



## **Agenda Item 7a**

October 14, 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 (SAP) being conducted from 2013 through 2015. The SAP 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 first phase of the second year.

Staff will present key findings from this phase of the SAP, including: media analysis; specialist stakeholder interviews; an online survey delivered to employers, members and employees, and follow-up phone interviews.

### **STRATEGIC PLAN**

This item supports the Strategic Plan, Goal B - Cultivate a high-performing, risk-intelligent and innovative organization

### **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 consists of two phases per year, for a total of six phases. Updates are provided through an annual report each October and a mid-year status review in April. This report is based on the results of year 2, phase 1 of the project, which is phase three out of six overall.

### **ANALYSIS**

The SAP uses both quantitative and qualitative analytical methods to gain accurate, timely and actionable information about CalPERS' standing and perception among its target stakeholders. Quantitative methodologies such as surveys and online media

analysis provide measurable data, while qualitative inquiries in the form of phone interviews offer a more in-depth conversation about CalPERS.

The three methods used are:

- Online surveys and follow-up phone interviews 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 among pension systems on a state and national scale.

In phase two of year one, CalPERS' analysis of the SAP's research yielded three primary recommendations for improvement in order to enhance its 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 the last six months, CalPERS has taken many steps to improve in these areas. A few of those actions include:

- Developing new channels for two-way communication with employers, including: dialogues at Regional Offices, stakeholder engagement briefings, and enhanced contact center focus on key employer issues
- Instituting regular briefings and meetings with stakeholders at various levels to meet with additional CalPERS leadership in order to engage on strategic issues and upcoming Board agenda items
- Continuing 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 (April – June 2014)**

The results of the media analysis provided the following findings:

- CalPERS favorability rating increased slightly, up two points to 51
- CalPERS continues to garner the most attention of any peer pension, but overall media share continues to decrease
- Health Plan premiums generated mostly positive coverage
- CalPERS articles mentioning “pension funding” rated a 50, the first non-negative rating in 12 months

- Mixed reviews on investment – favorable for our commitment to California investments, concerns regarding transparency
- Overall favorability of pension industry as a whole fell three points, with concerns over public pensions in Detroit and Chicago generating high profile negative attention

### **Key Findings – Online Survey (July 2014)**

The results of the Online Survey of Members, Employers and CalPERS Employees and follow-up phone interviews provided the following findings:

- Members and employers continued the upward trend in perceptions from the previous phase
- Three previous areas of concern – stakeholder interaction, leadership visibility and misconceptions about CalPERS – no longer register as problem areas
- No new concerns have developed
- Customer service is trending upwards, but needs continued improvement
- Eight key performance measures show slow but steady progress, with no retrogression
- Employer CEOs and upper-management continue to need increased stakeholder outreach and relationship efforts
- Formerly a weak area, both members and employers now list confidence in the security and stability of the pension fund as a CalPERS strength

### **Key Findings - Specialist Stakeholder Interviews (September 2014)**

Phone interviews were conducted with 81 specialist stakeholders, each a representative of one of the following: Academia/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 provided the following findings:

- Board approval rose across all groups – impression of transparency, policy-making and increased discipline
- Perspectives on the fund's sustainability remain cautious, though there was a marked increase in confidence from the group with the lowest scores from last phase – Taxpayer & Good Governance
- Perspectives on stakeholder communications and engagement remains positive with general approval of the multiple communication and engagement channels utilized by CalPERS

### **RISK AND BENEFITS**

The Stakeholder Assessment Project effectively identifies areas of satisfaction and concern from CalPERS stakeholders and provides feedback on where improvements can be made. Review and evaluation of the data allows CalPERS leadership to develop

initiatives that positively impact our reputation among stakeholders, as well as generate confidence in our services and operations. Without the feedback from the Stakeholder Assessment Project CalPERS would be less informed about the views and needs of our stakeholders.

## **SUMMARY**

- Upward trend among employers and members in most categories
- Employer CEO and upper-management remains as the area with lowest overall approval ratings, particularly in customer service
- Interest in health care costs reflected in follow-up interviews to online surveys
- Specialist stakeholder groups show general increase and positive view of Board and stakeholder communication, while fund sustainability and customer service saw slight downturn from recent large increases
- Mixed reviews on investment– favorable for our commitment to California investments, concerns regarding transparency
- Media analysis shows CalPERS still dominates media mentions, but overall volume is decreasing

## **NEXT STEPS**

Build on the work done over the past year in the areas of leadership engagement, effective policy advocacy, confidence in the security and stability of the pension fund and communication with stakeholders. Executive and upper-management levels of employers will be a top priority for stakeholder engagement over the next phase.

## **BUDGET AND FISCAL IMPACTS**

Currently engaged in a three-year contract.

## **ATTACHMENTS**

Attachment 1 – Stakeholder Assessment Project Power Point Presentation

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