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The Return on Investment from Productive Workforce Practices

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Adopt workforce practices that will maximize your returns on investment when closing your workforce gaps

LABOR
SUPPLY



WORKFORCE PLANNING

- Assess and identify critical workforce gaps
- Manage workforce acquisition and development
- Have ready access to workforce facts and track progress

ATTRACTION

- Quantify changes to labor markets
- Increase channels of reaching applicants
- Create larger pool of labor through education support

RETENTION & DEVELOPMENT

- Provide flexibility to keep workers
- Alter career paths to accelerate development
- Redirect / invest development and training in critical jobs

REQUIRED
FUTURE
WORKFORCE

right skills
right place
right time
right cost

The approach to develop workforce practices needs to change in order to maximize returns on human capital investment

From...

We should invest in talent as a strategic advantage



To...

How much should we invest in which parts of our workforce to achieve what level of return?



Implications for workforce management

- Empirically identify critical roles and segments
- Manage these segments as a portfolio of investments
- Apply greater use of workforce analytics to quantify impact and return

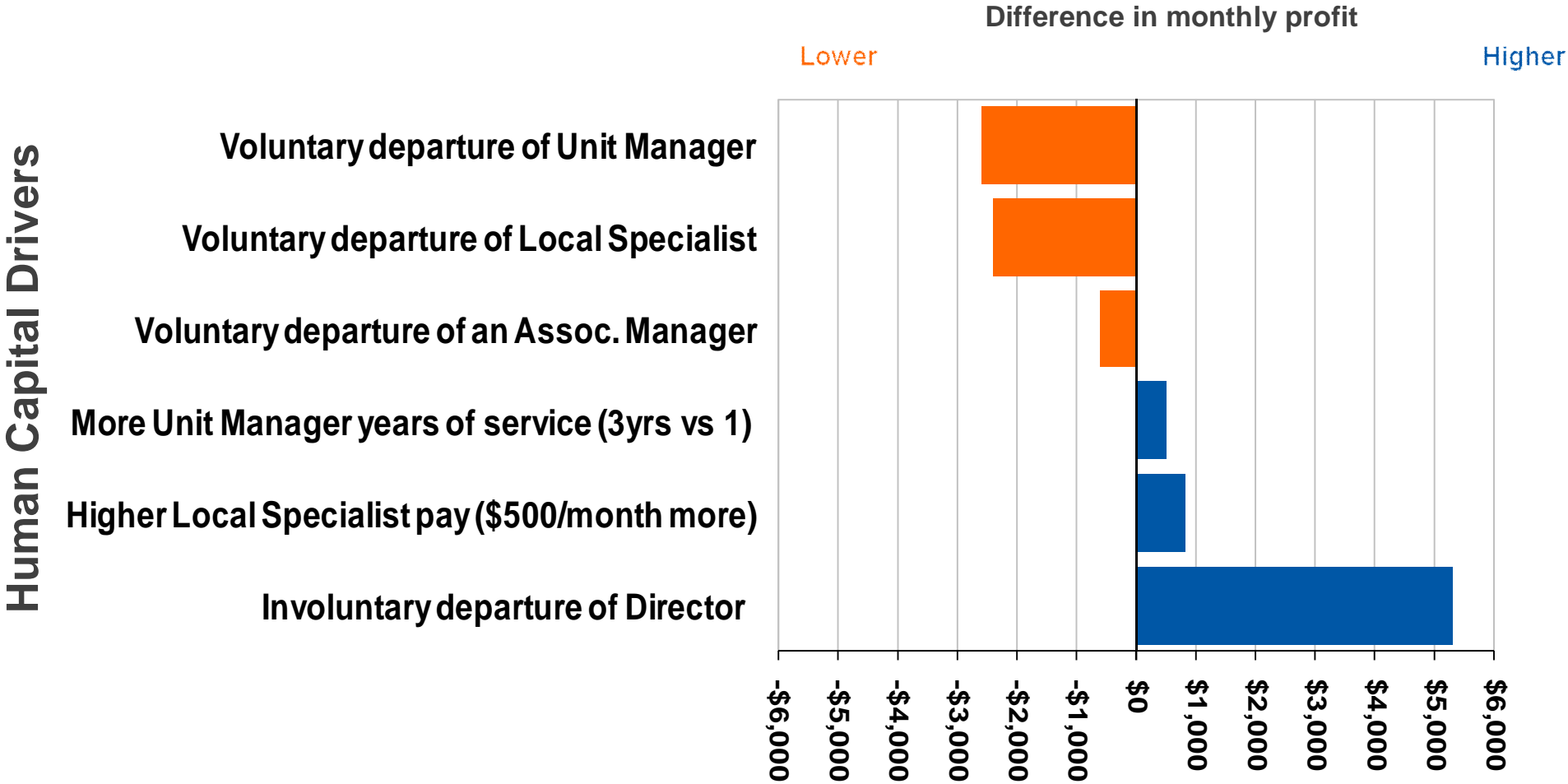


Making workforce practices more productive



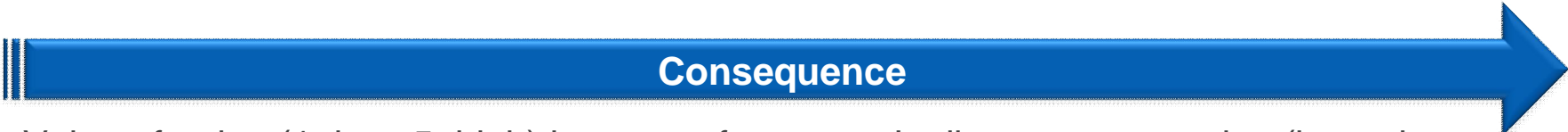
Illustration: Impact of performance management decisions on profits

Managing top and bottom performers have significant impact on bottom line

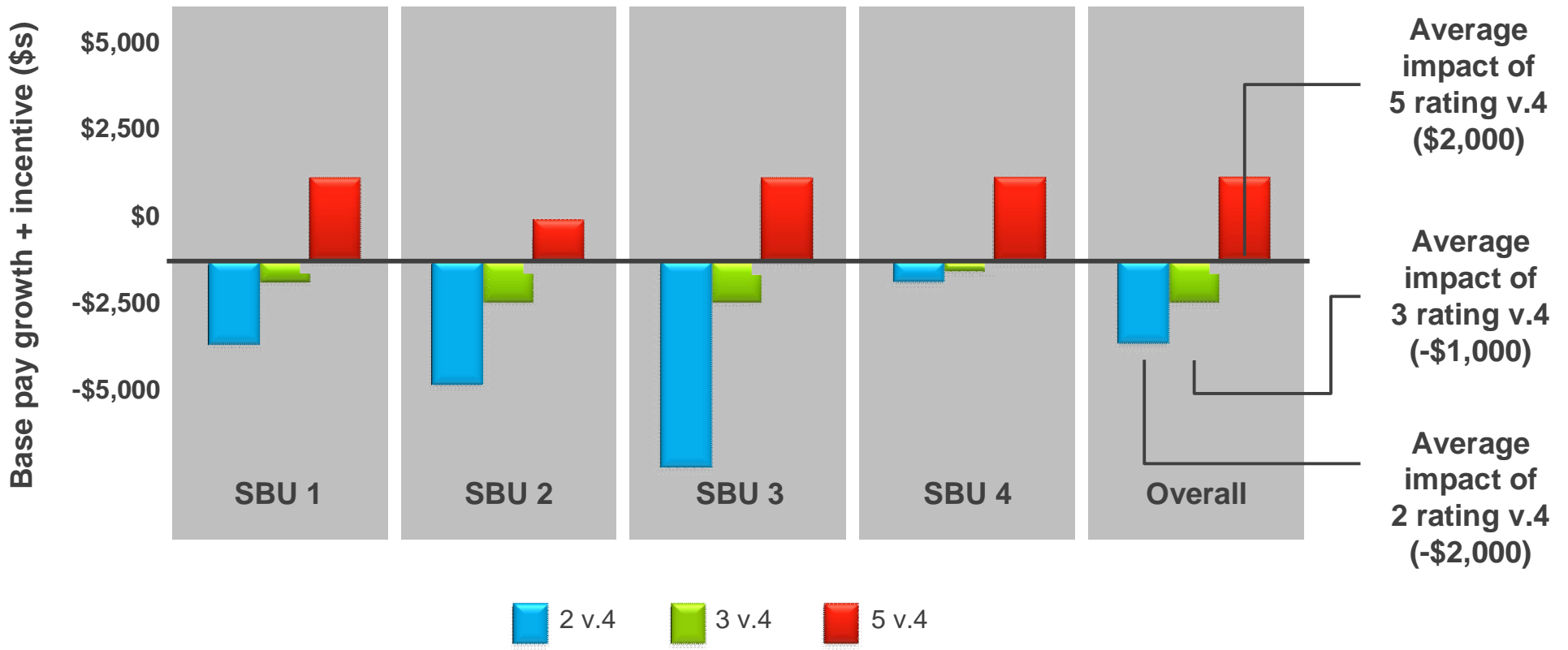


The models on which these results are based control for employee attributes, seasonality, staffing, and location. The model predicts profit level of units in the next month.

Illustration: Spending limited compensation dollar wisely for greater impact



Value of rating (1=low, 5=high) in terms of next year's direct compensation (base, bonus and promotion)

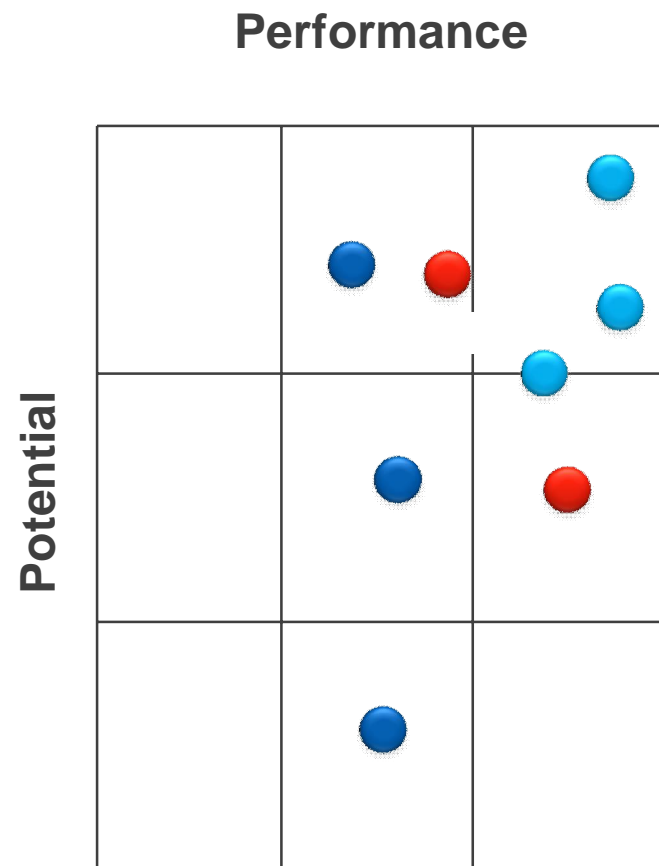
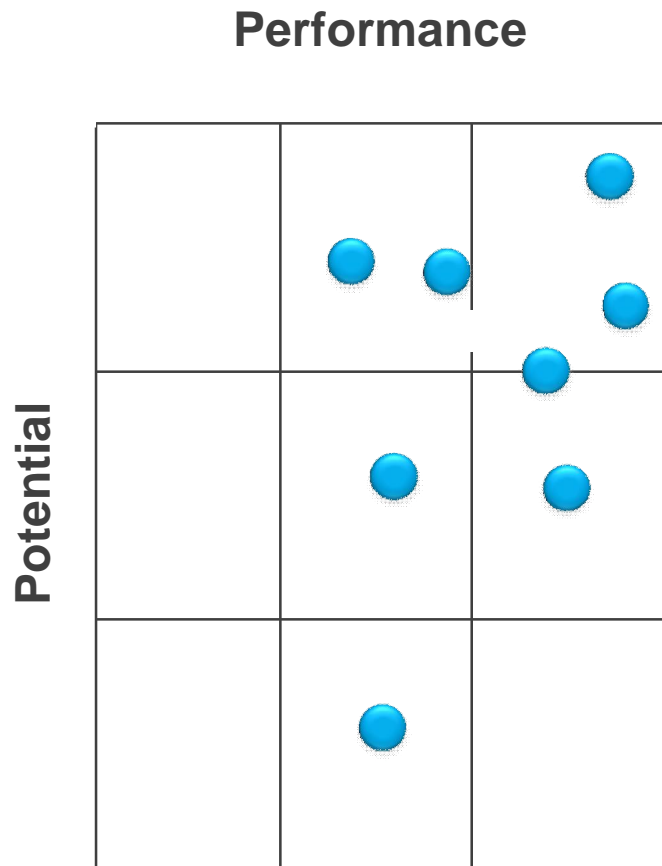


■ Illustration: Placing your best people into roles to generate the highest returns

Being great in talent doesn't mean having great talent everywhere

We have lots of "A" Players

But not in the right roles



"A" Roles

"B" Roles

"C" Roles



Case Study: Applying workforce practices to create business success

Effectively growing a health care network in a competitive labor market

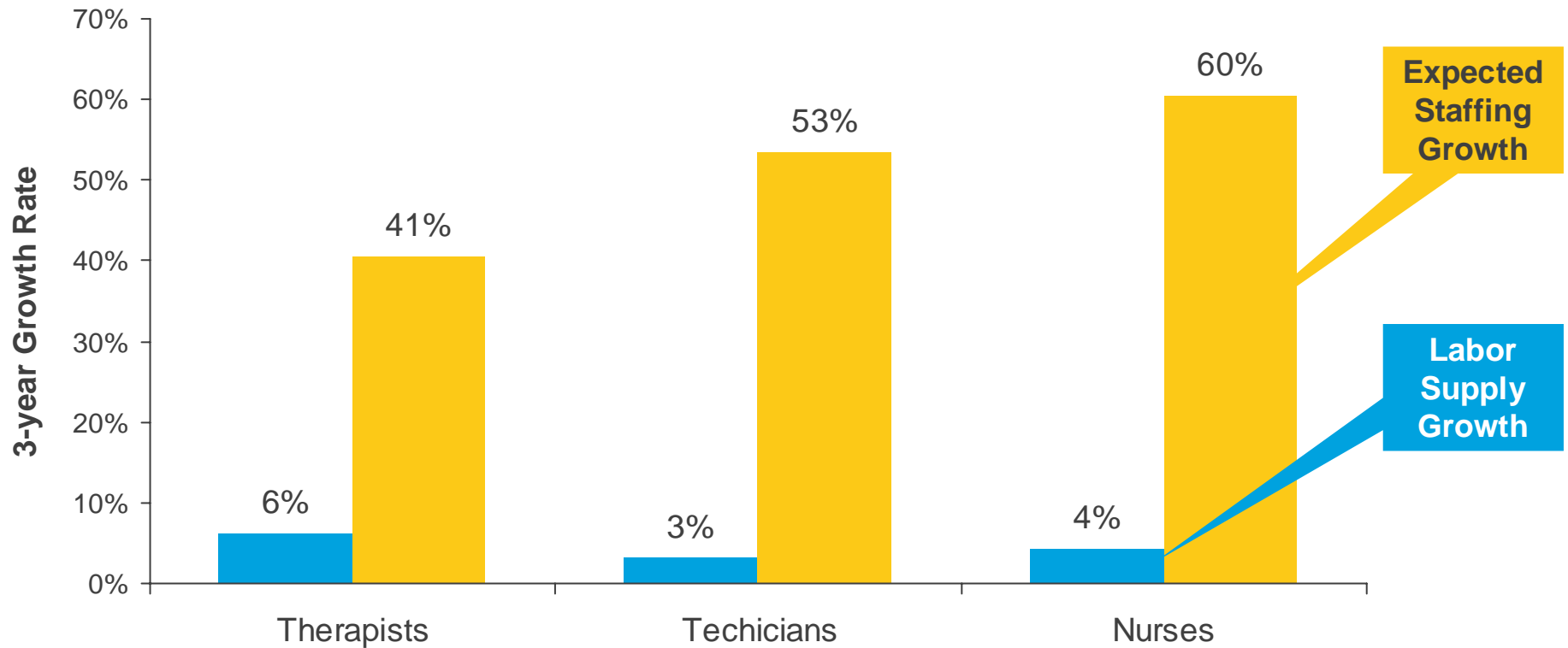
Business Challenge

- A regional health care network faced increasing competition and the impact of evolving health care trends. In response, the organization adopted a **new business strategy focused on expanding its service offerings** in particular clinical areas and geographies.
- **Success depended upon increasing the number of medical personnel** – especially nurses, technicians and therapists – at a time when **recruiting medical talent was increasingly difficult**.

Critical Actions

- What are the **new skill and talent requirements** required to meet the business objectives?
- To what extent are the required skills and talent **available within the local labor markets**?
- What is the company's **ability to attract, retain, and develop the required human capital**?

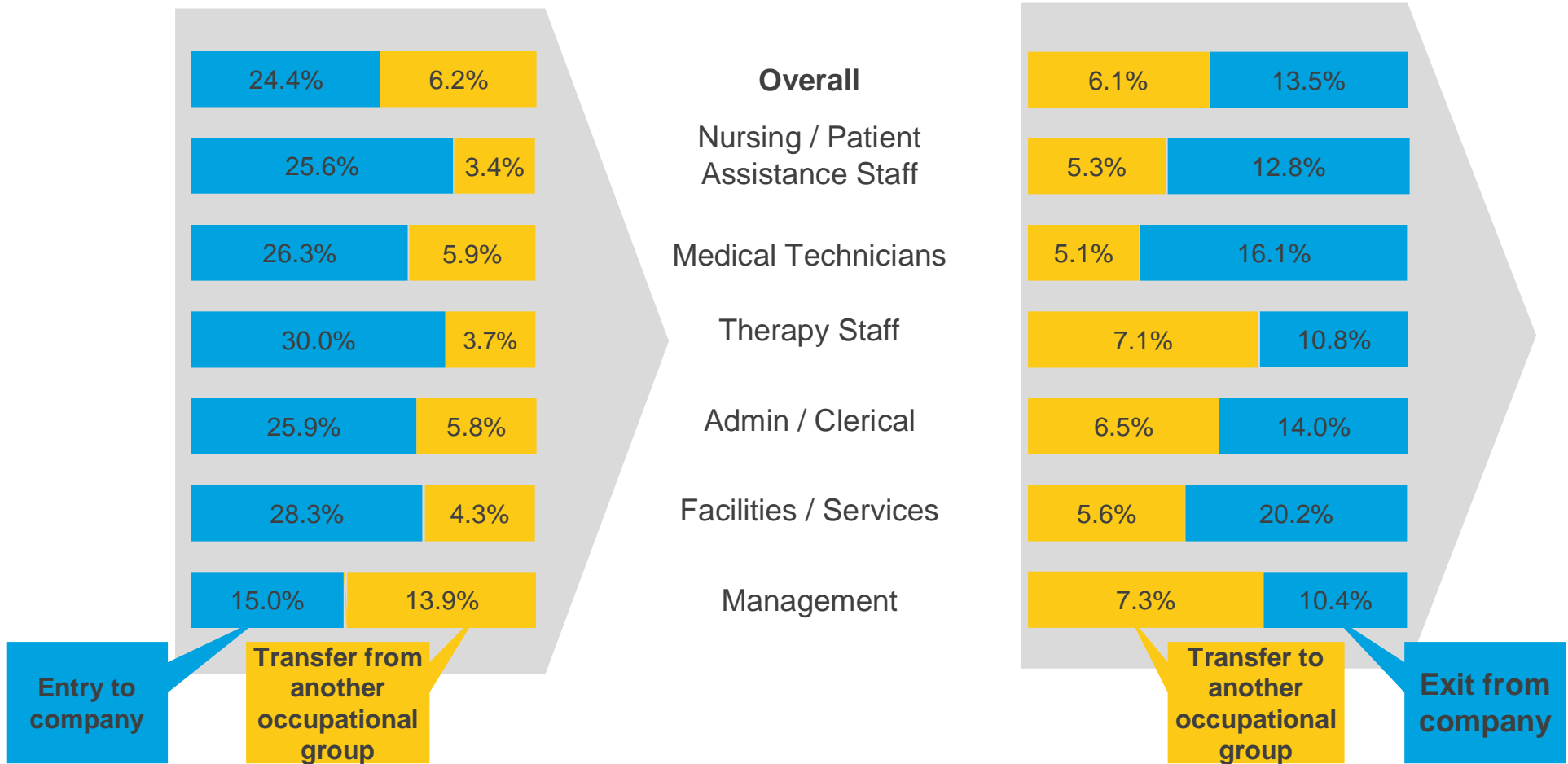
Success of the new strategy depended on increasing the number of personnel – at a time when recruiting medical talent was difficult



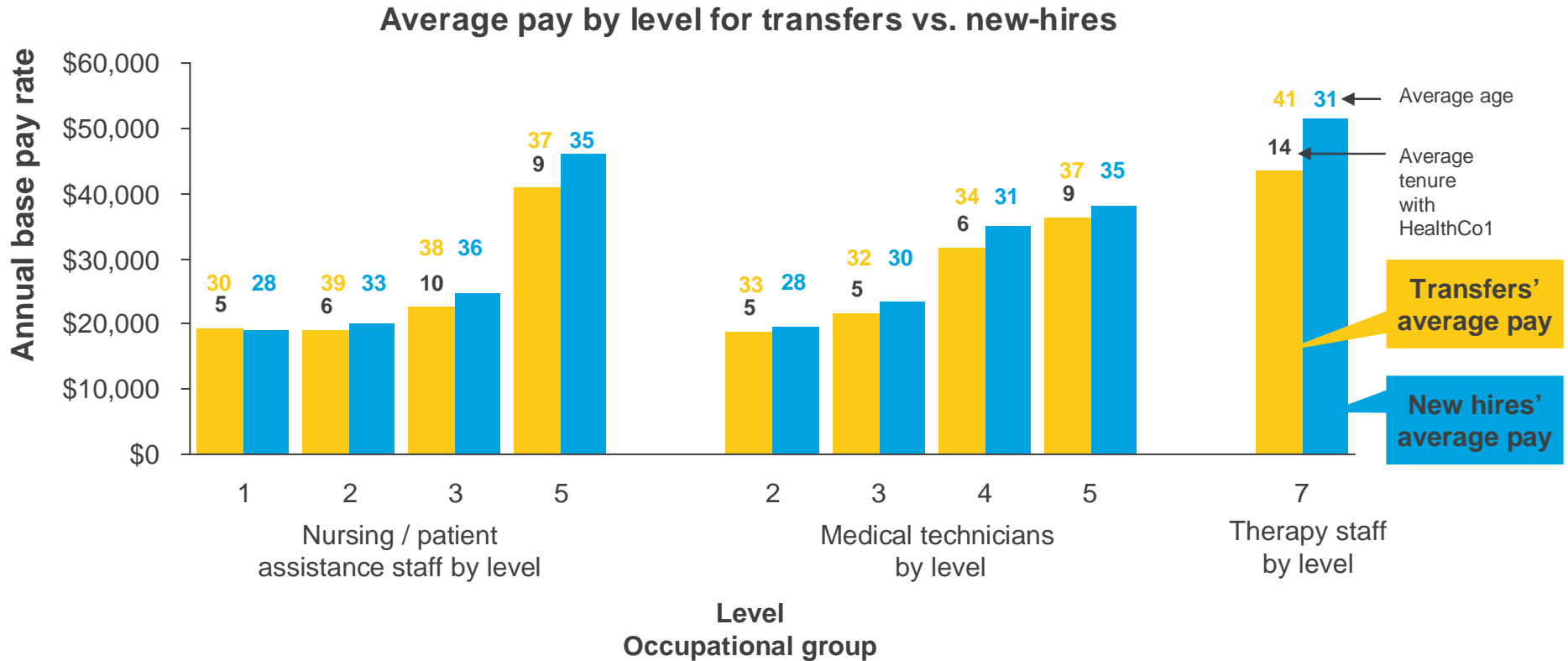
Filling open positions with new hires – combined with low rates of promotion – resulted in limited career development opportunities

ENTRIES

EXITS



Filling positions with new hires has higher wage costs than filling with internal transfers



In addition, training further increases the cost of external hires.

Transfer is defined as movement among occupational groups, i.e., nursing / patient staff, medical technicians, therapy staff.

A three-year strategic plan aligned talent processes with the new business plan and created competitive advantage

	Year 1	Year 2	Year 3
Activities	<ul style="list-style-type: none"> • Create talent management strategy and begin execution • Identify key talent management metrics • Redesign total reward strategy • Create employment brand (employer of choice) 	<ul style="list-style-type: none"> • Create talent development process and execute • Target new recruiting strategies in areas of opportunity • Redesign selection and assessment process • Begin tracking talent management metrics 	<ul style="list-style-type: none"> • Implement new recruiting/ selection strategies • Design career development and planning process • Execute new performance management strategy
Outcome	<p>Lay Strategic Foundation</p> <p>Set New Direction</p>	<p>Drive Change</p>	<p>Maintain & Institutionalize HR Processes</p>

Workforce and business results achieved



Workforce and business results

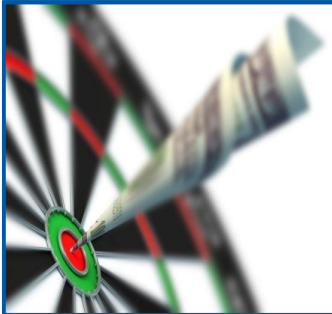
- Company created a three-year talent plan that includes:
 - re-schooling for certain high-potential employees
 - developing a compelling employment brand to attract new employees
 - enhancing onboarding programs
 - targeting non-traditional external sources of labor
- It felt the impact of its new workforce plan quickly, including a 15% decrease in total separations and an 85% decrease in “quick quits”.



In summary

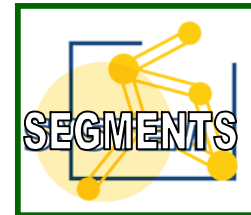
Three keys to success

How much should we invest in which parts of our workforce to achieve what level of return?



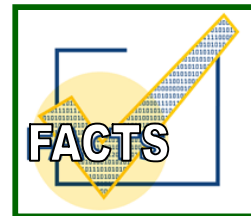
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THINK SEGMENTS

Assess your critical workforce segments and your combination of policies and practices for them



DEMAND THE RIGHT FACTS

Tap into the running record of your company for specific insights to determine critical gaps



FOCUS ON VALUE

Know and focus on what's important to drive value and return on investment

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