

HR: The New Evolution

Achieving Better Business Results:

The human side of the productivity equation

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Willis Towers Watson III'I'III

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Speakers



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Today's Discussion

- Why focus on workforce productivity? Why now?
- Defining workforce productivity: Stepping beyond HR to get it right
- Impacting workforce productivity: An integrated approach
- HR's role in driving results: Partnering for success



The Productivity Crisis – In the Headlines

THE WALL STREET JOURNAL. The Mystery of Declining Productivity Growth

FINANCIAL TIMES Productivity crisis haunts global economy

IMF Working Paper

U.S. Total Factor Productivity Slowdown: Evidence from the U.S. States **BLACKROCK**° Productivity slowdown puzzle

BROOKINGS Why is labor productivity so low? Consider investments in skills



Show of Hands

How many of you are specifically discussing productivity with your business leaders?



Defining Productivity





Payload volume per miles driven

Wallet share per customer

Cost per available seat mile



Defining Productivity for Your Organization

		Industry	U		
Financial Hig Services Teo		ral Pharmaceutic Health Science	Ratall I	Media	Other Industries
Business Strategic Priorities					
Efficiency	Quality	Innovation	Customer Service		Brand
Critical Roles/Functional Areas					
 Production Manufacturing Call center staff Technicians 	ManufacturingAssemblyService deptNurses	 Research & Development Engineers Tech developers 	SalesServiceAccount managers	= P = W	arketing ublic relations /eb designers ommunications
Measures of Company Productivity					
 Goods produced/ time unit JIT delivery goals Overtime hours 	 Error rates/time unit Rework rate Product recalls 	 Development ideas/time unit Time to market Patents 	 Sales/time uni New business closed Customer retention 	un = Wa = Br	eb hits/time it eb downloads and mentions/ ne unit



Speaking the Language of the Business





Questions for Discussion

What productivity metrics are important to your business?

What are your critical functions and roles that contribute the most to productivity?





Workforce Productivity Framework

Business & Talent Strategy

Productivity **Business** Sales per month Outcomes Units per worker Labor \$ per product Customer Revenue per **Financial** worker Error rates per Operational unit Pay-toperformance ratio



Workforce Productivity Framework

Risk management

Right Talent, Right Skills

Optimized approach for hiring and onboarding talent, defining competencies, assessing potential, and filling gaps.

Business & Talent Strategy

Enabled Performance

Incentives aligned with KPIs. Managers effective at differentiating performance, rewarding & recognizing talent, & driving the right results.

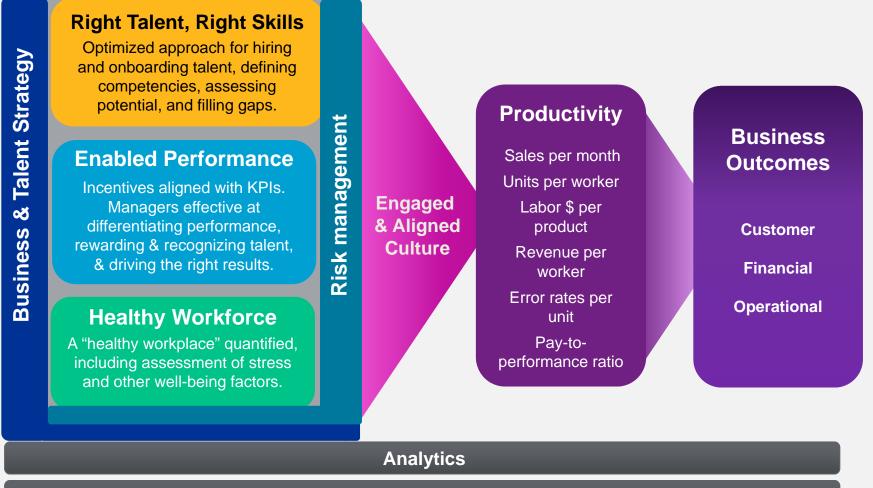
Healthy Workforce

A "healthy workplace" quantified, including assessment of stress and other well-being factors.

Productivity Business Sales per month **Outcomes** Units per worker Labor \$ per product Customer Revenue per **Financial** worker Error rates per **Operational** unit Pay-toperformance ratio



Workforce Productivity Framework



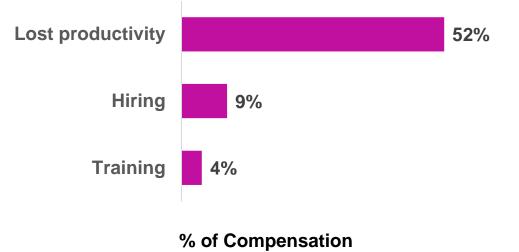
Change Management



Source: Willis Towers Watson, 2016

The biggest cost of turnover is in lost productivity

Component Costs of Turnover



THE LOST PRODUCTIVITY of bringing a new

employee up to speed FAR OUTWEIGHS

the out-of-pocket hiring and training costs.



Effective recruiting and onboarding improves time to productivity



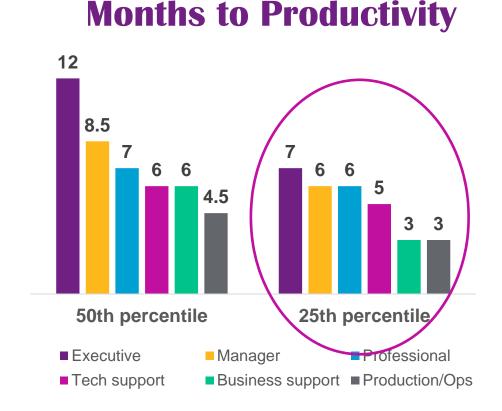
It takes **4-12 MONTHS**,

on average, for a new employee to become fully productive.

The cost of this lost productivity averages \$20,665 per employee

Source: Financial Cost of Turnover survey, Towers Watson, 2015

Effective recruiting and onboarding improves time to productivity



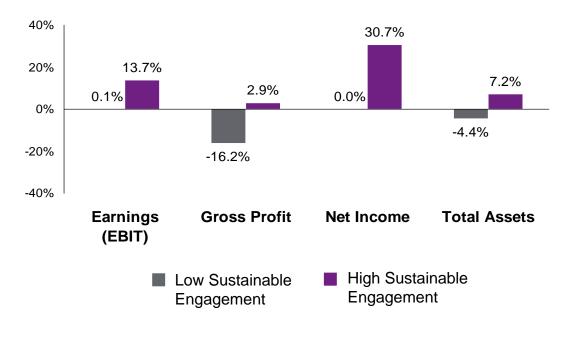
Best in class companies have **30-50% LOWER** time to productivity.

For every 1,000 new hires, that's \$6M-\$10M SAVINGS.



Engaged employees are more productive

1-Year Performance: Growth over Prior Year versus Sector Average



Since 1986

Companies with highly engaged employees have

OVER 10X

the growth in earnings, profits, net income and assets.

15

Healthy workers are more productive

6.2



Source: 2015/2016 Global Benefits Attitudes Survey, U.S. Sample: Full-time employees with an employer health plan.

Poor



Workers in poor health LOSE 6.2 DAYS

on average, each year to absenteeism.

By improving the health of these employees, a large company can save \$2.3M+ in compensation costs alone.

Questions for Discussion

What drives productivity in your organization?

What is HR's role in ensuring success?





Thank You!

