

# Ohio Housing Finance Agency

## Kaizen Event Report Out



**RESTORING STABILITY**

July 30 – August 3 , 2012

# Team “Save the Dream”



# The Team



## \* Staff who do the work

- \* Celia Elkins – OHFA Underwriter
- \* Vicky Hoffman – OHFA Underwriter
- \* Bernadette Watkins - Underwriter Coordinator
- \* Desiree Travers – OHFA Counselor
- \* Charlene Watkins – WSOS Counselor
- \* Netta Whitman – Homeport Program Manager
- \* Scott Rose – ESOP Administrator

## \* Customer

- \* Tiffany Eden – Consumer Advocacy Counselor

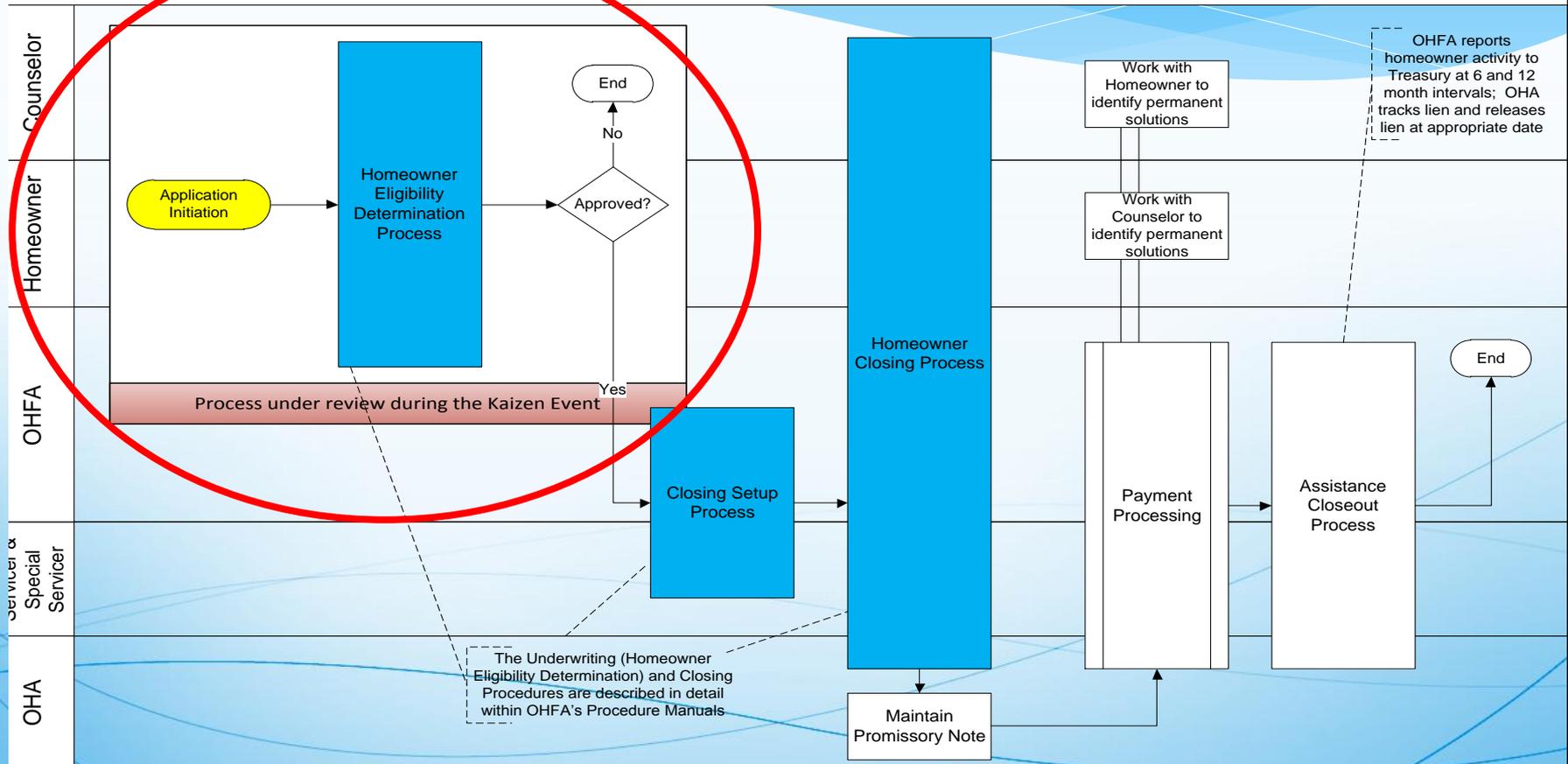
# Stakeholders

- \* OHFA Board
- \* Taxpayers
- \* Homeowners
- \* Politicians
- \* U.S. Department of Treasury
- \* Servicers
- \* Counseling Agencies
- \* Legal Aid
- \* SIGTARP
- \* COHHIO



# The Process Scope

## Process: Restoring Stability - Homeowner Assistance Life Cycle



# Event Scope

## What is the process?

- Qualifying eligible homeowners for HHF financial assistance. Homeowners register on-line and are automatically assigned to a housing counseling agency. The counselor assists the homeowner with collecting required documentation, recommends the appropriate program for assistance, and submits the file to the state for underwriting review.

## Overarching Theme:

- \* Preventing foreclosures by providing financial assistance on behalf of eligible homeowners to mortgage servicers and county treasurers.
- \* Increasing number of Homeowners assisted without increasing current staffing levels or administrative costs.

# Event Out of Scope

- \* No one loses their job because of the Kaizen event, but duties may be modified
- \* No additional staff
- \* No additional money
- \* No legislative changes or changes to collective bargaining agreements
- \* No IT solutions until it is determined that an IT solution is needed
- \* No term sheet changes
- \* No Post underwriting functions
- \* No Pre-registration functions

# Project Goals

1. Increase pull through rate from registration to application submission.
2. Increase approval rate from submission to funding
3. Reduce turnaround times by identifying and removing roadblocks.



# To Break for the Better

- ▣ Customer focused
- ▣ Work level team
- ▣ Tight focus on time (one week)
- ▣ Quick and simple, action first
- ▣ Necessary resources available right away
- ▣ Immediate results (new process functioning by end of week)



# The Kaizen Approach

Team-based energy and creativity drives immediate process improvement

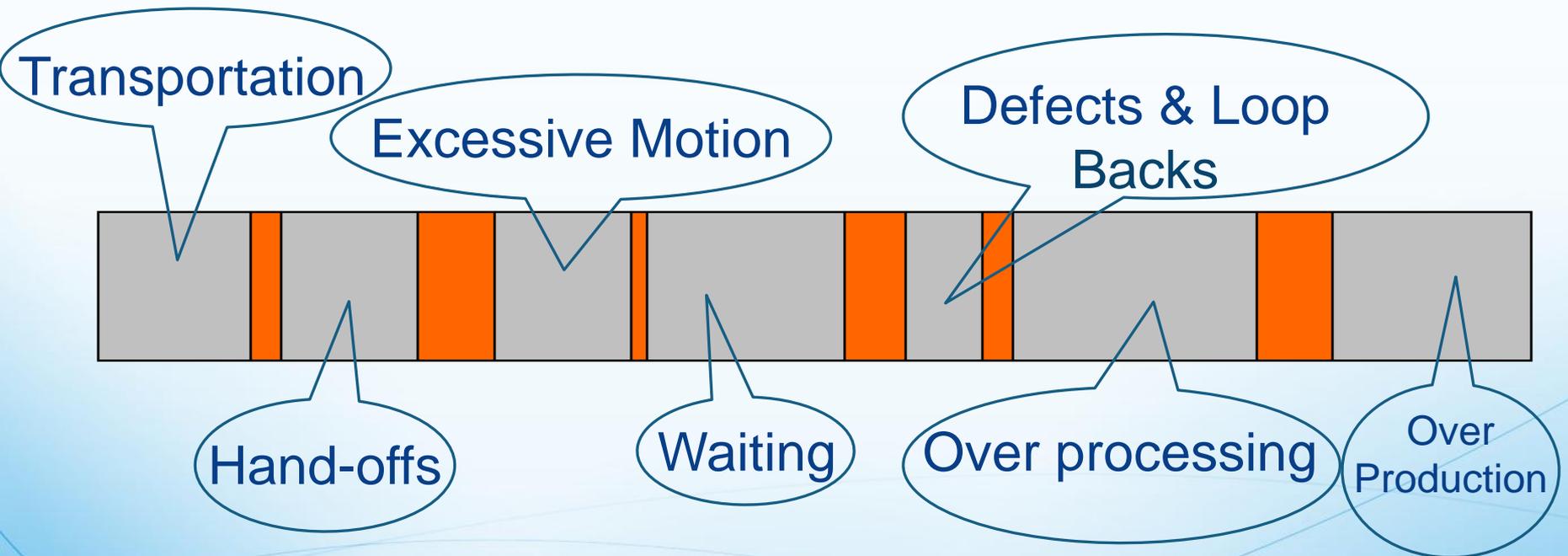
DAY 1	DAY 2	DAY 3	DAY 4	DAY 5
<b>Day of Learning and Level Setting:</b>	<b>Day of Discovery:</b>	<b>Day of Improvement:</b>	<b>Day of Design:</b>	<b>Day of Fine Tuning and Communication:</b>
Getting everyone on the same page	Making the invisible visible	Creating the new process	Implementation & action planning	Celebration & sharing results

At the end of the week, each Kaizen team has designed dramatic operational improvements and plans for 30-60-90-day follow-ups

# Identify and remove waste

■ Waste

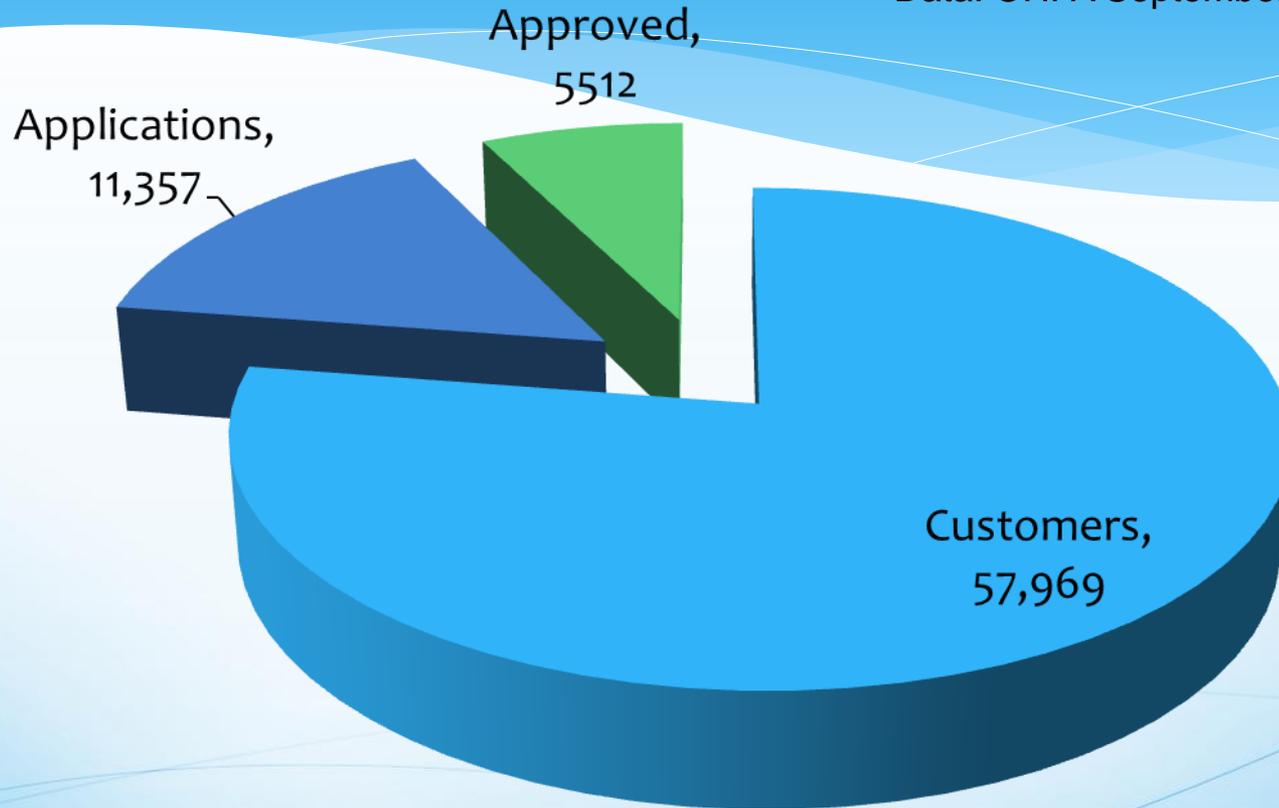
■ Value Added



The Process without Waste

# Baseline Data

Data: OHFA September 2010 – April 2011

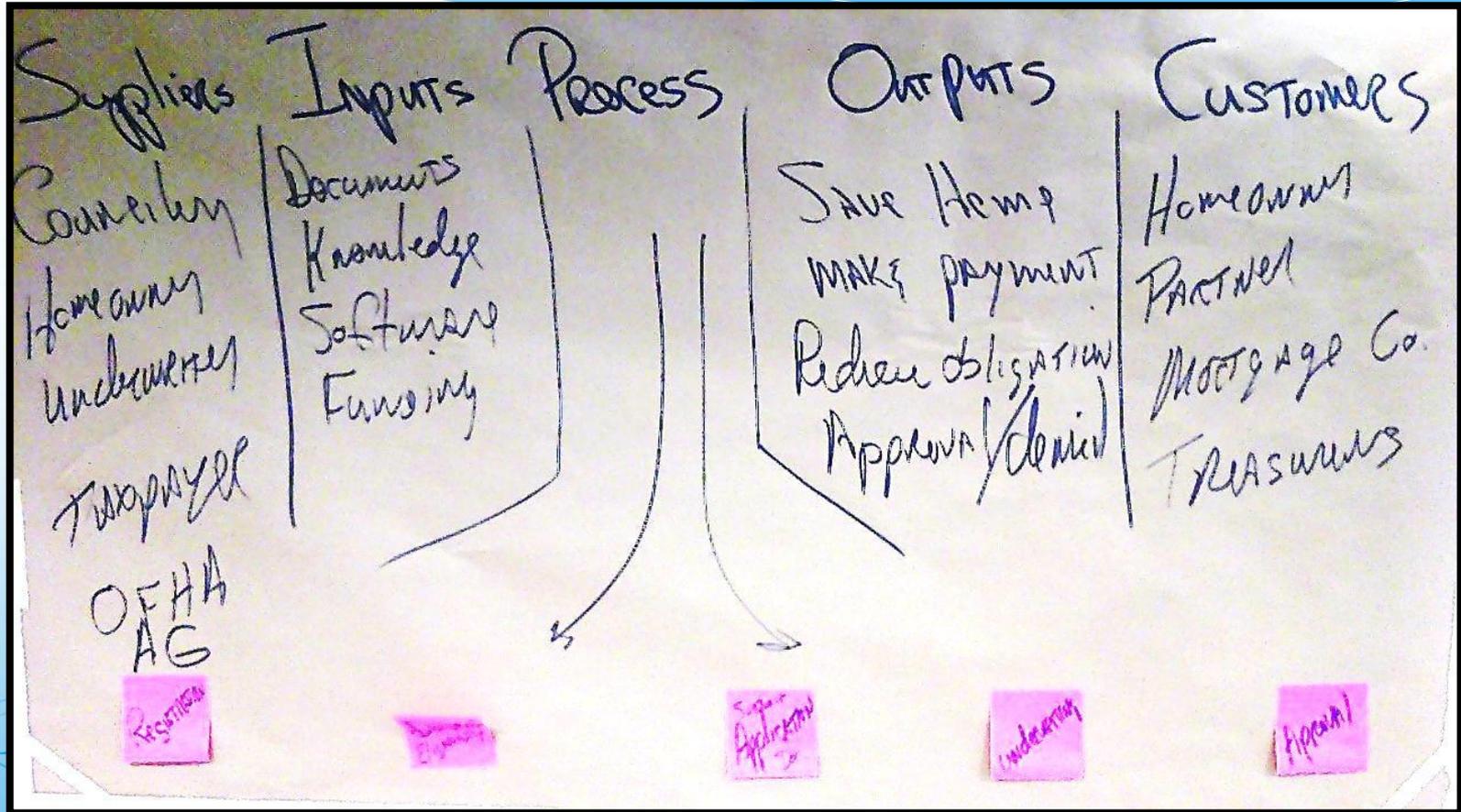


Current Administrative Expense \$13,941,030.07 (20.2%)

# Targets

Measure	Current Level (4/30/12)	Target	Gap
Pull through submissions/registrations	29.7%	<b>40%</b>	11.3%
Processing Time from Registration to Funding	173 days (excludes TAP)	<b>90 days</b>	83 days
Approvals funded/submissions	48.5% (includes in process files not decisioned yet)	<b>70%</b>	21.5%
Administrative and Program Ratio Administrative expense/ Total dollars spent	20.2%	<b>Below 18%</b>	2.2% +

# High Level Process - SIPOC

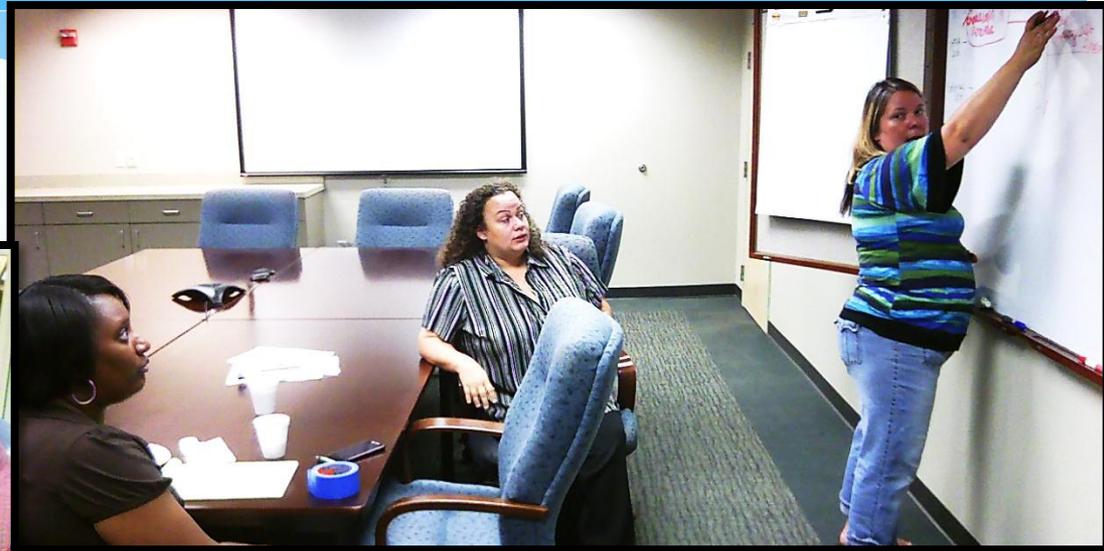


# Current-State Process Map



127 Steps – 36 Decisions

# Intense work identifying Value and Waste



**31 Points of Waste Identified**

# The original processes had:

- \* Too many steps
- \* Too many handoffs
- \* Too many delays
- \* Too many decisions
- \* Too much TIM WOOD



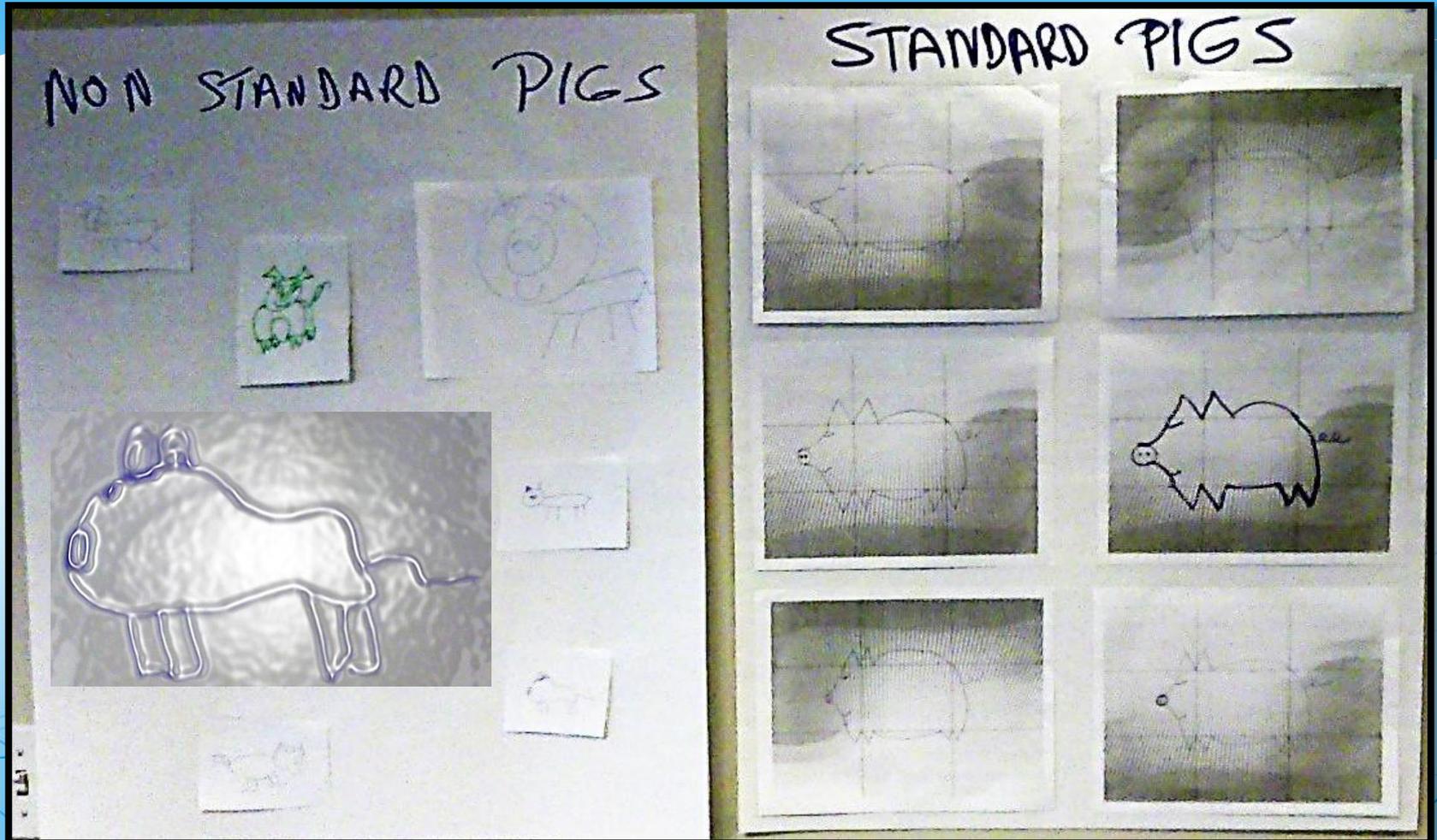
# The team brainstormed and evaluated 112 improvement ideas



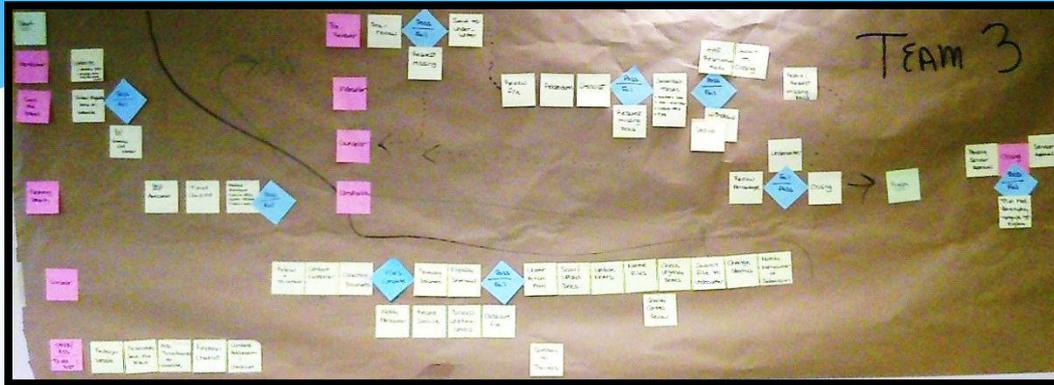
The team analyzed and evaluated each idea



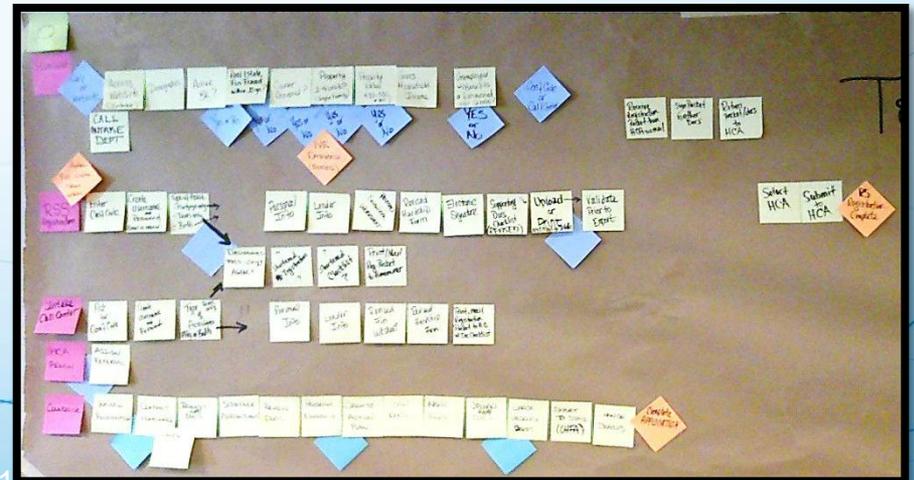
# Review of Standardization



# Clean Sheet Redesign



Ideas turned into actions!

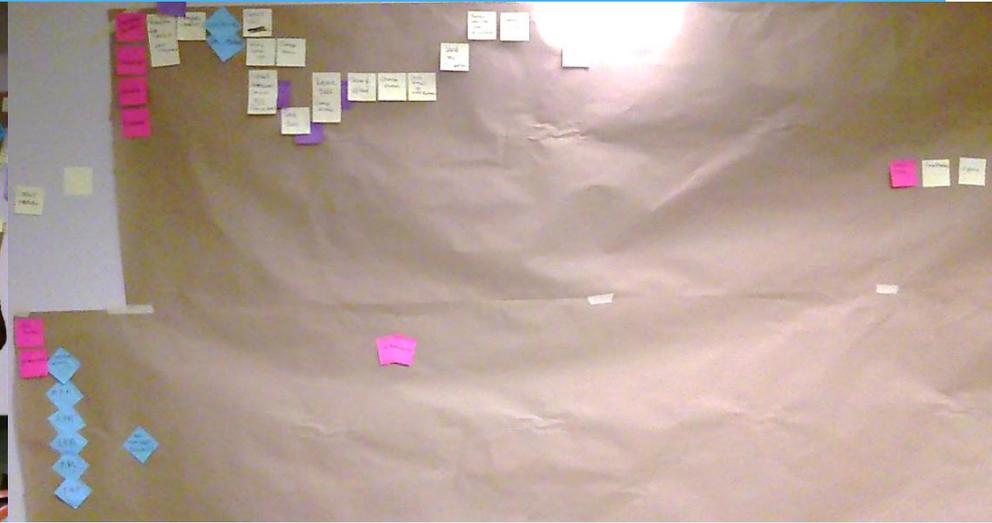
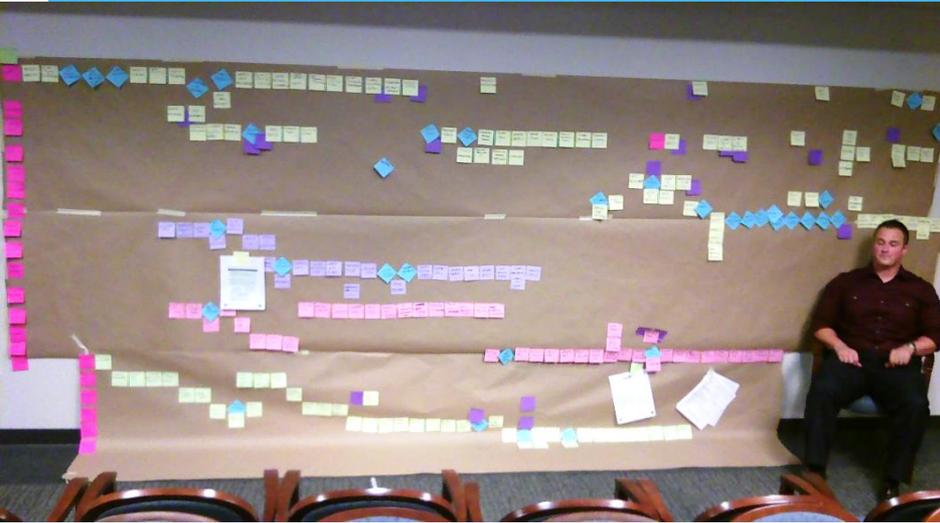


# Future State

**71 Steps – 18 Decisions – 1 Loopback**

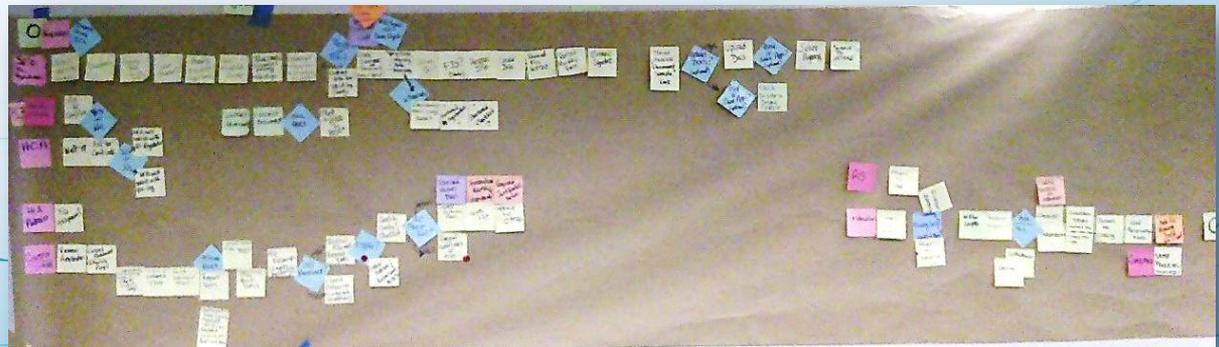


# Old Process 127 Steps 29 Handoffs 32 Decisions



## New Process

**71 Steps**  
**18 Handoffs**  
**18 Decisions**



# Scorecard - Process

Measure	Current Level	NEW	Change
Process Steps	127 steps	<b>71 steps</b>	<b>44%</b>
Decision Points	32	<b>18</b>	<b>44%</b>
Handoffs	29	<b>18</b>	<b>38%</b>
Loopbacks	6	<b>1</b>	<b>83%</b>
Process Lead Time	67 - 375 days	3-45 days	<b>88-95%</b>

# Cost Savings

## Cost Savings

- Administrative Costs: Save  $\$500^k - 750^k$  (TAX \$)  $\frac{\text{Year}}$
- Eliminating Intake/Triage, replacing with less costly Intake Center  
 $\$1.5 \text{ m (Intake/Triage)} \rightarrow \$750^k - \$1 \text{ M}$

Program Lifetime:  $\frac{\text{Year}}{\$2 \text{ M} - \$3 \text{ M}}$

### Hours Redirected

	<u>Now</u>	<u>Future</u>	<u>Year Savings</u>
Underwriters	3hrs/file	1 hr/file	~12,000 hrs
Counselors	8hrs/file	2-4 hrs/file	~24,000 - 36,000 hrs
Intake	4hrs/file	1-2 hrs/file	~12,000 - 18,000 hrs

## COST Savings

Customer Dollars:  $\sim \$700$  (one monthly payment)  
 $\sim \$168,000$   $\frac{\text{Year}}$   
 for clients who currently close just above assistance limits, partly due to processing time.

Customer Hours:  $\frac{\text{Now}}{\sim 24,000 \text{ hours year}}$   $\frac{\text{Future}}{\sim 12,000 \text{ year}}$

Now  $\left[ \begin{array}{l} + \text{ Application time} \\ + \text{ Document gathering} \\ + \text{ Time on the phone} \end{array} \right. \text{ (}\downarrow 50\text{)} \\ = \sim 4 \text{ hours/homeowner} \times 6,000 \text{ homeowners/year}$

# Legacy Scorecard Targets

Measure	Current Level (4/30/12)	Target	Gap	Projected
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Administrative and Program Ratio Administrative expense/ Total dollars spent	20.2%	<b>Below 18%</b>	2.2% +	<b>18.4%</b>

# More Results – Non Quantifiable

- ◎ Improved customer service
- ◎ More accountability
- ◎ Improved application process
- ◎ Standardization of documentation
- ◎ Faster processing
- ◎ Better use of technology
- ◎ Better utilization of staff
- ◎ Unified process



# Improvement Summary

## Current Key Issues

1. Increase pull through rate from registration to application submission.
2. Increase approval rate from submission to funding
3. Reduce turnaround times by identifying and removing roadblocks.

## How We Fixed It

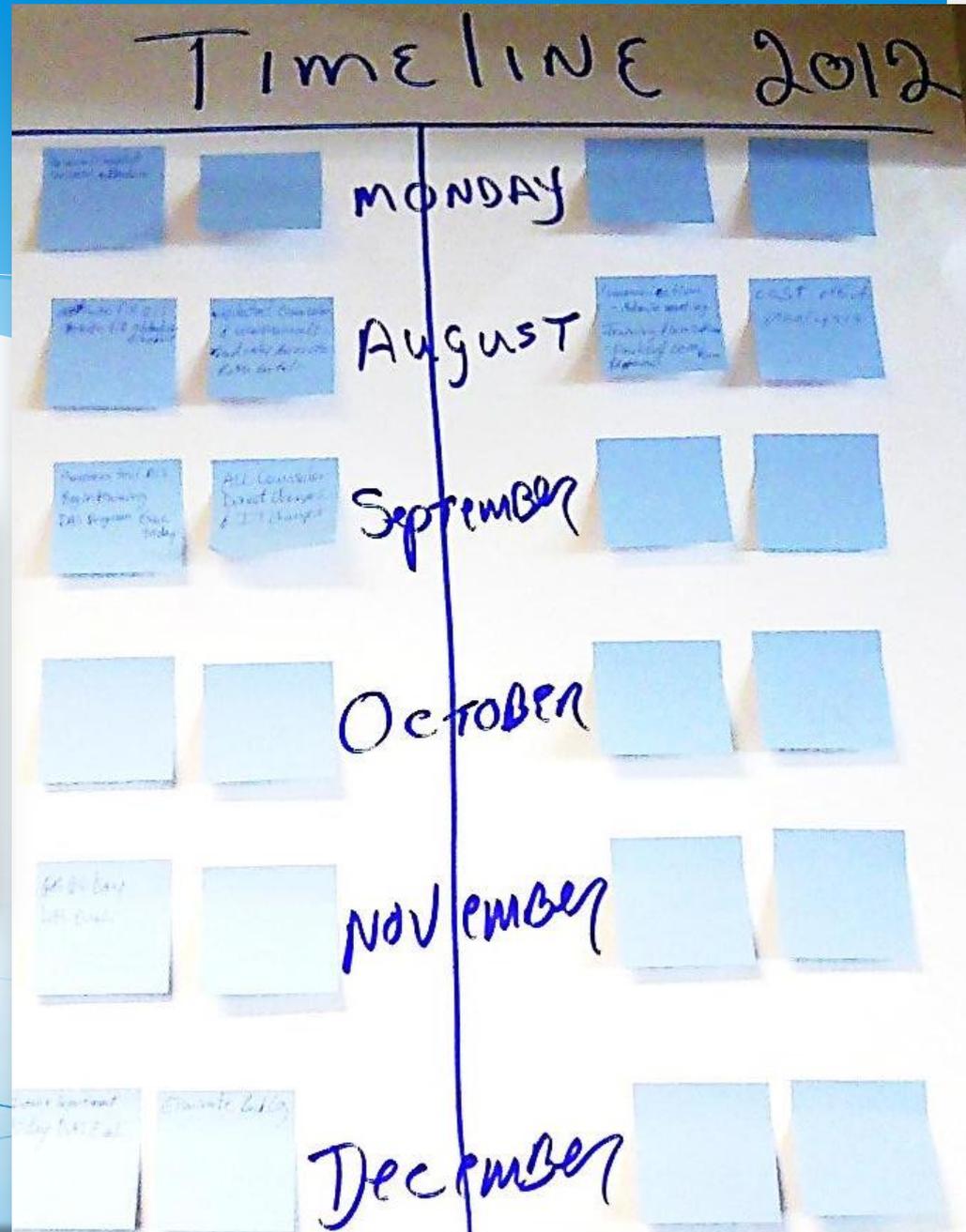
1. Reduced document requirements. Reduced variation in intake process.
2. Increased eligibility at pre-registration. “Live” assistance for documentation gathering.
3. Standardized registration and drop down menus. HCA’s receive only complete packets.

# Implementation Plans

- \* Time Line Plan
- \* Policy/Procedures/Protocols Plan
- \* Training Plan
- \* Communications Plan
- \* Information Technology
- \* Backlog Plan

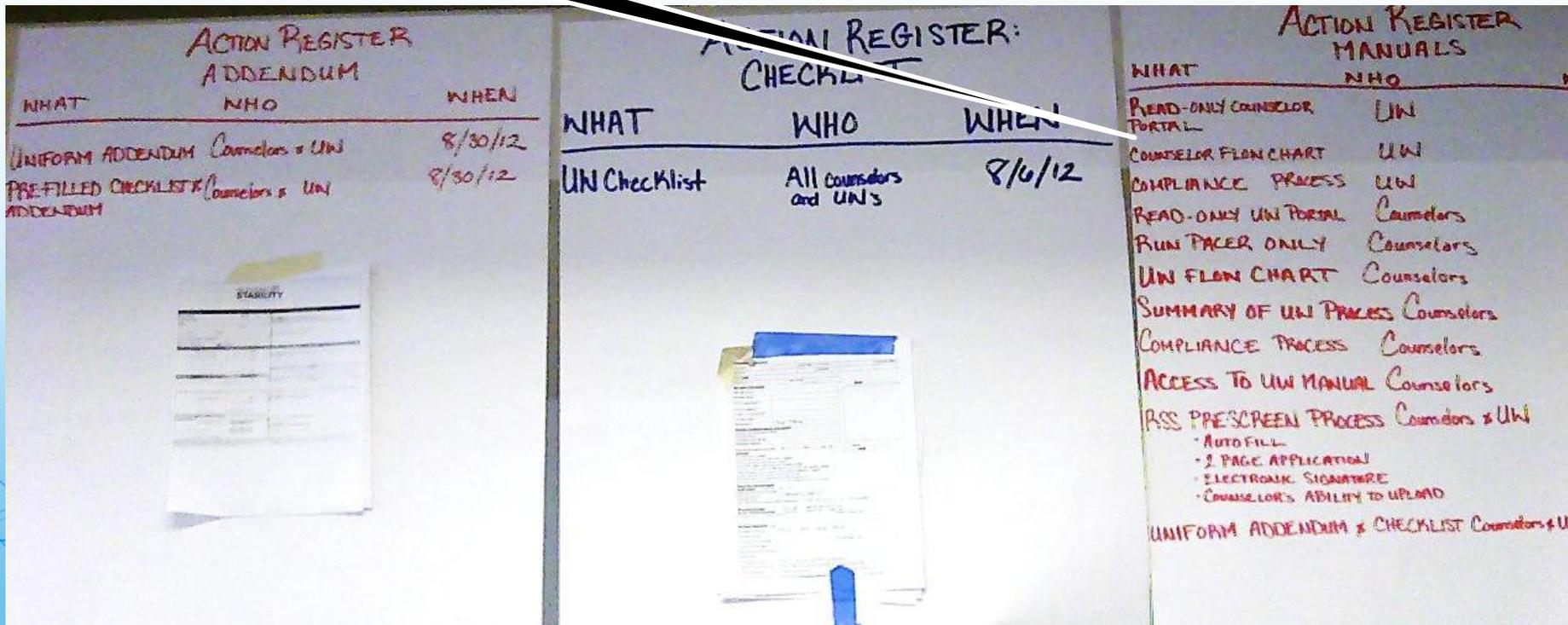


# Implementation Timeline



# Operational Definitions and Procedures/Protocol Plan

Standardized documents



# Training Plan

Comprehensive and cross-functional training



# Communication Plan

**ACTION REGISTER: COMMUNICATION**

WHAT	WHO	WHEN
Place based training	Admin Only/ Execs	By 8/15/12
Manual/Process flow addendum	All	By 8/15/12
Webinar	All	End of August
Placed base training	All	By 9/1/12
On-site meetings individual	All agencies	By 9/15/12
Bulletins and website updates	All	As needed
<p>[OKA] SAVE THE DREAM 8/15 - 9/30            BEGIN RE-BRANDING OHIO (SDD)            OHIO'S HARDEST HIT FUNDS            TEAM CONCEPT: BORROW AGENCY EMPLOYEES            HITF Newsletter</p>		

Improved and transparent communications



# Backlog Plan

Total elimination

## Backlog

### History:

1600 - BACKlogged files as of April 2012  
397 - were submitted to counselor update req.  
396 - went to pending Servicer Approval  
200 - In closing process

### Staffing: (Internal) - As of April 2012

7 - Counselors, 1 - Clerical support  
10 - Underwriters  
3 - Closers  
2 - Compliance  
3 - Trainers  
3 - Consumer Advocacy  
3 - Managers

External  
Counselors:  
(41) Agencies

Solutions:

- Prompt responses regarding payment options
- Consistent follow up w/ servicer regarding approvals
- Pre-review @ beginning of registration
- Timelines for data collection
- Consistency training
- Quality control in beginning to correct file submit
- Timely file close out
- Timely / consistent Pipeline Management
- Stop counselors from emailing HMF review to change status

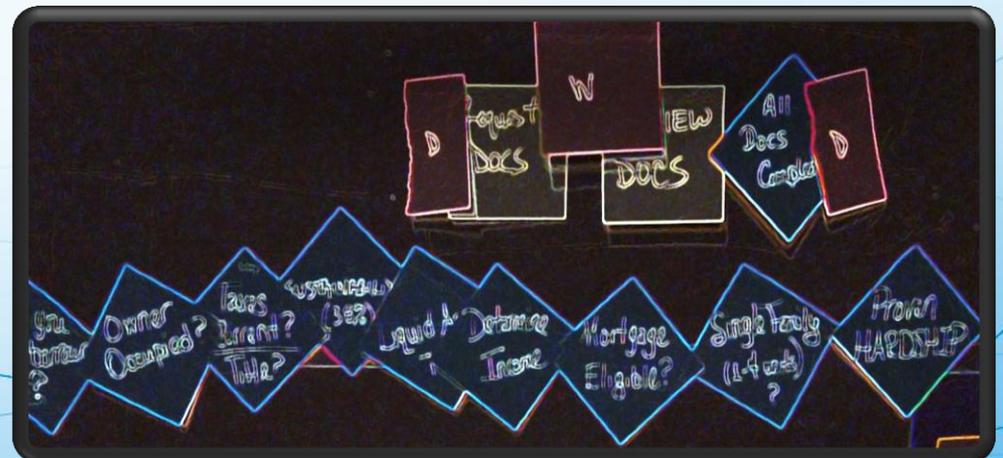
# Personal Lessons Learned

We function best as a team  
vs individually

Government can work

Assumptions are  
dangerous

We all have one common  
goal: Save Homes & Save  
the Dream



# Special *THANKS* to...

**Senior Leadership:** Cindy Flaherty, Martin Smith and Doug Garver

**Sponsors:** Stephanie Pierce and Sunny Stumpf

**Team Leaders:** Jonathan Adkins, Tonya Brunner, Mashelle Gladney, and Michael Pires.

**Subject Matter Experts:** Paul Vawter (IT), Jason Connolly (Counselor Direct), Jeremy Myers, (Operations Coordinator)

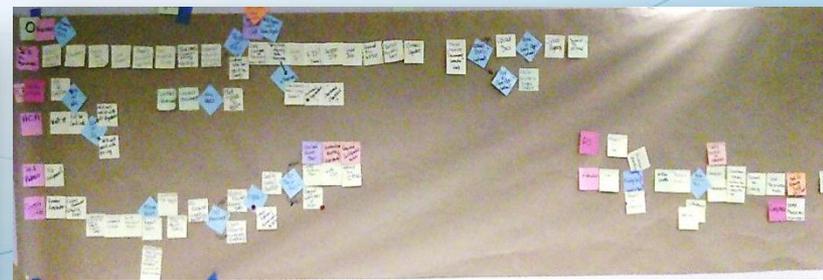
Agency: **OHFA**

Section: **Restoring Stability**

Major Changes:

1. Reduced document requirements. Reduced variation in intake process.
2. Increased eligibility at pre-registration. “Live” assistance for documentation gathering.
3. Standardized registration and drop down menus. HCA’s receive only complete packets.

Measure	Before	Projected After	Difference
Process Steps	127	71	44%
Decisions	32	18	44%
Handoffs	29	18	38%
Lead Time	67-375 days	3-45 days	88-95%



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After