

Board of Retirement Regular Meeting

Sacramento County Employees' Retirement System

Agenda Item 12

MEETING DATE: March 21, 2018

SUBJECT: Strategic Planning Update

Deliberation Receive

SUBMITTED FOR: ___ Consent ___ and Action ___ X and File

RECOMMENDATION

Staff recommends that the Board receive and file this report.

PURPOSE

Presentation by Chief Strategy Officer on plans to develop a SCERS Strategic Management Program to continue improvements initiated with the <u>SCERS Strategic Plan 2014-2018</u>.

DISCUSSION

The <u>SCERS Strategic Plan 2014-2018</u> documented the Mission, Core Values, Goals, and Objectives of SCERS' Board and management team. Upon reviewing the Strategic Plan, the Chief Executive Officer and Chief Strategy Officer have concluded that the plan continues to provide an adequate vision to guide continuing improvement within the organization.

The <u>SCERS Strategic Plan 2014-2018</u> does not, however, provide the detailed information needed to clearly understand the ownership and responsibilities of individual executive team members for executing the plan nor does it provide a performance measurement framework for managing progress. To address this gap, staff is proposing a Strategic Management Program to enable ongoing management of the strategic objectives.

SCERS already operates a robust strategic planning and performance management capability within the investment program. The existing financial management and actuarial reporting processes also provide feedback reporting relevant to SCERS' funding strategies. The management priority will therefore be to develop similar strategic management and performance management processes in the areas of employer and participant customer service.

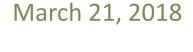
The attached presentation describes the general characteristics and plans for the SCERS Strategic Management Program. SCERS management will provide additional details and initiate a periodic reporting process as the Program is rolled out in the coming months.

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Presentation by Stephen Hawley, Chief Strategy Officer					
Prepared by:	Reviewed by:				
/S/	/S/				
Stephen Hawley Chief Strategy Officer	Eric Stern Chief Executive Officer				

Strategic Planning Update

Continuing Improvement in 2018 and Beyond



Stephen Hawley
SCERS Chief Strategy Officer



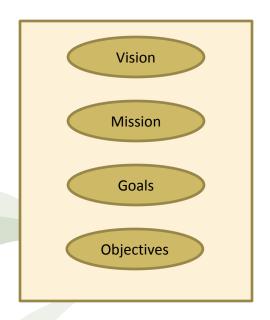
Strategic Management Maturity Model

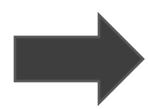
	Level 1: Ad hoc & Static	Level 2: Reactive	Level 3: Structured & Proactive	Level 4: Managed & Focused	Level 5: Continuous Improvement
Leadership	Leaders dictate / command & control; otherwise disengaged	Leaders dictate but gather feedback sporadically	Leaders engage with direct reports only, but do model desired behaviors and values	Leaders empower many employees through on going engagement	Leaders & employees fully engage in a continuous dialog based on a team-based culture
Culture & Values	Vision & values undefined or not shared	Vision & Values published, but not lived	Vision & Values communicated & understood	Vision & Values collaboratively developed	Vision & Values fully integrated into organization culture
Strategic Thinking & Planning	No strategic planning occurs within the organization; no goals defined	Strategic planning is the responsibility of a small team and dictated to the organization	A structured and open planning process involves people throughout the organization every couple of years	Plans are developed and revised regularly by trained, cross- functional planning teams	Strategy drives critical organizational decisions and a continuous improvement planning process is maintained
Alignment	Work is narrowly focused based on organization structure, with little customer input	Customer needs and feedback start to influence more aligned decision making	Employees know their customer sand align strategy to those needs	Vision, Customer Needs, Strategy, and employee reward and recognition systems are cascaded and aligned	All structures and systems are aligned with strategy, and organizational alignment is continuously improved
Performance Measurement	No data, or only ad hoc performance measures are collected	Performance data collected routinely, but are mostly operationally focused	Strategic performance measures are collected, covering most strategic objectives	Strategic measures are broadly used to improve focus & performance and inform budget decisions	Measurements comprehensively used and routinely revised based on continuous improvement.
Performance Management	No emphasis on using performance as a criterion to manage the organization	Performance reviews required but not taken seriously; no accountability for performance exists	Measures are assigned owners and performance is managed at the organizational and employee level	Measurement owners are held accountable and performance is managed at all levels	Organizational culture is measurement and accountability focused; decisions are evidence- based.
Process Improvement	Processes are undocumented and ad hoc with evident duplication and delays	A few key processes documented, and process improvement models (TQM, Lean Six Sigma, etc.) introduced	All key processes are identified and documented, and strategy guides successful process improvement initiative and improvements	All key processes are tracked and improved on a continuous basis and new process improvement ideas are accepted	Employees are empowered and trained, and a formal process exists for improving process management
Sustainability	Lack of structure and champions lead to short- term focus on tasks	Strategy "champions" identified	Formal organization structure in place to maintain focus on strategy	Organization has an "Office of Strategy Management" or equivalent.	Strategic thinking and management are embedded in the culture of the organization

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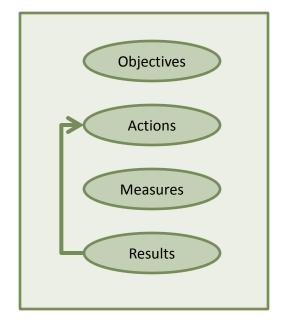


Transitioning to Continuous Improvement Model





Strategic Plan 2014-2018



Strategic Management Program



Transition Process

- Roll forward the relevant goals and objectives from the SCERS 2014-2018 Strategic Plan
- Restructure, as needed, to improve organizational alignment and performance measurement
- Work with executive staff to identify measurable Key
 Performance Indicators (KPIs) and performance targets
- Develop management reports/dashboards for ongoing performance management
- Develop reporting process for Board oversight



Transition Example – Customer Service

- SCERS Strategic Plan 2014-2018
 - Goal Three: Service Delivery
 - Objective: "Establish a baseline for customer service performance, measures to enhance customer service, and quantitative and qualitative standards for ongoing evaluation of customer service."
- Strategic Management Program
 - Objective: Meet or exceed customer expectations
 - Actions:
 - Solicit feedback expectations from participants and employers
 - Establish service level targets based on customer feedback and analysis of historical performance
 - Communicate target and actual performance to customers and stakeholders
 - Measures:
 - Work days to process retirement application (target: XX days)
 - Results: to be determined



Customer Service Performance Measurement

Strengths

- MS Access service tracking databases provide 10 years of historical data re: retirements, service purchases, disability claims, terminations and DROs
- SCERS has obtained peer benchmarking results from CEM on pension administration
- Modernization projects for pension administration and website provide opportunity to significantly improve capabilities

Weaknesses

- SCERS does not survey or solicit feedback on customer expectations
- Target service levels have not been established or measured
- Tracking data has not been analyzed for performance management purposes
- Pension administration IT systems do not facilitate performance management



Strategic Management Program Timeline

- April to June, 2018 reorganize Strategic Plan 2014-2018 into Strategic Management Program structure
- July to December, 2018 establish survey capability on website, solicit customer expectations via surveys and interviews, analyze historical customer service performance and set performance level targets
- January, 2019 begin ongoing measurement and reporting of customer service performance levels
- 2019-2021 leverage IT modernization projects to refine and enhance Strategic Management Program and integrate program into executive performance evaluation process

