

# Workforce Strategic Plan

September 2013

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**Introduction**

***A message from CalPERS Human Resources Division Chief***



*"If you only look at what is, you might never attain what could be."*  
—Anonymous

Since joining CalPERS almost two years ago, I am amazed daily by the dedication of the workforce and the broad range of talents throughout the organization. It is my hope that through this Workforce Strategic Plan we continue to build on our talents, think creatively to address workforce needs, and ultimately attain the "what could be."

CalPERS is the largest public pension fund in the nation, governed by a 13-member board, and provides pension and health benefits to approximately 1.7 million members. We take great pride in our workforce and it is our responsibility to be thoughtful and intentional about how we recruit, retain, develop, train and empower our nearly 2,800 employees.

This plan builds upon the solid foundation of the CalPERS talent and culture and provides a roadmap to address workforce needs over the next three to five years. To develop this Workforce Strategic Plan, Human Resources Division worked collaboratively with staff across the organization to strategize the allocation of resources necessary to meet our Strategic and Business Plan goals; anticipate workforce needs and the necessary process and system enhancements to remain agile in ever-changing times and ultimately prepare a framework for our continued growth and progress. By allocating resources and improving processes, this plan allows us to maximize organizational effectiveness to support CalPERS vision, mission and goals to better serve those who serve California.

Thank you for your interest in our Workforce Strategic Plan. I am excited for the opportunities that lie ahead.

***Katrina S. Hagen***  
**Chief, Human Resources Division**

## Forward

To date, our human resources initiatives have been driven largely by CalPERS annual business planning process, and as such have not provided for strategic, long-range workforce planning. Recognizing the benefits of taking a global approach and aligning human resources initiatives and strategies with organizational priorities and direction, the Human Resources Division is creating an enterprise-wide Workforce Strategic Plan as part of the CalPERS 2013-15 Business Plan. This plan addresses input received from our internal business partners regarding talent management needs across the enterprise and supports CalPERS 2012-17 Strategic Plan Goal B to “Cultivate a high-performing, risk-intelligent and innovative organization”.

In the pages to follow, we’ll explain workforce planning and its criticality in enabling an organization to address its talent management needs, the challenges and trends impacting current workforce demographics, and the creation of CalPERS Workforce Strategic Plan to serve as a roadmap for addressing organizational workforce needs.

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## The What, Why and How of Workforce Planning

Through workforce planning we are able to optimize the availability of critical talent to ensure the organization can turn strategy into action and support its continued success.

Workforce planning can be one of the greatest challenges as it forces us to think strategically about how to align people with our business needs long-term. It has become one of the best strategies for supporting organizational success and provides an opportunity for Human Resource professionals to ensure human capital issues are a priority and that we serve in strategic roles as leaders, change agents and business partner. It takes into account the effect of the full range of human resource activities including recruiting, hiring, competency modeling and management, compensation, internal movement (promotions, transfers, and redeployment), succession planning, training and development, and employee engagement and retention.

Components of an effective Workforce Strategic Plan include:

- A supply and demand forecast in which an environmental scan is conducted to identify current and future staffing needs and challenges. Such forecasts typically look out one to five years and identify the competencies and quantity of staff needed by program/service area, hard-to-fill and/or key positions and associated skill sets, and the availability of the necessary talent both internally and externally.
- Forecast analysis of program priorities and staffing needs to determine the necessary resources and services are in alignment with enterprise needs
- Development of talent management strategies and tactics to address identified workforce gaps and risks prioritized by and aligned with strategic and business plan objectives
- Evaluation of the plan in conjunction with the organization's Strategic Plan to ensure the effectiveness of each strategy through quantitative and qualitative performance measures and adjustment, as needed, to ensure continued alignment

As part of our workforce planning efforts, Human Resources reached out to business areas across the organization through our Service Level Agreement process working with Executive and Senior Staff to identify workforce needs and/or challenges relevant to accomplishing the current two-year business plan and longer range objectives (three to five years). Our Service Level Agreement process included an environmental scan of workforce trends and challenges, both internally and externally, to identify effective talent management solutions for CalPERS.

Talent Management is the implementation of integrated strategies or systems designed to increase workplace productivity by developing improved processes for attracting, developing,

retaining and utilizing people with the required skills and aptitude to meet current and future business needs.<sup>1</sup>

The creation of the Workforce Strategic Plan is not the end of a broad, collaborative effort to address workforce needs. It's the continuation of an ongoing partnership between Human Resources and CalPERS business areas to ensure we have the talent needed to maintain core services, lead us into the future, and further CalPERS reputation as a national and global leader in investment, pension and health care.

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<sup>1</sup> SHRM HR Glossary, [www.shrm.org](http://www.shrm.org)

## Challenges and Trends

Understanding the challenges and trends facing CalPERS and other organizations (both public and private) is integral to effective workforce planning and aids in determining the appropriate direction of such planning efforts for CalPERS. However, we must not only understand these challenges and trends, we will need to monitor them as they evolve and may affect our workforce planning.

### Public vs. Private Sector

Although public and private sector employers compete for the same labor pool, public employers such as CalPERS face an array of challenges not seen in the private sector. Civil service employees must focus on serving the public interest in the most efficient and effective manner possible. This contrasts with the private sector focus on shareholder interests, profits, and the bottom line. Additionally, the public sector faces an array of political and financial constraints and extensive human resources-related regulations, requirements and procedures designed to protect a merit-based system. It is also not uncommon for public sector organizations to operate with human resource management systems that are often outdated.

More than ever, we must continue to find innovative ways to enable, motivate, and inspire people to perform at their highest levels, accomplish our business, and serve our customers well<sup>2</sup>. CalPERS has a strong positive relationship with our employee unions and we look forward to ongoing collaboration and support for our robust talent management efforts.

### Economy

The U.S. economy expanded modestly in 2012, continuing the slow recovery since the recession ended in mid-2009. In its second quarter report of 2013, the UCLA Anderson Forecast says that despite the United States' "improvement in both gross domestic product (GDP) and key economic sectors, the overall growth falls short of the rates required for the national economy to truly recover from the most recent recession."<sup>3</sup>

Consistent with the U.S., California's revenue outlook is trending upward and budget shortfalls are being addressed; however, economists remind us that the vast majority of these shortfalls have been closed through spending cuts and other measures to meet balanced-budget

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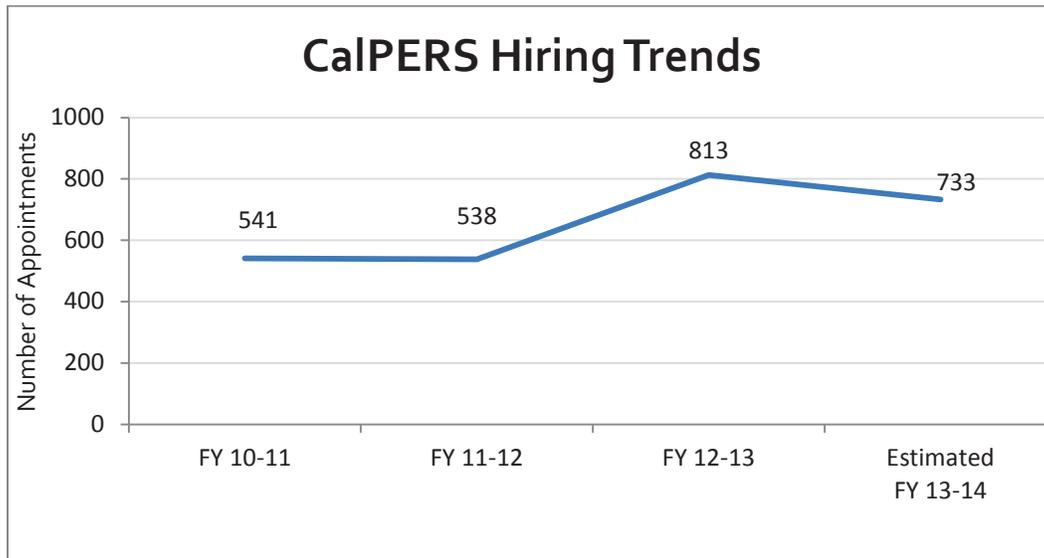
<sup>2</sup> International Personnel Management Association, *Workforce Planning Resource Guide for Public Sector Human Resource Professionals*, 2002

<sup>3</sup> UCLA Newsroom, Anderson, E., *Anderson Forecast: U.S. economy falls short of true recovery; California job growth steady*, June 5, 2013

requirements. To the extent these shortfalls are being closed with spending cuts, they are occurring on top of past years’ deep cuts to critical public services like education, health care, and human services. These cuts mean the State budget may continue to be a drag on the national economy, threatening public sector jobs. Research shows, while there is an increase in jobs across the country and government employment has stabilized nationally, the combined number of federal, state and local government jobs in California has declined—down 1.7 percent from one year ago. Government employment in California is a notable weak spot in an otherwise improving job market.

Despite the decline in government employment across California this past year, CalPERS made approximately 800 appointments—up 51 percent from the previous period (see Table 1.) More than half of these appointments represent internal movement, i.e. appointment of current employees, rather than an external hire. The number of external hires was largely driven by efforts to reduce the dependency on outsourced consultant expertise across the organization and Investment Office staff augmentations to support increased internal portfolio management, sourcing, due diligence, risk management, and investment monitoring. Acknowledging we cannot sustain this rate of growth, CalPERS leaders have begun discussing the need for contraction within the organization and are proactively identifying ways to increase efficiencies through process automation and staff redeployment to meet current and future business needs.

*Table 1: CalPERS Hiring Trends and Estimated Projections*



## Labor Market

While the country is recovering from the 2007-2009 recession, the sluggish pace of the recovery continues to have a pronounced impact on the labor market. By understanding these economic impacts, we can begin to develop the recruitment and retention strategies that will allow CalPERS to continue to secure an exceptionally qualified, competent, and committed workforce.

Although the unemployment rate remains high, nearly half of U.S. employers say they are experiencing difficulties filling key jobs. Despite the substantial quantity of low-skilled workers available, employers are in direct competition for the most qualified employees. Ironically, it may actually be harder to recruit during poor economic times. The issue ceases to be recruiting a reasonable pool of candidates and instead becomes one of filtering through increasingly larger pools of unqualified candidates. On average, CalPERS receives 80 applications per recruitment, and it takes approximately 75 calendar days to hire a new employee. However, recruitments for entry level jobs often draw 200 to 300 applications per recruitment. Manually processing this many applications has profound impact on our hiring managers and Human Resources staff.

The demanding schedule of a hiring manager necessitates efficiency, but in the face of hundreds of applications it can be difficult to review them in a timely manner. With these challenges in mind, CalPERS was one of the first departments in California State government to implement an online applicant tracking system: NeoGov. Since the launch of our new system, we have processed more than 60,000 applications in response to approximately 650 posted job opportunities.

While we are still in the early stages of implementing the NeoGov system, we expect to see even more gains in efficiency as integrations between NeoGov and our existing Information technology infrastructure come online. Human Resources staff currently is working with CalPERS hiring managers to harness the power of the system's automation and pre-screening techniques. Building upon the success of the applicant tracking system, our Workforce Strategic Plan strategies will further streamline our hiring process while ensuring we adhere to state hiring requirements and capture top talent in both public and private sectors.

## CalPERS Workforce Demographics

At CalPERS, we believe our differences are our strengths and we celebrate our diverse workforce and the unique talents each individual employee brings. Diversity and inclusion at CalPERS means we foster a work environment that values all people through dignity

and respect. The combined experiences, perspectives and talents of all employees and stakeholders strengthen our high-performance workforce and organizational culture.

Consistent with this broad perspective, diversity at CalPERS goes beyond traditional categories such as gender and race. With the changing times we recognize generational differences and their contribution to life- and work-style values and differences, educational levels and technical savvy, employment expectations and career goals.

As new generations merge with the current workforce, CalPERS continues to foster our employees’ understanding and appreciation of generational differences. Workers today place high value on having flexibility, managers who communicate and empower, variety in their work and ample training opportunities beyond the expectations of previous generations.<sup>4</sup> As such, we have launched a number of initiatives to engage and retain our diverse workforce. Human Resources staff has established many programs (discussed under “Current Enterprise-level Programs and Initiatives”) aimed at supporting CalPERS commitment to work/life balance – consistent with CalPERS Core Values (See Appendix A), including the recently added value of “Balance.”<sup>5</sup>

CalPERS workforce spans over all four generations (see Table 2), and we are beginning to see significant shifts in age-related demographics. In 2011, Generation Xers outpaced the Boomers at CalPERS for the first time and this trend continues increasing each year (see Table 3.)

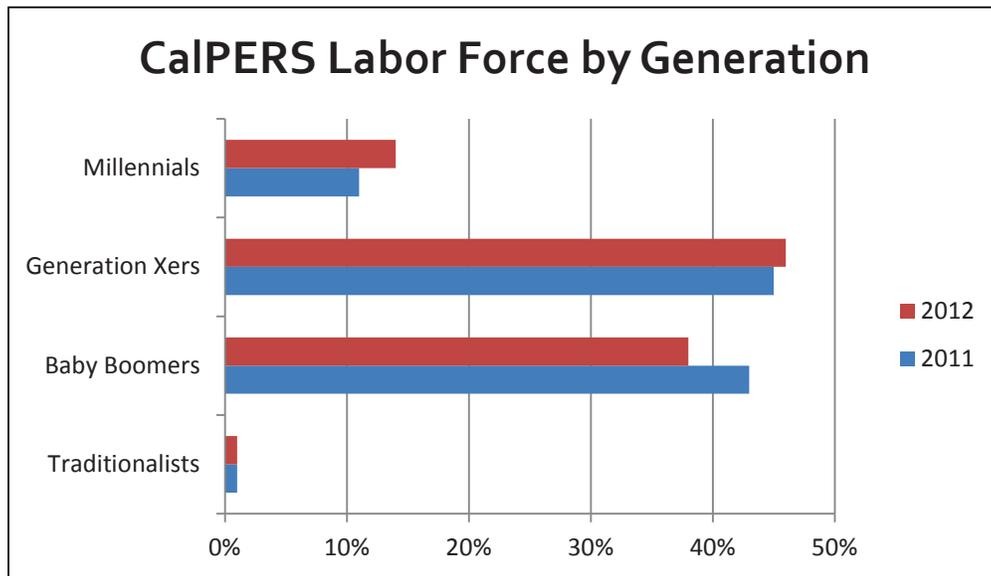
Table 2: Generations at Work

Generations at Work	
Generation	Born Between
Traditionalists	Prior to 1946
Baby Boomers	1946 - 1964
Generation Xers	1965 - 1981
Millennials	1982 - 2000

<sup>4</sup> CalPERS LEADER Training, “Four Generations at Work” presented by Jeanie Hagen-Greene on March 14, 2013

<sup>5</sup> The guiding behaviors for the Core Value of “Balance” include: supports a healthy personal and professional balance, maintains focus on long-term goals while maintaining short-term needs, embraces opportunities for personal and professional development, and supports an environment that is optimistic and enjoyable in which relationships can prosper across our organization and communities.

Table 3: CalPERS Labor Force by Generation



As public servants, CalPERS employees typically retire between the ages of 55 and 60. Many of these potential Boomer retirees hold a high level of institutional knowledge and are a valuable segment of our workforce. Currently, 32 percent of CalPERS staff are immediately eligible or within five years of retirement. In the past, state government has been able to retain this talent by use of retired annuitants. Recent legislation brought significant changes to public pensions and impacted retired annuitants in a number of ways<sup>6</sup>. As such, many of these retirees are no longer working in public sector after retirement and are no longer a viable solution for knowledge transfer. Anticipating the impending retirement of these Boomers, CalPERS has taken on key initiatives to facilitate knowledge transfer as part of our technical succession planning efforts (discussed in more detail under “Current Talent Management Programs and Initiatives”).

Through ongoing monitoring we can understand the make-up of our workforce and effectively address and implement talent management strategies that will continue to foster diversity and inclusion at CalPERS.

<sup>6</sup> California Special Districts Association, *CSDA News*, accessed June 3, 2013

## The Foundation of the CalPERS Workforce Strategic Plan

### A Historical Perspective

In the 1990s, in support of CalPERS initial Strategic Plan, the Human Resources Division undertook numerous best practice initiatives designed to foster a high-performing work culture. We led a grassroots effort to establish CalPERS Core Values which serve as the foundation of the CalPERS culture and “refreshed” our Core Values in 2011 through another grassroots effort. We implemented a nationally recognized three-dimensional Recognition Program to foster a positive, employee-centric organization and we enhanced employee health and wellness by launching an award-winning worksite Wellness Program, including an onsite Fitness Center. We rolled out a Progressive Leadership Series to train new supervisors and ensure effective leadership practices, as well as an expanded training program for all CalPERS staff. These various initiatives along with other Human Resources programs have contributed to CalPERS reputation as a destination employer in state service and reinforced the organization’s commitment to sustaining a high-performing workforce.

Taking a proactive approach to understanding customer needs and aligning resources, Human Resources reached out to internal customers across the organization between April and June 2013 to gain insights about customer service levels and needs. These insights confirmed the appropriateness of Human Resources’ division-level Strategic Plan and vision. In support of CalPERS strategic direction, we identified four areas of focus:

- Fostering strategic partnerships
- Building a resilient, cohesive team
- Achieving workload balance
- Sustaining quality customer service

The Human Resources leadership team subsequently worked to analyze and confirm alignment of the existing workload with CalPERS strategic focus. These initial steps were key to enabling a more proactive approach to talent management and workforce planning, and enhancing Human Resources’ ability to commit necessary staffing to maintain core services and support strategic initiatives.

We reorganized and created the Career Services Unit in response to employee feedback, consolidated work in the Classification and Consultation area and established a Project Management Unit to centrally provide project support and oversight for numerous human resources-related enterprise initiatives.

We also recognize the need to leverage technology to more effectively serve our internal customers. Although Human Resources’ pursuit of automated processes and system enhancements has been a top priority in the last two business plans, such improvements will

not happen overnight. It will take time and will need to coincide with efforts to improve the division's infrastructure. More specifically, Human Resources staff is working to create and/or expand policies and procedures across all business units to ensure all Human Resources employees have the capability and access to accurate resources to effectively perform their jobs.

### Creating a Strategic Focus

*"Life is a continuous process of remaking ourselves." – Anonymous*

The Human Resources Division is continually working to improve our programs and services through our talent management efforts. Effective talent management strategies require integration between the various human resources functions along with proactive partnerships with our business line management. This new strategic approach will:

- Make our recruiting processes more efficient and effective by using competency-based recruiting
- Better develop our leaders to reinforce culture, instill values and create a sustainable leadership pipeline
- Develop competency models, quickly identify gaps and inform training and development activities to address needs
- Manage people in a consistent and measurable way so that everyone is clear on what they are accountable for
- Identify high performers and potential successors to key positions throughout the organization to make sure we have a highly flexible, responsive organization

The following wheel depicts the CalPERS talent management model.

Chart 1: CalPERS Approach to Talent Management



Understanding the significance of talent management and the impact it has on an organization’s ability to attract and retain high-performing employees, CalPERS Board of Administration made talent management a focus in CalPERS Strategic Plan and, in December 2012, included talent management as part of the scope of its Performance and Compensation Committee. In the past, the Performance and Compensation Committee’s scope was relatively narrow focusing on hiring, evaluating and setting the compensation for positions such as the Chief Executive Officer and Chief Investment Officer, as well as other key executives and investment manager positions covered by statute.<sup>7</sup> The benefit of this new structure is that it leverages the expertise of Human Resources through a best practice approach to talent management while ensuring consistency throughout the organization. It also ensures that business areas and Human Resources work together to identify viable talent management solutions and leverage initiatives across the organization to address multiple needs.

As a next step in our strategic journey, on July 1, 2013, Human Resources initiated the second phase of our reorganization to further align business functions to support CalPERS strategic

<sup>7</sup> California Government Code section 20098 provides CalPERS Board of Administration with the authority to appoint and set compensation for CalPERS Chief Executive Officer, General Counsel, Chief Actuary, Chief Investment Officer, and other Investment Officers and Portfolio Managers whose positions are designated managerial pursuant to Section 18801.1.

direction. More specifically, we created a Talent Acquisition and Workforce Planning Section. This restructure reflects the enterprise’s increased focus on recruiting talent and using data or business intelligence to inform our efforts. We listened to what our customers were saying and restructured to meet their needs.

The Talent Acquisition and Workforce Planning Section includes a Workforce Management Unit that will focus on a strategic approach to workforce analytics and performance metrics so we can evaluate our talent management initiatives. We’re partnering with our business units to look at what data we are currently capturing but not leveraging and where we are not capturing data that we should be. We’ll also focus on the interface between our PeopleSoft HCM and State Controller’s Office systems to ensure we have access to accurate, real-time data to support workforce planning and eliminate the need for inefficient, time-consuming duplicate data entry.

In early 2013, Human Resources engaged our customers in a ***Service Level Agreement*** process. This “big picture” approach allowed us to work with our business partners to understand their human resource service needs, identify effective solutions and appropriately allocate resources to meet these needs. Through this bi-annual process, we are able to support programs and enterprise priorities by taking proactive measures to address talent management needs on the front end. Aligned with CalPERS two-year business planning process, Service Level Agreements with each branch define program-area challenges/issues and outline HR solutions, including the level and type of service and timeframes for completion. The agreements also define roles and responsibilities for both Human Resources and branch staff.

The Service Level Agreement process helped us to educate our customers on the broad range of core services we provide. What’s more, they helped us clearly define program-area challenges and needs to support the development of strategic solutions, including leveraging talent management initiatives across the organization. During the process, our business partners identified approximately 75 service requests to address their challenges and needs, in some cases including high volume core services. The most commonly requested services at the branch- level are:

- Recruitment planning services for hard-to-fill positions (eight requests)
- Exam services (five requests)
- Competency modeling and management, including classification and career ladder review, skills assessments and training plans, as appropriate (three requests)
- Customized training solutions (10 requests)

As Human Resources continues to lead an enterprise-wide, strategic approach to talent management, we look forward to building upon the lessons learned from our initial Service Level Agreement efforts and anticipate ongoing process enhancements in subsequent years.

## Current Talent Management Programs and Initiatives

Human Resources currently leads a number of initiatives in support of talent management and CalPERS Strategic Plan goals. Below are brief descriptions of these enterprise-wide initiatives, each listed under the primary goal it supports, though it may support multiple strategic goals. For a comprehensive list of initiatives and the relevant strategic goal, see Table 4.

### Recruit

Effective recruitment begins with the identification of critical competencies, outreach and marketing, and targeted recruitment to hire highly qualified applicants with the capabilities to meet business needs.

### Outreach and Selection

We recently implemented a new applicant tracking system, ***NeoGov***, which allows candidates to securely apply online to multiple jobs anytime from anywhere, and to receive immediate job alerts for positions of interest. This automation has increased the size of our candidate pools, and the system's screening tools help hiring managers target the best and brightest applicants to meet their and the organization's needs.

A refresh of CalPERS ***Executive Search Firm Services Pool*** is currently being planned for 2013. The refresh will combine the services of the current Search Firm Services Pool and the current Investment Executive Pool so that one "super" pool is established. The "super" pool will consist of pre-qualified firms that will provide the Human Resources Division the flexibility to obtain high quality search services as key positions become vacant.

We continue to partner with the Financial Office to further strengthen the expertise, knowledge and experience within this area through a ***Financial Office Restructure***. By separating the accounting and finance functions, CalPERS will be able to better develop specialists with deeper knowledge and experience in their respective finance and accounting roles. The new leadership structure consisting of the Controller, Investment Accounting Officer, Financial Reporting Officer and Chief, Financial Planning and Policy will add bench strength and depth to the Financial Office, ensuring appropriate expertise, assurance, and leadership. With the increased complexity and focus on pension accounting, more specialized fiscal management skills are required. To address these recruitment challenges, CalPERS and the California State Teachers Retirement System have partnered to develop a Pension Financial Accountant classification that will allow our organizations to identify competencies and recruit for candidates with specific pension accounting knowledge, skills and abilities.

### Competency Modeling/Management

To hire and retain high quality actuarial and auditor staff, CalPERS offers ***Actuarial and Auditor Study Programs***. Recognizing these positions as hard-to-fill, both best practice

programs provide for a defined amount of study time during regular work hours and reimbursement of exam-related fees to support the pursuit of higher level professional skills and certifications.

Human Resources and the Actuarial Office are participating in a multi-departmental **Actuarial Classification Study**, led by the California Department of Insurance, to develop a statewide actuarial classification with updated job descriptions and qualifications that will enhance our ability to recruit highly-skilled candidates. This study will establish a current, uniform actuarial series which will also facilitate transferability of competencies within the State. This partnership fosters networking and information sharing between departments and the California Department of Human Resources (CalHR), while promoting CalPERS goals and initiatives. In addition, the effort also promotes collaboration among CalPERS, CalHR and participating departments to work toward resolving future shared challenges and objectives with state classifications.

We recently partnered with the Investment Office to complete an **Investment Manager Classification Study**, which included a job analysis of the classification series and a salary survey (using McLagan data) to benchmark against industry standards to address gaps within the classification hierarchy and structure. Based on the job analysis and survey data, the team has forwarded a proposal to CalHR to broaden the classification series to include a bridging supervisory classification. Upon approval, we will seek CalPERS Board approval of revised incentive compensation ranges so CalPERS can competitively recruit and retain qualified investment industry candidates into investment and financial management operations and control functions.

Critical to retaining staff is an employee-centric culture that empowers employees, enables them to make unique contributions, ensures they feel respected and valued, and provides development and career opportunities for those interested in moving up in the organization.

### **Succession Planning**

**Executive Succession Planning** is critical to ensuring a talent pipeline for those hard-to-fill, Executive-level positions at CalPERS. As a result, our Board of Administration has made traditional succession planning efforts a top priority to ensure continuity and effective transition for all levels of Executive Staff. It's no surprise that with the aging workforce and impending Baby Boomer retirements, organizations worldwide are facing significant loss of critical knowledge and skills, a declining labor pool and a widening talent gap for the next generation of middle and senior leaders. This is particularly true in the public sector where

workers are markedly older than in the private sector. To ensure CalPERS continued success, we've implemented a Succession Planning framework that addresses the development of future leaders and the retention of critical institutional knowledge through the development of talent pools for Executive-level positions.

Executive Succession Planning efforts began at the top with our Chief Executive Officer and Chief Investment Officer and then cascaded down to the remaining Executive positions. Each Executive conducted meetings with their direct reports to solicit their interest in serving as either a permanent successor, interim or acting replacement for any Executive-level positions. The candidates who self-nominated into the process received readiness assessments from their direct manager and an Executive Assessment Panel. Through this process, key strengths and areas for improvement were identified and suggestions made for development opportunities and timeframes documented and tracked through individual Leader Development Plans (LDPs).

As the administrator of enterprise-wide Succession Planning efforts, Human Resources oversees the Executive talent pools and progress under LDPs throughout the year. As Executive-level vacancies occur, ongoing Succession Planning will support leader continuity by providing visibility for both hiring managers and potential candidates to these opportunities and ensure an internal pipeline to address future leadership needs.

### ***Foster an Employee-centric Culture***

CalPERS recognition-based culture ensures our employees feel respected and valued. The ***Employee Recognition Program*** is integral to demonstrating our Core Values. Our nationally recognized three-dimensional program consists of day-to-day, informal and formal recognition, and reinforces organizational values, supports business objectives and helps us attract and retain motivated, high-performing employees. CalPERS approach to recognition empowers all staff with the ability to recognize one another at all levels. This peer-driven process is an important component of our recognition program as we continue to look for opportunities to provide our people with meaningful recognition that is consistent and ongoing and encourages them to do their very best, to grow and learn, and enjoy themselves in the process. At CalPERS, we encourage all levels of staff to provide recognition that is sincere, specific, timely and appropriate to the individual and/or team, as well as the accomplishment. CalPERS leaders sponsor a number of informal recognition events throughout the year recognizing the completion of key objectives and an annual All Staff Forum that highlights employee accomplishments during the past year.

The **CalPERS Wellness Program, Wellness Works**, has four cornerstones: Balance, Fitness, Nutrition and Walking, all of which contribute to a healthier workforce. This Fit Biz 2009 award-winning program helps to create an environment that educates and motivates employees to live a zestful, balanced and healthy lifestyle. CalPERS has an onsite Fitness Center that provides cardiovascular equipment and group exercise classes to promote increased employee health, vitality and productivity. In line with the CalPERS Core Value of Balance and ensuring an optimistic and enjoyable work environment, the Wellness Program supports annual golf and softball tournaments that foster an atmosphere of collegiality, team building and fun. The Wellness Works program benefits from the support of the CalPERS Wellness Committee, which consists of division volunteers who help develop and implement programs related to fitness, nutrition, stress reduction and disease management. The program reinforces our culture and helps employees to maintain the Core Value of Balance each day.

In early 2012, Human Resources established, in response to employee input, the **Career Services Program** to provide CalPERS employees with consultative services, tools and resources to assist them in meeting their personal career goals. Career Services staff are currently administering a pilot **Job Rotation Program** (also in response to employee feedback) which offers one- to two-year rotational opportunities for employees in participating divisions to build new skills sets, expand their understanding of CalPERS business lines and services, and enhance overall career development.

Over the years, CalPERS has made positive and lasting contributions to our community through our **Community Outreach** efforts. Each year, CalPERS sponsors, at an organizational level, various charitable events that allow employees to give back to the community. These community outreach efforts demonstrate CalPERS commitment to our Core Values of Integrity, Quality, Openness, Respect, Accountability and Balance through involvement and/or donations which help to make a difference in the lives of others. These efforts are a key component in our talent management strategies, aligning CalPERS values with the values of individual employee and supporting enhanced employee recruitment, engagement and retention.

Consistent with CalPERS belief that our employees are our most valuable asset, in early 2012 Executive Staff asked Human Resources to create a cross-functional, multi-level team to help leaders effectively support positive employee morale throughout CalPERS. The **Staff Morale Task Force** provides a forum to share employee perspectives regarding the development

and implementation of various enterprise-wide initiatives that could potentially impact staff morale. The team also identifies and recommends possible actions to support enhanced morale.

To gauge employee satisfaction levels, CalPERS has administered bi-annual employee surveys since mid-1990. In a follow-up to the 2010 ***Organizational Health Index (OHI) survey***, Human Resources partnered with a firm to administer the OHI survey in March 2013. With an 81 percent participation rate, aggregated employee ratings and anecdotal input regarding organizational outcomes and management practices indicated where we are doing well and where we can improve as an organization. Staff ratings confirmed improved management practices in all nine outcome areas, although overall health driven by outcome scores remained the same. To assist CalPERS leaders in responding to employee input on the OHI, Executive Staff is creating two cross-functional, multi-level action planning teams to focus on “employee based innovation” (Innovation team) and “role clarity” and “process-based capabilities” (Accountability team). Survey findings validate our Workforce Strategic Plan initiatives aimed at addressing high-impact practices that will support improved organizational health and employee satisfaction.

## Develop

One effective way of increasing employee engagement and retention is to offer development opportunities. Important to staff development is training to keep employees up-to-date regarding job-specific knowledge and skills, as well as preparing them for additional responsibilities and/or career advancement through training and development. This also includes growing future applicants through internship programs.

### ***Onboarding Programs***

CalPERS ***Onboarding Program*** for new employees has multiple components. All employees below the Executive and Senior Staff level are required to attend a two-day, instructor-led New Employee Orientation (NEO), which includes presentations from and about a wide cross-section of the CalPERS organization—its mission, core values, culture, business lines, resources and overall expectations. In addition to NEO, many divisions provide expanded onboarding with a division-specific orientation for new staff. A self-service web-based onboarding program gives staff access to comprehensive information on the CalPERS campus and operations, employee benefits and resources. In addition, managers use a checklist tool to ensure new employees are given pertinent information and resources specific to their role.

In an effort to more efficiently onboard CalPERS Executive and Senior Staff, we’re developing an ***Executive Onboarding*** program. This will cover key elements of our *New Employee*

*Orientation and Leadership Essentials and Direction for your Emerging Role (LEADER)* training and leverage web-based technology to familiarize top leaders with the organization and its culture, and clarify critical expectations for all CalPERS leaders so they can effectively assume their new roles.

### ***Provide Skills-based Training***

To ensure a skilled and competent workforce, we offer extensive training and development resources including: a skilled training delivery team, a well-equipped Learning Center, custom-designed onsite classes, curriculum design and development, web-based training development and delivery hosted through our ***Learning Management System (GoLearn)***, and consulting services to address unique learning/business needs within the organization.

To help CalPERS develop the skills needed today and in the future, Human Resources is implementing a number of strategies to ensure training is aligned with the business needs. We offer flexible learning solutions like web-based training, webinars, and instructor-led training in smaller segments (one- to two-hour sessions), and leverage our Learning Management System to deploy training quickly and efficiently throughout the organization. Human Resources internal web-based development team works to address customized training needs. Where there is a lack of talent or hard-to-fill classifications due to a highly specialized skill set, we collaborate with program areas to plan for changing skill needs and close gaps. This strategic approach to training ensures a skilled and competent workforce able to execute CalPERS business strategies.

Human Resources serves as sponsor for the CalPERS Training Advisory Group (TAG). The TAG is a chartered, enterprise-wide group responsible for supporting standardization of high quality learning practices and training governance, and recommending training strategy and policy in support of enterprise business needs. As part of its oversight role, Human Resources provides:

- Vision and direction for TAG
- Input and guidance on learning-related aspects of key business initiatives
- A conduit for communication between TAG and Executive leaders
- Suggested topics for TAG to discuss/address
- A first-line of escalation for TAG issues

To increase efficiency, timeliness, quality and customer satisfaction, we partnered with the Customer Services and Support team to design and implement a ***Customer Services and Support Training Plan*** aimed at strengthening staff competencies and skills to support enhanced customer service in the new my|CalPERS environment.

To provide fundamental, job-related knowledge regarding financial literacy, institutional investing, and CalPERS various asset classes, we are supporting the implementation of the **Investment Office Smart Certification Program**, known as “INVO Smart”, through the Learning Management System. The training is intended for staff in the Investment Office and other employees in Fiscal Services, Human Resources, Office of Audit Services and Public Affairs Office who directly support the Investment Office programs.

### **Ensure Knowledge Transfer**

To facilitate knowledge transfer and the sharing of expertise in all directions and at all levels across the enterprise, in July 2012 we launched a two-year initiative aimed at incorporating **Informal Mentoring** into the CalPERS culture. This initiative aligns our knowledge transfer efforts by encouraging continuous learning and by building bench strength across the organization, giving staff a more global perspective, strengthening diversity by helping employees reach their full potential, and engaging employees more fully in CalPERS mission.

As a result of a one-year pilot, we’re moving forward with the implementation of a **Leadership Group Mentoring Program**. This program allows leaders to enhance their personal and professional leadership development, and provides us with an opportunity to grow and retain our high potential leaders and support the transfer of knowledge as part of our Succession Planning efforts. The group mentoring approach allows a number of people to participate in a learning group and to benefit simultaneously from the experience and expertise of a mentor while leveraging the personal experiences of all participants. Based on participant feedback, the program, originally geared toward the Staff Services Manager III level (or equivalent classifications) and above, will now include leaders at the Staff Services Manager II level (or equivalent classifications) and above.

**Knowledge Transfer** is critical to ensuring CalPERS ability to mitigate potential loss of expertise needed to maintain core services. Through technical succession planning, we identify core services and processes at risk, pinpoint individuals with specialized knowledge and identify those individuals most at risk for leaving the organization. Human Resources has developed online tools and resources to facilitate the ongoing exchange of knowledge transfer across the organization. As a business partner, we encourage the use of these tools in enterprise-wide initiatives. Most recently, Operations Support Services Division leveraged these knowledge transfer resources as part of the FY12-14 Business Plan Consultant Reduction initiative aimed at reducing the organization’s reliance on outsourced expertise.

## Empower

At CalPERS, empowering staff means leaders provide employees development opportunities, coach and mentor, share information, remove barriers, delegate authority, give recognition, ensure accountability and foster a values-driven environment. Ultimately, empowered employees are engaged, competent, confident, motivated and accountable for the outcomes of their actions. The integration of our Core Values and our emphasis on performance coaching and feedback, as well as timely employee recognition, foster values alignment and openness in the CalPERS culture.

## Developing Automated Infrastructure

In 2010, a strategic ***Enterprise Resource Plan*** (ERP) roadmap (with specific focus on the next five years) was developed to focus efforts to modernize and automate administrative and enterprise support process and systems, improve responsiveness to internal customers and expand self-service offerings. The three main objectives for Human Resources within the ERP are workforce and productivity reporting, talent management and reduced human resources processing time. In coordination with Information Technology, we've undertaken and identified several projects which will help automate and improve manual business processes and access to date.

As a key pilot participant for the ***Enterprise Content Management*** project, Human Resources reviewed and streamlined 866 pages of web content for publishing in the new SharePoint environment, and as a member of the Governance Model Workgroup, we're assisting with enterprise efforts to develop governance for CalPERS 2013 SharePoint upgrade.

We are currently working on a ***Learning Management System upgrade*** to take advantage of the new functionality and provide an enhanced user experience. Specifically, the upgrade will provide us with:

- A simpler user interface (look and feel) —less clutter and organized for better accessibility
- An enhanced cloud platform that eliminates the need for future large scale upgrades
- Easier, dynamic analytics for improved tracking and reporting capabilities
- Global search capabilities (similar to SharePoint) for all training and learning resources in one place
- Simplified training registration enabling employees to launch courses with one click

We are partnering with ITSB on the ***Time and Labor—Electronic Time Reporting*** effort to provide time sheet automation and system functionality for both Human Resources Division staff and our customers. This includes automating the process for Human Resources to submit leave data to control agencies. Additionally, we are pursuing a critical data interface between the State Controller’s Office system and our PeopleSoft Human Capital Management system to better support our ongoing workforce planning efforts.

### ***Align Values***

Acknowledging the diversity of the CalPERS workforce, Human Resources continues to partner with CalPERS Diversity Outreach Program (CDOP) to increase awareness and understanding of ***Diversity and Inclusion***. As such, our education and training units ensure curriculum is consistent with CalPERS diversity and inclusion policies and practices. To support this effort, All Staff Training and Development partnered with CDOP to implement five SkillSoft web-based courses through the Learning Management System. In addition, our Leadership Development program works closely with CDOP to identify training opportunities tailored to CalPERS leaders, which has led to targeted training on the Limited Examination Appointment Program and Equal Employment Opportunity.

### ***Enhanced Pre-employment Screening***

In evaluating potential employment candidates, we need to be mindful of CalPERS fiduciary responsibility to:

- Protect its assets
- Prevent fraud and embezzlement
- Maintain the integrity of our system
- Deter workplace violence, discrimination and harassment

Under Phase 1 of implementing enhancements to CalPERS pre-employment screening, a criminal history check will be added for new CalPERS employees to ensure we are making informed decisions about newly hired staff and increasing the safety and security of the organization.

Currently, our process includes verification of education and previous employment, and contacting references. We will now include Live Scanning (fingerprinting) of all new CalPERS employees for the purpose of gathering criminal history, if any, and using all of this information to determine if the candidate is suitable for employment. This enhancement will bring CalPERS into alignment with industry pre-employment best practices.

### ***Performance Measurement***

In April 2012, as part of our efforts to update the Human Resources Strategic Plan, HR managers worked with staff to develop ***HR Performance Metrics*** to measure the effectiveness of the services we provide. In addition to measuring effectiveness, creating and reporting performance metrics demonstrates to internal business partners our commitment to quality customer service. We will continue to expand HR metrics to understand how the enterprise is doing with regard to human resource management and how well we are meeting our customers' expectations. These metrics also will help us to improve the capability of our processes and help us show the contributions we make to the enterprise.

Initially, we identified 13 critical performance metrics across our business functions consistent with our strategic direction and organizational priorities. Every quarter, an internal workgroup in Human Resources collects and reports the data through templates and a dashboard, which show key performance indicators and progress. These metrics, which we will continue to refine, include:

- Turnover
- Average time to hire
- Recognition
- Training enrollments
- Career services consultations
- Cycle time for classification changes and position movements
- State Disability Insurance (SDI) case count
- Assembly Bill (AB) 2410 Compliance Rate (AB 2410 requires employer payment of wages upon separation within 72 hours of notification)
- Search Firm Hire for Investment Management Positions

Table 4: Current CalPERS Talent Management Initiatives

As described, Human Resources leads many talent management strategies throughout the enterprise. The table below reflects current programs/initiatives designed to enhance our ability to recruit, retain, develop and empower a high-performing workforce.

Initiative	Recruit	Retain	Develop	Empower
Actuarial & Auditor Study Programs	✓	✓	✓	✓
Actuarial Classification Study	✓	✓		
Career Services Program & Job Rotation Pilot		✓	✓	✓
Community Outreach Program	✓	✓		✓
Customer Services & Support Training Plan		✓	✓	✓
Diversity & Inclusion Support	✓	✓	✓	✓
Employee Onboarding		✓	✓	✓
Employee Recognition Program	✓	✓	✓	✓
Enhanced Pre-employment Screening Phase 1	✓			
Enterprise Content Management/SharePoint		✓	✓	✓
Executive Onboarding		✓	✓	
Executive Search Firm Services Pool	✓			
Executive Succession Planning		✓	✓	✓
Financial Office Restructure	✓	✓	✓	✓
HR Performance Metrics				✓
Informal Mentoring		✓	✓	✓
Investment Manager Classification Study	✓	✓		✓
Investment Office Smart Certification Program	✓	✓	✓	✓
Knowledge Transfer		✓	✓	✓
Leadership Group Mentoring Program		✓	✓	✓
Learning Management System/Upgrade		✓	✓	✓
NeoGov System	✓			

Initiative	Recruit	Retain	Develop	Empower
Organizational Health Index Survey		✓		✓
Staff Morale Task Force		✓		✓
Training Advisory Group Sponsorship		✓	✓	✓
Time & Labor – Electronic Time Reporting				✓
Wellness Works & Fitness Center Programs	✓	✓		

- ✓ *Blue, bold check mark indicates the primary benefit*
- ✓ *Un-bolded check mark indications additional benefits*

For a projected timeline of the talent management initiatives see Appendix B: *Workforce Strategic Plan Guide – A Five-Year Perspective*.

## A Strategic Path Forward

It's important that workforce planning not be seen as a crystal ball with the ability to predict the future but be recognized for the longer term context of linking business and people strategies to support organizational success. Its effectiveness relies on our flexibility and responsiveness to our customers' needs. The Workforce Strategic Plan will continue to be integrated with business plans in an interdependent relationship where they both react to and inform each other.

The future continues to look bright for CalPERS as we work in a concerted effort to identify, understand and plan for long-term talent management needs. This strategic partnering allows us to embrace the organization's talent management needs and employ strategies to meet those needs. With the support of the CalPERS Board and Executive Staff, these talent management strategies will leverage technology through alignment with the Enterprise Roadmap Plan and focus on:

- Acquiring and retaining top talent
- Enhancing our learning environment to support knowledge transfer and prepare staff and leaders for future opportunities
- Promoting innovative solutions
- Onboarding that connects new staff to the values and work of CalPERS
- Using competency models and assessments for key positions to support enterprise needs

We are committed to providing solutions to customer needs expressed through the Service Level Agreement process. We also will explore a number of programs and initiatives in the areas of data collection and analysis, improved customer service and enhanced technology and systems. While we anticipate changes to program area long-term needs within the duration of this plan, we expect to explore the following in the next one to five years.

### *One- to Two-Year Initiatives*

**CalPERS Internship Program**—Develop a volunteer intern program to provide educational and experiential opportunities for interns who will provide additional resources and allow us to develop a pipeline for future vacancies.

**Competency Modeling/Management**—Establish an enterprise-wide competency modeling and skills assessment process to identify gaps and provide targeted, cost-effective training and development solutions in support of CalPERS mission.

**Exit Survey**—To enhance effectiveness, Human Resources is evaluating and re-designing our Exit Survey process to separate data captured from employees leaving CalPERS and those transferring internally. This will enable us to more accurately analyze data to identify trends and understand why our employees leave or transfer within the organization.

**Hiring Process Review**—We recognize the need for more efficient hiring and plans to conduct a post analyses of the end-to-end process in Neogov and the business areas to identify opportunities to enhance the hiring process within program areas and Human Resources. We also will focus on driving more applicants to apply online (NeoGov) versus submitting hard copy applications.

**Recruitment Outreach and Marketing**—Human Resources will be working with Public Affairs Office and key stakeholders across the organization to develop a marketing plan and outreach strategy to further establish CalPERS as a destination employer and attract key candidates. This will include updating collateral materials and website content consistent with CalPERS new branding.

- **Recruitment Outreach and Marketing for Hard to Fill Positions**—As part of the Recruitment Outreach and Marketing, we are working with specific program areas that have identified hard to fill positions to proactively recruit and develop talent. Focused recruitment efforts will be developed and implemented for specific target audiences for the Investments Office, Financial Office, and Information Technology Services Branch.

**Role Clarity**—Through the SLA process, program areas expressed concern with perceived inequities across the organization related to classification allocations. To ensure appropriate use of classifications enterprise-wide, we've established a process for review and approval of classification allocations. As part of this process, if a misallocation is identified, we flag it and typically deal with it through attrition so as not to disadvantage the incumbent employee. When the position becomes vacant, the misallocation is corrected. To support role clarity across the enterprise, Human Resources plans to partner with our program areas to ensure organization titles, unit names and position working titles are aligned with job duties and business functions.

**Supervisory Skills Enhancement**—To provide managers and supervisors with increased knowledge and skills pertaining to recruitment, employee relations, and performance management, we will work with the Office of Public Affairs to tape and video-stream a series

of training workshops on positive employee relations, performance management, interview question development, and application screening criteria.

**Training Curriculum Review Process**—Develop and implement a curriculum review process to ensure all CalPERS training supports our mission and our commitment to building talent and addressing risks associated with inconsistent training practices.

### ***Three- to Five-Year Initiatives***

**Automated Training Evaluations**—Convert training evaluation and feedback forms to be administered electronically to enhance our ability to review and manage the data.

**Conflict Management Training**—Deliver conflict management training for CalPERS leaders through online means for greater accessibility.

**Employee Resource Library Electronically**—Make library resources available electronically to enhance user accessibility.

**Enhanced Pre-employment Screening/Phase 2**—Implement background investigations for new hires in key positions to be consistent with best practice, ensure we are hiring the right candidates and reduce risk to CalPERS.

**Human Resources Customer Survey**—Develop and administer a survey to internal customers to gauge the quality of Human Resources Division’s customer service and make improvements as needed.

**Recruitment App**—Explore a CalPERS Jobs application for smartphones to target recruitment and keep up with the technology demands of the incoming workforce.

**Recruitment Referral Program**—Explore opportunities to encourage existing employees to refer solid, potential candidates for vacancies.

**Stay Interviews**—Develop and implement a tool for our management team to aid them in having discussions with staff to identify key drivers supporting employee retention.

**Upward Mobility Resources**— In support of the CalPERS Diversity and Outreach Program’s development of a department-specific Upward Mobility Program, we will assist in efforts to educate all our employees on the opportunities, resources and options available to

them. Human Resources also will develop a targeted marketing effort to ensure incumbents in identified low-paying classifications are aware of the career development support available to them through the Career Services Program.

### Ensuring the Success of the Workforce Strategic Plan

Human Resources is pleased to have led the development of this initial Workforce Strategic Plan. We will continue to oversee its implementation and adjust direction as necessary, based on organizational needs. The plan’s success requires the support and commitment of our Board of Administration, Executive and Senior Staff and impacted business areas.

Who	What
CalPERS Board of Administration	Support the components of the Workforce Strategic Plan
Executive & Senior Staff	Support the Strategic Workforce Plan and provide resources for talent management strategies and tactics related to CalPERS goals
Human Resources Division	Develop and implement talent management efforts across the organization
Human Resources Division staff	Provide human resource services to internal customers as agreed upon in the Service Level Agreement
Managers & Supervisors	Use Strategic Workforce Plan as a process to align staff resources with business needs and goals
All Staff	Provide feedback, assist in developing and implementing tactics and measuring progress toward Strategic and Business Plan goals, engage in innovative workplace initiatives
Information Technology staff	Consult and provide support on emerging technologies in support of Workforce Strategic Plan goals
Financial Office staff	Work with CalPERS programs to ensure adequate use of resources and develop strategic methods to fiscally support Strategic Workforce Plan goals

## Resources

This Workforce Strategic Plan was compiled using the following data and reference resources:

2013 CalPERS Annual Workforce Analysis  
CalPERS 2012-14 Business Plan  
CalPERS 2012-17 Strategic Plan  
Human Capital Management (HCM) – PeopleSoft  
Management Information Reporting System (MIRS) – State Controller’s Office  
Leadership Development Data Reports

## Appendices

The items below are attached for review in connection with this Workforce Strategic Plan:

Appendix A: CalPERS Core Values & Guiding Behaviors  
Appendix B: Workforce Strategic Plan Guide – A Five-Year Perspective