

The improvement of HR management by using Lean

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A major challenge for all organizations is to improve efficiency and to ensure continuous improvement. For the HR department this is a double challenge as the HR department itself should meet the requirements of the organizations it serves in an efficient way, and the HR department should be an active partner in promoting and training improvement actions in relation to the main tasks of the organization. Thus the HR department of Statistics Norway for some time has tried to profit from some principles and methods based on Lean in order to improve its own operations. Lean is a methodology focussing i.a. on what is creating value for the clients or customers, on how operations can run smoothly with the identification of bottlenecks and operations with little value and creating a culture for continuous improvement. Lean implies a bottom-up approach; it requires empowerment and involvement of all employees and a new type of leadership. As Statistics Norway now has decided to launch the use of Lean on a broader scale, the HR department will also have an important role to support this process, especially by providing relevant training and by coaching some improvement projects. This paper will discuss some experiences gained so far and present some potentials of this approach. One concrete result has for instance been the redesign of management of course planning in order to ensure better response to new needs, more efficient use of training resources and more robust management of courses.

1. Introduction

For all organizations it is always important to perform its tasks and services in the most efficient way and to adapt continuously to new and increasing needs and requirements. Thus this is also an obligation for all units and all staff of the organization. Public organizations, such as National Statistical Institutes, will have the same requirement, especially in a situation where budgets might be limited or even decreasing. The challenge is to be able to produce statistics with the best quality meeting user needs – even with limited resources.

The HR unit in an organization will have to play an active role in this improvement process, both in order to be as efficient as possible regarding its own services and in order to support the process in the organization as a whole.

Thus the HR unit of Statistics Norway in the autumn 2010 initiated a development process through a seminar on development of communication and management, based on Lean methodology. The process continued through several actions and also gradually spread in the form of workshops and pilots to other parts of Statistics Norway. On the basis of several positive experiences, also within other public organizations, the management of Statistics Norway in February 2012 decided to start a program for the introduction of continuous improvement, based on Lean.

Some of the issues that were identified as drivers of using Lean within the HR unit were:

- The need to improve efficiency of different operations
- The need to improve responsiveness in relation to the needs to the organization
- The need to improve internal and external communication
- The need to develop a more robust management of different tasks - less risk when people are absent
- The need to align tasks and activities with overall strategies for Statistics Norway

The objective of this paper is to summarise some of the experiences from the process of implementing lean in the HR unit and to describe the role of the HR unit in the overall implementation of Lean within Statistics Norway. As an introduction we will give some information on what Lean is.

2. What is Lean?

The overall objective of Lean is to create a culture for continuous improvement based on strong involvement of all employees involved. The core idea of Lean is to maximize **customer value** while minimizing waste. Thus, lean means creating more value for customers with fewer resources, and has a strong focus on the processes for creating the results and the need to be systematic and to measure and report on results of improvement.

Within a Lean organization managers should play the role as facilitators in a learning organization, with clear delegation and open communication. Lean is a bottom-up approach: this means that those doing the practical work has to be involved in the improvement process and that ideas and actions has to be the ownership of those involved and will have to implement the actions.

The Lean approach builds on a long history of methods for process control and quality management (Womack et al, 2010) dating back to around 1900 with the Henry Ford and the development of the assembly line and including Total Quality Management around 1990 and later on EFQM (European Foundation for Quality Management), ISO, Six Sigma, CAF (Common Assessment Framework), JIT (Just in Time) and QAF (Quality Assessment Framework) as developed within the European Statistical System (Eurostat, 2011). Important contributions to this development has been Mr. W. Edwards Deming, Mr. Joseph Duran and Mr. Kaoru Ishikawa. Experiences of the Toyota Production System (TPS) is also an element in development of Lean.

Even if Lean mainly was developed for use in the industrial production sector it has to an increasing degree found its application in the service sector and the public sector, for instance for improving the efficiency of insurance companies or hospitals.

The reason for this is that Lean is based on some rather simple principles and practical methodologies that can be adapted to analysing and solving different tasks.

The five basic principles in Lean are:

- Value: What creates value for your customer?
- Value stream – avoid waste: Identify those activities that create waste
- Flow: Create flows that runs as smoothly as possible – few stops
- According to needs
 - Actions/flows are created based on the needs of your customers (external and internal)
 - Your customer = next process
- Continuous improvement
 - Create a culture where all contributes to continuous improvement
 - Continuous improvement to be systemized

Reduction of waste is essential in Lean and thus it is also necessary what waste can mean:

- Waiting
- Inefficient movements
- Resources not fully used

- Unused creativity
- Unnecessary transport
- Corrections with low importance and value
- Too large stocks
- Over production - not meeting demand

A simple starting point might thus be to analyse these points in relation to own work, own unit and own organization; What unnecessary work do we do? Is the creativity of our staff used fully? And then to try to imagine a dream situation; how could we think work to be done in a future, idealistic situation?

2. Why and how implement a process for continued improvement?

When implementing Lean a starting point is to identify customers or users of the services provided and analysing the process for providing services of value to the users. The objective of this analysis should be a plan to increase the value of the service provided, which might mean to increase the quality of the service, expressed for instance as reduced time lag or reduced resources spent.

- Thus external consultants has supported the HR Division to understand Lean, to analyse the present situation and to develop some improvement actions
- Starting point:
 - Who are the users of the services of HR, what are the key issues at present and how to improve?

Who are the customers of HR? Obviously the main customers of the HR unit are the top management, the middle management and in principle all employees of the organization. It might also be external customers; potential future employees and users of statistics.

Thus in order to structure the tasks and the activities of the HR unit according to lean, one has to reflect on the 'value' provided by the HR unit, that for instance can be described as:

- Provide expertise in relation to organisational development
- Provide staff policy guidelines and strategies
- Provide services and expertise in recruitment procedures
- Ensure the proper updating of a staff information system
- Ensure proper wage management
- Understand needs for competence development and provide proper training
- Handle agreements and negotiations with staff representatives/labour unions
- Provide expertise in field of health, environment and security

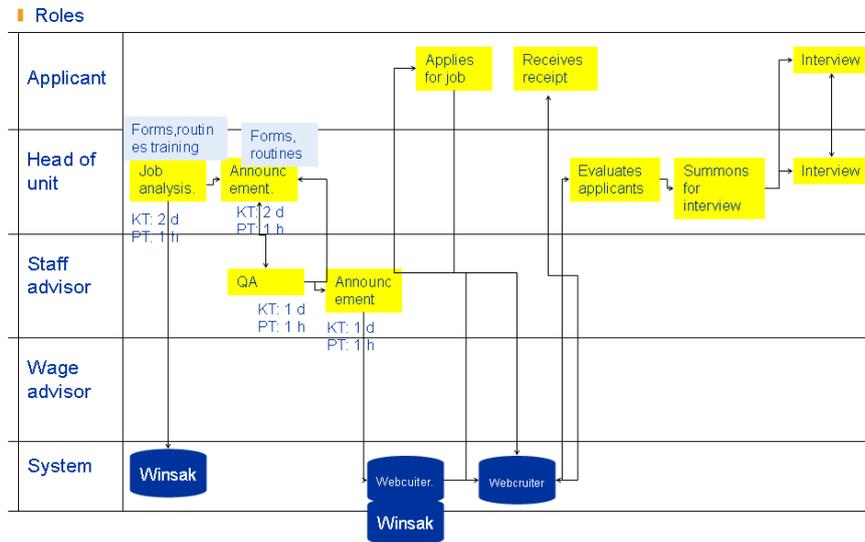
Areas reviewed:

After an introduction to Lean and reflection on priorities, the following areas were chosen as candidates for improvement with the HR unit of Statistics Norway:

- Recruitment
- Training course management
- Wage management
- Employees' management participation
- Improved internal organization of HR unit

Recruitment:

The starting point was a description of the present recruitment process where it was important to identify actors/roles, how the process flowed, and not least how much time it took (KT) measured in days, and how much work it actually required (PT) measured in hours:



This overview showed that the process some times took too long time, considering the limited amount of work involved. There were also some lack of communication between the HR unit and the subject matter divisions during parts of the process, and there were some challenges in relation the lack of integration of IT tools.

Thus some conclusions of this review were:

- The HR division should get more involved in the process when analysing needs for recruitment
- The HR division should participate in the interview process
- Electronic procedures for handling recruitment should be better integrated

Wage management:

A similar review was made by the staff involved in wage management and the most important improvement actions identified were:

- The need to centralise some functions
- To develop more targeted and efficient control procedures
- To ensure better coordination between wage and staff management
- To update documentation of procedures connected to wage management

Employees' management participation:

Within Statistics Norway there has been a regular and formalised communication between the management and representatives from the trade unions. Given two geographical locations and four trade unions these meetings have become more and more demanding. Thus a review was made and it was proposed to clarify the targets and the structure of the meetings between employee representatives and the top management by some improvements:

- To reduce the number of participants
- Stronger follow up of rules concerning deadlines
- Provide more visibility of results

Training course management

Statistics Norway has for many years had a rather ambitious training program. In 2008 there were for instance planned 130 courses and in 2009 11 courses. One major problem was however, that a relatively large number of courses were cancelled or had few participants. Thus in 2008 and 2009 around 1/3 of planned courses were cancelled and average participation per course was less than 11 (Table 1).

Table 1. Statistics Norway internal training courses. 2008-2011

| | 2008 | 2009 | 2010 | 2011 |
|---|------|------|------|------|
| Total number of courses performed | 84 | 70 | 52 | 58 |
| Total number of participants | 886 | 754 | 498 | 761 |
| Average per course | 10,5 | 10,8 | 9,6 | 13,1 |
| Employees participated in one or more courses | 432 | 378 | 303 | 356 |
| Number of courses cancelled | 46 | 41 | 16 | 3 |
| Employees cancelled participation | 71 | 72 | 122 | 100 |

When starting the lean process within the HR unit in the autumn 2010 it was thus considered as important to ensure a better adaptation of courses in relation to demand to get rid of considerable 'waste' linked to the planning of courses never performed. Thus in 2011 only those courses were fixed in advance where it was considered that there was a documented and continuous need, for instance related to IT tools or statistical methods. In addition there were a number of courses on demand that were only fixed and implemented when a sufficient number of employees had announced their interest (by e-mail to a functional e-mail address), normally around 8 -10.

In addition the course management was organised more as a team with coordinated tasks and responsibilities in order to ensure back-up and proper follow-up.

The effect of this change has been:

- Fewer cancelled courses (only 3 in 2011)
- Higher average participation per course (13 in 2011)
- More interaction on courses and training needs with units and employees
- Courses more adapted to emerging needs

Revised organisation of HR unit:

The HR unit has around 17 employees with quite diverse tasks. Thus it has been quite demanding for the head of unit to ensure proper planning, coordination and follow up. One way to solve this was considered to be organising the unit in groups covering. In addition to improved planning and coordination this should also stimulate teamwork and sharing of tasks and responsibilities, which is a core idea of lean.

After a review process, also supported by external adviser, the present groups are the following:

- Staff counselling and recruitment (staff policy, wage policy..) (3 employees)
 - Staff management (update staff data, travel bills, wage etc) (6 employees)
 - Health, environment and security (3 employees)
 - HR and organizational development (5 employees)
- Each group has a coordinator and a work program, which is updated continuously, setting targets, clarifying responsibilities and resources. The group meets quite regular for sharing of experiences and setting priorities.

- Group leaders have a joint meeting with head of division every week and should ensure communication between the group and the head of unit.
- The whole unit still has a joint meeting about every month. These meetings should focus more on major issues for discussion and exchange of experiences across the groups.

Experiences so far are quite promising, even if it takes time to develop a new structure and new routines. Hopefully this new structure should lead to more continuous development of work processes, competence development and thus better use of available resources.

3. The role of the HR unit in implementing Lean in the organization

Partly based on the experiences of the HR unit, the idea of implementing Lean on a broader basis within Statistics Norway emerged and was decided by the top management early in 2012, after several limited pilots in different units.

This has resulted in a pilot phase lasting until the end of 2013.

This pilot phase is supported by an internal programme coordination group and external consultants. Important elements of the programme are; internal training of managers, recruitment and training of lean facilitators, training/seminars for other employees and not least; performance of several lean pilots for the improvement of specific processes/tasks.

The HR unit is heavily involved in this work by:

- Participation in programme coordination group
- Support recruitment and training of lean facilitators
- Involvement in other training and information activities related to lean

This illustrates the point that the HR should have a role to play in organisational development in general, including for instance. change of working methods, change in management style and change in organisational culture.

The involvement of an HR unit in lean and continuous improvement requires that the unit has enough resources and the right competences to play an active role, and that this role is accepted by the organization. This is partly the case within Statistics Norway, even if there is also a need for continuous improvement, also of the HR function.

4. Some conclusions

Some points for summing up:

- Lean is based on some simple and easily understandable principles and tools that can give quick results
- Requires openness, creativity and willingness to change among participants
- Requires (as usual) good management and follow up
- The introduction of lean/continuous improvement requires the heavy involvement of the HR unit together with other internal and external experts

However, there are also some challenges for implementing continuous improvement/Lean:

- Does the management understand of framework and philosophy, ensure proper backing and act according to Lean thinking?

- Is the process well coordinated and implemented, giving understandable and accepted targets and the putting in place proper mechanisms for implementation?
- Is the message understood by the employees as something of value that can make a difference in daily work?

It has to underlined that introduction of lean might mean a new kind of leadership and a change in organisational culture. These are rather heavy challenges requiring sustained focus and major investments in training, evaluation and follow up. It remains to be seen whether Statistics Norway will succeed in this effort, and that we will be able to report on measurable improvements in future, because lean also has a strong focus on setting measureable targets and to measure improvements.

References:

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