
INNOVATION WORKSHOP

Attachment(s): Attachment 1—Biography of Laura Furstenthal, senior partner, McKinsey & Company

Please review the following articles prior to the meeting:

[Eight essentials of innovation performance](#)

[Fear factor: Overcoming human barriers to innovation](#)

Attachment 2— Draft innovation definition and principles for small group breakout discussion

Attachment 3—Excerpt of the 2022–25 CalSTRS *Strategic Plan*, Goal 2 (optional reading)

PowerPoint(s): PowerPoint 1 – Driving innovation at scale

PowerPoint 2 – Innovation readiness at CalSTRS

PURPOSE

This workshop aims to help the board and executive staff create a common starting point for the organization’s upcoming innovation journey. It also is an opportunity to set expectations for working together to make innovation successful.

BACKGROUND

Earlier this year, innovation was flagged as a major strategic goal and a board leadership priority. Although CalSTRS has a long-standing reputation of innovating, its approach has been largely project-specific and continuous-improvement focused. The pandemic created shifts and disruptions in the external environment that now present opportunities to reevaluate and optimize how CalSTRS delivers its mission to members across its entire operating platform—investments, administration, and technology. CalSTRS must develop a competency in leading and managing change to realize the long-term vision expressed in its 2022–25 *Strategic Plan*.

Formalizing and centralizing the organization’s structures, practices and mindset for innovation are critical to successfully innovating at scale. The advantages to centralization are many, including enhanced internal information sharing, collaboration, leveraging for efficiencies, and risk positioning. As such, the executive staff will spend the next several years under the 2022–25 *Strategic Plan* readying the organization to embrace a more formalized approach to innovation that is holistic, unified, and centralized.

Having the board’s direction and support during this time is critical. To be successful, the board and executive staff must execute their shared leadership responsibilities in close alignment. This workshop aims to help ground the board and executive staff for readiness in working together on

this multi-year journey by setting shared expectations about the fundamentals of innovation that will create a common starting point.

This item is divided into the following segments:

1) Insights from an innovation expert (45 minutes)

Laura Furstenthal, senior partner, McKinsey & Company, will offer a broad picture of innovation at scale. She'll provide insight into what boards and executives across industries, including the public sector, should consider as they ready their organizations to innovate. Her presentation will address what effective leaders should think about and do to set the stage for a cultural mindset conducive to successful innovation. The concepts she shares will be brought to life through case studies and examples, and she will address Board questions.

Laura helped author [*Fear factor: Overcoming human barriers to innovation*](#). Please read it, along with [*Eight essentials of innovation performance*](#), before the workshop.

2) Executive staff presents their perspectives on readiness for innovation at CalSTRS (15 minutes)

The executive staff will discuss CalSTRS' operating context. Over the past six weeks, executives aligned their views around innovation and created consensus on the status of the organization and its readiness. They developed a draft innovation definition and guiding principles that, through shared agreement with the board, they believe would support a successful launch of CalSTRS' innovation journey. They will present the highlights of their work and address board questions.

3) Small group discussion (45 minutes)

Using executive staff's draft innovation definition and guiding principles (Attachment 2), the small groups will listen and share perspectives to find common ground, highlight differing views and identify where more board education, information and discussion is preferred. The draft definition and guiding principles are intended to set expectations between the board and executive staff and will be used by executives to shape their thinking as they move forward in their work with staff. The executive staff is interested in understanding the board's reaction and input to the draft definition and principles so that adjustments and/or refinements can be made as appropriate. It is important for the board to participate in shaping the fundamentals of CalSTRS innovation so executive staff can develop a program that is consistent with board thinking and direction. Please read Attachment 2 prior to the workshop and be ready to share your views.

4) Reconvene and report out as a large group. (45 minutes)

The small groups will report the results of their discussions in a large group setting. From the report, we will identify the consensus and next steps to be undertaken.

Board adviser Amy McDuffee of Mosaic Governance Advisors will facilitate the discussions with assistance from CalSTRS Chief Technology Officer Ashish Jain and Enterprise Strategy Management Director Vaishali Dwarka. Board direction and next steps will be captured for use over the coming months.