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Managing Change on Lean Implementation in Service Sector

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Abstract

Government agencies adopt lean management to improve efficiencies and deliver quality services to their customers. However, many public service organizations were unable to fully implement and sustain lean. Resistance to change is one of the challenges during lean implementation in service. Thus, change management is needed by addressing the resistance, provide support, and develop the required knowledge to implement change. This paper reviews lean implementation in public service and the importance of change management in transition to lean. Hopefully, this study could provide a better understanding on lean service and guidance on applying the change management in lean transition.

1. Introduction

Service sector including government agencies around the world adopt lean management which is mostly used in manufacturing companies in order to cope with the increasing pressure to improve efficiencies and deliver quality services to their customer. Karim and Arif-Uz-Zaman (2013) has proposed the meaning of lean as the activities performed to minimize waste and non-value aided operations while improving the value-added process. Many manufacturing companies adopt this concept because the benefits of implementing lean highly significant such as reducing lead time, less human effort, less process waste and maximizing productivity (Karim & Arif-Uz-Zaman, 2013). Besides, the implementations of lean in service have also gained many benefits. Radnor, Walley, Stephens, and

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Bucci (2006) have proven that implementation of lean in the service sector has improved the flow of process, reduced waste and added value for customers.

Lean thinking is about understanding the philosophy which is to continuously find ways to reduce waste by applying lean tools and technique for customer satisfaction (Radnor & Osborne, 2013; Schiele & McCue, 2011). The lean philosophy should be embedded in manager's and employee's minds so that the improvement can be done continuously (Hamid, 2011; Puvanasvaran, 2011). The implementation of lean manufacturing concept in service gain many benefits if it is successfully transferred according to the condition and nature of service environment especially the public service which has its own seated culture. The focus should be given on the change process so that everyone can accept the change into lean and will continuously improve in their daily works.

2. Lean in service context

Around 1990s, as lean manufacturing become more popular, efforts had been made to expose examples of lean method used in service and the term 'lean service' started to be used in literature (Suárez-Barraza, Smith, & Dahlgaard-Park, 2012). Qu, Ma and Zhang (2011) define lean service as the application of lean thinking in the service industry. The process that is not producing a change in physical properties and shape of materials is considered as a service process (Wei, 2009). Lean service is required to eliminate the service process waste so that the cost can be reduced, and better services can be provided as required by the customers (Qu et al., 2011).

2.1 Lean concept and principles in services

The principles of lean which has been discussed by Womack and Jones (1996) can be applied not only in manufacturing but also be used in service context. The 5 principles are (Abdi, Shavarini, Hoseini, & Mohammad, 2006; Carlborg, Kindström, & Kowalkowski, 2013; Damrath, 2012):

- Value - specifying and identifying the value to be delivered to the customers according to what they actually want.

- Value Stream - defining and optimizing value chain by identifying all activities that add value and activities that add no value but can be avoided and cannot be avoided.

- Flow - making the flow is not really apparent in the service process because the services are unable to be seen as a physical product but the principle of flow can be used in terms of produce a flow of the service process by minimizing stoppage and delay.

- Pull - responding and providing service based on customer's demand. Most of the services cannot be provided before the customer request.

- Perfection - striving and pursuing for perfection to obtain service excellence by continuously improve and fulfilling customer's need.

Waste removal is one of the important aspects in lean philosophy in which should also be focused in service. Seven types of waste in service context are (Damrath, 2012):

- Overproduction - outputs of service produced exceed current need

- Waiting - delay on completing service output

- Motion - unnecessary movement of people in service areas with a poor layout

- Over processing - adding unneeded procedures on service processes

- Inventories - excess work-in-process such as queues and pending request

- Transport - unnecessary movement of material and information

- Defect/ Error - mistake in any service processes such as error in data entry

3. Lean implementation in public service

Public service organizations have come under increasing pressure to improve efficiencies and deliver quality services to their customer (Agus, Barker, & Kandampully, 2007). As the biggest employer, government has to move effectively and should not only rely upon the number of civil servant only, but they should focus on increasing the quality and productivity and also reducing the high cost of management expenses. In order to cope with the need to improve performance while reducing costs, government agencies discovered to use lean management practices, which are mostly used in private organization (Gebre, Hallman, Minukas, & O'Brien, 2012). However, Radnor and Osborne (2013) revealed the actuality of successful implementation in public service is just one easy success but lack of sustainability. Based on McKinsey public sector transformational change survey done on 974 public sector leader, only 39% achieve full impacts from the transformation efforts (Gebre et al., 2012). Although lean have been implemented in public service organizations for years, the improvements move really fast and end due to fact that they just implement it on the isolated and small project. To ensure the sustainable improvement, lean management should be implemented in whole organization to produce more impact by changing the way managers manage and the way employees do the job (Gebre et al., 2012).

3.1 Challenges in lean implementation

Service companies experienced many problems and challenges such as too focus on lean tool workshop but lack of understanding on the key principle and the impact of public sector culture (Radnor & Osborne, 2013). Over reliance on lean tools without focusing on understanding the principle and development of lean thinking from the beginning of the implementation will not ensure the real success of lean implementation and end up as lean cosmetic. Another challenge experienced by the public sector is in the aspect of managing resources for a new change program because of the inability of the managers who are lacking of skills, experiences and the right mind-set to adopt the approach (Bhatia & Drew, 2006). The strong top management commitment along with involvement of employees during the implementation is needed to develop lean organization (Damrath, 2012). Another issue in lean transformation is on how lean thinking is transferred to the organization. Managers have to really promote lean thinking in order to build the lean culture which is to continuously improve over the time.

Resistance from the management and the employees occurs because they were sceptical of the benefit and validity of the lean philosophy and assuming that it is another improvement initiative (Almehareb & Graham-Jones, 2010; Piercy & Rich, 2009). It is also supported by the study done in Scottish public sector by Radnor et al. (2006). The study highlights the factors that inhibits the change into lean from happening which are resistance to change from staff and management, lack of management commitment, lack of ownership, lack of resources to implement changes and slow natural pace of change in public sector. They found that the key challenge during the early stages was to engage everyone in the process of change into lean while the key elements of the successful lean implementation is the commitment from the management. It will be difficult to engage the staffs in the process if they resist to the change. Furthermore, the organization requires an ability to deal with change, a receptive culture and knowledge that could drive improvement (Radnor et al., 2006). The focus on managing culture should be given in order to develop the lean culture of accepting change and having the mind set to do continuous improvement for the organization. Since most of the challenges and problems are related to change, therefore, the change management is required in order to properly plan for change and manage the barriers that are coming from the resistance to change during the early stages.

4. Change management

Managing changes requires a management that is competent and have the knowledge of change management. Change management is one of the key disciplines required to make change happen in which involve the process of planning for change, managing change and reinforcing change (Creasey, 2007). Change management is defined as "a structured approach to transitioning individuals, teams and organization from a current state to a desired future state to fulfil vision and strategy" in which aimed to ensure that change is been embraced and accepted (Human Resources Department, 2011). Change management is used to manage the people-side of change in order to make transition successful by utilizing organizational tools such as change model, training, communication and coaching (Creasey, 2007). Transformation towards lean usually entails a radical change in the strategy, structure, and technical aspect and thus, the understanding on how to deal with those changes is required for a successful lean implementation (Ahmad, 2013).

Past literatures had discussed the problems in change into lean in which requires a proper change management to overcome the problems especially on the resistance to change. People resist change because they feel more comfortable and secured being in their immediate environment. The main reason is due to their individual resistance which is fear of the unknown, belief that change is not good to the organization and fear of losing something value (Robbin, Decenzo, & Coulter, 2010). A change programme should develop the trust by removing the anxiety and fear among the employees. Since the change process will be time-consuming and risky, a vigilant preparation is required to enhance the process(Brisson-Banks, 2010).

Change management is needed in implementing lean (Motwani, 2003). Change into lean is not just about the technical process but it is more about managing emotion, behaviour and political process during lean transition (Atkinson, 2010). According to Atkinson and Nicholls (2013), in recent years, many change programs failed due to the mind-set that is always pessimist towards a new initiative which led into an attitude to resist change. Since the change will not work without the bad attitude to be changed first, it is suggested that the focus should be given on changing the attitude and mind-set in which could be done by top leaders working with the team to develop an understandable plan for implementing change (Atkinson & Nicholls, 2013). Fail to plan for change and manage the change will cause a failure in lean implementation (Atkinson, 2010). A conceptual framework will be developed to guide service organizations to manage change into lean. An existing theoretical change model will be referred as a basis of change management in the proposed framework.

4.1 Change model

The change models are developed to guide and assist the organization in managing change (Brisson-Banks, 2010). According Brisson-Banks (2010), change model often neglects the necessary transition to occur within individuals throughout the organization. It is necessary for an organization to facilitate and manage the change processes since lean success depends on continuous change perform by organization either it is small or large change (Brännmark & Benn, 2012). An organization that has appropriate change strategy and promotes conducive culture will perform better and gain success in lean implementation (Bhasin, 2013). To become successful in the change program, an organization should assimilate transitions in their change model (Brisson-Banks, 2010). The Change Management Model which is Lewin's Change Management Model will be reviewed and referred as a basis of the framework that will be developed later.

4.1.1 Lewin's model

Kurt Lewin developed a change model in 1974 that consist of three stages which are unfreezing, changing/moving and refreezing (Brisson-Banks, 2010). Unfreezing involves the distributing and balancing the social forces to increase the acceptance towards necessary change (Zand & Sorensen, 1975). During the unfreezing stage, the needs for the proposed change should be explained, expressed and announced clearly (Woodall, 2006). The shifting from equilibrium to a new level occurred in the moving stage (Zand & Sorensen, 1975). During this transition period, people experience various stages of resistance and emotion such as denial, anger, abandonment and adjustment before

there are fully accepting change (Woodall, 2006). Kritsonis (2005) has outlined three necessary actions to be done during the changing stage which are convincing the employees that the existing condition is no longer appropriate, working together in obtaining new information and connecting the group view with the supportive leader. Refreezing stage requires stabilizing and maintaining the new equilibrium (Zand & Sorensen, 1975). This stage occurs when the people can accept the change and start working using new ways and method in a stable organization (Brisson-Banks, 2010). In this stage, institutionalizing and reinforcing new process could be done through procedures and policies (Kritsonis, 2005). From the above discussion, the author believes that all three stages are straight forward stages of change that is important to be followed in any change process. The unfreezing stage requires an organization to help the people to leave their old ways by reducing the forces that maintaining their current status quo. This can be done by showing the problems of using the current ways, and why the change is needed. The second stage which is moving or also called transition is the phase where the organization move from the current state to the new ways of working in which will involve resistant from the people. The last phase which is freezing or refreezing is to reinforce change, make the change sticks and lock the new culture so that the implementation continues. This can be done by giving continuous support, motivation and rewards and can also translate the new ways of working into new standard operating procedure.

5. Conceptual framework

The framework shows the important element required for transition from existing or conventional service operation towards lean management in service operation which is change management. Change management is needed in managing change during lean transition to assist individuals that have impacted by change using a systematic approach by addressing the resistance, provide support, and develop the required knowledge to implement change. Lewin's Change Management Model will be incorporated in the proposed framework and will be used as a guide in change management aspects. The reason why this model has been chosen is because Lewin proposed only the major stage with the simple guidance and not restrict the implementer to follow certain detail steps. This will allow everyone who needs a guide in change management to use it according to their change condition and suit their need. Changing into lean requires a change in technology and especially the change in people in which largely involves behavior and attitude and Lewin's model concern with the process of changing the behavior of individual, group or organization. As shown in Fig. 1, this framework is divided into three main stages which are conventional service operation, transition and lean service implementation. This is in accordance with three stages by Kurt Lewin in which can be used to guide each stage of the framework in applying lean service. The resistance always occurs at the beginning of change process and usually occurs during the transition from current ways to the new ways, thus, it is important to focus on managing the change during the second stage which is the moving/changing stage. Besides, the successful and the sustainability of lean implementation depend on continuous commitment from the management and the involvement from employees along the implementation process.
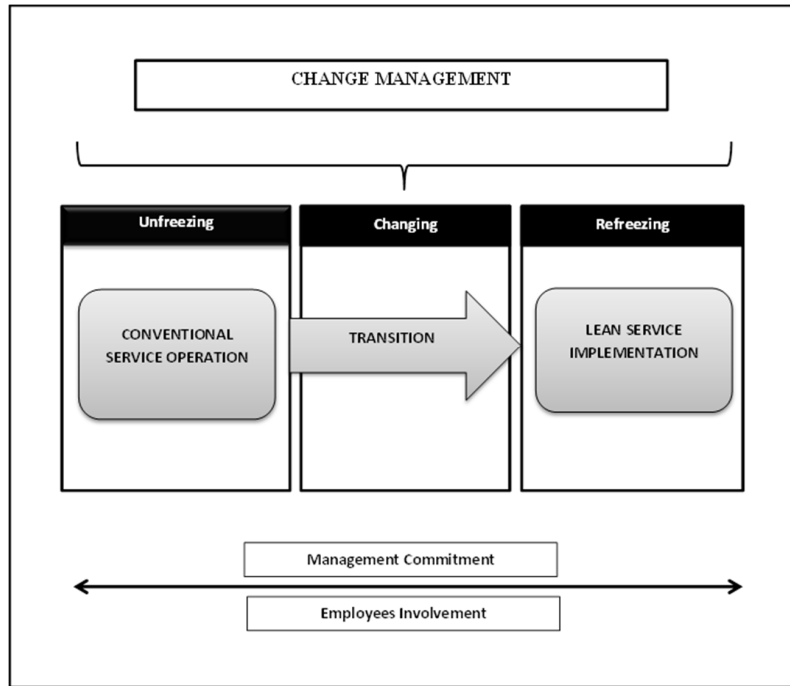
Fig. 1. Conceptual Framework

6. Conclusion

Managing the change in transition to lean is very important. For an organization to change from conventional practice to lean, it experiences the transition phase. Implementation of lean requires the transition phase to prepare everyone to understand and accept change to lean before can fully implement lean as a new way of working. It is why the change management is needed to manage the transition to lean. Change management is used to manage the people-side of change in order to make transition successful. Without a proper change management, can lead to a failure in lean implementation. The problem in transition is people hard to accept change. Managers have to overcome that situation and with the right management, people will accept the change. A change program should start with preparing everyone to get ready to accept change by giving awareness and knowledge. A full-out assessment should be performed and clearly explain to everyone about the problems and what need to be done. The change program should involve participation from employees and the commitment from the top management throughout the process. By managing the issue in change and preparing a complete change program can help in ensuring the lean implementation process in service sector move smoothly and successful.

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