

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA
STAFF BRIEFING

Item No.	<u>7c</u>
Date of Meeting	<u>October 9, 2012</u>

DATE: September 13, 2012
TO: Tay Yoshitani, Chief Executive Officer
FROM: Kurt Beckett, Chief of Staff
Dave Soike, Director Aviation Facilities and Capital Program
SUBJECT: Metrics and Continuous Process Improvement Initiatives

SYNOPSIS:

The Metrics Initiative, which is a separate but closely related undertaking, was briefed to the Commission in May 2011, while this will be the first scheduled briefing on CPI. This briefing will highlight progress of both initiatives and the linkage between them. It will include more explanation about the Port's philosophy related to CPI, the implementation plan and how CPI fits well with the Metrics Initiative, the Port's vision, values and strategies.

BACKGROUND:

The Metrics Initiative provides a vehicle to better align all the various activities of Port staff toward the larger vision of the Port to creating 100,000 jobs over the next 25 years. Harnessing the internal work will strengthen efforts in executing the Century Agenda strategies and related Executive and Division business plan strategies. Setting both key indicators and metric targets throughout the various levels of the Port and linking them upward toward achieving our vision is the mechanism that will help unify staff efforts, move us forward in the same direction and provide data-based performance measurement.

In some organizations, CPI is referred to as "Lean" – a time-tested improvement methodology refined by Toyota to grow its business by focusing on the efficiency of the processes the company uses to transact business. CPI is a long-term journey that the Port has now embarked upon for the same reasons Toyota pioneered the methodology. It is the Port's program to establish an enduring program and culture of improvement from within. While Metrics sets targets and measures progress to those targets, CPI seeks to improve work flow which can help reach those targets. CPI focuses on the processes that the Port utilizes to transact business both inside the Port and outside the Port with external suppliers, tenants, and other stakeholders. Many successful employers in the Puget Sound region have benefitted from utilizing Lean tools, and some public entities are undertaking a similar approach.

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To transact business, the Port utilizes thousands of processes, both big and small. Big internal processes are those that cross the various divisions or many departments; such as budgeting, Commission authorizations, hiring, or procurement. Small internal processes can be within a single work group, such as generating construction schedules, airfield inspection reports, and managing time-off requests; or even by a single individual such as scheduling boat or aircraft parking, processing requisitions, and drafting press releases. There are also thousands of external processes to conduct business with other agencies, municipalities, vendors, real estate tenants, shippers and airlines.

Like any established institution, the Port has developed processes and procedures that have been amended to meet current demands and regulatory requirements or the needs of each particular work group or department, rather than the overall efficiency of all the workgroups involved. As a result, the number of process steps can aggregate over time creating inefficiency and waste. Applying CPI principles to these processes will give the necessary attention to process improvement, and thus eliminate waste while saving budget and increasing the capacity of the Port employees to take on more valuable work.

CPI utilizes dependable and measurable tools that we will employ to harness the intimate knowledge that individual Port employees have developed about the processes they work with frequently. By engaging a large proportion of employees over time, we will both increase engagement and develop a growing culture of continuous improvement across the Port.

In the 2011 annual budget, the Commission authorized budget for the Aviation Division to initiate work on CPI. Staff utilized the budget to retain experienced outside consultant services to assist internal staff in planning for the initiative. In the 2012 annual budget, the Commission authorized budget for initial CPI training, for a dedicated staff member, and for various tasks to get the initiative underway. CEO Yoshitani sent a message to all Port employees on August 2, 2012, announcing that the Port has begun to implement a strategy known as “Continuous Process Improvement” (CPI) to meet our customers’ needs in today’s volatile and competitive global economy.

OTHER DOCUMENTS ASSOCIATED WITH THIS BRIEFING:

- CEO Yoshitani’s email to all Port employees dated August 2, 2012
- Attachment - PowerPoint

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS:

- May 3, 2011 – The Commission was briefed on the Metrics Initiative.
- July 15, 2011 – The Commission approved a Process Improvement IDIQ Contract.