

*Student
Financial
Assistance*



Financial Partners Channel

Financial Partners Visioning Results Summary



Statement of Purpose

This document represents the results of the visioning activities conducted by the Financial Partners leadership team during the Analysis and Design phase of the Financial Partners Transformation.

During these activities, the FP leadership team considered the answers to questions such as “What is the value of the FP Channel to our partners and within SFA?”, “What will the FP Channel become?” and “What must Financial Partners do well in the future?”

The leadership team focused on:

- Determining Financial Partners’ strategic intent
- Crafting a Vision and Mission statement
- Determining a strategy for sharing the Vision and Mission

The visioning activities were put on hold during June and July to await the approval of the new Financial Partners organization. With the August approval, the Financial Partners leadership team is poised to begin the process of asking for employee feedback and making the Vision a reality.



Leadership Roles and Responsibilities

Strategic Continuums

Strategic Intent

Critical Questions

Mission and Vision Statements

Future Roles of FFEL Industry Players

Next Steps



Leadership Roles and Responsibilities

The FP leadership team plays a vital role in the Transformation. This group is responsible for:

- Setting the direction of the transformation
- Representing staff in decision-making
- Sustaining the momentum of the transformation within each of the FP organizational units
- Communicating and translating the strategic direction to staff
- Informing the Sponsor about elements that may impact the direction of the transformation, such as customer requirements, organizational capability, etc.



Leadership Roles and Responsibilities

Everyone in the Channel plays a critical role in the Transformation. Outlined below are some of the other roles.

Sponsor	Directors	Team Leaders	All FP Employees
<ul style="list-style-type: none"> • Set the direction, pace, sequencing and management philosophy for the transformation effort • Determine and obtain funding approval for projects • Build commitment for the transformation among all stakeholder groups • Make decisions concerning strategic issues • Remove obstacles and barriers to ensure successful project completion 	<ul style="list-style-type: none"> • Set the direction, pace, sequencing and management philosophy for the transformation effort • Champion the transformation among staff • Provide mentoring, sponsorship and support to Team Leads and others involved in the Transformation • Recognize and reward outstanding performance • Accept accountability for successes and setbacks, and report on progress 	<ul style="list-style-type: none"> • Manage and execute projects that support the transformation • Provide input to program initiatives, scope, timelines, and work effort • Determine staffing needs and organize teams • Develop and manage workplans and schedules, including managing scope, work effort and completion of deliverables • Set example of outstanding performance 	<ul style="list-style-type: none"> • Actively participate in the transformation • Develop work products and maintain service standards that support transformation and Channel goals • Participate in key meetings and provide timely status to team leads about work progress • Develop the recommended solutions and models • Identify and recommend additional improvement opportunities



Leadership Roles and Responsibilities

Strategic Continuums

Strategic Intent

Critical Questions

Mission and Vision Statements

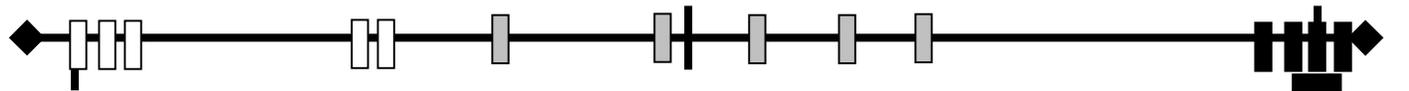
Future Roles of FFEL Industry Players

Next Steps



Strategic Continuums

Each member of the FP leadership team was asked how far they would expect the FP Channel to move along the reengineering continuum over time. The group responded that reengineering would be gradual but steady.



Slight Redesign

- Processes and procedures do not change substantially.
- Separate processes used for similar functions.
- Relatively few changes result.

Implementation of Best Practices

- Review current processes and implement best practices.
- Separate processes for similar functions are minimized or eliminated.
- Significant change can result.

Reinvention

- Organization looks inside and outside to identify and implement best practices.
- Separate processes for similar functions are eliminated.
- Radical changes are likely to result.



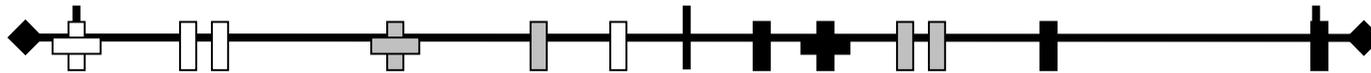
Group Discussion:

- Progress will be hindered by cultural barriers, entrenched thoughts and lack of understanding of the PBO
- Best Practices are dynamic, so we will have to constantly reevaluate to stay on top of the industry



Strategic Continuums

Over time, the group views technology as more of an information manager than strategic partner.



Data Processor

- Separate functional processing environments
- Current applications do not change, and are not integrated
- Multiple sources of financial information
- Inconsistent levels of service provided to the organization

Information Manager

- Migration onto one common “Best Fit” application environment
- One source of data information
- Meet strategic intent and established levels of service

Strategic Partner

- One environment to process data, manage information and contribute to strategic decision making
- Viewed as a strategic partner by the organization
- Exceed strategic intent and established levels of service



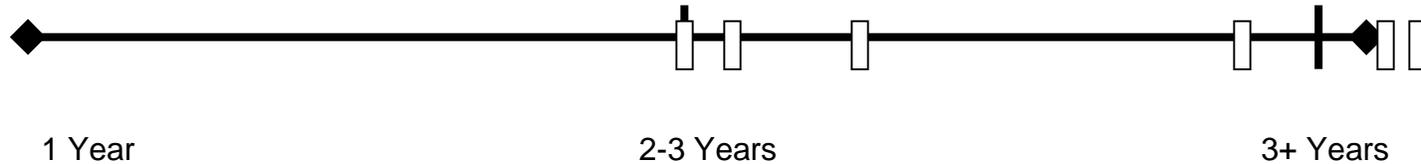
Group Discussion:

- We have had many false starts with changes to technology
- Overall this organization tends to have pessimistic views of technology enhancements
- Our input has been limited to the planning phase of past projects



Strategic Continuums

The group speculated on how long it would take SFA to operate as a true Performance Based Organization. Results suggest this will be a slow and steady transformation.



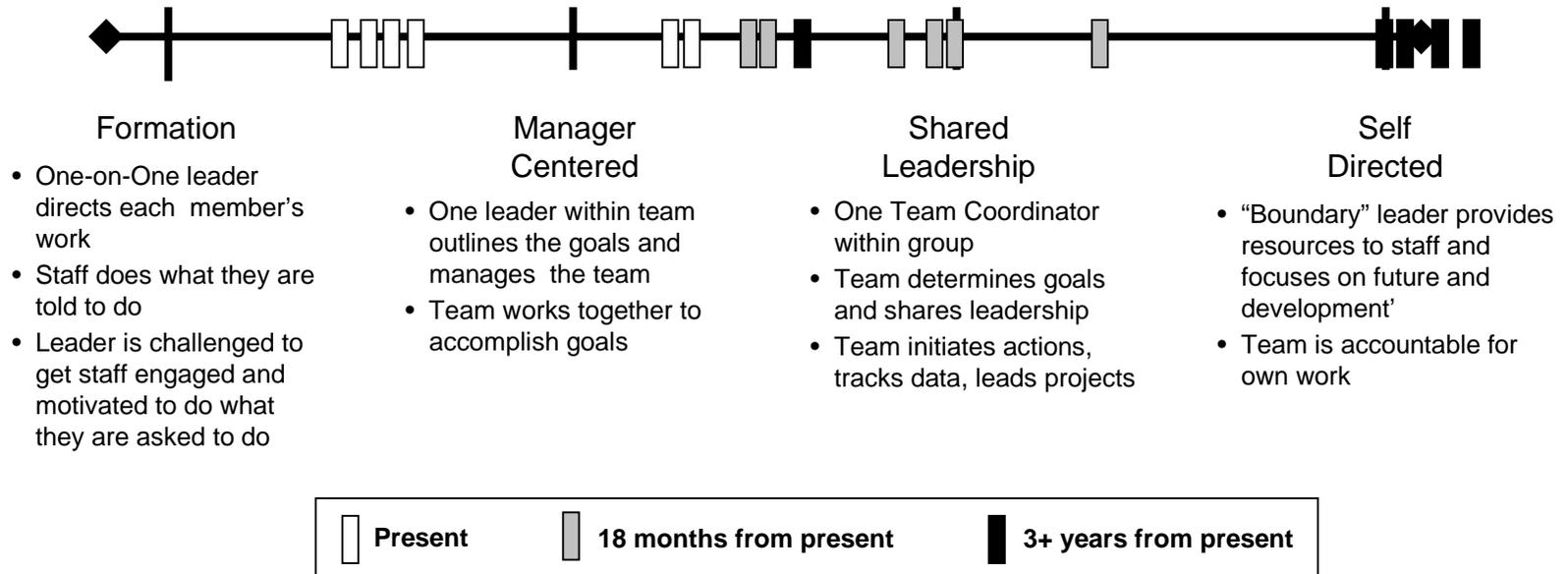
Group Discussion:

- Our culture will prevent change from occurring quickly
- Our people are actually reluctant to change
- The Union is going to be very slow to change to a PBO mentality
- We may experience diminished motivation when certain objectives are determined to be unobtainable
- We need to change on the inside before the outside can accept us as a new PBO



Strategic Continuums

The group's sentiments reflect that the FP leadership team would evolve over time towards shared leadership and ultimately self-direction.



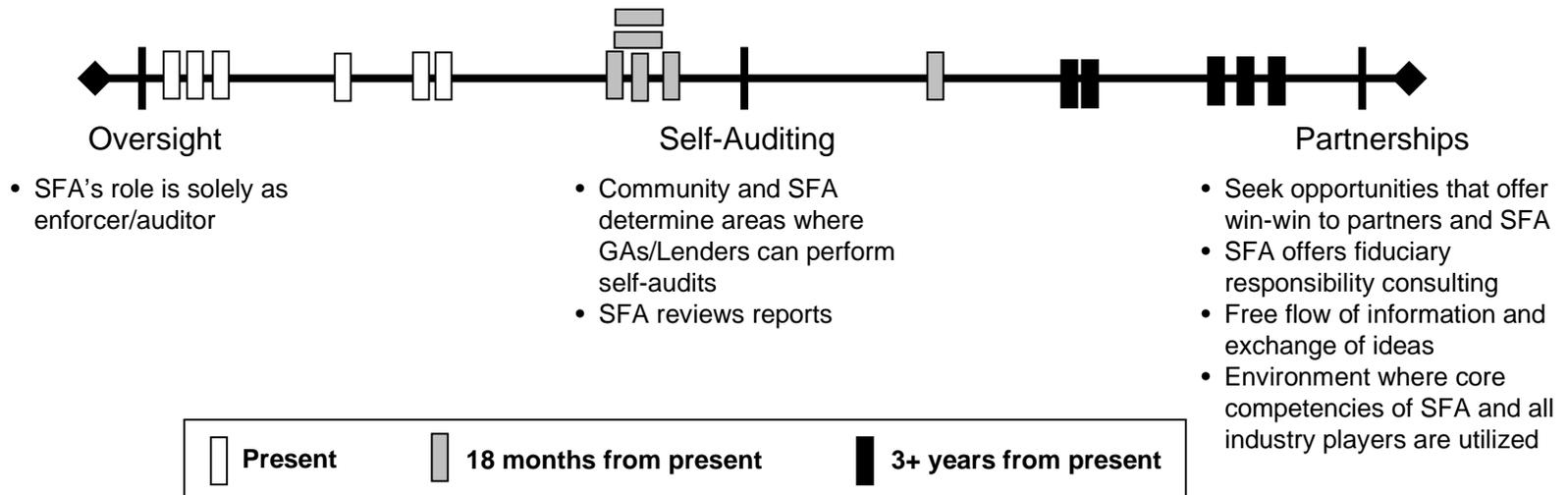
Group Discussion

- A barrier will be having the right skill mix to achieve our mission and critical goals
- We will be successful if we build at the lower levels to help drive upwards
- Up-to-date technology will help us better operate as a leadership team
- Self-directed is probably not achievable



Strategic Continuums

The leadership team indicated that Financial Partners would seek to introduce self-auditing and partnerships in its role as overseer.



Group Discussion

- We will still have oversight, we just need to determine the process
- We need to determine our stance on Oversight vs. Partnering
- We will need to change the attitude of our staff to look at the big picture and not focus just on statutes, regulations, etc.
- We need to begin to educate and trust the partners
- Agencies "in the know" will always have good audits
- We can minimize on-site audits by increasing our technology (downloading info on partners)
- We can standardize the information requirements for audits



Leadership Roles and Responsibilities

Strategic Continuums

Strategic Intent

Critical Questions

Mission and Vision Statements

Future Roles of FFEL Industry Players

Next Steps

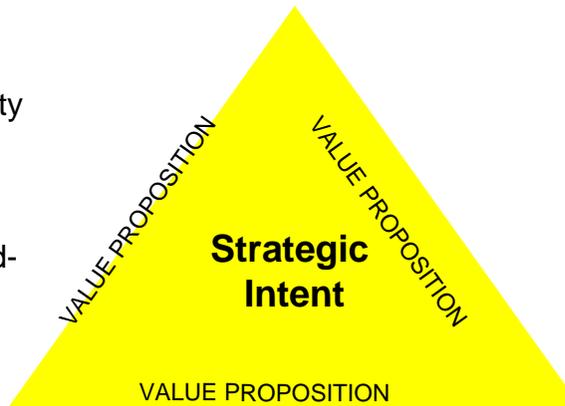


Strategic Intent

Organizations select one of the “value propositions” below as their primary area of focus, or strategic intent. Partner Understanding was chosen as the strategic intent for the FP Channel. The leadership team also stressed the need for Operational Excellence in the FP Channel.

Operational Excellence

- Value discipline = best total cost
- Operational goals = minimize costs, standardize, simplify, centralize, reliability
- Products = limited product variety and customer segmentation
- Culture = zero defects, efficiency
- Structure implications = team focus, end-to-end focus, strong audit function, unit focussing on standards
- People = tight management; people are dependable, trainable & team players
- Measures = process metrics



Partner Understanding

- Value discipline = best solution
- Service goals = customer relationships, partnering, experts at customer's business
- Culture = client oriented, service culture
- Structure implications = account team focus, decentralized
- People = responsive, consultative, effective communicators
- Measures = profitability, customer satisfaction

Product Leadership

- Value discipline = best product
- Innovation goals = product leadership, cultivate market demand
- Culture = invention and development, entrepreneurial, high performance teams
- Structure implications = Fluid organization, team focus
- People = creative, proactive, eccentric
- Measures = product introductions, time to market metrics

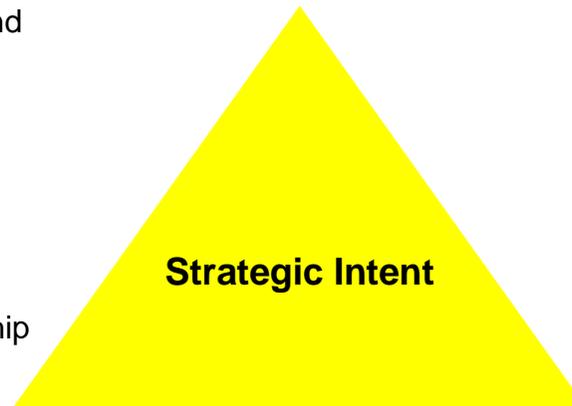


Strategic Intent

The comments below are excerpts from the team's dialogue about strategic intent. They support the overall group vote for Partner Understanding with an emphasis in Operational Excellence.

Operational Excellence

- We need to look at best in business and consider our partners' needs to determine how to deliver better, faster, cheaper
- Our job is to smooth the way for our partners to allow them to perform their job
- We should be 90% Operational Excellence and 10% Product Leadership in a partner-friendly environment
- Our role is to assist in cost-effective, smooth, timely delivery of funds



Partner Understanding

- We've got to move closer to the market and know what our partners want to happen
- We've got to know our partners better than we do today
- Our strategic intent should be Customer Intimacy (Partner Understanding) to understand our partners' needs and build/innovate accordingly
- We need to better define/segment our partners and customers
- Historically, we haven't had the best relationship with our GAs and lenders
- Our role is to work with partners to understand, help and create changes

Product Leadership

- We are a product leader with industry players



Leadership Roles and Responsibilities

Strategic Continuums

Strategic Intent

Critical Questions

Mission and Vision Statements

Future Roles of FFEL Industry Players

Next Steps



Critical Questions

During the strategic sessions, the leadership team considered some profound questions:

- What is Financial Partners' purpose within SFA?
 - We are responsible for serving partners in serving customers for 2/3 of Title IV Aid
 - We are not involved in marketing today, but we should be
 - We write lenders and GAs a check for certain services
 - We must understand all SFA's partners and customer segments because our partners deal with them
 - We deal with the delivery infrastructure
 - We are the touchpoint/integrator/liaison for the financial partners community
 - We filter information and create relationships
 - We promote the availability of federal funds and facilitate the process of making capital available
 - We provide oversight and ensure fiduciary responsibility for federal funds
 - We are the facilitator to enable partners to be efficient and effective
 - Our purpose is to lower unit cost
 - We accept levels of risk that the market isn't willing to accept
 - We provide a conduit to the FFEL community

- What is Financial Partners' purpose to our partners?
 - To make their job (delivering loans) cost-effective, operationally simple and with the fewest hurdles
 - To champion the FFEL Program
 - To remain neutral to programs (FFELP -vs- FDLP)
 - To raise awareness of Products and Programs



Critical Questions

- Who are our customers and partners?
 - Our customers are borrowers
 - Our partners are GAs and Lenders
- Who is our competition? What differentiates us from them?
 - FDLP
 - SallieMae wants to be a partner, but they are more of a competitor
 - Larger Guarantor Agencies
- How should Financial Partners behave as a group working towards a common goal?
 - Have a single game plan with a single front
 - Trust each other
 - Cooperate



Leadership Roles and Responsibilities

Strategic Continuums

Strategic Intent

Critical Questions

Mission and Vision Statements

Future Roles of FFEL Industry Players

Next Steps



Mission and Vision Statements

The FP Leadership Team worked to crystallize their strategic thinking into these distinct statements. These statements are in DRAFT form, since they have not been shared with the rest of the organization for review.

In order for a Vision to be accepted and embraced by the organization, its employees must be engaged in the process of developing it. Visioning activities were halted within Financial Partners for Union approval. The next step in Visioning will be to conduct focus groups to gather employee feedback, insight, and suggestions on the Vision and Mission.

Financial Partners Mission

Our Mission is to help put America through school by leveraging the power of the financial markets through public/private partnerships to ensure access, maintain integrity, and promote best-in-business practices.

Financial Partners Vision

We seek to develop strategic alliances by listening to and understanding our partners and simplifying processes. We will be known for fairness, knowledge, effectiveness, and integrity and driven by the success of our partners.



Leadership Roles and Responsibilities

Strategic Continuums

Strategic Intent

Critical Questions

Mission and Vision Statements

Future Roles of FFEL Industry Players

Next Steps



Future Roles of Industry Players

The future may hold different roles for FFEL industry players. The group speculated on trends and alternative roles for members of the FFEL industry to understand the changing environment and to ensure success of the FP initiatives.

- What could the future hold for GAs? GAs could:
 - Become fewer in the marketplace due to consolidation
 - Serve as a marketing organization for the FFEL Program
 - Add value in the collection process and default management
 - Collect a fee for service contracting
 - Provide alternative lending
 - Participate in the Direct Loan Program
 - Have stronger voice if preferred lender list becomes larger or is no longer used
 - Serve as political ally for SFA, lenders, and schools

- What could the future hold for FFEL Lenders? Lenders could:
 - Become more non-traditional lenders (boutique, customized)
 - Continue to provide funding
 - Gain more customer insight
 - Practice data mining
 - Conduct marketing/branding/co-branding (with schools & students) for education funding and other financial services for students
 - Enjoy increased top executive support if top executives understand and support FFEL programs



Future Roles of Industry Players

- What could the future hold for Secondary Markets? Secondary Markets could:
 - Witness fewer straight secondary markets
 - Increase the number of non-traditional lending
 - Participate in the Direct Loan Program
 - Witness fewer participants in non-profit arena

- What could the future hold for Servicers? Servicers could:
 - Promote program awareness to students, schools, and financial partners
 - Serve as a General Contractor for third party processors for program activities
 - Serve as Program Integrator/Facilitator performing and reviewing benchmarks, industry consolidations, industry standards, and performance measures
 - Remain program-neutral (neither FFELP or Direct Loan biased)
 - Provide MIS/Data to FFEL Program
 - Private Loan Servicing (in conjunction with student loans)
 - Experience increased loan balances and terms
 - Consolidate of servicers

- What could the future hold for Schools? The School community could:
 - Level the Direct Loan/FFEL playing field
 - Become program neutral
 - Decrease their Financial Aid administration support



Leadership Roles and Responsibilities

Strategic Continuums

Strategic Intent

Critical Questions

Mission and Vision Statements

Future Roles of FFEL Industry Players

Next Steps



Action Plan - Achieving the Mission and Vision

With recent Union approval of the Financial Partners organization, the FP Channel is able to “launch” its new Vision in conjunction with its new organization. The FP Leadership Team determined the next steps for sharing the Vision with the organization during a recent planning session.

- Objectives
 - Motivate employees by achieving their buy-in and enthusiasm about the Vision
 - Communicate the finalized Vision internally and externally
 - Track progress towards the Vision and continuously modify it to meet the needs of the partners and employees



- Announce exciting organizational updates and All Hands conference call on 8/31
- Share the approved organization, new Vision, FY01 Performance Plan items, and FY01 Transformation Projects with FP Channel
- Field employees' questions related to the Vision and other organizational items
- Review/incorporate employee feedback into Vision
- Inform employees that feedback has been incorporated and Vision is finalized
- Publicize Vision internally by printing and distributing brochures and posting to Intranet
- Publicize Vision externally by posting to Portal
- Determine Performance Indicators that support Vision and track progress
- Revisit Vision periodically and compare to customers' and employees' expectations of FP