



TOP
FIVE

WORKFORCE METRICS

★★ **FOR YOUR** ★★
ORG CHART



Toolboxes come in all shapes and sizes. Their contents also vary, depending on the type of work the owner performs, but most contain a handful of the same basic devices: screwdrivers, hammers, wrenches, pliers, duct tape, etc.



Workforce metrics, specifically those you want to include in your organizational chart, are the same way. Different companies may need different sets of metrics depending on their particular needs, but some metrics are essential to any business's org chart.

In *Pinpointing Your Company's Key Players*, we talked about the importance of workforce metrics when locating your business's best people. Now we'll dig a little deeper and define the basic metrics you should be examining to assess the health of your organization as a whole.

SALARY ROLLUP

A business's biggest expense is often its human capital, so keeping tabs on the tab is a must.

Salary rollup combines the pay of everyone in the company, providing a starting point for budgetary discussions surrounding your workforce.



“The total cost of your staff isn’t just salaries, it may also include bonuses and other compensation, but budgeting for your people needs usually focuses on their salaries,” says Eric Kilponen, manager of marketing and sales operations at Insperty® Performance and Organizational Management.



Salary can be further investigated at the departmental or individual level to give you a more thorough understanding of where most of the company’s cash is going.

By having an org chart equipped with the salary rollup metric, executives and HR professionals can visualize the total cost of their workforce and make more accurate projections for the coming months, quarters, years and so on.

HEADCOUNT

Knowing how many bodies are in the building (or buildings) is crucial when calculating budgets and analyzing the effectiveness of your organization.

The headcount metric is the basis for workforce analytics like turnover rate, total compensation per employee, and span of control.



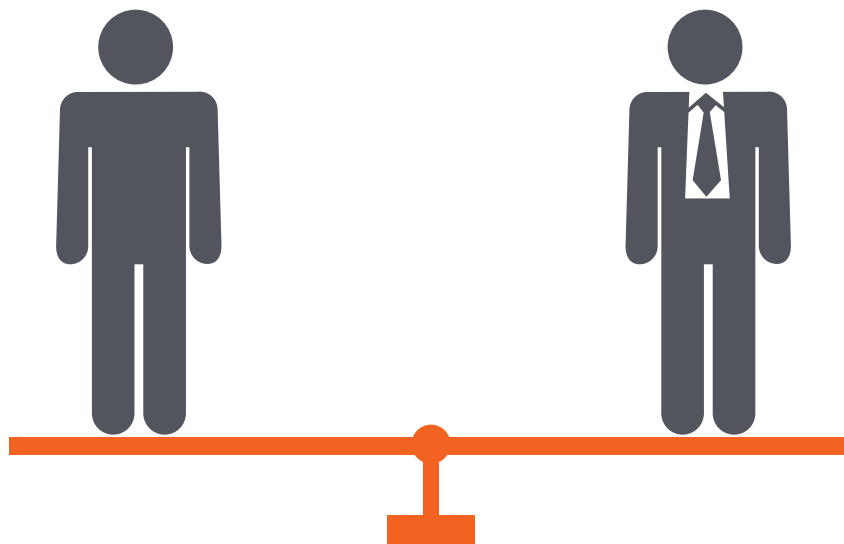
Apart from simply displaying headcount, your org chart should help you identify employees by type (i.e., full-time, part-time, contractor) as well as physical location. This information is important when calculating external reporting needs like the number of full-time and full-time equivalent employees as they apply to health care reform.

Evaluating total headcount and its distribution – both geographically and departmentally – guides human capital strategy and helps ensure that the manpower needed to achieve organizational goals is where it should be.

SPAN OF CONTROL

A subcategory of the headcount metric, span of control measures the proportion of employees to managers of employees.

It can be calculated for the whole organization or specific parts of the business and is useful when measuring and analyzing managerial efficiency. Just be sure not to include those who are managers by name only when doing the math.



“The word ‘manager’ is often attached to roles that don’t actually have direct reports,” says Kilponen. “A project manager or program manager is a good example of this. It’s important to make that distinction when calculating span of control so your numbers are as accurate as possible.”

When coupled with metrics like performance rating and budget, HR strategists can gauge the effectiveness of individual managers. For example, you might expect a manager with 10 direct reports to be stretched thinner than a manager with just four. If he is within budget and his group is performing at a high level, however, that manager is showing no sign of needing help.

EMPLOYEE TURNOVER

Every company loses staff members for one reason or another, making employee turnover a fact of business life. And it's not always a bad thing.

If an organization is going through drastic changes – restructuring, for instance – a higher-than-usual turnover rate might actually be good for business.



The problem arises when turnover rates soar during “peacetime” or when high performers decide to hit the road. When this happens, examining the turnover rates at different levels of your org chart can help identify the real problem.

High turnover rates specific to one branch of your org chart may denote an ineffective or overzealous manager. And increased turnover among your star players may point to a lack of upward mobility or a faulty compensation strategy.

PERFORMANCE RATING

To make this workforce metric work, you must first have a solid performance management system designed to align your employees' goals with the business's overall objectives.

Once you have that, the accompanying performance ratings can be plugged into your org chart and used for numerous organizational analytics.

"A company undergoing succession planning needs to rely on solid data like performance ratings when planning for its future," says Kilponen. "Personal opinions and biases should be avoided during this process, if possible."



.....

Additional uses for the performance rating metric include:

Identifying flight risks – Sometimes an individual's salary doesn't match their performance level. This may lead to them seeking out employment elsewhere. In the same vein, star players who've been mired in the same job role for years may give up on a promotion and consider leaving.

Identifying termination risks – Staff members who are at the bottom of the performance pool need to step it up if they want to remain with the company. This is especially true if they command a sizeable salary. And if training or education can't keep them afloat, a well-recruited replacement may be best for the business.

In today's business world, your org chart can no longer be just an empty toolbox. Adding and using these powerful workforce metrics can help you craft an organizational structure that can endure employee changes and thrive.



Organizational Planning Tools Can Help



OrgPlus® RealTime

Visualize, strategize and optimize your workforce online

OrgPlus RealTime is a cloud-based organizational management solution that empowers businesses to strategically plan, refine and analyze their entire workforce to make more informed, collaborative decisions and better adapt to organizational change.

Features

- Accessibility anytime, anywhere with role-based security that allows employees access to only those features they need
- The ability to track and measure key employee metrics such as performance rating, compensation, budget and headcount
- Insight into how workforce changes can affect your organization
- A way to easily and effectively manage changes under a merger or acquisition
- In-the-cloud infrastructure with no desktop hardware, a limited initial investment and online access using a variety of compatible Web browsers



OrgPlus® 2012

Organize, visualize and strategize your business

OrgPlus 2012 allows companies to easily view their organizational structure and make more informed decisions using dynamic, professional org charts and best-practice analytics.

Features

- Boardroom-quality charts with insightful workforce analysis tools to reveal key metrics
- Drag-and-drop functionality to plan organizational change and optimize your workforce
- A wide variety of publication options, including Word, HTML or navigable PDF and PowerPoint documents
- Standard, Professional and Premium editions to meet the needs of any small or medium-sized business

Get more information at orgplus.com
or call us at **877-451-9324**.

About Insperity

Insperity®, a trusted advisor to America's best businesses for more than 27 years, provides an array of human resources and business solutions designed to help improve business performance. Insperity® Business Performance Advisors offer the most comprehensive suite of products and services available in the marketplace. Insperity delivers administrative relief, better benefits, reduced liabilities and a systematic way to improve productivity through its premier Workforce Optimization™ solution. Additional company offerings include Human Capital Management, Payroll Services, Time and Attendance, Performance Management, Organizational Planning, Recruiting Services, Employment Screening, Financial Services, Expense Management, Retirement Services and Insurance Services. Insperity business performance solutions support more than 100,000 businesses with more than 2 million employees. With 2012 revenues of \$2.2 billion, Insperity operates in 57 offices throughout the United States. For more information, **visit insperity.com**.

To find out more or learn how Insperity can help your company, call us at **800-465-3800**.

 Visit us at insperity.com

The information contained in this document is for general, informational purposes only and is not intended to be legal advice. This information is not a substitute for the guidance of a professional and should not be relied upon in reference to any specific situation without first seeking the advice of a qualified HR professional and/or legal counsel regarding applicable federal, state or local laws. Insperity and its respective employees make no warranties, expressed or implied, and make no judgments regarding the accuracy of this content and/or its applicability to a specific situation. A reference or link to another website is not an endorsement of that site or service.