



Lean 6-Sigma Green Belt Project



Department of Business Oversight

Consumer Complaint Response-Time Reduction

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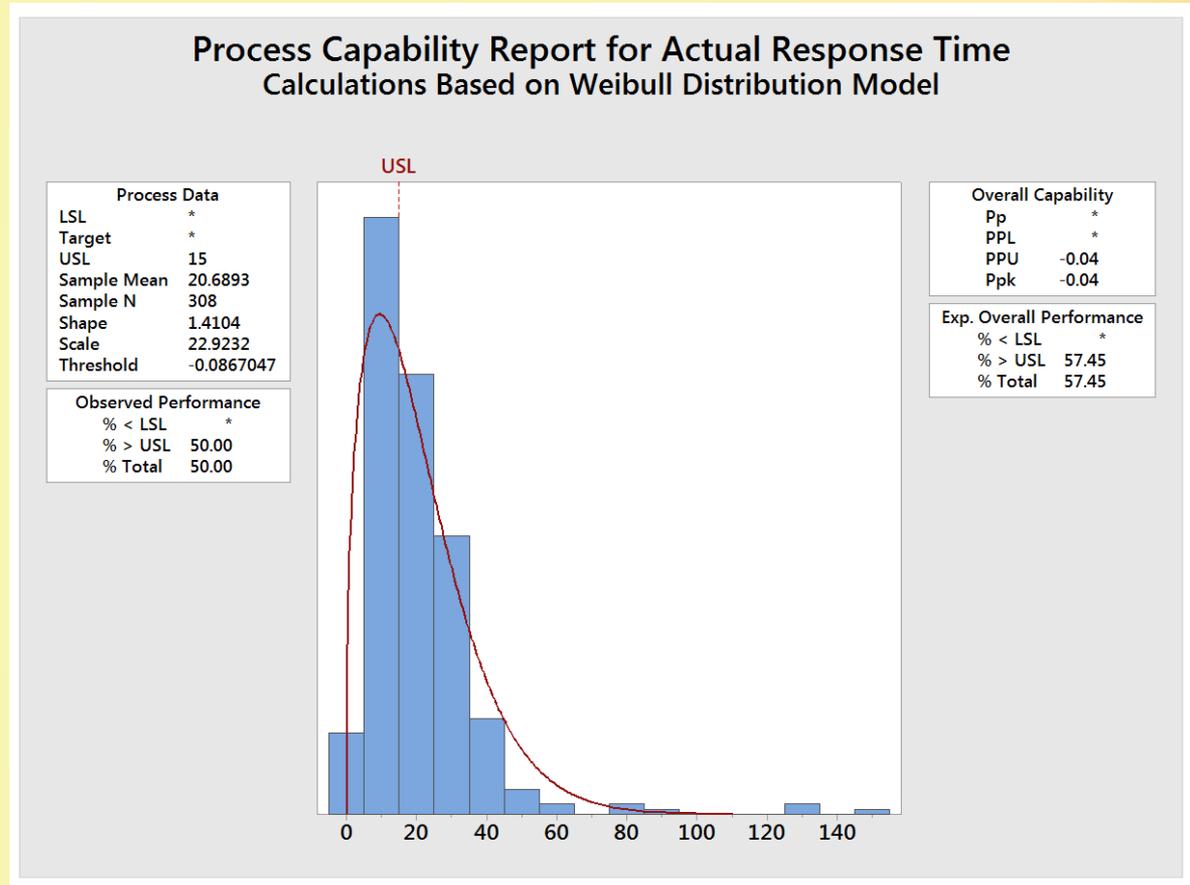
Consumer Complaint Response-Time Reduction

- ❑ **Problem Statement:** 50% of Financial Services/Mortgage Lending licensees do not respond to consumer complaints within the requested timeframe of 15 days. Licensees who are late or non-responsive to complaints create consumer dissatisfaction and require excessive staff time and resources to resolve complaints.
- ❑ **Objective:** Reduce the licensee complaint response time such that 95% of consumer complaints receive a licensee response within 15 days.
- ❑ **Project Team:**

Patty Salazar	Deputy Commissioner, Office of Public Affairs
Julie Stewart	Manager, Consumer Services Office (CSO)
Rachel Ruff	Subject Matter Expert, Performance Assurance Unit
Jay Evans	Consumer Services Representative (CSR), CSO
Louisa Broudy	Deputy Commissioner, Mortgage Lending Division (ML)
Rocy Obar	Manager, Financial Services/Mortgage Lending (FS/ML) Consumer Services Unit
Gary Suzuki	Subject Matter Expert, FS/ML Consumer Services Unit
Rosalinda Gomez	Consumer Services Representative, FS/ML Consumer Services Unit

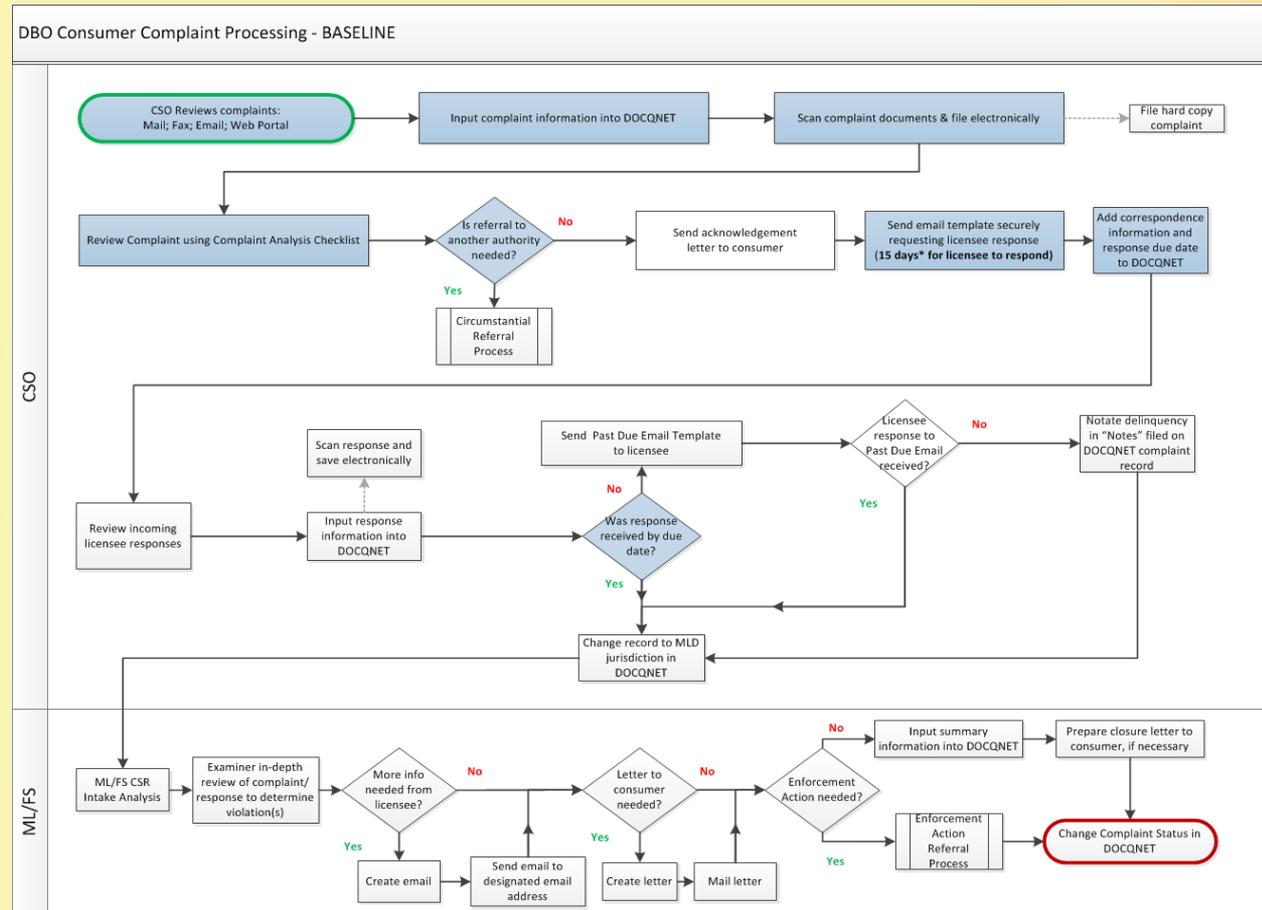
Baseline Capability

- Currently 50% of complainants receive a response from the licensee by the target of 15 days from the date the complaint was communicated to the licensee by the DBO.
- The average response time of licensees who provided a response was 20.6 days.
- 21% of licensees are not providing responses.



Baseline Process

- ❑ Lack of standardization for CSR tasks.
- ❑ Lack of standardization to address late or non-responsive licensees.
- ❑ Licensees unclear of response requirements.
- ❑ Reliance on examiner-level staff for follow-up with late/non-responsive licensees.



Analysis Tools

- ❑ **Process Map** - value added/non-value added and inputs/outputs identified
- ❑ **Fishbone Diagram**
- ❑ **Failure Modes Effects Analysis (FMEA)**
- ❑ **Graphical Tools**
 - Bar Chart: Complaint Volumes by Consumer Services Representative (CSR) and Response Status
 - Bar Chart: Percent of Complaint Type by Response Status
 - Boxplot: Licensee Response Time by Licensee
 - Boxplot: Licensee Response Status by CSR
 - Pie Chart: Response Status
- ❑ **Multi-Vari Analysis**
 - Non-Compliant Licensees per Week by
 - Licensee by Response Status by CSR
- ❑ **Multiple Regression Analysis**
 - Correlation between CSR and Licensee Response Time
 - Correlation between Licensee and Licensee Response Time
- ❑ **Hypothesis Tests**
 - One-Way ANOVA – CSR means of Actual Response Time
 - One-Way ANOVA – Licensee means of Actual Response Time

Key Finding:

Baseline Percentages - Licensee Response Status

Compliant

38.1% of licensees respond to complaints within 15 days of receiving complaint from the DBO.

Non-Compliant (Late)

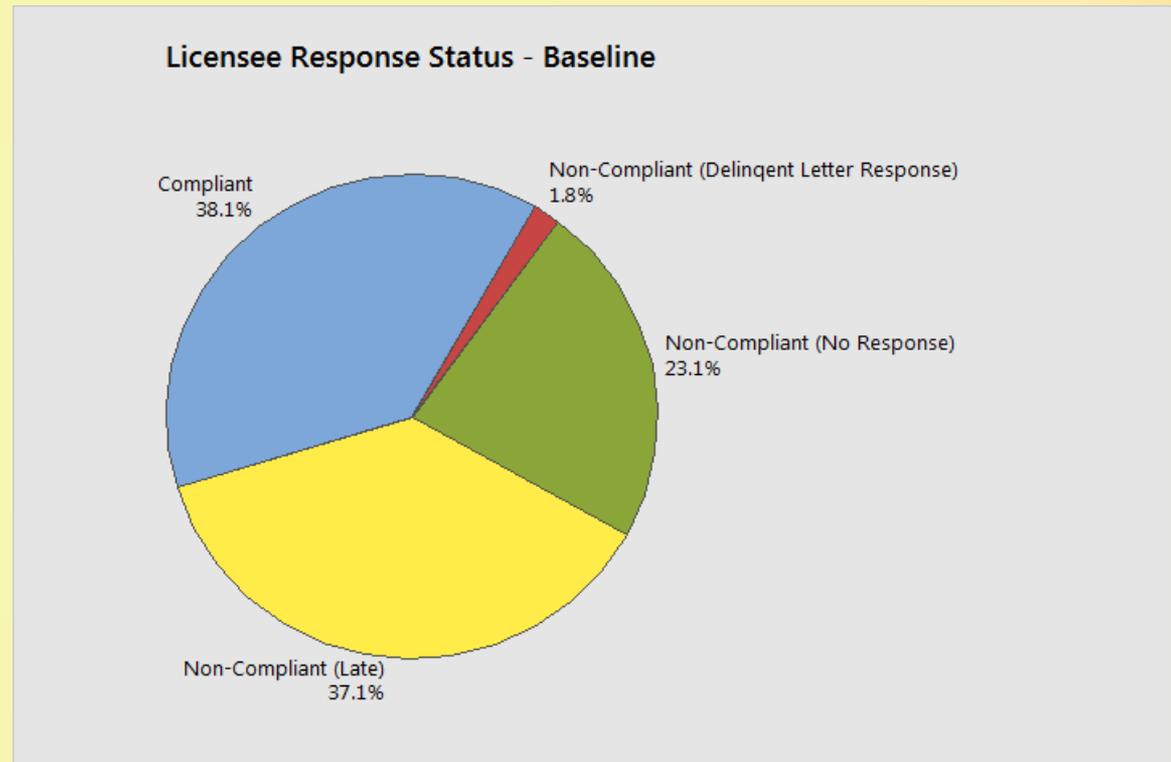
37.1% of licensees respond to complaints later than 15 days of receiving complaint from the DBO, but didn't receive follow-up communication from the DBO.

Non-Compliant (Delinquent Letter Response)

1.8% of licensees respond to complaints after receiving a delinquency notice from the DBO.

Non-Compliant (No Response)

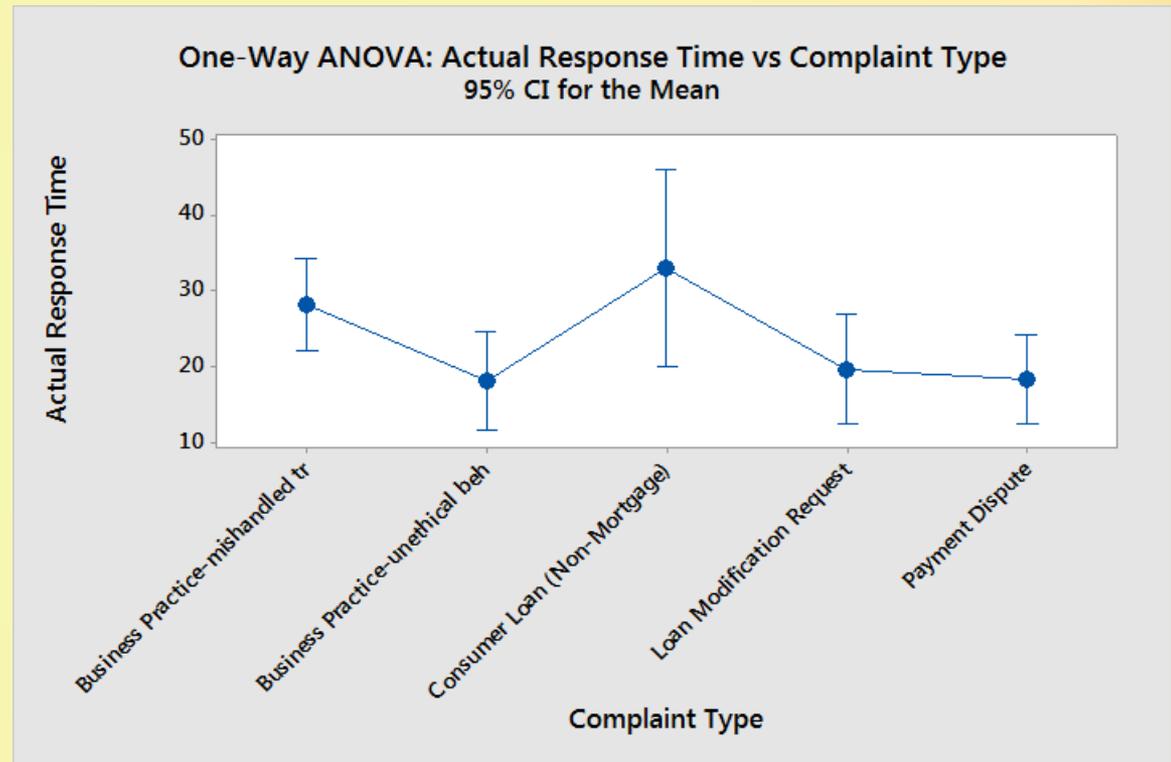
23.1% of licensees did not provide a response to complaints.



Key Finding:

Certain Complaint Types Take More Time

- ❑ Analysis focused on five specific complaint types comprise 57% of all complaints where the licensee response was non-compliant.
- ❑ Variation in licensee response times for these specific complaints is statistically significant.
- ❑ Average licensee response times for these specific complaints ranged from 18 days to 33 days.*

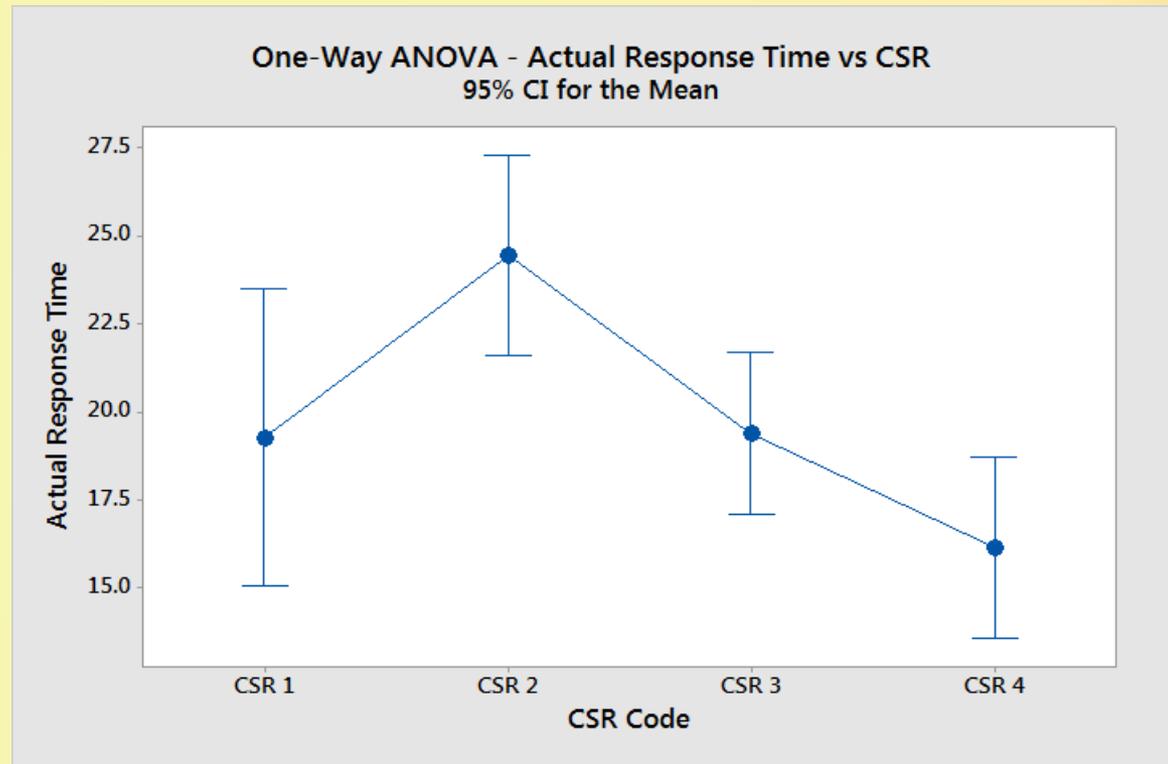


*Complaints to which no licensee response was received are not included in this measurement.

Key Finding:

CSRs Can Influence Licensee Compliance

- ❑ Variation in licensee response time by individual CSRs is statistically significant.
- ❑ Average licensee response times by CSRs ranged from 16 days to 24 days.*
- ❑ Discussion with CSRs identified a lack of standardization and understanding of process steps.

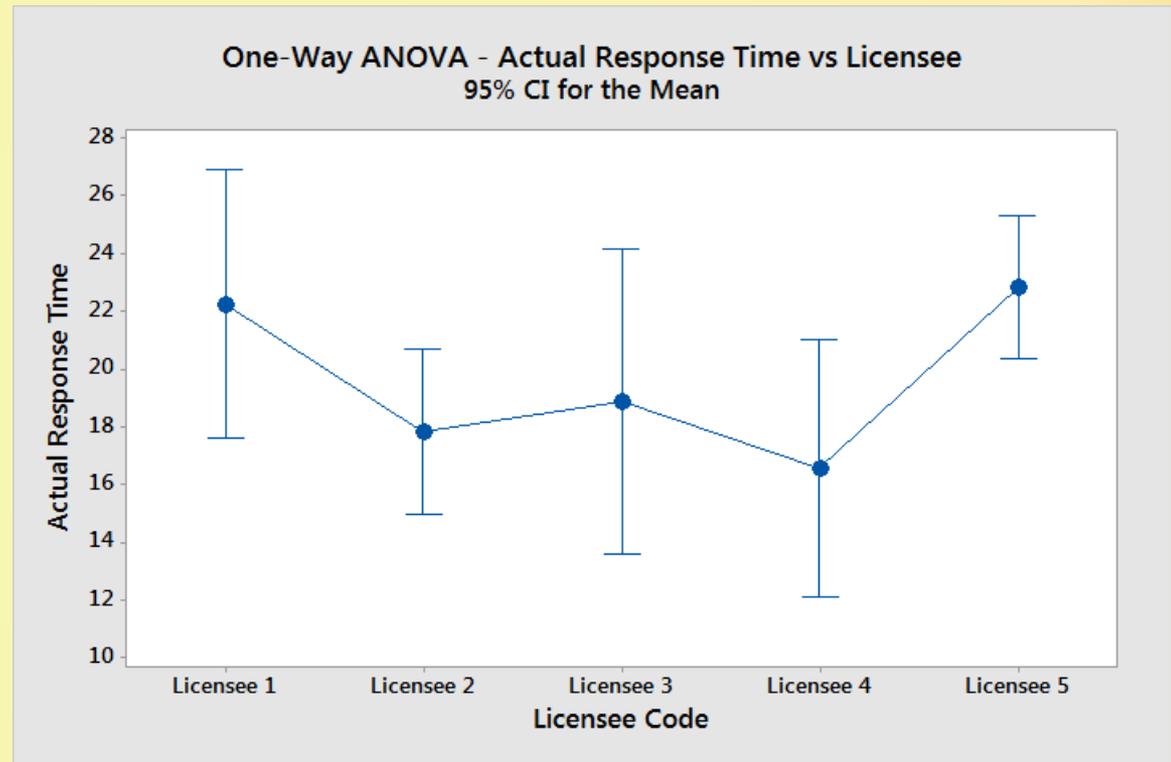


*Complaints to which no licensee response was received are not included in this measurement.



Key Finding: High Volume Licensees Impact Process Success

- Analysis focused on five licensees with the highest volume of complaints, comprising approximately 54% of all FS/ML complaints.
- Response time variation is statistically significant in these five licensees indicating a correlation.
- Average licensee response times for these specific licensees ranged from 16 days to 23 days.*



*Complaints to which no licensee response was received are not included in this measurement.



Critical Process Inputs (X's)

Through analysis of the process, analysis of the data, and discussions with the subject matter experts we identified the following inputs as critical targets for improvements:

- ❑ Consumer Input
 - Clarity and relevancy of information provided in complaint.
- ❑ CSR Input
 - Knowledge of definitions and standards in procedures.
- ❑ Licensee Input
 - Ability to respond to certain complaint information provided by consumer.
 - Contact information (e.g., appropriate email).
 - Understanding and interest in adhering to complaint process.



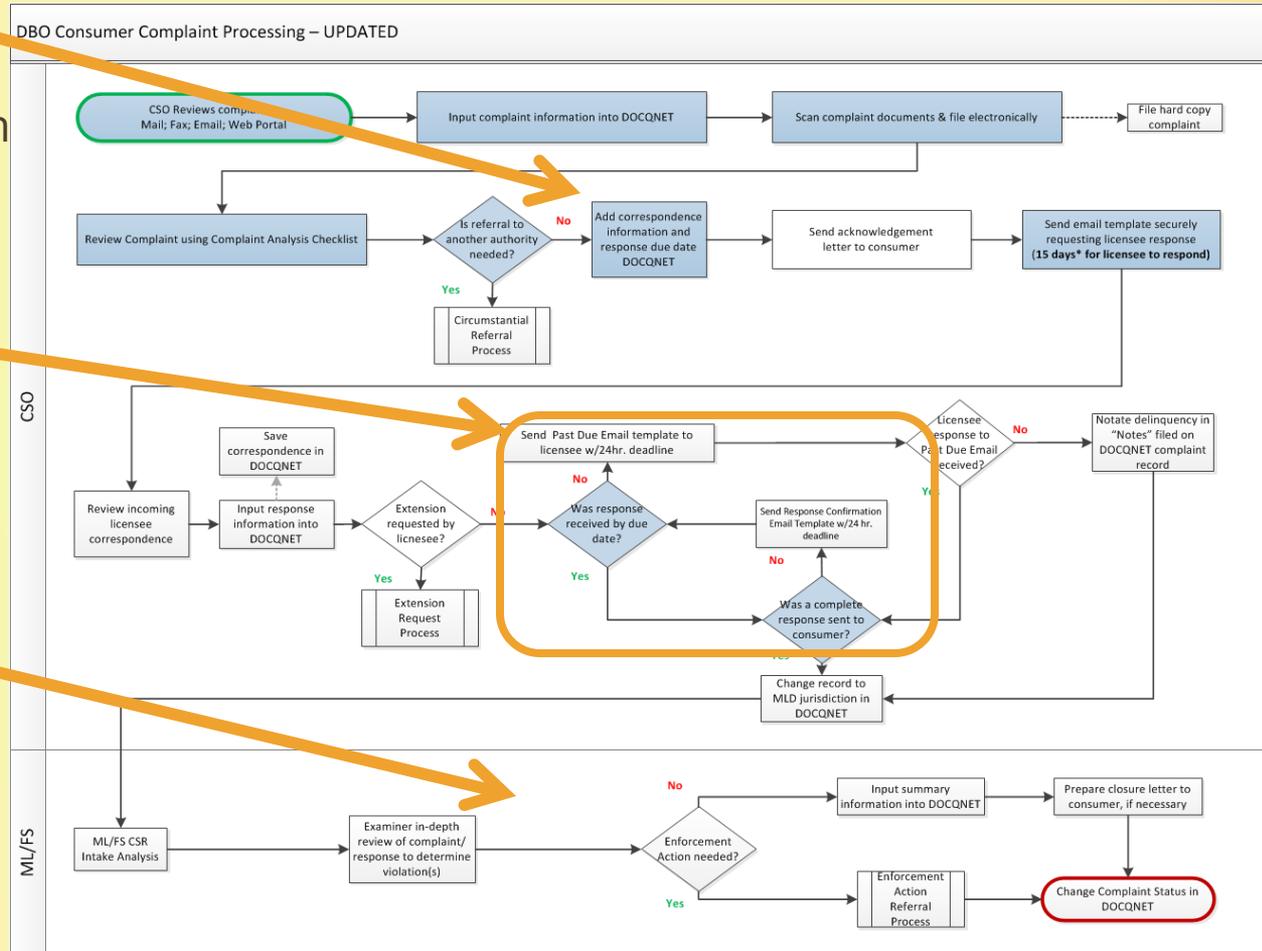
Improvement Techniques

- ❑ Add instruction to consumer forms to specify the information needed for a timely, helpful response to specific complaint types.
- ❑ Standardize processes and procedures for CSO, including follow-up communications to delinquent licensees.
- ❑ Update procedure documentation for CSO.
- ❑ Institute new messages for communicating with licensees.
 - Improved instructions
 - Explanation of expectations
 - Consequences of non-compliance
- ❑ Reach out to high volume licensees for improving communication channels with DBO.



Updated Process

- Moved data entry to earlier in the process to maximize new IT system and minimize manual entry/errors.
- Standardized new process steps and response timeframes for CSRs to communicate.
- Eliminated need for ML/FS examiners to conduct preliminary, lengthy follow-up to licensees.



New Capability

- ❑ Reduced time to follow-up with delinquent licensees from an average of 13 days to a maximum of 4 days.
- ❑ Eliminated approximately 54% of complaints that historically required follow-up by corporations examiners and established standardized processes for analyst-level staff to conduct the follow-up, resulting in increased capacity for examiners to investigate complaints.
- ❑ Capabilities for this process will continue to be evaluated as complaints are addressed through the standardized process.



Control Plan

□ Control Methods

- Report to Process Owners weekly:
 1. I-MR Chart to monitor capability and control within process.
 2. Variation in Average Response Times by High Volume Licensees (One-Way ANOVA).
 3. Variation in Average Response Times by CSRs (One-Way ANOVA).
 4. Frequency of delinquent responses by complaint type.
- Daily CSR dashboard for delinquent responses and delinquent follow-up communications.

□ Reaction plan for addressing specific inputs includes:

- Engage CSRs in discussion of issues in processing complaints.
- Expand CSR performance measures to identify root causes of observed issues.
- Email expectations document to licensees regarding complaint responses.
- Modify consumer complaint form to specify and/or clarify instructions.

□ Audit Plan

- Verification that process documentation is regularly updated (weekly, then move to monthly).
- Quarterly assessment of CSR training plan for alignment with process capability and goals.
- Quarterly review of information provided to licensees and consumers online and in DBO communications for alignment with process capability and goals.

Additional Benefits

- ❑ Exposed team members to new analytical tools and process.
- ❑ Developed new relationships between work units.
- ❑ Identified automated reports that will be necessary for improved information sharing from staff to management.
- ❑ Further eliminated the reliance on hard copy mail and increased use of email for communications with licensees.
- ❑ Improved communication with licensees and consumers through updated website and consumer complaint portal.



Consumer Complaint Response-Time Reduction

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Lean 6-Sigma Training Program

