

Implementing a management system

November 1, 2012



- Public Pension Administrator
 - 700,000 customers (active members, annuitants, inactive members and DCP participants)
 - Data from more than 1,300 public employers
 - Administer a very complex group of public pension systems
 - PERS 1, 2 & 3; TRS 1, 2 & 3; SERS 2 & 3; LEOFF 1 & 2; WSPRS 1 & 2; PSERS; JRS; Judges; and JRA and DCP

Introduction to DRS

- At the end of FY 12:
 - The pension trust funds contained \$63B in assets
 - Contributions in FY 12 totaled \$2.1B
 - Disbursements in FY 12 (to over 144,000 annuitants) exceeded \$3.4B
- Close partnerships with WSIB, OSA, OST and our record keeper

Introduction to DRS

- Highly complex – Ranked 3rd in national benchmarking
- Separate and distinct organizational improvement efforts
- Strategic planning cycle
 - Is the organization working on the right things?
 - Focused on the critical few?
- Process improvements done by department

DRS – Solid performer relative to peers

- Long history of performance management – based on how quickly customers were being served
 - Phone calls answered by knowledgeable team member within 30 seconds
 - 5 day turnaround on correspondence and estimates
 - 4 minute response time to walk-ins with or without appointment

DRS – Solid performer relative to peers

- Entire organization missing a clear line of sight to goals
 - Team members can't be fully engaged
- Missing data about “what adds value” from the customer perspective
- No single owner of processes across the agency

However...

- Leaders who historically worked as knowledge workers
- Decision making wasn't happening at the point of service
- Processes were improved but not necessarily solving the root cause
 - Incremental improvements were lost

However...

- Leaders who coach/develop teams
- Gain a full understanding of customer needs/expectations
- Every DRS team member must understand the organization's goals and key outcomes

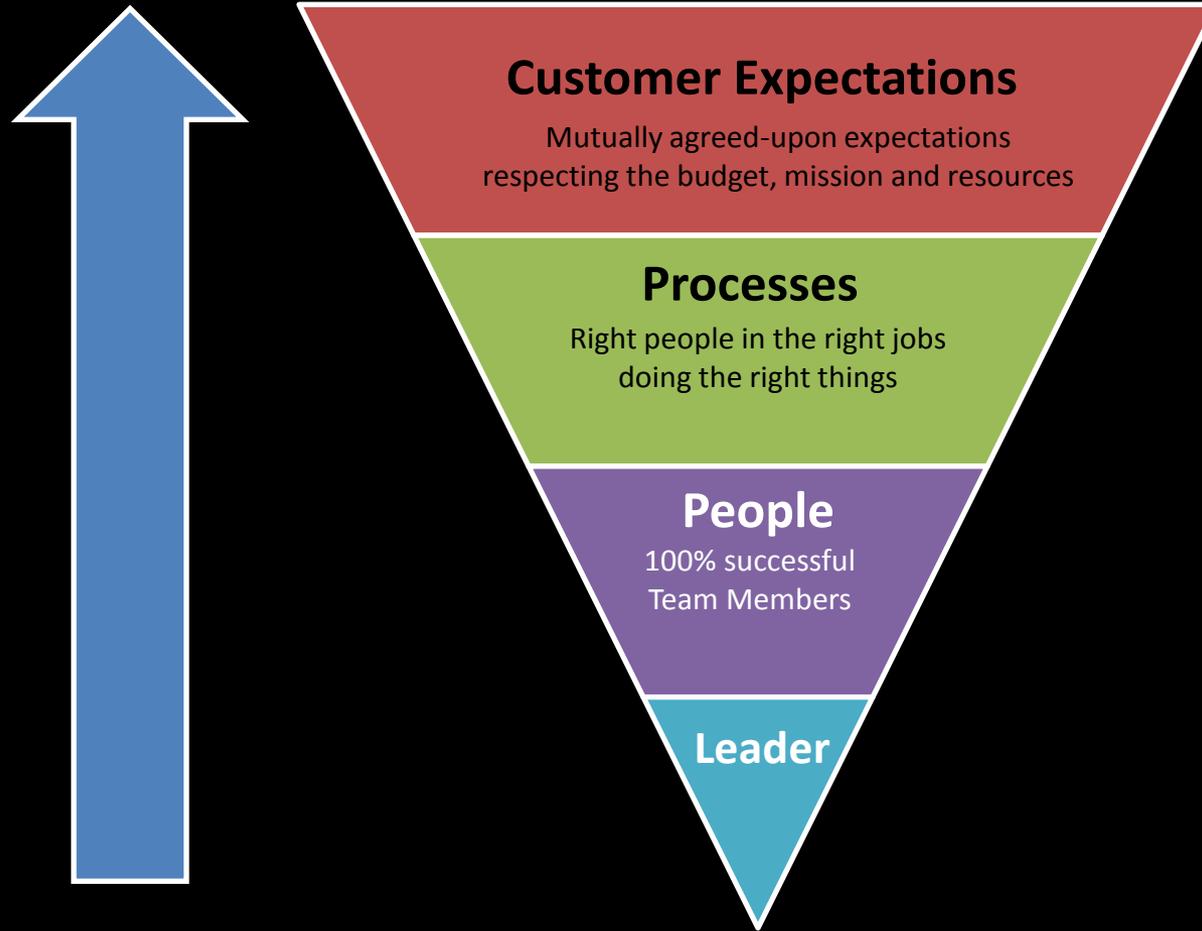
The Plan

- Complexity must be understandable to everyone
 - Context critically important
- Connect ALL the work of the agency
- Move more decision making to the point of service
 - Solve customer problems immediately
 - Create engagement and accountability

The Plan

100% CUSTOMER NEEDS MODEL

100% TEAM SUCCESS MODEL



The 9 Rules of Then	The 11 Rules of NOW
<ul style="list-style-type: none"> • Follow orders even when they make no sense • Keep your mouth shut and your opinions to yourself • Please your boss because he/she controls your future • Do not challenge management or you will be labeled a troublemaker • Blame others when things go wrong • Do not waste company time on social media • Punch the clock and leave your work at the office • Never complain, never explain, except after work • Say no to customers who demand an exception to company policy 	<ul style="list-style-type: none"> • Listen carefully to your customer • Keep the company goals in mind • Measure your performance • Access the data you need • Use data to make good and speedy decisions • Understand what your decision costs • Do not hide problems or they will go unsolved • First please the customer, not your boss • Do not be afraid because your boss has your back • Honor the process not the department • Strive always to say yes to customers

Leaders as Coaches/Guides

- Business at the Speed of Now Study Groups
 - Early understanding for your critical change agents
 - Guiding Team – team members from across DRS
 - Leaders
- “An organization’s culture is reflective of the behavior of its leaders”

Creating a guiding coalition

- Adopted marketing strategies
 - People need to hear clear and consistent messages multiple times/channels
 - Podcasts, team meetings, visual management, etc.
- Trained 19 green belts and 2 black belts
 - “Just do it”

Creating a guiding coalition

- High percentage of leaders have made the turn
 - More listening than telling
 - More coaching than doing
- Management System is in place...
 - Common language
 - First QTR performance review on October 29
- Team members understand their “box” for decision making

The results

- Using Lean - Green and Black Belts are focused on processes with primary constraints
 - Solving problems with the highest customer value and those interfering with accomplishing key goals and outcomes
 - Agile processes in Information Technology have also made the turn
 - Priority Quadrant & IdeaScale
- Breakthrough Initiatives (Strategic Planning)

Constantly improve

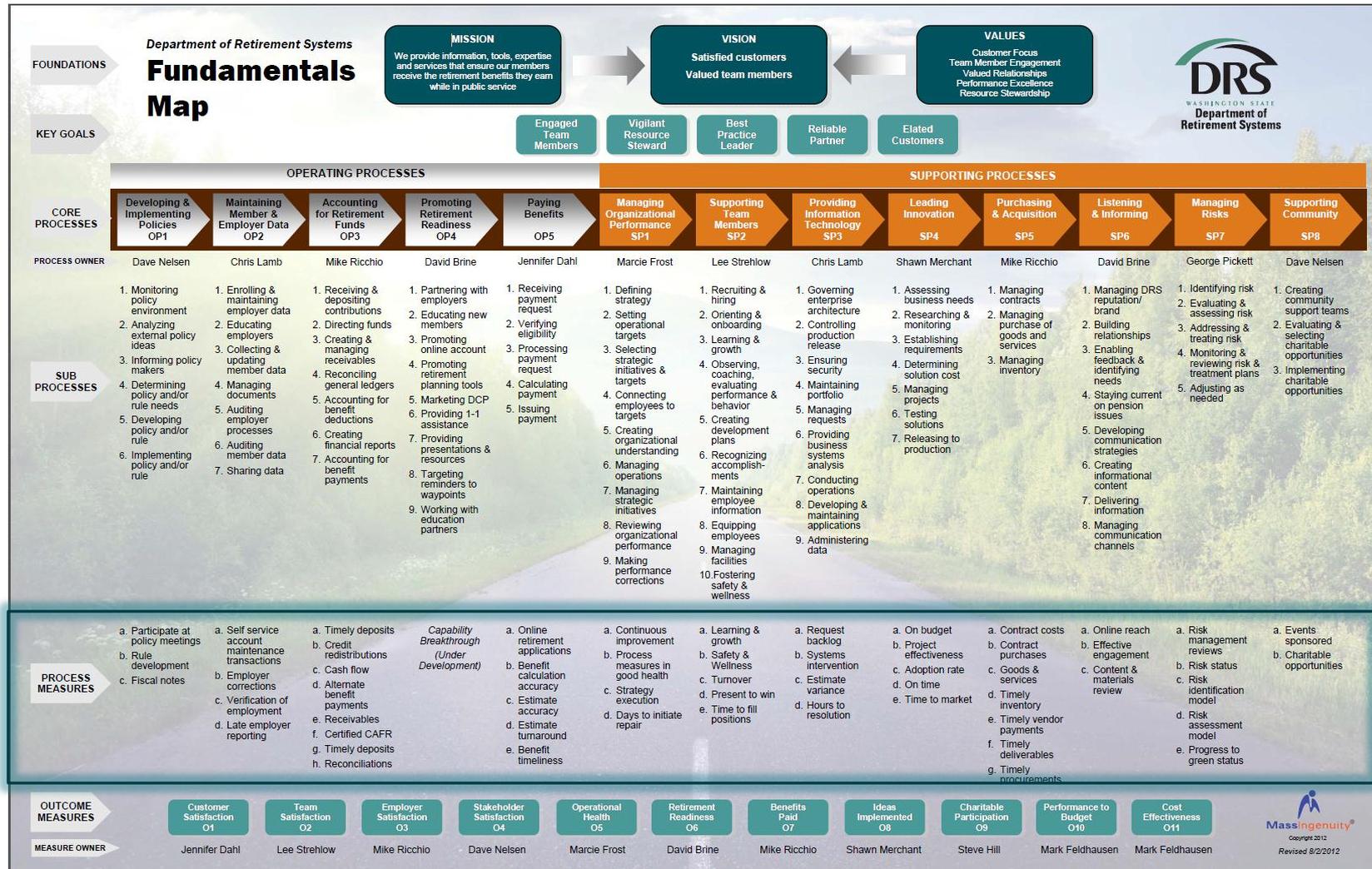


October 29, 2012

Quarterly Target Review

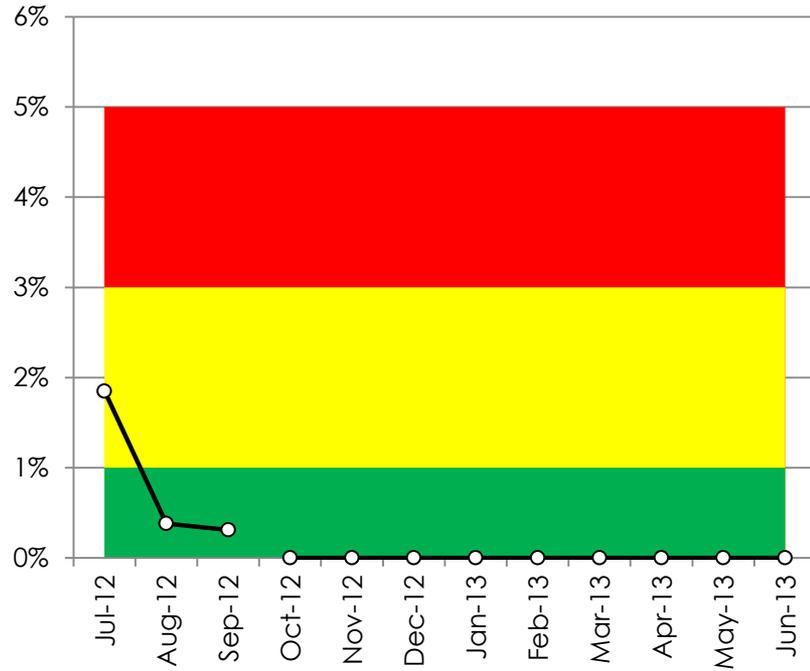
1st Quarter of FY 13

The Process Measures



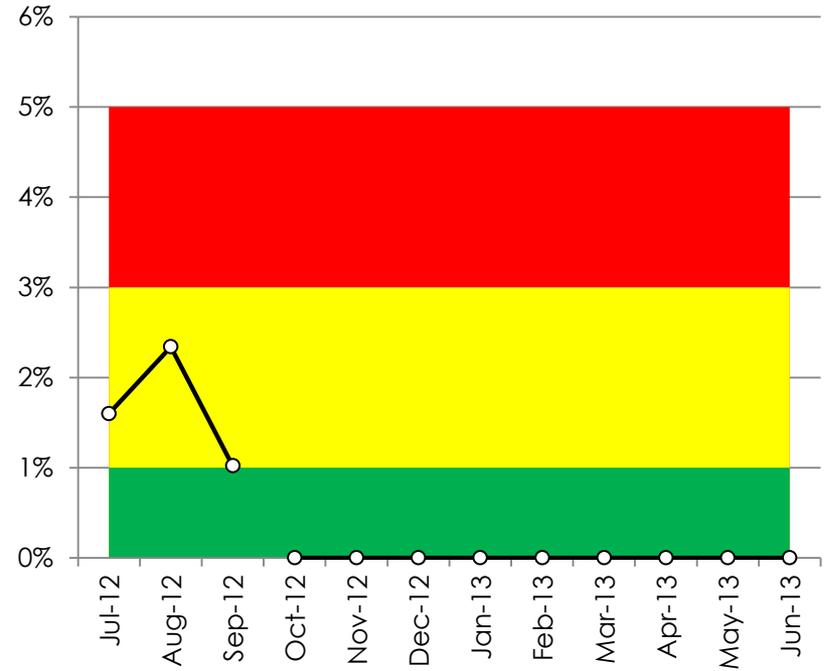
OP2-Maintaining Member & Employer Data

Late Employer Reporting



- Jul-12: **18,879**
- Aug-12: **4,331**
- Sep-12: **2,688**

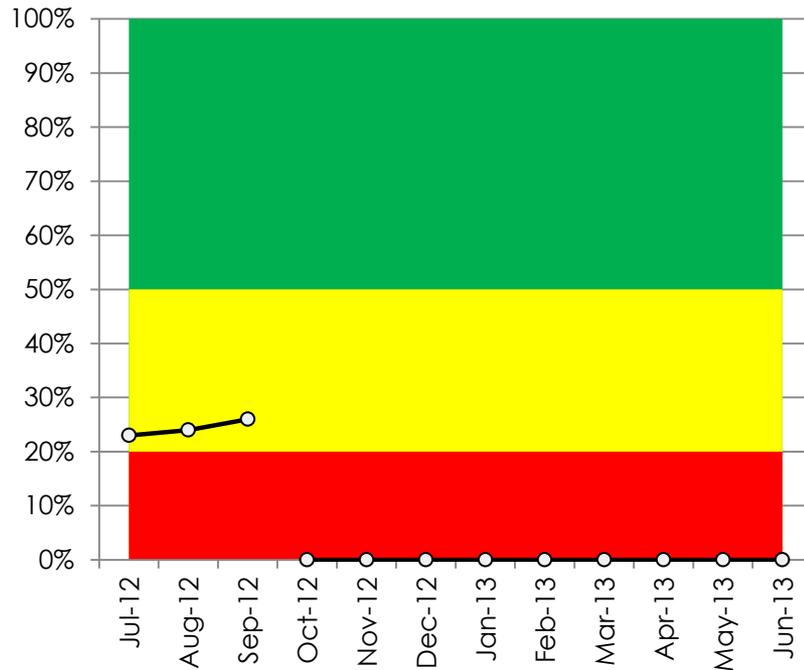
Employer Corrections



- July-12: **16,082**
- Aug-12: **25,936**
- Sep-12: **8,748**

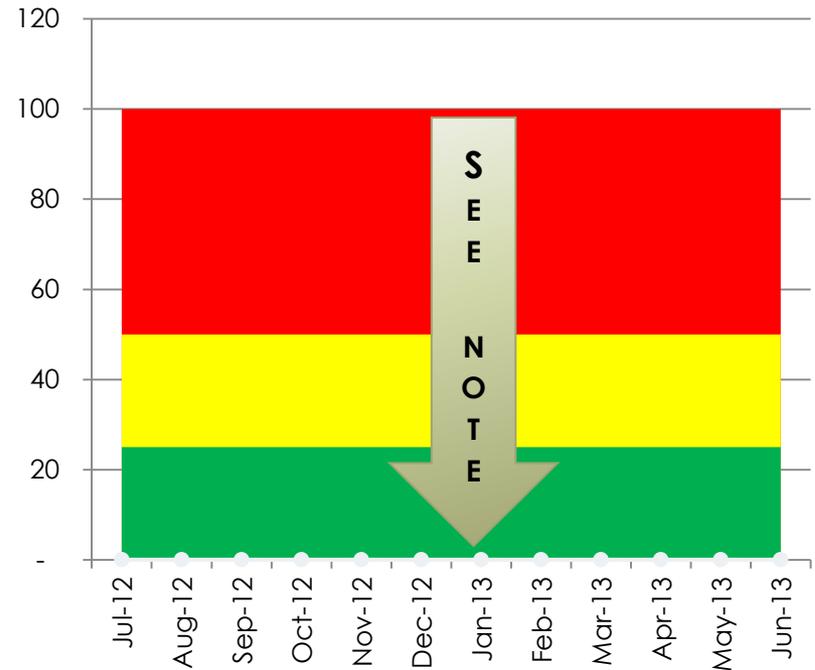
OP5-Paying Benefits

Online Retirement Applications



- Units are promoting ORA
- Team members don't "offer" paper applications, but rather treat ORA as the default method.

Benefit Calculation Accuracy



- Lean Team is looking at what types of transactions should be verified.
- Team makes recommendation on November 1, so data should be available for Q4.