



# Metrics for Workforce Planning



VISUALIZE – ORGANIZE – ALIGN

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## Forward

At OfficeWork Software our mission is to enable our clients to clearly see and understand their workforce structure and data.

Our OrgChart family of applications accommodates all platforms (cloud, desktop and enterprise) so that our tools are suitable for everyone, everywhere and for any sized business.

This guide includes suggested workforce metrics created with our OrgChart Platinum application.

Each company has a significant investment in workforce data. When used strategically, workforce data can be a powerful force to drive change, influence strategy and anticipate future trends.

Getting useful information from all that employee data can be very challenging. This is why our software goes beyond the benefits of simply charting structure and transforms the significant investment in workforce data into metrics, trends and insights to take the guesswork out of important business decisions.

We invite you to explore this guide and see how it can assist you to examine and answer your workforce questions.

### **Joe Kolinger**

*Founder, OfficeWork Software*

# Workforce Metrics

A combination of metrics is needed to clearly understand workforce strengths and challenges. The following samples are included in this guide.

## Census Metrics

- ✓ M-101: Headcount
- ✓ M-102: Job Type Census
- ✓ M-103: Salary and Headcount Rollup
- ✓ M-104: Age Ratio
- ✓ M-105: Gender Ratio
- ✓ M-106: Ethnic Diversity Ratio
- ✓ M-107: Terminations and Separations
- ✓ M-108: Employee Benefit Participation

## Basic Ratio Metrics

- ✓ M-201: Open Requisitions
- ✓ M-202: Performance
- ✓ M-203: Tenure
- ✓ M-204: Average Salary
- ✓ M-205: Turnover Ratio

## Advanced Ratio Metrics

- ✓ M-301: Succession Planning
- ✓ M-302: Retirement Eligibility / Retirement Risk
- ✓ M-303: Work Experience
- ✓ M-304: Key Employee Identifier
- ✓ M-305: Training Ratio
- ✓ M-306: Span of Control

## Critical Business Questions

Leading organizations do not track a certain number or a single set of metrics. They focus their effort on leveraging their workforce data to assist leaders to diagnose the challenges facing their organization.

Rigorous discussions aided by workforce visualizations and relevant metrics provide leaders with essential guidance to answer critical business questions.

The sample metrics in this guide have been mapped to frequently asked business questions to illustrate how a combination of metrics can assist and guide leaders in making decisions.

Question	Category	Metric
What does our attrition look like by country / by other criteria?	Attrition	107, 205, 203, 201
Do we have sufficient back fill for roles impacted by attrition?	Bench Strength	304, 301
What are the competency gaps for critical roles?	Competency	202, 303
Who is ready for movement?	Competency	203, 303
Are we missing critical skills among leaders and successors?	Development	303
Do we provide sufficient opportunities for advancement to our top talent?	Development	105, 301
Are mobility barriers putting bench strength at risk?	Development	202, 304
Do we have the talent we need to fill anticipated leadership vacancies?	Development	301, 305
Is our successor pool / managerial pool sufficiently diverse?	Diversity	105, 106, 304
What is our sourcing success for critical roles?	Hiring	201, 205
What is our retention rate for critical roles?	Hiring	204, 205, 203
Who is close to retirement in critical positions?	Retirement	304, 302

# Headcount

Reference M-101

## What it is

Headcount is a basic calculation answering the question, 'how many employees do I have in my organization'?

## Why use it

Headcount calculations form the basis of many other workforce performance ratios. This view shows the number of personnel per branch or unit of the organization and provides input to:

- ✓ Internal management and financial reporting
- ✓ Performance ratios such as recruitment ratio, turnover ratios etc.

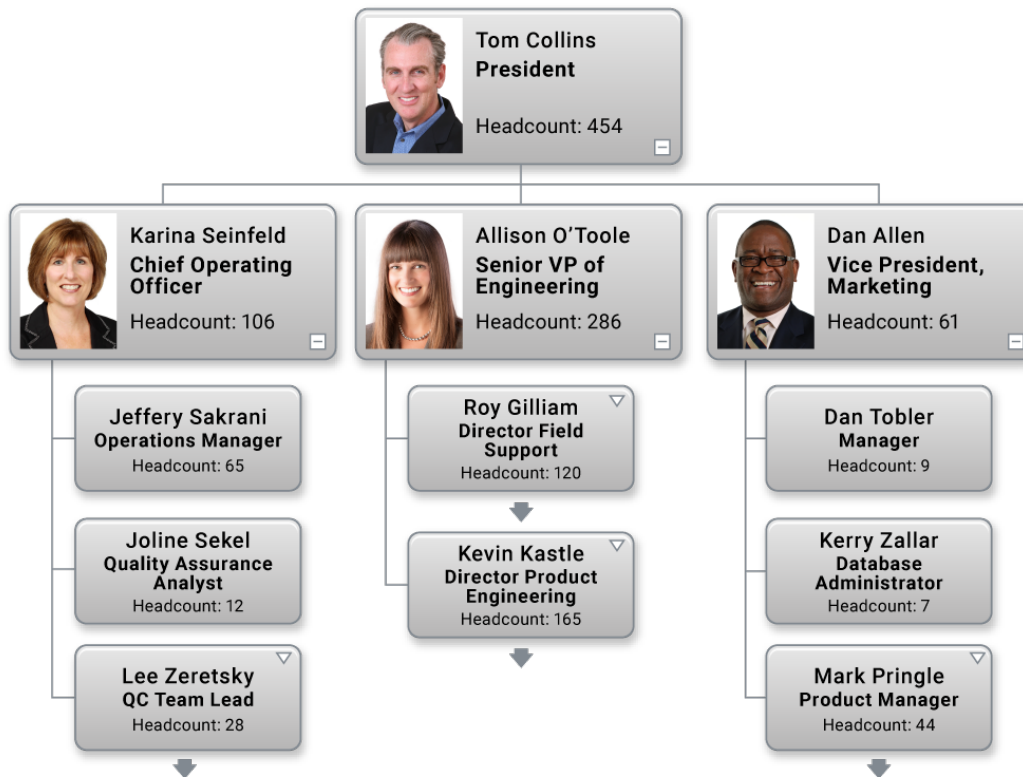
Headcount may differ from Full Time Equivalent (FTE) in that FTE may be represented as a fraction or decimal. Headcount is normally expressed as a whole number or integer.

## Required Data

Name or position number

(OrgChart will automatically calculate headcount if given a valid hierarchy)

### Example



# Job Type Census

Reference M-102

## What it is

The Job Type (or Job Code/Classification) metric calculates the number of employees by area of expertise or skill-set throughout the organization or in a particular group. Totals can be determined for each type of job such as analyst, programmer, HR manager, Finance analyst, etc.

## Why use it

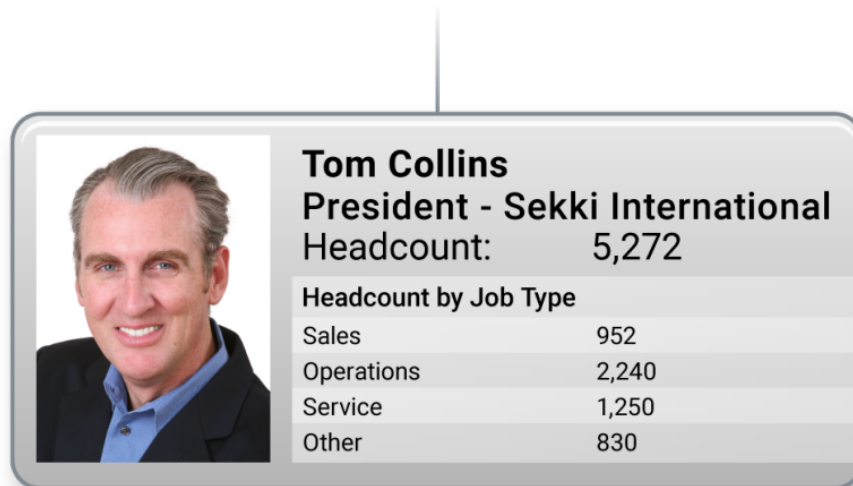
Knowing job types across the organization is critical for workforce planning and structure reviews. The rollups of fulltime, part-time and contract positions is aggregated through the hierarchy. This allows quick understanding of the organization at any level.

Job Type reporting gives an additional qualitative perspective on headcount reports and attrition reports.

## Required Data

Job Type Code Example: *Name, Position Title, Position Type*

*Example*



# Salary and Headcount Rollup

Reference M-103

## What it is

Salary and Headcount Rollup totals employee salary cost by the entire organization as well as by business unit, division or department. Salary rollups are commonly broken into employee and contractor/third party totals.

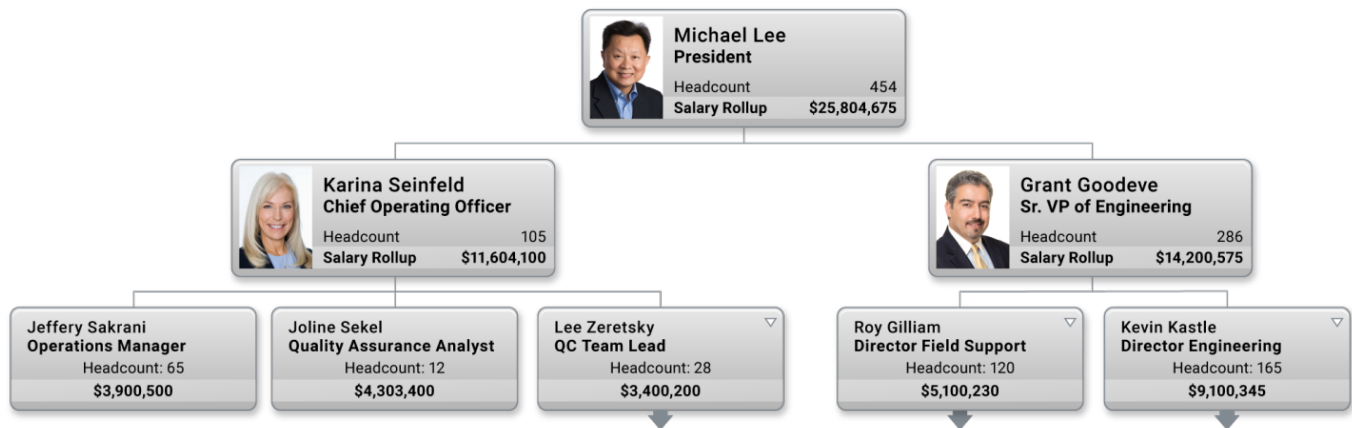
## Why use it

People are typically the largest investment for an organization, so it's critical to have the ability to recognize the costs (loaded and unloaded). Salary and Headcount Rollup forms the basis of many other reports and calculations, such as Cost to Manage, Performance to Budget, Product Line Profitability and many others.

## Required Data

Annual Salary Example: \$56,500; £47,000

### Example





# Age Ratio

Reference M-104

## What it is

The Age Ratio is a calculation representing the distribution of different age groups in order to understand age diversity within an organization.

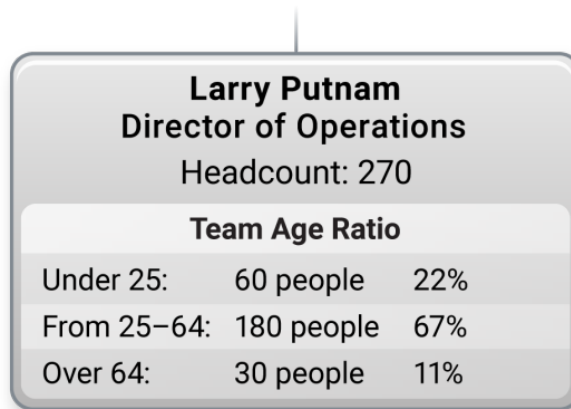
## Why use it

Organizations may use age demographics so that they can offer benefits that are most relevant. Regulated industries may be required to maintain certain age ratio targets, which becomes more necessary with employees approaching retirement. Equal Employment Opportunity regulations may also necessitate tracking age data particularly relating to salary treatment, promotions and performance rating and ranking.

## Required Data

Employee Age or Birth Date Example: 26, 52, 71, and DOB: January 17, 1956

*Example*



# Gender Ratio

Reference M-105

## What it is

The Gender Ratio displays information about the organization's gender composition. Gender Ratio is commonly calculated by Division, Department, Location and Job Type.

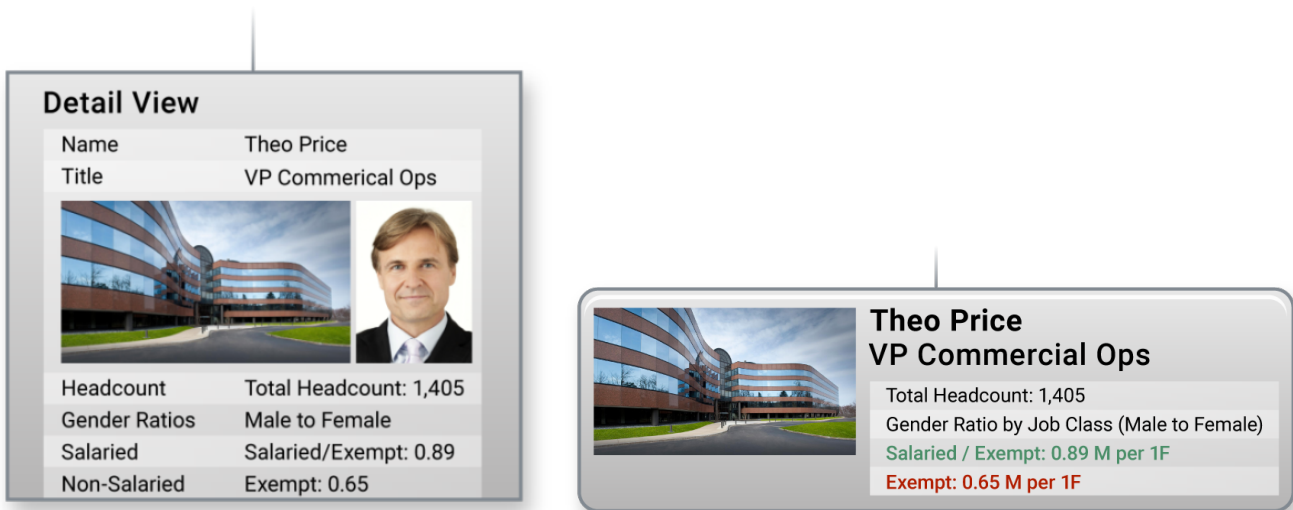
## Why use it?

Most useful for reviewing the composition of the workforce and for organizations with internal strategies to boost minorities and balance the mix of the workforce.

## Required Data

Gender Example: *Male, female, not disclosed*

*Example*



# Ethnic Diversity Ratio

Reference M-106

## What it is

Ethnic Diversity Ratio gives a reading of the organization's ethnic composition. Ethnic Diversity can be calculated for the entire organization, for a branch of the organization or for a location, for example.

## Why use it?

Ethnic Diversity Ratio helps manage workforce composition across the organization or within specific organizational units. The calculation can be applied to job types, locations and business units. Relevant applications include – but are not limited to - hiring, compensation, promotions and terminations.

Many organizational entities have targets for minimum representation for certain minorities, and the ability to monitor this ratio will greatly help with compliance.

## Required Data

Ethnicity *Example: Caucasian, Asian, Hispanic*

### Example

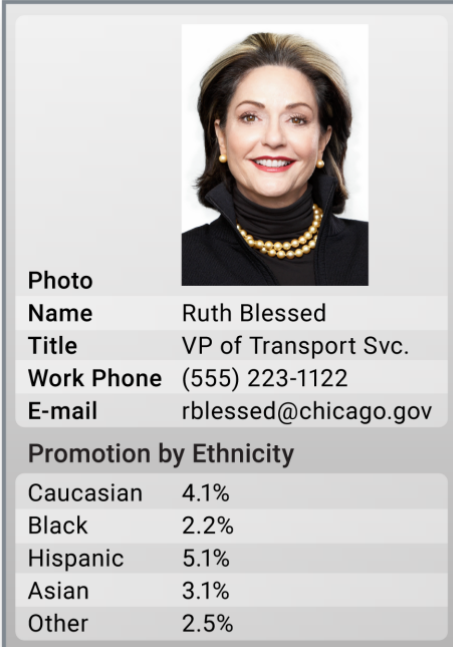

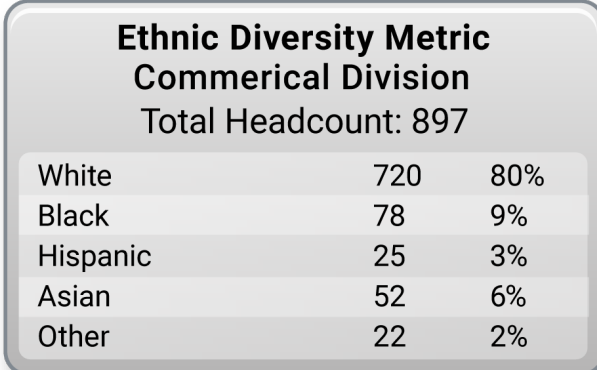


Photo 

**Name** Ruth Blessed  
**Title** VP of Transport Svc.  
**Work Phone** (555) 223-1122  
**E-mail** rblessed@chicago.gov

**Promotion by Ethnicity**

Caucasian	4.1%
Black	2.2%
Hispanic	5.1%
Asian	3.1%
Other	2.5%



**Ethnic Diversity Metric**  
**Commercial Division**  
Total Headcount: 897

White	720	80%
Black	78	9%
Hispanic	25	3%
Asian	52	6%
Other	22	2%

# Terminations and Separations

Reference M-107

## What it is

Terminations and Separations totals the employees leaving the organization, unit, division or department.

## Why use it

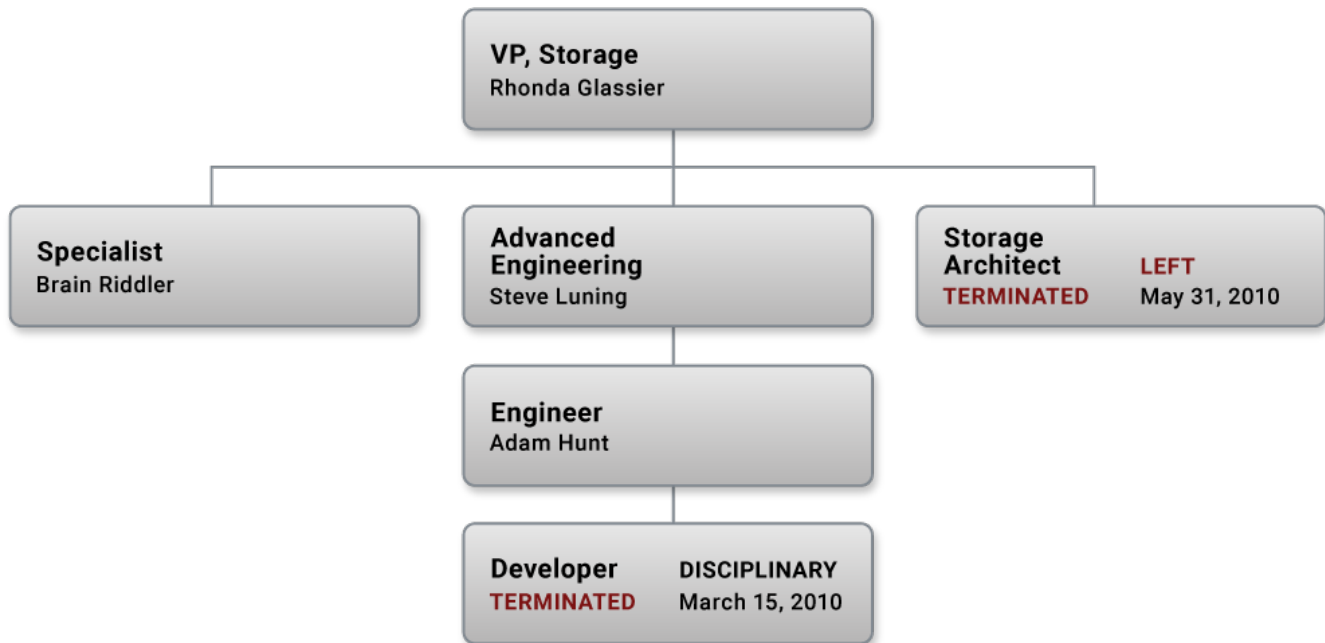
To analyze the personnel terminations and separations (total or by type) during the period and:

- ✓ Use this to examine and communicate the impact of workforce turnover
- ✓ Formulate improvement action plans

## Required Data

Termination status, termination reason, termination date

*Example*



# Employee Benefit Participation

Reference M-108

## What it is

Employee Benefit Participation calculations show the participation in benefit plans. This metric may be reported at the individual level and also calculated at a higher management level.

## Why use it

The organization must be able to know which benefit plans are being used and to what extent. They also need to know the types of plans that are being overlooked and assess overall costs. Employee Benefit Participation charts can be used by line managers to review the benefits employees use and potentially recommend or highlight additional programs that might be of benefit to the employee.

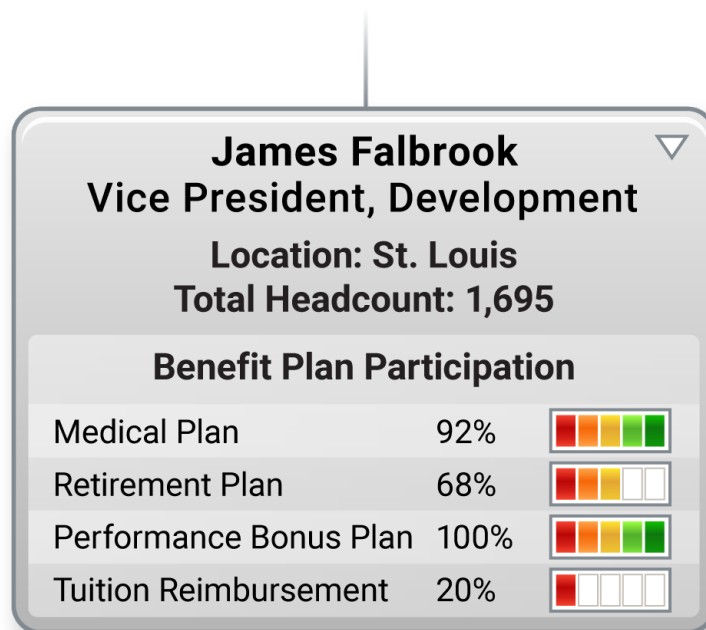
## Required Data

Retirement Plan Participation Example: *401K, Company Matching – 2%*

Medical Plan Participation Example: *Medical Only*

ESPP Plan Participation Example: *Yes, 10% gross salary*

*Example*



# Open Requisitions

Reference M-201

## What it is

The Open Requisitions metric shows the number of positions that are open in each department, division or area. Many organizations report two categories of open requisitions: approved and unapproved.

## Why use it

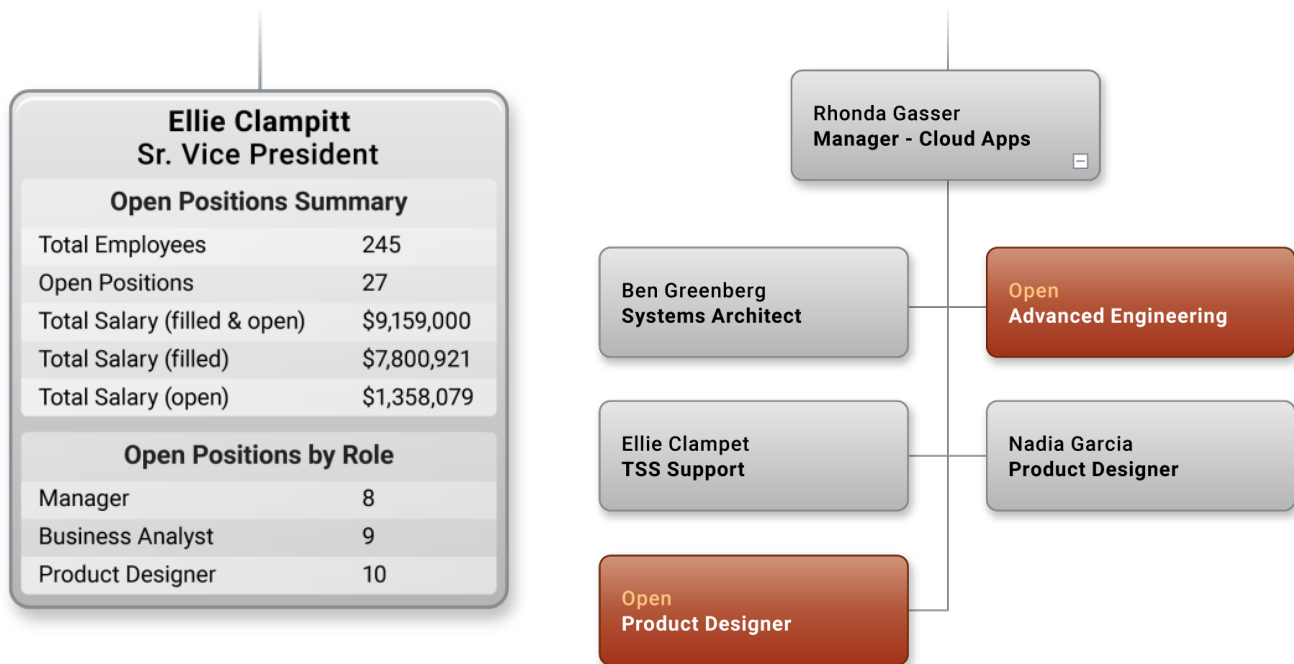
The ability to visualize open positions in the organization serves many purposes. Employees can use this metric for understanding other work opportunities in the organization. Managers can use the visualization of open positions for succession planning and threats to talent bench strength. Also HR Professionals can see if a particular department has many unfilled positions and adjust its recruitment effort to bring in qualified candidates. Accurate open position management serves many purposes:

- ✔ Informing recruitment strategies
- ✔ Aiding skill development and promotions/transfers
- ✔ Anticipating skill or resource shortages/gaps
- ✔ Forecasting costs and budgets
- ✔ Monitoring recruitment trends

## Required Data

Required Fields: Vacancy Status

### Example



# Performance

Reference M-202

## What it is

Performance metrics show performance rating levels for individuals and can also be used to show aggregate performance levels for an organization, group or line manager.

## Why use it

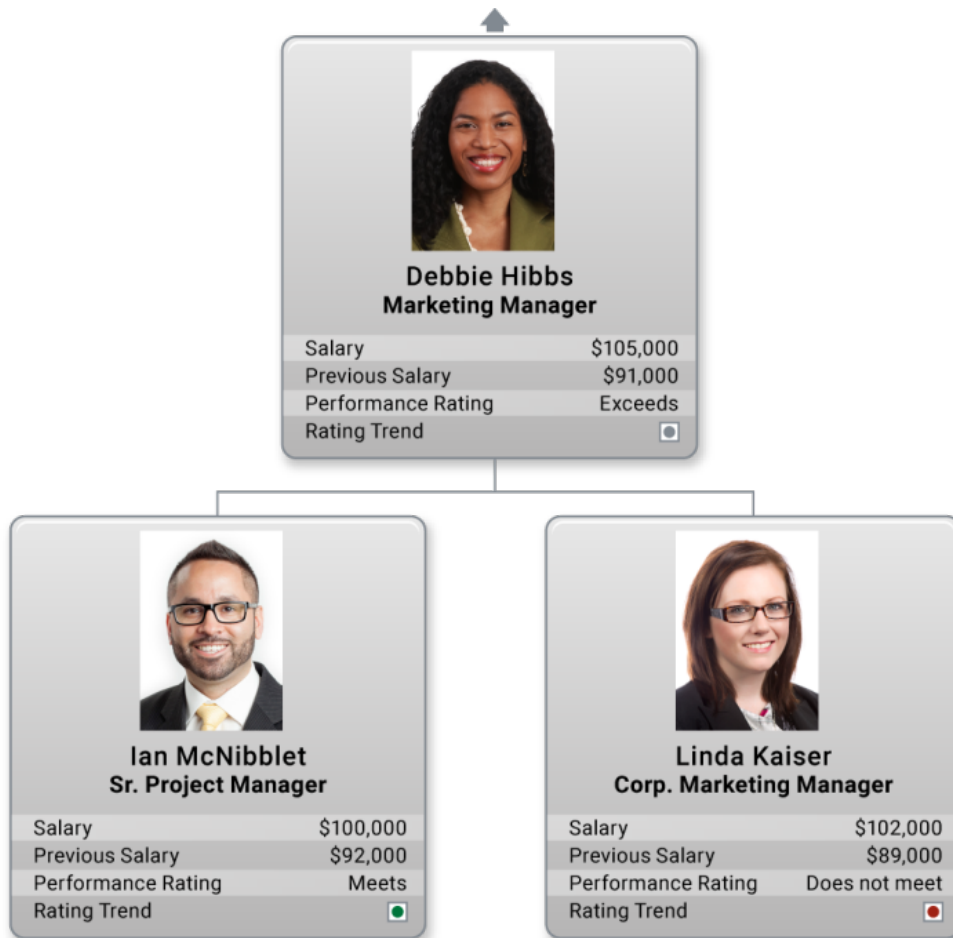
Performance metrics are commonly used for comparing an individual's performance against other employees. The Performance metrics can also be used to objectively measure employee's performance against defined organization, department and individual objectives. This metric can also be used for rewards and recognition and even the quality of managerial leadership.

## Required Data

Performance Rating – Current Year Example: *Above Target, or Meets, Exceeds, or Does not meet job requirements.*

Performance Rating – Previous Year Example: *On Target*

### Example



# Tenure

Reference M-203

## What it is

The Tenure metric communicates how long an individual has been employed by the organization. Tenure can be reported by total length of employment with the organization or by length of employment in each position occupied by the employee.

## Why use it

Use this metric to examine the tenure of personnel. This is most useful to identify very high or low tenured workforce or to proactively manage significant risk of knowledge drain. It is recommended that you consider coupling this metric with the Retirement or Generation Mix analysis.

Tenure may be useful in determining qualification for benefits such as vacation time and salary treatment. Also Tenure metrics may be a measure of employee satisfaction with the organization and/or their direct supervisors. Tenure metrics can also be compared with industry metrics to assess the organization's competitive standing with employees in the recruitment process.

## Required Data

Employment start date, position start date, years in position

*Example*



**Adrian Maher**  
**Senior Tech Writer**

Performance Rating	Meets requirements
Tenure	6 years, 1 month
Date Hired	2/15/2008



# Average Salary Metric

Reference M-204

## What it is

The Average Salary metric gives average salaries for groups or departments, pay levels and job types. This metric also allows meaningful comparisons of employees who work for different groups or locations throughout the organization.

## Why use it

The Average Salary metric makes it easier to analyze comparative salaries across different regions and business units and recommend guidelines on salary changes. This metric helps to answer a simple question: are we paying a certain group of employees in Location A more than we are paying employees with a similar skillset in Location B?

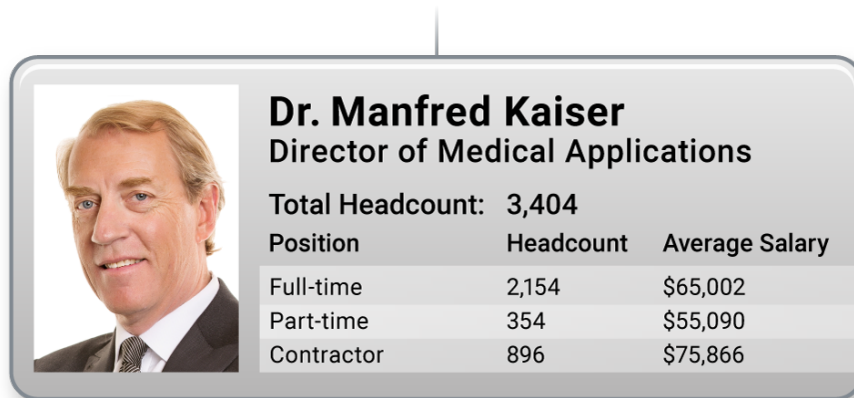
Average Salary Metric is also a stepping stone to more sophisticated salary analysis, such as statistical analysis of salaries, their range and standard deviation, which are extremely useful for all organizations.

## Required Data

Average Annual Salary Example: \$65,002

OrgChart products will calculate average salary automatically.

### Example



# Turnover Ratio

Reference M-205

## What it is

Turnover Ratio calculates turnover by division, department, manager and job role/function. Voluntary separation and involuntary separation are reported separately.

## Why use it

Turnover Ratios for different departments, divisions and managers can be compared internally to assess management effectiveness and overall organizational health.


Turnover Ratios for different job roles and functions can be compared to that of industry peers to assess the organization's competitive position.

## Required Data

Employment Start Date Example: 3-12-2001

Employment End Date Example: 7-24-2005

*Example*



**Joanie Chen**  
Director  
(415) 883-4700  
jchen@intp.com

Turnover Scorecard		
Total Headcount	153	
Voluntary Separation	12	7%
Open Positions	14	10%
<b>Total Turnover</b>	12	7%

# Succession Planning

Reference: M-301

## What it is

Succession Planning identifies employees who may eventually be called upon to replace critical members who leave due to retirement or transfers or resignations.

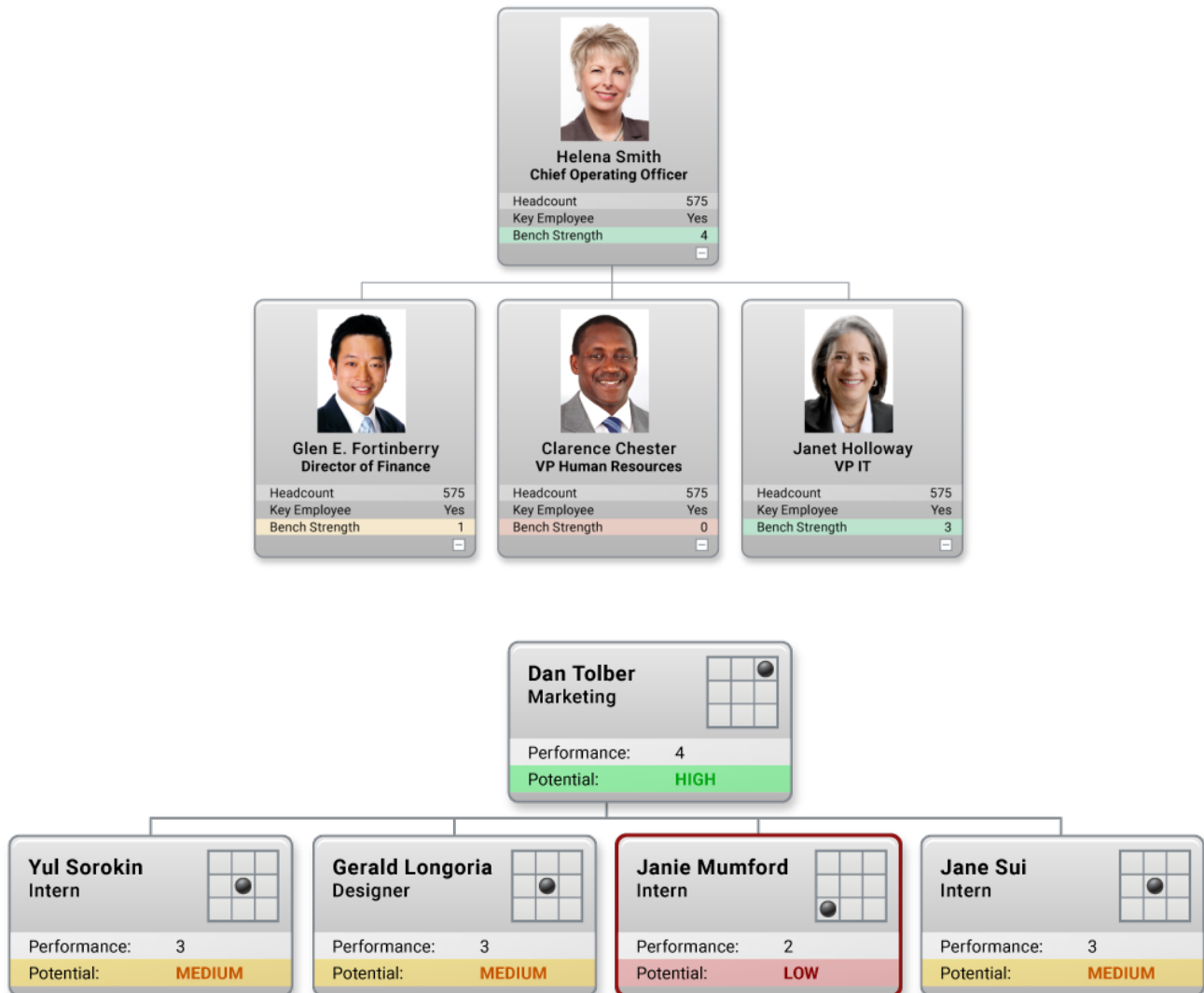
## Why use it

Succession Planning focuses on those organizational groups that require support by identifying successors or providing skills training and management opportunities to potential successors who are not quite ready to assume the new position.

## Required Data

Key Employee Field, Successors, 'Bench Strength (depth of experience)' rating, Critical Skills

### Example



# Retirement Eligibility

Reference: M-302

## What it is

The Retirement Eligibility metric indicates employees who have elected for retirement or voluntary separation, or are likely to retire as indicated by age and years of service. This may be also viewed as retirement risk.

## Why use it

The ability to forecast employees that will retire, or employee attrition is very important for maintaining the right bench strength.

## Required Data

Age range, tenure, manager/individual contributor, key SME (subject matter expert)

### Example



# Work Experience

Reference: M-303

## What it is

The Work Experience metric considers the range of experience or work history of the employee.

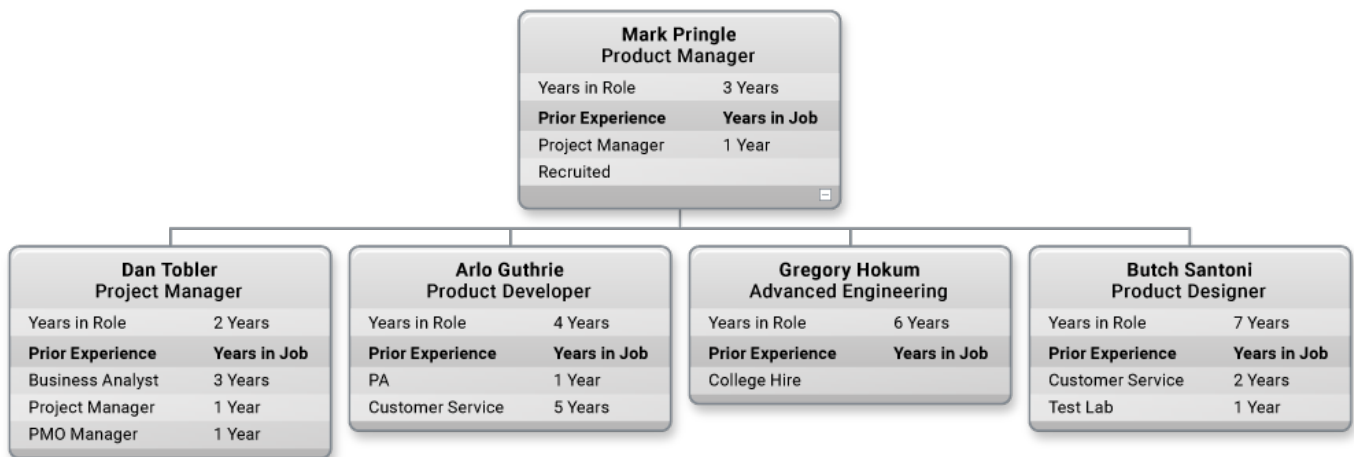
## Why use it

Many organizations give varied exposure to employees to build bench strength/work experience. As such they value moving employees into different job functions to increase the quality of their background and depth of experience.

## Required Data

Previous positions, position category, duration of assignment, start date

### Example



# Key Employee Identifier

Reference: M-304

## What it is

Key Employee Identifier marks employees who are critical to the organization as a whole or a particular department, division or project. Some organizations only mark certain Executives as Key Employees, while others use the key employee concept to identify influential and knowledgeable employees throughout the organization.

## Why use it

Maintaining a high performing workforce requires ongoing review of low, medium and high performance to address skill/performance and build the necessary bench strength. Using a visualization of Key Employees will ensure that the right people with the right talent are on board.

## Required Data

Key Employee Field

### Example



# Training Ratio

Reference: M-305

## What it is

The Training Ratio shows employees who are fully trained and also employees who require additional training in order to reach full productivity. Many organizations report the training ratio as completed courses divided by required courses, optional courses and employee utilization of tuition reimbursement programs, if available.

## Why use it

Training ratios are used to focus on where training is required (or available) and to reward employees who have taken advantage of optional training and tuition reimbursement programs. Training metrics in combination with training cost information and employee performance metrics are used to establish training ROI (Return on Investment) and fine-tune training programs.

## Required Data

Required Training Courses, Optional Training Courses, Training Status

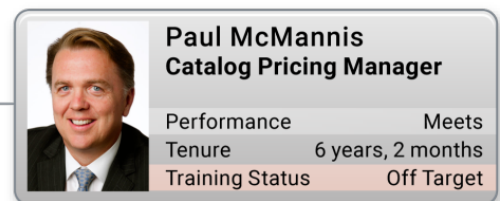
### Example

<b>Name</b>	Wendy Li
<b>Title</b>	Marketing Manager
<b>Email</b>	wendy.li@cscdm.com
<b>Phone</b>	(415) 555-1212
<b>Training Status</b>	Good
<b>Required Courses</b>	
Required Course Completion	80%
HR Topics for Managers	Yes
Leading Remote Teams	Yes
Problem Solving & Mgt.	Yes
MS Project 2003	Yes
SQL Server Training	No
<b>Optional Courses</b>	
Optional Course Completion	60%
Negotiations	Yes
Vendor Management	Yes
Budgeting & Planning	No
Hiring Best Practices	No
Contingent Labor	Yes



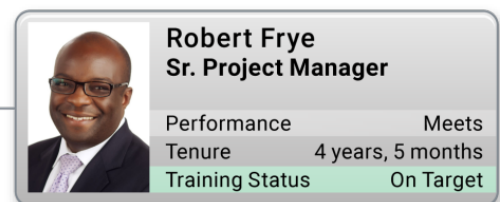
**Wendy Li**  
**Marketing Manager**

Performance Exceeds  
Tenure 2 years, 11 months  
Training Status On Target



**Paul McMannis**  
**Catalog Pricing Manager**

Performance Meets  
Tenure 6 years, 2 months  
Training Status Off Target



**Robert Frye**  
**Sr. Project Manager**

Performance Meets  
Tenure 4 years, 5 months  
Training Status On Target

# Span of Control

Reference: M-306

## What it is

Span of Control totals the number of people reporting directly to a manager. At the executive level Span of Control may also be shown as an Average or median figure.

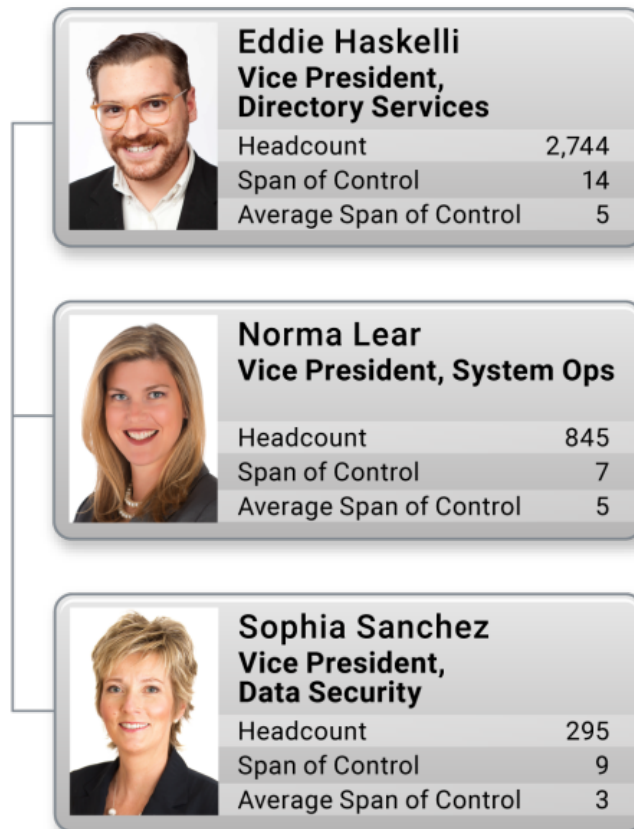
## Why use it

Span of Control may be used to assess organizational structure and help balance the organization during reorganization.

## Required Data

Valid Hierarchy (OrgChart will calculate Span of Control automatically provided a valid hierarchy exists.)

### Example





# OfficeWork Professional Services

Leveraging our workforce visualization, metrics and modeling expertise within your projects will facilitate a more complete and faster understanding of acceptable business solutions.

Our clients range from Fortune 100 to mid-sized organizations and non-profits. Our expertise lies in helping our customer to align their organization structure in response to business or market changes such as:

- ✓ Mergers and Integrations
- ✓ Divestments
- ✓ Elimination of a facility or location
- ✓ Outsourcing
- ✓ Optimization
- ✓ Startup or New Line of Business

For additional information about our professional services, please contact us:

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