

# LEAN Ohio

Accounts Receivable (AR)  
Process Standardization  
February 23-27, 2015

# How Did We Get Here?

- In 2013 Ohio Shared Services (OSS) and PUCO completed a proof of concept to transition PUCO's Accounts Receivable (AR) deposit processing to OSS.
- In July 2014, four additional agencies (DAS, JFS, AGE, DODD) expressed interest in transitioning AR to OSS, which began the AR Pilot phase.
- As pilot project activities progressed, it became clear that AR processes vary by agency and payment type.
  - Two primary OAKS processes: AR Direct Journal (legacy billing system) and AR Pending Item (OAKS Billing).
  - Multiple legacy billing systems used by agencies to house customer data and generate invoices.
  - Variation in how agencies enter data into OAKS.

# AR U Ready?!



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# Team Members

*Shawn Smith, PUCO*

*Tim Ogonek, OSS*

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*Janet Jackson, AGE*

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*Cathy McNamara, AGE*

*Kim Bright, AGE*

*Kelly Salomone, OBM*

*Kevin Flanagan, AGE*

*Mary Sen, DAS*

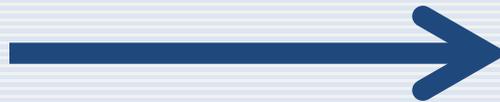
*Amanda Akers, OSS*

*John Yoho, DAS*

*Mary Sen, DAS*

# Scope of the Event

State Agency identifies a need for a customer to make a payment, or Customer identifies need to submit a payment to a State Agency



Treasurer of State (TOS) approves deposit

# Baseline Data

## Agency Cycle Time Data

Agency	Observation Cycle Time	# Receivables Observed	# of Employees
PUCO	00:15:00	25	1
DAS	05:05:57	62	5
JFS	01:53:19	20	2
DODD	00:21:58	2	3
AGE	n/a	n/a	n/a

# Baseline Data

## OAKS FY14 Deposit Data

Agency	FY14 OAKS Deposit Totals	FY14 OAKS Payment Totals
PUCO	1669	1669
DAS	1562	14806
JFS	941 387 (lockbox 3647 and 3659)	11661 6793 (lockbox 3647 and 3659)
DODD	5028	5094
AGE	999	1855
<b>TOTAL</b>	<b>10199</b>	<b>35085</b>

# Process Improvement Goals

Define standard and scalable processes for OSS to complete AR deposit transactions within OAKS to the satisfaction of customers and the Treasurer's Office.

Pending Items

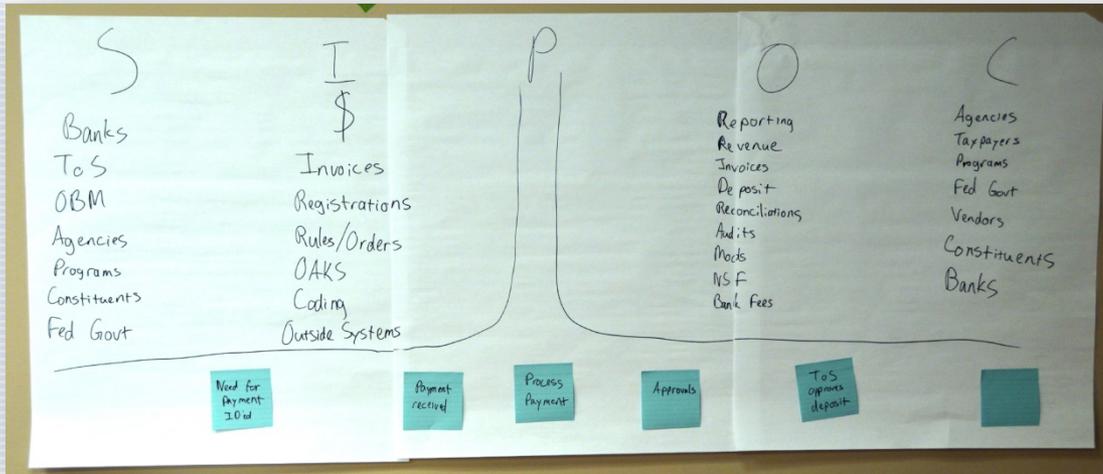
Direct Journals

# To Break for the Better

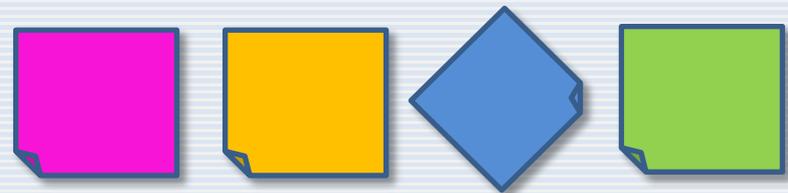
- Customer focused
- Right people changing the process
- One week-quick and action oriented
- Necessary resources available immediately
- New process implementation begins next Monday



# Day One



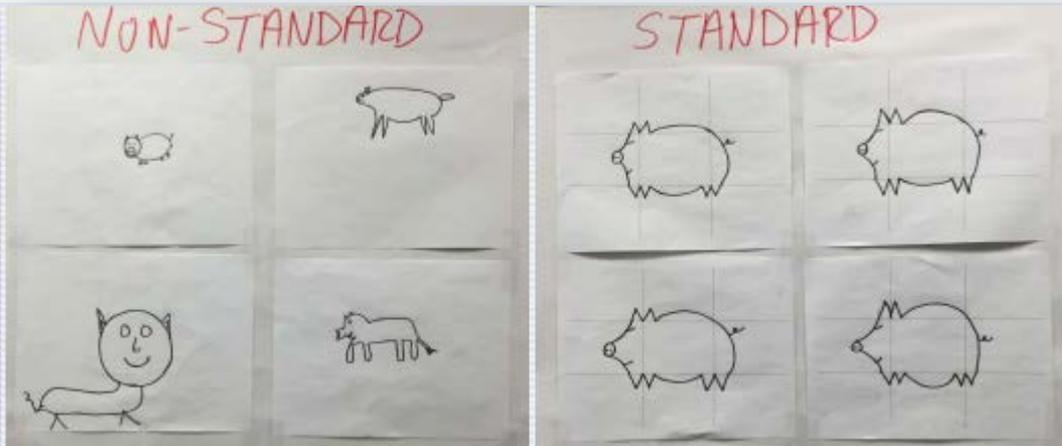
- Level Setting
- Scope of Event
- Stakeholder Identification
- Current State Mapping



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# Day Two



- Finish Current State Mapping
- Waste Identification
- Value Added Discussion
- Lean Six Sigma Training



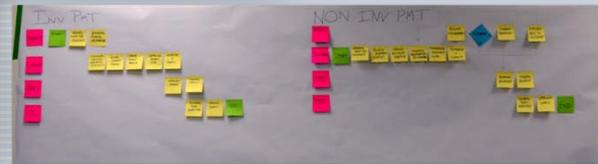
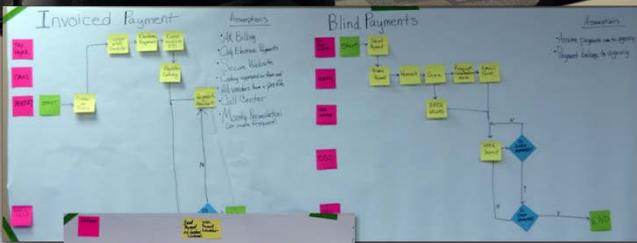
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# Day Three



- Brainstorming
- Analysis
- Problem Solving
- Process Redesign



IT Solutions

IDEA	PAYOFF	CHALLENGES
<ul style="list-style-type: none"> <li>STANDARDIZATION</li> <li>ONE LOCATION</li> <li>WORK REDUCTION</li> <li>GREEN SOLUTION</li> <li>REDUCED COST</li> </ul>	<ul style="list-style-type: none"> <li>REDUCE CHECK PROCESSING</li> <li>"NO HOPS"</li> <li>CUSTOMER SERVICE - NO WAITING</li> <li>FASTER SERVICE</li> <li>RECOGNITION</li> </ul>	<ul style="list-style-type: none"> <li>NOT TO BE DELIVERED</li> <li>DE-BUGGED</li> <li>HUB BUY-IN/CAPABILITY + COST</li> </ul>
<ul style="list-style-type: none"> <li>UTILIZE ERP BUT MANAGE A PROCESS</li> </ul>	<ul style="list-style-type: none"> <li>STANDARDIZATION</li> <li>WORK REDUCTION</li> <li>ARCHIVING ERP</li> <li>INVESTMENT</li> </ul>	<ul style="list-style-type: none"> <li>DEVELOPMENT FEES</li> <li>DEVELOPMENT COSTS</li> <li>CONSISTENCY AMONG AGENCY RETALS</li> </ul>
<ul style="list-style-type: none"> <li>STANDARDIZATION</li> <li>CUSTOMER SERVICE</li> <li>WORK REDUCTION</li> <li>LESS RESEARCH</li> <li>CENTRALIZING INFORMATION</li> <li>BETTER PAYMENT DOCUMENTATION</li> </ul>	<ul style="list-style-type: none"> <li>DEVELOPMENT COST</li> <li>BUILD TIME</li> <li>TRAINING</li> <li>IT DOWNTIME ISSUES</li> <li>IT SECURITY/PCI COMPLIANCE</li> </ul>	

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# Day Four



- Future State Process Development
- Discussion and Consensus
- Implementation Planning
- Details

# Today



- More Implementation Planning
- Celebration
- Sharing the Results

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# Future State



# Simpler

- Fewer people handling checks
- Paperless
- Eliminate data entry for AR pending items
- Single online portal

# Faster

- Quicker receipt payments
- Reduced processing time
- Faster research time (everything in one location)

# Better

- Risk reduction
- Coordinated reconciliation process
- Less human error due to automation
- More robust reporting
- Participating agencies using standard approach
- More payment options for customers

# Less Costly

- Redirected man hours
- Greatly reduced storage and destruction
- Customers save time/money using portal

# Summary Scorecard

Measure	Current Level	NEW	Change
Process Steps	80-157	21	<b>74-87%</b>
Decision Points	4-24	3	<b>25-88%</b>
Functions	4-10	5	<b>Up to 50% Reduction</b>

# Implementation Plans

- Dashboard & KPI
- External Training & FAQ's
- Research Process & Reconciliation
- Standards, Invoice & OAKS Data
- Communication

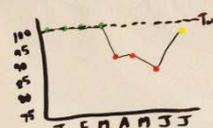
# Implementation Plans

(KPI – Dashboard)

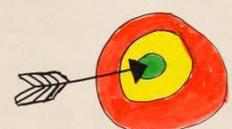
## KPI Critical Quality

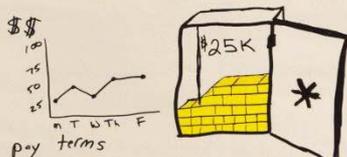
- ① Time to Process from receipt of pmt  
% 72 hours Total completed w/in 72 hrs
- ② Average Days to Process
- ③ Quality of Lockbox - Accuracy  
% of transactions that require MODS.
  - Research Items returned to Agency
    - ~~Actual~~ % of items returned incorrectly.
    - % of items <sup>NOT</sup> returned that should ~~not~~ have been.
    - % of items researched
  - Age of receivable - paid w/in requirement?
- ⑤ % Paid in requirement  
% Total Age Average  
\$ in outstanding pmts
- # of customer inquiries +/- survey monkey
- ④ % approved 1st pass - oss & Tos  
• Time to Approve  
• % of bad payments NSF = Fees & Cash implication
- ④ Total Items / Average # of checks / <sup>amount</sup> deposit  
• % ~~through~~ hit terms

## AR DASHBOARD

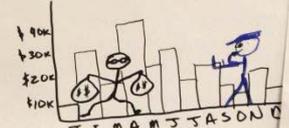
% of payments deposited w/in 72 hrs 

Average days to deposit payments 

Lockbox Quality Rate 

Total Items Deposited and \$\$\$ 

% of payments received w/in pay terms

Outstanding \$\$\$ to be collected 

% Approved at first pass

# Implementation Plans

(External Training – FAQ's)

What	Who	When
<sup>3</sup> E-learning	external customer making pmts	Immediate-comm.
<sup>4</sup> Videos		2 wk
<sup>4</sup> ILT		
<sup>1</sup> Communication		
<sup>2</sup> Contact Center	Tech Write contact center lead	Qtrly
<sup>2</sup> VRU		
<sup>2</sup> Website	T.A.	
<sup>3</sup> Job Aids	crm	
E-Suppliers	county boards	
	OBM Stat Accounting	

Gerry

External Customers

## FAQ'S

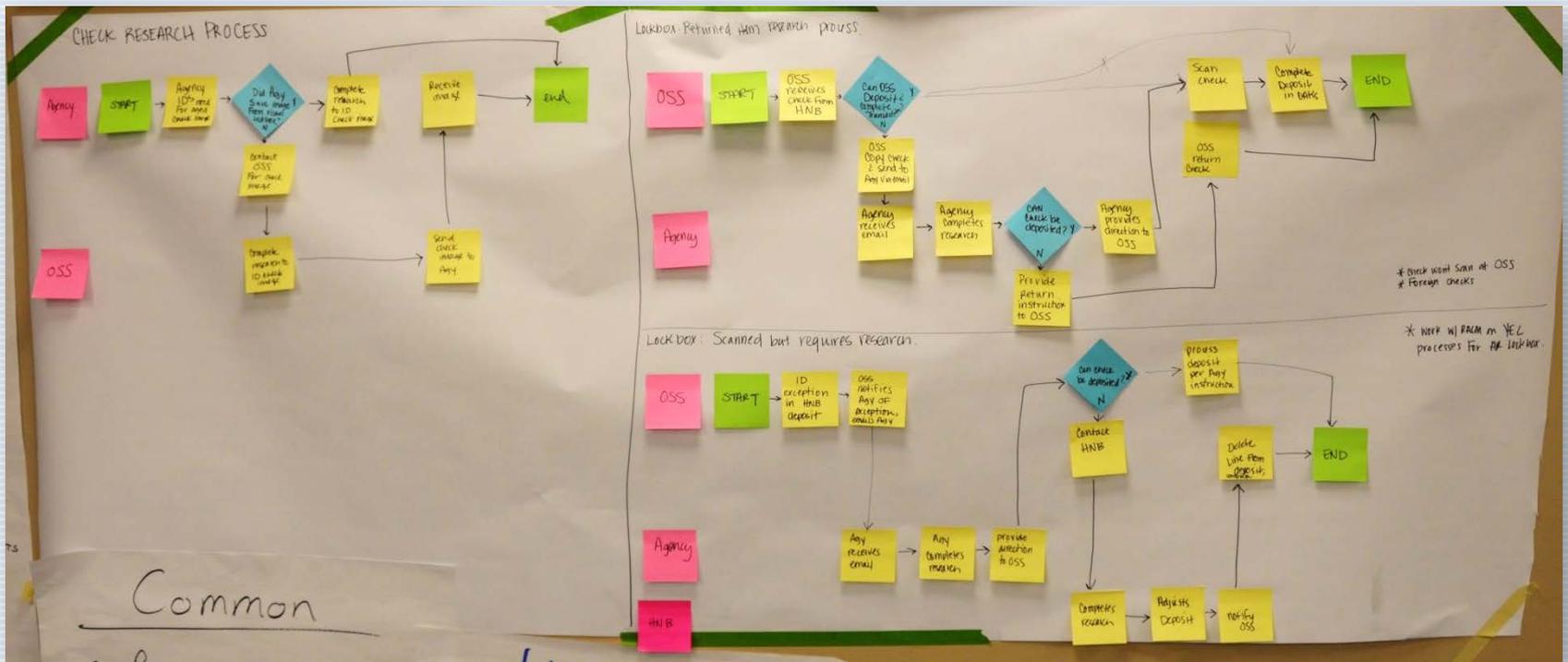
<p>How will AGENCIES GET PAPERWORK THAT COMES w/CHECKS?</p> <p>How will OSS ASSIGN APPROPRIATE CODING TO COMPLEX INVOICES?</p> <p>CUSTOMER CONTACT AGENCY CUSTOMERS AGENCIES</p> <p>How will PAYMENT EXCEPTIONS BE ADDRESSED?</p>	<p>IMAGES AVAILABLE IN HNB VISUAL LOCKBOX ? (UP TO 180 DAYS)</p> <p>OSS MAINTAINS IMAGE FILES INDEFINITELY</p> <p>HNB WILL RETURN ORIGINAL DOCUMENTS TO AGENCY</p> <p>SPEEDCHARTS THAT SPLIT THE REVENUE</p> <p>SPEEDCHARTS ADDED TO REMITTANCE DOCUMENTS</p> <p>OSS OUTREACH (VIA EMAIL) TO AGENCIES</p> <p>CONTACT AGENCY</p> <p>CURRENTLY CONTACT OSS AR PROFESSOR / EVENTUALLY CONTACT OSS CONTACT CENTER</p> <p>PMT EXCEPTIONS WILL BE ADDRESSED IN AGENCY IMPLEMENTATION MEETINGS</p>
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### FAQ'S (CONT'D)

<p>PAYMENT RETURN PROCESS</p>	<p>OSS WILL WORK w/ HNB TO GET PMTS. REVERSED &amp; ADJUST DEPOSITS</p>
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# Implementation Plans

(Research Process & Reconciliation)



# Implementation Plans

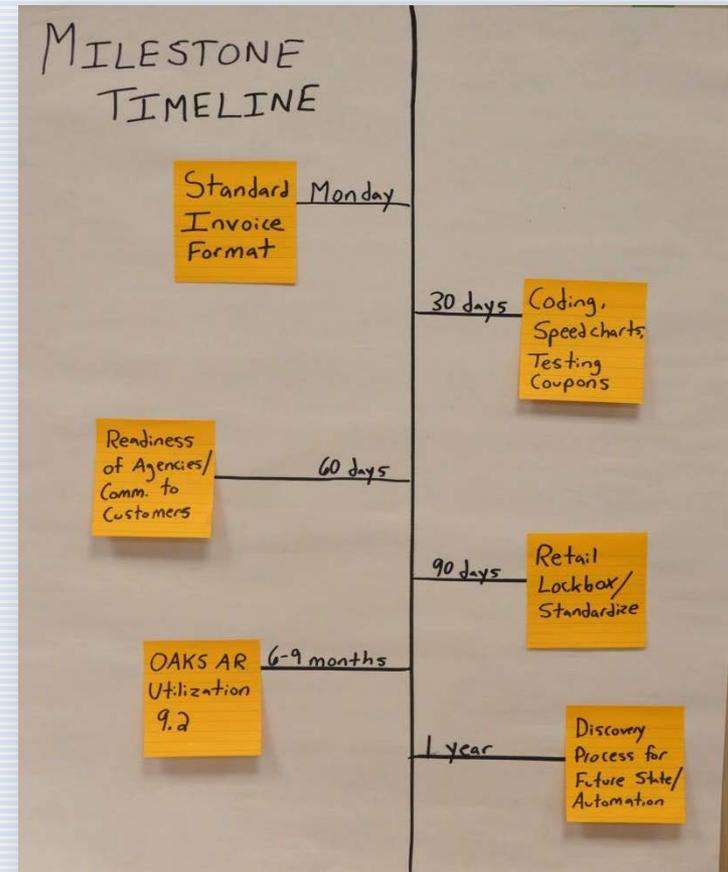
## (Communications)

Communication Plan						
What?	Audience	Owner	How?	When? How often?	Notes	Message / Intent
Executive Summary	MGR/CFO/DD OC.	OSS/LEAN	Email Rpt Out	Once + March	List of Agencies	Highlights of the week to inform/set stage
OSS News Letter	Dist List	OSS	Email	Once	4/16	"
CFO Update	CFO	OSS	Meeting/Web	Once QTR		Progress Qtrly Highlight of standards Timeline
Customer Letter	Agency	Customer Agency	Email/Letter website	Mth pre Ongoing	With Invoice	Intro Informational
Int. comm.	IT/IS	Agency	Meeting/Email	Before Inv	Program/FISCAL/IT	Detail Inform, Request, System Require
Process Steps (READY MEETING)	STAFF	OSS/Agency	Meeting	Before Launch	Based on L.B	Prepare Q & A
92 upgrade AR/Billing	Agency/TOS	OSS/Agency RACM	Meeting	Before 7/1/15	OAKS TRAINING	Up to date on new features List of desire functions from future states



# What Begins Monday?

- Standard invoice format
- Executive summary
- Follow-up with Huntington Bank and agencies



# Special *thanks* to...

## **Senior Leadership:**

Everett Ross

## **Sponsor:**

Jennifer Leymaster, DAS, Ann Rengert, DODD, Kevin Flanagan, AGE  
Tom Holsinger, JFS, Shawn Smith, PUCO, Jennifer Day, TOS

## **Team Leader:**

Korrina Thomas

## **Subject Matter Experts:**

Kelly Salomone, OBM Office of Internal Audit

Pete Chiccarino, AGE IT

Bill Gill, AGE IT

Agency Program Staff

John Rumer, OSS Pre-Collections Service Owner