Secretary of State
2000-2001 Accountability Report

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EXECUTIVE SUMMARY

In the South Carolina Secretary of State's office, fiscal year 2000-2001 was a year of significant achievements mixed with deep budget cuts. These cuts greatly tested our ability to accomplish our mission and to provide top-notch customer service. Nonetheless, we closely evaluated the office and cut in every place possible, without affecting our staffing levels. By keeping the focus on office efficiency and customer satisfaction, we were able to significantly accomplish much of our mission.

Major Achievements

This last year our office achieved many of our objectives, despite cutbacks and increased business. Among the highlights:

- conducted statewide notary seminars, educating notaries on the legal and professional responsibilities of being a notary public;
- published our annual Scrooges and Angels list, identifying those good charities that spend most of their resources on their charitable cause and those bad charities that spend little or none of donors contributions to them;
- provided 48 hour turnaround for filings to be recorded in our database;
- worked with local and federal law enforcement to enforce trademark laws and confiscate more than $500,000 in counterfeit goods;
- oversaw the passage of the Revised Article 9 to the Uniform Commercial Code, along with the banking and legal community;
- spoke at seminars, concerning the Revised Article 9, to bankers, lawyers, and the South Carolina clerks of court and registers of deeds;
- provided an online corporate database for customers to access our corporate information through our website;
- provided a similar online charities database that allowed our customers to research charities and what percentage of their contributions the charities donated to their charitable causes;
- continued our excellence in equal opportunity employment, ranking #2 among agencies sized 15-100 employees, according to the Human Affairs Commission, and
- most importantly, continued our tradition of fiscal responsibility with an appropriated budget that is 10% less than it was ten years ago, even though our office has more statutory duties and has more than doubled its workload.

Our Mission

The mission of the Secretary of State's office is simple: to provide the taxpayer with the best return on their investment in government.

We accomplish our mission in two ways. First, the office will provide the most efficient, innovative, and cost effective means of registering, administering, maintaining, and disseminating filed information. Second, the office will regulate our charities and employment agency divisions with the most effective and advanced tools available, keeping in mind our professional and ethical duties as a regulator. Our primary goal will always be 100% customer satisfaction.

Key Strategic Goals for Present & Future Years

Consistent with our stated mission, our key strategic goals this past year were to continue to provide the top-notch service our customers have come to expect, while breaking down the "walls of bureaucracy" – those information obstacles too often identified with state government.

We met our goal of 48-hour turnaround and will continue to keep our promise of this turnaround on customer filings. This means that when a customer files any document – among the hundreds filed each day – they can expect that filing to be reflected in our database within 48 hours. Many states and agencies offer heightened fees for "expedited" service. Our agency will still offer identical service for all customers at the same low rate as always.

Our office will continue our Corporations Division customer service phone room for quick information or document orders. All employees' direct phone lines will remain public so that when a customer needs to reach a specific employee, they will not have to go through numerous transfers. Finally, employees will still offer the caller the option to reach other extensions if the employee is not at their phone, thus preventing a dead-end call where the caller needs to call back to get assistance. All of this is the attention to the small details that quite often means the most to our customers.

For the future, one of the most effective means of accomplishing our mission is electronic filing. Too many of our customers must spend countless hours and dollars travelling to our office or mailing documents in order to file their documents. Electronic filing would eliminate much of this – giving customers such as bankers, lawyers, and accountants, to name a few, the convenience of filing from their desktop. Our customers transact business in this fashion in neighboring states; they should do the same in South Carolina. Customer feedback has been overwhelmingly in favor of electronic filing.

Another key strategic goal for the future is improving our oversight over charitable organizations, identifying and prosecuting those fraudulent ones while, at the same time, striving to ease the bureaucratic burden for good charities that often do not have the staff or time to continually comply with state regulations. Many "good" charities must comply with government regulations on various levels. We must keep in mind that these are non-profit organization, often run by inexperienced volunteers. By making the process easier, we can actually foster positive fundraising and "good giving." Electronic filing would certainly help a number of these charities. However, by concentrating on making the regulatory process easier (simpler forms, a caring staff, electronic filing) we would accomplish much of our mission.

With that in mind, we will vigorously pursue those "bad" charities – the ones that give fundraising a bad name. Fraud will be prosecuted and fines will be levied for those who refuse to comply. When we do this, "good" charities will be able to fully take advantage of a positive fundraising environment.

Opportunities & Barriers

There are three primary barriers to fulfilling our mission and achieving our strategic goals: 1) we are a small office performing numerous (and growing) duties; 2) we have a paper-based filing system dependent on an unreliable computer system, thus slowing our processes; and, 3) recent and future budget cuts, deeply affecting our ability to provide superior customer service. However, barriers create opportunities.

First, our office does not expect to expand its staff nor do we intend to ask for additional FTEs. We must continue to examine and critique our processes to further economize and increase efficiency.

Second, our computer system is need of replacement. Presently, the staff can only enter one filing at a time. The consequence of this is that if three staff people are available to enter data, only one can; thus drastically decreasing potential production.

Finally, budget cuts are a reality we must face for the future. Although our office has consistently been a model of fiscal responsibility (please see our Historical Budget Analysis in the Business Results Section below), we must understand that we may be called upon take another cut – even though our office is run efficiently.

Nonetheless, we will seek ways to even further streamline our process. Input form staff on ways to do our job better will be closely reviewed. Operating expenses will be closely examined for even the slightest expenditure that might not be needed or may just need to be adjusted.

2001-2002 will clearly be a year of difficult barriers and promising opportunities. It will take the hard work and cooperation of the entire office to realize the opportunities and provide superior customer service.

BUSINESS OVERVIEW

The Secretary of State's office is a constitutional office as set forth in the South Carolina Constitution, Article VI § 7, with duties defined by the South Carolina Code of Laws.

Our Primary Services

The Secretary of State is responsible for:

- the statewide registration of domestic and foreign corporations, limited liability companies, limited partnerships, limited liability partnerships, non-profit corporations and business trusts;
- filing of Uniform Commercial Code security interests;
- registration of charitable organizations soliciting in South Carolina;
- regulation and investigation of those persons soliciting charitable donations in South Carolina;
- registration of employment agencies;
- registration of state trademarks;
- investigation of counterfeit marks;
- registration of notary publics, boards and commissions;
- acceptance of service of process primarily for foreign corporations not authorized to do business in South Carolina; and
- registration of business opportunities.

The office also handles in varying aspects:

- municipal incorporations;
- special purpose districts;
- annexations of land; and,
- escheatment of real and personal property.

Our office is a relatively small state agency employing only 41 employees. Of these employees 27 are FTEs, 11 are temporary employees and 3 are part-time college interns. For our office structure, please see our organizational chart on page 8.

Our Location

The South Carolina Secretary of State's Office is located on the State House Grounds in Suite 525 of the Edgar Brown Building. The Notary Public, Boards and Commissions Division is located in Suite 506. Our physical address is 1205 Pendleton Street and our mailing address is P.O. Box 11350, Columbia, South Carolina, 29211. We can be reached at our main phone number (803) 734-2170 or via the World Wide Web at www.scsos.com. From our website, customers and constituents can e-mail us and provide feedback.

Key Customers

The Secretary of State's customer base is broad, primarily consisting of:

- taxpayers;
- the business community;
- the legal community;
- the banking community;
- corporate service companies;
- notary publics;
- charities;
- employment agencies; and,
- local and state government.

This wide range of customers is due to the numerous statutory duties the office has. Statutes such as the corporate code or the Uniform Commercial Code require extensive interaction with the business, legal and banking communities. Other statutes such as the Solicitation of Charitable Funds Act allow us to interact more personally with our customers.

Key Suppliers

Since our office is primarily a paper-based filing office, most of our suppliers are office product vendors ranging from paper suppliers to office machine maintenance companies. Otherwise, General Services is our main supplier of services.

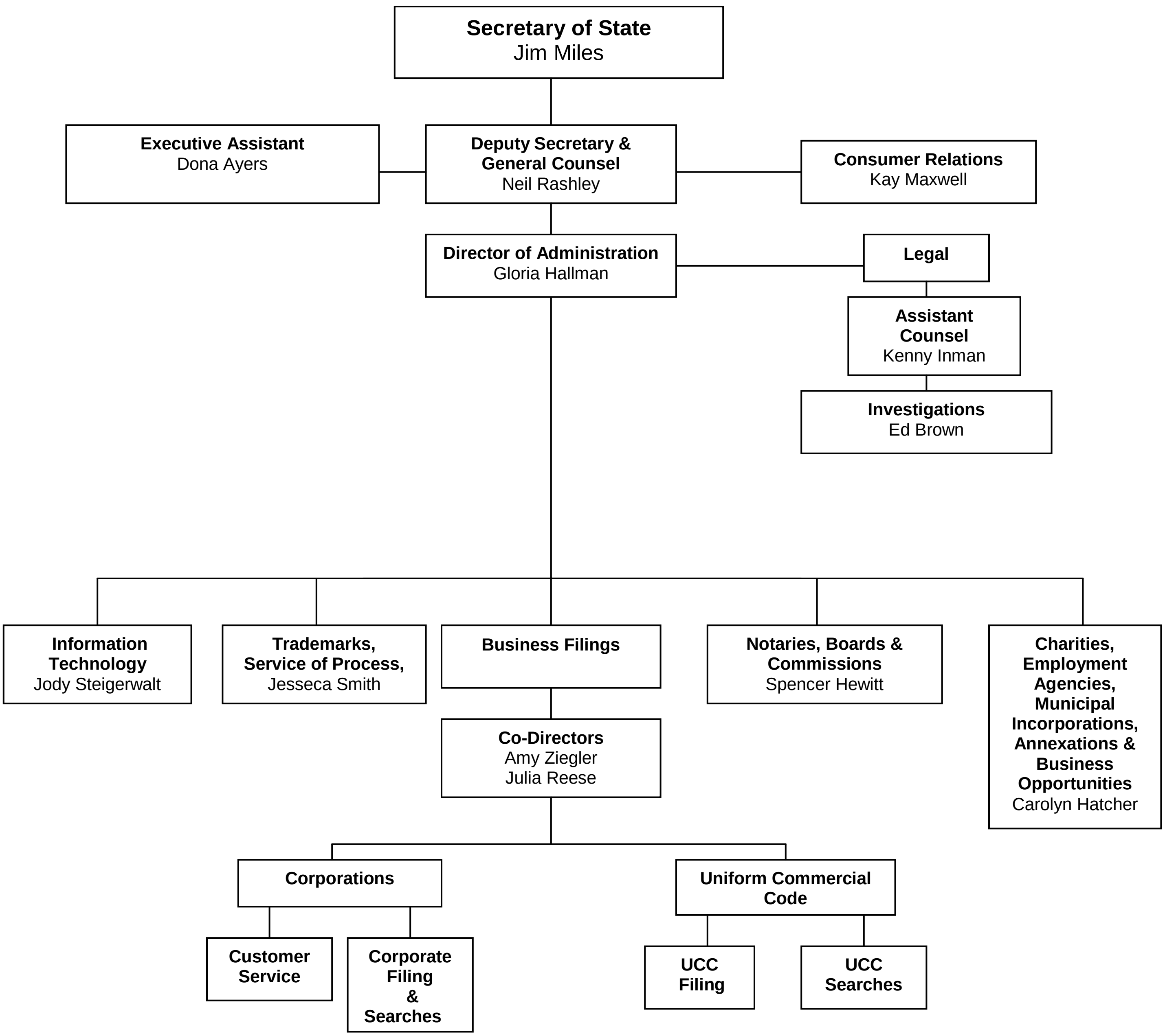
Base Budget Expenditures and Appropriations

	99-00 Actual Expenditures		00-01 Actual Expenditures		01-02 Appropriations Act	
Major Budget Categories	**Total Funds**	**General Funds**	**Total Funds**	**General Funds**	**Total Funds**	**General Funds**
Personal Service	$1,101,350	$916,657	$1,111,733	$932,898	$	$843,037
Other Operating	$514,985	$162,056	$375,668	$136,484	$	$117,096
Special Items	$	$	$	$	$	$
Permanent Improvements	$	$	$	$	$	$
Case Services	$	$	$	$	$	$
Distributions to Subdivisions	$	$	$	$	$	$
Fringe Benefits	$244,693	$212,676	$269,027	$233,431	$	$265,780
Non-recurring	$93,994	$	$16,706	$	$489,301	$
Total	**$1,955,022**	**$1,291,389**	**$1,773,134**	**$1,302,813**	**$489,301**	**$1,225,913**

Other Expenditures

Sources of Funds	99-00 Actual Expenditures	00-01 Actual Expenditures
Supplemental Bills	$0	$0
Capital Reserve Funds	$0	$0
Bonds	$0	$0

Secretary of State's Office
Organizational Chart



MALCOLM BALDRIDGE CRITERIA

Category 1 - Leadership

Since the Secretary of State's Office is a small office, senior leadership is involved in every facet of the office. Even though our senior leaders have a combined more than 60 years experience in our office, they still work beside their employees, often performing even the most basic of tasks or standing in for someone who is absent. Working with their employees allows for more one-on-one training and advice. Our senior leaders have long understood how the office operates and have long-standing positive relationships with our customers.

Decision-making does not rest with one sole person or group. All management is involved in the assessment of customer and employee feedback and statistical measurements. All senior leaders interact with the public daily and the office is designed to encourage this. Thus by constant interaction with the customers and their employees, our senior leaders can quickly recognize trends and demands, helping set the short and long-term direction of the office. To set this direction, informal and formal meetings are held regularly.

Senior leadership daily reviews statistical measurements such as time waiting for phone calls, the amount of time it takes to enter filed records, collection of revenue and investigations. Daily and weekly reports are given to the deputy secretary for detailed review. This information is then shared with the staff and discussed in order to improve performance. From that point, management can examine itself and the office for overall improvement.

Since there is a considerable amount of experience amongst our management, values are deeply instilled into our processes. Managers constantly walk through their department to monitor performance. Since managers do much of the same work as other employees, employees do not get the impression that management is too good to work. Employees are encouraged to give feedback not only about professional matters but also how the office affects them personally. Ethical standards and professional courtesy are kept at a premium.

Our office emphasizes that senior leaders be involved in their community in ways that help strengthen the office and accomplish its mission. Since our office handles corporate, charities and notaries areas, these are emphasized. Our leaders are involved in non-profit activities such as churches, Rotaries and Sertomas. Further, we are involved in educational activities such conducting the notary seminars. There is one caveat. Since we regulate charities, our staff cannot ethically serve on the board of a charity or make fundraising decisions. Although this limits us some, it does not prohibit our leaders from volunteering their time and efforts to worthy causes.

Category 2 – Strategic Planning

All levels of management are involved in our strategic planning process, incorporating both employee and customer feedback. Managers and employees monitor our customers' demands through personal contact during the day, recording complaints and suggestions. Employee input is also factored in. Management regularly meets to discuss how this impacts our office and influences our strategic plan.

Customer Needs and Expectations

Our strategic plan focuses on two functions of our office to account for our customers: filing and regulation.

Our filing functions have remained essentially the same over the years – file the document, record it in the database and retrieve the record when requested. However, today's business demands have forced us to work much faster than before. Customers now need to know that their filing was not only received but that it was quickly and accurately recorded in our system. Thus, we promise a 48-hour turnaround for all filings. With a paper-based filing system and a tested computer system, this has often been quite a struggle. Still, the staff has responded well and we are proud to say that we have kept this promise.

With regulation, customers expect that we lighten the bureaucratic burdens of compliance while aggressively pursuing fraud and those customers who do give that particular industry a bad name. With that in mind, our regulatory areas (primarily our charities and employment agency divisions) provide their customers top-notch customer service, quite often helping the customer comply with the law, instead of coldly stating what the law is and leaving the customer in the dark.

We see this most often in the charities division. Many charities are well-meaning organizations staffed by volunteers and part-timers; these organizations do not have much time to spend filing out forms and paying fees. Although we stick to the statutory requirements, we still help where we can. On the other hand, our investigators diligently pursue fraud cases. These regulatory divisions understand that by preventing fraud, the good organizations will succeed.

Financial and Societal Risks

The main financial risks of our strategic plan mainly concern continuously obtaining our goals while sustaining budget cuts. The fact of the matter is that business grows while the financial ability to keep up with demand shrinks. In the regulated areas, financial risks involve allotting too many resources to bureaucratic methods, instead of prosecuting fraud.

The societal risks of not pursuing fraud are self-evident. Still, we must pursue ethically so we do not lose the trust of the community in the worthiness of our efforts.

The regulatory divisions must also avoid the societal risk of over-emphasizing registration so that we do not appear to be nothing but a bureaucratic compliance agency.

Human Resource Capabilities and Needs

Since we are a small agency, we must maximize our human resources in order to implement our strategic plan. We began cross-training two years ago that resulted in greater efficiency as well as improved morale. Where a job once stood incomplete when someone was out, now it continues to be done by a cross-trained employee. Further, employees that were bored or even burned-out now are re-invigorated by cross-training and participating in more areas of our office.

Recently, we started a flex-time project. We had discovered that, notwithstanding our efforts during the day, many filing or recording functions were left undone. With flex-time, a few employees may come in early or work late and concentrate on those functions we are unable to get to during the day – particularly while we are assisting our customers. This project also enables employees with conflicting personal schedules to still work full-time and contribute to our office.

We also keep in mind employee morale. Due to budget cuts, raises and bonuses were sharply curtailed. Since there are fewer financial incentives to work better, we must concentrate on the non-financial aspects of inspiration.

Operational Capabilities and Needs

From an operations standpoint, our strategic plan anticipates that we will one day have an imaging system our customers can easily access – ultimately leading to electronic filing. The cost-benefits of these functions are immense. What is more, our customers have come to expect these functions from us since they use them in other states. As we see business increase, the demands on our staff of a paper-based filing system will be considerable. Nonetheless, our strategic plan still accounts for no electronic filing and increased workload.

Suppliers Capabilities and Needs

Since our office deals with only office supply companies and General Services, the capabilities and needs of these suppliers are kept to a minimum in our strategic plan. Still, we do factor in that a positive relationship with these suppliers, notwithstanding the small amount of time we use them, helps us achieve our plan.

Developing and Tracking Action Plans

Action plans are set through formal meetings to discuss various factors affecting our business. From there, a plan is set. We monitor trends and data on a daily and weekly basis and adjust our plan accordingly.

Communicating and Deploying Our Strategic Objectives

Employees are constantly informed about our various action plans and managers are active in employing these plans. Customers see these changes through improvements in our service and additional services.

Category 3 – Customer Focus

Our Customers and Their Requirements

Our primary customers and stakeholders are:

- taxpayers;
- the business community;
- the legal community;
- the banking community;
- corporate service companies;
- notary publics; and,
- charities;
- employment agencies;
- law enforcement; and
- local and state government.

We know who most of our customers are by simply interacting with them – bankers file UCC documents, lawyers file corporations and service of process papers, notaries use our notary area, etc. Most of our customers and their requirements are set by statute, e.g. the corporate code or the Uniform Commercial Code.

Determining What Our Customers Want

One of the main ways we determine what our customers want is to personally interact with them; however, we also monitor customer trends and desires through various other means. Our customers are annually surveyed not only about their satisfaction with us but also as to what they want from our office now and in the future. This year's survey went further and focused on the charities division and our website. (For the results of the surveys, please see the Business Results section below.) At our notaries' seminars, attendants were given an evaluation sheet to rate the presentation and make suggestions.

This year we complemented our standard survey with an online survey on our website – the first in state government – to even probe these issues deeper. Our thought was that many of our customers simply deal with our office via the Internet. So, we reached out to them by placing the survey on the site. Still, this was not a survey buried in an inner link. It was prominently displayed on our front page and throughout our site – particularly in the high-traffic areas.

Our website also has a feedback section and we retain all feedback e-mails with suggestions, complaints, criticisms and compliments. We respond to many of these e-mails, seeking more detailed input on how to operate our office better.

Finally, we review other secretary of state offices throughout the nation, particularly in our region, to see how our type of work is done elsewhere. By simply going to their websites and studying what services they offer and even the layout and navigation of their sites, we can discover new ways to make doing business with our office easier.

Customer Satisfaction

Once again, our annual survey produced superior results. This year our survey was expanded to our website where customers could electronically and confidentially express their opinions. Customers were asked to rate us in the areas of Overall Service, Speed of Service, Accuracy of Service, Courtesy of Staff, Staff's Knowledge and Clarity of our Forms using "Excellent, Good, Fair, Poor and Unsatisfactory" as measurements. The results of the survey were overwhelmingly good and can be found in the Business Results section of this report.

By focusing on particular subjects we knew were important to our customers, instead of just one general subject, we were able to determine that our customers have an overall very favorable impression of us. We also saw that our forms – the area that is overlooked the most from a service perspective – might need review. This will be a project for 2001-2002.

Keeping a Positive Relationship with Our Customers

Our favorable reviews come from being as personal as possible with the customer, trying not to forget that dealing with state government is something many customers dread.

Our charities division has a toll-free line for customers to call and register consumer complaints or just to check on a registration. Our corporate phone room is well-staffed, keeping the average wait time to just over one minute per call. All employees with voice mail must end their messages with an instruction on how the caller may get immediate assistance; thus preventing "dead-ends" for customers that force them to call back. This year all staff was instructed to end their phone call with a pleasant statement wishing the customer a nice day. It is these small attentions to the personal experience that helps us do away with any perceived "wall of bureaucracy."

Finally, we pride ourselves on constituent services. Many people contact us with problems that lie outside of our area. What is more, they have often been transferred from agency to agency by the time they get to us. Instead, we study their problem and attempt to answer it. If we can't, then we direct them to the correct agency. Constituents are overwhelmingly impressed when they find a state employee who takes a few extra minutes to help them – even if you can't answer the question or solve the problem. All staff is strongly advised against simply transferring a customer to another agency without first helping.

Category 4 – Information & Analysis

Our primary statistical measurements are:

- number of filings;
- number of searches;
- length of time between filing and data entry;
- average time waiting on corporate phones;
- revenue collected through fees;
- registered charitable organizations;
- administrative fine revenue from charities;
- prosecutions of charity fraud and counterfeit trademarks; and,
- employee turnover and morale.

These measurements are the most critical ones to our mission. Our history in filing and regulating has shown us that these measurements are the most important to not only analyze past performance but to predict future trends. The measurements directly relate to our mission of providing the most cost-efficient and consumer-friendly service in state government.

Time matters the most. Today's customers expect things done yesterday or to have the phone answered immediately. Our 48-hour turnaround promise has been highly successful and our customers have grown to depend on it. With the Vector 65 Call Management System installed by Office of Human Resources this last year, we can monitor our corporate phone room closely, tracking the volume of phone calls, how long each call waits to be answered, how long a particular customer service rep spends on the phone and how many calls they take. This year the average wait time was 1:22. These reports are run on a daily and weekly basis and are shown to the staff on a regularly to evaluate weaknesses and to recognize good work.

Measurements in our primary regulatory area (charities) are different. Although we do measure the number of registrations, annual reports and joint financial reports filed, we keep a closer eye on administrative fee and fines. By statute (S.C. Code § 33-56-160) we can retain this revenue to help fund that division – putting less of a strain on the General Fund. The amount of fines also helps us measure how much we are focusing on regulating bad behavior. Measuring our investigations of charities and the results of those investigations keeps us focused on our stated mission to expose charity fraud. By studying these measurements we can appropriate the proper resources for that purpose.

Monitoring employee morale and employee turnover helps us focus on internal concerns. Ultimately this feeds directly into our stated mission.

The Vector 65 system allows us to maintain information on our phone room. Similarly, our office computer system is used for queries on filings. We measure activity on our website through a service known as Webtrends. All of these services maintain the data in a safe and reliable environment for future inquiry.

For comparative data we look to our past performance and also outside sources. Although we do not have a natural competitor, we do have very similar entities we can analyze: other secretary of state offices. Most secretaries of states perform essentially the same functions as we do. Usually we cannot get exact data from them. We can, though, look at their services to determine much of what we need. In other words, when a secretary of state offers expedited filings in one week, we know we offer them much quicker (48 hours). This is important since many of our customers (banks, lawyers, and corporations) deal with many different secretary of state offices. Many times though the offices will provide data and we use it to compare with our measurements.

Finally, we do look at other state agencies. No other agency does what we do but many deal with customers. We follow closely the measurements they use to analyze customer service and make changes accordingly.

Category 5 – Human Resources

Motivation

Since our agency is a customer service agency with a small staff, all employees are considered customer-contact personnel. The office is structured so that all employees interact with our customers whether personally, by phone, mail, or e-mail. This emphasis on the personal touch gives the customer the correct impression that the entire office cares about the customer's transaction and, ultimately, our mission.

Dealing with customers while doing your work all day is trying; so, to help motivate, managers work beside their employees and step in when help is needed, encouraging a positive work environment. In fact, the office is physically designed in an open environment allowing employees to easily interact and not feel "closed off". All employees understand that it is best to ask questions and that no door is closed to inquiries. EPMS is used to give the employees feedback on their personal performance, to concentrate on customer service and to monitor morale.

A healthy, safe work environment also creates high morale. Our staff normally does not get involved in work activities that have a high rate of injury; still, all required posters are prominently displayed and employees are allowed time to stay active and healthy.

All of this is important considering the recent budget cuts. Raises and bonuses have been sharply curtailed until the current budget matters are resolved. So, we must look elsewhere for motivation.

Training

Our training needs are determined by the area of the office involved. Where outside training applies to our office's functions, employees are encouraged to actively participate. During 2000-2001, employees attended Baldridge seminars and quality management seminars conducted by the Office of Human Resources. Phone room employees attended a class on customer-service. Our charities staff is active in the National Association of State Charity Officials, participating in conference calls, attending the national conference and also Internal Revenue Service video seminars. The director of administration attended diversity training classes and our deputy secretary is presently enrolled in the Executive Institute and a member of the South Carolina State Government Improvement Network. Finally, our attorneys attend CLEs that are most relevant to our office.

Our training does not end with outside seminars. Many of our functions are not taught in classes, e.g. data entry and searches. New employees are assigned to a supervisor to learn our system. Experienced employees are cross-trained, effectively improving morale while also providing the office the ability to shift employees when the situation demands it. Cross-training also broadens our employees' knowledge of the office and enables them to advance upward through the organization.

Community Involvement

Our staff is actively involved in the community both on the office and the personal level. From the office's perspective, we identified a number of issues our customers wanted addressed and got our staff involved.

The notaries' seminars are an excellent example of this and this program is one of our most successful programs. These seminars are held throughout the state, twice a week, free of charge, addressing the legal and administrative responsibilities and problems notaries quite often face. The positive response has been overwhelming.

Employees of our Charities Division constantly speak to groups such as non-profits, lawyers, churches and various charitable associations about compliance with our charitable solicitation statute. Further, the deputy secretary serves on the board of directors of the National Association of State Charity Officials, an organization of state officials striving to ease the regulatory burden of registration for non-profits while also combating charity fraud.

This year, with the passage of the major revision to Article 9 of the Uniform Commercial Code, our office actively participated in classes for bankers and lawyers to inform them of the dramatic changes in the law. We even conducted our own seminar for all of the South Carolina clerks of court and registers of deeds in the state in order to discuss the major impact this law would have on their offices.

On the personal level, community involvement is encouraged and employees are given much leeway to participate in these endeavors. Members of our staff are actively involved in local churches, Rotaries, Sertomas, Toastmasters and educational organizations. Finally, staff is encouraged to accept speaking engagements whenever they are offered.

Category 6 – Process Management

Since all of our office is in direct contact with the customer all day, our processes are designed with the customer in mind.

New services we offered this year were:

- a format for our forms so that the customers could fill them out on the computer screen while on our website;
- a searchable corporate database on our website;
- a searchable charities database on our website;
- state-wide educational notaries seminars; and
- debit accounts for our larger business customers in our Uniform Commercial Code division.

Our corporate phone room is staffed and designed to handle the large volume of calls concerning various corporations and filings. We have set up our corporate database on our website so customers can access forms or find the information they need from their computer. Our Direct Access program allows business customers to access the corporate database through a phone line to conduct queries and order documents faxed to them. The charities division has a toll-free line to handle consumer calls and the division's database is on our website with information on how much a charity raised in donations and how much was spent towards its charitable cause.

We constantly monitor customer feedback as well as other state agencies and Secretary of State offices throughout the country for better ways to deliver our products and services. This process allows us to not only react quickly to customer demands but also to anticipate changing demands and act on them before they occur.

Our key support management comes from administration – senior leadership. All senior leaders monitor production measurements in order to insure quality service and to shift resources accordingly. We do not closely monitor process systems with key suppliers as we use only a few of these suppliers irregularly throughout the year.

Category 7 – Business Results

Customer Satisfaction

As mentioned in the previous section on Customer Satisfaction, our office conducted its annual customer survey. The survey was expanded this year in two aspects: 1) we allowed customers to fill out the survey online and 2) we conducted a similar in depth survey of our charities division since it is our primary regulatory area. Recognizing the high use of our website, we also surveyed our customers about the site and how it helps – or hinders – them. Finally, at our notaries' seminars, attendants were asked to complete evaluation sheets on the program. The results of all of these surveys were overwhelmingly positive.

OVERALL OFFICE CUSTOMER SURVEY

Overall Service	**83% Excellent**
	17% Good
Speed of Service	**83% Excellent**
	17% Good
Accuracy of Service	**74% Excellent**
	17% Good
	2% Fair
Courtesy of Staff	**86% Excellent**
	10% Good
	4% Fair
Staff's Knowledge	**81% Excellent**
	14% Good
	5% Fair
Clarity of Forms	**52% Excellent**
	26% Good
	17% Fair
	5% Poor

From this survey we learned that our office has an overall favorable rating from our customers. This is consistent with our past surveys. Still, in order to further improve service we asked about the more detailed subjects above. Once again we scored consistently high but this detailed survey exposed one area of customer service that is easy to overlook: forms. It now appears that we should review our forms to ensure that our customers understand them and can easily fill them out.

CHARITIES DIVISION CUSTOMER SURVEY

Overall Service	**50% Excellent**
	45% Good
	5% Fair
Speed of Service	**53% Excellent**
	38% Good
	9% Fair
Accuracy of Service	**54% Excellent**
	38% Good
	8% Fair
Courtesy of Staff	**60% Excellent**
	33% Good
	7% Fair
Staff's Knowledge	**55% Excellent**
	37% Good
	8% Fair
Clarity of Forms	**49% Excellent**
	36% Good
	5% Fair

Using the same analysis as the office survey, we found that the Charities Division is rated well by its customers. The ratings are lower than the overall office, which we anticipated, since this is a regulated area. Regulated customers are more prone to react negatively towards the agency that oversees their activities and constantly requires their compliance. Still, with this "bias" in mind, the division scored high, particularly with staff courtesy. We feel this is important as the trust of those we regulate will help us achieve our mission.

Once again, forms rated the lowest. However, it should be noted that even though the ratings are lower than the whole office they are still very good – 95% of respondents rated the division as "good" or better.

CUSTOMER SURVEY OF WEBSITE QUALITY

Overall Quality	**56% Excellent** **25% Good** **19% Fair**
User Friendliness	**83% Excellent** **12% Good** **5% Fair**
Navigation	**65% Excellent** **24% Good** **11% Fair**
Relevance of Information	**53% Excellent** **41% Good** **6% Fair**
Timeliness of Information	**56% Excellent** **38% Good** **6% Fair**
Educational Quality	**53% Excellent** **41% Good** **6% Fair**

Recognizing how many of our customers use our website, we surveyed them concerning the site. Again the results were positive; more than 90% of our site's users rated it as "excellent" or "good." From this first time survey, we learned that our customers would like for us to concentrate on the relevance and timeliness of our information. We should also examine our educational offerings on the site. In 2001-2002 we plan to expand the educational aspects of the site.

Unfortunately, few respondents (less than 10) addressed the UCC or Notaries areas in order to report the results. The results were good – most rated these areas good or better – but still too intermittent to provide relevant information. These areas will be targeted for a more intensive survey in 2001-2002.

At our notaries seminars, we asked attendants to fill out an evaluation sheet about the program. Since these seminars are held twice a week in various parts of the state, we felt we could learn much about what the programs had to offer.

So far, more than 1500 notaries have attended our seminars with more than 90% of them rating the program as good to excellent.

Financial Results

The Secretary of State's Office prides itself on being historically one of the most fiscally responsible agencies in state government. This fiscal responsibility is only magnified by the fact that our office produces more than three times our appropriated funds in revenue for the General Fund.

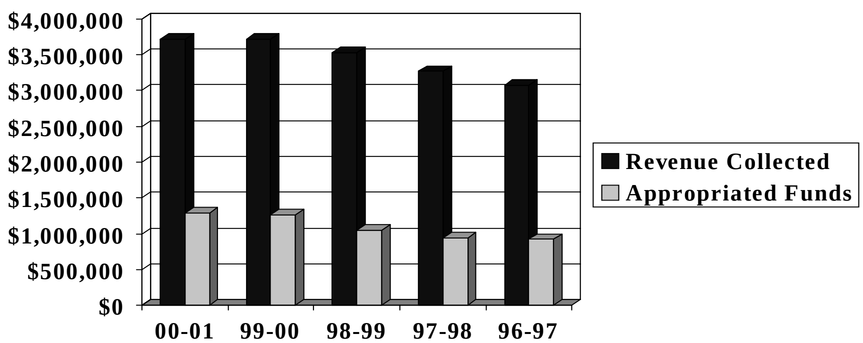
Secretary of State Historical Budget Analysis

Fiscal Year	FTEs	Base Appropriation
1990-1991	40	$1,443,036.00
1991-1992	40	$1,324,042.00
1992-1993	40	$1,288,063.00
1993-1994	36	$1,305,125.00
1994-1995	35	$1,086,791.00
1995-1996	35	$1,083,459.00
1996-1997	18	$921,663.00
1997-1998	18	$937,929.00
1998-1999	22	$1,051,170.00
1999-2000	27	$1,263,947.00
2000-2001	27	$1,317,622.00

1) Please note that the overall budget has decreased by almost 10% in ten years. FTEs decreased by 33%.
2) 1996-97 figures reflect our office's efforts to consolidate its functions.
3) 1998-99 increases reflect our Charities Division transfer from the Attorney General's Office to our office, along with the FTEs.
4) 1999-2000 increase is the only request for FTEs made by our office in order to properly staff due to increasing business.
5) Other increases in appropriations are due to state employee raises as provided by the General Assembly.

As stated above, these historical savings to the taxpayer are magnified when one takes into account our appropriated funds and compares them to the revenue our office contributes to the General Fund:

Revenue Collected for General Fund vs. Appropriated Funds from General Fund



When comparing this data, it is clear that our agency is a significant producer of revenue for the state. Still, to evaluate mission accomplishment, the volume of work we handle must be analyzed.

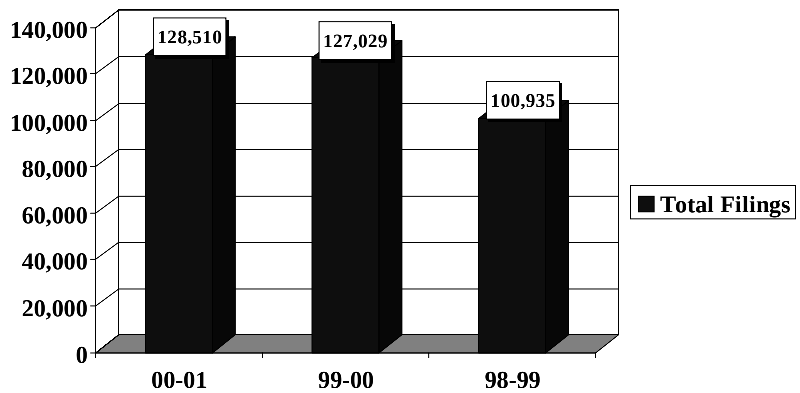
Mission Accomplishment

The previous measurements most closely reflect our gains made in the financial aspects of our mission accomplishment – the highest return on the taxpayer's investment in state government. While reducing our appropriated budget, we have overseen a large increase in the money we contribute to the General Fund. However, to fully appreciate the accomplishment of our mission, the volume of work we handle must also be evaluated.

Measuring the number of filings helps us properly allocate our resources (staff, operating expenses) to provide quality customer service. It also provides us the opportunity to show that we do try to do "more with less" and save taxpayer money.

Our total office filings are:

Total Office Filings



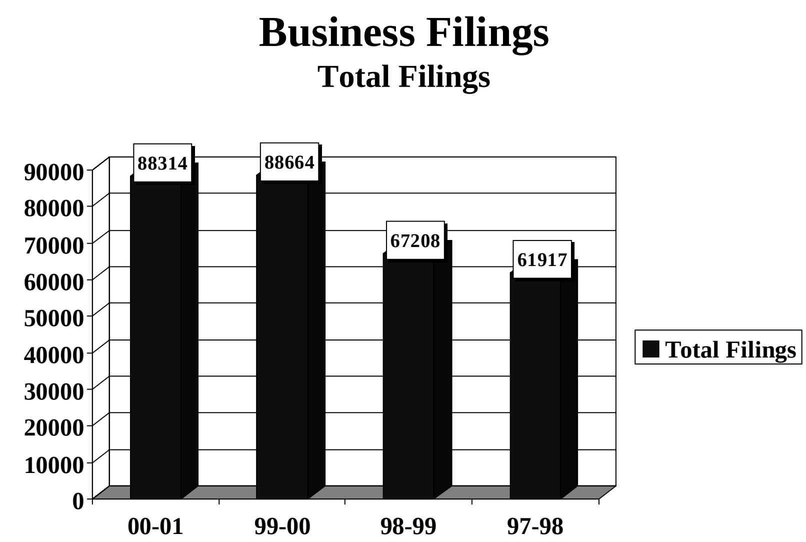
Total office filings increased by 28% in two years; however, our total staff remained at 40, with 27 of those as FTEs.

The percentage breakdown of total filings, with assigned FTEs is as follows:

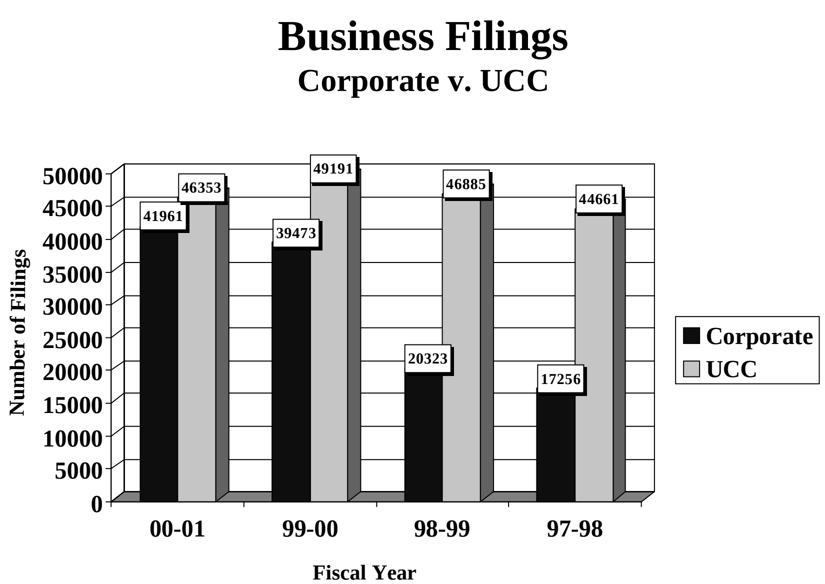
Business Filings	**70%**	**10 FTEs**
Notaries	**12%**	**2 FTEs**
Boards & Commissions	**9%**	**2 FTEs**
Charities	**8%**	**5 FTEs**
All Other	**1%**	

Clearly, the bulk of our work is done in business filings and is staffed accordingly. The Charities Division receives more FTEs due to the regulatory work done in that division.

Our Business Filings numbers are as follows:



Within the Business Filings Division, the breakdown is:



As this is our highest volume division, we staffed this division with 17 of our personnel (10 FTEs) in order to achieve our mission. Three to four employees work in the corporate phone room, six employees are assigned to UCC filings and six others are assigned to corporate filings. By dividing the staff according to volume and responsibilities, we achieved two main parts of our mission: superior customer service and 48-hour turnaround.

This year we partnered with Office of Information Resources and installed a Vector 65 Call Management System for corporate phone room – a customer service center. This system allows us to track all incoming calls, focusing on the length of time until the call is answered, the average length of time a terminated call lasts and the length of a call, broken down by the half-hour. The system showed that we averaged 495 calls per day this year. With the half-hour breakdowns we were able to staff the phone room according to time of day and call volume; thus staff was shifted to other office functions during slower times.

With the addition of the Call Management System, we kept the average wait time for a call to 1 minute, 22 seconds.

An example of how we use the Vector 65 data to improve service occurred this year. Shortly after its installation, we began to receive complaints that customers were on hold for upwards to an hour. Our statistics did show these types of increases. Yet, when we looked at total calls versus length of call, the extraordinarily long calls did not make since. Our employees should have easily gotten to the calls. We consulted with OIR and found that there was a "bug" in the software and that some customers were being sent into a queue where they were never retrieved by the system. The "bug" was fixed and we have not received a complaint since.

Another factor in accomplishing our mission in our Business Filings Division is the amount of time it takes to enter a record into our database once it has been accepted for filing. Our customers have clearly indicated that their business transactions today require quick turnaround for the recording of a filing.

By focusing on our customer's desires of quick turnaround, this year we provided a 48-hour turnaround period between filing and entry into the database.

We also kept in mind the fact that many agencies throughout the country charge considerably more for an identical filing than we do - even more for an expedited filing. Our office has not done so and will not. We are dedicated to providing our services at the least expensive cost possible.

This year, in order to lessen the burden of our staff and improve customer service, we applied two business filings functions into our website: the corporate database and our forms. The corporate database allows customers to research a particular organization without calling our office. Similarly, the ability to fill out forms online and download them keeps our staff from having to constantly field phone calls and place orders for forms.

In one week our website averages over 2500 searches of the corporate database and over 1300 downloads of forms.

Our Charities Division incorporates similar measures to ensure quality service. Charity filings in the last three years, since the division returned from the Attorney General's Office, increased by almost 100%. This is largely due to a two-year program that division had of reviewing IRS statistics and other data to identify those organizations that should be registered with our office and then contacting them to bring them into compliance.

An important measurement in the Charities Division is the amount of administrative fines recovered. During 1998-99 we recovered $140,323 in fine revenue which we kept in order to fund the division. This was due to an aggressive effort when the division arrived in our office to review delinquent files for violations and to pursue deceptive solicitation practices. That figure dropped to $65,565 in 1999-2000 and to $47,790 in 2000-2001. We attribute this drop to two factors: 1) there was a one-time fine of $75,000 in 1998-99 on one entity and 2) the lack of an attorney assigned solely to the division to review the legality of the actions and to pursue the fines.

When the Charities Division had a full-time attorney, 1998-99, fines were high. There had not been an assigned attorney since then. We identified this problem last year and hired an attorney in January 2001. Fine revenue immediately increased 10% from the same period as the year before and more than 100% than the preceding six-month period when there was no attorney. In fact, for the first two months of this fiscal year, fines are up more than 250% than July-August of 2000. Our goal is $150,000 in fines for 2001-2002.

Finally, another important mission accomplishment measurement for our office is the amount of counterfeit goods confiscated by our trademarks division. Our office handles the registration of state trademarks and assists law enforcement in the investigation and confiscation of counterfeit goods – fraudulent goods that infringe upon the trademark rights of legitimate businesses.

In 2000-2001, our trademarks division assisted law enforcement in the confiscation of more than $500,000 in counterfeit goods.

The preceding statistics indicate that we are well on our way to accomplishing our mission. Still, they also show much room for improvement and that 2001-2002 can be a year for even greater accomplishments.

Employee Satisfaction

Our key measures for employee satisfaction are length of employment, employee turnover, ability to perform numerous functions in the office and involvement in activities outside the office.

Length of employment is an important measure as it indicates loyalty to the office, level of job satisfaction and morale. Long-time employees also provide the office with a high degree of institutional knowledge. How long an employee stays is an important measure to us since there are only two executive level positions in our office; thus, most employees are paid based on administrative classifications and duties.

Of our 41 employees, there are:

13 employees with more than 5 years experience.
Of these 13 employees
5 have more than 10 years experience
2 have more than 15 years experience
and
4 have more than 25 years experience.

Such a large number of long-time employees indicates to us that there is a high level of job satisfaction and morale in our office. However, we must keep this constantly in mind and provide the most positive work environment possible.

Employee turnover this last year was low and is always a concern. In 1999-2000, eight employees left the office. Of those eight, three left for higher paying jobs, three voluntarily left for other jobs, one was a college intern who graduated and one was terminated.

In 2000-2001, under the direction of a new deputy secretary, only two employees left – one for disciplinary reasons and the other a college intern that graduated. We must keep in mind that consistency in senior management has a great effect on turnover and, consequently, customer service.

Finally, more than thirty of our employees can perform more than one task in our office. This shows a willingness to learn and contribute towards our mission. Employees are also actively involved in the community, as discussed above. This involvement is encouraged by management as a means to heighten employee satisfaction.

Supplier/Contractor/Partner Performance

Due to the nature of our office, we have few relationships of this type. The relationships we do have are not on a continuous basis and not capable of measurement

Business Results Conclusion

Overall, our business results reflect substantial advances toward accomplishing our mission. Our financial results clearly indicate that we are not an agency that constantly asks for money. Instead, we have historically reduced our budget and economized the office, with the only budget increase coming primarily from raises for state employees.

Our customer service surveys show that the public views us favorably. The overall ratings are high but we do have some areas to work on, particularly our forms. Our website also rates well with the public and serves an important function for overall customer service. Educational initiatives on the site will be a goal for this year.

The Charities Division will strive to maintain its excellent customer ratings. With the addition of an attorney to the division's staff, fine revenue will increase greatly.

Our employee satisfaction measurements indicate stability and good morale. Still, this year we will perform more "hard" measurements of employee satisfaction to identify any hidden problems – and possibly to find more solutions to maintaining excellent customer service while facing more budget cuts.

The Secretary of State's Office prides itself on its fiscal responsibility and its commitment to excellent customer service. Our past indicates we have followed these principles diligently. We will continue to pursue our mission of providing the taxpayer the best return on their investment in state government even more vigorously in 2001-2002 and beyond.