



Agenda Item 7

February 19, 2014

ITEM NAME: Board Governance Project – Update on Strategic Measures

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 (Plan). Based on discussions at the July 2013 and January 2014 Board of Administration and Executive Offsite meetings, the suite of measures are included for review and a sample data display will be presented. Attachment 1 provides definition and purpose statements for these measures.

STRATEGIC PLAN

This agenda item supports the CalPERS Strategic Plan to cultivate a high-performing, risk-intelligent, and innovative organization. Strategic Measures build a framework that enables CalPERS to evaluate the organization's progress in meeting the goals of 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. To assist the Board in evaluating the success of the Plan, staff proposed 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 continues to use a phased and iterative approach with those measures, having data availability to be displayed first and all other measures to follow based on development, and data accessibility and integrity.

Key historical project dates include:

- July 2013 - An initial set of measures was presented at the Board of Administration and Executive Offsite.
- September 2013 – A project update was presented to the Board Governance Committee.
- January 2014 – Health measures were presented at the Board of Administration and Executive Offsite.

ANALYSIS

The Enterprise Strategy and Performance Division (ESPD) is working with the following divisions on the development of the suite of Strategic Measures: the Investment Office (INVO), the Actuarial Office (ACTO), Benefit Programs Policy and Planning (BPPP), Customer Services and Support (CSS), Human Resources Division (HRSD), External Affairs (EXAB) and the Information Technology Services Branch (ITSB).

A total of 14 measures have been defined. Based on the July 2013 Board of Administration and Executive Offsite discussion, one EXAB measure and an ACTO measure have been added. The added EXAB measure will track how key topics are being framed by policymakers in CalPERS media coverage. The added ACTO measure will report on the organization's absolute funded status and reasons for the most recent changes. As areas of strategic opportunity emerge additional measures will be developed for consideration. In addition, staff is working on the Annual Benchmarking Survey by Cost Effectiveness Measurement (CEM) which may present CalPERS with areas of strategic opportunity.

Staff continues to work with each division to complete development of the fourteen measures, and identify data availability for each data display. A data collection process is being created to integrate division data into a software tool to establish an interactive graphical display. The display will indicate how each measure is doing and the collective suite of measures will indicate the health of the goals against the overall Strategic Plan.

Next Steps:

- February - June 2014: Staff will focus on capturing data and building the display tool.
- Present to the June 2014 Board Governance Committee a summary of work.
- Present a working session on a full suite of measures and a demonstration of the graphical display tool at the July Board of Administration and Executive Offsite.

BUDGET AND FISCAL IMPACTS

Not applicable.

ATTACHMENTS

Attachment 1 – Strategic Measures Summary

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