



## **Strategic Objective # 1**

**Develop an Organizational Structure reflective of our operational capabilities and succession planning needs.**

### *Background*

In 2014, the Board of Retirement approved *Stanislaus County Employees' Retirement Association (StanCERA) 10-Year Strategic Organizational Realignment*, which focused on several issues such as technology, staff demographics, institutional knowledge, organizational work load, investment governance, pension software, and website renovation. Most of these goals have been accomplished (or are in progress), however, as StanCERA continues to grow, the organization must evolve as well.

As StanCERA moves into the next decade, a new organizational structure (Attachment 1) needs to be developed that is reflective of its current mission, vision, and values, fostering leadership, professionalism, and succession planning.

### *Desired Outcome*

The desired outcome is an organizational structure that promotes a professional environment, ensures redundancy, and allows for a transfer of information throughout the organization.

Succession planning should be built into StanCERA's organizational structure, ensuring a well-developed plan is in place, providing StanCERA leadership and stakeholders the ability to look within for the next leaders at all levels.

### *Strategy*

In order to successfully develop an advantageous organizational structure, StanCERA must assess the demands of the organization today and ten years from now. The needs of line staff, leadership, members, and stakeholders must also be assessed, as they are the driving force of StanCERA. During the process, each division of StanCERA will be analyzed for efficiency and accuracy, and future goals will be set accordingly. Staff should be included during the process as they may provide insight and organizational knowledge, adding value to the development of the structure.



## Strategic Plan Objective #1: Action Plan with Deliverables

1. Present new Organizational Structure to StanCERA staff by StanCERA Leadership (First Quarter 2020)
2. Evaluate job descriptions of StanCERA positions to ensure they are still relevant and upholding the Mission, Vision, and business practices and processes of the Organization by Fiscal Services and Member and Employer Services Manager (Third Quarter 2020)
3. Develop the Job Description for the Organizational Support Manager position by StanCERA Leadership (Fourth Quarter 2020)
4. Evaluate StanCERA's internal operational needs as it supports the new Organizational Structure by StanCERA Leadership
  - ✓ Create an internal office layout that supports the new Organizational Structure and professionalism
  - ✓ Define workflow processes in the new Pension Administration System that promote teamworking styles and mentorship
5. Phased Implementation of new Organizational Structure by StanCERA Leadership (Fourth Quarter 2020)
  - ✓ Benefits and Operations Staff will begin transitioning
  - ✓ All Benefits and Operations staff in place
6. On-board Organizational Support Manager by StanCERA Leadership

## **Strategic Objective # 2**

### **Successful implementation/completion of the Pension Administration System (PAS)**

#### *Background*

In 2017, StanCERA began implementation of its new pension administration system. This idea was borne out of a 2013 study staff prepared for the Board of Retirement outlining future system growth and the Organization's capability to service its members. At that time, it was recommended that StanCERA:

- ✓ Employ software with case management capabilities
- ✓ Integrate online customer service enhancements with new pension software
- ✓ Develop online capabilities that allow members to view and change personal data
- ✓ Develop online capabilities that allow members to complete and submit applications online
- ✓ Set a goal of processing 95 percent of all benefit estimates/calculations without human intervention

To that end, the successful implementation/completion of the PAS, is critical to StanCERA's ability to meet the inevitable future growth challenges in an efficient and cost-effective manner.



## *Strategy*

To successfully implement StanCERA's new Pension Administration System, it is generally believed that the Organization must play a very visible and participatory role in its design, build-out and implementation. StanCERA must understand how the system is being designed and anticipate future administrative needs. Additionally, StanCERA must insure that all functionality within the scope of the project works as designed with a high degree of reliability.

Staff should maximize employee involvement on the project while being able to balance and maintain a productive normal workload. The Organization's main strategy should be to automate as much of the daily work processes as possible while balancing security concerns.

## *Desired Outcome*

From an administrative/technical perspective, Strategic Objective #2's desired outcome should closely align with the automation/efficiency needs first presented to the Board 6 years ago (see *Background*). From the perspective of a successful implementation, the desired outcome would be for both phases of the project to come in on time and under budget with all anticipated functionality working at a high degree of reliability. Additionally, staff would stay engaged in the project for its duration, and ultimately support, affirm and rely on every aspect of the System.

## *Strategic Plan Objective # 2: Action Plan with Deliverables*

1. Integrate staff into all aspects of the PAS. Create an atmosphere of "ownership" of the project by employees (Q1, 2020; StanCERA Management)
  - ✓ Maintain an internal PAS project manager position with at least 75% of the position's time spent on the project
  - ✓ Create and implement a process whereby all line employees participate (within their relevant program area) in documenting current processes, assist in the creation of new processes, test system functionality and ultimately be required to sign off on releases of the new system functionality
  - ✓ Require at least one StanCERA manager participate in all process work flow development meetings
  - ✓ Require staff redundancy (more than 1) in all phases of the documentation and development of system functionality
  
2. Develop and instill trust in the PAS so that Organizational "buyoff" of the system is achieved, thereby maximizing the potential efficiencies the System can offer (Q1, 2020; StanCERA Management)
  - ✓ Maximize the number of test cases that are performed and analyzed regarding benefit estimation and calculation



- ✓ Parallel test the Arrivos System (PAS) with the Tyler System (StanCERA's current system) for at least 2 weeks after "go live"
  - ✓ Staff training with live demos, data and actual cases/scenarios prior to "go live"
  - ✓ Management to maintain a high degree of transparency amongst staff regarding all aspects of the project
  - ✓ Maintain communication and encourage involvement by the Steering Committee and the Board regarding new functionality and business process changes inherent in the PAS
  - ✓ Create and maintain a Committee of no less than 2 trustees to oversee the electronic integration of customer service opportunities into the PAS
3. Strive to unlock the full value inherent in the PAS for both internal and external constituents (Q4, 2020; StanCERA Management)
- ✓ 65-70% of all data audits complete by "go live"
  - ✓ 85% of all data audits complete by the end of 2020
  - ✓ Creation of short online webinars members can use to understand their retirement benefits
  - ✓ Revamp/revise the way information is dispensed to members at the Pre-Retirement seminars. Consider more personalized (and less general) information and integrate the capabilities of the PAS at seminars
  - ✓ Consider mid-career retirement seminars
4. Maximize the potential value inherent in our member web portal and StanCERA website
- ✓ Research the value of educational seminars on StanCERA's website
  - ✓ Hold training sessions for members designed to introduce them to the capabilities of the portal
  - ✓ Maximize the functionality available for members on the member portal
  - ✓ Rebrand and market StanCERA (see action item #5 below)
5. Rebrand and market StanCERA
- ✓ Revamp all forms, documents and templates using StanCERA's new logo
  - ✓ Replace all items/documents using StanCERA's old mission and vision statements with new statements
  - ✓ Resume all quarterly newsletter publication
  - ✓ Study the potential use of social media to promote StanCERA
  - ✓ Consider modern, aesthetic changes to StanCERA's office



## **Strategic Objective # 3**

### **Development and implementation of a formalized succession plan for StanCERA**

#### *Background*

Succession planning prepares an organization for future changes in leadership, personnel and growth. The process itself evaluates critical roles within an Organization and develops a plan to meet the changes that inevitably occur when management transitions and/or business grows.

The idea of creating strong leadership within the Organization should be weighted very heavily and requires considerable thought. StanCERA is a growing Organization and in the absence of major changes to the structure of member benefit accumulation, future growth is inevitable. StanCERA's assets have doubled since 2008. Its retiree count has also doubled in the same period. Generally, public pension systems across California have been shown to double in growth approximately every 12 to 15 years. Several years ago, staff presented the Board with a white paper that outlined the projected future growth of the System and its required resources. This paper demonstrated that StanCERA's growth trajectory was roughly every 12 to 13 years. Thus, by the early 2030's, StanCERA can be expected to be managing roughly \$5 billion in assets. When one looks at other systems today that manage \$5 billion or more in assets, we see a much different Organizational structure and "pension presence" than that of StanCERA. Pension presence in this context may be defined as an Organization that is more visible to the community, the media, its members and in its political awareness.

Unfortunately, StanCERA can no longer be looked at as a small, intimate Organization. Its inevitable future growth means StanCERA will need a high level of leadership across the Organization and a culture that can seamlessly handle change and meet the challenges that all larger pension systems must deal with. As such, it is imperative that the Board of Retirement foster and promote a professional organization and strong leadership team.

#### *Desired Outcome*

The desired outcome is the implementation of a formalized succession plan for StanCERA, outlining critical roles and qualifications. Natural and transparent career progressions would be developed in conjunction with StanCERA's Organizational Structure. With the help of the Board of Retirement, StanCERA staff are properly evaluated for potential success in management positions and are given the tools to succeed. Professionalism and accountability are promoted within the Organization through various means.

#### *Strategy*

Currently, with the hiring of the Retirement Investment Officer and documentation of the investment governance process, the ability for the Board to recruit the Director's position is



enhanced. The Board can recruit for a capable leader with good administrative skills and not necessarily one with investment experience. With the implementation of the new Organizational Structure, (Strategic Objective I), succession planning strategy across the entire organization will be as follows:

1. *With involvement from the Board of Retirement create an environment and action plan that evaluates and promotes desirable leadership qualities and capabilities in internal staff;* It is important that the Board of Retirement be involved in the future succession of the Organization. The Board should understand what StanCERA is today and what it is or wants to be tomorrow. Given this vision of tomorrow, the Board should weigh in on what qualities they wish to seek and cultivate in future leaders.
2. *Document all business processes and practices;* The ability for an Organization to practice efficient succession means position transitions should be as seamless as possible. With all business processes and practices properly documented, future leaders and line staff of the Organization will be able to make transitions easier.
3. *Promote professionalism and accountability by marketing StanCERA's brand, mission and core values;* As systems grow and get larger, they become more visible to a larger number of constituents and as a result, must continually strive to be as professional and accountable as possible. The rebranding of StanCERA and the promotion its new mission, vision and core values will instill in staff a greater sense of our identity, accountability, professionalism and responsibility to our members and constituency.

### Strategic Plan Objective # 3: Action Plan with Deliverables

1. Documentation of all StanCERA business processes and policies (Q4, 2020; MESS Manager, Investment Officer, Office Support)
  - a. Build training guidelines for each role that supports the Organizational Structure's natural progression
  - b. Research and source an appropriate knowledge management system meant to house the documentation of StanCERA's business processes and policies
2. Foster and promote a professional organization and strong leadership team (Q4 2020 and beyond; Board of Retirement, StanCERA Management)
  - ✓ Create a Committee comprised of at least 2 trustees, the Fiscal and Member & Employer Services Managers and the Executive Director. This committee will:
    - research and recommend strategies on the type of Organization StanCERA wishes to become as it grows over the next several years
    - be tasked with building a leadership program that will foster StanCERA's leadership qualities in staff who may choose to become future leaders.
3. Rebrand and market StanCERA (Note that this action item is covered in Strategic Objective II)



## **Strategic Objective # 4**

### **Development of a formalized Operational Risk Management Plan**

#### *Background*

Risk is inherent in all businesses, including StanCERA's. Managing risk is important to ensure StanCERA can continue to serve our members. By strategically managing risk we can protect our resources, reduce the chance of loss, exploit opportunities and continue providing secure retirement benefits for our members. Operational Risk Management is a shared responsibility and all StanCERA associates are responsible for the effective management of risk including identifying new and emerging risks.

#### *Strategy*

- I. Formally acknowledge StanCERA's commitment to Operational Risk Management.
- II. Integrate and communicate a consistent approach to Operational Risk Management in operational activities and strategic processes to minimize risks.
- III. Assign accountability for the management of risks that supports responsible risk-taking, policy administration, and decision making.

#### *Desired Outcome*

Developing an Operational Risk Management Plan will enhance Board risk oversight, enable the Board and staff to make risk informed decisions, lessen the impact of opportunities and adverse events, and it will create a risk aware culture.

#### *Strategic Plan Objective #4: Action Plan with Deliverables*

1. Reach out to other pension systems to gain further understanding of the requirements of an Operational Risk Management Plan – January 2020
2. Define StanCERA's operational objectives and objectives for each of the strategies within the strategic plan – First quarter 2020
3. Identify the risks within the organization and determine the type of risk, the level of the risk, cause of the risk, effect of the risk and the controls in place regarding the risk – Fourth Quarter 2020
4. Communicate and inform StanCERA staff of their risk responsibilities and any controls that are associated with their activities.
5. Monitor risks and controls.
6. Review Operational Risk Management Plan bi-annually.



## **Strategic Objective # 5**

### **Process documentation and standardization of the Investment Governance process.**

#### *Background*

One of the long-term objectives of StanCERA is the continual improvement and evolution of the internal investment governance processes. The addition of the retirement Investment Officer position in 2017 was an important part of that objective and created additional opportunities to both formalize the critical operational tasks of the investment program and to position the program with greater alignment and understanding of the objectives and challenges of the plan.

#### *Strategy*

The documentation and standardization of tasks can be viewed in the broader context of knowledge management. Knowledge management begins with the simple recognition that data, information, and knowledge are essential assets of the organization and should be captured and effectively used to create value. Knowledge management is often established within an organization through the development of a knowledge management system.

A crucial step in achieving the objective is to establish guidelines for the system that will help outline the scope of the project and define appropriate and achievable outcomes. While the investment program can be considered a unique component of the organization, it will be important to create a knowledge management system that is functionally compatible and implementable within the broader organization. Another important consideration will be to design a system that fits StanCERA's unique needs and resources while also being able to provide suitable capabilities and scale in anticipation of future investment program growth.

#### *Desired Outcome*

The successful outcome of the Strategic Objective would be the development of a knowledge management system that not only documents the critical investment governance tasks, but also captures the personal expertise and lessons learned of the past. A good knowledge management system will enhance organizational communication, provide greater opportunities for employee collaboration, and increase the productivity of investment staff. Overall, the documentation and standardization of tasks, will provide greater stability to StanCERA's investment governance program and provide the necessary foundation to better meet the investment program challenges of the future.





## Strategic Objective # 5: Action Plan with Deliverables

1. Develop and maintain a comprehensive list of critical investment governance processes. (Second Quarter 2020)
  - ✓ Identify and categorize tasks that require documentation
  - ✓ Create a master calendar for investment governance tasks
  
2. Research and source an appropriate knowledge management system (Fourth Quarter 2020)
  - ✓ Determine the design and scope of the desired system
  - ✓ Identify and select a system that provides the required functionality while also remaining compatible with the organization's existing systems and resource constraints.
  
3. Standardize the documentation process (Fourth Quarter 2020)
  - ✓ Research methods to capture implicit knowledge in the documentation process.
  - ✓ Create a procedure template appropriate for investment governance tasks.
  
4. Create an investment governance process manual.
  - ✓ Tasks with high operational importance and greater frequency will take priority and will be completed during the first half of the 2020-2022 Strategic plan.