



WORKFORCE ANALYTICS: Elevating HR's profile and contribution.

Joe Duggan, Comptryx
ITAC HR Forum
September 18, 2014

“To be strategic, HR organizations must put time and energy into things that make the company “significantly better” or “measurably better” than competitors”

Josh Bersin

Principal and Founder, Bersin by Deloitte

Sept 4, 2014

“Putting the “Strategic” into Strategic HR (and Management)”

Workforce Analytics are the future of HR.

Why?

“Analytics make us smarter”

Headline from Toronto Globe & Mail Article
By James Mirtle, September 12, 2014.

Quote attributed to **Tim Leiweke, President of Maple Leafs Sports and Entertainment:**

Better information makes for better decision making.

Terminology

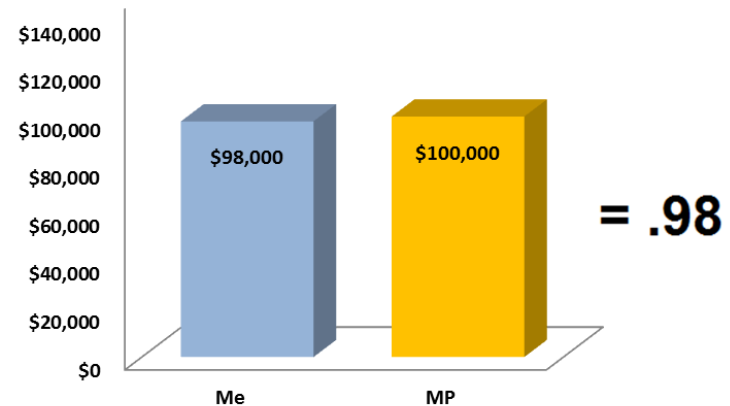
• HR Metrics

- Percentage of performance goals met or exceeded
- Percentage of employees rate at the top performance appraisal level who are paid above average salary
- Percentage of top performing employees who resign for compensation related reasons
- Turnover percentages of low-performing managers
- Percentage of employees in performance management programs that show improvement within a year
- Percentage and rate of involuntary turnover in key positions

Wikipedia definition of HR Metrics

• Variations:

Compensation Metrics
Talent Analytics
Predictive Analytics



So what?

Definition

Workforce Analytics can help enterprise leaders to develop and improve recruiting methods, make general and specific hiring decisions, and keep the best workers with the company.

In addition, workforce analytics can help management personnel to:


- **Predict the probability of an individual employee's success.**
- **Identify the need for new departments and positions.**
- **Determine which departments or positions can be reassigned or eliminated.**
- **Identify and quantify physical risks to employees in specific positions.**
- **Identify and quantify factors that influence employee job satisfaction.**
- **Analyze and predict current and future technological needs.**
- **Assign and delegate responsibility for tasks and goals.**
- **Optimize the enterprise's organizational structure.**
- **Help the enterprise to identify, encourage, and cultivate its future leaders.**

per Margaret Rouse, Whatis.com

My take:

People costs are often the single biggest item of a company's OPEX, and the structure of the organization is the driving factor of those costs.

Will Exec Mgmt pay attention?

Workforce Analytics  **Workforce Optimization**



Workforce Optimization:

Creating the optimal size, shape, mix, and cost of the organization to achieve it's business goals.

Mark Hurd, President of Oracle, say HR needs to use modern technology to gain new insights, make “data driven decisions” and raises critical questions about HR’s lack of concern about people costs.

“How CEO can Transform HR into a Revenue Driver” (Linked In blog – 10/24/13)

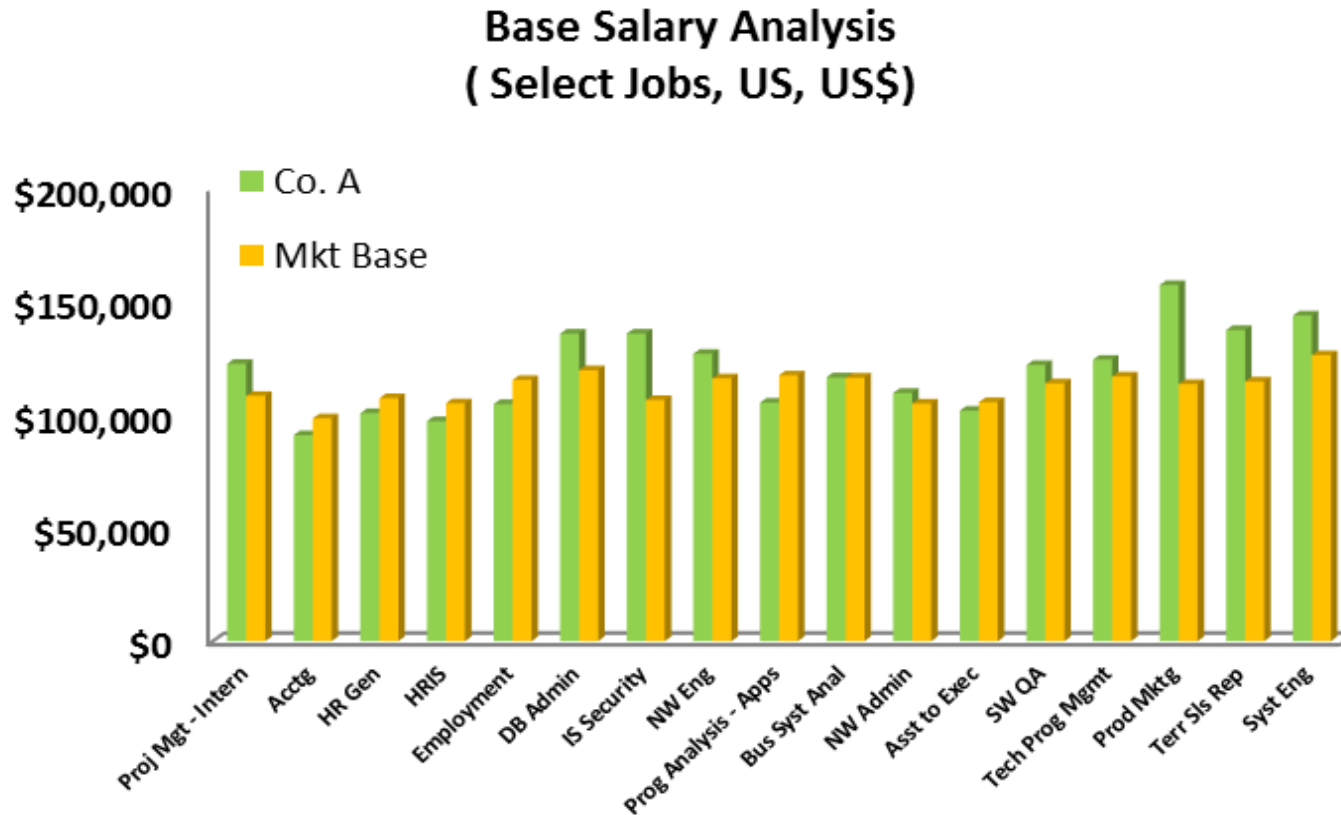
The following slides use screen shots from the Comptryx system that allows a company to benchmark themselves against market competitors using pay data and workforce metrics.

The market isn't "right" and varying from market can be a company's strategic advantage. But the market is a useful gauge that allows us to ask "Do we want to look like this?" or "what do we want to look like in 3 years?"

Note that market data is from various industry cuts and used for illustrative purposes only.

HR's traditional competitive analysis

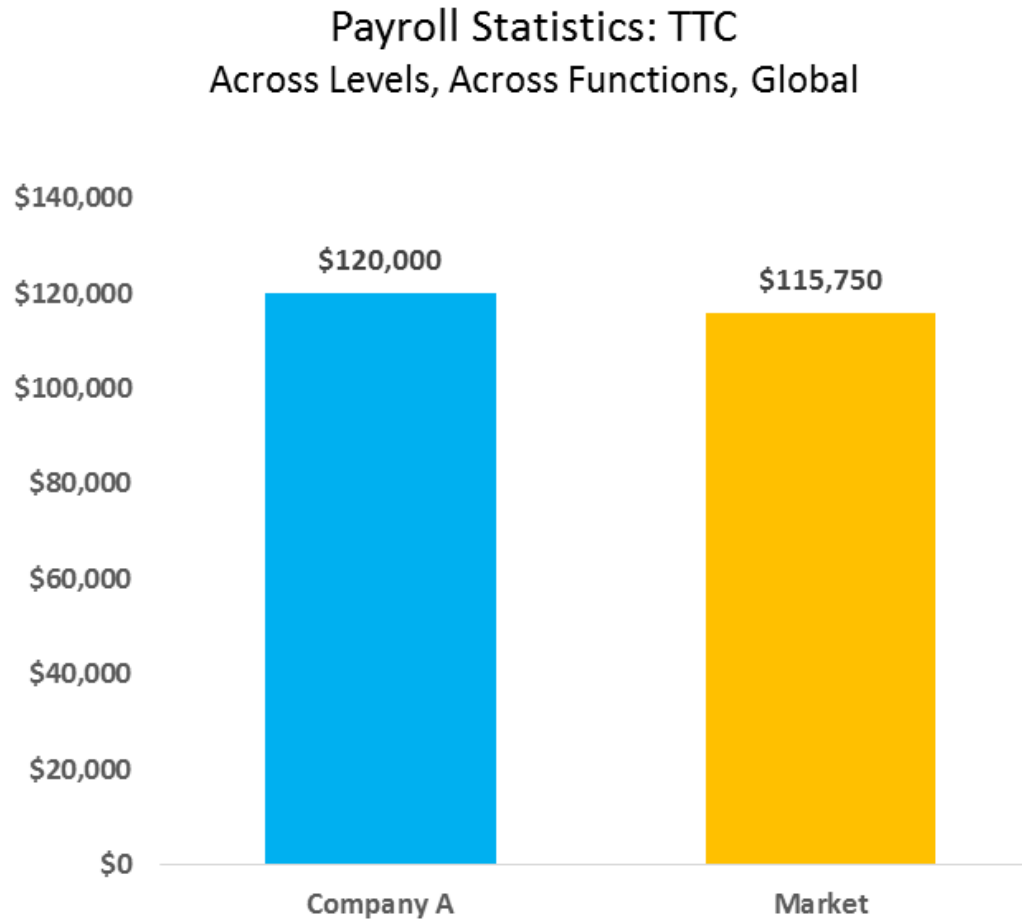
- Competitive Pay Analysis



- This 10,000 person company has \$4B in revenue, and a payroll of \$1.2B.
- Their 3% merit budget will raise payroll by \$ 36M.

New Workforce Analytics

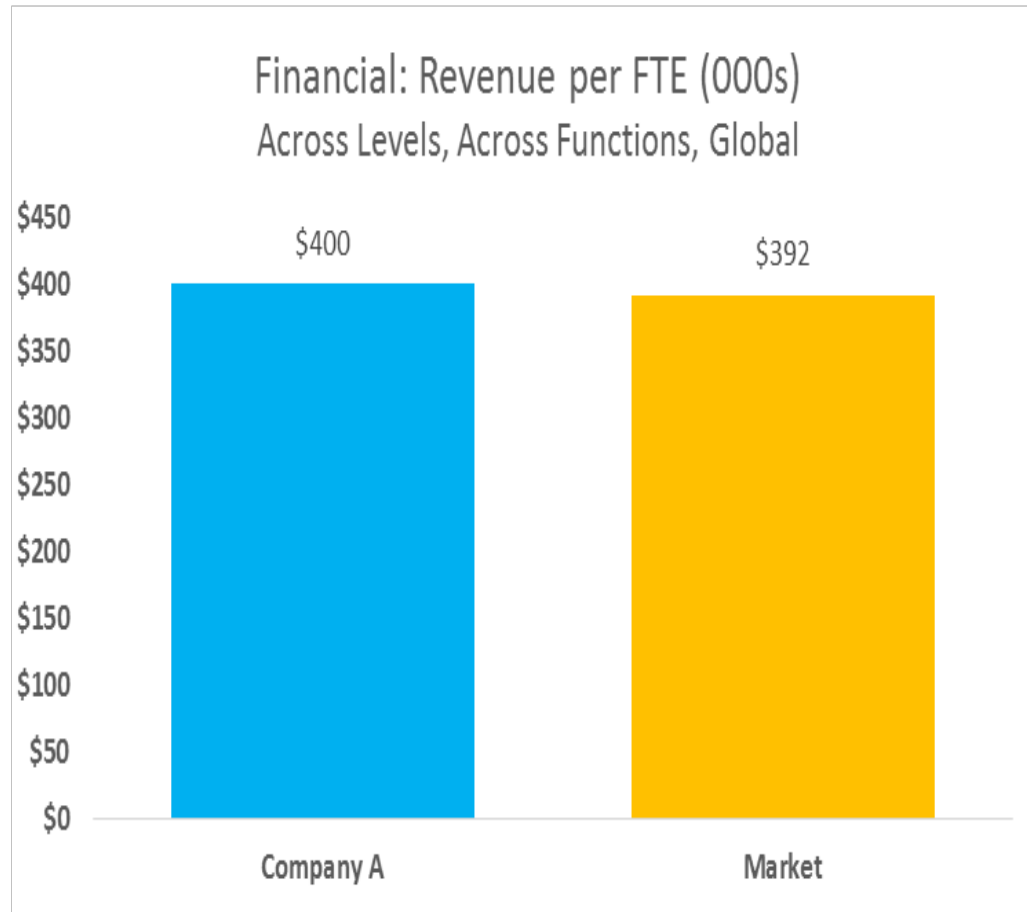
- **Average Pay**



If Company A's competitors had similar number of employees, this difference would drive a higher payroll of \$42M.

New* Workforce Metrics addressing Cost

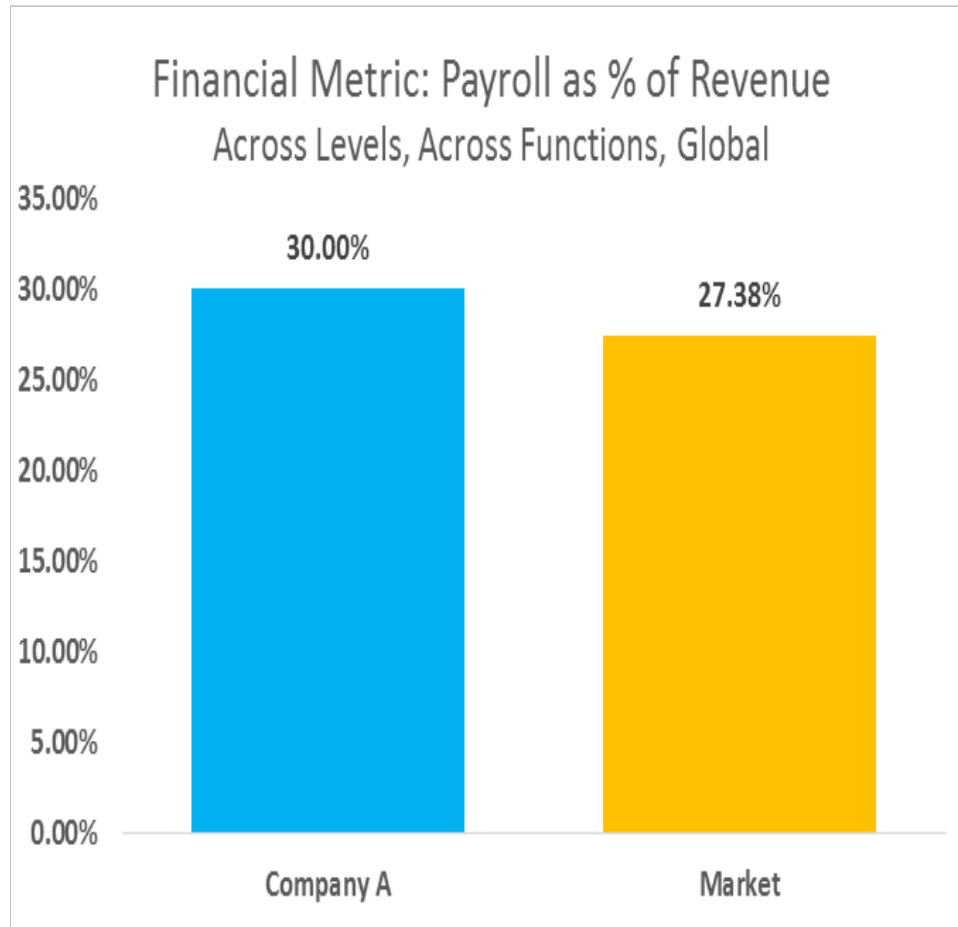
- Revenue Per Employee



This metric suggests company has “right” number of employees, but it says nothing about cost.

New Workforce Metrics addressing Cost

- Payroll as a % of Company Revenue



At \$4B in Company Revenue, this payroll is \$105M higher than the market norm.

**Once we know how are costs compare,
we can use workforce analytics to find out what is
driving this result.**

The 3 metrics with most impact on cost are:

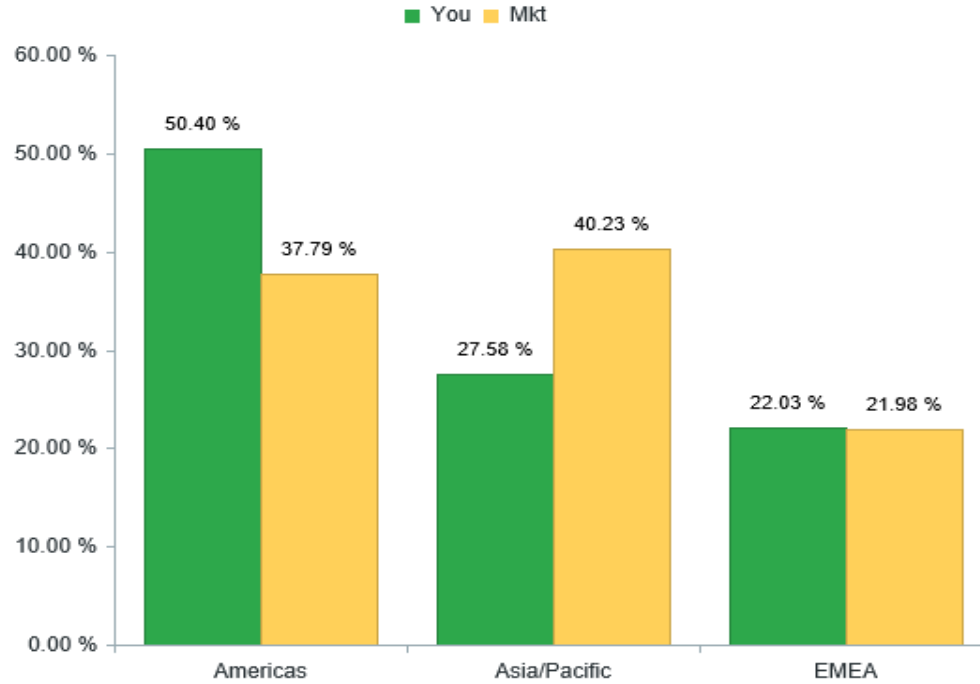
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Location

Workforce Ratios: Selected Population

Across Levels, Across Functions, Global

Market View: All Companies



	Company A			Market		
	# Ees	TTC	Payroll	#Ees	TTC	Payroll
Americas	50.4%	5,040	\$145,000	37.8%	3,779	\$145,000
Asia Pac	27.6%	2,758	\$72,000	40.2%	4,023	\$72,000
EMEA	22.0%	2,203	\$122,900	22.0%	2,198	\$122,900
	100.0%	10,001	\$1,200,124,700	100.0%	10,000	\$1,107,745,200

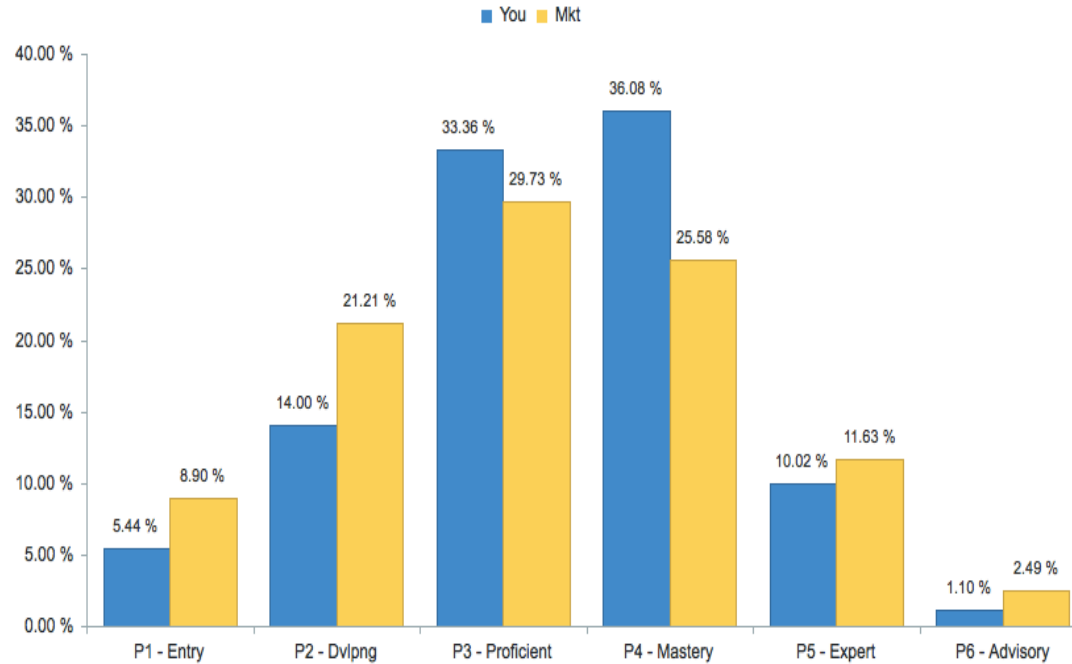
\$92,379,500

2

Distribution of Professional Staff

Workforce Ratios: Selected Population

P - Professional All, Across Functions, Global
Market View: 2014 Kronos Peer Group (Softwa



	Company A	#	Target Cash	Payroll	Market	#	Target Cash	Payroll
P1	5.4%	419	\$46,179	\$19,340,947	8.9%	685	\$46,179	\$31,642,359
P2	14.0%	1,078	\$58,766	\$63,341,521	21.2%	1,633	\$58,766	\$95,962,404
P3	33.4%	2,568	\$93,121	\$239,170,710	29.7%	2,289	\$93,121	\$213,145,840
P4	36.1%	2,778	\$130,006	\$361,130,563	25.6%	1,969	\$130,006	\$256,034,362
P5	10.0%	771	\$136,793	\$105,527,565	11.6%	895	\$136,793	\$122,483,590
P6	1.1%	85	\$188,183	\$15,937,030	3.0%	227	\$188,183	\$42,740,217
	100.00%	7,699		\$804,448,336	100.00%	7,699		\$762,008,772

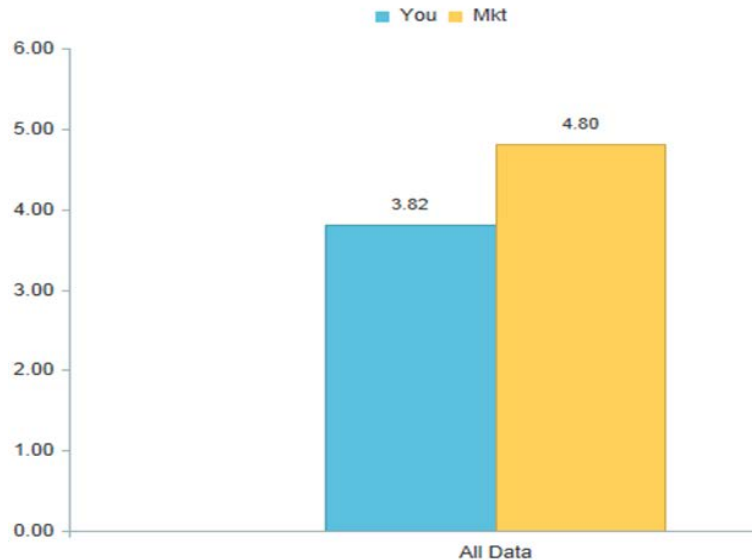
\$42,439,563

1

Span of Control

Key Demographics: Management Span

Across Levels, Across Functions, Global
Market View: Software/SaaS Segment



	Company A				Market			
	%	#	TTC	Payroll	%	#	TTC	Payroll
Exec	1.99%	199	\$225,000	\$44,775,000	1.5%	150	\$225,000	\$33,750,000
Mgmt	18.78%	1,878	\$150,000	\$281,700,000	15.6%	1,560	\$150,000	\$234,000,000
Prof	71.69%	7,169	\$82,925	\$594,489,325	63.4%	6,340	\$82,925	\$525,744,500
Supp	7.54%	754	\$55,000	\$41,470,000	19.5%	1,950	\$55,000	\$107,250,000
	100.00%	10,000	\$646,867	\$962,434,325	100.0%	10,000	\$646,867	\$900,744,500

Span of Control

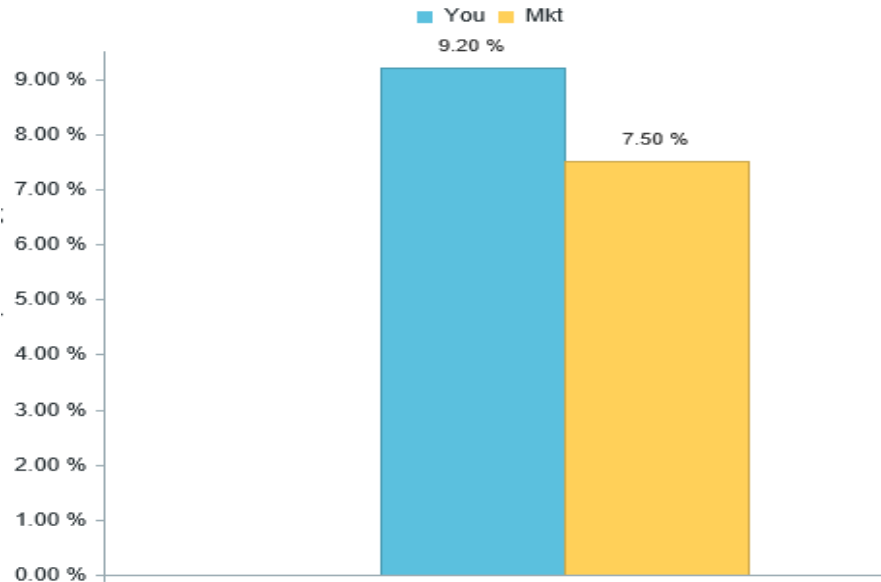
\$61,689,825

Honorable Mention

EE Turnover

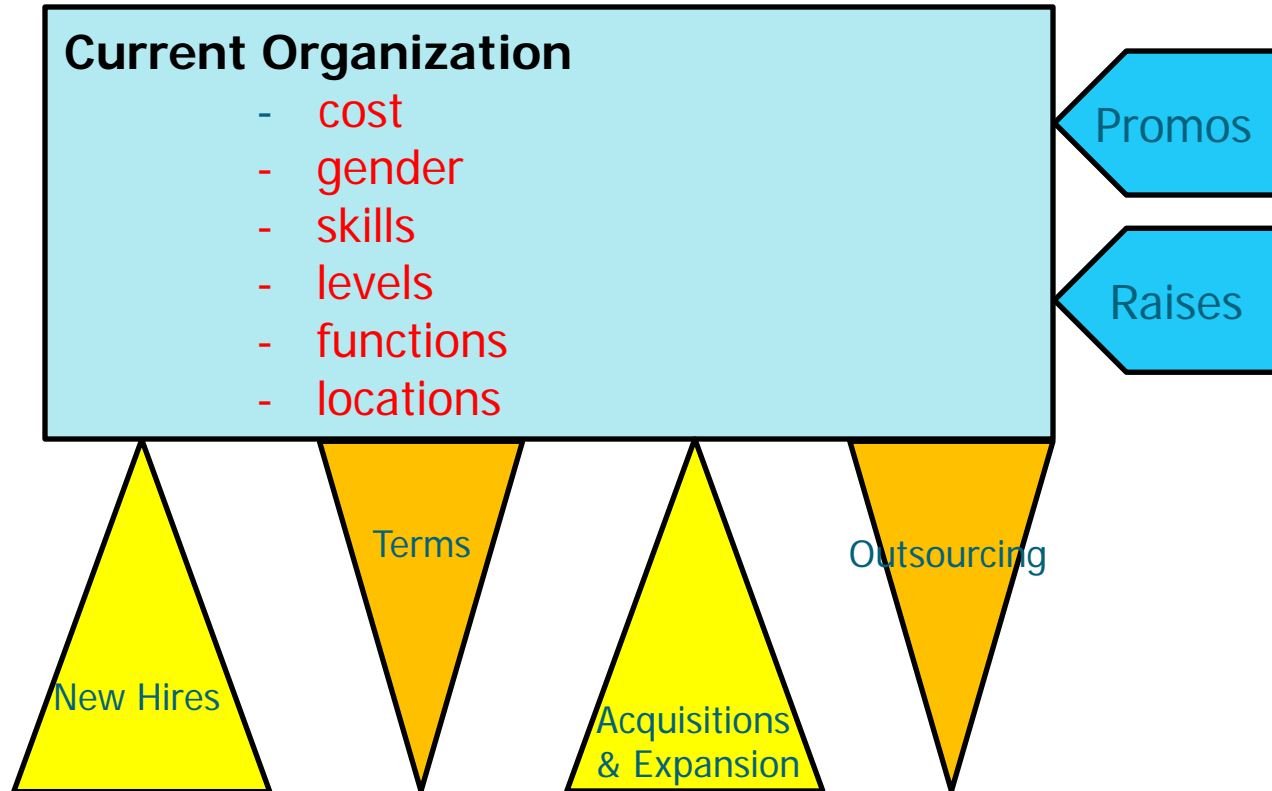
Key Demographics: Turnover (Voluntary)

Across Levels, Across Functions, Global
Market View: Software/SaaS Segment



Average Voluntary Attrition Rate in Industry	7.50%
Company A	9.20%
Company Headcount	10,000
Expected EE terminations	750
Actual EE terminations	920
Excess terminations	170
Average TTC Salary of Terminated Employees	\$121,000
Cost of Excess Attrition	\$20,570,000

Workforce Planning

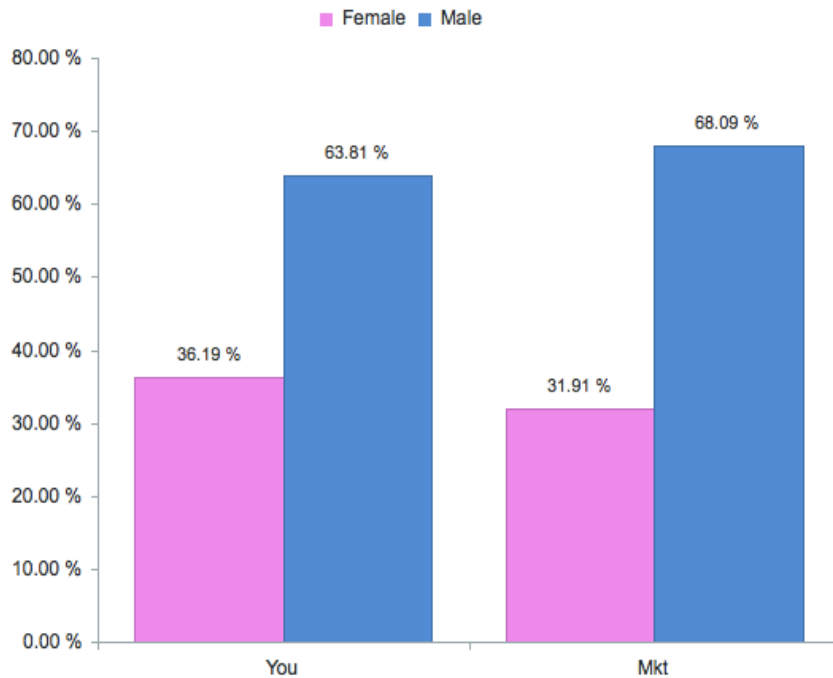


Workforce planning influences the factors that create the optimal organization.

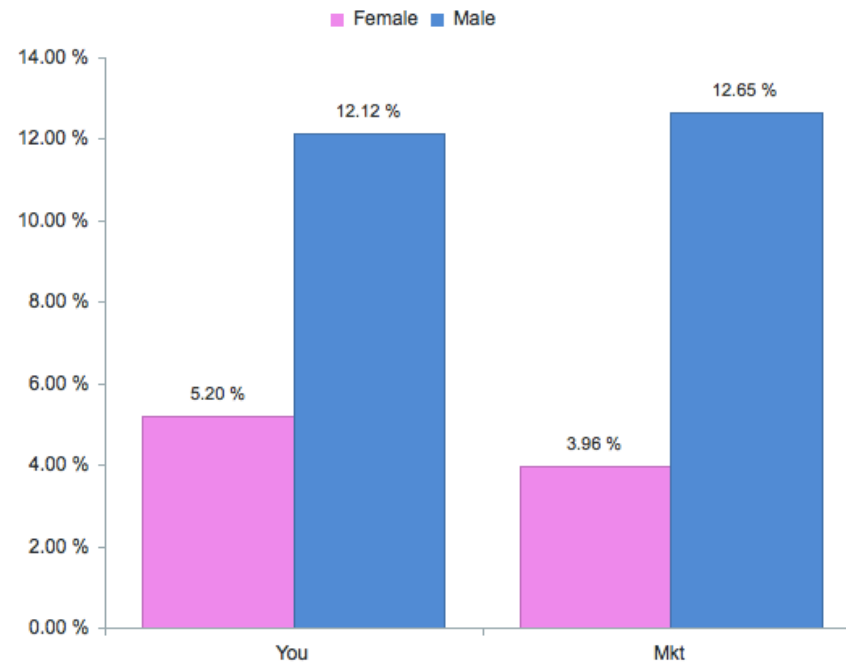
Additional Analytics

- **Demographics**
Gender - Distribution

Workforce Ratios: Selected Population
Across Levels, Across Functions, Global
Market View: All Companies



Workforce Ratios: MG - All Management
Across Levels, Across Functions, Global
Market View: Software/SaaS Segment

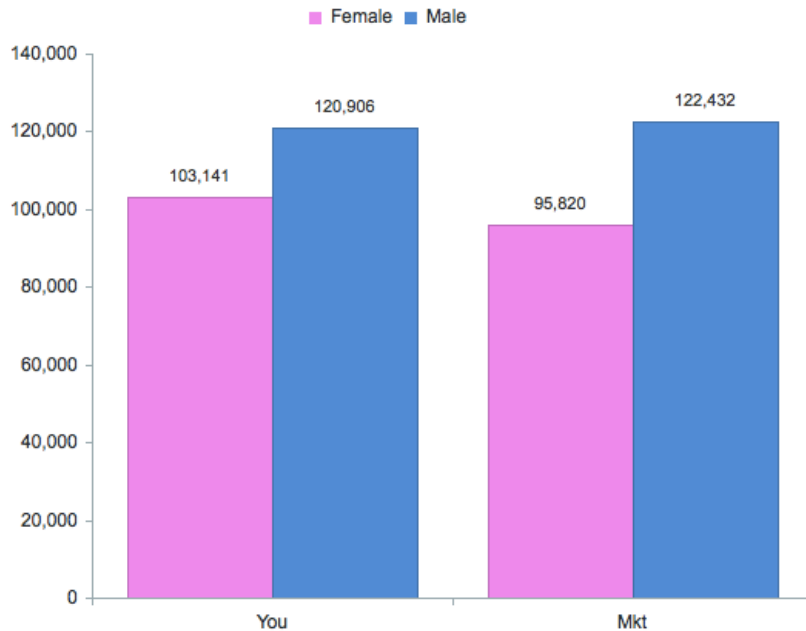


Additional Analytics

- **Demographics**
Gender Analysis – Pay and Attrition

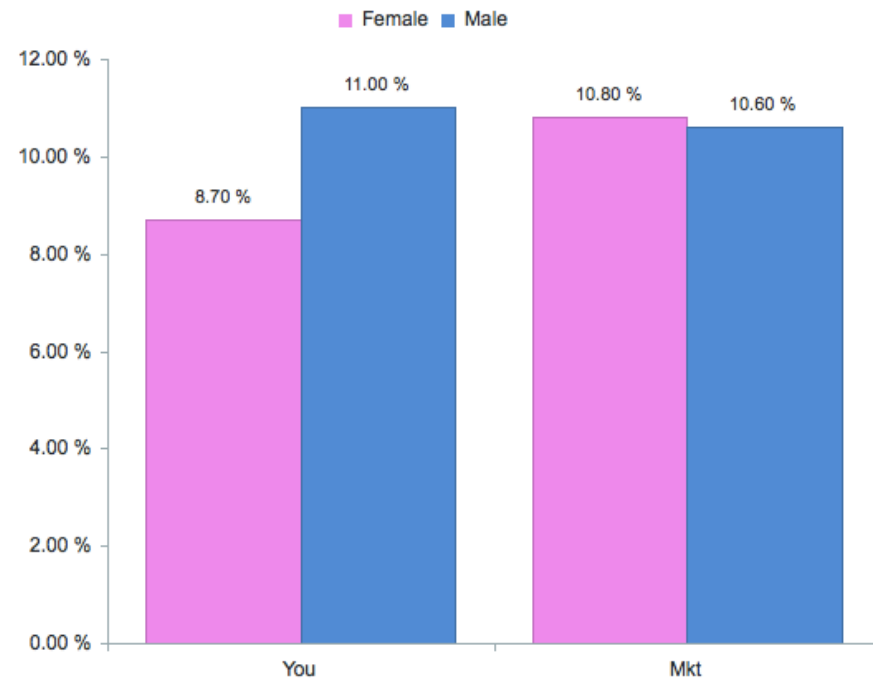
Payroll Statistics: Total Cash - Tgt (WA) (EE Wtd Average)

Across Levels, Across Functions, Global
Market View: Software/SaaS Segment



Key Demographics: Turnover (Total)

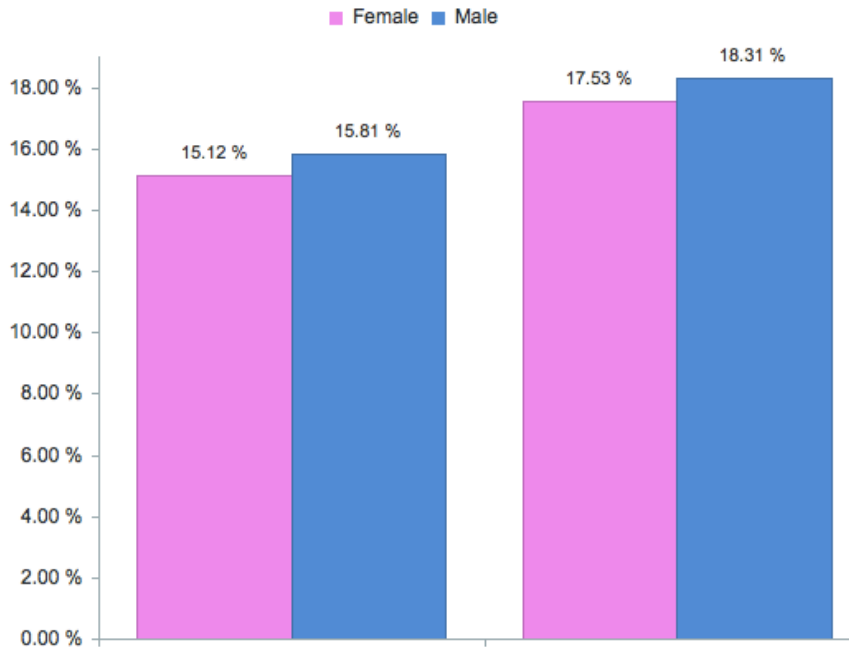
Across Levels, Across Functions, Global
Market View: Software/SaaS Segment



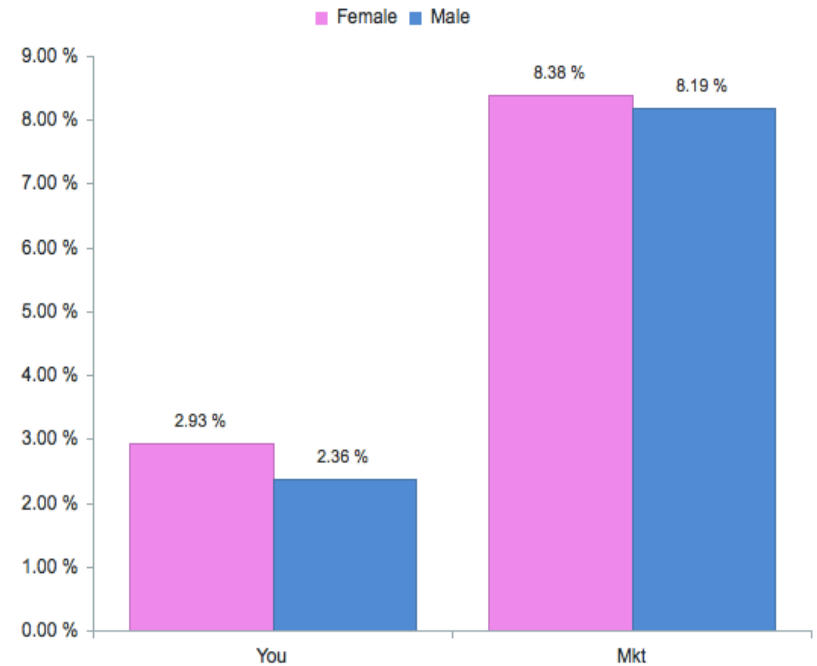
Additional Analytics

- **Demographics**
Workforce planning

Key Demographics: New Hire
Across Levels, Across Functions, Global
Market View: Software/SaaS Segment



Key Demographics: % Promoted
Across Levels, Across Functions, Global
Market View: Software/SaaS Segment



If Workforce Analytics aren't part of your competitive review, you're only doing half the job.

Thank you!

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