



Agenda Item 7

August 20, 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 fiscal year 2012-2013, Customer Services and Support (CSS) made notable progress in improving our service delivery through the achievements of several projects and focused enhancement efforts. To quantify and guide these efforts, CSS drew from data collected from all CSS divisions according to our performance measurement methodology.

STRATEGIC PLAN

This informational item supports Strategic Plan Goal B: "Cultivate a high-performing, risk-intelligent, and innovative organization." Being able to measure up-to-date performance figures allows CSS to be adaptive and flexible in providing for the needs of our customers.

BACKGROUND

Performance measurement assesses 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 tools to assess the impact of our updated service delivery mission and measure the effect of recent service delivery initiatives on operations. This methodology will aid the Board in identifying when we reach performance thresholds that trigger exceptions warranting Board attention.

The Performance Metric Update below reflects the CSS performance data for the fourth quarter of fiscal year 2012-2013. Throughout this fiscal year, CSS has collected data on over 40 different performance metrics which we have reported on quarterly. Following the Performance Metric information we have included additional information related to the Customer Contact Center and the Operational Efficiency Project.

ANALYSIS

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 dictate the approach CSS will follow to achieve our 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 describes 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.

Business Strategy – Service Delivery

Service Delivery measures CSS' customer service performance and has remained in a green status from the third quarter.

Value Driver – Customer Experience

Providing our customers with a satisfying experience is very important to CalPERS. Overall, the Customer Experience Value Driver remains in the yellow range. The Attributes of Quality and Customer Satisfaction remain in a green status; however, surveys of our employers indicate that our customers feel we can still make improvements to myCalPERS usability and functionality. In an effort to expand and improve our collection of customer satisfaction data, CSS has begun a project called Full Voice of the Customer Satisfaction Picture, which will greatly enhance and expand the customer surveys we offer allowing us to accurately gauge the effectiveness of the services we offer. The team expects to deliver the initial phase of the project during the second quarter of the 2013-2014 fiscal year.

Timeliness

We have made great strides in the Attribute of Timeliness, but there is still progress to be made. Timeliness began and ended the year in a yellow status, but this belies the fact that we have transformed our performance in multiple key business processes and made many operational improvements across CSS. Over the past year, CSS has benefitted from the stabilization of our information technology; particularly of myCalPERS. Furthermore, staff has become more comfortable and confident with the new system which comes with an additional year of user experience. The achievement of a matured level of user effectiveness and confidence helped CSS to enhance our performance in essential areas.

Over the past year, Death Benefits Processing made considerable strides, including the reduction of the "ready to review" case backlog. Without the

backlog, staff is able to review cases on a timelier basis and now processes far more payments within the established service level.

Although we've made progress in this area, Service Credit Purchasing is still experiencing delays in processing and reflects a red status in our exception reporting. Over the past year, Service Credit Purchasing was able to complete a backlog of non-constrained items that we identified in July 2012. However, the passage of the Public Employees' Pension Reform Act (PEPRA) prompted a surge in incoming costing requests during November and December of 2012, causing a large increase in total inventory. Service Credit Purchasing has implemented a new backlog elimination plan which seeks to eliminate the current backlog and is on track to return to near normal processing levels by January 2014. The backlog inventory in this area is down to below 7,000 cases, from an inventory of over 20,000 cases, and will soon be back to normal working inventory.

During this fiscal year, our Retirement Estimates processing team implemented strategies for increased productivity. During the third and fourth quarters, we increased estimates completed within 30 days of receipt by over 13 percent compared to second quarter totals. The Retirement Estimates area is now operating within acceptable processing levels.

CSS has made great progress in the metric of retirement allowance payroll adjustments that have been processed within six months of retirement effective date. In the first quarter we were processing timely retirement adjustments at less than half our established service level, but by the fourth quarter we'd more than doubled our performance.

In regards to Service Retirement allowance payment processing, we finished the year with a 6 percent increase in the number of members put on the retirement roll within our established service level. Making timely and accurate payments to those electing to retire is a main objective of our Benefits team.

Our Disability Retirement payment area was faced with increased volumes and a limited number of resources during the first half of the year, resulting in a decrease in processing of new disability retirement payments. However, during the third quarter the team implemented mitigation strategies and was able to return to near normal processing levels. The team has continued to apply these strategies in the fourth quarter to further enhance productivity.

The Customer Contact Center (CCC) saw continued improvement in call wait times as the year went by. Overall, the customer call wait time improved considerably from a first quarter average of 12 minutes, to a second quarter average of 10 minutes, to a third quarter average of 7 minutes and finally down to 4 minutes during the fourth quarter. More detailed information related to our CCC is featured below.

An important aspect of a customer's satisfaction is the timeliness with which we accurately resolve and respond to their inquiries. CSS has made significant strides this fiscal year under the timeliness Attribute and we will continue to build upon the momentum already created in the upcoming fiscal year.

Value Driver – Customer Education

The ability of members, employers, and stakeholders to make informed decisions depends on CalPERS staff successfully providing education and training. This Value Driver, as well as the two underlying Attributes of Availability and Effectiveness reflect a green status. CSS has scheduled retirement planning fairs for members in the coming fiscal year which are aimed at providing essential educational information to our members.

Business Strategy – Benefit Administration

Benefit Administration assesses how well CSS manages several business processes critical to our members' retirement security 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. At the beginning of the year, external Audit resolution cases were not being completed within established service levels. 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. From the third quarter onward, CSS staff was able to improve business partners' understanding of the audit process and findings, advancing the process of resolving outstanding cases. As of the fourth quarter, we are operating at the service level agreement for audit findings.

Value Driver –Self-Service

CSS has developed metrics that will measure the utilization and effectiveness of Member Self-Service. The metrics we will use to measure the Attribute Utilization include: number of myCalPERS accounts created, health transactions, direct deposit transactions, and address changes. The metrics used to measure the Attribute Effectiveness under Self-Service include password resets, retirement estimates, response to secure messages, and the number of online service retirement applications processed. CSS will begin collecting data for these metrics during the first quarter of fiscal year 2013-2014.

Value Driver – Operational Effectiveness

CSS has developed metrics to measure our operational effectiveness. CSS leaders identified these metrics as indicators of our ability to manage our overall workload. We plan to present data collected using these metrics to the Board during our 2013-2014 first quarter report. The metrics used are divisional overtime usage, completion of mandatory training, vacancy rates, and achievement of service level targets.

Customer Contact Center Update

In the fourth quarter, the CCC saw continued call wait time improvements to both the overall wait time and the percentage of calls answered in less than 6 minutes. The overall wait time for all customers improved over 40 percent from a third quarter average of 7 minutes to a fourth quarter average of 4 minutes. Customers who remained on the line experienced an improvement of nearly 75 percent, from a third quarter average of 14 minutes to 5 minutes in the fourth quarter.

Approximately 84 percent of all customers experienced a 6 minute or less call wait time at the end of the fourth quarter. For customers who elected to remain on the line, 79 percent experienced a 6 minute or less call wait time by the end of the fourth quarter. This represents a 25 percent improvement over the last report when 63 percent of customers who elected to remain on the line waited less than 6 minutes, at the end of March. Detailed breakdowns of the call wait times experienced during the fourth quarter are contained in Attachments 2 and 3.

CSS Operational Efficiencies Update

In January 2013, the CSS leadership team initiated a multi-phase operational efficiencies effort to ensure resources, processes, and technologies are aligned to produce optimum performance. The initial effort focusing on the CCC concluded successfully on June 30, 2013.

In the fourth quarter, the CCC identified efficiency improvements that will be undertaken, and began implementing an Action Plan designed to improve individual agent abilities and overall contact center performance, as well as improve the call wait time in ways that do not diminish customer satisfaction. The Action Plan calls for multi-faceted efforts requiring effective coordination and management, and will take time to implement successfully. Examples of these efforts include:

- Growing experience in utilizing new skills based routing technology,
- Leveraging and optimizing its capabilities,
- Improving the planning and execution of workforce schedules, and
- Developing tools and redesigning processes to streamline agent call handling.

Implementation of this comprehensive Action Plan is scheduled to conclude by June 30, 2014. To prove its efficacy, the CCC successfully conducted pilots through two agent teams to test some of the ideas related to the Action Plan. Once fully implemented, the CCC will be able to sunset its reliance on some temporary resources, as well as implement a new call wait time target. The new call wait time target, as well as associated required staffing, will be presented to the Pension & Health Benefits Committee in an upcoming meeting.

Overall, CSS's performance is within acceptable ranges and continues to attain steady improvement. In the large majority of measured functions mentioned above, we have made improvements compared to the beginning of the fiscal year. We will

continue to work towards optimal processing levels and customer satisfaction throughout the 2013-2014 fiscal year.

BUDGET AND FISCAL IMPACTS

Not applicable.

ATTACHMENTS

Attachment 1 – Fiscal Year 2012-2013 Quarter 4: Performance Dashboard

Attachment 2 – Customer Contact Center Average Call Wait Times

Attachment 3 – Customer Contact Center Call Wait Time Intervals

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