



Finance and Administration Committee Agenda Item 10b

April 19, 2016

Item Name: Final Update on Stakeholder Assessment Project

Program: Communications and Stakeholder Relations

Item Type: Information

Executive Summary

CalPERS has been engaged in a three-year Stakeholder Assessment Project (SAP) that was 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 fifth and final phase.

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

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 of six phases of the SAP. The three-year project continued through 2015. Updates were provided through an annual report each October and a mid-year status review in April. This report is based on the overall results of the project. The original plan included a total of six phases; however, the project team decided to eliminate the fifth phase in order to avoid repetitive survey requests of stakeholders, better manage staff workload and reduce costs. Staff recently conducted the last phase of the project in November 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 provided measurable data, while qualitative inquiries in the form of phone interviews offer more in-depth conversations about CalPERS.

The three methods used were:

1. Online surveys and follow-up phone interviews of members, employers, and CalPERS employees
2. Phone interviews with Specialist Stakeholder Groups
3. Detailed analysis of online and print media coverage

By comparing the results of each phase of the project to previous phases and to the baseline established in 2011, CalPERS has developed a clear picture of the progress we are making with our stakeholders, and the steps needed to enhance and strengthen our reputation and credibility. To date, CalPERS' analysis of the SAP's research has yielded three primary recommendations for improvement in order to enhance its reputation with stakeholders. The three recommendations are:

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

Since the last update in April 2015, CalPERS has developed and implemented strategies to improve in these areas, including:

- Initiated the Executive Employer Visits program, in which senior executives meet with the top leaders of large employers throughout the state
- Leveraged the Educational Forum to engage with employers on timely issues such as the Affordable Care Act.
- Increased use of webinars and targeted public presentations for education, in particular CalPERS Risk Mitigation Strategy
- 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 – Online Survey

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

- Stakeholder opinion rose in a key target area of focus in these surveys— employer senior executives and upper-management gave clearly higher ratings and approvals than in the past
- Long-term trend approvals rose due to an increase in employer favorability
- Of 48 topics surveyed, two-thirds (32) were rated acceptable or better by all three stakeholder groups
- There were no downward trends in any of the 48 topics
- Issues related to communication remains the primary area of opportunity for improvement

Key Findings - Specialist Stakeholder Interviews



Phone interviews were conducted with 111 specialist stakeholders, from one of the following: Academia/Think Tanks, 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 Executive team show some decrease from a high point 12 months ago
- Organization continues to be viewed as an effective policy advocate, with legislative work and efforts related to defined benefit plans positively endorsed
- Despite a small decline, the scores on communication and engaging with stakeholders remain above average, with positive endorsement of outreach work and multi-channel information
- Views of CalPERS' financial soundness vary across the different stakeholder groups

Key Findings – Media

The results of the media analysis provided the following findings:

- Favourability rating rose three points to 51
- Private equity news related to disclosure boosted CalPERS rating to highest level since June 2014
- Risk Mitigation Strategy received mixed coverage, with initial reports generally favoring the action, but with some concern over how fast the policy will make improvements
- The most positively rated coverage focused on the CalPERS efforts to reduce costs and complexity in its investment portfolio

Summary of 3-Year Stakeholder Assessment Project

Over the three-year period of the SAP project, positive growth was experienced in the following areas:

- Stakeholder opinions rose among employer senior executives and upper-management
- Long-term trend approvals around customer service, communication and confidence rose
- There were no downward trends in any of the 48 topic areas that were measured
- 32 ratings of the 48 topics surveyed were rated acceptable by all three populations. There were no ratings that saw a downward trend; 5 remained flat
- Specialist stakeholders views continue to vary and remain concerned over sustainability

While CalPERS has seen improvements in stakeholder perceptions, communication continues to remain an area of opportunity and growth. Stakeholder Relations will implement the following efforts to positively impact CalPERS' reputation:

- Implement targeted messaging to employer leaders and executive management based on membership public agency profiles
- Enhance the employer experience at CalPERS Educational Forum through interactive presentations and employer-led education sessions
- Bolster CalPERS Ambassador Program by hosting ambassador education sessions to help influence public perception



SAP Next Steps

Staff recommends continuing the stakeholder survey to set and guide future stakeholder communications and outreach with the following goals:

- Streamline and simplify the survey, focusing on the long-term trend questions
- Reduce cost and reliance on external consultants
- Administer annually to avoid survey fatigue
- Partner with CalPERS program areas for analytics and survey integrity
- Eliminate redundant media analysis that is already performed by staff
- Eliminate state and federal representative interviews

Budget and Fiscal Impacts

By reducing reliance on external consultants, the project will yield a one-time cost savings of approximately \$300,000.

Benefits and Risks

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.

Attachments

Attachment 1 – Stakeholder Assessment Project Final Report & Next Steps. PowerPoint presentation for final project.

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