December 19, 2017

Item Name: Enterprise Performance Reporting – Update on Customer Services & Support Strategic Measures and Key Performance Indicators

Program: Enterprise

Item Type: Information

Executive Summary
This agenda item provides an update on several Customer Services & Support (CSS) Strategic Measures (Measures) and Key Performance Indicators (KPIs) that are part of CalPERS Enterprise Performance Reporting (EPR) system. The focus of this agenda item is centered around the refreshed methodology of these Measures and KPIs. The Measures are aligned to the CalPERS 2017-22 Strategic Plan and allow us to measure progress toward achieving our strategic goals and objectives. The KPIs serve as a collection of performance indicators that measure the effectiveness of our efforts at the operational level. As a system, EPR focuses on the ongoing monitoring and reporting of these components and provides information as to how well the organization is progressing toward strategic goals and objectives, as well as operational targets.

Strategic Plan
This agenda item aligns to the goals and objectives in the CalPERS 2017-22 Strategic Plan, as we measure our strategic and operational progress throughout the duration of the plan.

Background
In December 2015, under the previous CalPERS 2012-17 Strategic Plan, performance reporting philosophy and methodology was presented to the CalPERS Board of Administration (Board) for Strategic Measures 10 and 11, related to the timeliness of our benefit payments and customer satisfaction survey results. The approach for reporting on these Measures involved exception reporting to the Board on any individual survey or benefit payment type that fell below an identified threshold for the reporting period. Strategic Measures 10 and 11 are now part of the new CalPERS 2017-22 Strategic Plan, reflected as Customer Satisfaction and Benefit Payment Timeliness under the Reduce Complexity goal.

With the approval of the CalPERS 2017-22 Strategic Plan in February 2017, an enterprise-wide effort was initiated to develop an operational model and implement subsequent KPIs that measured and assessed the effectiveness of our operational efforts. Following a period of analysis and collaboration across the organization, the CSS team revised existing metric targets and thresholds to serve as KPIs within the new EPR system.

The EPR system will provide a comprehensive view of the strategic and operational performance through quarterly reports that will reflect status indicators of On Target (green), At Risk (yellow),

and Off Target (red); however, the presentations to the Board will focus on At Risk and Off Target.

Analysis
In the process to transition existing performance reporting to EPR, we evaluated methodology to refine metric targets and thresholds to align with the new system. The Customer Satisfaction and Benefit Payment Timeliness Measures remain critical to our operational goals to provide and administer retirement benefits, and continue focusing on customer experience. The timeliness of payments is a vital component of a positive customer experience, and we administer an extensive range of surveys to continually measure satisfaction. Additionally, we will be introducing a new metric to monitor the accuracy of benefit payments. To represent these components in the EPR system, we have identified five KPIs:
- Benefit Payment Timeliness (also reported as a Measure)
- Benefit Payment Accuracy
- Customer Satisfaction (also reported as a Measure)
- Member Education Satisfaction
- Employer Education Satisfaction

Targets
Our target for Benefit Payment Timeliness reflects the critical importance of these payment streams to our customers and our absolute commitment to meeting their financial needs while allowing for a minimum of outlier cases that require extraordinary efforts to complete. Our performance and satisfaction results show we have been consistently successful in meeting our customers' expectations for timeliness, even with the recent challenges we have faced in meeting survivor benefit payment timeframes. While customers continue to respond to our satisfaction survey with positive results for this payment stream, maintaining targets and thresholds that are unachievable in the short term affects team morale and generates discussions to increase resources through the budgeting process in attempt to meet targets that customers have not demonstrated they expect. As we continue our efforts to streamline our processes through Lean methodologies, enhance system functionality, fully train team members, and monitor workload volumes, it is more prudent to temporarily revise our targets and thresholds for this measure.

Our customer satisfaction measures also have consistently performed well. In our review to align metric reporting with the EPR system, we identified a gap between our existing measures and industry best practices, which reflect much lower targets and thresholds. For satisfaction surveys, periodic anomalies affected by variance in response rates or volumes can skew satisfaction results, with no corrective action necessary unless the low performance persists. Adjusting methodology to more closely reflect industry standards corrects the past practice of presenting exception reports for minor aberrations in surveys with otherwise stable results and with no actionable feedback provided by our customers. Our Customer Satisfaction target is set to uphold our commitment to retain high overall satisfaction rates for the services we provide while better aligning our reporting with best practices.

The table below lists current and revised targets.

EPR Component	Title	Current Target	Revised Target
Strategic Measure & KPI	Benefit Payment Timeliness	98% of payments made within established service levels	95% of payments made within established service levels
KPI	Benefit Payment Accuracy	Not applicable	98% of payments meet accuracy standards
Strategic Measure & KPI	Customer Satisfaction	95% of survey respondents report satisfaction with identified business processes	90% of survey respondents report satisfaction with identified business processes
KPI	Member Education Satisfaction	95% of survey respondents report satisfaction with member education offerings	90% of survey respondents report satisfaction with member education offerings
KPI	Employer Education Satisfaction	95% of survey respondents report satisfaction with employer education offerings	90% of survey respondents report satisfaction with employer education offerings

Thresholds

The design of the EPR system includes a status indicator methodology, with designated thresholds to reflect performance ranges as On Target (green), At Risk (yellow), or Off Target (red). To adjust our previous exception reporting methodology to align with the new system, we developed a methodology that applies a standard proportion of the difference between the established target and yellow and red thresholds. This represents a consistent approach to enable the Board to address any operational risks proactively as they emerge.

The table below lists current and revised thresholds.

EPR Component	Title	Current Threshold	Revised Thresholds
Strategic Measure & KPI	Benefit Payment Timeliness	Report any individual benefit payment type that falls below 87%	On Target: 87% or above At Risk: 79 to 87% Off Target: Below 79%
KPI	Benefit Payment Accuracy	Not applicable	On Target: 90% or above At Risk: 83 to 89% Off Target: Below 83%
Strategic Measure & KPI	Customer Satisfaction	Report any individual customer satisfaction survey that falls below 85%	On Target: 80% or above At Risk: 70 to 79% Off Target: Below 70%
KPI	Member Education Satisfaction	Report any individual customer satisfaction survey that falls below 85%	On Target: 80% or above At Risk: 70 to 79% Off Target: Below 70%
KPI	Employer Education Satisfaction	Report any individual customer satisfaction survey that falls below 85%	On Target: 80% or above At Risk: 70 to 79% Off Target: Below 70%

Budget and Fiscal Impacts
Not applicable.

CalPERS

Benefits and Risks
CalPERS' performance reporting activities are essential in enabling us to manage factors affecting the end-to-end customer experience, and fulfill the long-term goals in the Strategic Plan. Implementing the methodology proposed in this item will augment the Board's oversight of strategically vital business processes and services affecting the customer experience and support the enterprise-wide EPR process.

We do not anticipate any risks in our ability to implement this approach, because the required data for the identified measures is well established and readily available or in development.

Attachments
Attachment 1: CSS Key Performance Indicator Summary Sheets

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