

We want to thank you again for your overwhelming participation in our Employee Engagement survey earlier this year. At 99.5% your level of participation exceeded our highest expectations, as well as the standard engagement survey statistics that predict employee participation. This is awesome and an accomplishment in itself! Once again, we applaud each of you for your interest and dedication to Specialty Finance and this survey process.

The primary reasons for conducting the survey were to identify ways to improve our business and increase your level of engagement and satisfaction. We want to share with you some of the efforts that are underway in response to your feedback.

First though, here is a brief reminder of how the survey worked and what your responses entailed. Employee Engagement and Satisfaction were measured in the following 11 dimensions:

- Quality and Customer Service
- Teamwork
- Supervision
- Benefits
- Work Organization
- Communications
- Performance Management
- Management Effectiveness
- Compensation
- Career Development and Training
- Leadership

As a whole, SFG showed very positive and favorable results in Quality and Customer Service, Teamwork, Supervision, and Benefits. On the other hand, we scored lower than we would have liked in the other areas, including Work Organization, Communications, Performance Management, Management Effectiveness, Compensation, Career Development and Training and Leadership.

Since our last update, we have assembled a focus group charged with addressing our most pressing Employee Engagement issues. While there were a number of areas that we would have liked to focus attention specifically on and therefore increase future survey

results, we also wanted take a realistic approach to this action planning process and target a manageable number of areas that would also help us to drive aggressively toward the accomplishment of our productivity and financial goals for 2002 and 2003. With input from Senior Management and employees, four critical opportunity areas were identified and action plans are currently being implemented to positively impact your engagement and satisfaction. Additionally, these areas were selected as those key areas that could have the greatest level of impact for employees in the short period of time we have before future surveys are implemented. The selected areas are:

## **1. Performance Management**

### Description:

Washington Mutual's process for conducting regular performance reviews and helping employees receive quality feedback and develop the necessary skills to meet their performance objectives.

### Results Summary:

41% of you told us that your performance reviews are not value adding, meaningful and/or timely.

### Action Plan:

Beginning with the 2002 year end Performance Management and Pay Planner cycle, all managers will be held accountable for conducting one-on-one, meaningful performance review and career discussions. These performance reviews are about much more than performance ratings; the feedback and conversations between managers and their employees is the most vital aspect of this process.

We are so committed to ensuring that these conversations take place, that managers' compensation changes will not be processed until after they have completed their team's performance discussions with their employees. We also are implementing this same process at mid year 2003 for Levels 9-13. After the performance reviews have been completed, we will be following up with employees via a survey to gauge the effectiveness of these conversations and, as needed, provide additional training and support.

## 2. Communication

### Description:

Ensuring that the organization communicates the right information in an effective and timely manner such that all employees feel informed and clearly understand SFG's goals and direction.

### Results Summary:

31% of you do not feel you receive adequate information on SFG's goals and strategies and how your roles affect those strategies.

### Action Plan:

As many of you know, a Communications Task Force was assembled after feedback was received at the 2002 National Sales Meeting in February. This team was brought together to focus directly on informing and improving internal SFG communications. To date, this team has completed a number of projects that have had a significant impact on communications within our division, with more initiatives that are in process currently. A few of the projects (others were outlined in the June 2002 issue of *Inside SFG*) that the Task Force has completed include: An all SFG e-mail list was developed to aid in disseminating SFG specific correspondence to all divisional employees quickly and efficiently; Introduced Town Hall Meetings and the *Inside SFG* monthly newsletter to communicate SFG's overall strategy, goals and progress on a consistent basis; And the development of tools and a commitment from the Executive Team members to disseminate information, key decisions and action items that are raised at Craig Chapman's direct meetings to employees, at least on a monthly basis.

The Communication Task Force has not lost momentum with their many accomplishments, but instead continues to drive forward with some exciting new projects that will help to promote improved communications. A few of the initiatives that they are currently working on include: A two-phase approach for utilizing technology to support and facilitate the sharing of information amongst the various SFG-Commercial departments. This could include items such as product sales sheets, credit policies and procedures, back issues of the *Inside SFG*, SFG Training Calendar and other various form or documents. Phase I of this initiative, which will be complete by year-end 2002, is the establishment of a shared network drive that will be available and accessible by all SFG-Commercial employees. Phase II, targeted for 2003, will include the development of an SFG-Commercial group and departmental web sites.

The Communications Task Force has and continues to do great work and we thank all of the members for their dedication!

In support of the Communication Task Force and as a result of your survey responses, we

also have explored other projects that can help to improve communications within SFG-Commercial. Beginning with the latest round of Town Hall Meetings, we have begun videotaping the session and making those tapes available to any employee who could not attend in person. These tapes are available by contacting Bethany King at 206-490-5652.

Another project underway is the distribution of an SFG Scorecard, similar to the Quarterly Scorecard that is distributed to participants of the National Sales Meeting in 2002. We are searching for a way to accurately and legally communicate SFG Goals and Performance on a regular basis to all employees that will be meaningful and help define the various departmental goals and SFG-Commercial as a whole's initiatives. Stay tuned for further developments.

### 3. Career Development and Training

#### Description:

Making sure employees have access to training and development opportunities that help them succeed in their current roles and pursue new opportunities.

#### Results Summary:

39% of our employees feel they are not receiving fully effective requisite training to do their current roles or are not receiving necessary career enhancing development opportunities. Each employee should complete an IDP (Individual Development Plan) annually with his or her manager. The IDP should serve as the basis for developmental areas of focus for the coming year.

#### Action Plan:

Just as all of you are committed to the achievement of SFG's goals, we are just as committed to your continued career development. We recognize that making the right training and development opportunities available to our employees is vital to our success, as well as yours. We have committed to the following programs in 2003:

**Sales Training:** We have signed a contract with The Richardson Group to develop and conduct SFG specific Sales Training. This program will hit the ground running later this year and hopefully, by mid year 2003, all sales focused employees will have had the opportunity to attend.

**Credit Training:** We are partnering with Corporate Credit to enhance their current curriculum, taking into account SFG's businesses and products. We hope to roll out a revised version of this program by mid year 2003.

**Passport to WaMu:** Passport is WaMu's new hire Orientation program. In the past, due to mergers, geographic disparity and a lack of resources, we were not able to offer this

program in SFG. We now have the necessary resources and have rolled this program out in Seattle and at the NOC. Early next year we will make this program available on a consistent basis in all SFG hub locations.

**Cash Management:** Earlier this year, to help support the roll out of the Deposit Programs, we introduced Cash Management Training into SFG. Training was made available in all areas and to all lines of business. Over 100 employees successfully completed the training. We will offer this program in 2003 on an as-needed basis.

**Leadership:** An area for improvement that was outlined in the survey results was the need to provide continued leadership training opportunities for our managers and executives. In 2003, we will continue to support training programs established by corporate and that align with the Leadership Core Competencies. For example, SFG has 15 individuals identified to attend in the Leading Large program and 3 executives nominated to participate in the 2003 Leadership Challenge. Both of these programs are targeted at developing new and enhancing existing leadership skills and qualities.

Additionally, with the creation of an Individual Development Plan or Leadership Development Plan (as outlined as part of the Performance Management process and action plan listed above), employees are encouraged to participate in appropriate Leadership Gateway courses that will help them to accomplish objectives within their plans. To facilitate this process, SFG will sponsor various Leadership Gateway courses at the NOC and other locations as necessary to meet the needs of employees. Additionally, our HR Training department has developed partnerships with the other WaMu business units and Corporate Groups that will allow SFG employees to participate in Leadership Gateway courses that will be sponsored in less populated SFG areas. More information about the Leadership Gateway curriculum, as well as the Leadership Development Plan and assessment are available on wamu.net at: <http://home.wamu.net/CS-orgcapability/leadership.jsp>

In Q1 of 2003, SFG will be rolling out to all employees the corporate sponsored Talent Builder, which is an online career management system located on wamu.net that is designed to put the employee in control of their own development. The system will give employees "anytime, anywhere" access to development tools through their wamu.net account. Initially, Talent Builder will allow employees to:

- Search and register for Washington Mutual instructor-led classes as well as e-learning opportunities in a spectrum of subject areas.
- Create an employee profile (internal resume) to showcase your past and present work experience, education, skills and roles.
- Access transcripts (learning history) at any time.

Future enhancements that are planned for 2003 include:

- Competency assessments and development plans.
- Online Talent Management Planning (TMP).
- Knowledge Bank (a place where employees can exchange information and share best practices).

These are just a few examples of projects the SFG Training team is working on. However, development can take place in many ways outside the classroom. Other ways to further your development include mentoring opportunities, books and tapes, outside seminars, and taking advantage of the WaMu tuition reimbursement program.

#### **4. Work Organization**

##### Description:

Providing effective tools, processes, and resources in a work environment that will inspire productivity and create a safe and satisfying work experience.

##### Results Summary:

40% of employees do not feel they have the tools and technologies necessary to promote greater productivity. Ordering new PCs, getting access to certain systems, and limited conference rooms are just a few examples you cited as areas in which we can improve.

##### Action Plan:

TSG has come a long way in a short time; however, much more needs to be done.

You have let us know that the following issues are areas that need immediate attention:

1. Network Reliability
2. Phone support and hold times
3. Days to obtain a PC/fulfill a CAR request

1) TSG is in the process of rebuilding every component of the Washington Mutual network, the system that connects over 55 thousand employees. This critical project is going to be completed by the end of the 2<sup>nd</sup> quarter 2003. This upgrade will provide a faster and more stable network environment for all.

2) We are in the process of analyzing phone support metrics including hold times. This information will be delivered to Help Desk Senior Management. We will use this information to drive improvements in their service, whether that is additional staff or training for existent help desk team members.

3) SFG is currently experiencing delays in getting equipment due to a few main reasons:

- The conversion fall of WaMu to Windows XP and Microsoft Exchange email. All resources are focused on this effort in order to expedite this complex upgrade.
- New requests for equipment must be fulfilled with old equipment until all of SFG is connected to XP/Exchange, by April of 2003. Equipment that falls under the previous system and processes takes longer to acquire, therefore causing delays in fulfilling requests.
- Temporary Solution: SFG TSG has hired a full time dedicated resource, Brandon McHenry, to focus on resolving the EXCEPTION problems faced by SFG employees. A detailed announcement will be sent to all of SFG within 2 weeks to outline the services and responsibilities that will be provided to supplement current support.

TSG will continue to monitor progress and provide updates to SFG employees through the SFG newsletter.

We understand that this is just the beginning. These initiatives have been underway for some time now and other projects are in the works. To help us continue to monitor your engagement and satisfaction we will be conducting a Pulse Point survey during the month of December, similar to the last survey. This survey will go out on-line to approximately 30% of our employees. This feedback, as always, will be taken into consideration in helping us to formulate and devise ways to improve overall employee engagement.

WaMu will be conducting an enterprise-wide all employee survey during March of 2003. This survey will go out to an unprecedented number of employees – over 50,000.

We will continue to keep you abreast of progress and additional information so be on the lookout for the next installment of *SFG Pulse*.