LEOFF PLAN 2 BOARD MEETING

DEPARTMENT OF RETIREMENT SYSTEMS
ANNUAL ADMINISTRATOR UPDATE

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July 25, 2012

DRS Strategic Plan Goals

- Build Organizational Capacity
- Maintain Low Cost, High Value Pension Administration
- Promote Retirement Readiness and Focus Services on High Customer Value

Year in Review – Strategic Projects
Building Organizational Capacity

- Knowledge Management System
- <u>Retirement Services Division Workflow Structure</u>
- Pension Expert Training Program
  - First Classes Delivered
- Employer Reporting System
  - Decision Package this session
- <u>Enterprise Business Mapping</u>

Year in Review
Low Cost, High Value Pension Administration

- Lean Methods
  - 19 Green Belts – 2 Black Belts
- <u>Team Satisfaction</u>
  - ½ of DRS team members now interviewed
- <u>Customer Satisfaction</u>
  - Interviews conducted in May/June
- CEM Benchmarking
- Educating Plan 3 Members

Year in Review

Retirement Readiness & Self-Service Options

- Easy DCP Sign Up for New Employers
- Online Enrollment for New DCP Participants
- Single Sign-On
- Online Retirement Application
- Targeted Campaigns for Online Services

Workflow Structure Project

- GOALS
  - Balance customer and team member needs for front office (phones) and back office (calcs) functions
  - Create flexibility to move resources where peak workload is happening
  - Reduce process and information variability
  - Maintain high responsiveness and high accuracy

Workflow Structure Project

- Current structure separated by retirement system
- Workload is assigned by social security number range
- Project Team has identified changes:
  - Create contact center
  - Frist in, First Out workload assignment
  - Create knowledge management systems and stabilize core processes

Workflow Structure Project
New Tool Development

- Workload Leveling and Knowledge Management
  - RFP issued
- CRM – to support contact center
  - Allow use of chat as a new service offering
  - Track prior history of calls and purpose
  - Call recording and coaching

Enterprise Business Mapping

- Highly complex business processes
- Processes move across divisions
  - Single process owner
- Provides context and pushes decision making to point of service
- Focus on most important processes for improvement – Lean
  - Understand primary constraints

DRS
WASHINGTON STATE
Department of Retirement Systems

Revised 7/16/12

FOUNDATIONS

MISSION
We provide information, tools, expertise and services that ensure our members receive the retirement benefits they earn while in public service

VISION
Satisfied customers
Valued team members

VALUES
- Customer Focus
- Team member engagement
- Valued Relationships
- Performance Excellence
- Resource Stewardship

KEY GOALS

- Engaged Team Members
- Vigilant Resource Steward
- Best Practice Leader
- Reliable Partner
- Elated Customers

CORE PROCESSES

OPERATING PROCESSES

Developing & Implementing Policies OP1
PROCESS OWNER: Dave Nelsen

SUB PROCESSES:
1. Monitoring policy environment
2. Analyzing external policy ideas
3. Informing policy makers
4. Determining policy and/or rule needs
5. Developing policy and/or rule
6. Implementing policy and/or rule

PROCESS MEASURES:
a. Participate at policy meetings
b. Rule development
c. Fiscal notes

Maintaining Member & Employer Data OP2
PROCESS OWNER: Chris Lamb

SUB PROCESSES:
1. Enrolling & maintaining employer data
2. Educating employers
3. Collecting & updating member data
4. Managing documents
5. Auditing employer processes
6. Auditing member data
7. Sharing data

PROCESS MEASURES:
a. Self service account maintenance transactions
b. Employer corrections
c. Verification of employment
d. Late employer reporting

Accounting for Retirement Funds OP3
PROCESS OWNER: Mike Ricchio

SUB PROCESSES:
1. Receiving & depositing contributions
2. Reconciling receipts with DCP data
3. Directing funds
4. Creating & managing receivables
5. Reconciling general ledgers
6. Accounting for benefit deductions
7. Creating financial reports

PROCESS MEASURES:
a. Timely deposits
b. Credit redistributions
c. Receivables
d. Wire transfers
e. Timely deposits
f. Reconciliations

Promoting Retirement Readiness OP4
PROCESS OWNER: David Brine

SUB PROCESSES:
1. Partnering with employers
2. Educating new members
3. Promoting online account
4. Promoting retirement planning tools
5. Marketing DCP
6. Providing 1-1 assistance
7. Providing presentations & resources
8. Targeting reminders to waypoints
9. Working with education partners

PROCESS MEASURES:
a. Breakthrough/ under development

Paying Benefits OP5
PROCESS OWNER: Jennifer Dahl

SUB PROCESSES:
1. Receiving payment request
2. Verifying eligibility
3. Processing payment request
4. Calculating payment
5. Issuing payment

PROCESS MEASURES:
a. Online retirement applications
b. Benefit calculation accuracy
c. Estimate accuracy
d. Estimate turnaround
e. Benefit calculation timeliness

SUPPORTING PROCESSES

Managing Organizational Performance SP1
PROCESS OWNER: Marcie Frost

SUB PROCESSES:
1. Defining strategy
2. Setting operational targets
3. Selecting strategic initiatives & targets
4. Connecting employees to targets
5. Creating organizational understanding
6. Managing operations
7. Managing strategic initiatives
8. Reviewing organizational performance
9. Making performance corrections

PROCESS MEASURES:
a. Continuous improvement
b. Process measures in good health
c. Strategy execution
d. Days to initiate action

Supporting Team Members SP2
PROCESS OWNER: Lee Strehlow

SUB PROCESSES:
1. Recruiting & hiring
2. Orienting & onboarding
3. Learning & growth
4. Observing, coaching, evaluating performance & behavior
5. Creating development plans
6. Recognizing accomplishments
7. Maintaining employee information
8. Equipping employees
9. Managing facilities
10. Fostering safety & wellness

PROCESS MEASURES:
a. Learning & growth
b. Turnover
c. Present to win
d. Time to fill positions

Providing Information Technology SP3
PROCESS OWNER: Chris Lamb

SUB PROCESSES:
1. Governing enterprise architecture
2. Controlling production release
3. Ensuring security
4. Maintaining portfolio
5. Managing requests
6. Providing business systems analysis
7. Conducting operations
8. Developing & maintaining applications
9. Administering data

PROCESS MEASURES:
a. Request backlog
b. Systems intervention
c. Estimate variance
d. Hours to resolution

Leading Innovation SP4
PROCESS OWNER: Shawn Merchant

SUB PROCESSES:
1. Assessing business needs
2. Researching & monitoring
3. Establishing requirements
4. Determining solution cost
5. Managing projects
6. Testing solutions
7. Releasing to production

PROCESS MEASURES:
a. On budget
b. Project effectiveness
c. Adoption rate
d. On time
e. Time to market

Purchasing & Acquisition SP5
PROCESS OWNER: Mike Ricchio

SUB PROCESSES:
1. Managing contracts
2. Managing purchase of goods and services
3. Managing inventory

PROCESS MEASURES:
a. Contract costs
b. Contract purchases
c. Goods & Services
d. Timely Inventory
e. Timely vendor payments
f. Timely deliverables
g. Timely procurements

Listening and Informing SP6
PROCESS OWNER: David Brine

SUB PROCESSES:
1. Managing DRS reputation/brand
2. Building relationships
3. Enabling feedback & identifying needs
4. Staying current on pension issues
5. Developing communication strategies
6. Creating informational content
7. Delivering information
8. Managing communication channels

PROCESS MEASURES:
a. Online reach
b. Effective engagement
c. Content & materials review

Managing Risks SP7
PROCESS OWNER: George Pickett

SUB PROCESSES:
1. Identifying risk
2. Evaluating & assessing risk
3. Addressing & treating risk
4. Monitoring & reviewing risk & treatment plans
5. Adjusting as needed

PROCESS MEASURES:
a. Risk management reviews
b. Risk status
c. Risk identification model
d. Risk assessment model
e. Time to green status

Supporting Community SP8
PROCESS OWNER: Dave Nelsen

SUB PROCESSES:
1. Creating community support teams
2. Evaluating & selecting charitable opportunities
3. Implementing charitable opportunities

PROCESS MEASURES:
a. Events sponsored
b. Charitable opportunities

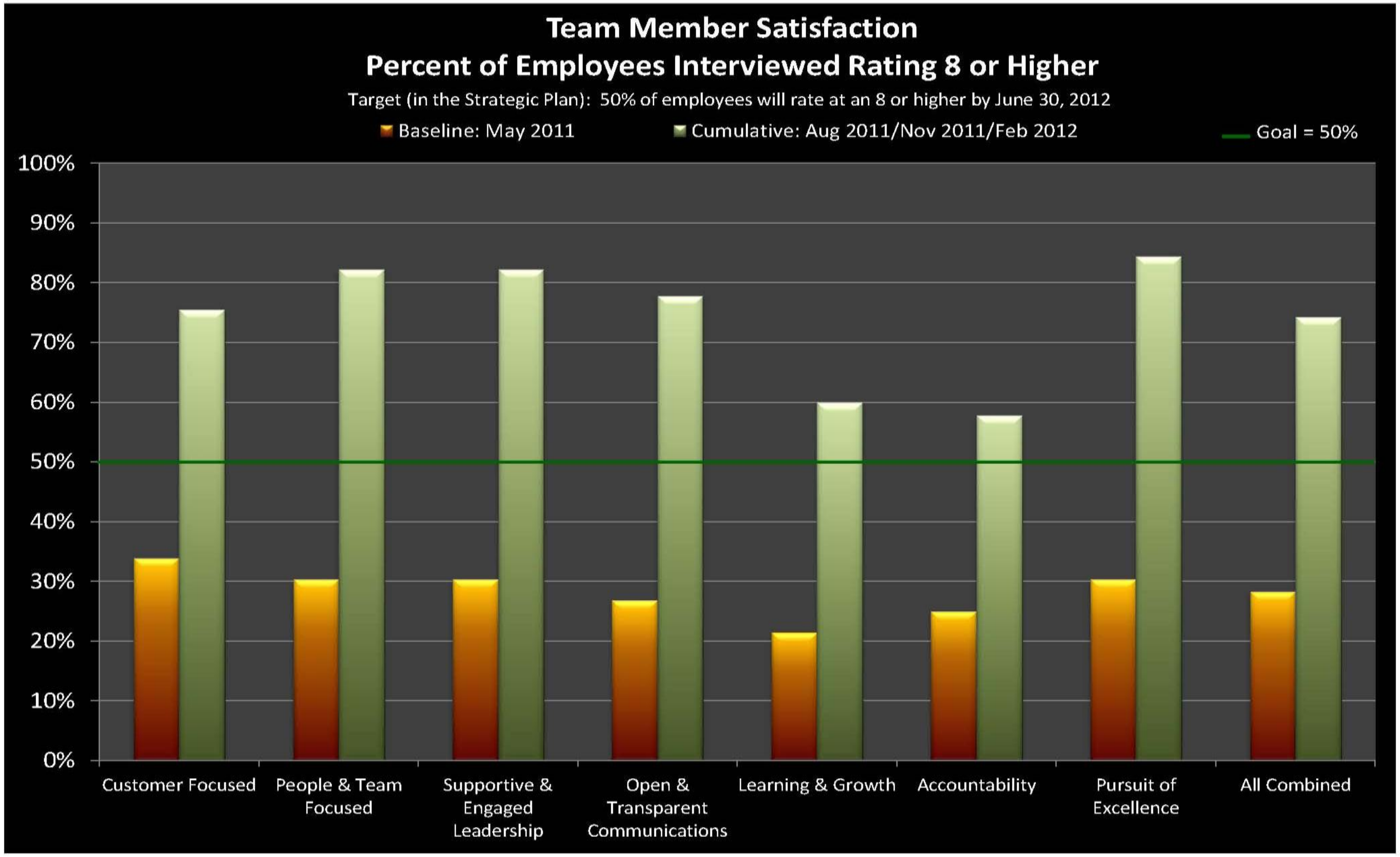
OUTCOME MEASURES

OUTCOME MEASURES	MEASURE OWNER
Customer Satisfaction O1	Jennifer Dahl
Team Satisfaction O2	Lee Strehlow
Employer Satisfaction O3	Mike Ricchio
Stakeholder Satisfaction O4	Marcie Frost
Operational Health O5	Marcie Frost
Retirement Readiness O6	David Brine
Benefits Paid O7	Mike Ricchio
Ideas Implemented O8	Shawn Merchant
Charitable Giving O9	Steve Hill
Performance to Budget O10	Mark Feldhausen
Cost Effectiveness O11	Mark Feldhausen

Team Satisfaction

- Create higher engagement
- Everyone equally focused on goals
- 7 team member satisfaction criteria
- Primary activities
  - Developing team leaders
  - Customer focused delivery of all services
  - Promoting problem solving at point of service
  - Launch of IdeaScale – implementing employee ideas

Team Engagement



Customer Satisfaction

- Interviews conducted in May and June
- 6 criteria based on customer stated expectations
  1. Listen to Understand
  2. Responsive and Timely Follow-up
  3. Anticipate Needs
  4. Clear, Consistent and Accurate Information
  5. Customer Focused
  6. Respectful Communication with a Caring Attitude

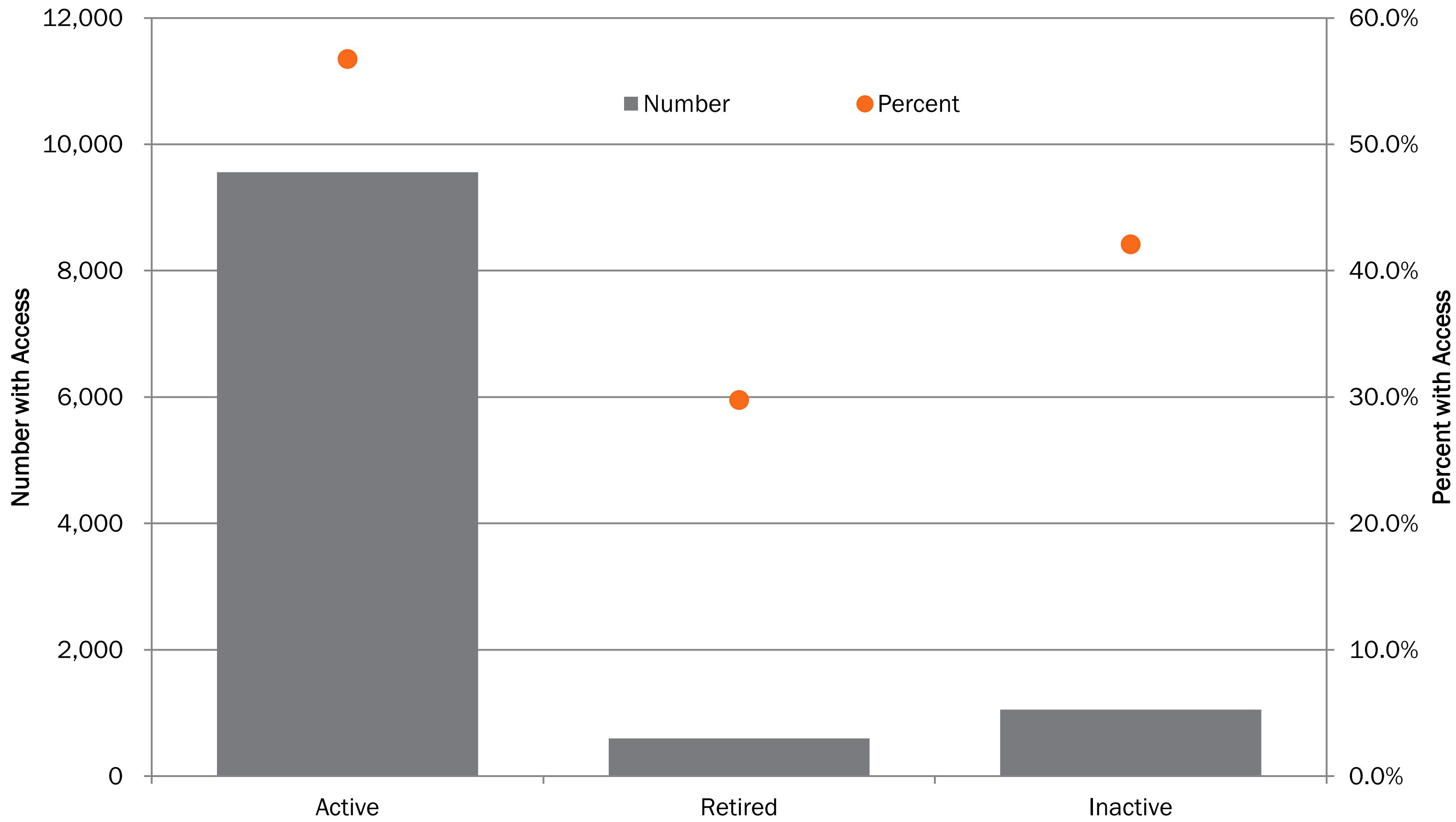
Customer Interviews

- 83 team members conducted at least one interview
- 21 team members submitted 25 or more
- 1,137 interviews completed
  - 129 “Already satisfied, no other comments”
  - 1,008 provided substantive comments
- 475 referred to the people providing services
  - Knowledgeable experts – 325
  - Patient, kind, caring – 223
  - Friendly, pleasant, happy – 124
- 215 expect us to be accessible and available
- 153 appreciate timely service, quick response
- 119 want to be guided through the retirement process
- 112 want information and forms that are clear, concise, easy to understand

Customer Interview Responses

People who are knowledgeable with expertise to answer questions	325
People who are patient, kind, caring, helpful	223
Accessible and available, no wait to talk to a "live" person	215
People who are friendly, pleasant, happy	184
Timely service, quick response	153
Already satisfied, no other comments	129
Guide me through the retirement process	119
Information and forms are complete, clear, concise, easy to understand	112
Follow-up, follow-through, give me status updates	82
Access to information online	70
Accuracy is important	51
Listen, give me your full attention, take as much time as needed	48
Timely benefit payment	35
Pay me as much as you can	33
One-stop service for all retirement needs (SSA, health care, etc.)	27
Reassure me that my benefit is secure	12
Complete transactions by phone or online	12
Notify me of changes (benefit, taxes, withholding, laws/rules, vesting)	11
Let me talk to a specific RSA when I call	9

LEOFF 2 Online Account Access



Lean – Disability Process

- Increase in applications
- Applications were aging at an undesirable pace
- Process team identified improvements
  - Triage and move complete applications/supporting documentation to Plan Administrator
  - Application and supporting documentation are imaged first prior to ONC review
- One week turnaround for complete applications
- Focus the ONC on applications needing more attention

Lean – Agile Team

- Team is conducting a pilot of the scrum methodology, consisting of 3 sprints
  - Sprint 1: 7/30 – 8/18
  - Sprint 2: 8/27 – 9/14
  - Sprint 3: 9/24 - 10/12
- First sprint developed from user stories
  - I want one place to go and make changes to my personal information
  - I want to change my phone number online
  - I want to change my address online
  - I want to know what DRS needs to provide me with a formal estimate
  - I want to be able to choose how I receive a paper remittance advice

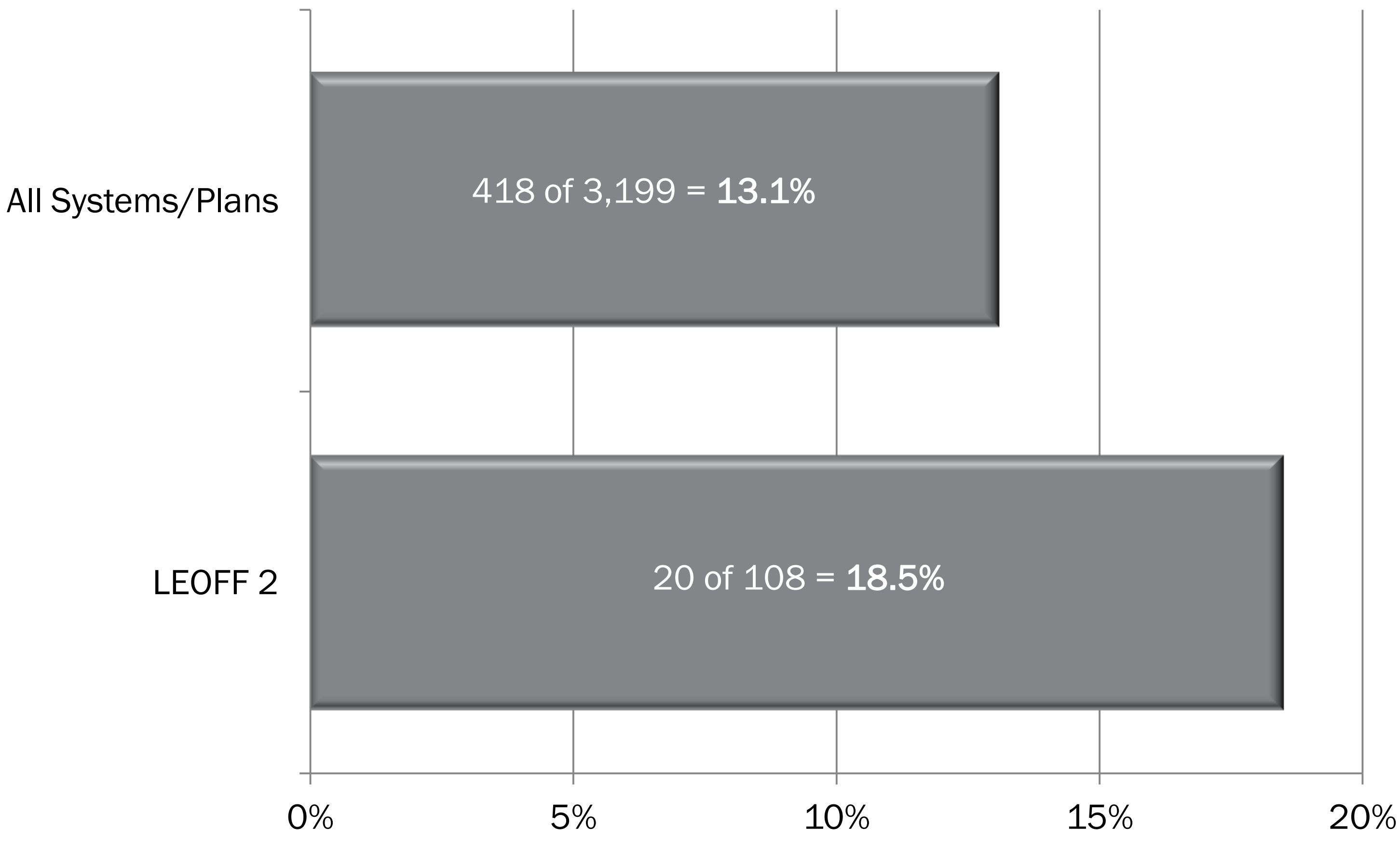
Online Retirement Application

Demonstration today by Jennifer Freeze

- Pre-fills information already reported to DRS
- Allows member to focus on important decisions
- Advances self-service options
- Creates a new foundation to build more services
- Extends service hours beyond the workday

Online Retirement Application

Service Retirements via the Web (April through June 2012)



What's Next

Initiatives for the upcoming 12 months

- Single sign-on
- Retirement Readiness
  - Printed statement of benefits at key milestones/anniversaries
- Social Media – New channel & tools
  - Facebook
  - YouTube

Questions?