



Finance and Administration Committee Agenda Item 9a

March 15, 2016

Item Name: Strategic Planning Overview

Program: Enterprise

Item Type: Information

Executive Summary

This item provides an overview of the project plan, including stakeholder engagement, for developing the next CalPERS Strategic Plan.

Background

The current five-year Strategic Plan will end on June 30, 2017. Staff has designed a process for developing the next Strategic Plan, with a goal of having the new plan in place by the middle of the 2016-17 Fiscal Year. This would allow for the Business Plan for 2017-18 to be developed based on the new Strategic Plan.

Analysis

Under the Board's oversight, the Strategic Plan development process will be based on a thorough evaluation of key inputs, including an environmental scan, an internal assessment, and stakeholder input. Stakeholder input was a critical component of the current Strategic Plan and we intend again to emphasize engagement with both internal and external parties. Internal outreach will include the Board as well as staff. The Board will specifically be engaged through interviews, meetings, and workshops. External outreach will include active and retired member organizations, employer associations, federal and state legislative and regulatory entities, and other business partners. Finally, the process will include communication to interested parties along the way.

Attachment 1 provides a visual depiction of the Project Plan, Board Engagement timeline, and Stakeholder Outreach efforts. We note that the schedule may require eventual adjustment based on the timing of the CEO recruitment and selection process.

Staff envisions that the next Strategic Plan will also be a five-year plan. Although we considered a shorter time period given a rapidly changing environment, the five-year timeframe seems better suited for CalPERS given our comprehensive planning process.

Based on our initial discussions, the Executive team believes that the new plan will more likely be a "refresh" of the existing plan, as opposed to a completely new direction. In addition, the Executive team believes that the Mission and Vision statements may remain intact. The Board spent considerable time on both the Mission and Vision in the last planning process and both have served us well. Both of these hypotheses will need to be tested through our inputs. We welcome the Board's thoughts on these threshold issues as we move forward.

Budget and Fiscal Impacts

We have retained Timathie Leslie of BluePath Health to assist in the process to develop our next Strategic Plan. Ms. Leslie was the primary consultant in our prior planning process and did an excellent job. She is no longer with the large firm CalPERS engaged for the 2012-17 Strategic Plan development, but has since founded BluePath Health. BluePath Health is currently included in one of our Spring-Fed Pools.

The cost for the 2012-17 Strategic Plan development was \$285,000. Based on our Letter of Engagement with Ms. Leslie, the change in the size of the firm, and the potential project scope reduction, we anticipate the development costs for the next Strategic Plan will be less.

Benefits and Risks

The new Strategic Plan will establish focus and direction for the enterprise, based on an analysis of significant opportunities and risks facing CalPERS over the coming years and on input from stakeholders.

Without a strategic plan, the organization risks: moving forward without clear focus and direction, failure to address internal and external risks, and the potential failure to allocate appropriate resources for key activities.

Attachments

Attachment 1 – Strategic Plan Development Overview and Timeline

DOUGLAS HOFFNER

Deputy Executive Officer
Operations and Technology

ANNE STAUSBOLL

Chief Executive Officer