



## ILLINOIS GOVERNMENT FINANCE OFFICERS ASSOCIATION CONFERENCE

*"Illinois Performance Excellence - the IMRF Story and  
How Your Unit of Government Can Start its Own Journey"*

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# IMRF: Who are we?

One of 673+ public pensions in Illinois  
658 local police and fire pension systems

52<sup>nd</sup> largest pension system in the US

2<sup>nd</sup> largest public pension system in Illinois

\$34 billion in assets

Best funded statewide system: 87.4% funded (market)

Neither funded nor managed by the state

Independently managed by autonomous board of (8) trustees; Representing: (4) municipal employers, (3) active members, and (1) retirees

# IMRF: Who are we?

## Serving:

2,977 units of local government (employers)

173,826 actively participating members

107,732 benefit recipients

118,034 inactive members

## Providing benefits to local government employees (members)

- Defined Benefit Retirement Plan
- Disability Benefits
- Death Benefits

# Background

In 2008, IMRF embarked on a Journey of Excellence with the goal of becoming a world class organization and tangibly demonstrating achievement of our Mission and Vision.

Mission: To efficiently and impartially develop, implement, and administer programs that provide income protection to members and their beneficiaries on behalf of participating employers in a prudent manner. (40 ILCS 5/7-102)

Vision: To provide the highest quality retirement services to our members, their beneficiaries and employers.

# Beginning our Journey

- Know our current position (starting point)
- Be able to identify milestones along the way
- Be able to identify when we have arrived
- As we undertake our journey towards Excellence we need to have an Excellence GPS so that we can compare our current position to our goal. (Dashboard)



# Why embark on this journey?

IMRF is a monopoly, we do not have competitors, we cannot 'lose' an employer as a 'customer'

- We are fiduciaries of the Fund
- Obligations to our stakeholders (members, employers, taxpayers, staff)
- Provide excellent services (members and employers) at a moderate cost (taxpayers and employers) in an environment that leads to engagement (staff) and innovation (all)
- The better we do as an organization, the more we enhance our sustainability

*“The better that we do as an organization, the more we enhance our sustainability”*

- Why is that important?
- Membership is comprised of ‘government service’ staff. Laborers, bus drivers, school lunchroom staff, etc.
- What is the likelihood that (other than IMRF) they are saving the substantial dollars required to support their needs for their expected lifespan?
- More than our mission, more than our vision- our sustainability impacts the current and future health of Illinois and its residents

# Why use Baldrige on this Journey?

- The Criteria reflects the critical elements at the core of our industry
- Categories
  - Leadership (How do leaders lead; governance structure)
  - Strategic Planning (Where we are going and how we will get there)
  - Customer Focus (Voice of the customer, complaint management)
  - Measurement, Analysis and Knowledge Management (performance and knowledge management)
  - Workforce Focus (Capability and Capacity assessment, HSSA, engagement)
  - Process Management (Key work processes, cost controls, supply chain management)
  - Results (Answers the question: How do we know?)



# Why use Baldrige on this Journey?

7 Categories (6 Process,  
1 Results)  
16 Sub Categories  
120 Areas to Address

## 1 Leadership (120 pts.)

The **Leadership** category asks HOW SENIOR LEADERS' personal actions guide and sustain your organization. It also asks about your organization's GOVERNANCE system; HOW your organization fulfills its legal, ethical, and societal responsibilities; and HOW it supports its KEY communities.

### 1.1 Senior Leadership: How do your senior leaders lead? (70 pts.)

Describe HOW SENIOR LEADERS' personal actions guide and sustain your organization. Describe HOW SENIOR LEADERS create an environment for CUSTOMER ENGAGEMENT, INNOVATION, and HIGH PERFORMANCE. Describe HOW SENIOR LEADERS communicate with your WORKFORCE and KEY CUSTOMERS.

In your response, include answers to the following questions:

#### a. VISION, VALUES, and MISSION

- (1) **VISION and VALUES** HOW do SENIOR LEADERS set your organization's VISION and VALUES? HOW do SENIOR LEADERS DEPLOY the VISION and VALUES through your LEADERSHIP SYSTEM, to the WORKFORCE, to KEY suppliers and PARTNERS, and to CUSTOMERS and other STAKEHOLDERS, as appropriate? HOW do SENIOR LEADERS' actions reflect a commitment to those VALUES?
- (2) **Promoting Legal and ETHICAL BEHAVIOR** HOW do SENIOR LEADERS' actions demonstrate their commitment to legal and ETHICAL BEHAVIOR? HOW do they promote an organizational environment that requires it?
- (3) **Creating a SUSTAINABLE Organization** HOW do SENIOR LEADERS create a SUSTAINABLE organization? HOW do they
  - create an environment for the achievement of your MISSION, improvement of organizational PERFORMANCE, PERFORMANCE leadership, and organizational and personal LEARNING;
  - create a WORKFORCE culture that delivers a consistently positive CUSTOMER experience and fosters CUSTOMER ENGAGEMENT;
  - create an environment for INNOVATION and INTELLIGENT RISK taking, achievement of your STRATEGIC OBJECTIVES, and organizational agility; and
  - participate in succession planning and the development of future organizational leaders?

# Excellence is just good business

## Internally

- Demonstrates leadership commitment to excellence
- Provides consistent structure to evaluate organization
- Comprehensive feedback report
- Develops internal experts
- Employees take ownership of continuous improvement
- Award process provides an objective, professional evaluation of your organization

# Excellence is just good business

## Externally

- Perception (Branding)
- Networking & Relationship Development
- Healthy Customers (members, employers, internal staff)
- Contributes to economic growth of Illinois
- Our members, employers and staff are involved with performance excellence initiatives

# What is the Baldrige Program?

- The Baldrige Performance Excellence Program:
  - Established in 1987 with the purpose of strengthening U.S. global competitiveness
  - Set up within National Institute of Standards and Technology
  - An agency of the U.S. Department of Commerce
  - Administers the Malcolm Baldrige National Quality Award
  - A public-private partnership: support comes from the Foundation for the Malcolm Baldrige National Quality Award as well as from public funds. The only U.S. public-private partnership dedicated to improving U.S. organizations.
  - Its main mission is to provide education and global leadership in promoting performance excellence

# Baldrige in Three Questions:

- 1 Is your organization doing as well as it should?
- 2 How do you know?
- 3 What and how should your organization improve or change?

# Why Baldrige?

- The Baldrige process is a validated management tool that drives excellence:
  - Improves leader effectiveness
  - Aligns work at all levels
  - Optimizes organizational performance and productivity
  - Promotes sustainability
  - Focuses improvement efforts
  - Strengthens worker performance

# Why Baldrige?

- Accelerates improvement efforts through a clear understanding of your organization's strengths and opportunities for improvement
- Learn from extensive feedback from a highly trained professional team
- Aligns your efforts with a focus on results
- Valuable insights from outside experts
- Affirms commitment to excellence

# Why Baldrige?

- Understand how effectively you are deploying your strategy
- Identify the cause and effect relationships between the things you do and the results you achieve
- Identify your current strengths and prioritize opportunities for improvement against your strategic objectives
- Identify opportunities for benchmarking; both in terms of things you can share and things you want to learn
- Establish a baseline position so you can measure your progress over time



# Basic Goals of the Criteria

- Delivery of ever-improving value to customers and stakeholders, contributing to organizational sustainability
- Help organizations enhance their performance by focusing on:
  - Improving overall organizational effectiveness and capacity
  - Promoting organizational and personal learning
- Based on a foundation of interrelated core values and concepts found in high-performing organizations

# IMRF's Journey

- 2008: started formalizing CPI - discovered Baldrige
- 2009: wrote our first application for the 2009 Award Cycle
- 2009: awarded the Bronze "Commitment to Excellence"
- 2010: implemented OFI's from Feedback Report
- 2011: saw more organizational process alignment
- 2012: wrote our second application
- 2012: awarded the Silver "Progress Toward Excellence"
- 2013: implemented OFI's, existing processes mature
- 2014: wrote our third application
- 2014: awarded the Silver "Progress Toward Excellence"

# Process Improvements from Feedback

- Opportunities For Improvement Identification and Tracking
- Strategic Planning Process enhanced
  - Measureable objectives / scorecarding / action plans
- Employee Engagement Survey Process
- IMRF Values Word Pictures
- Key Approach Documents (responsive to the criteria)
- Leadership System
- Complaint Management
- Performance Appraisals tied to Strategic Objectives

# Lessons Learned

- Engage the Senior Leadership of the organization in the Journey
- Accept feedback and strive for incremental improvement while also addressing opportunities for breakthrough improvement
- Actively listen to the voice of our stakeholders and integrate into our processes
- Focus on beneficial results and NOT on attaining an award.
- The true value is in the improvements realized from the feedback report.
- Capitalize on our strengths and concentrate improvement efforts on key OFI's

# “Are We There Yet?”

- No- and with true excellence being an ever moving target; this is a journey that we know will never end
- Attainment of a “Gold: Achievement of Excellence” is a milestone for us but it is not the destination
- Our destination is to both attain and maintain excellence now, and going forward

That means we embed excellence into our culture

- It isn't just another 'thing' that we have to do- it is how we wish to work, how we wish to think and who we are

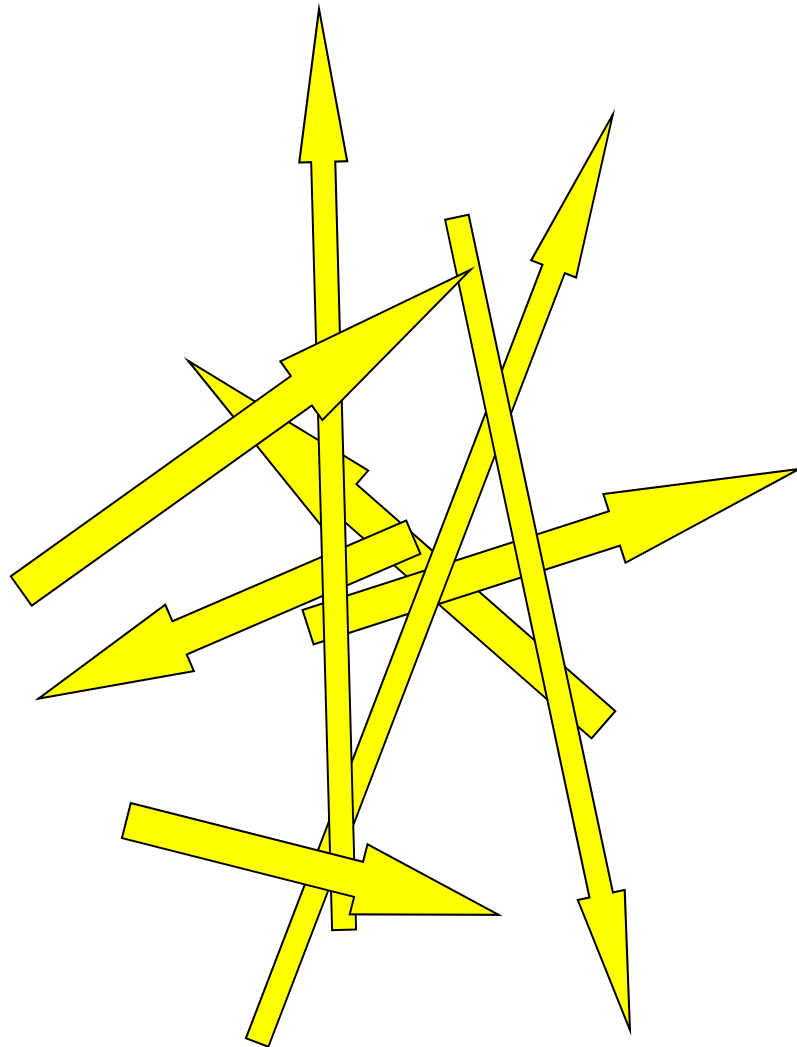
# Obstacle: We are just too busy



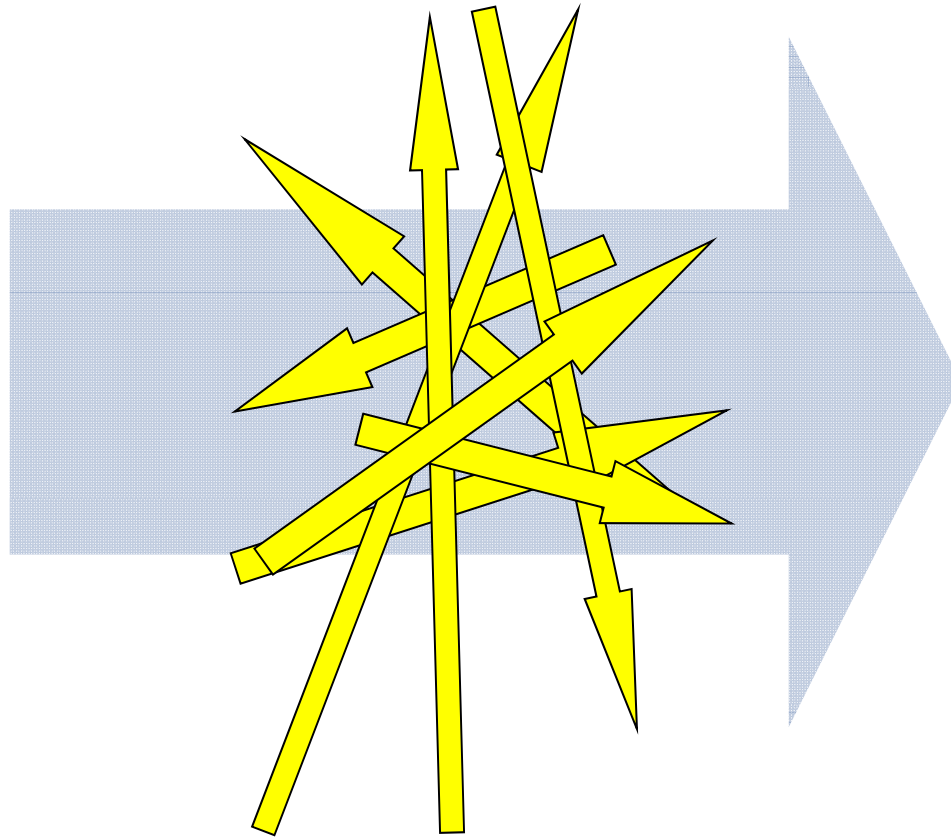
We each have SO much going on already with our own business areas and the business processes we support

We just do not have time to juggle one more thing

# Random Organizational Activity

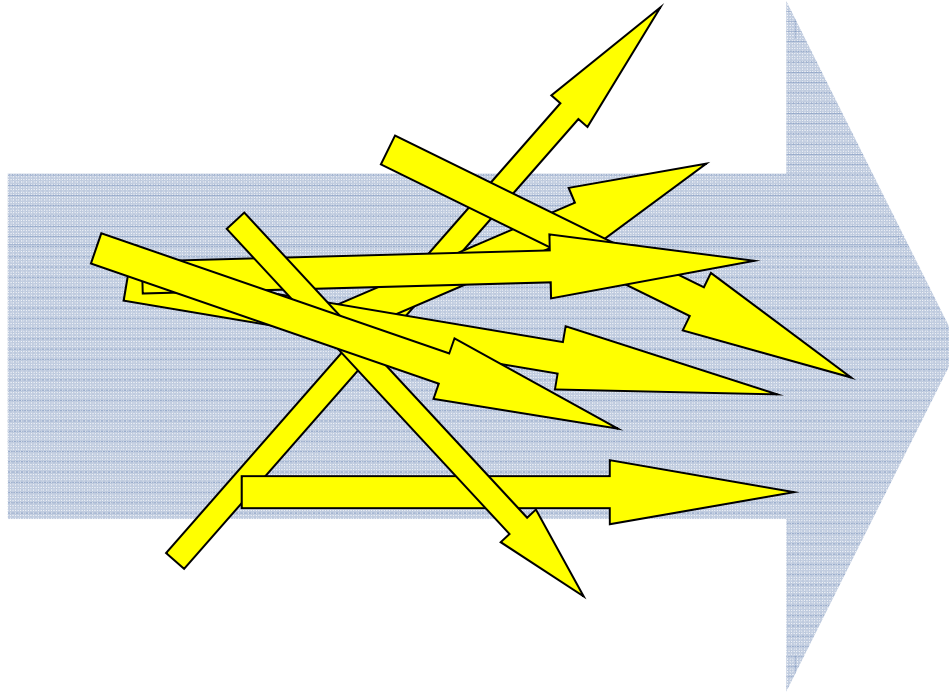


# Activity vs. Organizational Direction

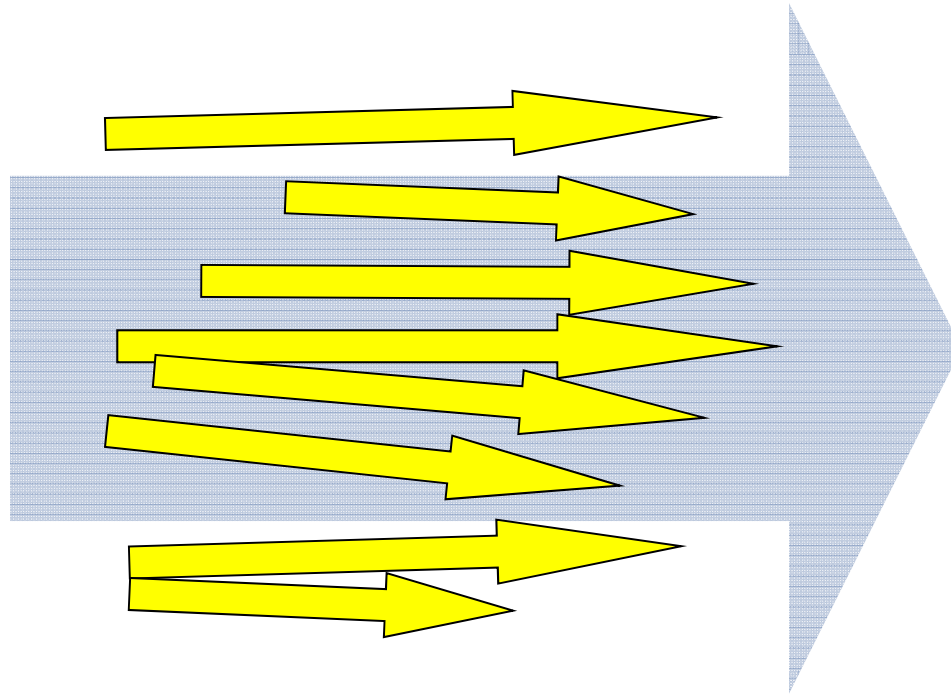




# Improving Random Activity



# Aligned Activity & Direction



# How Can You Get Started?



➤ Gain & maintain leadership support

➤ Orientation

- Understand the elements of the excellence framework
- Understand core values and their role
- Begin relating the framework to your organization

# How Can You Get Started?



- Establish a clear focus of where you want to go and a measurement of success
- Organizational self-assessment
  - Compare your organization to the excellence framework
  - Further develop staff understanding
  - Develop buy-in & ownership to opportunities for improvement

# How Can You Get Started?

- Illinois Performance Excellence (ILPEX) is the Illinois-based Baldrige award program facilitator
- In 2015, ILPEX merged with Illinois Manufacturing Excellence Center (IMEC) to provide a truly comprehensive approach to driving operational improvement and innovation

# How Can You Get Started?

- Combined Staff of 50+
  - Bradley University
  - Northern Illinois University
  - Southern Illinois University
  - University of Illinois at Chicago
- Plus 45 Examiners
  - To analyze your ILPEX Award application that outlines organizational operations

# How Can You Get Started?

- Together IMEC-ILPEX offer training in:
  - Lean Management Principles
  - Strategic Planning
  - Balanced Scorecard
  - Customer Relationships Management
  - Human Resource Management

# How Can You Get Started?

## ➤ Training Sessions (2016)

- Get Acquainted with Baldrige
- Champions for Baldrige
- How to Write An Application
- Strategic Planning
- Integrating Lean and Baldrige
- PLUS service-specific trainings offered for all IMEC-ILPEX customers





# How Can You Get Started?

## ➤ Using the Baldrige Excellence Framework will:

- Create a strategic guide for measuring success
- Benchmark against high performing organizations in any industry
- Engage leadership in a systematic approach
- Develop in-house technical experts
- Deliver objective feedback on strengths and opportunities for improvement
- Create a focus on customer engagement
- Provide a network of common interests

# How Can You Get Started?

- Website: [www.ilpex.org](http://www.ilpex.org)
- Interest Level Application (Organizational Profile)
  - 5 page document
  - Overview of what your employer does, values, worries about
  - Group effort to identify gaps in information, focus and/or conflicting viewpoints
  - Serves as an effective starting point to improve quality of services, taxpayer loyalty, workforce engagement, accelerate change, growth and improvement
  - Receive feedback from ILPEX Examiner team about current strengths and opportunities for improvement

# How Can You Get Started?

## ➤ Full 50 page Application

- Includes Organizational Profile
- May include a site visit
- Results in a comprehensive review of your unit of government
- Feedback report highlights strengths and opportunities for improvements
- Approach IMRF followed in 2009
- Hint: Identify staff members to serve as ILPEX examiners
  - › Build knowledge for identifying organizational strengths and opportunities for improvement
  - › Gain hands-on application of the Baldrige Excellence Framework within different industries
  - › Develop an in-house Baldrige expert

# Questions?



# What is Baldrige? (The painful description)

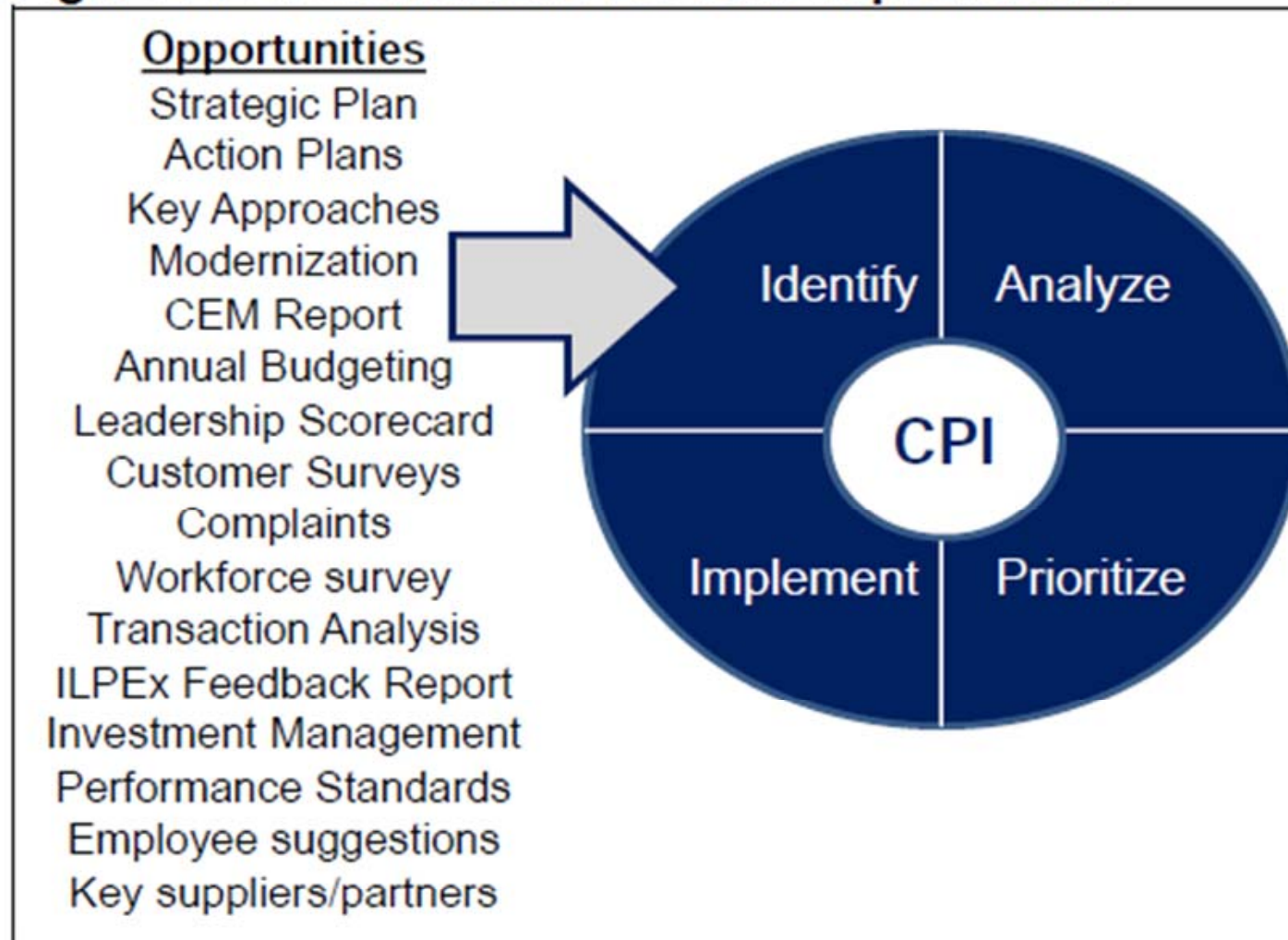
- ▶ The **Malcolm Baldrige National Quality Award** is the [national quality award](#) that recognizes U.S. organizations in the business, health care, education, and nonprofit sectors for performance excellence. The Baldrige Award is the only formal recognition of the performance excellence of both public and private U.S. organizations given by the President of the United States. It is administered by the [Baldrige Performance Excellence Program](#), which is based at and managed by the [National Institute of Standards and Technology](#), an agency of the U.S. Department of Commerce. Up to 18 awards may be given annually across six eligibility categories—manufacturing, service, small business, education, health care, and nonprofit. As of 2013, 101 awards have been presented to 95 organizations (including six repeat winners).<sup>[1]</sup>
- ▶ The [Baldrige National Quality Program](#) and the associated award were established by the Malcolm Baldrige National Quality Improvement Act of 1987 (Public Law 100–107). The program and award were named for [Malcolm Baldrige](#), who served as [United States Secretary of Commerce](#) during the Reagan administration, from 1981 until Baldrige's 1987 death in a [rodeo](#) accident. In 2010, the program's name was changed to the Baldrige Performance Excellence Program to reflect the evolution of the field of quality from a focus on product, service, and customer quality to a broader, strategic focus on overall organizational quality—called performance excellence.<sup>[2]</sup>

## What is Baldrige? (The painful description)

- ▶ The award promotes awareness of performance excellence as an increasingly important element in competitiveness. It also promotes the sharing of successful performance strategies and the benefits derived from using these strategies. To receive a Baldrige Award, an organization must have a role-model organizational management system that ensures continuous improvement in delivering products and/or services, demonstrates efficient and effective operations, and provides a way of engaging and responding to customers and other stakeholders

# Continuous Process Improvement

**Figure P.2-2 Continuous Process Improvement**



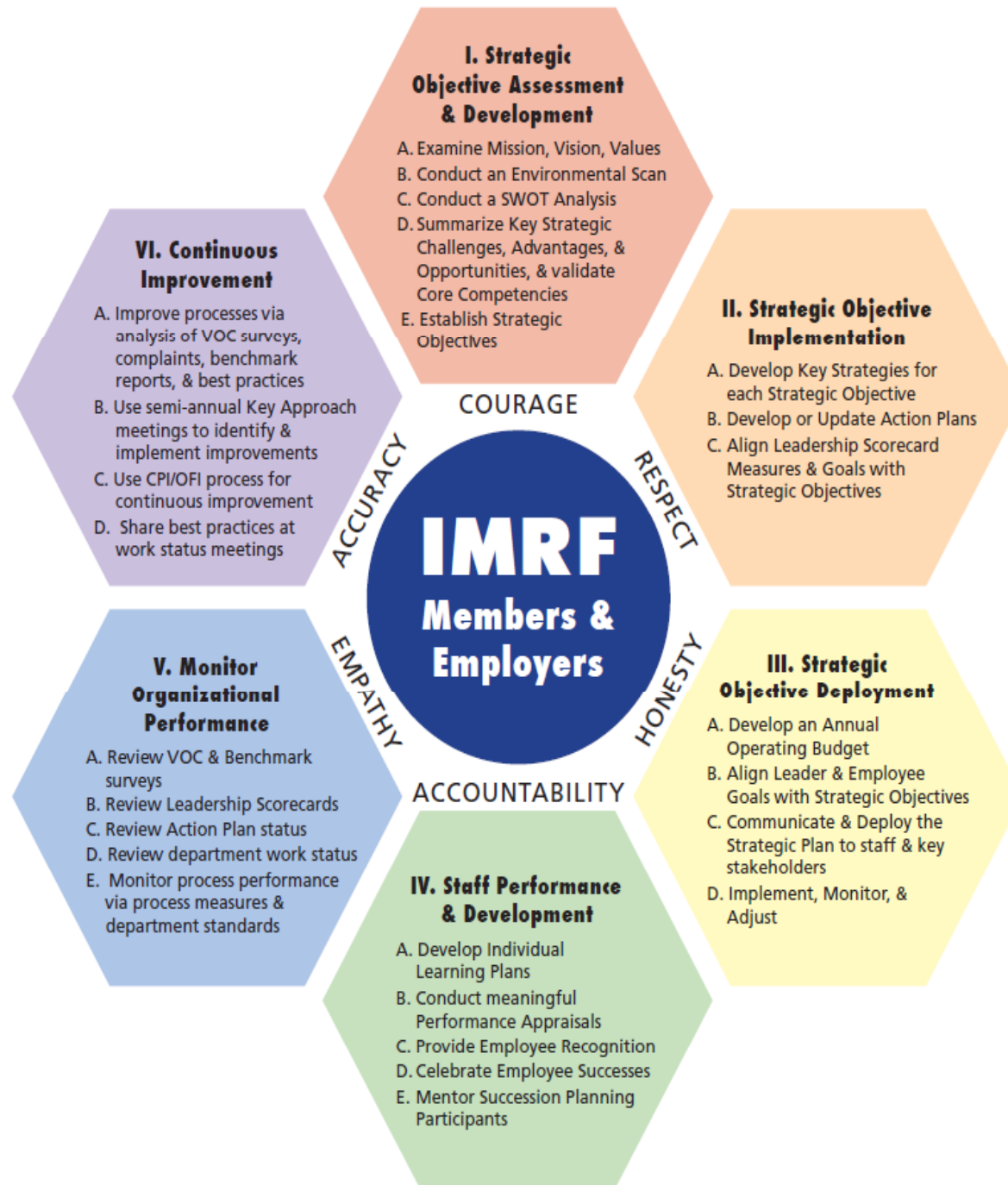
# IMRF's Leadership System

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## Our Vision

To provide the highest quality retirement services to our members, their beneficiaries, & employers

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# Government Award Recipients

- ▶ Community Consolidated School District 93, Bloomingdale
- ▶ College of DuPage, Glen Ellyn
- ▶ Illinois Central College, East Peoria
- ▶ City of Collinsville, Collinsville
- ▶ North Palos School District 117, Palos Hills
- ▶ Township High School District 214, Arlington Heights
- ▶ Black Hawk College, Moline
- ▶ Community Consolidated School District #93, Bloomington, Carol Stream & Hanover Park
- ▶ Illinois Division of Child Support Enforcement, Illinois
- ▶ City of St. Charles, St. Charles
- ▶ Freeport School District, #145, Freeport
- ▶ Illinois Division of Child Support Enforcement Department of Healthcare and Family Services, State of Illinois

# Government Award Recipients

- ▶ Forest View Elementary School, Mt. Prospect
- ▶ Robert Frost Elementary School, Mt. Prospect
- ▶ Salt Creek Elementary School, Elk Grove Village
- ▶ Community Consolidated School District #59, Elk Grove
- ▶ Township Consolidated School District #158, Huntley
- ▶ Friendship Junior High School, Des Plaines
- ▶ Holmes Junior High School, Mt. Prospect
- ▶ Pekin Public Schools District #108, Pekin
- ▶ John Jay Elementary School, Mount Prospect Techivista, Highland Park
- ▶ Rock Island Public School District #41, Rock Island
- ▶ Village of Addison, Addison
- ▶ Community Unit School District #300, Carpentersville
- ▶ Freeport School District #145, Freeport

# Government Award Recipients

- ▶ Taylorville Community Unit School District #3, Taylorville
- ▶ Community Consolidated School District #15, Palatine
- ▶ Illinois Department of Revenue, Springfield
- ▶ Illinois Employment & Training Center of DuPage County, Lombard
- ▶ Illinois Institute for Rural Affairs, Western Illinois University, Macomb
- ▶ John J. Madden Mental Health Center, Hines Juvenile Temporary Detention Center of Cook County, Chicago
- ▶ McDonough District Hospital, Macomb
- ▶ Olson Middle School, Woodstock
- ▶ Highland Community College, Freeport
- ▶ Illinois Employment and Training Center, Arlington Heights
- ▶ Illinois State Police, Springfield
- ▶ Community Unit School District #5, Sterling

# Government Award Recipients

- ▶ Naperville Community Unit School District #203, Naperville
- ▶ Capital Development Board, Springfield
- ▶ Illinois Department of Employment Security, Chicago
- ▶ Village of Palatine, Palatine
- ▶ Washington County Hospital, Nashville
- ▶ Charles G. Hammond Elementary School, Chicago
- ▶ Davea Career Center, Addison
- ▶ Lake County High Schools Technology Campus, Grayslake
- ▶ Louisa May Alcott Elementary School, Chicago
- ▶ Thomas Kelly High School, Chicago
- ▶ Valley View Community Unit School District #365-U, Romeoville
- ▶ Waubonsee Community College, Sugar Grove
- ▶ Illinois Municipal Retirement Fund, Oak Brook

**THANK YOU FOR YOUR TIME  
AND ATTENTION!**

*Now's the time to start your  
employer's journey!!*