

Continuous Improvement in the Michigan Department of Treasury

Midwestern States Association of
Tax Administrators (MSATA)
2018 Annual Meeting

R Cole Bouck, Administrator
Continuous Improvement and Engagement Division
Michigan Department of Treasury
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Treasury Set A Path

In 2015, we created a framework...

ASPIRATION

*Become the **Best Operated Treasury Department** in the United States, and the **State's Thought Leader** on all tax and revenue issues*

BUILDING BLOCKS

- Engaged Employees
- Culture of Taxpayer Service
- Continuous Improvement (CI)



OUR VALUES

- Broad concept of taxpayer service in all we do
- Fair and efficient administration of the tax system, not revenue maximization
- Metric focus and accountability

Our Barriers

- Breaking Down Silos
- Continued System Problems
- Consistent Customer Service
- CI Awareness and Training
- Metrics and Accountability
- Benchmarking

Our Aspiration & Building Blocks

- Every project, program and initiative we have undertaken has been intentional in helping us accomplish our plan.

MICHIGAN DEPARTMENT OF TREASURY

OUR ASPIRATION Michigan Treasury will become the best operated treasury department in the United States and the State's thought leader on all tax and revenue issues

Best Operated has 3 Building Blocks

- ENGAGED EMPLOYEES**
Everything starts with the active participation of all 1500 employees
- CULTURE OF TAXPAYER SERVICE**
Create a culture of taxpayer service—including a speedy response to taxpayer inquiries, consistency of answers, transparency of decision making, and simplicity of compliance. The goal is to move from a culture of enforcement to one of taxpayer service
- CONTINUOUS IMPROVEMENT**
Developing a practice of continuous improvement—all employees need the tools and the expectation that every day they will come to work, do their work, IMPROVE their work

To Become the State's Thought Leader Requires

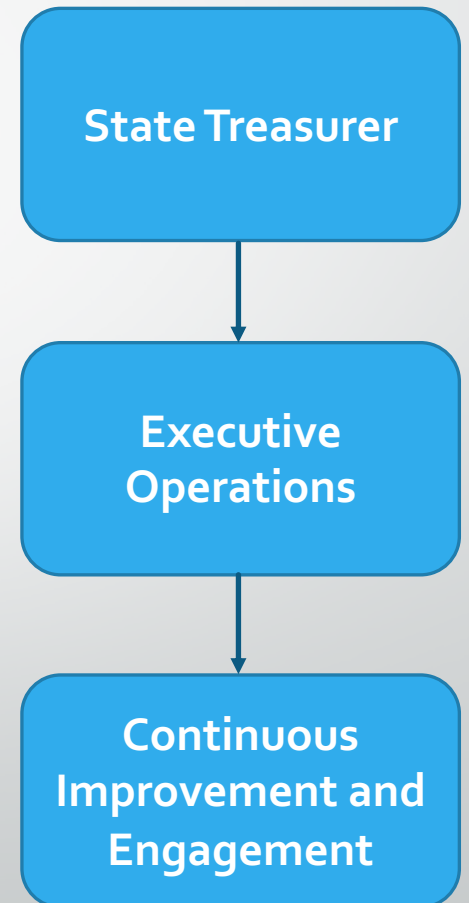
- Innovate solutions to complex policy problems
- Accurate forecasting of the state's economy and revenues
- A deep understanding of all proposed legislation

Overall

- Broad concept of Taxpayer Service in all we do—always ask "what is the impact on Taxpayers?"
- Goal is fair and efficient administration of the tax system—not maximum revenue collection at all costs
- Be metric driven. Measure where we want to go and whether we are making timely progress.
- Think outside our department. Use benchmarks and best-in-class whenever possible to help us find innovative solutions
- Communicate and celebrate successes

Continuous Improvement and Engagement Division

- Treasury's Dedicated Resource for All Things 'Continuous Improvement'
- Direct Link with Executive Leadership for Resources and Support
- Lean-Certified Division and Auxiliary Staff
- Strategic Relationships Across All Business Areas
- Wide Variety and Scope of CI Projects
- Partner with Peers In Other State Agencies, and Offices
- Employee Engagement and Action Planning



A Culture of Continuous Improvement



CONTINUOUS IMPROVEMENT

Developing a practice of continuous improvement—all employees need the tools and the expectation that every day they will come to work, do their work, **IMPROVE** their work

DEFINITION

An ongoing practice to improve products, services, or processes – led by engaged associates, in a culture of mutual trust, respect and appreciation, focused on eliminating system waste, and maximizing value for our customers.

- **Importance of Executive Support** – Project Sponsors
- **Agency CI Training** - Project Teams and Business Area Designees

MESSAGE

All employees need the tools and the expectation that every day they will come to work, do their work, and **IMPROVE** their work

- **Responsibility and Opportunity**

Treasury's Problem-Solving Framework

STRUCTURE

- Background
- Problem Statement
- Current State
- Root Cause
- Gap Analysis
- Metrics
- Our North Star

REPORTING TOOLS

- A3, 4Up, Task & Timeline

Treasury Annual Continuous Improvement Projects - A-3 Reporting Tool		
Project Name:	Team Lead(s):	Revised Date:
Background: What is the situation? A brief description of the issue or process being reviewed, conditions which form or define the environment, setting or circumstances in which it is experienced, relevant historical context, and some idea of why it is being reviewed.		
Problem Statement: What about it has brought us together? A clear and concise statement identifying the nature and extent of the problem, in order to focus the attention of the problem solving Team. What is the problem? Where is the problem? How big is the problem? Are their limitations for the Team to consider in resolving it?		
Current State: How are things currently? The present set of circumstances. An explanation of the business process as it is performed today, and how the problem impacts the process. Setting the baseline against which future improvements will be measured.		
Root Cause: What lies below the symptoms? An in-depth, drilled-down look at where the problem originates from, and the likely causes of it. The fundamental reason for the occurrence of a problem. If eliminated, the problem should not recur.		
Gap Analysis: What is holding us back? A method of comparing current actual performance against business requirements or future ideal performance, determining what lies between, and strategizing options and opportunities for improvement to get there. Provides the foundation for the metrics that will be used to determine the degree of success.		
Metrics: How are we doing? A tool of standard measurement used to quantifiably measure and track current actual performance against identified incremental target values over time, in order to understand our progress, and course correct as needed.		
Our North Star: Where is it we want to be? The ultimate stretch goal to be achieved.		

Treasury Annual Continuous Improvement Projects - A-3 Reporting Tool

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Our North Star:

Where is it we want to be? The ultimate stretch goal to be achieved.

Types of Treasury CI Projects

ANNUAL CI PROJECTS

- General Format and Structure
- Treasury Problem-Solving Framework
- Training

FOCUS GROUPS & FACILITATED DISCUSSIONS

SPECIALIZED WORKSHOPS WITH CI TOOLS

- Customer Value Structures
- Process Mapping
- Issue/Idea Generation
- Root Cause Analysis
- Gap Analysis
- Metric Development

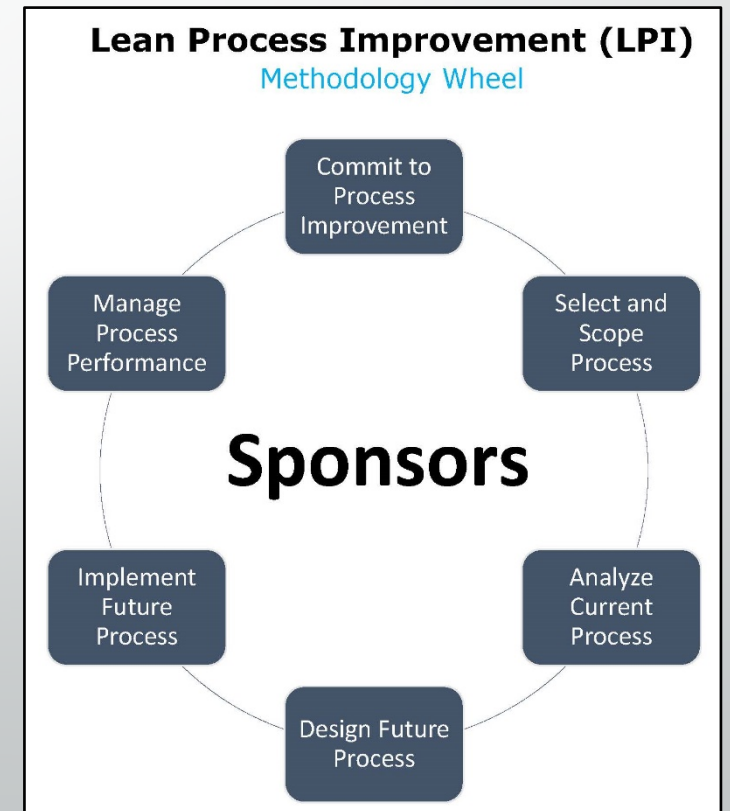


Types of Treasury CI Projects

OFFICE OF REINVENTING PERFORMANCE IN MICHIGAN (RPM)

State-level office utilizing a uniform Lean Methodology to directly impact State of Michigan processes, and to ensure a consistent review and improvement of internal and external experiences.

- Methodology Overview
- Training and Certification
- Lean Process Improvements (LPI's)
- Lean Do It Yourself (DIY's) – Local Work Areas



Treasury CI Project Successes – Then and Now...

Our Accomplishments

Tax Processing	Individual Income Tax (IIT) Returns Backlog	Sales, Use and Withholding (SUW) Returns Backlog	IIT Correspondence Backlog	IIT Call Center Wait Times	SUW Correspondence Backlog	SUW Call Center Wait Times
THEN	43,000	80,000	12,000	5:27	80,000 (3-4 years)	12:45
&						
NOW	0	0 (by end of year)	0	2:11	5,000 (94% within 60 days)	7:40 (Target is 3:00)

Tax Compliance	Audit Days In Progress	Audit Processing (days)	Fraudulent Return Review Backlog	Tax Hearings and RABs	Informal Hearings (months to complete)	Revenue Administrative Bulletins (RABs)
THEN	356	200+	44,000	THEN	24+	Rare
&				&		
NOW	156 (post PA 3)	91	0	NOW	6	10/year

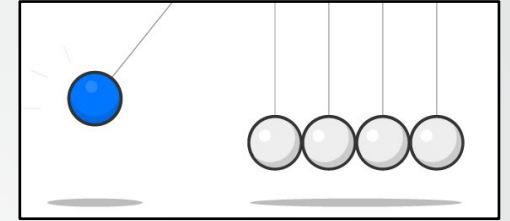
Unclaimed Property	Streamlined Audits (months)	Collections	E-Liens Taxpayer Wait Times (days)	Outstanding Garnishments
THEN	48	THEN	48	25,000
&		&		
NOW	18	NOW	3	0

Keeping the Momentum Going...

SUSTAINING OUR PROGRESS

We continue to work hard to overcome challenges and celebrate successes. We are not only focusing on our current projects, but also on our strategy for ensuring long-term success.

- Embracing a Culture of Continuous Improvement (CI)
- Holding Leadership and Staff Accountable
- Driving Continuous Improvement Throughout Treasury
- Focusing on Employee Communications
- Growing Employee Engagement
- Using Metrics to Inform Our Work
- **LISTENING** . . . To Each Other and To Our Stakeholders



Key CI Take Aways ...

- **Resources** – Dedicated CI Staff
- **Culture** – Foster, Build, Sustain, Grow
- **Methodology** – Clear, Defined, Accepted
- **Scale** – Vary In Scope – Not Every Project has to be Big
- **Responsibility** – Everyone, for Identifying Opportunities and Solutions.
- **Sustainability** – Driven from the Bottom Up, Supported from the Top Down
- **Successes** – Find Them, Share Them, Celebrate Them



THANK YOU!

Any questions?

R Cole Bouck, Administrator
Continuous Improvement and Engagement Division
Michigan Department of Treasury
Austin Building
430 West Allegan Street
Lansing, MI 48922
BouckR@michigan.gov
(517) 241-4818
<https://www.michigan.gov/treasury>