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Lean six sigma and the Australian business excellence framework: An exploratory case within local government

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Abstract
Purpose The purpose of this paper is to examine a contextualized local government case study of the application of Lean Six Sigma (LSS) in conjunction with the Australian Business Excellence Framework (ABEF) to highlight the importance of a good strategic fit between LSS and organizational objectives before implementation.

Design/methodology/approach A local government council is used in a case study-based approach. Organizational artefacts and documents were used for data collection in conjunction with interviews from senior executives within the organization.

Findings Results indicate that when used in conjunction with the ABEF, LSS provides focus on organizational learning practices embedded within the implementation of continuous improvement.

Research limitations/implications The purpose of this paper is to contribute to discourse regarding the effective application and implementation of LLS in local government.

Practical implications LSS tools and techniques are known to local government, but are applied in isolation of the overarching LSS framework. This paper emphasizes the importance of comprehensive implementation of these tools, guided by the inclusion of an external contextualized framework (ABEF) in conjunction with the LSS to achieve sustainable continuous improvement.

Originality/value Business excellence frameworks are widely used in the public sector as a reference/means for improvement. This paper highlights the importance of LSS in operationalizing strategic direction provided by such frameworks and providing the focus on learning practices critical for sustainable improvements.

Keywords lean, business, excellence, framework:, exploratory, case, within, local, government, sigma, six, australian

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Keywords: LSS, local government, business excellence

Paper type: Research paper

Introduction

Local government in Australia is the third tier of government with delegated powers by the New South Wales (NSW) State Government though the Local Government Act (NSW), 1993). Over the past three decades, local councils have adapted operational models in response to various programs initiated by the NSW State Government. The programs have aimed at encouraging local councils to become more accountable to
their local communities. In recent history, these programs have included a New Public Management (NPM) agenda, the introduction and enactment of the Local Government Act (NSW), 1993 and various amendments, and the introduction of National Competition Policy (NCP) by the Commonwealth Government, all of which reflected a shift in the goals for the NSW State Government and subordinate governments, such as local government councils (NSW Government, 2005).

In responding to these externally imposed changes, MetroCouncil’s focused on efficiency in service delivery and resource management and the adoption of the principles of competition, market contestability and commercialisation. This meant a radical reorganisation underpinned by neo-liberal reform tactics of strategy development, customer focus, employee empowerment and competitive service delivery. The Australian Business Excellence framework (ABEF) (SAI Global, 2015) was embraced to support the reforms called for in these programs and support the change process.

In anticipation of the NSW State Government ‘Fit for the Future’ initiative (NSW Government, 2014a; 2014b), MetroCouncil’s attention focused on the strategic examination of its functions and capacity for delivery of services to a strict set of externally imposed benchmarks. This externally driven priority emphasised the need for the MetroCouncil to extend its existing strategic service review capacity. This capacity being a driver for sustained continuous improvement, investigation of industry trends and setting of strategic parameters for future service delivery. During the period of this research, MetroCouncil was anticipating an amalgamation with a neighbouring council in a metropolitan area of NSW, Australia. The anticipated amalgamation was in line with the ‘Fit for the Future’ directive of the NSW State Government NSW Government, 2014a; 2014b).

Following a commitment to the ABEF, Lean and other associated improvement tools were adopted as a mechanism to operationalize continuous improvement at MetroCouncil. Consequently, this research examines the implementation of these approaches as drivers for continuous improvement and learning practices in local government organisations, in effect the Lean Six Sigma (LSS) journey in all but name.
The paper begins with an examination of the literature regarding LSS applications within public sector contexts and how this approach may be linked to existing models such as the ABEF. Second, the methodology adopted is outlined, prior an overview of the case study organisation is presented. Finally, the results and reflections are discussed before concluding remarks are put forward.

LITERATURE REVIEW

Evolution of Lean Six Sigma in Not-for-Profit Organisations

Lean, Six Sigma and Lean Six Sigma (LSS) emerged from private sector manufacturing, Lean emerging from the Toyota Motor Corporation, Japan (Ohno, 1988) and six sigma gaining momentum from its initial development by Bill Smith at Motorola (Brady and Allen, 2006) and comprehensive implementation at General Electric under the stewardship of Jack Welch (Bundell, 2006). Lean Six Sigma as the name suggests, reflects the convergence of the above two approaches into a comprehensive continuous improvement philosophy and framework. This private sector lineage presents some challenges to the application of LSS within the public sector. In this sector, organisations are often faced with complex service oriented environments and intangible service based value creation being delivered to a broad spectrum of customers with multiple identities.

Whilst limited studies reviewing the application of Lean within the public sector in the US and UK exist (see for example, Rashman and Radnor 2005; Radnor et al., 2012, and for a more recent systematic literature review see Sreedharan & Raju, 2016) clearly articulates the scope of application of LSS beyond traditional manufacturing. Evidence of LSS beyond traditional manufacturing was found in service sectors such as banking and healthcare (see for example Bhat et al., 2016; Chiarini & Bracci 2013; Cheng and Chang 2012). Insights regarding the application of LSS approaches in service organisations are provided in the work of Chakraborty and Chuan (2013). These authors examine critical success factors of LSS applications
and found that education and training, customer focus, leadership and cultural change supported by a systematic review of the service environment all contributed to the achievement of improved organisational performance. Furthermore, according to Radnor (2010) approaches extending a service focus within the LSS framework have also gained momentum in government sectors within the last decade.

Underpinning the notion of critical success factors, Suarez Barraza et al. (2009) identified a number of barriers specific to the application of LSS in local government. These include the organisation’s capacity to prioritise improvements and align strategic and operational imperatives, political influence on organisational priorities, and low levels of internal involvement and support due to lack of communication. When combined, these barriers culminate in limited realisations of the potential benefits of LSS as a management framework. It also highlights the necessity to strategically embed mechanisms to address recognised critical success factors.

Reinforcing these findings and given the fiscal, legal and political contextual constraints of local government, Scorsone (2008) suggests that in such contexts, clear benefits must be identified and communicated before committing limited resources to an improvement initiative such as LSS.

More recently, Antony et al. (2016) considered the application of LSS in a number of government sectors including criminal justice, health, education and local government. Focusing specifically on the local government context, the authors suggest that LSS applications must find a balance between cost reduction and efficiencies whilst emphasising the imperative of service delivery to the community. Such research sends a clear message that shrinking public purses combined with increased demand for greater value with less resources. This has meant that local government organisations must adopt operating frameworks and tools that assist in reducing complexity, improving efficiencies, reducing waste and lowering costs while at the same time deliver value to customers.

An extension of this theme is discussed by Elias (2016), who suggests that local government organisations may benefit from commencing the LSS journey by undertaking comprehensive stakeholder analysis to ‘aid in initiating cultural change and help build the capabilities of individual business units’ (p.403). It could be
argued that a stakeholder analysis may facilitate the achievement of balance between cost reduction and efficiencies and community service delivery as outlined by the discussion by Antony et al. (2016) above. This is also highlighted in an earlier local government case study presented by Furterer & Elshennawy (2005) who suggest that reducing lead-time and increasing efficiencies of processes leads to improved capacity, productivity and quality.

In an Australian local government context, the application of LSS techniques and tools are enacted through business excellence frameworks and strongly emphasise the role of organisational, people and cultural development. There are tensions, however in the application of this approach as identified by Cecilia Martinez Leon, et al. (2012). These authors explored the link between team learning practices and the application of Six Sigma, finding that ‘…[six sigma] training and facilitation in organisations may not adequately address or encourage team learning processes’ (p. 153). This may be a challenge to the implementation of LSS because encouraging team-learning processes appears to foster effective selection, alignment and integration of tools [through several learning cycles of] of the DMAIC methodology. To leverage the potential of the DMAIC methodology in a setting like local government, reflective learning practices need to be embraced at the organisational, cultural, team and individual level.

Corbett (2011), responding to calls by Cameron & Barnett (1999) for further research into ‘congruence between organisational mindset and action’ (Corbet, 2011 p. 118), investigated organisations that combined LSS with business excellence frameworks such as the Baldrige Criteria for Performance Excellence (BCPE). The findings suggest that in combining approaches, BCPE could be used to provide an overarching structure for LSS, with LSS making a positive contribution to a culture of continuous improvement within an organisation.

Challenges to the application of LSS in Local Government
The role of the organisation is to understand what customers determine as value within their products or services, and then design processes that will deliver that value (Jones and Womack, 2013). In local government contexts this is often achieved by designing out overburden, inconsistency and waste (i.e. non-value adding activity) in operational processes and shifting process capability and focus towards the delivery of customer-determined value. In the public sector, according to Jones and Womack (2013), this success, has been ascribed to the application of Lean tools to re-design and improve processes that were poorly designed in the first place. Longer-term development and ongoing sustainability of organisational cultures and behaviours necessary to continuously improve value and performance were not strongly evident in these organisations (Jones and Womack, 2013).

The failure of Lean to deliver and sustain change within public sector organisations resulted from short term focus on efficiency rather than effectiveness (i.e. providing customers the same service more quickly or at lower cost, rather than providing services that customers value). Focus on the application of Lean tools rather than longer term cultural change and lack of training to develop understanding of the centrality of customer (service user) were contributing factors. In addition a lack of understanding of the nature of process in the application of Lean and minimal adaptation of the Lean methodology for service specific contexts were found identified as obstacles to sustainability of change (Jones and Womack, 2013).

The key lessons to be drawn from the above research is that the power of Lean is in bringing attention to the need to continuously challenge how things are done and how products and services are designed and delivered by embedding the customer value as the central tenant. As a natural extension, LSS goes beyond this view, providing not just a structured pathway but also a high impact, project focused suite of techniques and tools to target and embed opportunities for improvement. Long-term sustainable improvements come from developing and embedding a culture that can challenge ways of doing things, rather than simply tinkering at the edges. Public sector organisations predominantly provide services therefore service rather than product logic must be prevalent in the application of LSS within these contexts.
In practice, as discussed by Radnor & Osborne (2013) the adoption of service logic in the application of LSS in the public sector supports the following understandings:

- Reduction in the unit costs of services by reducing labour costs is likely to have a significant impact on the quality of those service because the ‘production staff’ are an integral part of the service delivery;
- services are produced and consumed at the same time, therefore customer perceptions and expectations at the point of consumption (rather than previously articulated) have the greatest impact on satisfaction with that service;
- what is perceived as ‘value’ by the customer during in the design of the service (i.e. prior to consumption) may not be the same as what is perceived as ‘value’ during and after consumption;
- service satisfaction must be monitored on an ongoing basis and strategic service reviews are an essential part of understanding and delivering customer ‘value’.

Furthermore, in the local government sector, unlike the private sector, indicators of success must include performance criteria such as community amenity, environmental sustainability, public good and the changing political agenda. The political influence is particularly strong given that the General Manager of a local council in NSW Australia is ultimately answerable to the elected Councillors and the Mayor who may make decisions not only on the basis of good practice, but also the mandates of the political parties they are affiliated with (Price, 2013). Therefore, careful consideration must be given to what drivers may underpin strategic decisions what may be considered as value at particular times within the political cycles. Cost reduction initiatives may not be supported if this comes at the expense of what is perceived to drive customer value and customer satisfaction. The contextual differences between public service and private sector therefore necessitate that the application of LSS within a public service organisation is carefully considered and adapted to fit that context (Price, 2015). In other words, the implementation of LSS must leverage the Lean lens through customer value driven strategic direction which informs project based Six Sigma improvement initiatives (Pepper and Spedding, 2010).
It is evident from the above literature analysis that further understanding regarding the influence of contextual factors on the implementation of LSS in local government along side other quality frameworks is required. Such understanding would inform ways of achieving strategic fit between LSS and organisational objectives prior to implementation.

**Methodology**

An intrinsic case study approach framed the methodology of this research. Data was drawn from a single case (Creswell, 2007; Merrian, 2001; Stake, 1998). Three primary sources of data were used including, organisational documents, process and outcome performance evaluations and semi-structured interviews. The use of multiple data sources enabled triangulation of information and a deep contextually based understanding of the organisation’s journey in implementing LSS.


A total of 12 semi-structured interviews were conducted with senior executives, managers, business improvement facilitators and employees engaged in improvement activities between January and February 2015. These participants were chosen for their experience, commitment and responsibility for continuous improvement at MetroCouncil. Interviews focused on gathering data about the implementation and efficacy of improvement practices and tools within the organisation.

**Findings and Discussion**
MetroCouncil’s experience in the application of improvement practices and tools is not too dissimilar to the experiences of other public service organisations discussed in the previous sections of this paper. MetroCouncil has been on a quality journey for almost 2 decades. Initial work was focused on the achievement of ISO 9000 accreditation. This was predominantly driven by the need to comply with NSW Government Tendering requirements in the late 1990’s and early 2000’s and to sustain Council’s claim to market contestability. In more recent times, starting in 2010, through the re-joining of previously split Council divisions into ‘one organisation’, there was a shift in emphasis away from ISO and towards the Australian Business Excellence Framework (ABEF). Figure 1 MetroCouncil Quality Journey 2010 - 2016, tracks the shift in approach in the past 6 years.

![Figure 1 - MetroCouncil Quality Journey 2010 - 2016](image)

In taking an overview of this journey a number of shifts in emphasis may be noted in Figure 1. First the overarching application of the Australian Business Excellence Framework (ABEF) (SAI Global, 2015) on the basis that this was a common approach within the sector. Secondly, the introduction of the Strategic Service Review Framework without an explicit conceptual and limited practical link to the
overarching ABEF meant that Strategic Service Reviews were implemented in
isolation of the ABEF continuous improvement approach or priorities (MetroCouncil,
2010). Thirdly, Lean methodology was adopted as explained by the Business
Improvement Team Leader because ‘it was something other councils are using...with
good results’ with limited consideration as to the contextual appropriateness for
MetroCouncil, and the conceptual and practical congruence of this methodology to
the ABEF. Finally, structural re-positioning of business improvement resources
occurred a number of times in conjunction with an external independent review of
business improvement practices. The above observations suggest that there may have
been limited embedding of understandings about the interrelationships among quality
approaches and frameworks and how to harness benefits from such interrelationships.

In the following section each of the above observations will be discussed in further
detail.

**Australian Business Excellence Framework (ABEF)**

The ABEF has been a constant approach and used in a number of ways throughout the
MetroCouncil quality journey. First the ABEF was used as guiding framework,
informing organisational quality practices and establishing a number of key activities
to support continuous improvement. These initially included internal organisational
self-assessments in line with the ABEF criteria to determine a baseline and external
evaluations against the ABEF criteria to gauge maturity in the program against the
sector. This approach is in line with the work of Corbett (2011) in as much that the
combination of business excellence framework and LSS provide an overarching
structure and contribute to the development of a continuous improvement culture.
Beyond this this case study also illustrates the importance of learning practices within
this structure.

The ADRI methodology (Approach, Deployment, Results and Improvement)
embedded in the ABEF framework was originally adopted as the project level
improvement approach, as a precursor to the DMAIC improvement structure. Figure
2 illustrates the commonalities between the ADRI and DMAIC approaches.
Essentially, DMAIC provides a more detailed and focused improvement
methodology, specifically directing attention to the sustainability of improvement efforts through the Control stage. Process mapping to gain a systems level view of the organisation was embedded in the ADRI approach. The application of ADRI was originally driven within the Corporate Development Unit and focused on identification of internally driven improvement projects.

![Figure 2 - Relationship between ADRI and DMAIC Approaches](image)

The application of the ADRI and organisational self-assessment tools identified multiple improvement projects both of a strategic and operational nature. The implementation of such projects was undertaken using the ADRI methodology however, did not result in cross-project sharing of emergent learning and outcomes. This may have limited the organisation’s capacity, throughout the continuous improvement journey, to build on practice-based learning about how to implement continuous improvement projects.

Furthermore, learning from multiple iterations of the self-assessment cycle was limited as the responsibility for this function shifted from between departments that worked somewhat in isolation. Therefore feedback concerning the efficacy of the practice of continuous improvement implementation resulting from the organisational
self-assessment did not become embedded learning. Greater embedding of such learning may have had greater direct impact on the momentum and sustainability of improvement initiatives and perhaps could have resulted in the adoption of more prescriptive approaches to continuous improvement (Price et al., 2009; Price et al., 2012).

**Strategic Service Reviews**

The Strategic Service Review strategy of MetroCouncil focused on reviewing key organisational services with the objective of: ‘long term sustainability; ensuring alignment of services to meet community needs and Council’s long term vision; and provide services that are efficient, effective and accountable’ (MetroCouncil 2010). The practical application of the Strategic Service Review framework involved an assessment of the service chain and attendant processes, documenting service profiles and identifying gaps in service delivery. Although the Service Review Framework and tools were developed the ‘application of this framework as a consistent mechanism for the identification and prioritisation of which services were to undergo the review process remained under development’ (Business Improvement Team Leader, 2013).

Only a limited number of service reviews were conducted (e.g. Leisure & Aquatic Centres, Street Cleaning; Disability Support Services and Procurement) with varying degrees of success. In some instances the reviews resulted in an increased value proposition of the reviewed service, while making significant financial savings and increasing efficiencies. In these instances, there was ‘significant commitment to continuous improvement by the managers, team leaders and team members of the unit undergoing the review’ (Business Improvement Team Leader, 2013). In other instances, the implementation of service review findings could not overcome internal resistance to continuous improvement related change.

**Application of Lean Tools**
MetroCouncil implemented elements of the Lean approach through the adoption of tools to support continuous improvement activities (refer to Figure 1). Including: Training in ‘Lean Thinking’ training for approximately 30 employees across the organisation; Various tools including Lean Thinking Principles Wheel; A3 Problem Solving/Process Improvement Template and Process mapping (as a variant of value stream mapping). These initial steps were positive, however to continue to harness the benefits that Lean can bring requires further conceptual and practical work needed to be undertaken. One of the challenges that remained after these initial positive steps, ongoing application of learning was limited to a small number of participants undertaking small-scale improvement projects which were led by the business improvement officers, rather than these practices becoming embedded in the culture of the organisation.

**Structural positioning of Business Improvement resources**

The structural position of Business Improvement Resources (Business Improvement Team) has been transient across business functions within the organisation. For example in 2010, business improvement resources were embedded within the Corporate Development Unit, subsequently moving to become part of the Integrated Planning Unit in 2013. Embedding the business improvement resources within the Corporate Development Unit strengthen the focus on improvement of internal process with identified improvements being focused on internal capability development at the detriment of the organisational strategic priorities and customer value improvements. Conversely, the close relationship between corporate development and the human resource functions of the organisation strengthened the relationship between people process and learning. This approach strengthened the alignment between the continuous improvement, leadership and people elements of the ABEF and LSS activities. This shift was appropriate given that the strategic priorities for the organisation had been developed and the focus was on implementation of improvement initiatives.

The move to the Integrated Planning Unit strengthened the link with the organisational strategic priorities, but weakened the previously established relationships between people, process and learning with the context of continuous
improvement. This shift in emphasis away from the importance of the relationship between people, process and learning in continuous improvement was particularly evident in an internal document entitled Project Delivery Plan - Service Reviews, sighted during this research. In this document consideration for the people implications of strategic service reviews and process improvement were addressed with a single sentence:

“Staff will be directly involved in the reviews and any changes to staff positions within the organisation resulting from the reviews will be managed in accordance to the PLC policy and procedures” (p. 1).

The Project Delivery Plan - Service Reviews, did not take into account practices of change management, empowerment and learning that are necessary when implementing strategic and operational practice changes. Finally, the structural movement of Business Improvement Resources to different units of the organisation had a number of impacts, including severing existing positive interrelationships (people-process vs process-strategic priorities); tacit knowledge, momentum and organisational clarity.

**External review of Business Improvement and Service Reviews practices**

In late 2014 and early 2015, seeking to optimise the organisational approach to ABEF, continuous improvement and service reviews, and in anticipation of ‘Fit for the Future’ the General Manager commissioned an external review of these functions. The findings of this report demonstrated that although there was a strong commitment to continuous improvement which was explicitly stated in the corporate vision and planning documents and in the work undertaken towards the adoption of the ABEF and improvement activities, the organisation needed to engage more strategically in the application of these practices, frameworks and tools (Price, 2015).

The application of ABEF and Lean tools supported the implementation of the Community Plan (strategy) and the accomplishment of the plan’s term achievements. A number of key activities to support business excellence were successfully implemented. These initially included internal organisational self-assessments in line with the ABEF; external evaluations against the ABEF criteria; adoption software to
facilitate detailed process mapping and gain a systems level view of the organisation and the establishment of cross-functional teams for process improvement.

To achieve the General Manager’s objective of optimising the organisational approach to ABEF, continuous improvement and service reviews the report made a number of recommendations including that:

- the Executive Team of the organisation led by the General Manager set annual priorities for the strategic service review program; the strategic review function be structurally located within the Strategic Planning unit; that a Business Analyst be appointed to lead and coordinate cross-organisational resources (including business improvement resources) to conduct strategic service reviews in line with the executive determined priorities;

- the Business Improvement Team be structurally realigned to the People Learning and Culture Unit, integrating the People and Culture Project roles and the Business Improvement roles into an Organisational Development Team, responsible for the change management, process and work redesign and team learning that would emerge from the implementation of organisational changes as a result of the findings of strategic service reviews;

- further work be conducted in articulating explicitly the rational for adoption of the ABEF and relationship between the ABEF strategic service reviews and revisit the fit between these frameworks and the Lean improvement methodology and tools (i.e. the “why’s” and “benefits” of this choice).

These recommendations and approach support the thesis that a sustainable way forward requires the integration of LSS with the ABEF.

**The need to consolidate approaches – Naming and doing LSS**

The ongoing commitment and achievements presented a unique opportunity for MetroCouncil to review, reflect and learn from its deployment of business excellence, business improvement and strategic service review activities. One of the challenges experienced by MetroCouncil was recognising and articulating that the activities being undertaken fell within the LSS improvement framework. Specifically, the review of work done and the identification and implementation of key learnings ensured optimum alignment. In addition the deployment and refinement of
improvement activities to inform the strategic direction, moved the organisation towards improved capacity for continued business excellence in the face of emerging industry challenges such as the ‘Fit for the Future’ directive.

It appears, at least on the evidence uncovered in this research, that the decision to implement various continuous improvement frameworks and tools was based on a memetic rationale (Powell & DiMaggio, 2012) (i.e. others local government were using this approach). For example when interview participants were questioned about the rationale underpinning the selection of Lean as MetroCouncil's improvement framework, responses suggested that such were selected because others in the sector were using them. Although such rational may be a valid and common practice within industry, optimum fit within an organisation is achieved only when organisational specific contextual factors are taken into account when adopting a new approach. This presents MetroCouncil with an opportunity to adapt LLS to their own organisational learning culture, including exploration and articulation of the interrelationship between existing framework choices (e.g. Strategic Service Reviews ABEF, OSA and the external evaluations) as well as and the benefits to be gained from combining these frameworks both conceptually and in practice.

In the complexity of the local government context, identifying the customer and the value provided to them is challenging. This is due to the number of stakeholders and services involved in supporting the community. Although there appeared to be a commitment to customers throughout the organisation, and people genuinely wanted to do a good job for customers, there is limited evidence at the process level of understandings, regarding whom the customer is and what constitutes customer value, a fundamental concept of LSS. When interview participants including senior managers, managers and employees were asked who their customer was, understandably a number of different answers were put forward including 'rate payers', 'users of facilities', 'sporting clubs', 'Councillors', 'the community' and 'the State minister for local government'. The multiplicity of views as to whom the customer may be, highlights the contextual complexity faced by MetroCouncil (and government) and one of the key challenges of implementing a methodology such as Lean, which is emerging from a private sector product dominant logic (i.e. tangible
products designed to serve a specific and discrete customer segment), in a service context (Radnor et al., 2012).

One way that this challenge may be overcome is through the systems thinking lens (Elias, 2016) that underpins the ABEF, which is synergistic with LSS. The application of the Organisational Self-Assessment and external evaluations against the ABEF criteria, has provided MetroCouncil with a useful mechanism for the contextualisation and adaptation of LSS as a continuous improvement methodology in a way suitable for the complexity of the its context. A key strength of LSS, founded in the systems level view, provides a mechanism for prioritisation of critical leverage points of team based improvement project.

Adopting a LSS lens facilitates the process of identifying who MetroCouncil’s customers are. This is because this approach places an individual or a group of individuals within the system that is MetroCouncil (e.g. the organisation, the community, the geographical area, the political space) and enables these individuals or groups to adopt multiple customer identities at the same time (i.e. rate payer, user of facilities, constituent, community member, community leader, service user, voter etc.) accessing multiple service streams in parallel.

The contextual complexity faced by MetroCouncil not only relates to defining who the customers are, but also to what constitutes value and for which customer identity. Therefore in analysing and designing services (and assets), MetroCouncil must both identify and deliver multiple customer ‘value(s)’ at the same time. Although embedded as part of the LSS approach, the practical application of customer value was evident in some of MetroCouncil’s service streams who worked to identify and engage with multiple customer identities and deliver diverse value propositions, for through the design and delivery of multi-purpose community facilities, where diverse customers may be serviced (i.e. youth, senior community groups, residents and small business owners)

The above activities were implemented in response to a key area of improvement identified by the External ABEF Evaluation. Specifically, the improvement recommendation for the Customer criteria encouraged MetroCouncil to ‘...
customer focused culture, develop a holistic understanding of the different customer segments, what their needs are and how these are being managed’ (ABEF External Assessment Report 2014 p.3). Similar findings were also outlined in the 2014 OSA Report, with suggestions for improvement being focused on the identification of ways to:

‘better track data in a meaningful way to gain trends on customer usage to provide services that bring better satisfaction; review content of customer satisfaction survey and further analyse results to drive service improvement and decision making; understanding customer value is integrated at all levels of the organisation’ (ABEF External Assessment Report 2014 p.3).

At the concluding stages of this research, MetroCouncil amalgamated with a neighbouring Council, in line with the NSW State Government ‘Fit for the Future’ initiative (NSW Government, 2014a, 2014b). This externally driven challenge has brought to the fore the need for MetroCouncil to shift its sustainability mindset away from a purely public sector focus. Long term strategic thinking and analysis must be drawn from approaches which have delivered success in other sectors including the private sector. Innovation has been identified as a key enabler for the future of service delivery for local government, which continues to operate against a backdrop of declining State Government funding and grant contributions. The application of the LSS framework to build on the existing commitment and work in continuous improvement will consolidate existing practices in ways which may build capacity and position MetroCouncil to more robustly to bridge the emerging gaps between current and future capacity in service delivery.

Conclusion

It is important to note that public sector organisations such as local government are fiscally constrained when compared to their private sector counterparts. Given this context, local government must understand the importance of sustained continuous improvement beyond being solely application of tools and recognise the value of adhering to an overarching LSS framework (namely DMAIC) in conjunction to a contextualised business excellence framework. Furthermore, the embedding and enactment of practiced based learning that emerges from a sustained commitment to continuous improvement plays a role in the development of a sustainable continuous
improvement strategy that is viable in the long term and that is focused on achieving
value for its diverse stakeholders. External factors such as the Australian Business
Excellence Framework provide additional scaffolding and value to LSS in this
context. Future work should consider further local government organisation of
varying sizes and structures, ideally with a longitudinal frame of reference.

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