

Talent Management Enterprise Risk Profile					
Enterprise Risk	Owner	Oversight			Category
Talent Management	Deputy Executive Officer, Operations and Technology	Performance, Compensation, & Talent Management Committee			Strategic
Strategic Plan Goal and Objective	Pending approval 2017-22 CalPERS Strategic Plan.				
Functional Objective	To successfully recruit, develop, and retain an engaged, skilled, and competent workforce.				
Risk Statement	Inability to effectively recruit and retain a highly-skilled workforce to support the achievement of CalPERS business objectives.				
Risk Analysis:					
This risk profile acknowledges Talent Management as CalPERS' cornerstone to success, as well as the effect of increasing retirements at senior level positions. There remains a gap in CalPERS practices to capture institutional knowledge and fill hard-to-fill positions while adapting to a changing workforce.					
Residual Risk	Probability	Impact	Velocity	Rating	Trend
Talent Management	Unlikely-Possible	Moderate	Slow	High Impact Low Probability	
Risk Driver #1: Business needs and priorities of the organization do not align with those of the changing workforce					
Effective Mitigations and Controls In Place:					
1.1 CalPERS 2012-17 Workforce Strategic Plan					
1.2 Marketing campaign to candidates promoting CalPERS as a destination employer including participating at focused career fairs and outreach events and focused advertisement campaigns					
Future Mitigations:					
<ul style="list-style-type: none"> • An enterprise initiative to complete unit-level workforce assessments (June 2017) • A new enterprise Workforce Plan will be completed in alignment with the new 2017 Strategic Plan (July 2018) • CalPERS is expanding the Succession Planning Program to Staff Service Manager IIIs and equivalents to strengthen the talent pool for the Division Chief and Investment Director level positions (December 2016) • Develop and implement an Emerging Leader Program (2016-17 Business Plan, Goal B, July 2017) 					
Risk Driver #2: Loss of institutional knowledge due to staff turnover					
Effective Mitigations and Controls In Place:					
2.1 Knowledge transfer for multi-year consultant contracts					
2.2 CalPERS Informal Mentoring Program					
2.3 Executive Succession Planning Program					
Future Mitigation:					
<ul style="list-style-type: none"> • CalPERS is expanding the Succession Planning Program to Staff Service Manager IIIs and equivalents to strengthen the talent pool for the Division Chief and Investment Director level positions (December 2016) 					

Risk Driver #3: Restrictive state hiring practices

Effective Mitigations and Controls In Place:

- 3.1 Hiring manager education and support, including a Hiring Manager Toolkit
- 3.2 Lean Hiring Process pilot program to streamline the hiring process and recruitment activities
- 3.3 Participation in the state-wide Civil Service Improvement effort to modernize state recruitment and hiring practices
- 3.4 A list of "Hard to Recruit" classifications established to develop targeted recruitment strategies and activities
- 3.5 Utilization of search firms to source key senior leadership positions
- 3.6 Participation in targeted career fairs and advertising in non-traditional mediums to attract prospective employees
- 3.7 Participation in pre-recruitment activities to ensure candidates are willing to accept the compensation packages offered
- 3.8 Conduct a salary survey of comparable executive and investment management positions every two years (2013)

Future Mitigation:

- Develop recommendations to the incentive compensation programs and policies governed by the CalPERS Board (June 2017)
- CalPERS is in the process of implementing the Examination and Certification Online System (ECOS) for recruitment and hiring processes. (May 2017)

Risk Drivers #4: Employees do not possess adequate knowledge and skills

Effective Mitigations and Controls In Place:

- 4.1 Employee Performance and Development (EPAD) annual review process
- 4.2 Developmental and training opportunities
- 4.3 CalPERS Informal Mentoring Program
- 4.4 Education and training programs, including trainings for specialized staff in Investments and Actuarial Office (INVO Smart 2.0 and Actuarial Study Program)

Future Mitigations:

- Implement an internal, professional networking site, Illuminet, to provide staff with an online environment similar to LinkedIn to voluntarily share their knowledge, skills and certificates in a database repository (date TBD)
- Develop an upward mobility policy that is targeted to entry-level positions (date TBD)

Risk Drivers #5: Lack of employee engagement

Effective Mitigations and Controls In Place:

- 5.1 Ongoing Employee Enrichment programs including Wellness, Recognition and Corporate Citizenship/Outreach
- 5.2 Onsite fitness center, bicycle checkout, and day care center available to staff along with regular events throughout the year to encourage work/life balance
- 5.3 Organizational Health Index Employee Survey (April 2016)
- 5.4 New employee onboarding
- 5.5 Diversity and Inclusion events organized in part by our CalPERS Diversity and Inclusion Group and CalPERS Disability Advisory Committee

Future Mitigations:

- Develop and implement a plan to expand the Diversity and Inclusion Program to create outreach and engagement (2016-17 Business Plan, Goal B, June 2017)
- Assess the Organizational Health Index survey results and identify and address high priority improvements to CalPERS culture (2016-17 Business Plan, Goal B, June 2017)