



HARRT at UCLA
HUMAN RESOURCES ROUND TABLE
Since 1986



HR: The New Evolution

Achieving Better Business Results:

The human side of the productivity equation

April 7, 2016



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



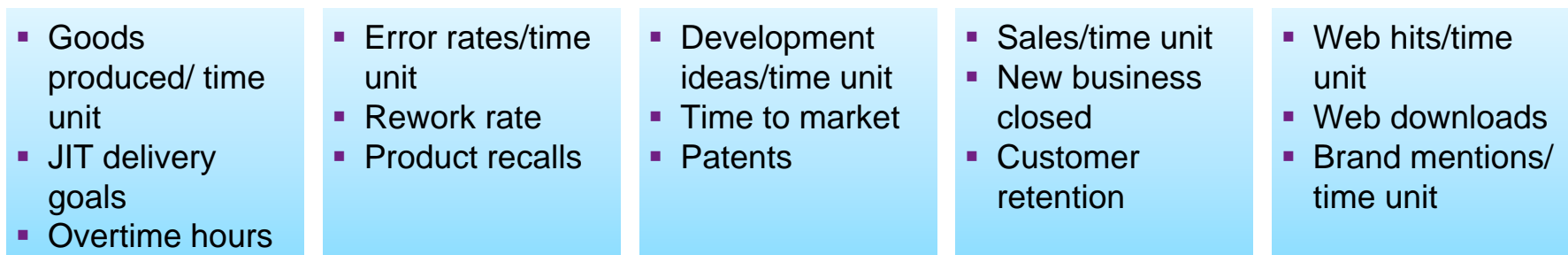
Business Strategic Priorities



Critical Roles/Functional Areas



Measures of Company Productivity



Speaking the Language of the Business

Engagement
Wellness
Development

Wallet share
Error rates
Time to market



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

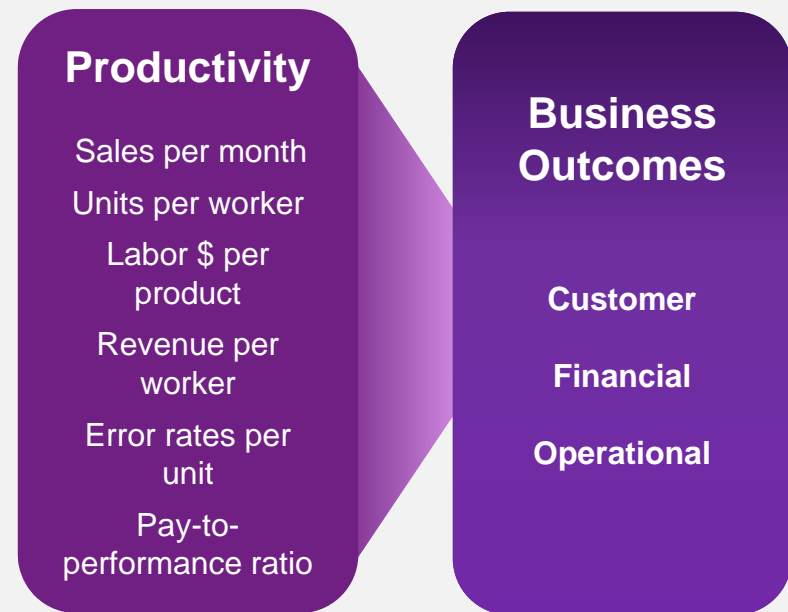
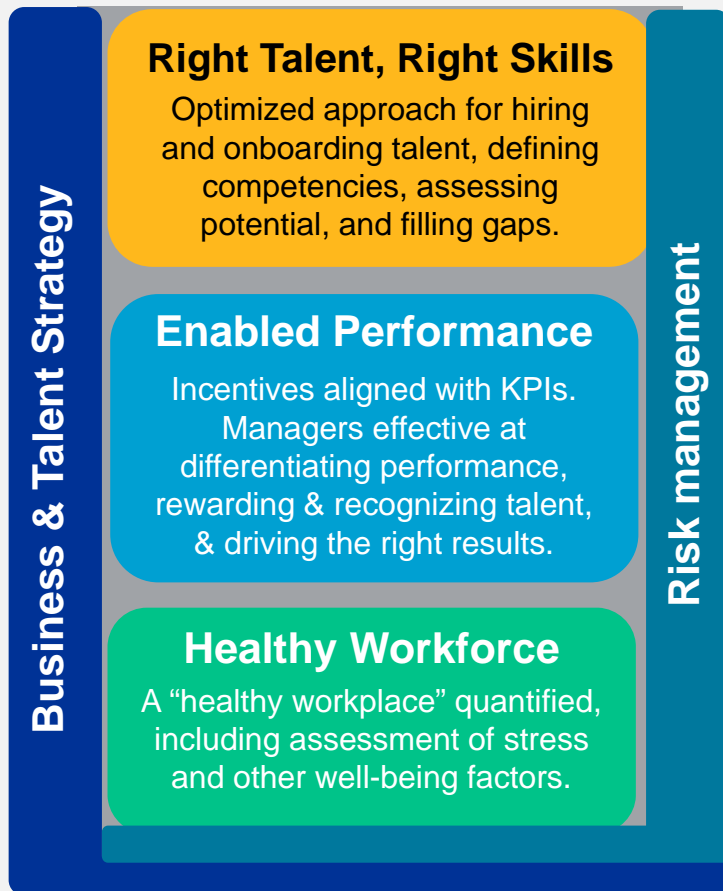
Productivity

Sales per month
Units per worker
Labor \$ per product
Revenue per worker
Error rates per unit
Pay-to-performance ratio

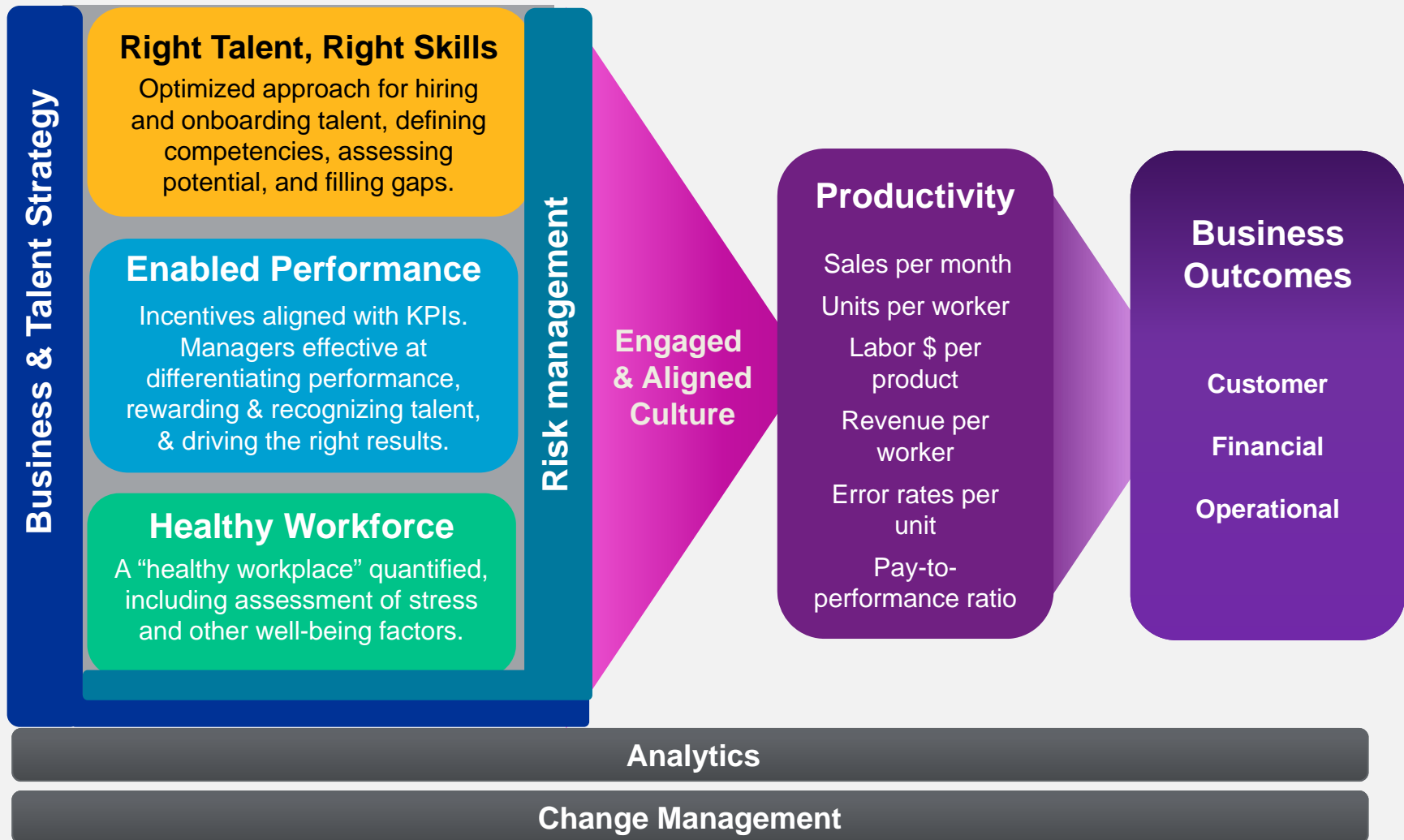
Business Outcomes

Customer
Financial
Operational

Workforce Productivity Framework

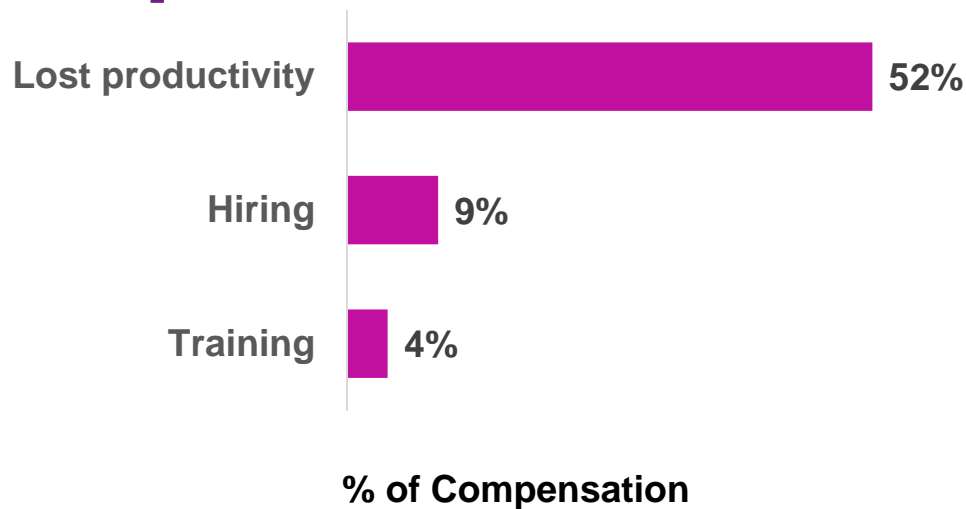


Workforce Productivity Framework



The biggest cost of turnover is in lost productivity

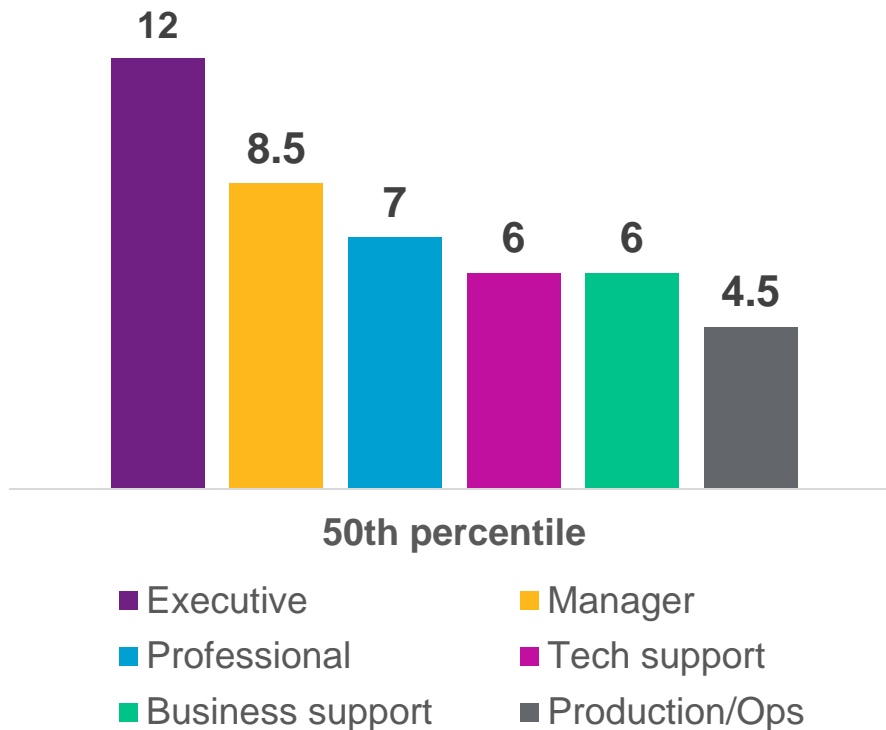
Component Costs of Turnover



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

Months to Productivity



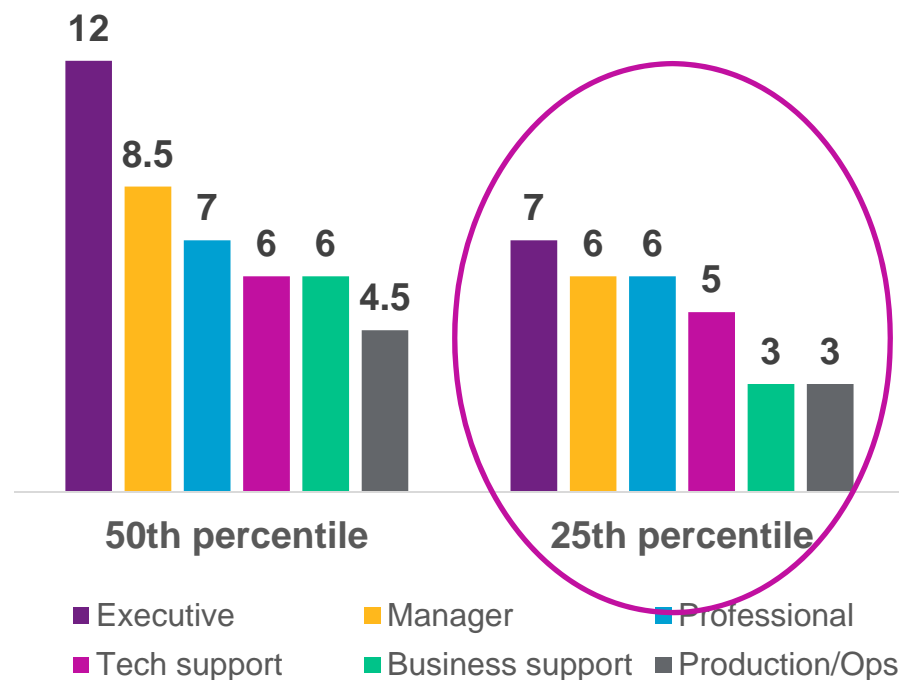
It takes **4-12 MONTHS**, on average, for a new employee to become fully productive.

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

Months to Productivity

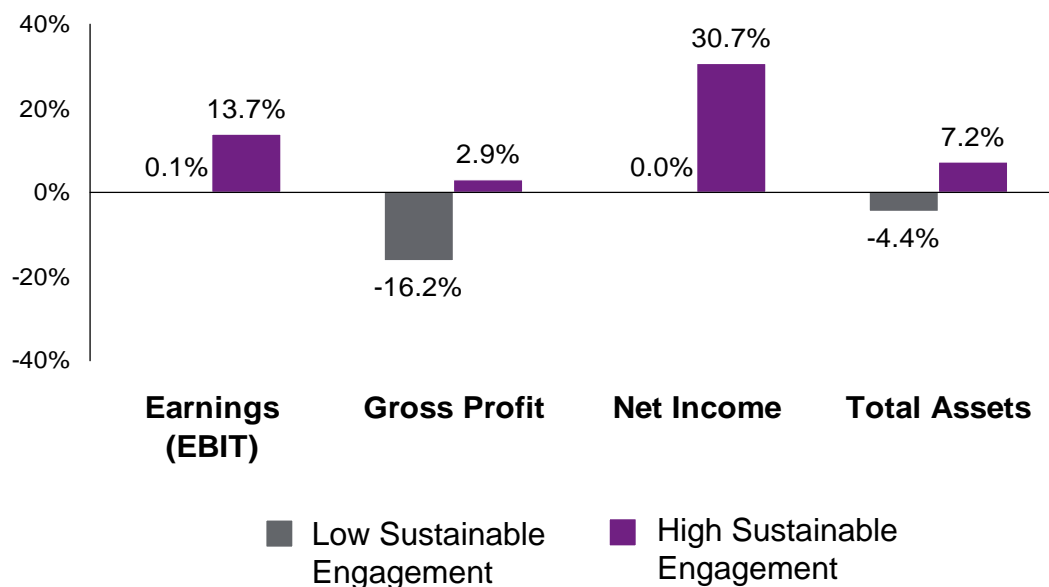


Best in class companies have 30-50% LOWER time to productivity.

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

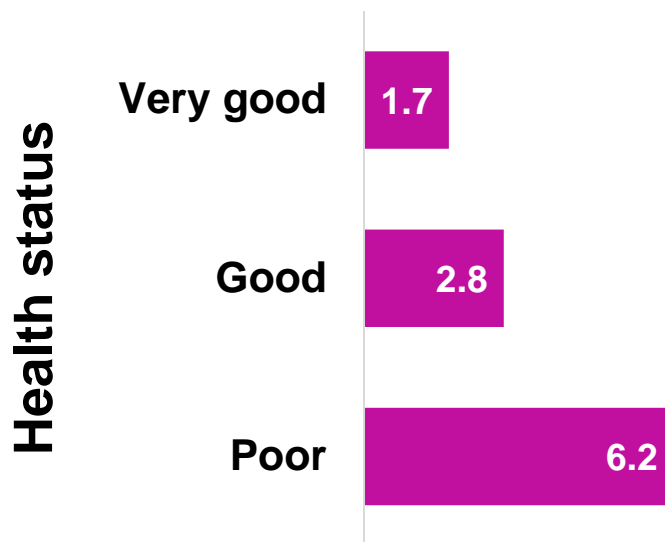


Companies with highly engaged employees have **OVER 10X** the growth in earnings, profits, net income and assets.

Healthy workers are more productive

Employees in poor health report over 3x the number of absences.

FTE days lost to absences



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

**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!