



Agenda Item 7

June 11, 2012

ITEM NAME: Investment Office Classification and Organization Study

PROGRAM: Administration

ITEM TYPE: Information

EXECUTIVE SUMMARY

This information item reports the progress made to-date and next steps in the Investment Office Classification and Organization Study.

BACKGROUND

In support of the Investment Office Roadmap strategic priority to strengthen its organization systems and controls, staff presented an information item in December 2011 to the Committee, outlining the process for conducting a classification and organizational study of the Investment Office (INVO). The intent of the study is to mitigate some of the high-risk areas identified in the INVO Heat Map and enable delivery of INVO's Target Operating Model (TOM), including recruitment and retention of people with the skills and capabilities necessary to meet investment performance objectives and effectively manage operational and investment risk.

The three phases of the study include the following:

- Phase I:** Assessment of classification structure, conducting of gap analysis, and development of recommendations for a revised classification and organizational structure.
- Phase II:** Development of classification proposals required by control agencies, addressing gaps and recommendations identified in Phase I.
- Phase III:** Implementation of recommendations and change management efforts to ensure a seamless transition to a more effective classification and organizational structure.

Phase I of the study has been completed, including the following components:

- A review of INVO's current classification structure and assessment of the appropriateness of the duties being performed;
- A comparison of the current organizational structure to required functions and other private and public sector investment management organizations;
- The identification of gaps in INVO's current classification plan; and

- The development of a set of considerations and recommendations which may be used in the modification of INVO's current classification structure.

ANALYSIS

The following recommendations were derived from the results of Phase I of the Classification and Organization Study, and will be further developed during the course of Phase II:

- Broaden and revise the Senior Investment Officer / Senior Portfolio Manager / Portfolio Manager classification specifications to encompass the full range of required skills and abilities, and functions performed within INVO;
- Create functional specialties within the above-mentioned classification series, including evaluating required skills and abilities for investment support functions across the enterprise (e.g. Financial Office, Enterprise Risk);
- Develop a hierarchical structure within the Senior Portfolio Manager / Portfolio Manager classification series, including alignment of title structures and functional duties;
- Set Senior Investment Officer / Senior Portfolio Manager / Portfolio Manager salaries, within existing salary ranges, based upon functional specialties and current market data; and
- Add an additional supervisory or "bridging" concept between the Portfolio Manager and Investment Officer III classifications.

Next Steps

It is expected that Phase II of this effort will take approximately six months to complete, the results of which will consist of the classification proposal documents required to implement a more effective classification and organizational structure within the Investment Office.

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