

# CalPERS 2016 OHI Summary of Results

# Executive Summary

## HOW HEALTHY IS CALPERS?

- CalPERS' overall health score is 69, in the second quartile of our global database, and has improved seven points since 2013 (moving from the third quartile)
- CalPERS has improved on eight of the nine health outcomes, but continues to encounter challenges in Accountability, Motivation, and Coordination & Control
- CalPERS' health performance is stronger than the public sector benchmark but mixed compared to other institutional investors

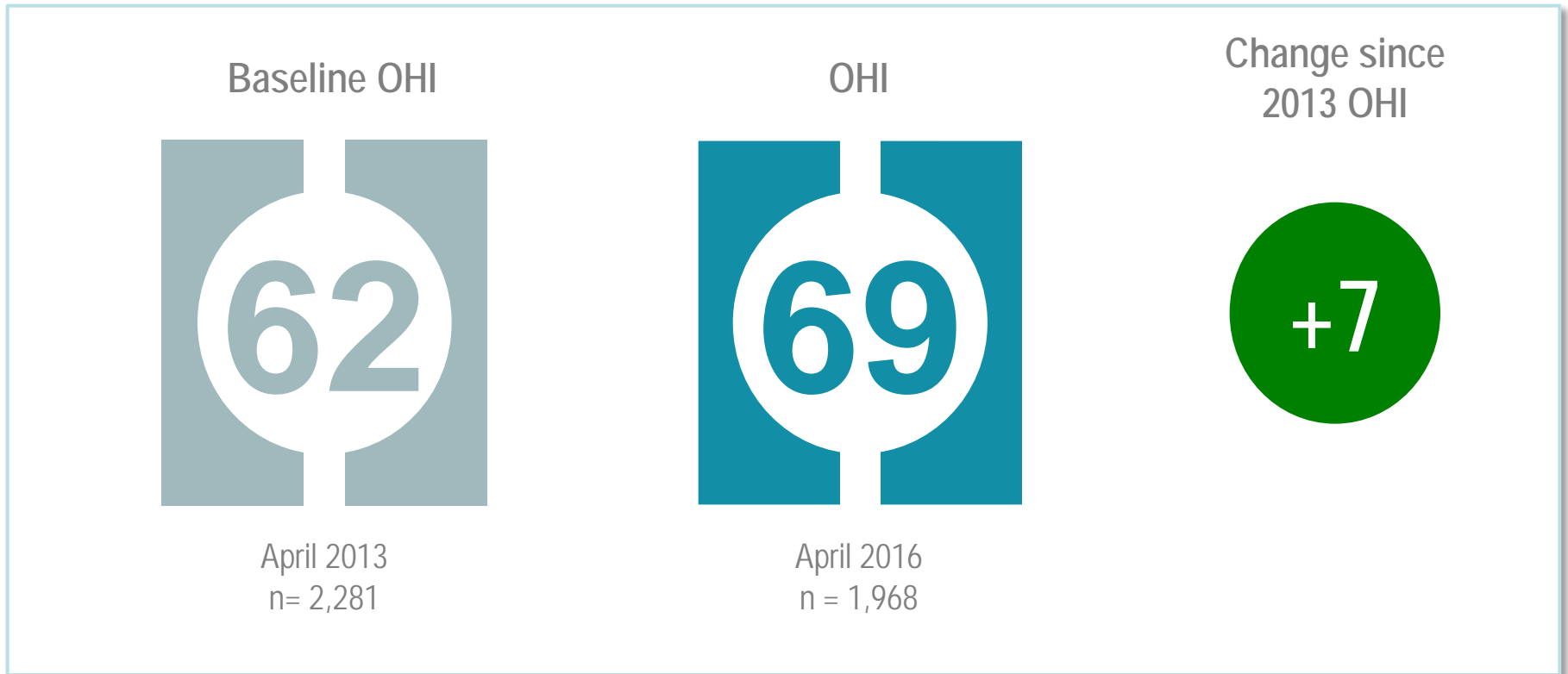
## WHAT DRIVES HEALTH AT CALPERS?

- CalPERS can use its overall strengths in Innovation & Learning and Direction to drive improvement in Accountability, Coordination & Control, and Motivation
- CalPERS has a strong capacity for renewal and response to its external environment
- CalPERS has set out a clear organizational vision and strategy, but needs to involve employees more in setting the overall direction
- CalPERS can strengthen accountability by ensuring employees understand what is expected of them and how performance targets are being set
- CalPERS could improve how it consistently measures and manages operational metrics and performance
- CalPERS can enhance employee trust and commitment by offering stronger career and talent development opportunities

# CalPERS' overall health score is 69, in the second quartile of the OHI global database, and has improved seven points since 2013

Average across the nine outcomes or predicted health score (directional pulse)

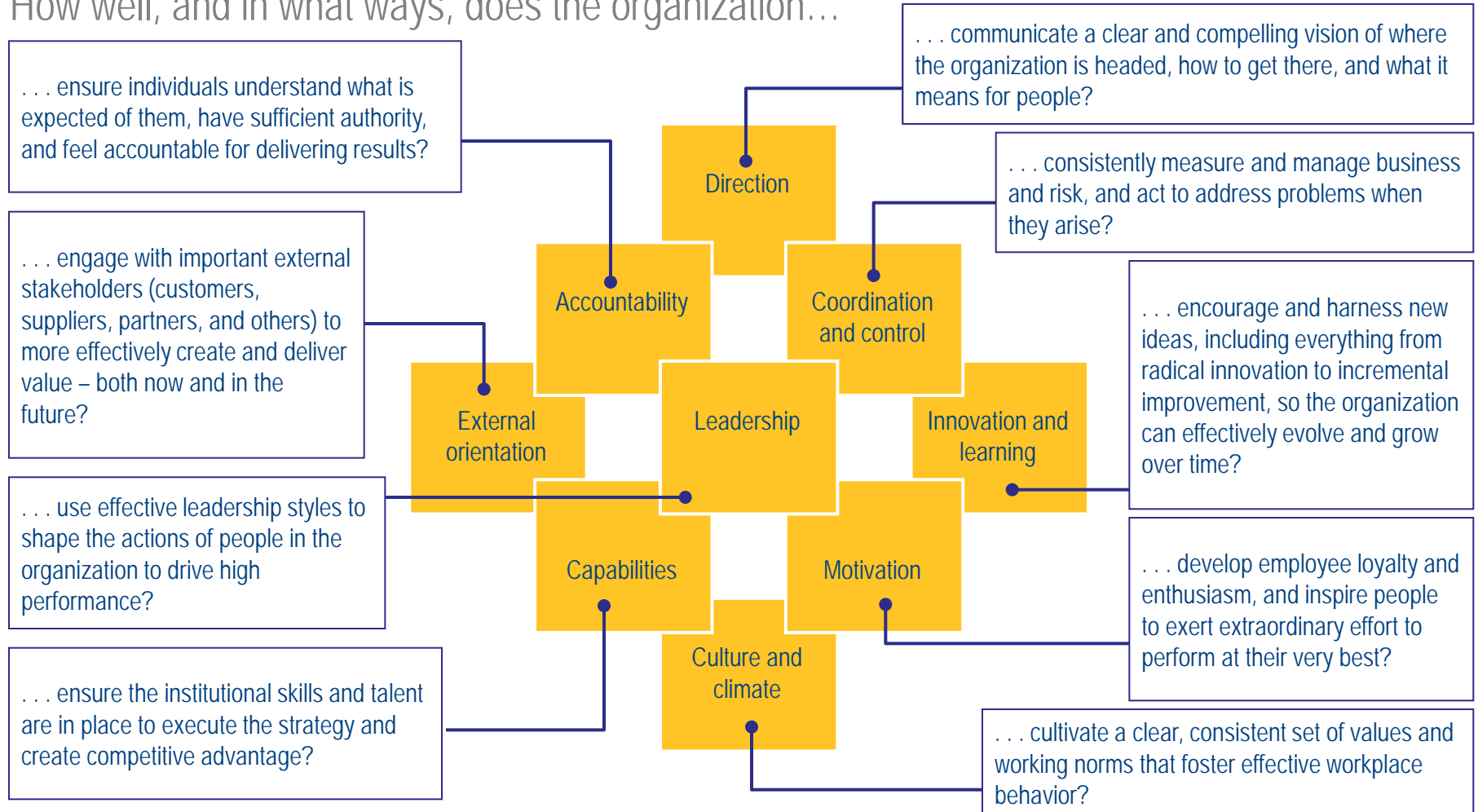
Global Benchmark		Comparison	
	Top Quartile		Stronger (>5)
	Second Quartile		Comparable
	Third Quartile		Weaker (<-5)
	Bottom Quartile		



Source: OHI3 - CalPERS March 2016 (n=1,968); Benchmark (n=1,583,787, no. surveys=750)

# The Organizational Health Index examines nine different outcomes

How well, and in what ways, does the organization...



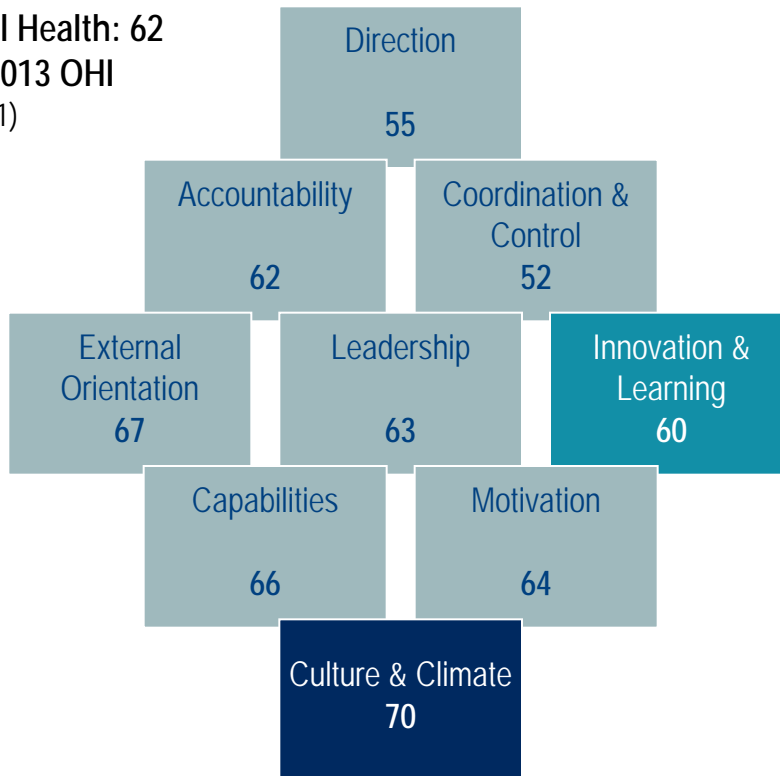
Source: McKinsey Organization Practice

# CalPERS has improved on eight of the nine health outcomes but continues to encounter challenges with Accountability, Motivation, and Coordination & Control

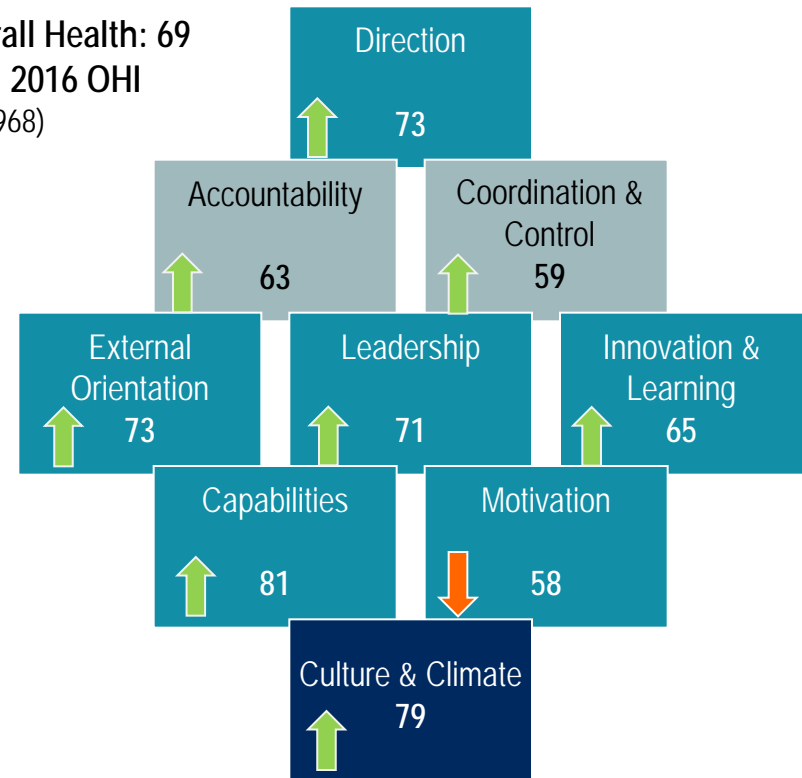


Percentage agreement on outcome effectiveness

**Overall Health: 62**  
**April 2013 OHI**  
 (n=2,281)



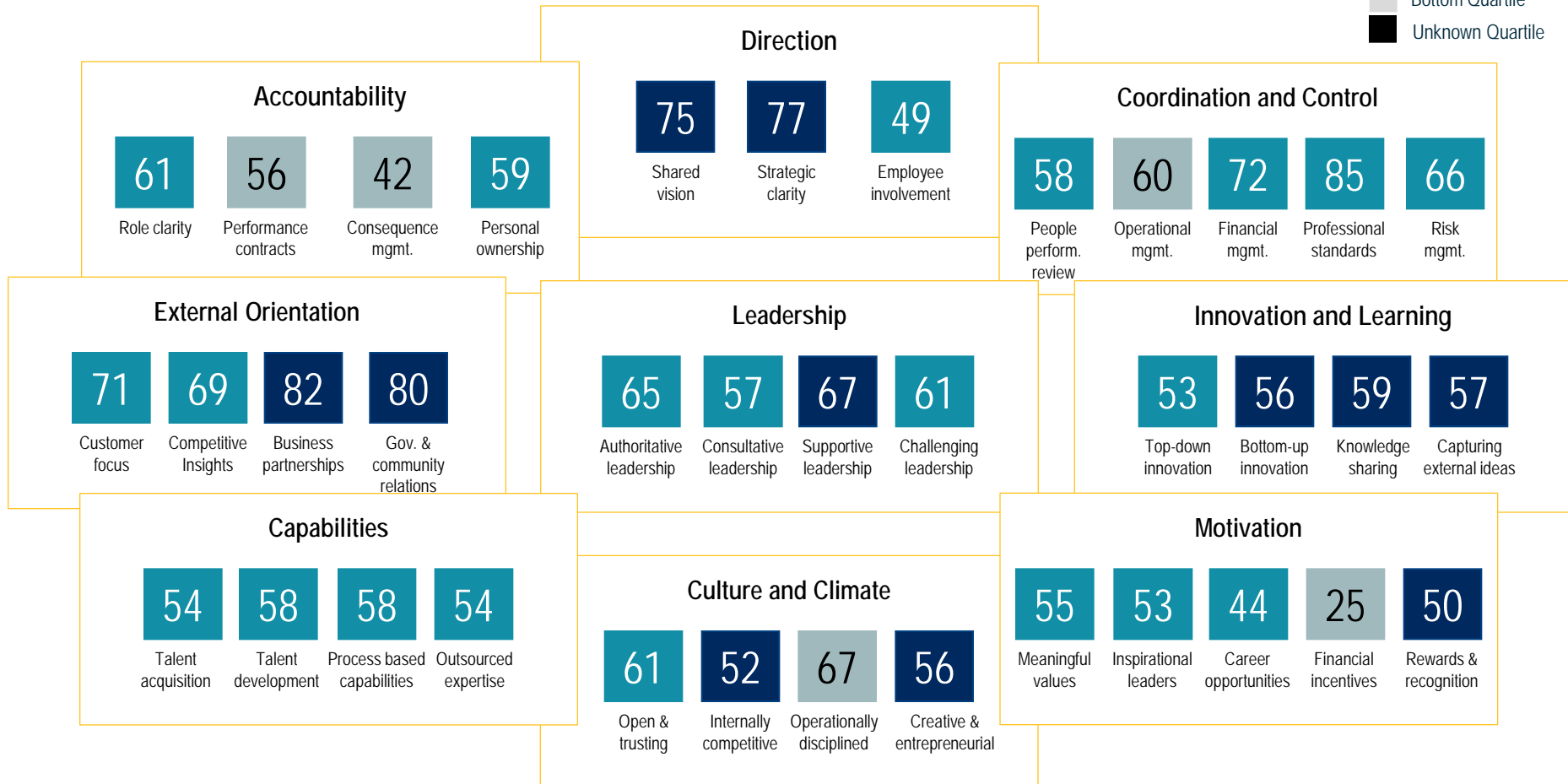
**Overall Health: 69**  
**April 2016 OHI**  
 (n=1,968)



Source: OHI3 - CalPERS March 2016 (n=1,968); Benchmark (n=1,583,787, no. surveys=750)

# CalPERS can use its overall strengths in Innovation & Learning and Direction to drive improvement in Accountability, Coordination & Control, and Motivation

Percentage agreement on practice frequency

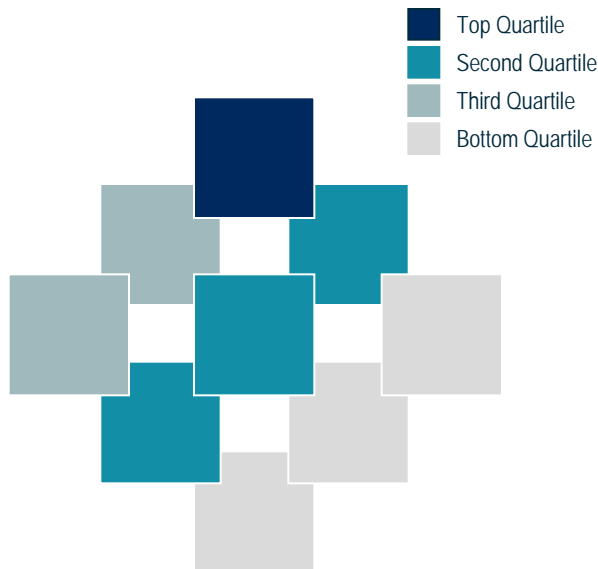


Source: OHI3 - CalPERS March 2016 (n=1,968); Benchmark (n=1,583,787, no. surveys=750)

## The Organizational Health Index (OHI) independently assesses two dimensions: *effectiveness (outcomes)* and *frequency (practices)*

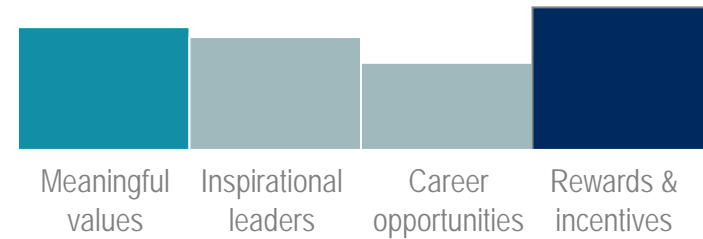
### Outcomes

- Outcomes describe the current state of an organization
- Example: “This company has employees with the right skills to deliver its strategy”
- All elements receive an overall score for effectiveness (Bottom Quartile to Top Quartile, based on the overall OHI database)



### Management Practices

- Management practices describe the current actions that an organization takes to achieve results
- Example: “Managers in my company provide praise, thanks, or other forms of recognition to high performers”
- A bar chart shows how frequently each of 37 practices are applied



Source: McKinsey Organization Practice

## What it feels like to work at CalPERS today

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