

UNITED STATES MINT



Circulating Coinage



**Numismatic
and Bullion**



Protection



STRATEGIC PLAN 1999

United States Mint Strategic Plan 1999

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DEPARTMENT OF THE TREASURY
UNITED STATES MINT
WASHINGTON, D.C. 20220

To Our Fellow employees:

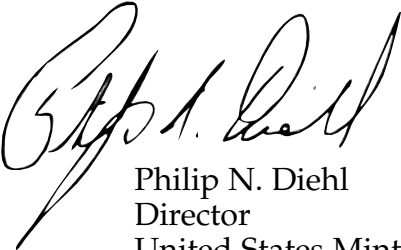
Since October 1994, representatives from every Mint facility have met to create and refine the Mint's strategic plan – a document that proclaims our values as an organization, defines our goals as a business, and charts a course for progress. The plan we launched and nurtured has brought us further than we imagined. Today, we are the acknowledged leader, the bureau others emulate in creating efficient, effective, and service-centered government.

From San Francisco to West Point and every point on the Mint compass, we are operating faster, more economically, and more efficiently with better-skilled employees and more modern equipment. Customers, Congress, and colleagues at federal agencies nationwide have seen and praised the results: three years of world class customer satisfaction scores, National Partnership Awards at Denver and Philadelphia, Hammer Award upon Hammer Award for reinventing government, Congressional votes of confidence in lifting procurement restraints and letting us operate with our own revenues, recognition for our commitment to equal opportunity, and our service to communities where we live and work.

You've seen the results, too, not only in the quality of new equipment and streamlining of processes but in the sharper sense of focus and greater sense of purpose that pervade our plants and offices. And you've seen greater possibilities for your life and career through individual development plans, executive development plans, and larger training budgets. In every way, you're seeing your Mint acquire your character and professionalism.

All of this and more was envisioned and enacted via our strategic plan. Much more that's recounted in the following pages—especially the challenges and obstacles ahead—is becoming a progressively firmer fact of our operating day.

We feel that the document you now hold is the finest, most purposeful, most concerted strategic plan in all of government. This strategic plan is the United States Mint—our agenda, our goals and measures, and the potential that we will make reality. It is a sweeping document and everything you deserve in guiding achievements that lie ahead.



Philip N. Diehl
Director
United States Mint



Greg Wikberg
President
American Federation of
Government Employees
National Mint Council



INTRODUCTION

More than 200 years ago, America's founding fathers brought the United States Mint into being and charged us with producing enough circulating coinage to sustain commerce in our fledgling republic. But their greater purpose-as Jefferson and Hamilton made clear-was to unify our republic by placing a common coinage in use. That greater purpose never retreated from our minds as Congress expanded our mission, giving us, over many years, two additional responsibilities of guarding the Nation's bullion at Ft. Knox and producing commemorative coins and medals that we now market worldwide. Our founding purpose and expanded missions were in our minds four years ago when we began initiatives that yielded this document, the fourth edition of The United States Mint Strategic Plan.

We began our strategic planning process as a pilot agency in the implementation of the Government Performance and Results Act (GPRA) and as a leader in the National Partnership for Reinventing Government (NPR), the Clinton Administration's sweeping initiative to reduce the size and cost of the federal government while improving the service it provides. We launched a strategic re-vision of our operations - literally seeing anew everything we do and how we do it - spurred on by challenges in our operating environment: aging equipment that imperiled reliable and efficient production of coinage ... a declining customer base for commemorative and numismatic products ... the need for greater Congressional understanding of our marketplace ... a lack of timely and reliable management information systems.

And as our planning team of management and union representatives from every Mint facility set goals and objectives, created strategies to achieve them, and defined metrics to track our progress, we saw that the Mint has as many opportunities as challenges - opportunities to pursue new markets and new sources of revenue ... streamline stimulating and rewarding careers for employees.

Accordingly, goals, measures, and challenges set forth in this strategic plan are centered on our missions, clear-eyed about our challenges, and focused on our future. For example:

We are tasked to provide the Nation with circulating coinage. Coinage demand is difficult to predict, and production costs increase. Therefore, our goals must be to assess demand more precisely, reduce costs with capital investment and process improvements, and ready ourselves to manufacture new coinage as Congress demands it. In doing so, we have an opportunity to increase profits returned to our stockholders, the American taxpayers.

We sell numismatic and bullion products worldwide, including Congressionally mandated commemorative coins that finance worthy causes. The population of coin collectors is dwindling, we have minimal influence over our product line, and profit margins suffer from rising costs. Therefore, we are determined to find new customers by expanding our product line and opening new channels to the market while lowering costs. In doing so, we can preserve the benefits that coin collectors, bullion investors, worthy causes, and the American people receive from our numismatic line of business.

We guard the Nation's gold and silver reserves, protect visitors at our facilities, and assure transit of coinage and payments among customers worldwide. Challenges to those responsibilities grow more numerous every year. However, our secure facilities and security expertise can become a new revenue source for us by marketing services to public and private sector clients.

And we've set overarching goals as an organization that will enable us to attain mission-specific goals – goals related to employee safety and development, information management, and organizational structure, among others.

Since publishing our first strategic plan in 1995, the Mint has charged farther and changed faster than during any period in its history. Our customer satisfaction rankings are the highest of any agency of American government at any level. We have earned the right to operate on our own revenues and outside traditional government procurement practices. We have worked with Congress to slash numbers and mintage levels of commemorative coin programs. We have embarked upon a \$100 million plus capital investment program, instituted multiple employee development plans, streamlined every operating process, and begun to replace insufficient and incompatible management information systems with state-of-the-art technology.

Perhaps most notable among our achievements, we have reorganized the Mint, turning a criss-cross and star-crossed structure of reporting relationships into an organization clarified by strategic business units (SBU's). Each SBU – named Circulating, Numismatics, and Protection – is a profit center with its own chief directing their own budgets, resources, facilities, and staff. The SBU concept brings operational efficiency, facilitates our requirement from Congress to operate in a more businesslike way, gives us a framework to pursue new revenues, and, best of all, excises Mint employees from a tangle of processes that constrict their careers and performance.

This strategic plan is characterized by purpose, progress, and, above all, participation. The planning group that formed the plan and guided it through four years of increasingly detailed development includes every expertise of the Mint legal, human resources, manufacturing, procurement, marketing, security, and information services. Throughout the process of planning and implementing the plan, we have worked closely with Congress and the Treasury Department.

The results you see in this systematic, forward-looking document represent the Mint's future. It is a future already unfolding with breakthrough achievements and a string of upcoming successes. We invite you to read and share our future with us.

MISSION OF THE UNITED STATES MINT

The mission of the United States Mint is to manufacture the highest quality circulating, numismatic, and bullion coins at the lowest possible cost and to deliver them in a timely manner ... to expand our markets through exceptional customer service, product development, and innovative marketing ... to sell numismatic and bullion products at a reasonable price and profit, and to provide security over assets entrusted to us.

OUR VISION OF THE FUTURE

The United States Mint will provide outstanding products and services that surpass customers' expectations for quality and value. We will dedicate ourselves to excellence and integrity, providing a safe workplace and rewarding work for every employee. We will honor our obligations as a corporate citizen of communities where we live and work.

OUR GUIDING PRINCIPLES

As we focus on the work of the Mint,
we emphasize the core values to which we subscribe:

To focus on our customers' needs and to anticipate changes in their demands

Customers are our first priority. Their needs will drive our decisions. We will stay close to our customers, anticipate and respond to their demands, and exceed their expectations.

To pursue continuous improvement in the quality of our products, services and operations

We will continually examine every operation, process, service, and product and engage all employees in enhancing the quality of everything we do.

To commit ourselves to teamwork and team building

As partners in a common mission, we will create an environment that values cooperation, raises each person's ability to advance our shared goals, fosters respect, and prizes group achievement.

To promote trust, respect, and integrity in all our relationships

Whether dealing with customers, the public, or each other, we will honor the highest standards in professionalism, character, and dependability. We will remember that our reputation is our most precious asset.

To communicate honestly and openly among ourselves and with our customers

Communication is the cornerstone of trust, teamwork, and accomplishment. We will listen to others, accept honest criticism, share our ideas and information, and respond to others constructively and sensitively.

To operate safely and conscientiously for the benefit of all employees

In pursuing our business goals, we will invest in the skills and career development of our employees, provide them appropriate tools and equipment, and recognize their family and personal responsibilities. We value the health, safety, aspirations, and dignity of employees.

To honor environmental and social responsibilities in our communities

We will be a conscientious corporate citizen committed to a clean environment, progressive communities, and opportunity for all employees to contribute their utmost in improving the quality of life where we live and work.

CIRCULATING COINAGE

VISION:

Produce coinage to satisfy the needs of commerce in a cost-efficient and safe manner with state-of-the-art manufacturing technology and equipment.

Goal 1

Produce coins and maintain inventories at sufficient levels to meet Federal Reserve Bank requirements

Objective

Develop regional coin demand model for Federal Reserve Banks

Strategy

- Implement database and develop selected Federal Reserve Bank branch models (1999-2000)

Objective

Produce coins to meet Federal Reserve Bank yearly demand

Strategy

- Implement the Master Production Schedule (1999-2004)

Objective

Develop normal operating capacity by 1999 to produce 7.2 billion clad and nickel coins while maintaining sufficient capacity to meet variable demand for pennies

Strategy

- Purchase and install coining and material handling equipment based on engineering studies (1999)
- Reassess penny demand requirements in relationship to the production capacity of aging equipment (1999-2004)

Measures

- Frequency of time meeting minimum inventory level within normal operating capacity
- Federal Reserve Bank Customer Satisfaction Survey
- Clad production capacity

Goal 2

Produce circulating commemorative quarters as mandated by law

Objective

Implement State commemorative quarter program as authorized by law

Strategy

- Incorporate circulating commemorative quarter into Master Production Schedule (1999-2009)

Objective

Produce State quarters at same cost as traditional George Washington quarter

Strategy

- Ensure that designs are efficiently coinable (1999-2008)
- Manufacture coins using normal circulating coin processes (1999-2009)

Objective

Determine nationwide attrition rate for State quarters

Strategy

- Conduct an attrition study for the Washington quarter (1999)
- Periodically track attrition rate by state design and produce annual attrition reports (2000-2010)

Measures

- Production cost relative to Washington quarter benchmark
- Attrition rate of State quarter relative to Washington quarter

Goal 3

By 2002, reduce the average unit cost of circulating coinage by 15%

Objective

Establish 1997 benchmark cost baseline for each denomination

Strategy

- Collect and analyze cost data for each denomination (1999)
- Finalize benchmark (1999)

Objective

Acquire production technology to lower manufacturing costs

Strategy

- Automate process movement of blanks and coins (1999)
- Automate coin packaging processes (1999-2000)
- Develop and implement process improvement teams (1999-2000)

Objective

Identify and eliminate activities that add no value to our products

Strategy

- Replace the melting of returned and rejected coins with mechanical destruction (1999)
- Decrease count and bag operations by increasing bulk shipments to Federal Reserve Banks (1999-2000)
- Decrease machine down time by increasing preventive maintenance (1999-2004)
- Reduce inspections by improving supplier product quality (1999-2004)
- Review and modify internal process controls (1999-2004)

Objective

Reduce the risk associated with exposure to price volatility in metals markets

Strategy

- Determine appropriate benchmark for controllable metals cost (1999-2000)

Measures

- Average unit cost of circulating coin including metal cost
- Clad coins produced per circulating production payroll dollar

Goal 4

Establish criteria for becoming a world leader in minting technology

Objective

Complete a study to determine the requirements for becoming a world leader in minting technology

Strategy

- Determine state of technology at other national mints (1999)
- Identify potential benchmark partners (1999)
- Benchmark with world class mints (2000)

Measure

- Completion of study by October 2000

Goal 5

Produce a dollar coin as mandated by law

Objective

Complete appropriate research, development and design work, and ensure adequate production capacity

Strategy

- Conduct capacity planning scenarios (1999-2003)

Objective

Prepare key stakeholders for introduction of new dollar coin

Strategy

- Develop an awareness campaign (1999)
- Execute an awareness campaign (1999-2000)
- Complete pre-production work (1999)
- Hold periodic stakeholders meetings (1999-2000)

Objective

Develop contingency plan to produce additional Susan B. Anthony dollar coins to meet FRB demand

Strategy

- Coordinate with vendors for strip (1999)
- Address tooling and die needs (1999)

Measures

- Completion of testing by December 1999
- Sufficient inventories to meet FRB demand by January 2000

NUMISMATIC AND BULLION PRODUCTS

VISION:

Foster the health of numismatics by providing outstanding products and services, expanding markets, supporting the long-term value of our products, while making a reasonable return for the American Taxpayer

Goal 1

Match the best in business in product quality and customer service

Objective

Meet or exceed the critical customer service standards established as best in business

Strategy

- Maintain best in business customer satisfaction ratings (1999-2004)

Measures

- American Customer Satisfaction Index Rating
- Schulman, Ronca, and Bucuvalas, Inc. customer survey (SRBI) rating
- Percent of shipments of commemorative coins within standard

Goal 2

Generate annual Numismatic revenue of \$400 million by the year 2000 (excluding circulating commemorative)

Objective

Increase revenues by aggressively pursuing new customers, new market channels, and new product lines

Strategy

- Use customer database (MARCUS) to increase revenues from existing customer base (1999-2004)
- Develop brand plans with revenue projections for each numismatic product (1999) and .9999 gold (2000)
- Promote U.S. Mint brand and establish brand awareness in the market (1999-2004)
- Establish business partnerships to increase sales (1999-2001)

Measure

- Sales revenue less circulating commemorative

Goal 3

Deliver 15% profit margin on numismatic products and 1% profit margin on bullion by 2000 (excluding circulating commemoratives)

Objective

Create a customer-driven product development capability

Strategy

- Implement value-based vs. cost-based pricing and consider shipping & handling charges on selected products (1999-2004)
- Develop interactive Internet marketing capability (1999-2004)
- Standardize product lines (1999-2002)
- Establish product test marketing protocols (1999-2004)

Objective

Reduce costs of selected products by 15% (excluding metal costs) by 2000

Strategy

- Improve fulfillment by maximizing efficiencies of geographic proximity to shipping destinations (single shipments) of multiple items (1999-2000)
- Implement identified manufacturing cost saving opportunities (1999-2004)
- Reduce cost in low return products while maximizing profits by optimizing set profitability targets in high performance products (1999-2004)
- Eliminate non-value-added processes (1999-2004)
- Expand Supplier Partnerships (1999-2004)
- Continue aggressive management of mail costs (1999-2004)

Measures

- Profit margin on numismatic line of business
- Numismatic contribution margin for bullion and non-bullion
- Numismatic contribution to overhead per numismatic payroll dollar
- Face value of scrap as a percentage of the face value of production

Goal 4

Add 250,000 new high-value customers by the year 2002

Objective

Aggressively recruit new high-value repeat customers

Strategy

- Leverage the awareness of circulating commemorative quarters to expand customer base (1999-2004)
- Move circulating commemorative purchasers to high-value, repeat customers (2000-2002)

Objective

Re-activate former high-value Mint customers

Strategy

- Create and test a model to determine what influences prices in secondary markets (1999)
- Identify targeted customers and develop customer-driven offerings (1999-2004)
- Maintain re-activated customers and increase their purchases (1999-2004)

Measure

- Number of new and re-activated high-value customers

PROTECTION

VISION:

Maintain a highly professional police force with the tools and resources to respond to changing threats in our environment while making Protection a self-sustaining line of business.

Goal 1

Provide a level of security commensurate with changing threats

Objective

Provide quality protection in and around Mint facilities for all employees

Strategy

- Enhance police patrols, community policing, and employee safety awareness (1999-2004)
- Recruit a diverse police force (1999-2004)

Objective

Improve protection against external and internal loss of assets including threats to information system security

Strategy

- Upgrade access and egress screening techniques, detection surveillance, and communication and control equipment (1999-2001)

Objective

Improve protection against heightened security threats to Federal facilities

Strategy

- Improve protection against intrusion of explosives into our facilities (1999)
- Improve protection against ground threats outside the perimeter (1999)
- Improve protection against other specific exterior threats (1999-2004)

Objective

Improve intelligence gathering to identify new threats

Strategy

- Pursue closer liaison with other law enforcement agencies (1999-2004)
- Coordinate information gathering and disseminate information (1999-2004)

Objective

Identify and implement cost control measures

Strategy

- Develop standards for overtime use (1999)
- Coordinate with SBU's to identify internal processes better aligned in the Protection line of business (1999-2000)
- Identify and implement cost savings with changes in Protection requirements due to new technology (1999-2000)
- Utilize creative methods that minimize procurement costs (1999)
- Establish task force to identify and review lost time injuries (1999)
- Develop and implement procedures to address high risk factors that contribute to lost time (2000)

Measures

- Losses per billion dollar of reserve value
- Crimes against persons on Mint property
- Customer satisfaction
- Credit card losses as a percentage of credit card sales
- Security cost per security revenue dollar

ENABLING

VISION:

Support the Mint's Strategic Business Units through partnership and innovation to provide necessary training, tools and technology, streamlined processes, and a highly motivated, customer focused workforce.

Goal 1

Match the best in business in minimizing health and safety risks and promoting employee wellness

Objective

Reduce the frequency and severity of workplace injuries

Strategy

- Conduct annual facility-specific Occupational Health and Safety (OHS) risk assessment (1999-2004)
- Develop OHS action plans based on annual facility risk assessments (1999-2004)
- Encourage employee participation in OHS prevention and risk management (1999-2004)
- Incorporate OHS into planning process by conducting safety impact assessment prior to acquiring new technologies (1999-2004)
- Incorporate OHS as a critical element in employees' and frontline leaders' performance evaluations (1999)
- Evaluate and develop cost reduction targets and strategies for worker compensation cases (1999)
- Implement worker compensation cost reduction efforts (2000)

Objective

Promote employee wellness

Strategy

- Identify and implement wellness programs equal to the best in business (1999)
- Provide training and information on health issues (1999-2004)
- Develop site-specific initiatives regarding a family friendly workplace (1999)
- Examine feasibility of health and fitness program for all employees at each site (2000)

Measures

- Organizational Assessment Survey: work and family/personal life items; health and safety items
- Occupational Safety and Health Incidence Rate

Goal 2

Match the best in business by investing in training and education that improves our employees' ability to meet our mission

Objective

Increase flexibility of the workforce by expanding career opportunities and broadening workers' skills

Strategy

- Extend and augment Frontline Leadership program (1999-2004)
- Implement diversity training (1999)
- Prepare an annual strategic training plan that drives all training Mint-wide (1999-2004)
- Ensure that all frontline leaders understand the Individual Development Plans (IDP) and can provide assistance to employees (1999)
- Ensure that employees have the opportunity and guidance to create IDP's and use tuition assistance (1999-2004)
- Identify opportunities for developing career ladders and multi-track career paths (1999-2004)
- Conduct training needs assessment as part of project and equipment planning and acquisition (1999-2004)
- Benchmark training and development expenditures by payroll expenditures against manufacturing leaders (2000)
- Set training and development goals based on benchmarking study (2001)
- Implement comprehensive system of core competencies (2000)

Objective

Develop a highly motivated workforce

Strategy

- Implement gain sharing and goal sharing options (1999)
- Conduct a study of alternative compensation methods including skill-based pay and pay banding (1999)
- Eliminate workforce de-motivators by reinvigorating process improvement teams, suggestion programs, and Local Partnership Councils (1999-2003)

Measures

- Training dollars as a percentage of payroll by Strategic Business Unit
- Percentage of employees who have IDP's by Strategic Business Unit
- Percentage of employees who use tuition assistance by Strategic Business Unit
- Organizational Assessment Survey: Training items by line of business

Enabling

Goal 3

Obtain additional legal authority, acquire information systems, and improve organizational structure as needed to operate as a self-directed business enterprise

Objective

Ensure that the Mint has the necessary information technology to accomplish its mission

Strategy

- Establish Intranet system accessible to all employees (1999)
- Expand access to and support of Mint website (1999-2004)
 - Launch a stand-alone site for collectors as a link off the main Mint website (July 1999)
 - Launch a stand-alone site for children as a link off the main Mint website (July 1999)
 - Launch a project for the Federal Resources for Educational Excellence (**FREE**) (July 1999)
 - Implement a customer email (on Internet) management policy for Customer Care Center (March 1999)
 - Launch an "Extranet" for external and internal Mint customers (January 2000)
- Implement appropriate applications for imaging technology (1999-2000)
- Maintain state-of-the-art system security for new information technology (1999-2004)
- Upgrade the Mint's telecommunications system in San Francisco, West Point, Fort Knox (1999)
- Implement COINS by October 1998
- Conduct risk assessment of information systems (1999-2000)

Objective

Reduce general and administrative (G&A) expenses by 10% (of 1997 base) by the year 2000

Strategy

- Review corporate administrative functions to identify opportunities for savings (1999)
- Implement cost saving opportunities identified through administrative reviews (1999-2000)
- Cap G&A at \$39.4 million (1999)

Objective

Obtain legal authorities necessary to operate as a self-directed enterprise

Strategy

- Obtain Performance Based Organization (PBO) legal authority (October 1998)
- Obtain Paperwork Reduction Act customer survey exemption (1999)
- Obtain copyright protection for coin designs (1999)

Objective

Improve internal customer service

Strategy

- Conduct customer surveys to establish baseline of internal customer service satisfaction (1999)
- Develop internal customer service standards for administrative functions (1999)

Measures

- Successful implementation of COINS by October 1998
- G&A expenses as a percent of total cost
- G&A absolute dollars as a percent of prior year
- Passage of PBO authority, paperwork reduction exemption and copyright protection
- Percentage of employees with Intranet access
- Field overhead overtime hours per total field overhead hours

Completed Goals and Objectives from Previous Strategic Plans

- Completed study on the Circulating Commemorative Quarter. As a result, the Mint is preparing a business plan to drive the program.
- Enacted legislation eliminating nine PAS (political appointed) positions to enhance professional management of production facilities and hired experienced manufacturing professionals to manage those facilities.
- Enacted legislation financing all operations from earnings and exempting the Mint from all Federal procurement rules.
- Enacted legislation authorizing platinum and .9999 gold bullion coin programs and launched first U.S. platinum bullion program.
- Earned clean independent audit opinion under CFO Act and revised accounting and cost allocation systems along corporate model.
- Streamlined procurement processes along corporate procurement model. Implemented enterprise-wide capital planning and budgeting process and launched initiative to increase the reliability of circulating coinage production capacity.
- Acquired database marketing capabilities for more effective use of Mint mailing lists and promotional budgets.
- Accuracy of coin demand economic model fit to greater than 95%.
- Benchmarked customer service standards. The standards have been implemented and are regularly exceeded.
- Implemented MARCUS, a marketing workbench, to provide the necessary tools to improve forecasting, conduct market segmentation, create targeted marketing strategies and provide customer focused data.
- Implemented Supplier Partnership program. Expansion planned.

Other Notes of Importance

The goal to "reduce the average unit cost of circulating coinage by 25% (excluding metal costs)" was changed to "reduce the average unit cost of circulating coinage by 15%." This change represents our innovative metals management and procurement accomplishments, and is a more ambitious goal.

The Mint underwent extensive process reengineering and a reorganization in 1998. This will enable the Numismatic business to meet the challenges of increased revenue and profitability.

Note:

Note:

We thank the following individuals, as representatives of all Mint employees, for their successful efforts in developing the 1998 Strategic Plan.

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