

Value-Flow Methods Help Reduce Inefficiencies



Tax payers expect efficiency from their local government and a cost-conscious administration without any obvious or hidden wasting of funds. In the city hall of Kiel, Germany, government officials worked with Ingenics consultants to make more efficient use of their personnel and resources. Here, the keys to improving the processes in public administration were the use of the “Flow-Method” and the “Pull-Principle.”

How can administrations be modernized and prepared to successfully face future challenges? Here, there's really only one good answer: Their available resources must be used more efficiently – by introducing lean-processes, that can be continually improved.

Stephanie Bewernitz, Director of the Personnel and Organization Office, explained the background and goals of this joint project: “With our previous organizational tools, we had reached the limit of our abilities to cope with the new challenges

of demographic change. So, with lean-management methods we wanted to focus on the sources of public administrative inefficiency and prepare for the future – so that we could better serve all of our residents in the future.”

Here, a key tool is process optimization. But it's very difficult to improve “hidden” processes. And this occurs far more often in administration departments than in a production unit, such as when individual employees have undocumented expertise or knowledge.

Making Hidden Processes More Transparent

Every hidden process or processing step, needs to be made clearly visible. And the best tool for that comes from modern lean-management principles known as: The Value-Flow Method. In a nutshell, value-flow methods follow and visualize products or services, simply, as they move through an organization step-by-step – and that makes each added-value action, interdependence and inefficiency – clear to see, quickly.

Naturally, this also means it's best to define the value of products or services from the customers' perspectives. But then the key question is: Who is a "customer"? In the free marketplace or private sector, a customer is the person who selects a product or service based on their free choice, then places an order, and pays for that order. In the public sector however, the customer doesn't usually have a free choice – seeing the service-provider usually has a "monopoly" position. A city resident, for example, is obligated to accept certain services or products because there is only a single officially authorized source.

An additional tool is the analysis of internal customer-supplier-relationships, which can significantly influence a process and therefore need to be identified and closely examined.

Practical Advantages of Value-Flow Methods

One decisive advantage of the recommended value-flow method is that inefficiency or waste cannot only be identified, it can also be relatively easily differentiated into various types of inefficiency. And in every case, with a value-flow analysis a large percentage of the "avoidable wastes" can be identified, as well as a smaller percentage of sometimes "unavoidable wastes."

By the way: an overview of the different types of inefficiency or wastes that can be identified and reduced with lean-management methods is illustrated by the graphic on this page: Ranging from mistakes to unused knowledge. Following the analysis, and with the aid of value-flow designs, the desired "target-process" is also shown. This explains the use of a lean-philosophy as applied by the "flow-method" and the "pull-principle."

The entire concept behind "Flowing Processes" becomes easier to understand when the various inefficiencies of a process

are removed – e.g. by reducing handovers and unnecessary control loops. Plus, pending actions and documents should not be "put on hold" or collected, but rather transferred directly to the next stage in a process.

Introduction of the "pull-principle" is also useful, because it is based on the idea that an action should only be processed when a clear demand exists, or when there is a clear requirement for the process step. To quickly show employees the initial advantages of the pull-principle and to positively motivate them for additional improvement efforts – the internal processes should be analyzed first.

Practical Example: Intensive Coaching in Kiel since 2012

With Ingenics' support, intensive coaching has been conducted in Germany for the Schleswig-Holstein State Capitol of Kiel since 2012. This coaching focused on an optimization project for the officials in the municipal administration. Among other subjects, the following themes were discussed:

- › Coaching of City Administrators on Interpersonal Skills and Group Dynamics
- › Value-Flow Management
- › Visual Management
- › 5S Organizational Methods
- › Organization of Improvement Projects

