

---

**March 21, 2018**

**Item Name:** Enterprise Performance Reporting (EPR) – Second Quarter Report

**Program:** Enterprise

**Item Type:** Information

**Executive Summary**

This agenda item provides the second quarter report (October 1, 2017 through December 31, 2017) for the recently implemented CalPERS Enterprise Performance Reporting (EPR) framework, which is comprised of Strategic Measures (Measures), Business Plan Initiatives (Initiatives), and Key Performance Indicators (KPIs). The Measures and Initiatives are part of CalPERS 2017-22 Strategic Plan, and allow us to measure progress towards achieving our strategic goals and objectives. The KPIs are the third and newest EPR component, and serve as a collection of performance indicators that measure the effectiveness of our efforts at the operational level. EPR focuses on the ongoing monitoring and reporting of all three components, and provides information as to how well the organization is progressing towards strategic goals and objectives, as well as operational targets.

The focus of this agenda item will be on At-Risk and Off-Target Measures and Initiatives. The EPR second quarter report will also include supplemental performance data for On-Target Measures and Initiatives, as well as for KPIs (Attachments C, D, and E).

**Strategic Plan**

This agenda item specifically aligns to the goals and objectives in the CalPERS 2017-22 Strategic Plan, as we measure our strategic and operational progress through the duration of the plan.

**Background**

In early 2016, we began the development of our new five-year Strategic Plan, and refined our Mission and Vision statements. These efforts resulted in a year-long collaborative process that yielded valuable information and feedback from a variety of internal and external stakeholders. These inputs, coupled with a rigorous period of analysis, helped us identify our strategic goals - each with its own set of objectives and measures. In February 2017, the Board approved the CalPERS 2017-22 Strategic Plan, and the 2017-18 Business Plan – which serves as a vehicle to put the Strategic Plan into action.

Shortly following the passage of the Strategic Plan in February 2017, efforts began to develop the KPIs and implement the EPR framework. Through collaborative working sessions with the Executive team and others, KPIs were identified and developed for all areas of the organization, and the EPR framework was implemented in-tandem with the commencement of the Strategic Plan on July 1, 2017.

The EPR framework provides a comprehensive view of strategic and operational performance through quarterly reports that reflect status indicators of On-Target (green), At-Risk (yellow) and Off-Target (red), however, the presentations to the Board of Administration will focus on At-Risk and Off-Target Measures and Initiatives. This will include open discussions related to root-causes, as well as potential constraints and mitigation strategies currently underway. The intent of the EPR framework is to reinforce CalPERS' desire to be transparent and accountable in support of our strategic goals, objectives, and operational expectations.

As the EPR framework continues to progress, the following status designations will appear for several Measures and KPIs:

- Pending refresh – a baseline, target and thresholds have been established and the metric is awaiting completion of a data refresh cycle
- Data not available – a baseline, target, or thresholds are currently not available; establishment dates have been noted on summary sheets
- Under development – efforts to solidify methodology are underway

### **Analysis**

This agenda item will focus on two items: 1) Summary of metrics that refreshed during the Second Quarter; and 2) At-Risk and Off-Target Initiatives.

### Strategic Measures

The 2017-22 CalPERS Strategic Plan encompasses 37 Measures. All Measures are currently On-Target, pending refresh, or under development. Additional details are included in Attachment C.

### Business Plan Initiatives

The CalPERS 2017-18 Business Plan encompasses 37 Initiatives. In looking at second quarter data, 34 Initiatives are currently On-Target, and three are At-Risk or Off-Target. Additional details are included in Attachment D.

- At-Risk:
  - Implement Digital Communication Strategy
  - Enterprise Data Management
- Off-Target:
  - Enterprise Core Competencies

### Key Performance Indicators

There are a total of 48 KPIs. Additional details are included in Attachment E.

- At-Risk:
  - Generate liabilities for long-term care program

### **Budget and Fiscal Impacts**

Resources for our strategic and operational needs were funded by existing internal resources, and by funding requested through the annual CalPERS budget planning process.

**Benefits and Risks**

The alignment of the Measures, Initiatives, and KPIs along with our long-term strategic goals, provides focus and clarity that prioritizes and guides our work as we keep the Strategic Plan at the forefront of our planning process. EPR is specifically designed to address the most significant risks and opportunities facing CalPERS, and will be regularly reviewed to respond to a changing environment.

**Attachments**

Attachment A – Strategic Plan Alignment Map (Q2 Status)  
Attachment B – Enterprise Operations Map (Q2 Status)  
Attachment C – Strategic Measure Summary Sheets  
Attachment D – Business Plan Initiative Summary Sheets  
Attachment E – KPI Summary Sheets

---

**Sabrina Hutchins**

Chief  
Enterprise Strategy and Performance Division

---

**Doug Hoffner**

Deputy Executive Officer  
Operations and Technology

---

**Marcie Frost**

Chief Executive Officer