DOH - Seminole County Requisition Process

Kaizen Event
January 13-17, 2014
What Is Our Challenge?

Reduce the Transactional cost of Goods and Services (our labor to perform the transaction and the price of the goods and services themselves)
Results:

What Do We Think Has Been Achieved?

- Reduction in labor required to process an order > 40%
- Upside: Cycle time to process the order > at least 1 week
- Cost of the goods and services targeted reduced > $4500/qtr
- Upside: the process and changes can be applied to additional goods resulting in even more significant savings
Now Some Details...

A Little Background to Start
What is Continual Quality Improvement?

Achieving sustainable performance beyond what is thought possible by unlocking the limitless capacity of an organization’s most valued resource – its people.

Through the identification of focused improvement areas, elimination of non-value added work through the use of improvement methods to diagnosis and solve problems, test solutions, measure results, learn, and install sustainable change.
WHAT IS KAIZEN?

A group of methods for making work process improvements. Planned teamed events conducted in the workplace that systematically uncover waste in a work process and eliminate it in rapid fashion…
... AND WHAT ARE VALUE AND WASTE?

**Value Is**

Anything that

a. the customer recognizes as valuable and is willing to pay for, AND

b. Changes the product or information, AND

c. Is done right the first time.

**Waste Is**

Anything that consumes resources without adding value
Waste Presents Itself in Different Forms

1. Moving
2. Stopping
3. Searching
4. Inspecting
5. Getting Ready
6. Things Gone Wrong
7. More Than Needed
8. Not Needed
So let Kaizen improvement begin!
Day 1
Getting Focused: Our Goal
Our Goal

4. **Goal or Target Condition** (What is the objective? Which piece of the gap are you addressing?)
   TO: Reduce the transactional cost of goods and services procured thru the MyFloridaMarketPlacesystem.

   Transactional cost is defined as: actual monetary cost of item and employee time cost related to salary.

5. **Customers and Beneficiaries** (Who benefits from achieving the goal? What populations are targeted?)
   - Clients of the Department of Health in Seminole County who rely on our operational availability
   - Contracted State of Florida vendors who rely on timely notification of goods and payment for those goods
   - State Office Representatives who must review and correct errors on submitted purchase orders
   - Staff of the Department of Health in Seminole County who rely on the timely receipt of needed goods to provide services to our population

6. **Benefit** (What are the benefits from achieving the goal?)
   SO THAT:
   - More time can be spent on direct client services
   - Consistency is obtained in the cost of goods
   - Increased financial accountability and cost savings for the organization
   - Purchasing structure that promotes cost savings and time efficiency
<table>
<thead>
<tr>
<th>What Measured</th>
<th>How Measured</th>
<th>Target</th>
<th>By When</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality: Submitted order forms</td>
<td>% = correct &amp; complete forms / submitted forms</td>
<td>&gt; 75%</td>
<td>May 1, 2014</td>
</tr>
<tr>
<td></td>
<td>-incorrect forms recorded by Michael &amp; Mitzi (daily)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>-total forms captured by Udgit (monthly)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quality: Submitted purchase requisition</td>
<td>% = correct &amp; complete forms / submitted forms</td>
<td>&gt; 90%</td>
<td>May 1, 2014</td>
</tr>
<tr>
<td></td>
<td>-incorrect forms recorded by Tallahassee (monthly)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>-total forms captured by Udgit (monthly)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost: Reduced cost of purchased items</td>
<td>$ = negotiated savings when price is lower than preferred vendor recorded by</td>
<td>$4500 / qtr</td>
<td>May 1, 2014</td>
</tr>
<tr>
<td></td>
<td>Udgit (quarterly)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$ = when multiple quotes are obtained price is lower than preferred vendor</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>recorded by purchaser (quarterly)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td># = new negotiated vendors on the preferred vendor list (quarterly)</td>
<td>5 new negotiated vendors/ qtr</td>
<td></td>
</tr>
<tr>
<td>Time</td>
<td>Total employee labor time (Form completion to submission to State).</td>
<td>25% less time</td>
<td>March 1, 2014</td>
</tr>
<tr>
<td></td>
<td>5 time studies completed monthly.</td>
<td>than January</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>2014 Waste Analysis</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>estimation</td>
<td></td>
</tr>
</tbody>
</table>

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Lots of opportunities! Things gone wrong (defects and rework), Stopping and waiting, Inspection and approvals, Searching…and we found even more observing the process!
# Seminole County Health Department Requisition Process (Current State)

**Date created:** January 13, 2014

<table>
<thead>
<tr>
<th>Program Representative</th>
<th>Supervisor Approval</th>
<th>Select Vendor</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>START:</strong> Identify need</td>
<td>Specify need</td>
<td>Notify supervisor</td>
</tr>
<tr>
<td></td>
<td>Provide additional justification, information</td>
<td>Provide justification</td>
</tr>
<tr>
<td></td>
<td>Yes</td>
<td>Identify potential vendors</td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>State term contract?</td>
</tr>
<tr>
<td></td>
<td>Yes</td>
<td>Request 1 quote</td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>Request 2 quotes</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Select 'best' quote</td>
</tr>
</tbody>
</table>

- **High Impact Improvement Area**
  - Provide quote
  - Quote form (varies)
  - Email
  - Fax
  - Phone

## Business Office Representative
- Specify need
- Notify supervisor
- Provide additional justification, information
- Provide justification
- Identify potential vendors
- State term contract?
- Yes & No
- Request 1 quote ($2500)
- 2 quotes ($>2500)
- Select 'best' quote
- Go to submit step

## Vendor
- Info/ Deliverables/ Job Ads/ Templates
  - Order sheet
  - Email
  - Post-it
  - Catalog
  - Verbal request
  - Order sheet
  - Meeting
- Order sheet
- Email
- Meeting
- Order sheet
- Verbal
- Email
- Quote form (varies)
- Email
- Fax
- Phone
- Environment
- Personal vendor list
- DFS Website
- Intranet
- Email
- Fax
- Email
- Fax
- Email
- Fax

## Systems
- Excel
- Email
- Excel
- Email
- Email
- Fax
- Email
- Fax
- Email
- Fax

## Work content Time
- Time: 6 hours
- Time: 5 minutes
- Time: 6 hours

## Elapsed Time
- Total time: 8 days
- Total time: 8 days
- Total time: 8 days

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Day 2
KAIZEN EVENT DAY 1 WRAP UP

- Introduction of team, review of roles.
- Overview of Kaizen “rapid change” and event components including: working with others and utilization of question/suggestion “parking lot”
- Confirmed goal statement: To reduce transactional cost of goods and services procured through the MyFloridaMarketPlace System.
- Confirmed Scope: Identification of need for supply or service to approval from State office.
- Confirmed Measures: Reduce monthly cost per purchasing category by $1500 per month. Reduce employee time by 20% on a monthly basis. Reduce number of submitted purchase requisitions by 20% per month.
- Review, revision and completion of sub-process mapping.
- Group discussion with program purchasers to identify variations in purchasing process, possible job site and best practices.
- Group review of forms of waste and identification of various process waste points and areas of variation.

KAIZEN EVENT DAY 2 AGENDA

- Overnight thoughts from the team
- Review and completion of waste value analysis
- Review and addition of identified waste utilizing the Cause and Effect Diagram
- Prioritization of process issues, 2x2 prioritization matrix
- Conduct root cause analysis on top prioritized issues
- Generation of solutions to root cause issues
- Wrap Up
Ground rules

- Use good working w/ others skills
- No ideas are bad
- Focus on process, not people
- Declare confidentiality when needed
- Frustration shared in this room, not out.
- Stay on time
- Have fun
# Waste Evaluation

## Value - Waste Analysis - Sub Process Map

**Work Process:** Seminole County HD Purchasing Process (one item on PO)

**Date:** 1/12/2014

<table>
<thead>
<tr>
<th>Step No.</th>
<th>Step / Activity</th>
<th>Work Content Time (mins.)</th>
<th>Elapsed Time mins. (including wait time between step)</th>
<th>Frequency (# times completed per week)</th>
<th>Waste Type (see Forms of Waste Table)</th>
<th>Waste Value-Added</th>
<th>Confidence in eliminating waste (%)</th>
<th>Potential Reduction in Time mins./wk.</th>
<th>Potential Reduction in Cost / wk.</th>
<th>Priority (High, Med, Low)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Identify/Clarify item need</td>
<td>15</td>
<td>1440</td>
<td>1</td>
<td>stopping/searching/movement/ready</td>
<td>99%</td>
<td>1%</td>
<td>50%</td>
<td>712.8</td>
<td>$297</td>
</tr>
<tr>
<td>2</td>
<td>Approve</td>
<td>5</td>
<td>1440</td>
<td>1</td>
<td>stopping/inspecting/not needed</td>
<td>100%</td>
<td>0%</td>
<td>50%</td>
<td>717.5</td>
<td>$299</td>
</tr>
<tr>
<td>3</td>
<td>Quotes</td>
<td>360</td>
<td>4800</td>
<td>1</td>
<td>stopping/moving</td>
<td>93%</td>
<td>8%</td>
<td>50%</td>
<td>2220</td>
<td>$925</td>
</tr>
<tr>
<td>4</td>
<td>Submit Requisition</td>
<td>20</td>
<td>480</td>
<td>1</td>
<td>searching/getting ready/stopping</td>
<td>96%</td>
<td>4%</td>
<td>40%</td>
<td>184</td>
<td>$77</td>
</tr>
<tr>
<td>5</td>
<td>MFMP Approve</td>
<td>15</td>
<td>7200</td>
<td>1</td>
<td>inspecting/more then needed/things gone wrong/stopping</td>
<td>100%</td>
<td>0%</td>
<td>70%</td>
<td>5029.5</td>
<td>$2,096</td>
</tr>
</tbody>
</table>

**Identify/Clarify item need: MFMP Approve**

<table>
<thead>
<tr>
<th>Step No.</th>
<th>Step / Activity</th>
<th>Work Content Time (mins.)</th>
<th>Elapsed Time mins. (including wait time between step)</th>
<th>Frequency (# times completed per week)</th>
<th>Waste Type (see Forms of Waste Table)</th>
<th>Waste Value-Added</th>
<th>Confidence in eliminating waste (%)</th>
<th>Potential Reduction in Time mins./wk.</th>
<th>Potential Reduction in Cost / wk.</th>
<th>Priority (High, Med, Low)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Identify/Clarify item need</td>
<td>15</td>
<td>120</td>
<td>1</td>
<td></td>
<td>13%</td>
<td>0</td>
<td>$ -</td>
<td>med</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Approve</td>
<td>5</td>
<td>1440</td>
<td>10</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1440</td>
<td>$7200</td>
</tr>
<tr>
<td>3</td>
<td>Quotes</td>
<td>360</td>
<td>4800</td>
<td>180</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>4800</td>
<td>$23,000</td>
</tr>
<tr>
<td>4</td>
<td>Submit Requisition</td>
<td>20</td>
<td>480</td>
<td>480</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>480</td>
<td>$23,840</td>
</tr>
<tr>
<td>5</td>
<td>MFMP Approve</td>
<td>10</td>
<td>3840</td>
<td>480</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3840</td>
<td>$15,360</td>
</tr>
</tbody>
</table>

**Total:** 415 15,360 7800

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Identifying Issues
Identifying Issues
Prioritizing Issues
Start Designing the Future Process
Day 3
Getting to the Root of Issues
Cause and Effect: Approvals

Multiple levels of approval exist in MFMP

- Supervisors feel approval required
  - Historically budget problems have occurred
  - Budget not reconciled to purchase
    - Budget check not part of process/required
    - Budget information not readily available
  - Don’t trust others will produce req’d result
    - Insufficient description of need provided
  - Purchase not meeting needs
    - What is req’d for description not defined

- Always done it this way
  - System triggers req’t
  - Insufficient purchase authority
    - Employee not accountable for result
    - Reliable process does not exist
    - Role responsibility and authority not defined

- Role definition, responsibility job aid
- Process re design
- Accountabilities not clear
- Feedback not provided on performance
- Supvr Req’r training incomplete
- Part of process roll out
- CI System
<table>
<thead>
<tr>
<th>Category</th>
<th>Issues/Wastes</th>
<th>Root Causes</th>
<th>Solutions or Additional CI Methods to use</th>
<th>Speed and Cost to Implement</th>
</tr>
</thead>
</table>
| Work Process                  | Waiting, searching, inspection and rework exist in current process Role clarity and standardized work gaps exist | • Reliable process does not exist  
• Standardized work and job aids not readily available and understood  
• Measures of performance not tracked  
• Process understanding and training gaps exist  
• Accountabilities for use not clear and trusted; multiple approval steps apparent  
• Historic budget accountability concerns | Create an improved (effective and efficient) process particularly in obtaining quotes and approval of the selection that reduces wastes (overlapping tasks, rework) including job aids, measures and clear accountability | One week Kaizen event, training and follow-up time |
| Purchased cost of OCO, Promotions and Services | Gaps exist in obtaining and evaluating quotes, negotiating prices in order to provide cost reduction | Decision making criteria for quoting requirements and evaluating quotes not available. Accountability for negotiating not clear. Preferred suppliers not identified and available for convenient use. | Provide decision making guidance as part of above process changes and job aids  
Create and make available preferred supplier list based on quality and competitiveness  
Implement new policies for obtaining, evaluating and negotiating quotes | One week Kaizen event, training and follow-up time |
Identifying Potential Solutions (short and long term)
# Our Improvement Hypothesis

<table>
<thead>
<tr>
<th>Issue</th>
<th>Improvement</th>
<th>Expected Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work process</td>
<td>If we redesign the process to eliminate wastes and redundancies (particularly in the quoting and approval areas), provide reference information for completing tasks, decision making guidelines and job aids to help identify needed and correct information…</td>
<td>… then defects and rework loops will be reduced and overall labor time required (employee time) to complete the process will be reduced</td>
</tr>
<tr>
<td>Cost reduction opportunities in purchased goods and services</td>
<td>If we identify preferred suppliers (quality and price) for requisitioners to use, obtain multiple quotes for comparisons, and negotiate as appropriate as part of an integrated and consistent work process…</td>
<td>…then, procured costs for OCO, promotions and services will decrease as measured by cumulative savings identified by requisitioners and the business area</td>
</tr>
</tbody>
</table>
Continuing to Build the Future Process

Note how much shorter, simpler, with fewer steps and less rework loops
Clarifying Roles & Responsibilities

- **FA Role**
  - Object Code
  - Org Code

- Super
  - Authorize purch.
  - Budget

- Requestor
  - Allowable purch.
  - Provide all request doc for PO.

- Purchasing Agent
  - Justification
  - Quotes match PO
  - Central office forms
  - Allowable purchase
  - Purchasing Threshold
Seminole County Health Department Requisition Process (Future State)

Date created: January 15, 2014

Identify Need

- Requestor:
  - START: Staff Identify a need
  - End: Notify staff

- Supervisor:
  - This is a need?
    - Yes: BPO
      - Confirm need, spend threshold, justification
      - Submit request
    - No: Obtain service

- Financial Account Director

- Financial Account Approver

- Purchasing Agent

- Vendor

Select Vendor

- Obtain requests
  - On Catalog?
    - Yes: Go to Submit step
    - No:
      - Select vendor(s)
      - Request quote(s)
      - Evaluate quote
        - Quote is > $2500
          - Notification of needs not met
        - Yes
          - Negotiate
          - Select vendor

Quality Measure: Incomplete request forms

Cost Measure: Money saved through FA negotiation

Info/ Deliverables/ Job Aids/ Templates

- Email
- Post-it
- Verbal request
- Purchasing Binder
- Phone
- Email Meeting
- Purchasing Binder
- Supply request form
- Budget
- Supply request form
- BO dist.

- Preferred vendor list
- Vendor quote guidelines
- Vendor evaluation form
- Quote form
- Vendor quote guidelines
- Vendor evaluation form
- Quote evaluation guidelines
- Vendor evaluation form

Systems

- Email
- Email
- Email
- DFS Website
- Email Intranet
- Email
- Email Fax
- Email Fax
- Email Fax

Work content Time

- Total time: 15 min/item
- Total time: 2 hours

Elapsed Time

- Total time: 3 hours/item
- Total time: 15 days

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Issues We Solved!
Developing the job aids to enable the new process
Getting Input On The New Process
Day 4
Agenda Day 3

Working with Others

- Overnight Thoughts
- Define future state
- Validate future state
- Confirm solutions to be developed
- Wrap up

Agenda Day 4

- Overnight Thoughts
- Develop solutions
- Just solutions
- Justify - modify solutions
- Documentation - Repeat Out
- Wrap up

AIM

Goal: Reduce transactional Cost of avoidable time
- Reduce time / money

Start ID, D, O by State
- D by State

Target
- Category Cost
- 1# D, O
- Employee time

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Testing the Process and Extracting Lessons Learned
<table>
<thead>
<tr>
<th>Tests</th>
<th>How</th>
<th>When</th>
<th>Who</th>
<th>Successful if…</th>
</tr>
</thead>
<tbody>
<tr>
<td>Identify Need Process &amp; Job Aid test</td>
<td>Provide instructions on Id Need process, request form, justification, binder material Complete the form, record time &amp; questions, solicit feedback (+/-)</td>
<td>Thursda y</td>
<td>Udgit, Sara, Parnav</td>
<td>Form is clear, clean, complete</td>
</tr>
<tr>
<td>Preferred vendor list</td>
<td>X# Supervisors Provide instructions &amp; list Id missing / not recommended vendors</td>
<td>Thursda y</td>
<td>Dianna</td>
<td>List has &gt;90% of vendors for all program areas</td>
</tr>
<tr>
<td>Select Vendor process &amp; job aid test</td>
<td>Provide instructions on process, vendor list, quote form, quote guidelines, evaluation guidelines, form to capture savings Complete the form, record time &amp; questions, solicit feedback (+/-)</td>
<td>Thursda y</td>
<td></td>
<td>Form is clear, clean, complete</td>
</tr>
<tr>
<td>End to end test</td>
<td>Perform this test for 1. OCO, 2. Services, 3. Promotions Identify program areas Provide instructions on process, <strong>Identify need</strong> (binder, form) &amp; <strong>select vendor</strong> (vendor list, quote form, quote guidelines, evaluation guidelines) job aids FA Approver review</td>
<td>Thursda y</td>
<td>Udgit, Sara, Parnav</td>
<td>Follow process Code, form accuracy Captured modifications to the process map</td>
</tr>
</tbody>
</table>
Testing the Process
Testing the process
## Lessons Learned: SRLD

<table>
<thead>
<tr>
<th>Reasons</th>
<th>Learning: Why?</th>
<th>Direction: Actions to be taken</th>
</tr>
</thead>
</table>
| Request Form:  
+form is simpler  
+form has links to codes  
+form has references to other required info (BPO, justification)  
-entering in the codes with separate boxes is clunky  
+More structured  
-Supr may delegate to requestor | • Errors can still be made in the request form  
• We still have 4 different request forms | • Modify the code input section for easier entry – obtain IT assistance  
• Modify the form to cover supplies and services |
| Preferred Vendor List:  
+add vendor email, vendor contact email, STC (Y/N), catalog (Y/N) | • Programs have some preferred vendors recorded in their own area | • Diana requested list input from 4 program areas |
| End to End: | • We have the potential to save time for the requestor and approvers | |
Day 5
Incorporating The Learning And Continuing To Develop The Solutions
Managing Our Plan—Kaizen is Action!
Planning Our Rollout And How We Will Continue To Improve
Our Kaizen Improvement Journey Storyboard
## Potential Process Time Improvement

<table>
<thead>
<tr>
<th>Step / Activity</th>
<th>Before</th>
<th>Before</th>
<th>After</th>
<th>After</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Work Content Time (mins.)</td>
<td>Elapsed Time mins. (including wait time between step)</td>
<td>Work Content Time (mins.)</td>
<td>Elapsed Time mins. (including wait time between step)</td>
</tr>
<tr>
<td>Identify/Clarify item need</td>
<td>15</td>
<td>1,440</td>
<td>15</td>
<td>120</td>
</tr>
<tr>
<td>Approve</td>
<td>5</td>
<td>1,440</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Quotes</td>
<td>360</td>
<td>4,800</td>
<td>180</td>
<td>3,360</td>
</tr>
<tr>
<td>Submit Requisition</td>
<td>20</td>
<td>480</td>
<td>20</td>
<td>480</td>
</tr>
<tr>
<td>MFMP Approve</td>
<td>15</td>
<td>7,200</td>
<td>10</td>
<td>3,840</td>
</tr>
<tr>
<td>Total</td>
<td>415</td>
<td>15,360</td>
<td>225</td>
<td>7,800</td>
</tr>
<tr>
<td>% Potential Improvement</td>
<td></td>
<td></td>
<td>46%</td>
<td>49%</td>
</tr>
</tbody>
</table>
Starting to Develop the Training Materials
Reporting Out: Getting Set Up
Getting Feedback From Leadership
What Is Next?

- Finish Training materials
- Conduct training (1\textsuperscript{st} wk of Feb)
- GO LIVE!
- Measure, monitor and continue to improve!