PIA

PROUDLY MADE IN CALIFORNIA

Growing the Business to Grow the Inmate Workforce

STRATEGIC BUSINESS PLAN
Fiscal Year 2006 - 2007 Update

State of California
Department of Corrections & Rehabilitation

STRATEGIC BUSINESS PLAN

2006-07 UPDATE

PRISON INDUSTRY BOARD

James E. Tilton (Chair)
George Chapjian
Karin Fish
Laurence Frank
Tyrone Freeman
Leonard Greenstone (Vice Chair)
Rita Hamilton
Curtis Kelly
Ira Ritter
Darshan Singh
Ray Trujillo

GENERAL MANAGER (A)
&
EXECUTIVE OFFICER (A)

Charles L. Pattillo

STRATEGIC BUSINESS PLAN

2006-07 UPDATE

CONTENTS

Vision, Mission, Quality Policy, Core Values 4

Message from the General Manager 6

Maintaining Our Strategic Focus.....8

VISION FOR THE FUTURE

Our Vision is to *Grow the Business to Grow the Inmate Workforce*

MISSION

Our Mission is to *Support the California Department of Corrections and Rehabilitation's public safety mission*

QUALITY POLICY

Our Quality Policy seeks to meet the needs of its internal and external customers. To achieve this goal PIA management principles include providing high-quality goods and services at a competitive price delivered timely, preparing inmates for a successful transition back into society, and developing our staff. Top Management ensures that the Quality Policy:

Is appropriate to the purpose of the organization

Includes a commitment to comply with requirements and continually improve the effectiveness of the Quality Management System

Provides a framework for establishing and reviewing quality objectives

Is communicated and understood within the organization

Is reviewed for continuing suitability

QUALITY PRINCIPLES

We implement our Quality Policy through:

Customer Focus

Leadership

Involvement of People

Process Approach

System Approach

Continual Improvement

Factual Approach to Decision Making

CORE VALUES

Consistent with our Vision, Mission, Quality Policy, and Quality Principles, we:

Are Customer Focused – being the provider of choice for services and products by meeting customers' expectations for quality, cost, and time

Strive for Self-Sufficiency – ensuring all our enterprises add to our profitability and inmate skills

Encourage Team Work – implementing a participative management style, and being dedicated and committed to our goals

Value our Integrity – conducting ourselves professionally, achieving the highest ethical standards, and extending our conduct to the humane management of inmates

Take Responsibility – holding ourselves accountable for our actions and the consequences of all our programs, and ensuring that the effects of our program are well documented

Facilitate Collaboration – working with business, communities, labor, and other inmate and parolee programs to ensure that they maximize opportunities for public safety

Build Staff Well-Being – foster an environment that supports professional development and personal health of all staff, including inmates

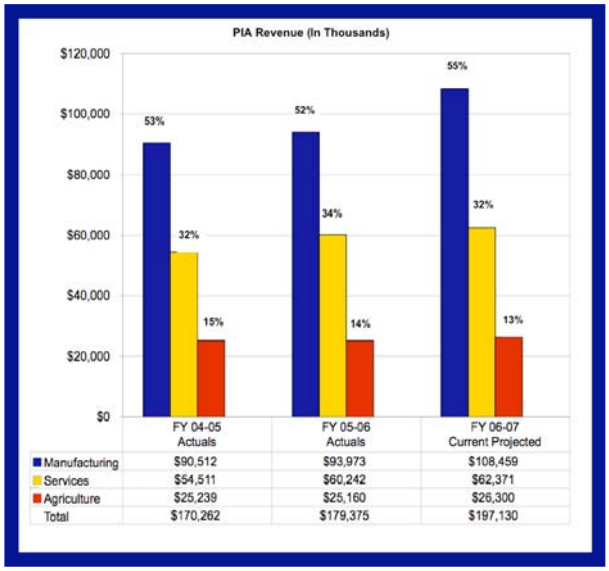
Seek Innovativeness – developing work and training programs that will provide more opportunities to help inmates prepare for re-entry into society

MESSAGE FROM THE GENERAL MANAGER

To all staff within the Prison Industry Authority (PIA) and our valued customers:

Following its first broad-based strategic business plan in 2005, the past year has been one of major accomplishments for PIA. Namely, PIA achieved an unprecedented growth in revenues and the inmate workforce that exceeded its strategic goals – an impressive $179 million for fiscal year 2005-06 – the highest revenue amount in PIA's history. Even more notable is the growth in the PIA inmate workforce – 5,917 inmate positions employed for six months or more, or six percent growth for fiscal year 2006-2007 PIA plans this number to grow.

Aligned with our vision – *Grow the Business to Grow the Inmate Workforce* – we expect that for Fiscal Year 2006-07, PIA will come close to reaching the $200 million revenue benchmark faster. Marketing and Production work hand-in-hand to ensure that we can provide the goods and services that our customers want and need. Plus, our efforts to realign our factories enable us to weather the operational challenges of working in correctional institutions. Equally critical are the pivotal changes needed to provide the necessary information system, to establish a standard of quality management that exceeds that of our competition, and a better distribution to meet the customers' demands for goods.



	FY 04-05 Actuals	FY 05-06 Actuals	FY 06-07 Current Projected
Manufacturing	$90,512	$93,973	$108,459
Services	$54,511	$60,242	$62,371
Agriculture	$25,239	$25,160	$26,300
Total	$170,262	$179,375	$197,130

Last year, PIA under its 2005 strategic plan initiated assertive actions in many areas: organizational development and streamlining, pricing structure and market plan revisions, inmate employability and success, and production capacity. As PIA starts the plan's second year, it continues its pursuit to be the government provider of choice that will provide high quality, cost-competitive products delivered on time. As such, PIA is developing new product lines, improving production capacity implementing quality management, moving towards a comprehensive enterprise resource planning system, and building a dynamic distribution system.

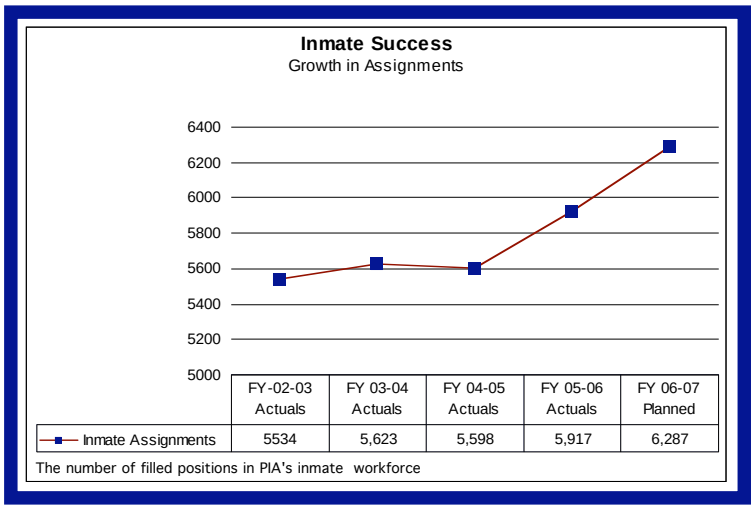
Paramount to its strategic efforts PIA is also forging new relationships through its Carpenters Apprenticeship and Joint Venture programs to enable larger markets and opportunities for inmates to learn new skills. Furthermore, PIA is building bridges to the community through its Community Re-Entry Program. The program goal: produce PIA-trained inmates that will have not only a job skill, good work habits, and an education, but also job and community support on the outside when they parole.

PIA believes that the best way to support the CDCR public safety mission is with well-trained inmates with the job skills, training and community resources that will enable them to succeed on the outside and not return to the inside.

PIA is taking a major leadership role, not only in California, but nationwide, as determined by its Carpenters' Apprenticeship Program, which is the first of its kind in the nation.

Moreover PIA's efforts to strengthen its infrastructure are pioneering – PIA has implemented ISO 9000 quality management with Century Systems Line joining a limited number of private enterprises that have similar standards; and it is updating its management information system to an enterprise resource planning level that will be leading edge.

PIA is involved in dozens of enterprises that comprise manufacturing, agriculture and services. Traditional enterprises have included making chairs, desks and other office furniture, metal products and license plates, milk production, and optical and dental services. PIA has proven so successful in the furniture area that it is expanding its chair factories while at the same time streamlining its overall furniture products to meet demand. Services are also being expanded in the area of printing to provide a better and more responsive level of service. In addition to its success in those standard product lines, PIA is also moving into new markets such as food and beverage packaging. Finally, PIA is moving into even more non-traditional services, especially within the construction areas. This includes constructing modular office buildings as well as housing units to address the special needs of CDCR.



PIA would not have achieved such progress without the quality work of our employees, the support of our Prison Industry Board, wardens and institutional staff, and the customers we serve. I am confident that together we will complete our mission and continue our success.

Charles L. Pattillo
General Manager (A)
Prison Industry Authority

MAINTAINING OUR STRATEGIC FOCUS

Key Strategic Initiatives. As we noted in our original *Strategic Business Plan 2005,* PIA for too long relied on the mandatory provision whereby State agencies must purchase from PIA. This update continues with our philosophy that if PIA is to function like a profitable independent business it must remove itself from such sole reliance – rather agencies should buy from us because of our ability to provide quality goods and services at cost-competitive prices and timely delivery.

Thus, during this update, PIA continues with the various overarching initiatives started in fiscal year 2005-06, developing and restructuring its organization, streamlining its programs and administrative areas, upgrading its infrastructure and its information technology system, and enhancing quality management. During 2005-06, PIA realigned some of its enterprise operations including manufacturing and services; established a dashboard to monitor performance measures in financial success, operational excellence, market, and people productivity; implemented ISO 9000 Quality Management Standards in its Century Systems Modular Furniture line and received the certification in January 2007; and is upgrading its Enterprise Resource Planning system to provide more functionality and management information to be operational by March 2007.

In this update for fiscal year 2006-07, PIA further focuses on specific efforts as well as growing additional opportunities for business and inmate growth.

Increased Business Opportunities. PIA is looking beyond its traditional enterprises in order to meet the needs of its customers and to provide more real-world opportunities in which to train its inmates.

Namely, it is developing a Modular Construction enterprise that is expected to generate approximately $9 million in fiscal year 2006-07 alone. PIA has remodeled its recycling facility at California State Prison–Sacramento to enable it to meet the initial demand for the modular office buildings, currently we employ over 20 inmates. We plan to begin construction of a second modular factory at California Institution for Men–Chino in 2007 to meet continued demand; we expect to hire another 100 inmates when the factory is at full capacity in 2008.

PIA expects these two types of enterprises to be stable enterprises for at least ten years. In order to train inmates in helping meet such needs, PIA has established a Career Technical Education – Carpentry Program designed to teach inmates various trade skills including carpentry, electrical, cement work and welding. This program, the first of its kind in the nation, was initiated and operates in close cooperation with trade unions.

In addition to growing its own enterprises, PIA is also seeking joint ventures with private entities. In early 2006, PIA entered into an agreement with CDCR to take over the Joint Venture Programs, a rehabilitation endeavor providing opportunities for inmates to gain valuable work experience and job-skills training. The program allows for private business operations within California State Prisons utilizing inmate labor. This unique relationship is a cooperative effort of private industry and the State benefiting businesses, victims, and the State while preparing inmates for successful reintegration into the community. Under program guidelines, inmates are paid a comparable wage that is subject to deductions for: federal, state, and local taxes; room and board; restitution fines or victims compensation; family support; and mandatory inmate savings. PIA expects to increase the approximate 74 inmates currently in the program to four times that many.

Community Re-Entry. PIA recognizes that for inmates to have a better chance to succeed once paroled, they need additional support systems. For that reason in addition to the training that PIA provides under the Career Technical Education program, PIA has initiated the Community Reentry Program in San Diego and San Bernardino counties and the Greater Sacramento area. The program is truly a public – private partnership – ensuring that parolees transition from release to be part of and receive community support. The primary goal of this joint effort is to reduce recidivism by coordinating services to those released from custody. By enhancing the process of obtaining services immediately upon release, ex-offenders avoid situations that foster further criminal activity.

Goals, Objectives and Strategies. To achieve its future vision and to address the key strategic initiatives that it has established, PIA established four main strategic and business goals. These goals represent the activities that PIA wants to accomplish during the next several years. They provide the basis for decisions about the nature, scope, and priority of the projects and activities PIA plans to undertake. Our goals are:

Achieve Self-Sufficiency – Financial Success
Build Inmate Success – Operational Excellence
Exceed Customer Expectations – Market and Customers
Promote and Support Prison Industry Authority – People Productivity

Although the goals continue from the first year, the objectives and actions are updated to reflect the many items that PIA has accomplished in the past year. Consequently, some of the objectives and actions that were noted in the initial plan may differ from those reflected in this update. Also, there are some objectives and/or actions that we have chosen to no longer carry because subsequent analyses has indicated that there is no advantage to a particular measure. Finally, some changes may reflect PIA's efforts to more closely align the updated objectives and goals with the performance factors that PIA has included in its dashboard; the selected criteria for the dashboard are shown as subsets to the Goals noted above.

GOAL 1: ACHIEVE SELF-SUFFICIENCY

Objective 1: *Increase revenue 7.5% annually*

Strategies

a) Stress that sales to mandated markets be based on quality not requirement, and strengthen efforts of sales staff to grow non-mandated markets
b) Update sales plans and product lines to reflect changes in customers and customers' demands
c) Establish a design and engineering process to ensure better products
d) Track revenue projections to determine variances, causes and recommended actions

Objective 2: *Reduce costs of goods sold*

Strategies

a) Synchronize production plans with sales plans to minimize overproduction
b) Implement ISO 9000 quality management standards in all areas of operations to reduce production costs
c) Implement best procurement practices to enhance strategic sourcing and better manage all inventory levels

Objective 3: *Reduce administrative expense organization-wide*

Strategies

a) Maximize all reimbursable items
b) Streamline functions, policies, and procedures in accordance with ISO 9000 standards
c) Maximize the use of ERP-based tools for operations and administrative functions
d) Provide more administrative information on-line

Objective 4: *Maximize production capabilities*

Strategies

a) Streamline the number of manufactured products
b) Mitigate the number of inmate lost hours
c) Increase the number of inmate production hours
d) Reduce field, free staff vacancies
e) Upgrade factory infrastructure and increase use of technology – use best practices
f) Streamline current furniture lines and establish additional furniture factories
g) Strengthen operations function
h) Address non-profitable/non-performance enterprises

GOAL 2: BUILD INMATE SUCCESS

Objective 1: *Right inmate – right program*

Strategies

a) Work with all levels of the institutions to increase inmate productivity and ensure inmate selection is compatible with program goals
b) Develop a standard application process for all PIA jobs
c) Implement a drug-testing program

Objective 2: *Establish a real world work model for all PIA inmate workers*

Strategies

a) Implement evidence-based practices for pre-release and post-release programs
b) Implement an inmate pay and performance plan
c) Establish metrics for a post-release assessment and tracking system of PIA graduates
d) Modernize production equipment and assess its relevance to opportunities without reducing inmate assignments
e) Standardize an inmate orientation program throughout all enterprises

Objective 3: *Skill development training*

Strategies

a) In collaboration with CDCR, develop GED program in every institution where PIA has a presence.
b) Expand PIA certification and technical training
c) Develop performance base skill standards
d) Develop and implement a consistent inmate evaluation system to measure inmate success within PIA responsibilities

Objective 4: *Increase inmate employment*

Strategies

a) Work with Joint Venture and Free Venture to identify excess production capabilities and identify space/location
b) Identify Career Technical Education (CTE) programs that support PIA employment

Objective 5: *Post release services – employment*

Strategy

a) Identify cost effective partnerships with community organization to provide job placement services.

GOAL 3: EXCEED CUSTOMER EXPECTATIONS

Objective 1: *Expand current and potential customer base*

Strategies

a) Maintain and increase sales to existing markets
b) Increase market penetration
c) Develop new products to meet customer needs

Objective 2: *Develop and maintain strategic alliances*

Strategies

a) Increase communications with key accounts to foster strategic alliances
b) Develop new partnership opportunities in new markets

Objective 3: *Enhance customer service*

Strategies

a) Staff the customer service help desk to assist customers with complex orders and problems
b) Make “on-line” services more customer-friendly
c) Continuously improve response to customer complaints including return merchandise
d) authorizations, proof of deliveries and general complaints

Objective 4: *Deliver product to customer when they want it*

Strategies

a) Maximize sales and production capacity
b) Deliver products on time, right the first time
c) Monitor inventory levels to ensure adequate on-hand balances
d) Continue to implement the warehouse and distribution systems
e) Track On Time Delivery (OTD) and private deliveries through bar-coding and GPS

GOAL 4: PROMOTE AND SUPPORT PIA

Objective 1: *Ensure a well-developed quality workforce*

Strategies

a) Align state workforce with enterprise workload and difficulty
b) Facilitate necessary staff development and professional certifications
c) Increase proficiency statewide in knowledge areas including technology and quality systems
d) Maintain a program ensuring regulatory compliance of health and safety standards

Objective 2: *Support and maintain necessary infrastructure*

Strategies

a) Ensure an updated automated system based on business needs and processes involving sales, production and delivery, and strategic management systems
b) Provide equipment and other tools that meet current-day use in industry
c) Establish and maintain infrastructure
d) Constantly assess system capabilities to meet business needs
e) Maintain and upgrade all databases and automation tools to ensure efficient and effective business processes

Objective 3: *Measure performance*

Strategies

a) Determine best management practices by industry, based on institutional setting
b) Establish performance standards and proficiency needs
c) Track and assess sales inputs, production output and other qualitative criteria
d) Evaluate performance outputs against established criteria to assess actions

Objective 4: *Sustain continuous improvement*

Strategies

a) Establish and maintain a quality assurance program using ISO 9000 standards for all enterprises and strategic management systems
b) Maintain measures for financial operations, markets, operational excellence, and productivity
c) Track performance measures in revenues and costs, customer accounts and complaints, production slippage and inventory balances, and staffing levels
d) Establish an internal audit review function to independently evaluate and provide recommendations on system improvements
e) Update strategic business plan annually based on the results of performance score-card

Objective 5: *Develop a well-balanced staffing plan for PIA*

Strategies

a) Implement a unique personnel system as allowed by the penal code to the extent necessary to increase recruitment and retention
b) Maximize recruitment and retention efforts in difficult-to-recruit classifications

Notes

Notes