

Improving customer care for public retirement systems

Kevin Craine, MBA

WHITE PAPER

Cincom in-depth analysis and review



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By Kevin Craine of Craine Communications Group

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Introduction

The success and reputation of any organization is strongly influenced by the way it treats its customers at every point of contact. Firms that support and administer public retirement systems are no exception. Building customers' trust and goodwill is vital to maintaining loyalty and expanding the adoption of additional products and services. For public retirement systems, documents represent important customer touch points; in some organizations, they are the only customer touch points. As a result, customer care is often dependent upon the accuracy, timeliness, and effectiveness of an organization's letters, statements, applications, registrations, beneficiary forms, and notifications. In total, these documents combine to form the front line of customer care.

The strategic implications of documents as a tool to support customer care, along with tactical advancements in information technology, suggest that now may be an opportune time for retirement system information managers to consider document system enhancements. By improving the accuracy and quality of key customer documents, managers are likely to make significant improvements to the performance of their system overall, and take strides to ensure the continued satisfaction of their members.



PRISM and Cincom Systems

The PRISM association is a fellowship of Public Retirement Information Systems Managers with members located throughout the U.S. and Canada. Among the goals of the organization are to provide a focal point for discussions on new technology and to build a network for the exchange of information among IT directors of public funds organizations.

Cincom Systems, a respected provider of business software and data management solutions, is a PRISM sponsor. Cincom is known for its focus on simplifying the management of complex business processes, and for its ability to develop document systems with strategic value as well as tactical improvement.

In late 2005, Cincom conducted a survey in partnership with PRISM of 84 PRISM member organizations. The survey solicited information and perspectives concerning current document systems and workflows, as well as the most pressing operational concerns and challenges.

The findings of the original study have been documented in the white paper “Document System Challenges and Opportunities for Public Retirement Systems” issued by Cincom in September 2005. Several improvement opportunities were identified and a supporting WebEx seminar was conducted on the findings and recommendations in that white paper.

This paper will focus more specifically on customer care and the challenges and opportunities for PRISM members in the area of customer satisfaction and retention as related to customer-facing documents. By examining the current state, and making observations for system improvements, PRISM members will be in a better position to identify opportunities to excel and build customer satisfaction and retention.



Observations on the current state

Data integration and document automation

Accurate financial information is without question the foundation of retirement system documents and, according to the entire PRISM survey group (100 percent), ensuring the accuracy of data in communications is the most pressing challenge faced by system managers. Three quarters (75 percent) of the respondents indicate that they struggle with the process of integrating financial and customer data from disparate systems and databases, and accuracy can suffer as a result.

Many PRISM organizations complain that their document composition process is cumbersome, and meeting deadlines while maintaining accuracy is stressful. Getting a new document into production is an extended process for most respondents with nearly all (93 percent) reporting that document development and implementation can take days, if not weeks, to complete. This is likely a result of the fact that a majority of member organizations continue to use legacy mainframe systems (86 percent) to maintain financial data, and nearly two-thirds (63 percent) use Microsoft Word as their primary means of document composition and production.

Over half of the organizations surveyed (53 percent) indicate that they continue to assemble documents by hand and often re-key data from scratch. Given the relatively non-integrated document infrastructure found in most PRISM member organizations, it is not surprising to find that increased consistency and automation are on the "wish list" of most system administrators. One-quarter of respondents (25 percent) indicate they produce documents using a "homegrown" solution and a large majority (88 percent) seeks to automate the flow of information inside and outside of the system.

Document production and delivery

In addition to the need to increase data accuracy and automate the document composition process, about half of the PRISM members surveyed (53 percent) are actively looking at new or enhanced document delivery methods. Enhanced printing capabilities are being considered, and most of the respondents are investigating alternatives in online document delivery. E-mail is an attractive alternative for many (54 percent) as well as online document presentment via the web (43 percent). Indeed, nearly a quarter of the member organizations surveyed (21 percent) plan to move to the web in 2006. As this online migration takes place, a majority of respondents (86 percent) indicate an interest in migrating document communications management away from IT and placing more responsibility for development and delivery into the hands of stakeholder business units.

In general, public retirement information systems managers labor to ensure the accuracy and improve the effectiveness of member documents. Legacy systems, desktop composition tools, and other homegrown solutions simply lack the sophistication and integration required to provide the desired level of integrity and control. The on-demand, ad hoc nature of document production increases the likelihood of error and costly rework, and the domino effect results in undue delays in document development.



Opportunity and improvement

Improving customer care through customer correspondence is contingent upon the technology and processes used to create and distribute key documents. This study suggests that now may be an opportune time for retirement system information managers to consider document system enhancements that will improve the accuracy, relevancy, and timeliness of their customer documents.

Until recent years, the technology to manage and extract customer data and populate that information in highly personalized financial documents did not exist. Traditional printing presses and office copiers did not provide the facility to link customer data to customized documents. The best that could be hoped for was generic correspondence that typically contained static and non-specific information. The process to create these generalized documents was both time consuming and error prone, requiring dedicated support, proprietary equipment and a high degree of manual intervention.

Today, with the convergence of advanced database applications, digital printing technology, and web-based delivery, the promise of one-to-one documents that perform well beyond generic “junk” mail is within reach. With selective data mining, thoughtful document composition, and digital printing technology, it is possible to produce highly accurate and relevant documents that command dramatically improved customer response. These documents, taking form both in print and electronic communications, can be issued on demand and are highly effective in delivering superior customer care.



RESPONSE RATES

- Bulk e-mail – .0002%
- Bulk fax – .019%
- Bulk mail – 1.26%
- Personalized mail – 13.7%

Customer response to personalization

For PRISM member organizations, personalization may hold the key to improving customer care. According to research performed by the Rochester Institute of Technology, the response rate for generic correspondence is typically under two percent. When targeted personalization is added, however, customer response jumps to nearly 14 percent. Indeed, Frank Romano, professor emeritus at RIT, asserts in his white paper “Direct Mail Responses Based on Color, Personalization, Database, and Other Factors,” that it is possible to improve customer response rates to 50 percent or better using personalized documents. Regardless of whether or not this level of response can be achieved in retirement systems, personalization can help PRISM member organizations by more fully capitalizing on the information collected about customers.

Public retirement systems may not view customer response in a classic marketing sense, but bolstering customer satisfaction in today's highly competitive financial services environment requires improved “information agility” and the capacity to issue increasingly personalized communications. Customers expect to receive accurate, timely, personalized responses that speak directly to their specific concern or question. Systems that fail to meet this expectation run the risk of leaving customers frustrated and confused.

Alternative document delivery methods

Additionally, public retirement systems must be able to respond to customer inquiries in the form a customer prefers. Increasingly, this means issuing documents on the web or via e-mail. As the study suggests, there is a growing desire among PRISM member organizations to move to online correspondence, not only to reduce cost, but also in response to customer preference. As the use of the internet becomes commonplace, even among older constituents, customers have become increasingly “web spoiled,” no longer satisfied with receiving static monthly statements by mail. Many seek instant and dynamic access to their financial information.

Reducing manual intervention

As the study suggests, manually assembling documents and keying data by hand is the bane of timely and accurate customer care. Eliminating these manual processes is essential in order to ensure a superior level of customer service. With this in mind, PRISM member organizations should consider interactive database and document composition solutions that will enable them to achieve a high level of productivity and respond quickly to customer requests through automated processes. Reducing manual intervention where possible will also reduce the hard dollar costs associated with the production of printed material and the soft dollar costs associated with document distribution.

STATS AT A GLANCE

- **100%** feel document accuracy is their most important challenge.
- **88%** seek to automate the flow of information inside and outside the system.
- **75%** indicate a struggle with integrating data from disparate systems.
- **93%** report document development can take days, if not weeks, to complete.
- **86%** continue to use legacy mainframe systems.
- **63%** use MS Word for document composition and production.
- **53%** assemble documents by hand and re-key data from scratch.
- **53%** are actively looking at new document delivery methods.
- **21%** plan to move documents to the web in 2006.

Summary

Document systems have traditionally been overshadowed in priority and overlooked in strategic planning. But as technology guides us into an age where customers demand more dynamic and complete access to their financial information, public retirement system administrators should no longer regard document systems as simply a cost to control or a function outside the organization's core competency.

The role documents play in ensuring the satisfaction and retention of customers has front-office importance. Improving customer care is reliant upon building responsive, flexible, and effective documents that can be delivered both on paper and online. With the convergence of advanced database systems, digital printing technology, and web-based document delivery, public retirement information systems managers are in a unique position to make document system improvements that will provide more intimate and effective customer care, and significantly enhance the performance of the systems they administer.



About the author

Kevin Craine is the author of the book "Designing a Document Strategy," which has sold in over 30 countries and is required reading at universities in the U.S., Canada, Europe, and Australia. With over 25 years "in the trenches" as a corporate executive and technology consultant, Kevin has managed document services organizations in the health insurance, aerospace, and pharmaceutical industries. Kevin is the founding editor of *DOCUMENT* magazine, an international document technology trade publication. He holds an MBA in the Management of Science and Technology, as well as a BA in Communications, and is currently the founder and managing director of Craine Communications Group, an independent writing and document-strategy consulting firm.



Craine Communications Group

For more information visit:

www.Document-Strategy.com

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World Headquarters • Cincinnati, OH USA • US 1-800-2CINCOM

Fax 1-513-612-2000 • International 1-513-612-2769

E-mail info@cincom.com • <http://www.cincom.com>

