Implementing CCPM solution in Guarantee Fund administrated by Department of Enterprise Bankruptcy Management

How to improve efficiency of a Public Institution

Presented By: Milda Ručinskaitė, former Head of Guarantee Fund, Lithuania

Date: 6 June 2012
### About Lithuania

**Population:** 3.2 million

**GDP 2011:** 30.7 bn EUR

**GDP growth rate:** 5.9%

**State budget 2011:** 6.9 bn EUR

**Unemployment 2011:** 15.4%

**Global Competitiveness rank:** #44 (out of 142)
**About the Guarantee Fund**

**Mission:** to provide a sufficient degree of protection for employees of bankrupt companies by payment of their outstanding claims

**Staff:** 9 (since 1 Sept 2010)

**21 M EUR** distributed in 2011
Crisis effect on Fund operations in 2009

Applications received: 1053

Applications approved: 342

Employees affected: 22,963

Employees affected: 6,579
What we faced then

- Number of bankrupts and accordingly - applications increased 2.5 times
- 16 384 employees without payments
- 1 year delay of payments
- Lack of staff
- Negative media publications
- Rumours about reorganization
Project start date
1 Sep 2010:

Two goals:
- to manage reorganization process
- to increase throughput of applications 3 times, keeping quality
1. Why change

Applications lead time affects people’s fates

Stats on the project start date:

Amount of people waiting for money: 22,000
Pending money: 14.8 M EUR
Average application lead time: 18 months
2. What to change?

Too long application lead time

The longest application examination and approval term:

3 years (!!!)
3. What to change to?

- Increase approved applications volume to 100 per month (was 28 per month in average in 2009)

- Keep existing high accuracy (quality) of approved applications

...under the following conditions:

- no investments

- the same staff (2 times less than before the reorganization) with the same competencies

- no changes in legislation
4. How to cause the change?

1. Focus on applications flow

2. Key measurement: number of applications approved (GF: per month; Application manager: per day)

3. We asked ourselves:
   - do we do tasks that matter?
   - do we require data that matters?
   - do we require accuracy that matters?
   - don’t we make manually what could be easy automated?
   - belief the throughput depends on quantity of staff. Really?
   - How much space we have within the law?
4. How to cause the change?

A  Run the Guarantee Fund efficiently

B  Assure applications will be with no error

C  Assure the shortest lead time possible

D  Examine applications in very detail

D^1 Examine applications without attention to detail
Application examination process before project

**Guarantee Fund**
- Application registration: 3-21 days
- Application examination: 300 days
- Preparation for GF Council meeting: 7 days
- Decision by GF Council to make payments: 11 days
- Decision record: 36 days
- Preparation and signing of agreement: 36 days
- Application submitted ready for payments: 1-2 days

**Bankruptcy administrator**
- Application submitted
- Additional documents
- Corrections
- Payments to employees: 30 days
- Payment to Bankruptcy administrator (bankrupt company): 2 days

**Ministry of Finance**
Application examination process before project

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Ministry of Finance
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3-21 days
300 days
7 days
11 days
36 days
1-2 days
30 days
2 days
Application examination process before

1,000 Applications waiting

22,000 employees call

99% Applications in error
100% need additional documents

50 Applications at a time
Key improvements (1/3)

Simplified application form

Application preparation manual

Clear requirements for Full Kitting (15 documents)
Key improvements (2/3)

Part of previous examination scope moved to Registration

E-tools allowed prompt communication

WIP limit was set for open applications per AM

Multitasking significantly reduced
Key improvements (3/3)

Extra documents in seconds (no delay in decision)

- Simplified form
- Standardized process launched
- New procedure launched

Extra documents in seconds (no delay in decision)
Application process after implementation

**Guarantee Fund**
- Application registration: 1 day 3-21 days
- Application examination: 45 days 300 days
- Preparation for GF Council meeting: 1 day 7 days
- Decision by GF Council to make payments: 3 days 11 days
- Decision record: 1 day 36 days
- Preparation and signing of agreement: 1 day 1-2 days
- Application submitted ready for payments

**Bankruptcy administrator**
- Application submitted
- Additional documents
- Corrections
- Payments to employees
- Payment to Bankruptcy administrator (bankrupt company): 2 days

**Ministry of Finance**
- 392 days
- 63 days
## Data before the project start, 2009

<table>
<thead>
<tr>
<th>Month</th>
<th>Application managers (AM)</th>
<th>Applications approved</th>
<th>Applications approved per AM</th>
<th>Employees received payments</th>
<th>Money distributed, EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>01/09</td>
<td>4</td>
<td>2</td>
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<td>0.01</td>
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<td>58</td>
<td>11.6</td>
<td>1795</td>
<td>15.90</td>
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</table>
## Results in 2010

<table>
<thead>
<tr>
<th>Month</th>
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<tr>
<td>01/10</td>
<td>5</td>
<td>58</td>
<td>11.6</td>
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**Project start!**

**Productivity jump**

**100 apps target reached!**
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<td>183</td>
<td>40.7</td>
<td>2839</td>
<td>14.80</td>
</tr>
</tbody>
</table>

Record high!
# Improvement of Fund operations

<table>
<thead>
<tr>
<th>Year</th>
<th>Applications received</th>
<th>Applications approved</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>1825</td>
<td>1128</td>
</tr>
<tr>
<td>2009</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td></td>
<td></td>
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</table>
If solved, then where did constraint move?

<table>
<thead>
<tr>
<th>1.9.2010</th>
<th>1.5.2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount of people</td>
<td>waiting for money</td>
</tr>
<tr>
<td>22,000</td>
<td>1.185</td>
</tr>
<tr>
<td>Pending money</td>
<td>money</td>
</tr>
<tr>
<td>16.1 M EUR</td>
<td>0.7 M EUR</td>
</tr>
<tr>
<td>Average application</td>
<td>lead time</td>
</tr>
<tr>
<td>18 months</td>
<td>2.1 months</td>
</tr>
</tbody>
</table>
“Every situation can be substantially improved”

= every governmental service can be substantially accelerated

• Put every success story in public domain
• Create and develop team of TOC experienced public officials
• Identify the most painful services
• Drop the mobile team to the painful spots
• Exploit team and elevate it
1. Why Change?

Applications lead time affects people’s fates

2. What to Change?

Too long application lead time

3. What to Change to?

Significantly Increase approved applications volume

4. How to cause the change?

Eliminate multitasking
Improve full kitting rules
Decrease WIP

5. How to create POOGI?

Create mobile teams and exploit them