



## **Agenda Item 7a**

May 20, 2014

**ITEM NAME:** Stakeholder Assessment Project Update

**PROGRAM:** External Affairs

**ITEM TYPE:** Information

### **EXECUTIVE SUMMARY**

CalPERS is engaged in a three-year Stakeholder Assessment Project being conducted from 2013 through 2015. The Project was first recommended by the Board Governance Project in 2010 with a goal to take a comprehensive review of all stakeholders and their views on CalPERS reputation and credibility. The project has just concluded the second phase of the first year.

Staff will present key findings from this second phase of the Stakeholder Assessment Project, which includes media analysis, specialist stakeholder interviews, an online survey delivered to employers, members and employees, and follow-up phone interviews with survey-takers.

### **STRATEGIC PLAN**

This item supports the Strategic Plan, Goal C - "Engage in State and national policy developments to enhance the long-term sustainability and effectiveness of our programs."

### **BACKGROUND**

The Board Governance project of 2010 first recommended a holistic Reputational Risk Assessment of stakeholders' view of CalPERS. The initial assessment included online member and employer surveys, in-depth interviews with Board members, executives, and key stakeholders, plus an analysis of media coverage about CalPERS. The baseline assessment was concluded in 2011.

Beginning in spring of 2013, CalPERS initiated the first phase of the Stakeholder Assessment Project. The three-year project is slated to continue through 2015 and will consist of two phases per year, for a total of six phases. This report is based on the results of phase two, year one of the project, which is phase two out of six overall.

## **ANALYSIS**

The Stakeholder Assessment Project uses both quantitative and qualitative analytical methods to gain accurate, timely and actionable information about CalPERS standing and perception amongst its target stakeholders. Quantitative methodologies such as surveys and online media analysis provided measurable data, while qualitative inquiries in the form of phone interviews offered a more in-depth conversation about CalPERS.

The three methods used were:

- Online surveys of members, employers and CalPERS employees
- Detailed analysis of online and print media coverage
- Phone interviews with Specialist Stakeholder Groups

By comparing the results of each phase of the project to previous phases and to the baseline established in 2011, CalPERS is developing a clear picture of the progress we are making with our stakeholders and the steps needed to enhance our standing as a leader amongst pension systems on a State and national scale.

In phase one of year one, CalPERS analysis of the Project's research yielded three primary recommendations for improvement in order to enhance our reputation with stakeholders. The three recommendations were:

- Improve customer service to employers
- Increase opportunities for leadership engagement and visibility
- Improve communication and engagements with stakeholders

In response to these recommendations, CalPERS has taken many steps to improve in these areas. A few of the actions taken include the following:

- Developed new channels for two-way communication with employers, including hosted dialogues at Regional Offices, roundtables with employer representatives, and enhanced contact center focus on key employer issues
- Instituted regular briefings and meetings with stakeholders at various levels to meet with CalPERS leadership in order to engage on strategic issues and upcoming Board agenda items
- Continued to open lines of communication between CalPERS and stakeholders via social media, newsletters, outreach and on-site meetings

## **Most Recent Results Of Stakeholder Assessment Project**

### **Key Findings – Media**

The results of the media analysis provided the following findings:

- Overall volume of media coverage of public pensions has decreased over the last two phases of the study.
- While the general tone of pension coverage trends towards the negative, CalPERS favorability increased.
- CalPERS Executive Leadership had an increased favorable rating.
- Investment management saw a balanced treatment towards the end of the phase, with praise and criticism in equal measure.

### **Key Findings – Online Survey of Members, Employers and CalPERS Employees**

The results of the Online Survey provided the following findings:

- CalPERS saw a clear and pronounced improvement in many key measurements from all three stakeholder groups surveyed, particularly in three areas identified as needing improvement:
  - Customer Service to Employers – 31% increase
  - Leadership Engagement and Visibility – 12% increase
  - Communication and Engagement with Stakeholders – 10% increase
- Ratings in the key areas for improvement are in the average range after showing improvement
- Clear upward trends by all three groups in effective policy advocacy, ethics and visibility of CalPERS leadership
- The stakeholder group showing the most need for improved service going forward is Employer upper-management.
- There are no new areas of concern since the last phase.
- The overall downward trend from the Great Recession through phase one of year one has sharply reversed.

### **Key Findings - Specialist Stakeholder Interviews**

Phone interviews were conducted with representatives of Academics/Think Tanks, Federal Legislative Staff, State Legislative Staff, Industry Partners, Labor Unions, Peer Pension Funds, and Taxpayer & Good Governance. The results of the Specialist Stakeholder interviews provide the following findings:

- Perceptions of customer service and operations showed the largest improvement.
- Nervousness over long-term sustainability of the fund has emerged, despite confidence that the worst of the Great Recession is in the past.
- There is steady but cautious support for the Board of Administration.
- There is increasing approval and confidence for the Executive leadership team
- Communication is receiving positive endorsement and a prevailing sense that it is something CalPERS takes seriously and deploys professionally, transparently and with high-value content.

### **SUMMARY**

- There has been a significant improvement in the key measurements that CalPERS has identified as needing improvement.
- All three stakeholder groups that were surveyed (members, employers and CalPERS employees) showed increased positive ratings since the last phase.
- Media coverage of public pensions generally focuses on perceived negatives such as municipal bankruptcies and drains on public funds, but CalPERS itself earns relatively high marks as a leader in the industry.
- There are no new areas of concern since the last phase.

**NEXT STEPS**

Given the clear improvements and lack of new problem areas, CalPERS will continue to build on the momentum around the areas of customer service to employers, leadership engagement and visibility, and communication and engagement with stakeholders. External Affairs will also engage with other business areas across CalPERS for continued and improved outreach and service to stakeholders. Staff will work with Enterprise Strategy and Performance Division to feed the ongoing data from the Project into the CalPERS Business Plan for the benefit of the entire organization.

**BUDGET AND FISCAL IMPACTS**

Not Applicable.

**ATTACHMENTS**

Attachment 1 – Stakeholder Assessment Project PPT

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