

**California Public Utilities Commission**  
**Strategic Planning Process Overview**

**Phase 1: Establish Strategic Directives**

Definition of terms: A Strategic Directive (SD) defines in writing the results that a governing body wants the organization to achieve in key areas like reliability, customer service, or safety. An SD often includes broad goals and more specific expectations and objectives. It also contains, where possible, reliable metrics for measuring performance against those expectations.

By writing and adopting Strategic Directives, and monitoring the organization's performance against these expectations, the governing body creates a clear system of accountability between itself and executive management. It also creates a stable set of expectations that enable executive management to steer a predictable course even while members of the governing body change.

Phase 1 Steps:

- The Commission agrees on broad areas in which to formulate SDs.
- A Commissioner Lead and Staff Lead are identified to collaborate on authoring an initial draft of the SD.
- The initial draft is shared with Directors, who meet with LRI to provide feedback.
- The Commissioner Lead and Staff Lead incorporate Directors' feedback into a revised draft.
- At the Finance & Administration Committee meeting, the revised draft SD is publicly vetted with the Commission, and LRI captures this feedback.
- The Commissioner Lead and Staff Lead incorporate Committee meeting feedback into a "publicly vetted draft."
- Once all draft SDs have undergone this process, the Commission considers them collectively for fine tuning.
  - During this time, the Executive Director and Directors review and recommend refinements to the SDs "holistically" using the following process:
    - Are there elements that are duplicated across the SDs? Where should they best reside? Can the SDs be further consolidated in any way?
    - For any of the SD elements, does the action required to achieve performance warrant significant new resources? If so, is the organization committed to seek out these resources? Otherwise the element should be substantially modified.
    - For all other SD elements, ask what does current performance look like? How would we measure our performance? Are current levels of activity sufficient to demonstrate performance or is new action needed to improve performance? (If the latter, flag the element for action planning in Phase 2.)
    - Results of this process will be summarized by LRI and used to inform Commission about recommended refinements to SDs.
- The Commission adopts the body of SDs.

Phase 1 Timetable:

- August – September: Develop broad areas in which to formulate SDs.
- October – January: Develop draft SDs.
- February – April: Review SDs, fine-tune as necessary, and adopt.

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**Phase 2: Create an Organization-wide Action Plan for Meeting Strategic Directives**

Definition of terms: In this context, an action plan serves as the Executive Director's tool for determining how staff will meet the expectations of the Commission, as set forth in the Strategic Directives, over a defined time period.

Phase 2 Steps:

- Under the direction of the Executive Office, the CPUC undertakes an action planning process that:
  - Assesses current levels of performance vis-à-vis the expectations outlined in the Strategic Directives.
  - Identifies strategies for meeting, or making progress toward meeting, those expectations (i.e., what efforts can we undertake in the next 12-24 months to meet, or show tangible progress in meeting, these expectations?).
  - Assigns ownership to each strategy (i.e., which divisions are involved in implementing this strategy and which division will serve as lead?).
  - Establishes strategy milestones that strategy owners will use to report progress to the Executive Director (i.e., how can we assure accountability in implementing these strategies?).

Phase 2 Timetable:

- February – March: Establish and communicate structure, process, tools, and roles for action planning.
- April – June: Develop CPUC action plan.

**Phase 3: Establish Strategic Directive Monitoring System**

Definition of terms: A monitoring system is the mechanism for assuring ongoing accountability between staff and the Commission regarding meeting expectations set forth in the Strategic Directives. This system, or process, establishes in what manner and how often the Executive Director will report to the Commission on organizational performance vis-à-vis the SDs.

Phase 3 Steps:

- For each SD, establish the frequency with which the Commission wants to monitor it (e.g. annually, semi-annually, or quarterly).
- For each SD, define the month in which monitoring will occur.
- For each SD, decide whether the monitoring should occur in a committee or in full Commission meeting.
- Based on the steps above, publish an annual SD monitoring calendar.
- Provide training to Commissioners, Executive Director and directors on effective monitoring.
- Begin monitoring process.

Phase 3 Timetable:

- April – June: Establish strategic directive performance monitoring system.