

Building Engaged Team Performance at Principal Bank®



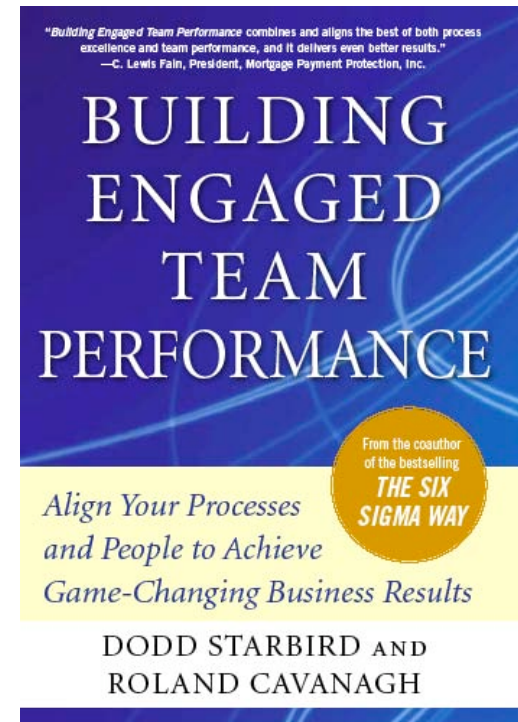
WE'LL GIVE YOU AN EDGE™

October 14, 2010



Agenda

- Intro to Engaged Team Performance (ETP)
Dodd Starbird, Implementation Partners LLC
 - Integration: ETP vision and key concepts
 - 8-step ETP approach
- ETP at Principal Bank
Art Bacci, President & CEO
 - Principal Bank's "EZB Vision" and 2010 Results
- Project Execution
Sarah Brethouwer, EZB Leader
 - "A Year in the Life of a SAFO Distribution"
- Q&A and Book Signing
Roland Cavanagh, Implementation Partners LLC



Engaged Team Performance

ETP combines and aligns process and performance with the customer to deliver transformational results:



A Vision for Value: ETP's Impacts

The Impact of Engaged Team Performance:



- Net customer satisfaction improved: **10-40%**
- Labor efficiency/capacity improved: **10-50%**
- Cycle time reduced: **up to 90%**
- Cost savings: **\$ millions**

But an engaged team...

_____!

Priceless!

Book excerpt: how ETP feels...

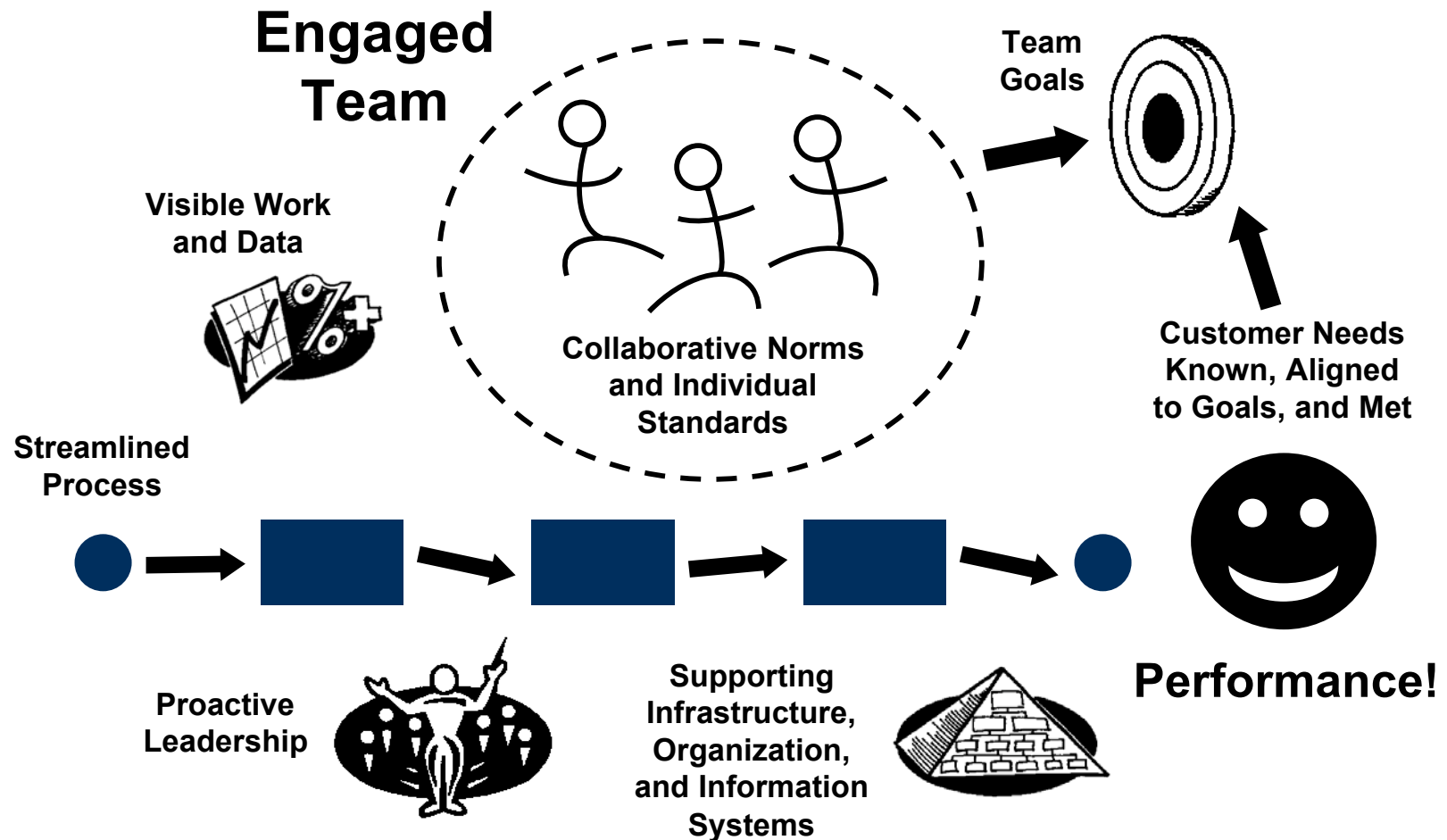
“Well, you might think this is a bad thing, but I spend a half-hour every morning to make sure the metrics are posted and the team sees them. We have a team huddle to discuss the current status, yesterday’s performance, and any special situations.”

Heads nodded. One person commented, “Yeah, we’d never have the extra time to do that data work.” Just for a moment, I was worried.

But then the tour guide / leader said, “And after that, I don’t have to do anything special to make sure the work gets done. I don’t have to check to make sure people are working. I don’t have to move resources around. I don’t have to baby-sit anything or anybody. The team takes care of the work. You know me, and I know what you have to deal with in your department, because I used to work with you. The difference is that I spend a half-hour on the metrics and then I get to be proactive all day. I get to spend the day doing my job, interacting with our customers and developing people.” Wow.

Key Concepts of ETP

ETP aligns processes, measures, goals, norms, standards, and organization with customer needs.



Engaged Team Performance (ETP)

Transformational Change:



ETP is most effective when:

- A division or departmental **team** of people produces a set of regular outputs for customers
- People who actually do the work can be **included** in the design process
- Leadership is willing to **completely transform** processes, measures, goals, collaborative norms, work areas, and organization structure

$$R = Q \times A^*$$

* **Results** = **Quality** of Solution x **Acceptance**

ETP Steps:

1. **Commit** to Change
2. **Measure** and **Analyze** the Process
3. **Streamline** the Work
4. Make the Work and Data **Visible**
5. **Organize** the Team
6. Set Team **Goals**
7. Lead the **Transition**
8. **Sustain** Engaged Team Performance

CEO's Vision: Become "EZB"

Step 1: Commit to Change

EZB means "easier to do business with us" for our customers.

The EZB strategy at Principal Bank included establishing capable processes and driving strong performance -- using Engaged Team Performance (ETP) concepts to change both culture and results.

Principal Bank officially launched "Project EZB" in January, 2010.



The "EZB War Room"

Opportunity and Scope

Step 2: Measure and Analyze the Process

- **Opportunity:** Improve customer satisfaction and process efficiency by reducing handoffs, work times, redundancies, cycle times, defects/errors, and call volumes... while improving teamwork, collaboration, and performance.

“Get more of the right things done right in less time!”

- **Observations:**
 - The Bank Contact Center (BCC) and Operations teams operated independently, with numerous handoffs between the teams but little collaboration
 - Longer cycle times to complete some tasks actually increased workload (e.g., call volumes for “status” and scanning up-front to enable BCC to answer questions)
 - Backlogs of work perceived to be non-essential (e.g., returned mail) were creating more work!

Changes in Operations

Step 3: Streamline the work

- Reduced queues and task *cycle* times to prevent calls and additional work (up-front imaging)
- Reduced handoffs and multiple touch
 - Combined "CIP" and "SAFO Distribution" tasks (discussing later!)
 - "Do your own sorting/Prep your own work for scanning"

Steps 4, 5, & 6: Teamwork!

- Created central, team-based work distribution areas instead of making daily individual assignments
- Individuals now pull work in small increments from multiple queues and prioritize as a team to get everything done each day
- Deployed visual metrics and team goals
- Reorganized Ops team for optimum teamwork

Changes in BCC (Contact Center)

● Process

- Continually identify tasks that BCC could do instead of passing to Ops on user forms (transitioning four of them currently)

● Teamwork and performance

- Leverage "flexible" work (e.g., email, Ops tasks) in BCC to fill low-volume times that are due to variation in incoming calls and schedule design constraints
- Designed an innovative call prioritization scheme to concentrate available work time within a selected group of contact center team members
- Display information on incoming calls and queues to allow team members to react in real-time and get more work done
- Calculate work completion credit for work completed to provide efficiency feedback to teams and individuals

Summary: “ETP for EZB”

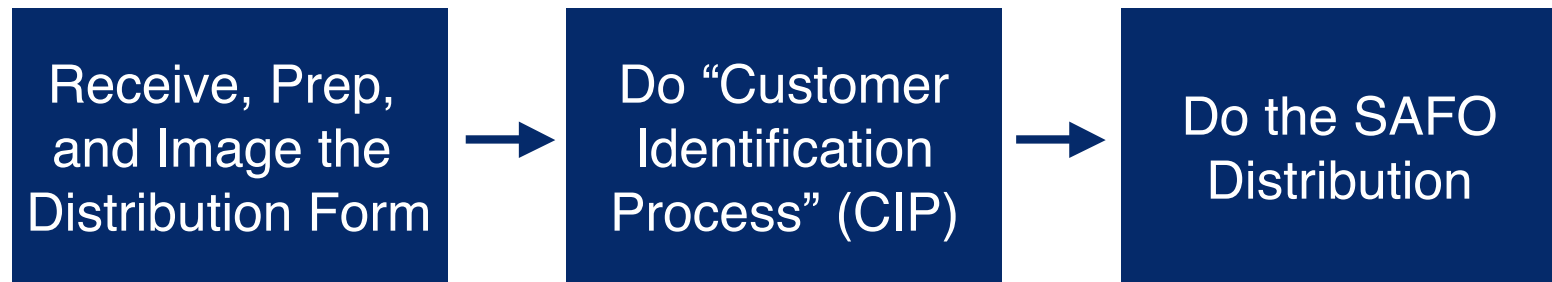
- *Team:* Principal Bank (Principal Financial Group®)
- *Opportunity:* Combine and align team structure and goals between a call center and an operational team, designing collaborative processes, shared work, and visual measures; reorganize and sustain optimal performance
- *Results:*
 - Process streamlining and team performance improvements improved labor capacity by **8 FTE** (5 FTE redeployed to other work and 3 FTE attrition, not replaced)
 - Transferred an additional **2 FTE** of operational work to the contact center without impacting call-answering performance (2 FTE redeployed to other work)
 - Aligned internal Collections performance with a vendor's capabilities, driving optimum organization for collecting debts

Steps 7 & 8: Transition & Sustain ETP

- Expanding EZB efforts into Collections and other Loan management processes
- Linking operational databases with Quality Control (QC) functionality and workflow management capabilities
- Launched **Functional Reviews** to require department leaders to present measures, budgets, and opportunities to their peers and the senior team
- Continuing to measure and sustain initial efforts over time by dedicating process and performance control infrastructure

“A Year in the Life of a SAFO Distribution”

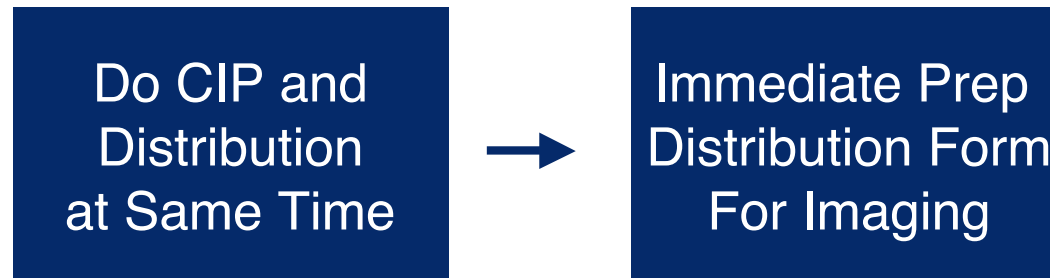
- Safe Harbor accounts:
 - Roll from retirement plans when a person or group leaves
 - Remain with the Bank until participant decide to distribute (either as income or rolling into an IRA account, etc)
- The distribution process in January, 2010:



- Cycle time: 8 days
- FTE: 11 (SAFO & IRA team)

SAFO Distribution *Process*

- Streamlined process in May, 2010:



- Cycle time: 2 days
- Required:
 - Cross-training of CIP and Distribution tasks
 - Piloting to prove cycle time reduction, enabling removal of up-front imaging
 - Disciplined execution to stay under 2 days

Pilot Work Time v. Baseline

**New Process
Time Study**

Task Type	Std Time
Approvals for Disbursements	0:03:38
BTE (Batch Transaction Entry)	0:02:35
CDARS	0:25:30
CIP	0:03:17
CIP - Finish after Pend/Eshare	0:05:00
CIP - Only (Fax, new process)	0:05:47
CIP - Only (Mail, new process)	0:03:11
CIP - SAFO Dist Combo (Fax, new process)	0:06:22
CIP - SAFO Dist Combo (Mail, new process)	0:04:42
CIP - sig cards only	0:01:00
Death Processing Sendout	0:21:12
Email/voicemail	0:00:00
Escalated Issues	0:13:13
IRA Account building/business objects rpt	0:07:16
IRA Distributions	0:05:59
IRA Distributions (VERA)	0:02:41
IRA Distributions (VERA) - Fax	0:05:13
IRA Distributions (VERA) - Mail	0:06:01
IRA E-Sigs	0:02:53
IRA Faxing	0:01:41
IRA Filing	0:00:58
IRA Logging	0:04:17
IRA Mail	0:00:34
IRA Maintenance Board (Distributions)	0:00:28
IRA Maintenance Board (Other)	0:01:03
IRA Maintenance Board (Reinvestments)	0:02:10
IRA Maintenance Board (Research)	0:04:46
IRA/SAFO Incoming Mail	0:01:18
Legal/Letters	0:17:40
Levies/Garnishments	1:00:30
Loan Maintenance Board (other)	0:07:20
Other	0:00:00
Prep for Scanning	0:00:25
Recons	0:00:00
Research/Recons	0:09:00
Return of Benefits Report	0:14:00
SAFO Distributions	0:03:31
SAFO External Incoming Files	0:08:20
SAFO Maintenance Board (Distributions)	0:04:12
SAFO Maintenance Board (other)	0:07:00
SAFO Report	0:43:40
Scanning Prep	0:00:13
Scrubs	0:00:13

Baseline:

SAFO Mail Prep	0:00:40
CIP	0:02:13
SAFO Dist	0:02:30
Total	0:05:23

New CIP/SAFO
combination (mail)
Is 4:42...

13% reduction in work
time

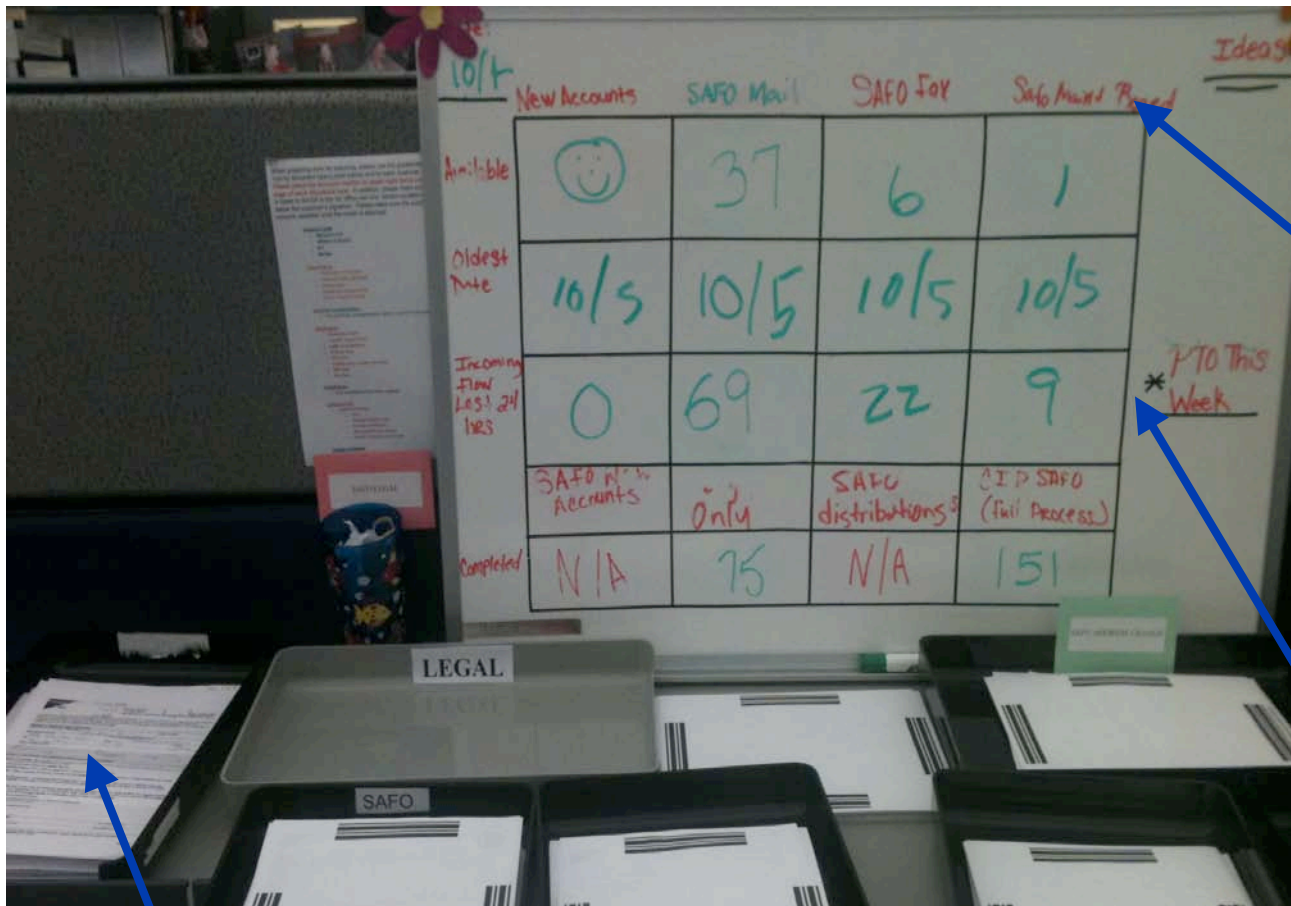
80% reduction in cycle
time (<48 hrs)

**Faster is EZB,
and cheaper too!**

SAFO Distribution *Performance*

- Began sharing data on visual data boards
- Then introduced efficiency tracking:
 - Made "OpsTracker" database to collect volumes of tasks completed by individuals each day
 - Work time study to establish the "work time credit" (standard time) for each type of task
 - Data display by both individual and team
- Set team goals to get the work done and keep "available work" as close to zero as possible
 - Goals match weekly cycle of "heavy Mondays" by attempting to get to zero carryover on Fridays
- Cross-training and work-sharing were key

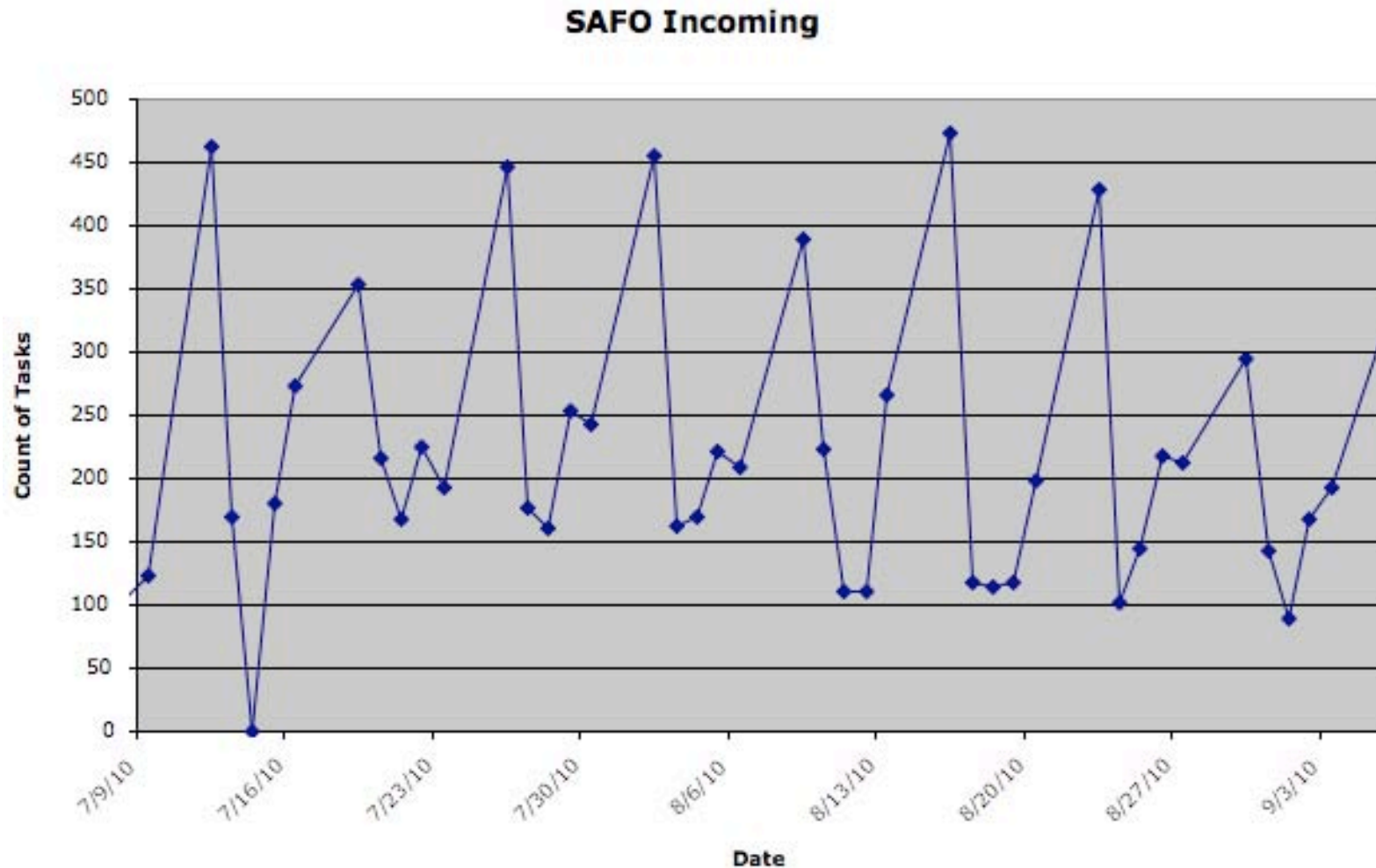
Daily Visual Data, SAFO Distributions



Visual Data:
Gives team members **real-time** information about available, incoming, and completion volumes, including electronic queues

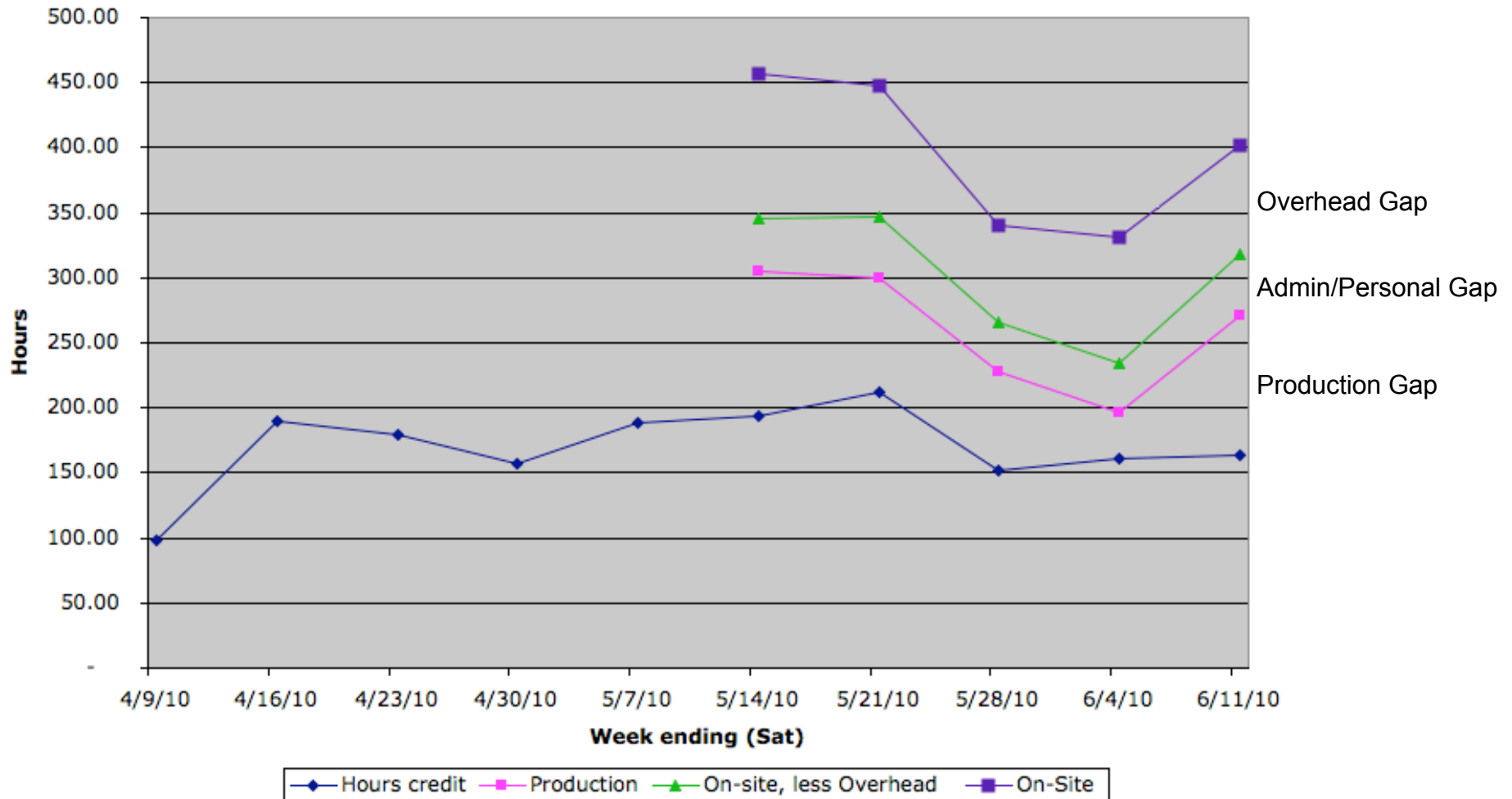
Visual Work: team members see the whole pile of “available” work!

Trend Data, SAFO Distributions



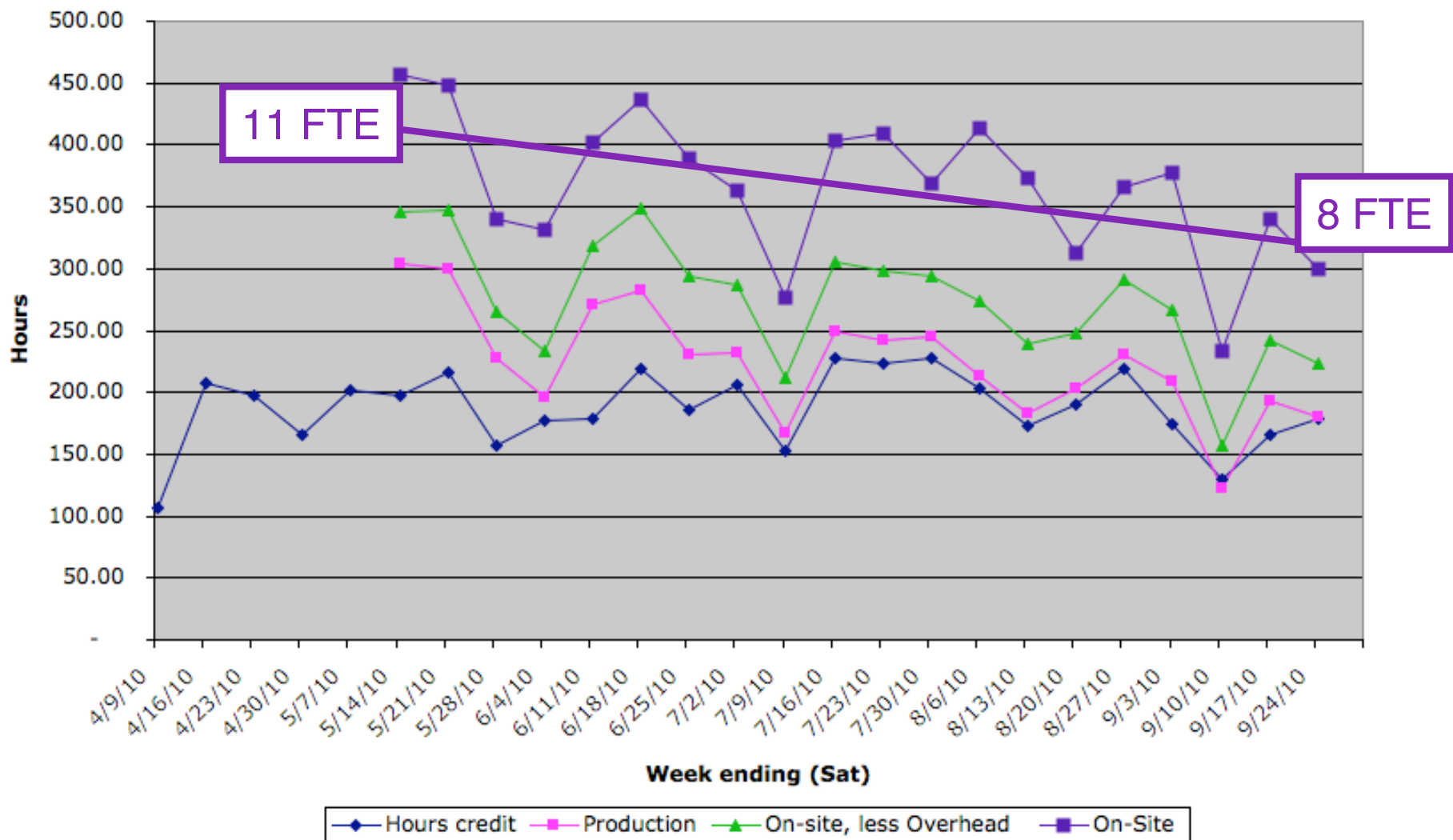
Trend charts give leaders and team members information about available, incoming, and completion volumes

SAFO & IRA Team Efficiency Tracking



Initial deployment of efficiency charts had substantial gaps

SAFO & IRA Team Efficiency Tracking



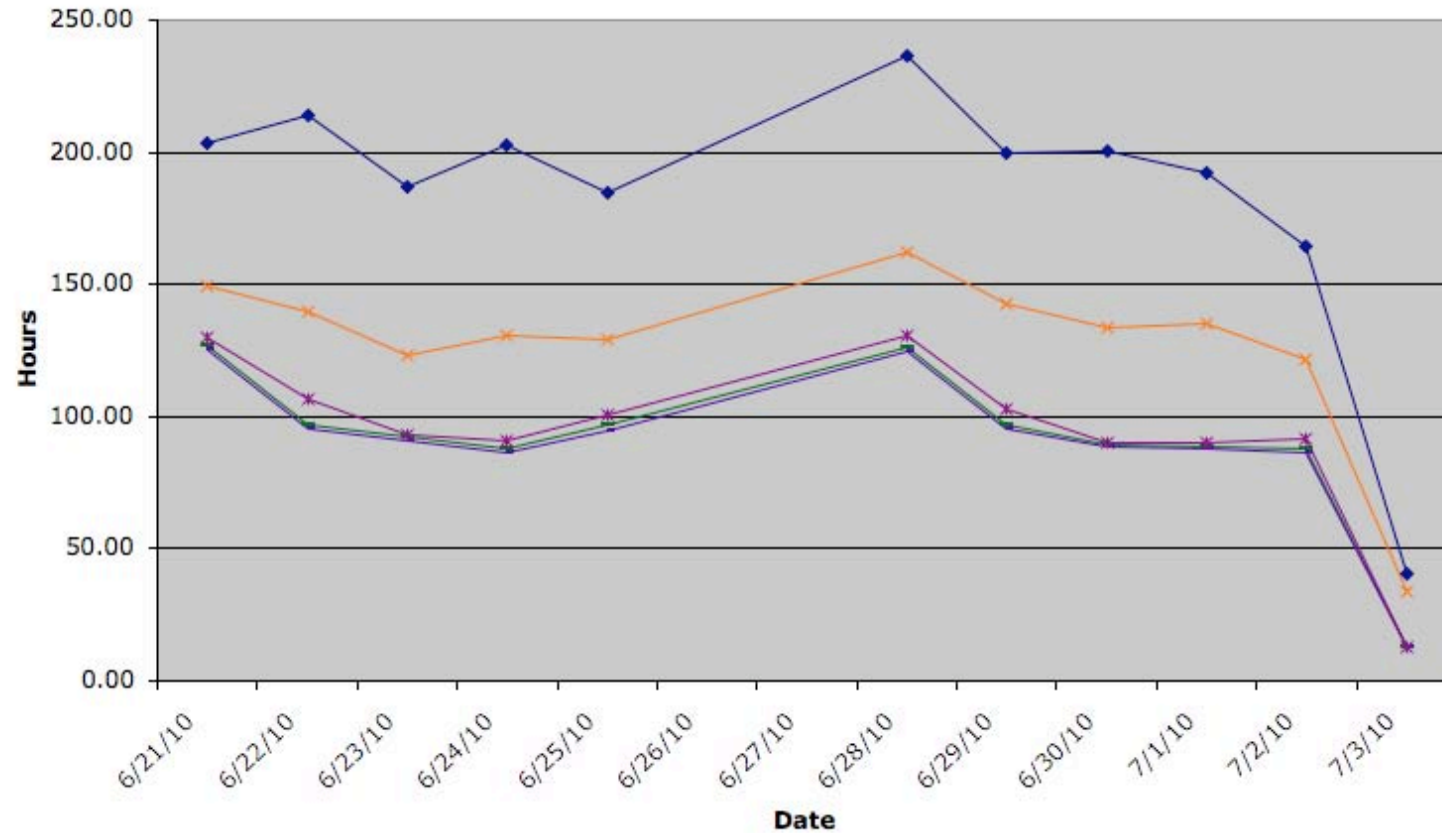
Mature efficiency charts with significant gap reduction over time

Sharing ETP Between Ops and BCC

- Identified new “flex production” method to share work between Operations and Contact Center teams to fill times when contact center staffing is greater than needed for actual call volume
 - Piloted returned mail and insurance declarations
 - Transition to SAFO Distributions took greater planning and cross-training
- Key concept: used call management system (CMS) priorities to “protect” a few agents so that they would be last to receive calls (but still “go ready” to receive if all other agents were busy)
 - Intentionally “unfair” work distribution!
 - Required change-management in rollout...

BCC Efficiency Chart

BCC Hours Per Day

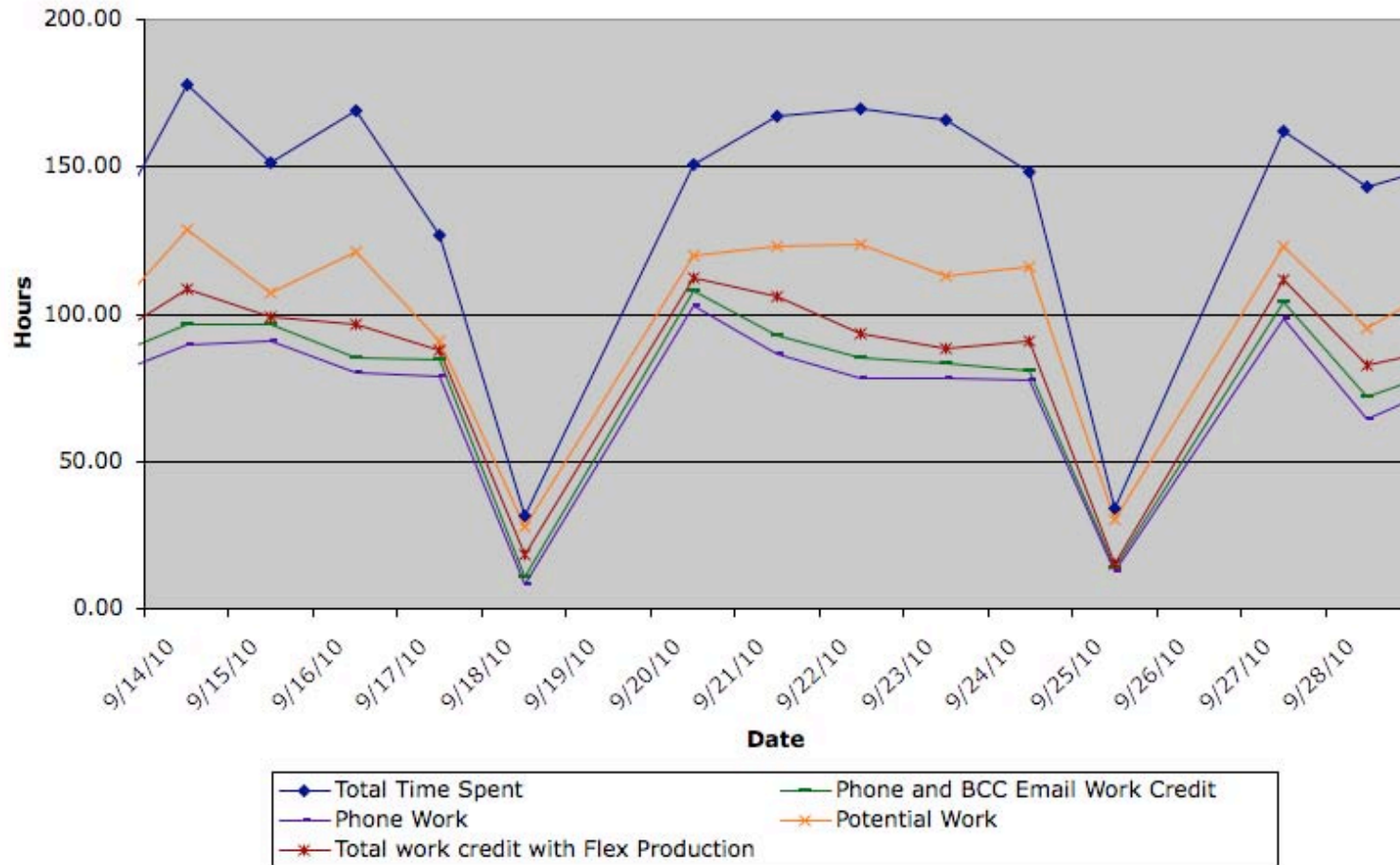


◆ Total Time Spent ■ Phone and BCC Email Work Credit — Phone Work
✕ Potential Work * Total work credit with Flex work

Initial gap 30-40 hours per day (max of 6-8 FTE)

BCC Efficiency Chart

BCC Hours Per Day



Even with 20% BCC staffing availability *reduction* (unrelated), flex work credit is now averaging 5-15 hours per day (1-3 FTE)

SAFO Distributions, by the Steps

1. Built the commitment for change
2. Measured and analyzed the process, including a work time study
3. Streamlined the process, reducing handoffs
4. Put visible measures in place
5. Reorganized the team with a “bottom-up” staffing model (using volume and work time)
6. Set team goals for getting to “zero available” work to carry-over at the end of the day
7. Transitioned by cross-training and piloting
8. Continuing to monitor weekly measures

Q&A and Book Signing

- Questions for Art and Sarah?
- Questions for Dodd and Roland?
- Any place or situation where you're not sure if/how the approach fits?
- Anything we missed that you had expected to discuss?
- What other information can we provide?

Building Engaged Team Performance is now available on Amazon.com and hits the shelves of bookstores everywhere tomorrow (October 15, 2010). We hope you enjoy the book!

Sponsored by...

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