

2012-2017 CalPERS Strategic Plan

Mission and Vision

May 16, 2012

Enterprise Strategy and Performance Division

Booz Allen Hamilton



Agenda

- Mission Discussion Summary and Options (exercise)
 - Vision Elements and Options (exercise)
 - Next Steps
 - Appendix: Summary of April 18, 2012 Board Workshop
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Summary Discussion on Mission

The workshop participants discussed draft Mission elements for retirement and health benefits. A quick poll narrowed the options:

- Most chose the more “active” stance for retirement and health benefits.
 - For *retirement*, participants were split between “preserve promised retirement benefits” and “promote retirement security.”
 - For *health*, an overwhelming majority chose “deliver health benefits and promote wellness.”
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Mission Options (exercise)

Option 1: Provide responsible and efficient stewardship of the System to promote retirement security, deliver health benefits, and foster wellness for members and beneficiaries.

Option 2: Provide responsible and efficient stewardship of the System to preserve promised retirement benefits, deliver health benefits, and promote wellness for members and beneficiaries.

Option 3: Provide responsible and efficient stewardship of the System to deliver promised retirement and health benefits, while promoting retirement security and wellness for members and beneficiaries.

Strategic Plan Framework



Current Vision

- **Pride in our service – Providing confidence for your future**

Vision Elements

Element	Board and Stakeholder Input
Trusted	<ul style="list-style-type: none"> • We must meet our obligations to our members, and manage the assets and benefits effectively • To meet goals and expectations, we must be credible and fully funded • We should deliver on plans with low-cost, high-quality health care with good outcomes
Ethical	<ul style="list-style-type: none"> • We wish to be seen as an honest, competent, ethical institution and a public leader model • To rebuild our reputation, we need to manage ourselves effectively and ethically • Engage in sound and ethical business practices
Leading	<ul style="list-style-type: none"> • External forces pose significant challenges. We need to return to a position of policy and market leadership so we can influence those forces and retain sufficient flexibility to manage the business • We want to strategically be a leader in advocacy and in policy setting • CalPERS should be a public role model, trend setter, game changer and innovator • We need to do more to strategically change public perception—that will help all workers including our members. We should work directly with the media in proactive and constructive ways
Service Oriented	<ul style="list-style-type: none"> • We aspire to meet all of our customers’ <i>needs</i> (not “wants”) • CalPERS should be seen as an employer of choice
Innovative	<ul style="list-style-type: none"> • We need to learn how to do more with less—be leaner and more efficient while being innovative • We should consider real innovative ideas as it relates to investments and health (e.g. in terms of how we invest, who we invest for, how we leverage changes in the healthcare market) • We need to consider how to have the flexibility to hire internally to accomplish our work without having to go externally • We want to be able to attract and retain top notch talent in key areas of our business (e.g. investment, health care management, IT)

Vision Options (exercise)

- **Option 1**: A trusted leader respected for integrity, innovation, and service
 - **Option 2**: An innovative leader trusted to provide retirement and health security, respected for our integrity, and dedicated to serving our members and stakeholders
 - **Option 3**: Trusted administrator delivering promised benefits to our members
 - **Option 4**: A trusted partner delivering benefits with integrity
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Next Steps

- June Board update on Strategic Plan process
 - Continue to engage and obtain input from Stakeholders
 - Develop strategic initiatives and performance measures
 - Review Vision, Mission, and Goals at July 2012 Board offsite
 - Approval of 2012–2017 Strategic Plan at the August Board meeting
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Appendix: Summary of April 18, 2012 Board Workshop

Summary Discussion on Goals

From April 18, 2012 Board Workshop

- Workshop participants discussed three main goal areas: A) System Strength, B) Organization & Culture, and C) Identity & Public Policy.
- All tables agreed on the first two goal areas, with minor revisions needed to wording, definitions, and scope.
- For the third goal area, there was no common view of how to reword the goal, but most tables believed “identity recognition” in the goal statement needed to be more clear or potentially removed.
- Most agreed that if we do well on our core mission, reap strong investment returns, and provide excellent customer service, then our reputation will be restored and stakeholders and the public will trust us to deliver on promises.
- Tables agreed CalPERS should have a clear point of view on financial regulatory policy, health policy, retirement and pension policy, and ESG.

Draft Goals and Objectives

From April 18, 2012 Board Workshop

REVISED
Post April Board
Workshop

A

System Strength

Improve long term pension and health benefit sustainability

Objectives

- Manage an integrated view of pension assets and liabilities
- Set sustainable pension funding requirements
- Deliver target risk adjusted investment returns in a changing environment
- Ensure high quality, accessible, affordable health benefits
- Create a culture of wellness among members and employers

B

Organization & Culture

Cultivate a high performing, risk intelligent, and innovative organization

Objectives

- Use a focused approach to generate new ideas, test, refine, and put into practice
- Deliver quality end-to-end customer service that responds to changing customer needs
- Recruit, retain, develop, and empower a broad range of talents against organizational priorities
- Actively manage business risks with an enterprise-wide perspective

C

Identity & Public Policy

Engage in state and national policy development to enhance the long term sustainability and effectiveness of our programs

Objectives

- Define CalPERS perspective on pension, health, and financial markets
- Provide education and engagement opportunities for a variety of stakeholders
- Work with others to shape policy agenda and expand impact