

# GOOD CHANGE:

## How the Housing Authority of the County of Santa Barbara got Lean

The Housing Authority of the County of Santa Barbara won the 2017 NAHRO Award of Merit for its innovative approach to streamlining HCV Operations.

Housing Authorities are expected to deliver excellent quality service with less funding. Like all Housing Authorities across the nation, the Housing Authority of the County of Santa Barbara (HASBARCO) experiences incredibly strong demand for affordable housing with dwindling resources. The question remains, “How do you do more with less?”

To answer this tough business question, HASBARCO, with the assistance of LeanFirm consulting, engaged employees in a rapid process improvement event called Kaizen. The result was a dramatically improved HCV program. HCV now operates more efficiently, is less costly, has vastly improved customer service and employee morale.

A partnership between management and staff is the linchpin to lasting organizational change. Management’s role is to provide a vision for operational efficiency; staff is asked to make that vision a reality. As Bob Havlicek, Executive Director of HASBARCO notes:



**Staff has detailed knowledge of the process, but does not have the authority to change it. Management, does have the authority to change the way we do business, but does not have the detailed knowledge.**

This article will provide a step by step overview of *how* HASBARCO implemented good change through preparation, hard-work, collaborative management and openness to continuous improvement.

### The Results/Success of the Program

#### **\$500,000 in Cost Reductions**

In 2018, HASBARCO is on track to reduce costs by approximately \$500,000 on Lean initiatives for HCV, Maintenance, Property Management, Supply Chain and Finance.

#### **25% Increase in Capacity of Full Time employees (FTE's)**

Improvements in process and quality give staff 25% more time!

#### **Over 50% Improvement in Quality**

Annuals and Interim examinations received correct and on-time!

#### **Over 60% Improvement in Lead Time (days)**

Improve productivity (completing more new admissions, annuals and interims in less time)!

#### **Over 50% Improvement in Processing Time (minutes)**

# What is “Lean”?

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The primary purpose of the LeanFirm engagement was to improve the speed and quality of HCV services, at a reduced cost. LeanFirm’s approach is to facilitate a series of process improvement meetings (called Kaizen) to rapidly implement change in the organization. Cross-functional teams are assembled and actively work toward finding creative solutions that will be understood and accepted throughout the agency. Plans developed with employee involvement have a far greater chance of succeeding, have more significant impact on the organization and are far more likely to continue improving results over time.

This program is innovative because it is not a top down approach; with management pushing their operational improvement ideas down to staff. Rather, the team of front-line staff examines the program and its functions in minute detail. The team identifies redundancies and creates an improved streamlined process. At the end of the Kaizen, the team “pitches” the changes to upper management and prioritizes the recommended improvements for implementation.

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**LeanFirm workshops look at the process in a granular way and allow staff to see each step in a different light, whether it is value added or not. They begin to look at opportunities to improve it, because it will make their job easier. – Bob Havlicek**

## ■ WHAT IS LEAN?

Lean is a business philosophy, which begins by systematically identifying every step in a process as either Value –Added (VA) or Non-Value-Added (NVA) activities. NVAs can make up as much as 90% of the cycle time; and are defined as any activity that adds cost without adding value to core services. An organization that is lean, eliminates hidden wastes or NVAs in any process. Lean organizations operate with the minimum amount of labor, materials, money, and space; to get a quality job done on time.

## ■ WHAT ARE KAIZEN WORKSHOPS?

Kaizen is a Japanese word that literally translates to “good change”. Kaizen is LeanFirm’s primary vehicle to deploy Lean in the workplace and train employees on continuous improvement concepts. Cross-functional teams of front-line employees are assembled and actively work toward finding creative solutions that will be accepted and implemented throughout the agency. Plans developed with employee involvement have a far greater chance of succeeding, have more significant impact on the organization and are far more likely to continue to improve.

# Collaborative Management

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## ■ SETTING THE VISION:

The Housing Authority of the County of Santa Barbara made program operational efficiency a strategic initiative. To start, the management team set the vision for process improvement with staff.

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*Bob Havlicek explains*

**My role, as Executive Director, is to set the stage and encourage process improvement. Then I simply get out of the way and allow the process to happen. Personally, I feel very comfortable in that role because I am not involved in the day-to-day HCV tasks.... Staff is involved in these processes, and it is vital for them to have an opportunity to work together and come up with improved business systems. My role is to support them.**

## ■ TRANSPARENT COMMUNICATION:

Management facilitated a series of meetings with front-line staff and communicated the business case for eliminating waste and bureaucracy in the HCV program. To implement the change, management asked staff to help develop the tactical operational ideas for process improvement. It was important for management to communicate the process improvement initiative in non-threatening language. In other words, line level employees and managers were given assurances that improvements would not lead to layoffs.

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*Bob Havlicek describes his conversations with staff:*

**Part of the preparation for the Kaizen Event, was for management to meet with the staff several different times and we provide assurances. During these meetings, we shared some of the results that past LeanFirm clients had achieved. We expected that we would be able to see some dramatic improvements as well. The very first concern that staff had at the time was: “Are you going to lay us off?” In those meetings, I assured all the staff that no one participating in the LeanFirm process would be laid off, and I repeated that promise several times. Management really wanted staff to embrace change, and not resist it. It was important that we all could see there would be some benefits for all of us.**



*At the conclusion of the Kaizen, the Team reports back to management and present the proposed changes to the process and forecasted likely outcomes.*

## ■ CHOOSING A PROCESS TO STREAMLINE:

HASBARCO wanted to identify a process that would have a direct and immediate impact on staff and participants. HCV is their largest program, serving approximately 3500 clients. By making improvements of that one area alone; the department would realize the largest positive impact after the changes were implemented. HASBARCO's HCV program was already high-performing before the Kaizen. Management identified areas for further process improvement.

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*Sanford Riggs, the Director of Operations comments on the many factors which made HCV a primary candidate for a Kaizen workshop.*

**HCV staff were inundated with phone calls and voicemails from HCV Landlords and Participants. Customer Service complaints were on the rise and many Participants and Landlords had questions about the program. Caseload assignments were uneven. All these issues are really symptoms of an inefficient process; that materializes in poor employee morale and absenteeism..... The retirement of the long-term HCV manager of the program was the linchpin that brought the LeanFirm and the Housing Authority together in a business arrangement that achieved dramatic results.**







**Current State**



**Value Analysis**

# Kaizen

## Good Change, Fast!

LeanFirm assisted HASBARCO in facilitating Kaizen events and helped lead the project that turned recommendations into results. Staff participated in a series of meetings to identify non-value-added activities and variation in the current HCV Process. The team then developed and implemented a series of recommendations to streamline the operations.

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**When the Kaizen approach was adopted, change was already underway. However, the base processes were not addressed, and waste and redundancy still existed in the system. The facilitation of Kaizen, through LeanFirm introduced an entirely new concept to the organization. The Agency could have made a wrong turn, and adopted a more top down approach, forcing their ideas on staff. Employee “buy in” would not have been the same and the results would not have been realized.**

**By following LeanFirm’s methodology, the Kaizen team uncovered layers of inefficiency that were built into the system that without their input would have remained undiscovered. - Sanford Riggs**



**Brainstorming**



**Future State**

**LeanFirm  
begins the  
workshop with a  
training session  
on process  
improvement  
principles such  
as lean and six  
sigma.**

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■ **CURRENT STATE:**

Team members map the current HCV processes.

■ **VALUE ANALYSIS:**

Team members identify each step as being either value added, or non-value added.

■ **BRAINSTORMING:**

Team members develop solutions to eliminate the non-value-added steps in the process.

■ **FUTURE STATE:**

Team members map the proposed stream-lined process.

■ **KAIZEN TEAM PRESENTATION:**

At the conclusion of the Kaizen, the Team reports back to management and present the proposed changes to the process and forecasted likely outcomes.



# Project Implementation:

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After the presentation, management signs off on the recommendations. The team tests the solutions to determine if the desired results are realized. HASBARCO began implementation immediately after the Kaizen. This is very important because it sends a message to staff that they are serious about making changes. Additionally, moving quickly, keeps staff momentum moving in a positive direction.



**Implementing the recommendations immediately is literally less work for them. It is the moment when they are eager to make the changes, and the point when they are most invested.**  
- Bob Havilcek

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Often there are unmeasurable qualitative results that occur after the Kaizen. Staff has been given the opportunity to not only have a voice in how their job is done but see how these recommendations turn into results. Because they understand the entire process, they can visualize the whole stream of operations, and can predict when and where things will run smoothly.

## Some of the key recommendations included:

- **Level workflow to the rhythm of demand**
- **Institute quality checks to ensure that non-value-added steps did not contaminate the system**
- **Simplify paperwork, making forms easier to read and complete**
- **Develop a performance dashboard to measure success**



**....it was taking us an average of 60 days to turn around Annual Recertifications and when that dropped to an average of 10 days. I was very impressed. It blew me away actually.**

**- Bob Havlicek**

#### **ABOUT THE AUTHOR:**

**Mark Frater** is President of LeanFirm ([www.leanfirm.com](http://www.leanfirm.com)) a specialized consulting firm helping organizations significantly improve productivity, quality and morale. He has worked extensively with Public Housing Authorities throughout the United States, and has managed process improvement project initiatives on: HCV, Housing Placement, Recertifications, Property Management, Security, Fleet Management, Inventory Control, Resident Services, Purchasing, Accounts Payable, and Maintenance. His efforts to eliminate non-value added activities has resulted in millions of dollars in cost-reductions, dramatically improved customer services, and improved employee communications and job satisfaction.

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