



Saratoga
Human resource services

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Saratoga launches its 2008 Global Human Capital Effectiveness Survey

The typical global organization invests nearly 27 cents in workforce labor costs to generate \$1 in revenue, and yet very few have insight into how optimized their investment is. To help organizations quantify the value of their workforce, PricewaterhouseCoopers Saratoga is conducting its fifth annual global measurement study—**the only known global measurement study of workforce productivity, turnover, and sustainability**.

Saratoga's Global Human Capital Effectiveness Survey allows you to collect, measure, benchmark, and report on global workforce and HR data, while simultaneously providing valuable information on organizational structure and operations. Participation in this survey can help your organization:

- Understand your global human resources issues
- Direct strategic HR planning efforts
- Develop a global perspective on human capital management and impact
- Improve the management of your global human resources investments
- Establish consistency in reporting on human capital across regions
- Benchmark against other global organizations

The Global Human Capital Effectiveness Report will act as a supplement to Saratoga's existing US and European Human Capital Effectiveness Reports. It assesses workforce and HR department performance at a global level, transcending borders and regions.

The Global Human Capital Effectiveness Report covers a series of metrics across the following areas: financial impact and productivity, organizational structure, labor costs, workforce development, retention and HR department efficiency. Participants in this survey will receive a customized report that compares their organizational results against the global benchmarks.

Definition of "Global"

For the purposes of our Global Workforce Database, Saratoga has adopted a strict definition of a "global" company. By adhering to this definition, Saratoga will ensure an appropriate comparator group.

Saratoga considers companies global if they:

- Have mature operations in at least 3 of the 4 major regions of the world: North America, Europe/EMEA, Asia and South America
- Have global revenues of at least 1 billion US dollars or a minimum of 5,000 employees
- Can source their global data

Tools

Saratoga has been helping clients measure their workforce and HR efficiency for more than 25 years. Saratoga has developed a suite of tools specifically designed to support clients with their global measurements including:

Established Peer Group—Saratoga has an established database of world-class global organizations that continues to grow and improve over time.

Global Metric Portfolio—The Global Human Capital Effectiveness Report leverages a set of metrics tailored especially for global issues and structures, which is consistent with existing measures in our regional and national reports.

Global Measurement Definitions and Standards—Based on our experience in workforce and HR measurement, we have developed tried and tested data element and formula standards, which are again suitable for global assessments and are consistent with our existing regional and national definitions.

Workforce Diagnostic System (WDS) web portal—Saratoga's WDS tool is a one-stop shop for measurement and benchmarking and allows clients to have multiple employees enter data, view reports and compare results to peers.

To learn more about the global measurement effort, please contact Jon Burton at (408) 817-7440 or jon.burton@saratoga.pwc.com.

Global HR: Meeting the challenges of today and tomorrow

Human resource professionals face many challenges in their work. Some of these challenges shift with the times, while others remain constant for long periods. In 2005 PricewaterhouseCoopers conducted a survey of global HR challenges on behalf of the World Federation of Personnel Management Associations. The survey was conducted with HR professionals from more than 200 organizations in over 35 countries and focused on tasks HR professionals were most concerned with in 2005, as well as what they anticipate will be most important in three years (Click [here](#) to read the entire article, which starts on page 25). The results of this survey are displayed to the right.

As of 2005, change management, HR effectiveness measurement and leadership development were the three most cited HR challenges. When asked to project three years into the future (which would be 2008), the list changed to organizational effectiveness, leadership development, and change management. HR effectiveness measurement dropped off the list. Organizational effectiveness made a huge leap, as almost 40% of global HR professionals believed it would become an important challenge. Organizational effectiveness was the highest gainer, up by almost fifteen percent from 2005, and it was followed by an increased concern over the international mobility of employees (4% to 13%) and retention (16% to 23%).

Challenge	Today (2005)	In 3 Yrs
Benefits costs: Health and welfare	13%	13%
Benefits costs: Retirement	9%	5%
Change management	48%	28%
Compensation	24%	15%
Employee rewards	12%	12%
HR effectiveness measurement	27%	17%
HR technology selection and implementation	9%	5%
Industrial relations	7%	8%
Leadership development	35%	33%
Learning and development	19%	19%
Legal/regulatory compliance	7%	5%
M&A integration/restructuring	11%	6%
Organizational effectiveness	25%	39%
Other	7%	4%
Outsourcing	8%	8%
Staffing: International mobility of employees	4%	13%
Staffing: Recruitment and availability of skilled local labor	24%	24%
Staffing: Retention	16%	23%
Succession planning	20%	21%

(Highlighted responses represent challenges most often selected by participants.)

Change management featured a 20% decrease in perceived importance from 2005 to 2008, though it remained in the top three concerns. Other big losers were HR effectiveness management (27% to 17%) and compensation (24% to 15%).

The trends from this survey illustrate the philosophical shift of the focus of the HR function from administrative tasks to more strategic business initiatives. HR professionals are increasingly recognized as becoming strategic business partners within their organizations. They are expected to provide the essential frameworks, processes, tools and points of view needed for the selection and development of future leaders and for the management of change.

Leadership development, change management and organizational effectiveness are critical to achieving and maintaining market share. In fact, leadership development and change management should be considered two sides of the same coin. If organizational leadership fails to step up to the plate and manage change, then the organization won't have the resilience to manage change or to change ahead of the curve.

The only way to determine whether change has happened is to measure. The need to measure results is viewed as important, and as becoming a requirement of HR professionals rather than a leading edge concern. HR professionals now recognize that it is important to go beyond HR effectiveness metrics in order to look at organizational effectiveness (change across the whole organization). Metrics are the bridge to reach this goal.

Metric of the month: One or more candidate succession planning depth

According to Saratoga's 2007/2008 US Human Capital Effectiveness Report, more than four out of ten executives are eligible for retirement within the next five years. These evolving demographics have required companies to focus on the future, and for many organizations that means creating or expanding their succession planning programs. One of Saratoga's key succession planning metrics is One or More Candidate Succession Planning Depth. The formula for this metric is:

Number of Key Roles with One or More Unique Successors /
Number of Key Roles

Saratoga focuses on unique successors, recognizing that having a single person in line for multiple key positions could present problems if the person were to leave the organization. For example, with Saratoga's definition of Number of Key Roles with One or More Unique Successors, if a COO is a successor for both the CEO and President positions, he/she would only be counted once.



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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