



PERFORMANCE

In this part, we showcase:

- Introduction to Performance
- Strategic Goals
- Targets & Results
- Survey Results
- Stakeholder Outreach
- Measures & Procedures

Few decorated soldiers receive five battle stars. Daniel fought the enemy and the bitter cold to earn them as an artillery mechanic – in all five battles for France. “I was shot at, bombed and mortared by the Germans. Damn lucky I never got injured.” The Battle of the Bulge was confusing: “We never had maps, just general directions. Finally we found maps that Renault printed for tourists!” he chuckled. One vivid memory is the liberation of Belgium. “Our division HQ was attacked in Wiltz and our band was there. The guys dropped their clarinets and picked up guns to fight back.” Last year, Belgium’s government invited Dan and numerous US veterans back for a 10-day visit and a special appreciation ceremony. “On day two, my stomach exploded from an aneurism – and I went to emergency surgery.” Dan quipped, “So...I survived Bastogne twice.”



We, too, have achieved many Goals in FY07. Plus we’ve outlined impressive financial gains. In Performance, we describe our organization and highlight our results for FY07 - which have been very concrete.



“The guys dropped their clarinets and picked up guns to fight back.”

Daniel Funk (Army – WWII)

Introduction To Performance

Renovating a Relic

For much of its existence, the Home has operated as a “city within a city” in Washington. In the late 1800s, it even featured a fully functional dairy farm. As the decades passed, the Home continued to be run with antiquated management practices. So the enormous task of transforming this dinosaur into a modern CCRC has been no small feat.

In FY03, the Home’s new management created a sweeping Strategic Plan⁹, which included our newly envisioned Goals and Objectives. Ever since, we have remained steadfast in our efforts to achieve and maintain those strategic initiatives. And we have used them to actively drive our collective performance.

The essential building blocks – our Mission, Goals, Objectives, Plans and Actions – are helping us realize the AFRH Vision:

“To actively nurture the Health and Wellness Philosophy of Aging while providing our nation’s heroes with a continuum of Life Care Services in a community setting.”

Each AFRH employee is helping us reach that Vision, too – because we’ve connected it to individual employee performance goals.

A Balanced Strategy

All along, management has sought a comfortable balance in its foundational strategy. In FY07, we renewed our commitment to this strategy, which centers on several basic organizational components: people, finances, operations and climate.

Specifically, two of our Strategic Goals – Culture of Integrity and Learning & Growth – focus on our staff, the people who serve our residents best. Meanwhile, two other Goals – Financial Growth and Improved Processes – center on operational and organizational efficiencies, providing the “best value” to all. Our remaining Goal, Exceptional Service, is dedicated to the residents, the sole reason we exist.

Together, these initiatives directly or indirectly channel our efforts to serve the residents. They also help us serve their families and all military personnel who have a stake in our success. Moreover, our strategy will ultimately serve those contributing to the AFRH Trust Fund right now – America’s current military service members.

Improved Performance

In FY07, we met many of the performance measures that hold our managers and staff to a higher standard. We enjoyed success in the areas of performance management, financial improvements and customer service. Yet, we moved a bit slower in areas that required analysis and in-depth study.

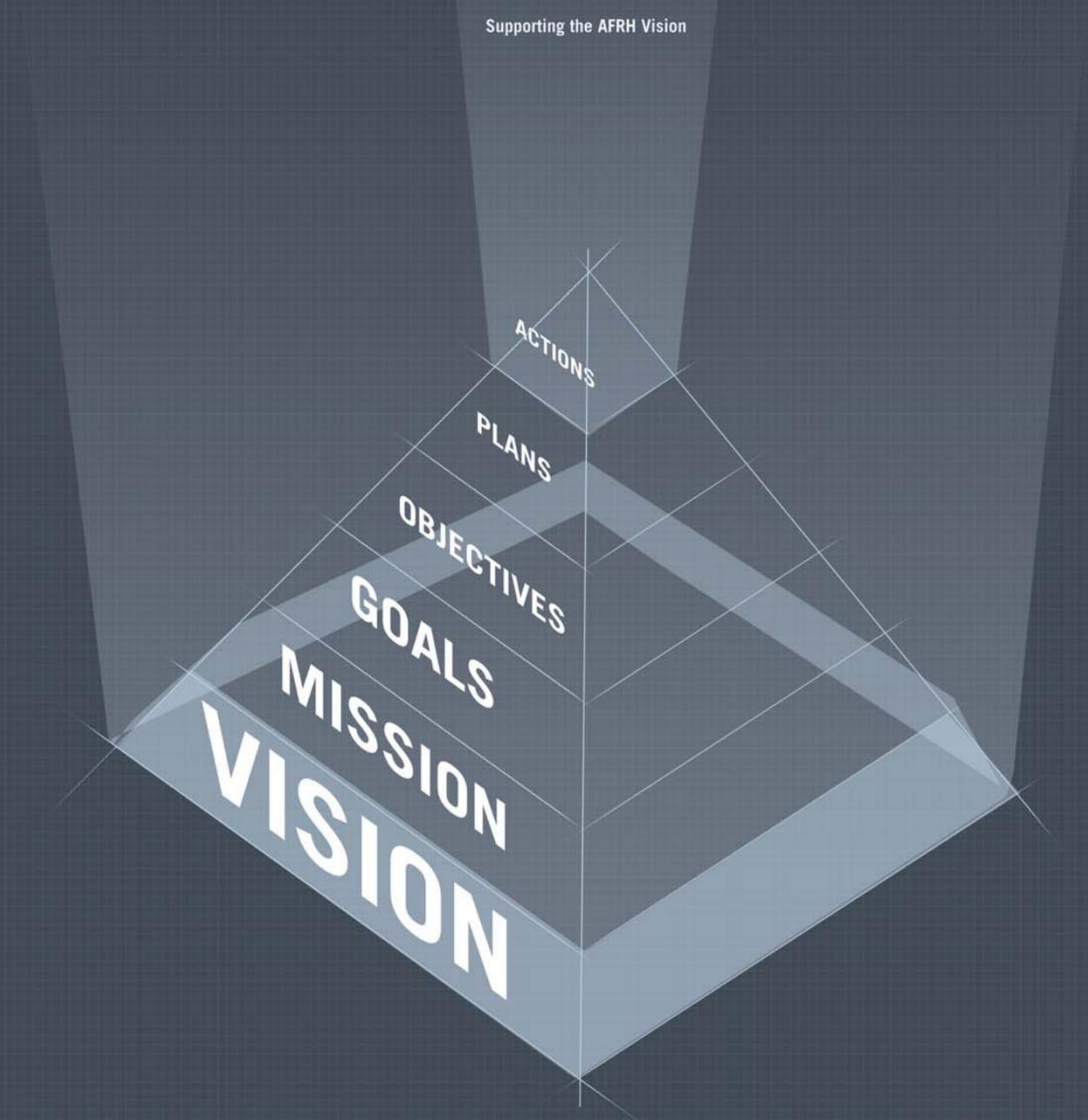
Reaching Higher

In the previous two years, “successful completion” of many actions had eluded AFRH. It seemed as though our efforts and focus were literally blown away with the dramatic events of Hurricane Katrina. Granted, setting the baseline measures for each performance outcome has been a major achievement. Yet, completely meeting those results has not yet occurred.

We have several performance measures per goal for the baseline. FY07 is the first year we will record complete results. In coming years, we will compare new results to these baseline targets.

Results: 86% of Goals achieved.

Our great success in financial management and planning efforts is a solid foundation for other Goals we wish to accomplish in the future. As we forge ahead, we will seek to meet or exceed these results.



⁹For the complete AFRH Strategic Plan, visit afrh.gov/afrh/about/strategic.pdf.

Performance Targets and Results

Cementing Our Strategy

GOAL - Financial Growth:

Create net growth and stability for the AFRH Trust Fund

Performance Measure	Baseline FY07 Target	Baseline FY07 Actual	Met/Not Met
Goal: FINANCIAL GROWTH			
Net growth to AFRH Trust Fund	Any amount over previous year	+\$13 million	Met
Cost savings via Asset Management per year	\$500K	Saved \$707K by closing Pipes	Met
Accuracy of Financial reporting	Unqualified audit opinion	Unqualified audit opinion	Met
Solvency of AFRH Trust Fund	Even balance of resources versus obligations	Balanced	Met
Cost savings initiatives	4	6	Met
Effectiveness of the acquisition strategy	% of award dates that are met or bettered	Not measured	Not Met
Percentage of inaccuracies found through Internal Controls	5%	.5% (1/2 of 1 %)	Met

"It's a great place. The best part is the friendliness and how they look out for you."
 – Herbert Thompson (Navy – WWII)

"I have a pretty good life here. My quarters are good and so is the medical care."
 – Bill Sorince (Army – WWII)

Outcome

The fate of the Trust Fund is a top concern to those who paid - and to those who now contribute - because it ensures a comfortable retirement. So the Fund's vitality is therefore the top priority of management. Moreover, the Fund is the main source of funding for AFRH, so its health must be continuously monitored. The essential outcome of the Financial Growth Goal is that America's veterans are ensured a comfortable retirement - for today and tomorrow.

Our basic financial strategy to attain this outcome is to decrease expenditures, increase revenue, maximize resources and grow the Trust Fund. Meanwhile, we must maintain excellent service and improve our occupied facilities. To achieve all this, AFRH must look to the future for innovative ways to ensure financial stability.

Measures:

We continually measure how we manage the money entrusted to us in the AFRH Trust Fund. Doing so ensures our stakeholders the "best value." Our measures include net growth of the Trust Fund balance, cost savings we realize from contracts or fiscal responsibility, plus the overall solvency of AFRH for the future. Lastly, we seek an "unqualified audit opinion" each year.

Results:

In FY07, we completed key studies to realize cost-savings and boost customer value. Those studies include: Trust Fund Solvency Analysis, Contract Integration and Efficiencies Study, Wellness Center Study,

Information Technology Assessment, Medical Equipment Needs Assessment, 10-year Financial Capital Plan and a Most Cost Effective Use Study to modernize resident dorms.

As a result, key performance measures were met:

Cost Savings

Our strategy to close unoccupied space involved the Pipes Building, which netted a savings of \$700,000+, which is well above our annual target.

Accuracy in financial reporting

Management's strategy to hire BPD and NFC to manage our financials has enhanced accuracy and produced three "unqualified audit" opinions.

Trust Fund solvency & growth

The recent Trust Fund Solvency study confirmed that, if we follow our strategic plan, the Fund will be solvent through 2018. And so will AFRH.

Looking forward to FY08, we must shore up our acquisition strategy and determine what added savings our contracts should yield. Also, we have not realized any income from our Washington Master Plan yet - but according to projections, we will receive funds from the developers in 2012.



Performance Targets and Results, continued

GOAL – Improved Processes:

Modernize operations to leverage and maximize resources across AFRH.

Performance Measure	Baseline FY07 Target	Baseline FY07 Actual	Met/Not Met
Goal: IMPROVED PROCESSES			
OPERATIONAL: Reengineered processes with automated enhancements per year	+2	3	Met
ORGANIZATIONAL: Communications enhancements between employees & residents per year	+1	1	Met

Outcome

The outcome of Improved Processes is much better service to the AFRH residents. Specifically, we can respond faster to their needs and help them get more out of retirement. So, we continually assess and improve our processes to facilitate communication, promote AFRH teamwork and bolster efficiency. This ongoing Goal provides more “best value” to our stakeholders, who demand we operate AFRH wisely.

Measures:

We regularly measure the number of processes we can reengineer that directly shape great customer service. This figure is a solid way to monitor our ongoing growth and improvement.

Results:

Operations:

Corporate controls and technology updates are key to operations. To validate our controls, we prepare the OMB IG annual report and undergo a DoD inspection triennially. To boost efficiency and accuracy, our automated data systems now perform routine functions like resident data, contracting and property accountability. In FY07, our three reengineered processes included the resident database (Ultracare), room turnover and our work order process.

Organization:

Staff communication processes are continually targeted to promote openness and improve performance. One goal is to provide 24/7 and remote computer system access - and enhancements to our web service and email are forthcoming. Meanwhile, successful reengineering came via upgrades to Channel 99/100, where staff and residents now get valuable news on activities and events.

GOAL – Learning & Growth:

Promote personal excellence and professional growth for all personnel.

Performance Measure	Baseline FY07 Target	Baseline FY07 Actual	Met/Not Met
Goal: LEARNING & GROWTH			
Evidence of measurable training goals	100% participation in 4 mandatory training classes for all employees	Less than 100% participation in 4 mandatory training classes for all employees	Not Met
Percentage of training written into employee performance plans	100%	100%	Met
Evidence of a needs-based succession plan	Plan	Nursing Plan written	Met

Outcome:

As a service organization, we must continually improve our ability to serve – and professional development is one of the smartest ways. AFRH promotes excellence for all staff members by facilitating learning, honing skills, building competencies, developing proficiencies and supporting growth. In fact, we encourage staff to continually improve and expand their skills daily.

The outcome of Learning and Growth is that our employees enjoy more rewarding careers and get more personal satisfaction from serving our nation’s heroes. In turn, that yields a much more satisfying retirement for our veterans.

Measures:

Our success measures include evidence of training. This directly impacts our service – and boosts the percentage of staff with training tied to performance. Further, it indirectly helps us craft a needs-based succession plan.

Four mandatory training classes are now required for AFRH staff: Safety, Ethics, Information Security and EEO. Our goal is 100% training completion.

Results:

We fell short of 100% completion. Actual percentages completed are: Safety: 60%, Ethics: 71%, Information Security: 77%, EEO: 100% of new employees (not all current staff).

Rationale

The overlap of record keeping (from calendar year to fiscal year) contributed to our shortfall. For the calendar year, Safety was 95%, Information Security 82% and in past years EEO was 100%.

With each new performance plan, managers are required to enter training plans, yet our official training plan is still in revision. At present, our succession planning only includes nurses. And we are yet to plan for Campus Operations, Information Technology, Resident Services and corporate support staff.



Alfred Giunta (Army)

Alfred Giunta served in WWII, Korea and Vietnam. All his life, he wanted to be an artist. He began painting years ago, but had to quit to earn a living and focus on his family. While he never finished school at United Artists, Alfred never gave up his first love of painting. "Now, I have the time to really get back into it," he beamed. Of late, he has painted everything from lighthouses and boats to Tony Bennett and a Toreador. In fact, Alfred's most celebrated work is a 15x4 painting of the Battle of Midway, which proudly hangs in the AFRH Library.

GOAL – Culture of Integrity:

Inspire commitment to AFRH Guiding Principles through mutual respect..

Performance Measure	Baseline FY07 Target	Baseline FY07 Actual	Met/Not Met
Goal: CULTURE OF INTEGRITY			
Number of additional cultural/volunteer programs	+1	+1	Met
Number of employee offsite activities	2	2	Met
Percentage of completed employee performance reviews	100%	100%	Met
Percentage of Employee Climate Survey responses of "Excellent" or "Very Good"	70%	--	Not Met

Outcome

The outcome of a Culture of Integrity is that our residents receive active support and are satisfied with their lives. So, we maintain a culture of service, quality and dedication to those who call AFRH home. In truth, many of our veterans suffered tremendous physical and emotional pain during and after their service to country. And working with them can, at times, be difficult. So we encourage our staff to work together in unison to meet the residents' special needs.

The composition of our workforce resembles that of the United Nations, with staff originating from various countries around the world. Which means we have a greater diversity of language and cultural differences here. Our challenge is to blend that staff and produce outstanding results - in spite of different world-views and unique reactions to stress and miscommunication (which often result from diversity).

Measures:

We employ several measures to determine if we have reached our Staff Goal of a "high-performance, culturally diverse work environment." To boost diversity awareness, we form cultural and volunteer programs, as well as team-building opportunities to promote greater understanding among staff.

Further, we aim for 100% of our performance reviews to match AFRH Goals. This spells out the outcomes we seek for each individual's work in the larger context of AFRH. Plus we measure staff opinion to gauge our overall organizational climate.

Results:

To ensure cultural training programs are carried out, AFRH moved its EEO program to a contract under GSA. In FY07 we held two management off sites as planned, plus events like our annual Employee Day and Picnic, Employee Recognition Day and Golfing with the Residents. Finally, we added an opportunity to volunteer at the DC Food bank.

Also, we met our Objective of having 100% of all employees complete the annual performance review and began our new cycle as planned. We did not complete our action to administer an organizational survey. However, we did develop the survey and will administer it in FY08.

Performance Targets & Results, continued

GOAL — Exceptional Service:

Enhance the AFRH experience to enrich the quality of residents' lives.

Performance Measure	Baseline FY07 Target	Baseline FY07 Actual	Met/Not Met
Goal: EXCEPTIONAL SERVICE			
Percentage of Resident Service Survey responses of "Excellent" or "Very Good"	75%	75+%	Met
Number of new Independent Living residents	+144*	+172	Met
Number of military heritage related events per year	6	10	Met
Number of partnerships with external stakeholders	5 per year	5	Met
Percentage of employees trained in health & wellness model of retirement living	50%	70+%	Met

*Number may fluctuate when Scott Building renovations start

Outcome

Our first responsibility is to ensure the well-being of the residents. Our second duty is to assure satisfaction of service partners and key stakeholders. So, the outcome of our Exceptional Service Goal is high customer satisfaction in both groups. To achieve this, we are sustaining our strategy to provide quality services and respond to customer needs. Likewise, we are continuing our positive public relations efforts. In the end, our aim is to provide the best levels of resident care, while promoting vitality and independence as long as possible.

Measures:

To gauge success in Exceptional Service, we measure feedback from current, prospective and exiting residents. We also measure our ability to fill vacancies in the residence halls. The fill rate is dependent on the number of rooms that are readied and available, so we keep a close watch on numbers as they fluctuate.

Promoting military heritage is one of the most powerful and unique draws to living at AFRH. So we ensure a sufficient number of military themed events to enrich the lives of our residents.

The AFRH Diamondbacks defeated the Providence Hospital Saints 6-4 at the 2nd annual "Fall Classic" softball game. The residents enjoyed great weather, a fun game and a cookout hosted by Food service.



The Home also thrives with external partnerships - because they expand our sphere of influence and help us reach prospective residents and their significant others. So, we strive to add new liaisons each year.

Lastly, we seek to keep employees constantly trained in our new wellness philosophy – in order move away from the image of an "Old Soldiers' Home" to a modern CCRC.

Results:

Our residents have supplied feedback in many ways, which shows that we are succeeding (see charts – next spread). Plus they participate in a

dining room committee, which meets monthly to offer advice to Dining Services.

One major success was the launching of our in-house TV channel 99/100. Chock-full of wit, wisdom and news for residents, this station has been well received.

Through our budget integration process, we can now demonstrate that the majority of our funding is spent on this Strategic Goal of Exceptional Service (see PMA for details).

Hence, through innovative programs, outreach and training, we are now providing the best possible service to our residents.

Annual Surveys

Surveying the Residents

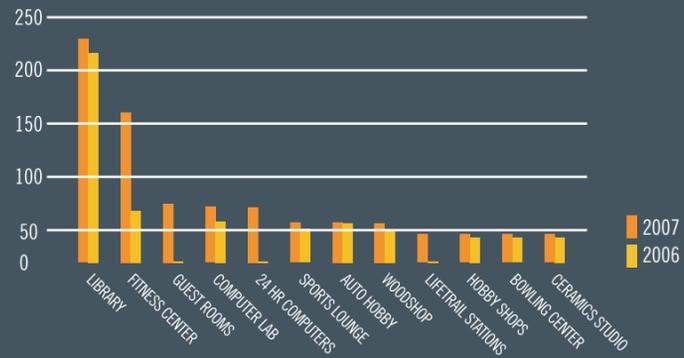
Recreation

We offer an annual survey to residents to assess customer service and participation in recreation and leisure activities. In 2007, 311 residents participating in recreational activities completed our survey - as compared to 303 in 2006. As in past years, our library and the fitness center rank at the top.

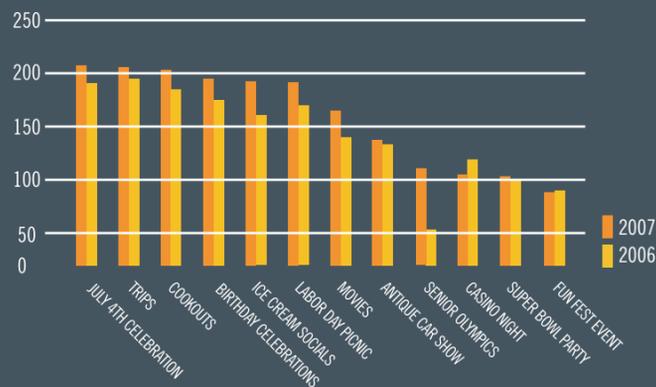
The dynamic events we plan include celebrations, dances, tournaments, shows and outdoor activities. This year, our athletic competition, the AFRH Senior Olympics, drew many more participants than in 2006. Also we added our usual lineup of poetry reading "on the green," swing dancing and extra bingo days. Clearly, the residents' favorite event is the July 4th celebration, while trips and cookouts come in a close second.



AFRH Facilities Usage - Top 12



AFRH Recreation Activities - Top 12



There's something fun going on every day at AFRH. From sports and crafts to dances and day-trips.



Annual Surveys, continued

Customer Service

We beat our target of 75 percent or better. In FY07, 79 percent of respondents graded staff service at “above average” or “outstanding.” This eclipses our 2006 grade of 63 percent. It should be noted that last year, more “above average” responses were logged – while this year many more “outstanding” marks were given.

Healthcare

In July, 222 residents who use our healthcare services completed the Healthcare Survey. It measured overall satisfaction in both services received and customer service in eight separate categories. Nearly every service garnered well over the 75% benchmark for “outstanding” or “very good” satisfaction. Furthermore Medication Distribution and Rehabilitation Services received more than 90 percent satisfaction. We had one exception with Long Term Care, where only eight residents submitted approval ratings at 63% for services and 60% for customer service. At present, we are looking into ways to improve this area.

Non-Resident Veterans

As part of its marketing efforts, Public Affairs conducted a survey among prospective residents to see what veterans are really looking for in a retirement home. The top 10 desired services are ranked in the chart below: [Top Ten Desired Services].

Exiting Residents

We often survey residents who leave the Home, to gain insight on areas for improvement. In FY07, the main reasons for leaving AFRH were:

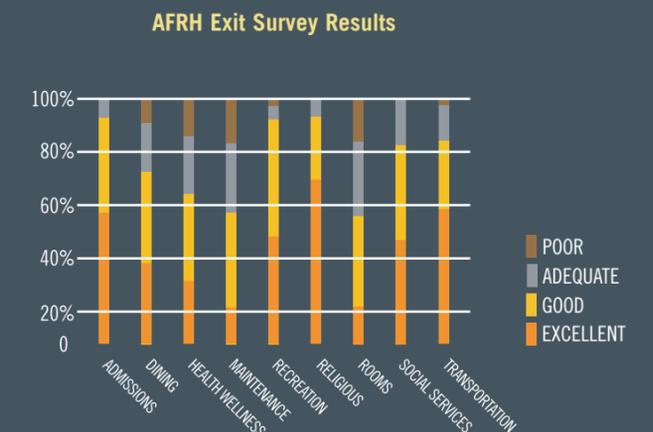
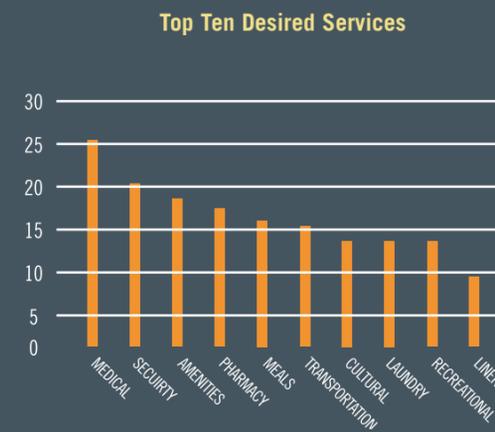
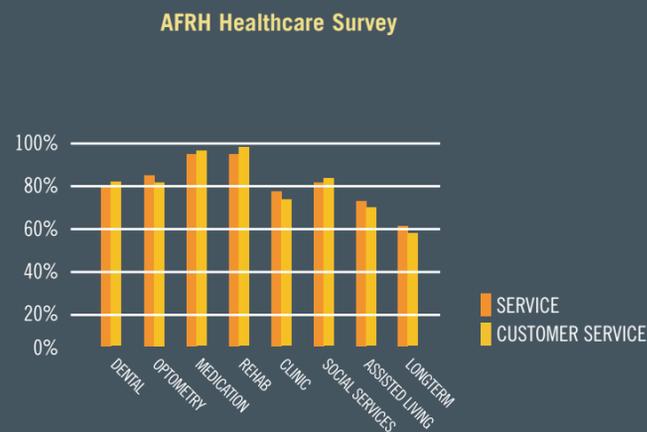
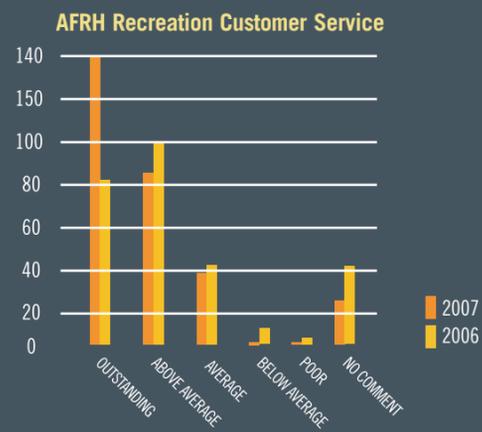
- ▶ To live near relatives
- ▶ To not live in a downtown metro area, and
- ▶ To avoid high DC taxes & licensing expenses

Currently, the only services that fall below our 75% benchmark are rooms, maintenance and medical. At present, we’re working hard to improve those areas, too.

“Most veterans were fit and healthy in the military. So they enjoy coming to Physical Therapy.”
 — Lynn Holt (Director, PT/OT)



NOTE: We do not count exiting residents’ results in meeting our Goals





Sergeant Major of the Army Kenneth Preston and resident Mike Longwell (Army – Retired) mingle at the Pentagon FCU's "Night of Heroes" gala.

Our historic Gazebo was moved to make way for Lincoln Cottage restoration. Here, 23 volunteers from The US Coast Guard, Chief Warrant Officer's Association and the Chief Petty Officer's Association chip in (along with 10 AFRH residents). This saved the Home \$2,000 on labor.



Military Heritage

AFRH managers have received their marching orders: take every opportunity to showcase military-related memorabilia, artifacts and themes. Doing so will reassure residents we are committed to celebrating military history – and their venerable service to the US Armed Forces.

To openly promote our rich heritage, a minimum of six military-related events is required on our campus each year. In FY07, we eclipsed this goal and offered participation in 10 such events:

- 1 – Let the Generations Meet (October)
- 2 – London's Royal Hospital Chelsea Pensioners visit (November)
- 3 – Joint Chief of Staff Christmas Party (December)
- 4 – Women in Defense social (April)
- 5 – Queen Elizabeth visit at WWII Memorial (May)
- 6 – Coast Guard event to adopt AFRH Pond (June)
- 7 – Night of Heroes celebration (June)
- 8 – US Army Birthday party at the Pentagon (June)
- 9 – Asst. Commandant of the USMC General Magnus visit (July)
- 10 – CSM Army William Gainey visit (August)

Communications

We've made strong efforts to communicate with the residents - such as revamping the website afrh.gov, launching our campus TV station Channel 99/100, and initiating a web-cam to view the Gulfport rebuild. Further, AFRH stays visible among its constituents with regular attendance at national conferences, "Retired Activity Days," various senior events and veterans service organizations. Lastly, our vibrant marketing and outreach program also keeps us top-of-mind.

Training

We strive to keep our staff current with advanced training. Although we exceeded our modest goal of 70 percent to be trained in health and wellness, this area is still evolving. Given the many mandatory courses required in nursing care, accreditation and safety, we now offer over 136 hours of training.

With a base number of about 273 staff requiring training, we can account for 94 percent attendance in essential courses. Yet, in FY07, we made a change in record keeping, moving from the calendar year to the fiscal year. So the overlap between records does not tell the full story.



The US Coast Guard now patrols our fishpond.

Stakeholder Outreach

We have established many external relationships in the greater Washington community. And these partnerships have produced great rewards for AFRH:

All told, these liaisons have greatly improved the quality of life for AFRH residents. Our latest target to add five new external partners will commence next year.

Partner

Endeavor

US Coast Guard	Adopted our pond
Armed Forces Foundation	Congressional Golf & Crab Society benefit
Pentagon Federal Credit Union	Night of Heroes celebration
Disabled American Veterans (DAV)	Mobile unit to aid residents with VA benefits
American Legion National HQ	Queen Elizabeth & Ken Burns events
Catholic University	Volunteer Day
Joint Chief of Staff (J-5)	Annual Christmas Party
All Branches retiree magazines	Army Echoes, Air Force Afterburner, Marine Corps Semper Fi & Navy Shift Colors
Defense Link	Home for Heroes (defenselink.com)
Retired Activities Offices (all Branches)	Boosting resident community participation

Measures and Procedures

Constructing New Controls

Each Federal agency is required to certify the completeness and reliability of its performance data and describe the means used to verify and validate it (per The Government Performance and Results Act of 1993 and the Reports Consolidation Act of 2000). To foster valid data, many of our performance areas have undergone independent reviews by the Air Force IG, OPM, BPD and JCAHO.

Financial Data

During the FY07 financial audit, various tests and reviews of our core accounting system were conducted and reported - as required by the Chief Financial Officers Act.

External Benchmarks

As a healthcare provider, AFRH is required to meet the standards developed by national organizations that accredit health facilities. In FY07, JCAHO made an unannounced inspection and results were favorable. In its annual inspection, JCAHO awarded its Gold Seal of Approval" to AFRH-Washington in FY06 and to AFRH-Gulfport in FY05. Previous years have also yielded positive feedback during separate on-the-spot inspections at both campuses.

In FY07, we began a new process for accreditation by CARF/CCAC. We should have our first review in FY08.

Dining Services has a profound and positive affect on the residents' health. As such, it must comply with JCAHO food and preparation

quality standards – as well as the FDA's Food Code. Plus, we also abide by sanitation standards enforced by the US Army during their sanitation inspections.

Finally, OPM conducted a routine inspection in September 06 and the findings were distributed in FY07. Points of discussion between OPM and AFRH included: our status as a small government agency; the impact of Hurricane Katrina on many HR functions; and the Home's approach to human capital management as a CCRC. Indeed, these factors are complex and all contribute to our unique HR environment.

Computer Data

To validate each data report, we ensure that more than one person is responsible for compiling it. Likewise, we employ a chain of command review-and-approval to validate our policies and procedures – on everything from food and healthcare, to recreation and support services. In FY06, the Home received its first IT security C&A, which was maintained in FY07.

In Closing:

All told, we are proud of our impressive gains in performance, especially Improved Finances. Achieving this key Goal is the basis of our growth strategy and future vitality. In FY08, we look forward to achieving an even greater percentage of our goals – and building a more vibrant AFRH.

Command Sergeant Major William J. Gainey (Senior Enlisted Advisor to the Chairman of the Joint Chiefs) charms resident Jo Colvard (Army – WWII)



We draw on many measures to assess achievement:

Business Measures:

- An increase in the Trust Fund value
- A rise in resident occupancy
- Savings through initiatives
- Reductions in space & land usage
- Donations from community partners, nonprofits & foundations

Customer Satisfaction:

- An increase in completed surveys
- Improvements in health & wellness
- Enhancements to the facilities
- Supplemental services

Employee Satisfaction:

- A boost in Performance Evaluations
- Integration of the Volunteer Program
- Updated policies & directives

