MERCER WEBCAST

METRICS TO HELP IMPROVE YOUR WORKFORCE PRODUCTIVITY
KEY RESULTS FROM MERCER 2013-2014 WORKFORCE METRICS DATABASE

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TODAY’S PRESENTERS

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AGENDA

1. INTRODUCTIONS
2. WHAT’S DRIVING DEMAND FOR METRICS, ANALYTICS, AND WORKFORCE PLANNING
3. WORKFORCE METRICS BENCHMARK DATA REPORTS
4. HIGHLIGHTS OF KEY FINDINGS — ORGANIZATIONAL DESIGN
5. HIGHLIGHTS OF KEY FINDINGS — TURNOVER
6. Q&A
7. RESOURCES
WHAT’S DRIVING DEMAND FOR METRICS, ANALYTICS, AND WORKFORCE PLANNING
THE ANALYTICS JOURNEY
MERCER’S POINT OF VIEW

Anecdotes

Reality checks

On-going reports

WORKFORCE METRICS BENCHMARK DATA

Correlations

Simulations & forecasting

Predictive & causal modeling
MERCER PRODUCTIVITY DRIVERS FRAMEWORK

Organizations are increasingly focused on workforce productivity to drive organizational outcomes.

**Inputs**
- Workforce Structure
  - Organization design
  - Span of control
  - Job design
  - Roles, responsibilities, accountability
- Capabilities & Sourcing
  - Skills
  - Competencies
  - Behaviours
  - Training
  - Experience
- Cost & Capacity
  - Headcount
  - Labour costs
  - Reward & recognition
  - Workforce profile
  - Supply / demand
  - Available time
- Leadership
  - Vision / Mission
  - Strategy / Objectives
  - Communication & connection
  - Style

**Processes**
- Process Efficiency
  - Processes
  - Activities / tasks
  - Time required
  - Agility
  - Reliability & rework
- Utilisation
  - Productive time
  - Total time
  - Lost time
  - Workflow
- Consistency
  - Performance standards
  - Standardization
  - Variation
- Engagement & Culture
  - Motivation
  - Ownership
  - Pride
  - Challenge

**Outputs**
- Production
  - Output / unit
  - Loss / unit e.g. shrinkage, leakage
  - Delivered In Full On Time (DIFOT)
- Sales
  - Sales Volume / unit
  - Sales Revenue / unit
  - Market share
  - Cost of sales
- Service
  - Quality / unit
  - Satisfaction / unit
  - Customer satisfaction index
  - Customer retention rate
  - Customer turnover rate
- Profit
  - Margin / unit
  - Profitability by customer
  - ROI
  - NPAT
  - Cost to income ratio

Source: Mercer's Workforce Productivity Framework
Do less or the same with more
Do more with more
Do less or the same with less
Do more with less

What are the implications for our organization?
How do we compare to others?

OUTPUT
(volume, revenue, margin, etc.)
WORKFORCE METRICS BENCHMARK REPORTS

- Helps you make fact-based HR decisions
- Provides the data points on key financial, workforce composition and retention metrics
- Enable direct comparison to industry and size cuts across the globe
- Reports are available for purchase online: www.imercer.com/wmrs
WORKFORCE METRICS BENCHMARK REPORTS
PARTICIPANTS BY INDUSTRY AND REGION

1,277
1,232

Durable
Consumer Goods
High-Tech
Other
Nondurable
Life Sciences
Services
Retail Wholesale
Energy
Finance Banking
Insurance

APAC  EMEA  LA  NA
WORKFORCE METRICS BENCHMARK REPORTS

PRODUCTIVITY PROFILE

- Productivity per Full-Time Employee (FTE) — known as the human capital revenue factor — measures an organization’s top-line financial productivity by revenue and quantifies the value of the workforce as a revenue generator.

**LOW PRODUCTIVITY COMPANIES**
Revenue less than USD 400,000 per FTE

**HIGH PRODUCTIVITY COMPANIES**
Revenue between USD 700,000 and USD 1,000,000 per FTE

- The workforce composition of high and low productivity companies are not significantly different when looking at industry, size, and geographical spread.
HIGHLIGHTS OF KEY FINDINGS

ORGANIZATIONAL DESIGN
HIGHLIGHTS OF KEY FINDINGS – ORGANIZATIONAL DESIGN
PRODUCTIVITY AND SPANS OF CONTROL

LOW PRODUCTIVITY | HIGH PRODUCTIVITY
HIGHLIGHTS OF KEY FINDINGS – ORGANIZATIONAL DESIGN
PRODUCTIVITY AND SUPPORT FUNCTIONS
HIGHLIGHTS OF KEY FINDINGS – ORGANIZATIONAL DESIGN
PRODUCTIVITY AND CORE FUNCTIONS
HIGHLIGHTS OF KEY FINDINGS – ORGANIZATIONAL DESIGN
PERCENT IN THE SALES AND MARKETING FUNCTION ACROSS INDUSTRIES

- Consumer Goods
- High Tech
- Non-Durable
HIGHLIGHTS OF KEY FINDINGS
TURNOVER
OVERVIEW OF FINDINGS
GLOBAL VOLUNTARY TURNOVER

<table>
<thead>
<tr>
<th>Region</th>
<th>Turnover Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>2% to 5%</td>
<td></td>
</tr>
<tr>
<td>5% to 8%</td>
<td></td>
</tr>
<tr>
<td>8% to 12%</td>
<td></td>
</tr>
<tr>
<td>12% to 15%</td>
<td></td>
</tr>
</tbody>
</table>

About Tableau maps: www.tableausoftware.com/mapdata
OVERVIEW OF FINDINGS
GLOBAL TURNOVER, ALL FUNCTIONS

Voluntary Turnover Rate
- Low Productivity: 5%
- High Productivity: 8%

Involuntary Turnover Rate
- Low Productivity: 4%
- High Productivity: 11%
OVERVIEW OF FINDINGS
GLOBAL INVOLUNTARY TURNOVER

<table>
<thead>
<tr>
<th>Function</th>
<th>Low Productivity</th>
<th>High Productivity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core Functions</td>
<td>9%</td>
<td>7%</td>
</tr>
<tr>
<td>Support Functions</td>
<td>9%</td>
<td>10%</td>
</tr>
</tbody>
</table>
OVERVIEW OF FINDINGS
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LOW PRODUCTIVITY  HIGH PRODUCTIVITY
An inverse relationship exists between productivity and span of control.

Data suggests a weak relationship between the percentage of the workforce in support functions and productivity.

In some industries, companies with high productivity have a higher percentage of the workforce in marketing and sales and less in operations.

Voluntary turnover is lower at more productive companies.
NEXT STEPS

1. USE THE PRODUCTIVITY FRAMEWORK TO CLARIFY WHAT YOU WILL MEASURE

2. INDUSTRY MATTERS. WHEREVER POSSIBLE, LOOK AT IT FROM THIS PERSPECTIVE

3. UNDERSTAND WHAT THE MOST PRODUCTIVE COMPANIES ARE DOING

4. REMEMBER: BENCHMARKS ARE A SOURCE TO INFORM, NOT THE SOURCE TO DECIDE
Q&A

To ask a question, click on the Q&A button on the bottom right-hand side of your screen.
RESOURCES
WHAT’S NEXT
WORKFORCE ANALYTICS WEBCASTS, WORKSHOPS
AND RESOURCES

www.mercer.com/mercer-workshops
Singapore – March 12
Zurich – March 13 & 14
New York – April 22 & 23
Chicago – May 12 & 13

Webcast Series
www.mercer.com/webcastseries
Feb 13 – Mercer Workforce Metrics
Feb 20 – Experian
March 5 – John Deere
March 20 – UMass Memorial Health Care
April 9 – Johnson Controls
June 4 – Diversity & Analytics
June 25 – Mobility & Analytics

Mercer’s Workforce Metrics
Benchmark Reports
www.imercer.com/wmrs
• Workforce composition and retention metrics
• 66 countries
• 6,000+ participants
• Regional and custom editions available

www.mercer.com/mercer-workshops
www.mercer.com/webcastseries
www.imercer.com/wmrs
www.mercer.com/hcindex
www.mercer.com/mercer-webcast
www.mercer.com/talent-impact-technology-conference
Tom Jacob, Senior Partner

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Tom is a Senior Partner in Mercer’s Talent business segment. He is the Product Leader for Research & Intelligence products.

He joined Mercer in 2003 and is based in Philadelphia. Tom has served in a number of roles at Mercer all having in common the innovation and launch of new products and services.

Prior to joining Mercer, Tom was associated with the Hay Group, Inc., DRI/McGraw Hill’s Energy Services Division and GPU Service Corporation. He has spoken on topics such as Pay for Competencies, the ROI on Human Capital investments and the HR Implications of economic developments and forecasts.

Tom holds a BA in Economics from LaSalle University and an MA in Economics from Temple University.
Ephraim Spehrer-Patrick
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Ephraim Spehrer-Patrick is a Principal and leads the workforce strategy, planning & analytics practice for Europe / Pacific. He has developed and implemented workforce strategies with HR and Business Executives in various industries across Europe, the Middle East, Africa and Asia.

He has 15+ years experience in HR management and consulting covering people strategy development, workforce architecture and planning, organizational design, as well as post merger integration - on local, regional and global level.

Before joining Mercer Ephraim worked in international HR management roles.

Ephraim holds an Executive MBA from Henley Business School (UK) as well as a degree in business administration and social sciences, University of Heidelberg and Landau (Germany).
SPEAKER BIOGRAPHIES
MILAN TAYLOR

- Milan is a Partner and leads Mercer’s Global Energy Centre of Excellence as well as Mercer’s EMEA Compensation & Benefits Centre of Excellence.

- The Energy Centre of Excellence provides energy specific surveys and information consulting solutions across the energy chain to both national and international energy concerns.

- This includes a range of industry forums including the North Africa and Middle East Energy Forum, African Energy Forum and the Africa Mining Forum.

- The EMEA Compensation & Benefits Centre of Excellence teams are responsible for the product management and strategy for Mercer’s EMEA reward surveys, benefits information product and services, Africa & Middle East Compensation and Benefits as well as driving product and services in the key industry segments of energy, consumer goods, life sciences, high tech and financial services.