

Strategic Lean Project Report



For Reporting Period: January 1, 2016 through June 30, 2016

I. General Information:

Lead agency name: Washington State Department of Transportation (WSDOT)

Improvement project title: Processing Rail Division invoices

Date improvement project was initiated: 9/28/2015

Project type: New Project

Project is directly connected to:

- Results Washington performance measure
- Agency Strategic Plan

If applicable, specify the alignment:

- Goal 5: Efficient, effective and accountable government
- Goal 4: Organizational strength

Report reviewed and approved by: Keith Metcalf, Acting Deputy Secretary of Transportation

II. Project Summary:

The Department of Transportation improved the process for reviewing and approving vendor and contractor invoices by the WSDOT Rail Division, resulting in more than twice as many invoices being processed in 14 days or less (between receiving and paying a valid invoice), from 33.5 percent to 71.2 percent.

III. Project Details:

Identify the problem: WSDOT's Rail Division identified opportunities to improve how they review and approve vendor and contractor invoices for payment. Faster payment of invoices helps vendors and contractors with cash flow, which may further benefit any sub-contractors such as small or disadvantaged businesses. It would also accelerate WSDOT's reimbursement from the Federal Railroad Administration, freeing up state funds for other projects.

Problem statement: Between June and November 2015, 33.5 percent of invoices were processed in 14 days or less compared to our target of 100 percent of invoices being processed in 14 days or less, which we want to reach by 3/31/2016.

Improvement description: The team evaluated the invoice review process and identified duplication of effort and unnecessary process steps. They implemented the following changes:

- Combined a tracking sheet and transmittal sheet into one tool for tracking and documenting the review process.
- Provided clear guidelines for when to short pay an invoice, put into delayed status or reject the invoice entirely. This means that invoices are dealt with more consistently. WSDOT emails customers regarding invoices lacking sufficient information and identifies the steps that will be taken.

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- Defined roles and responsibilities for what information would be reviewed during each step of the process and the level of detail the review would entail. This allowed the team to reduce duplicative effort.
- Delegated authority for verification signatures on invoices to those responsible and accountable for the details being reviewed – maintained signature for payment of invoices with the program manager.
- The team built in quality checks throughout the process, and eliminated a step exclusively for quality control at the end of the process.
- Created a visual management board to track where invoices are in the review process, and to help the team manage the workload to achieve the delivery timeline target (see next page).

Customer involvement: The team discussed reaching out to some of the vendors to ask about the current process for feedback. The decision was made to focus on the internal process first.

IV. Project Details:

Improved process as measured by: <i>(Click those that apply)</i>	Specific results achieved: <i>(Complete the narrative boxes below)</i>	Total Impact: <i>(Actuals; Current Reporting Period)</i>	Results status:
<input checked="" type="checkbox"/> Time	<p>Decreased the average time between receiving and paying invoices by 50% from 20.6 days (June-November 2015) to 10.3 days (January-June 2016).</p> <p>Increased the percent of invoices processed for payment in 14 days or less from 33.5% (June-November 2015) to 71.2% (January-June 2016).</p> <p>Decreased the estimated labor hours to process an invoice by 30% from 15 hours to 10.5 hours.</p> <p>Estimate 764 invoices in the 2016 calendar year.</p>	<p>Approximately 764 invoices will be paid to customers on average 10.3 days faster annually.</p> <p>The team redeployed more than 3,400 labor hours annually to other project delivery activities.</p>	Final

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VI. Visuals:

The team's visual management board includes color-coded notes for each contract, with details printed out on sticker labels such as the contract number, invoice due date, and invoice dollar value. The board is divided into invoice review phases, and team members move the item to the next phase when their work on that invoice is complete. Invoices that are in dispute or otherwise on hold are moved to the bottom of the tracking board.

