NASCIO Award Nomination
FOR
Cross-Boundary Collaboration and Partnerships

Public Employer Readiness Team (PERT)

California
Public Employees' Retirement System

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2   EXECUTIVE SUMMARY

Health and retirement benefits cannot be paid until the information in a government employee's account is accurate. Yet regulations fostered an environment where more than 109 different systems were required to record and coordinate benefit information for 1.6 million California public employees, retirees, and their families. Different data was sent to each system. Data discrepancies were common. Data reconciliation became so onerous that reviews were often performed only at key life stages for individuals, at the very time when people need assistance the most.

The California Public Employees' Retirement System (CalPERS or 'PERS') launched the $500 million "my|CalPERS' project to transform PERS systems into a consolidated information exchange network for more than 3,125 public employers and benefit service providers (business partners) to establish data integration and integrity across all participants in the CalPERS pension programs. my|CalPERS had a hard implementation date of September 19, 2011 but needed to gain community buy-in.

The Public Employer Readiness Team (PERT) outreach project was created to operate in parallel to my|CalPERS, to foster collaboration with more than 3,125 business partners with diverse interests and capabilities. PERT's task was to ensure that the voice of the customer was heard in the design, development and preparations to create commitment, enthusiasm, and readiness for the change.

PERT launched a coordinated series of campaigns and used the Awareness/Desire/Knowledge/Ability/Reinforcement (ADKAR) cultural change management best practice to involve employers and business providers in each phase of the my|CalPERS project. The multi-phase targeted campaign progressively built excitement, ownership, and commitment by increasing stakeholder confidence and readiness for the change. PERT's solution provides the following benefits:

- A total of 5,511 individuals representing 2,181 business partners out of 3,125 (70%) took elective training courses pre and post launch; total registrations across all course offerings exceeded 8,110.
- my|CalPERS was able to go live on September 19, as planned. Three months after implementation, more than 2,900 business partners out of 3,125 (93%) actively used the online features of my|CalPERS. More than 82% of targeted electronic interface reporting partners post files to my|CalPERS.
- A solution to managing cultural change that can be replicated in other projects.

The PERT Project developed a collaborative approach to community readiness for large-scale change that treated stakeholder involvement as equal in importance to system development. Together, using cross-boundary partnerships, CalPERS business partners created an integrated information exchange to transform the management of member benefits. Appropriate and accurate information is now provided immediately to partners in the benefits community who serve state and public agency workers, their dependents, and beneficiaries, resulting in faster benefits services.

3   BUSINESS PROBLEM AND SOLUTION DESCRIPTION

Problem: System Modernization Required Collaboration among 3000 Stakeholders
When you plan to retire or need your health benefits, you expect the benefits to be available immediately. Yet over time, California's Public Employee Retirement System (CalPERS), needed more than 109 systems to coordinate benefits between employers, benefit providers, and CalPERS for more than 1.6 million California public employees, retirees, and their families. Reporting errors by employers and long-standing data gaps required painstaking resolution for accurate benefits to be paid. Resolution time grew as the environment became more complex. In addition, HIPAA and various regulations required changes that would be nearly impossible with CalPERS old legacy systems.

These needs drove CalPERS to modernize health and retirement benefit management systems through the my|CalPERS project. my|CalPERS was a $500 million project that consolidated CalPERS systems into one integrated exchange network between more than 3125 business partners (more than 3000 public employers and 125 benefit providers). my|CalPERS had a hard implementation date of September 19, 2011.

With so many stakeholders, a change as complex as my|CalPERS, and a deadline for implementation, intuitive system design and stakeholder buy-in, as well as increased knowledge, were vital to project success. This large, diverse group of stakeholders varied widely in needs, size, and knowledge. However, each needed to be ready for the change, creating the need for a comprehensive cross-collaborative communication and change management effort.

Solution: PERT—Collaborating to Build Change Readiness
To ensure the success of the my|CalPERS project, PERS created the Public Employer Readiness Team (PERT) in March 2010. PERT ran parallel and in collaboration with my|CalPERS, but had a different structure and staff with the sole purpose of collaboratively gathering input for the system design and ensuring that more than 3,125 business partners would be ready to report critical benefits information at go live.

PERT's coordinated campaigns involved business partners in developing requirements, testing the system, and building ownership and commitment across the benefits community. This multi-phase, targeted campaign developed communications channels that simultaneously educated business partners and solicited their feedback. PERT used the **ADKAR methodology**, a best practice in organizational change management that stresses Awareness, Desire, Knowledge, Ability and Reinforcement to adopt the change. PERT accomplished all of these, using every possible alternative to get more than 3,000 organizations and 8,000 staff to take an active part in the change.

Between the spring of 2010 and the September 2011 launch, PERT's phases progressively increased business partner readiness with efforts changing in focus and intensity as the project moved forward in parallel with the my|CalPERS project. PERT efforts followed the ADKAR change management methodology including:

Gathering User Input while Increasing Awareness and Desire. Efforts Included:

- A User Advisory Council that included a cross section of employers to suggest improvements in data accuracy and rules to sustain data integrity. (Spring 2010)
- Working with business providers to incorporate screen and file design feedback.
- Conducting demonstrations and focus groups across the state using simulated data, to refine detailed requirements, screen layouts, business rules, and data edits.
- Conducting interface testing of automated benefits enrollment and contributions with a cross section of 11 early adopting employers. (January 2011)
- Phone and in-person dialogues with early adopters and large volume employers to ensure that interface and testing requirements would meet employers' needs.
- In January 2011, PERT early adopter testing began with selected production data sent to test partners to reformat into common data for testing sessions.
- By April 2011, PERT expanded early adopter test groups and initiated readiness verification initiatives for employers and business providers.

Outreach: Increasing Awareness, Desire and Knowledge

PERT's actions throughout the project moved more than 8,000 of business partners' staff to understand the change. Outreach included:

- More than 21,000 emails and 13,500 phone calls to collaborate on requirements and system design, provide information, and prepare partners for launch.
- Monthly newsletters to continue dialogue to keep business partners advised of upcoming events and inform them of the change and its impacts.
- Dedicating a portion of the CalPERS web site to business providers to bring them the latest updates on progress, changes, and toolkits.
- PERT continued to contact employers by phone and email and kept track of all contacts with each employer and business provider.

Training: Ensuring Knowledge and Ability to Implement the Change

A total of 5,511 individuals representing 2,181 business partners out of 3,125 (70%) registered for elective training courses pre and post launch on the new my|CalPERS system; the remaining 30% elected to use documentation available on the CalPERS web site and participate in post-launch webinars. Total registrations across all course offerings exceeded 8,110. Highlights include:

- System training began more than a year before system launch to help users understand navigation, how data would flow through the exchange, and the extent of the changes from system implementation.
- More than 650 instructor-led training sessions at 17 statewide locations.
- 157 webinars and nine computer-based training modules offered.
- Final readiness training on the online screens and functions of the system began in June, 2011. From June through September, three training modes were offered: face-to-face training across the state; webinars; and computer-based training. A registration system enrolled attendees and helped identify training needs.

Web and Other support: Reinforcement

PERT staff supported the transformation beyond implementation including the following measures:

- Toolkits posted to CalPERS web site, so employers' technical staff could become familiar with interface reporting options and requirements.
- Posting a roadmap to readiness, countdown to launch, and progress to date to the CalPERS web site.
- Email and web communications support intensified before launch to prepare employers and business providers. Daily webinars and conference calls answered pre and post launch questions and continued three months after launch.
- A contingency option gave employers a temporary way to submit old file formats.

PERT took every conceivable measure to ensure that business partners adopted the my|Calpers system. 73% of employers who submitted electronic interface files rather than report online into my|CalPERS passed validation testing before launch. By December 2011, 82% of file-reporting employers posted files into my|CalPERS.

Cost

The PERT outreach program launched in March 2010 and completed in December 2011, at a cost of approximately $7 million; the team included 35 existing CalPERS staff that were redirected to the outreach program and 5 consultants to augment specialty focus areas such as project analysis and communications support. PERS Project Management Office managed the project using Project Management Body of Knowledge (PMBOK) methodology. Project management was led by a CalPERS Division Manager with 30 years of employer and business partner experience.

Innovative Characteristics

The PERT outreach program showed that cross-collaborative partnerships produce far superior results compared to typical stakeholder communication and readiness activities, as it prepared a vast array of stakeholders for the my|CalPERS system.

- Recognizing the unique needs and business practices of 3,125 partners, PERT tailored initiatives to reach each partner in a manner that best suited their culture.
- PERT was a separate outreach program outside of the my|CalPERS project with a focus on partnerships and representing the voice of the customer throughout the development and implementation phases of the new my|CalPERS project.
- A Countdown to Launch calendar was created for business partners, engaging them in readiness planning and activities throughout the outreach program, keeping them apprised of progress, and showing the value of their participation.
- PERT employed a progression of early adopter and expanded early tester groups to strengthen feedback channels. These collaborative efforts solidified detailed designs and ensured ease of use across a wide variety of partner needs.
- Preparation activities intensified just before launch to ensure that transition awareness was given top priority among partners. Hand-holding also increased

just before launch and for 3 months following launch to demonstrate the mutual commitment to the success of the new system.

Leverage and Transferability
The PERT outreach program can be adapted by all projects, large or small. It represents a new standard in stakeholder readiness, showing that cross-boundary collaboration works when partner readiness is treated as an equal project to system development. PERT's continuous multi-step campaign from requirements through implementation ensured that partners' voices were heard and that their role in achieving success was integral to project planning and execution.

4   SIGNIFICANCE

Most project failures aren't because of technology problems but because of poor cultural change management and lack of stakeholder involvement. The PERT project demonstrates an innovative approach to system development projects where dependencies on stakeholders for data accuracy have outgrown traditional ways of doing business. PERT was critical to the success of the $500 million my|CalPERS project by ensuring that stakeholder requirements were incorporated into the system and that stakeholders had the awareness, desire, knowledge, and ability to use my|CalPERS. Key areas of significance to government include:

- Using collaboration to convince more than 3,125 partners of the value to modernize an outdated legacy infrastructure and develop an integrated benefits information exchange.
- Focus on change management and use of the ADKAR best practice.
- Unifying a community of partners around the new my|CalPERS system by using a Countdown to Launch illustrating activities and their progress.
- The ability to scale and adapt PERT to other cross-boundary initiatives as a way to collaborate on modernization initiatives and prepare partners for change.
- Measuring progress at each step of the outreach program to instill confidence, engender enthusiasm, and ensure a successful implementation.
- Establishing an ongoing voice of the customer in addressing post implementation issues and enhancements.

PERT's goals are directly aligned with Governor Brown's priorities of reducing state costs and improving state efficiencies while furthering state government's mission and strategic goals, specifically Goals 3 and 4 of the 2012 Statewide IT Strategic Plan:

- Goal 3 stresses efficient, consolidated, and reliable infrastructure and services
- Goal 4 stresses that information is an asset, and that departments should use to improve how California uses data and information.

PERT also directly supports NASCIO's priorities of optimization, cost control, and information management by using cross-boundary collaboration and partnerships to modernize services.

5   BENEFIT OF THE PROJECT

Stakeholders Prepared at Go Live Yields Timely, Accurate Benefits Information
The PERT project was initiated because collaboration and partnerships were essential to prepare more than 3,125 business partners to be ready at go live. PERS needed employers and business partners to exchange health and retirement benefit information from employer through provider in a comprehensive exchange network. With the active involvement of more than 8,000 people, the new my|CalPERS system launched on the day it was promised to the community – September 19, 2011.

- By December 2011, PERT completed its outreach campaigns with all business providers and 93% of employers directly reporting benefits using my|CalPERS.
- More than 2,900 business partners out of 3,125 (93%) actively use the online features of my|CalPERS for research and data correction.
- Using the foundation of system knowledge developed by PERT, training materials and job aids for business partners are now maintained at a highly-detailed level honed to each job duty; this knowledge base is continuously updated for new staff and system changes.
- As a result of the collaboration network built during PERT, every business user in every partnership is known and their work continuously optimized.
- Reporting is easier and more intuitive, resulting in better data and less clean up.
- PERT created a contingency option for employers who would not be ready in time for the launch of my|CalPERS; only 2 employers out of 450 electronic file-reporting employers (less than 1%) used the contingency option.

Cost Avoidance of Delays or Failure
While a return on investment (ROI) is hard to quantify, a launch delay would have resulted in significantly higher costs than PERT's expenses; If business partners were not ready for launch on September 19, 2011, each month's delay would result in $4 million in additional costs. Given PERS year-end processing timetables, any delay would have resulted in a minimum delay of 6 months at a cost of approximately $24 million. Compared to PERT's $7 million cost, this cost avoidance results in a 340% ROI for PERT. Faulty requirements could have doubled the delay and cost. Without PERT's involvement of business partners, the entire $500 million my|CalPERS system would have been in jeopardy.

Summary
The goal of PERT's innovative multi-phase outreach program was not mere system adoption but gaining the commitment and enthusiasm of more than 3,125 partners to transform how they did business. The transformation included reconciling member accounts from source through use, integrating 109 siloed systems into one information exchange, and providing the same accurate information immediately to all partners who serve in the benefits community, resulting in faster benefits services. PERT's approach to community change readiness demonstrates the power and value of collaborative partnerships and California's public employee community shares in the benefits.