



LEAN FOR THE SOCIAL SECTOR

*Applying Corporate Lean Management Expertise
to Power Nonprofit Organizations*

taproot
FOUNDATION

Developed by Taproot Foundation with support from MetLife Foundation

INTRODUCTION

High quality products and services, minimal cost, minimal waste. Every organization strives for this combination. For years, many companies have employed an effective discipline to help them achieve it: lean management. The lean approach helps companies use clear and objective data to identify where and how they can become more efficient without compromising their bottom line or product quality. Lean management grew to prominence as a way to improve assembly line processes, and is now an application used far beyond manufacturing. Today, a broad array of companies apply it to general management needs, tailored and bespoke organizational processes, and the improvement of customer experience.

Yet, while more and more companies have lean management experts on staff, most companies do not fully realize what they can do with their lean management expertise as they develop pro bono programs to support their nonprofit partners. Nonprofits are notoriously resource constrained; unlocking operational efficiencies could go a long way toward powering their productivity and better enabling them to meet their missions.

Recently, Taproot partnered with MetLife Foundation to explore how the principles of lean management could be applied to nonprofit capacity-building challenges and empowering employees to rapidly identify and resolve issues. Our experience proved that the impact can be significant, dramatically improving efficiency to allow nonprofits the space and resources to better serve their beneficiaries. This paper shares our lessons learned from this experience with MetLife. We hope it inspires you to consider the opportunity corporate practitioners have to make the benefits of lean management available in the nonprofit sector by donating lean expertise to nonprofits pro bono.

THE CASE

“We should always look at spirit within any problem-solving endeavor. What is the higher process guiding us? That is what pro bono work is all about – helping us find the spirit of our work.”

Das Madhavan, assistant vice president, Lean Center of Excellence, MetLife

THE OPPORTUNITY

MetLife’s Lean Center of Excellence (COE) is comprised of a group of lean management experts who consult business units internally, training employees to identify areas of improvement, giving them the tools to do this on an ongoing basis, and empowering them to make data-driven decisions. The COE was interested in using its skills to give back, and we were thrilled – we knew lean management had something special to offer the nonprofit sector. We worked with the COE and MetLife Foundation to identify the right nonprofit partner and developed the structure and support to enable a successful project.

The opportunity came at the right time for Grameen America, a nonprofit organization dedicated to helping women who live in poverty build small businesses to create better lives for their families through micro-loans, training, and support networks. As Grameen America scales and grows, they have been confronted with challenges around maintaining the delivery of the high quality service they are known for with limited resources.

“Our organization was talking a lot about efficiency optimization and what we could do to maximize opportunities for impact,” said Alethia Mendez, senior director of operations support, Grameen America. “When the invitation to work with MetLife came

through, I thought it was fantastic. I didn’t know much about lean, but from what I understood, it was exactly what we wanted: an opportunity to really look at our operations and see what we could do to maximize efficiency while empowering our employees.”

THE METLIFE TEAM’S APPROACH

Grameen America came to the MetLife program with a clear objective: to increase the productivity of Grameen America’s program managers through the quantity of member (beneficiary) interactions while maintaining current quality and resource levels. While Grameen America has a successful model and a high-quality, high-touch program to help women rise out of poverty, they realized they could not depend on additional resources to meet their goals. Therefore, finding efficiencies was critical for the organization.

Over the course of 12 weeks, a team of MetLife lean experts worked 3 - 4 hours per week with Grameen America to meet the organization’s objective, make recommendations for process improvements and train staff on lean management tools to identify and execute solutions. The lean management tools the MetLife team engaged to execute their work with Grameen America helped the organization better understand their customer experience and existing processes to serve their customers so they could ultimately identify areas of potential improvement.

These tools also allow Grameen America to continue on their journey after the 12-week period and ensure sustainability of the program. Let's explore each in turn.

1. Understand Customer Experience: The MetLife team used a tool called Voice of the Customer (VOC) to zero in on who Grameen America serves and what those beneficiaries need. MetLife considered questions such as: What are customers asking or expecting of you? Are the services you're delivering meeting their expectations? Or are you giving them things that they don't particularly value?

2. Understand Existing Processes: As Crystle Williams, lean business consultant and the MetLife project team lead explained, "The object of lean is to streamline processes and make them more efficient. Part of that is identifying inefficiencies or 'waste,' which can only happen by evaluating the process from end-to-end." The team used Gemba, a lean tool, to do a full review of the end-to-end process Grameen America uses to serve their members. The MetLife team conducted site visits, participated in ride-alongs with Grameen America associates, and experienced their work first-hand in order to clearly and accurately articulate how Grameen America operates.

3. Identify Areas of Improvement: As a result of "walking the walk" through Gemba, the MetLife team was able to perform Value Stream Mapping, which mapped and analyzed the full process for member interactions, diagnosed inefficiencies, and offered Grameen America specific, actionable recommendations to eliminate waste. For example:

- By shifting from processing members' loan payments manually (the norm in Manhattan sites) to instituting a technology-enabled process (newly introduced in Grameen America's Brooklyn site), *the process of collecting a payment can decrease by 14 minutes and reduces the risk of check distribution errors.*
- By optimizing the routes Grameen America program managers take when travelling between sites each day, the organization *could decrease the total average travel time per manager by approximately 53% and experience additional savings in travel reimbursements.*

THE IMPACT OF THE WORK

Grameen America is currently undergoing change management work involving key stakeholders to make the shifts necessary to achieve the efficiencies they now know are possible. Once implemented, the recommended process changes will allow Grameen America to substantially expand without compromising their service standards by freeing up existing resources and allowing for the servicing of more members.

According to Das Madhavan, assistant vice president, Lean Center of Excellence (COE), MetLife, this implementation process has laid the groundwork for exciting long-term engagement with lean management principles at Grameen America. Aside from the clear benefits of a specific project, engaging in a pro bono lean management project can pay dividends for a nonprofit down the line.

"The [lean] process involves coaching employees so they can sustain changes long-term. It's also a grass-roots way of ensuring that many of the changes are employee-driven," explained Madhavan. "The added benefit is that it keeps giving down the road – the tools given to the team are there for life – and that's the whole goal behind it."

LESSONS LEARNED

What would it take for you to engage the lean management talent in this way at your company? Consider the lessons we learned in facilitating this opportunity:

1. Make sure your nonprofit partners understand the commitment of a lean pro bono project. Your nonprofit partners may not be familiar with the lean methodology, so make sure they have a clear understanding of what it entails and the benefits it can bring. Lean management requires a cultural shift to continue to improve performance over time. Background education needs to take place before the commitment to a project is made. Once the project launches, the nonprofit will gain a deep understanding of the methodology along the way.

2. Ensure your nonprofit partner is committed to implementing change before hitting “go” on the project. “The team really emphasized the importance of getting our people to understand why this was important and ensured we were ready to take the next steps knowing the resources, time, and attention required,” said Mendez. Staff commitment to lean principles upfront ensured Grameen America had the right stakeholders at the table from the project’s outset, which is also helping them now as they work on implementing MetLife’s recommendations.

3. Include lean experts in the process of vetting potential nonprofit projects. Once you have identified a group of potential pro bono consultants, engage at least one or two of them in the vetting process. As the experts, they are best positioned to educate nonprofits about lean management, define the opportunity in a clear way given the methodology and tools available, and identify any potential red flags, such as inadequate commitment or potential roadblocks for the implementation of recommendations.

Corporate pro bono programs that tap into lean management expertise can significantly improve the ability of nonprofits to operate more efficiently and effectively, and ensure deep employee engagement in change initiatives. The example of the partnership between MetLife and Grameen America shows that corporate practitioners have a unique opportunity to drive powerful and lasting impact for their nonprofit partners by donating lean management expertise and training. If you’re thinking about starting a new program or refreshing an old one, don’t discount the ability of lean management experts to make a unique mark on the sector by helping nonprofits identify how to do more with less.

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Taproot Foundation, a national nonprofit, connects nonprofits and social change organizations with skilled volunteers through pro bono service. Taproot is creating a world where organizations dedicated to social change have full access—through pro bono service—to the marketing, strategy, HR, and IT resources they need to be most effective. Since 2001, Taproot has worked with over 60 Fortune 500 and other organizations to develop best-in-class pro bono programs. Over 4,600 social change organizations have been served through 1.5 million hours of work worth over \$160 million in value. Our Advisory Services practice has partnered with over 75 leading companies across the globe to develop best-in-class, customized, in-house pro bono initiatives. Taproot is located in New York, San Francisco Bay Area, Los Angeles, and Chicago and is leading a network of global pro bono providers in over 30 countries around the world. www.taprootfoundation.org. For more information, contact advisory@taprootfoundation.org



MetLife Foundation was established in 1976 to continue MetLife's long tradition of corporate contributions and community involvement. Since its founding through the end of 2016, MetLife Foundation has provided more than \$744 million in grants and \$70 million in program-related investments to organizations addressing issues that have a positive impact in their communities. Today, the Foundation is dedicated to advancing financial inclusion, committing \$200 million to help build a secure future for individuals and communities around the world. To learn more about MetLife Foundation, visit www.metlife.org.