

Saratoga
Human resource services

The Saratoga Review

Newsletter Issue: July 2008

In this issue

Change agents: Designing agility into your corporate DNA

Saratoga's 2008/2009 Human Capital Effectiveness Report is now available

Metric of the month: Rehire percent

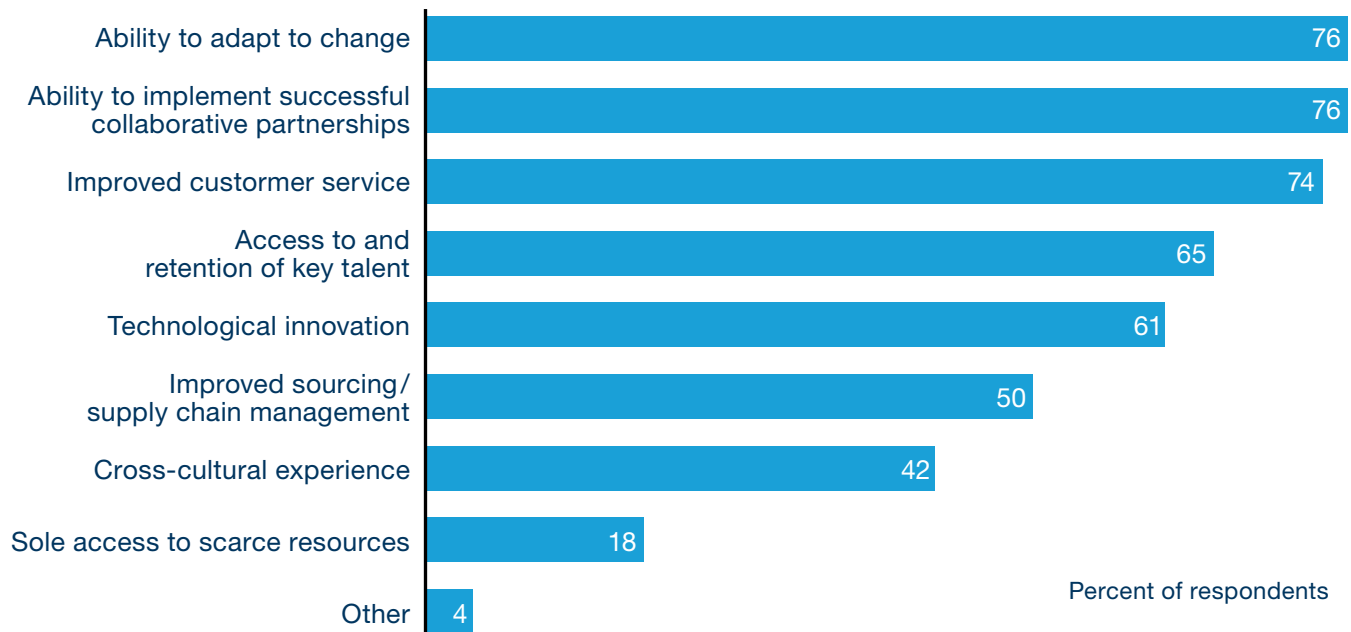
Change agents: Designing agility into your corporate DNA

This is a summary of an article titled Business operational change agility.

To read the article in its entirety, please [click here](#).

According to PricewaterhouseCoopers' 2008 Global CEO survey, 76% of the 1,100 CEOs surveyed feel the “ability to adapt to change” is a source of competitive advantage, a higher percentage than commonly perceived sources of advantage such as technology and key talent (Figure 1). Leaders perceive agility as a critical organizational attribute because it measures the ability to adapt to future opportunities and challenges efficiently and successfully.

Figure 1: Perceived sources of competitive advantage



According to our recent survey of more than 1,100 global CEOs, agility is squarely at the top of the executive agenda. The ability to adapt to change was cited as one of the most important sources of competitive advantage over the next 12 months—trumping even technological innovation and talent.

Source: PricewaterhouseCoopers, 11th Annual Global CEO Survey, 2008

So what exactly is agility and whose responsibility is it? Agility is an infusion of your processes and decision making to affect strategic change and it is everyone's responsibility. True agility requires a balance between flexibility and standardization. While your customers expect unique products and services, your organization has to provide these custom solutions from a common, standardized supply chain and infrastructure.

Achieving a state of agility is difficult for many organizations because they have focused on efficiency. In order to create this efficiency, many businesses are organized by specialties, creating organizational silos. The "Model T" era approach where each group does its own thing and hands it off to the next chain no longer works. Being agile requires working across multiple silos simultaneously. Many companies create an organizational strategy based on factors and assumptions about the current market, customer and suppliers, but they often fail to consider how an unanticipated change such as new regulations or a merger could impact the way they operate.

Creating a business agility blueprint

To structure and analyze potential future scenarios such as those listed above, companies can create a high-level map of present and future value-creation called a business agility blueprint. This blueprint needs to provide a complete picture of current business processes, including where value is created, process owners and redundancies, and where there are connection points. Following this, high level scenario analysis needs to occur to list out potential changes and how to operationalize responses to these changes.

The process of creating the blueprint can take a few months and generally involves the entire organizational executive team. The changes proposed in the blueprint must be well thought out and long-term strategies, not

just quick fixes. Input is required from many internal organizational sources on some key topics:

- Current business strategy
- Mapping business processes
- Current business processes and their connection points within the organization
- The company's IT blueprint
- Senior management's view on possible future market changes and opportunities
- Input from customer-facing departments detailing the factors holding them back from providing additional value

Taking a team approach

It is difficult enough to manage change with known inputs and factors, and it is even more difficult to manage with the possibility of future change. Organizational agility should be built into the decision-making process and should be a part of each executive's mandate and mission. It is the responsibility of each executive officer to define how to integrate agility into the business as well as ensuring changes are implemented. This requires executives to work together to create a fully integrated and agile company.

The CEO must set the tone, assign responsibilities and make the decisions about organizational changes. This activity must not be delegated to others - otherwise the results from agility initiatives are likely to be disappointing. While a monitoring group, such as a program office, can monitor the day to day details of the blueprint, only the CEO can decisively act on the information.

Saratoga's 2008/2009 Human Capital Effectiveness Report is now available

PricewaterhouseCoopers Saratoga released its US 2008/2009 Human Capital Effectiveness Report on June 2. This year's report contains 345 metrics from 318 organizations throughout the United States.

Saratoga's Human Capital Effectiveness Report provides organizations with the results to enable evidence-based decision making. Our five surveys and reports measure:

- Productivity of the workforce
- Return on investment of human capital
- Quality of succession plans
- Employee engagement
- Quality of hire
- High and low performer employee turnover
- Cost of turnover
- HR structure and costs for 19 distinct HR functions

We have also made a number of enhancements to this year's metric content including:

- Generational metrics including headcount, hiring, and voluntary turnover breakdowns
- Compensation program effectiveness
- Source of hire
- Tuition reimbursement costs

To learn more about Saratoga's latest report, contact us at saratoga@us.pwc.com or (866) 727-2864.

Metric of the month: Rehire percent

As the demand for qualified workers remains strong, more and more organizations are recognizing that past employees provide a valuable talent pool. In last month's "Driving Retention Through a Better Exit Survey Process" article we discussed the value of adding a series of questions to organizational exit surveys that ask key employees about the potential to rejoin the organization. After all, the grass is not always greener on the other side!

To help organizations begin to assess their hiring sources, Saratoga developed Rehire Percent. This metric measures the percentage of hires joining the organization that had previously been employed with the organization. The formula for this metric is:

$$\text{Rehires} / \text{External Hires}$$

Similar to other hiring source metrics Saratoga offers, we recommend that organizations focus on the quality of rehires to ensure they are performing as expected.



Key contacts:

Northeast

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

Midwest

Patrick Meyer
patrick.meyer@us.pwc.com
(312) 298-6229

Southeast

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

West

Scott Pollak
scott.pollak@us.pwc.com
(408) 817-7446

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.

The Saratoga Review is copyrighted and protected by federal law. The re-use of its content is restricted (see copyright statement below), but we allow sharing it in part or whole so long as proper attribution and our copyright are included. However, you are permitted, in fact encouraged, to forward this newsletter, in its entirety, to as many of your associates and colleagues as you wish. Or, have them sign up for their own copy at saratoga@us.pwc.com.

To unsubscribe from the Saratoga Review, please send an email to saratoga@us.pwc.com. Make sure to include the word UNSUBSCRIBE in the subject field.

For more information, call 866-727-2864 or visit us on the web at <http://www.pwc.com/saratoga>

© 2008 PricewaterhouseCoopers. All rights reserved. PricewaterhouseCoopers refers to the network of member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity. PM-08-xxxx 06/08 BL