



*Strength. Service. Commitment.*

## **2011 – 2013 SDCERA STRATEGIC PLAN**

### **SDCERA Mission Statement**

SDCERA's mission is to prudently manage the fund, efficiently administer benefits, and provide superior service to SDCERA's membership.

### **SDCERA Values**

**Strength** in investments

**Service** to members

**Commitment** to quality, integrity and efficiency

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## SDCERA Strategic Plan Introduction

The SDCERA Strategic Plan for Fiscal Years 2011 through 2013 represents the Association's vision of projects that support its goals and builds upon previous Strategic Plans' achievements, in particular the 2008 – 2010 Strategic Plan.

Most of the goals established during the previous strategic planning process remain, we have eliminated **Goal 5 - Pursue and implement industry best practice standards across the organization** but incorporated those principals in the remaining goals. The remaining goals continue to focus the organization on factors that are critical to its success:

- Investment Management
- Customer Service
- Staff Development
- System Administration

We have outlined initiatives that provide a roadmap toward meeting each goal and build upon prior strategic plans.

This three-year strategic plan is focused on service delivery and risk management. Staff will be actively involved in implementing a new pension administration system; a project initiated as part of the last two strategic plans. The pension administration system will provide a foundation for delivery of services to our membership and provide SDCERA with the most up-to-date administrative tools to efficiently and cost-effectively administer the plan. The first phase of the implementation is scheduled to go live in the 3<sup>rd</sup> quarter of 2010, with full implementation anticipated by the 1<sup>st</sup> quarter of 2011.

Investments will be focused on a new investment program that optimizes expected return and risk while developing the necessary core competencies that will be necessary to deliver that program.

Service to members will be enhanced with the implementation of the new benefits administration system by allowing self-service access to retirement information. Our Communications and Education unit plans to implement communications targeted to members to strengthen stakeholders understanding of SDCERA.

With the final implementation of the new benefits administration system we will endeavor to access and improve the efficiency of internal processes. Critical to that process change is refining performance standards to be measured against and reported on. We anticipate that the new pension administration system will enhance the collection and reporting of process results.

Fostering a culture that values accountability and achievement will become a focus of the organization. We will empower staff with programs to enhance skills and advance their development and integrate SDCERA values throughout the organization.

The set of strategic initiatives with action plans presented here were the first step in the development of a Long Term Strategic Plan; staff has identified activities against each action plan that will be required to accomplish each initiative. These activities were

further defined by establishing a timeline for their completion over the strategic planning period. During the annual budget process we will develop estimates of the total cost to implement each initiative and allocate those costs across the strategic planning period.

We are introducing a revised mission statement for SDCERA, which more succinctly states the objectives of the Association:

**SDCERA's mission is to prudently manage the fund, efficiently administer benefits, and provide superior service to SDCERA's membership.**

### Goal 1

Invest SDCERA's portfolio prudently  
to achieve a stable long-term rate of return

#### **Initiatives:**

- **Develop an investment program that measures and optimizes expected return and risk.**
  - Implement a new strategic asset allocation that uses risk effectively and further diversifies the portfolio.
  - Develop a database for tracking manager due diligence and surveillance information.
  - Develop a risk budget based on quantitative analysis of both systematic and idiosyncratic sources of return.
  - Collaborate with Albourne to develop a factor-based approach to managing exposures.
  - Conduct a feasibility study on implementing a tail-risk portfolio that focuses on minimizing drawdowns at the total fund level
  
- **Identify and develop Investment Team's core competencies.**
  - Determine the best approach to managing resources internally and externally.
  - Identify critical resources.
  - Develop competencies within the Investment Team:
    - Develop a quantitative analysis function that focuses on risk budgeting, tail risk management, portfolio construction/optimization, tactical asset allocation, and smart rebalancing.
    - Enhance the existing expertise in the area of manager selection and skill identification.
    - Develop an exposure management team to execute low-cost passive and enhanced index strategies across the fund.

## Goal 2

Deliver high quality customer service and education that enables our members to make informed benefit decisions

### **Initiatives:**

- **Develop and implement a communications plan to strengthen stakeholder understanding of SDCERA.**
  - Evaluate public relations strategy.
  - Evaluate implementation of 1 on 1 member counseling.
  - Implement online tutorials.
  - Implement automated e-mails to members.
  - Evaluate enhancements to telephone system.
  - Evaluate effectiveness of emerging technologies, i.e. social media
  - Implement online member self service features
  
- **Assess and improve efficiency of processes (improve accuracy, completeness and timeliness of benefits and services).**
  - Expand Member Services quality control program.
  - Implement electronic business processes for disability.
  - Update and expand online business resource information (guides, policies, procedures)
  - Develop employer education and customer service program
  
- **Refine and effectively measure performance standards, metrics and member feedback.**
  - Review/refine performance standards
  - Develop tools to effectively measure and report results
  - Conduct point of service surveys
  - Conduct the triennial member satisfaction survey

### Goal 3

Foster a culture that values accountability and achievement

#### **Initiatives:**

- **Offer programs to enhance skills and advance development of staff.**
  - Launch the Knowledge Worker Program
  - Offer targeted employee training in communication, interpersonal skills, professional development and time management
  - Develop employee business knowledge training
  - Grow and promote mentoring program
  
- **Optimize SDCERA's organizational structure.**
  - Conduct and implement new classification study, post CPAS implementation.
  - Evaluate SDCERA operational activities for efficiencies, consider consolidation where practical, i.e. mail/scanning.
  - Optimize the utilization of office space, conduct a space utilization study, and consider tenant improvements.
  - Institute "hot site" with '37 Act CPAS brethren
  
- **Integrate SDCERA values throughout the organization.**
  - Clearly defined SDCERA values.
  - Promote and educate staff about SDCERA values.
  - Encourage SDCERA value-driven behavior through the Employee Recognition Program.
  - Incorporate SDCERA mission and values into performance management

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Goal 4  
Administer SDCERA effectively and efficiently

**Initiatives:**

- **Implement a new pension administration system.**
  - Develop a change management plan to support staff readiness
  - Complete final data conversion and parallel system testing.
  - Initiate production launch (“Go live”)
  - Conduct post implementation support
  - Begin phase II planning
  - Roll out of web services
  
- **Ensure organizational quality and performance through continuous improvement.**
  - Study cost/benefit of expanding electronic document imaging across SDCERA
  - Evaluate vendor services for retiree payroll print services and annual member statements.
  - Replace/upgrade Accounting General Ledger to take advantage of more interactive software.