

## **Establishment of Member Services Department**

We are excited to announce that the Executive Committee approved the establishment of a Member Services Department at their May 7, 2015 meeting. The transition will begin in the 2015/16 fiscal year with the hiring of a senior management position reporting to the CEO with the title of Chief Member Services Officer (CMSO). A second member services position has been approved to be phased-in during the second half of the fiscal year.

We believe this marks a new phase in the EIA's evolution focused on the services that we have historically provided and the expansion of new services that are of value to our members. Initially, Member Services will concentrate on existing services and enhance our marketing of these services to ensure that members are aware of opportunities that already exist. Simultaneously, we will begin development of a loss and exposure benchmarking tool, as well as a risk self-assessment tool. The Executive Committee has approved a new Data and Analytics Manager Position to head up our data collection efforts and to develop our benchmarking capabilities. Also approved for FY 2015/16 is the development of a risk self-assessment tool which has already been conceptualized and the RFP process has been completed and a contract approved.

At the direction of the Executive Committee, the roll out of new services will be careful and methodical ensuring that we are able to deliver high quality services with the available resources. Each particular service will be considered on its own merits including a determination how the services will be funded. Besides benchmarking and the risk self-assessment tool, the CMSO will evaluate potential new service offerings including practical training for risk managers, loss analysis, risk management contract review, and SIR analysis.

In order to ensure that the member services focused direction that we are moving in is in concert with the expectations and desires of the membership, the EIA contracted with John Nielsen of Arthur J. Gallagher (AJG) to advise the Executive Committee. Mr. Nielsen conducted an initial organizational study in November of 2014 and followed with a final project, with the results presented to the Executive Committee at their May 7, 2015 meeting. The AJG project involved a survey of the entire membership and meetings with five separate focus groups. We are grateful to all our membership who took the time to provide input on the survey and to participate in the focus groups. Attached is the final AJG report prepared by Mr. Nielsen.

Michael Fleming  
Chief Executive Officer  
CSAC EIA

**FINAL REPORT TO THE EXECUTIVE COMMITTEE:**

***“AN ORGANIZATIONAL SURVEY RELATED TO  
THE EXPANSION OF MEMBERSHIP SERVICES  
AND A PLAN TO OPTIMALLY REORGANIZE THE  
STAFFING STRUCTURE OF THE CSAC EXCESS  
INSURANCE AUTHORITY”***



**CSAC Excess Insurance Authority**

April 30, 2015

Written by: John M. Nielsen, MPA, ARM  
Area Senior Vice President  
Arthur J. Gallagher & Company

# **I. CONTENTS**

<b>I.</b>	<b>Table of Contents</b>	<b>2</b>
<b>II.</b>	<b>Purpose &amp; Scope</b>	<b>3</b>
<b>III.</b>	<b>Methodology, Including Membership Survey Questionnaire &amp; Focus Group Dialogue Questions</b>	<b>4</b>
<b>IV.</b>	<b>Membership Survey Results</b>	<b>17</b>
<b>V.</b>	<b>Focus Group Meeting Results</b>	<b>23</b>
<b>VI.</b>	<b>Prioritization of Membership Service Offerings</b>	<b>28</b>
<b>VII.</b>	<b>New Membership Services Funding Strategies</b>	<b>29</b>
<b>VIII.</b>	<b>Staffing Options</b>	<b>30</b>
<b>IX.</b>	<b>Conclusions &amp; Recommendations</b>	<b>34</b>
<b>X.</b>	<b>Acknowledgements</b>	<b>36</b>

## **II. PURPOSE & SCOPE**

### **PROJECT PURPOSE**

The EIA Executive Committee and staff recently contemplated the possibility of expanding the menu of membership services currently offered to the EIA's members/public entity participants. In connection with this possible service expansion, the EIA gave much thought to reorganizing the staffing structure that would most optimally support the delivery of these new membership services in the future.

In July 2014, the EIA issued an RFP seeking to engage a Consultant to provide input and recommendations on the delivery of these services. Specifically, the EIA identified three organizational re-design options and asked the Consultant to opine as to which structure best would serve the EIA's needs, both from a "span of control" perspective and a "risk management" perspective. Gallagher spent the fall analyzing these staffing options and delivered a final report with our conclusions and recommendations to the Executive Committee.

In November 2014, in reaction to Gallagher's initial consulting report and oral presentation, the Executive Committee determined that the EIA would benefit from a follow-up consulting project that surveyed and researched the perceptions, opinions, beliefs and attitudes of EIA's participants in connection with the new services that the EIA is contemplating. The ultimate objective of the follow-up project is to assist the EIA in developing a greater consensus among its membership, staff and Executive Committee concerning the needs of the organization in anticipation of rolling-out new membership service offerings during Fiscal Year 2015-16. The results of this research will be used to identify and prioritize the membership services needs of EIA's members and then design a new staffing structure that EIA will subsequently fund and create. It will also be used to develop a defined strategy to roll-out the delivery of new services and programs to EIA's participants.

### **PROJECT SCOPE**

The project scope for the market research consulting project included two major aspects: a general survey of the EIA membership; and a series of five (5) focus group meetings with key constituent groups including the EIA membership, staff and Executive Committee.

The report that follows summarizes the priorities identified through the market research Gallagher conducted. It includes sections that explain not only the results of the membership survey and the focus group meetings, but what it all means from a staffing perspective – tying back to the Phase I staffing study.

### **III. METHODOLOGY**

The first step in the survey and focus group processes was to develop definitions of the new potential service offerings. This was accomplished with the assistance of Chief Operating Officer, Gina Dean, who verified that the definitions Gallagher developed were accurate, complete and understandable to the anticipated membership survey and focus group participants.

Subsequently, Gallagher, in cooperation with Ms. Dean and Chief Executive Officer, Michael Fleming, developed a survey instrument using Survey Monkey to secure, tabulate and summarize the responses. The survey was distributed and responses returned during February, 2015. A copy of the survey questionnaire immediately follows on pages 5-15.

Gallagher, again in cooperation with the CEO and COO, then developed a meeting agenda and relevant questions (or “Dialogues”) for the focus groups to address. Each Dialogue included a voting exercise and discussion. Gallagher facilitated each focus group meeting and, with the assistance of EIA staff, maintained a record of ideas and opinions developed from these interactions. Each focus group was comprised of 6 to 9 individuals, representative of the important constituencies that comprise EIA’s membership. A list of the focus group “Dialogues” can be found on page 16.

Two (2) focus group meetings were held in connection with EIA’s March orientation meetings. On March 18th a focus group was held in Folsom, CA with representatives from counties, cities, JPA’s and special districts; the next day, March 19<sup>th</sup>, a similar focus group event was held in Ontario, CA. The last three (3) focus groups were held at the Annual Retreat on April 8<sup>th</sup> and 9<sup>th</sup> in Little River, CA. Two (2) of these focus group meetings were held with Executive Committee members and Committee Chairs; the other with staff and EIA’s brokerage partners from Alliant.

The four (4) member focus groups were oriented around how the participants believed the new membership services would impact/benefit their agencies; the focus group for staff/Alliant was oriented around staff’s sense of its ability to deliver the contemplated new services in an efficient and cost-effective manner.



January 30, 2015

Dear EIA Member:

Recently the EIA Executive Committee engaged an independent, third-party consultant, Arthur J. Gallagher & Company, to conduct market research and analysis on an array of new service offerings that the EIA Executive Committee and Staff have been discussing. Gallagher's Area Senior Vice President, John Nielsen, will be leading this project.

By offering these services in the future, we hope to enhance EIA's "Brand," differentiate the EIA from our competitors by offering unique products and services, generate greater connections between the members and the EIA and promote greater loyalty to our JPA.

Before offering new services to the EIA membership and participants, the Executive Committee thought it advantageous to solicit member input on the nature, costs and delivery of these services. Input may come in the form of a general membership survey, structured interviews with targeted individuals reflecting the diverse nature of EIA's 1800 participants, and focus groups with individuals and key stakeholders of the EIA.

Our objectives in seeking in this input, include the following:

1. Gauge the EIA members' satisfaction with existing products/service offerings.
2. Introduce the EIA members to a broad array of potential new product/service offerings.
3. Determine the potential market within the EIA for these new product/service offerings.
4. Determine the EIA members' attitudes towards funding these new products/services.

We encourage you to engage with our consultants from Gallagher during the coming weeks. We value your input and wish to tailor new products and services that will serve your interests for decades to come. Help us, help you!

Best regards.

Jim Sessions  
CSAC EIA Executive Committee President

Michael Fleming  
CSAC EIA Chief Executive Officer

## 1.

Thank you for being a valued member of the CSAC Excess Insurance Authority. The EIA strives to provide the best coverage, and best value-added member services, at the most economical price. The EIA has engaged Arthur J. Gallagher & Company to conduct market research on an array of new member services that we are considering making available to our members and participants.

In an effort to continue providing you with the best JPA experience possible, we would greatly appreciate your feedback regarding these new potential service offerings by completing the 5-10 minute on-line survey that follows. In addition, this survey will also be used to gauge the member's satisfaction with services currently being provided (in place of the survey that is typically sent each spring).

We are interested in your candid opinions and will take them into account in developing new products and services on your behalf. Thank you for your participation and your support for the EIA.

## 2.

Please provide us with some demographic information about your agency:

### 1. Type of employer?

- ☐ County
- ☐ City
- ☐ School or University
- ☐ Special District
- ☐ JPA
- ☐ Other

### 2. What department do you work in?

- ☐ Executive Management
- ☐ Finance
- ☐ Risk Management
- ☐ Legal
- ☐ Human Resources
- ☐ Law Enforcement
- ☐ Fire Protection
- ☐ Public Works/Utilities
- ☐ Other

### 3. How long has your agency been a member of CSAC EIA?

- ☐ 1 - 3 years
- ☐ 4 - 10 years
- ☐ 11 - 20 years
- ☐ 21 years or more
- ☐ Don't know

### 4. How many full-time employees does your agency have?

- ☐ 0 - 50
- ☐ 51 - 150
- ☐ 151 - 500
- ☐ 501 - 1,000
- ☐ More than 1,000



### 3. Current level of satisfaction with the EIA

#### 5. Please indicate your current level of satisfaction with the EIA.

	Completely Satisfied	Very Satisfied	Somewhat Satisfied	Somewhat Dissatisfied	Very Dissatisfied	Completely Dissatisfied	I Don't Know
Overall level of satisfaction with the EIA?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Satisfaction with the insurance protection provided by EIA to your agency?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Satisfaction with the risk management services provided to your agency?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Satisfaction with the delivery of timely/accurate information useful to your agency?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Satisfaction with the delivery of timely/accurate analysis useful to your agency?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Satisfaction with the EIA in meeting the needs of your agency?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Satisfaction with the responsiveness of the EIA Staff?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Satisfaction with the customer service offered by the EIA Staff?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Satisfaction with the problem solving ability demonstrated by the EIA Staff?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Satisfaction with the services provided by Alliant Insurance Services, the EIA's broker?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**6. What do you think are the EIA's strengths (check all that apply)?**

- ☐ Customer Service
- ☐ Financial Stability
- ☐ Flexibility/Responsiveness
- ☐ Leadership in Industry
- ☐ Reduced Insurance Costs
- ☐ Products/Services - RE: property and casualty programs
- ☐ Products/Services - RE: employee benefits programs
- ☐ Product/Services - RE: pool negotiated vendor rates (loss prevention, certificate of insurance tracking, drug & alcohol testing consortium, etc.)
- ☐ Member Driven Focus - Networking opportunities (Board/Committee Meetings, online forums)
- ☐ Member Driven Focus - Governance opportunities through Board/Committee participation

**7. Please indicate what you think are the EIA's 3 greatest strengths (please check only 3).**

- ☐ Customer Service
- ☐ Financial Stability
- ☐ Flexibility/Responsiveness
- ☐ Leadership in Industry
- ☐ Reduced Insurance Costs
- ☐ Products/Services - RE: property and casualty programs
- ☐ Products/Services - RE: employee benefits programs
- ☐ Product/Services - RE: pool negotiated vendor rates (loss prevention, certificate of insurance tracking, drug & alcohol testing consortium, etc.)
- ☐ Member Driven Focus - Networking opportunities (Board/Committee Meetings, online forums)
- ☐ Member Driven Focus - Governance opportunities through Board/Committee participation

**8. During the last 24 months, which of these existing EIA member services have you used?**

- ☐ On-site training services (for defensive driving, workplace violence, supervisor training, etc.)
- ☐ EIA regional training programs
- ☐ EIA webinars
- ☐ Online training through Target Solutions' Prevention Link
- ☐ Drivers' License electronic pull notice program
- ☐ EIA loss prevention services
- ☐ Certificate of insurance tracking services
- ☐ Drug & alcohol testing consortium
- ☐ Attended EIA's new member orientation program
- ☐ Accessed EIA's video lending library
- ☐ Requested industrial hygiene assistance
- ☐ Participated in EIA's risk management subsidy program

## 4.

Before beginning the survey regarding new potential services, please review the following background information.

The EIA is considering making available ten (10) new products/services to EIA participants. These potential new offerings include the following:

1. Practical Training for Risk Managers
2. SIR Analysis
3. Loss & Exposure Benchmarking
4. Loss Analysis
5. Risk Self-Assessment Tool
6. Risk Management Contract Review for Indemnification & Insurance Provisions
7. Premium Allocation by Department
8. Rent-A-Risk Manager
9. Claims Data Conversion Services
10. Practical Training for Claims Examiners

## 5.

Following is a brief description of each potential new product/service offering. Please, briefly familiarize yourself with them before completing the survey.

### 1. Practical Training for Risk Managers

Often Risk Management is just one of many duties that a newly appointed public official is asked to oversee. The purpose of this new program is to provide basic and developmental training to inexperienced or newly appointed individuals responsible for organizational risk management functions. This training program would also be beneficial for public officials who may be long-tenured but lack knowledge and experience overseeing the risk management functions of their organization.

### 2. SIR Analysis

In these austere times for public entities, many EIA members often are interested in knowing how they might reduce their organization's fixed costs by taking a higher self-insured retention. This new EIA service will give you the means and technical support to optimize your retention structure based upon your historical loss patterns and give you the opportunity to estimate future premium costs with different SIR's or deductibles.

### 3. Loss & Exposure Benchmarking

Many EIA members have identified organizations of similar size or located within the same geographical region that they often compare themselves to. This program will help you identify a peer group and permit you to compare your organization's loss history in meaningful and consistent ways. Benchmarking is no longer a cutting edge issue in the public sector; it is increasingly the norm. EIA's independence will lend credibility to your accountability efforts - whether internal or external to your organization.

### 4. Loss Analysis

How often have you received a quarterly or annual loss run and wondered what it means to your organization? The purpose of this new program is to "slice and dice" your loss experience in ways that will allow us to identify loss trends and patterns to assist you in developing loss control and training programs that will bend your claims cost curve, favorably.

### 5. Risk Self-Assessment Tool

The EIA is interested in developing a self-assessment tool that EIA members may use to determine their own compliance with "Best Practices" for various types of public entities. Whether you manage cities, counties, schools, or special districts, EIA will advise you of the state-of-the-art practices, policies and procedures that you should have in place to best manage your risks. EIA will also offer you assistance in addressing gaps that you identify through your self-assessment efforts.

#### 6. Risk Management Contract Review for Indemnification & Insurance Provisions

EIA members are often barraged with questions pertaining to agreements that their organizations have entered into or are considering entering into. Often these questions revolve around the indemnification provisions and insurance requirements included in these contracts. This service is intended to provide a comprehensive "Risk Management" review of these documents with our best advice how to protect your organization's interests. Not intended as a substitute for a legal review, these services will get you on-track from a sound risk management perspective.

#### 7. Premium Allocation by Department

For purposes of internal budgeting, resource allocation and internal accountability, EIA members often need guidance on how to allocate their insurance costs among the departments within their organization. This service will allow you to make these allocations on an equitable, consistent, and predictable basis. EIA staff will provide you with advice on allocation options, or they can perform the allocation work for you.

#### 8. Rent-A-Risk Manager

Many EIA members lack sufficient resources to hire full-time risk management professionals to administer their risk management and safety programs. This program will use EIA's clout to optimally procure for these services using contracted third-party resources. Members will be able to secure the services of an experienced risk manager to help out when there is turnover, or when there is a need for help on a project or even on a permanent part-time basis. The EIA would qualify and contract with consultants to provide services not only in Risk Management, but also in related areas such as finance, safety, cost allocation, etc.

#### 9. Claims Data Conversion Services

Have you ever transitioned from one claims TPA to another? Or transitioned from an outside claims TPA to an in-house operation? These transitions are fraught with pitfalls, not least of which is in preserving the integrity of your existing loss data. EIA will help you identify the claims data points your legacy system is already collecting and ensure that they are appropriately mapped and replicated into your new one. The EIA's efforts will not only ensure valuable "cause of loss" data is preserved and protected, but also historical payment and loss reserve details are not lost during the data migration process.

#### 10. Practical Training for Claims Examiners

Increasingly, EIA members have expressed concerns about the capabilities and skill sets of the Workers' Compensation claims examiners that adjust their claims - whether by in-house staff or through a TPA. The EIA is interested in developing a new training program to ensure that those responsible for administering, perhaps the most volatile of all public entity risks, have the tools they need to effectively advocate on your behalf.

## 7. New Potential Service Offerings

**9. Which of these potential new EIA service offerings do you think would be of "Considerable Value" to your agency? Please check all that apply. Please refer to the prior section for an explanation of each potential new service offering.**

- ☐ Practical Training for Risk Managers
- ☐ SIR Analysis
- ☐ Loss & Exposure Benchmarking
- ☐ Loss Analysis
- ☐ Risk Self-Assessment Tool
- ☐ Risk Management Contract Review for Indemnification & Insurance Provisions
- ☐ Premium Allocation by Department
- ☐ Rent-A-Risk Manager
- ☐ Claims Data Conversion Services
- ☐ Practical Training for Claims Examiners

**10. Which of these potential new service offerings would duplicate services you are already receiving from another third-party service provider (thereby making them redundant)? Please check all that apply.**

- ☐ Practical Training for Risk Managers
- ☐ SIR Analysis
- ☐ Loss & Exposure Benchmarking
- ☐ Loss Analysis
- ☐ Risk Self-Assessment Tool
- ☐ Risk Management Contract Review for Indemnification & Insurance Provisions
- ☐ Premium Allocation by Department
- ☐ Rent-A-Risk Manager
- ☐ Claims Data Conversion Services
- ☐ Practical Training for Claims Examiners

**11. If only 3 of these service offerings were to be made available during the 2015 calendar year, which 3 would you prioritize for delivery to your agency FIRST? Please check up to three (3) boxes.**

- ☐ Practical Training for Risk Managers
- ☐ SIR Analysis
- ☐ Loss & Exposure Benchmarking
- ☐ Loss Analysis
- ☐ Risk Self-Assessment Tool
- ☐ Risk Management Contract Review for Indemnification & Insurance Provisions
- ☐ Premium Allocation by Department
- ☐ Rent-A-Risk Manager
- ☐ Claims Data Conversion Services
- ☐ Practical Training for Claims Examiners

**12. If all of these services were funded and put in place by the EIA in 2015, and subsequent budget constraints required the elimination of 3 of these services from the EIA's budget, which 3 services would your agency want eliminated FIRST? Please check only three (3) boxes.**

- ☐ Practical Training for Risk Managers
- ☐ SIR Analysis
- ☐ Loss & Exposure Benchmarking
- ☐ Loss Analysis
- ☐ Risk Self-Assessment Tool
- ☐ Risk Management Contract Review for Indemnification & Insurance Provisions
- ☐ Premium Allocation by Department
- ☐ Rent-A-Risk Manager
- ☐ Claims Data Conversion Services
- ☐ Practical Training for Claims Examiners

**13. Please describe any other services the EIA might offer (not listed here) that your agency would derive considerable value from.**



## 8. Funding for Services

**14. Which of these statements best articulates your agency's funding philosophy for the EIA's potential new service offerings? Please check only one selection.**

- ☐ The programs should be offered to all agencies; the costs paid out of EIA's general administrative budget.
- ☐ The programs should be offered to all agencies; the costs paid with flat surcharge/agency.
- ☐ The programs should be provided to all agencies; the costs surcharged as equal % of premium.
- ☐ The programs should be provided only to those agencies that are willing to directly pay for them.
- ☐ The programs should be provided only to those agencies that are willing to directly pay for them, except 50% subsidized by the EIA for agencies with less than 100 FTE's.
- ☐ These new service offerings are redundant to my agency; I shouldn't be expected to pay for others.
- ☐ It is a waste of the EIA's resources to support the delivery of any of these services at this time.
- ☐ No opinion.

**15. If the EIA determined that the best way to approach service delivery is to offer all the new services to all agencies that participate in the EIA, and to fund all programs out of EIA's general administrative budget – what is the maximum increase in the general administrative budget that you could support? Please check only one box.**

- ☐ 0%
- ☐ 1%-2%
- ☐ 3%-5%
- ☐ 6%-10%
- ☐ 11%-15%
- ☐ No opinion.

## 9. Focus Group Participation

**16. The EIA will be sponsoring several focus groups in March and April to discuss the new potential service offerings in greater detail. Would you be interested in participating in one of the focus groups?**

☐ Yes

☐ No

**17. If you answered "Yes" to the previous question, please provide contact information**

Name

Agency Name

Email Address

Work Telephone Number

**10.**

THANK YOU FOR PARTICIPATING IN EIA'S MEMBERSHIP SERVICES SURVEY! WE APPRECIATE YOUR CANDOR AND FEEDBACK.

**18. Do you have any comments or other feedback for the EIA?**

**FOCUS GROUP MEETING DIALOGUES**

1. Which of the ten (10) potential new service offerings are most likely to be of greatest value to your agency?

Focus Group Participants could cast up to five (5) votes.

2. From among the top five (5) service offerings, which one (1) service would be of most value to your agency? Which two (2) service offerings would be next most valuable?

Focus Group Participants cast one (1) vote for the service offering most valuable to their agency and up to (2) additional votes for the next most valuable services.

3. Which statement best articulates your agency's preferred funding philosophy for delivery of these new service offerings?

Focus Group Participants cast one (1) vote for the funding strategy/statement that best reflected that of their agency.

**ADDITIONAL OPEN DISCUSSION ITEMS**

1. Are there any additional service offerings that the membership survey should have included?
2. In delivering new membership services, should CSAC-EIA apply a single, consistent funding philosophy/strategy? Why? Why not?
3. Were there any funding strategies omitted from the original membership survey? What other funding strategies should the EIA consider?
4. What other feedback or opinions would you like to share concerning the new EIA membership services?

## **IV. MEMBERSHIP SURVEY RESULTS**

A total of 352 survey instruments were distributed and 152 responses returned for a response rate of 43%. This is an excellent response rate and spoke to the strong interest the EIA members have in being included in the planning process regarding new membership services. According to FluidSurveys, a Canadian on-line marketing research firm, the typical electronic survey generates a response rate of less than 25%.

Concerning the demographics of the survey respondents, we offer the following observations:

- The respondents were employed by the following agencies:

Counties	44.1%
Cities	27.6%
JPA's	14.5%
Schools/Colleges/Universities	6.6%
Special Districts	5.9%
Other	2.6%

- The respondents worked in the following departments:

Risk Management	48.7%
Human Resources	24.3%
Executive Management	17.8%
Finance	3.9%
Legal	0.7%
Fire Protection	0.7%
Other	3.9%

- The respondents' agencies have been EIA members for:

21 Years or More	23.8%
11-20 Years	28.5%
4-10 Years	27.8%
1-3 Years	6.0%
Unknown	13.9%

- The respondents worked with employers of various sizes, including employers with:

1,000 or More FT Employees	36.4%
501-1,000 FT Employees	18.5%
151-500 FT Employees	19.9%
51-150 FT Employees	7.9%
1-50 FT Employees	17.2%

The second section of the survey focused on member satisfaction with existing EIA services and programs. Shown below are the percentage of respondents who reported that during the last 24

months they had utilized one or more of the member services currently offered to EIA participants. We have highlighted the service offerings utilized by 25% or more of the respondents in the last 24 months in GREEN and the service offerings utilized by 10% or less of the respondents in the last 24 months in RED.

The programs the members most utilized may be candidates for additional organizational funding in future years. The programs least utilized may be candidates for either better education or marketing among the members or candidates for elimination in future years.

<b>CURRENT PROGRAM UTILIZATION:</b>	<b>Response Percentage</b>
On-Site Training Services	21.1%
Regional Training Programs	21.1%
Webinars	71.1%
Target Solutions On-Line Training	43.0%
Drivers' License Electronic Pull Notice Program	24.2%
Loss Prevention Services	32.0%
Certificate of Insurance Tracking Service	20.3%
Drug & Alcohol Testing Consortium	18.8%
New Member Orientation Program	28.9%
Video Lending Library	8.6%
Industrial Hygiene Assistance	3.1%
Risk Management Subsidy Program	52.3%

The next section of the membership survey focused on the potential new membership services offerings that EIA might provide in the future. The members said they would find the following services of "Considerable Value" to their agencies:

<b>NEW SERVICE OFFERINGS OF CONSIDERABLE VALUE:</b>	<b>Response Percentage</b>
Practical Training for Risk Managers	66.9%
SIR Analysis	56.2%
Loss & Exposure Benchmarking	61.2%
Loss Analysis	56.2%
Risk Self-Assessment Tool	58.7%
Risk Mgmt. Contract Review	56.2%
Premium Allocation by Department	35.5%
Rent-A-Risk Manager	24.8%
Claims Data Conversion Services	23.1%
Practical Training for WC Claims Examiners	33.9%

The three services considered most valuable are highlighted in GREEN; the least valuable in RED. Arguably, the first six service offerings ought to be considered of considerable value, each appealing to over 56% of the respondents, while none of the remaining four service offerings reached 36%.

We also asked if any of the new service offerings were considered to be redundant – i.e., that the agency was already receiving this service from another source/service provider. Highlighted in GREEN are the service offerings considered to be least redundant (i.e., the most likely to be a service that other service providers or organizations are not current replicating) and highlighted in RED are the service

offerings considered to be the most redundant. Certainly, the services shown in GREEN can be considered potential differentiators enhancing EIA's brand; investments in the services shown in RED, however, may not have the differentiating or branding appeal of the others and may in fact be a waste of EIA's resources.

<b>NEW SERVICES OFFERINGS CONSIDERED REDUNDANT:</b>	<b>Response Percentage</b>
Practical Training for Risk Managers	21.7%
SIR Analysis	33.3%
Loss & Exposure Benchmarking	18.8%
Loss Analysis	37.7%
Risk Self-Assessment Tool	14.5%
Risk Mgmt. Contract Review	34.8%
Premium Allocation by Department	31.9%
Rent-A-Risk Manager	26.1%
Claims Data Conversion Services	40.6%
Practical Training for WC Claims Examiners	43.5%

As a way of prioritizing and sequencing service offerings made by EIA in the future, we asked the respondents to identify the three service offerings that their agency would like to see the EIA deliver FIRST (ideally, in FY 2015-16). Highlighted in GREEN are the top three service priorities; highlighted in RED are the lowest three.

<b>NEW SERVICES THAT SHOULD BE OFFERED FIRST:</b>	<b>Response Percentage</b>
Practical Training for Risk Managers	55.7%
SIR Analysis	30.3%
Loss & Exposure Benchmarking	45.9%
Loss Analysis	30.3%
Risk Self-Assessment Tool	36.1%
Risk Mgmt. Contract Review	41.8%
Premium Allocation by Department	17.2%
Rent-A-Risk Manager	5.7%
Claims Data Conversion Services	9.0%
Practical Training for WC Claims Examiners	15.6%

Once again, any of the first six service offerings seem to have considerable appeal to early roll-out, all garnering at least a 30% response rate. None of the last four service offerings attained more than a 17.2% response rate.

Next, as a way to better confirm the lowest roll-out priorities, we asked the survey respondents to imagine that EIA implemented all ten new service offerings in FY 2015-16, but that subsequent budgetary constraints required the elimination of three service offerings in FY 2016-17. Which three services should be eliminated FIRST? Below, highlighted in RED are the three services (including ties) that members would eliminate first; in GREEN are the services they would eliminate last (i.e., protect FIRST):

<b>SERVICES THAT SHOULD BE ELIMINATED FIRST:</b>	<b>Response Percentage</b>
Practical Training for Risk Managers	11.9%
SIR Analysis	22.0%
Loss & Exposure Benchmarking	11.9%
Loss Analysis	11.0%
Risk Self-Assessment Tool	13.6%
Risk Mgmt. Contract Review	19.5%
Premium Allocation by Department	46.6%
Rent-A-Risk Manager	46.6%
Claims Data Conversion Services	59.3%
Practical Training for WC Claims Examiners	56.8%

Once again, there is a very obvious split between the first six new service offerings and the last four.

This section of the survey concluded with an open-ended question concerning other service offerings the membership might have interest in or be in need of. Responses included the following:

- On-Line Material Safety Data Sheets
- Real-Time Reporting of Exposure and Claims Data (Between the Member/Participant Agency – EIA – Alliant – Claims TPA)
- Provide Education to New Members, Staff, Etc. About Current Services Offered to EIA Participants
- General Liability Claims Examiner Training
- Provide Assistance to Participants' Staff Members in Securing ARM Designation
- 1<sup>st</sup> Aid/CPR Training
- Teach Members How to Do Their Own Loss Analysis, SIR Analysis, and Benchmarking
- Expand Employment Law Programs and Services

The final section of the Membership Services Survey focused on how to fund the new membership services. Respondents were asked to choose one funding strategy/statement that best reflected that of their agency.

<b>PREFERRED FUNDING STRATEGY/STATEMENT:</b>	<b>Response Percentage</b>
Offer All Services @ NAC; Pay Costs Out of Gen Admin Budget	26.0%
Offer All Services @ NAC: Pay Costs w/Flat Surcharge/Agency	7.9%
Offer All Services @ NAC; Pay Costs w/Equal % Prem Increase	11.8%
Offer Programs Only on Fee Basis	28.3%
Offer Programs Only on Fee Basis–Subsidized 50% for Smalls	9.4%
Don't Need Redundant Services—Why Am I Subsidizing?	4.7%
It's A Waste of EIA's Resources to Support These Services Now	0.8%
No Opinion	11.0%



The good news is that less than 1% of the respondents indicated that supporting these new services was a “Waste of EIA’s Resources” and that a relatively small percentage (11.0%) voiced no funding preference.

The bad news is that the respondents were almost equally split among those who were most comfortable “socializing” the service offerings and costs (i.e., all EIA participants should be able to access any of the services they wish to – at no additional direct charge – with the costs spread broadly among the EIA membership) as highlighted in GREEN, above, and those that prefer an “every man for himself” approach where new services are delivered, essentially on a “fee basis,” only (shown in RED). In all, 45.7% of respondents favored a “one for all and all for one” approach; while 42.4% preferred an “every man for himself” approach. On its face, a consultant’s nightmare: Apparent broad support for a wide range of new services, with no consensus whatsoever as to how to fund them!

Finally, the respondents were asked to imagine that the EIA decided upon a “socialized” approach to service delivery and cost sharing. If that were the case, what maximum increase in the administrative budget would the respondent’s agency support?

<b>MAXIMUM INCREASE TO ADMIN BUDGET:</b>	<b>Response Percentage</b>
0%	15.9%
1%-2%	40.9%
3%-5%	22.0%
6%-10%	4.7%
11%-15%	0.0%
Don’t Know	16.5%

From this survey data we can safely conclude that there is almost no support for any increase in the EIA’s administrative budget exceeding 5% in connection with delivering these new services. A strong plurality of respondent’s (40.9%) suggested that the administrative budget should not be increased by more than 1% or 2%, while a significant number of respondent’s (15.9%) said they’d prefer to offer new services only if it could be accomplished within the limits of EIA’s existing administrative budget.

The final aspect of the survey questionnaire was an invitation for survey respondents to volunteer for the focus group activities in March and April. A total of 51 volunteers offered their services. We also offered respondents the opportunity to provide general feedback. Twenty-Six respondents added additional comments. A majority commented generally on their appreciation of the EIA or how pleased they were that the EIA had invited their input:

- “We strongly support this initiative. Thanks!”
- “The survey was well put together. Thank you.”
- “I appreciate EIA working to help us become better risk managers.”
- “Though a complete newbie to CSAC EIA, my initial impression is very positive.”
- “You guys are great!”
- “This thoughtful consideration of potentially valuable services would be an excellent addition...”
- “Good ideas. Thank you for thinking of ways to provide better and more effective services...”
- “Thank you for asking.”
- “I’m so happy to see you considering offering these services. It has been needed for a long time...”
- “Very impressed with innovative ideas, programs, etc.”

- “Thank you for being proactive and fulfilling the needs of the membership.”
- “Some of these options for additional services do fill a significant gap and will most likely yield positive results...”

A few others offered other thoughts, ideas, and, in a few cases, criticisms:

- “I would like to see more transparency on premium setting and the actuarial work supporting it in the EWC program...I have not been able to get the analysis supporting an increase from either source (Alliant or EIA staff)...”
- “(I have) somewhat lower satisfaction with the EPN program. Staff will be working with Travis to address...”
- “There should be concern over straying too far afield from (EIA’s) original mission.”
- “It would be inappropriate to spread the costs (of the new services) to non-participating agencies, including the costs of administrative oversight of these types of programs...”
- “The EIA does not need to be all things to all people. (EIA should) provide a superior alternative insurance facility for members.”
- “An alternative might be to develop master consulting contracts for these types of services...”
- “EIA should have a Risk Manager overseeing (the parent) organization rather than focusing externally (on its members)...”
- “Have some suggestions for other funding options, and opt outs.”
- “...I would recommend that EIA offer a few services geared more toward non-profit agencies like the courts, if that is possible in the future.”
- “Perhaps take another swipe at the website (to make it) easier to navigate/find the good information that is there...”
- “I suggest...beefing up the IT Department so we don’t get caught shorthanded in providing great customer service...”
- “With respect to funding, I think some of the programs should be a fee for service and some could be included to all members...”

## **V. FOCUS GROUP MEETING RESULTS**

The focus group meetings provided for an alternative, but equally important way for EIA members to express their opinions concerning the new membership service offerings and how to best fund them. The voting exercises and dialogues permitted us to quantify service interests, needs and priorities and drill down into the reasons and rationales for these opinions. While four of the five focus group meetings (meetings #1, #2, #4 & #5) were dedicated to member needs and interests, we designed the process to allow the EIA staff and Alliant brokerage partners to also express their opinions concerning the capabilities of the EIA to deliver the new contemplated services.

The focus groups were comprised of the following individuals:

<b>Focus Group</b>	<b>Individual</b>	<b>Agency</b>
#1	Larry Moss	East Bay
#1	Charlie Mitchell	CFSA
#1	Ashley Fenton	San Diego USD
#1	Michael Clipper	Turlock Irrigation District
#1	Lisa Hopkins	County of Amador
#1	Mary Jo Castruccio	County of Nevada
#2	Rodolfo Aguayo	County of Imperial
#2	Jerome Torrez	City of Coronado
#2	Beverly Glode	City of Lancaster
#2	Alan Christensen	County of Kern
#2	Jeffrey Hunter	County of Riverside
#2	Geneva Krag	Lake Elsinore USD
#2	Alexandria Tennyson	SCSRM
#3	George Reynolds	EIA
#3	Gina Dean	EIA
#3	Michael Fleming	EIA
#3	Mike Pott	EIA
#3	Gordon DesCombes	Alliant
#3	Ilene Anders	Alliant
#3	Kevin Bibbler	Alliant
#3	Nazie Arshi	Alliant
#3	Tom Sher	Alliant
#4	Andreas Pyper	County of Santa Barbara
#4	Barbara Lubben	County of Alameda
#4	Jill Abel	County of Yuba
#4	Jim Sessions	County of Riverside
#4	Kerry Whitney	County of Napa
#4	Peggy Huntsinger	County of Stanislaus
#4	Scott Schimke	GSRMA
#4	Teri Enos-Guerrero	City of Chula Vista
#4	Van Maddox	County of Sierra

Focus Group	Individual	Agency
#5	Greg Borboa	County of Kings
#5	Karen Caoile	County of Alameda
#5	Kim Greer	City of Richmond
#5	Kristin McMenomey	County of Mendocino
#5	Lance Sposito	County of Santa Clara
#5	Maryellen Peters	County of Placer
#5	Paul Hight	County of Sacramento
#5	Peter Huebner	County of Sierra

We are profoundly grateful for the contributions these individuals made to the focus group meeting process. Their involvement was integral to our success in completing this project.

The voting exercises and dialogues were quite revealing. In large measure, they reaffirmed and validated the information developed through the membership survey. However, because there was opportunity for discussion, clarification, and prioritization of interests the focus group effort proved invaluable.

The charts that follow summarize the three dialogues discussed with the various focus groups.

**Dialogue #1:** Which of the ten potential new service offerings are most likely to be of greatest value to your agency?

Focus group participants were allowed to vote for up to five new service offerings. The voting results were as follows:

**SPEAKING TO MEMBER NEEDS/INTEREST IN NEW SERVICES:**

Part	Focus Groups	Srv 1	Srv 2	Srv 3	Srv 4	Srv 5	Srv 6	Srv 7	Srv 8	Srv 9	Srv 10
6	Focus Group #1	6	4	3	3	2	6	1	2	2	0
7	Focus Group #2	2	3	4	5	5	3	1	3	1	4
9	Focus Group #4	4	4	7	7	4	3	4	1	0	1
8	Focus Group #5	5	3	5	7	4	3	4	3	2	0
30	TOTALS	17	14	19	22	15	15	10	9	5	5
% of Voters		57%	47%	63%	73%	50%	50%	33%	30%	17%	17%

**SPEAKING TO STAFF'S ABILITY TO DELIVER NEW SERVICES:**

Part	Focus Groups	Srv 1	Srv 2	Srv 3	Srv 4	Srv 5	Srv 6	Srv 7	Srv 8	Srv 9	Srv 10
9	Focus Group #3	4	7	4	7	5	9	4	0	0	1
9	TOTALS	4	7	4	7	5	9	4	0	0	1
% of Voters		44%	78%	44%	78%	56%	100%	44%	0%	0%	11%

The member focus group results – taken together – were largely consistent with the membership survey results. As we saw before, the first six new service offerings received significantly greater support than service offerings #7-#10.

However, member interest in new services is only half the story. Equally (if not, more) important is staff's perceived ability to deliver the new services efficiently and cost-effectively. These

perceived abilities are reflected in the results shown, above, for Focus Group #3. Ideally, the membership's appetite for new services is matched by staff's ability to deliver same. Where there is a gap in delivery capability, special attention must be given, to ensure that staff does not "bite off more than it can chew." Contrastingly, in areas where staff perceives itself to have strong abilities to deliver services there may be opportunities to gather low hanging fruit – provided the members have interest in these areas of potential new service.

In connection with Dialogue #1, the following chart shows the "delta" between membership interest in a particular service offering and staff's self-perceived ability to effectively deliver those services:

SERVICE OFFERING	SERVICE SURPLUS/DEFICIT
(SERVICE #1) Practical Training for Risk Managers	-13%
(SERVICE #2) SIR Analysis	+31%
(SERVICE #3) Loss & Exposure Benchmarking	-19%
(SERVICE #4) Loss Analysis	+5%
(SERVICE #5) Risk Self-Assessment Tool	+6%
(SERVICE #6) Risk Management Contract Review	+50%
(SERVICE #7) Premium Allocation By Department	+11%
(SERVICE #8) Rent-A-Risk Manager	-30%
(SERVICE #9) Claims Data Conversion Services	-17%
(SERVICE #10) Practical Training for WC Claims Examiners	-6%

While this may be an overly simplistic way to match member needs with staff capabilities, we assert that staff believes it can easily accommodate increased demand from the members for more SIR Analyses and Risk Management Contract Reviews, to cite the two most obvious examples.

A couple of areas of concern may be with regard to Service #1 (Practical Training for Risk Managers) and Service #3 (Loss & Exposure Benchmarking) where staff perceives its abilities to deliver new services at rates measurably lower than what appears to be the membership's potential demand for these services. We are less concerned about the "Service Deficits" for Service #8 (Rent-A-Risk Manager) and Service #9 (Claims Data Conversion Services), inasmuch as member demand for these services remains relatively low.

Next, we examined a "weighted" approach to determine how things change when we make efforts to prioritize the services that might be offered to EIA's members and participants.

**Dialogue #2:** From among the top five service offerings, which one service would be of most value to your agency? Which two additional service offerings would be next most valuable?

Focus group participants were allowed to cast weighted votes from among the top five service offerings identified in Dialogue #1. Participants were allowed to vote for one most valuable new service (worth five points) and up to two additional new service offerings (worth three points, each). The voting results were as follows:

**SPEAKING TO MEMBER NEEDS/INTEREST FOR NEW SERVICES:**

Part	Focus Groups	Srv 1	Srv 2	Srv 3	Srv 4	Srv 5	Srv 6	Srv 7	Srv 8	Srv 9	Srv 10
6	Focus Group #1	28	6	3	0	0	17	0	0	0	0
7	Focus Group #2	0	0	25	9	21	16	0	3	0	6
9	Focus Group #4	0	0	33	15	11	9	3	0	0	0
8	Focus Group #5	12	13	30	6	8	3	9	6	0	0
30	<b>TOTALS</b>	40	19	91	30	40	45	12	9	0	6
<b>Avg Votes/Part</b>		<b>1.3</b>	<b>0.6</b>	<b>3.0</b>	<b>1.0</b>	<b>1.3</b>	<b>1.5</b>	<b>0.4</b>	<b>0.3</b>	<b>0.0</b>	<b>0.2</b>

**SPEAKING TO STAFF'S CAPABILITIES TO DELIVER NEW SERVICES:**

Part	Focus Groups	Srv 1	Srv 2	Srv 3	Srv 4	Srv 5	Srv 6	Srv 7	Srv 8	Srv 9	Srv 10
9	Focus Group #3	0	29	3	18	0	37	12	0	0	0
9	<b>TOTALS</b>	0	29	3	18	0	37	12	0	0	0
<b>Avg Votes/Part</b>		<b>0.0</b>	<b>3.2</b>	<b>0.3</b>	<b>2.0</b>	<b>0.0</b>	<b>4.1</b>	<b>1.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Here we run into some focus group methodology difficulties. For example, due to the fact, staff didn't perceive itself as particularly adept at Practical Training for Risk Managers (which is understandable, since EIA is yet to develop such a program), not a single member of the Staff/Alliant focus group ranked staff's ability in that area among his/her top three. A similar dynamic appears to be in play with regard to the Risk Self-Assessment Tool service.

However, it does appear that there may be a real service deficit when it comes to Service #3 (Loss & Exposure Benchmarking). Staff perceives its capabilities to be rather low, while there appears to be substantial demand from the membership for these services. As previously mentioned, no such deficit exists, however for Service #2 (SIR Analysis) and Service #6 (Risk Management Contract Review).

**Dialogue #3:** Which statement best articulates your agency’s preferred funding philosophy for delivery of these new service offerings?

Focus Group Participants cast one (1) vote for the funding strategy/statement that best reflected that of their agency.

**SPEAKING TO MEMBERS PREFERRED FUNDING PHILOSOPHY:**

Part	Focus Groups	FS 1	FS 2	FS 3	FS 4	FS 5	FS 6	FS 7
6	Focus Group #1	1	0	0	5	0	0	0
7	Focus Group #2	1	0	3	2	1	0	0
9	Focus Group #4	2	0	3	4	0	0	0
8	Focus Group #5	2	3	2	0	1	0	0
30	<b>TOTALS</b>	<b>6</b>	<b>3</b>	<b>8</b>	<b>11</b>	<b>2</b>	<b>0</b>	<b>0</b>
	<b>%</b>	<b>20%</b>	<b>10%</b>	<b>27%</b>	<b>37%</b>	<b>5%</b>	<b>0%</b>	<b>0%</b>

**SPEAKING TO STAFF’S SENSE OF WHICH FUNDING APPROACH WOULD BE LEAST PROBLEMATIC TO ADMINISTER:**

Part	Focus Groups	FS 1	FS 2	FS 3	FS 4	FS 5	FS 6	FS 7
9	Focus Group #3	6	0	1	2	0	0	0
9	<b>TOTALS</b>	<b>6</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>%</b>	<b>67%</b>	<b>0%</b>	<b>11%</b>	<b>22%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>

While it is generally easy to identify and even prioritize desirable new service offerings, it is typically much more difficult to reach consensus on strategies to fund the delivery of these new services. Again, the member focus groups highlighted the obvious division within the membership between those that wish to socialize the costs and benefits of the new services and those that prefer a more strict, “fee for service” approach. In total, 57% of the member focus groups favored the former, while 42% preferred the latter. Interestingly, 78% of the staff focus group perceived that it would be less problematic to administer the socialized, “one for all and all for one” approach.

One of the major breakthroughs of the focus group process was the identification of a path out of the funding dilemma. Notably, after talking it through, every focus group discovered a simple and equitable way to resolve the conflict that kept cropping up whenever funding of the new services was discussed. More on that in Section VII, below.

## **VI. PRIORITIZATION OF MEMBERSHIP SERVICE OFFERINGS**

Based upon the membership survey and member focus groups, we have “force ranked” the new service offerings as follows:

<b>SERVICE OFFERING</b>	<b>SURVEY</b>	<b>FOCUS GROUPS</b>
(SERVICE #1) Practical Training for Risk Managers	1	3
(SERVICE #2) SIR Analysis	6	6
(SERVICE #3) Loss & Exposure Benchmarking	2	1
(SERVICE #4) Loss Analysis	5	5
(SERVICE #5) Risk Self-Assessment Tool	4	4
(SERVICE #6) Risk Management Contract Review	3	2
(SERVICE #7) Premium Allocation By Department	7	7
(SERVICE #8) Rent-A-Risk Manager	10	8
(SERVICE #9) Claims Data Conversion Services	9	10
(SERVICE #10) Practical Training for WC Claims Examiners	8	9

Combining the two (2) methodologies, we derive the following list of prioritized services that the members seem to be demanding:

<b>SERVICE OFFERING</b>	<b>COMBINED F-RANK</b>
(SERVICE #3) Loss & Exposure Benchmarking	#1 (3)
(SERVICE #1) Practical Training for Risk Managers	#2 (4)
(SERVICE #6) Risk Management Contract Review	#3 (5)
(SERVICE #5) Risk Self-Assessment Tool	#4 (8)
(SERVICE #4) Loss Analysis	#5 (10)
(SERVICE #2) SIR Analysis	#6 (12)
(SERVICE #7) Premium Allocation by Department	#7 (14)
(SERVICE #10) Practical Training for WC Claims Examiners	#8 (17)
(SERVICE #8) Rent-A-Risk Manager	#9 (18)
(SERVICE #9) Claims Data Conversion Services	#10 (19)

One approach would be to just take this list and run with it. That said, EIA would be well-served to recognize that it would be better to do a few things very well than many things not so well. Thus, we believe that any roll-out should be limited to anywhere from four to six initial new service offerings. Focus on those. Get them established. Do them well. Build from there.

Nothing requires EIA to offer these in the precise order they are shown, here. Frankly, any of the top six new service offerings should be fertile ground, based upon the feedback generated through this process. You may also wish to avoid offering services that may be problematic from a staffing perspective, especially early in your transition to a new Membership Services Department. Finally, there may be funding considerations that may impact the sequencing of your service roll-outs, which we will discuss next.



## **VII. NEW MEMBERSHIP SERVICES FUNDING STRATEGIES**

One of the most beneficial outcomes that came out of the focus group process was the thoughtful approach that each group ultimately took towards addressing the funding issue.

In every group there initially seemed to be (often profound) disagreement as to how to equitably fund these new service offerings. Some argued that the JPA as a whole benefitted from these services, whether directly, or indirectly, and that a socialized approach was not just the best way, but the only way to fund them. Others argued that many of the services were redundant and they didn't want to be in a position of subsidizing others' training or loss control programs. Many from this camp insisted that the only way to fund the new membership services was on a strict "fee for service" arrangement. Some even argued that general staff time spent on setting up services to ultimately be paid for on a fee basis was inappropriate. More than a few focus group participants dug in and became extremely passionate about their positions. It was an interesting dynamic to observe and the divisions evidenced in the membership survey became even more obvious within the focus groups.

Even more interesting was that each one of the focus groups ultimately came around to the idea that what's really needed is a "hybrid" approach. The Staff/Alliant focus group suggested an approach that we quite liked. That focus group suggested the identification of "Core Services" that at least on their face would seem to benefit the EIA, generally and broadly. In their view, these types of service offerings should be made available to all EIA members at no additional direct cost with the costs of the service borne by the EIA's general administration fund. At the same time, services that seem to inure directly to the benefit of just a single EIA member, should be bought and paid for directly by that member. EIA could organize their availability and pay the overhead, perhaps, out of the general administration fund, but at their core, if the benefits are narrowly focused, then the agency receiving the services should be prepared to pay for them, directly.

We like this approach and recommend it to you. While arguments can be made about which new service offerings are broadly-based (or derive general benefits for the EIA as a whole) and those which are narrowly based, we'd break-down the ten proposed service offerings this way:

### **Broadly-Based Service Offerings**

Practical Training for Risk Managers  
Loss Analysis  
Loss & Exposure Benchmarking  
Risk Self-Assessment Tool  
Risk Management Contract Review

### **Narrowly-Based Service Offerings**

Claims Data Conversion Services  
Rent-A-Risk Manager  
Practical Training for WC Claims Examiners  
Premium Allocation by Department  
SIR Analysis

In offering a set of Core Services, you may determine that the lines are so blurry or that the costs of some of the narrowly-based service offerings are so small and innocuous that you may choose to include them as "loss leaders" in the Core Service bundle, despite their narrow focus. The SIR Analysis or Premium Allocation services might well be examples of these. However, the more you stray from the basic hybrid approach outlined here, the more likely that controversies will arise, potentially dividing the organization.

## **VIII. STAFFING OPTIONS**

This section provides a brief examination of the three (3) basic staffing structures proposed by the EIA for analysis in the fall of 2014. In all three scenarios, Loss Prevention and Risk Management services will report to the same senior manager whether it is the CMSO, COO, or CRO.

**Option A – Create a new Membership Services Department headed by a Chief Membership Services Officer (CMSO), a member of senior management reporting directly to the CEO. The Loss Prevention Division would change its organizational reporting from the COO to the CMSO.**

### ***Advantages:***

- This option is a clear declaration to the membership (and to your competitors) of EIA's commitment to provide these integral services to your membership. You're serious enough about this discipline to create a Department dedicated to providing services that they value, thereby enhancing the EIA brand;
- Strong integration of the Member Services Division, in the general sense, with technical services tied to the Loss Prevention Division;
- The Loss Prevention Division gains a partner in taking-on EIA's "ambassadorial role;"
- Span of Control (with 8 subordinate employees for the CMSO to manage) is very reasonable; and
- Eases the span of control/management responsibilities of the COO, perhaps freeing her to take up other roles/challenges.

### ***Disadvantages:***

- High Cost – the estimated cost to employ a CMSO, including benefits is expected to be approximately \$218k per year. The additional cost to employ a Membership Services Manager is estimated to be about \$174k per year; Total costs to operate the Membership Services Division will likely grow over time as new services are ramped up and additional staffing is required. Investment in these services will not be inexpensive, but offer a great opportunity for EIA to enhance its brand, retain existing members and attract new members.

### ***Viability:***

- Span of Control Perspective – YES
- Risk Management Perspective – YES

During My tenure at the Public Employer Risk Management Association, PERMA established a Membership Services Department that survives to this day. PERMA's Membership Department provides a wide range of services including, but not necessarily limited to:

- Member Visits (both on a regular, cyclical basis and also upon request)

- Development of annual member “Report Cards” (offering “dashboard” information and other metrics relating to each member’s participation in the pool)
- ‘Watch List’ Interventions for members which were consistently drawing down more pool loss funds than they were putting in (this included development of an Individual Action Plan – IAP – that addressed any problems identified by claims, underwriting or loss control)
- Production of Webinars and Regional Training Programs
- Logistical responsibility for organizing PERMA’s Annual Conference & Membership Meetings
- Dealing with all member complaints/acting in an “Ombudsman” role on behalf of members
- Responsibility to conduct PERMA’s Annual Membership Satisfaction Survey
- Logistical responsibility for PERMA Board Elections and Committee Appointments
- Delivery of specialized OSHA Training programs

This is by far the best long-term solution for the EIA.

**Option B – add a Risk Management Division headed by a new Risk Manager position to provide the new services reporting to the COO.**

***Advantages:***

- Low cost. Costs are greatly reduced as all you need in new funding is the Risk Manager (Membership Services Manager) estimated at \$174k per year;
- Basic integration of Member Services Division with technical services tied to the Loss Prevention Division – with both Divisions reporting to the COO;
- The Loss Prevention Division gains a partner in taking-on EIA's "ambassadorial role;"

***Disadvantages:***

- This is, by design, a half-step. Some members may not perceive the EIA as being sufficiently aggressive in developing member services;
- The integration of the Membership Services Division with Loss Prevention is much weaker than under Option A.
- While likely marginal, the span of control burden for the COO will grow modestly to oversee the new Risk Manager (Membership Services Manager).

***Viability:***

- Span of Control Perspective – YES
- Risk Management Perspective – YES

This is at best a short-term option for the EIA. It's effectively dipping your toe in the pool to test the waters, at best.

**Option C – Create a new Risk Management Department to provide the new services reporting to a Chief Risk Officer (CRO), a senior member of management reporting to the CEO. The Claims Department and the Chief Claims Officer (CCO) position would be eliminated and both the Workers' Compensation Claims Division and the Liability Claims Division would report to the CRO. In addition, reporting relationship for the Loss Prevention Division would be transferred from the COO to the CRO.**

This approach was rejected, appropriately, last fall and the organization went forward with the hiring of a new Chief Claims Officer who is now very satisfactorily integrating into his new role. There is no longer any need to evaluate this option.

## **IX. CONCLUSIONS & RECOMMENDATIONS**

As a result of our research, investigation, interviews and analysis, we offer the following conclusions and recommendations:

1. The efforts of the last twelve months have gone a long ways towards developing a consensus as to how to prioritize and initiate the delivery of new membership services programs to EIA members.
2. In contrast to a year ago, EIA participants are now generally aware of the services that could be offered, and are now waiting to see how they'll be prioritized for roll-out and delivery, what the overall costs will be and how this organizational evolution will impact them. If a new Chief Membership Services Officer is hired he/she should be tasked to develop and deliver an educational campaign to the EIA members/participants concerning ALL the services available to the membership through the EIA – both old and new.
3. While the long-standing issue of "Who pays for what services?" remains unresolved, insights gained through the membership survey and focus group processes hold the promise of bringing about resolution of the funding issue in the near future. We recommend the development of a set of CORE Services that will be made available to all EIA members at no additional cost with the costs of these programs borne by the general administration fund. Other "Buy Up Services" may be secured through the EIA on a fee basis when the benefits of the service are narrowly focused on a single EIA member/participant.
4. The hiring of a new Chief Claims Officer precludes any further consideration of Option C. Option B at this point would be a weak half measure. The membership survey and focus group activities suggests that there is significant member interest in the delivery of a broad range of new membership services.
5. The preferred organizational design is Option A: the creation of a new Membership Services Department headed by a CMSO. The Department would be comprised of two (2) Divisions: Risk Management (or, as we recommend, Membership Services) and Loss Prevention, with a manager overseeing each Division and reporting directly to the CMSO.
6. Having surveyed and engaged the membership about their needs, developed a prioritized list of service offerings, and begun the process of finding equitable solutions for funding new member services, you are well on the way to consensus and are ready to proceed on all fronts.
7. We recommend creation of the "Membership Services Department," led by the Chief Member Services Officer" (CMSO) as part of your FY 2015-16 budget.
8. Task the Chief Membership Services Officer, upon hiring, to develop a prioritized list of service offerings for Executive Committee consideration building off the membership survey and focus group information that has been developed over the preceding twelve months.
9. Once the prioritized list of service offerings has been approved by the Executive Committee, task the Chief Membership Services Officer to roll-out four to six new membership services programs during the coming Fiscal Year.

10. Simultaneously, task the CMSO to develop a recommendation for Executive Committee consideration regarding the appropriate method(s) of funding new membership programs and services. Certainly, the funding piece should be thoughtfully considered in advance of implementing formal programs.

## **X. ACKNOWLEDGEMENTS**

I'd like to thank the EIA Executive Committee for awarding Gallagher this consulting opportunity. We appreciate the chance to earn your business and look forward to additional opportunities to assist you in the future.

I would like to acknowledge and thank Kelli Walker for her help in running the focus groups. She was invaluable in her extensive note taking and meeting organization efforts. Thank you, Kelli!

I would like to once again recognize all those who participated in the membership survey and particularly those who invested several hours in the focus group activities. We could not have completed this project without your direct assistance.

I would like to acknowledge and thank EIA Chief Executive Officer, Michael Fleming, and Chief Operating Officer, Gina Dean for the high degree of trust and cooperation they offered to me in completing this project. Thanks, Mike and Gina. You guys are the best!