

Saratoga
Human resource services

The Saratoga Review

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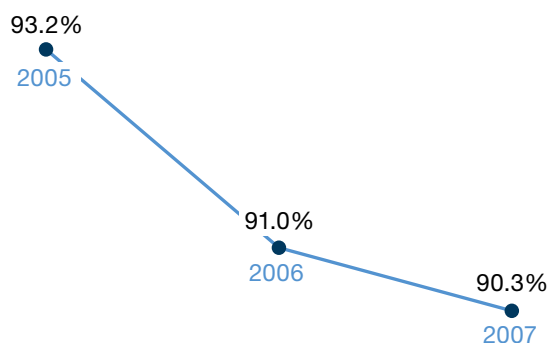
Last month, we continued our review of some of the key trends noted in Saratoga's 2008/2009 US Human Capital Effectiveness Report and discussed employee turnover and challenges of retaining younger workers. This month we discuss the talent acquisition crisis.

A reminder, the results described in this article represent the all-industry medians, which are the midpoint values for all organizations in PwC Saratoga's database. Individual demographic groups, especially industry groups, can demonstrate substantially different results than the all-industry median. For example, the amount of revenue generated per employee in the healthcare industry is \$163,144 and in the banking industry that figure is \$264,897.

The talent acquisition crisis for companies operating in the United States worsened in 2007, even as weakness in a number of sectors softened the labor market. Two key PwC Saratoga metrics highlight this finding:

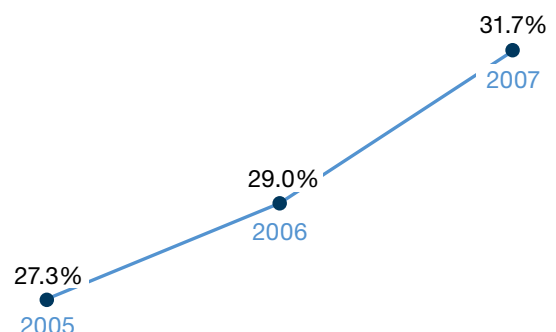
The offer acceptance rate declined again, dropping to 90.3 percent from 91 percent.

Offer acceptance rate



1. At the same time, approximately one in three new hires leaves a company within the first year of employment. First-year turnover rate grew to 31.7 percent in 2007, continuing an upward trend.

First year turnover



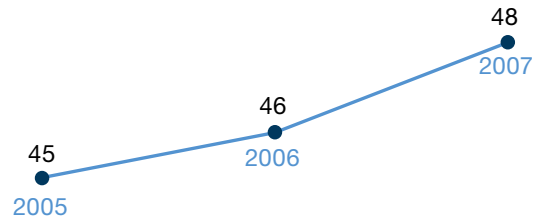
Some key talent management questions for organizations to address include:

- Why are potential hires more likely to turn down offers now than they were in 2005, when national economic conditions were far better?
- Why are new hires increasingly likely to leave a new job and accept the risk that leaving an organization entails?

PwC Saratoga believes that a number of organizations are in poor position to answer these questions. Only 34 percent of organizations report measuring new hire quality, and fewer than half (47 percent) report measuring effectiveness of the on-boarding process.

Nevertheless, not all the hiring process news is negative. Time to accept an offer and cost per hire have both remained consistent over the past few years. However, companies need to be careful to not overemphasize talent acquisition efficiency metrics at the expense of talent effectiveness metrics.

Time to accept



Cost per hire



Next month we'll conclude our review of some of the key trends noted in Saratoga's 2008/2009 US Human Capital Effectiveness Report with a review of HR spending.

PwC Saratoga creates new industry focused measurement consortiums

When our clients look to compare themselves against their peers they want to compare themselves to organizations that:

- They compete with for talent
- They compete with for sales/customers
- Have similar workforce structure/demographics
- Experience similar business cycles

While PwC Saratoga's Human Capital Effectiveness Reports have traditionally focused on measurement across a variety of industries, we recognize that key workforce issues vary by industry. For instance, while global measurement is critical for technology companies, it is not of interest for utility providers. We find as well, that many sectors want to put a special emphasis on critical role. In the federal government sector, companies put a special emphasis on individuals with security clearance, while in health care, nurses are critical.

To address the individual needs of each industry, PwC Saratoga has developed customized measurement consortiums for certain sectors. We have launched initial groups in the following industries:

- Federal government contractors
- Insurance
- Healthcare
 - » Health insurers
 - » Large multi facility hospitals
 - » Teaching hospitals
- Oil and Gas
- Technology
- Utilities

Each consortium leverages PwC Saratoga standards, methodologies, and tools and is designed to establish and build a valuable network for members. In addition to the eight consortia above, we are in the process of developing additional industry consortiums we expect to launch in the future.

If you are interested in learning more about one of our consortiums or are interested in developing one for your industries, please visit our [Industry consortia](#) page on the Web, or contact us at saratoga@us.pwc.com — (866) 727-2864.

Metric of the month: New metrics for 2009

PwC Saratoga's 2009 Annual Human Capital Effectiveness Survey launches on January 5, 2009. This year's survey consists of more than 400 metrics focused on workforce productivity, span of control, succession planning, recruiting costs and efficiency, quality of hire, labor costs, turnover, and HR cost and structure.

A total of seventeen new metrics have been added to this year's survey. The new metrics can be broken into two categories - workforce diversity and union population.

Workforce diversity metrics

PricewaterhouseCoopers is rated one of the top five most diverse companies by DiversityInc magazine. PwC is leveraging our own successful diversity strategies and wealth of subject matter expertise gained from working with other innovative companies into our Cultural Transformation Solutions Practice. This practice helps clients examine their business through the lens of diversity and inclusion to align diversity strategies with the strategy and goals of the business and deliver sustainable impact. To help support this effort, PwC Saratoga will be adding ten diversity metrics to our annual survey including:

Metric	Description
Women External Hiring Percent	Percent of external hires that joined the organization who were women.
Ethnically Diverse External Hiring Percent	Percent of external hires that joined the organization who were of African, American Indian/Alaskan Native, Asian/Pacific Island, and Hispanic background.
Women Promotion Rate	Percent of women that were promoted during the survey period.
Ethnically Diverse Employee Promotion Rate	Percent of African, American Indian/Alaskan Native, Asian/Pacific Island, and Hispanic headcount that were promoted during the survey period.
Women Voluntary Separation Rate	Percent of women that voluntarily left the organization during the survey period.
Ethnically Diverse Employee Voluntary Separation Rate	Percent of African, American Indian/Alaskan Native, Asian/Pacific Island, and Hispanic headcount that voluntarily left the organization during the survey period.
Women Headcount Percent	Percent of headcount that are women.
Ethnically Diverse Headcount Percent	Percent of headcount that are of African, American Indian/Alaskan Native, Asian/Pacific Island, and Hispanic background.
Women Management Headcount Percent	Percent of Management headcount that are women.
Ethnically Diverse Management Headcount Percent	Percent of Management headcount that are of African, American Indian/Alaskan Native, Asian/Pacific Island, and Hispanic background.

Union population metrics

Many of PwC Saratoga's larger clients have large union populations. Recognizing that the turnover rates of union and non union employees vary greatly, PwC Saratoga has added six metrics to analyze turnover union and non union populations as well as a metric which measures the percentage of employment arbitration cases that were won by the organization. The new metrics include:

As part of the creation of our survey, PwC Saratoga reviews our list of metrics each year to ensure our continued thought leadership in the workforce measurement arena. Our metric list is compared with the suggestions we receive from our clients, partners, and our internal team.

We compile these suggestions and review them internally to assess:

- Relevance to the marketplace
- Ability to standardize definitions
- Overlap with existing metrics

Key contacts:

Northeast

Michael Tindall
michael.tindall@us.pwc.com
(646) 471-1296

Southeast

Nik Shah
nik.shah@us.pwc.com
(202) 414-3866

Metric	Description
Percent of Arbitration Cases Won	Percent of employee arbitration cases that were won by the organization during the survey period.
Union Turnover Rate	Percent of union employees that voluntarily and involuntarily left the organization during the survey period.
Non Union Turnover Rate	Percent of non union employees that voluntarily and involuntarily left the organization during the survey period.
Union Voluntary Separation Rate	Percent of union employees that voluntarily left the organization during the survey period.
Non Union Voluntary Separation Rate	Percent of non union employees that voluntarily left the organization during the survey period.
Union Involuntary Separation Rate	Percent of union employees whose separations resulted from a dismissal, lay-off, or death.
Non Union Involuntary Separation Rate	Percent of non union employees whose separations resulted from a dismissal, lay-off, or death.

To learn more about Saratoga's upcoming data collection effort, please contact us at (866) 727-2864.



Have an idea or topic that you would like Saratoga to write about? If so, we would love to hear from you! Please send your ideas and/or topics to saratoga@us.pwc.com.

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We're often asked about how metrics are impacting organizations and want to hear your experiences. How is your organization using metrics/measurement to influence change/reduce costs in your organization?

We'd love to hear your stories and feature your experience in one of our upcoming newsletters which is read monthly by thousands of HR practitioners. If you have a story to share, please contact saratoga@us.pwc.com.