Finance & Administration Committee

California Public Employees' Retirement System

Agenda Item 6a

November 14, 2012

ITEM NAME: 2012-2017 Strategic Plan, Strategic Performance Measures

PROGRAM: Enterprise

ITEM TYPE: Information

EXECUTIVE SUMMARY

This agenda item outlines the continuing work to develop strategic performance measures for the 2012-17 Strategic Plan.

STRATEGIC PLAN

The Strategic Performance Measures support the Strategic Plan Goal B to "Cultivate a high-performing, risk-intelligent and innovative organization."

BACKGROUND

In August 2012, the CalPERS Board of Administration (Board) approved a new 5-year Strategic Plan. To help the Board evaluate the progress CalPERS is making toward its new strategic goals and objectives, the Executive Team and the Enterprise Strategy and Performance Division (ESPD) have been discussing target performance measures for the 2012-17 Strategic Plan. Developing strategic measures is one part of a larger effort to foster a performance-directed culture at CalPERS.

ANALYSIS

Working with Executive Staff and management, ESPD is developing draft strategic performance measures that support the new Strategic Plan goals and objectives. Discussions have focused on defining the purpose and scope of the measures, as discussed in Attachment 1. The development process will include extensive Board and Executive Staff engagement and thought leadership to:

1. Understand Outcomes:
   - Define the outcomes CalPERS seeks to achieve over the next five years through the 2012-17 Strategic Plan

2. Design Measures:
   - Develop quantitative and qualitative measures of the outcomes CalPERS seeks to achieve

3. Define Measures:
   - Define data sources, collection methods and reporting formats for performance measures

4. Implement and Evolve Measures:
    - Begin collecting and reporting data
    - Continually research and explore methods to improve measures, data collection, reporting and communications

The CEO is working with the Board President to establish an iterative process to effectively engage the Board. Once developed, the Board and Executive Staff will review the strategic plan performance measures to evaluate how well the organization has performed against its strategic goals and objectives. By looking at the actions taken and the changes in performance measures, the Board and Executive Staff will be able to determine any changes to the Strategic Plan that may be needed. Questions to be discussed may include:

- How successful have the Strategic Plan Initiatives been in achieving CalPERS goals and objectives?
- What major changes have occurred in the external environment that may create new opportunities or threats, and what impact may they have on the objectives and strategic initiatives?
- Given the internal and external changes over the past year, how do we need to adapt our objectives or strategic initiatives?
- What are the risks to successful implementation of the plan, and what mitigation measures are in place?

This regular review will aid in keeping the Strategic Plan relevant to CalPERS staff and stakeholders, and will ensure CalPERS continued success in the future.

ATTACHMENTS
Attachment 1 – Strategic Performance Measures – Key Considerations

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