Optimizing Human Capital to Drive Innovation in Clinical Research

Team Workforce Wizards

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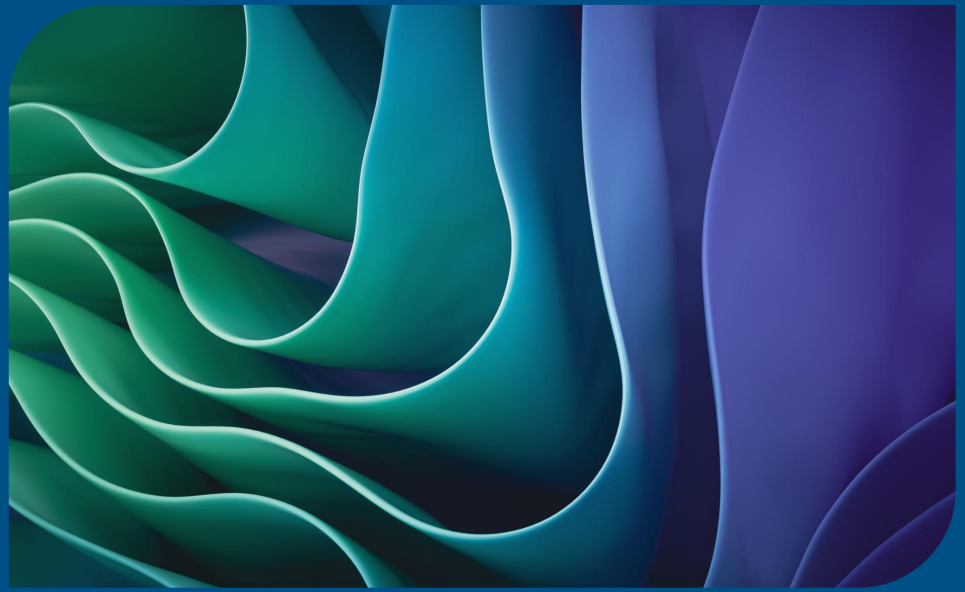

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Company Overview

The company operates in the **competitive clinical research and medical sector**, where **innovation and talent** are critical to success.

- **Key Challenges**:
  - **Declining revenues** driven by inefficiencies and missed opportunities.
  - **High project obsolescence costs** due to delays and incomplete research projects.
  - **Significant opportunity costs** linked to employee turnover, dissatisfaction, and retrenchment.
- **R&D Turnover Concerns**:
  - Turnover in the **R&D department** is higher than in sales, which is alarming as R&D turnover should typically be lower.
  - Disrupts **critical research**, **delays project completion**, and increases operational costs.
- **Key Focus Area**:
  - Address turnover, especially among **research scientists**, where a 5% reduction could lead to **significant savings** and better project outcomes.
- **Opportunities for Improvement**:
  - Focus on **reducing turnover**, improving **job satisfaction**, and fostering **career development**.
  - Enhancing talent retention would boost **innovation capacity** and help secure the company's **competitive position** in the market.

Note: Data used in this project was sourced from publicly available online resources.

Business Case

1. **State the Issue/Pain Point or Question to be Addressed:** High turnover rates in the R&D department have room for improvement and are causing financial strain. The high turnover rates are causing disruptions to critical research and delays to the projects.
2. **List Supporting Data, Metrics, Charts, and Analysis to Be Gathered and Used:**
    - Turnover Trends : R&D has the highest turnover in absolute terms requiring focus on retention.
    - New Hire Costs: Each new hire costs $32,500 which includes onboarding, sign-on bonuses, and lost productivity.
    - Workforce Costs: Total R&D compensation cost is $78.44M
    - Slides 4 and 5 include important KPIs and charts
3. **Elements to Consider and Incorporate if Relevant:** Increasing operational efficiency will reduce disruption in the R&D process. Retention is key and implementing talent retention strategies such as professional development and flexible work arrangements are important.
4. **Estimate the "As-Is" Cost (No Interventions):** "As-Is" Cost will be the TCOW of $86.08M including $7.64M in turnover costs.
5. **List and Evaluate Proposed Interventions:** Reducing turnover costs to $5.88M lowers TCOW to $84.32M. Retaining experienced employees is critical to minimize long-term costs. In the future we can further improve costs by developing retention programs to reduce turnover. More data is needed to evaluate the performance of the retention initiatives.
6. **Calculate Cost Savings and ROI: Difference (Savings)**: With a 25% goal it equates to a $1.76M in savings. **Current Cost**: $86.08M (baseline for evaluation).

   ROI: 2.04%, reflecting cost efficiency improvements with targeted retention efforts. A range of 15%-25% turnover rate was created with a conservative target rate of 25%. More details shown on slide 9.

   25% Goal: 2.04% ROI with $1.76M savings

   20% Goal: 3.40% ROI with $2.93M savings

   15% Goal: 5.29% ROI with $4.55M savings

Current Employees 1109

Female 45.81%

Male 54.19%

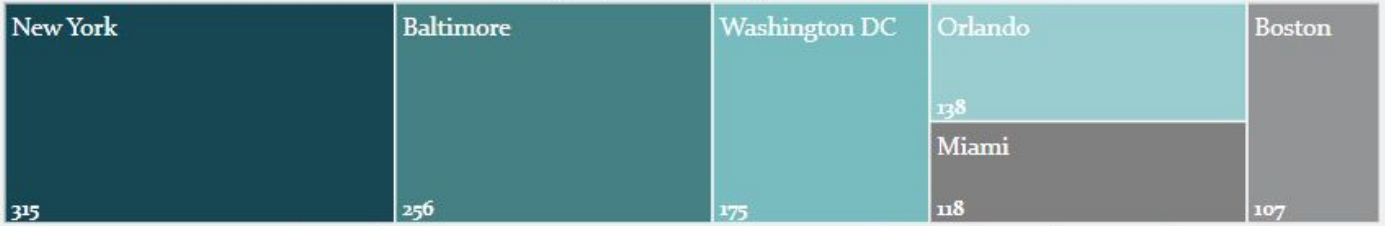
TURNOVER % 24.56%

TURNOVER 361

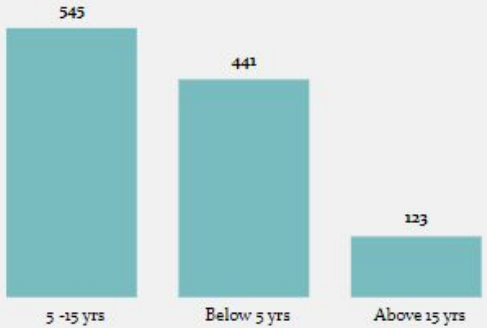
Up for Promotion 56

TOTAL EMPLOYEES 1470

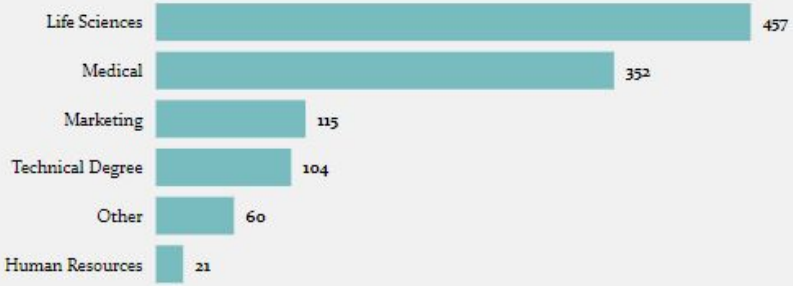
Employee Count by Branch



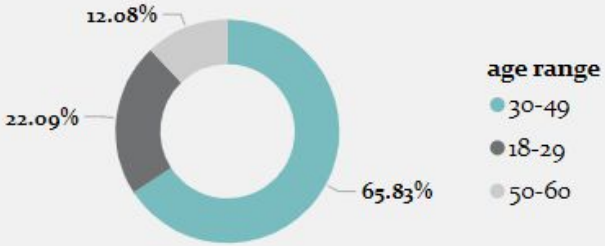
Current Employees by Tenure



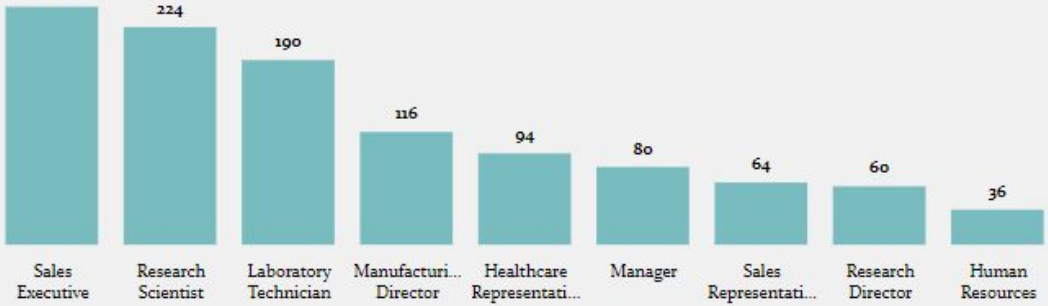
Current Employees by Academic Background



Employee Count by Age Group



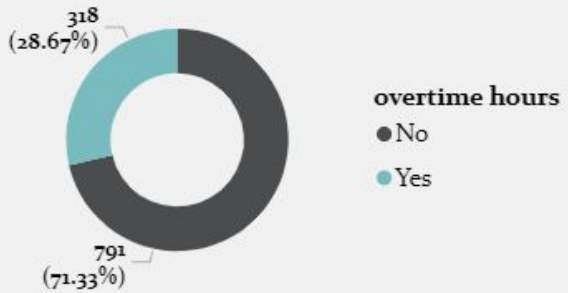
Current Employees by Role



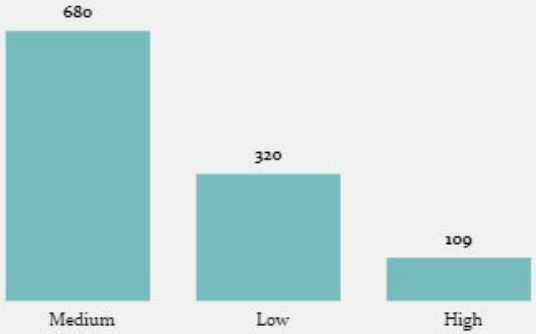
Job Satisfaction Score	Talent Assessment	Work-life Balance Score
2.73	3.15	2.76

job role	Current Employees by Academic Background	Up for Promotion	Laid Off
Healthcare Representative	94	11	7
Human Resources	36		
Laboratory Technician	190	3	3
Manager	80	19	37
Manufacturing Director	116	3	4
Research Director	60	5	14
Total	**1109**	**56**	**81**

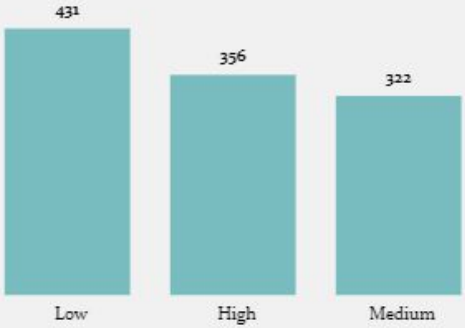
Current Employees by Academic Background by overtime hours



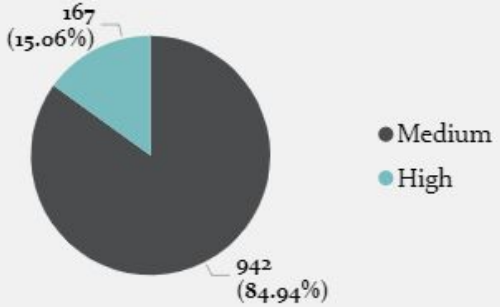
Employee Count by Work life balance satisfaction



Employee Count by Job satisfaction



Employee Count by Employee performance rating



Assumptions

Lower Turnover Rate:

- R&D has generally lower turnover compared to the Sales department.

Average Compensation by Experience in the R&D wing:

- Below 5 years: **$80K**
- 5–15 years: **$120K**
- Over 15 years: **$160K**

New Hire Costs:

- **Sign-on Bonus & RSU:** $25K
- **Onboarding & Training:** $5K
- **Productivity Impact:** $2.5K

Productivity Insights:

- New employees experience a **25% productivity reduction** in their first month.

Scenario Analysis Part 1

1. Turnover Metrics Table

Dept Name	Total Count	Turnover Count	Turnover Percent by Department
Turnover R&D dept	726	235	32.37%
Sales Dept	337	109	32.34%
HR	46	17	36.96%

2. Current R&D Workforce Cost Table

Average salary based on years	Compensation	Number	Total Cost of R&D (TCORD)
0-5	80,000	294	$23,520,000.00
5 to 15	120,000	355	$42,600,000.00
over 15	160,000	77	$12,320,000.00
Total		726	$78,440,000.00

3. Additional Cost Per New Hire Table

Additional Cost	Amount
New Hire Sign on bonus/ RSU	$25,000.00
Onboarding	$5,000.00
Productivity	$2,500.00
Total	$32,500.00

Turnover Metrics and Analysis

- **High Turnover in Key Departments:**
  - R&D Department: 32.37% turnover rate (235 out of 726 employees).
  - Sales Department: 32.34% turnover rate (109 out of 337 employees).
  - HR Department: 36.96% turnover rate (17 out of 46 employees).
- **Critical Focus Area:**
  - The R&D department has the highest employee count and significant turnover impact.

Current Workforce Cost Insights

- **Total R&D Cost:** $78.44M annually for 726 employees.
- **Additional Cost Per New Hire:** $32,500 (sign-on bonus, onboarding, and productivity loss).

Scenario Analysis Part 2

1. Scenario for Total Cost of Workforce (TCOW)

Scenarios	Compensation	Additional New Hire costs	TCOW
Current	$ 78,440,000	$ 7,637,500.00	$ 86,077,500.00
Scenario 1: 25% goal	$ 78,440,000	$ 5,882,500.00	$ 84,322,500.00
Scenario 2: 20% goal	$ 78,440,000	$ 4,712,500.00	$ 83,152,500.00
Scenario 3: 15% goal	$ 78,440,000	$ 3,087,500.00	$ 81,527,500.00

2. ROI Calculation Table

Scenarios	Difference	ROI %
Scenario 1: 25% goal	$ 1,755,000.00	2.04 %
Scenario 2: 20% goal	$ 2,925,000.00	3.40 %
Scenario 3: 15% goal	$ 4,550,000.00	5.29 %

Cost of Turnover Analysis

- **Scenarios for Additional Costs:**
  - **Current Turnover (32.37%):** $7.64M in new hire costs.
  - **Scenario 1 (25% goal):** $5.88M, reducing costs by $1.76M.
  - **Scenario 2 (20% goal):** $4.71M, saving $2.93M.
  - **Scenario 3 (15% goal):** $3.09M, saving $4.55M.

Return on Investment (ROI)

- **ROI for Turnover Reduction Goals:**
  - **25% Goal:** 2.04% ROI with $1.76M savings.
  - **20% Goal:** 3.40% ROI with $2.93M savings.
  - **15% Goal:** 5.29% ROI with $4.55M savings.

Key Takeaway from ROI Analysis:

- Reducing turnover, especially in critical departments like R&D, can lead to substantial cost savings, with up to $4.55M saved at a 15% turnover goal, achieving the highest ROI of 5.29%. Proactive retention strategies are essential to optimize workforce costs and improve organizational stability.

Recommendations

Focus on R&D Retention: Address high turnover (235 employees) with professional development, flexible work options, and recognition programs (promotion).

Reduce Turnover: Mitigate the high turnover rate through improved onboarding, career growth, and engagement strategies.

Boosting Productivity Through Balance: A Flexible Work-Life Program with Adjustable Hours and Hybrid Options for Well-being and Sustainable Success

Retain Mid-Tenure Employees: Prioritize retention of employees with 5-15 years of experience, contributing **$42.6M** in workforce costs.

Optimize Hiring Costs: Reduce the **$32,500 per hire** expense by streamlining recruitment and onboarding.

Achieve Cost Savings: Target a 25% reduction in turnover costs to save **$1.76M**, reducing TCOW to **$84.32M**.