

LEAN ADMINISTRATION IN THE PUBLIC SECTOR

Public Sector Case Study



Organization Profile

A national, public sector organization, employing over 10,000 staff with two principal divisions, multiple regional offices and commercial outlets throughout the country

Project Goals

Identify the scope for efficiency gains in the payroll function

Develop an executable plan to realize these gains.

Project Timeframe

40 days

Key Deliverables

Identify the payroll processes to be eliminated, reassigned or streamlined

Define the human and technological resources required to implement changes.

In just forty days, Leading Edge Group helped a large public sector organization to rethink its approach to payroll.

As part of a program to achieve greater efficiency in a range of administrative domains, the client approached Leading Edge Group (LEG) to apply Lean Thinking to its payroll processes to identify and help realise efficiencies.

The challenges that the organization faced in relation to its payroll function included the distributed nature of its operations, with the tasks frequently performed in both regional and national offices, a highly manual approach to processing and a combination of a long history and unionization that had embedded multiple payment agreements.

The Leading Edge Group adopted a very hands-on approach, working within the client organization and directly with the client's program manager, to deliver an executable plan to:

- Streamline and standardize payroll processes.
- Eliminate duplicated processes and waste steps.
- Increase control and improve ownership of payroll processes.
- Eliminate or redeploy non-core payroll tasks.
- Automate selected manual payroll processes.
- Provide a roadmap for progressively improving payroll processes.

“Together with Leading Edge, a system was designed which brought clarity to the process and left us with a sustainable method for managing payroll going forward.”

How was the project implemented?

The project benefited from having senior-level buy-in from the start. It was sponsored by the organization’s finance department and had team members in senior roles who were familiar with Lean thinking.

Despite this, the complexity of the problem required the additional specialist expertise and external perspective provided by LEG.

The project required that LEG “got inside” the organization. LEG went to “Gemba” and visited four regional offices. Due to union restrictions, limiting access to front line workers, LEG primarily worked with local managers in each location to identify and map administration processes.

LEG then reviewed national office processes and the capacity of the current payroll technology to support changes that would streamline the work of payroll clerks and reduce duplication of work.

LEG then synthesised the findings into a current state map, identifying areas of waste and inefficiency, defined the ideal future state map and outlined the human and technical resources required to achieve this in business requirements and development roadmap.

As a result of this project, the organization has a template for centralizing and standardizing processes and a focus on the ten major items of payroll activity with the most scope efficiency improvements.

Frequently Used Terms

Term	Description
Gemba	A Japanese word that literally means “the real place”, used in business process improvement contexts to refer to the place where value is added, such as manufacturing. A related term, ‘Gemba Kaizen’, is used in Japanese process improvement initiatives to mean “continuous improvement on the shop floor”, where production takes place.
Current State Map	A graphic illustration of an organization’s current process, enabling one to see where value is added and lost. Essential to Value Stream Mapping, a primary Lean technique describing the flow of material and information through a system.
Future State Map	A graphic illustration of how the process could look if perfect integration of all components were to occur. Essential to Value Stream Mapping, a primary Lean technique describing the flow of material and information through a system.

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