

CALSTRS

# Developing the 2025–28 Strategic Plan

July 25, 2024

Facilitated by:

Mosaic Governance Advisors, LLC

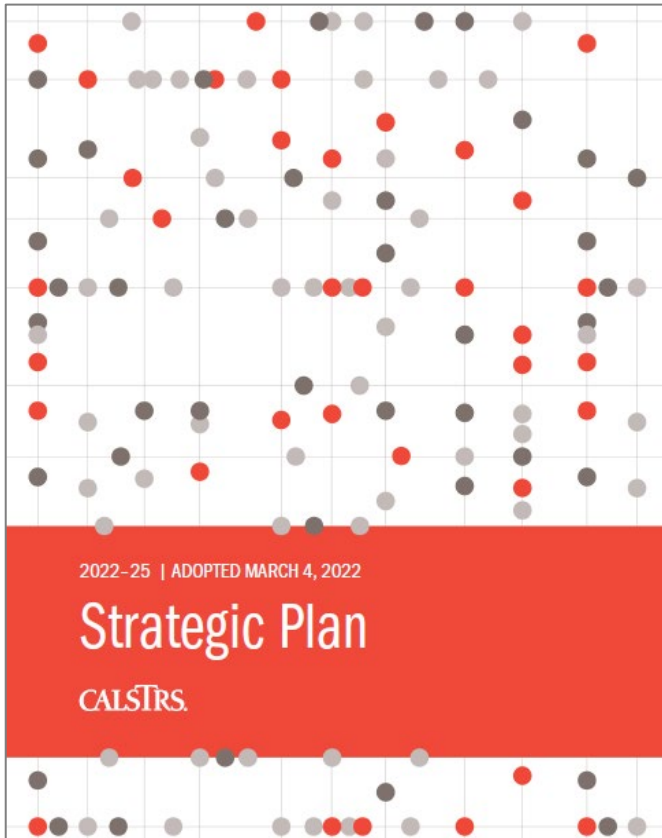


# Agenda

- Session context and objectives.
- Discussion of research insights.
- Review and confirm Future Success statements.
- Discussion of executive staff's SWOT analysis and priorities.
- 2025–28 focus areas (small groups ).
- Wrap up and next steps.

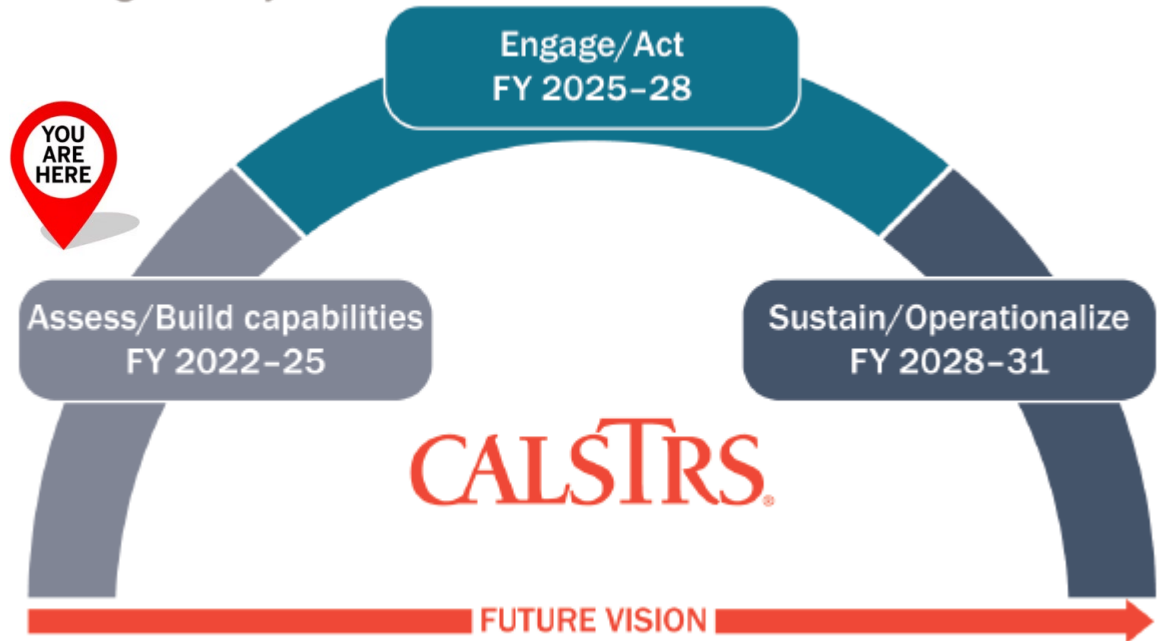
# Session context and objectives

# Where we are



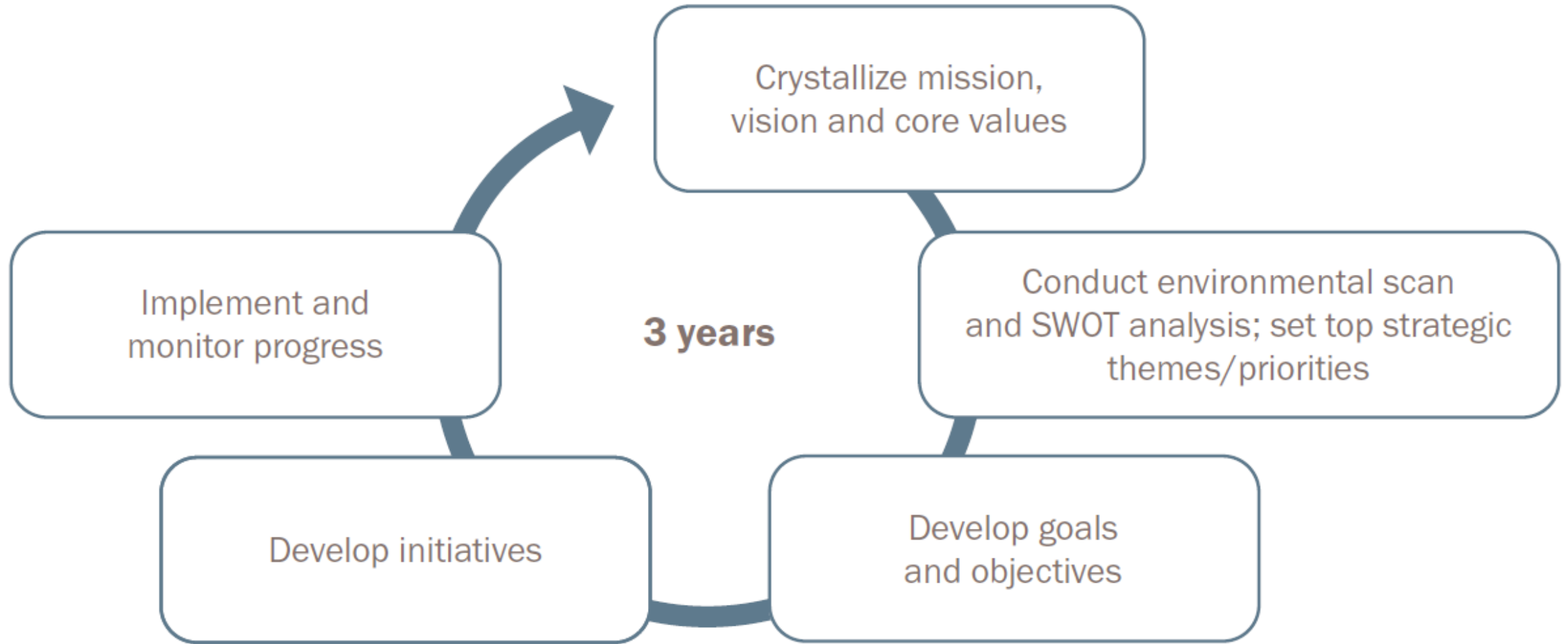
**2022–25 Strategic Plan**

Strategic Plan cycles



**Focus of the 2025–28 Strategic Plan: Engage/Act**

# Strategic planning is a continuous process



# Where we're headed

## 2025–28 Strategic Plan timeline



# The work to be done today

- Discuss and realign around long-term direction.
  - Are we all clear on where we're headed and why?
  - What adjustments should we make to the long-term direction?
- Level set on CalSTRS internal and external environment – most significant and pressing strengths, weaknesses, opportunities and risks/threats.
- Align on the areas that will require the most focus in the 2025–28 *Strategic Plan* to realize the long-term direction.

# Strategic Plan framework





# Strategic Plan roles and terminology

Board responsibility with staff input	Vision:	Where are we going? What do we want to become?
	Mission:	Who are we? Why do we exist?
	Core values:	What do we believe in? What principles guide us?
	Goals:	What do we want to achieve? What are our priorities?
	Objectives:	What measurable steps do we need to take to achieve our priorities?
Staff responsibility with board approval of budget and timeline	Initiatives:	How will we allocate our time, talent and budget to reach our goals and objectives?
	Action plans:	Who is responsible for doing what? When are the deadlines? What resources are needed?
Joint effort of board and staff	Performance measurement:	What is the definition of success? How successful have we been? What changes do we need to make?

# Strategy within CalSTRS context



# Today's expectations

- We want to hear your ideas, aspirations and concerns and to provide an opportunity to listen to those of your colleagues.
- We want to understand what the priorities are.
- We will not be taking votes but would like to know where there is general consensus.
- We will not spend time “wordsmithing” at this meeting.
- Don't expect that at the end of the session things will be neatly wrapped up in a document; that will come later.
- Others?

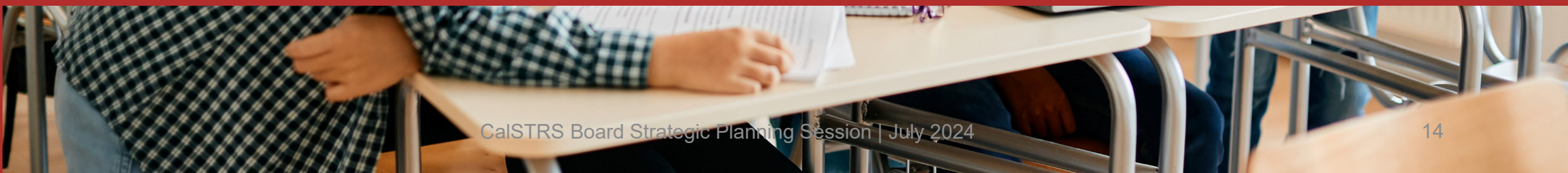
# Discussion of research insights

# Context

- Conducted stakeholder research:
  - Board members
  - Members and employers
  - CalSTRS staff
  - Board experts and advisors
- Mosaic and CalSTRS ESM team summarized research.
- Executive staff discussed research summaries.
- ***Today: Executive staff will present a summary of their views to discuss with the board.***



## Teachers' Retirement Board interviews





# Members and employers





## CalSTRS staff





## Experts and advisors



# Critical themes



# Critical themes



# Discussion

1. What resonates with you about what you heard?
2. Questions or comments?





# **Review and confirm Future Success statements**

# Context

## **Future Success statements developed as part of 2022–25 Strategic Plan**

- "Future Success" statements reflect the long-term direction CalSTRS aims to achieve.
- Form the basis for the approach to performance measures.

## **Blended insights**

- Reflect insights from executive staff and board's visioning exercises and discussions.

## **Executive staff review – April 2024 - June 2024**

- Conducted a periodic review to ensure continued relevance.

## ***Today's objective: Alignment discussion***

# Executive staff’s proposed adjustments to future success statements

*Please see your board book for the proposed Future Success statements.*

Attachment 1  
Regular Meeting – Item 17  
July 25, 2024  
Page 1

**Suggested revisions to 2031 vision of success**  
**Goal 1: Trusted stewards**  
 Ensure a well-governed, financially sound trust fund.  
 Pursuing this goal will put CalSTRS on the path to realizing our 10-year future vision as follows:

2031 vision of success measures	As demonstrated by
Funding plan on track	<ul style="list-style-type: none"> <li>Targeted funding ratio achieved.</li> <li>Cost savings and <del>added</del> <u>added</u> portfolio value with an implemented CalSTRS Collaborative Model.</li> <li><u>Investment approach is dynamic and flexible, allowing us to innovate and leverage partnerships.</u></li> </ul>
Risk and return-focused fund	<ul style="list-style-type: none"> <li><u>Diversified asset</u> <del>asset</del> allocation supports benefit payments and actuarial rate of return.</li> <li><u>Organizational approach to risk positions us to be responsive, anticipatory and agile.</u></li> </ul>
Members, employers and policymakers support the value of the defined benefit	<ul style="list-style-type: none"> <li>Productive relationships with key stakeholders.</li> <li>Proactive, trusted presence in political environments.</li> <li>CalSTRS plans, programs and policies support the long-term viability of the fund.</li> </ul>
Board culture of excellence in governance	<ul style="list-style-type: none"> <li>Knowledgeable, engaged and participatory trustees.</li> <li>Cohesive policy board focused on strategy, risk, performance and people.</li> <li><u>Board and executive leadership set the tone for organizational culture.</u></li> </ul>
Distinct and trusted identity	<ul style="list-style-type: none"> <li>Trusted by funding partners, members, employers <del>and the State of California,</del> <u>decision-makers and oversight entities.</u></li> <li>Known for transparency and accountability.</li> </ul>
Industry influencers	<ul style="list-style-type: none"> <li>Recognized staff, corporate and board governance leadership.</li> <li>Considered as a benchmark organization.</li> <li>Global investment partner of choice.</li> </ul>

# Discussion

1. How well do executive staff's proposed adjustments align with your thinking?
2. Other questions or comments?





# **Discussion of Executive Staff's SWOT analysis and priorities**

# What is a SWOT analysis?

## Strengths

of the internal organization

- What do we do well?
- What are our core competencies?
- Where do we excel?

## Weaknesses

of the internal organization

- What could use improvement?
- What is hindering us from performing?
- What are our deficiencies?
- What is unwise to continue to do?

## Opportunities

in the external environment

- What has changed for the better?
- What can we take advantage of?
- What favorable circumstances exist?

## Threats

in the external environment

- What external factors might hurt us or stand in our way?
- What should we watch out for?
- Where are the risks?

# Context

## **Developed SWOT analysis**

- Conducted by executive staff April – June 2024.
- Informed by stakeholder research and executive staff's insights and experiences.

## **Identified major themes**

- Over 180 items were identified in the SWOT.
- Items were organized into similar groups by executive staff.

## **Prioritized themes**

- Executive staff identified the most significant themes under each SWOT letter for the next three-year strategic planning cycle.

# Prioritized themes: Strengths



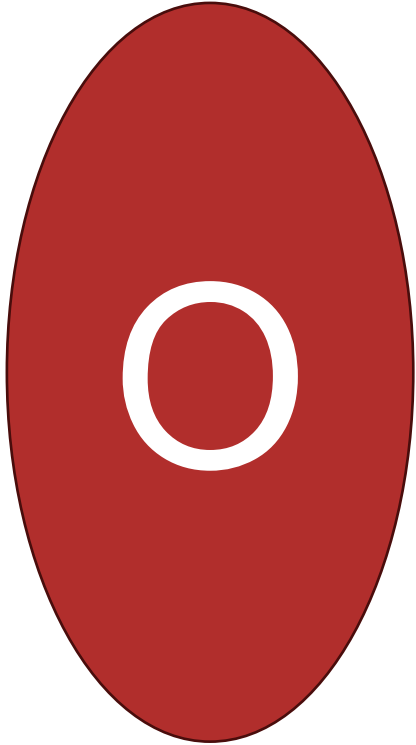
- Organizational and leadership excellence
- Effective governance
- Work culture and staff development
- Mission-driven focus
- Staff expertise

# Prioritized themes: Weaknesses



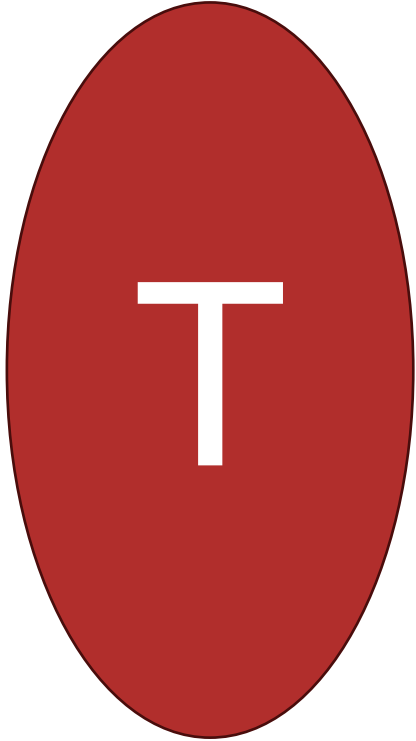
- Recruitment, retention and advancement
- Resource capacity and management
- Information flow
- Administrative processes and change management

# Prioritized themes: Opportunities



- Operational efficiency
- Technology
- Stakeholder engagement and education
- Resource and talent management
- Innovation and customer experience

# Prioritized themes: Threats



- Systemic threats
- External influences and societal/political pressures
- Technology and cybersecurity threats
- Legal, regulatory and resource challenges
- Velocity of change

# Discussion

1. What is your reaction to the executive staff's prioritized SWOT analysis?
2. Other questions or comments?





# Summary: Executive staff SWOT priorities

## Strengths

of the internal organization

- Organizational and leadership excellence
- Effective governance
- Work culture and staff development
- Mission-driven focus
- Staff expertise

## Weaknesses

of the internal organization

- Recruitment, retention and advancement
- Resource capacity and management
- Information flow
- Administrative processes and change management

## Opportunities

in the external environment

- Operational efficiency
- Technology
- Stakeholder engagement and education
- Resource and talent management
- Innovation and customer experience

## Threats

in the external environment

- Systemic threats
- External influences and societal/political pressures
- Technology and cybersecurity threats
- Legal, regulatory, and resource challenges
- Velocity of change

# 2025–28 focus areas

# Context

Executive staff reviewed the Future Success statements in light of SWOT priorities. They categorized the Future Success statements as follows:

- **Maintain (M)**
  - *Areas where CalSTRS already has a strong foothold* due to its previous efforts and existing systems, structures and processes.
  - These areas where support must be maintained to realize the successful future described.
- **Further Develop (D)**
  - *Areas where CalSTRS must focus its attention* in the next three-year strategic plan to realize the successful future it is targeting.

## Today's discussion focus

- Alignment and consensus.
- Outcomes will shape the updated 2025–28 Strategic Plan.

## **Future Success statements assigned “maintain” by executive staff**

Risk and return focused.

Members, employers and policymakers support the value of the DB.

Board culture of excellence in governance.

Distinct and trusted identity.

Industry influencers.

Optimized work environment that supports delivery of the mission.

## **Future success statements assigned “further develop” by executive staff**

- Funding plan on track.
- Member-centric culture supports strategic vision of innovation.
- Customer service creates meaningful member experiences and lifelong connections.
- Operational excellence.
- Technologically modern, secure operations.
- Unified sustainability principles embedded as the operating norm.
- Diversity, equity and inclusion efforts drive organizational outperformance.
- Premier mission-driven employer that attracts and retains top talent and develops internal staff.
- Prepared to address change and disruptions with appropriate urgency.

# Small group discussions

1. What is your reaction to the executive staff's categorization?
2. What would you change (from M to D or vice versa) and why?
3. Other questions or comments?



# Report out by group

1. What is your reaction to the executive staff's categorization?
2. What would you change (from M to D or vice versa) and why?

# Wrap up and next steps



# Next steps

## July 2024 – December 2024

- Capture today's discussion outcomes.
- Develop draft strategic plan with executive staff.
- September CEO report will include a progress update.
- Initiate 3-year business planning roadmap and costing effort.

## January – March 2025

- Present draft strategic plan to the board January 2025.
- Present the outcome of the costing effort to the board.
- Request approval of the 2025–28 Strategic Plan.

The background of the slide is a soft-focus, sepia-toned photograph of a stack of books. In the lower right foreground, a spiral-bound notebook and a dark pen are visible, resting on a reflective surface. The overall mood is professional and thoughtful.

# Thank you!