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PwC Saratoga

# *The Saratoga Review*

Newsletter Issue: May 2011

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## *What's happening at PwC Saratoga*

### **The following key activities are coming up at PwC Saratoga:**

- May 27, 2011: PwC Saratoga will release results from our 2011/2012 US Human Capital Effectiveness Report to clients. Based on data from more than 300 organizations, the report will contain hundreds of metrics and thousands of benchmark results related to workforce productivity, span of control, employee costs, quality of hire, turnover, and HR cost and structure.
- June 7, 2011: PwC Saratoga will launch our Surveys 101 workshop in Chicago. This workshop will focus on taking action from employee engagement survey results. Surveys 101 will focus on organizations looking to improve their ability to analyze/synthesize large amounts of data and develop action plans. To learn more about this course or to register, please copy and paste the following URL into your Web browser..
  - **Surveys 101:** <http://www.seeuthere.com/ui/18/181564/Surveys101BrochureFinal.pdf>
- Early June 2011: PwC Saratoga will host a webcast focused on onboarding titled "Improving the 'New Joiner' Experience" to improve productivity and retention. Join us as we share a case study from PwC on enhancing our internal new joiner experience. An invitation and registration link will be sent shortly.
- June 30, 2011: PwC Saratoga will release results from our 2011/2012 Global Human Capital Effectiveness Report to clients. The report will contain aggregate global data from more than 50 organizations and will focus on results related to workforce productivity, span of control, employee costs, quality of hire, turnover, and HR cost and structure.
- June 2011: PwC Saratoga will release benchmark results to members of our For-Profit Education, Hospital, Non Health Insurance, Health Insurance, and Utilities consortia.
- July 12, 2011: PwC will host a webcast focused on results from our 2011/2012 US Human Capital Effectiveness Report. More details will be available shortly.

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## *What's happening at PwC Saratoga*

- Late summer: PwC Saratoga will release results for our Latin American and Asian benchmark reports.
- September 2011: PwC Saratoga will host a webcast focused on predictive analytics. Details for this webcast will be sent during the next few months.
- September 27/28, 2011: PwC Saratoga will host our firm's Metrics 101 and Metrics 200 workshops in San Jose, CA. The Metrics 101 workshop is designed for those who are new to workforce measurement. Our Metrics 200 workshop has a deeper focus on dashboard development, data analysis, and metrics analysis to build business cases. To learn more about the courses or to register, please copy and paste one of the following URLs into your Web browser:
  - **Metrics 101:** <http://www.seeuthere.com/ui/18/181564/Metrics101Sessions2011.pdf>
  - **Metrics 200:** <http://www.seeuthere.com/ui/18/181564/Metrics200Sessions2011.pdf>
- We will host additional Metrics 101 and Metrics 200 courses in New York in October and Dallas in November.

To learn more about any of these activities, please visit [www.pwc.com/us/saratoga](http://www.pwc.com/us/saratoga) or see the final page of this newsletter for the contact information of your local Saratoga representative or call 1-866-727-2864.

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## *Financial fitness of your workforce*

Like health and wellness, employee personal financial fitness is an important aspect of overall well-being. According to PwC's Financial Wellness Survey released in April 2011, almost half (49%) of working adults surveyed find it difficult to meet their household expenses on time each month, and employees' top financial concerns are cash flow issues (having enough emergency savings for unexpected expenses and not being able to meet monthly expenses). In addition, 56% of employees report that their stress related to financial issues has increased over the past 12 months.

For employers, these levels of employee financial stress can be significant, especially because 29% of respondents admitted personal financial issues have been a distraction at work and 48% of employees handle their personal finances during work.

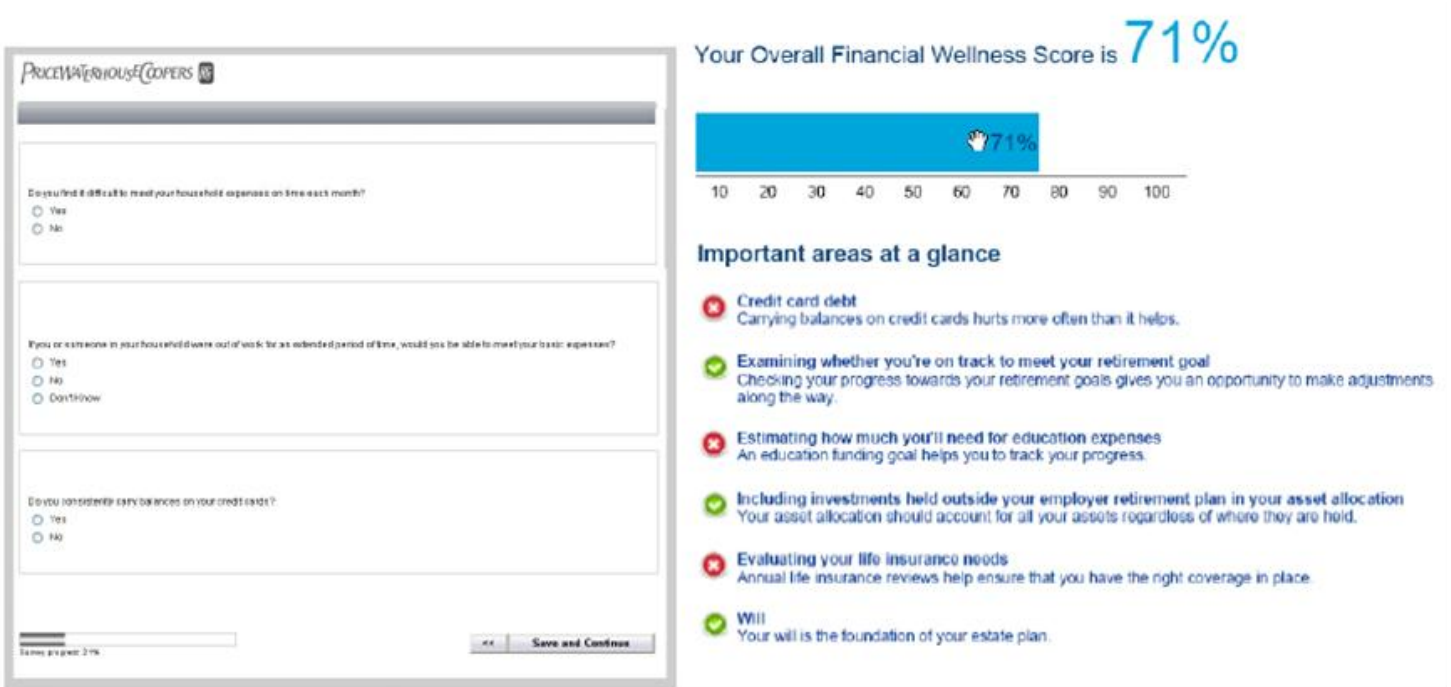
Given the economic environment, employees may be stressed over organizational shifts, market conditions, and benefits changes. In addition, they often look to their employer for help navigating the personal financial issues that are part of their changing workplace, including:

- greater employee responsibility for retirement, saving, and investing decisions
- declining retirement plan values, which impact employee retirement readiness
- stressful situations that decrease work productivity, including foreclosure or death of a loved one
- organizational change such as workforce reductions, voluntary and involuntary early retirement programs, and relocations
- benefits changes such as retirement plan conversions or 401(k) plan enhancements
- general lack of employee knowledge, appreciation, and utilization of company benefits including retirement and pension plans, insurance, flexible spending accounts, and legal services plans.

To assist organizations in gauging the financial well-being of their employees, PwC has developed a 10-minute assessment. Similar to a health risk assessment, the Financial Fitness Assessment asks "yes" and "no" questions and covers a wide-range of personal financial matters, including credit/debt management, savings and retirement plans, investments, insurance, and estate planning (wills, durable power of attorney).

## Financial fitness of your workforce

Upon completing the assessment, **employees** are provided with a personalized report that includes their financial wellness score and suggested action items to help them improve their financial fitness (see below for sample employee report).



Employees can use this report to identify key issues affecting their financial fitness score and to view actions needed to improve their financial fitness. Additionally, employees can be provided with access to helpful tools and resources (e.g. customized PwC eAdvisor website for financial planning content and tools, targeted webcasts and workshops, workbooks, CDs, and DVDs). A personal financial coach also can be provided to assist employees with understanding their results and suggested course of action.

**Employers** get a detailed report about the financial well-being of their employees by key demographics (e.g. gender, age, location, staff class, and tenure) to help pinpoint issues and at-risk groups (see below for sample employer report).

# Financial fitness of your workforce

## Your Company's Employee Financial Wellness Results

Average Impact Score: Low to High	74	AGE: 50+	LEVEL: Sr. Exec	GENDER: Female	GENDER: Male	LEVEL: Exec	Homebased	US	SITE: Atlanta	Sales Force	Ops	AGE: 26 to 45	Tenure: <1 year	AGE: 26 to 45
No. Participants*	11,800	1,200	39	1,160	4,200	385	2,893	1,000	164	2,344	1,746	300	1,000	51%
Using a dependent care FSA	75%	75%	84%	79%	71%	75%	83%	23%	40%	40%	45%	66%	65%	65%
Carry credit card balances	46%	12%	14%	51%	41%	56%	45%	23%	40%	40%	45%	66%	65%	65%
Difficulty with making minimum payments	24%	5%	11%	29%	22%	21%	16%	11%	17%	9%	17%	11%	5%	5%
Planning a major purchase within the next 3 years	15%	22%	29%	20%	19%	16%	16%	11%	17%	9%	17%	11%	5%	5%
Checked credit report in last 12 months	51%	71%	73%	45%	49%	44%	61%	41%	22%	16%	42%	14%	5%	5%
Follow a monthly budget	55%	77%	72%	55%	51%	51%	71%	77%	79%	81%	71%	73%	53%	22%
Saving outside of employer plans	51%	61%	61%	61%	61%	61%	61%	61%	49%	61%	49%	49%	49%	49%
Planning to retire in next 5 years	20%	41%	17%	14%	24%	20%	24%	19%	21%	17%	5%	7%	2%	2%
Examined whether on track to meet retirement goal	72%	77%					72%	74%	71%	70%	72%	61%	41%	15%
Know sources of retirement income	77%	82%					71%	74%	71%	70%	66%	58%	49%	25%
Plan to fund education expenses	73%	75%	88%	70%	74%	46%	77%	71%	53%	15%	55%	59%	7%	7%
Considered outside investments when developing asset allocation	61%	85%	89%	77%	82%	70%	61%	71%	70%	71%	74%	15%	14%	14%
Reviewed asset allocation	75%	87%	82%	74%	77%	70%	72%	70%	66%	40%	56%	28%	17%	17%
Evaluated life insurance needs	71%	73%	71%	74%	69%	56%	71%	75%	77%	50%	38%	29%	15%	15%
Covered by disability insurance	97%	99%	91%	90%	89%	94%	99%	94%	91%	90%	90%	67%	67%	65%
Family's needs met if employee dies or becomes disabled	50%	65%	65%	49%	57%	56%	71%	61%	61%	56%	20%	42%	22%	22%
Covered by health insurance	95%	92%	94%	94%	91%	92%	99%	92%	94%	94%	94%	69%	69%	67%
Have a will	52%	67%	66%	42%	54%	58%	77%	64%	60%	48%	23%	46%	11%	11%
Durable power of attorney for health matters	40%	64%					56%	75%	65%	61%	47%	22%	4%	18%
Beneficiary designations are current	55%	69%	59%	54%	61%	46%	42%	44%	25%	20%	58%	29%	11%	11%
Increased financial stress levels over past 12 months	65%	35%	22%	85%	63%	72%	71%	76%	75%	61%	60%	66%	64%	64%
Planning to retire before age 60	42%	49%	69%	30%	43%	28%	36%	39%	36%	16%	37%	26%	29%	29%
Confident about meeting retirement goal	45%	65%	59%	42%	47%	40%	46%	33%	45%	11%	17%	19%	21%	21%
Comfortable selecting investments	29%	45%	51%	25%	31%	22%	32%	26%	25%	14%	22%	29%	24%	24%
Average Score**	55	75	65	70	63	61	58	59	54	49	45	42	40	40

Unfavorable Very Unfavorable

This tool provides HR with a way to:

- assess where employees are struggling financially and where they need the most assistance
- take a proactive/targeted approach to helping employees improve their financial wellness
- make more strategic decisions around benefit plans, future benefits communication, and financial education
- assess how employee financial wellness influences perceptions of benefit plans, what impact financial wellness might have on overall employee health and productivity, and how retirement and succession planning might be influenced by the economic environment
- gain better insight into employees' emotional state related to their personal finances.

To learn more about PwC's Financial Fitness Assessment, please contact Nik Shah ([nik.shah@us.pwc.com](mailto:nik.shah@us.pwc.com); 703.918.1208) or Kent Allison ([kent.allison@us.pwc.com](mailto:kent.allison@us.pwc.com); 973.236-5253).

Our national network of specialized workforce measurement professionals work with our clients to link measurement results with operational business results. With that in mind, please visit [www.pwc.com/us/saratoga](http://www.pwc.com/us/saratoga) to view our comprehensive library of Metrics, Surveys, and Analytics thought leadership and webcasts.

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## ***The talent race is back on: 14th Annual Global CEO Survey***

The race for talent in 2011 is as intense as it has ever been — and CEOs are once again citing it as the hottest issue on their agenda.

Yet, while a large majority of chief executives we surveyed say they are changing their strategies around managing talent, only the most forward-looking are taking the innovative steps most likely to deliver real competitive advantage. The rest are simply using the same tactics they've always used.

In this post-financial crisis world, that may not be good enough.

The article below summarizes some of the key people related issues that were uncovered in PwC's 14<sup>th</sup> annual survey that is the result of responses from 1,201 CEOs in 69 countries. To learn more about this study, please visit <http://www.pwc.com/gx/en/ceo-survey/index.jhtml>

### **The talent game: new rules for a new world**

A majority of CEOs (66%) fear talent shortages will strangle their company's growth. But no longer is it simply a matter of recruiting the best and the brightest in your home country. Developed-market talent pools are aging, and the millennial generation of workers is bringing strikingly different expectations. Additionally, growth is being driven by far-flung emerging markets, where top talent can often name its own price.

### **And new strategies, too**

Many CEOs are demanding a rethink of their entire people strategy, with 83% of them telling us they intend to make "some" or "a major" change.

Refocusing efforts and investment for pivotal roles can provide a major competitive advantage over the next 12 to 18 months. Businesses need to identify their key capabilities, competencies, and positions before looking at the mix of talent they require — local talent versus expats and permanent versus contingent employees.

### **Rethinking reward**

Traditional incentive models often fail to motivate key talent. With labor markets more buoyant and millennial workers motivated by more than pay alone, firms need to make sure employees are engaged both financially and emotionally with work.

Most CEOs seem to have gotten the memo. Sixty-five percent of them are focusing on nonfinancial rewards to attract and retain talent.

**Global skills  
gaps**

**66% of CEOs say  
talent gaps are the  
biggest challenge**

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# *The talent race is back on: 14th Annual Global CEO Survey*

## **Global talent mobility**

More than half of CEOs surveyed told us they are planning to send more staff on international assignments.

However, it's not an easy or cheap fix; increasing mobility comes with significant costs and needs to form part of a wider talent strategy. Fortunately, the hyperconnected millennial generation is more open to overseas assignments and sees international service as a rite of passage.

## **Is HR ready?**

Human resources functions have changed significantly over the past decade. However, there are still serious questions about HR's ability to stay ahead of the curve — and become a true strategic business partner at a time of profound and irreversible change.

If HR isn't focusing on the strategic business issues that have a direct impact on overall value of the enterprise, its future may be bleak.

Our national network of specialized workforce measurement professionals work with our clients to link measurement results with operational business results. With that in mind, please visit [www.pwc.com/us/saratoga](http://www.pwc.com/us/saratoga) to view our comprehensive library of Metrics, Surveys, and Analytics thought leadership and webcasts.

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## ***Metric of the month: Performance bonus pay percent***

According to the [\*\*Bureau of Labor Statistics\*\*](#), the average wage for private industry was up 2.1% from 2009 to 2010 while the average wage for state and local workers was up 1.8% during the same period. As the economy improves, PwC Saratoga is seeing an increase in bonus pay within private industry. Preliminary benchmark results show a 40% increase in performance bonus pay (increasing from an average 4.0% of compensation to an average 6.6% of compensation). PwC Saratoga's key metric to assess performance pay is performance bonus pay percent. The metric is calculated as follows:

### **Performance Bonus Pay/Regular Compensation Cost**

PwC Saratoga defines performance bonus pay as performance-related bonuses, commissions, and profit sharing for employees. It is important to assess performance pay relative to other financial measures such as revenue per FTE, labor cost revenue percent, and human capital ROI to ensure proper alignment of pay and performance. Additionally, PwC Saratoga recommends that organizations assess performance bonus pay by key role and performance rating to ensure programs are properly rewarding key contributors.

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To learn more about PwC Saratoga's measurement programs, visit [www.pwc.com/saratoga](http://www.pwc.com/saratoga) or call **(866) 727-2864**.

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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](mailto:saratoga@us.pwc.com)

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