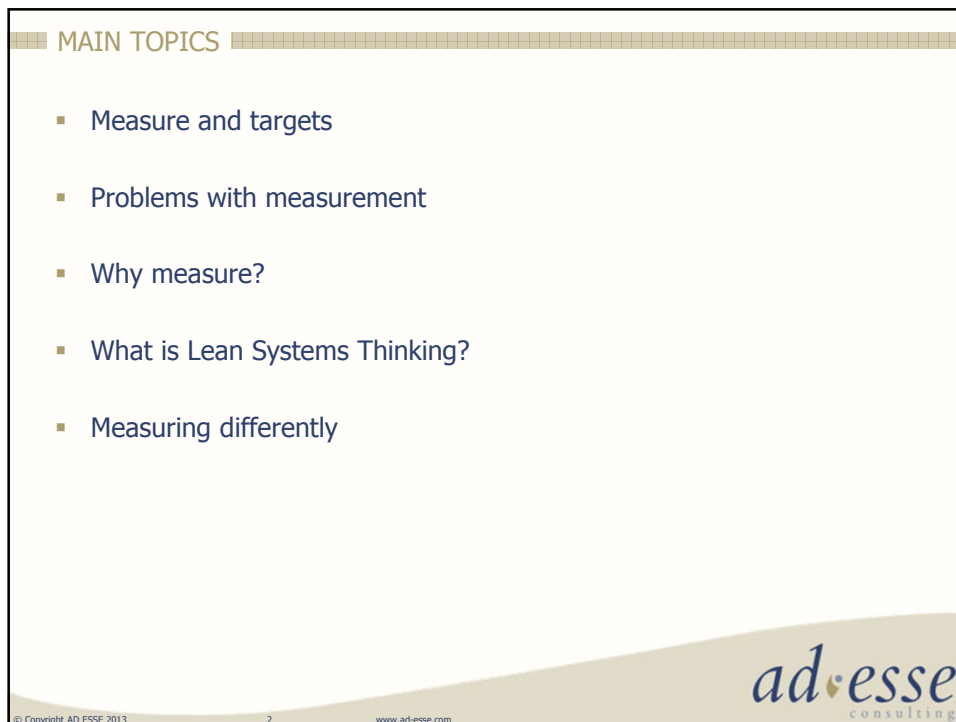NHMF Maintenance Conference 2013

Lean Measurement Principles –
Why Perfection is Just Good Enough

Philippe Lacey - Ad Esse Consulting Ltd

1 www.ad-esse.com

MAIN TOPICS

- Measure and targets

- Problems with measurement

- Why measure?

- What is Lean Systems Thinking?

- Measuring differently

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ABOUT AD ESSE CONSULTING

- Specialists in public sector and not-for-profit transformation
- Main sectors are:
  - Housing, Health, Local Government, Criminal Justice, Not for Profit
- Tens of years experience in helping clients to achieve sustainable performance improvement
- We implement full Lean programmes…

  … or use Lean tools to deliver real performance improvement in specific service areas
- We understand that many of the barriers to change are as much to do with organisational culture than a lack of technical tools
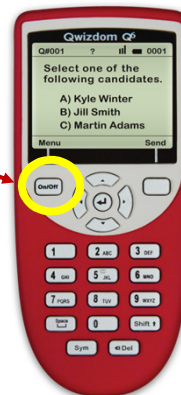
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Qwizdom®

Turn on Your Handset

Press down **On/Off** button for a few seconds and the word **Ready** will appear.

VOTING EQUIPMENT SPONSORED BY:

QUESTION ABOUT TARGETS

- If you have targets to achieve, how are you doing against them at the moment?

  - A – Very badly

  - B – Pretty badly

  - C – Pretty well

  - D – Very well

VOTING EQUIPMENT
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MEASURES AND TARGETS

- A measure is not the same as a target

- A measure is a means of understanding performance based on real data about what is really happening

- A target is an objective to be reached on a single measure
  - They often tend to be arbitrary, or pointless
  - They are often pass/fail
  - They often end up being seen as maximum levels of performance
  - They always skew behaviours
  - They often only address one simple aspect of a complete service

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TYPICAL TARGETS

- 85% of priority 'B' repairs to be completed in 10 days

     - What is wrong with this?

- Why 10 days?

- Why 85%?

- What about the 15%?

- What do we measure if the repair is never completed?

- Who decides if it is completed?

- What will a team do if they are currently at 83%?

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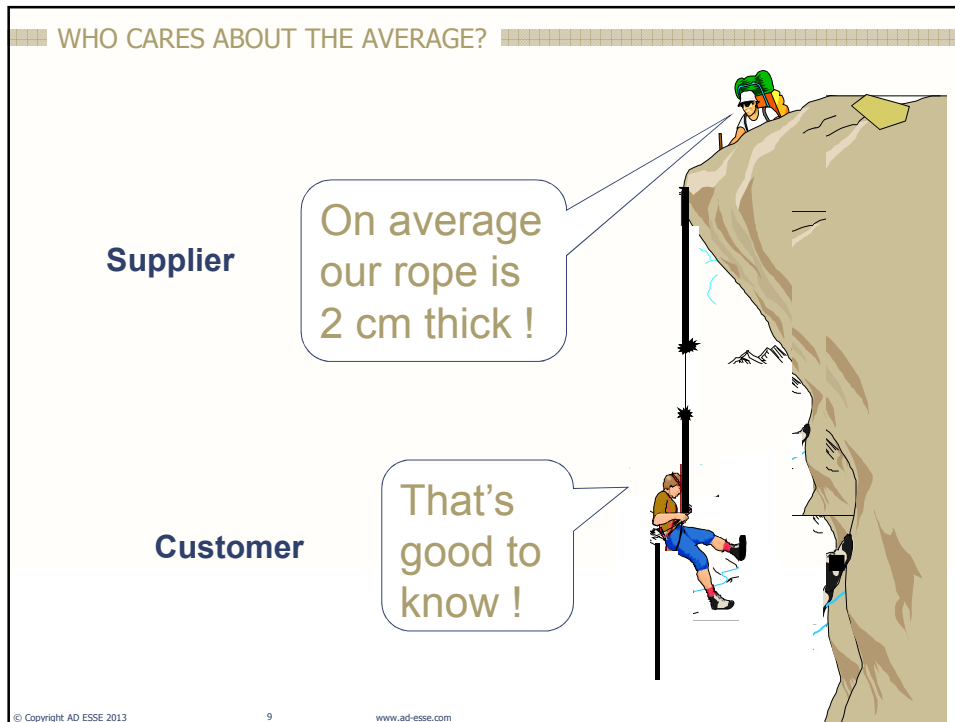
TYPICAL MEASURES

- 90% finished by x days/months/etc

- Average time to complete repair/survey/etc

- Average age of closed repairs/voids/etc

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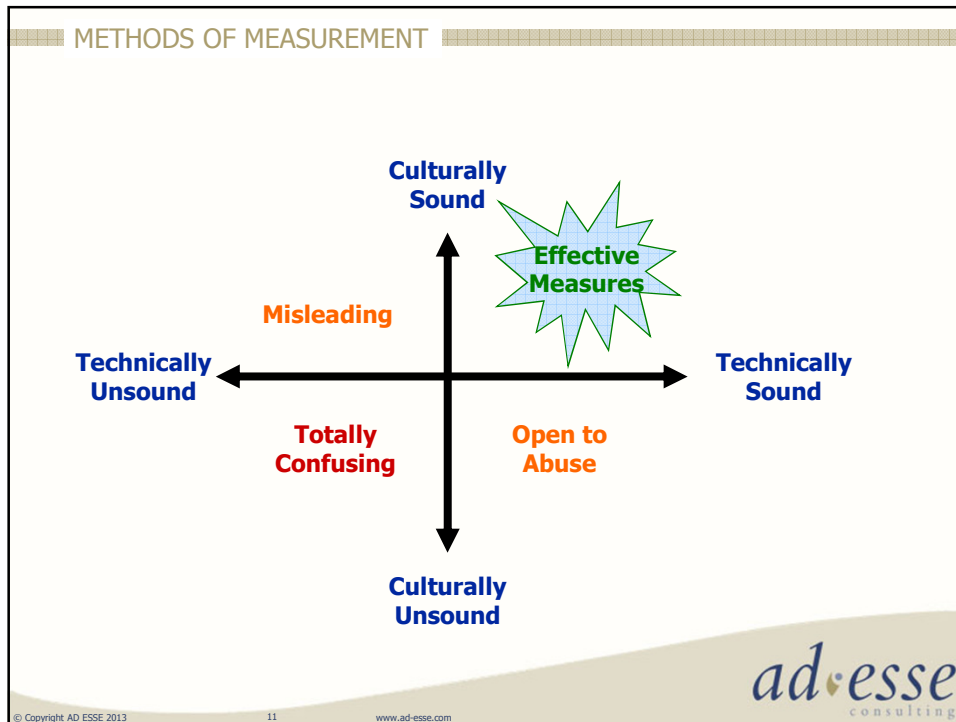© Copyright AD ESSE 2013   8   www.ad-esse.com

METHODS OF MEASUREMENT

Culturally
Sound

Effective
Measures

Misleading

Technically
Unsound

Technically
Sound

Totally
Confusing

Open to
Abuse

Culturally
Unsound

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WHAT CAN GO WRONG WITH MEASURES/TARGETS?

Culturally Unsound

- Incentive to cheat:
  - Measures linked to pay
  - Hitting arbitrary targets
  - League tables
  - Pressure to spend budgets

- Encouraging the wrong things:
  - Quantity instead of quality
  - Activity rather than results
  - Individual performance rather than achievement of team objectives

Technically Unsound

- Inappropriate frequency
- Not sufficiently repeatable
- Inadequate sample
- Not representative (measuring the wrong thing)
- Individual vs. team performance

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THE PROBLEM WITH BENCHMARKS

- 'We want to be top quartile'

- We are comparing ourselves to others who have the same problems and have implemented the same solutions

- There is no element of stretch
  - What do you do if you are near the top?

- The element of disbelief
  - 'Their performance is so different from ours, they must be measuring it in a different way' (i.e. cheating)

- Does the benchmark actually measure the right things?

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WHAT IS LEAN?

Lean is a **systematic**, continuous improvement **philosophy** that focuses activities on **reducing waste** while aligning processes to **customer / service user value**

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LEAN: A PHILOSOPHY, A SET OF TOOLS & A MANAGEMENT CULTURE

- The Philosophy
  - Focus on **Customer Value** to drive all activity
  - Measuring the key elements of performance **mercilessly**
  - Defining **perfection** for every process
  - Developing an **improvement culture**

- The Tools
  - To help people identify Value and reduce non-value-added time
  - To do all the above **quickly** and with the **full involvement of staff**

- The Management Culture
  - The quality of leadership and communications in an organisation
  - **Transforming** the organisation by creating a culture that engages all staff in improvement and resolving real business problems.

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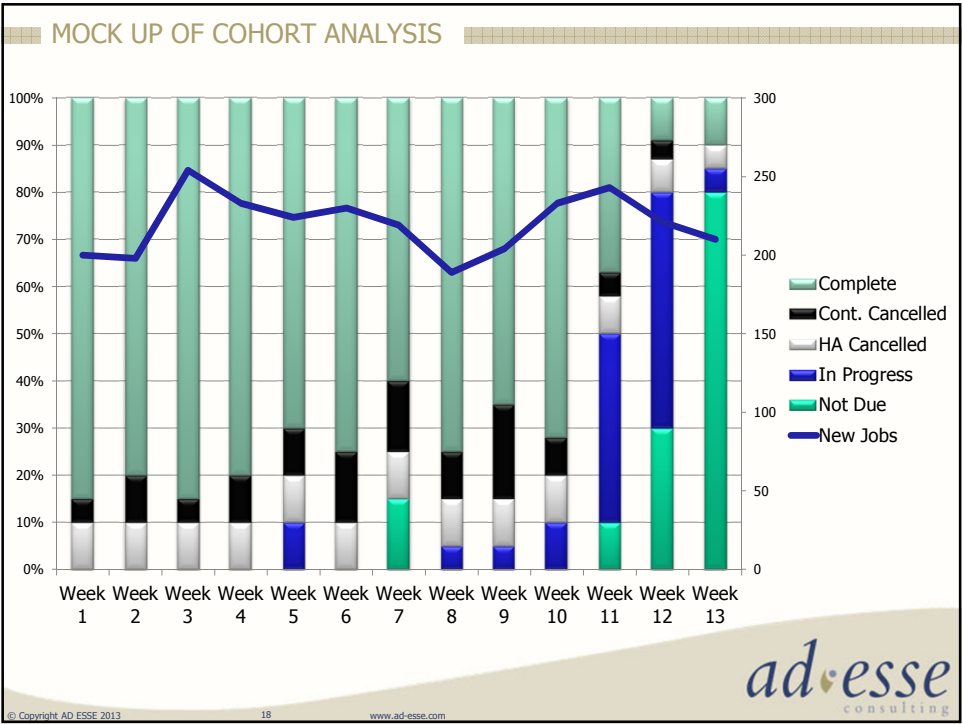© Copyright AD ESSE 2013   15   www.ad-esse.com
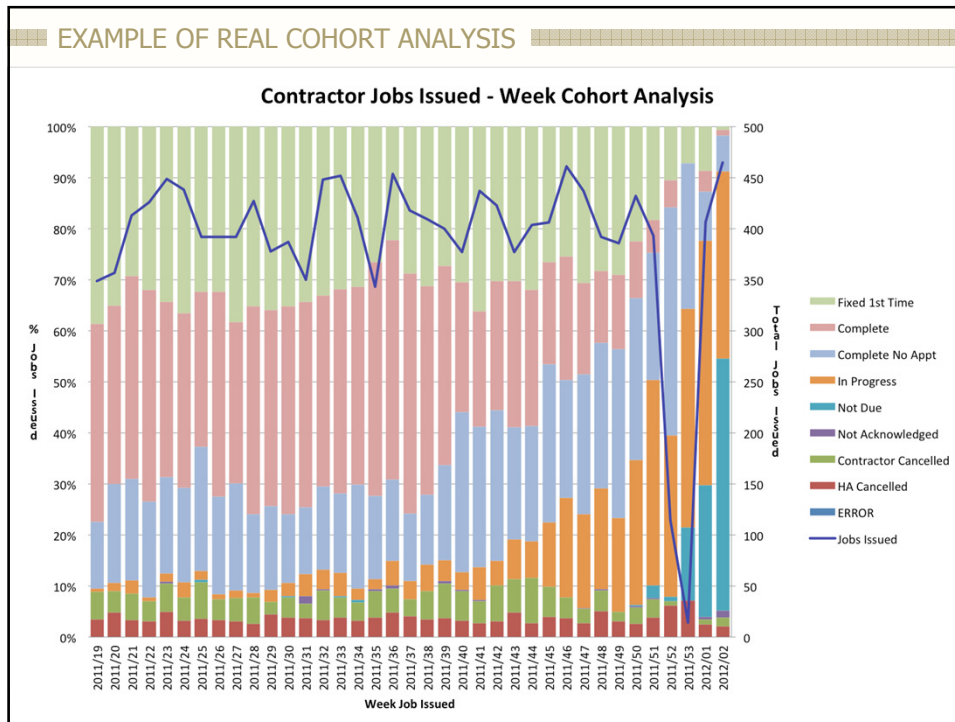
LEAN MEANS A NEW WAY OF MEASURING

Measuring mercilessly means using new measures

- Productivity
  - Use Overall Effectiveness, a way of measuring absolute productivity against perfection. More than 30% is rare.
- Completion of Tasks
  - Use Cohort Analysis to ensure nothing slips through the net
  - Use On Time In Full. Did we do everything we planned to, to the quality we planned to, in the time first agreed with the customer?
- Cycle Time
  - Use Value Add Ratio. What proportion of time was an individual customer need not being worked on?
- Quality
  - How many errors were made in total at every stage on each job?

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COHORT ANALYSIS

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MOCK UP OF COHORT ANALYSIS

Legend:
- Complete
- Cont. Cancelled
- HA Cancelled
- In Progress
- Not Due
- New Jobs

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EXAMPLE OF REAL COHORT ANALYSIS

Contractor Jobs Issued - Week Cohort Analysis

Legend:
- Fixed 1st Time
- Complete
- Complete No Appt
- In Progress
- Not Due
- Not Acknowledged
- Contractor Cancelled
- HA Cancelled
- ERROR
- Jobs Issued

CONCLUSIONS

- If your performance gives you a nice warm glow...
  ... then you are probably not measuring it properly!

- Don't benchmark...
  ... unless you know you are really comparing yourself against excellence, and even then you will learn more from the 'how' than the 'how well'

- Define perfection, and measure against it
  - It will be a very uncomfortable experience, but very worthwhile

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