Washington State Department of
Enterprise Services

Strategic Framework and Business Plan

For the period 2015 - 2017

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Strategic Business Plan

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EXECUTIVE SUMMARY

This document presents the Department of Enterprise Services (DES) strategic framework and the strategic business plans for 17 DES business lines. Each plan covers the three-year period from 2015-2017 and provides:

- A brief description of each business line.
- A business plan and set of initiatives for the next three years.
- An assessment of trends, forecasts, challenges and opportunities.
- The assessment's implications for needed change during the next five years.

BACKGROUND

The business planning process at DES gives every team member in the department the opportunity to participate in developing the plan for continued business success.

Given that DES manages a wide set of very diverse businesses, we chose to develop an overarching strategic framework to guide the development of detailed line-of-business plans in lieu of a consolidated agency strategic plan. This strategic framework sets out the agency vision, mission, values, goals and agency-wide strategies.

In keeping with our Lean culture, the business planning process was designed to put the customer at the center and to involve every employee in assessing how their business would need to evolve to keep pace with changing customer needs and market conditions. A standard template was used to define key components and to encourage that time be spent on critical analysis and planning rather than on writing. Business units met regularly with the executive team to discuss challenges and support needs and to share ideas on employee involvement, customer outreach and the use of data.

Key objectives for the plans:

- Research and analyze:
  - -How our lines of business are changing and expected to change throughout the world in the next three to five years.
  - -How our customers expect their business needs to change over the next three to five years
- Identify the implications of these trends on, and identify initiatives to address:
  - -What customers will need from us in the future
  - -The business strategies we need to adopt, abandon or change
  - -What our workforce will need to be successful
  - -The operational changes we will need to make
  - -The policy and legislative changes that will be needed
  - -The level and mix of resources and support needed to move successfully to this future

Department of Enterprise Services--Strategic Framework

Washington State Department of
Enterprise Services

Strategic Clarity 2014

STRATEGIC ANCHORS

MISSION: We deliver innovative, responsive, cost-effective and integrated solutions and services to meet the diverse needs of our customers.

VISION: We enable government to best serve the people of Washington.

OUR CUSTOMERS FEEL: Informed, confident, respected, satisfied, and successful.

"What you need. How you need it. When you need it."

VALUES

Openness
We listen and communicate to promote understanding, transparency and trust.

Integrity
We act with honesty, fairness, accountability and the highest ethical standards.

Collaboration
We work together to achieve shared goals.

Respect
We treat everyone professionally and value each other's efforts and ideas.

Excellence
We exemplify teamwork, commitment and responsiveness in the pursuit of quality.

Innovation
We encourage creativity and informed risk-taking.

GOALS

Deliver exceptional services.

Reduce the overall cost of government operations.

Empower and support employees.

Keep improving.

Department of Enterprise Services--Strategic Framework
Goals and Aspirations

Deliver Exceptional Services

Our customers call us first for any support service need. They know us as innovative problem-solvers and committed partners. They have confidence that we understand their needs and will exceed their expectations. They appreciate our ability to deliver integrated services and solutions with ease.

Reduce the Overall Cost of Government Operations

Everyone agrees that DES provides substantial value and we can clearly show how our efforts have reduced the cost of government operations. All DES services are competitively priced for the value delivered.

Empower and Support Employees

People want to come to work here—we attract top and diverse talent. Team members have opportunities every day to learn, grow, and make a difference. Each of us feels like a co-owner, empowered and accountable for the problem-solving and innovation needed to achieve agency goals. Every team member feels connected, successful, committed, respected, and recognized for their contributions.

Keep Improving

DES is a role model in Lean culture and improvement results for state government. Continuous improvement is infused in all aspects of the DES culture and every team member is empowered to solve problems. Everyone at DES has the problem-solving tools, knowledge, coaching and support they need to make improvements every day.

Key Challenges We Face

- Most of our lines of business are experiencing global transformations. The pace of innovation and change in private and personal sectors may drive expectations faster, perhaps, than we can remove barriers to meet them. We need to improve our ability to monitor market forces and to reinvent the manner in which we meet customer needs.
- We must embrace change and become masters at successful transitions.
- Keeping an up-to-date understanding of the expectations of our business partners and customers will require sustained commitment and investment as they face similar requirements for change.
- The ever more competitive environment requires us to accelerate the development of financial and business acumen in every employee and to provide support for innovation throughout the agency.
- As the economy improves, attracting, growing and retaining top talent in high-demand fields will be a challenge. Profound demographic changes in this country will affect our workforce support needs.
- We must shatter old perceptions of central service providers and demonstrate our forward-thinking, responsive, high-value and essential contributions to government. We need a sustained way to deliver this story that is mindful of the regular leadership changes inherent in government.
- As the financial pressures in government grow, we will be expected to contribute in reducing the overall costs of government operations in important ways. We will need to develop creative financing strategies for the investments necessary for innovation and retooling to support the changing needs of customers.

Department of Enterprise Services--Strategic Framework

Agency Strategies

Strategy Statement	The Implied Choices
We will understand the government customer better than anyone	• We will focus on the government market • Understanding our customer needs is a top priority of business focus at DES • We must demonstrate through our delivery that we understand and can satisfy these needs • We must understand our customers' businesses, becoming thoroughly familiar with their goals and the barriers to achieving them.
Our integrated services provide ease and value to the customer	• We will dismantle silos and will operate in ways that ensure we see and seize integration opportunities
We seize opportunities for the state as a whole	• We will not look solely at the customer making the request, but also beyond to the overall needs of the state • We will pursue shared and enterprise strategies whenever possible
The price and value of our services compare favorably to the market	• We must know market prices and how to meet them, beat them, or provide extra value the customer needs. • We will know and can explain how our services differ in scope and value from the market
We tell the story of our true performance and value	• We have processes that enable us to measure our performance • We are open, transparent and accurate about our performance story • Every employee will be equipped to tell the story

2015-17 Business Plan
Consolidated Mail Services (CMS)

(September 2014)

PART 1 - Business Description

Business Description

Consolidated Mail Services (CMS) is a central service organization that provides both infrastructure and institutional knowledge. Our customers can send, receive, and create mail with minimal effort, allowing their staff to focus on their core business. CMS, operating as the state's internal postal service, maximizes Washington state government's mail dollars by preparing and processing interagency, incoming, and outgoing mail through an integrated site-to-site distribution network.

Comprehensive mail processing and delivery services are provided to 133 agencies in several distinct activities:

- **Outgoing mail:** CMS operates a centralized high-volume production and processing mechanism for mail to be properly prepared for exiting the state government system. Coordination with stakeholders allows for automated inserting as well as attaining discounts on postage and shipping costs.

- **Incoming mail:** CMS accepts, screens, sorts, and delivers mail entering the state system from the United States Postal Service (USPS). All mail addressed with a 98504 ZIP Code (the USPS-assigned unique ZIP code for the State of Washington government) funnels through CMS.

- **Campus mail:** Using CMS as a centralized hub, interagency mail is accepted and redirected to the proper recipient, avoiding postage and preparation costs and allowing for the transport of a wide range of material without leaving the internal system.

- **Distribution:** A daily-operated transportation network spanning much of the I-5 corridor from as far north as Arlington, as far south as Vancouver, as far west as Hoquiam, and as far east as Monroe provides pickup and delivery service of interagency, incoming USPS, and outgoing mail.

CMS Distribution Network

- **Mail Security and Accountability:** Through both mechanical and manual methods, CMS provides a chain of custody and additional safety measures. This includes x-ray scanning of all incoming mail for identification of hazardous or dangerous materials; tracking and special handling of court/legal documents; State Patrol crime lab evidence; Dept. of Agriculture lab samples; and warrants. The centralized nature of

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the program also allows use of statewide resources to handle mail during emergency situations and to meet federally-required deadlines.

CMS at a glance	
FY 2013 Revenue	$24.1 million
FY 2013 pass-thru Postage	$16.5 million
Annual pieces processed	57 million
Daily deliveries	1,135
Employees	74

Market Description

Within the various lines of business provided, CMS services 133 state agencies, cities, counties, and other government entities. Through the distribution network alone; CMS picks up and delivers 1,135 times daily throughout 45 cities in 10 counties. This puts CMS's physical presence in 724 unique delivery locations representing 1,414 individual programs, offices, or functional groups. While the majority of state offices within this service area makes use of one or more CMS service; some smaller couriers, a few insert operations, and various mail rooms and metering machines still exist. Coordinated outreach to counties and municipalities holds promise for additional customers within the service area, while technological advancements may allow the uptake of business outside the physical network.

A useful tool in mapping the potential market is found in RCW 43.19.720 that mandates DES review the purchase of mail equipment for approval or denial.

The integration of CMS as a central governmental operation provides many efficiencies and cost saving for our customers:

- Through partnerships with DES Production Services and DES Printing & Imaging, large quantities of Outgoing mail are able to come straight from their facilities to CMS for processing, saving time and increasing transport integrity.
- The Distribution infrastructure allows sensitive material to pass from office-to-office or agency-to-agency with an unbroken chain of custody within state government.
- Alignment of transportation activities reduces governmental carbon footprint and presents opportunities for success stories about greenhouse emission reductions.

- Leveraging the combined volume of all customers also allows the offering of postage savings to agencies that would otherwise not qualify.
- The centralization of mail knowledge and effort also allows CMS to pursue the best options and opportunities for the state as a whole rather than individual entities duplicating functions or otherwise choosing solutions less-optimal for state government needs.
- We have strategic location(s) for the majority of state government mail activites.
- We provide a unified provision and accounting for a full range of mail services.
- We maximize equipment and personnel utilization to reduce duplication or waste.
- Most importantly the program has the freedom to focus only on cost-recovery, efficiency, and the pursuit of added value without the concern for profit.

- **"Rate card" equivalent**

Department of Enterprise Services	
Consolidated Mail Services	
13-15 Abbreviated Rate Schedule	
Campus (interagency) mail	**13-15 Rate**
Delivery In Town - per month	**$36.50**
Delivery Out of Town - per month	**$68.00**
In Town Inches / In Town Boxes	**$ 2.30 / $ 2.80**
Out of Town Inches / Out of Town Boxes	**$ 2.70 / $ 4.68**
Campus Mail Tracking – per piece	**$ 2.50**
Incoming mail	**13-15 Rate**
Sort Level - per month	**$28.50**
Inches / Boxes	**$ 1.37 / $ 1.75**
Incoming Accountable mail – per piece	**$ 0.85**
Outgoing – USPS and Small Package Services	**13-15 Rate**
Metering (1st class letters/flats/parcels)	**$ 0.025 /$ 0.045 /$ 0.25**
Priority Flats	**$ 0.25**
Certified or Registered letters	**$ 0.25**
Certified or Registered flats	**$ 0.50**
Letter presorting	**$ 0.045**
Re-metering for unreadable presort letter mail	**$ 0.083**
Move Updating	**$ 0.00**
Small Package Manifesting	**$ 1.15**
Active Account # Charge - per month/account	**$35.00**
Outgoing – Insert & Document Services	**13-15 Rate**
Standard Insert / File-Based Insert (base rates)	**$ 0.025 / $ 0.059**
Job Set-up - per job (rate dependent on volume)	**$10.00, $20.00, $30.00**
Manual Services* - per hour	**$42.50**
Ink Jet Labeling	**$ 0.055**
Folding	**$ 0.020**
Tabbing	**$ 0.025**
* 15 minute minimum	

- **Customer benefits**
  - Reduction of individual customer fuel, vehicle, personnel, machinery and general transportation-related duplication of costs.
  - Adherence to a set delivery/pickup schedule with the flexibility to handle unexpected or emergency situations.
  - Customer service section devoted specifically to consultation and assistance.
  - Security, expediency, and accountability of government mail.

- Safety through both mechanical and professional personal scanning.
- Mastery of stakeholder and third-party (private or public) requirements allowing for the most advanced methods to maximize savings and efficiency.
- Quality and accountability for government mail in a consolidated system.

PART 2- Assessment of Trends, Forecasts, Challenges, and Opportunities

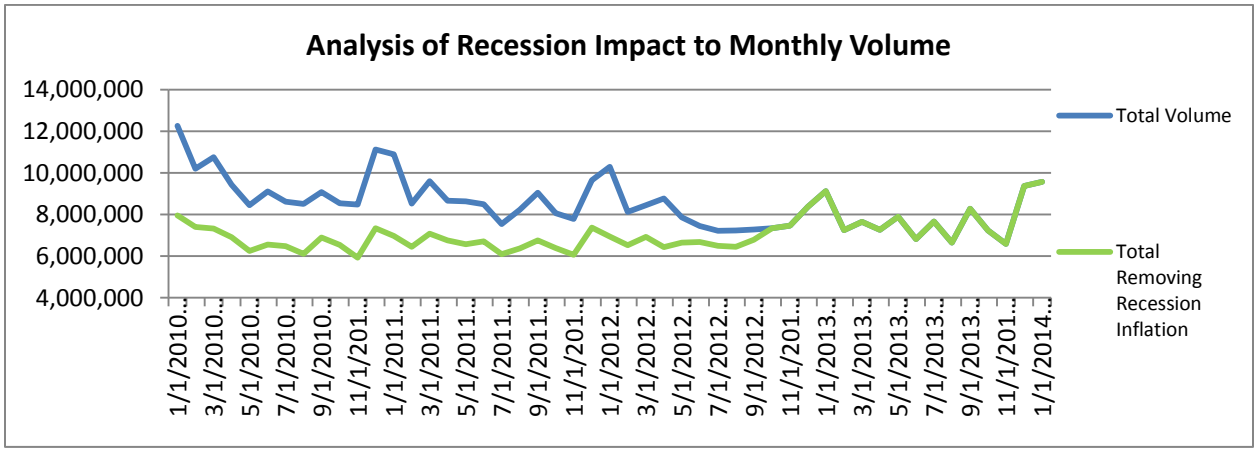
What barriers, if any, does this business face in meeting its program map targets?

The changing world of mail

- The scheduling, pricing, and regulatory restraints of third-party stakeholders continue to change as they attempt to adapt to the same realities we face. This impacts our processing times and the manner in which we must operate to meet our service commitments.

Bureaucratic bottlenecks to adapting to those changes

- While the peak volumes associated with benefit-related mail during the recession shielded us from the natural decline in other mail volumes and allowed us to maintain lower rates than would have otherwise been necessitated; we are at the point where we need to adjust rates and are undergoing an intensive process by which to do so.



- Our inability to upgrade or replace outdated business processes and technologies negatively impacts our business. Additionally, the DES technology prioritization and approval process and the significant queue and backlog shared by the agency's other programs or customers impacts our ability to be as efficient as possible.

  It often seems that application or terminal fixes are regularly pushed to the bottom of the queue by their apparent simplicity and the availability of workarounds, though it leads to unnecessary delays in service. We are able to

contribute to the evolving process of agency technology management by participating in these experiments, but it appears as if the actual fixes are often held back and which sometimes impacts the ability of the program to complete essential work.

Cementing that adaptation throughout the organization

- As we take on multiple and varied work within each line of business, our standard operating procedures and quality control mechanisms must be strengthened. This includes proper training and a wide base for that training in the multiple esoteric methods of handling mail. Trimming expenses as much as possible means we are spread thin as a full-service operation, with segmented knowledge and concentrated, specialized knowledge bases.
- In the pursuit of best-meeting specific customer needs, we are occasionally too adaptable to situational demand at the program level. This leads to special agreements, targeted service alterations, inequitable situations, and a diffusion of our core goal of consolidation.

Retaining institutional knowledge

- Training and documentation of processes are essential to continuity of business, but working relationships, experience with unforeseen situations, and other specialized skill-sets are concentrated at the personal level rather than section-wide or universally.

What risks, foundation-building or deferred maintenance issues need to be addressed?

Operational Equipment

- Aging equipment is leading to challenges not just in daily operation and the range of services available to our customers but also in accounting and data integrity.
- The combination of Outgoing mail with the demands of a regular, scheduled distribution network leads to efficiency bottlenecks in FTE allocation and the timing of equipment usage. In this sense one of our greatest strengths (the offering of a spectrum of mail services) leads to challenges in balancing the competing time and equipment demands of those lines of business.

Infrastructure Needs

- Our phone system is archaic and often leads to missed calls, delayed messages, and hindered customer service.
- Our shift structure and use of on-calls often leads to duplicated work in the attempt to submit time sheets within deadlines.
- The acquisition process for IT-related systems and services has proven to be a herculean task to the point of limiting our ability to grow the business.

What will the future look like for this line of business in the next 10 years? What are the major changes and most relevant trends in this line of business and its products and services?

Taking our name to heart; consolidation holds the most immediate promise for many sustainability strategies. The advent of DES amplifies those opportunities.

a. **Physical communications** operations can be streamlined and strengthened by further aligning the workflows of Production Services, Printing & Imaging, and CMS. This would allow customers a single point of origin and exigency for any physical communication.
b. **Digitized communications,** be they through imaging or web-based services, can be pursued as a business line through taking a leadership role in conjunction with DES's expanded technology infrastructure or with our closer working relationship with CTS.
c. **Web-based mailing application solutions/portals** are promising for both physical and digital mailings while also providing a wellspring of demonstrable sustainability and transport savings and added communication integrity.

- Continuing to lead standardization efforts is key for continued efficiencies within the state. Pre-optimized templates for documents or utilization of re-engineering software supporting the published mail guidelines will be essential in following up with where the legislative and executive branches have determined our worth to be.
- Mail hubs –either internally operated or in partnership with another agency- holds promise for extending our service area and altering service offerings.
- Centralized mailing permit management would expand our role as a full-service mail solution and liken to DES's Contracts & Legal program.
- Redirecting the receipt of third-party parcel services (last mile delivery for FedEx, UPS, DHL, etc.) through CMS would eliminate duplicated mailstreams, add the security of CMS X-Ray and manual scanning, and potentially benefit both the customer in terms of consistent mail service and the vendor in the reduction of transportation costs.

Where are we at risk of falling behind the rest of the market?

Ability

- While advanced in certain lines of business, others are restrained from offering optimal service through outdated equipment or ill-fitting technological solutions.
- The segmentation of Data processing, Printing and Mailing within the state system leaves us at a disadvantage against streamlined private services or comparable operations in other states. This setup also adds coordination work and integrity vulnerabilities.
- Despite our published mail standards and guidelines, we bear an unenforceable mandate for the usage of our services. Private sector entities can set rules for what mail is acceptable to optimize processing and pricing. CMS currently adapts to the

precepts of the customer and pursues segmented service offerings to conform to them.

Outreach

- Our ability to expand is limited to periodic email or website publications and Customer Management activities outside our control. Word-of-mouth and customer in-reach remain our most effective tools, which puts us at a disadvantageous marketing position.
- Social media presence, signage for our highly visible eponymous vehicles, and more coordinated promotion are yet to be pursued.
- Our view of the overall state government mail activity is limited and fragmented. We lack a consistent reporting method, our data gathering has relied upon volunteered information and limited vendor reporting.

Methodology

- We provide a full range of services instead of being solely a presort house or an insert facility. As such our billing is segmented and overly complex in an attempt to reflect activity. This complicates budgeting and rate adjustments.

How do we expect customer needs to change over the next 10 years? What are our customers thinking?

Conversion from physical mail to electronic formats is an intensive and complex process which can occasionally increase mail in other areas rather than being the quick path to savings many customers envision. Offering Mailing Assessments, or perhaps Communications Assessments in conjunction with our sibling programs, could fill a market need in the interim as we shore up the options for non-physical mailing.

What are the strengths of this business that will serve it well over the next five years?

Staff

- The service cultivated by managers and supervisors and reinforced independently by other staff maintains a level of customer engagement which is frequently praised and regularly yields positive results. This includes strong working relationships with customers, a wealth of knowledge about complex operations, and informed ideas for improvement and growth.

Service

- We have proven in multiple instances and venues -be it the State Auditor's Office or Office of Financial Management activity reviews- that our services provide either the lowest cost or optimal service value to state government.
- Our expansive service and communication network allows us the flexibility to adapt to emergencies or otherwise unforeseen circumstances to meet customer needs.
- We have been designated by the agency as an essential service and identified as necessary in several agency continuity-of-operations plans; most especially those with legal notification or payment requirements.

- We maintain a level of coordination that allows the different sections and shifts to cooperate or overlap when necessary.

Improvement Process

- All staff are encouraged to engage in identifying issues and opportunities concerning the conduct of business.
- Our stewardship and integrity of data and the resulting comportment of analysis allows the program to both define and defend our mission in marketable terms.
- Equipment reviews, LEAN projects, and extensive value assessments have yielded a strong sense of direction for the program with multiple possibilities to explore.

What are the areas of opportunity for this business in the next five years?

- The program has met what could be roughly considered its nadir of physical governmental mailing in the current incarnation. The majority of revenue-generating activity within the existing network and setup has been assimilated and the future rests with some combination of a redesign of the manner in which we charge, the technological sophistication of services we offer, or the audience to whom we offer it.
- Partnering with other programs or potentially even other agencies to serve as a digital document repository, expanding the administrative role to permit management or enforceable mailing standards, and increasing focus on peer-to-peer mail trackability are all potential areas of exploration.
- All of this will require a more robust marketing mechanism.

PART 3 – Implications and Strategic Business Plan for the Future

***A.* Based on the assessment in Part 2, and the strategies in the agency strategic plan, in what ways should this business change over the next five years?**

As the practice of physical mailing declines, our immaterial worth will become ever more our focus. Knowledge and consultation will become as equal and essential a product as labor. Assisting customers with adding value and bolstering efficiency in their communication methods will drive our mission. Likewise, assisting customers with adding integrity or reducing costs to existing mailings. CMS should become a modernization mechanism rather than simply stuffing envelopes and applying postage or transporting paper mail.

In following with the agency's strategic outset, we've structured matching goals.

- We will understand the government customer better than anyone.
    - Benchmarking, where possible, against both the private sector and similar governmental operations.
    - Surveying both the satisfaction and interest levels of customers.

  - Continuing exploratory and expository stakeholder meetings, trainings, and outreach.
- The price and value of our services compare favorably to the market.
  - Washington's unique geography and political layout provides us with few peers. Our full-service operation is difficult to compare to private or public sector functions which can focus solely on only one aspect of our enterprise mailing services business model. While this provides difficulty in grading ourselves; it is also the means by which we establish ourselves as a leadership example through our reviews by our own governmental peers and our comparisons to other similar entities.
  - Our worth continues to lie in maintaining a statewide savings focus while offering needed services to agency partners.
- Our integrated services provide ease and value to the customer.
  - Through further integration with DES's data-processing and print-producing programs, we aim to continue the streamlining of our customers' communication process.
  - Exploring, along with DES's Surplus and Fleet programs, satellite service locations to better support our agency partners' logistics needs.
- We seize opportunities for the state as a whole.
  - Our comingled mail volume gives us access to promotional or leverage-based savings which we have been able to pass on to customers in the past. We continue to pursue these opportunities through our engagement with third-party vendors.
  - Our symbiotic working relationship with equipment vendors allows us to be at the forefront of numerous technological advantages and maximize incentive-based upgrades.
  - Contracting opportunities for specialized services have been –and continue to be- successfully explored.
- We tell the story of our true performance and value.
  - Quarterly service updates, frequent and customizable customer trainings, coordination with the Customer Management Group and Communications for new business outreach, and a concerted interaction mechanism backed by a dedicated Customer Service section continue to be advantageous in conveying our value.

Having said that, finally:

We all still mail → The logistics of mailing are changing → If government is going to target mail expenditures as a source of savings and progression; it's more efficient to implement universal changes in a unified system.

What business change initiatives do we complete in 2015-17 to move toward this future?
1. Expand services to a broader customer base through physical and digital means. Market further to cities, counties, and other institutions not historically serviced.
2. Promote and refine data driven mail services.
3. Bolster the state's environmental sustainability pursuits and carbon footprint reduction efforts.

What product or service changes should we make in 2015-17 to move toward this future?
1. Physical – Create mail hubs through either internal expansion or partnerships with other agencies; pursue and implement additional efficiencies for existing mailstreams to advantage the best postage discount possible. Examine opportunities to optimize routes through the use of satellite operations.
2. Standardize tracking offerings with improved, more accessible reporting capabilities.
3. Digital – Imaging incoming mail, expanded data-acceptance methods, and linked processes with other DES programs can broaden the customer base and amplify the efficiency of current service.
4. Market the published Mail Guidelines and statewide standards and employ them as a basis for new mailings or a goal for any redesigned mailings. Partner with Printing & Imaging and Production Services to optimize mailings at either the inception point in initial design or the entry point through re-engineering software. Further convert File-Based insertion of mail, providing opportunity to combine multiple printing/mailing jobs into larger, unified inserting runs.
5. Explore the use of CMS's existing state distribution network for the "last mile delivery" for 3rd party package vendors such as UPS and FedEx.
6. Provide opportunities for agencies to reduce or eliminate vehicles and the associated environmental impact through absorption into existing DES routes.
7. Working with DES's Fleet Operations; modernize the CMS fleet with smaller, more fuel-efficient, or hybrid/electric vehicles.

B. What does our workforce need to be successful now and in the new future?

A continued theme of CMS's vitality in the past and ambition to evolve has been that during the recession of the past several years, our line of business provided us with sustainability and shielded other more vulnerable sectors of the government from reality-driven cost increases in the mailing world. Now, as we look towards adjusting to the new normal of volume and need we similarly have to turn towards our agency infrastructure to assist us in these program-level improvements, be they technological, consultory, or simply executive backing.

What workforce-related initiatives are needed in 2015-17? (i.e. recruitment, retention, development, etc.)
1. Every major program initiative identified herein will likely require adjustments to and support of our workforce: a. Mail Hubs – An expansion of the staff base to potentially include drivers, operators, and supervisory roles may be required for establishment of satellite locations. Flexibility with allocation of current staff may also be needed. b. Digital Mailrooms – Refocused and repurposed staff, possibly combined with additional staff, would be needed to reengineer the current Incoming mail operation to include an imaging line of business. c. A shift in emphasis towards data-driven mail services will require a corresponding shift in our employee knowledge base and specialization. Additional training and potential reclassification of supervisory staff may be necessary to conform with the increased emphasis on mail integrity.
2. Reclassify, restructure and properly train existing or incumbent FTE's to meet the needs of proposed new lines of business.

C. What needs to be addressed in the operations of the business to ensure current and future success?

What facilities or equipment initiatives are needed in 2015-17?
1. Complete activities in progress, AMTS/ERR initiative started in FY13; and maintenance of current services: a. Replacement of our outdated phone system delayed from FY10. b. Replacement of postage metering equipment and our oldest inserter, both planned in FY15.
2. Every major program initiative identified herein will likely require adjustments to our facilities or equipment: a. Leasing or purchasing assistance for a secure hub location and vehicles to service it. This can be either program-led or in partnership with another agency. Additional mail processing equipment, supplies and adjustments to maintenance contracts would be needed for operation. b. A digital mailroom component may require capable equipment and adequate housing for work stations. Existing security measures may need to be bolstered. In the long term, investment in secure data processing machinery may be needed. c. Assistance from Fleet Operations will be essential as we modernize our leased fleet to reduce its carbon footprint.

2015-17 Business Plan
Consolidated Mail Services (CMS)

(September 2014)

What technology initiatives are needed in 2015-17?
1. Every major program initiative identified herein will likely require adjustments to or support of our technology needs: a. Networked communication and data access for both proprietary and third-party software systems. Extending the existing tracking systems will be needed to maintain accountability. b. Any digital mailroom solution will require a significant investment of technological support, the degree to which being dependent on the method chosen. c. Emphasizing the use of data-driven mail services requires a strengthened tracking mechanism and potentially support for end-user access. We will be leaning much harder on server and software-related resources as our business further digitizes.
2. Mobile accessibility to certain sections of -and reports from- our database.

What financial initiatives are needed in 2015-17? (i.e. rate or cost structure changes, new financing methods, cost analyses, etc.)
1. Complete the analysis, review, and updating of and the transition to a relevant rate structure for FY15 and beyond. This should be followed by periodic, targeted rate assessments and adjustments backed by historical tracking and benchmarked comparisons to parallel businesses.
2. Every major program initiative identified herein will likely require adjustments to our fiscal substructure. Rates may need to increase or decrease in certain activities to appropriately reflect cost of shifting focus to digital and intellectual production or investment in satellite locations. Initial transfer or acquisition of materials, technology, or service is needed in nearly every proposal outlined.

What contract or risk management initiatives are needed in 2015-17?
1. Every major program initiative identified herein will likely require contract or risk management support: a. Contract negotiation or adjustment will be required for establishing satellite locations and their associated services. This includes facility and equipment acquisition and related maintenance. b. Creation of an imaging operation will necessitate significant risk management consideration to ensure the security and integrity of confidential information scanned and stored. c. Tracking, transmission, and retention software will be needed for pushing mail towards more data-driven methods. d. Disaster recovery plans must be adjusted in consideration of new locations, new forms of data retained, and the sustainability of their integrity.
2. Acquisition support of equipment listed above.

What process improvement or new process design initiatives are needed in 2015-17?
1. It would be advantageous to both customers and internal programs to unify the tracking and billing of communications. The integrity of both creation and invoicing of a document from data to print to mail is best preserved in a combined enterprise system. Ability to report complete costs to our customers for specific print/mail jobs.
2. Streamline the state's use of mail permits will reduce accounting overhead for customers.
3. Explore ways to meet a possible 6:30 pm USPS submittal time for our co-mingled automated discounted mailings.
4. Completion of process improvement initiatives already in process; standard operating procedure development; mail equipment reviews, inserting errors, and inventory control management.

What communications, marketing and customer relations initiatives are needed in 2015-17?
1. Assistance to create and implement a robust marketing and sales plan will be necessary to sustain and expand our service capabilities. a. Outreach assistance for new customers –be it communications tools or engagement opportunities- will be essential as our available assumable activity approaches its peak. b. Each new proposed service offering outlined herein will depend upon effective marketing tools to establish demand. c. Expertise to transform our business content into an optimized website that informs, educates, and markets our services. d. A social media presence could be explored to enhance tutorials, updates, promotions, and general customer connections. e. Enhanced customer surveying is needed to guide and support our process improvement initiatives.

D. What policy or legislative changes will be needed?

Describe the change needed	Policy, rule or statute that might need to be changed	Is this something we should do in 2015 -2017 time frame?
1.		
2.		

Proposed Budget Changes

What investments or resource changes will require a budget request for 2015-17?

Describe the new investment or resource change needed next biennium	What is the estimated cost?
1.	
2.	

2015-17 Business Plan - Facilities
Engineering and Architectural Services

PART 1 - Business Description

Business Description

Created in 1959 and governed by RCW 43.19.450, Engineering and Architectural Services (E&AS) provides a wide range of comprehensive and project management facility expertise. Our primary functions revolve around capital project development, pre-design, facility design, construction, and energy management services. We are the primary public works authority for state facility construction.

Our main office is located on the second floor of the 1500 Jefferson Building in Olympia, Washington within the Facilities Division and our satellite office is located at Spokane Community College for managing projects in Eastern Washington.

E&AS is comprised of eight (8) teams; reference the attached organizational chart Appendix 1. Staffing is composed of 70 FTEs, with a majority of staff holding professional licenses in architecture or engineering; experienced staff members with planning degrees or certificates; and on average, our staff members have over fifteen years' experience providing public sector project management services.

Capital Project Management Program – Provides facility design and construction management services for projects identified in the state capital budget. We are advocates for our client agencies and provide subject matter expertise in engineering, architecture, and public works project delivery. Our project management services are organized by teams:

- **Team A** provides services to projects on the Capitol campus, Southwest Washington, and the Peninsula.
- **Team B** provides services to projects along the I-5 corridor north of Tacoma and all of Eastern Washington.
- The (Department of Corrections) **DOC Team** provides services to all adult corrections facilities statewide.
- The (Department of Social and Health Services) **DSHS Team** provides services to all DSHS facilities statewide.

Our operating budget is based on a percentage of the overall capital construction budget. In a typical biennium, on average, we manage 780 projects totaling $600 million.

Reimbursable Capital Project Management Program – Provides facility design and construction management services for projects not identified in the state capital budget. Similar to the Capital Program, work is accomplished for public agencies through interagency agreements (IAA). While this program isn't fully implemented, there is an opportunity to provide project

management services for 15 to 18 projects totaling $150 to $165 million. This could generate an additional $2 million in reimbursable revenue over the next three years.

Energy Program – Created in 1985 and governed by RCW 39.35 A and 39.35 C, the Energy Program provides comprehensive project management and other services to help our clients reduce energy and operational costs, and reach sustainability goals. The Energy Program is managed as a self-sustaining business, relying on a fee for service model to support 100 percent of program operating costs. Services are provided through IAAs and project management fees are based on the size, complexity and type of service provided.
A sampling of services provided includes:

- **Energy Savings Performance Contracting (ESPC) Services.** – The primary service is to implement energy efficiency projects in public buildings.
- **Energy Life Cycle Cost Analysis (ELCCA) report reviews** – Energy Program staff review ELCCA reports for completeness and technical accuracy on construction or renovation of public facility buildings over 25,000 square feet.
- **Building Commissioning Services** – A systematic process of ensuring owners' operational needs are met, building systems perform efficiently, and building operators are properly trained.
- **Resource Conservation Management (RCM)** – A coordinated effort to manage resources, services used, and waste generated, for the Capitol Campus and the Department of Enterprise Services' (DES) managed facilities. Operational savings are gained through organization, analysis, and communication.
- **Energy Star Portfolio Manager Services** – Portfolio Manager is a web-based tool used to: track and report building energy use and to identify opportunities for energy savings in buildings occupied by state government.

Capital Projects Advisory Review Board – In 2005 the Legislature created the Capital Projects Advisory Review Board (CPARB) to review alternative public works contracting procedures, RCW 39.10, and provide guidance to state policymakers on ways to further enhance the quality, efficiency and accountability of public works contracting methods. E&AS provides staff support, has one seat as a voting member, and provides expertise and guidance on its policy and review committees.

Market Description

Our primary clients are state agencies within the executive branch of state government. These include: Thirty-four (34) community and technical colleges, the Departments of: Corrections, Social and Health Services, Veteran's Affairs, Health, and Enterprise Services, the Washington

State Patrol, the Military Department and numerous state boards, commissions, and agencies. We also provide Energy Savings Performance Contracting services and other Energy Program services to universities, K-12 schools, local governments, state agencies, and other public agencies, on a reimbursable basis.

"Rate card" equivalent (Services prices, what customers receive for the money)

Our clients receive professional project management of their capital and energy efficiency projects. Our project management services commence at the very beginning of the project and include: the planning, design, construction and post-construction warranty period phases of the project. For energy projects, services also include review of measurement and verification reports to confirm that the energy savings guarantee was met.

- The operating budget for the Capital Program is based on the total Capital Budget appropriation for projects managed by E&AS. For the 2013-2015 biennium this amounts to 2.15 percent of the total capital appropriation.
- Project Management Services for projects not included in the above appropriation are performed on a reimbursable basis. E&AS' project management fees charged are in accordance with the attached fee schedule (see Appendix 3.1) and are in proportion to total project costs.
- Energy Performance Contract Management Services are performed on a reimbursable basis in accordance with the attached fee schedule (see Appendix 3.2) and are in proportion to the total project cost.
- Energy Commissioning fees are charged in accordance the attached schedule (see Appendix 3.3) and are proportional to the total value of the commissioning work.

Pro forma financials

- **Capital Project Management (See Appendix 2.1)**
- **Energy Project Management (See Appendix 2.2)**

PART 2- Assessment of Trends, Forecasts, Challenges, and Opportunities

A. What barriers, if any, does this business face in meeting its program map targets?

Inadequate capacity to meet project management demands, client expectations, and program deliverables

- Inadequate capacity stems from funding and reimbursable rate models that do not provide the necessary budget for adequate staffing levels to meet the base needs of project management.
- E&AS project managers are over capacity. Many project managers are responsible for greater than 20 facility capital projects. A reasonable workload is between 10 and 15 projects.
- Client surveys correlate satisfactory service levels with 2 to 4 hours per week on-site with the client, the consultant architect, or the contractor. This would equate to greater than 60 hours per week for each project manager on-site with no time for travel, project support work and administration, or training.
- An increased number of process errors and change orders are due to insufficient review time of design and bid documents resulting in increased cost to the project.
- Non-conforming material and non-conforming work due to too little constructing inspection time result in delays, rework, and increased costs to the project.
- Many projects are not closed out timely and the queue is growing. This is an issue for the state, prime contractors, and subcontractors. The state retains performance bonds and 5 percent of the total contract as guarantees until the project is closed. The prime contractor holds similar guarantees from his subcontractors.
    - By holding a performance bond beyond the normal project close out time frame, the state is in effect reducing bonding capacity of the contractors and subcontractors for future projects, in some cases prohibiting them from bidding new work, and reducing completion for the state.
    - By holding retainage, the state is limiting the cash flow of businesses which may disproportionately impacting small, new and diverse businesses that may not have the reserves of established businesses.
- Client agency feedback includes:
    - PMs should provide the level of support required to avoid project disruptions and questionable construction quality.
    - PMs should provide adequate levels of support so that owner-caused delays do not occur.
    - PMs should not be overextended to the point when their limited oversight sacrifices project quality control.

Inadequate and outdated guidance and training

- E&AS has seen turnover and vacancies in a number of positions over the past few years, both in leadership, as well as in veteran project management staff. Turnover stems from a number of causes; the economy, state budget reductions, demographics, and retirements. For example, the E&AS Supervisor position has turned over three times since January 2012 and had been vacant for 5 months. One Assistant Program Manager position has turned over four times within the last two years.

- Public works project management is a complex profession that is constantly evolving due to the innovation of new materials, new construction methods, and the economy.
- Challenge finding and retaining qualified energy and capital project managers.
- The Project Management Manual and E&AS' internal practices documents are incomplete and/or have not been updated in five (5) or more years, leading to inconsistent methods, indecision, and delay.
- Inadequate project management training and guidance further limits capacity.
- Client agency feedback includes:
    - It would be acceptable if only a select handful of PMs were trained/experienced in alternative public works, but they need to be available when required for a project.
    - PMs should not be placed in a position to "learn the ropes" of alternative public works projects while working on these types of projects. PMs should be assigned to projects that fit their level of experience. In some cases, this criteria should take precedence over the idea of placing PMs on projects based on geographical area or agency.

Inadequate communication, both internally and to our customers and stakeholders

- The Client Agency Manual which provides guidance to our customers on how to access our services has not been updated in over five (5) years.
- Contractors and A/Es do not consistently use website and web forms.
- Inconsistent file management practices among project managers' electronic and hard copy files.
- Electronic file structure is outdated and not maintained leading to lost time searching for documents.
- Electronic Document Store: Some documents are outdated and/or not maintained leading to lost time searching for documents and forms. Also leads to using wrong or outdated forms.
- Internal communication is siloed. We rely too much on e-communication and have lost face-to-face real time communication.
- Communicate project and service value to our customers.
- Manage client and contractor expectations.
- Our clients say:
    - PMs should have a solid understanding and communicate the facts and limitations of the project budget.
    - PMs should maintain a close partnership with the colleges to share real-time budget data and advise the college regarding related risks.
    - PMs should not delay minor work projects or view them as "in-fill" or "seasonal" work. The college system has a goal of spending 80 percent of minor work appropriations within the first biennium the funds are provided.
    - Establish clear boundaries and expectations for PM services. Educate college staff regarding the required PM services for each project.

- Set service standards for PM activities. A private sector PM provider typically provides a menu of items for clients to select from to set up an initial agreement for services. There is a large amount of confusion regarding the "quantity" or "level" of PM service that colleges "pay for". Example: Colleges may think three site visits per week are required, but the PM can only visit the site every two weeks. Establish the "correct" level of service and communicate the service level to "correct" expectations before any service is provided (on every project). Even a checklist would be helpful. An up-front written description of the expected service would go a long way to eliminate future confusion and frustrations felt by clients.
- Clearly delineate DES and client roles. A few colleges have Capital staff that support capital projects. There needs to be a clear understanding of roles to avoid overlapping effort or gaps in work. The expectation is that DES provides PM services and the colleges will provide coordination and support. Colleges cannot provide the PM lead, but maybe able to complete some of the PM tasks to aid the DES PM.

The passage of I-200, inconsistent expectations, and passive goal management have led to the underrepresentation of small and diverse businesses in both design and construction contracts and subcontracts.

Legislation

- RCW 39.10 limits DES to four (4) active Job Order Contracts (JOC) at a time. Each JOC is further limited to $4 million per year. This alternative public work contracting method has proven to be administratively efficient, and is used extensively. We frequently find ourselves restricted in using this method due to statutory limits.
- Public disclosure requests during the design-build procurement process this year caused a lot of concern from our contractors and confusion for our staff. House Bill (HB) 2555 provided guidance for design-build. This guidance should be extended to other non-low-bid procurement methods to maintain competition until an apparent winner is established.

B. What risks, foundation-building or deferred maintenance issues need to be addressed?

Information technology and software

- Our primary project management and information software, Project Tracking System, (PTS) is inadequate, outdated, and cumbersome to use. An upgrade is needed for this 20+ year old legacy system. Facilities, E&AS, and ETS are working to investigate and negotiate an Asset Works enterprise solution.
- Project managers are mobile and in travel status over 50 percent of the time. More mobile workstations and remote access to contract documents and forms is needed.

- We currently do not have a structured method to publish and provide plans and specifications to contractors for bid. A single system is needed to manage and maintain a plan holders list to advise prospective bidders of addendums. The plan holders list is also very valuable to small and diverse businesses. It allows for prime contractors and subcontractors to be aware of who is interested in performing work on the job and facilitates business introductions.
- HB 1841 allows electronic bidding and signatures for public works projects. This process has not been used in Washington State but is a foundational element that needs to be developed. The Office of the Chief Information Officer (OCIO) is responsible for developing guidance and definition for electronic and digital signatures. DES will need to devote resources to developing this process.

Guidance and training

- The Project Management Manual is inadequate and outdated.
- The Client Orientation Manual is inadequate and outdated.
- There is inadequate guidance and training of roles, responsibilities, and expectations
- There is inadequate training, professional development, and succession planning to offset staff turnover.

Economic Realities Resulting in Extensive Differed Building Maintenance

- The recent recession has caused many of our clients to postpone construction and have deferred critical building maintenance work. This is leading to increased capital and minor works needs.

C. What will the future look like for this line of business seem in the next 10 years? What are the major changes and most relevant trends in this line of business and its products and services?

Changes in building design and standards

- Increase in sustainable design/Energy/LEED (moving goal post with new LEED standards).
- Emphasis on low energy use buildings and reduction of carbon emissions.
- Use of 3D modeling software (BIM, REVIT).
- Deep energy building retrofits and net zero building delivery.
- More intensive resource conservation management will lead to more sustainable operating and maintenance of our buildings and opportunities for rebates and grants to assist with funding.
- Increased building bench marking and commissioning will lead to more effective operation of our buildings systems.

Changes in building and occupancy use

- Buildings have longer design life spans and will need to be built to have versatility and flexibility of use.
- Many office buildings will have a high percentage of employees who may telecommute one or more days per week.
- Many college campuses will have a higher percentage of E-Learning opportunities, which will lead to different programming and square footage use, if not necessarily less.
- There is a trend toward foreign student emphasis at colleges.

Changes in contract delivery and funding

- Increased Diverse Business inclusion.
- Performance guarantees on new buildings and major remodels.
- More complex project delivery alternatives and combinations.
- Ability to re-appropriate funds.
- Decisions on delegation of authority will affect the business.

D. Where are we at risk of falling behind the rest of the market?

Training and performance

- Political agenda to outsource services/E&AS needs to measure and track performance relative to private sector competition.
- Training/awareness on new opportunities in a rapidly changing industry.
- Efficiency – public works takes time, work smarter.
- Staying current with code requirements and market trends – staying on the cutting edge.
- Maintaining expertise and credibility.
- Maintaining visibility – peer conferences, seminars, and speaking engagements.

Design and innovations

- Outdated information systems.
- Recognizing industry trends of wanting more efficient use of existing space.

Technology

- Trends – environmental scanning.
- Using technology effectively.

E. How do we expect customer needs to change over the next 10 years? What are our customers thinking?

Customer concerns

- Client Agencies are universally concerned with turnover at E&AS at the Assistant Program Manager and E&AS Supervisor level.
- Work flow process resulting in delays to contracts, change orders, amendments and invoices.
- Job Order Contract limitations. Changing expectations relative to delivery timelines.
- Client Agencies are requesting E&AS assistance to reduce deferred maintenance backlogs on existing buildings and infrastructure. The state needs to place a greater priority on the preservation of existing facilities.
- Client Agencies request additional funding to address sustainable design/Energy/LEED, and low energy use buildings, and carbon emission reduction. E&AS needs to provide education and incentives to the legislature to invest money that will save the state money in the future.
- Project managers need to be trained and qualified using all delivery methods.
- There may be legislative interest in design-build delivery with energy performance criteria and are looking for appropriate projects to use this delivery method in the near future.

Changing customer needs

- Customers need clear guidance on when and where public works is mandated, and available alternatives. Clients are increasing their internal workforces, and seeking other ways to deliver projects. E&AS needs to help clients make better decisions on delivery methods.
- Some agencies want increased delegated authority to perform limited public works and small public works contracts.
- Clients have expressed a strong need for additional training through client workshops. More instructions and less round table discussion.
- Some agencies need more assistance on budgeting capital requests. There is a potential for more projects as we come out of the recession.
- Looking for ways to meet funding gaps. Combination financing so customers can pay for project costs from utility savings.
- Ongoing need to do more with less – renovation and repair/maintenance will continue to be important. Buildings being constructed now will need to be updated within a few years.
- Need for alternative and renewable energy projects, including: solar, wind, geothermal, fuel cells, and co-generation.
- Ability to work with clients from all public sectors.
- Potential to upgrade infrastructure and reconfigure existing spaces for more flexible and compact operations.

F. What are the strengths of this business that will serve it well over the next five years?

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Professional expertise in public works project delivery

- E&AS Professionals have a broad range of experience and are familiar with multiple options for project delivery.
- Provides confidence rooted in statutory authority that allows us to be a balanced facilitator between client interest and public works statutory regulations.
- Provides excellent contract claims negotiation and resolution. Our claim settlement rate is less than 2 percent when the national average is about 7 percent.
- Provides a checks and balances to design costs and client interest, maintains standards, and don't cut corners.
- Has developed a trustworthy reputation with our clients, contractors, and A/E consultants that is based on solid contracts and years of fair administration.

G. What are the areas of opportunity for this business in the next five years?

Expand E&AS' public works project management services into new markets

- Provide public works services for the K-12 system for capital construction.
- Provide public works services for Local government – small and medium sized cities.
- Provide more ESCO support to state and local governments, municipal organizations, and possibly Tribal and federal government.

Improve Stakeholder Communication, Relationships and Partnerships

- Current and potential clients.
- Office of Financial Management, Capital Programs.
- Legislature and Legislative Staff – Capital Committee, and Ways and Means.
- State Board of Community and Technical Colleges.

Other

- Social media use new technology.
- More online e-processes, (apps, PWRs, change orders, IAAs etc.).

PART 3 – Implications and Strategic Business Plan for the Future

A. Based on the assessment in Part 2 and the strategies in the agency strategic plan, in what ways should this business change over the next five years?

- Improve the efficiency, effectiveness and professionalism of our services through investments in our staff and guidance documents such as internal practices, Project Management Manual, and Client Orientation Manual. Take advantage of institutional knowledge held by senior team members. Leverage technology to increase effectiveness. Increase technical expertise to prepare for deeper energy conservation.

Appropriately sizing staff and work load ensures capacity to meet project and program deliverables.

- Increase Diverse Business outreach and inclusion for design and construction firms. Develop other strategies to remove barriers to small and diverse businesses from being competitive and successful in public works, ESCO, and consulting.
- Increase the holistic integration approach to sustainability (also greenhouse gas reductions in existing buildings). Provide innovation, leadership and standards to guide our clients toward renovation and reduction in energy use. Promote the recognition that deep energy retrofits will lead the market in the next iteration of energy savings.
- Develop E&AS marketing plans for both Capital and Energy Programs. Expand into new markets/clients. Identify ourselves and what we do (branding).
- Focus on opportunities to support capital investments in K-12 with contract and project management services.

What business change initiatives do we complete in 2015-17 to move toward this future?	May require budget ↑?
1. Build Project Management capacity to meet project and program deliverables. Right size staffing levels to meet work load and set people up for success. Revise and update fee schedules to support client expectations, service levels and program deliverables.	↑
2. Revise, update, and develop our manuals and internal guides. Invest in staff training and professional development. Encourage participation in professional organizations. Provide leadership and professional development opportunities.	↔
3. Increase business diversity and inclusion through the development of strategies to remove barriers to small and diverse businesses.	↔
4. Electronic-bidding, Electronic signatures, and bidders lists. Web-based management of project document scheduling and workflow management.	↑
5. More active client education. Revise update and develop client orientation, and guidance manuals. Provide regular training, workshops and forums. Educate clients about other potential energy efficiency opportunities.	↔
6. Build stakeholder relationships to increase effectiveness, specifically with the Office of Financial Management (OFM), legislative staff, public owners groups, Architects, Engineers and Agencies Committee (AEAC), the contracting community, and minority business groups. Partner with the Department of Commerce and the Office of Superintendent of Public Instruction (OSPI) on Energy Efficiency grants. Develop marketing tools and participate in agency workshops and facility/business officer meetings to offer our services.	↔

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What product or service changes should we make in 2015-17 to move toward this future?	May require budget ↑?
1. Revise, update, and develop the Client Orientation Manual. Revise and update consultant outreach and guidance. Information should provide clear guidance on how to be competitive in E&AS selection and expectations that E&AS is looking for firms who are forward looking, innovative, and dedicated to sustainable design.	↔
2. Increased customer services and outreach with clients. Contact should be made with members from management, contracts, and claims staff, not only by project managers.	↔
3. Increase client education involvement and feedback through an increased frequency of workshops and forums.	↔
4. Assess our website design, content, and how it is structured. Update external website for customers to look at status of projects.	↔

B. What does our workforce need to be successful now and in the new future?

- Professional leadership, mentorship, and guidance. Clear feedback to help staff improve and be successful. Consistent organizational direction to provide confidence in the agency. An opportunity for staff to be heard, and that their thoughts and opinions are taken into consideration.
- Invest in clear and consistent guidance to project managers, contracts, and claims staff. E&AS' workforce needs a revised and updated Project Management Manual and the development of internal practices to guide and streamline processes in support of project delivery.
- Invest in training for E&AS staff members. Revise and maintain the Project Management Manual and internal practices to ensure consistent service delivery. Focus on training and integrating new project managers.
- Provide opportunities for leadership and professional development of staff. Participate in local and national professional organizations.
- Sufficient staff capacity to adequately address project and program deliverables. Adequate support staff.

What workforce-related initiatives are needed in 2015-17? (i.e. recruitment, retention, development, etc.)	May require budget

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	↑?
1. Invest in clear and consistent guidance to project managers, contracts and claims staff. E&AS' workforce needs a revised and updated Project Management Manual and the development of internal practices to guide and streamline processes in support of project delivery.	↔
2. Training in: a. Project management and internal practices. b. Construction expertise (costing, capital project management, scheduling, and hands on experience). c. The capabilities and functions of 3-D software such as Revit and BIM. Continued education in sustainable building design and operation to remain current with the building industry.	↔
3. Provide opportunities for leadership and professional development of staff. Participate in local and national professional organizations.	↔

C. What needs to be addressed in the operations of the business to ensure current and future success?

What facilities or equipment initiatives are needed in 2015-17?	May require budget ↑?
1. An assessment of work space needs and locations at 1500 Jefferson. Consider more remote work spaces, and increased telecommuting.	↔
2. Reliable multi-functional devices. More copiers and scanners are needed during bid opening days.	?

What technology initiatives are needed in 2015-17?	May require budget ↑?
1. Purchase integrated construction project management software to replace PTS. Software should facilitate more efficient workflow for invoices, contracts, amendments, change orders, and other paperwork.	↔
2. Mobile workstations and a culture shift to use effectively. Need access to documents from remote locations. Need online file storage system accessible by clients and project managers.	↔
3. Electronic bidding, electronic signatures, and a structured bid package distribution system complete with plan holders lists.	↔
4. Greater access to good video conferencing technology to reduce travel time expense and carbon emissions.	↔

5. Training in new technology for staff members.	↔
6. Training on the capabilities and functions of 3-D software such as Revit and BIM.	↔
7. Software licenses and training on how to use AutoCAD lite.	↔

What financial initiatives are needed in 2015-17? **(i.e. rate or cost structure changes, new financing methods, cost analyses, etc.)**	**May require budget ↑?**
1. Adequately staff and budget for leadership requirements, process improvement development, and core capital project management deliverables.	↑
2. Perform a comprehensive rate and fee structure review: a. Capital Project Management Programs for core capital budget work. b. Reimbursable Capital Project Management Program for off-budget construction management. c. Energy Program.	↑
3. Re-establish revolving fund in fund 422 to capture fees and expenses for reimbursable work. This is necessary to increase market share of K-12 and local agencies capital project management.	↔

What contract or risk management initiatives are needed in 2015-17?	**May require budget ↑?**
1. Work with the OCIO to establish policies and procedures for HB 1841 electronic bidding and signatures of public works projects.	↔
2. Create a knowledge, skills, and ability matrix to determine training and expertise needed in all areas of E&AS.	↔
3. Promote apprenticeship programs to train the next generation of skilled construction labor and ensure workforce availability in the future.	↔

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What process improvement or new process design initiatives are needed in 2015-17?	May require budget ↑?
1. Create and adapt workflow systems to implement new construction project management software.	↔
2. Update the Project Management Manual a. Diverse Business outreach, inclusion, verification, and reporting. b. Project closeout process. c. Emergency contracting. d. Use of Responsibility Criteria.	↔
3. Update the Client Orientation Manual a. What is public works? b. How to access E&AS' services. c. Etc.	↔
4. Update E&AS' internal practices.	↔

What communications, marketing and customer relations initiatives are needed in 2015-17?	May require budget ↑?
1. Improve client agency and stakeholder communications: a. OFM legislative/senate staff. b. Client workshops and forums. c. Stakeholder forums (public owners, contractors, and consultants).	↔
2. Invest in marketing materials and event participations.	↔
3. Redesign website for ease of use by clients, contractors, and stakeholders, and to allow electronic request for services.	↔
4. Use customer surveys to gain insight and feedback for improvement opportunities.	↔

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D. What policy or legislative changes will be needed?

Describe the change needed	Policy, rule or statute that might need to be changed	Is this something we should do in 2015 -2017 time frame?
1. Increase the number and contract limits for active Job Order Contracts (JOC).	RCW 39.10	Yes
2. Public Disclosure limits in consultant and Alternative Public Works Contractor selection. Mirror language for Design-Build into A/E, GCCM, and JOC statutes.	RCW 39.10 RCW 39.80	Yes
3. Investigate opportunities to include repair work to commissioning projects within the scope of work.	RCW 39.04 RCW 39.10 RCW 39.80	Yes
4. Establish bid limits for in-house work for state agencies. Capital construction vs maintenance vs repair.	Bargaining unit agreements and Policy	Yes
5. Promote sustainability act, and reporting. Extend reporting requirements for Green and LEED Buildings.	RCW 39.35d	Yes

Proposed Budget Changes

What investments or resource changes will require a budget request for 2015-17?

Describe the new investment or resource change needed next biennium	What is the estimated cost?
1. Increase capacity to meet current demands of capital project management and project delivery. Estimate increase in fee from 2.15 percent to 2.40 percent on a capital appropriation of $600 million.	$1,500,000
2. Construction project management software.	Funds available in 422
3. Maintain the 422 account to be more responsive to client needs on COP and locally funded projects.	

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Overall Most Critical Initiatives
1. Build Project Management capacity to meet project and program deliverables. Right size staffing levels to meet work load and set people up for success. Revise and update fee schedules to support client expectations, service levels and program deliverables. Increase revenue to the program through a comprehensive rate and fee structure review, a. Capital Project Management Programs for core capital budget work. b. Reimbursable Capital Project Management Program for off-budget construction management. c. Energy Program. and increased reimbursable capital project management opportunities:
2. Re-establish revolving fund in fund 422 to capture fees and expenses for reimbursable work. This is necessary to increase market share of K-12 and local agencies capital project management.
3. Purchase integrated construction project management software to replace PTS. Software should facilitate more efficient workflow for invoices, contracts, amendments, change orders, and other paperwork.
4. Invest in clear and consistent guidance to project managers, contracts and claims staff. E&AS' workforce needs a revised and updated Project Management Manual and the development of internal practices to guide and streamline processes in support of project delivery.
5. Build customer relationships and satisfaction. Revise update and develop client orientation, and guidance manuals. Provide regular training, workshops and forums. Educate clients about other potential energy efficiency opportunities. Develop a marketing plan to expand reimbursable capital project management opportunities.

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PART 1 - Business Description

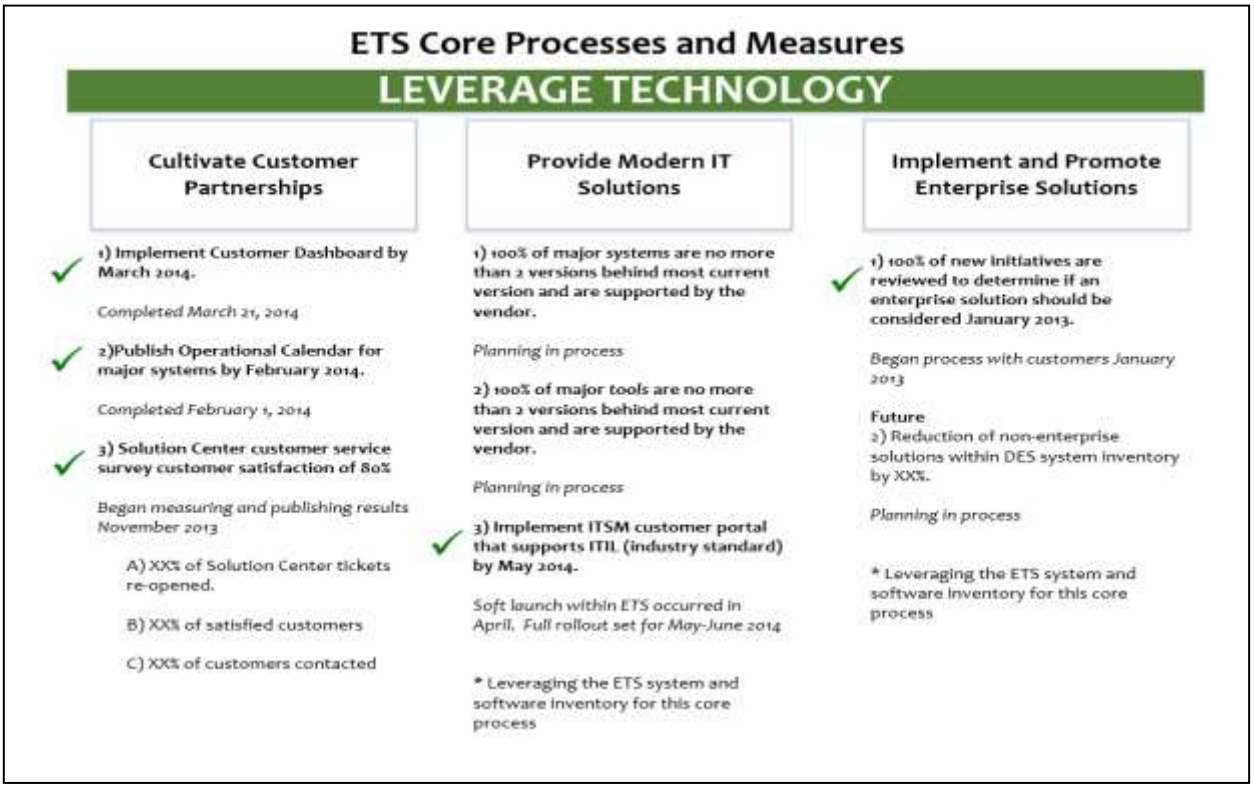
Business and Market Description

Enterprise Technology Solutions (ETS) enables customer's access to innovative solutions so they can best serve the people of Washington State. Our services include:

- IT customer service and support
- Business application solutions support
- WA State government data reporting
- Project planning and project management
- Systems design, implementation and support

We provide enterprise business application support services to all state agencies. Additionally, we provide application, web-site, network and desktop support to DES, OFM, the Governor's Office, CTS and 12 Boards and Commissions. ETS has 213 employees primarily located in the 1500 Jefferson building.

Our Divisional Strategy Map is included (see below) and describes the services that we provide and the metrics we use to know how we are performing. *The items with a check mark indicate what we've completed so far.*



DES Enterprise Technology Solutions (ETS) is different from other service providers

Our services are inherently designed to provide innovative solutions that increase business process efficiency and drive down business application total cost of ownership. We are able to deliver these benefits to our customers because:

1. As public servants we deeply care about our customers, community and team mates.

2. We provide solutions not just products. Our solutions are comprised of web-sites, applications, usability, support, business intelligence, training, project management, hosting and connectivity.

3. We provide customer service and support for all the solutions we offer for the life of the solution.

4. We understand, are knowledgeable about, and contribute to our customer's business cycles business processes, politics, and technology and security environment.

5. We are enterprise focused, always looking for enterprise/statewide solutions and keep economies of scale in mind.

6. We provide efficient, consistent and high quality services. We have direct access to and relationships with other Central Service organizations (CTS, OCIO, OFM, GOV, LEG, DES Contracts and Legal Services). We deliver complete solutions at lower cost.

7. We are focused on providing maximum fiscal benefit to our customers and tax payers. Our services are not driven by profit motivation.

8. Our services and costs are tracked and visible to all our customers. There are no hidden fees.

9. Our customer base is very diverse. We serve the Governor's Office, Legislature, all state agencies, higher education, counties, cities, towns, tribes, hospitals and schools.

What customers receive for their money

The Department of Enterprise Services (DES) Enterprise Technology Solutions (ETS) team provides systems, and related services, which support enterprise financial, budget, policy, procurement, reporting and administrative management processes.

DES ETS supports a total of 150 applications. These systems are comprised of 307 system components and web-sites. *The systems represented below are covered in the Enterprise Service Fee paid by all state agencies.*

Financial systems:
- State's general ledger accounting system (AFRS)
- Accounts Receivable (AR)
- Capital Asset Management System (CAMS)
- Cost Allocation System (CAS)
- Financial Tool Box
- Statewide Vendor Table and Payee Services (SWV)
- Time Management System (TMS)
- Travel Expense Management System (TEMS)

Human Resource, Labor Relations and Payroll systems:
- Human Resource Management System (HRMS)
- Performance Development System (future)
- Employee Self Service & Leave Management (ESS)
- Compensation Impact Model (CIM, CIM/AI)

Enterprise Reporting and Data Services
- Standard Reports
- Web Intelligence (WebI)

Enterprise Integration Services
- Websphere MQ (MQ)

DES Enterprise System Service level agreement for systems covered by the enterprise systems fee

Budget-related systems:
- Budget Development System (BDS)
- Bill Analysis Tracking (BATS)
- Capital Budget System (CBS)
- Salary Projections System (SPS)
- The Allotment System (TALS)
- Fiscal Note System

Systems supporting other processes:
- Constituent Relationship Management (IQ)
- Legislation Monitoring/Analysis (BATS)
- Results through Performance Management (RPM)
- Risk Management (IVOS)
- Technology Business Management (Apptio)

Contract and Procurement Systems:
- Client Service Contracts Database (CSCD)
- Enterprise Contract Management System (ECMS)
- Sole Source Contract Database (SSCD)
- Washington Electronic Business Solution (WEBS)

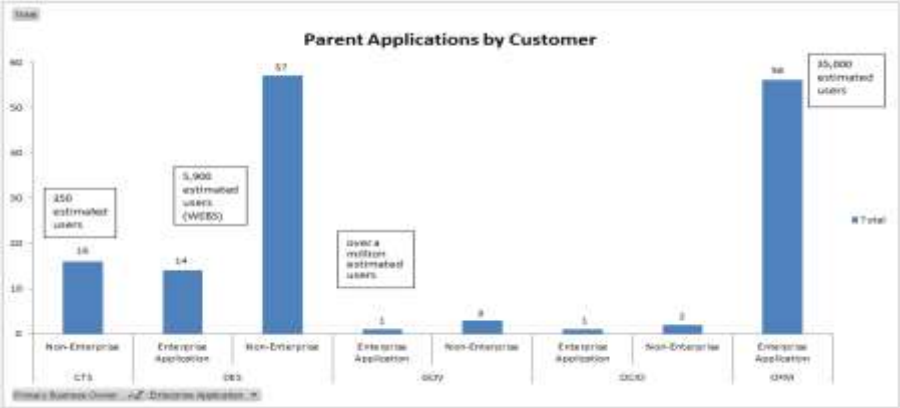
Other Services:
- System Security Support
- DES usability lab use
- Project Management

DES ETS Supports 150 Applications

(total includes only parent applications)

Primary Business	Enterprise Application	Total
CTS	Non-Enterprise	16
		16
DES	Enterprise Application	14
	Non Enterprise	57
		71
GOV	Enterprise Application	1
	Non-Enterprise	3
		4
OCIO	Enterprise Application	1
	Non Enterprise	2
		3
OFM	Enterprise Application	56
		56
Grand Total		150

** There are 240 current parent/child applications (307 Total Systems – 240 applications, 36 websites, and 31 components).*



108 applications have been decommissioned or transitioned between April 2012 and December 2013:
64 were identified as Parents
13 were identified as Children
31 were not identified as either (field is blank).

DES Enterprise Application Definition*: An enterprise application supports enterprise business processes. The term is also used to describe applications -- or software -- that Washington State Government uses (Governor, Legislature, OFM and Agencies) to make enterprise decisions and also covered by enterprise system fee.
*This definition is being referenced when describing the data in this report.

Application Decommissions Currently Underway

AFRS – Reports (Child);	OFM / Statewide Accounting
HRDIS (Parent);	OFM / HR
HRMS eRecruit Archive (Parent)	OFM / HR
iPermit (Parent)	OFM / Office of Regulatory Assistance (ORA)
OFM Training Registration System (Parent)	DES / HR
Training Registration (Parent)	CTS / HR

ETS Work Categories

Business Value - *Prioritized by Customers*

Enhancements – Enhancements are any product change to a system that increases software or hardware capabilities that enable customers to take advantage of new features beyond the original implementation.

Projects/Strategic - Projects/Strategic work enables the enterprise to expand upon or enable new business models.

Administrative – *Prioritized by DES*

Administrative: - Receiving training, leave, team meetings, evaluations, fire drills, interviews and 1:1 meetings.

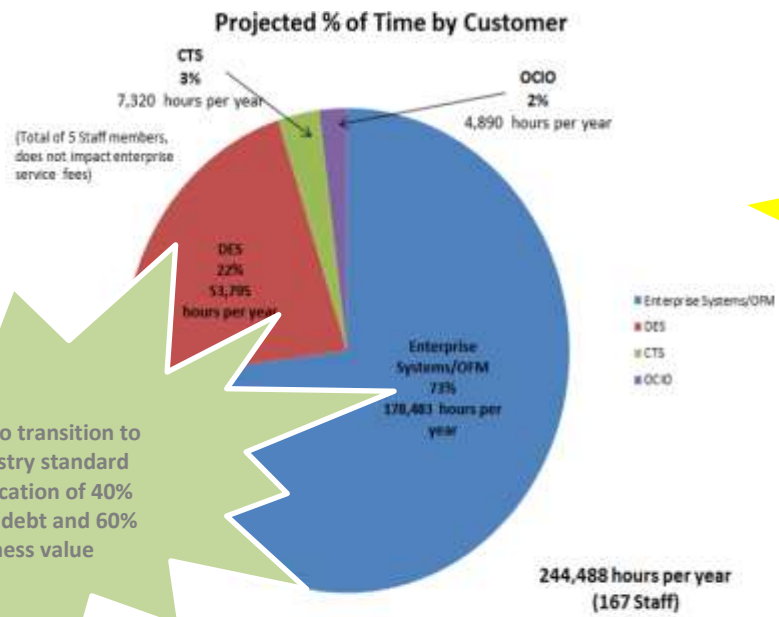
Technical Debt – *Prioritized by DES*

Maintenance—Regular repair of problems and bugs, necessary upgrades related to changes in hardware, software (i.e. versions) or protocols, and other work necessary to ensure the existing set of agreed upon requirements for performance, function and features are met and maintained. Includes systems and infrastructure.

Operations – Operational work is day to day routine tasks related to the operation of infrastructure components and applications.

Operations Biennial Calendar – An operational biennial calendar is a high level two year view of operational activities (see operations definition). The operations biennial calendar will also describe the application's business cycles.

Current Time Allocation



ources represented staff allocation: Developers (includes BI, Data, Enterprise Reporting staff), Business Analysts, Testers, Architects, IT Process Management, Project Management, Program Management, Services Administration (staff allocation according to *Gartner IT Key Metrics Data 2012*)

Customer time allocation: Customer Percentages were defined by the budgeted dollars at the time of the agency consolidation and continue to be driven by the budget.

Currently our time is allocated to 60% technical debt and 40% business value

We plan to transition to the industry standard time allocation of 40% technical debt and 60% business value

167* ET ff out of 220 are included in the governance conversation
*This includes 4 contractors.

Total ETS staff hours available
20,374 per month
244,488 per year
average monthly hours available per FTE = 122 hours x 167 employees = 20,374
(includes 11 state holidays and 3 weeks vacation)

Total TLA Staff
2,440 per month
27,816 per year
17 staff and 2 contractors
average monthly hours available per FTE = 122 hours x 19 employees = 2,074
(includes 11 state holidays and 3 weeks vacation)

April – June 2014 Quarterly Allocation

Resources represented staff allocation: Developers (includes BI, Data, Enterprise Reporting staff), Business Analysts, Testers, Architects, IT Process Management, Project Management, Program Management, Services Administration (staff allocation according to *Gartner IT Key Metrics Data 2012*)

A. **Challenges and Barriers** (*see supporting documentation located here*):

- Recent budget cuts have caused a significant backlog
- Workloads are not yet evenly distributed
- We are concerned about not having the ability to re-invest when we achieve cost savings.
- Immature internal and external processes and handoff's:
    - Communication
    - Cross functional teams
    - Enterprise Architecture
- Our customers do not all have their own governance processes that support the statewide customer base of enterprise systems
- We have not marketed to our customers all of the solutions and services we offer
- Technology selection criteria needs refinement
- In some cases, staff still struggle to feel empowered
- Keeping up with ever changing IT training for our staff

B. **How do we expect customer needs to change over the next 10 years? What are our customers thinking?**
We interviewed DES AD's and their teams, CTS, OFM, GOV, 7 agency customers and Boards and Commissions – via survey (see supporting documentation located here)

Overall themes of what customers want from ETS:

- More mobile application options
- Leverage remote access options
- More e-learning training
- More back office/application support
- For their employees to have the ability to telework
- Staff augmentation services
- Build awareness around teleworking technology options
- Organizational Change Management (OCM) services
- Document Management solutions
- Small agency IT support services
- Project Management services for other customer agencies
- Business Analysis services for other customer agencies

Customer Interview questions:

1) What services does ETS provide that you find valuable?
2) What services do you want more of? Why?
3) Are there services we don't offer that you wish we would?
4) What services do you plan on delivering to your customers in the next 1-3 years and in the next 3-5 years and beyond that you aren't offering today (probe for technology)
5) Do you have money budgeted or a Decision Package planned for your new service offerings?

6) Do you plan to open or close any of your locations?
7) Do you plan on applying for Federal Grants? If so for what business purpose and when?

What will the future look like for this line of business in the next 10 years? What are the major changes and most relevant trends in this line of business and its products and services? *(See supporting documentation located here)*

- More mobile applications and remote access options.
- Less custom development more COTS/SaaS/configurable platforms when appropriate.
- Systems that are quicker and easier to implement and maintain.
- We will offer more streamlined, standardized selection of applications/systems and services that meet many customer needs.

C. **What risks, foundation-building or deferred maintenance issues need to be addressed?**

- In many cases we are resourced "one deep" to support and maintain applications. We need to develop a resource and training plan to ensure consistency.
- We need to invest in development and training for ETS staff so we are able to provide more:
  - IT consultative services
  - Configuration implementation and management services
  - Facilitation services
  - Mobile and remote access options
- We need to develop a clear architecture / roadmap on where we want/need to go.
- We need to locate all of our sensitive data, categorize it (Including identifying where we have regulatory compliance data), and ensure it's properly protected.
- We need to develop an accurate inventory of all IT assets.
- We need to ensure our solutions have the proper security built in from the beginning, and ensure agency compliance.
- We need to have an updated DES Security Plan, DES Incident Plan, and DES Disaster Recovery Plan.
- We need an enterprise architecture framework that ties in all architecture domains.

D. **Where are we at risk of falling behind the rest of the market?**

- The concern that we may not have the ability to reinvest savings toward innovations sometimes prohibits us from developing new products or services. It's difficult to move quickly enough to keep up with technology and IT standards/best practices.

- Limited innovation opportunities due to focus on "keeping the lights on". Customer systems are high in technical debt which takes away from our ability to provide "Business Value" (enhancements and new solutions).

E. What are the areas of opportunity for this business in the next five years?

- Provide incentives to move customers to EFT instead of paper and US Mail.
- Reduce the amount of non-enterprise applications as they consume a disproportionate level of ETS resources.
- Expand/create additional back office enterprise technology solutions and offer to state agencies.
- Provide full service IT to small agencies.
- Provide IT services to cities, towns and counties.
- To offer and provide ALL customers (Agencies, cities, towns and counties)
    - IT consultative services
    - Configuration, implementation and management services
    - Facilitation services
    - Business Analysis services
    - Project Management services
    - Enterprise Reporting services

PART 3 – Implications and Strategic Business Plan for the Future

IMPORTANT: Once selected, each prioritized item will need to be resourced into cross program/cross divisional teams to analyze relevance and return on investment. Top 3 activities highlighted in green. ETS Top 5 initiatives are highlighted in yellow

At this time ETS is not able to determine if additional budget is required until internal ETS and customer prioritization are complete.

Customer identified activities/initiatives for consideration and prioritization listed in no particular order		
More mobile application options Build awareness around teleworking technology options	Leverage remote access options	Staff augmentation services
More e-learning training	Project Management, Organizational Change Management (OCM) and Business Analysis services for other customer agencies	Small agency IT support services
More back office/application support	For their employees to have the ability to telework	Document Management solutions

A. **Based on the assessment I Part 2, in what ways should this business change over the next five years?**

1. What business change initiatives do we complete in 2015-17 to move toward this future?		**May require budget ↑?**
As prioritized by ETS staff	**Activity/Initiative**	
1	**New services that would provide additional revenue stream** Provide Consulting services to agencies: a. Enterprise IT b. Usability c. Project Management d. Business Analysis e. Enterprise Reporting services to agencies beyond AFRS and HRMS financial and administrative reporting f. Facilitation g. Configuration, implementation and management h. Organizational Change Management (OCM) i. Testing | QA | Release Management j.	

2 - tie	**Operational initiative to enable innovation, cost savings and efficiencies** Internal Process Improvement balance. Establish and resource a process improvement team to streamline and document ETS processes and procedures. This should include a Business Process re-engineering tool.
2 - tie	**Strategic initiatives to enable innovation, cost savings and efficiencies** • Create an Enterprise Architecture team to develop a framework that ties in all architecture domains. • Develop a Technology roadmap and start building to it with customers. • Locate all of our sensitive data, categorize it (Including identifying where we have regulatory compliance data), and ensure it's properly protected. • Conduct internal audits/assessments on programs and weigh if we (DES) are competitive.
3	**Strategic initiative to enable innovation, cost savings and efficiencies** Develop technology solution selection criteria to determine SaaS, COTS, Cloud or custom solutions.
4	**Operational initiative to enable innovation, cost savings and efficiencies** Develop a comprehensive plan to complete the network consolidation of Legacy Agencies into DES. This will resolve a variety of business process and technology issues. This includes the e-client OFM file depot issues that are causing work stoppages for application developers.
5	**Operational initiative to enable innovation, cost savings and efficiencies** Asset Management initiative that includes <u>all</u> ETS assets. (office supplies, applications, software, tools, hardware, equipment)
6	**Strategic & operational initiative to enable innovation, cost savings and efficiencies** Develop customer feedback channels with agency customers to ask what other back office solutions they may need now and in the future.
7	**Strategic initiatives to enable innovation, cost savings and efficiencies** Work more closely with OCIO to determine new technology trends that will allow us to increase business value and also to show a united front to all state agencies.

What product or service changes should we make in 2015-17 to move toward this future?		**May require budget ↑?**
As prioritized by ETS staff	**Activity/Initiative**	
1	**Strategic & operational initiative to enable innovation, cost savings and efficiencies** Review/update all existing applications to reduce technical debt and increase business value – Be sure to look at any agency that would benefit or that currently is doing a similar activity in a different way.	
2	Small agency IT support	

3	**Strategic & operational initiative to enable innovation, cost savings and efficiencies** More e-learning options for staff and customers
4	One stop shopping portal with financial reporting capabilities
5	**Operational initiative to enable innovation, cost savings and efficiencies** Offer different grades of service levels (gold/silver/bronze)
6	**Operational initiative to enable innovation, cost savings and efficiencies** Make better use of trial periods for software

As prioritized by ETS staff *(for reference)*	**System efficiency and cost savings activities/initiatives identified by ETS staff for customer prioritization consideration**
1	**Strategic & operational initiative to enable innovation, cost savings and efficiencies** Mandatory electronic reporting for Payroll and AFRS detail reports. Reports that are still printed and mailed to agencies and vendors who choose to receive paper. For AFRS these paper statements are the details of the payments, for HRMS the paper statements are the details of employee deductions for the vendors (a list of employees and SSN's).
2	**Strategic & operational initiative to enable innovation, cost savings and efficiencies** Increase/Expand the customers for central Financial/HR and Payroll processing to more than small agencies for a revenue stream. Include Accounts Payable, Accounts Receivable, Travel, Garnishment, Benefit processing, Tax and General Ledger reporting and reconciling.
3	**Strategic & operational initiative to enable innovation, cost savings and efficiencies** Add travel reimbursement to HRMS. Anytime we pay an employee it should be through the payroll system. Today we pay through the Travel Expense Management System (TEMS), using AFRS to generate the payment, and then make the entry in HRMS for taxation. Many tax reporting errors occur due to late data entry, and this is duplicate entry. Open HRMS up to the staff paying travel and add the payment to the employee's paycheck.

B. What does our workforce need to be successful now and in the new future?

What workforce-related initiatives are needed in 2015-17?			May require budget ↑?
As prioritized by ETS staff	**DES Division who would likely lead**	**Activity/Initiative**	
1, 3, 5, 6, 8, 10, 11, 12,	HR and ETS	**Overall employee engagement, retention and training** *(several initiatives rolled into overarching workforce initiative)* • Create a plan to include: teleworking, flex work schedules, and performance based compensation. • Develop a plan that will enable ETS to recruit and retain a world class team. • Identify rotational assignments for staff • Develop a mentorship program • Develop employee training plans and career ladders. The plans should be focused on reducing knowledge of declining tech and increasing knowledge of emergent technology. • Investigate enabling flex-time or time within regular work hours for training (even if there is no funding for training since some staff are willing to pay for own training – just need to be allowed time to do it. • Investigate developing an employee bonus program • Investigate developing incentives for employee retention • Bring back tuition reimbursement.	
2	ETS	Cross train staff to enable a more balanced workload	
4	ETS	Develop staff consulting skills	
7	ETS	More e-learning and peer collaboration opportunities to keep up to date with newest technologies	
9	HR and Facilities	Look for unused space on campus to bring in third party vendors as renters. Focus on services that are designed to keep the work force close. Some suggestions include: • Daycare • Sick child care • Medi Clinic • Dry-cleaning services • Allergy shots • Fitness Center	
13	HR	Mandatory exit interviews to determine trends of why people are leaving the agency	

14	ETS	More collaboration with private industry technology firms so we can see how private industry accomplishes similar business processes

What needs to be addressed in the operations of the business to ensure current and future success?

What facilities or equipment initiatives are needed in 2015-17?		**May require budget ↑?**
As prioritized by ETS staff	**DES Division who would likely lead**	**Activity/Initiative**
1, 3	DES Exec	**Overall mobile workforce initiative** *(several initiatives rolled into overarching workforce initiative)* • Enable and promote telecommuting options. • Encourage a Mobile workforce to include telecommuting, shared work space and hoteling stations.
2	TBD	Engage with customers to determine what their upcoming equipment requirements are to avoid a surplus of recently purchased outdated equipment.
4	Contracts and Legal	Plan for and build Disaster Recovery and Business Continuity Infrastructure for DES and customer agencies (at a cost).
5	ETS	Set up a technology lab designed for Testing, User Acceptance Testing and ETS training when needed.
6	TBD	Purchasing research to determine trends and purchase equipment accordingly.
7	DES Exec	Team building spaces – not just conference rooms.
8	ETS as directed by customer requirements	More laptops/revolves (so can be mobile vs. desktop).
9	DES Exec	War room space – not just for projects.
10	Facilities	Become ADA compliant at all state buildings.

2015-17 ETS Business Plan

What technology initiatives are needed in 2015-17?			May require budget ↑?
As prioritized by ETS staff	**DES Division who would likely lead**	**Activity/Initiative**	
1, 2, 4, 8	ETS	**Decrease technical debt and increase business value initiative** *(Several initiatives rolled into one overarching technology initiative)* • Ensure 100% of major systems are not more than 2 versions behind the most current version and are supported by the vendor. • Ensure 100% of major tools are no more than 2 versions behind most current version and are supported by the vendor. • Review our existing systems and applications to determine if it should be replaced with new technology – eliminate duplicate systems.	
3	ETS	Workload resourcing/balancing business process and tool. Increase expertise in sizing all activities (Business Value and Technical Debt).	
5	ETS	Invest in expanding the use of newly acquired data integration tools to enable more data integration between enterprise systems	
6, 7, 10	ETS	**Overall Strategic Technology activities** *(Several initiatives rolled into one overarching technology initiative)* • Assess Cloud Services to determine if it reduces cost of data space along with meeting security requirements. • More remote access options (more than SAW). • Work with OCIO and other entities to determine best practices of newly available technologies. Analyze current and future applications to determine how/when they should be viewable from mobile devices.	
9	ETS	Apply more resources to ESP implementation so we can consolidate/decommission applications that are duplicate to ESP	
11	ETS	Lead the way for Master Data Management (MDM)	
12	ETS	More virtual desktops	
13	DES Exec	Offer document management and imaging solutions for the enterprise	
14	Communications	Start to use social networking internally and externally	

15	ETS	Expand ESS – enable the ability to submit leave slips (all types) from external machine. *(interim cost savings and efficiency solution until TLA is implemented over the years)*

What financial initiatives are needed in 2015-17?			**May require budget ↑?**
As prioritized by ETS staff	**DES Division who would likely lead**	**Activity/Initiative**	
1	ETS	Partner with customers to identify opportunities for new services.	
2	ETS	Budget for training and professional development. Encourage staff where possible to serve as speakers at conferences.	
3	Finance	Cost model consultation services for new products and/or services ETS wants to offer.	
4	Contracts and Legal	Budget for Disaster recovery and business continuity	
5	Finance	Update or evaluate our cost recovery for services	
6	ETS	Assistance in determining how to reinvest when we find cost savings.	

What contract or risk management initiatives are needed in 2015-17?			**May require budget ↑?**
As prioritized by ETS staff	**DES Division who would likely lead**	**Activity/Initiative**	
1	Contracts and Legal	Enable the ability for ETS to purchase products and services faster	
2	Contracts and Legal	Establish a pool of IT services (software, hardware and personal services)	
3	Contracts and Legal	Consolidate all statewide software licensing/purchasing. Determine standard and get enterprise licensing pricing. This would require input from Desktop Support/Network Ops, Finance and Contacts and Legal. Currently different sections of ETS "own" different licenses and feel they should be the overseer. This should be at an agency level so that like products could be consolidated into the best "standard" and bargain for enterprise licensing.	

4	TBD	Hire a full time asset manager to manage licensing of all applications, software, hardware and other equipment
5	Contracts &Legal	Additional enterprise level statewide agreements
6	Contracts and Legal	Lead statewide disaster recovery for all state business processes and the systems that support them
7	Contracts and Legal	Develop Service Level and Inter Agency Agreement templates.
8	Contracts and Legal	Ensure technology accessibility and usability are included in procurement requirements (RFP)
9	Contracts and Legal	Invest in data and network breach protection

What process improvement initiatives are needed in 2015-17?			**May require budget ↑?**
As prioritized by ETS staff	**DES Division who would likely lead**	**Activity/Initiative**	
1	ETS	**Decrease technical debt and increase business value initiative** *(Several initiatives rolled into one overarching technology initiative)* • When enhancing or adding new applications - document the maintenance schedules and technical debt vs. business value of each prior to purchasing/configuring or enhancing. This will ensure that the applications are not going to slip into more technical debt as time goes on. • Also review all applications on a regular basis to ensure contracts do not expire and they are outside of the suggested version (i.e. 2 versions behind newest).	
2	ETS	Develop enterprise ETS standards, processes and procedures - streamline, document and consistency across workgroups	
3	DES Exec	Statewide software committee/process that includes business area, network ops, desktop support, contracts and legal and finance, to review and ensure that we are getting the best software for the money and are keeping up on the maintenance of the software lifecycle.	

What communications and marketing initiatives are needed in 2015-17?			May require budget ↑?
As prioritized by ETS staff	**DES Division who would likely lead**	**Activity/Initiative**	
1, 2, 3	ETS and Communications	**Market DES ETS services to all state agencies** *(Several initiatives rolled into one overarching technology initiative)* • Develop a constant communication thread to allow other state agencies to see how our initiatives are improving business across the state. • Sales team with sales engineers who can demonstrate/sell the services on-site at an advanced technical level. ETS newsletter, open house, technology fairs, customer appreciation acknowledgments.	
2 – tie for 2	ETS and Communications	**Tradeshow and conferences** *(Several initiatives rolled into one overarching technology initiative)* • Enable DES/ETS presence at tradeshows (IPMA, DES Tradeshow, Biz-Tech Summit) • Create our own conference offered to state agencies that focuses on technology within the state. Invite state agencies to provide speakers, and allow vendors to participate.	
4	Communications	Lead cross divisional "brain-storm" sessions.	
5	ETS	Designate ETS marketing customer representatives	
6	Communications	DES website redesign	
7	Communications	Replace listserv technology with Gov Delivery or other technology	

C. What policy or legislative changes will be needed?

Describe the change needed *(we plan to answer the policy and timeframe questions after the EMT Retreat)*			**Policy, rule or statute that might need to be changed**	**Is this something we should do in 2015 - 2017 time frame?**
As prioritized by ETS staff	**DES Division who would likely lead**	**Activity/Initiative**		
1	DES Exec	Mandate use of Enterprise statewide systems		
2	DES Exec	Empower ETS to make some decisions without OFM/CTS approval		
3	DES Exec	Policies and legislative mandates in place before looking at technology solutions		
4	DES Exec	Single sign-in – for all state services		
5	DES Exec	Mandatory EFT (Electronic Funds Transfer) for all state employees		
6	DES Exec	Mandate that agencies supported by DES be on State Government Network (SGN)		
7	DES Exec	Mandatory EFT (Electronic Funds Transfer) for all vendors/providers/state customers		
8	DES Exec	Create policy that data is an asset and share across state (unless security or regulatory restrictions are stronger)		
9	DES Exec	Electronic/Digital signatures		
10	DES Exec	Information governance		
11	DES Exec	Self-service – for all state services		
12	DES Exec	Provide platform (save on operational cost)		
13	DES Exec	More citizen centric enterprise solutions		
14	DES Exec	Mandate industry standard access speed		

Part 4 – Budget Changes

What investments or resource changes will require a budget request for 2015-17?

Describe the new investment or resource change needed next biennium	What is the estimated cost?

TLA ongoing funding – in process

Security – in process

2015-17 Business Plan for Lean Transformation Services (LTS)

PART 1 - Business Description

Lean Transformation Services (LTS) exists to build a lasting culture of Lean continuous improvement in Enterprise Services and Washington State government where it is everyone's work to improve the work. Enterprise Services is leading state government in adapting Toyota Production System methods and principles to state government operations so that we can deliver better value to more Washingtonians for generations to come. The goal is a sustained culture where every leader is a coach and every employee is a problem solver.

Services description

LTS provides Lean consulting, coaching, facilitation and training services to clients in Enterprise Services and in other state agencies to build this sustained Lean culture. These services include:

Consulting and Coaching Services

Working collaboratively with client agencies, divisions, programs and teams, LTS:

- Builds and strengthens agency LTSs.
- Develops employees' scientific problem-solving skills and mindset
- Develops leader coaching habits and mindset
- Introduces and matures huddles
- Guides program and agency fundamentals mapping
- Facilitates strategic, business and communication planning
- Cultivates visual management and managing with data
- Deploys Lean methods at the jobsite
- Institutionalizes Lean through HR systems and practices

Facilitation Services

LTS provides facilitation expertise for improvement and planning work. Program facilitators act as a neutral third party to facilitate value stream mapping, business planning, A3 problem solving, strategic planning, and team retreats. Skilled facilitators guide groups through difficult discussions, keep a project meeting on track, resolve conflict, or build cohesion in teams.

Training Services

Employee Training - Engaged team members are the powerhouse to generate sustained results. LTS helps employees gain the problem solving skills and mindset to continually improve their work every day.

Leadership Training - Leaders set direction, inspire trust, and coach employees to be more effective problem solvers. LTS guides leaders to embrace a personal Lean journey and adopt new leadership habits and mindset.

Facilitation Training – In this 40-hour intensive workshop with applied improvement project, LTS trainers impart the skills needed to guide improvement teams to results. Topics include:

- Lean culture and daily practices
- Roles in agencies and teams
- Scientific problem solving methods and tools
- Facilitation and team skills
- Practice with Value Stream Mapping, coaching and A3s

LTS is comprised of eight full time equivalent employees, five Senior Lean Consultants, one Program Specialist 4, one Administrative Assistant 3, and one director. Located at 1500 Jefferson in Olympia, team members have access to 60% of DES programs within the building. Most of the rest are a short drive to teams in other locations, and access to headquarters for most other state agencies. Staff has extensive skill and experience in Lean methods, tools and thinking, as well as in adult learning, change management, data measurement and reporting, visual management, organization development, strategic planning, culture change, coaching, consulting, team building, and facilitation. Consultants have established strong relationships with leaders and teams. Consultants understand client business needs and issues, team dynamics, challenges, goals and targets. LTS has a track record of results and positive regard for their dedicated, hard work and professionalism. Currently, 1 FTE Senior Lean Consultant is dedicated to a single client, the Liquor Control Board. 20% of the LTS Manager's and Lean support staff time is covered through this contract with LCB.

The following table presents the LTS program strategy map. This outlines the program's core process and outcomes along with measures for the team to know if they are doing these things well.

2015-17 Business Plan for Lean Transformation Services (LTS)

Washington State Department of Enterprise Services

Lean Program Strategy Map

Date: 3/11/2014

Program Purpose: To build the capacity and culture for continuous process improvement in Enterprise Services and Washington State Government grounded in Lean thinking and practice.

Program Hypothesis

(BOLD = on dashboard; regular = tracked by individual or huddle; *italic = future*.
Black = tracked by Lean consultants, Blue = tracked by Lean Program Specialist – when hired, Green = tracked by all.)

	Operating Processes				*Supporting Processes*	
If we do these processes well...	**1 Facilitate and coach improvement projects**	**2 Develop agency's Lean capability**	**3 Foster daily Lean practices and map deployment**	**4 Foster Lean culture across state government**	**5 Communicate and promote Lean culture**	**6 Develop Lean Program**
...as measured by (with targets of...)	**Number of projects per year (12-16 large and 16-32 small for 2014)** **Average project workshop survey ratings of 4+** Average POS survey rating of 4+ for LPC support	**% of DES employees who have taken Lean Employee Basic Training. (Current = 0; Target 40% by 12/31/14)** **% of leaders, managers and supervisors who have taken Lean Leader Basic Training. (Current: 0; Target 70% by 12/31/14)** **% of agency FTE identified and trained as practitioners and consultants using Lean Facilitator Training by 12/31/14. (Current: Consultants = .5%, Practitioners = .1%; Target: Consultants = .5% Practitioners = .5% by 12/31/14)**	% of huddles tracking program map measures 12/31/14. (% TBD) % of huddles solving problems by 12/31/14. (% TBD) % of huddles tracking improvements by 12/31/14. (% TBD) % huddles using visual board by 12/31/14. (% TBD)	***# of agencies who are consulting clients (Current: 1 Target: TBD by 12/31/14)*** **# of Tours conducted in 2014 (Target: 25 by 12/31/14)** *% of employees, leaders and practitioners in state trained using standard curriculum by 12/31/14. (Target TBD)*	All communication plan elements executed on time and to target frequency. (100%) ✓ Lean program dashboard posted by 2/28/14. Lean program dashboard up-to-date weekly - ongoing. Lean Celebration held annually by 12/31/14.	% of Lean Program employees attending quarterly Lean Program development days. (100%) ✓ All Lean Program team members' work status and capacity is visible in real time by January 31, 2014. HOLD: % of Lean Program employees participating in Flawless Consulting 2.0 at COP. (100%)

then outcomes will be...	**Improved processes, quality and safety (results posted on website)**	**Lean Culture at DES**	**Lean Culture across state government**	**Employee Engagement at DES**
...as measured by (with targets of...)	Time saved ~ Capacity freed up Costs cut Quality improved Output improved Complexity cut Safety improved Customer satisfaction improved	**DES progress along Lean Maturity Model. (Target: DES at level 3 on maturity model by 12/31/2014)** ***# of Kaizen improvements implemented/ ea/per month at DES (Set target for 2016 after core process 2 is fully implemented.)***	**Client agencies progress along Lean Maturity Model. (Target: Client agencies progressing along maturity model.)** ***# of Kaizen improvements implemented/ employee per month at client agencies.***	**Employee engagement rating on employee survey.** (TBD)

Measures from Program Map as of June 30, 2014

Core Process 1: Facilitate and coach improvement projects

- ✓ 13 large projects/year for the first two years (Target is 12-16 large projects.)
- ✓ Average project workshop ratings= 4.3% (average of mean scores; target is 4+)
  Average POS survey rating has not been implemented for new Program Specialist 4 position yet.

Core Process 2: Develop agency's Lean capability:

- Employee Lean Basics Training and Leader Basics Training are in development so we are unable to provide this measure yet. Alternate measures:
  411/877 (47%) of non-supervisory employees have received some Lean training.
  125/179 (70%) of supervisors, managers or executives have received some Lean training.
- In January 2014, .6% of agency FTE trained in Lean facilitation. By April 2014, .85% of agency FTE trained in Lean facilitation, approaching the target of 1%.

Core Process 3: Foster daily Lean practice:

As of June 30, 2014, the percent of huddles (excluding ETS) that display four key huddle behaviors:

- Problem Solving= 65% of assessed huddles are problem solving
- Tracking Measures= 45% of assessed huddles are tracking measures

- Tracking Improvements= 15% of assessed huddles are tracking improvements
- Using Visual Boards= 44% of assessed huddles are using visual boards

Core Process 4: Foster Lean culture across state government
These measures are under construction.

Core Process 5: Communicate and promote Lean culture.

- 100% of Communication plan elements are executed on time and to target frequency.
- LTS dashboard was posted on 2/28/14.
- LTS dashboard is updated weekly.
- Agency Lean Culture Celebration is held annually.

Core Process 6: Develop LTS:

- 100% of LTS team members attended quarterly development day.
- Work capacity is visible for 100% of the LTS team.

Market Description

The LTS internal market consists of the 1,070+ employees in the Department of Enterprise Services. The department is organized into 8 divisions with 110+ huddles and 62 programs. Total of 15 locations, with 60% of programs centrally located. These programs aim to provide the following service offerings:

- Expertise in information technology and printing
- Managing contracts for goods and services
- Guidance for human resources and employee services
- Financial guidance
- Stewardship, oversight and planning of state facilities
- Managing mail, vehicles and surplus operations

- Our immediate external potential market consists of 36 cabinet level agencies as well as 154 small agencies and boards; innumerable public benefit non-profits and local governments in the Thurston, Pierce and King County areas.
- Our extended external potential market could be from **any** state, local or public benefit non-profit anywhere in the world.

Differentiating Factors

- **LTS builds capacity not dependence**. To quote Hollie Jenson, Enterprise Lean Consultant with Results Washington on why it is significant and important for DES to take this enterprise capacity building approach, “The Governor wants to see all employees at all levels solving problems every day – in order to accomplish this goal, we need to be able to equip all

employees/leaders with the right tools/experience and environment. If we are dependent on vendors to help equip our workforce, we are bound to a future of spending and reliance that will not achieve sustainable results. We have heard from all of our private sector partners that to achieve sustainable results, you have to avoid reliance/dependence on experts to solve your problems/equip your team. Instead, you need to build capability and capacity into the work force, led by our own leadership team (not outside experts) so that this new way is just "the way" and we actually transform."

- **LTS understands Lean in government. –** LTS is part of state government so we understand the challenges clients face every day. With first-hand experience adapting Lean to government operations, LTS can translate that expertise to other state agencies.
- **LTS knows Lean works. –** DES employees have progressed from resistance to cautious optimism to excitement about Lean thinking, culture and practices. LTS knows Lean culture gets results. The team is committed to the success of Lean culture building for all agencies.
- **LTS is aligned with Results Washington.** – The program collaborates with the continuous improvement and results driven approach of the Governor's Lean initiative and Results Washington.
- **LTS services are affordable AND world-class.** LTS is able to provide proven and high-value Lean consulting and training services to state agencies in the most cost effective way. With world-class standards, LTS helps stretch limited state resources
- **LTS understands client businesses**. With constant personal interaction and coaching with all staff levels, director to line staff. This enables constant communication throughout the agency to:
    - Identify improvement opportunities, engage agency staff in improvement efforts and ensure that changes are implemented and sustained.
    - Reinforce daily Lean practices.
    - Cultivate Lean mindsets.

Services prices ("Rate card" equivalent)

- LTS consulting services are affordable. Full time placement of a consultant costs $15,500/month, or $164/hour. Comparable consulting services charge $200-225/hour and up.

Pro forma financials – NA

PART 2- Assessment of Trends, Forecasts, Challenges, and Opportunities

Sources for Part 2 and 3:
http://lean.ohio.gov/ http://lean.iowa.gov/ http://www.lean.state.mn.us/ http://www.wisquality.org/
http://www.qualitydigest.com/inside/six-sigma-article/how-sustain-lean-culture-after-10-years.html

Bob Behn Report, Future Edition, Newswise, PEX (Process Excellence Network), Mike Rother, APQC, LEI – Planet Lean, BluePoint Leadership, Jamie Flinchbaugh Blog, LinkedIn, YouTube
Canada, 5 trends document from Darrell Damron.

A. What barriers, if any, does this business face in meeting its program map targets?

Barriers to achieving Core Process 1 "Facilitate and coach improvement projects" include:

- Organizational changes, business changes, personnel changes
- Legislative demands, political pressures
- Clients' competing priorities, capacity and readiness
- Space for consulting and training activities: obtaining training rooms, meeting rooms, display (wall space), office space, and storage space.
- Available useful data for measuring current and future state.
- Long queue and wait time for IT projects based on high demand and limited resources.

Barriers to achieving Core Process 2 "Develop agency's Lean capability" include:

- Time, space and logistics (employees spread across 17 locations)
- Competing demands for Lean staff
- Competing demands and overwhelm for clients
- Curriculum development time
- Synchronization of training and application across roles
- Lean staff expertise keeping pace with agency growth needs
- Limited learning modes
- Limited commonly held definition of learning and development as classroom training
- Training division in transition

Barriers to achieving Core Process 3 "Foster daily Lean practices and map deployment" include:

- Lack of dedicated training time for developing manager/supervisor mindset and actions.
- Need to cultivate the manager's understanding of their key role in daily Lean practices.
- Need to formalize expectations around Lean mindset and competencies.
- Need for institutionalizing Lean mindset, competencies and behaviors in PDP/PDFs.

Barriers to achieving Core Process 4 "Foster Lean culture across state government" include:

- Challenges understanding the needs and demands from other agencies for Lean culture building support and services.
- Variation in understanding of Lean culture among stakeholders.
- Reputational barriers to overcome—DES credibility is sometimes questioned.
- Cycle time of support unit processes to enable LTS responsiveness to client requests.
- DES cannot subsidize other agencies that receive Lean consulting. Cost recovery has to be very exact.
- Marketing concept and effective communication channels to reach clients or potential clients need to be developed.

B. What risks, foundation-building or deferred maintenance issues need to be addressed?

LTS will be challenged by:

- Rapid business expansion while still developing systems and processes to manage growth and the work.
- Key trainings are still being developed.
- Meeting the needs of the changing diversity of the workforce and reflecting it in our team and practice.
- Future possible changes in gubernatorial leadership and resulting potential changes in direction; this intensifies the need to solidify and institutionalize Lean as the culture while there is gubernatorial and agency leadership support.
- McCleary decision's effect on client agencies' capacity to pay for Lean consulting and training.
- LTS internal team building needs to keep pace with changes.
- Burnout resulting from periods of excessive workflow and rapid transitions.
- Need to develop and utilize a workload forecast.
- Competition among agencies and private sector for highly skilled Lean staff make recruitment and retention challenging.
- Job class limits and difficulty competitively compensating.
- Challenge to expand rapidly enough to keep pace with increasing demand and business growth/expansion. Need to become really good at hiring and offer competitive compensation. Need to be able to create, adapt and maintain standard work practices.

C. What will the future look like for this line of business in the next 10 years? What are the major changes and most relevant trends in this line of business and its products and services?

- Lean will be recognized as a management system and a culture, as opposed to tools and methodology for process improvement.
- Rapid adoption of Lean thinking and principles in service areas such as government, and in transactional and supporting processes.
- Lean expansion will be seen in the world of information technology to support the business needs of reduction of waste, freeing up resources, data capture and analysis, and decision-making.
- Lean's focus on providing value to the customer facilitates innovation in product and service delivery. Advances in technology are allowing organizations to rethink how and where customers access services.
- Social media will move from an auxiliary channel to a major conduit for communication, connection, and service/product delivery.
- Organizations will expand the focus from the improvement of processes to organizational culture and people development. All employees will have Lean principles and practices embedded in their job description and expectations.

- Hiring practices will include embedding Lean into position descriptions, qualifications and experience, and recruiting leaders with a vision for Lean management. Applicants will be screened for Lean knowledge, skills and mindset.
- State government will partner with local governments and other states in delivering process excellence.
- Successful LTSs will become increasing visible and valued as a resource.
- Lean culture will be normalized throughout state government.
- Lean thinking will be applied to human relations.

D. Where are we at risk of falling behind the rest of the market?

- Allowing narrow vision and competition for financial resources to hamper expansion of services which will ultimately create increased customer value and savings.
- Challenges in finding, recruiting and retaining skilled and experienced talent due to increasing demand for these skills and knowledge, and more competitive and attractive compensation packages.
- Geographic location reduces access to the Lean talent pool.
- Workplace bureaucracy is not as responsive to workforce trends and expectations.

E. How do we expect customer needs to change over the next 10 years? What are our customers thinking?

- Top leaders will have a vision for embracing Lean holistically across an organization, but will be challenged to find leadership with a thorough understanding and experience with Lean to achieve that vision; the need for consultation and support.
- As our agency customers become more sophisticated in their Lean practices and consulting needs, LTS staff will need to be more sophisticated in knowledge, skills, abilities and offerings.
- Underlying business structures and policies will need to evolve as Lean culture is embedded within the agency. These include recruitment, development, promotion, recognition, decision-making, and change management
- Support functions across the agency will need to keep pace with the culture change and their unique roles in order to support the culture.
- As the Lean culture matures, we will have an increased need for Lean coaching and change management.
- There will be an increased need for sophisticated data analysis skills such as statistical process control, trend analysis, forecasting and data display
- Mature customers will manage value streams; need facilitation, new process design, and planning; require onboarding, transitions, developing in careers, cross-training;
- Customers will increasingly collaborate through remote means and LTS will need to adapt methods to meet the needs of a disbursed workforce. For example, using technology for training, project facilitation, and service delivery.

F. What are the strengths of this business that will serve it well over the next five years?

- Good reputation internally and externally. Known for results, seen as leader.

- The Lean movement is dynamic, changing and developing to be seen in a broader sense as a holistic management system and culture.
- LTS is sensitive to customer needs and culture and willing to assist the customer to adapt Lean concepts to fit the agency.
- LTS has a proven model for consulting and understand it well. The consulting model we use is collaborative, rather than being a "pair of hands" or the "experts" to "do for" the customer. LTS engages the customer in exploring, researching and diagnosing the problem and in discovering solutions so that they build capability and own the solutions.
- Being "in government" gives LTS exceptional understanding of the challenges, public expectations, and political environment our customers operate within.
- Strong Lean leadership: Both the Governor's Office and DES Executives are extremely supportive.
- Relationship and alignment with Results Washington. We share a vision for Lean culture in the state. They trust and support our approach and efforts. They see us as the long-term central enterprise resource for Lean culture building for state government.
- Our relationship within the Lean community of practice across state government.
- LTS is positioned well in a central service agency. LTS has strong relationships with our clients and process partners. LTS has a BIG vision!
- LTS has skilled staff members who are learners, with strong individuals and a strong team.

G. What are the areas of opportunity for this business in the next five years?

- As Lean's success in government, and our success in Washington State government, is publicized there will be increased demand for Lean approach to leadership and the opportunity to consult with and teach other government agencies, both across the United States and possibly internationally. LTS may become the hub for Lean leadership across the state providing training, tours, consulting services, mentoring and coaching, internships—placement in DES programs for learning, career development and the results portfolio
- LTS may become a popular site for University Internships.
- Fostering partnerships beyond our agency's boundaries:
    - Local, federal government.
    - Business community
    - Non-profits
    - Tribes
- LTS will become: aAn equal partner at the table with other Lean innovators; a pathfinder for what Lean will be in the future; a convener of the conversation for the future of Lean.
- An opportunity to identify a progression of skills and mindset that are developed across all agencies.

PART 3 – Implications and Strategic Business Plan for the Future

To continue agency progress along the Lean Culture Maturity Model from testing to institutionalization, integration and eventually to innovation, in the next five years the LTS will need to:

1. **Reorganize and re-align LTS program structure and focus to accelerate Lean mindset and skills development in employees and leaders.** Use multiple channels (developmental assignments, coaching, classroom training, online training, jobsite training, peer coaching, communities of practice, etc.), while continuing to facilitate improvements and strengthen huddles as the primary site for continuous improvement, learning, coaching and managing with data.
2. **Work with HR and across the agency to embed Lean culture, mindset and skills in every PDF and PDP, in search committee selection criteria, in training requirements, and in employee and leader onboarding.**

To grow and increase influence and reach to benefit state government:

3. **Expand offerings for other state agencies.**
    - Product research and development – understand what customers need and design products to meet those needs.
    - Develop an effective talent pipeline for highest quality Senior Lean Consultants.
    - Create standard work, tools and resources to support external consulting engagements.
    - Develop and execute effective marketing plan.
    - Explore role as possible clearing house/brokerage function of Lean resources, knowledge, and capacity across the state.
    - Provide developmental assignments to staff from other agencies. We benefit from the capacity and relationships; agencies benefit from employee development.
2. **Increase consultants' technical aptitude for remote work:** Develop savvy, skill and resources for remote project facilitation, coaching and training using technology solutions. Our clients will work in multiple, geographically dispersed locations, will not be able to afford to travel, and will require complex facilitation and training to learn and utilize what have only been understood as high-touch, face to face, hands on methods. We will become adept at the use of technology and pioneer methods for adapting high-touch facilitation techniques to remote participants without losing quality and engagement.

Following, our top three priorities are highlighted in peach in each section. Our top five overall priorities are listed at the end of this document, also highlighted in peach.

What business change initiatives do we complete in 2015-17 to move toward this future?	May require budget ↑?

1. Re-organize and re-align LTS resources to attract and retain talent and focus on developing Lean mindset and skills for employees, leaders, facilitators, and peer coaches, on strengthening huddles, and on facilitating improvement projects.	+$40,000 annually for WMS1
2. Partner with HR to embed Lean culture in every PDF, PDP, search guidance, promotion guidance, and training requirements.	$0
3. Expand number and type of consulting services and training products offered first to the rest of state government, and eventually to other public sector organizations.	$0 Will offset program costs
4. Learn to conduct remote facilitation, training and coaching to meet needs of remote teams.	? Cost for online meeting software, webcams, etc.
5. Partner with others to identify, adopt and promote a change management model for DES.	$0

What product or service changes should we make in 2015-17 to move toward this future?	**May require budget ↑?**
1. Offer more Lean culture learning and development options to DES employees, leaders, facilitators, and peer coaches, starting with Lean mindset, scientific problem solving, facilitation, coaching, consulting skills, and community of practice.	0
2. Grow our consulting and training infrastructure and options offered to enterprise clients.	0
3. Offer remote facilitation, training and coaching options.	?

3. What does our workforce need to be successful now and in the new future?

What workforce-related initiatives are needed in 2015-17? (i.e. recruitment, retention, development, etc.)	**May require budget ↑?**
1. Expand LTS organizational structure to recruit and retain top talent, and to expand agency skill sets through DJA's, peer coaches, and process improvement facilitators.	$40,000 est.
2. Closely partner with HR to rapidly recruit and hire Senior Lean Consultants to respond to requests for consulting and training across state government.	0
3. Partner with HR to embed Lean culture in every PDF, PDP, search criteria, promotion criteria, and training requirements.	0
4. Recruit or train technically savvy staff who can skillfully facilitate, coach, and train remote groups.	0

5. Develop Lean staff to meet more sophisticated agency demands.	+ $??

4. What needs to be addressed in the operations of the business to ensure current and future success?

What facilities or equipment initiatives are needed in 2015-17?	May require budget ↑?
1. Ability to access adequate training space for classroom training and facilitation.	0
2. Dedicated office and meeting space suitable for large, collaborative consulting staff (Currently 8 FTE and 2 DJA's; potential to add 3-5 more FTE who could utilize hoteling as they will primarily work off-site.	?

What technology initiatives are needed in 2015-17?	May require budget ↑?
1. Need for technology to support remote facilitation and training strategies.	$??
2. Mobile office needs for consulting staff.	$

What financial initiatives are needed in 2015-17? (i.e. rate or cost structure changes, new financing methods, cost analyses, etc.)	May require budget ↑?
1. Multiple financial models and rate structures to meet growing and diverse service models and product offerings.	0
2. Increased AR and AP support for external services.	0 ?

What contract or risk management initiatives are needed in 2015-17?	May require budget ↑?
1. Rapid development and turn-around of IAA's, perhaps through use of templates and standard work.	0
2. Responsive and simplified 2nd tier procurement process and tools.	0

What process improvement or new process design initiatives are needed in 2015-17?	May require budget ↑?
1. IN PROGRESS: Developing new process and standard work and approach for external consulting engagements. Need to create: proposal, agreement, assessment, base-line data gathering tools, measurement plans, standard tools, standard trainings, communication plans, change management model	$0

and tools.	
2. IN PROGRESS: Revising and simplifying file sharing by early adoption and routine use of shared file structure.	$0

What communications, marketing and customer relations initiatives are needed in 2015-17?	May require budget ↑?
1. Marketing plan, expertise and ongoing market assessment and feedback.	Yes, unknown $$
2. Increased creative and dynamic internal communication to support Lean culture transformation including intranet and internet	$0
3. Graphic design and video capabilities for promotion, materials, documentation and learning strategies.	Yes, unknown $$

5. What policy or legislative changes will be needed?

Describe the change needed	Policy, rule or statute that might need to be changed	Is this something we should do in 2015 -2017 time frame?
1. None identified at this time.		

Proposed Budget Changes

What investments or resource changes will require a budget request for 2015-17?

Describe the new investment or resource change needed next biennium	What is the estimated cost?
Given the budget situation we will not advocate for this request at this time, but place this here as a place holder to note that the legislature could directly fund Lean culture building in agencies as a priority for the State of Washington and provide general funding for Lean consulting and training programs at DES. Current model for providing Lean consulting services to other agencies is based on a fee for service to cover all incurred costs. Some agencies and boards cannot afford minimal fees.	$500,000 - $1 million? (depending upon the number of consultants and trainers funded)

Top LTS Priority Initiatives:

1. Reorganize and re-align LTS structure and create a talent pipeline to recruit and retain highest quality staff for both internal and external consulting and training needs.

2. Expand program offerings to the rest of state government, offering fee for service consulting, coaching, training and facilitation services to Washington state government agencies, boards and commissions as the priority, and eventually to other public sector and public benefit non-profit organizations.
3. Work with Workforce Services to institutionalize Lean in DES by embedding Lean culture, mindset and skills in every PDF and PDP, in search committee selection criteria, in training requirements, and in employee and leader onboarding.
4. Become highly skilled at leveraging technical tools for conducting "high-touch" remote project facilitation, coaching and training for our clients in multiple, geographically dispersed locations.

Priority requests from other programs to effectively execute the above priorities:

1. Request to Workforce Services: Business partner support from Workforce Services for ongoing talent pipe-line development through re-organization, recruitment, and retention strategies.
2. Request to Workforce Services: Partner with Workforce Services to institutionalize Lean in our culture through the development and deployment of language, tools and guidance for PDFs, PDPs, searches, training requirements, etc.
3. Request to CLS: Provide simplified, rapid internal contracting support for supply chain efficiency (2nd tier contracting) and responsive contracting with consulting clients (IAA's).
4. Request to Communications: Provide business development expertise including customer research, marketing planning and execution, and up-to-date graphic design.
5. Request to ETS: Need for technology (equipment) and staff training to support adoption of remote consulting, facilitation and training strategies.
6. Request to Finance: Need for financial modeling support for new business product lines.

Overall Top 5 Initiatives:

	Priority Initiatives	Lead Program	Collaborating Programs
1	Reorganize and re-align LTS structure to support program development; create a talent pipeline to recruit and retain highest quality staff for both internal and external consulting and training needs.	LTS	Workforce Services
2	Expand fee for service consulting, coaching, training and facilitation services to Washington state government agencies, boards and commissions as the priority, and eventually to other public sector and public benefit non-profit organizations.	LTS	Workforce Services, CLS, Communications, ETS, Facilities, Finance for multiple support services to

			effectively execute this.
3	Institutionalize Lean in DES management systems by embedding Lean culture, mindset and skills in every PDF and PDP, in search committee selection criteria, in training requirements, in recognition, and in employee and leader onboarding.	LTS	HR Plus EMT, MT engagement.
4	Simplify and expedite internal contracting support for supply chain efficiency (2nd tier contracting) and responsive contracting with clients (IAA's).	CLS	LTS Other programs who use these services
5	LTS internal consultants will become highly skilled at leveraging technology for conducting traditionally "high-touch" project facilitation, coaching and training activities for clients in multiple, and geographically dispersed locations.	LTS	ETS, HR

2015-17 Business Plan
Real Estate Services

PART 1 - Business Description

Business Description

- Relevant program map(s) and actual performance metrics
  RES' performance metric is: 90% of new lease renewals completed 60 days in advance of expiration date. Since instituting the improved lease renewal process a year ago, we have seen an 85% improvement, from 127 leases still not renewed within 60 days of expiration to just 19 leases.

- Services Description
  Real Estate Services (RES) is a program within the Facilities Division of the Department of Enterprise Services. RES is responsible for providing real estate services to state elected officials, state agencies, boards, commissions and educational institutions in accordance with RCW 43.82, State Agency Housing. Functions include comprehensive leasing and architectural services, including space planning and construction management for tenant improvements, the purchase or sale of state-owned properties, various other real estate transactions, and worksite parking program assistance.

- Size of operation, locations, other critical descriptive information
  RES is comprised of 23 (allocated) FTEs, located in the 1500 Jefferson Street Building on Capitol Campus, with one FTE based in Spokane and one in Tacoma. RES operates state-wide, with over 150 state agencies as clients. There are three operating units, in addition to administrative and management staff: Leasing, Design, Acquisition and Disposal.

  - The **Leasing Unit** is responsible for handling leasing transactions (resulting in over 11 million square feet of leased space with rents of approximately $229 million annually) for **all** state agencies, elected officials, boards, commissions, and educational institutions (<u>except those exempted by statute</u>--RCW 43.82.010(13)), including procurement of space, lease negotiation, lease administration, and dispute resolution.

  - The **Design Unit** is responsible for architectural and space planning for leased or state-owned facilities, including building design for lease/development projects. It also defines the standards that set quality for leased space. In addition, the unit provides construction project management as well as accessibility, energy, technical and programming assistance.

  - The **Acquisition and Disposal Unit** is responsible for handling acquisition and disposal of real property for agencies, boards, commissions and education institutions. This includes negotiations, appraisals, environmental studies, surveys, easements and title review.

2015-17 Business Plan
Real Estate Services

Market Description

- Description of market served; if known, how much of potential market is actually served:

  The inventory of facilities, as self-reported by state organizations to OFM for the *2013 Facility Inventory System Report*, consists of 110,133,909 total square feet for all space types in the report:
  - Approximately 97 million square feet of state-owned space
  - Approximately 13 million square feet of leased space

  As part of this inventory:
  - DES owns approximately 5.6 percent of the area of state-owned space, and
  - RES handles approximately 50 percent of the number of leases with the private sector
  - RES manages approximately 1200 active leases

  A number of agencies and state organizations have statutory authority to conduct real estate services, some of which are identified in RCW 43.82.010(13). Others, such as legislative and judicial agencies by their nature are excluded from RES authority, but may and often do still choose to use RES. RES is also reaching out to political subdivisions.

- Description of what makes the DES service different from other service providers.
  - Most outside service providers of real estate services are concentrated in major metro areas where leasing activity is sizable. RES staff maintains extensive experience with the DES leased portfolio which exhibits various levels of complexities; i.e. (offices to boat ramps to aircraft hangers) in 38 of 39 counties across the state.
  - Agency tenants stay in one location on average 15 years and as a result, RES staff has developed long term relationships with agency tenant representatives as well as lessors/building owners. Lessors and building owners in less populous parts of the state are smaller and need greater levels of coaching/guidance regarding state leasing and procurement practices.
  - RES staff is subject matter experts on the unique needs of state agencies and the complex laws and rules regulating State government significantly different from the private sector activity.
  - RES real estate agents are state employees, ensuring loyalties are never divided between the State and other clients. This avoids the problem of “moral hazards” in contracting that may arise when there are conflicts between public policy objectives and profit incentives driving the private market.
  - Outside brokers are generally paid on a commission basis; this fee structure can result in brokers focusing on leases where higher commissions can be made thereby setting aside the smaller transactions. RES staff is paid a salary and their focus is to complete leases regardless of the location or the size and value of the transaction.

- **Rate card equivalent (Services prices, what customers receive for the money)**

There are currently three categories of service fees:

Acquiring New Space (for Offices & Warehouses)
All leasing and design service requested for leases for new space are funded through a project-based fee. This is based on the square footage of the space requested, at either:

- The hourly reimbursable rate ($117 effective as of October 1, 2010) for projects under 5,000 square feet or
- The commission rate of 2.5% of the total value of the lease for projects over 5,000 square feet. Laboratories and schools' fees are negotiated on a case-by-case basis.
- Commission on leases over five years are charged at 2.5% for years 1-5; and 1.25% for years 6 and beyond of the total value of the lease.

Lease Renewal Services

The Facilities and Services Allocation that agencies pay quarterly for centralized support service finances leasing and design services related to lease renewals. This allocation to RES is based on a formula tied to an agency's inventory of existing active leases, total square footage and lease value at biennial budget preparation. Lease Renewal Services include, but are not limited to:

- Facility inspection, energy efficiency standards deferred items list, and review of upgrades required by RES's *Leased Space Requirements* (specifications).
- Lease renewal negotiations and document preparation, including related correspondence.
- Lease amendments
- Monitoring lessor's compliance for completion of the deferred items list and any upgrade requirements.
- Representing client agencies to landlords and building owners

Reimbursable Services
All services not listed under either New Lease or Lease Renewal Services are reimbursable services and are invoiced monthly at the rate of $117 (effective October 1, 2010) per hour. Reimbursable Services include, but are not limited to:

- Alterations to existing leased space requested at renewal and during the lease term.
- Request for assistance during the lease term (e.g., technical assistance, conflict resolution, lease modification, property management, and implementation of the withholding of rent clause).
- Change Orders.
- Acquisition and disposal of property; lease development projects; easements, appraisals, rights-of way, etc.
- Estopples, subordination, non-disturbance and attornment agreements

2015-17 Business Plan
Real Estate Services

- **Commitment Document** **REAL ESTATE SERVICES STANDARD OF EXCELLENCE**

Our standard is an expression of who we are, what we do, why we do it, and how we do it. The standard provides employees with a vision they can act on, a tool for decision-making, and keeps us focused on the needs of the state.

WHAT WE DO

Deliver safe and efficient space and provide cost effective real estate services to support the provision of mandated state services. We use our professional expertise to facilitate successful outcomes for all parties.

HOW WE DO IT

Use our more than 500 years of collective real estate experience to provide this service responsibly with integrity and fairness. We consistently communicate with clarity, precision and purpose with all stakeholders. Our efforts are open, honest, timely and fair.

WHY WE DO IT

Because we have responsibility to be prudent stewards of the state's resources so that agencies can provide services to the citizens of Washington State.

VALUES Integrity • Fairness • Responsibility • Creativity • Involvement • Cooperation • Loyalty

RULES OF ENGAGEMENT

- Communicate with respect and be considerate in approach
- Get to know each other, be approachable, smile
- Listen. Maintain two-way communications
- Laugh often, lighten up
- Share what you're up to
- Discuss issues, ask questions, especially in conflict
- Encourage and promote camaraderie
- Hold in regard others' boundaries
- Hold in regard the diversity of others
- Put self in other's perspective and be open minded
- Engage OFM partners early, seek understanding of their needs
- Be open-minded, suspend judgment and opinions without prejudice
- Promote superior customer service and professionalism in all communications
- Escalate issues early
- Ask for help
- Be proactive vs. waiting for an invitation
- Assume positive intent
- Ground assumptions
- Be timely and responsive
- Treat others with courtesy and respect

Pro forma financials - optional

- Biennial allotments in a profit/loss statement format is prepared by our finance office and attached to this section.

PART 2- Assessment of Trends, Forecasts, Challenges, and Opportunities

A. What barriers, if any, does this business face in meeting its program map targets?

- Lack of electronic database makes data tracking extremely manual. To track RES progress in achieving productivity and lean targets effectively, the program needs to be able to efficiently capture and report on the data.

- Renewing leases at least 60 days before expiration hinges on agencies moving forward with renewal decisions despite budget uncertainty.
    - At the very least, RES needs enough time to negotiate an extension.
    - RES needs the latitude to craft lease agreements that allow agencies to enter into renewals while providing a contractual exit strategy (i.e. cancellation clauses).

- Agencies do not understand the processes used by RES. This creates uncertainty, conflicting expectations, confusion over roles and responsibilities.

- RES's current funding structure reduces its ability to respond quickly to new events or to respond to opportunities that arise quickly. This creates frustration on the part of the agencies and RES staff.

- RES's funding structure (project-based, fee for service-hourly and commission) makes agencies reluctant to engage RES early in project development.

B. What risks, foundation-building or deferred maintenance issues need to be addressed?

- Adequate funding for the program.

- Electronic tools for collecting, analyzing, and reporting on performance.

- Ongoing training in current leasing and portfolio management best practices for RES staff as well as on-going orientation and training for RES customers.

- The overly complex funding structure invites conflict with customers and needs simplifying.

- RES needs to evolve from transactional focus to add the ability to propose or support strategic initiatives to reduce occupancy expense.
    - Collect portfolio and market data.
        - ✓ Forms the basis for effective consolidation of like space types
        - ✓ Enables implementation of sound leasing strategies by region.

- Develop and implement site-based alternate workplace strategies to help agencies make significant gains in reducing footprint.

C. What will the future look like for this line of business seem in the next 10 years? What are the major changes and most relevant trends in this line of business and its products and services?

- Absence of demand, following overdevelopment, has spurred record vacancies in commercial real estate. Doing business with financially distressed landlords has created both opportunities and challenges. However, after four years of severe economic downturn, certain regions (Seattle) are experiencing renewed economic growth which is impacting the real estate market.

- Although gains have been made in reducing the portfolio "footprint" of organizations through facility efficiency standards, an added emphasis is being placed on more efficient utilization of space, not just reducing the square footage allocated per person. Tools include:
  - Facility efficiency standards that focused on the reduction of underutilized space, increased shared workspaces for workers who work outside of the office a high percentage of the time, and teleworking.
  - Space standards, workspace layout, including standardized furniture systems, use of the "open space" concept and much less enclosed private offices that allow the organization to move people not furniture to optimize occupancy.
  - Alternative Workplace Strategies, combining workplace models (relating to the physical space- such as reducing square footage, collaborative workstation areas) and alternative ways of working (relating to whether the work is in the office –hoteling or hot desking- or out of the office -telework, virtual working) result in less office space, fewer commutes, and reduced paper use (digitalization) with a positive impact on sustainability.
  - Increasing emphasis on alternative workplace strategies (focusing on shared space and teleworking) is reflected by U.S. General Services Administration's customized approach to workplace strategies in the housing of federal operations.

- A number of states, such as Florida, Virginia and Massachusetts, are moving from either an outsourced or decentralized real estate function to a centralized approach and use of standardized systems. Some aspects of this are:
  - Greater emphasis at the state level on a comprehensive real estate portfolio management approach, integrating planning and operations. California and Connecticut have long had such an approach. The needs for greater efficiency in building systems, use of space and maintaining asset value will continue this drive for centralization and integration.
  - A centralized real estate function in some states has included lease administration and even the "payment function". Leases are not only managed by the central service agency, but lease payments are being made

by such an agency rather than the individual agencies occupying the leased space.

- Outsourcing of some real estate functions continues to occur in some states, with differing levels of success. The criteria for success involve tight contracts, clear and accountable evaluation criteria and consistent and transparent contract management.

- Rising energy costs have led to more attention being paid to building performance. This has led to a greater emphasis on energy reduction and sustainability strategies to improve building performance. Sustainable building concepts will become standard in next-generation projects, and many existing buildings will need to increase efficiencies and retrofit new systems in order to compete effectively. Green building standards are now expected by large corporations and government agencies.
    - Washington most often occupies existing buildings that are classified as Class B --buildings in the mid to lower end of quality and cost (Edna Goodrich in Tumwater is Class A and 1500 Jefferson is even higher-"Investment Grade") and promotes the reuse of existing buildings. As the building inventory ages, the state will increasingly experience a gap between the need for buildings that offer greater efficiencies and older, more obsolescent space.
    - Executive Order 14-014 Clean Energy Action says, "Decisions made today about greenhouse gas emissions will have significant impact on the amount of warming to occur after mid-century point." The impacts are predicted to cost the state $10 billion/year after the year 2020.
    - Buildings will be built with increasing electronic infrastructure and energy consumption monitoring. This will add cost to new buildings but reduce energy consumption. This will add cost to new buildings but reduce energy consumption.

- Technology continues to influence how we do business. Real estate managers rely on information management systems to track leases, tracking and payment of rents and operating expenses, property condition and maintenance plans. States promote e-government initiatives where its citizens and businesses may increasingly conduct business on-line that previously occurred in buildings. Procurement and marketing of real estate relies on electronic websites.

- Changes in information technology enable office work to happen at any place, any time. Sometimes these changes are lumped together and called "telework", "mobility strategies" or "alternative workplace strategies". Organizations are adopting comprehensive strategies to respond to these trends that lead to significant savings in real estate costs, reduction in "carbon footprints", and

improvement in work/life balance. In addition, these strategies can have a significant impact on increasing sustainability.

- Washington is just one of a growing list of state governments that have recently considered the sale of public assets. States such as California, Connecticut, Florida, and Virginia spent over a year evaluating which owned properties would be appropriate to sell. An asset management approach needs policy-driven criteria such as opportunities in unused and underutilized assets and strategies for determining which properties to sell and how to get the most out of each asset. Interestingly, Washington is in the lower 20th percentile in ownership of real property compared to other states.

D. Where are we at risk of falling behind the rest of the market?

- Lack of modern tools, including project management and portfolio management programs and subsequent inability to incorporate and implement best industry practices.

- Lack of funding to take advantage of training opportunities to enhance skill sets.

- Lack of funding to recruit individuals with appropriate skill sets for the incorporation of modern technology and best practices.

E. How do we expect customer needs to change over the next 10 years? What are our customers thinking?

- The Customers want RES to understand their business better---to see how their business models determine their facility needs so that RES can suggest strategies to best meet their real estate needs. RES needs to engage the agencies at a portfolio level as well as a project level.

- The Customers pointed out that RES's current fee for service structure and its accompanying IAA process is a significant obstacle to RES being able to deliver a more timely, comprehensive and strategic set of services. The current funding structure and process would present a barrier to any of the strategic involvement that Customers have identified as needed.

- The Customers pointed out that as long as the RES fee for service structure exists and the agencies receive lease funds in their operating budgets, they would continue to act independently, resisting standardization as well as economies of scale that can occur through an enterprise approach.

- The Customers were concerned with how long it takes to complete a transaction or project. Leasing in particular seems to be process-driven and seems to be inflexible.

Policies and processes are inconsistently applied and operational inconsistencies frustrate and confuse the Customers.

- The Customers want RES to be more strategic--not just transactional. RES should be involved with the agency's development of its strategic portfolio plan, not just waiting for a project to be approved by OFM. They perceive that RES does not always receive the appropriate information about a project that has been through the Modified PreDesign (MPD) process. This implies the need for:
    - RES involvement in the development of the Six Year Facilities Plan should include each agency's overall portfolio planning and
    - RES assistance to agencies in the development and submittal of the MPD for a project to OFM-or-RES involvement in the review of the submitted MPD prior to OFM approval.
    - Both of these approaches would require adjustments by OFM and earnest collaboration between all the actors. Overall the Customers want a lot more emphasis on a customized <u>and</u> comprehensive approach to each agency's needs, and recognition that one size does not fit all.

- Customers feel that RES pays more attention to OFM's directions than to customer needs. Part of this perception is based on the continuous confusion on the part of customers over the roles and responsibilities of OFM or RES.

- In common with the trends identified nationwide, Customers are being pushed to reduce their portfolio's footprint in order to reduce their occupancy costs. Customers need assistance in reevaluating opportunities for:
    - Developing and implementing alternative workplace strategies to assist and encourage the shift to mobile work.
    - Designing more efficient office layouts and workstations.
    - Space planning/programming to re-purpose existing space to meet the changing needs of how their business is conducted and meet the goal of reducing their footprint.
    - Leasing strategies that provide flexibility for future needs.

- Given the trends identified and Customers acknowledge, the Customers want more design work out of RES vs. project by project transactional work. In the same way, the Customers want to reduce their energy costs and they need RES help to do so. RES has started to monitor energy usage at worksites and on a case by case basis suggest improvements. But the Customers want a more comprehensive and again, at the same time "customized" approach.

- The Customers were interested in what was happening or going to happen in terms of outsourcing. For example, was RES going to move more to "contract administration" vs. actually conducting the transaction?

- Much of what the Customers perceived in terms of trends and needs revolve around RES taking on additional functions and competencies. But the Customers were concerned about how RES could undertake more functions/tasks that would meet their needs within RES's current capacity and competencies. Is RES staffed and organized to handle new approaches?

- Funding gaps will likely be an ongoing issue. Facilities costs are the second highest expense and so Customers will be looking for ways to have their budget dollars stretch. That leads them to question RES's value related to costs.

F. What are the strengths of this business that will serve it well over the next five years?

- Relationships with building owners/lessors and developers.

- Institutional knowledge. Familiarity with agency needs and requirements and portfolio.

- Capacity for "full service" real estate program.

G. What are the areas of opportunity for this business in the next five years?

- Grow the business to service other levels of government.

- Set the example by implementing alternative workplace strategies in house and promoting the resulting savings.

- Put in place SaaS solution for capturing data and conducting business electronically.

- Become more strategic vs. remaining transactional.

- Develop an educational training and information exchange program to encourage a sense of partnership and shared responsibilities with our Customers, as well as keep them informed as to RES processes.

PART 3 – Implications and Strategic Business Plan for the Future

A. **Based on the assessment in Part 2, and the strategies in the agency strategic plan, in what ways should this business change over the next five years?**

- RES is shifting to a more strategic approach, not purely reactive or transactional, as in one project at a time. To do this, RES is engaging the customers more intensely and comprehensively, in order to be aware of changes in business operations and major initiatives that may affect downstream portfolio needs. RES has "embed" RES staff in DSHS to work with that agency at both a strategic level as well as to manage and implement transactions in a more coordinated manner. At the same time, Facilities Division as a whole must invest resources in collecting, tracking and analyzing market and portfolio data on a scale not done before. This is necessary in order to provide customers with well-researched options and assist them in building the framework to adjust their portfolio to meet future needs.

- RES should obtain a deeper understanding our customers' program objectives and needs and acquire clear requirements up front. When elements of customer requirements surface late in the process, it impacts RES effectiveness in negotiating market rates or relocating customers within the required timeframes. Direct involvement in understanding the business needs and in up front planning is essential to smooth and cost effective project execution at the transactional levels. In addition, a detailed understanding of how our customer's mission drives space requirements over time will allow us to provide advice to generate cost-effective solutions over the long term. Again, our relationship with DSHS has enabled us to "work faster and smarter" on its projects. On the other hand, trying to understand the needs of small agencies would still remain a challenge.

- RES strives to provide state of the art solutions using best practices, tools and methods, not only on a transactional level but also in evaluating opportunities to use space more efficiently in a cost effective manner. Our customers are becoming, or think they are, more sophisticated in their knowledge of real estate and facilities (yet they do not have the experiential expertise of RES). When they form the impression that their knowledge of best practices, tools, and methods exceeds ours, they cease to believe that we are a value-added provider delivering state-of the art solutions.

- RES should streamline, simplify and emphasize consistency in its processes. For example:

    - Consider streamlining our approach to smaller leases which make up the majority of the lease transactions. This will enable RES to gauge timelines to size and complexity, be more competitive and receive more favorable pricing in the market, minimize risk exposure and deliver space to our customers in a more responsive manner. Streamlining our approach to smaller leases will free

up resources for us to concentrate on larger, more complex leases. As a class, leases over $1 M net annual rent are a small proportion of our transactions. However, they provide the bulk of our annual rent and inventory square footage.

- Some transactional work could be outsourced based on an evaluation of what type of transactional projects that RES brings the most value to and which ones can be done by others.

- The standard leasing process is viewed as cumbersome and lengthy.

  - ✓ RES has used the LEAN Process to evaluate our renewal process and implemented a new process that has succeeded in reducing the backlog of renewal projects significantly.

  - ✓ We will be implementing the results of a LEAN approach to seeking new space shortly. Both Lean Processes included our customers and other stakeholders.

- Leasing strategies could be developed by region. Examples might be:

  - ✓ Evaluate more effectively the lease vs. buy where concentrations of state leased space are located in high cost markets.

  - ✓ Identify leases that are high in cost and high in SF/FTE in order to evaluate opportunities to lower cost/FTE by increasing density or downsizing.

- Applying consistent processes, policies and procedures state-wide is critical to customers with multiple leases. Otherwise differing expectations, policy interpretations, processes and procedures generate real problems for our customers.

- A leading real estate company, Jones Lang LaSalle's Q1 2012 Seattle Office Insight report observes, "Landlords in all markets should be mindful of the continuing trend toward the 'growing, shrinking, office tenant', reflecting the continuing desire of tenants to shrink their footprints despite overall employment growth." Helping agency tenants shrink their footprints where it is cost effective requires the time, industry information, and expertise to evaluate other existing space as part of a renewal for opportunities to improve utilization.

- RES is using the state's prime position in the market to better leverage its buying power in the current real estate environment and reduce costs.
  - Where multiple state tenants reside in the same building with lease end dates that are staggered, evaluate at regular intervals whether the building

continues to meet the needs of the tenant(s). Renew leases so that expirations are co-terminus in order to leverage economy of scale in renewal and provide ability to move if the building no longer meets the needs.

- In smaller cities where the state has consolidated into single facilities with little or no competition, review options to break up the state presence in 2 or 3 blocks within walking distance to one another. This strategy can be used to create greater leverage where lessors view the state as a captive audience and are not offering market renewal rates.

What business change initiatives do we complete in 2015-17 to move toward this future?	May require budget ↑?
1. Streamline, standardize and simplify how we do business. • *Streamlining* means reducing steps and scaling back risk-adverse policies that increase project timelines. • *Standardizing* means adopting a common shared framework or starting point. This consistency seeks to avoid regularly reinventing the wheel for ordinary processes, yet allows for innovation and flexibility. • *Simplifying* means reducing the number of moving parts and complicated mechanisms for performing conceptually simple tasks.	↔
2. Increase efforts to relate to customers and identify their current and future needs—concerted effort to understand their business and needs-to more effectively anticipate opportunities for them.	↑
3. Provide more active customer orientation and regular training, both workshops and forums. Educate customers about policies, procedures and processes.	
4. Engage customers early in their own strategic planning efforts and develop a toolbox of strategies that can be customized for each agency.	↑
5. Using an enhanced and expanded real estate management database and access to real estate industry data, develop and implement more data analytics identify opportunities for our customers.	↑
6. Increase our involvement in the development of individual projects and the Six Year Facilities Plan and identify how we can initiate a state-wide portfolio management approach for leased and owned properties, in collaboration with Property Management.	↔
7. Leverage our prime position in the market to strengthen our buying power and reduce costs.	↔
8. Build capacity to meet RES program and project deliverables and “rightsize” workload to set staff up for success.	
9. Revise, update and develop manuals and guidance materials. Invest in staff training and professional development.	

What product or service changes should we make in 2015-17 to move toward this future?	May require budget ↑?
1. Portfolio approach to leasing—examining each customer's total portfolio to identify undervalued and underutilized assets and identify opportunities to increase value and utilization.	↔
2. Increased efforts and scope of space planning and programming to assist agencies in repurposing existing space and planning for future operations.	?
3. Development of a toolbox of workplace strategies, from more efficient use of space to working outside the office and being able to customize for each situation of agency.	↔
4. Increased energy use assessment and development of a toolbox of strategies for reducing energy costs.	↔
5. Building Condition Assessment, to include building condition data, update of floor plans to reflect current configurations and seating capacities	↑
6. Access to a greater assortment of real estate market rates, trends and related indicators.	↔
7. Fully implement the procedures to effectively implement Governor's Executive Order 12-04: Achieving Energy Efficiency in State Buildings.	?

B. What does our workforce need to be successful now and in the new future?

- Develop a mindset to embrace change and look for process improvement opportunities.
- Develop broader skill sets among staff and cross training opportunities that will allow load balancing.
- Create opportunities to review best practices in all facets of managing and leasing properties.
- Expect leadership and support from program management, division management and executive management.

What workforce-related initiatives are needed in 2015-17? (i.e. recruitment, retention, development, etc.)	May require budget ↑?
1. Improve the efficiency, effectiveness and professionalism of RES services through investments in staff. Increase and enhance staff training programs and extend training to customers. For example, to implement alternative workplace strategies for the client agencies, increased/enhanced training of staff and client agencies is necessary. Similarly, implementing the Executive Order 12-04 will require further training by relevant staff, as well as all stakeholders.	↑

2. Train and recruit for analytic and data mining skills.	↑
3. Investigate opportunities for sharing expertise within Facilities. Both cross-training and job experience will enhance the division's capabilities.	↔
4. Adequately staff and budget to effectively implement a portfolio-based approach, similar to how OFM's Facilities Oversight group is deployed (by agency categories). In the same manner, our ability to engage agencies and understand their needs and perform strategically would be enhanced. In addition, it would facilitate our coordination with OFM Facilities Oversight.	↑

C. What needs to be addressed in the operations of the business to ensure current and future success?

- The current fee structure and IAA process are obstacles for implementing new strategies in the future.
  - ✓ We need to develop and implement a revenue approach that supports our business model. The funding and organization of RES supports a transaction-based structure. This is a significant barrier to understanding and meeting the needs of client agencies. This model must be changed to serve client agencies efficiently and be relevant to their needs.
  - ✓ The IAAs and related processes are a significant obstacle to current RES activities as well as a barrier to the effectiveness of any new strategies to be adopted.

- Streamline activities, eliminating bottlenecks and reducing the work required to produce a lease.
  - ✓ Our current processes, policies, and procedures fail to address many of our customer's (and lessors' concerns).

- Adopt a consistent and deliberative approach to project sequencing by developing criteria and process to establish priorities for requests for services.

- Move away from an operational model that is internally focused (or OFM focused) and risk adverse to a customer-centric model.
  - ✓ We tend to focus on *eliminating* risk, our processes entail many non-value–added activities, and we do not effectively *manage* risk based on the lease procurement approach used.

- RES should be involved in the customer-OFM Modified Predesign process at the outset of a project submittal to improve RES effectiveness in implementing it if approved and ensuring the there is a clear scope and expectations.

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Real Estate Services

What facilities or equipment initiatives are needed in 2015-17?	May require budget ↑?
1. Technical upgrades to existing equipment	↑
2. Acquiring new equipment such as laptops or pads that facilitate staff to be more "mobile", both in terms of teleworking or field work.	↑
3. Assessment of work space needs. RES is uniquely placed to provide advice on revising the current space layout as well as the introduction of alternative workplace strategies.	↔

What technology initiatives are needed in 2015-17?	May require budget ↑?
1. Acquisition of a new database for real estate management and monitoring and related functions.	↑
2. Leverage technology to increase effectiveness. Utilize technology to reduce space needs through vigorous implementation of alternative workplace strategies. This means access to documents and files from remote locations.	↔
3. Training in new technologies.	
4. Implement electronic filing and e-signatures.	

What financial initiatives are needed in 2015-17? (i.e. rate or cost structure changes, new financing methods, cost analyses, etc.)	May require budget ↑?
1. Conduct a comprehensive fee and funding structure review to identify appropriate options to current situation.	↔
2. Develop and implement a revenue approach that supports a compatible business model.	?

What contract or risk management initiatives are needed in 2015-17?	May require budget ↑?
1. Implement the new boilerplate standard lease document to reduce risk to the state.	↔
2. Eliminate the IAAs procedure.	↔

What process improvement or new process design initiatives are needed in 2015-17?	May require budget ↑?
1. Implement the new process for seeking "new space".	↔
2. Explore either embedding staff with another client agency with a large	↑

portfolio similar to DSHS and/or explore implementing a portfolio approach as described earlier.	
3. Improve the efficiency and effectiveness of our services through developing or improving guidance documents such as internal practices, Client Orientation Manual, Leasing Procedures Manual etc.	↔
4. Provide leadership and new processes and initiatives to guide customers towards space efficiency and energy efficiency.	↔

What communications, marketing and customer relations initiatives are needed in 2015-17?	May require budget ↑?
1. Evaluate current RES webpage design and content and update as appropriate, using customers for feedback. Redesign website for ease of use by stakeholders.	
2. Establish a marketing team in coordination with the DES Customer Service team and Communications.	↔
3. Develop marketing approaches and materials to use to explore expanding into new markets.	↑
4. Continue to distribute customer surveys o gain insights and feedback for improvement opportunities.	↔

D. What policy or legislative changes will be needed?

Describe the change needed	Policy, rule or statute that might need to be changed	Is this something we should do in 2015 -2017 time frame?
1. Change funding mechanism for RES from fee for service (hourly and Commission).	Current fee structure is obstacle to implementing many of the new business strategies and services that are identified in this Business Plan	Yes-as soon as possible
Promote sustainability and energy efficiency through all RES procedures.	Elements of RFPs; Leased Space Requirements (LSRs)	Yes

Proposed Budget Changes

What investments or resource changes will require a budget request for 2015-17?

- Continued budget reductions will result in greater need for resourcefulness within DES in general and RES specifically.
- Changes in customer needs will require greater flexibility in the level of service and more multi-purpose tools in our toolbox.

Describe the new investment or resource change needed next biennium	What is the estimated cost?
1. Real Estate Management System that will accommodate complete portfolio information (for leased and owned properties) including lease terms, rentable/usable/gross SF, seating capabilities, building condition, and energy status. The system will also provide monitoring capabilities.	$200,000 for acquisition $80,000 annually
2. Resources to upload portfolio information into the system. This includes staff time as well as temporary help because the data to be uploaded needs to be "cleaned up" first.	
3. Resources dedicated to collecting and evaluating building condition data, building measurement data, updating floor plans and *as builts* where possible to reflect current configurations and seating capacities.	Unknown
4. Change in resource allocation to incorporate strong design capabilities to assist agencies in recasting space standards for future operations	Unknown – training programs need to be evaluated
5. Evaluate resource and expertise sharing opportunities and cross-training within Facilities	Unknown

2015-17 Business Plan Facilities Portfolio Management

PART 1 - Business Description

A. Business Description

1. See attached program maps.
2. Service descriptions:
   a. Provides facilities portfolio management for the Department of Enterprise Services (DES) owned facilities both inside and outside of Thurston County. These services include:
      - Custodial, Refuse & Recycle
      - Asset Management Services
      - Building Automation Systems
      - Camera and Card Key Services
      - Cultural Resources Management
      - Energy Conservation Management
      - After Hours Response
      - Building Maintenance & Operation
      - Grounds Maintenance
      - Work Management and Customer Service
      - Parking Services
      - Procurement and Supply Services
3. Size of operation, locations, and other critical descriptive information:
   a. 36 facilities (77 percent of total portfolio by size) in Thurston County, and 41 facilities outside of Thurston County, encompassing 4.6 million gross square feet of office space. In addition, DES maintains 485 acres of parks and campus grounds to include Capitol Lake, 17 miles of sidewalks, one mile of underground utilidor, and 1.5 million square feet of parking space equal to over 6,600 parking stalls. These facilities have a current replacement value in excess of $1 billion.

B. Market Description

1. Facility Portfolio Services serves more than 50 state agencies, up to 10,000 state employees, and 250,000 visitors to the Capitol Campus. This is 100 percent of our market as legislatively provided for in RCW 43.19.125.
2. Description of what makes DES services different from other service providers:
   a. Custodial Services, utilizes a Certified Lean Process for cleaning called OS1. Refuse and Recycle collection services are provided at below local market rates.

b. Space to tenant agencies is provided at a lower cost than the private market. The state's cost of capital is generally lower than private sector competitors and we do not pay Business and Occupation taxes.

c. DES generally invests in real estate for the benefit of the state and is much less likely to sell a building to another investor as long as the state is a significant tenant.

d. Workforce flexibility with onsite qualified technical staff.

e. Onsite emergency response and secondary support from Washington State Patrol for planned and unplanned campus events.

f. Historic knowledge of campus buildings, artwork, monuments, memorials and landscape.

g. Dedicated Zone Coordinators and trades staff with campus and customer familiarity.

h. Campus leadership for safety, information, emergency management, and sustainability.

C. "Rate card" equivalent (Services prices, what customers receive for the money)

1. The Rate and Service Commitment document.

   a. On Campus Properties Rent Components (all rates are annually per rentable square foot):
      - Maintenance and Operations, $5.01
      - Utilities and Fixed Price Contracts, $4.12
      - Parking Maintenance, $0.64
      - Capital Project Surcharge, $2.39
      - Debt Service (Varies by building)

   b. Public and Historic Facilities: Total revenue authorization is allocated among state agency clients on the basis of budgeted full-time equivalents.

   c. Off-Campus and Outside Thurston County rent is typically negotiated and includes operating, debt service and other costs in a single annual rate per rentable square feet.

   d. Parking Fees:
      - Employee Parking: $25 per month
      - Agency Parking: $75 per month
      - Metered Parking: $2 per hour

   e. Building and Grounds Hourly Rates:
      - Trade: $75 per hour
      - Grounds: $55 per hour
      - Custodial: $42 per hour

D. Pro forma financials – Attached Separately.

PART 2- Assessment of Trends, Forecasts, Challenges, and Opportunities

A. What barriers, if any, does this business face in meeting its program map targets?

1. Current rental rates are not sufficient to adequately maintain and operate the portfolio. In order to sustain our lines of business, the full cost of operation must be recouped within our rates.
2. No available resources to perform building condition assessments that are essential to making good planning decisions and prioritizing limited maintenance and capital renewal dollars.
3. The Facilities Division does not have an integrated Facilities Management database to capture and track critical inventory data, evaluate and assess building condition, and provide comprehensive maintenance and renewal plans that will strengthen and inform future budget requests.
4. Current building automation systems (HVAC, fire, security, lighting) are outdated, non-standardized, and unable to communicate with other automated systems. This impacts the programs ability to efficiently maintain, respond and plan for the short term and long term physical and financial needs of the portfolio.
5. Years of accumulated deferred maintenance backlog and accelerated renewal needs and inadequate capital funding to meet critical preservation requirements. Building and system failures will quickly become more prevalent and more costly in the future.
6. Process barriers within programs and among programs. Communication, collaboration and integration need to be more prevalent in the DES culture.

B. What risks, foundation-building or deferred maintenance issues need to be addressed?

1. Lack of an adequate, ongoing facilities condition assessment data hampers our ability to create coordinated long term capitalization strategy.
2. Failure of critical building systems and infrastructure will impact the life, health and safety of the occupants of the buildings and the tenant agencies ability to provide the services to the public.
3. Continued accumulation of deferred maintenance liability poses financial liability to the agency and the state through accelerated renewal and increased repair costs that can potentially impact the value of state owned assets.

C. What will the future look like for this line of business seem in the next 10 years? What are the major changes and most relevant trends in this line of business and its products and services?

1. Complex building systems and controls increasingly offer opportunities and challenges. The agency can leverage new technologies to better manage facilities, but it also needs to ensure adequate training is in place to educate staff on new systems.
2. Sustainability continues to grow in importance and prominence. Organizations worldwide are incorporating it into their cultures and business goals. The trend is moving from an emphasis on new construction (LEED) to influencing existing building operations (LEED-EB)
3. Transitioning from a preventative maintenance program to a predictive maintenance program that is more proactive and precise in anticipating and reducing equipment failure to a very rare event.
4. Greater focus on customer relationships and responsiveness, quality assurance and marketing.
5. Greater emphasis on total cost of ownership – the ability to convert raw data into usable and meaningful information that fosters informed decision making.
6. Integrating changing work styles and "alternative workplace strategies" into space planning and design require facility owners to be flexible and watchful about how these changes such as open work space arrangements, differing hours of operation, and fluctuating occupant densities impact power use and other operational costs.

D. Where are we at risk of falling behind the rest of the market?

1. We are not well equipped with the appropriate technological tools to do manage the portfolio proficiently. In all business, information is power. Gathering, tracking, analyzing and reporting information is done most effectively and efficiently with a centralized facilities management database, which we do not have.
2. Loss of workforce due to aging workforce and the inability to attract qualified technicians and professionals to civil service.
3. Inadequate funding for maintenance and capital renewal will adversely impact the safety, efficiency, comfort and useful life of the facilities and cultural resources we manage as well as value of the state's investment.
4. We must continue to find ways to reduce operating costs while providing value to our customers in order to compete with the private sector.
5. We need to incorporate flexible design and construction standards to keep up with future trends in open work plan arrangements and teleworking to compete with private developers.

E. How do we expect customer needs to change over the next 10 years? What are our customers thinking?

1. Continued transparency, increased accountability and responsiveness, and improved communication.
2. Customer service expectations will remain high compared to the existing resources. They will expect improved services at a reasonable and competitive price.
3. To trust that they are working in a clean, safe, comfortable, and productive environment that is maintained properly and fully functional.
4. Agencies have indicated that they will be moving personnel back to campus facilities, utilizing the open floor plan concept to decrease their agency footprint.
5. Constrained agency budgets means continued or increasing customer scrutiny of expenses, including rent.

F. What are the strengths of this business that will serve it well over the next five years?

1. Historical knowledge of the buildings and campus.
2. Strongly developed interpersonal relationships with our customers and stakeholders.
3. Staff technical expertise of supported buildings and systems.
4. We provide an integrated service to our customers (one stop shopping).
5. Division commitment to sustainability and sustainable practices.
6. The passion and commitment to the stewardship of these precious state facilities and grounds of the Capitol Campus.

G. What are the areas of opportunity for this business in the next five years?

1. Update the Capitol Campus Master Plan. This will provide a clear vision for the campus as well as information regarding opportunity sites for future development to assist decision makers with informed choices.
2. Update/upgrade facility management and building automation and security systems to leverage industry advancements in managing the total cost of ownership.
3. Work together as a team of facility employees serving common goals, removing silos and building a strong resource of diverse knowledge, skills, and abilities to address daily problems and continually improve our programs.
4. Strengthen our partnerships with state agencies, stakeholders and the local community to create shared solutions and outcomes.
5. Develop innovative and sustainable funding strategies for managing the physical and financial performance of the portfolio.
6. Develop a workforce training program and succession plan.

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PART 3 – Implications and Strategic Business Plan for the Future

A. **Based on the assessment in Part 2 and the strategies in the agency strategic plan, in what ways should this business change over the next five years?**

1. Better utilize technological tools we have and work with our agency IT partners to acquire the additional technology solutions to successfully manage the facilities portfolio. Ensure that staff is trained regularly to stay current and competent.
2. Build a "total cost of stewardship" model for each asset and develop rental rates that support the costs. Provide staff training in financial and business acumen so that they have more ownership and accountability of the dollars they are spending.
3. Do more master planning! Specifically in regards to sustainability, security, building controls, infrastructure, cultural resources, and future property acquisition, development and disposal.
4. Improve internal processes, procedures and standards for planning, scheduling and completing the work we do.
5. Work with DES agency partners to reduce or eliminate obstacles and delays associated with processes for requesting and receiving services.

What business change initiatives do we complete in 2015-17 to move toward this future?	**May require budget ↑?**
1. Fully utilize existing condition assessment system (FICAP) to assess building conditions.	Maybe
2. Plan and schedule work so that resources can be deployed appropriately and successfully.	No
3. Continue with Master Planning for the Campus and other buildings in the portfolio. Specifically in regards to sustainability, security, building controls, infrastructure, cultural resources and future opportunity sites for development.	Yes

What product or service changes should we make in 2015-17 to move toward this future?	**May require budget ↑?**
1. Develop a Capitol Campus Security plan and program.	Yes
2. Create a quality assurance program for all services rendered.	No
3. Offer customers consultation services for energy conservation and ways to reduce their agency carbon footprint as users of the Capitol Campus.	No

2015-17 Business Plan Facilities Portfolio Management

B. What does our workforce need to be successful now and in the new future?

1. Sufficient staffing levels to complete work required in PDF's, strategy maps, projects and program deliverables.
2. More flexible work schedules and teleworking.
3. Need modern technology tools and state-of-the-art knowledge, skills and abilities in order to realize the agency vision of a being world class organization.
4. Consistent leadership, mentoring and direction. Clear feedback to help staff improve and succeed.
5. Cross training to balance workload and provide back-up support.

What workforce-related initiatives are needed in 2015-17? (i.e. recruitment, retention, development, etc.)	May require budget ↑?
1. Develop employee training plans and career ladders for advancement. Provide opportunities for professional development and advancement. Support and encourage participation in national organizations and conferences.	
2. Right size work force to align with work load. Regularly assess workforce skillset to ensure employees have what they need to be successful.	
3. Assist program teams who are not working well together be more collaborative and successful. Be willing to re-structure organization to create more effective teams. Assist programs with cultural shift.	
4. Develop apprenticeship and internship program.	

C. What needs to be addressed in the operations of the business to ensure current and future success?

What facilities or equipment initiatives are needed in 2015-17?	May require budget ↑?
1. Identification and construction of a new grounds equipment maintenance shop.	Yes
2. Better portable laptops, dock stations/tablets to better enable mobilization in daily operations.	Yes
3. Provide more space around 1500 Jefferson building for parking agency business vehicles such as delivery vans and trucks.	

What technology initiatives are needed in 2015-17?	May require budget ↑?
1. Facilities Management system and database in order to better manage all aspects of the DES facilities portfolio – buildings, land, equipment, cultural resources, service delivery and invoicing, project management, short and long-range planning, condition assessment and space planning. Support for existing condition	Yes, currently waiting for cost info from ETS.

assessment system until larger system can be acquired.	
2. Campus building systems need to be updated to be compatible and connected to central campus network. Future capital requests include the additional of "energy analytic" applications and dashboards in buildings.	Yes, capital request for hardware and equipment. Will need support from ETS for maintenance.
3. Additional support for existing legacy systems and applications for better utilization and efficiency until new database can be procured.	Maybe
4. Mobile workstations and remote access to documents and e-files.	
5. More training for new technology.	
6. Firewall issues between DES and L&I	

What financial initiatives are needed in 2015-17? (i.e. rate or cost structure changes, new financing methods, cost analyses, etc.)	**May require budget ↑?**
1. Identify and establish alternative financing mechanisms for capital renewal, operations, and service delivery such as incorporating community volunteer and donation programs for the preservation of historic and cultural assets	No
2. Investigate and develop a model for charging campus tenants for their actual energy use instead of the currently used "uniform charge" (same rate for all no matter usage).	No
3. Build a "total cost of stewardship" model for each asset and develop rental rates that support the costs. Provide staff training in financial and business acumen so that they have more ownership and accountability of the dollars they are spending	No

What contract or risk management initiatives are needed in 2015-17?	**May require budget ↑?**
1. Work to reduce or eliminate the numerous contract obstacles and delays associated with processes for receiving services from internal partners.	No
2. Reduce the types of "leases" (IAA, PMO, CCOA) to reduce layers of time and effort.	No
3. Ensure that all life/safety building systems are functioning through regular inspections and repairs.	Yes, FTE

What process improvement or new process design initiatives are needed in 2015-17?	**May require budget ↑?**
1. Continue to streamline process and for requesting work and services from customers. Include quality assurance points throughout the process.	No

	Documents standards and create policies and procedures for work.	
2.	Improve communication with each other, customers, and community partners.	No
3.	Improve process for capital project design review with B&G, Asset Management and E&AS.	No

What communications, marketing and customer relations initiatives are needed in 2015-17?		May require budget ↑?
1.	Redesign Facility Division website for easier access and information.	No
2.	Issue customer surveys to gain insight and feedback.	No
3.	Improve stakeholder/customer communications to share information and create opportunities for partnering.	No
4.	Have performance expectations for managers regarding frequency of customer meetings so they can address issues and improve the agency's credibility.	

D. What policy or legislative changes will be needed?

Describe the change needed.		Policy, rule or statute that might need to be changed.	Is this something we should do in 2015 - 2017 time frame?
1.	Tobacco free campus.		Yes
2.	Statute mandating all construction projects over $50,000 must be contracted out. (E&AS included this in their BP too).		Yes
3.	Acquire legislative mandate to set campus building rents at level needed to cover total cost of stewardship plus a 60 day working reserve.		
4.	Acquire legislative sanction to preclude the use of rent from one building to another.		

E. Top 6 initiatives for Part 3

1. Facilities Management system and database in order to better manage all aspects of the DES facilities portfolio – buildings, land, equipment, cultural resources, service delivery and invoicing, project management, short and long-range planning, condition assessment and space planning. Support for existing condition assessment system until larger system can be acquired. Will require budget request for technology and training.
2. Campus building systems need to be updated to be compatible and connected to central campus network. Future capital requests include energy analytic applications and dashboards in buildings. Will require budget request for equipment, installation and training.
3. Develop a Capitol Campus Security Program and Plan. Will require budget requests for FTE's and equipment.
4. Continue with Master Planning for the Campus and other buildings in the portfolio. Specifically in regards to sustainability, security, building controls, infrastructure,

cultural resources and future opportunity sites for development. Will require additional FTE in Asset Management.

5. Work to reduce or eliminate the numerous obstacles and delays associated with DES processes for receiving and providing services.
6. Build a "total cost of stewardship" model for each asset and develop rental rates that support a reasonable level of investment. Provide staff training in financial and business skills so that they have more ownership and accountability to prioritize the dollars they are spending.

Proposed Budget Changes

What investments or resource changes will require a budget request for 2015-17?

Describe the new investment or resource change needed next biennium.	What is the estimated cost?
1. Facilities Management database for the portfolio.	In process
2. Develop and fund a campus security program.	Capital/operating request?
3. Fix Parking Fund (045) to ensure appropriate level of funding for maintenance, operations and renewal of campus parking facilities.	
4. 2.5 FTE for Building Automation unit (life/safety).	
5. 3 FTE for Maintenance Ops (life/safety).	
6. 2 FTE Property Management (to continue Master Planning).	
7. Increase B&G trades' rates to a cost recovery level.	
8. Increase Refuse and Recycle tip fees to a cost recovery level.	
9. Request an increase of the Capital Project Surcharge.	
10. Connect all campus building control systems to the main campus network.	Capital budget request
11. Campus wide building condition assessment (WSU?).	$150,000
12. High voltage maintenance contract for the campus.	$500,000
13. As-built drawings update service for all campus buildings and infrastructure (consultant services).	???
14. Request capital funding for continued Campus Master Planning (consultant services).	$350,000

2015-17 Financial Services Business Plan

PART 1 - Business Description

Business Description

The Financial Services Division provides effective, innovative financial management services to empower our customers to make informed business decisions.

Our services include:

Payroll

The payroll office provides services to over 2,500 employees across the state in over forty agencies. Our clients are our number one priority and we take pride in providing expert payroll knowledge and services to all of the employees we support.

Activities include:

- Payroll processing
- Employee benefit administration
- Time and leave reporting
- IRS tax reporting
- Development and oversight of agency payroll policies
- Payroll Analysis

Accounts Payable

The accounts payable team supports the objectives of programs within DES, CTS and over forty small agencies by providing timely and accurate payment of vendor invoices and travel reimbursements.

Activities include:

- Payment of vendor invoices for multiple programs
- Payment of employee travel reimbursements
- IRS 1099 reporting
- Development and oversight of agency accounts payable and travel policies

Revenue Management

The revenue management team supports agency objectives by managing the billing process for programs within DES, CTS and several small agencies. This team also manages the accounts receivable and cash receipting processes.

Activities include:

- Producing invoices for all revenue generating activities of DES and client agencies
- Managing accounts receivable balances to ensure timely payment
- Cash receipting and deposits
- Maintaining customer accounts
- Development and oversight of agency accounts receivable policies

General Accounting

The General Accounting team is responsible for the accuracy of data, monthly reconciliations and oversight of financial records.

Activities include:

- Preparing annual financial reports and disclosure statements for the statewide financial statements
- Monitoring all fiscal activity to ensure funds are properly accounted for and agency assets are safeguarded
- Management and oversight of the agency purchase card program
- Responsibility for adding payees to and maintaining payee records in the statewide vendor table in AFRS

Technology Leasing Program

The technology leasing program assists agencies with their technology acquisition needs by providing equipment leases that allow the cost of the equipment to be spread over the useful life of the equipment.

Activities include:

- Consulting for the technology acquisition process
- Purchase of equipment for agencies
- Asset management of leased equipment
- Monthly billing for leased equipment

Small Agencies

Small Agency Financial Services provide effective, innovative financial management services to empower our customers to make informed business decision. Activities include:

- Financial management, consulting, leadership
- Develop, monitor, and communicate financial plans
- Manage, maintain and analyze financial statements
- Manage disbursements, revenue, payroll and benefits
- Automation and standardization of work processes

Budget

The DES Budget team provides timely, accurate and informative budgetary work for customers to assist them in making well informed business decisions. Activities include:

- Develop, implement and monitor the agency's Operating and Capital Budget.
- Support agency Leadership in the development of new initiatives and identification of revenue streams and funding methodologies.
- Provide reports for agency Leadership to develop accurate spending and revenue collection plans.

- Support the agency in the development of Rates based on services delivered.
- Develop reporting tools to monitor and communicate the financial performance of the services delivered and the agency's funds.
- Managing and directing the agency Fiscal Note process and responding to inquiries from both the Office of Financial Management and the Legislative Fiscal staff.

Size/location of Operations:

The finance division is comprised of almost 90 staff providing a full array of financial management services. Staff are all located in the 1500 Jefferson Building. The division serves DES and CTS programs at 1500 Jefferson as well as DES programs and small agency clients at locations around the state.

Market Description

Accounting

- DES accounting serves all DES and CTS programs as well as approximately forty small agencies. Our potential market for our current services is made up of small agencies that do not subscribe to our services. We are currently serving 70% of the 57 agencies with fewer than 200 FTE's.

Small Agencies

- Currently 43 small state agencies with 176 FTEs or less
- Potential markets include medium-sized state agencies (mainly payroll and A/P) and more services to the small agencies (not all small agencies use us for all of what we offer).

Budget

- DES Budget serves business lines in DES and executive leadership.
- Potential markets include:
    - Other agencies that do not have Capital Budget Development expertise and Capital Budget Financial Management expertise.
    - Other agencies that provide services where their costs should be recovered through an approved Rate.
    - Those agencies that do not have the expertise in Rate development and compliance with Cost Allocation principles and OMB Circular A-87/SAAM (State Administrative and Accounting Manual).

What makes us different?

- Our depth of expertise. Our division collectively has over 1,000 years of financial management experience in many different lines of business.
- Economies of scale. The size of our division enables for staff to specialize in certain tasks to maximize efficiency.
- Experience with multiple types of business. We have experience with a wide variety of business types including proprietary, governmental and boards and commissions and capital budgeting.

- Ready access to statewide systems. Our close working relationships with the staff who maintain statewide systems allows us to leverage our use of these systems. We often suggest system improvements that are implemented in the statewide systems.
- Operate in proprietary funds which run like a business yet we are constrained by governmental rules.
- Our rates must cover our costs for each activity and "profit" is not allowed. Business lines cannot subsidize each other like they can in the private sector.
- Constant improvement mindset.

What Customers Receive for their Money

Payroll

The payroll office provides services to over 2,500 employees across the state in over forty agencies. Our clients are our number one priority and we take pride in providing expert payroll knowledge and services to all of the employees we support.

Accounts Payable

The accounts payable team supports the objectives of programs within DES, CTS and over forty small agencies by providing timely and accurate payment of vendor invoices and travel reimbursements.

Revenue Management

The revenue management team supports agency objectives by managing the billing process for programs within DES, CTS and several small agencies. This team also manages the accounts receivable and cash receipting processes.

General Accounting

The General Accounting team is responsible for the accuracy of data, monthly reconciliations and oversight of financial records.

Technology Leasing Program

The technology leasing program assists agencies with their technology acquisition needs by providing equipment leases that allow the cost of the equipment to be spread over the useful life of the equipment.

Budget

Our promise to our customers:

- Core Office hours 8 to 5 Monday – Friday.
- Available after hours by request.
- Return phone calls and emails within 24 hours.
- Analysts are cross trained so that the agency business is not interrupted during absences.

- Deliverables for Budget-related activities and timelines are shared.
- Agency Budgets, Allotments and Fiscal Notes delivered on time.
- OFM and Legislative inquiries are responded to professionally, completely and timely.
- Respectful partnering with Agency Leadership, Program Managers and Line Staff. All are treated with respect and fairness.
- Accurate, timely, and relevant financial information.

Small Agency Financial Services

- See attached document.

SAFS_RateSvcCommitment.pdf

- **Pro forma financials - optional**
    - Biennial allotments in a profit/loss statement format?

PART 2- Assessment of Trends, Forecasts, Challenges, and Opportunities

A. What barriers, if any, does this business face in meeting its program map targets?

Communication

- Communication continues to be a barrier to ensuring we can meet our Program map targets with both our Internal Partners and our External Clients. Effective communication means that we have shared information and the other party understands what was shared. The message must be clear and consistent to all parties.
  - Determining who needs to know, when they need to know and how to share the information.
  - Determining what is the right amount of information shared, and when is it too much.
  - Determining what tool to communicate with; how do others want to receive the information? (ex. Huddles, meetings, SharePoint, weekly emails, DES Connection, etc.)
  - Assisting leadership in making timely decisions which impact the financial position of our Business Lines and our ability to incorporate those changes in the financial structure.

Customers

- We are working to overcome a lack of trust and a negative reputation with our customers due to the difficulties Finance had preparing reasonable financial reports in the first years after consolidation.
- Understanding what the customer's needs are and what we are producing or providing, and then taking action to bridge the gap. Customers must understand that "standardized" work is a requirement in our new environment and be flexible to looking at financial data in new formats, and communicating financial information through new mediums.
- Many programs have developed financial centers in order to meet the need or perceived needs of the entity.
- To our customers and often to our own division we appear to be separate independent entities rather than parts of a whole interdependent system.

Employees

- The division has not yet fully developed a culture. Integration is an ongoing process that must be nurtured by leadership.
- Ensure that employees have received the training and developed the skills necessary in processes, systems and soft skills to provide great service.
- Retention issues create a doubled edged sword;
  - The agency loses historical knowledge.
  - This staffs are often stuck in old practices and can be resistant to change.

- The agency has the opportunity to gain staff that are more malleable to change and will look at ways to provide services differently than what has been past practices.

Marketing

- Overcoming the agency's current reputation and perceptions from potential customers and partners will need to be a focus area for leadership in order for DES to increase our share of the market.

Production

- Standardization of common work is an obstacle. Many staff still performs processes the way they had in their previous agencies, and many of those processes are manual rather than automated. Standardization of work should make workloads more manageable and make more time available to get the job done well.
- The lack of managers' availability due to frequent meetings makes it difficult for staff to continue with work during those situations when management input is necessary. A lack of coordination and communication between Finance Offices results in incomplete information, duplication and rework.
- The volume of work and layering of priorities creates anxiety among staff. Assignments do not seem to get done before the next priority hits. If everything is a priority than nothing is!

Technology

- Many of the systems that DES uses including statewide systems are legacy systems, aged, outdated and no longer produce useful or convertible data which can be used or uploaded to other systems, instead manual processes must be used to turn this data into information. Where newer technology is available skilled staff to mine the data and convert to information are a limited resource, additionally retraining staff from the legacy systems can be just as challenging due to the resistance of change.
- Migrating the Division and individual Finance Offices to one shared electronic repository creates issues of electronic file management as well as the staffs' ability to work in the new electronic environment. Electronic documentation is the future however, moving staff to this new process and integrating with old technology or even learning to use new technology will be an ongoing challenge for the division.

B. What risks, foundation-building or deferred maintenance issues need to be addressed?

Communication

- Building a culture of positivity and trust with both our internal and external customers.
- Setting defined expectations for DES programs and for our customers as well.
- Listening to what the customers have to say both good and bad.

Customers

- Creating a reputation for DES as a customer driven and focused agency.
- Creating ways of showing our customers that we value their business and their input.
- Working with the Legislature to build a foundation of trust between DES and other agencies.

Employees

- Working to create a unified DES culture between staff and showing them how their work fits into the broad picture.
- Creating standardized desk manuals that help preserve historical knowledge and making them available to staff for cross training.
- Developing a culture of having staff go the extra step to help other team members instead of just doing the minimum required.
- Creating a sense of ownership within staff and encouraging them to see change as beneficial while maintaining a sense of continuity with the past.

Innovation

- Developing the ability to forecast our accounts to better anticipate customer need.
- Finding ways to decrease billing rates to make DES more attractive to other agencies.
- Creating a clear vision for the future of DES Finance Division.

Marketing

- Finding out what services customers used to get under the separate agencies that they no longer get in a combined DES to hopefully increase our available services.
- Creating a recognizable marketing brand for DES as a whole.
- Creating a clear and understandable marketing strategy for the future of DES.

Production

- Creating up to date desk manuals that can be easily utilized to standardize procedures across units.
- Cross training staff so they can help pick up the slack during fluctuating workloads.
- Being fluid enough as an agency so we can quickly respond to changes in the public sector and remain competitive.

Technology

- Having the funds available to replace aging accounting systems with new systems that have more security for an increasingly electronic world.
- Decreasing repeated systems issues that cause rework and errors when the time to fix them could be better utilized in other ways.
- Procuring imaging capabilities to decrease the reliance on paper filing and documents.
- Implementing overall technology upgrades from faxes to printers to systems and security.

C. What will the future look like for this line of business seem in the next 10 years? What are the major changes and most relevant trends in this line of business and its products and services?

Employees

- Due to the factors listed below, the workforce in the future will be adaptable, cross-trained, self-directed, motivated, and devoted to continuous improvement and education.
    - Many employees will be retiring in the near future, and the younger generation(s) of workers are more likely to change jobs/careers often.
    - The workforce will be more mobile, with increased options for telecommuting.
    - Management will evaluate employees' performance based on ability to accomplish the workload and the implementation of innovated ideas rather than hours work, physical attendance and longevity.

Production

- Automation and Standard Work: The work that is accomplished by the Finance Division will be far more standardized with documented processes and desk manuals. Many of the processes will be automated to allow DES to be competitive in pricing and services.
- Self-Service: Vendors will have self-service portals for registration (data input) and requests. Customers, including both public and private entities, will have access to self-service reporting about financial information as well.

Technology

- The Finance Division will offer online training and electronic communication tools (WebX, etc.) for employees and our customers.
- Increased technological capabilities will create a demand for more instantaneous transparency from customers and the public.
- Washington State government will have updated financial systems, to include:
    - An Enterprise Resource Planning (ERP) tool to replace AFRS and other systems
    - An integrated time keeping tool (TLA)
    - A procure-to-pay system, which may be encompassed by ERP
    - Self-service vendor/business portals
- By having these updated Enterprise systems, the need for cross-trained employees at DES will be imperative because the system knowledge and skills will be far more transferrable between agencies. In addition, the implementation of true Enterprise systems will open the door for DES to provide centralized/shared services in more areas and to more agencies.

Customers

- The Finance Division's Customers will require fast(er) and clear presentation and reporting of financial information.
- Finance staff will have a "seamless" and integrated presence with the business lines they serve.
- As budgets continue to be squeezed, Finance will embrace the concept of doing more with less.
- Customers will be provided with "menu" options for Financial Services, which will need to be effectively managed by standardizing the tasks and processes within Finance.

Communication

- Finance will offer more online/electronic communication options for its customers.
- Because more communication is accomplished electronically, staff will be educated on the appropriate communication styles within these new mediums (emails vs. texting vs. WebX, etc.).

D. Where are we at risk of falling behind the rest of the market?

Communication

- By not having a united message and better communicating with our internal and external customers.
- By not keeping our customers satisfied through consistent and transparent communication.
- By not utilizing customer feedback to continually improve.

Customers

- By not keeping up with market demand and allowing customers greater online access to their financial information.
- By not making communication with our customers a priority.
- By allowing the perception of DES/Finance to remain as it currently stands without making strides to improve it.

Employees

- By losing talented and better qualified staff by not having sufficient training, growth opportunities, or competitive wages.
- By losing historical knowledge as long term employees retire or move to new positions.
- By not empowering employees to take a more active role in their own job management.

Innovation

- By not being able to quickly change to meet the various needs of our customers.
- By not becoming competitive with private industry in both value and flexibility.
- By not working within government constraints to be an effective business partner.

Marketing

- By not tailoring our services to our individual customer needs and anticipating their future needs as well.
- By not having a dedicated team that can market DES/Finance and its services to potential customers.
- By not being able to withstand threats from inside government and from the private sector.

Production

- By not removing roadblocks to innovation and process improvement.
- By not having a standardized approach across all units to better assist our customers.
- By not recognizing the time work processes currently take and planning staffing accordingly.
- By not having established procedures that can be easily revised to accommodate changing work processes.

Technology

- By not having adequate technology including network security to compete with private industry.
- By not having invoices and supporting documentation in a centralized imaging system.
- By having multiple accounting systems dependent on interfacing with the main AFRS system.

E. How do we expect customer needs to change over the next 10 years? What are our customers thinking?

Communication
- Customers are going to expect communications in plain talk, thus clear and transparent.

Customers
- Our customers are going to want information faster and cheaper.
- Customers will need one stop shopping from DES.

Technology
- They are going to require on demand products from a singular system with real time reporting.

F. What are the strengths of this business that will serve it well over the next five years?

Customers
- Collaboration to meet client needs
- Services provided lend themselves to building confidence and credibility, resulting in references to new clients.
- One Stop Shopping

Employees
- Subject matter experts creating a wide knowledge base who are willing to train/share with other staff.
- Engaged and involved employees.

Production
- Utilizing Lean to accomplish savings of time and money.
- Using current technology in lieu of manual processes to standardize work.
- Being in a proactive mindset rather than a reactive mindset.

G. What are the areas of opportunity for this business in the next five years?

Technology
- Implement imaging and workflow to automate manual processes.
- Online access for customers.
- Automating payroll transactions through the new Time, Leave and Attendance system.

Production
- Providing additional existing services to customers who do not currently utilize them.
- Providing new services such as capital budgeting and certificate of participation consulting.
- Expanding our customer base by adding new small agency customers.
- Expanding our customer base by offering Financial Services to medium and larger agencies.
- Large scale centralization of payroll and AP services by leveraging new technology tools such as TLA and imaging/workflow.

2015-17 Financial Services Business Plan

PART 3 – Implications and Strategic Business Plan for the Future

A. Based on the assessment I Part 2 and the strategies in the agency strategic plan, in what ways should this business change over the next five years?

- Standardization
- Automation
- Expand our Financial Services/Customer Base
- Prepared Employees

What business change initiatives do we complete in 2015-17 to move toward this future?	May require budget ↑?

1. Standardization
• Standard incoming yield, processes, output
  ○ Payroll
  - Standard payroll system for all customers
  - Standard use of ESS for all customers
  - Direct deposit for earning statements and employee reimbursements
  ○ A/R
  - One A/R system
  ▪ Standardized invoicing
  - Cash receipting for Small Agencies done at DES instead of at the agencies (where possible)
  ○ Budget
  ○ A/P
  ○ G/L
  ○ Payee Unit
  ○ Tech Leasing
  ○ Admin
• Desk Manuals
  ○ Standard documentation of processes, format, storage
• Financial Tool Kit
 	
(The above is internal to Finance – will need help from Lean, Communications, Change Management)
	Yes

2. Automation • PAR process • Imaging/Work Flow Management • Vendor Portal (SWV – Statewide Payee) • Purchase Orders • Upgrades to ABS/Computron ○ All customers have access to information	Maybe

○ Functionality for multiple agencies • CARP Revamp (We would work with ETS, CLS and Business Partners on this section)	
3. Expand our Financial Services/Customer Base a. Bring on more small agencies b. Develop modeling and financial consulting capacity for both internal and external customers c. Market our products/quality d. Survey our customers on needs e. Self-promotion and marketing for Finance goals and growth f. Offer services to other state agencies, local governments and school districts g. Internal DES training to improve Finance's ability to connect customers with additional services	

What product or service changes should we make in 2015-17 to move toward this future?	May require budget ↑?
1. Separate service offerings • Hourly rates • Menu pricing • Define service level agreements	
2. Provide Financial Consulting Services/Expand our Customer Base – • Payroll • COP Leasing • Capital Budget • Invoicing, Receivables • Payables • Travel • Financial modeling • Financial consulting • "Account temps" services	
3. Self-service portal (not only entering own information, the partners own it) • Agencies should be able to access their own information • Make a list of all available DES services	Yes

2015-17 Financial Services Business Plan

B. What does our workforce need to be successful now and in the new future?

- Empowerment
- Training
- Workforce Planning

What product or service changes should we make in 2015-17 to move toward this future?	May require budget ↑?

1. Empowerment/Acknowledgement
  ○ Acknowledge employees for a job well done; place their names (authorships) for their contribution of solving problems.
• Empowerment vs Disempowerment
  ○ Train managers and supervisors as well as staff on techniques of empowerment.
• Engage line staff in internal MFSR's, they are the experts in the data that is being reviewed.
• Develop an upward evaluation process
  ○ This will give staff the chance to evaluate their supervisor and manager performance as a leader, mentor and manager. The use of a survey approach with a scale could be useful.
• Ensure managers and supervisors share with staff information that is passed down with the intent to be shared. It is important that information be shared with line staff as received. This creates an environment of open communication and transparency.
	No

2. Training
Internal training and lack of understanding continue to be a problem. To be successful in the initiatives described in step A we need to do the following things.
• Develop our staff technical and soft skills.
• Develop a pool of Subject Matter Experts (SME) within our division. This will help us utilize our talent in ways we have not in the past, and provide the opportunity for staff to train each other and build relationships.
• Educate our staff on what services DES offers. This will help staff understand how their piece ties into the big picture.
• Develop awareness and understanding across all of the functions of the units in the Finance Division.
• Create/Update all desk manuals
  ○ Electronic format
  ○ Standard format
  ○ Central location
• Develop a change management process so that
  ○ Training is provided on all new systems and applications, or changes made
  ○ Training is provided on all new processes, or changes made.
• Develop on demand training for our employees, customers
	Yes

○ Tutorials, how to, informational, video's etc. ▪ For all learner types Reader/Seers/Doers • Implement a training sharing program ○ If you take a good training come back and share the highlights with the division.	
3. Workforce Planning To develop our staff and make Washington State the employer of choice as Governor Inslee desires we must: • Develop staff by: ○ Creating both a formal and informal mentorship program. ○ Finding a way to support tuition reimbursement (Scholarships, Grants etc.) ○ Providing flexible work schedules to allow employees to continue their education. • Develop a more ridged recruitment process. ○ Focus on conceptual and critical thinking skills vs. technical skills and experience working in the applications. ○ Use behavioral based interview approach	Yes

C. What needs to be addressed in the operations of the business to ensure current and future success?

What facilities or equipment initiatives are needed in 2015-17?	May require budget ↑?
1. Utilize Smart boards with Trello for Kaiben Board	Yes
2. New fax machines or ability to cloud fax for payee unit	Yes
3. Scanning Station for new imaging system	Yes
4. Payee Unit housed with the rest of Finance	

What technology initiatives are needed in 2015-17?	May require budget ↑?
1. Vendor/Payee and Customer self-service portal	Yes
2. Automated PAR system	Yes
3. Imaging system across the division – optimize the workflow	
4. Upgrade AR system to accommodate additional agencies and incorporate billing and accounts receivable in one system.	Yes
5. Purchase order system	Yes

2015-17 Financial Services Business Plan

What financial initiatives are needed in 2015-17? (i.e. rate or cost structure changes, new financing methods, cost analyses, etc.)	May require budget ↑?
1. Develop a fee structure for a la carte services	No
2. Develop process for cost/benefit analysis of process improvements	Yes
3. Develop financial modeling capabilities	

What contract or risk management initiatives are needed in 2015-17?	May require budget ↑?
1. Process for accepting electronic signatures	
2. Central contract location – master contract database access	

What process improvement or new process design initiatives are needed in 2015-17?	May require budget ↑?
1. Develop online financial tool kit	No
2. Develop and document standard work	No
3. Library of online desk manuals	No
4. Eliminate warrants via EFT • Requiring EFT • No bank = pre-paid card	

What communications, marketing and customer relations initiatives are needed in 2015-17?	May require budget ↑?
1. Increase communication with customer, calls and face to face meetings, portal – increases partnership	No
2. Build financial tool kit	No
3. DES Finance Open House – Who we are and what we do. Finance day instead of rate day. Internal and external marketing.	No
4. Round robin internal training from each of the divisions/programs so we can learn what they do, who they serve, etc. (to better inform and direct our customers)	No

D. What policy or legislative changes will be needed?

Describe the change needed	Policy, rule or statute that might need to be changed	Is this something we should do in 2015 -2017 time frame?
1. Payment Processing • Credit card payments accepted between agencies • Direct deposit for employee payroll • All vendors to receive payments electronically ○ Refillable debit card used for vendor payments	Yes	Yes

2. Standardization of Internal Practices/Policies
• TEMS recognized as a Best Practice (in service to outside agencies)
  ○ Travel Policies updated to require timely submission of reimbursement requests
• EVF, ABS, used exclusively throughout DES Finance Division
• ESS – Require all state employees to use this system
• Collections Policies
  ○ Invoices under specific dollar amount immediately written off (where there is greater cost to the state for processing than the amount of the invoice)
  ○ Past Due vendors sent to Collections
• Updated and more useful websites to provide more information regarding services and required information to process invoices etc.
• Be next agency to use TLA		

3. Signatures • Electronic Signatures used/accepted • Signature Authority document developed and used		

4. Scanning/Imaging • Scanning Imaging system adopted ○ Improved Storage ○ Easy accessibility of historical documents ○ Refer to Sec. of State requirements/Agency Records Officer	No	Yes

Proposed Budget Changes

What investments or resource changes will require a budget request for 2015-17?

Describe the new investment or resource change needed next biennium	What is the estimated cost?
1. Imaging System	
2. Fax/Cloud Software	
3. Employee Training	
4. Tuition Reimbursement	
5. Internship / Light Duty staff	

Five Initiatives for the Finance Division

1. Automation
2. Standardization
3. Training
4. Expand Customer Base
5. Workforce Planning

2015-17 Business Plan Template
Surplus Operations

PART 1 - Business Description

Surplus Operations is the state's central hub for the re-utilization, re-distribution, sale, recycling and disposal, and storage of consumable inventory and surplus/excess property. The program partners with public and private organizations to provide the best services necessary to achieve our mission.

- **Business Description**

  - State Surplus provides for the redistribution of state-owned property. Products received are typically used and in fair condition. State Surplus is required to first offer surplus property to priority customers (state agencies, boards, commissions, institutions of higher education, political subdivisions and non- profit organizations) before making any product available to the general public. All useable products are evaluated for reuse, and all recyclable material is removed prior to any item being sent to the landfill.
  - Federal Surplus provides federal property to state agencies, municipalities and eligible non-profit organizations. The Federal Surplus program consists of three major sections:
  - A regular donation program.
  - A fixed price section which comprises the purchase of good quality, used federal vehicles and equipment for qualified customers on a want-list system.
  - The Law Enforcement Support Operation (1033 Program), which is the transfer of military excess assets to state and local law enforcement agencies.

Additionally Surplus Operations has trucks, trailers, and warehouse space available to meet transportation and storage needs for State Agencies.

- Warehouse in Tumwater with 24 staff (both State and Federal programs)

Service goals include:

- 30 business days or less to pick up property from date of request
- 60 days or less from request date to return proceeds to agencies
- Increase number of agencies served annually
- Increase value to agency partners
- Overall break even between revenue/expense

- **Market Description**
  - Surplus Operations provides service state-wide
  - We currently provide service to 100% of State agencies
  - Potential customer base is definitely greater than the current number of agency (non-state) partners.

- Online auctions are worldwide.
- Our services are unique; we redistribute for reuse or recycling more than 99% of all the property we handle. In most cases we return funds to our agency partners.

- **"Rate card" equivalent (Services prices, what customers receive for the money)**
  - State Surplus Sales rates include the transportation, processing, recycling, disposal or resale of property for state agencies. The program retains 9% of the total sales price for sales (excluding vehicles and equipment) over $500 from our location or $200 from the agency's location. For Vehicles and Equipment, the program retains 9% of the total sales price for sales over $300. All proceeds retained by the program are capped at a maximum of $1,500.
  - Federal Surplus provides for the transfer and use of federal surplus property for qualified agencies. For the 1033 program which is restricted to law enforcement, agencies pay an administrative fee of $400-$1,300 per year. For all other agencies there is a $100 per year maintenance fee and a handling fee of 3-5% for property acquired. The program facilitates the acquisition of property; however, the receiving entity is responsible for transportation costs.
  - Transportation can be provided statewide at a rate of $75 per hour for unpalleted freight. Palletized freight rates range from $40-$75 based on the delivery location.

- **Pro forma financials - optional**

PART 2- Assessment of Trends, Forecasts, Challenges, and Opportunities

A. What barriers, if any, does this business face in meeting its program map targets?

- State Surplus is funded through the sale of the property received. Changes in the economic environment impact the operations ability to meet financial projections.
- Unplanned costs can be substantial and impact the programs ability to maintain cost recovery
- Personnel/staffing retirement and turnover
- Timely service to our customers can be a challenge
  - *a.* If the 30 day goal for pick up isn't met, the reimbursement within 60 days is more difficult
- Training our customers to be able to maximize benefits of the program

    a. Staff turnover, unfamiliar with process, how to use system, why we do what we do.
- Ability to create operating reserves
- Ability to adjust rates when needed to maintain cost recovery
- Falling behind with technology
- Bureaucracy (can create inefficiency, both internally and with outside agencies)
- Revolving fund and shared services costs outside our control
- Operation overall not streamlined or intuitive (inconsistent hours, facility layout unclear to new users, policies regarding payment don't make sense, procedural steps, disposal request need standardization and clarity as well as additional features/functions)

B. What risks, foundation-building or deferred maintenance issues need to be addressed?

- Operating costs for equipment and repairs high, unpredictable, have domino effect on workload
- Overhead costs for space and limited flexibility in current location
- Support for programs which cannot be recovered (1033, transfer)
- Facility issues (electrical, heating/cooling, internet, Wi-Fi, bars on windows, on site computer for auctions, bidding)

C. What will the future look like for this line of business in the next 10 years? What are the major changes and most relevant trends in this line of business and its products and services?

- Less transportation due to onsite sales
- Increase in direct transfer of property
- Increased effective use of technology
- Customers want to use our services and will help us improve
- Additional locations, such as Eastern WA, for customer convenience

D. Where are we at risk of falling behind the rest of the market?

- Rates are not flexible to adjust to changes in costs (fluctuations in fuel costs)
- Competitive markets and marketing
- Technological changes
- Alternatives for services
- Quality of service
- Payment options for customers
- Potentially burdened with obsolete electronics
    a. Unsellable, possibility of expensive management/handling

E. How do we expect customer needs to change over the next 10 years? What are our customers thinking?

- Increased expectations for service

- Increased value

F. What are the strengths of this business that will serve it well over the next five years?

- We provide a needed service
- Partnership with OSPI to provide technology to school districts throughout the state
- Mandate to break even can be to our advantage
- Provider of unique service
- Save money for our agency partners

G. What are the areas of opportunity for this business in the next five years?

- Technology; improved customer services, inventory management, operating efficiency
- Provide collection for reuse/recycling of new products
- Demonstrating our value both by statute, results and value
- Reduced transportation costs and increased value to customers via on site sales
- Additional agency partners; not just more, but new types
- Internships/training for repair or improved recovery

PART 3 – Implications and Strategic Business Plan for the Future

***A.* Based on the assessment I Part 2, and the strategies in the agency strategic plan, in what ways should this business change over the next five years?**

- Increase off site sales to 25% of total auctions
- Increase online options for customers (update disposal request forms, mobile apps, in store auction access)
- Reduce transportation by direct transfers

What business change initiatives do we complete in 2015-17 to move toward this future?	May require budget ↑?
1. Identify and implement incentives for agency to agency direct transfers	no
2. Update acceptable payment methods (Amex, credit card limits)	no
3. Create operating reserve for capital purchases and ongoing foreseeable and unforeseen expense	yes

What product or service changes should we make in 2015-17 to move toward this future?	May require budget ↑?
1. Update request form: online tutorial for submitting request	Minor

Photo upload, quality/condition More intuitive system Statewide applicability Prohibited items, special considerations (let customer know about reimbursement impact)	
2. Advertising; storefront, online, interagency	yes

B. What does our workforce need to be successful now and in the new future?

- Inventory management technology
- Standard messages
- Heating/cooling for warehouse
- Better understanding of big picture goals and relevance for staff and customers

What workforce-related initiatives are needed in 2015-17? (i.e. recruitment, retention, development, etc.)	May require budget ↑?
1. In house cross training	No
2. Additional staff	Yes
3. Communication	No
4. "Captains"	No

C. What needs to be addressed in the operations of the business to ensure current and future success?

What facilities or equipment initiatives are needed in 2015-17?	May require budget ↑?
1. Additional warehouse and yard space for Federal program	maybe
2. Heating/cooling for warehouse	yes
3. Additional warehouse and yard space at other location(s)	yes

What technology initiatives are needed in 2015-17?	May require budget ↑?
1. Inventory management system which works with point of sale system	yes
2. Auction site updates	maybe
3. iPad-ish type of tool for drivers, offsite, online; speech to text	yes
4. Update SRMS to offer more complete range of features	yes

What financial initiatives are needed in 2015-17? (i.e. rate or cost structure changes, new financing methods, cost analyses, etc.)	May require budget ↑?

1. Storage fees (eval, possibly increase)	No
2. Operating reserve (needs to exist separately from cost recovery operation)	Yes
3. Transfer of property fees (monthly limits, per piece, minimums, available items)	No
4. Transportation fees (eval, possibly increase)	No

What contract or risk management initiatives are needed in 2015-17?	**May require budget ↑?**
1. We have several service contracts which may be up during the period	Yes
2. Building lease (current agreement through 2015)	Yes
3. Auction site, possible inventory management system (if replaced)	Yes

What process improvement or new process design initiatives are needed in 2015-17?	**May require budget ↑?**
1. Direct transfer of property from current location to new location	
2. Explore donation options in lieu of transporting and distributing from warehouse	
3. Offsite listings; sell on location, avoid transportation, reduced time for listing and reimbursement	
4. Free stuff	
5. Communication tool to get messages to wide range of agencies, geographic areas	
6. Establish criteria for low income schools (% reduced lunch etc.)	
7. Update for email contacts to connect with current staff	

What communications, marketing and customer relations initiatives are needed in 2015-17?	**May require budget ↑?**
1. Customer (agencies) education, outreach regarding program, current inventory, eligibility issues	
2. General advertising on site and on line, real time updates	
3. Signs for building, actual address	
4. Radio ads, public service announcements	
5. Budget for advertising	yes
6. Coupons for repeat service, day sales	
7. Partnership	

8. Bumperstickers, license plate frames for State vehicles and customers, cars we sell, trucks, t-shirts with purchase of $xxx	yes

D. What policy or legislative changes will be needed?

Describe the change needed	Policy, rule or statute that might need to be changed	Is this something we should do in 2015 -2017 time frame?
1. Agency property transfer fees	Our rates based on RCW 43.19	evaluate
2. State Operations Plan for Federal Surplus; current but needs update	Federal Property Management Regulations (FPMR) 101–44. (41 CFR 101 - 44) authorizes	Yes
3. Donations	RCW amend	
4. Delegation of scrap authority		
5. Regional contracts		
6. Parts list for various components	RCW 46.37.195	

2015-17 Business Plan Template
Surplus Operations

Proposed Budget Changes

What investments or resource changes will require a budget request for 2015-17?

Describe the new investment or resource change needed next biennium	What is the estimated cost?
1. Statewide update to Surplus Disposal Request System	
2. New trucks, maintenance budget	
3. Additional equipment for warehouse, consider leasing	
4. Restructure of funding and funds	

Top Priorities

1. Improve inventory tracking and management system; increasing efficiency, user-friendly features (such as short tutorials, color coding, logical process), ad photo capability and matching features.

2. Increase of off-site sales, increase value to customer; reduce transportation, handling, Green House Gasses, time.

3. Improve awareness and understanding of Surplus Operations to agencies and the general public.

4. Operate at cost-recovery level while establishing a reserve for retirements, equipment repairs and replacement, major facility expenses.

2015-17 Business Plan
Visitor Services

PART 1 - Business Description

Business Description

Service Description:

This program provides logistical support and planning for public access to the Capitol Campus. Logistical support and planning has two major subheadings—tours and events.

The tour program serves Twenty-five thousand school children each year with in-depth educational tours. These educational tours are comprehensive and provide school children with the educational foundation necessary for them to understand how government works. Eleven seasonal part-time employees and 1 FTE provide the operational support for educational tours (total FTEs 3.50). In addition, this program has over forty volunteers that provide tours to the general public, 7 days a week. Tens of thousands of visitors take our public tours every year. The program has one volunteer coordinator (1 FTE) that manages public tours and one weekend supervisor (.5 FTE). The tour programs, both educational and public experiences, coordinate and schedule around government activities in the building.

The Event Office focuses on reserving space for activities to occur in the public spaces of the Capitol Campus while observing proper time, place, and manner restrictions as well as campus use rules. These activities include government, private, commercial, and public activities. Hundreds of thousands of event participants engage government in diverse ways each year. The event office oversees this engagement through various means, such as: charges for event support where services are required, monitoring proper use of the buildings and grounds, applying WAC 200-220, scheduling activities to avoid conflict with government or other activities, and on-site event management for rallies and activities that require government intervention prior to WSP involvement. The Visitor Services Manager and an Event Coordinator provide the support required to manage event oversight (2 FTE).

Overview of Services provided:

- Facilitate use of public areas of Capitol buildings and grounds
- Provide a permitting process for use of Capitol Campus
- Communication Management
    1. Community outreach
    2. Notify Legislative staff of district visitors
    3. Provide master campus schedule
- General Visitor Support
    1. Directional assistance

2. ADA assistance, wheelchair reservations
3. Emergency evacuation assistance
4. Fly flags on Capitol building

- Transportation Management
  1. On-site drop off/pick-up coordination for buses
  2. Barricade roadways
  3. Create traffic plans
  4. Coordinate parking reservations with parking office
- Tour management (scheduled tours, unscheduled tours, V.I.P. tours, Governor's Mansion tours)
  1. Schedule tours
  2. Tour planning and coordination
  3. Conduct tours
  4. Tour Group lunch support and supervision
- Activity management (events and displays)
  1. Compliance monitoring
  2. Manage space and rules
  3. Schedule support services
  4. Deliver support services (including after-hours support)
  5. Payment processing
  6. Contract development and negotiation
  7. Bridge banner management

- **Market Description**
  - Visitor Services has a broad client base that includes state government and the visiting public. Visitor Services has more demand for educational tours than current staffing levels can support.
  - Managing public spaces and providing tours in a politically charged environment is unlike any other state service.
- **Service Prices**
  - Visitor Services operates a cost recovery rate schedule.

PART 2- Assessment of Trends, Forecasts, Challenges, and Opportunities

A. What barriers, if any, does this business face in meeting its program map targets?

- The revenue stream is a challenge for this program. Current staffing levels are a direct reflection of budget realities. Without changes to the revenue stream the program will need to reinvent itself and reorganize to provide a different, lower level of service.

- The balance of historic preservation and campus use will continue to be challenging. Historic preservation, accessibility, and usability must constantly balance and flex as the needs of our campus users change and increase.

B. What risks, foundation-building or deferred maintenance issues need to be addressed?

- The greatest risk we must address is failing to create, and communicate a shared vision of the Capitol Campus—if we do not do this we will not be in a position to advance or prepare for future use demand and the services that come with that demand. Internal and external relationship building, at multiple levels, will be required to move forward in a consensus-based authorizing environment. Agreement on the use of the campus is politically charged and requires the conviction and dedication of executive management, and internal/external stakeholders.

C. What will the future look like for this line of business seem in the next 10 years? What are the major changes and most relevant trends in this line of business and its products and services?

- Demand for Visitor Services will continue to rise. Population increases and public interest/participation in government decisions will outpace staff resources if there are not significant adjustments made to this program's revenue stream.

- Visitor Services needs to be equipped to handle a larger workload in a more efficient manner. Infrastructure needs to be improved to accommodate bus traffic, as parking access for the public remains insufficient in relationship to demand.

- The campus will need a rate structure that encourages activities while providing the needed revenue to fund the FTE's required to support those activities.

- The campus will be an educational destination for school groups on an even larger scale. OSPI will partner with Visitor Services to create a robust and desirable educational experience. The experience will enrich and expand our citizen's knowledge of how democracy works and how government in Washington State is open, collaborative, and welcoming.

- One stop shopping—Visitor Services will have all of the preferred contractors and service providers arranged and aligned for an activity. Visitor Services will offer event packages and/or have the equipment and resources to deploy for an activity that includes catering, tenting, sound/stage and other needs. We will contract with service providers for assistance where in-house (government) providers cannot. We will be an economic draw and driver for the community outside of legislative session. We will determine with more precision who and how activities occur on campus to better protect the facilities and manage the flow of activity.

D. Where are we at risk of falling behind the rest of the market?

- We must be the "frontline" of the Capitol—the place where people are helped when they need help. We risk failing our fellow citizens if we fall behind.

E. How do we expect customer needs to change over the next 10 years? What are our customers thinking?

- Visitor Services is providing a high level of customer service and meeting the expectation of our customers consistently (see survey results). Our customers want better options for equipment and services as well as increased access to guided tour offerings. They want the ability to "order" an event, choose from a menu of selections or not be denied a guided tour experience due to staffing restrictions.

F. What are the strengths of this business that will serve it well over the next five years?

- This line of business has fundamental support by the broadest base of people.

- This line of business provides the foundation for people to exercise their rights in a free state, to learn about how government works and how they can change and impact its operation—all within our system of laws and rules.

G. What are the areas of opportunity for this business in the next five years?

- Shaping campus policy and practices for an increased visitor experience and usage;
- Becoming a large part of Washington's exceptional educational experience for Civic education;
- Connecting the City and State as partners and not just neighbors.

2015-17 Business Plan
Visitor Services

PART 3 – Implications and Strategic Business Plan for the Future

A. **Based on the assessment I Part 2, and the strategies in the agency strategic plan, in what ways should this business change over the next five years?**

- This program needs to provide the services and equipment required by our customers (particularly AV equipment for government activities). We must also provide a host of services to accommodate the best management of campus and protection of facilities for use by the public.
- This program needs to refine its rate schedule to support current FTEs.
- The program will need to reorganize to meet demand and expectations.

What business change initiatives do we complete in 2015-17 to move toward this future?	May require budget ↑?
1. The program needs to restructure to fully implement the use of volunteers in achieving program goals and redeploying FTE's to manage critical components.	no
2. Additional funds are required by refining the rate structure (see below, rates)	

What product or service changes should we make in 2015-17 to move toward this future?	May require budget ↑?
1. Offering more products and services as a kit or a rental package (podium, projector, etc.).	no
2. Create a list of preferred contractors for campus events to choose from (tent vendor, caterer, etc.) so that the management work load would be reduced and our facilities are better protected.	no
3. The tour program needs to align tour content with OSPI instructional standards. This "alignment" will help teachers to justify and support classroom activities at the Capitol. An endorsement by OSPI, to include clarity as to specific educational criteria achieved by a tour, would help teachers draw clear educational paths to the classroom from the Capitol and bring additional credibility to the program.	

2015-17 Business Plan
Visitor Services

B. What does our workforce need to be successful now and in the new future?

- Increased legislative session support;
- Better commitment and communication with/from fellow employees;

What workforce-related initiatives are needed in 2015-17? (i.e. recruitment, retention, development, etc.)	May require budget ↑?
1. As campus users increase we will need to modify the contract with the Washington State patrol so they can provide additional Troopers to support activities on Campus	Yes, but not VS budget

C. What needs to be addressed in the operations of the business to ensure current and future success?

What facilities or equipment initiatives are needed in 2015-17?	May require budget ↑?
1. Visitor Services needs to modify the rate structure regarding rental equipment to support upgraded equipment in our facilities. We need portable AV equipment that we can loan to customers for a rental fee.	

What technology initiatives are needed in 2015-17?	May require budget ↑?
1. The tour and event scheduling portal needs to be updated and upgraded to provide the most user friendly and efficient scheduling of campus facilities.	no

What financial initiatives are needed in 2015-17? (i.e. rate or cost structure changes, new financing methods, cost analyses, etc.)	May require budget ↑?
Visitor Services believes that two rate structure changes are needed. **1.** The first revision to the rate structure is for equipment rentals. Visitor Services should charge for podium, microphone, and projector rentals. We would be able to upgrade our equipment to provide the equipment we are in need of replacing. **2.** Change the rate structure to a market-based rate for private and commercial activities.	

PART 3– Top Priorities

Visitor Services top priorities:

1. **Adjust the rate schedule for commercial activities and equipment rentals.**
2. **Upgrade the Capitol Campus scheduling portal to provide the best user experience and management of campus activities.**
3. **Move to a preferred contractor list so that event contractors can be managed more effectively.**
4. **Gain OSPI endorsement of the tour program's educational value.**

2015-17 Business Plan Template
Fleet Operations

PART 1 - Business Description

- **Business Description**
  - Fleet Operations was created in 1975 by the Washington State Commission for Efficiency and Accountability in Government to "provide economic, efficient, and effective motor pool transportation services to state agencies." This includes providing vehicles to colleges, commissions, boards, military personnel, and contractors performing state business.
  - The DES Fleet Operations is a non-appropriated, internal service organization that manages and supplies vehicles to state agencies. Fleet Operations has three distinct functions: 1) permanently assigned vehicle management, 2) short-term rental vehicles, and 3) vehicle maintenance services. Fleet Operations fleet size is 3,286 vehicles and includes cars, vans, SUV's, and light trucks. Fleet Operations also provides vehicle maintenance services for vehicles owned by other agencies in the Olympia area. Fleet Operations operates two facilities. The main facility in Olympia houses a vehicle rental operation, the vehicle maintenance operation and the administrative staff. There is also a vehicle rental office on the Capitol campus. In addition to these two facilities, Fleet Operations has two unstaffed automated keybox operations in Tumwater and at Camp Murray that dispatch vehicles for daily use.
  - Fleet Operations has stewardship responsibilities to maximize the overall return on investment made in fleet assets and to ensure the most cost effective solutions are utilized to meet the operational challenges of external agencies. Fleet Operations is required to minimize the emissions and greenhouse gases produced by the vehicles that it manages. Fleet Operations continuously evaluates the changing needs of the agencies, monitors and adjusts to regulatory and industry changes, implements best practices to improve maintenance activities, and utilizes advances in technology. This Business Plan provides information relative to Fleet Operations' strategic plan, and the activities the program will undertake to accomplish its mission and goals.
  - Fleet Operations utilizes a state-of-the art fleet management information system called AssetWorks FA to manage all aspects of the fleet. FA tracks all vehicle repairs, fueling, utilization and associated costs for every vehicle in the fleet. FA also manages the daily rental scheduling, maintenance scheduling and reporting. FA has a web based portal for reservations, mileage reporting, driver approval and reports. Fleet Operations also uses an un-staffed key control system with an internet reservation site.

- Fleet Operations continues to be in a strong financial and operational position. Fleet Operations has the lowest rates compared to commercial vehicle rental companies and other government fleets. The rate structure guarantees cost recovery for the program. The strong employee commitment to excellence has created an organization that can compete with the best in the industry.

- **Market Description**
  - The State of Washington owns approximately 11,000 passenger vehicles. 4,000 of these vehicles are owned by agencies with professionally managed fleets which are the Washington State Patrol, the Department of Natural Resources, and the Department of Transportation. The colleges and universities have approximately 2,000 vehicles. Fleet Operations manages approximately 3,300 vehicles for state agencies and provides 200 vehicles for daily rental. The remaining 1,500 vehicles are owned by various agencies and managed at various levels. Most of these agencies track the vehicle costs, but they do not manage their maintenance costs or have a vehicle replacement program. Fleet Operations believes that it could reduce the costs of these 1,500 vehicles if they were professionally managed by Fleet Operations.
  - Fleet Operations differs from other service providers of vehicles in that it is a not for profit internal service fund. This allows Fleet Operations to provide the state with vehicles that are 30%-45% lower in cost than commercial vehicle rental companies. Fleet Operations also provides a high level of customer services
  - Fleet Operations offers a complete professional fleet management service to state agencies. This “cradle-to-grave” management of fleet assets allows agencies to focus on their core functions without having to dedicate resources to managing vehicles. Fleet Operations provides quality vehicles at rates that are the lowest in the industry. These vehicles include cars, vans, SUV’s, and light trucks.
  - Fleet Operations services include:
    - Vehicle acquisition – acquiring vehicles at the lowest cost through the state’s master contracts
    - Permanently assigned vehicles – assigned statewide
    - Daily rental vehicles in the Olympia area – lowest price in the industry
    - Fleet management – managing the utilization, costs, and replacement of vehicles
    - Vehicle maintenance and repair – at our Olympia facility at the lowest cost, including emissions inspections, vehicle safety inspections and repair parts

- Repair cost management - to monitor and minimize vendor repair costs
- Commercial vendor maintenance and repair authorization – minimizing unnecessary repairs
- Vehicle accident management/tracking – one call gets the vehicle repaired quickly and the appropriate forms completed
- Fuel card program – state-wide fuel card accepted at most gas stations and DOT fuel sites
- 24 Hour Roadside Assistance – one call for emergency services
- Payment of all vendor invoices – eliminating agency resource requirements
- Monthly transportation billing to agencies
- Disposal and sale of vehicle

- Fleet Operations manages the repair of agency assigned vehicles statewide. Vehicles outside the Olympia area are maintained and repaired by vendors or political subdivisions. Two thirds of all repairs that are performed by vendors are performed under a state contract. Fleet Operations utilizes state contracts for tires, glass replacement, batteries, and accident management and repair. All repairs over $100 require pre-authorization. Fleet Operations maintains a toll free number for authorization or driver assistance.
- The Olympia facility also performs repairs on vehicles owned by other agencies. The Olympia Maintenance facility labor rates are 40% less than commercial repair facilities. The Olympia Maintenance facility utilizes local vendors for specialized and warranty repairs.
- Fleet Operations has entered into a strategic alliance with King County Fleet Management, City of Spokane, Snohomish County, the City of Tacoma, Clark County, and Cowlitz County to have Fleet Operations vehicles maintained and repaired at their fleet maintenance facilities.
- There is a large market in Thurston County of agency owned vehicles that currently do not use the Olympia Maintenance facility. These agencies would benefit from the lower maintenance and repair costs. Fleet Operations is beginning to actively market their services to these agencies.
- Fleet Operations is not currently equipped to manage the heavy equipment or specialized vehicles that make up a portion of the Washington State Patrol and Department of Natural Resources fleet. Fleet Operations needs to market their services to the remaining agencies and either lease or manage the vehicles owned by the agencies.

- Fleet Operations will focus its efforts in three areas to provide better services and develop the management of vehicles in agencies without professional fleet management. These areas are:

Focus Area	Performance Measure
Customer Service	Develop satellite rental locations
Cost Reduction	Vehicle Rates, Cost per Mile, Maintenance Labor Rate
Sustainability	Alternate Fuel Consumption, Fuel Efficiency

- Two issues could have a major effect on the future of Fleet Operations:
  - Pending state and federal energy legislation could affect the vehicles and fuel that the Fleet Operations will be required to purchase.
  - Budget changes of customer programs may affect their usage of the Fleet Operations.

"Rate card" equivalent (Services prices, what customers receive for the money)

		Monthly Lease		Daily Rentals	
Description	**Class Code**	**Base Rate**	**Per Mile after 500 miles**	**Per Day**	**Per Mile**
SEDAN-HYBRID	ALT	$239	$0.28	$25	$0.12
SEDAN-HYBRID-PREMIUM	ALTB	$269	$0.33	$29	$0.14
PRIUS V	ALTW	$254	$0.32	$27	$0.13
VAN-8 PASSENGER	BAF	$342	$0.50	$20	$0.38
VAN-MINI-7 PASSENGER	BAM	$273	$0.36	$20	$0.24
BOX TRUCK	BOX	$514	$0.90	NA	NA
VAN-12PASSENGER	CAG	$333	$0.48	$20	$0.36
VAN-PASSENGER-WHEELCHAIR	CAI	$421	$0.62	$75	$0.26
VAN-MINI-CARGO	CAL	$304	$0.43	$17	$0.33
VAN-MAXI-CARGO	CAM	$326	$0.47	$17	$0.37
VAN-MINI-CARGO-AWD	CD1	$305	$0.42	NA	NA
VAN-MAXI-CARGO-AWD	CD2	$306	$0.42	NA	NA
VAN-MAXI-CARGO	CMS	$297	$0.40	$22	$0.27
SEDAN-COMP	PAC	$232	$0.29	NA	NA
SEDAN	PAI	$246	$0.32	$18	$0.21
SEDAN-AWD	PAI AWD	$274	$0.36	NA	NA
SEDAN-PATROL	PAP	$331	$0.53	NA	NA

2015-17 Business Plan Template
Fleet Operations

		Monthly Lease		Daily Rentals	
Description	**Class Code**	**Base Rate**	**Per Mile after 500 miles**	**Per Day**	**Per Mile**
SEDAN-SW	SAI	$270	$0.36	$21	$0.23
VAN-SPRINTER-CARGO	SPV	$373	$0.51	$30	$0.32
VAN-STEP-CARGO	STV	$672	$1.10	NA	NA
TRUCK-SM-4X2	UAC	$270	$0.36	NA	NA
TRUCK-1/2T-4X2	UA2	$306	$0.43	NA	NA
TRUCK-3/4T-4X2	UA3	$309	$0.44	NA	NA
TRUCK-1T-4X2	UA4	$348	$0.50	NA	NA
SUV-LARGE-4X4	UD5	$338	$0.47	$25	$0.31
SUV-MEDIUM-4X4	UD7	$311	$0.43	$23	$0.29
SUV-SMALL-4X2	UD8	$270	$0.36	$25	$0.19
SUV-SMALL-4X4	UD9	$299	$0.41	$27	$0.23
SUV-HYBRID-SMALL-4X4	UDA	$283	$0.36	$28	$0.18
SUV-HYBRID-SMALL-4X2	UDB	$264	$0.33	$26	$0.16
TRUCK-1/2T-4X4-CREW	UDC	$316	$0.43	NA	NA
TRUCK-SM-4X4	UDD	$278	$0.38	NA	NA
TRUCK-1/2T-4X4	UDH	$290	$0.39	$20	$0.27
TRUCK-1/2T-4X4-PREM/TOWING	UDHB	$311	$0.43	NA	NA
TRUCK-3/4T-4X4	UDT	$315	$0.44	NA	NA
TRUCK-1T-4X4	UD1	$354	$0.50	NA	NA
TRUCK 1T SERVICE BODY	UDSB	$359	$0.52	NA	NA
TRUCK-1/2T-4X4-ENF-CREW	ENF	$325	$0.44	NA	NA
SHUTTLE BUS	BUS	$599	$0.90	NA	NA
CAMPUS VEHICLE	CAMP	$173	$0.62	NA	NA
TRUCK-1T-4X4-CREW-WCC	WCC	$359	$0.53	NA	NA
TRUCK-3/4T-4x4-EXT-DIESEL	UDTD	$339	$0.47	NA	NA
TRUCK-3/4T-4x2-EXT-DIESEL	UA3D	$327	$0.45	NA	NA
WHEELCHAIR TRANSIT	WCM	$516	$0.79	NA	NA
ELECTRIC VEHICLE (Leaf)	EV	$244	$0.29	NA	NA
PLUG-IN HYBRID (Volt)	PHEV	$251	$0.28	NA	NA

2015-17 Business Plan Template
Fleet Operations

PART 2- Assessment of Trends, Forecasts, Challenges, and Opportunities

A. What barriers, if any, does this business face in meeting its program map targets?

- Facility size – both vehicle parking and maintenance shop capacity at Fones Rd. are being 100% utilized. This limits any opportunity to expand the operation
- Staff levels to accommodate the growing fleet demands – the increased fleet size is exceeding the staff capacity to provide services
- Technician training for electric vehicles – the new technology will require specialized training
- Budget restrrictions reducing customer agencies vehicle use

B. What risks, foundation-building or deferred maintenance issues need to be addressed?

- Bigger facility
- Car wash options
- Slow internet connection speed
- Need additional charging infrastructure for future use of EV's

C. What will the future look like for this line of business seem in the next 10 years? What are the major changes and most relevant trends in this line of business and its products and services?

- More reliance on technical web-based programs
- Vehicle share technology and/or automated key-boxes
- Increased usage of electric vehicles, EV charging infrastructure expanding
- Increased use of "mobile offices"
- Other alternate fuel vehicles
- Less business travel, more telecommunicating

D. Where are we at risk of falling behind the rest of the market?

- Using technologically outdated software – old versions
- Not able to meet the growing number of GHG, Federal, and State mandates
- Staying current with industry standard fleet management knowledge
- Meeting customers expectations for vehicle repair turn-around
- Technician training for new vehicle technologies

E. How do we expect customer needs to change over the next 10 years? What are our customers thinking?

- More use of vehicle pools in lieu of agency owned vehicles or POV
- Utilizing the Invers automated key box systems statewide
- More reliance on internet services

F. What are the strengths of this business that will serve it well over the next five years?

- Knowledgeable, experienced employees
- Customer service
- Established vehicle replacement process
- Availability of data from premium fleet management system
- State contracts for vehicles, parts and services
- Service agreements with political subdivisions statewide to provide maintenance
- Rental Rates are historically lower than private vendors or other public fleets
- Vehicle maintenance labor rates are lower than commercial rates
- Future benefits and cost reductions from increasing economies of scale

G. What are the areas of opportunity for this business in the next five years?

- Increased fleet management services for agency to better manage the vehicles they use
- Replacing POV use with daily rentals
- Additional motor pool locations using the INVERS automated key boxes
- Further consolidation of Agency owned vehicles
- Web based customer access and agency specific fleet data/reports
- Performing more vehicle repairs internally
- Reduce vehicle accidents through safety/training program

PART 3 – Implications and Strategic Business Plan for the Future

***A.* Based on the assessment I Part 2, and the strategies in the agency strategic plan, in what ways should this business change over the next five years?**

- *Fleet Operations should bring a higher level of fleet management to the agencies that lease vehicles. To increase efficiency and lower the cost of the vehicles.*
- *Fleet Operations should be the technical experts in alternate fueled vehicles, what is available, what the future holds, how they can fit in state applications and associated costs*
- *Fleet Operations will need to train the staff on the new technologies from alternate fuel vehicles, from the use of GPS telematics, to automated key boxes and how these technologies can be applied and maintained.*

What business change initiatives do we complete in 2015-17 to move toward this future?	May require budget ↑?
1. Replace existing facility that is overcrowded	

2015-17 Business Plan Template
Fleet Operations

What product or service changes should we make in 2015-17 to move toward this future?	May require budget ↑?
1. Develop fleet management plans for agencies	
2. Implement automated key dispatch systems in outlying areas	
3. Offer fleet telematics to agencies to track vehicles and better manage their fleets and costs	

B. What does our workforce need to be successful now and in the new future?

- *Training on how to maintain the new alternate fuel vehicles*
- *A facility that can accommodate the increased size of Fleet Operations*
- *Training, direction and coaching on fleet management princioals to be able to provide those to agencies*

What workforce-related initiatives are needed in 2015-17? (i.e. recruitment, retention, development, etc.)	May require budget ↑?
1. Employee training	
2. Recruitment of shop supervisor	

C. What needs to be addressed in the operations of the business to ensure current and future success?

What facilities or equipment initiatives are needed in 2015-17?	May require budget ↑?
1. New facility to accommodate the expanded rental fleet	

What technology initiatives are needed in 2015-17?	May require budget ↑?
1. GPS system implementation on a pilot program	
2. Automated dispatch/key manager for outlying areas	

What financial initiatives are needed in 2015-17? (i.e. rate or cost structure changes, new financing methods, cost analyses, etc.)	May require budget ↑?
1. Vehicle replacement optimization analysis	no

2015-17 Business Plan Template
Fleet Operations

What contract or risk management initiatives are needed in 2015-17?	May require budget ↑?
1. Accident management reduction program for agencies	↑

What process improvement or new process design initiatives are needed in 2015-17?	May require budget ↑?
1. Develop alternate fuel implementation guide for agencies	no

What communications, marketing and customer relations initiatives are needed in 2015-17?	May require budget ↑?
1. Market services Fleet Operations can provide to agencies to better manage their vehicles and reduce costs	

D. What policy or legislative changes will be needed?

Describe the change needed	Policy, rule or statute that might need to be changed	Is this something we should do in 2015 -2017 time frame?
1. none		

E. Most Crical Initiatives

1. Develop fleet assessment and management process for agencies

a. Create fleet assessment template to include utilization, fleet composition, alternate fuel use and potential, vehicle sharing, fuel use

b. Train customer account representatives on fleet management practices and processes

2. Build/lease new Fleet Operations facility

3. Develop an alternate vehicle and fuel reduction plan for state agencies

a. Create agency plan and policy template to reduce fuel consumption and green house gases

b. **Develop and alternate fuel vehicle implementation plan for agencies including fueling/charging infrastructuure**

4. Create and accident prevention program with Risk Management

F. Proposed Budget Changes

What investments or resource changes will require a budget request for 2015-17?

Describe the new investment or resource change needed next biennium	What is the estimated cost?
1. None	

2015-17 Business Plan Template
Business Production Services

PART 1 - Business Description

- **Business Description**
  - Located in a secure facility on the Capitol Campus in Olympia, Production Services is a 24/7 operation that prints highly sensitive materials including unemployment checks, warrants, license renewals and confidential documents. The production and delivery of these documents to the citizens of Washington is guided by state and federal laws. Total monthly production averages between 6 and 8 million pages per month. The program also provides CD production and duplication for multiple state agencies. The CDs produced can contain both sensitive information such as IRS data and non-sensitive information, such as internal reports and invoices.

  - Production Services utilizes four (4) Ricoh InfoPrint 4000 high-speed continuous feed laser printers. Two (2) printers (including pre- and post-processing equipment) are owned by DES. The other two (2) are owned by the Department of Social and Health Services (DSHS) but operated by DES. The DSHS printers are primarily used to print client correspondence from the Automated Client Eligibility System (ACES). The printers are connected to two (2) different IBM mainframe environments. One (1) is operated by DSHS/ACES and the other by Washington State's Consolidated Technology Services (CTS). Each printer can be accessed by one mainframe environment at a time. The CTS mainframes are a shared resource to all CTS customers, but the ACES mainframe is used exclusively for the ACES system.

- **Market Description**
  - Production Services currently provides services to state agencies and the Health Benefits Exchange by way of DSHS. Some Accounting reports provided by OFM through AFRS are sent to non-state agency, public entities. Invoices for services provided by CTS are also sent to public entities including state agencies.

  - State agencies account for 56% of our customers while 24% are Boards and Commissions. Committees, Councils, Courts, Higher Education, and Not-for-profit organizations combined accounts for 20% of our customers. Production Services' total customer base only represents about 27% of the 200 different entities in Washington State government. Production Services does not currently provide services to Cities, Counties, and Tribal Governments. Opportunities to expand service offerings to these areas as well as not-for-profit organizations

should be explored.

- DES is the only public agency that provides high-speed continuous feed print containing sensitive information protected by HIPPA and IRS regulations. No other agency in state government has the high-speed printing capacity that DES does, typically printing 800 print jobs each day. We also partner with Consolidated Mail Services who can process print from Production Services and mail items at bulk rates.

- **"Rate card" equivalent (Services prices, what customers receive for the money)**
  - Production Services is a cost recovery program. The rate for printing is .046/page + cost of paper. Rates are published on the DES website: http://des.wa.gov/services/PrintingMail/printing/Pages/prodserv.aspx

- **Pro forma financials - optional**

PART 2 - Assessment of Trends, Forecasts, Challenges, and Opportunities

A. What barriers, if any, does this business face in meeting its program map targets?

- Staying current with equipment, software, & training - This will be very important when new software, printers, and pre/post devices are installed.

- Declining print volume due to changes in technology - Email, electronic copies, and online and web access are available to clients who have access to the internet. Subscription to electronic options will mean less print volume for Production Services.

- Technology changes – More and more customers are trying to move away from the legacy programs/ mainframe platform due to high cost and mainframe programmers retiring.

- Marketing / Advertising / Customer Outreach – Production Services should explore customer outreach opportunities to counties, cities, tribal governments, and not-for-profit entities.

- Lack of support from legislature and Governor's office to require change in agencies that have their own print operation to an enterprise solution. In addition, there is resistance to change in agencies having their own print operation.

B. What risks, foundation-building or deferred maintenance issues need to be addressed?

- High cost and lack of support for legacy programs (mainframe environment)

- Cost of lease and support at OB2. Co-locating with P&I and CMS may reduce the cost of lease and utilities. Production Services equipment does not require raised floors.

C. What will the future look like for this line of business seem in the next 10 years? What are the major changes and most relevant trends in this line of business and its products and services?

- With new equipment and systems, Production Services will be more flexible in accommodating different file formats and receiving files from different platforms. It will give us better opportunity to do business with not just state agencies but also other public entities.

- New equipment that can keep up in speed & technology. Production Services will have more capacity and capability to do high volume print both at night and during the day.

- With co-location and new and faster equipment, Production Services capacity for print during daytime may result in cost savings for the state if the two programs can utilize the same printers. Equipment is highly utilized during production hours at night but not during daytime. P&I can use Production Services printers during the day and can eliminate some of the cut sheet printers they lease.

- The program will see a decline in print volume due to electronic document distribution through the Internet. ACES alone sees a 1%-2% decline in volume every year.

- The program will see less variable-data print if state agencies continue to keep their print shop to print reports containing sensitive information.

- Potential for more digital printing to replace offset printing.

- Consolidating print and mail operations. The consolidation will improve efficiency and can potentially result in savings for our customers.

D. Where are we at risk of falling behind the rest of the market?

- Rates - We need to find ways to lower our overhead and become more competitive.

- Customer software support – We need more than 1 technician to support Solimar, Rubika, Streamweaver, etc.

- We need to pay more attention to industry trends and incorporate it in our future planning.

- Not aggressively pursuing opportunities for more business in Washington and the PNW region.

E. How do we expect customer needs to change over the next 10 years? What are our customers thinking?

- Customers may want to see a more streamlined process from print & mail. We need to pursue co-location to streamline processes and gain efficiency and potentially reduce costs.

- Customers may prefer electronic copies rather than paper copies. Access to web/internet can result in customers subscribing to online notifications, online renewal, etc.

- Customers may be thinking of color print beside black and white if the cost is reasonable and competitive.

- More and more customers are converting mainframe applications to server-based applications, and print files formats to Postscript formats (PDF, PCL, etc.).

F. What are the strengths of this business that will serve it well over the next five years?

- We offer a secure environment for sensitive information that has been trusted for years.

- We offer expedient services that most public businesses cannot (capacity to do high volume print). DES is the only public agency that provides high-speed continuous feed print containing sensitive information protected by HIPPA and IRS regulations. No other agency in state government has the high-speed printing capacity that DES does.

- New print capabilities with new equipment, offering more flexibility for our customers.

- Print re-engineering/customer support.

- Excellent customer relations.

- Customer satisfaction.

- Experienced work group.

- Efficiency and accuracy.
- Good quality and reliability.
- Continuous operations including Holidays (24x7).
- Commitment to customer service.
- Improved teamwork and management commitment.
- Aggressively managing costs (those we can control) with the goal of reducing rates.

G. What are the areas of opportunity for this business in the next five years?

- With new equipment we can handle larger output in a shorter time & at lower prices.
- Co-location (print & mail)
- Explore expanding our services to more customers (e.g. cities, counties, public utilities, educational entities, non-profit organization, etc.).
- Consolidation of small print shops and in-plant print operations where it makes good business sense.
- Offer print re-engineering services to customers.

PART 3 – Implications and Strategic Business Plan for the Future

***A.* Based on the assessment I Part 2, and the strategies in the agency strategic plan, in what ways should this business change over the next five years?**

- We need to be more adaptable with changing technology.
- We need to keep current in all software & hardware.
- Generate more revenue by growing business, offering and marketing/advertising Production Services to other government entities.
- Co-location (print & mail) – operational integration between print and mail.
- Utilize capabilities of new equipment to offer digital printing services to augment or replace offset printing.

- Offer print re-engineering services so that customers don't have to reinvent the wheel, so to speak, when it comes to programming applications for print output (bar coding, intelligent mail barcoding, etc.)

What business change initiatives do we complete in 2015-17 to move toward this future?	May require budget ↑?
1. Attain and maintain new equipment (hardware+software) that can handle multiple file formats coming from different platform	
2. Develop an aggressive marketing plan and customer outreach program to solicit new business for print and mail	
3. Reduce rates	
4. Co-location (print & mail)	
5. Evaluate impact of new equipment to business, shift and workload, and customer requirements	

What product or service changes should we make in 2015-17 to move toward this future?	May require budget ↑?
1. Offer print re-engineering service	
2. Utilize new printer capabilities to replace pre-printed forms if it makes good business sense	
3. Develop an aggressive marketing and customer outreach plan	

B. What does our workforce need to be successful now and in the new future?

- Better coaching.
- Better staff accountability.
- Empower staff to build confidence.
- Recognition from agency for job well done.
- Resources/equipment that will enable staff to provide reliable services
- Faster processing time for jobs; a more streamlined flow from programmer to print process.
- Better communication and more staff input

- Knowledge and understanding of technology trends
- Ongoing communication from management and business partners to PS as well as ongoing communication from PS to management and business partners.
- Current information regarding state agency technology strategies documented in agencies' technology portfolios.

What workforce-related initiatives are needed in 2015-17? (i.e. recruitment, retention, development, etc.)	May require budget ↑?
1. Training on new equipment	
2. Establish and maintain career paths as part of official DES initiative to retain good employees	

C. What needs to be addressed in the operations of the business to ensure current and future success?

What facilities or equipment initiatives are needed in 2015-17?	May require budget ↑?
1. Replace aging printers and install them in a secured (HIPAA and IRS 1075 compliant) location.	
2. Reduce lease and support cost	
3. Integrate work between Production Services and P&I	

What technology initiatives are needed in 2015-17?	May require budget ↑?
1. New printers and pre/post devices	
2. Server based (windows, Linux platform) printer systems/software	
3. Develop an automated and accurate billing process	
4. Disaster Recovery Plan that includes DR site and equipment options for print and mail	
5. Fast network response time (e.g. SharePoint)	
6. Complete the establishment of a node site for the SMON at P&I.	
7. Provide alternative to the current CD/DVD software	

8. Study the feasibility of receiving print jobs from anywhere on the SGN and IGN (from the security perspective).	

What financial initiatives are needed in 2015-17? (i.e. rate or cost structure changes, new financing methods, cost analyses, etc.)	May require budget ↑?
1. Recalculate/analyze rate when new equipment is operational	
2. Develop an automated and accurate billing process	

What contract or risk management initiatives are needed in 2015-17?	May require budget ↑?
1. Finalize CSA contract for new equipment	
2. Develop a comprehensive Disaster Recovery Plan for print and mail	
3. Integrate work between Production Services and P&I	

What process improvement or new process design initiatives are needed in 2015-17?	May require budget ↑?
1. Integrate work between Production Services and P&I	
2. Develop an automated and accurate billing process	
3. Integrate work between Production Services and P&I	

What communications, marketing and customer relations initiatives are needed in 2015-17?	May require budget ↑?
1. Marketing and customer outreach to educate customers about our services. Let customers know about the new and different types of printing that will be available with new equipment. This will potentially attract more and new business.	
2. Combined marketing for printing, mailing and print re-engineering services.	
3. Consulting Services– assist customers in the development of print applications (e.g. print re-engineering, barcoding)	

D. What policy or legislative changes will be needed?

Describe the change needed	Policy, rule or statute that might need to be changed	Is this something we should do in 2015 -2017 time frame?
1. Centralized print operation for printing confidential reports for state government.		
2. Mission critical printing to be given highest priority, and to be fully funded to ensure success.		
3. Clarity on selling services to the federal government.		

Part 3 Overall most critical to your business during this business plan cycle.

Replace aging equipment (hardware+software) and install them in a secured (HIPAA and IRS 1075 compliant) location.		
Develop an automated and accurate billing process		
Develop an aggressive marketing plan and customer outreach program to solicit new business for print and mail.		

2015-17 Business Plan Template
Business – Printing and Imaging

PART 1 - Business Description

- **Business Description**
  - The public Printer was established by law in 1854. At the time of creation the public printer was charged with printing and binding for the legislature and other state agencies. The law also allowed the printer to enter into agreements to allow services to be performed for other government organizations. On October 1, 2011 the Department of Printing (PRT) merged into the Department of Enterprise Services and the program was renamed Printing & Imaging.

    The Printing and Imaging Program is self-supporting and receives no general fund appropriations. We provide government communication and print solutions through printing and other related services. Printing and Imaging is responsible for providing printing, bindery and mail services for the legislature, state agencies, boards, institutions of higher education, political sub-divisions and commissions. The printing and Imaging program will utilize an in-house farm out option to provide printed materials and other products in the event that the service or product cannot be produced in-house. bid solicitation through this process secures competitive costs to the state.

  - The Printing and Imaging Program occupies a 75,000 square foot facility in Tumwater Washington. Additionally P&I operates a satellite copy center in the Ecology Building in Lacey for local customers. The current level of staff for P&I is 51.

- **Market Description**
  - The P&I program currently provides a vast array of printed communications and other related services for 196 state agencies, boards and commissions. Printed communication materials are distributed through these agencies to nearly 7 million citizens of the state of Washington. Much of this market remains untapped. Additional marketing efforts will be focused on the 34 counties, 281 cities and over 5000 nonprofit entities in the state of Washington. P&I has a very small percentage of the sales market in these areas.
  - The P&I is mandated to provide consultation services on all print work done by state agencies. The purpose is to provide the most economic and efficient options to customers. The consultation given is broad in scope and includes not

only printing, but all forms of mail, distribution, file preparation, education and partnering. The business model embraced by the Printing and Imaging Program is to provide services to customers that allow them to be more effective and efficient in their efforts. We know State Government.

- **"Rate card" equivalent (Services prices, what customers receive for the money)**
  - P&I has published rates for specific products and services provided. Rates are available to customers through DES'S on line web site or through a job submission application. Estimates are also given upon request.

PART 2- Assessment of Trends, Forecasts, Challenges, and Opportunities

A. What barriers, if any, does this business face in meeting its program map targets?

On-Time Delivery –

- The current systems of job submission and order intake are complex and rely on a significant amount of manual input.
- Customers are required to have considerable print knowledge to input job information into the job submission application.
- The delivery of customer jobs is reliant on some external factors. Farm-out vendors and Consolidated Mail Services contribute to the time requirements for product delivery. Processing times are factored into the production times.
- Technical issues that disable job submission and production are a contributor to lost production time and a contributing factor to job delays.

Rework and Spoilage –

- Industry standards in printing range from 2-3% depending on specific cost centers. The rework and spoilage percentage for P&I is approximately 1%. Although the percentage is below the average for industry leaders, revenue loss is still a factor. Lack of attention to detail is the primary contributor to this issue. Additional training, process simplification and recognizing WASTE will reduce errors.

- Mitigation of re-work and spoilage requires follow-up with a detailed analysis of problem origination, development of possible solutions and implementation of corrective action. Adopt new processes.

Digital vs. Traditional Printing -

- Offset printing is being steadily displaced with digital technology. The digital and offset print worlds are rapidly changing.

- Digital print technology has advanced to the point that the reproduction of complex print files can be done efficiently, effectively and with excellent results.
- Businesses and agencies are tailoring their output to meet business needs by the most economical means. This oftentimes precludes the use of offset printing.
- Technology has advanced to the point where targeted marketing and individualized communications have become commonplace.
- Variable imaging and digital distribution have eroded the need for offset printing.

Outside Competition -

- Agencies are becoming much savvier about implementing cost savings measures around their print fleets.
- Competition between print and copy vendors has become much more robust. Competition has driven costs down while the improvement to the technology has increased dramatically.
- Managed Print, now legislatively mandated in Washington State, provides the framework for agencies to explore competitive cost saving opportunities through "rightsizing" fleets, consolidation of purchases and real-time monitoring of print use.

Reduced Staff –

- Since 2008 staffing levels have been reduced from 128 staff to the current level of 51. Retirements, terminations, separations and recent layoffs accounted for the reductions.
- The formation of DES and the consolidation and re-location of "essential functions" to include; Human Resources, IT, Finance and Contracts accounted for the remainder.
- As workloads continued to decline and the level of production staff remained relatively unchanged, cost centers and staff have had less work to perform resulting in fewer billable hours and decreased productivity.
- Staff reduction in the most affected cost centers resulted in the distribution of work to fewer staff thus increasing individual productivity and efficiency.
- Job Scheduling is significantly impacted by the reduction in staff, potentially limiting the amount of production hours during peak times, possibly resulting in overtime and the delay of jobs.
- Internal IT resources are minimal causing reliance on external resources. Without on-site support, response times are increased causing potential delays in product delivery

Accurate Financial Reporting –

- The P&I business has had difficulty determining a clear financial profit and loss forecast due to differences in financial programs used prior to the merger. Manual accounting practices and continued financial adjustments made it difficult to accurately determine the financial position of the program.

- Our complex job data collection process adds numerous opportunities for error as staff are required to enter many transactions to record their time and materials contribution

to jobs. Not all transactions are recorded accurately or in a timely manner. A significant fluctuation in monthly net profit is the result.

B. What risks, foundation-building or deferred maintenance issues need to be addressed?

Aging equipment –

- Much of the production equipment has been in service for many years the need for maintenance is on-going. Downtime from parts failures or breakdown is eminent. An equipment budget needs to be implemented and costs recovered through product pricing.

- Technical support for much of the older equipment is not available. Service contracts no longer are supportive and parts are difficult to locate. An equipment budget to support immediate and long term replacement is needed.

On-Line Ordering Systems –

- P&I customers currently use two separate online ordering web applications. PRT Online is used frequently by customers to order business cards, letterhead and envelopes, but is no longer supported. MyPrint is the primary job submission tool, but many customers find it too complex and cumbersome. Plans to merge these into one unified system have been complicated by the differences in technology.

Facilities Utilization -

- The reduction of cost centers and the re-location of the Copy/Data Center will allow for a more condensed production environment. A more efficient layout will result in reduced production times and increased efficiencies.

- Vacated square footage may be utilized for lease to other agencies or to house other DES print and mail services providers.

C. What will the future look like for this line of business seem in the next 10 years? What are the major changes and most relevant trends in this line of business and its products and services?

Business Trends –

- The level of technology at the user level has steadily increased. Electronic desktop devices, applications and printers continue to advance in quality output and user ease.
- Younger generations find electronic communication to be less burdensome and easy to use. A digital on-line lifestyle is rapidly emerging.

- The demand for long-run offset printing is being replaced by shorter on-demand and Just in Time printing.
- Many agency clients now access their personal and general information on-line through the web and digital delivery. As a younger population, accustomed to new technologies, advances, the need for printed communication will decline.
- Hosted sites will become repositories for bill payments and financial records retention. This will allow customers to access one site to pay bills.
- Electronic funds transfers will become more commonplace and the use of purchasing cards and electronic receipts will become more prevalent. The printing of warrants and transactional printing will be more specialized.
- Better technology and more sophisticated printing equipment will allow short run, complex, variable color work to be produced at a low cost by a digital savvy population. The quality of work is improving and customers expect this.
- Competitive per image prices and reduced lease costs will contribute to the use of convenience copiers.
- Demand for variable data printing will be steady. P&I customers will build their own PDF solutions as a final product. P&I will provide consultation or post-creation re-engineering to streamline production printing and mailing.
- P&I will partner with customers in the development of Transactional Data jobs to utilize our business solutions development process to create more cost effective results.

- As the demand for offset print decreases P&I's ability to produce certain products will decline. To meet the needs of customers and provide a print, or product, solution, outsourcing work will be a viable option. Outsourcing/farm out will become a significant contributor to sales.

- Other expanded service possibilities will include bulk email and email delivery. Customer interest in email delivery of certain types of notifications that have previously been mailed as newsletters or brochures is increasing. New digital delivery email services are similar to standard mail, while data-driven print service is similar to first-class mail, with more personalized content. Both services will grow in importance to customers over the next 10 years.

- Technology will allow P&I to offer direct mail services eliminating waste and providing data manipulation to reduce incorrect addresses, saving printing and postage costs.

D. Where are we at risk of falling behind the rest of the market?

Ability to procure new technology -

- P&I must be aware of new and emerging technologies in areas of potential growth and continue to keep an eye on all new Digital and Print technologies that might offer new lines of work.

Ability to provide full service –

- Reduced revenues in cost centers will decrease P&I's ability to perform certain functions in-house. P&I must still offer a full service option to customers through a buy-out process and continue to offer a full range of services to meet customers print and communications needs

Reduce turn times -

- Apply the LEAN approach to Systems and procedures to reduce long turnaround times and daily Huddle process in increase productivity and eliminate WASTES and inefficient processes.

- P&I is in a very competitive market. Many print providers offer a free delivery service or free shipping. P&I needs to calculate the added costs of delivery into the product mix and still remain competitive.

Advertising -

- Many print providers market to the general public through a variety of media. Such as magazines, newspapers Television and radio. Sales staff have customer incentives to entice potential customers. Marketing is a budgeted item in their business plan. P&I has restrictions that need to be recognized in marketing.

  Develop inter-Agency advertising opportunities, such as work with Motor Pool to allow a laminated card in each vehicle that goes out describing DES services, with basic contact information. Explore opportunities of exchanged web advertising with other agencies allowing DES to have a banner on another agencies page etc.

Competitive or comparable pricing to the current market -

- Finalize our Pricing structure for Basic Copy and Finishing services based on the WSCA Contract pricing to be able to competitively with our customers and remain comparable with other Private Print facilities.

- Print providers have the ability to provide a flexible pricing structure to customers. Several factors are considered when providing estimates to customers. Is the customer new, does the print shop need the business, what is the total print potential? A new pricing model needs to be finalized based on staffing reductions, reduced footprint, equipment loss and a changing business model

E. How do we expect customer needs to change over the next 10 years? What are our customers thinking?

Communication outreach -

- Customers will only increase the amount of digital communication services they expect, from broad-based email notifications that replace printed newsletters to combined runs of data-driven hardcopy mailings and digital copies for archiving and/or direct customer delivery

Print order submission -

- Customers are finding it easier than ever to create their own data-driven correspondence via PDF, this leads to greater demand for consultation and more specialized technical services like print re-engineering.

- Many P&I customers expect to order their print online like any other e-commerce experience and will expect simplified ordering process. Ongoing trainings, consultations, potential bundling of print services, and sharing best practices to save on printing and mailing costs will be expected.

- Customers believe there will always be a role for hardcopy print, particularly in cases where barriers remain for internet access and technology use, whether by accessibility, technical literacy, or personal preference. Customers recognize that traditional print will need to be supplemented with digital communications.

- Customers print and communication needs are shifting to a digital format. Quick copy, copy center and digital communications are becoming the primary means of information distribution internally and to agency customers.

- Customers will become more self-reliant and will need to become more educated through regular informational/training sessions on print, file preparation and digital distribution.

F. What are the areas of opportunity for this business in the next five years?

Consolidation of In-Plant print shops –

- To reduce duplication of services, streamline coordination and management of printing services and minimize long-term costs, the Office of Financial Management should direct in-plant print shops to consolidate their printing equipment and staff with Printing and Imaging. This would allow the state to better coordinate statewide printing, take advantage of any existing efficiencies at agency print shops, and align equipment and staffing with statewide demand.

Provide service to revenue losing shops –

- Many counties, cities and educational institutions operate print and communications facilities at a loss and are considering closing or are already closed. P&I will market services to those entities and can absorb their print responsibilities.

Engage with agencies (and other print eligible entities) –

- Make our presence known – marketing strategy and outreach
- Provide a complete array of services from consultation, print, mail to information distribution (digital), document management, scanning and secure document reproduction (litigation), and mailing. Provide information/education about the services provided
- Become engaged in project planning processes.
- Become educated – learn the client business, be familiar with their needs and their business plans.
- Be nimble – adjust to the needs of the client

Satellite print centers

- Strategically placed centers to provide services
- Increased exposure and assistance (consultation)
- Centers are portals for main plant jobs

Co-Location of Services

- Consider common elements and efficiencies gained through co-locations. Print and mail functions would provide numerous advantages, including increased throughput efficiencies and also provide the customer with "cradle to grave" service in a single location.
- DES's sign shop shares common functions with P&I and could provide support for design and sign making services – collaboration and consultation.

PART 3 – Implications and Strategic Business Plan for the Future

A. **Based on the assessment I Part 2, in what ways should this business change over the next five years?**

Take advantage of printing automation technology –

- Increase the volume of data-driven print jobs that can be processed without requiring manual intervention, freeing up staff for more value-added and complex workflows.
- Utilize print re-engineering software achieve better mailing pricing and to utilize appropriate equipment and staff for production.

Provide digital dissemination of information –

- Market and expand the digital dissemination of information, whether in conjunction with traditional printed communications or through standalone services.

Increase consultation services –

- Increase customer awareness of the importance of early inclusion of DES printing & mailing experts in any projects with large-scale correspondence as a potential or planned output.
- Keep up to date on postal regulations to save provide the most cost savings.

Develop a robust/comprehensive marketing strategy.

What business change initiatives do we complete in 2015-17 to move toward this future?	May require budget ↑?
1. Increase current customer awareness	
2. Develop an aggressive sales plan to increase customer awareness from existing or lost customers	
3. Develop customer outreach schedule and increase customer accounts	Yes
4. Increase communication to customers regarding current capabilities	Yes
5. Co-locate all DES print and mail services	

What product or service changes should we make in 2015-17 to move toward this future?	May require budget ↑?
1. Establish product mix, profit mix model	
2. Develop an internal and external marketing plan	
3. Reduce facility footprint	
4. Provide bulk email distribution	
5. Good working machines w/onsite technicians	Yes
6. Maintenance education	Yes
7. Product mix planning	
8. Copy Center study	
9. Targeted audience through variable print including digital distribution	
10. Establish preventative maintenance schedules with vendors for all equipment to prevent downtime	
11. Develop internal maintenance training program	
12. Align printing and mailing with multiple customers that share common recipient mailing lists	
13. Maximize the use of all state printing facilities through consolidation	Yes
14. Align staffing and equipment with production needs	
15. Product tracking - external	Yes

16. Expand customer outreach - improve relationships **17.** Complete a digital output study and establish satellite copy center(s) strategically	Yes Yes

B. What does our workforce need to be successful now and in the new future?

- Open communication – transparency – Involvement in the business process'
- Recognize individual contribution/connection to the Program Strategy Map, Agency Strategy Map, Results Washington and the citizens of Washington
- Establish goals at program and personal levels. Develop/track metrics to identify achievement of goals – record results of efforts.
- Support and contribute to the "Competitive Business Model"
- Know our business/know the customers' business

What workforce-related initiatives are needed in 2015-17?	May require budget ↑?
1. Work with other services to understand interdepartmental relationships **2.** Incorporate LEAN workplace/production principles **3.** Partner with CMS and Surplus to provide mail transportation services to selected mail distribution hubs to receive reduced postage rates. **4.** Training requirements – Industrial Safety, Driving, Forklift, First-aid, Sales	Yes
5. Personal growth opportunities	Yes
6. Provide training opportunities for job specific functions	

B. What needs to be addressed in the operations of the business to ensure current and future success?

What facilities or equipment initiatives are needed in 2015-17?	May require budget ↑?
1. Reduce print footprint	
2. Co locate services **3.** Lease unused space **4.** Develop an equipment plan	Yes

2015-17 Business Plan Template
Business – Printing and Imaging

What technology initiatives are needed in 2015-17?	May require budget ↑?
1. Implement Print re-engineering	Yes
2. Provide alternative to PRT Online **3.** Review print ordering alternatives **4.** Engage Shared Services to assume full support role	Yes

What financial initiatives are needed in 2015-17?	May require budget ↑?
1. Generate revenue – develop a comprehensive strategy to negate revenue loss **2.** Reduce carryover deficit **3.** Evaluate product mix - determine products that are within print scope **4.** Evaluate profit mix - determine profitable jobs and jobs that support the print function and support agency partnerships. **5.** Provide accurate pricing structure – evaluate BHR	
6. Review and improve estimating and billing – employ LEAN principles w/ Finance	

What contract or risk management initiatives are needed in 2015-17?	May require budget ↑?
1. Develop, release and analyze an RFx for the remainder of Printing and Imaging's services as directed by Office of Financial Management. **2.** Develop a standard process for the implementation of Bulk Print. The process must minimize risks while also insuring our customer expectations are met. **3.** In the event of a disaster insure the needs of the program are covered in the agency's continuity of operations plan. **4.** Develop a comprehensive disaster recovery plan **5.** Partner with Prod. Serv. To load share	

What process improvement initiatives are needed in 2015-17?	May require budget ↑?
1. Streamline inserting operations	
2. Develop a load sharing methodology within the agency	

What communications and marketing initiatives are needed in 2015-17?	May require budget ↑?
1. Consultation Services **2.** Utilize Advisory Committee **3.** Increase/track outreach visits	
4. Customer follow-up and calls **5.** Advertise services **6.** Open house – demo machines, history to future **7.** Partner with Marketing **8.** Provide appropriate signage for the program	

C. What policy or legislative changes will be needed?

Describe the change needed	Policy, rule or statute that might need to be changed	Is this something we should do in 2015 -2017 time frame?
1. Combine In-Plant print functions under DES	Implement recommendations of Auditors report	Yes
2. Develop an overarching statewide strategy for print/communication. **3.** Provide legislative support for print services **4.** Procurement Reform - evaluate impact **5.** Allow P&I the opportunity to evaluate copy and print equipment prior to purchasing.		Yes

PartIII – Overall most critica

1. **Comprehensive outreach program –outreach/sales**
2. **Reduce footprint – co-locations**
3. **Implement sales strategy – based onproduct/profit mix.**

Part 4 – Budget Changes

What investments or resource changes will require a budget request for 2015-17?

2015-17 Business Plan Template
Business – Printing and Imaging

Describe the new investment or resource change needed next biennium	What is the estimated cost?
1. Applicable software upgrades	$50,000
2. Replace Inkjet **3.** Invest in 50" forklift w/rollgrab (ROI 6mos.) **4.** Co-location evaluation	$60,000 $30,000

2015-17 Business Plan Template
Risk Management

PART 1 - Business Description

Part 1 – Business Description

- The Office of Risk Management, within the Contracts & Legal Services Division, has four lines of business: managing the self-insurance liability program; purchasing commercial insurance for exposures that are excluded from the SILP; conducting emergency management activities for DES and regulating local government and non-profit insurance pools.
- The Self-Insurance Liability Program (SILP) includes maintaining the statutorily required centralized claims data base, tort claim resolution, tort litigation management and payment, loss prevention services and insurance services.
- Commercial Insurance: There are certain exposures that are excluded from the SILP; property, marine, aviation, employee fidelity to name a few. The Office of Risk Management finances losses associated with these exposures by purchasing a variety of commercial property and casualty insurance policies.
- Emergency Management services include the preparation for and management of our on-campus response to emergency situations, as well as, providing support for statewide emergency situations.
- Providing Continuity of Operations Planning (COOP) both within DES and statewide.
- Local Government Self-Insurance Program services include reviews of 15 property and liability programs (risk pools) as well as 95 health and welfare programs.
- Program maps are attached.

Market Description

- The market we serve in the Self-Insurance Liability Program (SILP) is state agencies and persons who claim to have been harmed by state actors. 100 percent of state agencies are served, and we served approximately 70 percent of the persons who claim to have been harmed by state actors. The remaining 30 percent of this latter group is served by the Attorney General's Office.
- Emergency management serves all persons and organizations along with local, state, federal and tribal governments affected by an on-campus, off-campus or statewide emergency.
- The local government and non-profit insurance pools who are, by statute, required to be regulated by the State Risk Manager have over 3000 local government entities and over 500 non-profit entities that benefit from our regulation services.

"Rate card" equivalent (Services prices, what customers receive for the money)

- The Rate and service commitment document
- **Pro forma financials - optional**

PART 2- Assessment of Trends, Forecasts, Challenges, and Opportunities

A. What barriers, if any, does this business face in meeting its program map targets?

- Not keeping up to date with technical advancements (portal, iVOS, printers)
- Lack of customer understanding of ORM's services, processes and roles
- Lack of adequate staffing, succession planning
- Lack of employee cross-training and professional development plans
- Difficulty implementing new ideas and completing projects
- No consistent approach to customer engagement and information management

B. What risks, foundation-building or deferred maintenance issues need to be addressed?

- Outdated, unavailable or obsolete technology (iVOS and portal)
- Build and market a broad offering of information and education for risk managers and other customers
- Build and maintain working relationships with state, local, tribal and federal agencies, organizations and jurisdictions
- Potential loss of institutional knowledge and/or bench depth due to lack of cross-training, development and staff turnover
- Not staying current on client agency needs, risk trends, industry practices and insurance markets
- Need customer information management system (central repository for customer centric information)

C. What will the future look like for this line of business seem in the next 10 years? What are the major changes and most relevant trends in this line of business and its products and services?

- More electronic claims and accident report submissions
- Auto-filled forms that populate automatically into our database
- Emerging risks - evaluation as to insurability; utilization of capital markets for catastrophic coverage (e.g. earthquake)

- Customer focus to all ORM's computer systems

D. Where are we at risk of falling behind the rest of the market?

- If we fail to identify, secure and implement a viable replacement to iVOS in a timely manner
- If we do not understand what other businesses in our market are doing so we can compare and measure
- If we lack sufficient workforce with broad range of experience and knowledge
- If we do not adapt to market trends and the changing needs of our customers and changing availability of insurance markets

E. How do we expect customer needs to change over the next 10 years? What are our customers thinking?

- Faster claims resolution will be desired by our customers
- Better technology will be needed to manage data (so that risk managers can access insurance information, loss history and trend analysis and claimants can more easily submit claim information)
- Customers will expect that more claims will be resolved w/o litigation
- Agency customers will demand updated information about emerging risk trends and mitigation strategies

F. What are the strengths of this business that will serve it well over the next five years?

- The depth of employee knowledge
- Database system that is accessible to all state risk managers
- Ability to provide clients with an analysis of past settlement costs for the purpose of evaluating settlement decisions on pending claims
- 30+ years of claims data in database provides the ability to educate agency clients about their agency's loss history and its impact on their SILA premiums
- Up-to-date computers/multiple monitors (utilizing technology) to assist w/ data quality control
- Cohesive and flexible teams
- Management support
- Business processes and technical tools exist to assure quality and integrity of data

G. What are the areas of opportunity for this business in the next five years?

- New database system that can provide claim/loss statistics that supports premium assessment
- Regularly solicit feedback from customers regarding performance and desired services
- Utilize outside mediation/arbitration service to resolve claims and third-party recoveries
- Implement a state driver improvement program
- Provide accident and tort claim filing information in all state vehicles
- Establish credibility with participants in the claims resolution process (insurance companies, attorneys, risk managers, claimants)
- Educate risk managers on the relationship between their agency's risks, claims, payments, expenses and premiums
- Recognize successful loss prevention efforts as evidenced by reduced losses via a rebate program

2015-17 Business Plan Template
Risk Management

PART 3 – Implications and Strategic Business Plan for the Future

A. **Based on the assessment I Part 2, and the strategies in the agency strategic plan, in what ways should this business change over the next five years?**

Better definition of our mission in claims. Are we to make the client happy at the cost of fairly compensating a citizen who has a loss?

Reevaluate staffing levels and workload distribution; ensure staffing levels are appropriate to successfully complete initiatives. Cross-train where appropriate to ensure at least two people know every position.

Better understanding of customers' needs and wants. Better marketing of services we offer and better alignment of services to customer needs/wants.

Allow staff to take work related training to help them keep current in their field.

Continue focus on cyber liability. Build a bench, 2 people should know how to do this. Reporting process where agencies reports risks and incidents.

Rethink DES "emergency management team" purpose. Who are the right people from each division who should participate?

What business change initiatives do we complete in 2015-17 to move toward this future?	May require budget ↑?
1. Information from agency customers about loss prevention incidents (this is in addition to claims filed)	
2. Provide option of mediation to settle claims	
3. Early resolution of auto claims-as soon as we get the SF137, if state is liable, we call citizen	
4. Automatic customer survey at close of claim	

What product or service changes should we make in 2015-17 to move toward this future?	May require budget ↑?
1. Risk Manager training	
2. State driver improvement program	
3. Incentivize good risk management, loss prevention review and safety program	

2015-17 Business Plan Template
Risk Management

B. What does our workforce need to be successful now and in the new future?

What workforce-related initiatives are needed in 2015-17? (i.e. recruitment, retention, development, etc.)	May require budget ↑?
1. PDPs for everyone every year	
2. Cross-training staff	
3. Recognition/appreciation initiative for employees	
4. Someone to handle the "quick" claims or subrogations	
5. Recruitment and retention incentives	

C. What needs to be addressed in the operations of the business to ensure current and future success?

What facilities or equipment initiatives are needed in 2015-17?	May require budget ↑?
1. "Revolve" laptops for designated staff	
2. Dedicated room/equipment for emergency management activations	
3. Dedicated Risk Management printer	

What technology initiatives are needed in 2015-17?	May require budget ↑?
1. Updated database system	X
2. Enable claimants and state drivers to submit claims and accident reports online – auto fill into database	X
3. Portals for insurance, LGSI and Loss Prevention	
4. Customer information management system to capture agency information that is not claim specific (insurance, risks, contacts, loss prevention etc.)	

What financial initiatives are needed in 2015-17? (i.e. rate or cost structure changes, new financing methods, cost analyses, etc.)	May require budget ↑?
1. Implement risk-based allocation of cost for cyber liability	

2015-17 Business Plan Template
Risk Management

What contract or risk management initiatives are needed in 2015-17?	May require budget ↑?
1. Allow DOT to upload document images directly to iVOS	
2. Non-profit self-insurance risk pools need additional legislation which limits the risk of re-assessments for past years and ensures the pool and its members both flexibility and financial soundness.	
3. One claim per form	
4. Provide "collection" services to agencies/fleet for damage to state vehicles and property	
5. Provide services to claimants (MVA claims) to provide estimates / appraisals / towing / salvage / total	
6. Limit frequent filers	
7. Statutory privilege for investigators	

What process improvement or new process design initiatives are needed in 2015-17?	May require budget ↑?
1. Must use designated form for PDRs	
2. Optimize process to achieve as "paperless" of an office as possible	
3. Increase PDR copy fees, add cost for electronic records	
4. Better connection with clients in the field. We need to know their business in order to know what they need/want	

What communications, marketing and customer relations initiatives are needed in 2015-17?	May require budget ↑?
1. Better communication with agency partners regarding how forms/incident reports are processed. I.e. duplicate forms sent via email and US mail	
2. Investigator resolution reports to agencies	
3. Automatic customer survey at close of claim to receive timely feedback	

D. What policy or legislative changes will be needed?

Describe the change needed	Policy, rule or statute that might need to be changed	Is this something we should do in 2015 -2017 time frame?
1. Must use designated form for PDRs		
2. Increase PDR copy fees, add cost for electronic records	WAC 200-01-065, -075	
3. Non-profit self-insurance risk pools need additional legislation which limits the risk of re-assessments for past years and ensures the pool and its members both flexibility and financial soundness.	RCW 48.62	
4. One claim per form	RCW 4.92	
5. Limit frequent filers	RCW 4.92	
6. Statutory privilege for investigators		

What are your top three initiatives are needed in 2015-17?	May require budget ↑?
1. Updated database system	
2. Enable claimants and state drivers to submit claims and accident reports online – auto fill into database	
3. Portals for insurance, LGSI and Loss Prevention	

Proposed Budget Changes

What investments or resource changes will require a budget request for 2015-17?

Describe the new investment or resource change needed next biennium	What is the estimated cost?
1. New Claims database	$500,000

2015-17 Business Plan
Contracts & Legal Services

Introduction

The Contracts & Legal Services (C&LS) Division of the Department of Enterprise Services is one of 12 Divisions within the agency. It is responsible for managing approximately 1,200 vendor agreements valued at about $1.3 billion each year.

Part 1 of this business plan identifies the various services provided by C&LS to state agencies, as well as listing certain unique attributes of the Division. It also gives an overview of the Division's market position within the state. Part 2 assesses market trends, forecasts, challenges, and opportunities that have an impact on the Division's ability to achieve its goals. Part 3 includes the Division's forecast of how its business will change in the next five years, and how the Division intends to successfully manage these changes.

PART 1 - Business Description

A. Business Description

The Contracts & Legal Services Division (C&LS) promotes sound practices in purchasing and contracting, and offers thousands of vendors access to open and competitive business opportunities, in order to achieve excellent results for state agencies, cities, counties and public benefit non-profit organizations.

Division Descriptive Information

- Contract work is done by approximately 74 staff members in four programs (Master Contracts & Consulting (MCC), Agency Contracts, Consulting & Oversight (ACCO), the Office of Legal Services (OLS), and Business Process & Design (BPaD)).
- MCC is organized into three teams based on commodity type (Health, Human & Personnel Goods and Services, Information Technology, and Transportation Goods & Services).
- All C&LS staff are located in the 1500 Jefferson building in Olympia.
- C&LS customers are located at facilities throughout the state.

B. Services

1. Procurement

Division employees:

- Serve as procurement coordinators on a wide range of procurement vehicles (e.g., Requests For Proposals, Requests For Qualifications & Quotations, Requests For Information, etc.) for a wide range of goods and services.
- Lead cross-functional, often interagency, teams in the development of requirements for solicitations and the evaluation and scoring of responses.
- Coordinate with other state governments and multi-state purchasing cooperatives in both leading procurement efforts and serving as procurement team members.

2. Contract Administration

Division program staff:

- Negotiate and draft master and internal contracts and amendments.
- Coordinate with internal and external business personnel on the development of unique contract terms for specialized purchases.
- Monitor contract usage, and review and audit agencies' payment of administrative fees.
- Maintain physical and electronic files.

3. Training & Outreach

Division experts:

- Train DES and other agency staff on state procurement, application of contracting laws, rules, policies, and best practices.
- Develop statewide, standardized training on the implementation of Procurement Reform laws and policies.
- Coordinate and present at regular meetings of state and local government employees and vendors, including Washington Association of Contract Specialists (WACS), Chief Information Officers' Forum, and the Information Processing Management Association (IPMA).
- Sponsor trade conferences for attendance by both state agencies and vendors.
- Communicate with small, minority, woman, and veteran-owned businesses to encourage participation in state purchases, including annual training on doing business with the state.

4. Consulting & Support

Division professionals:

- Consult with state agencies, higher education, and other government entities on procurement, contract negotiation, and project management.
- Provide support to users of the Sole Source Contracts Database (SSCD) and the Client Services Contracts Database (CSCD).

5. Oversight & Delegation

Division teams:

- Perform legislated oversight for state procurement and contracting activities.
- Implement risk assessment process as part of delegation of purchasing authority under Procurement Reform laws and policies.

6. Support Services

a. Legal Services: The Office of Legal Services (OLS) provides legal counsel and related services to manage risk and promote compliance. These services include:

- Legal support through in-house contracts attorneys.
- Coordinate legal services provided by the Attorney General's Office.
- Independent review of vendor protests.
- Third party audit of the division's master contracts.

b. Business Process and Design: The Business Process and Design (BPaD) program professional level program management, technical, analytical, and customer service support. Specific services provided by BPaD include:

- Washington Electronic Business Solution (WEBS) customer service.
- Manage and coordinate requests for National Institute of Government Purchasing (NIGP) codes used by all state agencies for inventory management and solicitations.
- C&LS budget oversight, including administrative fee tracking/reporting, division program budget "checkbooks," and budget planning and analysis.
- Independent Cost Verification (ICV) process that ensures vendor requested master contract price adjustments are consistent with standard indexes.
- Project management for Procurement Reform, Lean, and other division projects.
- Augments the agency Lean Program by providing resources, facilitation and guidance to C&LS in certain Lean processes.

Unique C&LS Attributes

1. **Center of Procurement Reform**

- Uniquely positioned as the agency central to the implementation of Procurement Reform.
- Responsible for effecting and applying statewide procurement and contracting law, policy, and best practices.
- Significant role also positions it to assist other agencies in their own transition to new Procurement Reform laws, policies, and best practices.

2. **Experienced Staff**

- Management strives to maintain a staff that has a wealth of training, education, and experience tailored to government procurement and contracting.
- Ability to provide entities with a wide range of support services, including interpretation and application of procurement laws, development of business requirements, solving business and/or operational problems, and recommending strategies related to various procurement and contracting needs.

3. **Oversight Role within C&LS**

- Unique role in procurement oversight provides access to agencies to assist in risk mitigation, develop contracts in compliance with law and policy, and successfully award sole source contracts.

4. **"Rate Card" Equivalent**

This section describes the prices of C&LS services, and what customers receive for their money.

- Costs for services are recovered through the DES overhead factor and a portion of master contract fees.
  - MCC Services Sheet
  - Rate Structure
  - Customer Service Standards

5. **Pro Forma Financials**

This section describes the funds that C&LS is allotted by the state Legislature each biennium.

- C&LS Biennial Allotments 2014-2015

6. **Program Maps & Performance Metrics**

Program maps are diagrams of C&LS work processes and how we know we do them well. They include how each program's work furthers the agency's vision, mission, and goals.

- **Master Contracts & Consulting**
- **Agency Contracts, Consulting, & Oversight – Internal**
- **Agency Contracts, Consulting, & Oversight – External**
- **Legal Services**
- **Business Process and Design**

7. **Market Description**

This section describes the market that C&LS serves.

- Eligible customers outside of the agency are identified by statute and generally consist of the following:
  - Washington State Agencies (including institutions of higher education)
  - Washington State Political Subdivisions (34 counties)
  - Washington State Cities (281 cities and towns)
  - Public benefit non-profit organizations (5,000+ potential qualified non-profit orgs)
  - Washington State Tribes (29 federally recognized tribes)

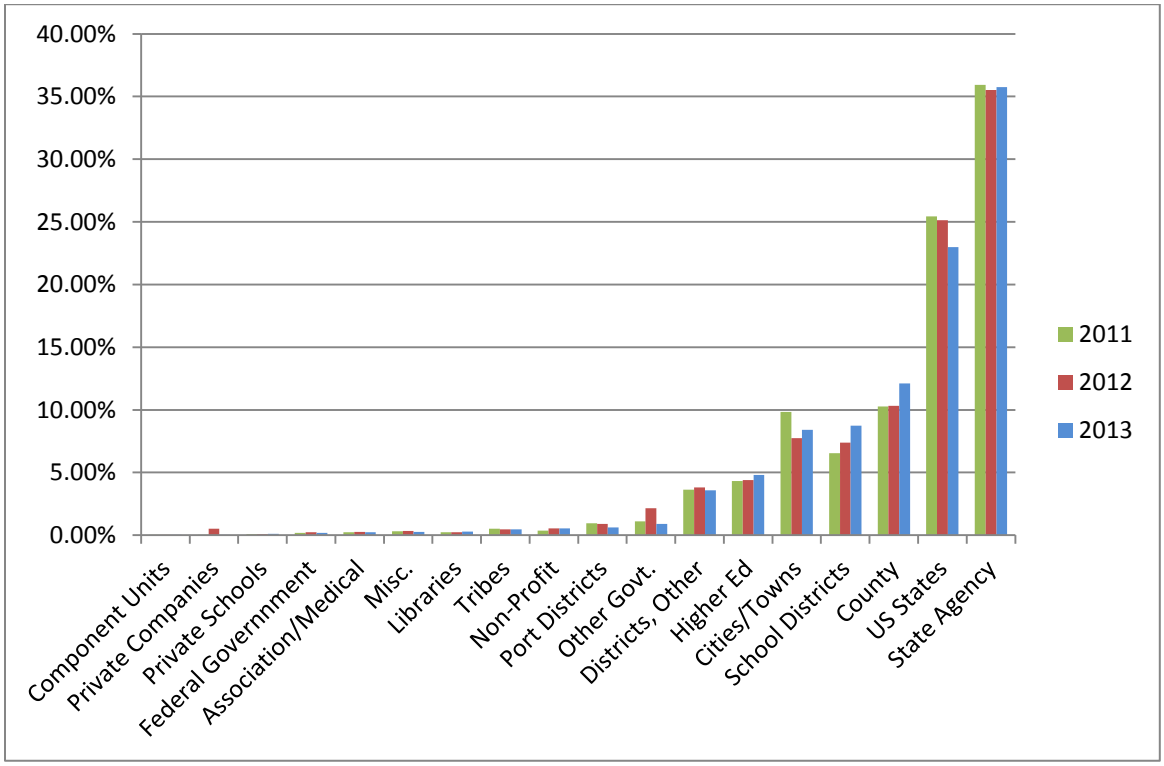
- Federal agencies

- C&LS also serves a number of internal customers, providing contracting, procurement, and policy assistance to:
  - Engineering & Architectural Services
  - Enterprise Technology Services
  - Executive Management
  - Fleet Operations
  - Printing & Imaging
  - Real Estate Services

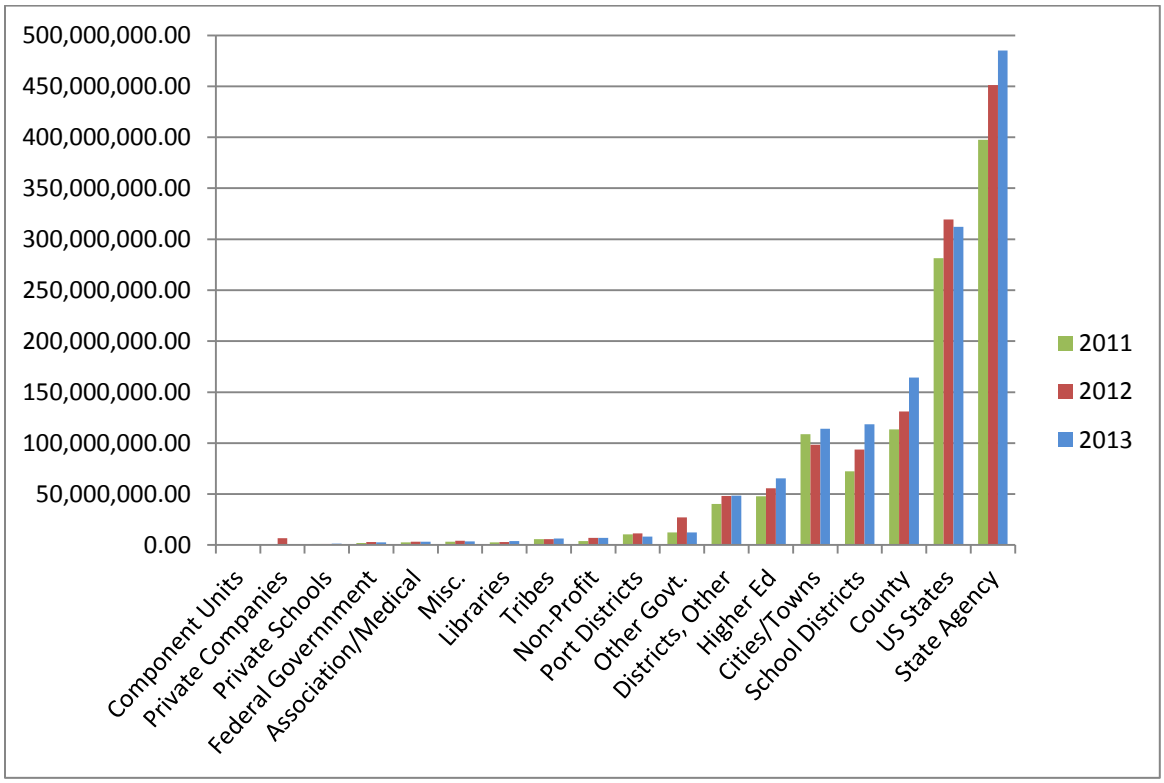
- C&LS works closely with a number of external stakeholders on procurement, policy, and rulemaking issues, including:
  - Global vendor community
  - State Government Alliances (e.g., NASPO, WSCA, NIGP)
  - Washington State Citizens
  - Washington State Legislature
  - OWMBE
  - DVA
  - OCIO

The following charts represent the markets served by Master Contracts & Consulting over the prior three years:

Percentage of Customer Master Contract Usage



Master Contract Sales



In 2007, MCC conducted a study identifying the opportunity for collaborative sourcing efforts at $2.5 billion (excluding Highway Construction and portions of capitalized and non-capitalized furnishings, equipment, and software). Based upon current usage data, approximately 50% of the $2.5 billion spent goes through master contracts. Although the data is dated, research shows it is still directionally accurate.

End of Part 1

PART 2- Assessment of Trends, Forecasts, Challenges, and Opportunities

This section describes the context in which C&LS operates. It addresses the barriers that the Division faces in meeting its program goals; risks associated with the barriers; anticipated changes and trends affecting C&LS in the next decade; where C&LS may fall behind the rest of the market; how customer needs will change during the next decade; strengths to perpetuate in the next five years; and opportunities during that time.

A. Barriers to achieving program targets.

There are seven specific barriers: Division identity; decision making; unrealistic expectations, employee recruitment and retention, training, technology systems, and customer involvement.

"Identity" addresses the lack of a clear identity, focus, and direction for the division as a whole. Evidence of this issue includes four items:

- C&LS' role is not adequately defined in policy or statute (e.g., role of DES in developing policy regarding use of electronic signatures).
- Responsibilities between C&LS programs have been blurred without clear redefinition.
- The Division's lack of clear priorities forces staff into a reactive position, resulting in a lack of adequate customer input and inadequate timelines.
- There are gaps between C&LS programs with no single strategy map.

"Decision Making" refers to decisions that are necessary for C&LS to make progress. The barrier exists because these decisions are often delayed or not considered. Evidence of this issue includes two items:

- The time it takes senior management to make decisions impedes progress.
- Acquisition of tools needed for C&LS to meet expectations is not a priority within DES.

"Unrealistic Expectations" refers to the situation where there is inadequate staff to provide customers the service they expect, together with high workloads for existing staff. Evidence of this issue includes two items:

- Staff spends too much time attending meetings and huddles.
- Staff cannot be both experts and "jacks of all trades."

"Employee Recruitment and Retention" indicates that qualification requirements are too high and compensation is too low to attract and retain quality staff. Evidence of this issue includes:

- Compensation is lower than market rate with no increases since 2008.
- C&LS competes for the same personnel with higher-paying private companies.
- Many key employees have no back-up.
- Employees are getting burned out and leaving.

- Volume takes precedent over results.
- The recruitment process is cumbersome and inconsistent between managers and teams.

"Training" means that adequate training necessary for improved performance is often not available or encouraged. When it is available, staff may not have time to take it. Evidence of this issue includes:

- There is a lack of IT training for staff involved in IT procurement and contracting.
- There is no succession planning for when employees leave C&LS.
- No mentoring of staff by managers.
- Training plans and programs for employees do not exist.

"Technology Systems" means that working within separate computer networks creates many efficiency and collaboration barriers. Evidence of this issue includes:

- The integration of IT systems following the creation of DES is just now entering final stages.
- Multiple databases are antiquated and unsupported, resulting in a lack of access to information.
- Overreliance on paper records.

"Customer Involvement" means that C&LS is not close enough to our customers' businesses to be proactive or prepared to conduct their procurements.

B. Risks associated with effective operation of C&LS functions.

There are four main risks: staffing, technology, management support, and communication.

"Staffing" means that C&LS will fail to attract and retain quality staff. Evidence regarding this issue includes:

- The internal recruitment process is cumbersome and inconsistent.
- C&LS staff needs training and resources with clear performance measures for job classes.

"Technology" means that C&LS needs to adopt a single IT system for contracting.

"Management Support" means that staff needs management to be proactive rather than reactive, and to understand each of the program's needs. Evidence of this issue includes:

- Micro-managing is a barrier and delays the completion of tasks.
- Too many projects lack follow-through or clear direction.

"Communication" means that C&LS needs to provide clear and consistent information for both internal and external customers utilizing new communication tools.

C. Forecasts, challenges and changes for C&LS in the next 10 years.

C&LS has identified four primary external and internal agency challenges.

Unknown Political Changes: It is unknown what political changes brought on by new administrations may result. C&LS needs to be flexible and adapt when such changes occur.

Employee Retention: In the next ten years, retention of employees may continue to be a problem. C&LS must be proactive in balancing knowledge requirements with expectations in career paths, and should adopt a separate, unique set of job classifications to attract qualified people and pay competitive rates.

Technology Adoption: C&LS needs to keep pace with the private sector in technology adoption to drive down internal costs for the agency and our customers/partners.

Climate Change: Future climate change and resulting weather-related events may bring an increase in emergency procurement. C&LS resources need to be prepared to respond to these needs.

D. Areas where C&LS may fall behind the rest of the market.

There are three areas of focus: attracting and keeping skilled employees, customer service and communication, and implementing best practices.

Employee Attraction & Retention: The failure to address the issues identified below may result in an inability for C&LS to attract and retain highly skilled, qualified individuals.

- Improve recruitment process to eliminate inefficiencies with a focus on outreach, and considering emotional intelligence, attitude, and aptitude in hiring decision.
- Offer competitive salaries and benefits (including parking and alternative work schedules) commensurate with DES' role as the lead agency in contracts and procurement.
- Ensure comparable workloads and responsibilities among C&LS staff and with other agencies.
- Provide education, training, relevant certification, and growth opportunities.
- Focus on psychological success of staff, including improving agency reputation and morale, motivation, adequate recognition, providing strength-based assignments, and fostering team spirit.
- Procure access to current technology to achieve efficiencies, such as an eProcurement system, contracting and financial management and analysis tools, current communication and marketing technologies, and automated forms and processes.

Customer Service & Communication: C&LS will need to grow the use of its services and resulting revenues in order to reduce costs for its customers. This includes the following considerations:

- Shift focus to creative, solution-oriented, customer service.
- Utilize efficiencies to increase capacity, decrease contract administration fee, and create additional time available for training and outreach.
- Sustained, timely, proactive customer communication to build relationships, improve mutual understanding, and gain stakeholder insight, with an emphasis on increased in-person contact.
- Increase marketing of C&LS contracts and services, focusing on higher education and low use contracts.

Implementation of Best Practices: C&LS's failure to know and use established contracting and procurement best practices may result in continued inefficiencies and loss of DES' position as the central agency in statewide procurement.

- Awareness and utilization of national training and education trends.
- Increase staff access to, and participation in, industry and trade association education and networking events.
- Incorporate project management training and principles to manage successful projects, with realistic timelines and deliverables, while maintaining transparency.
- Research practices of other procurement and contracting organizations in order to proactively adopt process improvements.

E. Customer expectations and anticipated customer changes over the next 10 years.

1. Customer Expectations: Based on staff input and a recent report on contract use, customers, vendors, and other stakeholders expect the following from DES:

    - Timely responses to their phone calls and emails.
    - Onsite visits and attendance at contractor functions.
    - Frequent updates on the status of their specific procurement or state contracting changes in general.
    - Prior notice of contract expiration dates and additional notice when a new master contract is executed.
    - Opportunities to obtain more contracts training and certification.
    - Their input is considered as contract specifications are developed and approved.Assurance they are receiving value for paid services.

2. Areas of Change: Customer business models will change over time as a result of changes in staffing and budget, use of new or upgraded technology, and economic factors. C&LS expects increased use of electronic methods of doing business, such as eProcurement, electronic signature, and electronic bids and proposals.

    - C&LS must be organized in such a way that will allow it to (1) quickly identify these changes; (2) quickly realign and shift resources; and (3) provide customers with improved user experience as well as clear, simple, and improved efficiencies.
    - Need to provide timely and accurate information in a form that is clear and concise, allowing customers to make informed business decisions.

- Consider all methods of communication in reaching out to potential customers as technology evolves.

F. Several business strengths will serve C&LS well over the next five years.

C&LS has several assets that will enable it to provide effective services to the state over the next five years, including: its leadership in the area of Procurement Reform its highly qualified staff; its business resources; its structure; its stakeholder relationships; its training resources; and its practitioners of Lean Government.

Central Role under Procurement Reform: DES, and C&LS within DES, occupies a unique space under Procurement Reform that provides it with certain access to and contact with customers, vendors, and other stakeholders to meet and build relationships other agencies lack. Evidence of this asset includes:

- Legal authority to be involved in the business of every agency, political subdivision, and non-profit in the state.
- Authority to conduct risk assessments and delegate nearly all purchasing authority within the state.
- Sole ability to leverage statewide purchasing power through master contracts to reduce the cost of goods and services.
- Opportunity to address customer procurement needs through access to cooperative contracts.
- C&LS able to pilot the implementation of new policies and processes and provide better advice to customers as a result.
- Management fee structure may ensure we have high contract usage.

Highly Qualified Staff: The core group of dedicated, competent, experienced staff members from diverse backgrounds fosters creativity and long term growth. Evidence of this asset includes:

- Ability to complete work and adapt to new situations and changing market needs.
- Commodity and contracting expertise allows staff to give customers what they need, when they need it, and build trust with stakeholders.
- Permanent staff assigned to address and mitigate many areas of potential risk.

Business Resources: Staff have access to a variety of tools and technologies to enable them to perform their duties. Evidence of this asset includes:

- WEBS provides a popular, easy, and effective tool within the vendor community.
- Staff are supported by management.
- Access to millions of dollars of equipment, personnel, and working capital.
- The customer/vendor outreach program**.**
- Biweekly communications to interested stakeholders on developments in master contracts.

C&LS Structure: The organization of C&LS and the centralization of several functions provide efficiencies and foster a collaborative working environment. Evidence of this asset includes:

- Centralized resources for legal, contract, risk, oversight & training.
- Allows C&LS to maintain independence in the public procurement process.
- Access to credible internal legal advice.

Stakeholder Relationships: C&LS' relationships with its customers and the vendor community place it in a respected position to help agencies and political subdivisions. Evidence of this asset includes:

- Positioned to leverage local government buying power through master and other cooperative contract opportunities.
- Low risk of customer extinction creates a significant market opportunity.
- Provide customers and vendors timely information on procurement processes and contracts.
- Opportunity to partner with customers to learn what is or isn't working.
- Maintain transparency in the public procurement process.
- Opportunity to grow and foster these relationships at annual tradeshows, vendor forums, and stakeholder meetings.

Training: The variety of training events available to staff present opportunities for professional development and to gain commodity expertise. Evidence of this asset includes:

- Existence of relevant training webinars.
- Access to national, state-of-the-art procurement training through NIGP.
- Opportunity to attend contracting forums, WSCA conferences, diversity events, annual tradeshows, and vendor forums.

Lean Practitioners: By employing Lean methodologies, C&LS is able to easily adapt and refine policies according to market realities. Evidence of this asset includes:

- Committed to continuous process improvement.
- National leaders in Lean process improvement practices.

G. In the next five years, C&LS will encounter important areas of opportunity.

Opportunities are available in at least four areas: strategy, marketing, operations, and training.

Strategy: C&LS has the opportunity to create appropriate procurement and contracting practices to satisfy customer needs by engaging with customers and researching existing data sources. These include:

- Reserve resources to get ahead of issues and allow staff and management to be proactive.
- Mine state financial systems to identify repetitive purchasers.

- Develop a program and process for identifying best value contracts that C&LS could use and make available to internal and external customers.
- Engage with customers to understand their future business needs.
- Make Single Purchase Requests (SPRs) part of the service model.

Marketing: Change customer perception and increase C&LS contract service usage by leveraging the contract professionals to market their services.

- Grow partnerships, learn more about customers, communicate more positively, and provide and market C&LS solutions, services, contracts and value.
- Ensure customers want to use our contracts by providing best value, solution-oriented advice
- Provide staff marketing, sales, and presentation training.
- Market C&LS as mentors and educators through outreach and training.
- Where appropriate, extract ourselves from customer processes.
- Allow staff time to engage in a sustained, continuous, proactive marketing of C&LS contracts and services.
- Hire a team of DES staff whose main focus is to visit external customers (vendors, government agencies, schools etc.) on a daily basis to help them with their business needs.
- DES is in a leadership position and has the opportunity to unite all state and local governments in maximizing government collective buying power.

Operational: Create an internal team to focus on simplifying contracting terms and processes, where appropriate, to reduce barriers that limit effective contracting for customers and vendors.

- Review contract terms that are barriers to deal completion.
- Make it easier for vendors to do business with us.
- Simplify contract terms and worry less about litigation.
- Provide data, tools, technology customers need for success and efficiencies.
- Use OLS to lower risk by increasing due diligence, evaluating "legal background" on select projects, and strengthening agency negotiating posture with competitive intelligence.

Training: Create a culture to establish DES as a home to expert procurement professionals that agencies rely on to achieve their missions.

- Be leaders in the field by providing solutions, sharing knowledge and expertise, training others, and ensuring C&LS staff have appropriate certifications.

End of Part 2

PART 3 – Implications and Strategic Business Plan for the Future

A. Based on the assessment in Part 2 and the strategies in the agency strategic plan, in what ways should this business change over the next five years?

C&LS has identified four areas in which this change should happen: employee development, technological improvements, marketing and outreach, and realignment of resources. These areas are addressed below.

- *Employee Development*: C&LS needs to improve its focus on ensuring that DES employees are ready, able and empowered to help DES and its customers reach their goals. This improved focus will have several important attributes:
  - Employees and customers have realistic service expectations with clearly defined and understood roles.
  - Staff levels allow every program, initiative, and employee to achieve all service level expectations.
  - Ongoing professional training is budgeted, encouraged, and supported for every employee. Career growth is a characteristic of DES.
  - Employees receive fair and competitive total compensation. The working environment makes DES the agency of choice.
  - Decision-making authority is delegated down to the lowest practical level.

- *Technological Improvements*: C&LS will provide staff with technological solutions and relevant information necessary to make data driven decisions to enable DES to meet customer expectations in an efficient, cost-effective manner. Evidence of this improvement includes:
  - Data and information is current, complete, and easy to access by those who need it.
  - C&LS technology priorities are based on the needs of business, not goals of service providers.

- *Marketing & Outreach*: C&LS will forge and grow relationships with customers through improved, consistent, and thorough marketing, outreach, and feedback to proactively address changing customer needs. Attributes of this change include:
  - C&LS will develop DES-led, chartered Customer Advisory Teams to establish procurement and contract requirements using a standardized methodology.
  - C&LS provides enterprise-wide value added solutions for technology, goods, and services.
  - C&LS develops and utilizes "Community of Interest" lists that facilitate communication to the best customer contact by commodity.
  - Better-informed diverse vendors of product and service components that meet supplier diversity goals through subcontracting.

- *Realignment of Resources*: C&LS will coordinate with staff to ensure business units are organized and optimized to ensure delivery of efficient and effective solutions for DES customers.
  - C&LS will develop teams to provide procurement and contracting assistance with a focus on large and small agencies and IT, and realign procurement expertise by product market.
  - C&LS will make the pursuit of sound stewardship our main goal and will recognize that risk is just one consideration of the best value equation.

Based on the above considerations, C&LS prioritized its business change initiatives for 2015-17 as follows.

Top Priorities

- **Implement an e-procurement system with a contract management module and reporting/tracking capabilities.**
- **Create a marketing or customer relationship team, and create staff capacity, to grow the contracts business.**
- **Evaluate and set fees based on current and accurate data from common or standardized repositories of information.**

Next Priorities

Contract staff should be responsible for and empowered to actively manage their dedicated responsibilities or a "book of business," and should understand their financial contribution to the agency.

Train existing and hire new employees to ensure staff consists of skilled procurement/business professionals.

Compile a comprehensive inventory of knowledge, skills, abilities, and assets for our agency to aid in strategic decision making.

Make master contracts more easily accessible online.

Enhance communications vehicles and strategies to better hear from and respond to our customers and potential vendors.

Other

Create a better way to capture supplier diversity participation data.

Develop a process/es to readily and strategically add contracts to the DES master contract portfolio by, for example, adopting contracts of other agencies or purchasing cooperatives.

Include appropriate contracts staff member in the decision to grant an agency additional delegated authority.

Encourage the use of P-Cards for all purchases, including interagency transactions, and work with contractors to improve P-Card use reporting.

C&LS also identified the following related product and services change initiatives for 2015-17.

Top Priorities

- **Create a procurement customer service/marketing team to grow our business.**
- **Provide targeted training for customers.**
- **Develop specialized procurement teams for certain projects, such as large IT purchases, and small agency support.**

Next Priorities

Develop models for contract staff to own a "book of business."

Meet with customers on a regular basis to better understand their current needs.

Represent the supplier diversity component of our contracts to encourage customer agencies to use those contracts to satisfy their own supplier diversity goals.

Consider implementing master contracts for products and services that are already widely used (e.g., anti-virus software).

B. What does our workforce need to be successful now and in the new future?

C&LS identified four areas on which to focus: employee development, technological improvements, marketing and outreach, and realignment of resources.

- *Employee Development*:
  - Ongoing training tailored to current responsibilities under current laws, policies, and best practices, as well as supported training for their future career path.
  - Create an environment supporting staff in the growth of their careers, with increased responsibility and authority, professional development, and compensation and benefits.
  - Increased mentorship and cross-training.
  - Performance Description Plans (PDPs) clearly state an employee's signing authority.

- *Technological Improvements*:
  - Implement tools that collect and manage contract performance information necessary to understand and help our customers and vendors.
  - Provide employees ready access to the data and systems necessary to effectively fulfill their duties.

- *Marketing & Outreach*:
  - More collaboration with customers, contractors, and potential vendors.
  - Prioritize policies and processes that reflect a commitment to customer service.

- Assure that time is allotted for outreach and site visits with customers and vendors to build relationships.

- *Realignment of Resources*:
  - Work duties and expected results are clearly defined (through PDPs and otherwise) and job classifications align with actual knowledge, skills, and abilities (KSAs).
  - Work assignments consider, and align with, an employee's knowledge, skills and interests.
  - Employees are empowered to take action to achieve these results and the decision making process permits for this.

Based on the above considerations, C&LS prioritized its workforce-related initiatives for 2015-17 as follows.

Top Priorities

- **Create opportunities, and provide support, for meaningful training, professional networking/memberships, and certification for every employee.**
- **Continuously assess staffing levels, employee classifications, and agency-wide capacity in order to establish clear, attainable workloads, responsibilities, and develop PDPs in alignment with appropriate KSAs.**
- **Establish a continuous and working desk manual for all employees.**

Next Priorities

- Foster greater opportunities for promotions without leaving DES.
- Facilitate increased, continuous opportunities for safe, candid communication from staff to managers and between staff members.
- Provide on-the-job training, developmental assignments, formal mentoring and job-sharing.
- Expand teleworking opportunities as an employee retention, and a carbon footprint reduction strategy.
- Standardize a continuous recruitment strategy for front-line positions, including outreach events to high school or college students (possible intern program), target timeframes, and appropriate management time commitment.

Other
Compensate employees appropriately based on industry data.

C. What needs to be addressed in the operations of the business to ensure current and future success?

C&LS identified operations issues in several areas, including facilities or equipment, technology, financial (e.g. rate changes etc.), contract, risk management, process improvement or design, and communications/marketing. C&LS prioritized its facilities-related initiatives for 2015-17 as follows.

Top Priorities

- **Make tablets (e.g., Revolve or Surface) and other mobile devices available for every employee to improve mobility, partnering, mentoring/cross-training, facilitate teleworking, and reduce the use of paper.**
- **Standardize more operations through consolidation or reduction of filing systems and software, and development of procurement/contract samples.**
- **Create a dedicated call center to help customers find answers to both basic and expert level questions.**

Next Priorities

- Make more conference rooms available for single or small-group work.
- Make designated project rooms available for a project for its duration, including marketing and process improvement efforts.
- Study options for improved parking for visitors.
- Create a more secure process for bid delivery.

C&LS prioritized its technology-related initiatives for 2015-17 as follows.

Top Priorities

- **Training in the use of technology tools (e.g., WEBS, PCMS, etc.).**
- **Move all phases of procurement/contracting to electronic form through implementation of an e-procurement system, policies for use of e-signatures, and transitioning to a digital archiving and operations system.**
- **Increase use of technology communication tools, such as instant messaging, social media, simplified teleconferencing, and survey/feedback tools, including sharing supplier diversity contract information.**

Next Priorities

- Create a single sign-on to access all systems.
- Redesign and upgrade the DES website, WEBS and all internal contract management systems (e.g., PCMS, ECMNS, SSCD) or replacement contract management system, including supplier diversity information.
- Provide tools that give an accurate and detailed picture of state spend profile.

Other

- Provide secure document-sharing space on or off premises so that staff and customers can find and collaborate on contracts.
- Establish a policy for the use of e-signatures.
- Transition to a 4digital archiving and operations system.

C&LS prioritized its financial initiatives (i.e. rate or cost structure changes, new financing methods, cost analyses, etc.) for 2015-17 as follows.

Top Priorities

- **Provide financial training for non-financial employees.**
- **Partner with the DES Finance Division to create or acquire a commercial cost-finding and financial reporting system to update a realistic model for rate-setting that reflects the marketplace.**
- **Review possible alternative cost-recovery models, such as unique models for small acquisitions and large IT procurements.**

Next Priorities

- Provide DES employees with detailed Profit & Loss statements.
- Use a collaborative approach to establish a universal control numbers and standard nomenclature for financial transactions as required by OFM.

Other

- Use management fee funds only for existing or additional contracting staff.

C&LS prioritized its contract or risk management initiatives for 2015-17 as follows.

Top Priorities

- **Provide training on transactional risk assessment and related legal concepts to foster better understanding and explanations of contract terms (e.g., indemnification clause).**
- **Streamline contracting and procurement processes through technology, training, and staff input.**
- **Establish a viable succession readiness model that includes outreach, cross-training, and use of temporary employees.**

Next Priorities

- Increase automation through the use of proven technologies, particularly to access relevant data to fit our business needs.
- Develop and implement a process for the review of work performed to determine if it conforms to applicable requirements.
- Monitor contractor performance for supplier diversity commitments.

Other

- Adopt an agency-wide perspective on risk identification, assessment, mitigation, control, and avoidance, to include a focus on IT and Software as a Service (SaaS).

- Involve effected contracts staff in the risk assessment for customer agency delegation requests.

C&LS prioritized its process improvement or new process design initiatives for 2015-17 as follows.

Top Priorities

- **Improve usability of the Vault or replace.**
- **Review and optimize the two-tier contracting process.**
- **Streamline the following processes: price adjustments, Travel/TEMS, procurement/contracting process and approvals.**

Next Priorities

- Increase use of electronic documents and records, including posting contract portfolio and status online.
- Establish and follow streamlined, clear guidelines for decision making, including decisions on new and existing 2-tier contracts, prioritizing new contract opportunities, and following through on identified needs/decisions.
- Realign units and staff based on activities performed and designate staff for certain activities (e.g., price increases, contract usage reports).

Other

- Continue to refine standardized procurement and contract samples.
- Implement new processes for recording new categories of supplier diversity (small business, micro-businesses, etc.) and stop recording self-certified WMBEs.

C&LS prioritized its communications, marketing and customer relations initiatives for 2015-17 as follows.

Top Priorities

- **Use technology to improve efficiency and effectiveness of customer outreach efforts, including: creating a web link to the Bi-Weekly Bulletin (or alternative); use of a single communication tool; implementing solution for easier customer feedback; increased use of videos (e.g., YouTube); website redesign; mailing lists; and automated price updates.**
- **Create a marketing plan for each commodity or service, with focus on increasing participation by local political subdivisions.**
- **Create a dedicated customer service/call center team.**

Next Priorities

- Provide staff with all the information/tools needed to implement changes to their workload.
- Coordinate or participate in a government procurement summit to encourage more collaboration between state and local agencies in expanding the breadth of master contracts available for use.
- Explain to our current and potential customers our capabilities, including supplier diversity participation value of DES contracts.
- Provide training and procurement/contract samples for use by customers.
- Create a dedicated marketing team to visit with customers and learn their business and needs, and identify new master contract opportunities and communities of interest.
- Actively involve the DES Communications division in developing and disseminating our message to customers.

Other

- Improve communication from management to allow for staff input on decisions that may impact operations and workflow.
- Clearly communicate the implications of procurement policy and process changes.
- Work actively to identify new master contract opportunities.

D. What policy or legislative changes will be needed to support the success of C&LS?

C&LS identified the following priorities.

Top Priorities

- **Finish policy drafting and revisions regarding Procurement Reform, including aligning WACs with 39.26, developing purchasing manual, and "clean-up bills."**
- **Reinvent "Best Buy" policies to better understand which master contracts and/or C&LS services are not meeting our customers' needs and why.**
- **Study contract usage patterns and explore options for tracking why existing contracts are not being used.**

Next Priorities

- Establish enterprise-wide policies around risk management.
- Revise protest procedures to reduce possibility that protest will result in significant delay.
- Eliminate biodiesel reporting requirement.
- Increase direct buy limit to encourage small and diverse business participation.

Other

- Revise travel approval and reimbursement procedures to make travel accounting easier.
- Repeal Higher Ed reporting requirement in RCW 28B.10.029 (1)(h).

Proposed Budget Changes

E. What investments or resource changes will require a budget request for 2015-17?

C&LS identified changes in the following four areas.

Employee Development

- Staff training on procurement processes and commodities.
- Recruitment and retention of staff.

Technological Improvements

- E-procurement system.
- Upgrades to existing technology tools and systems, such as PCMS, ECMS, WEBS, and network drives.
- Dedicated Web-Ex account for each program.

Marketing & Outreach

- Purchase mobility tools for appropriate staff.
- Additional DES car for use by staff.

Realignment of Resources

- Review roles of managers to determine they are properly focused.

2015-17 Business Plan Template
State Building Code Council

PART 1 - Business Description

- **Business Description**
  - Relevant program map(s) and actual performance metrics
    - Keep up to date by adopting current model building codes
      - Minimize number of state amendments
      - Minimize Technical and editorial errors
      - Reduce number of local amendments
    - Create an Energy Neutral Building Energy Code
      - By 2016, reduce energy use in new buildings by at least 10%
      - By 2030, require energy neutral buildings
  - Services description
    - Provide technical assistance to local government, industry, and citizens
    - Provide a forum for input from all constituent groups
    - Review technical documents, file for rule adoption
  - Size of operation, locations, other critical descriptive info
    - Central staff (4FTE) serve 15 voting 5 nonvoting SBCC members located throughout the state (by law 6 from Eastern WA); 6 technical advisory groups with 12-25 members each.
- **Market Description**
  - Description of market served; if known, how much of potential market is actually served
    - All building construction statewide
  - Description of what makes the DES service different from other service providers
    - Mandated by statute
- **"Rate card" equivalent (Services prices, what customers receive for the money)**
  - The Rate and service commitment document
    - $4.50 surcharge per building permit (average cost of a building permit, $1500); safe, durable, energy efficient built environment
- **Pro forma financials - optional**
- Biennial allotments in a profit/loss statement format?
    - No. Balance sheet shows revenue, expenditure, fund balance

PART 2- Assessment of Trends, Forecasts, Challenges, and Opportunities

A. What barriers, if any, does this business face in meeting its program map targets?

- Frequent change creates inconsistency
- Market push, how to assess ROI
- Highly ambitious, culture transforming aspirational goals

B. What risks, foundation-building or deferred maintenance issues need to be addressed?

- Support from the business community

C. What will the future look like for this line of business seem in the next 10 years? What are the major changes and most relevant trends in this line of business and its products and services?

- New generation of thought leadership
- Use of electronic media becomes standard practice

D. Where are we at risk of falling behind the rest of the market?

- Loss of industry, jobs

E. How do we expect customer needs to change over the next 10 years? What are our customers thinking?

- Open, transparent process accessible from anywhere

F. What are the strengths of this business that will serve it well over the next five years?

- Central service for resolving technical issues in building safety and construction
-

G. What are the areas of opportunity for this business in the next five years?

- Consolidation of the various green building programs/efforts

2015-17 Business Plan Template
State Building Code Council

PART 3 – Implications and Strategic Business Plan for the Future

A. **Based on the assessment I Part 2, and the strategies in the agency strategic plan, in what ways should this business change over the next five years?**

- *Employee Development*: Staff levels allow every program, initiative and employee to achieve all service level expectations.

- *Technology Improvements: seize opportunities for the state as a whole and tell the story of our true value using readily accessible communication tools.*

What business change initiatives do we complete in 2015-17 to move toward this future?	May require budget ↑?
1. Technology improvements: All open public meeting participation available on the internet	
2. Marketing and Outreach: Strengthen partnerships with public and private stakeholders	

What product or service changes should we make in 2015-17 to move toward this future?	May require budget ↑?
1. Realignment of Resources: Adjust cycle schedule to include additional opportunity for public review building code amendments.	
2.	

B. What does our workforce need to be successful now and in the new future?

- *Employee Development:* Added staff/consultant support for SBCC cost engineering analysis of new codes

- *Technology Improvements: continue to implement and improve abilities to use web based audio/visual communications*

-

What workforce-related initiatives are needed in 2015-17? (i.e. recruitment, retention, development, etc.)	May require budget ↑?
1. Recruit a code development expert.	y
2. Provide opportunities for internships	

C. What needs to be addressed in the operations of the business to ensure current and future success?

What facilities or equipment initiatives are needed in 2015-17?	May require budget ↑?
1. Improved sound isolation/quiet work areas	
2. Improved meeting room infrastructure for audio/video capability	

What technology initiatives are needed in 2015-17?	May require budget ↑?
1. Make improvements to telecommunication equipment to support webinars, internet meetings, and teleconferences	
2. Provide additional training opportunities for web based meeting functions	

What financial initiatives are needed in 2015-17? (i.e. rate or cost structure changes, new financing methods, cost analyses, etc.)	May require budget ↑?
1. Increase SBCC building permit fee	
2.	

What contract or risk management initiatives are needed in 2015-17?	May require budget ↑?
1.	
2.	

What process improvement or new process design initiatives are needed in 2015-17?	May require budget ↑?
1. Deploy LEAN project improvements for building code development	
2.	

What communications, marketing and customer relations initiatives are needed in 2015-17?	May require budget ↑?
1. Schedule and deploy community forums to get out our message	
2.	

Top Three Initiatives:

1. **Increase SBCC fee**
2. **Recruit code development engineer/consultant**
3. **Make improvements to telecommunication equipment to support webinars, internet meetings, and teleconferences**

D. What policy or legislative changes will be needed?

Describe the change needed	Policy, rule or statute that might need to be changed	Is this something we should do in 2015 -2017 time frame?
1. Increase the SBCC building permit fee	RCW19.27.085	Yes
2.		

2015-17 Business Plan Template
State Building Code Council

Proposed Budget Changes

What investments or resource changes will require a budget request for 2015-17?

Describe the new investment or resource change needed next biennium	What is the estimated cost?
1. Recruitment of a code development expert/engineering consultant	$200,000
2.	

2015-17 Business Plan
DES Communications

PART 1 - Business Description

(This section is particularly helpful when the plan is shared externally)

Content includes:

- **Business Description**
  - Relevant program map(s) and actual performance metrics

  - ***Services description:***
    The primary **customers** for the Communications Division's communications, public outreach, marketing and customer relations work are the divisions, programs and work groups within the Department of Enterprise Services (DES). The primary **target audiences** for our services and products include state agencies and offices receiving DES services; DES employees; Governor's office; state legislators and legislative staff; print, radio, television and web-based media outlets; and the general public. On a limited basis, we also provide specific communications services to other state agencies such as Consolidated Technology Services (CTS), Office of Financial Management (OFM), and, occasionally, other agencies.

    The DES Communications Division supports the department by providing the following services:

    - **Media services:** Serve as agency's spokespersons with as front-line intermediaries to news media; develop media releases and Capitol Campus updates to inform media and general public about significant events, services, or actions affecting our customers and the public; prepare department leaders and staff to interact with the media including crafting talking points, providing interview coaching, and monitoring coverage.
    - **Business Support:** Provide customer and business analysis; prepare business support plans and services to DES programs and divisions. Ensure department branding is used effectively and consistently.
    - **Executive communications:** Consult with executive management concerning messaging and communications strategies for workforce management, inter-government exchanges and releases to the general public. Products include writing and editing correspondence,

talking points, speeches, reports, brochures, Legislative fact sheets, web text, and videos and other electronic documents.

- **Customer listening:** Optimize customer experience by gathering direct feedback from our clients and analyzing and sharing that data with applicable DES programs and division. Establish agency guidelines for obtaining feedback from customers. Analyze department processes and activities, and share internal recommendations designed to improve customer experiences based on industry and government best standard practices.
- **Outreach and Events:** Plan and coordinate outreach events for the general public, key stakeholders and external customers; provide event tools, documents and materials to ensure consistent messaging; visit customer organizations to build relationships; and gather data to gauge customer satisfaction and needs.
- **Electronic communications (des.wa.gov; hr.wa.gov; and careers.wa.gov):** Manage content and format of department's Internet (external) site. Support division web content developers by helping plan, review and edit content. Provide consulting for and oversight of web organization and navigation, and oversee web maintenance and refresh activities.
- **Social media:** Host the state's YouTube site and help post state agency videos; maintain specialized Twitter accounts for events and media interaction; maintain and update department Facebook pages to showcase events and services; and manage the department's integrated GovDelivery email service. Consult with department programs and divisions to identify opportunities to enhance business and marketing opportunities while maximizing exposure of our services and products through social media.
- **Internal communications:** Provide weekly news alerts; coordinate and maintain agency intranet (internal) site; and provide communications consultation to programs and committees to ensure an informed, engaged workforce.
- **Multimedia services:** Produce targeted videos and provide still photography to support DES business and communications projects. Develop and coordinate public events and conferences.
- **Agency Core Function Support:** Develop and distribute weekly Alerts and Highpoints to the Governor's Office and provide recurring communication broadcast emails, DES News, clips of media stories,

Small Agency Services Bulletin, Communications updates, Consolidated Mail Services News, Procurement Reform updates, Surplus messages, Bi-Weekly Broadcast, etc. Provide Capitol Campus communications support during emergencies and inclement weather, and support DES emergency and safety activities.

- **Writing and editing services:** Provide writing, editing, graphic, layout and consulting services for documents targeted to larger, external audiences.
- **Graphics and design:** Design communications products such as print brochures, newsletters, posters and flyers; web pages; electronic advertising; signage; presentation slides; and marketing and outreach materials.

- ***Size of operation, locations, other critical descriptive info:***
  All members of the Communications Division are located in the 1500 Jefferson building in Olympia. As of May 1, the team includes the Communications Director (Assistant Director), Customer Relations Manager, six communicators (including a position to be vacated when the incumbent retires on June 30) and two customer experience consultants. All team members have offices and workstations on the sixth floor. Communications professionals are assigned specific business areas for whom they provide media, production and consulting services.

- **Market Description**
  - ***Description of market served; if known, how much of potential market is actually served .*** . .
    Market served: All programs and divisions within Enterprise Services – plus an inter-agency agreement with Consolidated Technology Services, which is being renegotiated, to provide spot communications services for a fee. The Communications Division also provides some web support for the Office of Financial Management as well as customer agencies that use the state YouTube channel.
    Market actually served: While Communications offers its services across the board, the degree to which divisions use our services varies. We will be working to review and analyze our services and customer base to create a unique business communications and marketing plan for each division.
  - ***Description of what makes the DES service different from other service providers:***

- The Communications Division is comprised of highly-trained professionals with decades of experience working with print, web, radio and television media, the private sector, and state and local government.
- We know how to manage issues – we know why something is important as well as what to say, who should say it, how it should be said, and when messages should be relayed.
- Our brand is your brand.
- The Communications Division is an internal support function, paid for by the programs and divisions that generate fees for service. We possess an intimate working knowledge of Enterprise Services – we know our managers and staff and we are attuned to the department's strategic anchors, values, and goals.
- Communications understands how work gets done in state government.
- We are plugged into a multitude of communications channels designed specifically to reach state agencies.
- We understand Lean continuous improvement tools and methodologies because we practice them every day. We are part of our Lean culture.
- We work closely with DES leadership to ensure our messages, materials and activities are aligned with the department's business strategies and values.
- We work hard every day to build customer trust and confidence by helping ensure that DES stays open, transparent and accountable to the public.
- We understand the importance of building and maintaining successful relationships with our partners in the Governor's office, OFM, the Legislature, other state agencies, local and tribal governments, and the private sector.

- **"Rate card" equivalent (Services prices, what customers receive for the money)**
  - Communications services provided for internal customers are paid for through allotments from revenue-generating divisions within the agency based on FTE salaries within a division. (See attachment.) The entire range of services described earlier in this document is available to all DES divisions on request.
  - A communications total projected expense (cost) for Fiscal Year 2014 is $1,238,743 (as of Feb 2014).

- This cost is based on 11 FTEs. Due to staff movement, the total FTE count is currently 9, though the team hopes to recruit replacements for several positions in the near future. One FTE is assigned to the Time, Leave and Attendance Project, paid from that project fund.

- In addition, Communications provides its services to CTS based on service level agreements outlined when DES was formed in 2011. The agreement with CTS is currently being modified to include all DES services including communications.
  - **For CTS,** we provide a broad range of communications services on request. We are negotiating a new service level agreement that includes communications services, including higher per hour rates.
  - **For OFM**, we coordinate maintenance of content on hr.wa.gov (the state human resources website) and provide communications support to other OFM activities such as veteran's recruitment and rule changes.
  - **For all state agencies**, we maintain the state agency YouTube channel and post videos on behalf of customer agencies at no fee.

PART 2 – Assessment of Trends, Forecasts, Challenges, and Opportunities

A. What barriers, if any, does this business face in meeting its program map targets?

- Not all divisions and programs choose to use Communications services.
- Many division web-content providers and their managers have not made it a high priority to keep the content on their DES websites up-to-date and accessible.
- We do not have solid data regarding our customers' purchasing practices; nor do we have a consistent method for collecting, storing, and sharing this data.
- Our ability to identify opportunities for developing enterprise support for our services is hindered by a lack of adequate resources.
- Audio-visual production equipment needs to be updated / improved to meet our internal customers' needs.
- Our internal navigators – the go-to people our divisions and programs have designated to help our customers locate information or services – are often uninformed, don't document their contacts, or share the results of this interaction.
- At the service line level, we do not have consistent backup or coverage to address customer questions when key employees are out of office.
- We do not have a cohesive agency-wide marketing strategy; nor do we have tailored marketing plans for our specific business areas.
- Our business lines are unsure whether their services are sufficiently ready for marketing.
- It's challenging for government employees to embrace the idea of growing their business because there are not additional incentives to do.

B. What risks, foundation-building or deferred maintenance issues need to be addressed?

- We need staff training for technology tools to help us do our job more efficiently (i.e., video production, software, customer relations management tools, current and emerging marketing techniques).
- Agency employees need training regarding how to deliver world class customer service.

- Key data about agency business units and their customers must be gathered and analyzed to enable development of efficient service delivery and cross marketing strategies that will work across the agency and increase efficiency in DES and state government.

- DES' Internet and intranet migration to SharePoint 2013 web application will likely create a large demand for content management and training from the Communications Team but the division is not adequately staffed to deliver these services in a timely manner.

- Coordination and maintenance of the agency's three external websites (www.des.wa.gov, www.hr.wa.gov and www.careers.wa.gov). We need to decide if and how we continue to support all three sites – including developing a single portal page for the Human Resources site and whether it is appropriate for DES to continue maintain the Careers site for OFM.

- Lack of dedicated web content managers throughout the department resulting in lack of new as well as outdated information for customers.

- Communications does not have a fulltime graphic designer. This work is currently handled by Communications Consultants. While the products produced by the team have been good quality, the time and expertise to plan and execute larger, more complex projects is limited. ETS does have a designer who works on websites and other projects.

C. What will the future look like for this line of business in the next 10 years? What are the major changes and most relevant trends in this line of business and its products and services?

- Customers will expect 24/7 service from all work areas.

- As the population becomes more dependent on real-time data, there will be a greater demand for online applications and self-service tools.

- Communications will continue to take advantage of technology advances and data resources to ensure that information is tightly targeted to specific audiences who have asked for the information.

- DES will be more transparent by automatically posting online information in a searchable format where it can easily be accessed by the public, reducing public information requests.

- News sources are selected via social media, replacing traditional print, radio and television sources.

- Employees working 5-day, 40-hour work weeks, will morph into salaried, as-needed workers who will do much of their work from home using online devices.

D. Where are we at risk of falling behind the rest of the market?

- Online, interactive tools that enhance our ability to deliver more targeted communications to customers, prospective customers and interested citizens.
- Online applications that are accessible to a variety of devices that enable customers to obtain or request services provided by our business areas from any location at any time.
- Inadequate investment in training and infrastructure.
- Some of our websites are due for design refreshes, usability updates.

E. How do we expect customer needs to change over the next 10 years? What are our customers thinking?

- Agencies will be looking for ways to reach an expanding customer base with fewer employees and reduced budgets.
- Faster turnaround on services. Time between request and action should be measured in minutes or hours, not days or weeks.
- Our customers will demand more data to make business decisions..

F. What are the strengths of this business that will serve it well over the next five years?

- Dedicated, professional employees, who understand the business and are well-connected within state government.
- We stay current with market trends, customer needs and best practices to ensure competitive, efficient service delivery.
- We help provide a consistent customer-centric approach to information about DES and its services.

G. What are the areas of opportunity for this business in the next five years?

- Expand our knowledge about our customers to be better positioned to meet their needs.
- Offer a comprehensive list of DES products and services that is available to every customer.

- Identifying new and potential services for our customers.
- Provide online communications and marketing services (e.g., event planning and support, consultation for media and external relations services, and consultation for marketing and communications services.
- Analyze and determine how best to bundle DES services for customers.
- Ensure that we have the most customer-centric interactions (staff, websites, publications, emails, forms, instructions, more) available at all customer touch points.

2015-17 Business Plan
DES Communications

PART 3 – Implications and Strategic Business Plan for the Future

A. **Based on the assessment in Part 2 and the strategies in the agency strategic plan, in what ways should this business change over the next five years?**

- Expand our marketing focus, increase targeted communication with our customer base, and increase our business interactions.
- Develop tailored marketing and communications strategies designed to inform our external customers about the value and efficiencies of using DES services – while helping make access to these services easier and more intuitive.
- Craft consultation strategies and tools designed to help our customers understand how the Communications Division helps add significant value to promote and market DES, plan events, reach out to the public, optimize our customers' experience, manage media relations, foster civil dialogue, and effectively use our Internet, intranet and social media resources.
- Establish a reliable and sustainable process for collecting and analyzing data regarding customer needs and business trends – and use that data to drive business decisions and plan communications activities.
- Increase and expand customer confidence in DES-branded services while building our reputation as a world-class service provider and reliable business planning consultant. To do this, we must deliver ever-more efficient, cost-saving services designed specifically for Washington state governments.

What business change initiatives do we complete in 2015-17 to move toward this future?	May require budget ↑?
1. Develop and implement a customer communications network that enables individuals to self-select the types of information and services they will receive, and leverages social media, our web sites, and customer data to deliver timely information to customers relating to our services, products, and events.	yes
2. Develop and implement a sustainable, accurate process for collecting, analyzing, and reporting customer data.	yes
3. Conduct analysis and develop a plan to refresh and update DES and HR web sites to enhance the customer experience, and usability ratings of the sites.	yes
4. Work with business lines to ensure that customer touch points are appropriately placed, and our colleagues have the skills, tools, and information to ensure that customers receive quick and friendly access to	yes

the services they seek. Identify and purchase Customer Relationship Management (CRM) software. To help direct our customers to the right subject matter expert or self-empowered knowledge site, this software needs to be installed in our contact centers. CRM software can also be used to identify and reward loyal customers.	

What product or service changes should we make in 2015-17 to move toward this future?	May require budget ↑?
1. Establish GovDelivery as the hub of customer / social media communications network.	yes
2. Expand and refine use of SharePoint, ESP, and WebTrends to establish a robust method for collecting data in an automated fashion. This data should be combined with traditional customer data (i.e., surveys, focus groups, desktop toes sheets, etc.) to help us better discern our customers' needs, improve our business processes, and strategically expand our services in areas to best benefit DES.	?

B. What does our workforce need to be successful now and in the new future?

- Effectively maintain sufficient staff resources while balancing the Communication Team's composition with workload requirements and assignments.
- Recruit, train, and retain Team members that possess the energy, creativity, knowledge, skills, and abilities to effectively plan, implement and maintain DES' communications needs – including our websites and marketing efforts.
- Increase cross-training to improve the Team's ability to respond quickly and nimbly to customer requests, keep our websites fresh and relevant, and provide seamless coverage and backup when subject matter experts are unavailable or move to new positions.
- Provide timely training, including attendance at professional conferences and events, to ensure that Team members maintain and expand their expertise for tools of the trade (i.e., video production, social media, web editing, graphics and print layout software, audio capture and mixing devices, etc.).

What workforce-related initiatives are needed in 2015-17? (i.e., recruitment, retention, development, etc.)	May require budget ↑?
1. Recruit and hire a manager to develop and implement an agency-wide enterprise business development strategy. Help identify and connect with state agency business areas to improve operating efficiencies by using our services and products.	yes
2. Create individual employee training plans to help employees work toward career goals. Ensure these workforce and professional training plans are up to date.	yes

C. What needs to be addressed in the operations of the business to ensure current and future success?

- Provide DES communications professionals with up-to-date tools that will enhance our ability to create and share top-flight products and services.
- Establish a better system for identifying potential customers to whom to communicate about our services.
- Expand WebEx expertise and capabilities to improve and increase our outreach opportunities, help customers understand and access DES services, and provide training opportunities to wider audiences.
- Initiate a customer communications network that opens and expands two-way communications for all our business areas. (GovDelivery)

What facilities or equipment initiatives are needed in 2015-17?	May require budget ↑?
1. Subscribe to Adobe Creative Suite 6 for Communications Team members. This is an annual fee per employee and provides access to all publishing, Web, and video production software in a supportive online environment (Cloud).	yes
2. Subscribe to GovDelivery and implement in phases across the agency	yes

What technology initiatives are needed in 2015-17?	May require budget ↑?
1. Refresh and update www.des.wa.gov – requires usability studies and continual technical support from ETS	yes
2. Refresh and update www.hr.wa.gov – requires ETS support and coordination with OFM, other support agencies, and customers	yes
3. Establish DES blog site.	yes

2015-17 Business Plan
DES Communications

What financial initiatives are needed in 2015-17? (i.e. rate or cost structure changes, new financing methods, cost analyses, etc.)	May require budget ↑?
1. Establish feasibility of "communications for hire" services and ability to charge for services outside our agency.	no
2. Establish feasibility of event planning services and ability to charge for these services outside our agency.	no

What contract or risk management initiatives are needed in 2015-17?	May require budget ↑?
1. Risk Management news distribution (e-news) to help keep risk management programs at state agencies informed and prepared.	no
2. Update Communications matrix for agency emergency exercises and incidents.	no

What process improvement or new process design initiatives are needed in 2015-17?	May require budget ↑?
1. Implement new multi-media customer communications network using GovDelivery as hub distributions, social media bursts, and alerts to Web changes and service opportunities.	no
2. Mount agency-wide team to develop new web-content development and posting process that ensures our sites are up-to-date, accurate, and effective.	no
3. Improve customer interfaces to help reduce confusion among customers, improve work processes, and speed delivery of services.	no

What communications, marketing and customer relations initiatives are needed in 2015-17?	May require budget ↑?
1. Develop specialized marketing plans for business areas, identify priorities to designate order of development and implementation.	no
2. Refresh and update DES and HR websites and accompanying business processes to improve sustainability, improve usability for customers, educate agency content provider, and maximize business interactions.	yes

D. What policy or legislative changes will be needed?

Describe the change needed	Policy, rule or statute that	Is this something we should do in

	might need to be changed	2015 -2017 time frame?
1. May need rule / legislative change to charge for media / communications services and event planning services outside our agency.		yes
2.		

E. What investments or resource changes will require a budget request for 2015-17?

Describe the new investment or resource change needed next biennium	What is the estimated cost?
1.	
2.	

Top five Communications initiatives, 2015-17

No. 1. Develop and implement a customer communications network that enables individuals to self-select the types of information and services they will receive, and leverages social media, our web sites, and customer data to deliver timely information to customers relating to our services, products, and events. The network can also function as a data-collecting instrument:

- It can be set to collect critical data about how customers use information provided via email (links selected, documents opened, etc.), and
- It can be used to strategically distribute data collecting devices such as customer surveys and questionnaires, or identify select focus groups, customer panels, etc.

No. 2. Conduct analysis and develop a plan to refresh and update DES and HR web sites to enhance the customer experience, and usability ratings of the sites. DES will begin by starting a conversation with OFM's State Human Resources office to explore the possibility of creating a portal webpage for personnel issues – an initiative that could involve other agencies such as the Health Care Authority and Department of Retirement Systems.

No. 3. In coordination with business areas, develop and implement a sustainable, process for collecting, analyzing, and reporting customer data and delivering top-flight customer service.

- Work with business lines to ensure that customer touch points are appropriately placed, and our colleagues have the skills, tools, and information to ensure that customers receive quick and friendly access to

the services they seek.

- Identify and purchase Customer Relationship Management (CRM) software. A CRM helps direct our customers to the right subject matter expert or self-empowered knowledge site, this software needs to be installed in our contact centers. CRM software can also be used to identify and reward loyal customers, and other customer data points.

No. 4. Develop specialized communications and marketing plans for business areas; identify agency priorities to designate order of development and implementation.

No. 5. Establish feasibility of "media / communications services" and "event planning services" and ability to charge for services outside our agency.