

Welcome to Session: 156

Optimizing the Value of HR Systems: Defining Reporting Requirements

Peter Howes, CEO, Infohrm Pty Ltd

Connie Farris, Brown-Forman, Manager of HRIS
Operations

HRMStrategies 2006: IHRIM 2006 Conference and Exposition
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Peter Howes And Connie Farris

- **Peter Howes**, is the founder and Chief Executive Officer of Infohrm, an Australian based HR consulting firm that operates exclusively in the field of planning, measuring and reporting a firm's human capital. Peter has over 30 years experience in HR specialising in Workforce Planning, HR Strategy, HRIS and Workforce Analytics. While based in Brisbane, Australia, Peter has consulted regularly in North America over the past six years. In 2002, Infohrm formed a joint initiative with the Washington DC based Corporate Leadership Council to launch CLC Metrics. Over 80 companies are members of CLC Metrics.



CLC Metrics
Corporate Leadership Council
Powered by **Infohrm**

- **Infohrm**, The Infohrm Group leads the world in future focused workforce and business intelligence solutions with a unique blend of knowledge and experience, supported by the most sophisticated reporting, analysis and consulting tools available. Infohrm has a strong reputation for innovation gained through a 25 year history of leading edge workforce planning, benchmarking and reporting delivery. Our business is all about transforming data to make it relevant to your planning and decision-making. We give you the tools, programs and training to do it yourself, or we partner with you and do it for you. In short we make it easier for you to pool your HR and business information, gain insight into workforce challenges and impact the success of your organization's strategy.

infohRM
INFORMATION ■ INSIGHT ■ IMPACT

- **Connie Farris, Manager of HRIS Operations.** Ms. Farris is the Manager of HRIS Operations at Brown-Forman Corporation. In this role she is responsible for the development, execution and communication of Brown-Forman's HR technology strategies which include a formal governance program for execution of projects. She has over 20 years of human resources and payroll functional and technical systems experience with concentrations in project management, development, implementation and maintenance of large-scale enterprise systems using multiple hardware and software platforms. She has also served as both chairperson and co-chairperson of Americas SAP User Group (ASUG) for the Kentucky/Indiana Chapter. Ms. Farris holds a B.S. in Business Administration from Spalding University.

 **BROWN-FORMAN**

- **Brown-Forman**, Founded in 1870 by George Garvin Brown, one of the 10 largest wine and spirits companies in the world. Has 5,700 employees worldwide in 29 countries.



KORBEL
CALIFORNIA CHAMPAGNE

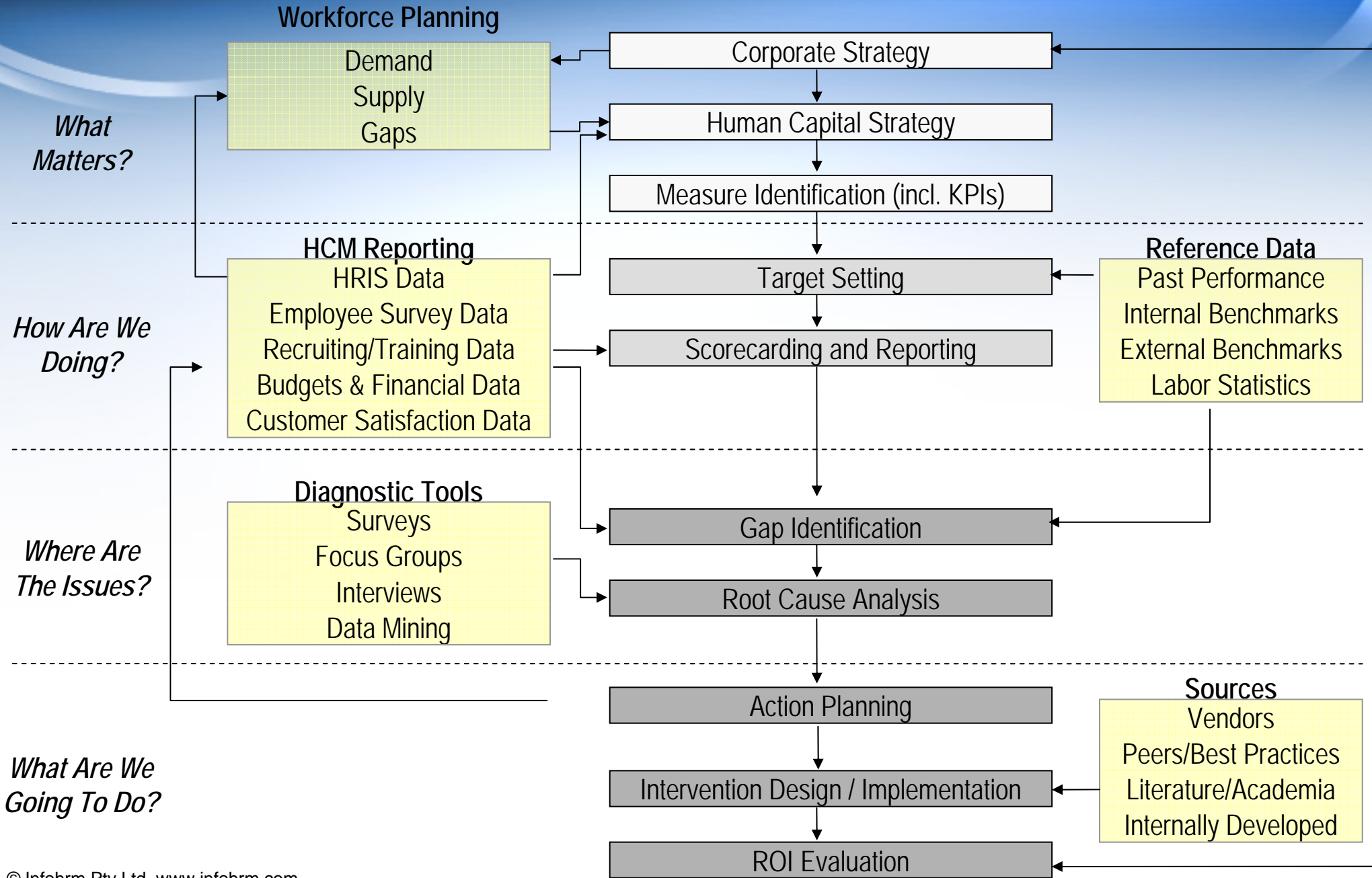
WOODFORD
RESERVE

FETZER
VINEYARDS





Integrated Human Capital Management Framework



The New Face of Human Capital Reporting

HR Has Witnessed a Gradual Shift Toward Higher Order Reporting



Strategic Reports

- Analysis and synthesis of quantitative data
- Impact or action-oriented

Professional and Managerial

- Numerical/Quantitative
- Multidimensional
- Ability to Navigate

Administrative Reports

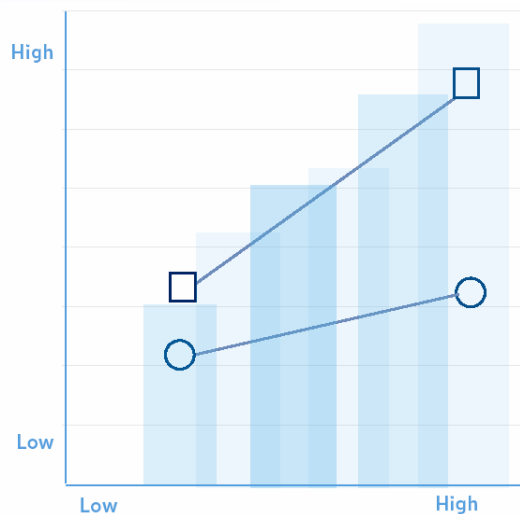
- Substantial Text
- Unidimensional, often volume-based
- Static/cannot be manipulated

The Measurement Challenge

Do you make decisions about your people with the same rigour, logic and confidence as your decisions about money, clients, program policy and technology ?

Dr. John Boudreau

USC Centre for Effective Organizations

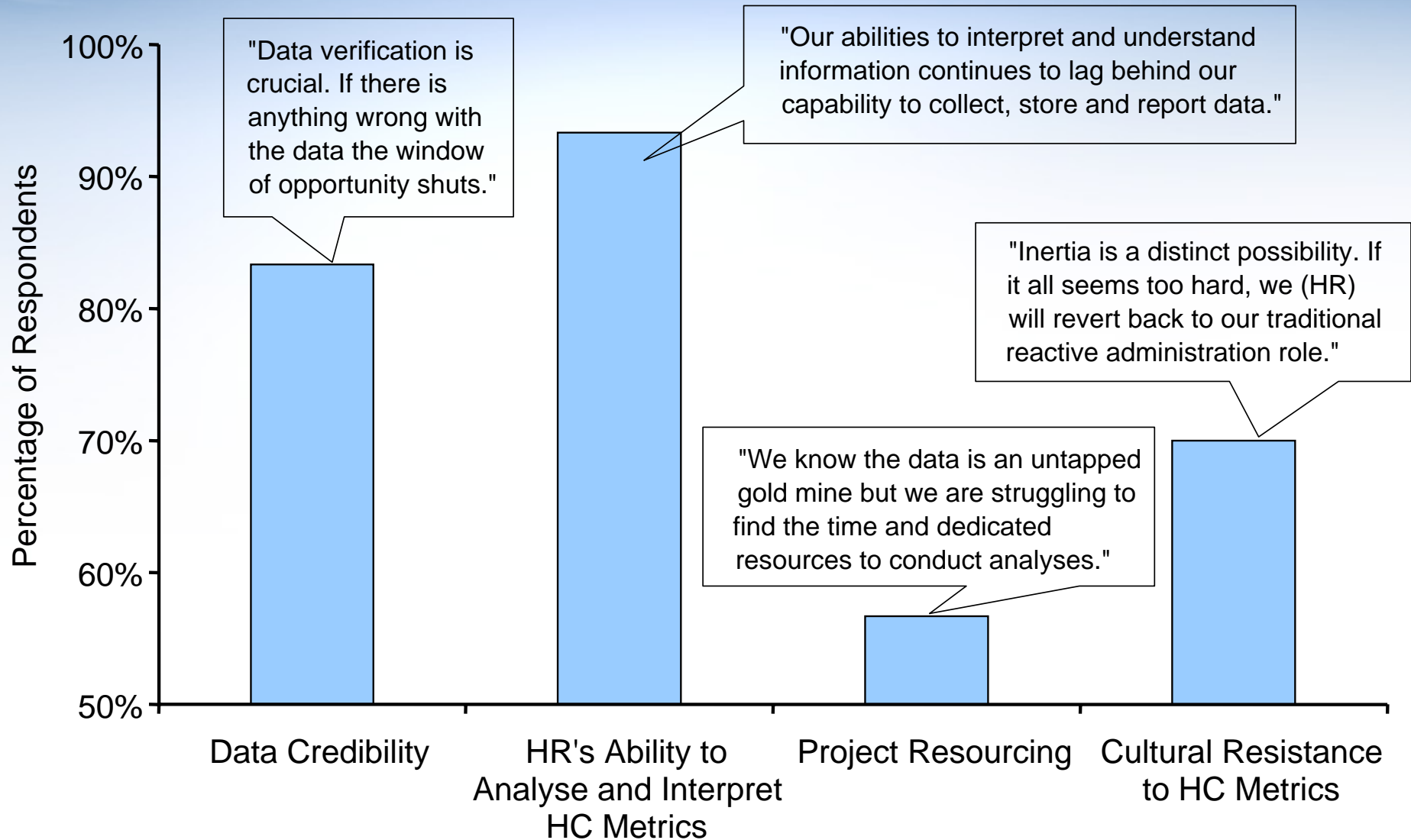


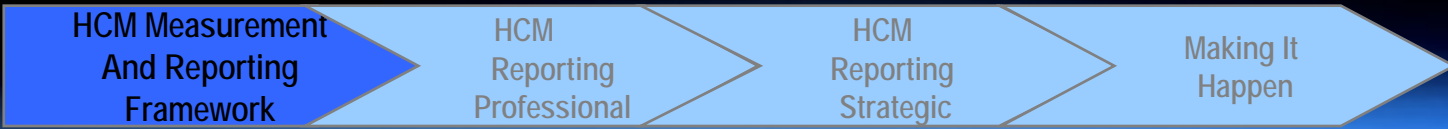
The Measurement Challenge

- There is no shortage of HR measures. So, improving our measurement system requires that we do something beyond just creating new measures (Boudreau & Ramstad, 2003).
- Develop a measurement framework that guides and enhances the quality of decisions:
 - Enhance decisions by articulating logical connection between workforce and business outcomes,
 - Align people processes with the strategic priorities of the company,
 - Focus employees on areas where business requires outstanding performance, and
 - Shift the performance curve of employees and the organisation.

(Becker, Huselid, & Ulrich, 2001; Boudreau & Ramstad, 2004)

Why is Utilisation of HC Metrics Hard?





Three Uses of Human Capital Measurement

Success in driving an HR function with data can come in many forms, through various types of data usage

Recurring Projects

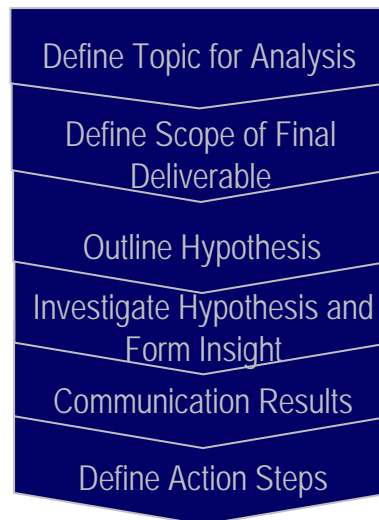
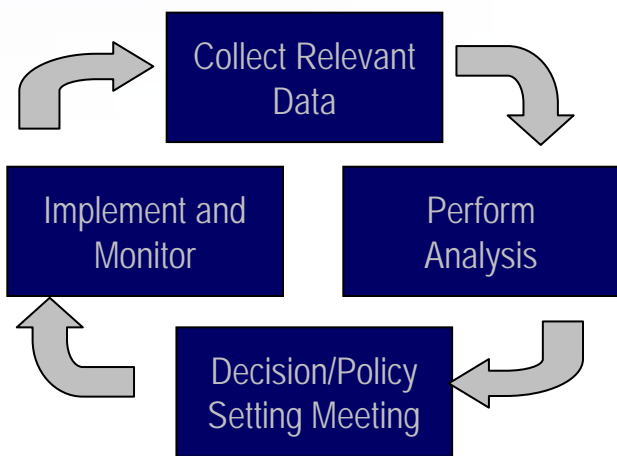
For projects or decisions that will recur on a regular basis, data can be incorporated into the decision making process steps

Ad Hoc Projects

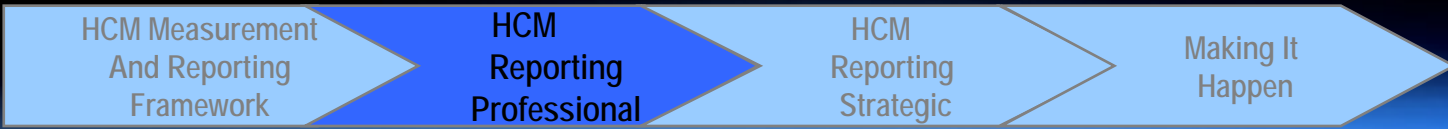
For projects that do not recur on a regular basis, either large or small, an end to end analytic process can be employed

Foundational Knowledge

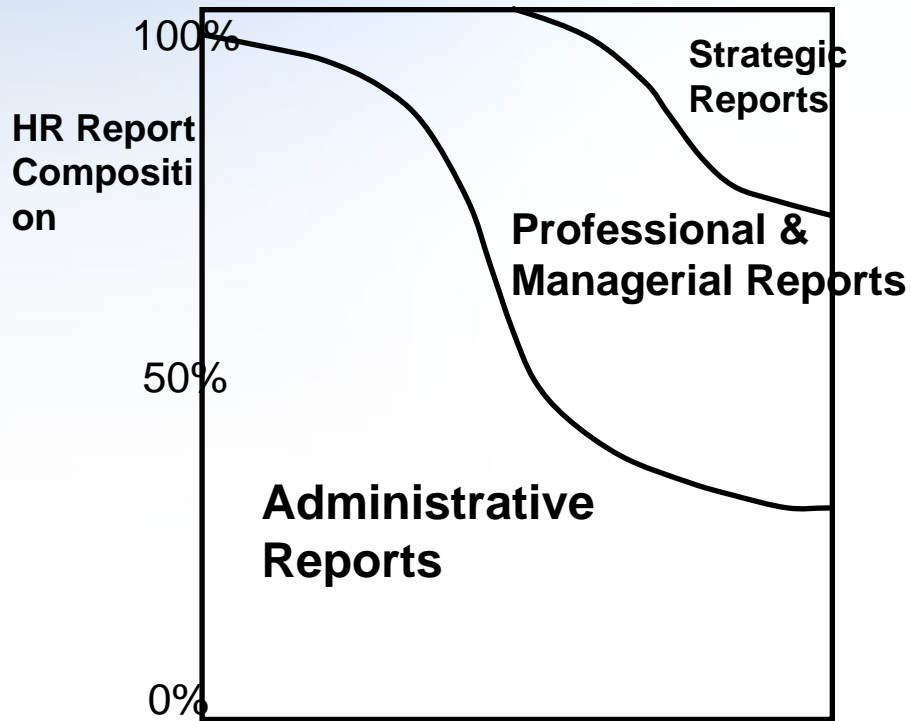
For projects that do not recur on a regular basis, either large or small, an end to end analytic process can be employed



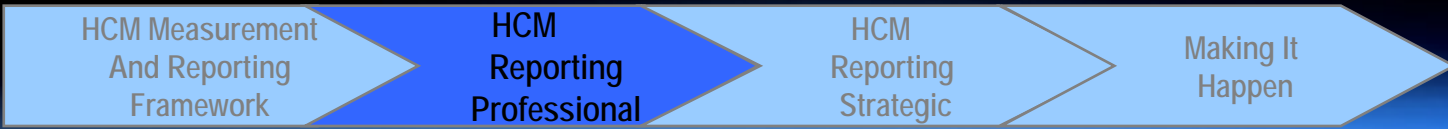




Characteristics of Professional HR Reports



- Number only
- Two or three dimensional
- Facility to change dimensions instantly
- Facility to drill down or up within a report cell



Examples of Professional HR Reports

Labour Turnover Benchmarks – Finance Sector

25 th Percentile	13.4%
50 th Percentile	15.0%
75 th Percentile	16.9%
90 th Percentile	20.2%

Company Result
18%

Costing Example

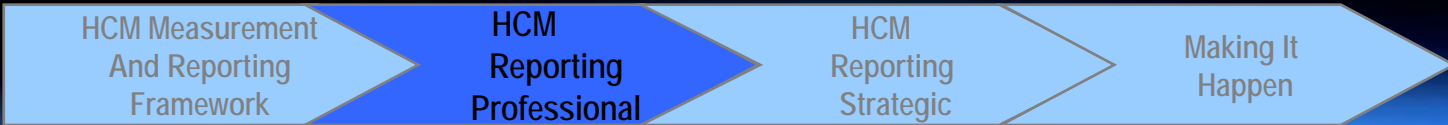
Total Average Workforce	10,000
Total No. Voluntary Separations	1,800
Voluntary Labor Turnover	18%
Average Cost per Labor Turnover	\$45,000
Cost Voluntary Labor Turnover	\$81,000,000



Total Labour Turnover 18%

Labour Turnover by Occupational Group

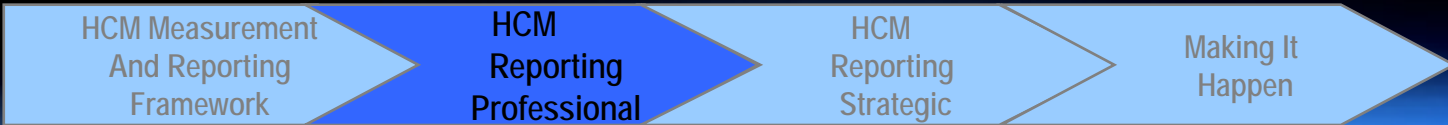
Occupational Group	Labor Turnover
Managerial	12%
Professional	28%
Trade	10%
Clerical	22%
Total	18%



Example Voluntary Labour Turnover

Occupational Group

Tenure	Managerial	Professional	Trade	Clerical	Other	Total
<1 year	16%	26%	19%	24%	32%	25%
1 - <2 yrs	14%	14%	15%	14%	24%	19%
2 - <3 yrs	24%	32%	11%	22%	15%	16%
3 - <5 yrs	12%	29%	8%	20%	11%	14%
5 - <10 yrs	4%	19%	5%	18%	12%	11%
10 - <15 yrs	2%	7%	5%	12%	8%	6%
15 + yrs	2%	4%	5%	10%	4%	5%



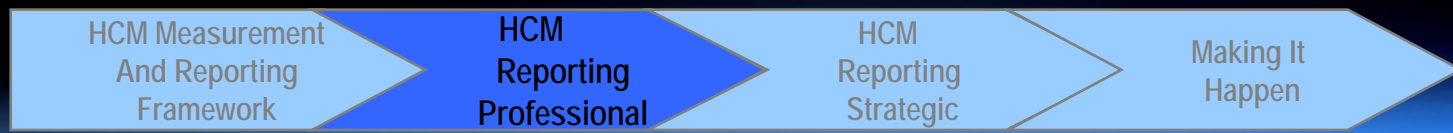
Example Voluntary Labour Turnover

Occupational Group

Tenure	Managerial	Professional	Trade	Clerical	Other	Total
<1 year	16%	26%	19%	24%	32%	25%
1 - <2 yrs	14%	14%	15%	14%	24%	19%
2 - <3 yrs	24%	32%	11%	22%	15%	16%
3 - <5 yrs	12%	29%	8%	20%	11%	14%
5 - <10 yrs	4%	19%	5%	18%	12%	11%
10 - <15 yrs	2%	7%	5%	12%	8%	6%
15 + yrs	2%	4%	5%	10%	4%	5%

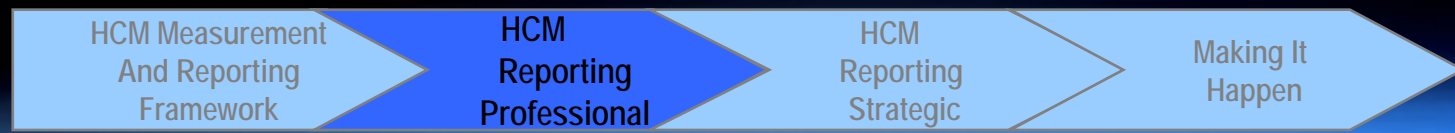
Labour Turnover By Occupational Group

Tenure	Managerial			Professional		
	HiPo	Non HiPo	Total	HiPo	Non HiPo	Total
< 1 year	17%	14%	16%	35%	23%	26%
1 - <2 yrs	21%	11%	14%	17%	13%	14%
2 - <3 yrs	45%	15%	24%	48%	20%	32%
3 - <5 yrs	16%	13%	12%	7%	24%	29%
5 - <10 yrs	2%	7%	4%	20%	18%	19%
10 - <15 yrs	0%	12%	2%	3%	14%	7%
15 + years	0%	5%	2%	0%	6%	4%
Total	13%	11%	12%	28%	18%	28%



Profile Option Labour Turnover

- Period
- Occupational Group
- Tenure – Position, Location, Organisation
- Organisation Unit
- Grade/Classification
- Age
- Gender
- EEO Criteria



Case Study: Reporting at Brown-Forman

- An overview of ‘professional’ reports implemented at Brown-Forman
 - Labor turnover Data highlight report
 - Career Path Trend report
 - High performance Staffing report
 - Exempt External Hires

Highlight (SMART) Report

Termination Rate - Voluntary
2006 Annualized

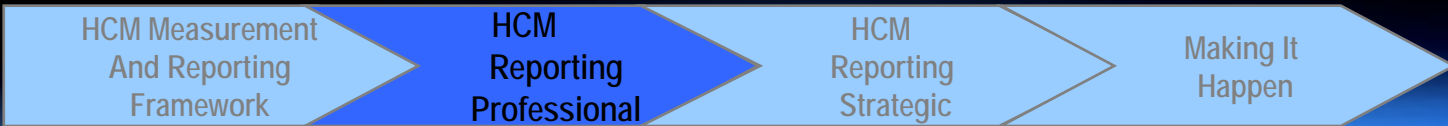
Highlighting organization cuts under the Organization Unit of Office of the CEO with a rate >15% , qualified by a headcount >20

HIGHLIGHT
Brown-Forman Corporation
Termination Rate - Voluntary
Report to date : Jan-31-2006

Termination Rate - Voluntary greater than : **15.00%**
Termination Rate - Voluntary less than : **5.00%**
Filter Average Headcount under : **20.0**

Organizational Unit : OFFICE OF THE CEO
Fiscal Years : 2006
Employees Included : All Employees

	Total	Age						Employment Level				Employment Type					Ethnic Background					Gender		Organization Tenure									
		<20	20-29	30-39	40-49	50-59	60+	Exempt	Non-exempt	Full-Time	Part-Time	White	Black	Hispanic	Asian/Pacific Islander	American Indian/Alaskan Native	Male	Female	<1	1-<2	2-<3	3-<5	5-<10	10-<15	15-<20	20-<30	30+						
Total	5.97%	53.02%	11.55%	6.36%	3.20%	2.60%	17.01%	5.48%	6.57%	5.58%	9.10%	5.75%	3.16%	6.96%	9.40%	25.08%	6.13%	5.66%	9.62%	5.71%	10.04%	6.71%	4.91%	2.16%	2.23%	3.17%	11.98%						
Performance Rating	Low Performers	22.52%	60.01%	25.49%	7.14%	19.53%	24.04%	12.79%	9.24%	22.45%	4.39%	3.03%	9.94%	11.17%	34.29%	422.68%	19.37%	26.17%	44.31%	58.73%	22.44%	8.96%	22.86%	19.36%									
	Mid Performers	4.90%	7.80%	4.74%	4.29%	1.06%	19.11%	5.37%	2.39%	4.34%	4.39%	3.03%	9.94%	11.17%	5.41%	4.29%	4.67%	3.62%	7.14%	6.30%	4.09%	4.62%	2.62%	1.86%	20.14%								
	High Performers	3.29%	17.80%	4.08%	1.70%	3.36%	3.07%	2.51%	21.69%	2.64%	17.03%	9.64%	4.51%	1.20%	5.83%	6.63%	12.58%	3.27%	3.46%	2.25%													
	Too New	2.29%	6.25%	2.65%	3.05%	2.91%	5.66%	2.98%																									
Organization Tenure	<1	9.62%	64.39%	10.00%	11.92%	3.78%	5.08%	3.25%	18.01%	11.48%	10.52%	7.97%	12.54%	4.22%																			
	1-<2	5.71%	4.18%	7.28%	7.54%	5.21%	6.32%	5.41%	2.82%	13.72%	17.65%	75.76%	5.15%	6.97%																			
	2-<3	10.04%	22.32%	6.52%	5.86%	12.84%	5.91%	8.62%	42.76%	8.91%	14.20%	10.93%	20.21%	9.57%	10.91%																		
	3-<5	6.71%	10.81%	8.82%	4.67%	7.56%	6.06%	5.93%	6.24%	8.00%	12.29%	7.00%	5.87%																				
	5-<10	4.91%	9.84%	4.77%	4.31%	3.62%	7.06%	4.14%	6.07%	4.92%	17.31%	4.59%	10.64%	8.96%	4.43%	5.67%																	
	10-<15	2.16%	3.56%	2.04%	2.15%	3.56%	2.04%	2.04%	2.15%	3.56%	2.04%	2.15%	3.56%	2.04%	2.15%	3.56%	2.04%	2.15%	3.56%	2.04%	2.15%	3.56%	2.04%	2.15%	3.56%	2.04%	2.15%	3.56%					
	15-<20	2.23%	3.28%	15.75%	2.39%	3.78%	3.12%	3.63%	0.75%	4.43%																							
	20-<30	3.17%	3.11%	3.29%	11.57%	13.28%																											
Gender	Male	6.13%	62.71%	12.26%	6.22%	3.41%	1.87%	20.70%	4.92%	7.29%	6.22%	22.93%	6.23%	2.50%	6.89%	5.38%																	
	Female	5.66%	10.21%	6.65%	2.77%	3.91%	11.30%	6.30%	4.51%	4.51%	5.67%	4.95%	4.29%	7.50%	23.36%	57.58%																	
Ethnic Background	White	5.75%	53.02%	10.13%	6.55%	2.72%	3.02%	18.56%	4.76%	7.17%	5.47%	10.88%																					
	Black	3.16%	12.34%	3.96%	2.54%	9.85%	5.84%	2.17%	4.14%																								
	Hispanic	6.96%	15.83%	5.54%	1.98%	9.34%	6.06%	7.10%																									
	Asian/Pacific Islander	9.40%	12.94%	7.44%	14.29%	9.70%																											
Employment Type 2	Full-Time	5.58%	115.37%	11.40%	6.06%	2.75%	2.38%	16.02%	4.26%	7.28%																							
	Part-Time	9.10%	46.97%	12.72%																													
Employment Level	Exempt	5.48%	10.74%	5.62%	3.42%	2.21%	20.69%																										
	Non-exempt	6.57%	53.02%	12.33%	7.54%	2.93%	2.94%	14.97%																									



Trend (SMART) Report

Career Path Ratio for Females

Manufacturing Industry comparison

TREND

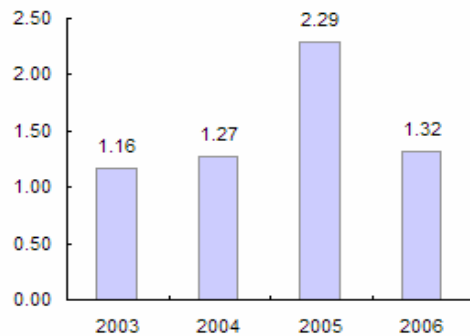
Brown-Forman Corporation

Report to date : Jan-31-2006 [Fiscal Years]

Organizational Unit :	All Organizational Units
Benchmark Group :	Industry - Manufacturing
Employees Included :	All Employees

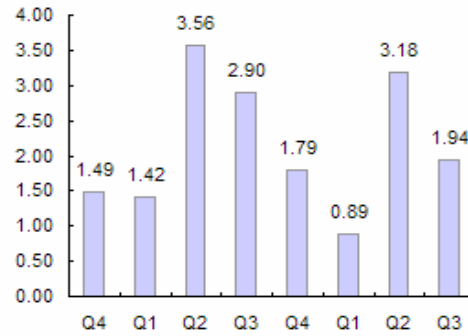
Past 4 Years *

Career Path Ratio - In - Female



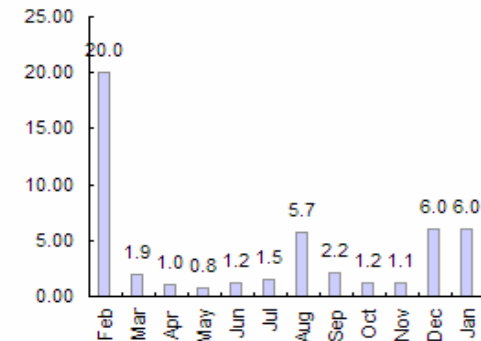
Past 8 Quarters *

Career Path Ratio - In - Female



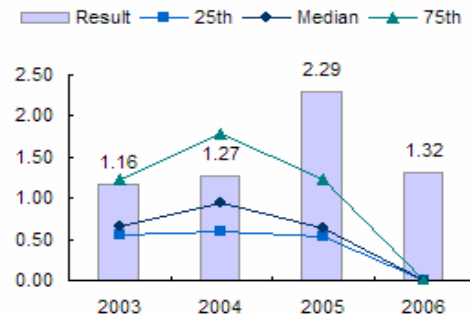
Past 12 Months *

Career Path Ratio - In - Female



Benchmark Comparison **

Career Path Ratio - In - Female



Results - Female	2003	2004	2005	2006		Δ
				YTD	Annualized	2006-2005
Promotions - In	444	371	435	255	340	-95
Transfers - In	382	293	190	193	257	67
Career Path Ratio - In	1.16	1.27	2.29	1.32	1.32	-0.97
75th PERCENTILE	1.22	1.78	1.22		0.00	-1.22
50th PERCENTILE	0.66	0.94	0.64		0.00	-0.64
25th PERCENTILE	0.56	0.60	0.54		0.00	-0.54
Distance from Median	0.50	0.33	1.65		1.32	-0.33

* All partial year values have been annualized to enable easy comparison across charts.

** All benchmarks are calculated based on calendar year.

Data Highlighting Queries Staffing Rate – High Performers

Selected Organization Units that return a result of <10%, qualified by a headcount >10

1. Search All Organizational Units (end-points only) for values of Staffing Rate - High Performer in the period 2005 that are less than 10.00%
2. Search All Organizational Units (end-points only) for values of EOP Headcount in the period 2005 that are greater than 10

Staffing Rate - High Performer/2005								Result	EOP Headcount
Organizational Unit									
OFFICE OF THE CEO	BEVERAGE DIRECTION	BROWN-FORMAN WINES	CENTRAL USA/CANADA					9.38%	32
OFFICE OF THE CEO	BEVERAGE DIRECTION	BROWN-FORMAN WINES	WEST USA					9.09%	33
OFFICE OF THE CEO	BEVERAGE DIRECTION	BROWN-FORMAN WINES	FETZER VINEYARDS	OPERATIONS	WINEMAKING	HOPLAND WINERY		4.55%	22
OFFICE OF THE CEO	BEVERAGE DIRECTION	B-F DISTILLERY CO & SUPPLY CHAIN MGMT	SUPPLY CHAIN MANAGEMENT	BFB SUPPLY CHAIN INTEGRATION	_BFB SUPPLY CHAIN INTEGRATION			9.09%	11
OFFICE OF THE CEO	BEVERAGE DIRECTION	B-F DISTILLERY CO & SUPPLY CHAIN MGMT	BROWN-FORMAN DISTILLERY COMPANY	LPO DIRECTION	LPO PRODUCTION	LPO MAINTENANCE		4.17%	24
OFFICE OF THE CEO	BEVERAGE DIRECTION	B-F DISTILLERY CO & SUPPLY CHAIN MGMT	BROWN-FORMAN DISTILLERY COMPANY	LPO DIRECTION	LPO PRODUCTION	LPO BOTTLING		1.79%	56
OFFICE OF THE CEO	BEVERAGE DIRECTION	B-F DISTILLERY CO & SUPPLY CHAIN MGMT	BROWN-FORMAN DISTILLERY COMPANY	LPO DIRECTION	BROWN-FORMAN DISTILLERY	BFD ADMINISTRATION		8.33%	12
OFFICE OF THE CEO	BEVERAGE DIRECTION	B-F DISTILLERY CO & SUPPLY CHAIN MGMT	BROWN-FORMAN DISTILLERY COMPANY	LPO DIRECTION	BROWN-FORMAN DISTILLERY	BFD DISTILLERY OPERATIONS		9.09%	11
OFFICE OF THE CEO	BEVERAGE DIRECTION	B-F DISTILLERY CO & SUPPLY CHAIN MGMT	BROWN-FORMAN DISTILLERY COMPANY	JD DIRECTION	JD BOTTLING PRODUCTION	JD BOTT SCHEDULING/RECEIVING		7.69%	13
OFFICE OF THE CEO	BEVERAGE DIRECTION	B-F DISTILLERY CO & SUPPLY CHAIN MGMT	BROWN-FORMAN DISTILLERY COMPANY	JD DIRECTION	JD DIST DISTILLING	_JD DIST DISTILLING		5.56%	18
LENOX INCORPORATED	COLLECTIONS	BROOKS & BENTLEY						2.90%	69
LENOX INCORPORATED	HAGERSTOWN DISTRIBUTION CENTER	SHIPPING & WHOLESALE B	OUTBOUND					1.61%	62
LENOX INCORPORATED	HAGERSTOWN DISTRIBUTION CENTER	DISTRIBUTION/ WILLIAMSPORT	INBOUND	_INBOUND				2.00%	50
LENOX INCORPORATED	BRANDS WHOLESALE	CUSTOMER SERVICE/ORDER ENTRY						9.52%	21

Ageing Workforce

Determining the ageing workforce and loss of company knowledge

The organization units that have Staffing Rate - >50 in Age >20% that also have Staffing Rate - Tenure >15 Years >20%, qualified by a headcount >20. 2005

1. Search All Organizational Units (end-points only) for values of Staffing Rate - >50 in Age in the period 2005 that are greater than **20%**
2. Search All Organizational Units (end-points only) for values of Staffing Rate - Tenure >15 Years in the period 2005 that are greater than **20%**
3. Search All Organizational Units (end-points only) for values of EOP Headcount in the period 2005 that are greater than **20**

Organizational Unit									Staffing Rate >50 in Age	Staffing Rate Tenure >15 Years	EOP Headcount
HARTMANN LUGGAGE	MANUFACTURING MANAGEMENT	GEN MFG MOBILE TRAVELERS							57.14%	22.86%	35
OFFICE OF THE CEO	BEVERAGE DIRECTION	BROWN-FORMAN WINES	EAST USA						27.08%	25.00%	48
OFFICE OF THE CEO	BEVERAGE DIRECTION	BROWN-FORMAN WINES	WEST USA						30.30%	21.21%	33
OFFICE OF THE CEO	BEVERAGE DIRECTION	BROWN-FORMAN WINES	FINANCE						42.86%	39.29%	28
OFFICE OF THE CEO	BEVERAGE DIRECTION	BROWN-FORMAN WINES	FETZER VINEYARDS	OPERATIONS	PRODUCTION	WAREHOUSE			33.33%	33.33%	21
OFFICE OF THE CEO	BEVERAGE DIRECTION	BROWN-FORMAN SPIRITS	EXECUTIVE OFFICE	BFSA SALES	OPEN STATES	CUSTOMER ALLIANCE GROUP	CUSTOMER ALLIANCE GROUP		26.47%	32.35%	34
OFFICE OF THE CEO	BEVERAGE DIRECTION	BROWN-FORMAN SPIRITS	EXECUTIVE OFFICE	BFSA SALES	OPEN STATES	ATLANTIC DIVISION	_ATLANTIC DIVISION		21.28%	27.66%	47
OFFICE OF THE CEO	BEVERAGE DIRECTION	BROWN-FORMAN SPIRITS	EXECUTIVE OFFICE	BFSA SALES	CONTROL STATES/CANADA DIVISION	_CONTROL STATES/CANADA DIVISION			23.26%	39.53%	43
OFFICE OF THE CEO	BEVERAGE DIRECTION	B-F DISTILLERY CO & SUPPLY CHAIN MGMT	BFB SUPPLY CHAIN MANAGEMENT INTERGRATION						52.00%	40.00%	25
OFFICE OF THE CEO	BEVERAGE DIRECTION	B-F DISTILLERY CO & SUPPLY CHAIN MGMT	BROWN-FORMAN DISTILLERY COMPANY	LPO DIRECTION	LPO PRODUCTION	LPO MAINTENANCE			50.00%	41.67%	24
OFFICE OF THE CEO	BEVERAGE DIRECTION	B-F DISTILLERY CO & SUPPLY CHAIN MGMT	BROWN-FORMAN DISTILLERY COMPANY	LPO DIRECTION	LPO PRODUCTION	LPO LOGISTICS & TRANSPORTATION			50.00%	46.15%	26
OFFICE OF THE CEO	BEVERAGE DIRECTION	B-F DISTILLERY CO & SUPPLY CHAIN MGMT	BROWN-FORMAN DISTILLERY COMPANY	LPO DIRECTION	LPO PRODUCTION	LPO BOTTLING			58.93%	60.71%	56
OFFICE OF THE CEO	BEVERAGE DIRECTION	B-F DISTILLERY CO & SUPPLY CHAIN MGMT	BROWN-FORMAN DISTILLERY COMPANY	JD DIRECTION	JD DIST HUMAN RESOURCES	JD DIST GENERAL SERVICES	JD DIST ENGINEERING	JD DISTILLERY BOTTLING MAINTENANCE	38.10%	80.95%	21
OFFICE OF THE CEO	BEVERAGE DIRECTION	B-F DISTILLERY CO & SUPPLY CHAIN MGMT	BROWN-FORMAN DISTILLERY COMPANY	JD DIRECTION	JD BOTTLING PRODUCTION	JD BOTT SHIPPING			40.74%	70.37%	27
OFFICE OF THE CEO	BEVERAGE DIRECTION	B-F DISTILLERY CO & SUPPLY CHAIN MGMT	BROWN-FORMAN DISTILLERY COMPANY	JD DIRECTION	JD BOTTLING PRODUCTION	JD BOTT BOTTLING			34.04%	39.36%	94
OFFICE OF THE CEO	BEVERAGE DIRECTION	B-F DISTILLERY CO & SUPPLY CHAIN MGMT	BROWN-FORMAN DISTILLERY COMPANY	BGC DIRECTION	BGC LOUISVILLE GENERAL PLANT	_BGC LOUISVILLE GENERAL PLANT			22.73%	27.27%	22
OFFICE OF THE CEO	BEVERAGE DIRECTION	B-F DISTILLERY CO & SUPPLY CHAIN MGMT	BROWN-FORMAN DISTILLERY COMPANY	BGC DIRECTION	BGC LOUISVILLE GENERAL PLANT	BGC LOUISVILLE STAVE			22.03%	42.37%	59
OFFICE OF THE CEO	BEVERAGE DIRECTION	B-F DISTILLERY CO & SUPPLY CHAIN MGMT	BROWN-FORMAN DISTILLERY COMPANY	BGC DIRECTION	BGC LOUISVILLE GENERAL PLANT	BGC LOUISVILLE HEADING			41.86%	41.86%	43
LENOX INCORPORATED	BRANDS WHOLESALE	CUSTOMER SERVICE/ORDER ENTRY							52.38%	42.86%	21



Cross Tab Analysis on the measure External Hire Rate – Exempt

External Hire Rate – Exempt

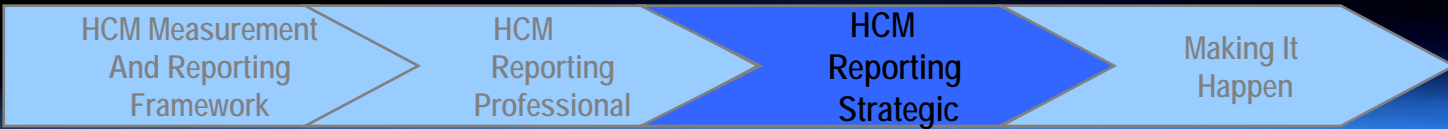
OFFICE OF THE CEO

All Ethnic Backgrounds, Female

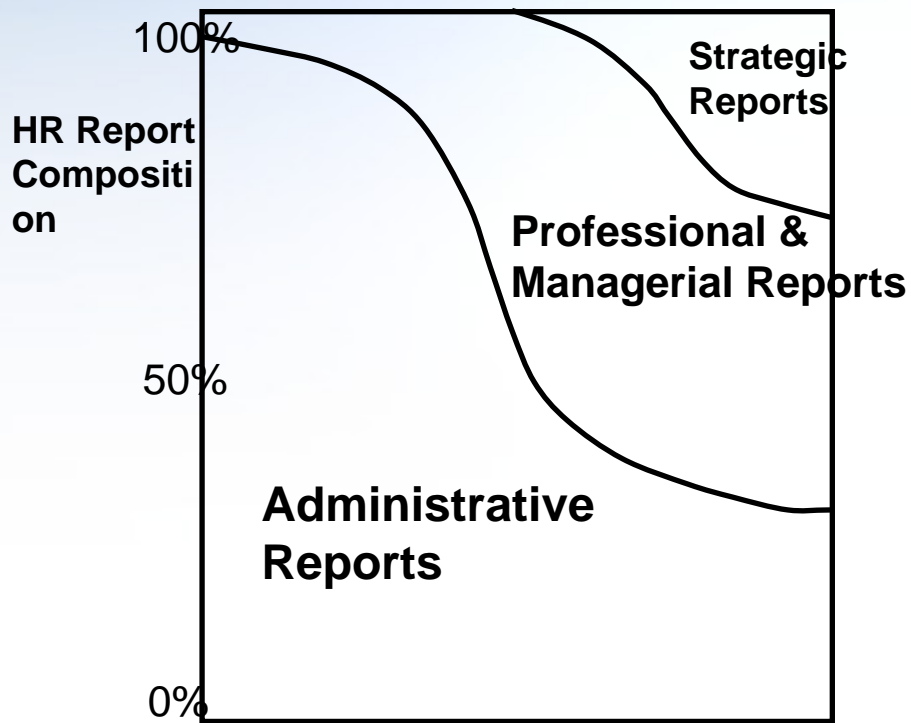
		2001	2002	2003	2004	2005	2006
OFFICE OF THE CEO	White	8.24%	6.78%	16.81%	7.37%	14.64%	16.27%
	Black	0.00%	6.96%	5.14%	8.26%	11.26%	45.26%
	Hispanic	0.00%	84.35%	22.81%	27.68%	34.17%	77.34%
	Asian/Pacific Islander	0.00%	38.87%	17.98%	20.71%	25.48%	41.38%
	American Indian/Alaskan Native	0.00%			0.00%	0.00%	
_OFFICE OF THE CEO	White		0.00%	0.00%	0.00%		
BEVERAGE DIRECTION	White	11.47%	8.91%	22.09%	7.18%	17.53%	18.53%
	Black	0.00%	15.80%	8.61%	11.87%	5.83%	
	Hispanic	0.00%	92.35%	22.81%	27.68%	28.88%	82.67%
	Asian/Pacific Islander	0.00%	32.06%	18.83%	21.27%	26.45%	42.86%
	American Indian/Alaskan Native	0.00%			0.00%	0.00%	
BFC CHIEF FINANCIAL OFFICER	White	3.93%	5.39%	3.26%	6.48%	7.76%	0.00%
	Black					21.72%	
	Hispanic					128.27%	
	Asian/Pacific Islander		107.14%		0.00%		
STRATEGY & HUMAN RESOURCES	White	0.00%	0.00%	0.00%	7.45%	2.40%	
	Black	0.00%		0.00%		20.54%	217.55%
LEGAL	White	11.11%	0.00%	0.00%	0.00%		114.11%
	Black	0.00%					
CC/CS ADMINISTRATION	White	0.00%	0.00%	9.75%	25.96%	7.17%	

©



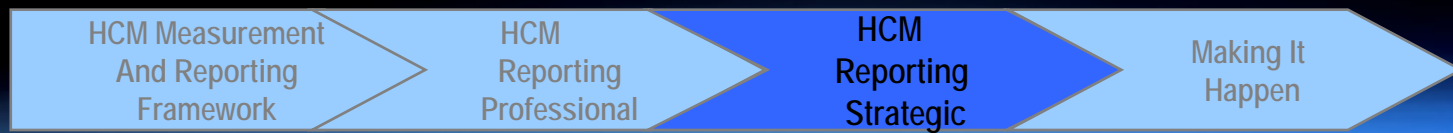


Characteristics of Professional HR Reports



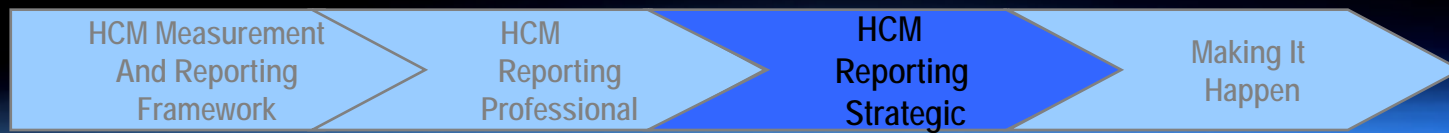
Strategic Reports

- Analysis and synthesis of quantitative data
- Impact or action-oriented



Some Background

- Infohrm provides analytic consulting services based on our expertise in:
 - Workforce data integration
 - HR and Organisational Development
 - Applied research and statistical modelling techniques
- To provide workforce insight and business impact by:
 - Identifying leading indicators of organisational effectiveness and determine strength of relationship,
 - Quantify the amount of improvements in business outcomes and associated with improvement in a workforce driver, and
 - Review of most relevant best practices to inform how to improve performance on ‘decision metrics’.
- The next slides are 2 case study examples of presentations which would represent Strategic HCM reporting



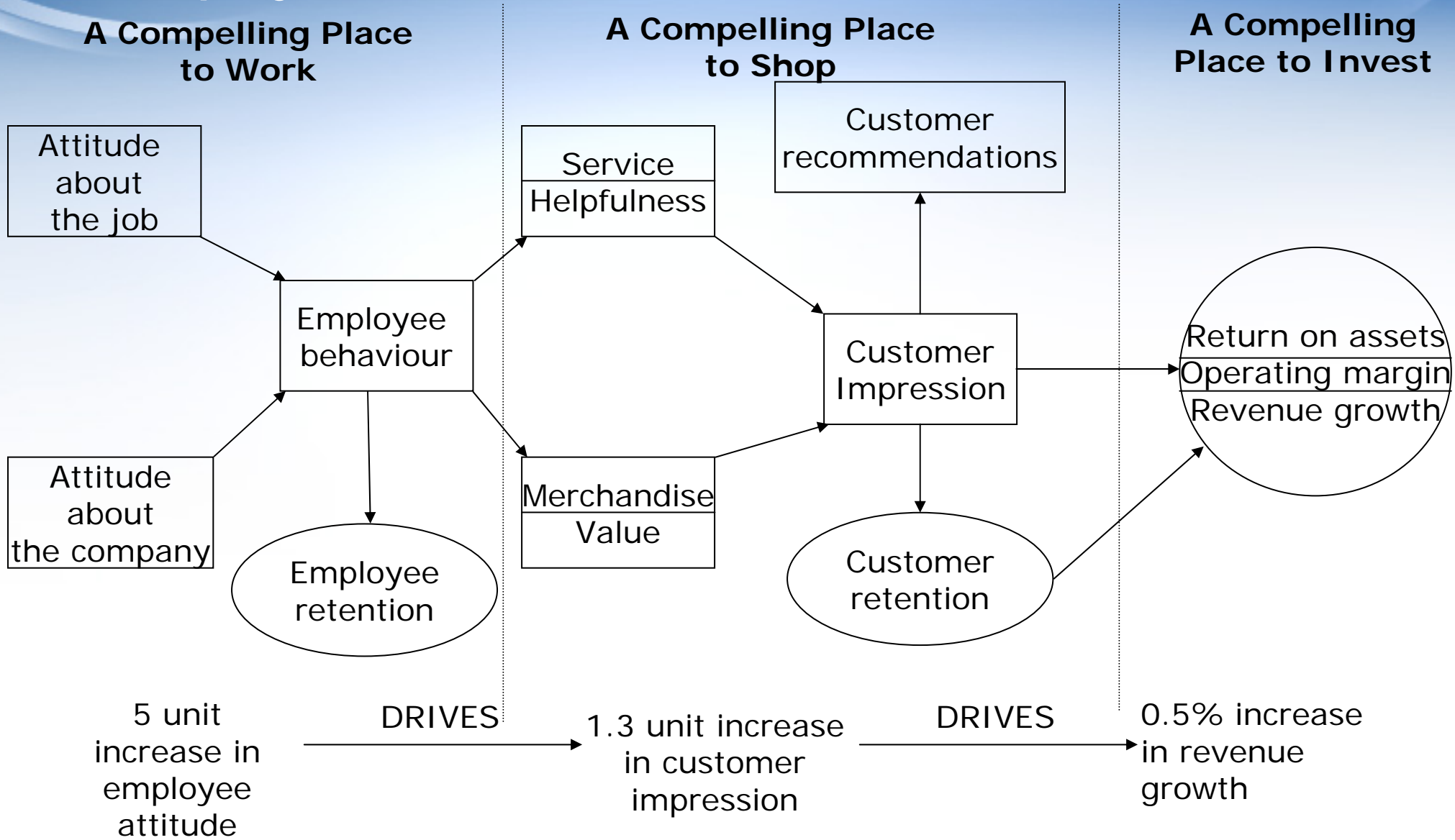
Employee Engagement

“The extent to which employees commit to something or someone in their organization and how hard they work and how long they stay as a result of that commitment” (CLC Research, 2004)

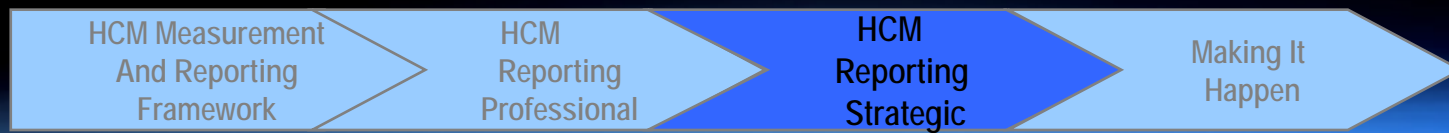
An individual’s involvement and satisfaction with as well as enthusiasm for work (Harter, Schmidt, & Hayes, 2002. Journal of Applied Psychology, 87[2]:269)

- How engaged are our employees today?
- What is the business impact of employee engagement?
- How can we drive engagement?

The Employee-Customer Profit Chain



Source: *The Employee-Customer-Profit Chain at Sears* in 'Harvard Business Review', Jan-Feb 1998
 © Infohorm Pty Ltd www.infohorm.com



Case Study: McKee* Retail Chain

Situation:

- The HR executive of a large retail chain (McKee*) needed to quantify the impact that employees have on store performance.

Action:

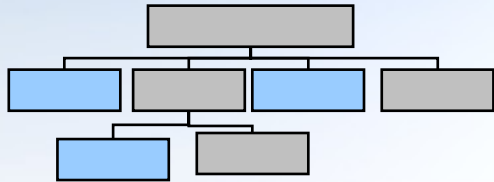
- Integrated HR metrics, employee survey, customer satisfaction and financial data.
- Quantify the strength of relationship between HR metrics and business outcomes.
- Calculate potential financial gains associated with improvements in workforce drivers.

* Pseudonym

Human Capital Drivers of Profitability - Methodology

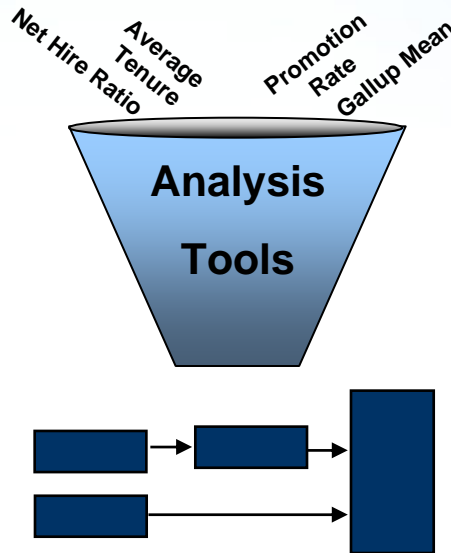
Infohrm utilised the three-step process below to estimate the impact of human capital levers on Profit per FTE.

Step #1: Build Hypotheses



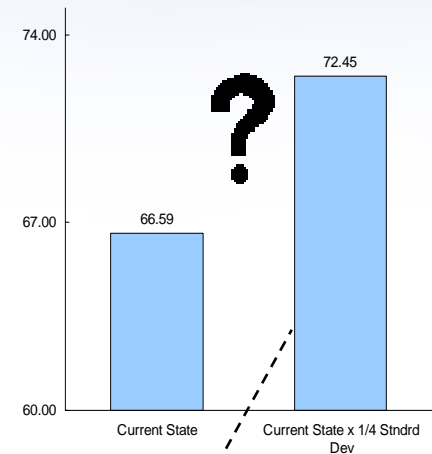
- Through a combination of secondary research, data mining and conversations with senior HR management, Infohrm developed hypotheses to test

Step #2: Test Hypotheses



- Infohrm employed Structural Equation Modeling (SEM)* to test relationships between variables and refine the overall model

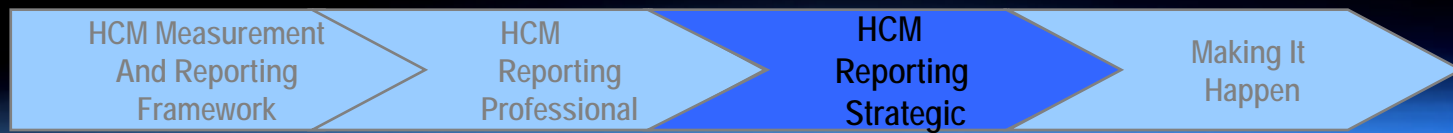
Step #3: Impact Analysis



- Finally, the impact** of improving performance across stores by 1/4 standard deviation was estimated

*SEM is a multi-variate analysis that allows examination of a set of relationships between one or more predictors and one or more outcome variables. It is primarily a confirmatory technique that assesses the adequacy of a model by measuring whether the proposed models estimated covariance matrix is consistent with the observed covariance matrix.

**Impact analysis present a statistical estimate of the maximum total impact on outcome variables a predictor variable may produce. The maximum total impact is calculated by comparing two statistical estimates: the predicted outcome variable score for a store at the mean of the predictor, and the predicted outcome variable score for a store 1/4 standard deviation above the



Step 1: Build the Model

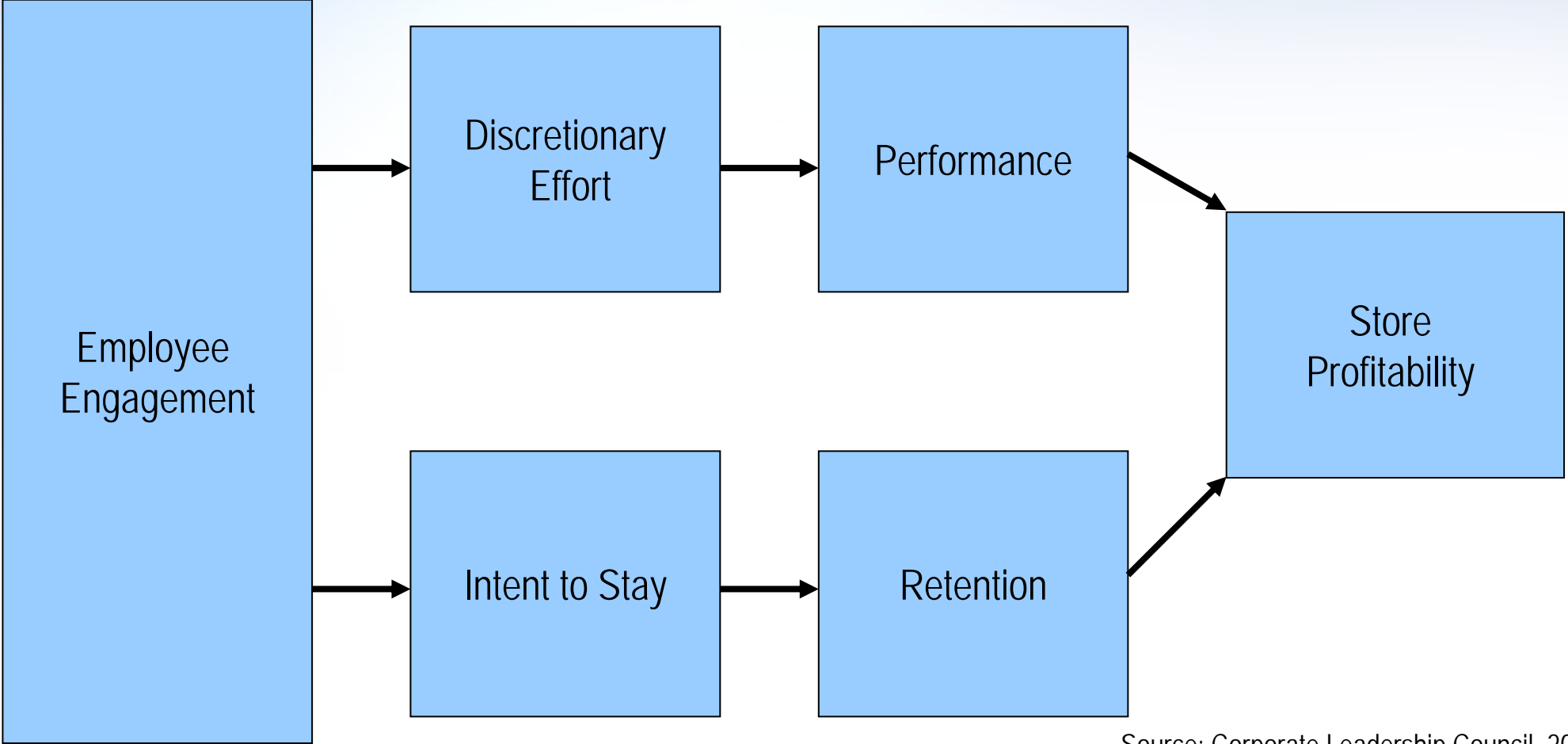
Employee Engagement:

“The extent to which employees commit to something or someone in their organisation and how hard they work and how long they stay as a result of that commitment” (CLC Research, 2004).

- How engaged are our employees today?
- What is the business impact of employee engagement?
- How can we drive engagement?

Step 1: Build Hypothesis

Engagement... ...drives effort and intent to stay... ... resulting in improved performance and retention... ... which drives store performance.

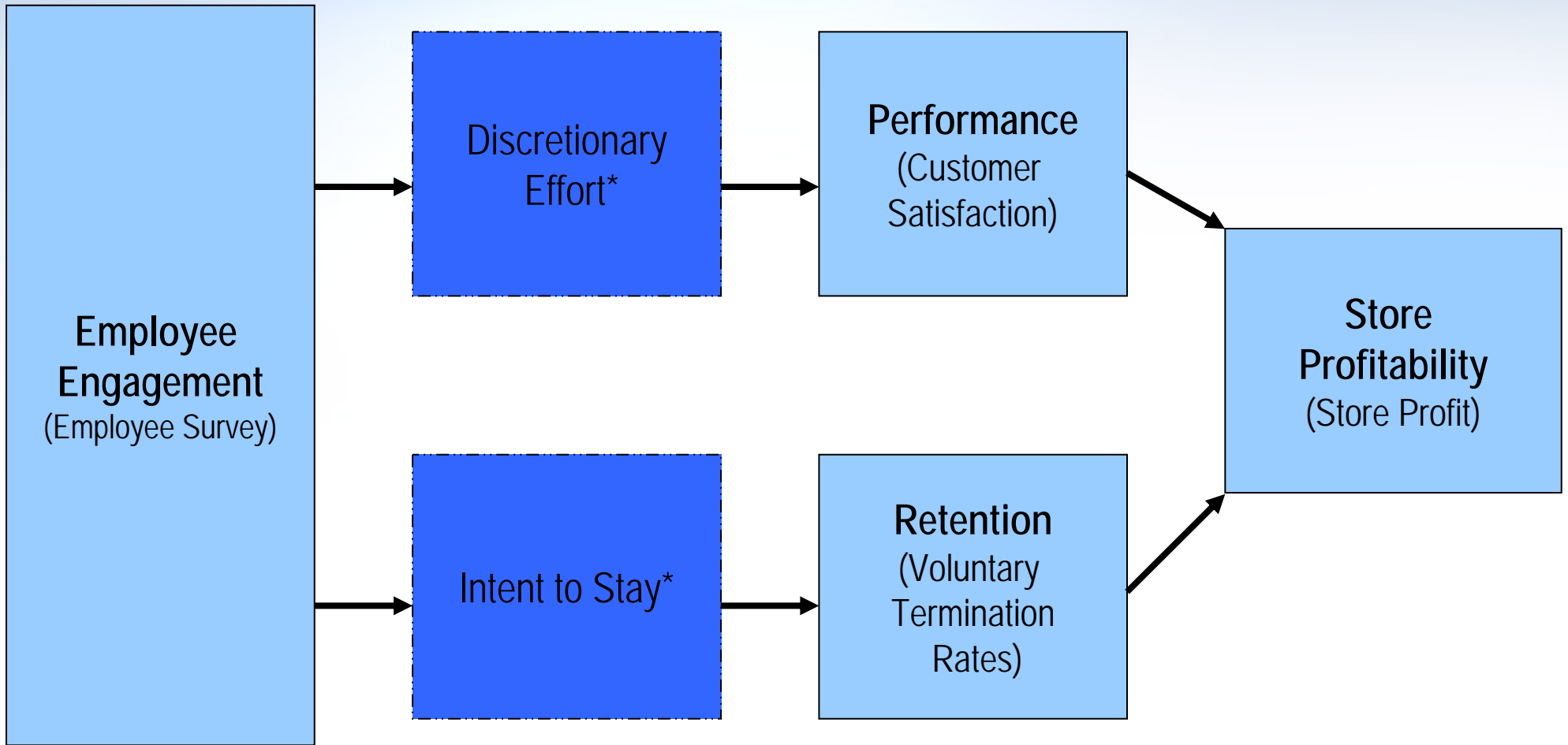


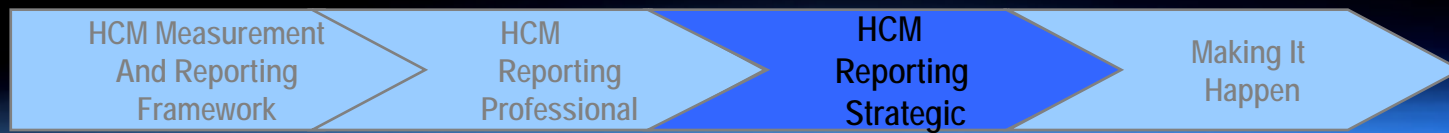
Step 2. Model Tested

Engagement data integrated with...

...top box scores and human capital metrics to...

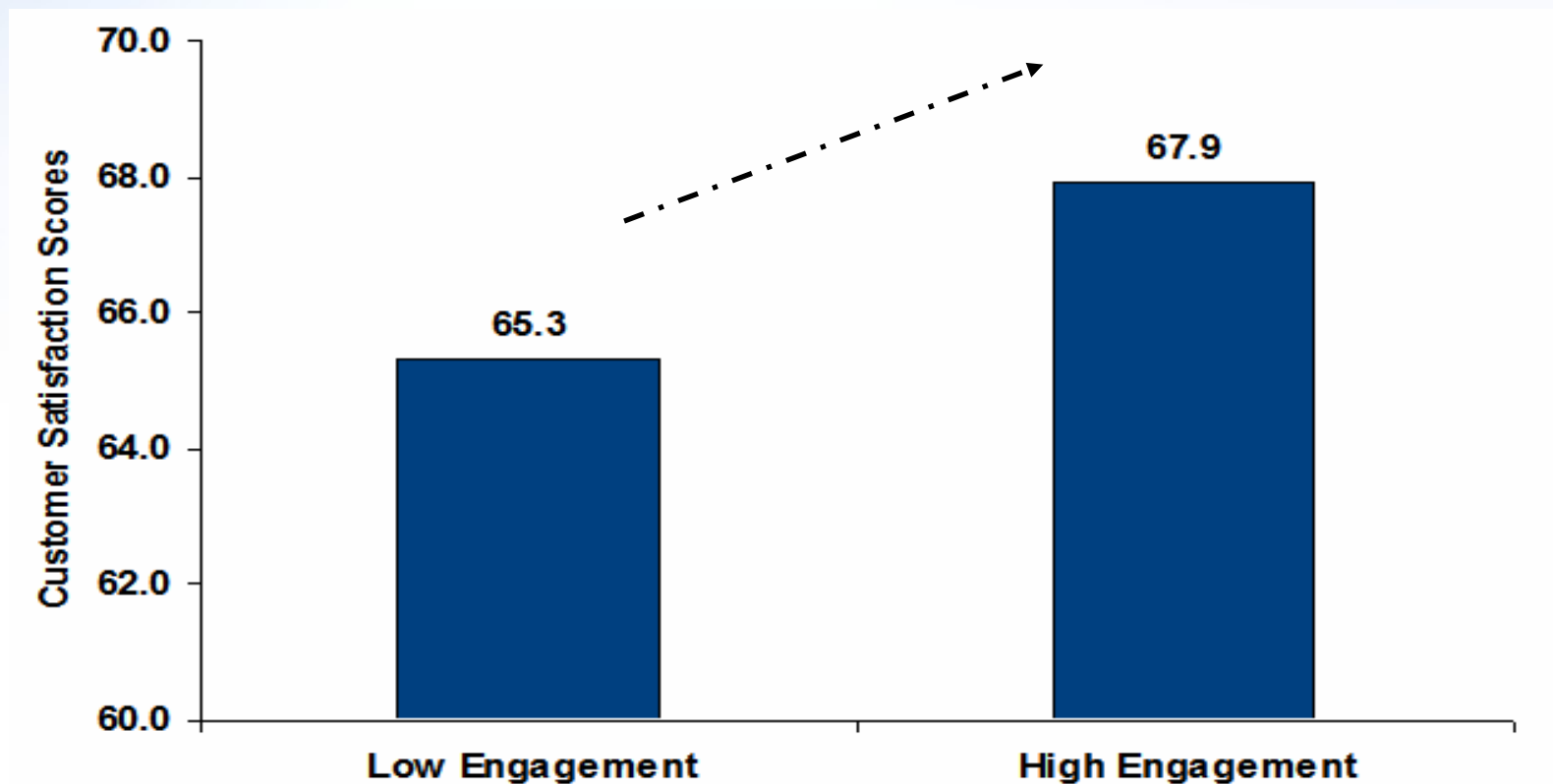
...predict store financial performance...

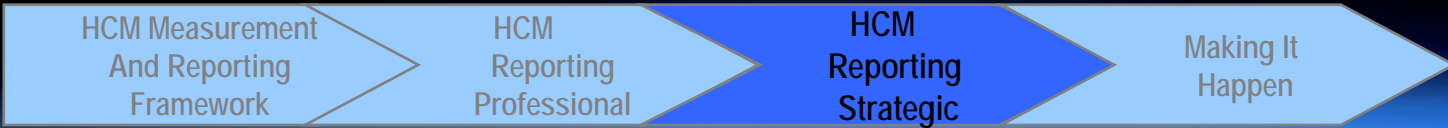




Step 3. Engagement's Impact on Customer Satisfaction

Moving stores from low engagement to high engagement can result in a 4% increase in customer satisfaction.



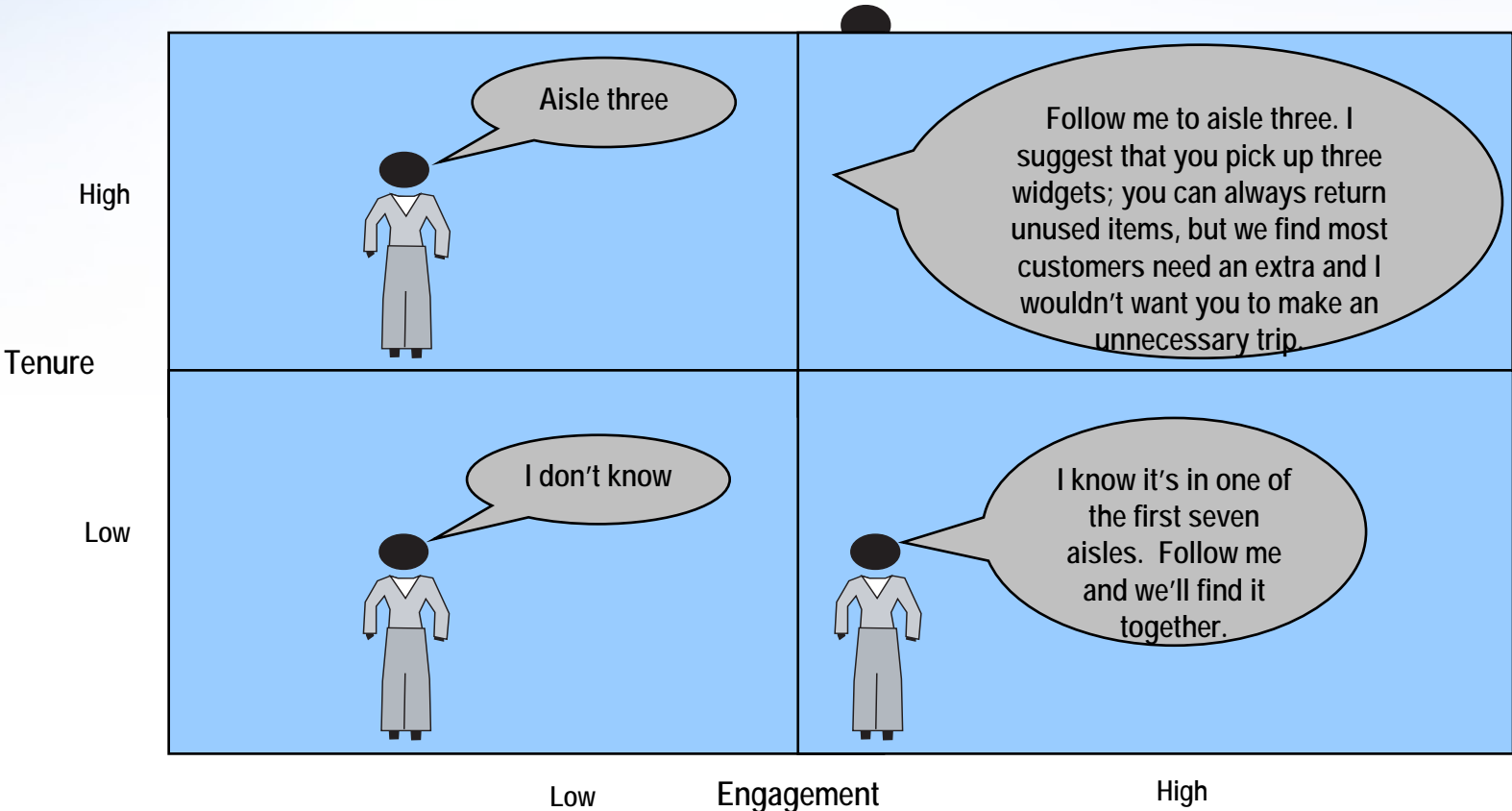


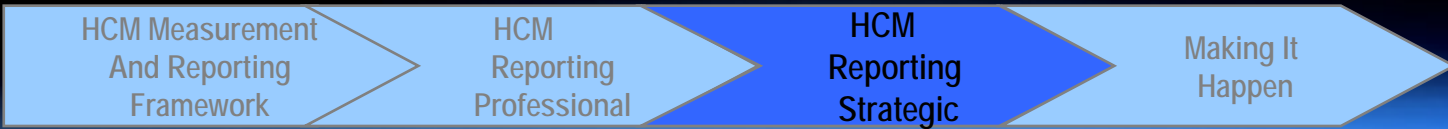
Human Capital Drivers of Profitability

No single employee characteristic can be expected to drive store performance; instead, it is the combination of multiple characteristics that defines employee impact.

Customer Experience

Response to the Question "Where Can I Find Two Widgets"

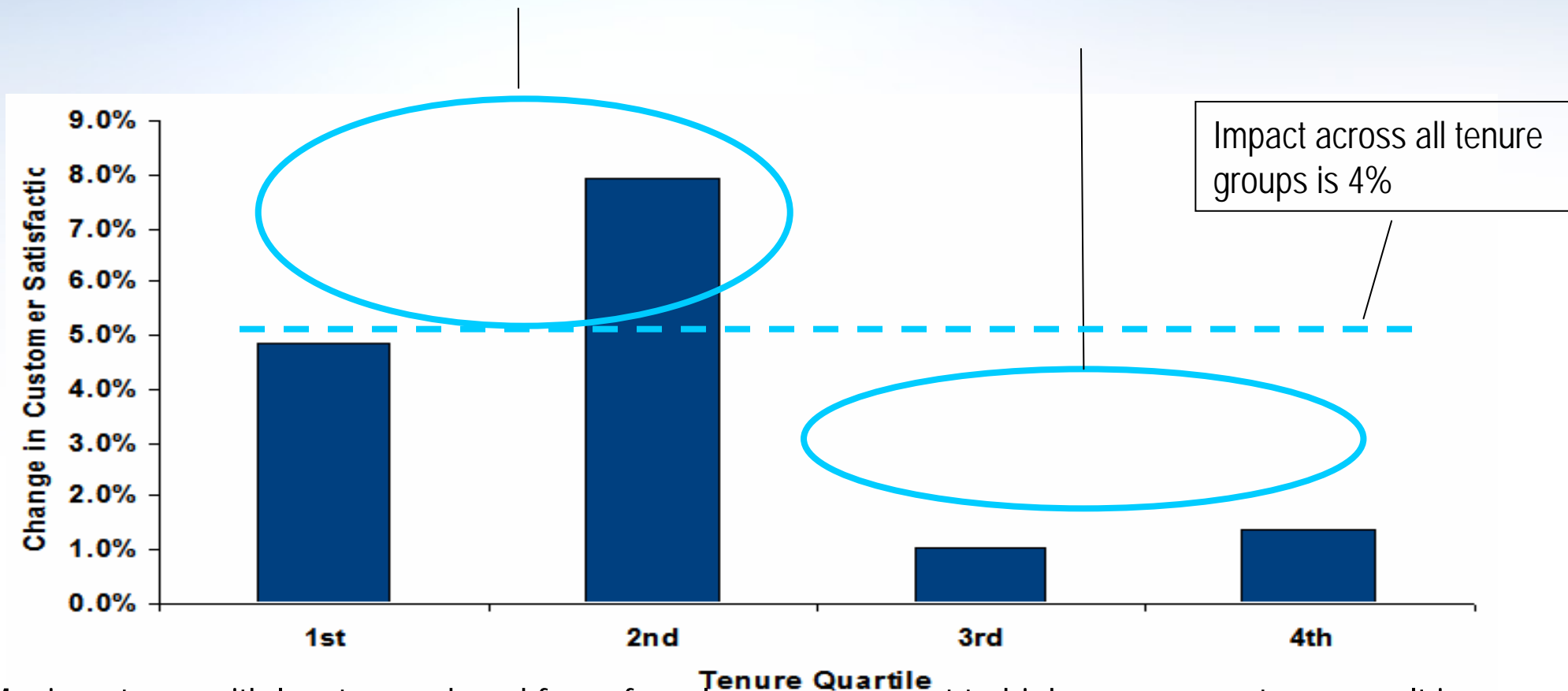




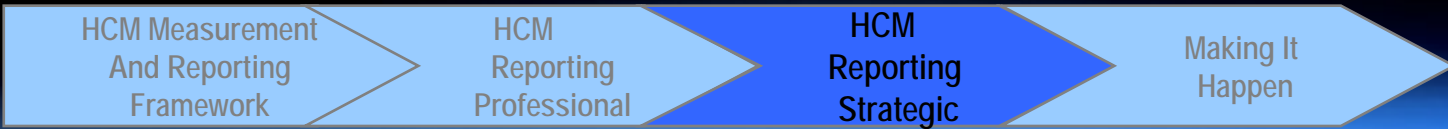
Effect Dependant on Experience Levels of Workforce

Engagement is a strong driver of customer satisfaction in inexperienced workforces...

...but has little impact on customer satisfaction in stores with a high tenured workforce

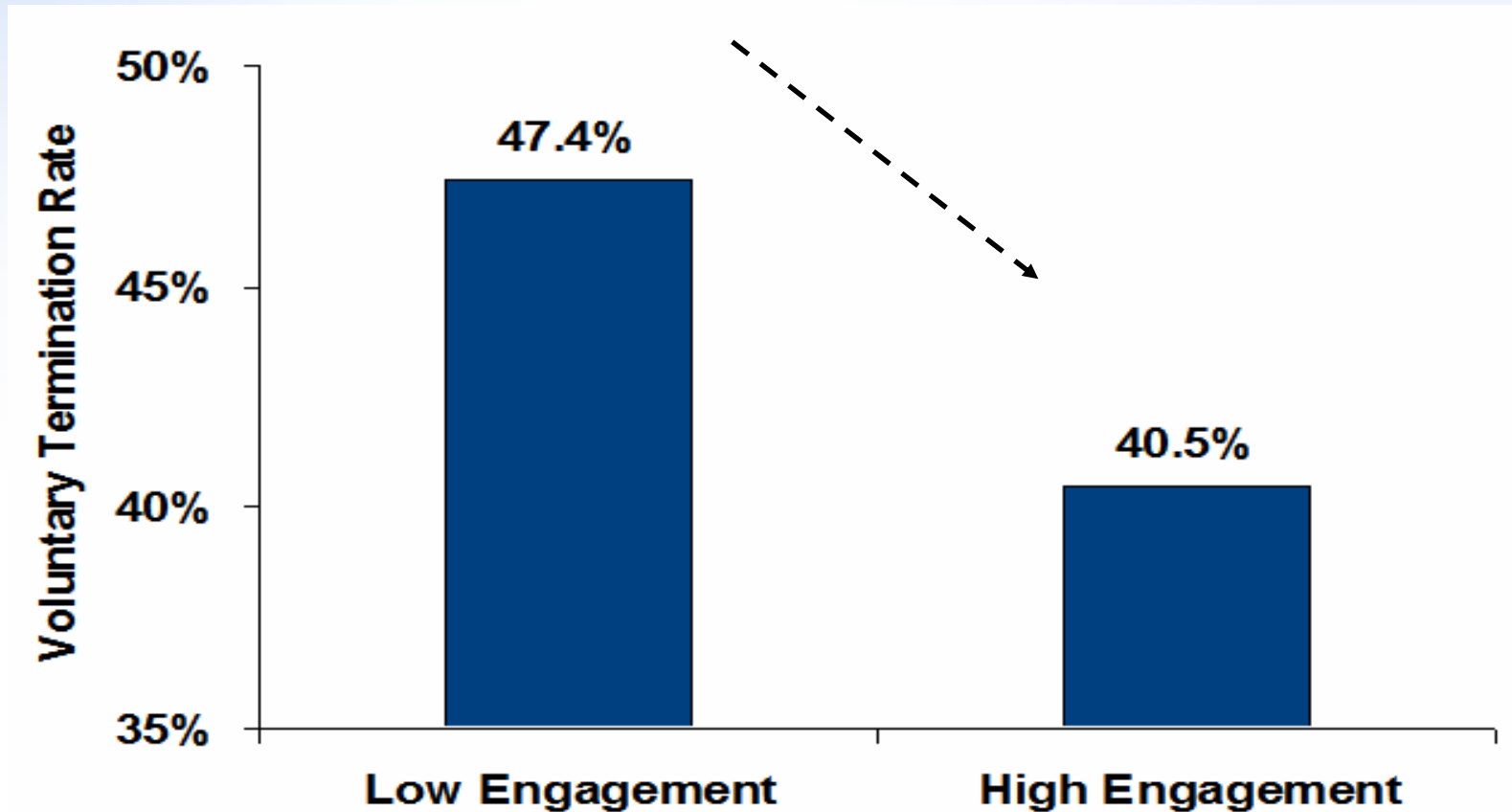


Moving stores with low tenured workforce from low engagement to high engagement can result in a **8%** increase in customer satisfaction but only **1%** in stores with high tenure.

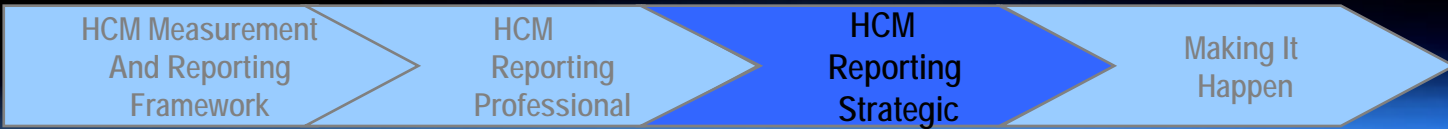


Engagement Drives Retention

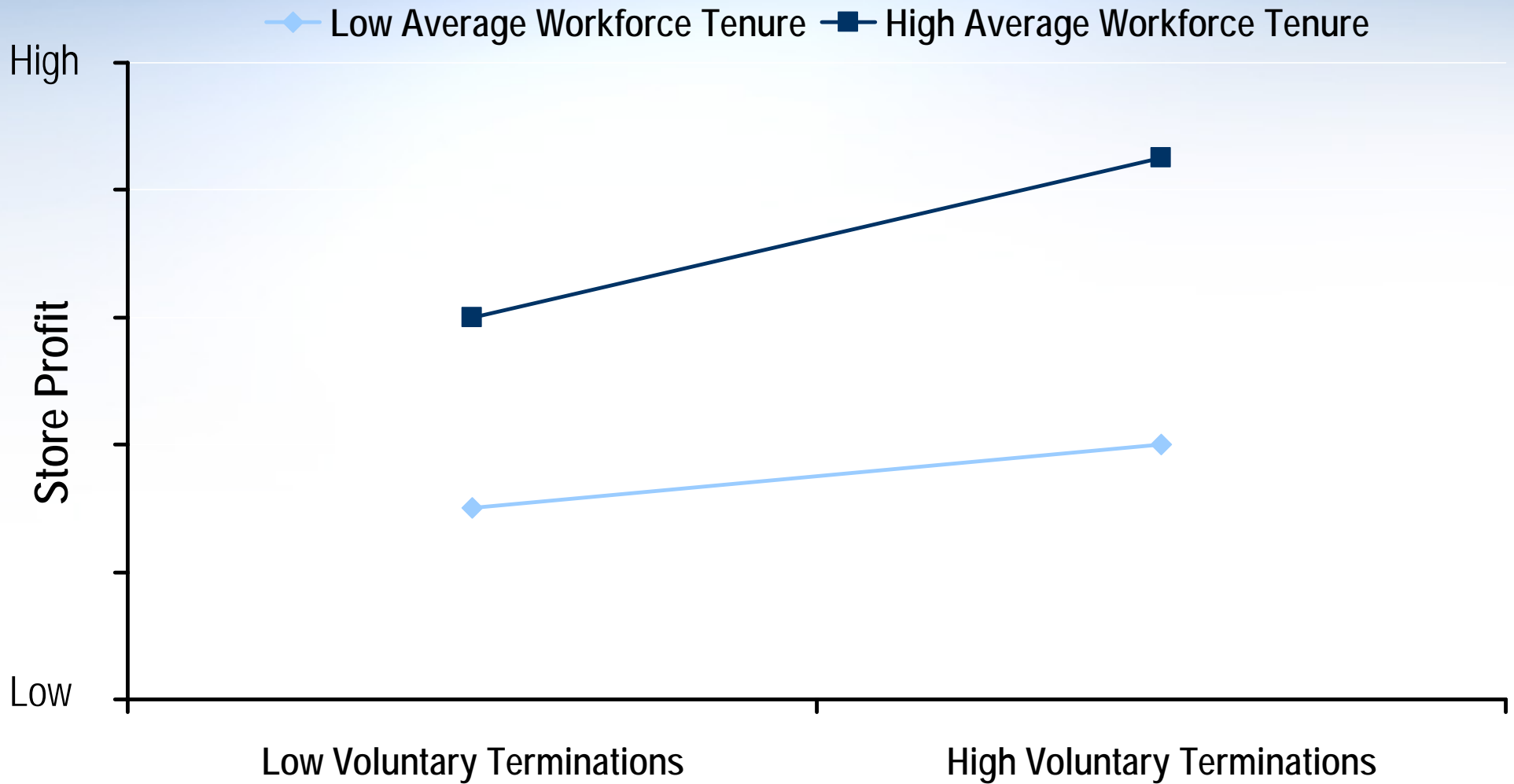
Stores with higher levels of engagement had lower levels of voluntary terminations.

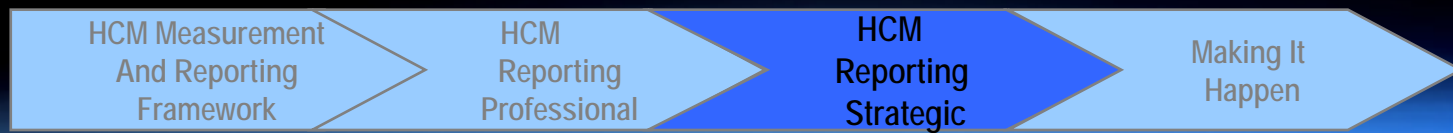


Every 10 percent improvement in engagement can decrease voluntary termination rate by 9 percent.



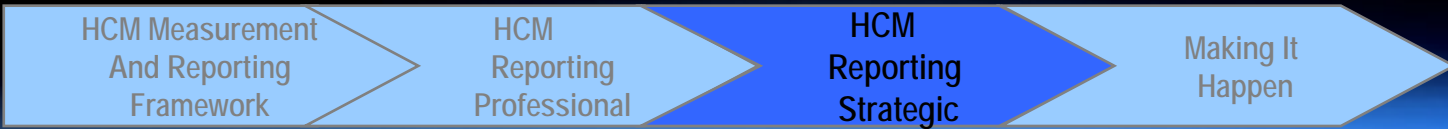
Interaction of Tenure and Turnover on Store Profit





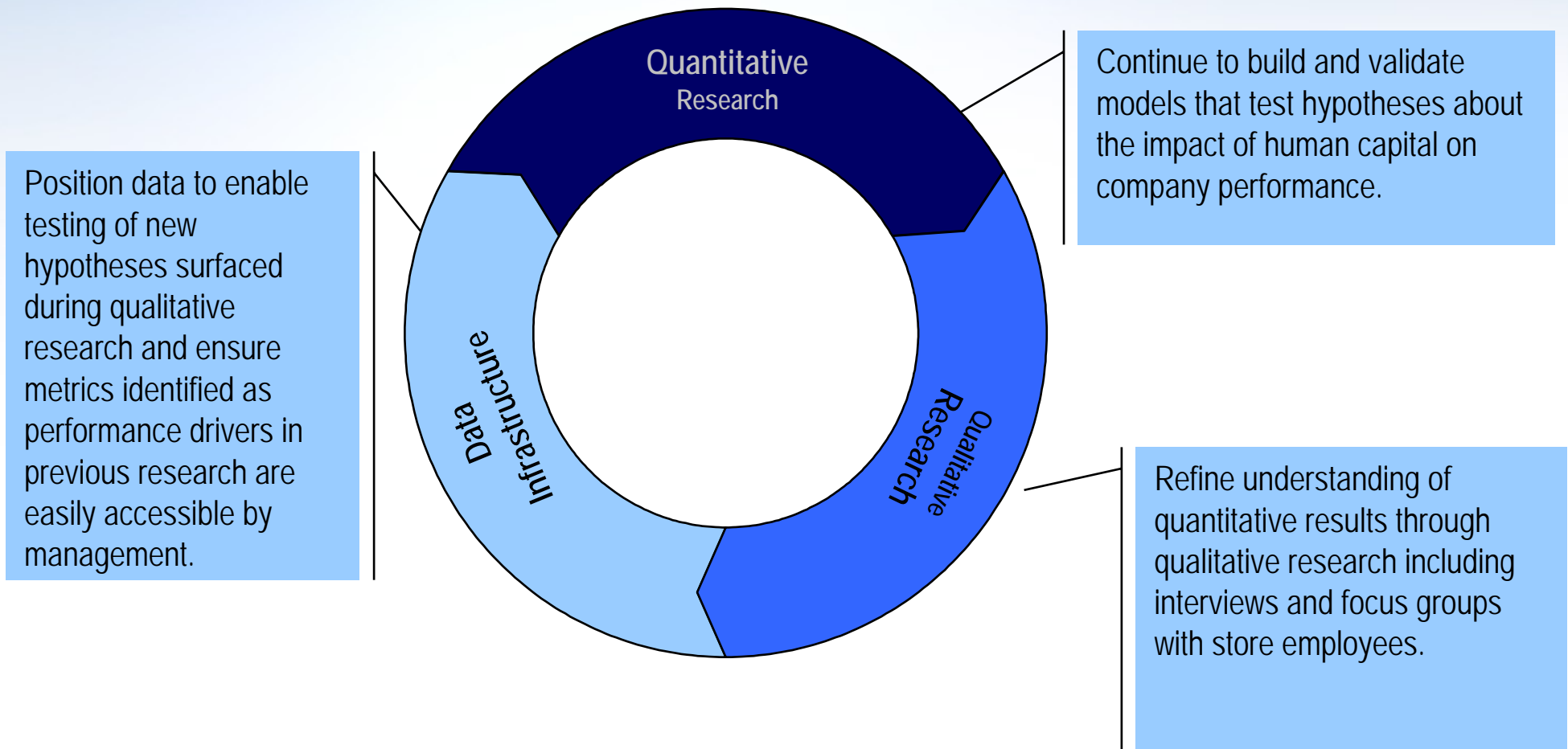
Converting it to Dollar Terms

- Employee-Customer-Value chain:
 - Identify areas of focus to improve store performance
 - Help prioritise people investment decisions
- Quantify Impact of Engagement
 - A 10% increase in engagement drives, a 2 unit increase in customer satisfaction, drives a 7.5% increase in Profit per FTE.
 - This equates to a total increase across the sampled stores of approximately, \$125,000,000.

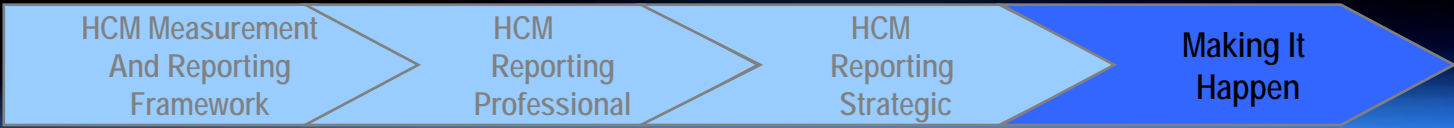


Conclusions and Next Steps

Iterative Research Model



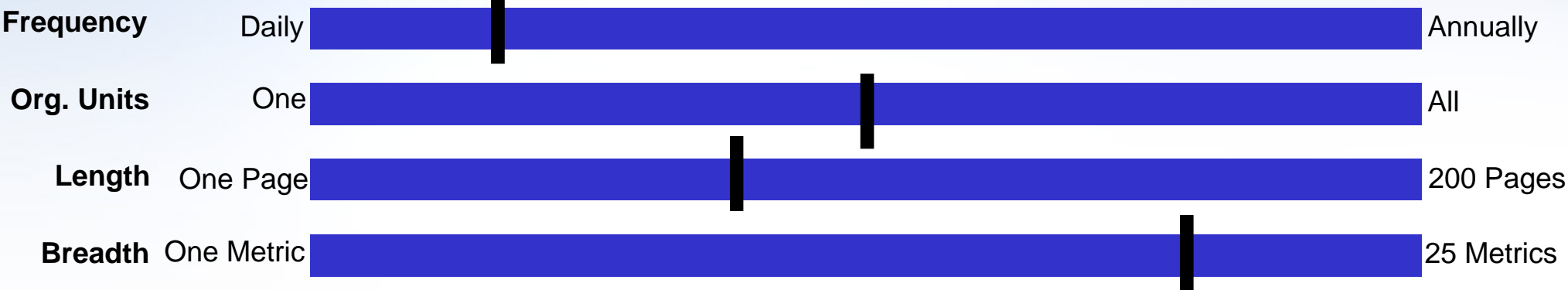




No one approach....

*A Universal Reporting Template is Difficult to Achieve
Since the Needs of Audiences Vary Within and Across Organizations*

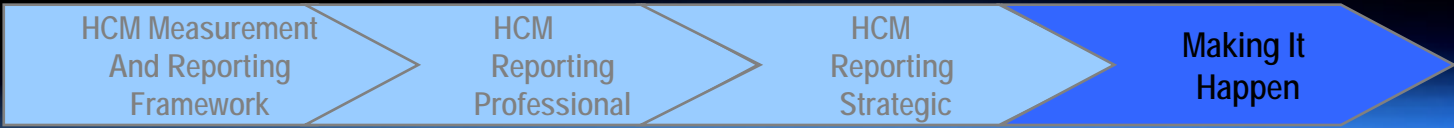
Dimensions of Human Capital Reports *Illustrative*



Member Articulated Reporting Needs

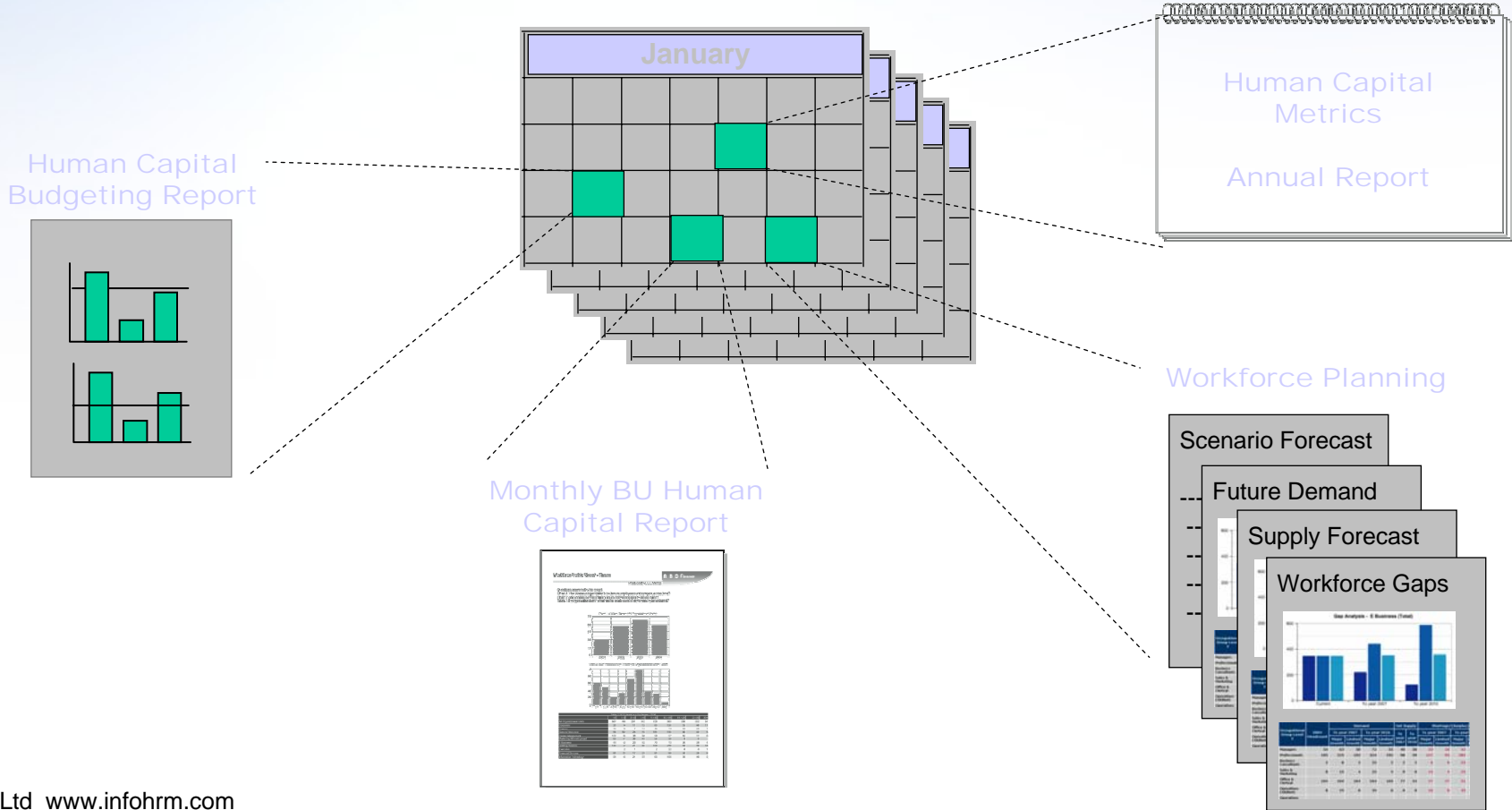
“Less is more when it comes to benchmarks. They become a distraction in reports.”
-Project Manager A

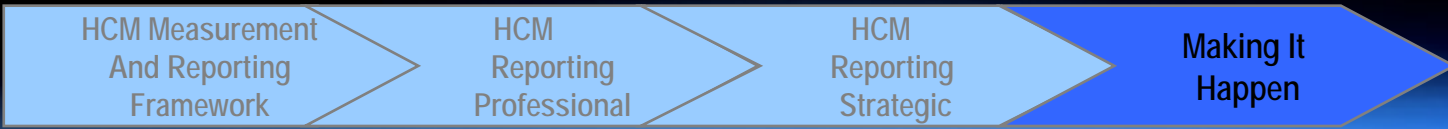
“If we could include benchmarks, this would be a very useful report.”
-Project Manager B



Best Practice: Consistent Reporting

Incorporating Human Capital Metrics as a Set Part of Business Processes Proves a Valuable Strategy for Driving Utilization



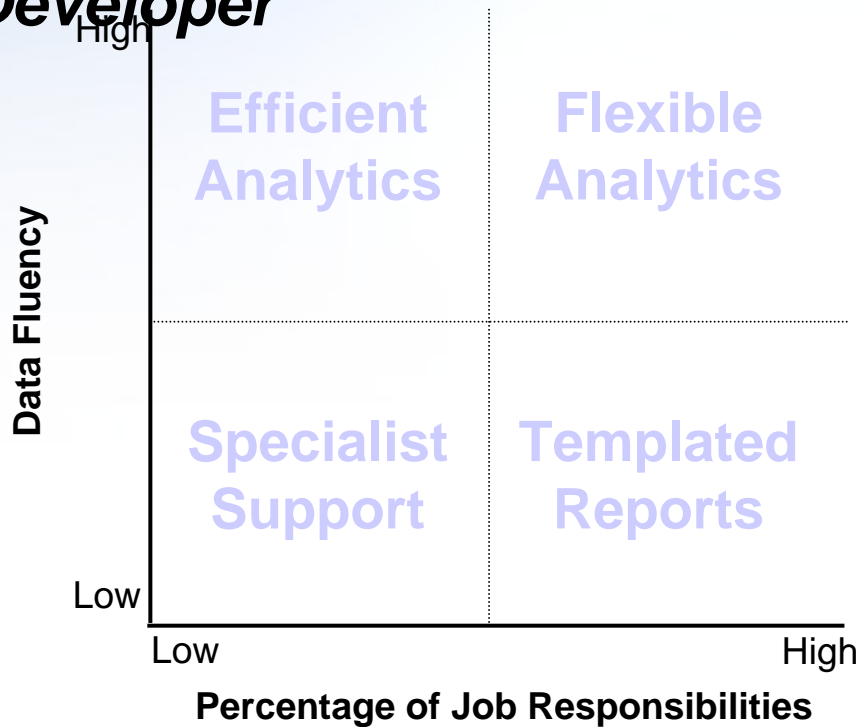


Selecting a Reporting Format

*Building the “Right” Report Requires
Consideration of Both the Report Developer and Consumer*

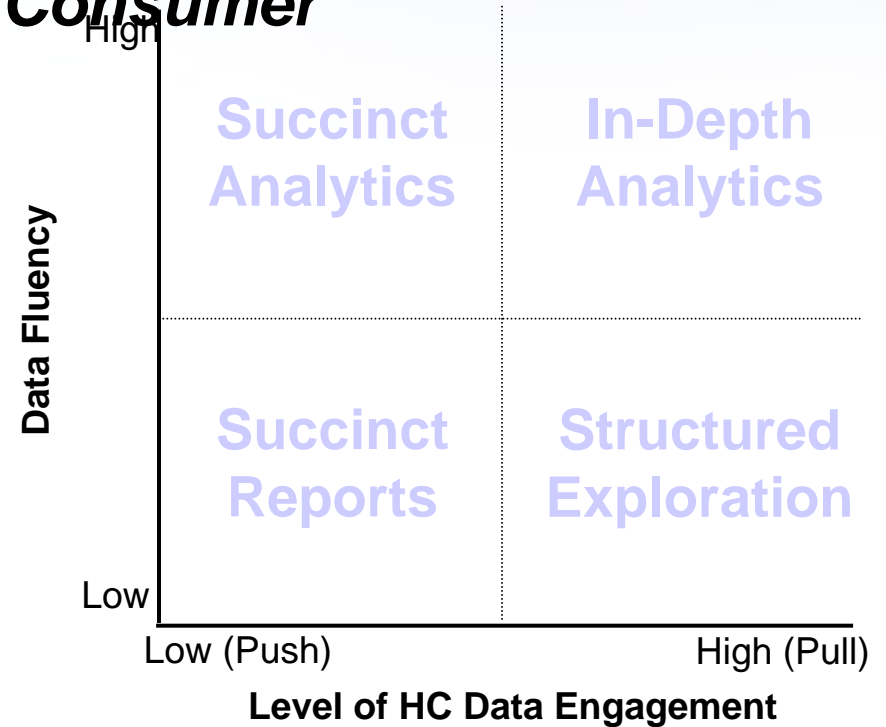
Ideal Report Characteristics

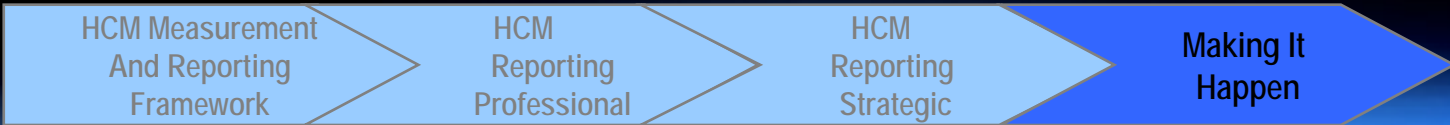
Developer



Ideal Report Characteristics

Consumer



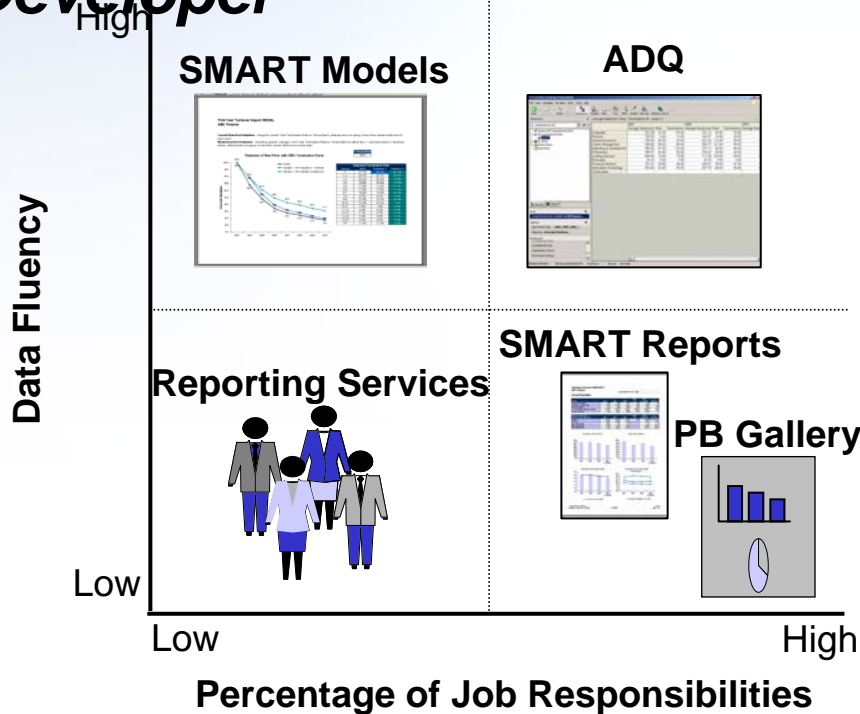


Delivering Across the Spectrum

*Current CLC Metrics and Planned InfoHRM
Tools and Applications Offer Solutions for Every Audience*

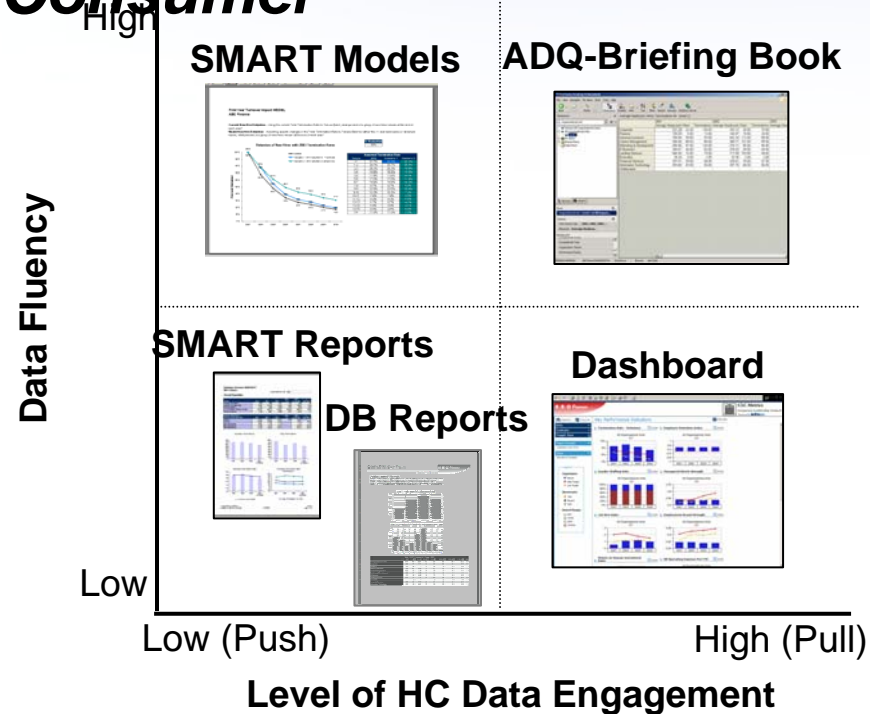
Ideal Report Characteristics

Developer



Ideal Report Characteristics

Consumer



Tips for success

- Focus on your early adopters
- Don't try to boil the ocean
- Develop compelling stories
 - “You can save us how much?”
- Maintain your focus
 - Dollar amounts help you do this – remember, you can't do everything
- It is essential to have the right people in the right jobs to be successful
- Expect to have to adjust your vision to meet the needs of the users
- Be flexible and willing to change the scope or focus of your plans
- Don't expect everyone to accept this method overnight
- Enjoy the detours along the way... you may end up in a better place than where you originally planned!



Questions

Thank You

HRMStrategies 2006: IHRIM 2006 Conference and Exposition
April 9-12, 2006 ♦ Washington, DC

For more information on this topic

Go to www.ihrim.org

The IHRIM Learning Center

<http://www.ihrim.org/resources/LCindex.asp>

IHRIM Publications

<http://www.ihrim.org/pubonline/index.asp>

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Peter Howes, CEO, Infohrm Pty Ltd

Connie Farris, Brown-Forman, Manager
HRIS Operations

Thank you!

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