



Agenda Item 11

February 20, 2013

ITEM NAME: Performance Measurement for Customer Service Areas

PROGRAM: Customer Services and Support

ITEM TYPE: Information

EXECUTIVE SUMMARY

An integral element to the achievement of quality customer service delivery is quantifying progress by measuring and analyzing performance throughout the organization. Customer Services and Support (CSS) recently implemented a performance measurement methodology to evaluate and gauge its overall performance in regards to customer service delivery.

STRATEGIC PLAN

This informational item supports Strategic Plan Goal B "Cultivate a high performing, risk-intelligent, and innovative organization." Measuring how well we are serving our customers positions our leaders and staff to make informed decisions surrounding customer service and enables CSS to deliver superior end-to-end customer service that is adaptive to our customers' needs.

BACKGROUND

Performance measurement tools are used in the performance management discipline to gauge how well an organization or department is performing with respect to an outcome, objective, process, initiative, or service. CSS is using performance measurement to evaluate performance with respect to an updated service delivery mission, and measure the impact of service delivery initiatives on operations.

This performance measurement approach is consistent with the leading practices outlined in the CalPERS Board Governance Study Final Report (September 2011). As such, CSS is reporting indicators of performance areas, not individual performance metrics, so the Board can more effectively monitor program performance. The outcome of this reporting will aid the Board in identifying performance thresholds that trigger exception reporting, warranting Board attention. This report reflects the performance data for the second quarter of Fiscal Year 2012-2013 and mirrors the first quarter report which was presented to the Board in November of 2012.

ANALYSIS

The Performance Dashboard (Attachment 1) includes two Business Strategies identified by CSS: 1) Service Delivery and 2) Benefit Administration. Each Business Strategy has Value Drivers and Attributes linked to them. The Business Strategies represent the approach CSS will undertake to achieve the mission and vision, the

Value Drivers represent the major drivers of success for the Business Strategies and the Attributes describe the behaviors CSS must exhibit to deliver value to our customers.

Attachment 1 depicts the Business Strategies, Value Drivers and Attributes with corresponding colors of green, yellow or red. As illustrated on the Performance Dashboard each color denotes a status indicator pertaining to performance targets. Areas where data is not available or metrics are being developed currently appear as grey on the Dashboard, but will be populated once data is gathered. Below is a narrative on the statuses on the Performance Dashboard for the second quarter.

Business Strategy – Service Delivery

Service Delivery measures how well CSS is serving our customers and overall has a yellow status indicator.

Value Driver – Customer Experience

A customer's positive experience is paramount to CalPERS. Customer Experience remains yellow. The Attributes of Quality and Customer Satisfaction remain in a green status, which indicates that the quality of work performed by staff remains high, and that our customers have consistently indicated their satisfaction with respect to the services provided by the Customer Contact Center and Regional Offices.

Timeliness is the most heavily weighted Attribute under this Value Driver, and its continuing yellow status primarily drives the overall yellow status for Customer Experience. This Attribute includes numerous individual metrics, some of which are meeting service level goals, and others which are not. Consistent with the approach of exception reporting, a discussion follows for those affected areas.

Three service areas experienced a slight decrease in service levels from the first quarter: estimates, first disability retirement payments and service credit purchases.

Service levels dropped slightly in the area of Estimates as staff were temporarily redirected to ensure the success of the newest Member Self Service phase deployed in January, and to ensure the requirements of Pension Reform changes effective in January were properly implemented. Staff continue to eliminate a large inventory of estimate requests. The large inventory is on track to be eliminated during the third quarter at which point service levels are expected to improve.

During the month of December, the number of Disability Retirements received increased significantly. The increase in volumes coupled with a limited number of resources led to a decrease in service levels for the second quarter. Mitigation measures have been administered which will lead to improvements in processing over the third and fourth quarters.

Service Credit Purchases (SCP) remained below target. Staff continues to focus efforts on reducing the backlog of requests. The backlog volume as of July 2012 exceeded 17,000 requests. Over the past 7 months, staff worked diligently with the project team to increase myCalPERS functionality and to develop workarounds that have allowed staff to process all SCP requests. As of January 31, 2013, staff processed the large majority of all outstanding requests included within the backlog reduction plan with the exception of approximately 2,700 requests that cannot be completed due to constraints. The majority of the constraints occur due to system, data or employer payroll related issues.

A new backlog and inventory reduction plan is being developed to address all SCP requests that have come into the system since the development of the July 2012 plan. The elimination of Additional Retirement Service Credit (ARSC) purchases due to Pension Reform legislation, coupled with member misunderstandings that all service credit purchase options would be eliminated as of January 2013, created a higher than normal incoming inventory during November and December 2012. During the month of December alone, more than 12,000 requests for ARSC purchases were received and over 2,000 other types of service credit purchase requests.

On a positive note, during the second quarter incremental improvements were gained in four of the areas that were reported last quarter as not meeting goals: call wait times, retirement allowance adjustments due to payroll, payment of post-retirement death claims, and service retirement processing.

The Customer Contact Center has seen improvement in call wait times during the second quarter. At the end of the first quarter, approximately 70 percent of customers experienced a six minute or less call wait time. At the end of the second quarter, this increased to nearly 79 percent. Attachments 2 and 3 provide detailed breakdowns of the call wait times experienced during the second quarter. These charts have been enhanced to display the breakdown between service levels by customer base.

Staff successfully eliminated a backlog of adjustments to retirement allowances resulting from additional payroll being reported after the retirement date. At its peak, the backlog inventory was over 12,000, and has now been eliminated leaving the working inventory at near normal levels. As inventories normalize we will be able to meet our service level goals.

In regards to death benefit processing, since eliminating our "ready to review" case backlog in October 2012 which prepared many aged cases for payment, death benefit cases paid within our service level steadily increased – up 20 percent over last quarter.

Initial service retirement processing improved 11 percent over the prior quarter. Additionally, despite the high volumes of retirement applications that are normally received towards the end of the calendar year, 97 percent of service retirements were processed within 45 days which exceeded the target service level goal. Staff continue to monitor constraint cases which can affect service levels on a monthly basis because the case needs further review, primarily for additional research with the employer on pay reported in the final compensation period.

Value Driver – Customer Education

The capability of members, employers or stakeholders to make informed decisions centers upon the successful delivery of educational products and training services administered by CalPERS staff. This Value Driver, as well as the two underlying Attributes of Availability and Effectiveness continue to reflect a green status. Customer evaluations indicate that our members and employers feel the availability and content of our education appropriately met their needs.

Business Strategy – Benefit Administration

Benefit Administration measures how well CSS manages certain business activities and continues to have an overall green status indicator.

Value Driver – Compliance

The overall Compliance Value Driver remains green. The Attributes of Appeals and Risk Management also remain in green status. As was the case last quarter, the Audit Attribute is showing a yellow status indicator due to a low closure rate of external reviews. In order to resolve external reviews CalPERS must rely on our external business partners to furnish specific, and many times complex, information. The information is not always readily available and the manner of resolution proposed by CalPERS is not always agreed upon by the business partner. Although staff works hand in hand with our business partners, the findings may present problems for them that fall outside the purview of CalPERS, making resolution time consuming and cumbersome.

Staff has engaged in an effort to resolve the oldest external reviews by increasing the communication effort with our business partners and ensuring their full understanding of the process and findings. Over the next two quarters, as the team focuses on the older reviews, CSS anticipates being able to reach our goal of closing the older audits and operating within our target service levels by the fourth quarter.

Value Driver – Self Service

Self Service aims to measure the usability and capability of the myCalPERS self-service functionalities. This Value Driver is currently greyed out as CSS continues to develop metrics. Self-Service functionality is being implemented in phases, the most substantial release of which occurred on January 27, 2013. CSS will finalize the metrics under the Value Driver during the third quarter and will begin reporting in the fourth quarter.

Value Driver – Operational Effectiveness

This Value Driver is intended to gauge CSS's overarching goal to become more operationally efficient. The underlying metrics are being developed and CSS will begin reporting on them during the fourth quarter. A multi-phase initiative to evaluate and improve operations of the core functional areas within CSS is underway, with the initial focus on the Customer Contact Center. The vendor has been selected and work has begun on this effort.

Another initiative which seeks to create efficiencies within CSS falls under the 2012-2014 Business Plan and is entitled "Workforce Strategic Plan." A portion of this initiative is devoted to creating and offering myCalPERS and other training opportunities to CSS. The project team is using a five phase approach to deliver the CSS training. Phases one through three have been completed. Those phases included conducting a training need analysis, identifying core competencies and corresponding curriculum, and developing the courses. Over the next two quarters the project team will complete phases four and five which are delivery of the pilot courses and evaluating their effectiveness.

As specified above, CSS's comprehensive performance is within the acceptable range and continues to achieve incremental increases. CSS will continue to evaluate each area and analyze trends to better position our customer centric areas as we strive to provide the best possible customer service.

ATTACHMENTS

- Attachment 1 – 2012/2013 Quarter 2: Performance Dashboard
- Attachment 2 – Customer Contact Center Average Call Wait Times
- Attachment 3 – Customer Contact Center Call Wait Time Intervals

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