

Lean in the Public Sector: An Introduction

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It all started in LIPS 2009 in Karlsruhe, Germany



LIPS 2009 Jim Ross introduced the Project Alliance

- ▶ EU-legislation is challenge in the public sector

LIPS in Washington DC 2010

- ▶ We can challenge the EU-legislation

First Alliance pilot started 2011

- ▶ No problems with procurement Law



Project Alliancing and Integrated Project Delivery

- Both share these components:
 - Organizational integration
 - Shared risk and reward
- Differences between them:
 - Integrated project delivery applies Lean management methods. Project alliancing does not explicitly call for Lean management methods.
 - Project alliancing includes only the owner, lead designer/engineer and lead constructor in shared risk and reward. Integrated project delivery includes all key players (design engineers, specialty contractors)

LIPS' Accomplishments

- Have promoted processes for awarding contracts that generate more value for the money; trying to identify the best firm for the job.
- Have promoted more collaborative and effective forms of contract; trying to overcome the 'Who pays? Who gains?' obstacle to improving performance.

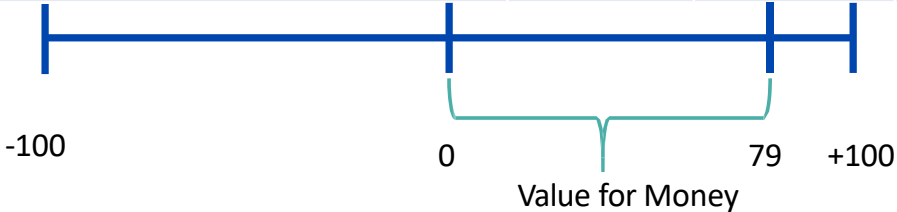
Lielahdi–Kokemäki rail renovation project in short

- Length of railway renovation project 89,6 km
- Project original budget 91 M€ (incl. owner's material 20–30 M€)
- Goal for the renovation is to:
 - Improve safety for railway section and reduce maintenance costs by renewing and repairing constructions (railway sleepers, rails, ballast, culverts, bridges, drainage, build new and tear down old platforms)
 - Reinforce surface and bench structures of the railway track so that it is possible to operate on 250 kN in 80-100 km/h.
- Besides the renovation there are improvement needs, such as:
 - Changes in bench width
 - Removal of railway grade crossings
- First Public sector Alliance Pilot in Europe



Outcomes of Key Result Areas

Objectives	Failure	Minimum Conditions of Satisfaction	Break-through	Results	KRA-performance
Passenger Traffic Precision [%]	70	85-90	98	99,65	26
Freight Traffic Precesion [%]	70	85-90	98	99,93	9
Project Completion Date [dd.mm.yyyy]	31.05.2016	31.05.2015	28.02.2015	28.02.2015	20
Deviation of Rail Safety [pcs]	25	6-10	0	2,5	5
Safety -measurements [%]	75	93	100	95,8	7
Frequency of Accident at Work [pcs/1 Mhours]	100	18	0	6,2	12
Total					79



Key public sector differences

- A. Public funds are rightly made available to all qualified candidates.
- B. Historically, continuous improvement (a hallmark of Lean) has not been strong in the public sector.
- C. Civil service jobs are usually 'permanent' after trial periods.
- D. There is rightly a high level of concern to prevent fraud in the administration of public funds.

Lean Countermeasures to Public Sector Obstacles to Better Performance

- Best Value Procurement/Hiring and Promoting
- Customer Focus in the Public Sector
- Preventing Fraud without Stifling Innovation
- Respect for People
- Lean Leadership

BEST VALUE PROCUREMENT STRATEGY

Integrated Construction Planning, Procurement, & Project Delivery

COLLABORATIVELY GATHER AND ANALYZE PROJECT DATA

Establish project characteristics with parameters sufficient to determine scope of work and aid in the contractor selection.

DETERMINE PROJECT DELIVERY METHOD

Select a flexible model capable of being tailored to meet specific program and project needs.

GATHER AND ANALYZE REQUIREMENTS

Create a project scope of work with sufficient detail to enable a contractor to prepare a line item cost estimate.



FINAL REVIEW AND AWARD

Best value procurement based upon technical and services merit

ISSUE RFP

Parameters, evaluation criteria, rating systems. Required detailed line item cost data that is locally researched,

The knowledge or mastery of an activity or subject gained through involvement in or exposure to it.



The aptitude or potential to perform to the required standard.

The demonstration of specific professional skills, knowledge or qualifications.

The things we do regularly and do well and that motivate us.

The actions and activities that people do which result in effective performance in a job.

Customer Focus in Public Sector



The Department of Health and Social Services reduced the time to provide child support funds by 85% with no increase in cost. The Parks & Recreation Commission reduced the time to process grant requests from 4 weeks to 1 week.

Department of Social and Health Services (DSHS)

Ecology, Department of (ECY)

Employment Security, Department of (ESD)

Health Care Authority (HCA)

Liquor and Cannabis Board (LCB)

Office of Administrative Hearings (OAH)

Office of Financial Management (OFM)

Pollution Liability Insurance Agency, Washington State (PLIA)

Puget Sound Partnership (PSP)

Fighting fraud in the public sector



Respect for People





Sharing in Growth UK



IMAGINE A WORK PLACE
WHERE EVERYONE ENGAGES AND
CONTRIBUTES THEIR FULL INTELLECTUAL
CAPACITY. A PLACE WHERE PEOPLE
ARE HEALTHIER AND HAPPIER BECAUSE
THEY HAVE MORE CONTROL OVER THEIR
WORK- A PLACE WHERE EVERYONE
IS A LEADER.

DAVID MARQUET
FORMER NUCLEAR
SUBMARINE COMMANDER

Before taking questions, I pass the microphone to Amr Abdel-Azim to bring you up to date on LIPS

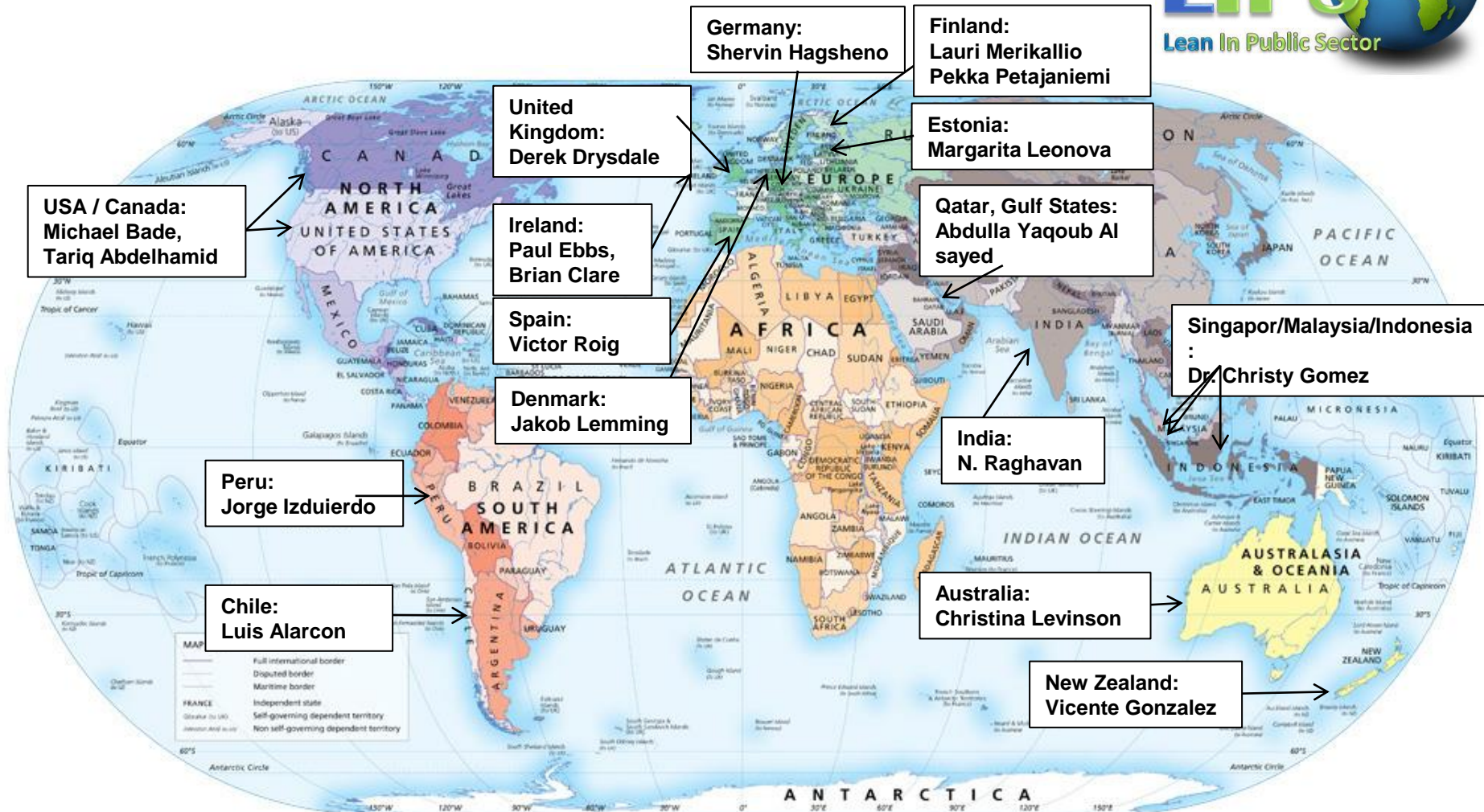


LIPS Post Conference Map

Lean In Public Sector



- **What we do?**
 - **Organize an annual meeting to develop international network of like-minded professionals.**
 - **Providing training workshops, seminars.**
 - **Collaborate with other Lean organizations in achieving LIPS mission.**
 - **Support Communities of Practice**



LIPS World Contacts Map

Questions or Comments?