

# HOUSE BILL REPORT

## HB 2173

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**As Reported by House Committee On:**  
State Government & Tribal Affairs

**Title:** An act relating to implementing lean strategies at state agencies.

**Brief Description:** Maximizing the use of lean strategies in state government.

**Sponsors:** Representatives Moscoso, Dammeier, Probst, Sells, Jinkins, Stanford, Ryu, Billig, Ladenburg, Hansen, Tharinger, Maxwell, McCoy, Springer, Appleton, Kenney, Miloscia, Roberts, Kirby, Green, Wylie and Ormsby.

**Brief History:**

**Committee Activity:**

State Government & Tribal Affairs: 1/9/12, 1/16/12 [DPS].

**Brief Summary of Substitute Bill**

- Encourages state agencies to continue and to expand implementation of Lean strategies.

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### HOUSE COMMITTEE ON STATE GOVERNMENT & TRIBAL AFFAIRS

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 11 members: Representatives Hunt, Chair; Appleton, Vice Chair; Taylor, Ranking Minority Member; Overstreet, Assistant Ranking Minority Member; Alexander, Condotta, Darneille, Dunshee, Hurst, McCoy and Miloscia.

**Staff:** Marsha Reilly (786-7135).

**Background:**

"Lean" is a business management strategy used in various private and government sectors. Originally developed as Six Sigma for the manufacturing sector, its aim was to improve quality while reducing costs. The concept has been expanded to other disciplines to promote business and operational excellence.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

In December 2011 the Governor signed Executive Order 11-04 to implement Lean. The executive order requires all executive cabinet agencies to begin implementing Lean by learning about its principles, concepts, and tools; completing a Lean project by August 31, 2012; deploying efforts to build capacity for Lean, while embedding Lean in the agency culture; and reporting Lean results and lessons learned to the Governor by August 31, 2012. The executive order also directs the Governor's accountability and performance staff to work to provide enterprise-wide guidance on initiating Lean implementation; provide resource options to assist agencies in Lean deployment; develop an enterprise roadmap for effective Lean implementation; and report progress and results of agency and interagency Lean implementation.

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**Summary of Substitute Bill:**

An intent is stated recognizing the value of implementing Lean strategies that assist the state in obtaining greater value from its taxpayer investments in government services. State agencies are encouraged to continue and to expand implementation of Lean in order to improve customer service and to increase effectiveness and efficiency in delivering state services.

**Substitute Bill Compared to Original Bill:**

Language regarding using appropriated funds for implementing Lean and allowing for consultation and assistance in developing Lean strategies from the departments of Commerce and Agriculture is removed.

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**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date of Substitute Bill:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony:**

(In support) The public wants to see state government reform. Earlier quality initiatives are not working out very well. Streamlining government services in these times is important. Lean is one of the primary processes that has resulted in the growth of manufacturing. The original concept of Lean came back to the United States from Toyota. It is a process, not a silver bullet or a fad of the month. It is a cultural approach within an organization to eliminate waste and create value for the customer. Some governments are now implementing the Lean strategies, and it is being used in the education sector as well. In the public sector, there is great opportunity to implement this and avoid tax increases or program eliminations. The intent is not to reduce cost by eliminating people. Workers and management must work together to find efficiencies. The Governor's executive order is needed, as well as the intent

of the Legislature to support the executive order. Lean requires leadership endorsement to bring about cultural change. Employees must be engaged in the process and understand their roles. To be successful, Lean must not target elimination of labor.

(With concerns) Implementing Lean sounds like a good policy, but not if it requires hiring consultants. Government is not a private business, and private business strategies will not all work in government, nor are they appropriate. The bill allows agencies to spend \$200,000 in order to become lean, in other words, spending more in the hopes of getting thinner. Hiring consultants to come up with more buzz words will not help our government. Agencies should become more lean and efficient. The bill aligns with the Governor's executive order. The goal is to have enterprise-wide implementation for Lean. The government is working in partnership to help support this work. These partnerships provide such things as coaching, process, leadership assistance, and education. The Lean leadership group meets every month and training is planned for 72 practitioners. There are concerns about including the departments of Agriculture and Commerce to provide assistance and consultation because of limited resources.

(Opposed) None.

**Persons Testifying:** (In support) John Vicklund, Impact Washington.

(With concerns) Arthur West, Northwest Poverty Law Center; Wendy Korthuis-Smith; Cheryl Smith, Department of Commerce; and Mark Streuli, Department of Agriculture.

**Persons Signed In To Testify But Not Testifying:** None.