



Agenda Item 10

May 14, 2013

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

PROGRAM: Enterprise

ITEM TYPE: Information

EXECUTIVE SUMMARY

This agenda item is an update on the development of Strategic Measures for the California Public Employees' Retirement System (CalPERS) 2012-2017 Strategic Plan. Staff is seeking feedback from the Pension and Health Benefits Committee on proposed measures in preparation for the Strategic Plan working session at the July Board of Administration (Board) Offsite.

STRATEGIC PLAN

This agenda item supports the CalPERS Strategic Plan goal to cultivate a high-performing, risk-intelligent and innovative organization. Strategic Measures help build a framework that allows CalPERS to evaluate how well the organization meets the goals in our Strategic Plan and provide the linkage from business strategy to execution.

BACKGROUND

In August 2012, the CalPERS Board approved the CalPERS 2012-2017 Strategic Plan (Plan). To assist the Board in evaluating the success of the Plan, Executive and Program staff are proposing an initial set of Strategic Measures as part of a larger effort to support the use of enterprise-wide measurements to guide the organization.

The Strategic Measures Project is using a phased approach as outlined below and in Attachment 1:

- Phase One: January – June 2013, staff is proposing measures for areas where data is readily available to support the metrics
- Phase Two: July – December 2013, staff will propose measures for areas where data is not as readily available or where additional data collection will be needed to support metrics
- Phase Three: January – July 2014, staff will work on areas where data is not currently available or for which specific measurement is more difficult

This is an in-depth, iterative, learning process that will take some time to fully develop and the measures to mature. This approach will be repeated for Phases Two and Three with the goal to develop a complete set of Strategic Measures by July 2014.

ANALYSIS

The subject areas staff has explored in Phase One include: investment returns, funded status, workforce information, the Asset Liability Framework, customer service satisfaction, and media coverage. These are areas in which the organization already has readily available metrics and would be used to measure progress towards the three goals in the Strategic Plan.

To collect data and develop the measures, the Project Team worked across the enterprise using the following approach:

- Focus on key areas of the enterprise that directly link to the Strategic Objectives in the CalPERS 2012-2017 Strategic Plan
- Identify and define currently available data
- Determine key measures that inform the strategic discussion
- Begin to develop and evolve measures

For Phase One, the Project Team is proposing nine Strategic Measures that evaluate the success of the Plan. These nine measures are listed in Attachment 2. This item includes the two measures related to the Pension and Health Benefits Committee. Additionally, two measures will be presented at the May 2013, Investments Committee. Details for these four measures are in Attachment 3. In June 2013, staff will return to other Board Committees to present the remaining five measures listed in Attachment 2.

Below are the two Strategic Measures within the purview of the Pension and Health Benefits Committee.

Strategic Measures: Goal B, Cultivate a high-performing, risk-intelligent and innovative organization

1. Percentage of pension warrants (benefits) released within service level agreements
2. Participant satisfaction with CalPERS services as measured by surveys and correspondence

BENEFITS/RISKS

- Informs the strategic discussion
- Evaluates the success of the CalPERS Strategic Plan
- Links strategy to execution
- Facilitates continued improvement of our strategy
- Ensures the Strategic Plan is relevant to CalPERS staff and stakeholders
- The measures are not fully developed; it is critical and a best practice to implement an enterprise-wide measurement system to ensure successful execution of the Strategic Plan

ATTACHMENTS

Attachment 1 – Strategic Measurement Development Phases (Groups)

Attachment 2 – Strategic Measures Schedule

Attachment 3 – Strategic Measures Overview (Draft)

Attachment 4 – CalPERS 2012-2017 Strategic Plan (one page)

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