100 Critical Human Capital Questions
How Well Do You Really Know Your Organization?

successfactors™
An SAP Company

SAP

100 Critical Human Capital Questions
How Well Do You Really Know Your Organization

HR leaders and corporate executives intuitively recognize the importance of human capital to the growth and success of their enterprises. Still, many organizations struggle to understand the key human capital metrics required to make critical strategic decisions.

How to Use This Document

The following series of questions are designed to help you and your organization understand these metrics, and to make those decisions. It is recommended that you select the top 10-15 that most impact your organization's ability to executive strategy, drive revenues, manage costs, or mitigate human capital, and ultimately business risks.

Workforce demographics and diversity

1. What percentage of your workforce will retire in the next year or in the next five years?
2. What is the average age in your organization? In the last five years, has it increased, decreased, or remained the same?
3. What is the average tenure of people in your organization? In the last five years, has it increased, decreased, or remained the same?
4. What is your ratio of managerial to non-managerial staff? In the last five years, has it increased, decreased, or remained the same?
5. What is the ratio of customer-facing or revenue-generating staff to back-office staff? In the last five years, has it increased, decreased, or remained the same?
6. What percentage of your current managerial positions are occupied by specific diversity groups? How does the percentage vary across your lines of business?
7. What percentage of your identified successor pool is from specific diversity groups?
8. How many part-time, temporary, or contract employees exist across your organization? Which business units rely on them most heavily?

Workforce productivity

9. What is your revenue per employee? Is it higher than your competitors'? How does it vary across lines of business or geographies?
10. How does your headcount per unit of production compare to that of your direct competitors?
11. How many dollars of operating profit are generated for every dollar invested in compensation and benefits?
12. What percentage of your operating expenses is invested in compensation and benefits?
13. Is the ROI on human capital higher than the ROI on working capital, invested capital, or plant and equipment?
14. In the last five years, has workforce productivity increased, decreased, or remained the same? What is your relative performance against competitors'?
15. What is the average time to full productivity for new hires? How does this compare to median tenure within our organization?

Workforce health and safety

16. How many workplace injuries per 100 employees occur on an annual basis? How does this compare across your locations and within your industry?
17. How many health and safety incidents occur per 1 million hours worked? How does this compare across your locations and within your industry?
18. What is the cost impact of short- and long-term disability absences and claims?

Workforce relations and satisfaction

19. What percentage of your employees are fully engaged and are doing their best work at all times? How does this vary across functions and lines of business?
20. What percentage of your employees would say that they are committed to the organization? Why are they committed?
21. How many of your employees have applied for positions outside the company in the past six months?
22. How many EEO complaints or lawsuits are filed against your organization annually?
23. What do you incur in legal costs to arbitrate, defend, or otherwise resolve complaints and lawsuits?

Workforce turnover and mobility

24. What percentage of your workforce moves internally each year between lines of business or functional areas?
25. What is your average position tenure? [This is already asked under Workforce demographics and diversity.]
26. What percentage of your workforce is promoted annually? How does this compare across demographic segments and lines of business?
27. What is the average time between promotions? How does this compare across demographic segments and lines of business?
28. Which lines of business or managers have the highest voluntary turnover rates? Is this persistent or a recent phenomenon?
29. Which lines of business experience the greatest annual knowledge loss from terminations, transfers, and promotions combined?
30. Which lines of business or managers are the best developers of talent as measured by the promotions out of their departments?
31. Which lines of business or managers are magnets for high-potential employees as evidenced by the transfer rate into their departments?
32. What is your voluntary turnover rate among key executives? What are the associated costs to the business?
33. What is your voluntary turnover rate among top performers? What are the associated costs to the business?
34. What is your voluntary turnover rate among individuals in critical roles? What are the associated costs to the business?
35. What is your voluntary turnover rate among all individuals in hard-to-hire positions? What are the associated costs to the business?
36. Do you retain your key/most productive people at a higher rate than our best competitors do?
37. What is your involuntary termination rate? What percentage of these actions are due to poor performance?

Workforce planning

38. Are you overstaffed?
39. Are you understaffed in areas that, if you were to add people, you could increase our profitability?
40. What is the magnitude of the gaps between your needed capabilities and your actual capabilities?
41. What is the ratio of internal hires to external ones?
42. What percentage of your critical roles are staffed with below-average performers?
43. What percentage of your key positions have identified successors?
44. What is the depth and quality of the successor pool for key positions?
45. What percentage of your high performers are at high risk for departure?
46. Where in the organization are your high performers concentrated? Where are there very few? Is this by design?
47. Is your highly experienced and skilled talent deployed in positions that require their skills? Could any of these positions be staffed with less experienced talent?

Staffing and recruiting

48. What is your employment brand strength among prospective employees?
49. Do your new hires continually increase the overall quality and productivity of your workforce?
50. What percentage of critical roles are unfilled as of today?
51. What percentage of your first-choice candidates accept our offers?
52. Which recruiting sources provide the highest-performing employees?
53. How deep is your pipeline for positions known to be hard to replace?
54. How does the performance of your new hiresvary by recruiter or hiring manager?
55. What percentage of applicants exceed the qualifications of your best current employees?
56. What percentage of your employment offers are accepted? How does this vary by gender, ethnicity, EEO category, or salary band?
57. What percentage of new hires leave voluntarily in the first six months?
58. What percentage of new hires are terminated in the first six months?

59. What is the cost impact across recruiting, training, and lost productivity for each early departure?
60. What percentage of interviewees do your hiring managers deem unqualified and not worth their time?
61. Is the recruiting pipeline appropriately diverse to ensure diversity in hires and the overall workforce?
62. How accurate are your pre-employment tests in predicting the quality of a hire?
63. How many inquiries or applications do you receive per open position?
64. What percent of referred applicants are hired?
65. Do referred applicants perform better, worse, or the same as non-referred applicants once on the job?
66. What percent of recruitment sources are evaluated and dropped for newer, more effective sources annually?
67. What is your time-to-fill by job grade and geographic location?
68. What is your cost per hire? As this figure rises or declines, does new-hire quality follow suit?
69. What percentage of above-average performers are still with the organization after one year? Three years? 10 years?

Workforce remuneration and benefits

70. What is the percentage increase in employee performance as a result of every one-percent increase in pay?
71. How differently do you pay your top contributors from your average contributors? Is this in proportion to their contribution?
72. What percentage of total compensation is tied to performance?
73. How much higher or lower are your new-hire salaries compared to others in your industry?
74. What percentage of total compensation is direct compensation versus benefits? How do employee perceptions of this split compare to the actual figures?
75. Based on your workforce demographic, could you be offering a benefits package that is both more attractive and less expensive than the current offerings?
76. Has your stock options program added to or diluted your shares' value?

Workforce training and development

77. Is there a correlation in your organization between spending on training and your organization's profitability?
78. What is the percentage increase in performance as a result of every $1,000 spent on training?
79. What percentage of poor performers become good or better performers within a year as a result of your individual development efforts?
80. What percentage of underperforming managers turn around their performance by the next review period?
81. What percent of trained individuals are observed to use a specific skill or knowledge on the job?
82. How does the performance of employees who participate in optional training programs compare to that of those who do not participate?
83. How much do you spend annually per individual on training and development? How does this compare against your key competitors?
84. Do longer-tenured employees continue to grow via training, or is training disproportionately offered to, or attend by, newer employees?
85. What percentage of managers send employees to training sessions? Which courses are recommended by managers or fill quickly?
86. How have leadership development programs impacted productivity, profitability, and employee satisfaction?
87. What percentage of employees identified as possible managerial successors attend leadership development sessions?
88. How much weight in managers' variable pay or performance reviews is given to employee development?
89. What percentage of employees have individual development plans created for them?
90. What percentage of employees complete the recommended steps in their development plans?

SUCCESSFACTORS
100 CRITICAL HUMAN CAPITAL QUESTIONS - HOW WELL DO YOU REALLY KNOW YOUR ORGANIZATION?

HR Function

91. What percentage of all corporate spending goes to HR? How does it compare to last year's spending and our best competitors' spending?
92. Does adding more or higher-quality HR resources make a direct top- or bottom-line impact?
93. What percentage of all HR employees have work experience in a line of business?
94. How do employees rate their satisfaction with HR's transactional services?
95. How do employees rate their satisfaction with HR's consultative (value-added) services?
96. What percentage of HR programs actually achieve the ROI stated in their business cases or project proposals?
97. What percentage of HR programs are discontinued every year for failing to achieve interim targets or meet expectations?
98. How many early warnings does HR communicate to line managers? How many are accompanied by recommendations for heading off problems?
99. What are the avoided costs from timely HR interventions, whether identified by HR or line managers?
100. What is the ROI of your daily HR activities?

If you cannot answer at least half of the following questions, or if gathering the necessary information to answer these questions takes you considerable amount of resources and time, then you should consider an alternative approach to human capital measurement. There are costs to not knowing the answers to these questions.

SuccessFactors Workforce Analytics & Planning can help you:

- Quickly go beyond the headlines to identify your organization's actual workforce challenges and opportunities.
- Challenge your managers' assumptions about talent trends, which may be outdated and incorrect.
- Pinpoint segments and parts of your organization with the highest and lowest performance against talent goals.
- Create the case for gap-closing investments in talent acquisition, development, deployment, and retention
- Offer data-driven insights that lead to decisions on how to build a "workforce of the future".

SuccessFactors Workforce Analytics can help you unlock the value of workforce data you have amassed in your various HR and talent systems to gain insights into how your investments in talent are impacting business outcomes, increase visibility into workforce trends, risks, and opportunities, and improve the distribution of talent management metrics to front-line managers. It offers rapid insights into your workforce dynamics and composition, brings focus on areas that matter, and helping you find answers to key questions about your current workforce challenges and how to solve them.