

Per California Code of Regulations, title 2, section 548.5, the following information will be posted to CalHR's Career Executive Assignment Action Proposals website for 30 calendar days when departments propose new CEA concepts or major revisions to existing CEA concepts. Presence of the department-submitted CEA Action Proposal information on CalHR's website does not indicate CalHR support for the proposal.

A. GENERAL INFORMATION

1. Date

05/09/2023

2. Department

CA State Lottery

3. Organizational Placement (Division/Branch/Office Name)

Executive Division/Business Planning and Research Unit

4. CEA Position Title

Assistant Deputy Director, Business Planning

5. Summary of proposed position description and how it relates to the program's mission or purpose.
(2-3 sentences)

The ADD, BP will assist the Deputy Director, BP with the administration of all facets of the Business Planning and Research Unit. The ADD, BP will personally be responsible for driving the annual business planning process and for policy recommendations, revisions and implementations that relate to the annual business planning process and management of the Research Program. The ADD, BP will have responsibility for the Optimal Prize Payout Policy and will lead the production of the annual report to the Director.

6. Reports to: (Class Title/Level)

Deputy Director, Business Planning / CEA B

7. Relationship with Department Director (*Select one*)

- ☒ Member of department's Executive Management Team, and has frequent contact with director on a wide range of department-wide issues.
- ☐ Not a member of department's Executive Management Team but has frequent contact with the Executive Management Team on policy issues.

(*Explain*): The Assistant Deputy Director, Business Planning will have frequent contact with the Director and with the department's Executive Management Team on department-wide policy issues. Business Planning is an organization-wide process that requires these high level contacts and strategic partnerships.

8. Organizational Level (*Select one*)

☐ 1st ☐ 2nd ☒ 3rd ☐ 4th ☐ 5th (mega departments only - 17,001+ allocated positions)

B. SUMMARY OF REQUEST

9. What are the duties and responsibilities of the CEA position? Be specific and provide examples.

The Business Planning Office is focused on identifying opportunities for future operational improvements and undertaking major business initiatives while keeping the focus on increasing Lottery sales and profits. The ADD provides expert guidance and recommendations on the development and implementation of goals, strategies, performance measures and action plans throughout the Lottery, through the annual business planning process; develops and recommends policy changes necessary to implement departmental improvements and advises the Deputy Director and Directorate on the implementation of performance review findings and initiatives.

The ADD will lead the Optimal Prize Payout Policy annual report to the Directorate. This new policy area is co-owned by the Sales and Marketing Division and the Finance Division and results annually in a report on Prize Payout Optimization efforts in accordance with the policy and recommendations for the year to come. The ADD will facilitate collaboration and will be responsible for ensuring the report meets the required parameters and is approved by the Directorate. The ADD will make recommendations on policy updates/revisions and on the need for additional policy in this area.

Furthermore, the ADD will work in collaboration with the DD on the development and implementation of the Business Planning Unit's succession plan and policy and process documentation. These efforts are critical to ensure the continuity of the Lottery's business operations, sales goal setting process, business planning objectives and strategic planning objectives. Because the Lottery is a unique entity within State Government and within California's private sector, new recruits into the DD level would be ill prepared to navigate the complexities of the Lottery's Business Planning Process and 3 5-year strategic planning process, not to mention the knowledge required to expertly guide the Lottery's sales goals and business direction. For this reason, and to mitigate the catastrophic risk the Lottery faces, should the DD be unable to continue in the role, the Lottery proposes to create this CEA position, which will not take the place of the DD, but will supplement and increase the DDs ability to manage the Directorate's expectations and drive the Lottery-wide strategic planning efforts necessary to the success of the Lottery's mission.

The Assistant Deputy Director (ADD), Business Planning will be responsible for directing the activities of the Research Program, and will act as key advisor to the Deputy Director, and Directorate; will function as the business lead position responsible for the Lottery's research management relating to the development of quality research studies that identify long range objectives, strategies, and the actions necessary to achieve full implementation. The ADD will make recommendations to align research efforts with current and future business needs and the Lottery's strategic direction. The ADD will oversee and validate vendor research and examine industry standards and studies.

The ADD will be responsible for developing staff within the Lottery on the various business and strategic planning efforts/processes. This includes providing training annually to the Senior and Executive Management Teams; and creating opportunities for knowledge sharing and transfer between the Deputy Director, ADD, and the Research Data Supervisor II, as well as all other staff within the unit. This will mitigate risk of losing invaluable institutional knowledge and create a sustainable career path to encourage staff to develop into leadership roles.

B. SUMMARY OF REQUEST (continued)

10. How critical is the program's mission or purpose to the department's mission as a whole? Include a description of the degree to which the program is critical to the department's mission.

- ☒ Program is directly related to department's primary mission and is critical to achieving the department's goals.
- ☐ Program is indirectly related to department's primary mission.
- ☐ Program plays a supporting role in achieving department's mission (i.e., budget, personnel, other admin functions).

Description: The Business Planning Unit provides planning and research services, develops the 3-5 Year Strategic Plan, facilitates the Annual Business Planning process and develops the Annual Business Plan, conducts market research studies used to inform Executive level decision making, and develops sales goals which ultimately determines the projected financial contributions to educations, which is the Lottery's mission. Additionally, the unit is responsible for the annual report to the Directorate regarding optimal prize payouts, and for ensuring contributions to education are maximized through organization-wide business planning efforts. As a unit reporting directly to the Directorate, in the Executive Division, and as the primary facilitator of organization-wide business planning initiatives that ultimately drive the Lottery's ability to meet its goal of providing supplemental funding for education, this unit is extremely critical to the Lottery's mission.

B. SUMMARY OF REQUEST (continued)

11. Describe what has changed that makes this request necessary. Explain how the change justifies the current request. Be specific and provide examples.

The Lottery continues to grow in volume of business objectives and sales; as such, our business planning efforts have increased exponentially. The Lottery's sales and resulting contributions to education have been rising over this same period. In FY 2017-18, Lottery sales were \$6.97 billion with contributions to CA public education being about \$1.7 billion. In FY 2021-22 (the last complete FY), sales from Lottery games totaled \$8.87 billion with contributions to education being just over the \$2 billion mark. Technology/product infusion has increased significantly with the introduction of new technologies in gaming terminals, safety features, and marketing strategies. These changes increase the difficulty, complexity, and time needs of the business planning process, marketing objectives, and cross functional management of sales goals and optimization efforts. To ensure all the considerations are made, the business planning process now takes considerably longer and is more in depth than ever before. Our contributions to education have never been higher and the work to optimize lottery dollars is always ongoing and requires the Lottery dedicate additional leadership to ensure the successful identification, and implantation of optimization efforts organization wide. Currently the DD, Business Planning is a single position with responsibility for all Lottery business planning and strategic planning, which includes directing the research program that informs the strategic planning process and the recommendations made to the Directorate on the Lottery's current and future needs. There is more work allocated to this CEA position than can reasonably be expected and it has led to an untenable risk of knowledge loss, with so much mission critical knowledge housed solely with the DD. As noted elsewhere in this request, the scope, and complexity of the work this unit performs continues to grow; couple that with the constantly changing technology environment and socioeconomic environment, the research, and planning processes have become more in depth and stringent, and take substantially more effort, focus, innovation, future thinking, collaboration, and strategic considerations. The process to develop the annual Business Plan has become more complex in recent years as there are more proposals and projects today than there were in the past. Currently, there are 47 Business Plan Proposals (BPP) being developed for the FY 2023-24 Plan. The prior three years (for the FY 2020-21 through FY 2022-23 Plans) saw an average of 22 BPP's being submitted from the various parts of the organization. And the three-year period before that (for FY 2017-18 through FY 2019-20) had an average of 19 BPP's developed for consideration. The increase in proposals and projects results in more items to track, review, and consider when developing the annual Business Plan and creating the prioritization of the projects for the fiscal year. It also requires creating more communications and coordinating with more units in the organization. Currently, the DD, BP is responsible for all the annual Business Planning process, facilitation, management, policy, and prioritization decisions. This increase has made the DD, BP less available to address the Strategic Plan and other critical organization-wide policy. The increase in proposals and projects, coupled by the significant impact on Lottery operations and achievement of its mission, makes the decision-making process for each proposal extremely complex and consequentially significant, as errors in this decision-making process could lead to unrealistic goals, delays in critical projects and failures to meet our mission. One such effort, two years in the making, resulted in the creation of the Optimal Prize Payout Policy and associated deliverable reporting requirements on the department's efforts to maximize contributions to education. This policy is co-owned with the Finance Division and Sales and Marketing Division and represents a major new policy adoption with impacts on the way we do business now and into the future. Although Business Planning is one of the co-owners of the Optimal Prize Payout Policy (along with Finance and Sales & Marketing), all the analysis and calculations are done in Business Planning. After Sales & Marketing develops the product plan and some alternatives, Business Planning develops weekly estimates of sales and profit contributions for each of those different product scenarios. These are then reviewed and discussed amongst the three co-owners prior to presenting our recommendations to the Lottery Director and then the Lottery Commission. Changes to the Strategic Planning Process-To improve planning, the Lottery is changing its Strategic Planning process. Instead, of producing a new plan every 3 or 4 years, the Lottery will have annual updates to the plan, so the Strategic Plan consistently has a vision for the next 3-5 years. This is more consistent with best practices. However, this adds significant burden to Business Planning Unit and requires the ADD position who will be responsible for the annual fiscal year Business Plan process while the Deputy Director directs the Strategic Planning efforts.

C. ROLE IN POLICY INFLUENCE

12. Provide 3-5 specific examples of policy areas over which the CEA position will be the principle policy maker. Each example should cite a policy that would have an identifiable impact. Include a description of the statewide impact of the assigned program.

Annual Business Planning- This policy area covers the intricate and interdependent processes, responsibilities, and outcomes of the annual business planning process organization-wide.

Research Program-This policy area covers the direction and focus of the executive level research initiatives the Lottery engages in to inform the strategic direction of the Lottery. In partnership with the DD, the ADD will make policy and program recommendations to further the Lottery's ability to meet its mission.

Optimal Prize Payout- This policy area is co-owned with the Sales and Marketing Division, Business Planning Unit, and the Finance Division. The ADD, BP will ensure the policy is implemented and carried out annually with the resulting recommendations provided to the Directorate. Statewide impact of the Business Planning Unit includes impacts on internal Lottery divisions and initiative, as the ADD will recommend which initiatives to pursue and which to delay or forgo; statewide impacts on Lottery playership are also possible, as the ADD will influence the strategic direction of the Lottery, marketing campaigns, and prize structures.

C. ROLE IN POLICY INFLUENCE (continued)

13. What is the CEA position's scope and nature of decision-making authority?

The ADD, BP's scope will encompass the Lottery's annual business plan, oversight of the executive research program, and the co-owned optimal prize payout policy. The ADD, BP will be responsible for making decisions regarding recommendations to the Directorate and DD, BP; day to day decision making for the administration of the unit and staff reporting to the ADD, BP; annual business planning process decisions and recommendations on inclusion of new initiatives into the annual business plan; policy decisions on implementation, recommendations, and deliverables. The ADD, BP will work directly with the Executive Management Team, DD, BP and the Directorate to ensure the direction of the Lottery and decisions made organization-wide, are in alignment with the Lottery's mission and ensures that Lottery dollars are optimized.

Example: Through the annual business planning progress, Division leadership propose new or modified initiatives that have cross functional impacts. The ADD, BP will evaluate these proposals, coordinate cross functional discussions, identify concerns, and make recommendation to the Directorate regarding which initiatives are in the best interest of the Lottery to pursue in the current cycle. This position will have the authority to recommend delaying, abstaining, reevaluating later, implementing, or expediting initiatives proposed by division leadership and sponsored by members of the Executive Management Team.

14. Will the CEA position be developing and implementing new policy, or interpreting and implementing existing policy? How?

The CEA will assess policies in place, interpret and ensure proper implementation and deliverables. They will also assess the need for additional policy, make recommendation to the DD and Directorate regarding these policy needs, develop, and implement as needed. Because the business planning functions that this CEA is responsible for, have cross functional stakeholders and often organization-wide impacts, this CEA will have influence over and provide recommendations on policy areas, initiatives, and changes organization-wide in order to ensure the maximization of lottery dollars.