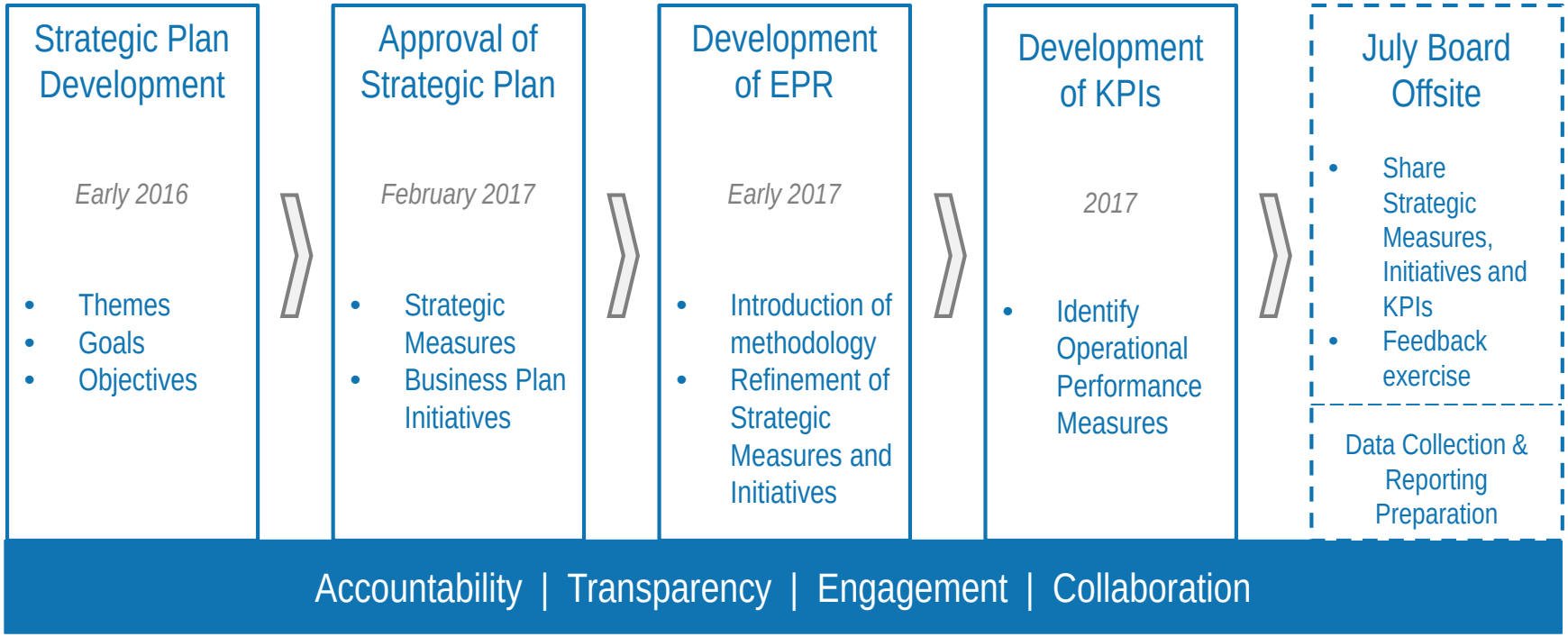
Enterprise Performance Reporting

Board of Administration Offsite | July 18, 2017

Agenda & Session Objectives

Item	Topic	Speaker	Time
1	Introduction • Session Objectives • EPR Framework and Background	Marcie Frost Sabrina Hutchins	15min
2	Feedback Exercise: Strategic Measures • Highlight Business Plan Initiatives	Sabrina Hutchins Executive Team	70min
3	Break		15min
4	Share Operational Measures Methodology • Review Key Performance Indicators (KPIs)	Michael Younger Executive Team	50min
5	Next Steps: First Year Reporting • New Reporting Structure	Michael Younger	15min

Evolution of Enterprise Performance Framework

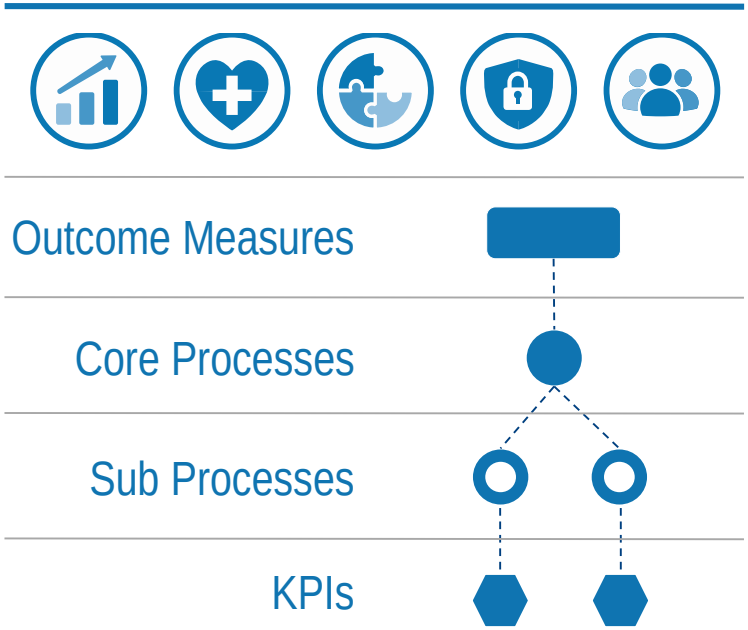


Enterprise Performance Framework

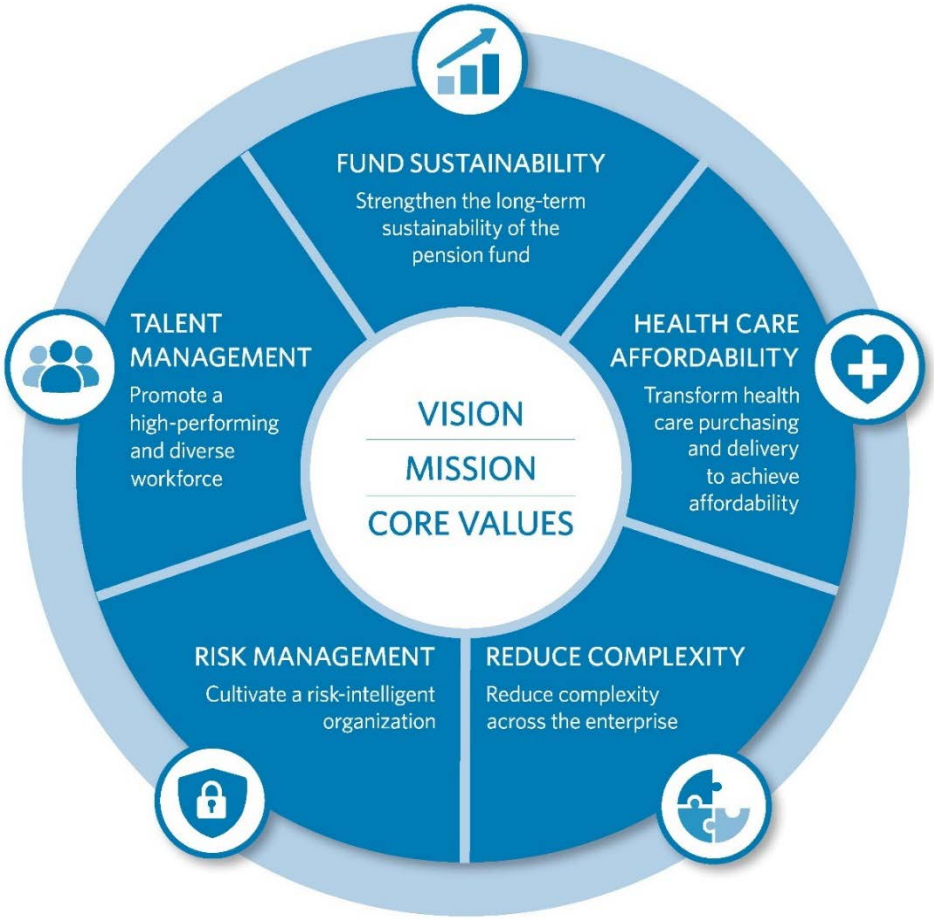
MISSION
Deliver retirement and health care benefits to members and their beneficiaries

VISION
A respected partner, providing a sustainable retirement system and health care program for those who serve California

CORE VALUES
Quality, Respect, Accountability, Integrity, Openness, Balance



Strategic View



Feedback Exercise: Strategic Measures

Strategic Measures

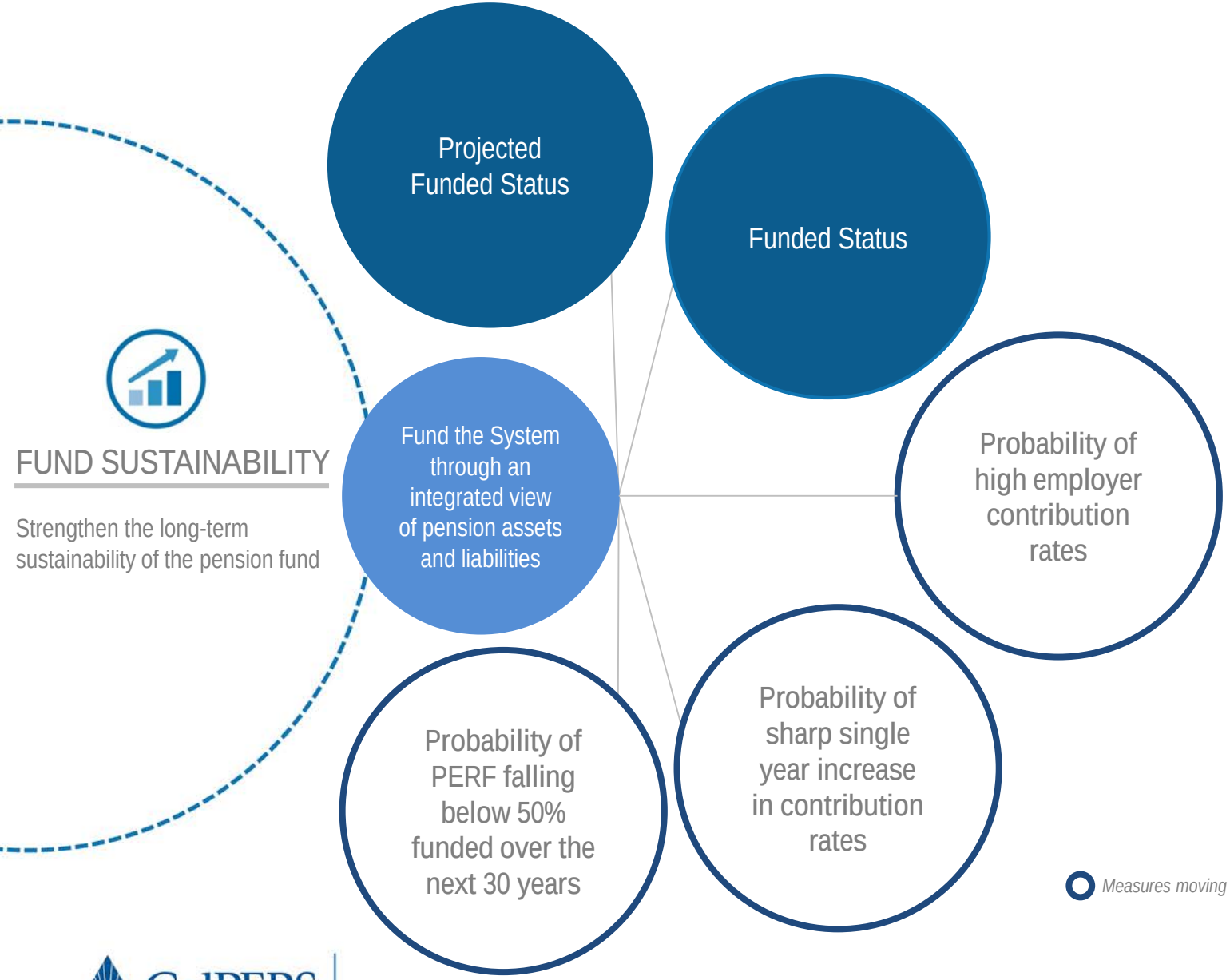
Share Baselines, Targets and Thresholds

Business Plan Initiatives

Highlight Key Components

FUND SUSTAINABILITY

Strengthen the long-term sustainability of the pension fund



Business Plan Initiatives:

Redesign and enhance the Actuarial Valuation System

Alignment of Asset Liability Management

Employer Contracting and Collection Reporting

Measures moving to operational view

Business Plan Initiative:

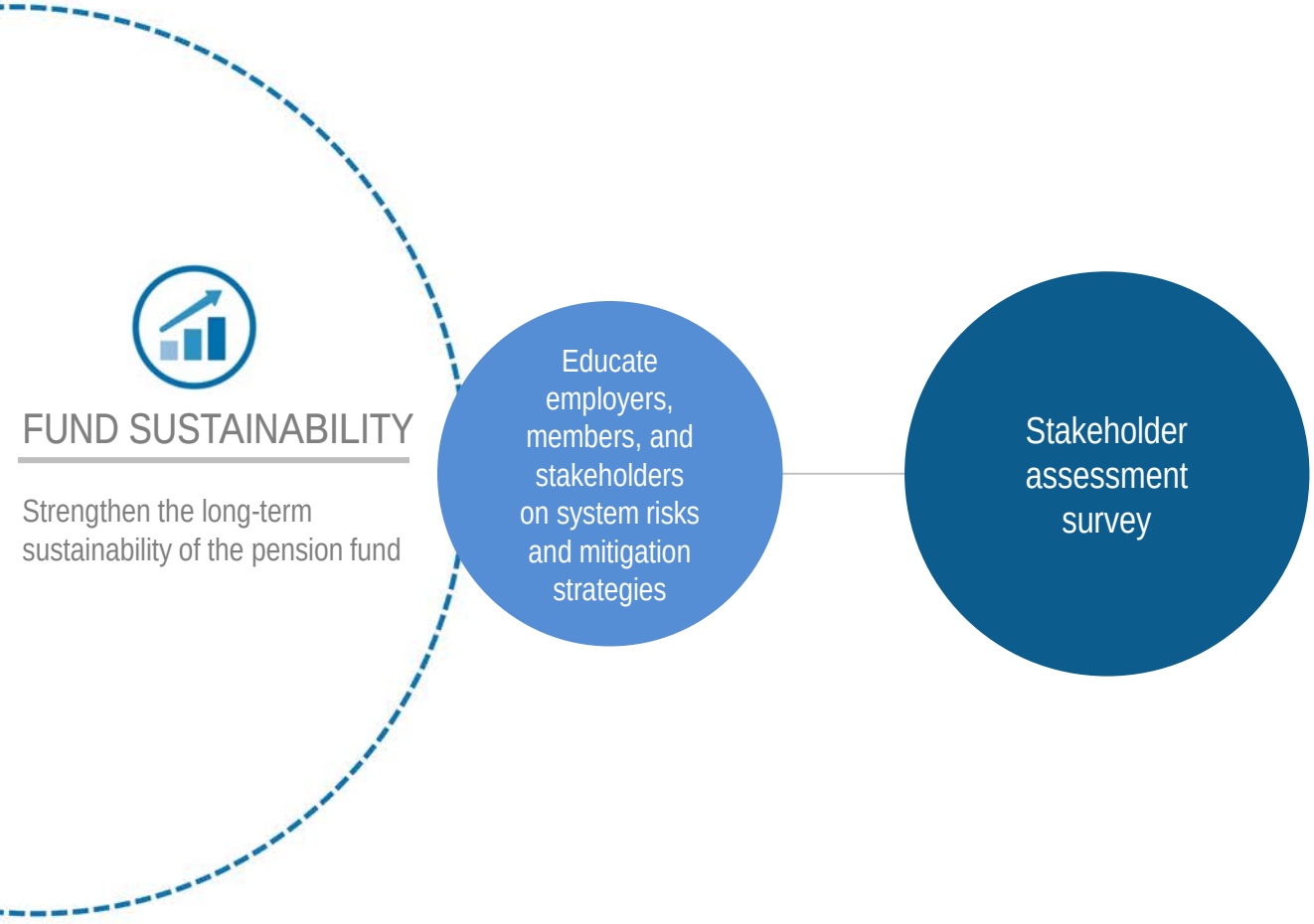
Investment risk management and performance attribution

Business Plan Initiatives:

Enhance capital allocation framework

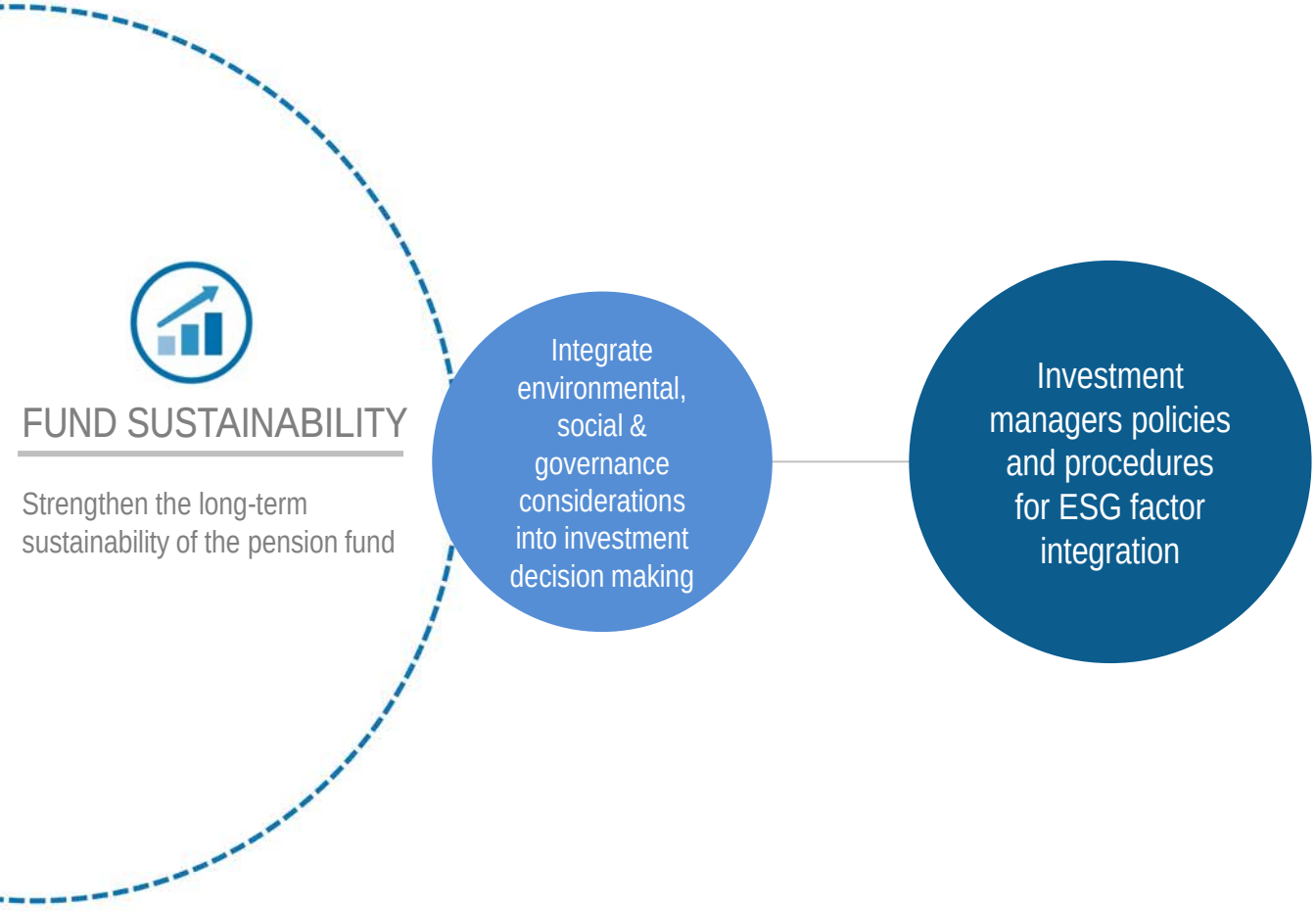
Enhance investment platform and controls

Investment program long-term planning



Business Plan Initiative:

Stakeholder education on system risks and mitigation

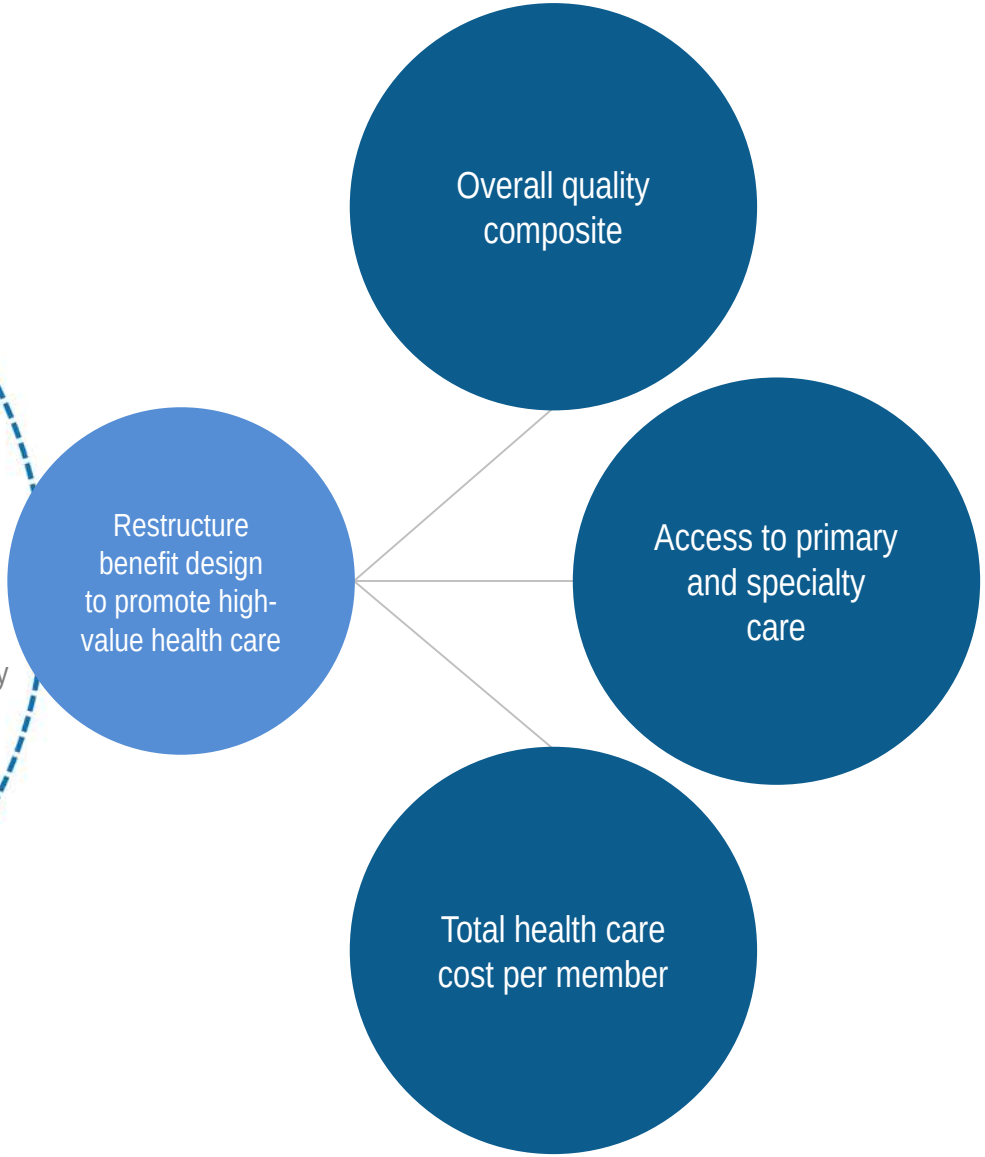


Business Plan Initiative:

Investment beliefs and environmental, social, and governance risk integration

HEALTH CARE AFFORDABILITY

Transform health care purchasing and delivery to achieve affordability



Business Plan Initiatives:

Value-based insurance design: feasibility

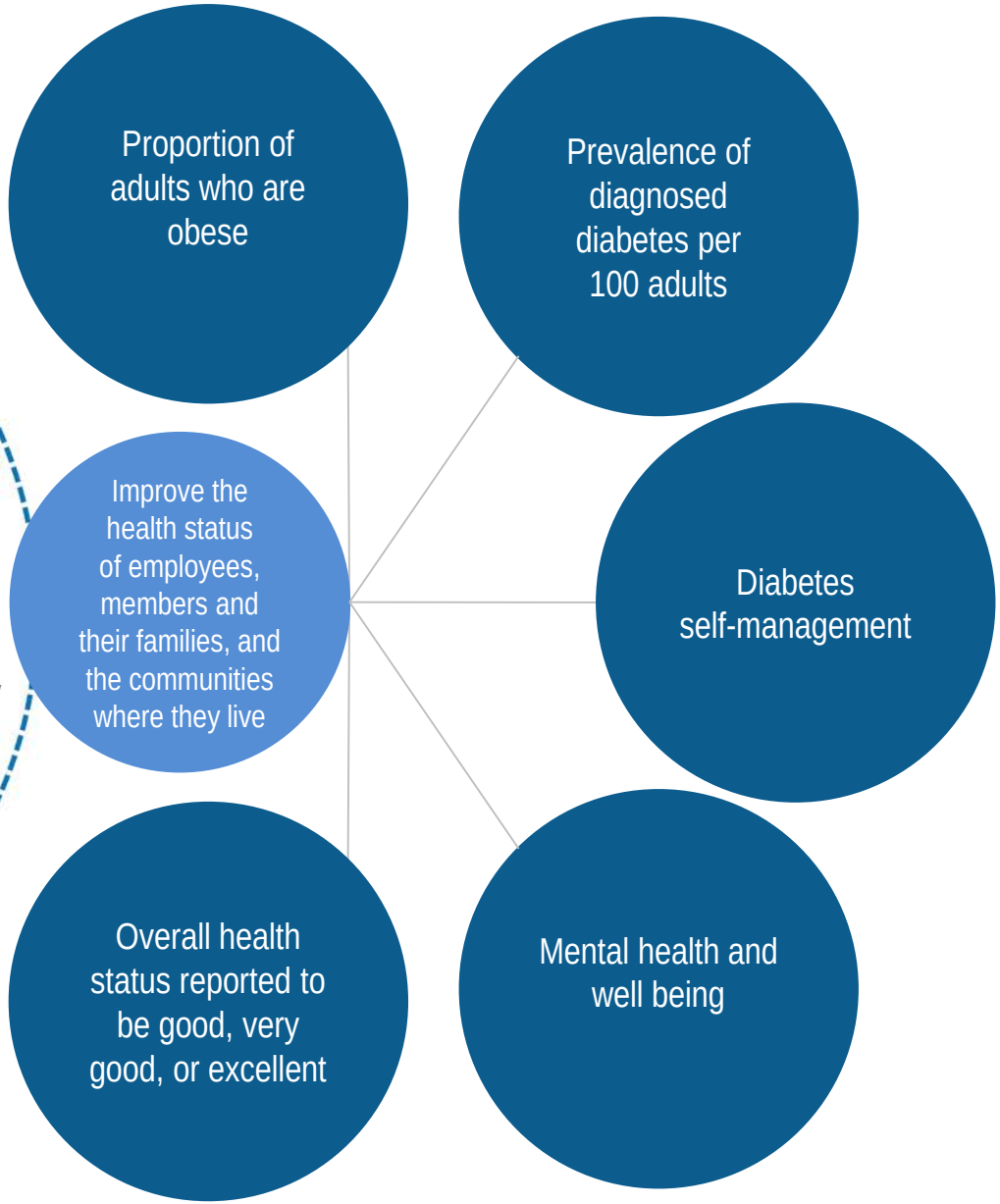
Site of care management

Pharmacy benefit design pilot

Reference pricing expansion

HEALTH CARE AFFORDABILITY

Transform health care purchasing and delivery to achieve affordability



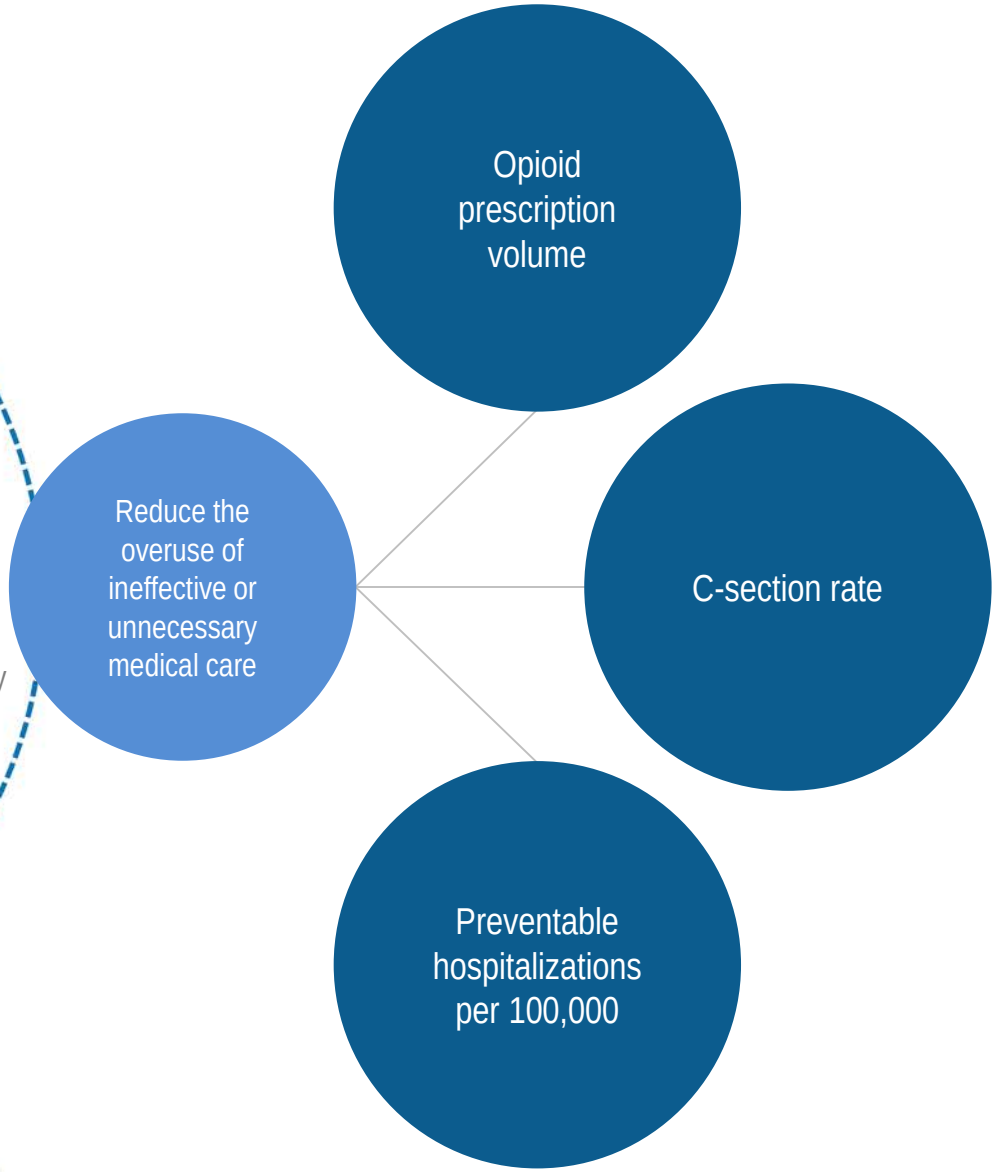
Business Plan Initiatives:

Population health alignment with *Let's Get Healthy California* taskforce report dashboard

Partner with health plans to engage in community activities

HEALTH CARE AFFORDABILITY

Transform health care purchasing and delivery to achieve affordability



Business Plan Initiatives:

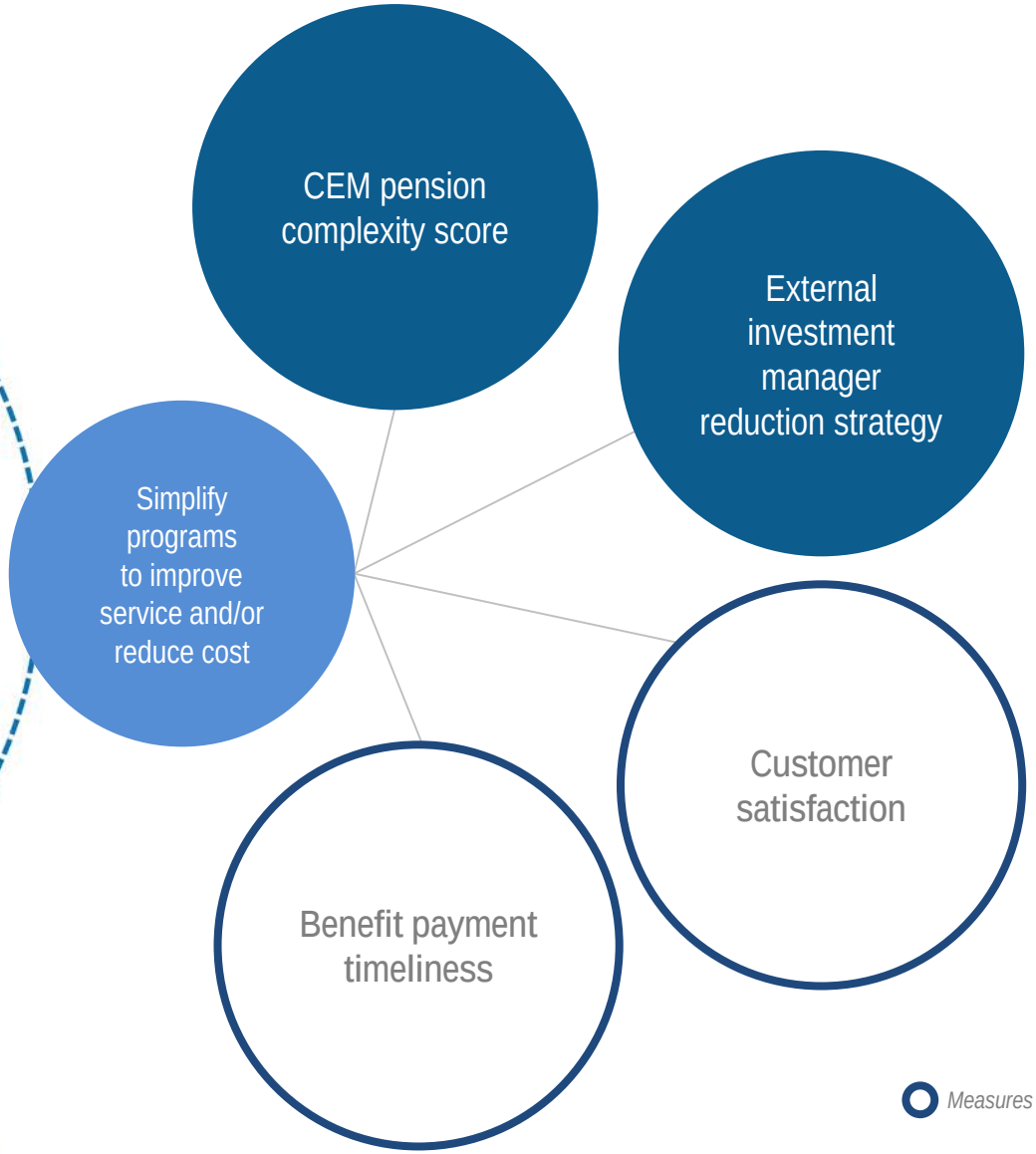
Statewide collaboration through *Smart Care California*

Review and update shared savings accountable care organizations cost and quality targets

Research and expand evidence-based medicine

REDUCE COMPLEXITY

Reduce complexity across the enterprise



Business Plan Initiatives:

CEM complexity score reduction

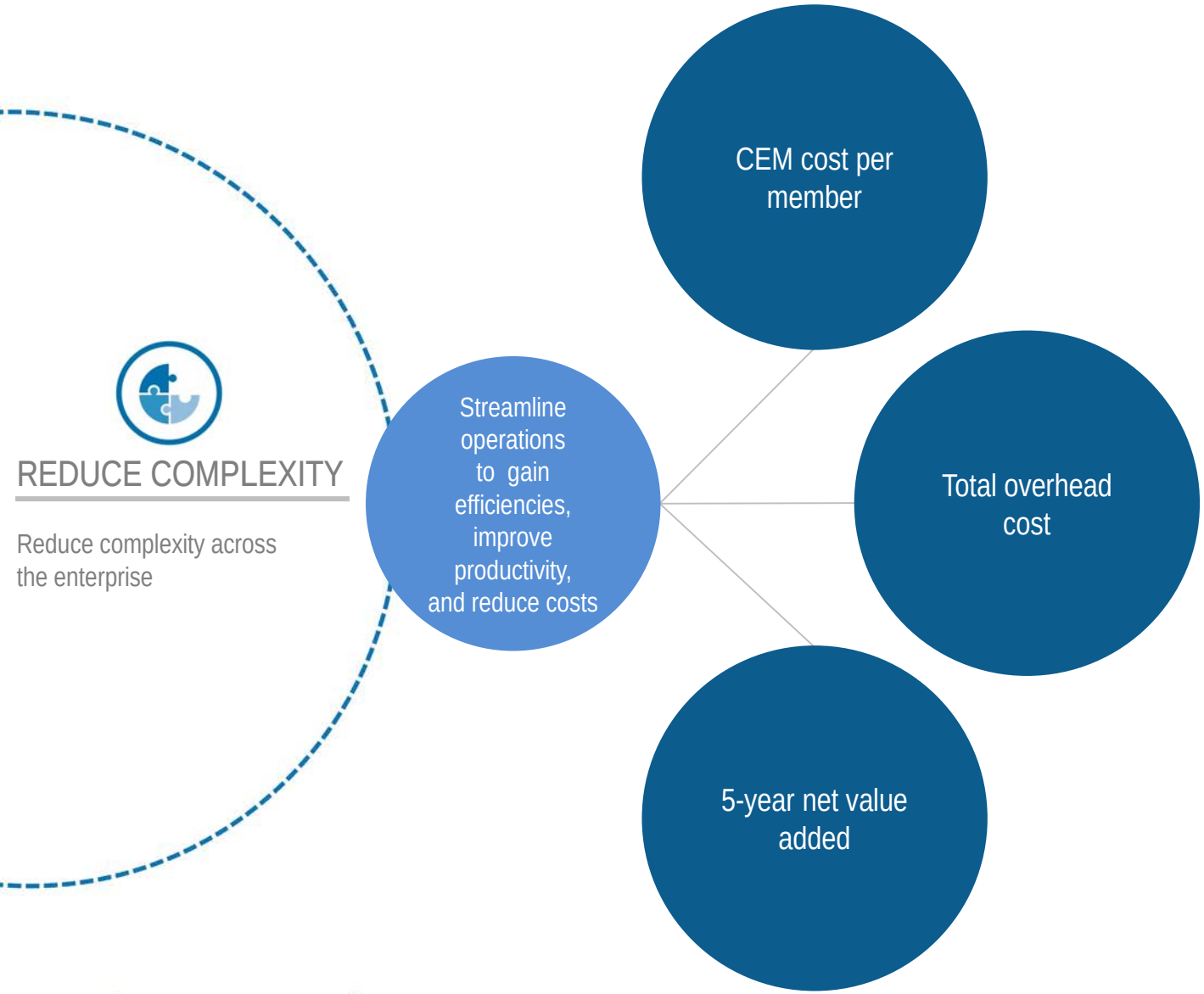
Customer satisfaction – actionable feedback

Improve pension benefit payments timeliness

Implement digital communication strategy

External manager monitoring, expectations, and reduction strategy

Measures moving to operational view



Business Plan Initiatives:

Develop and implement continuous process improvement framework

Reduce system costs and improve efficiencies

Enhance business effectiveness, resource allocation, and efficiency of investment programs

RISK MANAGEMENT

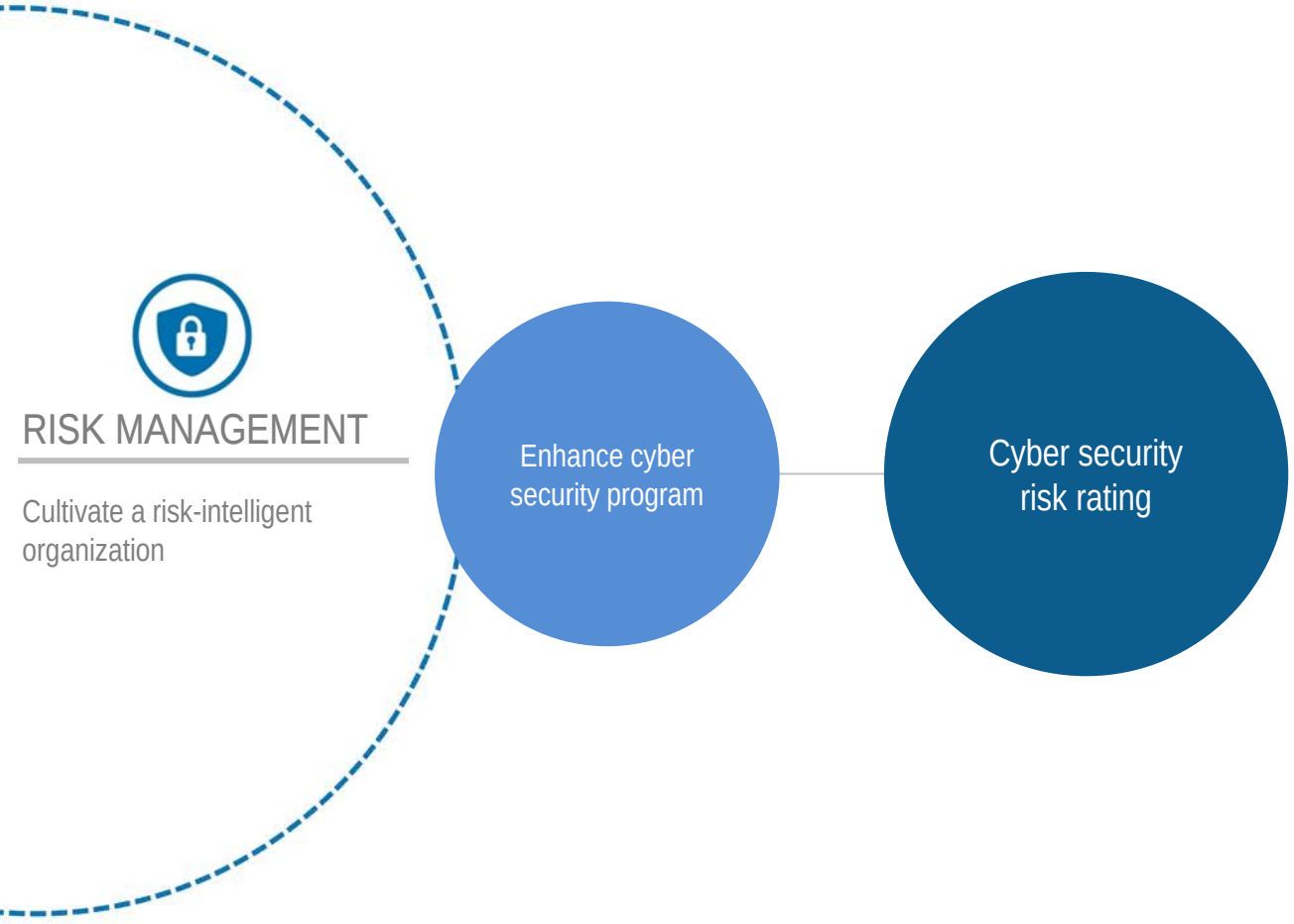
Cultivate a risk-intelligent organization

Business Plan Initiatives:

Enterprise data management

Increase enterprise-wide risk awareness

Increase enterprise-wide compliance awareness



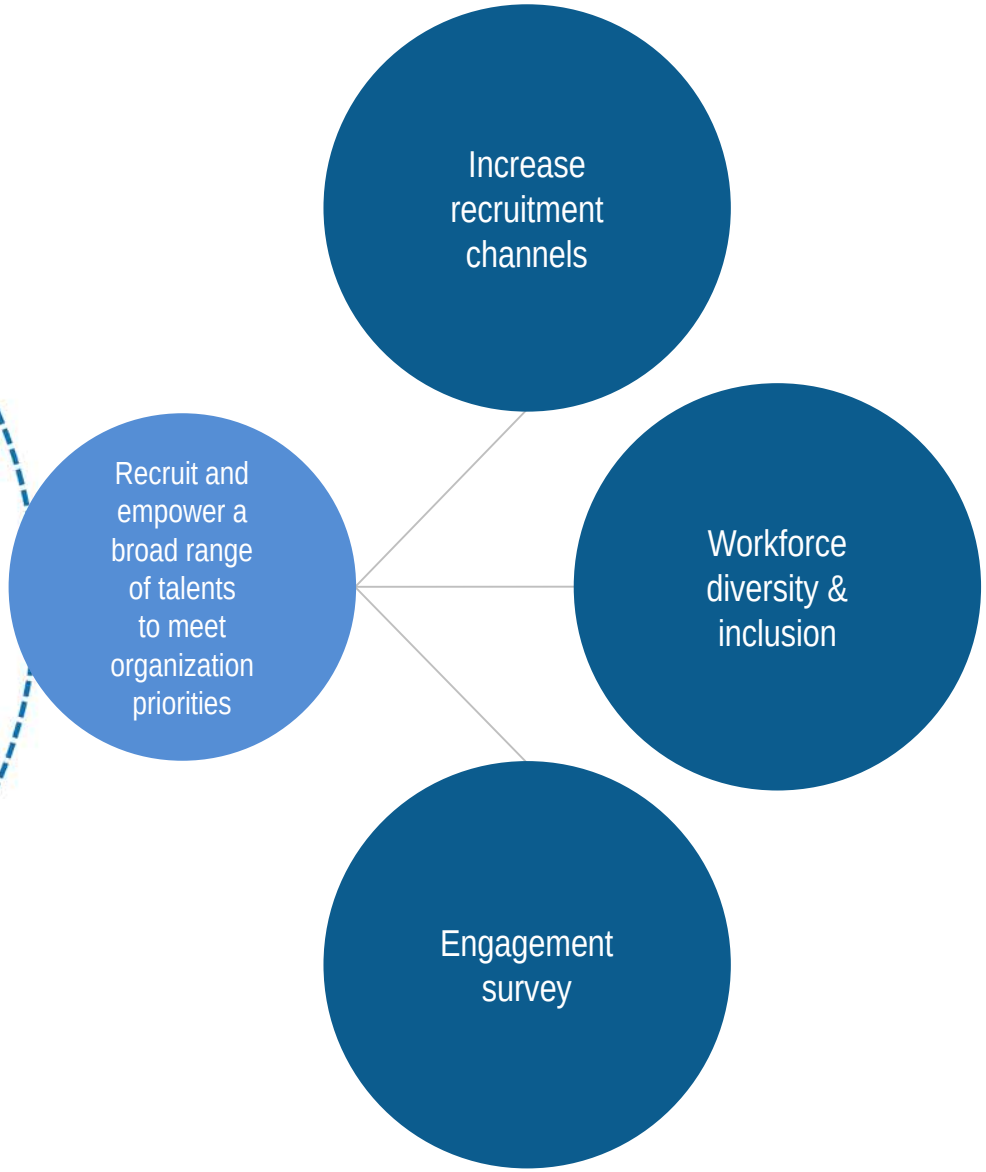
Business Plan Initiatives:

Enterprise business continuity project, phase II

Information security roadmap

TALENT MANAGEMENT

Promote a high-performing and diverse workforce



Business Plan Initiatives:

Develop and implement an expanded recruitment strategy

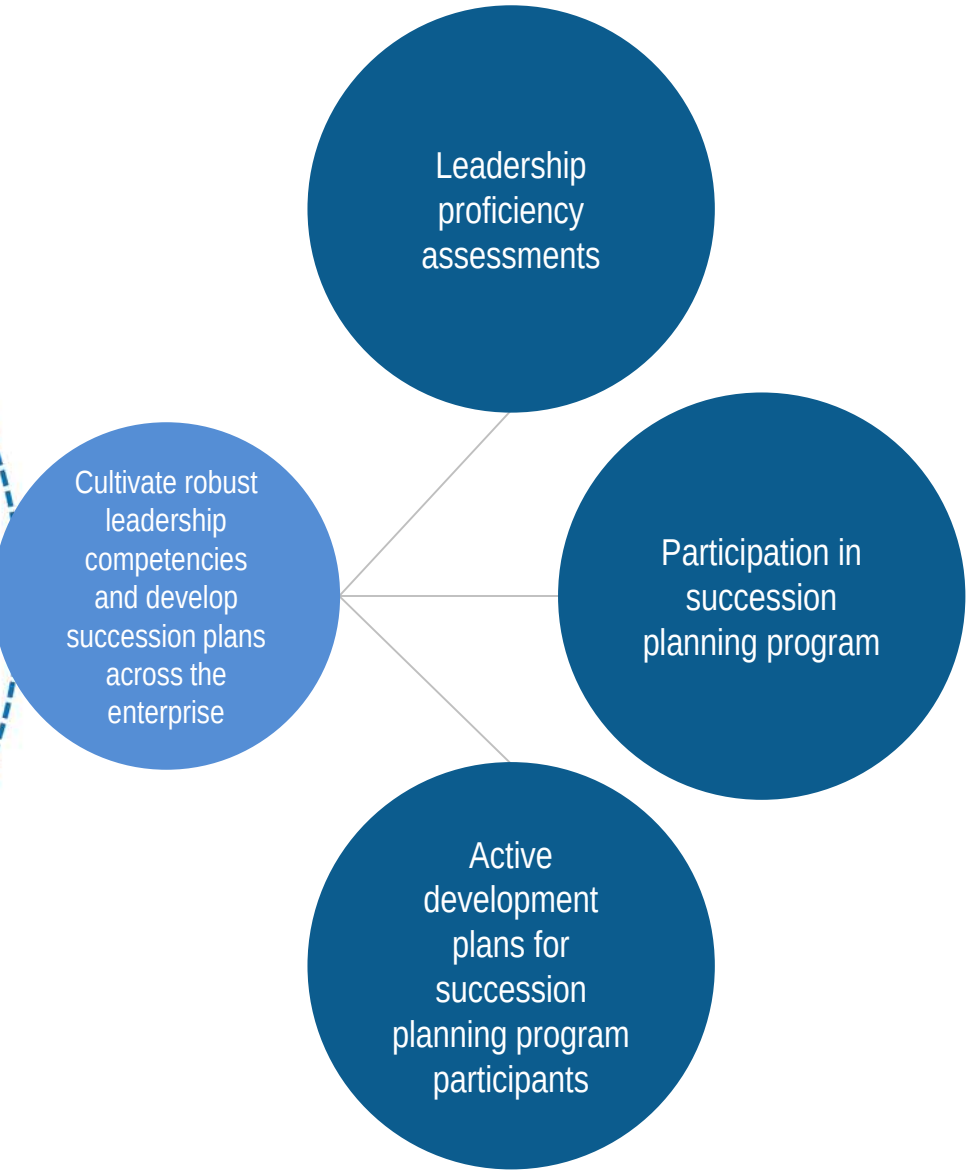
Develop and administer team member engagement surveys

Expand diversity & inclusion program

Emerging leader pilot program

TALENT MANAGEMENT

Promote a high-performing and diverse workforce



Business Plan Initiatives:

Develop 2017-22 workforce plan

Enterprise competencies – team member competency model

Operational Measures: Methodology

Key Performance Indicators

Review Key Components

Operational Outcome Measures

- Reliable Steward of Funds
- Customer Satisfaction-Driven Organization
- Open & Transparent Communication
- Efficient & Effective Organization
- Supportive & Engaged Leadership
- Team Member Engagement

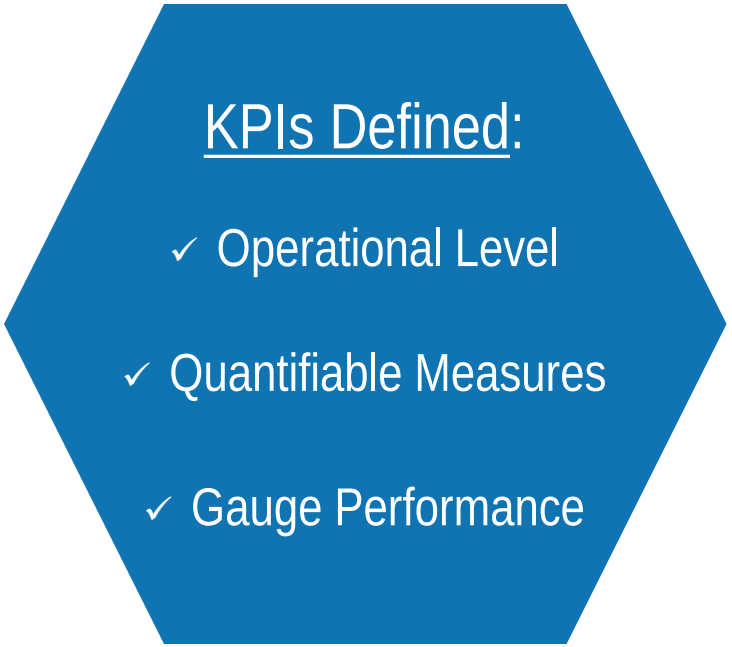
Operational Measure Development

Desired Outcome:

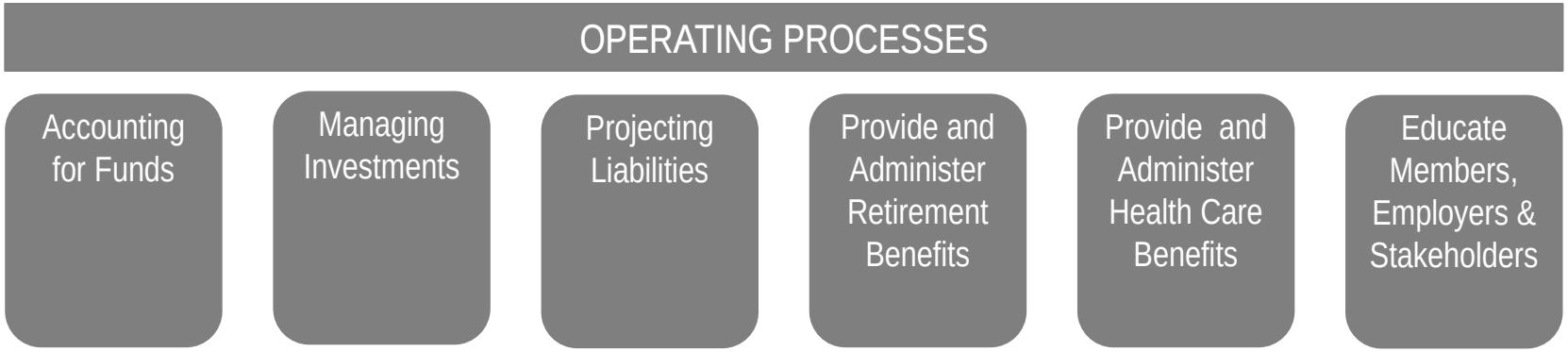
- Capture current business activity at operational level
- Increased Transparency, Accountability, Collaboration, and Engagement
- Comprehensive Operational Reporting

Initial Focus:

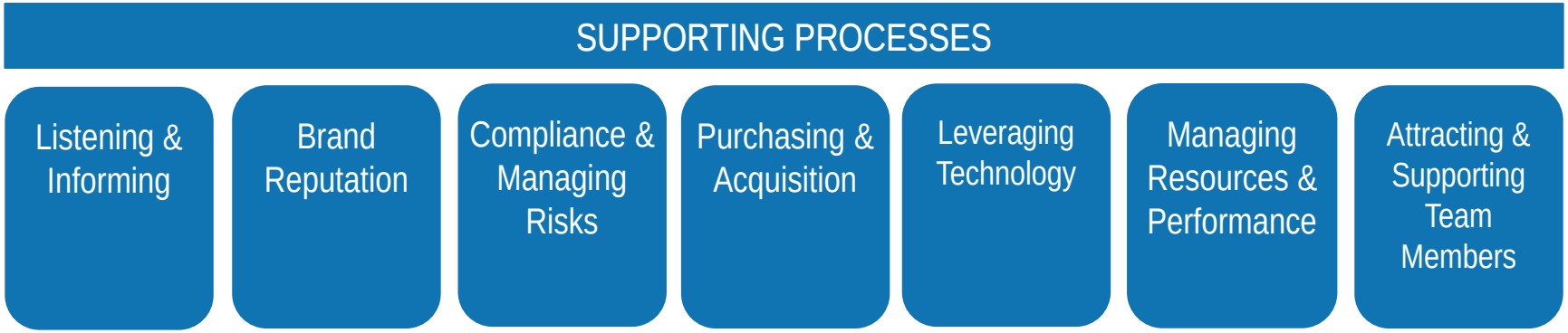
- Identify Core Processes and Sub Processes
- Executive Team working sessions
- Committee workgroup sessions



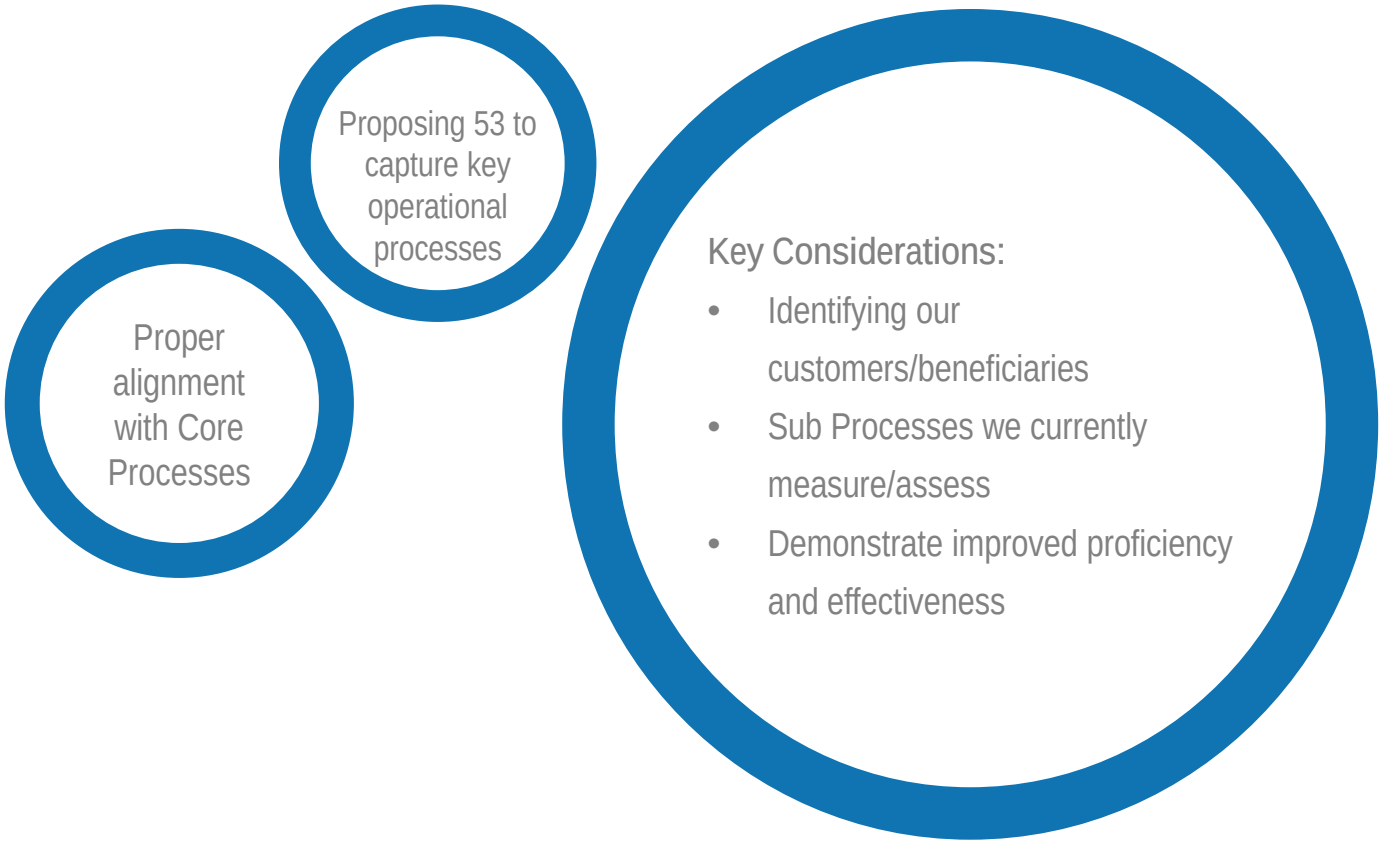
Core Processes



Core Processes



Sub Process Analysis



Discovery Questions – KPIs

Effective KPIs

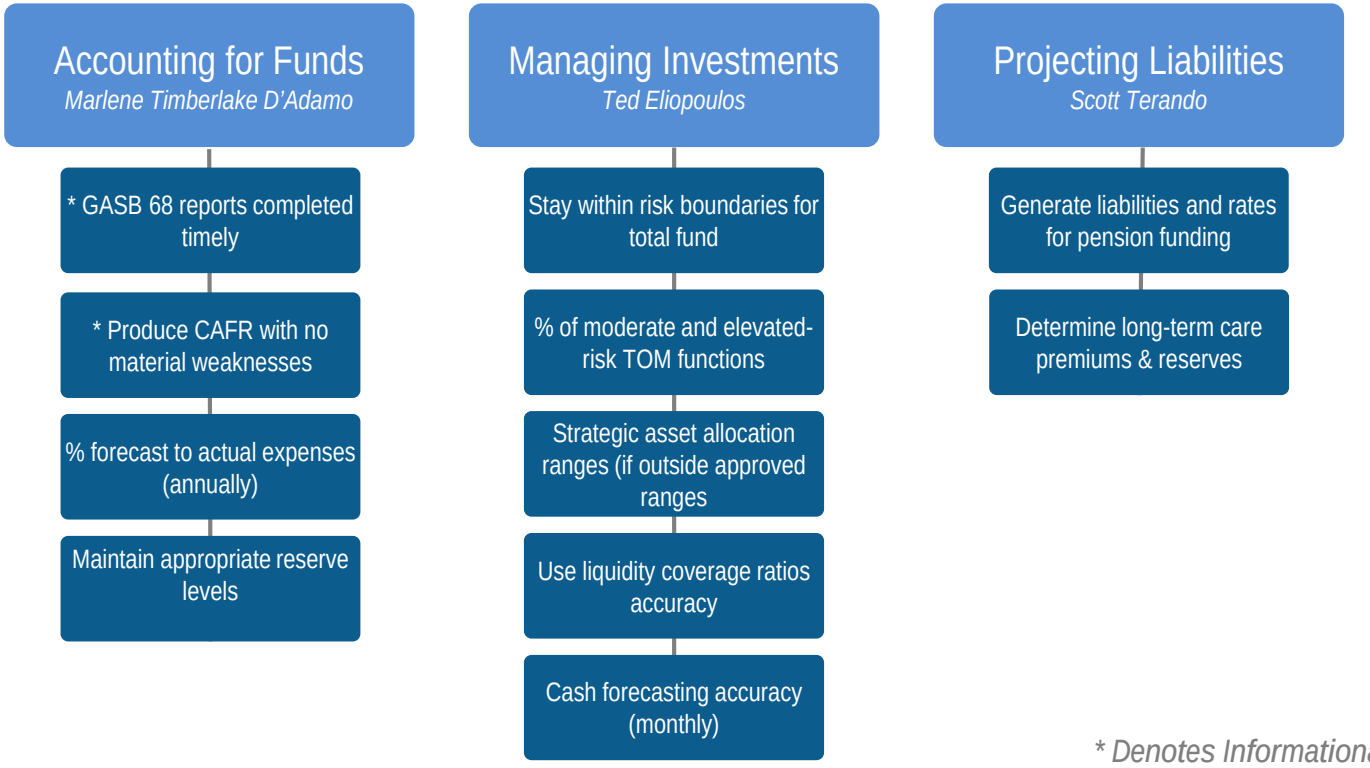
- Align with Mission, Core Values & Outcome Measures
- Measures the effectiveness of processes
- Available and accurate data
- Actionable – informs decision making and influences action
- Easily understood by customers
- Evolve as business needs change and grow

KPI Data Questions

- Can existing data/metrics be used?
- Are data sources readily available?
- How frequently is the data refreshed?
- How much time is required to analyze data?
- Does the resultant data speak to how effective the process is?
- If data does not exist, is it feasible to begin gathering now?

Reliable Steward of Funds *Marlene Timberlake D'Adamo*

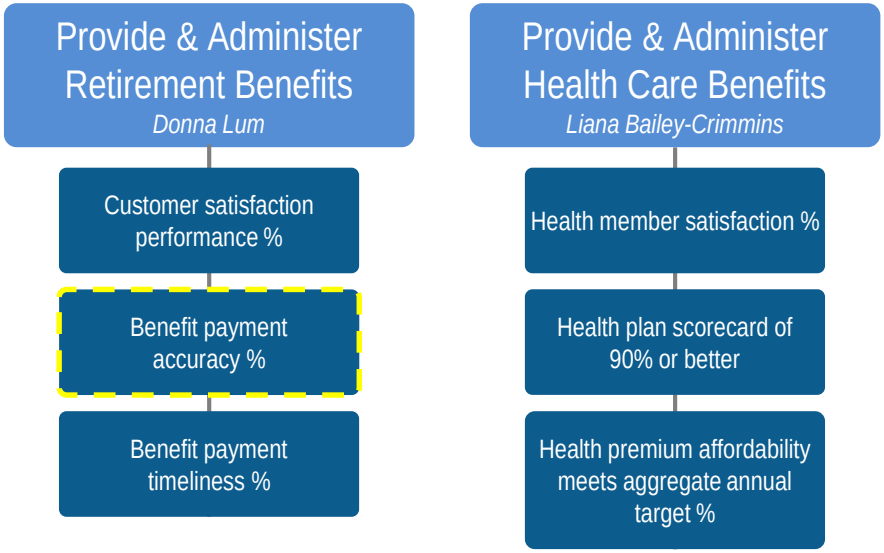
Ensuring responsible investment and daily management of CalPERS assets | Effectively developing, implementing and monitoring the asset allocation decisions of the Board | Safeguarding the solvency of the funds through sound actuarial practices



** Denotes Informational KPIs*

Customer Satisfaction Driven Organization *Donna Lum*

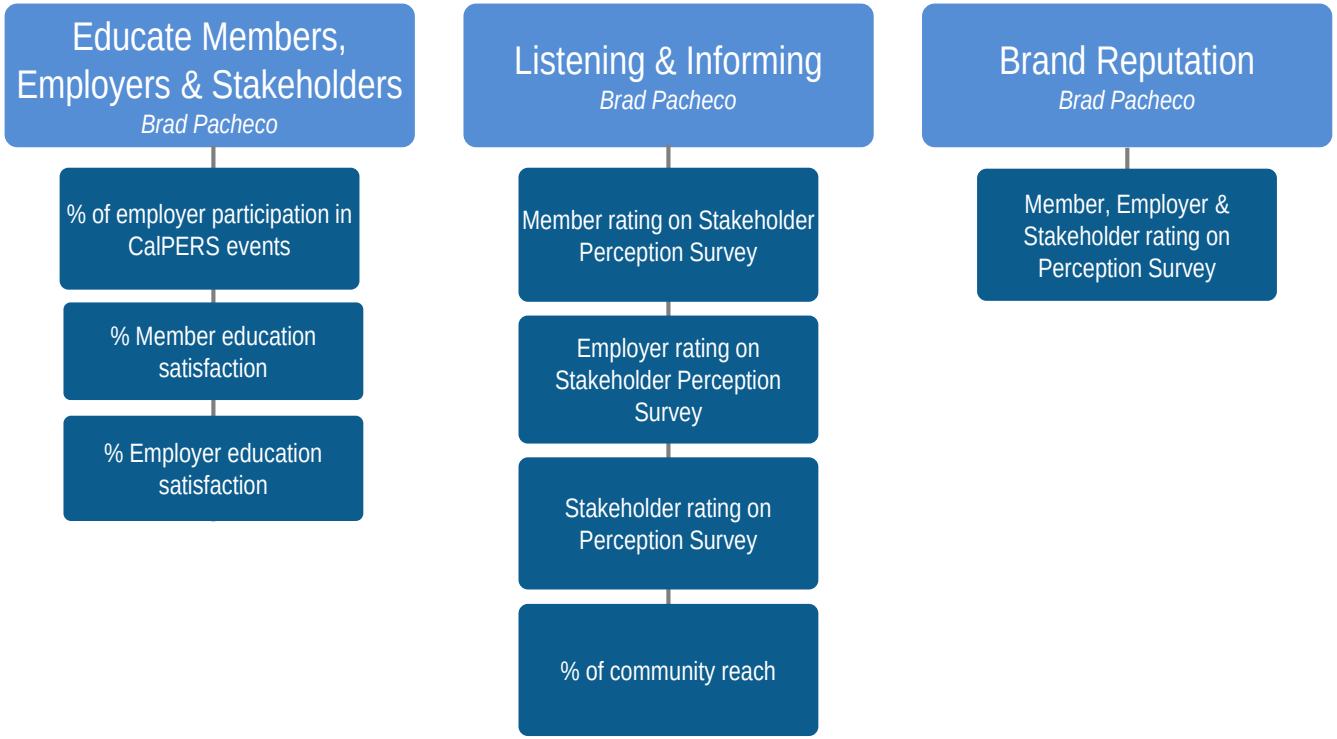
Understand the needs and expectations of our customers | Continuous improvement and innovation for the benefit of our customers



KPI in development

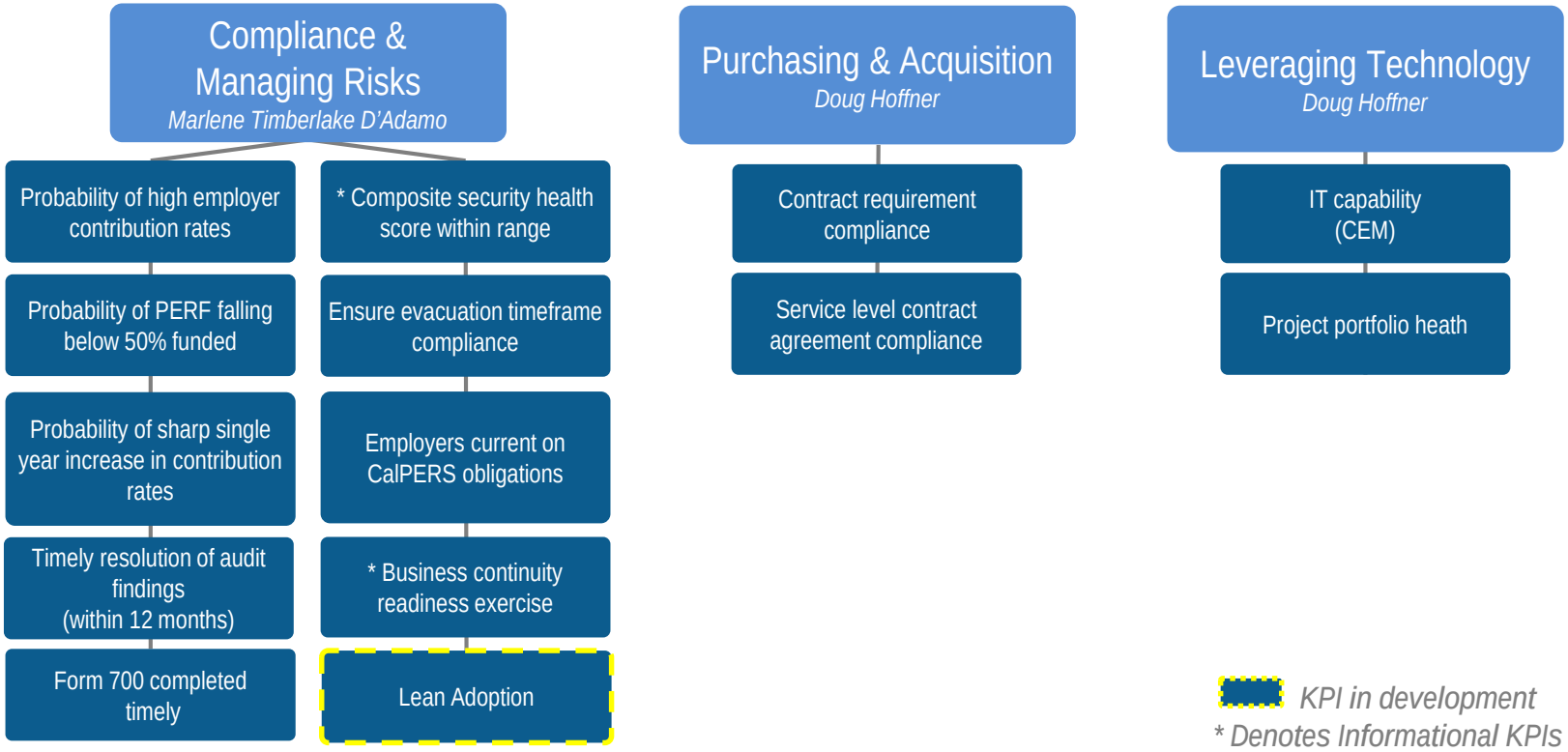
Open & Transparent Communication *Brad Pacheco*

Building working relationships with the Board, our employees, stakeholders, and outside organizations | Be open and accessible, working for a solution in a collaborative way ensuring everyone's voice is heard | Keeping the Board informed on key issues and strengthening partnerships



Efficient & Effective Organization *Doug Hoffner*

Striving for excellence and setting a clear vision for the future | Supporting and maintaining a high level of accountability | Hiring and empowering talented teams



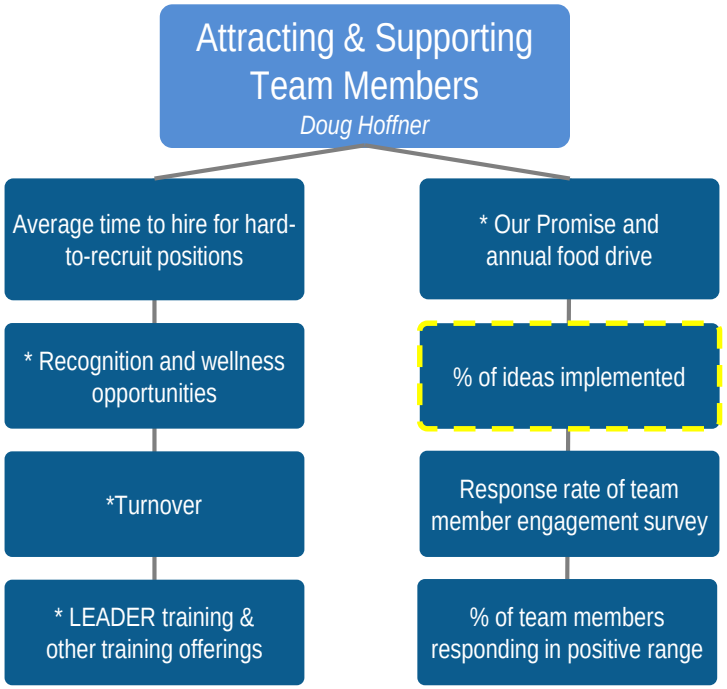
Supportive & Engaged Leadership *Ted Eliopoulos*

Team leaders shall reflect CalPERS Core Vales and Leadership Competencies | Leadership needs to collaborate to achieve organizational success

KPI in development
** Denotes Informational KPIs*

Team Member Engagement *Liana Bailey-Crimmins*

Creating a destination workplace where every team member can thrive and feel proud to work for CalPERS | Fostering an inclusive environment where team members are valued and supported for their ideas



KPI in development

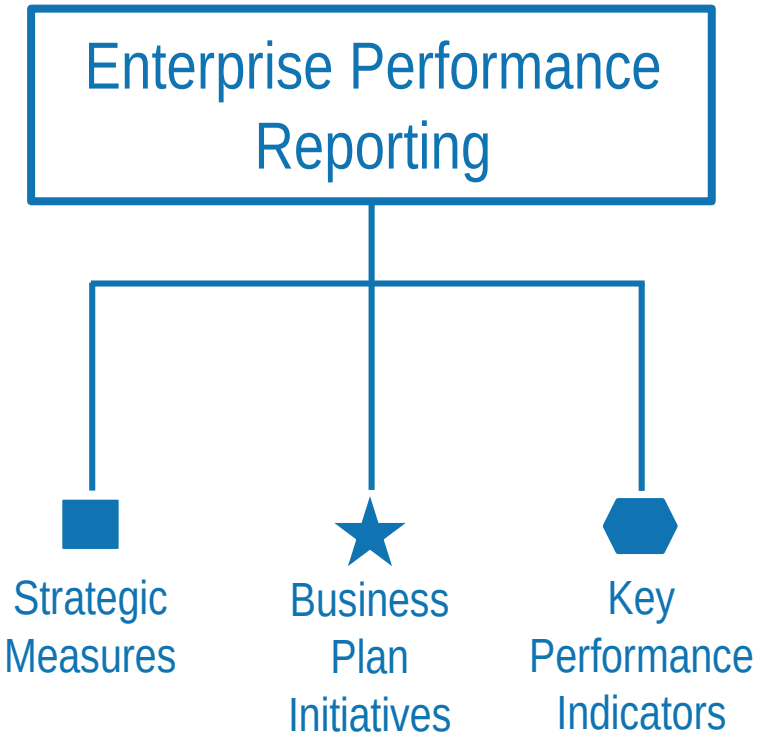
** Denotes Informational KPIs*

Next Steps:
First Year Reporting

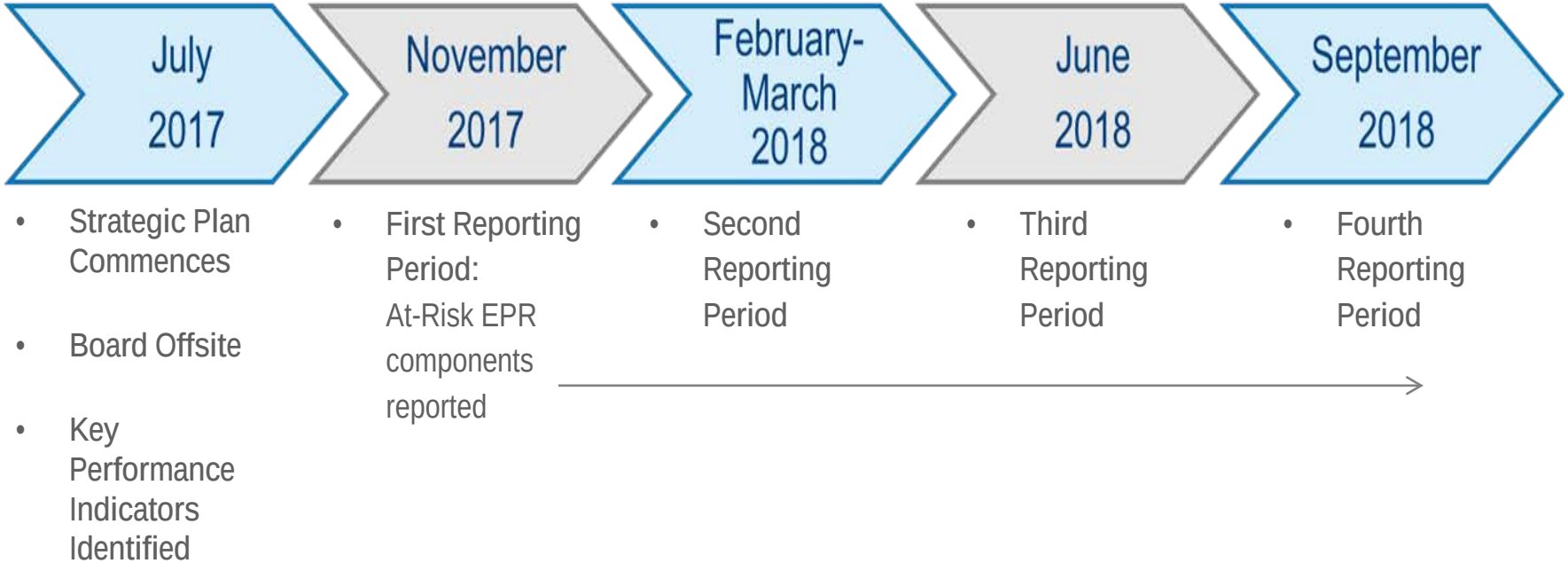
EPR Reporting
Review Timeline

New Reporting Structure

- All EPR Components
- Quarterly
- Focus on At Risk Indicators

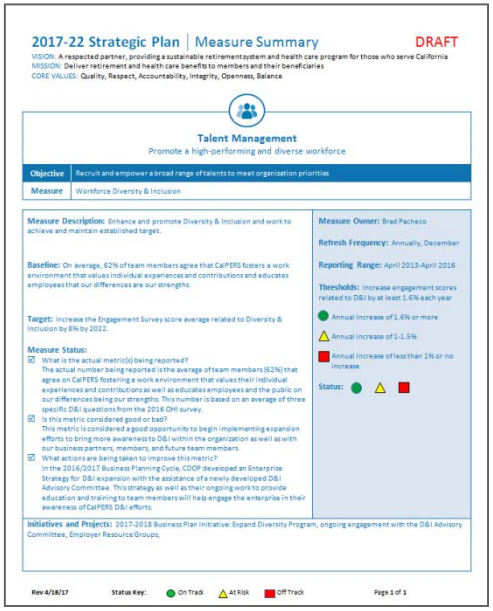


Reporting Timeline



Communication Tools

Strategic Measure Summary Sheets



2017-22 Strategic Plan | Measure Summary DRAFT

VISION: A respected partner, providing a sustainable retirement system and health care program for those who serve California
MISSION: Deliver retirement and health care benefits to members and their beneficiaries
CORE VALUES: Quality, Respect, Accountability, Integrity, Openness, Balance

Talent Management
Promote a high-performing and diverse workforce

Objective	Recruit and empower a broad range of talents to meet organization priorities
Measure	Workforce Diversity & Inclusion

Measure Description: Enhance and promote Diversity & Inclusion and work to achieve and maintain established target.

Baseline: On average, 62% of team members agree that CalPERS fosters a work environment that values individual experiences and contributions and educates employees that our differences are our strengths.

Target: Increase the Engagement Survey score average related to Diversity & Inclusion by 8% by 2022.

Measure Status:
- ☑ What is the actual metric(s) being reported?
  The actual number being reported is the average of team members (62%) that agree on CalPERS fostering a work environment that values their individual experiences and contributions as well as educates employees and the public on our differences being our strengths. This number is based on an average of three specific D&I questions from the 2016 OHI survey.
- ☑ Is this metric considered good or bad?
  This metric is considered a good opportunity to begin implementing expansion efforts to bring more awareness to D&I within the organization as well as with our business partners, members, and future team members.
- ☑ What actions are being taken to improve this metric?
  In the 2016/2017 Business Planning Cycle, CDOF developed an Enterprise Strategy for D&I expansion with the assistance of a newly developed D&I Advisory Committee. This strategy as well as their ongoing work to provide education and training to team members will help engage the enterprise in their awareness of CalPERS D&I efforts.

Measure Owner: Brad Pacheco

Refresh Frequency: Annually, December

Reporting Range: April 2013-April 2016

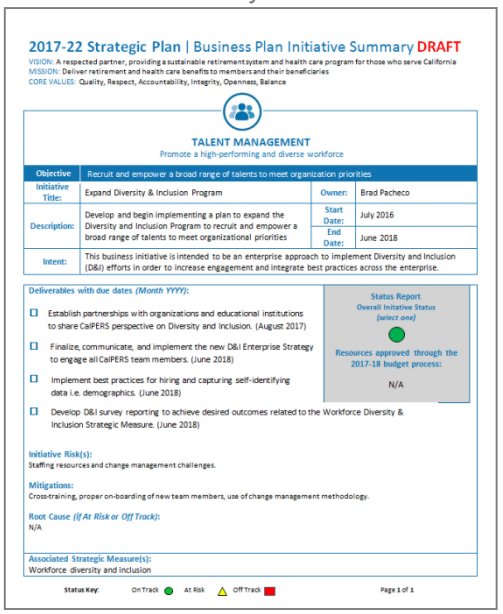
Thresholds: Increase engagement scores related to D&I by at least 1.6% each year
- Annual increase of 1.6% or more
- Annual increase of 1-1.5%
- Annual increase of less than 1% or no increase

Status:

Initiatives and Projects: 2017-2018 Business Plan Initiative: Expand Diversity Program, ongoing engagement with the D&I Advisory Committee, Employer Resource Groups,

Rev 4/18/17 Status Key: On Track At Risk Off Track Page 1 of 1

Business Plan Initiative Summary Sheets



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TALENT MANAGEMENT
Promote a high-performing and diverse workforce

Objective	Recruit and empower a broad range of talents to meet organization priorities		
Initiative Title:	Expand Diversity & Inclusion Program	Owner:	Brad Pacheco
Description:	Develop and begin implementing a plan to expand the Diversity and Inclusion Program to recruit and empower a broad range of talents to meet organizational priorities	Start Date:	July 2016
		End Date:	June 2018
Intent:	This business initiative is intended to be an enterprise approach to implement Diversity and Inclusion (D&I) efforts in order to increase engagement and integrate best practices across the enterprise.		

Deliverables with due dates *(Month YYYY)*:
- ☐ Establish partnerships with organizations and educational institutions to share CalPERS perspective on Diversity and Inclusion. (August 2017)
- ☐ Finalize, communicate, and implement the new D&I Enterprise Strategy to engage all CalPERS team members. (June 2018)
- ☐ Implement best practices for hiring and capturing self-identifying data i.e. demographics. (June 2018)
- ☐ Develop D&I survey reporting to achieve desired outcomes related to the Workforce Diversity & Inclusion Strategic Measure. (June 2018)

Status Report
Overall Initative Status *(select one)*

Resources approved through the 2017-18 budget process:
N/A

Initiative Risk(s):
Staffing resources and change management challenges.

Mitigations:
Cross-training, proper on-boarding of new team members, use of change management methodology.

Root Cause *(if At Risk or Off Track)*:
N/A

Associated Strategic Measure(s):
Workforce diversity and inclusion

Status Key: On Track At Risk Off Track Page 1 of 1