

► **Global executives want HR to link initiatives to business objectives**

and provide more training and support for critical groups in the workforce.

Driving performance

DATA BANK | Research & analysis by Fay Hansen

SENIOR EXECUTIVES at major global companies cite three workforce-related factors among the top five that drive high performance, but few believe their companies are fully addressing these workforce factors to ensure rapid growth and top returns, according to a survey by Accenture. Executives report that their companies are still struggling to build industry-leading workforce skills and to instill in the workforce a clear sense of corporate objectives.

Senior executives also identified the three most important segments of their workforce as sales (62 percent), customer service (43 percent) and finance and strategic planning (23 percent), but only 9 percent of the executives believe that these groups are performing at the highest levels. At companies where none of the critical groups are performing at the highest levels, executives rated HR support and training for these groups as average to ineffective.

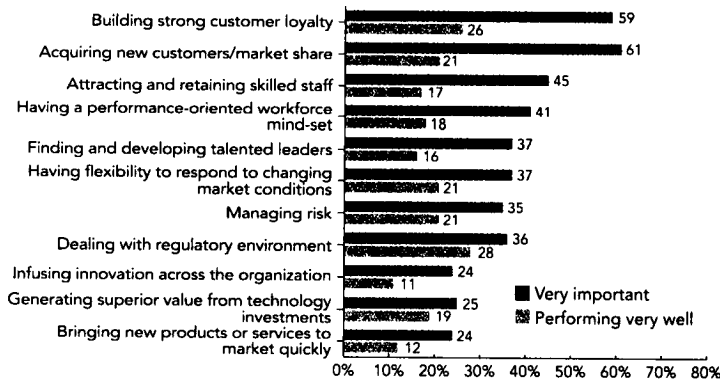
Within the small group of companies where HR is clearly delivering superior results, Accenture found that HR initiatives and training programs are closely linked to business objectives. HR uses appropriate metrics to tie HR, training and overall workforce performance to financial performance. In addition, HR pays close attention to the workforce groups that are most critical to the company's financial success.

High-performance HR functions do not entail higher costs. A separate study from the Hackett Group found that top-performing HR functions spend 13 percent less in HR costs per employee and operate with 15 percent less staff. They often utilize shared services with a customer-centric, business-oriented approach that promotes standardization and consolidation. More than 60 percent of the companies using shared services have achieved cost savings of 21 percent to 80 percent and report substantial improvements in internal client satisfaction, HR staff productivity and overall quality.



ACHIEVING HIGH PERFORMANCE

Percentage of senior executives reporting factor as "very important" in achieving high performance and percentage reporting their company performs "very well" in addressing factor, 2006

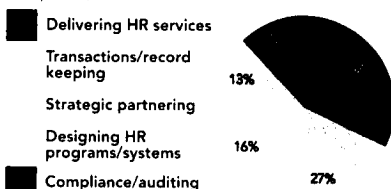


Note: Survey of senior executives at 251 large global companies.
 Source: Accenture (www.accenture.com)

ECONOMIC CONTEXT

HR TASKS

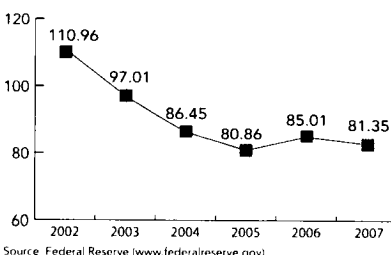
Percentage of HR time spent on tasks, large European companies, 2007



Note: Survey of 340 European companies.
 Source: Mercer Human Resource Consulting (www.mercerhr.com)

VALUE OF THE DOLLAR

Index of value of the dollar against major trading partner currencies, March 2002-March 2007



Source: Federal Reserve (www.federalreserve.gov)

HR METRICS

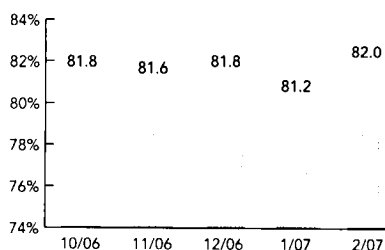
Metrics for world-class companies compared with typical organizations, 2006

	World-class	Typical class
Annual HR cost per employee	\$1,614	\$1,864
HR FTE staff per 1,000 employees	11.5	13.5

Source: The Hackett Group (www.thehackettgroup.com)

CAPACITY UTILIZATION

Percentage of total production capacity currently in use



Note: Economists generally agree that a rate of 82% or above is necessary for new job growth.
 Source: Federal Reserve (www.federalreserve.gov/releases/G17)

LABOR MARKETS

EMPLOYMENT SHIFTS

Major employment changes by sector, over-the-month change, February 2007

Construction	-62,000
Manufacturing	-14,000
Natural resources/mining	5,000
Wholesale trade	6,000
Retail trade	7,000
Financial activities	8,000
Information	13,000
Professional/business services	29,000
Education/health services	31,000
Leisure and hospitality	31,000
Government	39,000

Source: U.S. Bureau of Labor Statistics (www.bls.gov)

UNEMPLOYMENT RATES IN MAJOR MARKETS

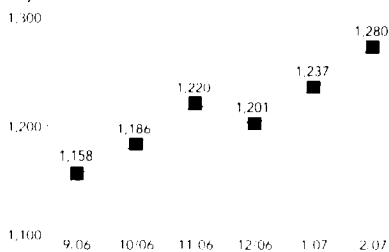
Unemployment rates for January 2006 and January 2007, select metropolitan areas

	1/06	1/07
Atlanta	4.3%	4.6%
Boston	4.4	5.2
Chicago	3.9	5.1
Denver	3.9	4.7
Detroit	7.2	8.0
Flint, MI	8.3	8.9
Houston	4.0	4.6
Los Angeles	3.9	4.6
Minneapolis/St. Paul	3.8	4.7
New York	4.0	5.6
Philadelphia	3.9	4.8
Phoenix	3.3	3.9
Seattle	4.3	4.9
Washington	2.9	3.4

Source: U.S. Bureau of Labor Statistics, www.bls.gov/home.htm

MASS LAYOFFS

Incidents involving 50 or more workers, seasonally adjusted



Source: U.S. Bureau of Labor Statistics, www.bls.gov/mls/home.htm

SALARIES & WAGES

PAY INCREASES

Projected inflation rate and pay increases for administrative workers, professionals and senior managers by country, 2007

	Inflation	Admin.	Pro.	Sr. Mgr.
Brazil	4.6	5.5	5.5	6.0
Canada	1.4	3.6	3.6	3.6
China	2.2	10.1	10.0	11.1
Czech Republic	1.9	4.1	4.6	4.4
France	1.6	3.0	3.0	3.0
Germany	1.6	2.3	2.4	2.7
Hong Kong	0.6	2.8	2.9	3.1
Hungary	7.5	6.1	6.4	6.4
India	5.1	11.0	11.0	12.0
Indonesia	6.5	11.2	11.2	11.2
Ireland	4.5	4.4	4.5	4.6
Japan	0.2	2.2	2.2	2.2
Korea	3.0	7.0	7.0	7.0
Mexico	4.1	4.6	4.6	4.6
Philippines	7.5	9.0	10.0	10.0
Russia	9.0	11.4	12.3	13.9
Singapore	1.4	4.2	4.6	4.2
South Africa	5.3	6.0	6.0	6.5
U.K.	1.8	3.4	3.4	3.4
U.S.	2.6	4.0	4.0	4.0

Source: Man Group, www.man-group.com

INFORMATION TECHNOLOGY SALARIES

Average metro area IT salaries, 2005 and 2006

	2005	2006
Silicon Valley	\$85,430	\$90,310
Boston	79,211	80,308
New York	76,382	80,006
Seattle	73,105	79,787
Los Angeles	73,911	79,583
Denver	74,823	77,317
Chicago	71,496	75,154
Dallas/Ft. Worth	71,494	74,656
Philadelphia	71,881	72,786

Note: Survey of 19,182 technology professionals
Source: Dice, www.dice.com

MERIT RAISES

Average actual and projected merit raises, 2005-2007

	Actual 2005	Projected 2006	Actual 2006	Projected 2007
Executive	4.5%	5.1%	4.5%	4.3%
Management	4.1	4.4	4.2	4.2
Exempt salaried	4.1	4.0	4.1	3.9
Nonexempt salaried	3.6	3.7	3.8	3.9
Hourly/production	3.8	3.8	3.6	3.7
All-groups avg.	4.0	4.2	4.0	4.0

Source: Compensation Resources, Inc., www.compresources.com

REAL WEEKLY EARNINGS

Percent change in average weekly earnings from previous month, adjusted for hours and inflation.

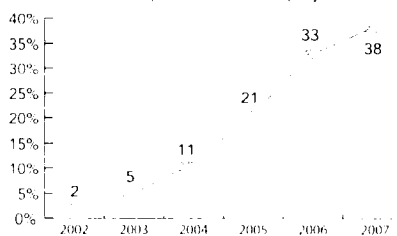
	10/06	11/06	12/06	1/07	2/07
	1.3%	0.0	0.2	-0.3	-0.3

Source: U.S. Bureau of Labor Statistics, www.bls.gov/home.htm

BENEFITS

CDHC PLANS

Percentage of large employers offering consumer-driven health care plans, 2002-2007 projected



Source: Willis Towers Water, www.willistowerswater.com

BENEFIT PLAN CHANGES

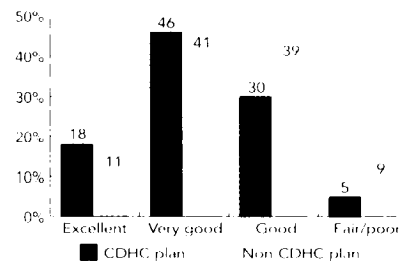
Percentage of employers reporting that they have changed/plan to change benefit programs, 2007

	Have changed in past 2 yrs.	Will change or review in next 2 yrs.
Active health care programs	82%	92%
DC/savings plans	53	67

Note: Survey of 140 HR and benefit managers
Source: Towers Perrin, www.towersperrin.com

HEALTH STATUS

Percentage of employees reporting status of their health by plan type, 2006



Note: Survey of 674 CDHC plan participants and 715 non-CDHC plan participants

Source: Kaiser Family Foundation, www.kff.org

EMPLOYER COSTS

Employer wage and benefit costs as a percent of total compensation, private-industry workers in goods-producing and service-providing industries, by occupational group, December 2006

	Wages/ salaries	Benefits
All goods-producing industries	66.4%	33.6%
Management, professional and related	66.8	33.2
Management, business and financial	68.0	32.0
Professional and related	65.7	34.3
Sales and office	69.3	30.7
Office and administrative support	67.5	32.5
Natural resources, construction and maintenance	67.4	32.6
Construction and extraction	68.0	32.0
Installation, maintenance and repair	65.2	34.8
Production, transportation and material moving	64.3	35.7
Production	64.2	35.8
Transportation and material moving	64.9	35.1
All service-providing industries	71.8%	28.2%

Management, professional and related	71.6	28.4
Management, business and financial	69.9	30.1
Professional and related	72.6	27.4
Sales and office	72.3	27.7
Sales and related	75.4	24.6
Office and administrative support	70.3	29.7
Service	74.9	25.1
Natural resources, construction and maintenance	69.1	30.9
Installation, maintenance and repair	69.2	30.8
Production, transportation and material moving	68.8	31.2
Production	71.2	28.8
Transportation and material moving	68.2	31.8

Source: U.S. Bureau of Labor Statistics, www2.bls.gov