



"OLD AGE IS NOT A DEFEAT, BUT A VICTORY, NOT A PUNISHMENT, BUT A PRIVILEGE."

- ETHEL PERCY ANDRUS



AARP
Real Possibilities

**2020
Malcolm Baldrige National
Quality Award Application**

TABLE OF CONTENTS

Glossary of Terms and Abbreviations **PAGES G1 – G2**

Organizational Profile **PAGES I – V**

Preface: Organization Profile **I**
 P.1 Organizational Description.....I
 P.2 Organizational Situation.....IV

Individual Category and Item Sections **PAGES 1 – 46**

Category 1: Leadership **1**
 1.1 Senior Leadership 1
 1.2 Governance and Societal Contributions..... 4

Category 2: Strategy **7**
 2.1 Strategy Development 7
 2.2 Strategy Implementation..... 9

Category 3: Customers..... **12**
 3.1 Customer Expectations 12
 3.2 Customer Engagement..... 13

Category 4: Measurement, Analysis, and Knowledge Management..... **16**
 4.1 Measurement, Analysis, and Improvement of Organizational Performance 16
 4.2 Information and Knowledge Management 18

Category 5: Workforce..... **20**
 5.1 Workforce Environment 20
 5.2 Workforce Engagement 23

Category 6: Operations **25**
 6.1 Work Processes..... 25
 6.2 Operational Effectiveness 28

Category 7: Results..... **32**
 7.1 Product and Process Results 32
 7.2 Customer Results 37
 7.3 Workforce Results 39
 7.4 Leadership and Governance Results 43
 7.5 Financial, Market, and Strategy Results 45

GLOSSARY OF TERMS AND ABBREVIATIONS

Icons



signifies a cycle of evaluation and improvement



represents a breakthrough change or innovation

A

AAA	American Automobile Association
AAR	After Action Review
AARPx	AARP Experience
ACA	Affordable Care Act
ADA	Americans with Disabilities Act
ADEPT	AARP Directors Executive Education Program
AgL	Agile (Leadership Development Program)
AHT	Average Handle Time
AMOS	AARP Marketing Operations System (workflow)
APEX	Awards for Publication Excellence
ASI	AARP Services, Inc.

B

B2B	Business-to-Business
BEST	Awarded by the Association for Talent Development, BEST stands for: <u>B</u> uilding talent <u>E</u> nterprise-wide <u>S</u> trategically driving a <u>T</u> alent development culture that delivers results
BLS	Bureau of Labor Statistics
BoD	Board of Directors
BOG	Business Operations Group
BU	Business Unit

C

CARE	Caregiver Advise, Record, Enable
CC	Core Competency
CEO	Chief Executive Officer
CFO	Chief Financial Officer
Ciboodle	CRM software for contact centers
CONNECT	AARP training program
COO	Chief Operating Officer
CoP	Community of Practice
CP	Community Presence
CSat	Consumer Satisfaction
CSN	Community, State, and National
Cx	Consumer Experience
CX-R	Consumer Experience Renewal

D

D & I	Diversity and Inclusion
DBPT	Digital Business Platform Transformation
DNA	Deoxyribonucleic acid – part of our culture
DSM	Digital Strategy & Membership

E

ECP	Enhanced Community Presence
EEOC	Equal Employment Opportunity Commission
EFS	Employee Feedback Survey
ERM	Enterprise Risk Management
ESG	Environmental, Societal, Governance
E-Team	Executive Team
EVP	Executive Vice President

F – G

FEMA	Federal Emergency Management Agency
FP & A	Financial Planning and Analysis
FTE	Full-time Equivalent

H

HQ	Headquarters in D.C.
HR	Human Resources
H, W, S	Health, Wealth, Self

I – J

ID	Identification
IDP	Individual Development Plan
InfoNet	AARP Intranet
IPO	Individual Performance Objective
ISE	(Cisco's) Identity Services Engine
iSEA	Information Security Education Awareness
IT	Information Technology
ITS	Information Technology Services

K

KPI	Key Performance Indicator
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L

LEARN	SumTotal Learning Management System
LGBT	Lesbian, Gay, Bisexual, Transgender
LOOMD	Loved Ones of Members Deceased
L-Team	Leadership Team

M

MFA	Multi-Factor Authentication
MOA	Memorandum of Agreement
MOS	Member Opinion Survey
MOU	Memorandum of Understanding
MRI	Media Research and Intelligence
MSA	Master Services Agreement
MVP	Minimum Viable Product
MYFP	Multi-Year Financial Plan

N

Navigator	Oracle PeopleSoft finance and human resources system
NEO	New Employee Orientation
NPS	Net Promoter Score

O

OFG	Operations and Finance Group
OODA Loop	Observe, Orient, Decide, Act Loop – <i>model used for Strategic Planning</i>
OSHA	Occupational Safety and Health Agency
O-Team	Ombudsman Team

P

PAM	Privileged Access Management
PCOE	Print Center of Excellence
PII	Personal Identity Information
PFA	Privileged Access Management
PPI	Public Policy Institute
PRI	Policy, Research, and International Affairs

Q

QBR	Quarterly Business Review
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R

RCOE	Research Center of Excellence
RUNA	Required Unrestricted Net Assets

S

SA	Strategic Advantage
SAF	Strategic Allocation Fund
SC	Strategic Challenge
SCCE	Society of Corporate Compliance and Ethics
SEERG	Strategic Engagement Employee Resource Group
SharePoint	Collaborative software platform
SIPOC	Supplier, Input, Process, Output, Customer – <i>a process mapping technique</i>
SLA	Service Level Agreement
SNAP	Supplemental Nutrition Assistance Program
SOC	Security Operations Center
SOPs	Standard Operating Procedures
SOW	Statement of Work
SPP	Strategic Planning Process
STEEP	Social, Technological, Economic, Environmental, and Political
SVP	Senior Vice President

T – U

Tableau	Data visualization software
TOC	Treasury Operations Center

V – W – X

VOC	Voice of the Consumer
VP	Vice President

Y – Z

Yammer	Private social networking service
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P.1 Organizational Description

Figure P.1-1 Awards, Recognition, and Achievements

	Example Awards, Recognition, and Achievements	Years
Workforce	Named a Top Workplace in the Washington, D.C. area by <i>The Washington Post</i>	2018 - 2019
	Recognized Among Computerworld's 100 Best Places to Work in IT	2016 - 2019
	Ranked #16 on the list of BEST Awards for Employee Talent Development	2019
	Named one of America's Best Employers for Diversity by Forbes	2019
	Named an Employer of the Year by Kununu	2019
	Ranked #5 on Indeed.com's 2018 List of Top Nonprofit Workplaces	2018
Advocacy	Jo Ann Jenkins (CEO) named Top Influencer in the nonprofit space by NonProfit Times	2013 - 2019
	Jo Ann Jenkins named one of D.C.'s Most Powerful Women by <i>Washingtonian</i> magazine	2012 - 2019
	Nancy LeaMond, EVP and Chief Advocacy Officer, named a Top Lobbyist by The Hill newspaper	2011 - 2019
	Won PR News Social Media Award for Take a Stand campaign to protect Social Security	2017
Communications and Marketing	"AARP The Magazine" recognized as America's most-read magazine	2016 - 2019
	Won over 70 national communication awards, including more than 30 APEX Awards for Publication Excellence, 24 MarComm Awards, and a Marketer of the Year Award	2019
	Won over 100 national communication awards, including 40 APEX Awards for Publication Excellence, 17 MarCom Awards (6 Platinum and 11 Gold), and "Selfie Award" for social media customer service excellence from Frost & Sullivan's Customer Contact Awards	2018
	Won ForeSee 2018 Customer Experience Excellence Award	2018
	Won numerous national communication awards, including 11 APEX Awards for Publication Excellence, 9 top honors in the 2017 Hermes Creative Awards, and Asian American Advertising Federation (3AF) 2016 Marketer of the Year Award	2017
	Won numerous national communication awards, including 3 MarComm Awards and Advertising Age's 2016 list of "Magazines of the Year"	2016
	Jo Ann Jenkins named one of Barron's 100 Most Influential Women in U.S. Finance	2020
Operational Excellence	Named One of the World's Most Ethical Companies by Ethisphere	2019 - 2020
	Jo Ann Jenkins received 2019 Baldrige Foundation Leadership Award	2019
	Scott Frisch (COO/CFO) received Best in Biz 2016 Silver Award for Executive of the Year; Best in Biz 2019 Gold Award for Operations Executive of the Year	2016; 2019
	Received the Omni50 Award, a ranking of 50 corporations that award the most business to culturally diverse vendors/suppliers	2017 - 2020

The American Association of Retired Persons – now known simply as AARP – was founded in 1958 by Dr. Ethel Percy Andrus, a retired high school principal. AARP evolved from the National Retired Teachers Association (NRTA), which Dr. Andrus had established in 1947 to promote her philosophy of productive aging and in response to the need of retired teachers for health insurance.

Our founding principles were and remain:

- To promote independence, dignity, and purpose for older persons
- To enhance the quality of life for older persons

Since 1958, AARP has evolved to become the predominant organization fighting for the rights of people age 50 and over in the U.S.

The scope of this application is limited to AARP, the parent organization, a 501c4, and does not include AARP Foundation (a 501c3 charitable affiliate), the Legal Counsel for the Elderly (the second affiliated charity), and AARP Services, Inc. (a wholly owned taxable subsidiary that provides quality control services for the use of AARP's intellectual property). Included in the scope of this application are offices in all 50 states and those in the District of Columbia, Puerto Rico, and the U.S. Virgin Islands. The scope includes state Presidents, Executive Council members, and Regional Volunteer Directors, but not other volunteers. These are the volunteer equivalents of the AARP State Directors and their staff.

While AARP has remained true to its founding principles, it has evolved and changed dramatically over the past five-and-a-half years, guided by a visionary leader who sought to move AARP away from a national organization that believed it knew what was best for the 50-plus population to a nationwide organization that puts the consumer first and serves as a Wise Friend and Fierce Defender. This has been fueled by the desire to drive more impact in the face of increased competition, changing consumer preferences, shifting demographics, and a future-focused Board of Directors (BoD) which saw fit to accept more risk in order to achieve more impact. This transformation (Figure 1.1-1) has touched almost every element of the organization over the last few years encompassing our organizational structure, assets, core competencies, and product and service offerings.

At AARP, Lives Impacted is a key measure of organizational performance and social impact, demonstrating how we deliver on our vision. Performance improvement is necessary, but not sufficient. AARP's success depends on something bigger, the ongoing transformation of AARP, now and into the future. In the past 5 years, AARP's transformation journey has resulted in an increase of 30 million lives impacted annually. (Figure 1.1-1, 7.1-2, 7.1-3)

The best way to understand the complexity, integration, and impact of AARP's Performance Improvement System (P.2c) is to view it through the lens of what could be called AARP's *Transformation Journey*. Highlights from this five and a half-year journey are shown in Figure 1.1-1. The 28 strategic initiatives in this figure are only the tip of the iceberg to illustrate actions we have taken to transform AARP. Many of the initiatives are cross-cutting such as the AARP Innovation Labs, an initiative that is responsive to 10 questions in the criteria.

Each of the 11 Baldrige core values and concepts has been woven into our *Transformation Journey*. For example, the transformation is the result of visionary leadership. One of the ways AARP measures social impact is total lives impacted. Our application is written to provide examiners with a systems perspective of our aligned, integrated, and sustained continuing Transformation based on fact-based, organizational level analysis and improvement.

P.1.a. Organizational Environment

P.1.a.(1) Product Offerings Our key products and services are shown in Figure P.1-2.

Figure P.1-2 Key Products and Services

Key Products and Services	Mechanisms Used to Deliver
Federal, State, and Local Advocacy (Social Mission) •Lives Impacted: Advocacy	•State offices •Voter education •Influencer engagement •Volunteers •Digital and print engagement •In-person events
Member Benefits, Products, and Services •Overall Renewal Rate •Net Promoter Score	•Digital and print engagement •Licensing Agreements
Education and Programs (Social Mission) •Lives Impacted: Programs	•State offices •Influencer engagement •Volunteers •Digital and print engagement •In-person events

AARP is a social mission organization with a membership of 23 million households. While membership is important, it is ultimately one of many channels used to achieve our social mission. Our enterprise-wide Dashboard reflects our goals and the comparative weight/relative importance placed on our different products and services.

P.1.a.(2) Mission, Vision, Values, and Culture We have a Purpose statement that guides us. It is the equivalent of a “mission” in other organizations. The establishment of a “role” is a defining characteristic of our culture. We bring the power of innovation to engage our workforce and to serve people 50 and over. Our core competencies enable us to execute our purpose in support of our vision.

Our core competencies are intricately woven into our purpose. Our unparalleled knowledge of people 50 and older fuels our consumer- and cause-related communication and marketing, allowing us to segment and apply the right message to the right audience. We use our communication and marketing skills to attract and retain members, which powers the impact of our advocacy toward our vision of a society in which all people live with dignity and purpose, and fulfill their goals and dreams.

Figure P.1-3 Vision, Purpose, Values and Core Competencies

Vision	A society in which all people live with dignity and purpose, and fulfill their goals and dreams
Purpose	Empower people to choose how they live as they age
Role	Everyday innovators in aging
Values	Impact, Innovation, Humanity, Empowerment, Honesty We define these values as: <ul style="list-style-type: none"> • Impact: AARP creates real value for people in their day, their life and the wider world • Innovation: AARP evolves and invents to meet the new realities of aging • Humanity: AARP cares about people and serves them with compassion • Empowerment: AARP uses its influence and resources to remove barriers and open possibilities • Honesty: AARP acts and speaks with integrity in every action
Core Competencies (CC)	CC1 Unparalleled knowledge of people 50 and older (Research Center & data analysis) CC2 Consumer- and cause-related communication and marketing CC3 Advocacy infrastructure/influence

P.1.a.(3) Workforce Profile The geographic distribution of our workforce is shown in the map below. Our workforce profile is shown in Figure P.1-4. We have no bargaining units nor any special health and safety requirements beyond those defined by OSHA, ADA, and EEOC.

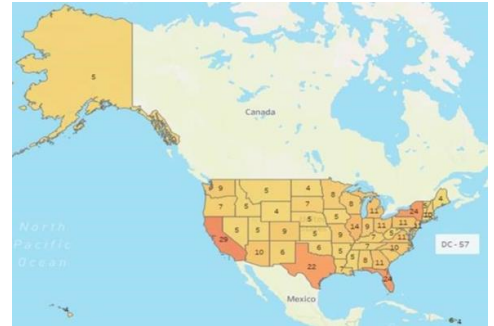


Figure P.1-4 Workforce Profile

Workforce Segment	Number of People	Key Drivers of Engagement
FTEs (HQ)	1424	<ul style="list-style-type: none"> • Feeling part of something meaningful 7.3-5, 7.3-8, 7.4-1, 7.4-2 • Opportunities for learning and growth 7.3-3, 7.3-13, 7.3-15 to 7.3-19 • Benefit Package 7.3-4, 7.3-6, 7.3-7 • Stability of job 7.3-11, 7.3-1 • Diversity & Inclusiveness 7.3-2, 7.3-12
State and Other Office FTEs	529	<ul style="list-style-type: none"> • Making a difference in people’s lives 7.1-2, 7.1-3, 7.1-4, 7.1-6, 7.1-7 • Making a difference in the community 7.1-8, 7.4-14
State President (Volunteers)	53	<ul style="list-style-type: none"> • Making a difference in people’s lives 7.1-2, 7.1-3, 7.1-4, 7.1-6, 7.1-7 • Making a difference in the community 7.1-8
State Executive Council (Volunteers)	302	
Regional Volunteer Directors (Volunteers)	6	
Consumer Care employees (Third party contractors; Full and part-time)	360	<ul style="list-style-type: none"> • This is a third-party agreement, and we do not track or monitor employee engagement.

We have a diverse, multigenerational workforce as shown in Figure P.1-5. Our educational requirements are based on the position and are defined in the job descriptions. Our workforce includes staff with high school diplomas, Bachelors degrees, Masters degrees, and PhDs as well as some professional degrees.

Figure P.1-5 Workforce Demographics

AARP Workforce Demographics		AARP	BLS Comparison 2016-18
Gender	Female	65%	45%
	Male	35%	55%
Ethnicity	Asian	8%	6.7%
	Black	22%	12%
	Hispanic	9%	19%
	White	57%	61%
	Other	4%	2.0%
Age Distribution	18-34	11%	39%
	35-49	39%	31%
	50-64	42%	25%
	65-74	7%	4%
	75+	0.6%	0.8%
Tenure	Less than 1 year	4%	N/A
	1-4 years	31%	N/A
	5-9 years	25%	N/A
	10-15 years	16%	N/A
	Over 15 years	25%	N/A

P.1.a.(4) Assets Most of AARP’s key assets are shown in Figure P.1-6.

Figure P.1-6 Assets

Facility	<ul style="list-style-type: none"> Real Estate in D.C., including the newly refreshed HQ buildings Office in Lakewood, California
Equipment	<ul style="list-style-type: none"> Broadcast Studio, Washington, D.C. Remittance and mail processing equipment
Technologies	<ul style="list-style-type: none"> Several internal systems to fuel workforce connection and productivity Significant investment since 2018 in Microsoft and Skype technology (hardware and software) to improve workforce connection and productivity
Intellectual Property	<ul style="list-style-type: none"> AARP name, logo, and mailing list Extensive research, educational and program materials, policies and procedures Consumer data

P.1.a.(5) Regulatory Requirements AARP operates under and is fully compliant with regulations governing not-for-profit entities as defined by the IRS. In addition, AARP is fully compliant with all applicable regulations including OSHA, the Lobbying Disclosure Act, and analogous state and local statutes.

P.1.b. Organizational Relationships

P.1.b.(1) Organizational Structure AARP is governed by a BoD who are all volunteers other than the CEO. The CEO is a member of the BoD and reports to the BoD. The BoD has a Governance Committee with a Nominating Subcommittee, an Audit & Finance Committee, and a Compensation Committee. The Executive Team (E-Team) of AARP includes the CEO, EVP and Chief Communications & Marketing Officer, the EVP and Chief of Staff, the EVP and COO/CFO, the EVP and Chief Advocacy & Engagement Officer, the EVP and General Counsel, the EVP and Corporate Secretary, and the EVP and Chief Public Policy Officer. The Leadership Team (L-Team) is generally comprised of SVPs and above. A select number of VPs serve on the L-Team based on the scope and impact of their role as determined by the CEO. The State Offices are led by State Directors, who are managed through a structure headed by the EVP and Chief Advocacy & Engagement Officer. (5.1a(4)). Our Leadership System is shown in Figure 1.1-2.

P.1.b.(2) Customers and Stakeholders Our key market segment are those persons living in the United States, Puerto Rico, and the U.S. Virgin Islands who are age 50 or older. Within the 50-plus audience, we make a concentrated investment in multicultural audiences (Hispanic/Latino, African American/ Black, Asian American and Pacific Islander, American Indian/Alaskan Native, and LGBT) to ensure they are well represented within our membership base. Key customer and stakeholder groups are shown in Figure P.1-7. *AARP uses the term “Consumers” internally when referring to Members and Prospects.*

Figure P.1-7 Key Customer and Stakeholder Groups

Key Groups	Requirements	Key Performance Measures	Results
Customers	<ul style="list-style-type: none"> Advocate to protect Social Security and Medicare, and tackle other important issues for the 50-plus Provide relevant programming Track membership status Collect and allocate membership dues Manage AARP Brand Access to member benefits Active Donors for Advocacy 	<ul style="list-style-type: none"> Lives Impacted: Advocacy Lives Impacted: Programs Active Household Accounts Overall Renewal Rate Revenue Brand Equity Net Promoter Score Benefit Usage Active Donors 	<ul style="list-style-type: none"> 7.1-1, 7.1-2, 7.1-4, 7.1-6 7.1-1, 7.1-3, 7.1-7 7.5-7 7.1-1, 7.2-1 7.1-1, 7.5-1 7.1-1, 7.2-4 7.1-1, 7.2-5, 7.2-6 (redacted), 7.2-7 (redacted) 7.2-11 7.2-10 (redacted)
Stakeholders	<ul style="list-style-type: none"> Enactment of Measures Livable Communities Support of Advocacy Positions Source and provide programming, engagement, and investment support 	<ul style="list-style-type: none"> Enactment of CARE ACT Number of Communities Active Donors Cumulative # Programming Phase Cumulative # in Engagement Phase Cumulative # Investment Phase Cumulative Investment Dollars 	<ul style="list-style-type: none"> 7.1-5 7.1-8 7.2-10 7.5-10 7.5-10 7.5-10 7.5-11
	Startups		

P.1.b.(3) Suppliers, Partners, and Collaborators Our key suppliers are the companies that enable us to achieve our social mission goals. As part of our commitment to societal well-being, we have a robust Supplier Diversity Program that emphasizes creating opportunities for historically underserved groups. (6.1c)

We have multiple methods by which we communicate with suppliers, partners, and collaborators, including phone, chat, video conferencing, email, and in-person meetings. These relationships contribute to and implement innovations in our organization including partnering with startups through the AARP Innovation Labs, a 10,000-square-foot innovation lab at AARP’s headquarters. (Figure 1.1-1) We accelerate the innovation ecosystem by working with and investing in startups, accelerators, and the innovation community to empower people to choose how they live as they age. (6.1d)

Our key supply-network requirements are defined by contracts, which always include provisions to protect AARP’s intellectual property and brand reputation.

Figure P.1-8 Key Suppliers, Partners and Collaborators

	Key Companies	Role in Products & Support Services
Suppliers	Supplier A, Supplier B	Staff Consumer Care functions to provide support to members
	Supplier C	Manage large volume direct mail and small volume print and fulfillment
	Supplier D	Manage printing for the Magazine and Bulletin
	AARP Foundation	Work to end senior poverty by helping vulnerable older adults build economic opportunity and social connectedness
Partners	AARP Services Inc.	Provide quality control services for the use of AARP’s IP, as well as other consulting services for AARP
Collaborators	Volunteers	Serve their communities through AARP programs, events, and resources
	Other Organizations as Warranted	Sponsor community events and educational programs. For example, we collaborated with Getty Images to show older people in a more positive, active light and now 1,400+ images are publicly available for use.
	Thought Leaders and Influencers	Effect positive social change by lending expertise and credibility to AARP’s social mission work

P.2 Organizational Situation:

P.2.a. Competitive Environment

P.2.a.(1) Competitive Position There is no other large-scale association specifically aimed at people age 50 and over in the United States. While there are certainly other membership organizations that offer benefits (e.g., Costco, Amazon Prime, AAA, etc.), none have the positive social change component or educational resources and programs that AARP offers, most of which are not limited to AARP members.

The 50-plus market is the fastest growing demographic in the country, and perceptions on aging are evolving. No one has the depth of knowledge about this market as AARP, founded on an enormous body of research and continuously refreshed.

P.2.a.(2) Competitiveness Changes AARP’s competitive position has been challenged by changing market forces (both consumer preferences as well as efficiencies) such as moving away from direct (postal) mail to digital engagement and personalization versus mass marketing. There has been an increased demand for digital rather than print offerings. We have also seen the entrance of technology players who are looking to capture new customers through targeted apps that overlap with some of our services.

The recognition of this changing competitive landscape was one of the driving factors behind the focus on organizational transformation. It has resulted in a push for innovation, investment in technology capabilities and infrastructure, and a breakthrough approach to creating a memorable consumer experience that leads to strong customer loyalty. (Figure 1.1-1)

Accelerating the shift from a national organization to a nationwide organization was critical to helping us deliver on our social mission agenda in a way that is more locally and personally relevant to our members and broader constituency. (Figure 1.1-1) That local relevance, in turn, is critical to the future of AARP. There is a significant amount of data showing that trust in institutions based in Washington is declining, and that people have deeper and longer lasting relationships with organizations that are actively engaged at the community level. (1.2c(1)) And, specific to our work, we have observed positive outcomes with our push to “engage locally.” In places where we are deeply involved at the local level, people are more aware of and have a favorable opinion of AARP; they are more likely to say that AARP is relevant to them, and there is increased likelihood that they will join or renew their membership.

P.2.a.(3) Comparative Data Because there is no single competitor that offers a comparable range of offerings, when appropriate, we use comparisons at the product or sector level rather the enterprise level. This is the result of several factors:

- We have no political affiliation with our advocacy efforts. The power of our advocacy comes largely from the size of our membership and the scale of our advocacy infrastructure.
- The measures we use to assess impact are unique to AARP.
- It is not always possible to quantify the outcomes that are attributable solely to AARP on our advocacy efforts. There are many forces in the advocacy space, making direct attribution of impact difficult.

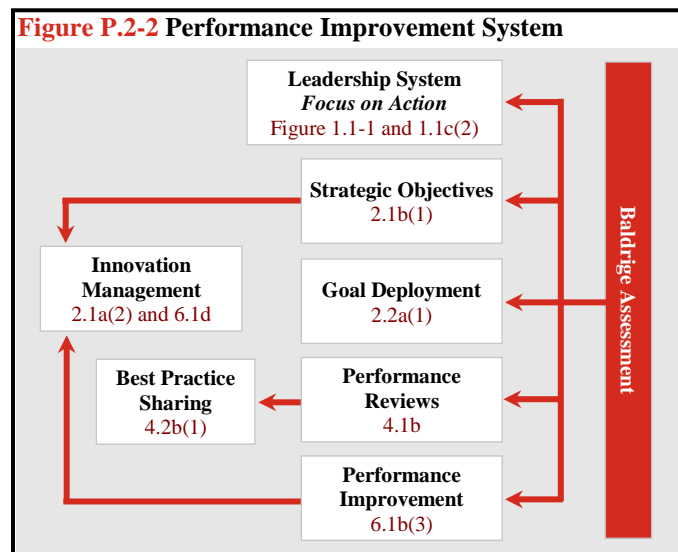
Where comparisons are available irrespective of industry, for example contact center performance and IT, we seek best available benchmarks.



P.2.b Strategic Context: Our strategic challenges and advantages are detailed in **Figure P.2-1**.

Figure P.2-1 Strategic Context

	Strategic Challenges	Strategic Advantages
Business	SC1 Digital Transformation Creating New Types of Competitors	SA1 Brand Reputation SA2 Strong Financial Position SA3 Increasing Longevity Leads to Market Segment Growth
Operations	SC2 Member Value (particularly for the 50-64 segment whose needs differ from those 65 and older)	SA4 Publications and Communication Channels
Societal Responsibilities	SC3 Political Gridlock at the Federal Level	SA5 Advocacy Expertise & Infrastructure SA6 Societal Contributions
Workforce	SC4 Competition for Talent in High Demand Roles SC5 Building Workforce Capabilities for the Future	SA7 State Office Network SA8 Workforce Engagement Fueled by Meaningful Work and Commitment to Values

P.2.c. Performance Improvement System Many of the Baldrige Core Values and Concepts serve as the foundation of AARP’s integrated Performance Improvement System, shown in Figure P.2-2. These include a systems perspective, visionary leadership, organizational learning and agility, managing for innovation, and management by fact, and all are aimed at the delivery of value and results. Our Business Optimization team amplifies these values through the deployment of a structured performance improvement approach. Since its inception in 2016, the team has completed 70+ performance improvement projects across the enterprise. Additionally, we foster organizational learning and continuous improvement through our After Action Review (AAR) process, which has been documented in a policy and supported by a standard operating procedure. Beginning with the CEO, several Senior Leaders have participated in the Baldrige Fellows Program. With our current journey to performance excellence, we look forward to feedback from our Baldrige application to inform progress and further refine our Performance Improvement System.



[Note: Throughout the application, the trendline icon  signifies a cycle of evaluation and improvement, and the egg icon  represents a breakthrough change or innovation – both in response to the “Learning” dimension of the Scoring Guidelines.]

1. LEADERSHIP

1.1: Senior Leadership

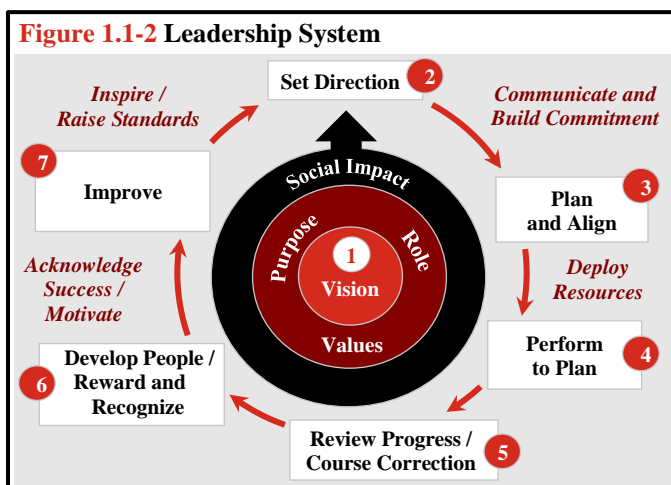
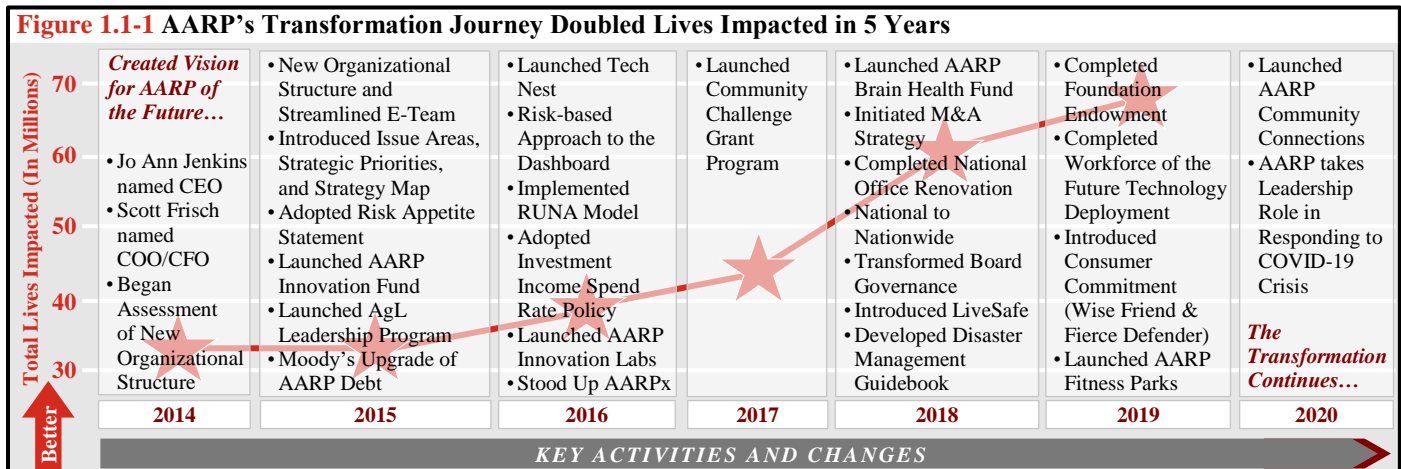
The transformation of AARP began in the fall of 2014. With buy-in from the Board of Directors (BoD), the CEO created a vision for the AARP of the future. Part of the CEO's initial steps included bringing on new talent with the skills needed for the future, including a new COO/CFO and a Chief Communications & Marketing Officer. The CEO aligned the organizational structure with the business, streamlined the E-Team, and created a global Thought Leadership practice, within the new Policy, Research & International (PRI) business unit, a foundational concept for the transformation. The E-Team and the BoD explored how AARP would function internationally. This included consideration of setting up similar structures internationally. Ultimately, the decision was made to leverage one of our core competencies by serving as a "consultant" to other countries and organizations as the expert on aging. In a few short years, AARP has gone from a minimal presence internationally to now becoming a sought-after resource for myriad issues related to aging in countries around the globe.

Another key to AARP's future was investing in innovation. More than 90% of the staff were trained in *i6* to enable everyone

to understand the concept of innovation and to have the tools to grow in their role as *Everyday innovators in aging*. It also created a common language which helped to accelerate the adoption of this new role and the spread of best practices.

AARP also established an Innovation Fund, the first of its kind in the non-profit world, to figure out how to push more capital to the market to drive more products, services, and technology for the 50-plus market, including those with a focus on access to health care and preventive care. More recently, in June 2018, AARP established the Brain Health Fund to address one of the two primary concerns of the aging – maintaining brain health and cognitive capabilities. (Figure 1.1-1; 1.2c(2); 2.1a(2); 3.1b(2))

And in 2017-18, AARP invested in an extensive renovation of its 500,000 square foot headquarters in D.C. (Figure 1.1-1) In order to successfully compete for and retain talent, the E-Team acknowledged that the look and feel of the building was not consistent with their vision of the AARP of the future. Additional significant investments were made in IT to develop connectivity essential for collaboration, agility, and knowledge management. (Figure 1.1-1)



1.1a: Vision and Values AARP's organizational character is the foundation of our brand. It encapsulates our identity as an organization and as individuals. It is composed of three elements that clearly state why we exist (our Purpose), who we are (our Role), and what we stand for (our Values). Our organizational character combines with the external landscape in which we operate to directly shape and inform our Strategic Plan. The Enterprise Strategy Map in Figure 1.1-3 illustrates the key pieces of our organizational character and Strategic Plan.

1.1a(1): Setting Vision and Values

Our purpose (equivalent to a mission) was set in 2017 by Senior Leaders. In 2018, stakeholders from across the organization came together to identify the values at the heart of AARP. They looked to our organizational DNA, culture, value proposition,

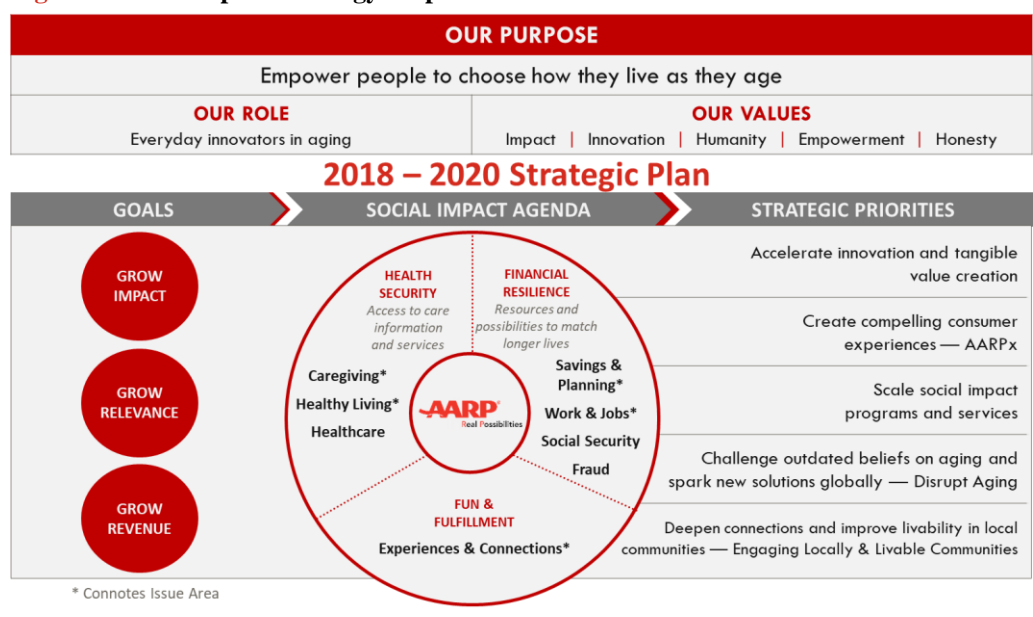
and successes over the past 60 years, and honed in on five values that describe what we stand for and believe, as well as what we've always stood for and need to continue to stand for to achieve success. Senior Leaders and the BoD ratified these values. Senior Leaders deploy them to the workforce, key suppliers and partners, and consumers and other key stakeholders through a variety of communication processes shown in Figure 1.1-4 and work processes (6.1).

Values are aligned to our performance management process (5.2c(1)). In addition, they are frequently found in marketing collateral and on our website.

As an example of a Senior Leader's personal actions reflecting a commitment to the value of *Humanity*, our CEO traveled to Puerto Rico after the devastating hurricane to express her and AARP's commitment to helping the island in their recovery efforts.

As an example of a commitment to the value of *Empowerment*, our EVP and Chief Advocacy and Engagement Officer created a work group to carry out her vision of accelerating the shift from a national organization to a nationwide organization. This group was empowered to identify the best way to move forward and implement that vision, and told to come directly to her if they had any issues. This also led to the value of *Impact*, as work group members were able to achieve the goals they sought.

Figure 1.1-3 Enterprise Strategy Map



As another example of senior leader commitment to *Humanity, Empowerment and Honesty*, our EVP and Chief Advocacy and Engagement Officer advertises regular “open lines,” during which she encourages all staff and lead volunteers to call her to share concerns, questions, ideas, and kudos for teammates directly with her. In this way, she keeps her finger on the pulse of a team spread across the country and can quickly mobilize a response to issues and/or obstacles related to accomplishing our social mission. She is also the face of caregiving, having openly shared her own story of caring for her husband with ALS for several years while leading AARP's Advocacy activities.

Figure 1.1-4 Leadership Communication Processes


When	How*	Audience	Purpose
Annual	Employee Survey ↓↑	All Employees	Employees communicate likes and areas for improvement
Bi- Monthly	New Employee Orientation ↓↑	All Employees	New employees are introduced to AARP
Weekly	Inside AARP ↑	Workforce	Internal website with key information
	News Now ↑	Workforce	Daily email newsletter on what the audience needs to know that day
Regular	InfoNet ↑	All Employees	Intranet with information and resources to help workforce perform their work
	Yammer ↓↑	All Employees	Engage with staff on topics of interest.
	Employee-Led Events ↓↑	SEERG & COP Members	Serve as guest speakers by invitation of SEERG and COP leaders
	Staff Meetings ↓↑	Workforce	Communicating financial, consumer, and project data to staff
Monthly	Operating Committee Meetings ↓↑	Targeted Leaders	Advise COO/CFO on alignment of operations to Enterprise Strategy
	E-Team Live ↓↑	Workforce	Virtual update featuring E-Team members and other leaders
As Needed	Enterprise Dialogues ↓↑	Targeted Employees	Two-way communication with State Office staff on the three-year Strategy
	Management Memo ↑	People Managers	Updating people managers on strategic initiatives, policies and processes
	Management Meeting =↓↑	People Managers	Interacting with people managers on strategic initiatives, policies and processes
	CEO/President Messages ↑	All Employees	Occasional industry/strategic messages from CEO and President

*↓↑ = two-way communication, ↓ = incoming, ↑ = outgoing

Our Senior Leaders reflect a commitment to the values of *Empowerment* and *Honesty* by participating in SEERG events to share their career journey, lessons learned, and answer questions from employees. In addition, each SEERG has a member of the E-Team as its Executive Sponsor, indicating Senior Leadership's support of employee empowerment.

In 2019, our EVP and Chief Communications and Marketing Officer exemplified *Innovation* when she initiated and led a partnership with Getty Images that produced a new series of stock photos that illustrates the vital reality of older Americans' lives and their contributions to society rather than just stereotypical images of frail and disabled elderly individuals. This Disrupt Aging collection was unveiled at a convention of top marketers and advertising agency leaders in New York City.

In another example of a Senior Leader's personal actions reflecting a commitment to the value of *Innovation*, our EVP and Chief Public Policy Officer encouraged innovation within her team by introducing Creative Mayhem, an annual two-day event where staff have the freedom and time to explore a new idea or project that falls outside of their day-to-day work activities and share them with their colleagues. Top projects receive funding to enable staff, if awarded, to take their idea further. The experiences from Creative Mayhem have led to new and innovative programs, solutions, and skill sets. Examples include a partnership with the Parsons School of Design to "disrupt fashion" and inspire new ways of designing clothing for older people and people with disabilities; and exploring and investing in data storytelling as a way to bring policy and research to life.

 In Q4 2018, the CEO had all E-Team members call three AARP members – one promoter, one passive, and one detractor. This process continues every quarter. As an example of embodying the values of *Empowerment* and *Impact*, the CEO used the performance review process to task E-Team members with mentoring staff who are different from them culturally, demographically and functionally. This is one way we embrace of diversity of thought.

1.1a(2): Promoting Legal and Ethical Behavior

Senior Leaders personally demonstrate their commitment to legal and ethical behavior by reinforcing AARP's non-partisanship in interactions with legislative officials. As an example, a Senior Leader refused to fulfill the demands of a member of Congress even if it meant losing future support of AARP's advocacy efforts.

Another compelling example occurred a few years ago when AARP had an opportunity to invest in an organization that did not fully comply with AARP's Public Policy guidelines. As a result, Senior Leaders chose not to invest. Later the company was acquired, which could have provided millions of dollars in revenue had we invested in them. However, Senior Leaders' personal actions in making that decision demonstrate their commitment to legal and ethical behavior regardless of the revenue impact.

Other examples include:

- At the 2019 All-Staff Summit, the CEO presented the first CEO Award to the person who upheld our advertising policy standards, forgoing significant advertiser revenue
- Our BoD Chair served on the Society of Corporate Compliance and Ethics (SCCE) panel
- Our CEO served on the plenary CEO panel for the Ethisphere 2020 Global Ethics Summit
- A *Wall Street Journal* article on advancing ethics risk-based compliance featured our COO/CFO and Enterprise Risk Management & Compliance Director

1.1b: Communication

Senior Leaders have a systematic process by which they communicate and engage the entire workforce, key partners, and key consumers. When information needs to be shared, they first determine the audience, then the most efficient means of communication. Then they craft the message and deliver it. Finally, they determine its effectiveness through feedback received and observed behaviors or responses to the message.

As an example of the E-Team's demonstration of their understanding of the importance of frank, two-way communication, in 2019, they brought every employee to D.C. for a 3-day All-Staff Summit. This gathering, titled "Celebrate the Past. Innovate the Future", marked AARP's history while emphasizing the need for innovation, business model evolution, and an increased consumer commitment (Wise Friend and Fierce Defender, as reflected in Figure 1.1-1).

1.1c: Mission and Organizational Performance

1.1c(1): Creating an Environment for Success

Senior Leaders create an environment for **success now** with a focus on executing our strategy and achieving the related goals. They create an environment for success **in the future** through their investments in consumer experience, (3.1a(1)), talent development, and innovation. They create an environment for the **achievement of our purpose** through the intentional connection of every member of our workforce (including volunteer leaders) with our purpose and our values.

They create and reinforce our **organizational culture** that fosters workforce engagement beginning with the recruiting and hiring processes, a structured onboarding process (5.1a(2)), and further supported by workforce development (5.2c). Senior Leaders leverage reward and recognition programs to reinforce a consumer focus.

Senior Leaders cultivate **organizational agility** by leveraging and strengthening core competencies. They cultivate **accountability** through the cascaded deployment of goals and reinforce it through the performance management process (5.2c(1)). Senior Leaders cultivate **organizational and individual learning** by serving as role models for lifelong learning. They invest in internal and external learning opportunities for the workforce. (5.2c(2)). Additionally, the systematic use of After Action Reviews (AARs) and a repository for storing them for future use, and a robust Knowledge Management System (4.2b(1)) promotes organizational learning.

The importance of **innovation** was reinforced with the introduction in 2017 of our Role as “Everyday innovators in Aging.” Senior Leaders further underscored their commitment to **innovation** and **intelligent risk taking** with the creation of the AARP Innovation Labs in 2016. (Figure 1.1-1; 6.1d)

The performance management process is used to prepare individuals for inclusion in succession plans for E-Team and succession-critical positions. Annually, the CEO and the CHRO present a succession plan to the Compensation Committee of the BoD. The BoD utilizes the review to evaluate Senior Leaders’ ability to assess current talent, develop a pipeline for senior level talent and identify potential successors for readiness and emergency situations. Our succession planning process was tested in late 2019 when a mission critical role was vacated suddenly. An emergency successor was immediately placed into the position, mitigating risk to AARP’s business continuity.

1.1c(2): Creating a Focus on Action

Creating a focus on action begins with the Enterprise Strategy and the Board-approved Strategic & Financial Plan. (4.1.a(1)) These fuel department plans and every employee’s Individual Performance Objectives (IPOs) (5.2c(1)), which are tied to incentive compensation. This intentional alignment **creates a focus on action that will achieve the organization’s purpose**. The Enterprise Dashboard measures reflect the overall health of the organization. It is supported by a monthly Flash Report for the E-Team to evaluate all of the activities that drive the enterprise measures on the Dashboard as well as non-Dashboard related tactics and operational measures. Senior Leaders review key measures and comparative data (4.1b) **to identify needed actions**. In setting expectations for organizational performance, Senior Leaders review consumer and stakeholder requirements (Figure P.1-8) and alignment with our purpose, vision, and values to incorporate those requirements into action plans that **create and balance value**. This is reinforced with our Strategic Planning Process (SPP) that ensures we achieve appropriate balance when developing our strategic objectives (2.1b(2), Figure 2.1-1). The incentive program demonstrates Senior Leaders’ **personal accountability for the organization’s actions**. The majority of Senior Leaders’ incentive compensation is tied to AARP’s performance on Enterprise Dashboard measures. (1.2a(2))

1.2: Governance and Societal Contributions

1.2a: Organizational Governance

1.2a(1): Governance System

Our governance system is shown in Figure 1.2-1. Once a year, we hold our BoD meeting outside of Washington D.C. to meet with the state offices and their state and local level governments. The BoD has a Governance Committee with a Nominating Subcommittee, an Audit & Finance Committee, and a Compensation Committee.

Our Office of General Counsel reports to both the BoD and the CEO. The SVP of Audit & Ethics and Compliance has different reporting relationships with the BoD depending on the topic: for audit-related issues she reports to the BoD’s Audit & Finance Committee through the CEO, while for ethics and compliance issues she reports to the BoD Audit & Finance Committee through the EVP & General Counsel.

The Enterprise Risk Management (ERM) Program, along with a recently reaffirmed BoD-approved Risk Appetite Statement, is a cornerstone of our strategic planning approach. (Figure 1.1-1) This allows for critical risk management discussions among the BoD and facilitates strategic decision-making.

1.2a(2): Performance Evaluation

The BoD conducts performance assessments every two years. Each BoD member assesses the performance of the BoD, its Committees, other BoD members, and their own performance. Results are shared and discussed at the next BoD meeting and action items are identified as needed. Assessment results are tied to the BoD nomination process and are used to develop nomination criteria.

The CEO’s annual Individual Performance Objectives (IPOs) are approved by the BoD, and she is assessed by the BoD on both her IPOs and the results of the enterprise dashboard measures. The CEO is entitled to an incentive award, and the Compensation Committee makes its recommendation on this based on BoD input, IPO performance, and dashboard performance. The CEO sets E-Team compensation, and the Compensation Committee of the BoD reviews and approves the CEO’s recommendations.

The CEO, in turn, evaluates the E-Team members and identifies opportunities for improvement and growth. The performance also includes evaluations for behaviors in alignment with our values.

In 2016, the E-Team began conducting annual calibration sessions for year-end performance ratings for L-Team members. The performance insights gathered from this session are used to (1) Formulate Individual Development Plans (IDPs); (2) Establish paths to sustaining or building talent pools for retention and acquisition; and (3) Create development opportunities to build depth of business knowledge of AARP.




 Through its annual self-assessments, the BoD concluded that it lacked the agility to help AARP navigate and respond to rapidly changing market dynamics. As a result, the BoD adopted a risk appetite statement in 2015 to guide decision making. In 2018, the BoD reduced its size from a range of 19 to 21 directors to a range of 9 to 15 with a focus on deeper discussions of strategic issues and an optimized decision-making process.

Figure 1.2-1 Governance System & Approach in Leadership

Key Aspect	Process for Reviewing and Achieving
Accountability for SL Actions	CEO is appointed by the BoD; CEO and E-Team provide reports to BoD quarterly and as needed. Compliance with bylaws; Employee satisfaction
Accountability for Strategy	Review of strategy frameworks and action plan outcomes; Achievement of action plans; stakeholder feedback; alignment of strategy with core competencies, purpose & vision
Fiscal Accountability	Monthly review by CEO and COO/CFO of financial performance
Operational Transparency	Regular updates on the status of dashboard goals are shared with employees, and additional information about KPIs is shared with key leadership.
BoD Member Selection & Policies	The BoD is composed of highly qualified executives with diverse backgrounds in the for-profit and not-for-profit world. Selection criteria for potential Board members is approved by the BoD and nominations are solicited through public applications and a recruiting firm. Eligibility is based on community contributions, the individual's ability to support strategic objectives, ability to provide support to the E-Team, and volunteer their time without compensation. Applicants are assessed by the Nominating Subcommittee of the Governance Committee, and the Governance Committee then makes a formal recommendation to the BoD. The BoD reviews the recommendation and then votes to elect. The BoD is governed by a set of bylaws, as well as the AARP Code of Conduct, and meets formally on a quarterly basis to provide support for business development and evaluate organizational performance. BoD members must disclose potential conflict of interests and undergo a background check before being named to the BoD.
Internal & External Audits	An annual audit plan is presented to the BoD for approval and then executed to the plan. Internal audits are completed monthly or as needed outside of the plan. External financial audits are completed annually.
Protection of Stakeholders	AARP does not have any stockholders. Protection of stakeholder interests is managed through regulatory compliance, compliance with policies and procedures, operational oversight, Board of Directors oversight, fiscal accountability, and accountability for the achievement of strategic objectives. The robust Enterprise Risk Management (ERM) framework identifies, prioritizes, manages, and monitors the critical risks that drive our enterprise strategy and mitigation plans.
Succession Planning	Succession planning for senior leaders is facilitated by HR. It is supported by mentoring, leadership development opportunities, and special assignments.

1.2b: Legal and Ethical Behavior

AARP was recognized in 2019 and 2020 by Ethisphere as one of the World's Most Ethical Companies. This is an important part of our culture and critical to being seen as a trusted advisor by our consumers. It is also key to creating an environment that demands legal and ethical behavior from our employees and volunteers. Our Code of Conduct applies to employees, volunteers and the BoD and those organizations with whom we do business.  An internal team designed an innovative Chatbot for the Code of Conduct website to answer the most frequently asked questions on demand. It was launched in October 2019. Based on those questions, updates will be made

to training and awareness activities.  Since its adoption by AARP in 2011, the RaiseYRVoice system is available 24/7 and allows anyone doing business with AARP (employees, volunteers, vendors, and service providers) to report any concerns anonymously.

1.2b(1): Legal and Regulatory Compliance

Through the oversight of the Office of the General Counsel, our Ethics and Compliance Office ensures that our policies and procedures meet or exceed legal and regulatory compliance thresholds. AARP files a quarterly report (form LD-2) that details all lobbying expenditures throughout the organization and lists which of our registered lobbyists worked on what bills, and what chambers/agencies were lobbied. Furthermore, both AARP and individual lobbyists file semi-annual contribution reports (form LD-203) that detail specific types of payments prescribed by the statute and Senate Clerk guidance. Our Information Security Program requires annual training for all employees.

We proactively anticipate impacts and concerns regarding new products or services through the Voice of the Customer methods described in 3.1a(1), advice from our Growth Board, and the systematic use of Business Cases. (2.1a(2)), 2.2a(3))

Figure 1.2-2 Key Compliance Processes*

Process	Measures	Goal	Results
Legal & Regulatory			
Safety			
Financial			
Information Security			

**Information removed for confidential purposes*

1.2b(2): Ethical Behavior 

In 2019, in a cycle of evaluation and improvement, AARP benchmarked with other "Most Ethical Companies" and updated the Code of Conduct. Annually, all employees must submit a Conflict of Interest statement. As part of the onboarding process, all new employees receive an email informing them that they have 30 days to complete the on-line Code of Conduct training and to complete the ethics statement. The Policy on Reporting Possible Misconduct is a key element of the Ethics and Compliance Program, which is designed to prevent and detect misconduct and maintain a strong ethical culture.

Figure 1.2-3 Key Ethical Behavior Processes*

Process	Measures	Goal	Results
Code of Conduct			
Conflict of Interest Disclosure			
Ethical Behavior			

**Information removed for confidential purposes*

1.2c: Societal Contributions

1.2c(1): Societal Well-being Societal well-being and benefit is foundational to our strategy; our whole purpose as a social impact organization is to advocate for those issues that improve the lives of the 50-plus. Because of our unparalleled knowledge we can identify their needs and deliver impact in the areas we refer to as Health, Wealth, and Self. Our daily operations are all in support of this social mission.

AARP provides strong and consistent support to its partner AARP Foundation, which works to end senior poverty by helping vulnerable older adults build economic opportunity and social connectedness. As an example of this commitment, in 2019 AARP accomplished its goal of endowing the Foundation in perpetuity – one year ahead of the goal date. (Figure 1.1-1)

We also provide a Driver Safety Program to help older drivers feel more in command of their vehicles. Many of our volunteers also benefit from their involvement in activities of interest and enjoying the companionship of other like-minded individuals. When we ask our volunteers what they most enjoy about their service, they cite making a difference in people’s lives and in their community. This is one of the ways we help alleviate senior isolation, which affects one quarter of older adults at least some of the time.

The AARP Public Policy Institute (PPI) is the focal point of public policy research, analysis, and development at AARP. PPI develops creative policy solutions to address our common need for health care, financial security, and quality of life. PPI is also home to the Center to Champion Nursing in America, a collaborative initiative of AARP, AARP Foundation, and the Robert Wood Johnson Foundation. Its aim is to increase the nation’s capacity to educate and retain nurses who are empowered to positively impact health care access, quality, and costs.

To address financial fraud targeting older people, we created AARP’s BankSafe training platform, which combines industry knowledge and experience with a state-of-the-art, online learning experience for frontline staff, supervisors and compliance officers. Employees trained with AARP BankSafe were able to save customers an average of 12 times more than employees trained with other methods.

In July 2016, AARP added to its societal contributions through a partnership with the Research Park at the University of Illinois at Urbana-Champaign to establish Tech Nest, an innovative technology lab that employs academic talent to create technology solutions for the over-50 demographic. It allows AARP to explore opportunities to apply leading-edge technology to our social mission. (Figure 1.1-1)

In March 2018, AARP developed a Disaster Management Guidebook as a resource to help communities prepare and respond to manmade or natural emergencies. (Figure 1.1-1) It is focused on providing advice and best practices for three action areas: prepare, respond, and recover. It is further supported by a Disaster Management Strategic Engagement Employee Resource Group (SEERG).

In 2019, AARP committed to build outdoor Fitness Parks in all 50 states, Washington D.C., Puerto Rico and the U.S. Virgin Islands tailored to the needs of the 50-plus. As of February 2020, 15 parks had opened with plans to open an additional 38 parks over the coming years. (Figure 1.1-1)

AARP’s investment process encompasses several social responsibility criteria, including Environmental, Social and Governance (ESG), Diversity, and alignment with AARP’s Public Policy positions. (Figure 1.1-1) We ask potential investment management firms if they have these policies in place and the impact of these policies. We believe that asking for this information, in addition to shaping our own investments, will positively impact the behavior of investment management firms in the ESG area and further the societal impact we are seeking to make.

1.2c(2): Community Support

Our community support aligns with our Purpose, Vision and Values. Our key community is the 50-plus population residing in the states and communities where we have a presence. With staff in 53 offices in each state, the U.S. Virgin Islands, Puerto Rico, and the District of Columbia, we live where we work. This allows us to directly engage in our communities to find out what people need and want, enabling us to educate our members with programs and information that are relevant to them. We actively support our communities through a “National to Nationwide” strategy that leverages our advocacy expertise and knowledge to tailor our advocacy efforts and programming to the needs of a specific community. (Figure 1.1-1)


Figure 1.2-4 AARP’s Community Support

Community Support	Approach to Support	Key Communities	Results
National to Nationwide Initiatives	Coordinated advocacy, programming and advertising	15 ECPs and 125 CPs	AOS
	Age Friendly Communities	States and communities	7.1-8
Employee Giving Campaign	Run annual giving campaign that facilitates donations to non-profits of one’s choosing	Non-profits in all communities	7.4-16
Community Service	Days of Service & Community Builder hours	Non-profits in all communities	7.4-14
External Giving	External Giving & Public Outreach	Non-profits in all communities	7.4-15
	Contribution to Foundation	Non-profits in all communities	7.4-13

We leverage our strategic advantage of a state office network to engage consumers in many communities. For example, we provide resources and engagement opportunities for our target multicultural audiences as well as resources for people in need of support, such as those taking on caregiving responsibilities. We place an increased focus on a designated number of communities referred to as “Enhanced Community Presence” and “Community Presence” (ECPs and CPs) sites.

There are approximately 15 ECPs and 125 CPs. Community models were developed in 2017 to target ECPs and CPs for further advocacy and impact, using the following criteria:

- Potential to increase AARP local presence in locations with larger populations, local multicultural or specialized audiences, or areas with lower than expected member penetration
- Opportunity to advance strategic state/local goals
- AARP staff/volunteer readiness in community
- Strength of current CP/ECP work in the state
- State interest in adding a community in state planning
- Location in relation to existing target communities in the state and nationwide


 Multiple cycles of evaluation and improvement to the model have led to significant growth in ECP and CP communities. Senior Leaders contribute to improving these communities by identifying priorities, plans, needs and opportunities in ECP and CP communities in collaboration with community-focused staff and volunteer leaders. Extra resources are committed to events, information and resources locally, including dedicated pages of news in zoned editions of the AARP Bulletin.

In addition, Senior Leaders improve communities through our Employee Giving Campaign, Community Builder hours

and our Create the Good platform that connects individuals with volunteer opportunities in their local communities.

AARP launched the fourth AARP Community Challenge grant program in February 2020. (Figure 1.1-1) Challenge grants support quick-action projects that spark change and help improve communities for people of all ages in key livability areas of public spaces, transportation, smart cities, civic engagement, housing and other innovative projects. Since 2017, AARP has funded 376 projects in all 50 states, D.C., Puerto Rico, and the U.S. Virgin Islands.

In response to the recent coronavirus pandemic, AARP announced a \$250,000 donation to Meals on Wheels to support urgently needed outreach to isolated seniors who are not only in need of food but reassurance during this time of fear, anxiety, and social isolation.

 Additionally, a new online platform, *AARP Community Connections*, was launched in March 2020 by the AARP Innovation Labs to allow users to organize and find local volunteer groups to help pick up groceries, provide financial assistance, or lend emotional support to neighbors, friends, and loved ones. Across the country, these informal online groups (also called “mutual aid” groups) help communities stay connected at a time when people must practice social distancing. (Figure 1.1-1)

2. STRATEGY

2.1: Strategy Development

2.1a: Strategy Development Process

2.1a(1): Strategic Planning Process

As shown in Figure 2.1-1, AARP follows a three-year enterprise Strategic Planning Process (SPP) with annual evaluation, revision, and action planning cycles within it. The three-year process re-evaluates the scope and priorities within our enterprise-wide strategic plan, encompassing both our Social Impact Agenda and Strategic Priorities to fulfill and scale our social mission. Senior Leaders use external trends and insights, research and consumer feedback (Member Opinion Survey, etc.), and internal lessons learned to validate our purpose, vision and values. AARP’s goals to Grow Impact, Grow Relevance and Grow Revenue our (“3G’s”) underpin the scope and areas of focus over a three-year horizon for our three Social Impact Agenda pillars of Health Security, Financial Resiliency, and Fun & Fulfillment. Aligned to each Social Impact Agenda pillar is one or more Issue Areas. These decisions are reflected in our Enterprise Strategy Map, which is shared throughout the enterprise. (1.1a(1), Figure 1.1-3)

Executives assign leaders from within the organization to lead the Issue Areas and Strategic Priorities identified on the Enterprise Strategy Map. These leaders develop cross-

enterprise plans, integrating perspectives and ideas from research, consumer programs, public policy, advocacy, and many other core functions of the organization. These leaders then manage the annual planning, execution, and evaluation of these plans with cross-functional teams that represent various internal business units involved in each activity. These plans and budget allocations flow into the Groups/Business Units, informing their annual operational planning and budgeting processes and ensuring that each Issue Area and Strategic Priority is executed among other core business activities.

The annual one-year planning & budgeting process offers an opportunity to adjust the focus or direction of an Issue Area or Strategic Priority, evaluate tactical progress to date, and develop plans and budget requests to advance strategic efforts in the following year. Phase 4 reflects our annual action planning, implementation and evaluation cycles for AARP’s BoD-approved three-year Strategic and Financial Plan and Annual Dashboard (Phase 3).


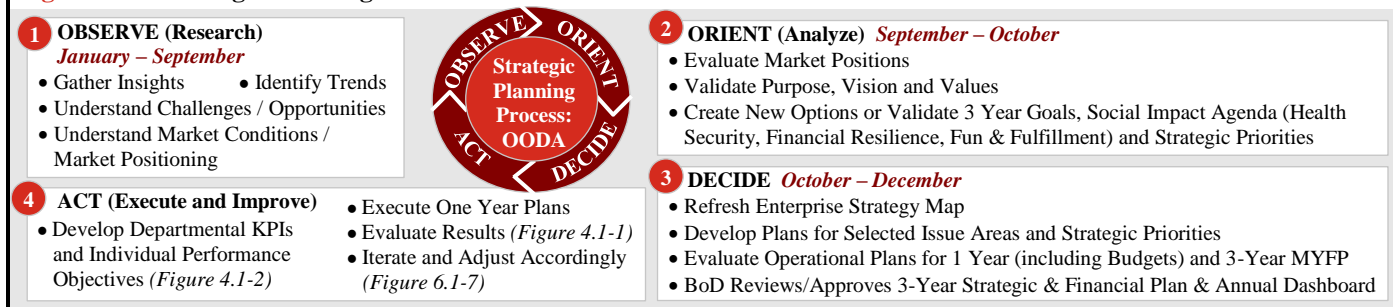
 AARP’s CEO is responsible for initiating changes to the SPP. In 2019, we adopted the OODA Loop methodology after benchmarking with two other Baldrige Award recipients who credit it with increasing their agility in strategic planning.

Figure 2.1-1 Strategic Planning Process



2.1a(2): Innovation

The AARP Strategic Planning Process drives innovation throughout the enterprise. Beginning in the Observe and Orient phases, new and emerging challenges, opportunities, and business methods are explored and assessed for potential inclusion in the strategic plan. The Decide phase establishes the Issue Areas and Strategic Priorities with the primary intent of driving cross-enterprise exploration, development, and delivery of evolved and new solutions toward the primary social impact and organizational challenges of AARP. Once the strategic plan is approved, the Issue Areas and Strategic Priorities drive innovation through the execution of their plans throughout the organization, and Business Units follow the focus of these plans to develop innovative offerings and supporting processes at the operational level.

To enable the exploration of significant innovation opportunities, AARP has established within the AARP Innovation Labs a dedicated Design Thinking function [that]. This Design Thinking team supports the execution of specific Issue Area, Strategic Priority, and Business Unit concept exploration initiatives, applying best practices in the disciplines to rapidly analyze, design, and iterate potential solutions with frequent in-person and consumer feedback loops. If successful, these solutions flow into the appropriate part of the business for further design, launch, and scale.

AARP Innovation Labs also looks to create tangible value by proactively identifying and engaging with innovative startups from across the world that are working to create solutions which align with AARP’s Issue Areas and Strategic Priorities. A mix of startup pitch events and accelerator partnerships serve as the mechanism to source startups from which AARP actively mentors, collaborates, co-creates, and invests.



In 2015 AARP created the AARP Innovation Fund, a first-of-its-kind investment fund with \$40 million in assets that provides capital to innovative companies focused on improving the lives of the 50-plus and their families. (Figure 1.1-1) The goal is to spur investment in companies developing innovative products and services in three areas: aging at home, convenience and access to healthcare, and preventive health. Having reviewed over 250 potential opportunities, AARP has made nine investments so far.

AARP also created the AARP Brain Health Fund to accelerate research into cures for all types of dementia, including Alzheimer’s. The Fund was launched with a \$60 million investment in the Dementia Discovery Fund.

If opportunities arise outside of the planning process, AARP follows an approach that weighs the relative value, cost, and risks of new **strategic opportunities** as they emerge. Whether in response to a legislative action or in pursuit of emerging market and social impact opportunities, the organization has a number of business and financial analysis tools at its disposal to effectively evaluate intra-year and multi-year opportunities, including a formal Business Case evaluation process for multi-million-dollar expenses. Through the Strategic Allocation Fund (SAF), reserves are allocated in the annual budget for opportunities (or unforeseen contingencies) that require funding outside of the annual budget process. Our financial review processes also identify resources that can be re-allocated throughout the year to support new opportunities at a smaller scale without significantly affecting other business activities.

Another way in which AARP has innovatively used capital to drive enterprise strategy, deliver new member value and create social impact at scale is through an acquisition strategy. In 2018, AARP developed a high-level framework for evaluating potential candidates and then creating a short list of candidates (culled from ~1,300 organizations) based on that evaluation framework. After exploratory conversations with potential candidates and completion of a comprehensive due diligence process, we are in the final stages of negotiations with two smaller non-profits.

2.1a(3): Strategy Considerations

Key elements of risk such as our **strategic challenges and strategic advantages** are considered in Phase 2 of our SPP, along with **potential changes in the external environment** – particularly the potential changes that may happen during an election year. Our core competency of unparalleled knowledge of the 50-plus is applied in the SPP through input from Policy, Research, and International Affairs (PRI) and our Research Center (3.1b(1)). Our SPP is informed by the ongoing 50-plus community needs assessment conducted by the Research Center, the Consumer Experience team, and in-house consumer panels. We also include inputs from the states, Digital Strategy & Membership (DSM), ASI, AARP Foundation, and our VOC methods outlined in Figure 3.1-1.



Our innovative use of Futurecasting techniques and insights allows us to identify **potential blind spots**, opportunities, and risks for the organization and the 50-plus population. Futurecasting is a structured approach to envisioning and evaluating future trends and forces that could affect AARP’s strategy and ability to make impact at scale. Through our Futurecasting team within the Enterprise Strategy Group, we evaluate trends that may impact the 50-plus community in 10 years and further into the future. We work with organizations like the Institute for the Future in Palo Alto, California, and other experts in various fields to maintain a diverse range of perspectives on these trends and their potential implications. Based on this work, we develop material hypotheses and options for AARP to consider in making decisions on strategy, resource allocation and executional changes. AARP applies the insights from this activity in various innovative ways that enhance their value to the enterprise and influence the positioning, focus, and decision-making of AARP leadership and teams. Examples include:

- Engaging the BoD and E-Team in longer-range trend examination exercises to help identify and address any major risks, opportunities, or shifts in focus
- Integrating key trends and their potential implications on the 50-plus into the development of the scope and goals of the three-year strategic plan
- Combining Futurecasting insights with nearer-range STEEP (Social, Technological, Economic, Environmental, and Political) analyses of our primary social impact Issue Areas and Strategic Priorities to identify potential goals and strategies to pursue in each space
- Initiating market scans of potentially new and shifting spaces for AARP to achieve social impact and generate member value
- Generating insights and implications that are shared through white papers, a newsletter, and other channels within AARP to help inform staff and leadership about key trends and shift mindsets toward future-oriented planning and action

The ERM Framework (6.1a(3)) is another systematic approach addressing potential blind spots, and it also helps to ensure that we have the **ability to execute our strategic plans**.

The execution of annual activities is monitored and evaluated through formal quarterly metrics and lessons learned at the Executive level. The Enterprise Strategy team also advises and evaluates strategy execution through frequent engagement with Leads and matrix teams (5.1a(4)). This entire process is supported by an Enterprise Strategy function that provides key services throughout the three-year and annual planning cycles:

- Strategy development consulting and process management
- Futurecasting and strategic intelligence insights
- Enterprise strategic relationship management for capability and reach expansion

2.1a(4): Work Systems and Core Competencies

We make work system decisions that facilitate the accomplishment of our strategic objectives as part of the SPP. We intentionally review our key processes during the SPP with the objective of determining if those processes can be best accomplished with our internal resources or whether external suppliers and partners should be used. We base that decision on whether the process leverages one of our core competencies, or if it capitalizes on a core competency of an external party. We also consider whether an external party can provide the service (execute the process) more reliably, more efficiently, and more cost-effectively. We determine the need for future core competencies and work systems as part of our environmental scan and analysis of emerging trends.

2.1b: Strategic Objectives

2.1b(1): Key Strategic Objectives

Our key strategic objectives and timetables for achieving them are shown in Figure 2.1-2 along with their most important goals. Among key changes planned to improve our consumer experience is the addition of a third outsourced contact center for products that require unique expertise, such as AARP Rewards, Staying Sharp and AARP Fraud Watch Network.

2.1b(2): Strategic Objective Considerations

Our strategic objectives achieve appropriate balance among varying and potentially competing organizational needs through a prioritization process that is part of the SPP. First, we gain consensus on what is most important for AARP overall. We determine if any are timebound; that is, having an urgency for accomplishing them. Then we evaluate the availability of resources and make final decisions based on that. We evaluate our resources and the political climate continually, and the strategic advantages, disadvantages, and core competencies on the 3-year planning cycle.

How our strategic objectives address our strategic challenges and leverage our core competencies and strategic advantages are shown in Figure 2.1-2. The combination of both short and long-term action plans demonstrate that our strategic objectives balance our short- and longer-term planning horizons.

2.2: Strategy Implementation

2.2a: Action Plan Development and Deployment

2.2a(1): Action Plans

Figure 2.1-2 summarizes our key Action Plans in support of our long-term goals, which include evolving our value proposition and business model, driving healthy membership growth and building a culture of performance excellence, among others.

Action Plans are developed by the L-Team owner. A planning template is used to ensure consistent information is provided. Elements include the requested budget and allocation, definition of success, and the potential impact on time and resources.

Figure 2.1-2 Strategic Objectives and Example Action Plans, Goals, Timetable, Measures, Projections, and Related Results*

Key Strategic Objectives*	Short-Term Action Plans (2020)	Longer-Term Action Plans (2021 & Beyond)	Key Performance Measurements Indicator	2020 Goal*	Projection vs. Competitor Projection*	Timetable	Result
Grow Impact SC 1,3 SA 1,3,4,5,6,7,8 CC 1,2,3			<ul style="list-style-type: none"> Lives Impacted: Advocacy 		<ul style="list-style-type: none"> Sustain our position as a top caregiving and retirement savings advocate > 	Q4	<ul style="list-style-type: none"> 7.1-1 7.1-2 7.1-4 7.1-5 7.1-6 7.2-10 (redacted) 7.2-12
			<ul style="list-style-type: none"> Lives Impacted: Programs 		<ul style="list-style-type: none"> Year-over-year program growth better than non-profit competitive set > 	Q4	<ul style="list-style-type: none"> 7.1-3 7.1-7
Grow Relevance SC 1,2,3 SA 1,3,4,5,7 CC 1,2,3			<ul style="list-style-type: none"> Membership: Ending account/household balance Brand Equity (B/E) Net Promoter Score (NPS) Overall Renewal Rate (ORR) 		<ul style="list-style-type: none"> Long-term growth rate performs in line with other non-profit > Improve brand equity to become top 25% NPS above 50-plus 'excellent' score Renewal rate > 	Q1-Q4	<ul style="list-style-type: none"> 7.1-1 7.2-1 7.2-4 7.2-5 7.2-6 (redacted) 7.2-7 (redacted) 7.2-1
Grow Revenue SC 1,2 SA 1,2,3,4 CC 1,2,3			<ul style="list-style-type: none"> Operating revenue 			Q4	<ul style="list-style-type: none"> 7.5-1
Engage Workforce SC 4,5 SA 7,8 CC 1,2,3			<ul style="list-style-type: none"> Employee satisfaction Employee engagement Retention Number of SEERGs and Communities of Practice Number of Community Builder hours used 		<ul style="list-style-type: none"> Lower than comparable CEB Turnover Benchmarking for Professional Services firms in North America 	Q2-Q4	<ul style="list-style-type: none"> 7.3-8 7.3-11, 7.3-12 7.3-13 7.3-1 7.3-1a 7.3-13 7.4-14


*LEGEND: SC = Strategic Challenge SA = Strategic Advantage CC = Core Competency > = Advantage < = Disadvantage + = Parity

*Information removed for confidential purposes

2.2a(2): Action Plan Implementation

In the annual planning process, Action Plans are deployed to the workforce through our performance management process 5.2c(1). Deployment to our Consumer Care and Print Center suppliers occurs through the communication of annual forecasts of relevant measures (e.g., membership, publication circulation, contact volumes). Suppliers use these projections to develop annual operating plans or production schedules for our review and approval.

Action Plans are deployed to ASI through a multi-year Master Services Agreement (MSA) and annual Statements of Work (SOWs). SOWs include specific and measurable quarterly and annual milestones to secure new offerings and ensure quality control of existing offerings made available to AARP members.

 In 2018, in a cycle of evaluation and improvement, a L-Team member traveled to each state office to walk through the Enterprise Strategy to help people see how they connected to it. These visits (that every Leadership Team member conducted) were intentionally called “Dialogues” to underscore the two-way nature of the strategic plan deployment.


We also have a systematic approach to organizing and managing our volunteers. Every state, Puerto Rico, Washington D.C., and the U.S. Virgin Islands has an office with a State Director (AARP staff member). These offices vary in size depending upon the population being served. The volunteer leader counterpart to the State Director is the State President supported by an Executive Council of volunteers. The State President typically serves in two-year cycles for a total of six years. The State President is supported by a document, “The State President’s Guide to Working Effectively with Your Executive Council.”


2.2a(3): Resource Allocation

AARP’s financial planning is conducted in tandem with our SPP to ensure that financial resources are aligned with the strategic priorities as approved by Senior Leaders and the BoD. AARP also uses a formal quarterly forecast process to reexamine assumptions and reallocate resources as the timing of initiatives shifts or other unplanned priorities emerge.

Resources needed to support the action plans emanating from the Strategic Plan are identified once fixed and semi-variable budgets have been established. Headcount is managed very closely, and any proposed increases require a Justification Memo that must be approved by the CEO. At certain dollar thresholds, a Justification Memo or Business Plan may be required.

In 2015, AARP achieved a financial milestone with a Moody’s Investors Service upgrade in its debt to Aa2, the first such upgrade AARP received. Moody’s credited this upgrade to a number of factors including AARP’s strong executive leadership, prudent investment policies and potential for ongoing growth in flexible reserves. (Figure 1.1-1)

 In 2016, AARP implemented an updated, risk-based methodology for determining the level of required unrestricted net assets (RUNA) needed to maintain financial stability and to withstand risk, helping ensure that the enterprise can thrive over the long term.

 The RUNA model takes into account unrestricted net assets for AARP and its affiliates. It also allowed us to implement a spending policy for the AARP’s (parent only) long-term investment fund, essentially allowing us to manage it like an endowment and generate income to support our enterprise strategy. (Figure 1.1-1)

2.2a(4): Workforce Plans

We plan long-term resourcing based on our core competencies in alignment with current and emerging strategic needs. We adapt our workforce and resource alignment to meet new strategic needs through a blend of contingent labor, upskilling, and when necessary, team reorganization or establishment of new functions. Examples of key workforce plans are shown in Figure 2.1-2, under “Engage Workforce.”

2.2a(5): Performance Measures

Our key performance measures or indicators that we use to track the achievement and effectiveness of our action plans are shown in Figure 2.1-2. The overall action plan measurement system reinforces organizational alignment through the goals cascaded through the Individual Performance Objectives (IPOs). (Figure 4.1-2) Alignment is further supported through the Enterprise Dashboard and Flash Report that is supported by KPI reports and Business Unit level reporting. (4.1a(1) and 4.1b).

2.2a(6): Performance Projections

Our performance projections are shown in Figure 2.1-2. When we detect gaps between our projected performance and those of comparable organizations, we first determine if the measures are truly defined in the same way. Often times that is not the case. However, for processes that are well-established in industry irrespective of sector, such as contact centers, we focus on gaps and develop action plans to close them to achieve benchmark performance.

2.2b: Action Plan Modifications

Through the multiple reviews identified in 4.1b and the biweekly E-Team meetings, we have ongoing opportunities to recognize and respond when circumstances require a shift in action plans and rapid execution of new plans. For example, with our presence on Capitol Hill and the Advocacy Committee, we rapidly detect when there is a movement to threaten one of our key focus areas such as Medicare, Social Security, affordable health care, and SNAP.

3. CUSTOMERS

3.1 Customer Expectations

3.1a Customer Listening

3.1a(1): Current Customers

AARP uses the term “Consumers” internally when referring to Members and Prospects. We have multiple methods by which to listen to, interact with, and observe our consumers to obtain actionable information. These include the methods shown in Figure 3.1-1. To gain an in-depth understanding of the consumer experience as well as current and future offerings, our proactive methods include ways to discern:

- Were consumer experiences positive or negative? And why?
- Were consumer expectations fulfilled or were they dissatisfied? And why?
- Were consumer experiences effortless, inspiring, and showed that AARP “gets them?”

Our listening methods do not generally vary across the consumer lifecycle (as shown in Figure 3.2-1).

We seek immediate feedback from members by embedding short surveys at the end of transaction points, such as digital join or renew processes, as well as webinars and digital or in-person engagements to assess member perceptions about the quality of these offerings. Satisfaction surveys are also embedded as part of inbound calls to Consumer Care and throughout aarp.org as users browse.

3.1a(2) Potential Customers

The methods to listen to potential consumers (prospects) are outlined in Figure 3.1-1.

Figure 3.1-1 Consumer Listening Methods and Purposes


Method of Communication	Consumer Group	Purpose
AARP Consumer Care Contacts	Members, prospects	Process membership transactions, resolve consumer issues and/or direct consumers to information
Chat available on the AARP website	Web users (members and non-members)	Help users navigate the aarp.org property as needed; can help uncover displeasure or site usage issues
Social Media – Facebook, Twitter, LinkedIn, YouTube, Instagram	Members and non-members	AARP monitors its social media accounts and other properties where users can comment; data is aggregated into VoC analysis for valuable feedback on topics ranging from policy, programs, products and services. This data is tagged for sentiment, which can help uncover displeasure with AARP or pain points within the overall experience
AARP Community Posts	Members and non-members	
AARP Blog and Article Comments	Members and non-members	
AARP Frontline – Mobile App for Consumer Feedback	Employees, volunteers, members, non-members	Provides a direct way to escalate member issues directly to the Consumer Care Ombudsman Team or share what consumers have to say about AARP
Web Satisfaction Survey (aarp.org)	Web users (members and non-members)	Gauge satisfaction of interactions with aarp.org
CSAT Surveys	Consumer Care inbound callers, web users	Gauge satisfaction of inbound calls to Consumer Care
NPS Surveys	Members	Gauge and gain insight into drivers of customer loyalty, points of delight or friction within experience; AARP fields a larger survey to understand NPS for the master brand, as well as smaller surveys for individual programs
Member Opinion Survey (MOS)	Members	Captures a variety of member information such as interests, concerns, life events, civic participation, technology use, and attitudes towards AARP
Focus Groups	Members, prospects	We frequently leverage focus groups to gain a better understanding of perceptions and demand for current and potential programs, products and services as well as general interactions with the AARP brand
Attitude, Trend and Opinion Monitor (ATOM)	Members, prospects	Monthly survey fielded by AARP research to gauge brand perceptions, interests and intent to join
Brand Equity Survey	Members, prospects	Understand critical elements driving the perception of AARP’s brand such as familiarity, consideration and quality of our offerings

3.1b Customer Segmentation and Product Offerings

3.1b(1) Customer Segmentation

The most comprehensive segmentation model we have flagged on our database is what we call our Life Stage segments. The Life Stage segments categorize the 50-plus market by the level of income, presence of children in the home, and age. When we are preparing communications and considering new offerings or enhancements, it helps to highlight how, for example, a low income, younger member with teenagers may have very different travel needs than an older retiree with significant assets as interests and focus areas tend to be quite different. Those 65 years and older are now eligible for Medicare, and the majority are retired. Those adults between 50 and 64 years of

age are generally interested in more active lifestyles and are trying to determine how best to plan for retirement.

 Under new leadership, our Research Center (under the PRI group) transformed its operating model in 2017 to strengthen our knowledge management system (4.2b). Approximately 60 researchers serve every group in AARP. Using the consumer-focused research targeting adults 50 years and older, the Research Center provides multiple slices of the extensive data that are gathered through studies or literature research. These other groups often ask to have the data segmented in certain ways to inform them about potential product offerings, and to identify current and anticipate future consumer group and market segments. The research is used

extensively in the SPP (Figure 2.1-1) to help shape decisions on which customers, customer groups, and market segments to emphasize and pursue for business growth. Other segments include specific audiences such as Hispanic/Latino, Asian/Pacific Islander, African American/Black, and Veterans.

3.1b(2) Product Offerings

Our unparalleled knowledge of the 50-plus enables us to determine product offerings and evaluate the needs and requirements of our consumers and key communities. Each year we determine whether to add, expand, improve, or eliminate product offerings based on that evaluation. AARP has two approaches to product offerings. Both of these approaches are built on our core competency of unparalleled knowledge of people 50 and older. 1) In keeping with our social mission, we make certain offerings available to all Americans age 50-plus in support of choosing how to live as they age. These offerings include learning programs, webinars, events and tools, and consumer products. Examples include the AARP Fraud Watch Network, Career Change Seminars, and the Long-Term Care Calculator. 2) We have offerings that are developed or secured in conjunction with third-parties or with ASI to work with third parties on behalf of AARP. These member benefits are generally focused in specific categories: health, financial, and lifestyle products.

As an example, in support of maintaining brain health and cognitive capabilities which are two primary concerns of aging, AARP has developed a digital product that aims to assess your brain health and also provide a personalized path to maintain and improve it. Since its initial launch in 2017, as a result of topical research from our Research Center, extensive market research on existing brain health tools, as well as feedback gathered directly from consumers, the product has significantly evolved into an easy to use, compelling, and value-driven customer experience. We also adapted the business model from a standalone, subscription model to an embedded member-benefit, in which members get the baseline product for free, and introduced a highly differentiated B2B version that is offered through third-parties and expands our product to new markets.

In 2017, through an idea originating from our AgL Leadership Program project team, AARP launched *The Girlfriend*, a weekly e-newsletter featuring content specifically written for (and by) women age 40–55, covering relationships, health, work, money, and the latest trends. *The Girlfriend* provided a model for developing and scaling new content products, and engage with key segments in a deeper way. In 2018, we launched *Sisters from AARP*, a weekly e-newsletter written for (and by) black women featuring entertaining, informative and inspirational content. The subscriber base for both e-newsletters continues to grow.

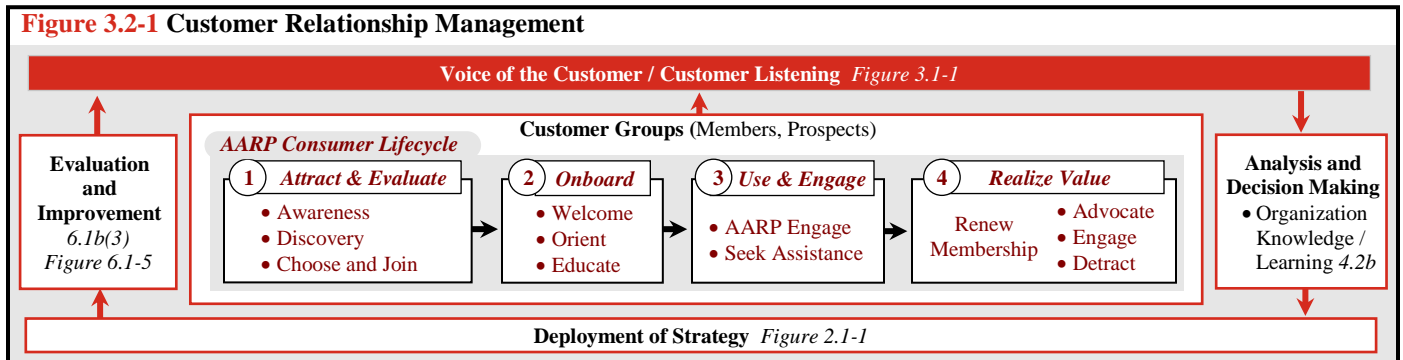
3.2 Customer Engagement

3.2a(1) Relationship Management

Today, the 50-plus consumer travels through our organization in a tightly managed lifecycle. (Figure 3.2-1) Consumers are made aware of our organization through brand or product advertising, or they may encounter AARP in their community. An acquisition team leverages multiple channels, including direct mail, email, online paid media, and newspaper inserts, to entice people to join. Once someone joins, they are ‘onboarded’ by an onboarding team that introduces them to the multiple aspects of AARP. Once ‘onboarded,’ Business Units use sophisticated targeting tools to drive member engagement with AARP’s offerings. This process involves coordination of millions of members each year across multiple Business Units.

In 2019, AARP made strides toward a more consumer-driven relationship management approach to how we can move the 50-plus through our membership lifecycle. Our goal is to more deliberately path members through journeys with a systematic process of customer relationship management shown in Figure 3.2-1.

Each phase will be personalized based on the user’s specific interests by leveraging a more comprehensive member data set and universal ID. During the ‘use and engage’ phase, members will be offered content that pays off on our Wise Friend and Fierce Defender commitment. (Figure 1.1-1) Based on each user’s life transitions (e.g., Medicare eligibility, Caregiving, Job Change, Retirement), they will receive an orchestrated set of communications. [See 3.1.b(1)]




3.2.a(2) Customer Access and Support

Our Consumer Care function is committed to providing a connected and personalized experience that leverages data from across the organization to easily and seamlessly interact with any individual, at any time, through any channel of their choosing and provide a value-creating experience. The goal is to deliver increased consumer satisfaction and to support consumer engagement across all of AARP, its affiliates and its service providers.

In 2019, Consumer Care:

- Handled nearly 4M telephone calls and 336k emails
- Processed nearly 125k pieces of white mail correspondence
- Answered over 160k live chats
- Responded to 60k social media posts

Consumers can **access information and support** through multiple channels (phone, print, email, social media, text, and in-person events).  Within the past two years, Consumer Care has evolved to increasingly deliver on our consumer commitment to be a Wise Friend and Fierce Defender. As our consumer offerings expand across advocacy, programs and products, the demand for accurate, timely and personalized information and support continues to grow. In 2018, we launched the AARP Help Network Program to increase the productivity and integration of our assistance channels with an emphasis on digital adoption and self-service. In 2019, we launched AARPBOT, a Chatbot system that allows for automated processing of common member transactions, such as membership card replacements and change of address. We also created a designated social response team that monitors (scrapes, in industry terminology) social media channels for references or mentions of AARP. Our team personally responds to roughly 1/10 posts that reference or mention AARP, sometimes to correct erroneous information about AARP-related topics and issues.

Our 53 state offices work with their volunteer leadership and the national Programs business unit to determine what **consumers segments they want to engage** and how best to meet those consumers' requirements. These decisions are informed by each state office's capabilities and objectives and whether the Programs business unit has an applicable program. There is additional support provided to CP and ECPs to meet the goals set for those communities.

3.2a(3) Complaint Management

The Ombudsman team (O-Team) balances the interests of the organization with the interests of our members in resolving escalated issues or disputes. The O-Team responds to letters, emails, and phone calls to the CEO, National Volunteer President, members of the BoD, and other members of the Executive Team as the "voice" of AARP Leadership. The O-Team responds to all Attorneys General, Better Business Bureau, Direct Marketing Association, and Business Consumer Alliance membership complaints sent to AARP. Additionally, they respond to frontline "Member Support" requests, NPS Survey detractors, and spearhead the

Make-It-Right Experience Recovery program, an initiative to convert previously dissatisfied customers into loyal ones by taking action that is considered to be above and beyond in response to specific failures.

The O-Team consists of a seasoned group of AARP Member Communications professionals in D.C. and Lakewood, California, dedicated to investigating and resolving these escalated issues. The goal of the team is expeditious resolution resulting in membership retention through satisfaction and pleasant surprise through:

- **Ownership** (Understanding the issue, getting to its root cause, and committing to the issue until resolved)
- **Resolution** (Interdepartmental collaboration to a global fix and member satisfaction)
- **Surprise** (and Delight - Both on the part of the member and other stakeholders throughout the enterprise, empathetic communications with members through phone, email, postal mail, *Make-It-Right Experience Recovery* through gift membership/Visa Gift card fulfillment, and personalization through direct phone calls/high touch engagement).

The O-Team is resolute in its dedication to converting members who have been upset, frustrated, or inconvenienced back to satisfied and proud AARP supporters and advocates. Resolution of issues serves a broad spectrum of enterprise divisions. The O-Team oversees member concerns arriving through a variety of channels, and they are able to identify key, recurring enterprise issues. Once identified, the O-Team is uniquely qualified to investigate, communicate to the appropriate departments, and spearhead resolution of on-going enterprise trouble areas in the best interest of a positive member experience, member satisfaction, and retention.

3.2b Determination of Customer Satisfaction and Engagement

3.2b(1) Satisfaction, Dissatisfaction, and Engagement

AARP has multiple methods by which to determine satisfaction, dissatisfaction, and engagement. All these methods place an emphasis on obtaining actionable information.

Satisfaction and Dissatisfaction: The CSAT (customer satisfaction) survey is used to gauge the consumers' agent-facing (Consumer Care contact) experience. It poses questions to members regarding a specific phone interaction relative to issue resolution, quality of response, and Member Relations Associate (MRA) characteristics (e.g., knowledge, professionalism, courtesy, authority to resolve, etc.). The CSAT survey also asks about overall satisfaction with AARP and an NPS question (likelihood to recommend AARP to a family member or friend) based upon their most recent transaction with Consumer Care.

The survey is used to measure the consumer experience on the desktop, tablet, and mobile app by providing a digital invitation to a random, small, anonymous percent of digital visitors to gather their feedback. Separately, we have an outbound call policy that requires that any visitor giving a satisfaction score below 6 (on a 1-10 scale) be contacted by an

MRA to discuss the experience and take action on doing what they can to ensure an improved experience in the future.

The Net Promoter Score (NPS) is a customer relationship survey to measure AARP members’ perceptions, satisfaction, and loyalty (**engagement**). A weighted score by category – Likelihood to Recommend, NPS, Sentiment Score, Volume and NPS Correlation – enables us to take action on what members and consumers are telling us. We use NPS throughout our consumer engagement work. For example, we measure the satisfaction/dissatisfaction of people who participate in local programs by segmenting their NPS response in our consumer tracking tools.

The *Make-It-Right Experience Recovery* leverages key principles from innovation methodologies to design best-in-class recovery approaches to turn bad experiences into good ones. Business Units track issues that are repeatedly flagged by this program to ensure that we conduct effective root cause analysis and put in place corrective actions.

For example, if we discover through the Foresee Survey that people are confused by a particular area of our website, we can improve that experience by initiating a simplification to that area to make it more straightforward.

AARP has ranked significantly higher than the industry average on the Net Promoter Score. (Figure 7.2-5.)

3.2b(2) Satisfaction Relative to Other Organizations

Our net promoter score and brand equity measures are key indicators of satisfaction with our organization, and both of these surveys are benchmarked against industry comparisons to give us a sense of where we stand versus competitors and other organizations that provide similar products and services.

3.2c Use of the Voice-of-the-Customer and Market Data

AARP uses VOC and market data in strategic planning to ensure that the deep understanding of members’ concerns and interests inform the strategic priorities and initiatives that will flow from the SPP.

Figure 3.2-2 Customer Data Drives Improvement

Key Driving Data from VOC	Voice of the Customer Innovation	Outcomes
Members complain about the amount of renewal notices sent to get them, the fact that AARP sends notices far in advance of actual expiration date, and the general timing, frequency and volume of renewal mail. <i>Example: “Even though AARP could be very beneficial in so many ways, the way you (AARP) handle the membership renewal make think you want to take advantage of the bad memory of some elders sending the due subscription or membership about every two months. I have sent letters asking or explaining that I had my membership current and about a year to expire, nevertheless appears that nobody is in charge or noticing the error. I kept receiving due notices!”</i>	CX-R (Customer Experience Renewals) solves member pain points by lifting and shifting the current renewal strategies 3 months closer to expiration. The test was successful and the strategy was rolled out in Q4 2019.	<ul style="list-style-type: none"> Fewer, and improved timeliness of renewal notices are being sent to 45% of AARP’s members. Testing continues to find a solution for the remaining 55% of the base, but in initial testing, the results did not warrant adopting the solution as tradeoffs in renewal rate decline outweighed other decision-making criteria. Members receiving the new renewal treatment are less confused about their AARP membership expiration date and membership status.
Family members of deceased members reach out to have the members’ names removed from AARP mailing lists. When family they reached out to AARP, the experience was fragmented and negative, at a particularly fragile time in their lives. <i>Example: “Please remove my mother from your mailing list – She died in Dec 2014 – It is a very painful reminder of our loss when we keep getting mail addressed to her asking why she has not enrolled yet – This is my 2nd request.”</i>	LOOMD (Loved Ones Of Members Deceased) provides a compassionate and improved experience for these loved ones with a dedicated phone number with direct agent access, updated confirmation communications for letters and email, a newly designed condolence card, updated FAQs, Search, & Help, an online grief community, suppressed insensitive content in search and expedited mail suppression.	<ul style="list-style-type: none"> Condolences cards are being sent to loved ones of deceased members that contain links to helpful articles, AARP’s online grief community and a dedicated phone number. The email option to notify members of a deceased loved one is on the rise.
A frequent frustration for new members is the length of time it takes to receive the card or never receiving the card or premium after paying for membership. New members also reach out to inquire about where and how to use the card for benefits. <i>Example: “I have yet to receive my new membership card, though I am getting quite a collection of the cardboard “temporary” ones. When may I expect the real thing? sincerely, member since 2000.”</i>	ONE BOX is an all-in-one welcome package designed to surprise and delight members. The package provides everything needed to get started—AARP Card, benefits guide, AARP The Magazine and the premium. The membership card and benefits guide gives members all they need to get started in their membership, and the magazine gives them a taste of what the membership is about. The premium is a small way to say “thank you.”	<ul style="list-style-type: none"> Pending financial analysis, we hope to roll out OneBox at the end of this year. Upon rollout, new members will receive everything they need to start using their membership, creating a memorable welcome moment. We anticipate less confusion around membership status as reflected in sentiment scores.
Members complain about amount of effort required to update their physical address and name on their membership, and high volume of requests to add or change secondary member information. <i>Example: “I have done this once already – the name on my card is wrong and they were supposed to send me a new card. They sent me new cards. It is still wrong.”</i>	PERSONAL INFO UPDATE extends the dual validation process for secondary members joining AARP via direct mail, alt-media and acquisition.	<ul style="list-style-type: none"> The effectiveness of a dual validation process was tested by reviewing 250 mail pieces a day, with a 50/50 split between alt-media and acquisition. A fix was put in place to correctly handle hand-written member changes to existing person accounts on alt-media and acquisition direct mail.

They also help to identify demographic shifts that may impact our segmentation strategies. These data also are used for modeling approaches for direct marketing. When aggregated with other data sources we collect, our VOC data informs us of the most frequent topics consumers reach out or talk about, as well as the sentiment, emotion, and effort connected to these topics. When combined with data attributes about our members (e.g., age, tenure, renewals, engagements), this enhanced

volume offers a more robust look into our membership base by providing a deeper understanding of how different categories of consumers feel and think. With the new capacity, we have a forward-looking and backward-looking tool; it identifies consumer experience issues and opportunities on the front end and allows us to measure the impact of fixes, improvements, on the back end.

4. MEASUREMENT, ANALYSIS AND KNOWLEDGE MANAGEMENT

4.1: Measurement, Analysis, and Improvement of Organizational Performance

4.1a: Performance Measurement

4.1a(1): Performance Measures

We select, collect, align, and integrate data and information to use in tracking daily operations and overall organizational performance through the Performance Measurement System shown in Figure 4.1-1. We track overall organizational performance through a series of scheduled reviews shown in Figure 4.1-4. A top-level Enterprise Dashboard shows a balanced set of measures along with prior performance and planned performance.

This is supported by aligned Departmental KPIs / Department Dashboards that drill down into increasing levels of detail.

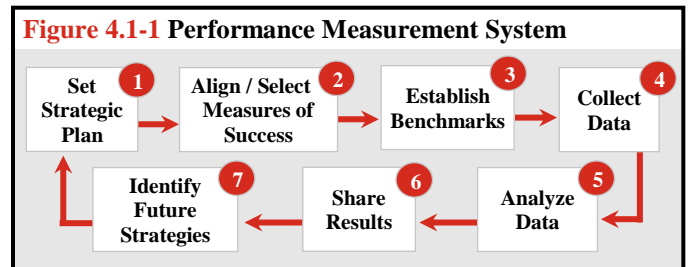
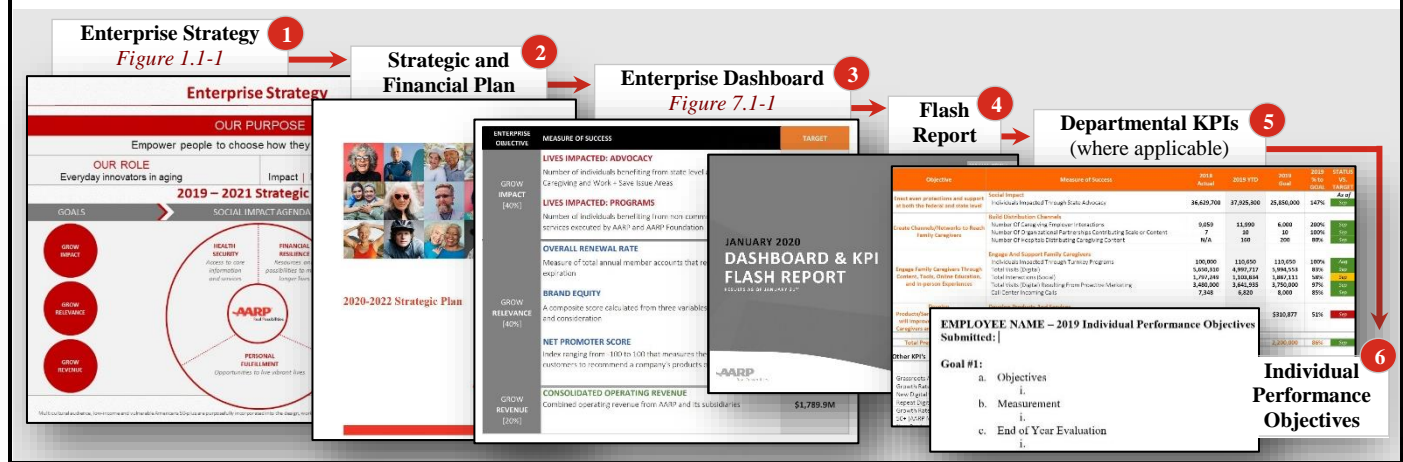


Figure 4.1-2 Performance Measurement Hierarchy



Our key performance measures can be found in Figure P.1-7, Figure 2.1-2 and 6.1a(2). Additional key measures appear in Figure 4.1-3.

In 2014, the Enterprise Dashboard had more than 20 measures and more than 75 sub-measures. In a cycle of evaluation and improvement in 2015, the CEO and COO/CFO, with the concurrence of the BoD, reduced the number of measures to provide greater focus and alignment in the organization (1.1c(2)).

In 2016, AARP engaged with a consultant to develop a risk-based approach to dashboard measurement. In this approach, each measure is assessed for the likelihood to achieve the goal. The target performance for every measure on the Dashboard has a 50-60% likelihood of achievement, thereby demonstrating AARP’s aggressive goal setting philosophy. The consultant noted at the time that they had no other non-profit client who uses their risk-based approach. (Figure 1.1-1)

Figure 4.1-3 Key Organizational Measures


Process	Requirements	Measures	Results
Operational Performance	Excellent Financial Performance	<ul style="list-style-type: none"> • Operation Revenue • Operation Budget Growth • Unrestricted Net Assets • Revenue Variance to Forecast 	<ul style="list-style-type: none"> • 7.5-1 • 7.5-2 • 7.5-3 • 7.5-5
	Instill confidence to achieve goals	<ul style="list-style-type: none"> • Confidence in Senior Leadership 	<ul style="list-style-type: none"> • 7.4-1
Innovation	<ul style="list-style-type: none"> • Enable workforce innovation • Source and Support Start-up: • Programming Support • Engagement Support • Investment Support for scaling 	<ul style="list-style-type: none"> • EFS: Innovation Index • Cumulative # Programming Phase • Cumulative # in Engagement Phase • Cumulative # Investment Phase 	<ul style="list-style-type: none"> • 7.5-12 • 7.5-10 • 7.5-10 • 7.5-10

4.1a(2): Comparative Data

When selecting comparative data, we seek data that aligns to our high performance or aspirational performance, where applicable. For instance, AARP circulates the most read publication in the country as established by the MRI, a publication industry benchmark. As one of the largest and most mature membership organizations and direct-marketer, we seek comparative data from organizations who are closest in size and direct marketing sophistication and represent best-in-class prospecting and retention rates for benchmarking efforts. We seek aggregate comparisons from non-profits to ensure we're performing well within our industry, but also select comparisons outside of this category to gain best-in-class insights to what drives a stellar experience.

In our quest to improve the member experience, we have learned that we have a relatively strong net promoter score but that leaders outside of our industry boast scores as high as +70. This inspires us to raise our performance standards.

4.1a(3): Measurement Agility

AARP demonstrates measurement agility as part of its SPP. The Senior Leaders revisit the Dashboard every year while confirming the strategic priorities. Then the Dashboard is presented to the BoD for its approval.  In 2018, Senior Leaders, with BoD approval, replaced measures that were more internally focused, such as membership growth measures, and in line with the commitment to improving member experience, added NPS and Brand Equity measures. (Figure 1.1-1) These two measures provide embedded comparisons and are more reflective of consumer perceptions and sentiment. As an advocacy organization, we operate in a volatile environment, and our priorities can pivot quickly as urgent issues arise. We are able to adjust and/or expand our performance measures to accommodate such changes. This was evidenced as AARP was involved with the defense of the Affordable Care Act, where we were able to quickly bring measures not yet on our Dashboard into focus to gauge the collective impact of our efforts.

4.1b: Performance Analysis and Review

Figure 4.1-4 illustrates our systematic performance reviews, which are used to assess the organization's performance against our strategic objectives and performance in relation to our best comparisons. Collectively, these analyses and reviews provide the organization's leaders with an ongoing assessment of key drivers to meet our strategic objectives and provide them with intelligence to make data-driven decisions as challenges and opportunities arise.

Figure 4.1-4 Performance Analysis and Review

	Frequency	Participants	Data Analyzed and Reviewed
Strategic Planning Process	Annual	E-Team, L-Team	Issue area research, external environment conditions, competitor data, historical membership performance and trends, advocacy landscape, workforce capabilities and capacity, financial performance and projections
Individual Performance Review	Annual, Quarterly	All employees	Performance against annual individual performance objectives (IPOs); each employee is required to have a bi-annual conversation with their direct manager regarding progress towards IPOs, culminating in an annual performance review tied to incentive compensation plan
Operations Review	Quarterly	E-Team	E-Team members provide progress reports to CEO, COO/CFO on strategic objectives
Dashboard Update	Quarterly	All employees	Progress, risks, opportunities against dashboard measures
Integrated Insights	Quarterly	All employees	Deep dive on drivers of awareness, consideration, customer loyalty, quality, and other brand attribute tracking, such as trust and intent to belong
Competitive Landscape Review	Quarterly	E-Team, L-Team	Comparative data of financial performance, voice of the customer, and capabilities of direct and indirect competitors
Organizational Results Update	Quarterly	BoD, CEO, COO/CFO	Results analysis, update of dashboard measures
Advocacy Update	Monthly	E-Team and key advocacy positions	Review progress on advocacy agenda at federal and state level
Dashboard and KPI Flash Report	Monthly	E-Team	Short-term dashboard measures (program participation, advocacy/legislative agenda progress, renewal rate, NPS, Brand Equity, revenue) key performance indicators (such as membership growth, contributions, grants, satisfaction, sentiment, social media engagement)
Financial Operations Report	Monthly	E-Team, L-Team	Financial performance vs. budget/forecast (current spending authority)

We use a blend of descriptive, diagnostic and predictive analyses to **ensure our conclusions are valid**. A simple example of this is how we manage our membership base. Descriptive analysis will illustrate to stakeholders what happened and often that will be followed by diagnostic analysis to convey why it happened. If action is needed to course-correct, predictive analysis will assess how to improve membership conversion among segments deemed ‘at-risk.’

These reviews are a series of sense (evaluate the performance in light of any changes in the operating environments or external forces – such as the recent COVID-19 pandemic) and respond (identify needed actions, which might include modifying existing action plans (2.2b), ceasing some activities, developing new action plans, and redeploying resources to support new higher priorities). (Figure 1.1-1)

4.1c: Performance Improvement

4.1c(1): Future Performance

Relating to our membership growth, we project future performance by taking into account historical performance and assume that recent trends will continue unless we identify internal (new product or service, or advocacy position that will impact growth) or external disruptors (economic factors or demographic changes). We use findings from performance reviews and key comparative data to inform us of emerging gaps from previous projections that may require modification of action plans (2.2b) or accelerated improvements or innovation. (4.1c(2))

4.1c(2): Continuous Improvement and Innovation

Complemented with our unparalleled knowledge of the 50-plus and ad-hoc intelligence, we leverage the ongoing analyses from Figure 4.1-4 to embed continuous improvement and innovation throughout the organization. A clear example of this is our assessment of membership growth trends, which led to our decision to focus on improving the overall member experience, revamp our loyalty program (AARP Rewards), improve our technology stack to meet current and future needs, and stand up AARP Innovation Labs. (Figure 1.1-1; 6.1d) For each of these priorities, a lead is appointed, and representatives from Business Units critical to the success of these priorities report to the lead in a matrixed fashion, with periodic updates provided to the CEO and COO/CFO or the E-Team as appropriate.

Leveraging the systematic analyses outlined in Figure 4.1-4, we identify initiatives or tactics to exploit opportunities and mitigate risks to achieving our strategic objectives and dashboard measures. These plans are presented to the CEO and COO/CFO for approval as part of our quarterly forecasting cycles or as they arise, given the urgency. When given approval to pursue an opportunity or mitigation plan, the impacted Business Unit(s) are made aware to pursue these initiatives and updates are provided to the CEO and COO/CFO or E-Team as appropriate.

4.2: Information and Knowledge Management

4.2a: Data and Information


4.2a(1): Quality

AARP verifies and ensures the quality of organizational data and information through the multiple systematic approaches shown in Figure 4.2-1.

Figure 4.2-1 Quality Assurance / Availability and Access To Data			
Properties of Data, Info and Knowledge	MANAGEMENT APPROACHES		
	Quality Assurance Mechanisms		
Accuracy and Validity	<ul style="list-style-type: none"> • Data audits and reviews • Financial reconciliation 	<ul style="list-style-type: none"> • Technology updates including: software, hardware, operating system, updates 	
Integrity and Reliability	<ul style="list-style-type: none"> • Disaster recovery planning/downtime processes • Generator back-up/Uninterrupted power supply 	<ul style="list-style-type: none"> • Database back up system 	
USERS	ACCESS AND AVAILABILITY		TYPE OF INFORMATION AND DATA
Consumers	<ul style="list-style-type: none"> • AARP Website • Consumer Care • Publications (Members) 	<ul style="list-style-type: none"> • Social Media Platforms • Direct Mail • Tele-Town Halls 	<ul style="list-style-type: none"> • Policy Stances (Elected Officials and/or Candidates) • Member Record • Events • Legislator Contacts • Legislative Activity • Educational
Workforce	<ul style="list-style-type: none"> • Navigator • InfoNet (Intranet) • Yammer • SharePoint 	<ul style="list-style-type: none"> • Tableau • AARP Map • SEERGs • CoP 	<ul style="list-style-type: none"> • Dashboard • Strategic and Financial Plan • Issue Areas & Strategic Priorities • HR Policies & Procedures • Unparalleled 50-plus Research & Insights • Media Mentions of AARP Research • AARP Public Policy • Aggregate Member Demographics • Staff Events
Suppliers, Partners, Collaborators	<ul style="list-style-type: none"> • AARP Policy Book • InfoNet • SharePoint 	<ul style="list-style-type: none"> • Periodic Meetings • Ciboodle • AMOS 	<ul style="list-style-type: none"> • Policies and Procedures • Call Guides • Relevant Research Findings • Member Data

4.2a(2): Availability

AARP’s intranet, InfoNet, is a wealth of information that is accessible by computer and mobile. This information is updated daily to make sure our employees have access to work-related and community information making it easier to share knowledge.

All employees have access to available workforce technology tools to provide them with the ability to perform their jobs where they are located. (Figure 1.1-1) Contractors are provided technological resources when appropriate.  In 2017, AARP embarked on a Workforce of the Future initiative that would allow employees to work from anywhere: moving from working at desks to sharing presentations in conference rooms to making edits and sending files on the go. This initiative enabled the workforce to quickly, seamlessly, and securely transition to a teleworking environment during COVID-19.

In addition to technology making it easier to have access to information, we have also included in our training portfolio a documentation technique called Info Mapping that focuses on simplification of policies, procedures, and communications in general to make sometimes complicated subject matter more accessible.

4.2b: Organizational Knowledge

4.2b(1): Knowledge Management

AARP has an extensive portfolio of knowledge assets that include an internal intranet accessible to all employees, several internal communications systems including social media capabilities, and curated newsletters on a variety of topics (health care, financial security, Futurecasting trends, etc.).The Knowledge Management System is depicted in Figure 4.2-2.

AARP has multiple ways to **blend and correlate data from different sources to build new knowledge**. Through the AARPx team, we have built new knowledge using our research, multiple sources of VOC ((Figure 1.1-1; Figure 3.1-1), and our relationship management processes (3.2a(1)) to add new products and services, change interaction methods, and enhance the consumer experience at all touch points.

Figure 4.2-2 Knowledge Management System

Knowledge Used By or For	Collection Methods	Deployment Methods	Organizational Learning / Knowledge Use
Workforce	Employee feedback surveys, focus groups, staff meetings, After Action Reviews, Strategic Engagement Employee Resource Groups (SEERG), Communities of Practice (CoP)	Management Memos and meetings, staff meetings, InfoNet, Yammer, email, SEERGs, CoP	Workforce engagement, talent development, process design and optimization
Customers	Focus groups, surveys, listening methods, aggregate membership and prospect, third-party data	Staff meetings, InfoNet, Tableau, AARP Map	Identification of consumer wants and needs; develop or enhance programs, products, or services, gauge satisfaction, strategic planning
Other Stakeholders	Internal/external research, conferences	AARP Policy Book, publications	Innovative policy solutions
Identifying & Implementing Best Practices	Conference attendance, association memberships, third-party benchmarking, external publications	InfoNet, leadership and staff meetings, AARP Library curated resources	Optimization and continuous improvement
Strategic Planning and Innovation	1:1 meetings, stakeholder feedback, internal/external research, STEEP analysis	Leadership and staff meetings, InfoNet, email	Dashboard, key outcomes and measures

4.2b(2): Best Practices

AARP shares best practices through the work of departments and our employee-led communities of practice (CoP). To ensure process compliance, consistency and effectiveness, we identify internal and external high performing organizations for benchmarking purposes through our Internal Audit and Business Optimization functions among others. CoP create forums for employees across the enterprise to discuss common challenges and share solutions. As an example, our Administrative Professionals (AP) CoP has adopted the standards and practices of the International Association of Administrative Professionals. AP CoP programming is focused on developing consistency and quality across AARP’s administrative practices and encouraging our administrative professionals to earn certifications. AARP has a systematic process where a “promising” practice can become a “best practice” when there is evidence that the practice is effective

and efficient. When they are effective, efficient, replicable, easily implemented, and cost-effective, they exemplify the highest standard in quality to help organizations like AARP achieve their goals. AARP has established a recognition program to encourage Community, State, and National (CSN) staff and volunteers to submit promising practices with a high potential for success based on preliminary results. (See also, “Test & Learn” in 6.1d)

AARP has multiple means by which external best practices are brought inside. E-Team members’ participation in the Baldrige Fellows Program is one example of looking across industries to identify and adapt best practices from high-performing organizations. Another example of an external best practice being adopted is when we identified that one of our HR business partners was effectively using the Jay Galbraith “Star” model for organizational design. We have since adopted this model for AARP.

4.2b(3): Organizational Learning

AARP has many ways it actively generates information and shares knowledge for organizational learning. AARP leaders regularly speak at SEERG and CoP meetings and other forums such as E-Team Live.

In alignment with our core competency of unparalleled knowledge of people 50 and older (Research Center/data analysis), AARP employees have access to an extensive AARP Library. This resource aims to deliver and leverage actionable and targeted research insights from the most relevant secondary and syndicated research resources so that we can make the best strategic and well-informed business decisions for AARP, our consumer, and the 50-plus population.

Our Research Center provides expertise in consulting services, corporate due diligence on potential partners and providers, vetting of individuals, secondary research and insights, syndicated research analyses, collection development and preservation, and topical news monitoring with customized news and research.

Another way we build organizational learning is tracking the impact of publications released by our Research Center, using a tool that tracks when our reports are featured on media or social media. The learnings from this tool equip us to measure of the effectiveness of our outreach efforts, indicate the influence and impact of our research, and are used as a driver for future research directions.

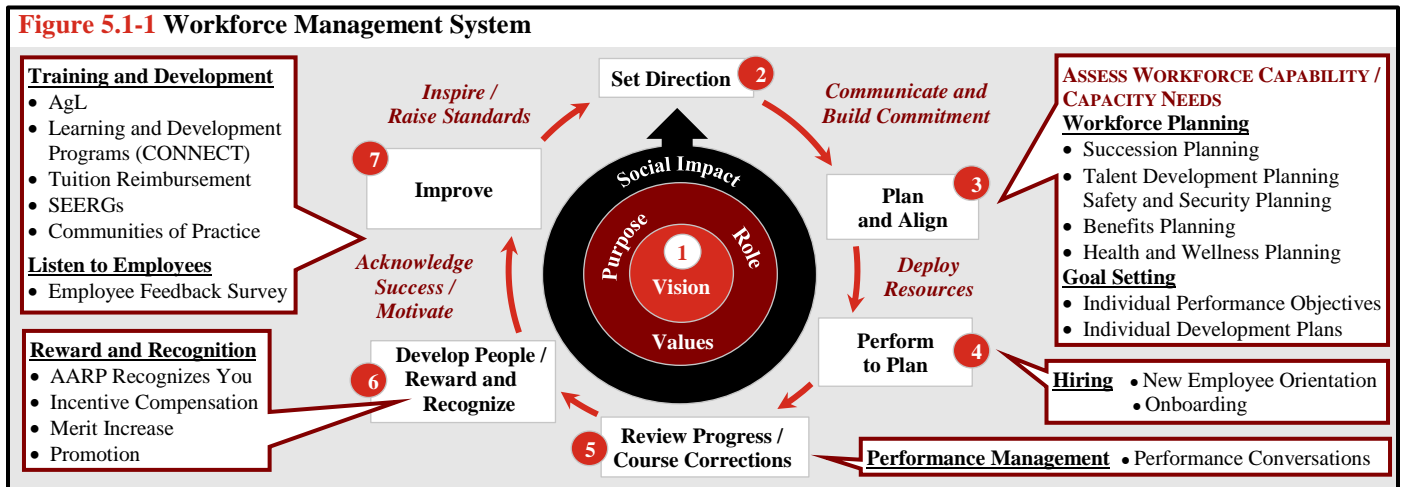
5. WORKFORCE

5.1: Workforce Environment

5.1a: Workforce Capability and Capacity

Our people strategy addresses the workforce, structure, and systems needed to align to our organization’s purpose and values. To enhance the employee experience, tailor benefits to the needs of our diverse workforce, and mitigate workforce risk, we continuously review employee feedback, industry trends, state and federal policy and regulations. Figure 5.1-1 illustrates how we align our Workforce Management and Leadership Systems.

Some of our major people initiatives for 2020 focus on building a supportive and effective workforce. (Figure 2.1-2) Our policies and processes apply to all employees, whether they are in a state office or headquarters. In 2019, we conducted an extensive review of employee policies and guidelines, made improvements to our talent acquisition experience through automation initiatives to make our systems more accessible, reviewed and improved our onboarding process, and made improvements to our development and growth opportunities.



5.1a (1): Capability and Capacity Needs

AARP takes a multilevel approach to assessment of workforce capability and capacity. As our organization anticipates and responds to changes in the competitive landscape (changing market forces, consumer demands, and digital capabilities), we assess capability and capacity needs at both an enterprise and Business Unit level. Our enterprise level assessment is a driving force behind our current investment in building technology capabilities and infrastructure, and an operating model that creates a memorable consumer experience that leads to strong consumer loyalty. (Figure 1.1-1)

AARP reviews workforce capability and capacity needs on a continuous basis to ensure the alignment of skills and staffing

levels to our enterprise strategy. The triggers for these reviews include:

- New strategic goals and outcomes—especially ones that require realignment of resources
- Development of new capabilities
- New processes and requirements for integration are required, especially across Business Units
- Business Unit level performance is deficient in one or more key areas (e.g., meeting goals, internal client satisfaction)
- Major shifts in resources (financial and/or people)
- Introduction of new software or technology that impact system-wide functions/capabilities, departmental roles and processes

A recent example includes the transition of Information Technology Services (ITS) from a functionally-based organization to a “product team” model, with the overall objective of transitioning from a software feature completion focus to a business outcome focus. ITS followed our six-step approach to guide the transition: (1) Research and benchmarking; (2) Guiding principles; (3) Conceptual model development (4) Gap analysis (5) Strategy development; and (6) Execution with regular monitoring. This effort began in February 2019 and is currently in the execution with regular monitoring phase.

Capacity is continuously assessed by the COO/CFO through monthly Workforce Flash Reports. As needed, unfilled positions are re-deployed to address capacity gaps. Incremental headcount requests must be approved by the CEO and COO/CFO.

5.1.a(2) New Workforce Members


To address the strategic challenge of attracting and retaining talent in high demand roles, AARP has a robust program to develop and manage the AARP employer brand. This includes a careers portal on AARP’s website, newsletter, various social media platforms (LinkedIn, Facebook, Twitter) and managing perception of AARP on crowdsourced organization reputation platforms (e.g., Indeed, Kununu, Glassdoor, and others). This provides a strategic advantage in becoming an employer of choice and having a ready pipeline of top talent pre-screened for fit with AARP.




A 2016 innovation was the development of our Talent Community portal, which now has over 110,000 members. Our Talent Community is a group of potential employees who have expressed an interest in a career at AARP and have signed up to stay informed about opportunities and AARP career news. The Talent Community provides a continual resource pool from which to **recruit**. We can review skills and communicate directly with members about job opportunities.

AARP’s **hiring** process ensures all job seekers are evaluated in a fair and consistent manner. Managers have access to numerous resources that outline the talent acquisition process for open positions. To ensure that AARP and its affiliates deploy a consistent talent acquisition process in compliance with AARP guidelines, we mandate that any employee who is involved in interviewing must complete a structured interviewing course to ensure standards and compliance are adhered to.

AARP’s **onboarding** process aims to dramatically improve the performance, fit, and readiness of every person who takes on a new role in our organization. The faster new hires feel welcome and prepared for their jobs, the faster they will be able to contribute successfully to achieving AARP’s strategic vision and purpose.

We know from employee feedback and industry research that the onboarding process impacts the employee experience and engagement.  To improve how new hires experience their AARP career journey, we launched the New Employee Welcome Bridge in 2016. The Bridge provides easy access to information on AARP’s history, culture, leaders, and spirit of innovation. Through quick links, short videos, and live news, new hires get a sneak peek into life at AARP and an overview of what to expect in their first year.

The onboarding experience continues with our orientation program at AARP. New Employee Orientation (NEO) aims to reduce time to performance for new hires. It also balances instructor-led training with just-in-time resources, is personalized to employee needs, and warmly welcomes them to the AARP community.  To achieve this, every 2-3 years we review and update NEO.



In 2019, feedback on the program was collected through a survey administered to 60 recent new hires, interviews with internal HR leaders, a literature review for best practices, and a trend analysis of AARP hiring data over 40 months. Next, a brainstorming session with instructors helped analyze patterns in the data and determine the major changes to implement. While the feedback was very positive, the insights resulted in the following changes: (1) improve the experience for remote participants; (2) connect new hires to their manager and teams sooner and; (3) prioritize only the content that is necessary for a staff member’s first day. The updated NEO launched at the beginning of 2020. Over the year, we will collect feedback to ensure the changes have been effective.

5.1a(3) Workforce Change Management

Our Senior Leaders prepare the workforce for changing capability and capacity needs through talent development programs (5.2c(2)), communications (1.1b), including our 2019 All-Staff Summit, and our Workforce of the Future program.

In support of AARP’s commitment to allocate as many resources as possible to our social mission, we have a stringent headcount management process led by the COO/CFO (5.1a(1)). In 2015, a voluntary separation program was initiated to create capacity for new and expanded capabilities, such as Enterprise Innovation, AARPx and Business Optimization. (Figure 1.1-1) Workforce reductions are minimized through strategic outsourcing, the use of contractors and incremental headcount approvals based on sustained progress and/or demand.

AARP has guidelines for implementing organizational structure changes. In the event that the reorganization requires staff separation, AARP has several organizational policies that are consistently administered to ensure AARP’s value of *Humanity* is upheld.

5.1a(4) Work Accomplishment

To be as agile as possible and meet the needs of our consumers, we organize and manage our workforce in several ways:

- A traditional functional structure known as Business Units. These Business Units manage people who do similar tasks and are organized by their specialty. Business Units are clustered into larger groups that align toward a shared purpose (Communications, state engagement, etc.) Our **core competencies** of Research, Communication and Marketing, and Advocacy are organized in this way to optimize on quick decision-making and continuous development of specialist knowledge.
- A divisional structure where AARP employees are organized and managed based on geographical location. Our state office network allows us to best meet the needs of our local communities and members. This structure allows for flexibility and quick response to environmental changes. It also enhances innovation and differentiation strategies in our advocacy agenda based on local needs.
- A matrix structure where we organize workforce resources on a particular Issue Area or Strategic Priority. This structure allows us to organize and manage our workforce on important business priorities. These teams are created when cross-functional integration is essential to success. AARP consistently monitors the teams and has been through several cycles of reviewing the work of the issue teams for relevancy and taking action to off-board teams and onboard others. (5.1a(3))

To fulfill our purpose, we also hire contingent labor. AARP's contingent workforce is an important element of our workforce strategy as it provides us with additional agility and flexibility to ensure achievement of our strategic objectives.

There is a rigorous application, review, and selection process for the State President role with the State Director making the final determination. There is also a formal onboarding and orientation process, defined roles and responsibilities, and state-specific training. A detailed Executive Council Member Position Description as well as a Frequently Asked Questions document provide structure to this volunteer leadership body.

We organize our workforce to **exceed performance expectations** by creating incentives to exceed those expectations. The Enterprise Dashboard has performance targets for each measure (4.1a(1)) and, in addition to the target, dashboard goals are assigned levels of performance that link to incentive compensation. When dashboard goals are exceeded, all employees receive additional incentive compensation. On an individual level, employees are supported in exceeding expectations through clear definitions in the employee review process (Figure 5.1-1) and performance incentives, such as “AARP Recognizes You” and the Performance Plus Bonus Program (5.2.c(1)).

5.1.b Workforce Climate

5.1b(1) Workforce Environment

As part of our commitment to workplace health, AARP offers several programs to assist employees in maintaining a healthy lifestyle. At the end of 2018, both a new onsite clinic and fitness center opened as part of our headquarters renovation. (Figure 1.1-1) We also launched the AARP Health Hub Wellness Portal, which offers employees the opportunity to participate in health and wellness programs and fitness challenges. The clinic operates from 8:30am-4:30pm Monday through Friday. Clinic services are provided by Johns Hopkins Medicine, which staffs the space with a Physician Assistant and medical assistant. The Clinic serves as an “on-site” supplement to our employees’ medical provider’s office. It is confidential and free to AARP employees.

Figure 5.1-2 Health, Security and Accessibility

Program	Details	Performance Measures	Goals	Result
Workforce Health	On-site Clinic (opened December 2018)	Utilization Penetration Rate	60%	7.3-10a
	On-site Fitness Center (opened December 2018)	Customer Satisfaction	80%	7.3-9
		Active Population	25%	7.3-10
Workforce Security	Usage of LiveSafe Application	Employee Adoption Rate	80% by 2023	7.1-31
	Workplace Violence annual training (mandatory)	Training Completion Rate	100%	7.1-32
	Preventing Workplace Harassment (mandatory)	Training Completion Rate	100%	7.1-33
Workforce Accessibility				

5.1.b(1) Workforce Benefits & Policies AARP has an extensive array of workforce benefits, as shown in Figure 5.1-3. Many can be tailored to meet the needs of our diverse workforce and different workforce groups and segments. As AARP identifies issues associated with aging, we try to ensure that we provide the same support to our workforce as we do to our consumers. For example, the toll on caregivers has been acknowledged to be significant. We provide Employee Caregiving Resources and generous caregiving leave.

Employees view AARP benefits as a significant positive contributor to attracting and retaining our talented workforce. Part-time employees must work 21 hours per week to be eligible for benefits.



We have a systematic cycle of review, assessment, and evaluation of our benefits to ensure we are meeting the needs of our diverse workforce and different workforce groups and segments.

Figure 5.1-3 Workforce Benefits – Services

AARP Programs	Wellness Programs	Discount Programs	Banking	Medical and Other Plans	Other Benefits	Policies
AARP Employee Caregiving Resources, AARP Recognizes You!, Adoption Assistance, Back-Up Care, Employee Assistance Program, Employee Crisis Fund, Income Protection, Lactation, Milk Stork, Staying Sharp, Tuition Assistance, UnitedHealthcare’s Solutions for Caregivers, Vacation Donation Program	Onsite Health Clinic, Onsite Fitness Center, Fitness Credit, Managing Cancer at Work, Corporate Fitness Strategic Engagement Employee Resource Group (SEERG), Weight Watchers at Work (meetings held on site), Wellness Blog Tobacco Cessation Program, Flu Shot Clinics	Computing, Parking & Transit, Legal Services, UBS Car Buying Service, Working Advantage, Wireless Services, Microsoft Employee Purchase Program	Bank of America, EP Federal Credit Union, Library of Congress Credit Union	Health insurance, Prescriptions, Dental, Vision, Transgender coverage, Life Insurance, Accidental Death and Personal Loss, Business Travel Insurance, Health & Dependent Care FSAs, 401(k) Savings Plan	Phased Retirement Program, Pension	Administrative Leave, Bereavement Leave, Caregiving Leave, Community Builders Program, Court Duty, Disability Leave, Family & Medical Leave, Holiday Leave, Influenza – Seasonal and Pandemic, Military Leave, Parental Leave, Renewal Program, Sick and Safe Leave, Vacation Leave

We have a Benefits Committee that convenes 3 to 4 times per year. This group includes representatives from across our organization. The committee plays an important role in supporting HR in the review and benchmarking of our overall portfolio of offerings.

We align our benefits philosophy with AARP’s goal to serve people with what they need based on life stages. We have extended our Parental Leave having obtained feedback that we could do better in supporting this life stage, and that AARP’s offerings were not as competitive as other leading employers. We doubled our paid parental leave from three to six weeks and it also now applies to fostering and adoptive parents. Another life event AARP feels very passionate about is the area of caregiving, so AARP offers employees a variety of resources designed to assist them with their caregiving needs. AARP provides free onsite health and well-being assessments as well as case management and decision-making support services. AARP also offers two weeks of caregiving leave as well as emergency back-up care for both children and older adults when their regularly scheduled care is unavailable.

AARP offers free membership to One Medical, a membership-based primary care platform with seamless digital health and in-office care that provides a patient-centered approach. AARP recently implemented a third-party cancer support program designed to assist employees and families dealing with a cancer diagnosis. The program offers one-on-one consultations with a nurse to assist in navigating care.

AARP also allows employees to donate their vacation time to a program that offers paid leave to those who are on leave to care for a family member.

AARP offers a fully funded defined-benefit pension plan and 401(k) plan with a contribution match. The 401(k) plan also contains a Roth contribution feature which provide greater economic flexibility in retirement years. The employer matching contribution will be an amount equal to 100% of employee total contributions up to 3% of their compensation, plus 50% of total contributions on the next 2% of compensation. The employer matching contribution will be invested in an employee’s 401(k) account based on their investment elections.

AARP offers a robust tuition assistance program, a free credit and identity theft protection program, a legal insurance benefit option and an employee crisis fund where employees can contribute to a fund designed to assist colleagues who have

experienced a financial hardship. AARP also offers a robust retiree health plan to eligible employees both before and after age 65. AARP offers a traditional non-contributory pension that is open to all new hires who meet certain eligibility requirements such as the completion of five years of credited service.

AARP’s Renewal Program offers eligible employees a time away from work – four weeks – to disconnect from the demands and responsibilities of the workplace. To be eligible, an employee must be in good standing and have completed at least seven consecutive years with AARP.

To make it easier to access information about their compensation and benefits and enhance the employee experience, AARP introduced MyPossibilities information platform in February 2019. Since then 96% of employees have accessed the site, or 153 employees per day.

5.2 Workforce Engagement

5.2a: Assessment of Workforce Engagement

5.2a (1): Drivers of Engagement

The drivers of employee engagement are determined by our survey vendor through a regression analysis of the factors that most strongly correlate with the statement, “My job makes me feel like I am part of something meaningful.” These drivers of engagement are shown in Figure P.1-4. They are further validated through our *Best Places to Work* survey and employee focus groups.


In response to a desire for more engagement opportunities, we introduced employee-led Communities of Practice (CoP) in 2018. Our four CoPs focus on knowledge sharing and skill building in project management, analytics, administrative support and consumer technology innovation. CoPs expand the opportunities already afforded by our Strategic Engagement Employee Resource Groups (SEERGs). SEERGs encourage AARP staff engagement, empowerment, and optimization of our diversity and individuality towards AARP’s work, vision and social mission.

AARP’s eleven SEERGs include Adelante (Hispanic/Latino), Green, Disaster Management, Millennial, AsiAm (Asian-American), Black Caucus, Caregiving, Corporate Fitness, Emerging Leaders, PRiSM (LGBT & Allies), and Women’s.

5.2a (2): Assessment of Engagement

Annually, AARP conducts an enterprise-wide survey to measure progress in employee engagement. We have formulated AARP's survey that includes benchmarked statements as well as AARP custom statements. In addition, we conduct an annual Volunteer Opinion Survey to learn what motivates people to volunteer for AARP, their opinions about their volunteer programs, and their level of satisfaction and engagement.

5.2b: Organizational Culture

AARP has five values that were implicitly embodied by our founder, Dr. Ethel Percy Andrus, and have been part of our organizational DNA for 60 years.  In 2017 these values were articulated in a fresh way and now explicitly shape our strategy for how we serve our members and the 50-plus, guide how we partner with other organizations, influence how we relate to our workforce, and inform the way employees work together.

We **reinforce our organizational culture** through intentional discussion at NEO and repeated reminders and postings of our Vision and Values. Five videos were produced in-house that showed leadership and employees spontaneously and movingly reacting to stories about how AARP is living out its values and making a difference in people's lives every day. Reward and recognition approaches and the stories that Senior Leaders tell also reinforce our culture.

We know that we **benefit from the diverse ideas, cultures, and thinking** of our workforce through our inclusive culture that begins with our recruiting and hiring practices, our employee-led SEERGs and CoPs (5.2a(1)), and our intentional development of cross-functional teams. In 2019, AARP recognized an opportunity to build on its diversity and inclusion strengths by aligning its many initiatives under an overarching diversity and inclusion strategy that more effectively drives the business outcomes we seek. A Diversity and Inclusion Council will launch in 2020 to establish a unified AARP D&I strategy across the enterprise that encompasses our workforce, consumers, and partners.

We **empower** our workforce by ensuring they have the skills, systems, modernized workspaces and tools needed to do their jobs at the highest level of functioning.

5.2.c(1): Performance Management

Our performance management system supports high performance through processes and practices that align to our SPP and Leadership System as shown in Figure 5.1-1.

The cycle begins in January/February with the development of Individual Performance Objectives (IPOs) that cascade from the Enterprise Strategy Map and Dashboard (Figure 4.1-2), and Individual Development Plans (IDPs). IDPs help employees develop in areas that will enable them to achieve their IPOs and succeed in their current role. They are also helpful in identifying challenging developmental assignments to help employees grow.

IPOs are entered and approved in our people management system (Navigator) and are reviewed quarterly through 1:1 performance development conversations between managers and their direct reports. Management Memos communicate the process and timing for all performance conversations, including the Mid-Year Performance Conversation and Year-End Review Conversation.

We provide options to reward and incentivize high performance through programs such as:

- “AARP Recognizes You”: Current employees receive 100 recognition points per year to recognize colleagues. People managers and receive a total of 325 recognition points per year. Each point has a value of one dollar.
- The Performance Plus Bonus Program is a discretionary component in AARP's pay-for-performance plan that recognizes extraordinary employee performance, ideas, effort, and contributions that would not be specifically rewarded through our annual merit increase and incentive pay programs. The Performance Plus Bonus award range is \$500 up to 5 percent of an employee's base salary (excluding overtime and any premium pay) at the time of payout.

We **reinforce intelligent risk taking** by including Decision Quality as one of our leadership competencies (5.2c(2)). We provide significant in-person and virtual training on Decision Quality, including a CONNECT series, and potential new hires are evaluated on their Decision Quality attributes.

We **build a consumer focus** through Design Thinking training offered through the AARP Innovation Labs. (Figure 1.1-1; 2.1a(2); Figure 6.1-5)


The Performance Management cycle culminates in the end-of-year review when employees document their self-assessments. Managers consider performance feedback from their direct reports' peers when preparing their year-end manager assessment and determining a performance rating. AARP adopts a five-point performance rating system that evaluates an employee's performance relative to their IPOs (“What”) and their behaviors (“How”). Calibration sessions are conducted to generate fair and consistent performance assessments, controlling for variations in expectations from one manager to another.

5.2c(2): Performance Development

To make sure we have the right skills at the right time in critical capability areas, AARP has a dedicated talent development team who works to offer development opportunities such as:

- Executive Coaching
- Career Development Program
- Leadership Development Programs
- AARP's Learning Management System
- Tuition Reimbursement (\$8,000 annually for tuition and other eligible expenses).

Our development portfolio builds a set of organizational competencies in support of our Enterprise Strategy.

 In 2016, the L-Team identified mission-critical leadership competencies based on the future needs of the enterprise in our transformation journey. Their input shaped a robust foundation of leadership competencies that we use for talent practices, including recruitment and development.

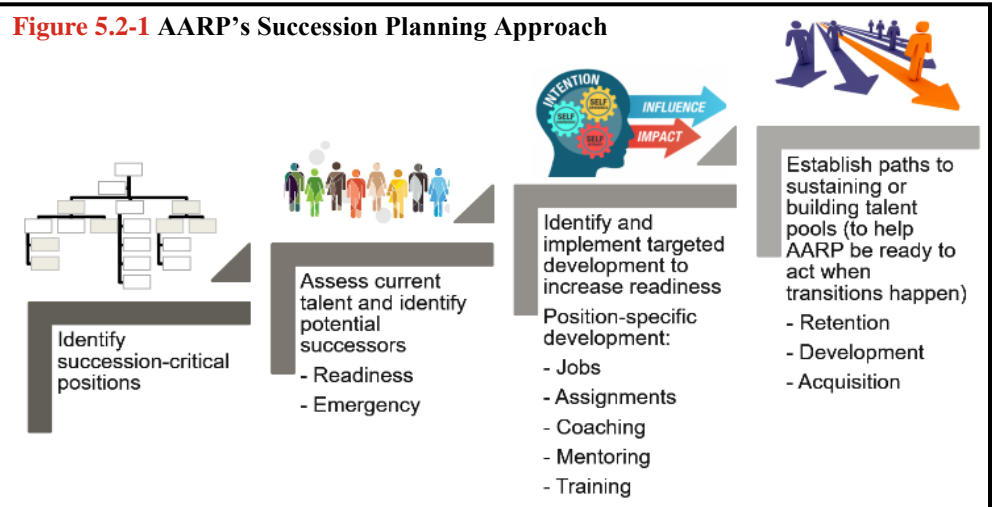
A critical aspect of the employee experience is the portfolio of learning programs developed and offered by HR. One of the many ways AARP invests in the development of its leaders is AgL, our highly successful executive leadership program conducted in partnership with Georgetown University. (Figure 1.1-1) It was designed to develop the mission-critical competencies identified in 2016. The sixth cohort of AgL participants completed the program in October 2019, and planning for a seventh cohort is underway.

Our CONNECT program builds excellence in AARP leadership competencies through an intensive learning experience with small cohort groups. The program combines instructor-led workshops, self-paced e-learning, networking and on-the-job learning assignments. CONNECT offerings includes Decision Quality, Situational Adaptability, and Collaboration, critical competencies today and in the future. The Talent Development team employs a systematic approach to engaging the workforce in curriculum design, testing and refinement.

5.2c(3): Learning and Development Effectiveness

AARP evaluates the effectiveness and efficiency of our learning and development system through the five-level Kirkpatrick model. For example, a unique feature of the AgL program (Figure 1.1-1; 5.2c(2)) is its support of learning projects that have tangible business impacts. The program generates concepts that translate into key strategic and operational improvements and opportunities across AARP. After the teams present their final projects, executive

leadership, Issue Areas, Strategic Priorities, and other leadership may decide to pursue a concept or incorporate insights from them. For example, an AgL project team examined a potential opportunity for AARP to reach individuals more efficiently and valuably through delivering key information on Medicare to consumers as they approach eligibility age. From their concept, the CEO chartered a small-scale pilot project to learn how we might put this targeted approach in practice as well as gather insights on how valuable it might be for individuals and AARP.



5.2c(4): Career Development

AARP manages career development for our workforce and our future leaders through systematic processes that include documented career paths aligned with position descriptions and career path matrices. We also include discussions with employees as part of the performance management process (5.2c(1)) to encourage them to identify developmental actions in support of their career goals, including additional education, job shadowing, mentoring, or special assignments.

Succession planning for critical positions, as shown in Figure 5.2-1 and also described in 1.1c(1) is conducted bi-annually.

6. OPERATIONS

6.1: Work Processes

6.1a: Product and Process Design

6.1a(1): Determination of Product and Process Requirements

We determine key product and work process requirements through extensive research, our VOC techniques (Figure 3.1-1), knowledge of relevant regulatory requirements, and input from our workforce and other stakeholders.

6.1a(2): Key Work Processes

Our key work processes and their key requirements are shown in Figures 6.1-1 and 6.1-2.

Figure 6.1-1 Social Impact Work System

Key Work Process	Requirements	Measures	Results
Advocacy	<ul style="list-style-type: none"> State-based legislative intelligence and influence Activist network 	<ul style="list-style-type: none"> Lives Impacted: Advocacy (state & local level currently) Enactment of legislation (e.g. CARE Act) Active Donors for Advocacy Social Impact Engagers 	<ul style="list-style-type: none"> 7.1-1, -2, -4, -6 7.1-5 7.2-10 7.2-12
Education and Programs	<ul style="list-style-type: none"> High quality content / curriculum Consumer access 	<ul style="list-style-type: none"> Lives Impacted: Programs 	<ul style="list-style-type: none"> 7.1-3, 7.1-7

Figure 6.1-2 Member Engagement Work System

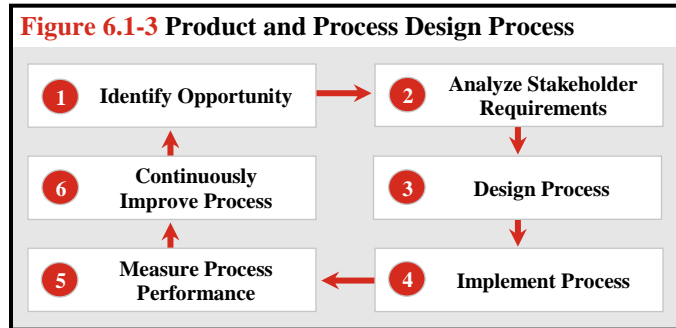
Key Work Process	Requirements	Measures	Results
Membership Management	Ability to track and segment by: <ul style="list-style-type: none"> • First-time renewal • Repeat renewal • Auto renewal 	<ul style="list-style-type: none"> • Membership Growth • Overall Renewal Rate • Repeat Renewal Rate • First-Term Renewal Rate • AutoRenew Subscribers • Net Promoter Score (NPS) • Brand Equity • Membership Growth 	<ul style="list-style-type: none"> • 7.5-7, 7.5-8 • 7.2-1 • 7.2-2 • 7.2-3 • 7.2-13 • 7.2-5 to 7.2-7 • 7.2-4 • 7.5-8
Consumer Care	<ul style="list-style-type: none"> • Satisfaction • Availability • Responsiveness 	<ul style="list-style-type: none"> • Customer Satisfaction (CSAT) • Balanced Scorecard Results 	<ul style="list-style-type: none"> • 7.2-8 • 7.1-17

6.1a(3): Design Concepts

Leveraging our unparalleled knowledge of the 50-plus, we design our products and work processes using the approach shown in Figure 6.1-3. **Step 1** Opportunities may be identified during the Strategic Planning Process, as feedback from stakeholders (6.1a(1)), a new compliance requirement, or something that arises from new technology capabilities. **Step 2** Stakeholder requirements are analyzed. **Step 3** A process owner is assigned and a matrix team (cross-functional) is assigned the task of designing work processes with process steps, measures, and service level standards. **Step 4** A process is implemented through documentation, communication, and training. **Step 5** A new process is monitored for efficiency and effectiveness through monitoring of the associated measures during regularly scheduled reviews. (Figure 4.1-4) **Step 6** Continuous improvement is baked into the Design Process and described more fully in 6.1b(3).

Similar to new *process* design, new *product* design follows the same methodology but typically involves collaboration with external vendors/providers to develop member benefits.

New technology may be incorporated in either the design or implementation steps (3, 4). **Organizational knowledge, product excellence, and customer value** are brought together by the expertise of the matrix team, use of knowledge assets (Figure 4.2-2), and access to extensive research. **Consideration of risk** is managed through the ERM framework ((Figure 1.1-1; Figure 6.1-6). The **potential need for agility** is considered when the opportunity is first identified and then vetted against the stakeholder requirements.



6.1b: Process Management and Improvement

6.1b(1): Process Implementation

Our day-to-day operation of work processes ensures that they meet key process requirements by monitoring the measures that were identified during the design process. For example, the Advocacy Process begins with (1) Establish social impact agenda during 3-year Strategic Plan; (2) Develop public policy position(s) on key issues for the 50-plus; (3) Assess political landscape across Federal, State, and Local levels. At that point, campaigns are developed and executed on the three levels. Example measures include:

- Enactment of legislation
- Number of calls, emails, engagements, or signed petitions
- Lives impacted: advocacy

Our membership renewals team has mechanisms to project our performance against renewal rate targets. For example, the team uses response rate as an in-process indicator of overall renewal rate. Using that measure, we are able to adjust our contact strategies accordingly. Customer Satisfaction, first call resolution and average handling time are example of measures we use to evaluate end-product quality.

6.1b(2): Support Processes

AARP determines its key support processes as part of the SPP. Essentially, they are the internal processes that enable us to accomplish our key work processes in an efficient and effective manner. (Figure 6.1-4)

Figure 6.1-4 Key Support Processes


Key Support Process	Requirements	Measures	Results
Print Center – Publications and Mail	<ul style="list-style-type: none"> • Deliver quality print projects on time • Generate print/production cost savings • Expand Readership • Effective management of critical vendors 	<ul style="list-style-type: none"> • Internal Customer Satisfaction • Magazine Readership 	<ul style="list-style-type: none"> • 7.1-10 • 7.1-37 (redacted) • 7.1-38 • 7.1-11 (redacted) • 7.2-9
Treasury Operations Center (TOC) – membership & advocacy payment processing	<ul style="list-style-type: none"> • Process membership and advocacy transactions efficiently and accurately • Minimize lockbox operational costs 		<ul style="list-style-type: none"> • 7.1-12 (redacted) • 7.1-13 (redacted) • 7.1-14 (redacted) • 7.1-15 (redacted) • 7.1-16 (redacted)
Procurement	<ul style="list-style-type: none"> • Generate cost savings or avoid unnecessary costs • Diversify supplier base • Increase spend with diverse suppliers 	<ul style="list-style-type: none"> • Supplier Diversity (% of eligible spend) • Supplier Diversity Spend (\$) • Diverse Suppliers (#) 	<ul style="list-style-type: none"> • 7.1-34 (redacted) • 7.1-35 • 7.1-36
Information Technology Services (ITS)	<ul style="list-style-type: none"> • Ensure critical system availability • Resolve incident/service requests quickly and effectively 	<ul style="list-style-type: none"> • Critical System Availability • Mean Time to Repair (MTTR) • IT Help Desk CSAT • First Contact Resolution (FCR) 	<ul style="list-style-type: none"> • 7.1-21 • 7.1-18 • 7.1-19 • 7.1-20
Research Center	<ul style="list-style-type: none"> • Efficient use of resources • “One Study, Many Needs” • Project Prioritization 		<ul style="list-style-type: none"> • 7.1-25 • 7.1-26 • 7.1-27 (redacted) • 7.1-28 (redacted)
Human Resources (HR)	<ul style="list-style-type: none"> • Efficient effective acquisition of required human capital 	<ul style="list-style-type: none"> • Positions Filled • Recruiter Productivity 	<ul style="list-style-type: none"> • 7.1-23 • 7.1-24

6.1b(3) Product and Process Improvement

AARP’s integrated Performance Improvement System, shown in Figure P.2-2, ensures both strategic and tactical improvements in our products and processes. AARP applies a systematic approach to performance improvement that encompasses multiple tools and techniques, some of which are shown in Figure 6.1-5. Some of these same tools are also used to reduce variability in our work processes. Performance improvement opportunities are identified through a variety of channels, including a variety of performance review meetings and reports. (Figure 4.1-4) For example, through information shared during the competitive landscape and the integrated insights reviews, an opportunity to revamp our Rewards program was identified. The new program now includes an opportunity to earn points for social mission activities and the catalog was streamlined to provide more value to users.

Figure 6.1-5 Performance Improvement Processes

Focus Area	Processes
Consumer Innovation	<ul style="list-style-type: none"> • Design Thinking • Journey Mapping • Test & Learn
Performance Improvement Tools	<ul style="list-style-type: none"> • Performance Reviews (Figure 4.1-4) • After Action Review (AAR) • Annual Audit Plan Aligned with ERM • Cause & Effect Diagrams • 5 Why’s • Value Stream Mapping • SIPOC • Pareto Chart • Hypothesis Testing

 In 2015, our evaluation of over two dozen AARP-owned, consumer-facing communication channels revealed inconsistent brand messaging and tone. To improve process effectiveness, we launched our “One Voice” initiative that assured brand consistency across channels, including the creation of our “Voice Hub” on InfoNet. Resources such as brand standards, editorial style guides, graphic and image guidelines and talking points are deployed to all staff through Senior Leader communications, staff presentations and InfoNet communications. Communication Strategy Directors support “One Voice” through enterprise-wide processes for communication planning and coordination. This is further reinforced by our Brand Equity measure on the Dashboard, which has improved. (Figure 7.2-4)

The systematic use of an After Action Review with a related SharePoint repository builds organizational learning and continuous improvement. The Business Optimization team is deployed to address complex, enterprise-wide performance issues using a structured approach. For consumer-facing products, services and experiences, AARP uses design-thinking principles, journey mapping and/or test and learn approaches.

Another proactive approach to address improvement is through the ERM framework for identifying, prioritizing, managing, and monitoring the critical risks that drive the enterprise strategy and mitigation plans.

6.1c: Supply-Network Management

AARP’s systematic process to manage its supply chain begins with a due diligence assessment to validate supplier qualifications and ensure alignment with our values and adherence to all legal and ethical requirements. The procurement process includes Requests For Proposals (RFPs)

and a requirement for competitive bidding for any spend anticipated to be more than XYZ. AARP seeks to select the supplier that offers the best value, which is most often the combination of quality, cost, and time to deliver (right capabilities, right price, right time / on time). The final decision for the selection of the supplier is determined by the primary Business Unit owner. A detailed Procurement Policy includes these as well as other requirements.

AARP also has a robust Supplier Diversity Program that is heavily promoted among potential vendors. Historically, we have attributed more than 17% of eligible spend with small and diverse vendors. We also provide accelerated payment terms for our small and diverse supply base to help fund growth and job creation.

Execution of our key processes often requires coordination and collaboration among our many vendors. At the time of onboarding, AARP educates the vendors as to how they fit into a holistic ecosystem using established and documented SOPs, defines SLAs that are in alignment with process expectations, and promotes ongoing communication between vendors. If major issues arise, AARP takes ownership of facilitating an agreeable resolution.

We also have a documented change order process that enables us to meet changing business needs and requirements.

6.1d: Innovation Management

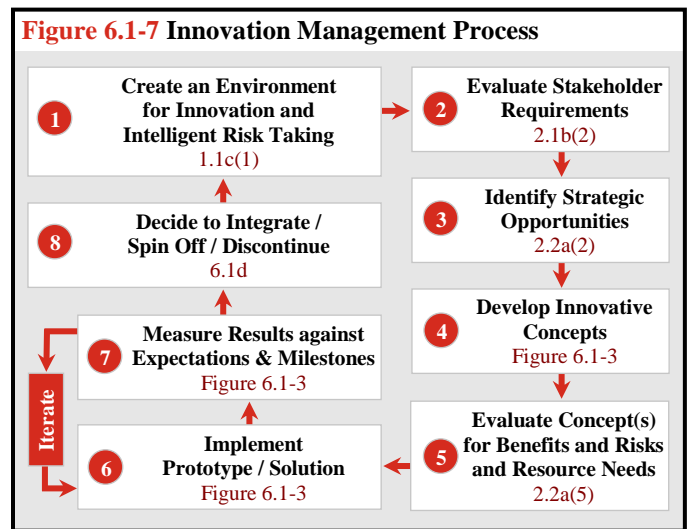
As the first step in our innovation management process (Figure 6.1-7), we created an environment for innovation by empowering our workforce with tools and a design thinking framework/approach to develop consumer-focused solutions. Propelled by our unparalleled knowledge of the 50-plus population’s Health, Wealth and Self needs, we pursue innovation opportunities identified through the SPP and from our workforce, consumers and stakeholders. Ideas for potential innovations are evaluated by our CEO and COO/CFO against a formal set of criteria that includes strategic context, alignment to social mission and values, potential impact/benefits and risks, and cost and resource needs.

The physical space that hosts AARP Innovation Labs opened in 2016 and is a key component of our innovation management process. It is a 10,000 square foot innovation lab where AARP works with start-ups and the innovation community to discover big ideas to change how people live as they age. We host the monthly D.C. Virtual Reality Meeting as well as the D.C. Aspiring Meetup with the goal of connecting innovators with venture capitalists to explore their ideas.

One of the ways that AARP promotes innovation is through our Test & Learn approach (Steps 6 and 7). It involves relatively quick experiments, usually where there is a single difference between one practice (or product) and another. In some cases, this is a comparison between an old way and a new way. Other times, the practices are both new. Through the rigorous Test & Learn methodology, we can take intelligent risks to see if what we visualized produces the desired results.

We have a systematic process for deciding whether to discontinue pursuing opportunities at the appropriate time,

shown in Step 8. This is best illustrated with our decision regarding Life Reimagined, an offering that was intended to help people discover and explore their possibilities, grow relevance with new audiences, and create significant business-to-business and business-to-consumer revenue opportunities. It failed to live up to expectations and operations were suspended in 2016. However, we learned several important lessons about intelligent risk taking. We identified the need going forward to move to a success-based capital approach, which is now used in areas such as product development in the AARP Innovation Labs. (Figure 1.1-1) We start by funding a minimum viable product (MVP), test small, and continue to allocate funding based on achieving certain milestones/outcomes. After testing is complete, we either decide to stop/shut down or go to scale. Decisions on go/no go, and resource allocations are made by AARP’s Growth Board.



6.2: Operational Effectiveness

6.2a: Process Efficiency and Effectiveness

AARP manages the cost, efficiency, and effectiveness of our operations through a variety of methods. Costs of operations are overseen by FP&A, activities include multi-year financial planning (MYFP) [looking forward 3 years], annual budgeting, quarterly forecasting, and monthly reporting. Departments and Business Units monitor actual performance against budgets/current forecasts on a monthly basis for both revenue (if applicable) and cost. Measures exist to contain costs when they exceed (or are at risk of exceeding) budgets or need to be realigned for strategic purposes.

Other cost controls and reductions of duplication include:

- Competitive bidding/RFP for supplies & services
- Centralization of print production & mail through the Print Center
- Centralization of creative services and media buying through the Brand Center


- Centralization of research administration and support through Research Center
- Centralization of enterprise supporting functions into the OFG business unit (BOG, ITS, FP&A, HR, Treasury, etc.)

Management oversight mechanisms include:

- Operations Reviews
- Organizational Results Updates
- Dashboard and KPI Flash Reports
- Financial Operations Reports

Process effectiveness is assessed through routine Internal Audit assessments ensuring compliance to policies and identification of risk for mitigation.

The Business Optimization team uses Lean methods (e.g. value stream mapping, 5 Why's) and other analytical tools to identify root causes of performance issues, recommend improvement activities, and guide implementation.

 For example, the collateral customization process for serving requests from state offices was inefficient and the cycle time averaged 5.7 days to process about 1000 orders each year. Since most of the requests were simple adjustments to existing collateral, such as postcards or flyers this was frustrating and time consuming. So, in 2018 the Brand Center implemented a creative self-service tool that enables state offices to leverage Brand-generated and approved templates to quickly complete these simple requests on their own. As a result, cycle time was dramatically reduced while state-office customers were delighted.

In 2015, our evaluation of over two dozen AARP-owned, consumer-facing communication channels revealed inconsistent brand messaging and tone. To improve process effectiveness, we launched our “One Voice” initiative that assured brand consistency across channels, including the creation of our “Voice Hub” on InfoNet. Resources such as brand standards, editorial style guides, graphic and image guidelines and talking points are deployed to all staff through Senior Leader and staff presentations and InfoNet communications. Communication Strategy Directors support “One Voice” through enterprise-wide processes for communication planning and coordination. This is further reinforced by our Brand Equity measure on the Dashboard, which has improved. See Figure 7.2-4.

6.2b: Security and Cybersecurity We currently utilize a multi-tiered approach to protecting our most sensitive information assets. In partnership with Business Units within the enterprise and the Office of General Counsel, we have established a data classification schema, which outlines the information assets collected by AARP into separate risk tiers. For instance, we identify bulk instances of members’ PII (such as name, address, email, date of birth, phone number, etc.) as “Critical,” whereas content on our website would be deemed “Public” with two additional tiers in between. We then perform a data discovery process to locate instances of critical data assets. Primarily in the member PII space, we then institute

several detective and preventive controls. In fact, AARP’s Information Security team was nominated for an award for this approach to data protection by ISE.

AARP manages physical and electronic data, information, and key operational systems to ensure confidentiality and only appropriate physical and electronic access through policies and standards that outline requirements to secure systems, applications, devices, and information assets (whether digital or physical). We monitor adherence to these standards through automated tools that scan for vulnerabilities and compliance. Furthermore, we require Multi-Factor Authentication (MFA) for all remote access into the network and for access to high risk databases. Lastly, we require the use of Privileged Access Management, where users’ credentials are managed and time-limited by a central technology solution, for administrative-level access to high risk systems and data stores.

Our Information Security team is consistently notified of emerging threats across the landscape. In addition to subscribing to security newsletters, technology vendor updates, blogs, and common notification tools, we also partner with vendors who are specifically dedicated to inform us of potential threats impacting the industry or AARP. We leverage XYZ for our Security Operations Center and our Computer Emergency Response Team, whereby they monitor threats and risks that may impact AARP, including common vulnerabilities, zero-day exploits, and emerging malware campaigns.

We ensure that our workforce, consumers, partners, and suppliers understand and fulfill their security and cybersecurity roles and responsibilities through various methods. One of Information Security’s primary domains at AARP is around Security Outreach, which we call Information Security Education Awareness (iSEA). This domain establishes annual roadmaps to educate our workforce and raise awareness on security topics. This includes monthly themes, such as online security, safe online shopping, security when traveling, and so on. Each month, we include webinars, articles on our intranet, and notifications on emerging cybersecurity threats (such as recent breaches or phishing trends). Additionally, we have phishing campaigns where we send fake emails to the workforce to measure their ability to identify malicious communications. We have annual mandatory security training for all workforce members (Figure 7.1-29) and have instituted an annual Information Security expo to further drive engagement between staff and Information Security. For partners and suppliers, we have a rigorous Third Party Risk Management process wherein vendor contracts include security verbiage outlining their responsibilities in keeping AARP’s information assets secure. This is further augmented by regular security reviews of those vendors and service providers deemed high risk.

Leveraging our Data Classification schema in which we outline which information assets are deemed high risk, we have created several policies outlining the classification of systems and applications. Our Threat & Vulnerability Management policy specifies server and cloud instance categories by incorporating those technologies processing, transmitting, or

storing high risk data or where they face the public Internet. We have established an Application Risk Classification standard wherein we have created criteria for applications that require additional security, such as those that are processing, transmitting, or storing high risk data or are web-facing. For those technologies, whether application, system, or cloud instance, we institute higher levels of scrutiny, such as additional scanning, lower patching timelines, penetration testing, and enhanced preventive and detective controls as outlined above.


Thereafter, we instituted a broad program to require the MFA and PAM such that root-level credentials are managed through a centralized PAM solution and any access requires a second form of authentication, such as one-time passwords and tokens. Our key systems and applications are protected by these enhanced authentication and access techniques. They are also required to undergo additional scanning and hardening requirements as outlined by our standards and policies, which are ultimately tracked by our Threat & Vulnerability Management program. Detective controls include moving security event logs to our Security Operations Center (SOC), the inclusion of Database Activity Monitoring and Behavioral Analytics, and having managed services overseeing the monitoring and alerting function. We also have a multi-faceted approach to Incident Response where we have specific response procedures outlined for Information Security, the Privacy/Legal Office, and the external communications program. These are tested several times annually through tabletop exercises to ensure staff understand their responsibilities and to address any gaps in the process. The Information Security program establishes annual objectives specific to vulnerability management reduction, incident response timeframe reduction, and incident identification timeframe reduction.

6.2c: Safety and Emergency Preparedness
6.2c(1): Safety

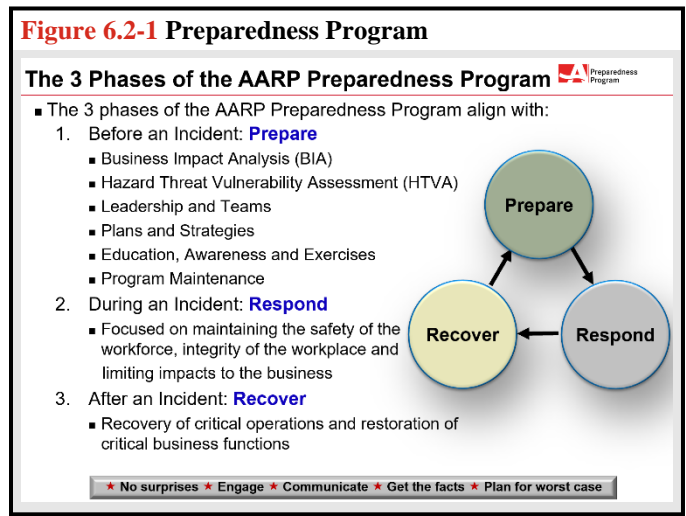
AARP provides a safe operating environment by implementing processes and tools to protect the safety of all staff and visitors. AARP’s safety and emergency preparedness program follows the core elements of OSHA’s Safety and Health Management Program Guidelines including management leadership, worker participation, hazard assessment and prevention, education and training, and program evaluation and continuous improvement.

AARP’s contracted security guard force and Floor Safety Team volunteer staff are trained in First Aid, AED devices, and CPR. These teams work in tandem to respond to a variety of incidents that occur at the workplace including medical emergencies, fire alarms, and more. We also conduct periodic safety and security risk assessments. Given that AARP staff operate solely in an office environment, there are very few workplace injuries that occur. However, in the event a workplace injury does occur, our security guard force and clinic staff triage the situation. For more serious injuries, 911 is called and the recovery is handled by external health professionals. The Clinic is available for less severe recovery efforts, as medically appropriate. In addition, our Insurance and Risk

Management team is immediately notified to handle any insurance/workers compensation claims and to conduct an after-action process that focuses on root-cause analysis of what occurred.

All staff are provided with safety and emergency preparedness training during new employee orientation, and they are required to take workplace violence and workplace harassment training. Staff also have access to up-to-date safety and preparedness information, including emergency action plans, on our InfoNet site.  In 2018, we introduced a new mobile application called LiveSafe. (Figure 1.1-1) The LiveSafe app also allows staff to connect with AARP security 24/7 to report safety or security concerns, as well as links to AARP’s employee assistance program, ethics hotline, locations of safety resources including first aid kits, emergency travel resources, and more.

Every year, we develop an internal communications and awareness campaign focused on a variety of safety, security, and preparedness topics such as severe spring weather, hurricane season, personal and home preparedness. We execute a large awareness and education campaign in September which aligns with National Preparedness Month, a Ready.gov initiative. During that time of the year, we partner with guest speakers to hold expos and roundtable events with the FBI, FEMA, American Red Cross, and more.




6.2c(2): Business Continuity

AARP has a Preparedness Program with dedicated staff who oversee business continuity planning, crisis management, and employee preparedness. The program is closely aligned to ISO 22301, the industry best practice/standard, and consists of up-to-date business impact analyses, over 40 department-level business continuity plans that are maintained and exercise/tested at least once annually, trained incident response and crisis management teams, satellite phones dispersed to key staff and state offices, an emergency notification system, and more. The Director of Security and Preparedness and the

COO/CFO brief the BoD once annually on the status of the program.

Preparedness plans at AARP address business continuity, emergency preparedness, and incident/crisis management by focusing on incident prevention and mitigation, ensuring continuity of operations by identifying critical resources needed to support time-sensitive business operations (people, facilities, applications, suppliers), and define recovery strategies in the event of an incident or business disruption. We also have a situational monitoring process that allows for proactive response to incidents, including a social media monitoring platform that looks for threats against AARP and other disruptive events that could affect operations, such as protests and other types of civil disobedience. The Preparedness Program works closely with ERM, the IT department, and Procurement to ensure critical IT systems, data, and suppliers have contingency/recovery plans in place to support the needs of our members and business.

The Preparedness Program is closely aligned with ASI, AARP Foundation, the Information Security team, Crisis Communications, and the Office of General Counsel, in the areas of cyber security incident response. We employ a coordinated response strategy with ASI whenever a third-party provider experiences a data breach that could affect AARP members or internal staff. The Preparedness Programs facilitates the cyber security incident response planning process, exercises, tests, and utilizes tools including the emergency notification system to activate team members during a potential or real data breach. Following all business continuity or cyber security incidents, the Preparedness team completes After Action Reviews. The Preparedness Program documents lessons learned in a database and works with action item owners to track the remediation of action items to completion.

 In an effort to continuously mature and stress-test the crisis management plan and team members, we conducted a no-notice tabletop exercise in 2019 for the first time in the program's history. The no-notice exercise allowed us to closely mimic how AARP would respond to a crisis scenario where no advanced warning is provided and we may have to rely on alternate team members in the event the primary team members were unavailable. The exercise was successful and a lessons learned document was created to identify action items where improvements could be made.

AARP uses a robust emergency notification system that is capable of contacting employees, contractors, and volunteers during emergencies and business interruptions via text message, email, and phone calls. Over the past three years, the system has been used over 100 times to check on the welfare of staff and volunteers pre- and post- hurricanes, wildfires, tornadoes, shootings, and more. The system also has the capability of making announcements through the fire alarm public address system at AARP HQ as well as desktop alerting functionality where we can take over computer monitors with emergency messages.

AARP just renewed a Memorandum of Agreement (MOA) with FEMA that encourages collaboration between the two organizations in areas of disaster preparedness, response, and recovery. In addition to conducting quarterly meetings, AARP and FEMA consult with one another during real-life disasters to assist disaster victims and periodically run disaster-related tabletop exercises with one another. AARP also has a partnership with the National Capital Region of the American Red Cross and has developed joint emergency preparedness resources specialized for the 50-plus community.

7. RESULTS

7.1: Product and Process Results

7.1a: Customer-Focused Product and Service Results

Prior to 2016, AARP's Dashboard was comprised of more than 20 measures, which drove a tactical approach organizational-wide, and complicated both prioritization and performance management. Simplifying performance management was an integral part of AARP's transformation under the current CEO and COO/CFO. Since 2016, the enterprise dashboard has featured six measures aligned to the goals of growing impact, relevance, and revenue (3Gs) as depicted in the Enterprise Strategy Map (Figure 1.1-3), which allow senior leaders to evaluate the overall health of the organization.

These dashboard measures cascade down to the organization's departments to assure alignment and integration. (See Figure 4.1-2.) This is further reinforced through the setting of individual performance objectives and our incentive

compensation program, which are linked to the organization's collective performance against the dashboard measures. (Figure 4.1-2)

Senior management monitors progress against these dashboard measures and key performance indicators that drive their performance through the monthly (See 4.1b.) Dashboard and Key Performance Indicators Flash Report. Each dashboard measure has additional supporting indicators that are expanded for in-depth exploration, including deep segmentation and analysis to drive future improvement and innovation.

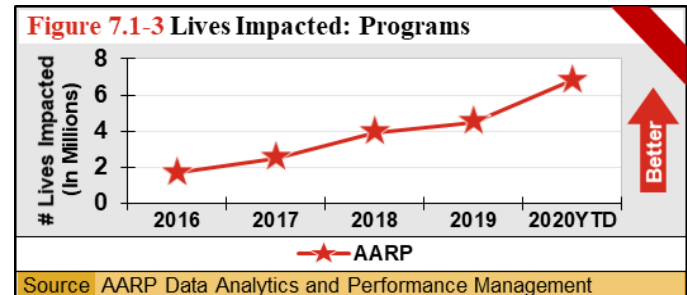
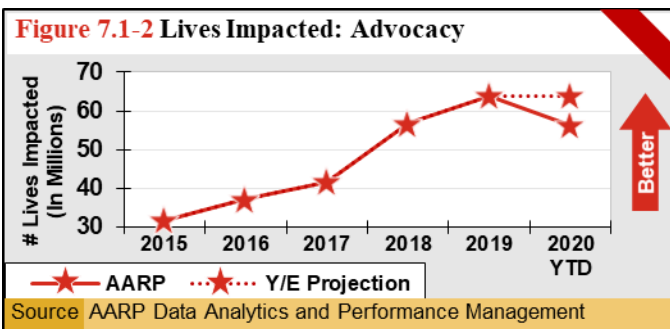
AARP defines success by our ability to satisfy these six weighted dashboard measures as shown in Figure 7.1-1. Results measured in the dashboard are shown with a red ribbon. We are on-track to meet or exceed all but one dashboard measure; operating revenue is projected to fall shy of target, but within 1% of budget due to risks related to COVID-19. All updated results for 7.1-1 are as of July close; operating revenue reflects our projected annual close from F2 Forecast (most recent).

Figure 7.1-1 AARP Dashboard (Results Summary as of February 29, 2020)

Enterprise Objective	Measure of Success	Weighting	YTD Results	FY Target	Status vs Target
Grow Impact	Lives Impacted: Advocacy <i>Figure 7.1-2</i>				▲
	Lives Impacted: Programs <i>Figure 7.1-3</i>				▲
Grow Relevance	Overall Renewal Rate <i>Figure 7.2-1</i>				▲
	Brand Equity <i>Figure 7.2-2</i>				▲
	Net Promoter Score <i>Figure 7.2-3</i>				▲
Grow Revenue	Operating Revenue <i>Figure 7.5-1</i>				▲

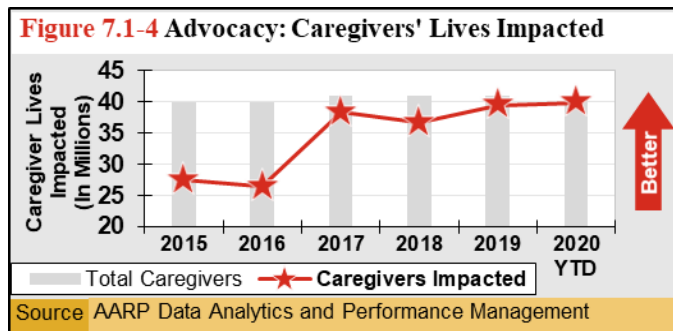
Status Key: ▲ On Track ● At Risk ▼ Will Not Meet

AARP exists to have impact on the lives of the 50-plus consumers as shown in Figure 7.1-2. Through July, our advocacy efforts on Caregiving and Work and Save issues have impacted over 56 million lives; this is above the 49 million impacted through the same period last year and we anticipate that 2020 performance falls in line or exceeds that of 2019.

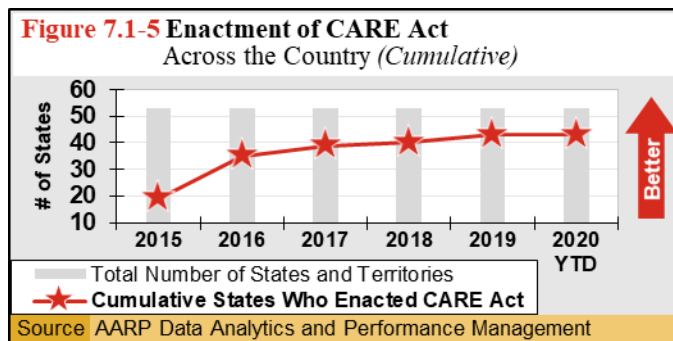


A prime example of how we leverage our knowledge of the 50-plus is illustrated in our Lives Impacted: Advocacy measure. AARP's Public Policy Institute (PPI) (1.2c(1)) has published studies and fact sheets that have guided our advocacy efforts on 1) Caregiving/Long-Term Services and Support and 2) Work and Save. PPI's publication 'Workplace Retirement Plans Will Help Workers Build Economic Security' states that access to an employer-based retirement plan is critical for building financial security later in life. Yet, nearly half of American private sector

employees—roughly 55 million—work for an employer that does not offer a retirement plan, a proportion that has not changed much in decades. State advocacy efforts are geared toward studying this subject, enacting, implementing and defending legislation that alleviates this issue. Its publication *Valuing the Invaluable: 2019 Update* estimates that there are 41 million family caregivers across the country providing an estimated \$34 billion worth of care to an adult with limitations in daily activity. Our caregiving and long-term services and support advocacy is centered around improving the situation for these 41 million family caregivers. The total caregivers' lives impacted across both of these areas is shown in Figure 7.1-4. While these data are shown on an annual basis, the detail is in the Flash Report (AOS) with accomplishments presented month by month and segmented state by state. For example, as of February 29, 2020 – 5.8 million lives were impacted through our Caregiving and Work and Save advocacy efforts.

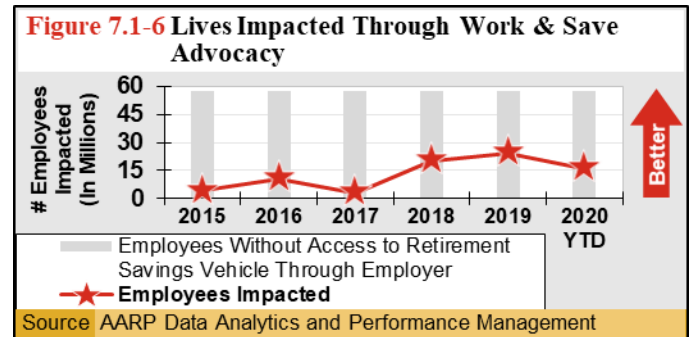


In the rapidly evolving United States health system, where hospitalized people are discharged very soon after admission, family caregivers are expected to perform increasingly complex medical/nursing tasks, yet they feel ill prepared to take on this important role. The CARE Act addresses fundamental expectations to support better communication between health care professionals and family caregivers as they prepare for complex care at home. AARP has been advocating for enactment of the CARE Act; results shown in in Figure 7.1-5.

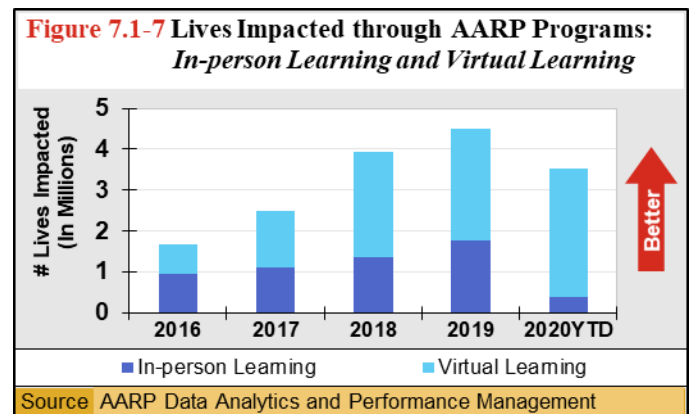


One of the top two concerns of seniors is running out of money. Creating opportunities for employees to have access to contribute to a retirement savings vehicle is an integral part of alleviating this concern in the long-term. Our state advocacy efforts and the results we track represent the full legislative life

cycle from studying the issue, enacting, implementing, and defending legislation that alleviates the issue. Figure 7.1-6 illustrates the traction we have gained in impacting the lives of employees who lack this ability – growing from 4.3 million employees in 2015 to nearly 25 million in 2019. AARP paused its efforts on this issue during the pandemic to focus on protecting and supporting the immediate needs of seniors and caregivers.



As illustrated in our Enterprise Strategy Map (Figure 1.1-3), our Social Impact Agenda is at the center of everything we do at AARP. We seek to impact lives through in-person activities and events and have allocated resources in recent years to scale opportunities to do the same through virtual learning offerings. The growth in lives impacted through our programs is shown below, segmented by in-person and virtual learning in Figure 7.1-7. Due to COVID-19, we have cancelled all in-person events through the end of 2020 and have transitioned to an all virtual environment; we expect virtual program engagement to double participation seen in these offerings in 2019 – more than offsetting the expected loss from cancellation of in-person events.

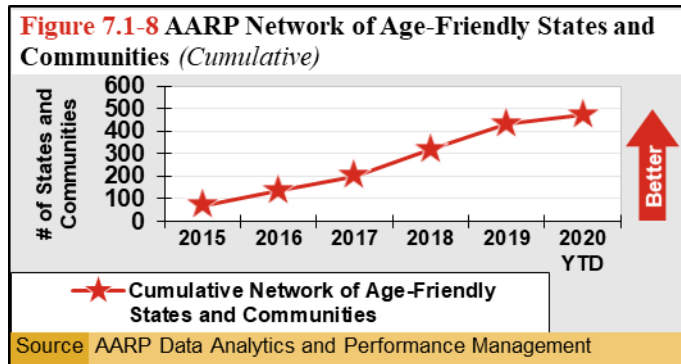


The population of the United States is rapidly aging.

- By 2030, one of every five people in the U.S. will be 65 or older.
- By 2035, the number of adults older than 65 will be greater than the number of children under 18.

That's why AARP staff and volunteers are working throughout the nation to engage and mobilize communities, share expertise,

and deliver technical assistance to the towns, cities, counties, and states in the AARP Network of Age-Friendly States and Communities. The cumulative community-level impact is illustrated in Figure 7.1-8 and demonstrates the transformation strategy to move AARP from a national organization to an organization with nationwide impact.

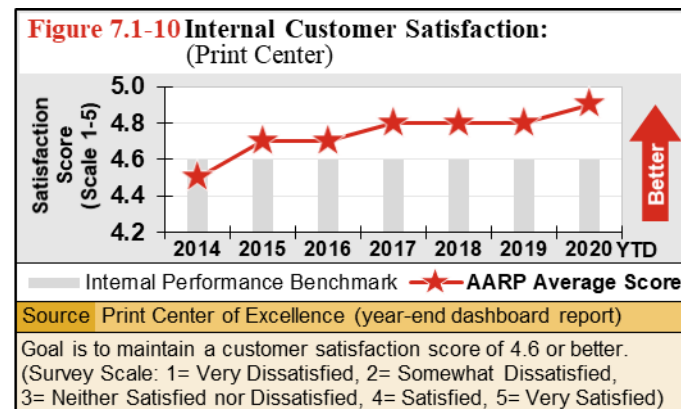


7.1b: Work Process Effectiveness Results

7.1b(1): Process Effectiveness and Efficiency

While there are too many Process Effectiveness and Efficiency measures to include every one in the application, the following are representative examples.

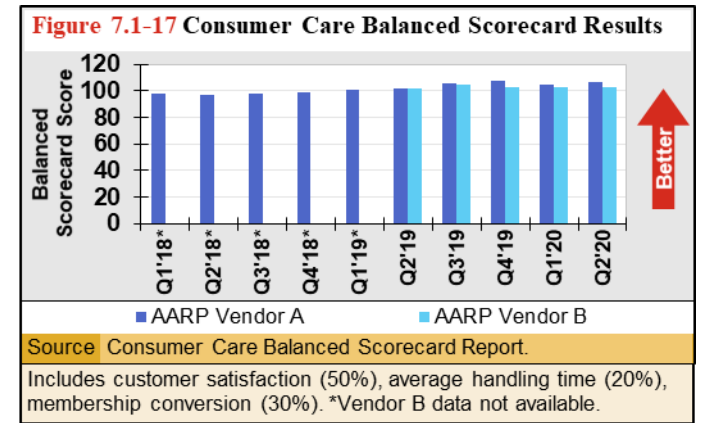
Printing is big business for AARP with all of our publications. Figure 7.1-10 shows internal satisfaction with printing, and Figure 7.1-11 (redacted) shows or efficiency with over XYZ saved in the past six years. This support process also demonstrates our effective supply network management. The appeal and effectiveness of our publication content is shown in Figure 7.2-9 with the world’s most read magazine.



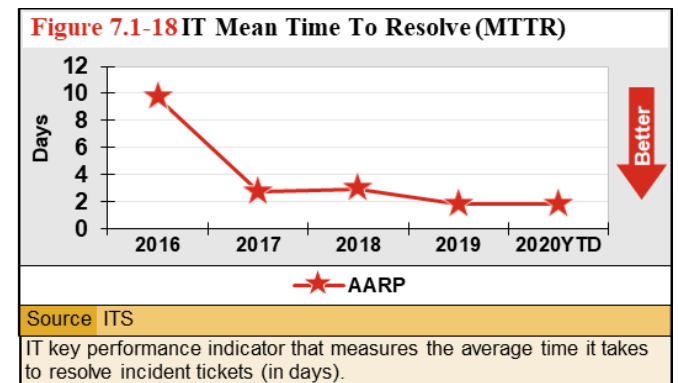
AARP’s Lakewood, California processing capability was impacted in early 2020 due to the COVID-19 global pandemic, and subsequent shelter in place orders. AARP enacted its business continuity plan and directed mail to XYZ for processing. The Treasury Operations Center is a key support process to manage the incoming revenue. While many organizations outsource their Lockbox process, AARP has chosen to retain this process while demonstrating impressive efficiency. (Figures 7.1-12 to 7.1-16 redacted)

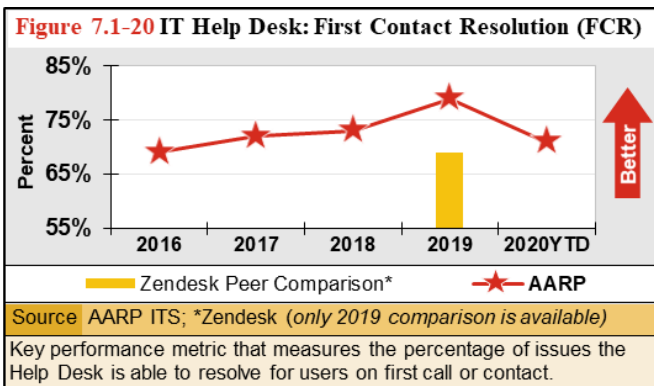
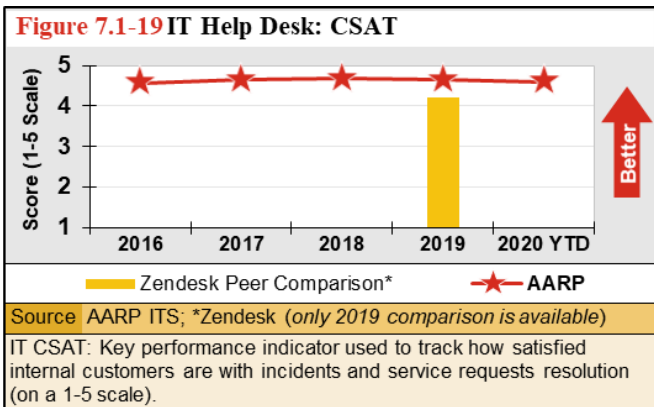
AARP practices effective stewardship by efficient operations and cost avoidance by not outsourcing our Lockbox operation.

AARP’s Consumer Care leverages two vendors for inbound communications. A balanced scorecard was created to compare performance of both vendors; results for this balanced scorecard are illustrated in Figure 7.1-17.

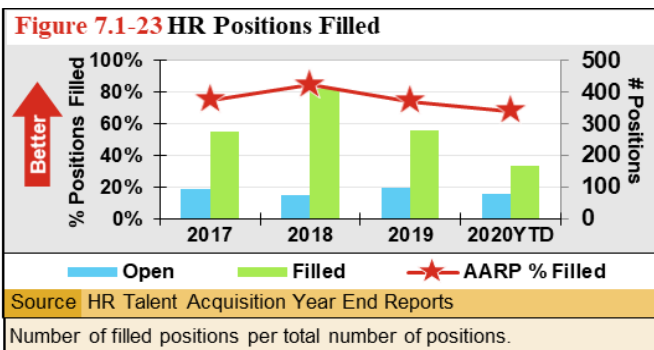
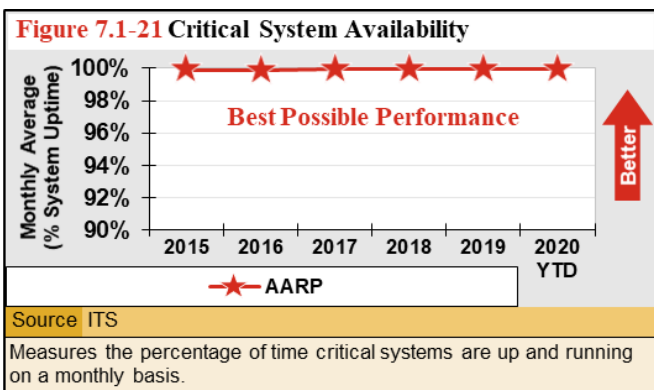


Strengthening our IT infrastructure and providing new hardware and software to all employees to enable them to work from anywhere was a key element in AARP’s transformation. It also drove improvements in key operational measures. As a result of deploying new hardware in 2018 and launching an on-site help desk as part of our renovated headquarters to close that same year, we saw a reduction in the mean time to resolve incident tickets (Figure 7.1-18) and a significant improvement in first contact resolution (Figure 7.1-20). Another indicator of these robust improvements is with the COVID-19 pandemic resulting in a shutdown of the AARP HQ and 53 state offices. More than 1,400 employees began working from home. Unlike many other businesses, AARP’s infrastructure and bandwidth were sufficient to make the transition seamlessly with almost no loss in service or productivity.

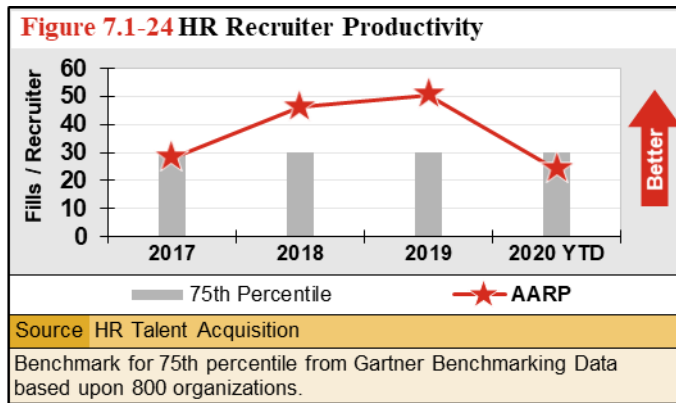




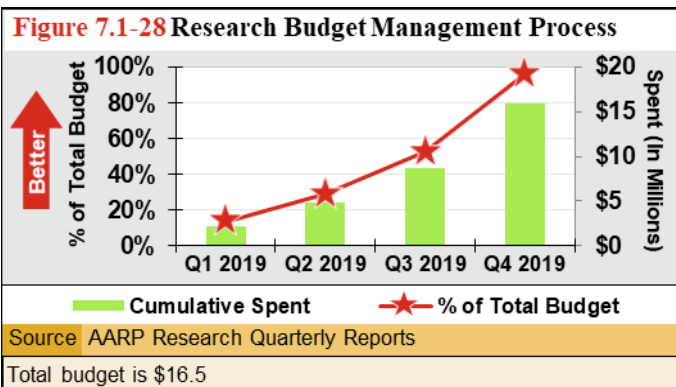
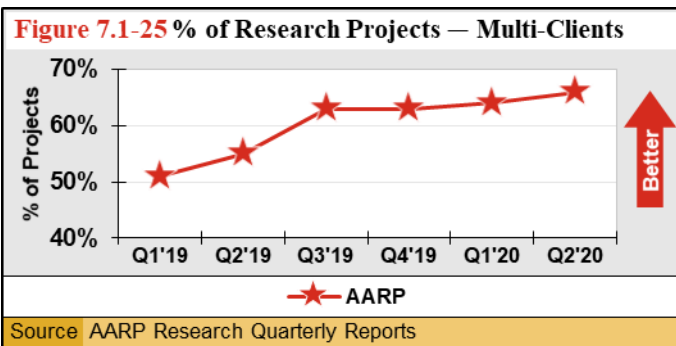
AARP's ITS department operates about 30 critical systems; availability for these systems has consistently been above 99%.



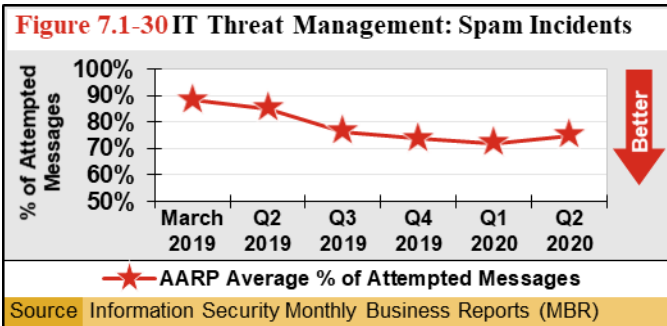
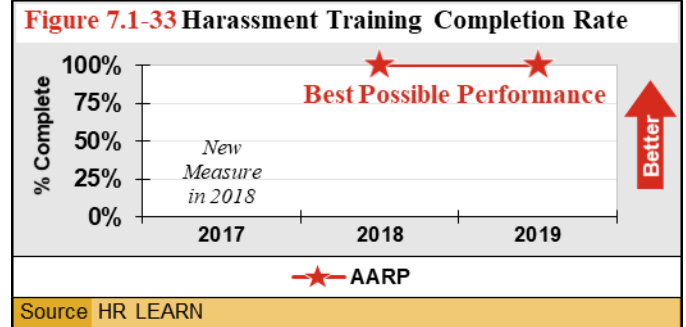
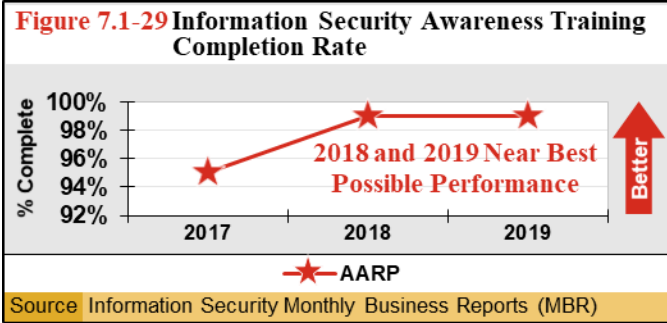
Compared to benchmarks, AARP recruiters have consistently been more productive than a majority of their counterparts – ranking well above the 75th percentile in hires per recruiter for each of the past two years as illustrated in Figure 7.1-24.



AARP arguably has the most effective Research Department of any nonprofit in the world. We strive to serve multiple clients with our research projects to maximize the efficiency of our research budget. This is demonstrated with over 60% of completed research projects serving multiple AARP projects and initiatives in 2019 (Figure 7.1-25).



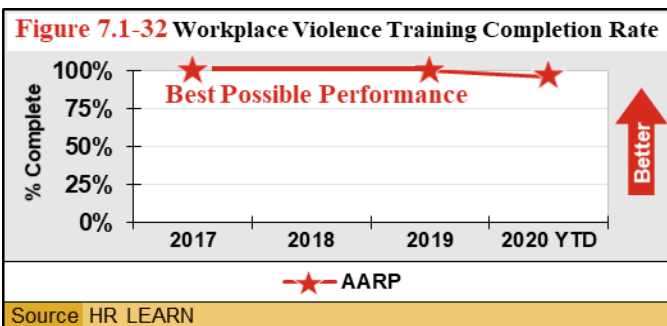
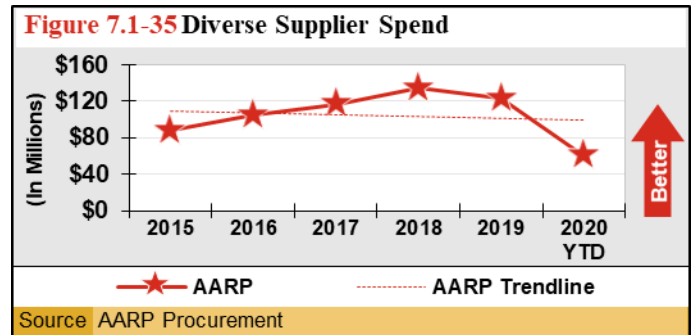
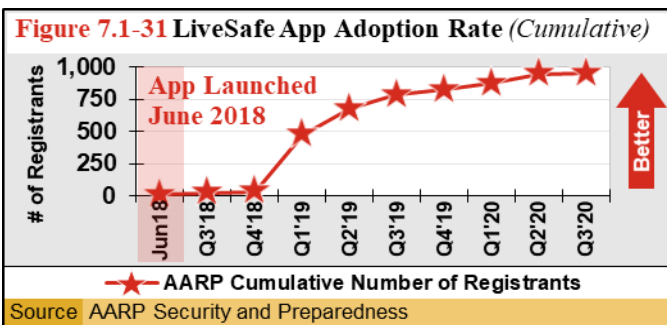
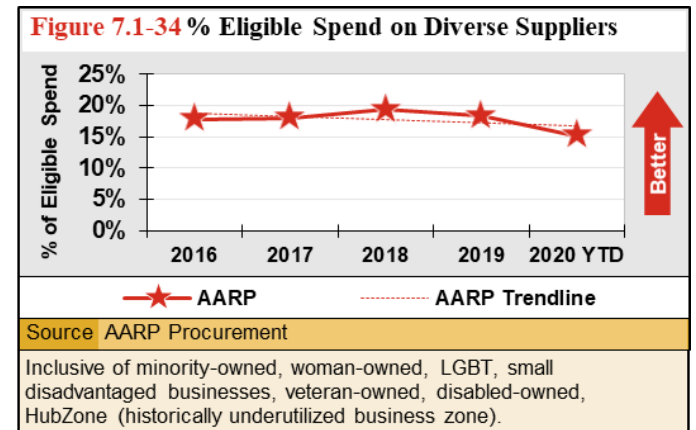
The effectiveness of the increased completion rate for Information Security Training (Figure 7.1-29) is shown in the corresponding decrease in spam incidents (Figure 7.1-30).

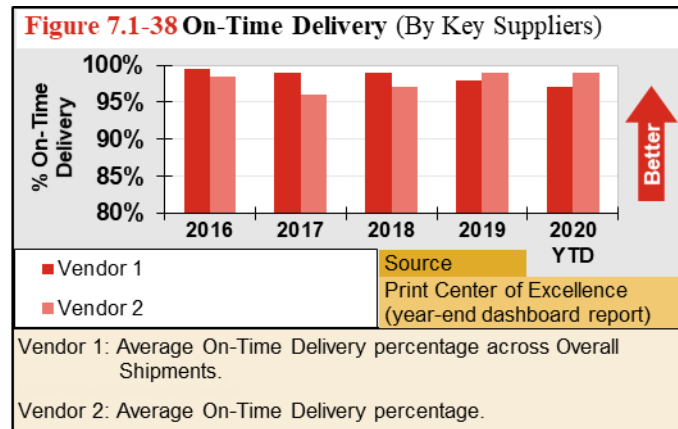
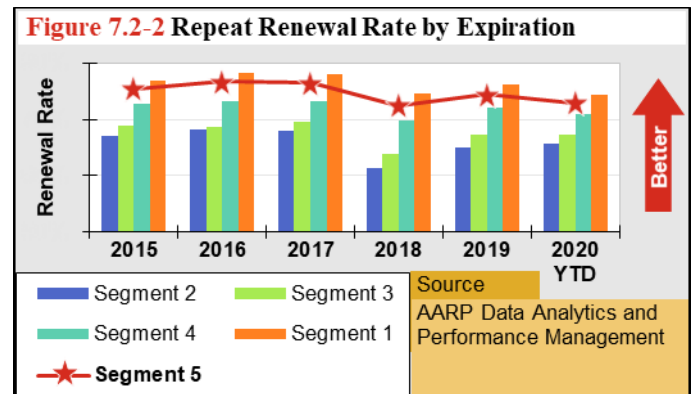
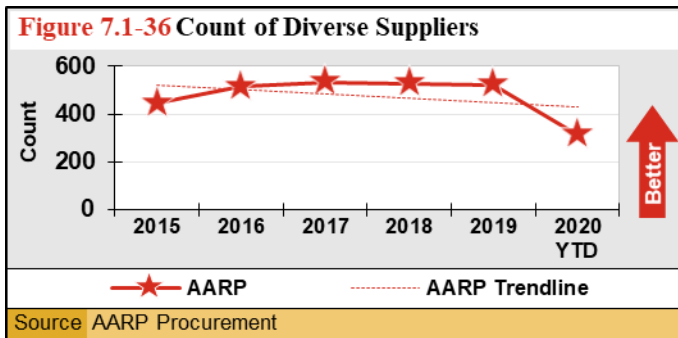


7.1c: Supply-Network Management Results
 Diversity of suppliers is an important initiative. While the process shows normal variation, it has an improving trend over the past 5 years. AARP also received an Omni50 Award, a ranking of 50 corporations that award the most business to culturally diverse vendors and suppliers for 2017 through 2020. Year-to-date results for supplier diversity (7.1-34 to 36) are through July; we anticipate diverse supplier spend and number vendors to fall in line with 2019 observations.

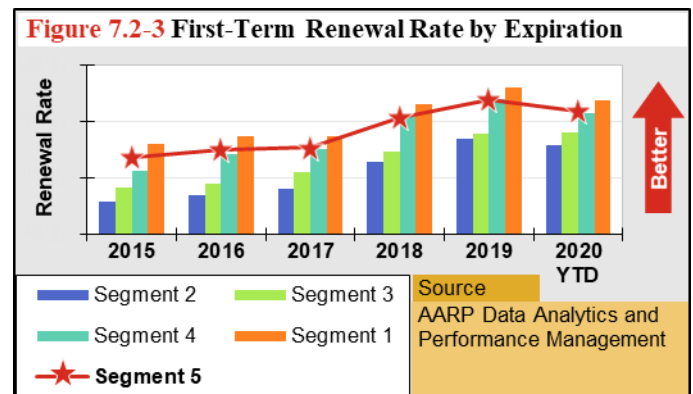
7.1b(2): Safety and Emergency Preparedness

The LiveSafe app launched in June 2018 and allows staff to connect with AARP security 24/7 to report safety or security concerns, as well as links to AARP's employee assistance program, ethics hotline, locations of safety resources including first aid kits, emergency travel resources, and more. The app has garnered significant adoption as illustrated in Figure 7.1-31. In addition, AARP has had a 100% completion rate for Workplace Violence Training and Harassment Training as illustrated in Figures 7.1-32 and 7.1-33, respectively.





First-term renewal rates have improved from 2015 to 2018. This has been aided by adoption of the auto-renew payment option that we have scaled over the last three years. In addition, we have been more selective in our prospecting efforts and focused more on targeting those who are more likely to engage with AARP's value proposition. Efforts to enroll members on our auto-renew subscription have been very successful as shown in Figure 7.2-13. The Flash Report contains details such as the lift in renewal rate for accounts enrolled to the auto-renew subscriptions versus those who are not.



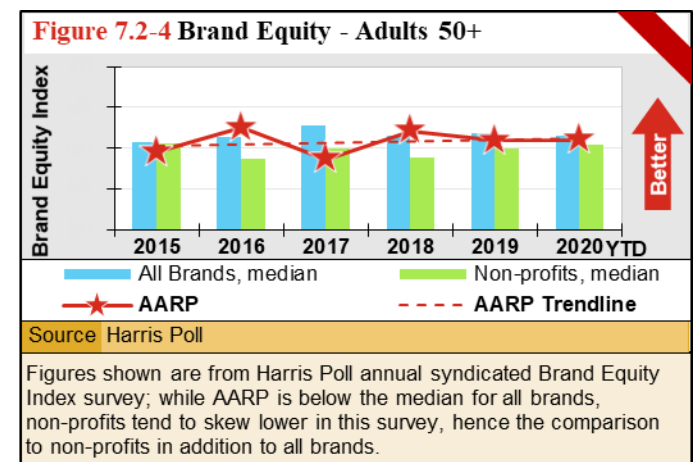
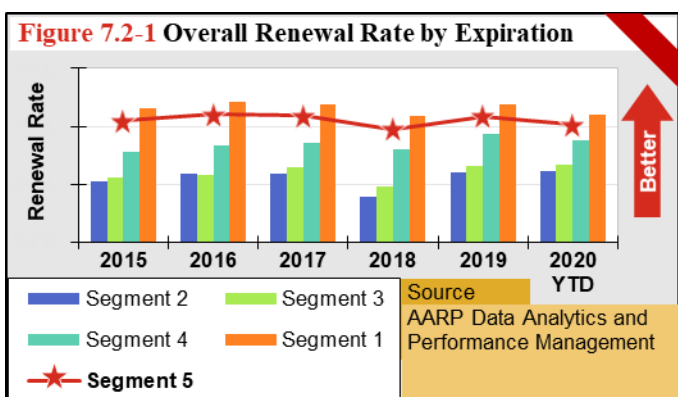
7.2: Customer Results

7.2a: Customer-Focused Results

7.2a(1): Customer Satisfaction

The ultimate indicator of relevance and satisfaction for AARP is renewal rate; are members satisfied enough with our offerings that they are willing to commit their hard-earned money to another term? It is one of the most closely monitored measures and is analyzed several ways.

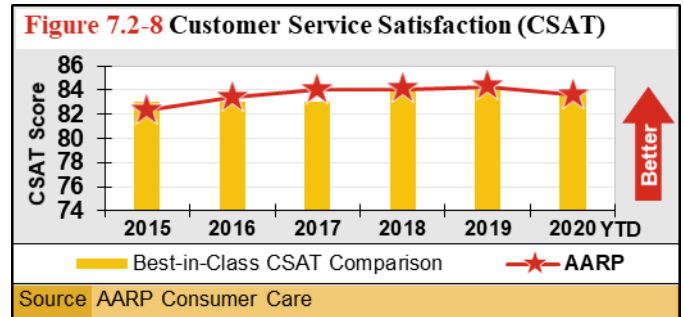
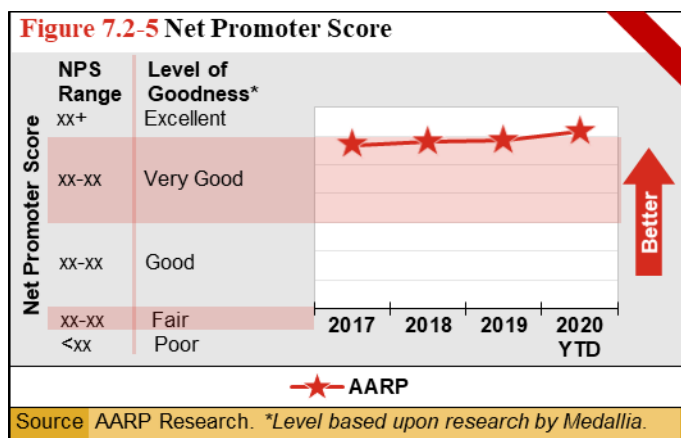
The overall renewal rate by expiration (a Dashboard measure) is shown in Figure 7.2-1 and is segmented by key segments. This is further segmented into first-term and repeat accounts in Figures 7.2-2 and 7.2-3, respectively.



As shown above in Figure 7.2-4, Brand Equity measures familiarity, quality, and consideration, or likeliness to buy. Brand Equity drivers continue to center around consumers' perception of AARP's advocacy efforts as well as perceived value of AARP's products and services. For AARP, the following attributes have the greatest impact on these perceptions: age, users and non-users (proxy for member/non-member), and political ideology. Other drivers include consumers' awareness/familiarity with AARP's work in key issue areas and satisfaction with their most recent experience.

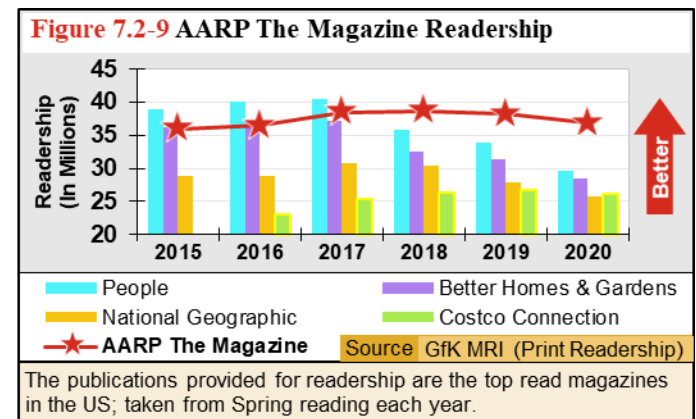
Detailed analysis in the Flash Report drives improvement actions and the search for drivers. For example, the February 2020 Flash Report reinforces that Brand Equity for those who can cite an issue on which AARP works has consistently been higher than those who cannot cite an issue. This insight has guided our communication priorities to improve awareness of this work.

AARP's 2018-20 Strategic Plan placed great emphasis on improving the consumer experience, which led us to adopting Net Promoter Score (NPS) as a Dashboard measure. The analysis behind NPS provides us with actionable insights to drive meaningful impact. Figure 7.2-6 (redacted) shows the quarterly weighted NPS scores segmented by Detractors, Passives, and Promoters. Perhaps the real power comes from the NPS Driver Analysis shown in Figure 7.2-7 (redacted). This validates that maintaining and improving the core elements of our value proposition are key (high quality publications [Figure 7.2-9], needed advocacy [Figure 7.1-2], and easy to use products and services [Figure 7.2-11]). It also highlights improvement opportunities. AARP's quarterly NPS readings for 2020 have been the highest on record since fielding the survey and pushes our score above the XYZ mark, which is considered 'excellent' based upon third-party research – a mark we have strived to achieve and sustain since moving NPS to our dashboard in 2018.



7.2a(2): Customer Engagement

NPS driver analysis in Figure 7.2-7 (redacted) showed that the highest impact on results for AARP is high quality publications. *The AARP Magazine*, shown on the left, is the most read publication for three straight years outperforming *People Magazine*, *Better Homes & Gardens*, as well as *National Geographic*, by millions of readers each year. AARP previously won a spot on Advertising Age's list of "Magazines of the Year."



Outside of our programs, products, and services, a key form of engagement with AARP is donors who support our advocacy efforts. Over the last five years, AARP has been able to maintain and slightly grow its active donor base (4% point-to-point growth from 2015-19).

In 2017 we garnered significant support from donors in successfully fighting the effort to repeal the Affordable Care Act (growing our donor base by 55% in 2017).

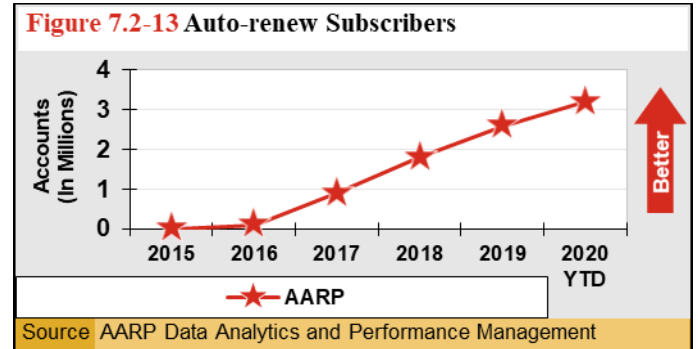
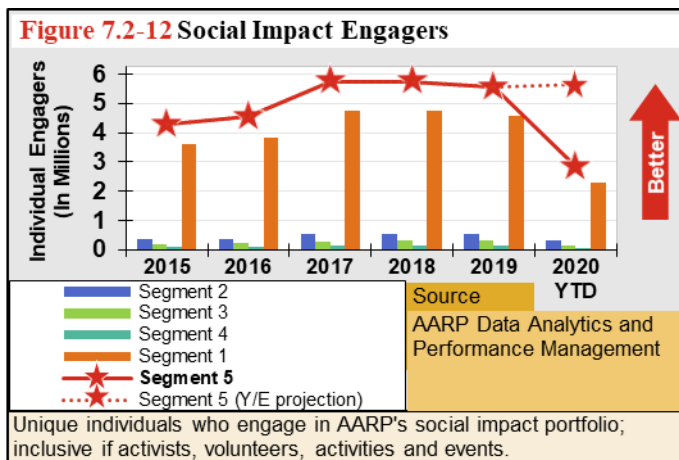
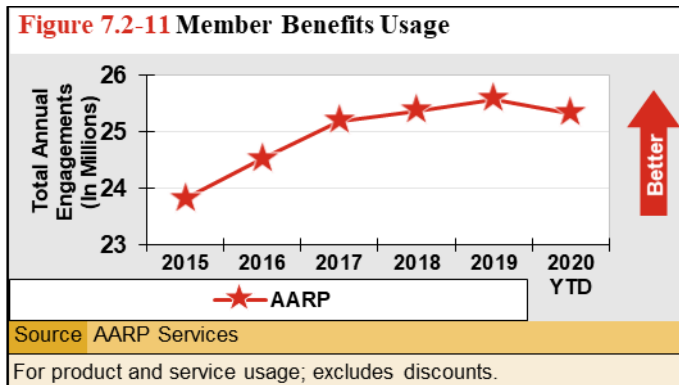
Active advocacy donors for year-to-date 2020 are down vs. 2019 as AARP made a strategic decision to forego soliciting donations for several months during the COVID-19 pandemic.

While our membership base has remained relatively stable over the past five years, we have been successful in increasing usage of member benefits in the form of products and services. Figure 7.2-11 illustrates the point-to-point growth from 2015 to 2019 of 7%, resulting in nearly 2 million more engagements in two main forms of member benefits. We have also seen significant growth in the number of social impact engagers (Figure 7.2-12), inclusive of volunteers, donors, activists, and those participating in activities and events.

2020 result for member benefits usage is through July; we anticipate annual benefit usage to outpace or meet 2019 usage given YTD performance.

Updated results for 7.2-12 are through June; we anticipate engagement with our social impact agenda to meet or outpace that of 2019 as we have seen a significant uptick in virtual engagement in 2020 that more than offsetting the loss from in-person events.

In a span of three years, we have grown the number of subscribers to the auto-renew payment option to over 2.5 million or 11% of our account base. This is an important indicator we leverage to gauge engagement. Accounts enrolled on the auto-renew payment option have a renewal rate that is 6 percentage points higher than those who are not.

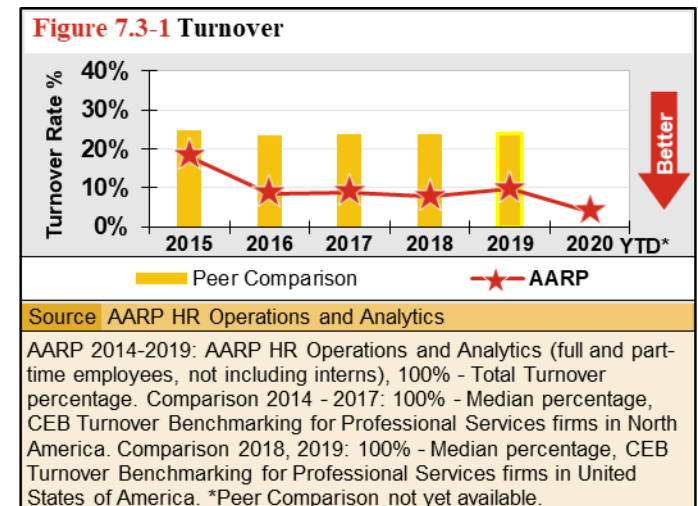


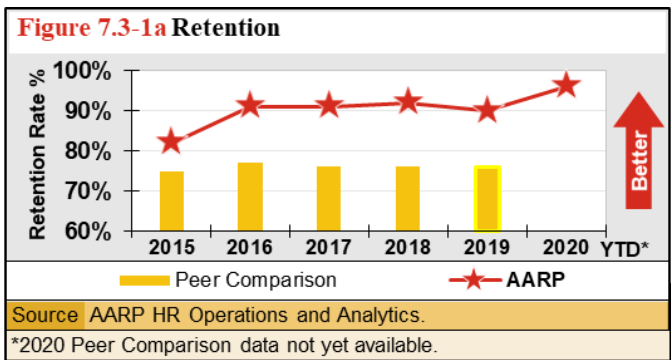
7.3: Workforce Results

7.3a: Workforce-Focused Results

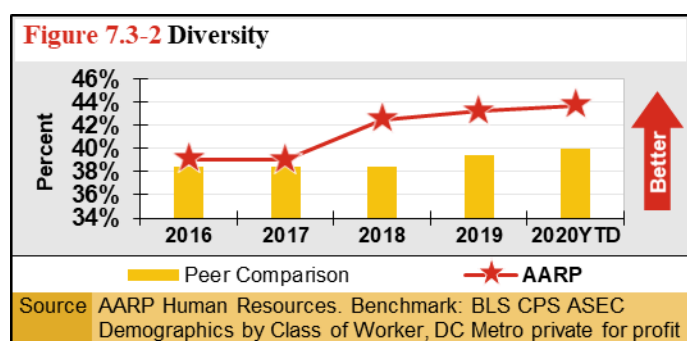
7.3a(1): Workforce Capability and Capacity

In 2018 and 2019, AARP was named a top workplace in Washington, D.C. by *The Washington Post*. A key indicator of AARP's ability to sustain its workforce capability and capacity is its low turnover rate; we consistently demonstrate employee turnover that is half the relevant benchmark.





AARP was named by *Forbes* as one of America’s Best Employers for Diversity.



To ensure that we continue to employ a workforce with the appropriate skills, employees are encouraged to have ongoing discussions with their manager on how to enhance their job knowledge, technical and/or professional skills and abilities, and interpersonal skills/leadership behaviors. This support and guidance from managers is evidenced in Figure 7.3-3.



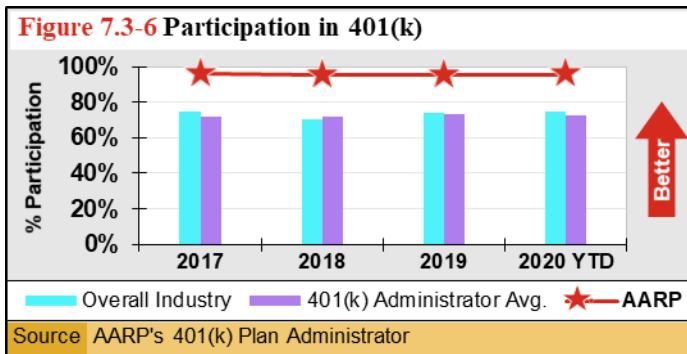
7.3a(2): Workforce Climate

AARP takes pride in being the premier social mission organization offering needed representation of the 50-plus on key issues. We stand by our policy positions and where applicable, embed this into the benefits we make available to our employees to ensure we are modeling the behaviors for which we advocate. We believe, and the results and high percentile ranking in Figure 7.3-4 illustrate, that we have an industry leading benefits package, which is an anchor of our workforce climate, and our employees certainly feel like they are part of something meaningful as illustrated in Figure 7.3-17.

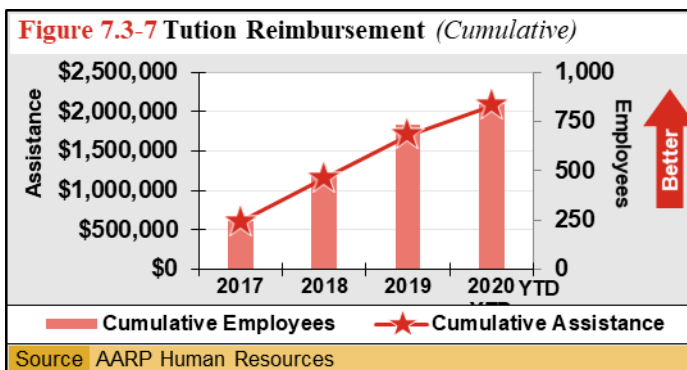
AARP advocates for employers to provide access to retirement savings vehicles and not only models this behavior but provides a strong employer match to encourage participation and help ensure the long-term financial security of our employees. Figure 7.3-6 shows how this has resulted in strong participation in our 401k program, which far exceeds benchmarks.

In 2019, AARP was named employer of the year by Kununu, an organization that helps job seekers find their dream company.





Supporting our employees who wish to continue on their learning journey is another key piece of our benefits package. AARP covers up to \$8,000 annually per employee for tuition reimbursement, which has totaled nearly \$1.7 million in assistance over the last three years as shown in Figure 7.3-7.



The best measure of overall employee satisfaction is, “I Would Highly Recommend Working at AARP to Others.” A previous iteration of the Enterprise Dashboard contained an employee measure. However, because this result was always outstanding and tied to incentive compensation, Senior Leaders were concerned that the number might be subject to manipulation. Therefore, the employee metric was removed from the Enterprise Dashboard. Even after it was removed, the result continued to be outstanding. This confirmed the result was accurate and not manipulated.

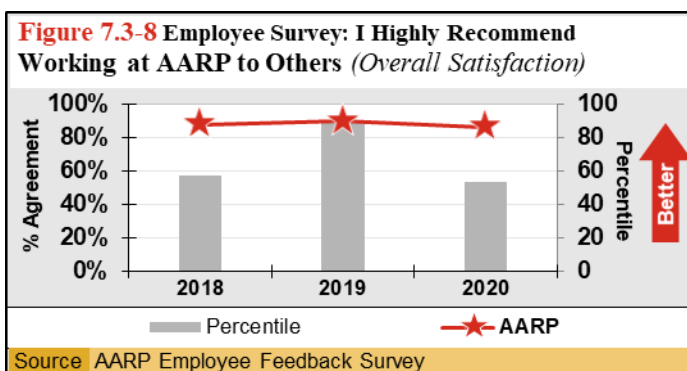
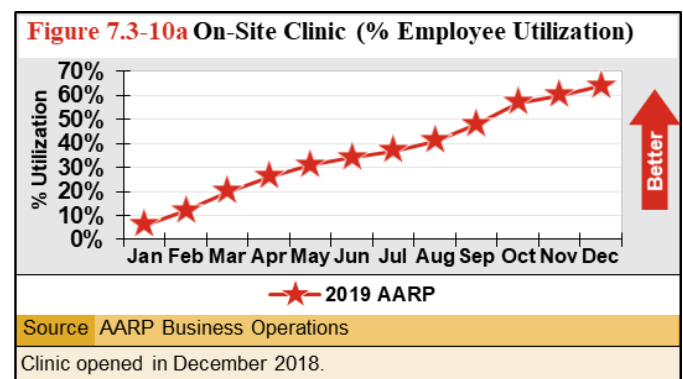
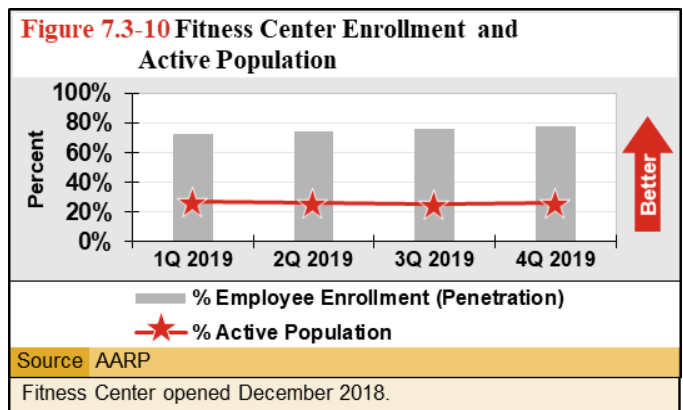


Figure 7.3-9 Fitness Center Satisfaction

Statement	% Agreement
Maintenance of Fitness Floor	93%
Maintenance of Fitness Equipment	93%
Locker Room Management	92%
Variety of Equipment	79%
Adequacy of Exercise Class Programs	64%

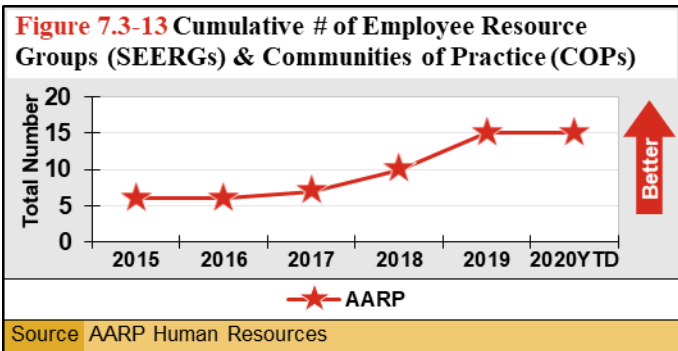
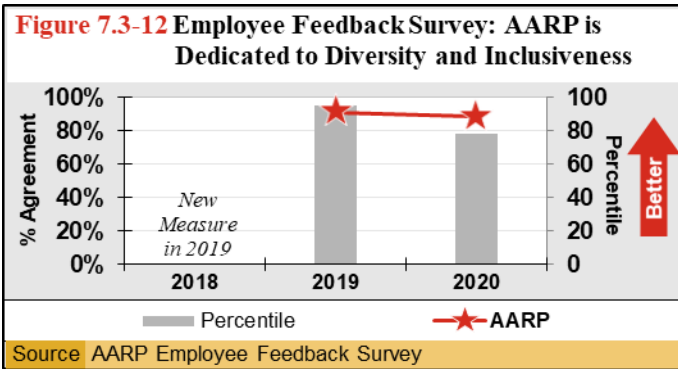
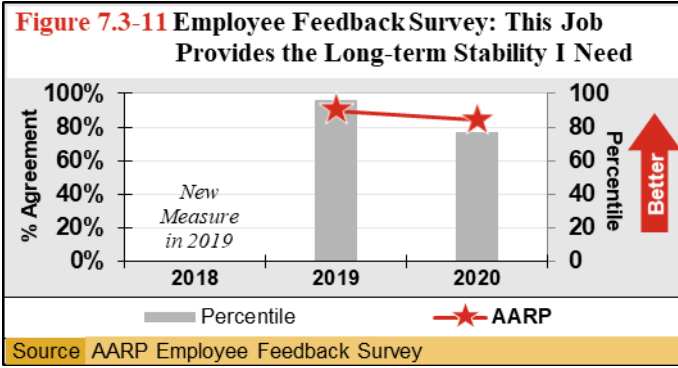
*Fitness Center opened in December 2018, only one data point is available.



7.3a(3): Workforce Engagement

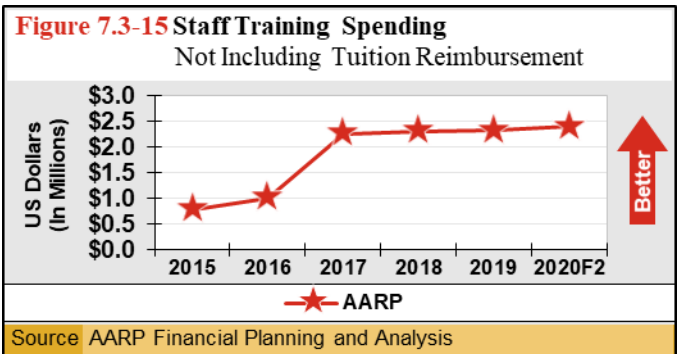
In addition to examples of workforce satisfaction presented in Figure 7.3-3, Figure 7.3-4, Figure 7.3-5, and Figure 7.3-8, employees value the long-term stability provided by AARP as illustrated in Figure 7.3-11 as well as working for an organization that fosters an inclusive environment as demonstrated in Figure 7.3-12. A major form of employee engagement is our Strategic Employee Resource Groups (SEERGs) and Communities of Practice (COPs); the total number of these groups have more than doubled since 2015 (Figure 7.3-13) with hundreds of employees participating.

To further engage employees our peer-to-peer recognition program, AARP Recognizes You program, has awarded over \$1.3 million dollars in recognition points the last three years (Figure 7.3-14 redacted).

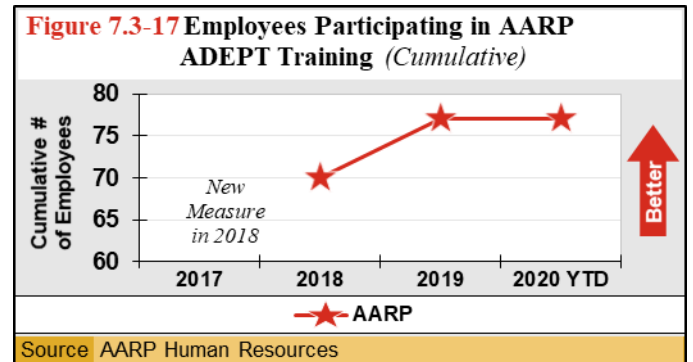
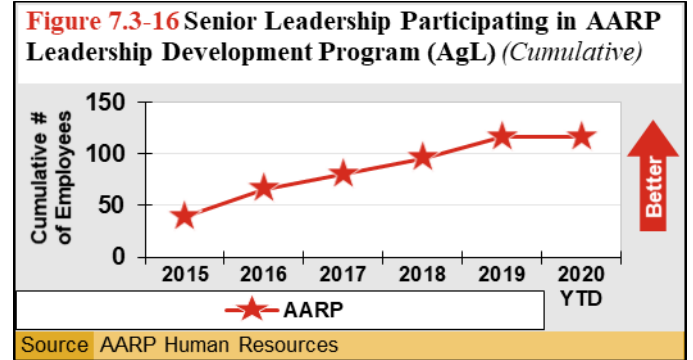


7.3a(4): Workforce Development

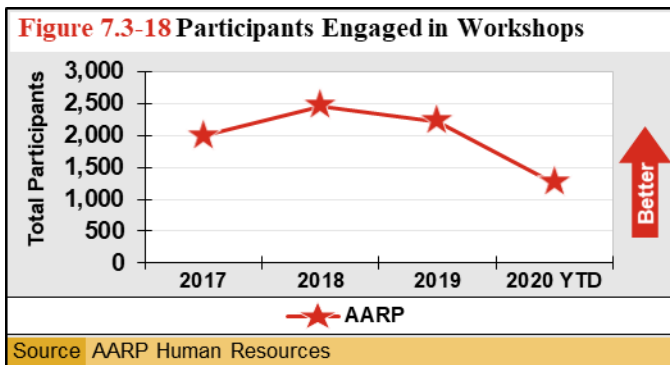
In 2019, AARP was ranked #16 on the list of BEST Awards for employee talent development. Resources allocated to staff training has increased dramatically since 2015 (Figure 7.3-15).



Strengthening the next generation of AARP leadership was a key foundation of AARP’s transformation. In 2015, the AgL Leadership Program was established in partnership with Georgetown University’s Executive Education department to cement the ‘AARP way.’ The cumulative number of leaders who have completed the program is illustrated in Figure 7.3-16. A similar program (ADEPT) tailored to middle-managers was initiated in 2018, and the cumulative number of employees who have completed that program are reflected in Figure 7.3-17. There have been no new participants in these programs in 2020 as Georgetown University has been closed.



Staff development is a key driver of AARP’s social mission and impact. AARP offers a series of accessible, relevant, and valuable workshops centered around business and leadership skills for employees at all levels. Year-to-date 2020 performance reflected in 7.3-18 as of August; we have transitioned many of our in-person workshops a virtual environment due to our work from home arrangement since March; we anticipate workshop participants to fall in line with results from prior years.

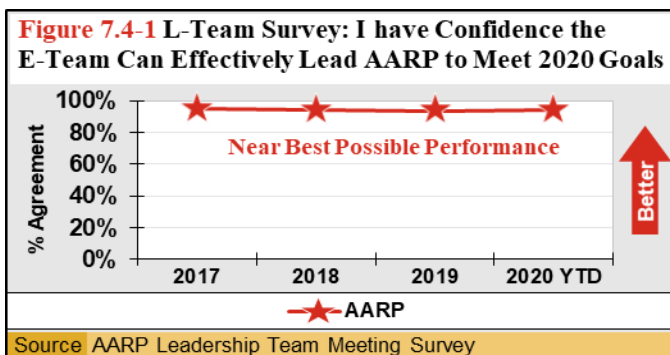


7.4: Leadership and Governance Results

7.4a: Leadership, Governance, Societal Contribution

7.4a(1): Leadership

One of the ways Senior Leaders communicate and engage customers is through publications. Third party awards are indications of the excellence of Senior Leaders' communication. AARP has won numerous communications awards, including 11 APEX Awards for publication excellence. Jo Ann Jenkins received the 2019 Baldrige Foundation Leadership Award. Scott Frisch received the Best in Biz Gold award for Operations Executive of the year in 2019.



In May 2019, we brought together all AARP employees for a 3-day event that enabled us to "Celebrate the Past. Innovate the Future." at our All-Staff Summit in Washington, D.C. A follow-up survey was distributed to all staff, and its results reinforce our leadership strength and adequate resources to achieve our long-term vision as illustrated in Figure 7.4-2.

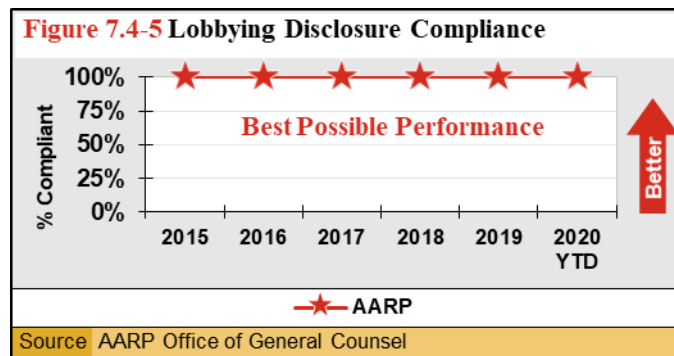
Figure 7.4-2 60th Anniversary Employee Follow-Up Survey

Statement	% Agreement
I can speak confidently about AARP's long-term vision	95%
I believe we have the right leadership to achieve AARP's long-term vision	88%
I believe we have the right resources to achieve AARP's long-term vision	86%
I better understand how my role supports AARP's long-term vision	85%

7.4a(2): Governance

AARP has had no material findings from its annual financial audits illustrating a longstanding record of fiscal responsibility.

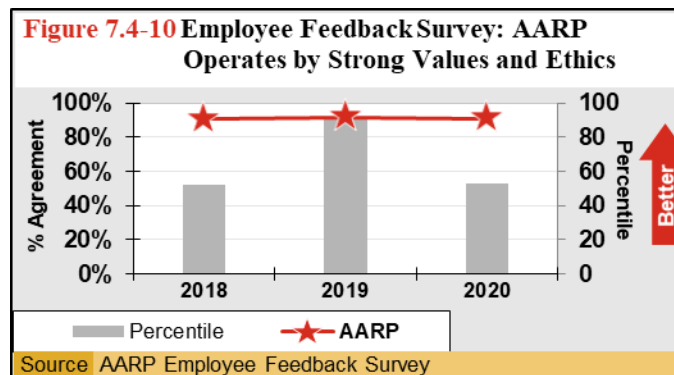
7.4a(3): Law and Regulation



7.4a(4): Ethics

AARP was named one of the World's Most Ethical Companies by Ethisphere in 2019. For the 2019 nomination, the Ethics and Compliance Office completed the nomination process as a way to assess and benchmark the Ethics and Compliance Program.

Over 90% of AARP employees agree that the organization operates by strong values and ethics; this has consistently outperformed the median for comparable companies. (Figures 7.4-7 through 7.4-9 and 7.4-11a through 7.4-12 have been redacted.)

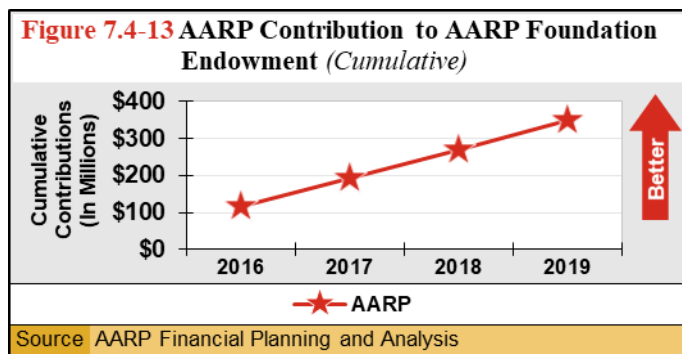


The Ethics Resource Center concludes that as companies' ethics and compliance programs mature they are more effective at holding people accountable, imposing discipline, and communicating how misconduct is addressed. Their research suggests that organizations with effective ethics and compliance programs experience less misconduct but more reporting. AARP's Ethics and Compliance Program not only provides ways to ask questions, but also uses multiple channels, including the option to remain anonymous. In total, this activity provides us with an indicator of the organizational awareness of AARP's expectations for ethical conduct.

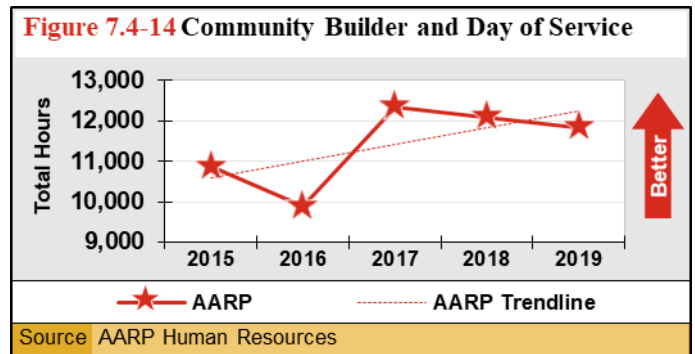
According to NAVEX Global, the median overall substantiation rate was 42% in 2019 (Figure 7.4-12 has been redacted). NAVEX concludes that a high substantiation rate reflects a well-informed employee base making high-quality reports coupled with an effective investigation process.

7.4a(5): Society

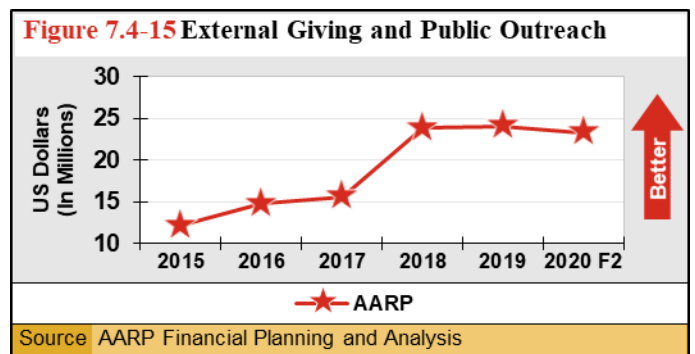
A pillar in AARP's transformation was a new, focused way to serve the most vulnerable. AARP Foundation brings innovative programs that drive social change for low-income Americans. To illustrate AARP's dedication to this focus, we made a significant contribution over the past four years to the AARP Foundation endowment, which is illustrated in Figure 7.4-13. We completed the funding of the endowment one year ahead of schedule.



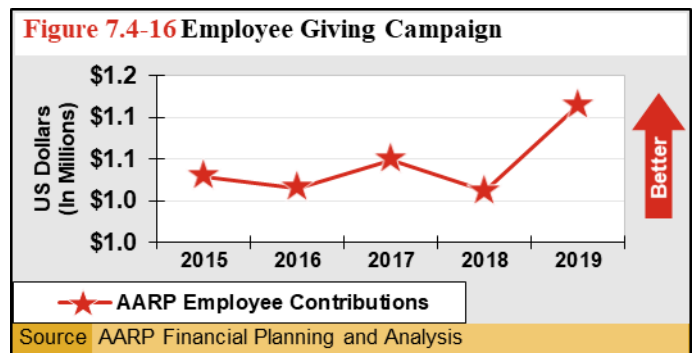
Volunteering and making contributions to the community are in AARP's DNA, and we encourage this behavior in our staff. Through our Community Builders Program, full-time employees can take up to 48 hours per calendar year (24 for part-time employees) to volunteer their time and make a difference in their local communities. In addition, AARP employees participate in an annual Day of Service every September. The collective number of hours volunteered through both of these programs is illustrated in Figure 7.4-14.



Through donations, non-media sponsorships, grants, corporate memberships, and in-kind support, AARP has contributed nearly \$25 million annually back to the community in the past two years – nearly double the annual amount in 2015.



Through AARP's annual Employee Giving Campaign, employees donated more than \$1.1 million dollars to organizations within their communities in 2019 – up 10% vs. the prior year's campaign.



7.5: Financial, Market, and Strategy Results

7.5a: Financial and Market Results

7.5a(1) Financial Performance

While the Enterprise Dashboard has Consolidated Operating Revenue, this is beyond the scope of the application. Figure 7.5-1 presents the Operating Revenue for the parent organization, which outpaces similar nonprofit organizations we monitor as part of our competitive set. To guide us in delivering upon our strategic objectives, we place a high emphasis on managing to budget for both expenses and revenue, which is reflected in Figures 7.5-4 and 7.5-5 (redacted), respectively. Operating revenue for 2020 is projected to fall in line with 2019 results; our F2 Forecast projects revenue to finish within 1% of 2020 budget.

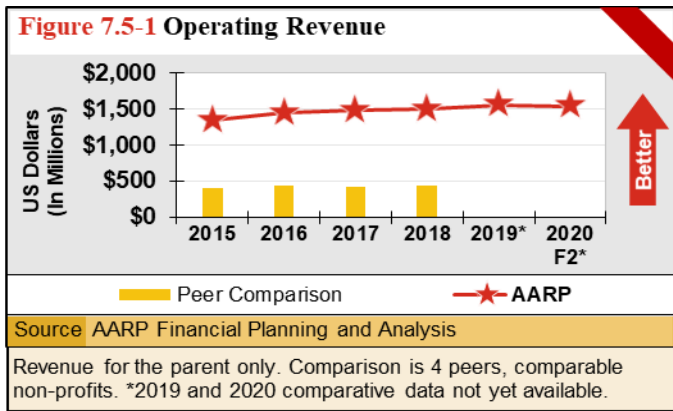
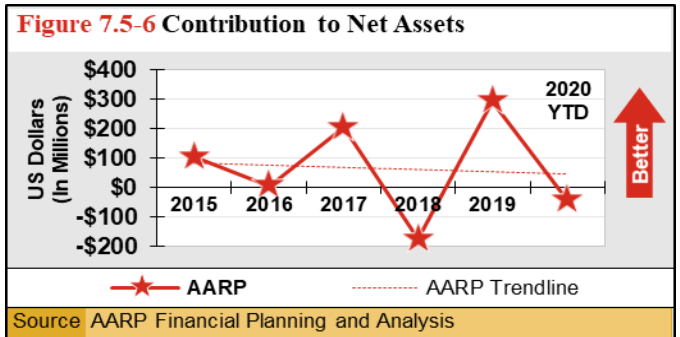
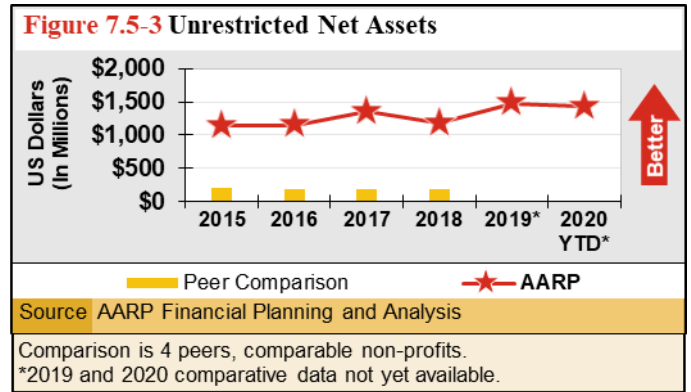


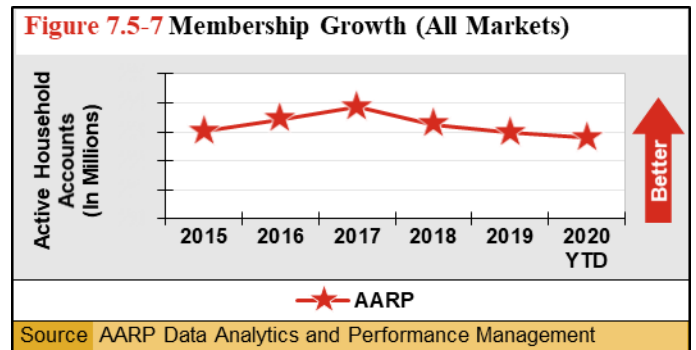
Figure 7.5-2 (redacted) shows operating expenses budget, which AARP has grown year-over-year; this is an important piece of our Enterprise Objectives of growing impact and relevance as we are able to invest more in our social impact agenda year-over-year.

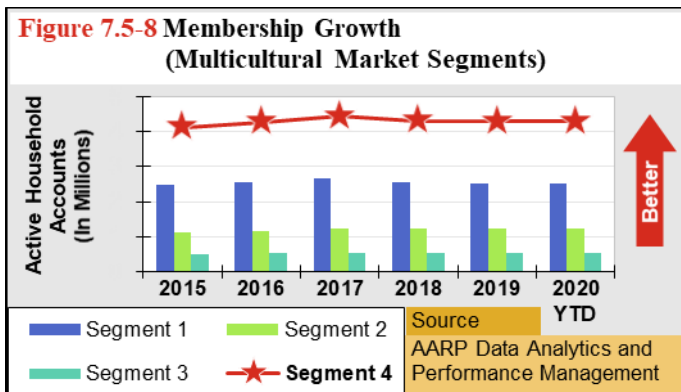
In 2016, AARP implemented an updated, risk-based methodology for determining the level of required unrestricted net assets (RUNA) needed to maintain financial stability and to withstand risk, helping ensure that the enterprise can thrive over the long term. The RUNA model framework then allowed us to implement a spending policy for the parent’s long-term investment fund, essentially allowing us to manage it like an endowment and generate income to support our enterprise strategy. The spending policy was implemented in 2016. (See 2.2a(3)). Figures 7.5-3 and 7.5-6 exemplify this as we have grown our unrestricted net assets by 29% from point-to-point 2015-19 with significant annual contributions in the past five years fueled by investment income.



7.5a(2): Marketplace Performance

AARP’s membership base has remained relatively stable around XYZ-million household accounts over the past five years (Figure 7.5-7). This comes during a period where like membership organizations we monitor have either folded or seen steep membership losses. We have seen aggregate growth within our multicultural markets – growing nearly 4% point-to-point during this period.





7.5b: Strategy Implementation Results
 Figure 7.5-9 demonstrates how well AARP is accomplishing its Strategy Map and Enterprise Dashboard results.

Figure 7.5-9 Strategy Implementation Results

Strategic Objective	Key Performance Measure	Result (Figure)	2017	2018	2019	YTD Results	FY Target	Status vs Target
Grow Impact	Lives Impacted: Advocacy	7.1-2						▲
	Lives Impacted: Programs	7.1-3						▲
Grow Relevance	Overall Renewal Rate	7.2-1						▲
	Brand Equity	7.2-4						▲
	Net Promoter Score	7.2-5						▲
	Membership (active accounts)	7.5-7						●
Grow Revenue	Operating Revenue	7.5-1						●
Engage Workforce	Employee Satisfaction	7.3-5						▲
	Employee Engagement	7.3-8						▲
	# of SEERGs and COPs	7.3-11						▲
	Turnover	7.3-1						▲
	# of Community Builder Hours used	7.4-14						▲

Figure 7.5-10 and Figure 7.5-11 show our Intelligent Risk results for startups.

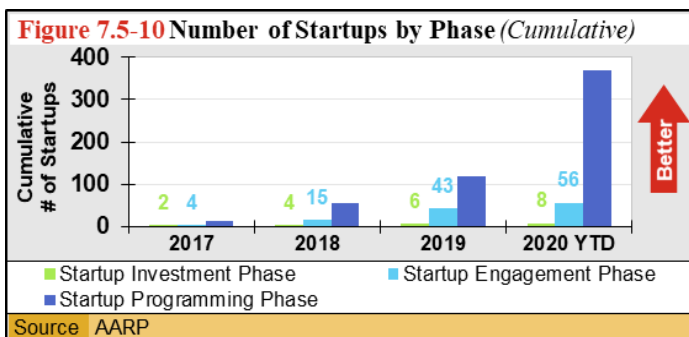


Figure 7.5-12 show our EFS: Innovation Index results.

