



Agenda Item 10c

April 14, 2015

ITEM NAME: Update on the Stakeholder Assessment Project

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 second 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 SAP. The three-year project will continue through 2015. 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 2 of the project. The original plan included a total of six phases; however, the project team has decided to eliminate the next phase in order to avoid repetitive survey requests of stakeholders, better manage staff workload and reduce costs. Staff will conduct the last phase of the project later this year and report back to the Board on that phase and the overall project findings. Staff is developing a plan for future stakeholder assessment efforts. The Deputy Executive Officer of External Affairs will present the plan at the Finance and Administration Committee in September of 2015.

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
- Enhance communication and engagement with stakeholders

In the last 12 months, CalPERS has taken many steps to improve in these areas. A few of those actions include:

- 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
- 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
- Open lines of communication between CalPERS and stakeholders via social media, newsletters, outreach and on-site meetings
- Strategies to increase the engagement of CalPERS Executives with key employer executives

Most Recent Results of Stakeholder Assessment Project

Key Findings – Media (June 2014 – December 2014)

The results of the media analysis provided the following findings:

- Favorability rating decreased slightly, from 51 to 47, during the third and fourth quarters
- CalPERS favorability decreased following municipal bankruptcy opinions and media coverage
- CalPERS dependent eligibility initiative and resulting cost savings generated positive reporting
- Positive investment reviews in the media increased slightly, largely driven by the news coverage of CalPERS decision to terminate the hedge fund program
- Overall sentiment about the pension industry remained consistent, with continued desire for pension reform

Key Findings – Online Survey December 2014 - January 2015

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

- Overall favorability leveled off in this phase after considerable increases in the previous two phases of this project
- The most favorable overall scores, in order from highest to lowest, came from:
 1. Retirees
 2. CalPERS Employees
 3. Rank-and-file Employer staff
- Eight long-term trend questions remained “above average” or “high”
- Customer service continued to trend upwards, and would benefit from more communications about our achievements and advancements in customer service
- Public agency CEOs and upper-management continue to need increased stakeholder outreach and relationship efforts
- Concerns from phases 1 and 2 regarding our work to correct misperceptions about CalPERS and leadership visibility have been effectively resolved; they no longer register as areas for improvement
- Although customer service ratings continued to trend upwards, there is a difference between the surveys conducted by Customer Services and Support (CSS) and the Stakeholder Assessment Project. The customer satisfaction surveys are offered immediately after services are provided to the member or employer. The semi-annual Stakeholder Assessment Project online surveys are offered to a randomly selected group of stakeholders, many of whom might not

have engaged with CalPERS recently. The questions asked in the Stakeholder Assessment Project are far more broad in nature than the customer satisfaction surveys, which focus on specific transactions.

Key Findings - Specialist Stakeholder Interviews (February-March 2015)

Phone interviews were conducted with 76 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:

- Perceptions of the Board and the Executive team continued to rise
- CalPERS seen as a dedicated advocate on issues of retirement security and health care
- Perspectives on stakeholder communications and engagement remained above average with general approval of outreach activities to Labor Unions, Peer Pension funds, Industry Partners and State legislative staff
- Confidence in the sustainability of the fund continued to strengthen

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

- Overall stakeholder perceptions held steady at positive levels after significant gains in the previous two phases.
- Perceptions of the CalPERS Board and the Executive team continued to see increased favorability
- Stakeholders showed an increasingly positive view regarding fund sustainability
- Employer upper-management remained as the stakeholder group with the lowest overall approval ratings, with opportunities for us to further communicate our achievements and advancements in customer service with them

RECOMMENDATIONS

Take action to positively impact CalPERS' reputation with employers and other stakeholders through focusing on the following:

- Continue to increase relationship building and communication efforts with Public Agency Senior Leadership
- Continue to communicate our achievements and advancements in the area of customer service
- Continue to promote outreach and engagement opportunities

NEXT STEPS

The project team will implement the following next steps to positively impact CalPERS' reputation with employers and other stakeholders:

- Implement Executive Employer Visits to employers. Over the next two years, CalPERS executives will travel to employer offices to meet with senior leaders. This effort will be instrumental in demonstrating our commitment to visibility, communication and engagement with our key employer stakeholder leaders.
- Improve capabilities to facilitate targeted, direct communication with top leadership of all employer agencies.
- Utilize multiple channels to share updates on customer service enhancements, performance, and accessibility. Channels include stakeholder briefings, roundtables with member, retiree, and employer associations, CalPERS Benefits Education Events, the Educational Forum, and press releases.
- Encourage increased participation by CalPERS leaders and subject matter experts in external stakeholder events, such as annual conferences, key meetings, and forums.
- Increase awareness of CalPERS-sponsored stakeholder opportunities via social media channels, the external website, newsletters, bulletins and ongoing engagement meetings and briefings.

BUDGET AND FISCAL IMPACTS

Currently engaged in a three-year contract. The currently planned elimination of one phase of this project will yield a cost savings that is still begin finalized.

ATTACHMENTS

Attachment 1 – Stakeholder Assessment Project Power Point Presentation

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