



# **The Arizona Management System: An evaluation of continuous improvement in state government**

**December 2022**

## Executive summary

State government plays a critical role in the lives of the people who live, travel and do business in Arizona. The work of agencies and the governor's office affects everything from highway infrastructure to vaccine distribution to child neglect investigations and beyond.

Though the reputation of state governments is that they are typically slow, needlessly complex and immovable<sup>1</sup>, for the past decade Arizona state government employees have solved problems that were once thought to be unsolvable. Agencies have consistently done more with less. Customers' needs have been put first.

In 2012, Arizona began implementing continuous improvement to streamline its operations and deliver more efficient government services for Arizonans. After seeing early success, continuous improvement professionals within cabinet agencies and the Government Transformation Office (GTO) sought to scale that work and empower employees to be more effective in providing value to Arizona customers.

Though there have been tremendous results in the first decade of continuous improvement, including developing the Arizona Management System (AMS), GTO launched a project in September of 2022 to assess and report on the effectiveness and challenges of continuous improvement efforts in the State of Arizona. Specifically, this report seeks to:

- Assess the adoption and impact of the statewide implementation of continuous improvement
- Identify areas for advancement
- Pinpoint how to sustain the value-added aspects of the AMS approach

Through interviews and “go see” visits, a survey of AMS practitioners and a review of historical data, the assessment revealed broad support for the overall approach to continuous improvement across agencies, with opportunity for additional improvement.

## Key findings

The major themes to emerge from this assessment include:

- The importance of performance metrics in focusing attention on what really matters in achieving mission outcomes and then providing information on priorities, how operations were performing and helping identify bottlenecks
- The increased collaboration and alignment of strategic plans and initiatives among agencies
- The success of agencies in cultivating a customer-focused, problem-solving culture
- The need for leaders at all levels to commit to a culture of continuously improving their operations
- The benefit of consistent communication about why efficient government is important and how Lean resources can be implemented
- The need to embed continuous improvement into all areas of state government with consistency
- The potential for building on state capabilities through Lean coaching

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<sup>1</sup> According to the Pew Research Center, public perception of state and local governments has gone down since 2019, though the perception of state government is still more favorable than the perception of the federal government (2022): <https://www.pewresearch.org/politics/2022/06/06/levels-of-government-federal-state-local/>



This report highlights the impact of these changes through representative case studies, including:

- 60% faster delivery time for major permit projects across 23 agencies
- 50% reduction in wait times in MVD offices
- The lowest rate of children in foster care in a decade
- An 80% reduction in the time it takes to do remedial investigations for hazardous water quality sites
- Eliminating 750,000 square feet of state office space
- A 15 percentage-point increase in job satisfaction for employees in agencies with the most maturity in continuous improvement

## Recommendations

Scaling the early success of continuous improvement led to the enterprise-wide approach of developing the best practices that we now call the Arizona Management System. Today, many agency teams have changed the way they work so fundamentally that they no longer refer to the Arizona Management System as something apart from their day-to-day tasks. Instead, continuous improvement is just the way they achieve their mission outcomes.

This assessment outlines recommended next steps to build on a decade of continuous improvement success:

### For the Governor's Office:

1. Identify opportunities to use continuous improvement to achieve new strategic priorities.
2. Sustain current efforts by communicating executive alignment and ownership of the approach.
3. Leverage GTO to ensure any new leadership onboardings cover existing tools and resources.

### For state agencies:

1. Sustain improvement efforts and progress through agency continuous improvement offices and by working with GTO.
2. Utilize Lean tools to communicate progress and goals to legislative and executive leadership.

### For the Government Transformation Office:

1. Support enterprise-wide performance management infrastructure and capabilities.
2. Develop statewide training and coaching capabilities for agency continuous improvement teams.
3. Support the identification and development of continuous improvement efforts statewide.

## Continuous improvement as simply “the way we work”

The goal of the Arizona Management System approach is for continuous improvement and its principles, practices and tools to be embedded in every agency as simply “the way we work every day.” It's a system based on respect for people—employees and their customers alike. It is dedicated to finding the root causes of slowdowns and barriers to progress and empowering our teams to address them.

If public servants know how to improve the services they provide their customers—the people and businesses in Arizona—low expectations and defeatism about government's ability to change can be a thing of the past. This evaluation explores the demonstrated potential of how sustaining focus on continuous improvement capabilities and culture helped transform state government operations in Arizona—and how we can keep improving from here.



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## AMS by the numbers









	Arizona Health Care Cost Containment System	178%	Increase in the doses of life-saving Naloxone distributed
	Arizona Commerce Authority	32%	Increase in projected jobs from FY15 to FY22
	Arizona Lottery	>53%	Increase in net revenue for state beneficiary programs
	Constituent Services	1	Average response time in days, thanks to standardized processes
	Department of Administration	\$7M	Rental savings to date from state office space consolidation
	Department of Agriculture	45	Branding application processing time in days, compared with 9 months before
	Department of Child Safety	32→2%	Hotline abandoned call rate
	Department of Corrections, Rehabilitation and Reentry	7.5→3	Days reduction in inmate processing time
	Department of Economic Security	80%	Reduction in field office wait times for food, medical and cash assistance
	Department of Emergency and Military Affairs	80%	Reduction in grant reimbursement processing time
	Department of Environmental Quality	91%	Reduction in permitting timeframes



## AMS by the numbers

	Department of Forestry and Fire Management	55%	Reduction in the timeframe for building plan reviews
	Department of Game and Fish	30→1.5	Days reduction in time a disabled veteran receives a hunting and fishing license
	Department of Gaming	89%	Reduction in lead time for gaming employee certification
	Department of Health Services	152	Days reduction in average residential or assisted living provider application processing time
	Department of Homeland Security	42→14	Days reduction in average time to process reimbursements to first-responder organizations
	Department of Housing	149%	Increase in new low-income housing tax credit units funded
	Department of Insurance and Financial Institutions	\$27M	Recovered for Arizona consumers since 2017
	Department of Juvenile Corrections	75%	Increase in number of youth receiving absolute discharges
	Department of Liquor Licenses and Control	70→34	Days reduction to investigate and resolve complaints
	Department of Public Safety	50→14	Days reduction in average fingerprint clearance card application processing time
	Department of Real Estate	98%	Share of license renewals approved in one day online

## AMS by the numbers

	Department of Revenue	45→8	Minutes reduction in call center customer wait time
	Department of Transportation	23%	Improved inspection time of commercial trucks entering the San Luis Port of Entry
	Department of Veterans' Services	2/3	Reduction in time it takes to pay vendors
	Department of Water Resources	16%	Increase in the annual volume of water level data collected
	Governor's Office of Highway Safety	44	Additional nonprofits receiving grant funding since 2015
	Governor's Office of Youth, Faith and Families	67%	Expansion of investments into communities through 1,458 grant awards
	Industrial Commission	23%	Reduction in workplace injuries since 2015
	Office of Tourism	46.8M	Visitors to Arizona in 2019, spending \$25.6 billion
	Pioneers' Home	1st	Non-cabinet agency to implement AMS
	Registrar of Contractors	60	Reduction of time in days to investigate complaints against a contractor or unlicensed entities
	Residential Utility Consumer Office	\$300M	Savings for rate payers in 2022
	State Land Department	20%	Reduction in some application processing times
	State Parks and Trails	>50%	Increase in park visitation over 10 years

# ***“The fact that AMS generates results isn’t controversial. I haven’t seen it not work on any process.”<sup>2</sup>***

## **Methodology**

This report employs quantitative analysis of survey data and performance data as well as qualitative insights from interviews, GTO’s ongoing dialogues and “go-see” visits to see the practices in action.

The primary sources for this report are:

1. An analysis of AMS records to detail its historical evolution, successes, personnel, processes and practices.
2. A quantitative analysis of a variety of surveys, including the state’s annual employment and engagement surveys since 2012 and a survey of more than 220 AMS practitioners conducted by GTO specifically for this report.
3. Structured, in-depth interviews with more than 30 current and former agency leaders and governor’s office leaders, continuous improvement practitioners and stakeholders. The interviewees included agency leaders who manage nearly 80% of all state of Arizona employees. These interviews covered:
  - The evolution of AMS across a diverse set of organizations
  - AMS’s impacts, as well as obstacles and challenges to its implementation
  - Recommendations for AMS improvement
  - Testimonials from customers

The report benefited from access to government records and staff, as well as the firsthand experience

of GTO team members in supporting continuous improvement. With an enterprise of over 30,000 employees and a short turnaround time line, this report also faced some limitations.

- First, the assessment was conducted over a three-month period, which was challenging when attempting to comprehend major changes across an enterprise of more than 30,000 employees. This timeframe inevitably limited the breadth and depth of analysis.
- Second, overall, state governments do not collect and report performance data in the same way, which prevents data-based comparisons across state governments. The team was able to compare Arizona’s practices qualitatively to other states’ management practices through conversations with counterparts from other states and reviews of their public documentation.
- Third, there is a sampling bias in the GTO survey and interviews for this report because they focused on AMS leaders and practitioners. Most of the research involved those who are most familiar with the continuous improvement tools and approaches.

The assessment team remained aware of these limitations throughout the data collection and analysis and endeavored to mitigate against potential biases. The team asked colleagues, past and present, to provide candid critiques and feedback.

Please see the appendix for greater detail on the methodology of this report.

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<sup>2</sup> All pull quotes in this assessment are from agency leaders or continuous improvement practitioners who participated in an interview or survey with GTO in fall 2022.



***“There was a defeatism mentality. ... We succumbed to the belief that bureaucracy couldn’t get better.”***

## **Why Arizona government operations needed to change**

The Government Transformation Office was formed in 2012 with [an executive order](#) that asserted that the “citizens of Arizona deserve to have the most efficient and effective government their tax dollars can provide” and that “state agencies are facing increasing demand for services with limited resources.”

In the wake of the Great Recession, Arizona faced [sobering deficits](#) that have affected the personnel and resources available to conduct the work of state government ever since. At the same time, it wasn’t escaping public, media or industry attention that some agencies just weren’t performing to anyone’s standard. The state legislature temporarily didn’t vote to continue funding the Arizona Department of Environmental Quality, citing its history of long permit wait times. Arizona’s child welfare agency also dominated the front pages of newspapers because of a backlog of investigations on child abuse and neglect, among other crises.

In response, continuous improvement efforts began to organically be embraced in different parts of state

government (see page 9) and coalesced with the formation of the Arizona Management System in 2015, a set of tools and practices based on Lean management that was launched because of a desire to:

- Improve performance for the constituents and customers of Arizona
- Increase transparency and accountability for state leaders
- Bring best practices from the private sector to state government operations
- Improve engagement for state employees

Though Lean management principles were forged in manufacturing settings, more government and nonprofit organizations have demonstrated the value of continuous improvement approaches, including the state governments of Colorado, Iowa, Minnesota, Missouri, Tennessee and elsewhere. By realizing that public servants are workers producing products for customers—whether it’s a fingerprint clearance card for a teacher or processing time for an inmate of a state prison—there is “an opportunity to define and solve problems in the delivery of value to the customer,” as Lean expert [Joe Murli writes](#).

***“I liken this to the engine and the steering of the ship. If you’re the captain, you decide where it goes, but you need an engine to get there.”***

## **What is the Arizona Management System?**

Based on the principles of Lean management, the Arizona Management System is an intentional, results-driven approach for doing the work of state government so that every employee, at every level and with discipline, reflects daily on how they did, finds the “waste” or inefficiencies and decides how to do better going forward in a sustainable way. This is continuous improvement in action.

AMS is more than a collection of tools and practices; it is also a culture of high performance with a respect for people—employees and customers alike.

At its most basic level, the Arizona Management System is about commonsense ways of working better. AMS is about:

- **Customers first:** Serving the customers and constituents of Arizona in the most cost-effective way, while improving delivery and quality.
- **Data-based decisions:** Measuring what matters most and setting targets for improvement.

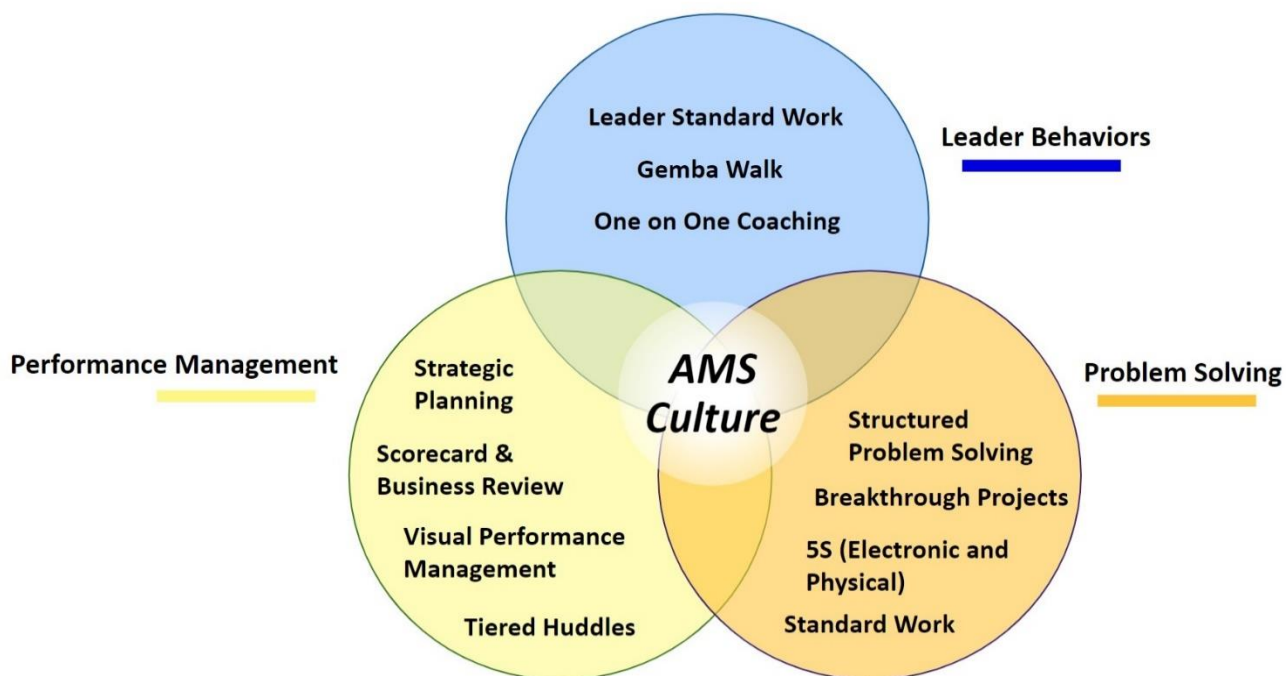


- **Making performance visible:** Visually tracking performance against the targets and identifying gaps between the target and actual results.
- **Embracing challenges:** Problems should be highlighted, not hidden, and then approached as opportunities for improvement.
- **Acting, not just analyzing:** When targets are not being met, take action by implementing countermeasures to close the gaps.
- **Stretching to the next level:** When targets are continually met or exceeded, setting new targets for improved performance.

As summarized in the graphic below, three core elements make up AMS:

1. Performance management
2. Problem solving
3. Leader behaviors

Within each of these three core groups are individual elements—the skills, techniques and practices—that define how mission outcomes get done. Each of these elements is important to the success of AMS and the work employees do. These elements are interconnected and mutually reinforcing. Together, they help drive a high-performance culture.



***“Executing the policy gives us tools to advance things like a \$4 billion surplus. ... AMS sustainment to me is very personal.”***

## **The evolution of continuous improvement in Arizona**

The story of AMS’s development shows continuous improvement in action. But it was not a linear or easy path. During the past decade, Arizona state government teams learned, experimented, adapted, tried again and continued to refine how they worked together. Different departments learned and adapted in different ways to fit the wide variety of work that public servants do to make Arizona better. The description of how the AMS evolved through time—and its impact—shows how positive change in government is possible and what can be done in the future to continue this improvement.

### **The first steps**

The first steps in bringing Lean management thinking to the state of Arizona started with studying what other organizations were doing. Lean practices were contemporaneously being developed at the Arizona Department of Environmental Quality and the then-new GTO in 2012. At the time, GTO had two staff members. Research and site visits informed the development of the continuous improvement tools and events that began to be piloted by GTO and ADEQ, inspired by systems at Toyota, Honeywell, TD Ameritrade and elsewhere.

The Arizona Department of Environmental Quality was focused at that time on rehabilitating what then-ADEQ Director (and later COO of the state) Henry Darwin called the “bad reputation” of the agency. Back then, the Arizona legislature temporarily did not vote to continue the agency during a sunset review, so the agency didn’t exist for a day.

ADEQ hired a deputy director with experience in Lean principles at an environmental consulting firm and began to run continuous improvement events in 2011 to improve permit times and increased the use of visual project management tools to track and assess progress. After some initial improvements, ADEQ leaders saw that results began to stagnate. It

was becoming clear that a more formal management system was needed to sustain progress.

The first chief operating officer for the state of Arizona was hired in 2015, which built more capacity for cross-agency work to move the needle on projects that saved taxpayers millions of dollars and reduced waste in permitting processes across several agencies. Having an executive focused on operations laid the groundwork for statewide implementation of continuous improvement and cross-agency collaboration in a way that hadn’t been done before in Arizona.

### **Early rollout**

GTO led a request for proposals process in 2015 to hire consultants to assist with developing a management system that could be used to continue statewide, cross-agency continuous improvement: The Murli Group, Honsha, Integris and Mass Ingenuity were hired to develop what became the Arizona Management System, which is aligned closely with Lean and operational excellence standards but was customized for Arizona state government. The consultants came with Lean expertise from Toyota and the aerospace industry and supported management system deployments in the first phase of implementation.

The management system was rolled out first to eight agencies who were directly engaging with vendors. Those first agencies account for more than 75% of state employees:

- Department of Economic Security
- Department of Transportation
- Department of Administration
- Department of Revenue
- Department of Corrections, Rehabilitation and Reentry
- Department of Child Safety
- Department of Environmental Quality
- AHCCCS



Two more waves of adoption followed based on the resources and level of need among cabinet agencies (the agencies that report up to the governor's office and conduct the majority of the state's business). Agencies began hiring their own continuous improvement staff to focus on their agency work; these hires had diverse experience in manufacturing, retail, engineering and more to apply to improving their processes. GTO Lean coaches continued to support these agencies as well, whether or not they had in-agency continuous improvement staff.

## Scaling success

Two of the early continuous improvement projects to deliver major results were the so-called “permit blitz” and the statewide Motor Vehicle Division wait-time project. The permit blitz was the first attempt to apply continuous improvement practices statewide. It focused on streamlining permitting processes. The average improvement for 40 permits projects across 23 agencies was a 60% faster delivery time. Wait times at the Motor Vehicle Division went from an average time of about an hour to about 25 minutes (see page 11 for more details on the MVD effort).

Goal Councils were developed in 2016 around statewide topics such as natural resources, housing and homelessness, economy, public safety and other issues. These gatherings of agency leaders encouraged collaboration and sought to eliminate the gap between policy and operations to execute breakthroughs in results that impact the people of Arizona. That year, a regular meeting with continuous improvement professionals, also known as a community of practice, launched to build connections, skills and inspiration around continuous improvement practices. The new approach also involved finding ways to collaborate across traditional agency silos to better serve Arizonans.

In the years that followed, business reviews, scorecard implementation and reliance on metrics became standard business practices across state cabinet agencies, but maturity varied based on leadership commitment and communication, resourcing and more. Agencies who weren't involved in the first phases of the rollout reported that they didn't have the whole picture of the vision of continuous improvement and thought AMS was simply interchangeable with online scorecards. Agencies who didn't have the resources to hire their own continuous improvement staff struggled to dedicate time to learning new capabilities, developing the right cadence of huddles and keeping visual management tools up to date. And based on different crises facing agencies, such as COVID-19, some teams necessarily had to spend so much time “firefighting” that they couldn't dedicate resources to continuous improvement efforts beyond submitting an agency scorecard to the Governor's Office.

Still, agencies adapted continuous improvement tools to meet their needs. As of 2022, 33 agencies have deployed the Arizona Management System, and additional agencies—and even other states and municipalities—are seeking help from GTO with strategic planning, problem solving and Lean coaching.

These changes in how leaders lead and how work gets done every day also have contributed to real change in the state government's culture, as seen in steady improvements in the state's annual employee engagement survey. As just one example, 74% of state employees reported in 2022 that they had the opportunity to learn and do new things in their job—an 11% increase in the past decade.

Just as early continuous improvement success inspired the development and deployment of AMS, today, the AMS itself continues to evolve and improve.

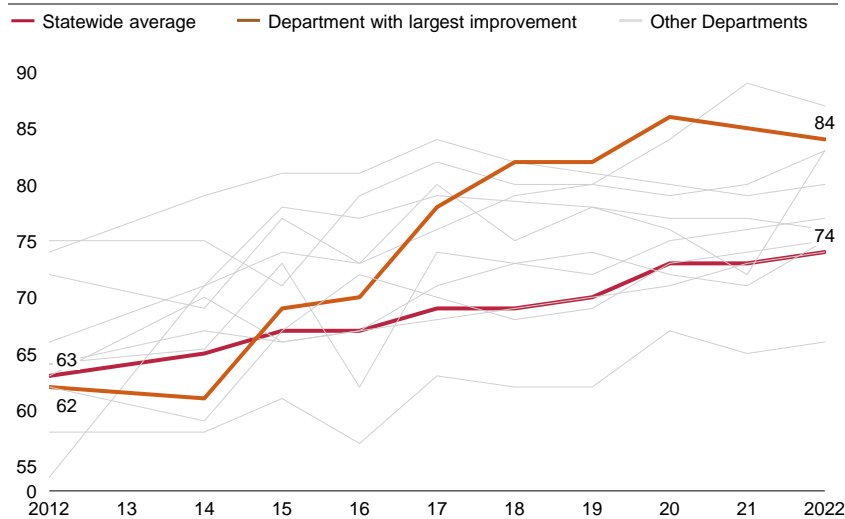


## AMS helped changed our work culture

**"I have the opportunity to learn and do new things in my job"**

Employee Engagement Survey Results, 2012-2022

YOY opportunity to learn scores, % positive



**22pp ↑**

Increase in scores for agency with highest improvement

**11pp ↑**

Average increase in scores across all agencies

***"It's empowering state employees to have agency over their work. To measure their impact and how what they do every day affects outputs."***





## AMS case studies

The following agency case studies can provide insight into the different applications of a system-based continuous improvement approach while highlighting the versatility to improve regardless of mission.

### Case study: Wait times at the Motor Vehicle Division

In 2016, the Arizona Department of Transportation (ADOT) dove deeply into continuous improvement by implementing extensive improvements to the Motor Vehicle Division (MVD) customer experience.

The problem was that wait times averaged 54 minutes at most urban MVD offices. ADOT set a lofty goal of a 28-minute customer experience time, to be achieved in only 5 months.

The first big lesson came when the Qmatic queuing system, which called the numbers to get customers to the correct window, went down. The lines actually moved faster when the system went down. Employees knew this. But unfortunately, state statute enforced use of the system. Or did it? The problem-solving team knew one of the most important lessons in continuous improvement is to verify what you think you know.

Another look at the statute showed that an electronic data-gathering system was required to measure customer experience times and service times. What the statute did not require was the use of that system to call the customers to the window.

Starting with conducting time studies and changing the way customers are queued while using the electronic system for internal tracking, the team implemented a series of small improvements, tested and standardized them in Tucson before rolling them out to other offices.

Now simple transactions can be completed at computer kiosks, and more complicated ones are categorized into separate lines, allowing for transparency and speed in the process.

The team surpassed their wait-time reduction goal across all MVD locations. Employees track wait times down to the second using visual management and make suggestions every day to improve their processes. Currently, 80% of all customers are in and out of line in an average of 21.8 minutes, as of October 2022.

Rather than extended waits in hard plastic chairs, wondering why F-26 gets called to the counter before B-7, customers can now see and understand the process and move through the line quickly, with guidance from employees immediately upon arrival.

#### Summary of impact: ADOT and MVD

	From:	>	To:
Wait times	<b>54</b> minutes		<b>22</b> minutes
Customer queuing	Lack of transparency, resulting in customers complaining (e.g., "why does F-26 get called ahead of B-7")		Sophisticated queuing based on task complexity (e.g., Kiosks for simple task, dedicated line for complex tasks)



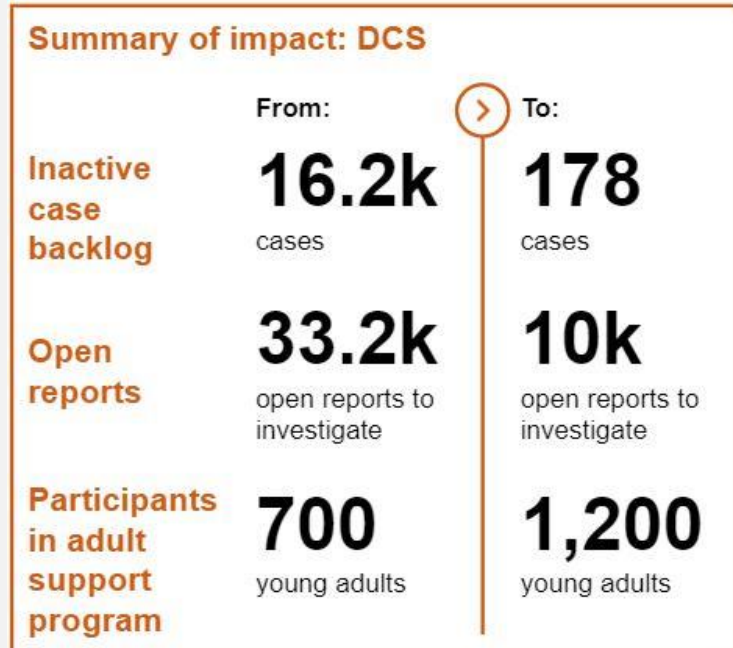
## Case study: Drastic decrease in the number of children in foster care

As of 2022, the rate of children in foster care in Arizona is the lowest it's been in a decade, and critical services such as hold times for the child abuse hotline (1-888-SOS-CHILD) have also been improved thanks to the commitment of the Arizona Department of Child Safety (DCS) to continuous improvement.

DCS began a transformation in 2014 using Lean management principles under the Arizona Management System to tackle the complex and critical task of supporting vulnerable children and families.

Before ushering in the continuous improvement practices that improved so much about the agency's services, the number of children going into foster care had grown 92% from 2005 to 2015. Investigators' caseloads were overwhelming, and there was a backlog of reports of abuse and neglect that hadn't been investigated.

DCS emphasized standard work (the documented, best-known way to conduct a process) and visual management (a visible and transparent way to track progress) to improve efficiency, management of crises and morale among staff, emphasizing system failures instead of scapegoating people when things went wrong.



A focus on continuous improvement also led to these successes at the Arizona Department of Child Safety:

- Eliminating a backlog of 16,000 inactive cases
- Reducing the number of open reports to investigate from 33,245 to sustainment under 10,000
- Revising the safety assessment model and training all employees to make sure practices were standardized across the state
- Implementing a process that requires a judge to weigh in before removing a child from home, except in emergencies
- Replacing an old data management system and launching a mobile app to make paperwork and information sharing easier
- Increasing the number of young adults participating in the extended foster care program—which offers career guidance, a living stipend and other tools to support foster youth through age 21—from 700 to 1,200
- Integrating behavioral and physical health care for foster youth in Arizona



## Case study: Dramatically accelerating hazardous waste site cleanups

For the first 26 years of the Water Quality Assurance Revolving Fund (WQARF)—a state version of the federal Superfund program that identifies and mitigates groundwater contamination—dozens of sites were identified as hazardous, but not a single one was remediated and delisted.

The sites, often old drycleaners that hadn't properly managed their waste, were known to be contributing vapors, volatile organic compounds and groundwater contaminants. Arizona Department of Environmental Quality (ADEQ) staff were working through the proper investigations, feasibility studies and remedy proposals. Yet each step of the process could take up to a decade. And because the work wasn't progressing, new sites were also not being listed.

In 2013, ADEQ used continuous improvement events to unclog the pipeline and explore improvements at every step of the WQARF process. The first problem-solving event centered around the remedial investigation process, which previously had no documented, standardized processes. The remedial investigations that took 8-10 years before now take two years.

After targeting other steps in the process, ADEQ staff set rubrics for how staff would know when the remediation was complete and to standard, instead of leaving so much variability depending on the assigned staff member. They also frontloaded the most crucial data gathering instead of waiting for 100% of data to be collected before making

decisions. They created a template for working with the contractors who complete the remediation work and planned a one-time mobilization of drill rigs with an on-site lab to reduce cost and time.

Though there were zero sites delisted from WQARF from 1987 to 2013, in the years since six have been delisted, and nine new sites have been added to the list. The department completed 12 remedial investigations in 2014 alone thanks to continuous improvement work, which means those sites are now in the later phases of remediation and potential delisting.

One of the last phases of the WQARF process is recovering the remediation cost from the responsible parties; more sites being delisted is not only good for Arizonans' health but also for recouping the taxpayer money that is spent to do this critical environmental health work.

Currently there are 38 sites in various stages of work in the Arizona Water Quality Assurance Revolving Fund. In 2022 through the fund, ADEQ removed 1,149 pounds of volatile organic compounds and treated 1,555, 455,163 gallons of groundwater.



## Case study: The infrastructure around COVID responses

Having structure and process tools in place before the outbreak of COVID-19 proved to be an invaluable foundation for the fast deployments of life-or-death public health efforts for the state of Arizona.

After the Department of Health Services (DHS) launched a COVID-19 vaccination registration portal, the Government Transformation Office supported DHS in an effort to improve the customer experience with the portal, which was in extremely high demand as different waves of Arizonans became eligible. Team members facilitated problem-solving efforts with DHS and helped establish standard processes for responding to customers and making improvements.

Portal issues were also leading to a dramatic increase in phone calls to DHS, especially for people who had trouble navigating the online system. In partnership with the Arizona Department of Administration's State Procurement Office, support was provided to DHS through an unprecedented ramp-up of internal and external call center teams, made possible through emergency contracts, to support a comprehensive vaccine response program.

Dashboards that brought together standardized metrics from multiple external vendor organizations provided visibility into the customer experience when people in need were reaching out for assistance. Close alignment with the portal vendor allowed for the phased rollout and escalation of planned enhancements based on these dashboards. Visual support included tools for web and chatbot, analytics, multi-vendor call-center support and vaccine rollout. A continuous improvement mindset helped this multi-agency effort of dedicated state employees, in partnership with the private sector, eliminate the email backlog, reduce wait times and abandoned calls, and offer more prompt responses to social media complaints and fewer customer complaints on the website and vaccination registration portal.

GTO also served on the team that launched the Arizona Enrichment Center, which provided child care for the dependents of first responders, critical health care workers and essential emergency personnel. This initiative was made possible thanks to a broad network of child care providers and numerous state agencies, including the Arizona Departments of Education, Health Services, Administration, Economic Security, First Things First and the Government Transformation Office. This multi-pronged effort sought to understand potential child care demand, identify state employees who would qualify for it, build the website, identify child care providers and coordinate supplies and donations for those providers to serve the children of first responders.

Specifically, GTO facilitated process improvements, managed daily customer escalations and helped set up, manage and staff a customer service email inbox and customer service phone line for the

### Summary of impact: COVID-19 vaccine operations

Established **new standard processes** and managed **continuous improvement** of vaccine registration portal, call centers, Arizona Enrichment Centers and other COVID-19 related operations

#### Vaccine registration portal and call center

Eliminate **email backlog**  
Improve **call wait time**  
Reduce **call abandon rate**

**Arizona Enrichment Centers**, established to provide child care to first responders, health care workers and emergency personnel

**6,290** families provided **child care**

**4,678** families qualified for **scholarships**



program. Through the program, 6,290 families were approved for child care, with 4,678 families qualifying for a scholarship. Additionally, 1,323 customer calls were serviced by ADOA employee volunteers, and GTO responded to approximately 1,700 customer emails.

GTO facilitated the creation of a standardized form to support the review of resource offers from individuals and businesses to offer personal protective equipment, lodging, space for medical testing, data collection, medical supplies and more in response to COVID-19. The team streamlined the management of offers coming into the state through multiple avenues, including the Governor's Office and state agencies. Arizona manufacturers were also connected with the Arizona Commerce Authority and donors to AZTogether. Overall this supported the intake of thousands of offers, with a total of 585 offers reviewed and coordinated in FY21.





## Case study: The efficiency of a remote workforce

Arizona's Connected Workforce program was launched in summer of 2020 out of necessity. But it continues today because remote work allows for efficient use of the state's real estate, increased employee engagement and satisfaction, better air quality and improved customer service for the constituents and customers of Arizona.

In partnership with the Arizona Department of Administration (ADOA), GTO provided structure and support to various teams as project scope and deliverables were identified and achieved. Of note, much work was put into the revision of the statewide remote work policy and accompanying guide by the Arizona Department of Administration's HR Division in order to better reflect the state's current needs and goals, and new computer-based training modules were created through feedback from a multi-agency team to teach remote work expectations and best practices. Additionally, GTO assisted in launching [remotework.az.gov](https://remotework.az.gov), a site with tools for employees and supervisors.

Over the past eight years, the Arizona Department of Administration's General Services Division led the effort to eliminate more than 1 million square feet of state office space because of remote work, and in the last two years alone the state has eliminated about 750,000 square feet. Arizona taxpayers have saved more than \$9 million in rental costs since 2020 by consolidating work spaces.



In June 2021, ADOA announced a new collaborative workspace for state employees near the capitol. Arizona's Connected Workspace is located at 1400 W. Washington and was optimized for modern hoteling and open-office concepts. The space features a self-serve mini market with indoor and outdoor seating, cubicles, state-of-the art video conferencing space perfect for hybrid meetings, collaborative booths and more. The renovation project was funded from the sale proceeds of state-owned buildings and property in Phoenix and Mesa.

Savings isn't the only benefit. In the 2022 State Employees Engagement Survey, 88% of employees responded favorably when asked whether remote work has had a positive impact on their work experience. And state employees in Maricopa County who work remotely have saved more than 227 million miles of travel from February 2020 to September 2022. This averted 100,782 tons of carbon dioxide emissions and 90.08 tons of nitrogen oxides from the air. At the same time, because of the accountability tools of continuous improvement, there are clear expectations about productivity. Agencies such as the Department of Veterans' Services have seen direct services to veterans increase by more than 47%, and wait times for appointments have decreased from nine weeks to two days since the shift to remote work.



***“It is a phenomenal tool. One of the most effective at changing bureaucracy I’ve ever seen.”***

## **How the state of Arizona runs its business today**

Well-run businesses fulfill their missions by providing value to their customers. They do so efficiently and effectively, finding ways to get better every day. That is what the last 10 years of change in the state of Arizona has been about.

Government is different from private business in many respects, but the principles and practices of continuous improvement have been proven to work across all types of organizations. Civil servants have shown this with continuous improvement in Arizona. Agencies have clarified their missions and set clear priorities and goals in their strategic plans. They track performance with data. They measure, they learn, they look to their teams to find solutions, and they get better every day at achieving their mission outcomes.

Put all together, the practices and tools of problem solving, leader behaviors and performance management are providing undeniable results in Arizona. They are also helping to set a new standard for state government nationwide, as evidenced by the numerous requests to share the AMS experience with governments across the country.

Agencies increasingly focus on determining what adds value to their customers. Applying this basic principle has delivered significant improvements in processes that range from recruiting corrections officers to foster care placement to permitting processing times to livestock branding. Increasingly, leaders are able to understand down to the front-line level what is happening in each agency. At the same time, front-line teams are empowered with the practical approaches to improve how they work. Over the past decade, the adoption of AMS has fostered a culture where employees are respected, do the right thing and commit to excellence.

## **What works for continuous improvement practitioners**

The results of a survey conducted of AMS practitioners for this assessment helps convey both qualitatively and quantitatively AMS’s impact on state government.

A “word cloud” illustration (below) shows responses when AMS practitioners were asked to describe AMS in three words: “Improvement,” “continuous-improvement” and “problem-solving” together take center stage.

## **Where are we today**

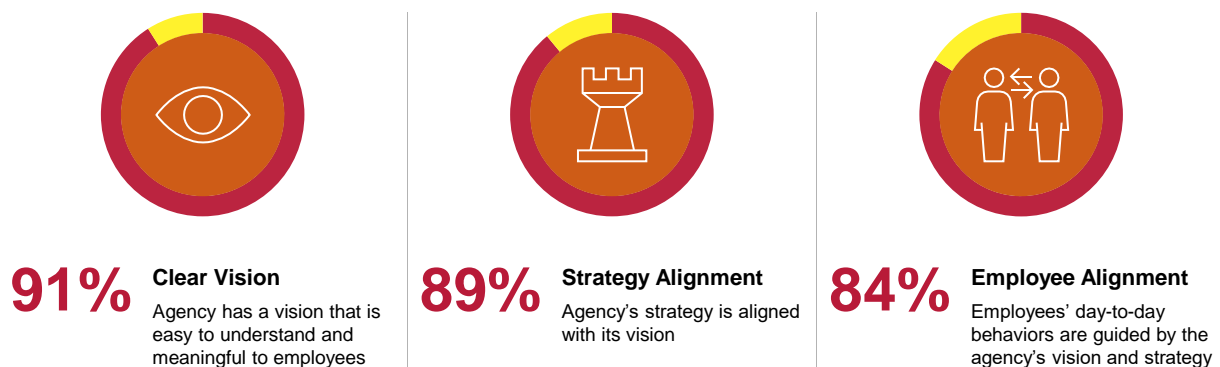
AMS Practitioner’s Survey, Word Cloud, September 2022



Strategic planning and clearly defined agency missions are central to the AMS approach. Among its quantitative questions, the survey conducted for this assessment asked AMS practitioners to gauge how well their agencies were aligned around a strategic vision and goals and how it guided employees' work every day. As the graphic below shows, the results were well above 80% agreement, consistent with some of the healthiest organizations when compared against other private and public sector organizations.

## AMS practitioners report strong sense of shared strategic direction

AMS Practitioners Survey, September 2022 (n = 222)



In addition to the survey results, interviews with leaders and practitioners of the Arizona Management System across state government repeated themes about what worked well about AMS in their agencies.

### Performance metrics

Interviewees expressed how, before applying and instituting improvement principles, most of the data and the metrics collected did not provide them with information on how their operations were performing. After adopting improvement principles, agencies began identifying measures that were meaningful to identify bottlenecks and alert them to issues. For the first time for most of the agencies, targets were set and measured against the actual metric performance, providing a catalyst for improving processes to gain efficiencies and reduce costs. As one leader said, "This is how we get to the results and not just a piece of paper that is turned in." Along with identifying the right metrics, getting the most critical

measures into readily available, easy-to-understand visual graphs played a significant role in communicating team and agency performance to all levels of employees and getting everyone on the same page.

### Leadership alignment

Before adopting the management system, strategic plans and initiatives were internal to the agency and rarely shared, if ever, with other agencies. Through collaboration with GTO and the Office of Strategic Planning and Budgeting (OSPB), agencies began to develop strategic plans of not only their own priorities but also of plans that included objectives to support the mission, policies and goals of the administration. Agencies develop metrics supporting the objectives, and these metrics are reported on what is widely known as the agency scorecard to the Governor's Office on a monthly basis. This has brought accountability to agencies, and now budgets are tied



to strategic plans. This has also enabled clear communication and alignment from leadership down through front-line staff at every agency. Another benefit of this alignment is that it has broken down the silos that existed for years between agencies and has built trust. All agencies reported that they conduct business review meetings where the strategic plan objectives and scorecard are reviewed.

## Problem solving

Agencies that cultivated a problem-solving culture that included transparency, empowering employees and a problem-solving methodology saw some of the greatest improvements and have been featured in the case studies and process improvement highlights

in this report. First, by building a culture where it is OK to make problems known and visible to agency team members and leadership, teams get to the root cause of chronic problems that have gone on for years and address the root causes to prevent the problems from recurring. One agency manager said, “It changed the way they think and speak about their work.” It provides a common language and a way of communicating about problems that is understood throughout the agency and across agencies, making it easier to collaborate and solve issues together across organizations. One agency even shared their problem-solving approach with some of their non-state partners in order for them to better work together.

***“Setting high goals put us in the red, but embracing the red drove us to relentless improvement.”***

## What Arizona can improve

Over the last 8-10 years, state employees have invested a lot in developing and embedding a Lean culture of continuous improvement. Along the way, Arizona has delivered meaningful successes. Along the way, teams also encountered challenges. This is inevitable; change is never easy. But in the spirit of continuous improvement, state leaders have learned from their results, both wins and losses.

This assessment—through surveys, interviews, “go-see” visits and review of past performance—uncovered several recurring limiting mindsets to address in order to continue AMS’s progress:

1. **“This is just another initiative, not a change in how we work.”** Some respondents highlighted how different levels of buy-in affect the adoption and sustainability of Lean approaches. Some identified a lack of fluency among agency leaders with the principles or practices of continuous improvement. Others cited a lack of clear and consistent direction about the overall vision. And others argued that the culture needs to mature to the point where a change in leadership wouldn’t derail the continuous improvement ways of working.
2. **“This doesn’t apply to my agency.”** There are many different forms of work in state government, and there are a diversity of

customers. Some feedback expressed that the type of work their agencies do is truly unique or so specialized that the Lean principles and approaches under AMS could not apply.

3. **“It’s too much administrative effort to standardize work and processes.”** Some feedback reflected frustration that the time devoted to continuous improvement simply added too many tasks or meetings that got in the way of work. Others argued that process improvement was simply intuitive or obvious, so a more structured, data-driven approach is not needed.

In reflecting on this type of feedback, GTO identified the following focus areas to improve on the Arizona Management System moving forward.

### For the Governor’s Office

1. Identify opportunities to use continuous improvement to achieve new strategic priorities.
2. Sustain the fundamental elements of the current approach by communicating executive alignment and ownership of it.
3. Leverage GTO staff and experience to ensure new leadership onboards include briefings to build understanding of how the Lean management approach can help them deliver their priorities



## For agencies

1. Sustain progress through agency continuous improvement offices and by working with the Government Transformation Office.
2. Use Lean tools to communicate progress and goals to executive and legislative leadership, as well as their customers.

## For the Government Transformation Office

### 1. Support enterprise-wide performance management infrastructure.

Agencies all have their own distinct missions, and the incoming Governor's Office team will have its own short- and long-term goals for the state. Sustaining an enterprise-standard approach to continuous improvement helps any leadership team track progress and ensure accountability for their goals. Continuing the momentum for effective problem-solving and better performance in cabinet agencies will help ensure uninterrupted progress for citizens and other customers. Furthermore, expanding the proven continuous improvement practices across all 100+ state agencies as well as boards and commissions promises to improve government services and processes while reducing operating costs.

The Government Transformation Office can continue to support data-driven, strategic government work by:

- Identifying and developing key metrics that strategically align from front-line, divisional and agency operations to the governor's strategic priorities
- Owning and maintaining the platform for agency reporting of metrics in support of the governor's strategic priorities and key government projects
- Organizing and managing agency reporting of metrics for strategic priorities
- Developing and delivering process training for sharing data among agencies for enterprise-wide improvement initiatives
- Building the capability and infrastructure for identifying, locating and integrating diverse datasets across state agencies (county, municipal and nonprofit) to share for strategic projects and improvement initiatives

- Developing more enterprise-wide metrics to monitor and understand overall state government organizational health in areas aligned with the governor's office goals and objectives

- Supporting the creation of agency dashboards for visual management of key agency initiatives and operations

### 2. Develop statewide training and coaching capabilities for agency continuous improvement teams.

The Government Transformation Office is dedicated to sustaining continuous improvement in the state of Arizona through offering training and resources for colleagues throughout the state. GTO launched a robust training calendar in 2022 to offer ongoing professional development opportunities and is building on expertise in Lean and change management.

The Government Transformation Office can continue to support agencies and statewide upskilling by:

- Creating and delivering enterprise-wide training at all levels on metrics, strategic measures, operational metrics and using data for decision-making
- Developing and delivering Lean management programs for developing leaders within state agencies
- Administering onboarding programs for leadership who are new to the state for learning government operations and managing for efficiencies
- Developing and delivering change management training to prepare and empower employees to transform agencies into environments that remove impediments to success, improve work flow and improve the services provided to the citizens of Arizona

### 3. Support and lead continuous improvement efforts for agencies and the Governor's Office.

Colleagues all over the state government have come to rely on the Government Transformation Office to lead structured problem solving, coach teams on continuous improvement ideas, facilitate workshops to develop solutions, keep complex projects on track, coordinate cross-agency initiatives, help agency leaders address operations challenges and much more. Agency teams using continuous improvement





approaches supported by GTO have delivered real impact.

After hearing the interview and survey feedback, it's clear that colleagues across agencies value how continuous improvement resources and tools make their work more efficient and more effective. The Government Transformation Office can continue to support agency and statewide mission outcomes by:

- Facilitating, managing and supporting Governor's Office initiatives, projects and policies within and across agencies to realize outcomes that make the lives of the citizens of Arizona better
- Leading improvement initiatives to bring agencies, boards and commissions into compliance with practices and policies as determined from audit findings from the Arizona Auditor General

- Identifying and leading evidence-based process improvements and cost-saving initiatives derived from Arizona state agencies and other governmental entities and private organizations to further improvement gains across agencies
- Leading and managing cross-agency and internal agency improvement initiatives that impact the quality and speed at which services are delivered and provide cost-saving opportunities
- Leading and facilitating collaboration of cross-agency improvement projects resulting from the [Infrastructure Investment and Jobs Act Task Force](#)
- Coordinating breakthrough efforts in transparency and customer service such as the new [State Permitting Dashboard](#)

***“What I love is that it’s the same people doing the work now as were doing it 8-9 years ago. They care just as much about their jobs as they did then, but they have a system that allows them to solve problems at the local level.”***

## Conclusion

Too often, state government is viewed as slow and needlessly complex in the eyes of constituents, businesses and even some public servants themselves.

During the past decade, however, Arizona state government employees have blazed a different path. They have solved the types of chronic problems that were once thought to be unsolvable. Agencies have consistently done more with less. Customers' needs are put first.

They did so by adapting the principles and practices of Lean management to state government. Implementing continuous improvement across cabinet agencies has resulted in demonstrable success in customer service and efficiency for the people of Arizona. In doing so, Arizona public servants inspired similar changes in other state governments across the country. But it's only the beginning.

Change is inevitable in state government, but what can stay constant is a dedication to improving upon the systems that serve the diverse populations who live or travel or do business in our state.

Cross-agency teams continue to improve state government to deliver results for Arizonans. Teams made up of agency leaders, subject matter experts and continuous improvement practitioners from GTO and agencies work together on complex issues to achieve the critical mission outcomes of agencies.

This assessment was intended to bring that lens of improvement to the Arizona Management System itself. Our hope is that that continuous improvement in Arizona will not only be sustained in 2023 and beyond but will also continue to improve how work gets done for our fellow citizens and other customers.



## Appendix

The sources for this evaluation included an original survey and qualitative interviews conducted in September and October 2022 as well as analysis of existing state resources, metrics and Lean literature.

### Practitioners Survey (September 2022)

GTO designed and administered an anonymous survey through Google Forms and invited AMS practitioners and leaders across all departments to participate; 222 respondents from 33 agencies submitted feedback after direct outreach from GTO through the AMS Community of Practice list or through outreach from agency leaders inviting employees to participate. Because of the targeted sample, this perspective represents the feedback of those who are likely most familiar with continuous improvement in Arizona.

This survey included a mix of quantitative questions to better understand specific elements of AMS and its impact within and across agencies. The survey also included qualitative questions where respondents could offer examples of AMS impact or suggestions for improvement.

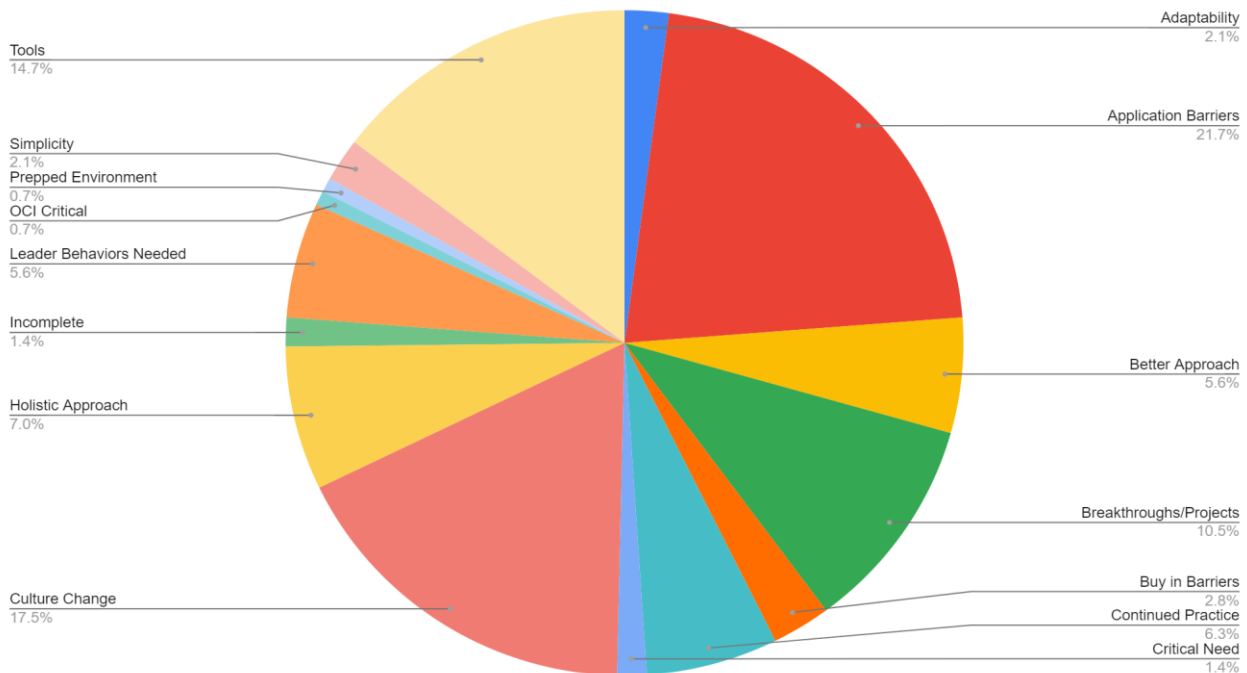
- The AMS Practitioners Survey included a few questions to measure overall sense of shared direction—a critical objective of the AMS approach. These questions were designed as a way to enable some comparisons to other public and private sector organizations.

- Direction is one critical component in an agency's overall "organizational health." Organizational health refers broadly to "how the work gets done" in an agency. A healthy organization is aligned around a mission and strategy, executes against that strategy and is able to adjust and renew itself through time.
- Organizational health matters because there is a statistically significant relationship between how healthy an organization is and its performance. Furthermore, change programs in government that emphasize both performance and health are 79% more likely to succeed than those that emphasize performance initiatives alone. In sum, a healthy organization has the culture to deliver high performance today and in the future.
- In general, private sector organizations are "healthier" than public sector ones by an average of 11% when measured using the Organizational Health Index survey, a proprietary tool of McKinsey & Company<sup>3</sup>. This database includes data from hundreds of organizations and insights from over 7 million respondents.
- The AMS Practitioners Survey responses related to shared sense of direction are consistent with some of the healthiest organizations in the database on this one dimension of organizational health.

<sup>3</sup> McKinsey & Company, "Government transformations in times of extraordinary change: Key considerations for public-sector leaders"(2021): <https://www.mckinsey.com/industries/public-and-social-sector/our-insights/government-transformations-in-times-of-extraordinary-change-key-considerations-for-public-sector-leaders>. See also: <https://www.mckinsey.com/solutions/orgsolutions/overview/organizational-health-index>



## How AMS Works in Practice: Themes from Agency Responses



Response themes were analyzed using the following criteria.

- **Adaptability:** Response included description of leveraging AMS to adapt to changing conditions
- **Application barriers:** Used when response mentions difficulty in leveraging AMS in respondent's work environment
- **Better approach:** Used when response mentions AMS being better or more complete than previous systems or equivalent
- **Breakthrough projects:** Used when responses mentioned leveraging AMS for the completion of a breakthrough or project
- **Buy-in barriers:** Used when response mentions resistance or equivalent from staff or leadership
- **Continued practice:** Used when response attributes a long-term approach to AMS or alludes to the need for consistency or discipline
- **Culture change:** Response alludes to cultural change
- **Holistic approach:** Used when response mentions integration of multiple elements

- **Leader behaviors needed:** Used when response mentions absence of leader behaviors creating difficulty of practice
- **Simplicity:** Used when response emphasized simplicity in determining success, also used when response indicated work is now easier
- **Tools:** Used when specific tools or tools in general were the focus of the comment in a positive light

The survey was sent out through email with repeated requests for participation and was open Sept. 13 through Sept. 26, 2022. For details or questions about the survey, reach out to [gto.comms@az.gov](mailto:gto.comms@az.gov).

## Qualitative interviews with AMS leaders (September and October 2022)

For each interview, Government Transformation Office Lean coaches, an analyst, the deputy or the communication manager took detailed notes and sometimes asked clarifying questions. The GTO director was not present in hopes of making



interviewees as comfortable as possible giving honest feedback. Interviewees were encouraged to give honest and open feedback. Subjects were told that their quotes and feedback would be presented without attribution unless they gave express approval to use their names.

The following questions were asked:

1. How did your agency first become familiar with the Arizona Management System (AMS)?
2. What are the notable changes in your agency as a result of implementing AMS? What specific examples stand out?
3. What is the most significant impact of AMS in your agency? In state government overall?
4. What have been the notable obstacles to full adoption or sustainment of AMS in your agency?
5. Do you have any additional recommendations for how to extend and deepen the impact of AMS?
6. Do you have any additional reflections on AMS that we have not discussed yet?

## Interviews conducted

Sept. 12, 2022—Department of Environmental Quality Director Misael Cabrera, Deputy Director Michael Keyack, Chief Financial Officer Jared Sprunger and Director of Waste Programs Laura Malone

Sept. 13, 2022—Former COO of the State of Arizona Sarah Webber

Sept. 13, 2022—Residential Utility Consumer Office Director Malcolm Hightower

Sept. 13, 2022—Former Deputy Chief of Operations, Office of the Arizona Governor, and former Chief Operating Officer of the Arizona Department of Education Ben Henderson

Sept. 14, 2022—Office of Strategic Planning and Budgeting Strategy and Performance Data Manager Denise Stravia

Sept. 14, 2022—Department of Administration Senior Adviser for Communications and former Communications Director of ADEQ Kurt Maurer

Sept. 14, 2022—Department of Administration Assistant Director J.R. Sloan, Deputy Director

Elizabeth Alvarado-Thorson and Assistant Director of Statewide Communications Megan Rose

Sept. 15, 2022—Veterans' Services Director Wanda Wright, Deputy Director John Scott and Office of Continuous Improvement Administrator Scott Kurish

Sept. 15, 2022—Department of Agriculture Director Mark Killian, Deputy Director Jeff Grant and Assistant Director of Strategic Initiatives and Policy Heather Flowers

Sept. 16, 2022—Industrial Commission Director James Ashley, Assistant Director at the Division of Occupational Safety and Health Jessie Atencio and former Industrial Commission Deputy Director and General Counsel Jason Porter

Sept. 19, 2022—Health Care Cost Containment System General Counsel Kasey Rogg, Assistant Director Joni Shipman, Senior Policy Advisor Dana Flannery

Sept. 19, 2022—Department of Revenue Director Rob Woods, Deputy Director Neeraj Deshpande and Assistant Director of People and Continuous Improvement Todd Mills

Sept. 19, 2022—Department of Child Safety Director Mike Faust and Senior Lean Coach Curtis Ballard

Sept. 20, 2022—Department of Transportation Deputy Director and Chief Operating Officer Kismet Weiss and Office of Continuous Improvement Administrator Lisa Pounds

Sept. 20, 2022—Economic Security Director Michael Wisehart, Deputy Director and COO Wesley Fletcher, Chief Financial Officer Roberta Harrison and Office of Continuous Improvement Administrator Richard David

Oct. 3, 2022—Department of Corrections Assistant Director Joe Grossman and Office of Continuous Improvement and Strategic Planning Administrator James O'Neil

Oct. 11, 2022—Department of Public Safety Lt. Colonel Daven Byrd, Executive Officer Andy Vasquez, Administrative Service Manager Nancy Jefferys and Police Planner Paul Swietek

Oct. 12, 2022—State Land Department Director of Administration Division Sean Burke and Continuous Improvement Officer Robert Dobrowski



Oct. 17, 2022—Department of Tourism Director of Industry Affairs Kiva Couchon

Oct. 17, 2022—Former COO of Arizona and former Director of ADEQ Henry Darwin

## Go-see visits conducted

Oct. 6, 2022: Tour of AZ Connected Workspace

Oct. 6, 2022: Visit at Motor Vehicle Division, 4005 N. 51st Ave, Phoenix

Oct. 6, 2022: Department of Revenue problem solving meeting

Oct. 7, 2022: Department of Corrections, Rehabilitation and Reentry huddles

Oct. 18, 2022: Department of Environmental Quality virtual huddles

## Other sources of contextual information

### GTO AMS Maturity Assessment from 2020-2022

These are GTO-designed self-assessments done by each agency quarterly or semi-annually. They prompt agencies to report on their own performance for standard work, awareness and understanding, consistency and behaviors in

- Scorecard/business review
- Breakthrough projects
- Strategic planning
- Leader standard work
- 1-on-1 coaching
- Gemba walks
- Visual performance
- 5S (sort, set in order, shine, standardize and sustain)
- Tiered huddles

- Standard work
- Problem solving

### Statewide Employee Engagement Surveys from 2012-2022

In this annual survey managed by the Department of Administration, every state employee is invited to give feedback about their engagement and development at work. It's interesting to see that engagement scores increased after the implementation of continuous improvement work and empowering workers at all levels to solve problems and have access to coaching.

In interviews and survey responses, many agencies cited attrition and employee turnover as obstacles to adoption. Employee Engagement Survey data shows that commitment to continuous improvement practices and the intentional focus on respect for people can increase employee satisfaction and engagement and positively impact employee retention. Thus, the state benefits from communicating survey results to show respect to all who responded and to highlight the connections between Lean practices and more engaged employees. Most importantly, organizations can mitigate turnover's impact with a robust onboarding process that includes aligning all new employees to Lean principles and their roles and responsibilities as Lean-practicing employees. It is critical to effectively communicate the expectation that all participate in the onboarding process and make the onboarding process clear and accessible to all.

### Learn more about the Government Transformation Office

- [Executive Order 2012-07](#)
- [Results.az.gov](https://results.az.gov)





## Acknowledgements

Thank you to all the state of Arizona colleagues, past and present, who participated in surveys and interviews for this report and who have dedicated their public service to relentless improvement for Arizona constituents and customers.

This report was written by Hannah Moulton Belec, Alan Holcomb, Jeanine Inman, Vinny LaBella, Marthajane Vincent and David Villalpando. Editors were Hannah Moulton Belec and GTO Director Joshua Wagner.

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