



## Agenda Item 9

May 14, 2013

**ITEM NAME:** Customer Services and Support Performance Update

**PROGRAM:** Customer Services and Support

**ITEM TYPE:** Information

### **EXECUTIVE SUMMARY**

Achieving effective service delivery enables the California Public Employees' Retirement System (CalPERS) to better meet our customers' needs and increases their satisfaction with the services we provide. During the third quarter of Fiscal Year 2012-2013, Customer Services and Support (CSS) made strides in improving our service delivery through the achievements of individual program areas and several projects. To gauge our progress, CSS implemented a performance measurement methodology which evaluates customer service data from throughout the four CSS divisions. Additionally, the Customer Contact Center (CCC) took steps to reduce call wait times and improve customer experience through technology upgrades while initiating a project to optimize our operational efficiency.

### **STRATEGIC PLAN**

This informational item supports Strategic Plan Goal B: "Cultivate a high-performing, risk-intelligent, and innovative organization." We must measure our current level of performance in order to make informed decisions that will allow CSS to deliver superior end-to-end customer service that is adaptive to our customers' needs.

### **BACKGROUND**

The performance management discipline gauges how well an organization or department is performing with respect to an outcome, objective, process, initiative, or service by using performance measurement tools. CSS is using performance measurement to evaluate the success of our 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. This approach will aid the Board in identifying the performance thresholds that trigger exceptions warranting Board attention.

The Performance Metric Update below reflects the CSS performance data for the third quarter of Fiscal Year 2012-2013. Following the Performance Metric information we have included supplemental data related to the CCC and the Operational Efficiency Project which is underway within CSS.

## **ANALYSIS**

### **CSS Performance Metric Update**

The Performance Dashboard (Attachment 1) includes two Business Strategies identified by CSS: 1) Service Delivery and 2) Benefit Administration. Each Business Strategy contains associated Value Drivers and Attributes. The Business Strategies direct the approach CSS will undertake to achieve the mission and vision. Value Drivers represent the major impetuses for the success of our Business Strategies and the Attributes describe the characteristics CSS must exemplify 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 shown on the Performance Dashboard, each color represents a status indicator pertaining to performance targets. Areas for which data is unavailable or metrics are being developed presently appear as gray on the Dashboard, but will be populated once data is assembled.

### **Business Strategy – Service Delivery**

Service Delivery measures how well CSS is serving our customers and has improved from the second quarter, where the status was yellow, to reflect a green status for the third quarter.

#### **Value Driver – Customer Experience**

Positive customer experience is of vital importance to CalPERS. Overall, the Customer Experience Value Driver continues to be in the yellow range. The Attributes of Quality and Customer Satisfaction remain in a green status, which indicates that our staff continues to produce high quality work and that our customers have consistently indicated their approval of the level of service provided by the CCC and Regional Offices. However, Timeliness, the most heavily-weighted Attribute, keeps this Value Driver in a yellow status.

Timeliness includes numerous individual metrics, many of which are meeting service level goals, and others which are not. Consistent with exception reporting we have included information below on areas where processing levels fall outside acceptable ranges. Additionally, we have highlighted areas where improvements have been realized.

Although we've made progress in this area, Service Credit Purchasing continues to process aged items and reflects a red status. Over the last quarter, Service Credit Purchasing was able to complete non-constrained backlogged items identified as of July 2012. However, the passage of the Public Employees' Pension Reform Act (PEPRA) created a significant increase in incoming costing requests during November and December of 2012 which has caused a large increase in total inventory. Service Credit Purchasing has implemented a new backlog elimination plan which seeks to eliminate the current backlog and return

to normal processing levels by January 2014. During the fourth quarter, the Service Credit Purchasing team plans to re-evaluate their plan based on staffing levels and actual service credit costing requests received versus completed. Over the next several months we expect to see improvements in processing in this area.

The timeliness of Retirement Allowance Payroll Adjustments processing continues to indicate a red status, but we've made a five percent improvement over last quarter. Our ability to process adjustments within six months has been impacted by late payroll reporting. We are seeing improvements in this area which will lead to improved service levels during the fourth quarter.

During the second quarter Retirement Estimates and Disability Retirement Payment processing reported a decrease in service levels. We are pleased to report that each area has been able to increase productivity during the third quarter and other areas including the Customer Contact Center, Death Benefits and Service Retirement Allowance processing achieved gains or remained steady.

The Retirement Estimates processing team has recently implemented strategies leading to an increase in productivity. During the third quarter estimates completed within 30 days of receipt increased by 10 percent compared to second quarter totals. The Retirement Estimates area is now operating within acceptable processing levels.

The Disability Retirement payment area was faced with increased volumes and a limited number of resources during the second quarter, resulting in a decrease in processing within this area. However, during the third quarter the team implemented mitigation strategies and was able to return to normal processing levels. The team will continue to apply these strategies in the fourth quarter in order to maintain the high level of productivity.

The CCC saw continued improvement in call wait times during the third quarter. Overall, the wait time improved significantly from a second quarter average of 10 minutes, down to 7 minutes during the third quarter (30 percent reduction). Looking only at calls in which the customer remained on the line (i.e., excluding customers who elected the callback feature), a similar 30 percent improvement was also experienced, from a second quarter average of 20 minutes down to 14 minutes.

Seventy-nine percent of all customers experienced a 6 minute or less call wait time at the end of the third quarter, as compared to 74 percent at the beginning of the quarter. A substantial improvement was seen in the percentage of calls under 6 minutes for those customers who remained on the line, from 43 percent to 63 percent by the end of the third quarter (a 47 percent improvement).

Detailed breakdowns of the call wait times experienced during the third quarter are contained in Attachments 2 and 3.

Another area experiencing continued improvements is Death Benefits. This area has continued to reap the benefits achieved by the reduction of the “ready to review” case backlog. Without the backlog, staff is able to review cases on a timelier basis and increased the number of payments made within the timeframe of the service level agreement by 15 percent during the third quarter.

Lastly, service retirement allowance payment processing remained steady during the third quarter. We are making improvements to decrease the number of constraint cases which impact service levels in this area. In March, we were able to eliminate a large number of constraint cases and placed 44 percent more members on roll than March 2012.

#### Value Driver – Customer Education

The ability of members, employers, and stakeholders to make informed decisions depends on CalPERS staff successfully delivering educational products and training services. 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 business partners feel the accessibility and content of our educational services meet their needs. CSS will continue our customer education program during the fourth quarter including retirement planning classes and employer workshops.

#### Business Strategy – Benefit Administration

Benefit Administration measures how well CSS manages certain business activities and continues to reflect a green status.

#### Value Driver – Compliance

The overall Compliance Value Driver remains green. The Attributes of Appeals and Risk Management also remain in green status. In an improvement from last quarter, the Audit Attribute is now showing a green status indicator due to a higher closure rate of external reviews. Our ability to close external reviews depends on our receipt of specific and often complex information from employers. Our teams took this into account and conducted a concentrated outreach effort to external business partners. In the third quarter, CSS staff was able to improve business partners’ understanding of the audit process and findings, advancing the process of resolving outstanding cases.

#### Value Driver –Self-Service

Since the February 2013 Pension and Health Benefits Committee (PHBC) meeting, CSS has engaged in an effort to develop metrics that will measure the utilization and effectiveness of Self-Service functionality. These metrics will be specific to the transactions customers perform via Member Self-Service.

Value Driver – Operational Effectiveness

As proposed in the February 2013 PHBC meeting, CSS has engaged in an effort to develop metrics to measure our operational effectiveness. CSS leaders are identifying metrics as indicators of our ability to manage our workload.

Overall, CSS's performance is within acceptable ranges and continues to achieve steady improvement. In most areas, we have achieved superior results in comparison to previous quarters. We will continue to analyze each customer service area using the metrics outlined above in order to position us to provide our customers with the best possible service.

**Customer Contact Center Technology Update**

As reported in prior months, the CCC has been strategically working on an initiative to upgrade its antiquated technology system in support of our planned service delivery transformation. Phase I, which was launched successfully in November 2012, made foundational improvements by upgrading the overall Contact Center technology platform. On April 8, 2013, we implemented Phase II which modernized our telephone system by providing intelligent (skills based) routing functionality. CalPERS expects improved customer satisfaction and confidence by routing inquiries to the agent with the right skill sets, as well as increased operational efficiency through improved pooling of resources, with this new functionality. The April implementation went smoothly, and early signs indicate improvement. During the two week period following implementation, a significantly larger percentage of callers elected to remain on the line rather than receive a callback and a larger number of customers waited six minutes or less.

**CSS Operational Efficiencies Update**

In January 2013, the CSS leadership team initiated a multi-phase operational efficiencies effort to ensure our resources, processes, and technologies are aligned to produce optimum performance. The effort began with the CCC and is expected to cover other key CSS service delivery processes in future phases.

The Customer Contact Center Operational Efficiency project goal is to improve the Center's operational efficiency while at the same time delivering superior, end to end customer service. The guiding parameters are to meet the current call wait time target without negatively impacting customer satisfaction, and to reduce reliance on temporary resources. CalPERS engaged KPMG consultant services to assist with conducting an assessment to identify strengths and opportunities, following a structured process to identify gaps between current and desired states, establishing a new call wait time target, and generating an action plan.

The first step in the initiative, a comprehensive assessment, was performed measuring the Customer Contact Center against more than 100 industry leading practices. Overall, the assessment concluded:

- The CCC has a strong strategy with a thorough set of goals and objectives that are clearly communicated.
- Technology tools used to operate the CCC are also strong. For example, the myCalPERS system is generally considered to be an elite customer information repository presenting a thorough and consolidated view of information needed to respond to inquiries.
- The CCC offers a standard set of contact channels such as the phone and the web with a few opportunities to optimize some of the channels offered.
- Resources, organizational structure, and training programs are considered reasonable, with opportunities to leverage certain roles and enhance staffing flexibility.
- Execution of the strategy, and optimization of relatively new technology tools, are areas where focused efforts could have the greatest impact on the call wait time service level.

This effort is on schedule to develop an action plan, and begin implementation, by June 30, 2013. The project team is currently reviewing the impact and complexity of proposed recommendations in order to identify actions that can be fully implemented in the next twelve months. High impact recommendations that would take longer to implement will be considered for the CSS Service Delivery Transformation Roadmap.

#### **ATTACHMENTS**

Attachment 1 – 2012-2013 Quarter 3: Performance Dashboard

Attachment 2 – Customer Contact Center Average Call Wait Times

Attachment 3 – Customer Contact Center Call Wait Time Intervals

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