



Agenda Item 8

December 16, 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).

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 provides 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, an initial set of Strategic Measures have been developed and presented 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 an iterative approach to develop the measures.

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.
- February 2014 – A project update, including a sample data display, was presented to the Board Governance Committee.
- May 2014 – A project update of on-going measure development activity, including the addition of a Goal C measure, was presented to the Board Governance Committee.

- July 2014 – A suite of measures was presented at a working session at the Board of Administration and Executive Offsite (See Attachment 1).

ANALYSIS

The Enterprise Strategy and Performance Division (ESPD) continues to work across the enterprise to build out the suite of Strategic Measures. The suite of measures was presented at the July 2014 Board of Administration and Executive Offsite to provide Board members the opportunity to discuss measure-specific information. The Board's feedback was captured for evaluation of action and incorporated into the Strategic Measures project work.

In addition to incorporating Board feedback from the July Board session, staff are working with each of the Program Areas to analyze and validate available data to ensure the integrity of the information being captured. Staff are undertaking the complex task of standardizing the level and frequency in which information is reported from each area to correctly align the interdependencies of the measures and minimize redundancies. Additionally, staff are working diligently to ensure the effectiveness of the technological tools being used for the capture and display of each measure. These necessary steps will ensure the strategic value of this long-term effort for CalPERS.

Measure 5 has been removed from the suite of strategic measures. Based on the Board's feedback in July, and staff review of those considerations, it was determined that the remaining Pension measures directly address the Funding Status objective.

Data for Strategic Measure 10 regarding the Customer Services and Support (CSS) benefit payment process will be discussed and reviewed based on the considerations of the July 2014 Board and Executive Offsite session. The discussion will contain a dialogue on the metric descriptions and processing timeframes (Attachment 2).

These combined efforts will enable the delivery of a presentation of a group of measures through three distinct Governance Committee sessions during 2015. The first set of measures will be presented in May, the second in September, and the third in December 2015. In 2016 a Strategic Measure Analysis, at the goal level, will be reported to the Governance Committee and on an annual basis once the suite of measures is established. There will be ongoing access to each measure, via the display tool, throughout the year. This timing allows for continued coordination with the Program Areas and Executives.

Next Steps:

- Continue working with Program Areas to complete the necessary analysis for the Board presentations outlined in the proposed schedule.
- Present measures incrementally to the Board throughout 2015.

- Present a hands-on tutorial for the group of measures ready for the data display tool as part of the Strategic Plan annual review process at the July 2015 Board of Administration and Executive Offsite.
- End of year evaluation and presentation of 2016 timeline, in late 2015.

BUDGET AND FISCAL IMPACTS

Not applicable.

ATTACHMENTS

Attachment 1 – Strategic Measures Summary

Attachment 2 – Update on Strategic Measures

SABRINA STROUD, Chief
Enterprise Strategy and Performance Division

DOUGLAS HOFFNER
Deputy Executive Officer
Operations and Technology