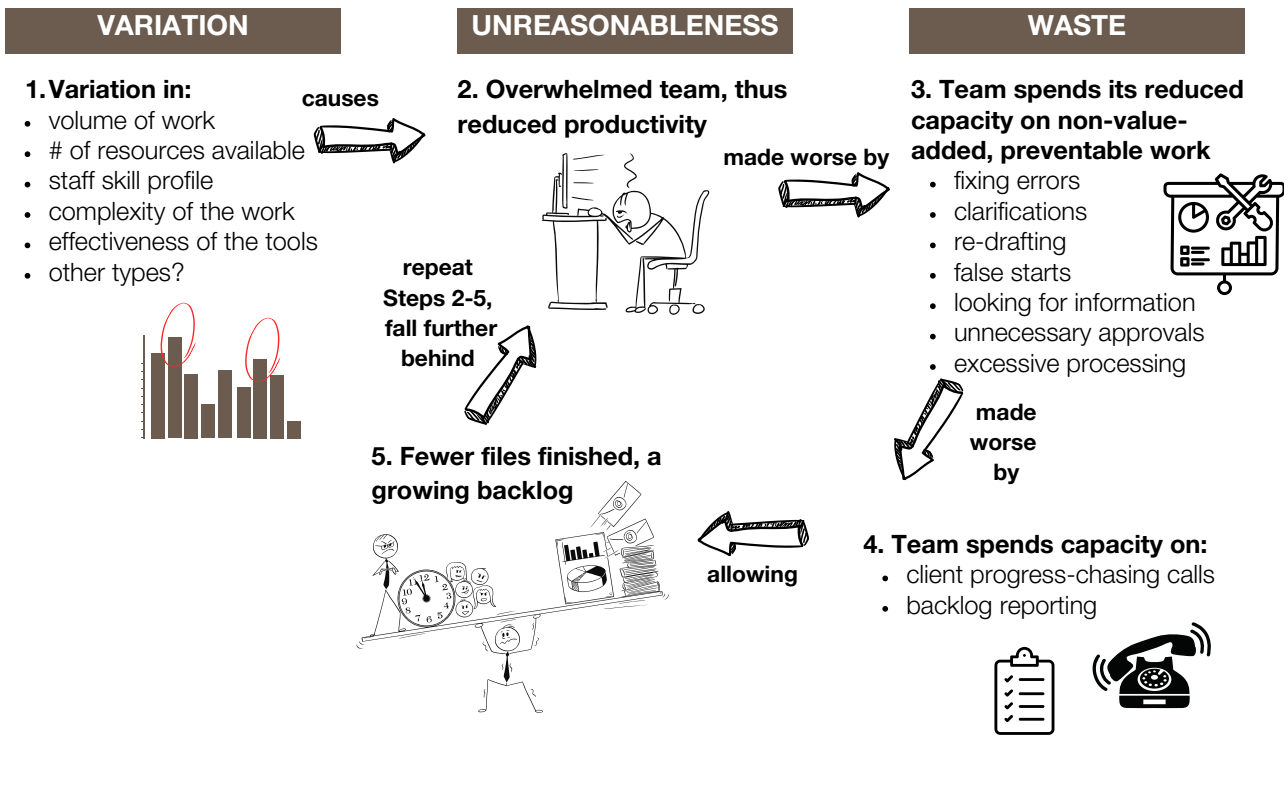
1. Reduce delivery time by 50%
2. Reduce stress and frustration both amongst applicants and employees, and
3. Free up employee time to allow them to better connect with and understand the applicant's needs

The approach is rooted in the principle that a bad process beats a good person every time. However many employees are willing and even passionate about doing what is best but without the right support and structure this is difficult at best and sometimes even impossible.

The other fundamental reality is that processes are often invisible. How often do staff do non-value-added work just because they are just trying to keep their heads above water? And who really understands both the end-to-end goal of the organization and how to contribute to it? For all the procedures, guidelines and practices used in day-to-day work, what is the "job" it is intended for – and how effectively is it accomplished? Often the answers to these questions are unclear.

A system of work often suffers from a chain of events that reduces productivity and slows down delivery to clients, creating overwhelm and frustration as seen in the diagram below. Looking at how a backlog develops illustrates this.

How Backlogs Develop

VARIATION	UNREASONABLENESS	WASTE

1. Variation in:
- volume of work
- # of resources available
- staff skill profile
- complexity of the work
- effectiveness of the tools
- other types?

causes

2. Overwhelmed team, thus reduced productivity

made worse by

repeat Steps 2-5, fall further behind

3. Team spends its reduced capacity on non-value-added, preventable work
- fixing errors
- clarifications
- re-drafting
- false starts
- looking for information
- unnecessary approvals
- excessive processing

made worse by

5. Fewer files finished, a growing backlog

allowing

4. Team spends capacity on:
- client progress-chasing calls
- backlog reporting

The first step is to understand what the current process really is. Not what it is supposed to be or what people think it is; but what it really is. How? Get the right people in a room and map the process out using unabashedly low-tech white boards and sticky notes. This in itself is often a revelation to the participants. More importantly, it sets the stage to collectively identify major pain points, which can be analysed in more detail to uncover the root causes of these issues and ultimately develop potential counter-actions to address them.

After completing this phase the organization identified five fundamental interruptions to flow:

1. Unclear management expectations
2. Overlapping funding submission dates
3. Poor quality of submissions
4. Multiple review loops
5. Inadequate people and priorities management

So basically, there were three problem areas: (a) structural, in how the organization established conflicting submission dates leading to overwhelm; (b) lack of trust between management and employees, mainly due to unclear expectations; and (c) unclear and inadequate communication to applicants. This required partial solutions from all stakeholders: applicants; senior management; middle management; and employees.

To fix the problem the team came up with the following solutions:

- Stagger submission dates where possible: while one-off projects still needed to be reviewed in batches because of limited funding availability – and hence a fixed submission date – requests related to on-going, multi-annual projects could be spread out over the year to balance demand on the team

- Revisions to content and standardized use of tools: if everyone is working with the same tools, there is greater clarity on what is required and, by extension, more homogeneous conclusions and recommendations

- Review roles and responsibilities: applicants apply; analysts analyze; and management approves. Sounds simple, but often these roles become blurred or duplicated where there is lack of clarity and/or trust

- Develop a more trusting environment: in many ways an outcome of the first three solutions, but extremely important. Good quality applications result in better and more efficient analyses; better analyses result in less management intervention; less management intervention results in more employee empowerment. More trust and a whole lot less work for everyone! Stephen M. R. Covey talks about a "trust dividend" in his book The Speed of Trust: as trust goes up, speed goes up and costs go down

> **PROPOSED SOLUTIONS**
>
> - Stagger submission dates
>
> - Error-proofed content and standardized use of tools
>
> - Clearer roles and responsibilities
>
> - Better trust

Because the above challenges slowed the process to a crawl, a set of problems that happen almost uniquely to slow-moving work often made the process go even slower. Following are some problems that happen to 5-month-old (or older) files that do not typically happen to 7-week-old files:

- Management has time to reconsider how the program works, so changes mind on scope and details = redrafting, re-approving documentation

- Overtaken by events – the situation and requirements change = the program needs to be significantly re-written and re-approved, or cancelled, wasting the effort invested to date

- Turnover in staff – staff leave and are replaced = the program spends time onboarding new staff instead of delivering the programs

- "Where's My Stuff?" / Progress-Chasing – A 7-week file requires little status updating or progress reporting back to the applicants. The slower the file, the more effort the program spends responding to status inquiries, and providing progress reporting = the program spends time on status updating and responding to inquiries instead of doing the work that is the subject of the status update/inquiry

Improvement Approach

The team and its leaders engaged Lean Agility to guide them through a Lean process improvement project using the 5-step approach known as DMAIC (Define, Measure, Analyze, Improve, Control/Continue to Improve) — the most proven project-based approach in process improvement.

The methodology builds maximum buy-in ensuring that the analysis and solutions would generate results compared to a superficial, hasty exercise that provides solutions that don't solve the key issues, and don't get implemented.

STEP 1 DEFINE	STEP 2 MEASURE	STEP 3 ANALYZE	STEP 4 IMPROVE	STEP 5 CONTROL/ CONTINUE TO IMPROVE
Define the project charter/mandate, train staff, collect info, plan project and create momentum	Make current process and its performance visible so it can be analyzed	Apply various analyses to the process to determine what are the key root causes that must be solved.	Identify quick wins and larger solution experiments, document them, test and adjust until they work in real life; create a realistic implementation plan	Lock in new improvements, and create improvement/problem solving routines and visual management to continue improving
• Current Situation • Problems to be solved • Objectives/scope • Project team • Project plan	• Collect process data (effort, elapsed time, quality) • Map the process • Initial findings • Voice of employee • Voice of client	• Analyze the process by applying 6-7 tests • Find root causes of key problems	• Identify quick wins • Identify and document 5-7 major solutions as A3 experiments • Prioritize and plan solutions • Implement and test solutions • Adjust and implement	• Create ongoing improvement • Create tools, visual management and routines that will sustain improvements
Approximate level of effort				
2 days	2 days	3 days	3-5 days	3-5 days

Results

The results have not only been significant, but lasting and cumulative. And more importantly, home-grown without the need for an external facilitator. They include:

After nine months

1. A 92% improvement in the speed of applications as measured by the time required to process them. Pre-workshop, the average processing time was 19 days due to the need to clarify/augment the information submitted. Nine months later, processing time was 1.5 days
2. A 50% reduction in the time required for management approval – from 23 days to 11.5 days
3. A 64% reduction in turnaround time within the department – from 21 weeks to 7 weeks
4. A 50% reduction in overall response time to the applicant (including the most senior level of approval) – from 27.5 weeks to 13.5 weeks
5. Increased employee morale from 1/5, to 4/5 as measured by an internal barometer

After 23 months

1. Effective approval levels pushed down to lower levels, made possible by reduction in errors and targeted employee training. While not measured explicitly, anecdotally this reflects a higher level of trust within the department
2. Streamlined consultative processes
3. A multi-tiered analysis approach based on file complexity and issues vs a one-size fits all, reflective in the reduced turnaround time and management intervention
4. A further reduction in the overall response time to applicants from 11.5 weeks to 10 weeks
5. An increasing and sustained continuous improvement mindset and utilization of tools, techniques and principles such as visual management, stand-up meetings and pro-active learning

Success factors:

Focus on the process   ⟶   Moving away from the (intuitive) categorization of "super star" vs "under-performing" employees to making the process better for all employees

Evidence-based conclusions   ⟶   Not everyone – applicants, employees or management – was on board on Day 1, but the factual evidence supported common conclusions and constructive dialogue on what the team wants to do differently. Treating potential solutions as experiments allowed for faster and better learning and progress

A genuine desire from all stakeholders to improve   ⟶   Moving away from a tendency to blame others and instead addressing problems as a common challenge

Implementing "quick wins" early   ⟶   To sustain momentum, while at the same time developing detailed implementation plans for longer-term solutions

Harness influencers   ⟶   Not only did the participants learn and actively apply what they learned in the workshop, they taught it to their colleagues when they got back to their desks. This exponentially increased the likelihood of success and promulgated the leanings throughout the organization