



Agenda Item 6

September 17, 2013

ITEM NAME: Organizational Health Index (OHI) Survey Update

PROGRAM: Human Resources Division

ITEM TYPE: Information

EXECUTIVE SUMMARY

The purpose of this agenda item is to provide an overview of the results of the 2013 OHI survey. This will include a comparison of our survey results from our baseline results from 2010 and our plan of action following the 2013 survey results.

STRATEGIC PLAN

The OHI survey supports Goal B in the Strategic Plan to "Cultivate a high-performing, risk-intelligent and innovative organization." The survey results will be used to develop new strategic performance measures in the future.

BACKGROUND

The OHI survey is a confidential employee opinion survey used to measure the health of an organization. CalPERS first administered the OHI survey in September 2010. The survey was administered again in 2013 from Monday, March 25, through Friday, April 12. CalPERS achieved an 81 percent participation rate across the organization.

The OHI survey measures outcomes and practices that contribute to CalPERS overall health score. These measures help us understand what we are doing well and where we can improve as an organization, as well as how CalPERS health has changed since 2010. This survey, based on academic research and direct expert input, has been given to more than 1.25 million respondents at private and public institutions. This allows us to compare our results with a large database of private and public sector organizations.

ANALYSIS

The OHI survey instrument is used to help measure Organizational health defined through either outcomes or management practices. The results of the 2013 OHI survey show CalPERS overall health score remained the same as in 2010. However, this year's results show that we have moved toward a healthier mix of practices which means we have shown improvement in our management practices over the 2010 survey results. In both 2010 and 2013, our survey results showed that CalPERS is above average when compared to other public sector organizations who have taken the OHI survey.

The feedback we received from the 2010 survey showed our work culture was supported by clearly defined values and open communications. Employees said our strong culture and climate supported our strategy and made CalPERS a place where people wanted to work. Employees also felt personally motivated on the job and acted as owners of CalPERS. In 2010 we also received feedback from employees on areas for improvement. They indicated they were pulled in different directions, often being asked to serve customers while at the same time doing special projects to improve our organization for the future. As a result of this feedback we completed an enterprise reorganization to separate customer service functions from policy issues and health benefit design functions. These changes enabled us to identify new trends and innovations and to better serve our members and employers. Another area cited for improvement in 2010 was the need for better coordination and control of our finances across the entire organization and the need to do a better job of risk management. As a result of this feedback we created the Financial Office and the position of Chief Financial Officer, and the Office of Enterprise Risk Management.

The feedback we received in the 2013 OHI survey showed several distinct strengths across the organization as well as some areas for improvement. Our employees once again indicated our Core Values contribute to a well-defined culture. Our strong culture and climate supports CalPERS strategy and makes people want to work here. In addition the feedback from the survey indicated that CalPERS is above average compared to public sector organizations who have taken the OHI survey. Our current results indicate managers have an opportunity to increase employee involvement by clarifying roles, encouraging them to take an active part in decision-making, and helping them understand their voice is critical to the success of our organization. Another area for improvement is encouraging and facilitating innovation and creativity from all our employees to better serve our diverse range of customers. The final area for improvement is in our business processes (financial and operational controls, standard operating procedures, success measures and metrics) where employees felt these could be strengthened by documenting them within the organization.

After reviewing all of the results from the 2013 survey, our Executive team is committed to focusing on three areas that are in need of improvement:

- **Accountability:** We will increase our focus on providing employees with clarity on their roles and decision-making authority within day-to-day practices.
- **Innovation:** Our employees are our greatest asset and together we can work on innovation and creativity from within, to better serve our diverse range of customers.
- **Capabilities:** We will work together to make sure our business processes are well documented within the organization.

The next step will be creating two cross-functional action planning teams (comprised of staff at all levels) to develop recommended strategies and tactics that will help us improve in these areas. One team will focus on the practices of “employee-based

innovation” (Innovation team) and the second team will focus on “role clarity” and “process-based capabilities” (Accountability team). Cheryl Eason will lead the Accountability team, Ann Boynton will lead the Innovation team and each Executive will participate on one of the two teams.

In addition to the overall survey results, each Executive was provided results for their individual Branch which included comparisons to their 2010 results. Each Executive has met with their Division Chiefs to identify one additional OHI outcome, specific to their program area, to work on making improvements in the coming year.

BUDGET AND FISCAL IMPACTS

There are no Budget and Fiscal impacts associated with this item.

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