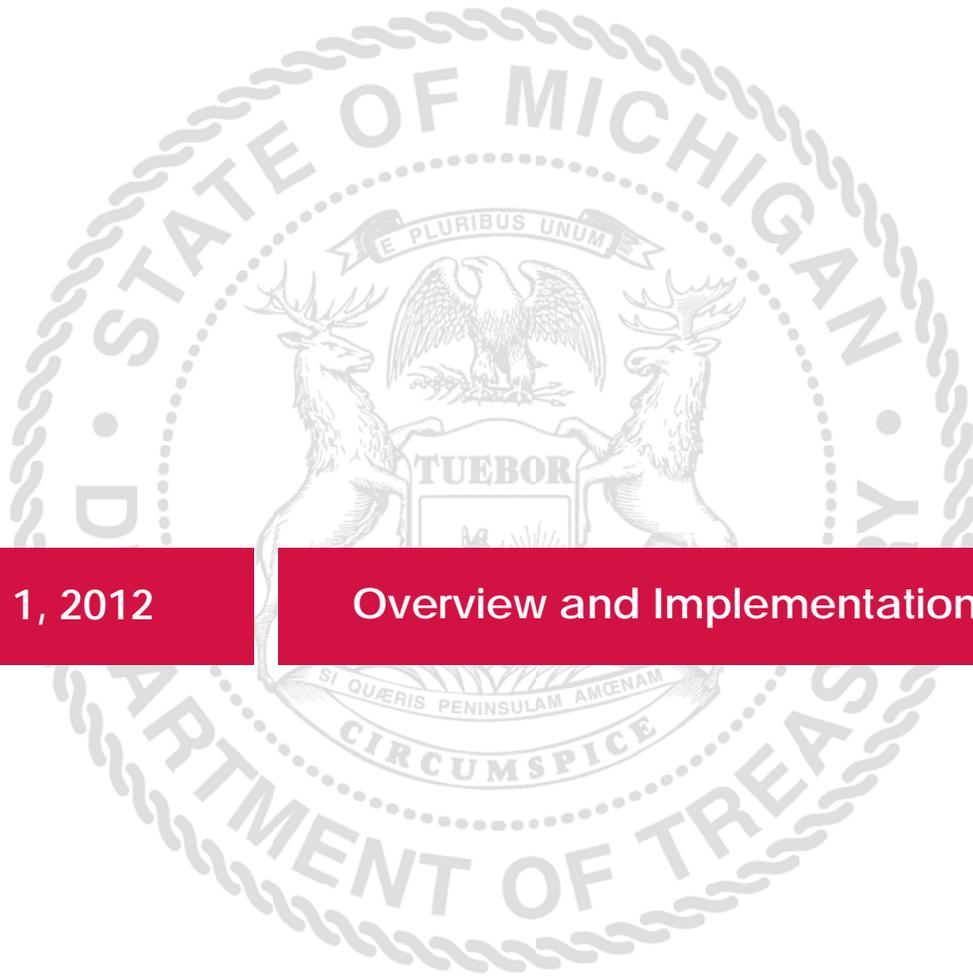


MICHIGAN
DEPARTMENT OF TREASURY
STRATEGICALLY ADVANCING TO 2017



October 1, 2012

Overview and Implementation Summary

“Strategic planning will help you fully uncover your available options, set priorities for them, and define the methods to achieve them.” *Robert Macklin, Journalist and Author*



Andy Dillon, Treasurer, Michigan Department of Treasury

Over the summer of 2012 many Treasury employees provided valuable input into the content of this report which plots the course for the Michigan Department of Treasury over the next five years. Their thoughtful ideas helped to make our plan stronger.

Treasury has seen a lot of changes over the last few years. The 2010 early retirement offer, an influx of new employees, a prolonged national economic downturn, advancements in IT capabilities, two new business taxes and a governor committed to employee engagement and enhanced customer service have led to a re-evaluation of our future. With 34% of Treasury employees eligible for retirement in the next four years, these changes are expected to continue.

Through the Mission, Vision, Values, Goals and Objectives we plan to capitalize on opportunities that will assist us to continue to improve our customer service, expand communications with our customers and employees, streamline processes and expand our partnership network. The plan provides a roadmap for achieving our objectives and affords a coherent direction to our employees, partners and customers. We can accomplish more by working together toward the same goals.

In preparation for this work, a survey was given to our Treasury Leadership Team. This survey titled, “Are We Making Progress,” was compiled by the U.S. Department of Commerce through the National Institute of Standards and Technology. In addition, the results of the State of Michigan Employee Survey were reviewed as part of our strategic planning process. These surveys revealed many departmental strengths but there were also weaknesses in employee satisfaction as well as the ability to better service our customers and this strategic plan intends to address those issues.

I personally invite you to review the plan and encourage you to be a part of it!



Overview

THE NEED FOR STRATEGIC PLANNING

Treasury has seen a lot of changes over the last few years. The 2010 early retirement offer, a prolonged economic downturn, the influx of new employees, improvements in IT capabilities, and many other factors have led to a re-evaluation of our future. With 34% of Treasury employees eligible for retirement in the next four years, these changes are expected to continue.

In an effort to review where we are, where we want to be and how we get there, the Michigan Department of Treasury launched the Operational Excellence initiative. Operational Excellence is a philosophy of leadership, teamwork and problem solving that results in continuous improvement throughout the organization. It focuses on the needs of the customer, empowers employees and optimizes existing processes. It recognizes the work we do and the staff that do that work. It gives us direction and provides staff with “permission” to share ideas and ask “why.”

Operational Excellence encompasses three main components, Strategic Planning, Business Process Review, and the Treasury Talent Bank. These components provide a framework for decisions so we can continually improve by promoting stronger teamwork. The activities behind these concepts will help Treasury continue to achieve good government for the citizens we serve and for the employees doing the work.

Strategic Planning will set a vision and define an accepted set of goals and objectives that will influence the decision making process necessary in order to reach those goals and objectives. It provides a target that Treasury would like to reach within three to five years.

Business Process Review takes a broad examination of activities or tasks to produce a value stream map that defines the end-to-end process for a particular objective. From this we can evaluate the value of each step in the process. Reviewing the process will identify strengths and weaknesses that can be redesigned to add value and align with the department’s strategic goals and objectives and ensure that the organization’s resources and assets are maximized. These actions support the Strategic Plan.

Treasury Talent Bank is the development of our greatest resource, our staff. The Talent Bank will allow staff the opportunity to gain experience and knowledge through mentoring or other special assignments that they might not otherwise have an opportunity to try. As a benefit, this will help ensure Treasury has the right skills in the right places to implement the Strategic Plan and plan for the future.

This report focuses on the Strategic Planning component of Operational Excellence. As part of the effort to gather information that needed to be addressed in our strategic planning efforts, a survey was given to the Leadership Team (*see Historical Background section of this report for the list of Core Team and Leadership Team members*). This survey titled, “Are We Making Progress,” was compiled by the U.S. Department of Commerce through the National Institute of Standards and Technology, and was utilized to assess our performance as an organization and to look at opportunities for improvement (*see Historical Background section of this report for the opportunities outlined in that survey*).

This information as well as a Feedback Survey (*see Historical Background section of this report for the results of that survey*), multiple meetings with the Leadership Team, information provided by each program area that outlined their primary mission and goals, and a survey request for critical objectives were used to anchor the discussions of the Strategic Planning Core Team.

We recognize that many areas of Treasury continue to innovate and re-imagine their work. This project hopes to fine tune those efforts as well as to provide an avenue to recognize them.



OUR MISSION

WHAT DO WE DO?

A mission statement represents the purpose of an organization, what we do and why we exist. For Treasury, determining a mission statement was complicated by the vast number of programs and services that we provide.

Our mission reflects who we are and the business we conduct. Treasury is a diverse organization that plays a key role in the management of the state's financial resources. Our business involves a wide variety of customers and is much more than simply acting as Michigan's taxing authority.

MISSION STATEMENT:

The Department of Treasury serves the state of Michigan by providing:

- Economic forecasting and quality financial services in a secure environment.
- Fair and consistent administration of tax laws.
- Prudent investment of public monies.
- Financial oversight and assistance to local units of government.
- Financial assistance and support for education at every level.

OUR VISION

WHERE ARE WE GOING?

A vision statement describes, in idealistic terms, where we would like to be in three to five years. Our vision statement reflects not only our business goals, but who we want to be for our employees and our customers.

VISION STATEMENT:

The Department of Treasury will be the premier governmental financial service organization that:

- Maintains an environment that stimulates innovation, efficiency and high quality customer service.
- Employs the brightest and best.
- Routinely challenges the status quo.
- Uses leading edge technology.

OUR VALUES

WHO ARE WE?

Our values describe what is important to us not only as employees of Treasury but as people. They set the basic framework for how we choose to conduct business, what we expect from ourselves and our employees and our philosophy for customer service. Our values define who we are.

VALUES - LEAD BY EXAMPLE AT EVERY LEVEL

- Integrity ~ Be guided by a high sense of ethics.
- Innovation ~ Challenge the status quo, seek improvement.
- Initiative ~ Make things happen.
- Inclusion ~ Encourage input and communicate.
- Respect ~ Treat others as you would like to be treated.
- Trust ~ Help make it a two way street. Give it and earn it.

OUR GOALS

Goal 1- Drive innovation, collaboration and partnership.

- **1.1 Each Division/Office will identify four best practices by private or public sector enterprises by June 30, 2014.**
 - *Strategy – Division and Office Directors will implement this objective.*
 - **Why?** We must continue to review what we do to find better and more efficient ways of doing things to meet our customers' needs. This is not change for change sake but change when appropriate and prudent. This review can begin with a review of other Treasury divisions or state departments, a compilation of Internet research up to and including an offsite visit to review a process.
- **1.2 Facilitate innovation and collaboration with other divisions through quarterly leadership meetings beginning September 24, 2012.**
 - *Strategy - All Departmental Leaders will participate.*
 - **Why?** These meetings have already begun and will be the backbone of the strategic planning process. A Strategic Plan cannot be static and remain viable. This venue will provide an opportunity to respond to the ever changing environment in which we work and ensure that the plan stays both timely and relevant. There will be a 'champion' appointed to oversee these Leadership Meetings, maintain a record of all decisions and record action items. This Champion will be responsible for follow-up on all action items and provide a quarterly summary to the Executive Office for review.
- **1.3 Initiate a training budget and increase the investment in staff development by October 1, 2013.**
 - *Strategy - Deputy Directors will oversee the department-wide effort while Division/Office directors will distribute training funding from their budget.*
 - **Why?** We must focus on employee development for the benefit of the employee, the department and our customers. There will be an effort to provide a department-wide funding stream for training and we are asking each area to include funding where possible to expand these training opportunities within existing revenues.
- **1.4 Host two events for legislative members and staff each fiscal year, beginning FY13.**
 - *Strategy - The Executive Office will oversee this effort.*
 - **Why?** It is important that we partner with the Legislature and provide them with an overview of the services Treasury provides to our customers. This knowledge will allow us to work toward the common goal of providing better services to the residents of Michigan.
- **1.5 Assess partnerships for gaps and satisfaction by March 31, 2013.**
 - *Strategy - Deputy Directors as well as Division/Office Directors will oversee this effort.*
 - **Why?** It is important that we understand our internal and external partnerships in order to identify additional opportunities to expand our networks and provide better customer service. Partnerships include interdepartmental partnerships, Memorandums of Understanding, Partnership Agreements, contractual relationships as well as any other informal partnerships that assist us in performing our work. The purpose of this effort is to determine the areas where expansion of our partnership network is needed.

Goal 2 - Recruit, develop and recognize leadership talent throughout the organization.

- **2.1 Create and execute a comprehensive leadership development program by August 31, 2013.**
 - *Strategy - The Talent Bank in coordination with Human Resources staff will oversee this objective.*
 - **Why?** With the number of potential retirements that Treasury may experience in the next five years, a succession plan to replace those experienced staff is essential. In order to fill the void that will be left with their departure, a concentrated effort must be made to develop the next generation of departmental leaders. This program will be done through both formal and informal training opportunities and will allow employees to self-identify their interest in a potential leadership role. This opportunity will not be limited to managers but will include Treasury staff that have shown aptitude for leading their work areas.
- **2.2 Develop a mentoring program by December 31, 2012.**
 - *Strategy - Deputy Directors, in conjunction with Talent Bank, will lead this initiative.*
 - **Why?** Treasury possesses a wealth of historical knowledge through its experienced staff. They are valuable assets to the department and a good resource to foster the development of less experienced staff. In many cases, the best mentoring is informal through general conversation and an opportunity to watch the mentors' work. Recognizing that fact, these mentoring efforts will incorporate both a formal and informal component. Mentors will be encouraged to self-identify, but some may be selected by their supervisors to participate in

this effort. This program is anticipated to be a good opportunity for those who are looking to gain additional experience.

- **2.3 Consistently recognize employee contributions, measured on June 30 each year.**
 - *Strategy - This is the responsibility of all supervisors and employees at every level.*
 - Why? Every employee likes to know when they have done a good job. It is important that we recognize the importance of this recognition. Recognition can be a simple thank you for a job well done or an opportunity for public recognition in a staff meeting or departmental activity. The Intranet will also be utilized for this effort.
- **2.4 Develop a staff recruiting program by January 31, 2013.**
 - *Strategy - Utilize the HR Liaisons in partnership with Human Resources/Civil Service staff.*
 - Why? We have to exhaust every avenue to find exceptional candidates for open positions within Treasury. Although many areas post beyond the state website, it is important that every supervisor know their options for additional exposure for their posting, how to compile an effective posting that will attract the kind of candidates they are seeking, and how to do an exhaustive resume review to determine the most appropriate candidates.
- **2.5 Develop a comprehensive selection process that emphasizes leadership talent by June 30, 2013.**
 - *Strategy - Utilize the HR Liaisons in partnership with Human Resources/Civil Service staff.*
 - Why? Once we have an effective posting, we have to know how to select the best candidate. It is important that every question in an interview have a purpose, be measurable from candidate to candidate and gather the appropriate information to find the best skill set, work experience and work style for a position.

Goal 3 - Maximize employee potential in a great work environment.

- **3.1 Communicate our strategic direction by October 31, 2012.**
 - *Strategy - Embed strategic communication by every staff member into every opportunity.*
 - Why? No organization can achieve their goals with certainty without a strategic plan. It provides the strategic direction that unites an organization and sends them in the same direction with the same purpose. By providing access to the plan you give employees greater clarity on our organizational direction as well as an opportunity to feel more in tune with senior leaders' expectations and understand more clearly where they fit in the organization. However, communicating the Strategic Plan is a process, not an event. This must be an ongoing discussion and immersion in the concepts outlined in the plan.
- **3.2 Increase opportunities for employees to gain experience and knowledge through the Talent Bank, measured annually by June 30.**
 - *Strategy - Utilize the Talent Bank.*
 - Why? The Talent Bank is committed to providing opportunities for employees to define their career paths, expand their work experience opportunities and seek opportunities to work outside their normal routine. There have already been several pilot projects conducted that have proved very successful. These will be voluntary efforts that will be made available to employees who have expressed a desire to expand their career opportunities.
- **3.3 Timely communicate departmental events and initiatives with employees, monthly.**
 - *Strategy - Public Information Officer will lead this initiative.*
 - Why? In both the Department's Employee Survey and the Leadership Survey it was clear that many staff felt disconnected from information affecting the department and their program area. An effort has already begun to provide access to more information about important initiatives the department is undertaking. The implementation of the Treasury video news, compiled and distributed bi-monthly, is an effort to share information with all employees to keep them more connected to the process. Additional opportunities will be sought to expand even further on this concept. This effort will assist in communicating how the employees fit in to our strategic plan and mission and clarify expectations.
- **3.4 Partner with DTMB to create opportunities to improve the physical environment based on function and considering employee needs by October 1, 2013.**
 - *Strategy - The Executive Office will oversee this objective.*
 - Why? We would like to provide a more comfortable and positive work environment for our employees. There are many rules related to office space design and utilization so we need to partner with DTMB to determine what flexibility we might have to think outside the box on office space planning.

Goal 4 - Encourage open dialogue that engages employees and stakeholders at every level.

- **4.1 Conduct an annual town hall employee meeting beginning FY13.**
 - *Strategy - The Executive Office will oversee this objective.*
 - **Why?** This is reflective of the department's Employee Survey that showed that employees desire more communication in an open environment. This meeting would include the Treasurer, Chief Deputy Treasurer and Deputy Treasurers and would provide an open forum for questions and dialogue on issues of importance to the department and our employees.
- **4.2 Continuously solicit, receive, evaluate and acknowledge suggestions from employees and stakeholders, measured on June 30 each year.**
 - *Strategy - All supervisors at every level are responsible to implement this objective.*
 - **Why?** Employees have asked for the ability to communicate with their supervisors and their co-workers in a receptive and positive environment. Supervisors need to lead by example by continuously soliciting input and acknowledging the receipt and the outcome of that input to their employees. This will create an environment that will encourage employees to participate and make this a more comfortable and acceptable practice.
- **4.3 Evaluate the effectiveness of existing outreach programs and identify new outreach programs by December 31, 2015.**
 - *Strategy - The Executive Office and Leadership Team will be responsible for this objective.*
 - **Why?** It is important that we share information with our internal and external partners in a meaningful and positive way. To that end, we must pool our information related to these programs to allow all Treasury supervisors to review not only what worked, but what did not.

Goal 5 – Leverage technology and optimize services in a secure environment.

- **5.1 Expand the use of electronic media to communicate with stakeholders by March 1, 2014.**
 - *Strategy - The Public Information Officer will lead this initiative.*
 - **Why?** Electronic communication is available to all employees at Treasury, our partners and our customers so this is a great means to communicate. The goal here is to review all available social media and electronic communication tools to determine which are most effective in getting out our message while recognizing the limitation placed on us by state and federal law as well as IRS requirements for confidentiality of taxpayer data.
- **5.2 Develop an IT Strategic Plan based on program needs and emerging technology by September 30, 2013.**
 - *Strategy - Treasury Departmental IT Liaison will partner with DTMB General Manager on this initiative.*
 - **Why?** It was important that we complete our Treasury Strategic Plan prior to working on an IT Strategic Plan. We needed to know where we want to be first in order to determine what technological changes are needed to get there. The time line for completion of this objective takes into consideration the need to do some baseline research to determine the “where are we” phase in order to get to “where we want to be.” This plan will be based on the overall goals outlined in our plan as well as address emerging technologies.
- **5.3 Design, develop and implement an easy-to-use Internet/Intranet site by December 31, 2014.**
 - *Strategy - Public Information Officer will coordinate this initiative.*
 - **Why?** It was clear in our discussions with the Leadership Team as well as information gathered from the program level that the Treasury Internet/Intranet sites were not user-friendly for our employees or customers. There was concern that they were difficult to search, set up in a manner that made it difficult to navigate and did not utilize all the technological advancements available to make it attractive and user-friendly.
- **5.4 Expand the use of technology to include self-service functionality, electronic payment options, mobile applications, imaging and e-file by September 30, 2015.**
 - *Strategy - Treasury Departmental IT Liaison in partnership with the DTMB General Manager is responsible for the completion of this objective.*
 - **Why?** Availability of free e-file, more mobile applications, electronic payments and other customer service improvements were the most sought after changes in our Leadership Survey. It is clear that there was a desire to provide additional avenues to address customer needs and to recognize the ever changing world in which we live.

THE DEPLOYMENT PLAN

It is important that all Treasury staffers have access to and an understanding of the Strategic Plan. A Communications Team was appointed to oversee this process. This team included staff members from throughout Treasury. They were asked to devise a plan that would allow every staff member of Treasury the opportunity to get an overview of the Operational Excellence Initiative, the Strategic Plan, the Business Process Review Initiative as well as the Talent Bank Initiative. They crafted a detailed Communications Plan that included the roll-out and subsequent communications to department staff. The Deployment Plan includes the following.

- Provide a copy of the plan to every Treasury employee.
- Video conference with our out-of-state field offices to provide an overview.
- Visit our in-state field offices for an opportunity to review the plan and have an open dialogue.
- Hold town hall meetings with Treasury supervisors to go over the plan and their role in it.
- Hold town hall meetings for all Treasury employees to provide the overview and question and answer session.
- Place a copy of the completed report on our Intranet and Internet websites.
- Include a summary in our Treasury on-line newsletter.
- Provide an electronic copy of the Executive Summary to every employee.

METHODOLOGY

In order to build a comprehensive strategic plan, the Core Team (see *Historical Background Section for the list of Core Team members*), with the support and direction of our expert, Colonel Berri K. Meyers (Michigan Department of Military and Veterans Affairs), we defined our mission as well as realistic vision, values, goals and objectives. We utilized Colonel Meyers' book, "*Strategic Planning: Clean Up In Aisle 4!*" as the foundation for our strategic planning process.

We began the process by completing an environmental scan of the organization, utilizing surveys completed by the Leadership Team and employees. This information aided in the organizational alignment as we moved toward our vision. The environmental scan surveys helped identify changes that were necessary to create a better culture within the organization. All of this information was utilized in the "SWOT" analysis where a list of strengths, weaknesses, opportunities and threats were developed.

Goals

Goals were developed to clarify what the department needed to accomplish to move toward the vision. Strategic goals are created from bridge statements. Bridge statements are things that absolutely must happen to fill the gap from where Treasury is today to where Treasury wants to be in the future.

Strategic Objectives

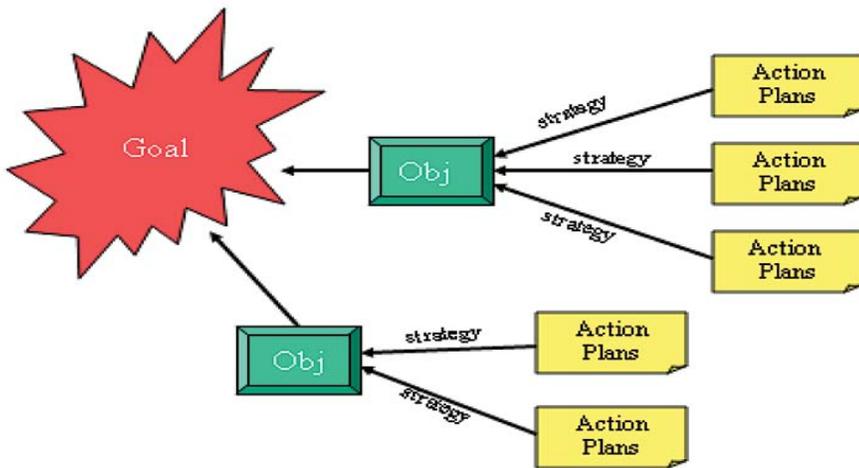
Strategic objectives are what must be done to meet our goals. Critical objectives were identified for each goal. Each objective was tested to determine if it met "SMART" criteria:

- Specific
- Measurable
- Achievable
- Results oriented
- Time-specific

Action Plans

Action Plans will be developed by the applicable work groups. These plans should be accomplished in a year or less and specifically focus on one strategic objective. These plans are over and above normal operations with a completion date for each task. Action plans should include a method for tracking progress.

Map of Goals – Objectives – Strategies – Action Plans



Metrics

Once the objectives are defined, corresponding metrics must be identified. As the saying goes, “if you can’t measure it, you can’t manage it.” Our metrics must include both lag and lead measures. The results of the metrics must be reviewed with communication back to the area in which the metrics were compiled so they understand “less” is often better when it comes to metrics. If a metric cannot be read and understood in ten seconds, it is too complicated.

Cycle for Review

Strategic Plans should be updated every 12-24 months even though the actual plan is for five years.

Link to Budgetary Process

Success requires both financial and human resource support. A primary reason strategic plans fail is due to the lack of financial support.



TREASURY SUCCESS MATRIX

Success Matrix	Objective	FY 13	FY 14	FY 15	FY 16	FY 17
Obj 1.1	Each division/office will identify four best practices by private or public sector enterprises by June 30, 2014.		X			
Obj 1.2	Facilitate innovation and collaboration with other divisions through quarterly leadership meetings beginning September 24, 2012.	X	X	X	X	X
Obj 1.3	Initiate a training budget and increase the investment in staff development by October 1, 2013.		X			
Obj 1.4	Host two events for legislative members and staff each fiscal year, beginning FY13.	X	X	X	X	X
Obj 1.5	Assess partnerships for gaps and satisfaction by March 31, 2013.	X				
Obj 2.1	Create and execute a comprehensive leadership development program by August 31, 2013.	X				
Obj 2.2	Develop a formal mentoring program by December 31, 2012.	X				
Obj 2.3	Consistently recognize employee contributions, measured on June 30 each year.	X	X	X	X	X
Obj 2.4	Develop a staff recruiting program by January 31, 2013.	X				
Obj 2.5	Develop a comprehensive selection process that emphasizes leadership talent by June 30, 2013.	X				
Obj 3.1	Communicate the strategic direction by October 31, 2012.	X				
Obj 3.2	Increase opportunities for employees to gain experience and knowledge through the Talent Bank, measured annually by June 30.	X	X	X	X	X
Obj 3.3	Timely communicate departmental events and initiatives with employees, monthly.	X	X	X	X	X
Obj 3.4	Partner with DTMB to create opportunities to improve the physical environment based on function and considering employee needs by October 1, 2013.		X			
Obj 4.1	Conduct an annual town hall employee meeting beginning FY13.	X	X	X	X	X
Obj 4.2	Continuously solicit, receive, evaluate and acknowledge suggestions from employees and stakeholders, measured on June 30 each year.	X	X	X	X	X
Obj 4.3	Evaluate the effectiveness of existing outreach programs and identify new outreach programs by December 31, 2015.				X	
Obj 5.1	Expand the use of electronic media to communicate with stakeholders by March 1, 2014.		X			
Obj 5.2	Develop an IT Strategic Plan based on program needs and emerging technology by September 30, 2013.	X				
Obj 5.3	Design, develop and implement an easy-to-use Internet/Intranet site by December 31, 2014.			X		
Obj 5.4	Expand the use of technology to include self-service functionality, electronic payment options, mobile applications, imaging and e-file by September 30, 2015.			X		