

The Saratoga Review

Newsletter Issue: March 2009

In this issue

What's happening at PwC Saratoga	1
PwC Saratoga schedules training: Metrics 101: Getting started with HR and workforce metrics	2
Prognosis for employer healthcare	4
PwC Saratoga creates action planning tool	6
Metric of the month: Learning and Development Hours per Employee	8

What's happening at PwC Saratoga

Some of the key activities coming up at PwC Saratoga include:

- Launch of benchmarking consortiums for the technology and insurance industries
- Launch of a new instructor-led training program called Metrics 101: Getting Started with HR and Workforce Metrics that will be delivered throughout the United States between April and November
- March 18, 2009: Data entry deadline for PwC Saratoga's Federal Government Contractor Benchmarking Consortium
- March 31, 2009: Data entry deadline for the health insurer, multi-facility hospital, teaching hospital, and utility benchmarking consortiums and US Human Capital Effectiveness Survey
- Late March 2009: Results available from the health and wellness survey for utility consortium members

To learn more about any of these activities, please contact your Saratoga representative, or contact us at (866) 727-2864.

PwC Saratoga schedules training: Metrics 101: Getting started with HR and workforce metrics

Are you new to HR measurement or have you been tasked with developing a metrics program for your organization but you're not sure how to get started? Or maybe you're feeling overwhelmed by all of the metrics that you've come across in your research, and you're not sure which ones are the best for your organization. If so, our Metrics 101 course may be right for you.

Metrics 101: Getting started with HR and workforce metrics has been designed for individuals who are interested in building skills for this increasingly important topic. You should attend this course if:

- Your organization is new to HR measurement
- You want to learn how metrics can be used to demonstrate the value of HR and help with cost-saving initiatives
- You are new to a role that involves working with HR metrics
- You have been asked to develop an HR dashboard
- With so many metrics available, one of your biggest questions is “Which metrics are the right ones for my organization?”
- You want to use HR metrics to tell a story with the results and make recommendations to your HR leadership team

Through this one-day interactive workshop, individuals will engage in a lecture and exercises with a PwC Saratoga practitioner. PwC Saratoga is considered the leader in HR and workforce measurement, and through

this session your instructor will share the tools and techniques that have proved successful during PwC Saratoga's thousands of client engagements. The course will include exercises that have been designed to build in complexity throughout the day to help build your knowledge and understanding of metrics at a comfortable pace. By the end of the workshop, you will be able to:

- Explain why measurement is critical to running HR like a business
- List the critical components of a workforce measurement program
- Develop metrics and build their formulas
- Select metrics that map to HR and organizational strategies
- Develop a dashboard by linking metrics to HR and business strategies
- Analyze metric and benchmark data for a “sample” company and provide recommendations on improvement opportunities
- Develop metric recommendations for your organization
- Start to explain how employee surveys can be linked to metric outcomes

Dates and locations:

- April 29—Chicago
- May 5—Washington DC
- June 9—Dallas
- July 21—Atlanta
- August 11—San Francisco
- September 16—New York
- October 13—Houston
- October 20—Boston
- November 3rd—Philadelphia

Registration Fees:

PwC Saratoga Member Price \$ 799

PwC Saratoga Nonmember Price \$ 999

Workshop fees include:

Workshop materials, access to Saratoga’s metric library, lunch, snacks and 8 CPE credits

Please inquire about company group rates and how to apply registration fees toward future membership services.

To register please click on the following link:

www.meetpwc.com/saratogametric101

If you have any questions or would like additional information, please contact Shebani Patel at shebani.patel@saratoga.pwc.com or (408) 817-7445.

Prognosis for employer healthcare

This is a summary of a previous PricewaterhouseCoopers article titled Strong medicine required. To read that article in its entirety, click [here](#).

According to PwC Saratoga benchmarks, health-care costs per active employee in the United States increased from \$6,546 in 2004 to \$7,932 in 2007. With the combination of an extremely challenging economic climate, rising healthcare costs, and a new administration in the White House, it's no wonder that healthcare is on the minds of US executives now more than ever. What, they wonder, will the impact of these combined forces mean for a business' bottom line in the coming year and beyond?

Employers want to know how much they can expect healthcare costs to increase and how they can effectively balance these costs with the need to attract and retain a productive workforce.

Meeting these needs requires that businesses understand how economics and policy are changing the playing field and the strategies available to help companies meet the healthcare challenge. This article reviews three key strategies employers can leverage:

1. Restructuring wellness programs and related incentives
2. Collaborating with insurers and other stakeholders to enhance consumer engagement and support
3. Putting technology to work

Employer strategy #1: Moving from sick care to well care

To deal with the impact of the current economic situation, escalating healthcare costs, and the likelihood of new policy changes, US employers are looking to a number of strategies; first among them is a focus on well care. Two-thirds of employers say they are working wellness into their overall people strategies as a tool to combat soaring healthcare costs. However, the effec-

tiveness of wellness programs is perceived unevenly, as nearly 50 percent of respondents say their wellness programs are only somewhat effective. PwC's findings reveal that offering, or not offering, the right incentives in the right amounts significantly impacts participation.

Beyond controlling healthcare costs, employers are finding other benefits of wellness programs, such as increased productivity, improved employee loyalty, demonstrated corporate responsibility and an enhanced corporate image.

Nevertheless, integration of wellness into other health-care efforts is in its infancy. Only 34 percent of employers say their wellness strategy has been integrated with occupational health, 28 percent with a return-to-work program, 26 percent with absence management, 18 percent with workers' compensation, and 15 percent with talent management.

Employer strategy #2: Collaborating with insurers

Employers are realizing they can't address their health-care concerns by themselves and are looking to insurers and other stakeholders for help. Many employers are revisiting their health benefit strategies, and some have implemented a number of plan changes and explored various options, including high-deductible health plans, wellness initiatives and disease management programs. Managing healthcare costs remains the strongest driver of most employer initiatives.

To better understand where employers are focusing benefit plan efforts and how satisfied they are with their current offerings, PwC surveyed 100 large US-based multinationals and more than 250 privately held companies.

According to the survey, large companies' top three service offerings from health plans are:

1. Accuracy and timeliness of claims
2. Provider discounts
3. Wellness programs

The survey also found that small employers with fewer than 250 employees had lower satisfaction with insurer-provided services. These are the customers most likely to drop insurance due to affordability issues.

Employer strategy #3: Putting technology innovations to work

During 2009, advanced technology will continue to be a key driver in the health industry, and employers will want to monitor how innovations are impacting employee expectations, healthcare costs, and patient care. A few trends in particular bear watching, including technologies that facilitate knowledge sharing, electronic health records, and personalized medicine.

The bottom line

A recession is expected to have little immediate impact on the health sector, with employer healthcare costs increasing at a rate of 9.6 percent in 2009, outpacing wages and inflation. As a result, while other spending is declining, healthcare will account for a larger share of what employers spend as well as GDP.

Employers also can expect changes to the healthcare system under President Obama. Making healthcare affordable in the long term demands structural changes in delivery, payment, priorities, and incentives, which could cause employer benefit and administrative costs to increase.

To best position themselves to manage these changes, employers are investigating ways that health and wellness strategies can help control their healthcare costs and improve employee productivity. They're fine-tuning the mix of incentives and services offered and thinking about ways to integrate wellness into broader health initiatives.

Finally, employers are monitoring how technology is simplifying and personalizing the healthcare experience for patients while offering greater opportunities for provider efficiency and quality. Employers understand that they need to embrace technology's growing role and work with employees and insurers to maximize technology's impact on benefit plans and healthcare costs.

To learn more about PwC's Health Research Institute, please visit www.pwc.com/hri.

These days with computers, high-speed Internet access and web-enabled cell phones, patients have more access to health information than ever before. Health 2.0, which enables patient-to-patient interactions over a social networking platform, is creating a significant buzz among consumers and companies alike. Websites such as patientslikeme.com and americanwell.com are changing how consumers experience healthcare.

More large companies are focusing on electronic health and medical records. For example, Microsoft and Google recently launched tools that allow users to manage their health records online. Additionally, Wal-Mart is beginning to give employees access to their electronic health records.

From a biotechnology perspective, direct-to-consumer tests allow for genetic testing that can detect DNA-strain mutations linked to certain diseases. In May 2008, the Genetic Information Nondiscrimination Act was signed into law, barring insurers from denying coverage or raising premiums for individuals with genetic predispositions to certain diseases.

PwC Saratoga creates action planning tool

PwC Saratoga believes that much of the value of an employee engagement survey is derived from the resulting organizational activity which it generates. Until line management, HR, and executives take action on survey results, that value is not realized. In fact, outcomes can turn negative if there is no follow through.

Despite its significance, the action planning process often is overlooked. Many organizations push employee survey data out to line/department management with the hope action will be taken to resolve issues identified, but this process tends to go in one direction—HR disseminates manager reports (and possibly an action planning template) with some basic guidance/request to action plan. However, with no means to facilitate two-way dialogue or track the status of/review action plans, this process tends to fall short of its objectives, and appropriate change is not sustained.

Some typical action planning issues clients encounter include:

- Logistical inefficiencies (e.g., delayed notification of action plan submission, manual data collection/dissemination)
- Lack of centralization regarding both process design and execution
- Inability to consistently collect data, track action plan progress, hold planners accountable, and analyze action plan results
- Difficulty reviewing which issues planners are selecting

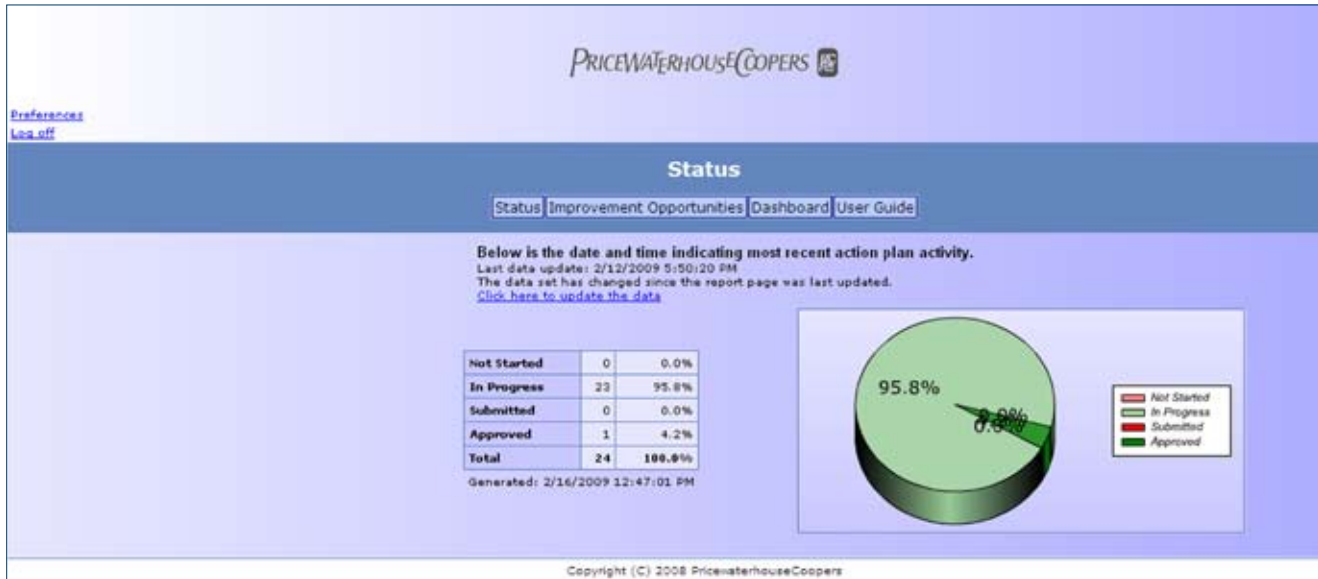
In response to these issues, PwC Saratoga has developed a web-based tool that allows for individual reporting and action plan development (Figure 1). The action plan tool is customizable and provides a centralized interface through which planners can enter and track their action planning progress, submit their action plan for approval and receive feedback from reviewers.

Figure 1: PwC Saratoga's action planning user interface

DOCUMENT YOUR ACTION PLAN					
Improvement Opportunity					
Work Environment, Company Wide Issue					
Improvement Strategy					
1					
2					
3					
Action Steps: What will be accomplished	Owner of Process Task: Who will Manage It	Resources: Time/People/Materials	Timeline: When (Month)	Timeline: When (Year)	Complete
1			March	Year	<input type="checkbox"/>

The reporting dashboard (Figure 2) allows HR and functional/departmental leadership to track and approve manager-proposed actions intended to resolve issues identified in the survey. Furthermore, and equally important, the tool allows for HR and functional/departmental leadership to communicate with managers about submitted action plans.

Figure 2: The action planning dashboard includes the ability to efficiently and effectively track, review, analyze and approve the status of an organization’s action plans



Some of the benefits PwC Saratoga’s clients have shared regarding automation of the action planning process include:

- The ability to customize the web-enabled user interface
- The ability to review, approve, reject, or submit feedback on an action plan in one centralized interface, which creates a culture of manager accountability
- Strengthened relationships between HR business partner and managers
- Automated notification of action plan submissions

For more information about action planning, please contact Robert Tate at robert.tate@us.pwc.com or (408) 817-5896.

Metric of the month: Learning and Development Hours per Employee

For a long time organizations have sought to quantify their investment in employee learning and development (L&D). Although calculating a return on investment (ROI) for most L&D programs can be difficult and nearly impossible to benchmark, some of PwC Saratoga's most popular metrics focus on the cost and frequency of L&D programs.

Organizations traditionally have focused on L&D investment per employee, with an implied assumption that greater investment in learning and development was "good." However, the increasing prevalence of web-based L&D sessions that can be delivered at a lower cost begs for a more meaningful way to measure ROI.

Working with clients, PwC Saratoga has learned that some organizations provide many short L&D sessions while others combine L&D into day- or week-long courses that may address several topics. As a result, counting the number of sessions may not accurately assess the "true" amount of learning and development occurring within an organization. Consequently, L&D hours per employee is our preferred metric to analyze ROI.

The formula for learning & development hours per employee is:

$$\text{Total L\&D Hours / Headcount}$$

PwC Saratoga's total L&D hours includes instructor-led, computer-based, and video-based training, as well as new-hire orientation. While L&D hours per employee is PwC Saratoga's preferred metric for L&D ROI analysis, organizations should monitor L&D investment per employee in addition to L&D hours per employee to ensure an appropriate balance between the two measures.

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

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
(703) 918-1208

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>

© 2009 PricewaterhouseCoopers LLP. All rights reserved. "PricewaterhouseCoopers" refers to PricewaterhouseCoopers LLP (a Delaware limited liability partnership) or, as the context requires, the PricewaterhouseCoopers global network or other member firms of the network, each of which is a separate and independent legal entity. PM-09-0579 BLL

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.