

## BENEFITS OF CONTINUOUS IMPROVEMENT INITIATIVES

### ISO 9001:2008 And What It Could Do For You

Investment management companies are operating in an economic environment that is continually getting leaner, but that does not mean clients' and shareholders' needs are diminishing. In fact, higher quality products and services at a reasonable cost are key drivers in today's marketplace. In order to respond to these changes and challenges, service providers must augment their traditional positions on quality to improve their responsiveness, competencies, and services levels. One way to do this is by embracing the principles of the International Organization for Standardization (ISO).

*"Even though we had a very successful Transfer Agency, we embarked on our journey towards ISO 9001:2008 to further enhance our business and provide the structure and discipline for world class service delivery."*

Joe Redwine, President  
U.S. Bancorp Fund Services, LLC

#### ISO 9001:2008

ISO established a set of management requirements recognized around the globe that encourage the standardization of goods and services. The ISO 9001:2008 standard is built around developing a Knowledge Management System within an organization. While ISO 9001:2008 requirements are generic and applicable to all organizations – regardless of type, size and product provided – successful certification requires:

- » Demonstration of a company's ability to consistently provide products and services that meet customer, applicable statutory, and regulatory requirements.
- » Quantitative and qualitative measurement of process metrics to continually improve products and enhance customer satisfaction.

#### DEFINING AND DEVELOPING A KNOWLEDGE MANAGEMENT SYSTEM

Well known in manufacturing industries for its positive impact on supply chain improvements, ISO 9001:2008 allows service-based industries to increase customer satisfaction through the creation of a Knowledge Management System. This system allows employees within a transfer agent to share and manage their collective knowledge by integrating core processes and key performance indicators to create a better understanding of customer needs, prompt cost reduction, and improve service delivery. Proven benefits include:

- » Increased operational efficiency and productivity.
- » Better documentation and elimination of redundancy.
- » Greater quality awareness.
- » Enhanced internal and external communication.
- » Improved audit results.
- » Faster and better decision making.
- » Greater data reliability.
- » Increased risk management.

*"The third-party quality certification for process improvement allows us to know there is a comprehensive quality system that is continuously monitored by internal and external experts."*

George Winn, Senior Vice President  
TCW

*"By embracing ISO 9001:2008 and creating a knowledge management system, companies can break down silos, allow vast amounts of information to be accessible, and become a world class leader in quality."*

*Brian Hettrick, Consultant  
Soma Associates*

"You can have great intentions about your quality program, but without the right processes and tools in place to measure and track changes, you are not going to consistently maintain and improve the quality of products or services," said Ian Martin, Executive Vice President of U.S. Bancorp Fund Services' Transfer Agent. Implementing a Knowledge Management System allows a transfer agent to define key components of quality and regularly measure those components against benchmarks. Establishing key performance indicators provides clear and factual indications of whether or not processes are effective. By analyzing their Knowledge Management System, a transfer agent can:

- » Proactively identify and resolve trends.
- » Update and communicate standard processes immediately once trends are identified.
- » Alleviate any impact to clients' service delivery and reputation.
- » Circumvent compliance events.

### **IMPORTANCE OF STANDARDIZED AND CONTROLLED DOCUMENTATION AND RECORDS**

ISO 9001:2008 requires all processes to be documented in a controlled environment in which they are reviewed, revised, and approved prior to use. This requirement ensures all policies, procedures, and work instructions follow a consistent format and feature a purpose of the activity and a statement defining successful conclusion.

This gives associates a greater degree of quality awareness across every step in a given process. It also creates better documentation in a formal and controlled library. From an organizational standpoint, transfer agent management teams can be confident their associates are only using the most current and approved documents.

ISO 9001:2008 guidelines for a Knowledge Management System allows a transfer agent to work in conjunction with individual, team, organizational, and client-defined goals. Documenting processes within a specific structure allows vast amounts of information to be available at every level of the organization. As a result, clients and their shareholders can expect insightful and timely responses with every inquiry.

### **ORGANIZATIONAL RESPONSIBILITY AND BENEFITS**

As a senior management led initiative, ISO 9001:2008 ensures executive management takes both a strategic and hands-on approach. Committing to certification and applying the elements of ISO 9001:2008 helps develop and maintain business objectives that feed into an organization's core processes to maximize results.

"A company must identify their vision and support it with measurable quality objectives," said Chris Surges, Vice President and Chief Knowledge Officer of U.S. Bancorp Fund Services Transfer Agent, "It requires evidence that objectives are continually improved through documented management reviews," Surges continued. ISO 9001:2008 also provides managers and their divisions with the resources and tools to benchmark and measure performance. This can translate into the following benefits:

- » Improved customer relations and focus.
- » Reduced cost of lost time, recalls, and litigation due to quality incidents.
- » Increased consistency and compatibility of quality standards across teams, business units, and the entire corporation.

*"This certification demonstrates a company's commitment to continuous improvement. A successful journey towards ISO 9001:2008 is largely due to dedicated and knowledgeable employees."*

*Mike Hopkins, President  
United Registrar Services, LLC.*



- » Instant dashboard visibility of enterprise wide quality compliance.
- » Improved corporate brand reputation and recognition.
- » Continuous quality improvement focus to increase business performance.

*"Companies must understand client needs and perceptions. This allows them to coordinate initiatives that will consistently meet and exceed expectations. ."*

*Nimish Bhatt, Director of Operations  
Calamos Investments*

## **CUSTOMER SATISFACTION THROUGH CONTINUOUS IMPROVEMENT**

Regular measuring and monitoring also gives a transfer agent the ability to detect and analyze patterns. ISO 9001:2008 provides the structure to identify the root cause of a nonconformance, propose a valid and attainable plan for resolution, and demonstrate the result's impact and effectiveness.

Customer focus is the guiding principle of ISO 9001:2008. Clients' input is sought through surveys to attain their evolving needs and understand their strategic direction. During this process, opportunities for enhanced service delivery can be identified and initiatives planned, developed, implemented, and validated based on your clients' core concerns.

The results gathered from strategic surveys can validate a company's understanding of the direction and requirements of their clients and also create new opportunities to develop or enhance products and services. The survey also serves as a vehicle to clients' perceptions, current satisfaction levels, and overall expectations of not only your company, but the industry as a whole. Analyzing responses and looking for trends can help transfer agents respond directly to client needs and help eliminate or reduce reactive initiatives.

By quantitatively and qualitatively measuring clients' experiences throughout the year and over the course of your relationship, service providers can continually enhance their offerings from data delivery and account processing to fulfillment, call center servicing, and the most sophisticated technology.

## **MANAGING AND UNDERSTANDING EMPLOYEE NEEDS**

People are the backbone of any company and customer service is the number one concern among most shareholders. By relying on the passion and experience your professionals bring to the office, transfer agents can create highly tenured and specialized workforces.

ISO 9001:2008 acknowledges this and utilizes employees' competence and awareness to meet quality objectives. As a result, the selection, hiring, and on-boarding of all associates becomes standardized to immerse new hires into a process-oriented and customer-focused culture. By providing ongoing training, advancement opportunities, accessible and reliable tools, and calibrated performance appraisals, service providers engage each person, at every level, to seek ways to continually improve business.

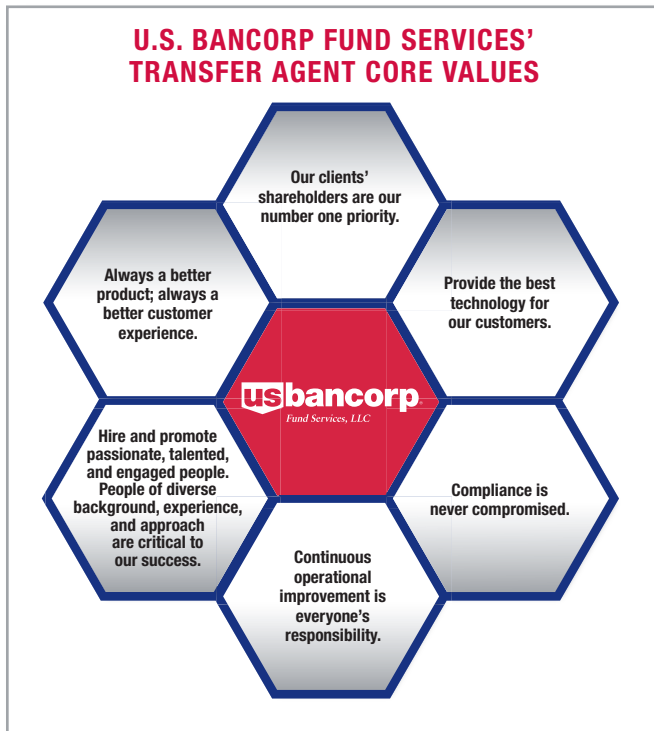
*"A focus on quality helps refine core processes, build innovative technology, develop strong relationships, and provide exceptional service to clients and their investors."*

*Anita Zagrodnik, Chief Compliance Officer  
Ariel Investment Trust*

"Our professionals are our greatest assets and our knowledge management system encourages everyone to get involved, cultivate new ideas, and share best practices," said Martin. In an environment where associates are not only involved in recommending process improvements, but initiate them, small changes in process flows translate into significant impacts on the quality of services provided to shareholders. Clients benefit from increased performance in every interaction and overall satisfaction levels increase since front line associates are involved in every aspect of service delivery, measurement, and improvement.

## CONCLUSION - MAKE SHAREHOLDERS THE NUMBER ONE PRIORITY

The results of continuous quality improvement initiatives at U.S. Bancorp Fund Services, including becoming the first third party transfer agent to receive ISO 9001:2008 certification, have translated into the highest performance in the industry. U.S. Bancorp Fund Services' Transfer Agent recently received "Best-In-Class" distinction in transaction processing for accuracy and timeliness from the National Quality Review (NQR). It has performed within or above the statistical operating range of the NQR benchmark for processing accuracy and timeliness for 18 consecutive quarters, received several Best-In-Class ratings and has been rated a "5-Star Performer" for 11 consecutive quarters. "This recognition is the highest a company can receive from NQR and showcases the reliable service and customer-driven culture we provide to our clients," said Martin. Through implementation of ISO 9001:2008 standards, U.S. Bancorp Fund Services commits to the following core values:



Service providers must reflect on the requirements and challenges facing clients and provide the security and depth of service clients and their shareholders need to be successful in an industry that gets more complex and demanding every day. While third-party quality certification is not a requirement or pre-requisite for process improvement, its model guarantees a comprehensive quality system is in place and continuously monitored by internal and external experts. The need has never been greater for inclusive and dedicated quality resources where new ideas are cultivated and industry best-practices are not only shared, but defined.



### ABOUT THE AUTHOR

**Ian Martin** - Ian Martin, Executive Vice President, serves as the Director of the Transfer Agency and has 16 years experience within U.S. Bancorp. Mr. Martin is a nationally recognized expert on mutual fund processing, shareholder servicing, efficiency and quality management systems including ISO 9001 Certification.

*Headquartered in Milwaukee since 1969, U.S. Bancorp Fund Services, LLC currently provides services to more than 200 fund families, with more than 1,400 portfolios and over 1,800 fund classes and administers 3.5 million shareholder accounts with \$573 billion in client assets. U.S. Bancorp Fund Services' clients include mutual funds, investment partnerships, hedge funds, separately managed accounts, fund-of-funds, and offshore funds. It is a subsidiary of U.S. Bancorp, the sixth largest bank in the United States with assets of \$266 billion, NOTED IN THE THIRD QUARTER 2009 CORPORATE PROFILE.*

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