MERCER WEBCAST

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

Tom Jacob, Philadelphia
Brian J. Kelly, Philadelphia
David Elkjaer, Copenhagen
TODAY’S PRESENTERS

**Tom Jacob**  
Senior Partner  
Talent Information Solutions  
Philadelphia, United States  
tom.jacob@mercer.com  
+1 215 982 4254

**Brian J. Kelly**  
Partner  
Global Practice Leader  
Workforce Analytics & Planning  
Philadelphia, United States  
brian.j.kelly@mercer.com  
+1 215 350 2641

**David Elkjaer**  
Associate  
Global Product Manager  
Workforce Metrics Product Lead  
Copenhagen, Denmark  
david.elkjaer@mercer.com  
+45 45959624
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
WHAT EVERYONE IS TALKING ABOUT

OFFSHORING  WAR FOR TALENT
DEMAND  SUPPLY
PRODUCTIVITY  PREDICTIVE ANALYTICS
LABOR SHORTAGES  BIG DATA
OUTSOURCING
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

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
WORKFORCE METRICS AND BENCHMARKS
DIFFERENT PRODUCTIVITY SITUATIONS / PROFILE

CAPACITY

More

Same

Less

Less

Same

More

Do less or the same with more

Do more with more

DO MORE WITH THE SAME

Do less or the same with less

Do more with less

OUTPUT
(volume, revenue, margin, etc.)

What are the implications for our organization?

How do we compare to others?

More

Same

Less
WORKFORCE METRICS BENCHMARK DATA REPORTS
WORKFORCE METRICS BENCHMARK REPORTS

OVERVIEW

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
66 COUNTRIES AND 6,358 PARTICIPANTS

Regional Year Over Year Increase
Expanded Coverage

About Tableau maps: www.tableausoftware.com/mapdata
WORKFORCE METRICS BENCHMARK REPORTS
PARTICIPANTS BY INDUSTRY AND REGION
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

[Graph showing productivity levels across different sectors]

- Consumer Goods: Low Productivity
- Energy: Low Productivity
- High-Tech: Low Productivity
- Retail/Wholesale: Low Productivity
- Life Sciences: High Productivity

LOW PRODUCTIVITY  HIGH PRODUCTIVITY
HIGHLIGHTS OF KEY FINDINGS – ORGANIZATIONAL DESIGN
PRODUCTIVITY AND SUPPORT FUNCTIONS
HIGHLIGHTS OF KEY FINDINGS – ORGANIZATIONAL DESIGN
PRODUCTIVITY AND CORE FUNCTIONS

[Diagram showing productivity levels across different functions.]
HIGHLIGHTS OF KEY FINDINGS – ORGANIZATIONAL DESIGN
PERCENT IN THE SALES AND MARKETING FUNCTION ACROSS INDUSTRIES

Productivity (In Thousand USDs)

Percentage of Marketing & Sales

Consumer Goods
High Tech
Non Durable
HIGHLIGHTS OF KEY FINDINGS

TURNOVER
OVERVIEW OF FINDINGS
GLOBAL VOLUNTARY TURNOVER

- 5% to 8%
- 2% to 5%
- 8% to 12%
- 12% to 15%

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

<table>
<thead>
<tr>
<th>Turnover Rate</th>
<th>Low Productivity</th>
<th>High Productivity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Voluntary</td>
<td></td>
<td>11%</td>
</tr>
<tr>
<td>Involuntary</td>
<td>5%</td>
<td>8%</td>
</tr>
<tr>
<td></td>
<td>4%</td>
<td></td>
</tr>
</tbody>
</table>
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>7%</td>
<td>9%</td>
</tr>
<tr>
<td>Support Functions</td>
<td>10%</td>
<td>9%</td>
</tr>
</tbody>
</table>
OVERVIEW OF FINDINGS
GLOBAL VOLUNTARY TURNOVER

LOW PRODUCTIVITY
HIGH PRODUCTIVITY

Core Functions:
- Low Productivity: 14%
- High Productivity: 12%

Support Functions:
- Low Productivity: 14%
- High Productivity: 15%
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/talent-impact-technology-conference
SPEAKER BIOGRAPHIES
TOM JACOB

• 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.
SPEAKER BIOGRAPHIES
BRIAN J. KELLY

- Brian is a Partner at Mercer and is the global Commercial Leader for the human capital metrics & analytics solutions. Brian most recently served as the Co-Chair of the Institute of Human Resources Workforce Planning & Analytics Working Group and Vice-Chair of the Society of Human Resource Professional's (SHRM) workforce metrics taskforce.

- Prior to Mercer, Brian was the President, North America of Infohrm, the recognized industry leader in workforce reporting, analytics and planning solutions across the globe. Brian led Infohrm's North American operations and was responsible for the firm's global sales, marketing and partner strategy leading to the firm's acquisition by SuccessFactors in July 2010. Prior to leading Infohrm, Brian served in a variety of management and leadership positions in the software, services and investment management industries with such firms as DoubleStar, Inc. and SEI Investments.

- Brian is a graduate of Boston College.
SPEAKER BIOGRAPHIES
DAVID ELKJAER

• David is the global workforce metrics product manager. He is responsible for developing Mercer’s capabilities in providing relevant Human Capital (HC) metrics in order to provide clients with an external perspective within the areas of workforce composition, C&B, HR functional metrics, recruitment and retention.

• From a technology standpoint David is an expert in Mercer’s Workforce analytics tool, Mercer Analytics, which enables organizations to gain critical insight into their workforce and utilize Mercer’s expertise within the field. One of David’s key strengths is to look past the complexity of data and numbers to reach business critical insight.

• His work at Mercer within workforce analytics and HC metrics also involves the operational part of gathering workforce data from Mercer’s different surveys, performing analysis and placing the data within an organizational context to make it actionable for clients.

• David has been with Mercer since 2008. He has previously been part of Mercer’s European Compensation & Benefits Centre of Excellence, and has also held a consultant role with a specialisation in executive rewards and broad-based rewards.

• David studied Sociology at Copenhagen University. He specialized in quantitative and qualitative data analysis and design of surveys. He also focused on organizational and economic analysis.