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Lean in Human Resources: Streamlining the Hiring Process

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Abstract

As more organizations embrace Lean as part of a culture of continuous improvement they realize the broad applications it has. All parts of the business can benefit from streamlining. This white-paper will case-study the application of Lean in the Human Resource department. Specifically, we will look at how Lean dramatically improved the responsiveness of this Hospital Human Resource department in hiring Nurses.

Background

In hospitals, one of the key performance issues is recruiting and retaining nurses. There is a national nurse shortage. The Human Resource Department at this VA Medical Center was not meeting it's goals in recruiting timeliness. In the past they blamed their problems on the government bureaucracy and internal customers not providing complete information.

Instead of looking outside, we re-focused on the HR department's own inefficiencies. Lean is the identification and elimination of Non-Value-Added steps in a process. We used the following Lean / Process Improvement tools to improve HR performance:
- Performance Scorecards
- 5S Visual Workplace
- Process Flow Mapping

At the end of this white-paper we will show you the results of our efforts.

The HR Performance Scorecard

The first step of a Lean implementation is to make sure we are linking the project to improving measureable performance. Lean should not be done to "make the workplace better", "improve customer satisfaction" or any other number of un-measured slogans. Therefore, our first step is to make sure the area we are streamlining has a working Performance Measurement System.

At Supply Velocity, we use a variation of the Balance Scorecard, called Performance Scorecards. Performance Scorecards tend to be simpler than Balanced Scorecards and use fewer measures. They keep score of a few (always less than 10) non-financial leading performance indicators.

To create your scorecard, start with the purpose, or mission, of the department. This HR department brainstormed the very elegant statement, "Assure an Effective Workforce." Then they came-up with 5 measures that describe if they are achieving that mission.

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Purpose: Assure an effective workforce	0%	100%	200%	
Measure of Success Description	**Below**	**Expected**	**Exceed**	**Weighting**
% of vacancies that are filled within 90 days.	70	80	90	35%
Achieve % retention rate for employees that were new hires in the previous 36 months	75	80	85	30%
% of supervisors that have completed 20 hours of supervisory training	85	90	95	20%
% of disciplinary and adverse actions issued within 3 weeks of the infraction	85	90	95	10%
% of employees who obtain at least 16 hours of non-mandatory training in the FY	65	75	85	10%

Perhaps the most important part of the Performance Measurement System is the Action Plan. This is a list of projects that are happening in the department. This action plan has action item owners and expected completion dates. We try to limit the number of action items/projects to 5 or fewer. The fewer actions the department is working on at one time, the more likely they are to get them done. Below is HR's Action Item List. Note, that all action items are linked to specific performance measures.

By having an action item list, you will make the scorecard more than a communication tool. It will tell associates in the department how they are doing, but more importantly, what the department is doing to improve performance.

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Human Resource Department – Performance Action Item List

Performance Measure	#	ACTION ITEM	ACTION ITEM OWNER	START DATE	TARGET DATE
Vacancies Disciplines	1	5S HR Offices	Lynn	Oct-07	Oct-08
Vacancies Retention	2	Nurse Recruiting Project	Lynn		when goal is met
Retention	3	Nurse Salary Survey	Arlene		Jun-08
Vacancies	4	Lean of Recruiting Process	Lynn	Mar-08	Mar-09
Vacancies Disciplines Training	5	Adding 3 new HR Staff	Lynn	Feb-08	May-08

When one action item is complete, they can add another, so at all times they are working on 5 "performance-improving" projects.

Scorecard results are reviewed with all HR employees monthly at a 15 minute performance review meeting. This meeting is quick and effective. It reviews actual performance and an update on action items. It gives the entire HR department status and performance update. No one is in the Dark!

The HR staff enjoys knowing what is going on and how the department is doing. Initially, all measures were in the Red. This grounded everyone in the reality that they weren't meeting their goals. This created the foundation for us to begin using Lean.

5S Visual Workplace

Lean is the identification and elimination of Non-Value-Added steps in processes. 5S Visual Workplace is used to eliminate non-value-added looking around for information, product or supplies. It seeks to create a standardized workplace where there is "A Place for Everything, and Everything is in its Place."

5S got its name because it is a five step process. The five steps are:
- Sort – remove the clutter
- Set-In-Order – label or mark where everything belongs
- Shine – regular housekeeping
- Standardize – different people doing the same work, the same way, with the same results
- Sustain – continuously improve, never backslide

We used 5S to make sure every HR associates' desk was organized so anyone could sit down and work at another associates' desk. When someone is travelling, on vacation or out sick a 5S workplace doesn't stop functioning. While there is room for individuality, the critical files and information needed to keep the department running is organized per specific standards.

Below are pictures of the before and after of one HR Specialist's office.

5S Before Picture of an HR Specialist's Desk

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5S After Picture of HR Specialist's Desk

Note how the desk is personalized, but everything is labeled and a file-holder on the left side of the desk contains quick-lookup files.

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File Color Standardization

EEO	Gray	
Grievance	Pastel Blue	
Information Request	Yellow	
Leave	Pastel Green	
MCM's	Pastel Pink	
Pay Benefits/Issues	Red	
Position Management	White	
Reasonable Accommodations	Pink	
Recruitment	Green	
Suitability Adjudication	Blue	
Training Request	Pastel Yellow	

To make finding files easier, they created a standard for file colors. All HR employees (Secretaries, Specialists, Managers and the Director) follow this standard.

Current State Process Flow Mapping

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Process Flow Mapping is the application of Lean to business processes. It seeks to identify and eliminate unnecessary or redundant steps. By mapping the process we enable employees to "see" the non-value-added steps that they perform every day.

The HR Lean Team mapped the process, sorted it into:
- Green – Value added to internal customers
- Yellow – Non Value Added but required by government regulations
- Red – Non Value Added and should be eliminated

<u>Non Value Added Steps</u>
We identified 22 non-value-added steps in the hiring process, that could be easily eliminated. Note, we not only created action items to eliminate these steps, but we quantified the savings.

#	Red Tag Task	Issue	Idea	Area Affected	Labor Benefit (Hrs/Yr)	Cost to Imp.	Action Item Owner	Start Date
1	SF52 routed to HR Director to assign	Why is Lynn touching this?	Secretary provided with rules of assignment.	HRD and Admin	4.1	Low	Arleen, Kim and Stephanie	05/22/08
2	Update Position Status	Already entered this info into HR Tracking	Build on the access database (HR Tracking) so that reports (like the Position Status) can be qued as needed	HR Spec and Admin	48.8	Med	Amy, Arleen	05/22/08
3	HR Requests checklist	Internal customer doesn't always submit the checklist	Amy screens recruit SF52s on receipt for attached checklist - Returns if not included.	HR Spec	10.2	Medium	Amy, Stephanie	05/22/08

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4	Internal customers visit HR to review applications	They have to walk to HR	Use USAStaffing as a way to get electronic applications	Internal Customer	26.0	High	Stephanie	05/22/08
5	HR posts hard-copy announcement on basement bulletin board	Unnecessary walking when technology will do the job	Create vacancy announcement web-site on the HR page	Admin	40.7	Med	Arleen	05/22/08
6	Nurese Exec contacts HR for seniority date for applicants	Nurse Exec doesn't have access to seniority dates	Compile a list of RN seniority dates for work area/location	HR Spec	20.3	Low	Kim	05/22/08
7	HR Director decides whether to place the ad	It sits on the HROs desk and waits for approval	Have FCP clerk verify availability of funds	HR Spec	2.0	Low	Lynn	05/22/08
8	Amy logs in application on paper and in database	Duplication of effort	Stop using the paper	Admin	2.0	Low	Amy	now
9	Secretary passes LPN/RN app to HR Asst; HR Asst verifies license and school accreditation; passes to HR Spec; HR Spec performs quality check	Don't need to verify license and accreditation for all applicants - only selectee	Stop verification until selection is received; Pass RN directly to Specialist	HRA and HR Spec	60.0	Low	Lynn	05/22/08

10	Documents referral on applicant log	More data entry	See #4 above	HR Spec	8.3				
11	Send applications	Manual delivery when electronic available; losing track of where applications are; not available to many at one time	See #4 above	Admin	20.3				
12	PSB needs more info on RN applicant and calls HR	Why don't they have all the info they need the first time	All RNs submit application in VetPro to ensure all appropriate information is submitted	HR Spec	13.0	Med	HRO	TBD
13	Sends copy of the offer letter to the service	Printing, mailing and handling of paper	Send electronic copy via e-mail	HRA , Mail Clerk and Unit Admin	12.2	Easy So Easy	HRO	05/22/08
14	Chief of Staff receives DT results	COS is too busy to do this	Change MRO designation to another qualified staff member	HR Spec	2.0	Low	HRO/ MCD	TBD
15	Kim checks to see if the DT results are in	Why can't she be notified when results are in?	MRO notifies Kim when results are rec'd	HR Spec	2.0	Low	Kim	TBD

16	HR Assistant prepares Forms, letters, labels, etc.	Applicant personal data is entered 19 times after the first time (10 of the 19 can be eliminated easily)	All data entered into a merge form	HRA/ HRS	113.9	Med High	Debby	05/22/08
17	HR Director gets SAC	Why does Lynn need to touch this?	Amy distributes all SACs directly	HRO	8.1	Low	Lynn	now
18	Spec returns unclassifiable SAC to Amy	Why are unclassifiable SACs being passed on to the Specs	Educate Amy	HR Spec	1.8	Low	Lynn	now
19	Debby prints VetPro summary page	Extra paper	Stop doing it	HR admin	2.5	Low	Debby	now
20	Give the reference to the HR Spec for review if there are issues with it	Handoff unnecessary	Educate credential in dealing with VetPro issues	HR admin	2.5	Low	Debby	now
21	Copy VetPro appt letter and put in the board action folder	Extra paper	Stop doing it	VetPro Coord	5.2	Really Low	Amy	05/22/08
22	Print appt screen and put in VetPro folder	Extra paper	Stop doing it	VetPro Coord	5.2	Really Low	Amy	05/22/08

Lessons Learned

When we initiated this process we focused on HR. While internal customers can cause delays, we wanted to focus on what HR could do to improve performance before talking to other departments. However, in retrospect, it would have been better to include representatives from internal customers, such as Nursing. We did not make the team cross-functional. As improvements were rolled out, we realized that we were too HR focused and should have included "internal customers" of the process on the team.

All Lean Teams should be cross functional in departments and management levels (individual contributors to executives).

Impact on People

It was difficult for some of the HR staff to make the transition. Many had been doing it the "old way" for decades. For these people, it took more work for the HR Director to sell the improvements we made. Her consistency, in applying these tools, eventually brought everyone on-board.

Results

We improved the "Recruiting completed within 90 days of application" measure from 33% to 56%... still below our minimum expectation of performance, but definitely better. The Process Flow Mapping portion of the project eliminated 411 hours per year of wasted time in the HR department.

This department has undergone dramatic changes, from being chaotic, to being an example of discipline in business processes.